



# TROY RESOURCES NL

ABN 33 006 243 750

## QUARTERLY REPORT FOR THE THREE MONTHS ENDING 30 SEPTEMBER 2007

### HIGHLIGHTS

30 SEPTEMBER 2007

Troy Resources NL  
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#### Corporate Details

ASX Code: TRY

Issued Capital:  
60,374,719 ordinary shares  
4,890,045 partly paid  
350,000 unlisted partly paid  
933,333 unlisted options

Directors:

*Non-Executive Chairman:*

John Jones

*Executive Directors:*

Paul Benson

Ken Nilsson

*Non-Executive Directors:*

Denis Clarke

John Dow

Alan Naylor

Tommy McKeith

Paul Benson  
CEO  
30 October 2007

#### OVERVIEW

- As highlighted in June Quarterly Report, the second half of calendar 2007 represents a period of transition. Mining ceased at SML in Brazil in August and this production will not be replaced until Andorinhas comes on line at the end of the year and thus production for the half will be low while unit costs are elevated.
- Project construction at Andorinhas continues on budget and schedule. Drilling continues to deliver positive results on the leases and we are confident that this will result in increases in the resource inventory over the next 12 months.
- Following a review of the exploration strategy at Sandstone, a new program commenced that is focused on testing deeper, high grade potential. Although this program is only in its initial phase, results to date have been encouraging and this will be the major area of focus over the next year.

#### OPERATIONS

- The Sandstone Mill (Troy 100%) treated 119,917 tonnes of ore at 2.7g/t Au to produce 9,436oz of gold at a cash cost of A\$665 per ounce.
- The SML Mill (Troy 70%) in Brazil treated 24,073 tonnes of ore at 3.8g/t Au to produce 2,063oz of gold at a cash cost of A\$687 per ounce (US\$610).
- Total attributable gold was 10,880 ounces for the September quarter at an average cash cost of A\$667 /oz.

#### PROJECT DEVELOPMENT – (Andorinhas Brazil)

- Plant construction continuing on schedule
- Mining commenced at Lagoa Seca with 10,000 tonnes on stockpiles at the end of the quarter
- Decline portal access at Mamão completed

#### EXPLORATION

- At Andorinhas first past, RAB drilling at Lagoa Seca West produced several encouraging gold intercepts including; 8m @ 3.28g/t and 8m @ 3.22g/t from 8m.
- Infill drilling targeting the Melechete Lode at Mamão has better defined the upper portion of the ore surfaces and confirmed the high grade nature of the mineralisation with gold assay intervals of 3m @ 11.92 g/t Au from 68m, 2m @ 9.74g/t Au from 72m and 1m @ 68.64g/t Au from 57m.
- At Sandstone drilling at the Mt Klemptz Prospect – Ridge Zone returned significant gold assay intervals including; 7m @ 1.89g/t from 7m, 5m @ 1.64g/t from 66m, 6m @ 4.23g/t from 64m, 5m @ 1.45g/t from 40m, 3m @ 5.59g/t from 12m, 5m @ 2.40g/t from 25m and 10m @ 2.01g/t from 60m

#### CORPORATE

- Paul Benson appointed as CEO
- Record after tax profit of \$20.1 million for 2006/07 year
- Record dividend of 7.5 cents per share fully franked declared
- 1:25 Bonus Issue announced
- An application for listing Troy ordinary shares on the Toronto Stock Exchange has been lodged and is currently in the review process. It is anticipated the shares will commence trading before the end of the current quarter.



## **CORPORATE**

### **RECORD ANNUAL PROFIT AND DIVIDEND**

During the quarter, Troy announced a record profit and increased its dividend for the eighth consecutive year with a net profit after tax and minorities of \$20.1 million for the year ended 30 June 2007.

The profit figure was up 26% on last year's net profit due primarily to higher gold prices.

The profit was achieved from revenue \$91.8 million and gold production of 105,723 ounces.

A fully franked dividend of 7.5 cents per share (up from 7.0 cents last year) was declared and paid on 8 October 2007.

### **BONUS SHARE ISSUE DECLARED**

The Company announced a once-off special 1:25 bonus share issue to all existing shareholders registered as at 8 October 2007 (bonus shares were issued in proportion to voting rights for all partly paid shares). The special bonus issue was in recognition of the Company's exceptional results for the 2006/7 year to reward loyal shareholders.

The bonus issue resulted in an additional 2,436,060 fully paid shares being issued.

### **ON MARKET SHARE BUY-BACK**

During the quarter, Troy announced that it will implement an On-Market Share Buy-Back for the buy-back of up to 3,000,000 fully paid ordinary shares in the Company. This equates to approximately 5% of the Company's fully paid issued capital.

The Company purchased 275,000 shares during the quarter at an average price of \$2.66 per share.

### **CHIEF EXECUTIVE OFFICER APPOINTED**

Troy announced the appointment of Paul Benson as Chief Executive Officer effective 3 October 2007.

Paul has spent the last seven year with BHP Billiton where most recently he was Chief Development Officer for BHP Billiton Base Metals and a member of the BHP Billiton Base Metals Executive Committee. In this role, Paul was involved in various business development initiatives, including running the due-diligence of Olympic Dam, as part of the successful takeover of WMC. In this 20 year career in the mining industry, Paul has worked for RGC Ltd at Renison Tin and Mt Lyell Copper in Tasmania and at its mineral sands operation in WA; for BP Coal in NSW; for Rio Tinto at Neves Corvo in Portugal and Hamersely Iron; and for BHP Billiton in its base metals and uranium divisions both in Australia and overseas.

