TROY RESOURCES LIMITED
ABN: 33 006 243 750

TROY RESOURCES LIMITED
RESULTS FOR ANNOUNCEMENT TO THE MARKET
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

Appendix 4D, previous corresponding period, half-year ended 31 December 2014.

Revenue and Net Profit		**Percentage Change**		**Amount $'000**
Revenue from ordinary activities	Down	(29%)	to	65,875
Loss from ordinary activities after tax	Down	(75%)	to	(6,718)
Net loss attributable to members	Down	(75%)	to	(6,718)

Dividend Information	**Amount per security (cents)**	**Franked amount per security (cents)**	**Tax rate full franking credit**

No interim dividend for the financial year 2016 has been declared.

Net tangible assets per security	**Dec 2015 per share**	**Jun 2015 per share**
Net tangible assets per security	$0.56	$0.59
Common shares on issue at balance date	333,610,873	290,096,411

Additional Appendix 4D disclosure requirements can be found in the Directors' Report and the 31 December 2015 half-year financial statements.

This report is based on the condensed consolidated 2015 half-year financial statements which have been reviewed by Deloitte Touche Tohmatsu, and is not subject to dispute or qualification. The Independent Auditors' Review Report is included herein.

This is a half-yearly report and is to be read in conjunction with the 30 June 2015 Annual Report.

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TROY RESOURCES LIMITED

ABN: 33 006 243 750

CONSOLIDATED FINANCIAL REPORT

FOR THE HALF-YEAR ENDED

31 DECEMBER 2015

DIRECTORS' REPORT

The Directors of Troy Resources Limited submit herewith the financial report of Troy Resources Limited and its subsidiaries (the "Company" or "Troy" or "Group") for the half-year ended 31 December 2015 ("half-year"). In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

DIRECTORS

The names of the Directors of the Company during and since the end of the half-year are:

- Mr F S Grimwade, Non-Executive Acting Chairman
- Mr D R Dix, Non-Executive Director (deceased 1 February 2016)
- Mr M D Purvis, Chief Executive Officer and Managing Director
- Mr K K Nilsson, Executive Director of Project Development
- Mr J L C Jones, Non-Executive Director
- Mr R Monti, Non-Executive Director

REVIEW OF OPERATIONS

(a) Operating Review

Mining Operations	Measure	HY 31 Dec 15 Casposo	HY 31 Dec 15 Andorinhas	HY 31 Dec 15 Group
Ore mined	tonnes	149,870	-	149,870
Processed	tonnes	222,220	103,316	325,536
Head Grade Gold	g/t	2.04	1.85	1.98
Head Grade Silver	g/t	243.03	-	243.03
Recovery Gold	%	90.94	84.94	89.04
Recovery Silver	%	82.27	-	82.27
Gold Produced	oz.	13,243	5,221	18,464
Silver Produced	oz.	1,428,401	-	1,428,401
Gold Equivalent Produced	oz.	32,264	5,221	37,485
Gold Sold	oz.	13,518	4,400	17,918
Silver Sold	oz.	1,577,261	-	1,577,261
Gold Equivalent Sold	oz.	34,492	4,400	38,892
Gold Price Realised	US$/oz.	1,106	1,103	1,105
Silver Price Realised	US$/oz.	14.73	-	14.73
C1 Cash Cost – produced	US$/oz.	1,009	866	989
All in sustaining costs - produced	US$/oz.	1,283	995	1,243

Gold Equivalent Ounces

Gold equivalent ounces produced are the result of converting silver ounces produced to an equivalent value of gold ounces using actual prices achieved and adding that to actual gold ounces produced.

Development Property

Commissioning of the processing plant at Karouni occurred in October and by the half-year end was operating at above forecast levels. Gold production and sales for the half-year totalled 4,984 oz. and 1,691 oz. respectively.

(b) Financial Results

	Half-Year End 31 Dec 2015 ($'000)	Half-Year End 31 Dec 2014 ($'000)	Change ($'000)	Change
Revenue	65,875	92,242	(26,367)	(29%)
EDITDA [1]	4,376	21,270	(16,894)	(79%)
Depreciation and Amortisation	(3,872)	(17,727)	13,855	(78%)
EBIT [1]	504	3,543	(3,039)	(86%)
Underlying Profit [2]	185	1,860	(1,675)	(90%)
(Loss) after tax	(6,718)	(26,697)	19,979	(75%)
Cash flow from operating activities	15,852	12,936	2,916	23%
Cash flow from investing activities	(29,524)	(54,548)	25,024	(46%)
Cash flow from financing activities	(22,786)	26,714	(49,500)	(185%)
(Loss) per share (cents)	(2.3)	(13.8)	11.5	(83%)

(1) EBITDA: EBIT has been calculated by adding back one off restructuring costs at Casposo of $5.5 million (2014: $Nil) and impairment charges of $Nil (2014: $30.5 million).

