



TROY RESOURCES LIMITED



Quarterly Report

For the three months ended 30 June 2016

HIGHLIGHTS

- » Group gold equivalent production for FY16 of 82,826oz.
- » Karouni gold production of 14,545oz. for the Quarter.
- » C1 Unit Cash Cost of US\$658/oz. for the Quarter and US\$515/oz. from 1 January 2016.
- » Revolving Debt Facility restructured with Investec on more favourable terms.
- » Debt paid down by a further US\$3.75 million with US\$32.4 million having been repaid in the last 12 months.
- » Receipt of US\$1.99 million from Anfield Gold relating to the sale of the Andorinhas Plant. Final payment of US\$1 million due late February 2017.
- » Appointment of Resource Industry Executive, Mr David Southam, as an independent Non-Executive Director on 29 July 2016.

Commenting on the quarter, Troy CEO Martin Purvis said:

"After a strong start at Karouni, the June Quarter presented a number of significant impediments at the operational level.

In many respects, the June Quarter reflects a period during which the team on site had to come to terms with a number of disruptive challenges, including debilitating weather conditions, a more complex ore body than anticipated and "teething" problems in the mill operation.

Whilst the impact of these conditions on the quarterly performance is disappointing, it is evident that the experience gained at this early stage, will lead to a more sustainable operating platform going forward.

On a positive note, the restructured debt facility with Investec will enhance exposure to the spot gold price as production increases and the ability of Karouni to maintain a relatively low cash cost despite all the setbacks in the operation, is a positive sign for future margins."



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GROUP RESULTS ⁽²⁾⁽³⁾

	June 2016 Quarter	March 2016 Quarter	YTD FY 2016
Gold Produced (oz.)	16,067	26,212	60,743
Silver Produced (oz.)	-	240,203	1,668,604
Gold Equivalent Produced (oz.)	16,067	29,274	82,826
Co Product Costing ⁽¹⁾ - Cash Cost (per oz.)	US\$695	US\$577	US\$786

⁽¹⁾ Co-Product costing converts silver to an equivalent value of gold ounces. For actual production we use sales prices realised.

⁽²⁾ Represents gold and silver production from Casposo up until 4 March 2016, being the date of sale to Austral Gold Limited.

⁽³⁾ The Group Results include Karouni gold production and costs from 1 January 2016 only. Karouni produced 4,984oz. of gold in the December quarter.

OPERATIONS

KAROUNI, GUYANA (Troy 100% through Troy Resources Guyana Inc.)

Production Summary	June 2016 Quarter	March 2016 Quarter	YTD FY 2016 ⁽¹⁾
Processed (t)	161,764	195,008	356,772
Head Grade Gold (g/t)	3.04	3.64	3.37
Recovery Gold (%)	92.0	88.5	90.1
Gold Produced (oz.)	14,545	20,195	34,740
Gold Sold (oz.)	12,703	20,029	32,732
Gold Price Realised (per oz.) ⁽²⁾	US\$1,261	US\$1,199	US\$1,223

Cost	US\$/oz.	US\$/oz.	US\$/oz.
C1 Cash Cost	658	412	515
Refining and transport costs	7	5	6
Reclamation and remediation – amortisation	7	7	7
Royalties	97	115	107
Insurance	13	3	7
Exploration	91	50	67
Corporate general and administration costs	64	46	54
Capital equipment	127	-	53
All-In Sustaining Cost (AISC)	US\$1,064	US\$638	US\$816

⁽¹⁾ Production information and costs for Karouni prior to commercial production being achieved are not included in the operating data before 1 January 2016. Karouni produced 4,984oz. of gold in the December quarter.

⁽²⁾ Before impact of hedging.

The cost information and expenditure detail provided within this report are based on unaudited numbers. All references to \$ are Australian dollars unless otherwise stated.

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Open Pit Mining

Full scale mining continued in the Smarts 3 and Hicks 3 pits during the quarter whilst early stage operations commenced in Hicks 2 and Smarts 4. Notwithstanding a range of counter measures introduced before-hand, production activities across the site were still severely disrupted by the onset of the wet season towards the end of May, as significant time and resources were taken out of the mining cycle by dewatering activities and safety procedures.

