



ABN 72 002 261 565

ANNUAL REPORT

For the period ended 31 December 2013

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CORPORATE DIRECTORY

DIRECTORS

Nathan Taylor (Chairman)

Sunil Dhupelia

Ian Johns

Jason Hou

COMPANY SECRETARY

Elissa Hansen

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 12

263-269 Alfred Street

North Sydney NSW 2060

Telephone: 02 9923 1786

Email: info@torianresources.com.au

www.torianresource.com.au

PO Box 383

North Sydney NSW 2059

SHARE REGISTRY

Advanced Share Registry Services

150 Stirling Highway

Nedlands WA 6009

Telephone: 08 9389 8033

Facsimile: 08 9389 7871

www.advancedshare.com.au

AUDITORS

K. S. Black & Co

Level 6, 350 Kent Street

SYDNEY NSW 2000

Telephone: 02 8839 3000

Facsimile: 02 8839 3055

ASX CODE

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CHAIRMAN'S LETTER

Dear Shareholders

Following a year of substantial change during which Torian Resources Limited (Torian or the Company) faced a number of corporate and financial challenges, your Company has emerged with a leaner corporate structure and a strong platform on which to re-establish a future business for Shareholders.

Whilst looking forward and continuing to drive Shareholder value remains our key focus, it is worth outlining the key changes in the business in the last year, implemented to position the Company for future growth:

1. The Board and Executive Management Team were restructured;
2. The corporate head office was relocated to lower cost premises;
3. Non-core landholding in Inverell was sold for A\$110,000;
4. The portfolio of exploration projects in New South Wales were largely restructured and relinquished which allowed for A\$227,937 of deposits to be returned to the Company;
5. The sale of the Mining Leases at Copeton, New South Wales and Emerald, Queensland to Elsmore Resources Limited (Elsmore) for \$50,000 together with 1,428,760 fully paid ordinary shares in Elsmore.

The new, streamlined corporate structure delivers a more sustainable financial position which has enabled the Board of Directors to have a sharp focus on improving existing opportunities as well as the identification of new opportunities. Beyond progressing the Vatovorona gold project in Madagascar, Torian is targeting M&A opportunities which meet our financial and strategic hurdles. The Company is currently reviewing and assessing a variety of projects which have may the capacity and potential to deliver value for Shareholders.

To the Board of Directors and contractors who are central to the achievement of this aim, thank you for your valued contribution and support through a difficult and changing environment. And, not least, thank you to our Shareholders for your support during this difficult, but defining period in your Company's development. I am confident that your Company has turned the corner, and that the start of the new year finds us better positioned to grow Shareholder value.

Yours faithfully



Nathan Taylor
Chairman

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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 and contractors periodically and at least annually. The Chairman meets one-on-one with each staff member (if any) for the purpose of reviewing and evaluating their performance in meeting key responsibilities and achieving objectives.

The Company currently has no employees.

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 Chairman, Mr Nathan Taylor, is not independent but, due to his experience and expertise in the 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.

CORPORATE GOVERNANCE STATEMENT (CONT.)

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 2013. 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. There has also been a change in directors during the year.

The Board chose to defer the review until a decision was made as to the future direction of the Company, as the combination of directors and skills required would depend on the Company's new venture.

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, employees and consultants 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 of 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.

CORPORATE GOVERNANCE STATEMENT (CONT.)

The Company does not have any employees at this time.

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 established an Audit Committee Charter which is available on the Company's website however the Company 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 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.

Risk Management

The Board is responsible for the oversight of the Company's risk management and control framework. Responsibility for control and risk management can be 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 Remuneration 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.

CORPORATE GOVERNANCE STATEMENT (CONT.)

The Company does not provide any schemes for retirement benefits 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 2013, 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.

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DIRECTORS' REPORT

Review of operations

During the year, the Group maintained the suspension of its exploration activities, including the Vatovorona project in Madagascar, whilst the directors reviewed existing projects to determine the best avenue to realise value for shareholders. Partnerships or farm outs of existing tenements were possible options being considered by the directors.

Care and maintenance projects have been implemented to preserve the Groups existing projects and their security.

Moving forward, the Group has been assessing potential new projects and mechanisms through the existing contacts and networks of the new directors. The focus is on identifying and acquiring high quality advanced stage projects and shareholders will be kept up to date with any new developments.

Towards the end of the year, the Group satisfied the requirements to relinquish its environmental protection licence for ruby mining operations in Barrington Tops, Gummi, NSW. As a result, \$227,937 in bonds has been released from the Environmental Protection Agency and the Environmental Sustainability Unit (NSW Trade & Investment).

The Group has also recovered expired tenement bonds during the year and will continue its efforts in meeting the compliance and regulatory requirements in pursuance of its further outstanding bonds.

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 2013 is \$10,577,409 (2012: \$2,721,797).

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 2013.

Significant changes in the state of affairs

Change in Board Composition and Funding

On 25 February 2013, 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. The Investor Group also appointed two nominees to the Board, Nathan Taylor and Sunil Dhupelia. Jason Hou was elected a director at the Annual General Meeting in May and Peter Ashcroft and Mark Cashmore resigned as directors.