(2) Underlying profit is a non-IFRS measure and is unaudited. It has been calculated by adding back realised hedging gains of $6.9 million (net of tax) (2014: $Nil) that have been deferred in Equity (refer Note 3) and impairment charges (net of tax) of $Nil (2014: $28.6 million).

Statement of profit or loss

The Group's revenue from operating activities for the half-year totalled $65.9 million (2014: $92.2 million).

Casposo revenue decreased during the half-year by 29% to $53.0 million (2014: $74.9 million), principally due to a 36% decrease in gold equivalent ounces sold, this was further compounded by a US$121 per ounce decrease in the gold price realised, which was partly offset by the weakening Australian dollar.

With the Andorinhas operation continuing to process low grade stockpiled ore and garimpeiro tailings as part of the mine clean-up, revenue fell by 60% to $6.8 million (2014: $16.6 million).

During the period of commissioning until 31 December, Karouni sold gold with a value of $3.0 million, which in accordance with accounting standards prior to the project achieving commercial production, has been capitalised against mine properties.

Contributions to the gross profit for the half-year from each operation were: Casposo $5.3 million loss (2014: $8.4 million profit) and Andorinhas $0.3 million (2014: $1.7 million).

The Group expensed exploration expenditure of $2.6 million (2014: $3.7 million).

Borrowing costs in relation to the Investec Facility totalled $6.2 million (2014:$3.1 million), of which $4.6 million was capitalised in relation to Karouni (2014: $1.9 million). Net borrowing costs expensed to the profit and loss totalled $1.6 million (2014: $1.2 million).

Casposo is well advanced with its labour restructuring program and as a result has recognised a restructuring provision of $5.5 million (2014: $Nil). For further information refer Note 4.

During the half-year, the Group recognised an impairment charge of $Nil (2014: $30.5 million). Refer to Note 9 for further information on impairment testing.

Net loss after tax was $6.7 million (2014:$26.7 million after tax and impairment charges)

DIRECTORS' REPORT

Statement of financial position

Current assets as at 31 December 2015 decreased by $42.5 million against the prior year as a result of decreases in inventories (doré on hand and stores), recovery of VAT receivable and cash payments for final construction costs and working capital during commissioning at Karouni. The $40.2 million increase in non-current assets, principally relates to project development expenditure at Karouni.

After $25.0 million in principal repayments for the period, Troy's debt facility with Investec was reduced to $75.0 million. The $20.2 million increase in current liabilities is reflective of the restructuring provision recognised at Casposo and the reclassification of debt repayments due under the Investec Facility from non-current to current liabilities.

Statement of cash flows

Cash flows from operating activities for the half-year increased by $2.9 million, reflecting gains realised from hedging and cost saving initiatives, which were partially offset by a decline in sales and commodity prices.

Cash flows invested decreased by $25.0 million as construction activities at Karouni transitioned to commissioning of the operation. Cash flows from financing activities principally reflect repayments made under the Investec Facility and proceeds from an equity raising.

(c) Debt Facilities

The Group's net debt position at half-year end was $51.2 million, which includes amounts due under the Investec Facility and $0.3 million in debt due to ICBC in Argentina, net of cash held. Refer Note 10 for further information on borrowings.

(d) Dividends

No dividend has been declared.

(e) Subsequent Events

For details of significant events subsequent to balance date please refer to Note 13 of this half-year financial report.

(f) Additional Information

Additional information on the Company's activities is available on its web site at www.troyres.com.au. Information available includes the detailed quarterly activities reports for the September and December 2015 periods, the 2015 Annual Report, Corporate Governance policies and other Company information and publications.

The auditor's independence declaration is included on page 4 of the half-year financial report.

ROUNDING OFF OF AMOUNTS

The Company is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the Directors' report, and the half-year financial report have been rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of Directors made pursuant to s.306(3) of the *Corporations Act 2001*.

FS Grimwade

Mr F S Grimwade
Acting Chairman of Directors
26 February 2016

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The Board of Directors
Troy Resources Limited
Suite 2, Level 1
254 Rokeby Road
Subiaco, WA 6008

26 February 2016

Dear Board Members

Auditor's Independence Declaration to Troy Resources Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Troy Resources Limited.

