

ASX ANNOUNCEMENT

10 December 2020

CHAIRMAN'S ADDRESS AT THE 2020 ANNUAL GENERAL MEETING

Troy Resources Limited (**ASX: TRY**) (**Troy** or the **Company**) is pleased to release the Chairman's Address to be delivered at the 2020 Annual General Meeting.

Welcome everyone.

What a crazy year calendar 2020 has been. I hope you are all safe and well.

The close of this year positions the Company for a positive and exciting year ahead, which I will discuss further below.

However, the past year has certainly had its challenges.

As I mentioned in my Chairman's address last year, we were deeply saddened during the year by the passing of one of our employees – Ryan Taylor.

Our thoughts continue to be with Ryan's family and friends.

Immediately following the incident, an investigation was launched by various authorities.

However, on 10 October, prior to the release of any formal findings, a junior Minister within the Ministry of Social Protection ordered the cessation of all mining activities at Karouni with immediate effect. This came as a surprise to the Company since the ban included all mining areas, not just the location where the incident took place.

As Troy did not know when, or if, approval would be given to resume mining activities and what conditions, if any, might be applied, the Company took the step of standing down all site employees other than those undertaking security duties, exploration activities and those involved in preparing the processing plant for a full shut-down.

After a hiatus of approximately three months, mining recommenced at Karouni in early January 2020 and, subsequently, ore processing on 26 January 2020.

At around the same time as the fatality occurred but completely unrelated thereto, we made the decision to cease mining at our Smarts 3 Pit due to ongoing pit wall stability issues.

With that, we lost an ore source of +3 g/t that we had expected to sustain operations for the next 18 months or so.

We were fortunate that, during the September Quarter, exploration drilling along strike to the north-west of the exhausted Hicks Pits had identified mineralisation of modest grade in an area subsequently denoted Hicks 4.

Following overburden removal, first ore from Hicks 4 was mined in March 2020, which pit became and has been the primary source of ore in the period since.

We were also fortunate that our two largest shareholders, M&G and Ruffer, provided new equity in the amount of \$4 million to keep the lights on as we navigated our way during this difficult period.

For quite some time, we have mapped a Mineral Resource at Smarts Underground of 3 million tonnes at 3.0 g/t Au for approximately 290,000 ounces.

We always knew that, for Smarts Underground to be economic, we would need a higher gold price.

So, when the gold price started to run in early 2020, we committed to, then commenced and have now nearly completed an infill diamond drill program, achieving spectacular assay results from the holes so far assayed.

We are pleased to report that our technical team is continuing to develop the Smarts Underground project. We will see further announcements to upgrade the Mineral Resource and anticipate a maiden Ore Reserve statement, hopefully early in the March Quarter.

With the large volume of work being progressed on the project, we will in the coming year publish the results of the feasibility study and will see the approvals for mining as they are signed off by the Government. Commencement of the development for Smarts Underground is planned for 2021 with gold production following mid-2022.

The Smart Underground project represents a significant ore source right next to the mill of good grade with the potential to sustain the operations for several years.

This is something Troy shareholders should be excited about.

Supplemented by ore from other potential sources such as Goldstar, Ohio Creek, Spearpoint, and possibly Smarts NW, this hopefully will bring an end to the of hand-to-mouth existence which has plagued the company over the last few years.

On that basis, we can apply an appropriate level of the cash generated to Karouni's outstanding and still relatively untested exploration potential which, if you will recall, is why Troy was so keen to acquire the project in the first place.

With appropriate protocols put in place, for much of the year, the Company was not particularly impacted by the COVID-19 pandemic, other than Government-imposed travel restrictions into Guyana which kept a number of key personnel away from site.

Unfortunately, that all changed in October, after year's end, when COVID-19 was detected on site, which has caused a bit of an issue with staffing in the period since. We expect to work our way through this situation without too much further disruption.

Off the back of the release of the outstanding exploration results at Smarts Underground, in November we were able to raise \$15 million from institutions and high net wealth investors by way of an institutional placement.

Just prior to the placement, Asian Investment Management Services, who provided our gold loan, agreed to extend the term for an additional 12 months such that the loan is now not repayable until 2022.

Recently, production at Hicks 4 has fallen short of expectations. A key factor was that the controls on gold mineralisation in the Hicks 4 Phase 3 area were unexpectedly of different character to that in the immediately adjacent Hicks Phase 1 and 2 areas. Having returned to mining the Phase 1 and 2 areas, production levels have picked up again.

We currently have a lot of work going on at our Goldstar prospect where a resource of approximately 25,000 ounces is currently mapped, but which we hope will increase considerably as a result of these latest efforts.

It is planned that Goldstar will come into production sometime in the March quarter, supplementing Hicks 4 production for the fiscal year, pending the commencement of production from Smarts Underground.

So, how best to sum up the year?

Leaving aside the fatality which, of course was tragic, it's been a year, like previous years, of significant ups and downs.

Pleasingly, as we sit here today, we have a lot going for us:

- Smarts Underground is shaping up really nicely
- All going well, cashflow from the Smarts Underground should provide plenty of firepower to allow us finally to properly explore our highly prospective ground position after all these years
- Gold price is at or near to its highest level ever
- No short-term pressure from our lender
- With the election held in Guyana earlier this year, no election uncertainty in the short term
- Plenty of corporate interest in the gold mining sector in Guyana right at the moment

For now, and for the next six months or so, the key will be maintaining production at an acceptable level, pending the commencement of production at Smarts Underground.

I take the opportunity to pass on my sincerest thanks to the many who supported us during the year – most notably, M&G, Ruffer, our new and other long term shareholders, Asian Investment Management Services, my fellow directors, Richard Beazley and John Jones, CFO and Company Secretary, Ray Parry, our employees in Perth and Georgetown and on-site, contractors, consultants, suppliers and various other stakeholders.

My biggest thanks is saved for Ken Nilsson who works tirelessly, oftentimes in circumstances such as I've mentioned above that are incredibly challenging.

Ken never waivers in his desire to get the best possible outcome for the Company and all its shareholders.

Finally, as you are aware, John Jones has announced his retirement as a Director of Troy, which becomes effective at the end of this Annual General Meeting.

I sincerely thank John for all that he has done for Troy.

Peter Stern | Chairman

This announcement has been authorised for release by the Chairman.

ENDS



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