



Mega Uranium, Level 1, 57 Havelock Street, WEST PERTH, WA 6005 PO Box 1957, WEST PERTH, WA 6872  
T: +61 8 9213 3000 F: +61 8 9481 7478 (Project Team) F: +61 8 9481 7479 (Corporate Team) W: www.megauranium.com

21 November 2013

The Manager

Company Announcements Platform

ASX Limited

**BY FACSIMILE TO: 1300 135 638**

**Total Number of Pages: 42**

Dear Sir/Madam

**Toro Energy Limited (ASX Code: TOE) – Notice of Initial Substantial Holder (Form 603) by Mega Uranium Ltd**

In accordance with section 671B(1)(a) of the *Corporations Act 2001* (Cth) (**Corporations Act**), we attach a Form 603 setting out the information required under section 671B(3) of the *Corporations Act*.

A copy of this letter has been provided to Toro Energy Limited.

Please do not hesitate to contact Katherine Garvey of this office if you have any queries.

Yours sincerely

Katherine Garvey  
Legal Counsel

**Form 603**  
**Corporations Act 2001**  
**Section 671B**

**Notice of initial substantial holder**

To: Company name/ Scheme Toro Energy Limited  
ACN/ARSN 117 127 590

**1. Details of substantial holder (1)**

Name Mega Uranium Ltd  
ACN/ARSN (if applicable)  
The holder became a substantial holder on 19 November 2013

**2. Details of voting power**

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Persons' votes (5)	Voting power (6)
Fully paid ordinary shares	415,000,000	415,000,000	28.0%

**3. Details of relevant interests**

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
Mega Uranium Ltd	Registered holder of relevant interest acquired under the agreement in Annexure A	415,000,000 fully paid ordinary shares

**4. Details of present registered holders**

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
Mega Uranium Ltd	Mega Uranium Ltd	Mega Uranium Ltd	415,000,000 fully paid ordinary shares

**5. Consideration**

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)		Class and number of securities
		Cash	Non-cash	
Mega Uranium Ltd	19 November 2013		Consideration for the sale of the entire issued capital of a Mega Uranium Ltd subsidiary to a Toro Energy Limited subsidiary	415,000,000 fully paid ordinary shares

**6. Associates**

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

Name and ACN/ARBN (if applicable)	Nature of association

## 7. Addresses

The addresses of the person named in this form are as follows:

Name	Address
Mega Uranium Ltd	The Exchange Tower, 130 King Street West Suite 2500 Toronto, Ontario, Canada M5X 2A2

## Signature

print name Richard Homsey

capacity Officer

sign here

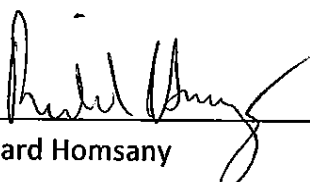
date 21 / 11 / 13

## DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant interests (eg a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.
  - (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
  - (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
  - (4) The voting shares of a company constitute one class unless divided into separate classes.
  - (5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.
  - (6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
  - (7) Include details of:
    - (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangements, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
    - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).
- See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (8) If the substantial holder is unable to determine the identity of the person (eg if the relevant interest arises because of an option) write "unknown".
  - (9) Details of the consideration must include any and all benefits, money and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.

## Annexure A

This is Annexure A of 39 pages referred to in the Form 603 (Notice of Initial Substantial Holder) signed by me and dated 21 November 2013, and is a true copy of the agreement.

  
Richard Homsany  
Mega Uranium Ltd

**PRIVATE & CONFIDENTIAL**  
**Acquisition of Lake Maitland Project**  
**Binding terms sheet**  
**(Sunday 11 August 2013)**

<b>A. Overview</b>	
1 <b>Parties</b>	<p>Nova Energy Pty Ltd or any other wholly owned subsidiary nominated by Toro (<b>Nova</b>) of L2 35 Ventnor Ave, West Perth, WA 6005, Australia</p> <p>Toro Energy Limited (<b>Toro</b>) of L2 35 Ventnor Ave, West Perth, WA 6005, Australia</p> <p>Mega Redport Pty Ltd (<b>Mega Redport</b>) of Level 1, 57 Havelock Street, West Perth, WA 6005</p> <p>Mega Uranium Limited (<b>Mega</b>) of The Exchange Tower, 130 King Street West, Suite 2500, Toronto, ON, M5X 1A9, Canada</p> <p>Redport Exploration Pty Ltd (<b>Redport Exploration</b>) of Level 1, 57 Havelock Street, West Perth, WA 6005</p>
2 <b>Overview of transaction</b>	<p>a) Acquisition (<b>Lake Maitland Acquisition</b>) by Toro of all of the assets, rights and interests of Mega in the Lake Maitland uranium project (<b>Lake Maitland</b>) including associated rights, assets and mining information (collectively, the <b>Lake Maitland Assets</b>).</p> <p>b) The Lake Maitland Acquisition is to be effected by the acquisition of all of the issued securities in Redport Exploration, resulting in the acquisition of its subsidiaries, Mega Lake Maitland Pty Ltd, Mega Stations Holdings Pty Ltd and Mega Stations Pty Ltd (together the <b>Sale Companies</b>).</p> <p>c) The Lake Maitland Acquisition is to be on a liability and debt free basis.</p> <p>d) The consideration for the Lake Maitland Acquisition is 415 million fully paid ordinary shares in Toro (<b>Consideration Shares</b>)</p> <p>e) Pinetree Capital Ltd (<b>Pinetree</b>) (or its nominee) and Oz Minerals Limited (or its nominee) (<b>Oz</b>) will each subscribe for A\$1 million of fully paid ordinary shares in the capital of Toro (the <b>Subscription Shares</b>) under separate binding subscription agreements entered into on or prior to the date of this terms sheet. Completion of the purchase of the Subscription Shares by Pinetree and Oz shall be conditional upon both the Oz subscription and the Pinetree subscription (as the case may be) and the Completion of the Lake Maitland Acquisition. Completion of the Oz subscription and Pinetree subscription will occur shortly after Completion of the Lake Maitland Acquisition.</p> <p>f) Mega and Pinetree will together have voting power (as defined in the Corporations Act) (<b>Voting Power</b>) of not more than 28.8% of Toro following completion of the Lake Maitland Acquisition and the issue of the Pinetree Subscription Shares and the Oz Subscription Shares (together the <b>Transaction</b>).</p>
3 <b>Lake Maitland Assets</b>	<p>The Lake Maitland Assets comprise:</p> <p>a) the tenements (<b>Tenements</b>) listed in <b>Schedule 1</b> including:</p> <ul style="list-style-type: none"> <li>• all of the tenements (including applications for tenements) currently held by Redport Exploration except to the extent that a tenement is specified in <b>Schedule 2</b> as an Excluded Tenement;</li> <li>• the Granted Uranium Rights (as defined in <b>Schedule 1</b>) in relation to E53/1026, E53/1213 and E53/1214; and</li> <li>• uranium rights to be granted in favour of Redport Exploration in relation to P53/1253, P53/1254 and P53/1255 on terms no less favourable to Redport Exploration than those set out in <b>Schedule 1</b> (<b>Uranium Rights</b>);</li> </ul> <p>b) all mining and other information held by Mega and its subsidiaries (<b>the Mega Group</b>) which relates to the Tenements or Lake Maitland (<b>Mining Information</b>);</p>

		<p>c) rights under all contracts relating to Lake Maitland, including access agreements any warranties and contractual rights against parties providing technical advice or assistance in relation to Lake Maitland (<b>Contractual Rights</b>);</p> <p>d) all books and records relating to Lake Maitland or the Tenements (<b>Corporate Records</b>);</p> <p>e) 100% of the Barwidgee pastoral lease (Crown Lease 464/68) on which the Tenements (or any of them) are located (<b>Pastoral Lease</b>);</p> <p>f) A\$1.5 million of surplus cash (in addition to any cash required to support bonds or pay liabilities not satisfied in full at Completion) (<b>Minimum Cash Reserves</b>);</p> <p>g) the cash of \$189,000 held by a member of the Mega Group to support the bond required in relation to M53/1089, (subject to the requirement that upon retirement of that bond the \$189,000 held to support it (less any claim made on the bond prior to retirement) will be repaid to Mega Redport).</p> <p>h) any authorisations, registrations, consents, agreements, certificates, licenses, permits or declarations issued to the Mega Group prior to Completion by any government agency in relation to Lake Maitland, or which may be required in connection with, the development of Lake Maitland;</p> <p>i) the agreed fixed assets referred to in <b>Schedule 3</b>; and</p> <p>j) any other material assets (other than fixed assets), which predominantly relate to Lake Maitland which are held by a member of the Mega Group (<b>Other Assets</b>), other than the tenements (<b>Excluded Tenements</b>) and assets and mining information (<b>Excluded Assets</b>) which are specified in <b>Schedule 2</b> or such other assets as the parties agree prior to Completion are to be Excluded Assets.</p>
4	<b>Transaction Structuring</b>	If the parties agree, Mega and Toro will cooperate in structuring the Lake Maitland Acquisition, which may vary from the share purchase structure proposed in this term sheet, to achieve the most efficient structure for each party, in light of tax, securities, corporate law and other relevant considerations.
<b>B Sale and Purchase</b>		
5	<b>Sale and Purchase</b>	<p>Mega Redport will sell and Nova will buy all of the shares and any other issued securities in Redport Exploration (<b>Redport Shares</b>), free from encumbrances for the 415 million Consideration Shares.</p> <p>Redport Exploration must hold all of the issued shares in Mega Lake Maitland Pty Ltd, and 50% of the issued shares in Mega Stations Holdings Pty Ltd and Mega must ensure that the other 50% of the issued shares in Mega Stations Holdings Pty Ltd are transferred to Nova (or its nominee) at Completion for no additional consideration. At Completion, the Sale Companies (or entities nominated by Toro) must hold the Lake Maitland Assets (except that in the case of the Pastoral Lease, subject to Toro agreeing, the issued shares in Mega Stations Holdings Pty Ltd not held by Redport Exploration will be held by entities (other than one of the Sale Companies) nominated by Nova (or its nominee)).</p>

