

Torian Resources Limited**Gold****TNR A\$ 0.13****TARGET PRICE****A\$0.25****SPECULATIVE BUY**

Torian is merging with unlisted Cascade which will create an exploration company with extensive tenements along the Zuleika Shear and around Leonora, both in Western Australia.

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Exploration junior in the right place at the right time

Valuation and Target A\$0.25/sh

We have initiated coverage with a A\$0.25/sh 12 month share price target. Our valuation approach is to value non Zuleika assets (ie cash and Mt Stirling Well) at A\$7.1M, implying the market currently gives Torian a 6% chance of discovering a 0.5Moz mineable gold deposit on its Zuleika tenements. We believe this is far too low. Torian should be priced at a 15% probability of success, giving a merged valuation of A\$0.25/sh (Figure 2), with upside if other assets prove like Mt Stirling Well.

Big spending Zuleika neighbours

Torian's primary asset in the Zuleika Shear is part of an area that is subject to very intensive drilling activity by Northern Star, Evolution, and Zijin. Northern Star and Evolution have a combined FY17 exploration budget of A\$85-90M, of which at least 25% will be spent in the Zuleika region. Torian's ground is adjacent to much of this exploration effort, and its shareholders would reasonably expect to benefit from both Torian's own drilling, and the learnings and discoveries on its tenement borders.

An entrepreneurial company

As a small explorer without a producing asset, we expect Torian will have a flexible approach to adding value. In recent years, the availability of spare mill capacity, the supportive mining contractor environment, and recent examples of solid cash generation from short life mines presents a real opportunity for small explorers.

Mt Stirling Well could generate A\$5M plus

The Mt Stirling Well deposit north of Leonora is likely to be converted into a small high grade resource, much of it in measured status, and will soon provide an opportunity for cash generating commercialisation. Our estimate is that it could generate A\$5.5M+ over 6-9 months, with A\$1-2M start-up costs.

The merger with Cascade to trigger upside

Torian plus Cascade will create an A\$24M market capitalisation exploration company with largely 100% owned contiguous tenement packages on the Zuleika Shear and around Leonora. The offer closes on 5pm WST 10 March 2017. The Target Statement released 22 December 2016 includes an expert valuation of Torian of A\$0.14/sh pre-merger and A\$0.18/sh post-merger, an uplift that is in line with the doubling Torian's exposure to Zuleika at a 66% discount. This valuation assumes no additional exploration success. We do not think the market has priced in the merger.

Company Data

Number of shares	97.53M
Market capitalisation	\$12.7M
Free Float (%)	
12 month high/low	\$0.27/\$0.12
Average Daily Turnover (\$K)	16.9
% S&P/ASX 200	N/A
% All Ordinaries	N/A
DDM Ranking	N/A
ESG Score (Ranking)	N/A
GICS Industry Group	Metals and Mining/Gold

Share Price Performance



Source: ASX

APP Securities contributes all company estimates to Bloomberg, Thomson Reuters, FactSet and Capital IQ.

Note: Numbers displayed are a sub-set

The ESG (Environmental, Social, and Governance) score is a measure of the sustainability and ethical impact of an investment in this company or product. ESG scores range from 0.1 (min) to 100 (max). ESG scores are provided to APP Securities by Bloomberg and are only available for those companies that disclose ESG data to Bloomberg.

INVESTMENT CASE

Bidders Statement Expert sees valuation uplift to A\$0.18/sh if merger succeeds

Figure 1 Valuation Summary from Expert Report

Expert Report	Torian	Cascade	Total
Preferred Net Asset Valuation A\$M	13.58	12.87	26.46
Shares on Issue M	97.53	50.87	148.40
Preferred Net Asset Value A\$/sh	0.14	0.25	0.18

Source: Cascade Target Statement 22 December 2016. Torian Preferred NAV A\$13.58M Moore & Stephens p21, Cascade Preferred NAV A\$12.87M Moore & Stephens p23.

The Cascade Target Statement includes an Expert Valuation for Cascade and a merged Torian shown in Figure 1. The expert has made adjustments to the valuation to reflect the impact of factors like controlling interest, which we have omitted. On the expert's numbers, Torian is fairly priced today, but would see a valuation uplift to A\$0.18/sh if the merger was successful.

APP Securities values Torian at A\$0.25/sh post-merger, or A\$0.22/sh pre-merger

Figure 2 APP Securities Valuation of Torian

Torian Valuation	Merger		No Merger	
	A\$M	A\$/sh	A\$M	A\$/sh
Issued Shares M		148.4		97.53
Valuation	36.5	0.25	21.5	0.22
Cash at Dec 2016	1.6	0.01	1.6	0.02
Mt Stirling Well (assume no tax due to losses)	5.5	0.04	5.5	0.05
Riskd value of Zuleika Tenements	29.4	0.20	14.4	0.15
Chance of finding 500Koz at Zuleika	15%		15%	
Unrisked post tax NPV of a 500Koz discovery	195.7		95.9	

Source: APP Securities Estimates

We have chosen to value Torian on the NPV of Mt Stirling Well, which we believe can be monetized within 12 months, and a riskd value for Zuleika based on what we believe would be the market valuation of a 500Koz minable discovery (Figure 8). This is a median sized discovery for the Zuleika Shear.

Upside Triggers

1. Successful completion of merger with Cascade (March 2017) removing uncertainty and providing full access to 100% of the Zuleika tenements. On valuation, we would expect the Torian share price to increase from current levels to A\$0.18sh -A\$0.20/sh on completion of the merger.
2. Drilling results from December Quarter drilling at the Zuleika project.
3. Declaration of a resource/reserve at Stirling Well, and plan to monetize. On valuation, we would expect to see the Torian share price increase from its post-merger A\$0.18/sh – A\$0.20/sh by A\$0.04/sh to our price target.
4. Emergence of mineable resource at Mt Stirling, augmenting Mt Stirling Well.
5. Results from fully funded drilling planned for 2017.
6. Exploration success in adjacent leases including NST, EVN, Zijin (Zuleika), and Saracen (Mt Stirling).

Risks – Downside

Provided Torian can continue to explore, and particularly if it can fund exploration by sale or development of small and cheaply proved up deposits like Mt Stirling Well, we would see limited downside to the share price from current levels. We also do not see the failure of the merger as having a negative relative to the current share price, but would be negative for our price target. Key risks to the current share price are:

1. Equity market funding dries up before Torian makes a major discovery.

2. Time taken to deliver a major discovery exceeds investors required horizon.
3. Gold price falls, which would flow to the valuation of our indicative 500Koz project.

Risks - Upside

We would revise our price target to the upside if either the probability of discovery at Zuleika rose, or on other positive news, which potentially could include the following events:

1. Mt Stirling Well mining reserve delivered more ounces particularly from the vertical veins above the main mineralized horizon, or if there turned out to be a stack of parallel lodes below the current main horizon.
2. Mt Stirling has had significant drilling and we are awaiting interpretation and a resource, with potential to materially improve the value of any project at Mt Stirling Well.
3. Credo Well (Zuleika JV) drilling was also conducted during the December Quarter with assays yet to be reported. Previous drilling has indicated sub-vertical mineralisation with potentially economic grades if continuity can be demonstrated.
4. Browns Lagoon (Zuleika JV) has provided some evidence of being along structure from the Paradigm discovery of Northern Star. Assay results are yet to be reported from the shallow drilling conducted in the last quarter.
5. Takeover by a major gold mining company interested in expanding its exposure to the Zuleika shear.

MERGER WITH CASCADE: COMBINING THE HALVES

Torian was earning into the Cascade Zuleika ground. By merging, the complexities of the various farm in arrangements fall away. Cascade shareholders will own 50.9M shares or 34% of the 147.8M post-merger shares on issue, with the merged company having no options and no debt. The merger is likely to be seen by the market as value accretive for Torian if the market places equivalent value or no value on the non-Zuleika tenements, which would imply:

1. If Torian is currently valued on only its 49% of Zuleika, then it should trade at A\$0.18/sh - A\$0.19/sh post-merger i.e. 46% higher (see Figure 3).
2. Torian shareholders are buying exposure to Zuleika at a 66% discount.

The merger is fair value if Torian's non-Zuleika assets are worth around A\$6.5M more than those of Cascade. We believe that the market has not focussed on valuing the non-Zuleika assets of either Torian or Cascade, and any value recognised in either would see an appreciation in the Torian share price.

Merger doubles Torian's holding in Zuleika while increasing issued shares 50%

Figure 3 Comparison of Torian v Cascade

	Torian	Cascade	Combined
Torian Shares M	97.5	50.9	148.4
Share Price A\$/sh	0.130	0.130	0.130
Market Capitalization A\$M	12.7	6.6	19.3
51% of TNR Remaining Zuleika Spend A\$M	-1.9	1.9	
Cash on Hand A\$M 31 Dec 2016 (Est)	1.6	0.1	
Adjusted Value of Leases A\$M	13.0	4.7	17.6
Valuation A\$/1% of Zuleika	264770	91189	176244
Valuation A\$/1% of Zuleika	264770	264770	264770
Enterprise Value A\$M	13.0	13.5	26.5
Add Cash	-0.3	2.0	1.7
Valuation	12.7	15.5	28.1
Shares on Issue m	97.5	50.9	148.4
Valuation A\$/sh	0.13	0.30	0.19

Source: Cascade Target Statement 22 December 2016

At May 2016, Torian had spent A\$1.25M of the A\$5M required to earn a 49% share in the Zukeika/Credo tenements. 51% of the remaining A\$3.75M required for the earn in amounts to A\$1.9M which is to be spent on exploration, but which we treat as a cash payment by Torian to Cascade, shown in Figure 3.

Torian's cash on hand at 30 September was A\$2.36M, and estimated December quarter outgoings were estimated at A\$0.75M (5B report 31 October 2016). While some of the funds spent from May 2016 to December 2016 will have reduced the earn in requirement, we have assumed no change to the earn in.

There is no market in the unlisted Cascade, so the best measure of its value is the market value of Torian.

Assuming the market values the non-Zuleika assets in each company close to zero, the value of the Zuleika tenements can be determined from the enterprise value of Torian in A\$/1 % interest in Zuleika, and this value can be applied to Cascade, giving a value of A\$0.30/sh (Figure 3).

On this basis, Torian shares that are worth A\$0.13/sh today (i.e. the current market), would be worth A\$0.19/sh post-merger on this measure (Figure 3).

