**ASX RELEASE**

10 December 2015

# OZ Minerals partners with Toro in Exploration Heads of Agreement

Toro Energy Limited (ASX: **TOE, 'Toro'**) has entered into a Heads of Agreement (HoA) with OZ Minerals Ltd (ASX: **OZL, 'OZ'**) to explore for nickel on two tenements located near Toro's 100% owned Lake Maitland uranium deposit in Western Australia.

Under the HoA, OZ can spend A$5 million to earn up to a 70 per cent interest in the **non-uranium** rights of the two tenements. OZ will spend an initial A$500,000 on exploration within 12 months of the satisfaction of conditions precedent under the HoA. OZ will be the operator under the agreement allowing Toro to remain focussed on the development of its uranium assets.

The primary focus for OZ will be nickel exploration on the Yandal One Nickel Prospect situated within the Yandal Greenstone Belt in Toro's exploration licence, E53/1210. Australia's largest nickel deposit, BHP Billiton's Mount Keith, is located less than 60 kilometres to the west of the Yandal One Nickel Prospect (see Figure 1).

Toro Managing Director, Dr Vanessa Guthrie said the HoA will enable the company to maintain its focus and spending commitments on the continued development of the Wiluna Uranium Project, including the Lake Maitland deposit.

"Toro is a uranium focused developer and explorer, however we welcome the interest and support shown by OZ Minerals in exploring this exciting non-uranium opportunity. Given the location of the Yandal One Prospect relative to Mount Keith it makes good commercial sense to explore its potential with a strong and capable partner such as OZ Minerals," Dr Guthrie said following the signing of the HoA.

The Key terms of the HoA are listed in Appendix 1.

Toro identified the exploration opportunity of the Yandal One Nickel Prospect during a review of prospectivity of its Wiluna Project exploration tenements. Nickel grades of up to 0.45% average over 5 metres were returned from end of hole shallow rotary air blast (RAB) drilling in the 1990's by prior tenement holders (refer Table 1). However further follow-up exploration has not been conducted (see Figure 2).

The drilling penetrated through some 30-40 metres of cover before ending within relatively fresh ultramafic rock with Komatiite indicative mineral textures. Komatiites are the host rock to most of Australia's nickel, and Mount Keith is the world's largest Komatiite hosted nickel deposit.

The historical RAB drilling crossed just to the south of a small anomalous lozenge shaped magnetic anomaly, similar to a 'classic' Komatiite hosted nickel geophysical target (see Figure 2). The highest grade intersected was closest to this target.

A total of three lines of 100 metre spaced drill holes, one kilometre apart, were drilled by the previous company while exploring for gold. Wherever the drill lines crossed the magnetic trend the associated drill holes ended in ultramafic rock anomalous in nickel.

Significant intersections from the historical drilling and related assays are listed in Table 1 with drill hole details from the rest of the relevant historical drilling program, the Competent Persons Statement and JORC Table 1 listed in the attached appendices.

