

THIRD QUARTER ACTIVITIES REPORT

for quarter ending:

30 June 2013

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No appeals against the Federal Minister's approval of the Wiluna Project

Final tranche of \$4m was drawn down from the finance facility with Macquarie Bank

Drilling completed at Wiluna

Long-term fundamentals of the uranium market remain strong

CORPORATE

- There were no Federal Court appeals against the decision of the Federal Environment Minister to approve the Wiluna Project. A 28 day appeal period expired on 14 June 2013
- Toro drew down the second and final tranche of A\$4 million from the A\$12 million convertible debt finance facility from Macquarie Bank Limited.
- Cash at end of the quarter was \$11.2 million.

GLOBAL URANIUM MARKET

- The spot price for uranium at the end of the June quarter was US\$39.00/lb U₃O₈ and drifted downwards in early July to below US\$37/lb. The long term price remains steady at around US\$57/lb.
- Japan's new Nuclear Regulatory Agency commenced operations just after the quarter end on July 8. 10 applications for reactor re-starts were made with 4 being approved immediately.
- China and India continue to pursue their plans to accelerate growth of their nuclear power generation capacity, with commissioning of new reactors in China and signing of trade agreements to facilitate technology and uranium supplies into India.

WILUNA PROJECT DEVELOPMENT

- Focus for the quarter has been on activities that enhance project value, including mine scheduling, drilling to improve resource confidence and project financing.
- Majority of DFS engineering will be completed in 2014 to align with decision to defer first production to 2016 to align with market conditions. The remainder of 2013 will focus on mining engineering and value engineering.
- The 2013 resource drilling program was successfully completed with 435 holes drilled for a total of 8,105 metres. This is the largest single drill program conducted at the Wiluna Project with access being gained to areas previously excluded due to heritage constraints. Results from the drill program are scheduled for release in the September quarter.

EXPLORATION

- Toro secures farm-out HoA with Rum Jungle Resources over Potash Rights on Lake Mackay.
- Final data from the airborne EM surveys over Wiso and Reynolds Range support large palaeochannel systems similar to Lake Mackay/Theseus.

REVIEW OF BUSINESS

URANIUM MARKET

The spot uranium price at the end of the quarter was around US\$39.00/lb U₃O₈, after trading in a tight range around US\$40/lb during the period. The long term uranium price remains resilient around US\$57/lb U₃O₈. Positive sentiment continues on the long-term price with forecasts remaining between US\$65 and US\$70/lb from 2017 onwards as new demand is predicted to outstrip currently available supply sources at that time.



Figure 1 - Spot and long term U3O8 price (Ux Consulting)

In Japan, the Nuclear Regulatory Agency, which was established after the Fukushima incident, commenced operations on 8 July. Utility operators immediately applied for 10 nuclear reactor re-starts, with 4 of these being approved immediately by the central government. The Japanese government anticipates having up to 6 reactors returned to operation during 2013, and that it may take up to 3-4 years for the full nuclear power capacity to be restored.

China is continuing its nuclear power construction program with the commencement of commercial operations at the Hongyanhe Unit 1 nuclear power plant. Units 2, 3, and 4 are currently under construction, and all four 1GWe CPR-1000 French design reactors are expected to be complete by the end of 2015, as part of the move to generate up to 70 GWe of nuclear power in China by 2020. Currently, China has 16 nuclear power stations in operation and some 28 under construction.

In other countries, nuclear power generation continues to grow, signalling strong demand for uranium supplies in the period beyond 2016. In particular, South Korea's KHNP restarted the 1GWe Hanbit reactor on 10 June, following approval from the Nuclear Safety and Security Commission.

India continues its drive to establish a nuclear industry with two international agreements being signed during the quarter. The first is a nuclear cooperation agreement with Japan that will enable India to import Japanese nuclear technology and services. Similarly, Canada and India reached a final agreement on Nuclear Cooperation in April after some years of negotiations, allowing exports of uranium from Canada to India for peaceful purposes. The Australian Government continues to negotiate for a similar agreement which is likely to take up to 3 years to conclude.

The US Department of Energy announced their revised Excess Uranium Inventory Management Plan during June, which intends to release some 2,700 tonnes of contained uranium into the US domestic market during the 2013-2017 period. It has been suggested that this is in line with previous practices and as such is expected to have a minor impact on the current and mid-term supply market.

