



TROY RESOURCES LIMITED

ANNUAL REPORT

JUNE 2021



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CORPORATE PROFILE

Troy Resources Limited (ASX: TRY) (Troy or the Company) is a gold producer and explorer with a history of developing and operating mines in both Australia and South America.

The Company acquired the undeveloped Karouni Project in Guyana in July 2013 from Azimuth Resources. Since then, the Company has successfully developed the Karouni mine with first gold produced in November 2015. The Company has recently undertaken a Pre-feasibility Study in relation to Smarts Underground.

Troy is committed to implementing international best practice in health and safety, environmental stewardship and social responsibility.

WHAT WE ACHIEVED THIS FINANCIAL YEAR

Karouni Gold Mine produced 22,781 ounces (2020: 23,580) at an All-in Sustaining Cost of US\$2,290/oz (2020: US\$1,725/oz).

Smarts Underground maiden ore reserve announced 26 July 2021.

Company secured the Potaro tenements which see the Company's landholding at Karouni increase to approximately 89,000 hectares.

Joint venture entered into with Barrick Gold Corporation in July 2021.

The Karouni Gold Mine has entered a period of care and maintenance from August 2021.

Partial recapitalisation of the Company announced in January 2022.

CHAIRMAN'S REVIEW

Dear Shareholders

I am pleased to present to you Troy's Annual Report for 2021.

The Company was deeply saddened by the passing on 20 September 2021 of Chief Executive Officer and Managing Director, Mr Ken Nilsson.

Ken's contribution to Troy over the years was immense. He joined the company in 1997 and was appointed as Managing Director in 1998. He stepped aside from that role in 2006 to become Executive Director, Operations, but was reappointed as Managing Director in 2017 following the resignation of the then incumbent.

Ken developed and managed many mining operations for Troy including Bulchina, Lord Nelson and Lord Henry near Sandstone, Western Australia, Sertao and Andorinhas in Brazil, and Casposo in Argentina, as well as Karouni. Much business success was enjoyed, due in no small part to Ken's efforts.

Ken's attributes for leading a mining company were second to none. He was extremely competent in his profession and a great leader of people, amongst many other great attributes. More than that, Ken was a fine man.

He will be sorely missed by us all.

The Company was also deeply saddened by the death of an employee on 20 August 2021 at the Potaro target, approximately 25 kilometres to the south of the Karouni Mill in Guyana.

The incident occurred when the person hit their head on the underside of a large log overhanging a stream which he was crossing during a routine security patrol. Walking back to the vehicle unaided but accompanied, the guard collapsed, losing consciousness. When the medical team arrived at the scene, he was pronounced deceased.

The performance of the company for the financial year was very disappointing.

During the year, Troy produced 22,781 ounces of gold, with 24,227 ounces sold for the year for revenue of approximately \$59.6 million at an All-in Sustaining Cost (AISC) of US\$2,290 per ounce.

These metrics fell considerably short of the guidance provided on 21 September 2020, of 35,000 to 40,000 ounces of production at an AISC of US\$1,450 to US\$1,550 per ounce.

Operations during the year were negatively impacted by the COVID pandemic, which significantly restricted personnel movement over a prolonged period, and a fire in the Karouni store which saw the loss of spare parts along with other equipment and supplies.

During the year, the main source of ore was the Hicks 4 open cut pit.

At the time guidance was provided, ore from this pit, together with a contribution from the Spearpoint open pit, had been expected to sustain the Karouni mill until around September 2021. Unfortunately, for a number of reasons, that did not occur.

The Hicks deposit has generally reconciled very well over its five-year mine life. Since the commencement of mining in Hicks 4 Phase 3 in late July / early August, it became apparent that this phase produced approximately 40% less gold than predicted by the grade control model. As a result, by November 2020, it was decided to abandon this part of the pit and, instead, return to mining at Hicks 4 Phases 1 and 2, which historically produced more gold than the grade control model would indicate, suggesting quite different controls on the occurrence of mineralisation even though the two areas are immediately adjacent.

On 28 January 2021, Troy announced that production levels seemed to be returning to normal, with actual production then reconciling well with forecast.

Unfortunately, the remaining volume of ore at Hicks 4 Phases 1 and 2 was somewhat lesser than had previously been expected with an internal review of the calculation of model versus actual grade control identifying a relatively modest unfavourable discrepancy.