With access to deeper parts of Smarts 3 and Hicks 3 limited due to continuous heavy rainfall, it was necessary to revise the mining plan, resulting in ore being mined from the shallower Hicks Stage 2 pit and the Smarts Stage 4 cutback ahead of schedule, in order to enable continuous ore supply to the processing plant. Preliminary waste removal was also carried out in Hicks Stage 1. Figures 1 and 2 depict the various pits for each of the Deposits.

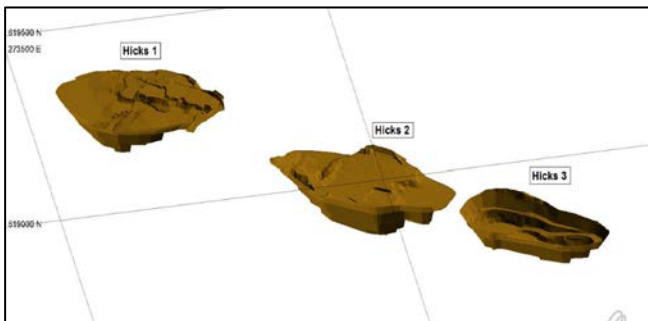


Figure 1 - Hicks Pits

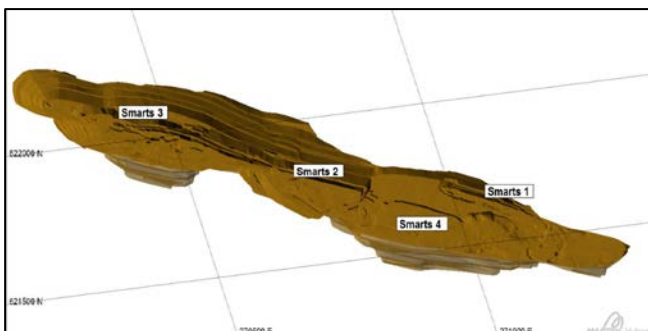


Figure 2 - Smarts Pits

As a consequence of the short term change in the mining schedule, there was a predicted, but notable reduction in the average grade from the level previously forecast. Furthermore, the restrictive mining conditions resulted in much higher ore dilution and ore loss factors than planned, particularly within the Smarts 3 pit. The combination of these factors had an adverse impact on the mining reconciliation for the Quarter.

Grade control drilling and normal sampling quality control protocols were made more difficult by the peak seasonal rainfall. Overall, approximately 55% more "ore tonnes" were mined from the Smarts pits than scheduled from the block model during the quarter.

Mining in the high grade, Smarts 2 pit was curtailed early in the quarter so that a Reverse Circulation ("RC") grade control program could commence on the pit floor. This program was designed to delineate additional mineralisation contained in previously unmodelled N-S veins. At the conclusion of this program, which served to provide encouraging results for increasing our understanding of mineralisation, the rig was moved to Smarts Stage 4 for a similar program of close spaced RC grade control holes.

The total material movement for the quarter was 1,598,000 tonnes, an increase of 14% over the previous quarter of 1,400,000 tonnes. This was achieved despite the difficult operating conditions, following a further increase in the mining fleet to 21 dump trucks and 5 excavators from 12 dump trucks and 3 excavators. Total ore mined for the quarter was 173,858t @ 2.97g/t.

Processing

As announced previously to the market, processing rates were reduced by several issues during the quarter, including disruptions to the mill lubrication system and ongoing difficulties with the processing characteristics of the "sodden", Saprolite clay material.

Treatment of the Saprolite clay material during the wet season has resulted in excessive blockages to ore chutes and screens, resulting in unscheduled downtime whilst the blockages are cleared. The clay rich ore also has a tendency to be problematic in the leaching circuit with viscosity issues impacting on leaching kinetics. Viscosity modifiers are currently being tested on site in order to alleviate this issue.

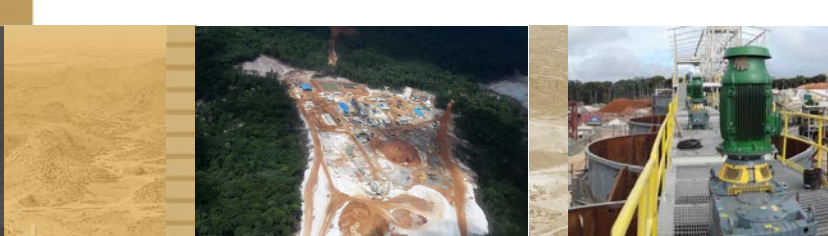
A total of 161,764 tonnes @ 3.04g/t was processed with an average recovery of 92%, resulting in 14,545oz. being recovered.

