



# QUARTERLY ACTIVITIES REPORT

for period ending:

## 31 December 2015

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### HIGHLIGHTS

1. 20% upgrade to the Centipede/Millipede resource which now includes 15.3 Mlbs U<sub>3</sub>O<sub>8</sub> at an average grade of 1021ppm (500ppm cut-off). Total resources at Wiluna stand at 80.5 Mlbs. Resource revision for Lake Maitland and Nowthanna deposits imminent<sup>1</sup>.
2. Promising results from metallurgical testwork studies including testing a beneficiation process that produced a de-slimed product effectively rejecting up to 15% of mass with minimal loss of uranium.
3. Release of Public Environmental Review (PER) for mining at Millipede and Lake Maitland for 12-week public review.
4. Traditional owner agreement negotiations continued including the completion of a heritage survey in October.
5. Heads of Agreement signed with Oz Minerals for exploration joint venture on highly prospective nickel tenements at Lake Maitland.
6. Mr Tim Netscher appointed as Non-Executive Director and Chairman on 1 November 2015.
7. Uranium spot price remained steady at US\$34.20/lb and long term prices remained steady at US\$44.00/lb at end of December 2015.
8. Japanese reactor restart program well underway with two reactors operating and a further three reactors likely to restart in Q1 2016.
9. China committed to 40 new reactors by 2020 for domestic power, and extended nuclear technology interests internationally with Britain, Iran, Argentina and others.
10. \$6M interest free loan refinancing completed with The Sentient Group, remaining \$6M balance of Macquarie Bank loan repaid in full.
11. Cash balance at end of the quarter was \$13.4M.

### 1. Overview

Toro continues to focus on bringing the wholly owned Wiluna Uranium Project ("Wiluna" or the "Project") in WA to market to coincide with forecast uranium pricing conditions that support development.

During the quarter, the Company delivered on the following key activities for Wiluna:

1. Toro received approval from the Office of the Environmental Protection Authority to release the PER for an extension to the Wiluna Uranium Project for public comment.<sup>2</sup>

<sup>1</sup> Wiluna resource table included at Appendix 2

<sup>2</sup> The Centipede and Lake Way deposits have been approved by federal (EPBC 2009/5174) and state government (Ministerial Statement No. 913) subject to conditions.

2. Resource estimations for the Centipede/Millipede deposit were completed resulting in a 20% upgrade in the Centipede/Millipede resource. Lake Maitland and Nowthanna resource updates are imminent.
3. Continued development of metallurgical testwork focussed on optimisation of the processing flow sheet using beneficiation to realise capital and operating cost savings to the project.

## 2. Corporate and Finance

Mr Tim Netscher commenced as a Non-Executive Director and Chairman of the Board on 1 November 2015. Mr Netscher replaced Fiona Harris who elected to retire for personal reasons.

Mr Netscher is a highly respected professional director with substantial experience in the mineral resources sector. He is currently Non-Executive Chairman of St Barbara Limited, and a Non-Executive Director of Western Areas Limited, Gold Road Resources Limited and the unlisted Aquila Resources Limited. Mr Netscher is a chemical engineer by background, has a distinguished career as an international mining executive and has extensive hands on operational and project development experience.

Using the proceeds of the \$6M interest free loan provided by The Sentient Group the Company repaid the remaining \$6M of the \$12M Macquarie Bank Loan. The Sentient Loan matures in August 2018.

The Company's 2015 Annual General Meeting was held on 18 November 2015 with all tabled resolutions passed on a show of hands. Shareholders and guests received a presentation from Managing Director Dr Vanessa Guthrie outlining the Company's focus on continuing to advance the Wiluna Project and seek strategic funding partnerships.

The quarter end closing cash balance was \$13.4M.

## 3. Uranium Market

Sentiment towards nuclear power strengthened during December following the COP21 climate meeting in Paris, where the role of nuclear power was subtly endorsed as a way to meet emission targets. In parallel, December 2015 uranium spot prices reduced slightly over the quarter ending at US\$34.20/lb with long term prices remaining steady US\$44.00/lb. Since January 2014, the spot price of uranium has actually risen, versus a 78% drop in oil and a 48% decline in natural gas prices. This provides strong evidence that the nuclear market is recovering its place in the global energy market, with valid reasons to be positive on growth over the next one to two years.

