

**ASX RELEASE**

19 July 2019

## Wiluna Uranium Project Update

### Highlights

- **US Department of Commerce Section 232 trade investigation concerning the effects of the import of uranium products on the national security of the US concluded, with US President Trump advising that he does not agree with the Secretary of Commerce's finding that uranium imports threaten to impair the national security of the US.**
- **The Section 232 determination by US President Trump enables uranium producers to supply uranium products to US utilities without tariffs or trade restrictions.**
- **This is expected to prompt an increase in the demand for uranium from US utility companies.**
- **The US Nuclear Fuel Working Group, tasked with reinvigorating the nuclear fuel supply chain, was established in connection with the Section 232 determination.**
- **The Section 232 determination is expected to increase uranium market activity, which has been suppressed since the filing of the Section 232 petition in January 2018.**

Toro Energy Limited (**ASX: TOE**) ('the **Company**' or '**Toro**') is pleased to advise of the recent positive resolution of the United States' (**US**) Section 232 trade investigation regarding uranium imports into the US following a determination by the US President, details of which are set out below.

Toro considers the determination to be an extremely positive outcome for the uranium sector, and in particular for uranium companies outside the US, as it removes concerns regarding the potential imposition of a quota, tariff or other trade action on the import of uranium into the US.

In January 2018 two US uranium producers filed a petition under section 232 of the US Trade Expansion Act seeking, amongst other things, an order that US nuclear entities be obligated to purchase at least 25% of their uranium from US domestic production. Since the filing of the petition there has been a significant reduction in demand by US utilities seeking to enter into long term off-take arrangements with foreign suppliers.

On 12 July 2019 President Trump announced his findings and recommendations in respect of the US Department of Commerce's investigation into the effect of imports of uranium on the national security of the US pursuant to section 232 of the Trade Expansion Act. President Trump has advised that he does not agree with the Secretary of Commerce's finding that uranium imports threaten to impair the national security of the US, and that he has therefore declined to implement the recommendations made by the Secretary of Commerce. President Trump has found that a comprehensive analysis of national security considerations with respect to the nuclear fuel supply chain is necessary, and he has established the United States Nuclear Fuel Working Group to develop recommendations for reviving and expanding domestic nuclear fuel production, which group is due to provide a report within 90 days.

Toro considers that President Trump's determination is a very positive outcome for the uranium sector and for non-US based uranium companies which may lead to increased uranium market activity and an increase in uranium prices.

## Wiluna Uranium Project

As announced by the Company on 7 March 2019, 19 September 2018, 12 September 2018, 27 June 2018 and 20 June 2018 (amongst others) the Company has been making a continued effort to improve the value of its Wiluna Uranium Project (**Project**) through research, innovation and engineering opportunities despite the subdued uranium market. The Company's efforts in this regard include the implementation of changes to the proposed processing flowsheet design announced as part of the Company's 2016 scoping study in respect of the Project (**2016 Scoping Study**) which have consequently resulted in potential improvements in the capital and operating costs of the Project as well as a potential improvement in overall uranium recovery from the plant. The changes implemented to the processing flow sheet for the update to the 2016 Scoping Study (**2019 Scoping Study Update**) 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 2019 Scoping Study Update in respect of the Project confirms beneficiation and process design development test work carried out on the Company's behalf by metallurgical consultants Strategic Metallurgy Pty Ltd has resulted in the following further improvements to the potential capital and operating costs of the Project<sup>2</sup>:

- Potential capital cost of beneficiation and hydrometallurgical processing plant reduced to \$87.9M from the \$91.6M in the 2016 Scoping Study (inclusive of power plant and steam and cooling water)<sup>3</sup>.
- Potential operating cost of beneficiation and hydrometallurgical processing plant reduced to \$14.59 per pound U<sub>3</sub>O<sub>8</sub> from \$16.08 per pound U<sub>3</sub>O<sub>8</sub> in the 2016 Scoping Study.
- Overall uranium recovery has potentially improved to 82.77% from the 80.25% disclosed in the 2016 Scoping Study.
- Potential improvements in cost are a result of changes to the processing flow sheet from opportunities highlighted in the recent test work outcomes<sup>4</sup>.