Production Results and Summary

Notwithstanding the adverse operating conditions and problems, Karouni produced 14,545oz. of gold at a cash cost of US\$658/oz. and an AISC of US\$1,064/oz. Whilst unit costs for the quarter were higher due to lower gold production, total operating costs remained in line with the previous quarter, reinforcing the margin potential of the operation once throughput is increased back to planned levels.

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Outlook

The Karouni operations had to deal with a range of disruptive challenges during the quarter. Looking ahead, conditions are set to improve with most of the pits scheduled to be in fresh rock well before the next wet season at the end of the year. Together with a larger mining fleet, and improved mill throughput, the Company is expecting continuous improvement in operating performance in all aspects of the operation.

Commensurate with the range of changes in operational activity and performance over the past three months, we continue to work through the mine scheduling process for the remainder of CY16 and FY17 and expect to provide updated guidance during August.

ANDORINHAS, BRAZIL (Troy 100% through Reinarda Mineração Ltda)

Production Summary	June 2016 Quarter	March 2016 Quarter	YTD FY 2016
Processed (t)	26,807	46,343	176,466
Head Grade Gold (g/t)	2.13	1.69	1.85
Recovery Gold (%)	82.7	81.2	83.6
Gold Produced (oz.)	1,522	2,046	8,789
Gold Sold (oz.)	2,896	2,000	9,296
Gold Price Realised (per oz.)	US\$1,281	US\$1,142	US\$1,167
Cost	US\$/oz.	US\$/oz.	US\$/oz.
C1 Cash Cost	1,057	1,194	976
Refining and transport costs	66	66	50
Reclamation and remediation – amortisation	6	3	9
Corporate general & administration costs	50	30	47
Royalties, export tax and local taxes	17	11	11
Insurance	24	17	17
Total AISC	US\$1,220	US\$1,321	US\$1,110

Processing of remaining stockpiles ceased during April and plant cleaning finished at the end of May, ahead of the handover to Anfield Gold in early June.

No environmental incidents were recorded for the quarter.

Following Court approval for the acquisition by Anfield Gold of all the shares in Magellan Minerals, Troy received US\$1.99 million representing the main component of the payment towards the initial purchase price of US\$3.5 million for the sale of the Andorinhas plant.

Further consideration of US\$1 million is to be paid to Troy following either production of 20,000oz of gold or 26 February 2017, whichever comes earliest.

Production Results and Summary

Gold production was 1,522oz at a cash cost of US\$1,057/oz.

Outlook

The environmental rehabilitation program, including ongoing air and water monitoring is ongoing.

The plant is expected to have been removed from site within the next five months, after which time the plant footprint will also be rehabilitated.

CASPOSO, ARGENTINA (Troy 49%)

As announced on 7 March 2016, Austral Gold Limited (ASX: AGD) acquired a majority interest in Casposo and was appointed manager with immediate effect.

During the quarter, significant progress was made in several aspects of the operation. The proposed capital investment plan to develop and implement a re-engineering program for Casposo is on-going, with Austral having invested more than US\$1.5 million to date.

A reputable Canadian engineering firm has been engaged to perform a pre-feasibility study to update the Mineral Resource and Ore Reserves in accordance with JORC and NI 43-101 requirements. Technical studies are ongoing and a new mine operational model is being developed in preparation for the recommencement of commercial operations at Casposo.

EXPLORATION

GUYANA, KAROUNI PROJECT (Troy 100%)

Karouni Near Mine Extensional Exploration

During the quarter the program shifted from wide-spaced framework drilling of Brownfields targets to Near Mine Extensional and Resource Infill drilling. Whilst the shift reflects the priority to delineate the N-S veins in the Smarts pits, it also corresponds with the latent restriction on regional exploration during the peak wet season.

The RC drill rig was repositioned to Smarts Stage 2 to focus drilling on Near Mine Extensional Targets adjacent to the Smarts and Hicks Deposits.

The program will infill and test for shallow extensions to existing Resources at Smarts Stage 2, Smarts Stage 4, Smarts NW, Smarts SE-Spearpoint, Hicks SE and Larken (see Figure 3 below).

