



ABN: 72 002 261 565

Financial Report

**for the
Financial Year Ended 31 December 2012**

Torian Resources NL & Controlled Entities

ABN 72 002 261 565

CORPORATE DIRECTORY

Directors Ian Johns Nathan Taylor Peter Ashcroft Sunil Dhupelia	
Company Secretary Elissa Hansen	Contact Details Telephone: 02 9247 2277 Facsimile: 02 9247 7055 Email: info@torianresources.com www.torianresource.com
Registered Office and Principal Place of Business Suite 1, Level 10 15-17 Young Street Sydney NSW 2000	Share Registry Advanced Share Registry Services 150 Stirling Highway Nedlands WA 6009 Telephone: 08 9389 8033 Facsimile: 08 9389 7871 www.advancedshare.com.au
Postal Address PO Box R353 Royal Exchange NSW 1225	Auditors K. S. Black & Co Level 6, 350 Kent Street SYDNEY NSW 2000 Telephone: 02 8839 3000 Facsimile: 02 8839 3055
ASX Code TRN	

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EX-CHAIRMAN'S LETTER

Dear Shareholder,

2012 was a very difficult year for your company, as it was for many small listed resource companies. We commenced the year with great hope for our Madagascar project but our funding proved too hard to maintain. La Jolla engaged in aggressive selling of the stock which directly resulted in the substantial fall in the capitalisation of the company as the share price collapsed despite a substantial increase in the total shares on issue. From an operational perspective we can be justly proud of our operations in Madagascar which directly lead to our invitation to examine other prospective projects. However without funds we could not continue our exploration at Vatovorona and we were forced to place the permit on care and maintenance. We continued to seek funds and a solution to keep operating and the board worked tirelessly for no reward for the past 12 months, firstly reaching agreement with La Jolla in respect to its funding and arranging replacement funding which on several occasions failed to materialise despite representations to the contrary. I would like to thank Ian Johns for his drive, enthusiasm and work ethic throughout the past 18 months.

The directors and their associates provided substantial assistance to the company throughout this period both in respect to funds and time, firstly to provide continuing funds, meeting all creditors, and seeking projects that could be undertaken in tougher financial circumstances and if possible seeking and obtaining funds to continue in Madagascar.

I take this opportunity to thank all our shareholders for their support over the recent difficult period.

It is unfortunate but we must and do accept we were not successful. With support of numerous trade suppliers and particularly our accountants Traverse Accountants and Hall Earthworks we at no time failed to meet obligations and we succeeded in keeping the company solvent and listed. It is clearly no longer possible to continue in such circumstances. Without a substantial injection of cash to meet our outstanding liabilities and to meet the reasonable costs of the company for the next 6 to 12 months the company would not be able to continue in business. The company retains several opportunities to rationalise its portfolio of assets and the board will continue to seek to resolve some future sales. However without a known future, prospective purchasers were not prepared to enter realistic discussions concerning those assets.

It became clear to me several months ago that the only viable and commercial alternative for the company to ensure its medium and long term future was to seek a larger project with access to professional investors to provide support.

The effort of your board and its contractors in cleaning up residual problems from the company's long history has made the company a relatively attractive target for many investors with possible new projects. Your board has been examining numerous opportunities for several months.

The board has been conscious of its obligations to all shareholders and we maintained a practice of seeking to ensure that we gave the existing shareholders the best opportunity to share in the possible benefits of any new project. There is no doubt that some shareholders will be disappointed at our need to undertake the proposed consolidation in the current circumstances but we believe we have secured the best possible position for the existing shareholders of which Ian Johns and I (and our associates) are major interest holders. Yes, I am also disappointed at this outcome but I equally have no hesitation in recommending the new directions to be undertaken by the company.

Your new directors bring a wealth of African project experience, financial management and capital raising expertise to the company. Numerous major opportunities are being examined as I write this letter, each substantially larger than anything undertaken by the company in the past. This of course means we will all have less of the total company than we had previously but we are focused on major near production type projects which with substantial financial support have the potential to change the company to a major junior resource company. I am looking forward to seeing the company continue to develop and prosper under the new board.

EX-CHAIRMAN'S LETTER (CONT.)

It is with much pleasure that I welcome, Nathan Taylor as the new Chairman and Sunil Dhupelia as a director.

Following his resignation I also take this opportunity to thank Mark Cashmore for his service and counsel over the past year.

Yours faithfully

A handwritten signature in black ink, appearing to be 'Peter Ashcroft', with a long horizontal line extending to the right.

Peter Ashcroft
Ex-Chairman

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Torian Resources NL ("Company") is committed to maintaining high standards of Corporate Governance. This statement outlines the main Corporate Governance practices that were adopted or in place throughout the financial year, which comply with the ASX Corporate Governance Council recommendations, unless otherwise stated.

Roles of the Board and Management

Torian Resources has established the functions reserved to the Board as detailed in the Board Charter which is published on the Company's website.

The Board's key objectives are to:

- create an environment for employees, other contributors and stakeholders which engenders trust, confidence, faith, loyalty and dedication to the interests and affairs of the Company;
- increase shareholder value within an appropriate framework which safeguards the rights and interests of the Company's shareholders; and
- ensure the Company is properly managed and operated with integrity.

The Board is also governed by the Company's constitution. The day to day management of the Company's affairs and implementation of corporate strategies and policy initiatives are undertaken by the Board.

The Board reviews the performance of all staff periodically and at least annually. The Chairman meets one-on-one with each staff member for the purpose of reviewing and evaluating their performance in meeting key responsibilities and achieving objectives.

The evaluation of the performance of all members of staff took place throughout the year.

Board Structure

The Board is comprised of four directors, all of whom are non-executive and none of whom are independent. Given the Company's background, the nature and size of its business and the current stage of its development, the Board believes that this is both appropriate and acceptable at this time. The skills, experience and period in office for each director are set out in this Annual Report in the Directors' Report and on the website.

The Board reviews its composition periodically and has the intention to appoint appropriate independent directors as required.

The new Chairperson, Mr Nathan Taylor is not independent but, due to his experience and expertise in areas the Company operates in, the Board considers he is suitably skilled to perform the role.

Nomination Committee

Torian Resources has established a nomination committee charter which is available on the Company's website. However, the Company has not established a nomination committee at this time due to the Company's background, nature and size of its business and the current stage of its development.

The Board reviews its composition periodically and at least annually to ensure that it has the appropriate mix of expertise and experience. When a vacancy exists, for whatever reasons, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the Board will select appropriate candidates with relevant qualifications, skills and experience. External advisors may be used to assist in such a process. The Board will then appoint the most suitable candidate who must stand for election at the next annual general meeting of shareholders.

For Directors retiring by rotation, the Board assesses that director before recommending them for re-election.

Board Performance

The Board has established a Board Performance Evaluation Policy which is published on the Company's website.

The Company believes it is important that the Board review its own performance and those of its Committees (if any) with a view to achieving and maintaining a high level of performance. It will meet periodically for the purpose of reviewing and evaluating its performance in meeting its key responsibilities and achieving its objectives. As part of this review, the performance of the Board as a whole, each Director and the Chairman will be assessed.

A Board review was not conducted in 2012. The Board has been focusing on recapitalising the Company and has reviewed various options over the year which included the possible change in direction of the Company and a change in Directors. The Board chose to defer the review until there was some security in the funding and

CORPORATE GOVERNANCE STATEMENT (CONT.)

direction of the Company, and the finalisation of the Directors who would drive that process on behalf of shareholders.

Access to External Resources

The Directors have access to external resources including independent professional advice, as required to fully discharge their obligations as Directors of the Company as detailed in the Board Charter, published on the Company's website. The use of this resource is co-ordinated through the Chairman of the Board.

Code of Conduct

The Company is committed to its Directors and employees maintaining high standards of integrity, and ensuring that activities are in compliance with the letter and spirit of both the law and Company policies.

Torian Resources has established a Code of Conduct which is available on the Company's website. Each staff member is issued with a copy of the Company's Code of Conduct at the beginning of their employment with the Company.

Diversity Policy

The Company is actively managing diversity as a means of enhancing the Company's performance by recognising and utilising the contributions of diverse skills and talent from its employees. It has established a Diversity Policy which is published on the Company's website.

The Company believes that the promotion of diversity on boards, in senior management and within the organisation generally broadens the pool for recruitment of high quality directors and employees; is likely to support employee retention through the inclusion of different perspectives, is likely to encourage greater innovation; and is socially and economically responsible governance practice.

The Board of Directors is responsible for adopting and monitoring the Company's Diversity Policy. The policy sets out the beliefs and goals and strategies of the Company with respect to diversity within the Company. Diversity within the Company means all the things that make individuals different to one another including gender, ethnicity, religion, culture, language, sexual orientation, disability and age. It involves a commitment to equality and to treating one another with respect.

The Company currently has only one staff member, other than the Directors. She is a woman.

The Board is small, comprising only four members, which the Directors feel is appropriate given the Company's background, the nature and size of its business and the current stage of its development. There are currently no women on the Board.

