

# **Toro Energy Limited**

ACN 117 127 590

## **2020 Interim Financial Report**



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# CORPORATE INFORMATION

## Directors

Richard Homsany - Executive Chairman

Richard Patricio - Non-Executive

Michel Marier - Non-Executive

## Company Secretary

Katherine Garvey

## Registered Office

60 Havelock Street

West Perth WA 6005

Telephone: +61 8 9214 2100

## Share Registry

Advanced Share Registry Services

110 Stirling Highway

Nedlands WA 6009

## Auditor

Moore Australia Audit (WA)

Level 15, Exchange Tower

2 The Esplanade

Perth WA 6000

## Securities Exchange Listing

Australian Securities Exchange

ASX code: TOE

# DIRECTORS' REPORT

The directors (**Directors**) of Toro Energy Limited (**Toro** or **the Company**) present their Report together with the financial statements of the Consolidated Entity, being the Company and its Controlled Entities (**the Group**) for the half-year ended 31 December 2020.

## Director details

The following persons were Directors of Toro during or since the end of the financial half-year:

Mr Richard Homsany	Executive Chairman
Mr Richard Patricio	Non-Executive
Mr Michel Marier	Non-Executive

## Company Secretary

Ms Katherine Garvey

## Review of operations and financial results

The Company's net loss after income tax was \$4,564,899 (2019: \$42,894,617). Included in the loss were non-cash impairment expenses of \$2,948,428, which were incurred during the current period. The impairment is largely due to the current subdued uranium market. The Company continued to actively pursue the development of its Wiluna Uranium Project and there has been no change in these activities during the current period. During the current period the Company also continued nickel exploration activities at its Dusty Nickel Project, gold exploration activities at its Yandal Gold Project, each within the area of its Lake Maitland project (which forms part of the Wiluna Uranium Project).

## Exploration

### Dusty Nickel Project

During the period the Company continued exploration of its Dusty Nickel Project, located in the northern goldfields region of Western Australia, some 50km east of the world class Mt Keith Nickel Deposit and lying within the tenements that comprise the Company's Wiluna Uranium Project (see **Figure 1** and **Figure 2**). To date the Company has carried out over 5,500 metres of drilling (a combination of reverse circulation and diamond drilling) on the Dusty Nickel Project inclusive of 2016 drilling.

#### *Dusty Nickel Discovery*

On 13 July 2020 the Company announced that its first diamond hole drilled at the Dusty Nickel-Project, TED03, had intersected 15cm of massive nickel sulphides from 177.5m downhole with indications from hand held portable XRF (pXRF) analysis of grades between 2-4% nickel. TED03 twinned reverse circulation drill hole TERC13 to gain a better understanding of the nature of the nickel sulphide intersection in the 2019 drilling, with diamond core from TED03 showing that the intersection was massive nickel sulphides and not finger sized lenses as originally thought. On 16 July 2020 the Company announced that the second diamond drill hole drilled at the Dusty prospect, TED04 (see **Figure 1** and **Figure 2**), had intersected 2.6m of massive nickel sulphides from 184.5m downhole, which geochemical analysis later confirmed to be grading at 3.45% nickel, 0.15% cobalt, 0.18% copper and 0.388 g/t PGE (platinum and palladium).

On 9 December 2020 the Company announced that geochemical assay results confirmed that the massive nickel sulphides in TED07 occur within a 9m thick (downhole) zone of sulphides starting at 250.9m downhole, which includes four intersections of massive nickel sulphides that have a cumulative thickness of 4.5m. The entire 9m sulphide zone has an average nickel grade of 2.07% nickel and cumulatively, the 4.5m of massive nickel sulphides grade at 3.91% nickel, 0.34% copper, 0.13% cobalt and 0.45 g/t platinum and palladium (refer to **Figure 3**). Individually, the average nickel grades of the massive sulphide intersections are 4.01% over 2.0m from 250.9m downhole, 3.35% over 0.2m from 253.2m downhole, 3.85% over 2.0m from 255.5m downhole and 4.03% nickel over 0.3m from 259.6m downhole.

During the period the Company also announced that geochemical assays results revealed that diamond hole TED06, which intersected the komatiite host rock in-between the massive sulphide intersections of TED04 and TED07 (refer to **Figure 3**), also intersected a thin 12cm band (downhole) of massive nickel sulphide at the base of the komatiite rock unit. The average grade of the intersection in TED06 was 3.19% nickel, 0.28% copper, 0.13% cobalt and 0.29 g/t platinum and palladium. Although this shows that the thickness of the massive nickel sulphide may be variable down-dip, it also shows that the massive nickel sulphide is continuous over the 70m down-dip extent tested by the three drill holes TED04, TED06 and TED07.

All of the massive nickel sulphide intersected at Dusty and reported on to date (in drill holes TERC13, TED03, TED04, TED06 and TED07) occurs at the base of a magnetite bearing ultramafic rock unit interpreted to be a komatiite flow/intrusion, which overlies a siliceous metasedimentary unit on top of a felsic granite. The hanging wall to the komatiite is a thick mafic intrusive (dolerite) or a high magnesium intrusive rock at depth (refer to **Figure 4**). The dominant mineralogy of the massive nickel sulphide intersects includes pyrite, pyrrhotite, pentlandite and chalcopyrite.



# DIRECTORS' REPORT

Given the continued success of the diamond drilling campaign on the Dusty Nickel Prospect, the mud-rotary/diamond drilling programme was extended to 3,000m, double that originally planned. Follow-up diamond drilling was carried out at the Dusty Nickel Discovery, with 7 mud rotary/diamond holes drilled for 2,029.7m focused on testing for extension of the massive nickel sulphides already intersected by the Company at Dusty.

The evidence to date suggests that the Dusty Nickel Discovery is one of komatiite hosted massive nickel mineralisation similar to most of the massive nickel sulphide deposits exploited in the Yilgarn of Western Australia.

