

## QUARTERLY ACTIVITIES REPORT

### For period ending 30 September 2018

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#### Highlights

##### Wiluna Uranium Project, Western Australia

- Leach testing results exceed expectations and confirm the opportunity for significant reductions in both the capital and operating costs of the hydrometallurgical plant for the Wiluna Uranium Project.
- Potential for further major cost reductions identified for the Wiluna Uranium Project after successful Ion Exchange (IX) tests demonstrate that an IX circuit can be up-scaled to be a major part of the Project's hydrometallurgical plant.

##### Yandal Gold Project, Western Australia

- Major zone of cross-structural settings considered favourable for gold mineralisation to be prioritised for the first phase of drilling on Yandal Gold Project, expected to commence in Q4 2018, with the first phase exploration target generation being undertaken during the quarter.
- Exploration at the Yandal Gold Project will focus on the interpreted 'Bronzewing Structural Corridor', an intensive zone of northeast (NE) trending structures<sup>1</sup> forming a general NE alignment with the Mt McClure, Bronzewing and Sundowner group gold deposits within Yandal Greenstone Belt rocks. NE trending structures have previously been found to be important for gold mineralisation at Bronzewing and across the entire Yandal Greenstone Belt<sup>2</sup>.

##### Fundraising

- Share purchase plan successfully completed by the Company during the quarter, raising in excess of \$3.8 million by the issue of 153,222,417 shares.

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<sup>1</sup> Interpretation only utilising a combination of data from detailed airborne magnetic and ground gravity geophysical data. Refer to the Company's ASX announcements of 25 November 2016 and 23 May 2018 respectively for the details of these surveys.

<sup>2</sup> Vearncombe, J. R. (2000) Structural controls on gold mineralisation in the Yandal Belt: implications for exploration models, in Phillips, G. N. and Anand, R. R (eds) Yandal Greenstone Belt: Regolith, Geology and Mineralisation, CRC for Landscape Evolution and Mineral Exploration, Australian Institute of Geoscientists Bulletin No. 32, pp199

## Wiluna Uranium Project, Western Australia

As previously reported by Toro Energy Limited (**Toro** or **the Company**), the successful completion of environmental permitting of the Company's 100% owned Wiluna Uranium Project in Western Australia (**Figure 1**) in 2017 is a major milestone for Toro. Several years of assessment under a bi-lateral agreement between the Federal and State governments have resulted in an environmentally and legally robust set of approvals for the Wiluna Uranium Project.

Current uranium market conditions continue to be instrumental in guiding Toro's technical and development programs for the Wiluna Uranium Project. The focus remains on pursuing studies that potentially can significantly advance the technical and financial feasibility of the Wiluna Uranium Project including to support a scoping study update.

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.