Paul has a Bachelor of Science in Geology and Exploration Geophysics and a Bachelor of Engineering in Mining, both from the University of Sydney and a Sloan Masters of Science in Management from the London Business School.



## **OPERATIONS**

### **SANDSTONE – AUSTRALIA (Troy 100%)**

#### **Production Summary**

	<b>September 2007 Quarter</b>	September 2006 Quarter
<b>Tonnes Milled</b>	<b>119,997</b>	148,558
<b>Head Grade g/t</b>	<b>2.67</b>	5.7
<b>Recovery %</b>	<b>91.6</b>	94.0
<b>Gold Produced oz</b>	<b>9,436</b>	25,679
<b>Cash cost per oz</b>	<b>A\$ 665</b>	A\$ 267

#### **Health, Safety & Environment**

Extensive training was conducted with site personnel with regards to emergency response, first aid, isolation procedures, fire rescue, the use of breathing apparatus, working at heights and confined space entry and the use of cyanide and acid respirators.

There was one LTI recorded at the mill and one at the mine during the quarter.

Mining is expected to cease at both the Lord Nelson and Lord Henry mine sites by December 2007 at which point the plant will process stockpiles. Although the actual tonnage treated will be dependent on the gold price of the day, existing stockpiles are sufficient to run the plant for 18 to 24 months. Plans are currently being formulated to put in place a mine closure program to ensure that the safety and environmental requirements are met.

#### **Mining**

The mining of the Lord Nelson pit was completed in August 2007. A total of 10,678 tonnes of ore was mined with a grade of 4.6g/t Au during the quarter. The ounces mined were 25% higher than the ore reserve estimate. A total of 9,819 bcms of material was mined from the Nelson Pit. Mining was hindered by the tightness of the bottom levels of the pit and water ingress.

A total of 227,707 bcm of material was mined from the Lord Henry Pit during the quarter which included 128,553 tonnes of ore grading 3.40g/t Au. The ore tonnes mined was 30% lower than the ore reserve however the grade was 47% higher yielded an overall gain of 5% ounces mined. Large amounts of perched water are also affecting the mining rate in the pit.

#### **Processing**

The treatment plant at Sandstone processed 119,997 tonnes of ore grading 2.6g/t Au producing 9,436 ounces of fine gold. The grade was lower than predicted because of some blast dilution in the harder section of the ore body and a lower grade reported through the mill compared to the grade control drilling results in the Lord Henry high grade ore.

An impact tertiary crusher and a mobile impact crusher were purchased to assist with the mill throughput while treating the hard Henry ore. This measure has helped to increase the milled tonnes by approximately 11% over the previous quarter.



## **SERTÃO MINERAÇÃO LTD (“SML”) BRAZIL – (Troy 70%)**

### **Production Summary**

	<b>September 2007 Quarter *</b>	September 2006 Quarter
<b>Tonnes Milled</b>	<b>24,073</b>	56,141
<b>Head Grade g/t</b>	<b>3.75</b>	4.0
<b>Recovery %</b>	<b>71.1</b>	93.0
<b>Gold Produced oz</b>	<b>2,063</b>	6,830
<b>Cash Cost per oz</b>	<b>A\$687</b>	A\$ 388
	<b>US\$610</b>	US\$ 289

**Note:** \* for 8 week period to 27 August 2007 when operations ceased.

### **Health, Safety & Environment**

There were no lost time injuries recorded during the quarter. There was one small tailings dam leak recorded which was rectified immediately. A small amount of tailings were deposited into an over-flow safety dam and nothing escaped into the environment.

### **Production**

During the quarter, a total of 24,073 tonnes at a head grade of 3.75g/t were processed with an average recovery of 65.8%. The recovery reflects the treatment of refractory material originally not included in the budget.

Gold production was 2,063 fine ounces with a total of 2,698oz delivered to the refinery representing the gold produced plus clean up of circuit material at the plant.

All mining ceased at the end of July with processing was completed by late August.

### **Plant removal and rehabilitation of mining areas**

Rehabilitation of both the Antena cluster mines and the Sertão operation continued during the quarter with the aim of completing seeding of mine and dump areas during October/November in time for the wet season.

The plant dismantling and transport to the Andorinhas project commenced at the beginning of September following the clean up of the processing plant.

It is expected that all major rehabilitation work will be completed by the end of October following which a program of monitoring and caring for planted trees and grasses will continue for up to two years in line with undertakings made to the State Government.

### **Personnel**

Key personnel have been offered work at the Andorinhas project and have now been relocated and are assisting with the development work. The bulk of the workforce had left the operation by mid September and with the new set of skills acquired whilst working for Sertão, they should not have too difficult a time in finding other work.



## **PROJECT DEVELOPMENT**

### **ANDORINHAS PROJECT – BRAZIL (Troy 100%)**

During the quarter, civil construction progressed well with most concrete structures completed. First Aid, cafeteria and office buildings were 90% completed and the security office 35% completed.

The plant construction progressed well having started in late September following completion of processing and clean up at the Sertão Mine. At the end of September, four new 200 cubic metre leach tanks were completed and the tanks relocated from Sertão were 60% complete. As at the end of the quarter the project was on schedule and budget.

The crushing station was assembled with the crushers due to be installed at the end of October following a full overhaul. All major conveyors are installed and it is expected that all major steel structures will be installed by the end of October. Commissioning of parts of the plant should commence at the beginning of November. The land on which the plant and mine are sited have been extensively reshaped and cleaned up from the pre-existing old Garimpero workings.

The decline portal access utilising the existing old Garimpero pit was completed. Re-design of the underground mine was commenced to allow rapid access to high grade ore and for extensional drilling to provide new information and added resources. A new mine dewatering system is being put in place during October to de-water the old underground workings.