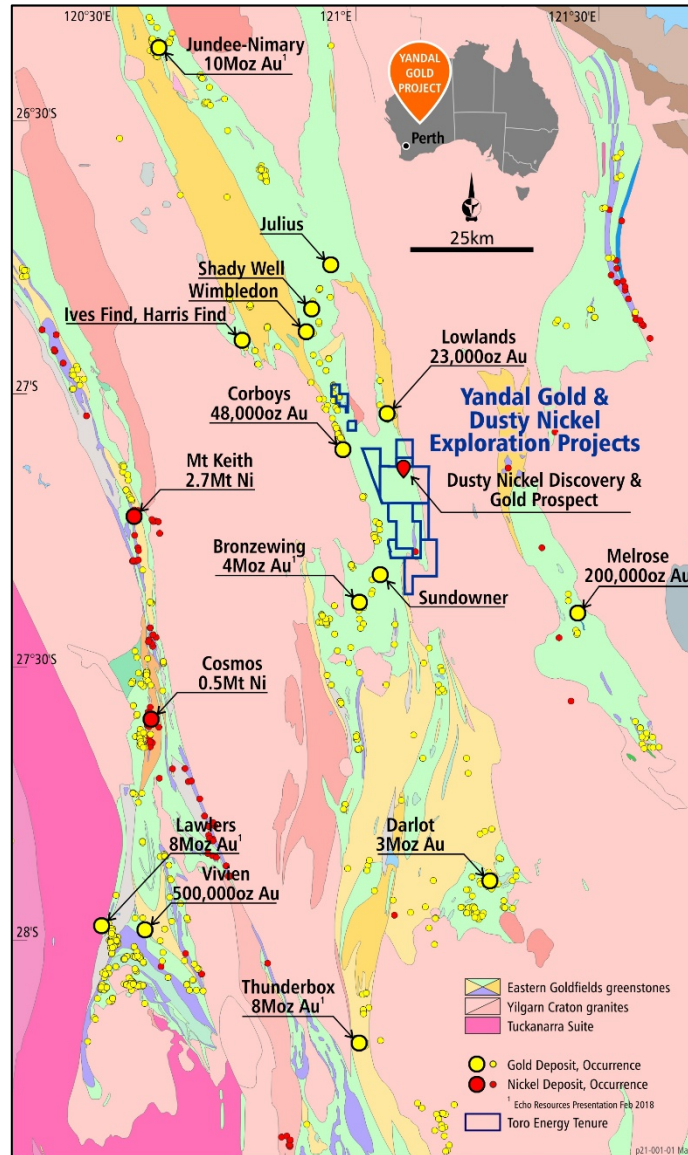


Figure 1: Location of Toro's Yandal Gold and Dusty Nickel Projects. The map shows the Yandal Greenstone Belt, the location of gold deposits and occurrences and the three major gold producing operating centres, Jundee-Nimary, Bronzewing and Darlot. The map also shows the location of the Mt Keith and Cosmos nickel deposits on the Wiluna-Agnew greenstone belt to the west.

# DIRECTORS' REPORT

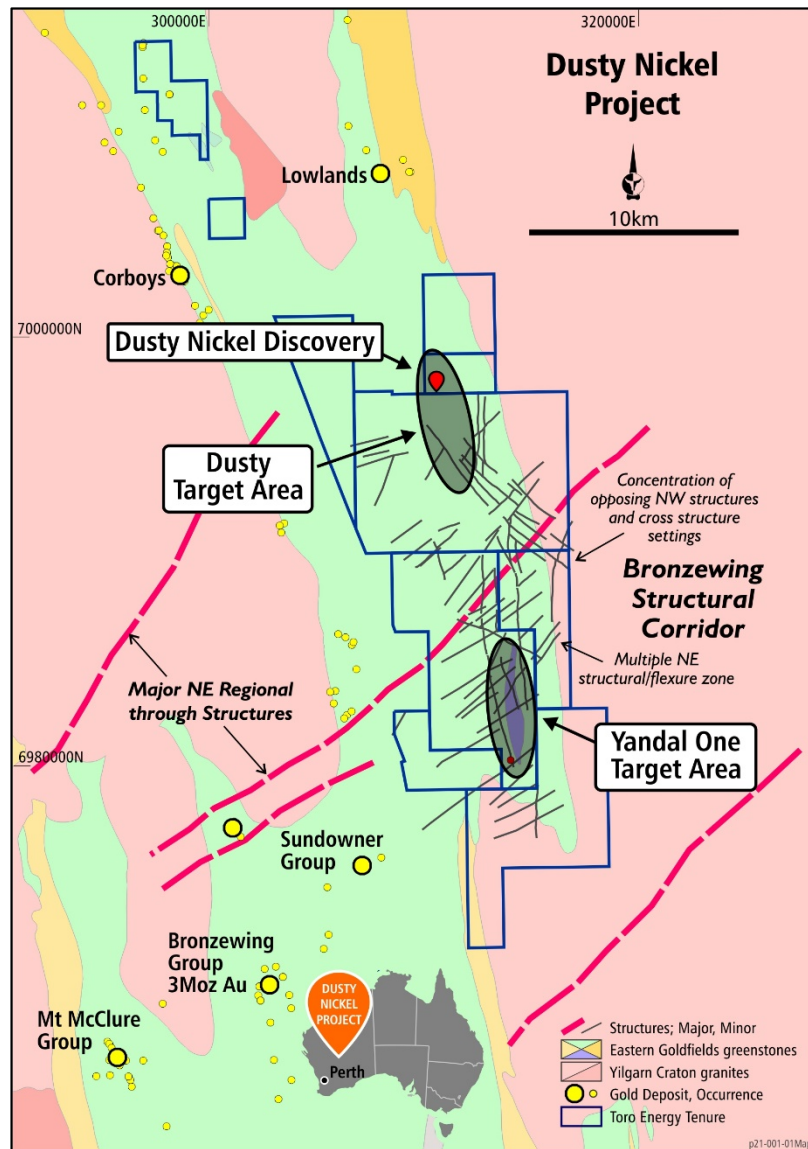


Figure 2: Map of the Dusty Nickel Project

## Yandal One Target Area

The Yandal One Target Area for nickel exploration is located some 20km south of the Dusty Discovery (refer to **Figure 4**) and incorporates a large folded Komatiite ultramafic rock unit uncovered by Toro by RC drilling a magnetic target in 2016.