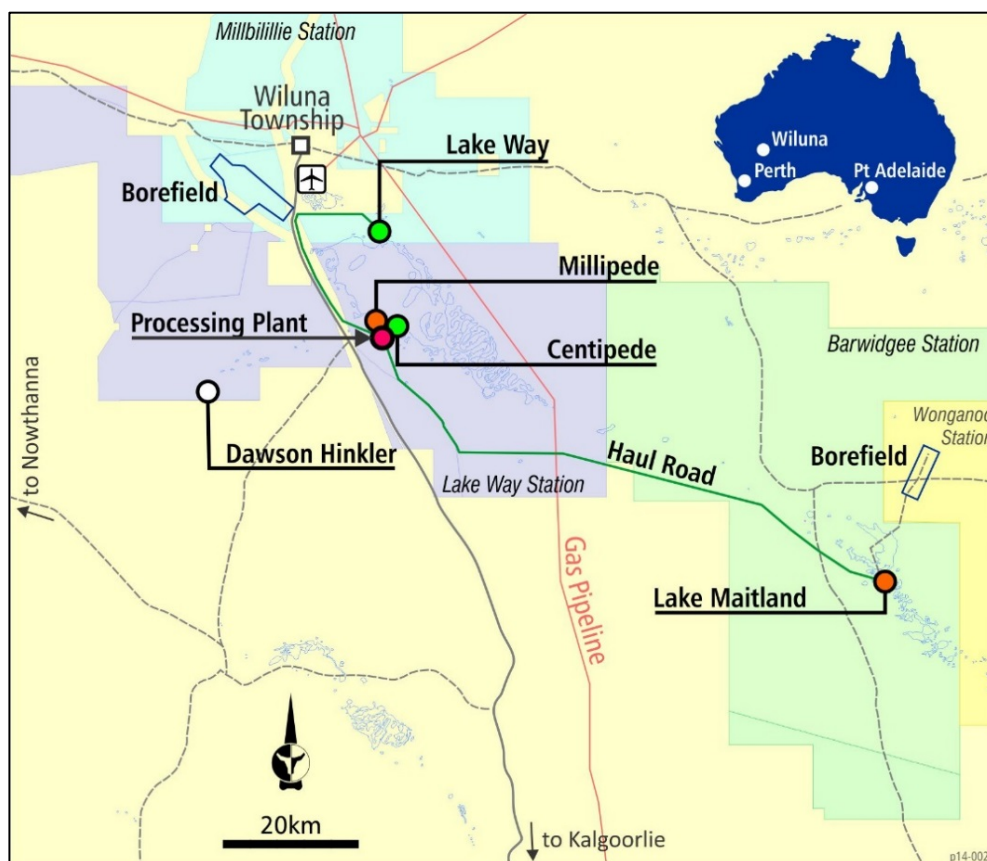


Figure 1: Wiluna Uranium Project

## Project Development

As announced to the ASX on 12 September 2018, during the quarter leach test work undertaken to advance the next stage of the **Beneficiation** and **Process Design** studies (**BPD Studies**) for the Wiluna Uranium Project was completed. The results have far exceeded expectations with efficiencies, pulp densities and post leach liquor tenors significantly better than those of the initial BPD Studies<sup>1</sup>. These results confirm and further enhance the potential to substantially decrease the size of the leach circuit and decrease the leach residence time required for the treatment of Lake Maitland beneficiated concentrates<sup>3</sup>, and in doing so, to significantly reduce the cost of constructing and operating the Wiluna Uranium Project's proposed hydrometallurgical plant.

The potential outcomes of this leach testing will affect the economics of the hydrometallurgy plant treating Lake Maitland ore samples as follows:

- the calculated leach tank capacity required for leaching Clay80 beneficiated concentrates has the potential to be reduced to approximately one third of that of the 2016 BPD Study<sup>4</sup>,
- residence time in the leach circuit may be reduced to one third of the 2016 BPD Study<sup>3</sup>;
- all reaction vessels could be reduced in size;
- the increase in post-leach liquor concentration will reduce equipment size downstream of the leach; and
- there could be a significant decrease in reagent consumption, as well as steam and process water use.

As announced to the ASX on 19 September 2018, further potential cost reductions for the Wiluna Uranium Project were identified after successful Ion Exchange (**IX**) tests demonstrated that an IX circuit can be up-scaled to be a major part of the Wiluna Uranium Project's hydrometallurgical plant. The successful tests show that upscaling the IX circuit to treat both direct pregnant leach solution and filter wash will increase the concentration of uranium in the feed to the extraction facility (SDU plant) by over three times<sup>5</sup> that in the original BPD Studies and therefore allow the size of the extraction facility to be reduced by as much as one third. The substantial increase in uranium concentration in the feed to the extraction facility will also lead to a significant reduction in reagent cost due to much less reagent being needed to precipitate and extract the uranium.

These outcomes will potentially allow further reductions in the capital and operating costs of the hydrometallurgical plant for the Wiluna Uranium Project beyond and in excess of those already highlighted in the Company's previous BPD Studies.

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<sup>3</sup> Refer to the Company's ASX announcements of 28 September 2016 for initial leach results and 30 January 2018 for sample details and summary of initial BPD Studies.

<sup>4</sup> Refer to the Company's ASX announcement of 30 January 2018 for sample details and summary of initial BPD studies.

<sup>5</sup> Assuming all other new beneficiation and process design methods are in place such as the de-slime and filtration/wash processes.

## Exploration<sup>6</sup>

During the quarter the Company continued preparations for the first phase exploration drilling at its 100% owned Yandal Gold Project in Western Australia, which is anticipated to commence in the fourth quarter of 2018.

As announced to the ASX on 17 October 2018 the Company intends to prioritise a major zone of northeast (**NE**)-northwest (**NW**) cross-structural settings considered to be favourable for gold mineralisation in the upcoming first phase exploration drilling program on the Yandal Gold Project, which is located within the world class gold district, the Yandal Greenstone Belt only 10 to 30km NE of the multi-million ounce Bronzewing Gold Mine (refer to **Figure 2**).

The extensive concentration of intersecting NE and NW structures was only recently revealed by the analysis and interpretation of the detailed ground gravity survey conducted by Toro during the June quarter this year<sup>7</sup>. Whilst Toro has found that its detailed airborne magnetic data<sup>8</sup> has been beneficial for identifying the numerous NE structures and northerly trending geological boundaries, only the ground gravity data has been able to clearly reveal a set of opposing NW structures that also run through the Yandal Gold Project. This has revealed a large NW trending zone of NE-NW cross-structural settings where the NW structural trend is more closely spaced and concentrated (refer to **Figure 3**).

As announced to the ASX on 26 September 2018 the first phase of exploration at the Yandal Gold Project will focus on the interpreted 'Bronzewing Structural Corridor', an intensive zone of NE trending structures<sup>9</sup> forming a general NE alignment with the Mt McClure, Bronzewing and Sundowner group gold deposits within Yandal Greenstone Belt rocks. The intensive structural zone is centred around a major NE trending regional structure<sup>10</sup> that passes through the Toro ground from north of the Bronzewing gold deposits. NE trending structures have previously been found to be important for gold mineralisation at Bronzewing and across the entire Yandal Greenstone Belt<sup>11</sup>.