Machinery and material for the underground development started to arrive at the end of the quarter with the intention of commencing decline development during the December quarter.

Mining of the Lagoa Seca pit was started and a total of 10,000t of ore stockpiled at the end of the quarter. The pre-strip was completed by the end of September.

Remodelling of the Lagoa Seca deposit is underway following extensional and infill drilling. It is expected that a new pit optimisation will be completed in early November for a new design and mine schedule to be incorporated into the budget and production schedule.

General exploration work was ongoing during the quarter with the drill fleet performing well. Exploration staff levels have been increased to meet target deadlines.



## EXPLORATION REPORT

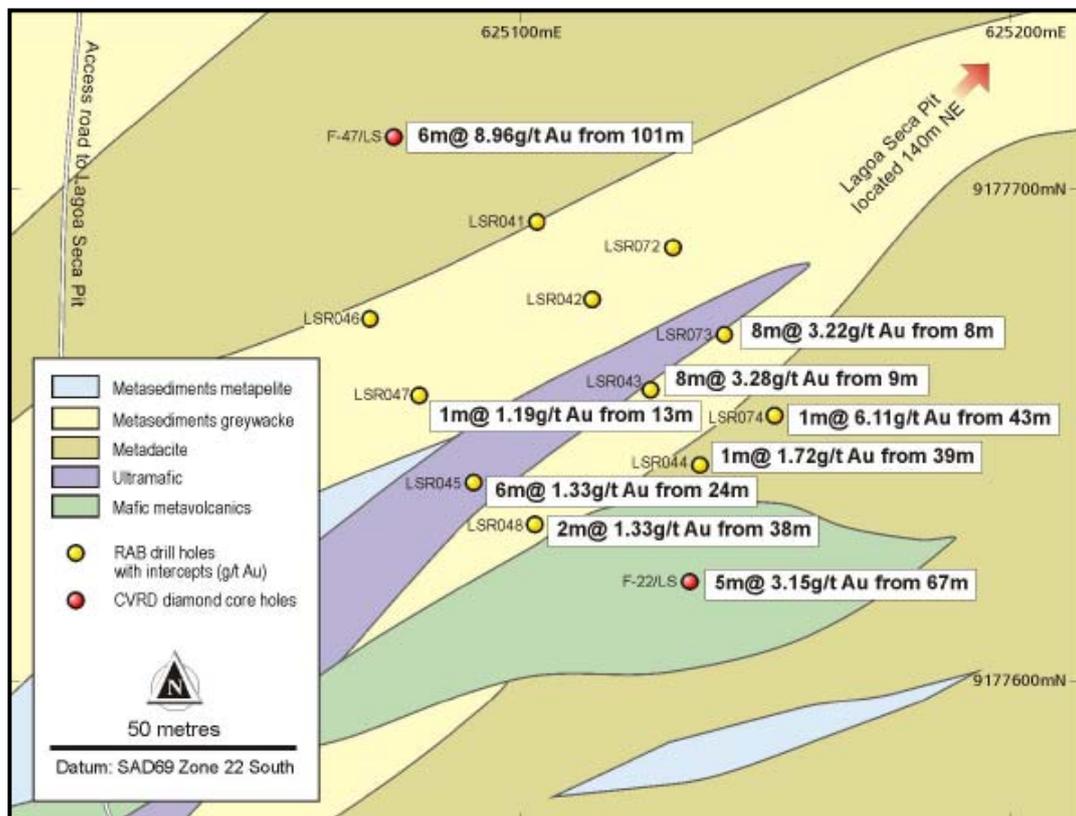
### EXPLORATION – BRAZIL

#### Andorinhas Project (Troy 100%)

During the quarter the focus of exploration drilling was on near surface extensions of the **Mamão Lodes (Melechete, M2 & Arame)** as well as strike extensions to the southwest of the **Lagoa Seca Pit** mineralisation. A first pass wide spaced Rotary Air Blast (“RAB”) program commenced at the **Babaçu Prospect** located 2km east of the **Mamão Deposit**.

RAB drilling (28 holes for a total of 1,150m) was carried out at **Lagoa Seca West Zone** on a grid consisting of a series of 40m spaced fences of 4 holes each situated 200m southwest of Lagoa Seca Pit. This exploration drilling is the initial phase of work planned to investigate and delineate a 1km strike length where drilling by previous explorers have outlined a resource of 2.4Mt @ 1.2g/t gold. Geological mapping and grade control drilling within the Lagoa Seca Pit has confirmed a direct correlation between the presence of ultramafic intrusives and higher grade gold values. Gold is associated with these ultramafic intrusives that were emplaced into sheared metasediment and metadacite within the Lagoa Seca structure.

This first pass RAB drilling at Lagoa Seca West delivered significant gold intersections including 8m @ 3.28g/t from 9m and 8m @ 3.22g/t from 8m (see Table 1). The drilling intercepted metadacite and metagreywacke with thin lenses of ultramafic rocks. The 100m strike length tested to date remains open to the southwest and additional step-out drilling is planned.



Lagoa Seca West Rotary Air Blast Drilling



Diamond Core drilling has commenced at Lagoa Seca with holes targeted to test the vertical extent and continuity of the mineralisation below the limits of the current open pit resource. Drilling is ongoing and assay results are awaited.

At the Babaçu Prospect, first pass RAB drilling commenced focussed on the old **Bico Fino and Luiza Garimpeiro Workings**. Geological logging of RAB drill chips has confirmed the geological setting at Babaçu is the same the Mamão Deposit with gold mineralisation associated with a structural corridor and hosted within sulphide bearing quartz veining within sheared metabasalt.

