

# SECOND QUARTER ACTIVITIES REPORT

for the quarter ending:

## 31 December 2011

**ACN: 117 127 590**

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Public review phase of Government assessment of the Wiluna Uranium Project in WA closed 31 October

Wiluna Uranium Project enters final phase of Government assessment after Toro's Response to Submissions document was lodged in mid-December

Theseus Project exploration target of 22 to 44Mlbs U<sub>3</sub>O<sub>8</sub> announced<sup>#</sup>

Resource infill drilling of 3,200m was completed at Centipede, with additional assay and density data to feed into an updated resource estimate in the coming quarter.

### CORPORATE

- A major review was completed of Wiluna Project economics, based on higher cut-off grades and pilot plant results, indicating a C1 cash cost for the first 10 years of US\$33 per lb U<sub>3</sub>O<sub>8</sub>.
- Toro signed a Letter of Intent with OZ Minerals to terminate the Mt Woods Tenement Access Agreement in SA for payment to Toro of for \$3.75m, subject to approval of Toro shareholders.
- Toro announced a farm-in JV with Northern Minerals for non-uranium minerals over a group of tenements in the Tanami area of NT.
- Cash at end of quarter was A\$10.5m after major 2011 work and acquisitions were completed, and is yet to include the \$3.75m cash from the Mt Woods termination.

### GLOBAL URANIUM MARKET

- The spot price for uranium at the end of the December quarter was US\$51.75/lb U<sub>3</sub>O<sub>8</sub> with the long term price at US\$63/lb U<sub>3</sub>O<sub>8</sub>. Prices continued to be impacted by short-term over supply of U<sub>3</sub>O<sub>8</sub> from the temporary closure of nuclear plants in Japan.
- There is increasing evidence that uranium supply will become constrained from 2013/14 as the supply of uranium from the US/ Russian HEU Agreement (decommissioned warheads) ceases and new uranium production is deferred.

### WILUNA PROJECT DEVELOPMENT

- The public review phase of the Environmental Review and Management Programme (ERMP) was completed, with 48 submissions received.

A Response to Submissions was provided to the EPA, and the assessment process now enters its final phase. Toro anticipates final Government decisions in mid 2012.

- Discussions about the Project configuration and site visits continued with Traditional Owners at Wiluna. A further visit is scheduled for February.
- The final report from the Pilot Plant processing test work campaign was received during the period. Variability testing was completed and refining testwork commenced. Initial results continue to be favourable.
- Resource infill drilling of 3,200 m was completed at Centipede, and will provide additional assay, density and disequilibrium data for new resource estimates for this deposit in the coming quarter.

### EXPLORATION

- An exploration target was estimated for the Theseus Project in WA of 20Mt to 40Mt @ approx. 400 to 500 ppm U<sub>3</sub>O<sub>8</sub> for 10,000t to 20,000t U<sub>3</sub>O<sub>8</sub> or 22Mlb to 44Mlb U<sub>3</sub>O<sub>8</sub><sup>#</sup>.

#### # CAUTIONARY STATEMENT

The Exploration Target Range (ETR) is conceptual in nature and there has been insufficient exploration completed to define this material as a Mineral Resource. There is no certainty that the further work referred to herein will result in the determination of a Mineral Resource.

- Anomalous gold results up to 0.63g/t Au reported from selected Pokali East drill samples.
- Further high grade iron, total rare earths and uranium in rock chip results from E80/3837 near Kiwirrkurra in WA demonstrate the potential of this grass-roots area.

# REVIEW OF BUSINESS

## GLOBAL URANIUM MARKET

As highlighted in the September 2011 Quarterly Report, following the Fukushima accident all the major nuclear power dependent countries, with the exception of Germany, have re-affirmed their commitment to the future of nuclear energy. It is widely accepted that worldwide nuclear capacity will continue to grow at an annual growth rate of 2 to 3% per annum. This growth is largely expected to occur in China, India, Russia and South Korea. However, the growth potential is supported with decisions by Vietnam, Lithuania, UAE and Turkey in recent months to commit to the construction of their first nuclear reactors.

While there has been significant debate about the impact of the Fukushima accident on the future demand for uranium, there has been very little focus on the status of future supply of uranium.

Due to the recent closure of nuclear capacity in Germany and the temporary closure of capacity in Japan, current uranium production appears sufficient to meet current demand. However, the dynamics of the uranium market are due to shift significantly in 2013, when the US-Russia deal to convert decommissioned nuclear warheads comes to an end which will result in the elimination of 24 mlbs (approx. 15%) of current annual global uranium supply.

In addition, there has been increasing evidence which indicates that uranium supply growth is going to be constrained:

1. The recent announcement by Areva of the suspension of development of three African uranium projects (including the large Trekkopje project) due to financial constraints and project issues;
2. The decision by the Kazakhstan Government (the world's largest producer) to cap production at its current 52 mlbs per annum to avoid depressing prices and ensure adequate returns;
3. Ongoing production difficulties at some currently producing uranium mines;
4. Project approvals and expansions with scheduled ramp ups considerably delayed compared with analysts' forecasts; and
5. Numerous approval and study delays indicated at many proposed uranium projects.

The potential for a shortage of uranium has been identified by some of the major participants in the uranium market. This is exhibited in the recent takeover battle for Hathor Exploration Limited between Rio Tinto and Cameco and the new bid by China Guangdong Nuclear Power Corporation for Kalahari Minerals (significant shareholder of Extract Resources Ltd, owner of the Husab uranium project in Namibia). These takeover offers indicate the major players in the uranium market remain optimistic regarding the future of uranium.

Toro expects this significant level of corporate activity to continue in 2012 as certain participants in the uranium industry capitalise on the current weakness in the uranium market.

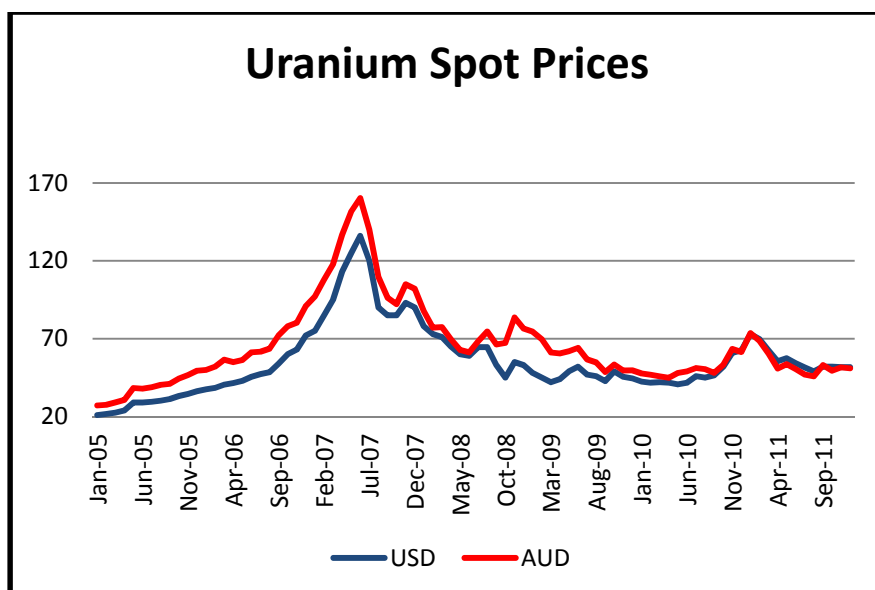


Figure 1: Spot Uranium prices | Source: Ux Consulting and Reserve Bank of Australia

