Oxiana
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AUSTRALIAN STOCK EXCHANGE & MEDIA RELEASE

TORO AND NOVA AGREE TO MERGER PROPOSAL

The Boards of Toro Energy Limited (ASX: TOE) and Nova Energy Limited (ASX: NEL), owned as to 57% and 25% respectively by Oxiana Limited (ASX: OXR), have today announced a recommended merger by way of a scrip takeover offer by Toro for Nova (the "Offer").

The Offer terms are 5.5 Toro shares for each Nova share and, if successful, the merger will result in Oxiana holding about 46% of the merged company on an undiluted basis. Based on the closing trading prices of Toro ($0.80) and Nova ($3.70) on 2 August 2007, the Offer implies a market value for the merged company approaching A$400 million.

When commenting on the merger from an Oxiana perspective, Mr Owen Hegarty (Managing Director and CEO) said:

"Oxiana is supportive of the transaction – it will strengthen our investment in the uranium industry by bringing together two complementary management teams and an excellent portfolio of advanced projects and exploration tenure to create one of the largest Australian listed uranium explorers and developers. Oxiana believes the Australian uranium industry has a strong future and the merger of Toro and Nova has the potential to make an important contribution to the Oxiana Group in the years to come."

The merged company will have three advanced projects in Australia (Lake Way – Centipede, Napperby and Warrior) and extensive exploration positions in Australia (SA, NT and WA) and Africa (Namibia, Morocco and Guinea).

Oxiana intends to accept the Offer for its holding following the expiry or termination of the escrow restrictions on its Nova shareholding (which will occur no later than 23 August 2007), in the absence of a higher offer and subject to its acceptance increasing Toro's relevant interest in Nova shares above 80%.

Oxiana's financial adviser in respect of this transaction is Gryphon Partners and legal advice is being provided by Clayton Utz.

For further information on the proposed merger, refer to the Toro and Nova announcements released earlier today which will also be available on Oxiana's website.

Owen L. Hegarty
Managing Director & CEO

Investor enquiries: Richard Hedstrom
Media enquiries: Bruce Loveday
+61 3 8623 2200