At the Bico Fino Target the Garimpeiro workings comprise a several shallow pits along 0.9km east-northeast strike trend. The current RAB drill program consists of a series 50m spaced fences with 2 holes each. To date, 38 RAB holes have been completed.

At Luiza, 12 RAB drill holes have been completed with at least two ore surfaces with quartz veins and minor pyrite intersected in the drilling. One drill hole cut a 7m zone of strongly hydrothermal alteration on sheared metabasalt with quartz veining and sulfides. Lithologies encountered include metabasalts, metadolerites and intrusives similar to the host rocks at Mamão. Alteration noted within the metabasalt consists of epidote, carbonate, biotite and magnetite. As in the Mamao area, the best mineralisation is hosted within sheared metabasalt with biotite and carbonate alteration surrounding the gold bearing quartz veins. Assay results pending.

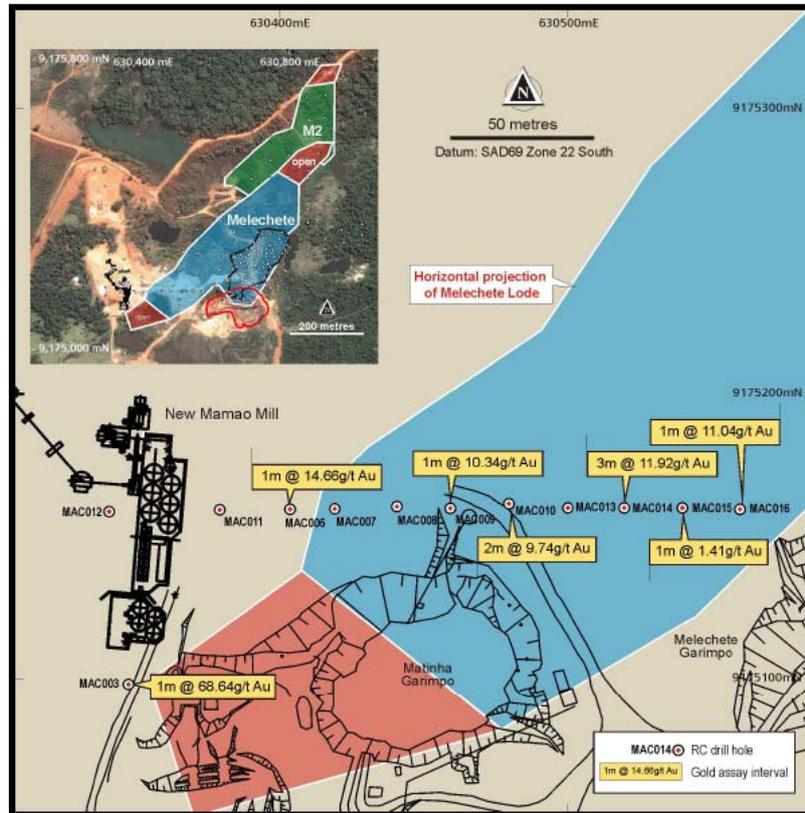


**Babaçu Prospect - RAB Drilling of the Luiza and Bico Fino Workings**

Infill Reverse Circulation ("RC") drilling targeting the **Melechete Lode** at Mamão has better defined the upper portion of the ore surfaces and confirmed the high grade nature of the mineralisation. At the Melechete Lode, RC drilling intersected quartz veins with pyrite. Significant gold intervals reported included: MAC014 with **3m @ 11.92g/t from 68m**, MAC013 with **2m @ 9.74g/t from 72m** and MAC003 with **1m @ 68.64g/t from 57m** (See Table #2).

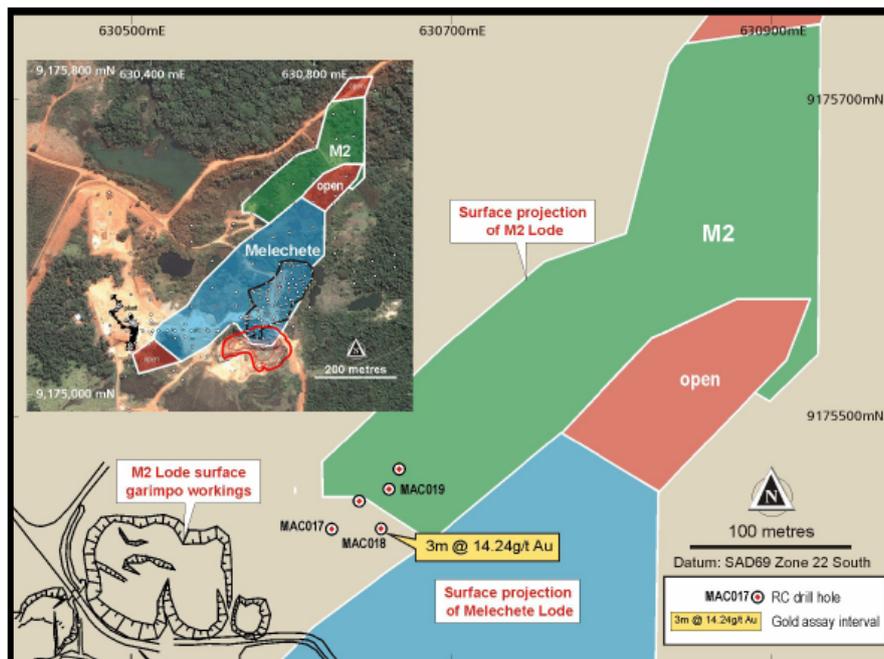


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**Drilling at Mamão of the Eastern Melechete Lode - Shallow Depths**

RC drilling at Mamão to locate the **M2 Lode** mineralisation delivered an encouraging result of **3m @ 14.24g/t gold from 57m** in drill hole MAC018. The mineralisation remains open to the south (See Table #3). Additional step-out drilling is planned.



