



**TORIAN RESOURCES LIMITED**  
**ABN 72 002 261 565**  
**AND CONTROLLED ENTITIES**

**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**TORIAN RESOURCES LIMITED**  
**ABN 72 002 261 565**  
**AND CONTROLLED ENTITIES**

**CORPORATE DIRECTORY**

**DIRECTORS**

Mr. Richard Mehan – Non-Executive Chairman  
Mr. Mark Borman – Managing Director  
Mr. Paul Summers – Non-Executive Director

**COMPANY SECRETARY**

Mr. Matthew Foy

**REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS**

104 Colin Street  
West Perth WA 6005

Telephone: (08) 9420 8208  
Fax: (08) 9322 4130

Email: [info@torianresources.com.au](mailto:info@torianresources.com.au)  
[www.torianresources.com.au](http://www.torianresources.com.au)

**SHARE REGISTRY**

Advanced Share Registry Services  
110 Stirling Highway  
Nedlands WA 6009  
Telephone: (08) 9389 8033  
Facsimile: (08) 9262 3723  
[www.advancedshare.com.au](http://www.advancedshare.com.au)

**AUDITORS**

RSM Australia Partners  
Level 13, 60 Castlereagh Street  
Sydney NSW 2000  
Telephone: (02) 8226 4500  
Facsimile: (02) 8266 4501  
[www.rsm.global/australia](http://www.rsm.global/australia)

**STOCK EXCHANGE LISTING**

Torian Resources Limited's shares are listed on the Australian Securities Exchange (ASX code: **TNR**).

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**TORIAN RESOURCES LIMITED**  
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**DIRECTORS' REPORT**

The Directors of Torian Resources Limited submit the financial report of the Company for the year ended 31 December 2018, which comprises the results of Torian Resources Limited and the entities it controlled during the period.

**Review of Operations**

During the half year, the Group was focussed on drilling prospective gold targets at its Zuleika and Malcolm gold projects in Kalgoorlie, Western Australia. While emphasis was placed on these two projects, Torian continued to review all of the exploration of projects it has acquired to date, which are located in the Goldfields region of Western Australia. They include:

- Zuleika
- Mt Stirling
- Malcolm
- Calypso
- Bardoc
- Gibraltar
- Mt Monger
- Mt Keith
- Kanowna South
- Bonnie Vale

**Highlights**

*Stockpile and Dump Sampling*

During the second of half of the year, a large number of dumps and stockpiles were sampled in the Kalgoorlie Region. A total of 673 samples were collected using an auger rig and assayed. This included samples collected for quality control purposes. The sampling was quite detailed, with most samples being collected at a maximum spacing of 5m by 5m.

Stockpile sampling Stockpile sampling has been completed at Gibraltar, Bonnie Vale, Wombola, North Kanowna Star and Bardoc. Preliminary metallurgical test work has commenced on samples from tails and leach pads to determine if there will be any potential issues with the processing of the ore.

*RC Drilling at Paradigm South*

A total of 7 holes for 888m have been completed to date following up the previous results. The drilling was designed to test the mineralisation with angled holes to depths of approximately 150m. The previous holes were drilled on two 1.1km long sections, 400m apart. The area is covered by a variable but generally thin veneer of transported soils and outcrops are limited.

The initial seven hole RC drilling program at Paradigm South is now complete and all 4m composite assays have been received. Significant assay results above 1g/t Au are listed in Table 1 below. These results show that three of the targets tested by deeper drilling so far now require additional step out RC drilling. Note that the nearest relevant drilling is 400m south of these holes and that the geology is known to continue at least that far from Torian's previous exploration.

Hole	From (m)	To (m)	Interval (m)	Au g/t
ZJVRC033	100	108	8	3.14
ZJVRC032	36	44	8	1.16
ZJVRC030	140	144	4	2.81

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**DIRECTORS' REPORT (CONT.)**

*Completion of Bonnie Vale Acquisition*

The Company completed the acquisition of the Bonnie Vale Project during the quarter after the exercise of the Option with the payment of \$71,500 (inclusive of GST) and issue of shares to the value of \$27,500 (inclusive of GST) to the vendors. Registration of transfer of the tenure with the Department of Mines, Industry Regulation and Safety was also achieved.

*Wombola tenement acquisition*

The Company made a detailed announcement on 10 October 2018 regarding the acquisition of a new tenement at Wombola on its Kalgoorlie East Project. This tenement was held by a prospector and the Company's existing tenure completely surrounded the tenement, making this a strategic acquisition.

This area contains several historic workings with remnant dumps and stockpiles as well as a significant amount of potential in the bedrock below. The Company sees this tenement as a natural fit with the current strategy of early stage gold production.

*Option to Acquire Mining Lease at Mt Pleasant*

The Company made a detailed announcement 31 October 2018 that it has secured an exclusive 6-month option to acquire a 90% interest in M24/947 at Mt Pleasant, adjacent to the Company's highly prospective Credo Well Project.

The terms of the agreement are as follows:

- Torian paid \$10,000 to Kalgoorlie Mining Associates Pty Ltd in consideration for the grant of a 6-month exclusive option to acquire up to 90% of tenement M24/947.
- Upon exercise of the Option, Torian will acquire a 90% interest in the Mount Pleasant Option tenement in consideration for \$40,000 in cash and the issue 5 Million fully paid ordinary shares at a deemed issue price of 5¢ per share.
- The remaining 10% will be held free carried up to the completion of a Bankable Feasibility Study, at which time the vendors can choose to contribute or take up a 1% gross revenue royalty in full satisfaction.

The announcement dated 31 October 2018 contained details of the prospectivity of the tenement as a gold prospect at Golden Buckle, but also showed potential for recovery of copper and silver.

**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 2018 is \$1,535,736 (2017: \$1,438,422).

**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 2018.

**Significant Changes in the State of Affairs**

*Funding*

On 8 February 2018, the Group announced the completion of a A\$1.1 million placement to cornerstone investors.

A total of 11,000,000 fully paid shares were issued and allotted at \$0.10 per share together with a free attaching option exercisable at \$0.10 and expiring in five (5) years from issue.

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**DIRECTORS' REPORT (CONT.)**

Board Restructure

In April, the Group announced a board restructure to facilitate the future growth of the Company. This has also been the final step to move the Company's management to Western Australia from Sydney.

Four new appointments were made:

- Mr Paul Summers joined the board as a Non-Executive Director. Paul has been a legal practitioner since 1985, and founded his own firm, Summers Legal in 1989.
- Mr Mark Borman joined the board as an Executive Director. Mark has over 25 years' experience as a professional land manager after 17 years in the Department of Minerals and Energy in Western Australia. He has extensive industry experience that includes the role of Land Manager for several publicly listed and private companies.
- Mr Richard Mehan was appointed as Independent Non-Executive Chairman. Richard is a senior executive with over 30 years experience in the resources industry, predominately in steel making bulk raw materials. Mr Mehan has held a wide range of senior commercial, general management and managing director roles of ASX listed companies including Jupiter Mines Ltd, Portman Limited and Grange Resources Ltd.
- Matthew Foy was appointed as Company Secretary. Matthew was previously a senior adviser at the ASX and has over ten years' experience in facilitating the compliance of listed companies. Mr. Foy is a qualified Chartered Secretary and an active member of Governance Institute Australia

The Company also announced the retirement from the board of Mr Andrew Sparke and Ms Elissa Hansen. Andrew and Elissa are Sydney based and were instrumental in activities in the Company since 2014 including the Company's takeover of Cascade Resources last year.

There were no other significant changes to the Group's state of affairs.

**Likely Developments and Expected Results of Operations**

The Group is currently active in continuing its exploration activities and assessing the results of its recent drilling. Likely developments and expected results will be announced to the market as they emerge.

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**DIRECTORS' REPORT (CONT.)**

**Matters Subsequent to Year End**

Change to Management

On 4 January 2019, Matthew Sullivan resigned as Managing Director of Torian Resources Limited.

Mark Borman was appointed to the role of Managing Director on an interim basis.

The Board has also appointed Ms Lyndal Money to lead its exploration as Manager Geology.

Completion of Placement

In January 2019, the Company completed the capital raising of \$518,500 through the placement of 32,406,250 shares at an issue price of 1.6¢ per share.