6 Conditions Precedent	Conditions Precedent
6	<p>The Transaction is conditional on:</p> <ol style="list-style-type: none"> <li>any necessary FIRB approval required by Mega and Toro in relation to the Transaction;<sup>1</sup></li> <li>approval by Toro shareholders under ASX Listing Rule 7.1 and s611 item (7) of the Corporations Act in relation to the Transaction;</li> <li>approval by Mega shareholders of the Transaction to the extent required by law;</li> <li>Itochu Minerals &amp; Energy of Australia Pty Limited and JAURD International Lake Maitland Project Pty Ltd (<b>Japanese Partners</b>): <ul style="list-style-type: none"> <li>not electing to exercise any pre-emptive or other rights they may have to acquire any or all of the Lake Maitland Assets or Report Exploration in relation to the Lake Maitland Acquisition; and</li> <li>consenting in writing to any assignment, transfer, encumbrance, dealing with or other disposal of all or any part of Redport Exploration's rights or obligations,</li> </ul> <p>under the suite of agreements relating to the farm in and joint venture between Mega and its subsidiaries (<b>Mega Group</b>) and the Japanese Partners (<b>Lake Maitland Farm In</b>) in relation to the Lake Maitland Acquisition and if the consent is subject to any conditions, those conditions being acceptable to Toro (acting reasonably).</p> </li> <li>completion of the Restructure(as defined in clause 10 of this terms sheet) to the satisfaction of Toro (acting reasonably);</li> <li>no material adverse change in the Sale Companies or the Lake Maitland Assets or breach of warranty given by Mega in this terms sheet or any other agreement relating to the Transaction between the date of this terms sheet and Completion;</li> <li>no material adverse change in the assets or operations of Toro or breach of warranty relating to Toro between the date of this terms sheet and Completion;</li> <li>approval by Macquarie Bank Limited (<b>MBL</b>) under the facility that Toro has with MBL and any consents or approvals required to include the Tenements and other Lake Maitland Assets as part of the security granted to MBL in relation to the facility; and</li> <li>Pinetree and Oz having each performed their respective obligations under the subscription agreements to subscribe for shares in Toro dated on or about the date of this terms sheet made between Pinetree and Toro and Oz and Toro respectively, or Toro being reasonably satisfied each of them will do so after Completion.</li> </ol> <p>Each party must use and ensure that its subsidiaries use best endeavours to satisfy the conditions as soon as possible and in any event before the End Date. Mega is primarily responsible for satisfaction of the conditions in clauses 6c), d), e) and f) and i) (to the extent it relates to Pinetree)and Toro is primarily responsible for satisfaction of the conditions in clauses 6b), g), h) and i) (to the extent it relates to Oz).</p> <p>The conditions are for benefit of Nova and can be waived by Nova (other than the conditions in clauses 6a) to c) and e) which can be waived only with the agreement of both parties and condition in clause 6g) which can be waived by Mega).</p> <p>The end date for satisfaction of the conditions is Friday 29 November 2013 (<b>End Date</b>).</p> <p>The Transaction is not subject to further due diligence by either party or any funding condition.</p>

<sup>1</sup> There is no binding agreement to transfer the shares in the Sale Companies unless and until this condition is satisfied.

<b>Pre-Completion Obligations</b>	
7 <b>Conduct of business by Mega</b>	<p>From the date of execution of this terms sheet until Completion, Mega must ensure that the Sale Companies and Lake Maitland Assets are preserved. To that end, Mega must ensure that the Sale Companies:</p> <ul style="list-style-type: none"> <li>a) conduct their business, assets and operations in manner which preserves the status quo and prospects of the Lake Maitland Assets;</li> <li>b) maintain the Tenements in good standing;</li> <li>c) do not transfer any Lake Maitland Assets, enter into a material contract or incur a material liability, save to the extent required to implement the Restructure; and</li> <li>d) otherwise act in a manner which is consistent with the ordinary course, save as authorised in writing by Toro.</li> </ul>
8 <b>Conduct of business by Toro</b>	<p>From the date of execution of this terms sheet until Completion, Toro must ensure that:</p> <ul style="list-style-type: none"> <li>a) it does not dispose of an interest in the Wiluna Uranium Project other than any disposal required by law (such as the surrender of part of a tenement required by law);</li> <li>b) it maintains the tenements relating to the Wiluna Uranium Project in good standing;</li> <li>c) it does not declare or pay any dividend or make any other distribution to shareholders;</li> <li>d) it does not convert its shares into a larger number of shares under s254H of the Corporations Act;</li> <li>e) it does not reduce its capital, enter into a buyback agreement or approve a buyback under s257C(1) or 257D(1) of the Corporations Act;</li> <li>f) it does not resolve to wind up the company or any of its material subsidiaries;</li> <li>g) it does not dispose of, or agree to dispose of, any of the issued shares in Nova;</li> <li>h) it does not issue shares (except in relation to any options disclosed in the latest Appendix 3B issued by Toro prior to the date of this terms sheet), or grant an option over its shares, or agree to make such an issue or grant such an option where such issue, grant or agreement relates (on an aggregate basis) to more than 20% of the total issued share capital in Toro as at the date of this terms sheet; and</li> <li>i) it will not enter into any transaction that will result in a change in control of Toro other than as contemplated in this Transaction, and Toro represents and warrants that no such transaction is presently being considered.</li> </ul>
9 <b>Release of Guarantees and Indemnities</b>	<p>Toro will use its reasonable endeavours to obtain the release of Mega and Mega Redport from any guarantees and indemnities provided in connection with the Lake Maitland Assets including the royalties owed to Coniston Pty Ltd (<b>Coniston</b>) and Joydem Pty Ltd (<b>Joydem</b>), each pursuant to a sale agreement dated 23 September 2005, conditional on Completion.</p> <p>Toro will provide equivalent replacement guarantees and indemnities if requested by Coniston and/or Joydem for this purpose.</p> <p>To the extent that a release is not obtained, Toro will indemnify Mega and Mega Redport for any claim that is made against any or both of them under the guarantees or indemnities for matters which arise after Completion.</p>
10 <b>Restructure</b>	<p>Prior to Completion, Mega will, at Mega's cost, ensure that:</p> <ul style="list-style-type: none"> <li>a) all Lake Maitland Assets held by members of the Mega Group (other than the Sale Companies) will be transferred to either (at Toro's election) Redport Exploration or Mega Lake Maitland Pty Ltd;</li> <li>b) the Excluded Assets are transferred out of the Sale Companies;</li> </ul>



		<ul style="list-style-type: none"> <li>c) the repayment of any debt owed by the Sale Companies to a member of the Mega Group (other than the other Sale Companies);</li> <li>d) the Tenements are in good standing at Completion and all expenditure commitments, rents and rates<sup>2</sup> have been paid up to Completion (on a pro rata basis based on time) (or exemptions from the expenditure commitments have been or will be obtained prior to Completion). Where rents and rates have been paid in advance for the period after Completion Toro will, at Completion, reimburse Mega Redport the difference between the pro rata amount that would have been payable by Mega under this clause 10d) and the amount it has actually paid;</li> <li>e) the release of any guarantees or other commitments given by the Sale Companies to other members of the Mega Group or to third parties on behalf of other members of the Mega Group;</li> <li>f) the satisfaction of all debts and other liabilities (actual or contingent) of the Sale Companies or the retention by the Sale Companies of cash reserves in addition to the Minimum Cash Reserves to meet those liabilities as and when they fall due;</li> <li>g) a tax sharing agreement is made by the members of the Australian consolidated tax group including the Sale Companies;</li> <li>h) termination of any persons employed by or contracted to the Sale Companies at Completion unless Toro advises within 20 business days after the date of this terms sheet of any person who is to be retained after Completion; and</li> <li>i) any contracts between the Sale Companies and a related entity (as defined in the Corporations Act) (<b>Related Entity</b>) of Mega (other than contracts entered or to be entered into under this terms sheet) which are not approved in writing by Toro are terminated and Toro and the Sale Companies are released and discharged from any liability in relation to those contracts,</li> </ul> <p>(together the <b>Restructure</b>).</p>
	<b>Share Restrictions</b>	
11	<b>Standstill</b>	<p>Mega must do all things to ensure that following Completion:</p> <ul style="list-style-type: none"> <li>a) its Voting Power in Toro does not exceed 28%, except to the extent any increase in Voting Power is in relation to an entitlement issue in accordance with clause 13;</li> <li>b) it does not acquire or obtain a relevant interest (as that term is defined in the Corporations Act) (<b>Relevant Interest</b>) in any shares or other securities or derivatives in Toro in addition to those shares issued to Mega or its associates (as defined in the Corporations Act) (<b>Associate</b>) under the Transaction, without the prior approval of Toro (excluding any relevant interest obtained by virtue only of s608(3)(a) of the Corporations Act as a result of owning more than 20% of the issued shares in Toro or to the extent a relevant interest is obtained in relation to an entitlement issue in accordance with clause 13); or</li> <li>c) it does not requisition a shareholders meeting, solicit proxies from shareholders of Toro or otherwise seek to influence or control the composition of Toro's board or decisions about Toro's financial and operating policies (without limiting the rights of any Mega nominee on the Toro's board in his or her capacity as a director),</li> </ul> <p>for a period of 2 years after Completion unless the prior written approval of Toro is obtained.</p>

<sup>2</sup> For the avoidance of doubt "rates" includes any amounts payable under the Agricultural Protection Rate Assessment".

12	<b>Mega restrictions if Pinetree acquires Toro Shares</b>	<p>For the period from the date of this terms sheet until the end of the standstill in clause 11, if Pinetree acquires an interest in shares or other securities in Toro (other than any Subscription Shares issued to Pinetree and Toro shares issued to or acquired by Pinetree with the prior written consent of Toro (<b>Permitted Holding</b>) or in relation to an entitlement issue in accordance with clause 13;), which:</p> <ul style="list-style-type: none"> <li>• increases Pinetree's Voting Power in Toro; or</li> <li>• increases Pinetree's Relevant Interest in Toro shares or other securities,</li> </ul> <p>above the Permitted Holding, Mega agrees not to exercise the voting rights in relation to the number of its Toro shares which is equal to the excess held by Pinetree above the Permitted Holding.</p>
13	<b>Entitlement issue</b>	<p>Notwithstanding the general restrictions in clauses 11 and 12 Mega is entitled to take up its pro rata entitlement under any entitlement issue in respect of Toro shares and in the event that this results in an increase of the Voting Power or Relevant Interest held by Mega the percentage in clause 11 a) and the number of shares for the purposes of clause 11 b) will reflect the shares to issued under this terms sheet together with Mega's pro rata entitlement under the entitlements issue.</p>
14	<b>Escrow</b>	<p>Mega must ensure that it and its Related Entities do not dispose (as that term is defined in the ASX Listing Rules (<b>Dispose</b>)) of the Consideration Shares for a period of 12 months after Completion (<b>Escrow Period</b>) unless the prior written approval of Toro is obtained.</p> <p>As long as Mega owns more than 15% of Toro, for a period of 12 months after the end of the Escrow Period, Mega will, and will ensure that its Associates, give Toro 20 business days prior notice of any intention to Dispose of the Consideration Shares.</p>
<b>Completion</b>		
15	<b>Completion Date</b>	<p>The date for the completion of the Lake Maitland Acquisition (<b>Completion</b>) is the later of 10 October 2013 and the date 7 days after the date of satisfaction or waiver of the last condition precedent, or such other date as the parties agree in writing.</p>
16	<b>Completion Objectives</b>	<p>a) Completion of the sale and purchase of Redport Exploration and the issue of the Consideration Shares.</p> <p>b) The appointment of the Mega nominees to the Toro board.</p>
17	<b>Mega Key Completion obligations</b>	<p>a) Provide executed copies of the documents necessary to transfer Redport Exploration to Nova;</p> <p>b) provide evidence to the reasonable satisfaction of Toro of the completion of the Restructure, that the Sale Companies hold all of the Lake Maitland Assets and that any required shareholder and regulatory approvals required by Mega have been obtained;</p> <p>c) provide evidence to the reasonable satisfaction of Toro that the Sale Companies are debt free and liability free (including that all liabilities associated with the Restructure have been paid by Mega or that the Sale Companies have cash to cover those liabilities);</p> <p>d) provide the Corporate Records and all other usual completion documents (eg, complete and up to date books and records for the Sale Companies, Lake Maitland Farm In records and reports and third party consents, etc);</p> <p>e) the Sale Companies pay the amount required to achieve a clear exit from the Mega Australian tax consolidated group in accordance with the tax sharing agreement made prior to completion;</p> <p>f) provide an executed deed of release by Mega and its Related Entities of all rights, claims etc against the Sale Companies other than as set out under this terms sheet;</p> <p>g) provide all documents required to transfer the 50% interest in Mega Stations Holdings held by Mega Stations Pty Ltd (owned by Mr Stewart Taylor) to Nova or its nominee;</p>