Audit Committee

The Board has not established an audit committee. All Directors are responsible for the integrity of the Company's financial reporting and, given the size of the current Board, the Directors feel that there would be no efficiencies gained from a formal committee structure.

The Company will establish an Audit Committee Charter and publish the same on its website when it is of the appropriate size and stage of development to warrant a separate Audit Committee.

Continuous Disclosure

The Company has a formal Continuous Disclosure Policy which is published on the Company's website. The policy requires all executives and Directors to inform the Chairman or, in his absence, the Company Secretary, of any potentially 'material information' as soon as practical after they become aware of that information.

Information is material if it is likely that the information would influence investors who commonly acquire securities on the ASX in deciding whether to buy, sell or hold the Company's securities. Material information must be disclosed to ASX immediately, unless ASX listing rules provide for non-disclosure.

The Chairman is responsible for interpreting and monitoring the Company's disclosure policy and where necessary informing the Board. The Company Secretary is responsible for all communications with ASX.

Communication with Shareholders

The Company recognises the importance of regular and proactive interaction with the market in order to ensure the Company's investors remain fully informed about its activities.

The Company has established a formal Shareholder Communications Policy which is published on the Company's website.

CORPORATE GOVERNANCE STATEMENT (CONT.)

Risk Management

The Board is responsible for the oversight of the Company's risk management and control framework. Responsibility for control and risk management is delegated to the appropriate level of management within the Company, with the Chairman, having ultimate responsibility to the Board for the risk management and control framework.

Torian Resources' Risk Management Policy is published on the Company's website.

Remuneration Committee

The Company has a charter for a remuneration committee however; a committee has not been established at this time. Given the small size of the Board, the entire Board performs the functions of the remuneration committee.

The Company outlines the structure of remuneration of non-executive Directors and executives of the Company in the Remuneration report in the Annual Report.

The Company does not provide any schemes for retirement benefits, other than superannuation, for non-executive Directors. It prohibits employees and Directors from entering into transactions in associated products which limit the economic risk of participating in unvested entitlements under any equity-based remuneration schemes.

In respect of the financial year ended 31 December 2012, the Directors of Torian Resources NL present their report together with the Financial Report of the Company and the Consolidated Financial Report of the Consolidated Group (the "Group"), being the Company and its controlled entities, and the Auditor's Report thereon.

DIRECTORS' REPORT

Review of operations

The Company's focus at the beginning of the year was the Vatovorona Gold Project in central Madagascar.

However, in May 2012, the Company agreed to terminate the funding agreement with La Jolla Cove Investors due to the directors concern regarding the manner of conversion and trading by La Jolla. US\$450,000 was received in convertible note proceeds prior to this time.

Since that time the Company has been seeking alternate funding options. In May it announced a new funding package for \$980,000 with Greenard Willing; \$250,000 was raised. In August the Company entered into a mandate agreement with Novus Capital Limited whereby Novus would provide advice on capital raising, investor relations and assist on a best endeavours basis with raising an initial \$500,000. No funds were raised.

During this time the Company also reviewed a number of other projects and funding opportunities.

Principal Activities

The principal activities of the Group during the course of the financial year were the exploration and evaluation of mineral interests. There were no significant changes in the nature of those activities during the financial year.

Results of Operations

The consolidated loss for the Group for the financial year ended 31 December 2012 is \$2,721,797 (2011: \$4,490,027).

Dividends

No dividends were paid or declared by the Group since the end of the previous financial year and the Directors do not recommend dividends be paid for the year ended 31 December 2012.

Significant changes in the state of affairs

During the year the Group raised \$1,080,637 from share issues net of costs of capital and the exercising of options (2011: \$1,419,410). This has enabled the continuation of the exploration and evaluation of mineral interests.

There were no other significant changes in the state of affairs of the Group during the financial year.

Likely Developments and Expected Results of Operations

As the Company is still evaluating possible projects, it is not possible to postulate the likely developments and any expected results.

Matters Subsequent to Year End

At the date of this report the following events have arisen since 31 December 2012 and will significantly affect the operations of the Group:

On 25 February, the Company entered into an agreement with an Investor Group whereby the Investor Group provided a loan to the Company of \$250,000 and will assist in the acquisition of a major project in Africa. The Investor Group also appointed two nominees to the Board, Nathan Taylor and Sunil Dhupelia. Nathan has replaced Peter Ashcroft as Chairman of the Board. Mark Cashmore resigned as a director.

In the Directors opinion, no other subsequent events have arisen that significantly affect the operations of the Group.

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DIRECTORS' REPORT (CONT.)

Directors

The following persons held office as Directors of Torian Resources NL at any time during or since the end of the financial year:

Mr Peter Ashcroft

Mr Ian Johns

Mr Mark Cashmore (resigned 7 March 2013)

Mr Nathan Taylor (appointed 7 March 2013)

Mr Sunil Dhupelia (appointed 7 March 2013)

Company Secretary

Ms Elissa Hansen is the Company Secretary of Torian Resources NL.

Information on Directors

Peter Ashcroft LLB

Director

Appointed: 9 December 2008

Age: 60 years

Mr Peter Ashcroft is a commercial law specialist with over 30 years' experience. He is the owner and principal of Ashlaw Legal Services, which is a specialised commercial legal practice focusing upon the provision of advice to natural resource companies, both in production and exploration stages, and logistic and transport businesses. Peter is familiar with mining and resource developments throughout Australia and has advised on joint ventures in Indonesia, New Zealand, Philippines, India, USA, Sweden, Ghana and Canada.

Peter is a Non-executive Director of A1Investment and Resources Limited (ASX: AYI) and a director of number of other private companies.

Ian Johns

Director

Appointed: 9 December 2008

Age: 42 years

Mr Ian Johns brings 20 years of operational business experience to the Torian Board. He consults in the manufacturing industry as well as a business developer and contract negotiator. Ian was a founding director of Royalco Resources; a successful royalty income based mineral exploration company.

Ian is a director of a number of private companies.

Mark Cashmore

Director

Appointed: 15 December 2011

Age: 42 years

Mr Mark Cashmore has a broad range of business development and consulting experience, including project management, risk management, occupational workplace health and safety expertise and marketing. He currently consults to utility companies and government bodies on risk mitigation with a particular focus on occupational workplace health and safety (OWHS).

Mark is a director of a number of private companies.

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DIRECTORS' REPORT (CONT.)

Nathan Taylor LLB, B.Com

Chairman

Appointed: 7 March 2013

Age: 32 years

Nathan Taylor has successful experience in establishing and managing mining companies. Nathan has significant M&A and Capital Markets experience having worked on numerous domestic and cross border transactions throughout his career.

Most recently, Nathan Taylor was Head of Mergers and Acquisitions at BBY Limited and prior to this he was Head of Capital Markets at StoneBridge Group. Nathan brings deep experience in capital raising, banking and finance matters as well as M&A activities across numerous jurisdictions including Africa, Asia and South America.

Nathan is a Non-Executive Director of Stonewall Resources Limited (ASX:SWJ), Kogi Iron Limited (ASX:KFE) and Mandalong Resources Limited (ASX:MDD).

Sunil Dhupelia LLB, B.Com

Director

Appointed: 7 March 2013

Age: 31 years

Sunil Dhupelia has almost a decade of corporate transaction and advisory experience. He began his career in law before joining Merrill Lynch's investment banking division. During his time with Merrill Lynch he was involved in numerous equity capital market transactions for many of Australia's and Asia's largest companies.

Sunil is Non-executive Chairman of Mandalong Resources Limited (ASX:MDD) and has been a Non-Executive Director of Stonewall Resources NL (ASX:SWJ) within the last three years.

Information on the Company Secretary

Elissa Hansen B.Com; ACSA; GAICD

Company Secretary

Appointed: 27 October 2011

Age: 40 years

Elissa Hansen is a Chartered Secretary with over 10 years' experience advising management and boards of ASX listed companies on investor relations, governance, compliance and other corporate issues.

Meetings of Directors

The number of meetings of the Company's Board of Directors and of each board committee held during the financial year ended 31 December 2012 and the number of meetings attended by each Director were:

Directors Meetings		
Director	Held whilst in office	Attended
Peter Ashcroft	10	10
Ian Johns	10	10
Mark Cashmore	10	10

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DIRECTORS' REPORT (CONT.)**Directors' Interests**

The Directors' and their associates' interests in shares and options of the Company at 31 December 2012 were:

	Peter Ashcroft	Ian Johns	Mark Cashmore
Ordinary shares	176,775,834	259,977,382	6,400,000
<u>Unlisted options</u>			
\$0.004 exercise, expiring 31 Dec 2012	9,950,000	10,000,000	-
\$0.010 exercise, expiring 31 Dec 2012	10,000,000	10,000,000	-
\$0.010 exercise, expiring 31 Dec 2014	47,000,000	51,000,000	-
\$0.011 exercise, expiring 31 Dec 2014	47,000,000	51,000,000	-
\$0.012 exercise, expiring 31 Dec 2015	47,000,000	50,000,000	-
\$0.013 exercise, expiring 31 Dec 2015	47,000,000	50,000,000	-
\$0.0023 exercise, expiring 29 Dec 2015	100,000,000	100,000,000	-

Shares Under Option

Unissued ordinary shares of Torian Resources NL under option at the date of this report are as follows:

Number	Class
3,000,000	Unlisted \$0.0033 Employee Options expiring 14 October 2013
80,000,000	Unlisted \$0.005 Options expiring 15 December 2013
101,500,000	Unlisted \$0.01 Options expiring 31 December 2014
101,500,000	Unlisted \$0.011 Options expiring 31 December 2014
100,500,000	Unlisted \$0.012 Options expiring 31 December 2015
100,500,000	Unlisted \$0.013 Options expiring 31 December 2015
200,000,000	Unlisted \$0.0023 Options expiring 29 December 2015
73,724,328	20c ordinary shares partly paid to 18c

No option holder has any right under the options to participate in any other share issue of the Company or of any other entity.

