



## ASX RELEASE

Monday 18 July 2011

# Toro increases regional Wiluna uranium resource 25% with acquisition of 70% of Nowthanna deposit in WA

### Highlights

- Toro Energy Ltd (“Toro”) has signed a non-binding term sheet to acquire from a group of vendors two exploration tenements covering approximately 70% of the Nowthanna uranium deposit near Meekatharra in Western Australia. Purchase price is A\$1.3 million in cash and 10 million Toro shares.
- On a 100% basis, the Nowthanna deposit has Inferred Resources prepared in accordance with the JORC code of 10.37 Mt @ 446ppm U<sub>3</sub>O<sub>8</sub> for 4,600t (10.1Mlb) of contained U<sub>3</sub>O<sub>8</sub> at a 200ppm cut-off grade.
- Toro is acquiring two of the three tenements that cover this deposit. These tenements encapsulate approximately 70% of the resource, or net to Toro of 7.39 Mt @ 450 ppm U<sub>3</sub>O<sub>8</sub> for 3,350t (7.4Mlb) of contained U<sub>3</sub>O<sub>8</sub> at a 200ppm cut-off grade, equating to an approximate purchase price of \$0.28 per lb at current Toro share price.
- This represents a 25% increase to 37.10 Mt @ 464 ppm U<sub>3</sub>O<sub>8</sub> for 17,220t (38.0Mlb) of contained U<sub>3</sub>O<sub>8</sub> at a 200 ppm cut-off grade in Toro’s regional uranium prospective Wiluna footprint (Refer Figure 3). Toro is currently undertaking a full update to its Wiluna Project and regional resources, expected to be completed in August.
- This acquisition follows similar transactions by Toro in the past 12 months that secured uranium tenements in WA from U308 Limited, MPI Nickel Pty Ltd (a subsidiary of Norilsk Nickel Australia Pty Ltd, transaction in process) and the Minerals and Metals Group – and all of which host either uranium resources or defined uranium mineralisation.

The Directors of Toro Energy Ltd (“Toro”, ASX code “TOE”) are pleased to announce the execution of a non-binding term sheet with a group of vendors led by Impact Minerals Ltd and including CITIC Nickel Pty Ltd, Talbot Group Investments Pty Ltd, Spar Resources Pty Ltd, John Rowntree and Teddy Tech Pty Ltd (collectively, “the Vendors”), for the purchase of two exploration tenements, **E51/I072** and **E51/I075**, (“the Nowthanna Tenements”) 50km south of Meekatharra and about 150km west of Toro’s Wiluna Uranium Project in Western Australia.

Refer Figure 1 on page 4 for regional context.

Toro proposes to purchase 100% of the two Nowthanna Tenements (and associated technical database) from the vendors for a consideration comprising:

- A\$1.3 million cash payable at settlement; and
- 10 million Toro ordinary shares issued at a deemed issue price of A\$0.15 per share.

Half of the newly issued shares will be subject to a 6 month escrow provision with the remainder having a 12 month escrow period.

The term sheet provides for a binding exclusivity period in favour of Toro which runs until the earlier of 15 September 2011 or execution of definitive legal documentation.

Completion of the transaction will be subject to legal and financial due diligence, the execution of definitive legal documentation and any required regulatory or third-party consents and approvals. The parties will endeavour to complete the transaction before 15 September 2011.

## Geology and Resources

Uranium mineralisation at Nowthanna occurs as carnotite over intervals of 0.5 to 6m in width within silicified calcrete layers and carbonate rich sandy clays at or near the water table generally within 10m of surface. The deposit has a low strip ratio (given overlying waste of between 1m and 4m) and the poorly consolidated sediments will be amenable to simple mining methods. In these respects, Nowthanna is similar to other surficial style deposits in the north Yilgarn craton such as Toro's Lake Way and Centipede deposits.

The Inferred Resource (100% of deposit basis) as defined in the last reported definition exercise is as follows:

Nowthanna deposit total resource (including M51/771 that is held by a third party)

Cut-off grade	Tonnes Mt	Grade Ppm	Contained Uranium T	Contained Uranium Mlb
200	10.37	446	4,610	10.14
300	6.20	570	3,530	7.77
500	2.37	854	2,020	4.45

The two tenements to be acquired by Toro under the current proposal cover approximately 70% of the Nowthanna deposit. Refer Figure 2 on page 5. The estimated Inferred Resource for each tenement is as follows:

### E51/1072

Cut-off grade	Tonnes Mt	Grade Ppm	Contained Uranium Tonnes	Contained Uranium Mlb
200	4.29	440	1,890	4.2
300	2.37	600	1,420	3.1

### E51/1075

Cut-off grade	Tonnes Mt	Grade ppm	Contained Uranium Tonnes	Contained Uranium Mlb
200	3.10	470	1,460	3.2
300	1.83	590	1,080	2.4

In total this results in an Inferred Resource net to Toro under the acquisition of approximately **7.39 Mt at 453ppm U<sub>3</sub>O<sub>8</sub> for 3,350t (7.4Mlb) U<sub>3</sub>O<sub>8</sub> at a 200ppm cut-off** or 4.20 Mt at 596ppm U<sub>3</sub>O<sub>8</sub> for 2,500t (5.5Mlb) U<sub>3</sub>O<sub>8</sub> at a 300ppm cut-off.