		<p>h) provide any required approval of the Department of Lands to the transfer of Redport Exploration to Nova; and</p> <p>i) if the bond relating to M53/1089 - \$189,000 has not been retired prior to Completion, Mega will ensure that there is cash to support that bond (in addition to the Minimum Cash Reserves). That cash held by Redport Exploration or Mega Lake Maitland Pty Ltd (less any claim made on the bond prior to retirement) will be refunded to Mega Redport immediately after the bond is retired.</p>
18	<b>Toro Key Completion obligations</b>	<p>a) Provide executed copies of all of the documents necessary to transfer Redport Exploration to Nova;</p> <p>b) issue the Consideration Shares;</p> <p>c) provide evidence to the reasonable satisfaction of Mega that any required shareholder and regulatory approvals required by Toro have been obtained;</p> <p>d) appoint the Mega nominees to the Toro board;</p> <p>e) replace the bonds over the following tenements for up to the following amounts: E53/1099 - \$20,000; E53/1211 - \$17,000 and L53/152 - \$15,000; and</p> <p>f) provide the releases received at Completion of Mega and Mega Redport from the guarantees and indemnities provided in respect of royalties as referred to in clause 9.</p>
<b>Warranties, Indemnities and Limitations</b>		
19	<b>Mega Warranties and indemnities</b>	<p>Mega warranties are given at the date of this terms sheet and Completion and include:</p> <p>a) Unqualified warranties as to title (both in respect of the 100% of the issued securities in Redport Exploration and the Lake Maitland Assets); no encumbrances or third party rights or interests except agreed permitted encumbrances (set out in <b>Schedule 5</b>) authority; capacity and solvency and that all of the Lake Maitland Assets are, or will at Completion be, owned by the Sale Companies (except that in the case of the Pastoral Lease, subject to Toro agreeing, the issued shares in Mega Stations Holdings Pty Ltd not held by Redport Exploration will be held by entities (other than one of the Sale Companies) nominated by Nova (or its nominee)) (<b>Unqualified Warranties</b>).</p> <p>b) Other warranties including:</p> <ul style="list-style-type: none"> <li>the truth and accuracy and completeness of information provided by Mega;</li> <li>no material information withheld by Mega from disclosure to Toro;</li> <li>the accounts of Sale Companies are true, accurate and complete;</li> <li>no breach of material contracts or disputes;</li> <li>Tenements are in good standing, all rents, rates fees and outgoings in relation to the Tenements have, or will at Completion, be paid up until Completion (or exemptions from expenditure commitments have been or will be obtained prior to Completion), no Tenements are liable to be forfeited or cancelled for any reason, all work programs have been submitted and complied with and any renewal applications have been made within the required time and all things necessary to progress those applications have been done;</li> <li>no member of the Mega Group hold any interest in a tenement or application for a tenement, or water rights or licences or application for water rights or licences, which is within 20 km of the boundary of a Tenement (<b>Area of Influence</b>) other than the Excluded Tenements;</li> <li>all material information known to Mega (including the SRK resource estimation contained in the technical report dated September 8, 2009, entitled "Lake Maitland – NI 43-101 Technical Report") which relates to the estimation of the resources on the Tenements has been fully and fairly disclosed to Toro prior to the date which is 10 business days before the date of this terms</li> </ul>

sheet;

- the Sale Companies have no outstanding taxes (including GST) and duties in relation to the period prior to Completion and Completion will not crystallise any such liability (other than landholder duty payable on the acquisition of the Sale Companies by Nova (**Acquisition Duty**));
- the Sale Companies will be debt and liability free at Completion;
- all Uranium Rights granted or to be granted have terms no less favourable to the Sale Companies than the terms set out in **Schedule 1**;
- all tenements in relation to which the Japanese Partners have a right to acquire an interest under the Lake Maitland Farm In are contained in the Tenements;
- the Lake Maitland Assets are all of the material assets, rights or information relating to Lake Maitland, which are held at the date of this terms sheet by a member of the Mega Group;
- Mega has no reason to believe that the Lake Maitland Farm In cannot be restructured within 12 months after Completion to permit the joint development of Lake Maitland and Toro's Wiluna Uranium Project;
- Mega has informed the Japanese Partners that Toro will seek to restructure the existing farm in arrangements after Completion to permit the joint development of Lake Maitland and Toro's Wiluna Uranium Project;
- so far as Mega is aware, the Excluded Tenements (other than P53/1253, P53/1254 and P53/1255) held by Redport Exploration do not have material prospectivity for or host material uranium mineralisation, have no material benefit for and are not required for the development or conduct of the Lake Maitland;
- so far as Mega is aware, no material assets, rights or information relating to Lake Maitland, which were held at 1 January 2013 by a member of the Mega Group have been disposed of except as fully and fairly disclosed by Mega prior to 10 business days before the date of this terms sheet;
- so far as Mega is aware there are no material assets, rights or information which is required by a Sale Company to assess and perform the obligations imposed on a Sale Company under any royalty agreement relating to any Tenement or the Lake Maitland Farm In which are held at the date of this terms sheet (or were held at any time after 1 January 2013) by a member of the Mega Group which are not included in the Lake Maitland Assets provided to Nova at Completion;
- Mega does not require any shareholder approval to implement the Transaction; and
- other usual and customary reciprocal warranties.

c) Indemnities for:

- any breach of warranty;
- any liability, cost expense or claim related to the Restructure (**Restructure Indemnity**); and
- any taxes (including all state and federal taxes, employment tax, GST and withholding obligations and any related penalties and interest) and duties payable by the Sale Companies (**Tax Indemnity**) other than:
  - Acquisition Duty;
  - tax liabilities which relate to the period after Completion;
  - tax liabilities which are disclosed and in relation to which cash (in excess of the Minimum Cash Reserves) to cover the tax liability is retained in the Sale Companies at Completion.

20 <b>Toro Warranties and indemnities</b>	<p>Toro warranties are given at the date of this terms sheet and Completion, and include:</p> <p>a) Unqualified warranties as to title (in respect of the tenements held by Toro and its subsidiaries), encumbrances as disclosed, authority, capacity and solvency (<b>Unqualified Warranties</b>);</p> <p>b) Other warranties including:</p> <ul style="list-style-type: none"> <li>• the truth and accuracy and completeness of information provided by Toro;</li> <li>• there is no material information withheld by Toro from disclosure to ASX (other than in relation to the Transaction);</li> <li>• the accounts of Toro are true, accurate and complete;</li> <li>• no breach of material contracts or disputes;</li> <li>• Toro's tenements are in good standing;</li> <li>• other usual and customary reciprocal warranties; and</li> <li>• Toro has no reason to believe that the Lake Maitland Farm In cannot be restructured within 12 months after Completion to permit the joint development of Lake Maitland and Toro's Wiluna Uranium Project.</li> </ul> <p>c) Indemnities for any breach of warranty.</p>
21 <b>Monetary and time limitations</b>	<p>Warranty claims by any party shall be subject to the following limitations:</p> <p>a) a minimum amount per claim (for breach of warranty or under an indemnity) or a series of similar or related claims of A\$100,000;</p> <p>b) cap for warranties and indemnities equal to A\$35 million;</p> <p>c) time limit:</p> <ul style="list-style-type: none"> <li>• 5 years for notification of claims under the Tax Indemnity; and</li> <li>• 2 years for notification of claims under the other warranties and Restructure Indemnity.</li> </ul> <p>There will be no cap on claims in respect of the Unqualified Warranties.</p>
22 <b>Other Limitations</b>	<p>No party may bring any warranty claims (other than claims for a breach of the Unqualified Warranties and the Restructure Indemnity and Tax Indemnity) to the extent that:</p> <p>a) matters are fairly and fully disclosed in writing prior to the date which is 2 business days before the date of this terms sheet;</p> <p>b) matters are disclosed in search results from the Courts (being in respect of searches, each of the Warden's Court of Western Australia, District Court of Western Australia, Supreme Court of Western Australia, Federal Magistrates Courts of Australia, Federal Court of Australia and High Court of Australia) regarding Lake Maitland on or prior to 9 July 2013 and searches of the Personal Property Securities Register and the ASIC register as at 10 business days prior to the date of this terms sheet;</p> <p>c) the loss arises through a change to law and interpretation of law;</p> <p>d) the liability is for indirect or consequential loss or damage;</p> <p>e) a liability or matter is subject to a pre-Completion written consent from the other party;</p> <p>f) a liability arises out of or relates to any forecast, projection (other than resource or reserve estimation); or</p> <p>g) the loss is recovered through other means such as insurance.</p>

23	<b>Tax Indemnity</b>	<p>Toro, Nova and the Sale Companies will, at all times prior to taking any action in relation to a claim covered by the Tax Indemnity, do each of the following:</p> <ul style="list-style-type: none"> <li>a) act in consultation with Mega and its professional advisers in relation to the conduct and progress of all objections, challenges or court proceedings and any related correspondence and negotiations;</li> <li>b) keep Mega and its professional advisers fully informed of the progress; and</li> <li>c) provide Mega and its professional advisers with copies of all relevant documents.</li> </ul> <p>Toro, Nova and the Sale Companies, following such consultation, will take into account all reasonable concerns and issues raised by Mega in all action that is taken by Toro in relation to any claim covered by the Tax Indemnity.</p>
24	<b>Tax Claim</b>	<p>If Toro, Nova or any of the Sale Companies becomes aware of a tax claim, it must give written notice of it to Mega within 5 business days of becoming so aware.</p> <p>Toro, Nova and the Sale Companies and will use reasonable endeavours to ensure that Mega and its professional advisers have reasonable non disruptive access to the personnel of Toro, Nova and/or the Sale Companies (as applicable) and to any relevant premises, assets and records within the custody, power, possession or control of Toro, Nova and/or the Sale Companies to enable Mega and its professional advisers to examine the tax claim and the records, and to take copies of them at the expense of Mega. Subject to receipt of adequate security to support the indemnity provided by Mega, Toro must, and must ensure that Nova and the Sale Companies must, take any proper and reasonable action requested by Mega to avoid, resist, compromise or defend any notice issued by a government authority which gives rise to the tax claim. Mega shall indemnify Toro against any loss suffered or incurred as a result of compliance with that request and will provide security reasonably acceptable to Toro in relation to the indemnity.</p>
<b>Director nomination rights</b>		
25	<b>Initial Mega nominees</b>	Toro will ensure that Mr Richard Patricio and Mr Richard Homsany are appointed as directors of Toro with effect from Completion, subject to the Corporations Act and the ASX Listing Rules and signing Toro's usual non executive director appointment documents.
26	<b>Future nomination rights</b>	For so long as Mega holds not less than 22% of the issued shares in Toro, subject to the Corporations Act and the ASX Listing Rules, Mega will have the right to nominate two suitably qualified persons for election as directors on Toro's board.
<b>Progress of Tenement Applications</b>		
27	<b>Tenement Applications</b>	Mega must use its best endeavours to have the tenement applications and renewal applications referred to in <b>Schedule 1</b> granted prior to Completion.
<b>Japanese Partner waiver</b>		
28	<b>Japanese Partner waiver</b>	Mega must use its best endeavours to obtain an irrevocable waiver by Itochu Minerals & Energy of Australia Pty Limited and JAURD International Lake Maitland Project Pty Ltd ( <b>Japanese Partners</b> ) as soon as possible and in any event before the End Date of any rights of pre-emption, right of first refusal or any other right to consent or give approval to the Lake Maitland Acquisition under the Lake Maitland Farm In which is reasonably required to enable the Lake Maitland Acquisition to proceed on or before the End Date, and if the waiver is subject to any conditions, those conditions are acceptable to Toro (acting reasonably).
29	<b>Keep Parties updated</b>	Mega and Toro must promptly provide full details to the other party of all communications with the Japanese Partners in relation to the waiver referred to in clause 28 and the consent required in clause 6d).
<b>Guarantees</b>		
30	<b>Mega Guarantee</b>	Mega unconditionally and irrevocably guarantees the performance of the obligations of all members of the Mega Group under the transactions contemplated by this terms sheet.