CORPORATE

There were no Federal Court appeals against the decision of the then Federal Minister for Sustainability, Environment, Water, Population and Communities, the Hon Tony Burke, to approve the Wiluna Project.

A 28-day appeal period had applied from 17 May 2013 when the Federal Minister published his Statement of Reasons for environmental approval of the Project. Mr Burke had previously announced his approval for the Project on 2 April 2013 following the Western Australian Government's approval in October 2012.

Wiluna is the first new Australian mine since mid-2009 to receive Federal Government approval and the first in Western Australia since the government lifted the ban on uranium mining in 2008. This follows a rigorous assessment and approval process lasting almost four years during which the public had four separate opportunities to review Toro's proposals.

The lack of appeals to the Court now means that the Wiluna Project is able to progress without further legal challenge, and Toro continue to pursue further licences and permits as well as maintaining compliance with the State and Federal Ministerial conditions.

During the quarter, investment market briefings were held throughout Europe and Toronto. The Toro story and progress on the approved Wiluna Project was well received, and engagement with potential JV partners continues to be encouraging.

In June, Toro drew down the second tranche of A\$4 million from the A\$12 million convertible debt finance facility from Macquarie Bank Limited. The A\$4m drawdown completes the facility and enables Toro to maintain our strong position and continue project development and financing momentum.

Cash held at the end of the June 2013 quarter was \$11.2m.

PROJECT DEVELOPMENT

WILUNA PROJECT (WA) (Toro Energy 100%)

Project Progress

The 2013 resource drilling program was successfully completed on schedule and within budget with no injuries to report.

The original program was extended to drill more air core holes than originally planned due to heritage clearances being provided within areas previously excluded from drilling. A total of 435 drill holes were drilled for 8,105m, inclusive of a sterilisation program for the processing plant site.

Gamma data and geochemical analyses are currently being processed. Preparations are underway for a re-estimation of the Wiluna resources based on the results of the drilling which is expected to be released during the September quarter.

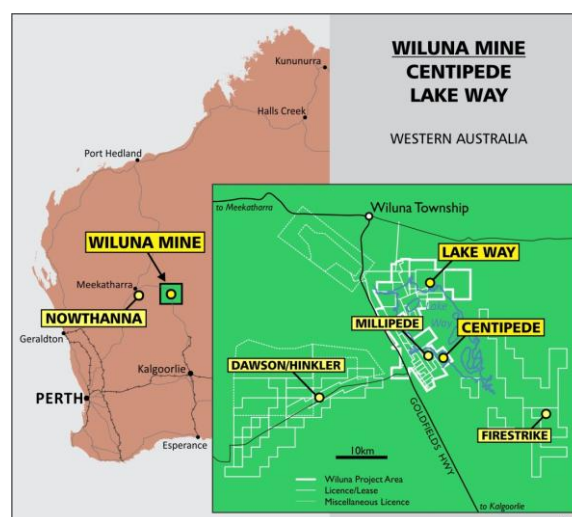


Figure 2: Wiluna Project and Regional Deposits

A heritage survey was undertaken with Traditional Owners in May to confirm the area for drilling of the Millipede deposit. Discussions are continuing with Central Desert Native Title Services on the negotiation of a mining agreement for the whole Project.

The decision to delay Final Investment Decision on Wiluna until 2014 has enabled engineering to initially focus on mining studies and value engineering. The full engineering package (DFS Phase 2) will be completed during 2014 and will include all necessary project infrastructure, definitive costs and an execution plan for the project.

Selection of the DFS engineer is well advanced and is only contingent upon reference checks.

The dataroom for the Project remains open and there are a number of parties actively reviewing the contents.

Tenement Matters

Tenement summary statistics are given in Table 1. Tenement locations are also shown on Figure 6.