Share Consolidation

The Company completed a 1:20 share consolidation in the June 2013, which was resolved at the Annual General Meeting held in May 2013.

DIRECTORS' REPORT (CONT.)

Sale of NSW Tin Pty Ltd

During the period, the Company sold its wholly owned subsidiary NSW Tin Pty Ltd. The terms of the sale provide that if NSW Tin or its licence forms part of a future IPO or sale to a listed company, the Company will receive \$150,000 in shares in such company with options of equal value at \$200,000 of the issue or sale price and exercisable within 2 years.

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

Matters Subsequent to Year End

On 10 January 2014, Torian entered into a formal sales agreement with Elsmore Resources Ltd (ASX:ELR) for the sale of its Mining Leases at Copeton, NSW and Emerald, Qld. Torian retains the rights to transact on the diamond interests on the Copeton leases.

Consideration for the sale of the assets is a cash payment of \$50,000 together with 1,428,760 Elsmore Resources shares.

No other significant subsequent event has arisen that significantly affect the operations of the Group.

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 Ian Johns

Mr Nathan Taylor (appointed 7 March 2013)

Mr Sunil Dhupelia (appointed 7 March 2013)

Mr Jason Hou (appointed 30 May 2013)

Mr Peter Ashcroft (resigned 28 August 2013)

Mr Mark Cashmore (resigned 7 March 2013)

Company Secretary

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

Information on Directors

Nathan Taylor LLB, B.Com

Chairman

Appointed: 7 March 2013

Age: 33 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.

DIRECTORS' REPORT (CONT.)

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: 32 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.

Ian Johns

Director

Appointed: 9 December 2008

Age: 43 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.

Jason Hou BAppFin

Director

Appointed: 30 May 2013

Age: 29 years

Jason Hou has a professional background in finance and accounting sectors. He is a co-founder of Bligh Resources Ltd, a resources company focused in Manganese exploration in Australia that was listed on the ASX in 2011. He is also a co-founder of Austinvestments Global Consulting Pty Ltd (AGConsulting), an investment consulting company sourcing equity investment and mining projects for Australian Resources companies.

Jason is a director of Mandalong Resources Ltd (ASX: MDD) and hasn't held any other public directorships in the last three years.

Peter Ashcroft LLB

Director

Appointed: 9 December 2008; Resigned: 28 August 2013

Age: 61 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

DIRECTORS' REPORT (CONT.)

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.

Mark Cashmore

Director

Appointed: 15 December 2011; Resigned: 7 March 2013

Age: 43 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.

Information on the Company Secretary

Elissa Hansen B.Com, ACSA, GAICD

Company Secretary

Appointed: 27 October 2011

Age: 41 years

Elissa Hansen is a Chartered Secretary with 15 years' experience advising management and boards of ASX listed companies on investor relations, governance, compliance and other corporate issues. She is a director of several unlisted companies and has extensive company secretarial experience, acting as Company Secretary for a number of public, ASX listed and private companies

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 2013 and the number of meetings attended by each Director were:

Director	Directors Meetings	
	Held whilst in office	Attended
Nathan Taylor	2	2
Sunil Dhupelia	2	2
Ian Johns	4	4
Jason Hou	2	0
Peter Ashcroft	2	2
Mark Cashmore	2	1

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

The Directors' and their associates' interests in shares and options of the Company at 31 December 2013 were:

Director	Nature of Holding	Interests
Nathan Taylor	Indirect	5,000,000 fully paid ordinary shares
Sunil Dhupelia	Indirect	5,000,000 fully paid ordinary shares
Jason Hou	Direct	5,000,000 fully paid ordinary shares
Ian Johns	Direct & Indirect	17,968,868 fully paid ordinary shares 2,550,000 31 December 2014 \$0.20 unlisted options 2,550,000 31 December 2014 \$0.22 unlisted options 2,500,000 31 December 2015 \$0.24 unlisted options 2,500,000 31 December 2015 \$0.26 unlisted options 5,000,000 29 December 2015 \$0.046 unlisted options

Shares Under Option

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

Number of Options	Exercise Price (in cents)	Expiry Date
5,075,000	20	31/12/2014
5,075,000	22	31/12/2014
10,000,000	4.6	29/12/2015
5,025,000	24	31/12/2015
5,025,000	26	31/12/2015

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 2013 on the exercise of options. None have been issued since the end of the financial year.

Other Shares Issued

47,061,135 Shares were issued in the year ended 31 December 2013.

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.

DIRECTORS' REPORT (CONT.)

Insurance of Directors and Officers

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.

Indemnification

The Company has agreed to indemnify and keep indemnified 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 Nathan Taylor 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 2013 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.

DIRECTORS' REPORT (CONT.)

Non-audit Services

The Directors received the Lead Auditor's Independence Declaration which is set out on page 19. The external auditor did not provide any non-audit services to the Company during the year ended 31 December 2013.

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



Nathan Taylor

Chairman

Sydney, 28 March 2014

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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 (if any).

