ASX AND MEDIA RELEASE

Interpretation of High Grade Assay Results and Drilling Update

23 January 2012

Highlight Summary

- **High grade trial mining pit assay results confirm mineralisation model**
- **Drilling re-commenced after New year and short rain delay**
- **Sample preparation lab nearly complete**

Interpretation of pit assay results

Sampling results released in our 15 November 2011 (ASX release) have now been reviewed in context with all available data. The results appear to support the model for high grade gold mineralisation being located within locally developed dilation zones (‘pods’) situated at intersection points of regional veining/faulting with a narrow north-south trending feeder structure. The highest grade recorded was 64.06 g/t.

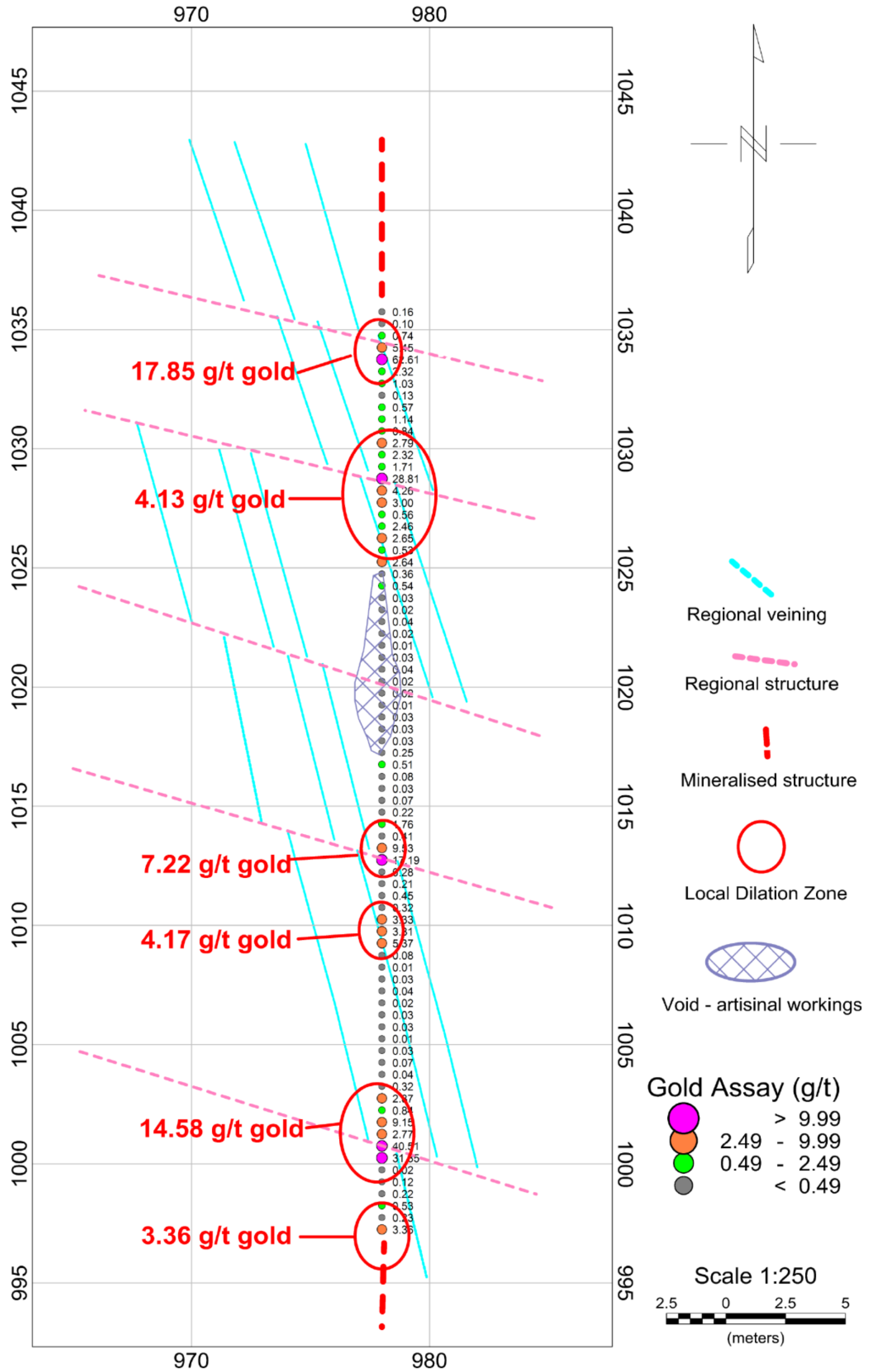
Six gold bearing ‘pods’ can be delineated from the assays; shown as ‘local dilation zones’ on Figure 1 below. The dilation zones are interpreted to plunge steeply to the NNW, this is based on observations in the southern pit wall immediately adjacent to the 3.36 g/t zone in Figure 1.

