ASX RELEASE

Wednesday, 28 November 2012

Toro Energy Advances the Wiluna (WA) Uranium Project

- **In October 2012 the Wiluna Uranium Project, which comprises the Centipede and Lake Way deposits, was granted WA Ministerial environmental approval, paving the way to potentially become the first uranium mine in WA.**
- **The process engineering phase of the Definitive Feasibility Study (DFS) is complete and has demonstrated viable processing plant design. Detailed engineering design, infrastructure and cost estimates will commence once the only remaining environmental approval by the Federal Government is complete.**
- **An updated project economic model has been completed, based on the process engineering from the DFS, pilot plant testwork and revised mine plan. This indicates a reduced capital cost estimate of $207 million in direct costs, $31 million in EPCM and $31 million in contingency for a total of $269M. C1 cash operating costs are currently estimated at US$37/lb U_3O_8.**
- **Toro's total regional uranium resources across all categories (Measured, Indicated and Inferred) reported under the JORC Code is 54 mlbs in five deposits with significant upside in currently held but under-developed exploration tenements.**
- **A commitment to negotiate a mining agreement with Traditional Owners and the local Aboriginal community has been signed.**
- **There has been strong interest from potential JV partners seeking a strategic investment position and offtake arrangement, with technical and financial review underway.**
- **Subject to final Federal Government decision, project financing and uranium market conditions, the Toro Board's final investment decision is anticipated during the second half of 2013, with first uranium sales anticipated to be in 2015.**

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Project Overview

Toro's wholly-owned, flagship Wiluna Uranium Project is situated in the Wiluna region in Central Western Australia, and comprises a series of shallow calcrete-hosted uranium deposits (Figure 1). The project is the most advanced of the new generation of uranium projects in Australia with Western Australian Ministerial approval granted in October 2012, and Federal Government final decision on approval anticipated by the end of 2012. Subject to suitable project financing and uranium market conditions, Toro expects to make a final investment decision during 2013. The project is anticipated to produce 1.7 mlbs of U_3O_8 per year with first uranium sales in 2015 and a project life of up to 14 years and the opportunity to extend mine life on successful brownfield exploration.

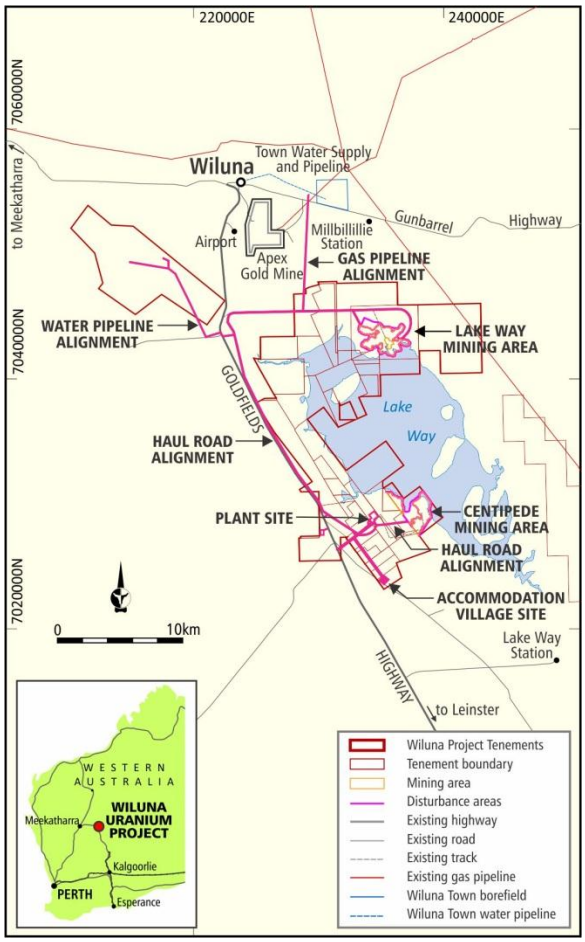


Figure 1 : Wiluna Uranium Project location

The regional uranium resource of ~54mlbs U_3O_8 comprises a series of five calcrete deposits located throughout the Northern Goldfields. The largest of these deposits, Centipede and Lake Way, currently form the basis of the resource that will be mined in a shallow surface strip mining operation and processed through a conventional alkaline tank leach process. Significant testwork including a full scale hydrometallurgical pilot plant and resource evaluation and water barrier trials over the past two years have proven this is the most effective economic recovery available.