31	<b>Toro Guarantee</b>	Toro unconditionally and irrevocably guarantees the performance of the obligations of all members of the Toro group of companies under the transactions contemplated by this terms sheet.
<b>Confidentiality</b>		
32	<b>Confidentiality</b>	The negotiations in connection with the Lake Maitland Acquisition, this terms sheet and all information provided during the due diligence process by each party in connection with the Lake Maitland Acquisition and the issue of Toro shares is confidential information and is subject to the confidentiality agreement made between Mega and Toro dated 21 February 2013 ( <b>Confidentiality Agreement</b> ). The confidentiality obligations in the Confidentiality Agreement apply to all parties to this terms sheet.
33	<b>Announcement</b>	On signing of this terms sheet, the parties will each release an announcement to their respective market in the forms attached as <b>Annexure A</b> .
<b>Implementation and support</b>		
34	<b>Implementation</b>	Each party will each use its best endeavours to: <ul style="list-style-type: none"> <li>a) on request by the other party, negotiate in good faith to enter into formal agreements which reflect the terms and conditions in this terms sheet and such other terms as are mutually agreed by Toro and Mega;</li> <li>b) do all things reasonably necessary to implement the transaction in accordance with these terms and in accordance with the indicative timetable attached as <b>Schedule 4</b>, including committing the personnel and resources required for this purpose; and</li> <li>c) regularly and promptly keep each other informed as to any material developments which relate to the respective companies and their assets, the status and matters which may impact on the satisfaction of the conditions (including the proposed merger between Mega and Rockgate on the terms announced on 6 June 2013 (<b>Rockgate Merger</b>)).</li> </ul>
35	<b>Provision of information</b>	<ul style="list-style-type: none"> <li>a) Mega will ensure that from the date of this terms sheet until 30 June 2014, Toro has full access to documents and information relating to the Lake Maitland Assets and the Sale Companies and will use reasonable endeavours to ensure Toro has full access to senior management and consultants of Mega Group to continue to facilitate progress of the Transaction, identify and assess the Lake Maitland Assets, plan the restructure of the Lake Maitland Farm In to enable joint development of the Lake Maitland Assets with Toro's assets and to integrate the Lake Maitland Assets with Toro's Wiluna Uranium Project (provided that any material external costs incurred in provision of that information are to be paid by Toro).</li> <li>b) Mega will promptly provide all information reasonably requested by Toro in relation to the Transaction and the Lake Maitland Assets (including financial information) for inclusion in Toro's shareholder meeting documents and under its ASX disclosure obligations (provided that any material external costs incurred in provision of that information are to be paid by Toro).</li> <li>c) Toro will promptly provide all information reasonably requested by Mega in relation to the Transaction, Toro and its assets (including financial information) for inclusion in the Mega's shareholder meeting documents in relation to the Rockgate Merger (provided that any material external costs incurred in provision of that information are to be paid by Mega).</li> </ul>
36	<b>Implementation period</b>	The period commencing from the date of this terms sheet until the earlier of: <ul style="list-style-type: none"> <li>a) termination of the Transaction in accordance with this terms sheet; and</li> <li>b) the End Date.</li> </ul>

37 <b>Support by Mega</b>	<p>During the Implementation Period, Mega will not take any action (other than those actions which Mega reasonably considers are necessary in connection with the Restructure) which will impede or delay the implementation of the Transaction. These requirements do not prevent Mega progressing the Rockgate Merger.</p> <p>The Mega directors will unanimously approve and support the Transaction and Mega directors and management will use reasonable endeavours to provide all support reasonably requested by Toro for this purpose (including participating in joint roadshows and marketing in relation to the Transaction).</p> <p>If Mega shareholder approval is required (recognising Mega's advice that no such approval is required) Mega directors will unanimously recommend its shareholders approve, and not change their recommendation of, the Transaction subject to a superior proposal (which does not include the Rockgate Merger).</p>
38 <b>Recommendation by Toro</b>	<p>During the Transaction Period, Toro will not take any action which will impede or delay the implementation of the Transaction.</p> <p>The Toro directors will unanimously recommend its shareholders approve, and not change their recommendation of, the Transaction subject to a superior proposal or the independent expert report obtained by Toro (IER) indicating that the Lake Maitland Acquisition or the Transaction is not fair or is not reasonable, provided that if the IER indicates that the Lake Maitland Acquisition or the Transaction is not fair but is reasonable, the Toro directors may only change their recommendation if they reasonably believe that the Lake Maitland Acquisition or the Transaction is not in the best interest of Toro shareholders.</p>
39 <b>Fiduciary carve out</b>	<p>The support and recommendation obligations do not apply to the extent that taking or failing to take action will result in the directors of the relevant party being in breach of its statutory or fiduciary duties.</p>
40 <b>Break fee by Mega</b>	<p>Mega will pay Toro a break fee to reimburse Toro for its reasonable pre-estimate costs and expenses incurred of A\$1 million if:</p> <ol style="list-style-type: none"> <li>Toro terminates the Transaction due to: <ul style="list-style-type: none"> <li>Mega failing to remedy a breach of a material obligation within 5 business days of a request to do so by Toro; or</li> <li>the breach of a material warranty by Mega;</li> </ul> </li> <li>Mega directors fail to approve and provide support for the Transaction or fail to provide any other approval required for the implementation of the Transaction; or</li> <li>the Japanese Partners exercise any rights of pre-emption or other rights to acquire a further interest in any Lake Maitland Assets or fail to give any consent required under the Lake Maitland Farm In to enable the Lake Maitland Acquisition to proceed.</li> </ol>
41 <b>Break fee by Toro</b>	<p>Toro will pay Mega a break fee to reimburse Mega for its reasonable pre-estimate costs and expenses incurred of A\$1 million if:</p> <ol style="list-style-type: none"> <li>Mega terminates the Transaction due to: <ul style="list-style-type: none"> <li>Toro failing to remedy a breach of a material obligation within 5 business days of a request to do so by Mega; or</li> <li>the breach of a material warranty by Toro; or</li> </ul> </li> <li>the Toro directors do not or recommend, or cease to recommend, shareholders approve the Transaction other than where the IER indicates that the Lake Maitland Acquisition or the Transaction: <ul style="list-style-type: none"> <li>is not fair or is not reasonable; or</li> <li>is not fair but is reasonable and the Toro directors reasonably believe that the Lake Maitland Acquisition or the Transaction is not in the best interest of Toro shareholders.</li> </ul> </li> </ol>



General		
42	<b>Pre Completion payables and receivables</b>	<p>a) Mega will within 5 business days after a written request from Toro and provision of reasonable supporting documents pay to Toro any individual amounts of \$25,000 or more paid or payable by a Sale Company to a creditor in the ordinary course of business or for a loan arising from or relating to the period prior to Completion.</p> <p>b) Toro will within 5 business days after becoming aware of any individual receivable of \$25,000 or more which has been paid to a Sale Company arising from or relating to the period prior to Completion (including any Research and Development, GST rebate or similar benefit from the Commissioner of Taxation) pay to Mega an amount equal to that receivable. Mega may review the financial records of the Sale Companies from time to time to assess whether any such payments are required under this clause.</p>
43	<b>Technical Cooperation</b>	<p>The parties will negotiate in good faith to enter a technical cooperation agreement after Completion to prepare and provide, at Mega's cost and subject to appropriate confidentiality and use restrictions:</p> <p>a) technical information in a form reasonably acceptable to both parties, for the purpose of Mega preparing its NI 43-101 and other legally required technical reports; and</p> <p>b) financial and accounting information and access to appropriate Toro personnel required to enable Mega to equity account for its investment in Toro; in accordance with its financial reporting obligations.</p>
44	<b>Access to accounts</b>	<p>If, after Completion, an audit or investigation is commenced in relation to Mega that relates in whole or in part to the period prior to Completion, whether such audit or investigation is conducted by Mega's auditors or by a government agency or otherwise, Toro, Nova and/or the Sale Companies must give Mega, at Mega's cost, all reasonable assistance in relation to that audit or investigation, including by promptly providing Mega and its professional advisers with such access to the employees, premises, chattels, accounts, documents and records of the Sale Companies as Mega or its professional advisers may reasonably require in connection with the audit or investigation and permitting Mega to take copies of those accounts, documents or records.</p>
45	<b>Termination</b>	<p>a) A party may terminate this terms sheet by notice in writing to the other parties if the conditions are not satisfied or become incapable of being satisfied by the End Date (other than due to the default of that party or its Related Entities) and are not waived prior to notice of termination being given.</p> <p>b) Toro may terminate the Transaction if:</p> <ul style="list-style-type: none"> <li>• Mega fails to remedy a breach of a material obligation within 5 business days of a request to do so by Toro;</li> <li>• Toro reasonably believes that a condition in clause 6 above (other than 6g) (Toro MAC)) will not be satisfied or waived on or before the due date for satisfaction; or</li> <li>• any of the Sale Companies become insolvent or if a receiver or manager appointed over the shares in the Sale Companies or all or any part of the Lake Maitland Assets.</li> </ul> <p>c) Mega, Mega Redport and Redport Exploration may terminate the Transaction if:</p> <ul style="list-style-type: none"> <li>• Toro fails to remedy a breach of a material obligation within 5 business days of a request to do so by Mega;</li> <li>• Mega reasonably believes that the condition in clause 6g) (Toro MAC) will not be satisfied or waived on or before the due date for satisfaction; or</li> <li>• Toro become insolvent or if a receiver or manager appointed over all or any part of the material assets of Toro.</li> </ul>

