

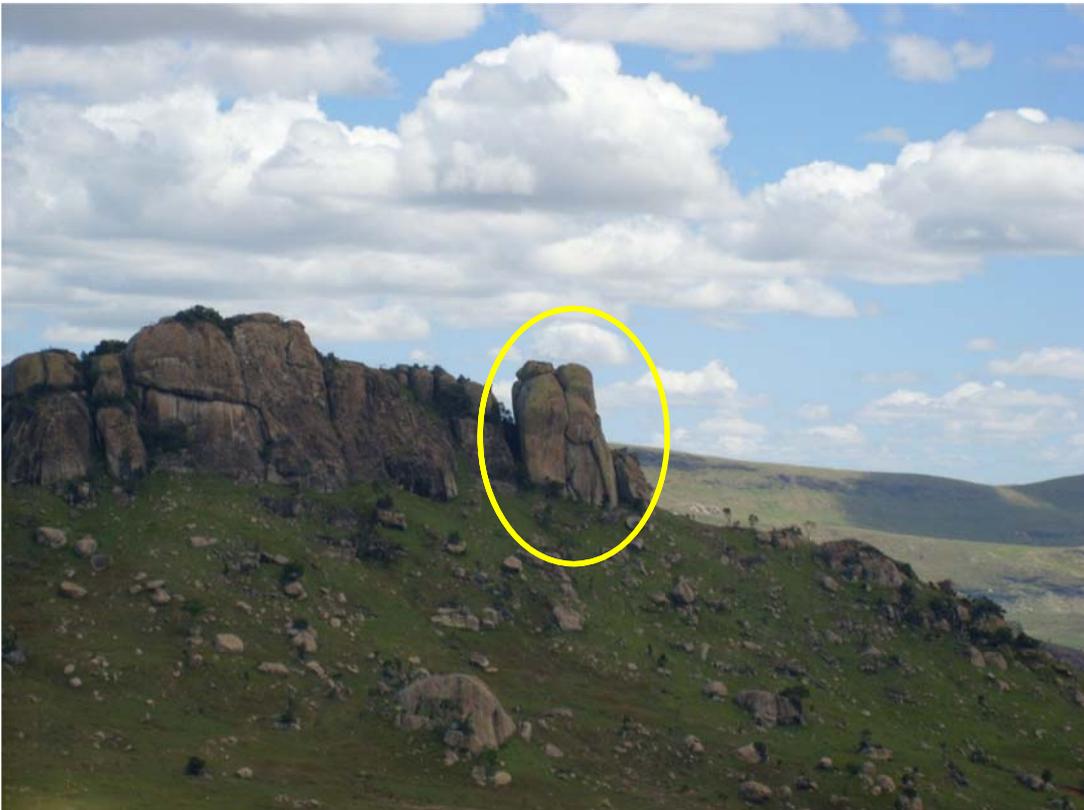
**ASX AND MEDIA RELEASE**

**THE VATOVORONA GOLD PROJECT: PAST, PRESENT AND FUTURE**

**Monday 6 June 2011**

**Introduction**

The Vatovorona (*pron. vart-varoon*) Gold Project is located approximately 40km north of Ihosy in the central-south of Madagascar on Exploitation Licences 39110 and the extended 18012. Exploitation licences in Madagascar are equivalent to mining licences in Australia. The project is owned and operated in a joint venture company called Varun Cluff International SARL (VCI) which is Varun Madagascar (65%) and Torian Resources (35%). Varun hold the tenure and act as the government relations manager and Torian is providing project management and technical expertise. Licences 39110 and 18012 were granted by the Bureau du Cadastre Minier de Madagascar (BCMM) in October 2010 and licence 18012 was extended in May 2011, both for a period of 20 years.



**Vatovorona (Malagasy for stone bird) as depicted in this photo taken on-site**

Gold mineralisation was discovered in the immediate area by local artisanal miners, who commenced excavations approximately 12 months ago. In January 2011 the JV collected in excess of 500kg of sample from the artisanal workings for analysis in Australia. Final results of the metallurgical analysis were very encouraging and are detailed in ASX announcement dated 20 April 2011. The analysis showed a grade of 12.3 grams of gold per tonne and just as importantly 91% recovery of the gold from the material using gravitational separation only but with two stage crushing to 0.2 mm. This result has provided confidence to Torian to progress to trial mining on a small area of the project.