The consequence of the abandonment of Hicks 4 Phase 3 and the unfavourable discrepancy at Hicks 4 Phases 1 and 2 was that, on 17 May 2021, the Company announced that ore at both Hicks and Spearpoint, the latter suffering a minor pit-wall failure, would be exhausted by mid-June or early July 2021. This duly occurred.

Whilst ore depletion from Hicks 4 and Spearpoint had been expected, albeit not quite as early as actually occurred, it had always been considered likely that new ore sources would become available in good time, potentially from each of Ohio Creek, Goldstar and Smarts Underground.

As at 30 June 2020, Ohio Creek was interpreted to have an Inferred Mineral Resource of more than 133,000 ounces. Unfortunately, two separate trial mining exercises produced disappointing results, a consequence of a very high nugget effect, spotty gold distribution and with gold-bearing veins being narrow, discontinuous and present with low predictability. The company subsequently relinquished the tenure.

At Goldstar, where a deposit of 25,500 had previously been mapped, reverse circulation and diamond drilling in late 2020 / early 2021 achieved reasonable results. Unfortunately, with the deposit being of low grade, subsequent optimisation work returned an Ore Reserve of negligible size at the prevailing gold price.

At Smarts Underground, with a Mineral Resource of 287,600 ounces previously interpreted, significant resource and geotechnical diamond drilling took place throughout the year, delivering excellent results.

On 26 July 2021, just after the end of the financial year, the company announced a maiden Ore Reserve at Smarts Underground of 1,082,000 tonnes @ 2.6 g/t Au for 89,400 ounces.

With further drilling, bearing in mind the deposit is open both at depth and along strike to the north-west, and the incorporation of additional geotechnical data, additional Ore Reserves are expected.

A preliminary economic assessment of Smarts Underground, for an initial 2.5 year mine life, has a LOM revenue of US\$137 million and net cashflow of US\$47 million.

Approval from the Guyana Geology and Mines Commission has been received subject to the ongoing submission and review of plans and reports for each phase of mine development.

Whilst the economics of the Smarts Underground are favourable, and whilst the deposit is likely to be more than capable of sustaining profitable operations at Karouni for a number of years, unfortunately, it was not possible for development to occur prior to the cessation of mining at Hicks.

Accordingly, in August 2021, the decision was made to put the Karouni operation on Care and Maintenance.

During the year, the Company secured various exploration tenements that form the Potaro target, which is situated in the area of a major "jog" in the interpreted position of a regionally-significant crustal shear zone that hosts a number of multi-million ounce deposits.

On 1 July 2021, the company announced that Barrick Gold Corporation had entered into an earn-in agreement with Troy in respect of a number of exploration interests, including the Potaro target, noting that Troy retains a material interest.

Troy also retains 100% ownership of a substantial suite of highly prospective exploration interests, including the Gem Creek prospect where encouraging assay results have been received from reverse circulation drilling with mineralisation already identified over a strike length of approximately 500 metres.

On 26 October 2020, the Company announced that it had received commitments from investors for a placement of 125 million new shares to raise \$15 million through a two-tranche placement supported by both existing and new shareholders.

During the year, the Company announced that it had reached agreement with its gold loan provider, Asian Investment Management Services Ltd (AIMS) such that the final repayment date for the 5,200 ounces of gold outstanding has now been extended until 16 June 2023.

At the 2020 Annual General Meeting, Mr John Jones retired as a director. Immediately thereafter, Mr Andrew Barclay was appointed as a director.

As I write, the Company's financial position is precarious.

In the face of this uncertainty, the Company's securities were suspended from quotation on the Australian Securities Exchange on 30 August 2021.

The company is currently exploring various options for raising capital which, hopefully, will lead to the commitment to proceed with the Smarts Underground development.

In what has been an extremely challenging year, I offer my sincerest thanks to my fellow directors, employees, contractors, suppliers, creditors and other stakeholders for their significant efforts and support during the year.

Finally, a big thanks to you our shareholders for your ongoing support and patience. I can assure you that the board is doing everything it can with the resources at its avail to restore shareholder value.

Yours sincerely



Peter Stern
Non-Executive Chairman

ADDENDUM

On 5 January 2022, after year's end, Troy announced a recapitalisation plan. This was subsequently updated by a further announcement on 1 February 2022.