	d) On termination, each party is released from all future obligations under this terms sheet, other than its obligations under clause 32 (confidentiality) and clauses 40 and 41 (break fees). Each party retains all rights in relation to a past breach of this terms sheet.
46 <b>Stamp duty</b>	a) Nova must pay all Acquisition Duty. b) Mega must pay all stamp duty in relation to the Restructure, including any duty payable upon the change of control of Redport Exploration in relation to previous reconstruction relief obtained by the Sale Companies.
47 <b>Costs</b>	Each party must pay its own costs associated with the negotiation preparation and execution of this terms sheet and any documents entered into in relation to the Transaction.
48 <b>GST</b>	To the extent a taxable supply is made, the recipient must pay GST on the consideration in respect of that supply. The supplier must issue a tax invoice. Payment of an indemnity or reimbursement will not include a GST component. Mega is responsible for all GST payable by the Sale Companies for the period up to Completion.
49 <b>General</b>	Customary provisions including in relation to severability, entire agreement, assignment, and notices will apply.
50 <b>Governing law</b>	This terms sheet is governed by and construed in accordance with the laws of Western Australia. The parties agree to submit to the non exclusive jurisdiction of the Courts of Western Australia and the courts which hear appeals from those Courts.
<b>3. Binding terms sheet and signing</b>	
51 <b>Effect of terms sheet</b>	This terms sheet is legally binding on the parties.
52 <b>Formal Agreement</b>	Notwithstanding that this terms sheet is binding on the parties (and without affecting the binding effect of this terms sheet), if requested by Toro, the parties agree to enter into a formal agreement to more fully document the terms of the Lake Maitland Acquisition (to be prepared by Toro's legal advisers) on terms which are consistent with the terms of this terms sheet and otherwise on terms which are mutually agreed.  If the parties cannot agree on additional terms which are usual and customary for agreements of this type, but not inconsistent with this terms sheet, within 20 business days after a request to enter formal agreements, either party may refer the disputed matter to an independent commercial lawyer with more than 10 years experience agreed by the parties (or failing agreement such a person appointed by the President of the WA Law Society) ( <b>Expert</b> ) for resolution. The Expert will act as an expert and the decision of the Expert will be final and binding other than in the event of manifest error.
53 <b>Counterparts</b>	This terms sheet can be executed in any number of counterparts. All counterparts taken together will be taken to constitute one agreement.

Executed as an agreement

**EXECUTED** by Nova Energy Limited:

*"Vanessa Guthrie"*

Signature of sole director/secretary

Vanessa Guthrie

Name

*"Todd Alder"*

Secretary

Todd Alder

**EXECUTED** by Toro Energy Limited:

*"Vanessa Guthrie"*

Signature of director

Vanessa Guthrie

Name

*"Todd Alder"*

Signature of director/secretary

Todd Alder

Name

**EXECUTED** by Mega Redport Pty Ltd:

*"Richard Homsany"*

Signature of sole director/secretary

Richard Homsany

Name

**EXECUTED** by Mega Uranium Limited:

*"Richard Patricio"*

Authorized Officer

Richard Patricio  
Executive Vice President

Name

**EXECUTED** by Redport Exploration Pty  
Ltd:

*"Richard Homsany"*

Signature of sole director/secretary

Richard Homsany

Name

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**Schedule 1 – Tenements**

**Tenements held by Redport Exploration for Lake Maitland Farm In**

E53/1099      P53/1256      M53/1089

**Granted Uranium Rights\* held by Redport Exploration over tenements held by Yandal Metals Pty Ltd. (subject to Option Agreement)**

E53/1026      E53/1213      E53/1214

**Tenements held by Redport Exploration (subject to the Option Agreement)**

E53/1060      E53/1211      P53/1252

E53/1210      P37/6943      L53/152

**Additional Tenements or Tenement Applications, held by Redport Exploration (to be added to Option Agreement)**

E37/1144      E37/1145      E37/1146  
 (Application)      (Granted)      (Application)

**Uranium Rights\* to be granted to Redport Exploration on Excluded Tenements**

P53/1253      P53/1254      P53/1255

**Infrastructure Tenements**

L53/158      L53/167      L53/168      L37/202

**Renewal Applications**

E37/895      E37/970      E37/971  
 (decision by  
 DMP to refuse  
 extension of  
 term has been  
 appealed)

\* Granted Uranium Rights means those rights in respect of the exploration for uranium granted to Mega Redport pursuant to an agreement dated 30 June 2006 between Goldfields Consolidated Limited, Redport Limited (now known as Mega Redport) and Simmax Mining Pty Ltd (**Rights Agreement**) a copy of which has been provided to Toro and which rights will be assigned to Redport Exploration as part of the Restructure on the terms and conditions set out in the Rights Agreement.

\*Uranium Rights include, without limitation:

1. Binding interest in the relevant tenements in favour of the Sale Companies which will be registered by the owner of those tenements (**Owner**) (if capable of registration) and the applicable Sale Company may lodge and maintain a caveat to protect its interests.
2. Provisions granting the Sale Companies:
  - o the exclusive right to explore for, appraise and evaluate uranium deposits, develop uranium mines and to produce and extract uranium, the right to develop, construct, maintain, repair, utilise and operate from time to time stockpiles, waste dumps, processing facilities, roads, plant, equipment, facilities and infrastructure within those Tenements for those purposes;
  - o the right to do all such acts and things as may be necessary or incidental to the above purposes and the right to enter upon those Tenements with all necessary plant, equipment and labour for the above purposes; and
  - o rights of access to those Tenements required by the applicable Sale Company.
3. The Owner and the holder of the Uranium Rights will coordinate their respective activities to minimise conflict or interference with the activities of the other. Each will provide to the other information regarding its plans to enable such coordination. If there is a conflict regarding a potential which cannot be resolved by negotiation, then the conflict will be resolved by an expert where the principal criterion for resolving the conflict will be maximising the value and development potential of both the uranium and other principal resource of the tenement owner.
4. A right for the Sale Companies to all mining information relating to those Tenements and reliance on existing landowner agreements relating to those Tenements.

5. A right for the Sale Companies to segregate a uranium development area into a separate mining lease over the applicable area and the transfer of any related landholder and government approvals to the sale Companies.
6. Each party is responsible for obtaining and complying with any required governmental approvals, landowner agreements, tenement conditions, applicable legal requirements, royalties, bonds remediation, and insurances for its activities.
7. The Owner will maintain the Tenement in good standing, in full force and effect and will renew the Tenement as required by the applicable Sale Company. The applicable Sale Company will reimburse the Owner for a fair and equitable share of the outgoings, in proportion to the level of its respective activities on the Tenement compared to the activities of the Owner. The Owner will not surrender any portion of the Tenement unless required to do so by law, in which case the area to be surrendered will be agreed between the Owner and the applicable Sale Company.
8. The Owner will not transfer, assign or encumber the Tenement or any interest in the Tenement unless the intended assignee has first entered into an deed of covenant with the applicable Sale Company agreeing to be bound by these terms in place of the Owner in relation to the interest to be assigned or encumbered.
9. The Owner can surrender the Tenement at any time if it first offers to transfer the Tenement to the Sale Companies for \$1.00 and that offer is declined or not accepted within 30 business days after the offer.

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**Schedule 2 – Excluded Tenements and Excluded Assets**

**Excluded Tenements:**

**Excluded Gold Tenements**

P53/1324	P53/1338	P53/1341	M53/578	E53/1442
P53/1336	P53/1339	M53/574	M53/579	
P53/1337	P53/1340	M53/575	E53/1441	

**Excluded Gold Tenements with Uranium Rights\* to be retained by Redport Exploration**

P53/1253

P53/1254

P53/1255

**Excluded Assets:**

The royalty in respect of the Langer Heinrich mine

The right of any Sale Company or other member of the Mega Group to receive a Research and Development, GST rebate or similar benefit from the Commissioner of Taxation in connection with any expenditure made by or on behalf of any of the Sale Companies prior to Completion, subject to each individual receivable exceeding \$25,000.

Any mining Information or fixed assets relating predominantly to the Excluded Tenements, other than any of those assets listed in **Schedule 3**.

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**Schedule 3 – Agreed Fixed Assets**

Asset Number	Asset Name
CS000001	WindRose Airdata Software
CS000003	MS SQL Standard 2008 10 CALS
CS000007	Windows 7 home Premium 32bit
CS000010	Acquire Database - Geology
CS000013	Mapinfo Discover V12.0 (6th)
CS000015	Environmental Software (EsDat)
CS000016	Discover 3D Module V 6.0 Desk
FF000001	Cabinet Beige/Extra Shelf Beig
FF000002	Watec Workstation, Pedestal an
FF000004	26BDS-588 Chest Freezer
FF000005	26BDS-788 Chest Freezer
IE000001	Weather Station Mast and acces
IE000003	4 Refurbed IBC
IE000007	Washing Machine
IE000008	Defibrillator FRX
IE000009	Oxy Viva Resusitator
IE000011	Aussiescoop Stretcher with 5 s
IE000012	Catering Kitchen Equipment
IE000013	Ice Boxes 70/100/200ltr
IE000016	Weather Station 2
IE000018	Randon GAS Monitoring (RAD 7)
IE000021	Enviro Radon Daughter Monitor
E000024	Dryer Revers Tumble 1 6kg Site
IE000025	Dryer Revers Tumble 2 6kg Site
IE000026	Maytag Topload Washer site
IE000027	Maytag Topload Washer site
IE000028	Sea Containers for change room

Item Asset Number	Asset Name
IE000029	Davey XP 85-08T PUMP
IE000031	UHF Radios x4
IE000032	3m x 1.2m Whiteboards x2
IE000034	Manitowoc SD-322A/A320 Ice Mac
IE000035	Ground water Monitor TPS90FLMV
IE000042	Diesel Generator 22KVA - Abel
OE000002	TPS WP 81 Waterproof PH and EC
OE000003	7.0LT Wet Chemical Extinguisher
OE000004	3.5kg CO2 Fire Extinguisher
OE000006	Telescopic Mast
OE000011	3* Watec Mobile Trio Ironst
OE000012	Elite Built 4 Draw F/Cab
OE000015	Canon LBP9100CDN Printer
OE000017	GBK Scales - Tiger Tek
OE000018	Star Phone



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**Schedule 4 – Indicative Timetable**

Terms sheet signed	Sun 11 August 2013
Japanese Partners waiver received	Thu 5 September 2013
Receive FIRB approval for acquisition by Toro	Thu 19 September 2013
Receive FIRB approval for acquisition by Mega	Thu 19 September 2013
Rockgate/Mega Merger EGM	Mon 23 September 2013
Rockgate/Mega Merger Completion	Mon 30 September 2013
Toro EGM	Wed 3 October 2013
Toro/Mega Completion	Wed 10 October 2013
End Date	Fri 29 November 2013

**PRIVATE & CONFIDENTIAL**  
**Acquisition of Lake Maitland Project**  
**Binding terms sheet**  
**(Sunday 11 August 2013)**

