TORO ENERGY LIMITED

TORO ENERGY LIMITED
ABN 48 117 127 590

Notice of Extraordinary General Meeting
Proxy Form and Explanatory Statement

Date of Meeting
18 October 2013

Time of Meeting
9am (Perth time)

Place of Meeting
The Celtic Club
48 Ord St
West Perth WA 6005

This Notice of Extraordinary General Meeting and Explanatory Statement should be read in its entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

Financial Adviser Azure Capital

Legal Adviser CORRS CHAMBERS WESTGARTH lawyers

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Extraordinary General Meeting

Dear Shareholder,

On 12 August 2013, Toro announced that it had entered into a binding terms sheet to acquire the Lake Maitland uranium project in Western Australia from Mega Uranium for 415 million fully paid ordinary shares in Toro (**Lake Maitland Acquisition**). I am pleased to enclose an Explanatory Statement containing information regarding this proposed acquisition.

Toro Board recommendation

The Board unanimously support the Lake Maitland Acquisition and believe that it is a transformational event for Toro which will combine two highly complementary uranium projects, Toro's 100% owned Wiluna and Mega Uranium's Lake Maitland.

The Toro Directors recommend[1] that shareholders vote in favour of all resolutions as they intend to do for the shares they own and control, subject to no superior proposal arising and the Independent Expert not changing its opinion that the Lake Maitland Acquisition is fair and reasonable for Shareholders.

Lake Maitland Acquisition

Lake Maitland is an advanced exploration uranium project with a near surface deposit located 90km south-east of the proposed site of the processing facility at Toro's 100% owned Wiluna. The Lake Maitland deposit contains total resources of 22Mlbs U_3O_8 (200ppm cut-off).

In conjunction with the Lake Maitland Acquisition, Toro has entered into separate share subscription agreements with each of OZ Minerals and Pinetree, for A$1 million each. The settlement of each of these subscriptions is conditional upon or is expected to occur immediately before the completion of the Lake Maitland Acquisition.

Upon completion of the Transaction, Mega Uranium will hold a 28.0% shareholding in Toro. Mega Uranium has agreed not to sell this holding for 12 months, or to increase this holding for two years after completion of the Lake Maitland Acquisition.

Successful completion of the Lake Maitland Acquisition is subject to the satisfaction or waiver of a number of conditions, including the receipt of regulatory approvals and the approval of Resolution 1 by shareholders at the Extraordinary General Meeting of shareholders to be held on 18 October 2013 at the Celtic Club, 48 Ord St, West Perth WA 6005.

OZ Mineral's intention to vote in favour of the Transaction

Toro's major shareholder, OZ Minerals, has confirmed that, subject to no superior proposal emerging and the Independent Expert not changing its view prior to the Extraordinary General Meeting, it intends to vote in favour of the Transaction (other than in relation to Resolutions 2 and 3 where OZ Minerals is precluded from voting). OZ Minerals currently holds a 39.4% shareholding in Toro.

Independent Expert

Toro has engaged BDO to provide an Independent Expert Report on the Lake Maitland Acquisition to assist Shareholders in deciding whether or not to approve Resolutions 1 and 2. In that report, the Independent Expert has concluded that the Lake Maitland Acquisition is **fair and reasonable** for Shareholders. The Independent Expert Report is set out in Schedule 1 of this Explanatory Statement.

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1 Andrew Coles is a non-executive director of Toro and an executive officer of OZ. Mr Coles has abstained from voting on any resolutions involving OZ and therefore makes no recommendation in relation to those resolutions.

Further Information

The Explanatory Statement contains further details of the proposed Transaction and implications for you as a Shareholder.

While the Directors unanimously recommend that you vote in favour of the Transaction (subject to the carve outs mentioned above), there are a number of potential disadvantages and risks associated with the Transaction set out in more detail in section 3.6 of this Explanatory Statement. Please read this Explanatory Statement in full before making your decision and voting on Resolutions 1 to 5 at the Extraordinary General Meeting.

The Directors encourage you to participate in the vote. You can vote in person at the Extraordinary General Meeting on 18 October 2013 or, if you cannot attend the Extraordinary General Meeting in person, you can vote by proxy or through an associated power of attorney or corporate representative using the proxy form enclosed with the Explanatory Statement.

If you require any assistance in completing or lodging your proxy form, please call Toro on (08) 9214 2188 on Monday to Friday between 9 am and 5 pm (Perth time), visit the Toro website at www.toroenergy.com.au or email info@toroenergy.com.au.

Yours faithfully

Dr Erica Smyth

Chair
Toro Energy Limited

Dated 17 September 2013

Notice of Extraordinary General Meeting

NOTICE IS GIVEN THAT AN EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS WILL BE HELD AT THE CELTIC CLUB, 48 ORD ST, WEST PERTH, WESTERN AUSTRALIA ON FRIDAY, 18 OCTOBER 2013, AT 9 AM (PERTH TIME).

AGENDA

The Explanatory Statement accompanying this Notice of Meeting provides additional information on matters to be considered at the Extraordinary General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Extraordinary General Meeting are those who are registered Shareholders at 5 pm (Perth time) on 16 October 2013.

Terms and abbreviations used in this Notice of Meeting are defined in the glossary contained in the Explanatory Statement.

1. Resolution 1 – Approval of issue of Shares to Mega for the Lake Maitland Acquisition

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of section 611 item 7 of the Corporations Act 2001 (Cth) and for all other purposes, Shareholders approve the issue of 415 million Shares to Mega in relation to the acquisition of the Lake Maitland Assets, which represents up to a maximum of 28.5%[2] of the voting power in Toro on the terms and conditions set out in the Explanatory Statement."

2. Resolution 2 – Approval of Escrow and Standstill Restrictions

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of section 611 item 7 of the Corporations Act 2001 (Cth) and for all other purposes, Shareholders approve the acquisition by Toro of a relevant interest in the 415 million Shares issued to Mega, (acquired as a result of the escrow and standstill restrictions contained in the Terms Sheet) which will have the effect on the voting power in Toro as set out in section 1.4 and as otherwise summarised in the Explanatory Statement."

3. Resolution 3 – Approval of OZ Placement

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

2 Note this percentage assumes that the Placements do not complete and Toro elects to proceed with the Lake Maitland Acquisition. If the Placements do complete Mega will hold 28.0% of the voting power in Toro.

"That, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of Shares to OZ (or its nominee) to raise A$1 million on the terms and conditions set out in the Explanatory Statement provided that the maximum number of Shares issued to OZ does not exceed 12,500,000."

4. Resolution 4 – Approval of Pinetree Placement

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of Shares to Pinetree (or its nominee) to raise A$1 million on the terms and conditions set out in the Explanatory Statement provided that the maximum number of Shares does not exceed 12,500,000."

5. Resolution 5 – Ratification of the issue of options to MBL

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior issue of 102,358,051 options in aggregate to MBL on 2 November 2012, 6 March 2013 and 27 June 2013 in accordance with the convertible debt facility between Toro and MBL, on the terms and conditions set out in the Explanatory Statement."

VOTING EXCLUSION STATEMENTS

Toro will disregard any votes on the respective Resolutions cast by or on behalf of the following persons:

Resolution	Voting exclusions and prohibitions
Resolution 1 – Approval of issue of Shares to Mega for the Lake Maitland Acquisition	No votes are to be cast in favour of the Resolution by Mega or any Associate of Mega.
Resolution 2 – Approval of Escrow and Standstill Restrictions	No votes are to be cast in favour of the Resolution by Toro, OZ or any Associate of Toro or OZ.
Resolution 3 – Approval of OZ Placement	Toro will disregard votes cast by OZ and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if Resolution 3 is passed, and any Associate of those persons.
Resolution 4 – Approval of Pinetree Placement	Toro will disregard votes cast by Pinetree and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if Resolution 4 is passed, and any Associate of those persons.
Resolution 5 – Ratification of the issue of options to MBL	Toro will disregard votes cast by MBL and any Associate of MBL.

However, Toro need not disregard a vote by the persons excluded from voting on the Resolutions if:

- it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In the event that Resolution 1 is not passed then Resolutions 2, 3 and 4 will not be put to Shareholders to vote on, as they are conditional on the Lake Maitland Acquisition proceeding (unless the parties agree to waive that condition).

In the event that Resolutions 2, 3 and/or 4 are not passed but Resolution 1 is, Toro reserves the right to waive the components of the Transaction that relate to Resolutions 2, 3 and/or 4 and proceed to completion of the Lake Maitland Acquisition.

PROXIES AND CORPORATE REPRESENTATIVES

Proxies

A Shareholder entitled to attend and to vote at the Extraordinary General Meeting is entitled to appoint a proxy. The proxy does not need to be a Shareholder. A Shareholder that is entitled to cast two or more votes may appoint not more than two proxies to attend and vote on its behalf. Where two proxies are appointed, each proxy should be appointed to represent a specified proportion of the Shareholder's voting rights (failing which each appointee will be entitled to cast half the Shareholder's votes).

A Proxy Form accompanies this Notice of Meeting together with instructions on how to complete the Proxy Form.

To record a valid vote, a Shareholder will need to take one of the following steps:

- cast the Shareholder's vote online by visiting www.investorvote.com.au and entering the Shareholder's Control Number, SRN/HIN and postcode, which are shown on the first page of the enclosed Proxy Form (note, overseas Shareholders are able to select their country of residence rather than entering a postcode); or

- complete and sign the enclosed Proxy Form and lodge it at the share registry of Toro, Computershare Investor Services Pty Limited by:

  post at the following address:
  Computershare Investor Services Pty Limited
  GPO Box 242
  MELBOURNE VIC 3001;

  facsimile on:
  1800 783 447 (within Australia)
  +61 3 9473 2555 (outside Australia); or

  online:
  by visiting www.intermediaryonline.com, (for Intermediary Online subscribers only (custodians)),

so that it is received by no later than 48 hours prior to time of the Extraordinary General Meeting, being 9 am (Perth time) on 16 October 2013.

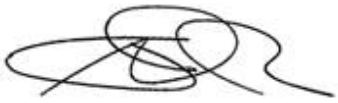
Please refer to the Proxy Form instructions accompanying this Notice for signing instructions.

If you return your Proxy Form but do not nominate a person as proxy, the Chairman of the Meeting will be your proxy and will vote on your behalf as you direct on the Proxy Form. If your nominated proxy does not attend the Meeting then your proxy will revert to the Chairman of the Meeting and he will vote on your behalf as you direct on the Proxy Form. The Chairman will vote undirected proxies **in favour** of all Resolutions.

Corporate Representatives

A body corporate may elect to appoint a representative, rather than appoint a proxy, in accordance with section 250D of the Corporations Act. Where a body corporate appoints a representative, Toro requires written proof of the representative's appointment to be lodged with or presented to Toro prior to the Meeting.

BY ORDER OF THE BOARD



Todd Alder
Joint Company Secretary

Dated 17 September 2013

Explanatory Statement

This Explanatory Statement has been prepared for the information of Shareholders in connection with the business to be conducted at the Extraordinary General Meeting of Toro.

The Directors recommend Shareholders read this Explanatory Statement and the Notice of Meeting in full before making any decision in relation to the Resolutions. Terms used in this Explanatory Statement will, unless the context otherwise requires, have the meaning given to them in the glossary contained in this Explanatory Statement.

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1. Overview of the Transaction and Shareholder approvals required

For more details see section

1.1. Transaction

1.1

On 11 August 2013, Toro and Mega entered into the Terms Sheet for Toro to acquire the Lake Maitland uranium project (**Lake Maitland**) in Western Australia (inclusive of A$1.5 million of cash reserves) from Mega for 415 million fully paid ordinary shares in Toro (**Lake Maitland Acquisition**).

The Lake Maitland Acquisition will be effected by Toro's 100% owned subsidiary, Nova Energy Pty Ltd (**Nova**), acquiring 100% of the issued capital of Mega's 100% owned subsidiary Redport Exploration Pty Ltd (**Redport**).

The Lake Maitland Acquisiton includes the Lake Maitland tenements, associated assets, rights, mining information, interests and a surplus cash balance of A$1.5 million (collectively, the **Lake Maitland Assets**).

Pinetree, a substantial shareholder in Mega, has agreed to subscribe for A$1 million of Shares, conditional on the Transaction being implemented (**Pinetree Placement**).

OZ, the largest shareholder in Toro has agreed to subscribe for A$1 million of Shares conditional on the Transaction being implemented (**OZ Placement**)

1.2. Benefits of the Transaction

1.2

The key benefits of the Transaction are:

Location: Lake Maitland is located 90 km south-east of the proposed site of the processing facility for Wiluna, which therefore allows for integration of the projects.

Significantly larger combined resource base: The Lake Maitland Acquisition will expand Wiluna's JORC categorised total mineral resource base by 42% from 54Mlb of U_3O_8 to 76Mlb of U_3O_8.

Cut off grade 200ppm	Wiluna	Lake Maitland	Combined
Tonnes (Mt)	55.2	20.8	76.0
Grade (ppm)	441	486	453
Contained U3O8 (Mlbs)	53.6	22.3	75.9
Percentage contribution	71%	29%	100%

See competent persons statements in section 8.6 of this Explanatory Statement.

Potential to extend mine life: The increased mineral resource base provides additional ore that is expected to lead to an extended project life at Wiluna.

Potential to support Wiluna capacity expansion: The increased resource provides an opportunity to investigate an expansion to Wiluna, subject to government approvals.

Improvement in grade: The Lake Maitland mineral resource base includes high grade material comprising 6.4Mt at 881 ppm (500ppm cut-off), which is expected to improve the overall blended head grade from the Wiluna deposits.

Potential to improve Wiluna project economics: The increased resource, both in tonnes and grade, has the potential to improve the overall project economics of Wiluna, in particular through decreased operating costs. The expected improvement in project economics should make the larger Wiluna development more attractive to financiers.

Strategic partner relationship: The existing Lake Maitland strategic partners – JAURD and IMEA - have an option to acquire a 35% interest in Lake Maitland. Toro will inherit the strategic and financial benefits of this pre-existing relationship.

Committed capital: A$1.5 million of cash reserves are included in the Lake Maitland Assets which will be acquired from Mega. This will be used to provide further financial flexibility to meet transaction costs and ongoing development costs. An additional A$2 million will be committed as a result of the share subscription agreements with each of OZ and Pinetree.

1.3. Additional Board members

4.2

Mega will have the right to nominate two persons for election as Directors while Mega holds not less than 22% of the issued Shares. Initially, Mr Richard Patricio and Mr Richard Homsany will be nominated for appointment to the Board following the Lake Maitland Acquisition. These appointments will increase the size of the Board from five to seven Directors.

Mega has undertaken that for two years after completion of the Transaction, it will not seek to influence or control the composition of the Board.

For more details see section

1.4. Change in ownership structure of Toro

4.4

Change in shareholding

As a result of the Transaction, Mega will acquire a relevant interest in up to a maximum of 28.0% off the issued Shares.

	Pre completion of the Transaction	Post completion of the Transaction
Shares on issue	1,041,936,676	1,481,936,676
OZ interest	39.4%	28.5%[1]
Mega interest	-	28.0%

1. Because OZ holds more than 20% of Toro, it will be deemed to have a relevant interest in any Toro Shares in which Toro itself has a relevant interest. For the reasons set out in section 1.4(c) below, this will include Mega's holding in Toro and thus OZ's technical relevant interest in Toro shares will increase to 56.5% (although it will only be the registered owner of 28.5%).

   In the event that the Placements are not approved, and Toro elects to proceed with the Lake Maitland Acquisition, Mega will hold a 28.5% interest in Toro and OZ will hold a 28.2% interest. For the reasons set out in section 1.4(c), Toro would then have a relevant interest in the 28.5% shareholding of Mega and OZ would have a technical relevant interest of 56.7%.

Restrictions on Mega

Mega has agreed not dispose of its shareholding in Toro for 12 months except with the prior written approval of Toro. Mega has also agreed not to increase its shareholding in Toro for two years except in limited circumstances.

Interest acquired by Toro

As a result of the restrictions imposed by Toro on the disposal of Shares held by Mega and the restrictions on the ability of Mega to use its voting power to change the Board or influence the financial and operational policies of Toro, Toro obtains a technical relevant interest in the Shares held by Mega. The Toro Board has the power to waive these restrictions. A further technical interest arises as OZ is also deemed by the Corporations Act to have an interest in these Shares in which Toro has an interest.

1.5. Other key impacts on Toro

4

The table below shows the unaudited position at 30 June 2013, adjusted for the impact of the Transaction. There are no other material post balance sheet date events. Refer to section 4 of this Explanatory Statement for a detailed analysis of the financial impact of the Transaction on Toro.

For more details see section

	Toro Pre Transaction	Impact	Toro Post Transaction
Shares on issue	1,041,936,676	440,000,000	1,481,936,676
Options on issue[2]	135,023,051	0	135,023,051
Net Assets[2]	92,626,000	35,685,000	128,311,000
Cash[3]	11,244,000	439,000	11,683,000
Borrowings[4]	7,824,000	0	7,824,000

1. Assumes all share issues contemplated as part of the Transaction proceed.
2. Based on the pro forma accounts, in section 4.4 of the Explanatory Statement. Note 850,000 options have lapsed since 30 June 2013.
3. Based on Toro cash as at 30 June 2013 and funds received under the Transaction less estimated Transaction costs of A$3,250,000.
4. Borrowings represent A$12,000,000 drawn down under the MBL facility offset by the value of options issued to MBL as compensation for entering into the MBL facility.

1.6. Directors' recommendation

2.3, 7.3, 8.3, 9.3 and 10.3

Save as set out below, the Directors unanimously recommend that, subject to no superior proposal arising and the Independent Expert not changing its opinion that the Lake Maitland Acquisition is fair and reasonable for Shareholders, Shareholders vote in favour of all Resolutions, and have each notified Toro that they intend to vote all the Shares controlled by them in favour of each Resolution.

Andrew Coles is a non-executive Director and an executive officer of OZ. Mr Coles has abstained from voting on any Resolutions involving OZ and therefore makes no recommendation in relation to those resolutions.

1.7. Independent Expert's conclusion

Schedule 1

The Directors commissioned BDO to prepare a report on the Lake Maitland Acquisition to ascertain whether it is fair and reasonable to non-associated Shareholders.

The Independent Expert has concluded that the Lake Maitland Acquisition is fair and reasonable to Shareholders.

1.8. Requirements for Shareholder approval

7.2, 8.2, 9.2, 10.2 and 11.2

A series of Shareholder approvals are required in relation to various aspects of the Transaction. In summary, these include:

- Resolution 1 – approval for the issue of Shares to Mega resulting in Mega acquiring an interest in up to 28.5%[3] of the issued Shares in Toro.
- Resolution 2 – approval for the technical relevant interest acquired by Toro and OZ in the Shares issued to Mega as a result of the standstill and escrow arrangements agreed with Mega.
- Resolution 3 – to approve the issue of Shares to OZ under the OZ Placement.
- Resolution 4 – to approve the issue of Shares to Pinetree under the Pinetree

3 Note this percentage assumes that the Placements do not complete and Toro elects to proceed with the Lake Maitland Acquisition. If the Placements do complete Mega will hold 28.0% of the voting power in Toro.

	For more details see section
Placement. • Resolution 5 – this is not required for implementation of the Transaction, but it was considered prudent to refresh Toro's new issue capacity under Listing Rule 7.1 in relation to the options to be issued to MBL under the Facility Agreement. Toro reserves the right to proceed with the Lake Maitland Acquisition notwithstanding any decision of the Shareholders not to approve Resolutions 2 to 4.	
1.9. Summary of Risks In addition to the usual risks associated with acquiring mineral properties there are a number of risks associated with the Transaction and the Lake Maitland Assets. These include: • failure to satisfy conditions to the Transaction and it not proceeding; • failure to reach agreement with the Project Partners for the joint development of Wiluna and Lake Maitland in a timely way or on terms that are favourable for Toro; • ability to process the Lake Maitland ore through the proposed mill at Wiluna; • environmental, native title, mining and heritage approvals associated with Toro's existing projects and the Lake Maitland Assets; and • ore reserve realisation.	1.5 and Schedule 1, Part B
1.10. Implications if the Lake Maitland Acquisition does not proceed If the Lake Maitland Acquisition is not approved by Shareholders, or other conditions to completion are not met or waived, the benefits of the Transaction including the Placements will not be received and Toro will continue to develop Wiluna and its other exploration interests.	2.8
1.11. Summary only The information contained above is a brief summary only. Shareholders are urged to read this Explanatory Statement and the accompanying Independent Expert Report and Independent Technical Report in full before making a decision on how to vote in respect of the Resolutions.	

2. Overview of the Transaction

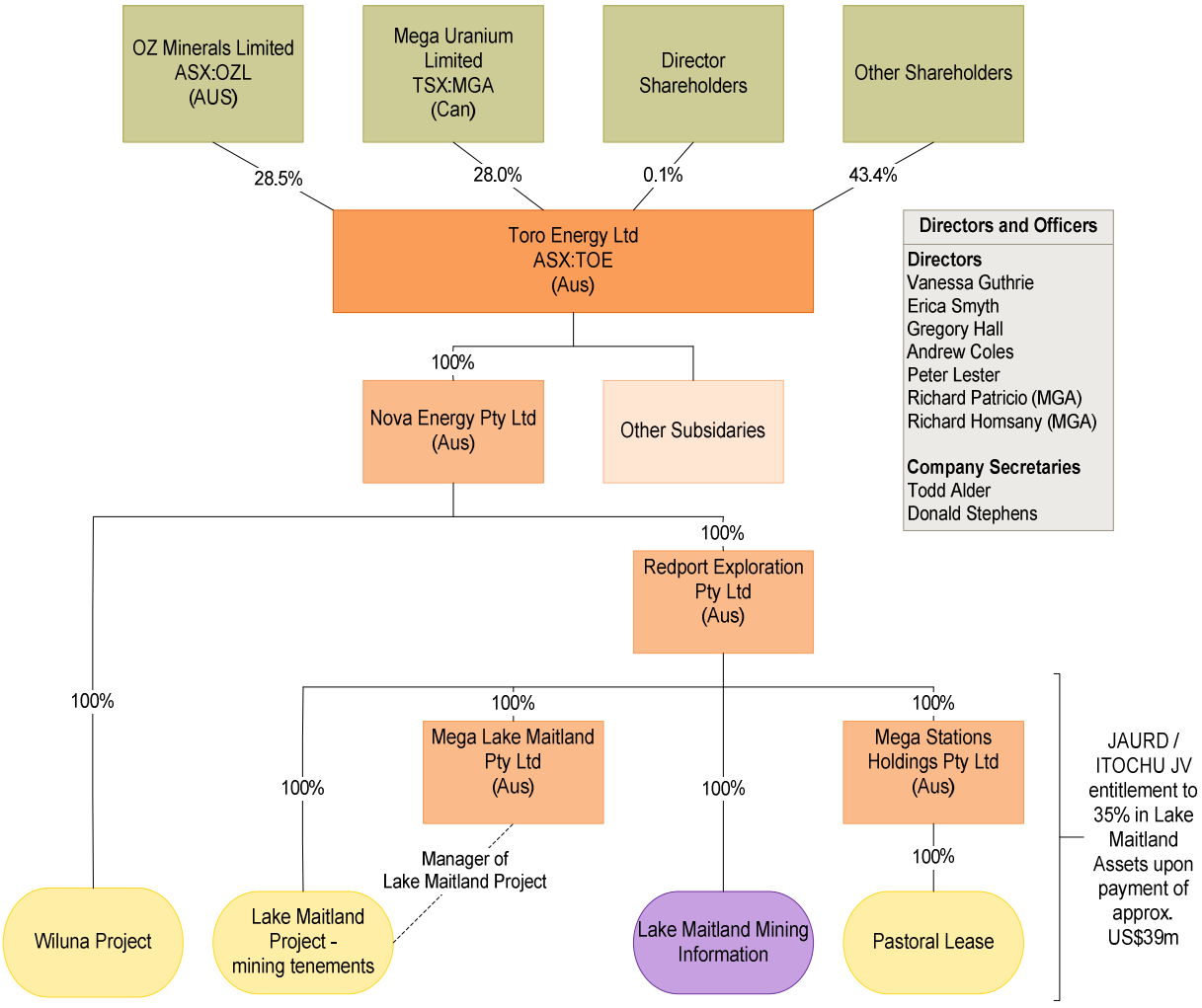
2.1. Acquisition of Lake Maitland

Mega and Toro have entered into the Terms Sheet in respect of the Lake Maitland Acquisition.

Nova, a wholly owned subsidiary of Toro, will acquire all the issued shares in Redport from Mega. Redport is the entity which holds the Lake Maitland Assets.

The Lake Maitland Acquisition is to be undertaken on the basis that Redport and its subsidiaries will have no external debt, including debts payable to Mega and its subsidiaries, and will have cash reserves of A$1.5 million.

A corporate structure chart of Toro following completion of the Lake Maitland Acquisition is set out below.



2.2. Conditions Precedent to Completion

The Lake Maitland Acquisition is conditional on a number of conditions, including the following which are outstanding as at the date of this Explanatory Statement:

(a) Shareholder approval in relation to the Lake Maitland Acquisition, the OZ Placement and Pinetree Placement (**Shareholder Approvals**). This condition is to be satisfied by the passing of Resolutions 1 to 4. In the event that Resolution 1 is not passed then Resolutions 2, 3 and 4 will not be put to Shareholders to consider, as they are conditional on the Lake Maitland Acquisition proceeding. Toro reserves the right to waive the components of the Transaction that relate to Resolutions 2, 3 and/or 4 and proceed to completion of the Lake Maitland Acquisition;

(b) the Project Partners not electing to exercise any pre-emptive rights under the Farm-In Agreement and providing any consent in relation to the Lake Maitland Acquisition to the extent required (**Project Partner Approvals**);

(c) Redport and its subsidiaries being restructured to hold all of the Lake Maitland Assets (**Restructure**);

(d) Toro being satisfied that completion of the share subscription by Pinetree and OZ under the OZ Placement and Pinetree Placements respectively will occur (**Placements**).

(e) no material adverse change in Redport and its subsidiaries and the Lake Maitland Assets or breach of warranty given by Mega;

(f) no material adverse change in Toro occurring; and

(g) any necessary FIRB approval required by Mega and Toro in relation to the transaction, application for which has already been made.

The end date for satisfaction of the conditions is Friday, 29 November 2013, unless extended by the parties.

The Lake Maitland Acquisition is not subject to due diligence by either party. Mega has advised that no approval by Mega shareholders is required for the Transaction.

2.3. Placements

In conjunction with the Lake Maitland Acquisition, Toro has entered into separate Share subscription agreements with each of OZ and Pinetree, for A$1 million each.

OZ and Pinetree have agreed that the subscription price will be A$0.08 per Share provided that if Toro conducts a capital raising before the completion of the Lake Maitland Acquisition, the issue price will be the same as the price of that capital raising.

The funds received from OZ and Pinetree will be applied to Toro's costs of acquiring Lake Maitland and for general working capital purposes.

Completion of the Placements is intended to occur contemporaneously with, or immediately before, completion of the Lake Maitland Acquisition.

Further details in relation to the Placements are contained in sections 5 and 6.

2.4. Project Partners Approvals

In June 2009, Mega entered into a series of agreements with the Project Partners in respect of a joint venture over Lake Maitland (the **Farm - In Agreements**).

Under the Farm - In Agreements, the Project Partners may have certain pre-emptive and consent rights that may apply to the Lake Maitland Acquisition. If the Project Partners sought to exercise any such rights, they would be required to pay Mega an amount in cash for 100% of Lake Maitland which is equal to the value of the Toro Shares being offered (based on a 6 month VWAP prior to the date of the pre-emptive right offer made to the Project Partners). As at the date of the Terms Sheet, Mega

has indicated this amount to be approximately A$41 million for 100% of Lake Maitland. If the Project Partners were to accept the offer, the Transaction will not proceed.

Mega has made a pre-emptive offer to the Project Partners in respect of the Lake Maitland Acquisition and requested that if the offer is not accepted the Project Partners provide consent for the Lake Maitland Acquisition and agree that the pre-emptive right process and consent will be effective to enable the completion of the Lake Maitland Acquisition at any time prior to 6 December 2013. At the time of this Notice the Project Partners are considering Mega's request.

Further details in relation to the Farm - In Agreements are contained in section 3.4.

2.5. Restructure

Prior to completion, Mega will carry out an intra group restructuring to transfer assets and the assignments of certain contractual rights relating to Lake Maitland (which are held by other members of the Mega group of companies) to Redport and its subsidiaries. Mega will also be responsible for transferring out of Redport certain assets which are unrelated to Lake Maitland. Mega has provided an indemnity in relation to any liability or losses suffered by Toro related to the Restructure.

2.6. Mutual support for the Transaction

Toro and Mega have each agreed not to take any action which will impede or delay the implementation of the Lake Maitland Acquisition. This does not prevent Mega progressing with its merger with Rockgate Capital Corp, (see section 3.16).

2.7. Break fees

Mega will pay Toro a break fee of $A1 million if Toro terminates the Lake Maitland Acquisition due to a material breach by Mega or if Mega's directors fail to approve and support the Lake Maitland Acquisition or if the Project Partners exercise any rights of pre-emption or other rights to acquire a further interest in any Lake Maitland Assets or fail to give any consent required under the Farm - In Agreements to enable the Lake Maitland Acquisition to proceed.

Toro will pay Mega a break fee of $A1 million if Mega terminates the Lake Maitland Acquisition due to a material breach by Toro or if the Board cease to recommend the Lake Maitland Acquisition, other than where the Independent Expert Report indicates that the Lake Maitland Acquisition is not fair and not reasonable or not fair but reasonable where the Board considers the Lake Maitland Acquisition is not in the best interest of Shareholders in the circumstances.

2.8. Implications if the Lake Maitland Acquisition does not proceed

If the Lake Maitland Acquisition is not approved by Shareholders, or other conditions to completion are not met or waived, the benefits of the Transaction including the Placements, will not be received and Toro will continue to develop Wiluna and its other exploration interests.

3. Resolution 1 – Approval of issue of Shares to Mega for the Lake Maitland Acquisition

3.1. Overview of Lake Maitland

Lake Maitland is located in central Western Australia at latitude 27 10' 9'' S, longitude 121 05' 46'' E, approximately 90 km south-east of the proposed site of the processing facility at Toro's 100% owned Wiluna.

Further information regarding Lake Maitland is contained in the Reports in Schedule 1 to this Explanatory Statement and in particular in section 4 of the Independent Technical Report. A summary of the Lake Maitland Assets is set out below.

Tenements

Lake Maitland consists of 7 exploration licences, 2 exploration licence applications, 3 prospecting licences, a granted mining lease and 5 miscellaneous licences plus uranium rights in respect of a further 6 tenements (a list of the material licences being set out in section 4.1.2 of the Independent Technical Report).

Geology

The Lake Maitland deposit lies within the Yandal Greenstone Belt of the Archean Yilgarn Craton.

The deposit is associated with calcrete, hosted in a package of sediments within a playa lake. Typical stratigraphy grades from basal red-brown silts and sands into calcrete which is overlain by further clays, silts and sands and topped by a gypsiferous unit. Locally the sedimentary facies are variable and average total thickness is in the order of 10 m. Uranium mineralisation, in the form of carnotite, is associated with calcrete, clay and sandy clay units.

Mineralisation

The flat lying ore body is on average 1.7 m thick and lies only 1-2 m below the surface. The mineralisation has a large aerial extent, its crescent shape extends some 5 km in length (N-S) and around 2 km in width (E-W) with three arms extending to the west. The primary ore mineral, Carnotite $K_2(UO_2)_2(V_2O_8)•3(H_2O)$, is found within voids in cementations of calcium carbonate (calcrete) and as disseminations within sands, silts and clays.

Resources

Mega has published a mineral resource estimate of 20.8Mt @ 486ppm for 22.3Mlb contained U_3O_8 (200ppm cut-off).

	Measured and Indicated			Inferred			Total		
Cut-off (ppm)	Tonnes M	Grade ppm	Mlbs U_3O_8	Tonnes M	Grade ppm	Mlbs U_3O_8	Tonnes M	Grade ppm	Mlbs U_3O_8
100	28.8	376	23.8	3.6	274	2.2	32.4	365	26.0
200	18.9	497	20.7	1.9	374	1.6	20.8	486	22.3
500	6.1	888	11.8	0.3	759	0.6	6.4	881	12.4

See competent persons statements in section 8.6 of this Explanatory Statement.

Further details of the Lake Maitland mineral resource, including relevant limitations and assumptions, are contained in Mega's National Instrument 43-101 technical report which was published in November 2009 and is publically available on Mega's profile on SEDAR at www.sedar.com. SEDAR is the system used for electronically filing most securities related information with the Canadian securities regulatory authorities.

Metallurgical

A significant amount of metallurgical testwork has been completed on ore samples from Lake Maitland. The work recorded comparable extractions and metallurgical performance to similar testwork on ore samples from Toro's Centipede, Millipede and Lake Way deposits which demonstrated that ore mineralogy is very similar across each of the deposits. The independently selected processing flowsheet developed for Lake Maitland is very similar to the processing facility design that has been progressed for Wiluna.

3.2. Project development status

Prior to this Transaction, Mega had been progressing feasibility study works and environmental approvals.

Towards the end of fiscal year 2008, Mega completed a resource infill and extension drilling program, and commenced metallurgical testwork, environmental and radiological studies, evaluations of development and processing options and assessment of infrastructure requirements.

In October 2010, the Environmental Protection Authority of Western Australia approved an environmental scoping document (**ESD**) for Lake Maitland. The ESD identifies the key potential environmental impacts of the project and defines the scope of investigations and studies needed to complete the environmental review and management programme (**ERMP**), as the next stage in the government assessment and approval process. The ERMP is at an advanced stage of preparation.

In February 2011, Mega announced the results of its costean and test pit program, noting the successful completion and collection of information needed to complete the ERMP and a definitive feasibility study. A diamond drilling program was initiated in late 2011. The results of the program have been under analysis and work on the resource portion of the feasibility studies has been ongoing since 2012. Toro plans to incorporate the technical studies completed to date within a broader development plan for Lake Maitland and Wiluna.

3.3. Redport

A pro forma balance sheet for Redport is included in section 3.10 of this Explanatory Statement.

3.4. Farm in with Project Partners

Under the Farm - In Agreements, the Project Partners hold an option to acquire a 35% interest in Lake Maitland for a further payment of approximately US$39 million, which can be exercised at any time up to a decision to mine in respect of Lake Maitland. The Project Partners are not required to contribute any further funds or contribute to further feasibility work. If a feasibility study is completed on Lake Maitland as a standalone mining operation, a decision to mine is taken and the option is not exercised by the Project Partners, then the option will expire and the Project Partners' rights in relation to Lake Maitland will lapse.

Until such time as the option expires, the Project Partners hold certain pre-emptive rights, consent rights and rights to restrict Redport dealing with the Lake Maitland Assets (including granting security over Lake Maitland). These rights may apply to the Transaction. Further details are provided in section 3.18 of this Explanatory Statement.

Upon exercise of the option by the Project Partners:

- the parties will form a joint venture and be responsible for their respective share of development costs;
- the Project Partners will be entitled to various offtake rights to product from Lake Maitland; and
- the Project Partners receive certain rights typical of a minority party in a joint venture, including the right to approve certain joint venture actions. This would include the approval of the integration of Lake Maitland with Wiluna.

3.5. Royalty Agreements

Certain of the tenements in Lake Maitland are subject to royalty agreements, the material agreements being summarised below. The royalty agreements are not expected to impact the economics of the development of Lake Maitland.

Franco-Nevada royalty

Under an agreement between Redport and Franco-Nevada Australia Pty Ltd (**Franco-Nevada**), Franco-Nevada is entitled to receive a royalty. The area covered by the royalty with Franco-Nevada includes a portion of the Lake Maitland mining lease, which is not material in respect of the development of Lake Maitland.

Coniston royalty

Under an agreement between Redport and Coniston Pty Limited (**Coniston**), Coniston is entitled to receive a royalty. The area covered by the royalty with Coniston includes a portion of the Lake Maitland mining lease, which is not material in respect of the development of Lake Maitland.

Joydem royalty

Under an agreement between Redport and Joydem Pty Ltd (**Joydem**), Joydem is entitled to receive a royalty in respect of any minerals produced and sold from an area which is currently outside of the Lake Maitland mining lease.

The payment of the royalties is dependent upon the financing of mining activities at Lake Maitland. Toro may need to negotiate with the royalty holders to release or discharge their existing security rights to allow a provider of project financier to register any security interest it may require over the relevant tenements as part of the funding process.

3.6. Project risks

There are a number of risks associated with Lake Maitland which are summarised in sections 3.18 and 3.19 of this Explanatory Statement.

3.7. Update on Wiluna

Wiluna contains approximately 54 million pounds of U_3O_8, Toro plans to mine the Lake Way and Centipede deposits first in accordance with State and Federal government approvals granted in 2012 and 2013.

The Centipede and Lake Way deposits are located 15 and 30 kilometres south of the township of Wiluna respectively. Another three deposits – Millipede, Dawson Hinkler and Nowthanna make up the regional resource of 54 million pounds of U_3O_8.

Toro believes that the design features, management controls and mitigation measures it has developed for Wiluna will enable potential environmental, socio-economic, health and cultural heritage impacts to be managed sustainably.

Toro has completed scoping and pre-feasibility level studies and estimates mining from each of the five Wiluna deposits, starting with mining from the approved Centipede and Lake Way deposits.

The proposed processing facility at Wiluna has been designed based on a 1.3M tonnes per annum throughput capable of treating ore from each of the five Wiluna deposits. Phase one of the engineering feasibility study has been completed for the proposed processing facility.

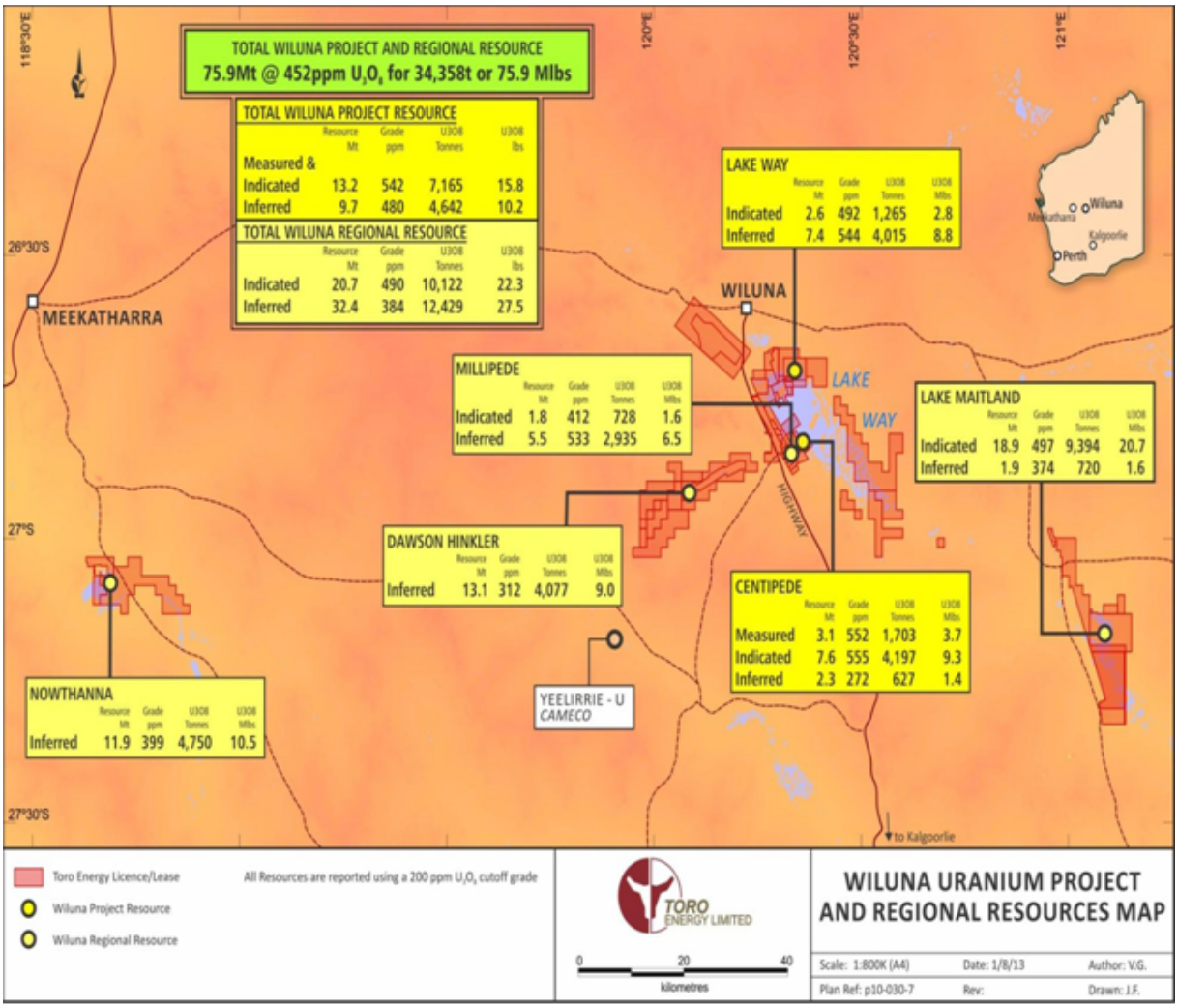
Toro is focussed on resource and mining optimisation studies as part of a broader feasibility study on Wiluna.

Toro intends to prepare a revised resource estimate for Wiluna following drilling carried out in the first half of 2013 at the Millipede and Dawson Hinkler deposits.

3.8. Impact of the Lake Maitland Acquisition on development

Subject to obtaining all necessary approvals and consents, Toro proposes to integrate the development of Lake Maitland with Wiluna.

Toro expects a combined Wiluna and Lake Maitland to deliver significant economic benefits to the development model, increasing the attractiveness of the project to investors. The following map shows the Wiluna regional resources and Lake Maitland.



See competent persons statements in section 8.6 of this Explanatory Statement.

It is anticipated that the Lake Maitland resource could be mined and transported to the proposed Wiluna processing facility through existing roads, construction of a dedicated haul road or piping. Mine optimisation, scheduling and design studies on the combined Wiluna and Lake Maitland resources will be initiated following completion of the Lake Maitland Acquisition.

Toro intends to develop a strategy for completing the government assessment of mining at Lake Maitland based on an established ESD.

The DFS for Wiluna will now include Lake Maitland.

Toro also expects to engage in discussions with the Project Partners over how to expand their interest into a broader uranium development beyond Lake Maitland and to obtain any necessary approvals to integrate Lake Maitland with Wiluna.

The DFS is scheduled to commence in 2014 and, subject to the securing of additional funds, should be completed to allow a final investment decision on Wiluna in late 2014. Subject to project financing and uranium market support, Toro is targeting first uranium sales in 2016.

3.9. Board, management and employees of Toro

Following completion of the Lake Maitland Acquisition, Mega may nominate two suitably qualified persons for election as Directors. This right continues while Mega holds not less than 22% of the issued Shares. Mega has nominated Richard Patricio and Richard Homsany to be appointed to the Board following the Lake Maitland Acquisition. Details regarding Messrs Patricio and Homsany are set out below. These appointments will increase the size of the Board from five to seven Directors.

Richard Patricio

Richard Patricio is Mega's Executive Vice President - Corporate Affairs and is responsible for merger and acquisition activity, corporate transactions and the overall administration of Mega. Prior to joining Mega, Mr Patricio practiced law at a top tier law firm in Toronto, Ontario and worked as in-house General Counsel for a senior TSX listed company.

Mr Patricio is also Pinetree's Vice President - Corporate and Legal Affairs and is responsible for merger and acquisition activity, corporate transactions and the administration of Pinetree.

Richard Homsany

Richard Homsany is Mega's Executive Vice President – Australia and is responsible for directing Mega's Australian corporate operations and has been an integral part of Mega's successful negotiations of the Farm - In Agreements with the Project Partners.

Mr Homsany is a solicitor and certified practising accountant and holds board positions in publicly listed resource companies in Australia and Canada. Mr Homsany was recently a corporate partner at the international law firm of DLA Phillips Fox, specialising in the energy and resources sector.

Other than this change, there will be no changes to Toro's existing Board. Toro does not expect that there will be any changes to Toro's existing management team or employees as a result of the Transaction.

3.10. Impact on financial position of Toro

A pro forma balance sheet is set out below. The pro forma is provided to show the indicative financial impact of the Lake Maitland Acquisition if the Transaction had been implemented on 30 June 2013. Other than the Transaction, there have been no material post balance date events. The actual financial impact will depend on the circumstances prevailing at completion.