Shares Issued on the Exercise of Options

No ordinary shares of Torian Resources NL were issued during the financial year ended 31 December 2012 on the exercise of options. None have been issued since the end of the financial year.

Shares Issued on the Partial Conversion of Convertible Note

906,193,469 ordinary shares of Torian Resources NL were issued during the financial year ended 31 December 2012 on the conversion of Convertible Notes. No amounts were unpaid on any of the shares.

Other Shares Issued

80,000,000 shares issued during the financial year to raise \$80,000 in working capital. A further 23,064,773 shares were issued in payment of fees invoiced for a total of 103,064,773 ordinary shares.

No shares have been issued since the end of the financial year.

Environmental Regulations

The Group's operations are subject to normal Government Environmental Regulations. There were no breaches of these regulations during the financial year and up to the date of this report.

Insurance of Directors and Officers

Subsequent to the financial year, the Company entered into an agreement to insure the Directors and officers of the Company. The liabilities insured and legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the entity, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company.

DIRECTORS' REPORT (CONT.)

Indemnification

Subsequent to the year end, the Company has agreed to indemnify and keep indemnified the Nathan Taylor and Sunil Dhupelia against any liability:

- a) incurred in connection with or as a consequence of the director or officer acting in the capacity including, without limiting the foregoing, representing the Company on any body corporate; and
- b) for legal costs incurred in defending an action in connection with or as a consequence of the Director or officer acting in the capacity.

The indemnity only applies to the extent of the amount that the Directors are not indemnified under any other indemnity, including an indemnity contained in any insurance policy taken out by the Company, under the general law or otherwise.

The indemnity does not extend to any liability:

- to the Company or a related body corporate of the Company;
- arising out of conduct of the Directors or officers involving a lack of good faith; or
- which is in respect of any negligence, default, breach of duty or breach of trust of which the directors or officers may be guilty in relation to the Company or related body corporate.

No liability has arisen under these indemnities as at the date of this report.

Proceedings on Behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Declaration by Director

The Directors have received and considered declaration from Peter Ashcroft in accordance with Section 295A of the Corporations Act. The declaration states that in their opinion the financial records of the Company and Controlled Entities have been properly maintained and that Company's and Group's financial reports for the twelve month period ended 31 December 2012 in all material aspects present a true and fair view of the financial position and performance and are in accordance with the relevant accounting standards.

The auditor's independence declaration for the period ended 31 December 2012 has been received and can be found on page 17 of the financial report.

DIRECTORS' REPORT (CONT.)

Non-audit Services

The Directors received the Lead Auditor's Independence Declaration which is set out on page 17. The external auditor did not provide any non-audit services to the Company during the year ended 31 December 2012.

Signed in accordance with a resolution of the Board of Directors:



Nathan Taylor

Chairman

Sydney, 28 March 2013

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REMUNERATION REPORT

This report outlines the remuneration arrangements in place for Directors and executives of Torian Resources NL. The information in this report has been audited as required by 308(3C) of the Corporations Act 2011.

Directors and Key Management Personnel

The full Board of Directors sets remuneration policies and practices generally and makes specific recommendations on remuneration packages and other terms of employment for Executive Directors, other Senior Executives and Non-Executive Directors.

Executive remuneration and other terms of employment are reviewed annually having regard to performance against goals set at the start of the year, relevant comparative information and independent expert advice as well as basic salary, remuneration packages include superannuation.

Remuneration packages are set at levels that are intended to attract and retain executives capable of managing Group's operations.

Remuneration of Non-Executive Directors is determined by the Board within the maximum amount approved by shareholders from time to time. Fees for Non-Executive Directors are not linked to the Company's performance.

It is the Board's intention to undertake an annual review of its performance and the performance of the Board Committees against goals set at the start of the year.

In considering the Company's performance and its effect on shareholder wealth, the Board has regard to a broad range of factors, some of which are financial and others of which relate to the progress on the Company's projects, results and progress of exploration and development activities, joint venture agreements, etc.

The Board also gives consideration to the Company's result and cash consumption for the year. It does not utilise earnings per share as a performance measure or contemplate payment of any dividends in the short to medium term given that all efforts are currently being expended to develop the company.

Details of the nature and amount of each element of the emoluments of each Director of Torian Resources NL are set out below.

Directors

Names and positions held of key management personnel in office at any time during the financial year are:

Mr Peter Ashcroft
Mr Ian Johns
Mr Mark Cashmore

Key Management Personnel Compensation

	Salary, wages and directors fees	Bonus	Non-monetary benefits	Other employee entitlements	Total
	\$	\$	\$	\$	\$
2012					
Peter Ashcroft	180,000	-	-	-	180,000
Ian Johns	122,600	-	-	-	122,600
Mark Cashmore	30,000	-	-	-	30,000
	332,600	-	-	-	332,600

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REMUNERATION REPORT (CONT.)

	Salary, wages and directors fees	Bonus	Non-monetary benefits	Other employee entitlements	Total
	\$	\$	\$	\$	\$
2011					
Peter Ashcroft	78,510	-	1,142,000	-	1,220,510
Ian Johns	27,871	-	1,197,700	-	1,225,571
Scott Enderby	92,326	-	56,000	-	148,326
Cameron Young	15,000	-	-	-	15,000
Total Compensation	213,707	-	2,395,700	-	2,609,407

Shares Held by Key Management Personnel and Their Associates

	Balance 1 Jan 2012	Granted as Compensation	Purchases	Disposals	Balance 31 Dec 2012
Peter Ashcroft	176,775,834	-	-	-	176,775,834
Ian Johns	259,977,382	-	-	-	259,977,382
Mark Cashmore	6,400,000	-	-	-	6,400,000
Total	443,153,216	-	-	-	443,153,216

Options Held by Key Management Personnel and Their Associates

	Peter Ashcroft	Ian Johns	Mark Cashmore
\$0.004 exercise, expiring 31 Dec 2012	9,950,000	10,000,000	-
\$0.010 exercise, expiring 31 Dec 2012	10,000,000	10,000,000	-
\$0.010 exercise, expiring 31 Dec 2014	47,000,000	51,000,000	-
\$0.011 exercise, expiring 31 Dec 2014	47,000,000	51,000,000	-
\$0.012 exercise, expiring 31 Dec 2015	47,000,000	50,000,000	-
\$0.013 exercise, expiring 31 Dec 2015	47,000,000	50,000,000	-
\$0.0023 exercise, expiring 29 Dec 2015	100,000,000	100,000,000	-

There have been no changes in options held by directors during the period including nil grants, nil purchased and nil disposed of.

All options are over fully paid ordinary Shares in the Company on the same terms and conditions as existing shares in the Company.

No amounts have been paid in respect of any of the options.

REMUNERATION REPORT (CONT.)

Torian Executive Incentive Plan

For details on the Torian Executive Incentive Plan, please refer to the Company's 2011 Notice of Annual General Meeting (www.asx.com.au).

Call Option

A company associated with Mr Ian Johns, Cache Management Consulting Pty Limited (ACN 153 520 328), is jointly entitled with a company associated with Mr Peter Ashcroft, Penna (S&I) Pty Limited (ABN 44 152 995 349), to a call option for 136,690,667 shares at a price of \$0.002 per share pursuant to an agreement between those entities and La Jolla Cove Investors Inc (LJCI) dated 24 May 2012. LJCI is the legal owner of the shares.

Consultancy Deeds

Peter Ashcroft

Director

- Deeds ratified by shareholders on 16 December 2011;
- Consultancy fee of \$15,000 per month;
- Deed is set for a term of five (5) years;
- The Consultant is entitled to receive a performance payment comprising the issue of shares in the Company on the satisfaction of certain performance targets (see ASX announcement on 16 December 2011 for details of targets);
- No amount is payable by the Consultant upon satisfaction of the set performance targets for the issue of shares.
- There are no provisions for termination of the agreement in the absence of breach.

Ian Johns

Director

- Deeds ratified by shareholders on 16 December 2011;
- Consultancy fee of \$8,000 per month;
- Deed is set for a term of five (5) years;
- The Consultant is entitled to receive a performance payment comprising the issue of shares in the Company on the satisfaction of certain performance targets (see ASX announcement on 16 December 2011 for details of targets);
- No amount is payable by the Consultant upon satisfaction of the set performance targets for the issue of shares.
- There are no provisions for termination of the agreement in the absence of breach.