The trial mining is aimed at allowing detailed geological analysis and sampling of the mineralised zone whilst generating a large ore parcel for pilot plant feed and determining the base of 'free dig' material. Madagascar based civil and mining contractor Ambol has been engaged to complete the trial mining. Completion of this work is expected to take less than three months and involves:

- extension of the access track to allow equipment to reach site (complete)
- establishment of on-site temporary accommodation (in progress)
- appointment of an earth moving contractor (complete)
- environmental approval (complete)
- other incidentals (security, fuel supply, surveying, sample analysis, etc) (organised)

## Rapid progress

VCI aims to generate early cash flow from the project and has been able to leverage off the work completed by artisanal miners at Vatovorona; allowing VCI rapid progress along the exploration/development path. In the last year artisanal miners have:

- Identified the source of gold that had previously been panned from a nearby creek. The source is a series of sub-vertical quartz veins. These veins are exposed in the sides of drainage gullies that cut down the hillside and discharge to the creek.
- Commenced mining and hand processing raw ore, initially following the veining in from exposures in the gullies before hand mining progressed to development of shafts at locations projected along the strike.

Observation of the shafts shows the artisanal miners expect to recover gold below the transported soil profile within one to two metres of the surface. Inspection of shallow abandoned shafts, off the interpreted line of mineralisation, shows no signs of quartz veining and presumably no gold. These shallow shafts contrast with the interpreted gold bearing shafts excavated to measured depths of 5 to 10 metres.

At the time VCI collected the bulk sample shafts had been developed over approximately 1.3 km (see Figure 1 and Figure 2 below). Torian geologists on behalf of the joint venture, through inspection of the excavations and discussions with the artisanal miners, have been able to determine continuation of the mineralisation along the entire area of excavation (1.3km). Presently the grade and mineralisation width variability along the strike is not understood. While VCI is yet to collect samples from the entire area excavated by the artisanal miners, verbal reports of recoveries were supported by the assaying of samples collected for the metallurgical testing and observation of crushing and panning of extracted ore.

Application of the typical exploration and development process Torian would follow in Australia to the Vatovorona licences would have involved:

- 1) creek sediment sampling to identify gold,
- 2) observation of the geology eroding into the creek in areas of recovered gold,
- 3) identification of the gold source/s,
- 4) a program of rock chip sampling and/or soil sampling and/or costeaning to delineate the surface extent of mineralisation,
- 5) drilling to delineate mineralisation below surface and support tonnage and grade estimates.
- 6) VCI has essentially completed stage 4) of the above process at the Vatovorona Project. While indications of gold grade along the length of the zone are not yet available, VCI is confident gold mineralisation is present based on artisanal miners' work.

## Present position

### Trial mining

With the identification of two competent civil and mining contractors in Madagascar, consideration was given to excavation to expose the ore zone for safe mapping and sampling. Quotes showed hire rates half to one third those expected in Australia. When combined with the extremely good recoveries demonstrated in the Gravity Recoverable Gold test work completed by ALS Ammtec (detailed in ASX announcement 20 April 2011) a decision was made to undertake a trial mining exercise.

Civil and mining contractor AMBOL currently has equipment on-site and the trial mining is underway. At the completion of this process the mineralised zone will have been excavated, below the artisanal workings, over a strike length of 120 to 150 metres. Figure 2 shows the location of the trial pit.

Trial mining will involve excavation in 2 metre high benches, with extensive geological mapping and grade control sampling taking place on each bench. Ore will be delineated from waste and stockpiled for future processing and pilot plant testing. A final pit depth between 12 and 15 metres is expected.