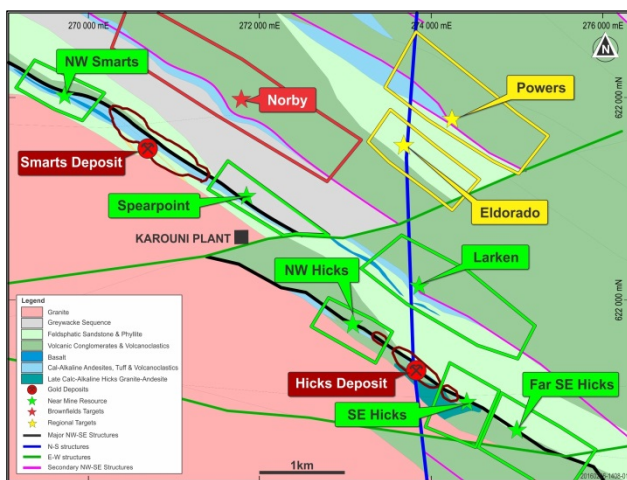


Figure 3: Near Mine Extension Target Location Plan

Smarts Stage 2 Pit RC Infill Drilling

A limited RC Resource infill program commenced from the floor of Smarts Stage 2 in early June. A total of 23 holes (for 2,081m) were completed to test this area on a drill grid of 30m x 10m spacing. The program was completed in late June with the rig then relocated to Smarts Stage 4.

The Smarts Stage 2 infill drilling targeted the area between the Hangingwall and Footwall Shears, where the gold bearing veins are preferentially developed within the mafic units. This program targeted N-S striking vein orientations, but also intersected a number of NW-SE striking veins.

The drilling confirmed earlier observations in saprolite within the pit that, at “outcrop scale”, the N-S veins “step both along strike and vertically”. The drilling highlighted the fact that a key control is the host lithology. Contained in the Andesite is a limited alteration halo, whereas in the Basalt there is a more

diffuse pyritic alteration adjacent to the veins which are obvious in the chips.

The holes pushed beyond the bounding shear have confirmed that the gold mineralisation is confined to the area bounded by the main NW-SE striking Smarts Shear and does not extend beyond.



Smarts Stage #2 Infill RC Drilling June 2016

This drilling highlighted that the N-S Veins are often “cm” scale widths and are widely spaced over the strike length of the pit. Although narrow widths, the N-S veins intercepted have yielded visible gold and high gold grades. To date, partial assay results have been received for 10 of the 23 holes drilled.

Significant results include:

- 1m at 132.54g/t from 21m
- 2m at 53.01g/t from 3m
- 2m at 23.12g/t from 30m
- 7m at 18.24g/t from 33m
- 3m at 18.9g/t from 24m
- 4m at 13.9g/t from 20m
- 2m at 11.70g/t from 20m
- 1m at 11.28g/t from 25m
- 1m at 10.52g/t from 55m
- 5m at 7.80g/t from 35m
- 1m at 7.22g/t from 58m
- 1m at 6.88g/t from 1m
- 9m at 6.55g/t from 3m
- 1m at 5.26g/t from 33m
- 8m at 4.89g/t from 28m
- 8m at 4.85g/t from 62m
- 3m at 3.76g/t from 6m
- 10m at 3.54g/t from 69m
- 5m at 3.19g/t from 16m.

The program has confirmed the N-S veins are present at shallow depths below the current planned pit floor. Once all assays are received, this infill drilling data will be used to update the Resource model. The potential of N-S Veins at depth will be followed up with a Diamond Drill program later this year.

