



RESOURCE CAPITAL RESEARCH

Uranium Sector Review Exploration, Development & Production

December Quarter 2012



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12 December 2012

**Uranium Sector Review
December Quarter 2012**

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* Indicates companies with detailed financial projections and valuation available.

[This is the Abridged Report version of the December Quarter RCR Uranium Sector Review. The purchase price of RCR's December quarter Subscriber Reports is A\$110. The annual subscription rate for all RCR reports is A\$440 – commodities covered may vary from quarter to quarter. Purchase details and research services for institutional investors can be found at www.rcresearch.com.au]

Overview and Investment Comment

Market performance summary table

12 December 2012		Current Price*	1 month	3 month	6 month	12 month
			Performance (%)			
Spot Uranium Price	:US\$/lb	43.50	7	-9	-13	-16
Uranium Participation Corp	:C\$/Share	5.29	6	-1	1	-8
Merrill Lynch Uranium Equity Index		189	-3	-15	-3	-21
Share Prices - Select Companies						
Energy Resources of Australia	:A\$/share	1.17	-10	-13	-5	-16
Paladin Energy	:A\$/share	0.88	-8	-34	-26	-46
Cameco	:C\$/Share	19.01	8	-12	-2	3
Denison Mines	:C\$/Share	1.19	0	-14	-7	-4
Uranium One	:C\$/Share	1.83	-12	-29	-29	-24
Market Indices						
World Markets (all sectors)	Morgan Stanley World Index	1329.9	4.5	2.1	13.8	15.4
Currencies (compared to USD)						
Australian dollar		1.05	1%	1%	6%	5%
Canadian dollar		1.01	1%	-1%	4%	4%
Euro		1.30	2%	1%	4%	-1%

The spot uranium price is US\$43.50/lb, off its recent low of US\$40.75/lb reached in early November.

Uranium price and market outlook

We expect the recent bounce in the spot price to continue its upward price trajectory.

Spot price: the spot uranium price is US\$43.50/lb (December 10), up from its recent low of US\$40.75/lb reached in early November. We expect the spot price to continue its upward trend in what looks like it may be the beginning of a sustained market rally for uranium and uranium equities.

The recent bounce in the spot price reflects:

1. the November 2 announcement by Converdyn confirming the June 2013 restart of the Metropolis conversion facility; and
2. the early Japanese general election held on December 16 and expectation of an LDP victory.

The Japanese election is expected to be pivotal to the near term uranium market outlook. It is expected that the conservative LDP (Liberal Democratic party) will win the election and initiate a far more aggressive schedule for reactor restarts – potentially taking a 12 month timeframe, according to some sources, to restart most of the reactors, as opposed to a considerably longer, undefined time frame to restart reactors under the DPJ (Democratic party of Japan) government.

Under the DPJ government, market expectations had been for 10 to 15 reactors to restart by late 2013 comprising the newest reactors in the most secure locations.

The new Japanese Nuclear Safety Authority is expected to release its initial policies April 2013, potentially being the impetus for a more aggressive restart timetable. The offline reactors account for estimated foregone uranium demand of around 18mlbspa, equivalent to around 11% of 2011 global demand (164mlbs U₃O₈).

It is expected that the conservative LDP (Liberal Democratic party) will win the Japanese general election and initiate a far more aggressive schedule for reactor restarts.

Overall price weakness in the sector has resulted from the protracted delay in Japanese reactor restarts with 48 of the 50 operable reactors offline, over 18 months after the Fukushima accident. Prior to the earthquake and tsunami on 11 March '11, the spot price had been trading at US\$67.75/lb, a 12 month high.

Partially counteracting expectations for the near term positive market outlook, we expect the extent of new commercial deals for secondary supply post HEU (24mlbspa U₃O₈, end of 2013) will largely replace existing HEU volumes, mitigating the anticipated price benefit from the termination of HEU.

Mid to long term price: in the midterm, a large supply gap in the uranium market is anticipated to open, fuelling further price strength. Anticipated incentive prices required to bring adequate new supply to market are estimated to be US\$70-80/lb.

The long term contract uranium price is US\$59.50/lb (November 30) a modest pullback from US\$60.25/lb (August 31), and has been relatively stable trading around US\$60/lb throughout 2012. The contract price remains well below its pre-Fukushima price of US\$73.00/lb (28 Feb '11).

There is a net shortage of global electricity generating capacity projected. IAEA forecasts (Aug 2012) for growth in nuclear power plants range up to 740 GWe in place by 2030, 101% above 2011 installed global operating capacity of 369Gwe. WNA reference case forecast (2011 WNFM study) is 614 GWe of nuclear power generating capacity by 2030. The WNA upper case forecast is 790 GWe by 2030.

Strong growth in nuclear reactor construction is expected to continue globally with 484 planned and proposed nuclear reactors (Nov '12) up 2 from 482 pre-Fukushima (Mar '11). Growth is expected to remain particularly strong in Asia, with Chinese expansion continuing to lead the pack. China's official installed nuclear capacity projections are 70-80 GWe by 2020, 200 GWe by 2030 and 400-500 GWe by 2050. This compares with a 12 GWe capacity today (15 reactors). China has 26 reactors currently under construction.

Support and demand for new nuclear power reactors is expected not only from China and India, but also South Korea, USA, UK, the Middle East, Russia and Ukraine.

Demand for uranium is expected to increase from around 164mlbspa U₃O₈ in 2011 to 226mlbspa by 2020 and 280mlbspa by 2030. Current primary supply of uranium (139mlbs U₃O₈ 2011) is only around 50% of expected uranium demand in 2020.

Given post-Fukushima project deferrals and delays, and potential for further deferrals and delays, there is increased likelihood of market tightness midterm. Significant project deferrals and delays announced 2012 include Olympic Dam, Yeelirrie and Kintyre accounting for 40m-45mlbspa U₃O₈.

RCR's long term contract uranium price forecast is US\$65/lb (real) from 2015, which equates to US\$74/lb nominal in 2020.

Nuclear power could comprise 5% (72 GWe or more) of Chinese generating capacity by 2020 – and require construction of 75 new reactors.

Anticipated incentive prices required to bring on adequate new supply to market are estimated to be US\$70-80/lb.

**RCR's long term contract uranium price forecast is US\$65/lb (real) from 2015...
...equating to US\$74/lb nominal in 2020.**

RCR December Quarter Featured Company Summary

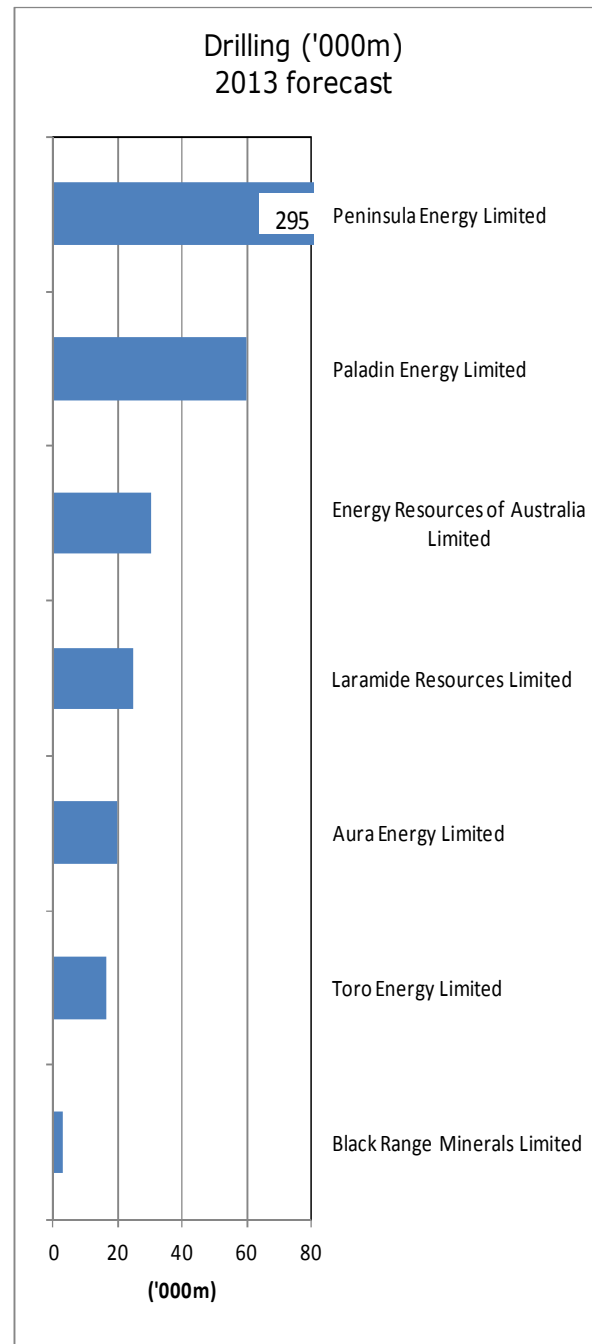
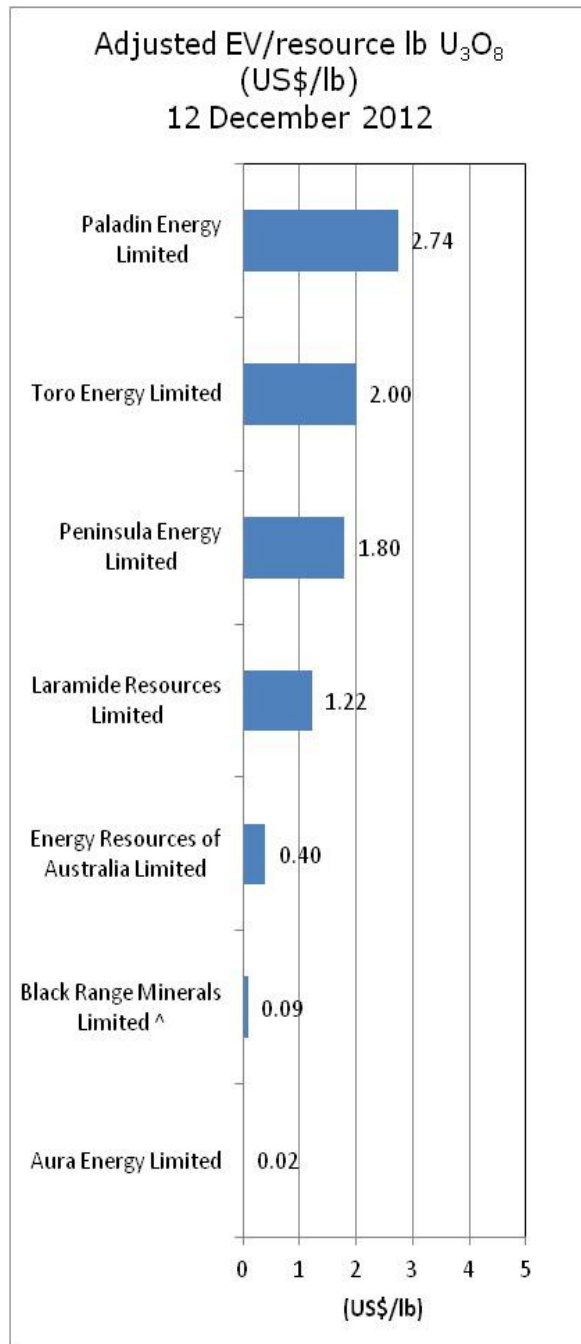
AUSTRALIA

Company	Code	Comment
Aura Energy Limited	AEE	Scoping Study Häggån (Sweden, AEE 100%): high potential polymetallic project (U-Ni-Mo-Zn), prospective bioheap leach. Scoping Study indicates economically robust project. AEE is advancing talks with potential strategic partners (Oct '12).
Black Range Minerals Limited	BLR	Scoping Hansen/Taylor Ranch (CO) has one of the largest U resources in the USA at 91mlbs U3O8. Innovative bore hole mining and ablation concentration - potential low cost, near term production 2016. Ablation JV - potential commercial roll out from 2014.
Energy Resources of Australia Limited	ERA	Producer ERA is increasingly leveraged to exploration, social and environmental outcomes. Share price catalysts in the next 12 months hinge on exploration success and turnaround in negative sector sentiment. Potential transition to u/g production 4Q15.
Paladin Energy Limited	PDN	Producer PDN is currently focusing on margin preservation at LHM and KM, with cost cutting initiatives that target ~\$60mpa in reduced expenditure by FY14; and shoring up its balance sheet. It continues to advance quality exploration projects for long term growth.
Peninsula Energy Limited	PEN	Prefeasibility Study Key financing is now in place for Lance (WY) and final permitting is on track; low cost, economically robust project - estimated NPV breakeven is <US\$40/lb U3O8. Karoo acquisition consolidates regional strategic stake; resource expected 4Q12; 12 month resource target 30mlbs U3O8.
Toro Energy Limited	TOE	BFS and Exploration The Wiluna Project is nearing final federal government approval, expected 4Q12. Development decision expected 2013; production 2015. Exciting Theseus ISR prospect (WA) offers large blue sky upside: resource 6.9mlbs U3O8 at 493ppm (Dec '12).

CANADA

Company	Code	Comment
Laramide Resources Limited	LAM	Advanced Exploration/Development Stage LAM is poised to reap a substantial royalty as UR's Section 8 (NM, USA) in the prolific Grants Mineral District nears production (expected 2013). The large Westmoreland project (QLD) has production potential post 2015: QLD LNP backs uranium mining.

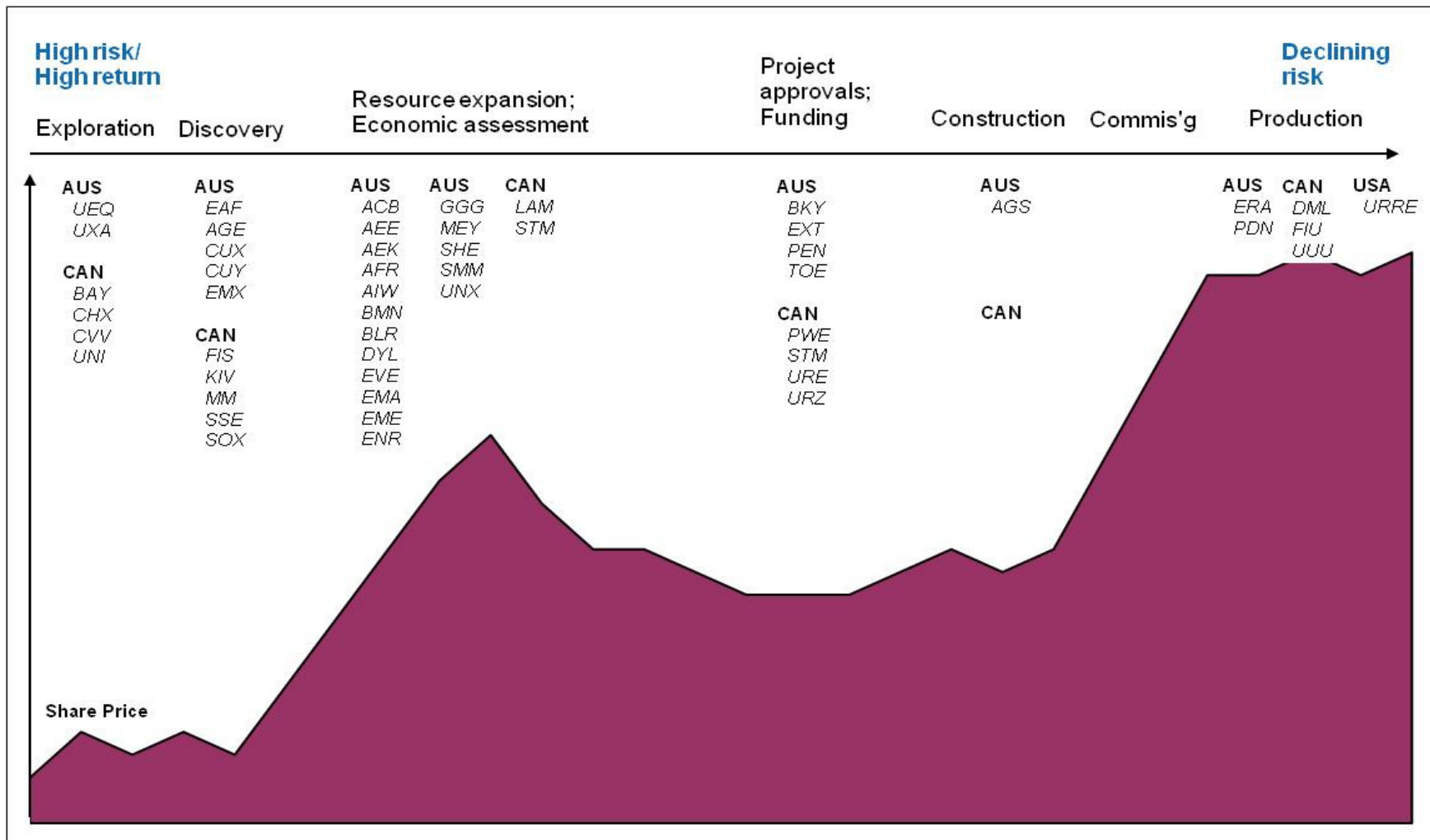
Comparative Charts



EV/resource values (adjusted for cash) are low and offer high leverage to a recovery in the uranium price. Producer PDN is trading at US\$2.74/lb, while AEE with its massive 852mlb Haggan uranium deposit is trading at ~US\$0.02/lb.