Loans to Directors and Key Management Personnel

There were no loans made to directors or key management personnel of the Company and the Group during the period commencing at the beginning of the financial year and up to the date of this report.

Level 6
350 Kent Street
Sydney NSW 2000

K.S. Black & Co.

ABN 57 446 286 838

Level 1, 460 Church Street
North Parramatta NSW 2151

PO Box 2210
North Parramatta NSW 1750

AUDITOR'S INDEPENDENCE DECLARATION

Declaration of independence to the Directors of Torian Resources NL and Controlled Entities

As lead auditor of Torian Resources NL for the year ended 31 December 2012, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Torian Resources NL and the entities it controlled during the year.

KS Black & Co
Chartered Accountants



Faizal Ajmat
Partner

Sydney, 28 March 2013



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Phone 02 8839 3000 Fax 02 8839 3055
www.ksblack.com.au



**Chartered
Accountants**

Torian Resources NL & Controlled Entities

ABN 72 002 261 565

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR YEAR ENDED 31 DECEMBER 2012

	Note	2012	2011
		\$	\$
Sales revenue		818	-
Cost of sales		(691)	-
Gross profit		<u>127</u>	<u>-</u>
Other revenue	2	47,309	245,718
Bad debts expense		-	-
Depreciation and amortisation expense	3	(10,658)	(11,946)
Impairment expense	3	(1,262,436)	(883,888)
Employee benefits expense	5	(260,515)	(231,536)
Equity based employee benefits		(7,000)	(2,450,200)
Due diligence and professional services		(573,264)	(502,797)
Finance costs		(12,246)	(14,756)
Exploration expenditure		(227,483)	(112,334)
Share of joint venture's loss	10	(89,451)	(211,594)
Other expenses		<u>(326,180)</u>	<u>(316,694)</u>
Loss from ordinary activities before income tax expenses		(2,721,797)	(4,490,027)
Income tax expense relating to ordinary activities	4	<u>-</u>	<u>-</u>
Loss attributable to members of the parent entity		<u><u>(2,721,797)</u></u>	<u><u>(4,490,027)</u></u>
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the period		<u><u>(2,721,797)</u></u>	<u><u>(4,490,027)</u></u>
Basic earnings per share	7	(0.0007)	(0.0018)

These financial statements should be read in conjunction with the accompanying notes.

Torian Resources NL & Controlled Entities

ABN 72 002 261 565

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

	Note	2012	2011
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	232,148	362,445
Inventories		78,765	80,084
Trade and other receivables	9	126,591	318,707
TOTAL CURRENT ASSETS		<u>437,504</u>	<u>761,236</u>
NON-CURRENT ASSETS			
Trade and other receivables	9	395,629	349,960
Property, plant and equipment	12	27,970	38,628
Investment in joint ventures	10	-	278,124
Capitalised exploration assets	13	10,037,299	10,787,754
TOTAL NON-CURRENT ASSETS		<u>10,460,898</u>	<u>11,454,466</u>
TOTAL ASSETS		<u>10,898,402</u>	<u>12,215,702</u>
CURRENT LIABILITIES			
Trade and other payables	14	705,160	216,443
Short term provisions	15	50,596	78,091
Financial liabilities	16	285,778	
TOTAL CURRENT LIABILITIES		<u>1,041,534</u>	<u>294,534</u>
NON-CURRENT LIABILITIES			
Financial liabilities	16	-	423,140
TOTAL NON-CURRENT LIABILITIES		<u>-</u>	<u>423,140</u>
TOTAL LIABILITIES		<u>1,041,534</u>	<u>717,674</u>
NET ASSETS		<u>9,856,868</u>	<u>11,498,028</u>
EQUITY			
Issued capital	17	55,101,056	54,020,419
Reserves	18	2,001,700	2,130,200
Accumulated losses		(47,245,888)	(44,652,591)
TOTAL EQUITY		<u>9,856,868</u>	<u>11,498,028</u>

These financial statements should be read in conjunction with the accompanying notes.

Torian Resources NL & Controlled Entities

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 31 DECEMBER 2012

	Note	Share Capital		Options Reserve	Total
		Shares on Issue	Accumulated Losses		
		\$	\$	\$	\$
Balance at 1 January 2011		52,201,009	(40,255,764)	183,200	12,128,445
Loss for the period		-	(4,490,027)	-	(4,490,027)
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		-	(4,490,027)	-	(4,490,027)
Shares issued during the period		1,870,060	-	-	1,870,060
Cost of capital raising		(50,650)	-	-	(50,650)
Options issued, net of expirations		-	93,200	1,947,000	2,040,200
Balance at 31 December 2011	17	54,020,419	(44,652,591)	2,130,200	11,498,028
Balance at 1 January 2012		54,020,419	(44,652,591)	2,130,200	11,498,028
Loss for the period		-	(2,721,797)	-	(2,721,797)
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		-	(2,721,797)	-	(2,721,797)
Shares issued during the period		1,100,637	-	-	1,100,637
Cost of capital raising		(20,000)	-	-	(20,000)
Options issued, net of expirations		-	128,500	(128,500)	-
Balance at 31 December 2012	17	55,101,056	(47,245,888)	2,001,700	9,856,868

These financial statements should be read in conjunction with the accompanying notes.

Torian Resources NL & Controlled Entities

ABN 72 002 261 565

CONSOLIDATED STATEMENT OF CASH FLOWS FOR YEAR ENDED 31 DECEMBER 2012

	Note	2012	2011
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		818	464
Payments to suppliers and employees		(651,072)	(950,808)
Financial charges		(12,246)	(11,031)
Payments for exploration		(127,483)	(112,334)
Interest received		21,043	14,513
Net cash used in operating activities	19	(768,940)	(1,059,196)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of sale of property, plant and equipment		-	215,628
Purchase of property, plant and equipment		-	(48,064)
Payments for exploration		(13,650)	(108,520)
Payments for rehabilitation		(27,496)	(6,460)
Deposits paid to government bodies		(12,189)	(116,153)
Investment in joint venture		(270,127)	(562,101)
Net cash used in investing activities		(323,462)	(625,670)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		250,000	841,542
Costs of raising share equity		(20,000)	(50,650)
Proceeds from issue of convertible notes		446,327	1,057,826
Loan proceeds from related parties		285,778	-
Net cash provided by financing activities		962,105	1,848,718
Net (decrease)/ increase in cash held		(130,297)	163,852
Adjustment for reclassification of cash assets to non-current receivables			-
Adjustment for foreign exchange translation		-	(11,885)
Cash and cash equivalents at beginning of financial year		362,445	210,478
Cash and cash equivalents at end of financial year		232,148	362,445

These financial statements should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report includes the consolidated financial statements and notes of Torian Resources NL and controlled entities ('Consolidated Group' or 'Group'), and the separate financial statements and notes of Torian Resources NL as an individual parent entity ('Company')

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are reported below. They have been consistently applied unless stated otherwise.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Accounting Policies

a. Principles of Consolidation

A controlled entity is any entity Torian Resources NL has the power to control the financial and operating policies of so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 11 to the financial statements. All controlled entities have a 31 December 2012 financial year-end for this current year.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year ended. Where controlled entities have entered (left) the Group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

All inter-company balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the Company.

Where controlled entities have entered or left the Group during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

Minority interests, being that portion of the profit or loss and net assets of subsidiaries attributable to equity interests held by persons outside the Group, are shown separately within the Equity section of the Consolidated Statement of Financial Position and in the Consolidated Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

b. **Income Tax**

The charge for current income tax expense is based on the results for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

Torian Resources NL formed an income tax consolidated group under the tax consolidation regime with its domestic subsidiaries listed under Note 11.

c. **Plant and Equipment**

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the Group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Office equipment and furniture	25%
Plant and equipment	25%
Motor vehicles	25%
Buildings and improvements	2%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

d. Exploration and Evaluation Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Currently the practice is to capitalise all expenses that have been incurred and are in direct relation to the exploration of resources.

Indirect costs such as administrative and general operational costs will be expensed on the basis that they are necessarily incurred.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

f. Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Comprehensive Income.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

g. Investments in joint ventures

Investments in joint venture companies are recognised in the financial statements by applying the equity method of accounting. The equity method of accounting recognised the Group's share of post-acquisition reserves of joint ventures.

i. Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash flows to be made for those benefits. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of the cash flows.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

j. Equity-settled Compensation

There has been no equity based compensation with the exception of that described at Note 21. The capital subscribed to as per this note was acquired at fair value at the time of purchase.

Options issues have their fair value determined with reference to an approved valuation methodology, such as the Black-Scholes valuation method. On issue, the fair value of an option is taken to the Income Statements equity settled compensation, with a corresponding credit to the options reserve. This is then disclosed as other comprehensive income in the Statement of Comprehensive Income to show other net profit position of the Group from a third party perspective.