Toro Tenure Area Stats (km2)				Comment
	Granted	Application	Commitment	
Western Australia	906	360	\$1,890,180	
TOTAL	906	360	\$1,890,180	

Table 1: Toro Tenement area statistics as at 30 June 2013 (excluding Exploration)

New Tenements, Withdrawals, Relinquishments & Renewals

Applications:

Nil

Granted:

Nil

Relinquishments:

Nil

Renewals & Extension of Term:

M53/224 - Renewal of term for 21 years

EXPLORATION

WESTERN AUSTRALIA

Lake Mackay and Theseus Projects

E80/3484, 3485, 3486, 3519, 3580, 3581, 3582, 3583, 3584, 3585, 3586, 3587, 3588, 3589, 3837, 4449, 4498, 4606, 4607, 4664 and 4747

During the quarter, Toro signed a binding Heads of Agreement (“HoA”) with Rum Jungle Resources Ltd (“RUM”) in which RUM will farm into Toro’s tenements for potash and related evaporite minerals over Lake Mackay. The agreement covers the lake surface within Exploration Licences (E80/3484, 3485, 3486 and 3519), covering 420 km² (Figure 3).

Toro’s previous shallow drilling has confirmed the presence of brine in the lake subsurface, with potassium, magnesium and sulphur concentrations similar to other potash brine

systems in central Australia and overseas. RUM’s objective is to drill deeper to assess the potential for a sustainable potash resource. The key terms of the farm out provided in the ASX Release dated 21 May 2013.

The agreement is subject to execution of formal joint venture agreements.

Toro renewed 13 of the original 14 tenements in the project for a further 2 years, and undertook a voluntary surrender of 1104 km² (349 blocks) of ground identified as having little uranium potential (Figure 3). The remaining seven tenements remain unchanged.

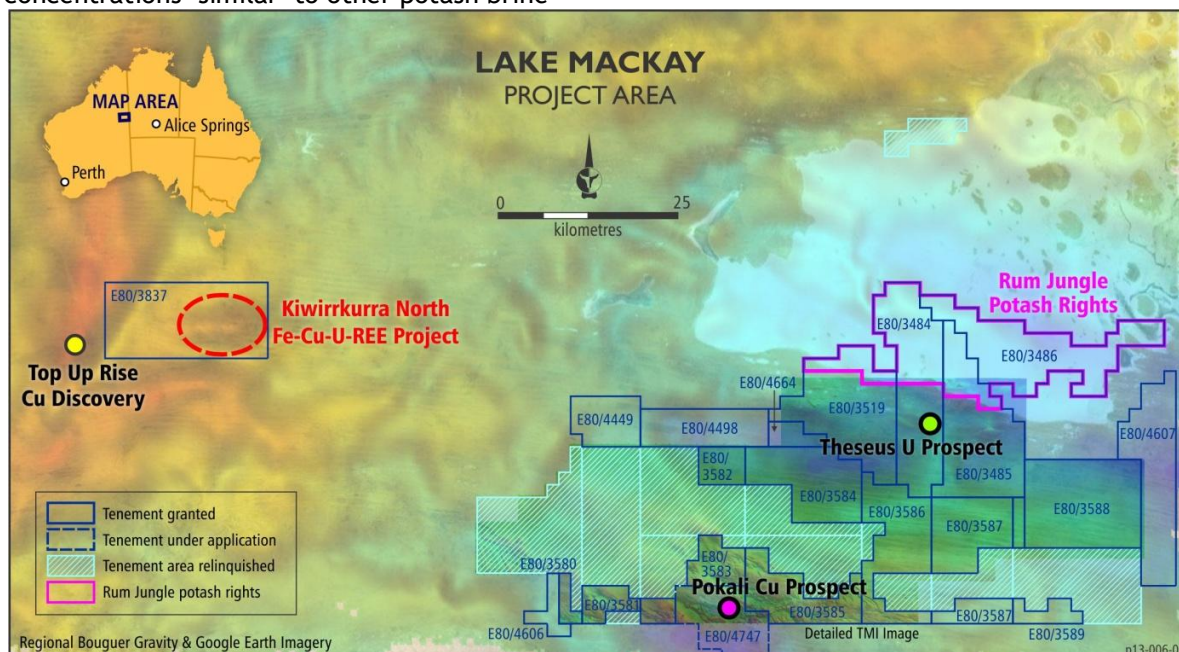


Figure 3: Lake Mackay Project showing post-surrender configuration, potash farm-out area and recent “Top Up Rise” copper discovery by Corazon Mining Ltd

NORTHERN TERRITORY

Wiso Project

EL’s 26988, 27123, 27138 and 29395

Final data has been received from the three regional airborne electromagnetic (“AEM”) surveys in Toro’s central Australian projects (Figure 4). In the Wiso Project area, these data show some exciting features that support

Toro’s predictive model for ISR uranium in central Australia. While analysis continues, the main results and conclusions thus far are:

- The southern edge of the Wiso Basin has been accurately mapped by the AEM survey in combination with the available regional magnetic data.