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<sup>6</sup> Information in this report relating to Exploration is based on information compiled by Dr Greg Shirtliff, who is a Member of the Australasian Institute of Mining and Metallurgy. Dr Shirtliff is a full-time employee of Toro, and has sufficient experience in mineral exploration to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' for the information presented here. Dr Shirtliff consents to the inclusion in this release of the matters based on his information in the form and context in which it appears.

<sup>7</sup> Refer to the Company's ASX announcement of 23 May 2018 for the details of the ground gravity survey.

<sup>8</sup> Refer to the Company's ASX announcement of 25 November 2016 for the details of the airborne magnetic survey.

<sup>9</sup> Interpretation only utilising a combination of data from detailed airborne magnetic and ground gravity geophysical data. Refer to the Company's ASX announcements of 25 November 2016 and 23 May 2018 respectively for the details of these surveys.

<sup>10</sup> Interpretation only utilising data from regional and detailed airborne magnetic geophysical data. Refer to the Company's ASX announcement of 25 November 2016 for information regarding the detailed airborne magnetic survey conducted over the Yandal Gold Project tenure.

<sup>11</sup> Vearncombe, J. R. (2000) Structural controls on gold mineralisation in the Yandal Belt: implications for exploration models, in Phillips, G. N. and Anand, R. R (eds) Yandal Greenstone Belt: Regolith, Geology and Mineralisation, CRC for Landscape Evolution and Mineral Exploration, Australian Institute of Geoscientists Bulletin No. 32, pp199

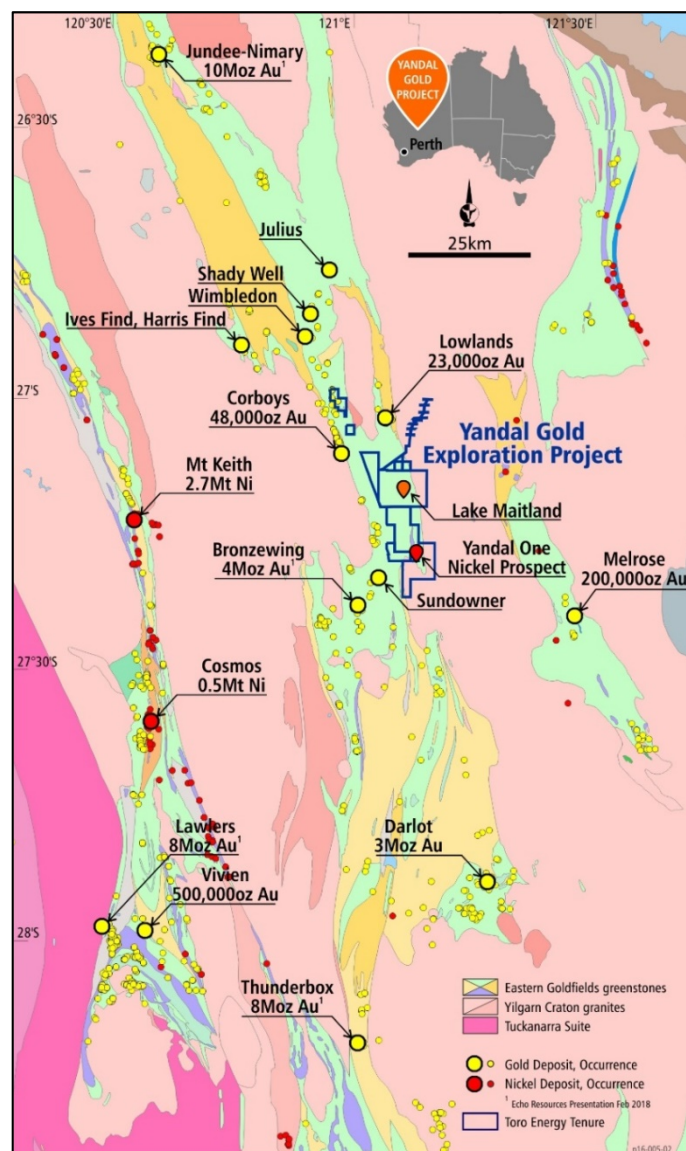


Figure 2: Location of Toro's Yandal Gold Project within the high yielding Yandal Gold District, showing the Yandal Greenstone Belt running through the project area according to state government mapping, the location of gold deposits and occurrences and the three major gold producing operating centres, Jundee-Nimary, Bronzewing and Darlot.