Shares have their value determined using the direct method of share price at date of issue multiplied by the number of shares issued.

k. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

l. Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established

Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

m. Finance

Finance costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other finance costs are recognised in income in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

n. **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows. There is provision made in the Statement of Cash Flows to disclose the applicable GST refunds/payments that have been remitted to the ATO to accurately show the cash position of Torian Resources NL.

o. **Comparative Figures**

Comparative figures have been derived from the audited financial statements for Torian Resources NL for the year ended 31 December 2011, and changes in presentation are made where necessary to comply with accounting standards.

p. **Critical Accounting Estimates and Judgments**

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key Estimates — Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Key Judgments — Doubtful Debts Provision

As a result of no trading throughout the period, Torian Resources NL has no questionable receivables.

Key Judgments — Recoverability of Capitalised Exploration Assets

To date, Torian Resources NL has achieved results which have been verified through independent reporting and testing. The capitalised exploration assets are therefore concluded to be fully recoverable at balance date.

In the current year, the Group has adopted all of the new and revised current standards and interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised standards and interpretations has not resulted in changes to the groups accounting policies.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

At the date of authorisation of the financial report the following Australian Accounting Standards have been issued or amended and are applicable to the Company and Consolidated Group but are not yet effective. They have not been adopted in preparation of the financial statements at reporting date and the Directors do not expect that these changes will have a material impact on the financial performance or position in future periods.

q. New and revised accounting standards

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2012 reporting periods.

(i) AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective from 1 January 2013*)

(ii) AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (effective 1 January 2013)

(iii) AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 (effective 1 January 2013)

iv) Revised AASB 119 Employee Benefits, AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) and AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements (effective 1 January 2013)

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

r. Going concern

The Directors have prepared the financial report on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

For the financial year ended 31 December 2012, the Group incurred a net loss after tax of \$2,721,797 (2011: loss \$4,490,027). The Group generated negative cash flows from operating activities for the year of \$768,940 (2011: negative \$1,059,196). The Group's deficiency in net current asset position at 31 December 2012 was \$604,030 (Company: \$773,045) and its cash balance amounted to \$232,148 (Company: \$74,082) at that date.

The trade and other payables to third parties payable in cash at 31 December 2012 totalled \$117,982.06 in contrast to closing Cash and Cash Equivalents of \$232,148. Additional amounts of \$264,918.09 in reimbursements owed to Directors or related parties of Directors and \$59,027.50 to third party creditors, have been agreed to be settled for future equity issues that would be subject to shareholder approval, and therefore not considered to be due and payable by the Company. Subsequent to balance date on 25 February 2013 the Company announced to the market that it had secured a \$250,000 funding facility of which \$190,000 had been received by the report date.

On this basis the Directors have resolved the Company's ability to continue as a going concern as at 31 December 2012.

Additionally the Directors' cash flow forecasts project that the Company and the Group will continue to be able to meet their liabilities and obligations as and when they fall due for a period of at least 12 months from the date of signing of this financial report. The cash flow forecasts are dependent upon the generation of sufficient cash flows from operating activities, or the receipt of additional debt or equity funds, to meet working capital requirements and the ability of the Group to manage discretionary spending.

The Directors are of the opinion that the use of the going concern basis of accounting is appropriate as they are satisfied as to the ability of the Company and the Group to implement the above.

The Directors continue to assess the financing and capital requirements of the Group. However, the Directors have resolved that it is reasonably foreseeable that the consolidated group will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- i. The ability of the consolidated group to undertake further capital raisings to provide the required funding to meet the consolidated group's ongoing operating costs; and / or
- ii. The recovery of deposit bonds from tenements that are in the process of being relinquished; and / or
- iii. The collection of sale proceeds from the disposal of real property in prior financial years.

The financial report does not include adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company and the Group not continue as a going concern.

Torian Resources NL & Controlled Entities

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NOTES TO THE FINANCIAL STATEMENTS (CONT.)

NOTE 2: REVENUE

	2012	2011
	\$	\$
Other revenue		
— Interest received	21,043	14,513
— Profit on disposal of non-current assets	-	225,689
— Foreign exchange gain	26,266	-
— Other revenue	-	5,516
Total other income	<u>47,309</u>	<u>245,718</u>

NOTE 3: RESULTS FOR THE YEAR

Expenses:		
Impairment of pre-development expenditure	1,262,436	883,888
Depreciation of plant and Equipment	10,658	11,946

NOTE 4: INCOME TAX EXPENSE

The components of tax expense comprise:

Current tax	-	-
Deferred tax	-	-
Total	<u>-</u>	<u>-</u>

Prima facie tax benefit on loss from ordinary activities before income tax at 30%:	(816,539)	(1,347,008)
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Add tax effect of:

— Other non allowable items	<u>460,535</u>	<u>1,063,705</u>
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Subtotal	(356,004)	(283,303)
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Less tax effect of:

— Items deductible for taxation but not accounting	(38,720)	(36,136)
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Deferred tax assets not brought to account:	<u>(394,724)</u>	<u>319,439</u>
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Income tax expense	<u>-</u>	<u>-</u>
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NOTES TO THE FINANCIAL STATEMENTS (CONT.)

NOTE 4: INCOME TAX EXPENSE (CONT.)

The Group has carry forward tax losses, calculated according to Australian income tax legislation of \$31,650,649 (2011: \$30,358,169), which will be deductible from future assessable income provided that income is derived, and:

- a) The Company and its controlled entities carry on prescribed mining operations as defined in the income Tax Assessment Act, as appropriate; or
- b) The Company and its controlled entities carry on a business of, or a business that includes exploration or prospecting in Australia, for the purpose of discovering or extracting minerals, as appropriate; and
- c) No change in tax legislation adversely affects the Company and its controlled entities in realising the benefit from the deduction for the losses.

The benefit of these losses will only be recognised where it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

NOTE 5: EMPLOYEE BENEFITS EXPENSE

	2012	2011
	\$	\$
Employee benefits incurred during the year:		
— Salaries and wages	240,173	208,288
— Superannuation	20,342	18,701
— Other employee benefits	-	4,547
Total:	<u>260,515</u>	<u>231,536</u>

NOTE 6: AUDITOR REMUNERATION

Remuneration of the auditor of the Group for:

— auditing or reviewing the financial report	20,000	20,000
Total:	<u>20,000</u>	<u>20,000</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONT.)

NOTE 7: EARNINGS PER SHARE

	2012	2011
	\$	\$
a. Reconciliation of earnings:		
Loss	<u>(2,721,797)</u>	<u>(4,490,027)</u>
	No.	No.
b. Weighted average number of ordinary shares outstanding during the year used in calculating EPS	3,681,637,747	2,562,891,719
	\$	\$
c. Basic EPS	<u>(0.0007)</u>	<u>(0.0018)</u>
d. Diluted EPS	<u>(0.0007)</u>	<u>(0.0018)</u>

NOTE 8: CASH AND CASH EQUIVALENTS

Cash at bank and in hand	<u>232,148</u>	<u>362,445</u>
Total	<u>232,148</u>	<u>362,445</u>

NOTE 9: TRADE AND OTHER RECEIVABLES

CURRENT

Trade and other receivables from third parties:

— Trade receivables	112,928	284,409
— Other receivables	<u>13,663</u>	<u>34,298</u>
Total current assets	<u>126,591</u>	<u>318,707</u>

NON-CURRENT

Trade and other receivables from third parties:

— Bonds on deposit	19,239	19,239
— Deposits with government bodies	<u>376,390</u>	<u>330,721</u>
Total non-current assets	<u>395,629</u>	<u>349,960</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

NOTE 9: TRADE AND OTHER RECEIVABLES (CONT.)

There is no expectation of the Directors that any of the above amounts are required to be impaired as all amounts are anticipated to be fully recoverable. Whilst the above amounts are unsecured, there is no question as to the creditworthiness of the Group's debtors.

Allowance for impairment loss

Trade receivables and other receivables are non-interest bearing and are generally on 30-60 day terms. A provision for impairment loss is recognised when there is objective evidence that an individual receivable is impaired. No impairment has been recognised by the Group and Company in the current year. No receivable is past due.

Fair value and credit risk

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value. The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it the Group's policy to transfer on-sell receivables to special purpose entities.

Interest rate risk

Detail regarding interest rate risk exposure is disclosed in Note 23.

NOTE 10: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	2012	2011
	\$	\$
<i>Interests in joint ventures</i>		
<i>Varun Torian (International) SARL</i>		
Investment at cost	798,747	489,718
Accumulated equity accounted share of loss	(301,045)	(211,594)
Accumulated allowance for impairment	(497,702)	-
Closing balance	<u>-</u>	<u>278,124</u>
<i>Movements in carrying amounts</i>		
<i>Varun Torian (International) SARL</i>		
Balance at 1 January	278,124	-
Invested during the year	309,029	489,718
Accumulated equity accounted share of loss	(89,451)	(211,594)
Allowance for impairment	(497,702)	-
Closing balance	<u>-</u>	<u>278,124</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONT.)

NOTE 10: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONT.)

Investments in joint venture companies are valued at fair value at year end, which is calculated as follows:

- fair value of the investment at the beginning of the year (or, for acquisitions during the year, the fair value of the investment on acquisition);
- less equity accounted share of losses during the year;
- less impairment losses during the year.

