

## Statement from Troy Directors, John Jones and Peter Stern

Dear Troy Resources Limited shareholder

As you are aware, a relatively small shareholder (5.1%) of Troy Resources Limited (“Troy” or the “Company”), Republic Investment Management Pte Ltd (“RIM”), has launched an opportunistic attempt to take effective control of your Company without making an offer to acquire your shares.

Specifically, RIM has requested the Company call a meeting of shareholders to consider resolutions that we – Non-Executive Director, Mr John Jones, and Non-Executive Chairman, Mr Peter Stern (together “Jones and Stern”) – be removed from the Board, and that its nominees, Messrs Gregory Foulis, Russell Middleton and Jeffrey Williams (together, the “RIM Nominee Directors”) be elected to the Board.

Through its resolutions, RIM is seeking a Troy Board comprising the RIM Nominee Directors, as well as current Chief Executive Officer and Managing Director, Mr Ken Nilsson, who is not the subject of a removal resolution. Like Jones and Stern, RIM rightfully sees the importance of Mr Nilsson to the future of Troy.

We (Jones and Stern) write to you to seek your support in defeating these resolutions so that we may continue with the important task of running your company. You can achieve this outcome by voting **AGAINST** each of the five resolutions proposed by RIM at the Company’s 10 October Meeting.

There are any number of reasons why we consider voting **AGAINST** the five resolutions is in the best interests of the Company and all its shareholders (other than RIM).

Whilst we fully acknowledge that, for various reasons, the performance of the Company in recent times has been relatively poor, **the team at the helm has changed significantly recently** with:

- The departure in the first half of 2017 (essentially) of the Non-Executive Chairman, the Chief Executive Officer and Managing Director, a Non-Executive Director, and the Chief Financial Officer and Company Secretary
- The appointment in May (four months ago) of Mr Nilsson as Chief Executive Officer and Managing Director, in which role he became directly responsible for the Karouni mine
- The appointment in June (three months ago) of a new Non-Executive Chairman in Mr Stern
- The appointment in July (two months ago) of a new Chief Financial Officer and Company Secretary in Mr Gerry Kaczmarek

We consider that the new Nilsson – Jones – Stern – Kaczmarek team has achieved many goals in a relatively short time, those we are free to disclose including:

- Stabilising operations at Karouni, achieving for the June Quarter the highest quarterly production for more than five quarters, despite June being the heaviest rainfall quarter
- Achieving material reductions in both corporate and operating costs
- Developing a new ore body model and Life-of-Mine plan
- Addressing the meeting requisition the subject of this letter
- Refreshing the Company’s placement capacity (in progress)
- Reaching agreement with Investec that returns the Company’s loan facility to compliance status
- Undertaking discussions that might lead to a potential corporate transaction(s)

Additionally, by December, gold grade at Karouni is expected to increase and, with the strip ratio at Karouni anticipated to decrease from 8:1 to 4:1, costs in turn are expected to further decrease. With exploration drilling at Spearpoint to recommence shortly, these are significant positives that Troy shareholders can look forward to.

Against this background, neither RIM nor the RIM Board Nominees have disclosed a plan for Troy.

Moreover, both Messrs Nilsson and Kaczmarek have volunteered that, if Jones and Stern are removed as Directors, they too will depart from the Company. The loss of Mr Nilsson, in particular, could be reasonably expected to have a materially deleterious impact on Troy.

As announced to the market on 18 September, the Troy Board has negotiated with Investec amendments to the terms and structure of the Company's loan facility, including a reduction to the 30 September 2017 loan repayment from US\$3 million to US\$1 million and the deferral of other repayments under a revised schedule.

In negotiations relating to the revised loan facility terms and repayment schedule, Investec required the inclusion of a new Key Person covenant, under which it will be an Event of Default if any of the existing Troy Directors, Chief Executive Officer, Chief Operating Officer, or Chief Financial Officer or any equivalent person resigns or is replaced and such replacement does not (in Investec's opinion, acting reasonably) have the requisite skill, knowledge and experience.

A consequence of the new Key Person Event of Default is that, if an existing key person leaves and is not replaced by a person that is satisfactory to Investec, the facility may become repayable in full.

As shareholders would appreciate, no outside individual or organisation has greater knowledge of Troy, or better appreciates the Company's position and what the Board is seeking to achieve than Investec.

In any event, leaving aside all the other reasons for voting **AGAINST** the resolutions, Jones and Stern consider that shareholders should carefully consider when voting the implications of Investec's ability (acting reasonably) to make the outstanding loan balance immediately due and payable if there are changes to the Board or management that are not acceptable to Investec, and whether RIM has the ability and is willing to repay the US\$24 million outstanding loan balance in such circumstances.

In conclusion, whilst Jones and Stern understand that many shareholders are rightfully disappointed with the past performance of the Company, we sincerely believe that now is not the time to punish those that might have been involved in some way at the time, let alone those who were clearly not involved, but, rather, thinking rationally, consider what is best for Troy moving forward.

Please **vote for Jones and Stern** by completing the green proxy form included with this mail-out and returning it in the enclosed reply-paid envelope.

Alternatively, you can fax it to Computershare on 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia), or email it to [troy@troyres.com.au](mailto:troy@troyres.com.au)

We note that if you have previously voted in favour of the resolutions but now wish to change your mind and vote **AGAINST**, there is no issue with you voting again as it is only the last proxy form received that counts.

Remember that **every single vote counts** so please vote irrespective of whether your shareholding is large or small.

Yours sincerely



**John Jones**  
Non-Executive Director



**Peter Stern**  
Non-Executive Chairman