As lead audit partner for the review of the financial statements of Troy Resources Limited for the half-year ended 31 December 2015, 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 review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

David Newman
Partner
Chartered Accountants

Condensed consolidated statement of profit or loss

	Notes	Consolidated Half-year ended 31 Dec 2015 ($'000)	31 Dec 2014 ($'000)
Revenue	3	**65,875**	92,242
Cost of sales		**(64,809)**	(81,415)
Gross Profit		**1,066**	10,827
Other income	3	**2,606**	266
Net foreign exchange gains		**3,012**	461
Exploration expenses (net)	4	**(2,573)**	(3,712)
Administration expenses	4	**(3,256)**	(3,557)
Restructuring	4	**(5,545)**	-
Finance costs	4	**(1,927)**	(1,584)
Other expenses – Corporate	4	**(67)**	(343)
Impairment loss	4	**-**	(30,467)
Loss before Income Tax		**(6,684)**	(28,109)
Income tax (expense) / benefit	5	**(34)**	1,412
LOSS FOR THE HALF-YEAR		**(6,718)**	(26,697)
Loss attributable to:			
Owners of the Parent		**(6,718)**	(27,010)
Non-controlling interests		**-**	313
		(6,718)	(26,697)
Loss Per Share (EPS)			
Basic EPS (cents)		**(2.3)**	(13.8)
Diluted EPS (cents)		**(2.3)**	(13.8)

Notes to the condensed consolidated financial statements are included on pages 10 to 18.

Condensed consolidated statement of profit or loss and other comprehensive

	Notes	**31 Dec 2015 ($'000)**	31 Dec 2014 ($'000)
Loss for the half-year		**(6,718)**	(26,697)
Other comprehensive income			
Items that may be reclassified to Profit or Loss			
Changes in value of hedge cash flow reserve net of deferred tax		**6,891**	9,515
Exchange differences on translating foreign operations		**6,422**	23,028
Other comprehensive income		**13,313**	32,543
Total comprehensive income for the half-year		**6,595**	5,846
Total comprehensive income attributable to:			
Owners of the Parent		**6,595**	5,533
Non-controlling Interest		**-**	313
		6,595	5,846

Notes to the condensed consolidated financial statements are included on pages 10 to 18.

Condensed consolidated statement of financial position

	Notes	**31 Dec 2015 ($'000)**	30 Jun 2015 ($'000)
CURRENT ASSETS			
Cash and cash equivalents		**23,165**	60,556
Trade and other receivables	6	**10,424**	12,669
Inventories	7	**12,597**	16,615
Hedge Asset	8	**4,239**	5,938
Current tax assets		**3,264**	398
TOTAL CURRENT ASSETS		**53,689**	96,176
NON-CURRENT ASSETS			
Property, plant and equipment	9	**153,841**	131,418
Development property	9	**113,531**	95,756
TOTAL NON-CURRENT ASSETS		**267,372**	227,174
TOTAL ASSETS		**321,061**	323,350
CURRENT LIABILITIES			
Trade and other payables		**24,059**	21,514
Current tax payables		**533**	-
Provisions		**11,367**	8,247
Borrowings	10	**54,661**	40,700
TOTAL CURRENT LIABILITIES		**90,620**	70,461
NON-CURRENT LIABILITIES			
Other payables		**1,418**	1,494
Deferred tax liabilities		**14,241**	13,656
Provisions		**8,232**	7,643
Borrowings	10	**19,693**	57,841
TOTAL NON-CURRENT LIABILITIES		**43,584**	80,634
TOTAL LIABILITIES		**134,204**	151,095
NET ASSETS		**186,857**	172,255
EQUITY			
Issued capital	11	**313,251**	305,311
Reserves		**(37,712)**	(51,092)
Retained earnings		**(88,682)**	(81,964)
Parent interest		**186,857**	172,255
TOTAL EQUITY		**186,857**	172,255

Notes to the condensed consolidated financial statements are included on pages 10 to 18.