**Drilling at Mamão of the M2 Lode - Shallow Depths**



A contract for a 17,000 line kilometres gradiometer magnetic and radiometric airborne survey in the Andorinhas region has been awarded to Fugro Brazil (FUGRO-LASA). The contractor is currently completing the required pre-flight approvals with the survey expected to be completed during the December quarter. The airborne survey data will be collected along flight lines spaced 125m apart and flown at a minimum of 100m above the ground.

## **EXPLORATION – AUSTRALIA**

### **Sandstone Project (Troy 100%)**

During the quarter, 212 Rotary Air Blast (“RAB”) and Aircore (“AC”) holes were drilled totaling 4,246m and 43 Reverse Circulation (“RC”) holes were drilled totaling 2,907m over eight different prospects bringing the total amount of drilling completed in calendar 2007 to 34,766m.

Drilling commenced at Sandstone in September and by month’s end a total of 2,907m in 43 holes had been completed at the **Mt Klemptz, Phoenix, Garden Well (Mulga Zone), Musketeer South and Musketeer North Prospects**. The bulk of the assays are pending.

Gold mineralisation at Mt Klemptz is associated with highly deformed (tightly folded) gossanous banded iron formation (“BIF”). The BIF has been caught up in a northwest trending shear zone which cuts through the previously mined Shillington Deposit located 1.5km to the northwest. Current interpretation of the existing aeromagnetic data suggests that there has been widespread magnetic destruction, possibly associated with hydrothermal alteration along this structural corridor. Historically, the area has been the focus of two phases of drilling over the past 20 years by previous explorers, both programs intersecting zones of mineralisation, however much of the earlier drilling was ineffective and did not adequately test the area.

At Mt Klemptz exploration work completed includes RAB and RC drilling as well as the collection of 690 soil samples and 18 rock chip samples. Soil sampling was completed on a 50m by 50m spaced sampling grid with detailed infill sampling completed at 25m by 25m centres, over the northern part of the **McIntyre Zone** and several anomalies were generated. Subsequent rock chip sampling returned gold assays of 14.60g/t and 2.59g/t.

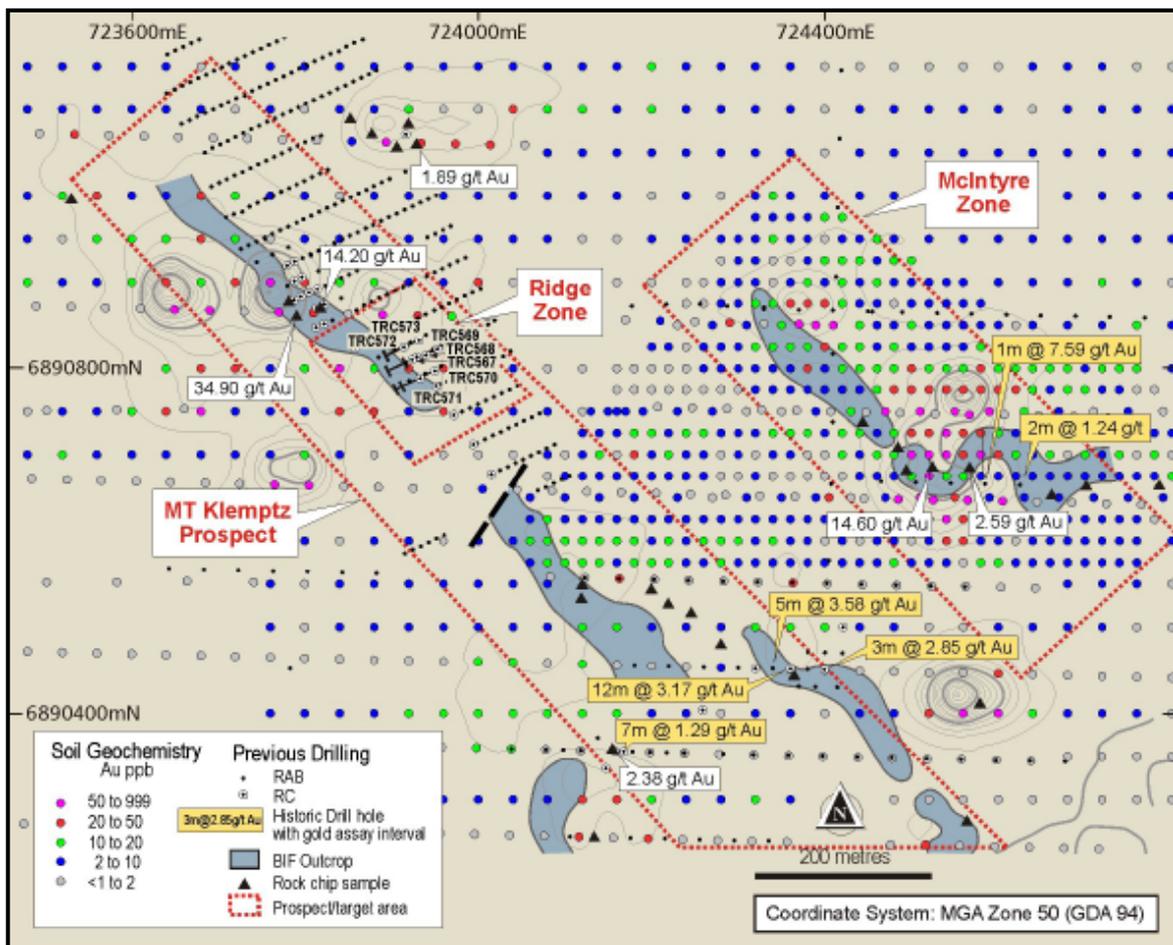
The RAB drilling program (40 drill holes for 1,869m), tested an 800m strike length of the main shear zone partially under cover. No significant gold assays were returned.