**Schedule 5 – Permitted Encumbrances**

**Permitted Encumbrance** means:

- a) any caveats registered over any of the Tenements by either or the Japanese Partners pursuant to any of the following:
  - i. the farm-in agreement between Redport Exploration and the Japanese Partners;
  - ii. the joint venture agreement between Redport Exploration and the Japanese Partners; or
  - iii. the option agreement between Redport Exploration, the Japanese Partners and Mega Redport,each dated 18 June 2009;
- b) any caveats registered over any of the Tenements by Coniston pursuant to agreement for the sale of mining tenement E53/947 dated 23 September 2005 (**Coniston Royalty Deed**) and/or the deed of priority and consent dated on or around February 2010 between Franco-Nevada Australia Pty Ltd (**Franco-Nevada**), Coniston, Redport Exploration, Mega Redport and Mega (**Deed of Priority**);
- c) any caveats registered over any of the Tenements by Joydem pursuant to agreement for the sale of mining tenement E53/1060 dated 23 September 2005 (**Joydem Royalty Deed**);
- d) any mortgage registered over any of the Tenements by Franco-Nevada pursuant to an undated royalty deed between Redport Exploration and Newmont Yandal Operations Pty Ltd, as assigned to Franco-Nevada pursuant to a deed of assignment and assumption dated 24 January 2008 and as notified to Redport Exploration in a notice dated 31 January 2008 (**Franco-Nevada Royalty Deed**) and/or the Deed of Priority;
- e) royalties payable to Coniston, Joydem and Franco-Nevada under the Coniston Royalty Deed, the Joydem Royalty Deed and the Franco-Nevada Royalty Deed respectively;
- f) in respect of the Granted Uranium Rights, the sale agreement dated 30 June 2006 between Goldfields Consolidated Limited, Redport Limited (now known as Mega Redport) and Simmax Mining Pty Ltd; and
- g) means a charge or lien arising in favour of any government or any governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity by operation of statute and any such other third party rights in existence both on the date of this terms sheet and as at Completion: which would have been apparent from searches of the public registers in relation to the Tenements maintained by the Department of Mines and Petroleum pursuant to the Mining Act, or the ASIC register in respect of any of the Sale Companies as at 10 business days prior to the date of this terms sheet.

## **Annexure A – Agreed Announcements**



# PRESS RELEASE

## PRESS RELEASE

MEGA URANIUM LTD.: "MGA" (TSX)

FOR IMMEDIATE RELEASE: August 12, 2013

### MEGA URANIUM TO SELL LAKE MAITLAND URANIUM PROJECT TO TORO ENERGY

TORONTO, Ontario (August 12, 2013) - Mega Uranium Ltd. (TSX:MGA) ("Mega" or the "Company") is pleased to announce that it has entered into a binding term sheet with Toro Energy Limited ("Toro") (ASX:TOE) to sell its Lake Maitland Uranium Project ("Lake Maitland") in Western Australia to Toro for 415 million ordinary shares of Toro (the "Transaction"). Upon completion of the Transaction, Mega will own approximately 28% of the issued and outstanding shares of Toro.

Toro is an Australian uranium company listed on the Australian Stock Exchange. Toro's flagship and wholly-owned Wiluna uranium project is located 30 km southeast of Wiluna in Central Western Australia and approximately 90 km north-west of Lake Maitland. Toro has updated prefeasibility estimates and the process engineering phase of the definitive feasibility study complete for mining of two shallow calcrete deposits, Lake Way and Centipede, for which all government environmental approvals have been received.

#### Highlights of the Transaction

- Consolidates quality Western Australian uranium assets and expands Mega's uranium interests into an enlarged Wiluna project development;
- Environmental permits for Toro's first two deposits at the Wiluna project, Centipede and Lake Way, have already been granted, which potentially shortens the development time-frame for Lake Maitland;
- Operational synergies potential across geologically similar projects;
- Opportunity for significant capital savings due to the requirement for only one central processing facility to treat ore from Lake Maitland and Toro's Wiluna deposits; and
- Potential further benefit for Mega as shareholder in the enlarged Toro.

Stewart Taylor, Mega's President said, "Mega is pleased to partner with Toro on the development of Wiluna. Given the proximities and similarities of the main deposits, the integration of Lake Maitland into the broader Wiluna Project is expected to unlock benefits for both Toro and Mega shareholders."

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The Transaction is conditional upon the receipt of various approvals, including the approval of Toro shareholders, Mega's Project Partners (as defined below) consenting to and not exercising any pre-emptive rights that they may have in connection with the Transaction, and other customary closing conditions. The Transaction has the support of Toro's major shareholder, OZ Minerals Limited, which has a 39% equity interest in Toro, and which has confirmed that, subject to the independent expert report obtained by Toro indicating that the acquisition is fair and reasonable and no superior proposal emerging, it intends to vote in favour of the Transaction. On completion of the Transaction, OZ Minerals will hold a 28.5% interest in Toro.

Mega understands that following completion of the Transaction, Toro's focus will be to work towards implementation of the already approved Wiluna Project and to commence studies to optimise the inclusion of Lake Maitland within the overall Wiluna Project over time. This will include reviewing optimal mine planning and investigating the opportunity to expand the capacity of the Wiluna Project above Toro's currently planned 1.3 Mtpa processing capacity.

The Transaction does not impact upon Mega's previously announced proposed merger with Rockgate Capital Corp. (see June 6, 2013 press release), which the parties continue to work toward.

#### **Key Terms of the Transaction**

The Transaction is expected to be effected by Toro's subsidiary, Nova Energy Pty Ltd, acquiring 100% of the issued capital of Mega's subsidiary, Redport Exploration Pty Ltd ("**Redport**"). Redport, through its 100% owned subsidiaries, will own the relevant Lake Maitland tenements and associated assets and rights and at completion will have a surplus cash balance of \$1.5 million. Consideration for the Transaction is 415 million fully paid ordinary shares in Toro.

On completion of the Transaction, Mega will hold a 28% equity interest in Toro. Toro has agreed to grant Mega rights to appoint two nominees to the Toro board of directors for so long as Mega maintains at least a 22% interest in Toro. Initially, Mega's Executive Vice President – Corporate Affairs, Richard Patricio, and Executive Vice President – Australia, Richard Homsany, will join the board of Toro as non-executive directors. Mega has also agreed to a 12-month escrow of its Toro shares, with customary market exceptions, and to a standstill which limits Mega's capacity to acquire further Toro shares within the next 2 years.

#### ***Project Partners' Position Regarding Lake Maitland***

In June 2009, Mega entered into a series of agreements with JAURD International Lake Maitland Project Pty Ltd ("**JAURD**") and Itochu Minerals & Energy of Australia Pty Ltd ("**IMEA**") (together the "**Project Partners**"). Under those agreements, the Project Partners hold an option to acquire a 35% interest in Lake Maitland for approximately US\$49 million (of which US\$39 million remains payable) which can be exercised at any time up to a decision to mine on Lake Maitland. If the Project Partners



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exercise their option to acquire an interest in Lake Maitland, they will be entitled to various rights over the development of, and offtake from, Lake Maitland and are obliged to contribute financing for their share of costs for the development of Lake Maitland in order to maintain their respective joint venture interests in Lake Maitland.

In addition, the Project Partners hold certain pre-emptive and consent rights that may apply to the Transaction.

#### ***Conditions Precedent to Completion***

The conditions precedent to completion of the Transaction include, but are not limited to:

- Toro shareholder approval under ASX LR7.1 and s611 Item 7 of the Corporations Act;
- Any necessary FIRB approval required by Mega and Toro in relation to the transaction; and
- The Project Partners consenting to the Transaction and not exercising any pre-emptive rights that may apply.

#### ***Timing***

It is anticipated that a meeting of Toro shareholders will be held in early October 2013 at which Toro shareholders will be asked to approve the Transaction. It is expected that completion of the Transaction would occur soon thereafter, subject to the satisfaction or waiver of all conditions precedent to completion.

#### ***Break-Fees***

Reciprocal break fees of \$1.0 million are payable in certain circumstances by each of Mega and Toro.

#### ***Mega Advisors***

Dundee Capital Markets is acting as financial advisor to Mega.

#### ***Mega Uranium Ltd.***

Mega Uranium Ltd. is a Canadian mineral resources company listed on the TSX, with a focus on uranium properties. Mega has a global presence with projects in Australia at feasibility and pre-feasibility stages, and exploration projects in Australia, Canada and Cameroon. Currently, Mega is focused on the development of two of its Australian projects, Lake Maitland located in Western Australia and Ben Lomond located in Queensland. Mega has a farm in and joint venture with JAURD and IMEA on the Lake Maitland Project. Further information on Mega can be found on the company's website at [www.megauranium.com](http://www.megauranium.com).



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For further information please contact

For Mega Uranium Ltd.

**Investor Relations**

Mega Uranium Ltd.

Richard Patricio

Executive Vice President, Corporate Affairs

T: (416) 643-7630

[info@megauranium.com](mailto:info@megauranium.com)

[www.megauranium.com](http://www.megauranium.com)

**NOTE REGARDING FORWARD-LOOKING INFORMATION**

This news release contains "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 and "forward-looking information" as such term is defined in applicable Canadian securities laws (together referred to herein as "forward-looking statements"). Except for statements of historical fact relating to Mega or Toro, information contained herein constitutes forward-looking statements. Forward-looking statements are characterized by words such as "plan," "expect," "budget," "target," "project," "intend," "believe," "anticipate," "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. Forward-looking statements in this news release include, but are not limited to, statements relating to completion of the combination of Mega and Toro and the expected timing of completion, statements regarding the anticipated completion date of a feasibility studies regarding the Wiluna project, statements regarding the shareholding of Mega at closing, statements regarding the expected benefits to Mega shareholders of the proposed transaction. Forward-looking statements are based on the opinions, assumptions and estimates of management considered reasonable at the date the statements are made, and are inherently subject to a variety of risks and uncertainties and other known and unknown factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. These factors include (i) that Mega and Toro will complete the proposed transaction described herein, (ii) political developments, whether generally or in respect of the mining industry specifically, in Australia not consistent with Mega and Toro's current expectations, (iii) Mega's and Toro's expectations in connection with the projects discussed herein being met, (iv) the impact of general business and economic conditions, global liquidity and credit availability on the timing of cash flows and the values of assets and liabilities based on projected future conditions, fluctuating metal prices and currency exchange rates, (v) the value that the Mega will realize from its Toro shareholdings, (vi) changes in project parameters as plans continue to be refined, (vii) the continued employment of key Mega and Toro employees, as well as those risk factors discussed or referred to in Mega's annual Management's Discussion and Analysis and Annual Information Form for their respective most recently completed year end filed with the applicable securities regulatory authorities and available at [www.sedar.com](http://www.sedar.com). Although Mega has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended.

There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Mega does not undertake any obligation to update forward-looking statements if circumstances or management's estimates, assumptions or opinions should change, except as required by applicable law. The reader is cautioned not to place undue reliance on forward-looking statements. The forward-looking information contained herein is presented for the purpose of assisting investors in understanding Mega's expected financial and operational performance and results as at and for the periods ended on the dates presented in their respective plans and objectives and may not be appropriate for other purposes.

Stewart Taylor, Mega's President and Qualified person under NI43-101, is responsible for this release and has verified the contents disclosed.