	Notes	Toro Standalone Unaudited	Redport Standalone Unaudited	Acquisition & Consolidation Entries	Toro & Redport Combined Pro-Forma Unaudited
		30-Jun-13	30-Jun-13	n.a.	30-Jun-13
		A$'000	A$'000	A$'000	A$'000
CURRENT ASSETS					
Cash and bank equivalents	1	11,244	1,689	(1,250)	11,683
Trade and other receivables		496	-	-	496
Other current assets		103	-	-	103
TOTAL CURRENT ASSETS		11,843	1,689	(1,250)	12,282
NON-CURRENT ASSETS					
Investments		-	-	-	-
Property plant and equipment		1,483	68	-	1,551
Exploration and evaluation assets	2	88,710	26,676	8,502	123,888
TOTAL NON-CURRENT ASSETS		90,193	26,744	8,502	125,439
		-	-	-	-
TOTAL ASSETS		**102,036**	**28,433**	**7,252**	**137,721**
CURRENT LIABILITIES		-	-	-	-
Trade and other payables		1,352	-	-	1,352
Short-term provisions		151	-	-	151
TOTAL CURRENT LIABILITIES		1,503	-	-	1,503
NON-CURRENT LIABILITIES					
Borrowings	3	7,824	-	-	7,824
Long-term provisions		83	-	-	83
TOTAL NON-CURRENT LIABILITIES		7,907	-	-	7,907
TOTAL LIABILITIES		**9,410**	**-**	**-**	**9,410**
		-	-	-	-
NET ASSETS		**92,626**	**28,433**	**7,252**	**128,311**
EQUITY		-	-	-	-
Issued capital	4	217,589	-	38,935	256,524
Reserves		6,822	-	-	6,822
Accumulated losses	5	(131,785)	28,433	(31,683)	(135,035)
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**92,626**	**28,433**	**7,252**	**128,311**
TOTAL EQUITY		**92,626**	**28,433**	**7,252**	**128,311**

1. Cash has increased due to OZ / Pinetree subscriptions of A$2,000,000 less estimated Transaction costs of A$3,250,000, the majority relating to stamp duty. Toro at its election may pay an estimated A$600,000 of Transaction costs in equity.
2. Exploration assets increases by cost of Lake Maitland Acquisition less remainder of net assets purchased.
3. Borrowings represent A$12,000,000 drawn down under the MBL facility offset by the value of options issued to MBL as compensation for entering into the MBL facility.
4. Issued capital increases due to shares issued in accordance with the Transaction.
5. Accumulated losses increases by equity issued in accordance with the Transaction net of Redport accumulated losses plus estimated total Transaction costs of A$3,250,000.

The Lake Maitland Acquisition involves the acquisition of Redport and its subsidiaries. It was structured so that:

- Toro does not assume additional debt as part of the acquisition;

- at completion, Redport has A$1.5 million surplus cash;
- all expenditure obligations in relation to the Lake Maitland tenements for the period up to completion of the Lake Maitland Acquisition (on a pro rata time basis) are paid up; and
- Mega will meet all liabilities associated with the pre-completion Restructure to be conducted to ensure that Redport holds the Lake Maitland Assets at completion of the Lake Maitland Acquisition.

3.11. Changes to the capital structure of Toro

The impact of the Lake Maitland Acquisition on Toro's capital structure is set out below:

Issued Capital	Number of Toro Shares
Issued Shares	
Issued capital of Toro as at the date of this Notice of Meeting	1,041,936,676
Shares to be issued to Mega if the Lake Maitland Acquisition completes	415,000,000
Issued capital after Lake Maitland Acquisition	1,456,936,676
Shares issued under the OZ Placement[1]	12,500,000
Shares issued under the Pinetree Placement[1]	12,500,000
Issued share capital if Transaction completes	1,481,936,676
Convertible securities as at the date of this Notice of Meeting:	
MBL Facility Agreement options [2]	102,358,051
Other options	31,815,000
Total convertible securities	134,173,051
Fully diluted share capital	**1,616,109,727**

1. Refer sections 5 and 6 for details of the OZ and Pinetree Placements.
2. Refer section 7.

3.12. Impact on Share ownership

The Transaction will have a material impact on the substantial Shareholders of Toro.

Post Transaction Shareholders

The effect of the Lake Maitland Acquisition on shareholdings in Toro is summarised in the following table.

Shareholder	Current Holding		Holding after Lake Maitland Acquisition	
	No. of Shares[1]	%	No. of Shares	%
OZ	410,259,378	39.4%	422,759,378[2]	**28.5**
Mega	0	0	415,000,000	**28.0**
Other Shareholders	631,677,298	60.6%	644,177,298[2]	**43.5**
Total	**1,041,936,676**	**100%**	**1,481,936,676**	**100%**

1. Based on the undiluted capital of Toro as at the date of this Notice of Meeting.
2. See sections 5 and 6 for details of the Placements)
3. Excludes the deemed relevant interest acquired by OZ as a result of the escrow and standstill arrangements (see section 4 for more details).

As set out in more detail in section 4, restrictions imposed on Mega on its shareholding in Toro and the exercise of certain rights attaching to that shareholding will result in both Toro and OZ obtaining a technical relevant interest in the Shares held by Mega.

3.13. MBL Facility Agreement

Toro has an existing $12 million convertible debt facility with MBL. The facility is fully drawn.

MBL has provided consent to the Lake Maitland Acquisition as required under the Facility Agreement. The consent is conditional on:

- Toro procuring that security over the shares in Redport is granted on completion of the Lake Maitland Acquisition;
- Redport and its subsidiaries becoming additional guarantors under the Facility Agreement; and
- Toro using its best endeavours to procure that certain security over the Lake Maitland Assets is granted to MBL within five months of completion of the Lake Maitland Acquisition.

Under the Farm – In Agreements, consent of the Project Partners is required to grant security over the Lake Maitland Assets to MBL (see section 3.4 for more details regarding the Farm – In Agreements).

3.14. Overview

Mega is a Canadian mineral resources company listed on the TSX, with a focus on exploration and development stage resources projects in Australia, Canada and Cameroon and investments in listed resources securities. Mega holds several Australia based interests and projects, including Lake Maitland in Western Australia as well as interests and projects in Queensland, South Australia and the Northern Territory. Mega is registered with the ASIC as a foreign company in Australia.

Mega's registered and head office is located at 130 King Street West, Suite 2500, Toronto, Ontario, Canada M5X 2A2. Mega also has project offices in Perth, Western Australia and Townsville, Queensland.

Details of the companies in the Mega group are set out in section 8.2. Further information regarding Mega can be found on its website http://www.megauranium.com.\

3.15. Share Ownership in Mega

As a publicly listed company, Mega's shares can be traded at any time. Mega has a dispersed shareholding with few substantial holders. Mega currently does not have any shareholders that hold more than 50% of its shares.

A list of Mega's largest shareholders as at 19 August 2013 (provided by Mega) is as follows:

Shareholder	Percentage
Global X Management Company LLC	5.5%
Pinetree Capital Ltd.	5.3%
Sheldon Inwentash	2.9%
Sub-Total	**13.7%**
Others	86.3%
Total	**100%**

Mega's share ownership structure will change materially as a result of the proposed merger with Rockgate, if that transaction is implemented (see section 3.16).

3.16. Rockgate Merger

On 14 August 2013, Mega announced that it had entered into a definitive agreement with Rockgate Capital Corp. (**Rockgate**) to combine the two companies and create a diversified uranium company with advanced uranium assets.

The proposed merger is to be implemented by plan of arrangement under Canadian law resulting in Rockgate becoming a wholly owned subsidiary of Mega.

Following completion of the merger it is anticipated that Mega will have cash reserves of approximately CAD$22 million.

Completion of the merger is subject to certain conditions, including the approval of the shareholders of both companies.

Under the terms of the merger, Rockgate and Mega shareholders will own approximately 49% and 51% of the combined company respectively.

A list of Rockgate's shareholders as at 19 August 2013 (provided by Mega) is as follows:

Shareholder	Percentage
Sprott Inc.	15%
Goodman & Co Inv Counsel Inc	7.5%
JP Morgan	7.3%
Pinetree Capital Ltd	6.8%
Global X Management Company LLC	6.5%
Bank of Nova Scotia	6.3%
Sub-Total	**49.4%**
Others	50.6%
Total	**100%**

Subject to the satisfaction of all closing conditions, the merger is expected to be completed in October 2013.

3.17. Mega's intentions in relation to Toro

Given the substantial interest that Mega would acquire in Toro following completion of the Transaction (if Shareholders approve Resolution 1), Mega is required to set out any intentions it has in relation to certain matters regarding Toro.

The description of Mega's present intentions which are set out below has been provided by Mega.

Mega's current intentions should be assessed in the context of the limitations under the standstill arrangements which apply in relation to the Transaction. In particular, for a period of two years after completion Mega has agreed that it will not, without the approval of Toro:

- increase its interest in Toro above 28.0% or acquire additional Shares other than if that interest increases through a pro-rata participation in an entitlement offer by Toro; and
- requisition a Toro Shareholders meeting, solicit proxies or seek to influence or control the composition of the Board or decisions about Toro's financial and operating policies.

Mega has advised that:

- In addition to the agreed standstill restrictions, Mega's ability to implement its existing and any future intentions is subject to its obligations and the obligations of Toro to comply with the applicable provisions of the relevant regulatory requirements, including the Corporations Act and the Listing Rules, in particular in regards to related party transactions. Accordingly, Mega's intentions must be read as being subject to the legal obligation of the Directors to have regard to the interests of Toro and all Toro Shareholders.
- Other than as set out above and elsewhere in this Explanatory Statement, it is the current intention of Mega to:
  - continue the business of Toro;
  - not make any major changes to the business of Toro or to redeploy any of the assets of Toro;
  - not to enter into any proposed transaction whereby any property will be transferred between Toro and Mega or any of its associates; and
  - continue the employment of Toro's present employees in the ordinary course of business.

3.18. Transaction and Lake Maitland related risks

There are a number of risks associated with the Transaction and the achievement of the potential benefits associated with the Lake Maitland Acquisition. These include:

Failure to satisfy conditions

The Lake Maitland Acquisition is subject to a number of conditions, details of which are set out in section 2.2 of this Explanatory Statement. The conditions to the Lake Maitland Acquisition require actions and undertakings from a range of parties not controlled by Toro, or Mega. In addition, irrespective of the legal obligations which exist, there is a risk that persons do not perform, or do not fully perform, their contractual commitments. If the conditions are not satisfied or waived within the requisite period, the Lake Maitland Acquisition will not proceed.

Failure to reach agreement with the Project Partners for the joint development of Wiluna and Lake Maitland in a timely way or on terms that are favourable for Toro

The Farm - In Agreements relate specifically to the development of Lake Maitland and impose certain restrictions on Redport and its management of Lake Maitland prior to the formation of a joint venture. For example there are restrictions on disposal and the granting of any security in respect of the Lake Maitland Assets. Unless the Project Partners terminate the Farm – In Agreements or the option expires as outlined in section 3.4, their approval is necessary for the integration of Lake Maitland with Wiluna.

Once the joint venture has been formed the Project Partners have consent rights over key operating decisions in relation to Lake Maitland and are entitled to a 35% interest in the product from Lake Maitland. In addition the Project Partners have rights which could allow them to purchase up to 100% of the overall product of Lake Maitland. These rights may need to be renegotiated as part of any agreement with the Project Partners to allow for the joint development of both projects. However, it is possible that these rights may be an impediment to the entry into long term off take

agreements for the product from Lake Maitland or obtaining funding for the joint development of Lake Maitland and Wiluna.

Ability to process the Lake Maitland ore through the proposed mill at Wiluna

Lake Maitland is hosted in a similar geological setting to the Wiluna deposits and Toro believes the resources will be capable of treatment at the proposed Wiluna processing facility without modification to that plant design. However, Toro will not be able to demonstrate this until further test work and a feasibility study assessment is completed and this therefore remains a project risk for Toro.

Funding risk associated with the additional expenditure obligations and transaction costs associated with the Transaction

Toro will incur significant costs associated with the Transaction. Following completion of the Lake Maitland Acquisition, Toro will be subject to an increased level of expenditure obligations due to the increased number of tenements it holds. In the ordinary course of operations and development, Toro may be required to seek further funding in order to comply with these obligations in the medium to long term, or risk surrendering some of the tenements. Toro's ability to secure further funding is subject to external financial and credit market assessments and its own financial position.

Toro currently does not have sufficient capital to complete the DFS for Wiluna. The Lake Maitland Acquisition and further studies to investigate the integration of the development of Lake Maitland and Wiluna will increase total study costs.

Toro will also be subject to an increased refinancing risk in respect of the facility with MBL due to the increased expenses connected with holding the increased number of tenements following completion of the Lake Maitland Acquisition.

Forward looking statements

The statements in this document which constitute forward looking statements involve known and unknown risks, uncertainties and other factors which may impact on actual outcomes, many of which are outside the control of Toro. These factors will cause the actual results, performance or achievements of Toro to differ, perhaps materially, from the results, performance or achievements implied by the forward looking statements. The forward looking statements do not constitute a representation that the future results will be achieved and are presented to investors as a guide only. They are based on information known at the date of this Explanatory Statement.

Environmental and mining approvals

Environmental approvals still need to be obtained for Lake Maitland. In October 2010, the Environmental Protection Authority of Western Australia approved the ESD for Lake Maitland.

The ESD identifies the key potential environmental impacts of the project and defines the scope of investigations and studies needed to complete the ERMP, as the next stage in the government assessment and approval process. The ERMP is at an advanced stage of preparation.

As part of the logistics for the joint development of Wiluna and Lake Maitland, a solution for the transportation of ore between sites will need to be found. Whether the solution is the construction of a new haul road, the use of existing roads or piping of ore, an approval process remains to be completed.

Native title

There are no current native title claims and no registered Aboriginal heritage sites inside the Lake Maitland mining lease. It appears that the Kultju people exclusively claim title ownership of the land encompassed by Lake Maitland. Consultation with the traditional owners has included heritage surveys in and around the project area to ensure the protection of culturally significant areas during

on-going land disturbance work. A protocol has been signed with parties representing the Kultju People for the negotiation of a mining agreement.

Mineral resources and ore reserve estimation

Mineral resources and ore reserves are estimates based upon drilling results, past experience with mining properties, the experience of the person making the estimates and many other factors. Estimation is an interpretive process based upon available data. Further, ore reserves are valued based on future costs and future prices and consequently may be reduced with declines in or sustained low uranium prices. The actual quality and characteristics of deposits cannot be known until mining takes place and will almost certainly differ from assumptions used to develop resources and reserves.

Due diligence risks

Toro has given standard warranties in relation to Toro, its assets and the Shares to be issued to Mega under the Lake Maitland Acquisition. Toro may be exposed to a claim for damages if the warranties prove to be false.

3.19. General mining and industry risks

Lake Maitland is subject to similar general mining and industry risks as those which confront Toro and Wiluna. These include the risks of uranium price fluctuations, general economic factors, political and regulatory risks, environmental hazards and geological risks.

3.20. Directors recommendation

The Directors recommend that Shareholders vote in favour of Resolution 1, and have each notified Toro that they intend to vote all the Shares controlled by them in favour of the Resolution.

4. Resolution 2 – Escrow and Standstill restrictions

4.1. Overview of escrow and standstill restrictions and relevant interest

Mega has agreed to a 12 month voluntary escrow in respect of the Shares it will acquire under the Lake Maitland Acquisition, subject to customary market exceptions. It has also agreed that for a period of two years after completion it will:

- not increase its interest in Toro above 28.0% or acquire additional Shares, other than if that interest increases through a pro-rata participation in an entitlement offer by Toro;
- not requisition a Toro Shareholders meeting, solicit proxies or seek to influence or control the composition of the Board or decisions about Toro's financial and operating policies; and
- in the event that Pinetree acquires additional Shares taking the combined Mega/Pinetree holding above 28.8%, suspend its voting rights for an equivalent number of the Shares it holds,

(the **Escrow and Standstill Restrictions**).

As a result of the Escrow and Standstill Restrictions, Toro will acquire a technical "relevant interest" (as defined in the Corporations Act) in the Shares held by Mega. This is because Toro has the capacity to exercise negative control over these Shares in certain limited circumstances. For instance, Mega may only dispose of those Shares in limited circumstances during the 2 year escrow period, including with the approval of Toro. In addition, Mega may only vote those Shares to change the Board, if Toro agrees. These limited negative control rights are sufficient to give Toro a "relevant interest" in the Shares held by Mega. It is important to note that Toro cannot direct Mega to sell these Shares, nor can it direct Mega to vote the Shares in a particular way at a Toro shareholders meeting.

Section 608(3) of the Corporations Act deems OZ to have a relevant interest any Shares in which Toro has a relevant interest. This means that on completion of the Transaction OZ will have a deemed relevant in the 28.0% of Toro held by Mega in which Toro will have a relevant interest. This deemed interest is a theoretical interest which arises due to the technical application of the Corporations Act. OZ has no additional economic interest or capacity to vote these additional Shares.

After the Transaction, Mega will hold approximately 28.0 % of Toro, while OZ's ownership interest will be reduced to approximately 28.5%. OZ will retain its single representative on the Board of Toro, while Mega will have 2 Board representatives. Accordingly, OZ will not have the capacity to control how Toro or Mega deal with the 28.0% of Shares in which Oz has the deemed relevant interest.

4.2. Requirement for shareholder approval

The Corporations Act contains takeover provisions which limit the manner in which a person can acquire voting power in over 20% of a public company or acquire an interest in voting shares that has the effect of increasing another party's voting power in a public company to over 20% or if that other party already holds more than 20% increase that other party's voting power.

Acquisitions of this nature may proceed by obtaining the prior approval of shareholders for such an acquisition for the purposes of section 611 item 7 of the Corporations Act.

As the Escrow and Standstill Restrictions will have the effect of increasing:

- Toro's relevant interest in itself from no current holding to a maximum interest of 28.0% (thereby exceeding the 20% takeover threshold); and

- OZ's voting power from 28.5% (post completion of the Lake Maitland Acquisition) to a maximum voting power of 56.5% (although it will only be the registered owner of 28.5%).[4]

Toro is proposing to seek prior shareholder approval for the changes in these interests.

4.3. Additional disclosure required for this resolution

Toro notes that the requirement for this shareholder approval arises because of the technical operation of the relevant interest provisions of the Corporations Act.

Save for Toro's ability to enforce the Escrow and Standstill Restrictions against Mega, neither Toro nor OZ has any control over Mega, the Shares held by it or Mega's exercise of control over Toro and its business that may eventuate because of those Shares.

OZ has confirmed that it does not have any current intention in respect of its holding in Toro that is inconsistent with the intentions of Mega specified in section 3.17 of this Explanatory Statement.

Section 4.4 of this Explanatory Statement contains further disclosure required by reason of item 7 of section 611 of the Corporations Act and ASIC Policy Statement 74 (Acquisitions).

4.4. Intentions of OZ

Other than as set out above and elsewhere in this Explanatory Statement, it is not the current intention of OZ to inject any further capital into Toro.

Other than as set out above and elsewhere in this Explanatory Statement, it is not the current intention of OZ to exercise its voting rights as a Shareholder in favour of any resolution put to Shareholders by Toro to:

- change or discontinue the business of Toro;
- make any major changes to the business of Toro or to redeploy any of the assets of Toro;
- enter into any proposed transaction whereby any property will be transferred between Toro and OZ or any of its Associates;
- discontinue the future appointment of Toro's present employees in the ordinary course of business; and
- significantly change the financial or dividend distribution policies of Toro.

4.5. Directors recommendation

Save as set out below, the Directors recommend that Shareholders vote in favour of Resolution 2, and have each notified Toro that they intend to vote all the Shares controlled by them in favour of the Resolution.

Andrew Coles is a non-executive director of Toro and an executive officer of OZ. Mr Coles has abstained from voting on any Resolutions involving OZ and therefore makes no recommendation in relation to those resolutions.

4 In the event that the placements to OZ and Pinetree do not occur OZ will hold a 28.2% interest In Toro which together with the deemed relevant interest in the 28.5% shareholding of Mega means OZ would have a technical relevant interest of 56.7% (although it will only be the registered owner of 28.2%).

5. Resolution 3 – Approval of OZ Placement

5.1. Overview of OZ Placement

In conjunction with the Lake Maitland Acquisition, Toro has entered into a separate share subscription agreement with OZ for A$1 million. The settlement of this subscription will be conditional upon, or occur immediately before, the completion of the Lake Maitland Acquisition and all necessary consents and approvals being obtained.

OZ has agreed that the subscription price will be A$0.08 per share provided that if Toro conducts a capital raising before the completion of the Lake Maitland Acquisition, the issue price will be the same as the price of that capital raising. Completion under the subscription agreement will occur shortly after completion of the Lake Maitland Acquisition.

Issue price	*Subscription amount*	*No. of Shares issued*
8c per share	A$1.0 million	12,500,000

Any shares issued to OZ will be fully paid ordinary shares in the capital of Toro, issued on the same terms and conditions as Toro's existing Shares and ranking equally in all respects with all other Shares on issue.

The funds received from OZ will be applied to Toro's costs connected with the Lake Maitland Acquisition and general working capital purposes.

If Resolution 3 is passed, the Shares will be issued on the date that is three business days after the date on which completion of the Lake Maitland Acquisition occurs, or such other date as agreed between Toro and OZ, which, in any event, will be no later than three months after the date of the Meeting.

5.2. Requirement for Shareholder approval

Shareholder approval for the issue of Shares to OZ (or its nominee) is being sought under Listing Rule 7.1.

Listing Rule 7.1 provides that a company must not issue, or agree to issue, more than 15% of its total ordinary share capital within a 12 month period unless a specified exception applies or the issue is made with the prior approval of shareholders for the purpose of Listing Rule 7.1.

Resolution 3 seeks the approval of Shareholders to issue Shares to OZ so that they do not count towards Toro's 15% capacity under Listing Rule 7.1 and therefore do not restrict Toro's ability to issue securities without Shareholder approval. The outcome of Resolution 3 will have no effect on the issue of Shares to OZ as Toro has capacity under Listing Rule 7.1 to issue the Shares without Shareholder approval. However, if Shareholders do not pass Resolution 3, it will restrict the ability of Toro to issue securities without Shareholder approval until Toro's 15% capacity is replenished, in accordance with Listing Rule 7.1.

5.3. Directors' recommendation

Save as set out below, the Directors recommend that Shareholders vote in favour of Resolution 3, and have each notified Toro that they intend to vote all the Shares controlled by them in favour of the Resolution.

Andrew Coles is a non-executive director of Toro and an executive officer of OZ. Mr Coles has abstained from voting on any Resolutions involving OZ and therefore makes no recommendation in relation to those resolutions.

6. Resolution 4 – Approval of Pinetree Placement

6.1. Overview of Pinetree Placement

In conjunction with the Lake Maitland Acquisition, Toro has entered into a separate share subscription agreement with Pinetree for A$1 million. The settlement of this subscription will be conditional upon the completion of the Lake Maitland Acquisition and all necessary consents and approvals being obtained.

Pinetree has agreed that the subscription price will be A$0.08 per share provided that if Toro conducts a capital raising before the completion of the Lake Maitland Acquisition, the issue price will be the same as the price of that capital raising. Completion under the subscription agreement will occur shortly after completion of the Lake Maitland Acquisition.

Issue price	*Subscription amount*	*No. of Shares issued*
8c per share	A$1.0 million	12,500,000

Any shares issued to Pinetree will be fully paid ordinary shares in the capital of Toro, issued on the same terms and conditions as Toro's existing Shares and ranking equally in all respects with all other Shares on issue.

The funds received from Pinetree will be applied to Toro's costs connected with the Lake Maitland Acquisition and general working capital purposes.

If Resolution 4 is passed, the Shares will be issued on the date that is three business days after the date on which completion of the Lake Maitland Acquisition occurs, or such other date as agreed between Toro and Pinetree, which, in any event, will be no later than three months after the date of the Meeting.

6.2. Requirement for Shareholder approval

Shareholder approval for the issue of Shares to Pinetree (or its nominee) is being sought under Listing Rule 7.1.

Listing Rule 7.1 provides that a company must not issue, or agree to issue, more than 15% of its total ordinary share capital within a 12 month period unless a specified exception applies or the issue is made with the prior approval of shareholders for the purpose of Listing Rule 7.1.

Resolution 4 seeks the approval of Shareholders to issue Shares to Pinetree so that they do not count towards Toro's 15% capacity under Listing Rule 7.1 and therefore do not restrict Toro's ability to issue securities without Shareholder approval. The outcome of Resolution 4 will have no effect on the issue of Shares to Pinetree, as Toro has capacity under Listing Rule 7.1 to issue the Shares without Shareholder approval. However, if Shareholders do not pass Resolution 4, it will restrict the ability of Toro to issue securities without Shareholder approval until Toro's 15% capacity is replenished, in accordance with Listing Rule 7.1.

6.3. Directors' recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 4, and have each notified Toro that they intend to vote all the Shares controlled by them in favour of the Resolution.

7. Resolution 5 – Ratification of the issue of options to MBL

7.1. Overview of issue of options to MBL

On 1 November 2012, Toro announced that it had executed a committed letter of offer for an A$12 million convertible debt facility with MBL, following which the terms of the Facility Agreement were finalised on 21 February 2013.

The MBL facility is a secured loan with a term of three years from initial drawdown. The first tranche of A$8 million was made available following the completion of documentation and satisfaction of standard conditions precedent. The second tranche of A$4 million was made available after the completion of an additional condition precedent, being the receipt of federal government approval for the development of Wiluna. The interest rate applicable to the loan is at the Australian bank bill rate plus fixed margin.

In line with the terms of the Facility Agreement, Toro has issued three tranches of three year options to MBL at an exercise price set at a 20% premium to Toro's 30 day volume weighted average share price (**30 day VWAP**) which, if they were to be exercised, would raise funds equivalent to the A$12 million face value of the facility.

On execution of the commitment letter, Toro issued options to MBL equating to 25% of the Facility face value (or equivalent value A$3m). The remaining 75% of the options were issued to MBL at each drawdown with a strike price set at a 20% premium to the 30 day VWAP prior to the date of each drawdown and the number of options issued being equal to 75% of the face value of the tranche divided by the 30 day VWAP.

Pursuant to the Facility Agreement, Toro issued 102,358,051 options to MBL in three tranches dated 2 November 2012, 6 March 2013 and 27 June 2013. No additional consideration was paid for the issue of options to MBL.

In the event that Toro issues equity at a price below the exercise price of the options within 18 months of first drawdown or undertakes an in-specie distribution, the exercise price of the existing options will be adjusted in accordance with the Listing Rules. If circumstances require an exercise price adjustment cannot be made under Listing Rules, Toro can issue replacement options, pay cash, issue shares or new options, in order to compensate MBL for any reduction in value of their existing option holding.

Toro is obliged to repay the loan in full in the event of a sale of its interest in Wiluna or when it undertakes a loan drawdown in respect of any project funding of Wiluna. In respect of any other asset sales, Toro is obliged to direct 50% of any cash proceeds towards loan repayment when the asset sale has a value greater than A$2 million.

The issue of options was undertaken within Toro's annual 15% Placement capacity under Listing Rule 7.1. The terms of the options are as follows:

Options Issue date	No. of options	Exercise price	Expiration
2 November 2012	24,390,244	A$0.123	1 November 2015
6 March 2013	42,253,521	A$0.142	7 March 2016
27 June 2013	35,714,286	A$0.084	7 March 2016
Total	102,358,051	-	-

Under the terms of the Facility Agreement, any proceeds from the exercise of the options must be directed towards the repayment of the outstanding loan balance, if any.

Each option issued by Toro to MBL entitles its holder to the issue of one Share upon exercise by notice in writing and payment of the exercise price. Prior to 5pm on the option expiry date.

If before exercise or expiry of the options Toro implements a reorganisation of its capital, the options must be treated in the manner required by the Listing Rules. Toro must notify the option holder of any proposed variation to the proposed terms and conditions of the options no less than five business days prior to the date of variation and any variations to the terms and conditions of the options of the options immediately after the date of variation.

If there is a bonus issue to holders of Shares, the number of Shares over which an option is exercisable is increased by the number of Shares which the holder of the option would have received if the option had been exercised before the record date for the bonus issue.

If there is a pro rata issue to holders of Shares the exercise price of an option is reduced according to the formula set out in Listing Rule 6.22.2.

The option holder will be entitled to participate in any rights to take up additional rights on the same terms and conditions as are applicable to the other offerees or holders of Shares provided that the option holder has exercised any option prior to the record date for the relevant offer.

7.2. Requirement for Shareholder approval

Listing Rule 7.4 allows an issue of securities, made without the approval of shareholders, to be treated as if it had been approved by shareholders for the purposes of Listing Rule 7.1, provided that the issue did not breach Listing Rule 7.1 and shareholders subsequently approve the issue. As noted above, the issue of options was within Toro's 15% issue capacity under Listing Rule 7.1.

Resolution 5 seeks the approval of Shareholders to ratify the issue of options so that they do not count towards Toro's 15% capacity under Listing Rule 7.1 and therefore do not restrict Toro's ability to issue securities without Shareholder approval. The outcome of Resolution 5 will have no effect on the issue of options to MBL as they have already been issued. However, if Shareholders do not pass Resolution 5, it will restrict the ability of Toro to issue securities without Shareholder approval until Toro's 15% capacity is replenished, in accordance with Listing Rule 7.1.

7.3. Additional information required by Listing Rule 7.4

The following paragraphs set out the information required to be provided to Shareholders to the extent not included elsewhere in this Explanatory Statement, in relation to the approval sought under Listing Rule 7.4:

- The options are for Shares which rank parri passu with other fully paid Shares in Toro on issue.
- The funds raised under the Facility Agreement are to be used to fund exploration and development expenditure on Wiluna, exploration of other projects, working capital and general corporate purposes.
- Resolution 5 of the Notice of Meeting seeks the approval of Shareholders to exclude the issue of the options from the calculation of the 15% limit imposed by Listing Rule 7.1.

7.4. Directors' recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 5, and have each notified Toro that they intend to vote all the Shares controlled by them in favour of the Resolution.

8. Additional information

8.1. Director interests

As at the date of this Explanatory Statement:

Director	Interest in Shares	Interest in options
Vanessa Guthrie	1,083,333	2,000,000
Gregory Hall	176,333	3,000,000
Peter Lester	153,750	1,000,000
Erica Smyth	225,967	1,000,000

Andrew Coles, being the remaining current Director, and Richard Patricio and Richard Homsany, being the proposed Directors, have confirmed that they and their related entities have no interests in Shares or options as at the date of this Explanatory Statement.

8.2. Statutory disclosures

Requirement for Shareholder approval under section 611 item (7) of the Corporations Act – applicable to Resolution 1 and 2

The Corporations Act contains takeover provisions which limit the manner in which a person can acquire voting power over 20% in a listed company or, if it holds more than 20%, the way in which that interest may be increased.

Obtaining prior shareholder approval for an acquisition in a way which complies with the requirements of the Corporations Act is one permitted method for increasing an interest above 20%.

Accordingly, Toro seeks seeking Shareholder approval for the increases in voting power of Mega, Toro and OZ and their Associates that arise by virtue of the transactions contemplated under the Terms Sheet.

In addition to other information contained in this Explanatory Statement, Shareholders should note the following additional information that is relevant to Resolutions 1 and 2:

Additional information	Mega	Toro	OZ
Outline an explanation of the reasons for the transaction giving rise to the relevant interest	Refer to section 1.2	Refer to section 4	Refer to section 4
When the proposed acquisition is to occur	Completion of the Lake Maitland Acquisition	Completion of the Lake Maitland Acquisition	At, or immediately prior to, completion of the Lake Maitland Acquisition
Identity of acquirers and their Associates	Mega is the acquirer of a relevant interest. The following is a list of Mega's Associates: *Australian companies* • Mega Georgetown Pty Ltd • Mega Hindmarsh Pty Ltd • Mega Hindmarsh	Toro is the acquirer of a relevant interest. The following is a list of Toro's Associates: • Minotaur Uranium Pty Ltd • Oxiana Energy Pty Ltd • Nova Energy Pty Ltd • Nova Energy (Africa) Pty Ltd	OZ is the acquirer of a relevant interest. Details of the substantial shareholders in OZ disclosed on ASX as at 15 August 2013 are as follows: • M&G Investment Funds (17.12%) • Vanguard Precious Metals and Mining

Additional information	Mega	Toro	OZ
	Holdings Pty Ltd • Mega Redport Pty Ltd • Future Metals and Energy Pty Ltd • Boxcut Mining Pty Ltd • Lightstar Pty Ltd • Mega Lake Miatland Pty Ltd • Mega Redport Pty Ltd • Mega Redport Holdings Pty Ltd • Mega Stations Holdings Pty Ltd (50%) • Mineral Development Australia Proprietary Limited • Mundong Well Redport Pty Ltd • Redport Exploration Pty Ltd • Simmax Mining Pty Limited *Canadian companies* • Monster Copper Corporation • Uranium Mineral Ventures Inc • Nu Energy Corporation *Other* • Mega Cameroon Pty Ltd		Fund (8.81%) • JCP Investment Partners (8.68%) • Merrill Lynch & Co (6.89%) • National Australia Bank and associates (5.09%) The following is a list of OZ's Associates: • Minotaur Resources Holdings Pty Ltd Australia • OZ Exploration Pty Ltd Australia • OZ Minerals Agincourt Holdings Pty Ltd Australia • OZ Minerals Agincourt Pty Ltd Australia • OZ Minerals Equity Pty Ltd Australia • OZ Minerals Europe Ltd Channel Islands • OZ Minerals Finance (Holdings) Pty Ltd Australia • OZ Minerals Finance Pty Ltd Australia • OZ Minerals Golden Grove (Holdings) Pty Ltd Australia • OZ Minerals Group Treasury Pty Ltd Australia • OZ Minerals Holdings Limited Australia • OZ Minerals Insurance Pte Ltd Singapore • OZ Minerals International (Holdings) Pty Ltd Australia • OZ Minerals Investments Pty Ltd Australia • OZ Minerals Mexico SA de CV Mexico

Additional information	Mega	Toro	OZ
			• OZ Minerals Prominent Hill Operations Pty Ltd Australia • OZ Minerals Prominent Hill Pty Ltd Australia • OZ Minerals Reliance Exploration Pty Ltd Australia • OZ Minerals Superannuation Pty Ltd Australia • OZ Minerals Zinifex Holdings Pty Ltd Australia • OZ Minerals Carrapateena Pty Ltd Australia • OZ Exploration Chile Limitada Chile • OZM Carrapateena Pty Ltd Australia • OZ Exploration (USA) LLC USA • ZRUS Holdings Pty Ltd
Shares and maximum voting power to which the allottees will be entitled immediately before and after the allotment	Mega currently holds no voting power and will acquire 28.0% of the voting power in Toro after the allotment	Toro will not acquire any Shares but will obtain a maximum technical relevant interest of 28.0%	OZ will not acquire any Shares but will obtain a maximum technical relevant interest of 56.5%
Details of any relevant agreement between acquirer and Toro conditional upon Shareholder approval	None	None	None
Intentions in respect of Toro	Refer to section 3.17	Not applicable	Refer to section 4.4
Interest any Director has in the acquisition or relevant agreement	None	None	None
Details of person who intend to become directors if Shareholders approve Resolution	Refer to section 3.9	None	None

Listing Rule 7.2 (exception 16) – applicable to Resolution 1

Listing Rule 7.1 provides, in summary, that a listed company may not issue equity securities in any 12 month period which exceed 15% of the number of issued securities of the company held at the beginning of he 12 month period, except with the prior approval of shareholders of the company in general meeting unless another exception to Listing Rule 7.1 applies.

Listing Rule 7.2 (exception 16) provides that a company may issue equity securities exceeding its 15% limit under Listing Rule 7.1 if the issue of the securities is approved for the purposes of item 7 of section 611 of the Corporations Act. Accordingly, should Shareholders approve the issue of Shares to Mega for the purposes of item 7 of section 611 of the Corporations Act, the issue of these Shares will not count towards determining the number of equity securities which Toro can issue in any 12 month period.

Requirement for Shareholder approval under Listing Rule 7.1 – applicable to Resolution 3 and 4

Listing Rule 7.1 provides that a listed company must not issue or agree to issue more than 15% of its total ordinary share capital within a 12 month period unless a specified exception applies or the issue is made with the prior approval of shareholders for the purpose of Listing Rule 7.1.

Toro currently has capacity under Listing Rule 7.1 and its additional Listing Rule 7.1A capacity to issue the Shares to Pinetree and OZ.

Shareholder approval under Listing Rule 7.4 – applicable to Resolution 5

As mentioned above, Listing Rule 7.1 places a general prohibition on a listed company issuing more than 15% of its equity securities in any 12 months period without obtaining shareholder approval. Listing Rule 7.4 provides, in summary, that an issue of securities made without shareholder approval is treated as having been made with the approval for the purposes of Listing Rule 7.1 if:

(i) the issue itself did not breach Listing Rule 7.1; and

(ii) Shareholders of the company subsequently approve the issue.

8.3. Consent to information

The content of sections 3.15, 3.16 and 3.17 of this Explanatory Statement have been approved by Mega. Mega is therefore solely responsible for that content.

The content of section 4.4 of this Explanatory Statement has been approved by OZ. OZ therefore is solely responsible for that content.

8.4. Other material information

Except as otherwise set out in this Explanatory Statement, the Directors of Toro are not aware of any information material to the making of a decision by Shareholders in relation to the Lake Maitland Acquisition, being information that is within the knowledge of any Director of Toro and which has not been previously disclosed to Shareholders.

8.5. Continuous disclosure

As an ASX listed company, Toro is subject to regular reporting and disclosure obligations. These obligations require Toro to disclose to the ASX any information that a reasonable person would expect to have a material effect on the price or value of the securities of Toro. Further information can be found at:

Website details – www.toroenergy.com.au

ASX code – TOE

8.6. Competent Persons Statements

The information presented in this Explanatory Statement that relates to Mineral Resources of Wiluna is based on information compiled by Dr Katrin Karner of Toro, Mr Robin Simpson and Mr Daniel Guibal of SRK Consulting (Australasia) Pty Ltd. Mr Guibal takes overall responsibility for the resource estimates and Dr Karner takes responsibility for the integrity of the data supplied for the estimation. Dr Karner is a Member and Mr Guibal is a Fellow of the Australian Institute of Mining and Metallurgy (AUSIMM) and, Mr Simpson is a Member of the Australian Institute of Geoscientists 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 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. At the time of the relevant resource estimations Dr Karner was a consultant to Toro and Mr Guibal and Mr Simpson were employees of SRK Consulting (Australasia) Pty Ltd and also consultants to Toro. The competent persons listed above consent to the inclusion of this release of the matters based on the information in the form and context in which it appears.

The information in this Explanatory Statement that relates to exploration results and Mineral Resources of Lake Maitland reported by Mega has been prepared in accordance with the Canadian Securities Administrators, National Instrument 43-101 (NI43-101). Specifically, NI43-101 requires that Mineral Resource estimates be prepared in accordance and have the meaning ascribed by the Canadian Institute of Mining and Petroleum (CIM) Definition Standards. NI43-101 Companion Policy also identifies the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (**JORC Code**) as an "acceptable foreign code" for the estimation of mineral resources and that it is substantially similar to CIM Definition Standards as both are based on and are consistent with the International Reporting Template, published by the Committee for Mineral Reserves International Reporting Standards. As such, it has been determined that the Lake Maitland mineral resource estimates prepared in accordance with CIM Standard Definitions would not be materially different than those prepared in accordance with the JORC Code.

The information in this Explanatory Statement that relates to exploration results and Mineral Resources of Lake Maitland reported by Mega is based on information compiled by Mr Stewart Taylor of Mega and Mr Peter Gleeson of SRK Consulting (UK) and Mr Daniel Guibal of SRK Consulting (Australasia) Pty Ltd. Mr Guibal takes overall responsibility for the resource estimates and Mr Taylor and Mr Wheeler take responsibility for the integrity of the data supplied for the estimation. Mr Taylor and Mr Guibal are Fellows of the Australian Institute of Mining and Metallurgy and Mr Wheeler and Mr Gleeson are Members of the Australian Institute of Geoscientists, all 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 qualified persons under the Canadian National Instrument 43-101 standards for disclosure for mineral projects and is a Competent Person as defined in the JORC Code. Mr Stewart Taylor is an employee of Mega. Mr Guibal and Mr Gleeson are employees of SRK Consulting (Australasia) and SRK Consulting (UK) respectively) and at the time of the relevant resource estimation were consultants to Mega. The qualified persons listed above consent to the inclusion in this release of the matters based on the information in the form and context in which it appears.

Glossary

$ means Australian dollars.

30 day VWAP means Toro's 30 day volume weighted average share price.

Associate has the meanings given to it in sections 11 and 12 of the Corporations Act.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited or the Australian Securities Exchange, as the context requires.

BDO means BDO Corporate Finance (WA) Pty Ltd.

Board means the current board of directors of Toro.

Chairman means the chairman of Toro.

Constitution means the constitution of Toro.

Corporations Act means the *Corporations Act 2001* (Cth).

DFS means a definitive feasibility study.

Director means a current director of Toro.

ESD means Environmental Scoping Document.

Explanatory Statement means the explanatory statement attached to this Notice of Meeting.

Extraordinary General Meeting or **Meeting** means the extraordinary general meeting convened by the Notice.

Facility Agreement means the facility agreement dated 21 February 2013 made between Toro, Nova and MBL.

Farm - In Agreements means the series of agreements between the Project Partners and Redport in respect of a joint venture in relation to Lake Maitland.

IMEA means ITOCHU Minerals and Energy Australia Pty Ltd.

Independent Expert means BDO.

Independent Expert Report means independent expert report prepared by BDO.

Independent Technical Report means the independent technical report prepared by Optiro.

JAURD means JAURD International Lake Maitland Project Pty Ltd.

JORC means the Joint Ore Reserves Committee.

Lake Maitland means the Lake Maitland uranium project.

Lake Maitland Assets means Lake Maitland and any associated rights, assets and mining information.

Lake Maitland Acquisition means the acquisition by Toro of all of the assets, rights and interests of Mega in the Lake Maitland Assets.

Listing Rules means the Official Listing Rules of ASX.

MBL means Macquarie Bank Limited ACN 008 583 542.

Mega means Mega Uranium Limited.

Notice or Notice of Meeting means the notice of meeting accompanying this Explanatory Statement.

Nova means Nova Energy Pty Ltd ACN 111 599 154.

Optiro means Optiro Pty Limited.

OZ means OZ Minerals Limited.

OZ Subscription Agreement means the subscription agreement entered into by Toro and OZ dated 11 August 2013.

Pinetree means Pinetree Capital Ltd.

Pinetree Subscription Agreement means the subscription agreement entered into by Toro and Pinetree dated 11 August 2013.

Placement means the placement of Shares to OZ and/or Pinetree (as the case may be) in accordance with the subscription agreements entered into with Toro.

Project Partners means JAURD and IMEA.

Proxy Form means the proxy form accompanying the Notice of Meeting.

Redport means Redport Exploration Pty Ltd ACN 113 024 570.

Reports means the Independent Expert Report and the Independent Technical Report.

Resolutions means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

Restructure means the restructure of Mega's interest in the Lake Maitland Assets so that the Lake Maitland Assets are all held by Redport or its subsidiaries.

Rockgate means Rockgate Capital Corp.

Share means a fully paid ordinary share in the capital of Toro.

Shareholder means a holder of a Share.

Terms Sheet means the binding terms sheet entered into by Toro and Mega in relation to the Lake Maitland Acquisition dated 11 August 2013.

Toro means Toro Energy Limited ACN 117 127 590.

Transaction means the Lake Maitland Acquisition and the share subscriptions by Pinetree and OZ.

TSX means the Toronto Stock Exchange, or as the context requires, the financial market operated by it.