Large uranium focused drill programs are planned for 2013. Strong project news flow for juniors could coincide with an anticipated turn around in sector sentiment in 2013 to deliver good share price performance.

Explorers' Development Cycle: Conceptual market capitalisation versus development stage; December Q 2012



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Financial Data

COMPANY																				
				NYSE	London	NYSE	NYSE	NYSE	NYSE	NYSE	2 Fully Diluted		Market Cap			Book	Enterprise Value			
	Code	Status ¹	Yr End	Exchanges					52 week	Current	Shares	Opt+W ²	C. Notes ²	Shares (undiluted)	(LC\$m) ³	Cash (LC\$m) ³	Debt (LC\$m) ³	Value (LC\$m) ³	(Undiluted) (LC\$m) ³	
12 December 2012																				
AUSTRALIA (A\$)																				
Aura Energy Limited	AEE	E	June	ASX				No	0.24	0.10	0.11	169	40	0	209	19	0.9	0.0	17	19
Black Range Minerals Limited	BLR	E	June	ASX				No	0.03	0.01	0.01	853	23	0	1297	7	1.8	0.0	18	7
Energy Resources of Australia Limited	ERA	P	Dec	ASX				No	1.83	1.09	1.17	518	0	0	518	603	419.6	0.0	1139	603
Paladin Energy Limited	PDN	P	June	ASX	TSX		NSE	No	2.01	0.74	0.88	837	4	203	1044	736	142.3	797.4	966	1534
Peninsula Energy Limited	PEN	E	June	ASX				PENOC	0.08	0.02	0.04	2930	537	0	3467	111	23.3	0.0	92	111
Toro Energy Limited	TOE	E	June	ASX				No	0.15	0.06	0.12	1042	58	0	1100	120	4.7	0.0	97	120
Total: Australia																592.6	797.4	2329	2394	
CANADA (C\$)																				
Laramide Resources Limited	LAM	E	Dec	TSX	AMEX			No	1.61	0.67	0.73	71	6	0	77	52	1.5	5.0	80	57
Total: Canada																1.5	5.0	80	57	
Total: (US\$) ⁴																624	842	2526	2570	

(1) P: Producer; E: Explorer; I: Imminent - includes companies with bankable feasibility studies and likely to be in production within 3 years; IHC: Investment Holding Company

(2) Fully Diluted (shares, options + warrants (opt. + w), convertible notes (Conv. N), other obligations)

(3) LC: - Local Currency unit; End of quarter forecast. (4) AUD/USD: 1.05; CAN/USD: 1.01

Company Statistics

COMPANY	Code	Land (‘000 ha) ⁶	Drilling (‘000 m)				(A) Exploration (LC.\$m) ⁷				(B) Corporate (LC.\$m) ⁷				(A)/(A+B) %		
			Sep-12	Dec-12	2012	2013	Sep-12	Dec-12	2012	2013	Sep-12	Dec-12	2012	2013	Dec-12	2012	2013
AUSTRALIA (A\$)																	
Aura Energy Limited	AEE	1,648	5.0	0.0	24.0	20.0	0.5	0.6	3.8	4.0	0.6	0.5	1.8	1.8	57.1	68.1	69.0
Black Range Minerals Limited	BLR	7	0.0	1.0	9.4	3.0	0.6	0.6	4.3	2.3	0.5	0.3	1.7	1.4	70.6	71.7	61.2
Energy Resources of Australia Limited	ERA	8	12.5	15.0	35.0	30.0	15.0	15.0	55.0	78.0	3.0	3.0	12.2	12.2	83.2	81.9	86.4
Paladin Energy Limited	PDN	na	15.0	15.0	40.0	60.0	3.5	3.5	12.1	14.0	11.5	11.5	49.8	46.0	23.3	19.5	23.3
Peninsula Energy Limited	PEN	832	98.6	75.0	269.5	293.6	4.1	2.0	14.4	11.1	2.1	1.6	7.0	6.9	55.6	67.2	61.6
Toro Energy Limited	TOE	3,026	0.8	5.3	22.0	16.5	4.5	2.0	17.8	9.5	0.9	0.9	4.8	3.1	69.0	78.7	75.2
Total: Australia			132	111	400	423	28	24	107	119							
CANADA (C\$)																	
Laramide Resources Limited	LAM	700	4.0	6.0	10.0	25.0	1.4	1.4	5.2	5.6	0.6	0.6	2.2	2.4	70	71	70
Total: Canada			4	6	10	25	1	1	5	6							
Total: (US\$) ⁴							31	26	118	130							

(6) To convert hectares to acres, multiply by 2.47; eg 100 thousand hectares ('000 ha) = 247 thousand acres ('000 ac)

(7) LC: - Local Currency unit

Reserves, Resources and Historic Mineralisation

COMPANY	Code	Status ¹	Reserves (Equity) ²		Resources (Equity) ²		Historical/Mineralised Material (Equity) ²		Total Uranium (U ₃ O ₈) (All Mineralisation) ¹		Total - Gold Equivalent ³	Production
			Uranium (U ₃ O ₈) M lb	Other kt	Uranium (U ₃ O ₈) M lb	Other kt	Uranium (U ₃ O ₈) M lb	Other kt	M lb	kt	(Moz)	Commencement Year
12 December 2012												
AUSTRALIA												
Aura Energy Limited	AEE	E	0.0	0.0	852.4	386.6	0.0	0.0	852.4	386.6	21.8	na
Black Range Minerals Limited	BLR	E	0.0	0.0	58.1	26.4	0.0	0.0	58.1	26.4	1.5	na
Energy Resources of Australia Limited	ERA	P	178.7	81.0	482.5	218.9	0.0	0.0	661.2	299.9	16.9	1981
Paladin Energy Limited	PDN	P	155.1	70.4	534.2	242.3	219	9.9	556.1	252.2	14.2	2008
Peninsula Energy Limited	PEN	E	0.0	0.0	51.5	23.4	6.1	2.8	57.6	26.1	1.5	na
Toro Energy Limited	TOE	E	0.0	0.0	60.5	27.4	0.0	0.0	60.5	27.4	1.5	na
Average: Australia												
CANADA												
Laramide Resources Limited	LAM	E	0.0	0.0	62.4	28.3	4.7	2.2	67.1	30.4	1.7	na
Total/Total Average			334	151	2 102	953	33	15	23 13	1049		

(1) P: Producer; E: Explorer; I: Imminent - includes companies with bankable feasibility studies, financing and likely to be in production within 3 years; IHC: Investment Holding Company

(2) Reserves, resources and mineralised material published by the relevant company. Tonnes are metric (2204.6 pounds).

The applicable mineral resource codes are by country: Australian: JORC, Canadian: NI 43-101, South Africa: SAM REC

(3) For uranium only. Assumes a uranium price of US\$43.50/lb and a gold price of US\$1700/oz

(4) FIP: fund implied price represents the price reversed out of the closed end physical fund Uranium Participation Corp.

* Mineral resource estimates are inclusive of the mineral reserve. ^ ERA reserves are in addition to resources.

Valuation and Performance Data

COMPANY				EV-Cash	EV-Cash	EV-Cash	Valuation (% of U ₃ O ₈ Price (USD) Res'v+resources			Share Price Performance				Current Share Price	
	Code	P/Book	P/Net Cash	/Reserves	/Res'v+resources	/Total U ₃ O ₈	Spot	FIP ⁴	Contract	(% 1 month 3 month 6 month 12 month				%off 12 month	
	(x)	(x)	US\$/lb	US\$/lb	US\$/lb	43.50	44.00	59.50					H	Lo	
12 December 2012															
AUSTRALIA															
Aura Energy Limited	AEE	1.1	19.9	na	0.02	0.02	0	0	0	-15	-15	-21	-42	53	16
Black Range Minerals Limited	BLR	0.4	3.7	na	0.09	0.09	0	0	0	4	-45	-51	-53	74	57
Energy Resources of Australia Limited	ERA	0.5	1.4	108	0.40	0.40	1	1	1	-10	-13	-5	-16	36	7
Paladin Energy Limited	PDN	0.8	-1.1	9.42	2.74	2.63	6	6	5	-8	-34	-26	-46	56	19
Peninsula Energy Limited	PEN	1.2	4.8	na	1.80	1.61	4	4	3	-21	23	12	15	49	58
Toro Energy Limited	TOE	1.2	25.5	na	2.00	2.00	5	5	3	-8	53	47	15	21	85
Average: Australia				5.25	1.17	1.12	3	3	2						
CANADA															
Laramide Resources Limited	LAM	0.6	-12.9	na	0.90	0.84	2	2	2	-18	-29	-13	-1	55	9
Average: Canada				na	0.90	0.84	2	2	2						
Total/Total Average				3.50	0.99	0.95	2	2	2	-10	-8	-7	-16	43	31

AEE.AU

12 December 2012
 Uranium, Base Metals
 Sweden, Australia, Mauritania, Niger
 Scoping Study
 Exchanges: ASX:AEE

Aura Energy Limited

AS \$ 0.11

Häggån (Sweden, AEE 100%): high potential polymetallic project (U-Ni-Mo-Zn), prospective bioheap leach. Scoping Study indicates economically robust project. AEE is advancing talks with potential strategic partners (Oct '12).

Capital Profile

Share price (A\$)	0.11
52 week range (A\$/share)	0.10 to 0.24
Number of shares (m)	169
Options and warrants (m)	40
Convertible notes (m)	0
Fully diluted (m)	209
Market capitalisation (undiluted) (A\$m)	18.6
Debt (A\$m) - Dec 12F	0.0
Enterprise value (A\$m)	18.6
Major shareholders:	
USB Nominees (7.10%)	
Avg monthly volume (m)	2
Cash (A\$m) - Dec 12F	0.9
Price/Cash (x)	19.9
Price/Book (x)	1.1
Listed company options	No

Investment Points

AEE exploration budget ~\$4mpa; focused on uranium at Häggån and Reguibat.

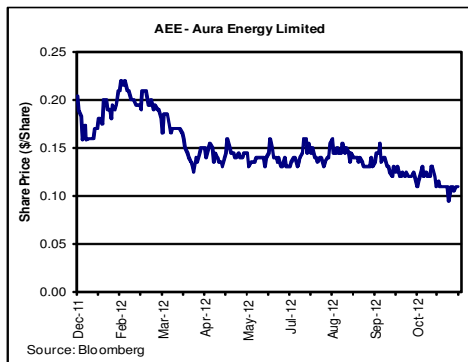
Häggån (and Marby), Sweden: Resource upgrade to 800mlbs U₃O₈ (+27%, Aug '12) at 155ppm; potential co-products Ni, Zn, Mo. Equiv grade 250-300ppm U₃O₈.

Häggån: one of the 10 largest U deposits in the world. Upside to ~1.5bnlbs U₃O₈. Strategically situated near infrastructure and within commercial logging area.

SS (May '12): 30mtpa heap leach; production 7.8mlbbspa U₃O₈, 14.8mlbbs; opex US\$26/lb net of credits (Ni, Mo). AEE pre-tax NPV₁₀ US\$1.8bn (at US\$65/lb U₃O₈).

Mauritania, Reguibat Project: calcrite resource 50mlbs grading 0.034% U₃O₈. Mineralised extensions (drilled 1H12) confirm upside potential. Scoping study 1H13.

Sweden, Mauritania and Western Australia are pro uranium jurisdictions with strong mining sectors.



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 R Beeson (MD)
 J Stephenson (Non Exec)
 S O'Loughlin (Non Exec)
 L Junk (Non Exec)
 J Perkins (Non Exec)

Production and Financial Forecasts

Year End: June	Sep-12a	Dec-12F	2012a	2013F	2014F
Exploration and evaluation (A\$m)	0.48	0.60	3.55	2.68	3.20
Corporate (A\$m)	0.57	0.45	2.18	1.92	1.80
Exploration/(Expl.+ Corporate) (%)	46	57	62	58	64
Funding duration at current burn (years)			0.3	0.5	0.5
Shares on issue (prend) (m shares)	159.6	168.7	159.6	205.1	250.5
Drilling - RAB (m)	1,000	0	4,000	2,000	4,000
Drilling - Other/Diamond (m)	4,000	0	20,000	8,000	16,000
Land holding ('000 ha)	1,648	1,648	1,648	1,648	1,648
Tenement costs (\$k per year)	-	-	-	-	-
Capital raisings (A\$m)	0.0	1.0	4.5	5.0	5.0
Funding from JV partners (A\$m)	0.0	0.0	0.0	0.0	0.0
Cash (A\$m)	1.0	0.9	1.7	2.5	2.6
Cash backing (Ac/share)	0.6	0.6	1.1	1.2	1.0
Net asset backing (Ac/share)	10.1	9.9	10.2	9.7	9.3

*Uranium prospective tenements only, both held and under application. Quarters refer to calendar year.

Company Comment

Overview: Aura Energy listed on the ASX May '06. It has advanced exploration projects for uranium in Sweden and Mauritania, as well as a calcrite resource and exploration assets in WA.

Alum Shale Projects (Sweden): AEE holds 100% of 147km² over the Alum Shale uranium province in northern Sweden. The shale-hosted deposits are also enriched in vanadium, molybdenum, zinc and nickel. Häggån is proximal to key infrastructure and is situated in commercial forestry areas.