With the testwork programs completed, Wiluna's technical risks have been significantly reduced. Phase 1 of the DFS is now complete which has finalised the processing design, major equipment lists and plant layout. Phase 2 of the DFS (engineering, infrastructure design and final cost estimates) is planned to be completed during 2013. Regulatory and community risks are also largely mitigated with approval of the Project by the WA Minister for Environment, and the Federal Government's decision being imminent. Negotiation of a mining agreement with Traditional Owners is also underway.

Risk management remains an important precursor to project financing. Whilst Toro has received strong interest from potential JV partners, these partners await completion of the approvals process before investment commitment can be considered. Since the recommendation for approval by the WA Environmental Protection Authority (EPA) in May 2012, and the WA Environment Minister approval in October 2012, interest and engagement from potential JV partners has considerably improved.

The Wiluna Project team has now established a confidential dataroom for the Project, to enable interested potential project partners to access information under a confidentiality agreement. Site visits to Wiluna and technical assessments at Toro's Project office have begun with interested parties.

The key Project characteristics are outlined in Table 1.

Parameter	November 2012 Estimate*
Mining method	Shallow, open pit, In-pit tailings; 3.8:1 strip ratio;
Processing throughput	1.3Mtpa
Head Grade	716 ppm
Recovery (name plate capacity)	86%
Product (name plate capacity)	780 tpa U_3O_8 (1.7 mlb)
C1 Cash Cost	US$37/lb
Capital cost (includes EPCM & contingency)	AUD$269.3M
Mining Duration	14 years

* = *first 10 years of production*

Table 1 : Key Project Characteristics - Centipede and Lake Way deposits

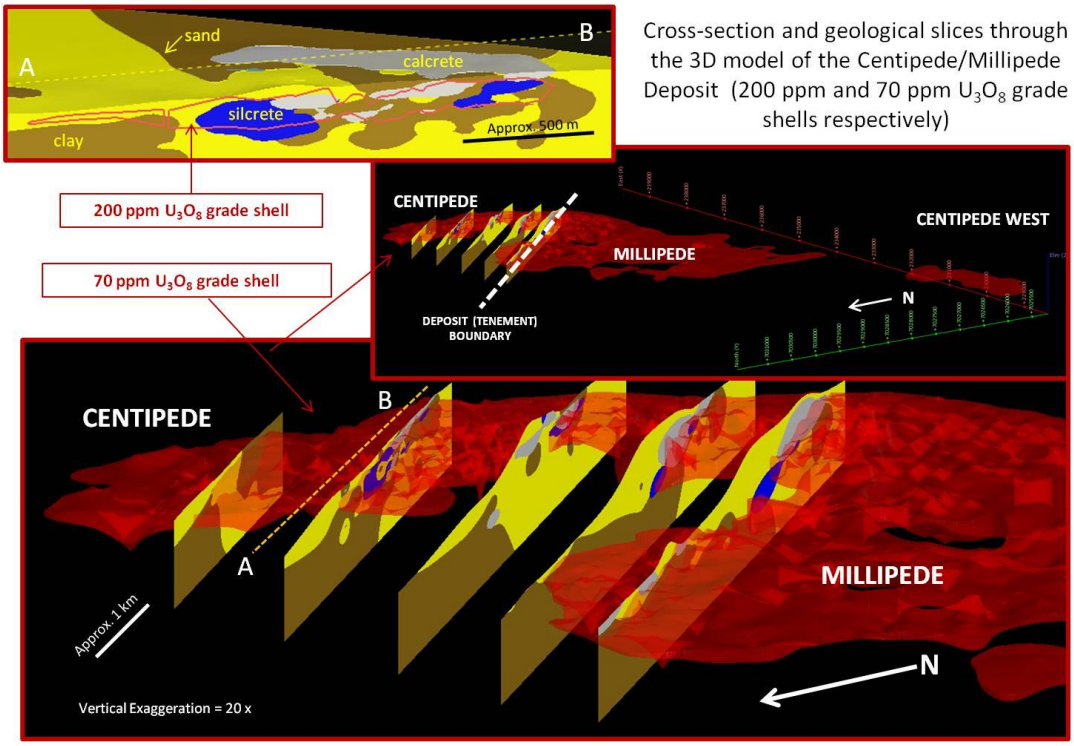
Geology and Resources

The Centipede and Lake Way calcrete hosted surficial deposits form the basis of the Project for which Toro has WA Ministerial environmental approval, and together comprise 26 mlbs U_3O_8 (at a 200 ppm U_3O_8 cut-off), with more than 60% in Measured and Indicated status (see Appendix 1). Together with the regional deposits, including Dawson-Hinkler, Millipede and Nowthanna, the Wiluna Regional Uranium resource now comprises 53.6 mlbs U_3O_8.

