



**Australia-India Nuclear Cooperation Agreement
Submission to the Joint Standing Committee on Treaties**

Toro Energy Limited

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INTRODUCTION

Toro Energy Limited is an Australian uranium company with a highly prospective project development and exploration portfolio. Toro's vision is to be the leading mid-tier global uranium company by maximising shareholder returns through responsible exploration, mining and asset growth.

Toro has exploration interests in Western Australia, the Northern Territory and Namibia, Africa.

In Western Australia, Toro is proposing the development of the Wiluna Uranium Project, about 960 km north east of the State capital, Perth. The current project schedule is based on the Toro Board being in a position by late 2016 to be able to make a final investment decision. The project has received State and Federal government environmental approval for the processing facility and the first two mine deposits, is positioned as the most advanced new Australian mine able to come into production when the uranium market conditions support investment. The Wiluna Project would have a life of more than 20 years and a capacity to produce about 1 200 tonnes of uranium oxide concentrate per annum, and would bring employment and business opportunities to the local region of Wiluna. It is well positioned to meet demand in India for Australian uranium.

At the invitation of the Australian Prime Minister, Toro is directly involved in developing closer ties between Australia and India on nuclear matters.

TORO ENERGY AND THE WILUNA PROJECT

Toro was listed on the Australian Stock Exchange on 24 March 2006. The listing was initiated to realize the uranium value in multi-mineral exploration tenements held by the then Oxiana Minerals (now Oz Minerals) and Minotaur Exploration. In August 2007 Toro and Nova Energy announced their intention to merge through a friendly takeover of Nova by Toro and subsequently, Toro gained ownership of the Centipede and Lake Way deposits at Wiluna, originally identified in the early 1970s as prospective for uranium. In 2009 Toro initiated with the Western Australian and Australian Governments the process to secure environmental approval to mine these two deposits and it was finalised in 2013.

In September 2011, Toro completed the acquisition of three tenements covering a uranium mineralised zone called Millipede, immediately adjacent to the Centipede deposit. Uranium mineralisation in this area had been originally identified during drilling in the 1980s. Toro acquired the tenements from MPI Nickel Pty Ltd, a subsidiary of Norilsk Nickel Australia Pty Ltd.

In November 2013, Toro completed the acquisition of the Lake Maitland Uranium Project from Mega Uranium Limited (Mega). The Lake Maitland deposit was first identified during a regional aeromagnetic survey in 1967. Between discovery and the early 1980s, five companies were active in evaluating the project. After further exploration in 2005 by Redport Limited, that company was taken over by Mega in December 2006. Mega is a Canadian mineral resources company listed on the Toronto Stock Exchange with a focus on uranium projects in Canada, Cameroon and Australia. Its interest in Lake Maitland was through a Joint Venture partnership with JAURD International Lake Maitland Project Pty Ltd (JAURD) and Itochu Minerals and Energy of Australia Pty Ltd (IMEA). Mega is now a strategic cornerstone investor in Toro and JAURD/IMEA retain an option to acquire a 35% interest in Lake Maitland and participate in the financing and development of that deposit.

The acquisition of Millipede and Lake Maitland has provided Toro with a significantly larger combined uranium resource base in the Wiluna region. Toro's JORC categorised total Mineral Resource base is now 76.5 million pounds of U₃O₈. This takes in the Millipede, Lake Maitland, Centipede and Lake Way deposits as well as two others, Dawson Hinkler and Nowthanna. The project is now well positioned to supply uranium to the global market, in particular the emerging nuclear economies of China and India.

The Wiluna Uranium Project team is based in Perth. It has extensive experience in uranium project development including exploration, mining, processing, government assessment and approval and community relations.

Subject to further government approval, Toro is proposing sequential development of the Wiluna Project beginning with mining at Centipede and followed by Millipede, Lake Maitland and Lake Way. The Dawson Hinkler and Nowthanna tenements require further evaluation prior to any decision to submit them for government assessment. A processing plant (which has already received Ministerial approval) would be established close to the Centipede/Millipede tenements to process all ore.

The project would be established on land in which there is Aboriginal interest, including one determined native title. Toro undertakes regular consultation with Aboriginal people and groups and has received strong support from them to pursue its project development proposals.

INDIA AND THE NEED FOR ENERGY

As the fourth largest energy consumer and tenth largest economy in the world, India represents one of the driving forces in world energy demand over the next two decades. Real GDP in India has grown at over 7 percent per year since 2000, and although growth has slowed over the past couple of years, it is expected to continue to a significant growth path over the coming decades.