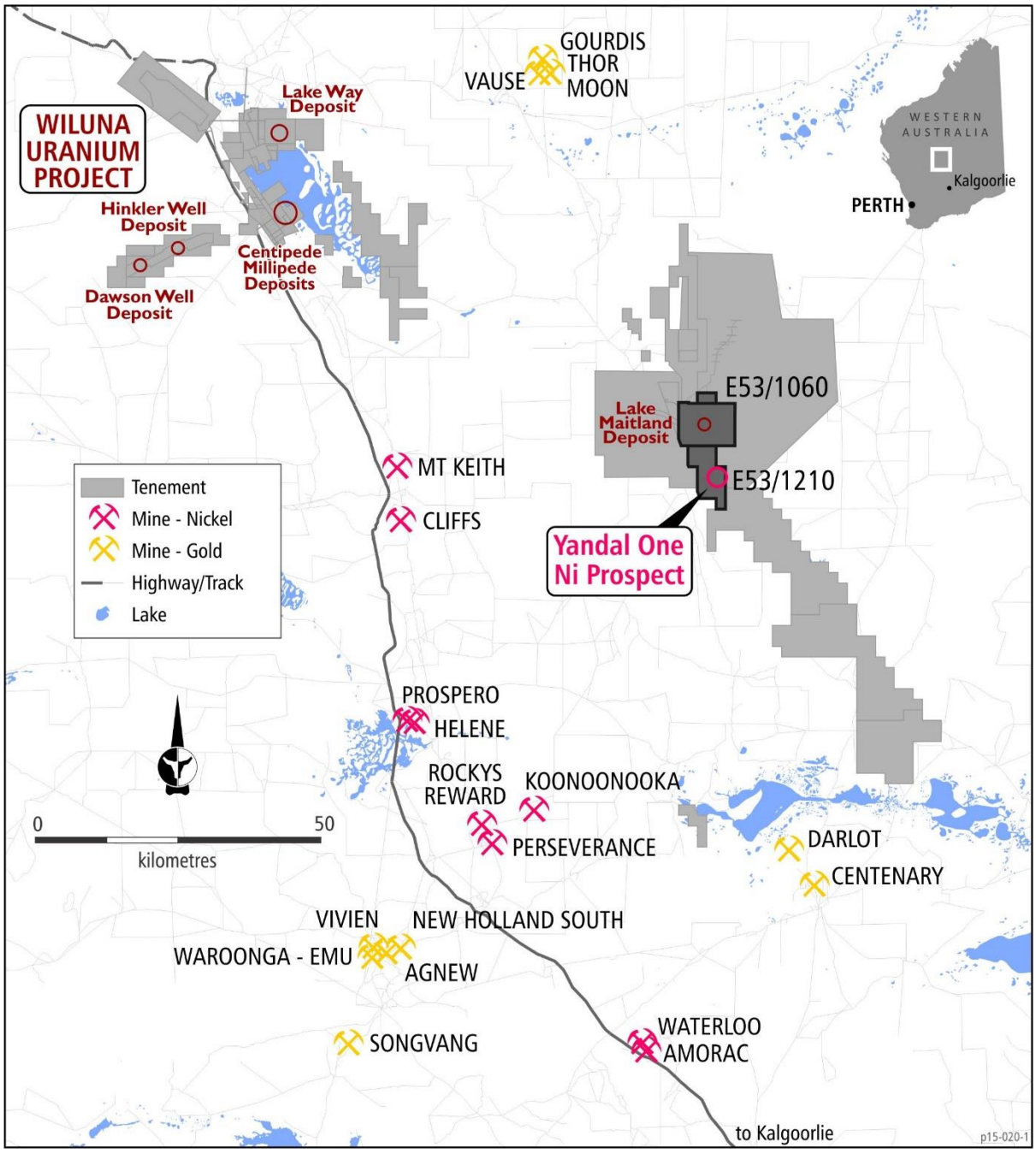
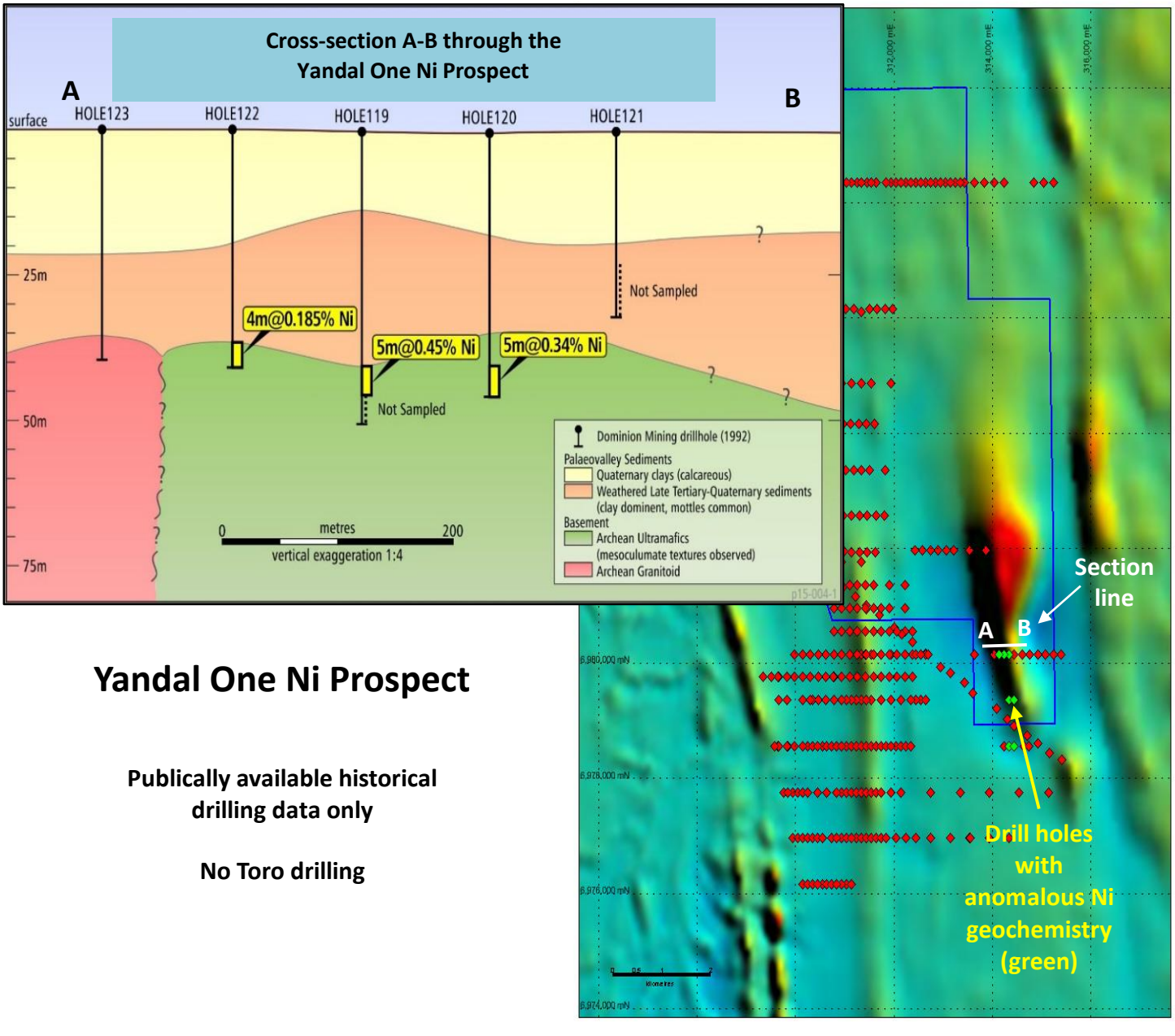