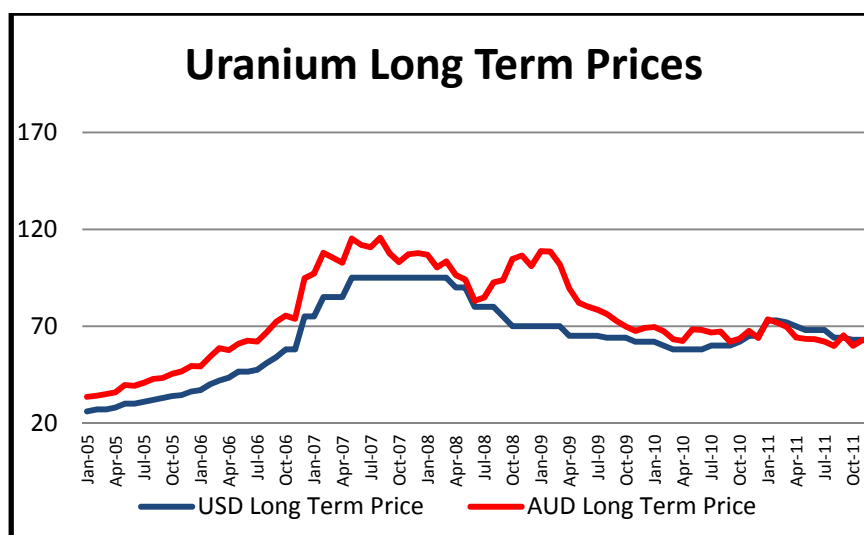


Figure 2: Long Term Uranium prices | Source: Ux Consulting and Reserve Bank of Australia

## CORPORATE

Toro announced the execution of a Letter of Intent with OZ Minerals Ltd for the termination of Toro's Tenement Access Agreement over four tenements comprising the Mt Woods Project located in South Australia, for a cash consideration to Toro of \$3.75 million. The Tenement Access Agreement granted Toro the right to explore and potentially mine economic uranium discoveries.

Over several years, OZ Minerals has conducted major exploration programs at Mt Woods and, despite extensive drilling campaigns, no potentially economic uranium results have been reported from the Mt Woods Project. A review of the exploration data by Toro provides no indication or encouragement for significant uranium discoveries on the Mt Woods group of tenements.

An Independent Expert's report was commissioned which has verified the transaction value as fair and reasonable, and a General Meeting of Toro shareholders has been announced for Monday 13 February to approve the transaction as required under ASX Listing Rule 10.1.

Toro has been engaged in discussions with a number of Asian-based investor groups interested in entering into a strategic partnership with Toro through a cornerstone equity investment or joint venture development of the Wiluna Uranium Project. During the period, discussions particularly advanced with two potential investors.

Negotiations regarding the equity investment at this stage are incomplete and inconclusive and may, if successful, take further time to

complete. These negotiations will continue and the market will be updated again in due course.

Toro executed a Heads of Agreement with Northern Minerals Limited to initiate a new Joint Venture entitling Northern to explore for non-uranium minerals on seven of Toro's 100%-owned tenements in the Tanami region of the Northern Territory.

The Agreement allows Northern to earn up to 80% interest in non-uranium minerals in the tenements over a five year period, with a first stage expenditure by Northern of \$4 million to earn a 51% interest, and a second stage option to spend an additional \$2 million to increase its interest to 70%. 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.

A major economic review of the Wiluna Uranium Project was completed and announced during the quarter, with enhanced project economics. Refer to the Wiluna Project section below and the ASX announcement dated 21 November 2011.

Toro held its Annual General Meeting of shareholders on Wednesday 30 November in Adelaide. Results of the meeting were announced on the same day.

Cash held at the end of the December 2011 quarter was A\$10.5m. Major expenditures on Wiluna Pilot Plant process testwork, project approvals, Theseus drilling, and the Nowthanna resource purchase are complete. The above figure is yet to include the \$3.75m from the Mt Woods Agreement termination.

# PROJECT DEVELOPMENT

## WILUNA PROJECT - LAKE WAY/CENTIPEDE URANIUM DEPOSITS (WA)

(Toro Energy 100%)

### Tenement Matters

Tenement summary statistics are given in Table 1. Tenement locations are also shown on Figure 4.

Toro Tenure Area Stats (km2)				Comment
	Granted	Application	Commitment	
Western Australia	922	114	\$1,606,880	
<b>TOTAL</b>	<b>922</b>	<b>114</b>	<b>\$1,606,880</b>	

Table 1: Toro Tenement area statistics as at 31 December 2011

### New Tenements, Withdrawals & Relinquishments

L53/175 Applied for 20/12/2011

### Acquisitions

Nil

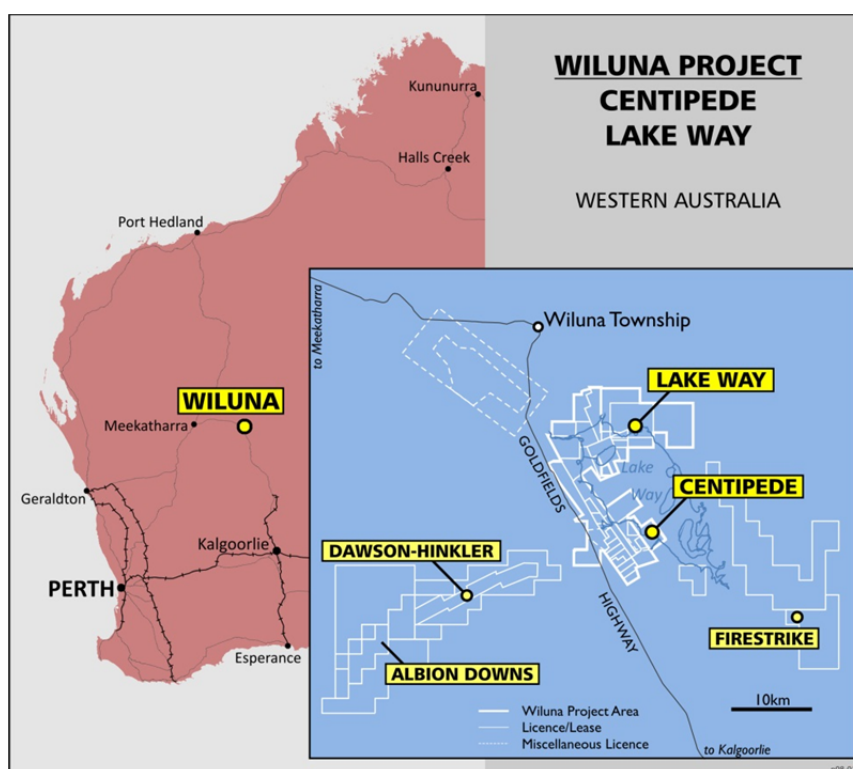


Figure 3: Wiluna Project and Regional Resources

The 14 week public review phase of the ERMP was completed on 31 October, 2011. During this period, the Environmental Protection Authority of Western Australia (EPA) received 48 submissions from State and Federal Government departments and agencies, community and environmental organisations and members of the public. The submissions raised around 300 individual issues.

Toro provided a Response to Submissions in mid December to the EPA, covering all issues raised. The next phase of the assessment is for the EPA to make a report and recommendations to the WA Minister for Environment. Final government decisions on the Project are anticipated by mid 2012.

## Project Progress

A major review of the Wiluna Uranium Project's economics was completed during the quarter. The new economic model has indicated that, over the first 10 years operating life of the project:

- A C1\* cash operating cost of US\$33/lb U<sub>3</sub>O<sub>8</sub>;
- Uranium recovery settles at 85% after a ramp-up of two years;
- Average annual production of 1.8mlbs U<sub>3</sub>O<sub>8</sub> equivalent is achieved; from
- An average processing head grade of approximately 720ppm U<sub>3</sub>O<sub>8</sub>.

The economic model is based on the construction of a 1.3 million tpa alkaline agitated tank leach processing plant and supporting infrastructure for A\$280 million, producing approximately 820t U<sub>3</sub>O<sub>8</sub> equivalent per year. Selective mining would occur within a series of shallow open pits, which would be progressively rehabilitated after the pits were utilised as tailings impoundment facilities or for rock waste disposal. The key project characteristics are described in Toro's Environmental Review and Management Programme being assessed by the Western Australian and Federal Governments.