*Note: figures have been rounded due to accuracy provision.*

## Regional Development Context

Toro has been very active in reviewing uranium project opportunities within a 200km radius of the Wiluna Uranium Project. Given Toro's advanced understanding of the calcrete style of mineralisation and its strong regional position in the district, the Company has been looking to consolidate smaller deposits that may or may not be economic in their own right. Recent examples of this include the Dawson-Hinkler Well Project acquisition from U3O8 Ltd, the Millipede Project acquisition from MPI Nickel Pty Ltd (in process) and the transaction with Minerals and Metals Group consolidating Toro's broader Wiluna position.

Nowthanna is a relatively early stage project with significant potential given its higher grade tenor that allows the deposit to withstand increases in cut-off grade in the event of higher cost development scenarios. The deposit will require significant resource, environmental, community and technical evaluation work to be done in order to advance the project. If deemed an economic proposition in the future, the project would be subject to appropriate WA and Federal Government approvals at that time. Nowthanna is not part of the current government assessment of the Wiluna Uranium Project.

The proposed transaction is the sixth uranium deposit acquisition by Toro in WA in addition to its flagship Lake Way and Centipede deposits within the Wiluna uranium project. The others include Lake Mackay, Birrindudu, Dawson-Hinkler, Millipede and Firestrike.

## Greg Hall Managing Director

*Information in this report that relates to Mineral Resources at the Nowthanna deposit is based on information compiled by Ian Glacken who is a Fellow of the Australasian Institute of Mining and Metallurgy. Ian Glacken is a full-time employee of Optiro, and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Glacken consents to the inclusion in this release of the matters based on his information in the form and context in which it appears.*

*The information in this report that relates to Mineral Resources at the Dawson-Hinkler Well Project is based on information compiled by S. Mann MAusIMM, S. Gatehouse MAIG and A. van der Heyden MAusIMM. Messrs Mann, Gatehouse and van der Heyden have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Mann is a full-time employee of U3O8 Limited. Messrs Gatehouse and van der Heyden are employees of Hellman & Schofield Pty Ltd. Each of the above named consents to the inclusion of the information in this announcement in the form and context in which it appears.*

*The information in this report that relates to Mineral Resources for the Lake Way and Centipede deposits is based on information compiled by Mr Daniel Guibal who is a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Guibal is a fulltime employee of SRK Consulting and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Guibal consents to the inclusion in this release of the matters based on his information in the form and context in which it appears.*

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## MEDIA CONTACT:

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

Toro's flagship and wholly-owned Wiluna uranium project (includes existing mining lease) is 30 kilometres southeast of Wiluna in Central Western Australia.

Wiluna contains two shallow calcrete deposits, Lake Way and Centipede, with prefeasibility and optimisation studies completed and a definitive feasibility study underway. Toro has commenced the approvals process targeting the Company's first uranium production by late 2013.

Toro has three other exploration and development projects in Western Australia, and owns uranium assets in Northern Territory, South Australia and in Namibia, Africa. Toro is well funded with a supportive major shareholder in OZ Minerals.

[www.toroenergy.com.au](http://www.toroenergy.com.au)