Updated Scoping Study (May '12, RMDSTEM Ltd). The project development route is open cut, bacterial heap leach. The pit shell contains 1bt of mineralisation, low strip ratio of 0.75:1, production rate of 30mtpa, and initial LOM of 25 years. Pre-production capex US\$537m. Production rate of 7.8mlbbspa U₃O₈, 14.8mlbbspa Ni, and 4.3mlbbspa Mo. Modelled heap recoveries are 75% U₃O₈, 68% Ni, and 25% Mo. Zinc and vanadium were excluded from the modelling and zinc, in particular, represents upside potential. Stage 2 bioheap leach testwork with scale up of column tests from 0.5m to 2m height (Jul '12) indicates U₃O₈ recovery of 85%, Ni 58% and Mo 18%. Resource is 800mlbs U₃O₈ (includes 60mlbs from nearby Marby deposit; H&SC) with Exploration Target indicating additional upside of 440 to 840mlbs U₃O₈, potentially making it the largest uranium deposit in the world. Development potential 2018. **Mining:** The deposits are flat lying, near surface and average 108m thick, which support relatively low cost open pit mining at ~US\$2.50-\$3.00/t ore. The Scoping Study indicates opex of US\$13.50/t (US\$26/lb U₃O₈ co-product Ni and Mo; or US\$13/lb with by-product Ni and Mo). **Pre-Feasibility:** expected to commence 2013. There is potential to lift revenues and lower project costs by improvements to metal extractions, production of Zn, reduction of crushing and mining costs, and optimization of project scale. A comparable project is **Talvivaara** (LSE:TALV) which is a successful bacterial heap leach project in Finland. Guidance for ore stacking in 2012 is 18mt (nameplate design 24mtpa), recovering Ni-Co-Cu. A deal with Cameco should see production of 0.8mlbbspa U₃O₈ from 17ppm head grade from 2H12. Costs are US\$2.60/t mining and US\$10-11/t for bioleach, i.e. combined ~\$13/t (expected to fall to ~US\$12/t at full production). It is a smaller scale, higher strip ratio project (>1:1) providing confidence in Häggån's projected opex (US\$13.50/t). Another opex comp is Barrick's Zaldivar bioheap leach copper project in Chile with opex of US\$8-9/t, giving an operating margin of US\$12/t – similar to the margin expected at Häggån.

Reguibat Project (Mauritania): AEE is one of the largest uranium landowners in a new uranium field. Mineralisation is single, flat lying sheets within 1m of surface and 1m -10m thick calcrite. There is high potential to expand the existing resource and define new targets. Preliminary processing upgrades plant feed grade by a factor of 3, and is anticipated to lead to lower plant capex and opex. Establishing economic infrastructure options in this remote area will be a key aspect of the Scoping Study, expected 1H13.

Investment Comment: AEE achieved a significant technical breakthrough (1H12) in confirming metal recoveries via the bioheap leach process at Häggån. While there are still project hurdles to overcome, the economic importance of this key achievement, in our view, has not been fully appreciated by the market in what is a very large, strategic resource. RCR values AEE at A\$0.52/share (\$98m; US\$0.11/lb U₃O₈), including a factored, early stage A\$0.39/share for Häggån (see adjacent valuation table); after tax, de-risked NPV₁₀ for Häggån increases to ~US\$700m (at US\$60/lb U₃O₈). While talks are still at an early stage, securing a major strategic partner for Häggån would likely lead to a significant re-rating of AEE; and in our view, given the strategic potential of the opportunity, securing a partner is one question of time.

Reserves and Resources/Mineralised Material

Code for reporting mineral resources - Australian: (JORC)									
Uranium	Classification/	Project	Ore	U ₃ O ₈	Cut Off	U ₃ O ₈	U ₃ O ₈	U ₃ O ₈	U ₃ O ₈
U ₃ O ₈	Geology	Equity	Mt	%	ppm	Kt	Mlb	Mlb	Mlb
Reserves									
Resources									
Häggån and Marby*	Inferred	100%	2350	0.0155	100	364	800	800	
Reguibat	Inferred	100%,70%	67.3	0.034	150	22.9	50.2	49.8	
Wondinong	Inferred	100%	6.5	0.0185	150	1.2	2.6	2.6	
Total						388.3	852.8	852.4	
Mineralised Material (est., non compliant with JORC)									
						0.0	0.0	0.0	

* Resource includes 0.0207% MoO₃, 0.1519% V₂O₅, 0.0316% Ni and 0.0431% Zn

Key Projects

Project	Ownership/Option	Metal	JV Partner	Target Type	Process Route	Project Status	Location
Häggån	100%	U,Mo,V,Ni	na	Alum shale	na	Adv Expl	Sweden
Mauritania	100%, 70%	U	Ghazal	calcr/granite	na	Mid Expl	Mauritania
Gunbarrel	100%	U	na	sandstone	na	Early Expl	Aus (WA)
Wondinong	100%	U	na	calcrete	na	Adv. Expl	Aus (WA)
Ebadargene	100%	U	na	sandstone	na	Early Expl	Niger
Virka	100%	U	na	vein	na	Mid. Expl	Sweden
Kallsedet	100%	U	na	Alum shale	na	Early Expl	Sweden

AURA ENERGY LIMITED VALUATION

						Adjusted Uranium Price Sensitivity A\$m				
	Equity %	Base Resource Val'n US\$/lb	Base NAV A\$m	NAV Factor %	Adjusted Value A\$m					
Assumptions										
LT Realised Uranium Price	: US\$/lb		60		60	40	50	70	80	
LT Exchange Rate: AUUS			0.84		0.84	0.84	0.84	0.84	0.84	
Projects										
Häggån project	: NPV @10%	100%	0.10	823	10%	82	10	35	129	176
Resources and Exploration										
Reguibat	: 49.9mlbs	100%	0.50	25		25	10	30	40	50
Other				1		1	1	1	2	4
Sub-total Exploration				26		26	11	31	42	54
Assets										
+ Cash				1		1	1	1	1	1
+ Tax losses				3		3	3	3	3	3
Liabilities										
- Debt				0		0	0	0	0	0
- Corporate				14		14	14	14	14	14
- Reclamation				0		0	0	0	0	0
AEE Net Assets				839		98	11	57	161	220
Fully diluted shares (m)				208.8		208.8	208.8	208.8	208.8	208.8
Cash on Option Conversion				9.7		9.7	9.7	9.7	9.7	9.7
AEE Net Asset Value per share : A\$/share				4.97		0.58	0.07	0.34	0.96	1.31
AEE Net Asset Value Diluted : A\$/share dil				4.06		0.52	0.10	0.32	0.82	1.10

HÄGGÅN URANIUM PROJECT KEY ASSUMPTIONS (derived from AEE Updated Scoping Study (RMDSTEM) - May 2012)

RESOURCE ESTIMATES		Uranium Resource		Tonnes	Grade	Uranium	Nickel	Moly
		Cutoff	Mt	% U ₃ O ₈	Mlbs	Mlbs	Mlbs	
Resource (Inferred)	Haggan	100ppm	2350	0.0155	800	1640	1070	
RCR modelling assumptions	Haggan	100ppm	2000	0.0160	705	1396	911	
MINING METHOD		OPEN PIT						
PROCESS METHOD		BACTERIAL HEAP LEACH						
RESOURCE CONVERSION		:%	60%	(Inferred to Indicated or better)				
TONNAGE DILUTION		:%	na					
GRADE UPLIFT		:%	na					
BASE CASE ASSUMPTIONS								
PRODUCTION RATE		:mtpa	30					
AVERAGE HEAD GRADE - U3O8		:%	0.016					
HIGH GRADE		:%	na					
RECOVERY - URANIUM		:%	75	Modelled recovery 75%. First stage bioheap column leach tests: 85% recovery. Second stage bioheap column leach tests: 85% recovery.				
URANIUM PRODUCTION		:mlbspa	7.8	Production rate based on PFS resources				
NICKEL PRODUCTION		:mlbspa	14.8	Modelled recovery 68%. First stage bioheap column leach tests: 65% recovery. Second stage bioheap column leach tests: 58% recovery.				
MOLYBDENUM PRODUCTION		:mlbspa	3.6	Modelled recovery 25%. First stage bioheap column leach tests: 25% recovery. Second stage bioheap column leach tests: 18% recovery.				
CAPITAL COSTS - INITIAL DEVELOPMENT		:US\$m	637	Includes Scoping Study initial capex of US\$537m and RCR working capital assumption of US\$100m.				
SUSTAINING CAPEX		:US\$m	18					
EVALUATION/PERMIT COSTS - TOTAL		:US\$m	50	RCR project development estimates - PFS, BFS and permitting related costs.				
OPERATING COSTS: (C1)		:US\$/t	13.50	RCR imputed overall cash cost per tonne.				
		:US\$/lb	13	Cost with by-product credit (Ni and Mo).				
		:US\$/lb	26	Cost with co-product (Ni price US\$7.90/lb; and Mo price US\$16/lb).				
TAX		:%	26.2	Corporate tax rate.				
ROYALTY		:%	0.15					
MINE LIFE		:Years	25+ Years					
COMMISSION PROJECT		:	1Q 2018	RCR assumptions: 6 year development. 24 month ramp-up.				

These figures are preliminary in nature and are intended to provide only a general indication of project scale and economic robustness. Considerable refinement may result from ongoing R&D and subsequent feasibility studies.

BLR.AU

12 December 2012
 Uranium, Coal
 USA (CO, AK)
 Scoping
 Exchanges: ASX:BLR

Capital Profile

Share price (A\$)	0.008
52 week range (A\$/share)	0.005 to 0.03
Number of shares (m)	853
Options and warrants (m)	23
Rights issue - max uptake ^a (m)	421
Fully diluted (m)	1297
Market capitalisation (undiluted) (A\$m)	7
Debt (A\$m) - Dec 12F	0.0
Enterprise value (A\$m)	5.0
Major shareholders:	

Avg monthly volume (m)	38
Cash (A\$m) - Dec 12F	1.8
Price/Cash (x)	3.7
Price/Book (x)	0.4
Listed company options:	No

^a Rights issue closing 13 Dec 2012, maximum raising \$2.1m at \$0.005/share.

Investment Points

BLR is focused on the advanced Hansen/Taylor Ranch uranium project in Colorado and Ablation JV.

Hansen/Taylor Ranch JORC resource 90.9mlbs @ 0.060% U₃O₈ (250ppm cut-off) in multiple deposits.

Resource includes a large high-grade zone at Hansen; 19.7mlbs U₃O₈ at 0.127% (750ppm cut-off).

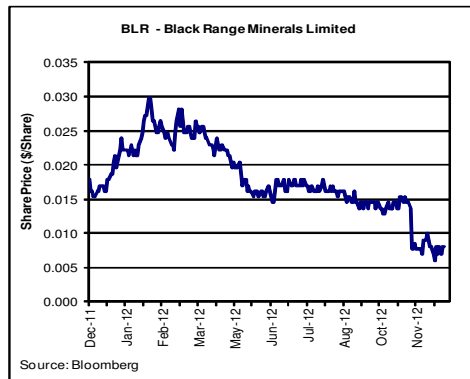
Hansen Scoping Study (Apr '12): underground bore hole mining (UBHM) - low opex (~US\$30/lb) and capex (US\$74m), low environmental impact. PEA expected 4Q12. Potential production 2016.

Hansen to utilise ablation concentration and toll treatment. Streamlined permitting. Production 2mlbspa U₃O₈, +7 yr LOM, capex US\$74m, opex ~US\$30/lb.

Global Ablation JV (HoA, Jul '12): potential early cashflow. First commercial scale test expected 3Q13. Successfully tested on projects with aggregate 150mlbs.

BLR low EV/lb* at US\$0.09/lb offers good risk/return.

Non-renounceable Rights Issue at \$0.005/share to raise up to \$2.1m. Closing 13 December.



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Black Range Minerals Limited

A\$ 0.008

Hansen/Taylor Ranch (CO) has one of the largest U resources in the USA at 91mlbs U₃O₈. Innovative bore hole mining and ablation concentration - potential low cost, near term production 2016. Ablation JV - potential commercial roll out from 2014.

Production and Financial Forecasts

YEAR END: June	Sep-12a	Dec-12F	2012a	2013F	2014F
Exploration and evaluation (A\$m)	0.60	0.60	4.30	2.40	2.40
Corporate (A\$m)	0.47	0.25	1.82	1.42	1.40
Exploration/(Expl.+ Corporate) (%)	56	71	70	63	63
Funding duration at current burn (years)	0.5	2.2	0.4	0.0	-1.0
Shares on issue (pr end) (m shares)	840.9	1273.4	840.9	1165.3	1273.4
Drilling - RAB (m)	0	0	0	0	0
Drilling - Other/Diamond (m)	0	1,000	9,411	3,000	2,000
Land holding ('000 ha)*	7	7	7	7	7
Tenement costs (\$k per year)	-	-	-	-	-
Capital raisings (A\$m)	0.00	2.10	0.00	2.10	0.00
Funding from JV partners (A\$m)	0.0	0.0	0.0	0.0	0.0
Cash (A\$m)	0.6	1.8	2.4	0.0	-3.8
Cash backing (Ac/share)	0.1	0.1	0.3	0.0	-0.3
Net asset backing (Ac/share)	2.0	1.4	2.3	1.5	1.3

* Uranium prospective properties only. Quarters refer to calendar year.

Company Comment

Overview: BLR has two business focuses: 1) the Hansen/Taylor Ranch uranium project contains one of the largest and highest grade uranium resources; 2) the Ablation JV (Jul '12) offers an exciting new technology and business opportunity with potential for early cashflow from 2015, particularly at projects in the Colorado Plateau already permitted for mining. Ablation upgrades sandstone ores and has been successfully tested on projects with combined resources of +150mlbs U₃O₈ (not including Hansen).

Hansen/Taylor Ranch Project: (CO, BLR 24.5%/100%) Located 5 to 6 miles along strike from Taylor Ranch, the Hansen deposit is defined to about 250m depth and contains 39.4mlbs U₃O₈ @ 0.064% with a substantial high grade component of 19.7mlbs at 0.127% U₃O₈. Hansen was fully permitted in the 1980s.

Hansen Scoping Study: (TREC, Apr '12). The preferred development option is to utilise conventional underground bore hole mining (UBHM) drilling 22 inch diameter holes from surface and high pressure water nozzles to carve out 11m (36') diameter cavities underground. The ore is pumped as a slurry to the surface for ablation. Ablation is an innovative form of scrubbing that removes the uranium from coated grains prior to processing. Initial tests at Hansen produced a high-value concentrate recovering 95% of the uranium in 10% of the mined material. The concentrate would be trucked for toll treatment - most likely to White Mesa mill (Denison Mines (UT, ~290 miles, TSX:DML). Proposed production is 2mlbspa U₃O₈, LOM 7+ years, capex US\$74m (excludes contingency, predevelopment costs), opex ~US\$30/lb. **Key milestones:** UBHM additional verification 3Q12; Preliminary Economic Assessment (PEA) 4Q12; full scale trial mining and ablation 3Q13; target permitting 2015. Taylor Ranch is also expected to be amenable to UBHM and ablation. **Permitting** at Hansen is simplified and streamlined, requiring permits for mining but not extraction of uranium, as this would occur off-site at an already permitted facility. BLR is skilfully building community relations, and in an area where the prison industry is the main employer, the prospect of a new project appears to be increasingly meeting with community support in a mining 'friendly' region.

Ablation JV: Binding HoA for a 50/50 JV with Ablation Technologies (ABT, Jul '12) to commercialise the technology with global rights. The technology (described above) is currently in the advanced R&D phase; commercial scale tests expected 2H13; potential production 2H14. Terms include A\$1m payment (A\$0.5m cash and 25m BLR shares at \$0.02/share; and subsequent A\$0.5m payment (cash or shares) following the first commercial scale tests (expected 2H13).

Investment Comment: The non-renounceable rights issue at \$0.005/share represents dilution of 420.5m shares if fully taken up; it has been underwritten to a minimum of \$400k by BLR Directors and senior management. This is a hefty discount to the pre-rights announcement trading price of \$0.014/share reflecting the tight funding environment for juniors. Uranium market weakness over the past 18 months has weighed on the BLR stock price, though **midterm uranium price upside, potentially from 2014 could coincide with BLR achieving key technical and permitting milestones to deliver a low cost, relatively large scale project.** We expect a re-rating of BLR as project parameters are confirmed through 3Q13 and with a recovery in the uranium market. In our view, BLR offers a good risk/return investment proposition.