# DIRECTORS' REPORT

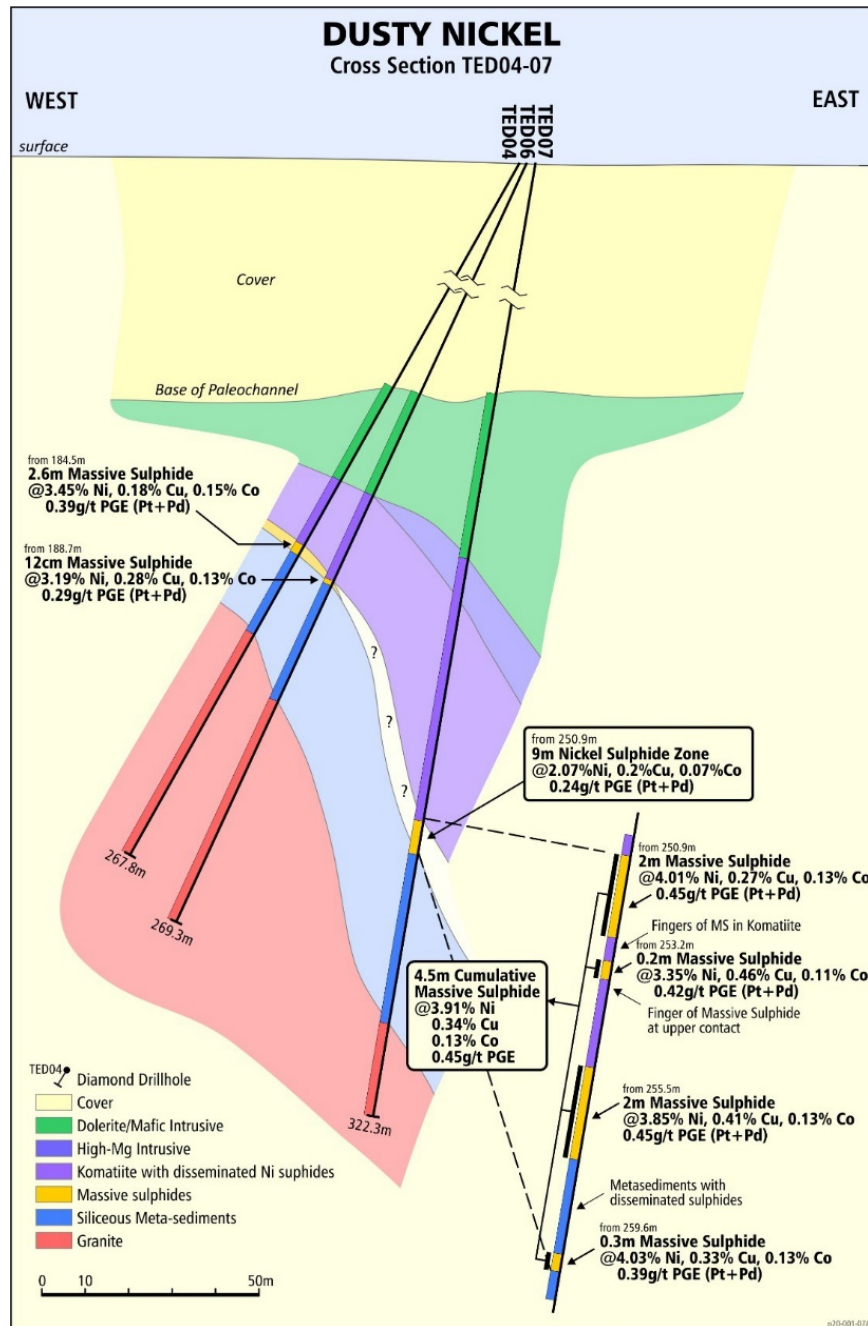


Figure 3: Geological E-W cross-section of Dusty looking north with information from drill holes TED04, 06 and 07. Inset shows the break-down of the 9m section of sulphide mineralisation intersected in TED07, which includes four intersects of massive nickel sulphide. See text for further details.

## Yandal Gold Project

As announced at the end of the third quarter of 2020, the Company completed a reverse circulation drilling campaign on the Golden Ways Target Area (See **Figure 4**) within the Company's 100% owned Yandal Gold Project, which is located in the Yandal Greenstone Belt some 15km NE of the world class Bronzewing Gold Mine (refer to **Figure 1**). The results of that drilling campaign were released by the Company after the end of the period on 17 February 2021, and confirmed the prospectivity of the Golden Ways Target Area for gold, with significant gold intercepts including:

- 5m at 4.4 g/t from 22m (TERC24)
  - including 2m at 9.93 g/t from 22m.
- 4m at 3.3 g/t from 28m downhole (TERC25)
  - including 1m at 10.9 g/t from 28m.
- 3m at 1.41 g/t from 9m (TERC36)
  - including 1m at 2.76 g/t from 10m.
- 2m at 3.79 g/t from 10m (TERC38)
  - including 1m at 7.33 g/t from 10m.
- 11m at 0.3 g/t from surface (TERC28).

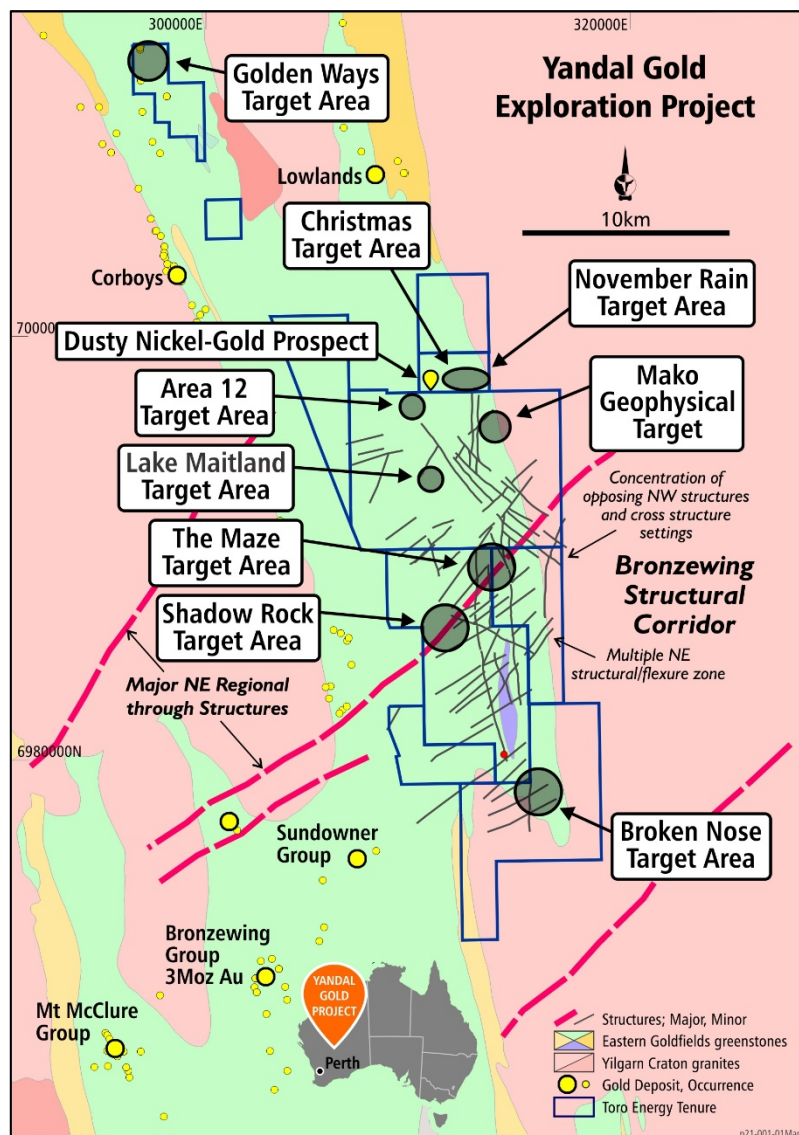


Figure 4: Map of the Yandal Gold Project with the location of all of the current Target Areas



# DIRECTORS' REPORT

## Wiluna Uranium Project

The Wiluna Uranium Project consists of six uranium deposits in the Wiluna region of Western Australia totaling 84Mlb U<sub>3</sub>O<sub>8</sub> in Mineral Resources (see **Figure 5**). The primary focus of the Company has been the development of the Centipede, Millipede, Lake Maitland and Lake Way deposits totalling 63Mlb U<sub>3</sub>O<sub>8</sub>.

On 7 July 2017 Toro received confirmation that the Federal government's Minister for the Environment and Energy, the Hon Josh Frydenberg, had granted environmental approval subject to implementation conditions, for the extension to the Wiluna Uranium Project (EPBC 2014/7138).