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
Mr Nathan Taylor
Mr Sunil Dhupelia
Mr Jason Hou

REMUNERATION REPORT (CONT.)**Key Management Personnel Compensation**

	Salary, wages and directors fees	Bonus	Non-monetary benefits	Other employee entitlements	Total
	\$	\$	\$	\$	\$
2013					
Peter Ashcroft	-	-	-	-	-
Ian Johns	51,615	-	-	-	51,615
Mark Cashmore	6,920	-	-	-	6,920
Nathan Taylor	48,923	-	-	-	48,923
Sunil Dhupelia	48,923	-	-	-	48,923
Jason Hou	36,962	-	-	-	36,962
Total Compensation	193,343	-	-	-	193,343

	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

Shares Held by Key Management Personnel and Their Associates

	Balance 1 Jan 2013	Reduction from Consolidation	Purchases	Disposals	Balance 31 Dec 2013
Peter Ashcroft	176,775,834	(167,937,042)	-	-	8,838,792
Ian Johns	259,977,382	(246,978,514)	5,000,000	-	17,998,868
Mark Cashmore	6,400,000	(6,080,000)	-	-	320,000
Nathan Taylor	-	-	5,000,000	-	5,000,000
Sunil Dhupelia	-	-	5,000,000	-	5,000,000
Jason Hou	-	-	5,000,000	-	5,000,000
Total	443,153,216	(420,995,556)	20,000,000	-	42,157,660

Options Held by Key Management Personnel and Their Associates

REMUNERATION REPORT (CONT.)

	Peter Ashcroft	Ian Johns	Mark Cashmore	Nathan Taylor	Sunil Dhupelia	Jason Hou
\$0.010 exercise, expiring 31 Dec 2014	2,350,000	2,550,000	-	-	-	-
\$0.011 exercise, expiring 31 Dec 2014	2,350,000	2,550,000	-	-	-	-
\$0.012 exercise, expiring 31 Dec 2015	2,350,000	2,500,000	-	-	-	-
\$0.013 exercise, expiring 31 Dec 2015	2,350,000	2,500,000	-	-	-	-
\$0.0023 exercise, expiring 29 Dec 2015	5,000,000	5,000,000	-	-	-	-

Aside from the share and option consolidation that took place during the year, 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.

Consultancy Agreements*Ian Johns*

Director

- Agreement commenced on 20 February 2013;
- Consultancy fee of \$5,000 per month;
- Agreement is terminated upon cessation of directorship/employment with the Company;
- No performance based remuneration incentive has been included.

Sunil Dhupelia

Director

- Agreement commenced on 11 March 2013;
- Consultancy fee of \$5,000 per month;
- Agreement is terminated upon cessation of directorship/employment with the Company;
- No performance based remuneration incentive has been included.

REMUNERATION REPORT (CONT.)

Nathan Taylor

Director

- Agreement commenced on 11 March 2013;
- Consultancy fee of \$5,000 per month;
- Agreement is terminated upon cessation of directorship/employment with the Company;
- No performance based remuneration incentive has been included.

Jason Hou

Director

- Agreement commenced on 30 May 2013;
- Consultancy fee of \$5,000 per month;
- Agreement is terminated upon cessation of directorship/employment with the Company;
- No performance based remuneration incentive has been included.

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.

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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 2013, 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 2014

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Torian Resources NL & Controlled Entities

ABN 72 002 261 565

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR YEAR ENDED 31 DECEMBER 2013

	Note	2013 \$	2012 \$
Sales revenue		-	818
Cost of sales		-	(691)
Gross profit		-	127
Other revenue	2	340,452	47,309
Bad debts expense		(181,084)	-
Depreciation and amortisation expense	3	(10,359)	(10,659)
Impairment expense	3	(10,148,373)	(1,262,436)
Employee benefits expense	5	(25,782)	(260,515)
Equity based employee benefits		-	(7,000)
Due diligence and professional services		(307,786)	(573,264)
Finance costs		(35,915)	(12,246)
Exploration expenditure		(29,793)	(227,483)
Share of joint venture's loss	10	-	(89,451)
Other expenses		(178,769)	(326,180)
Loss before income tax expense		(10,577,409)	(2,721,797)
Income tax expense	4	-	-
Loss attributable to members of the parent entity		(10,577,409)	(2,721,797)
Other comprehensive income		-	-
Total comprehensive income for the period		(10,577,409)	(2,721,797)
Basic earnings per share	7	(0.0471)	(0.0148)

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

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Torian Resources NL & Controlled Entities

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

	Note	2013 \$	2012 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	273,723	232,148
Inventories		-	78,764
Trade and other receivables	9	8,692	126,591
TOTAL CURRENT ASSETS		<u>282,415</u>	<u>437,504</u>
NON-CURRENT ASSETS			
Trade and other receivables	9	-	395,629
Property, plant and equipment	12	17,611	27,970
Exploration and evaluation expenditure	13	-	10,037,299
TOTAL NON-CURRENT ASSETS		<u>17,611</u>	<u>10,460,899</u>
TOTAL ASSETS		<u>300,026</u>	<u>10,898,403</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	218,532	705,160
Short term provisions	15	50,596	50,596
Financial liabilities	16	643,084	285,778
TOTAL CURRENT LIABILITIES		<u>912,212</u>	<u>1,041,534</u>
TOTAL LIABILITIES		<u>912,212</u>	<u>1,041,534</u>
NET ASSETS		<u>(612,186)</u>	<u>9,856,868</u>
EQUITY			
Issued capital	17	55,209,411	55,101,056
Reserves	18	1,995,700	2,001,700
Accumulated losses		(57,817,297)	(47,245,888)
TOTAL EQUITY		<u>(612,186)</u>	<u>9,856,868</u>