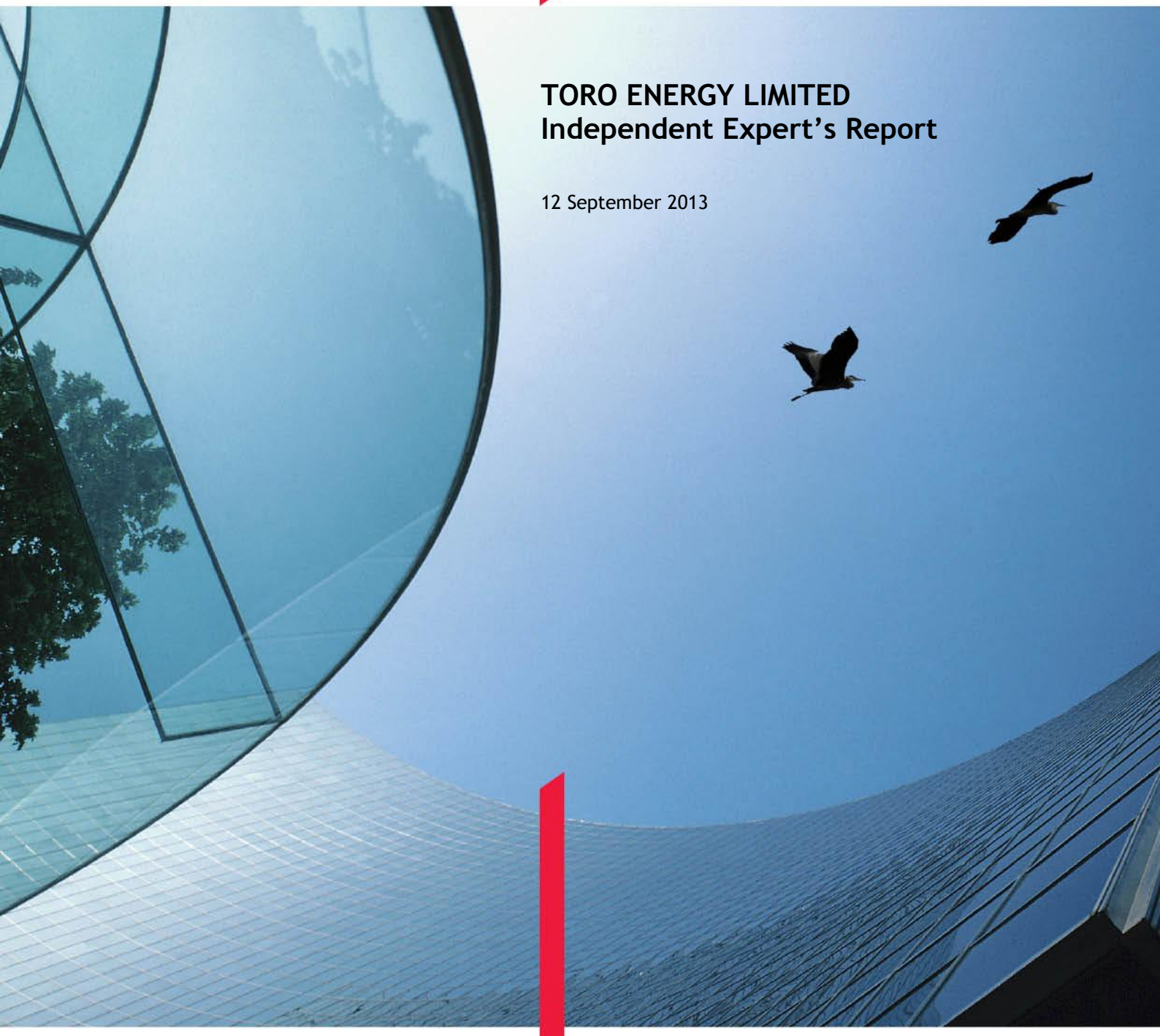
VWAP means volume weighted average price.

Wiluna means the Wiluna uranium project, including the Centipede, Millipede, Nowthanna, Dawson Hinkler and Lake Way deposits.

Schedule 1 - Independent Reports

Part A –Independent Expert Report

Part B –Independent Technical Report



TORO ENERGY LIMITED
Independent Expert's Report

12 September 2013

BDO

Financial Services Guide

12 September 2013

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 (**"we"** or **"us"** or **"ours"** as appropriate) has been engaged by Toro Energy Limited (**"Toro"**) to provide an independent expert's report on the proposal to issue Toro shares to a subsidiary of Mega Uranium Limited in consideration for the acquisition of the Lake Maitland Project. You will be provided with a copy of our report as a retail client because you are a shareholder of Toro.

Financial Services Guide
In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide (**"FSG"**). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- Who we are and how we can be contacted;
- The services we are authorised to provide under our Australian Financial Services Licence, Licence No. 316158;
- Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- Any relevant associations or relationships we have; and
- Our internal and external complaints handling procedures and how you may access them.

Information about us
BDO Corporate Finance (WA) Pty Ltd is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

Financial services we are licensed to provide
We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients.

When we provide the authorised financial services we are engaged to provide expert reports in connection with the financial product of another person. Our reports indicate who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice
We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice.

Fees, commissions and other benefits that we may receive
We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately $30,000.

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Remuneration or other benefits received by our employees
All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from Toro for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

Referrals
We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Complaints resolution
Internal complaints resolution process
As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, PO Box 700 West Perth WA 6872.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than **45 days** after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme
A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service (“**FOS**”). FOS is an independent organisation that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial service industry. FOS will be able to advise you as to whether or not they can be of assistance in this matter. Our FOS Membership Number is 12561. Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Toll free: 1300 78 08 08
Facsimile: (03) 9613 6399
Email: info@fos.org.au

Contact details
You may contact us using the details set out on page 1 of the accompanying report.

TABLE OF CONTENTS

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PO Box 700 West Perth WA 6872
Australia

12 September 2013

The Directors
Toro Energy Limited
Level 2
35 Ventnor Avenue
WEST PERTH WA 6005

Dear Sirs

INDEPENDENT EXPERT'S REPORT

1. Introduction

On 12 August 2013, Toro Energy Limited ("**Toro**" or "**the Company**") announced that it had entered into a binding terms sheet to acquire the Lake Maitland Assets (including the Lake Maitland Project) from Mega Uranium Limited ("**Mega**"). Toro will issue Mega 415 million fully paid ordinary shares in Toro as consideration for the Lake Maitland Assets ("**the Transaction**").

Following the Transaction, Mega will hold approximately 28.48% of the issued capital of Toro, as such an independent expert's report is required under item 7 of section 611 of the Corporations Act. This is the subject of resolution 1. As a result of restrictions that will be placed on the shares that will be issued to Mega, Toro (and as a consequence OZ Minerals Ltd) will have an interest in those shares. This is the subject of resolution 2.

2. Summary and Opinion

2.1 Purpose of the report

The directors of Toro have requested that BDO Corporate Finance (WA) Pty Ltd ("**BDO**") prepare an independent expert's report ("**our Report**") to express an opinion as to whether or not the Transaction is fair and reasonable to the non associated shareholders of Toro ("**Shareholders**").

Our Report is prepared pursuant to section 611 of the Corporations Act and is to be included in the Explanatory Memorandum for Toro in order to assist the Shareholders in their decision whether to approve the Transaction.

2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission ("**ASIC**"), Regulatory Guide 111 ("**RG 111**"), 'Content of Expert's Reports' and Regulatory Guide 112 ("**RG 112**") 'Independence of Experts'.

In arriving at our opinion, we have assessed the terms of the Transaction as outlined in the body of this report. We have considered:

- How the value of the Lake Maitland Assets compares to the value of 415 million Toro shares to be issued to Mega;
- Whether a premium for control is being offered in relation to the issue of Toro shares and whether this is appropriate;
- The technical relevant interests created by the terms of the Transaction;
- Other factors which we consider to be relevant to the Shareholders in their assessment of the Transaction; and
- The position of Shareholders should the Transaction not be approved.

2.3 Opinion

We have considered the terms of the Transaction as outlined in the body of this report and have concluded that the Transaction is fair and reasonable to Shareholders.

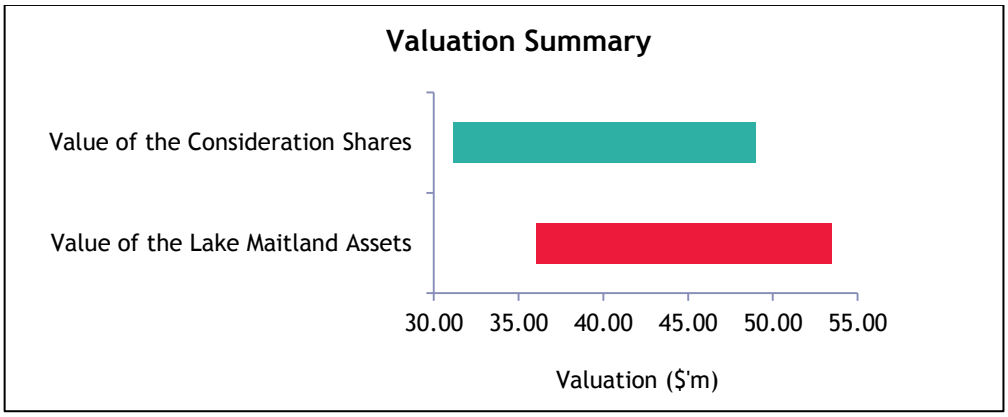
2.4 Fairness

In section 12 we determined how the value of the Lake Maitland Assets compares to the value of Toro shares issued (including a premium for control), as detailed below.

	Ref	Low $'m	Preferred $'m	High $'m
Value of the Consideration Shares	10.4	31.1	39.4	47.3
Value of the Lake Maitland Assets	11	36.1	44.8	53.5

The above valuation ranges are graphically presented below:

The above pricing indicates that, in the absence of any other relevant information the Transaction is fair for Shareholders.



2.5 Reasonableness

We have considered the analysis in section 13 of this report, in terms of both:

- advantages and disadvantages of the Transaction; and
- other considerations, including the position of Shareholders if the Transaction is not approved and the consequences of not approving the Transaction.

In our opinion, the position of Shareholders if the Transaction is approved is more advantageous than the position if the Transaction is not approved. Accordingly, in the absence of any other relevant information, we believe that the Transaction is reasonable for Shareholders.

The respective advantages and disadvantages considered are summarised below:

ADVANTAGES AND DISADVANTAGES			
Section	**Advantages**	**Section**	**Disadvantages**
12	The Transaction is Fair	13.6	Dilution of existing Shareholders' interests
13.5	Shareholders may benefit from the potential upside of the Lake Maitland Project		
13.5	Increased resource base will improve the economics of Toro's asset base.		
13.5	Increased cash holding		

Other key matters we have considered include:

Section	Description
13.2	Practical level of control
13.3	Restrictions on the Consideration Shares
13.4	Consequences of not approving the Transaction

3. Scope of the Report

3.1 Purpose of the Report

Section 606 of the Corporations Act Regulations (**"the Act"**) expressly prohibits the acquisition of shares by a party if that acquisition will result in that person (or someone else) holding an interest in 20% or more of the issued shares of a public company, unless a full takeover offer is made to all shareholders. If the Transaction is approved Mega will have the capacity to hold an interest of up to 28.85% in the issued shares of Toro. As a result of restrictions that will be placed on the shares that will be issued to Mega, Toro (and as a consequence Oz Minerals Ltd) will have an interest in those shares.

Item 7 of section 611 permits such an acquisition if the shareholders of that entity have agreed to the issue of such shares. This agreement must be by resolution passed at a general meeting at which no votes are cast in favour of the resolution by any party who is associated with the party acquiring the shares, or by the party acquiring the shares. Section 611 states that shareholders of the company must be given all information that is material to the decision on how to vote at the meeting.

Regulatory Guide 74 issued by ASIC deals with "Acquisitions Agreed to by Shareholders". It states that the obligation to supply shareholders with all information that is material can be satisfied by the non-associated directors of Toro, by either:

- undertaking a detailed examination of the Transaction themselves, if they consider that they have sufficient expertise; or
- by commissioning an Independent Expert's Report.

The directors of Toro have commissioned this Independent Expert's Report to satisfy this obligation.

3.2 Regulatory guidance

Neither the Listing Rules nor the Corporations Act defines the meaning of "fair and reasonable". In determining whether the Transaction is fair and reasonable, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

This regulatory guide suggests that where the transaction is a control transaction, the expert should focus on the substance of the control transaction rather than the legal mechanism to affect it. RG 111 suggests that where a transaction is a control transaction, it should be analysed on a basis consistent with a takeover bid.

In our opinion, the Transaction is a control transaction as defined by RG 111 and we have therefore assessed the Transaction as a control transaction to consider whether, in our opinion, it is fair and reasonable to Shareholders.

3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is greater than the value of the securities subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. When considering the value of the securities subject of the offer in a control transaction the expert should consider this value inclusive of a control premium. Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert

believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Having regard to the above, BDO has completed this comparison in two parts:

- A comparison between the value of the Lake Maitland Assets being acquired and the value of the Toro shares being issued as consideration (fairness – see Section 12 "Is the Transaction Fair?"); and
- An investigation into other significant factors to which Shareholders might give consideration, prior to approving the resolution, after reference to the value derived above (reasonableness – see Section 13 "Is the Transaction Reasonable?").

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services' ("**APES 225**").

A Valuation Engagement is defined by APES 225 as follows:

"an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time."

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.

4. Outline of the Transaction

The Transaction

On 12 August 2013, Toro announced that it had entered into a binding terms sheet to acquire Mega's Lake Maitland Project ("**Lake Maitland**") including the associated rights, assets, pastoral lease and mining information (collectively, the "**Lake Maitland Assets**"). $1.5 million of cash reserves are included in the Lake Maitland Assets which will be acquired from Mega as part of the Transaction.

As consideration for the acquisition of the Lake Maitland Assets, Toro will issue 415 million fully paid ordinary shares to Mega ("**Consideration Shares**").

The Transaction will be effected by Toro's 100% owned subsidiary, Nova Energy Pty Ltd, acquiring 100% of the issued capital of Mega's 100% owned subsidiary Redport Exploration Pty Ltd ("**Redport**").

Mega will have the right to nominate two directors to the Board of Toro following the completion of the Transaction as long as Mega maintains a minimum interest of 22%.

For a two year period following the completion of the Transaction, Mega will not increase its interest in Toro above 28.0% or acquire additional shares other than if that interest increases through a pro-rata participation in an entitlement offer by Toro.

Toro will pay Mega a break fee to reimburse Mega for its reasonable pre-transaction costs and expenses incurred of A$1 million if:

a) Mega terminates the Transaction due to a material breach by Toro, or;

b) the Board cease to recommend shareholders approve the Transaction other than where the independent expert indicates that the Transaction:

- is not fair and is not reasonable; or
- is not fair but reasonable where the Board reasonably believe that the Transaction is not in the best interest of Toro shareholders in the circumstances.

Mega will pay Toro a break fee to reimburse Toro for its reasonable transaction costs and expenses incurred of A$1 million if:

a) Toro terminates the Transaction due to a material breach by Mega, or;

b) Mega directors fail to approve and support the Transaction; or

c) IMEA and JAURD exercise any rights of pre-emption or other rights to acquire a further interest in any Lake Maitland assets or fail to give any consent required under the Lake Maitland farm-in agreements to enable the Transaction to proceed.

Restrictions on Consideration Shares

Shares to be held in escrow

Mega must ensure that it and its related entities do not dispose of the Consideration Shares for a period of 12 months after completion of the Transaction unless the prior written approval from Toro is obtained.

Standstill

Mega must do all things to ensure that following the completion of the Transaction:

a) It does not increase its interest above 28%, or acquire additional Toro shares other than if that interest increases through a pro-rata participation in an entitlement offer by Toro;

b) it does not requisition a shareholders' meeting, solicit proxies from shareholders of Toro or otherwise seek to influence or control the composition of Toro's board or decisions about Toro's financial and operating policies (without limiting the rights of any Mega nominee on the Toro's board in his or her capacity as director),

for a period of two years after the completion of the Transaction unless the prior written approval of Toro is obtained.

Mega restrictions if Pinetree acquires Toro Shares

For a period of two years after completion of the Transaction, in the event that Pinetree acquires additional shares taking the combined Mega and Pinetree holding above 28.8%, Mega has agreed that it will suspend its voting rights for an equivalent number of the shares it holds

See the accompanying Notice of Meeting and Explanatory Memorandum for the full key terms of the Transaction.

Subscription Shares

Toro announced on 12 August 2013 that in addition to the Transaction, Pinetree Capital Ltd (**"Pinetree"**) and Oz Minerals Limited (or its nominee) (**"Oz Minerals"**) will each subscribe for $1 million fully paid ordinary shares in Toro at a subscription price of 8 cents per share, equating to 12.5 million shares each (**"the Subscription Shares"**).

Settlement of the Pinetree and OZ Minerals subscriptions is conditional upon, or will occur immediately before, completion of the Transaction.

Capital structure of Toro following the Transaction

Following the Transaction, Mega will hold approximately 28.48% of the issued capital of Toro which will reduce to 28% following the issue of the Subscription Shares.

Capital structure following the proposed Transaction	Existing Toro shareholders (excluding Oz Minerals)	Mega Uranium Ltd	Oz Minerals	Pinetree	Total
Current number of Toro shares on issue	631,677,298	-	410,259,378	-	1,041,936,676
	60.63%	0.00%	39.37%	0.00%	100.00%
Shares issued under the SPA Shares issued to Mega as consideration for the Lake Maitland Assets	-	415,000,000	-	-	415,000,000
Total shareholding following the Transaction	631,677,298	415,000,000	410,259,378	-	1,456,936,676
	43.36%	28.48%	28.16%	0.00%	100.00%
Shares issued under the share subscription agreements					
Shares to be issued to Oz Minerals	-	-	12,500,000	-	12,500,000
Shares to be issued to Pinetree	-	-	-	12,500,000	12,500,000
Total holding after the Transaction & Share Subscription	631,677,298	415,000,000	422,759,378	12,500,000	1,481,936,676
	42.63%	28.00%	28.53%	0.84%	100.00%

Conditions Precedent to completing the Transaction

The Transaction is conditional on:

- Toro shareholder approval under ASX LR7.1 and s611 item (7) of the Corporations Act in relation to the Transaction;
- Mega's project partners, Japan Australia Uranium Resources Development ("**JAURD**") and Itochu Minerals & Energy of Australia ("**IMEA**"), not electing to exercise any pre-emptive rights and providing any consent in relation to the Transaction to the extent required;
- No material adverse change in Redport and its subsidiaries and the Lake Maitland Assets or breach of warranty given by Mega;
- No material adverse change in Toro occurring;
- Redport and its subsidiaries being restructured to hold all of the Lake Maitland Assets to the reasonable satisfaction of Toro;
- Any necessary FIRB approval required by Mega and Toro in relation to the Transaction;
- Approval under Toro's Macquarie Bank facility and any consents required to include certain Lake Maitland Assets as the security under that facility;
- Toro being satisfied that completion of the share subscription by Pinetree and Oz Minerals will occur.

5. Profile of Toro Energy Limited

5.1 History

Toro Energy Limited is an exploration and development company focussed on producing uranium assets in Western Australia. The Company was incorporated in Australia in November 2005 and obtained admission onto the ASX on 23 March 2006. Toro's head office is based in West Perth, Western Australia. The current Board and management team of Toro comprises of the following members:

- Dr Erica Smyth – Non executive Chairman
- Greg Hall – Non executive Director
- Andrew Coles – Non executive Director
- Peter Lester – Non executive Director
- Dr Vanessa Guthrie – Managing Director
- Todd Alder – General Manager & joint Company Secretary
- Donald Stephens – Joint Company Secretary
- Andrew Worland – General Manager Project Finance & Strategy
- John Baines – Manager Processing
- Richard Yeeles – Approvals and Community Director- Wiluna
- Greg Shirtliff – Geology Manager
- David Rawlings – Regional Exploration Manager

The Company has the following uranium projects based in Western Australia:

Wiluna Project (100%)

The Wiluna project is located approximately 960 kilometres north-east of Perth and 520 kilometres north of Kalgoorlie. The project comprises two approved deposits, Centipede and Lake Way, and three other deposits. The project contains total resources representing 54 million pounds of U_3O_8 (3.75 mlb measured resources, 13.65 mlb indicated resources and 36.16 mlb inferred resources).

During 2013, Toro completed a resource drilling program of 435 drill holes. Analysis of the progress is currently being performed and the results are expected to be released in September 2013.

Toro is currently focusing on mining studies and value engineering. The majority of the Definitive Feasibility Study ("**DFS**") engineering is expected to be completed in 2014. Toro has forecast to start uranium production and sales in 2016. The forecast life of mine is between 10 and 14 years. The Wiluna mine will be an open cut mine.

There were no Federal Court appeals against the decision of the Federal Environment Minister to approve the Wiluna Project. A 28 day appeal period expired in June 2013.

Theseus Prospect (100%)

The Theseus prospect is located near Lake Mackay on the Western Australian/Northern Territory border. Toro has 3,500 km^2 of exploration licences in the enclosing Lake Mackay Project.

Theseus is a new uranium target and Toro has identified an inferred mineral resource of 6.9 million pounds of U_3O_8.

Toro has planned to undertake further drilling programs over the coming years in order to assess the extent of the uranium presence and it's amenability to In situ Recovery extraction methods.

Reynolds Range Project

Two Airborne Electro-Magnetic surveys ("**AEM**") have been performed over Reynolds Range. The results of those surveys correlate to anomalous uranium intersections made by Toro in 2010.

Further information on Toro's projects may be found in Appendix 4.

5.2 Historical Balance Sheet

Toro Energy Limited Statement of Financial Position	Unaudited as at 30-Jun-13 $	Audited as at 30-Jun-12 $	Audited as at 30-Jun-11 $
CURRENT ASSETS			
Cash and cash equivalents	11,244,118	12,808,887	29,662,943
Trade and other receivables	496,239	281,569	289,579
Other current assets	102,528	150,305	338,756
TOTAL CURRENT ASSETS	11,842,885	13,240,761	30,291,278
NON-CURRENT ASSETS			
Property, plant and equipment	1,482,673	2,061,343	2,644,639
Exploration and evaluation expenditure assets	88,709,870	83,714,760	67,403,197
TOTAL NON-CURRENT ASSETS	90,192,543	85,776,103	70,047,836
TOTAL ASSETS	102,035,428	99,016,864	100,339,114
CURRENT LIABILITIES			
Trade and other payables	1,351,601	3,184,359	1,190,115
Short-term provisions	150,934	210,809	225,113
TOTAL CURRENT LIABILITIES	1,502,535	3,395,168	1,415,228
NON-CURRENT LIABILITIES			
Long-term borrowings	7,824,460	-	-
Long-term provisions	83,435	183,109	115,825
TOTAL NON-CURRENT LIABILITIES	7,907,895	183,109	115,825
TOTAL LIABILITES	9,410,430	3,578,277	1,531,053
NET ASSETS	92,624,998	95,438,587	98,808,061
EQUITY			
Issued capital	217,588,796	217,588,796	211,564,891
Reserves	6,822,418	3,327,664	2,319,084
Accumulated losses	(131,786,216)	(125,477,873)	(115,075,914)
TOTAL EQUITY	92,624,998	95,438,587	98,808,061

Source: Toro's 2011 and 2012 Annual Report and unaudited financial statements for the year ended 30 June 2013.

5.3 Historical Statement of Comprehensive Income

Toro Energy Limited Statement of Comprehensive Income	Unaudited for the year ended 30-Jun-13 $	Audited for the year ended 30-Jun-12 $	Audited for the year ended 30-Jun-11 $
Revenue			
Other income	345,612	936,988	2,432,429
Expenses			
Impairment of exploration & evaluation assets	(2,824,564)	(5,659,712)	(18,969,429)
Impairment of investment in associate	-	(419,525)	(1,109,255)
Employee benefits expense	(1,580,448)	(3,056,610)	(1,952,923)
Depreciation expense	(494,753)	(701,369)	(554,945)
Finance costs	(638,642)	-	(926)
Other expenses	(1,694,146)	(1,762,525)	(1,575,686)
Loss before income tax expense	(6,886,941)	(10,662,753)	(21,730,735)
Income tax expense	-	(35,626)	-
Loss for the period	**(6,886,941)**	**(10,698,379)**	**(21,730,735)**
Loss attributable to members of the parent entity	**(6,886,941)**	**(10,698,379)**	**(21,730,735)**
Other comprehensive loss			
Exchange differences arising on translation of foreign operations	-	-	(111,899)
Total comprehensive loss for the year	**(6,886,941)**	**(10,698,379)**	**(21,842,634)**

Source: Toro's 2011 and 2012 Annual Report and unaudited financial statements for the year ended 30 June 2013.

We have not undertaken a review of Toro's unaudited management accounts in accordance with Australian Auditing and Assurance Standard 2405 "Review of Historical Financial Information" and do not express an opinion on this financial information. However nothing has come to our attention as a result of our procedures that would suggest the financial information within the management accounts has not been prepared on a reasonable basis.

Financial statement analysis

Profit and Loss Statement

Toro's loss in FY2013 has decreased 68% to $6.9 million from $21.7 million in FY2011. The primary reason for this improvement was the decrease in the impairment of exploration and evaluation assets which has decreased from $19.0 million in FY2011 to $2.8 million in FY2013.

Of the $19 million impairment expense in FY2011, $8.1 million related to Toro ceasing exploration activities over 16 of its tenements and $10.9 million related to write-downs of uranium assets as a result of the significant decrease in the Uranium spot price following the Fukushima disaster in March 2011.

In FY2011, Toro also impaired its 25% investment in the Namibia JV by $1.1 million due to poor drilling results which were returned on the tenements during FY2011.

Impairment expense in 2012 amounted to $7.5 million and includes a $1.8 million write-down as a result of Toro surrendering 10 of its tenements as well as a further $4.4 million write-down on its Mt Woods tenements due to the poor uranium market.

Revenue represents interest received on bank deposits. Interest received has decreased 86% from $2.4 million in FY2011 to $0.3 million in FY2013 due to a 62% decrease in cash and cash equivalents. See balance sheet commentary below for analysis on movements in cash and cash equivalents balance.

Employee benefits expense increase by 57% in 2012 primarily as a result of an additional $0.8 million in share-based payments expense being incurred in FY2012 compared with FY2011. This increase included the issue of an additional 18.8 million options during FY2012. In FY2013 employee benefits expense has fallen 48% to $1.6 million.

Balance Sheet

Over the period FY2011 to FY2013, Toro's net asset position has decreased by 6% from $98.8 million to $92.6 million.

The main reason for this decrease is the $7.8 million long term borrowings acquired by the Company during FY2013. The $7.8 million relates to a convertible debt finance facility provided to the Company by Macquarie Bank Limited which is now fully drawn down. The funds from this facility have been used to finance the Company's continued project development expenditure.

Toro's cash balance has decreased 62% from $29.7 million to $11.2 million in the period FY2011 to FY2013 as a result of Toro's continued exploration and evaluation expenditure. Over this period Toro has spent in excess of $20 million on exploration and evaluation activities which has resulted in capitalised exploration and evaluation assets growing by 32% from $67.4 million in FY2011 to $88.7 million in FY2013.

Toro's issued capital has increased by $6.0 million between FY2011 and FY2013 primarily as a result of the issue of 66.5 million $0.08 shares in conjunction with a share purchase plan. This issue raised approximately $5.2 million (net of issue costs).

5.4 Capital Structure

The share structure of Toro as at 30 June 2013 is outlined below:

	Number
Total ordinary shares on issue	1,041,936,676
Top 20 shareholders	554,381,235
Top 20 shareholders - % of shares on issue	53.21%

Source: Computershare

The range of shares held in Toro as at 30 June 2013 is as follows:

Range of Shares Held	Number of Ordinary Shareholders	Number of Ordinary Shares	Percentage of Issued Shares (%)
1 - 1,000	1,047	325,716	0.03%
1,001 - 5,000	1,879	6,016,197	0.58%
5,001 - 10,000	1,970	16,067,471	1.54%
10,001 - 100,000	4,654	175,815,156	16.87%
100,001 - and over	974	843,712,136	80.98%
TOTAL	**10,524**	**1,041,936,676**	**100.00%**

Source: Computershare

Toro have the following unlisted options on issue as at the date of this report:

Unlisted options					
Issue date	Vesting date	Expiry date	Strike price	Number of options	Cash raised on exercise of options
17/12/2008	18/12/2009	17/12/2013	$0.25	1,665,000	$ 416,250
19/03/2009	20/03/2010	19/03/2014	$0.25	1,000,000	$ 250,000
2/02/2010	3/02/2010	2/02/2015	$0.22	4,965,000	$ 1,092,300
2/02/2010	3/02/2010	2/02/2015	$0.22	590,000	$ 129,800
3/01/2011	4/01/2011	3/01/2016	$0.22	4,270,000	$ 939,400
12/01/2011	12/01/2011	11/01/2016	$0.22	5,000,000	$ 1,100,000
12/01/2011	12/01/2011	11/01/2016	$0.30	1,000,000	$ 300,000
26/05/2011	26/05/2011	25/05/2016	$0.15	250,000	$ 37,500
26/05/2011	26/05/2012	25/05/2016	$0.22	250,000	$ 55,000
1/07/2011	1/07/2011	30/06/2016	$0.11	750,000	$ 82,500
1/07/2011	1/07/2012	30/06/2016	$0.22	500,000	$ 110,000
1/07/2011	1/09/2012	30/06/2016	$0.25	750,000	$ 187,500
1/08/2011	1/08/2011	31/07/2016	$0.13	10,300,000	$ 1,339,000
26/08/2011	26/08/2011	25/08/2016	$0.13	525,000	$ 68,250
2/11/2012	2/11/2012	1/11/2015	$0.12	24,390,244	$ 3,000,000
6/03/2013	6/03/2013	7/03/2016	$0.14	42,253,521	$ 6,000,000
27/06/2013	27/06/2013	7/03/2016	$0.08	35,714,286	$ 3,000,000
			TOTAL	**134,173,051**	**$ 18,107,500**

Source: Toro Management

6. Profile of Mega Uranium Limited

6.1 History

Mega Uranium Limited is an exploration and development mineral resources company based in Toronto. Mega is pursuing a strategy of becoming an equity investor in global resources stocks. Mega was incorporated in Canada and is listed on the Toronto Stock Exchange.

Mega holds mining projects in Australia, Canada, Cameroon and Brazil. Mega has significant uranium resources in Australia through its exploration properties and interests covering about 5,800 km^2 of ground in Queensland, South Australia, Northern Territory and Western Australia. Mega also has uranium mining and exploration projects in Canada such as the Yukon Territory and the central mineral belt of Labrador. Mega has a 92% interest in the Kitongo, Lolodorf and Teubang uranium projects in Cameroon. In addition to its uranium projects, Mega also has interests in base and precious metals projects in Ontario and Brazil.

In August 2013 Mega announced that it had entered into a definitive arrangement agreement to merge with fellow Toronto Stock Exchange listed uranium explorer Rockgate Capital Corp (**"Rockgate"**). The merger will be completed by way of an arrangement under the Business Corporations Act of British Columbia, resulting in Rockgate becoming a wholly owned subsidiary of Mega upon completion. Rockgate also announced in April 2013 that drilling and in-country Pre-Feasibility Study has resumed at its Falea project, located in southwest Mali, West Africa.

The current Board and management team of Mega comprises of the following members:

- Sheldon Inwentash - Chairman of the Board and CEO
- Stewart Taylor - Director and President
- Arni Johannson, - Director
- Anthony J. Grey - Director
- Michael Sweatman - Director
- Douglas Reeson - Director
- Gerry Feldman - Chief Financial Officer
- Richard Patricio - Executive Vice President, Corporate Affairs
- Richard Homsany - Executive Vice President, Australia
- Wendy Warhaft - General Counsel

Mega's interest in the Lake Maitland project is held by its wholly owned subsidiary Redport Exploration Pty Ltd.

The Lake Maitland Project

The Lake Maitland project is located in the Goldfields region of Western Australia, approximately 500 kilometres north of Kalgoorlie and 90 kilometres south-east of Toro's Wiluna Uranium Project.

In 2006, Mega acquired the Lake Maitland uranium resource through its takeover of Redport. Drilling was undertaken by Mega on the Lake Maitland Project in 2007 and 2008. In 2009, Mega undertook a costing program and metallurgical testwork. In 2010, Mega undertook a Test Pit Program. In 2011, Mega completed a study of the level of disequilibrium in the Lake Maitland Project and a Diamond Drill Program.

Mega has identified 20.7 Mlbs indicated resource of U_3O_8 and 1.6 Mlbs of inferred resource of U_3O_8.

Mega has entered into a farm-in agreement with JAURD and IMEA. Exercise of farm in right requires a payment of approximately US$39m from IMEA/JAURD for 35%. The option can be exercised at any time up to a decision to mine. If IMEA/JAURD exercises their option, they accrue various rights over the development and off-take of Lake Maitland and are obliged to facilitate financing for the development of Lake Maitland.

6.2 Historical Balance Sheet

Mega Uranium Limited Statement of Financial Position	Unaudited as at 31-Mar-2013 CAD$'000	Audited as at 30-Sep-12 CAD$'000	Audited as at 30-Sep-11 CAD$'000
CURRENT ASSETS			
Cash and cash equivalents	3,449	2,022	1,988
Short-term investments	-	9,719	24,647
Prepaid expenses and receivables	1,029	1,998	1,383
TOTAL CURRENT ASSETS	4,478	13,739	28,018
NON-CURRENT ASSETS			
Mineral properties and deferred exploration expenditure	131,078	129,116	135,065
Long-term investments	5,600	6,852	7,090
Restricted cash	371	357	286
Capital assets, net	1,151	1,356	1,870
Equity investment	8,459	-	-
TOTAL NON-CURRENT ASSETS	146,659	137,681	144,311
TOTAL ASSETS	151,137	151,420	172,329
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	879	970	1,727
Income taxes payable	103	122	341
Flow through share premium liability	-	726	1,416
TOTAL CURRENT LIABILITIES	982	1,818	3,484
NON-CURRENT LIABILITIES			
Long-term income tax payable	14	14	53
Deferred tax liabilities	-	-	125
TOTAL NON-CURRENT LIABILITIES	14	14	178
TOTAL LIABILITES	996	1,832	3,662
NET ASSETS	150,141	149,588	168,667
EQUITY			
Share capital	270,337	270,337	266,895
Warrant reserve	35,488	35,488	38,752
Share option reserve	63,641	63,280	62,671
Accumulated other comprehensive income	8,206	3,821	3,414
Deficit	(227,531)	(223,338)	(203,065)
TOTAL EQUITY	150,141	149,588	168,667

Source: Mega's 2011 and 2012 annual reports and unaudited management accounts for the 6 month period ended 31 March 2013.

6.3 Historical Statement of Comprehensive Income

Mega Uranium Limited Statement of Comprehensive Income	Unaudited for the 6 months ended 31-Mar-13 CAD$'000	Audited for the year ended 30-Sep-12 CAD$'000	Audited for the year ended 30-Sep-11 CAD$'000
Operating expenses			
General and administrative expenses	(3,189)	(6,548)	(9,465)
Foreign exchange gain	13	(8)	108
Write-down of mineral properties and related expenditures	-	(18,509)	(115,606)
Loss on disposal of mineral properties	(595)	-	-
Unrealized gain (loss) on investments	(1,261)	(856)	(4,494)
Realized gain (loss) on investments	(18)	130	1,444
Interest income	110	666	914
Loss on sale of capital asset	38	-	(12)
Loss on equity investments	(292)	-	-
Other income	1,001	1,236	711
Loss before income tax expense	(4,193)	(23,889)	(126,400)
Recovery of income taxes	-	3,616	-
Net loss for the period	**(4,193)**	**(20,273)**	**(126,400)**
Other comprehensive income			
Exchange differences arising on translation of foreign operations	4,385	407	3,414
Total comprehensive loss for the year	**192**	**(19,866)**	**(122,986)**

Source: Mega's 2011 and 2012 annual reports and unaudited management accounts for the 6 month period ended 31 March 2013.

We have not undertaken a review of Mega's unaudited accounts in accordance with Australian Auditing and Assurance Standard 2405 "Review of Historical Financial Information" and do not express an opinion on this financial information. However nothing has come to our attention as a result of our procedures that would suggest the financial information within the management accounts has not been prepared on a reasonable basis.

Financial statement analysis

Profit and Loss Statement

Over the period 30 September 2011 to 31 March 2013, Mega's performance has improved from a net loss in 2011 of CAD$123.0 million to a net profit in 2013 of CAD$0.2 million. The primary reason for this improvement is that in 2011 and 2012, Mega recognised CAD$115.6 million and CAD$18.5 million, respectively, of impairments to capitalised mineral assets. These impairments were due to the significant drop in the spot price of Uranium following the Fukushima disaster in March 2011.

In the 6 months to 31 March 2013, no impairments have been recorded.

General and administrative expenses decreased from CAD$9.5 million in 2011 to CAD$6.5 million in 2012. This decrease was due to Mega scaling back its operations following the downturn in the uranium market as a result of the Fukushima disaster. On an annualised basis, the general and administrative expenses for 2013 appear in line with 2012.

In December 2012, Mega completed the sale of its Canadian mineral projects, located in the Athabasca Basin, Saskatchewan and the Thelon Basin, Nunavut, to NexGen Energy Ltd for a total consideration of CAD$8.75 million paid in the form of 21,876,265 NexGen shares. This sale resulted in a loss of CAD$0.595 million being recognised by Mega in the six month period to 31 March 2013.

The shares issued by NexGen to Mega result in Mega holding 30.11% of the issued capital of NexGen at 31 March 2013. This investment is accounted for using the equity method and for the period to 31 March 2013, Mega's loss on this investment amounted to CAD$0.3 million.

Interest income has fallen 76% from CAD$0.91 million in 2011 to CAD$0.22 million (annualised) in 2013. This decrease is due to Mega holding CAD$24.6 million of corporate bonds in 2011.

Balance Sheet

Over the period 30 September 2011 to 31 March 2013, Mega's net assets have decreased by 11% from CAD$168.7 million to CAD$150.1 million. This decrease is largely due to a CAD$21.2 million decrease in total assets and was partially offset by a CAD$2.7 million decrease in total liabilities.

The decrease in total assets was attributable to CAD$24.6 million of corporate bonds which Mega held at 30 September 2011 and expired in November 2012.

Total assets were also reduced by the impairment of mineral properties and deferred exploration assets from CAD$135.1 million at 30 September 2011 to CAD$129.1 million at 30 September 2012.

The decrease in total assets was partially offset by the recognition of a CAD$8.5 million equity investment asset at 31 March 2013 which represents Mega's 30.11% share in NexGen following the sale of Mega's Canadian mineral assets to NexGen in December 2012.

Total liabilities have decreased by CAD$2.7 million from CAD$3.7 million at 30 September 2011 to CAD$1.0 million at 31 March 2013. This decrease is due to the reduction of the flow-through share premium liability to nil at 31 March 2013. Mega completed the flow-through private placement of 6 million units a CAD$1.01 per unit during 2011 which generated approximately CAD$6.2 million (net of issue costs) for Mega.

During February 2012, Mega acquired all of the Canadian exploration properties, which comprise 23 properties covering 1.2 million acres, of Titan Uranium Inc. As consideration for this purchase, Mega issued 10 million shares to Titan. This issue resulted in a CAD$3.4 million increase in share capital at 30 September 2012.

7. Economic analysis

Recent information is consistent with global growth running a bit below average this year, with reasonable prospects of a pick-up next year. Commodity prices have declined but, overall, remain at high levels by historical standards. Inflation has moderated over recent months in a number of countries.

Globally, financial conditions remain very accommodative, though the recent reassessment by markets of the outlook for US monetary policy has seen a noticeable rise in sovereign bond yields, from exceptionally low levels. Volatility in financial markets has increased and has affected a number of emerging market economies in particular.

In Australia, the economy has been growing a bit below trend over the past year. This is expected to continue in the near term as the economy adjusts to lower levels of mining investment. The unemployment rate has edged higher. Recent data confirms that inflation has been consistent with the medium-term target. With growth in labour costs moderating, this is expected to remain the case over the next one to two years, even with the effects of the recent depreciation of the exchange rate.

The easing in monetary policy over the past 18 months has supported interest-sensitive spending and asset values, and further effects can be expected over time. The pace of borrowing has remained relatively subdued, though recently there are signs of increased demand for finance by households.

The Australian dollar has depreciated by around 15 per cent since early April, although it remains at a high level. It is possible that the exchange rate will depreciate further over time, which would help to foster a rebalancing of growth in the economy.

The Reserve Bank of Australia's Board has previously noted that the inflation outlook could provide some scope to ease policy further, should that be required to support demand.

Source: www.rba.gov.au Statement by Glenn Stevens, Governor: Monetary Policy Decision 6 August 2013

8. Industry analysis

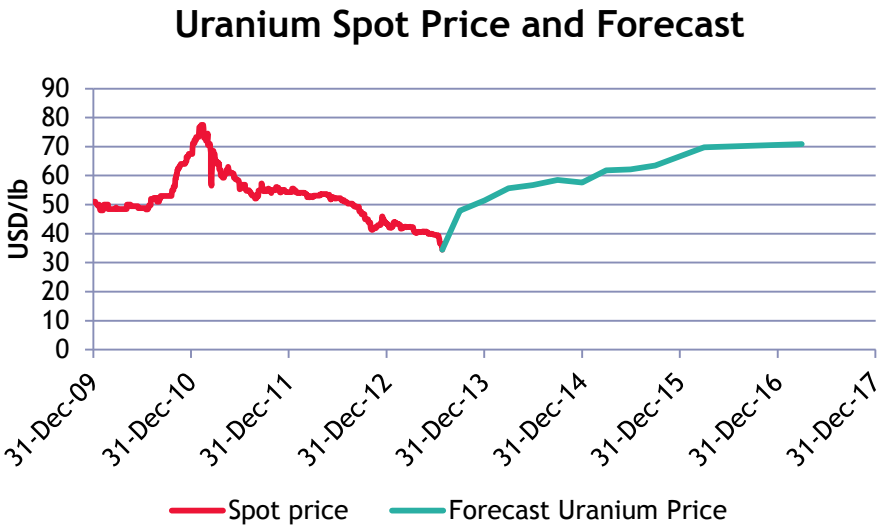
8.1. Uranium

The state of the world's uranium market is almost wholly dependent on the global fortunes of the nuclear power generation industry. The Fukushima nuclear disaster cast an ominous shadow over the industry and rekindled divisive opinions over the use of uranium as an energy source.

Australia's involvement in the uranium industry was further publicised in December 2011 when the Australian Government voted to overturn its long-standing ban on exporting uranium to India (a country which has not signed the Nuclear Non-Proliferation Treaty). Australia maintains that it still only sells its uranium strictly for electrical power generation.

8.2. Uranium Prices

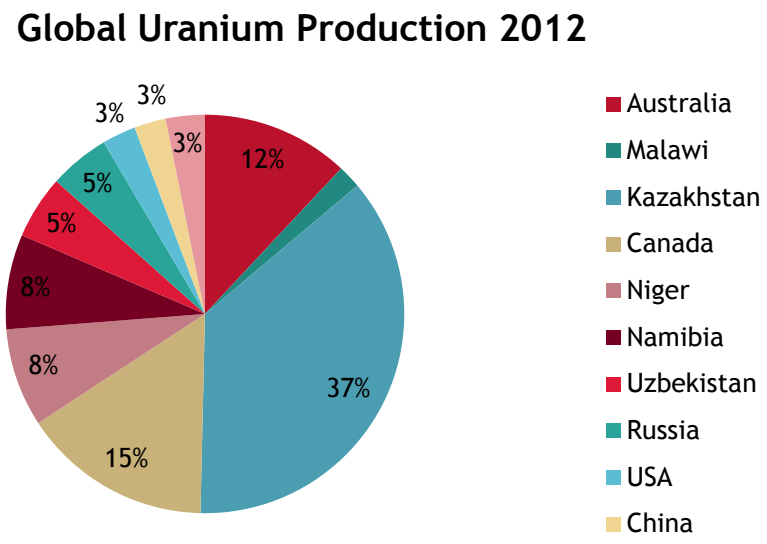
The uranium spot price as at 03 September 2013 was US$34 per pound U_3O_8. The following table shows historical and forecast U_3O_8 weekly spot prices since December 2009:



Source: Bloomberg

Up until the Japanese nuclear power plant crisis in March 2011, uranium prices were beginning to gain momentum after a steady decline from project delays caused by the global financial crisis and issues with over supply from production in Kazakhstan. The beginning of January 2010 had shown a significant spike in uranium prices as a result of expansion in Asia. Chinese demand is expected to keep uranium supply in a deficit and place upward pressure on prices in the short term. The long term price projections show a recovery to around US$70.0/lb in 2016 which is significantly lower than what would have been expected if the Japanese disaster had not occurred. We note that most uranium is sold at contract rates which do not always reflect the spot rate.

Africa has considerable mineral deposits, including uranium, and as it has become more developed will potentially become a leading producer of uranium. The leading producing countries of uranium in Africa include Namibia and Niger. Both Namibia and Niger began commercial uranium mining in the 1970s and have strong government support for expanding uranium mining operations. Collectively the mines in these countries account for approximately 20% of global uranium production. The largest producing African uranium mine in 2010 was the Rossing mine in Namibia which was accountable for around 6% of the world's uranium production. The chart below shows the world uranium production figures for 2012.



Source: World-nuclear.org

Kazakhstan, Australia and Canada accounted for more than 60% of the world's uranium production in 2012.

The demand for uranium is expected to increase over the next years further to the following events:

- In July 2013, the central government of Japan approved the restart of 4 nuclear reactors. The full nuclear power capacity should be restored by the next 3 or 4 years.
- China is currently continuing with its nuclear power construction. The Hongyanhe nuclear power plant is being constructed and is expected to be completed by the end of 2015. China has 16 nuclear power stations in operation and some 28 under construction.
- India is currently pursuing the establishment of a nuclear industry through international agreements. Two agreements have been contracted with Japan and Canada. The Australian and Indian governments are currently in negotiation in order to reach a similar agreement.

8.3. Uranium Mining in Australia

Historically, Australia's uranium mining industry has accounted for approximately 12% of the world's global uranium production. Australia is the third largest producer of uranium after Kazakhstan and Canada. In 2011, Australia exported around 7,000 tonnes of uranium oxide for a value of $607 million.

