



## ASX RELEASE

Thursday, 17 February 2011

# Toro to acquire key uranium tenements adjacent to flagship Wiluna Uranium Project, WA

### Highlights

- Toro Energy Limited (“Toro”) is acquiring additional uranium tenements immediately adjacent to its advanced Wiluna Uranium Project in Western Australia.
- As a follow-up to securing tenements at Wiluna late last year from U308 Limited and the Minerals and Metals Group, Toro and MPI Nickel Pty Ltd (“MPI”, a subsidiary of Norilsk Nickel Australia Pty Ltd) have today executed a Letter of Intent for Toro to purchase three mining tenements and the associated technical database from MPI.
- The three tenements cover a uranium mineralised zone called Millipede which borders Toro’s Centipede deposit.
- The Centipede and Lake Way deposits form the Wiluna Uranium Project for which Toro is seeking Government approvals to begin mining in 2013.
- Based on historical drilling data Toro has an exploration target for the three tenements covering Millipede in the range of 4 – 5 Mlb  $U_3O_8$  (1,800t-2,300t) at a grade similar to the Centipede and Lake Way deposits (0.04%-0.06% or 400-600ppm).
- Consideration for the tenements includes a:
  - A\$4.5 million cash payment to MPI; and
  - 2% Net Smelter Return (NSR) style royalty in favour of MPI on production in excess of 4.5 Mlb  $U_3O_8$  from the tenements.
- Toro has high confidence the exploration target range for Millipede will add to the current Wiluna resource base of 30.6Mlb  $U_3O_8$  (29.7Mt @ 467ppm for 13,870t contained uranium at 200ppm  $U_3O_8$  cut-off).

The Directors of Toro Energy Limited (“Toro”, ASX code “TOE”) announce the execution of a comprehensive Letter of Intent with MPI Nickel Pty Ltd (“MPI”) which sets out the commercial and legal framework for the purchase of certain mining tenements (“Uranium Tenements”) adjacent to the Centipede deposit at Toro’s Wiluna Uranium Project in Western Australia (Figure 1, next page). MPI is a subsidiary of Norilsk Nickel Australia Pty Ltd and holds a:

- 100% interest in tenements M53/590 and M53/693; and
- 90% interest in tenement M53/336.

Toro will purchase the Uranium Tenements and associated database from MPI, while MPI will retain the rights to all non-uranium minerals (other than as a by-product of uranium mining of co-mingled ores). In consideration for the transfer of MPI's interest in the Uranium Tenements, Toro has agreed to pay MPI:

- A\$4.5 million cash; and
- 2% NSR royalty on any production in excess of 4.5mlb U<sub>3</sub>O<sub>8</sub> from the Uranium Tenements.