Figure 4 Key Merger Information

Consideration	1 fully paid TNR per 1 Cascade
Break Fee	A\$100,000
Minimum Acceptance	90%
Offer Closes (unless extended or withdrawn)	5pm WST 10 March 2017
Cascade & Torian Shareholder vote	Early March 2017

Source: Torian Bidders Statement 12 December 2016

Both companies have substantial tenement holdings outside Zuleika, containing historic mines. The Torian 100% owned Stirling Well and 51% Mt Stirling have had considerable drilling over the last 12 months, and is close to reporting resources and possibly reserves. However, these resources would be small (10Koz to 20Koz) and we would be surprised if the market has paid much attention to these assets.

Figure 5 Tenement Holdings of Torian and Cascade

	Torian	Cascade	Combined
Zuleika/Credo Well (post earn in)	49%	51%	100%
Mt Stirling Well	100%	0%	100%
Mt Stirling Project (Torian has option to 90%)	51%		51%
Malcolm Project (Torian has option to 90%)	51%		51%
Mt Korong	100%		100%
Gibraltar South	100%		100%
Bardoc (Split on area basis)	31%	69%	100%
Kanowna South	0%	100%	100%
Mt Monger	0%	100%	100%
Kanowna South, Five Mile Hill, Boorara		100%	100%
Mt Monger		100%	100%

Source: Cascade Target Statement 22 December 2016

Torian has the right to increase its interest in Mt Stirling and Malcom from 51% to 90% on payment of various amounts depending on the specific tenements, aggregation to A\$2.25M in total. The final 10% converts to a 2% gross revenue royalty on non-contribution. (Notice of Meeting p11 27 February 2015).

The Bardoc assets are shown here to reflect the relative sizes of the separate tenement holding of the two companies. No leases are jointly owned in this region. Cascade holds adjoining tenements to the north and south to Torian's tenements

ZULEIKA OPTION VALUE

One of the attractions of exploring in the Zuleika Shear region is the potentially high grade nature of the target. The median discovery is an open cut with underground extension containing 500Koz at a head grade of 8g/t gold (Figure 7).

We have constructed a simple financial model of such a discovery (Figure 8), with costs based on the East Kundana operating costs from recent Northern Star quarterlies. To obtain a Net Present Value, the real (uninflated) post tax cash flows have been discounted by 5% pa.

The NPV of such a model is A\$195.7M (bottom line of Figure 8), and the sensitivities to parameter changes are shown in Figure 6. While we are targeting one substantial discovery only, it is not out of the question that there could be more.

While such a model cannot be used for valuing Torian, it can be used for calculation investor upside and downside risk. In determining our target price, we have used a 15% probability of discovering a mineable 500Koz in the next 12 months. The market is currently pricing a 6% probability that Torian will make such a discovery, which we believe is too conservative.

Our NPV has been calculated using a 5% discount rate applied to uninflated costs and prices. We believe this method produces an NPV very similar to the market valuations that can be seen in the stock market for producing gold stocks. To us, it represents a concrete guide to where the share price would go, if such a discovery were made, rather than just a theoretical valuation.

The A\$195.7M NPV includes A\$25M or A\$50/oz drill out cost. Northern Star has indicated that Zuleika finding costs have been A\$50/oz into reserve.

Figure 6 Sensitivities to Base Case NPV of A\$195.7M

	Base Case	Plus	Minus
+/- 100Koz Reserves	500Koz	38	-43
+/- 1g/t	8 g/t	24	-18
+/- A\$20M Initial Capex including drill out	A\$100M	-14	14
+/- A\$10/t Opex	A\$110/t	-10	10
+/- US\$100/oz Gold Price	US\$1200/oz	33	-33
+/- 0.01 AUDUSD	0.72	6	-5

Source: APP Securities estimates

For example, our assumed contained gold is 500Koz in reserves. Adding 100Koz would increase the NPV by A\$38/sh, and reducing the contained gold by 100Koz would reduce the NPV by A\$43m

Figure 7 Zuleika Shear Discoveries

Zuleika Shear Deposits	Structure	Contact	Size Moz	Au g/t	Company
Kundana	K2	Shale	0.50	8	Historic /NST
Strzelecki	Strzelecki	Gabbro	0.49	8	Historic /NST
Centenary	K2	Shale	0.31	8	Historic /NST
Barkers	Strzelecki	Gabbro	0.29	8	Historic /NST
Raleigh	Strzelecki	Gabbro	1.02	14	EKJV
Rubicon/Hornet	K2	Shale	0.5	23	EKJV
Pegasus	K2	Shale	1.2+	12	EKJV
Bullant	K2	Volcanics	0.70	5.4	Zijin
Frogs Legs	K2		2.10	5	EVN
White Foil		Gabbro	0.50	2	EVN
Castle Hill	Kunanalling	Tonalite	1.50	1.3	EVN
Millennium	K2		0.35	5.8	NST
Carbine/Paradigm	K2		0.32	1.4	NST
Broad's Dam	K2		0.17		EVN
Johnson's Rest	K2		growing		EVN

Source: Martin Place Securities Torian Report 5 October 2016 p18

Figure 8 Sample Financial Model for a Zuleika Shear high grade target

Year	LOM	-1	0	1	2	3	4	5	6	7	8	9	10
Reserves Kt		1944	1944	1744	1544	1344	1144	944	744	544	344	144	-56
Grade g/t		8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Contained Gold Koz		500	500	449	397	346	294	243	191	140	88	37	-14
Ore Mined Kt				200	200	200	200	200	200	200	200	200	200
Grade g/t				8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Gold Mined Koz				51.4	51.4	51.4	51.4	51.4	51.4	51.4	51.4	51.4	51.4
Milled Kt	2000			200	200	200	200	200	200	200	200	200	200
Head Grade Au g/t				8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Recovery		95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Gold Recovered Koz	489			48.9	48.9	48.9	48.9	48.9	48.9	48.9	48.9	48.9	48.9
Capex A\$M	132	50.0	50.0	3.6	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2
Costs A\$/t													
Mining		75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0
Processing		25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0
Site Services		10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Sustaining Capex A\$/t		15.6	16.9	18.0	15.9	15.9	15.9	15.9	15.9	15.9	15.9	15.9	15.9
Gold Price US\$/oz		1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200
AUDUSD		0.72	0.72	0.72	0.72	0.72	0.72	0.72	0.72	0.72	0.72	0.72	0.72
Gold Sold Koz		0.0	0.0	48.9	48.9	48.9	48.9	48.9	48.9	48.9	48.9	48.9	48.9
Revenue A\$M		0.0	0.0	81.5	81.5	81.5	81.5	81.5	81.5	81.5	81.5	81.5	81.5
OP Costs A\$M		0.0	0.0	-22.0	-22.0	-22.0	-22.0	-22.0	-22.0	-22.0	-22.0	22.0	22.0
Royalty		0.0	0.0	-1.6	-1.6	-1.6	-1.6	-1.6	-1.6	-1.6	-1.6	-1.6	-1.6
EBITDA		0.0	0.0	57.8	57.8	57.8	57.8	57.8	57.8	57.8	57.8	57.8	57.8
Depn	270	0.0	0.0	-13.2	-13.2	-13.2	-13.2	-13.2	-13.2	-13.2	-13.2	13.2	13.2
EBIT		0.0	0.0	44.6	44.6	44.6	44.6	44.6	44.6	44.6	44.6	44.6	44.6
Tax Exp		0.0	0.0	-13.4	-13.4	-13.4	-13.4	-13.4	-13.4	-13.4	-13.4	13.4	13.4
NPAT		0.0	0.0	31.2	31.2	31.2	31.2	31.2	31.2	31.2	31.2	31.2	31.2
Cash Flow From Ops		0.0	0.0	44.4	44.4	44.4	44.4	44.4	44.4	44.4	44.4	44.4	44.4
Capex		-50.0	-50.0	-3.6	-3.2	-3.2	-3.2	-3.2	-3.2	-3.2	-3.2	-3.2	-3.2
Net Cash Flow		-50.0	-50.0	40.8	41.3	41.3	41.3	41.3	41.3	41.3	41.3	41.3	41.3
NPV	0	195.7	255.5	318.3	293.3	266.7	238.8	209.5	178.7	146.3	112.4	76.7	39.3

Source: APP Securities Estimates

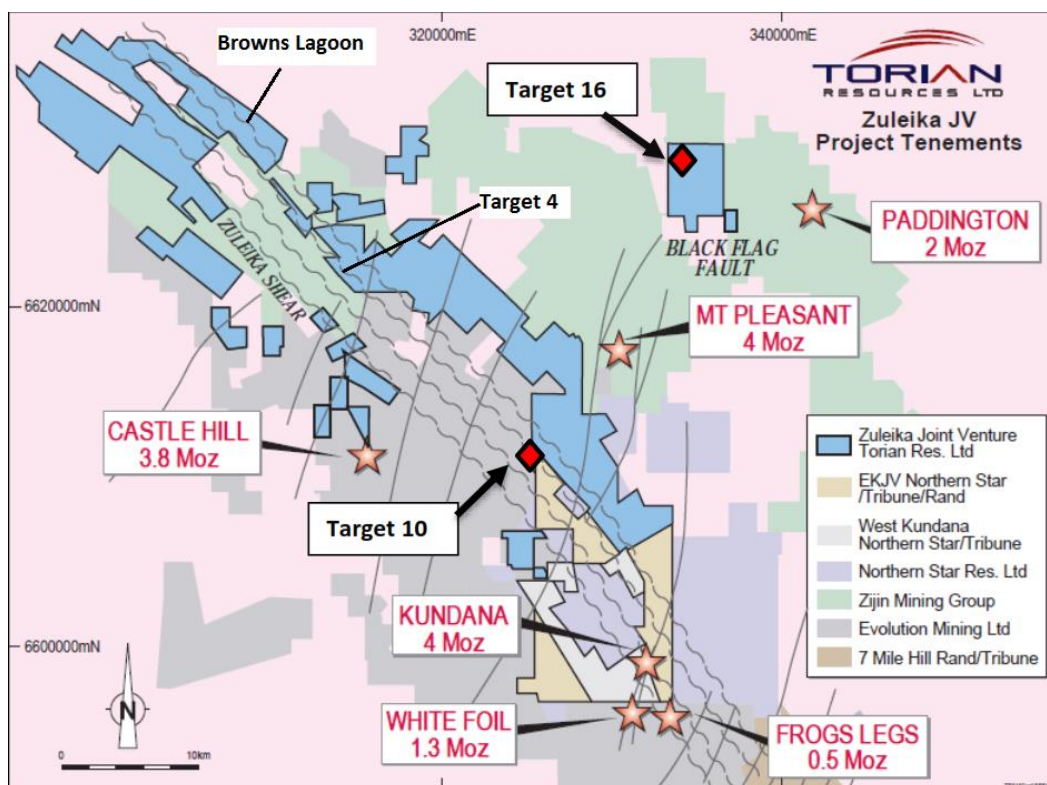
ZULEIKA PROJECT BACKGROUND AND RESULTS TO DATE

Torian is exploring in its own right, but is also a beneficiary of the activity of Zijin, Evolution and Northern Star on its boundaries. Visibility is an issue however. Zijin publishes very little information, and all the others including Torian have naming systems and local grid systems that make assessment of the relevance of other companies' discoveries problematic.