Details of the sampling method used are set out within the market release dated 15 November 2011

Indications are that the local dilation zones contain high grade gold mineralisation. Using a minimum assay of 1.00 g/t, and a maximum interval of 0.5 metres internal waste (< 1 g/t), allows the average grade of the six gold bearing pods to be calculated. These average grades range from 3.36 g/t to 17.85 g/t gold.

While the areas of dilation related to the gold mineralisation observed in the pit are quite narrow, generally between 0.5 and 1.2 metres wide, the calculated grades correlate well with the 12.3 g/t grade of the original bulk sample (ASX release 7 March 2011).

The results to date provide significant encouragement to progress drilling at Vatovorona. One aim of the current diamond drilling program will be to test areas already identified to have the potential for larger scale dilation zones. Successful delineation of these targets is expected to provide the basis of commercially mineable resources. To assist in definition of larger scale targets VTI has also commenced scoping a ground geophysical survey program.



VTI
Vatovorona Trial Pit Area Interpretation over channel sample assays (-6 Level)
Assays plotted at centre of 0.5m long channel samples

Figure 1.

Vatovorona Phase 1 Drilling
After a short break for New Years, Lanoe Forages recommenced drilling as part of the Phase 1 drilling program at the Vatovorona project in Madagascar, subsequently there was a further short break due to excessively wet conditions. Work is now continuing including maintenance work on access roads and improvements to the weather proofing of the camp accommodation.

Any costs associated with delays related to weather are borne by Lanoe Forages.

The major component of our program in Madagascar for 2012 is the planned 12,000 metres of drilling in two phases. To ensure we manage our funding effectively we will be allowing sufficient time for reviews of the progress. The program will be varied where appropriate depending on what the drilling reveals.

A condition of Torian's joint venture with Varun provides that we will have fulfilled our share of the funding requirement after the expenditure of US$3 million. The La Jolla funding has, and will continue to facilitate this. La Jolla has not converted its entire advance and currently retains around 35% of its balance as a part of the convertible notes.

Sample Preparation Laboratory
2011 saw excessive delays in receiving results from sampling (up to 17 weeks), this has resulted in VTI establishing its own sample preparation lab on site. The lab will soon enable us to dry, crush, pulverise, homogenise and label our samples for despatch to certified laboratories. This will give us the flexibility to use any certified lab, and the pulp samples of 150 grams will save us considerably on handling and transportation costs.

Summary
Our current results viewed in context with the old French gold mining areas, the artisanal workings and other observed areas of mineralisation confirm we are operating within (and control significant areas of) an extensive gold precinct.

Torian has applied world class standards to the VTI operations, our strong relationship with Varun and professional, efficient operating model will enable us to seek and benefit from further tenements as and when they become available from the Bureau of Cadastre Mines in Madagascar (BCMM).

Though we have achieved considerable progress over the last 12 months there remains a lot to do.

We remain quietly confident.

Peter Ashcroft

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Attribution
The information in this report that relates to Exploration Results is based on information compiled by Todd Axford, who is a member of the Australasian Institute of Mining and Metallurgy. Todd Axford is a part-time employee of the company, and has sufficient experience relevant to the styles 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 December 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Todd Axford consents to the inclusion in the report of the matters based on his information in the form and context in which it appears