Exploration Targets and Resources Estimates

All available results from previous exploration drilling have been compiled and an Exploration Target defined for the Calypso and Mt Keith Projects.

The current Exploration Targets in these two areas are estimated to be between 3.0 and 4.1 million tonnes at a grade of between 1.6g/t to 2.2g/t Au (Table 1); highlighting the regions potential to host a large gold deposit. The Exploration Targets for the Calypso and Mt Keith Projects, describing the potential quantity and grade, are conceptual in nature. There has been insufficient exploration completed to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

All available data from recent and previous exploration drilling has been compiled for the purpose of updating Resources Estimates and defining Exploration Targets in the Leonora Region (Refer to ASX releases including those dated 10th December 2014, 3rd March 2016, 24th August 2016, 20th September 2016, 14th October 2016, 18th November 2016, 22nd September 2017, 21st December 2017 and 4th April 2018).

<b>JORC (2012) Inferred Resources - Gold &gt;0.5g/t</b>				
<b>Project</b>	<b>Deposit</b>	<b>Tonnes</b>	<b>Gold g/t</b>	<b>Ounces</b>
Malcolm	Dumbarton	84,200	1.09	2,950
	Dover Castle South	210,100	1.71	11,550
Mt Stirling	Mt Stirling	727,000	1.45	33,900
	Mt Stirling Well	253,500	2.01	16,400
<b>Totals (Dry metric tonnes)</b>		<b>1,274,800</b>	<b>1.58</b>	<b>64,800</b>

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

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**DIRECTORS' REPORT (CONT.)**

**Directors**

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

Mr Paul Summers (appointed 20 April 2018)  
Mr Mark Borman (appointed 20 April 2018)  
Mr Richard Mehan (appointed 14 June 2018)  
Mr Matthew Sullivan (resigned 4 January 2019)  
Mr Andrew Sparke (resigned 20 April 2018)  
Ms Elissa Hansen (resigned 20 April 2018)

**COMPANY SECRETARY**

Mr. Matthew Foy (appointed 20 April 2018)  
Ms Elissa Hansen (resigned 20 April 2018)

**Information on Directors**

Mr. Mark Borman

Managing Director

Appointed: 20 April 2018 (Appointed Managing Director from 4 January 2019)

Mark has over 20 years' experience as a professional land manager after 17 years in the then Department of Minerals and Energy in Western Australia. He has extensive industry experience that includes the role of Land Manager for several publicly listed and private companies including a role assisting in managing a network of companies with over 5,000 mining titles across Australia and over 120 Joint Venture or Sale type agreements.

Mark has extensive knowledge and familiarity of the practical, statutory and legal issues involved in the management of mining and exploration land assets. His experience was pivotal in the facilitation of nearly all of the current land assets, and has had a major role in the day to day administration of the Company and its personnel.

Mr. Paul Summers B.Jurs. LLB.

Non-executive Director

Appointed: 20 April 2018

Paul has been a legal practitioner since 1985, and founded his own firm, Summers Legal in 1989. Paul has been the Company's legal counsel for more than 10 years and has provided extensive advice and service during the takeover of Cascade Resources Pty Ltd. Paul is currently Lead Counsel Commercial, Corporate and Property of Summers Legal and is familiar with the Company's affairs, projects and strategy.

For more than 30 years Paul has provided his clients advice on complex property developments and transactions, syndication, joint ventures and financing, structuring of new business projects, complex commercial and corporate contracts and structures and a wide range of estates and asset structuring matters including the resources sector. Paul will be active on the board with particular responsibility for the corporate governance of the day to day affairs of the company.

Mr. Richard Mehan (B.Econ)

Non-executive Chairman

Appointed: 14 June 2018

Richard is a senior executive with over 30 years experience in the resources industry, predominately in steel making bulk raw materials. Mr Mehan has held a wide range of senior commercial, general management and managing director roles of ASX listed companies including Jupiter Mines Ltd, Portman Limited and Grange Resources Ltd.

Richard is an economics graduate from Monash University in Victoria and started his career at Rio Tinto where he worked for 15 years in sales, marketing, business development and logistics roles. Mr Mehan has spent more than 25 years in the iron ore and coal sectors and was previously President and CEO Asia Pacific Region of Cliffs Natural Resources Pty Ltd.



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**DIRECTORS' REPORT (CONT.)**

**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 2018 and the number of meetings attended by each Director were:

<b>Director</b>	<b>Directors Meetings</b>	
	<b>Held Whilst in Office</b>	<b>Attended</b>
Paul Summers	13	13
Mark Borman	13	13
Richard Mehan	11	11
Andrew Sparke	2	2
Matthew Sullivan	15	15
Elissa Hansen	2	2

**Directors' Interests**

Information on the Directors' and their associates' interests in shares and options of the Company at 31 December 2018 can be found in the Remuneration Report on page 11.

**Shares Under Option**

At the date of this report, there were no unissued ordinary shares of Torian Resources Limited under option.

**Shares Issued on the Exercise of Options**

No shares were issued during the financial year ended 31 December 2018 on the exercise of options.

**Environmental Regulations**

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

**Insurance of Directors and Officers**

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 the Directors 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 anybody 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.

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**DIRECTORS' REPORT (CONT.)**

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 party to any such proceedings during the year.

**Corporate Governance Statement**

A copy of the Corporate Governance Statement has not been disclosed within the Annual Report but is available on the website [www.torianresources.com.au/corporate-governance](http://www.torianresources.com.au/corporate-governance) in accordance with the ASX Listing Rule 4.10.3.

**Declaration by Director**

Before it approved the Company's 2018 financial statements, the Board was satisfied that the financial records have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Group, and their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

**Non-audit Services**

The Directors received the Lead Auditor's Independence Declaration under s.307 of the Corporations Act 2001, which is set out on page 13. The external auditor did not provide any non-audit services to the Company during the year ended 31 December 2018.

**Signed in accordance with a resolution of the Board of Directors, made pursuant to s.298(2) of the Corporations Act 2001.**



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**Mark Borman**  
Managing Director  
Perth, 29 March 2019

**TORIAN RESOURCES LIMITED**  
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**REMUNERATION REPORT**

This report outlines the remuneration arrangements in place for Directors and executives of Torian Resources Limited. The information in this report has been audited as required by 308(3C) of the Corporations Act 2001.

**Directors and Key Management Personnel**

The full Board of Directors set 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 the 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 Limited are set out below.

**Directors**

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

Mr Paul Summers	Non-executive Director (appointed 20 April 2018)
Mr Mark Borman	Managing Director (appointed 20 April 2018)
Mr Richard Mehan	Non-executive Chairman (appointed 14 June 2018)
Mr Matthew Sullivan	Managing Director (resigned 4 January 2019)
Mr Andrew Sparke	Non-executive Chairman (resigned 20 April 2018)
Ms Elissa Hansen	Non-executive Director and Company Secretary (resigned 20 April 2018)

**Key Management Personnel Compensation**

	Salary and directors fees	Bonus	Non-monetary benefits	Other employee entitlements	Total
	\$	\$	\$	\$	\$
<b>2018</b>					
Paul Summers	20,000	-	-	1,900	21,900
Mark Borman	178,339	-	-	9,817	188,156
Richard Mehan	27,500	-	-	2,613	30,113
Andrew Sparke	36,667	-	-	-	36,667
Matthew Sullivan	120,000	-	-	-	120,000
Elissa Hansen	18,667	-	-	-	18,667
<b>Total Compensation</b>	<b>401,173</b>	<b>-</b>	<b>-</b>	<b>14,330</b>	<b>415,503</b>

**TORIAN RESOURCES LIMITED**  
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**REMUNERATION REPORT (CONT.)**

	Salary and directors fees	Bonus	Non-monetary benefits	Other employee entitlements	Total
	\$	\$	\$	\$	\$
<b>2017</b>					
Andrew Sparke	120,000	-	-	-	120,000
Matthew Sullivan	120,800	-	-	-	120,800
Elissa Hansen	48,000	-	-	-	48,000
Glenn Jardine	12,000	-	-	-	12,000
<b>Total Compensation</b>	<b>300,800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>300,800</b>

**Shares Held by Key Management Personnel and Their Associates**

	Balance 1 Jan 2018	Purchases	Disposals	Shares held at date of appointment	Balance 31 Dec 2018
Paul Summers <sup>2</sup>	-	-	-	2,814,410	2,814,410
Mark Borman <sup>2</sup>	-	-	-	-	-
Richard Mehan <sup>3</sup>	-	-	-	-	-
Andrew Sparke	10,146,275	-	-	-	10,146,275 <sup>1</sup>
Matthew Sullivan	9,236,673	-	(131,579)	-	9,105,094
Elissa Hansen	-	-	-	-	- <sup>1</sup>
<b>Total</b>	<b>19,382,948</b>	<b>-</b>	<b>(131,579)</b>	<b>2,814,410</b>	<b>22,065,779</b>

**Notes:**

1. Shares held at date of resignation on 20 April 2018;
2. Appointed 20 April 2018 and appointed Managing Director 4 January 2019;
3. Appointed 14 June 2018.