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

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Torian Resources NL & Controlled Entities

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 31 DECEMBER 2013

	Shares on Issue	Accumulated Losses	Options Reserve	Total
	\$	\$	\$	\$
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	55,101,056	(47,245,888)	2,001,700	9,856,868
Balance at 1 January 2013	55,101,056	(47,245,888)	2,001,700	9,856,868
Loss for the period	-	(10,577,409)	-	(10,577,409)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	(10,577,409)	-	(10,577,409)
Shares issued during the period	108,355	-	-	108,355
Options expired	-	6,000	(6,000)	-
Balance at 31 December 2013	55,209,411	(57,817,297)	1,995,700	(612,186)

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

Torian Resources NL & Controlled Entities

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CONSOLIDATED STATEMENT OF CASH FLOWS FOR YEAR ENDED 31 DECEMBER 2013

	Note	2013 \$	2012 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		-	818
Payments to suppliers and employees		(523,218)	(651,072)
Financial charges		(4,736)	(12,246)
Payments for exploration		(29,793)	(127,483)
Interest received		9,798	21,043
Net cash used in operating activities	19	<u>(547,949)</u>	<u>(768,940)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of sale of property, plant and equipment		165,217	-
Purchase of property, plant and equipment		-	-
Payments for exploration		-	(13,650)
Payments for rehabilitation		-	(27,496)
Deposits paid to government bodies		-	(12,189)
Deposits refunded by government bodies		185,307	-
Investment in joint venture		-	(270,127)
Net cash provided by/(used) in investing activities		<u>350,524</u>	<u>(323,462)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		20,000	250,000
Costs of raising share equity		-	(20,000)
Proceeds from issue of convertible notes		-	446,327
Loan proceeds from related parties		-	285,778
Loan proceeds received		252,000	-
Repayment of related party loan		(3,000)	-
Net cash provided by financing activities		<u>269,000</u>	<u>962,105</u>
Net increase/(decrease) in cash held		<u>71,575</u>	<u>(130,297)</u>
Adjustment for reclassification of cash assets to non-current receivables		(30,000)	-
Cash and cash equivalents at beginning of financial year		<u>232,148</u>	<u>362,445</u>
Cash and cash equivalents at end of financial year		<u><u>273,723</u></u>	<u><u>232,148</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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 2013 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 Profit or Loss and Other Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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 Profit or Loss and Other Comprehensive Income.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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

d. **Exploration, Development and Evaluation Expenditure**

Exploration, development and evaluation 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 Profit or Loss and Other 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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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 2012, 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 group's accounting policies.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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**

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are mandatory for the current reporting period.

New and revised Standards and amendments thereof and Interpretations effective for the financial year that are relevant to the Group include:

- AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 12 'Disclosure of Interests in Other Entities' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 127 'Separate Financial Statements' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'
- AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'
- AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities'
- AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle'
- AASB 2012-10 'Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments'

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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 2013, the Group incurred a net loss after tax of \$10,577,409 (2012: loss \$2,721,797). The Group generated negative cash flows from operating activities for the year of \$547,949 (2012: negative \$768,940). The Group's deficiency in net current asset position at 31 December 2013 was \$629,797 (Company: \$606,228) and its cash balance amounted to \$273,723 (Company: \$273,758) at that date.

The trade and other payables to third parties payable in cash at 31 December 2013 totalled \$218,532 in contrast to closing Cash and Cash Equivalents of \$273,723.

On this basis the Directors have resolved the Company's ability to continue as a going concern as at 31 December 2013.

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

NOTE 2: REVENUE

	2013	2012
	\$	\$
Other revenue		
— Interest received	9,798	21,043
— Profit on disposal of non-current assets	54,315	-
— Foreign exchange gain	-	26,266
— Gain on debt forgiveness	275,839	-
— Other revenue	500	-
Total other income	<u>340,452</u>	<u>47,309</u>

NOTE 3: RESULTS FOR THE YEAR

Expenses:

Impairment of pre-development expenditure	10,148,373	1,261,806
Depreciation of plant and Equipment	<u>10,359</u>	<u>10,659</u>

NOTE 4: INCOME TAX EXPENSE

The components of tax expense comprise:

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

Prima facie tax benefit on loss from ordinary activities before income tax at 30%:

	(3,173,223)	(816,539)
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Add tax effect of:

— Other non allowable items	<u>3,108,688</u>	<u>460,535</u>
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Subtotal	(64,535)	(356,004)
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Less tax effect of:

— Items not assessable for taxation	(82,752)	
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— Items deductible for taxation but not accounting	(5,757)	(38,720)
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Deferred tax assets not brought to account:	<u>153,044</u>	<u>(394,724)</u>
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Income tax expense	<u>-</u>	<u>-</u>
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

NOTE 4: INCOME TAX EXPENSE (CONT.)