Japan continues to move nuclear reactor re-starts forward with two reactors (Sendai 1 & 2) now online, and Shikoku Electric Power's Ikata Unit 3 and Kansai Electric Power's Takahama Unit 3 and 4 expected to restart early in 2016. Other reactors that look likely to restart in 2016/17 include Hokkaido EPC's Tomari 3, Kyushu EPC's Genkai 3 and 4, and Kansai EPC's Ohi 3 and 4, bringing the total expected number of reactors operating by the end of 2016 to around six, with a possible 10 GWe of nuclear power operating by the middle of 2017. Japan remains committed to between 20 and 22 percent of electricity supplied through nuclear power by 2030.

South Korea has also signalled a return of nuclear power to their energy mix with Shin Kori Unit 3 connecting to the grid recently, demonstrating their commitment to the new APR1400 design. A further three reactors of the same design and capacity are expected to start up over the coming 18 months.

In China the Central Government released its 13th Five-Year Plan, which included a commitment to build around 40 domestic nuclear power plants over the next five years, that is, six to eight new reactors per year to 2020, and a further ten new reactors each year after that. This would place China as the world's largest nuclear power generating capacity by 2025.

In a move to expand internationally, China General Nuclear Power Corporation Ltd (CGN) purchased 19.9% of Canadian explorer Fission Uranium Corp for CAD\$82 million, and has signed cooperation

agreements on nuclear-related projects with a number of countries including Britain, Iran and Argentina. CGN and CNNC are also cooperating on the development of small modular reactors for floating marine applications, to provide power to oil and gas operations offshore.

India's commitment to achieving 14.6 GWe of nuclear power in operation by 2020 was given a boost during the quarter with the State-owned Nuclear Power Corporation of India Ltd. (NPCIL) cleared to establish nuclear ventures in collaboration with other public sector firms, in order to generate additional equity to expand the country's installed nuclear power capacity. Combined with the continuing cooperation agreements with other countries including Russia, France and the US, this move increases the likelihood that India can achieve its goal of nuclear power being 25% of the electricity supply mix by 2050.

## 4. Wiluna Uranium Project (WA)

### 4.1. Approvals and Community

Toro's PER for mining at Millipede and Lake Maitland was released for public review on 16 November 2015. The 600 page PER is supported by almost 80 appendices providing details of Toro's technical studies and environmental management plans. The twelve-week public review period will end on 8 February 2016. To encourage further public engagement in the review, Toro held public information sessions in Kalgoorlie, Leonora and Wiluna during January 2016. The next phase of the assessment process is for Toro to respond to the Environmental Protection Authority on all comments on the PER made by members of the public and government agencies.

Further progress was made during the quarter in the negotiation of a mining agreement between Toro and the Wiluna People. This included a negotiation meeting in Wiluna and further extensive heritage survey work followed by a meeting between legal representatives for the parties to identify outstanding issues to be finalised.

All parties aim to complete the mining agreement in early 2016. The agreement will cover land on which the project would be undertaken which is held in native title by the Wiluna People.

In November, Toro attended the annual meeting of the Barwidgee Aboriginal Corporation which represents Aboriginal people with an interest in Lake Maitland. At the invitation of the Barwidgee People, Toro provided a presentation on the progress of the project and discussed various means of community support.

Toro's approach to relationships with Aboriginal people was discussed with the South Australian Nuclear Fuel Cycle Royal Commission when the Managing Director appeared as a witness in November.

### 4.2. Resource

In October Toro reported a 20% increase in mineral resources for the first deposit scheduled to be mined at Wiluna, Centipede/Millipede.

The Centipede/Millipede deposit now hosts 15.3Mlb  $U_3O_8$  at an average grade of 1,021ppm  $U_3O_8$  at a 500ppm cut-off. At a 200ppm cut-off resources at Centipede/Millipede total 24.0Mlb  $U_3O_8$ .