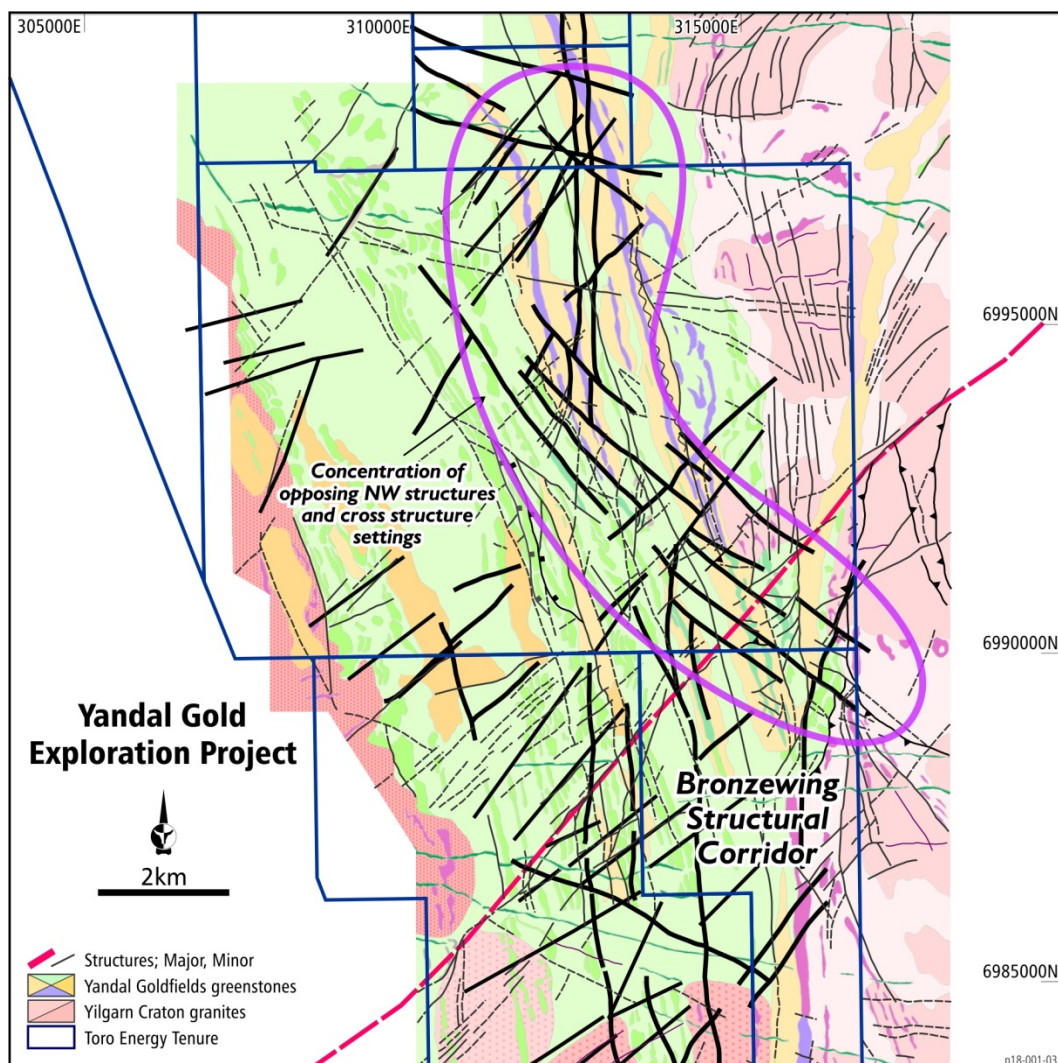


Figure 3: Major geological and structural features from the interpretation of the detailed airborne magnetic (2016) and ground gravity survey (2018) data and highlighting the NW trending zone characterised by a concentration of NE-NW cross-structures. See text for further details

It is known that NE trending structures are important to gold mineralisation within the Yandal Greenstone Belt, including within the three major world class gold mines located in the region, Jundee-Nimary, Bronzewing and Darlot<sup>12</sup>. However research conducted during mining at Bronzewing showed that clusters of mineralised zones, proximal pathfinder alteration haloes and economically mineable ore blocks followed a NW-SE trend<sup>13</sup>, which suggests that a NW trending structural/geological component was also important in controlling the overall location of gold ore at Bronzewing. Hence Toro believes that a major zone that contains a concentration of both NE and NW trending structural components should be a major focus for gold exploration on Yandal Greenstone

<sup>12</sup> Vearncombe, J. R. (2000) Structural controls on gold mineralisation in the Yandal Belt: implications for exploration models, in Phillips, G. N. and Anand, R. R (eds) Yandal Greenstone Belt: Regolith, Geology and Mineralisation, CRC for Landscape Evolution and Mineral Exploration, Australian Institute of Geoscientists Bulletin No. 32, pp199.

<sup>13</sup> Eilu, P., Mikucki, E. J., and Dugdale, A. L (2001) Alteration zoning and primary geochemical dispersion at the Bronzewing lode-gold deposit, Western Australia, Mineralium Deposita, v 36, pp 13-31.

belt geology. Further to this, the intersection of structures is a well-known location for concentrating gold in lode-gold mineralising systems<sup>14</sup>.