Reserves and Resources/Mineralised Material

Code for reporting mineral resources - Australian:		(JORC)							
Uranium (U ₃ O ₈)	Classification	Project	Ore	Grade	Cut Off		Kt	Mlb	Eqty
		Equity	Mt	%	ppm		0.0	0.0	Mlb
Reserves									
Resources - Hansen/Taylor Ranch Project									
Taylor Ranch (6 deposits)	Indicated, Inferred	100%	38.6	0.056	250	21.5	47.5	47.5	
(Boyer)	incl. high grade zone	100%	6.0	0.102	750	6.1	13.4	13.4)
(Noah)	incl. high grade zone	100%	1.1	0.122	750	1.3	2.9	2.9)
(Other areas)	incl. high grade zone	100%	2.0	0.128	750	2.6	5.7	5.7)
Hansen (main deposit)	Indicated, Inferred	24.5%	28.0	0.064	250	17.9	39.4	9.6	
Hansen (other deposits)	Indicated, Inferred	24.5%	2.4	0.078	250	1.8	4.0	1.0	
(Hansen)	incl. high grade zone	24.5%	7.0	0.127	750	8.9	19.7	4.8)
(Other Hansen)	incl. high grade zone	24.5%	0.5	0.199	750	1.0	2.3	0.6)
(Sub Total high grade cutoff [750ppm])			16.6	0.120	750	19.9	43.8	27.4)
Total			69.0	0.060	250	41.2	90.9	58.1	
Mineralised Material (est., non compliant with JORC)							0.0	0.0	0.0
Coal Resources								Mt	Eqty Mt
Jonesville Coal ^a	Meas., Ind. & Inf.	100%						130.7	130.7
^a Divesting.									

Key Projects

Project	Ownership/Option	Metal	JV/Partner	Target Type	Process Route	Project Status	Location
Hansen/Taylor Ranch	24.5%/100%	Uranium	private	sandstone	UG/OP	Mid Expl	US (CO)
Keota	Various	Uranium	various	sandstone	ISR/OP	Adv Expl	US (CO)

* Post rights assuming full uptake.

BLACK RANGE MINERALS LIMITED VALUATION

		Equity (%)	Base Resource Val'n (US\$/lb)	Base NAV (A\$m)	NAV Factor (%)	Adjusted Value (A\$m)	Adjusted Uranium Price Sensitivity (A\$m)			
Assumptions										
LT Realised Uranium Price : US\$/lb				60		60	40	50	70	80
LT Exchange Rate: AUUS				0.86		0.86	0.86	0.86	0.86	0.86
Projects										
Hansen Project : NAV @10%		100%	1.16	84	25%	21	9	12	34	47
Resources and Exploration										
Hansen/Taylor Ranch (est. +50%) : NAV @10%		100%	0.66	48	25%	12	1	5	14	19
Other				2		2	2	2	2	2
Sub-total Exploration				49		13	3	6	15	21
Assets										
+ Cash				2		2	2	2	2	2
+ Tax losses				14		14	14	14	14	14
Liabilities										
- Debt				0		0	0	0	0	0
- Corporate				7		7	7	7	7	7
- Reclamation				0		0	0	0	0	0
BLR Net Assets				142		43	20	27	58	77
Fully diluted shares^ (m)				1297.3		1297.3	1297.3	1297.3	1297.3	1297.3
Cash on Option Conversion				0.7		0.7	0.7	0.7	0.7	0.7
BLR Net Asset Value per share : A\$/share				0.17		0.051	0.024	0.032	0.068	0.090
BLR Net Asset Value Diluted : A\$/share dil				0.110		0.034	0.016	0.021	0.046	0.060
Sensitivity of Net Asset Value to Equity Raising Price:										
BLR NAV (assuming A\$40m capex raised in share issue at A\$0.04)				0.079		0.037	0.027	0.029	0.043	0.051
BLR NAV (assuming A\$40m capex raised in share issue at A\$0.02)				0.055		0.025	0.019	0.021	0.030	0.036
BLR NAV (assuming A\$40m capex raised in share issue at A\$0.01)				0.034		0.016	0.012	0.013	0.019	0.022
^ Rights Issue closing 13 Dec 2012. Fully diluted shares includes maximum raising \$2.1m at \$0.005/share for 420.5m shares.										

^ Rights Issue closing 13 Dec 2012. Fully diluted shares includes maximum raising \$2.1m at \$0.005/share for 420.5m shares.

HANSEN URANIUM PROJECT KEY ASSUMPTIONS (derived from Scoping Study (TREC)* - April 2012)

RESOURCE ESTIMATES					
	Uranium Resource		Tonnes	Grade	Uranium
		Cutoff	Mt	% U ₃ O ₈	Mlbs
Resource (I,I; Tetra Tech)	Hansen	750ppm	7.0	0.127	19.7
RCR modelling assumptions (based on SS)	Hansen	750ppm	5.5	0.127	15.5
MINING METHOD		UNDERGROUND BORE HOLE MINING			
PROCESS METHOD		ABLATION AND TOLL TREATMENT			
		1. Ablation ore concentrate: approx 95% of uranium into 10% of the mass.			
		2. Truck concentrate to White Mesa mill (290 miles).			
RESOURCE CONVERSION	:%	75%	(Inferred to Indicated or better)		
TONNAGE DILUTION	:%	na			
GRADE UPLIFT	:%	na			
BASE CASE ASSUMPTIONS					
PRODUCTION RATE	:ktpa	840			
AVERAGE HEAD GRADE - U3O8	:%	0.127	Assumes 750ppm cut-off. Based on US\$60/lb uranium price, cut-off could fall to 400ppm.		
HIGH GRADE	:%	na			
RECOVERY - URANIUM - ABLATION	:%	95	Ablation recovers ~95% of the uranium in 10% of the mass.		
RECOVERY - URANIUM - MILL	:%	95	Toll treatment.		
URANIUM PRODUCTION	:mlbspa	2.0	Toll treatment and trucking.		
CAPITAL COSTS - INITIAL DEVELOPMENT	:US\$m	73.5	Assumes toll treatment. On-site mill capex is additional US\$68m. Excludes contingency, pre-production and sustaining capex.		
OPERATING COSTS:	:US\$/t	8.16	Salaries and wages.		
	:US\$/t	21.64	Mill operating costs. Also approx equivalent trucking (290miles to White Mesa mill) and toll treatment costs.		
	:US\$/t	50.02	Ablation and mine services.		
Total production costs	:US\$/t	79.82			
Total production costs	:US\$/lb	31.59			
TAX	:%	35	Federal income tax.		
ROYALTY	:%	12	Aggregated estimate of local taxes, lanholder, state, and other royalties.		
MINE LIFE	:Years	7+ Years			
COMMISSION PROJECT	:	2H16	12 month ramp-up.		

These figures are preliminary in nature and are intended to provide only a general indication of project scale and economic robustness. Considerable refinement may result from subsequent studies and operation experience.

ERA.AU

12 December 2012
 Uranium
 Australia (NT)
 Producer
 Exchanges: ASX:ERA

Capital Profile

Share price (A\$)	1.17
52 week range (A\$/share)	1.09 to 1.83
Number of shares (m)	518
Options and warrants (m)	0
Convertible notes (m)	0
Fully diluted (m)	518
Market capitalisation (undiluted) (A\$m)	603
Debt (A\$m) - Dec 12F	0
Enterprise value (A\$m)	603
Major shareholders: Rio Tinto (68.39%);	
Avg monthly volume (m)	12
Cash (A\$m) - Dec 12F	419.6
Price/Cash (x)	1.4
Price/Book (x)	0.5
Listed company options:	No

Investment Points

ERA offers 100% exposure to uranium production and exploration in Australia (NT).

Ranger 3 Deeps exploration decline: Decline tunnel commenced Nov '12; exploration drilling from 2Q13; PFS 2Q14; potential production 4Q15.

Ranger operating costs under review: \$40m cost reductions expected 2012; \$150m in cumulative reductions identified to 2014. Additional initiatives likely.

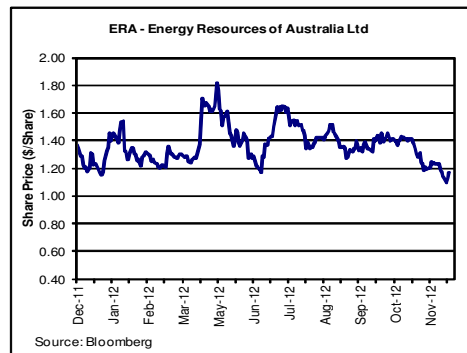
Ranger Pit No. 3 mining completed 4Q12; treatment of low grade stockpiles to end 4Q16. Potential extension of low grade processing to 2020 subject to costs.

Jabiluka mining lease granted - subject to development consent from traditional land owners. 12 year mine life.

NPV \$1.64/share. Upside geared to exploration success and approval for development projects.

Capital projects: brine concentrator \$220m; Ranger 3 Deeps exploration decline A\$120m; PFS A\$57m.

Major shareholder is Rio Tinto: 68.39%



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Energy Resources of Australia Ltd

A\$ 1.17

ERA is increasingly leveraged to exploration, social and environmental outcomes. Share price catalysts in the next 12 months hinge on exploration success and turnaround in negative sector sentiment. Potential transition to u/g production 4Q15.

Production and Financial Forecasts

YEAR END: Dec	2010a	2011a	2012F	2013F	2014F
Equity Production (t)	3,793	2,641	3,541	2,746	2,036
EBIT (A\$m)	75	-179	-145	-197	-102
Net Profit (norm) (A\$m)	47	-154	-148	-200	-117
EPS (norm) (A\$/share)	25	-48	-29	-39	-23
CFPS (A\$/share)	71	9	13	-6	-2
Dividends (A\$/share)	8	0	0	0	0
PER (x)	4.7	-2.6	-4.9	-3.0	-5.1
P/C/F (x)	1.6	14.3	10.8	-19.9	-50.7
Yield (%)	6.9%	0.0%	0.0%	0.0%	0.0%
EVEBITDA (x)	4.4	-11.3	9.0	-20.0	-50.7
Exploration and Evaluation (A\$m)	38.0	27.0	55.0	78.0	58.0
Drilling - RAB (m)	-	-	-	-	-
Drilling - Other/Diamond (m)	21,081	14,887	35,000	30,000	30,000
Land holding ('000 ha)*	7.9	7.9	7.9	7.9	7.9

*Ranger only.

Quarters refer to calendar year.

Company Comment

Overview: ERA has mined ore and produced uranium oxide at Ranger (NT) since 1981. Ranger was the world's second largest uranium mine with normalised production of ~5.5ktpa of U₃O₈, equivalent to 12% of global uranium mine supply. ERA also holds title to the Jabiluka deposit 22km north of Ranger.

Ranger Pit No. 3: Ranger open cut mine completed production Nov '12. ROM stockpiles of 1.4mt @ 0.165% U₃O₈ will be treated to 2Q13 after which stockpiled low grade ore will be processed through 2016. Post 2016 low grade ore processing is subject to further cost/processing studies - a decision to proceed with the underground mine should have a positive impact on continuing treatment of stockpiles beyond 2016. Mining and processing is due to cease under the current lease arrangement Jan 2021, followed by a 5 years rehab to 4Q25. Rehab will commence after pit closure (4Q12) - annual site rehab budget 2013-2025 is ~\$52m. Provision is \$569m (net present cost).

Capex and Opex: ERA has \$526m in projects (\$350m to be booked as capex) scheduled 2012-2014 in the Ranger Project Area (RPA) including \$220m for the brine concentrator - expected to be commissioned 3Q13. Capital project costs relating to Ranger 3 Deeps amount to \$120m for the decline plus \$57m for evaluation - a total of \$177m which will be expensed. The company cost cutting initiatives are expected to deliver operating cost reductions at Ranger of \$150m by the end of 2014.

Ranger 3 Deeps' exploration decline 2.2km long to ~400m depth. Box cut commenced May '12. Exploration drilling from Apr '13 (35km) plus additional PFS resource drilling (16km); results expected mid 2014. PFS expected mid '14. Potential production 4Q15. Ranger 3 Deeps resource target is 15m-20mt containing 30k-40kt U₃O₈ - defined over 1.2km strike (open to the north) and 250m-500m depth. Resource statement includes 34kt U₃O₈ grading 0.34% (ind and inf) associated with Ranger 3 Deeps. The Mirrar are open minded about Ranger 3 Deeps - their support will be important during the EIS for an underground mine, and mining lease extension beyond 2021.

Exploration: ERA holds a strategic land position in the prospective Alligator Rivers region (NT), one of the world's most prospective uranium districts - exploration budget in the RPA is a cumulative \$40m over 2012-2014. Drilling 35,000m CY12; average depth 500m.

Jabiluka: The project remains on long term care and maintenance, and will not proceed without the consent of the traditional owners - the Mirrar. All regulatory permits are granted (some may need to be reviewed). We model production from 2022 subject to approval; NPV factored at 30% probability.

Investment Comment: RCR NPV is \$1.64/share (LT uranium price US\$60/lb, LT AUD 0.86). Share price catalysts in the next 12 months hinge on exploration success and turnaround in sector confidence which has continued to be battered by deferment of Japanese reactor restarts and the resulting negative impact to the spot uranium price. Midterm catalysts include potential for an underground mine at Ranger 3 Deeps (development decision 4Q14), and further cost cutting gains.

Reserves and Resources/Mineralised Material

Code for reporting mineral resources - Australian: (JORC); As at 31 Dec '11								
Uranium	Classification	Project	Ore	U ₃ O ₈	Cut Off	U ₃ O ₈	U ₃ O ₈	Eqty
U ₃ O ₈		Equity	Mt	%	%	kt	Mlb	Mlb
Reserves								
Ranger No. 3 pit	Proved and Probable	100%	3.4	0.19	0.08	6.5	14.4	14.4
Ranger Stockpile	Stockpile	100%	5.8	0.12	0.08	7.0	15.3	15.3
Jabiluka	Proved and Probable	100%	13.8	0.49	0.20	67.7	148.9	148.9
Sub total			22.9	0.35		81.2	178.7	178.7
Resources (in addition to reserves)								
Ranger No. 3 pit	Measured and Ind.	100%	138.0	0.08		109.5	241.5	241.5
Jabiluka	Measured and Ind.	100%	4.5	0.36	0.20	16.4	36.2	36.2
Ranger No. 3 pit	Inferred	100%	6.2	0.12		7.7	17.0	17.0
Jabiluka	Inferred	100%	10.9	0.53	0.20	57.5	126.8	126.8
Ranger Stockpile	Stockpile - Measured	100%	64.1	0.04	0.02	27.7	61.1	61.1
Sub total			223.7	0.10		218.9	482.5	482.5
Mineralised Material (est.)								
			0.0	0.00		0.0	0.0	0.0

* Ranger cut-off grades: 0.02% U₃O₈ open pit; 0.15% U₃O₈ underground; 0.02% U₃O₈ stockpile ore.