Torian's FY17 exploration plan (release 26 July 2016) stated an intention to target four key areas in the Zuleika tenements:

1. Ambition North (Target 10)
2. Brown's Lagoon
3. Targets 16 & 17 (Credo Well)
4. Infill of the Black Shale line at Target 4 (near Zijin's Bullant pit)
5. On 21 August 2016, Torian added Targets 18 and 19 to this list (located roughly midway between Target 4 and Browns Lagoon)

Figure 9 Torian's Zuleika Project, Current Targets and Neighbours



Source: TNR's Zuleika release 15 June 2016 p2

BLACK SHALE LINE - TARGETS 18/19 (TNR 49%, Cascade 51%)

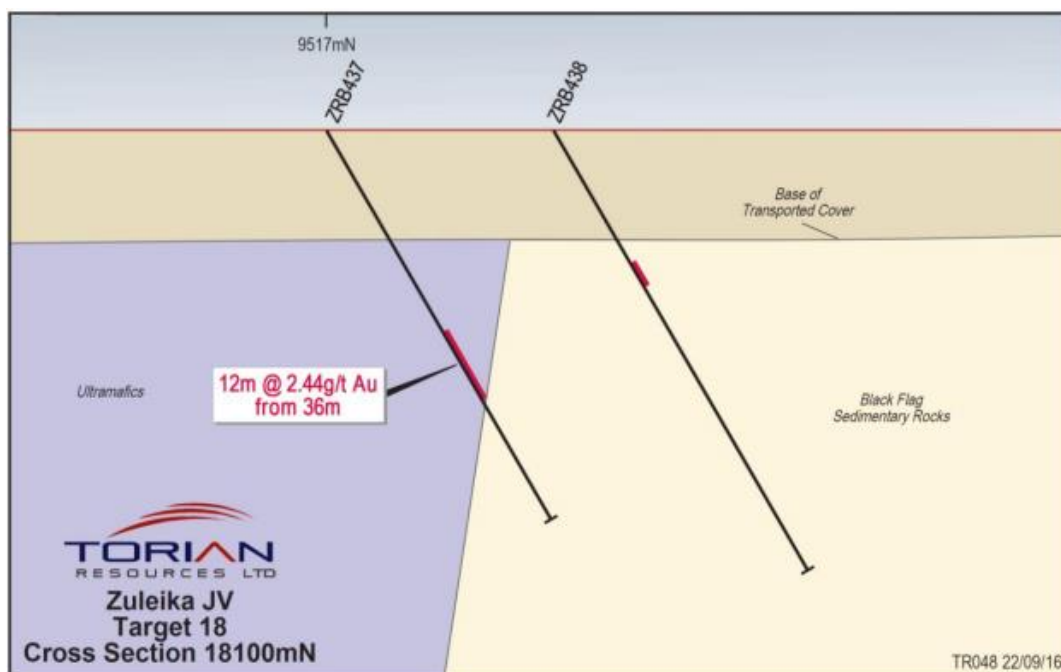
Targets 18/19 are located in the region of Target 4 in Figure 9, and are about 1.5km east of the Hawkins Find Gold Mine. There is an indicated strike length of 2km and the best intersection up to the current round of drilling was 4m at 0.57g/t from 72m down hole.

The Torian exploration reports of 31 August 2016 and 27 September 2016 refer to drilling at targets 18 & 19, which are defined by historic drilling in the 1980s along strike from Zijin's Bullant (9Km), Wattle Bird (8Km) West of Hawkins Find (1.4Km), and Porphyry (5Km). Evolution is drilling at Johnsons Well 13Km to the south.

These deposits generally occur at or adjacent to sheared felsic porphyry units in contact with ultramafics, and field inspection of cuttings from historic drilling showed these features exist at this location.

Of the 10 drill holes for which Torian had results as at 27 September 2016, the best intersection was 12m at 2.44g/t from a depth down hole of 36m. There was no further update in the Activities Quarterly released 31 October 2016. The remainder of the 15,000m RAB program was completed by November 2016, and the company is awaiting assays.

Figure 10 Best Reported Intersection from Target 18 So Far

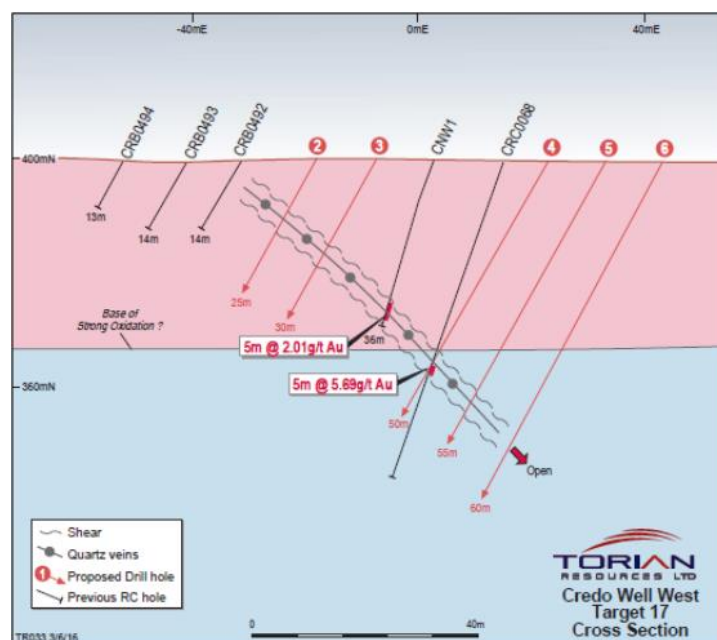
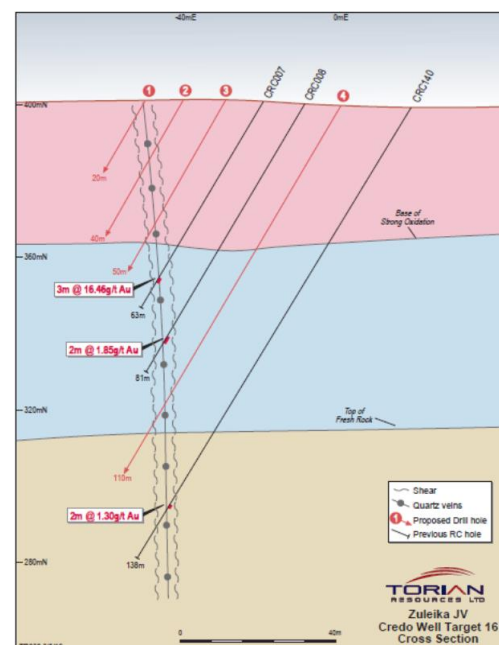


Source: Torian September 2016 Quarterly Activities Statement

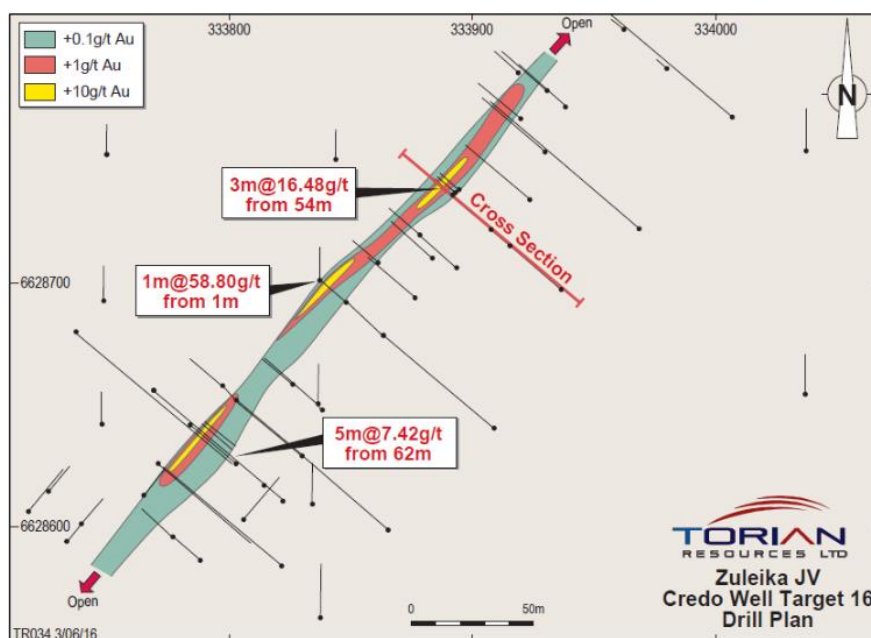
CREDO WELL OR TARGETS 16 & 17 (TNR 49%, Cascade 51%)

2,200m of RC drilling was planned to be completed in the December quarter at Target 16 to around 100m depth. Drilling at this target has produced some excellent results historically. No results have been reported to date.

Target 17 is 100m west of Target 16. A drilling plan is still under development in the December 2016 quarter.