Condensed consolidated statement of changes in equity

	Issued Capital ($,000)	Available for Sale Reserve ($,000)	Share Based Payment Reserve ($,000)	Hedging Cash Flow Reserve ($,000)	Foreign Currency Translation Reserve ($,000)	Retained Earnings ($,000)	Attributable to Equity Holder of Parent ($,000)	Non-controlling interest ($,000)	TOTAL EQUITY ($,000)
Balance at 1 July 2014	**269,689**	**-**	**5,696**	**(3,735)**	**(93,725)**	**18,702**	**196,627**	**(313)**	**196,315**
Loss for the half-year	-	-	-	-	-	(27,010)	(27,010)	313	(26,697)
Changes in fair value of hedging instrument net of deferred tax	-	-	-	9,515	-	-	9,515	-	9,515
Exchange rate differences on translation of Foreign Operations	-	-	-	-	23,028	-	23,028	-	23,028
Total comprehensive income for the half-year	**-**	**-**	**-**	**9,515**	**23,028**	**(27,010)**	**5,533**	**313**	**5,846**
Issue of fully paid shares on conversion of options	35	-	-	-	-	-	35	-	35
Issue of fully paid shares under employee bonus plan	135	-	-	-	-	-	135	-	135
Share based borrowing costs	-	-	563	-	-	-	563	-	563
Share-based payments	-	-	156	-	-	-	156	-	156
Balance at 31 December 2014	**269,859**	**-**	**6,415**	**5,780**	**(70,697)**	**(8,308)**	**203,049**	**-**	**203,049**
Balance at 1 July 2015	**305,311**	**-**	**8,801**	**5,316**	**(65,209)**	**(81,964)**	**172,255**	**-**	**172,255**
Loss for the half-year	-	-	-	-	-	(6,718)	(6,718)	-	(6,718)
Changes in fair value of hedging instrument net of deferred tax	-	-	-	6,891	-	-	6,891	-	6,891
Exchange rate differences on translation of Foreign Operations	-	-	-	-	6,422	-	6,422	-	6,422
Total comprehensive income for the half-year	**-**	**-**	**-**	**6,891**	**6,422**	**(6,718)**	**6,595**	**-**	**6,595**
Issue of fully paid shares - capital raising	8,562	-	-	-	-	-	8,562	-	8,562
Share issue costs	(622)	-	-	-	-	-	(622)	-	(622)
Share-based payments	-	-	67	-	-	-	67	-	67
Balance at 31 December 2015	**313,251**	**-**	**8,868**	**12,207**	**(58,787)**	**(88,682)**	**186,857**	**-**	**186,857**

Notes to the condensed consolidated financial statements are included on pages 10 to 18.

Condensed consolidated statement of cash flows

	Notes	Consolidated Half-year ended 31 Dec 2015 ($'000)	31 Dec 2014 ($'000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**64,812**	92,880
Payments to suppliers and employees		**(55,477)**	(72,316)
Export tax and government royalties paid		**(6,095)**	(7,409)
Proceeds from close out of commodity hedging		**14,040**	-
Proceeds from sundry income		**98**	22
Income taxes paid		**(1,526)**	(241)
NET CASH (USED IN) / PROVIDED BY OPERATING ACTIVITIES		**15,852**	12,936
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		**(22,830)**	(25,012)
Payments for mine and development properties		**(7,906)**	(25,701)
Payments for exploration properties capitalised		**-**	(3,275)
Payments for power line commitments		**-**	(866)
Cash disposed on sale of Sertao Mineração Ltda		**-**	(12)
Proceeds on sale of property, plant and equipment		**915**	104
Interest received		**297**	214
NET CASH USED IN INVESTING ACTIVITIES		**(29,524)**	(54,548)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	10	**-**	30,000
Repayments of borrowings	10	**(25,392)**	(353)
Payment of financing costs		**(5,334)**	(2,968)
Net proceeds from the issue of equity securities		**7,940**	35
NET CASH (USED IN) / PROVIDED BY FINANCING ACTIVITIES		**(22,786)**	26,714
Net decrease in cash and cash equivalents		**(36,458)**	(14,898)
Cash and cash equivalents at the beginning of the period		**60,556**	43,409
Effects of exchange rate changes on balances held in foreign currencies		**(933)**	925
Cash and cash equivalents at end of the period		**23,165**	29,436

Notes to the condensed consolidated financial statements are included on pages 10 to 18.

Notes to the condensed consolidated financial statements

1. Significant accounting policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2015 annual financial report for the financial year ended 30 June 2015, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Comparative financial information

Comparative financial information has been reclassified to aid comparability with the current half- year, and more appropriately reflect the nature of the items concerned. None of the adjustments affect the loss before or after tax or net assets.

There has been a reclassification of $1,319,000 from Payments to suppliers and employees to Export tax and government royalties paid, for the half-year end 31 December 2014 in the Condensed consolidated statement of cash flows.

Going concern

The half-year financial report has been prepared on the 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 half-year ended 31 December 2015, the Group has incurred a net loss after tax of $6,718,000 (2014: loss of $26,697,000), experienced cash inflows from operating activities of $15,852,000 inclusive of proceeds from close out of hedging of $14,040,000 (31 December 2014: inflows of $12,936,000, close out of hedging $Nil) and cash outflows from investing activities of $29,524,000 (31 December 2014: outflows of $54,548,000). As at 31 December 2015 the Group has a net current liability position of $36,931,000 (30 June 2015: net current assets of $25,715,000).