The plan involves a series of transactions that, if approved by shareholders, will see the company issue a number of fully paid ordinary shares at a price of \$0.022 per share in exchange for the receipt of cash or the extinguishment of debt.

The transactions include:

- AIMS converting essentially all of its gold loan, in two stages, into approximately 627 million shares, in so doing, becoming Troy's largest shareholder.
- Exploservice Guyana Inc, the company's largest trade creditor, converting approximately 62% of its debt into approximately 323 million shares and agreeing to a standstill on its remaining debt until April 2023.
- M&G plc, Troy's current largest shareholder, subscribing for approximately 122 million shares, raising approximately \$2.7 million.
- Ruffer LLP, Troy's current second largest shareholder, subscribing for approximately 68 million shares, raising approximately \$1.5 million.
- RiverFort Global Capital Ltd (RiverFort), a London-headquartered investment services firm, subscribing for approximately 23 million shares, raising approximately \$0.5 million.
- RiverFort providing the company with convertible note funding of up to \$5 million.

The support of all these organisations is gratefully acknowledged.

The aforementioned transactions will see Troy raise approximately \$7.2 million in cash and retire approximately \$20.7 million of net debt owing as at 30 June 2021.

In addition, the company is intending to offer all shareholders an opportunity to participate on a 1 for 1 rights issue at the same issue price as the placement.

The Board considers that these transactions will go a long way to restoring the company's financial position.

OPERATIONS – GUYANA

KAROUNI (TROY 100% THROUGH TROY RESOURCES GUYANA INC.)

OCCUPATIONAL HEALTH AND SAFETY

The Company remains strongly committed to the long-term health and safety of its employees.

A Visual Safety Leadership Program was developed and implemented over the year for all staff performing direct safety interaction in the field. In addition, a process of Lessons to Be Learnt was also implemented to place additional emphasis on the prevention of serious incidents and accidents.

The focus also continued on achieving a Zero-Harm workplace. However, tragically, in August 2021, the Company suffered its second fatality at Karouni and is profoundly saddened by the death of this employee.

The Total Recordable Injury Frequency Rate (TRIFR) and (measured as recordable incidents per 1,000,000 man hours) increased by 130% from 3.6 to 8.3 as at the end June 2021 (Figure 2).

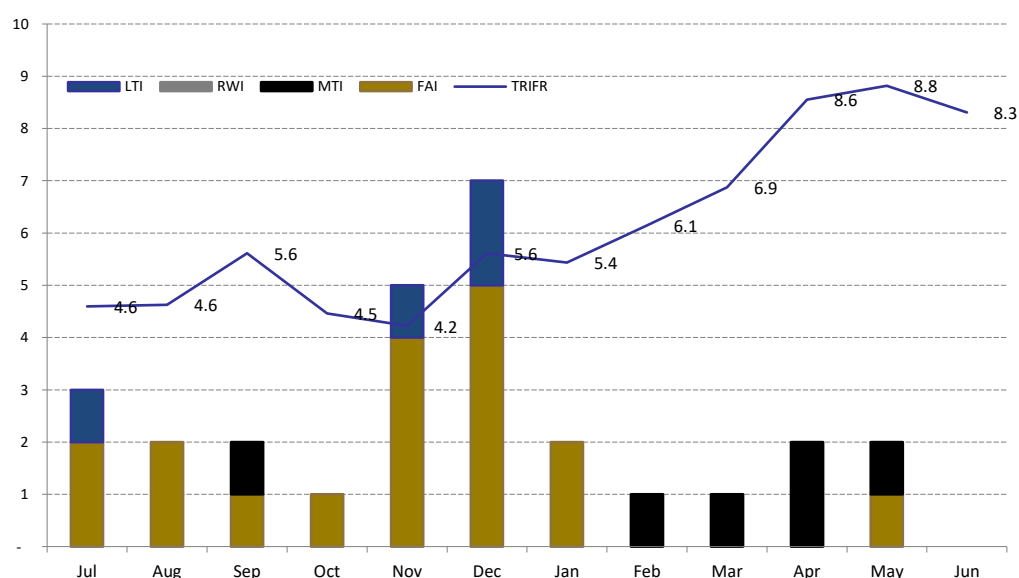


Figure 1: Total Recordable Frequency Rate FY21

The Lost Time Incidents Frequency Rate (LTIFR) (measured in recordable incidents per 1,000,000 man hours) decreased by 20% from 5.0 to 4.0 at the end of June 2021 (Figure 2).