The improved economics of the project are a result of:

- An upgrade in the resource model (see Toro ASX release dated 10 October 2011) and a revised mining plan for the Lake Way and Centipede Deposits. The new mining plan involves the selective mining of the ore bodies to a cut-off of 250 ppm U<sub>3</sub>O<sub>8</sub> and processing to a higher cut-off of 500 ppm U<sub>3</sub>O<sub>8</sub>. The average feed grade to the processing plant is projected to be ~720 ppm U<sub>3</sub>O<sub>8</sub> in the first ten years of the project;
- Integration of the results of the recent pilot plant process. The pilot plant testing confirmed recoveries of 85% are achievable and the incorporation of revised reagent usage levels; and
- Redesign of the economic model to reflect the impact of the USD/AUD exchange rate on the cost structure of the project and the identification of USD priced input costs. It is estimated that approximately 30% of the C1 cash operating cost are USD denominated and that the long-term exchange rate will trend to US\$0.85 in 2015, based on analysts' consensus forecasts.

A program of processing testwork evaluating variability across the ore zones was completed during the quarter. This program tested a range of different ore samples taken from across both the Centipede and Lake Way deposits. The testwork results will be available during the March 2012 quarter. However, initial review shows continuing favourable process results.

Bateman Engineering completed Phase 1 of its work scope which was limited to providing technical support and assistance to the Pilot Testwork program and submitted its summary report in November. The DFS engineering activities, including an energy supply options study, are expected to commence early in 2012.

Knight Piesold was awarded the contract to undertake the detail design and preparation of the operating strategy for the Tailings Storage Facility (TSF). A preliminary report was received from Knight Piesold during December.

A combined aircore/sonic drilling program for resource infill purposes was conducted at Centipede in October 2011. 241 aircore and 76 sonic holes totalling nearly 3,200m have been drilled into the central and southern parts of the Centipede ore body. Drill samples from Centipede have also been submitted for both disequilibrium and density studies, and the results are expected in the March quarter. This information will feed into an additional resource review of this deposit at that time.

## Wiluna Community

Toro organised a site visit for a large group of Traditional Owners on 30 November to further consider project configuration matters. The focus of these discussions was on confirmation of the limit of mining and an alignment for a haul road between the Lake Way and Centipede deposits. Further progress was made in identifying a full project configuration which minimises impacts on Aboriginal Cultural Heritage. A final site visit to consider Project configuration is scheduled for mid-February.

Toro continued discussions with the representative body for the Traditional Owners, Central Desert Native Title Services, about the negotiation of a mining agreement.

*\* C1 cash operating costs encompass all fixed and variable site based costs such as mining, milling, processing, admin and general expenses. It excludes royalties and capital allowances.*

# EXPLORATION

Toro Tenure Area Stats (km2)			Comment
	Granted	Applications	
South Australia	4,582	0	Uranium interest rights only
Northern Territory	8,627	17,388	
Namibia	0	1,323	Toro 25% interest in Nova Energy Namibia - Under renewal
Western Australia	3,636	227	
<b>TOTAL</b>	<b>16,845</b>	<b>18,938</b>	

Table 2: Toro Tenement area statistics as 31 December 2011

The Australian and Namibian (African) exploration licenses and applications held by Toro, or subject to uranium access and joint venture rights, as at 31 December 2011, are shown on Figure 8 and are summarised in Table 2.

## Tenement Activity

- EL's 28567, 28750, 28571, 28572 and 28806 in the McArthur Project were granted during the quarter.
- EL28624 "Buntine" in the northern part of the Tanami Project was granted.
- Toro and Cameco surrendered five tenements; E80/3555, E80/3557, E80/3558 E80/3559 and E80/3561 in the Birrindudu JV project area.
- Applications E80/4498 and E80/4664 were made for small areas surrounding the Lake Mackay Project.

## Western Australia

### Theseus Project (formerly Lake Mackay Project)

100% Toro - ELs E80/3483, 3484, 3485, 3486, 3519, 3580, 3581, 3582, 3583, 3584, 3585, 3586, 3587, 3588, 4449, 3589, 4498 and applications E80/4606, 4607 and 4664

Following the highly successful Theseus 2011 drilling program, Toro has estimated an Exploration Target Range (ETR) by using a compilation of individual drillhole downhole gamma, prompt fission neutron (PFN) and assay results.

20Mt to 40Mt @ approx 400 to 500parts per million (ppm) U3O8, for 10,000t to 20,000t U3O8 or 22Mlb to 44Mlb U3O8#.

#### # CAUTIONARY STATEMENT

The Exploration Target Range (ETR) is conceptual in nature and there has been insufficient exploration completed to define this material as a Mineral Resource. There is no certainty that the further work referred to herein will result in the determination of a Mineral Resource.

This information plus the exploration potential along extensions of the defined palaeovalley system at Theseus, forms the basis of the ETR.

This ETR, announced on 15 November, will be evaluated by mud rotary drilling during 2012, following the results of studies of disequilibrium and bottle roll leach testing. Studies are focusing on recovery characteristics and the potential to improve uranium grades from gamma data collected so far. The mineralised area is shown on Figure 4 and the complete drill information for Theseus is given in Appendix 2, Tables 4 and 5.

Selected drillhole samples were submitted for palynology. The results confirm correlates of the Namba and (lower) Eyre Formation in the Callabonna Sub-basin occur within the Cainozoic sedimentary sequence infilling the Lake Mackay lake basin. This confirms that the Theseus Project is located in a very similar aged, sedimentary environment to the Beverley and Honeymoon deposits in SA.

Preliminary metallurgical test work on drill samples from Theseus commenced late in 2011. Bottle roll extraction results are expected in the first quarter of 2012.



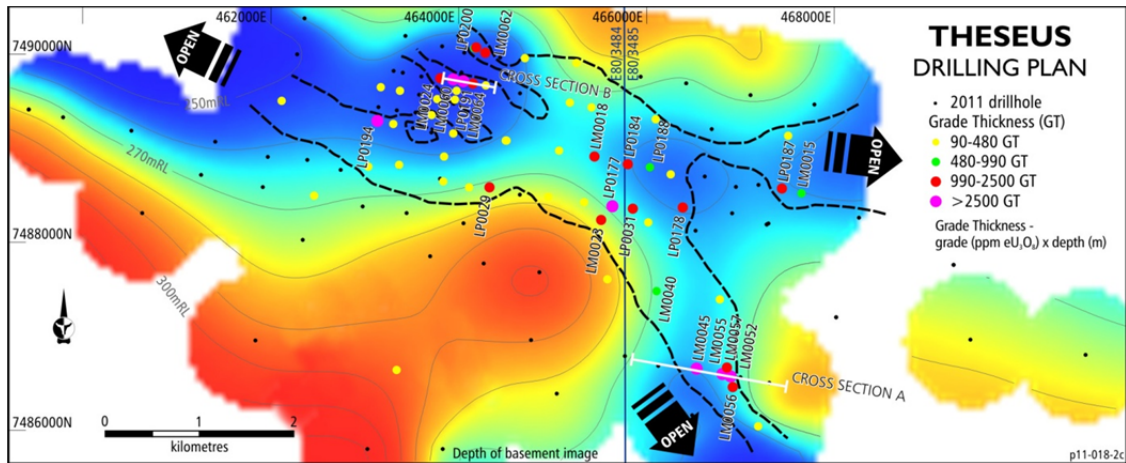


Figure 4: Theseus Drilling Plan showing drillholes with assigned GT over regional depth to basement contour image

## Pokali East Prospect

Selected drill samples from shallow aircore drilling (reported in September quarterly report) were sent for Au-Pt-Pd analysis during the quarter. Six samples reported greater than 0.1g/t Au; including 1m @ 0.63g/t Au from end of hole in LBR00132, 2m @ 0.18g/t Au from LBR00147 and 2m @ 0.52g/t Au from LBR00150.

All three holes were drilled into an area of low magnetic response and associated NW trending structures shown on Figure 5.

The significance of the gold anomalism will be investigated over the next few months with further samples submitted for analysis.

