



## ASX RELEASE

Tuesday, 19 October 2010

# Toro Energy to acquire 100% of Dawson-Hinkler Well Uranium Project, Wiluna, WA

Toro Energy Limited ("Toro", ASX Code: TOE) has executed a Memorandum of Understanding ("MOU") with U3O8 Ltd ("U3O8", ASX Code: "UTO") to acquire for A\$6.2 million, 100% of the Dawson-Hinkler Well Uranium Project near Wiluna in Western Australia.

Completion of the acquisition would add significant additional resources close to Toro's advanced Wiluna Uranium Project currently being assessed for approval by the Western Australian and Federal Governments. The addition would increase Toro's total Wiluna uranium resource base by 25% to 30 million pounds.

The Dawson-Hinkler Well Uranium Project comprises tenements ML53/1092, E53/1254, E53/1169 and E53/1136, approximately 20 kilometres west of Toro's Centipede deposit, one of two in the Wiluna Project, as illustrated by the map on Page 4 of this release.

The acquisition would not affect the current assessment of the Wiluna Project by the Western Australian and Federal Governments, as further exploration and evaluation work is required on Dawson-Hinkler Well. Should it subsequently be decided to proceed to develop a future mine based on the Dawson-Hinkler Well resource, Toro would initiate a separate government assessment and approval process.

Dawson-Hinkler Well has been the subject of exploration drilling, resource definition and a scoping study completed by U3O8 during the period 2007-2009 and has an Inferred Resource, prepared in accordance with the JORC code as follows:

Cut-off Grade	Tonnes	Grade	Contained U <sub>3</sub> O <sub>8</sub> , tonnes	Contained U <sub>3</sub> O <sub>8</sub> , mlb
200ppm	9.5 million	293ppm	2,800	6.2

See competent person statement below.

The principal commercial terms of the acquisition outlined in the MOU are as follows:

- Transfer of all legal and beneficial title of tenements and associated database to Toro;
- Payment of A\$6.2 million in cash to U3O8; and
- The grant of a 2% "net smelter return" style royalty payable on any production in excess of 6.2mlb U<sub>3</sub>O<sub>8</sub> from the Tenements.

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Payment would be made on execution of definitive legal documentation and is subject to Toro's final due diligence covering aspects such as legal title, environmental and heritage issues and any shareholder and regulatory approvals that may be required. Both parties will work toward a completion date on or around the 25 November 2010.

Toro believes the arrangement is a gain for both companies: it would release value for U3O8 shareholders and provide a significant cash injection to finance its exploration programs, while Toro would add additional resources to its Western Australian uranium portfolio, particularly in proximity to its intended first mining operation at its flagship Wiluna Project where a WA Government approved resource trial pit has recently been completed.

Dawson-Hinkler Well is an early stage project with a significant, albeit Inferred resource base that requires additional work to move it forward as a potential uranium production asset. In the near term, additional drilling is required; resource extension, classification upgrade and re-modelling will need to be completed before advancing the project into a potential mining study phase. Ore characterisation, specific gravity measurement and detailed metallurgical test work also needs to be completed before specific mining and processing scenario options are assessed.

Notwithstanding this, the acquisition is important to Toro as it would augment its already significant uranium resource base. On completion of the transaction Toro's total uranium resource base in the area, prepared in accordance with the JORC code, would be:

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 addition of Dawson-Hinkler represents Toro's third uranium asset in the Wiluna area, where the Company hopes to be in maiden production in 2013. Toro acquired last November Liberty Resources Limited's E53/1181 and E53/1221 tenements, 20 kilometres to the southeast of Toro's two Wiluna main deposits, Lake Way and Centipede, and containing the Firestrike uranium discovery.

Toro also owns two significant greenfields uranium exploration projects in Western Australia, and has uranium exploration assets in South Australia, the Northern Territory and Namibia.

