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Manager  
Not-for Profit and Industry Tax Concessions Unit  
Small Business Tax Division  
The Treasury  
Langton Crescent  
PARKES ACT 2600  
Via email: [ExplorationIncentive@treasury.gov.au](mailto:ExplorationIncentive@treasury.gov.au)

Dear Sir/Madam,

**Discussion Paper – Exploration Development Incentive: Policy Design**

This submission is made by Toro Energy Limited (Toro) in response to the Discussion Paper – Exploration Development Incentive: Policy Design – issued by Treasury and the Department of Industry on 13 March 2014.

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

Toro holds exploration tenements in Western Australia and the Northern Territory. Toro's budgeted expenditure on these tenements for 2013/14 is \$2.4million. As a project developer, Toro has secured Federal and Western Australian Government environmental approvals for the initial stage of the Wiluna Uranium Project in the Northern Goldfields of Western Australia. It is currently seeking to raise finance to undertake the project and to continue its exploration development of the pipeline of exploration assets further afield, to support the development of Western Australia's fledgling uranium industry.

As a member of the Chamber of Minerals and Energy of Western Australia and the Association of Mining and Exploration Companies, Toro has contributed to the preparation of submissions by those organisations and seeks to elaborate on them in this submission from the perspective of its own experience in funding and conducting exploration in Australia.

As a general comment, Toro strongly supports the introduction of an exploration credit scheme which is simple to administer, does not add significantly to the compliance costs already incurred by explorers and where possible, avoids duplication by being linked in its administration to existing company accounting requirements of State and Territory mines departments, the Tax Office and to company disclosure and reporting obligations.

In relation to the specific questions identified by the Discussion Paper, Toro comments in the attached table on those questions relevant to its own experiences as a junior explorer since the company's listing in the Australian Stock Exchange in 2006.

I thank you for the opportunity to comment on the Exploration Development Incentive and look forward to possible implementation.

Yours sincerely

**TORO ENERGY LIMITED**

A handwritten signature in blue ink, appearing to read "Vanessa Guthrie".

Dr Vanessa Guthrie  
Managing Director

Chapter	Question number	Toro's response
2	1	Junior explorers need to be able to apportion costs between projects under development and exploration projects.
2	2	Projects under development by junior explorers, but not yet producing, such as the Wiluna Uranium Project, should not result in eligibility for the Exploration Development Incentive being denied on the Company's portfolio of assets. The eligibility should remain for the exploration portion of expenditure until 'taxable income' excluding deductions for exploration is achieved.
2	3	The Incentive scheme should be modelled on the operation of franking credits.
3	1	A scheme like franking credits which goes to all shareholders rather than being limited to 'new share issues' is desirable. Any limitation would create different classes of shares and shareholders, which poses significant administrative and market challenges. Existing shareholders have invested in and supported junior explorers through some very difficult times, enabling explorers to retain tenements which otherwise would have been relinquished. Existing shareholders also deserve a share of future expenditure credits, particularly where it encourages them to increase their investment.
4	2	Toro agrees with the alignment of exploration to the ITAA
4	3	It is important that the definition maintains eligibility for exploration activities that are evaluating the overall potential of known mineralisation. For example, the Wiluna Uranium Project now comprises six discrete deposits and mineralisation (Centipede, Lake Way, Millipede, Lake Maitland, Dawson Hinkler, Fire Strike and Nowthanna) within a radius of just over 100 km. Evaluation of the Dawson Hinkler, Fire Strike and Nowthanna deposits (which are exploration stage) is incomplete. Accordingly, the next stage of drilling on these deposits should be deemed exploration for the purposes of eligibility for the Incentive Scheme otherwise these may remain stranded assets rather than being able to contribute to the existence, extent, grade, commerciality and quality of this regional resource.
5	All questions	Toro supports the Ex-post modulation approach as the one which will minimise administrative and regulatory costs and maximise the credits paid.