The net current liability position as at 31 December 2015 is primarily a result of the Karouni project transitioning from development to production in the latter part of the half-year and borrowings of $54,661,000 due for repayment within 12 months from the reporting date (30 June 2015: $40,700,000) in accordance with the Group's Investec Facility.

The plant at Karouni was successfully commissioned during the half-year and operated at above forecast levels with 79% availability throughout December. First gold deliveries were made towards the end of the half-year with 4,984 oz. recovered and 1,691 oz. sold in December. Ramp-up has continued in line with expectations throughout January and February with a further 9,997 oz. of gold sold up until the date of this report.

The Company:

a) continues to achieve a positive reconciliation between the Ore Reserve model and grade control results from mining undertaken to date; and

b) based on operating data recorded so far, is forecasting guidance at Karouni for calendar year 2016 of:

- Production of 100,000 to 120,000 oz.
- C1 cash costs of US$400 - 425/oz.
- AISC of US$525 - 550/oz.

As a result of the above, Karouni is forecast to generate strong operating cash flows which are expected to more than adequately cover the Company's commitments over the next 12 months.

Notes to the condensed consolidated financial statements

1. Significant accounting policies (continued)

Amendments to AASBs and new Interpretations that are mandatorily effective for the current reporting period

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

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

- AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'

Impact of the application of AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'

Completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations.

The adoption of amending Standards does not have any impact on the disclosures or the amounts recognised in the Group's condensed consolidated financial statements.

2. Segment Information

The following is an analysis of the Group's revenue and results by reportable operating segment for the half-year under review:

	Segment Revenue Half-year ended		Segment Profit/(Loss) Half-year ended	
	31 Dec 2015 ($'000)	31 Dec 2014 ($'000)	**31 Dec 2015 ($'000)**	31 Dec 2014 ($'000)
Producing Operations:				
Argentina	**53,002**	74,894	**(5,356)**	8,376
Brazil	**6,780**	16,634	**329**	1,737
Hedge gains	**6,093**	714	**6,093**	714
Total Operations	**65,875**	92,242	**1,066**	10,827
Exploration:				
Argentina			**(10)**	(1,434)
Guyana			**(2,563)**	(5,553)
Capitalised Guyana			**-**	3,275
Total Exploration			**(2,573)**	(3,712)
Restructuring:				
Argentina			**(5,545)**	-
Total Restructuring costs			**(5,545)**	-
Impairment:				
Mining Properties - Argentina			**-**	(29,921)
Corporate			**-**	(546)
Total Impairment loss before income tax			**-**	(30,467)
Total Segments	**65,875**	92,242	**(7,052)**	(23,352)
Other income			**2,606**	266
Net foreign exchange gains			**3,012**	461
Corporate administration			**(3,256)**	(3,557)
Other expenses			**(67)**	(343)
Finance costs			**(1,927)**	(1,584)
Loss before tax			**(6,684)**	(28,109)
Income tax (expense) / benefit			**(34)**	1,412
Consolidated segment revenue and loss for the half-year	**65,875**	92,242	**(6,718)**	(26,697)

The revenue reported above represents revenue generated from external customers. There were no intersegment sales during the half-year.

Notes to the condensed consolidated financial statements

2. Segment Information (continued)

Segment result represents the result of each segment without the allocation of corporate administration costs including Directors' salaries, other income, corporate finance costs, and tax expense. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

The following is an analysis of the consolidated entity's assets by reportable segment:

	Consolidated as at	
Total assets	**31 Dec 2015 ($'000)**	30 Jun 2015 ($'000)
Operations:		
Argentina	**16,534**	28,393
Brazil	**2,826**	2,425
Guyana	**273,856**	225,327
Total segment assets:	**293,216**	256,145
Cash and cash equivalents(i)	**23,165**	60,556
Other assets (i)	**441**	711
Hedge asset (i)	**4,239**	5,938
Total assets	**321,061**	323,350

(i) Unallocated assets include various assets including cash held at a corporate level that have not been allocated to the underlying segments.

The following is an analysis of the consolidated entity's liabilities by reportable segment:

Total liabilities	**31 Dec 2015 ($'000)**	30 Jun 2015 ($'000)
Operations:		
Argentina	**22,219**	25,229
Brazil	**3,306**	4,755
Guyana	**17,594**	7,497
Total segment liabilities:	**43,119**	37,481
Income tax liabilities(ii)	**14,774**	13,656
Borrowings(ii)	**74,354**	98,541
Other liabilities(ii)	**1,957**	1,417
Total liabilities	**134,204**	151,095

(ii) Unallocated liabilities include tax liabilities, deferred consideration, corporate level entitlements and consolidated entity borrowings not specifically allocated to any one underlying segment.