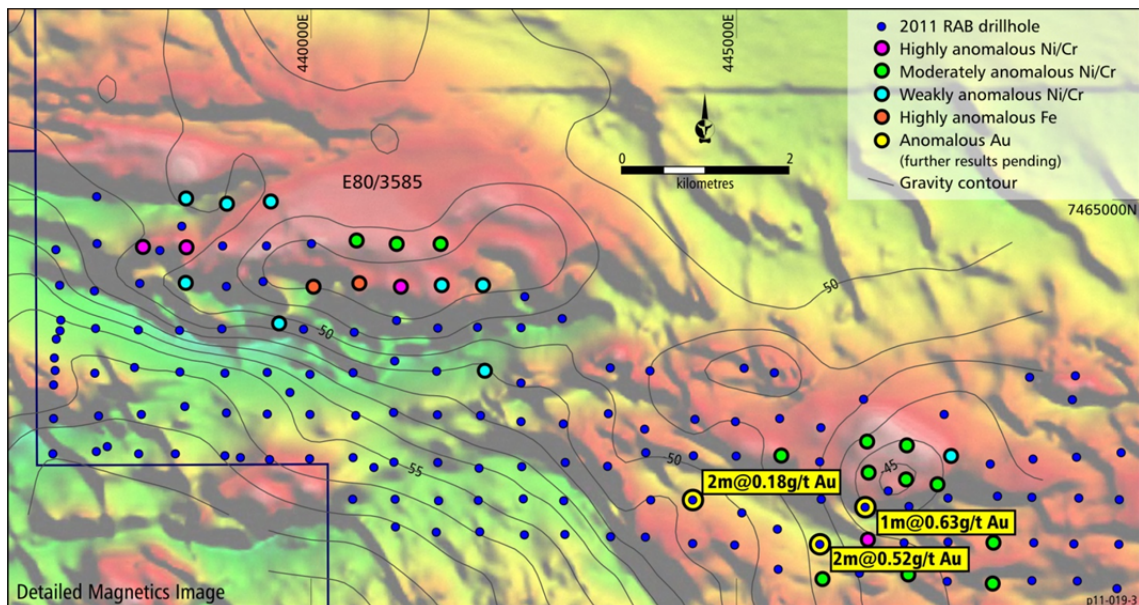


Figure 5: Pokali East Drilling Plan highlighting gold anomalism

## Kiwirrkurra North Prospect

100% Toro - EL E80/3837

A detailed airborne magnetic and radiometric survey was flown late in November 2011 to refine the distribution of magnetite and structural dismemberment for the prospective part of the area.

An image showing the Total Magnetic Intensity is shown as Figure 6. The strong magnetic responses evident in the image, maps partially outcropping, banded iron formation (BIF).

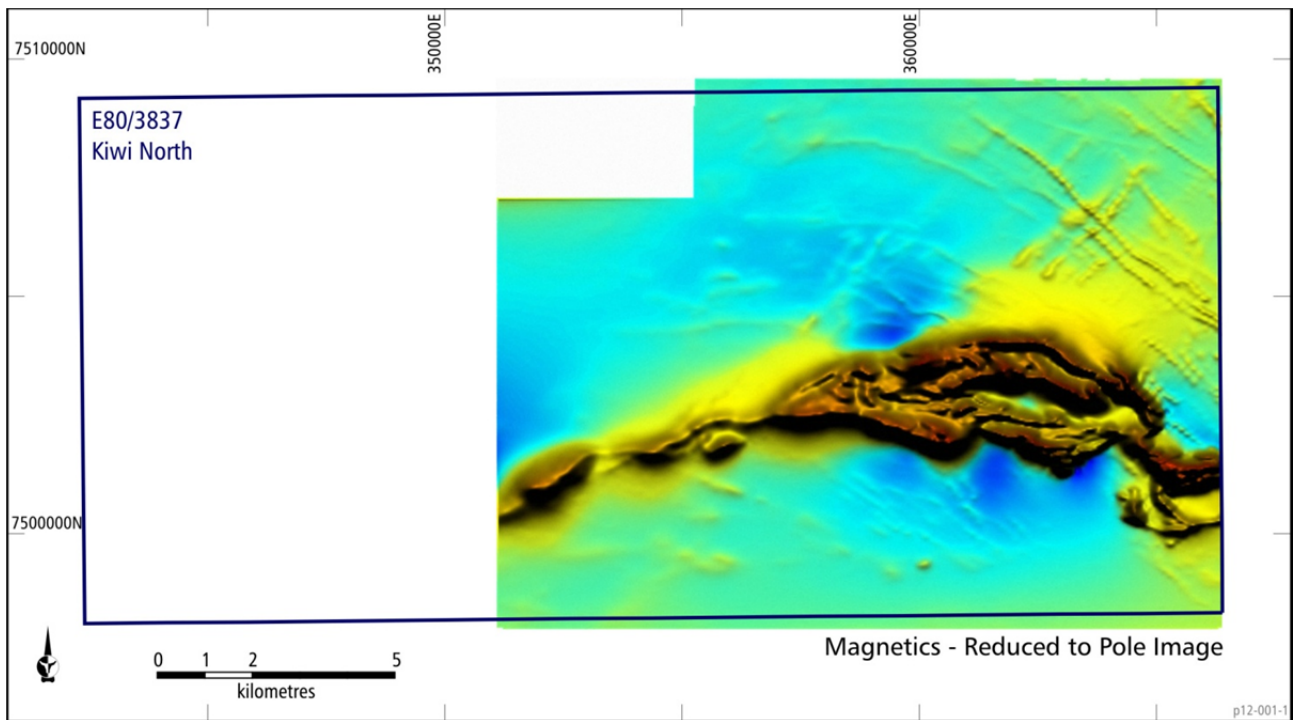


Figure 6: Reduced to the Pole magnetic image-Kiwirrkurra North

### Kiwirrkurra North Prospect (Cont'd)

Results from rock chip sampling received this quarter, continue to report very high iron assays up to 56% Fe, significant rare earths (REE) with up to 0.68% Ce, 0.56% La, 0.81% Ne, 0.15% Sm and 0.16% Y, along with anomalous metal values including 82ppm  $U_3O_8$  and 639ppm Cu. The REEs abundance distribution is biased towards heavier and more valuable members of the REE group, notably Neodymium (Ne). A comparison with other advanced REE projects shows that Kiwirrkurra North is competitive on a "value per tonne" basis.

Petrology samples have been submitted and results from this work are expected in the March period.

### Birrindudu JV

*JV Toro 50.01% Cameco 49.99% on ELs 80/3556 and 3560*

Diamond core from drillhole BR0006, drilled in September at the Ventura Prospect to 266m, was transported to Adelaide. Unfortunately the stacked diamond core trays from drillhole BR0003 drilled nearby to 499m, were severely damaged by a bush fire.

Core samples were submitted from BR0006 for analysis with selected samples submitted for Pb isotope analysis and petrological work. Results are expected in the March period.

## Northern Territory

### Brown's Range JV

*JV Northern Minerals earning up to 80% on non-uranium rights for ELA's 26270, 26271, 26286, 26635, 27000, 27001 and 27590. Toro retain all uranium rights*

A Heads of Agreement allowing Northern Minerals Limited (Northern) to earn up to 80% interest in non-uranium minerals in the tenements listed above over a five year period in various stages was signed in December 2011. The key points include:

- In the first stage, Northern has agreed to spend \$4 million 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 \$2 million over the following two years; and
- 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 as part of its Brown's Range project while Toro retains 100% of all uranium rights throughout the Joint Venture.



## Brown's Range JV (Cont'd)

The conclusion of a final legal agreement is subject to due diligence by Northern and the securing of all necessary third-party approvals.

The tenements lie around the southern margin of the Brown's Range Dome and, in particular, have substantial potential for unconformity style uranium. The tenements lie within Aboriginal Land Rights Act ("ALRA") land and are covered by an exploration and mining deed that has been negotiated by Toro over the course of the past four years. Toro acknowledges the support of Traditional Owners to explore in this area and the Central Land Council's important contribution to finalising the land access agreement.