- The most obvious features are two large Tertiary palaeodrainage networks that emanate south of the survey area in the Reynolds Ranges, and propagate northward across the flat landscape overlying the Wiso Basin. They occur within 200m of the current land surface and demonstrate higher permeability than the surrounding sand plains.
- Several generations of palaeochannel are evident in the Conductivity Depth Images “CDIs” (Figure 5).
- Some of the deeper conductive features are likely to be gently dipping stratigraphy within the Wiso Basin, but some are ambiguous at present and could be either deep palaeochannels or Wiso geology.
- Within the Wiso Basin and Tertiary cover, there appears to be a series of east-west oriented discontinuities of the conductivity trends that may be indicating the position of active basement faults.
- The modern drainage systems are not reflected in the subsurface electromagnetic data, indicating that the underlying palaeochannels are of an older generation.

Toro now plans to test this model via framework drilling, to identify subsurface geology and groundwater conditions. Importantly, Toro remains first mover in the Wiso Basin and currently holds most of the prospective tenure.

Reynolds Range Project

EL's 26287, 26987, 27301, 28512, 29396 and ELA 28513

Final data has also been received for the two AEM surveys over Reynolds Range (Figure 4). The results are encouraging, as the imagery depicts a widespread boundary between conductive and resistive sediments within Toro's tenements. This correlates to anomalous uranium intersections made by Toro at Mount Denison in 2010 (ASX Release 21 December 2010), which showed that there is a redox “roll front” roughly at the position of the boundary between conductive and resistive domains. This opens up an enormous area of prospectivity within Toro-held tenements.

Other significant results and conclusions are:

- A combination of AEM and regional magnetic data provides evidence for extensions of the Georgina Basin into the survey area from the east, with thicknesses greater than predicted previously by the NTGS.
- The large linear (NW-trending) magnetic feature in the centre of the survey area may be a younger mafic intrusive body than the Georgina Basin, perhaps correlating to the Antrim Volcanics to the northwest.