Key Projects

Project	Ownership/Option	Metal	JV Partner	Target Type	Process Route	Project Status	Location
Ranger	100%	Uranium	na	Unconformity	acid leach	Production	Aus (NT)
Jabiluka	100%	Uranium	na	Unconformity	acid leach	On hold	Aus (NT)

Energy Resources of Australia Ltd

YEAR END: Dec	Year				
ASSUMPTIONS	2010a	2011a	2012F	2013F	2014F
A\$/US\$	0.92	1.04	1.04	1.01	0.99
Uranium Price - Spot (US\$/lb)	47	56	48	50	54
Uranium Price - Contract (US\$/lb)	61	67	60	61	63
Uranium Price Realised (US\$/lb)	48	59	56	56	55

EQUITY PRODUCTION

Ranger Production (t)	3,793	2,641	3,541	2,746	2,036
Jabiluka Production (t)	0	0	0	0	0
ERA Equity Production U ₃ O ₈ (t)	3,793	2,641	3,541	2,746	2,036
Cash Costs (US\$/lb)	23	33	31	28	29

PROFIT AND LOSS (A\$m)

Revenues	586	668	423	336	249
Operating costs	-354	-656	-212	-155	-119
Depreciation/amortisation	-61	-126	-211	-167	-90
Exploration and evaluation	-36	-27	-53	-78	-58
Corporate	-12	-14	-12	-12	-12
Other	-48	-25	-79	-121	-71
EBIT	75	-179	-145	-197	-102
Finance costs	16	27	33	33	33
Operating profit/loss	59	-206	-178	-230	-135
Tax	-12	53	30	30	18
Minorities	0	0	0	0	0
Net profit/loss	47	-154	-148	-200	-117
Net other	0	0	0	0	0
Net profit/loss (reported)	47	-154	-148	-200	-117

BALANCE SHEET (A\$m)

Cash and deposits	188	633	420	212	157
Total current assets	412	830	651	443	388
PP&E	540	741	718	699	632
Total non-current assets	1011	1119	1122	1103	1036
Total assets	1423	1949	1773	1547	1424
Total current liabilities	122	117	65	52	52
Reclamation reserves	300	543	569	569	569
Long term debt	0	0	0	0	0
Total non-current liabilities	351	543	569	569	569
Total liabilities	472	660	634	620	621
Equity	951	1289	1139	926	804
Total debt	0	0	0	0	0
Net debt	-188	-633	-420	-212	-157
Average shares (fully diluted) (m)	191	518	518	518	518

FLOW OF FUNDS (A\$m)

EBITDA¹	136	46	67	-30	-12
Cash flow from operating activities					
Operating surplus	222	0	187	165	122
Corporate	-12	-14	-12	-12	-12
Net financing cost	-6	10	-7	-17	-26
Net tax paid	-75	12	-1	0	0
Net exploration and evaluation paid	-38	-27	-55	-78	-58
Other non cash items	-49	74	-59	-34	1
Net cash from operating activities	42	55	53	24	26
Cash flow from investing activities					
Capital expenditure	-45	-97	-194	-148	-23
Other non cash items	0	0	0	0	0
Net cash from investing activities	-45	-97	-194	-148	-23
Cash flow from financing activities					
Net proceeds from issue of shares	0	500	0	0	0
Dividends paid	-63	0	0	0	0
Net proceeds from borrowings	0	-13	0	0	0
Net cash from financing activities	-63	487	0	0	0
Net change in cash	-66	445	-141	-124	3

¹ EBITDA in 2011 includes addback for \$99m net stockpile adjustment.

PRODUCTION STATISTICS

Ranger					100 %
Ore Treated (kt)	2400	1624	2598	2200	2000
Head Grade (%)	0.19	0.18	0.16	0.14	0.12
Recovery (%)	87	88	85	88	88
Recovered grade (%)	0.17	0.16	0.14	0.12	0.10
U ₃ O ₈ Produced (t)	3793	2641	3541	2746	2036
Equity Production (t)	3793	2641	3541	2746	2036
Cash Costs (US\$/lb, est.)	23.14	33.23	31.09	28.48	29.10

Jabiluka					100 %
Ore Treated (kt)	0	0	0	0	0
Head Grade (%)	0.00	0.00	0.00	0.00	0.00
Recovery (%)	0	0	0	0	0
Recovered grade (%)	0.00	0.00	0.00	0.00	0.00
U ₃ O ₈ Produced (t)	0	0	0	0	0
Equity Production (t)	0	0	0	0	0
Cash Costs (US\$/lb)	0.00	0.00	0.00	0.00	0.00
Production Costs (\$/t)	0.00	0.00	0.00	0.00	0.00

FINANCIAL RATIOS	2010a	2011a	2012F	2013F	2014F
Net debt/equity (%)	-31%	-105%	-70%	-35%	-26%
Net debt/ net debt + equity (%)	-45%	2148%	-229%	-54%	-35%
Current ratio (x)	7.1	10.0	8.6	8.6	8.6
EBIT/interest (x)	5	-7	-4	-6	-3
Debt/operating cashflow (%)	0%	0%	0%	0%	0%
Exploration/total overhead (%)	75%	66%	81%	86%	82%
EV/EBITDA (x)	4.4	13.2	9.0	-20.0	-50.7
Market cap/net cash (x)	3.2	1.0	1.4	2.9	3.9
Market cap/book (x)	0.6	0.5	0.5	0.7	0.8

FINANCIAL SENSITIVITIES

%Change in EPS for a 10% increase in:

AUD/USD	15%	15%	21%
Uranium Price	0%	-16%	-22%

%Change in NPV for a 10% increase in forecast mineline commodity assumptions for:

	Base A\$/share	+ 10% A\$/share	%
Uranium Price	1.64	2.40	46%

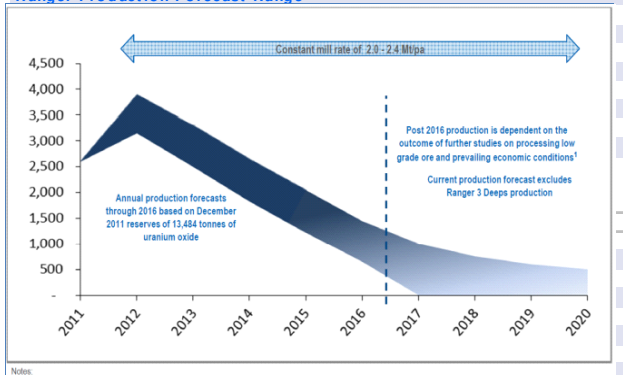
VALUATION (A\$m)

Assumptions	Base	'What if'
Long Term Contract Uranium Price (from 2018) :US\$/lb	60	70
Long Term AUUS	0.86	0.86
Projects		
Ranger and capital projects 100% NPV@10%	10	30
Jabiluka - probability factor 30% 100% NPV@10% US\$2.66/lb	396	613
Resources		
Ranger 100% 319.5 mib US\$1.75/lb	543	841
Jabiluka - probability factor 30% 100% 163.0 mib US\$0.48/lb	71	157
Exploration	55	85
Assets		
Cash and deposits	420	420
Rehabilitation Fund	0	0
Other	0	0
Liabilities		
Debt	0	0
Corporate	-76	-76
Reclamation reserve	-569	-569
Net Assets	850	1502
Fully Diluted Shares (m)	518	518
Net assets/share (A\$/share)	1.64	2.90
Valuation/Reserve lb :US\$/lb	4.09	7.23
Valuation/Reserve & Resource lb :US\$/lb	1.11	1.95

OWNER

Share %	
Rio Tinto	68

Ranger Production Forecast Range



¹ A decision to proceed with the development of the proposed Ranger 3 Deeps mine is expected to have a favourable impact on the ability to economically process this low grade ore.

Source: ERA

PDN.AU

12 December 2012

Uranium

Australia (WA,QLD,NT), Namibia, Malawi, Niger, Canada (CMB)

Producer

Exchanges: ASX:PDN; TSX:PDN; NSX (Namibia):PDN

Paladin Energy Limited

A\$ 0.88

PDN is currently focusing on margin preservation at LHM and KM, with cost cutting initiatives that target ~\$60mpa in reduced expenditure by FY14; and shoring up its balance sheet. It continues to advance quality exploration projects for long term growth.

Capital Profile

Share price (A\$)	0.88
52 week range (A\$/share)	0.74 to 2.01
Number of shares (m)	837
Options and warrants (m)	4
Convertible notes + incentive shares (m)	203
Fully diluted (m)	1044
Market capitalisation (undiluted) (A\$m)	736.4
Debt* (US\$m) - Dec 12F	837.3
Enterprise value (A\$m)	1541.5
Major shareholders: Newmont Mining (6.2%), L1 Capital (7.55%)	

Avg monthly volume (m)	243
Cash (US\$m) - Dec 12F	149.4
Price/Cash (x)	5.1
Price/Book (x)	0.8
Listed company options:	No

* Convertible notes due Mar '13 (US\$134m); Nov '15 (US\$300m); Apr '17 (US\$274m).

Investment Points

PDN is 100% focused on uranium.

FY13 production forecast 8.1mlbs U₃O₈ from LHM and KM (up from 6.9mlbs FY12, +17% yoy).

Kayelekera (KM) Sep Q production 639klb U₃O₈. Expecte to achieve ~825klb/q nameplate from 4Q12.

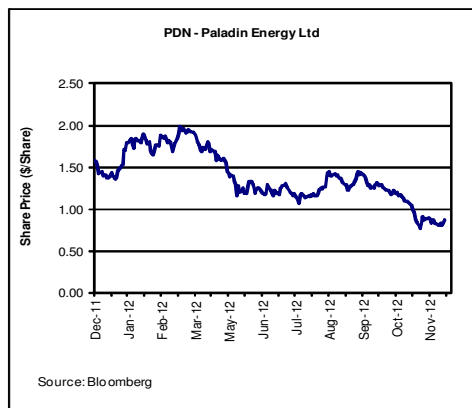
Cost reduction key objective for FY13 (target savings \$27mpa) and FY14 (further savings of \$30mpa).

Potential share price catalysts include: achievement of cost reduction targets at LHM and KM FY13; potential JV partners for Aust. projects; strengthening balance sheet.

Extensive global pipeline of exploration projects. Exploration drilling ramping up at Michelin (14,000m) and Manyingee (16,000m).

PDN is highly leveraged to the uranium price.

PDN NPV \$1.23/share (US\$60/lb uranium, AUD 1.04).



Production and Financial Forecasts

YEAR END: June	2010a	2011a	2012a	2013F	2014F
Equity Production (kt)	1898	2435	2959	3590	3726
EBIT (US\$m)	3	-44	-45	-2	98
Net Profit (reported) (US\$m)	-53	-82	-173	-61	0
EPS (reported) (US\$/share)	-0.07	-0.11	-0.21	-0.08	0.01
CFPS (US\$/share)^	0.11	0.07	0.03	0.06	0.16
Dividends (US\$/share)	0.00	0.00	0.00	0.00	0.00
PER (x)	nmf	nmf	nmf	nmf	169
P/C/F (x)	8.3	12.8	28.9	15.1	5.6
Yield (%)	0	0	0	0	0
EVEBITDA (x)	nmf	nmf	0.0	0.0	10.9
Exploration and evaluation (US\$m)	17.1	20.6	14.6	16.5	16.5
Drilling - RAB (m)	-	-	-	-	-
Drilling - Other/Diamond (m)	105,000	100,000	40,000	60,000	80,000
Land holding ('000 ha)	-	-	-	-	-

^ EBITDA Quarters refer to calendar year. AUUS: 1.04

Company Comment

Overview: Paladin Energy Ltd is an Australian company listed on the ASX and TSX. It is a mid tier producer with two mines in production. PDN holds 23.67% of Deep Yellow (ASX:DYL).

Langer Heinrich Mine: Sep Q production 1.29mlb U₃O₈ (Stage 3 nameplate production 1.3mlb/q; 5.2mlbpa U₃O₈). C1 opex US\$31.8/lb (3Q12); Stage 3 nameplate production C1 costs are expected to fall to US\$28/lb by June 2013. Stage 3 modeling assumes mill throughput head grade of 0.08% U₃O₈ (actual 3Q12: 0.0754%)

Stage 4 has now been deferred pending stronger market outlook – PDN indicated in the 3Q12 investor conference call that it would not add new production at a uranium price below US\$85/lb. Stage 4 has potential to expand production to 8.7-10mlbpa U₃O₈ (+92% over Stage 3. LHM reserves stated using US\$60/lb U₃O₈.

Kayelekera: Sep Q production: 639klbs U₃O₈ reduced by 135klbs due to maintenance shutdown. Nameplate production is 825klbs (3.3mlbpa U₃O₈) is anticipated 4Q12. The project has been slow to achieve capacity production (commissioned Apr '09) due ore mineralogy that is more complex than initially envisaged. 3Q12 C1 costs were US\$49/lb. PDN C1 cost guidance is US\$42/lb by June 2013 and US\$35-37/lb by June 2014 with the connection to grid power and cost reductions through new acid le. Opex reductions announced to date include: restructured mining contract, reduced transport and acid costs. With the fall in the uranium spot price to US\$41/lb, cost reductions are critical to achieving project profitability in the near to midterm. PDN indicates cost reductions are expected of \$10m in FY13 and a further possible \$20m from FY14 with connection to grid power. Pit design used US\$30/lb U₃O₈. Resource upgrade expected 1Q13.

Other projects: Michelin. Infill and extension drilling completed northern summer 2012 (14,000m). PDN has identified numerous targets along strike and on an adjacent sub parallel trend for future scout drilling have been identified along the Michelin trend. **Manyingee:** drilling 2H12 (16,000m). Revised resource expected 1Q13. **Queensland:** the Queensland Government indicated Oct '12 that uranium mining can resume in the state, benefitting PDN's Mt Isa area uranium projects. **LT Off-take:** Deal closed (Sep '12) with major utility EDF for prepayment of US\$200m for 6 year off-take agreement covering 13.73mlbs U₃O₈ from 2019 to 2024, secured against Michelin. Initial US\$50m payment received 28 Sept. The balance of US\$150m is expected 31 January 2013. Funds will be used to pay down US\$134 convertible note due Mar '13.

Investment Comment: Our NAV for PDN is A\$1.23/share at spot AUD/USD 1.05 (market long term uranium price US\$60/lb, 10% discount rate). PDN's share price has been hit by the falling uranium spot price (now US\$42/lb) and first ever PDN share sale by the MD (sold 5m shares) fueling market concerns about the possible duration of the current uranium price rout and the midterm impact to PDN's balance sheet. Newmont holds 6.2% of PDN. PDN, as an unaligned producer, remains a strategic acquisition target.

Reserves and Resources/Mineralised Material

Code for reporting mineral resources: Aust/Canadian: (JORC/NI 43-101)

Uranium (U ₃ O ₈)	Classification/	Project	Ore	Grade	Cut Off			Eqty
Reserves	Geology	Equity	Mt	%	(ppm)	Kt	Mlb	Mlb
Langer Heinrich	P+P and stockpile.	100%	109.2	0.055	250	59.7	131.7	131.7
Kayelekera	Proved and Prob.	100%	10.9	0.098	400	10.6	23.4	23.4
Sub total			120.1	0.059		70.3	155.1	155.1
Resources (includes proved and probable reserves)								
Langer Heinrich	MInd.Inf./calcrete	100%	145.8	0.053	250	78.0	172	172
Kayelekera	MInd.Inf./sndst-rf	100%	22.9	0.071	300	16.2	36	36
Aurora (Mich. +5 CMB dep)	MInd.Inf./IOCGU	100%	69.3	0.09	*	62.1	137	137
Valhalla + Odin (IUJV)	MInd.Inf./r ox vein	91%	57.7	0.074	230/250	42.6	94	85
Skal (S+E) (IUJV)	Ind/Inf/ r ox vein	91%	15.7	0.063	250	9.9	21.8	20
Takaradit	Inferred	100%	23.0	0.021	120	4.8	11	11
Bigriji	Ind. & Inf./sndst	42.1%	7.5	0.128	500	9.6	21	9
Angela/Pamela	Inf./Sandstone	50%	10.7	0.13	300	14.0	31	15
Other (6 projects)^						23.4	53	50
Sub total						261	575	534

Mineralised Material (est., non JORC compliant)

Oobagooma	Historic/sndst.	100%	8.2	0.12	350	10.0	22	22
* Cut-off: 200ppm open cut; 500ppm underground.						22.0	22	22

^ Manyingee (24mlbs U₃O₈), Andersons (5.0mlbs), Watta (3.8mlbs), Bikini (11.5mlbs), Duke Batman (3.1mlbs), Honey Pot (3.96mlbs)

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Directors

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J. Borshoff (MD)
S. Llewellyn (Non-Ex Dir)
D. Shumka (Non-Ex Dir)
P. Bailey (Non-Ex Dir)
P. Donkin (Non-Ex Dir)

Key Projects

Project	Ownership/ Option	Metal	JV Partner	Plant (ktpa)	Process Route	Project Status	Location
Langer Heinrich	100%	U	na	1500	alk. leach	Production	Namibia
Kayelekera	85%	U	Malawi Gov.	1500	acid leach	Production	Malawi
Manyingee	100%	U	na	na	ISR	Adv. Expl.	Aust (WA)
Oobagooma	100%	U	na	na	ISR	Adv. Expl.	Aust (WA)
Mt Isa Uranium	91%	U	SMM	na	convention'l	Adv. Expl.	Aust (QLD)
Michelin + Jacques L.	100%	U	na	na	convention'l	Scoping Study	Can (NL)
Angela and Pamela	50%	U	CCO	na	convention'l	Adv. Expl.	Aust (NT)