*Figure 1: Location of the Yandal One Ni Prospect relative to current and historical mining within the region. Toro Energy's Wiluna Uranium Project tenement interest boundary is also shown for reference.*




# Yandal One Ni Prospect

**Publically available historical drilling data only**

**No Toro drilling**

*Figure 2: Details of the Yandal One Ni Prospect inclusive of the location of the historical drill holes intersecting anomalous Ni geochemistry in Komatiite textured ultramafic rock relative to the magnetic geophysical anomaly and a cross-section through the northern most drill line using the historical geochemistry and geological logging.*

| Hole ID | Easting | Northing | Max Depth | Depth From | Depth To | Interval | Ni Grade |
|---|---|---|---|---|---|---|---|
| RAB drilling | AMG84_51 | | m from surface | m from surface | m from surface | m | Wt% (2D) |
| dom93BRB90 | 314200 | 6978400 | 56 | 38 | 44 | 6 | 0.31 |
| dom93BRB90 | 314200 | 6978400 | 56 | 44 | 50 | 6 | 0.23 |
| dom93BRB90 | 314200 | 6978400 | 56 | 50 | 56 | 6 | 0.18 |
| dom93BRB91 | 314300 | 6978400 | 41 | 29 | 35 | 5 | 0.24 |
| dom93BRB97 | 314200 | 6979200 | 38 | 31 | 38 | 7 | 0.12 |
| dom93BRB98 | 314300 | 3979200 | 44 | 34 | 40 | 6 | 0.24 |
| dom93BRB119 | 314100 | 6980000 | 50 | 40 | 45 | 5 | 0.45 |
| dom93BRB120 | 314200 | 6980000 | 45 | 40 | 45 | 5 | 0.34 |
| dom93BRB122 | 314000 | 6980000 | 40 | 36 | 40 | 4 | 0.19 |

*Table 1: Significant intercepts from the historical RAB drilling of the Yandal One Ni Prospect along with relevant drill hole details. Intercepts are geochemical results from composited RAB samples according to historical exploration reports. Composites represent the intervals as stated in the table. Refer to the attached JORC Table 1 for further information and the competent person's statement below. Details of the historical drill holes from the relevant drilling program that do not contain nickel values that Toro believe to be significant are attached in the appendices.*

**FURTHER INFORMATION:**

Vanessa Guthrie
John Gardner/Michael Weir

Toro Energy 08 9214 2100
Citadel-MAGNUS 08 6160 4900

Toro Energy is a uranium development and exploration stage mining company based in Perth, Western Australia.

Toro's flagship asset is the 100% owned Wiluna Uranium Project, consisting of six calcrete hosted uranium deposits. The project is located 30 kilometres southwest of Wiluna in Central Western Australia. The Centipede and Lake Way deposits have received government environmental approval providing the Wiluna Project with the opportunity to be Western Australia's first uranium mine.