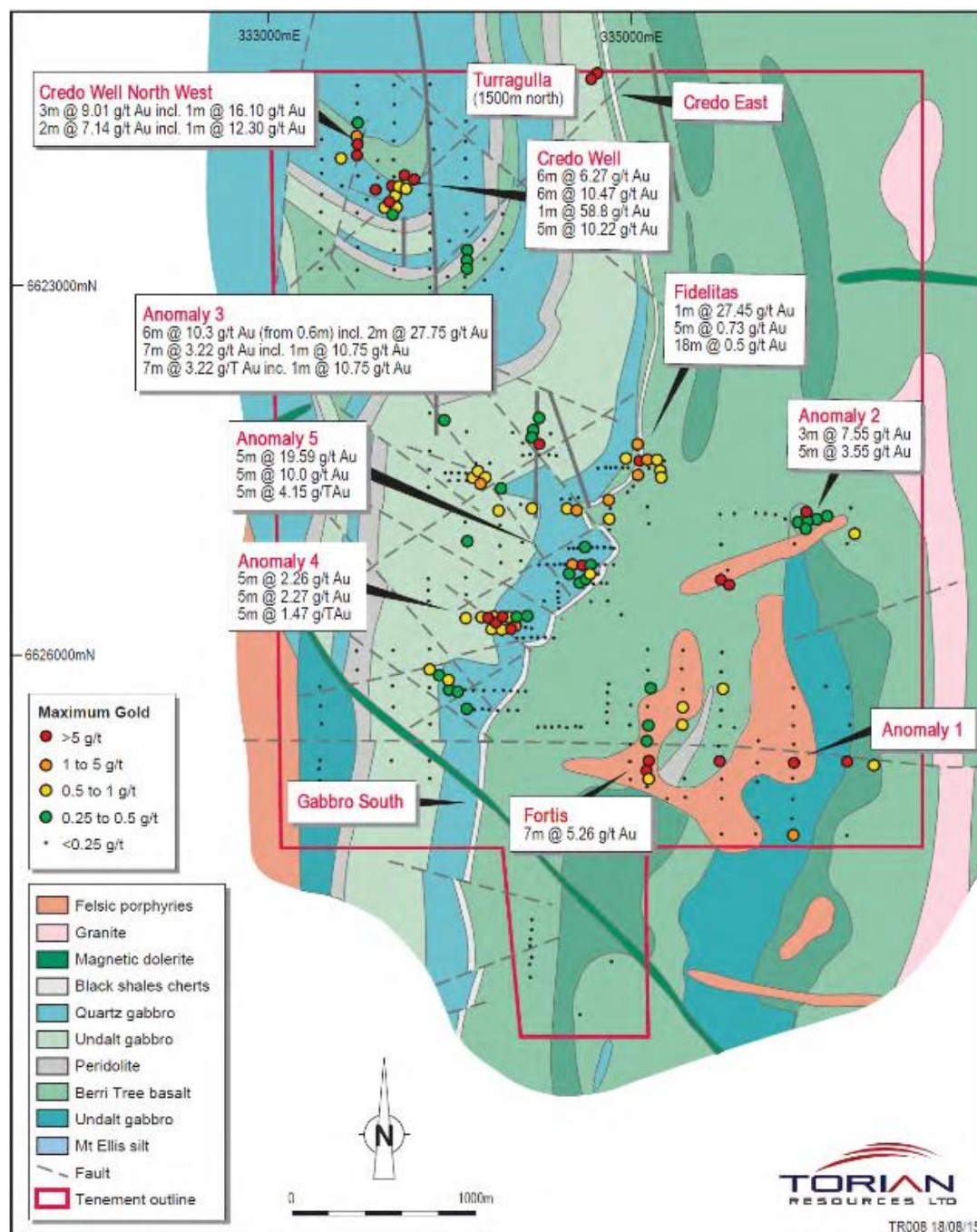
Figure 11 Credo Well Target 17 Cross Section**Figure 12 Credo Well Target 16**

Source: TNR release 15 June 2016

Figure 13 Credo Well Target 16 in Plan View

Source: Torian release 15 June 2016

Figure 14 Historical Drilling at Credo Well and Surrounding Targets



Source: Torian Resources Roundup presentation May 2016

In Figure 14, Target 16 is called Credo Well in the top left of the tenement. Target 17 is 700m west, and is shown as Credo Well North West. The tenement contains a number of other targets with significant gold intersections recorded from historical drilling.

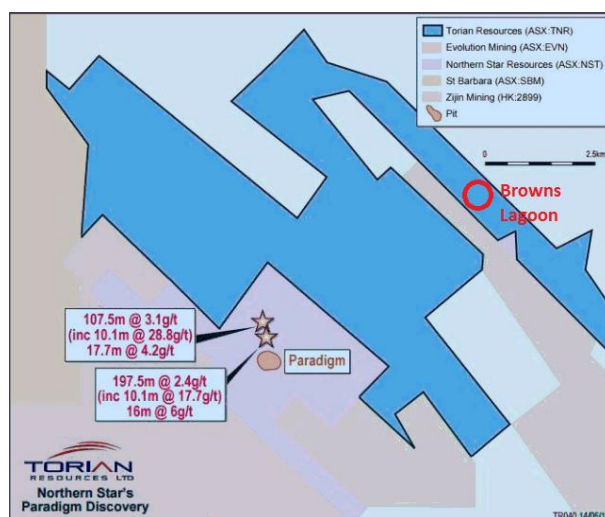
TARGET 18 & 19 - BROWN'S LAGOON (TNR 49%, Cascade 51%)

Browns Lagoon lies between Zijin's Bullant mine and the historically mined Carnage Gold Mine. It may also lie on the same structure that crosses the Zuleika/Kunanulling shear package and hosts the Paradigm discovery of Northern Star some 5.2-5.8Km to the southwest, which has reported drill intersections of:

- 107.3m @ 3.19g/t Au, including 10m @ 28.8g/t Au
- 197.5m @ 2.4g/t Au including 10.1m @ 17.1g/t Au
- 3.2m @ 207g/t Au from 189m
- 5.2m @ 156g/t Au from 92m
- 10.0m @ 54.3g/t from 165m

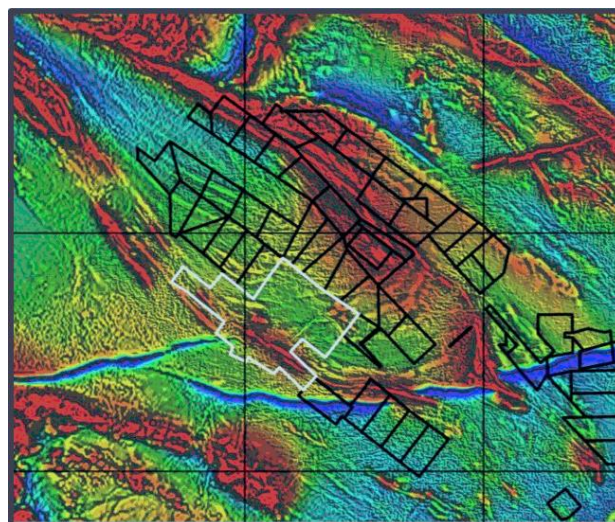
Torian has yet to report the grades intersected in its RAB drilling at Browns Lagoon in the December 2016 quarter, but one hole was very wet, and Torian Exploration Manager Lyndal Money notes that the Paradigm historical underground mine has a substantial water presence, and that water may be indicative of a structural connection.

Figure 15 Northern Star Lease Position and Paradigm Discovery v Browns Lagoon Tenements

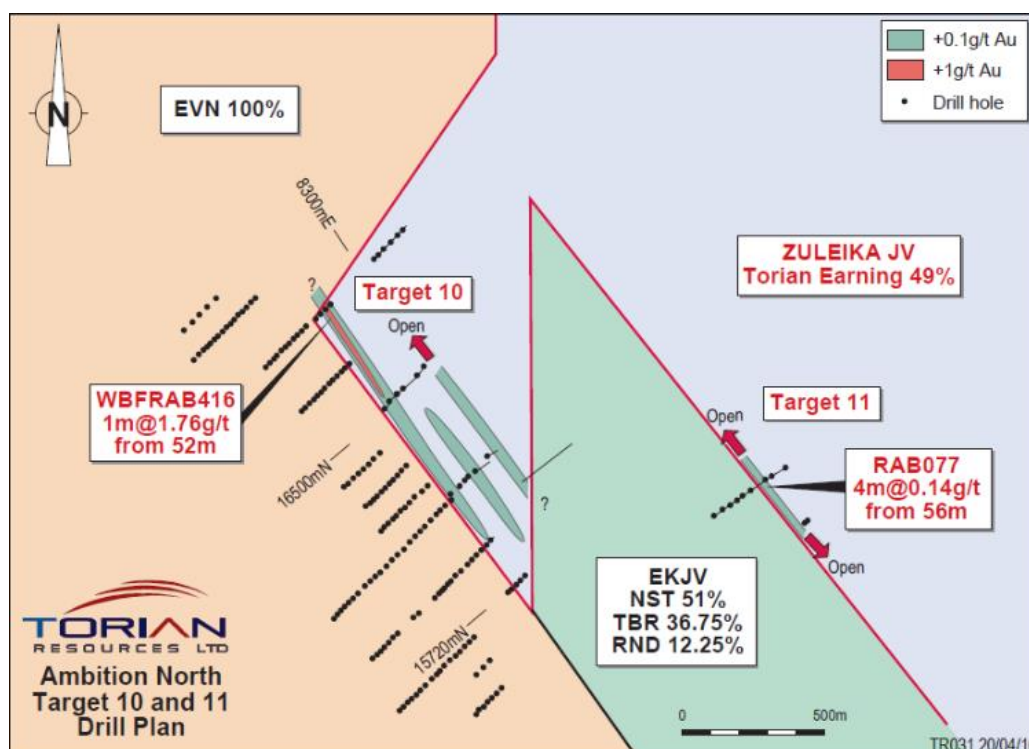


Source: TNR New York Presentation 22 November 2016

Figure 16 Magnetics in the Browns Lagoon Region



Source: TNR New York Presentation 22 November 2016

AMBITION NORTH (TNR 49%, Cascade 51%)**Figure 17 Ambition North exploration targets**

Source: TNR release 26 July 2016

Ambition North is 8Km northwest of the North Pit at Kundana, and is adjacent to EKJV's Ambition discovery. The Ambition prospect is in the East Kundana Joint Venture ground and is reported in most detail in the East Kundana Joint Venture (EKJV) Quarterly Activity Reports available on the Tribune and Rand websites. Ambition was discovered in 2013, and is interpreted as a continuation of the K2 line of lode, which contains the >1Moz Pegasus deposit. The black shale found at Ambition is also present at Torian's Ambition North.

The last report on Ambition was in the EKJV March 2016 Activities Report, with two holes, reporting 1m at 2.03g/t from 317m depth, and 2.5m at 1.02g/t, 1m at 1.01g/t from 346m and 358m respectively.