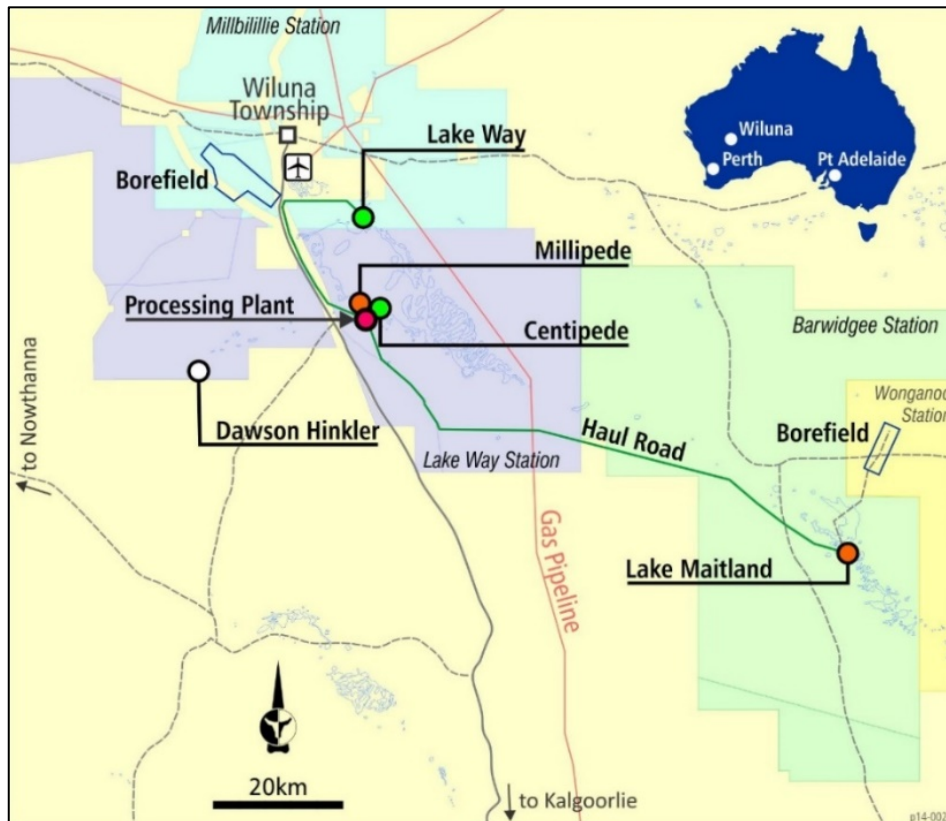


Figure 5: Wiluna Uranium Project - Location

The approval complements the Federal government approval granted in April 2013 by the then Minister for the Department of Sustainability, Environment, Water, Population and Communities, the Hon Tony Burke (EPBC No. 2009/5174) which approved the development of a uranium mine comprising the Centipede and Lake Way deposits and the associated processing plant and infrastructure. The effect of the two Federal approvals is that the assessment process under the *Environment Protection and Biodiversity Conservation Act 1999* (Cth) is complete and the Wiluna Uranium Project, being the mining of uranium at the Centipede, Lake Way, Millipede and Lake Maitland deposits, the construction of a processing facility and all mine and processing related infrastructure, tailings storage facilities and finished product transport to port, can be implemented subject to the conditions outlined in the two approval documents. The full State and Federal government approval documents were published as annexures to the Company's ASX release dated 10 July 2017.

The Company continues to progress the Wiluna Uranium Project so that it is capable of being financed and brought into production as and when economic conditions justify the development.

# DIRECTORS' REPORT

The Company has been making a continued effort to improve the value of its Wiluna Uranium Project through research, innovation and engineering opportunities despite the subdued uranium market. The Company's efforts in this regard include proposed changes to the proposed processing flowsheet design which have resulted in potential improvements in the capital and operating costs of the Wiluna Uranium Project as well as a potential improvement in overall uranium recovery from the plant. The changes have resulted from the opportunities highlighted by the test work completed as part of the Beneficiation and Process Design studies (**Studies**) that have been ongoing since completion of the 2016 Scoping Study<sup>1</sup>.

The Company has announced a Maiden Vanadium JORC (2012) Resource for the Wiluna Uranium Project. The Maiden 2012 Inferred Mineral Resource for the Wiluna Uranium Project has been estimated at 53.6Mt at 0.0382% Vanadium Pentoxide ( $V_2O_5$ ) comprising 68,300,000 pounds  $V_2O_5$  using a cut-off grade of 200ppm  $V_2O_5$  within a previously defined  $U_3O_8$  resource envelope for each of the deposits. Test work completed by the Company has established that  $V_2O_5$  may be a valuable by-product of processing uranium ore from the proposed uranium mine on the Wiluna Uranium Project<sup>2</sup>. Given the expected long-term growth in the price of  $V_2O_5$  (see the Company's ASX announcement of 21 October 2019 for further information) and the potential future demand, including from Vanadium Redox Batteries (VRBs), Toro believes producing vanadium as a by-product is likely to result in a significant improvement to the feasibility and value of the Wiluna Uranium Project. Please see the Company's ASX announcement of 21 October 2019 for further details of the vanadium resource as well as information concerning the pricing of, and demand for, vanadium.

The successful leaching and IX processes developed by Toro should allow for the recovery of vanadium into a vanadium pentoxide ( $V_2O_5$ ) product for sale without any significant loss to the recovery of uranium<sup>4</sup>. Due to simplification of the downstream refining process and a reduction in ion reagent cost resulting from using ion exchange instead of the previously proposed method (see the Company's ASX announcement of 21 October 2019 for further information), it is expected that producing  $V_2O_5$  as a by-product will not result in any significant increase in costs to the Wiluna Uranium Project<sup>3</sup>. A subsequent engineering modelling study, details of which were announced by the Company on 8 February 2021, showed that vanadium (as  $NH_4VO_3$ ) can be produced as a by-product of processing uranium from the Lake Maitland deposit with only a marginal increase to the capital and operational cost of the proposed processing plant.

The Company remains focused on the long-term feasibility of uranium production for its shareholders from the Wiluna Uranium Project, from which it is permitted to mine up to 62 million pounds of measured or indicated uranium resources (JORC 2012). Please see the Competent Person's Statement at the end of this report for information about the reporting of the resource.

## Corporate

During the period the Company utilised the Controlled Placement Agreement (**CPA**) entered into with Acuity Capital Investment Management Pty Ltd (**Acuity Capital**) as announced on 11 May 2020. On 1 September 2020 the Company announced that it had completed a placement of 108,000,000 fully paid ordinary shares in the capital of the Company (**Shares**) to Acuity Capital at an issue price of \$0.0111 per Share to raise total proceeds of \$1,200,000. On 29 October 2020 the Company announced that it had completed a further placement of 100,000,000 **Shares** to Acuity Capital at an issue price of \$0.01435 per Share to raise total proceeds of \$1,435,000. Funds raised by that issue were used to finance drilling campaigns or will be used to finance further drilling campaigns on both the Dusty Nickel Project and Yandal Gold Project as well as for working capital. During the period the Company and Acuity Capital also agreed to increase the maximum amount of capital available under the CPA to \$15 million. As at the end of the period the Company had utilised the CPA to raise a total of \$2,635,000 and the remaining standby equity capital available under the CPA at the end of the period was \$12,365,000.

## Significant events after the balance date

No matters or circumstances have arisen since the end of the half year which significantly affect or may significantly affect the operations of the Group, the results of those operations, or the state of affairs in future years.

<sup>1</sup> Please refer to the Company's ASX announcement of 5 December 2016.

<sup>2</sup> Please refer to the Company's ASX announcements of 18 March 2019 and 5 September 2019 for information on the vanadium processing test-work.

<sup>3</sup> Refer to the Company's ASX announcements of 18 March 2019 and 5 September 2019 for information on the vanadium processing test-work.

# DIRECTORS' REPORT

## Auditor independence

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is included on page 12 of this financial report and forms part of this Directors' Report.

Signed in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to read 'Richard Homsany', with a stylized flourish at the end.