The largest operating uranium mine in Australia is BHP's Olympic Dam mine (which contains the largest known uranium ore body in the world) followed by the Ranger mine in the Northern Territory and the Beverley mine, also in South Australia.

Olympic Dam predominantly produces copper, however, gold and uranium are two significant by-products. BHP had planned to expand the Olympic Dam mine in 2012 and 2013 but recently announced that the expansion would be put on hold as shareholders put pressure on BHP to scale back its planned capital expenditure over the next five years.

The Four Mile uranium project in South Australia, a joint venture between Qasar Resources Ltd and Alliance Resources Ltd, will be Australia's first new uranium mine in more than 10 years. The mine was

expected to be operational at the end of 2011. An ongoing legal dispute between Qasar and Alliance has meant that construction has been delayed.

There are several well advanced exploration prospects in Australia including Toro Energy's Wiluna project, Mega Uranium's Lake Maitland project and Energy & Minerals Australia's Mulga Rock project, all aiming for production in the next two to three years. In 2009 the Western Australian government lifted a ban on uranium mining in Western Australia.

Historically, Australia's uranium export sales have been split between North America, Europe and Asia, at approximately a third each.

8.4. Global Outlook

Although the Japanese nuclear power plant crisis at Fukushima may have tarnished the general view of nuclear energy, the uranium industry as a whole has begun to show strong signs of recovery. Nuclear power offers a viable long term source of energy over fossil fuels which are becoming scarcer. Although Kazakhstan, Canada and Australia have historically been the key producers of uranium, Africa has shown enormous potential as being the next uranium superpower with many international uranium miners such as ARMZ, Uranium One and Paladin establishing operations there. Analysts are forecasting an increase in the uranium price over the next three years.

9. Valuation approach adopted

There are a number of methodologies which can be used to value a business or the shares in a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings ("**FME**")
- Discounted cash flow ("**DCF**")
- Quoted market price basis ("**QMP**")
- Net asset value ("**NAV**")
- Market based assessment

A summary of each of these methodologies is outlined in Appendix 2.

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information.

Valuation of Toro shares

In our assessment of the value of a Toro share prior to the Transaction we have chosen to employ the following methodologies:

- Net asset value ("**NAV**") – primary methodology; and
- Quoted market price basis ("**QMP**") – secondary methodology

We have chosen these methodologies for the following reasons:

- Toro's most significant assets are its interest in the Wiluna project and the other exploration assets it holds and as such we require an independent specialist valuation of the projects.

We instructed Optiro Pty Ltd (**"Optiro"**) to provide an independent specialist market valuation of all Toro's exploration assets. Optiro's full report may be found in Appendix 4;

- Toro is listed on the ASX. This provides an indication of the market value where an observable market for the securities exists;
- Toro does not generate regular trading income. Therefore there are no historic profits that could be used to represent future earnings. This means that the FME valuation approach is not appropriate; and
- Toro has no immediate future net cash inflows and therefore the application of DCF is not possible. Under RG111, it is considered that it is only appropriate to use a DCF where there are reasonable grounds on which to base the forecast cashflows.

Valuation of the Lake Maitland Assets

We instructed Optiro to provide an independent market valuation of the Lake Maitland Project which holds most of the value of the Lake Maitland Assets.

Optiro's full report may be found in Appendix 4.

10. Valuation of Toro Energy Limited

10.1 Net Asset Valuation of Toro Energy Limited

The value of Toro's assets on a going concern basis is reflected in our valuation below:

Toro Energy Limited Statement of Financial Position	Note	Unaudited as at 30 June 2013 $	Adjusted balance sheet (low) $	Adjusted balance sheet (preferred) $	Adjusted balance sheet (high) $
CURRENT ASSETS					
Cash and cash equivalents	1	11,244,118	14,244,118	14,244,118	14,244,118
Trade and other receivables		496,239	496,239	496,239	496,239
Other current assets		102,528	102,528	102,528	102,528
TOTAL CURRENT ASSETS		11,842,885	14,842,885	14,842,885	14,842,885
NON-CURRENT ASSETS					
Property, plant and equipment		1,482,673	1,482,673	1,482,673	1,482,673
Exploration and evaluation expenditure assets	2	88,709,870	74,200,000	95,000,000	115,700,000
TOTAL NON-CURRENT ASSETS		90,192,543	75,682,673	96,482,673	117,182,673
TOTAL ASSETS		102,035,428	90,525,558	111,325,558	132,025,558
CURRENT LIABILITIES					
Trade and other payables		1,351,601	1,351,601	1,351,601	1,351,601
Short-term provisions		150,934	150,934	150,934	150,934
TOTAL CURRENT LIABILITIES		1,502,535	1,502,535	1,502,535	1,502,535
NON-CURRENT LIABILITIES					
Long-term borrowings		7,824,460	7,824,460	7,824,460	7,824,460
Long-term provisions		83,435	83,435	83,435	83,435
TOTAL NON-CURRENT LIABILITIES		7,907,895	7,907,895	7,907,895	7,907,895
TOTAL LIABILITES		9,410,430	9,410,430	9,410,430	9,410,430
NET ASSETS		92,624,998	81,115,128	101,915,128	122,615,128
Current number of shares on issue			1,041,936,676	1,041,936,676	1,041,936,676
In the money options			35,714,286	35,714,286	35,714,286
Total shares on issued (diluted basis)	3		1,077,650,962	1,077,650,962	1,077,650,962
Value per share			$ 0.075	$ 0.095	$ 0.114

We have been advised that there has not been a significant change in the net assets of Toro since 30 June 2013. The table above indicates the net asset value of a Toro share is between $0.075 and $0.114 with a preferred value of $0.095.

The following adjustments were made to the net assets of Toro as at 30 June 2013 in arriving at our valuation.

Note 1: Cash and cash equivalents

Toro's 30 day VWAP on 9 August 2013 was $0.088. On this basis, the following unlisted Toro options were 'in the money'. We have valued Toro on the assumption that these will be exercised and have added $3 million that would be raised upon the exercise of the options to the cash balance.

Unlisted options Issue date	Vesting date	Expiry date	Strike price	Number of options	Cash raised on exercise of options
27/06/2013	27/06/2013	7/03/2016	$0.084	35,714,286	$ 3,000,000

Note 2: Valuation of Toro's mineral assets

We instructed Optiro to provide an independent market valuation of the exploration assets held by Toro. Optiro considered a number of different valuation methods when valuing the exploration assets of Toro. Optiro applied the comparable transaction method and enterprise values of comparable companies in its valuation of the Mineral Resources and applied the Geoscientific rating method, the comparable transaction method and joint venture terms in its valuation of the exploration potential for mineralisation within Toro's exploration tenements. We consider these methods to be appropriate in valuing Toro's exploration assets.

The range of values for each of Toro's exploration assets as calculated by Optiro is set out below:

Mineral Asset	Low Value $m	Preferred Value $m	High Value $m
Mineral Resources – Wiluna	66.8	84.3	101.8
Exploration Potential – Wiluna	1.4	1.8	2.3
Mineral Resources – Lake Mackay	2.1	3.5	4.8
Exploration Potential – Lake Mackay	0.6	1.5	2.4
Exploration Potential – Northern Territory	3.3	3.9	4.4
Total	**74.2**	**95.0**	**115.7**

The table above indicates a range of values between $74.2 million and $115.7 million, with a preferred value of $95.0 million.

Optiro's full report can be found in Appendix 4.

Note 3: Shares on issue

We have diluted the shares on issue based on the in the money options discussed in Note 1 being exercised.

10.2 Quoted Market Prices for Toro's Securities

To provide a comparison to the valuation of Toro in Section 10.1, we have also assessed the quoted market price for a Toro share.

The quoted market value of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

RG 111.11 suggests that when considering the value of a company's shares for the purposes of approval under Item 7 of s611 the expert should consider a premium for control. An acquirer could be expected to pay a premium for control due to the advantages they will receive should they obtain 100% control of another company. These advantages include the following:

- control over decision making and strategic direction;
- access to underlying cash flows;
- control over dividend policies; and
- access to potential tax losses.

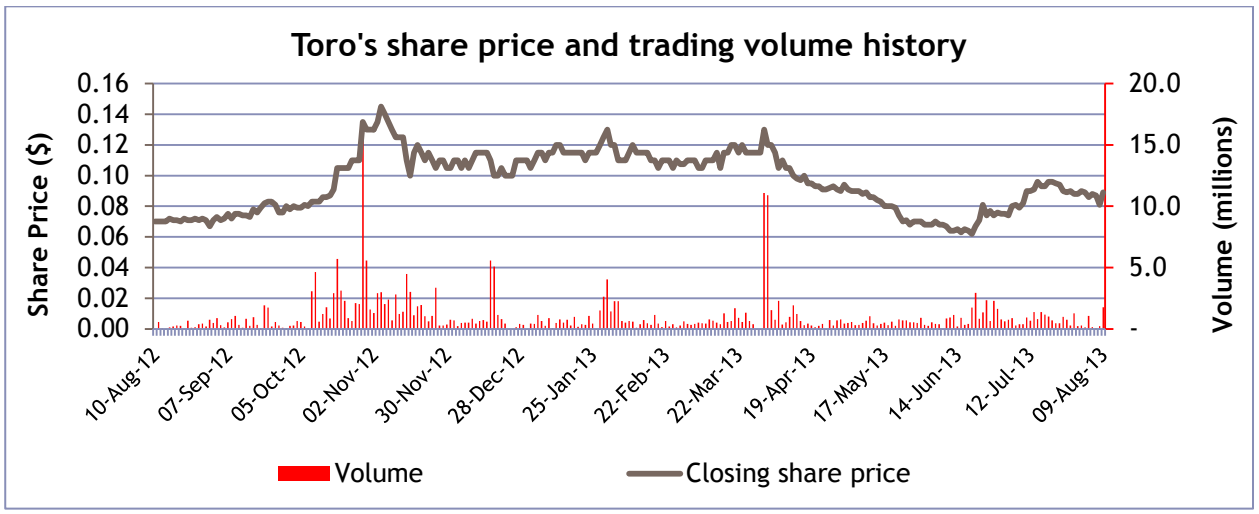
Whilst Mega will not be obtaining 100% of Toro, RG 111 states that the expert should calculate the value of a target's shares as if 100% control were being obtained. RG 111.13 states that the expert can then consider an acquirer's practical level of control when considering reasonableness. Reasonableness has been considered in Section 13.

Therefore, our calculation of the quoted market price of a Toro share including a premium for control has been prepared in two parts. The first part is to calculate the quoted market price on a minority interest basis. The second part is to add a premium for control to the minority interest value to arrive at a quoted market price value that includes a premium for control.

Minority interest value

Our analysis of the quoted market price of a Toro share is based on the pricing prior to the announcement of the Transaction. This is because the value of a Toro share after the announcement may include the affects of any change in value as a result of the Transaction. However, we have considered the value of a Toro share following the announcement when we have considered reasonableness in Section 13.

Information on the Transaction was announced to the market on 12 August 2013. Therefore, the following chart provides a summary of the share price movement over the 12 months to 9 August 2013 which was the last trading day prior to the announcement.



Source: Bloomberg

The daily price of Toro shares from 9 August 2012 to 9 August 2013 has ranged from a low of $0.061 on 20 June 2013 to a high of $0.145 on 7 November 2012.

During this period a number of announcements were made to the market. The key announcements are set out below:

Date	Announcement	Closing Share Price Following Announcement $ (movement)		Closing Share Price Three Days After Announcement $ (movement)	
26/07/2013	Quarterly Activities and Cashflow Reports	0.089	1%	0.090	1%
21/05/2013	RUM: Lake Mackay Joint Venture	0.080	0%	0.070	13%
3/05/2013	Toro commences 2013 infill drilling program at Wiluna	0.091	3%	0.090	1%
30/04/2013	Quarterly Activities/Cashflow Report	0.091	2%	0.091	0%
2/04/2013	Federal Govt environmental approval for Wiluna Project	0.130	13%	0.115	12%
1/03/2013	S&P DJ Indices Announces March Quarterly Rebalance	0.108	0%	0.110	2%
22/02/2013	Toro Energy secures A$12 million funding	0.110	0%	0.110	0%
31/01/2013	Quarterly Activities and Cashflow Reports	0.130	4%	0.110	15%
21/12/2012	Market Update and Additional Assessment Information	0.105	5%	0.110	5%
18/12/2012	Delay to Fed Govt Decision on Toro's Wiluna Uranium Project	0.110	4%	0.105	5%
6/12/2012	ATN: Mt Webb Agreement with Toro Energy	0.105	5%	0.110	5%
5/12/2012	Maiden Inferred Uranium Resource for Toro's Theseus Deposit	0.110	0%	0.105	5%
4/12/2012	Toro Energy Announces Executive Management Transition	0.110	5%	0.110	0%
28/11/2012	Toro Energy Advances the Wiluna (WA) Project	0.110	5%	0.105	5%
16/11/2012	Toro commences airborne EM Survey in central Australia	0.100	9%	0.115	15%
13/11/2012	Toro identifies regional uranium alteration system in NT	0.125	0%	0.100	20%
1/11/2012	Toro Energy secures A$12 million Funding	0.130	0%	0.145	12%
30/10/2012	Quarterly Activities Report	0.135	23%	0.130	4%
10/10/2012	WA Minister for Environment approves Toro's Wiluna Project	0.083	4%	0.086	4%

20/09/2012	Appeals determination completed for Toro's Wiluna Project	0.079	▲	4%	0.083	▲	5%
27/08/2012	Assays confirm high-grade uranium at Toro's Theseus Project	0.072	▲	1%	0.071	▼	1%

On 10 October 2012 Toro announced that the WA minister for environment approved Toro's Wiluna Project. The market reacted favourably to the news with the share price increasing 4% on the day of the announcement and a further 4% in the three days following.

On 1 November 2012 Toro secured A$12 million convertible debt facility with Macquarie Bank Limited. This announcement saw the share price rise 12% in the three days following the announcement.

On 13 November 2012 Toro announced that its soil and rock-chip sampling had identified a regional uranium alteration system at the McArthur Basin in the Northern Territory. The share price fell by 20% in the three days following the announcement.

5 December 2012 Toro announced its maiden inferred uranium resource for its Theseus Deposit. The share price remained constant on the day of the announcement before falling by 5% in the three days following the announcement.

On 2 April 2013 Toro announced that the federal government granted environmental approval for the proposed uranium mine on the Wiluna Project. The share price increased 13% on the day of the announcement before reverting back by 12% in the three days following the announcement.

To provide further analysis of the market prices for a Toro share, we have also considered the weighted average market price for 10, 30, 60 and 90 day periods to 9 August 2013.

Share Price per unit	9-Aug-13	10 Days	30 Days	60 Days	90 Days
Closing price	$0.089				
Volume weighted average price (VWAP)		$0.087	$0.088	$0.079	$0.083

The above weighted average prices are prior to the date of the announcement of the Transaction, to avoid the influence of any increase in price of Toro shares that has occurred since the Transaction was announced.

An analysis of the volume of trading in Toro shares for the twelve months to 9 August 2013 is set out below:

Trading days	Share price low	Share price high	Cumulative volume traded	As a % of Issued capital
1 Day	$0.081	$0.089	1,782,100	0.17%
10 Days	$0.081	$0.095	5,527,984	0.53%
30 Days	$0.073	$0.099	22,007,468	2.11%
60 Days	$0.061	$0.099	46,709,891	4.48%
90 Days	$0.061	$0.115	65,064,281	6.24%
180 Days	$0.061	$0.140	155,342,338	14.91%
1 Year	$0.061	$0.145	265,875,197	25.52%

This table indicates that Toro's shares display a low to moderate level of liquidity, with 25.52% of the Company's current issued capital being traded in a twelve month period. For the quoted market price methodology to be reliable there needs to be a 'deep' market in the shares. RG 111.69 indicates that a 'deep' market should reflect a liquid and active market. We consider the following characteristics to be representative of a deep market:

- Regular trading in a company's securities;
- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria to be considered 'deep', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

In the case of Toro, we do not consider the share to be liquid due to the low volume traded over the 12 month period and irregular trading during the period.

Our assessment is that a range of values for Toro shares based on market pricing, after disregarding post announcement pricing, is between $0.080 and $0.090.

Control Premium

We have reviewed the control premiums paid by acquirers of mining companies listed on the ASX over the last five years. We have summarised our findings below:

Year	Number of Transactions	Average Deal Value (A$m)	Average Control Premium (%)
2012	19	530.16	46.01
2011	20	704.22	24.42
2010	25	852.68	42.10
2009	30	86.32	38.05
2008	9	519.95	36.50
Median		**530.16**	**38.05**
Mean		**473.33**	**37.42**

In arriving at an appropriate control premium to apply we note that observed control premiums can vary due to the:

- Nature and magnitude of non-operating assets;
- Nature and magnitude of discretionary expenses;
- Perceived quality of existing management;
- Nature and magnitude of business opportunities not currently being exploited;
- Ability to integrate the acquiree into the acquirer's business;
- Level of pre-announcement speculation of the transaction;
- Level of liquidity in the trade of the acquiree's securities.

With regard to the control premium analysis above, we consider an appropriate control premium to be between 30% and 40%.

Quoted market price including control premium

Applying a control premium to Toro's quoted market share price results in the following quoted market price value including a premium for control:

	Low $	Midpoint $	High $
Quoted market price value	0.080	0.085	0.090
Control premium	30%	35%	40%
Quoted market price valuation including a premium for control	**0.104**	**0.115**	**0.126**

Therefore, our valuation of a Toro share based on the quoted market price method and including a premium for control is between $0.104 and $0.126, with a midpoint value of $0.115.

10.3 Assessment of Toro's value

The results of the valuations performed are summarised in the table below:

	Low $	Preferred $	High $
Net assets value (Section 10.1)	0.075	0.095	0.114
Quoted market prices (Section 10.2)	0.104	0.115	0.126

We have taken the NAV methodology as our primary value. Due to the illiquidity of Toro's shares, we consider the net asset valuation methodology to be a more reliable method in valuing a Toro share. We note that the preferred value per share using the QMP method falls within the value range derived using the NAV method. Based on the results above we consider the value of a Toro share to be between $0.075 and $0.114, with a preferred value of $0.095.

10.4 Value of the Consideration Shares

Toro will issue Mega 415 million shares as consideration if the Transaction is approved.

Consideration Shares	Low $	Preferred $	High $
Assessed value of a Toro share	0.075	0.095	0.114
Value of the consideration Shares (415 million shares)	**31,125,000**	**39,425,000**	**47,310,000**

We have assessed the value of the consideration to be between $31,125,000 and $47,310,000, with a preferred value of $39,425,000.

11. Valuation of the Lake Maitland Assets

The Lake Maitland Assets comprise:

- The Lake Maitland Project;
- The fixed assets as set out in Appendix 3;
- A$1.5 million of surplus cash (in addition to any cash required to support bonds or pay liabilities not satisfied in full at completion of the Transaction); and
- the cash of $189,000 held by a member of the Mega Group to support a bond required in relation to M53/1089, (subject that upon retirement of that bond, the $189,000 held to support it (less any claim made on the bond prior to retirement) will be repaid to Mega).

Please see the Optiro report for the full list of tenements and associated rights included in the Lake Maitland Project.

We have valued the Lake Maitland Assets to be between $36,086,091 and $53,486,091, with a preferred value of $44,786,091.

The Lake Maitland Assets	Note	Low ($)	Mid ($)	High ($)
ASSETS				
The Lake Maitland Uranium Project	1	34,500,000	43,200,000	51,900,000
$1.5 million of surplus cash		1,500,000	1,500,000	1,500,000
Cash from Mega to support the bond in relation to M53/1089		189,000	189,000	189,000
Fixed assets	2	86,091	86,091	86,091
Total assets		**36,275,091**	**44,975,091**	**53,675,091**
LIABILITIES				
Cash owing to Mega following the retirement of the bond in relation to M53/1089		(189,000)	(189,000)	(189,000)
Total liabilities		**(189,000)**	**(189,000)**	**(189,000)**
Value of the Lake Maitland Assets		**36,086,091**	**44,786,091**	**53,486,091**

Note 1 - Valuation of the Lake Maitland Uranium Project

We instructed Optiro to provide an independent market valuation of the Lake Maitland Project. Optiro considered a number of different valuation methods when valuing the Lake Maitland Project. Optiro applied the comparable transaction method as its primary methodology. The comparable transaction method involves calculating a value per common attribute in a comparable transaction and applying that value to the subject asset. A common attribute could be the amount of resource or the size of a

tenement. We consider these methods to be appropriate given the pre feasibility stage of development for the Lake Maitland mineral resources.

The range of values for the Lake Maitland Project as calculated by Optiro is set out below:

Valuation of the Lake Maitland Project	Low ($)	Mid ($)	High ($)
The Lake Maitland Uranium Project			
- Mineral resources	33,900,000	42,400,000	50,800,000
- Exploration potential	600,000	800,000	1,100,000
Total Value	34,500,000	43,200,000	51,900,000

The full Optiro valuation report may be found in Appendix 4.

Note 2 - Fixed assets

We have used the book value of the fixed assets in our valuation. We consider the value of the fixed assets to be $86,091.

The full list of fixed assets is included in Appendix 3.

12. Is the Transaction fair?

The value of the Consideration shares (including a premium for control) is compared to the value of the Lake Maitland Assets as shown below:

	Ref	Low $'m	Preferred $'m	High $'m
Value of Toro shares being issued as consideration	10.4	31.1	39.4	47.3
Value of the Lake Maitland Assets being acquired by Toro	11	36.1	44.8	53.5

We note from the table above that the value of the Lake Maitland Assets being acquired is greater than the value of the shares being issued as consideration on a control basis. Therefore, we consider that the Transaction is fair.

13. Is the Transaction Reasonable?

13.1 Alternative Proposal

We are unaware of any alternative proposal that might offer the Shareholders of Toro a premium over the value ascribed to, resulting from the Transaction.

13.2 Practical Level of Control

If the Transaction is approved then Mega will hold an interest of approximately 28% in Toro. In addition to this, two Board members of the Toro Board will be nominated by Mega.

When shareholders are required to approve an issue that relates to a company there are two types of approval levels. These are general resolutions and special resolutions. A general resolution requires 50% of shares to be voted in favour to approve a matter and a special resolution required 75% of shares on issue to be voted in favour to approve a matter. If the Transaction is approved then Mega will be able to block special resolutions.

Toro's Board currently comprises 5 directors. Mega will nominate 2 additional directors which will take Toro's Board to 7 directors. This means that Mega nominated directors will make up 29% of the Board.

Mega's control of Toro following the Transaction will be significant when compared to all other shareholders except Oz Minerals who will also hold an interest of approximately 28%. In our opinion, Mega should be expected to pay a similar premium for control as if it were acquiring 100% of Toro.

13.3 Restrictions on the Consideration Shares

If resolution 2 is approved then certain restrictions will be placed on the shares that are issued to Mega. These restrictions are summarised in section 4 of this report and are described in full in the accompanying Notice of Meeting. The effect of these restrictions is that they provide stability for the Company for a period.

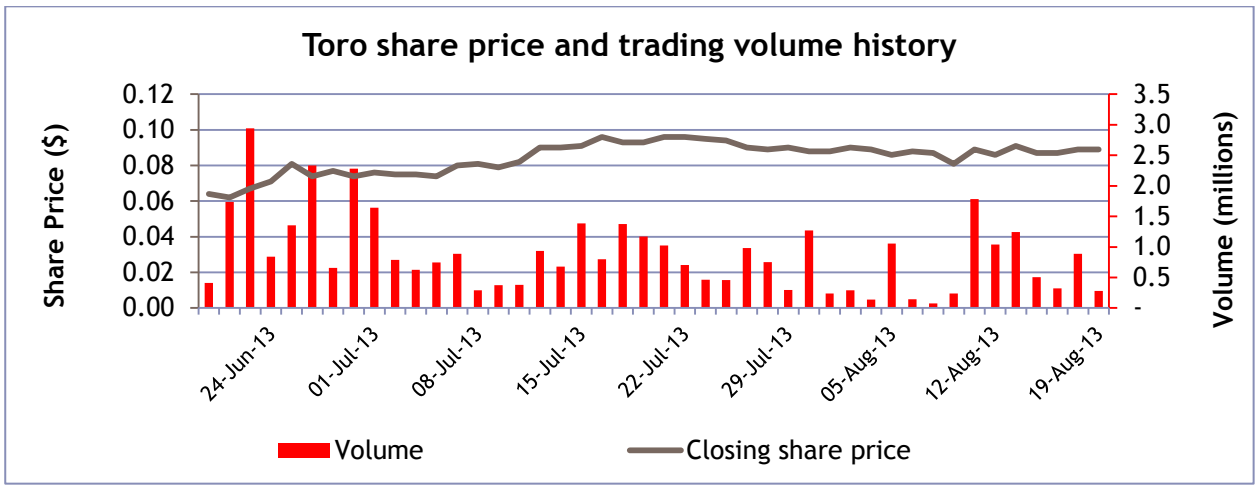
For 12 months Mega will not be able to sell the shares that it receives which will be a benefit for Shareholders in that Mega will remain as a significant cornerstone investor for at least that time and the supply of freely traded shares will be restricted. However, this does mean that it is less likely that a takeover offer will be received for Toro during this period.

For two years Mega will not be able to further increase its shareholding in Toro or to requisition a shareholders' meeting. This means that Mega will not be able to make an offer to acquire all the remanning shares in Toro that it does not already hold for at least two years. The benefit of this to Shareholders is that after two years the value of the projects and the Company itself may have increased.

13.4 Consequences of not Approving the Transaction

Potential impact on share price

We have analysed movements in Toro's share price since the Transaction was announced. A graph of Toro's share price since the announcement is set out below.



Source: Bloomberg

Since the announcement of the Transaction on 12 August 2013 the share price of Toro has not changed indicating that if the Transaction is not approved it is unlikely that there will be a significant change in the share price.

13.5 Advantages of Approving the Transaction

We have considered the following advantages when assessing whether the Transaction is reasonable.

Advantage	Description
The Transaction is fair	As set out in Section 12 the Transaction is fair. RG 111 states that an offer is reasonable if it is fair.
Shareholders may benefit from the potential upside of the Lake Maitland Project	If the Transaction is approved then Toro will own 100% of the Lake Maitland project. JAURD and IMEA have an option to acquire a 35% interest in Lake Maitland for approximately US$39m.
Increased resource base will improve the economics of Toro's asset base.	Currently the Wiluna Project has a resource of 54mlb of U3O8. This will increase to 76mlb of U3O8 if the Transaction is approved and will increase the potential viability of the collective project. This will improve the development feasibility of the projects.
Increased cash holding	If the Transaction is approved then Toro will gain access to $1.5milllion in cash reserves that are included in the Lake Maitland assets. In addition Oz Minerals Ltd and Pinetree capital Ltd have each committed to provide $1million in equity subscriptions. The access to an additional $3.5 million cash will be of benefit to Toro and Shareholders delaying the requirement for the Company to raise further capital.

13.6 Disadvantages of Approving the Transaction

If the Transaction is approved, in our opinion, the potential disadvantages to Shareholders include those listed in the table below:

Disadvantage	Description
Dilution of existing Shareholders' interests	Following the Transaction, existing shareholders (excluding Oz Minerals) will hold approximately 43% of the issued capital of Toro, compared with approximately 61% prior to the Transaction.

14. Conclusion

We have considered the terms of the Transaction as outlined in the body of this report and have concluded that the Transaction is fair and reasonable to the Shareholders of Toro.

15. Sources of information

This report has been based on the following information:

- Draft Notice of General Meeting and Explanatory Statement on or about the date of this report;
- Binding terms sheet for the acquisition of the Lake Maitland Project;
- Audited financial statements of Toro for the years ended 30 June 2011 and 30 June 2012 and unaudited management accounts for the year ended 30 June 2013;
- Audited financial statements of Mega for the years ended 30 September 2011 and 30 September 2012 and unaudited management accounts for the period ended 31 March 2013;
- Independent Valuation Report of Toro's mineral assets and Mega's Lake Maitland Project dated August 2013 performed by Optiro;
- Share registry information;
- Information in the public domain; and
- Discussions with Directors and Management of Toro.

16. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of $30,000 (excluding GST and reimbursement of out of pocket expenses). The fee is not contingent on the conclusion, content or future use of this Report. Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by Toro in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by Toro, including the non provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to Toro and Mega and any of their respective associates with reference to ASIC Regulatory Guide 112 "Independence of Experts". In BDO Corporate Finance (WA) Pty Ltd's opinion it is independent of Toro and Mega and their respective associates.

Neither the two signatories to this report nor BDO Corporate Finance (WA) Pty Ltd, have had within the past two years any professional relationship with Toro, or their associates, other than in connection with the preparation of this report.

A draft of this report was provided to Toro and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

BDO is the brand name for the BDO International network and for each of the BDO Member firms.

BDO (Australia) Ltd, an Australian company limited by guarantee, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of Independent Member Firms. BDO in Australia, is a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International).

17. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investment Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Sherif Andrawes and Adam Myers of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Member of the Institute of Chartered Accountants in Australia. He has over twenty five years experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 200 public company independent expert's reports under the Corporations Act or

ASX Listing Rules. These experts' reports cover a wide range of industries in Australia with a focus on companies in the natural resources sector. Sherif Andrawes is the Chairman of BDO in Western Australia, Corporate Finance Practice Group Leader of BDO in Western Australia and the Natural Resources Leader for BDO in Australia.

Adam Myers is a member of the Australian Institute of Chartered Accountants. Adam's career spans 15 years in the Audit and Assurance and Corporate Finance areas. Adam has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

18. Disclaimers and consents

This report has been prepared at the request of Toro for inclusion in the Explanatory Memorandum which will be sent to all Toro Shareholders. Toro engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider the issue of shares to a subsidiary of Mega Uranium in consideration of the acquisition of the Lake Maitland Assets.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Explanatory Memorandum. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Explanatory Memorandum other than this report.

We have no reason to believe that any of the information or explanations supplied to us are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation the Lake Maitland Assets. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

We note that the forecasts provided do not include estimates as to the effect of any future emissions trading scheme should it be introduced as it is unable to estimate the effects of such a scheme at this time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Transaction, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of Toro, or any other party.

BDO Corporate Finance (WA) Pty Ltd has also considered and relied upon independent valuations for mineral assets held by Toro and the Lake Maitland Project.

The valuer engaged for the mineral asset valuation, Optiro possesses the appropriate qualifications and experience in the industry to make such assessments. The approaches adopted and assumptions made in arriving at their valuation is appropriate for this report. We have received consent from the valuer for the

use of their valuation report in the preparation of this report and to append a copy of their report to this report.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd has no obligation to update this report for events occurring subsequent to the date of this report.

Yours faithfully

BDO CORPORATE FINANCE (WA) PTY LTD

Sherif Andrawes

Director

Adam Myers

Director

APPENDIX 1 – GLOSSARY OF TERMS

Reference	Definition
$ or AUD	Australian dollars
The Act	The Corporations Act
AEM	Airborne Electro-Magnetic surveys
APES 225	Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services'
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
BDO	BDO Corporate Finance (WA) Pty Ltd
CAD	Canadian dollars
The Company	Toro Energy Limited
Consideration Shares	415 million Toro shares to be issued to Mega as consideration for the Lake Maitland Assets
DCF	Discounted Future Cash Flows
DFS	Definitive Feasibility Study
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
FME	Future Maintainable Earnings
FSG	Financial Services Guide
IMEA	Itochu Minerals & Energy of Australia
ISR	In Situ Recovery
JAURD	Japan Australia Uranium Resources Development
JORC Code	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
Lake Maitland	Mega's Lake Maitland Uranium Project

Lake Maitland Assets	The Lake Maitland Project including the associated rights, assets and mining information
Mega	Mega Uranium Limited
NAV	Net Asset Value
Optiro	Optiro Pty Ltd
Our Report	This Independent Expert's Report prepared by BDO
Oz Minerals	Oz Minerals Limited
Permitted Holding	Subscription Shares issued to Pinetree and Toro shares issued to or acquired by Pinetree with the prior written consent of Toro
Pinetree	Pinetree Capital Limited
RG111	Content of expert reports (March 2011)
RG112	Independence of experts (March 2011)
Shareholders	Shareholders of Toro not associated with Mega
Subscription Shares	Shares issued to Oz Minerals and Pinetree at 8 cents per share
Toro	Toro Energy Limited
The Transaction	The proposal to issue 415 million Toro shares to Mega as consideration for the Lake Maitland Assets
the Valmin Code	Code for the Technical Assessment and valuation of Mineral Petroleum Assets and Securities for Independent Expert Reports
VWAP	Volume Weighted Average Price
Valuation Engagement	An Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.

APPENDIX 2 – VALUATION METHODOLOGIES

Methodologies commonly used for valuing assets and businesses are as follows:

1 *Net asset value ("NAV")*

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity's assets are liquid or for asset holding companies.

2 *Quoted Market Price Basis ("QMP")*

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a "deep" market in that security.

3 *Capitalisation of future maintainable earnings ("FME")*

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax ("**EBIT**") or earnings before interest, tax, depreciation and amortisation ("**EBITDA**"). The capitalisation rate or "earnings multiple" is adjusted to reflect which base is being used for FME.

4 *Discounted future cash flows ("DCF")*

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start up phase, or experience irregular cash flows.

5 *Market Based Assessment*

The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis it is important to acknowledge the differences between the comparable companies being analysed and the company that is being valued and then to reflect these differences in the valuation.

APPENDIX 3 – LAKE MAITLAND FIXED ASSETS

Asset Name	Acquisition date	Net book value ($)
WindRose Airdata Software	1/10/2009	208
MS SQL Standard 2008 10 CALS	17/02/2010	1,705
Windows 7 home Premium 32bit	2/08/2010	134
Acquire Database - Geology	1/10/2010	2,796
Mapinfo Discover V12.0 (6th)	6/04/2011	1,784
Environmental Software (EsDat)	24/06/2011	3,597
Discover 3D Module V 6.0 Desk	28/03/2012	1,858
Cabinet Beige/Extra Shelf Beig	26/11/2009	304
Watec Workstation, Pedestal an	22/12/2009	421
26BDS-588 Chest Freezer	11/07/2010	1,126
26BDS-788 Chest Freezer	11/07/2010	1,390
Weather Station Mast and acces	12/11/2009	2,317
4 Refurbed IBC	1/10/2009	547
Washing Machine	9/02/2010	658
Defibrillator FRX	25/02/2010	2,822
Oxy Viva Resusitator	25/02/2010	3,579
Aussiescoop Stretcher with 5 s	2/03/2010	702
Catering Kitchen Equipment	11/03/2010	4,268
Ice Boxes 70/100/200ltr	7/04/2010	406
Weather Station 2	25/05/2010	15,278
Randon GAS Monitoring (RAD 7)	24/06/2010	6,212
Enviro Radon Daughter Monitor	26/07/2010	6,331
Dryer Revers Tumble 1 6kg Site	6/09/2010	288
Dryer Revers Tumble 2 6kg Site	6/09/2010	288
Maytag Topload Washer site	6/09/2010	846
Maytag Topload Washer site	6/09/2010	846
Sea Containers for change room	6/09/2010	1,808
Davey XP 85-08T PUMP	4/10/2010	362
UHF Radios x4	30/09/2010	1,105
3m x 1.2m Whiteboards x2	7/10/2010	632
Manitowoc SD-322A/A320 Ice Mac	30/11/2010	4,943
Ground water Monitor TPS90FLMV	5/01/2011	5,153
Diesel Generator 22KVA - Abel	10/10/2012	8,591
TPS WP 81 Waterproof PH and EC	22/12/2009	368
7.0LT Wet Chemical Extinguishe	8/10/2009	121
3.5kg CO2 Fire Extinguisher	8/10/2009	139
Telescopic Mast	11/01/2010	-
3* Watec Mobile Trio Ironst	27/08/2010	380
Elite Built 4 Draw F/Cab	27/08/2010	190
Canon LBP9100CDN Printer	17/11/2010	474
GBK Scales - Tiger Tek	25/11/2010	542
Star Phone	2/12/2010	572
Total book value of the fixed assets		**$ 86,091**

APPENDIX 4 – INDEPENDENT SPECIALIST REPORT

Toro Energy Limited
Valuation of the mineral assets of Toro Energy Limited and Mega Uranium's Lake Maitland project

J_1626

Principal Author:

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Principal Reviewer:

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August 2013

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Principal Author:	Jason Froud *BSc Hons, MAusIMM*	Signature:	
		Date:	29 August 2013
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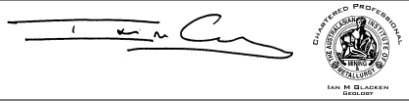
Principal Reviewer:	Ian Glacken *FAusIMM(CP), CEng*	Signature:	
		Date:	29 August 2013
Reviewers:			

Important Information:

This Report is provided in accordance with the proposal by Optiro Pty Ltd (Optiro) to Toro Energy Limited (Toro) and the terms of Optiro's Consulting Services Agreement (the Agreement). Optiro has consented to the use and publication of this Report by Toro for the purposes set out in Optiro's proposal and in accordance with the Agreement. Toro may reproduce copies of this entire Report only for those purposes but may not and must not allow any other person to publish, copy or reproduce this Report in whole or in part without Optiro's prior written consent.

Optiro has used its reasonable endeavours to verify the accuracy and completeness of information provided to it by Toro which it has relied in compiling the Report. We have no reason to believe that any of the information or explanations so supplied are false or that material information has been withheld. It is not the role of Optiro acting as an independent valuer to perform any due diligence procedures on behalf of the Company. Optiro provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of Optiro is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of engagement are such that Optiro has no obligation to update this report for events occurring subsequent to the date of this report.

TABLE OF CONTENTS

TABLES

FIGURES

APPENDICES

1. EXECUTIVE SUMMARY

At the request of Toro, Optiro has prepared an Independent Valuation on the mineral assets held by Toro, principally the Wiluna, Lake Mackay and Northern Territory projects and Mega's Lake Maitland project. Optiro understands that its valuation will be relied upon and appended to an Independent Expert's Report prepared by BDO for inclusion in a Notice of Meeting of Toro. The Notice of Meeting and BDO's report will address Toro's proposed acquisition of Mega's Lake Maitland project. As such, it is understood that Optiro's valuation will be relied upon in providing an opinion to Toro shareholders and will be a public document.

This report has been prepared in accordance with the requirements of the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports (the VALMIN Code, 2005).

The mineral assets subject to valuation in this report are Toro's Wiluna, Lake Mackay and Northern Territory projects and Mega's Lake Maitland project. The Wiluna project includes defined Mineral Resources at Lake Way, Centipede/Millipede, Dawson Hinkler and Nowthanna.

The Wiluna project is located approximately 960 km by road northeast of Perth within the northeast Yilgarn region of Western Australia. The deposits are hosted within recent to Holocene sedimentation that sits within the upper reaches of a large southeast to south flowing drainage system. Total Mineral Resources for the Wiluna project comprise 55 Mt at 441 ppm U_3O_8 for 53.6 Mlb of contained U_3O_8. In November 2012, Toro announced that an updated project economic model had been completed based on the process engineering from the Wiluna Feasibility Study, pilot plant testwork and a revised mine plan. Toro announced a capital cost estimate of A$207 M in direct costs, A$31 M in EPCM and A$31 M in contingency for a total of A$269 M. C1 cash operating costs were estimated at US$37/lb U_3O_8. Optiro has considered the change in A$:US$ exchange rate since November 2012 and it is not considered to be material in Optiro's valuation of the Wiluna project.

The Lake Mackay project, including the Theseus Mineral Resource, is located immediately south of Lake Mackay in the Great Sandy Desert in northeastern Western Australia. It is approximately 1,150 km south-southeast of Darwin. The Theseus Mineral Resource comprises 6.3 Mt at 493 ppm U_3O_8 for 6.9 Mlb of contained U_3O_8.

Toro's Northern Territory projects comprise 11 separate project areas principally centred in the area between Alice Springs, Tennant Creek and the Northern Territory/Western Australia border. The project includes 29 granted exploration licences covering 9,835 km^2.

Mega's Lake Maitland project is located approximately 740 km northeast of Perth in the northeastern Goldfields region of Western Australia. The mineralisation at Lake Maitland is flat and thin, averaging around 1.7 m in thickness, beneath some 1.5 to 2.0 m of sand and silt. The mineralisation is classified as a surficial calcrete hosted deposit. Total Mineral Resources at Lake Maitland comprise 20.8 Mt at 486 ppm U_3O_8 for 22.3 Mlb of contained U_3O_8.

Optiro has determined the fair market value of various projects at an effective valuation date of 15 August 2013. Optiro's opinion of the fair market value of Toro's Mineral Resources and exploration potential is that it lies within the range A$74.2 M to A$115.7 M, with a preferred value of A$95.0 M (Table 1.1).

Optiro's opinion of the fair market value of Mega's Mineral Resources and exploration potential is that it lies within the range A$34.5 M to A$51.9 M, with a preferred value of A$43.2 M (Table 1.1).

The values assigned to the mineral assets are in Australian dollars (A$) and were prepared at the effective valuation date.

Table 1.1 Valuation summary

Mineral asset	Value (A$M)		
	Low	High	Preferred
Toro Energy Limited			
Mineral Resources – Wiluna	$66.8	$101.8	$84.3
Exploration potential – Wiluna	$1.4	$2.3	$1.8
Mineral Resources – Lake Mackay	$2.1	$4.8	$3.5
Exploration potential – Lake Mackay	$0.6	$2.4	$1.5
Exploration potential – Northern Territory	$3.3	$4.4	$3.9
Total	**$74.2**	**$115.7**	**$95.0**
Mega Uranium Ltd			
Mineral Resources	$33.9	$50.8	$42.4
Exploration potential	$0.6	$1.1	$0.8
Total	**$34.5**	**$51.9**	**$43.2**

The opinions expressed and conclusions drawn with respect to this valuation of the mineral assets are appropriate at the valuation date of 15 August 2013. The valuation is only valid for this date and may change with time in response to variations in economic, market, legal or political conditions, in addition to future exploration results.

2. INTRODUCTION AND TERMS OF REFERENCE

2.1. TERMS OF REFERENCE AND PURPOSE OF REPORT

At the request of Toro Energy Limited (Toro), Optiro has prepared an Independent Valuation on the mineral assets held by Toro, principally the Wiluna, Lake Mackay and Northern Territory projects in addition to Mega Uranium Ltd's (Mega) Lake Maitland project. Optiro understands that its valuation will be relied upon and appended to an Independent Expert's Report prepared by BDO Corporate Finance (WA) Pty Ltd (BDO) for inclusion in a Notice of Meeting of Toro. The Notice of Meeting and BDO's report will address Toro's proposed acquisition of Mega's Lake Maitland project. As such, it is understood that Optiro's valuation will be relied upon in providing an opinion to Toro shareholders and will be a public document.

2.1. RESPONSIBILITY FOR THE REPORT AND DATA SOURCES

This report was prepared by Mr Jason Froud (Principal) and was reviewed by Mr Ian Glacken (Director and Principal) of Optiro. The report has been prepared in accordance with the requirements of the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports, 2005 Edition (the VALMIN Code). The author and reviewer of this report are Members or Fellows of the Australasian Institute of Mining and Metallurgy (AusIMM) and therefore are obliged to prepare mineral asset valuations in accordance with the VALMIN Code. All values have been compiled in Australian dollar (A$) terms.

In developing its technical assumptions for the valuation, Optiro has relied upon information provided by Toro and its consultants, as well as information obtained from other public sources. The material on which this report is based includes internal and open-file project documentation, technical reports, the drillhole database and resource models.

Optiro has independently reviewed and assured itself of the mineral tenure held by Toro and Mega and reviewed all relevant technical and corporate information made available by the management of Toro, which was accepted in good faith as being true, accurate and complete, having made due enquiry of Toro. Optiro has sourced publically available information on recent transactions involving uranium properties and has had discussions with Mr John Baines (Processing Manager), Dr Greg Shirtliff (Geology Manager) and Dr David Rawlings (Exploration Manager) of Toro.

Optiro did not visit any of the Toro or the Lake Maitland projects, as it was considered that a site visit would not reveal information or data material to the outcome of this report. Optiro is satisfied that sufficient current information was made available for these projects in order to allow an informed appraisal to be made without carrying out a site inspection.

2.2. MINERAL ASSETS

The mineral assets subject to valuation in this report are principally Toro's Wiluna, Lake Mackay and Northern Territory projects (Figure 2.1) and Mega's Lake Maitland project (Figure 2.2). The Wiluna project includes defined Mineral Resources at Lake Way, Centipede/Millipede and Dawson Hinkler. For reporting convenience the Mineral Resource at Nowthanna has been included with the Wiluna project resources. Toro is also a party (25%) to a joint venture in Namibia. The Namibian joint

venture was considered but not valued as part of this report as its value was considered to be immaterial.