The best drilling results from Ambition North include:

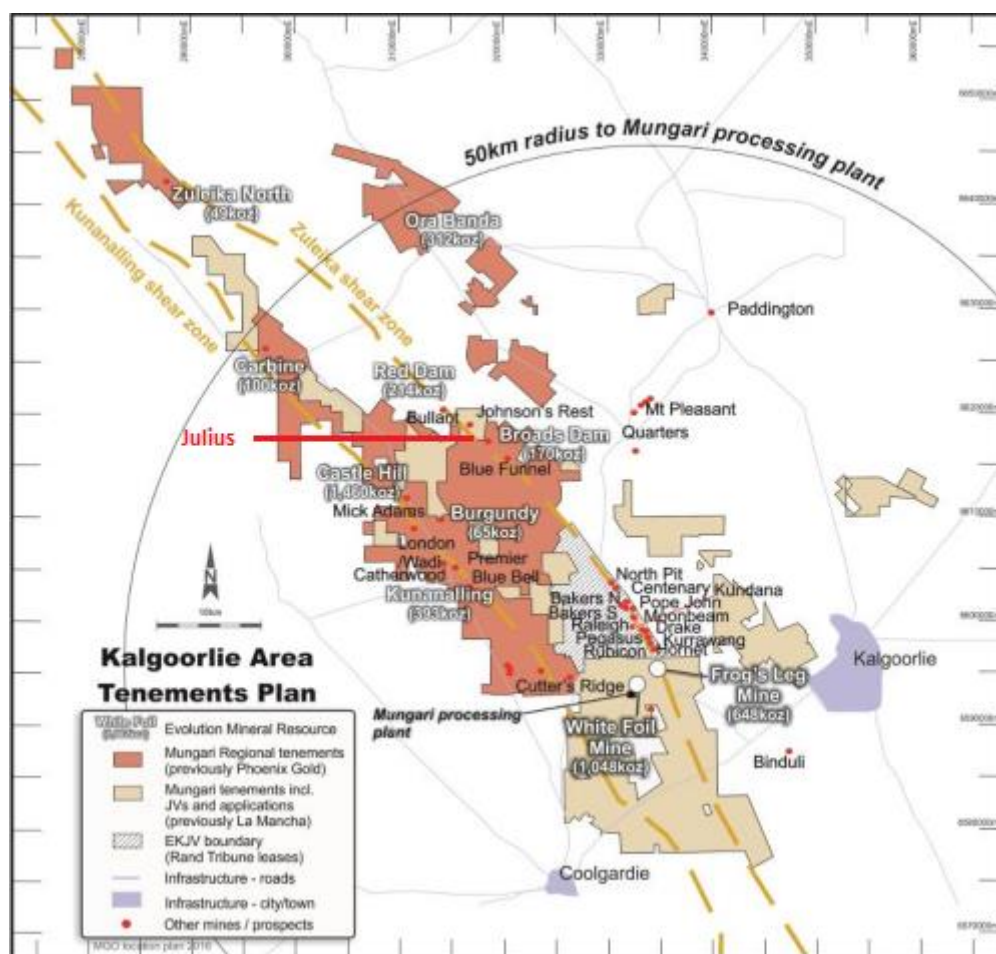
- 2m @ 11.3g/t
- 2m @ 9.8g/t
- 3m @ 5.0g/t

If there is a deposit there, it could be spread across a number of tenement boundaries including Torian, Evolution and EKJV, which will make it an opportunity for asset trading, with Torian either a buyer or seller, but most likely a seller, with potentially two competing bidders.

Given the compact and high grade nature of deposits in the Zuleika Shear, there is also scope for a stand-alone discovery inside Torian's ground.

EVOLUTION EXPLORATION ACTIVITY IN THE SEPTEMBER 2016 QUARTER

Figure 18 Evolution's Tenements around the Zuleika Shear Highlighting Julius



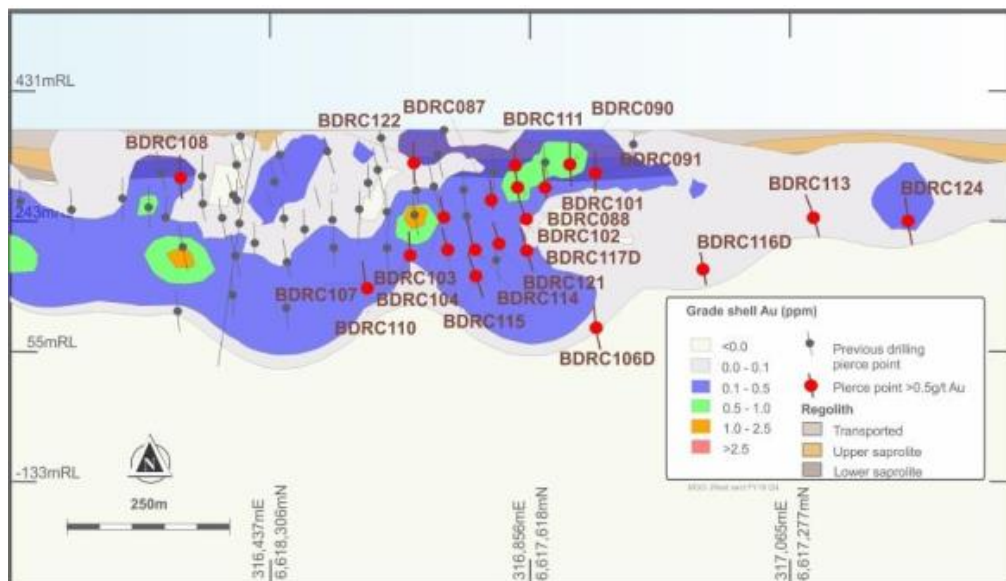
Source: EVN Investor Day Update 24 Jun 2016 p57

In its September Quarterly Activities Report, EVN highlighted the identification of a new zone of mineralization at the Julius Prospect 1.5km south of Johnson's Rest. In the quarter, this prospect saw 15 holes define a zone 950m strike length, open to the south and at depth, with best intersections of 16m at 3.5g/t and 5m at 7.4g/t.

In the September 2016 quarter, the Mungari operation saw 167 holes for 22,724m of drilling across the tenure, including diamond, RC and aircore. The majority of the drilling was in the Johnsons Rest/Broads Dam area, with some activity at Area 11 in the Phoenix ground, and in the Frogs Legs tenements at Broads Dam.

Johnson's Rest/Broads Dam is along strike to the south East of Torian's Target 4 Black Shale area.

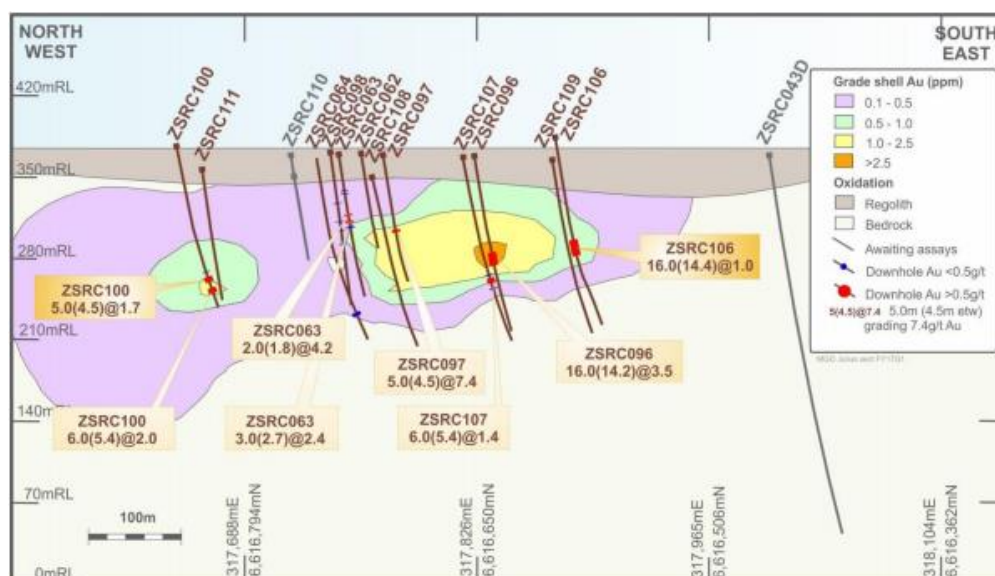
Figure 19 Johnson's Rest long section



Source: EVN June Quarter activities report

Johnsons Rest appears to have a strike length of over 950m, with the bulk of the mineralized zone over 150m below surface. Grade intersections above that level present as very tight targets 50-100m in strike length.

Figure 20 Julius long section

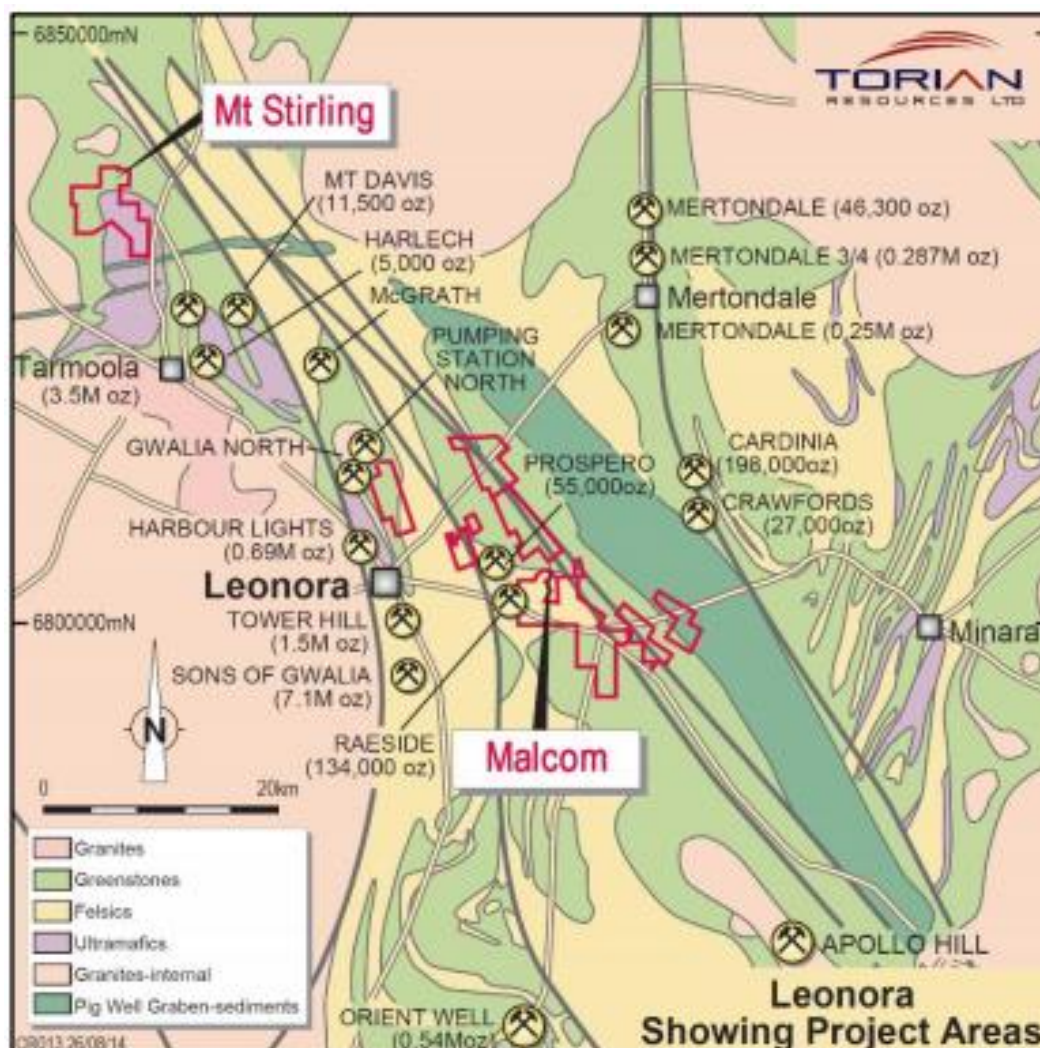


Source: EVN September Quarter activities report

Julius starts under 40-60m of barren cover with the 1.0-2.5g/t targets under 50m in strike, and 100m deep.