Updated geological modelling and interpretation were completed in 2012, and shows that the carnotite mineralisation sits within a wide, flat lying and relatively continuous horizon, some 2-4 m thick.

This horizon is near to the surface and is associated with, but not limited to, a thicker zone of calcareous concretions. It has formed through hydro-geological processes associated with groundwater interaction in drainage channels and deltas that flow into present day salt lakes. Specifically, the mineralisation occurs as micro to crypto-crystalline coatings on bedding and slippage planes, small concentrations within silty clay and clay sequences, and in fissures and voids within calcrete, dolomitic calcrete, siliceous calcrete and silcrete. Three-dimensional lithological modelling and grade shells for Centipede/Millipede (70ppm U_3O_8 shell) are shown in Figure 2.

CENTIPEDE/MILLIPEDE



Cross-section and geological slices through the 3D model of the Centipede/Millipede Deposit (200 ppm and 70 ppm U_3O_8 grade shells respectively)

Figure 2 : 3D Lithological models Centipede/Millipede deposits

Resource infill and geotechnical drilling programs were conducted at Centipede in 2010, 2011 and 2012, which utilised a combination of aircore and sonic drilling techniques. U_3O_8 values were derived by deconvolving down-hole gamma probe data from air core drill holes and ICPMS analysis of geochemical samples from sonic core. Testwork from the recent drilling program resulted in a bulk density of 1.80 t/m³ being applied to the Centipede and Millipede deposit (part of the same mineralised system), whereas historical density data has been applied to the other deposits, which includes 1.72 t/m³ for the Lake Way deposit, 1.7 t/m³ for the Dawson-Hinkler deposit and 1.5 t/m³ for the Nowthanna deposit.

The drilling resulted in a 17% increase in the overall resource estimate for the Wiluna Project as well as an increase to the proportion of Measured resource at the Centipede deposit. This has increased the confidence in the amount of higher grade material available in the earlier stages of the project's operation. The Wiluna regional resources are shown in Appendix 1.

Additional drilling and bulk density testing at Lake Way, Dawson Hinkler and Millipede is planned for 2013. This drilling will increase the confidence in the current resources as well as target additional resources through potential deposit extensions.

Further exploration and resource upside potential exists in three locations within the regional resources:

- Additional mineralisation at depth beneath the Lake Way, Centipede and Millipede deposits which has not been sufficiently tested;
- Prospective mineralisation on the Firestrike tenements that were acquired in 2010 with intersections including 1m @ 1245ppm U_3O_8 from 4m, 1m @ 1091ppm U_3O_8 from 1m and 2m @ 655ppm U_3O_8 from 2m; and
- Detailed re-assessment of the currently Inferred resources of the Nowthanna Deposit.

These exploration targets will be assessed during 2013.

Mine Plan

As part of the economic model update, a mine plan and schedule was completed in early 2012. The mine plan is based on selective mining technique using a Vermeer surface miner and shallow excavations. Mining is in shallow pits, with tailings and waste rock deposited back into the mined out void and progressive rehabilitation of the mined area to as close as possible to the natural landform as shown in Figure 3.