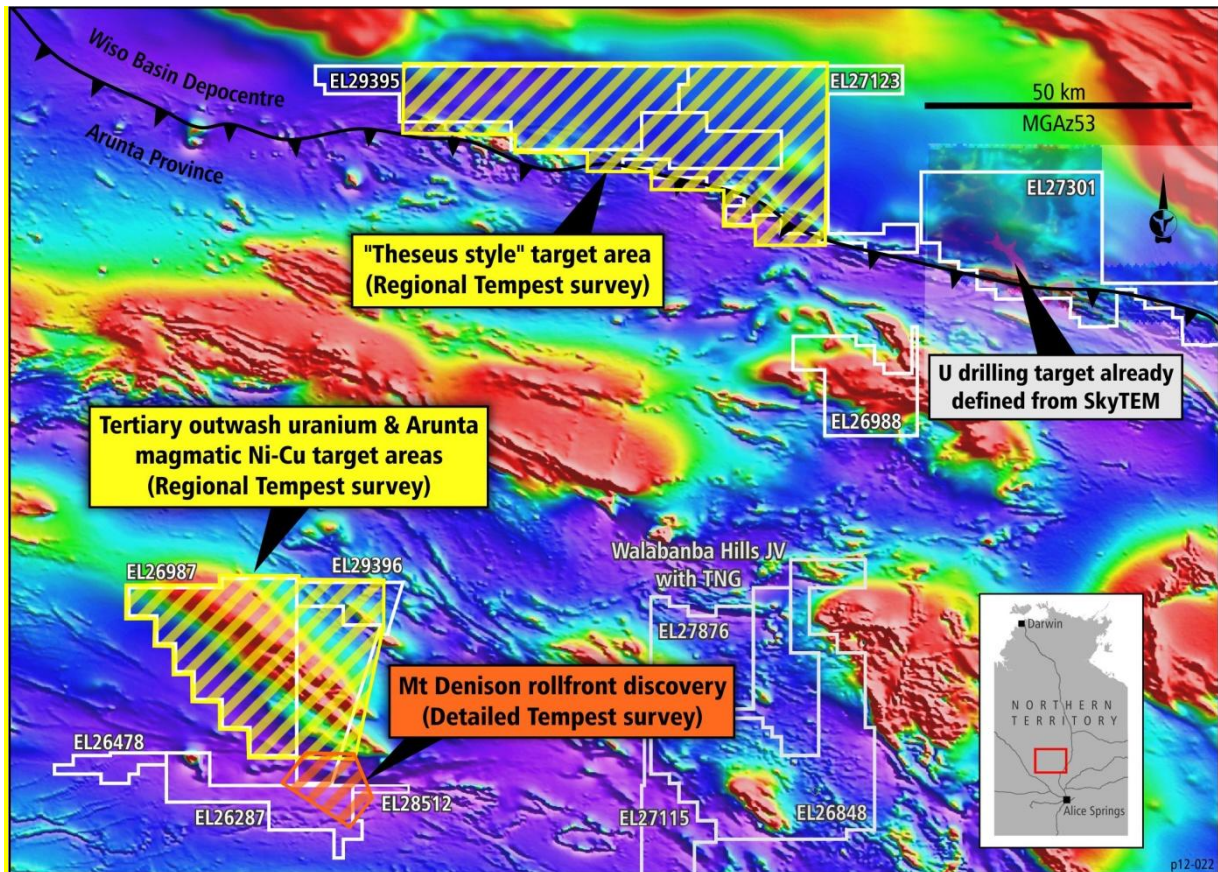


Figure 4: Airborne EM survey locations over TMI on Toro NT tenements

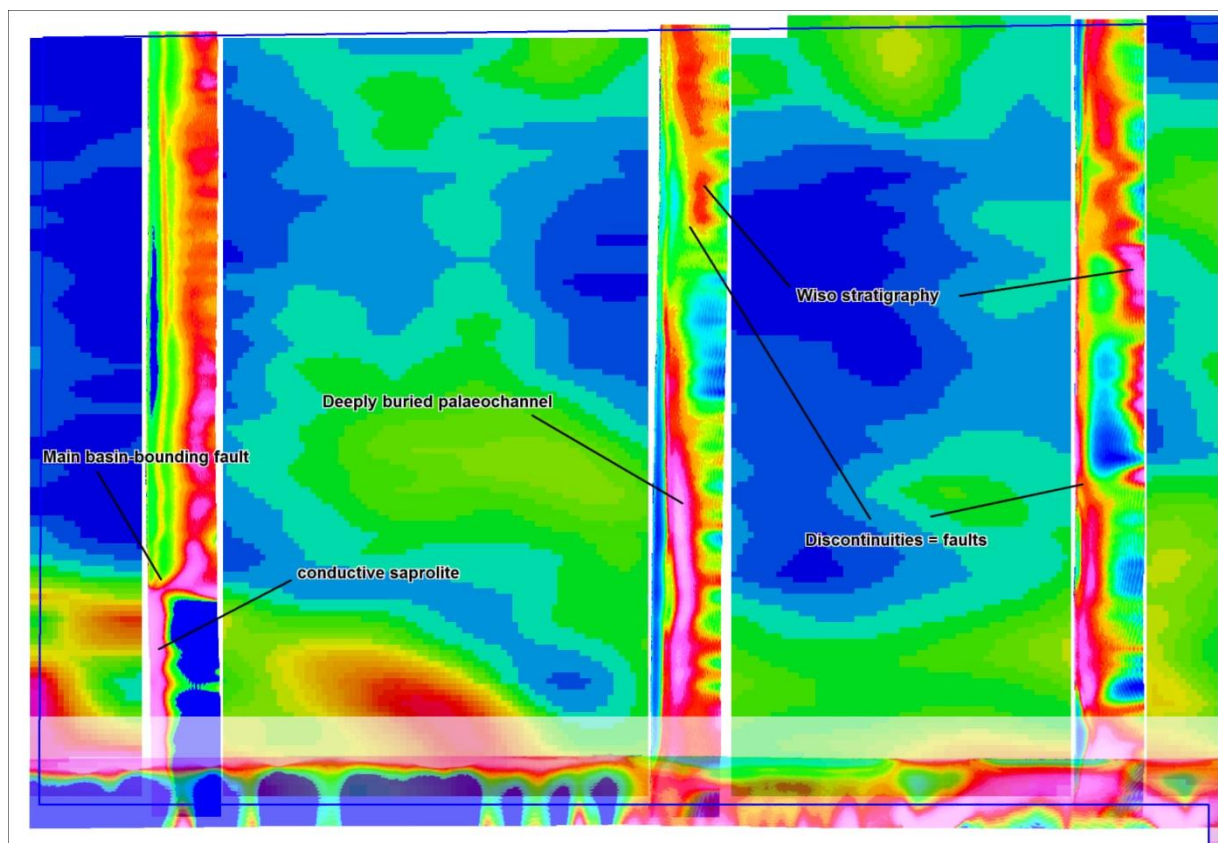


Figure 5: Airborne EM image over western part of Wiso West project, overlain by selected annotated CDIs.

- A large palaeodrainage network is evident as a broad sinuous conductive “plume”, which emanates southeast of the survey area in the Reynolds Ranges, and propagates northward across the flat landscape overlying the Georgina Basin and Arunta Complex. This palaeochannel was probably deposited in the Tertiary and is now providing a conduit for northward dispersion of saline groundwater.
- The surrounding sand plain is much less conductive and is interpreted to be a similar thickness sequence as the palaeochannel, but comprised of less permeable sands with fresher groundwater.

Walabanba Hills JV

(TNG Limited earning 51%)

EL's 26848, 27115 and 27876

No work was carried out during the quarter.

Stanton JV

(Auminco Limited earning 51%)

EL 28567

No work was carried out during the quarter.

Browns Range JV

(Northern Minerals Limited earning 51%)

EL's 26286, 26635, 27000, 27001, 27270, 27271 and 27590

No work was carried out during the quarter.