The main northwest trending BIF known to host gold mineralisation was tested by a limited RC drill program. Drilling focused on the **Ridge Zone** where drilling by a previous explorer in 1986 intersected a best gold value of 5m @ 3.81g/t from 11m including 1m @ 11.39g/t.

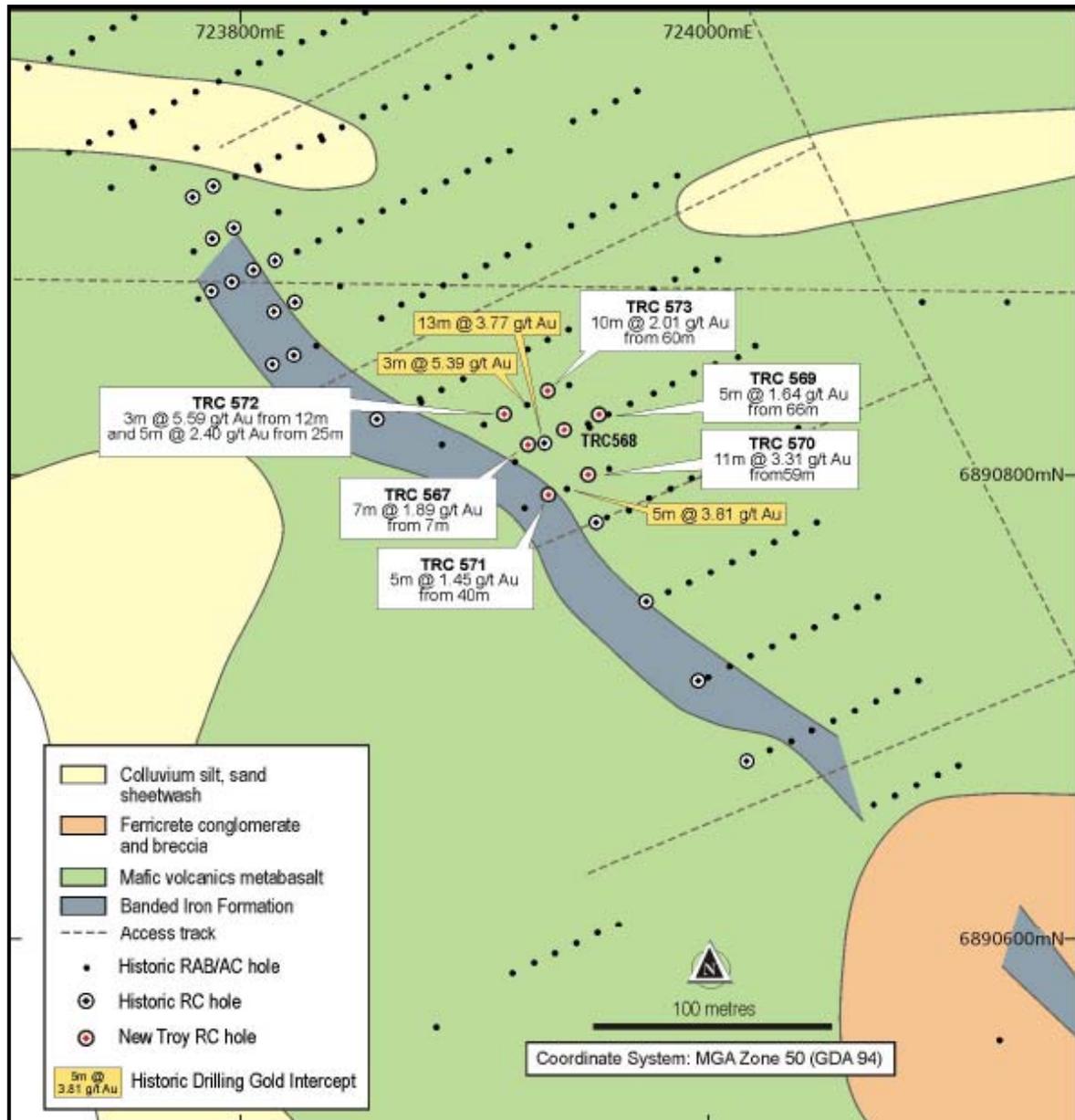


All holes drilled in the current program intersected gold mineralisation in the BIF. Significant gold assay intervals reported included; **7m @1.89g/t from 7m, 5m@ 1.64g/t from 66m, 6m @4.23g/t from 64m, 5m @ 1.45g/t from 40m, 3m @ 5.59g/t from 12m, 5m @ 2.40g/t from 25m and 10m @2.01g/t from 60m** (See Table #4). The Mt Klemptz BIF horizons have been poorly targeted in the past and previous RC drilling has failed to give comprehensive coverage of the strike extent of this contorted formation south of the Shillington Deposit. Scope exists to outline several small high grade deposits similar to Shillington (100,000 tonnes at 7.2g/t gold) within a larger low grade resource in the BIF.

A review of previous work on the McIntyre Zone shows at least two folded BIF units which are generally flat lying at depth and steep north easterly dipping in outcrop. The deeper unit is mineralised. RAB drilling conducted by a previous explorer consisted of west oriented drill holes. Many of these holes failed to penetrate the BIF however two holes ended in gold grades of 3m @ 3.57g/t and 1m @ 2.01g/t at a depth of 55m. Follow-up RC drilling by the same explorer produced best gold intercepts of 12m @ 3.17g/t (including 1m @ 23.90g/t) and 8m @ 1.02g/t (EOH). This indicates a broader zone of mineralisation with a northerly dip which should be targeted with further RC drilling oriented to the south.