The Group has carry forward tax losses, calculated according to Australian income tax legislation of \$33,739,301 (2012: \$33,521,723), 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

	2013	2012
	\$	\$
Employee benefits incurred during the year:		
— Salaries and wages	21,802	240,173
— Superannuation	3,980	20,342
— Other employee benefits	-	-
Total:	<u>25,782</u>	<u>260,515</u>

NOTE 6: AUDITOR REMUNERATION

Remuneration of the auditor of the Group for:

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

NOTE 7: EARNINGS PER SHARE

	2013	2012
	\$	\$
a. Reconciliation of earnings:		
Loss	(10,577,409)	(2,721,797)
	No.	No.
b. Weighted average number of ordinary shares outstanding during the year used in calculating EPS (Note that a 1:20 share consolidation occurred in June 2013)	224,726,370	184,081,887
	\$	\$
c. Basic EPS	(0.0471)	(0.0148)
d. Diluted EPS	(0.0471)	(0.0148)

The Basic and Diluted EPS shown in the 2012 financial statements, prior to the share consolidation, was (\$0.0007).

NOTE 8: CASH AND CASH EQUIVALENTS

Cash at bank and in hand	273,723	232,148
Total	273,723	232,148

NOTE 9: TRADE AND OTHER RECEIVABLES

CURRENT

Trade and other receivables from third parties:

— Trade receivables	2,026	112,928
— Other receivables	6,666	13,663
Total current assets	8,692	126,591

NON-CURRENT

Trade and other receivables from third parties:

— Bonds on deposit	-	19,238
— Deposits with government bodies	-	376,391
Total non-current assets	-	395,629

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

NOTE 9: TRADE AND OTHER RECEIVABLES (CONT.)

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

In the 2010 financial year, the Company entered into the Madagascar Joint Venture with Varun Madagascar, a division of Mumbai-listed company Varun Industries. This is a production sharing joint venture to mine both gold and gemstones from two highly prospective adjacent exploitation (production) licences in Vatovorona, Madagascar.

The joint venture has been in care and maintenance while the directors determine the best avenue to realise value for shareholders.

	2013	2012
	\$	\$
<i>Interests in joint ventures</i>		
<i>Varun Torian (International) SARL</i>		
Investment at cost	792,910	798,747
Accumulated equity accounted share of loss	(301,045)	(301,045)
Accumulated allowance for impairment	(491,865)	(497,702)
Closing balance	<u>-</u>	<u>-</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
Refunded during the year	(5,837)	-
Accumulated equity accounted share of loss	-	(89,451)
Allowance for impairment	5,837	(497,702)
Closing balance	<u>-</u>	<u>-</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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 (%)* 2013
PARENT ENTITY:		
Torian Resources NL	Australia	
SUBSIDIARIES OF TORIAN RESOURCES NL:		
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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

NOTE 12: PLANT AND EQUIPMENT

	2013	2012
	\$	\$
OFFICE EQUIPMENT		
At cost	31,038	31,038
Accumulated depreciation	(18,922)	(11,538)
Total office equipment	<u>12,116</u>	<u>19,500</u>
PLANT AND EQUIPMENT		
At cost	11,899	11,899
Accumulated depreciation	(6,404)	(3,429)
Total property, plant and equipment	<u>5,495</u>	<u>8,470</u>
Total	<u>17,611</u>	<u>27,970</u>

Movements in Carrying Amounts

	Office Equipment	Plant and Equipment	Land and Buildings	Total
	\$	\$	\$	\$
Balance at 1 January 2012	27,184	11,445	-	38,629
Additions	-	-	-	-
Disposals	-	-	-	-
Depreciation expense	-7,684	-2,975	-	-10,659
Balance at 31 December 2012	<u>19,500</u>	<u>8,470</u>	<u>-</u>	<u>27,970</u>
Depreciation expense	(7,384)	(2,975)	-	(10,359)
Balance at 31 December 2013	<u>12,116</u>	<u>5,495</u>	<u>-</u>	<u>17,611</u>

Torian Resources NL & Controlled Entities

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

NOTE 13: EXPLORATION AND EVALUATION EXPENDITURE

	2013	2012
	\$	\$
Exploration expenditure capitalised	12,984,144	13,700,729
Provision for impairment	<u>(12,984,144)</u>	<u>(3,663,430)</u>
Total	<u><u>-</u></u>	<u><u>10,037,299</u></u>
Balance at beginning of financial year	10,037,299	10,787,754
Additions	-	13,649
Disposals	(716,585)	
Amortisation on disposed assets	716,585	
Impairment recognised during the financial year	<u>(10,037,299)</u>	<u>(764,104)</u>
Balance at end of financial year	<u><u>-</u></u>	<u><u>10,037,299</u></u>

Impairment expense in the current year of \$10,037,299 (2012: \$764,104) relates to capitalised expenditure in the Company's diamond prospects. The Directors' have decided to recognise impairment against these prospects due to the cessation of exploratory activity in these prospects.

It is still the Company's intention to bring the diamond tenements to a stage where a farm-in or trade sale agreement could be realised.