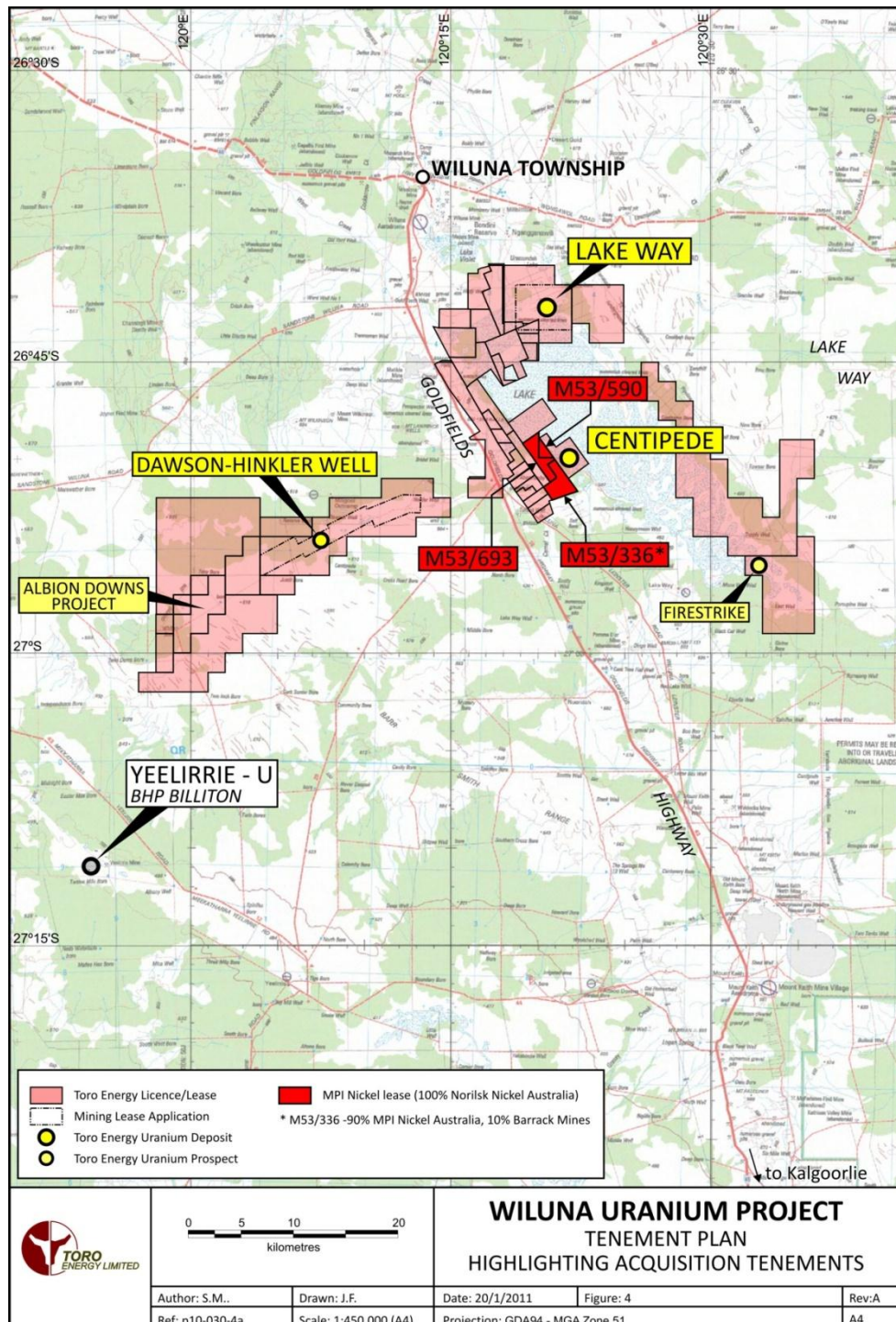


Figure 1: Regional Tenement Plan indicating context of the Uranium Tenements to be acquired by Toro

In addition, Toro and MPI will establish an Access Agreement which will allow access by MPI to Toro’s recently acquired Lake Way and Millbillillie pastoral leases for exploration purposes.

Two of the three mining tenements (M53/590 and M53/693) were granted during the period when uranium was specifically excluded from the mining rights. This exclusion is no longer required by the Western Australian Government and it is Toro’s intention to have the uranium exclusion removed in due course.

### Geology and Resources

The three tenements to be acquired under this proposal cover a project area named Millipede where previous drilling identified uranium mineralisation in the 1980’s. Once this agreement is finalised, Toro will look to announce a new resource, compliant with the JORC code, over the project area during the first half of 2011.

It is clear from the historical drilling and geological mapping that the shallow calcrete-sediment hosted uranium mineralisation defined at Centipede trends onto the Uranium Tenements (Figure 2).