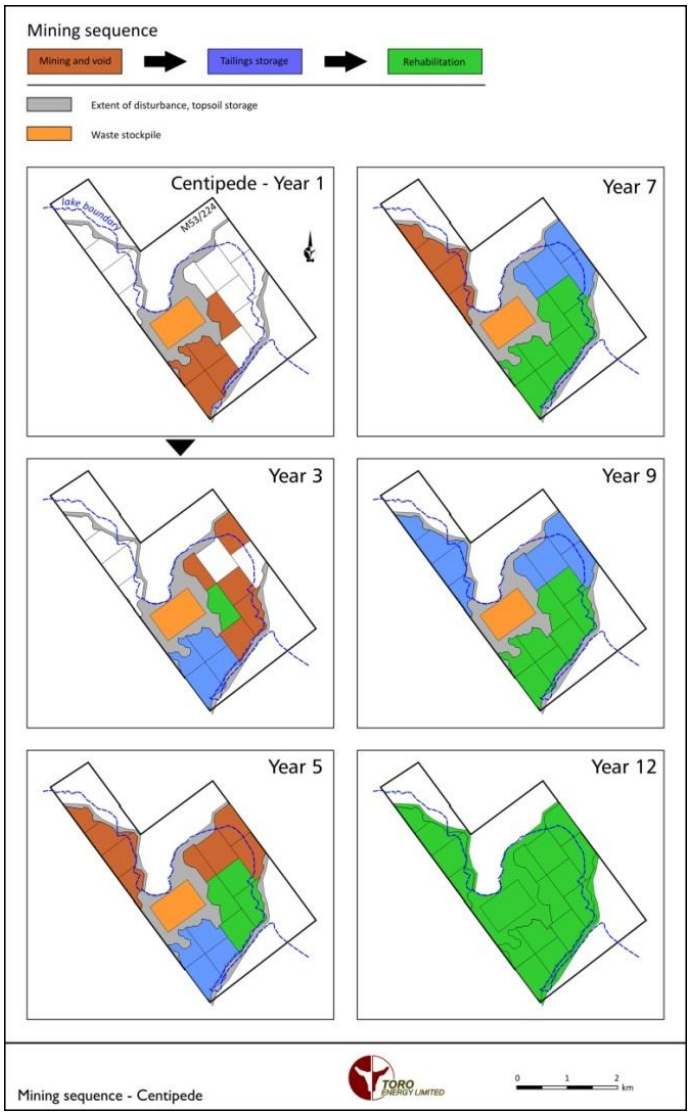


Figure 3 : Progressive mine plan for Centipede deposit

The mine plan includes pit optimisations and block model using Whittle models at a 250ppm U_3O_8 cut off and 500ppm high grade cut off to stockpile. Upside scenarios have also been run at 300/500 ppm and 350/500ppm cut offs. The pit shell outputs have been used in the economic model to determine the mining rate and stockpile grades.

Detailed mining designs, including mine dewatering, mine scheduling and tailings facility designs are currently underway as part of the DFS Phase 2. Mining and infrastructure costs will be confirmed at the finalisation of the DFS.

Testwork Studies

Technical design and engineering studies on the Wiluna Project have been completed over the past three years concurrent with the environmental approvals process. The Pre-Feasibility Study (PFS) in 2008 and Optimisation Study in 2009 determined the conceptual design and verified the constraints which confirmed a conventional alkaline tank leach with direct precipitation as the most effective processing route.

Development testwork completed in 2010 and 2011, included a trial mining/resource evaluation pit, a metallurgical variability program and a pilot plant campaign. These programs confirmed the technical viability of the proposed mining method and process flow sheet.

In particular, the pilot plant – a fully integrated continuous hydrometallurgical circuit run in two 10-day campaigns on clay dominant and calcrete dominant ore samples from the resource evaluation pit – provided much greater confidence in the process route and key parameters.

The campaign demonstrated overall uranium recovery in the range of 83-86% and defined the reagent consumption of the continuous circuit which has improved confidence in the operating cost estimate. Importantly, the pilot plant demonstrated that recovery was able to be maintained from a coarse grind, resulting in reduced mill size and power requirements. Leach temperatures were confirmed at 90°C and saline groundwater (sourced from the actual groundwater in the mining areas) was used throughout the campaign without loss of product recovery, establishing substantial savings in water treatment prior to processing.

The pilot plant also generated bulk samples that enabled key equipment sizing testwork, and a significant quantity of sodium diuranate (SDU) that was used to develop and verify the refining process.

Key quantitative and technical outcomes of the pilot plant work are included in Table 2.

Key Criteria	Outcome	Qualitative Description
Particle Size Distribution	P_{80} 400µm	Suitable for optimum uranium dissolution
Uranium Dissolution	> 88%	>85% considered excellent
Vanadium Rejection	40% in leach circuit	Reduces size and cost of uranium purification circuit Also high rejection during sodium diurinate precipitation
CCD* Underflow Density	42%-45%	Good but variable underflow densities, especially for calcrete dominant ore
CCD* Recovery Efficiency	98%	Excellent recovery efficiencies achieved
Uranium Recovery	83%-86%	Very good recovery for alkaline leach process
Bulk samples for engineering and design tests	100% complete	Key samples generated included Leach feed, CCD feed SDU and tailings.

"CCD" or "Counter Current Decantation"

Table 2 : Key Pilot Plant Outcomes

Very pleasing to Toro was the quality of the sodium diuranate (SDU) product as vanadium rejection was consistently better than expected in the leaching and CCD circuit. Further refining of the SDU achieved a high quality uranyl peroxide product that is low in deleterious elements. Toro expects refining to improve the final product specification and minimise any potential penalties due to the presence of deleterious elements.

Engineering Studies

Following this extensive testwork, a Definitive Feasibility Study commenced with Bateman Engineering in March 2012. The DFS was split into two phases: Phase 1 (process engineering design) is now complete, and Phase 2 (engineering and infrastructure) is anticipated to commence once the Federal Government environmental assessment decision is finalised.