Combined with China, India accounts for the bulk of the world's energy demand growth through to 2035. Currently India's average annual per capita energy consumption is around 900W, and the government aspires to increase this to 3-4000W per person per year in order to drive economic growth. Of the current 1.25 billion people living in India, the International Energy Agency estimates that some 400 million people do not have access to electricity, living in "energy poverty".¹ Prime Minister Modi has set an ambitious target of having electricity available to every household 24/7 by 2020 – a target that can only be met by the development of all forms of power generation.

To meet this insatiable demand, India's energy policies are focussed on securing energy resources from across the globe, including developing domestic supplies where possible and importing all forms of energy and technology that are available. This includes a focus on development of domestic coal and renewables supplies, and import of LNG, uranium and renewables technologies. Current projections predict a significant expansion of electricity generation in India, rising around 70 percent to over 414 GW by 2020 based on 2012 baseline, and then increasing by 2040 to 1079 GW, which represents an annual average growth rate of around 5.5 percent.

India includes the development of a nuclear power generation program in this mix. India currently has 21 nuclear reactors in operation for a total power generating capacity of 5.3GW, with a further six

¹ International Energy Agency (IEA) Energy Poverty: How to make modern energy access universal. 2010.

under construction and an additional 57 reactors either planned or proposed for a total combined power generating capacity of 61.3 GW. All reactors are owned and operated by the government of India through the Nuclear Power Corporation of India Limited (a division of the Department of Atomic Energy), and uranium is sourced from domestic supplies or imports largely from Kazakhstan and Uzbekistan. The government aims to provide up to 25 % of its power from nuclear power generation by 2050, with an interim target of 17 GW within the next 10 years – a situation largely driven by the shortage of fossil fuels available and the desire to increase the low carbon emissions power generating capacity.

The expansion of India's nuclear power capacity is critical to the continued development of the broader power sector and delivery of the Indian government's growth and economic development agenda.

GOVERNMENT POLICY AND THE AGREEMENT WITH INDIA

Australia is a significant supplier of uranium to the global nuclear power industry. Uranium comprises some 25% of Australia's energy exports² and around 11 percent of the world supply, being the third largest supplier after Kazakhstan and Canada. However more importantly, Australia has some 34 percent of the world's known recoverable uranium resources, and therefore has the potential to increase its global share, particularly to supply the emerging economies such as India.

Australia has been a pro-active and positive contributor to the establishment of multi-lateral and bi-lateral safeguards arrangements since the institution of the Nuclear Non-Proliferation Treaty to ensure that uranium produced in Australia is used by customer countries only for peaceful purposes.

Through the experience of its Board and Executive, Toro is experienced in Federal and State Government policies requiring the safe management of product from exploration through all phases of production, transport and delivery to customers. Toro views the agreement between the Australian and Indian Governments as a re-enforcement of these arrangements developed over a long period and is now contributing directly to the development of a close and co-operative relationship between Australia and India on nuclear matters. At the invitation of the Australian Prime Minister, Toro's Managing Director, Dr Vanessa Guthrie was present in India when the safeguards agreement between the two countries was signed in September 2014. Subsequently, Dr Guthrie has been appointed to the Australia-India CEO Forum, a group of Australian and Indian company CEO's established at the invitation of the Australian and Indian Prime Ministers to further develop economic relations between the two countries. Through this refreshed approach to strengthening the relationship between our two countries, it is clear there is strong interest in India in purchasing Australian uranium to support the proposed growth of its own nuclear electricity industry, and also in becoming an investor in uranium mining in Australia.

The safeguards arrangements between Australia and India open up a new and important opportunity for Australia to export uranium to India and contribute to its economic development, while continuing to underpin the nuclear industry's commitment to safety, responsibility and reliability in all of its operations. It provides access to a clean, low carbon emissions form of energy that the Indian government and population are keen to develop, as well as providing Australia with an opportunity to

² Bureau of Resources and Energy Economics (BREE) Australian Energy Update, 2014.

contribute to the transfer of knowledge and skills in uranium mining, radiation safety and environmental protection between our two countries.

CONCLUSION

The Australia-India Nuclear Cooperation Agreement is critical to the development of low emissions, stable baseload power that will underpin India's continued economic growth. With our large uranium resources, Australia is well placed to meet this demand based on our long standing responsible reputation for sustainable exploration, development and mining of uranium. Toro supports the view that the Agreement provides the certainty for our government and community that our uranium exports to India will be for peaceful purposes and will contribute to the development of the Indian economy that will lift its people out of energy poverty.

Toro appreciates the opportunity to provide comment and would be pleased to appear before the Joint Standing Committee on Treaties to further discuss the issues raised in this submission.