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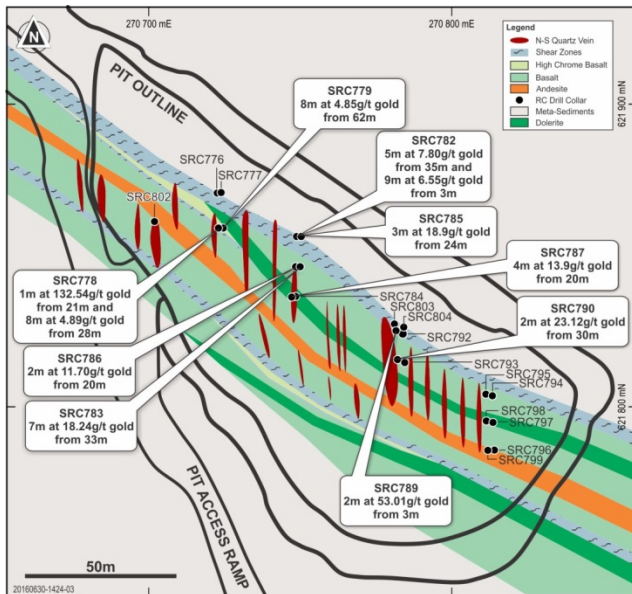


Figure 4: Preliminary Geology of the Smarts Deposit & Better Assay Results

Smarts Stage 4 Pit RC Infill Drilling

Following completion of the infill drilling program at Smarts Stage 2, the rig was shifted to Smarts Stage 4 and has since completed 54 holes for 2,720m. These additional holes were designed to test areas where N-S Vein arrays are interpreted to intersect the main footwall and hangingwall shear outside of the original model.

The drilling targeted gold mineralisation associated with the bounding NW-SE striking Smarts Shears as well as three N-S striking veins well above the modelled Smarts South Lode at depth. Shears and veining in saprolite on the pit floor were mapped and used to constrain the shear and vein wireframes to better target the drilling.

Thirty-six of the 54 holes intersected significant quartz veining with pyrite. Fifteen of the intercepts were associated with the Main Smarts Shear Zone. Assays are pending for all of the holes drilled.

Hicks Deposit Area Infill Drill Targets

Post quarter end, the RC rig was moved to the Hicks Deposit where four targets have been identified for infill drilling (see Figure 5). These include:

- Hicks Stage 1 – Hicks Stage 2 Link Zone Target
- Hicks Stage 2 Resource RC Infill Target
- Hicks Stage 3 Deeps Target
- Hicks Stage 3 SE Extension Target

The Link Zone Infill will test the drilling gap between the proposed pits to confirm the position of the Smarts Shear Zone and test for blocks of felsic intrusive which host the higher grade quartz vein mineralisation at Hicks.

A series of RC infill holes are planned for Hicks Stage 2 to better delineate the higher grade Felsic Intrusive / Porphyry hosted and shear hosted gold bearing quartz veins.

At Hicks Stage 3, a series of holes are planned to test the two main felsic intrusives/porphyries at depth below the pit.

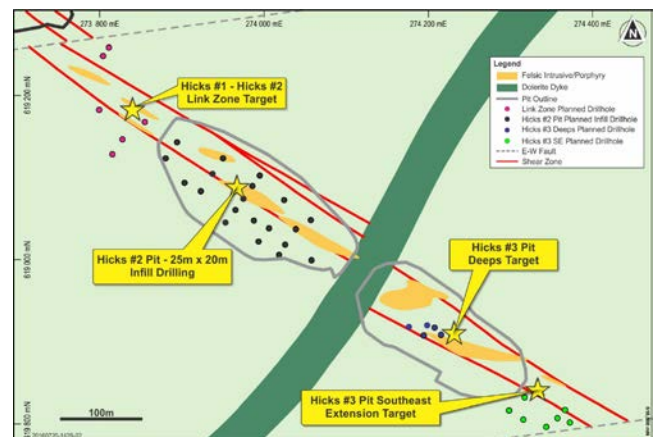


Figure 5: Hicks Deposit Area Infill Drill Targets & Proposed Drill Sections

At the Hicks Stage 3 SE Extension Target, drilling is planned to follow-up a number of historic (1994) drill intercepts just SE of the current pit. The drilling will target shear hosted quartz vein gold mineralisation in Basalt as well as a possible extension of the gold mineralisation associated with N-S striking quartz veins in porphyry as mined in the SE end of Hicks Stage 3. A total of 13 holes (1,115m) are planned, including eight priority holes consisting of three drill fences that will test 100m strike extension.

Current plans will see a restart of the Brownfields Framework drilling in the last quarter of CY2016, where the focus will be on testing the Mirror, Singh Link, NW Block, Dominica Shear, Norby-Gibbs and Hicks Far SE targets.

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FINANCE

The Group's liquidity position at quarter end was \$12.5 million, following a debt repayment of US\$3.75 million at the end of June.

