Combined Annual and Final Technical Report
EL26287
Mount Denison

For Period
1 April 2008 to 18 February 2016

Compiled and written by: Austwide Mining Title Management Pty Ltd and Toro Energy Ltd

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Revision Date: N/A

April 2016
<table>
<thead>
<tr>
<th><strong>TITLEHOLDER</strong></th>
<th>TORO ENERGY LTD</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPERATOR</strong></td>
<td>TORO ENERGY LTD</td>
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<tr>
<td><strong>TENEMENT AGENT</strong></td>
<td>Austwide Mining Title Management Pty. Ltd.</td>
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<tr>
<td><strong>TENEMENTS</strong></td>
<td>EL26287</td>
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<tr>
<td><strong>PROJECT</strong></td>
<td>Mount Denison</td>
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<td><strong>REPORT TITLE</strong></td>
<td>Combined Annual and Final Technical Report for Period 1 April 2008 to 18 February 2016</td>
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<td>Greg ShirliFF AUSIMM (M)</td>
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<tr>
<td><strong>TARGET COMMODITY</strong></td>
<td>Uranium</td>
</tr>
<tr>
<td><strong>DATE OF REPORT</strong></td>
<td>14 April 2016</td>
</tr>
<tr>
<td><strong>DATUM</strong></td>
<td>GDA94 Zone 53</td>
</tr>
<tr>
<td><strong>250K MAPSHEETS</strong></td>
<td>Mount Peake SF5305</td>
</tr>
<tr>
<td><strong>100K MAPSHEETS</strong></td>
<td>Giles 5354</td>
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</table>
SUMMARY OF ACTIVITIES

This combined Annual and Final Technical Report for the Mount Denison tenement covers work carried out during the period from 1 April 2008 until surrender on 18 February 2016.

Work conducted includes:

- Tempest AEM survey
- 39 Aircore holes for 3501m

Reason For Surrender

- Initial exploration results did appear encouraging however due to the current depressed nature of the uranium industry, Toro has elected to shift resources away from greenfields exploration in order to improve projects with known deposits.
CONTENTS

1. INTRODUCTION ........................................................................................................................................... 5
2. TENEMENT .................................................................................................................................................... 7
3. GEOLOGICAL SETTING .................................................................................................................................. 9
4. PREVIOUS EXPLORATION ............................................................................................................................ 11
5. WORK COMPLETED BY TORO IN THE REPORTING PERIOD ........................................................................ 20
6. CONCLUSIONS AND RECOMMENDATIONS ................................................................................................. 20
7. REFERENCES .................................................................................................................................................. 21

Figures
Figure 1: Mt Denison tenement location ........................................................................................................... 6
Figure 2: Mt Denison Group tenement (old boundaries) location – over zone 52&53 topographic maps .......... 6
Figure 3: EL26287 map showing various reductions. “Current” area is the area at time of surrender .. 7
Figure 4: Mt Denison Group Tenements (old boundaries) on google earth. ...................................................... 8
Figure 5: Mt Denison Group Tenement (old boundaries) Location over 250k and 100k mapsheets ....... 8
Figure 6: Tenements (old boundaries) location, access, pastoral properties .................................................. 9
Figure 7: Mt Denison Group tenements (original) over 1:2.5m geology Interpretation (Geoscience Australia). ......................................................................................................................................................... 10
Figure 8: Location of Mt Denison group tenements (original) over 1:2.5M solid geology interpretation (NTGS). ......................................................................................................................................................... 10
Figure 9: Historic drilling and water bores ........................................................................................................ 12
Figure 10: Airborne Electromagnetic conductivity image over Mt Denison from 2009 Tempest survey ......................................................................................................................................................... 12
Figure 11: Area of immediate interest situated in the NE corner of the Mt Denison tenements .............. 13
Figure 12: Mt Denison 2010 drilling locations .................................................................................................. 13
Figure 13: Significant gamma-derived uranium intersections from aircore drilling in the Reynolds Range project (using a 75ppm eU3O8 cut off). .................................................................................................................... 14
Figure 14: Location of the 2012 Reynolds Range Tempest survey areas. Black polygons are granted Toro tenements and magenta are Toro applications or moratorium. ................................................................. 16
Figure 15: Location of detailed AEM survey on Mt Denison Group tenements ........................................... 17
Figure 16: Location of co-funding survey areas in NT, on regional magnetic image. ................................... 18
Figure 17: Tempest survey grid for Reynolds Range, on regional TMI. ......................................................... 18
Figure 18: Detailed survey: Tempest grid (channel Z14) with selected CDIs (with vertical exaggeration) ......................................................................................................................................................... 19
1. **INTRODUCTION**

This report outlines the work conducted by Toro Energy Limited (“Toro”; ticker code “TOE”) within Exploration Licence 26287 over the duration of tenure since grant on 1 April 2008.