Figure 2.1 Location of Toro's mineral projects (source: Toro)

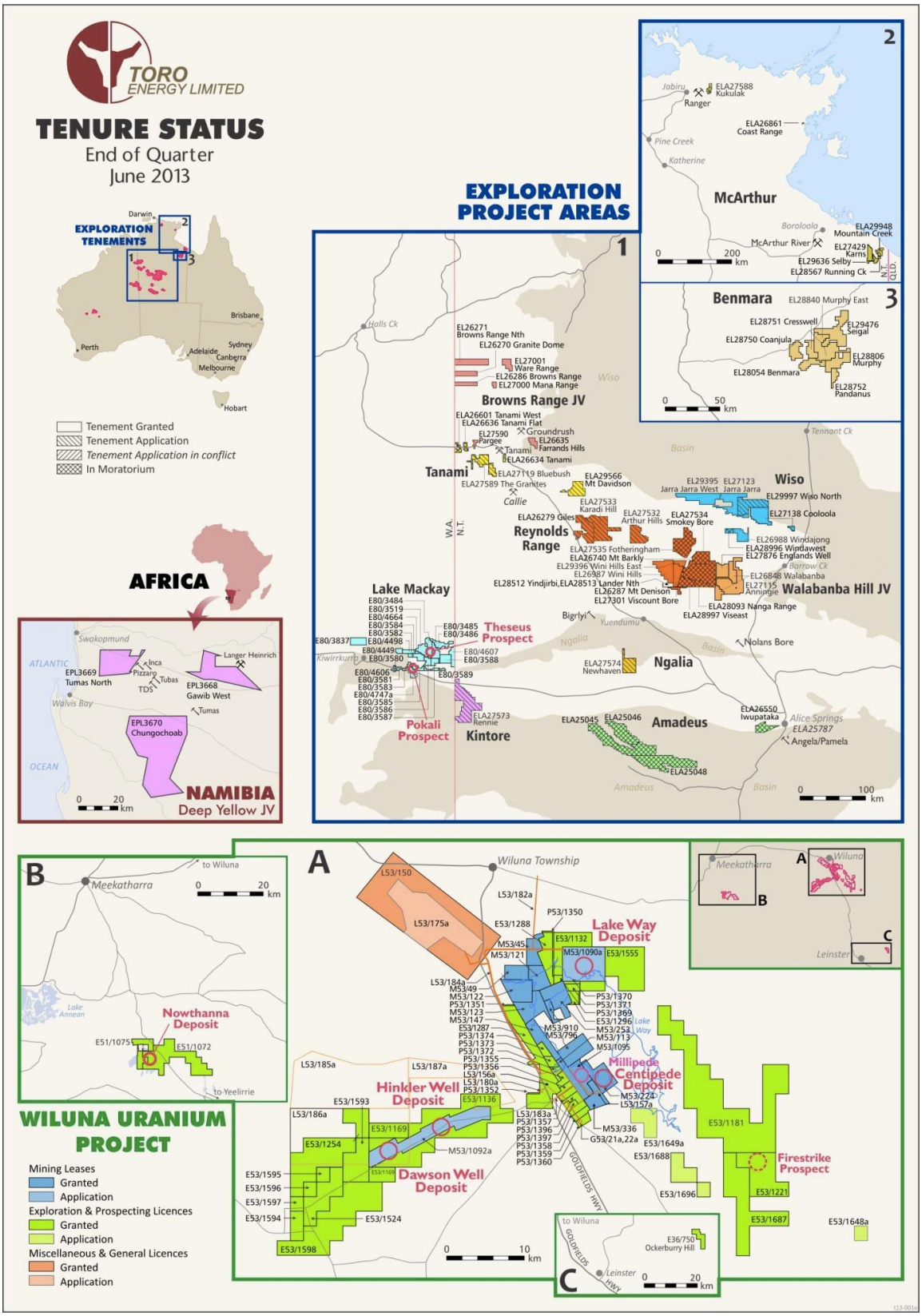
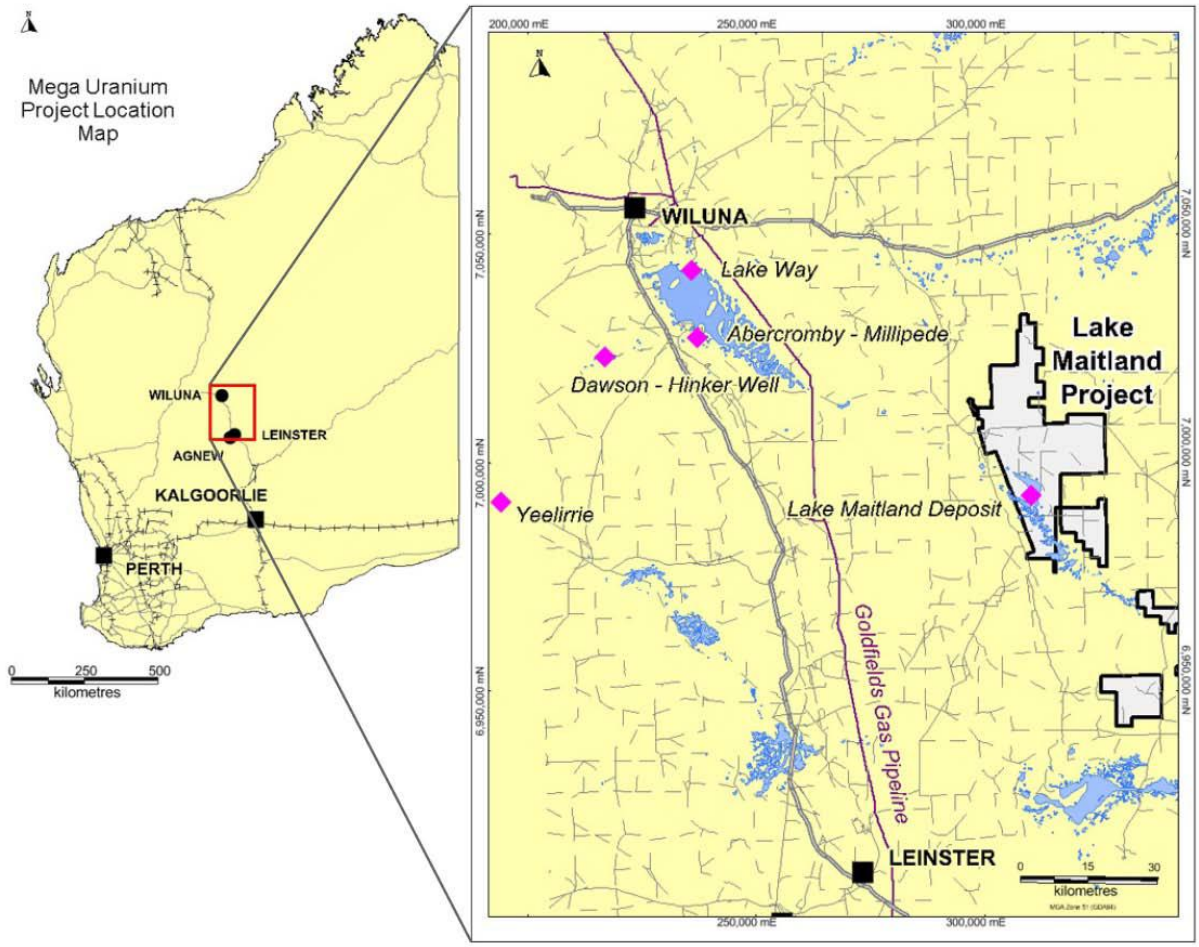


Figure 2.2 Location of Mega's Lake Maitland project



2.3. LIMITATIONS AND EXCLUSIONS

This report is based predominantly on information provided by Toro, either directly from discussions and data provided, or from reports and correspondence with other organisations whose work is the property of Toro.

This report is based on information made available to Optiro up to 15 August 2013. Toro has not advised Optiro of any material change, or event likely to cause material change, to the technical assessment of the mineral assets contained within Toro's projects. This report specifically excludes any aspects relating to legal issues, commercial and financing matters, land titles and agreements, excepting such aspects as may directly influence the technical assessment of the asset.

The conclusions expressed in this report are valid as at 15 August 2013. The valuation is only appropriate for this date and may change with time and response to variations to economic, market, legal or political factors, in addition to ongoing exploration results.

All values are in Australian dollars unless otherwise indicated.

3. TORO ENERGY LIMITED

3.1. WILUNA PROJECT

3.1.1. LOCATION AND ACCESS

The Wiluna project is located approximately 960 km by road northeast of Perth within the northeast Yilgarn region of Western Australia. The project is at the northern margin of the Norseman-Wiluna greenstone belt of the Eastern Goldfields (Figure 2.1).

The Wiluna township is approximately 600 km east-northeast of Geraldton, the closest deep-water port. The project is accessed from Kalgoorlie, 520 km to the south, via the sealed Goldfields Highway to Wiluna. Access from Wiluna is by gravel road and station tracks to the project areas. The township of Wiluna includes police, medical, postal, communications, fuel and road freight services. Regional infrastructure proximal to the Wiluna Project includes the Goldfields Highway, the Goldfields Gas Pipeline and the bituminised Wiluna airstrip.

The Wiluna project includes calcrete-hosted surficial uranium Mineral Resources at three locations: Lake Way, Centipede/Millipede and Dawson Hinkler. The Centipede/Millipede resource is a single deposit separated by a tenement boundary. The Dawson Hinkler Well deposit was formerly two deposits but has since been shown to be a single continuous deposit. For reporting convenience, the Nowthanna project and Mineral Resource, located approximately 150 km to the west of the main Wiluna project, has been included with the Wiluna project.

3.1.2. TENURE AND OWNERSHIP

The Wiluna project including Nowthanna covers a total area of 893.8 km^2, including tenement applications (Table 3.1 and Figure 3.1). The project comprises 24 granted exploration licences (250 blocks or approximately 717 km^2), one exploration licence application (3 blocks or approximately 9 km^2), 13 mining leases (91 km^2), two mining lease applications (51 km^2) and 17 prospecting licences (26 km^2). Optiro understands that Toro holds only the uranium rights to a number licences and these have been valued accordingly (Table 3.1).

Toro also holds 13 granted or in application general purpose leases and miscellaneous licences (422 km^2) for potential access, groundwater, infrastructure or accommodation requirements. As these tenements exclude mineral rights, Optiro has considered these only in general terms within its valuation.

Optiro understands that the tenements (excluding miscellaneous licences) have a current annual exploration commitment of A$1.91 M.

Licences E53/1136, E53/1169 and E53/1254 are subject to a royalty payment to U3O8 Ltd of 2% of the Net Smelter Return on uranium oxide sales on all production exceeding 6.2 Mlb of uranium extracted from the licences.

Lease M53/336 is subject to a royalty payment of 2% of the Net Smelter Return on uranium oxide sales on all production exceeding 0.91 Mlb of uranium extracted from the lease. The royalty is

payable to MPI Nickel Ltd (90%) and Barrack Mines Pty Ltd (10%). Lease M53/095 is subject to a royalty payment of 2% of the Net Smelter Return on uranium oxide sales payable to MPI Nickel Ltd on all production exceeding 3.681 Mlb of uranium extracted from the lease.

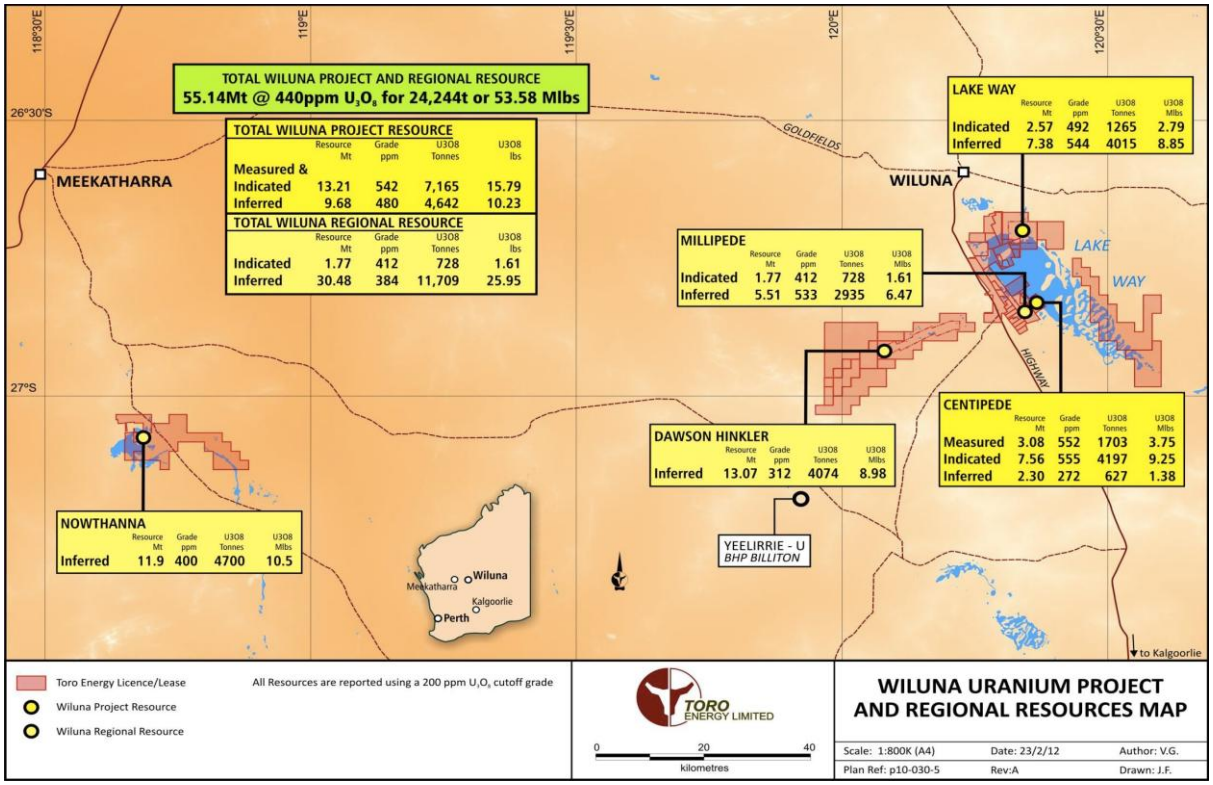
Table 3.1 Wiluna project tenement schedule

Lease	Name	Holder	Status	Expiry	Area (km^2)
E36/750	Ockerburry Hill	Toro Energy Limited	Granted	24/02/16	18.0
E51/1072	Nowthanna	Nova Energy Pty Ltd	Granted	4/04/14	106.8
E51/1075	Nowthanna	Nova Energy Pty Ltd	Granted	16/11/14	26.8
E53/1132	Lake Way	Nova Energy Pty Ltd	Granted	11/07/14	38.4
E53/1136	Dawson Hinkler	Nova Energy Pty Ltd	Granted	4/09/14	76.5
E53/1169	Dawson Hinkler	Nova Energy Pty Ltd	Granted	2/04/15	15.3
E53/1181	Supply Well	Toro Energy Limited	Granted	30/04/15	104.2
E53/1221	East Well	Toro Energy Limited	Granted	10/01/17	42.8
E53/1254	Dawson Hinkler	Nova Energy Pty Ltd	Granted	12/03/17	74.5
E53/1287*	Camel Soak	Nova Energy Pty Ltd	Granted	6/01/18	25.6
E53/1288*	Lake Uramurdah West	Nova Energy Pty Ltd	Granted	6/01/18	8.2
E53/1296*	Lake Way	Nova Energy Pty Ltd	Granted	6/01/18	2.0
E53/1524	White Bore	Toro Energy Limited	Granted	20/06/15	18.4
E53/1555	E 5301555	Nova Energy Pty Ltd	Granted	31/05/16	25.0
E53/1593	Justit Bore	Toro Energy Limited	Granted	20/07/16	15.3
E53/1594	Twin Dams Bore	Toro Energy Limited	Granted	20/07/16	6.1
E53/1595	Tony Bore	Toro Energy Limited	Granted	20/07/16	3.1
E53/1596	White Bore	Toro Energy Limited	Granted	20/07/16	3.1
E53/1597	White Bore West	Toro Energy Limited	Granted	20/07/16	3.1
E53/1598	Albion Downs	Toro Energy Limited	Granted	20/07/16	52.0
E53/1648	Barwidgee	Toro Energy Limited	Granted	10/07/18	3.1
E53/1649	Honeymoon Well 2	Toro Energy Limited	Application		9.2
E53/1687	Mona Vale	Nova Energy Pty Ltd	Granted	12/03/18	36.7
E53/1688	Mt Way	Nova Energy Pty Ltd	Granted	29/01/18	9.2
E53/1696	Mt Way 2	Nova Energy Pty Ltd	Granted	29/01/18	3.1
M53/1090	Lake Way	Nova Energy Pty Ltd	Application		23.3
M53/1092	Dawson Hinkler	Nova Energy Pty Ltd	Application		27.8
M53/1095*	Millipede	Nova Energy Pty Ltd	Granted	2/12/33	6.1
M53/113*	Lake Way South	Nova Energy Pty Ltd	Granted	25/01/31	4.8
M53/121*	Lake Way West	Nova Energy Pty Ltd	Granted	2/03/31	6.6
M53/122*	Lake Way West (Red Lady)	Nova Energy Pty Ltd	Granted	2/03/31	9.1
M53/123*	Lake Way	Nova Energy Pty Ltd	Granted	2/03/31	9.3
M53/147*	Lake Way South	Nova Energy Pty Ltd	Granted	4/10/31	7.2
M53/224*	Centipede	Nova Energy Pty Ltd	Granted	8/06/34	8.7
M53/253*	Lake Way	Nova Energy Pty Ltd	Granted	13/10/13	9.7
M53/336*	Millipede	Nova Energy Pty Ltd	Granted	22/05/15	5.7
M53/45*	Lake Way West	Nova Energy Pty Ltd	Granted	8/03/29	6.6
M53/49*	Lake Way West	Nova Energy Pty Ltd	Granted	8/03/29	5.4
M53/796*	Lake Way	Nova Energy Pty Ltd	Granted	20/11/22	9.6
M53/910*	Lake Way	Nova Energy Pty Ltd	Granted	22/05/23	2.1
P53/1350*	Lake Uramurdah West	Nova Energy Pty Ltd	Granted	25/02/16	1.0

Lease	Name	Holder	Status	Expiry	Area (km^2)
P53/1351*	Camel Soak	Nova Energy Pty Ltd	Granted	25/02/16	0.2
P53/1352*	Lake Uramurdah West	Nova Energy Pty Ltd	Granted	25/02/16	0.2
P53/1355*	Lakes	Nova Energy Pty Ltd	Granted	25/02/16	1.8
P53/1356	Lakes	Nova Energy Pty Ltd	Granted	25/02/16	1.6
P53/1357*	Lakes	Nova Energy Pty Ltd	Granted	25/02/16	1.9
P53/1358*	Lakes	Nova Energy Pty Ltd	Granted	25/02/16	1.9
P53/1359*	Lakes	Nova Energy Pty Ltd	Granted	25/02/16	1.9
P53/1360*	Lakes	Nova Energy Pty Ltd	Granted	25/02/16	1.8
P53/1369*	Lakes	Nova Energy Pty Ltd	Granted	21/07/16	1.4
P53/1370*	Lakes	Nova Energy Pty Ltd	Granted	21/07/16	1.9
P53/1371*	Lakes	Nova Energy Pty Ltd	Granted	21/07/16	1.9
P53/1372*	Lakes	Nova Energy Pty Ltd	Granted	11/06/16	1.5
P53/1373*	Lakes	Nova Energy Pty Ltd	Granted	11/06/16	1.7
P53/1374*	Lakes	Nova Energy Pty Ltd	Granted	11/06/16	1.7
P53/1396*	Lakes	Nova Energy Pty Ltd	Granted	21/07/16	1.9
P53/1397*	Lakes	Nova Energy Pty Ltd	Granted	21/07/16	1.4
G53/21	Accommodation Village 1	Nova Energy Pty Ltd	Application		0.1
G53/22	Accommodation Village 2	Nova Energy Pty Ltd	Application		0.1
L53/150	L 5300150	Nova Energy Pty Ltd	Granted	1/10/30	125.0
L53/156	Abercromby Well West	Nova Energy Pty Ltd	Application		13.2
L53/157	Abercromby Well East	Nova Energy Pty Ltd	Application		0.9
L53/175	West Creek	Nova Energy Pty Ltd	Application		48.7
L53/180	Wiluna Village	Nova Energy Pty Ltd	Application		0.1
L53/182	Wiluna Pipeline	Nova Energy Pty Ltd	Application		0.5
L53/183	Access Road	Nova Energy Pty Ltd	Application		0.4
L53/184	Wiluna Haul Road	Nova Energy Pty Ltd	Application		1.7
L53/185	Zone B Water	Nova Energy Pty Ltd	Application		89.7
L53/186	Zone A Water	Nova Energy Pty Ltd	Application		96.2
L53/187	Zone C Water	Nova Energy Pty Ltd	Application		45.4

* - uranium rights only

Figure 3.1 Wiluna project licences



3.1.3. GEOLOGY AND MINERALISATION

REGIONAL GEOLOGY

The Wiluna project is situated in the northeast of the Archaean Yilgarn Craton close to the Capricorn Orogen. The structural zone of the Capricorn Orogen formed when the Yilgarn and the Pilbara Cratons joined between 1,830 and 1,780 million years ago. The basement rocks at Wiluna form part of the Eastern Goldfields Terrane aged at 2.74 to 2.63 Ga. The Eastern Goldfields Terrane is a succession of greenstone belts geographically enclosed by younger granitoid plutons that makes up the entire eastern Yilgarn Craton and representative of an extensional tectonic regime with brief periods of compression.

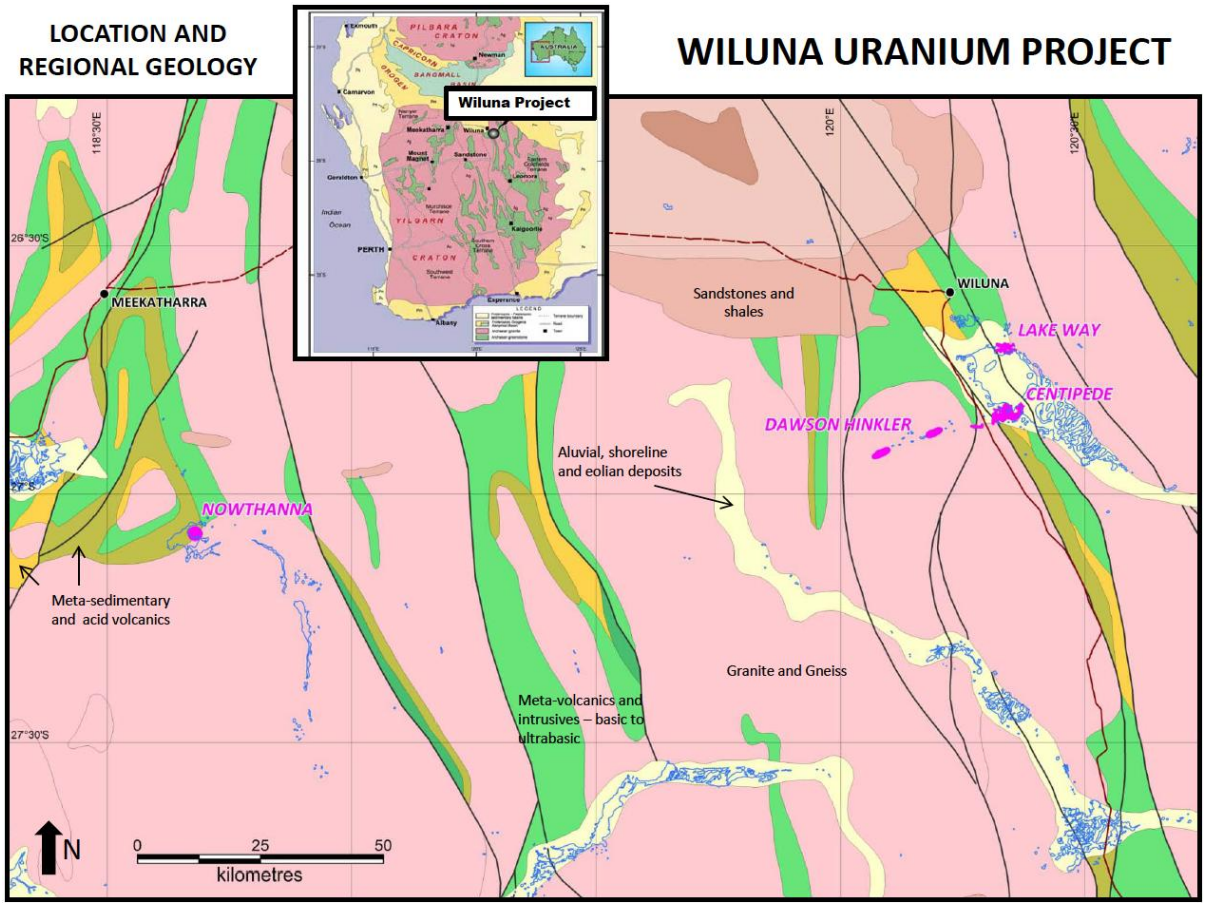
The Wiluna uranium deposits are hosted within recent to Holocene sedimentation that sit within the upper reaches of a large southeast to south flowing drainage system. This drainage system began forming in the Mesozoic within Permian glacial valleys and is now represented by a largely dry ephemeral system of salt lakes.

LOCAL GEOLOGY

The local basement geology around each deposit differs slightly (Figure 3.2). At Dawson Hinkler, the catchment is largely sheared and foliated granitoid and felsic gneiss, with some thin northwest to westerly striking dolerite dykes and the southern end of a banded iron ridge. At Centipede/Millipede the underlying basement geology is a north to northwest striking meta-felsic and intermediate volcanic unit amongst a relatively wide zone of shearing. A thin extension of greenstone rocks that dominate further to the north and west are also present beneath the eastern

most margins of the Centipede deposit. At Lake Way, the underlying basement is largely granodiorite with some mafic intrusives.

Figure 3.2 Local geology of the Wiluna project Mineral Resources



At the surface, little of the basement rocks are exposed around the Wiluna uranium deposits. Mineralisation is largely associated with, but not restricted to, calcrete at the current water table level and within stream and marginal lacustrine sediments deposited around the Holocene, but probably as far back as the Miocene. At Centipede/Millipede and Lake Way sand dunes cover a large proportion of the mineralisation.

PROSPECT GEOLOGY

Lake Way

The Lake Way uranium deposit is confined to a broad palaeo-channel delta where Uramurdah Creek empties into the northern shoreline of the Lake Way hyper-saline playa lake. Uranium mineralisation is located within surficial deposits comprising calcrete, dolomite, sand, silt and clays which overlie the basement geology to a depth of up to 40 m. The uranium mineralisation is developed as a series of amorphous and discontinuous lobes. Economic mineralisation is most commonly developed at the present day water table, between 2 and 5 m deep, but may extend from surface to a depth of up to 12 m below surface. Deeper zones of mineralisation possibly reflect older water table levels or zones of restricted groundwater.

Centipede

The Centipede uranium deposit is similar to the Lake Way deposit in many respects. The location of uranium mineralisation is controlled by a palaeo-drainage system that originated in an area of granite outcrop to the west and discharged into the western shore of Lake Wayan. The palaeo-drainage system is represented by a linear deposit of calcrete 30 km long and approximately 2 km wide. Aerial photographs of the delta area show evidence of the stream meandering in recent times, and this may have been a controlling factor in the current location of the uranium.

Uranium mineralisation is located in surficial deposits comprising calcrete, dolomite, sand, silt and clays, which overlie the basement geology to a depth of up to 40 m. The calcrete comprises mainly calcite or dolomite, with 15% to 20% montmorillonite clay and about 5% silica. Potentially economic mineralisation is restricted to the carbonate zone, at or immediately below the water table.

Millipede

Spatially and geologically, Millipede is part of the same deposit as Centipede but separated by a tenement boundary.

Dawson Hinkler

The Dawson Hinkler mineralisation area is within a 'trunk valley calcrete' with mineralisation being predominantly hosted in calcrete consisting mainly of calcite with local chalcedony overprint and minor dolomite, gypsum and sepiolitic clay.

Repeated wet and dry cycles and the development of swelling clays have caused mounding of the calcrete in the central part of the drainage system. Erosion and incision by current drainage is usually marginal to the mounding.

A generalised calcrete profile may be recognised at Dawson Hinkler. The top layer, up to 20 cm, consists of finely laminated undulating calcrete. Beneath this layer brecciated and re-cemented calcrete (in response to swelling clays) overlies the massive calcrete, which is locally silica enriched. A nodular calcrete trending into spotty channel sands and clays sits immediately below. Outcropping calcrete frequently appears to be karstic, with evidence of caving and slumping caused by rainfall dissolution of carbonate.

The distribution of the mineralisation at Dawson Hinkler and the identification of separate mineralised pods suggests that the presence of subsurface barriers that restrict groundwater flow have played a major role in the current distribution of uranium within the calcrete. Subtle linear trends in both airborne radiometric and magnetic data, coinciding with rapid changes in the depth of the recent alluvium/colluvium cover which hosts the calcrete and the thickness of the latter, support a partial structural control on the location of the mineralised pods.

Nowthanna

Uranium mineralisation at Nowthanna occurs as the uranium vanadate, carnotite, over intervals of 0.5 to 6 m in width within silicified calcrete layers and carbonate rich sandy clays at or near the water table, generally within 10 m of surface. Mineralisation lies beneath 1 to 4 m of poorly

consolidated sediments and is similar to the other surficial style deposits in the north Yilgarn Craton, such as the Lake Way and Centipede deposits.

3.1.4. MINERALISATION

The principal uranium mineral within the Wiluna deposits is carnotite. Carnotite has been found as micro to crypto-crystalline coatings on bedding planes in sediments, in the interstices between sand and silt grains, in voids and fissures within calcrete, dolomitic calcrete and calcareous silcrete, as well as small concentrations in silty clay and clay horizons.

The main potentially economic concentrations of carnotite are typically restricted to a zone some 2 to 6 m below the surface that correlates with the current water table. The mineralised zone is not considered lithologically specific, rather forming a wide, flat and continuous lens stretching approximately from the central delta to the current lake shoreline and inhabiting calcrete, silcrete, sandy silts and clays. The mineralised zone coincides with a thicker calcareous horizon that is more prominent away from the lake shoreline and often consists of competent to hard calcrete and calcareous silcrete.

It is considered that weathered granites are the likely source for the uranium and the weathered greenstones the source for the vanadium in the carnotite mineralisation. Regionally, the deposits associated with Lake Way are included in a province of similar style calcrete-associated uranium deposits in the northeast Yilgarn of Western Australia and include larger deposits such as Yeelirrie.

3.1.5. TESTWORK AND STUDIES

In November 2012, Toro announced that an updated project economic model had been completed based on the process engineering from the Wiluna Feasibility Study, pilot plant testwork and a revised mine plan. Toro announced a capital cost estimate of A$207 M in direct costs, A$31 M in EPCM and A$31 M in contingency for a total of A$269 M. C1 cash operating costs were estimated at US$37/lb U_3O_8. In November 2012, the A$:US$ exchange rate was approximately 1.03 (A$:US$) whereas at 15 August 2013 it is trading in the order of 0.92 (A$:US$). Optiro notes that the C1 cost estimation includes components denominated in both A$ and US$. In considering this, and the resultant increase in the U_3O_8 price in A$ terms, the change in exchange rate since November 2012 is not considered to be material in Optiro's valuation of the Wiluna project.

MINE PLAN

As part of Toro's economic model update, a mine plan and schedule was completed in early 2012. The mine plan is based on selective mining using a Vermeer surface miner and shallow excavations. Mining is in shallow pits, with tailings and waste rock deposited back into the mined out void and progressive rehabilitation of the mined area to as close as possible to the natural landform.

The mine plan includes pit optimisations and block models using Whittle models at a 250 ppm U_3O_8 cut-off and a 500 ppm U_3O_8 high grade cut-off to stockpile. Upside scenarios were also run at 300/500 ppm and 350/500ppm cut-offs. The pit shell outputs have been used in the economic model to determine the mining rate and stockpile grades.

Detailed mining designs, including mine dewatering, mine scheduling and tailings facility designs are ongoing as part of the Feasibility Study. Mining and infrastructure costs will be confirmed at the finalisation of the Feasibility Study.

TESTWORK STUDIES

Technical design and engineering studies on the Wiluna Project have been undertaken since 2008, concurrent with the environmental approvals process. Toro completed a Pre-Feasibility Study (PFS) in 2008 and an Optimisation Study in 2009 which determined the conceptual design. These studies confirmed a conventional alkaline tank leach with direct precipitation as the most effective processing route.

Development testwork completed in 2010 and 2011 included a trial mining/resource evaluation pit, a metallurgical variability programme and a pilot plant campaign. These testwork programmes confirmed the technical viability of the proposed mining method and process flow sheet. In particular, a fully integrated continuous hydrometallurgical pilot plant circuit ran in two 10-day campaigns on clay-dominant and calcrete-dominant mineralised samples from the resource evaluation pit and provided greater confidence in the process route and key parameters.

The campaigns demonstrated overall uranium recovery in the range of 83% to 86% and defined the reagent consumption of the continuous circuit, thus improving confidence in the operating cost estimate. The pilot plant demonstrated that recovery was able to be maintained from a coarse grind, resulting in a reduced mill size and power requirements. Leach temperatures were confirmed at 90°C and saline groundwater (sourced from the actual groundwater in the mining areas) was used throughout the campaign without loss of product recovery, establishing savings in water treatment prior to processing. The pilot plant also generated bulk samples that enabled key equipment sizing testwork and a significant quantity of sodium diuranate (SDU) that was used to develop and verify the refining process.

Key quantitative and technical outcomes of the pilot plant work are presented in Table 3.2.

Toro considered that the quality of the SDU product and vanadium rejection was consistently better than expected in the leaching and counter current decantation (CCD) circuit. Further refining of the SDU achieved a high quality uranyl peroxide product that was low in deleterious elements. Toro expects further refining to improve the final product specification and minimise any potential penalties due to the presence of deleterious elements.

Table 3.2 Criteria and outcome of pilot plant testwork (from Toro, 2012)

Key Criteria	Outcome	Description
Particle size distribution	P_{80} 400 µm	Suitable for optimum uranium dissolution
Uranium dissolution	>88%	>85% considered excellent
Vanadium rejection	40% in leach circuit	Reduces size and cost of uranium purification circuit and high rejection during sodium diuranate precipitation
CCD underflow density	42% to 45%	Good but variable underflow densities, especially for calcrete dominant material
CCD recovery efficiency	98%	Excellent recovery efficiencies achieved
Uranium recovery	83% to 86%	Very good recovery for alkaline process
Bulk samples	100% complete	Key samples generated including leach feed, CCD feed, SDU and tailings

ENGINEERING STUDIES

Following metallurgical testwork, a Definitive Feasibility Study (DFS) commenced with Bateman Engineering in March 2012. The DFS was split into two phases:

- Phase 1 (process engineering design) which is now complete
- Phase 2 (engineering and infrastructure) is yet to commence following the Federal Government environmental approval granted on 2 April 2013.

Phase 1 delivered the process design for the alkaline leach process including flow diagrams, process mass and heat balance, process design criteria, equipment identification and sizing, operating cost estimation, a preliminary plant layout and a preliminary capital cost estimate based on the confirmed process design. The design incorporates maximum heat recovery from process streams to minimise heating costs.

The resulting cost estimates indicate that 60% of capital costs and 65% of operating costs are associated with the processing plant design. Operating costs per pound of U_3O_8 were estimated at US$37 comprising approximately US$23.60 for milling costs, US$8.00 for mining costs and US$5.40 for transport costs.

Phase 2 will deliver supporting infrastructure design (accommodation, power, haul roads, water supplies, mining and mine dewatering), detailed engineering and final cost estimates for both capital and operating expenditure. Phase 2 will also include consideration of these facilities as well as advancing detailed engineering design of the mine dewatering, mine schedule and in-pit tailings disposal facilities.

PROJECT ECONOMICS

Bateman Engineering estimated the capital and operating costs at the conclusion of Phase 1 of the DFS; these costs reflected current commodity prices at the time and the updated process design. Costs were estimated to a precision of +/-25%, as they were derived from industry benchmarks and escalations rather than from direct tenders or quotes. DFS Phase 2 is anticipated to provide final DFS level cost estimates.

Toro developed an economic model to analyse net present value, investment returns and payback period using the following assumptions:

- a long-term uranium price of US$75/lb U_3O_8 and a long term foreign exchange rate of US$0.90
- uranium recovery of 85% after a ramp-up of one year, moving to 86% in the second year of operations
- average annual production of 1.7 Mlbs U_3O_8
- an average processing head grade of approximately 716 ppm U_3O_8.

The economic model indicates a C1 cash operating cost of US$37/lb U_3O_8 over the first 10 year operating life of the project. The direct capital construction estimate is A$207 M, or A$269 M including EPCM and contingency. The economic model has been refined following the output of Phase 1 of the DFS and includes:

- An upgrade in the resource model and a revised mining plan for the Centipede and Lake Way deposits. The new mining plan involves selective mining of the deposits at a cut-off of 250 ppm U_3O_8 and priority processing of a higher cut-off of 500 ppm U_3O_8 from stockpiles. The average strip ratio is 3.8 to 1 and the average feed grade to the 1.3 Mtpa processing plant is projected to be approximately 716 ppm U_3O_8 in the first ten years of the project.
- Reduced power costs for grinding and process heating, revised reagent consumption estimates and improvement in saline groundwater usage as confirmed by the pilot plant testing at established recovery of 83% to 86%.
- Updated estimates of the mining and infrastructure costs, including borefield water and pipeline, gas pipeline, power station and accommodation camps.
- Redesign of the economic model to reflect the impact of the US$/A$ exchange rate on the cost structure of the project and the identification of US$-priced input costs. It was estimated that approximately 30% of the C1 cash operating costs are US$ denominated and that the long term exchange rate will trend to an average rate of US$0.90 over the life of the project.

The operating cost estimate of US$37/lb is based on the assumption that all supporting infrastructure will be owned and operated by Toro and that the mining costs reflect contract mining rates. Optiro considers these assumptions to be reasonable.

Operating cost estimates include:

- mining costs of US$8.00/lb which include labour, selective mining, waste stripping, waste rehandle, rehabilitation and haulage costs
- milling costs of US$23.60/lb which comprise power (including steam and waste heat recovery), reagents, consumables, maintenance and materials and labour costs
- general and administration costs of US$5.40/lb which include product transport and overheads.

3.1.6. MINERAL RESOURCES

Optiro has conducted a high level review of Toro's Wiluna uranium resource, which comprises the Millipede, Centipede, Dawson Hinkler, Nowthanna and Lake Way deposits. The data that was sighted as part of this August 2013 review includes the geological interpretation wireframes, variography, the resource models, the composites used in the estimates and the resource model reports for all the deposits. All the deposits were estimated using the same approach, which involved a combination of ordinary kriging (OK) and uniform conditioning (UC). The process entails:

- Generating an OK panel estimate using variography parameters derived from the mineralisation sample data.
- The panel estimates and the kriging variance are then utilised as key input parameters for the UC process. These are used in conjunction with the variogram models together with the expected variance of the selective mining units (SMU) grades to estimate the theoretical grade distribution of SMU size blocks within each panel

UNIFORM CONDITIONING

UC is a change of support technique for estimating recoverable resources in potential open cut mines at a more selective scale than can normally be directly estimated from relatively sparsely distributed exploration data. The UC process predicts the proportion and grade of mineralisation above a selected cut-off grade for a given mining selectivity from within a larger panel estimate. The location and number of parcels of the above cut-off portion within larger panel is not defined. The product of the UC process is a cumulative distribution function for each panel defining the proportion and grade above a set of user-defined cut-off grades. The accuracy of any SMU estimate using UC hinges on the quality of the panel estimates that are input into the UC process.

REVIEW SUMMARY

Panel estimates

Given that the panel estimates provide important inputs for uniform conditioning, Optiro carried out a number validation checks on these estimates. Optiro's guiding principle in the validation was to ensure that the Mineral Resource models matched the input drillhole data to a level of accuracy which is commensurate with the resource classification category. The checks include:

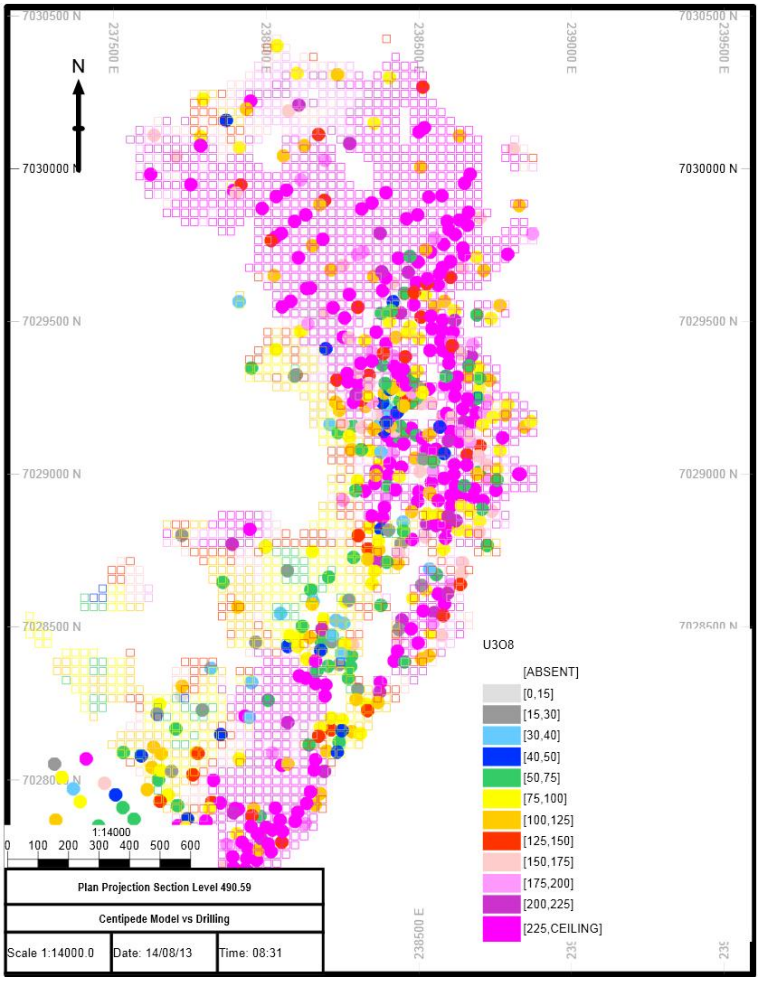
- **Variography**
  The general approach taken by SRK in modelling the grade continuity models for the various deposits was to sub-domain the data into statistically homogeneous zones in order to get better variograms and improve the quality of the estimates. The nugget effect was modelled using downhole variograms for the estimation domains. Directional variography was carried out to characterise the mineralisation anisotropies and directions of continuity and to provide parameters for estimation. Variogram models were predominantly modelled in Gaussian space in order to achieve better fitting variograms. The Gaussian models were back-transformed into the raw data space before use in the estimation process. Optiro reviewed the variogram models produced by SRK and concludes that the general structures of the models are acceptable and that the ranges of influence are appropriate for the style

of mineralisation. Given that the panel estimates were used as conditioning data for the UC estimates of the recoverable resources at smaller mining units, it is important that the variance of the data is approximately equal to the total sill of the variogram model for each of the estimation domains. Optiro has checked this condition for all the SRK estimates and is satisfied with the approach taken by SRK.

- **Visual validations**

  Optiro validated drillhole data, mineralisation envelopes and block model grades visually to ensure that drillhole data supports the mineralisation outlines and block model and vice versa. It appears that drillhole grades have been correctly captured by the mineralisation envelopes. Optiro notes that the drillhole data visually supports the block model. An example of the Centipede model and the composites used in the estimation is shown in Figure 3.3.