Importantly the zone of cross-structural settings on the Yandal Gold Project intersects a major regional NE trending structure that passes the Bronzewing Gold Mine deposits to the north and continues through the greenstone terrain and granitic contact in the Yandal Gold Project tenure (refer to **Figure 4**). This regional structure is identified in regional magnetic images and is part of the Bronzewing Structural Corridor, a NE trending structural corridor interpreted by Toro that could include the Mt McClure, Bronzewing and Sundowner Group gold deposits as well as a number of smaller deposits and occurrences to their north<sup>15</sup>.

The major zone of cross-structural settings has generated multiple exploration targets too numerous for Toro to cover in its impending first phase drilling program.

Sufficient work programs to enable drilling to commence at the Yandal Gold Project have now been approved by the Western Australian State Government. The first phase exploration drilling program will incorporate aircore drilling over targets in order to sample the base of paleochannels and unweathered basement rock for geochemical signatures of gold mineralisation as well as for intersecting oxide gold mineralisation in the regolith above targets. Drilling is expected to commence in the fourth quarter of 2018.

This will be the first time exploration for gold has occurred in the area described and encompassed by Toro's Yandal Gold Project. The tenure has been owned by uranium companies since the discovery of the Lake Maitland Uranium Deposit in the early 1970s.

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<sup>14</sup> For instance see Witt, W. K., Hagemann, S, and Miller, J. (2013) Tectonic and structural controls on lode-gold deposits: Continental to deposit scale, abstract, Australian Institute of Geoscientists (AIG) Conference, 2013, Kalgoorlie.

<sup>15</sup> For further details of the 'Bronzewing Structural Corridor' refer to the Company's ASX announcement of 26 September 2018.