LTI's increased from 3 to 4 over the year and First Aid Injuries (FAI) reduced from 31 to 18 year-on-year from FY20.

The Company continued to provide first aid, emergency and primary health care not only for those who work at the Karouni Mine but for the members of the nearby communities as required.

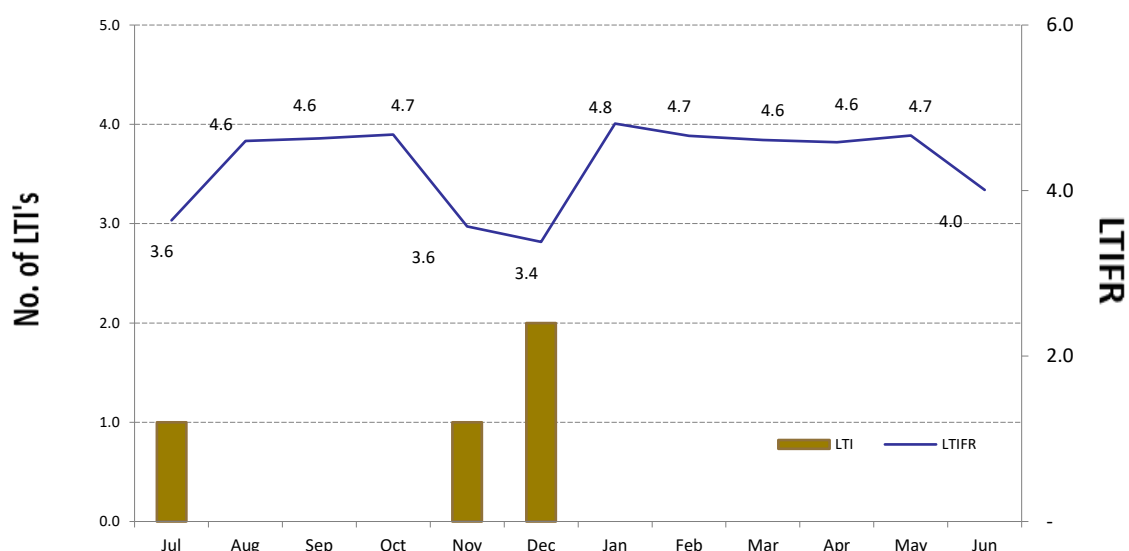


Figure 2: Lost Time Injury Incidents Frequency Rate FY21

OPERATIONS SUMMARY

Key Operating Statistics FY21

KPI		Sept 20	Dec 20	March 21	June 21	FY 21
Processing:						
Dry Tonnes Milled	t dry	200,814	183,442	200,682	212,966	797,904
Grade Milled	g/t	1.03	0.79	1.23	0.87	0.98
Recovery	%	95.4	90.0	92.4	82.6	90.4
Recovered Ounces	oz	6,334	4,195	7,333	4,919	22,781
Gold Sold	oz	5,995	4,373	8,310	5,549	24,227
Mining:						
Tonnes Ore	t dry	129,929	145,970	185,010	122,181	583,090
Average Grade	g/t	1.28	0.98	1.45	0.91	1.18
Tonnes Waste	t dry	1,214,776	1,883,035	1,005,742	225,737	4,329,290
Total Tonnes	t dry	1,344,705	2,029,005	1,190,752	347,918	4,912,380

Permitting and Environment

All permits and licenses are up to date and the Company is in full compliance with its ongoing environmental and operational requirements. In the previous financial year, the Environmental Protection Agency (EPA) changed its requirements for permitting and many items previously included under the single Environmental Permit are now required to be separately permitted. This change occurred after the Company's permit renewal was conditionally approved. The Company remains in full compliance and is working with the EPA to re-permit these individual items.

In June 2021, the EPA renewed the Environmental Permit for Gold Mining and Processing for five years to May 2026.

KAROUNI OPERATIONAL REVIEW

In the year ended 30 June 2021, ore tonnes were derived from Hicks 4, Spearpoint and Goldstar pits, with all ore reserves at the Karouni operations exhausted by August 2021.