Phase 1 has delivered the process design for the alkaline leach process including flow diagrams, process mass and heat balance, process design criteria, equipment identification and sizing, operating cost estimation, a preliminary plant layout and a preliminary capital cost estimate based on the confirmed process design. The design incorporates maximum heat recovery from process streams to minimise heating costs. Toro has high confidence in the design of the processing plant due to the quality of the supporting testwork.

The resulting cost estimates indicate that 60% of capital costs and 65% of operating costs are associated with the processing plant design. C1 Operating cost distribution is shown in Figure 4.

Phase 2 will deliver supporting infrastructure design (accommodation, power, haul roads, water supplies, mining and mine dewatering), detailed engineering and final cost estimates for both capital and operating expenditure.

The Wiluna Project is well serviced by excellent local infrastructure, including the Wiluna township, the sealed Goldfields Highway, Wiluna airport, Goldfields Gas Pipeline, and a previously developed water borefield. DFS Phase 2 will include consideration of these facilities as well as advancing detailed engineering design of the mine dewatering, mine schedule and in-pit tailings disposal facilities.

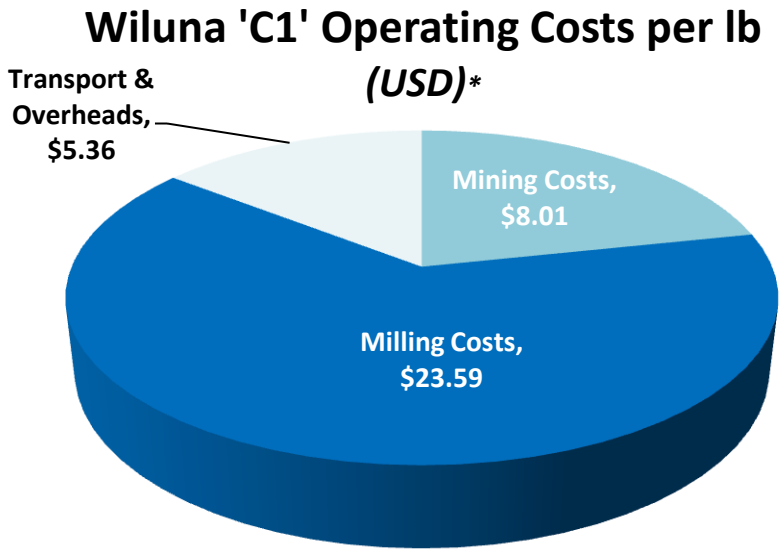


Figure 4 : C1 Operating costs for Wiluna Project (first 10 years)*

Approvals

In October 2012, the WA Minister for Environment, Bill Marmion, approved the Wiluna Uranium Project to proceed under strict environmental conditions, stating that *"The Liberal-National Government is committed to ensuring that uranium mining in WA will be subject to strict security provisions and world's best practice safety and environmental standards."* [1] This followed the EPA recommendation for approval in May 2012, and a public appeal process in which nine appeals were received and the majority of grounds for appeal were dismissed.

This is a very significant milestone in the government assessment process for the Project, and followed more than three years of extensive community consultation, the most thorough environmental and technical studies, and rigorous assessment by both Western Australian and the Commonwealth Government agencies. The public had four opportunities for input into this process since it began in 2009.

At the time of the approval, the West Australian Opposition spokesman Bill Johnson re-stated the ALP's position on uranium, that is *"…if the ALP come to government and there's a project that's been approved - and when I say been approved I mean by state approvals - it can proceed."* [2]

The Project is now subject only to Federal Environment Ministerial approval under the EPBC Act. A decision by the Federal Minister Tony Burke is anticipated by the end of the year.

Community and Indigenous Affairs

Toro has maintained a positive relationship with the Traditional Owners in Wiluna. At the commencement of the Project, the Traditional Owners identified two threshold issues that needed to be resolved prior to further consideration of the mine or a mining agreement. The first of these was consideration of the cultural and heritage significance of areas around the deposits, and the second was resolution of the community's concerns regarding the effect of radiation on people and the environment.

Toro and the Traditional Owners reached agreement early in 2012 regarding the project configuration, which includes definition of the mining footprint and associated infrastructure, and which also protects those areas of cultural and heritage significance. Concerns regarding radiation effects were also resolved through the environmental approval process and the use by the Traditional Owners of independent expert advice, such that the Traditional Owners stated in their media release in May 2012[3] that the senior lawmen were "happy that Toro had listened to them and addressed their concerns."

As a result, Toro and the Traditional Owners signed a protocol to commence negotiations on a commercial mining agreement in October 2012. It is anticipated that this agreement will be finalised during 2013.

