



## **ASX RELEASE**

27 November 2014

# **ANNUAL GENERAL MEETING**

## **Chairman's Address**

Dear fellow Toro shareholders

Over the past year, global communities have come to understand, and value, the substantial role nuclear power can, and will have, in helping global economies meet our baseload power generation and associated climate change challenges.

Uranium can be a major, low carbon emissions, base-load, power source, which can be supplemented by its fellow clean, renewable energy sources and so assist in tackling climate change.

In the past twelve weeks alone, two landmark arrangements have been announced by the three largest economies and contributors to the global carbon footprint. These are the China-US agreement to tackle emissions by 2030 and the Australia-India Nuclear Civil Cooperation Agreement. Both of these have the potential for a profound positive and sustainable impact on the Australian uranium industry.

Both China and India have bold plans for their nuclear power generation programs and both countries will require a steady and reliable supply source in the decades to come. China anticipates generating 132 gigawatts of nuclear power by 2030, and India forecasts to have 25% of its energy mix from nuclear power by 2040.

Toro has long understood the growing importance of uranium in the changing energy equation and the value that our flagship, the Wiluna Uranium Project in Western Australia, has in being at the head of the new uranium project development queue in Australia.

The downturn in spot uranium prices in recent years has prevented many companies from moving their projects forward. It has created a substantial vacuum of mid-tier, listed uranium companies for investors on the ASX – Toro has set its sights on growing into this gap.

Over twelve months ago, we set ourselves three clear objectives to propel Toro into a “mid-cap” company. The first of these was to improve the scale and quality of the Wiluna Project while assessing cost improvements. The second was to expand our uranium interests taking into account low asset prices. Lastly we aimed to create value from our exploration holdings and other project development potential.

Each of these objectives was to be undertaken in the context of addressing our ongoing working capital position, rationalizing costs and ensuring we were capable of meeting our commitments to Macquarie Bank in March 2016.

Late in 2013, Toro completed the acquisition of the Lake Maitland Uranium Project, which is not far from our main Wiluna deposits, from Mega Uranium. This transaction has significantly improved the

Wiluna Project and has strategically positioned the approved Centipede uranium processing facility at Wiluna at the core of a new regional uranium province in Western Australia.

The transaction also changed our shareholder base with Mega Uranium joining OZ Minerals as a major shareholder, both holding around 27% of the stock after the close of the transaction.

During the 12 months, we also built our cash reserves with two key new investors. Firstly, we welcomed South African fund manager, RealFin Capital Partners, as a shareholder through a \$5M cash placement. RealFin shares Toro's belief that the long-term fundamentals of the global uranium market remain strong, and that uranium-based nuclear power will be a significant, low-emissions source of baseload power to meet widening global energy demand.

In July this year, Toro entered into discussions on a major transaction with international resource investment house, The Sentient Group. This finally provided, earlier this month, \$20M in cash into Toro, coupled with the acquisition by Toro of \$19M of Canadian-based uranium assets from Sentient.

These assets were largely in the form of shares in, and loans to, TSX-listed Strateco Resources, based in Canada. The transaction led to Sentient becoming a major shareholder in Toro.

The solid base of cash reserves this transaction delivered enables Toro to pursue technical improvements to the Wiluna Project through a specially convened Toro/Sentient R&D fund, as well as continuing to seek out further growth opportunities that will provide our shareholders with improved value and greater upside as the uranium price improves.

The acquisition of the interest in Sentient's Canadian assets was our next step on the path of global growth. As a pure uranium company with a strong balance sheet and global aspirations, Toro now has a more balanced pipeline of projects in various stages of exploration, testing and approvals, located in 3 different parts of the world.

Our primary focus is still to have the Wiluna Project ready for commitment when the market and financing options are favourable and I note that we are now as well positioned as any company to take advantage of a significant upward shift in the U price.

That said, the volatility in uranium prices during the past year, has been challenging for companies and investors alike. Spot uranium and long-term contract prices fell around 29% during the 13/14 financial year. However, since the lows of July 2014, we have observed a recovery to over \$40/lb US for spot prices in recent times.

Toro's emergence as Australia's next potential uranium producer was recognised during the year when the Prime Minister of Australia, Hon Tony Abbott MP invited our Managing Director, Dr Vanessa Guthrie, to participate as the only Australian uranium sector representative, in a high-level CEO delegation which accompanied him to India. During this visit Australia and India signed the Nuclear Civil Cooperation Agreement.

This invitation recognised the key contribution that our Managing Director brings to the Australian uranium sector through her role as a Board member of the Minerals Council of Australia, and values her involvement in establishing strong bilateral trade relationships with India in the resources sector and the uranium base feedstock space in particular.

As in past years, Toro continues to build on its reputation as the company that delivers. The structural improvements Toro has made in the past two years leaves us well positioned to take

advantage of the current uranium price upturn by bringing new production from Wiluna to the global market from a timely, sustainable and cost competitive platform.

I take this opportunity to formally thank retiring independent director Mr Peter Lester. Peter was with me on the board of Nova Energy when the merger occurred with Toro in October 2007, and has been the Chairman of the Audit and Risk committee of Toro since 2010. His understanding of mergers and acquisitions has proved to be very valuable to the company and the Board and Executive wish him well in his new endeavours. The company is now actively looking for a new independent director who will also Chair the Audit and Risk Committee of the Board.

I also thank all our shareholders for your ongoing support over the past year and in particular for your patience and belief in our strategy through what has been a tough and challenging time in the uranium market. It is clear that Toro is well exposed to the improving uranium market, and I am pleased to recommend our vision to you. The future for Toro is both robust and positive.

Yours faithfully



Dr Erica Smyth  
Chairman

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Toro Energy is a uranium development and exploration stage mining company based in Perth, Western Australia.

Toro's flagship asset is the 100% owned Wiluna Uranium Project, consisting of six calcrete hosted uranium deposits. The project is located 30 kilometres southwest of Wiluna in Central Western Australia. The Centipede and Lake Way deposits have received full government approval for mining providing the Wiluna Project with the opportunity to be Western Australia's first uranium mine.

Toro also owns a highly prospective suite of exploration properties highlighted by Toro's own discovery at the Theseus Project. The Company also has investments in Canadian and Namibian uranium assets.

Toro is also pursuing growth opportunities through accretive uranium project acquisitions.

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