Figure 3.3 Visual comparison of the model and the composites used in the estimation, Centipede deposit

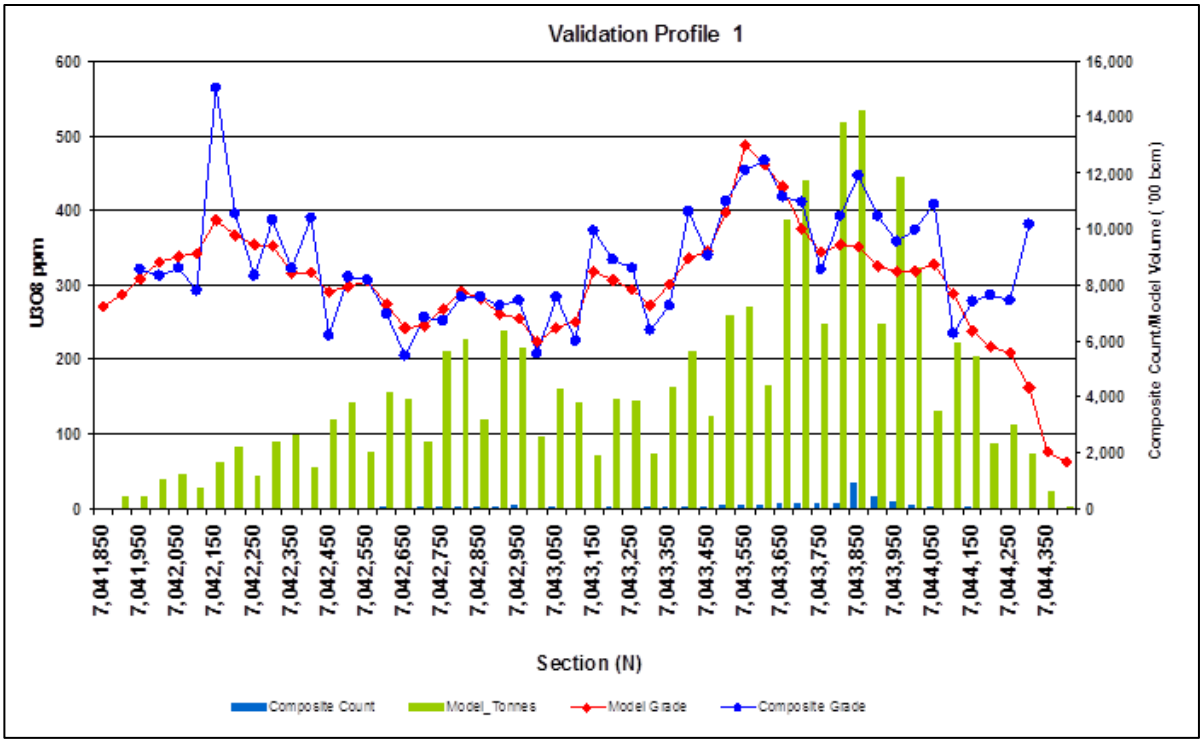


- **Grade profile plots**

  Validation profile plots, showing the relationship of uranium grades in a given direction (generally by northing, easting or by elevation slice) between the block models and sample composites, were generated for the Centipede and Lake way deposits at Wiluna. For this purpose declustered composite data supplied by SRK was used to compare with the model.

The profile plots were examined in northing and easting directions. There is generally good agreement between the declustered sample grades and the block grades (Figure 3.4).

Figure 3.4 Validation profile plot for the Lake Way deposit at Wiluna



- **Slope of regression**

  An analysis of the regression slope statistics quoted in the resource reports provided to Optiro shows that the majority of the deposits have over 60% of all the panels having a slope of regression greater than 0.7. The Nowthanna deposit is the only deposit that has only 37% of the total panels having a slope of regression greater than 0.7, indicating a higher relative degree of conditional bias in these estimates. The accuracy of the recoverable resource estimates using UC is dependent upon the large panel grades being unbiased. Optiro thus advises caution in the use of the Nowthanna recoverable resources in future mine studies as they may not represent the reality of their extraction at the SMU scale.

Mineral Resource classification

Material has been classified according to the JORC Code (2004 Edition) for all the resource models reviewed. The main factors considered include were:

- nominal drilling density
- confidence level in the geological and grade continuity.

Optiro considers the approach adopted by SRK for Mineral Resource Classification to be appropriate, notwithstanding the fact that Optiro has not reviewed the quality of the input data, been to site or inspected the geology of the deposit. Figure 3.5 and Figure 3.6 show the classification of resources

at Centipede and Millipede deposits at Wiluna together with the subdivision of the deposits into different areas.

Figure 3.5 **Resource classification for the Centipede and Millipede areas at Wiluna**

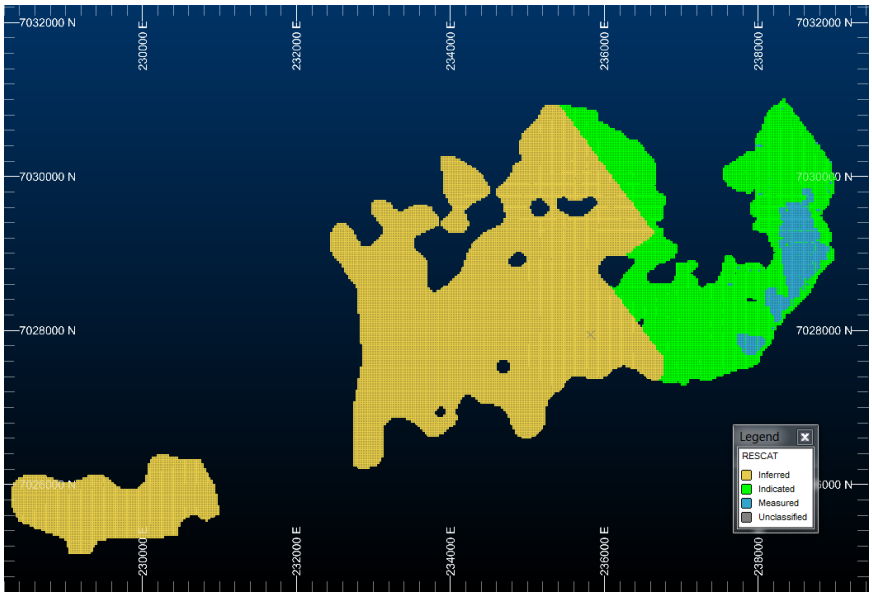
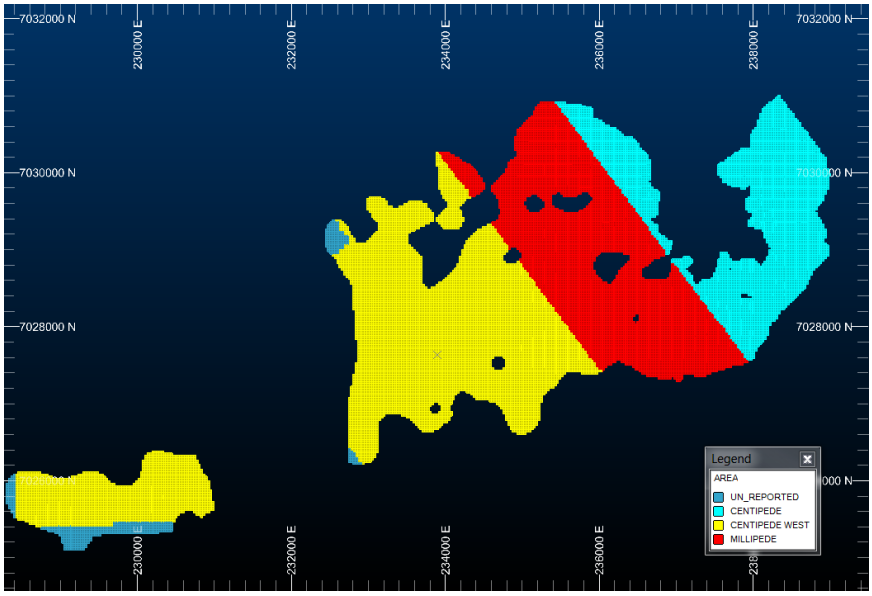


Figure 3.6 **Reporting areas for the Centipede and Millipede deposits at Wiluna**



Mineral Resource reporting

Optiro generated tonnage-grade curves from the final resource models supplied by Toro for all the Wiluna deposits. The tonnage, grade and metal statistics were checked with the figures reported by SRK in the supplied resource reports. Optiro managed to reproduce the SRK tonnage and grade figures for all the Wiluna deposits, except for the Dawson Hinkler deposit. (Table 3.3). Optiro advises that the reported figures for Dawson Hinkler are verified by SRK or by Toro before they are used in any further analysis.

Table 3.3 **Comparison of Optiro and SRK reporting of the Toro's Wiluna Uranium deposits showing good validation**

		SRK				OPTIRO				Difference %			
Prospect	**Resource Classification**	**Resource (Mt)**	**U3O8 (ppm)**	**U3O8 (Tonnes)**	**U3O8 (Mlb)**	**Resource (Mt)**	**U3O8 (ppm)**	**U3O8 (Tonnes)**	**U3O8 (Mlb)**	**Resource (Tonnes)**	**U3O8 (grade)**	**U3O8 (Metal Tonnes)**	**U3O8 (Metal lbs)**
Centipede	Measured	3.08	552	1,703	3.75	3.08	553	1704	3.76	0.00%	-0.18%	-0.06%	0.27%
	Indicated	7.56	555	4,197	9.25	7.55	555	4194	9.25	0.13%	0.00%	0.07%	0.00%
	Inferred	2.3	272	627	1.38	2.31	272	630	1.39	-0.43%	0.00%	-0.48%	0.72%
	Total	**12.94**	**504**	**6,527**	**14.4**	**12.94**	**504**	**6527**	**14.4**	0.00%	0.00%	0.00%	0.00%
Millipede	Indicated	1.77	412	728	1.61	1.77	412	729	1.61	0.00%	0.00%	-0.14%	0.00%
	Inferred	5.51	533	2,935	6.47	5.5	533	2935	6.47	0.18%	0.00%	0.00%	0.00%
	Total	**7.28**	**504**	**3,663**	**8.08**	**7.27**	**504**	**3664**	**8.08**	**0.14%**	**0.00%**	**-0.03%**	**0.00%**
Lake Way	Indicated	2.57	492	1,265	2.79	2.57	492	1265	2.79	0.00%	0.00%	0.00%	0.00%
	Inferred	7.38	544	4,015	8.85	7.38	544	4015	8.85	0.00%	0.00%	0.00%	0.00%
	Total	**9.95**	**504**	**5,280**	**11.64**	**9.95**	**504**	**5280**	**11.64**	**0.00%**	**0.00%**	**0.00%**	**0.00%**
Nowthanna*	Indicated	-	-	-	-	-	-	-	-	-	-	-	-
	Inferred	15.7	400	6,300	13.8	15.7	400	6300	13.8	0.00%	0.00%	0.00%	0.00%
	Total	**15.7**	**504**	**6,300**	**13.8**	**15.7**	**504**	**6300**	**13.8**	**0.00%**	**0.00%**	**0.00%**	**0.00%**

* Global Mineral Resource. Includes material outside of tenements E51/1072 and E51/1075.

Reported (attributable) Mineral Resource at Nowthanna inside E51/1072 and E51/1075 comprises 11.9 Mt at 399 ppm U_3O_8 for 10.5 Mlb contained U_3O_8.

3.2. LAKE MACKAY PROJECT

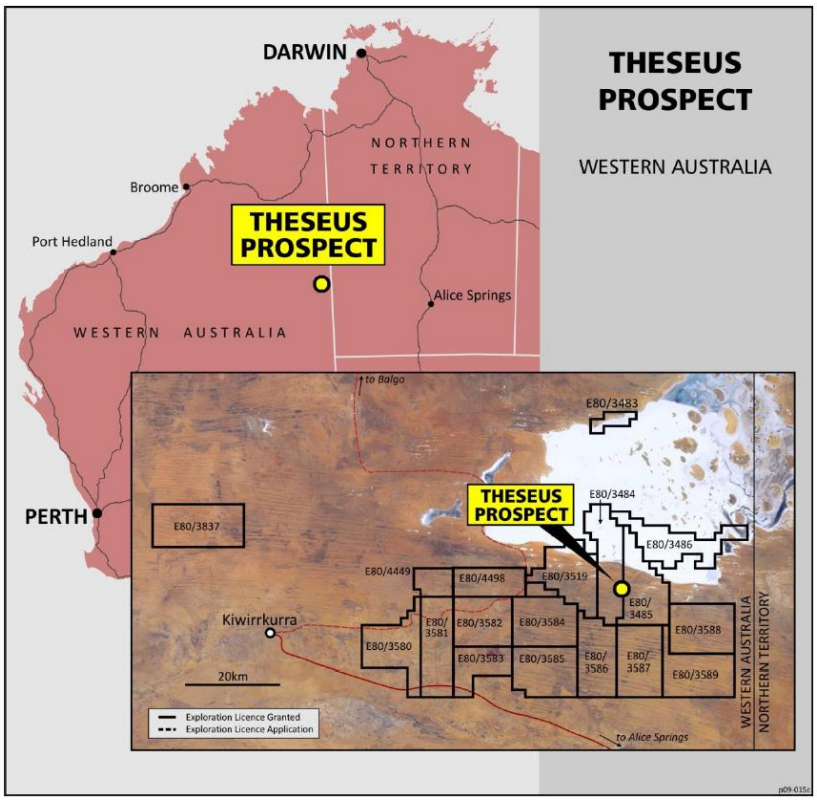
3.2.1. LOCATION AND ACCESS

The Lake Mackay project, including the Theseus Mineral Resource, is located immediately south of Lake Mackay in the Great Sandy Desert in northeastern Western Australia. It is approximately 1,150 km south-southeast of Darwin (Figure 2.1 and Figure 3.7). Access to the area is from Alice Springs, 700 km to the east, via the Stuart Highway, Tanami Road and the Gary Junction Road. The settlement of Kiwirrkurra, with a population of approximately 150, is located to the west of the licence area and is a support base for field activities.

The Lake Mackay project is located within Native Title Determined Lands overseen by the Ngaanyatjarra Land Council (NLC). Toro, through Nova Energy Limited, has an operating Deed of Agreement with the local TjamuTjamu (Aboriginal Corporation) and NLC. This agreement allows the company to explore for uranium and other metals on reserve lands within and adjacent to Lake Mackay. The deed is administered by the Central Desert Native Title Services (CDNTS).

There has been little previous uranium exploration in the Lake Mackay area and no historical tenements have been held over the Theseus Prospect. In the early 1990s, tenements were, however, held over most of the western Arunta Orogen, including the south of the project, exploring for Proterozoic copper-gold mineralisation.

Figure 3.7 Lake Mackay project location including the Theseus prospect



3.2.2. TENURE AND OWNERSHIP

The Lake Mackay project comprises 21 granted exploration licences covering 2,821 km^2 (Table 3.4). Toro holds 100% of the Lake Mackay licences, with the exception of ground over the Lake Mackay salt lake. Optiro understands that in May 2013, Toro entered into an agreement with Rum Jungle Resources Ltd (Rum Jungle) in which Rum Jungle will farm into the rights for potash and related evaporite minerals over Lake Mackay. Key terms of the agreement include:

- Rum Jungle to spend a minimum of A$250,000 in year 1, drilling the lake to earn a 51% interest in Lake Mackay's potash and other evaporite minerals
- Rum Jungle to spend a further A$750,000 in years 2 and 3 to increase its interest to 80%, at which point Toro may elect to maintain its 20% interest and contribute to further expenditure.

Table 3.4 Lake Mackay project tenement schedule

Lease	Name	Holder	Status	Expiry	Area (km^2)
E80/3484*		Nova Energy Pty Ltd	Granted	15/05/13	218.7
E80/3485*		Nova Energy Pty Ltd	Granted	15/05/15	218.6
E80/3486*		Nova Energy Pty Ltd	Granted	15/05/15	218.7
E80/3519*		Nova Energy Pty Ltd	Granted	15/05/15	221.8
E80/3580		Nova Energy Pty Ltd	Granted	15/05/15	15.8
E80/3581		Nova Energy Pty Ltd	Granted	15/05/15	34.7
E80/3582		Nova Energy Pty Ltd	Granted	15/05/15	37.9
E80/3583		Nova Energy Pty Ltd	Granted	15/05/15	69.4
E80/3584		Nova Energy Pty Ltd	Granted	15/05/15	110.4
E80/3585		Nova Energy Pty Ltd	Granted	15/05/15	148.3
E80/3586		Nova Energy Pty Ltd	Granted	15/05/15	221.5
E80/3587		Nova Energy Pty Ltd	Granted	15/05/15	221.6
E80/3588		Nova Energy Pty Ltd	Granted	15/05/15	221.4
E80/3589		Nova Energy Pty Ltd	Granted	15/05/15	266.4
E80/3837		Nova Energy Pty Ltd	Granted	13/12/14	72.7
E80/4449		Nova Energy Pty Ltd	Granted	23/03/16	104.2
E80/4498	Wanman	Toro Energy Limited	Granted	2/10/16	25.2
E80/4606	Angus	Toro Energy Limited	Granted	1/03/17	176.8
E80/4607	Wanman	Toro Energy Limited	Granted	1/03/17	25.2
E80/4664	Wanman 2	Toro Energy Limited	Granted	15/11/17	25.3
E80/4747	Pokali South Mine (JV)	Toro Energy Limited	Granted	2/07/18	167.1

* - Rum Jungle earning in to potash rights

3.2.3. GEOLOGY

REGIONAL GEOLOGY

The Lake Mackay project is located within the West Arunta Orogen, the westward extension of the Arunta Orogen that outcrops predominantly in the Northern Territory to the east. The Arunta Orogen is divided into the Aileron Province in the north and the Warumpi Province in the south, which are separated by the north-dipping, crustal-scale Central Australian Suture (CAS). The CAS is

clearly evident on the radiometric and aeromagnetic images, which suggests that the regolith cover is reasonably thin and locally derived.

The Aileron Province contains multiply-deformed psammitic and pelitic rocks that have been interpreted as being part of the Lander Rock Formation (c. 1,835 Ma) and deformed and strongly recrystallised quartzites that may correlate with the Reynolds Range Group (1,805 to 1,770 Ma). To the west, sparsely outcropping interbedded banded iron-formation (BIF) and psammitic rocks are noted which correspond to major highs in the aeromagnetic data.

Uncomformably overlying the basement are sedimentary rocks, including the upper Pollock Hills Formation, the Neoproterozoic Heavitree Quartzite and Bitter Springs Formation of the Amadeus Basin and the Munyu Sandstone of the Redcliff Pound Group to the north. These rocks have been folded at least once and are also cut by various faults.

Regolith covers approximately 80% of West Arunta Orogen, comprising predominantly flat to weakly undulating sand plains with elongate sand dunes.

LOCAL GEOLOGY

Most drillholes at the Theseus deposit have intersected a sequence of lacustrine clays and sands down to approximately 80 m depth, with a number of holes intersecting variably reduced and oxidized sands and clays below this to 120 m. These sands and clays are interpreted to be part of a palaeovalley sequence with an enhanced radiometric response.

Palynology results confirm that the sequence correlates with the Namba and lower Eyre Formation in the Callabonna Sub-basin, occurring within the Cainozoic sedimentary sequence infilling the Lake Mackay basin. Based on this information, the Theseus deposit is located in a very similar aged sedimentary environment to the Beverley and Honeymoon deposits in SA.

Toro has interpreted palaeovalleys based on lithological logging from the aircore and mud rotary drilling. Mineralisation has been intersected over 8 km of palaeochannels, with widths up to 1.5 km. The channels are open to the west, east and south (Figure 3.8).

The uranium mineralisation at Theseus is interpreted to be hosted within a variably oxidised sand-clay sequence, and its distribution is concentrated at boundaries between reduced and oxidised sediments. The thickest and highest grade mineralised intercepts are hosted within sands ranging between 1 and 6 m thick, while thinner intercepts are localised at the upper and lower boundaries of sand units (Figure 3.9). This distribution is consistent with the classic roll-front style of mineralisation.

Figure 3.8 **Palaeovalley interpretation at the Lake Mackay project**

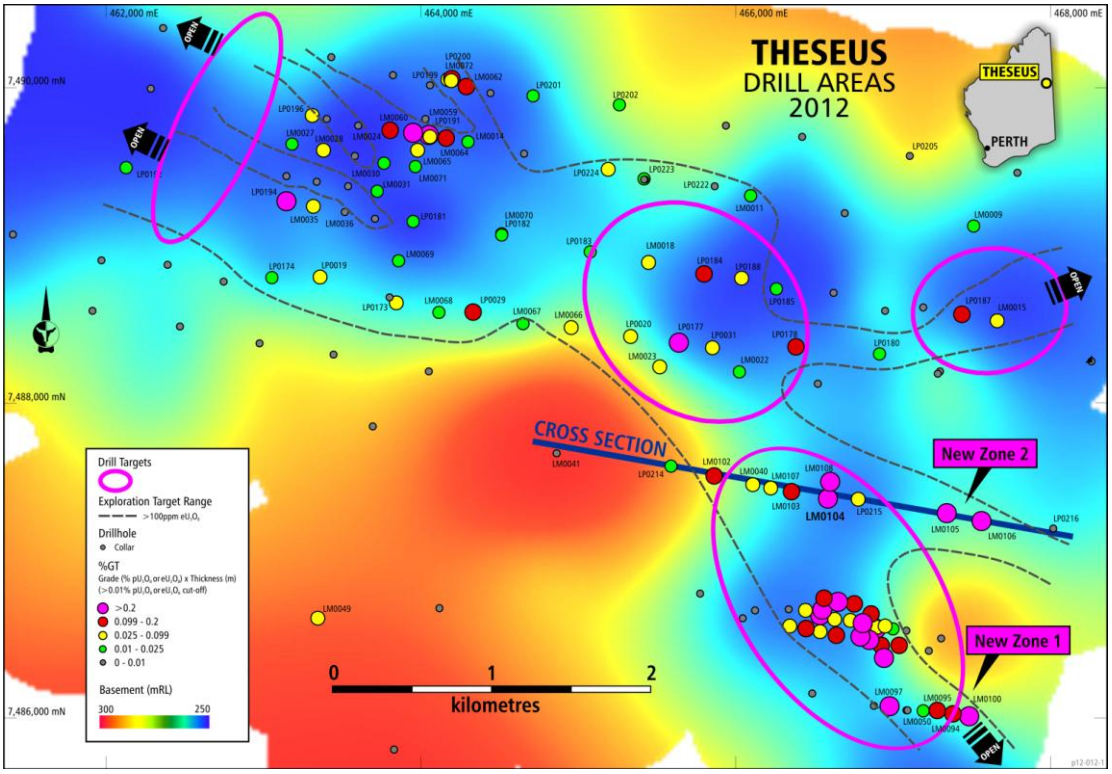
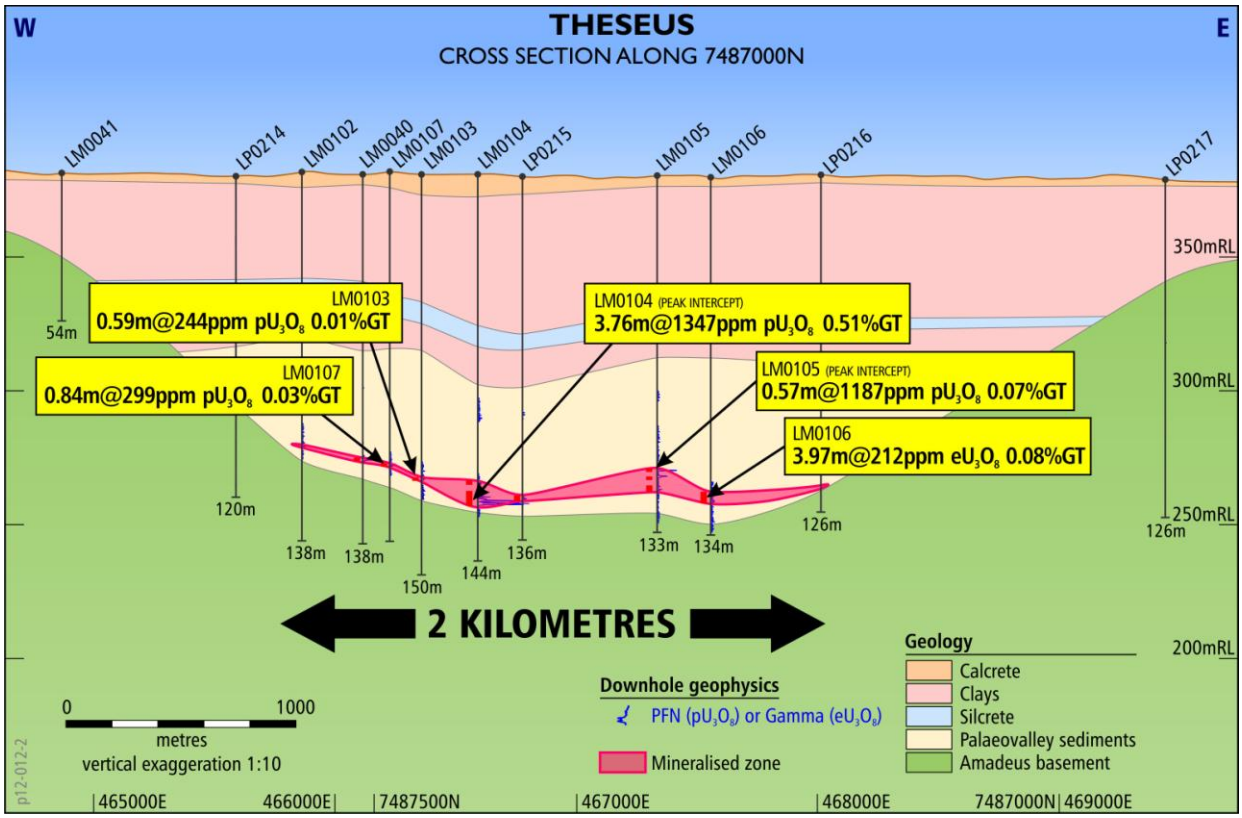


Figure 3.9 **Cross section through mineralisation at Theseus (from Toro ASX release, May 2012)**



3.2.4. MINERALISATION

The potential for uranium mineralisation in the region was evident from an aerially-extensive high-amplitude uranium channel radiometric anomaly located over the southern part of Lake Mackay. The radiometric plume is likely to be due to radionucleide daughters that have been discharged into the lake via modern groundwater flow. The ultimate source of the radionucleides was speculated by Toro to be a concealed uranium mineral system to the south of the lake. Three potential geological scenarios were envisaged.

IOCG-U 'OLYMPIC DAM STYLE'

Mesoproterozoic granitic and metamorphic basement rocks of similar age and character to those that host the Iron Oxide-Copper-Gold+/-Uranium (IOCG-U) deposits of South Australia's Gawler Craton, including Olympic Dam, underlie the Lake Mackay Project area. Baseline geochemical studies by Geoscience Australia and cursory exploration by others in the late 1990s suggest the presence of large-scale alteration systems and low grade gold and copper mineralisation around Mount Webb, immediately south and west of Toro's tenements. Recently, Ashburton Minerals Ltd has drilled wide intersections of copper-gold mineralisation at Pokali South, following up strong surficial mineralisation. Historically, samples have not been routinely analysed for uranium. Based on this data, Toro's conceptual target at Lake Mackay is a large basement IOCG-U system, buried beneath Cainozoic dune sand or Amadeus Basin sediments.

SANDSTONE-HOSTED 'ANGELA STYLE'

The Neoproterozoic to Palaeozoic Amadeus Basin, including Carboniferous foreland sediments, has been folded into a broad syncline occupying an east-west graben immediately south of Lake Mackay, transecting the middle of the project area. Geophysical data suggests that this graben has a steep structurally complicated northern margin and a shallow-dipping southern margin. Toro plans to target the margins and fold closures for structurally-enhanced redox ('roll-front') type uranium deposits similar to Bigryli and Angela in the Ngalia and Amadeus Basins respectively.

CALCRETE-HOSTED 'YEELIRRIE STYLE'

The majority of the project area is covered by a veneer of Cainozoic sand dunes. Sporadic saline lakes and calcrete pavements are exposed in the interdune areas and indicate the presence of a larger buried 'fossil' calcrete system. Anecdotal accounts of a yellow uranium secondary mineral (carnotite) developed at surface along the southern edge of Lake Mackay point to the possibility of a buried calcrete uranium system in the vicinity. Toro believes that the geological setting is analogous with the Lake Way and Centipede deposits, where uranium mineralisation has developed at the deltaic interface of palaeo-drainages and saline lakes.

3.2.5. MINERAL RESOURCES

In November 2012, Optiro estimated the Mineral Resources at the Theseus deposit. Optiro considered that conventional domaining of the mineralisation by wireframing with hard boundaries and estimation using Ordinary Kriging or IDW within the mineralisation envelope would result in a large low-grade resource at Theseus. In areas of dense drilling there were sufficient mineralised intersections thicker than 0.5 m with grade thickness (GT) greater than 500 ppm U_3O_8 to use a

Categorical Indicator Kriging (CIK) method to select a probability to use as the basis of the resource estimate, with block grades then estimated using Ordinary Kriging. Estimation parameters are summarised in Table 3.5.

Table 3.5 Block model and estimation parameters

Block model and estimation parameters				
Parameter		**Value**		
Database Cut-off date		20 November 2012		
Resource Estimate		November 2012 (Optiro)		
Software		Datamine Studio 3		
Estimation method		Categorical Indicator Kriging and Ordinary Kriging		
Section spacing		Varies from 100 to 600 m east-west (approximate)		
In section hole spacing		Varies from 100 to 200 m along section north-south (approximate)		
Strike		West-northwest for the main channel		
Dip		Horizontal		
Block Model Extent	Northing	7485700 mN to 7490400 mN		
	Easting	462850 mE to 467700mE		
	RL	165 mRL to 365mRL		
Block Size	Parent	X – 100 m	Y – 100 m	Z – 1
	Sub-Cell	X – 10 m	Y – 10 m	Z – 0.1 m
Bulk Density	Ore	1.9 g/cm^3		
Search pass number		Pass 1	Pass 2	Pass 3
Radius		300 m x 300 m x 10 m	300 m x 300 m x 10 m	600 x 600 m x 20 m
Minimum samples		8	2	1
Maximum samples		32	32	32
Compositing interval		0.5 m		
Categorical intersect cut-off		Greater than 0.5 m width and 500 ppm.m GT U_3O_8		
Categorical block cut-off		0.40		
Grade cut-off		100 ppm U_3O_8		
Discretisation		10 points (X) by 10 points (Y) by 2 points (Z)		

The block model was constrained between the basement and upper silcrete units and within a perimeter file that constrained the Mineral Resource to the main west-northwest trending channel. Indicator values were used to estimate a 'probability' between 0 and 1 of the block being within an economic intercept.

Mineral Resources were classified as Inferred on the basis of the drill spacing, geological confidence and data quality in accordance with JORC Code recommendations. The November 2012 Mineral Resource for the Theseus ISR Uranium Prospect is reported in (Table 3.6).

Table 3.6 November 2012 Mineral Resource tabulation for Theseus Uranium ISR Prospect

Category	Grade Cut-off	Tonnage	U_3O_8	U_3O_8	
	ppm	Mt	ppm	t	Mlbs
Inferred	500	1.1	883	1,000	2.2
Inferred	400	2.0	734	1,500	3.3
Inferred	300	3.5	608	2,200	4.8
Inferred	200	6.3	493	3,100	6.9
Inferred	100	8.7	427	3,700	8.2

Studies on the hydrogeological control of the mineralisation are yet to be carried out, but initial extraction tests and mineralogical analysis were undertaken early in 2012. Bottle roll uranium extraction tests were conducted by ALS Ammtech on a composite sample. The majority of bottle roll tests report greater than 95% extraction after 48 hours, using either alkaline or acid leach, with and without oxidants.

QEMSCAN analysis was undertaken on one sample, with key points including:

- Leaching performance suggests that there is very fine uraninite coating rutile and clays. This accounts for about 85% of the total uranium minerals present, with coffinite representing about 9%.
- Approximately 82% of the uranium minerals are exposed (and are available for leaching). This proportion of the uranium minerals being available for leaching matches other in-situ leach deposits in Australia.
- The sample has very low carbonate and sulphide species, which is beneficial for potential in-situ leach type mining. Chalcopyrite was the main sulphide identified.

3.3. NORTHERN TERRITORY PROJECTS

3.3.1. LOCATION AND ACCESS

Toro's Northern Territory projects comprise 11 separate areas principally centred in the area between Alice Springs, Tennant Creek and the Northern Territory/Western Australia border (Figure 2.1). Licences are also located in the Arnhem Land and Gulf country of northeastern Northern Territory.

3.3.2. TENURE AND OWNERSHIP

Across the 11 separate project areas, the Northern Territory licences comprise 29 granted exploration licences (9,835 km^2), 14 exploration licence applications (6,496 km^2) and 13 exploration licence applications in moratorium and awaiting native title approval (7,558 km^2) (Table 3.7). In

considering these licences, Optiro has not attributed any value to the licence applications or licences in moratorium due to the uncertainty of, or anticipated long period to grant.

Of the 29 granted licences, these sit in six project areas and 11 licences are subject to joint venture or farm-in agreements.

Toro entered into a joint venture agreement with Northern Minerals Ltd (Northern) on 6 December 2011 over the seven Browns Range licences. In the first stage, Northern agreed to spend A$4 M on exploration over the first three years to earn a 51% interest. In the second stage, Northern has the option to increase its interest to 70% by spending an additional A$2 M over the following two years. Finally, Northern has the option to complete a bankable or definitive feasibility study and lift its equity position in non-uranium minerals to 80% if Toro chooses not to contribute. Northern intends to focus on the heavy rare earth element prospectivity of the Browns Range project while Toro retains 100% of all uranium rights throughout the joint venture.

On 11 April 2012, Toro executed a farm-in agreement with TNG Limited (TNG) over the Walabanba Hill project licences (EL 27115, EL 26848 and EL 27876). By sole funding A$0.5 M of exploration within two years of the agreement TNG will earn a 51% interest in the licences and a further 29% (80% total) by sole funding an additional A$1.5 M within five years.

On 3 August 2012, Toro entered into an agreement with Auminco Coal Pty Ltd (Auminco) over exploration licence EL 28567. In the first stage of the agreement Auminco is required to spend A$0.5 M on exploration in the first two year of the agreement to earn a 51% interest. Stage 2 requires a further exploration spend of A$1.5 M to earn a 70% interest, and stage 3 requires funding to bankable feasibility study to earn an 80% interest.

Table 3.7 Lake Mackay project tenement schedule

Lease	Name	Project	Manager	Status	Expiry	Area (km^2)
EL25045	Mereenie	Amadeus	Toro Energy Ltd	Moratorium		1491.0
EL25046	Mount Solitary	Amadeus	Toro Energy Ltd	Moratorium		772.9
EL25048	Kings Canyon	Amadeus	Toro Energy Ltd	Moratorium		1459.0
EL25787	Pamela	Amadeus	Toro Energy Ltd	Application		2.7
EL26550	Iwupataka	Amadeus	Toro Energy Ltd	Moratorium		302.5
EL28054	Benmara	Benmara	Toro Energy Ltd	Granted	6/01/17	147.0
EL28750	Coanjula	Benmara	Toro Energy Ltd	Granted	31/10/17	160.2
EL28751	Cresswell	Benmara	Toro Energy Ltd	Granted	31/10/17	127.5
EL28752	Pandanus	Benmara	Toro Energy Ltd	Granted	31/10/17	81.6
EL28806	Murphy	Benmara	Toro Energy Ltd	Granted	5/12/17	235.3
EL28840	Murphy East	Benmara	Toro Energy Ltd	Granted	15/02/18	421.8
EL29476	Seigal	Benmara	Toro Energy Ltd	Granted	29/11/18	445.0
EL26270*	Granite Dome	Browns Range	Northern Minerals Ltd	Granted	15/02/18	260.0
EL26271*	Browns Range North	Browns Range	Northern Minerals Ltd	Granted	15/02/18	487.9
EL26286*	Browns Range	Browns Range	Northern Minerals Ltd	Granted	15/02/18	194.8
EL26635*	Farrands Hills	Browns Range	Northern Minerals Ltd	Granted	15/02/18	138.9
EL27000*	Mana Range	Browns Range	Northern Minerals Ltd	Granted	15/02/18	58.4
EL27001*	Ware Range	Browns Range	Northern Minerals Ltd	Granted	15/02/18	208.1

Lease	Name	Project	Manager	Status	Expiry	Area (km^2)
EL27590*	Pargee	Browns Range	Northern Minerals Ltd	Granted	15/02/18	54.9
EL27573	Rennie	Kintore	Toro Energy Ltd	Application		1313.9
EL26861	Coast Range	McArthur	Toro Energy Ltd	Moratorium		13.9
EL27429	Karns	McArthur	Toro Energy Ltd	Granted	4/01/16	496.8
EL27588	Kukulak	McArthur	Toro Energy Ltd	Application		232.0
EL28567*	Running Creek	McArthur	Auminco Coal Pty Ltd	Granted	23/10/17	108.5
EL29636	Selby	McArthur	Toro Energy Ltd	Granted	8/04/19	259.7
EL29948	Mountain Creek	McArthur	Toro Energy Ltd	Application		273.2
EL27574	Newhaven	Ngalia	Toro Energy Ltd	Application		477.0
EL26279	Giles	Reynolds Range	Toro Energy Ltd	Application		769.4
EL26287	Mount Denison	Reynolds Range	Toro Energy Ltd	Granted	31/03/14	84.6
EL26740	Mount Barkly	Reynolds Range	Toro Energy Ltd	Moratorium		1372.0
EL26987	Wini Hills	Reynolds Range	Toro Energy Ltd	Granted	29/03/18	696.0
EL27301	Viscount Bore	Reynolds Range	Toro Energy Ltd	Granted	29/03/18	378.6
EL27532	Arthur Hills	Reynolds Range	Toro Energy Ltd	Application		554.4
EL27533	Karadi Hill	Reynolds Range	Toro Energy Ltd	Application		1038.9
EL27534	Smokey Bore	Reynolds Range	Toro Energy Ltd	Moratorium		465.9
EL27535	Fotheringham	Reynolds Range	Toro Energy Ltd	Moratorium		933.1
EL28093	Nanga Range	Reynolds Range	Toro Energy Ltd	Moratorium		169.1
EL28512	Yindjirbi	Reynolds Range	Toro Energy Ltd	Granted	14/07/17	14.9
EL28513	Lander North	Reynolds Range	Toro Energy Ltd	Application		18.2
EL28997	Viseast	Reynolds Range	Toro Energy Ltd	Moratorium		350.0
EL29396	Wini Hills East	Reynolds Range	Toro Energy Ltd	Granted	29/03/18	127.5
EL26601	Tanami West	Southern Tanami	Toro Energy Ltd	Moratorium		80.0
EL26634	Tanami	Southern Tanami	Toro Energy Ltd	Application		41.9
EL26636	Tanami Flat	Southern Tanami	Toro Energy Ltd	Moratorium		63.8
EL27119	Bluebush	Southern Tanami	Toro Energy Ltd	Application		169.6
EL27589	The Granites	Southern Tanami	Toro Energy Ltd	Application		355.2
EL29566	Mt Davidson	Tanami	Toro Energy Ltd	Application		489.1
EL26848*	Walabanba	Walabanba Hills	TNG Limited	Granted	3/03/15	573.0
EL27115*	Anningie	Walabanba Hills	TNG Limited	Granted	17/09/15	1070.5
EL27876*	Englands Well	Walabanba Hills	TNG Limited	Granted	1/08/16	383.8
EL26988	Windajong	Wiso	Toro Energy Ltd	Granted	29/03/18	326.8
EL27123	Jarra Jarra	Wiso	Toro Energy Ltd	Granted	29/03/18	795.9
EL27138	Cooloola	Wiso	Toro Energy Ltd	Granted	17/09/15	707.1
EL28996	Windawest	Wiso	Toro Energy Ltd	Moratorium		84.4
EL29395	Jarra Jarra West	Wiso	Toro Energy Ltd	Granted	29/03/18	789.4
EL29997	Wiso North	Wiso	Toro Energy Ltd	Application		761.5

* - subject to joint venture or farm in agreement

3.3.3. GEOLOGY AND MINERALISATION

BENMARA

The Benmara project comprises the western end of the east-west-trending Murphy Tectonic Ridge which marks the south-eastern margin of the McArthur Basin and the northern edge of the time-equivalent South Nicholson Basin. The oldest rocks of the inlier are circa 1,900 Ma Murphy

Metamorphic rocks, comprising greenschist facies metasedimentary and meta-volcanic rocks, including BIF and carbonaceous schist. These are overlain by the felsic Cliffdale Volcanics and intruded by fractionated comagmatic intrusions of the circa 1,850 Ma Nicholson Granite. Along each edge of the Murphy Inlier, these basement rocks are unconformably overlain by moderately-dipping belts of sandstone and basalt, belonging to the basal part of the McArthur Basin (north) and South Nicholson Basin (south). These Palaeo- to Mesoproterozoic basins comprise a 12 km thick unmetamorphosed sedimentary succession containing dolostone, sandstone and shale units with minor felsic and mafic volcanics. They are both endowed with world-class base-metal deposits and are now the subject of intensifying exploration for hydrocarbons. Within or nearby to the project there are a number of important prospects.

The Benmara project is considered to prospective for unconformity and Westmoreland-style uranium mineralisation.

BROWNS RANGE

The Browns Range project is located on the Browns Range Dome, a Palaeoproterozoic dome formed by a granitic core intruding the Archaean to Palaeoproterozoic Browns Range Metamorphics, including meta-arkoses, feldspathic meta-sandstone, orthogneiss and schists.

Along the southern margin of the dome, a major east-west oriented fault (the Browns Range Shear Zone) separates the Browns Range Metamorphics to the north and the MacFarlane Peak Group (mafic volcanic, volcaniclastic and sedimentary lithologies) to the south.

The dome and its aureole of metamorphics are surrounded by the Palaeoproterozoic (1,735 to 1,640 Ma) Gardiner Sandstone of the Birrindudu Basin. Middle-Devonian to Ordovician sandstones from the Eastern Canning Basin margin (Billiluna Shelf) have also been interpreted to occur over the Gardiner Sandstone to the southwest of the dome in Western Australia.

Within the dome the surface geology is dominated by unconsolidated Quaternary sediments and Tertiary ferricrete.

KARNS/MCARTHUR

The Karns/McArthur project occurs on the Wearyan Shelf of the Proterozoic McArthur Basin, a 12 km thick unmetamorphosed sedimentary succession containing dolostone, sandstone and shale units with minor felsic and mafic volcanics. The McArthur Basin unconformably overlies various Palaeoproterozoic terrains such as the Pine Creek Orogen, which is endowed with world-class mineral deposits.

The main geological units of interest in the project area are the Wollogorang Formation (carbonaceous shales and dolomite) and Gold Creek Volcanics (interlayered basalt lavas and sediments). Locally, these formations are overlain by flat-lying remnants of Echo Sandstone and Karns Dolomite, the basal sandstone of which is locally highly phosphatic. Soil and sand cover is widespread but thin (less than 20 m). Proximal to the project, there are a number of important prospects and a mine.

REYNOLDS RANGE

The Reynolds Range project area lies within the Arunta-Georgina region of the Northern Territory. The basement is comprised of Palaeoproterozoic to Mesoproterozoic metasedimentary and granitic rocks assigned to the Aileron Province of the Arunta Complex. These include metasedimentary units of the Lander rock beds and granites and orthogneisses of various age ranges. The latter are notably highly radiogenic, hosting numerous veins and pegmatites with anomalous uranium and thorium beyond the project area. These rocks are overlain by Neoproterozoic to Devonian sediments of the Georgina Basin, although in the project area these are poorly understood in terms of age and thickness. For a large part of the project area, the basement rocks are overlain by a veneer of Tertiary to Recent clastic sequences, derived by erosion of the radiogenic granites in the Reynolds Range to the south.

Uranium mineralisation is known in the region and is (currently) restricted to the Proterozoic Aileron Province and Carboniferous Ngalia Basin to the south of the project area. Uranium at Nolans Bore (Arafura Resources Ltd) to the southeast occurs in phosphatic and REE-enriched metasomatic pods and veins within the high metamorphic-grade Lander Rock beds. This deposit is the subject of ongoing feasibility studies. Uranium is also present in high grades at Bigrlyi (Energy Metals Limited-Paladin Ltd joint venture) to the west, within carbonaceous sandstones of the Mt Eclipse Formation.

The project area itself is entirely regolith-covered, with interpretations of the bedrock being based largely on geophysics, as there is very little historic drilling. On the basis of geophysics and extrapolation of the adjacent exposed geology, the underlying geology comprises folded greenschist to amphibolite facies metaturbidites, sodic granites, gneisses and minor amphibolites and basic and metabasic intrusions. Major northwest shears cut the sequence and are associated with barren quartz.

WALABANBA HILLS

The Walabanba project lies within the Arunta region of the Northern Territory. Basement rocks are comprised of Palaeoproterozoic to Mesoproterozoic metasedimentary and granitic rocks within the Aileron Province, including the Reynolds Range Group. The granites and orthogneisses are highly radiogenic, hosting numerous veins and pegmatites with anomalous uranium and thorium. Locally the Aileron Province rocks are overlain by Tertiary to recent clastic sequences, derived from erosion of the radiogenic granites in the Reynolds Range.

To the east lies the mineralised Mount Peake gabbro, a titanium/vanadium/iron deposit hosted by a differentiated basic sill with minor ultrabasic layers. The predominant rock type is olivine gabbro with layering defined by variations in plagioclase/olivine+clinopyroxene ratios. Most of the gabbros are massive, typical of many layered intrusions and without discernible layering.

The local geology comprises sodic granites, gneisses and minor amphibolites, folded metasediments and intruded metabasic rocks. Major northwest shears cut the sequence and are associated with barren quartz veining. Two prominent structures run along the Lander River Valley to the west and along the Salt Creek-Blue Bush Bore Valley. The granite batholiths are interpreted to be shallowly eroded with exposure of their upper levels only, with abundant pegmatite outcrops, typically of

quartz-feldspar-muscovite-tourmaline composition. Some very coarse examples occur in association with minor tantalum or tin mineralisation that has in places been mined.