Toro also owns a highly prospective suite of exploration properties highlighted by Toro's own discovery at the Theseus Project. The Company also has investments in Canadian and Namibian uranium assets.

Toro is also pursuing growth opportunities through accretive uranium project acquisitions.

**www.toroenergy.com.au**

*TOE - A member of the All Ordinaries Index*

# APPENDIX 1

**Key Terms of the Heads of Agreement (HoA) with OZ**

1. Tenements: non-uranium rights on E53/1210 and E53/1060.
2. Conditions precedent to the HoA include obtaining the consent of Toro's Japanese partners at Lake Maitland for the rights to non-uranium minerals to be excluded from the Lake Maitland uranium project joint venture documentation;
3. Following satisfaction of the conditions precedent, OZ will spend A$0.5 million on exploration within 12 months;
4. If OZ determines that any mineralisation on the tenements is nickel laterite ore, it can withdraw from the HoA at its own election;
5. After the initial A$0.5 million program OZ can earn a 51% interest in the non-uranium rights by spending A$1.5 million and a further 19% by spending a further A$3 million;
6. OZ can withdraw from the HoA at any time after the initial A$0.5 million of expenditure is incurred;
7. After OZ earns a minimum of a 51% interest in the non-uranium rights, the parties agree to form and document the joint venture; and
8. Standard dilution clauses apply following the earn-in periods where parties elect not to contribute to further spending in accordance with ownership interests at that time.

# APPENDIX 2

## Drill Hole Collar Table

| Hole ID | Easting | Northing | RL | Dip | Azimuth | Max Depth | Intercept Depth | Interval |
|---|---|---|---|---|---|---|---|---|
| RAB drilling | AMG84_51 | | Elevation (m) above sea level | Deg° | Deg° | m from surface | m from surface | m |
| dom93BRB90 | 314200 | 6978400 | 550 | -90 | 0 | 56 | 38 | 6 |
| dom93BRB90 | 314200 | 6978400 | 550 | -90 | 0 | 56 | 44 | 6 |
| dom93BRB90 | 314200 | 6978400 | 550 | -90 | 0 | 56 | 50 | 6 |
| dom93BRB91 | 314300 | 6978400 | 550 | -90 | 0 | 41 | 29 | 5 |
| dom93BRB97 | 314200 | 6979200 | 550 | -90 | 0 | 38 | 31 | 7 |
| dom93BRB98 | 314300 | 3979200 | 550 | -90 | 0 | 44 | 34 | 6 |
| dom93BRB119 | 314100 | 6980000 | 550 | -90 | 0 | 50 | 40 | 5 |
| dom93BRB120 | 314200 | 6980000 | 550 | -90 | 0 | 45 | 40 | 5 |
| dom93BRB122 | 314000 | 6980000 | 550 | -90 | 0 | 40 | 36 | 4 |

**Competent Persons Statement**

The information presented here that relates to drilling and exploration results on E53/1210, inclusive of all collar locations and elevations, down-hole mineralisation intersections, geological logging and lithological interpretations and Ni assay values are all historical and not in any way related to or generated by Toro Energy. It has been derived in its entirety from publically available company exploration reports and data that can be openly accessed, viewed and downloaded on Geoview, the Western Australian Department of Mines and Petroleum's (DMP) interactive website access to their databases. The specific company report/s that contains the information presented here is/are DMP reference number/s A67319.

All magnetic geophysical imagery used and presented here is the property of the Western Australian State Government and has also been sourced without any secondary manipulation from the DMP's Geoview and can be openly viewed and downloaded by the public from the Geoview website. The registration/reference number for the geophysics is 60835.

Whilst Toro Energy can take no responsibility for the actual data presented, Dr Greg Shirtliff does take responsibility for the accurate transfer and representation of the historical data as is presented here. Dr Shirtliff is a Member of the Australian Institute of Mining and Metallurgy and has the qualifications and experience necessary to be a competent person for the purpose represented.

# APPENDIX 3

# JORC CODE, 2012 EDITION – TABLE 1 REPORT – WILUNA URANIUM PROJECT – TORO ENERGY LIMITED

## SECTION 1 SAMPLING TECHNIQUES AND DATA

NOT APPLICABLE – HISTORICAL DATA ONLY – NO EXPLORATION BY TORO ENERGY, ALL DATA PUBLICALLY AVAILABLE FROM WESTERN AUSTRALIA DEPARTMENT OF MINES AND PETROLEUM (DMP) – REFER TO DMP GEOVIEW WEBSITE AND REPORT REFERENCE NO. A67319.