**Related Party Transactions**

During the financial year, the Company sublet office space from Summers Legal for its corporate head office. Summers Legal is a related party of Torian director Paul Summers. Total payments in the year were \$14,580 and the Company considers this arrangement to be at arm's length.

**Consultancy Agreements**

Andrew Sparke - Director

- Agreement commenced on 6 June 2014;
- Consultancy fee of \$10,000 per month;
- Agreement is terminated upon cessation of directorship/employment with the Company; and
- No performance based remuneration incentive has been included.

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**REMUNERATION REPORT (CONT.)**

Matthew Sullivan - Director

- Agreement commenced on 6 June 2014;
- Consultancy fee of \$10,000 per month;
- Agreement was terminated upon cessation of directorship/employment with the Company; and
- No performance based remuneration incentive has been included.

Elissa Hansen – Director/Secretary

- Agreement commenced on 9 December 2015;
- Concluded on resignation on 20 April 2018;
- Consultancy fee of \$4,000 per month;
- Agreement was terminated upon cessation of directorship/employment with the Company; and
- 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.

**RSM Australia Partners**

Level 13, 60 Castlereagh Street Sydney NSW 2000

GPO Box 5138 Sydney NSW 2001

T +61 (0) 2 8226 4500

F +61 (0) 2 8226 4501

www.rsm.com.au

**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the financial report of Torian Resources Limited for the year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

**RSM AUSTRALIA PARTNERS****G N Sherwood**  
Partner

Sydney, NSW

Dated: 29 March 2019

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR YEAR ENDED 31 DECEMBER 2018**

	Note	2018 \$	2017 \$
Other revenue	2	4,879	36,837
Depreciation and amortisation expense	3	(6,278)	(4,897)
Impairment expense	3	(300,901)	(11,745)
Employee benefits expense	5	(339,771)	(321,439)
Due diligence and professional services		(235,971)	(319,056)
Finance costs		(3,194)	-
Exploration expenditure		(52,200)	(57,915)
Administration expenditure		(602,300)	(760,207)
Loss before income tax expense		(1,535,736)	(1,438,422)
Income tax expense	4	-	-
Loss attributable to members of the parent entity		<u>(1,535,736)</u>	<u>(1,438,422)</u>
Other comprehensive income		-	-
Total comprehensive income for the period		<u>(1,535,736)</u>	<u>(1,438,422)</u>
Basic and diluted loss per share (cents)	7	(0.74)	(0.97)

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

**TORIAN RESOURCES LIMITED**  
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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018**

	Note	2018	2017
		\$	\$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	8	95,485	1,100,953
Trade and other receivables	9	146,960	283,594
<b>TOTAL CURRENT ASSETS</b>		<u>242,445</u>	<u>1,384,547</u>
<b>NON-CURRENT ASSETS</b>			
Financial assets at fair value through OCI	10	1,429	1,429
Property, plant and equipment	13	10,284	10,809
Exploration and evaluation expenditure	14	19,238,242	18,029,340
<b>TOTAL NON-CURRENT ASSETS</b>		<u>19,249,955</u>	<u>18,041,578</u>
<b>TOTAL ASSETS</b>		<u>19,492,400</u>	<u>19,426,125</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	15	197,563	478,086
Borrowings	16	110,246	129,146
<b>TOTAL CURRENT LIABILITIES</b>		<u>307,809</u>	<u>607,232</u>
<b>TOTAL LIABILITIES</b>		<u>307,809</u>	<u>607,232</u>
<b>NET ASSETS</b>		<u>19,184,591</u>	<u>18,818,893</u>
<b>EQUITY</b>			
Issued capital	17	81,693,681	79,792,247
Accumulated losses		(62,509,090)	(60,973,354)
<b>TOTAL EQUITY</b>		<u>19,184,591</u>	<u>18,818,893</u>

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



**TORIAN RESOURCES LIMITED**  
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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 31 DECEMBER 2018**

	Note	Shares on Issue \$	Accumulated Losses \$	Total \$
<b>Balance at 1 January 2017</b>		70,214,457	(59,534,932)	10,679,525
Loss for the period		-	(1,438,422)	(1,438,422)
Other comprehensive income for the period		-	-	-
Total comprehensive income for the period		-	(1,438,422)	(1,438,422)
Shares issued during the period net of costs	17	9,577,790	-	9,577,790
<b>Balance at 31 December 2017</b>		<b>79,792,247</b>	<b>(60,973,354)</b>	<b>18,818,893</b>
<b>Balance at 1 January 2018</b>		79,792,247	(60,973,354)	18,818,893
Loss for the period		-	(1,535,736)	(1,535,736)
Other comprehensive income for the period		-	-	-
Total comprehensive income for the period		-	(1,535,736)	(1,535,736)
Shares issued during the period net of costs	17	1,901,434	-	1,901,434
<b>Balance at 31 December 2018</b>		<b>81,693,681</b>	<b>(62,509,090)</b>	<b>19,184,591</b>

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

**TORIAN RESOURCES LIMITED**  
**ABN 72 002 261 565**  
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**CONSOLIDATED STATEMENT OF CASH FLOWS FOR YEAR ENDED 31 DECEMBER 2018**

	Note	2018 \$	2017 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Payments to suppliers and employees		(889,850)	(1,444,782)
Finance charges		(3,194)	-
Interest received		4,879	16,837
<b>Net cash used in operating activities</b>	18	<u>(888,165)</u>	<u>(1,427,945)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments to acquire property, plant and equipment		(5,753)	-
Payments to acquire mining tenements		(44,901)	-
Payments for exploration		(1,559,987)	(1,514,708)
Cash in subsidiary on acquisition		-	4,261
Deposits refunded by government bodies		-	20,000
<b>Net cash used in investing activities</b>		<u>(1,610,641)</u>	<u>(1,490,447)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares, net of raising costs	17	1,512,238	2,981,922
Repayment of related party loan	19	(18,900)	-
<b>Net cash provided by financing activities</b>		<u>1,493,338</u>	<u>2,981,922</u>
<b>Net (decrease)/increase in cash held</b>		(1,005,468)	63,531
Cash and cash equivalents at beginning of financial year		<u>1,100,953</u>	<u>1,037,422</u>
<b>Cash and cash equivalents at end of financial year</b>	8	<u><u>95,485</u></u>	<u><u>1,100,953</u></u>

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

**TORIAN RESOURCES LIMITED**  
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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report includes the consolidated financial statements and notes of Torian Resources Limited and controlled entities ('Consolidated Group' or 'Group'). The separate financial statements and notes of Torian Resources Limited as an individual parent entity ('Company') have not been presented within the financial report as permitted by the Corporations Act 2001.

The financial statements were authorised for issue on 29 March 2019 by the directors of the 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. All applicable new accounting standards have been adopted for the year ended 31 December 2018 unless otherwise stated and their adoption did not have a significant impact on the financial performance or position of the consolidated entity

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 Limited 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 2018 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.

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

**b. 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 2018, the Group incurred a net loss after tax of \$1,535,736 and utilised cash from operating and investing activities of \$888,165 and \$1,610,641 respectively. The ability to continue as a going concern and realise its exploration asset is dependent on a number of factors, the most significant of which is obtaining additional funding to complete the exploration activities.