McArthur Project

EL's 27429, 29636 and ELA's 26861, 27588 and 29948

No work was carried out during the quarter.

Benmara Project

EL's 28054, 28750, 28751, 28752, 28806, 28840 and 29476

No work was carried out during the quarter.

AFRICA

Nova Namibia JV

(Reptile, Nova, Sixzone)

EPL3668, 3669 and 3670

No work was carried out during the quarter.

Toro Tenure Area Stats (km2)		30/06/2013		
	Granted	Application	Moratorium	Commitment
NT - Toro	6,295	6,497	7,557	\$747,500
NT - JV	3,539	0	0	\$766,000
Namibia	1,323	0	0	0
WA - Toro	2,600	167	0	\$1,554,000
WA - JV	0	0	0	0
TOTAL	13,757	6,664	7,557	\$3,067,500

Table 2: Toro Exploration Tenement area statistics as at 30 June 2013

New Tenements, Withdrawals, Relinquishments & Renewals

Exploration tenement summary statistics are given in Table 2** with locations shown on Figure 6.

Renewals:

Lake Mackay tenements E80/3484-3486, E80/3519 & E80/3580-3589 were renewed in May and approved in June 2013 for a further two year period.

Applications:

Wiso Project -EL29997 250 blocks applied for.

Granted:

Nil

Relinquishments:

Lake Mackay Project - surrender of 349 collective blocks from E80/3483-3486, E80/3519 & E80/3580-3589 (refer Figure 3).