The resource upgrade resulted from an extra 66 holes for 505m of drilling at Centipede/Millipede (see Figure 1) and the application of a factor of 1.2 to all gamma derived uranium results inside the mineralisation envelope. Toro, in conjunction with SRK Consulting, proved that the gamma probe had been underestimating uranium concentrations in the Wiluna deposits and has demonstrated that a factor of at least 1.2 should be applied to gamma measurements across the Centipede/Millipede deposit in order to reconcile the results to assays.

The Centipede/Millipede resource upgrade moves the overall Wiluna Project Resources to 80.5Mlb  $U_3O_8$  at a 200ppm cut-off and 44.7Mlb  $U_3O_8$  at a 500ppm cut-off.

Estimations and investigations at Lake Maitland and Nowthanna are continuing, and are expected to be released imminently.



The new resource table is presented in Appendix 2 along with the competent person's statement.

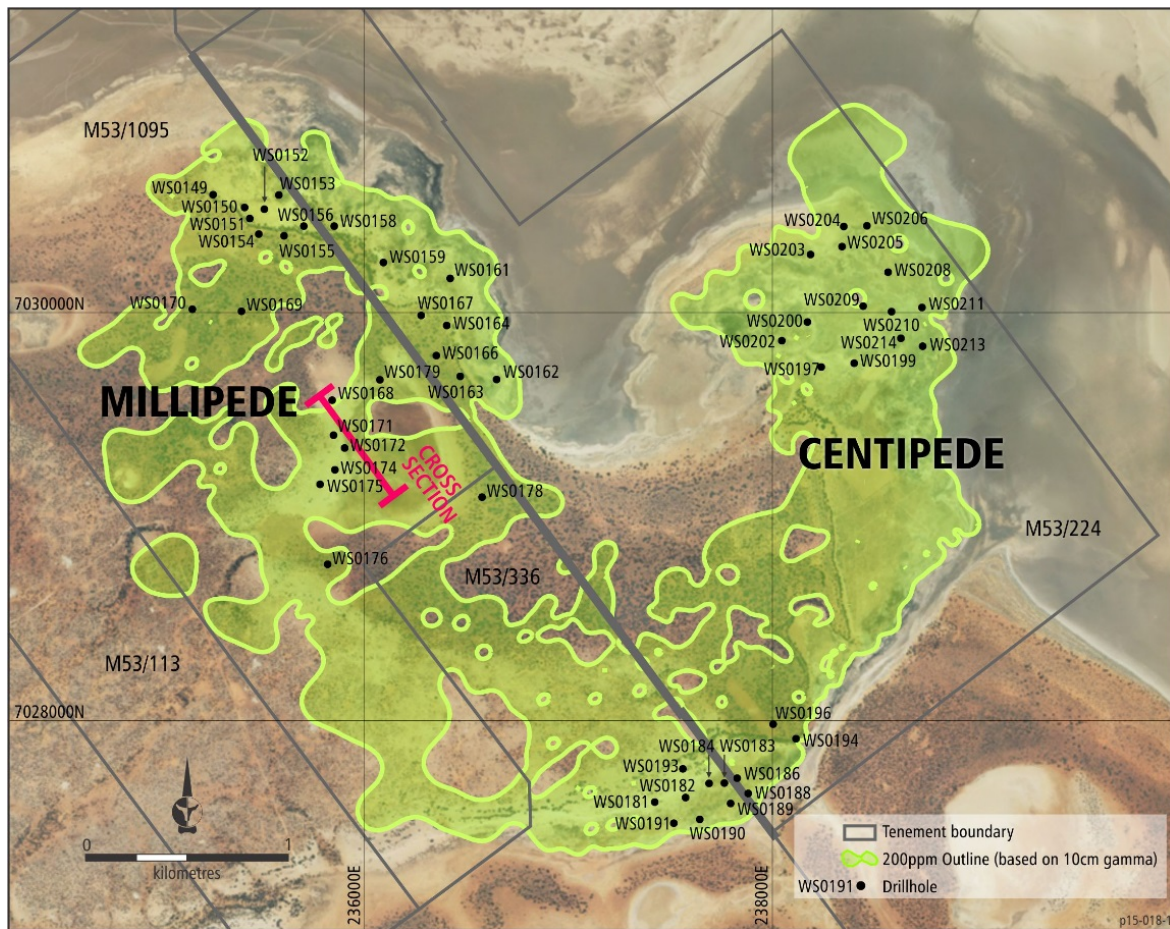


Figure 1: Completed drilling plan at Centipepe/Millipepe from the June Quarter resource drilling campaign