Paladin Energy Limited

YEAR END: June

Year

ASSUMPTIONS	2010a	2011a	2012a	2013F	2014F
A\$/US\$	0.88	1.00	1.04	1.02	1.00
Uranium Price - Spot (US\$/lb)	44	57	51	47	53
Uranium Price - Contract (US\$/lb)	61	66	62	60	62
Uranium Price Realised (US\$/lb)	54	55	55	52	60

EQUITY PRODUCTION

Langer Heinrich Production (t)	1521	1599	2004	2389	2366
Kayelekera Production (t)	378	836	955	1202	1359
PDN Equity Production U ₃ O ₈ (t)	1898	2435	2959	3590	3726
PDN Equity Production U ₃ O ₈ (mlbs)	4.2	5.4	6.5	7.9	8.2
Cash Costs (US\$/lb)	31	35	39	39	35

PROFIT AND LOSS (US\$m)

Revenues	214	271	370	418	498
Operating costs	-132	-180	-292	-307	-287
Depreciation/amortisation	-14	-36	-50	-53	-49
Exploration	-9	-3	-3	-3	-3
Corporate	-39	-54	-50	-46	-46
Other	17	41	21	11	15
EBIT	3	-44	-45	-2	98
Interest	21	62	57	53	52
Operating profit/loss	-18	-105	-102	-55	46
Tax	-29	17	79	-12	-41
Other	0	0	178	0	0
Net profit/loss	-47	-89	-201	-67	5
Non contributing interests	-6	6	28	6	-5
Net profit/loss (reported)	-53	-82	-173	-61	0

* Net adjustment for abnormal impairment charges

BALANCE SHEET (US\$m)

Cash and deposits	348	117	112	154	232
Total current assets	516	329	392	412	490
PP&E	541	630	492	432	399
Total non-current assets	1442	2074	1842	1959	1941
Total assets	1958	2404	2234	2371	2431
Total current liabilities	121	119	254	262	262
Reclamation reserves	0	0	0	0	0
Long term debt	682	676	655	527	542
Total non-current liabilities	880	930	899	965	980
Total liabilities	1001	1049	1153	1227	1242
Equity	956	1355	1081	1144	1189
Total debt	730	720	839	711	726
Net debt	382	602	726	556	493
Average shares (fully diluted) (m)	697	752	836	852	895

FLOW OF FUNDS (US\$m)

EBITDA	18	-8	5	52	147
Cash flow from operating activities					
Operating surplus	71	87	74	106	204
Corporate	-39	-54	-50	-46	-46
Net interest paid	-35	-42	-39	-58	-59
Net tax paid	-15	-31	-11	-5	-30
Net exploration paid	-17	-18	-12	-14	-15
Other non cash items	0	-45	-87	89	28
Net cash from operating activities	-35	-102	-126	72	83
Cash flow from investing activities					
Capital expenditure	-170	-129	-70	-27	-16
Other non cash items	-9	-3	-12	-14	-15
Net cash from investing activities	-180	-133	-82	-41	-31
Cash flow from financing activities					
Net proceeds from issue of shares	375	1	65	0	65
Dividends paid	0	0	0	0	0
Net proceeds from borrowings	120	0	137	-34	-39
Net cash from financing activities	495	1	202	-34	26
Net change in cash	281	-233	-7	-3	78

PRODUCTION STATISTICS

Langer Heinrich					100%
Ore Treated (kt)	1995	2240	2649	3596	3600
Head Grade (%)	0.10	0.09	0.09	0.08	0.08
Recovery (%)	80	80	83	86	86
Recovered grade (%)	0.08	0.07	0.08	0.07	0.07
U ₃ O ₈ Produced (t)	1521	1599	2004	2389	2366
Equity Production (t)	1521	1599	2004	2389	2366
Cash Costs (US\$/lb)	25.91	28.00	31.00	30.85	28.45
Production Costs (US\$/t)	43.54	44.06	51.69	45.18	41.22

Kayelekera					85%
Ore Treated (kt)	571	1023	1202	1523	1630
Head Grade (%)	0.13	0.15	0.12	0.11	0.11
Recovery (%)	59	72	78	85	87
Recovered grade (%)	0.08	0.10	0.09	0.09	0.10
U ₃ O ₈ Produced (t)	444	984	1124	1414	1599
Equity Production (t)	378	836	955	1202	1359
Cash Costs (US\$/lb)	na	50.00	54.00	46.32	39.27
Production Costs (US\$/t)	na	116.69	111.38	94.76	84.94

Year

FINANCIAL RATIOS	2010a	2011a	2012a	2013F	2014F
Net debt/mkt equity (%)	50%	79%	95%	73%	64%
Net debt/ net debt + mkt equity (%)	33%	44%	49%	42%	39%
Current ratio (x)	4.3	4.4	1.5	1.6	1.9
EBIT/interest (x)	0	-1	-1	0	2
Debt/operating cashflow (%)	na	na	na	987%	878%
Exploration/total overhead (%)	20%	5%	5%	5%	6%
EV/EBITDA (x)	nmf	nmf	319.4	30.6	10.5
Market cap/net cash (x)	-1.9	-1.2	-1.1	-1.4	-1.5
Market cap/book (x)	0.8	0.5	0.7	0.7	0.6

FINANCIAL SENSITIVITIES

%Change in EPS for a 10% increase in:

Uranium Price	-123%	214%	1412%
---------------	-------	------	-------

%Change in NPV for a 10% increase in forecast minilife commodity assumptions for:

	Base US\$/sh	+ 10% US\$/sh	%
AUD/USD	1.30	2.01	-55%
Uranium Price	1.30	2.01	55%

VALUATION (US\$m)

Q4 12

NPV Assumptions		Base	'What if'
Long Term Realised Uranium Price	:US\$/lb	64	70
Currency A\$/US\$		1.05	0.86

Projects					
Langer Heinrich + phase III, IV	100%	NPV@10%		351	473
Kayelekera	85%	NPV@10%		285	371

Resources					
Kayelekera	85%	12.0 mlb	US\$8.00/lb	82	106
Manyingee	100%	24.0 mlb	US\$3.00/lb	72	94
Oobagooma	100%	21.9 mlb	US\$3.00/lb	66	85
Isa Uranium (100% 81.9%SM M)	various	125.0 mlb	US\$4.00/lb	500	650
Angela and Pamela	50%	26.4 mlb	US\$4.00/lb	53	71
Michelin + 5 CMB deposits	100%	136.8 mlb	US\$5.00/lb	684	923
Other + Exploration				125	169

Assets					
Cash and deposits				149.4	149.4
Other				42.0	56.7

Liabilities					
Debt				-837.3	-837.3
Corporate				-145.1	-145.1
Other liabilities				-398.3	-438.7
Reclamation reserve				0.0	0.0

Net Assets				102.7	172.7
Shares (m)				1044	1044

Net NPV/share (US\$/share)				1.30	1.97
Net NPV/share (A\$/share)				1.23	2.29
Valuation/Reserve lb	:US\$/lb			6.62	11.13
Valuation/Reserve & Resource lb	:US\$/lb			1.92	3.23

OWNER

Shares

Mr. John Borshoff	Managing Director	(m shares)	%
		15.9	1.9%

PEN.AU

12 December 2012
Uranium, Molybdenum, Gold
USA (WY), South Africa, Australia (WA), Fiji
Prefeasibility Study
Exchanges: ASX:PEN

A\$ 0.038

Peninsula Energy Limited

Key financing is now in place for Lance (WY) and final permitting is on track; low cost, economically robust project - estimated NPV breakeven is <US\$40/lb U₃O₈. Karoo acquisition consolidates regional strategic stake; resource expected 4Q12; 12 month resource target 30mlbs U₃O₈.

Capital Profile

Share price (A\$)	0.038
52 week range (A\$/share)	0.02 to 0.08
Number of shares^ (m)	2930
Options and warrants^ (m)	537
Performance shares (m)	0
Fully diluted^ (m)	3467
Market capitalisation (undiluted) (A\$m)	111.3
Debt (A\$m) - Dec 12F	0.0
Enterprise value (A\$m)	111.3
Major shareholders: Pala Investment Holdings (19.75%), BlackRock (10%)^	
Avg monthly volume (m)	357
Cash (A\$m) - Dec 12F	23.3
Price/Cash (x)	4.8
Price/Book (x)	1.2
Listed company options:*	PENOC

* PENOC (3c, exp 31 Dec '15). ^ Includes raising announced 10 Dec '12.

Investment Points

Focused on uranium - CY13 exploration budget A\$9m.

Lance financing risk mitigated. \$15m equity (BlackRock and Pala, Dec '12): plus 22\$m senior debt and contingent US\$80m bond. Production potential 2H13.

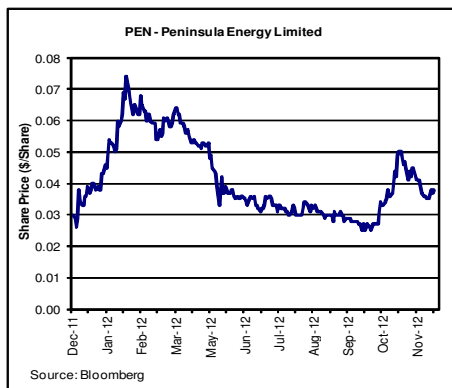
Lance Draft Source Materials License (NRC) issued Nov '12; Permit to Mine (WDEQ) expected Dec '12. Pre-NRC license construction expected to commence Dec '12.

Lance: FS (TREC, May '12): Production 2.2mlbspa U₃O₈; initial capex US\$78m; opex US\$36.60/lb; FS NPV₆ US\$252m with US\$62.58/lb U₃O₈ price. LOM 10+ years.

Lance resource (Mar '12) 51.5mlbs U₃O₈, grade 485ppm. M&I: 14.7mlbs. Long term additional resource target is 104-163mlb U₃O₈ grading 0.040-0.055%.

ARSA acquisition (announced Dec '12): 5,600km² in South Africa's Karoo Basin. Deal consolidates most of the U/Mo in strategic and prospective basin under PEN.

Initial Karoo JORC Resource expected Dec '12. Target over next 12 months is to define 30mlb eU₃O₈



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M James (Exec Dir)
W Grigor (Non Exec Dir)
M Barton (Non Exec Dir)
A Gillman (Tech Dir)

Production and Financial Forecasts

YEAR END: June	Sep-12a	Dec-12F	2012a	2013F	2014F
Exploration and evaluation (A\$m)	4.10	2.00	14.35	11.10	8.00
Corporate (A\$m)	2.12	1.60	7.00	6.92	6.40
Exploration/(Expl.+ Corporate) (%)	66	56	67	62	56
Funding duration at current burn (years)			0.7	0.7	0.3
Shares on issue (pre end) (m shares)	2565.2	2955.1	2385.5	2955.1	2955.1
Drilling - RAB (m)	0	0	0	0	0
Drilling - Other/Diamond (m)	98,617	75,000	269,479	293,617	240,000
Land holding ('000 ha)*	272	832	272	832	832
Tenement costs (\$k per year)	-	-	-	-	-
Capital raisings (A\$m)	1.0	14.6	10.9	15.6	0.0
Funding from JV partners (A\$m)	0	0	0	0	0
Cash (A\$m)	13.3	23.3	14.2	13.2	5.0
Cash backing (A\$/share)	0.5	0.8	0.6	0.4	0.2
Net asset backing (A\$/share)	3.1	3.1	3.1	3.0	1.0

*Uranium prospective tenements only, both held and under application.

Quarters refer to calendar year.

Company Comment

Overview: PEN is listed on the ASX and has operated under the current management team since 2007 when key US projects were vended into the company. PEN's aspirational target is to have 10mlbspa U production by 2020.

Lance Uranium Project (USA, WY): Located in the northeast part of the Powder River Basin comprises 13 project areas (12,000 ha) including the **Ross, Kendrick and Barber** prospects - targeting roll front style uranium. Initial forward sales contract (Feb '11): 1.15mlbs U₃O₈, priced at ~US\$70/lb, 7 year term.

Feasibility Study (TREC, May '12) extends the DFS (Lyntek Dec '11) and EES (Expanded Economic Study, PEN, Dec '11): confirms development potential for a central processing plant (CPP) at Ross at an initial production rate of 0.75mlbspa U₃O₈, ramping up to 2.2mlbspa over 3 years with inclusion of satellite ion exchange (IX) resin production at Kendrick and Barber. The DFS focused on Ross, which has recoverable resources of around 6.8mlbs U₃O₈, and extended the engineering parameters to Kendrick and Barber. The FS assumes a recoverable resource of 29mlbs U₃O₈ (38mlbs insitu) based on a Measured and Indicated Resource of 14.7mlbs U₃O₈ (Mar '12) and 64% conversion of the Inferred Resource of 36.8mlbs U₃O₈. Overall extraction and plant recoveries are 76%. The FS financial model does not include a vanadium circuit. Capex is US\$78m for the CPP and initial production at Ross. Opex is US\$36.60/lb U₃O₈ which includes capital costs for expansion of the CPP and ongoing wellfield development and closure costs at Kendrick and Barber. FS financial modelling NPV is US\$252m at 8% discount rate and uranium price forecast (UxC) of US\$62.58/lb 2011 base escalating at 2.6%pa.

Next steps: PEN is finalizing design and engineering studies, and expects to commence construction Dec '12. The Source Material License could be issued 1H13 with permitting progress well ahead of the NRC's more conservative timeframes (Dec '13). **Financing:** equity component now in place with raising of \$14.6m to BlackRock and Pala (10 Dec) at \$0.04/share; a US\$22m note to BlackRock and first right of refusal on US\$80m debt financing; Crook County agreed (Nov '12) to issue a \$70m bond. Resource upgrade expected Dec '12.

Karoo Project (South Africa): Located in the Karoo Basin of the Western, Eastern and Northern Cape Provinces; tenements comprise 6 project areas (198,000ha) with defined shallow U-Mo mineralisation across stacked sandstone units identified from surface to 75m. The region hosts Areva's historic Ryst Kuil uranium mine (est. 40mlbs @ 0.1% U₃O₈). Three of PEN's project areas host historic resources drilled by JCI and Union Carbide (~1,300 holes) in 1970-80's. Exploration target range (ETR) of 90 - 150mlbs U₃O₈ grading 0.07 to 0.14%. Initial resource expected 4Q12. Resource target over next 12 months 30mlbs grading 0.07 to 0.14% U₃O₈. PEN's initial economic studies suggest a 30mlb resource could support a centralized processing plant near Site 29.

ARSA Karoo Basin acquisition (5,600km²) agreement announced Dec '12 for 74% interest in 36 prospecting rights with extensive areas of defined U/Mo mineralisation, giving PEN a dominant regional land position. Historic exploration includes drilling 8,500 holes by Esso in the 1970s and trial mining. Terms include US\$5m in PEN shares and US\$45m on completion of a BFS. The remaining 26% stake is with BEE partner Lukisa.

Investment Comment: The low cost Lance Project continues to tick key boxes for permitting and financing. The project appears economically robust even in the current uranium price environment (RCR NPV breakeven is estimated <US\$40/lb; NPV A\$209m). Our base case NAV for PEN, with full de-risking of Lance is ~A\$0.084/share fully diluted (see adjacent table); assumes US\$60/lb (real) realised uranium price, AUD/USD 0.86 and 10% discount rate). NAV sensitivities: AUD/USD 1.00: NAV ~A\$0.077/share; Discount rate 6%: NAV ~A\$0.12/share.