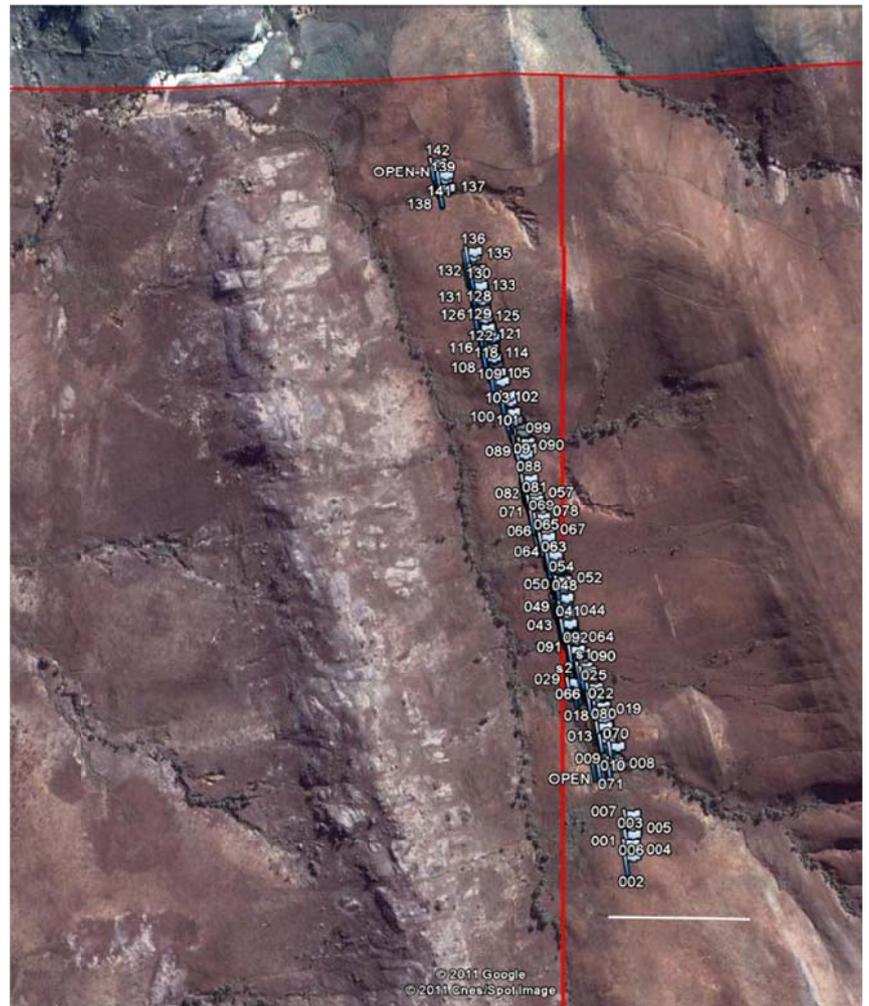


Figure 1: Flags show surveyed artisanal shafts extending along strike over 1.3 km



Figure 2: Artisanal shafts and trial mine pit location (yellow). Metallurgical test work sample collected in this area.

## Costeaming

AMBOL will have two excavators on-site and one will be used to excavate a series of costeans across the mineralised zone initially at spacing's of 200 metres over approximately 2km of the strike (I recoveries through the plant.). The aim of the costeaming will be to expose the mineralisation and allow safe mapping and sampling to confirm continuation of mineralisation and determine the grade variability. A total of 10 costeans as shown schematically on I recoveries through the plant. will be excavated during the period that trial mining is progressing (June/July 2011). If timing permits infill costeaming to give 100m spacing will be completed.



Figure 3: Schematic view of proposed 200m spaced costeans (yellow)

## Future

### Pilot processing and initial cash flow

A formal quotation is currently being sourced on a 3 tonne per hour pilot processing facility. This plant will be fed with mined ore and used to confirm that the test work results generated by ALS Ammtec can be reproduced at a larger scale on-site, and to provide data allowing optimum larger scale processing circuits to be designed. The added benefit will be generation of cash flow via production of gold concentrate for smelting/refining and sale. The actual amount of extracted gold and subsequent revenue will be dependent on the grade of the ore and actual recoveries through the plant.

### Mine and costean sample assays

All samples collected during the mining and costeaming will be prepared by Intertek Genalysis within Madagascar before sample pulps are sent to the Intertek Genalysis laboratory in Johannesburg, South Africa for fire assay. This will be a continuous process throughout the period of trial mining with samples expected to leave site on a weekly basis. Intertek Genalysis in Johannesburg has committed to provision of assay results within four weeks of sample receipt.

## Drilling

VCI is confident the trial mining and costeaming exercises will confirm the already indicated potential for Vatovorona to host mineralisation capable of supporting large scale mining and processing. On this basis drilling is planned for later in 2011. The initial aim of this drilling will be to target 1.2km of the strike and demonstrate mineralisation continues down dip.

## Program for Next 18 months

Torian has a realistic program of operations and expenditure in Madagascar for the next 2 years based on our fund raising projections. Our projected expenditure budget for the financial year 2011-12 is \$4 million.

PROGRAM	DELIVERY DATE
Complete pit & initial concentrate (\$450,000) Fully funded	August 2011
Estimated gold production 2011 2000 ounces (further expenditure of \$250-400,000) including a new separator and ancillary plant (\$140,000) Plant is about to be ordered for delivery in September 2011.	November 2011
Estimated Gross Cash profit from refining of initial concentrate \$1.5 million	November 2011
Completion of 10,000 metres of drilling and calculation of reserve (drilling and assay costs \$2 million)	December 2011 / January 2012
Commissioning of Large scale Trial Processing Plant (estimated expenditure \$500,000)	May/June 2012
Completion of 15,000 metres of drilling and further calculation of reserve (included above)	June 2012
Estimated gold production 2012 14000 ounces (estimated further pit costs \$450,000)	December 2012
Estimated Gross Cash profit from refining of 2012 concentrate \$14 million	December 2012
ADDITIONAL CASH REQUIRED FOR THE PROJECT FOR THE NEXT 12 MONTHS (excluding possible project cash contribution) \$3 million	

From today our new web page [www.torianresources.com](http://www.torianresources.com) will be up and running and we invite you to visit. Our new ASX code is TNR and this will apply from today.

For further information contact:

Scott Enderby on Phone (02) 9247 2277 or Peter Ashcroft on (02) 9233 2153 or 0418 275 375

Yours faithfully,



**Scott Enderby,**  
Company Secretary / Executive Director