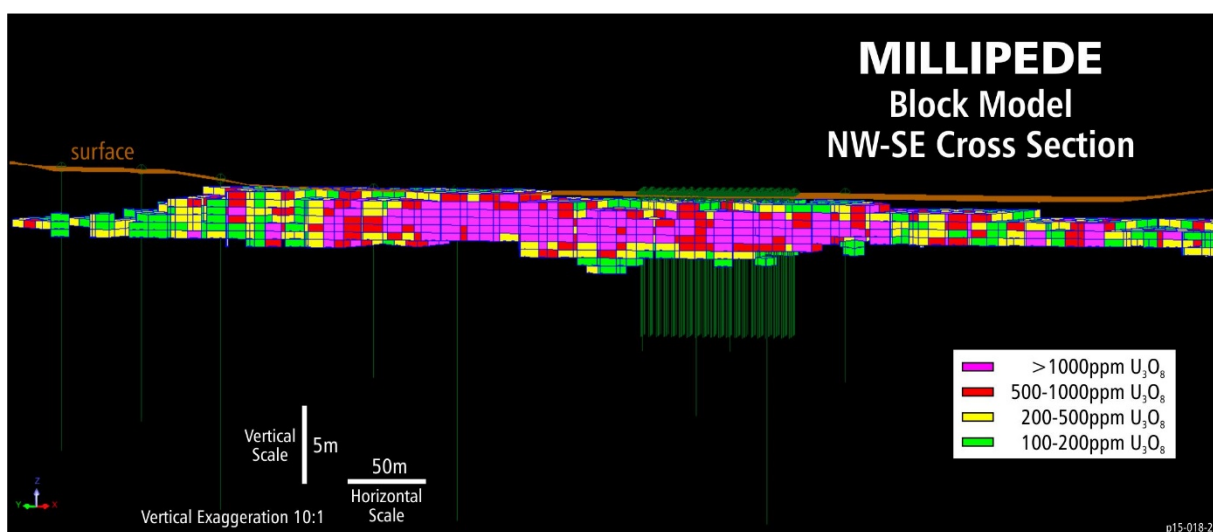


Figure 2: Section through the Centipepe/Millipepe block model (selective mining unit [SMU] size of 10m x 10m x 0.5m). See Figure 1 for location.

### 4.3. Mining

With a new resource estimate completed for the project and greater understanding of the geological models of each deposit, reassessment of mine planning and scheduling has commenced with the aim of completing a new economic and mine model for the project.

### 4.4. Engineering

Toro continued project improvement studies during the quarter utilising the \$10M Unitisation Deed funding provided by Sentient. The funding is exploring opportunities in process design, project configuration and operating and capital cost structure for the project.

Research and development programs undertaken during 2015 included:

- Identification of resins and solvents capable of economically recovering uranium in high chloride and alkaline solutions;
- Optimisation strategies to improve water recovery from tailings thereby reducing tailings volumes; and
- Beneficiation testwork assessing the applicability of the Marenica *U-pgrade*<sup>TM</sup> technology.

These programs remain ongoing and are subject to further analysis.

The primary focus has been the assessment of the outcomes from beneficiation test work undertaken with Marenica. Testwork on a sample from the Centipede deposit has shown that a slimes fraction (-6µm) can be isolated that contains 15% of mass but only 3% of uranium. The deslimed fraction of ore exhibited significantly improved physical characteristics compared to undeslimed ore. A beneficiation stage might upgrade the concentration of uranium in the leach process and reduce material throughput. Further testwork is being scheduled.