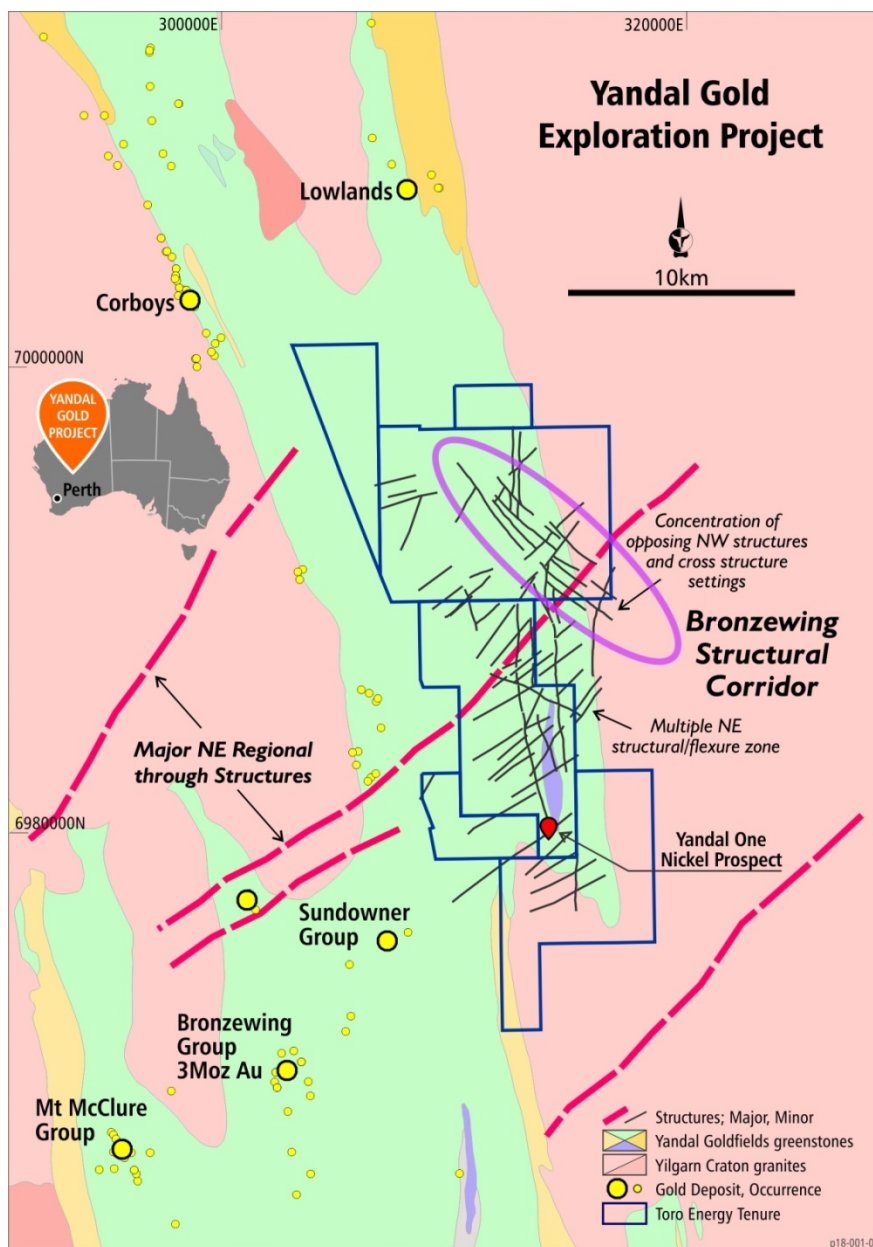


Figure 4: Interpreted Bronzewing Structural Corridor with main regional structures identified from regional magnetic imagery as well as the main NE structures identified in the large zone of closely spaced NE trending structures and associated fractures within the Yandal Gold Project tenure identified from detailed airborne magnetics and ground gravity geophysical data. State government regional geological mapping has been used for the background geology.

Although gold is the primary target of the Yandal Gold Project, Toro remains focussed 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 release for information about the reporting of the resource.



## Tenement Movements

During the quarter Mining Lease 53/1092, which formed part of the Company's Wiluna Uranium Project, was surrendered. Those areas of Mining Lease 53/1092 which the Company considered should be retained had previously been converted to Retention Licence 53/3 and the remaining areas of Mining Lease 53/1092 were not considered to be prospective for uranium or gold mineralisation and were not necessary for the operation of the Wiluna Uranium Project.

A tenement status map is attached at Appendix 1 and Appendix 2. Attached at Appendix 3 is the Wiluna Uranium Project resource table.

## Corporate

During the June 2018 quarter the Company undertook a successful capital raising by way of a share purchase plan (**SPP**). Under the SPP eligible shareholders were offered the opportunity to acquire up to \$15,000 of fully paid ordinary shares in the capital of the Company (**New Shares**) at an issue price of \$0.025 per New Share, being up to 600,000 New Shares per eligible shareholder, without incurring brokerage or other transactional charges.

The SPP closed during the September quarter on 2 July 2018. As announced to the ASX on 6 July 2018 the Company raised in excess of \$3.8 million by the issue of 153,222,417 New Shares pursuant to the SPP. Funds raised by the Company in connection with the SPP will be applied to technological advancements to reduce the capital and operating expenses in the uranium process flow sheet for the Wiluna Uranium Project by undertaking further beneficiation and process studies, to activities and studies to advance exploration for gold on the Company's Yandal Gold Project, located within the world class Yandal gold district, and for general working capital.

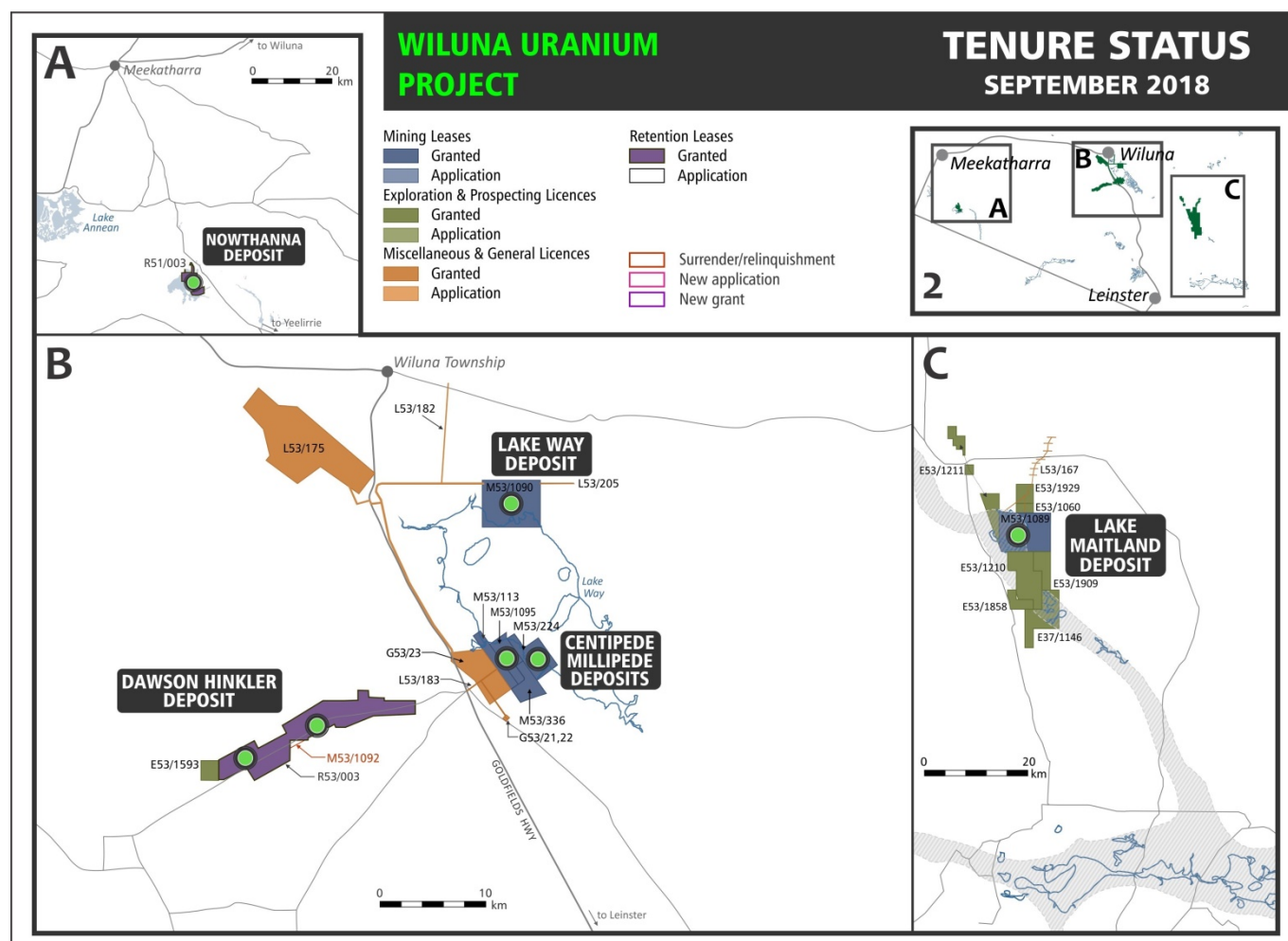
During the quarter on 31 July 2018 an agreement was reached with The Sentient Group (**Sentient**) to extend the date for repayment of the \$6,000,000 loan facility made available by Sentient to the Company (**Sentient Loan**) from 3 August 2018 to 2 February 2020. In consideration for the grant of this extension the Company has agreed that it will pay Sentient interest on the amount outstanding under 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**). 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.