NOTE 14: TRADE AND OTHER PAYABLES

CURRENT

Accounts payable	43,054	511,002
Employee benefits payable	555	8,574
Other payables	<u>174,923</u>	<u>185,584</u>
Total	<u><u>218,532</u></u>	<u><u>705,160</u></u>

NOTE 15: SHORT TERM PROVISIONS

CURRENT

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

NOTE 16: FINANCIAL LIABILITIES

CURRENT

Loans from directors	-	212,778
Loans from external parties	81,412	73,000
Loans from investors	<u>561,672</u>	<u>-</u>
Total	<u><u>643,084</u></u>	<u><u>285,778</u></u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

NOTE 17: ISSUED CAPITAL

	2013		2012	
	No of Shares	\$	No of Shares	\$
Ordinary shares				
<i>Fully Paid</i>				
At the beginning of reporting period	3,938,603,767	55,001,056	2,929,345,525	53,920,419
Share consolidation (1:20)	(3,741,674,495)	-	-	-
Shares issued during the year	47,061,135	108,355	1,009,258,242	1,060,637
Costs of raising share capital	-	-	-	20,000
At reporting date	243,990,407	55,109,411	3,938,603,767	55,001,056
<i>Partially Paid</i>				
At the beginning of reporting period	73,724,328	100,000	73,724,328	100,000
Share consolidation (1:20)	(70,038,112)	-	-	-
Shares issued during the year	-	-	-	-
At reporting date	3,686,216	100,000	73,724,328	100,000

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.

Torian Resources NL & Controlled Entities

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

NOTE 18: RESERVES

	2013	2012
	\$	\$
Options reserve	1,995,700	2,001,700
Total reserves	<u>1,995,700</u>	<u>2,001,700</u>
The options reserve records the fair value of options on issue.		
Balance at beginning of financial year	2,001,700	2,130,200
Options expired during the year	<u>(6,000)</u>	<u>(128,500)</u>
Balance at end of financial year	<u><u>1,995,700</u></u>	<u><u>2,001,700</u></u>

NOTE 19: CASH FLOW INFORMATION

	2013	2012
	\$	\$
Reconciliation of Cash Flow from Operations with Profit after Income Tax		
Loss after income tax	(10,577,409)	(2,721,797)
Non-cash flows in profit:		
Depreciation	10,359	10,659
Impairment expense	10,116,063	1,262,436
Profit on disposal of investments	(165,217)	-
Bad debts expense	181,084	
Non-cash expenses	45,382	6,534
Share of joint venture's loss	-	89,451
Gain on foreign exchange	-	(25,364)
Changes in current assets and liabilities:		
(Increase)/decrease in trade and term receivables	150,902	99,098
(Increase)/decrease in inventories	-	691
Increase/(decrease) in accounts payable and accruals	<u>(309,113)</u>	<u>509,352</u>
Net cash used in operating activities	<u><u>(547,949)</u></u>	<u><u>(768,940)</u></u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

NOTE 20: RELATED PARTY DISCLOSURES

	2013	2012
	\$	\$
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
— Penna (S&I) Pty Ltd	-	182,425
— Johns Corporation Pty Ltd ATF Johns Family Trust	51,615	9,408
— Cache Management Pty Ltd	-	131,183
— Cmore Pty Ltd	6,920	-
— Longhorn Capital Partners Pty Ltd	48,923	-
— Sunkat Financial Pty Ltd	48,923	-
— Sino-Aust Material Tradings Pty Ltd	36,962	-

Mr Peter Ashcroft is the principal of Ashlaw Legal Services and director of Penna (S&I) Pty Ltd, which had previously 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 Mark Cashmore is a director of Cmore 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 Nathan Taylor is a director of Longhorn Capital Partners 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 Sunil Dhupelia is a director of Sunkat Financial 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 Jason Hou is a director of Sino-Aust Material Tradings 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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

NOTE 20: RELATED PARTY DISCLOSURES (CONT.)

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:

Mr Ian Johns
 Mr Nathan Taylor (appointed 7 March 2013)
 Mr Sunil Dhupelia (appointed 7 March 2013)
 Mr Jason Hou (appointed 30 May 2013)
 Mr Peter Ashcroft (resigned 28 August 2013)
 Mr Mark Cashmore (resigned 7 March 2013)

Shares Held by Key Management Personnel and Their Associates

	Balance 1 Jan 2013	Reduction from Consolidation	Purchases	Disposals	Balance 31 Dec 2013
Peter Ashcroft	176,775,834	(167,937,042)	-	-	8,838,792
Ian Johns	259,977,382	(246,978,514)	5,000,000	-	17,998,868
Mark Cashmore	6,400,000	(6,080,000)	-	-	320,000
Nathan Taylor	-	-	5,000,000	-	5,000,000
Sunil Dhupelia	-	-	5,000,000	-	5,000,000
Jason Hou	-	-	5,000,000	-	5,000,000
Total	443,153,216	(420,995,556)	20,000,000	-	42,157,660

Options Held by Key Management Personnel and Their Associates

	Balance 1 Jan 2013	Reduction from Consolidation	Purchases	Expiries	Balance 31 Dec 2013
Peter Ashcroft	288,000,000	(273,600,000)	-	-	14,400,000
Ian Johns	302,000,000	(286,900,000)	-	-	15,100,000
Mark Cashmore	-	-	-	-	-
Nathan Taylor	-	-	-	-	-
Sunil Dhupelia	-	-	-	-	-
Jason Hou	-	-	-	-	-
Total	590,000,000	(560,500,000)	-	-	29,500,000

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

NOTE 20: RELATED PARTY DISCLOSURES (CONT.)