Vanessa Guthrie
Managing Director
Toro Energy Limited

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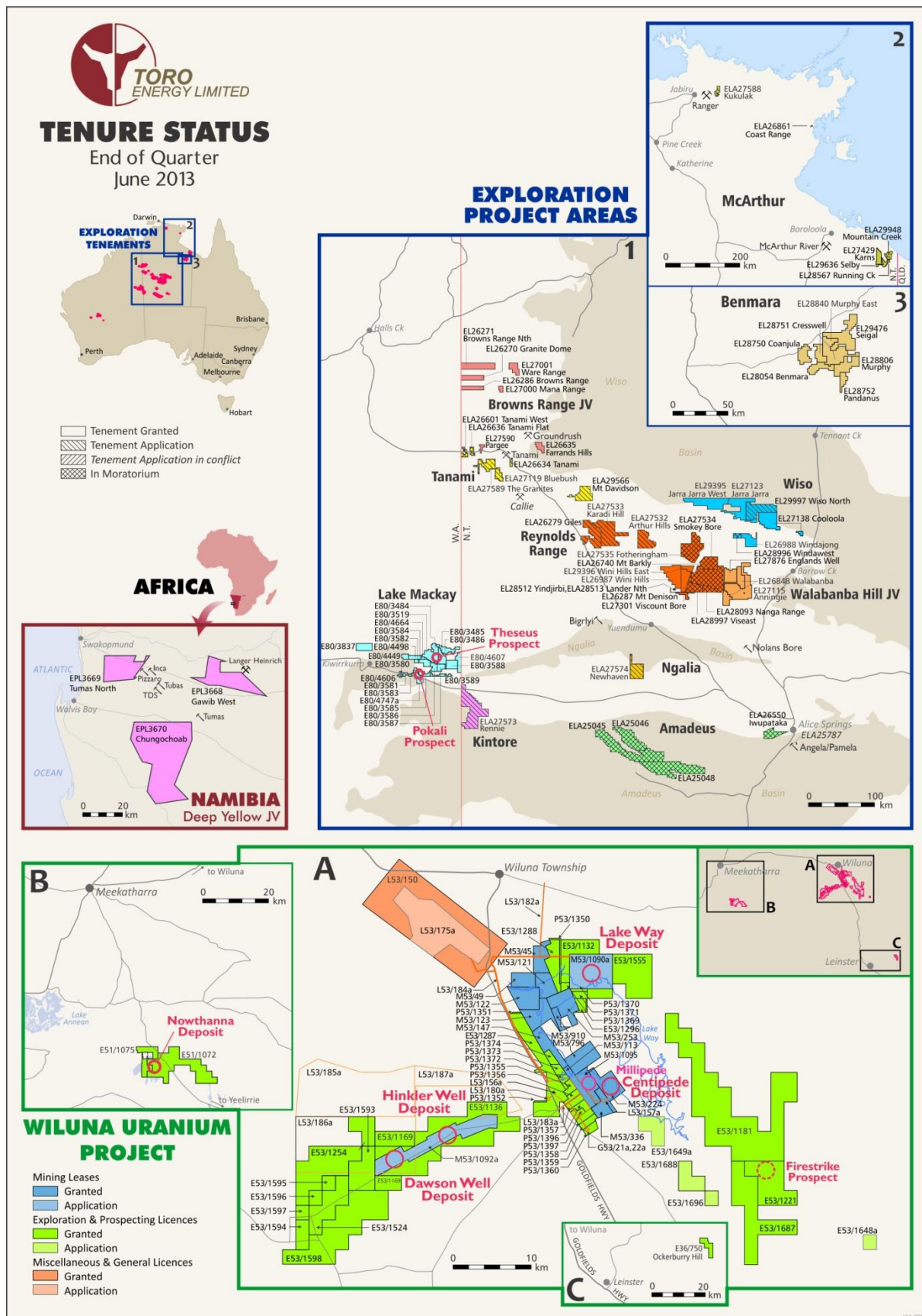


Figure 6: Wiluna District and Exploration tenements in Australia and Namibia as at 30 June 2013

APPENDIX I: COMPETENT PERSON'S STATEMENT

- 1) *Information in this report relating to the Exploration Results is based on work by Dr David Rawlings, who is a Member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Dr Rawlings is a full-time employee of Toro Energy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Rawlings consents to the inclusion in this release of the matters based on his information in the form and context in which it appears.*
- 2) *All drill holes are vertical and all intersections are considered to be true widths*

APPENDIX 5B
Mining exploration entity quarterly report

TORO ENERGY LTD

ABN. 48 117 127 590

Quarter ended
June 2013

Consolidated statement of cash flows (Note 6.0)