[1] *Hon Bill Marmion, Minister for Environment, Media Statement 10 October 2012*
[2] *Hon Bill Johnson, media statement 10 October 2012*
[3] *Central Desert Native Title Services Media Statement 28 May 2012*

Project Economics

Bateman Engineering has estimated the capital and operating costs at the conclusion of Phase 1 of the DFS and these costs reflect current commodity prices and the updated process design. However costs are estimated at PFS level only (+/-25%), as they are derived from industry benchmarks and escalations, not direct tenders or quotes. DFS Phase 2 will provide final DFS level cost estimates.

Toro has developed a new economic model to analyse Net Present Value, investment returns and pay-back period. Toro uses the following assumptions:

- a long-term uranium price of US$75/lb U_3O_8[4] and assumes a long term foreign exchange rate of US$0.90;
- Uranium recovery achieves 85% after a ramp-up of one year and moves to 86% in the second year of operations;
- Average annual production of 1.7mlbs U_3O_8 equivalent is achieved; and
- An average processing head grade of approximately 716ppm U_3O_8.

The economic model indicates a C1* cash operating cost of US$36.96/lb U_3O_8 over the first 10 years operating life of the project.

The direct capital construction estimate is A$207million, or A$269million including EPCM and contingency. The economic model has been refined following the output of Phase 1 of the DFS and includes:

- An upgrade in the resource model and a revised mining plan for the Centipede and Lake Way Deposits. The new mining plan involves selective mining of the deposits at a cut-off of 250 ppm U_3O_8 and processing to a higher cut-off of 500 ppm U_3O_8 from stockpiles. The average strip ratio is 3.8 to 1 and the average feed grade to the 1.3Mtpa processing plant is projected to be approximately 716 ppm U_3O_8 in the first ten years of the project;
- Reduced power costs for grinding and process heating, revised reagent consumption estimates and improvement in saline groundwater usage as confirmed by the pilot plant testing at established recovery of 83-86%;
- Updated estimations of the mining and infrastructure costs including water borefield and pipeline, gas pipeline, power station and accommodation camp; and
- Redesign of the economic model to reflect the impact of the USD/AUD exchange rate on the cost structure of the project and the identification of USD priced input costs. It is estimated that approximately 30% of the C1 cash operating cost are USD denominated and that the long term exchange rate will trend to an average rate of US$0.90 over the life of the project.

The operating cost estimate of US$36.96/lb is based on the assumption that all supporting infrastructure will be owned and operated by Toro, and mining costs reflect contract mining rates.

Operating cost estimates include:

- Mining costs of US$8.01/lb which includes labour, selective mining, waste stripping, waste rehandle, rehabilitation and haulage costs;
- Milling costs of US$23.59/lb which comprises power (including steam and waste heat recovery), reagents, consumables, maintenance and materials and labour costs; and
- General and Administration costs of US$5.36/lb which includes product transport and overheads.

Figure 5 shows the distribution of capital cost estimates and a detailed breakdown is shown in Appendix 2.

[4] *Based on forecast uranium market prices in the ranges US$67 - $76.50/lb from 2015 to 2020; and US$65 - $80/lb from various investment bank estimates*

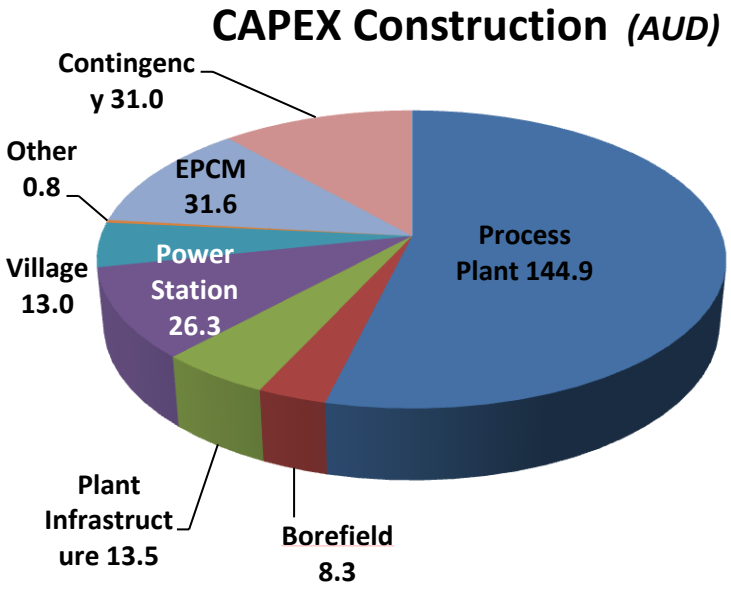


Figure 5 : Capital costs for Wiluna Project

Project Timeline

The Project is now on target for a Board final investment decision, pending market conditions and potential JV partner financing commitments, in 2013, with the start of construction shortly thereafter and first sales anticipated in the 2014/15 financial year. Figure 6 shows the current project timeline.

