

Toro Energy Limited - Quarterly Activities Report

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Perth, July 27, 2012 (ABN Newswire) - [Toro Energy Limited](#) (ASX:TOE) are pleased to provide the June 2012 quarterly activities report.

CORPORATE

- Toro continues to advance WA State and Federal Government approvals for the Wiluna Project, with anticipated decision during the fourth quarter this year.
- Major technical work on the Project and exploration programs has been completed, with forecast cash burn rates now decreasing.
- While the process engineering phase of the DFS for Wiluna has been completed, the engineering design and costing phase will be delayed until after Government decisions on the project.
- Whilst Toro continues to receive strong interest from potential partners for the Wiluna Project, the completion of approvals is important for investment commitment considerations.
- Cash at end of the quarter was \$12.8 million.

GLOBAL URANIUM MARKET

- The spot price for uranium at the end of the June quarter was US\$50.75/lb U3O8 with the long term price at US\$61.50/lb U3O8.
- Prices continued to be impacted by short-term over-supply of uranium from the temporary closure of nuclear plants in Japan. However, long term uranium prices have started to increase due to concerns about future supply of uranium in the medium term.

WILUNA PROJECT DEVELOPMENT

- The West Australian Environmental Protection Authority (EPA) has recommended that the Wiluna Project be approved following its assessment of the Environmental Review and Management Programme (ERMP). The EPA report is now being considered by an Appeals Committee who will report to the WA Minister for Environment in September.
- Toro continues to negotiate with the Traditional Owners through their representative body on key issues to be settled in a mining agreement.
- A 3-D model of the Centipede deposit was generated through a thorough re-assessment of the geology including all historic data.
- The Definitive Feasibility Study for the Wiluna uranium project continued during the quarter, with definition of the engineering of the process plant design.

EXPLORATION

- 122 mud rotary holes for 16,000m completed at the Theseus Project.
- The mineralised envelope at Theseus was extended over an area of 6km x 1.5km.
- Three Core holes drilled to provide information on disequilibrium and geotechnical data.
- Analysis and interpretation of exploration results continues with the potential for an initial resource

statement, by the end of August.

REVIEW OF BUSINESS

URANIUM MARKET

The spot uranium price continues to trade in the low US\$50/lb U3O8 range, mainly due to the short term supply overhang from temporary Japanese reactor closures. However, there has been significant progress in Japan with the restart of Units 3 and 4 at Kansai Electric's Ohi Nuclear Power Plant earlier this month and the approval of a new nuclear regulatory framework by the Japanese parliament. The approval for the restart of other Japanese nuclear power plants is continuing to progress.

In April, the long term uranium price indicator increased to US\$61.50/lb U3O8. This is the first increase in long term uranium prices since the Fukushima crisis, and is due mainly to a spur in interest by nuclear utilities into long term contract tenders. Some concerns are now arising about future medium to long term uranium supply, due to delays in new uranium projects being developed and the looming HEU agreement cessation in 2013. Most market commentators are predicting a shortfall in uranium supply in the medium term (2015 onwards).

CORPORATE

Achieving WA State and Federal Environmental Approval of the Wiluna Uranium Project is the prime focus of the Company, and is a precursor to the financing of the Project. This remains Toro's number one focus. We anticipate WA State and Federal Government decisions on the Project by the fourth quarter of this year. Completion of the State and Federal Government Environmental assessments will mitigate regulatory risk and this remains an important precursor to project financing. Whilst Toro has received strong interest from potential JV partners they await completion of the approvals process before investment commitment can be considered.

While the process engineering phase of the Definitive Feasibility Study (DFS) has been completed, Toro will delay the engineering design and costing phase of the DFS until after Government decisions on the Wiluna Project. With trial mining and pilot plant programs completed, Wiluna's technical risks have been significantly reduced. The Company has now completed the major technical work on the Project and its exploration programs, and forecast cash burn rates will now decrease.

The Theseus Project in WA continues to impress with high grade uranium intersections and the scale of the potential mineralised region. An initial uranium resource statement is anticipated during August, with the potential to add significantly to the Company's project pipeline.