Notes to the condensed consolidated financial statements

3. Revenue

	Consolidated Half-year ended 31 Dec 2015 ($'000)	Consolidated Half-year ended 31 Dec 2014 ($'000)
Operating Revenue		
Gold sales	**27,534**	61,091
Silver sales	**32,248**	30,437
Hedging - gains realised [(i)]	**6,093**	714
	65,875	92,242

[(i)] During the half-year, realised commodity hedging gains totalled $ 16.0 million. Of this, $9.9 million ($6.9 million net of tax) (2014: $Nil) has been deferred to Equity in accordance with accounting standards. The deferred gains will then be recognised in the profit and loss statement over the life of the contracts that were originally hedged, with the majority being realised in the second half of FY2016.

Other Income		
Interest received - bank	**225**	244
Gain on sale of assets	**504**	-
Other	**98**	22
Hedging – finance and exchange gains	**1,779**	-
	2,606	266

4. Expenses

(i) Cost of sales		
Depreciation of property, plant & equipment		
- Cost of sales	**3,808**	5,331
- Administration expenses	**64**	80
Amortisation of mining properties	**-**	12,316
Export tax and other taxes (Argentina)	**2,938**	4,188
Government royalties	**2,867**	4,204
(ii) Exploration Expenditure		
Exploration expenditure incurred	**2,573**	6,987
Exploration capitalised	**-**	(3,275)
Exploration expensed (net)	**2,573**	3,712
(iii) Administration Expenses		
Head office salaries, bonuses and on-costs	**1,327**	1,304
Directors fees and on-costs	**215**	296
Other Brazil administration	**61**	85
Depreciation – furniture and equipment	**64**	80
Other Guyana office administration	**83**	-
Canadian office and administration	**438**	415
Other Head office administration [(i)]	**1,068**	1,377
Total	**3,256**	3,557

[(i)] Includes listing fees, shareholder costs, audit fees, taxation consultants, office rents, insurance, travel, conferences and other head office administration expenditure.

4. Expenses (continued)

	Consolidated Half-year ended 31 Dec 2015 ($'000)	31 Dec 2014 ($'000)
(iv) Other Expenses - Corporate		
Share based payments	**67**	156
Loss on sale of equipment	**-**	187
	67	343
(v) Restructuring		
Restructuring – Casposo, Argentina	**5,545**	-

Casposo is well advanced with its labour restructuring program. At the date of this report, Casposo's mill is processing final stocks in preparation for cleaning before being placed on care and maintenance. Troy is exploring its options in relation to how it might benefit from its investment in Casposo going forward. As disclosed in Note 9, an impairment charge was recognised in relation to Casposo at 30 June 2015. Consequently, the carrying value of non-current assets associated with this cash generating unit has already been written down to recoverable value.

(vi) Finance costs		
Borrowing costs	**1,643**	1,183
Rehabilitation provisions unwinding of discount	**284**	-
Hedging (i)	**-**	401
	1,927	1,584

(ii) Represents the amortised finance costs of the gold and silver hedges.

(vii) Impairment Loss		
Mining properties (i)	**-**	29,921
Corporate – property, plant and equipment	**-**	546
Impairment loss before income tax	**-**	30,467
Deferred income tax benefit	**-**	(1,910)
Impairment loss net of income tax	**-**	28,557

(i) Refer to Note 9 for further information on the impairment testing.

5. Taxation

Income Tax

Income tax rates applicable for Corporations operating in Argentina, Brazil, Guyana and Australia are 35%, 34%, 30% and 30% respectively. Argentine 5% export tax is deductible for Argentine income tax purposes. The difference between actual tax expense or benefit and prior year tax estimates for Brazil and Argentina arise because the tax year in these jurisdictions follow a calendar year.

	Consolidated Half-year ended 31 Dec 2015 Tax expense / (benefit) ($'000)	Effective Tax Rate %
Argentina	**(2,121)**	**(i)**
Brazil	**275**	**39.30%**
Guyana	**-**	**-**
Australia	**1,880**	**26.82%**
	34	**-**

(i) Due to local tax losses incurred during the half-year all prior tax liabilities have been reversed resulting in a tax benefit.