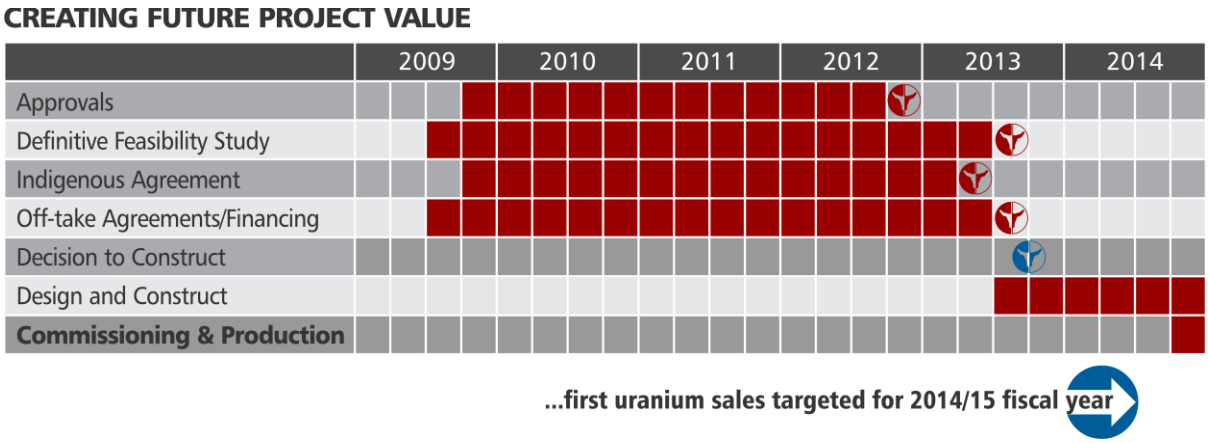


Figure 6 : Wiluna Uranium Project – project timeline

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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 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. Subject to Federal Government approval, financing outcomes and Toro Board decisions, Toro anticipates construction through 2014, and first uranium sales in the 2014/15 fiscal year.

Toro's wholly owned Theseus Project is a recent discovery with results to date indicating the potential for a high grade mineralised system. The Company also owns uranium assets in the Northern Territory and in Namibia, Africa.