LEONORA REGION PROJECTS

Figure 21 Leonora Region Tenement Location



Source: TNR quarterly activities statement for June 2016 quarter

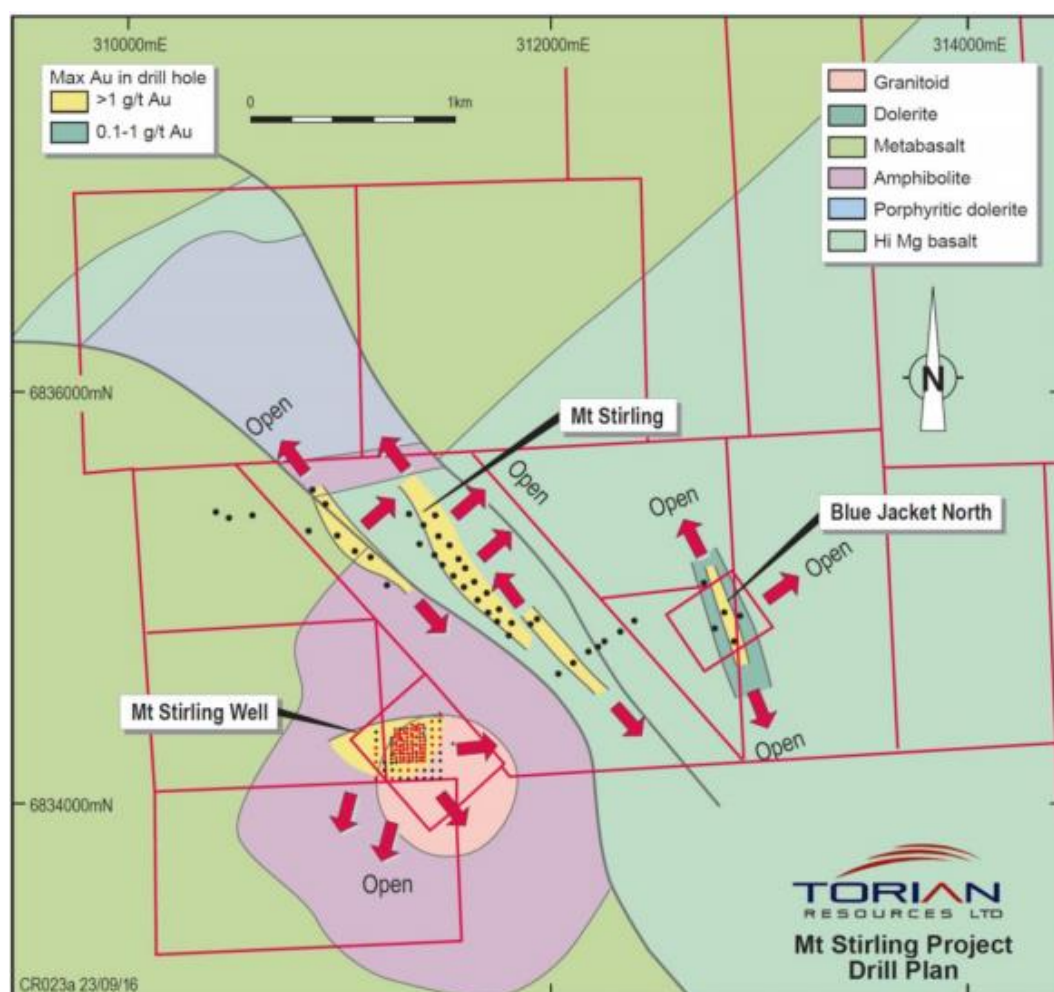
Torian's Mt Stirling asset is adjoining Saracen's recently acquired King of the Hills (Tarmoola) historic mine, which is receiving considerable attention from its new owner. Torian's ground is along strike and should benefit from any Saracen success. Torian's Malcom leases have an active Kin Mining to the north (Mertondale), and GME Resources to the southeast, among others. Both companies have reported high grade intersections.

There is significant spare mill capacity in the region, with Sons of Gwalia mill 46km to the south running well below full capacity, while Saracen owns the mothballed Bannockburn mill and the currently operating Thunderbox mills to the north.

There is a growing body of expertise regarding what is required to create a successful toll processing arrangement. Saracen in particular has struck a number of successful tolling deals through its Carosue Dam mill.

Mt Stirling Well (100% TNR)

Figure 22 Mt Stirling Well/Mt Stirling Tenements



Source: TNR quarterly activities report for September 2016

From a drilling and resource generation point of view, Torian's Mt Stirling Well and Mt Stirling are much more advanced than the Zuleika tenements, even though the tonnage upside is unlikely to be as great as the Zukeika ground.

Mt Stirling Well (100% TNR)

The Mt Stirling Well target is an outcropping quartz reef dipping to the south-south-east at around 20 degrees. The quartz reefs are within a discrete granitoid. There has been hand mining of the deposit in the past.

Torian has drilled the reef on a 20m by 20m pattern, sufficient to calculate a reserve. The gold distribution is nuggetty, and an average of all drill intersections to date has been 3.34g/t with a high grade core of 6.19g/t.

The flat lying reef is intersected with vertical reefs, which have been largely missed by the vertically oriented drilling.

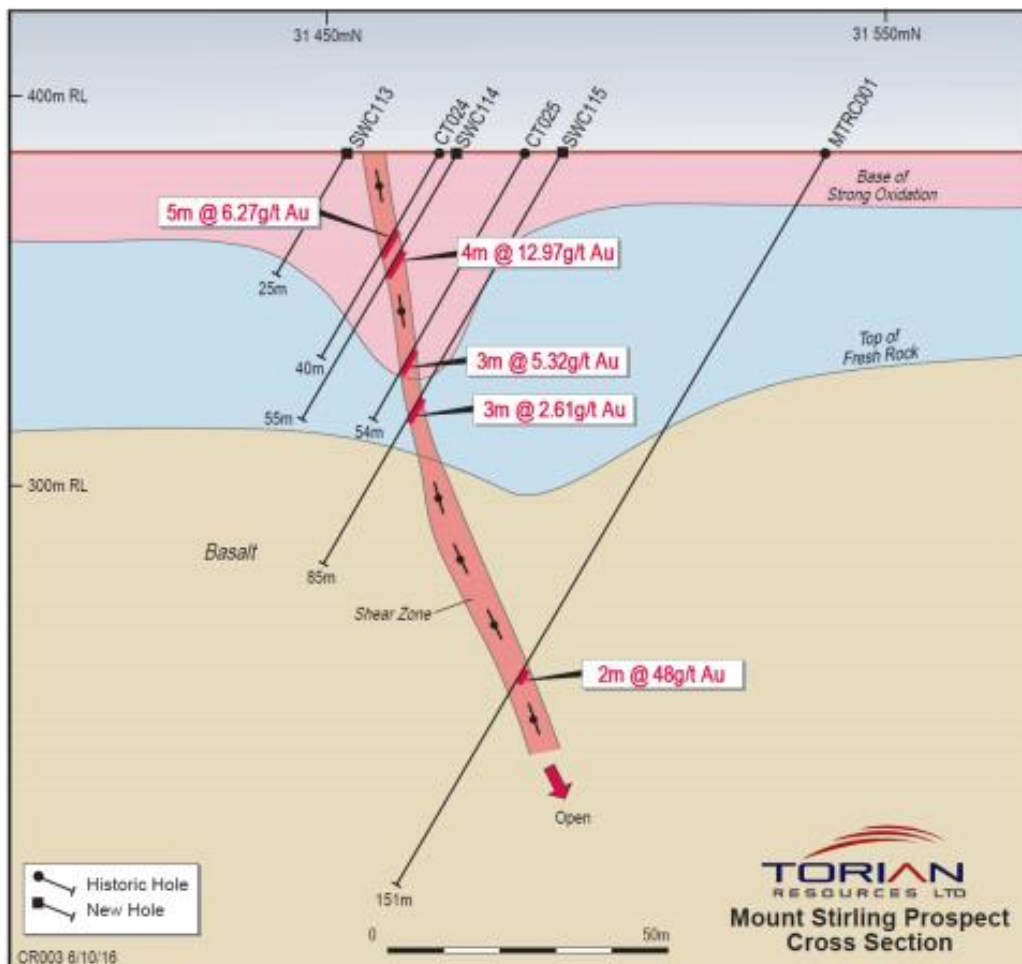
Torian has also announced a 3,000m RAB program to test a target north of Mt Stirling Well. The assays from the current program have yet to be released.

Mt Stirling Well is covered in more detail in the valuation later in this report.

Mt Stirling (51% TNR)

Torian has recently completed an RC drilling campaign at Mt Stirling. 20-40m spaced RC drilling tested a 280m strike to a down hole depth of 85m. Some drilling intersected additional veins which will be followed up (see Torian release 18 November 2016).

