



## ASX RELEASE

Monday, 3 May 2010

# Toro Energy Elects Not to Exercise the Napperby (NT) Uranium Purchase Option

Toro Energy Limited ("Toro") has today formally notified Deep Yellow Ltd ("DYL") that it will not be proceeding to exercise its option to acquire the Napperby uranium project in the Northern Territory. At the current uranium price the Option purchase price would be approximately A\$57m (calculated on 13.2m lbs at a floor price of \$4.50 per lb less the original \$2.3m option purchase price as per the terms of the agreement dated 4 May 2007 between the companies).

Toro has determined from the results of its Scoping Study and follow-up alternative development options that the current economics of the project, based on current long term uranium prices, do not warrant taking up the Napperby purchase option under the current terms with Deep Yellow. In addition, no significant additional uranium deposits with reasonable grade have been discovered in the region to provide support to the economics of the project. It is Toro's current view that significant regional exploration will be required if additional resources are to be defined that may have a bearing on long term economics.

As the project stands today Toro's economic analysis of potential development scenarios indicated that the deposit was unlikely to exceed Toro's internal rate of return requirements under present and near term uranium price scenarios.

In light of this, Toro made an alternative proposal to DYL to enable the project to be taken forward on terms acceptable to Toro. This proposal was considered by DYL but was not accepted.

In the interests of preserving shareholder value Toro will now allow its purchase option to lapse (saving the option call requirement of approximately A\$57m) and thereby allow operational control of Napperby to revert back to DYL from 5 May 2010, subject to final exploration rehabilitation requirements.

Toro will now provide additional focus to its exploration efforts in the Northern Territory looking for large scale, high grade deposits that are economically robust.

Toro is well advanced in discussions with potential third party investors interested in a significant and coordinated exploration program in the Northern Territory leveraging a tenement position that has been 3 years in acquisition and development. Toro's projects such as Tanami, Sandover, Reynolds Range and Waterhouse will receive additional attention targeting higher grade sandstone or unconformity uranium mineralisation.

Toro's priority project continues to be the Wiluna uranium project in Western Australia which is now advancing through the government assessment and approval process with a target of initial production by early 2013.

### **Napperby Project History**

Through work during 2007-08 Toro expanded the Napperby resource, defined in accordance with the JORC code, by 400% to 9.34Mt @ 359ppm (0.036%) U<sub>3</sub>O<sub>8</sub> for 3,351 tonnes (7.39mlbs) inferred of contained uranium oxide using a 200ppm U<sub>3</sub>O<sub>8</sub> cut off. This program covered approximately half of the deposit and confirmed that the JORC resource was reflecting the historically defined resource of previous workers on that portion of the total deposit.

Toro then undertook a Scoping Study through 2009 with some follow-up on alternative proposals early in 2010. These mine studies were based around a number of potential options, including heap leach, agitated leach, direct precipitation and resin-in-pulp. Alternate mining cut-off grades and the potential for nearby deposits were also considered, as were initial up-front beneficiation.

Based on the uranium operating experience of its management team, including its experience at the advanced Wiluna uranium project in WA, Toro ensured that the mine studies encompassed design, operations, systems and plant that would satisfy all Northern Territory and Federal Government environmental and operational requirements necessary for an approval of a modern uranium mining operation.

Throughout the exploration and scoping process Toro encouraged and facilitated community engagement including:

- The CLC and traditional owners were informed and closely engaged in the exploration work, including some initial employment by local people.
- The local pastoralist was fully informed of all site activity, and also provided services in both accommodation and minor earthworks.
- Toro also maintained contact and information flow with the Alice Springs Council, and the new Central Desert Council, and brought radiation and uranium education and information expertise to Alice Springs through information seminars.



Despite the thorough exploration, scoping and community work outlined above, recently completed economic analysis has indicated the deposit is unlikely to exceed Toro's internal rate of return requirements under present and near term uranium price scenarios.

Toro will therefore allow operational control of the Napperby project to revert back to DYL from 4 May 2010, apart from the required rehabilitation of drilling and exploration activities.

**Greg Hall**  
Managing Director

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

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

Wiluna contains two shallow calcrete deposits, Lake Way and Centipede, with prefeasibility and optimisation studies completed and a definitive feasibility study underway. Toro has commenced the Approvals process targeting the Company's first uranium production by late 2012/early 2013.

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

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