Notes to the condensed consolidated financial statements

6. Trade and Other Receivables

	Consolidated as at	
	31 Dec 2015 ($'000)	30 Jun 2015 ($'000)
Current		
Debtors and prepayments	**4,193**	5,740
Value added tax recoverable	**6,231**	6,929
	10,424	12,669

7. Inventory

Bullion on hand	**72**	60
Dore on hand	**7**	2,100
Ore stockpiles and work in progress	**9,186**	8,355
Stores and raw materials	**3,332**	6,100
	12,597	16,615

8. Financial Instruments

The fair value of the Group's financial assets and liabilities are determined on the following basis.

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Subsequent to initial recognition at fair value, financial instruments are grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Levels are defined as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets of liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included with Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At 31 December 2015 the only financial assets and liabilities that are measured at fair value at the end of each reporting period relate to the Group's gold forward contracts. The following table gives information about how the fair values of these forward contracts are determined (in particular, the valuation technique and inputs used).

Financial Assets/(Liabilities)	Gold Forward contracts
Fair value as at 31.12.15	$4,239,000
Fair value as at 30.6.15	$5,938,000
Fair value hierarchy	Level 2
Valuation technique(s) and key input(s)	Mark to Market. Forward Price Fair value of this cash flow hedge was estimated using observable spot gold inputs in combination with spot price parameters and mark to market valuations as provided by counter parties as at the reporting date. Key inputs used include commodity spot rates (Gold), remaining contract term, contango of underlying metal (Gold), base currency discount rate (USD) and spot exchange rate (USD/AUD).

8. Financial Instruments (continued)

Financial Assets and Financial Liabilities that are not measured at fair value on a recurring basis (but where fair value disclosures are required)

At 31 December 2015 and 30 June 2015, the carrying amount of financial assets and financial liabilities for the Group is considered to approximate their fair values.

Reconciliation of Level 3 fair value measurements

There were no financial assets or liabilities categorised as level 3 at 31 December 2015 or 30 June 2015.

9. Impairment testing for non-current assets

Results of impairment testing

	Consolidated as at	
	31 Dec 2015 ($'000)	30 Jun 2015 ($'000)
Casposo CGU, Argentina	-	97,319
Karouni CGU, Guyana	-	-
Corporate – assets	-	547
Impairment loss before income tax	-	97,866

Results of impairment testing

Mine and Development Properties

Management of the Group has identified two cash generating units (CGU's) being: the Karouni Gold Operation in Guyana and the Casposo Gold Silver Operation in Argentina.

Non-financial assets are reviewed at each reporting period to determine whether there is an indication of impairment. Where an indicator of impairment exists, a formal estimate of recoverable amount is made.

Impairment assessments were conducted at balance date considering gold and silver prices, current market and sales conditions for gold projects and given that the market capitalisation of Troy at that time was as an indicator of impairment.

The impairment testing completed has resulted in no impairment charges for either Karouni or Casposo.

The carrying value of non-current assets associated with Casposo of $0.9 million is not material to the Group's Financial Statements, following the impairment recognised in relation to this CGU during the year ended 30 June 2015.

Methodology

The future recoverability of capitalised mining properties, development properties and property, plant and equipment is dependent on a number of key factors including: gold and silver price, foreign exchange rates, discount rates used in determining the estimated discounted cashflow of CGU's and the level of reserves and resources. The costs to dispose have been estimated by management based on prevailing market conditions. Impairment is recognised when the carrying amount of the CGU exceeds its recoverable amount.

The Group has adopted fair value less cost to sell which is greater than the value in use and hence used this as the recoverable amount for impairment testing purposes. Fair value is estimated based on discounted cashflows using market based commodity price and exchange assumptions, estimated quantities of recoverable minerals, production levels, operating costs and future capital expenditure. When life-of-mine plans do not fully utilise the existing resource for a CGU, and options exist for the future extraction and processing of all or part of those resources, an estimate of the value of unmined resources is included in the determination of fair value. The Group considers this valuation approach to be consistent with the approach taken by other market participants.

Present values are determined using a risk adjusted discount rate appropriate to the risks inherent in the assets.

Estimates of quantities of recoverable minerals, production levels, operating costs and capital requirements are sourced from the Group's planning process documents, including life-of-mine plans and operational budgets.

9. Impairment testing for non-current assets (continued)

Significant judgements and assumptions are required in making estimates of fair value. CGU valuations are subject to variability in key assumptions including, but not limited to, long term gold and silver prices, currency exchange rates, discount rates, production assumptions and operating costs. A change in one or more of the assumptions used to estimate fair value could reduce or increase a CGU's fair value.