These factors indicate a material uncertainty which may cast significant doubt as to whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The directors have reviewed the Group's overall position and outlook in respect of the matters identified above and are of the opinion that the use of the going concern basis is appropriate in the circumstances for the following reasons:

- In January 2019, the Group completed a capital raising of \$518,500. A total of 34,406,250 fully paid shares were issued and allotted at 1.6c per share. The Company has the ability to raise additional share capital if required;
- The Group has cash resources of \$95,485 as at 31 December 2018;
- The Group has net assets of \$19,184,591;
- The Group is exploring the possibility of entering into a number of joint venture arrangements for the development of some of its mining projects,
- The Group has the ability to dispose some of its assets as and when required; and
- The Group has the ability to scale back its exploration activities should funding not be available continue exploration at its current levels.

Accordingly, the Directors believe that the company and consolidated entity will be able to continue as going concerns and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the company and consolidated entity do not continue as going concerns.

**c. Taxes**

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.

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

c. **Taxes (Cont.)**

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

d. **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:

<b>Class of Fixed Asset</b>	<b>Depreciation Rate</b>
Office equipment and furniture	25%
Plant and equipment	25%

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.

e. **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.

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

e. **Exploration, Development and Evaluation Expenditure (Cont.)**

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.

*Carrying value*

The licences held in respect of the Group's exploration operations comprise a large number of licenses across a large geographic area. There are however only eight projects that the Group is currently exploring and developing. Management has applied their judgement and determined that all of these licenses are to be treated as eight separate and distinct areas for the purposes of considering 'abandoned areas' or impairment. The costs of acquiring the licenses as well as all subsequent costs have been ascribed to these eight projects, and consequently, there are no impairment expenses for expired licenses in unexplored areas outside these eight projects.

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.

h. **Financial Instruments**

*Recognition, initial measurement and derecognition*

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

*Classification and subsequent measurement of financial assets*

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

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

**h. Financial Instruments (Cont.)**

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- amortised cost
- fair value through profit or loss (FVPL)
- equity instruments at fair value through other comprehensive income (FVOCI)
- debt instruments at fair value through other comprehensive income (FVOCI)

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Classifications are determined by both:

- The entities business model for managing the financial asset
- The contractual cash flow characteristics of the financial assets

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables, which is presented within other expenses.

*Subsequent measurement financial assets*

Equity instruments at fair value through other comprehensive income (Equity FVOCI)

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. Under Equity FVOCI, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividend from these investments continue to be recorded as other income within the profit or loss unless the dividend clearly represents return of capital. This category includes unlisted equity securities - XY Ltd that were previously classified as 'available-for-sale' under AASB 139.

Impairment of Financial assets

AASB 9's impairment requirements use more forward looking information to recognize expected credit losses – the 'expected credit losses (ECL) model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument. In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

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

**Financial Instruments (Cont.)**

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

**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.

**j. Equity-settled Compensation**

There has been no equity based compensation with the exception of that described at Note 20. 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. Trade and Other Payables**

Liabilities for creditors and other amounts are carried at amortised cost, which is the present value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company. The carrying period is dictated by market conditions but is generally less than 30 days.

**m. Revenue and Other Income**

The Group does not currently have revenue from sale of goods to customers.

Any future revenue from contracts with customers will be recognised as per the requirements of AASB 15, the core principle of which is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price.



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

m. **Revenue and Other Income (Cont.)**

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue is recognised when it is received or when the right to receive payment is established.

n. **Finance Costs**

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 the period in which they are incurred.

o. **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 Limited.

p. **Earnings Per Share**

Basic earnings per share is calculated by dividing the profit or loss attributable to the owners of the Group excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financial costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to the dilutive potential ordinary shares.

q. **Comparative Figures**

Comparative figures have been derived from the audited financial statements for Torian Resources Limited for the year ended 31 December 2017, and changes in presentation are made where necessary to comply with accounting standards.

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

r. **Critical Accounting Estimates and Judgements**

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 Judgements - Exploration and Evaluation Expenditure*

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage that permits a reasonable assessment of the existence of reserves. There is significant judgement required on the part of the management and the Board in determining whether exploration assets are impaired. Management have taken into consideration the independent external technical valuation obtained for the Torian and Cascade Portfolio of Projects obtained in February 2017 for the purposes of the Cascade acquisition. They have taken into account the subsequent geological reports from exploration activities and the increase in the gold price. In addition, they have considered the current market conditions, the political climate in the jurisdiction in which the assets exist, as well as numerous other factors in their determination that the assets are not impaired.

There is significant estimation uncertainty and judgement required in terms of the allocation of expenditure to individual tenements. Management has exercised their judgement in concluding that the abandonment of individual tenements within a project does not necessarily impact on the commercial viability of the project as a whole. Consequently, the historical costs of exploring the individual tenements within a greater project are considered part of the cost of the exploration of that project and the individual tenements are not impaired if abandoned.

s. **New and Revised Accounting Standards**

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

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

*AASB 9 Financial Instruments*

The Group has adopted AASB 9 from 1 January 2018. The standard introduced new classification and measurement models for financial assets.

A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest.

A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value.

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

s. **New and Revised Accounting Standards (Cont.)**

All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI').

Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch).

New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available. The Group has not recognised an ECL in the current period as the Group does not have any revenue.

*AASB 15 Revenue from Contracts with Customers*

The Group has adopted AASB 15 from 1 January 2018. The standard provides a single comprehensive model for revenue recognition.

The Group does not have any material sources of revenue, therefore no adjustments were required as a result of adopting the new Standard.

*Impact of adoption*

AASB 9 and AASB 15 were adopted using the modified retrospective approach and as such comparatives have not been restated. There is no material impact on opening retained profits as at 1 January 2018.

t. **New and Revised Accounting Standards and Interpretations not yet mandatory or early adopted**

At the date of authorisation of the financial statements the following new standards and interpretations have not been early adopted. The below are a list of the standards and the likely impact.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending	Likely impact on initial application
AASB 16 Leases	1 January 2019	31 December 2019	The entity is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

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NOTE 2: REVENUE

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Other revenue		
— Interest received	4,879	16,837
— Other revenue	-	20,000
— Reversal of prior period impairment	-	-
Total other income	<u>4,879</u>	<u>36,837</u>

NOTE 3: RESULTS FOR THE YEAR

*Expenses:*

Impairment	300,901	11,745
Depreciation of plant and equipment	6,278	4,897

NOTE 4: INCOME TAX EXPENSE

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
The components of tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
Total	<u>-</u>	<u>-</u>
Prima facie tax benefit on loss from ordinary activities before income tax at 27.5% (2017: 30%):	(422,326)	(395,566)
<i>Add tax effect of:</i>		
— Other non-allowable items	<u>146,886</u>	<u>12,840</u>
Subtotal	(275,440)	(382,726)
<i>Less tax effect of:</i>		
— Items not assessable for taxation	-	(5,500)
— Items deductible for taxation but not accounting	(515,823)	(503,107)
Deferred tax assets not brought to account:	<u>791,263</u>	<u>891,333</u>
Income tax expense	<u>-</u>	<u>-</u>

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NOTE 4: INCOME TAX EXPENSE (CONT.)

The group has carried forward tax losses, calculated according to Australian income tax legislation of \$49,549,757 (2017: \$43,739,367), 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

Employee benefits incurred during the year:

— Salaries and wages	319,116	316,037
— Superannuation	20,655	5,402
Total:	<u>339,771</u>	<u>321,439</u>

NOTE 6: AUDITOR REMUNERATION

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Remuneration of the auditor of the Group for:		
— auditing or reviewing the financial report	42,135	40,000
Total:	<u>42,135</u>	<u>40,000</u>

NOTE 7: EARNINGS PER SHARE

a. Reconciliation of earnings:		
Loss	<u>(1,535,736)</u>	<u>(1,438,422)</u>
	<b>No.</b>	<b>No.</b>
Weighted average number of ordinary shares outstanding during the year used in		
b. calculating EPS	207,941,739	148,408,134
	<b>Cents</b>	<b>Cents</b>
c. Basic EPS	<u>(0.74)</u>	<u>(0.97)</u>
d. Diluted EPS	<u>(0.74)</u>	<u>(0.97)</u>

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NOTE 8: CASH AND CASH EQUIVALENTS

Cash at bank and on hand	95,485	1,100,953
Total	95,485	1,100,953

NOTE 9: TRADE AND OTHER RECEIVABLES

CURRENT

Trade and other receivables from third parties:

— Trade receivables	2,311	1,847
— Other receivables	144,649	281,747
Total current assets	146,960	283,594

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. There are no material debtors and consequently the credit worthiness of the Group's debtors is not considered a risk.