## 5. Exploration

In December Toro entered into a Heads of Agreement (HoA) with Oz Minerals Ltd to explore for nickel on two tenements located near Toro's 100% owned Lake Maitland uranium deposit in Western Australia.

Under the HoA, Oz can spend A\$5 million to earn up to a 70% interest in the non-uranium rights of the two tenements. Oz Minerals will spend an initial A\$500,000 on exploration within 12 months of the satisfaction of conditions precedent under the HoA. The primary focus for Oz Minerals will be nickel exploration on the Yandal One Nickel Prospect situated within the Yandal Greenstone Belt in Toro's exploration licence, E53/1210. Toro identified the exploration opportunity during a review of prospectivity of its Wiluna Project exploration tenements. Nickel grades of up to 0.45% average over 5 metres were returned from end of hole shallow rotary air blast (RAB) drilling in the 1990's.

Oz Minerals will be the operator under the agreement allowing Toro to remain focussed on the development of its uranium assets.

Toro is continuing to negotiate the sale of its 49% share of the Walabanba Hills JV with base metals exploration company TNG Limited, as well as its 49% share of its non-uranium rights in the Browns Range JV with rare earth element explorer and developer, Northern Minerals Pty. Ltd.

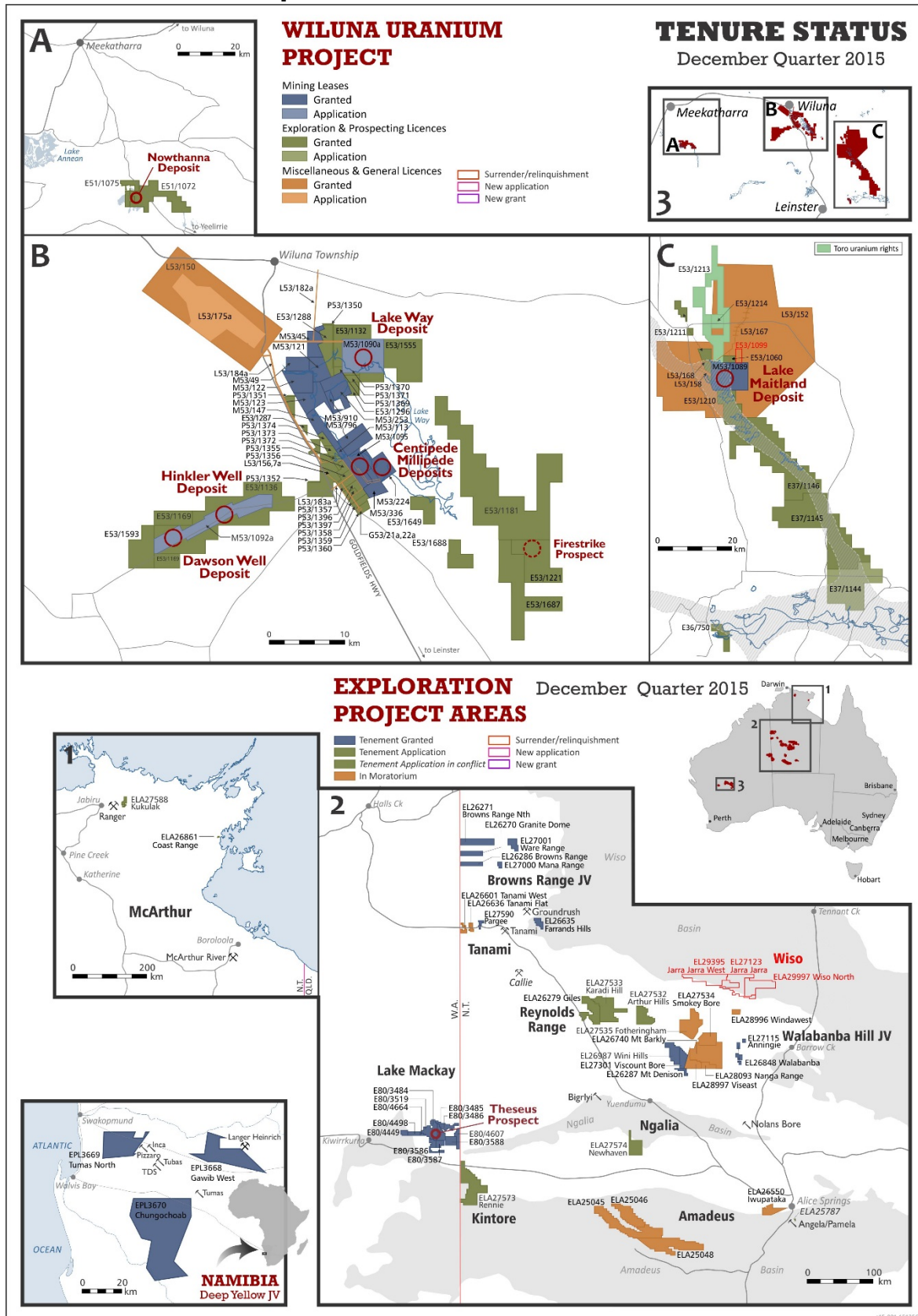
## 6. Tenement Movements

An updated tenement status map is attached at Appendix 1.

## 7. Other

Strateco Resources has been granted an extension to their stay of proceedings order by the Court until 27 January 2017 in order to continue pursuing the litigation case against the Quebec Government. No material impact is expected on Toro by this extension.