**ENDS**

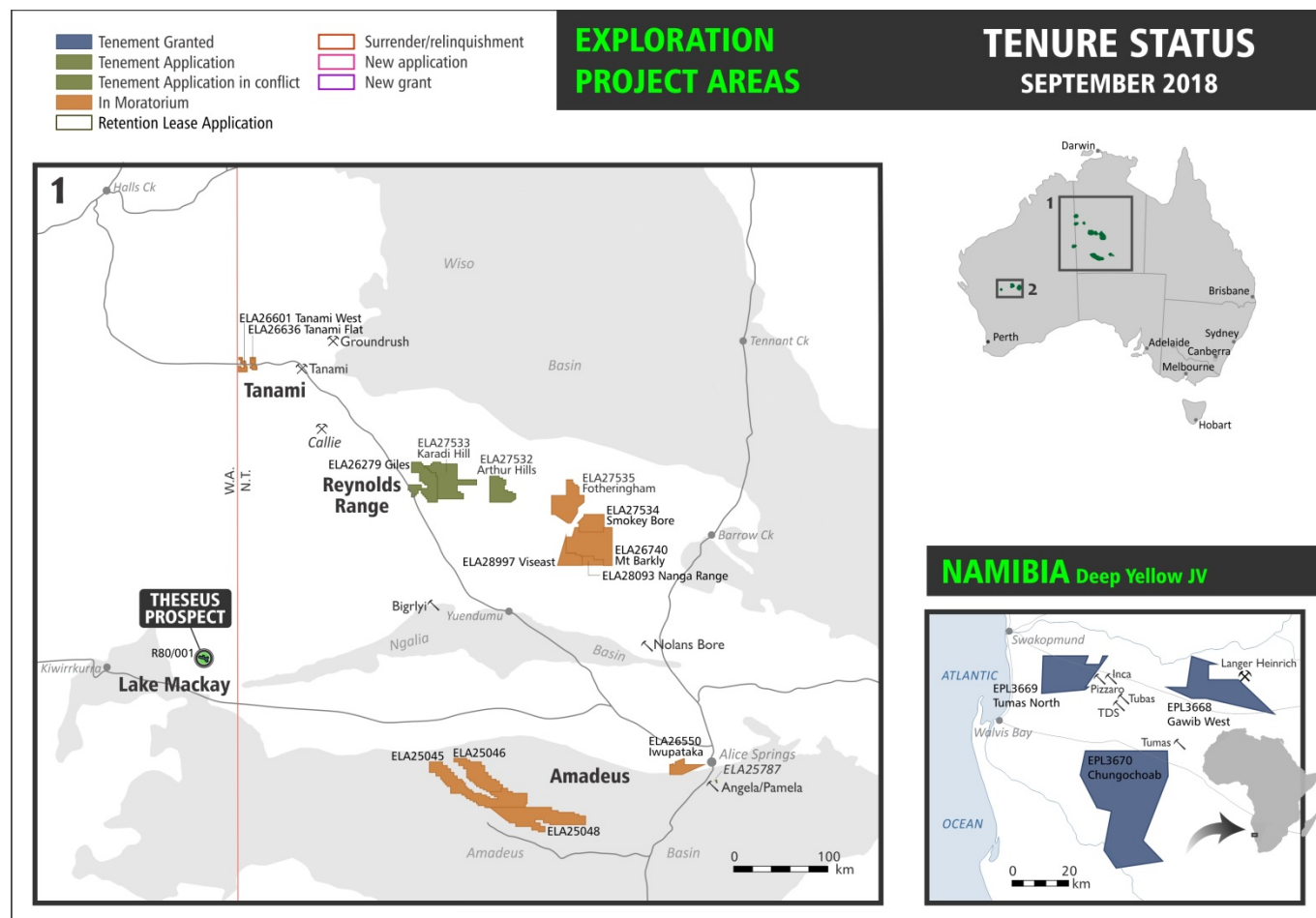
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## APPENDIX 1: SEPTEMBER 2018