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 22.

NOTE 10: FINANCIAL ASSETS

	2018	2017
	\$	\$
Financial assets at fair value through other comprehensive income (OCI)	1,429	1,429
Total	1,429	1,429

**Fair Value Measurement**

Valuation Techniques

In the absence of an active market for an identical asset or liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability. The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured.

**TORIAN RESOURCES LIMITED**  
**ABN 72 002 261 565**  
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NOTE 10: FINANCIAL ASSETS(CONT.)

**Recurring Fair Value Measurement Amounts and the Level of the Fair Value Hierarchy within which the Fair Value Measurements are categorised**

	<b>Fair Value Measurements at 31 December 2018 using:</b>		
	Quoted Prices in Active Markets for Identical Assets	Significant Observable Inputs	Significant Unobservable Inputs
	\$	\$	\$
	(Level 1)	(Level 2)	(Level 3)
<i>Investment in shares of unlisted corporation</i>			
Elsmore Resources Limited	-	-	1,429

NOTE 11: CONTROLLED ENTITIES

**Controlled Entities Consolidated**

	Country of Incorporation	Percentage Owned (%)*	
		2018	2017
		PARENT ENTITY:	
Torian Resources Limited	Australia		
SUBSIDIARIES OF TORIAN RESOURCES LIMITED			
Cascade Resources Pty Ltd	Australia	100	100
Cluff Minerals (Aust) Pty Limited	Australia	100	100
NSW Gold Pty Ltd	Australia	100	100
Who Are They Pty Ltd	Australia	100	100
Zuleika JV Management Pty Ltd (100% owned by Cascade Resources Limited)	Australia	100	100

\* Percentage of voting power is in proportion to ownership

NOTE 12: EXPLORATION AND EVALUATION ASSETS ACQUIRED

On 20 April 2017, Torian wholly acquired Cascade Resources Pty Ltd. Details of the assets acquired are as follows:

	<b>2017</b>
	<b>\$</b>
<i>Consideration Transferred</i>	
Fair value of shares issued	5,850,065
Net assets acquired in Cascade at date of acquisition	(34,889)
Attributable costs of acquisition	360,192
Attributed fair value of exploration and evaluation assets	<u>6,175,368</u>

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NOTE 12: EXPLORATION AND EVALUATION ASSETS ACQUIRED (CONT.)

*Assets and liabilities at date of acquisition*

Current assets	4,261
Non-current assets	228,085
Total assets	<u>232,346</u>
Current liabilities	68,311
Non-current liabilities	129,146
Total liabilities	<u>197,457</u>
Net assets acquired	<u>34,889</u>

**Contribution to the Group's results**

Cascade contributed \$4,139 to the Group's loss from the date of the acquisition to 31 December 2017.

NOTE 13: PLANT AND EQUIPMENT

	2018	2017
	\$	\$
<b>OFFICE EQUIPMENT</b>		
At cost	26,618	20,865
Accumulated depreciation	(16,334)	(10,056)
Total office equipment	<u>10,284</u>	<u>10,809</u>
<b>PLANT AND EQUIPMENT</b>		
At cost	-	2,800
Accumulated depreciation	-	(2,800)
Total property, plant and equipment	<u>-</u>	<u>-</u>
Total	<u>10,284</u>	<u>10,809</u>

**Movements in Carrying Amounts**

	<b>Office Equipment</b>
	\$
Balance at 31 December 2016	14,898
Acquisitions in the year	-
Acquired as part of Cascade transaction	808
Depreciation expense	(4,897)
Balance at 31 December 2017	<u>10,809</u>
Acquisitions in the year	5,753
Depreciation expense	(6,278)
Balance at 31 December 2018	<u>10,284</u>



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NOTE 14: EXPLORATION AND EVALUATION EXPENDITURE

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Exploration expenditure capitalised	19,238,242	18,029,340
Provision for impairment	-	-
<b>Total</b>	<u>19,238,242</u>	<u>18,029,340</u>
Balance at beginning of financial year	18,029,340	10,188,487
Additions	1,509,803	7,852,598
Amounts written off during the financial year	(300,901)	(11,745)
<b>Balance at end of financial year</b>	<u>19,238,242</u>	<u>18,029,340</u>

NOTE 15: TRADE AND OTHER PAYABLES

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>CURRENT</b>		
Accounts payable	96,313	404,086
Accrued expenses	101,250	74,000
<b>Total</b>	<u>197,563</u>	<u>478,086</u>

NOTE 16: BORROWINGS

<b>CURRENT</b>		
Loans from related parties (i) (Note 19)	110,246	129,146
<b>Total</b>	<u>110,246</u>	<u>129,146</u>

(i) This loan is at call, unsecured and is non-interest bearing.

NOTE 17: ISSUED CAPITAL

	<b>2018</b>		<b>2017</b>	
	<b>No of Shares</b>	<b>\$</b>	<b>No of Shares</b>	<b>\$</b>
<b>Ordinary shares</b>				
<i>Fully Paid</i>				
At the beginning of reporting period	190,689,690	79,792,247	97,528,851	70,214,457
Shares issued during the year	25,412,466	1,532,375	35,198,224	3,223,935
Shares issued for Cascade acquisition	-	-	50,870,133	5,850,065
Shares issued to acquire capital assets	718,390	25,000	2,134,092	222,500
Shares issued in payment for services	5,207,128	365,103	4,958,390	522,432
Cost of raising capital	-	(21,044)	-	(241,142)
<b>At reporting date</b>	<u>222,027,674</u>	<u>81,693,681</u>	<u>190,689,690</u>	<u>79,792,247</u>

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NOTE 17: ISSUED CAPITAL (CONT.)

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

**Capital Management**

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

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

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

NOTE 18: CASH FLOW INFORMATION

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Reconciliation of Cash Flow from Operations with Profit after Income Tax</b>		
Loss after income tax	(1,535,736)	(1,438,422)
Non-cash flows in profit:		
Depreciation	6,278	4,897
Impairment expense	300,901	11,745
Share based payments	114,429	-
Expenses classified to investing cash flows	52,200	67,190
Changes in current assets and liabilities:		
Decrease/(Increase) in trade and other receivables	85,751	(27,724)
Increase in accounts payable and accruals	88,012	278,541
(Increase) in exploration assets	-	(324,172)
Net cash used in operating activities	(888,165)	(1,427,945)

NOTE 19: RELATED PARTY DISCLOSURES

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:**

— Market Capital Pty Ltd (director fees)	18,667	48,000
— Jemda Pty Ltd (director fees)	120,000	120,800
— Olive Capital Pty Ltd (director fees)	36,667	120,000
— Summers Legal Pty Ltd (rent)	14,580	-

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NOTE 19: RELATED PARTY DISCLOSURES (CONTINUED)

Ms. Elissa Hansen is a director of Market Capital Pty Ltd trading as CoSec Services, 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. Agreement was terminated upon cessation of directorship/employment with the Company.

Mr Matthew Sullivan is a director of Jemda 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 Andrew Sparke is a director of Olive Capital Pty Ltd, which throughout the year has provided consultancy and corporate services to the Group. All fees tendered have been on an arm's length basis. Agreement was terminated upon cessation of directorship/employment with the Company.

Mr Paul Summers is a director of Summers Legal Pty Ltd, which throughout the year has sublet office space to the Group. The lease terms have been determined on an arm's length basis.