Any impairment losses during the year are calculated as the difference between:

- the fair value of the investment at the beginning of the year (or, for acquisitions during the year, the fair value of the investment on acquisition) less equity accounted share of losses during the year; and
- the fair value of the investment calculated at year end using the last quoted bid price plus the value of any options held, calculated using the assumptions set out below.

NOTE 11: CONTROLLED ENTITIES.

Controlled Entities Consolidated

	Country of Incorporation	Percentage Owned (%)*
		2012
PARENT ENTITY:		
Torian Resources NL	Australia	
SUBSIDIARIES OF TORIAN RESOURCES NL:		
NSW Tin Pty Ltd	Australia	100
Cluff Minerals (Australia) Pty Limited	Australia	100
NSW Gold NL	Australia	100
Torian Exploration Pty Ltd	Australia	100

** Percentage of voting power is in proportion to ownership*

Torian Resources NL & Controlled Entities

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NOTES TO THE FINANCIAL STATEMENTS (CONT.)

NOTE 12: PLANT AND EQUIPMENT

	2012	2011
	\$	\$
OFFICE EQUIPMENT		
At cost	31,038	31,038
Accumulated depreciation	(11,538)	(3,855)
Total office equipment	<u>19,500</u>	<u>27,183</u>
 PLANT AND EQUIPMENT		
At cost	11,899	11,899
Accumulated depreciation	(3,429)	(454)
Total property, plant and equipment	<u>8,470</u>	<u>11,445</u>
Total	<u>27,970</u>	<u>38,628</u>

Movements in Carrying Amounts

	Office Equipment	Plant and Equipment	Land and Buildings	Total
	\$	\$	\$	\$
Balance at 1 January 2011	8,759	67,046	126,645	202,450
Additions	25,333	11,899	-	37,232
Disposals	(4,370)	(58,093)	(126,645)	(189,108)
Depreciation expense	(2,539)	(9,407)	-	(11,946)
Balance at 31 December 2011	<u>27,183</u>	<u>11,445</u>	<u>-</u>	<u>38,628</u>
Depreciation expense	(7,683)	(2,975)	-	(10,658)
Balance at 31 December 2012	<u>19,500</u>	<u>8,470</u>	<u>-</u>	<u>27,970</u>

Torian Resources NL & Controlled Entities

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NOTES TO THE FINANCIAL STATEMENTS (CONT.)

NOTE 13: CAPITALISED EXPLORATION ASSET

	2012	2011
	\$	\$
Exploration expenditure capitalised	13,700,729	13,687,080
Provision for impairment	<u>(3,663,430)</u>	<u>(2,899,326)</u>
Total	<u><u>10,037,299</u></u>	<u><u>10,787,754</u></u>
Balance at beginning of financial year	10,787,754	11,563,121
Additions	13,649	108,521
Impairment recognised during the financial year	<u>(764,104)</u>	<u>(883,888)</u>
Balance at end of financial year	<u><u>10,037,299</u></u>	<u><u>10,787,754</u></u>

Intangibles will be amortised once their useful life has been determined when the exploration and development phase has concluded, and production begins.

Impairment expense in the current year of \$764,104 (2010: \$883,888) relates to capitalised expenditure in the Company's tin and sapphire prospects. The Directors' have decided to recognise impairment against these prospects due to the cessation of exploratory activity in these prospects.

It is the Company's intention to bring the diamond tenements to a stage where a farm-in or trade sale agreement could be realised. However, the diamond tenements held by the Company have expired and an application for their renewal has been lodged by the company. At the date of this report, the renewal process is ongoing.

NOTE 14: TRADE AND OTHER PAYABLES

CURRENT

Accounts payable	511,002	163,120
Employee benefits payable	8,574	39,598
Other payables	<u>185,584</u>	<u>13,725</u>
Total	<u><u>705,160</u></u>	<u><u>216,443</u></u>

NOTE 15: SHORT TERM PROVISIONS

CURRENT

Provision for rehabilitation	<u>50,596</u>	<u>78,091</u>
Total	<u><u>50,596</u></u>	<u><u>78,091</u></u>

NOTE 16: FINANCIAL LIABILITIES

CURRENT

Loans from directors	212,778	-
Loans from external parties	<u>73,000</u>	<u>-</u>
Total	<u><u>285,778</u></u>	<u><u>-</u></u>

Torian Resources NL & Controlled Entities

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NOTES TO THE FINANCIAL STATEMENTS (CONT.)

NOTE 16: FINANCIAL LIABILITIES (CONTINUED)

	2012	2011
	\$	\$
NON-CURRENT		
Convertible note on issue	-	423,140
Total	-	423,140

Under the convertible note agreement entered the Group signed with La Jolla Cove Investors Inc, the Group received addition convertible note proceeds of US\$450,000.

The agreement and outstanding convertible notes were cancelled in May 2012 due to the Directors' concerns regarding the manner of conversion and trading by La Jolla Cove Investors.

The company and La Jolla have agreed to settle a termination of the funding agreement on the following key terms:

- The Company will issue to La Jolla 133.333 million ordinary shares in the Company calculated at AUD0.0015 per share (the "Settlement Shares"), which represents a settlement payment of US\$200,000.
- La Jolla has agreed not sell any of the Settlement Shares during the sixty (60) days following the settlement and to limit its sales to the greater of \$14,000 per month, or seven percent (7%) of the Settlement Shares.
- The funding agreement and convertible note are to be cancelled upon the issue of the Settlement Shares.

The Settlement Shares were issued throughout the financial year and the funding agreement finalised.

NOTE 17: ISSUED CAPITAL

	2012		2011	
	No of Shares	\$	No of Shares	\$
Ordinary shares				
<i>Fully Paid</i>				
At the beginning of reporting period	2,929,345,525	53,920,419	2,294,125,078	52,101,009
Shares issued during the year	1,009,258,242	1,060,637	635,220,447	1,870,060
Costs of raising share capital	-	20,000	N/A	(50,650)
At reporting date	<u>3,938,603,767</u>	<u>55,001,056</u>	<u>2,929,345,525</u>	<u>53,920,419</u>
<i>Partially Paid</i>				
At the beginning of reporting period	73,724,328	100,000	73,724,328	100,000
Shares issued during the year	-	-	-	-
At reporting date	<u>73,724,328</u>	<u>100,000</u>	<u>73,724,328</u>	<u>100,000</u>

The Company has authorised share capital amounting to 4,012,328,095 ordinary shares of no par value.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

NOTE 17: ISSUED CAPITAL (CONT.)

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At the shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Capital Management

Management controls the capital of the Group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the group can fund its operations and continue as a going concern.

The Group's capital includes ordinary share capital, shares and financial liabilities, supported by financial assets. There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distribution to shareholders and share issues.

NOTE 18: RESERVES

	2012	2011
	\$	\$
Options reserve	2,001,700	2,130,200
Total reserves	2,001,700	2,130,200

The options reserve records the fair value of options on issue.

NOTE 19: CASH FLOW INFORMATION

Reconciliation of Cash Flow from Operations with Profit after Income Tax

Loss after income tax	(2,721,797)	(4,490,027)
Non-cash flows in profit:		
Depreciation	10,659	11,946
Impairment expense	1,262,436	883,888
Profit on disposal of investments	-	(225,689)
Non-cash expenses	6,534	2,450,200
Share of joint venture's loss	89,451	211,594
Gain on foreign exchange	(25,364)	(5,053)
Changes in current assets and liabilities:		
(Increase)/decrease in trade and term receivables	99,098	(14,779)
(Increase)/decrease in inventories	691	-
Increase/(decrease) in accounts payable and accruals	509,352	118,724
Net cash used in operating activities	(768,940)	(1,059,196)

Torian Resources NL & Controlled Entities

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NOTES TO THE FINANCIAL STATEMENTS (CONT.)

NOTE 20: RELATED PARTY DISCLOSURES

	2012	2011
	\$	\$
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.		
Transactions with related parties:		
— Ashlaw Legal Services	25,542	65,432
— Penna (S&I) Pty Ltd	182,425	60,328
— Johns Corporation Pty Ltd ATF Johns Family Trust	9,408	27,871
— Cache Management Pty Ltd	131,183	-
— Terradoodle Pty Ltd	-	92,326

Mr Peter Ashcroft is the principal of Ashlaw Legal Services and director of Penna (S&I) Pty Ltd, which throughout the year have provided legal advisory and consultancy services to the Group. All fees tendered have been on an arm's length basis.

Mr Ian Johns is a director of Johns Corporation Pty Ltd, which throughout the year has provided consultancy and corporate management services to the Group. All fees tendered have been on an arm's length basis.

Mr Scott Enderby is a director of Terradoodle Pty Ltd, which provided company secretarial and other consultancy services to the Group in 2011. All fees tendered were on an arm's length basis.

Key Management Personnel

The following were key management personnel of the Company at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

Peter Ashcroft	Chairman
Ian Johns	Director
Mark Cashmore	Director

Torian Resources NL & Controlled Entities

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NOTES TO THE FINANCIAL STATEMENTS (CONT.)

NOTE 20: RELATED PARTY DISCLOSURES (CONT.)