Reserves and Resources/Mineralised Material

Code for reporting mineral resources - Australian: (JORC)								
Uranium	Classification	Project Equity	Ore Mt	eU ₃ O ₈ %	Cut Off ppm	eU ₃ O ₈ Kt	eU ₃ O ₈ Mlb	U ₃ O ₈ Eq Mlb
U ₃ O ₈								
Reserves						0.0	0.0	0.0
Resources								
Lance - Ross^	M,I,I	100%	7.8	0.053	200	4.1	9.0	9.0
Lance - Kendrick	M,I,I	100%	26.7	0.049	200	13.2	29.1	29.1
Lance - Barber	M,I,I	100%	13.6	0.045	200	6.1	13.4	13.4
Total Lance*			48.1	0.049		23.4	51.5	51.5
Mineralised Material (est., non compliant w/ JORC)								
Karoo - Site 22	Historic	74%		0.146		1.3	2.8	2.1
Karoo - Site 29	Historic	74%		0.111		0.3	0.6	0.4
Karoo - Site 45	Historic	74%		0.076		2.2	4.8	3.6
						3.7	8.2	6.1

^ Ross includes a Vanadium resource (Mlb): 3.60mlbs V₂O₅ grading 0.0208%. Kendrick 1.34mlbs V₂O₅ grading 0.0233%.

* Inferred Resource is 36.8mlbs grading 0.0475% U₃O₈. Measured and Indicated Resources are 14.7mlbs U₃O₈ grading 0.051%.

Key Projects

Project	Ownership/Option	Metal	JV Partner	Target Type	Process Route	Project Status	Location
Lance Uranium Projects	100%	U	na	Roll front	ISR	PFS	US (WY)
Karoo Projects	74%	U (Mo)	BEE	S'stone	acid	Mid Expl.	S. Africa
Western Australia	100%	U	na	various	na	Early Expl.	Aus (WA)
Raki Raki	50%	Au	ASX:GPR	na	na	Mid Expl.	Fiji

PENINSULA ENERGY LIMITED VALUATION

		Equity (%)	Base Resource Val'n (US\$/lb)	Base NAV (A\$m)	NAV Factor (%)	Adjusted Value (A\$m)	Adjusted Uranium Price Sensitivity (A\$m)				
Assumptions											
LT Realised Uranium Price		: US\$/lb		60		60	40	50	70	80	
LT Exchange Rate: AUUS				0.86		0.86	0.86	0.86	0.86	0.86	
Projects											
Lance project		: NPV @10%	100%	2.80	209	80%	167	45	106	229	290
Resources and Exploration											
Lance (resource est. +100%)		: NPV @10%	100%	0.71	53	80%	43	5	17	68	93
Karoo/other				<u>10</u>	<u>10</u>	<u>10</u>	<u>5</u>	<u>7</u>	<u>12</u>	<u>15</u>	
Sub-total Exploration				63		53	10	24	80	108	
Assets											
+ Cash				23		23	23	23	23	23	
+ Tax losses				11		11	11	11	11	11	
Liabilities											
- Debt				0		0	0	0	0	0	
- Corporate				30		30	30	30	30	30	
- Reclamation				<u>0</u>		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
PEN Net Assets				276		224	58	133	312	402	
Fully diluted shares (m)				3467.3		3467.3	3467.3	3467.3	3467.3	3467.3	
Cash on Option Conversion				16.6		16.6	16.6	16.6	16.6	16.6	
PEN Net Asset Value per share		: A\$/share		0.09		0.076	0.020	0.046	0.107	0.137	
PEN Net Asset Value Diluted		: A\$/share dil		0.084		0.069	0.021	0.043	0.095	0.121	

LANCE URANIUM PROJECT KEY ASSUMPTIONS (derived from FS (TREC)* - May 2012)

RESOURCE ESTIMATES						
	Uranium Resource		Tonnes	Grade	Uranium	
			Cutoff	Mt	% U ₃ O ₈	Mlbs
Resource (M, I, I)	Lance	200ppm	48.1	0.049	51.5	(as at March 2012)
RCR modelling assumptions (based on FS)	Lance	200ppm	35.7	0.049	38.2	
MINING METHOD	IN-SITU RECOVERY (ISR)					
PROCESS METHOD	CENTRALISED URANIUM PLANT					
	1. Ion exchange and vanadium circuit					
	2. Satellite facilities					
RESOURCE CONVERSION	:%	63%	(Inferred to Indicated or better)			
TONNAGE DILUTION	:%	na				
GRADE UPLIFT	:%	na				
BASE CASE ASSUMPTIONS						
PRODUCTION RATE	:tpa	na				
AVERAGE HEAD GRADE - U ₃ O ₈	:%	na				
HIGH GRADE	:%	na				
RECOVERY - URANIUM	:%	76	FS: 80% recovery in-situ; then 95% plant recovery			
URANIUM PLANT CAPACITY	:mlbspa	3.0	Expandable in 0.75mlbs modular increments to 3mlbspa. Initial capacity 0.75mlbspa.			
FS URANIUM PRODUCTION	:mlbspa	2.2	Production rate based on FS resources. 3 year ramp up.			
VANADIUM PRODUCTION	:mlbspa	0.0	FS excludes vanadium circuit. PFS assumed production ratio V ₂ O ₅ :U ₃ O ₈ 0.8:1, ie., 1.76mlbspa. Cogema's Crowe Butte project recovers vanadium through IX circuit.			
CAPITAL COSTS - INITIAL DEVELOPMENT	:US\$m	78	Initial capital including central processing plant.			
ONGOING CAPITAL COSTS	:US\$mpa	29.5	Includes sustaining capex, wellfield development, centralised processing plant and production unit expansion. At 2.2mlbspa U ₃ O ₈ production rate this equates to US\$13.46/lb.			
OPERATING COSTS:	:US\$/lb	12.94				
less by-product credit	:US\$/lb	0.00	EES assumed vanadium production of 1.75mlbspa; price US\$10.00/lb.			
plus on-going capex	:US\$/lb	13.46	Includes sustaining capex, wellfield development, centralised processing plant and production unit expansion. At 2.2mlbspa U ₃ O ₈ production rate this equates to US\$29.5mpa.			
plus royalties/taxes	:US\$/lb	10.20	Royalties and indirect tax.			
Total production costs	:US\$/lb	36.60				
NET TAX	:%	30				
ROYALTY	:%	6				
MINE LIFE	:Years	10+ Years				
COMMISSION PROJECT	:	2013	36 month ramp-up.			
FS*: Based on production at Ross, Barber and Kendrick. Assumes 29mlbs U ₃ O ₈ recovered. Excludes vanadium circuit.						

These figures are preliminary in nature and are intended to provide only a general indication of project scale and economic robustness. Considerable refinement may result from subsequent studies and operation experience.

TOE.AU

12 December 2012
 Uranium
 Australia (WA,NT), Namibia
 BFS and Exploration
 Exchanges: ASX:TOE

Capital Profile

Share price (A\$)	0.115
52 week range (A\$/share)	0.06 to 0.15
Number of shares (m)	1042
Options and warrants (m)	58
Convertible notes (m)	0
Fully diluted (m)	1100
Market capitalisation (undiluted) (A\$m)	119.8
Debt (A\$m) - Dec 12F ^a	0.0
Enterprise value (A\$m)	119.8
Major shareholders: OZ Minerals Ltd (39.4%), ANZ Nominees (2.3%), HSBC Nominees (1.5%), Allarow Pty Ltd (1.0%)	
Avg monthly volume (m)	39
Cash (A\$m) - Dec 12F	4.7
Price/Cash (x)	25.5
Price/Book (x)	1.2
Listed company options:	No

^a 3 year, \$12m debt facility with Macquarie; initial draw down expected 1H13.

Investment Points

100% uranium focus. Expl. + Eval. budget ~A\$15m pa.

Wiluna Project: WA Environment Minister project approval granted Oct '12. Federal govt approvals expected 4Q12.

Wiluna Project DFS Phase 1 (Nov '12): Plant throughput 1.3mtpa, 1.7mlbpa U₃O₈, LOM 14 years, capex A\$269m, opex US\$37/lb, head grade ~716ppm (years 1-10).

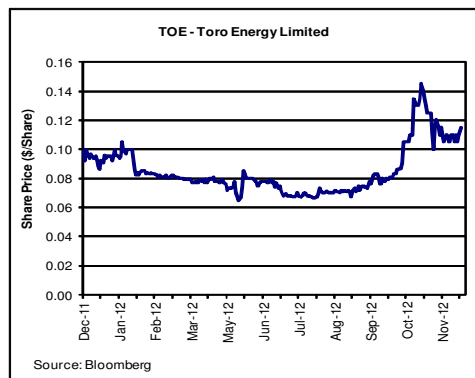
JV financing and initial uranium sales contracts possible 2H13. Production potential 2015.

Theseus Project (WA) - potential new uranium basin. Prospective for ISR. Resource 6.9mlbs U₃O₈ at 493ppm (Dec '12). Mineralisation interpreted over 10km x 500m.

Exploration Target 28m to 40mlbs U₃O₈ grading 450-520ppm. Extension drilling 2013 (30,000m).

Exploration project pipeline expndng with encouraging new early stage results at McArthur Basin (NT); and Wiso and Reynolds Range (NT).

Midterm U price recovery expected, potentially from 2014.



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Toro Energy Limited

A\$ 0.115

The Wiluna Project is nearing final federal government approval, expected 4Q12. Development decision expected 2013; production 2015. Exciting Theseus ISR prospect (WA) offers large blue sky upside: resource 6.9mlbs U₃O₈ at 493ppm (Dec '12).

Production and Financial Forecasts

YEAR END: June	Sep-12a	Dec-12F	2012a	2013F	2014F
Exploration and evaluation (A\$m)	4.50	2.00	17.80	9.50	6.00
Corporate (A\$m)	0.93	0.90	4.82	3.13	2.60
Exploration/(Expl.+ Corporate) (%)	83	69	79	75	70
Funding duration at current burn (years)	1.4	1.6	0.6	1.0	0.4
Shares on issue (pr end) (m shares)	1041.9	1041.9	1041.9	1041.9	1041.9
Drilling - RAB (m)	0	5,000	20,500	15,000	33,000
Drilling - RC/Sonic/Diamond (m)	750	250	1,500	1,500	1,000
Land holding ('000 ha) ^	3,026	3,026	3,578	3,026	3,026
Tenement costs (\$k per year)	-	-	-	-	-
Capital raisings (A\$m)	0.0	0.0	5.3	0.0	0.0
Funding from JV partners (A\$m)	0	0	0	0	0
Cash (A\$m)	7.5	4.7	12.8	12.2	3.2
Cash backing (A\$/share)	0.7	0.5	1.2	1.2	0.3
Net asset backing (A\$/share)	9.4	9.3	9.2	8.0	7.7

Quarters refer to calendar year.

^a Uranium tenements held or applied for.

Company Comment

Overview: TOE listed on the ASX in March '06 and is a pacesetter in advancing calcareite style uranium projects in Australia. Wiluna is at BFS stage and could be WA's first new uranium producing project.

Aspirational Targets: TOE has ambitious growth targets: 100mlb U₃O₈ resources by 2015 (currently 54mlb) and production of 5.5mlbpa by 2020 – targets may be achieved with backing from OZ Minerals.

Wiluna Regional Resource Consolidation: TOE has been expanding its regional resource base through strategic acquisitions/alliances to great effect. Wiluna area resources now stand at 53.6mlbs U₃O₈, more than doubled from 24mlbs 4Q10. The Wiluna Project – Lake Way and Centipede deposits – contains 23.94mlbs grading 516ppm U₃O₈ of which 66% is in the Measured and Indicated categories.

Wiluna Project: The DFS Phase 1 (Nov '12, Bateman Australia) incorporates process engineering, pilot plant testwork and revised mine plan, and supersedes the PFS (Sep '08). DFS Phase 2, deferred till after all Government approvals are received (expected 4Q12), is expected 2013, incorporating plant engineering, infrastructure design and final costing. TOE development decision expected 1H13.

The DFS Phase 1 results indicate: plant throughput 1.3mtpa, production 1.8mlbpa U₃O₈, capex A\$280m (inclusive of all supporting infrastructure), C1 opex US\$33/lb (average for first 10 years), mill recovery 86%, LOM up to 14 years. The mining plan indicates a series of shallow open pits to 10m depth, progressively backfilled, 3.8 to 1 strip ratio, 250ppm cut-off for mining and 500ppm cut-off for processing; ROM grade 716ppm average in the first 10 years.

RCR financial modelling indicates NPV breakeven at US\$60-70/lb U₃O₈, AUD 0.86 using a 10% r/i over (see adjacent valuation table and key project assumptions). **Improved project economics** could come from additional high grading from depth extensions at Centipede and Lake Way, strike extensions at the Firestrike tenement (acquired 2010) and further high grade bulk density testwork.

Theseus Project (WA): Large ISR prospective discovery (2009) located 650km west of Alice Springs. Maiden resource 6.9mlbs U₃O₈ grading 493ppm (200ppm cut-off; Dec '12). Increased grades are expected from drilling identified higher grade targets and also from positive disequilibrium. Exploration Target Range (ETR) 28-35mt grading 450-520ppm U₃O₈ for 28mlb to 40mlbs U₃O₈ (Dec '12). The ETR relates to one of 3 proximal palaeovalleys – the other 2 offer additional blue sky upside. Theseus mineralisation is defined over an interpreted palaeochannel exceeding 10km x 500m averaging 3m thick at ~90m to 130m depth. Initial tests indicate uranium recoveries >95%. Drilling 2013 (30,000m). Scoping Study 1H13. The similar size and grade but more advanced Lance Project (WY, ASX:PEN) has an NPV of ~US\$200m, US\$3.50/lb.

Exploration Projects: McArthur Basin (NT) breccia pipe targets (similar style to Arizona Strip, ie ~10mlbs @ >0.5% U₃O₈). Large radiometric and magnetic anomaly identified 2011 at **Karns** (11km²). Rockchip and soil sampling next step. Potential drilling 2013. **Wiso and Reynolds Range** (NT) – sedimentary, ISR prospective. Little previous exploration. Airborne EM survey 4Q12.

Investment Comment: We value TOE at \$0.115/share, rising to \$0.15/share on a 12 month view with turnaround in uranium market sentiment and further resource definition at Theseus (see valuation table adjacent). Share price catalysts include Wiluna Project federal approval, financing and off-take agreements; and further resource expansion at Theseus. Interest from potential partners/utilities in Wiluna is increasing, though closing a deal may need a stronger uranium price in the order of US\$65-75/lb.

Reserves and Resources/Mineralised Material

Code for reporting mineral resources - Australian: (JORC)

Uranium	Classification	Project	Ore	U ₃ O ₈	Cut Off	U ₃ O ₈	U ₃ O ₈	Eqty
U ₃ O ₈		Eqty	Mt	%	ppm	Kt	Mlb	Mlb
Reserves						0.0	0.0	0.0
Resources								
Wiluna: L. Way & C'pede Meas Ind & Inf.		100%	22.9	0.052	200	11.8	26.0	26.0
Millipede	Ind and Inf	100%	7.3	0.050	200	3.7	8.1	8.1
Dawson-Hinkler Well	Inferred	100%	13.1	0.031	200	4.1	9.0	9.0
Nowthanna ^a	Inferred	100%	11.9	0.040	200	4.7	10.5	10.5
Sub Total - Wiluna regional			55.1	0.044	200	24.3	53.6	53.6
Theseus	Inferred	100%	6.3	0.049	200	3.1	6.9	6.9
Total Resources			61.5	0.045		27.4	60.5	60.5

Mineralised Material (est., non compliant with JORC)

0.0 0.0 0.0

^a Toro owns 100% of two tenements which comprise the major portion of the Nowthanna deposit – Toro's resource shown here.