The duration of the assessment process and the delay in DFS completion have impacted the Wiluna Project timeline, and we now anticipate a final investment decision by the Toro Board on the Project during the first half of 2013, and first uranium sales in the 2014/15 fiscal year.

Cash held at the end of the June 2012 quarter was \$12.8m. Forecast expenditure for the September quarter is \$3.8m with completion of drilling and rehabilitation payments, reducing to \$2.0m for the December quarter.

PROJECT DEVELOPMENT

WILUNA PROJECT - LAKE WAY/CENTIPEDE URANIUM DEPOSITS (WA)

(Toro Energy 100%)

The EPA has recommended approval of the Project to the West Australian Minister for Environment. In announcing the decision, the Chairman of the EPA said the Project's environmental impacts had been "meticulously examined" by the EPA Board.

The EPA's report to the Minister was subject to a two week public appeal period and nine appeals were received. Toro submitted a comprehensive response to the Appeals Convenor on the appeals received. The West Australian Government's assessment of the Project and completion of the Federal Government process are expected to be completed during the fourth quarter this year.

Project Progress

A major study re-assessing the geology of Centipede deposit was undertaken in the June quarter culminating in the development of a preliminary three dimensional LeapFrog model of the major lithological units and detailed cross-sections and long sections throughout the Centipede deposit. A project scale rehabilitation program focused on historical Toro drill holes and the 2011 drilling program was commenced in June, and is still progressing with some 330 drill holes being rehabilitated after 500 individual drill site investigations. The 2012 geotech drill program was delayed and was commenced post quarter end.

Bateman Engineering continued the DFS engineering activities, including an energy supply options study, during the quarter. The process flow sheet and process design criteria, mass balance and metallurgical model and engineering design of the processing plant and major equipment lists are now complete. This phase of the DFS is anticipated to be completed in July 2012, with the engineering design and costing phase of the DFS to be delayed until after Government decisions on the Wiluna Project.

Wiluna Community

Toro continued discussions with Central Desert Native Title Services, as the representative body for the Traditional Owners, on a mining agreement. Toro has presented proposals on key issues to be negotiated. In a public statement following the announcement of the EPA's recommendation, a spokesman for the Senior Lawmen said: "For the first time, a mining company has come to talk to the mob about their concerns. This is good and the old men are happy that Toro will keep away from their sites."

Tenement Matters

Tenement summary statistics are given in Table 1. Tenement locations are also shown on Figure 3 (see link at bottom).

New Tenements, Withdrawals & Relinquishments
Applications - E53/1696 - 3.06 Km²

Acquisitions
Nil

EXPLORATION

Exploration tenement summary statistics are given in Table 2 with locations shown on Figure 8.

NEW TENEMENTS, WITHDRAWALS & RELINQUISHMENTS

All uranium rights to tenements in South Australia are now relinquished.

An application was made for EL29566 that is prospective for both gold and uranium in the Tanami region of the NT.

WESTERN AUSTRALIA

Theseus

During the last three months Toro's exploration effort has been focussed on the Theseus uranium discovery. Drillhole locations ranked by Grade Thickness (GT) values of natural gamma are presented on Figure 5. Drillhole locations are given in Appendix 2.

The 2012 drilling campaign kicked off at the end of April and was completed on 30 June. A total of 122 mud rotary holes (LM73 to LM194) were drilled for approximately 16,000m during the months of May and June.

Key highlights from this drilling programme include:

- Confirmation of high-grade uranium zones within the Theseus Project envelope as currently defined, including 0.79m @ 1.17% pU₃O₈ from 124.32m in LM175 [0.92%GT]. An interpretative cross section is shown as Figure 7 for this area highlighting the redox control on mineralisation;
- Development of predictive "tools" to clarify and predict higher-grade mineralisation at the "nose" of individual roll-fronts. This is evidenced by the success of two specifically targeted drillholes (shown on Figure

4):

-- LM168 reporting: 3.34m @ 0.08% pU3O8 from 106.47m[0.27%GT];
-- LM170 reporting: 1.09m @ 0.11% pU3O8 from 101.34m[0.12%GT].