## Reynolds Range Project

100% Toro - ELs 26265, 26287, 26438, 26478, 26704, 27115, 26848, 27138 and 26542; Various ELA's shown on map

Toro drilled 14 deep aircore holes targeting airborne EM anomalies at the Anningie tenements EL27115 and EL26848 to test palaeochannel characteristics, following the discovery of a major sand system in 2010 drilling. Drill hole summary information is provided in Table 6 in Appendix 2 and drillhole locations shown on Figure 7.

Only half of the drill holes penetrated to basement, intersecting wide intervals of mainly oxidised palaeochannel sands. Residual blebs of pyrite and organic matter were identified in two holes. No significant gamma anomalies were identified that can be attributed to uranium.

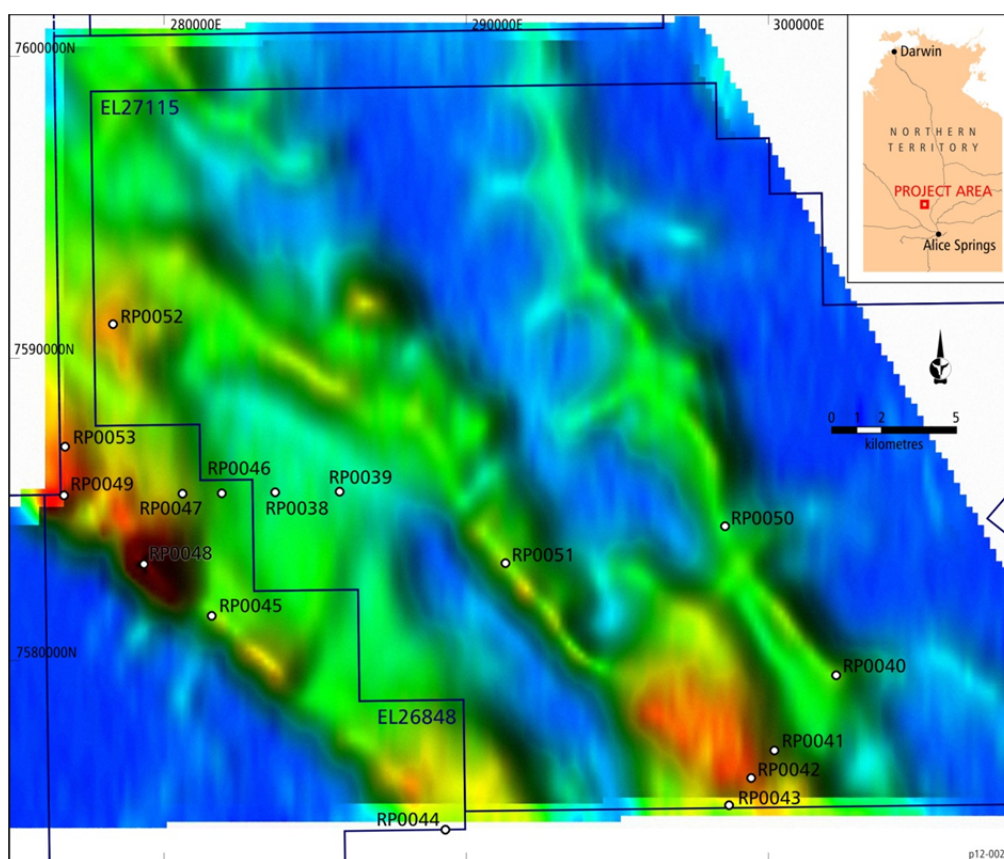


Figure 7: Aircore Drillhole locations for Anningie-Reynolds Range

Greg Hall  
Managing Director  
Toro Energy Limited

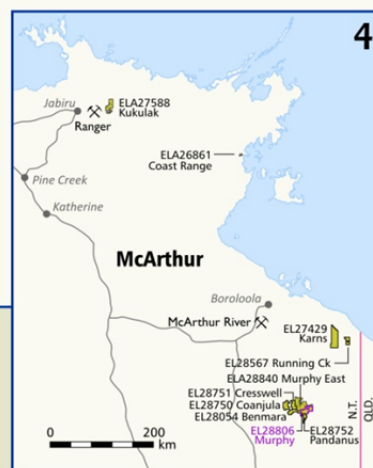
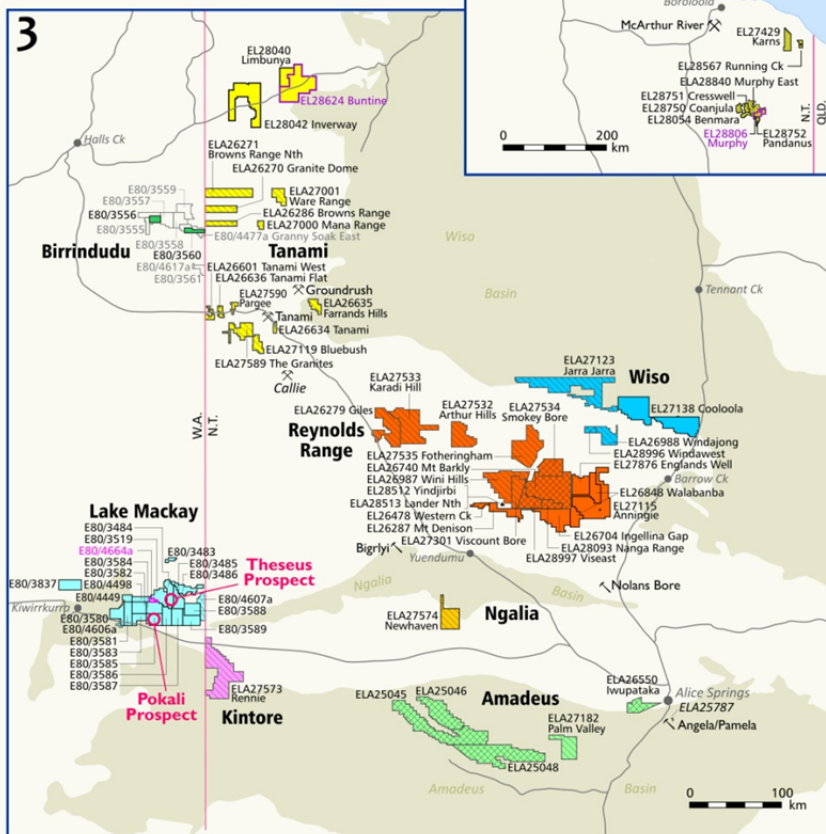
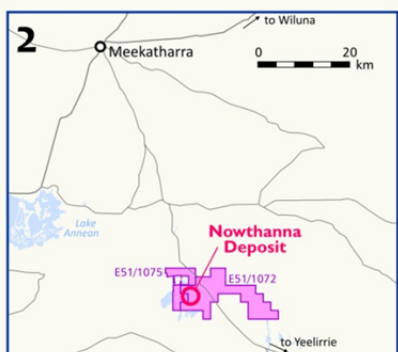
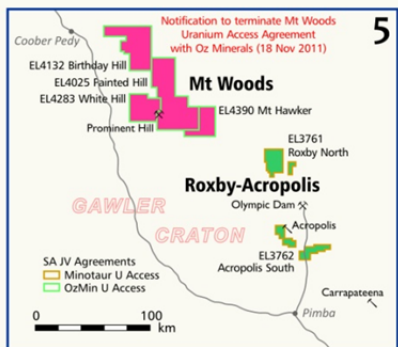
For enquiries contact: Greg Hall 08 8132 5600  
For media enquiries contact: Kevin Skinner 08 8234 9555