## APPENDIX I: Tenement Status Map





## APPENDIX 2: Wiluna Uranium Project Resource Table – JORC 2012 <sup>3, 4, 5</sup>

		Measured		Indicated		Inferred		Total	
		200ppm	500ppm	200ppm	500ppm	200ppm	500ppm	200ppm	500ppm
Centipede / Millipede <sup>1</sup>	Ore Mt's	4.9	1.9	12.1	4.5	2.7	0.4	19.7	6.8
	Grade ppm	579	972	582	1,045	382	887	553	1,021
	U <sub>3</sub> O <sub>8</sub> Mlb's	6.2	4.2	15.5	10.3	2.3	0.9	24.0	15.3
Lake Maitland	Ore Mt's	-	-	19.9	7.5	-	-	19.9	7.5
	Grade ppm	-	-	555	956	-	-	555	956
	U <sub>3</sub> O <sub>8</sub> Mlb's	-	-	24.3	15.7	-	-	24.3	15.7
Lake Way	Ore Mt's	-	-	10.3	4.2	-	-	10.3	4.2
	Grade ppm	-	-	545	883	-	-	545	883
	U <sub>3</sub> O <sub>8</sub> Mlb's	-	-	12.3	8.2	-	-	12.3	8.2
Sub-total	Ore Mt's	4.9	1.9	42.2	16.1	2.7	0.4	49.8	18.5
	Grade ppm	579	972	560	961	382	887	552	963
	U <sub>3</sub> O <sub>8</sub> Mlb's	6.2	4.2	52.1	34.1	2.3	0.9	60.6	39.2
Dawson Hinkler	Ore Mt's	-	-	8.4	0.9	5.2	0.3	13.6	1.1
	Grade ppm	-	-	336	596	282	628	315	603
	U <sub>3</sub> O <sub>8</sub> Mlb's	-	-	6.2	1.1	3.2	0.4	9.4	1.5
Nowthanna	Ore Mt's	-	-	-	-	11.9	2.3	11.9	2.3
	Grade ppm	-	-	-	-	399	794	399	794
	U <sub>3</sub> O <sub>8</sub> Mlb's	-	-	-	-	10.5	4.0	10.5	4.0
Total	Ore Mt's	4.9	1.9	50.6	17.0	19.8	3.0	75.3	21.9
	Grade ppm	579	972	523	943	365	808	485	927
	U <sub>3</sub> O <sub>8</sub> Mlb's	6.2	4.2	58.3	35.3	16.0	5.3	80.5	44.7

<sup>3</sup> Centipede and Millipede deposits reported as one mineral resource estimate as shown in Figure 1.

<sup>4</sup> Refer to Competent Persons' Statement in this report and ASX release of October 15<sup>th</sup> 2015 for JORC Table 1. It is important to note that there has been no material change to the resources of the Lake Maitland, Lake Way, Dawson Hinkler or Nowthanna deposits since the last reporting of the Wiluna Uranium Project's resources on the 20<sup>th</sup> November 2013.