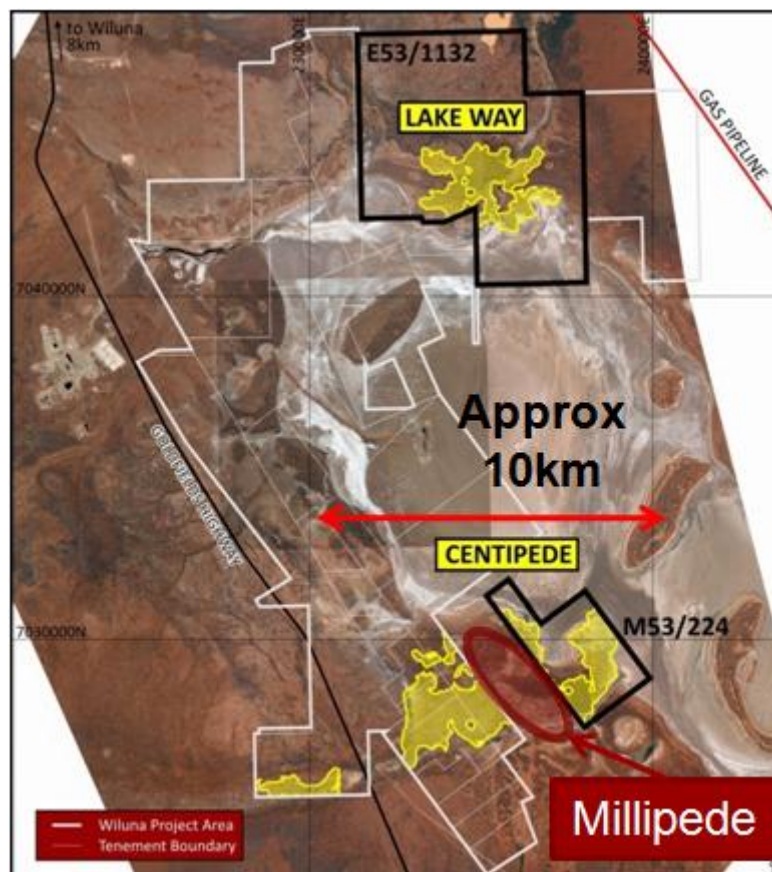


Figure 2: Millipede Project Area highlighted against currently defined uranium mineralisation on Toro’s tenements.

Millipede is part of a well defined regional scale palaeochannel extending from the Dawson and Hinkler Well deposits down through to the Centipede deposit. The geology of the area, the historical drill results and Toro’s experience with these deposit types provide the Company with a high level of confidence that additional extensions to the Centipede deposit will be defined at Millipede. In this context, Toro provides the following exploration target guidance:

**Millipede Project: Exploration Target Estimate**

Tonnes Mt	Grade %	Grade ppm	Contained Uranium t	Contained Uranium Mlb
4-6	0.04-0.06	350-550	1,800-2,300	4 – 5

*NOTE: The total potential tonnage and grade is conceptual in nature, and Toro needs to determine whether there has been sufficient exploration to define a Mineral Resource, and while Toro has confidence in this target statement, it is uncertain if this work will result in the determination of a Mineral Resource.\**

In the same way the acquisition of the Dawson - Hinkler Well project was an important milestone for Toro, Millipede is a strategic acquisition and very important for the broader Wiluna Project development in the medium-term.

However, much work remains to be done before the Millipede Project can be advanced to production. Further drilling, resource definition, environmental and heritage studies need to be carried out before a development proposal can proceed. These new tenements do not form part of the Wiluna Uranium Project for which Toro is currently seeking approval from the Western Australian and Australian Governments.

Toro’s Managing Director, Mr Greg Hall, said that the acquisitions from U308, MMG and now MPI consolidate Toro into a very strong position in the Wiluna region.

“Toro is very pleased to have agreed commercial terms with Norilsk Nickel Australia on the acquisition of the Millipede Uranium Tenements. While the uranium exploration target at Millipede is small by international standards, the acquisition is an important one for Toro and adds to the robustness of the Wiluna Uranium Project, which is currently focusing on the development of the Lake Way and Centipede deposits,” Mr Hall said.

“The Wiluna Uranium Project is evolving into an exciting uranium mine development with the intended aim of delivering first production from 2013, into an expanding nuclear power market with considerable supply constraints into the middle of this decade. Toro believes it will have the timing just right.”

**Greg Hall**  
Managing Director

*\* This statement is inserted in accordance with the requirements of Clause 18 of the JORC Code 2004.*

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

Wiluna District Resources – Prepared in Accordance with the JORC Code

Project Name	Category	Resource Tonnes	Grade U <sub>3</sub> O <sub>8</sub>	Contained U <sub>3</sub> O <sub>8</sub> , tonnes	Contained U <sub>3</sub> O <sub>8</sub> , Mlb
Centipede	Measured	0.3	588	177	0.39
Centipede	Indicated	7.68	619	4,754	10.48
Centipede	Inferred	1.69	251	424	0.94
Lake Way	Inferred	10.53	543	5,714	12.60
<b>Total Wiluna Project</b>		<b>20.21</b>	<b>548</b>	<b>11,070</b>	<b>24.40</b>
Dawson-Hinkler Well	Inferred	9.50	293	2,800	6.20
<b>Total</b>		<b>29.71</b>	<b>467</b>	<b>13,870</b>	<b>30.60</b>

Prepared at a 200ppm U3O8 cut-off grade

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

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

## MEDIA CONTACT:

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

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

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

Toro has three other exploration and development projects in Western Australia, and owns uranium assets in the 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)