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APPENDIX I

Wiluna Project Resources

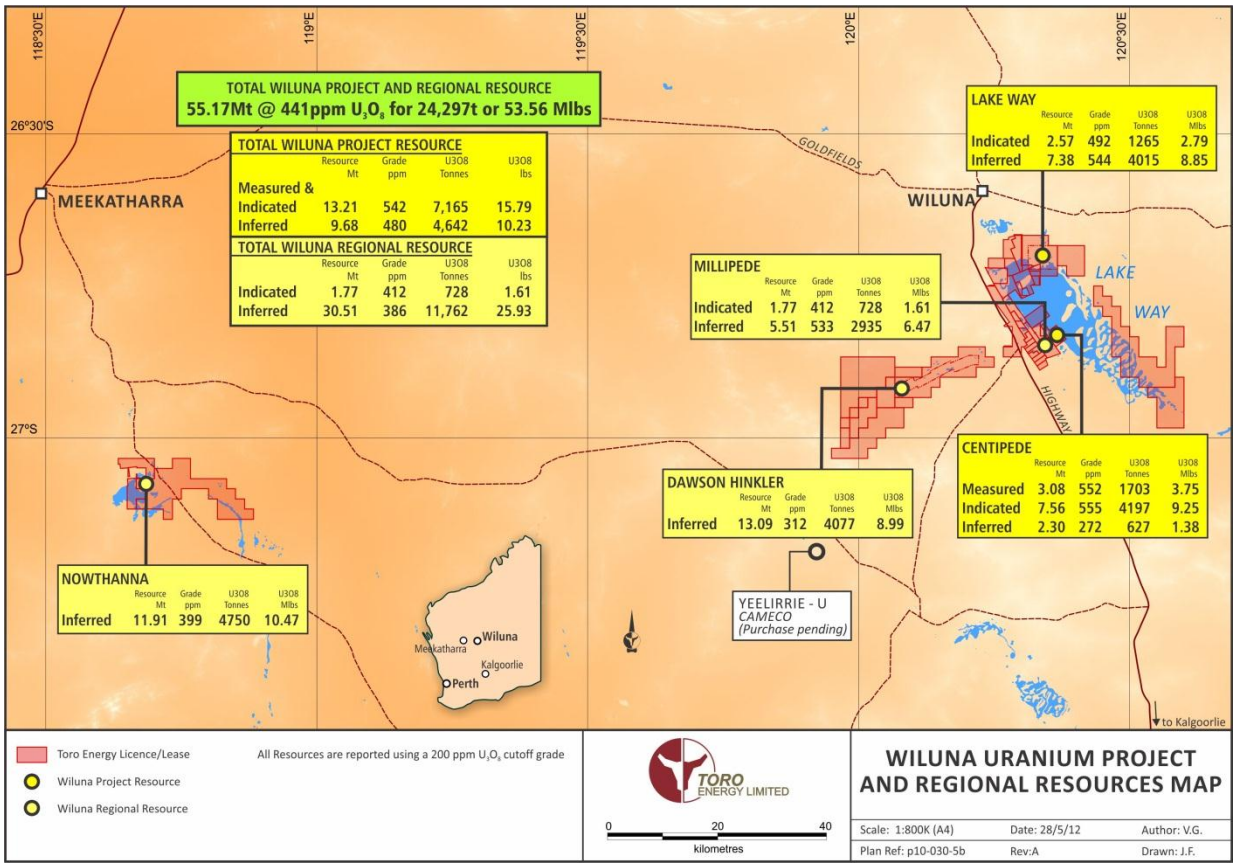

Figure A1.1 : Toro's total uranium resource base in the Wiluna area

Project Name	Category	Resource M Tonnes	Grade U_3O_8	Contained U_3O_8, tonnes	Contained U_3O_8, mlb
Centipede	Measured	3.08	552	1,703	3.75
Centipede	Indicated	7.56	555	4,197	9.25
Centipede	Inferred	2.30	272	627	1.38
Lake Way	Indicated	2.57	492	1,265	2.79
Lake Way	Inferred	7.38	544	4,015	8.85
Sub Total	Measured & Indicated	13.21	542	7,165	15.79
Wiluna Project	Inferred	9.68	480	4,642	10.23
Millipede	Indicated	1.77	412	728	1.61
Millipede	Inferred	5.51	533	2,935	6.47
Dawson Hinkler Well	Inferred	13.09	312	4,077	8.99
Nowthanna *	Inferred	11.91	399	4,750	10.47
Sub Total	Indicated	1.77	412	728	1.61
Wiluna Regional	Inferred	30.51	386	11,762	25.93
Total Wiluna Resources	Measured, Indicated & Inferred	**55.17**	**441**	**24,297**	53.56

All Resources are reported using a 200 ppm U_3O_8 cutoff grade

**Note: Toro owns 100% of two tenements which comprise the major portion of the Nowthanna deposit – Toro's resource shown here.*

Table A1.1 : Toro's total uranium resource base in the Wiluna area.

The production target relates to Mineral Resources that are based on information compiled by Dr Katrin Karner of Optiro, Mr Robin Simpson and Mr Daniel Guibal of SRK Consulting (Australasia) Pty Ltd. Daniel Guibal takes overall responsibility for the Resource Estimate, and Dr Karner takes responsibility for the integrity of the drilling and bulk density results. Dr Karner, Mr Simpson and Mr Guibal are Members of the Australasian Institute of Mining and Metallurgy (AusIMM), and 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2004)'. 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.

APPENDIX 2

Wiluna Project Economics

Capital item	AUD $M*	Description
Processing plant	144.9	As per Bateman Estimate
Power station	26.3	includes power station, gas pipeline
Accommodation village	13.0	based on operations village
Project infrastructure	13.5	includes admin and mine infrastructure
Borefield	8.3	includes water borefield and water pipelines
Additional Capital Items	0.8	Adjustment to infrastructure items including mine, mine camp, water borefield
Direct Capital Subtotal	**206.8**	
EPCM	31.6	15.3% of direct capital
Contingency	31.0	15.0% of direct capital
Total Capex	**269.4**	

** = capital estimates, contingency and EPCM are made at PFS level only*

Table A2.1 : Capital Estimates

	AUD $/lb *	Description
Mining Cost	**8.90**	
Labour	0.28	
Materials movement	7.97	Includes selective mining, waste stripping and waste rehandle
Haulage	0.65	
Milling Costs	**26.21**	
Power	7.56	Includes power required to raise steam and waste heat recovery
Reagents	9.62	Dominantly sodium carbonate and flocculent
Consumables	1.04	
Maintenance	3.63	
Labour	4.36	
G&A Costs	**5.95**	Includes product transport
C1 Opex (Cash Cost)	**41.06**	
C1 Opex (Cash Cost USD$/lb)	**36.96**	

** = for first 10 years of production*

Table A2.2 : Operating Cost Estimate