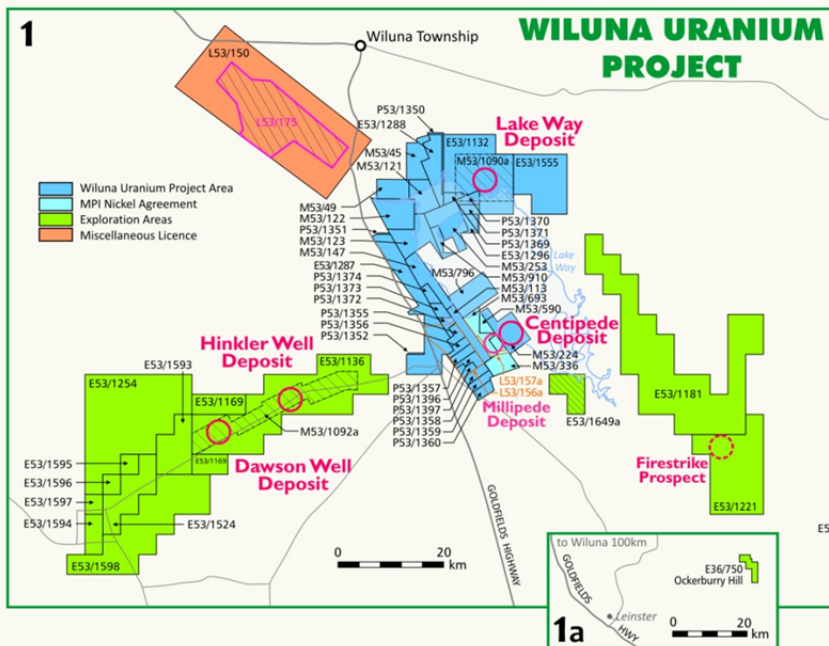
# EXPLORATION PROJECT AREAS AUSTRALIA AFRICA EOM December 2011



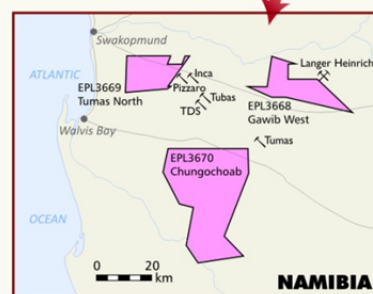
## AUSTRALIA



4



## AFRICA



NAMIBIA

- Tenement Granted
- Tenement Application
- Tenement Application in conflict
- In Moratorium
- Monthly surrender/relinquishment
- New application
- New grant

Figure 8: Wiluna district and exploration tenements in Australia or Namibia

## APPENDIX 1: COMPETENT PERSON'S STATEMENT AND RESOURCE TABLE

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by:

- 1) Information in this report relating to Exploration is based on information compiled by Mr Mark McGeough BSc who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr McGeough is a full-time employee Toro Energy and has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr McGeough consents to the inclusion in this release of the matters based on his information in the form and context in which it appears.

Project Name	Category	Resource M Tonnes	Grade U <sub>3</sub> O <sub>8</sub>	Contained U <sub>3</sub> O <sub>8</sub> tonnes	Contained U <sub>3</sub> O <sub>8</sub> Mlb
Centipede	Measured	0.28	492	138	0.30
Centipede	Indicated	9.08	540	4,910	10.82
Centipede	Inferred	1.95	272	531	1.17
Lake Way	Indicated	2.57	492	1,265	2.79
Lake Way	Inferred	7.38	544	4,015	8.85
<b>Total Wiluna Project</b>		<b>21.27</b>	<b>510</b>	<b>10,859</b>	<b>23.94</b>
Millipede	Indicated	1.57	411	647	1.43
	Inferred	4.44	532	2,361	5.21
Dawson Hinkler Well	Inferred	13.07	312	4,074	8.98
Nowthanna *	Inferred	11.90	400	4,700	10.50
<b>Total Wiluna Regional</b>	<b>Inferred</b>	<b>30.98</b>	<b>382</b>	<b>11,782</b>	<b>26.12</b>
<b>Total Wiluna Project and Regional</b>		<b>52.25</b>	<b>434</b>	<b>22,641</b>	<b>50.06</b>

All Resources are reported using a 200 ppm U<sub>3</sub>O<sub>8</sub> cutoff grade

\*Note: Toro owns 100% of two tenements which comprise the major portion of the Nowthanna deposit – Toro's resource shown here.

Table 3: Toro's total uranium resource base in the Wiluna area.

- 2) The information in this report that relates to Mineral Resources is based on information compiled by Dr Katrin Karner and Mr Craig Gwatkin of Toro Energy Limited, Mr Robin Simpson and Mr Daniel Guibal of SRK Consulting (Australasia) Pty Ltd. Daniel Guibal takes overall responsibility for the Resource Estimate, and Dr Karner takes responsibility for the integrity of the drilling results. Dr Karner, Mr Gwatkin, Mr Simpson and Mr Guibal are Members of the Australasian Institute of Mining and Metallurgy (AusIMM), and 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 (JORC Code 2004)'. The Competent Persons consent to the inclusion in this release of the matters based on the information in the form and context in which it appears.

## APPENDIX 2: EXPLORATION DRILL HOLE LOCATIONS

Theseus and Reynolds Range Projects:

Mud Rotary Holes	East	North	Interval From (m)	Interval >100ppm eU3O8 (m)	>100ppm Grade eU3O8	eU3O8 Grade x Interval (% GT)	Interval From (m)	Interval >500ppm eU3O8 (m)	>500ppm Grade eU3O8
LM0008	467788	7489464			No significant intersections				
LM0009	467511	7489120	99.78	1.42	<b>174</b>	0.03			
LM0010	466695	7489204			No significant intersections				
LM0011	466100	7489300	98.85	0.68	<b>180</b>	0.01			
LM0012	465430	7489415	Terminated short of mineralisation		No significant intersections		Redrilled as LM00013		
LM0013	465415	7489415	Gamma probe stuck at 84m		No significant intersections				
LM0014	464295	7489655	101.92	0.56	<b>216</b>	0.01			
LM0015	467650	7488514	99.92	0.86	<b>737</b>	0.06	100.18	0.6	<b>932</b>
LM0015	467650	7488514	103.78	1.48	<b>179</b>	0.03			
LM0016	467190	7488610	101.98	0.7	<b>166</b>	0.01			
LM0017	466620	7488700			No significant intersections				
LM0018	465445	7488895	100.26	1.62	<b>370</b>	0.06			
LM0018	465445	7488895	108.24	2.02	<b>456</b>	0.09	108.48	0.52	<b>1141</b>
LM0019	461257	7488717			No significant intersections				
LM0020	462470	7488488			No significant intersections				
LM0021	466523	7488122	95.5	0.81	<b>107</b>	0.009			
LM0022	466020	7488200	101.04	1	<b>198</b>	0.02			
LM0023	465516	7488226	86.74	1.84	<b>208</b>	0.04			
LM0023	465516	7488226	90.44	1.42	<b>434</b>	0.06	90.94	0.64	<b>647</b>
LM0024	463805	7489732	103.75	2.26	<b>534</b>	<b>0.12</b>	103.93	0.75	<b>1231</b>
LM0025	463602	7489763			No significant intersections				
LM0026	463404	7489803			No significant intersections				
LM0027	463181	7489640	109.71	0.5	<b>454</b>	0.02			
LM0028	463379	7489600	103.72	1	<b>334</b>	0.03			
LM0029	463579	7489569			No significant intersections				
LM0030	463765	7488519	103.59	0.92	<b>135</b>	0.01			
LM0031	463722	7489340	105.12	1.52	<b>161</b>	0.03			
LM0032	463540	7489380			No significant intersections				
LM0033	463340	7489404			No significant intersections				
LM0034	463144	7489438			No significant intersections				
LM0035	463315	7489250	106.83	1.76	<b>176</b>	0.03			
LM0036	463513	7489214			No significant intersections				
LM0037	463709	7489167			No significant intersections				
LM0038	464439	7489965			No significant intersections				
LM0039	463823	7490083			No significant intersections				
LM0040	466110	7487480	105.01	2.7	<b>234</b>	0.06			
LM0041	464860	7487680			No significant intersections				
LM0042	463695	7487850			No significant intersections				
LM0043	462340	7488025			No significant intersections				