Shares Held by Key Management Personnel and Their Associates

	Balance 1 Jan 2012	Granted as Compensation	Purchases	Disposals	Balance 31 Dec 2012
Peter Ashcroft	176,775,834	-	-	-	176,775,834
Ian Johns	259,977,382	-	-	-	259,977,382
Mark Cashmore	6,400,000	-	-	-	6,400,000
Total	443,153,216	-	-	-	443,153,216

Options Held by Key Management Personnel and Their Associates

	Balance 1 Jan 2012	Granted as Compensation	Purchases	Expiries	Balance 31 Dec 2012
Peter Ashcroft	307,950,000	-	-	(66,950,000)	241,000,000
Ian Johns	322,000,000	-	-	(71,000,000)	251,000,000
Mark Cashmore	-	-	-	-	-
Total	629,950,000	-	-	(137,950,000)	492,000,000

Directors' and Executive Officers' Remuneration

The Board sets all remuneration packages. The broad remuneration policy is to ensure that each senior staff member's remuneration package properly reflects the person's duties and responsibilities. Current market conditions are also taken into account in determining the appropriate remuneration package.

	Salary, wages and directors fees	Bonus	Non-monetary benefits	Other employee entitlements	Total
	\$	\$	\$	\$	\$
2012					
Peter Ashcroft	180,000	-	-	-	180,000
Ian Johns	122,600	-	-	-	122,600
Mark Cashmore	30,000	-	-	-	30,000
Total Compensation	332,600	-	-	-	332,600
2011					
Peter Ashcroft	78,510	-	1,142,000	-	1,220,510
Ian Johns	27,871	-	1,197,700	-	1,225,571
Scott Enderby	92,326	-	56,000	-	148,326
Cameron Young	15,000	-	-	-	15,000
Total Compensation	213,707	-	2,395,700	-	2,609,407

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

NOTE 21: SHARE BASED PAYMENTS

The Company established the Torian Executive Incentive Plan in June 2011 as a long term incentive scheme to recognise talent and motivate executives to strive for group performance. Under the plan, eligible executives are to be granted milestone rights upon the satisfaction of criteria as set out under the rules of the plan. The general terms and conditions of the options can be found under the Company's announcements on the ASX website.

A summary of the movements of all Company options issued is as follows:

	Number of Options	Weighted Average Exercise Price
Options Outstanding as at 31 December 2011	665,950,000	0.0115
Granted	80,000,000	0.0050
Forfeited	-	-
Exercised	-	-
Expired	(58,950,000)	0.0068
Options Outstanding as at 31 December 2012	687,000,000	0.0080
Options Exercisable as at 31 December 2012	687,000,000	0.0080

Value of options issued during the year were calculated using the Black-Scholes option pricing model applying the following inputs:

	Options Issued on:					
	14 Oct 2010	3 Jun 2011	3 Jun 2011	3 Jun 2011	3 Jun 2011	16 Dec 2011
Share price	0.0030	\$0.006	\$0.006	\$0.006	\$0.006	\$0.0020
Exercise price	0.0033	\$0.010	\$0.011	\$0.012	\$0.013	\$0.0023
Days to expiry	1,096	1,307	1,307	1,672	1,672	1,474
Interest rate	4.90%	4.76%	4.76%	4.89%	4.89%	3.23%
Volatility	110%	110%	110%	110%	110%	194%

A basket of comparable companies has been used as a proxy for the volatility of the Company's shares.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

NOTE 22: EVENTS AFTER THE BALANCE SHEET DATE

At the date of this report the following events have arisen since 31 December 2012 and will significantly affect the operations of the Group:

- On 25 February, the Company entered into an agreement with an Investor Group whereby the Investor Group provided a loan to the Company of \$250,000 and will assist in the acquirement of a major project in Africa;
- On 7 March 2013 the Investor Group also appointed two nominees to the Board, Nathan Taylor and Sunil Dhupelia. Nathan has replaced Peter Ashcroft as Chairman of the Board. Mark Cashmore resigned as a director on the same day.

In the Directors opinion, no other subsequent events have arisen that significantly affect the operations of the Group.

NOTE 23: FINANCIAL INSTRUMENTS

General Objectives, Policies and Processes

The Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Groups' exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies. The Group's risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of objectives where such impacts may be material. The Board periodically reviews the effectiveness of the process put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible. Further details regarding these policies are set out below:

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

NOTE 23: FINANCIAL INSTRUMENTS (CONT.)

Credit Risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Group incurring a financial loss. This usually occurs when debtors or counterparties to derivative contracts fail to settle their obligations owing to the Group. The Group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Group.

The maximum exposure to credit risk at balance date is as follows:

	2012	2011
	\$	\$
Trade receivables	126,591	318,707
Security bonds	19,238	19,238
Deposits with government bodies	376,391	330,721

Liquidity Risk

Liquidity risk is the risk that the Group may encounter difficulties raising funds to meet commitments associated with financial instruments due to creditors. The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained. The Group's operations require it to raise capital on an on-going basis to fund its planned exploration program and to commercialise its tenement assets.

Maturity Analysis of Financial Liabilities

	Carrying Amount	Contractual Cash Flows	< 6 Months
	\$	\$	\$
2012			
CURRENT LIABILITIES			
Accounts payable	511,002	195,104	511,002
Employee benefits payable	8,574	8,574	8,574
Other payables	185,585	40,000	185,585
Other financial liabilities	285,778	-	-
2011			
CURRENT LIABILITIES			
Accounts payable	163,120	163,120	163,120
Employee benefits payable	39,598	39,598	39,598
Other payables	13,725	13,725	13,725

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

NOTE 23: FINANCIAL INSTRUMENTS (CONT.)

Interest Rate Risk

The Group is constantly monitoring its exposure to trends and fluctuations in interest rates in order to manage interest rate risk.

The following tables demonstrate the sensitivity to a reasonably possible change in interest rates, with all other variables held constant.

	2012	2011
	\$	\$
Change in Cash and Cash Equivalents		
Increase in interest rate by 1%	2,321	3,624
Decrease in interest rate by 1%	(2,321)	(3,624)

NOTE 24: SEGMENT REPORTING

The Group 's operations consist of prospecting and evaluation of gemstones in Australia as well as development of a gold exploration joint venture in Madagascar.

The following table presents revenue and profit information and certain asset and liability information regarding geographical segments for the years ended 31 December 2012 and 31 December 2011.

Segment revenues and results

	Segment Revenue		Segment Profit	
	2012	2011	2012	2011
	\$	\$	\$	\$
Exploration and development	818	-	(1,582,218)	(1,219,761)
Other	47,309	245,718	47,309	245,718
Total for continuing operations	48,127	245,718	(1,534,909)	(974,043)
Central administration costs and directors salaries			(1,186,888)	(3,515,984)
(Loss) before tax (continuing operations)			(2,721,797)	(4,490,027)

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

NOTE 24: SEGMENT REPORTING (CONT.)

Segment assets

	2012	2011
	\$	\$
Exploration and development	10,045,770	11,488,128
Total segment assets	10,045,770	11,488,128
Unallocated	852,632	727,573
Consolidated total assets	10,898,402	12,215,701

Segment liabilities

Exploration and development	50,596	78,091
Total segment liabilities	50,596	78,091
Unallocated	990,938	639,582
Consolidated total liabilities	1,041,534	717,673

For the purposes of monitoring segment performance and allocating resources between segments:

- All assets are allocated to reportable segments other than interests in associates, 'other financial assets' and current and deferred tax assets. Goodwill is allocated to reportable segments;
- Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and
- All liabilities are allocated to reportable segments other than borrowings, 'other financial, liabilities', current and deferred tax liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

Torian Resources NL & Controlled Entities

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NOTES TO THE FINANCIAL STATEMENTS (CONT.)

NOTE 24: SEGMENT REPORTING (CONT.)

Geographical information

	Australia		Madagascar		Total	
	2012	2011	2012	2011	2012	2011
	\$	\$	\$	\$	\$	\$
Revenue	818	-	-	-	818	-
Other revenues from external customers	47,309	245,718	-	-	47,309	245,718
Segment revenue	48,127	245,718	-	-	48,127	245,718

Assets and liabilities

Segment assets	10,898,402	11,937,577	-	278,124	10,898,402	12,215,701
Segment liabilities	1,041,534	717,674	-	-	1,041,534	717,674

NOTE 25: PARENT ENTITY DISCLOSURES

	2012	2011
	\$	\$
Financial position		
Assets		
Total current assets	242,893	546,677
Total non-current assets	10,692,270	10,932,891
Total assets	10,935,163	11,479,568
Liabilities		
Total current liabilities	917,938	241,443
Total non-current liabilities	98,000	423,140
Total liabilities	1,015,938	664,583
Equity		
Contributed equity	55,101,057	54,020,419
Reserves	2,001,700	2,130,200
Accumulated losses	(47,183,532)	(45,335,634)
Total equity	9,919,225	10,814,985
Financial performance		
Loss for the year	(1,976,398)	(4,079,003)
Other comprehensive income	-	-
Total comprehensive loss	(1,976,398)	(4,079,003)

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

NOTE 25: PARENT ENTITY DISCLOSURES (CONT.)

The Company does not have any commitments for fixed assets at balance date.