This tenement is located some 280km northwest of Alice Springs (Figure 1 & 2) in the Reynolds Range province on the Napperby, Mt Peak and Mt Theo 1:250,000 mapsheets (Figure 3).

The Reynolds Range region is semi-arid with monsoonal influences, with 75-80% of rainfall occurring in the summer months. Annual rainfall is generally higher in the north of the region. The mean annual rainfall for Tennant Creek (to the North) is 375 mm. Rainfall is extremely erratic.

Most of the region is hilly range country, covered by Spinifex (hummock grassland) and a variety of stunted vegetation. Adjacent are sand plains with minor sand dunes containing Spinifex, Acacia, Blue Gum and Mallee scrub plants. Drainage from the high-relief ranges quickly dissipates into shallow water courses and floodplains that break up the sand plains, or locally into ephemeral salt lakes. This tenement lies at the south-eastern end of the Reynolds Range and incorporates largely hilly country in the south and dissected low hills at the headwaters of the Lander River in the north.

Access to the region is from either Alice Springs via the Stuart Highway, Tanami Road and station tracks or Tennant Ck via the Stuart Highway, Willowra Rd, Mt Barkly Rd and station tracks. The tenement lies within Mt Denison Station (Figure 4). Access within the tenement is via station tracks.
Figure 1: Mt Denison tenement location

Figure 2: Mt Denison Group tenement (old boundaries) location – over zone 52&53 topographic maps.
2. TENEMENT

EL26287 was granted on 1 April 2008 to Toro and surrendered on 18 February 2016 at which time it consisted of twenty nine blocks, an area of approximately 84.22km².

Figure 3: EL26287 map showing various reductions. “Current” area is the area at time of surrender.

<table>
<thead>
<tr>
<th>Tenement</th>
<th>Name</th>
<th>Status</th>
<th>Blocks</th>
<th>km²</th>
<th>Land type</th>
<th>Surrender date</th>
</tr>
</thead>
<tbody>
<tr>
<td>EL26287</td>
<td>Mt Denison</td>
<td>Surrendered</td>
<td>29</td>
<td>84.22</td>
<td>Pastoral</td>
<td>18/02/2016</td>
</tr>
</tbody>
</table>

Table 1: Tenement Details
Figure 4: Mt Denison Group Tenements (old boundaries) on google earth.

Figure 5: Mt Denison Group Tenement (old boundaries) Location over 250k and 100k mapsheets
3. GEOLOGICAL SETTING

Tenement EL26287 lies within the Arunta-Ngalia region of the Northern Territory (shown in pink – figure 7). Basement is comprised of Palaeoproterozoic to Mesoproterozoic metasedimentary and granitic rocks assigned to the Aileron Province, including the Reynolds Range Group. These granites and orthogneisses are notably highly-radiogenic within the Reynolds Range, hosting numerous veins and pegmatites with anomalous uranium and thorium. These rocks are overlain by Neoproterozoic to Carboniferous sediments of the Ngalia Basin to the south of the tenement. Locally, the Aileron Province rocks are overlain by a veneer of Tertiary to Recent clastic sequences, derived by erosion of the radiogenic granites in the Reynolds Range.

Uranium mineralisation is known in the region and is restricted (thus far) to the Proterozoic Aileron Province and Carboniferous Ngalia Basin. Uranium at Nolans Bore (Arafura Resources), to the southeast, occurs in phosphatic and REE-enriched metasomatic pods and veins within the high-metamorphic-grade Lander Rock beds.
Uranium is also present in high grades at Bigrlyi (Energy Metals-Paladin JV) to the west, within carbonaceous sandstones of the Mt Eclipse Sandstone. The deposit is a roll-front style formed during uplift and deformation of the basin in the Carboniferous.
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 intrusion. The two most prominent structures are located along the Lander River Valley and along the Salt Creek – Blue Bush Bore Valley.

The granites batholiths are interpreted to be shallowly eroded and exposure is of their roof pendants and upper levels only, resulting in an abundance of pegmatite outcrop 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.