**Richard Homsany**  
Executive Chairman  
12 March 2021

**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF TORO ENERGY LIMITED**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2020, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.



NEIL PACE  
PARTNER



MOORE AUSTRALIA AUDIT (WA)  
CHARTERED ACCOUNTANTS

Signed at Perth this 12<sup>th</sup> day of March 2021.



# CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

		CONSOLIDATED	
	Note	31 DECEMBER 2020 \$	31 DECEMBER 2019 \$
Other income	3 (a)	139,906	38,819
Gain on available for sale shares		336,961	-
Impairment of available for sale shares		-	(51,885)
Impairment of exploration and evaluation assets	7	(2,948,428)	(42,098,692)
Employee benefits expense	3 (b)	(1,619,980)	(128,778)
Depreciation expense		(42,582)	(44,906)
Finance costs	3 (b)	(212,603)	(302,466)
Other expenses	3 (b)	(218,173)	(306,709)
<b>Loss before income tax expense</b>		<b>(4,564,899)</b>	<b>(42,894,617)</b>
Income tax benefit		-	-
<b>Loss for the year</b>		<b>(4,564,899)</b>	<b>(42,894,617)</b>
<b>Other comprehensive income</b>			
Other comprehensive income for the year (net of tax)		-	-
<b>Total comprehensive income for the year</b>		<b>(4,564,899)</b>	<b>(42,894,617)</b>
Loss attributable to:			
Owners of the Company		(4,564,899)	(42,894,617)
		(4,564,899)	(42,894,617)
Total comprehensive income attributable to: Owners of the Company		(4,564,899)	(42,894,617)
		(4,564,899)	(42,894,617)
<b>Loss per share</b>		<b>Cents</b>	<b>Cents</b>
From continuing operations:			
Basic and diluted earnings per share	4	(0.16)	(1.89)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

		CONSOLIDATED	
	Note	31 DECEMBER 2020 \$	30 JUNE 2020 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	2,451,191	3,410,913
Trade and other receivables	6	118,962	81,071
Other current assets		51,893	34,704
Financial Assets		772,139	245,402
<b>Total current assets</b>		<b>3,394,185</b>	<b>3,772,090</b>
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment		564,270	591,043
Exploration and evaluation assets	7	18,000,000	18,000,000
Other non-current assets		5,000	5,000
<b>Total non-current assets</b>		<b>18,569,270</b>	<b>18,596,043</b>
<b>Total assets</b>		<b>21,963,455</b>	<b>22,368,133</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	857,439	831,634
Borrowings	10	15,000,000	10,000,000
Provisions		156,756	139,511
<b>Total current liabilities</b>		<b>16,014,195</b>	<b>10,971,145</b>
<b>NON CURRENT LIABILITIES</b>			
Borrowings	10	-	5,000,000
Provisions		4,678	2,252
<b>Total non current liabilities</b>		<b>4,678</b>	<b>5,002,252</b>
<b>Total liabilities</b>		<b>16,018,873</b>	<b>15,973,397</b>
<b>Net assets</b>		<b>5,944,582</b>	<b>6,394,736</b>
<b>EQUITY</b>			
Issued capital	11	304,712,074	302,077,074
Reserves		2,034,035	554,290
Accumulated losses		(300,801,527)	(296,236,628)
Equity attributable to owners of the Company		5,944,582	6,394,736
<b>Total equity</b>		<b>5,944,582</b>	<b>6,394,736</b>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

CONSOLIDATED				
	Issued capital	Share reserve	Accumulated losses	Attributable to owners of the parent
Note	\$	\$	\$	\$
<b>Balance at 1 July 2019</b>	297,982,939	554,290	(251,387,996)	47,149,233
Loss for the year	-	-	(42,894,617)	(42,894,617)
Total comprehensive loss for the year			(42,894,617)	(42,894,617)
Proceeds from shares issued	3,499,930	-	-	3,499,930
Transaction costs of issue of shares	(300,371)	-	-	(300,371)
<b>Balance at 31 December 2019</b>	<b>301,182,498</b>	<b>554,290</b>	<b>(294,282,613)</b>	<b>7,454,175</b>
<b>Balance at 1 July 2020</b>	302,077,074	554,290	(296,236,628)	6,394,736
Loss for the year	-	-	(4,564,899)	(4,564,899)
Total comprehensive loss for the year			(4,564,899)	(4,564,899)
Options issued to Directors/Employees/Consultants	-	1,479,745	-	1,479,745
Proceeds from shares issued	2,635,000	-	-	2,635,000
<b>Balance at 31 December 2020</b>	<b>304,712,074</b>	<b>2,034,035</b>	<b>(300,801,527)</b>	<b>5,944,582</b>

*The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.*

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

		CONSOLIDATED	
	Note	31 DECEMBER 2020 \$	31 DECEMBER 2019 \$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(583,062)	(528,620)
Interest received		12,133	39,131
Government Grants		130,221	-
<b>Net cash used in operating activities</b>		<b>(440,708)</b>	<b>(489,489)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(15,810)	(18,019)
Purchase of equity investments		(189,776)	(10,000)
Payments for exploration & evaluation activities		(2,948,428)	(2,021,502)
<b>Net cash used in investing activities</b>		<b>(3,154,014)</b>	<b>(2,049,521)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		2,635,000	3,499,930
Transaction costs of issue of shares		-	(300,371)
<b>Net cash provided by financing activities</b>		<b>2,635,000</b>	<b>3,199,559</b>
Net increase/(decrease) in cash and cash equivalents		(959,722)	660,549
Cash at the beginning of the financial year		3,410,913	5,088,517
<b>Cash at the end of the financial year</b>	5	<b>2,451,191</b>	<b>5,749,066</b>

*The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.*



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

## 1 Statement of significant accounting policies

The half year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* (Cth) and AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The half year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report as at and for the year ended 30 June 2020.

The interim financial statements were authorised for issue by the Directors on 12 March 2021.

### Basis of preparation

The condensed financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars.

Accounting policies adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the Group's annual financial report for the financial year ended 30 June 2020 except as described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

### Application of New and Revised Accounting Standards

The Group has considered the implications of new or amended Accounting Standards which have become applicable for the current financial reporting period and has determined that their application to the financial statements is either not relevant or not material.

### Going Concern

The consolidated financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

The consolidated financial statements have been prepared on the going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business.

The Group incurred a net loss for the half year ended 31 December 2020 of \$4,564,899 (2019: \$42,894,617), has current assets of \$3,394,185 and current liabilities of \$16,014,195.

Within current liabilities are amounts of \$10,000,000 due to The Sentient Group (**Sentient**) which can be satisfied by either cash or new ordinary shares in the Company any time after 22 December 2017 and at the Company's election (refer Note 10(i)) for more information. Sentient provided Toro with interest free funding totalling \$10,000,000 to be used for research and development activities to advance and improve the value of the Wiluna Uranium Project. Toro has granted Sentient the right to receive a unitisation fee valued at 2.5% of the gross proceeds from the production of uranium from the Wiluna Uranium Project. The Unitisation Deed can be terminated by either party at any point in time after three years (or earlier in certain circumstances,

including a change in control of Toro). Toro may elect at its discretion to satisfy the consideration payable on termination in cash or Toro shares irrespective of which party terminates the Unitisation Deed. Where consideration is paid in shares the share price is determined by a 7.5% discount to a 30 day volume weighted average price. As it is now after 22 December 2017, Sentient and Toro are each entitled to terminate the Unitisation Deed and require repayment. Toro has no present intention to terminate the Unitisation Deed. If Sentient decides to terminate the Unitisation Deed and call upon the loan in the next 12 months, then Toro will elect to repay the amount owing in Toro shares. The Unitisation Deed does not compel that the repayment be in cash.