	Salary, wages and directors fees	Bonus	Non-monetary benefits	Other employee entitlements	Total
	\$	\$	\$	\$	\$
2013					
Peter Ashcroft	-	-	-	-	-
Ian Johns	51,615	-	-	-	51,615
Mark Cashmore	6,920	-	-	-	6,920
Nathan Taylor	48,923	-	-	-	48,923
Sunil Dhupelia	48,923	-	-	-	48,923
Jason Hou	36,962	-	-	-	36,962
Total Compensation	193,343	-	-	-	193,343
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

NOTE 21: SHARE BASED PAYMENTS

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 2012	687,000,000	0.0080
Reduction from 1:20 consolidation	(652,650,000)	0.0080
Granted	-	-
Forfeited	-	-
Exercised	-	-
Expired	(4,150,000)	0.0988
Options Outstanding as at 31 December 2013	30,200,000	0.1690
Options Exercisable as at 31 December 2013	30,200,000	0.1690

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

NOTE 21: SHARE BASED PAYMENTS (CONT.)

Value of options on issue were calculated using the Black-Scholes option pricing model applying the following inputs:

	Options Issued on:				
	3 Jun 2011	3 Jun 2011	3 Jun 2011	3 Jun 2011	16 Dec 2011
Share price at issue date	\$0.006	\$0.006	\$0.006	\$0.006	\$0.0020
Exercise price	\$0.20	\$0.22	\$0.24	\$0.26	\$0.046
Days to expiry	1,307	1,307	1,672	1,672	1,474
Interest rate	4.76%	4.76%	4.89%	4.89%	3.23%
Volatility	110%	110%	110%	110%	194%

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

NOTE 22: EVENTS AFTER THE BALANCE SHEET DATE

On 10 January 2014, Torian entered into a formal sales agreement with Elsmore Resources Ltd (ASX:ELR) for the sale of its Mining Leases at Copeton, NSW and Emerald, Qld. Torian retains the rights to transact on the diamond interests on the Copeton leases.

Consideration for the sale of the assets is a cash payment of \$50,000 together with 1,428,760 Elsmore Resources shares.

No other significant subsequent event has 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:

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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:

	2013	2012
	\$	\$
Trade receivables	8,692	126,591
Security bonds	-	19,238
Deposits with government bodies	-	376,391

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
	\$	\$	\$
2013			
CURRENT LIABILITIES			
Accounts payable	43,089	43,089	43,089
Employee benefits payable	555	555	555
Other payables	174,923	174,923	174,923
Other financial liabilities	643,084	271,768	271,768
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	-	-

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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.

	2013	2012
	\$	\$
Change in Cash and Cash Equivalents		
Increase in interest rate by 1%	2,737	2,321
Decrease in interest rate by 1%	(2,737)	(2,321)

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 2013 and 31 December 2012.

Segment revenues and results

	Segment Revenue		Segment Profit	
	2013	2012	2013	2012
	\$	\$	\$	\$
Exploration and development	50,000	818	(10,312,225)	(1,582,218)
Other	290,452	47,309	290,452	47,309
Total for continuing operations	340,452	48,127	(10,021,773)	(1,534,909)
Central administration costs and directors salaries			(555,636)	(1,186,888)
(Loss) before tax (continuing operations)			(10,577,409)	(2,721,797)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

NOTE 24: SEGMENT REPORTING (CONT.)

Segment assets

	2013	2012
	\$	\$
Exploration and development	5,495	10,045,770
Total segment assets	5,495	10,045,770
Unallocated	294,531	852,632
Consolidated total assets	<u>300,026</u>	<u>10,898,402</u>

Segment liabilities

Exploration and development	50,596	50,596
Total segment liabilities	50,596	50,596
Unallocated	861,616	990,938
Consolidated total liabilities	<u>912,212</u>	<u>1,041,534</u>

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

NOTE 24: SEGMENT REPORTING (CONT.)

Geographical information

	Australia		Madagascar		Total	
	2013	2012	2013	2012	2013	2012
	\$	\$	\$	\$	\$	\$
Revenue	50,000	818	-	-	50,000	818
Other revenues from external customers	290,452	47,309	-	-	290,452	47,309
Segment revenue	340,452	48,127	-	-	340,452	48,127

Assets and liabilities

Segment assets	300,026	10,898,402	-	-	300,026	10,898,402
Segment liabilities	912,212	1,041,534	-	-	912,212	1,041,534