Mining operations were affected negatively throughout the year by a number of factors including:

- Hicks Phase 3 and 4 reconciled unfavourably to the grade control model, approximately 40% under, and resulted in cessation of mining in these pits.
- A pit wall failure at Spearpoint impacted safe access to a portion of the mining areas. Despite attempts to place a containment buttress to control movement, the wall continued to fail which prevented reaching of the final pit design at Spearpoint.
- High levels of rainfall were experienced over the whole financial year which, coupled with poor mechanical availability of dewatering pumps, resulted in mining operations being halted for several periods throughout the year.
- Covid-19 travel restrictions resulted in key staff being absent and staff shortages occurring.

In March 2021, the Goldstar haul road was constructed, and test mining of this deposit commenced. Unfortunately, initial results showed that the mined grade was lower than plan due to high dilution incurred when mining. A further test parcel of ore from Goldstar confirmed a lower mine grade than plan and subsequently a decision to cease mining at Goldstar was made.

Mill production continued to be negatively impacted by lower than anticipated ROM supply, as well as lower milled grade due to mineralised waste being included in the blend.

Considerable effort was spent over the year in identifying and correcting inefficiencies in the mill operations.

Again, Covid-19 travel restrictions meant that key staff were absent and staff shortages occurred.

BRAZIL

ANDORINHAS (TROY 100% REINARDA MINERAÇÃO LTDA)

Operations at the Andorinhas mine in Brazil ceased in May 2016 and the mine remains on care and maintenance. All activities at site have ceased except monitoring of rehabilitation as required under the approved mine closure plan. The final closure will depend upon meeting these requirements and final sign-off from the DNPM (the Brazilian mines department).

EXPLORATION – GUYANA

KAROUNI (TROY 100% THROUGH TROY RESOURCES GUYANA INC.)

Overview

During the year, the exploration focus was on diamond drilling for the Smarts Underground Resource definition program and for geotechnical assessment purposes which, subsequent to year end, culminated in the declaration of a maiden Ore Reserve for the Smarts Underground.

In the Brownfields areas, infill reverse circulation (RC) drilling occurred at the Company's Goldstar and Gem Creek prospects.

Greenfields exploration continued with reconnaissance work, field mapping, stream sediment sampling and auger soil sampling programs occurring at the Company's Honey Camp West and Mirror targets and along the Potaro-Kuribrong areas.

Potaro Target

During the year, the Company secured tenements over targets adjacent to its 100%-owned Karouni Gold Mine in Guyana that are considered to be highly prospective for large-scale gold discovery. These tenements see the Company's landholding at Karouni increase to an area of approximately 89,000 hectares.

Significantly, the Company secured a package of tenements over an area referred to as the Potaro target. Located approximately 25 kilometres to the south of the Karouni Mill, Potaro was identified by Troy as a must-have target approximately two years ago.

The Potaro target is considered highly prospective for gold, interpreted to be underlain by the Makapa Kuribrong Shear Zone (MKSZ).

The MKSZ, mostly covered by sand along the newly acquired tenements, is defined by aeromagnetic surveys and is understood to be a crustal fault zone. The fault zone is suggested to extend for more than 300 kilometres within Guyana as well as into Venezuela towards the northwest. To the east, the MKSZ is interpreted to connect with the Central Guiana Shear Zone (CGSZ), which extends for several hundreds of kilometres through Suriname and French Guiana, and which is interpreted by some to connect up with the Senegal-Mali Shear Zone in West Africa.

With the MKSZ-CGSZ interpreted as being crustal shear zones, they rank alongside other crustal shear zones such as occur in Canada, the Cadillac fault system, and Australia, the Boulder-Lefroy fault system.

Crustal shear zones are understood to be the pathway for gold bearing fluids in most orogenic gold districts worldwide.

Whilst no discoveries of significant size have thus far been identified within the MKSZ in Guyana, this can reasonably be attributed to the country's relatively young exploration history as well as the extensive sand cover referred to above.

Since acquiring the Potaro tenements, Troy has had the opportunity to undertake initial mapping and reconnaissance work.

The Potaro River and local tributaries have been heavily mined for alluvial gold.