<sup>5</sup> Tonnes and pounds are quoted to one decimal place which may cause rounding errors when tabulating.

### **Competent / Qualified Persons' Statements**

*The information presented here that relates to Mineral Resources of the Centipede, Millipede, Lake Way, Lake Maitland, Dawson Hinkler, and Nowthanna deposits is based on information compiled by Dr Greg Shirliff and Mr Sebastian Kneer of Toro Energy Limited (with the aid of Mega Uranium Limited geologists Mr Stewart Parker and Mr Robin Cox in the case of Lake Maitland) and Mr Robin Simpson and Mr Daniel Guibal of SRK Consulting (Australasia) Pty Ltd. Mr Guibal takes overall responsibility for the Resource Estimate, and Dr Shirliff takes responsibility for the integrity of the data supplied for the estimation. Dr Shirliff is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM), Mr Guibal is a Fellow of the AusIMM and Mr Simpson is a Member of the Australian Institute of Geoscientists (AIG) and they have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity they are undertaking to qualify as Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012)'. The Competent Persons consent to the inclusion in this release of the matters based on the information in the form and context in which it appears.*

*It is important to note that there has been no material change to the resources of the Lake Maitland, Lake Way, Dawson Hinkler or Nowthanna deposits since the last reporting of the Wiluna Uranium Project's resources on the 20<sup>th</sup> November 2013. The only material change to the Wiluna resources reported here is that of the Centipede/Millipede deposit; estimations are ongoing for the other deposits currently.*



**APPENDIX 5B**  
**Mining exploration entity quarterly report**

**TORO ENERGY LTD**

**ABN. 48 117 127 590**

Quarter ended  
**December 2015**

**Consolidated statement of cash flows (Note 6.0)**

**Cash flows related to operating activities**

- 1.1 Receipts from product sales and related debtors
- 1.2 Payments for (a) exploration and evaluation  
(b) development  
(c) production  
(d) administration
- 1.3 Dividends received
- 1.4 Interest and other items of a similar nature received
- 1.5 Interest and other costs of finance paid
- 1.6 Income taxes paid
- 1.7 Other - R&D refund

**Net Operating Cash Flows**

**Cash flows related to investing activities**

- 1.8 Payment for purchases of: (a) prospects  
(b) equity investments  
(c) other fixed assets
- 1.9 Proceeds from sale of: (a) prospects  
(b) equity investments  
(c) other fixed assets
- 1.10 Loans to other entities
- 1.11 Loans repaid by other entities
- 1.12 Other

**Net Investing cash flows**

- 1.13 Total operating and investing cash flows  
(carried forward)

Current quarter	Year to date (6 months)
\$A'000	\$A'000
-	-
(1,559)	(3,112)
-	-
-	-
(433)	(1,176)
-	-
316	433
(62)	(204)
-	-
-	774
(1,738)	(3,285)
-	-
-	-
(55)	(58)
-	-
-	-
17	17
-	-
-	-
-	-
(38)	(41)
(1,776)	(3,326)

- 1.13 Total operating and investing cash flows  
(brought forward)

**Cash flows related to financing activities**

- 1.14 Proceeds from issues of shares, options, etc
- 1.15 Proceeds from sale of forfeited shares
- 1.16 Proceeds from borrowings
- 1.17 Repayment of borrowings
- 1.18 Dividends paid
- 1.19 Other (loan transaction costs)

**Net financing cash flows**

**Net increase (decrease) in cash held**

- 1.20 Cash at beginning of quarter / year to date
- 1.21 Exchange rate adjustments to item 1.20
- 1.22 **Cash at end of quarter**

(1,776)	(3,326)
-	-
-	-
6,000	6,000
(6,000)	(12,000)
-	-
(65)	(198)
(65)	(6,198)
(1,841)	(9,524)
15,204	22,887
-	-
13,363	13,363

**Payments to directors of the entity and associates of the directors  
related entities of the entity and associates of the  
related entities**