Within current liabilities is a loan due to Sentient with a face value of \$5,000,000 which was originally interest free and due for repayment by 3 August 2018 (refer Note 10(ii) for more information) (**Sentient Loan**). Interest is payable on the amount outstanding under the Sentient Loan, calculated at a 10% coupon rate, calculated daily and compounding annually, effective on and from 3 August 2018. Sentient has agreed that the Company may elect to satisfy the payment of any interest payable on the Sentient Loan by the issue of fully paid ordinary shares in the capital of the Company (**Shares**) rather than in cash. The number of Shares to be issued in satisfaction of interest payable will be calculated based on the 30 day volume weighted average closing price for Shares traded on the ASX for the 30 days prior to the relevant repayment date (**30 Day VWAP**).

On 29 September 2020 an agreement was reached with Sentient to extend the date for repayment of the Sentient Loan to 30 September 2021.

The Company has determined that it will be able to settle its other debts as and when they fall due through a combination of research and development grants received from government and prudent cash management. Notwithstanding this, the ability of the Group to continue as a going concern is dependent upon the Group being able to raise additional funds as required from time to time to meet exploration and evaluation programs on its mining interests and for working capital. The Directors believe that the Group will be able to raise additional capital as required based on its track record of doing so in the past, the underlying value attributable to the Group's main undertaking in the Wiluna Uranium Project, the Company's strong shareholder base, the Directors' medium to long term views of the uranium markets and the competitive advantage the Wiluna Uranium Project has amongst development stage properties in Australia. The Group also has access to standby equity capital of \$12,365,000 as at 31 December 2020 via its Controlled Placement Agreement with Acuity Capital.

## 2 Segment information

The Consolidated Group has adopted AASB 8 Operating Segments with effect from 1 July 2009. AASB 8 which requires operating segments to be identified on the basis of internal reports about components of the Consolidated Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The Consolidated Group operates in one operating segment and one geographical segment, being mineral exploration in Australia. This is the basis on which internal reports are provided to the Directors for assessing performance and determining the allocation of resources within the Consolidated Group.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

## 3 Revenue and expenses

CONSOLIDATED		
	31 DECEMBER 2020 \$	31 DECEMBER 2020 \$
(a) <b>Other income</b>		
Bank interest received or receivable	9,685	38,819
Government grants income	130,221	-
	139,906	38,819
<b>Expenses</b>		
(b) <b>Finance expenses</b>		
Pro-rata accrued interest on \$5m Sentient Loan	212,603	302,466
Total finance expenses	212,603	302,466
<b>Employee benefits expense</b>		
Wages, salaries, directors fees and other remuneration expenses	343,990	314,773
Share based payments expense	1,479,744	-
Transfer to capitalised tenements	(203,754)	(185,995)
Total employee benefits expenses	1,619,980	128,778
<b>Other expenses</b>		
Conferences	7,713	-
Promotion and advertising	24,000	22,500
Subscriptions	490	598
Travelling expenses	5,046	3,575
Accounting, secretarial support and audit fees	38,719	71,895
Consulting fees	22,066	-
Legal fees	10,296	7,654
Rent and utility expenses	12,675	11,836
Insurance costs	20,563	20,998
AGM, annual report, ASX and share registry	57,382	81,973
Other expenses	19,223	85,680
Total other expenses	218,173	306,709

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

## 4 Loss per share

The following reflects the income and share data used in the basic and diluted loss per share computations:

CONSOLIDATED		
	31 DECEMBER 2020	31 DECEMBER 2019
Net loss attributable to ordinary equity holders of the Company	<b>(\$4,564,899)</b>	(\$42,894,617)
Weighted average number of ordinary shares for basic earnings per share	<b>2,851,124,789</b>	2,263,944,117
Loss per share	<b>(0.16c)</b>	(1.89c)

## 5 Cash and cash equivalents

CONSOLIDATED		
	31 DECEMBER 2020 \$	30 JUNE 2020 \$
Cash at bank and in hand	<b>451,191</b>	660,913
Short term deposits	<b>2,000,000</b>	2,750,000
	<b>2,451,191</b>	3,410,913

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods of between one day and six months, depending on the immediate cash requirements of the Company, and earn interest at the respective short term deposit rates.

## 6 Trade and other receivables

CONSOLIDATED		
	31 DECEMBER 2020 \$	30 JUNE 2020 \$
Senior secured loan - Strateco	<b>3,250,202</b>	3,250,202
Provision for impairment - loan	<b>(3,250,202)</b>	(3,250,202)
Convertible Note - Strateco	<b>15,291,482</b>	15,291,482
Provision for impairment - note	<b>(15,291,482)</b>	(15,291,482)
Goods and services tax receivable	<b>118,962</b>	81,071
	<b>118,962</b>	81,071

### Senior Secured Loan Strateco

On 22 December 2014, Toro acquired from the Sentient Group (**Sentient**) a C\$3M senior secured loan receivable from Strateco. Consistent with the requirements of AASB 9 the loan has been recorded at its fair value plus acquisition costs.

Subsequently the loan was tested for impairment and due to the current financial standing of Strateco a provision to impair the full amount of the receivable has been taken to account.

It is noted however that the C\$3M loan is secured over the Strateco company and assets, namely the Matoush Uranium project located in Quebec, Canada.

During the period the Company received notification that a sale process would be initiated for Strateco, which is expected to return a nil or marginal value. As such Toro does not expect to receive any funds in respect of the Strateco investment.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

## Convertible Note Strateco

As part of the Sentient transaction Toro also acquired C\$14.1M of convertible notes in Strateco that matured on 27 February 2016.

At the time of acquisition the C\$14.1m convertible notes were accounted for under AASB 139 as a loan and receivable.

In line with AASB 9 the receivable was tested for impairment and due to the current financial standing of Strateco a provision to impair the full amount receivable has been taken to account.

As mentioned above for the loan, the C\$14.1M convertible note is also secured over the Strateco company and assets.

During the period the Company received notification that a sale process would be initiated for Strateco, which is expected to return a nil or marginal value. As such Toro does not expect to receive any funds in respect of the Strateco investment.

## 7 Exploration and evaluation assets

	CONSOLIDATED	
	31 DECEMBER	30 JUNE
	2020	2020
	\$	\$
Balance at beginning of financial year	18,000,000	58,077,189
Impairment of exploration expenditure <sup>(i)</sup>	(2,948,428)	(43,373,522)
Other expenditure during the year	2,948,428	3,296,333
	18,000,000	18,000,000

<sup>(i)</sup> Impairment as a result of expenditure on exploration tenements or surrendered tenements. Due to the current subdued uranium market, the Company has taken a conservative approach in impairing its exploration and evaluation assets.

## 8 Share based payments

### Toro Energy Limited Securities Incentive Plan

The Company adopted, by shareholder resolution at the Company's 2020 Annual General Meeting, the Toro Energy Limited Securities Incentive Plan (**Plan**). A summary of the rules of the Plan are set out below.