**Mt Klemptz - Targets and Gold-in-soil anomalies**



#### Mt Klemptz Prospect – Ridge Zone Geology and RC Drill Assay Results

Seven RC holes (616m) were drilled at the **Phoenix Prospect** to complete planned drilling program that commenced in 2006 but was suspended due to drilling problems. Drilling was carried out on five sections with all holes intersecting the target zone at or near the anticipated position. Gold mineralisation is associated with quartz veining within the weathered mafic and ultramafic rocks. Assays are pending.

RC drilling at the **Garden Well Prospect – Mulga Zone** targeted old, shallow gold workings over a strike length of 160m. Twelve holes were drilled on 3 lines spaced at 80m intervals with holes at 40m intervals along the lines. Fresh metabasalt was intersected virtually from surface and only trace quartz veining was observed in the holes. The only significant gold assay results were **5m @ 1.88 g/t from surface, 5m @ 0.49 g/t Au from 15m and 10m @ 0.29 g/t from 10m.**



At **Musketeer South**, 10 RC holes (631m) were completed. Four holes targeted the up-dip projection of the Musketeer South gold zone to define mineralisation in the near surface position. A 10m to 15m thick layer of transported cover consisting of lateritic gravel extends throughout the area and it was thought that mineralisation intersected in previous drilling would extend upward toward the base of this layer. The current drill program intersected a 5m thick zone of mineralisation immediately below the transported cover. However this zone appears to be hydromorphic mineralisation dispersed laterally at or just below the base of the transported cover. Below this zone is a 15m to 30m thick depletion zone containing little gold mineralisation. The top of the Musketeer South mineralisation occurs between 25m to 45m depth below surface. The mineralisation remains open to the south.

Six holes targeted this deeper mineralisation in the northern part of the prospect with all holes intersecting the target horizon of highly altered and quartz veined mafic rock in the primary zone. The alteration assemblage consists of fuchsite/massive sericite with disseminated pyrite and arsenopyrite. Assays are pending.

RC drilling at **Musketeer North** was hampered by transported cover, up to 80m thick in places, consisting of lateritic gravel and sedimentary clay. By the end of the month 9 holes, of the 13 hole program had been completed. Fresh rock intersected at the base of several holes consisted of sericite or fuchsite altered mafic rock, extensively quartz veined and containing pyrite and arsenopyrite. Assay results are pending.

At the **Bulletin Prospect**, an RAB traverse consisting of 17 holes (769m) spaced at 40m intervals was completed to test for possible linkage structures between the main north striking **Bulletin Lode** and the fold axis of a synformal BIF to the north. Basalt hosted minor quartz veining was intersected and no significant gold assays were reported. Two east-west RAB traverses totalling 28 holes spaced at 40m were drilled to follow-up on previous gold intersections of **1m @2.85g/t** and **1m @1.47g/t**. The follow-up holes yielded gold intercepts of **1m @1.77g/t** and **1m @1.43g/t** hosted in unaltered, weakly foliated metabasalt (See Table #5). A zone of weak gold mineralisation strikes north-northwest and coincides with a synformal fold axis. This thin, sporadic style of mineralisation is prevalent at the Bulletin Prospect but is unlikely to develop into an economic deposit.



## **EXPLORATION – MONGOLIA**

### **Dornogovi Coal JV Project (Troy 100% - Rio Tinto Earning - in)**

Rio Tinto Mongolia (RTM) has completed a detailed remote sensing study and field review that has confirmed the presence of prospective Cretaceous and Permian aged geology within the project area. Rio Tinto will complete a limited stratigraphic drilling program at Dornogovi during November.

### **Gutain Davaa Gold JV Project (Troy earning 80%)**

A Diamond Core drilling program designed to test the new structural model for the **Toordogiin Shil "TS" Prospect** commenced and by the end of September a total of 1,056m in 8 holes were completed.

At **TS South**, three diamond holes (GDDD51, 52, & 53) were drilled to test the extent of subcropping quartz veins that yielded up to as rock chip in grab samples. Each of the holes intersected narrow, sulphide (pyrite rich) altered granite with quartz veins at shallow depths ranging from 5m - 18m. Unfortunately gold assays from these 3 holes yielded weakly anomalous gold values up to 1.1g/t over narrow widths.

At **TS Central**, five diamond holes (GDDD54, 55, 56, 57 & 58) were drilled and intersected wider zones of pyrite rich, phyllic altered granite with quartz veins. The better looking altered and veined sections were encountered in holes GDDD54 and GDDD56 at downhole depths ranging from 50m – 70m. Assays are pending.

The remaining four holes in the program are scheduled for completion during October 2007.

### **Huren Tolgoi Gold JV Project (Troy earning 80%)**

At **Huren Tolgoi** soil sampling over the silicified and weakly altered granite. Resulted in slightly anomalous gold-in-soil values ranging from 10ppb – 30ppb gold with the highest being 314ppb. A detailed review and interpretation of recently collected Induced Polarization ("IP") geophysical data has confirmed the presence of a weak resistive response coincident with the main target zone. The lack of a strong IP response coupled with the weak gold-in-soil values has resulted in a downgrading of the project and the property will be returned to the vendors.



## **FINANCIAL REPORT**

### **CASH POSITION**

As at 30 September 2007, Troy within Australia held \$25.4M in cash, plus equity investments with a market value of \$53.0M and 2,108 ounces of gold awaiting sale (\$1.8M). This equates to a total of approximately \$80.2M of liquid assets.