Mud Rotary Holes	East	North	Interval From (m)	Interval >100ppm eU3O8 (m)	>100ppm Grade eU3O8	eU3O8 Grade x Interval (% GT)	Interval From (m)	Interval >500ppm eU3O8 (m)	>500ppm Grade eU3O8
LM0044	460630	7488310			No significant intersections				
LM0045	466535	7486650	109.04	1.42	<b>521</b>	0.07			
LM0045	466535	7486650	111.07	4.79	<b>229</b>	<b>0.11</b>			
LM0045	466535	7486650	116.61	1.52	<b>1457</b>	<b>0.22</b>	109.31	0.9	<b>694</b>
LM0046	464770	7486960			No significant intersections				
LM0047	466485	7486160			No significant intersections				
LM0048	465045	7486390			No significant intersections				
LM0049	463345	7486635	80.11	0.89	<b>387</b>	0.03			
LM0050	467190	7486045	120.54	1.38	<b>131</b>	0.02			
LM0051	461835	7486955			No significant intersections				
LM0052	466895	7486570	111.4	3.44	<b>1321</b>	<b>0.45</b>	112	1.34	<b>3070</b>
LM0053	466125	7486685			No significant intersections				
LM0054	467000	7486565			No significant intersections				
LM0055**	466805	7486600	112.43	1.56	<b>1576</b>	<b>0.25</b>			
LM0055	466805	7486600	111.15	4.28	<b>588</b>	<b>0.25</b>	112.63	0.72	<b>2190</b>
LM0056	466920	7486460	110.63	4.46	<b>258</b>	<b>0.12</b>			
LM0056			117.27	0.72	<b>142</b>	0.01			
LM0057	466855	7486665	110.16	2.9	<b>610</b>	<b>0.18</b>	111.16	0.74	<b>1698</b>
LM0058	466900	7486575	110.75	2.96	<b>320</b>	0.01			
LM0059	464060	7489690	103.69	0.85	<b>575</b>	0.05	103.79	0.64	<b>682</b>
LM0060	463950	7489715	100.2	3.74	<b>1727</b>	<b>0.65</b>	100.98	2.62	<b>2321</b>
LM0061	464030	7489805			No significant intersections				
LM0062	464285	7490005	105.12	2.14	<b>516</b>	<b>0.11</b>	106.26	0.76	<b>1029</b>
LM0063	464060	7490015			No significant intersections				
LM0064	464155	7489680	101.39	1.74	<b>1085</b>	<b>0.19</b>	101.79	1.22	<b>1441</b>
LM0065	463981	7489601	102.68	0.74	<b>443</b>	0.03			
LM0066	464955	7488480	98.77	1.2	<b>221</b>	0.03			
LM0067	464650	7488505			No significant intersections				
LM0068	464115	7488575	102.58	0.5	<b>286</b>	0.01			
LM0069	463855	7488905	107.96	0.68	<b>259</b>	0.02			
LM0070	464510	7489065	101.82	1.37	<b>164</b>	0.02			
LM0071	463963	7489503	103.18	0.78	<b>164</b>	0.01			
LM0072	464190	7490045	102.18	1.94	<b>267</b>	0.05			

Table 4: Summary of Theseus mud rotary holes, all drilled vertical with results >100ppm eU<sub>3</sub>O<sub>8</sub> over 0.5m, max dilution 0.5m. \*\*PFN result



Aircore Holes ID	East	North	Interval From (m)	Interval >100ppm eU3O8 (m)	>100ppm Grade eU3O8	eU3O8 Grade x Interval (% GT)	Interval From (m)	Interval >500ppm eU3O8 (m)	>500ppm Grade eU3O8
LP0019	463377	7488811	102.13	1.96	332	0.03			
LP0020	465339	7488417	96.63	3.46	135	0.05			
LP0029	464333	7488573	101.83	2.74	592	0.16	102.55	1.44	867
LP0031	465854	7488349	105.24	2.24	229	0.05			
LP0031*	465854	7488349	104	2	646	0.13			
LP0173	463847	7488636	100.56	0.76	145	0.01			
LP0173	463847	7488636	103.7	0.92	334	0.03			
LP0174	463049	7488796	110.46	0.64	199	0.01			
LP0175	462743	7488770			No significant intersections				
LP0176	464956	7480489			No significant intersections				
LP0177	465638	7488378	87.25	3.2	138	0.04			
LP0177	465638	7488378	91.19	3.72	121	0.05			
LP0177	466382	7488356	96.81	5.76	721	0.42	98.47	1.56	2010
LP0178	466382	7488356	101.58	3.36	295	0.1			
LP0179	467298	7488200	Terminated short of mineralised zone		No significant intersections				
LP0180	466912	7488308	102.45	0.58	149	0.009			
LP0181	463946	7489154	104.04	0.68	172	0.01			
LP0182	464511	7489071	102.42	1.12	219	0.03			
LP0183	465074	7488961	109.72	1.32	139	0.02			
LP0184	465800	7488816	105.65	3.52	381	0.13			
LP0185	466257	7488720	101.86	0.72	134	0.01			
LP0186	467435	7488559	Terminated short of mineralised zone		No significant intersections				
LP0187	467435	7488559	107.54	4.84	294	0.14	108.6	0.66	1035
LP0188	466040	7488789	74.87	1.02	256	0.03			
LP0188	466040	7488789	99.51	0.7	469	0.03			
LP0188	466040	7488789	106.39	0.9	365	0.03			
LP0189	468262	7488262	Terminated short of mineralised zone		No significant intersections				
LP0190	464653	7489583			No significant intersections				
LP0191	464050	7489698	100.36	9.06	620	0.56	101.14	0.78	1159
LP0191							102.58	1.48	2191
LP0192	462128	7489491	109.05	0.74	144	0.01			
LP0193	463163	7489280	Terminated short of mineralised zone		No significant intersections		Redrilled as LP00194		
LP0194	463143	7489276	107.93	5.36	460	0.25	109.49	1.18	1145
LP0194	463143	7489276	118.83	1.74	167	0.03			
LP0195	462280	7489998			No significant intersections				
LP0196	463306	7498823	114.18	0.98	222	0.02			
LP0197	462359	7490381			No significant intersections				
LP0198	463433	7490195			No significant intersections				
LP0199	464168	7490053	101.86	1.88	351	0.07			
LP0199			109.42	1.18	128	0.02			
LP0200	464193	7490054	102.07	1.6	982	0.16	102.27	1.1	1316
LP0201	464713	7489949	100.64	0.68	146	0.01			
LP0202	465259	7489890	89.49	0.64	348	0.02			

Aircore Holes ID	East	North	Interval From (m)	Interval >100ppm eU3O8 (m)	>100ppm Grade eU3O8	eU3O8 Grade x Interval (% GT)	Interval From (m)	Interval >500ppm eU3O8 (m)	>500ppm Grade eU3O8
LP0203	465937	7489760			No significant intersections				
LP0204	466424	7489687	79.94	0.5	<b>137</b>	0.01			
LP0205	467106	7489565	Terminated short of mineralised zone		No significant intersections				
LP00206	459788	7489328			No significant intersections				
LP00207	460514	7489187			No significant intersections				
LP00208	461967	7488908			No significant intersections				
LP00209	464050	7488202			No significant intersections				
LP00210	463445	7488310			No significant intersections				
LP00211	462977	7488380			No significant intersections				
LP00212	461913	7488586			No significant intersections				
LP00213	464265	7487775			No significant intersections				
LP00214	465588	7487601	88.08	0.81	<b>133</b>	0.01			
LP00215	466777	7487388	119.27	1.58	<b>173</b>	0.03			
LP00216	468019	7487202			No significant intersections				
LP00217	469448	7486963			No significant intersections				
LP00218	470675	7486803			No significant intersections				
LP00219	465770	7486790			No significant intersections				
LP00220	467307	7486505			No significant intersections				
LP00221	463029	7485801			No significant intersections				
LP00222	463829	7485801			No significant intersections				
LP00223	465420	7489423	97.95	0.9	<b>224</b>	0.02			
LP00224	465191	7489480	100.87	1.84	<b>156</b>	0.03			

Table 5: Summary of Theseus aircore holes, all drilled vertical with results >100ppm eU3O8 over 0.5m, max dilution 0.5m \*assay result