- Employees (whether full time, part time or casual and including executive directors), non executive directors, contractors and such other persons as the Board determines, are eligible to participate in the Plan from time to time.
- The Board may from time to time determine that an eligible participant may participate in the Plan and make an invitation to that eligible participant to apply for securities in the Company on such terms and conditions as the Board decides.
- On receipt of an invitation an eligible participant may apply for the securities the subject of the invitation in whole or in part.
- The Board may determine that convertible securities issued under the Plan are subject to vesting conditions, which will be set out in the invitation and which may be waived by the Board.
- Where a person who holds convertible securities issued under the Plan ceases to be an eligible participant or becomes insolvent, all unvested convertible securities held by that person will automatically be forfeited, unless the Board otherwise determines in its discretion to permit some or all of the convertible securities to vest.
- If a change of control event occurs in relation to the Company, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the participant's convertible securities issued under the Plan will be dealt with, including, without limitation, in a manner that allows the participant to participate in and/or benefit from any transaction arising from or in connection with the change of control event.
- All Toro shares issued under the Plan, or issued or transferred to a participant upon the valid exercise of a convertible security issued under the Plan (**Plan Shares**) will rank pari passu in all respects with the Shares of the same class. A participant will be entitled to any dividends declared and distributed by the Company on the Plan Shares and may participate in any dividend reinvestment plan operated by the Company in respect of Plan Shares. A participant may exercise any voting rights attaching to Plan Shares.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

## 8 Share based payments (continued)

- If there is a reorganisation of the issued share capital of the Company (including any subdivision, consolidation, reduction, return or cancellation of such issued capital of the Company), the rights of each participant holding convertible securities issued under the Plan will be changed to the extent necessary to comply with the Listing Rules applicable to a reorganisation of capital at the time of the reorganisation.
- If Shares are issued by the Company by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the holder of convertible securities issued under the Plan is entitled, upon exercise of the convertible securities, to receive an allotment of as many additional Shares as would have been issued to the holder if the holder held Shares equal in number to the Shares in respect of which the convertible securities are exercised.
- Unless otherwise determined by the Board, a holder of convertible securities issued under the Plan does not have the right to participate in a pro rata issue of Shares made by the Company or sell renounceable rights.
- There are no participation rights or entitlements inherent in the convertible securities issued under the Plan and holders are not entitled to participate in any new issue of Shares of the Company during the currency of the convertible securities issued under the Plan without exercising the convertible securities.

Upon adoption of the Plan the Company ceased to rely on its previous Employee Share Option Plan. Details of securities issued under the new Plan are set out below.

The expense recognised in the Statement of Profit or Loss and Other Comprehensive Income in relation to share based payments is disclosed in Note 3(b).

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) and movements in share options issued during the year.

	31 DECEMBER 2020 No.	31 DECEMBER 2020 WAEP	30 JUNE 2020 No.	30 JUNE 2020 WAEP
Outstanding at the beginning of the year	42,750,000	\$0.05	42,750,000	\$0.05
Granted during the year	186,000,000	\$0.02	-	-
Lapsed / expired during the year	-	-	-	-
Outstanding at the end of the year	228,750,000	\$0.02	42,750,000	\$0.05
Exercisable at the end of the year	228,750,000	\$0.02	42,750,000	\$0.05

The weighted average remaining contractual life for the share options outstanding as at 31 December 2020 is 4.25 years (June 2020: 1.96 years).

The exercise price for options outstanding at the end of the period was \$0.02 (June 2020: \$0.05).

The fair value of the equity settled share options granted under the option plan is estimated as at the date of grant using a Black Scholes model taking into account the terms and conditions upon which the options were granted.

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

### Options issued during the current year:

On 27 November 2020, there were 186,000,000 unlisted options granted to directors, employees and consultants which had a fair value of \$0.0080 per option based on a Black Scholes model with the following key inputs: interest free rate – 0.1%, volatility factor – 88% measured 5 years from 27 November 2015, grant date – 27 November 2020, days to expiry – 1,819 and exercise price – \$0.01885.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

## 9 Trade and other payables

CONSOLIDATED		
	31 DECEMBER 2020 \$	30 JUNE 2020 \$
Trade payables (i)	365,365	572,767
Other payables (ii)	58,836	37,182
Accrued expenses	433,238	221,685
	<b>857,439</b>	<b>831,634</b>

(i) Trade payables are non interest bearing and are normally settled on 30 day terms.

(ii) Other payables are non interest bearing and are normally settled within 30 – 90 days.

## 10 Borrowings

CONSOLIDATED		
	31 DECEMBER 2020 \$	30 JUNE 2020 \$
<b>BORROWINGS</b>		
<b>Current</b>		
A\$10m Unitisation Deed (refer to Note 10(i))	10,000,000	10,000,000
Less: Present value discount of Unitisation Agreement	(2,882,198)	(2,882,198)
Add: Unwinding of present value discount	2,882,198	2,882,198
Less: Transaction costs	(114,098)	(114,098)
Add: Amortised transaction costs	114,098	114,098
	<b>10,000,000</b>	<b>10,000,000</b>
A\$6m Sentient Group Loan (refer to Note 10(ii))	6,000,000	-
Less: Present value discount of Sentient Group Loan	(1,729,318)	-
Add: Unwinding of present value discount	1,729,318	-
Less: Transaction costs	(1,607,958)	-
Add: Amortised transaction costs	1,607,958	-
Loan repayment (26 February 2020)	(1,000,000)	-
	<b>5,000,000</b>	<b>-</b>
<b>Total current borrowings</b>	<b>15,000,000</b>	<b>10,000,000</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

## 10 Borrowings (continued)

	31 DECEMBER 2020 \$	30 JUNE 2020 \$
<b>BORROWINGS</b>		
<b>Non current</b>		
A\$6m Sentient Group Loan (refer to Note 10(ii))	-	6,000,000
Less: Present value discount of Sentient Group Loan	-	(1,729,318)
Add: Unwinding of present value discount	-	1,729,318
Less: Transaction costs	-	(1,607,958)
Add: Amortised transaction costs	-	1,607,958
Loan repayment (26 February 2020)	-	(1,000,000)
	-	5,000,000
<b>Total Non current borrowings</b>	-	5,000,000

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

## 10 Borrowings (continued)

### (i) Unitisation Deed

In December 2014 the Company entered into a Unitisation Deed with the Sentient Group. Sentient provided Toro with interest free funding totaling \$10,000,000 to be used for research and development activities to advance and improve the value of the Wiluna Uranium Project. Toro has granted Sentient the right to receive a unitisation fee valued at 2.5% of the gross proceeds from the production of uranium from the Wiluna Uranium Project.

The Unitisation Deed can be terminated by either party at any point in time after three years (or earlier in certain circumstances, including a change in control of Toro). Upon termination, the unitisation fee is to be bought back by Toro at the higher of \$10,000,000 less amounts paid under the Unitisation Deed and the independently assessed fair market value of the unitisation fee at or around the time of termination. Toro may elect at its discretion to satisfy the consideration payable on termination in cash or Toro Shares irrespective of which party terminates the Unitisation Deed. Where consideration is paid in shares the share price is determined by a 7.5% discount to a 30 day volume weighted average price.