Figure 23 Mt Stirling Cross Section Showing High Grade Open Cut Potential



Source: Torian release 14 October 2016 p4

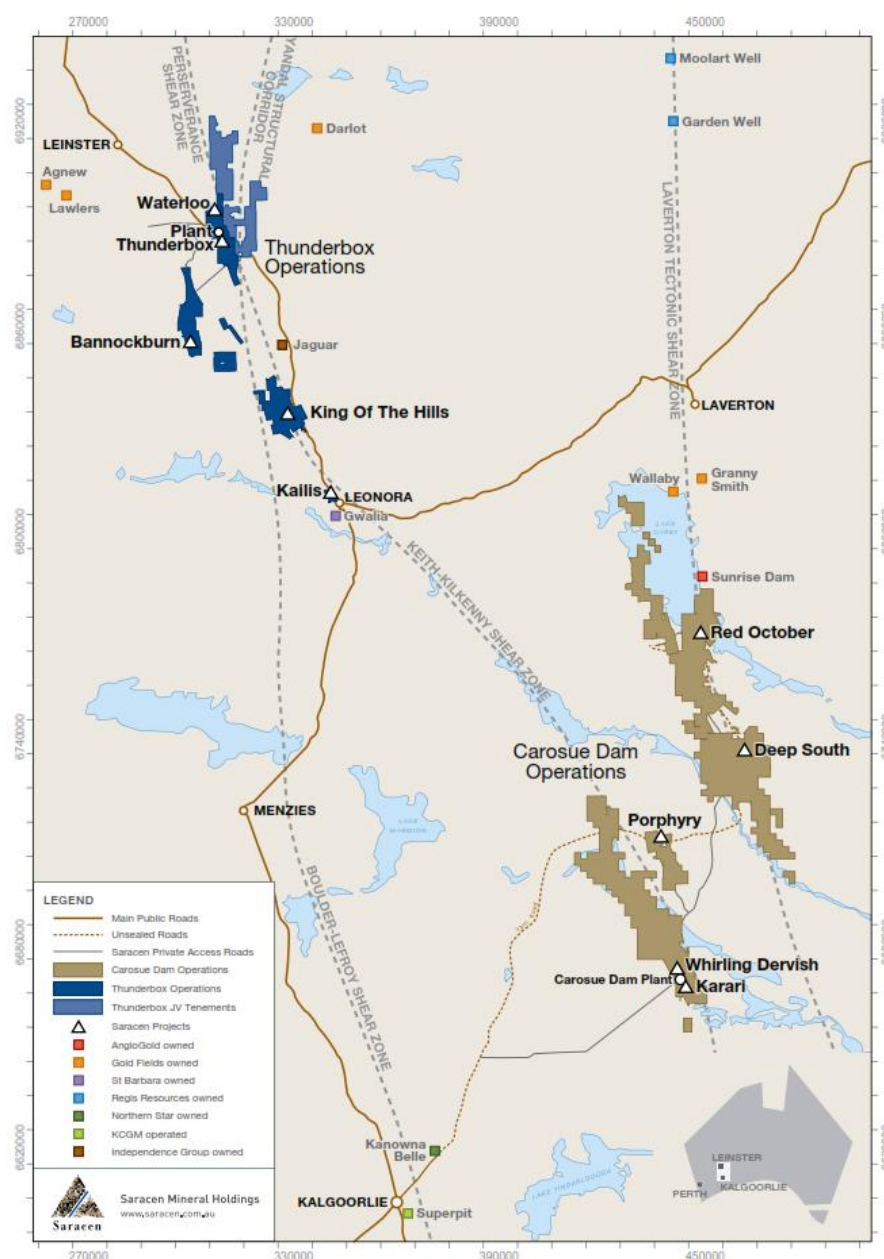
Other companies in the region

St Barbara still has leases to the northeast of Mt Stirling, but the company's main exploration focus appears to be elsewhere. The company's Sons of Gwalia plant 46Km south of Mt Stirling is processing 900Ktpa from the Gwalia underground, and has some 500tpa of spare mill capacity.

Eastern Goldfields has extensive lease holdings adjoining to the West of Mt Stirling, but appears to be focusing on its Mt Ida and Davyhurst ground further to the south around Menzies. This ground appears to now be owned by Great Boulder Resources Ltd (GBR), but that change has not shown up on the WA Department of Mineral Resources Tenograph as yet.

Kin Mining is the most energetic gold junior in the region. Its Leonora Gold Project has completed a Preliminary Feasibility Study, including a new 750Ktpa mill which is expected to expand to 1.3mtpa. Their new mill would be located some 50km due east of Mt Stirling, and immediately to the north on Torian's Malcolm tenements.

Figure 24 Saracen operations in the Leonora region



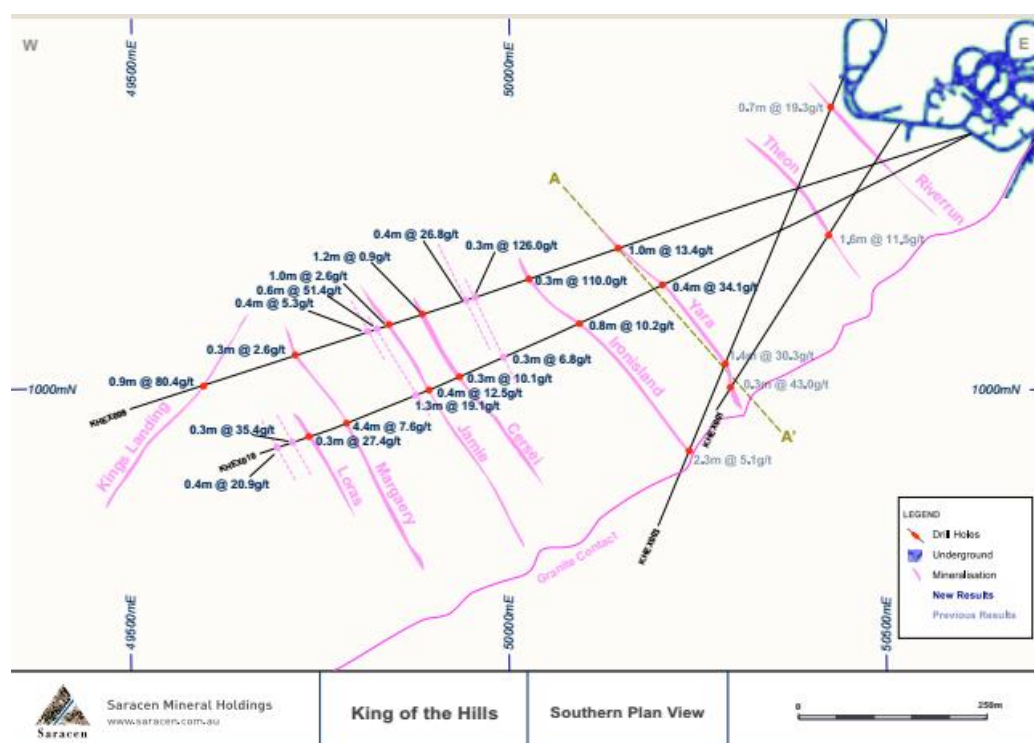
Source: Saracen

Saracen's King of the Hills (Tarmoola) project adjoins the Torian ground immediately to the South East. There is a mine and plant site at King of the Hills (Tarmoola) 11Km from Mt Stirling, but the processing plant itself has been removed. Saracen paid St Barbara A\$0.3M for King of the Hills and Kailis in August 2015, with A\$2.7M on start of Kailis production or August 2019. Saracen's Thunderbox project and 2.5Mtpa processing plant is 46Km north of Mt Stirling Well, and the idled Bannockburn processing plant is 26km to the North West.

King of the Hills historical data has been reassessed, and Saracen have reported the following conclusions:

1. Mineralisation in the granite is readily identifiable by the change in the dominant carbonate phase from calcite to ankerite.
2. There are three distinct orientations of the mineralised veins, with the key orientation being a set of steep to moderately dipping tension veins that strike northwest – southeast. These targets are being drilled currently, with "encouraging early results". Source: 2016 Annual Report p23.

Figure 25 Saracen's King of the Hills Mine Near Mt Stirling Well

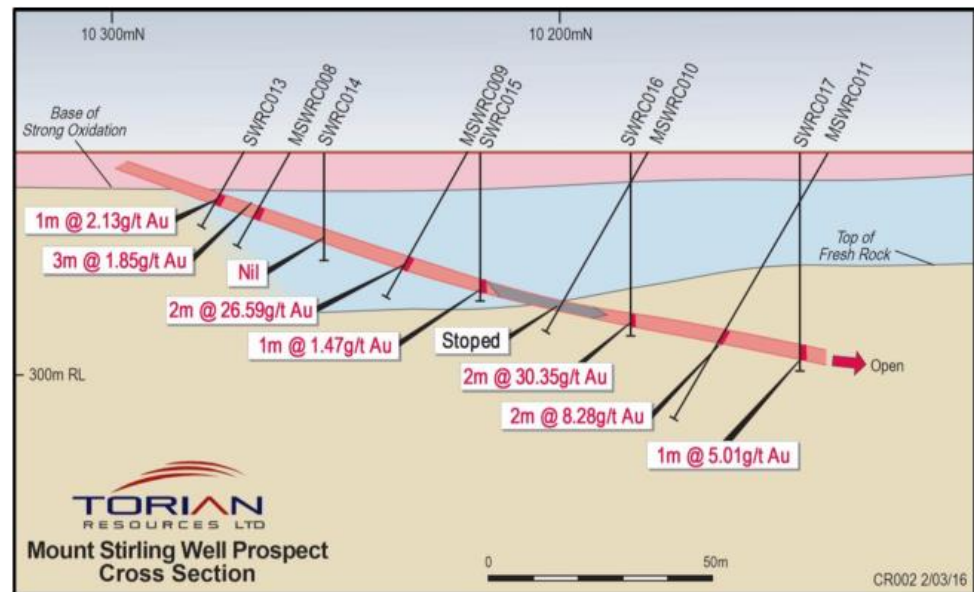


Source: Saracen

The stacking of veins and the mineralisation markers may provide potential for further target generation at Mt Stirling Well.