Current quarter \$A'000

1.23 Aggregate amount of payments to the parties included in item 1.2

166

1.24 Aggregate amount of loans to the parties included in item 1.10

-

1.25 Explanation necessary for an understanding of the transactions

Directors' fees, wages, expenses and superannuation for the quarter

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

**Financing facilities available**
Amount available  
\$A'000Amount used  
\$A'000

3.1 Loan facilities

6,000

6,000

3.2 Credit standby arrangements

-

-

**Estimated cash outflows for next quarter**

\$A'000

4.1 Exploration and evaluation:

2,063

4.2 Development

-

4.3 Production

-

4.4 Administration

723

Total

2,786

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

Current quarter  
\$A'000Previous quarter  
\$A'000

5.1 Cash on hand and at bank

1,763

1,854

5.2 Deposits at call

11,600

13,350

5.3 Bank overdraft

5.4 Other (provide details)

**Total: cash at end of quarter (item 1.22)**

13,363

15,204

**Changes in interests in mining tenements**

	Tenement reference	Nature of interest (note 2)	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed				
6.2 Interests in mining tenements acquired or increased		See Annexure 1		

**Issued and quoted securities at end of current quarter**

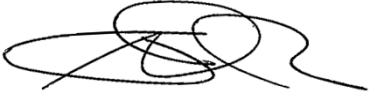
	Total number	Number quoted	Issue price per security (cents)	Amount paid up per security (cents)
7.1 <b>Preference securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>Ordinary securities</b>	2,005,222,259	2,005,222,259	Fully paid	Fully paid
7.4 Changes during quarter (a) Increases through issues  131,621  (b) Decreases through returns of capital, buy-backs	3,334,197 884,776 131,621	3,334,197 884,776 131,621	Fully paid Fully paid Fully paid	Fully paid Fully paid Fully paid
7.5 <b>Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>			<u>Exercise Price</u>	<u>Expiry Date</u>
	3,680,000		\$0.22	3/01/2016
	5,000,000		\$0.22	11/01/2016
	1,000,000		\$0.30	11/01/2016
	35,714,286		\$0.08	7/03/2016
	42,253,521		\$0.14	7/03/2016
	250,000		\$0.15	25/05/2016
	250,000		\$0.22	25/05/2016
	750,000		\$0.11	30/06/2016
	500,000		\$0.22	30/06/2016
	750,000		\$0.25	30/06/2016
	9,300,000		\$0.13	31/07/2016
	225,000		\$0.13	25/08/2016
	5,750,000		\$0.11	16/01/2017
	75,000,000		\$0.08	2/08/2018
<b>Performance Rights</b>				
	4,167,746		\$0.00	30/09/2016
	2,550,619		\$0.00	30/09/2016
7.8 Issued during quarter <b>Options</b>	75,000,000		\$0.08	2/08/2018
<b>Performance Rights</b>	2,550,619		\$0.00	30/09/2016

7.9	Exercised during quarter <b>Performance Rights</b>	3,334,197		\$0.00	30/09/2016
7.10	Cancelled during quarter <b>Expired Options</b>	24,390,244		\$0.12	01/11/2015
	<b>Expired Performance Rights</b>	833,549		\$0.00	30/09/2016
7.11	<b>Debentures</b> (totals only)				
7.12	<b>Unsecured notes</b> (totals only)				

### Compliance statement

1.0 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2.0 This statement does give a true and fair view of the matters disclosed.

Sign here:   
Company Secretary

Date: 28 Jan 2016

TODD ALDER

Print name: .....

### Notes

1.0 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2.0 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3.0 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4.0 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5.0 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.



**ANNEXURE 1**  
Changes in interest in mining tenments

Tenement reference	Nature of interest	Interest at beginning of quarter*	Interest at end of quarter
E53/1099	Expiry	100%	0%
E53/1524	Surrender in full	100%	0%
E53/1597	Surrender in full	100%	0%
E53/1596	Surrender in full	100%	0%
E53/1595	Surrender in full	100%	0%
FL29395	Surrender in full	100%	0%
EL27123	Surrender in full	100%	0%
EL29997	Withdrawal	100%	0%