Key Projects

Project	Ownership/Option	Metal	JV / Partner	Target Type	Process Route	Project Status	Location
Wiluna	100%	U	none	Calcrete	Alk. Leach	BFS	Aus (WA)
Theseus (Lake Mackay)	100%	U	none	Palaeo/IOCG	na	Early Expl.	Aus (WA)
Namibia	25%	U	DYL	Calc/Alask	na	Early Expl.	Namibia
Reynolds Range	100%	U	none	Sandstone	na	Early Expl.	Aus (NT)
Lake Mackay (regional)	100%	U, REE, Fe	none	various	na	Early Expl.	Aus (WA)
McArthur Basin	100%	U	none	Sandstone	na	Early Expl.	Aus (NT)

TORO ENERGY LIMITED VALUATION

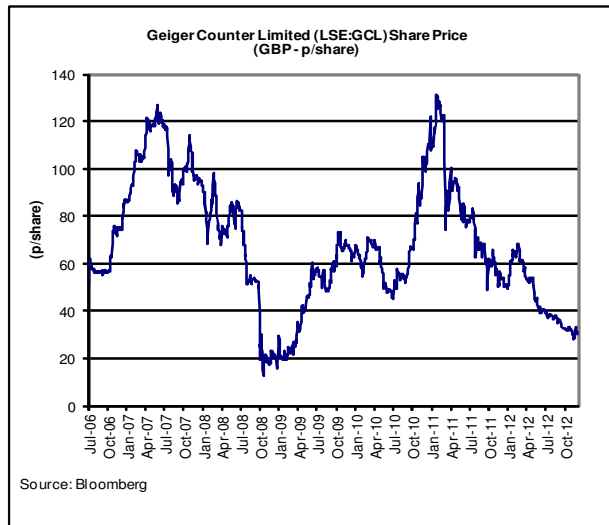
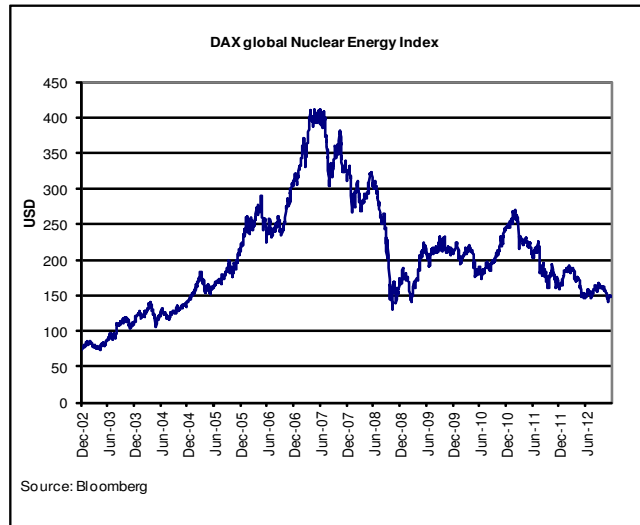
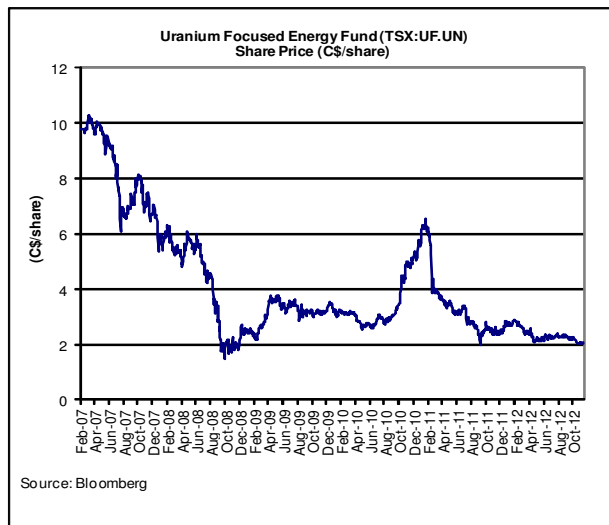
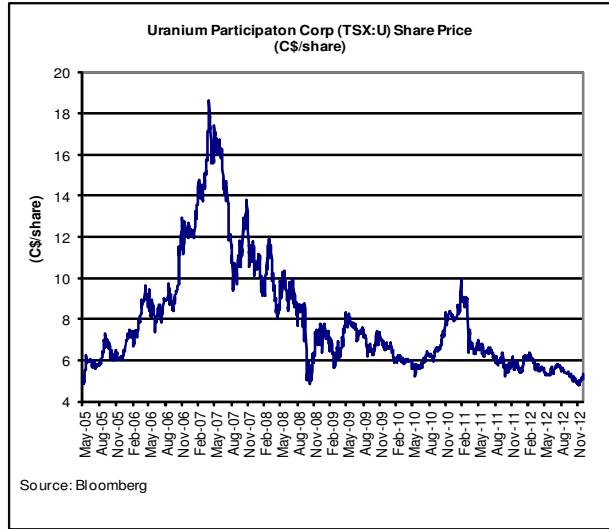
	Equity (%)	Base Resource Val'n (US\$/lb)	Base NAV (A\$m)	NAV Factor (%)	Adjusted Value (A\$m)	Adjusted Value Uranium Price Sensitivity (A\$m)			
Assumptions									
LT Realised Uranium Price : US\$/lb			60		60	40	50	70	80
LT Exchange Rate: AUUS			0.86		0.86	0.86	0.86	0.86	0.86
Projects									
Wiluna project (refer to modelled assumptions below) : NPV @10%	100%	5.34	40	70%	28	20	20	35	53
Resources and Exploration									
Wiluna (25mlb resource + expl.) :	100%	1.04	25		25	15	20	30	34
Theseus :	100%	4.95	30		30	20	20	36	41
Other :			3		3	3	3	4	6
Sub-total Exploration						38	43	70	80
Assets									
+ Cash			5		5	5	5	5	5
+ Tax losses			38		38	38	38	38	38
Liabilities									
- Debt			0		0	0	0	0	0
- Corporate			10		10	10	10	10	10
TOE Net Assets						91	96	138	165
Fully diluted shares (m)			1099.7		1099.7	1099.7	1099.7	1099.7	1099.7
Cash on Option Conversion			9.6		9.6	9.6	9.6	9.6	9.6
TOE Net Asset Value per share : A\$/share						0.087	0.092	0.132	0.159
TOE Net Asset Value Diluted : A\$/share dil						0.091	0.096	0.134	0.159
Sensitivity of Net Asset Value to Equity Raising Price:									
TOE NAV (assuming A\$140m capex raised in share issue at A\$0.13)			0.129		0.123	0.110	0.113	0.132	0.145
TOE NAV (assuming A\$140m capex raised in share issue at A\$0.10)			0.112		0.107	0.096	0.098	0.115	0.126
TOE NAV (assuming A\$140m capex raised in share issue at A\$0.07)			0.090		0.087	0.077	0.079	0.093	0.102

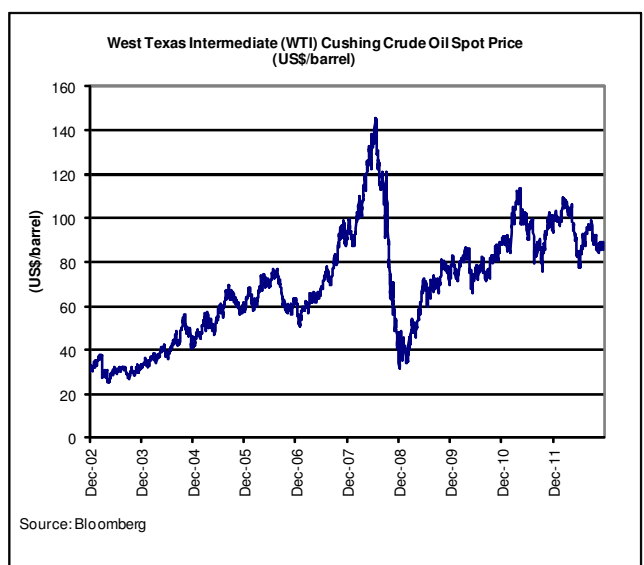
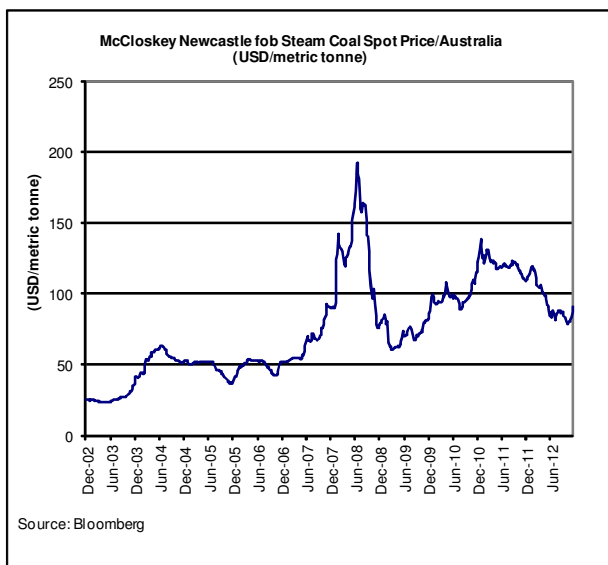
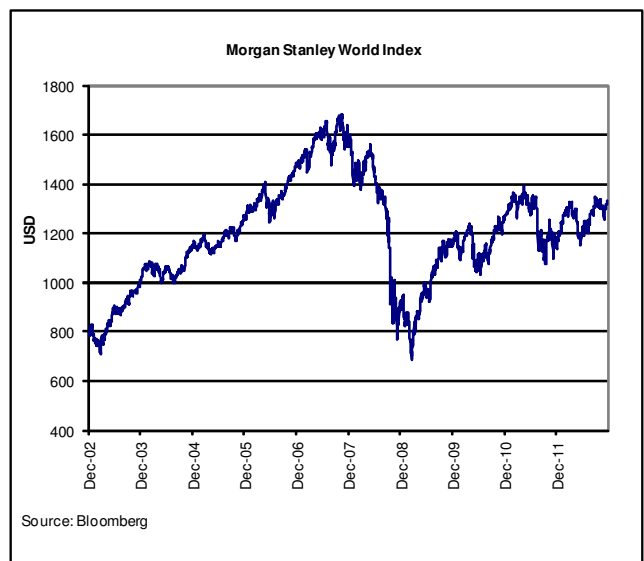
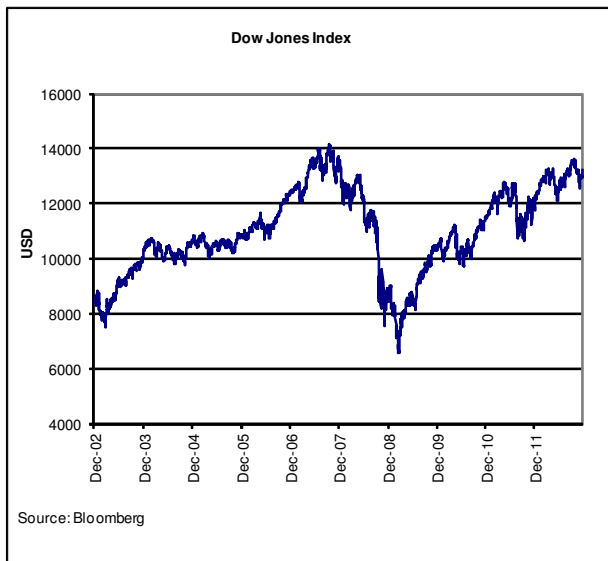
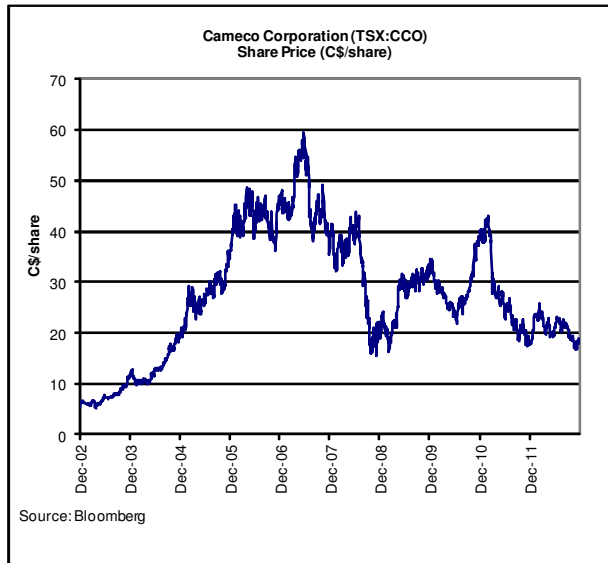
WILUNA URANIUM PROJECT KEY ASSUMPTIONS (derived from DFS Phase 1 estimates Nov '12)

RESOURCE ESTIMATES						
	Uranium Resource		Tonnes	Grade	Uranium	
			<u>Cutoff</u>	<u>Mt</u>	<u>% U₃O₈</u>	<u>Mlbs</u>
Modelling assumptions (based on DFS)	Wiluna	250ppm	13.0	0.0716	20.5	
Plus additional resource estimate	Wiluna	250ppm	4.5	0.055	5.5	
MINING METHOD		Open pit, shallow (<10m), selective mining, strip ratio 3.8:1, mining to 250ppm U ₃ O ₈ cut-off.				
PROCESS METHOD		Alkaline tank leach with direct precipitation.				
RESOURCE CONVERSION	:%	na	(Inferred to Indicated or better)			
TONNAGE DILUTION	:%	na				
GRADE UPLIFT	:%	na				
BASE CASE ASSUMPTIONS						
PRODUCTION RATE	:mtpa	1.3				
AVERAGE HEAD GRADE - U3O8	:%	0.0716	Average ROM head grade - years 1 to 10.			
HIGH GRADE	:%	na				
RECOVERY - URANIUM	:%	86	85% recovery achieved by end of year 1; 86% recovery by end of year 2.			
URANIUM PRODUCTION	:mlbspa	1.7				
CAPITAL COST	:A\$m	269	Includes processing plant (\$145m), power station (\$26m), accomodation village (\$13m), project infrastructure (\$13m), borefield (\$8m), EPCM (\$32m, 15% of direct capital) and contingency (15% of direct capital).			
SUSTAINING CAPITAL COSTS	:A\$m	3				
OPERATING COSTS:	:US\$/lb	36.96	Assumes contract mining; supporting infrastructure owned/operated by TOE. Costs estimated to PFS level of certainty (+/- 25%). Approx 30% of costs are USD denominated.			
	:US\$/t	40				
TAX	:%	30				
ROYALTY	:%	5				
MINE LIFE	:Years	Up to 14 years				
COMMISSION PROJECT	:	2015	24 month ramp-up.			

These figures are preliminary in nature and are intended to provide only a general indication of project scale and economic robustness. Considerable refinement may result from subsequent studies and operation experience.

Selected Uranium Sector Performance Charts





Report Contributors

John Wilson: John has a background in mining, finance and equity research. He worked on Wall Street for 6 years and has covered US, Australian and Latin American mining stocks. He has also worked with BHP in their minerals division. Qualifications include an MBA from the Wharton School of the University of Pennsylvania and a Bachelor of Engineering from the University of Sydney.

Tony Parry: Tony has extensive experience in metallurgical process development, (working with MIM Limited for five years) and in mining equity research, equity sales and mining corporate finance (working in London for five years and subsequently Perth). He was a founding Director and CEO of an ASX listed exploration company and has been engaged extensively as a strategic planning consultant to many small-medium enterprises. Tony's qualifications include a BSc (Hons) in Metallurgy and a PhD in Metallurgy from the University of NSW.

Murray Brooker: Murray has a background in mining and consulting as a geologist. He worked for North Limited (now part of Rio Tinto) for 10 years and for Parsons Brinckerhoff (a global engineering consultancy). He has 20 years' experience assessing exploration projects in Australia, New Zealand, Mexico and South America. Murray has an MSc in Geology (James Cook University, Qld) and an MSc in Hydrogeology. He was also a founding Director of an unlisted Australian geothermal company.

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