



TROY RESOURCES LIMITED

# ASX ANNOUNCEMENT

17 May 2021

## KAROUNI GOLD PROJECT UPDATE

Troy Resources Limited (**ASX:TRY**) (**Troy** or the **Company**) wishes to provide an update on activities at the Company's wholly-owned Karouni Gold Project, Guyana.

### Production

Gold production for the month of April was 2,140 ounces.

The production forecast for the months of May and June are 2,400 and 1,909 ounces, respectively.

Taking into account actual production for the month of March of 2,570 ounces, Troy is on track to slightly better the forecast set out in its 15 March 2021 announcement that production to the end of June 2021 would exceed an average 2,200 ounces per month.

### Mining Activities

The primary source of ore delivered to the mill over the last 15 months or so has been the Hicks 4 open cut.

In recent months, a modest contribution has also come from the Spearpoint open cut.

The remaining volumes of ore in both pits are somewhat lower than had previously been expected with a recent internal review of the calculation of model versus actual grade control data identifying a relatively modest unfavourable discrepancy.

The consequence of this discrepancy is that both of these pits are likely to be exhausted by mid-June or early July, 2021.

### Smarts Underground Prospect

As shareholders are aware, the Smarts Underground Prospect is expected to be the primary ongoing source of mill feed at Karouni once it comes into production.

Located adjacent to the Karouni Mill, a Mineral Resource of 3 Mt at 3.3 g/t Au for approximately 290,000 ounces of gold has been mapped for some time.

Over the period from the second half of calendar 2020 until early 2021, the Company undertook additional diamond drilling at Smarts Underground, both for resource definition and geotechnical purposes.

Various spectacular mineralised intersections have been achieved, suggesting that Smarts Underground is going to be a very valuable asset for Troy as we move forward.



The geotechnical work illustrated that ground conditions for underground mining are excellent.

However, previous estimates around the time of completion of reserve calculations, economic assessment and the commencement of production will not be achieved.

A number of factors have contributed to the delays including the additional drilling requested by both the resource calculation and geotechnical consultants, and the lack of timely availability of contractors and service providers as a result of the COVID pandemic.

At this time, the various work streams required to announce the results of the Pre-feasibility Study (**PFS**) and declare an initial Ore Reserve (mine design work, geotechnical, hydrological, gap analysis, etc) are all but completed.

Capital costs have been determined as well as delivery schedules, while operating costs estimates are currently being finalised.

The current preferred mine plan involves bulk mining of the deposit to maximize gold production.

A two-stage development approach is currently preferred to minimise capex requirements. This will see initial development of a relatively short drive of approximately 800 metres to the first ore zone of approximately 30,000 ounces, revenue from the sale of which will be used to fund further development.

Troy expects to be in a position to formally announce the PFS and Ore Reserve for the Smarts Underground shortly.

Permitting of the underground mine has been under way for some time. One key challenge for Troy is that there has never previously been an underground mine developed in Guyana and, hence, the Mines Department (**GGMC**) has no experience in this area.

However, the Government is highly supportive of Troy's plans, having already issued to the Company a permit to commence infrastructure works.

Troy is working closely with GGMC and other Government departments to assist in the formulation of a set of Mining Regulations for underground mining operations in Guyana.

### **Goldstar Prospect**

A Mineral Resource of 25,500 ounces has previously been mapped at the Goldstar Prospect, located approximately 13 kilometers from the Karouni Mill.

During late 2020, early 2021, the Company conducted both reverse circulation and diamond drilling at Goldstar, achieving reasonable results.

However, the optimization work in respect of Goldstar has returned disappointing results, resulting in the mapping of a less-than-anticipated Ore Reserve of approximately 74,000 tonnes at 1.2 g/t Au for approximately 2,600 ounces.

This represents little more than one month's additional production.

Being of relatively low grade, the economics of the Goldstar deposit are highly sensitive to the prevailing gold price. Indeed, should the gold price increase somewhat – even to US\$2,000 per ounce or more – the opportunity may present to economically mine additional ore.

It is noted that there remains scope for further exploration at Goldstar, but this activity would only be undertaken during the dry season (i.e. after the end of July in a "normal" rainfall season).



### **Temporary Cessation of Ore Processing Activities**

With ore from Hicks 4 and Spearpoint due to be exhausted by late June/ early July 2021, with the timing of first ore from Smarts Underground not likely until later in calendar 2021 at the earliest, and with only a month's additional contribution expected from Goldstar, there will for a period be no mill feed available for the Karouni mill from Troy-owned operations.

Troy is exploring the availability of third-party ore for toll treating or other opportunities; however, there is nothing further that can be reported at this stage.

That being the situation, Troy anticipates that ore processing activities will cease at Karouni in August or September 2021. At that time, the Karouni mill will be put on Care and Maintenance.

Whilst the plant has been operating well over the last four months or so, it is normal in the life cycle of a plant for extended shut-downs to occur.

Troy will use this opportunity to rejuvenate worn equipment as well as implement various modifications, which will be beneficial once processing recommences.

The mill's power supply will also benefit significantly from repair and maintenance work, with most of the parts required already available on site.

### **Extension of Maturity of Gold Loan Facility**

Troy is pleased to announce that the Company and Asian Investment Management Services Ltd (**AIMS**) have reached agreement to a further extension of the maturity date of its gold loan, this time for 17 months, with the new maturity date being 16 June 2023.

The extension will provide Troy with time to get the Smarts Underground operational, from which this ore stream will provide the principal amount to the Facility for repayment.

No fees were payable by Troy for the extension of the gold loan.

Troy greatly appreciates the opportunity to work with AIMS, who continues to be supportive of the Company.

### **Other**

In light of the updates in respect of the Karouni operations, Troy is currently exploring various corporate and funding options as it seeks to progress the Smarts Underground project and bring the deposit into production.

The Company will provide further updates on progress with regard to these initiatives in due course.

*This announcement has been authorised for release by the Board of Directors.*

**ENDS**



## Directors

**Peter Stern**, Non-Executive Chairman

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## Competent Person Statement

*The information in this report that relates to Exploration Results is based on information compiled by Richard Maddocks, a Competent Person who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Maddocks is employed as an independent consultant to the Company. Mr Maddocks 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 Maddocks consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*