Key assumptions

The table below summarises the key assumptions used in the half-year end carrying value assessments:

	31 December 15				
Calendar Year (CY)	CY 2016	CY 2017	CY 2018	CY 2019	CY 2020
Gold price (US$ per ounce)	1,100	1,150	1,200	1,250	1,250
Silver price (US$ per ounce)	14.65	-	-	-	-
Discount rate per annum (post-tax, Real)	9.3%	9.3%	9.3%	9.3%	9.3%
Foreign exchange rate (A$/US$)	0.71	0.69	0.68	0.70	0.70

Commodity prices and exchange rates

These are estimated with reference to external market forecasts prevalent at year end (Bloomberg median consensus bank forecasts). They are updated at least twice annually.

Discount rate

In determining the fair value of CGU's, the future cashflows are discounted using rates based on the Group's estimated after tax weighted average cost of capital, with an additional premium applied having regard to the geographic location of the CGU.

Operating and capital costs
Life-of-mine operating and capital cost assumptions are based on the Group's latest budget and life-of-mine plans. The projections do not include any provision for cost improvements reflecting the Group's objectives to maximise free cashflow, optimise and reduce activity, improve capital and labour productivity. Any future cost improvements achieved in a future period would therefore impact the future recoverable value.

Unmined resources
Unmined resources may not be included in a CGU's particular life-of-mine plan for a number of reasons, including the need to constantly re-assess the economic returns on and timing of specific production options in the current economic environment.

Future Production

As outlined in Note 1, achievement of future forecast production is a key assumption, which is supported by the performance of Karouni up until the date of this report.

The fair values of the Group's other CGU's were assessed by the Group and they exceeded their carrying values.

Sensitivity Analysis

After impairment testing using the assumptions and methodology above for Karouni, the recoverable value has been assessed as being equal to its carrying amount as at 31 December 2015.

Any variation in the key assumptions going forward will impact the recoverable value of the CGU's. If the variation in an assumption has a negative impact on recoverable value, it could indicate a requirement for additional impairment of non-current assets for Karouni.

10. Borrowings

	Consolidated as at 31 Dec 2015 ($'000)	30 Jun 2015 ($'000)
Debt facility		
Industrial and Commercial Bank of China (Argentina) S.A. – debt facility	**282**	762
Investec Bank Plc – Syndicated debt facility	**75,000**	100,000
Capitalised borrowing costs	**(928)**	(2,221)
	74,354	98,541
Current	**54,661**	40,700
Non-current	**19,693**	57,841
	74,354	98,541

With effect from 29 March 2016, the amount outstanding under the Investec Facility of $75.0 million, will convert to US$53.7 million at a rate of A$:US$ 0.7166 and subsequent repayments will be in US dollars. This includes the repayment due 31 March 2016.

11. Issued Capital

Fully paid ordinary share capital	**Consolidated Half-year ended 31 Dec 2015** No. ('000)	**($'000)**	**Consolidated Full-year ended 30 Jun 2015** No. ('000)	($'000)
Balance at the beginning of the financial year	290,096	305,311	195,035	269,689
Issue of fully paid shares on exercise of options	-	-	61	138
Issue of fully paid shares in lieu of cash bonus	-	-	169	135
Issue of fully paid shares – capital raising	43,514	7,940	94,831	35,349
	333,610	313,251	290,096	305,311

12. Contingent Liabilities

There are no contingent liabilities other than:

(i) General bank guarantees to financial institutions totalling $446,930 (30 June 2015: $210,835), of which $393,454 (30 June 2015: $157,359) is cash backed.

(ii) Potential legal claims submitted by previous employees at the Company's Sertão and Andorinhas operations in Brazil of $3,716,219. Based on past settlement of claims, the current expectation is that only a portion of this may become payable and therefore $891,000 has been included in current provisions.

13. Subsequent Events

On 24 February 2016 Troy announced commercial production has been declared at its Karouni gold project in Guyana following successful commissioning and operation of all key components of the processing plant.

Directors' declaration

The Directors declare that:

(a) in the Directors' 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

(b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001; including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the Directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors

Mr F S Grimwade
Acting Chairman of Directors

Perth, Western Australia
26 February 2015

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Independent Auditor's Review Report to the Members of Troy Resources Limited

We have reviewed the accompanying half-year financial report of Troy Resources Limited, which comprises the condensed statement of financial position as at 31 December 2015, and the condensed statement of profit and loss, the condensed statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 5 to 19.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Troy Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Deloitte.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Troy Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Troy Resources Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

DELOITTE TOUCHE TOHMATSU

David Newman
Partner
Chartered Accountants
Perth, 26 February 2016