## APPENDIX 2: SEPTEMBER 2018



### APPENDIX 3: Wiluna Uranium Project Resource Table – JORC 2012

Wiluna Uranium Project Resources Table (JORC 2012)									
		Measured		Indicated		Inferred		Total	
		200ppm	500ppm	200ppm	500ppm	200ppm	500ppm	200ppm	500ppm
<b>Centipede / Millipede</b>	Ore Mt	4.9	1.9	12.1	4.5	2.7	0.4	19.7	6.8
	Grade ppm	579	972	582	1,045	382	986	553	1,021
	U <sub>3</sub> O <sub>8</sub> Mlb	6.2	4.2	15.5	10.3	2.3	0.9	24.0	15.3
<b>Lake Maitland</b>	Ore Mt	-	-	22.0	8.2	-	-	22.0	8.2
	Grade ppm	-	-	545	929	-	-	545	929
	U <sub>3</sub> O <sub>8</sub> Mlb	-	-	26.4	16.9	-	-	26.4	16.9
<b>Lake Way</b>	Ore Mt	-	-	10.3	4.2	-	-	10.3	4.2
	Grade ppm	-	-	545	883	-	-	545	883
	U <sub>3</sub> O <sub>8</sub> Mlb	-	-	12.3	8.2	-	-	12.3	8.2
<b>Sub-total</b>	Ore Mt	<b>4.9</b>	<b>1.9</b>	<b>44.3</b>	<b>16.9</b>	<b>2.7</b>	<b>0.4</b>	<b>52.0</b>	<b>19.2</b>
	Grade ppm	<b>579</b>	<b>972</b>	<b>555</b>	<b>948</b>	<b>382</b>	<b>986</b>	<b>548</b>	<b>951</b>
	U <sub>3</sub> O <sub>8</sub> Mlb	<b>6.2</b>	<b>4.2</b>	<b>54.2</b>	<b>35.3</b>	<b>2.3</b>	<b>0.9</b>	<b>62.7</b>	<b>40.4</b>
<b>Dawson Hinkler</b>	Ore Mt	-	-	8.4	0.9	5.2	0.3	13.6	1.1
	Grade ppm	-	-	336	596	282	628	315	603
	U <sub>3</sub> O <sub>8</sub> Mlb	-	-	6.2	1.1	3.2	0.4	9.4	1.5
<b>Nowthanna</b>	Ore Mt	-	-	-	-	13.5	2.6	13.5	2.6
	Grade ppm	-	-	-	-	399	794	399	794
	U <sub>3</sub> O <sub>8</sub> Mlb	-	-	-	-	11.9	4.6	11.9	4.6
<b>Total</b>	Ore Mt	<b>4.9</b>	<b>1.9</b>	<b>52.7</b>	<b>17.8</b>	<b>21.4</b>	<b>3.3</b>	<b>79.0</b>	<b>23.0</b>
	Grade ppm	<b>579</b>	<b>972</b>	<b>520</b>	<b>931</b>	<b>368</b>	<b>765</b>	<b>482</b>	<b>916</b>
	U <sub>3</sub> O <sub>8</sub> Mlb	<b>6.2</b>	<b>4.2</b>	<b>60.4</b>	<b>36.4</b>	<b>17.4</b>	<b>5.5</b>	<b>84.0</b>	<b>46.4</b>

#### Competent Person's Statement

##### Wiluna Project Mineral Resources – 2012 JORC Code Compliant Resource Estimates – Centipede, Millipede, Lake Way, Lake Maitland, Dawson Hinkler and Nowthanna Deposits

The information presented here that relates to Mineral Resources of the Centipede, Millipede, Lake Way, Lake Maitland, Dawson Hinkler and Nowthanna deposits is based on information compiled by Dr Greg Shirtliff of Toro Energy Limited, Mr Sebastian Kneer formerly of Toro Energy Limited and Mr Daniel Guibal of SRK Consulting (Australasia) Pty Ltd. Mr Guibal takes overall responsibility for the Resource Estimate and Dr Shirtliff takes responsibility for the integrity of the data supplied for the estimation. Dr Shirtliff 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.