



ASX RELEASE

1 November 2012

Toro Energy secures A\$12 million funding

Toro Energy Limited (ASX: TOE) is pleased to announce that it has received and executed a committed letter of offer for an A\$12 million convertible debt facility ("Facility") from Macquarie Bank Limited ("Macquarie").

Once full legal documentation has been finalised, the Facility will increase Toro's available working capital to A\$19.5 million (based on A\$7.5 million cash held as at 30 September 2012) putting Toro in a strong financial position to fund the completion of the Wiluna Uranium Project definitive feasibility study and finalise the process of negotiation with potential joint venture or funding partners.

The Facility is a secured loan with a term of three years from initial drawdown which is expected to occur in the first half of 2013. The first tranche of A\$8.0 million is available following the completion of documentation and satisfaction of standard conditions precedent. The second tranche of A\$4.0 million is available after the completion of an additional condition precedent being the receipt of Federal Government approval for the development of the Wiluna Uranium Project, a decision on which is anticipated by the end of 2012.

The interest rate applicable to the loan will be at the Australian bank bill rate plus fixed margin.

In line with the terms of the Facility, Toro will issue tranches of 3 year options to Macquarie at an exercise price set at a 20% premium to Toro's 30 day volume weighted average share price ("30 day VWAP") at various stages which, were they to be exercised, would raise funds equivalent to the A\$12m face value of the facility. On execution of the Commitment Letter, Toro is obliged to issue options to Macquarie equating to 25% of the Facility face value (or equivalent value A\$3m). The remaining 75% of the options are to be issued on a pro-rata basis if and when Toro makes drawdowns under the facility.

The initial tranche of 24,390,244 options will be issued on 2nd November 2012 with an exercise price of A\$0.123 per share. Further tranches of options will be issued to Macquarie 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. Under the terms of the Facility, any proceeds from the exercise of the options must be directed towards the repayment of the outstanding loan balance, if any.

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 ASX Listing Rules. If circumstances that require an exercise price adjustment cannot be made under ASX listing rules Toro can issue replacement options, pay cash, issue shares or new options in order to compensate Macquarie 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 the Wiluna Project or when it undertakes a loan drawdown in respect of any project funding of the Wiluna Project. 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\$2.0 million.

The establishment of the Facility will not require shareholder approval as the issue of options to Macquarie represents less than 15% of the issued capital of Toro.

“Toro welcomes Macquarie Bank as significant new stakeholder and looks forward to working with Macquarie in moving the Wiluna Uranium Project forward through the financing phase”
Managing Director, Greg Hall, said today.

Greg Hall
Managing Director

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Toro Energy is a modern Australian uranium company with progressive project development, acquisition and growth. The company is based in Adelaide, South Australia with a project office in Perth, Western Australia.

Toro's flagship and wholly-owned Wiluna uranium project is 30 kilometres southeast of Wiluna in Central Western Australia.

Wiluna contains two shallow calcrete deposits, Lake Way and Centipede, with prefeasibility and optimisation studies completed and a definitive feasibility study underway. Subject to Federal Government approval, financing outcomes and Toro Board decisions, Toro anticipates construction through 2013 and 2014, and first uranium sales in the 2014/15 fiscal year.

Toro's wholly owned Theseus Project is a recent discovery with results to date indicating the potential for a high grade mineralised system. The Company also owns uranium assets in the Northern Territory and in Namibia, Africa.

www.toroenergy.com.au