Banking Facility

The Company restructured its Facility with Investec during the quarter that resulted in:

- An extension of the loan term to 30 June 2018 from 30 June 2017
- Quarterly loan repayments as follows:

Date	Loan Repayment (US\$)
30 June 2016	3,750,000
30 September 2016	5,000,000
31 December 2016	5,000,000
31 March 2017	5,000,000
30 June 2017	4,000,000
30 September 2017	3,000,000
31 December 2017	3,000,000
31 March 2018	3,000,000
30 June 2018	11,192,000

- A significant reduction in mandatory hedging requirements to 50,000oz and the existing hedge book smoothed out over an 18 month period (rather than 12 months).
- Reduction in minimum liquidity requirement.
- No Debt Service Reserve Account.

The Facility was converted into US\$ at an A\$/US\$ rate of 0.7157 on 20 May with the amount outstanding at that time of US\$42.94 million.

Pursuant to the revised repayment schedule, the Company made a repayment of US\$3.75 million on 30 June, thereby reducing the amount outstanding under the Facility to US\$39.2 million. The Company has repaid ~US\$32.4 million in the last 12 months.

Hedging

The table below outlines the Company's restructured hedging positions in place at 30 June 2016. As a result of smoothing the hedge book over an 18 month period, the average monthly hedge commitment has reduced from 7,500oz to 4,125oz, thereby providing the Company with increased exposure to the spot gold price.

Settlement Period	Gold oz.	US\$/oz.
Sept Qtr. 16	10,500	\$1,103.50
Dec Qtr. 16	11,500	\$1,103.50
Mar Qtr. 16	12,500	\$1,103.50
June Qtr. 17	13,500	\$1,103.50
Sept Qtr. 17	13,500	\$1,103.50
Dec Qtr. 17	4,500	\$1,103.50
TOTAL	66,000	\$1,103.50

Exploration Expenditure

During the quarter, exploration expenditure incurred in relation to Karouni was \$1.8 million.

Capital Expenditure

Property, plant and equipment and mine development expenditure incurred at Karouni was \$2.5 million.

CORPORATE

Mr Richard Monti tendered his resignation as a Director on 27 June 2016.

As announced subsequent to quarter end, the Company is pleased to announce the appointment of Resource Industry Executive, Mr David Southam as an independent Non-Executive Director with effect from 29 July 2016. Mr Southam will also join both the Audit and Remuneration Committees and, following completion of the FY2016 audit, he will replace Mr Grimwade as Chair of the Audit Committee.

Following the staged divestment of the Company's interest in Casposo and the closure of Andorinhas, Mr Andrew Storrie, the Company's Chief Operating Officer in South America, left the Company with effect from 30 June 2016.

Directors

Fred Grimwade, Non-Executive Chairman
Martin Purvis, CEO
Ken Nilsson, Executive Director
John Jones, Non-Executive Director
David Southam, Non-Executive Director

Issued Capital (as at 29 July 2016)

Ordinary Shares	340,798,782
Employee Share Appreciation Rights	963,000
Investec Bank Plc Options	10,000,000

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About Troy

Troy (ASX: TRY) is a successful gold and silver producer with a track record of low cost mine development and production.

Troy has been operating in South America since 2002. In July 2013 the Company acquired Azimuth Resources Limited which had discovered and delineated the Karouni Project, a high-grade gold Deposit in Guyana. The Company has fast tracked development of Karouni with first gold production occurring in November 2015.

Troy is a responsible corporate citizen, committed to the best practice of health and safety, environmental stewardship and social responsibility.



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Competent Person's Statement

Karouni

The information in this release that relates to Exploration Results for the Karouni project is based on, and fairly represents, information and supporting documentation prepared by Mr Peter J Doyle, Vice President Exploration and Business Development of Troy, a Competent Person who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Doyle has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Doyle consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. Mr Doyle is a full time employee of Troy.

The information relating to the Smarts Stage 2 Pit Reverse Circulation Infill Drilling Results is extracted from the announcement titled "Operational Update" released on 13 July 2016 and available to view on www.troyres.com.au.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements relating to drill results, mineral resource estimates or studies and that all material assumptions and technical parameters underpinning the drill results and estimates in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented here have not been materially modified from the original market announcements.