MT STIRLING WELL VALUATION

Figure 26 Mt Stirling Well Cross Section



Source: Torian release 3 March 2016

Figure 27 Drill Hole Plan >1g/t

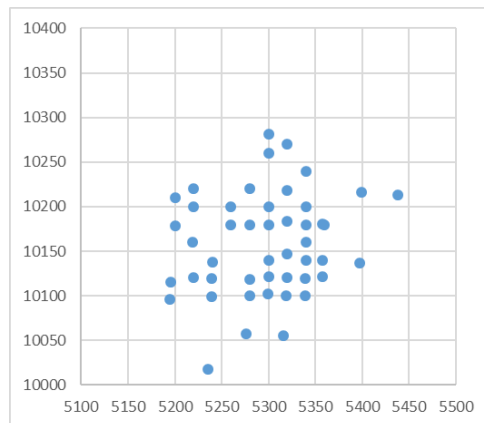
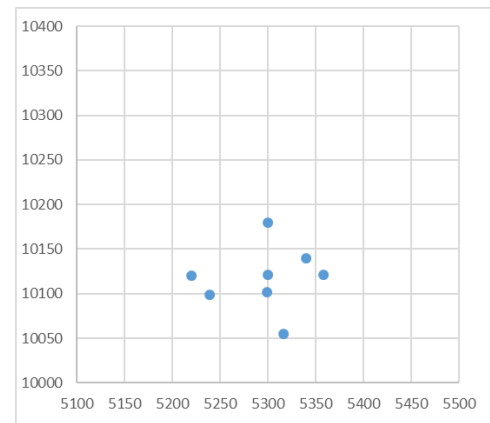


Figure 28 Drill Holes With 2+ Intersections



Source: Torian drilling reports APP Plot

Torian has reported the full results of all the first 103 holes drilled at Mt Stirling Well, including 29 holes where only location and depth is provided, with the comment that the grade was less than 1g/t. Torian has drilled a further 14 holes for which no assays have been reported to date.

Figure 27 shows the surface plot of all the holes reporting over 1g/t in a single intersection. The mineralization outcrops on the northwestern edge of the drilling, going deeper to the southeast.

Figure 28 shows all drill holes reporting more than one intersection. We interpret the multiple intersections to be evidence of vertical lenses of mineralisation, given we observed the existence of such lenses when visiting the site in December 2016. Because all the Torian drilling has been vertical, vertical lenses may be present but undetected. Many of the higher grade outcropping vertical lenses have probably been mined historically.

The average uncut grade of the lower intersections on the interpreted flat lying structure shown in Figure 26 is 6.2g/t, and the average depth is 34m (ranging from under 10m to over 60m).

The average grade of the higher (ie second) intersections plotted in Figure 28 is 3.7g/t.

Estimating the A\$5.5m after tax cash surplus from mining Mt Stirling Well

We have assumed that each hole intersecting the interpreted flat lying lense is assumed to carry 20x20m. The average intersection width across these holes for the primary vein is 1.4m, giving 560 cubic metres of mineralisation per hole, which at an SG of 2.5 equates to 1,390t ore. There are 52 holes plotted in Figure 27, suggesting 72,280t at 6.2g/t containing an uncut 14,386 oz gold.

We estimate that some 2Mt of waste would have to be mined, ie a 22.3:1 stripping ratio, based on the surface area of Figure 27, and the assumed average depth of 34m.

However, that waste would include the undiscovered lenses, which would be mined with the waste, but would be milled and would add additional gold production as an overcall.

We assume that each hole with secondary intersections (Figure 28) arbitrarily assumed to represents 30m vertical extent, 0.5m wide, extending 10m either side of the intersection = 300 cubic metres or 750t ore. The average grade of the higher intersections is 3.7g/t, pointing to an additional 714oz.

Figure 29 Estimation of mining target

All holes over 1g/t	No. of holes	tonnes/hole	Est tonnes	Grade g/t	Gold oz
Flat Dipping Main Lense	52	1390	72280	6.2	14386
Vertical Lenses	8	750	6000	3.7	714
Total	60		78280	6.0	15100
Mining Dilution/Met Recovery			15%		95%
Mine Plan			89709	5.0	14345

Source: APP Securities Estimate

Torian has conducted metallurgical testing on drill core (release 24 August 2016). Overall recovery of 98.5% for oxide and 99.37% for fresh rock were achieved at 80% passing 75 micron, after 4 hours residence time. We have assumed a 95% recovery, which may prove conservative.

The pre tax cash surplus is estimated at A\$5.5M, after allowing for A\$1M in permitting and setup costs. We assume the fleet and all mobile support is provided by the contractor. Site setup includes the access road, and mobile communications.

Figure 30 A\$5.5M cash surplus from mining Stirling Well

	Mt	A\$/t	A\$M
Mining Cost	2.090	5.00	10.4
Trucking	0.090	4.00	0.4
Processing	0.090	32.00	2.9
Site	0.090	5.00	0.4
Capital			1.0
Total			15.1
Revenue	14345	1600	23.0
All Costs			-15.1
Pre Tax Surplus			7.8
Post Tax Surplus			5.5

Source: APP Securities Estimate

Mt Stirling would be expected to add tonnes to this operation, and is likely to have open cut potential. We have not quantified any contribution from Mt Stirling. We also note that Torian has accumulated losses of \$58,642,211 (Target Statement 22 December 2016) which will reduce tax payments and increase the cash flow from a potential mining operation. However we have not included these tax effects as a conservative measure.

As a guide to the operating costs of a short life project like this, we have used the Devon operation of GME Resources as a guide (Figure 31). Devon was a 5 month mining campaign with ore trucked 115km to the Carosue Dam mill, and generated a surplus of A\$4M from a similar tonnage and grade. We have used a more

conservative mining cost (A\$5/t vs A\$3.80/t). At a cost of A\$3.80/t moved, the after tax surplus would be A\$7.2M.

Figure 31 Profit metrics for GME's Devon Project

Life of Mine Result		A\$M	Life of Mine Unit Costs
Revenue	12.715		Mining A\$/t moved 3.82
Mining Haulage			
Processing	-7.245		Strip ratio (1.30Mt waste/47kt ore) 27.67
Development	-1.427		Mining A\$/t Processed 105.54
Operating Surplus	4.043		Haulage A\$0.10/t/km 11.50
			Processing 32.00
Ore Processed Dry tonnes	47032		Admin 5.00
Grade	5.3		Total reported by GME 154.04
Recovery	92.3%		Other Data
Prodn Gold oz	7398		Grade control 10x5 m grid
Mine Life	5 mths		Haul to Caruso Dam Plant 115km
Low Grade Stocks	21000		
At end of June 2016			
Original Plan			Total Movement tonnes 1,364,143
Waste tonnes	1,301,143		Total Movement bcm 505,000
Ore dry tonnes	63,000		Remaining bcm 55,000
Strip ratio	20.65		Mined to date bcm 450,000
Grade g/t	6		Specific gravity 2.70
Period	5 mths		Total Ore wet tonnes 66905

Source: GME quarterlies and Devon update releases in 2016, the total operating cost of A\$154.04 comes from GME, and APP Securities estimated the split

SHAREHOLDER STRUCTURE

Both Torian, Cascade and the merged group has a very clean capital structure, with only ordinary shares on issue.

Cascade and Torian board members Matt Sullivan, Andrew Sparke and Cascade board member Ian Hansen currently own 9.6% of Torian and 24.2% of Cascade, and would own 14.6% of the merged company. Apart from that, the register is relatively open, with only one other substantial shareholder, and 72% of the merged register is outside the top six shareholders.

Figure 32 Pre and Post Merger Capital Structure

	Torian		Cascade		Combined	
	Shares M	% TNR	Shares M	% TNR	Shares M	% TNR
Sierra Resources Ltd			10.11	19.9%	10.11	6.8%
Jemda Family Trust (Matt Sullivan)	4.98	5.1%	4.44	8.7%	9.42	6.3%
Turkey Investments (Andrew Sparke)	3.61	3.7%	6.40	12.6%	10.02	6.7%
R&R Venture Partners II LLC	5.72	5.9%			5.72	3.9%
Ouro Pura P/L			4.00	7.9%	4.00	2.7%
Ian & Dawn Hansen	0.82	0.8%	1.49	2.9%	2.31	1.6%
Larger Shareholders	15.13	15.5%	26.44	52.0%	41.57	28.0%
Other Top 20	25.25	25.9%	9.94	19.6%		
Top 20	39.560	40.6%	36.38	71.5%		
Total Issued	97.53	100.0%	50.87	100.0%	148.40	100.0%

Source: Cascade Target Statement

BOARD AND MANAGEMENT

Torian and Cascade have proposed a merger to their respective groups of shareholders and on completion of that merger, some changes to the Statutory Board will occur, which will be revealed in due course. Torian has an Advisory Board in addition to its Statutory Board. All board, advisory board and management described below are as prior to the merger. However, we expect Andrew Sparke and Matt Sullivan will retain their current roles.

STATUTORY BOARD

Mr Andrew Sparke Non-Executive Chairman Appointed: 6 June 2014

Andrew Sparke has 12 years Corporate Finance experience that includes IPO's, private placements and secondary market transactions. He has advised a number of ASX listed companies on capital raisings and corporate transactions.

Andrew is a director of a number of public and private companies including Olive Capital Pty Ltd. Andrew's tertiary qualifications include B.Bus (Marketing), M.Fin (Current) and GAICD.

Mr Matthew Sullivan Managing Director Appointed: 6 June 2014

Matthew Sullivan is an experienced geologist and listed company director with 25 years of experience working in the Goldfields of WA.

Matthew's significant discoveries include Kanowna Belle (6Mozs), East Kundana (3.5Mozs), Selene (800Kozs), Safari Bore (400Kozs), St Patricks (400Kozs) and in the Leonora region (500Kozs). He was second in Australian explorer of the year (2010) for the discovery of 500K ozs in 5 months in Leonora with a total discovery of circa 12Moz's Au.

Matthew's tertiary qualifications include B.App. Sc (Applied Geology) and Member of the AusIMM.

Elissa Hansen Non-Executive Director & Company Secretary Appointed: 9 December 2015

Elissa has over 15 years' experience advising boards and management on corporate governance, compliance, investor relations and other corporate related issues. She is a Chartered Secretary who brings best practice governance advice, ensuring compliance with the Listing Rules, Corporations Act and other relevant legislation. Elissa also is a Director and Company Secretary of a number of public, listed and private companies.

Elissa's tertiary qualifications include B.Comm, Grad Dip Applied Corporate Governance, GAICD and AGIA.

Glenn Jardine Non-Executive Director Appointed: 24 May 2016

Glenn is a Mining Executive with over 25 years' experience in project development, operations & corporate activities. Glenn was previously CEO of Kimberley Metals Group Pty Ltd, Managing Director of Southern Cross Goldfields Limited and Managing Director of LionOre Australia Pty Ltd.

Glenn's tertiary qualifications include B.Eng (Mining Engineering) and GAICD.

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