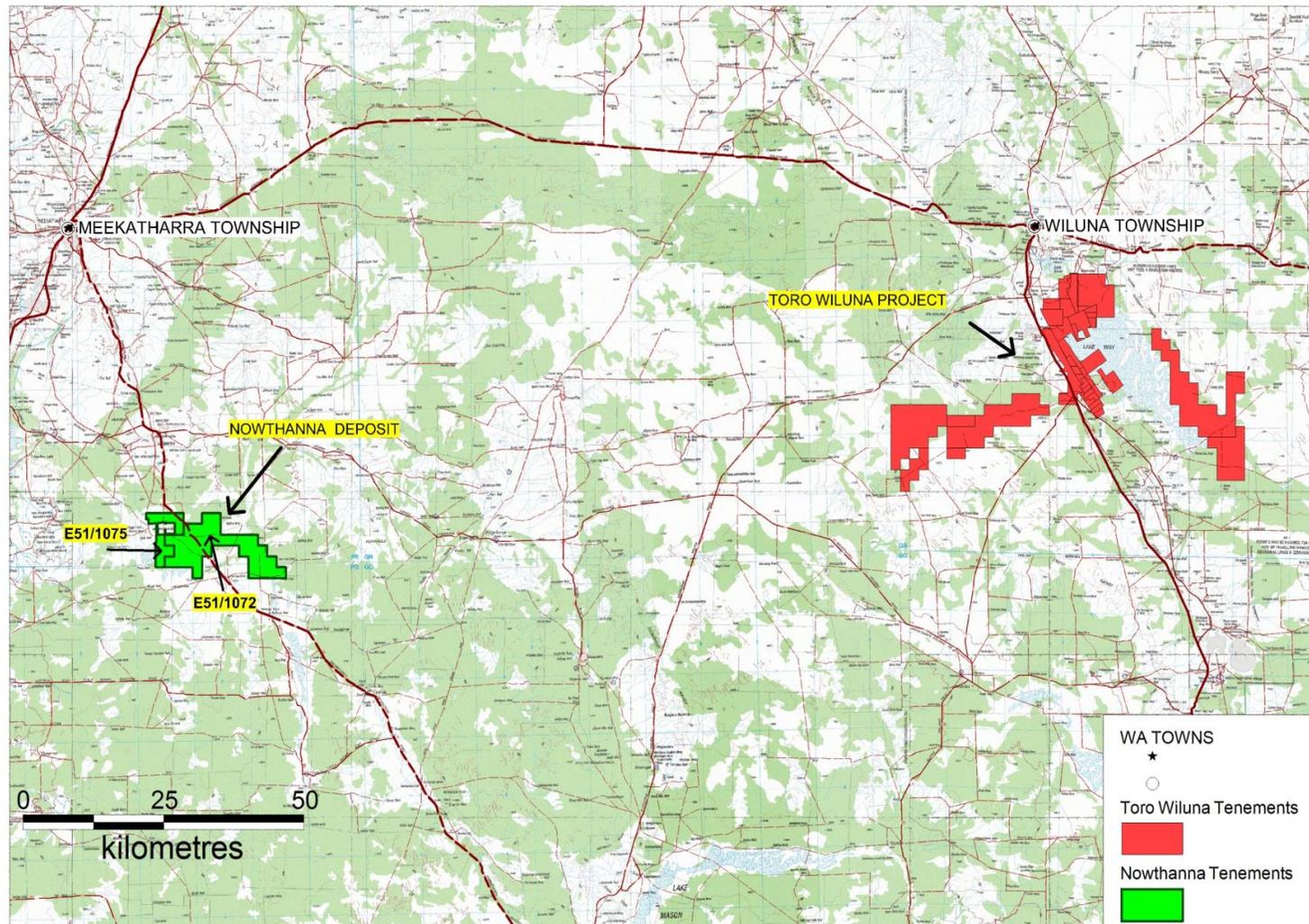


Figure 1: Regional Tenement Plan indicating context of the tenements to be acquired by Toro



**Figure 3. Toro Energy Limited current full uranium resource position**

*Wiluna District Resources – Prepared in Accordance with the JORC Code*

<b>Project Name</b>	<b>Category</b>	<b>Resource Tonnes</b>	<b>Grade U<sub>3</sub>O<sub>8</sub></b>	<b>Contained U<sub>3</sub>O<sub>8</sub>, tonnes</b>	<b>Contained U<sub>3</sub>O<sub>8</sub>, Mlb</b>
Centipede	Measured	0.3	588	177	0.39
Centipede	Indicated	7.68	619	4,754	10.48
Centipede	Inferred	1.69	251	424	0.94
Lake Way	Inferred	10.53	543	5,714	12.60
<b>Total Wiluna Project</b>		<b>20.21</b>	<b>548</b>	<b>11,070</b>	<b>24.40</b>
Dawson-Hinkler Well	Inferred	9.50	293	2,800	6.20
<b>Nowthanna (70%)</b>	Inferred	<b>7.39</b>	<b>453</b>	<b>3,350</b>	<b>7.38</b>
<b>Total Wiluna Regional</b>	Inferred	<b>16.89</b>	<b>364</b>	<b>6,148</b>	<b>13.58</b>
<b>Total Wiluna Project and Regional</b>		<b>37.10</b>	<b>464</b>	<b>17,220</b>	<b>37.96</b>

*Prepared at a 200ppm U3O8 cut-off grade*

*Note: figures have been rounded due to accuracy provision.*