NOTE 26: CONTINGENT ASSETS AND LIABILITIES

There are no contingent liabilities or contingent assets at balance date.

NOTE 27: COMPANY DETAILS

Torian Resources NL

The **registered office** of the Company is::

Torian Resources NL
Suite 11
Level 10
15 - 17 Young Street
Sydney NSW 2000

The **principal place of business** is:

Torian Resources NL
Suite 11
Level 10
15 - 17 Young Street
Sydney NSW 2000

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 18 to 46, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards and the Corporations Regulations 2001 and ;
 - b. give a true and fair view of the financial position as at 31 December 2012 and of the performance for the year ended on that date of the Company and Consolidated Group;
2. the company has included in note 1 to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
3. Peter Ashcroft, Director, has declared that:
 - a. the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - b. The financial statements and the notes for the financial year comply with the accounting standards; and
 - c. the financial statements and notes for the financial year give a true and fair view;
4. in the Director's opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
5. the remuneration disclosures included on pages 14 to 16 of the Directors' Report (as part of the Audited Remuneration Report) for the year ended 31 December 2012, comply with section 300A of the Corporations Act 2001; and
6. the Directors have been give the declaration by the chief executive officer and chief financial officer required by section 295A.

This declaration is made in accordance with a resolution of the Board of Directors.



Nathan Taylor
Chairman

Sydney, 28 March 2012

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF TORIAN RESOURCES NL

Report on the Financial Report

We have audited the accompanying financial report of Torian Resources NL (the company) and Torian Resources NL and Controlled Entities (the consolidated entity) which comprises the statement of financial position as at 31 December 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flow for the year ended on that date, a summary of significant accompanying policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

We have also audited the remuneration disclosures contained in the Directors' report. As permitted by the Corporations Regulations 2001, the company has disclosed information about the remuneration of Directors and executives ("remuneration disclosures"), required by Australian Accounting Standard AASB 124: Related Party Disclosures, under the heading "Remuneration Report" in the Directors' report and not in the financial report.

Director's Responsibility for the Financial Report and the Remuneration Report contained in the Directors' Report

The Directors of Torian Resources NL are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report comprising the financial statement and notes, complies with IFRS. The Directors of the company are also responsible for the remuneration report contained in the Directors' Report in accordance with s300A of the Corporations Act 2001.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement and that the remuneration report in the Directors' Report is in accordance with Australian Auditing Standards.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors as well as evaluating the overall presentation of the financial report and the remuneration disclosures contained in the Directors' report.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TORIAN RESOURCES NL (Cont'd)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Torian Resources NL would be in the same terms if it had been given to the directors at the time that this auditor's report was made.

Basis for Qualified Opinion

As at the date of signing this audit report, we were unable to obtain sufficient appropriate evidence on the following:

- Impairment of capitalised exploration assets as well as adequacy of provision for rehabilitation. Renewal applications for the tenements had been lodged since prior year, however no information was provided on the application status; and
- Recoverability of trade & other receivables including security deposit relating to tenements.

Accordingly, we express no opinion on the carrying values of the following assets, completeness and classification of the following liabilities:

Cash and cash equivalents	\$158,066
Trade and other receivables	\$508,557
Capitalised exploration assets	\$10,037,299
Short term provisions	\$50,596

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph,

- (a) the financial report of Torian Resources NL and Torian Resources NL and Controlled Entities is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 31 December 2012 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- (b) the financial report of the company and consolidated entity also comply with IFRS as disclosed in note 1.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TORIAN RESOURCES NL (Cont'd)

Auditor's opinion on the Remuneration Report contained in the Directors' Report.

In our opinion, the remuneration disclosures that are contained on pages 14 to 16 of the Directors' Report comply with S300A of the Corporations Act 2001.

Significant Uncertainty Regarding Going Concern and Recoverability of Assets

For the year ended 31 December 2012, the financial report discloses that the consolidated entity incurred a net loss after tax of \$2,721,797, generated negative cash flows from operating activities for the year of \$768,940 (2011: negative \$1,059,196) and there was a deficiency in net current assets of \$604,030. Evidence was apparent at 31 December 2012, of the consolidated entity's inability to pay debts as and when they fall due. The trade and other payables included \$417,595 unpaid for more than 90 days which included \$264,918 owing to related parties. Subsequent to year end, out of this \$417,595 trade and other payables, \$264,918 of related parties and \$59,028 of third party payables have been agreed to be settled for future equity issues that would be subject to shareholder approval and therefore considered not due and payable by the company. In addition post year end, the company secured a \$250,000 funding facility of which \$190,000 had been receipted as at the date of this report. On these bases the directors have resolved the company's and consolidated entity's ability to continue as a going concern as noted in Note 1.

Note 1r to the financial statements indicates that projections show that the consolidated entity will continue to be able to meet its liabilities and obligations as and when they fall due for a period of at least 12 months from the date of signing of this financial report. The projection is dependent upon the generation of sufficient cash flows from operating activities, collection of other receivables, or the receipt of additional debt or equity funds. In the absence of a material improvement in the operating results, failure in raising additional equity, or alternative funding, the consolidated entity may not continue as a going concern.

Included in current assets are gemstone inventories of \$78,765 (2011: \$80,084) and other non-current assets, exploration expenditure capitalised of \$10,037,299 (2011: \$10,787,754). The ability of the company to continue as a going concern is also dependent on the recovery of the book value of these assets.

KS Black & Co
Chartered Accountants



Faizal Ajmat
Partner

Sydney, 28 March 2013

Torian Resources NL & Controlled Entities

ABN 72 002 261 565

SHAREHOLDER INFORMATION

Spread of Shareholders

At 27 March 2013, there were 7,628 holders of Shares. The shareholders were entitled to one vote for each Share held.

Spread of Holdings	No of Holders	No of Units	% of Total Issued Capital
1 – 1,000	174	102,341	0.003
1,001 – 5,000	760	2,389,908	0.061
5,001 – 10,000	748	6,200,455	0.157
10,001 – 100,000	3,447	147,736,711	3.751
100,001 and over	2,553	3,782,174,352	96.028
Total	7,682	3,938,603,767	100

There were 6,619 shareholders holding less than a marketable parcel of 500,000 shares as at 27 March 2013.

Substantial Shareholders

The Company's register of substantial shareholders recorded the information as at 27 March 2013.

Top 20 Holdings as at 27 March 2013

Holder Name	Balance at 27 March 2013	%
LA JOLLA COVE INVESTORS INC	292,376,941	7.423
JOHNS CORPORATION PTY LTD <JOHNS FAMILY A/C>	153,372,167	3.894
PENNA (S & I) PTY LIMITED	100,000,000	2.539
CACHE MANAGEMENT CONSULTING PTY LIMITED	100,000,000	2.539
MR PETER JOHN FALKENSTEIN	80,000,000	2.031
MR JOHN HABIB	70,000,000	1.777
MR JOHN RICHARD HABIB & JDR JANE FRANCIS HABIB <MUNGO SUPER FUND A/C>	70,000,000	1.777
PARKVIEW SERVICES (AUSTRALIA) PTY LTD <PARKVIEW SERVICES S/F A/C>	40,666,667	1.033
MR ALLAN SMITH & MRS KAREN SMITH	40,568,697	1.030
MR JOE NICOTRA	32,631,937	0.829
PARKVIEW SERVICES (AUSTRALIA) PTY LTD <PARKVIEW SERVICES S/F A/C>	26,716,667	0.678
MR RODNEY KENNETH DAVISON	25,843,623	0.656
MR IAN JAMES CAMERON	25,000,000	0.635
MRS WENDY CHERIE EDWARDS	23,959,345	0.735
JONENDERBEE INVESTMENTS PTY LTD <STARLOTTERS STAFF PROV A/C>	23,480,000	0.720
MR WILLIAM JAMES COOK	23,000,000	0.584
MR RENE ANTHONY VAN DER LAAN	22,701,929	0.576
REEFPAC PTY LTD	22,000,000	0.559
MR PAUL KALDAWI	20,637,761	0.524
STEVE MACDONALD PTY LTD <STEVE MACDONALD SUPER F A/C>	20,000,000	0.508
TOTAL	1,212,955,734	30.797

SHAREHOLDER INFORMATION (CONT.)

Spread of Option holders

At 27 March 2013, there were 4 holders of unlisted options. Options holders are not entitled to voting rights.

Spread of Holdings	No of Holders	No of Units	% of Total Issued Capital
100,001 and over	4	684,000,000	100
Total	4	684,000,000	100

Substantial Option Holders

The Company's register of substantial option holders recorded the information as at 27 March 2013.

Top 20 Holdings as at 27 March 2013

Holder Name	Balance at 27 March 2013	%
JOHNS CORPORATION PTY LTD <JOHNS FAMILY A/C>	302,000,000	42.11
PARKVIEW SERVICES (AUSTRALIA) PTY LTD <PARKVIEW SERVICES S/F A/C>	288,000,000	44.15
INDIGENOUS MONETARY FUND OF AUSTRALIA	80,000,000	2.05
MR SCOTT MONRO ENDERBY	14,000,000	11.70
TOTAL	684,000,000	100