The metasediments, comprising meta shales, cherts, siltstone and fine sandstone range in grade from low greenschist to schist facies and are common in the Lander valley. Some exhibit quartz sericite alteration.

Tertiary to recent cover comprising lateritic sands and clays, calcrite and ferricrete is common in low lying areas and exhibits depths in the order of 70m in drilling. Some calcrite shows replacement by chalcedonic silica and this silcrete has been demonstrated to be uraniferous, with a chip sample grading 500ppm in the region.

The present static watertable is significantly below the base of calcrite in drilling and thus is older than the present hydrogeological scheme. This is likely to have an influence on both the preservation and appropriate media of trap sites for secondary uranium mineralisation and the recognition of palaeo flow directions and source rocks.

In the Hann Range, the Vaughan Springs Quartzite (which unconformably overlies the Arunta Palaeoproterozoic rocks) preserves the basal conglomerates of that sequence. These conglomerates have been shown to be anomalous in uranium (40-50ppm) at surface, where leaching is expected to have occurred.

4. Previous Exploration

Although Uranium has been extensively explored for in the area, the nature of the exploration has been restricted to bore water sampling, hard rock and limited near surface calcrite styles of Uranium within or proximal to outcropping terrains. Almost all of the historic drillholes in the tenements (Figure 9) are shallow, but some deeper (150m) mud rotary drilling was carried out by uranium explorers.
2008/2009 Year 1: Toro

Historical mineral exploration work was detailed and open file data was assessed and an area was set aside for an AEM survey with the aim of identifying conductors within covered basement and/or palaeochannels. Toro Energy commissioned Fugro Airborne Surveys Pty Ltd to fly a TEMPEST AEM survey (Figure 10).
2009/2010 Year 2: Toro

In 2010, Toro undertook an aircore drilling program over EL26287 largely targeting zones in the existing electromagnetic coverage. During this program, Toro discovered distinctive redox interfaces and moderate uranium mineralisation in Tertiary unconsolidated sands and clays in the NE corner of Toro's Mt Denison tenements (Figure 11; Figure 12). A total of 39 aircore holes were completed for 3,501m.

![Figure 11: Area of immediate interest situated in the NE corner of the Mt Denison tenements.](image1)

![Figure 12: Mt Denison 2010 drilling locations](image2)
Figure 13: Significant gamma-derived uranium intersections from aircore drilling in the Reynolds Range project (using a 75ppm eU₃O₈ cut off).

<table>
<thead>
<tr>
<th>Hole Number</th>
<th>Anomalous interval thickness (m)</th>
<th>Start (m)</th>
<th>Average grade eU₃O₈ (ppm)</th>
<th>Peak eU₃O₈ Result (ppm)</th>
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<tr>
<td>RP00024</td>
<td>0.52</td>
<td>159.13</td>
<td>136</td>
<td>194</td>
</tr>
<tr>
<td>RP00026</td>
<td>0.26</td>
<td>150.56</td>
<td>79</td>
<td>100</td>
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<td>RP00027</td>
<td>0.6</td>
<td>159.00</td>
<td>151</td>
<td>350</td>
</tr>
<tr>
<td>RP00031</td>
<td>0.28</td>
<td>139.03</td>
<td>84</td>
<td>100</td>
</tr>
<tr>
<td>And</td>
<td>0.44</td>
<td>141.31</td>
<td>92</td>
<td>137</td>
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Table 2: Significant gamma-derived uranium intersections from aircore drilling in the Reynolds Range project (using a 75ppm eU₃O₈ cut off).

Figure 13 is a drill section from the uranium anomalous area of the Mt Denison tenement and illustrates the lateral change in redox conditions observed, grading over several kilometres from reduced interbedded sands and clays in the east, to an oxidised sequence in the west. This is typical of a sedimentary redox front where uranium is likely to be concentrated. The orientation and continuity of the redox front is unknown.

2010/2011 Year 3: Toro
A CLC heritage clearance was started but suffered a number of delays. The field season finished before drilling could be carried out.