**Loans from related parties:**

—	Jemda Pty Ltd	110,246	110,246
—	Shaun Richardson	-	18,900
		110,246	129,146
		110,246	129,146

**Key Management Personnel**

The following were directors or 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 Paul Summers	Non-executive Director (appointed 20 April 2018)
Mr Mark Borman	Managing Director (appointed 20 April 2018)
Mr Richard Mehan	Non-executive Chairman (appointed 14 June 2018)
Mr Matthew Sullivan	Managing Director (resigned 4 January 2019)
Mr Andrew Sparke	Non-executive Chairman (resigned 20 April 2018)
Ms Elissa Hansen	Non-executive Director and Company Secretary (resigned 20 April 2018)

**Shares Held by Key Management Personnel and Their Associates**

	Balance 1 Jan 2018	Purchases	Disposals	Shares held at date of appointment	Balance 31 Dec 2018
Paul Summers <sup>2</sup>	-	-	-	2,814,410	2,814,410
Mark Borman <sup>3</sup>	-	-	-	-	-
Richard Mehan <sup>4</sup>	-	-	-	-	-
Andrew Sparke	10,146,275	-	-	-	10,146,275 <sup>1</sup>
Matthew Sullivan	9,236,673	-	(131,579)	-	9,105,094
Elissa Hansen	-	-	-	-	- <sup>1</sup>
<b>Total</b>	<b>19,382,948</b>	-	<b>(131,579)</b>	<b>2,814,410</b>	<b>22,065,779</b>

**Notes:**

1. Shares held at date of resignation on 20 April 2018;
2. Appointed 20 April 2018;
3. Appointed 20 April 2018;
4. Appointed 14 June 2018.

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NOTE 19: RELATED PARTY DISCLOSURES (CONTINUED)

**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.

	<b>Salary and directors fees</b>	<b>Bonus</b>	<b>Non-monetary benefits</b>	<b>Other employee entitlements</b>	<b>Total</b>
	\$	\$	\$	\$	\$
<b>2018</b>					
Paul Summers	20,000	-	-	1,900	21,900
Mark Borman	178,339	-	-	9,817	188,156
Richard Mehan	27,500	-	-	2,613	30,113
Andrew Sparke	36,667	-	-	-	36,667
Matthew Sullivan	120,000	-	-	-	120,000
Elissa Hansen	18,667	-	-	-	18,667
<b>Total Compensation</b>	<b>401,173</b>	<b>-</b>	<b>-</b>	<b>14,330</b>	<b>415,503</b>

	<b>Salary and directors fees</b>	<b>Bonus</b>	<b>Non-monetary benefits</b>	<b>Other employee entitlements</b>	<b>Total</b>
	\$	\$	\$	\$	\$
<b>2017</b>					
Andrew Sparke	120,000 <sup>1</sup>	-	-	-	120,000
Matthew Sullivan	120,800 <sup>2</sup>	-	-	-	120,800
Elissa Hansen	48,000 <sup>3</sup>	-	-	-	48,000
Glenn Jardine	12,000 <sup>4</sup>	-	-	-	12,000
<b>Total Compensation</b>	<b>300,800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>300,800</b>

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NOTE 20: SHARE BASED PAYMENTS

The follow table presents information on the fair values of Ordinary Shares issued in the financial year by the Group.

Date	Description	No of Ordinary Shares	Value per security \$	Total \$
07/02/2018	Issue of shares in consideration for land management services	307,208	0.100	<b>30,721</b>
09/04/2018	Issue of shares in consideration for drilling services	606,429	0.083	<b>50,490</b>
09/04/2018	Issue of shares in consideration for drilling services	594,000	0.085	<b>50,490</b>
09/04/2018	Issue of shares in consideration for drilling services	658,600	0.070	<b>46,102</b>
09/04/2018	Issue of shares in consideration for consulting services	1,381,334	0.074	<b>102,218</b>
09/04/2018	Issue of shares in consideration for marketing services	165,000	0.074	<b>12,210</b>
22/06/2018	Issue of shares in consideration for drilling services	154,098	0.080	<b>12,302</b>
23/06/2018	Issue of shares in consideration for exploration and drilling services	78,572	0.070	<b>5,500</b>
24/06/2018	Issue of shares in consideration for exploration and drilling services	15,715	0.070	<b>1,100</b>
17/08/2018	Issue of shares in consideration for drilling services	799,980	0.048	<b>38,799</b>
24/09/2018	Issue of shares in consideration for geological services	446,192	0.034	<b>15,171</b>
03/10/2018	Acquisition of Bonnie Vale project	718,390	0.035	<b>25,000</b>
	<b>Total</b>	<u>5,925,518</u>		<u><b>390,554</b></u>

NOTE 21: EVENTS AFTER THE BALANCE SHEET DATE

Change to Management

On 4 January 2019, Matthew Sullivan resigned as Managing Director of Torian Resources Limited.

Mark Borman was appointed to the role of Managing Director on an interim basis.

The Board has also appointed Ms Lyndal Money to lead its exploration as Manager Geology.

Completion of Placement

In January 2019, the Company completed the capital raising of \$518,500 through the placement of 32,406,250 shares at an issue price of 1.6¢ per share.

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

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NOTE 22: 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:

**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:

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Trade receivables	2,311	1,847

**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**

	<b>Carrying Amount</b>	<b>Contractual Cash Flows</b>	<b>&lt; 6 Months</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>2018</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	135,126	135,126	135,126
Employee benefits payable	56,128	56,128	56,128
Other payables	6,308	-	-
Borrowings	110,246	110,246	110,246

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NOTE 22: FINANCIAL INSTRUMENTS (CONTINUED)

	Carrying Amount	Contractual Cash Flows	< 6 Months
	\$	\$	\$
<b>2017</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	404,086	404,086	404,086
Employee benefits payable	54,000	54,000	54,000
Other payables	20,000	20,000	20,000
Borrowings	129,146	129,146	129,146

**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.

	2018	2017
	\$	\$
<b>Change in Cash and Cash Equivalents</b>		
Increase in interest rate by 1%	955	11,010
Decrease in interest rate by 1%	(955)	(11,010)

NOTE 23: OPERATING SEGMENTS

**Identification Of Reportable Operating Segments**

The Group operates in the mineral exploration and mining industry in Australia. The consolidated entity has adopted *AASB 8 Operating Segments* whereby segment information is presented using a 'management approach'. Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The consolidated entity operated predominantly in one geographical location. The consolidated entity does not have any operating segments with discrete financial information. The consolidated entity does not have any customers and all the consolidated entity's assets and liabilities are located within Australia. The Board of Directors review internal management reports on a monthly basis that is consistent with the information provided in the statement of profit or loss and other comprehensive income, statement of financial position and statement of cashflows. As a result, no reconciliation is required because the information presented is what is used by the Board of Directors to make strategic decisions including assessing performance and in determining the allocation of resources.

**Accounting Policy for Operating Segments**

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Maker ('CODM'), the CODM is responsible for the allocation of resources to operating segments and assessing the performance.

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NOTE 24: PARENT ENTITY DISCLOSURES

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Financial position</b>		
<b>Assets</b>		
Total current assets	177,784	1,235,808
Total non-current assets	19,255,730	18,066,506
Total assets	19,433,514	19,302,314
<b>Liabilities</b>		
Total current liabilities	208,563	479,282
Total liabilities	208,563	479,282
<b>Equity</b>		
Contributed equity	81,693,681	79,792,247
Accumulated losses	(62,468,730)	(60,969,215)
<b>Total equity</b>	19,224,951	18,823,032
<b>Financial performance</b>		
Loss for the year	(1,504,349)	(1,434,282)
Other comprehensive income	-	-
Total comprehensive loss	(1,504,349)	(1,434,282)

NOTE 25: CONTINGENT ASSETS AND LIABILITIES

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

NOTE 26: CAPITAL COMMITMENTS

The total capital commitment for exploration in the 12 months from this report amount to \$315,000.

NOTE 27: COMPANY DETAILS

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

Torian Resources Limited  
104 Colin Street  
West Perth WA 6005

The **principal place of business** is:

Torian Resources Limited  
104 Colin Street  
West Perth WA 6005



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**DIRECTORS' DECLARATION**

The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 17 to 39, 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 2018 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 been given the declaration required by Section 295A of the Corporations Act from the Chief Executive Officer for the financial year ended 31 December 2018;
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; and
5. the remuneration disclosures included on pages 10 to 12 of the Directors' Report (as part of the Audited Remuneration Report) for the year ended 31 December 2018, comply with section 300A of the Corporations Act 2001.