The option to settle the debt in shares is a derivative that gives right to an asset or liability and therefore needs to be valued (AASB 132 para 26 and 27). The derivative is to be fair valued at each reporting date. In valuing the derivative, the approach is to determine the number of Toro shares to be issued (based on the 30 day VWAP discounted for 7.5%) and then to value those shares using the current market price of a Toro share.

The calculation is as follows:

- 30 Day VWAP at 31 December 2020 reporting date = \$0.01620
- Discounted at 7.5% = \$0.01498
- Number of shares issued if terminated ( $10,000,000 / 0.01498$ ) = 667,485,076
- Value of loan at 31 December 2020 ( $667,485,076 \times 0.015$  (31 Dec 2020 share price)) = \$10,012,276

If the loan was terminated at 31 December 2020 the value of equity issued to settle the debt would be approx. \$12,276 higher than current book value. The ultimate value attributed to the shares to be issued to settle the debt will fluctuate based on the 30-day VWAP compared to the Company's share price at termination date. Given the potential for significant fluctuations in the value of the derivative the Directors consider it appropriate not to book the movement.

### (ii) Sentient Group Loan

In November 2015 Sentient and Toro entered into a \$6,000,000 loan agreement. The loan is interest free and had matured on 2 August 2018. The Company issued of 75,000,000 options to Sentient with an exercise price of \$0.08 per share, on the inception date of the loan, and have since expired at maturity of the loan.

On 31 July 2018 an agreement was reached with Sentient to extend the date for repayment of the loan facility made available to the Company from 3 August 2018 to 2 February 2020. In consideration for the grant of this extension the Company has agreed that it will pay Sentient interest on the amount outstanding under that loan, calculated at a 10% coupon rate, calculated daily and compounding annually, effective on and from 3 August 2018. Sentient has agreed that the Company may elect to satisfy the payment of any interest payable on the loan by the issue of Shares rather than in cash. The number of Shares to be issued in satisfaction of interest payable will be calculated based on the 30 day volume weighted average closing price for Shares traded on the ASX for the 30 days prior to the relevant repayment date (**30 Day VWAP**). In the event that the 30 Day VWAP at the relevant date is 50% or more below the closing price of Shares traded on ASX on 2 August 2018, Sentient may require that the Company pay the amount of interest payable in cash in full rather than by the issue of Shares.

In February 2020 the Company repaid \$1,000,000 of the Sentient Loan, leaving a balance of \$5,000,000 plus interest, and issued 120,388,021 Shares to Sentient in satisfaction of all accrued interest then payable.

On 29 September 2020 the Company entered into an agreement with Sentient to extend the date for repayment of the Sentient Loan from to 30 September 2021.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

## 11 Issued capital

CONSOLIDATED		
	31 DECEMBER 2020 \$	30 JUNE 2020 \$
Ordinary Shares	<b>304,712,074</b>	302,077,074

	Number*	\$
Ordinary shares		
Balance at beginning of financial year	2,745,863,919	302,077,074
Proceeds from Securities issued to Acuity Capital Investment Management Pty Ltd (Acuity)	208,000,000	2,635,000
Balance at end of period	<b>2,953,863,919</b>	304,712,074

Fully paid ordinary shares carry one vote per share and carry the right to dividends (in the event such a dividend was declared).

\* Under AASB 3 the acquisition of Nova Energy Ltd in 2007 was deemed a 'reverse acquisition' and Toro Energy's legal subsidiary Nova Energy Pty Ltd is considered the parent for accounting consolidation purposes. As shares in Nova Energy are not listed or publicly traded the consolidated view does not detail the volume of shares relative to transactions subsequent to the acquisition. The legal parent entity of Toro Energy Limited has been included to provide details of the volume of shares on issue at 31 December 2020.

## 12 Events after the balance sheet date

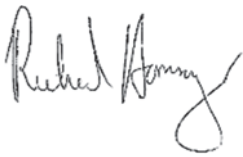
No matters or circumstances have arisen since the end of the half year which significantly affect or may significantly affect the operations of the Group, the results of those operations, or the state of affairs in future years.

# DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 13 to 25 are in accordance with the *Corporations Act 2001* (Cth), including:
  - a. Giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and the performance for the half year ended on that date; and
  - b. Complying with the Accounting Standard AASB 134: Interim Financial Reporting, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts and when they fall due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Richard Homsany  
Executive Chairman

Signed this 12<sup>th</sup> day of March 2021

**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF TORO ENERGY LIMITED****Report on the Half-Year Financial Report****Conclusion**

We have reviewed the accompanying half-year financial report of Toro Energy Limited (the company) and its controlled entities (the consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the consolidated entity is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

**Directors' Responsibility for the Half-Year Financial Report**

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standards on Review Engagements ASRE 2410: *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF TORO ENERGY LIMITED (CONTINUED)**

**Independence**

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



NEIL PACE  
PARTNER



MOORE AUSTRALIA AUDIT (WA)  
CHARTERED ACCOUNTANTS

Signed at Perth this 12<sup>th</sup> day of March 2021.

# APPENDIX 1

Wiluna Uranium Project Resources Table (JORC 2012)									
At 200ppm cut-offs inside U <sub>3</sub> O <sub>8</sub> resource envelopes for each deposit - Proposed Mine Only									
		Measured		Indicated		Inferred		Total	
		U <sub>3</sub> O <sub>8</sub>	V <sub>2</sub> O <sub>5</sub>	U <sub>3</sub> O <sub>8</sub>	V <sub>2</sub> O <sub>5</sub>	U <sub>3</sub> O <sub>8</sub>	V <sub>2</sub> O <sub>5</sub>	U <sub>3</sub> O <sub>8</sub>	V <sub>2</sub> O <sub>5</sub>
Centipede / Millipede	Ore Mt	4.9	-	12.1	-	2.7	53.6	19.7	53.6
	Grade ppm	579	-	582	-	382	327	553	327
	Oxide MIb	6.2	-	15.5	-	2.3	38.6	24	38.6
Lake Maitland	Ore Mt	-	-	22	-	-	27	22	27
	Grade ppm	-	-	545	-	-	303	545	303
	Oxide MIb	-	-	26.4	-	-	18	26.4	18
Lake Way	Ore Mt	-	-	10.3	-	-	15.7	10.3	15.7
	Grade ppm	-	-	545	-	-	335	545	335
	Oxide MIb	-	-	12.3	-	-	11.6	12.3	11.6
Total	Ore Mt	4.9	-	44.3	-	2.7	96.3	52	96.3
	Grade ppm	579	-	555	-	382	322	548	322
	MIb	6.2	-	54.2	-	2.3	68.3	62.7	68.3

## Competent Persons' Statement

### Wiluna Project Mineral Resources – 2012 JORC Code Compliant Resource Estimates – V<sub>2</sub>O<sub>5</sub> for Centipede-Millipede, Lake Way and Lake Maitland.

The information presented here that relates to V<sub>2</sub>O<sub>5</sub> Mineral Resources of the Centipede-Millipede, Lake Way and Lake Maitland deposits is based on information compiled by Dr Greg Shirliff of Toro Energy Limited and Mr Daniel Guibal of Condor Geostats Services 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) and Mr Guibal is a Fellow of the AusIMM 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.