
NEWS

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A\$400 MILLION URANIUM COMPANY

FORMED AS TORO & NOVA MERGE

A new Australian uranium powerhouse valued at A\$400 million is to be created under a friendly merger proposal announced today.

ASX-listed uranium explorers, Toro Energy Limited (“TOE”) and Nova Energy Limited (“NEL”) today jointly announced the all-scrip merger in which Toro is offering 5.5 of its shares for every one Nova share.

If approved by Toro shareholders in coming months, the major shareholder in the enlarged entity – which will have ~ 490 million ordinary shares on issue - will be former mutual shareholder in both companies, Oxiana Limited (46%) with 227.5 million shares.

Minotaur Exploration Limited, with 36 million shares, will control 7.3% with other holdings by Argonaut Limited, 4%, and Allarrow Pty Limited (and its associated entity) 3.5%. All of the above companies have agreed to the merger.

The enlarged Toro Energy will be one of Australia’s largest uranium explorers and project developers by market capitalisation, with a strengthened Board and management team to be able to carry through development and into production.

It will own or control advanced resources and greenfields uranium exploration projects in Western Australia, South Australia and the Northern Territory – one of the largest such single company exploration footprints in Australia - as well as the African states of Namibia, Guinea and Morocco.

In a joint statement, ongoing Toro Managing Director, Mr Greg Hall, and Nova Energy Managing Director and proposed Toro Executive Director, Dr Tim Sugden, said:

***“This is a paradigm shift for both companies. The new Toro has the potential to have two Australian uranium projects in production by 2012, will have the critical liquidity and financial quantum to take an active part in the uranium sector’s increasing consolidation while attracting a wider investor base including domestic and offshore institutions.*”**

“This latter factor in itself will value-add to our scrip and enhance our scope to raise funds, pursue growth organically and by acquisition, significantly reduce project risk and increase development potential.”

Terms of Merger

Based on the Offer and the last trading price for Toro, the Toro-Nova merger values the new entity at approximately A\$400 million.

The offer of 5.5 Toro shares for every one Nova share represents a 19% premium to Nova’s last trading price of A\$3.70 per share on 2/8/07, valuing the merger target at A\$276 million or A\$4.40 per share.

It also represents a 37% premium to Nova shareholders on a 60 day VWAP basis for both companies.

Cashed up major explorer and developer

The assets of the new entity are considerable.

Leading the line-up is Nova’s 19.8 million pound U3O8 Inferred JORC resource at its development-ready Lake Way – Centipede project near Wiluna in Western Australia.

Nova also brings to the table a uranium exploration footprint in excess of 17,200 square kilometres in Australia and Africa. Toro adds to the exploration war chest for the enlarged company with the Napperby project in the Northern Territory, which has an Inferred JORC resource of 1.5 million pounds U3O8. Toro also tips in more than 27,000 square kilometres of uranium prospective ground in SA, the NT, uranium rights to Oxiana’s Mt Woods tenements in SA, and in Morocco.

Both the Lake Way-Centipede project and the Napperby project have the potential to significantly add to resources.

The new Toro will also be well cashed up – at A\$24 million.

The combined clout of the merged companies is also expected to rate more highly in the current international tender for the Angela-Pamela uranium project near Alice Springs.

“The new entity has strong support from Oxiana, which backs the merger, but with sufficient free float and good liquidity,” Messrs Hall and Sugden said.

“We begin a new era with approximately 21 million pounds of JORC standard U3O8 resources in two projects, expansion potential for these resources, a pre-eminent exploration position in Australia, and, an evolving African strategy across three countries,” they said.

“This project pipeline and geographical diversification provides risk mitigation and dilutes the larger company’s political risks in WA through enhanced exposure to SA and the NT’s uranium sectors.”

Rapid uranium sector consolidation

In further support for the merger, Mr Hall said the decision led, rather than reacted to, an imminent increase in merger and acquisition (M&A) activity in the Australian uranium sector as it followed global trends.

“There has been US\$7.9 billion worth of uranium M&A’s globally in the first half of this year compared to just US\$350 million worth in all of 2006,” Mr Hall said.

“The heightened 2007 consolidation has included more than US\$900 million of activity in the Australian uranium sector,” he said.

“The Australian uranium sector (excluding Paladin and ERA) is valued at less than US\$2.5 billion and future target companies and uranium deposits will become less available.

”Without the necessary market capitalisation to participate, both Toro and Nova will miss growth opportunities – whereas the merged group will have the scale to play an active role in sector consolidation in parallel with a greater ability to fast track project development,” they said.

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