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



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**Mark Borman**  
Managing Director  
Perth, 29 March 2019

## INDEPENDENT AUDITOR'S REPORT

### To the Members of Torian Resources Ltd

#### Opinion

We have audited the financial report of Torian Resources Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

- i) giving a true and fair view of the Group's financial position as at 31 December 2018 and of its financial performance for the year then ended; and
- ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

#### Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicated that the consolidated entity incurred a loss after tax of \$1,535,736 and had net cash outflows from operating and investing activities of \$888,165 and \$1,610,641 respectively for the financial year ended 31 December 2018. The ability to continue as a going concern and realise its exploration asset is dependent on a number of factors, the most significant of which is obtaining additional funding to complete the exploration activities. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt

on the consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed this matter
<p><b>Carrying Value of Capitalised Exploration Expenditure</b></p> <p>Refer to Note 14 in the financial statements</p>	
<p>The Group has capitalised exploration expenditure with a carrying value of \$19.238m. We determined this to be a key audit matter due to the significant management judgement involved in assessing the carrying value in accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>, including:</p> <ul style="list-style-type: none"> <li>• Determination of whether expenditure can be associated with finding specific mineral resources, and the basis on which that expenditure is allocated to an area of interest;</li> <li>• Assessing whether any indicators of impairment are present;</li> <li>• Determination of whether exploration activities have progressed to the stage at which the existence of an economically recoverable mineral reserve may be determined.</li> </ul>	<p>Our audit procedures in relation to the carrying value of capitalised exploration costs included:</p> <ul style="list-style-type: none"> <li>• Ensuring that the right to tenure of the areas of interest was current through confirmation with the relevant government departments;</li> <li>• Critically assessing and evaluating management's assessment that no indicators of impairment existed;</li> <li>• Agreeing a sample of the additions to capitalised exploration expenditure during the year to supporting documentation, and ensuring that the amounts were capital in nature;</li> <li>• Through discussions with the Group's management team, and review of the Group's ASX announcements and other relevant documentation, assessing management's determination that exploration activities have not yet progressed to the point where the existence or otherwise of an economically recoverable mineral resource may be determined.</li> </ul>

### Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2018, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the Directors for the Financial Report**

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Pronouncements/Australian-Auditing-Standards/Auditors-Responsibilities.aspx>. This description forms part of our auditor's report.

### **Report on the Remuneration Report**

#### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included in pages 10 to 12 of the directors' report for the year ended 31 December 2018.

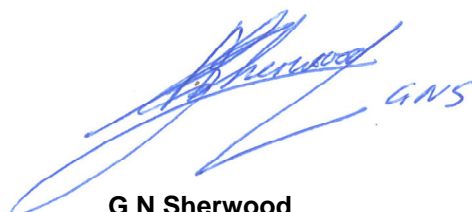
In our opinion, the Remuneration Report of Torian Resources Ltd, for the year ended 31 December 2018, complies with section 300A of the Corporations Act 2001.

#### *Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



**RSM Australia Partners**



**G N Sherwood**  
Partner

Sydney, 29 March 2019

**TORIAN RESOURCES LIMITED**  
**ABN 72 002 261 565**  
**AND CONTROLLED ENTITIES**

**SHAREHOLDER INFORMATION**

**Spread of Shareholders**

As at 22 March 2019, Torian Resources Limited had 1,075 shareholders. At a general meeting, every shareholder present in person or by proxy, attorney or representative has one vote on a show of hands and, on a poll, one vote for each fully paid share held. Option holders do not have voting rights.

**Spread of Holdings**

Range	Number of Holders Shares	No. of Units	Percentage of Issued Capital
1 - 1,000	209	39,939	0.02%
1,001 - 5,000	63	164,775	0.06%
5,001 - 10,000	48	372,380	0.15%
10,001 - 100,000	404	19,169,165	7.53%
> 100,000	351	234,692,665	92.24%
<b>Total</b>	<b>1,075</b>	<b>254,438,924</b>	<b>100.00%</b>

As at 22 March 2019 there were 485 shareholders holding less than a marketable parcel of 4,002,120.

**Substantial Shareholders**

As at 22 March 2019, there were no shareholders who hold 5% or more of the issued capital of the Company who had lodged a substantial shareholder notice with ASX.

**Top 20 Holdings as at 22 March 2019**

Rank	Name	Units	% of Units
1	SIERRA RESOURCES LTD	10,111,500	3.97
2	CARDA PTY LTD <CARDA SUPER FUND A/C>	9,636,249	3.79
3	JEMDA PTY LTD	8,621,673	3.39
4	UBS NOMINEES PTY LTD	7,114,412	2.8
5	MR MICHAEL FRANCIS MCMAHON + MRS SUSAN LESLEY MCMAHON <MCMAHON SUPER FUND A/C>	6,720,595	2.64
6	TRIBUNE RESOURCES LTD	6,529,421	2.57
7	RAND MINING LTD	6,529,421	2.57
8	R&R VENTURE PARTNERS II LLC	5,716,485	2.25
9	LEET INVESTMENTS PTY LIMITED	2,413,332	0.95
10	LEET INVESTMENTS PTY LIMITED <SUPERANNUATION FUND A/C>	3,100,000	1.22
11	ORBIT DRILLING PTY LTD	5,208,690	2.05
12	MGL CORP PTY LTD	5,000,000	1.97
13	OURO PURA PTY LTD	4,000,000	1.57
14	KOHEN ENTERPRISES PTY LTD	3,250,000	1.28
15	TIM MCGOWEN	3,125,000	1.23
16	MR SALVATORE DI VINCENZO	3,108,525	1.22
17	JOHNS CORPORATION PTY LTD <JOHNS FAMILY A/C>	2,958,204	1.16
18	DOBEROTTO PTY LIMITED <JASON SUPER FUND A/C>	2,645,245	1.04
19	TASMAN TECHNOLOGY PTY LIMITED	2,350,000	0.92
20	MR GREGORY CLYDE CAMPBELL + MRS DIANE SUE CAMPBELL <GC & DS CAMPBELL S/F A/C>	2,150,000	0.85
<b>Totals: Top 20 holders of TNR ORDINARY FULLY PAID</b>		<b>100,288,752</b>	<b>39.44</b>
<b>Total Remaining Holders Balance</b>		<b>154,145,172</b>	<b>60.56</b>
<b>Total Holders Balance</b>		<b>254,433,924</b>	<b>100.00</b>

**TORIAN RESOURCES LIMITED**  
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**AND CONTROLLED ENTITIES**

**Unquoted Securities**

As at 22 March 2019 there were 11,000,000 unquoted options exercisable at \$0.10 on or before 9 April 2023 on issue.

**Unquoted Equity Security Holders with Greater than 20% of an Individual Class**

As at 22 March 2019 the following class of unquoted securities had holders with greater than 20% of the class on issue.

**Unquoted Options exercisable at \$0.10 on or before 9 April 2023**

Percentage Held %	Name	Number of Securities held
50%	Tribune Resources Ltd	5,500,000
50%	Rand Mining Ltd	5,500,000

**Restricted Securities**

There are no restricted securities currently on issue.

**On-market Buy-Back**

Currently there is no on-market buy-back of the Company's securities

**TENEMENTS HELD AT 31 DECEMBER 2018**

TENEMENT:	LOCATION:	JV or PROJECT:	INTEREST:
ML 70094	Sapphire, QLD	Queensland	100%
ML 70095	Sapphire, QLD	Queensland	100%
ML 70096	Sapphire, QLD	Queensland	100%
E 24/190	Zuleika, WA	Zuleika	100%
M 16/229	Zuleika, WA	Zuleika	100%
M 16/491	Zuleika, WA	Zuleika	90%
M 24/947	Zuleika, WA	Zuleika	Option to earn 100%
M 24/975	Zuleika, WA	Zuleika	100%
M 26/572	Zuleika, WA	Zuleika	100%
M 37/475	Leonora, WA	Malcolm JV	51%
M 37/1305	Leonora, WA	Mt Stirling Well	100%
M 37/1306	Leonora, WA	Mt Stirling JV	51%
M 37/1311-1313	Leonora, WA	Mt Cutmore JV	51%
M 53/490-491	Wiluna, WA	Mt Keith	Option to earn 100%
P 15/5305	Coolgardie, WA	Bonnie Vale	100%
P 15/5560	Coolgardie, WA	Gibraltar South	100%
P 15/5672	Coolgardie, WA	Gibraltar South	100%
P 15/5914	Coolgardie, WA	Gibraltar South	100%
P 15/5922-5924	Coolgardie, WA	Gibraltar South	100%
P 15/6074-6078	Coolgardie, WA	Gibraltar South	100%
P 15/6114-6115	Coolgardie, WA	Gibraltar South	100%
P 16/2837-2841	Zuleika, WA	Zuleika	100%
P 16/2843-2856	Zuleika, WA	Zuleika	100%