Troy's wholly owned Brazilian and European subsidiaries held cash deposits of A\$4.0M. At quarter end, Sertão Mineração Ltda ("SML"), Troy's 70% owned Brazilian subsidiary, had the equivalent of \$4.7M in cash (Troy's share). In addition, SML held 1,425 ounces of gold inventory, which approximates to \$0.8M based on a gold price of A\$842 per ounce (Troy's share).

**The Troy group equity share of cash marketable securities and liquid assets is approximately \$89.7 million as at 30 September 2007.**

During the quarter, the Company purchased 275,000 of its own shares under an approved On Market Share Buy-Back at an average price of \$2.66 for a total outlay of \$732,220.

### **GOLD SALES**

Gold sales from the Sandstone operation for the quarter were 11,620 ounces at an average price of A\$806 per ounce. The average Cash Cost was \$665 per ounce which gives a Cash Margin of \$141 per ounce for the quarter.

During the quarter, SML sold 3,600 ounces, of gold at an average price of US\$665 per ounce. The average Cash Cost was US\$610 per ounce, which gives a Cash Margin of US\$55 per ounce for the quarter.

### **HEDGING**

The Company is totally unhedged, and debt free.

### **EXPLORATION EXPENDITURE**

During the quarter, exploration expenditure incurred was \$930,000 in Australia, \$130,000 in Mongolia, \$109,000 in Brazil and \$138,000 by SML (Troy share \$97,000). Troy's total exploration expenditure for the quarter was therefore \$1,266,000.

Capital and development expenditure in Australia during the quarter was \$0.7 million and \$9.0 million on the Andorinhas Project in Brazil.



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**FURTHER INFORMATION**

**P Benson**                      **Chief Executive Officer**

**Telephone**                    **+61 (0)8 9481 1277**

**Email**                            **[troy@troyres.com.au](mailto:troy@troyres.com.au)**

Geological information in this Report has been compiled by Troy's Vice President Exploration & Business Development, Peter Doyle, who:

- Is a full time employee of Troy Resources NL
- Has sufficient experience which is relevant to the type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'
- Is a Member of the Australasian Institute of Mining and Metallurgy
- Has consented in writing to the inclusion of this data

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This Quarterly Report is available on Troy's Website: [www.troy.com.au](http://www.troy.com.au)

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**TABLE 1: RAB Drilling Results - Andorinahas Project Lagoa Seca West**

Hole ID	GDA East	GDA North	Dip/ Azimuth	Dip	Hole Depth	From (m)	To (m)	Length (m)	Au g/t
LSR043	625126	9177659	330	-50	40	9	17	8.00	3.28
LSR044	625136	9177644	330	-50	50	39	40	1.00	1.72
LSR045	625090	9177640	330	-50	40	24	30	6.00	1.33
LSR047	625080	9177658	330	-50	40	13	14	1.00	1.19
LSR048	625103	9177632	330	-50	40	38	40	2.00	1.33
LSR073	625141	9177670	330	-50	45	8	16	8.00	3.22
LSR074	625152	9177654	330	-50	60	43	44	1.00	6.11

**TABLE 2 - Andorinahas Project – Mamão – Melechete Lode RC Drilling Results**

Hole ID	Easting	Northing	Azimuth	Dip	Hole Depth	From (m)	To (m)	Length (m)	Au g/t
MAC003	630348	9175098	180	-60	60	57	58	1	68.64
MAC007	630420	9175160	0	-90	85	74	75	1	14.66
MAC009	630460	9175160	0	-90	80	66	67	1	10.34
MAC013	630500	9175160	0	-90	90	72	74	2	9.74
MAC014	630519	9175159	0	-90	86	1	2	1	16.66
	-					68	71	3	11.92
MAC016	630560	917159	0	-90	65	62	63	1	11.04



**TROY RESOURCES NL**  
**Quarterly Report for the Three Months Ending 30 September 2007**

**TABLE 3: Andorinhas Project – Mamão – M2 Load  
 RC Drilling Results**

Hole ID	Easting	Northing	Azimuth	Dip	Hole Depth	From (m)	To (m)	Length (m)	Au g/t
	630625	9175430	0	-90	80	64	65	1	2.14
	630656	9175430	0	-90	75	57	60	3	14.24

**TABLE 4: Sandstone Project – Mt Klemptz  
 RC Drilling Results**

Hole ID	Easting E_MGA94_50 (m)	Northing N_MGA94_50 (m)	Dip °	Azimuth °	Hole Depth (m)	From (m)	To (m)	Width (m)	Au g/t
TRC567	723923	6890811	-60	243	60	7	14	7	1.89
TRC568	723939	6890816	-60	243	72	67	68	1	1.07
TRC569	723952	6890823	-60	243	96	60	61	1	3.04
						66	71	5	1.64
TRC570	723949	6890797	-60	243	82	59	70	11	3.31
	including					64	70	6	4.23
TRC571	723932	6890789	-60	243	60	40	45	5	1.45
TRC572	723913	6890825	-60	243	44	12	15	3	5.59
						25	30	5	2.40
TRC573	723931	6890833	-60	243	84	60	70	10	2.01

**TABLE 5: Sandstone Project – Bulletin  
 RAB Drilling Results**

Hole ID	Easting E_MGA94_50 (m)	Northing N_MGA94_50 (m)	Hole Azimuth / Inclination	Hole Depth (m)	From (m)	To (m)	Length (m)	Au (g/t)
TAR2500	741960	6891300	090°/-60°	68	41	42	1	1.77
TAR2513	742200	6890930	090°/-60°	68	15	16	1	1.43
			090°/-60°		17	18	1	1.10
			090°/-60°		23	24	1	1.43