Aircore Drilling	East	North	Depth (m)
RP0040	302249	7579510	126
RP0041	300198	7577018	132
RP0042	299440	7576105	123
RP0043	298701	7575207	138
RP0044	289305	7574395	127
RP0045	281580	7581473	63
RP0046	281913	7585535	207
RP0047	280607	7585522	198
RP0048	279336	7583185	180
RP0049	276691	7585466	174
RP0050	298568	7584446	123
RP0051	291305	7583215	165
RP0052	278303	7591130	155
RP0053	276723	7587080	172

Table 6: Summary of aircore holes, all drilled vertical at Reynolds Range-Anningie

**APPENDIX 5B**  
**Mining exploration entity quarterly report**

**TORO ENERGY LTD**

**ABN. 48 117 127 590**

Quarter ended

**December 2011**

**Consolidated statement of cash flows (Note 6.0)**

		Current quarter	Year to date (6months)
		\$A'000	\$A'000
<b>Cash flows related to operating activities</b>			
1.1 Receipts from product sales and related debtors		-	-
1.2 Payments for	(a) exploration and evaluation	(5,980)	(11,762)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(816)	(2,024)
1.3 Dividends received		-	-
1.4 Interest and other items of a similar nature received		387	844
1.5 Interest and other costs of finance paid		-	-
1.6 Income taxes paid		-	-
1.7 Other		-	-
<b>Net Operating Cash Flows</b>		<b>(6,409)</b>	<b>(12,942)</b>
<b>Cash flows related to investing activities</b>			
1.8 Payment for purchases of:	(a) prospects	(1,530)	(6,124)
	(b) equity investments	-	-
	(c) other fixed assets	(60)	(91)
1.9 Proceeds from sale of:	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10 Loans to other entities		-	-
1.11 Loans repaid by other entities		-	-
1.12 Other - Purchase of Pastoral Lease		-	-
<b>Net Investing cash flows</b>		<b>(1,590)</b>	<b>(6,215)</b>
1.13 Total operating and investing cash flows (carried forward)		<b>(7,999)</b>	<b>(19,157)</b>
1.13 Total operating and investing cash flows (brought forward)		<b>(7,999)</b>	<b>(19,157)</b>
<b>Cash flows related to financing activities</b>			
1.14 Proceeds from issues of shares, options, etc		-	-
1.15 Proceeds from sale of forfeited shares		-	-
1.16 Proceeds from borrowings		-	-
1.17 Repayment of borrowings		-	-
1.18 Dividends paid		-	-
1.19 Other		-	-
<b>Net financing cash flows</b>		<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash held</b>		<b>(7,999)</b>	<b>(19,157)</b>
1.20 Cash at beginning of quarter / year to date		18,505	29,663
1.21 Exchange rate adjustments to item 1.20		-	-
1.22 <b>Cash at end of quarter</b>		<b>10,506</b>	<b>10,506</b>

<b>Payments to directors of the entity and associates of the directors</b>		
<b>Payments to related entities of the entity and associates of the related entities</b>		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	166
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25 Explanation necessary for an understanding of the transactions		
Directors' fees, wages, expenses and superannuation for the Quarter		
<b>Non-cash financing and investing activities</b>		
2.1	Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows	
Nil		
2.2	Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest	
Nil		
<b>Financing facilities available</b>		
		Amount available \$A'000
		Amount used \$A'000
3.1	Loan facilities	-
3.2	Credit standby arrangements	-
<b>Estimated cash outflows for next quarter</b>		
		\$A'000
4.1	Exploration and evaluation: <i>Includes \$1.3m for the acquisition of the Nowthanna tenements E51/1072 and E51/1075</i>	3,532
4.2	Development	-
4.3	Production	-
4.4	Administration	639
Total		4,171
<b>Reconciliation of cash</b>		
Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		
		Current quarter \$A'000
		Previous quarter \$A'000
5.1	Cash on hand and at bank	806
5.2	Deposits at call	9,700
5.3	Bank overdraft	
5.4	Other (provide details)	
<b>Total: cash at end of quarter (item 1.22)</b>		10,506
		18,505

Changes in interests in mining tenements				
	Tenement reference	Nature of interest (note 2)	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed				
6.2 Interests in mining tenements acquired or increased		See Annexure 1		

#### Issued and quoted securities at end of current quarter

	Total number	Number quoted	Issue price per security (cents)	Amount paid up per security (cents)
7.1 <b>Preference securities</b> (description)				
7.2 Changes during quarter				
(a) Increases through issues				
(b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>Ordinary securities</b>	975,436,676	975,436,676	Fully paid	Fully paid
7.4 Changes during quarter				
(a) Increases through issues	10,000,000	10,000,000		
(b) Decreases through returns of capital, buy-backs				
7.5 <b>Convertible debt securities</b> (description)				
7.6 Changes during quarter				
(a) Increases through issues				
(b) Decreases through securities matured, converted				
7.7 <b>Options</b> (description and conversion factor)			<u>Excise Price</u>	<u>Expiry Date</u>
	1,000,000		\$0.45	31/03/2012
	200,000		\$1.15	18/03/2012
	100,000		\$1.21	9/04/2012
	20,000		\$1.21	18/02/2012
	100,000		\$1.21	2/07/2012
	760,000		\$0.61	13/12/2012
	500,000		\$0.73	18/11/2012
	3,000,000		\$0.73	19/11/2012
	850,000		\$0.55	6/08/2013
	1,665,000		\$0.25	17/12/2013
	1,000,000		\$0.25	19/03/2014
	5,555,000		\$0.22	2/02/2015
	4,270,000		\$0.22	3/01/2016
	5,000,000		\$0.22	11/01/2016
	1,000,000		\$0.30	11/01/2016
	250,000		\$0.15	26/05/2016
	250,000		\$0.22	26/05/2016
	750,000		\$0.11	30/06/2016
	500,000		\$0.22	30/06/2016
	750,000		\$0.25	30/06/2016
	10,300,000		\$0.13	31/07/2016
	525,000		\$0.13	25/08/2016
7.8 Issued during quarter	5,000,000		\$0.22	30/06/2016
(Directors options approved at 30/11/11 AGM)	1,000,000		\$0.30	30/06/2016



7.9	Exercised during quarter				
7.10	Cancelled during quarter	500,000 440,000		\$0.65 \$0.88	26/09/2011 11/12/2011
7.11	<b>Debentures</b> (totals only)				
7.12	<b>Unsecured notes</b> (totals only)				

### Compliance statement

- 1.0 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2.0 This statement does give a true and fair view of the matters disclosed.



Sign here:.....  
Company Secretary

Date: 23 Jan 2012

Print name: DONALD STEPHENS  
.....

### Notes

- 1.0 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2.0 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3.0 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4.0 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5.0 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

**ANNEXURE 1**

## Changes in interest in mining tenements

Tenement reference	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
	<u>Northern Territory</u>		
EL28567	Granted - McArthur	0%	100%
EL28750	Granted - McArthur	0%	100%
EL28751	Granted - McArthur	0%	100%
EL28752	Granted - McArthur	0%	100%
EL28806	Granted - McArthur	0%	100%
EL28624	Granted - Tanami	0%	100%
	<u>Western Australia</u>		
E80/4498	Granted - Lake McKay	0%	100%
E51/1072	Acquired - Nowthanna	0%	100%
E51/1075	Acquired - Nowthanna	0%	100%
E80/4617	Surrendered - Birrindudu	50%	0%
E80/4477	Surrendered - Birrindudu	50%	0%
E80/3555	Surrendered - Birrindudu	50%	0%
E80/3556	Surrendered - Birrindudu	50%	0%
E80/3557	Surrendered - Birrindudu	50%	0%
E80/3558	Surrendered - Birrindudu	50%	0%
E80/3559	Surrendered - Birrindudu	50%	0%
E80/3560	Surrendered - Birrindudu	50%	0%
E80/3561	Surrendered - Birrindudu	50%	0%
E80/3555	Surrendered - Birrindudu	50%	0%
E80/3557	Surrendered - Birrindudu	50%	0%
E80/3558	Surrendered - Birrindudu	50%	0%
E80/3559	Surrendered - Birrindudu	50%	0%
E80/3561	Surrendered - Birrindudu	50%	0%