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<b>TENEMENT:</b>	<b>LOCATION:</b>	<b>JV or PROJECT:</b>	<b>INTEREST:</b>
P 16/2874-2887	Zuleika, WA	Zuleika	100%
P 16/2896	Zuleika, WA	Zuleika	100%
P 16/2901-2902	Zuleika, WA	Zuleika	100%
P 16/2913-2915	Zuleika, WA	Zuleika	100%
P 16/2943-2953	Zuleika, WA	Zuleika	100%
P 16/2959-2960	Zuleika, WA	Zuleika	100%
P 16/2964-2967	Zuleika, WA	Zuleika	100%
P 16/3024-3026	Zuleika, WA	Zuleika	100%
P 24/4418-4429	Zuleika, WA	Zuleika	100%
P 24/4468	Zuleika, WA	Zuleika	100%
P 24/4512	Bardoc, WA	Bardoc	100%
P 24/4583	Bardoc, WA	Bardoc	100%
P 24/4679	Zuleika, WA	Zuleika	100%
P 24/4749	Zuleika, WA	Zuleika	100%
P 24/4827-4831	Zuleika, WA	Zuleika	100%
P 24/4865-4874	Zuleika, WA	Zuleika	100%
P 24/4917-4923	Zuleika, WA	Zuleika	100%
P 24/4925-4940	Zuleika, WA	Zuleika	100%
P 24/4941-4942	Zuleika, WA	Broad Arrow	100%
P 24/4996	Zuleika, WA	Zuleika	100%
P 24/4998	Bardoc, WA	Bardoc	100%
P 24/5003-5009	Bardoc, WA	Bardoc	100%
P 24/5013	Zuleika, WA	Zuleika	100%
P 24/5021	Bardoc, WA	Bardoc	100%
P 24/5023-5035	Bardoc, WA	Bardoc	100%
P 24//5078-5081	Zuleika, WA	Zuleika	100%
P 24/5082-5086	Bardoc, WA	Bardoc	100%
P 24/5089-5093	Zuleika, WA	Bardoc	100%
P 24/5103-5105	Zuleika, WA	Bardoc	100%
P 24/5247	Zuleika, WA	Zuleika	100%
P 25/2348-2349	Kalgoorlie, WA	Mt Monger	100%
P 25/2493	Kalgoorlie, WA	Mt Monger	100%
P 26/4011-4013	Kalgoorlie, WA	Kanowna South	100%
P 26/4086	Kalgoorlie, WA	Mt Monger	100%
P 26/4089	Kalgoorlie, WA	Mt Monger	100%
P 26/4101-4104	Kalgoorlie, WA	Mt Monger	100%
P 26/4106-4115	Kalgoorlie, WA	Mt Monger	100%
P 26/4139	Kalgoorlie, WA	Mt Monger	100%
P 26/4141-4143	Kalgoorlie, WA	Mt Monger	100%
P 26/4152-4155	Kalgoorlie, WA	Five Mile Hill	100%
P 26/4209-4219	Kalgoorlie, WA	Boorara	100%
P 26/4275-4276	Kalgoorlie, WA	Mt Monger	100%
P 26/4292	Kalgoorlie, WA	Mt Monger	100%
P 26/4310	Kalgoorlie, WA	Mt Monger	100%
P 26/4397	Kalgoorlie, WA	Boorara	100%
P 26/4409	Kalgoorlie, WA	Mt Monger	100%

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<b>TENEMENT:</b>	<b>LOCATION:</b>	<b>JV or PROJECT:</b>	<b>INTEREST:</b>
P 26/4427	Kalgoorlie, WA	Five Mile Hill	100%
P 27/2202-2203	Kalgoorlie, WA	Kanowna South	100%
P 27/2261	Kalgoorlie, WA	Kanowna South	100%
P 37/8073-8075	Leonora, WA	Mt Stewart JV	51%
P 37/8116	Leonora, WA	Malcolm JV	51%
P 37/8225-8227	Leonora, WA	Mt George JV	51%
P 37/8240-8243	Leonora, WA	Mt Cutmore JV	51%
P 37/8368	Leonora, WA	Mt Stirling	100%
P 37/8523-8524	Leonora, WA	Malcolm JV	51%
P 37/8568	Leonora, WA	Mt Stirling	100%
P 37/8623-8624	Leonora, WA	Mt Stewart JV	51%
P 37/8625-8632	Leonora, WA	Mt Stewart JV	51%
P 37/8646-8647	Leonora, WA	Mt Cutmore JV	51%
P 37/8648	Leonora, WA	Mt George JV	51%
P 37/8649	Leonora, WA	Braemore JV	51%
P 37/8650	Leonora, WA	Rabbit Warren South	100%
P 37/8651	Leonora, WA	Braemore JV	51%
P 37/8652-8653	Leonora, WA	Rabbit Warren South	100%
P 37/8659-8661	Leonora, WA	Braemore JV	51%
P 37/8662	Leonora, WA	Mt George JV	51%
P 37/8663	Leonora, WA	Rabbit Warren South	100%
P 37/8664-8665	Leonora, WA	Braemore JV	51%
P 37/8712	Leonora, WA	Mt Stirling	100%
P 37/8730-8733	Leonora, WA	Malcolm JV	51%
P 37/8745-8748	Leonora, WA	Malcolm JV	51%
P 37/8754	Leonora, WA	Malcolm JV	51%
P 37/8791-8793	Leonora, WA	Calypso	100%
P 37/8820-8826	Leonora, WA	Malcolm JV	51%
P 37/8831-8834	Leonora, WA	Mt Cutmore JV	51%
P 37/8838-8840	Leonora, WA	Mt Cutmore JV	51%
P 37/8845-8861	Leonora, WA	Mt Stirling	100%
P 37/8862-8863	Leonora, WA	Mt George JV	51%
P 37/8864-8866	Leonora, WA	Malcolm JV	51%
P 378868-8869	Leonora, WA	Mt Stirling	100%
P 37/8881-8889	Leonora, WA	Mt Stirling	100%
P 37/8890-8891	Leonora, WA	Malcolm	100%
P 37/8892-8900	Leonora, WA	Malcolm JV	51%
P 37/8928	Leonora, WA	Mt George JV	51%
P 37/9105	Leonora, WA	Calypso	100%



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As at 31 December 2018, Torian had the following JORC resources.

<b>JORC (2012) Inferred Resources - Gold &gt;0.5g/t</b>				
Project	Deposit	Tonnes	Gold g/t	Ounces
Malcolm	Dumbarton	84,200	1.09	2,950
	Dover Castle South	210,100	1.71	11,550
Mt Stirling	Mt Stirling	727,000	1.45	33,900
	Mt Stirling Well	253,500	2.01	16,400
<b>Totals (Dry metric tonnes)</b>		<b>1,274,800</b>	<b>1.58</b>	<b>64,800</b>

1. There were no changes to the Company's JORC Resources as at the date of this report.

**Governance arrangement and internal controls**

The Company's resource estimates are prepared by an external contractor and reviewed by Ms. Lyndal Money who is a qualified geologist with more than 23 years' experience and is a member of the Australian Institute of Mining and Metallurgy and is a Competent Person as defined by the 2012 edition of the JORC Code. The resource estimates are prepared in accordance with the 2012 edition of the JORC Code. The resources are subject to internal peer review from time to time, which have not highlighted any errors, omissions or changes.

**Competent Person Statement**

The information in this report which relates to Exploration Targets, Exploration Results, and Mineral Resources is based on and fairly represents information compiled and reviewed by Ms Lyndal Money who is a Member of the Australian Institute of Mining and Metallurgy and a full-time employee of Torian Resources Ltd. Ms Money has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which she is undertaking to qualify as Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code). Ms Money consents to the inclusion in the report of the matters based on the information in the form and context in which it appears. Additionally, Ms Money confirms that the entity is not aware of any new information or data that materially affects the information contained in the ASX releases referred to in this report.