## SECTION 2 REPORTING OF EXPLORATION RESULTS

**IMPORTANT:** TORO ENERGY IS NOT REPORTING EXPLORATON RESULTS FROM TORO ENERGY WORK IN THIS ASX RELEASE NOR IS TORO ENERGY CLAIMING A MINERAL DISCOVERY - THIS ASX RELEASE REFERENCES ASSAY RESULTS FROM HISTORICAL DRILLING THAT TORO ENERGY BELIEVE REPRESENT AN EXPLORATION TARGET OR PROSPECT ONLY

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| *Mineral tenement and land tenure status* | • *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.*<br>• *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.* | • The tenements for which the reported results relate to are exploration leases, E53/1060 and E53/1210. Both tenements are located in the north of the North East Yilgarn region, over 600 km NE of Perth within the Yandal greenstone belt of the Eastern Goldfields.<br>• JUARD International Lake Maitland Project Pty Ltd and ITOCHU Minerals and Energy of Australia Pty Ltd currently have rights to an option on a proportion of minerals produced from the tenements, however this is being negotiated to uranium only prior to the planned exploration by Oz Minerals.<br>• E53/1210, the tenement incorporating the main target, is in good standing with all government requirements and expenditure. E53/1060 is currently in the process of an application for an extension.<br>• There are no known impediments to the proposed operations in the area. |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| *Exploration done by other parties* | • *Acknowledgment and appraisal of exploration by other parties.* | • No on-the-ground exploration has been conducted by Toro Energy. All drilling results reported here are from shallow Rotary Air Blast (RAB) drilling to refusal completed by Dominion Mining in the 1990's (actual date unknown) and reported in 2003 by Newmont. Other unrelated exploration drilling on the tenement includes some unsuccessful drilling by Great Central Mines targeting gold and Mega Uranium Pty Ltd targeting calcrete associated uranium. |
| *Geology* | • *Deposit type, geological setting and style of mineralisation.* | • It is important to understand that no discovery of mineralisation has been made, just assay results for nickel that Toro believe represent an exploration target or prospect. No discovery is being claimed here.<br>• The exploration target is Komatiite hosted nickel sulphides, either disseminated such as Mt Keith, or massive, such as Kambalda. |
| *Drill hole Information* | • *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:*<br>○ *easting and northing of the drill hole collar*<br>○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*<br>○ *dip and azimuth of the hole*<br>○ *down hole length and interception depth*<br>○ *hole length.*<br>• *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.* | • A table detailing all historical drill hole information for the historical drilling referenced and relevant to this release is presented in the appendices. |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| *Data aggregation methods* | • *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.*<br>• *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.*<br>• *The assumptions used for any reporting of metal equivalent values should be clearly stated.* | • All assay results referenced in this ASX release from historical drilling represent composited RAB drilling chips at the down-hole interval length stated with the referenced result in the table presented in the release.<br>• No metal equivalents have been reported |
| *Relationship between mineralisation widths and intercept lengths* | • *These relationships are particularly important in the reporting of Exploration Results.*<br>• *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.*<br>• *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').* | • No discovery of mineralisation has been reported here and so there should be no inference of widths or depths. The results reported represent concentrations of nickel in composited samples from historical RAB drilling, there should be no inference that they represent nickel sulphide mineralisation, just an exploration target. |
| *Diagrams* | • *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to, a plan view of drill hole collar locations and appropriate sectional views.* | • All relevant maps have been included with this ASX release. |
| *Balanced reporting* | • *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.* | • Only significant nickel values have been referenced in this ASX release. It can be assumed that all other nickel values in all other assay results from the relevant historical drilling are not significant in comparison. It is again important to understand that no discovery of mineralisation is being claimed, these values are of interest only in terms of an exploration target. |
| *Other substantive exploration data* | • *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.* | • All relevant data has been outlined in the ASX release. Data is limited to the government magnetic geophysics imagery and the historical drill hole data reported. |
| *Further work* | • *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* | • At this stage the exploration plan is still being finalised in association with Oz Minerals. |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| | • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.* | |

## SECTION 3 ESTIMATION AND REPORTING OF MINERAL RESOURCES

NOT APPLICABLE – NO RESOURCE ESTIMATES REPORTED

## SECTION 4 ESTIMATION AND REPORTING OF ORE RESERVES

NOT APPLICABLE – NO RESERVES REPORTED

## SECTION 5 ESTIMATION AND REPORTING OF DIAMONDS AND OTHER GEMSTONES

NOT APPLICABLE – NO DIAMONDS OR GEMSTONES TARGETED