NOTE 25: PARENT ENTITY DISCLOSURES

	2013	2012
	\$	\$
Financial position		
Assets		
Total current assets	280,389	242,893
Total non-current assets	17,611	10,692,270
Total assets	298,000	10,935,163
Liabilities		
Total current liabilities	886,617	917,938
Total non-current liabilities	-	98,000
Total liabilities	886,617	1,015,938
Equity		
Contributed equity	55,209,411	55,101,057
Reserves	1,995,700	2,001,700
Accumulated losses	(57,793,728)	(47,183,532)
Total equity	(588,617)	9,919,225
Financial performance		
Loss for the year	(10,616,196)	(1,976,398)
Other comprehensive income	-	-
Total comprehensive loss	(10,616,196)	(1,976,398)

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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
Unit 12
263-269 Alfred Street
North Sydney NSW 2060

The **principal place of business** is:

Torian Resources NL
Unit 12
263-269 Alfred Street
North Sydney NSW 2060

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 18 to 45, 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 2013 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. The Directors have 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 13 to 15 of the Directors' Report (as part of the Audited Remuneration Report) for the year ended 31 December 2013, 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 2014

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 consolidated statement of financial position as at 31 December 2013, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows 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 of the financial report that gives a true and fair view 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. The directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements that the financial report comply with International Financial Reporting Standards (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. Those 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.

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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.

Auditor's Opinion

In our opinion:

- (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 2013 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.

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

In our opinion, the remuneration disclosures that are contained on pages 15 to 18 of the Directors' Report comply with S300A of the Corporations Act 2001.

Significant Uncertainty Regarding Going Concern

For the year ended 31 December 2013, the financial report discloses that the consolidated entity incurred a net loss after tax of \$10,577,409 (2012: \$2,721,797), generated negative cash flows from operating activities for the year of \$547,949 (2012: negative \$768,940) and there was a deficiency in net current assets of \$629,797 (2012: \$604,030). Trade and other payables to third parties was \$218,532 in contrast to cash and cash equivalents of \$273,723.

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 sale proceeds from the disposal of real property in prior years, 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.

KS Black & Co
Chartered Accountants


Faizal Ajmat
Partner

Sydney, 28 March 2014



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Torian Resources NL & Controlled Entities

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SHAREHOLDER INFORMATION

Spread of Shareholders

At 27 March 2014, there were 7,470 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	2,576	1,169,902	0.479%
1,001 – 5,000	2,454	6,516,545	2.671%
5,001 – 10,000	799	5,972,076	2.448%
10,001 – 100,000	1,341	11,291,929	18.153%
100,001 and over	300	186,039,955	76.249%
Total	7,470	243,990,407	100%

There were 7,335 shareholders holding less than a marketable parcel of 1,666,666 shares as at 27 March 2014.

Substantial Shareholders

The Company's register of substantial shareholders recorded the information as at 27 March 2014.

Top 20 Holdings as at 27 March 2014

Holder Name	Balance at 27 March 2014	%
AUSTINVESTMENTS PACIFICASIA CONSULTING PTY LTD	20,000,000	8.197
LA JOLLA COVE INVESTORS INC	14,618,847	5.992
JOHNS CORPORATION PTY LTD <JOHNS FAMILY A/C>	12,666,608	5.192
PENNA (S & I) PTY LIMITED	5,000,000	2.049
CACHE MANAGEMENT CONSULTING PTY LIMITED	5,000,000	2.049
KATSUN FINANCIAL PTY LTD <KATSUN A/C>	5,000,000	2.049
THERESE-MARIE TAYLOR	5,000,000	2.049
JASON HOU	5,000,000	2.049
MR PETER JOHN FALKENSTEIN	4,000,000	1.639
MR JOHN HABIB	3,500,000	1.434
MR JOHN RICHARD HABIB & DR JANE FRANCIS HABIB <MUNGO SUPER FUND A/C>	3,500,000	1.434
MR IAN JAMES CAMERON	3,000,000	1.230
TRAVERSE ACCOUNTANTS PTY LTD	2,300,000	0.943
PARKVIEW SERVICES (AUSTRALIA) PTY LTD <PARKVIEW SERVICES S/F A/C>	2,033,333	0.833
MR PAUL KALDAWI	2,031,888	0.833
MR ALLAN SMITH & MRS KAREN SMITH <CLAYJESSEM SUPER FUND A/C>	2,026,434	0.831
MR JOE NICOTRA	1,631,596	0.669
MRS CAROL ANN HALL	1,601,666	0.656
PARKVIEW SERVICES (AUSTRALIA) PTY LTD <PARKVIEW SERVICES S/F A/C>	1,335,833	0.547
MR RODNEY KENNETH DAVISON	1,292,181	0.530
TOTAL	100,542,386	41.208

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SHAREHOLDER INFORMATION (CONT.)

Spread of Option holders

At 27 March 2014, there were 3 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	3	30,200,000	100
Total	3	30,200,000	100

Substantial Option Holders

The Company's register of substantial option holders recorded the information as at 27 March 2014.

Top 20 Holdings as at 27 March 2014

Holder Name	Balance at 27 March 2014	%
JOHNS CORPORATION PTY LTD <JOHNS FAMILY A/C>	15,100,000	50
PARKVIEW SERVICES (AUSTRALIA) PTY LIMITED <PARKVIEW SERVICES S/F A/C>	14,400,000	47.68
SCOTT MONRO ENDERBY	700,000	2.32
TOTAL	30,200,000	100