2011/2012 Year 4: Toro
The CLC heritage clearance was finally completed. Due to budget restrictions, drilling could not be carried out.
2012/2013 Year 5: Toro

No on-ground exploration activities were carried out during the reporting period due to continued budget restrictions. In conjunction with a review of historical mineral exploration work over the tenements immediately north (“Reynolds Range North Project”), an area was set aside for an aircraft-borne electromagnetic data (AEM) survey with the aim of identifying conductors within covered basement and/or palaeochannels. This survey deliberately ensured overlap with the regional survey flown at Mt Denison in 2009. Toro Energy applied for (and was awarded) co-funding under the collaborative geophysical program of the NT Department of Mines and Energy Exploration Initiative, with the title of the proposal being: Reynolds Range Collaborative Tempest Survey (see details below). A TEMPEST AEM survey was then commissioned to Fugro Airborne Surveys Pty Ltd.

In November-December 2012, two Tempest surveys took place, covering EL26287, EL26987, EL27301, EL29396, EL28512, ELA28512 and ELA28997 (moratorium), the “Reynolds Range tenements”, covering a total of 1,396 km² (Figure 14; Figure 15). These comprised a regional survey and a detailed survey, which were flown coincident with a regional survey on the Wiso project to the north (Figure 16). Details are as follows:

The Reynolds Range North regional survey involved the acquisition, processing and interpretation of approximately 911 line kilometres (1500m line spacing, East-West orientation). This survey only covered Toro Energy’s granted ELs 26987, EL27301 and EL29396 (Reynolds Range North). This survey received government support to the tune of $50,000.

The Reynolds Range North detailed survey involved the acquisition, processing and interpretation of approximately 313 line kilometres (500m line spacing, Northeast oriented). This survey covered a number of licences (Figure 14; Figure 15): ELs 26287 and 28512 (Mt Denison Group), EL27301 (Reynolds Range North), and EL28997 (moratorium). This survey did not attract government support. This survey provides Toro with overlap to an existing 2009 Mt Denison survey, flown at 1500 m east-west (Figure 14), and also provided infill over the current area of interest on Mt Denison where Toro has already identified a roll front.

<table>
<thead>
<tr>
<th>Survey area</th>
<th>Name</th>
<th>line km</th>
<th>area km²</th>
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<tbody>
<tr>
<td>2</td>
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<td>1247</td>
<td>1500m</td>
<td>East-west</td>
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<tr>
<td>3</td>
<td>Reynolds Range North detailed</td>
<td>313</td>
<td>149</td>
<td>500m</td>
<td>035°</td>
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<tr>
<td><strong>Total</strong></td>
<td></td>
<td>1224</td>
<td>1396</td>
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Table 3: AEM survey statistics, Reynolds Range North, 2012.

Figure 14: Location of the 2012 Reynolds Range Tempest survey areas. Black polygons are granted Toro tenements and magenta are Toro applications or moratorium.
Conductivity grid images for the Reynolds Range survey show a single large conductivity trend (magenta colours in Figure 17) that maps saline groundwater migrating along a palaeochannel of more permeable sand or along a structure within a sand blanket. The image is highly encouraging, as the boundary between conductive and resistive sediments correlates to anomalous uranium intersections made by Toro at Mount Denison in 2010 (including 0.6m at 151 ppm eU3O8; ASX Release 21 December 2010). The drilling showed that there is a redox “roll front” roughly at the position of the boundary between conductive and resistive domains. This being the case, opens up an enormous area of prospectivity along this colour transition on the image.

![Figure 15: Location of detailed AEM survey on Mt Denison Group tenements](image-url)
Figure 16: Location of co-funding survey areas in NT, on regional magnetic image.

Figure 17: Tempest survey grid for Reynolds Range, on regional TMI.
2013/2014 Year 6: Toro

A ground reconnaissance survey was undertaken in September 2013. The aim of this survey was to review and monitor rehabilitated boreholes.

A significant amount of time went into a comprehensive data compilation and review of the project and its prospectivity for sandstone hosted uranium.

2014/2015 Year 7: Toro

A downturn in the uranium market forced Toro to re-assess its company operating strategy and commodity focus. In the reporting period Toro undertook a detailed prospectivity analysis to identify targets, both uranium and non-uranium.

Targets were then used to interest potential Joint Venture partners.
5. **WORK COMPLETED BY TORO IN THE FINAL REPORTING PERIOD**

Following unsuccessful attempts to gain interest from any Joint Venture partners and no further work being completed on the exploration licence, Toro made the decision to surrender the tenure.

6. **CONCLUSIONS AND RECOMMENDATIONS**

Toro determined that the prospectivity of EL26287 did not warrant further exploration in the current market and the title was surrendered accordingly.
7. REFERENCES