**Greg Hall**  
Managing Director

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*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.*

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**MEDIA CONTACT:**

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

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

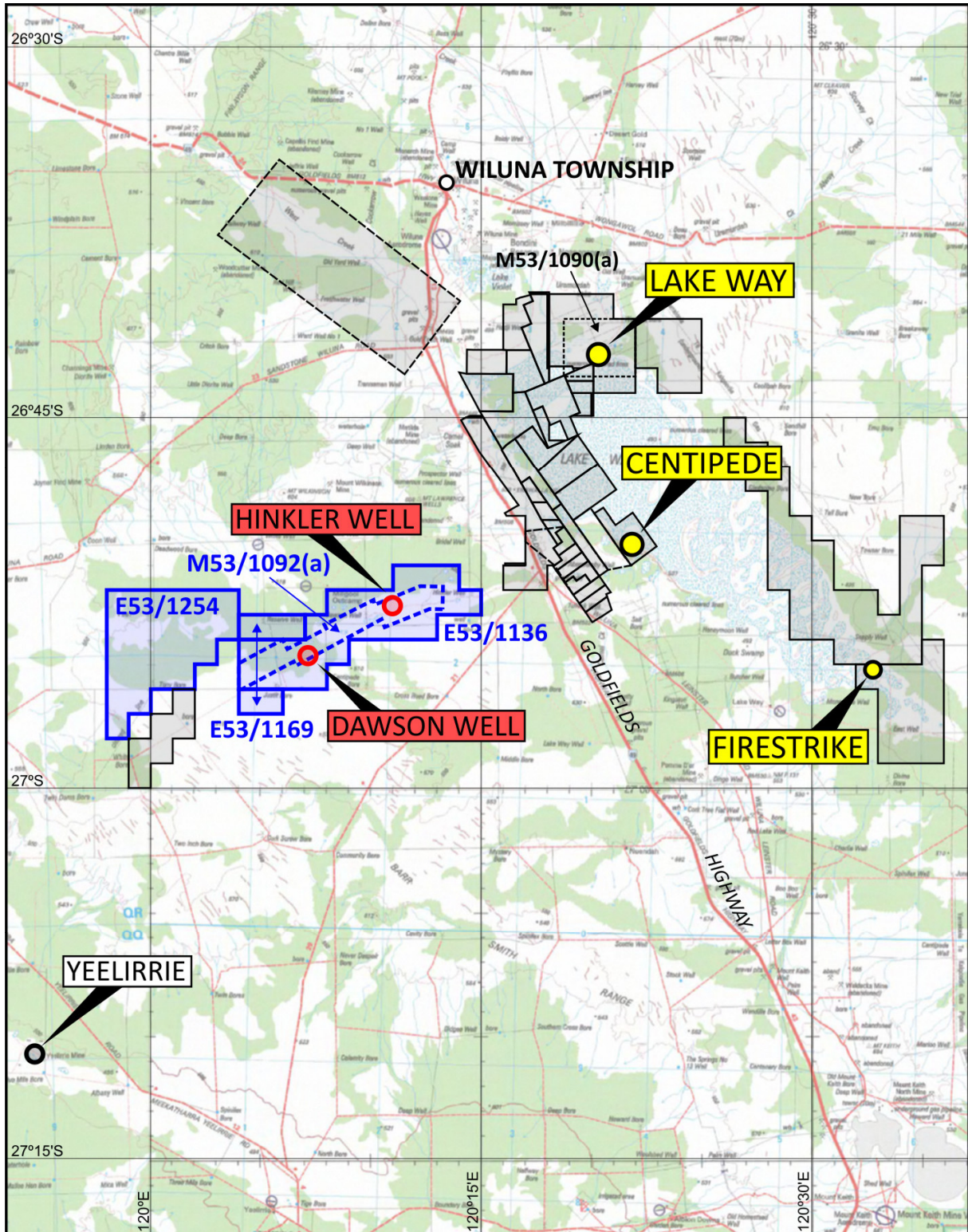
Wiluna contains two shallow calcrete deposits, Lake Way and Centipede, with prefeasibility and optimisation studies completed and a definitive feasibility study underway. Toro has commenced the Approvals process targeting the Company's first uranium production by late 2012/early 2013.

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)

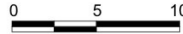


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**LEGEND**

-  Toro Energy Licence/Lease
-  Toro Energy Misc. Licence
-  Toro Deposit
-  U308 Licence
-  U308 Deposit

  
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**WILUNA PROJECT**  
**U308 LIMITED**  
**PROJECT LOCATION**

Scale: 1:400K (A4)	Date: 4/8/10	Author: S.M..
Plan Ref: p09-018-2	Rev: A	Drawn: J.F.