- This targeting success gives Toro added confidence that future drilling will be able to target other high-grade uranium zones in the project area and so reduce exploration and drilling costs. The northern mineralised zone (Figure 4, "Northern Roll Front Zone"), which can now be traced over a strike length of 1,400m, ranges between 100m to 150m wide and averages 2.5m thickness at an average grade of 0.09% pU3O8, and is still open in two directions;

- Extending the southern mineralised zone to a strike length of at least 2.5km, remaining open to the southeast beyond LM174 that reports stacked mineralised lenses: such as 1.5m @ 0.09% pU3O8 from a depth of 123.7m [0.13%GT] and also 2.63m @ 0.04% pU3O8 from a depth of 146.79m [0.10%GT] in the basement;

- The mineralised envelope at Theseus, defined by greater than 0.5m thickness at 0.01% eU3O8 intersections, now covers a contiguous area of at least 6km by 1km that is open to the east, southeast, north and northwest.

- A new mineralised area intercepted in drillholes LM0105 (0.57m @ 0.12% pU3O8 from 109.75m) and LM0106 (3.97m @ 0.02% pU3O8 from 118.86m) lies outside the previously defined mineralised footprint extending mineralisation to the east.

- A new mineralised area that is at least 200m wide can be traced for at least 1km lying in the north-west of the Theseus prospect. Although this zone is not yet fully defined, drillhole LM143 reports a very wide intersection of: 10.64m @ 0.02% eU3O8 from 109.01m.

Drill core within uranium mineralised zones was extracted from three mud rotary holes: LM183, LM184 and LM185. Figure 5 shows the location of these cored holes. This core is currently being processed and sampled for assay and geotechnical assessment.

Drillhole LM183 was drilled next to LM59, a gamma calibration drillhole to be used in the future as a PFN calibration hole. Drill core recovery in this hole was about 70%.

Drillhole LM184, was drilled as a twin of LP184 (2011 aircore drilling) and reports: 3.63m @ 0.07% eU3O8 [0.24%GT] compared to the original 2.68m @ 0.05% eU3O8 [0.12%GT]. This confirmation of the original gamma data gives Toro confidence in the gamma data collected in 2009 to 2011 and the equivalent uranium grades. Drill core recovery was about 50%.

Drillhole LM185 was drilled in the Southern Zone with the aim of providing lithological control between a lower grade mineralised zone and a high grade zone around LM175. The mineralised interval in core (Figure 6) is a medium to dark brown silty fine sand. Drill core recovery was 70%.

Assay results from the core holes will be used to confirm uranium mineralisation values and add confidence to technical work done so far that indicates a disequilibrium factor of 1.4 for gamma data obtained from closed canister work (see ASX release 13 June 2012).

Toro is presently compiling all relevant geophysical and geological data and completing a comprehensive QA/QC review program to be used in a Resource estimation for Theseus.

NORTHERN TERRITORY

Apart from attending Aboriginal Land Rights Act meetings organised by the Central Land Council, no fieldwork was undertaken in the NT this quarter.

To view the complete Toro Energy quarterly report for June 2012, please click the link below:
<http://media.abnnewswire.net/media/en/docs/ASX-TOE-188709.pdf>

About Toro Energy Limited

[Toro Energy](#) is a modern Australian uranium company with progressive project development, acquisition and growth. The company is based in Adelaide, South Australia with a project office in Perth, Western Australia.

Toro's flagship and wholly-owned Wiluna uranium project (includes existing mining lease) is 30 kilometres

southeast of Wiluna in Central Western Australia.

Wiluna contains two shallow calcrete deposits, Lake Way and Centipede, with prefeasibility and optimisation studies completed and a definitive feasibility study underway. Toro has advanced the Approvals process with an anticipated date of mid-2012, construction through 2013 and first uranium sales in 2014.

Toro has a new uranium project at Theseus in Western Australia, and owns uranium assets in Northern Territory, South Australia and in Namibia, Africa.

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