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## ASX RELEASE

12 August 2013

# TORO ACQUIRES LAKE MAITLAND URANIUM PROJECT FROM MEGA URANIUM

## EXPANDS WILUNA REGIONAL RESOURCE BASE BY 42%

Toro Energy Limited (ASX: **TOE**) is pleased to announce it has entered into a binding terms sheet to acquire the Lake Maitland Uranium Project in Western Australia from Mega Uranium Ltd (TSX: **MGA**) for 415 million fully paid ordinary shares in Toro.

As Toro continues to work on implementing its 100% owned Wiluna Uranium Project, ('**Wiluna**') within existing government approvals, this acquisition provides the opportunity to significantly increase the operational life of Wiluna.

### Highlights

Lake Maitland is located 90 km south-east of the proposed site of the processing facility at Toro's 100% owned Wiluna Uranium Project. The acquisition is expected to provide a number of significant benefits for the development of Wiluna:

- **Significantly larger combined resource base:** The acquisition will expand Wiluna's JORC categorized total Mineral Resource base by 42% from **54Mlb** of  $U_3O_8$  to **76Mlb** of  $U_3O_8$  potentially sufficient for a minimum 20 year project life at Wiluna<sup>1</sup>;
- **Improvement in grade and potential to support Wiluna capacity expansion:** The Lake Maitland Mineral Resource includes high grade material comprising 6.4Mt @ 881ppm (500ppm cut-off) which is expected to improve the overall blended head grade from the Wiluna deposits, and the increased resources provide an opportunity to investigate an expansion to the planned Wiluna project, subject to government approvals;
- **Potential to improve Wiluna Project economics:** The increase in the Wiluna regional resource (both in tonnes and grade) has the potential to significantly improve the overall project economics, in particular through decreased operating costs particularly in the first 10 years of operations;
- **Benefit from pre-existing strategic partner relationship:** The existing Lake Maitland strategic partners - JAURD International Lake Maitland Project Pty Ltd ('**JAURD**') and Itochu Minerals & Energy of Australia Pty Ltd ('**IMEA**') - have an option to acquire a 35% interest in Lake Maitland and participate in the financing and development of that deposit. Toro will inherit the significant strategic and financial benefits of this pre-existing relationship; and

<sup>1</sup> Based on 1.3 Mtpa processing rate





- **A\$3.5 million of additional capital committed with the transaction:** A\$1.5 million of cash reserves are included in the Lake Maitland assets which will be acquired from Mega as part of the acquisition. In addition, OZ Minerals Limited and Pinetree Capital Ltd. have each committed to provide A\$1.0 million in equity subscriptions to Toro to provide further financial flexibility to meet transaction and ongoing costs.

"Lake Maitland adds significant scale to our Wiluna Project and further strengthens the Wiluna investment case. We believe the characteristics of the Lake Maitland deposit will provide significant operational and financing benefits to Wiluna. Upon successful completion of the acquisition we will welcome Mega as a strategic cornerstone investor in Toro and look forward to working closely with JAURD / IMEA as development of Wiluna and Lake Maitland is progressed to a final investment decision." Toro's Managing Director, Dr Vanessa Guthrie said today.

Mega's President, Mr Stewart Taylor commented: "Mega is pleased to partner with Toro on the development of Wiluna and Lake Maitland. Given the proximities and similarities of the main deposits, the integration of Lake Maitland into the broader Wiluna Project is expected to unlock benefits for both Toro and Mega shareholders."

The acquisition is conditional upon a number of approvals including the receipt of shareholder approval of Toro, and JAURD / IMEA not exercising any pre-emptive rights that they may hold over the Lake Maitland assets. Toro's major shareholder, OZ Minerals Limited, has confirmed that, subject to the independent expert report obtained by Toro indicating that the acquisition is fair and reasonable and no superior proposal emerging, it intends to vote in favour of the acquisition.

On completion of the acquisition OZ Minerals will own a 28.5% interest and Mega a 28% interest in the issued capital of Toro.

Dr Guthrie said that following completion of the acquisition, Toro's focus will continue to be on bringing the already approved Wiluna Project into production during 2016 depending on improving uranium market conditions and securing of project financing.

Details of the Lake Maitland Uranium Project are included in Annexure A. Further information regarding the acquisition and a summary of key terms is included in Annexure B.

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

**Vanessa Guthrie**  
**Managing Director**

**ENDS**



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For further information please contact:

**Toro Energy Limited**

Vanessa Guthrie  
Managing Director  
Phone No.: +61 8 9214 2100

**Mega Uranium Limited**

Richard Patricio  
Executive Vice President – Corporate Affairs  
Phone No.: +1 416-941-1071

**Advisors**

Azure Capital Limited is acting as financial advisor and Corrs Chambers Westgarth as legal counsel to Toro. Dundee Capital Markets is acting as financial advisor to Mega.

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**MEDIA CONTACT:**

Vanessa Guthrie	Toro Energy	08 9214 2100
Kevin Skinner	Field Public Relations	08 8234 9555 / 0414 822 631

**Toro Energy Limited**

Toro Energy is a modern Australian uranium company with progressive project development, acquisition and growth. The company is based in Perth, Western Australia. Toro's flagship and wholly-owned Wiluna uranium project is 30 km southeast of Wiluna in Central Western Australia. Updated prefeasibility estimates and the Process Engineering phase of the definitive feasibility study are complete for mining of two shallow calcrete deposits, Lake Way and Centipede, for which all government environmental approvals have been received. Development of Project financing through potential JV partners is underway, and following the successful completion of this and Toro Board final decision, the DFS is scheduled to commence during 2014, subject to the securing of additional funds, to allow for first production during 2016. Toro has three other deposits in its Wiluna regional resource, Millipede, Dawson/Hinkler and Nowthanna, as well as exploration tenements at Firestrike, which it is continuing to evaluate.

Toro's wholly owned Theseus Project at Lake Mackay on the WA/NT border is a recent discovery with results to date indicating the potential for a high grade mineralised system. The Company also owns uranium assets in the Northern Territory and in Namibia, Africa. Further information on Toro can be found on the company's website at [www.toroenergy.com.au](http://www.toroenergy.com.au).

**Mega Uranium Ltd.**

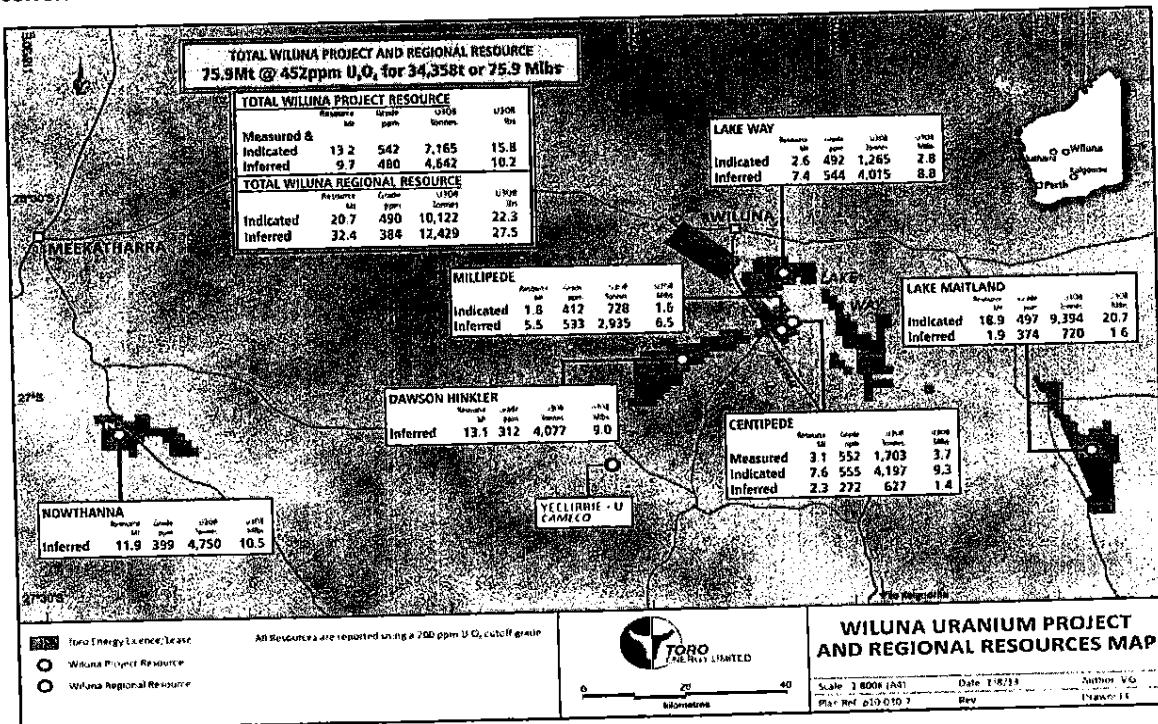
Mega Uranium Ltd. is a Canadian mineral resources company listed on the TSX, with a focus on uranium properties. Mega has a global presence with projects in Australia at feasibility and pre-feasibility stages, and exploration projects in Australia, Canada and Cameroon. Currently, Mega is focused on the development of two of its Australian projects, Lake Maitland located in Western Australia and Ben Lomond located in Queensland. Mega has a farm in and joint venture agreement with JAURD and IMEA on the Lake Maitland Project. Further information on Mega can be found on the company's website at [www.megauranium.com](http://www.megauranium.com).



## Annexure A

### Information About Lake Maitland

The Lake Maitland Project is located 90km south-east of Toro's Wiluna Uranium Project, which is on track to become Western Australia's first uranium mine. Toro will acquire 8 exploration licences, 2 exploration licence applications, 3 prospecting licences, a granted mining lease and 5 miscellaneous licences plus uranium rights in respect of a further 6 tenements.



Map Showing Lake Maitland Project in Relation to Broader Wiluna Project

The Lake Maitland deposit was first identified in a regional aeromagnetic survey in 1967. Between discovery and the early 1980s five companies were active in evaluating the project. Redport began drilling in 2005 and Mega commenced evaluating the project in 2006.

### Geology and Resource

The Lake Maitland deposit lies within the Yandal Greenstone Belt of the Archean Yilgarn Craton.

The deposit is associated with calcrete, hosted in a package of sediments within a playa lake. The flat lying deposit is on average 1.7 m thick and lies only 1-2 m below the surface. The mineralisation has a large aerial extent, its crescent shape extends some 5 km in length (N-S) and around 2 km in width (E-W) with 3 arms extending to the west. The primary mineral, carnotite  $[K_2(UO_2)_2(V_2O_8) \cdot 3(H_2O)]$ , is found within voids in cementations of calcium carbonate (calcrete) and as disseminations within sands, silts and clays.



Mega has published a Mineral Resource estimate of 20.8Mt @ 486ppm for 22.3Mlb contained  $U_3O_8$  (200ppm cut-off).