Tertiary to Recent cover comprising laterite-derived sands and clays (alluvium and colluvium), calcrete and ferricrete is common in low lying areas, and can be up to 70 m thick. In some places, Toro's drilling indicates that the cover is over 200 m thick.

WISO

The Wiso project lies within the Palaeozoic Wiso Basin region of the Northern Territory. It forms a broad, intracratonic depression which comprises an east-southeast trending trough in the south and an extensive shallow shelf to the north. The Wiso Basin sequence was deposited on a basement of deformed Proterozoic rocks, the Granites-Tanami Block in the west, the Arunta Block in the south and the Tennant Creek block in the east. The basin is continuous with the Daly River Basin and the Georgina Basin in the north and east and with the Dulcie Syncline of the Georgina Basin in the southeast.

The Lander Trough at the southern edge of the basin covers an area of approximately 30,000 km^2. Sediments range from 2,000 to 3,000 m deep and represent shallow marine to fluviatile depositional environments, with the lower and upper limits of the sequence defined by unconformity surfaces. Two additional unconformities are recognised in the sequence.

The most significant faulting is along the southern margin of the Lander Trough. A series of parallel, east-southeast trending faults with an overall displacement of over 2,000 m places sediments of the Wiso Basin against the crystalline rocks of the Arunta Complex.

3.4. NAMIBIAN JOINT VENTURE LICENCES

In May 2009, Toro and Deep Yellow Limited (Deep Yellow) announced that they had entered into a joint venture whereby Deep Yellow would be entitled to earn a 65% share in three exploration licences held by Toro's Namibian subsidiary, Nova Energy (Namibia) (Pty) Ltd (Nova), by spending A$3.5 million over 2½ years.

In April 2011, Deep Yellow completed its earn-in requirement and now holds 65%, with Toro retaining 25% and a Namibian company, Sixzone Investments (Pty) Ltd, holding a 10% share.

Deep Yellow completed approximately 10,000 metres of RC drilling designed to test the 'Alaskite-style' uranium potential of EPL 3669 and EPL 3670. The drilling within EPL 3669 evaluated the western strike extension of uranium mineralisation reported by Extract Resources Ltd at the Pizarro prospect, along with other targets related to low magnetic responses contained within a stratigraphic and structural corridor. All holes were gamma logged and anomalous zones assayed. The drilling programme totalled 59 holes for 9,569 metres.

A further 41 RC holes were drilled for a total of 6,834 metres at the Natango Prospect (EPL 3669), and 18 RC holes were drilled for a total of 2,735 metres at the Chungochoab Prospect (EPL 3670). Overall, the drilling at Natango was disappointing, with only holes NTNR16 and NTNR37 returning uranium grades in the range of 150 to 400 ppm U_3O_8, which are typical of the Alaskites in the

district. Mineralised intercepts at the Chungochoab prospect were found in holes CHBR8 and CHBR9; however, XRF analysis confirmed that the radioactivity present was due to thorium.

In reviewing these results, Optiro considers that the value attributable to the Toro's Namibian joint venture licences is immaterial within its overall valuation, and as such has not been included in the report.

4. MEGA URANIUM LTD

4.1. LAKE MAITLAND PROJECT

4.1.1. LOCATION AND ACCESS

Mega's Lake Maitland project is located approximately 740 km northeast of Perth in the northeastern Goldfields region of Western Australia (Figure 2.2). The project area is serviced by the towns of Wiluna (108 km northwest) and Leinster (92 km south-southwest).

The project's location within a major mining centre provides good access by road, a nearby gas pipeline. The area is classed as semi-arid and is covered by low level scrub typical of the region. Lake Maitland is part of a low gradient drainage system incorporating temporal playa lakes.

4.1.2. TENURE AND OWNERSHIP

The mineral licences subject to Toro's proposed acquisition of the Lake Maitland project comprise 11 granted explorations licences (229 graticular blocks), two exploration licence applications (130 blocks), one granted mining lease (7,333.5 Ha) and three granted prospecting licences (432.17 Ha) (Table 4.1). Optiro understands that Mega holds uranium rights only over a number of tenements (Table 4.1). An application for renewal over E53/1099 was made on 17 June 2013.

A mining lease application (M53/1089) was lodged on 13 December 2008 to cover the majority of the currently identified uranium resource. The majority of the Lake Maitland project tenements are located on the Barwidgee and Wonganoo pastoral properties.

In addition to the mining lease application, five miscellaneous licences have been granted to facilitate exploration for groundwater and access. As these licences exclude mineral rights, Optiro has considered these only in general terms within its valuation.

Three separate royalty agreements exist over the Lake Maitland project being to:

- Coniston Pty Ltd (Coniston)
- Joydem Pty Ltd (Joydem)
- Franco-Nevada Pty Ltd (Franco-Nevada)

The royalty agreement with Coniston relates to an area of approximately 10.7% of the current mining lease which was previously covered by exploration licence E53/947. From the commencement of commercial production a gross royalty equal to 1% of the value of sales of any minerals produced from the royalty area must be paid to Coniston.

The royalty agreement with Joydem relates to a tenement sitting outside of the mining lease and is understood to not affect the Lake Maitland project.

The royalty agreement with Franco-Nevada relates to an area which was originally referenced to a number of tenements, of which only four (E53/576, E53/577, E53/580 and E53/581) encroach onto the area of the current mining lease. The Royalty Area is on the western and southern side of the

current mining lease and covers approximately 19.7% of the area of the Mining Lease. The royalty agreement contains two separate royalties. The first is in respect of gold and the second is in respect of any mineral other than gold or any other product containing metal which is sold or disposed of. Each of the royalties payable is equal to the value of 1% of the net smelter return of that metal or mineral.

Optiro understands that the tenements (excluding miscellaneous licences) have a current annual exploration commitment of A$1.32 M, rent of A$183,000 and rates of A$86,000. Reported expenditure to date on the licences total A$36.5 M

Table 4.1 Lake Maitland project tenement schedule

Lease	Name	Holder	Status	Expiry	Area (km^2)
E37/970*		Redport Exploration Pty Ltd	Granted	29/12/13	42.6
E37/971*		Redport Exploration Pty Ltd	Granted	28/12/13	76.0
E37/1144*		Redport Exploration Pty Ltd	Application		182.2
E37/1145*		Redport Exploration Pty Ltd	Granted	27/06/18	212.8
E37/1146*		Redport Exploration Pty Ltd	Application		213.2
E53/1060		Redport Exploration Pty Ltd	Granted	17/08/14	6.1
E53/1099		Redport Exploration Pty Ltd	Granted	21/06/13	6.1
E53/1210		Redport Exploration Pty Ltd	Granted	17/01/17	48.4
E53/1211		Redport Exploration Pty Ltd	Granted	9/01/17	28.2
E53/1213*		Yandal Metals Pty Ltd	Granted	4/01/17	113.5
E53/1214*		Yandal Metals Pty Ltd	Granted	4/01/17	12.2
E53/1026*		Yandal Metals Pty Ltd	Granted	26/07/14	9.2
M53/1089		Redport Exploration Pty Ltd	Granted	8/10/30	73.3
P37/6943		Redport Exploration Pty Ltd	Granted	19/03/15	2.0
P53/1252		Redport Exploration Pty Ltd	Granted	30/01/15	2.0
P53/1256		Redport Exploration Pty Ltd	Granted	30/01/15	0.4
L53/152		Redport Exploration Pty Ltd	Granted	15/02/31	1162.9
L53/158		Redport Exploration Pty Ltd	Granted	18/08/31	4.1
L53/167		Redport Exploration Pty Ltd	Granted	27/03/33	2.8
L53/168		Redport Exploration Pty Ltd	Granted	14/11/32	0.3
L37/202		Redport Exploration Pty Ltd	Granted	19/01/32	250.4

* - uranium rights only

4.1.3. HISTORY

Several companies have previously undertaken work at Lake Maitland (also known as Mt Joel) since the first radiometric survey by the Bureau of Mineral Resources in 1967. They are, in order of work:

- Australis Mining
- Asarco (Wiluna Gold Mines)
- Carpentaria Exploration Company (Mt Isa Mines)
- BP Minerals Australia Esso (Exxon Coal and Minerals)
- Acclaim Uranium
- Redport Ltd (now Mega Redport)
- Mega Uranium Ltd

Exploration by these companies comprised a range of techniques, including scintillometer traverses, auger drilling, RC drilling and trenching. The most recent exploration is summarised below.

REDPORT LTD

Redport Ltd (Redport) completed aircore drilling over the Lake Maitland project during October and November 2005. Redport drilled a total of 590 holes for 4,982.5 m. At the time this represented 37% of the resource database by hole or 40% of the data set by metres.

MEGA URANIUM

Mega completed aircore drilling in two campaigns, between December 2007 to February 2008 and June 2008 to August 2009. A total of 11,677 m was completed in 794 aircore holes.

Mega subsequently completed a 42 hole sonic core drilling programme totalling 618 m between January and March 2008. Sonic core holes twinned 18 of the previous Redport 2005 aircore drillholes.

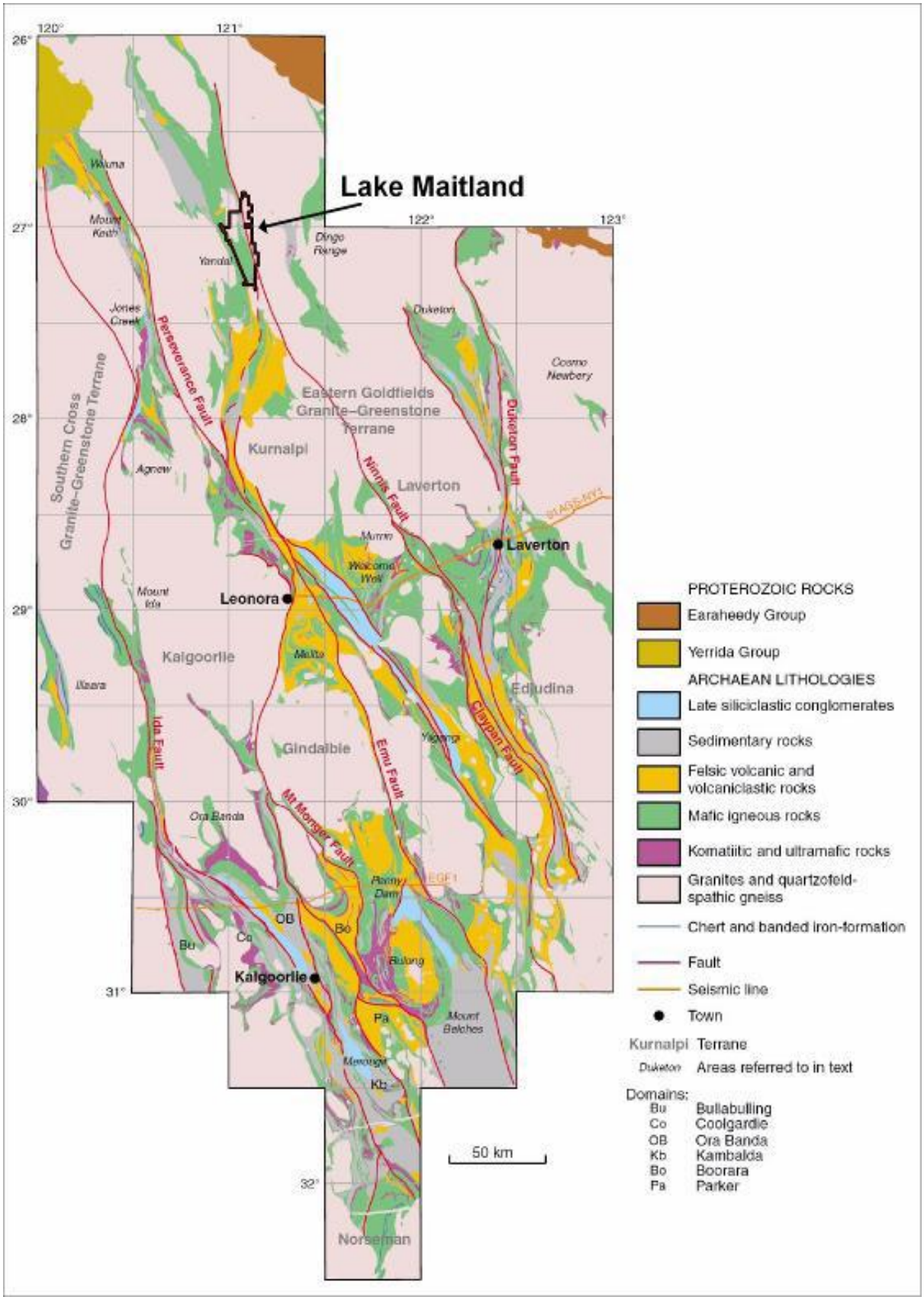
4.1.4. GEOLOGY

The Lake Maitland project is located within the northern part of the 2.7 Ga granite-greenstone terrain of the Eastern Goldfields Province of the Yilgarn Craton in Western Australia. Regionally the project lies within the poorly exposed north-northwest trending Yandal greenstone belt. The Yandal belt contains several major gold deposits, including Jundee-Nimary, Bronzewing, Mount McClure and Darlot, as well as numerous smaller mines. During the 1990s, the belt was the subject of intense gold exploration. The Archaean greenstone basement rocks are deeply weathered and surface exposure is poor.

Lake Maitland is a significant Tertiary drainage system that has developed over 400,000 km^2 of western Australia. The calcrete accumulations extend for up to 100 km long and 5 km wide and are typically aquifers. Gaskin et al (1981) postulate that valley calcretes indicate an environment functioning as a giant concentrating system wherein chemical components are leached from weathered rock of a large catchment area and the products are deposited in a relatively well-defined area.

The Lake Maitland tenements cover one of a series of wide and shallow valleys that drain into saline lakes. The lakes are the final drainage points for present day surface water run-off and the centre of an extensive internal drainage system. Over time, detrital and chemical sediments have accumulated in the valleys and lakes, sometimes to considerable thicknesses. Upstream, the valleys widen into sheetwash plains that extend to the base of breakaways.

Figure 4.1 Geology of the Lake Maitland area



LOCAL GEOLOGY

The local geology of the Lake Maitland area is described in the following section and subdivided according to geographic areas into the North West arm, the South West arm and the Main Lake area.

The North West Arm

The North West Arm is a drainage basin consisting mainly of a series of interconnected samphire flats (a native salt tolerant succulent) with one small clay pan. The surface is covered by 1 to 3 m of gypsiferous sand (usually closer to 1 m) with clay content of up to 30%. Below the gypsiferous layer are dark brown to black silts and clays which may be quite hard. Calcrete is present on the southeast boundary of the samphire flats and where this arm reaches the main lake. A red brown silt unit, sometimes with rounded quartz grains underlies, the gypsiferous layer and the dark brown and black silts and clays with the proportion of sand increasing with depth.

The highest uranium assay values occur at the top of the red brown silts and silty sands.

The South West Arm

The South West Arm is a continuation of the main lake and consists of a chain of small bare depressed clay pans with occasional vegetation and mounds of gypsum and red sand. The uppermost unit is a gypsum bearing sand and silt unit composed of fine quartz grains near the lake edge. Beneath this are red-brown silty sands with some sandy silts and silts. The silt grades downwards into gritty silt. Calcrete is absent in the northern part of this arm but increases toward the main lake and occurs beneath the hard black clay as described in the North West Arm. Calcrete is approximately 2 to 3 m thick and is underlain by the red brown to brown silty sands as described in the North West Arm.

The eastern lake margin is surrounded by gypsum sand dunes up to 3 m high and 160 to 200 m wide. Beneath the gypsum layer is 1 to 4 m of red brown silty sand, grading down into yellow-buff silty sand. Calcrete is also absent from this area although a pinkish red siliceous rock occurs as a cement. The silcrete is hard and varies in thickness from 1 to 4 m. No uranium mineralisation above 270 ppm is recorded in this area (from 1 m assaying).

The Main Lake Area

The geology of the Main Lake Area is based on previous geological mapping of costeans (where available) and from drillhole logging in other areas. As in the other lake areas, the upper unit is an ochre-brown gypsiferous sand or silt, usually 1 m thick but decreasing in thickness to the south. Toward the base of this layer, the clay content increases and the water table is usually within 10 cm of the base of this unit.

Below the gypsum layer is an aquifer comprised of a dark brown to black coated clay and silt unit typically between 30 cm and 1.7 m thick. This unit is absent from the eastern and southern sections of the main lake. The dark coating is interpreted to be organic in origin. Parts of the unit are very hard and flaggy. Underlying this is a layer of red-brown and pale brown silt which forms an

aquiclude between the overlying dark unit and underlying calcrete. The thickness is generally 0.5 m, but can be up to 1.6 m.

Dolomitic calcrete underlies this sequence. The calcrete is widespread but tends to pinch out near the eastern lake shore and to the south. The calcrete may contain several layers separated by carbonated clay. Overall thickness of this layer varies from 0.5 to 2 m. The calcrete is also an aquifer but delivers less water than the upper dark silt layer.

Another layer of calcrete exists at 7 to 20 m below surface (depending on location) but has only been subject to limited testing via three deeper drillholes. No anomalous uranium results are reported from these drillholes. Red-brown and buff sandy silt usually occurs below the calcrete with a thickness of between 1 and 3 m. Silty sand occurs beneath this again.

4.1.5. MINERALISATION

The Lake Maitland uranium deposit has previously been classified as a surficial calcrete hosted uranium deposit similar to Toro's Wiluna project deposits.

The mineralisation at Lake Maitland is flat and thin, averaging around 1.7 m in thickness (at a 100 ppm cut-off grade), beneath some 1.5 to 2.0 m of sand and silt. Data supplied by Mega indicates that uranium grades range up to 0.25% U_3O_8, averaging around 0.03 to 0.04% U_3O_8. The mineralisation has a large areal extent, measuring approximately 5 km long (north-south) and around 2 km wide (east-west). The deposit is essentially crescent-shaped with three arms extending towards the west – the northwest, midwest and southwest arms.

The main uranium mineralisation occurs principally as carnotite. The carnotite generally occurs within voids in the calcrete and as disseminations within the underlying sand, silt and clay units.

Gangue minerals include quartz and clay (montmorillonite and kaolinite) in the detrital sediments and dolomite in the calcrete. A number of salt minerals (halite, gypsum) are also present in variable proportions.

The bulk of the mineralisation occurs within or adjacent to the upper calcrete horizon. The full extent of mineralisation in this layer has not been tested in some areas. There is also a lower calcrete layer (17 to 23 m in depth), which has been intersected in two drillholes and is essentially untested. This lower calcrete layer has the potential to add to the currently defined uranium resources at Lake Maitland.

4.1.6. TESTWORK AND STUDIES

EQUILIBRIUM STUDY

In 2011, Mega carried out an equilibrium study based on previously reported discrepancies between uranium determined by laboratory assay of samples collected from drilling programmes and uranium determined by downhole gamma logging of the same holes.

The average equilibrium factor (the number by which equivalent uranium grade (eU) determined by gamma probing must be multiplied to provide uranium grade) determined in the study lies between

1.06 and 1.30, with a 95% confidence. The mean value determined is 1.18. This result is at odds with previously reported values for the Lake Maitland deposit and similar deposits in the area but confirms the trend of downhole gamma eU_3O_8 underestimating the laboratory uranium results.

The individual equilibrium factors are normally distributed (at the 95% confidence level) about the mean. It was therefore expected that over the whole deposit any errors associated with using an average equilibrium factor, rather than an individual sample factor, will cancel out and result in a reliable indication of the uranium content of the mineralised zone.

The study also identified a statistically significant trend in the equilibrium factor with depth. This trend suggested that the shallow material is more depleted in Ra^{226} than the deeper material. As the equilibrium factor is relatively consistent within the mineralised zone (greater than 100 ppm uranium) it was considered that there is no advantage to be gained by correcting for this trend.

The (relatively) consistent values obtained for the equilibrium factor for individual samples confirms that the poor correlation between downhole gamma derived eU_3O_8 and laboratory-measured uranium grade is the result of sampling issues rather than a variability in equilibrium factor. The study considered it was evident that the depth and sample interval for the laboratory samples do not match the depth and sampling interval for the down hole gamma logs.

PROCESSING TESTWORK

The Lake Maitland project processing development timeline has comprised:

- a Conceptual Process (Scoping) Study completed in February 2009
- a Pre-feasibility Study (PFS) completed in August 2009 where an alkaline leach path was selected based on two trench samples
- A Definitive Feasibility Testwork Plan, which was issued in February 2010 to test the viability of the DFS flowsheet
- a DFS process package which was issued in July 2010
- a DFS test report which was issued in February 2011.

A total of 28 individual programmes were planned for the DFS testwork study to verify or disprove aspects of the study. These programmes focused on four areas:

- resource variability analysis to determine the variance in metallurgical response across the deposit
- unit operation chemical optimisation to determine the optimum parameters which provide the best metallurgical performance
- physical engineering constraint definition and equipment selection to examine the performance of particular specialised equipment selected in the DFS
- project scope analysis, including sample preparation and sample generation for other areas of the DFS including water and tailings disposal.

The DFS process design testwork programme has been performed on ten carefully selected costean samples from the Lake Maitland deposit to validate the DFS design.

The metallurgical response of the mineralised samples from the costean programme was different to those observed in the PFS and also the Scoping Study. The Lake Maitland costean programme samples exhibited significant variation in head grade (ppm uranium), deleterious economic gangue components as well as major constituent host mineralisation in comparison to the metallurgical development material. The difference in metallurgical response when applied to the selected DFS front end unit operations occurred to such an extent that some of the principles applied to the front end processing were no longer considered technically sound or economically viable.

The comminution properties of the Lake Maitland mineralisation lends itself to minimal power input in order to reduce the material to a suitable particle size for processing.

The original intention based upon the PFS samples was to achieve an upgrade in plant head grade via rejecting a lower (near mine cut-off) grade stream. Desliming was intended to contain the low grade (less than 200 ppm), sub 12 µm material that causes the bulk of the viscosity and thickening issues during the process. Unfortunately the resource variability analysis showed that the PFS figures were incorrect when applied to the project as a whole in regard to the contained uranium grade and the mass proportion of the sub 12 µm stream. As such, it was concluded that the desliming operation was economically unviable.

Physical handling of the as-received mine material was identified as problematic. It was recommended to continue with a scrubbing style early clay / calcrete separation or to allow for the earliest possible mill entry to minimise blockages, build up and material flow issues within the front end of the plant in order to maintain a high plant availability.

The principle of sulphate flotation in order to remove leach reagent-consuming sulphate species was developed on the basis of excellent separation results in the PFS. Variability analysis, however, showed a marked shift in the composition of the sulphate mineralisation. Subsequent testing has proved flotation technically impossible due to gypsum/celestine ratios not being comparable to the PFS samples tested. Flotation of the sulphate species was abandoned during the DFS test programme with a previously suggested operation of pre-leaching to be investigated further in replacement.

Elevated temperature sodium carbonate leaching was demonstrated to be an effective method of uranium extraction when applied to the Lake Maitland mineralisation. Extraction rates of 95% are considered achievable at the optimal conditions most of the time.

Further investigation into individual poor performing samples is required to ensure that the full economic leach extent is attained across the entire resource.

Metallurgical testwork on the refinery unit operations (from leach discharge to final product) which are less sensitive to ore type was successful in validating the selected flowsheet. Refinery testwork to date has been within expectations and confirms the circuit process design criteria used for the DFS. The refinery testwork has mostly been performed with synthetic solutions, with confirmatory tests performed on real process liquors at the completion of the DFS testwork programme.

Further testwork and detailed process modelling was planned to understand the extent of the impact of changing the sulphate flotation and desliming circuits. This will provide information on the significance of the impact on the process plant economics and recovery from that expected earlier in this DFS, given the expectation that these unit operations are applied.

Further consideration is being given to alternative metallurgical circuits which may offer improved economics in dealing with issues associated with high sulphate and fine clay. This may result in a different process flowsheet which will require a separate development programme in order to raise it to a DFS standard.

4.1.7. MINERAL RESOURCES

Optiro completed a high level review of Mega's Lake Maitland uranium deposit. The model reviewed is the SRK resource model generated in November 2009 (Lake Maitland Resource Estimate, SRK 2009). Optiro relied only upon the reports supplied as the basis for the review as the resource model and the composite data used in the estimation were not available at the time of the review. Optiro has thus focussed the review of Lake Maitland Mineral Resource model on the basic methodology and approach in undertaking the various critical components essential in building a robust resource model.

MINERALISATION ENVELOPES

A lower cut-off grade of 100 ppm U_3O_8 was used to generate a mineralisation envelope encompassing all the lithological units, with the highest grades occurring in calcrete. The 100 ppm U_3O_8 grade shell is noticeably consistent and averages 1.5 to 2 m in vertical thickness, spanning an area of about 15 km^2. Optiro notes that this cut-off is effective in separating the main uranium mineralisation from the background mineralisation.

GEOLOGICAL MODELLING

As a result of the strong association of the uranium mineralisation with the main lithological units a geological model was constructed to represent the three dimensional geometry of these lithofacies. This was deemed appropriate in order to adequately characterise the statistical properties of each of the lithofacies. The construction of the geological model had two objectives:

- the building of the confining channel system in which the sediments are hosted using the three-dimensional Geomodeller software
- the construction of the individual lithofacies (15 different lithologies) using GOCAD software.

The geological domain block models were morphed to mimic the shape of the channel and were subsequently coded with the stratigraphic codes in the drillholes before use in the grade estimation. Optiro endorses this approach as it will properly account for flexures in the geological domains and maintain the correct stratigraphical continuity of grade within the mineralised zones.

VARIOGRAPHY

SRK carried out variography using Statistica software in the traditional raw data space. Directional variography was carried out to characterise the mineralisation anisotropies and directions of

continuity, and to provide parameters for estimation. Optiro has reviewed the method and the outputs of the variogram modelling and is satisfied that models are acceptable and the orientations of continuity and ranges of influence are appropriate for the style of mineralisation.

DENSITY ASSIGNMENT

Density was assigned to each of the different lithological units based on the bulk sample and dry core density determinations provided by Mega. There were 15 lithological domains modelled by SRK, with the calcrete lithological domain hosting the bulk of the uranium mineralisation. Optiro notes that the density value assigned to the calcrete domain at Lake Maitland is significantly higher than the density applied to the Toro's Wiluna deposits, however at the 100 and 200 ppm cut-off levels the weighted average density level for Lake Maitland is consistent with the Wiluna deposits (Table 4.2). Optiro recommends that the calcrete density be confirmed by taking more density measurements in order to fully establish whether this difference is realistic, given that the deposits are roughly in the same geographical location.

Table 4.2 Density comparisons for the calcrete domain at Lake Maitland and those applied at Toro's Wiluna deposits

Deposit	Assigned Density
Centipede	1.8
Dawson-Hinkler	1.7
Nowthanna	1.5
Millipede	1.8
Lake Maitland (Calcrete)	2.1

ORDINARY KRIGING

SRK generated an ordinary kriged estimate using 0.25 m sample composites within the 100 ppm shell described above. In addition the estimation follows the stratigraphic layers which were modelled (section 0). This is appropriate, as the uranium mineralisation is strongly associated with the lithological units. No top-cut was applied as there were no extreme values. The OK estimates were generated using radiometric gamma data only as the geochemical assays were considered to be unreliable.

Optiro has reviewed the key estimation parameters (Table 4.3) used by SRK in the OK estimates at Lake Maitland and considers these to be acceptable for the style of mineralisation. SRK has judiciously outlined the estimation approach adopted at Lake Maitland but there is no record of any validation of the estimates in the 2009 report supplied. (Lake Maitland Resource Estimate, SRK 2009).

Table 4.3 Estimation parameters summary for Lake Maitland

Parameter	Description
Estimation method	Ordinary Kriging
Panel size	65 mE by 85 mN by 0.25 mRL
Anisotropy	Variogram
Search radii	150 (X) by 150 (Y) by 5 (Z)
Minimum no. samples (pass 1/2)	4 per block
Maximum no. samples	32 per block

RESOURCE CLASSIFICATION

SRK has outlined several criteria that were considered in determining the resource classification of the uranium mineralisation at Lake Maitland. The principal criteria were:

- the improved geological domaining by using the stratigraphic controls of the mineralisation
- use of the 100 ppm U_3O_8 cut-off shell to constrain the estimation
- the use of stratigraphic units to ensure estimation of grade along the most appropriate horizons
- the availability of 200 more density measurements
- the consistent grade continuity of the uranium mineralisation at the preferred 100 ppm U_3O_8 cut-off grade.

While Optiro considers the points above to be appropriate in their application in upgrading the Inferred Mineral Resources to Indicated under the JORC Code (2004), Optiro is unable to judge the impact they have had on the quality of the estimates, given that there is no record of any validations of those estimates. The validation of the OK estimates becomes even more critical given that 90% of the Mineral Resources at Lake Maitland are classified as Indicated.

RESOURCE REPORTING

Optiro was not able to confirm the reported figures for the Lake Maitland Mineral Resources as Optiro did not have access to the resource model at the time of the review.

5. THE URANIUM MARKET

Australia hosts approximately 30% of the world's known recoverable uranium resources, with four currently operating mines. Australia ranks third behind Kazakhstan and Canada in terms of supply of primary uranium to the world's nuclear industry. The main use of uranium is the generation of electricity by nuclear power reactors. Other minor uses include medical and use in ceramic glazes and glass-making, light fittings, photographic chemicals, gyroscopic compasses and for military purposes.

In Japan, the Nuclear Regulatory Agency, which was established in September 2012 after the Fukushima accident (after the 11 March 2011 earthquake), commenced operations on 8 July 2013. Previously suspended nuclear utility operators immediately applied to the agency for 10 nuclear reactor re-starts, with 4 of these being approved immediately by the central government. The Japanese government anticipates having up to six reactors returned to operation during 2013, but also that it may take until 2017 for the full nuclear power capacity to be restored.

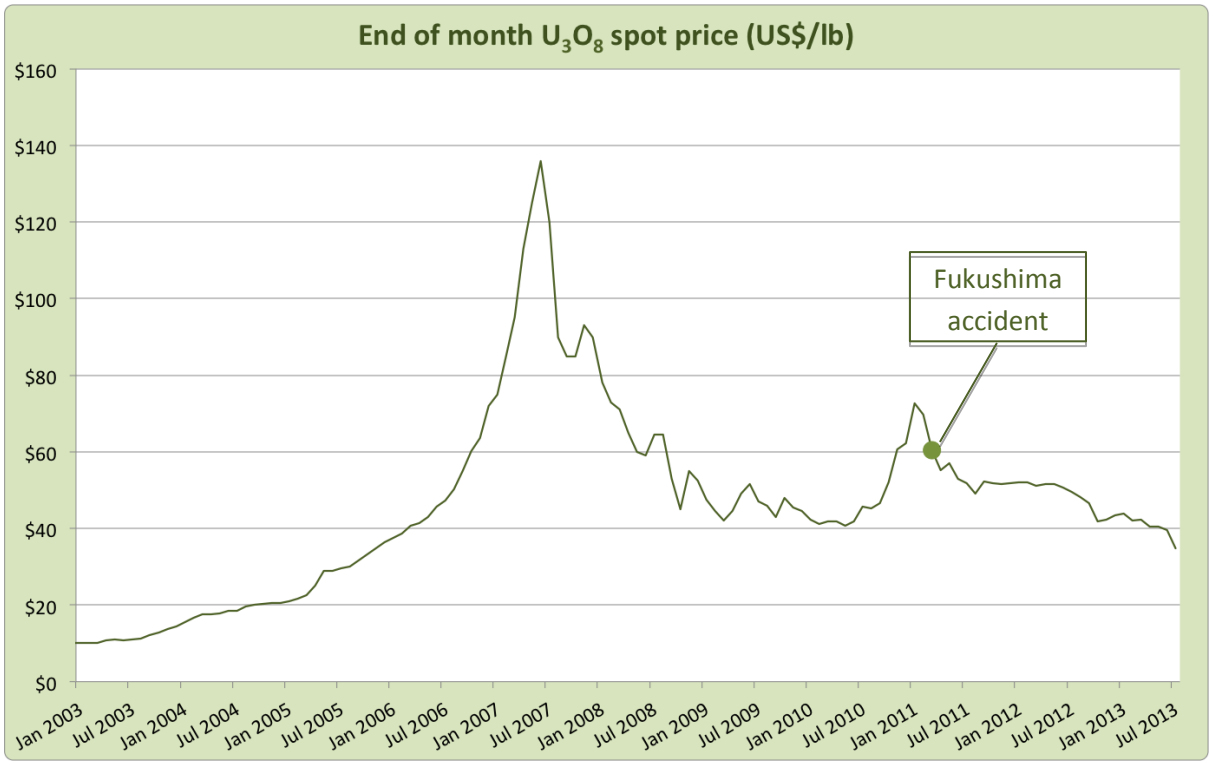
China currently has 16 nuclear power stations in operation, with a further 28 under construction as part of its move to generate up to 70 GWe of nuclear power in China by 2020. This includes the Hongyanhe nuclear power plant which commenced commercial operations at its Unit 1 reactor, with Units 2, 3 and 4 are currently under construction. All four Hongyanhe reactors are CPR-1000 French designed 1GWe reactors and are expected to be completed by the end of 2015.

Elsewhere, after a global downturn following the Fukushima accident, nuclear power generation is now growing once again. This signals a potential strong demand for uranium supplies beyond 2016. In particular, South Korea's KHNP (Korea Hydro and Nuclear Power) restarted the 1GWe Hanbit reactor on 10 June 2013 following approval from the Nuclear Safety and Security Commission. India continues growth in establishing its nuclear industry, with two international agreements being signed during the June 2013 quarter. The first is a nuclear cooperation agreement with Japan that will enable India to import Japanese nuclear technology and services. Similarly, Canada and India reached a final agreement on Nuclear Cooperation in April after some years of negotiations, allowing exports of uranium from Canada to India for peaceful purposes. The Australian Government continues to negotiate for a similar agreement, which may take a further three years to conclude.

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

The spot uranium price at the end of the July 2013 was US$34.75/lb of U_3O_8 after trading in a relatively tight range between US$40/lb and US$55/lb during the previous two years. This follows price weakness after the Fukushima nuclear disaster in March 2011 (Figure 5.1). Uranium had previously traded at record highs in mid-2007 prior to the global financial crisis.

Figure 5.1 **U3O8 monthly spot price (source: Ux Consulting)**



Generally, profit margins of uranium producers are being squeezed by cost pressures as well as a low uranium price. Optiro considers that the current spot price is below the required level for most current producers to be economic. However, despite the current negative mood, most observers remain optimistic about the uranium outlook, with demand set to increase as more nuclear plants are built. There is general positive sentiment on the medium-term price, with forecasts reported between US$65 and US$70/lb from 2017 onwards. The long term price forecast also remains positive, with new metal demand predicted to outstrip currently available supply sources.

At the end of June 2013, Credit Suisse lowered its uranium price forecast for 2013 by 10% to US$43/lb U_3O_8 and by 4% to US$54/lb U_3O_8 for 2014. Credit Suisse's forecast reductions were offset by a positive view of the pricing impact of nuclear regulations in Japan and Japan's partial restart of suspended operations and by the expiry of the Highly Enriched Uranium agreement in 2013. Credit Suisse's forecasts of a balanced market in the medium term with a peak uranium price of US$70/lb U_3O_8 in 2016 remaining unchanged.

6. VALUATION APPROACH AND METHODOLOGY

In determining the appropriate valuation method(s) to be used for Toro's projects, Optiro has taken into consideration the classification of these assets according to the categories defined in the VALMIN Code and the different methodologies that are generally accepted as industry practice for each classification. Generally there are three broad methods of valuation that are used for valuing mineral assets: these are the market approach, cost approach and income approach. The market and cost approaches are used for the grass-roots through to advanced exploration stages and the income approach is used for advanced projects with defined reserves to operating mines.

In relation to the classification of Toro's projects, the projects are deemed to cover the range from early stage exploration projects through to operating mines.

Whilst there are capital and operating cost estimates in place for the Wiluna project, along with generalised production estimates, there are no Ore Reserves in place and Optiro considers that the cost and schedule are insufficiently robust to allow a DCF style valuation to determine fair market value and furthermore, that they do not adequately account for the risk profile of the project. As such, the valuation approaches that Optiro has elected to use are defined as inferential methods and rely on comparative or subjective inputs, such as a "rule of thumb" or appraised value method. Such a method values the property in dollars per unit area or dollars per resource tonne.

The methodologies considered by Optiro to determine a value for the mineral projects and the exploration potential are summarised below.

6.1. GEOSCIENTIFIC RATING METHOD

The most well-known method of the Geoscientific ratings type is the modified Kilburn Geological Engineering/Geoscientific method, which was developed by a Canadian geologist who wished to introduce a more systematic and objective way of valuing exploration properties. The Kilburn and similar rating approaches are acknowledged as industry-standard valuation tools. This method is Optiro's preferred valuation tool for early stage exploration projects.

The Kilburn method uses a Geoscientific rating which has as its fundamental value a base acquisition cost (BAC) of the tenement. The BAC is the average cost to acquire a unit of exploration tenement (generally a graticular block, square kilometre or hectare) and maintain it for one year, including statutory fees and minimum expenditure commitments.

The determination of the BAC for exploration licences in Western Australia considered the application and retention costs as set by the Government of Western Australia, Department of Mines and Petroleum and the average identification, administration and expenditure costs. Based on Optiro's assessment, the BAC applied to the exploration licences is A$1114 per graticular block or A$344/km^2.

Determination of the BAC for the exploration licences in the Northern Territory considered the application and retention costs as set by the Northern Territory Government, Department of Resources – Minerals and Energy and the average identification, administration and expenditure costs as determined from the expenditure commitments provided for the regional tenements.

Based on Optiro's assessment, the BAC applied to the Northern Territory exploration licences is A$330/km^2.

Four technical factors are then applied serially to the BAC of each tenement which enhance, downgrade or have no impact on the value of the property and which allow a value per tenement to be determined. The four technical factors are:

- **Off-property factor** – relates to physical indications of favourable evidence for mineralisation, such as workings and mining on the nearby properties, which may or may not be owned by the company being valued. Such indications are mineralised outcrops, old workings through to world-class mines.
- **On-property factor** – this is similar to the off property factor but relates to favourable indications on the property itself, such as mines with significant production.
- **Anomaly factor** – the anomaly factor relates to the degree of exploration which has been carried out and the level and/or number of the targets which have been generated as a consequence of that exploration. Properties which have been subject to extensive exploration without the generation of sufficient or quality anomalies are marked down under the Kilburn approach.
- **Geological factor** – this refers to the amount and exposure of favourable lithology and/or structure (if this is related to the mineralisation being valued) on the property. Thus properties which have a high coverage of favourable lithology and through-going structures will score most highly.

The ratings applied by Optiro are listed in Table 6.1.

This methodology is used to determine the technical value and a fifth factor, reflecting the current state of the market, is applied to determine the market value. This market value determined from the Geoscientific rating method has been verified by consideration of the current market for uranium properties in Australia.

Table 6.1 Geoscientific rating criteria (modified by Optiro)

Rating	Off-property factor	On-property factor	Anomaly factor	Geological factor
0.1				Generally unfavourable geological setting
0.5			Extensive previous exploration with poor results	Poor geological setting
0.9			Poor results to date	Generally favourable geological setting, under cover
1.0	No known mineralisation in district	No known mineralisation within tenement	No targets defined	Generally favourable geological setting
1.5	Mineralisation identified	Mineralisation identified	Target identified, initial indications positive	
2.0	Resource targets identified	Exploration targets identified		Favourable geological setting
2.5			Significant intersections - not correlated on section	
3.0	Along strike or adjacent to known mineralisation	Mine or abundant workings with significant previous production		Mineralised zones exposed in prospective host rocks
3.5			Several significant ore grade intersections that can be correlated	
4.0	Along strike from a major mine(s)	Major mine with significant historical production		
5.0	Along strike from world class mine			

6.2. COMPARABLE TRANSACTION METHOD

The comparable market value approach is a market-based approach and is an adaptation of the common real estate approach to valuation. For the purposes of mineral asset valuation, a valuer compiles and analyses transactions, converted to a 100% equity basis, of projects of similar nature, time and circumstance, with a view to establishing a range of values that the market is likely to pay for a project. The comparable market approach

- is intuitive, easily understood and readily applied
- implies a market premium/discount for the prevailing sovereign risk
- captures market sentiment for specific commodities or locations
- accounts for intangible aspects of a transaction (i.e. intellectual property).

The transactions deemed to be analogous to the mineral asset being valued are used to determine a unit price (e.g. $/km^2 or $/tonne metal, etc.) for the asset being valued. However, there is an intricate value dynamic between the quantity (size) and quality (grade or prospectivity) that may result in the exclusion of a large number of comparable transactions, which in turn may undermine the accuracy of this method.

The comparable market value approach is widely used throughout the minerals industry; however, the valuer must take into account that this approach is largely retrospective and therefore cannot take into account anticipated or recent commodity or other market price movements.

6.3. JOINT VENTURE TERMS METHOD

The joint venture terms method is a variation of the comparable market value method. This technique involves transactions where only partial ownership of a project is acquired. The joint venture terms method provides the valuer with a larger acquisitions dataset than the comparable market value method and consequently these approaches are often used simultaneously in mineral asset valuations.

It is recognised that the market will attribute a sliding-scale premium in accordance with the level of ownership acquired (e.g. a joint venture agreement for a 51% interest in a project may attract a market value significantly above that for an identical project in which a 49% interest is acquired). The valuer therefore needs to account for any potential associated with ownership premiums.

6.4. APPRAISED VALUE METHOD

The cost approach or Appraised Value method is founded on the assumption that the intrinsic value of the exploration tenement is based on the exploration expenditure and that a highly prospective tenement will generally encourage a higher level of exploration expenditure.

This valuation methodology relies upon the premise that a project is at least worth what the owner has previously spent and/or committed to spending in the future. It considers historical and/or planned future expenditure on the mineral asset and includes the amount of expenditure that has been meaningfully used in the past to define a target or resource and the future costs in advancing the exploration.

The value of the property may be determined from the sum of past effective exploration expenditure (usually limited to the past three years), plus any committed exploration expenditure in the current year and the application of a prospectivity enhancement multiplier (PEM). The PEM is determined by the level of sophistication of the exploration for which positive exploration results have been obtained and usually ranges between 0.5 and 3.0.

The principal shortcomings of this method are that there is no consistent base from which to derive the valuation and there is no systematic approach taken in determining the PEM. Optiro places less reliance on values determined this method than those determined from the Geoscientific Ratings and comparable transaction methods.

7. VALUATION

Optiro's approach has been to use the following valuation methodologies for the Mineral Resources within Toro and Mega's exploration tenements:

- comparable transactions
- enterprise value of comparable companies.

Optiro considered discounted cash flow (DCF) methods to value the Mineral Resources at the Wiluna and Lake Maitland projects, but as no Ore Reserves are currently in place the level of uncertainty around some of the inputs to the DCF financial model precludes use of this method.

Optiro reviewed recent global transactions involving uranium projects with defined resources (Appendix A). In order to obtain a dataset that is relevant under the current time and circumstances, Optiro has typically reviewed transactions that occurred within the last 18 months to eliminate any transactions immediately post Fukushima (see Section 5 above).

Optiro's approach in valuing the exploration potential for mineralisation within Toro and Mega's exploration tenements was to use the following :

- the Geoscientific rating method
- comparable transactions
- joint venture terms.

In reviewing the exploration potential, Optiro reviewed recent global transactions involving uranium projects without defined resources (Appendix B). In order to obtain a dataset that is relevant under the current time and circumstances, Optiro has typically reviewed transactions that occurred within the last 18 months to eliminate any transactions immediately post Fukushima (see Section 5 above).

Optiro considers that the value attributable to the Toro's Namibian joint venture licences is immaterial within its overall valuation and as such this has not been included in the report.

7.1. WILUNA PROJECT

7.1.1. MINERAL RESOURCES

In valuing the Wiluna project Mineral Resources, Optiro considered:

- the size, continuity and grade of the Mineral Resources
- the current regulatory framework and licencing status of the project
- the mineral processing testwork outcomes
- the current estimated project capex and opex requirements
- the current uranium market outlook
- the fact that Toro has delayed an investment decision on the project until 2014.

Only limited transactions involving uranium projects with defined Mineral Resources similar to the Wiluna project (in particular calcrete hosted deposits) were identified (Appendix A). Of note, the Mineral Resource transaction at Yeelirrie is similar in size to the total Mineral Resources at the

Wiluna project but of considerably higher grade (approximately 1,300 ppm U_3O_8). As such, Optiro considers that this transaction ($2.86/lb contained U_3O_8) presents a premium to the value of the Wiluna project.

Taurus Mineral Limited's (Taurus) acquisition of Extract Resources Ltd (and its Husab deposit) (Extract) at A$4.13/lb contained U_3O_8 (Appendix A) is also considered to present a significant premium to the Wiluna project. Optiro notes that Taurus had already acquired a 42.79% interest in Extract through its acquisition of Kalahari Minerals plc. The Husab deposit is a very large alaskite-hosted deposit, being the third largest uranium only deposit in the world with considerable exploration upside. Furthermore, at the time of the acquisition the Husab deposit was more advanced with Ore Reserves and Feasibility Study completed on the project.