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(2,294)	(10,326)
(b) development	-	-
(c) production	-	-
(d) administration	(605)	(3,118)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	120	396
1.5 Interest and other costs of finance paid	(105)	(461)
1.6 Income taxes paid	-	-
1.7 Other	-	-
Net Operating Cash Flows	(2,884)	(13,509)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(60)	(93)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	5	37
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other	-	-
Net Investing cash flows	(55)	(56)
1.13 Total operating and investing cash flows (carried forward)	(2,939)	(13,565)

1.13 Total operating and investing cash flows (brought forward)	(2,939)	(13,565)
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	4,000	12,000
1.17 Repayment of borrowings	-	-
1.18 Dividends paid	-	-
1.19 Other	-	-
Net financing cash flows	4,000	12,000
Net increase (decrease) in cash held	1,061	(1,565)
1.20 Cash at beginning of quarter / year to date	10,183	12,809
1.21 Exchange rate adjustments to item 1.20	-	-
1.22 Cash at end of quarter	11,244	11,244

Payments to directors of the entity and associates of the directors	
Payments to 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	160
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	
35,714,286 share options issued to Macquarie bank in line with the facility execution and final drawdown conditions. Non-cash option expense calculated using Black Scholes model and totals \$1,107,143	
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'000	Amount used \$A'000
3.1 Loan facilities (A\$12m debt facility)	0	12,000
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter	\$A'000
4.1 Exploration and evaluation:	1,221
4.2 Development	-
4.3 Production	-
4.4 Administration	1,188
Total	2,409

Reconciliation of cash		
	Current quarter \$A'000	Previous quarter \$A'000
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.		
5.1 Cash on hand and at bank	844	283
5.2 Deposits at call	10,400	9,900
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	11,244	10,183

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 Preference securities (description)				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 Ordinary securities	1,041,936,676	1,041,936,676	Fully paid	Fully paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 Convertible debt securities (description)				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options (description and conversion factor)	850,000 1,665,000 1,000,000 5,555,000 4,270,000 5,000,000 1,000,000 250,000 250,000 750,000 500,000 750,000 10,300,000 525,000 24,390,244 42,253,521 35,714,286		<u>Exercise Price</u> \$0.55 \$0.25 \$0.25 \$0.22 \$0.22 \$0.22 \$0.30 \$0.15 \$0.22 \$0.11 \$0.22 \$0.25 \$0.13 \$0.13 \$0.12 \$0.14 \$0.08	<u>Expiry Date</u> 6/08/2013 17/12/2013 19/03/2014 2/02/2015 3/01/2016 11/01/2016 11/01/2016 26/05/2016 26/05/2016 30/06/2016 30/06/2016 30/06/2016 31/07/2016 25/08/2016 1/11/2015 7/03/2016 26/05/2016
7.8 Issued during quarter	35,714,286		\$0.08	26/05/2016

7.9	Exercised during quarter				
7.10	Cancelled during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (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: 26 Jul 2013

Print name: TODD ALDER
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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 tenements

Tenement reference	Nature of interest	Interest at beginning of quarter*	Interest at end of quarter
	<u>Western Australia</u>		
E80/3580	Partial Surrender - Lake Mackay (64 blocks surrendered)	100%	100%
E80/3581	Partial Surrender - Lake Mackay (59 blocks surrendered)	100%	100%
E80/3582	Partial Surrender - Lake Mackay (51 blocks surrendered)	100%	100%
E80/3583	Partial Surrender - Lake Mackay (45 blocks surrendered)	100%	100%
E80/3584	Partial Surrender - Lake Mackay (22 blocks surrendered)	100%	100%
E80/3585	Partial Surrender - Lake Mackay (33 blocks surrendered)	100%	100%
E80/3586	Partial Surrender - Lake Mackay (18 blocks surrendered)	100%	100%
E80/3587	Partial Surrender - Lake Mackay (22 blocks surrendered)	100%	100%
E80/3589	Partial Surrender - Lake Mackay (57 blocks surrendered)	100%	100%
	<u>Northern Territory</u>		
EL26478	Surrendered - Western Creek	100%	0%
EL29636	Granted - Selby	0%	100%
*Note: Percentage interests relate to Toro's equity interest in the tenements which may be nil due to uranium rights being held or joint venture earn-in arrangements not yet crystalising.			