Cut-off (PPM)	Measured and Indicated			Inferred			Total		
	Tonnes M's	Grade PPM	MLB's $U_3O_8$	Tonnes M's	Grade PPM	MLB's $U_3O_8$	Tonnes M's	Grade PPM	MLB's $U_3O_8$
100	28.8	376	23.8	3.6	274	2.2	32.4	365	26.0
200	18.9	497	20.7	1.9	374	1.6	20.8	486	22.3
500	6.1	888	11.8	0.3	759	0.6	6.4	881	12.4

The current resource drill hole database comprises 1,441 holes for a total of 17,451 metres. Drillhole coverage at 100 mN by 100 mE spacing and 200 mN x 100mE spacing has been achieved for the majority of the resource area. All holes have been geo-physically logged using calibrated total gamma probes and the results converted to equivalent  $U_3O_8$  ( $eU_3O_8$ ) grades.

### ***Metallurgy and Process Design***

A significant amount of metallurgical testwork has been completed on samples from Lake Maitland. The work recorded comparable extractions and metallurgical performance to similar testwork on samples from Toro's Centipede, Millipede and Lake Way deposits which demonstrated that ore mineralogy is very similar across each of the deposits. The independently selected processing flowsheet developed for Lake Maitland is very similar to the processing facility design that has been progressed for the Wiluna Project.

### ***Environment and Community***

In October 2010 the Environmental Protection Authority of Western Australia approved the Environmental Scoping Document (ESD) for Lake Maitland. The ESD identifies the key potential environmental impacts of the project and defines the scope of investigations and studies needed to complete the Environmental Review and Management Programme (ERMP) as the next stage in the government assessment and approval process. The ERMP is at an advanced stage of preparation.

There are no registered Aboriginal heritage sites inside the Lake Maitland mining lease. Consultation with the traditional owners of the area has included heritage surveys in and around the project area to ensure the protection of culturally significant areas during on-going land disturbance work. A protocol has been signed with the traditional owners for the negotiation of a mining agreement.



## **Annexure B**

### **KEY TERMS AND A SUMMARY OF THE AQUISITION**

*A summary of the key terms of the Acquisition are set out below. This is a summary only and does not contain all of the terms of the agreement reached between the parties.*

#### **Acquisition by Toro**

Toro Energy Limited ("**Toro**") and Mega Uranium Ltd. ("**Mega**") have entered into a binding term sheet for Toro to acquire the Lake Maitland Uranium Project ("**Lake Maitland**") in Western Australia (inclusive of A\$1.5 million of cash reserves) from Mega ("**Acquisition**").

The Acquisition will be effected by Toro's 100% owned subsidiary, Nova Energy Pty Ltd, acquiring 100% of the issued capital of Mega's 100% owned subsidiary Redport Exploration Pty Ltd ("**Redport**")<sup>2</sup>.

Redport, through its 100% owned subsidiaries, will own the relevant Lake Maitland tenements, associated assets, rights, mining information, interests and a surplus cash balance of A\$1.5 million (collectively, the "**Lake Maitland Assets**").

#### **Consideration**

Consideration for the Acquisition is 415 million fully paid ordinary shares in Toro. On completion of the Acquisition, Mega will hold a 28% shareholding interest and OZ Minerals Limited ("**OZ Minerals**"), Toro's founding shareholder, a 28.5% shareholding interest in Toro.

#### **Board representation**

Toro has agreed to grant Mega rights to appoint two nominees to the Toro Board of Directors as long as Mega maintains a minimum of 22% interest in Toro. Initially, Mega's Executive Vice President - Corporate Affairs Mr. Richard Patricio and Executive Vice President - Australia Mr. Richard Homsany will join the Board of Toro as non-executive directors.

#### **Escrow and Standstill**

Mega has also agreed to a 12 month voluntary escrow on its ordinary shares in Toro, with customary market exceptions and for 2 years after completion agreed:

- not to increase its interest in Toro above 28% or acquire additional Toro shares other than if that interest increases through a pro-rata participation in an entitlement offer by Toro;

<sup>2</sup> If the parties agree, Mega and Toro will cooperate in structuring the Lake Maitland Acquisition, which may vary from the share purchase structure proposed in the terms sheet, to achieve the most efficient structure for each party in light of tax, securities, corporate law and other relevant considerations.



- not to requisition a Toro shareholders meeting, solicit proxies or seek to influence or control the composition of the Toro Board or decisions about Toro's financial and operating policies during that period; and
- if Pinetree Capital Ltd. acquires additional Toro shares taking the combined Mega/Pinetree Capital Ltd. holding above 28.8%, to suspend its voting rights for an equivalent number of the Toro shares it holds.

### ***Project Partners' Position Regarding Lake Maitland***

In June 2009, Mega entered into a series of agreements with JAURD and IMEA (together the "Project Partners").

Under those agreements, the Project Partners hold an option to acquire a 35% interest in Lake Maitland for approximately US\$39 million which can be exercised at any time up to a decision to mine on Lake Maitland. The Project Partners are not required to contribute any further funds to earn this option or contribute to further feasibility work. If the Project Partners exercise their option to acquire an interest in Lake Maitland, they will be entitled to various rights over the development and offtake of Lake Maitland and are obliged to contribute financing for their share of costs for the development of Lake Maitland in order to maintain their respective joint venture interests in Lake Maitland.

In addition, the Project Partners hold certain pre-emptive and consent rights that may apply to the Acquisition.

### ***Capital Raising***

In conjunction with the Acquisition, Toro has entered into separate share subscription agreements with each of OZ Minerals and Pinetree Capital Ltd., for A\$1.0 million each. The settlement of these subscriptions will be conditional upon the completion of the Acquisition and all necessary consents and approvals being obtained.

OZ Minerals and Pinetree Capital Ltd. have agreed that the subscription will be A\$0.08 per share provided that if Toro conducts a capital raising before the completion of the Acquisition, the issue price will be the same as the price of that capital raising. Completion under the subscription agreement will occur shortly after completion of the Acquisition.

The funds received from OZ Minerals and Pinetree Capital Ltd. will be applied to Toro's costs of acquiring Lake Maitland and general working capital.

### ***Conditions Precedent to Completion***

The Acquisition is conditional on:

- Toro shareholder approval under ASX LR7.1 and s611 item (7) of the Corporations Act in relation to the Acquisition;
- the Project Partners not electing to exercise any pre-emptive rights and providing any consent in relation to the Acquisition to the extent required;



- 
- no material adverse change in the Redport and its subsidiaries and the Lake Maitland assets or breach of warranty given by Mega;
  - no material adverse change in Toro occurring;
  - Redport and its subsidiaries being restructured to hold all of the Lake Maitland Assets to the reasonable satisfaction of Toro;
  - Any necessary FIRB approval required by Mega and Toro in relation to the transaction;
  - approval under Toro's Macquarie Bank facility and any consents required to include the include certain Lake Maitland Assets as the security under that facility;
  - Toro being satisfied that completion of the share subscription by Pinetree Capital Ltd. and Oz Minerals will occur (the Acquisition and the share subscription by Pinetree Capital Ltd. and Oz Minerals Limited collectively being the "Transaction").

The end date for satisfaction of the conditions is Friday 29 November 2013.

The Acquisition is not subject to due diligence by either party or any funding condition. Mega has advised that no approval by Mega shareholders is required.

#### ***Timetable, Transaction Implementation and Support***

Mega and Toro have agreed to do all things necessary to implement the Acquisition and if required by either party, to negotiate more detailed agreements which reflect the terms and conditions agreed in the terms sheet with such other terms as are mutually agreed by Toro and Mega.

Toro expects to hold a meeting of Toro shareholders to approve the Transaction in early October 2013. A Notice of Meeting convening the meeting is to be sent to Toro shareholders in the coming weeks. Satisfaction or waiver of all conditions precedent to completion is expected to be achieved by early October 2013 with completion to occur soon thereafter.

Toro and Mega have agreed not to take any action which will impede or delay the implementation of the Acquisition. This does not prevent Mega progressing with its merger with Rockgate Capital Corp., details of which have been announced by Mega, or undertaking certain restructuring activities in connection with the Acquisition.

Subject to a usual fiduciary duties exemption, the Mega Directors have unanimously approved and agreed to support the Acquisition and the Toro Directors unanimously recommend shareholders approve the Acquisition, subject to no superior proposal emerging or the independent expert report ("IER") to be obtained by Toro indicating that the Acquisition or the Transaction is not fair or is not reasonable provided that if the IER indicates that the Acquisition or the Transaction is not fair but is reasonable, the Toro Directors may only change their recommendation if they reasonably believe that the Acquisition or the Transaction is not in the best interest of Toro shareholders.



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Mega will pay Toro a break fee of \$1 million if Toro terminates the Acquisition due to a material breach by Mega or if Mega Directors fail to approve and support the Acquisition or if the Project Partners exercise any rights of pre-emption or other rights to acquire a further interest in any Lake Maitland Assets or fail to give any consent required under the Lake Maitland Farm In to enable the Acquisition to proceed.

Toro will pay Mega a break fee of \$1 million if Mega terminates the Acquisition due to a material breach by Toro or if Toro Directors cease to recommend the Acquisition, other than where the IER indicates that the Acquisition is not fair and not reasonable or not fair but reasonable where the Board considers the Acquisition is not in the best interest of shareholders in the circumstances.

**General**

Other standard provisions apply including pre-completion restrictions on conduct of business, warranties and indemnities, limitations on claims, parent guarantees and confidentiality obligations.





## **Competent Persons Statement**

### **2012 Wiluna Project Resource Estimates (Centipede/Millipede, Lake Way, Dawson Hinkler and Nowthanna Deposits)**

The information presented here that relates to Mineral Resources of the Wiluna Uranium Project (inclusive of the Centipede, Lake Way, Millipede, Dawson Hinkler and Nowthanna uranium deposits) is based on information compiled by Dr Katrin Karner of Toro Energy Limited, Mr Robin Simpson and Mr Daniel Guibal of SRK Consulting (Australasia) Pty Ltd. Mr Guibal takes overall responsibility for the Resource Estimate, and Dr Karner takes responsibility for the integrity of the data supplied for the estimation. Dr Karner, and Mr Guibal are Members of the Australasian Institute of Mining and Metallurgy (AusIMM), Mr Simpson is a Member of the Australian Institute of Geoscientists (AIG) and they have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity they are undertaking to qualify as Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012)'. The Competent Persons consent to the inclusion in this release of the matters based on the information in the form and context in which it appears.

## **Qualified Persons Statement**

### **2009 Lake Maitland Resource Estimate**

The information presented here that relates to Mineral Resources of the Lake Maitland Deposit is based on information compiled by Mr Stewart Taylor and Mr Matthew Wheeler of Mega Uranium Limited, and Mr Peter Gleeson and Mr Daniel Guibal of SRK Consulting (Australasia) Pty Ltd. Mr Guibal takes overall responsibility for the Resource Estimate, and Mr Taylor and Mr Wheeler take responsibility for the integrity of the data supplied for the estimation. Mr Taylor is a Fellow of the Australian Institute of Mining and Metallurgy (AusIMM), Mr Guibal is a Member of the AusIMM and Mr Wheeler and Mr Gleeson are Members of the Australian Institute of Geoscientists (AIG), all have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity they are undertaking to qualify as qualified persons under the Canadian National Instrument 43-101 standards for disclosure for mineral projects. The Qualified Persons consent to the inclusion in this release of the matters based on the information in the form and context in which it appears.



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