Strathmore Minerals Corp.'s (Strathmore) flagship Roca Honda deposit is considered to be less advanced and potentially higher cost than the Wiluna deposit with a preliminary economic assessment completed in October 2012. Energy Fuels Inc.'s (Energy Fuels) acquisition of Strathmore ($0.51/lb contained U_3O_8) is considered to be a discount to Wiluna project

Rio Tinto plc's acquisition of Hathor Exploration Ltd in November 2011 was completed at A$11.28/lb contained U_3O_8. The principal asset within the transaction was the Roughrider deposit with a total Mineral Resource of 5.6 Mt at 4.7% U_3O_8 for 57.9 Mlb U_3O_8. The Mineral Resource included 43.6 kt at 11.03% U_3O_8 at the West Zone and 118 kt at 11.6% U_3O_8 at East Zone. The Roughrider deposit is extremely high grade and there is considered to be good potential to increase the size of the Mineral Resource. Optiro considers this transaction to be at a substantial premium to the value of the Wiluna project.

Optiro considered Energy Fuels' acquisition of Denison Mines Corp (Denison) in April 2012. Denison is understood to have owned and operated the White Mesa uranium processing plant in Utah as well as a number of operating mines in Colorado and Utah. As such, material value is considered to be attributable to assets beyond uranium Mineral Resources and the Denison transaction has not been included.

Furthermore, Optiro notes that Toro entered into transactions to acquire the Dawson Hinkler project (19 October 2010) at A$1/lb contained U_3O_8, the Millipede project (17 February 2011) at A$1/lb contained U_3O_8 and part of the Nowthanna project (18 July 2011) at A$0.38/lb contained U_3O_8. Optiro notes that the Nowthanna project acquisition, whist more distant to the Wiluna project than Millipede and Dawson Hinkler, occurred after the Fukushima accident in March 2011.

To confirm the unit price of the comparable transactions identified, Optiro reviewed the enterprise value per U_3O_8 resource pound of selected companies with comparable Mineral Resources where uranium is considered to be their primary value driver (Table 7.1). The enterprise value is based upon the share price as at 14 August 2013 and the most recently reported financial and share registry information. Excluding Cauldron Energy Ltd and Encounter Resources Ltd, which are considered to be outliers due to material values associated with other projects, these companies attract an enterprise value per U_3O_8 resource pound in the range of A$0.02/lb to A$1.37/lb contained U_3O_8.

Table 7.1 Enterprise value per resource pound of U_3O_8

Company	Main project	EV (A$ M)	EV/U_3O_8 pound
Uranium SA Ltd	South Australia	A$3.3	A$0.08
Bannerman Ltd	Namibia	A$23.1	A$0.14
Energia Ltd	Western Australia	A$1.9	A$0.12
Cauldron Energy Ltd	Western Australia	A$19.7	A$1.26
Energy Metals Ltd	Northern Territory	A$6.5	A$0.58
Alliance Resources Ltd	South Australia	A$20.7	A$1.17
Energy and Minerals Australia Ltd	Western Australia	A$34.0	A$0.63
Deep Yellow Ltd	Namibia	A$42.9	A$0.36
Yellow Rock Resources Ltd	Western Australia	A$2.6	A$0.86
Marenica Energy Ltd	Namibia	A$1.1	A$0.02
A-Cap Resources Ltd	Botswana	A$16.5	A$0.05
Encounter Resources Ltd	Western Australia	A$28.3	A$2.60
Peninsula Energy Ltd	USA	A$76.9	A$0.85
Laramide Resources Ltd	USA	A$47.1	A$0.76
Berkeley Resources Ltd	Spain	A$26.1	A$0.43
Forsys Metals Corp	Namibia	A$50.5	A$0.32
UEX Corporation	Canada	A$118.6	A$1.37
Strateco Resources	Canada	A$11.5	A$0.40

Broadly, the companies reviewed are at an earlier stage of assessment than Toro's Wiluna project or considered more challenging. The Australian and Namibian calcrete-hosted deposits are typically smaller and/or lower grade. Optiro notes that the Canadian unconformity-hosted projects in particular are considerably higher grade but located at depth, requiring underground mining rather that the relatively simple and low strip ratio mining anticipated at Wiluna.

Peninsula Energy Ltd's (Peninsula) Lance project located in the USA is considered relatively low grade for a potential ISL project and its Karoo project is hosted within highly competent sandstone and would potentially require underground mining methods.

Laramide Resources Ltd's (Laramide) flagship Westmoreland project is at an earlier stage of assessment than the Wiluna project, in-part due to state government legislation. Whilst the ban on uranium mining in Queensland has been overturned, the Queensland Government are yet to consider recommendations made by the Uranium Mining Implementation Committee

Based on the information available, Optiro considers that the Centipede, Millipede and Lake Way Mineral Resources would attract a value greater than what Toro paid when consolidating the project area in 2010 and 2011. Since this time, Toro has advanced and de-risked the project through substantial testwork programmes and has integrated the various deposits into a single project area. The Uranium market has recovered somewhat since the Fukushima accident and the long term uranium price forecast is positive.

Furthermore, Optiro considers that the Wiluna project would attract a value greater than the upper end of the EV/U_3O_8 pound identified in Table 7.1 as the Wiluna project is generally more advanced

and de-risked. However, the Wiluna project would likely trade at discount to the Yeelirrie transaction due to the grade and size of the project.

Based upon these data, Optiro considers the Centipede, Millipede and Lake Way Mineral Resources are valued at approximately A$1.90 per resource pound of U_3O_8 within a range of A$1.50 to A$2.30. This is based primarily on the Yeelirrie transaction ($2.86/lb U_3O_8) and considering the relative values of the comparable company valuations. The Nowthanna and Dawson Hinkler Mineral Resources are lower grade and distal to the main Wiluna project and are valued at approximately A$1.00 per resource pound of U_3O_8 within a range of A$0.80 to A$1.20 (Table 7.2).

Table 7.2 Valuation of the Wiluna project Mineral Resources

Mineral Resource	A$/lb U_3O_8			Value (A$M)		
	Low	High	Preferred	Low	High	Preferred
Centipede	$1.50	$2.30	$1.90	$21.6	$33.1	$27.4
Lake Way	$1.50	$2.30	$1.90	$17.4	$26.7	$22.0
Millipede	$1.50	$2.30	$1.90	$12.2	$18.6	$15.4
Dawson Hinkler	$0.80	$1.20	$1.00	$7.2	$10.8	$9.0
Nowthanna	$0.80	$1.20	$1.00	$8.4	$12.6	$10.5
			Total	**$66.80**	**$101.80**	**$84.30**

The implied current market value of the Wiluna Mineral Resources therefore is considered to lie within the range of A$66.8 M to A$101.8 M, with a preferred value of A$84.3 M.

7.1.2. EXPLORATION POTENTIAL

In terms of valuing the exploration potential additional to the defined mineral resource, Optiro identified eight transactions that are considered to be of use in assessing the current market value attributed to uranium mineralisation potential similar to that at the Wiluna project. Optiro excluded properties with Mineral Resources and defined exploration target tonnages. The transactions selected by Optiro are listed in Appendix B.

Optiro's analysis of the exploration transactions indicates that uranium exploration projects similar to the Wiluna exploration licences may attract market values typically in the range approximately A$390/km^2 to A$1,100/km^2 on a 100% equity basis, when considering like size and prospectivity.

Optiro has used the identified exploration transactions as a benchmark for its Geoscientific valuation below.

Optiro determined Geoscientific ratings for each licence in reference to the off-property, on-property, anomaly and geology factors for potential iron mineralisation. The ratings for the Wiluna licences are listed in Table 7.3. Optiro assigned the ratings based on:

- a semi-contiguous, 894 km^2 licence package located over the Lake Way ephemeral lake and surrounds
- the fact that the defined Mineral Resources are largely constrained by existing drilling but that there remains potential for further exploration success

- the Wiluna project is Western Australia's most advanced uranium project in terms of licencing and development
- a number of tenements are 'off-trend' and considered to have low prospectivity
- the project is located in a well-established mining district with existing infrastructure
- several tenements are subject to production royalties and uranium-only rights are held on selected tenements.

Table 7.3 Wiluna project - Geoscientific rating criteria applied to uranium mineralisation potential

Tenement	Off property factor		On property factor		Anomaly factor		Geology factor	
	Low	High	Low	High	Low	High	Low	High
E36/750	1	1	1	1	1	1	0.9	1
E51/1072	1.5	1.5	2	2.5	2	2	1	1
E51/1075	1.5	1.5	2	2.5	2	2	1	1
E53/1132	1	1.5	1	1	1	1	0.9	1
E53/1136	1.5	2	1	1.5	1	1.5	1	1
E53/1169	1.5	2	1	1.5	1	1.5	1	1
E53/1181	1	1.5	1	1	1	1	0.5	0.9
E53/1221	1	1.5	1.5	2	1.5	1.5	1	1
E53/1254	1	1	1	1.5	1	1	0.5	0.9
E53/1287	1	1	1	1	1	1	0.5	0.9
E53/1288	1.5	2	1.5	1.5	1.5	1.5	1	1
E53/1296	1.5	2	1.5	1.5	1.5	1.5	1	1
E53/1524	1	1	1	1.5	1	1	0.5	0.9
E53/1555	1	1	1	1	1	1	0.5	0.9
E53/1593	1.5	2	1	1.5	1	1.5	1	1
E53/1594	1	1	1	1.5	1	1	0.5	0.9
E53/1595	1	1	1	1.5	1	1	0.5	0.9
E53/1596	1	1	1	1.5	1	1	0.5	0.9
E53/1597	1	1	1	1.5	1	1	0.5	0.9
E53/1598	1	1	1	1.5	1	1	0.5	0.9
E53/1648	1	1	1	1	1	1	0.5	0.9
E53/1649	1	1	1	1	1	1	0.5	0.9
E53/1687	1.5	1.5	1	1	1	1	0.5	0.9
E53/1688	1	1	1	1	1	1	0.5	0.9
E53/1696	1	1	1	1	1	1	0.5	0.9
M53/1090	1.5	2	3	3.5	3	3	3	3
M53/1092	2	2.5	2	2.5	2.5	2.5	2	2.5
M53/1095	1.5	2	3	3.5	3	3	3	3
M53/113	1	1	1	1	1	1	0.5	0.9
M53/121	1	1	1	1	1	1	0.5	0.9
M53/122	1	1	1	1	1	1	0.5	0.9
M53/123	1	1	1	1	1	1	0.5	0.9
M53/147	1	1	1	1	1	1	0.5	0.9
M53/224	1.5	2	3	3.5	3	3	3	3
M53/253	1.5	2	1.5	2	1.5	2	1	1.5
M53/336	3	3	3	3	3	3	3	3
M53/45	1	1	1	1	1	1	0.5	0.9
M53/49	1	1	1	1	1	1	0.5	0.9
M53/796	1.5	2	1	1.5	1	1.5	1	1.5
M53/910	1.5	1.5	1	1	1	1	0.9	1
P53/1350	1	1	1	1	1	1	0.5	0.9

Tenement	Off property factor		On property factor		Anomaly factor		Geology factor	
	Low	High	Low	High	Low	High	Low	High
P53/1351	1	1	1	1	1	1	0.5	0.9
P53/1352	1	1	1	1	1	1	0.5	0.9
P53/1355	1	1.5	1	1.5	1	1	0.5	0.9
P53/1356	1	1.5	1	1.5	1	1	0.5	0.9
P53/1357	1	1	1	1	1	1	0.5	0.9
P53/1358	1	1	1	1	1	1	0.5	0.9
P53/1359	1	1	1	1	1	1	0.5	0.9
P53/1360	1	1	1	1	1	1	0.5	0.9
P53/1369	2	2.5	2	2.5	2	2.5	1	1.5
P53/1370	2	2.5	2	2.5	2	2.5	1	1.5
P53/1371	2	2.5	2	2.5	2	2.5	1	1.5
P53/1372	1	1.5	1	1.5	1	1	0.5	0.9
P53/1373	1	1.5	1	1.5	1	1	0.5	0.9
P53/1374	1	1.5	1	1.5	1	1	0.5	0.9
P53/1396	1	1	1	1	1	1	0.5	0.9
P53/1397	1	1	1	1	1	1	0.5	0.9

Fair market value is the technical value (as determined by the Geoscientific ratings) plus a premium or discount to account for market, strategic considerations and special purposes. Optiro has examined the past and forecast rock uranium price as well as the location and geology of Toro's Wiluna project exploration licences and has elected not to apply a premium or discount to the technical value.

The following assumptions have been used by Optiro in applying the Geoscientific ratings method to determine a value for the uranium mineralisation potential within the Wiluna exploration licences:

- the BAC for a Western Australian exploration licence is A$344/km^2
- there is no market premium or discount factor for the Wiluna uranium properties.

Based on the Geoscientific ratings of the uranium mineralisation prospectivity within the Wiluna exploration licences, the mineral assets are expected to have a market value that lies in the range A$1.4 M to A$2.3 M, with a preferred value of A$1.8 M. Optiro's analysis of comparable transactions suggests that Australian uranium exploration projects similar to the Wiluna project would attract market values in the range A$390/km^2 to A$1,100/km^2. Based on the Geoscientific ratings of the uranium mineralisation potential of the Wiluna exploration licences an average value of A$2,000/km^2 has been determined. This is greater than the range of values indicated by recent comparable transactions, but given the location of the licences and overall prospectivity of the licences Optiro considers this to be reasonable.

7.2. LAKE MACKAY PROJECT

7.2.1. MINERAL RESOURCES

Optiro has established from its search of publically available information on recent market transactions of similar uranium projects and the enterprise value of comparable companies that the

market has generally been valuing uranium projects in the range of A$0.02 to A$1.37 per resource pound of uranium oxide in the ground (see Section 7.1.1).

In valuing the Lake Mackay project Mineral Resources, Optiro considered:

- the size, continuity and grade of the Mineral Resources
- the remote and early stage of assessment of the project
- the Inferred Mineral Resource classification
- the potential for in-situ leach recovery methods (albeit at an early stage of assessment)
- the current regulatory framework and licencing status of the project
- the early stage but positive mineral processing testwork outcomes

Based on its review, Optiro has applied a range of A$0.30 to A$0.70 and a preferred value of A$0.50 per resource pound of uranium oxide to determine the value of the uranium Mineral Resources within the Lake Mackay project. Optiro considers that Energy Metals Ltd and Energy and Minerals Australia Ltd's projects are more advanced that the Lake Mackay project and therefore would trade at a premium (Table 7.1).

Optiro's estimate of the current market value of the uranium Mineral Resources within the Lake Mackay project lies in the range A$2.1 M to A$4.8 M, with a preferred value of A$3.5 M.

7.2.2. EXPLORATION POTENTIAL

As with the Wiluna project, Optiro identified six transactions that are considered to be of use in assessing the current market value attributed to uranium mineralisation potential similar to that at the Lake Mackay project. Optiro excluded properties with Mineral Resources and defined exploration target tonnages. The transactions selected by Optiro are listed in Appendix B.

Optiro's analysis of the exploration transactions indicates that uranium exploration projects similar to the Lake Mackay exploration licences may attract market values typically in the range of approximately A$390/km^2 to A$1,100/km^2 on a 100% equity basis, when considering the like size and prospectivity.

Optiro has used the identified exploration transactions as a benchmark for its Geoscientific valuation below.

Optiro determined Geoscientific ratings for each licence in reference to the off-property, on-property, anomaly and geology factors for potential iron mineralisation. The ratings for the Wiluna licences are listed in Table 7.4. Optiro assigned the ratings based on:

- a contiguous, 2,821 km^2 licence package
- the Theseus Mineral Resources remain open to the west, east and south with potential for further discoveries
- the project remains at a relatively early stage of assessment with the source of mineralisation at Theseus yet to be determined
- Rum Jungle entered into a joint venture to earning a 51% interest (initial) in evaporite minerals by agreeing to spend A$250,000 on exploration over selected licences

- conceptual target models (IOCG models and others) which are yet to be tested
- the remote nature and lack of infrastructure.

Table 7.4 Lake Mackay project - Geoscientific rating criteria applied to uranium mineralisation potential

Tenement	Off property factor		On property factor		Anomaly factor		Geology factor	
	Low	High	Low	High	Low	High	Low	High
E80/3484	1	1.5	1.5	2	1	1.5	0.9	1
E80/3485	1	1.5	1.5	2	1	1.5	0.9	1
E80/3486	1	1.5	1	1	1	1.5	0.5	0.9
E80/3519	1	1.5	1	1	1	1.5	0.5	0.9
E80/3580	1	1.5	1	1	1	1.5	0.5	0.9
E80/3581	1	1.5	1	1	1	1.5	0.5	0.9
E80/3582	1	1.5	1	1	1	1.5	0.5	0.9
E80/3583	1	1.5	1	1	1	1.5	0.5	0.9
E80/3584	1	1.5	1	1	1	1.5	0.5	0.9
E80/3585	1.5	2	1	1	1	1.5	0.5	0.9
E80/3586	1	1.5	1	1	1	1.5	0.5	0.9
E80/3587	1	1.5	1	1	1	1.5	0.5	0.9
E80/3588	1	1.5	1	1	1	1.5	0.5	0.9
E80/3589	1	1.5	1	1	1	1.5	0.5	0.9
E80/3837	1	1.5	1	1	1	1.5	0.5	0.9
E80/4449	1	1.5	1	1	1	1.5	0.5	0.9
E80/4498	1	1.5	1	1	1	1.5	0.5	0.9
E80/4606	1	1.5	1	1	1	1.5	0.5	0.9
E80/4607	1	1.5	1	1	1	1.5	0.5	0.9
E80/4664	1	1.5	1	1	1	1.5	0.5	0.9
E80/4747	1	1.5	1	1	1	1.5	0.5	0.9

The following assumptions have been used by Optiro in applying the Geoscientific ratings method to determine a value for the uranium mineralisation potential within the Wiluna exploration licences:

- BAC for Western Australian exploration licence - A$344/km^2
- No market premium or discount factor for the Lake Mackay uranium properties.

Based on the Geoscientific ratings of the uranium mineralisation prospectivity within the Lake Mackay exploration licences, the mineral assets are expected to have a market value that lies in the range A$0.6 M to A$2.4 M, with a preferred value of A$1.5 M. Optiro's analysis of comparable transactions suggests that Australian uranium exploration projects similar to the Lake Mackay project would attract market values in the range A$390/km^2 to A$1,100/km^2. Based on the Geoscientific ratings of the uranium mineralisation potential of the Wiluna exploration licences an average value of A$500/km^2 has been determined. This is within the range of values indicated by recent comparable transactions, and given the location of the licences and overall prospectivity of the licences is this considered reasonable.

7.3. NORTHERN TERRITORY PROJECTS

7.3.1. EXPLORATION POTENTIAL

As for the Wiluna project, Optiro identified transactions that are considered to be of use in assessing the current market value attributed to uranium mineralisation potential similar to that at Toro's Northern Territory projects. Optiro excluded properties with Mineral Resources and defined exploration target tonnages. The transactions selected by Optiro are listed in Appendix B.

Optiro's analysis of the exploration transactions indicates that uranium exploration projects similar to the Northern Territory exploration licences may attract market values typically in the range of approximately A$390/km^2 to A$1,100/km^2 on a 100% equity basis, when considering like size and prospectivity.

Optiro has used the identified exploration transactions as a benchmark for its Geoscientific valuation below.

Optiro determined Geoscientific ratings for each licence in reference to the off-property, on-property, anomaly and geology factors for potential iron mineralisation. The ratings for the Wiluna licences are listed in Table 7.5. Optiro assigned the ratings based on:

- a 9,835 km^2 licence package across six separate project areas
- licence applications and licences under moratorium have been excluded due to considered uncertainty around the timing to grant
- joint venture partners are yet to achieve their earn-in status but the terms of the agreements are considered
- the project areas are generally remote and lack infrastructure
- the projects are at an early stage of assessment and generally comprise conceptual targets.

Table 7.5 Northern Territory projects - Geoscientific rating criteria applied to uranium mineralisation potential

Tenement	Off property factor		On property factor		Anomaly factor		Geology factor	
	Low	High	Low	High	Low	High	Low	High
EL28054	1.5	1.5	1	1	1	1	0.9	1
EL28750	1	1	1	1	0.9	1	0.5	0.9
EL28751	1	1	1	1	0.9	1	0.5	0.9
EL28752	1.5	1.5	1	1	1	1	0.9	1
EL28806	1.5	1.5	1	1	1	1	0.9	1
EL28840	1	1	1	1	0.9	1	0.5	0.9
EL29476	1.5	1.5	1	1	1	1	0.9	1
EL26270	1	1	1	1	1	1	0.9	0.9
EL26271	1	1	1	1	1	1	0.9	0.9
EL26286	1	1	1	1	1	1	0.9	0.9
EL26635	1	1	1	1	1	1	0.9	0.9
EL27000	1	1	1	1	1	1	0.9	0.9
EL27001	1	1	1	1	1	1	0.9	0.9
EL27590	1	1	1	1	1	1	0.9	0.9
EL28567*	1.5	1.5	1.5	1.5	1.5	1.5	1	1
EL27429	1	1	1	1	1	1.5	0.5	0.9
EL29636	1	1.5	1.5	1.5	1	1.5	0.9	0.9

Tenement	Off property factor		On property factor		Anomaly factor		Geology factor	
	Low	High	Low	High	Low	High	Low	High
EL26287	1	1	1.5	2	1.5	1.5	0.9	1
EL28512	1	1	1.5	2	1.5	1.5	0.9	1
EL26987	1	1	1	1.5	1.5	1.5	0.9	0.9
EL27301	1	1	1.5	2	1.5	1.5	0.5	0.9
EL29396	1	1	1	1.5	1.5	1.5	0.9	0.9
EL26848	1	1	1	1	1.5	1.5	0.9	1
EL27115	1	1	1	1	1	1.5	0.9	1
EL27876	1	1	1	1	1	1.5	0.9	1
EL27138	1	1	1	1	1	1	0.9	0.9
EL26988	1	1	1	1	1	1	0.9	0.9
EL27123	1	1	1	1	1	1	0.9	0.9
EL29395	1	1	1	1	1	1	0.9	0.9

The following assumptions have been used by Optiro in applying the Geoscientific ratings method to determine a value for the uranium mineralisation potential within the Wiluna exploration licences:

- BAC for Northern Territory exploration licence - A$330/km^2
- no market premium or discount factor for uranium properties.

Based on the Geoscientific ratings of the uranium mineralisation prospectivity within the Northern Territory exploration licences, the mineral assets are expected to have a market value that lies in the range A$3.3 M to A$4.4 M, with a preferred value of A$3.9 M. Optiro's analysis of comparable transactions suggests that Australian uranium exploration projects similar to the Northern Territory projects would attract market values in the range A$390/km^2 to A$1,100/km^2. Based on the Geoscientific ratings of the uranium mineralisation potential of the Wiluna exploration licences an average value of A$393/km^2 has been determined. This is within the range of values indicated by recent comparable transactions and given the size, location of the licences and overall prospectivity of the licences is considered reasonable.

7.4. LAKE MAITLAND PROJECT

7.4.1. MINERAL RESOURCES

Optiro has established from its search of publically available information on recent market transactions of uranium projects and the enterprise value of comparable companies that the market has generally been valuing uranium projects in the range of A$0.02 to A$2.86 per resource pound of uranium oxide in the ground (see Section 7.1.1).

In valuing the Lake Maitland project Mineral Resources, Optiro considered:

- the size, continuity and grade of the Mineral Resources
- the current regulatory framework and licensing status of the project
- the mineral processing testwork outcomes
- the equilibrium study carried out on the project and the potential for improved uranium grade to that reported
- the current uranium market outlook

Based on its review, Optiro considers that the Lake Maitland project is highly comparable in size, grade, geology and processing path to the Toro's Wiluna project. As such, Optiro has valued the Lake Maitland project at the same rate as the main Wiluna Mineral Resources, that is A$1.90 per resource pound of U_3O_8,within a range of A$1.50 to A$2.30.

Optiro's estimate of the current market value of the uranium Mineral Resources within the Lake Maitland project lies in the range A$33.9 M to A$50.8 M, with a preferred value of A$42.4 M.

7.4.2. EXPLORATION POTENTIAL

As for the Wiluna project, Optiro identified transactions that are considered to be of use in assessing the current market value attributed to uranium mineralisation potential similar to that at the Lake Maitland projects. Optiro excluded properties with Mineral Resources and defined exploration target tonnages. The transactions selected by Optiro are listed in Appendix B.

Optiro's analysis of the exploration transactions indicates that uranium exploration projects similar to the Lake Maitland exploration licences may attract market values typically in the range of approximately A$390/km^2 to A$1,100/km^2 on a 100% equity basis, when considering like size and prospectivity.

Optiro has used the identified exploration transactions as a benchmark for its Geoscientific valuation below.

Optiro determined Geoscientific ratings for each licence in reference to the off-property, on-property, anomaly and geology factors for potential iron mineralisation. The ratings for the Wiluna licences are listed in Table 7.5. Optiro assigned the ratings based on:

- a mostly contiguous, 1,138 km^2 licence package located over the Lake Maitland ephemeral lake and surrounds
- the defined Mineral Resources are largely constrained by existing drilling but there remains some potential for further exploration success
- the Lake Maitland Mineral Resources are comparable to the Wiluna project Mineral Resources and offer distinct synergies to Toro as opposed to other parties
- a number of tenements are 'off-trend' and considered to have low prospectivity
- the project is located in a well-established mining district with existing infrastructure
- uranium-only rights are held on selected tenements.

Table 7.6 Lake Maitland projects - Geoscientific rating criteria applied to uranium mineralisation potential

Tenement	Off property factor		On property factor		Anomaly factor		Geology factor	
	Low	High	Low	High	Low	High	Low	High
E37/970	1	1	1	1	1	1	0.5	0.9
E37/971	1	1	1	1	1	1	0.5	0.9
E37/1144	1	1	1	1	1	1	0.5	0.9
E37/1145	1	1	1	1	1	1	0.5	0.9
E37/1146	1	1.5	1	1	1	1	0.9	1
E53/1060	1	1	1	1	1	1	0.9	1
E53/1099	1	1	1	1	1	1	0.5	0.9
E53/1210	2	2.5	1.5	1.5	1.5	1.5	1	1.5

Tenement	Off property factor		On property factor		Anomaly factor		Geology factor	
	Low	High	Low	High	Low	High	Low	High
E53/1211	2	2.5	1.5	2	1.5	1.5	1	1.5
E53/1213	1.5	1.5	1	1	1	1	0.5	0.9
E53/1214	1.5	1.5	1	1	1	1	0.5	0.9
E53/1026	1.5	1.5	1	1	1	1	0.5	0.9
M53/1089	1.5	1.5	2.5	3	2	2	1.5	2
P37/6943	2	2.5	1.5	1.5	1.5	1.5	1	1.5
P53/1252	1.5	1.5	1	1	1	1	0.5	0.9
P53/1256	1.5	1.5	2.5	3	2	2	1.5	2

The following assumptions have been used by Optiro in applying the Geoscientific ratings method to determine a value for the uranium mineralisation potential within the Wiluna exploration licences:

- BAC for Western Australia exploration licence - A$344/km^2
- No market premium or discount factor for uranium properties.

Based on the Geoscientific ratings of the uranium mineralisation prospectivity within the Lake Maitland exploration licences, the mineral assets are expected to have a market value that lies in the range A$0.6 M to A$1.1 M, with a preferred value of A$0.8 M. Optiro's analysis of comparable transactions suggests that Australian uranium exploration projects similar to the Lake Maitland project would attract market values in the range A$390/km^2 to A$1,100/km^2. Based on the Geoscientific ratings of the uranium mineralisation potential of the Wiluna exploration licences an average value of A$745/km^2 has been determined. This is within the range of values indicated by recent comparable transactions, and given the size, location of the licences and overall prospectivity of the licences is this considered reasonable.

7.5. SUMMARY OF VALUATION

Optiro has applied a number of recognised valuation methods to derive a value estimate for the mineral assets relating to the Toro and Mega's mineral assets.

Optiro's opinion of the fair market value of the Mineral Resources and exploration potential, using the methodologies described above, is summarised in Table 7.7. The values presented are based upon the relevant equity ownership of the projects.

Table 7.7 Valuation summary of Toro and Mega's mineral assets based on relevant equity interests

Mineral asset	Value (A$M)		
	Low	High	Preferred
Toro Energy Limited			
Mineral Resources – Wiluna	$66.8	$101.8	$84.3
Exploration potential – Wiluna	$1.4	$2.3	$1.8
Mineral Resources – Lake Mackay	$2.1	$4.8	$3.5
Exploration potential – Lake Mackay	$0.6	$2.4	$1.5
Exploration potential – Northern Territory	$3.3	$4.4	$3.9
Total	**$74.2**	**$$115.7**	**$$95.0**
Mega Uranium Ltd			
Mineral Resources	$33.9	$50.8	$42.4
Exploration potential	$0.6	$1.1	$0.8
Total	**$34.5**	**$51.9**	**$43.2**

In this report, Optiro has determined the current fair market value of Toro's mineral assets as at 15 August 2013. Optiro's opinion of the fair market value of these assets is that it is within the range A$74.2 M to A$115.7 M, with a preferred value of A$95.0 M. The values assigned to these mineral assets are in nominal Australian dollars (A$) and were prepared with an effective valuation date of 15 August 2013.

Optiro's opinion of the fair market value of Mega's mineral assets as at 15 August 2013 is that it is within the range A$34.5 M to A$51.9 M, with a preferred value of A$43.2 M. The values assigned to these mineral assets are in nominal Australian dollars (A$) and were prepared with an effective valuation date of 15 August 2013.

8. DECLARATIONS BY OPTIRO

8.1. INDEPENDENCE

Optiro is an independent consulting and advisory organisation which provides a range of services related to the minerals industry including, in this case, independent geological services, but also resource evaluation, corporate advisory, mining engineering, mine design, scheduling, audit, due diligence and risk assessment assistance. The principal office of Optiro is at 50 Colin Street, West Perth, Western Australia and Optiro's staff work on a variety of projects in a range of commodities worldwide.

This report has been prepared independently and in accordance with the VALMIN and JORC Codes. The authors do not hold any interest in Toro, its associated parties, or in any of the mineral properties which are the subject of this report. Fees for the preparation of this report are being charged at Optiro's standard rates, whilst expenses are reimbursed at cost. Payment of fees and expenses is in no way contingent upon the conclusions drawn in this report.

8.2. QUALIFICATIONS

The principal person responsible for the preparation of this report is Mr Jason Froud (Principal) of Optiro. Peer review was carried out by Mr Ian Glacken.

Mr Jason Froud [BSc (Hons), Grad Dip (Fin Mkts), MAusIMM] is a geologist with over 17 years experience in mining geology, exploration, resource definition, mining feasibility studies, reconciliation, consulting and corporate roles in gold, iron ore, base metal and uranium deposits principally in Australia and Africa. Jason has previously acted as a Competent Person and Independent Expert across a range of commodities with expertise in mineral exploration, grade control, financial analysis, reconciliation and quality assurance and quality control.

Mr Ian Glacken is a geologist with postgraduate qualifications in geostatistics, mining geology and computing who has over 30 years worldwide experience in the mining industry. For over ten years Ian managed and grew the resource evaluation function of a major mining consultancy. He also assumed responsibility for a Training business which is among the most successful in the industry and initiated a Risk Services division. Ian's skills are in resource evaluation, quantitative risk assessment, strategic advice, geostatistics, reconciliation, project management, statutory and competent persons' reporting and mining geology studies.

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10. GLOSSAY TECHNICAL TERMS

Term	Explanation
Abbreviations	A$ – Australian dollars, AC – Aircore, BAC - Base Acquisition Cost, DCF - Discounted cashflow, DSO - direct shipping ore, °C - degrees Celsius, EEL - Exclusive Exploration Licence, EL - Exploration Licence, EV - Enterprise Value, g/t –grams per tonne, ha – hectare, JVA - joint venture agreement, km – kilometre, km^2 – square kilometre, m – metre, m^3 – cubic metres, MA – million years, mm – millimetre, M – million, ML – Mining Licence, MT – million tonnes, MOU - Memorandum of understanding, NPV - Net Present Value, PEA - Preliminary Economic Assessment, % - percentage, PGM – platinum group metals, RC - Reverse Circulation drilling, SG - specific gravity , t – tonnes, US$ – United States dollars,
Chemical elements	Ag – silver, Au – gold, Ce – cerium, Cu – copper, Dy – dysprosium, Er – erbium, Eu – europium, Fe – iron, Gd – gadolinium, Ho – holmium, La – lanthanum, Lu – lutetium, Nd – neodymium, Pr – praseodymium, Pm – promethium, Sm – samarium, Tb – terbium, Th – thorium, Tm – thulium, U – uranium, U_3O_8 – Triuranium octoxide, V – vanadium, Y – yttrium, Yb – ytterbium, Zn - zinc
airborne magnetic survey	A measurement of the magnetic susceptibility of rocks, measured from a plane in flight.
airborne versatile time-domain electromagnetic survey	An airborne geophysical method for measuring the change in electric potential of rocks on the ground.
aircore drilling	A method that uses blades to bore a hole into unconsolidated ground. The rods are hollow and contain an inner tube which sits inside the hollow outer rod barrel. The drill cuttings are removed by injection of compressed air into the hole and brought back to the surface up the inner tube.
alteration	A change in mineralogical composition of a rock through reactions with hydrothermal fluids, temperature or pressure changes.
Archaean	Era of the geological time scale containing rocks greater than 2,500 million years old.
auger soil sampling	A sampling technique that uses a helical screw, which is driven into the ground with rotation. The soil is lifted up the borehole by the blade of the screw.
base metals	Non-ferrous (other than iron and alloys) metals excluding precious metals. These include copper, lead, nickel and zinc.
bedrock	The solid rock lying beneath superficial material such as gravel or soil.
bulk density	A property of particulate materials. It is the mass of many particles of the material divided by the volume they occupy. The volume includes the space between particles as well as the space inside the pores of individual particles.
carbonate	A class of sedimentary rocks composed primarily of carbonate minerals. The two major types are limestone and dolomite.
carnotite	A yellow radioactive mineral consisting of hydrated vanadate of uranium and potassium.
classification	A system for reporting Mineral Resources and Ore Reserves according to a number of accepted Codes.
composite	A sample comprised of a number of smaller samples.
compositing	The process of combining drillhole assay grades into even sample intervals to provide an even representation of sample grades and eliminate bias due to sample length.
concentrate	End product of the flotation process.
cut-off grade	The grade that differentiates between mineralised material that is economic to mine and material that is not.
diamond drilling	Drilling method which produces a cylindrical core of rock by drilling with a diamond tipped bit.
dolomite	A carbonate rock consisting of calcium magnesium carbonate.
electromagnetic (EM) geophysical surveys	Survey over an area involving the measurement of alternating magnetic fields associated with currents artificially or naturally maintained in the ground.
EPCM	Engineering, procurement, constructions and management.
exploration licence	Rights to explore for minerals in an area, granted by a government to an individual/company.

Term	Explanation
fault	A fracture in rock along which displacement has occurred.
fold (folded)	A flexure in rocks.
formation	A defined interval of strata, often comprising similar rock types.
gabbro	A coarse-grained, intrusive mafic igneous rock chemically equivalent to basalt.
geological domains	Spatial domains created to represent areas with similar geological characteristics.
geophysical survey	A survey that measures the physical properties of rock formations, commonly magnetism, specific gravity, electrical conductivity and radioactivity.
granite	A coarse grained intrusive felsic igneous rock.
granitoid	A common and widely-occurring type of intrusive, felsic, igneous rock.
greenstone	a general petrologic term applied to metamorphic or altered mafic volcanic rock.
greywacke	A variety of sandstone generally characterised by its hardness, dark colour and poorly-sorted, angular grains of quartz, feldspar and small rock fragments set in a compact, clay-fine matrix.
hydrothermal	The actions of hot water or the products produced by the action of hot water.
Indicated Mineral Resource	'An 'Indicated Mineral Resource' is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drillholes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.' (JORC 2004)
Inferred Mineral Resource	'An 'Inferred Mineral Resource' is that part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drillholes which may be limited or of uncertain quality and reliability.' (JORC 2004)
intercept	Mineralised intersection in a borehole.
intrusion	The emplacement of magma into pre-existing rock.
iron oxides	Minerals composed of iron and oxygen, e.g., hematite, magnetite.
isoclinal	A fold in which the limbs are parallel or near-parallel.
JORC Code	The JORC Code provides minimum standards for public reporting to ensure that investors and their advisers have all the information they would reasonably require for forming a reliable opinion on the results and estimates being reported. The current version is dated 2004.
laterite	A soil residue composed of secondary oxides of iron, aluminium or both.
light rare earth elements	Lower atomic weight lanthanides, lanthanum through to europium
mafic	Silicate minerals, magmas and volcanic and intrusive igneous rocks that have relatively high concentrations of the heavier and darker minerals.
magnetic anomaly (high / low)	Magnetic signatures different from the background, made up of a high and a low (dipole) compared to the average field.
Mesoproterozoic	A geological era that occurred between 1,600 Ma and 1,000 Ma ago.
metallurgy	Study of the physical properties of metals as affected by composition, mechanical working and heat treatment.
metamorphics	Rocks that have undergone metamorphism.
Mineral Resource	'A 'Mineral Resource' is a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.' JORC 2004.
mineralisation	The process by which a mineral or minerals are introduced into a rock, resulting in a valuable deposit.

Term	Explanation
mineralogical	The study of minerals: formation, occurrence, properties, composition and classification.
mining lease/licence	A right to operate a mine.
mudstone	A detrital sedimentary rock composed of clay minerals similar to shale but lacking the well developed bedding planes.
ordinary kriging	A geostatistical estimation method which relies upon a model of spatial continuity as defined in a variogram.
ore	Mineralised material which is economically mineable at the time of extraction and processing.
orogeny	The process of mountain building and may be studied as a tectonic structural event, as a geographical event and a chronological event, in that orogenic events cause distinctive structural phenomena and related tectonic activity, affect certain regions of rocks and crust and happen within a time frame.
oxidation, oxidised	The addition of oxygen to the metal ion, generally as a result of weathering.
Palaeoproterozoic	The first of the three sub-divisions (eras) of the Proterozoic occurring between 2500 Ma and 1600 Ma (million years ago).
pit optimisation	A mathematical process whereby an open cut volume is optimised according to certain financial criteria.
pre-feasibility study	Preliminary assessment of a project to determine mining and processing methods, capital costs, logistics etc.
Prospecting Licence	Authorization granted by a government to an individual permitting the person to prospect for minerals.
Proterozoic	Era of the geological time scale within the Precambrian eon containing rocks of approximately 1000 – 2500 million years old.
quartz	Crystalline silica (SiO2).
radiometric survey (radiometrics)	A survey pertaining to the measurement of geologic time by the study of parent and/or daughter isotopic abundances and known disintegration rates of the radioactive parent isotopes.
rare earth elemets	A set of seventeen chemical elements in the periodic table, specifically the fifteen lanthanides plus scandium and yttrium.[2] Scandium and yttrium are considered rare earth elements since they tend to occur in the same ore deposits as the lanthanides and exhibit similar chemical properties.
recovery	Metallurgical: The percentage of metal that can be recovered given the limitations of the processing equipment.
reverse circulation drilling (RC)	Drilling method that uses compressed air and a hammer bit to produce rock chips.
scoping study	A preliminary study into the development of a mining project generally with a low degree of accuracy.
sediments	Loose, unconsolidated deposit of debris that accumulates on the Earth's surface.
shear	Fault.
siltstone	A type of sedimentary rock where the individual particles are predominantly between <0.05 mm in size.
sinistral	Refers to the horizontal component of movement of blocks on either side of a fault or the sense of movement within a shear zone.
soil geochemical survey (or sampling)	Widely used method of exploration for identifying of geochemical anomalies.
stockwork	A network of veins.
stream sediment sampling	Soil sampling of sediments from stream beds.
stripping	Open pit mining term relating to the removal of uneconomic waste material to expose ore. Metallurgical term relating to the removal of copper from the organic phase in the solvent extraction process.
supergene	A mineral deposit or enrichment formed near the surface.
top cut	A process that reduces the effect of isolated (and possible unrepresentative) outlier assay values on the estimation.

Term	Explanation
transitional	The partially oxidised zone between oxidised and fresh material.
turbititic greywackes	A type of sandstone deposited by submarine currents.
ultramafic	Igneous rocks with very low silica content (less than 45%), generally >18% MgO, high FeO, low potassium and are composed of usually greater than 90% mafic minerals.
vein	A tabular or sheet like body of one or more minerals deposited in openings of fissures, joints, or faults.
Vermeer surface miner	Mining equipment that utilises a mechanically driven drum to continuously cut rock, negating the need for drilling and blasting.
volcaniclastics	Sedimentary rocks derived from erosion of volcanic rocks.
volcanics	Sequence of strata formed from an erupting volcano.
volcanogenic massive sulphide	A type of metal sulphide ore deposit, mainly Cu-Zn-Pb which are associated with and created by volcanic-associated hydrothermal events in submarine environments

Appendix A Uranium Mineral Resource transactions

Project	Date	Buyer	Seller	Interest	Consideration (A$)	U_3O_8 (contained Mlb)	Implied value (A$/lb)
Strathmore	11/06/13	Energy Fuels Inc.	Strathmore Minerals Corp.	100%	$28.7 M	56.0	$0.51
Energia Minerals Ltd	2/05/13	Cauldron Energy Ltd	Energia Minerals Ltd	100%	$1.5 M	16.7	$0.09
Yeelirrie uranium deposit	27/08/12	Cameco Corp	BHP Billiton plc	100%	$408 M	144.5	$2.86
Extract	1/03/12	Taurus (CGNPC-URC)	Extract Resources Ltd	100%	$2.1 B	512.9	$4.13
Hathor	18/11/11	Rio Tinto plc	Hathor Exploration Ltd	100%	$653 M	57.9	$11.28
Nowthanna	18/07/11	Toro Energy Ltd	Private vendors	100%	$2.8 M	7.4	$0.38
Millipede	17/02/11	Toro Energy Ltd	MPI Nickel Pty Ltd	100%	$4.5 M	~4.5	$1.00
Dawson Hinkler	19/10/10	Toro Energy Ltd	U3O8 Ltd	100%	$6.2 M	6.2	$1.00

Appendix B Uranium exploration transactions

Project	Date	Parties	Interest	Consideration	Area (km^2)	Implied value (A$/$km^2$)
Stuart Shelf	22/04/13	OZ Minerals Ltd and Straits Resources Ltd	100%	$2.2 M	2,554	$861
Stuart Shelf	7/02/13	Straits Resources Ltd and UXA Resources Ltd	30%	$1.25 M	1,596	$783
Albarta	25/09/12	Core Exploration Ltd and private vendors	100%	$0.09 M	82	$1,098
Ponton Creek	21/01/13	Manhattan Corporation Ltd and Fission Energy Ltd	100%	$0.07 M	181	$387
Spinifex Uranium	29/10/12	Resource Star Ltd and Thundelarra Exploration Ltd	100%	$0.05 M	119	$420
Enterprise Uranium	29/08/12	Enterprise Uranium Ltd and Enterprise Metals Ltd	100%	$5.9 M	5,932	$996
Frome Basin	26/07/12	Renaissance Uranium Ltd and Callabonna Uranium Ltd	100%	$0.04 M	4,572	$9
Havilah	9/3/12	Havilah Resources NL and Curnamona Energy Ltd	100%	$7.6 M	6,800	$1,110

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Proxy Form

Vote and view the notice of meeting online

Go to www.investorvote.com.au **or** scan the QR Code with your mobile device.
Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

Control Number: 999999

SRN/HIN: I9999999999

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

For your vote to be effective it must be received by 9:00am (Perth time) Wednesday 16 October 2013

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.
Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.
Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

GO ONLINE TO VOTE, or turn over to complete the form ➔

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

☐ **Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with '**X**') should advise your broker of any changes.

I 9999999999 I ND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Toro Energy Limited hereby appoint

☐ **the Chairman of the Meeting** **OR** _____

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Extraordinary General Meeting of Toro Energy Limited to be held at The Celtic Club, 48 Ord St, West Perth, Western Australia 6005 on Friday 18 October 2013 at 9:00am (Perth time) and at any adjournment or postponement of that meeting.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
1	Approval of issue of Shares to Mega for the Lake Maitland Acquisition	☐	☐	☐
2	Approval of Escrow and Standstill Restrictions	☐	☐	☐
3	Approval of placement of Shares to OZ	☐	☐	☐
4	Approval of placement of Shares to Pinetree	☐	☐	☐
5	Ratification of the issue of Options to MBL	☐	☐	☐

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1	**Securityholder 2**	**Securityholder 3**
Sole Director and Sole Company Secretary	**Director**	**Director/Company Secretary**

Contact Name _____ **Contact Daytime Telephone** _____ **Date** / /