As announced by the Company on 18 March 2019, the Company is also investigating the vanadium potential of the Project to ascertain whether vanadium can be a by-product of value. The ore mineral of the Project is a uranium vanadate therefore the project's uranium resource also contains significant quantities of vanadium.

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

<sup>2</sup> Using Lake Maitland Clay80 Ore only as in the previous 2016 Scoping Study. Refer to the Company's ASX announcement of 5 December 2016 ASX concerning the release of the 2016 Scoping Study and to the Company's ASX announcement of 7 March 2019.

<sup>3</sup> The capital cost of the beneficiation and processing plant previously stated in the Company's ASX announcement of 5 December 2016 of \$78.5M did not include the cost of the power plant or steam/cooling water. Not including these two items results in the capital cost amounting to \$72.3M, considerably lower than the 2016 Scoping Study cost estimate.

<sup>4</sup> Please refer to the Company's ASX announcements of 30 January 2018, 20 April 2018, 20 June 2018, 27 June 2018 and 12 September 2019 for further information.

Recent test work (including leach tests) conducted for the Lake Maitland deposit on uranium processing improvements has shown potential for the dual extraction of both uranium and vanadium during the normal extraction of uranium in the leach circuit.

Toro is now conducting ion exchange (IX) test work to investigate the cost effective recovery of vanadium along with uranium from the pregnant leach solution.

#### **FURTHER INFORMATION:**

Richard Homsany	Toro Energy	08 9214 2100
Greg Shirliff	Toro Energy	08 9214 2100

*Toro's flagship asset is the 100% owned Wiluna Uranium Project, located 30 kilometres southwest of Wiluna in Central Western Australia. The Wiluna Uranium Project has received environmental approval from the state and federal governments providing the Project with the opportunity to become Western Australia's first uranium mine. Toro will maximise shareholder returns through responsible mine development and asset growth including evaluating the prospectivity of its asset portfolio for minerals other than uranium and increasing their value.*

**[www.toroenergy.com.au](http://www.toroenergy.com.au)**

## FORWARD LOOKING AND CAUTIONARY STATEMENTS

### Forward Looking Statements

This announcement may contain certain “forward-looking statements” which may not have been based solely on historical facts, but rather may be based on the Company’s current expectations about future events and results. Where the Company expresses or implies an expectation of belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, forward looking statements are subject to risks, uncertainties, assumptions and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such risks include, but are not limited to Resource risk, metals price volatility, currency fluctuations, increased production costs and variances in ore grade or recovery rates from those assumed in mining plans, as well as political and operational risks in the Countries and States in which we operate or sell product to, and governmental regulation and judicial outcomes. For a more detailed discussion of such risks and other factors, see the Company’s Annual Reports, as well as the Company’s other filings. Readers should not place undue reliance on forward looking information. The Company does not undertake any obligation to release publically any revisions to any “forward looking statement” to reflect events or circumstances after the date of this announcement, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

### Cautionary Statement

The Studies are based on lower-level technical and economic assessments and are insufficient to provide certainty that the conclusions of the Studies will be realised. Further, the Company cautions that there is no certainty that the forecast financial information contained in the Studies will be realised. All material assumptions underpinning the forecast financial information are set out in this announcement. This forecasted financial information is deduced from an underlying mining production rate deemed possible due to the size of the Mineral Resources at Lake Maitland. Refer ASX announcement dated 1 February 2015 that shows Lake Maitland deposit has sufficient Mineral Resources to support a 2Mt/a mining operation. The estimated mineral resources underpinning the Studies have been prepared by competent persons in accordance with the current JORC Code 2012 Edition and the current ASX Listing Rules. Toro has concluded it has a reasonable basis for providing the forward looking statement included in this announcement. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.