The presence of the MKSZ at the tenement location is evidenced by highly strained saprolite of a phyllite protolith with abundant quartz veining and strong sericite alteration in outcrop exposed in river and creek ravines which cut through the sand cover.

Given the extent of sand cover, gridded drilling will be required to undertake a detailed evaluation of the subject area.

Troy considers that these newly acquired tenements have the potential to host significant gold mineralisation.

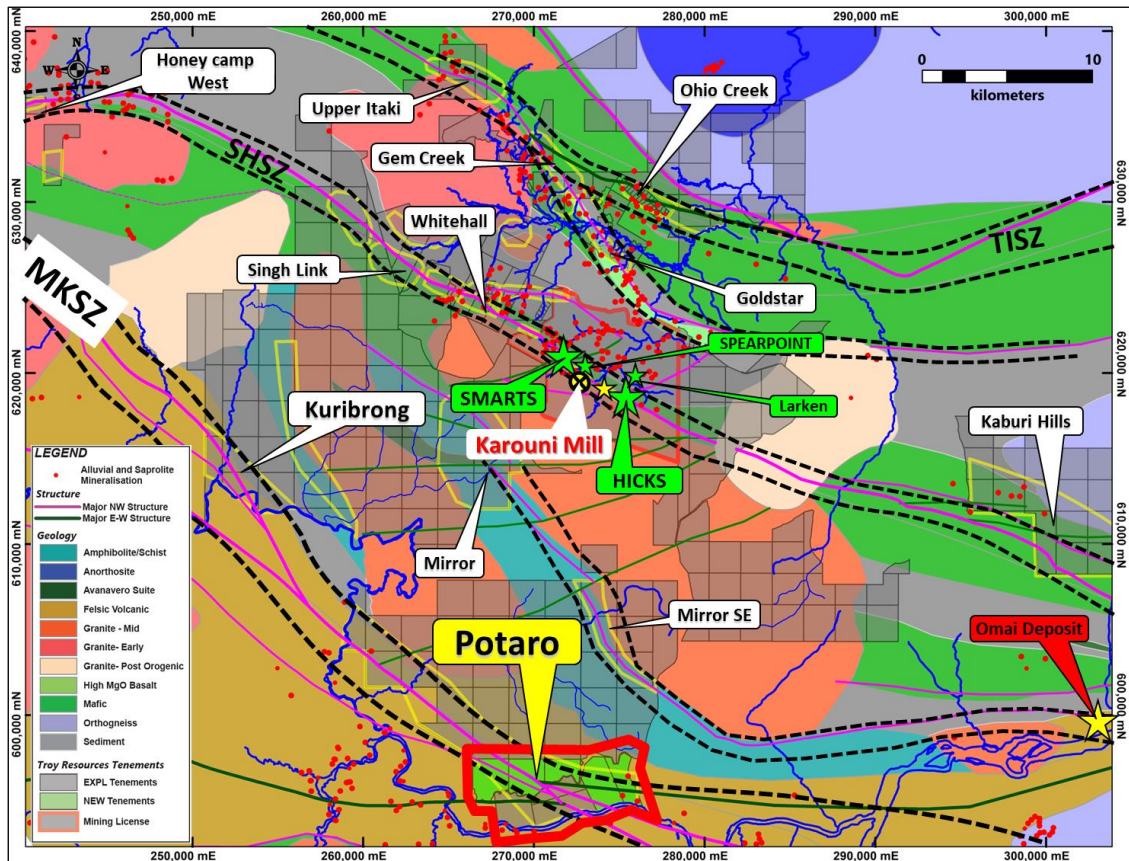


Figure 3: Map illustrating Troy's Karouni ground position, with the Potaro target highlighted

Barrick Earn-In

On 1 July 2021, Troy announced that it had entered into an Earn-In Agreement concerning various exploration tenements at the Karouni Gold Project, including the Potaro target, with Barrick Gold Corporation (Barrick).

Other tenements included in this Earn-In Agreement include the Kuribrong target, located to the north-west along the same shear zone as the Potaro tenements, as well as the Mirror and Mirror South East targets on interpreted second order shear zones.

Pursuant to the Earn-in Agreement, Troy has granted Barrick the sole and exclusive right to earn a 51% undivided interest in the Project Tenements (Earn-in Right). In order to exercise the Earn-in Right, Barrick must sole fund certain agreed work expenditures related to the Project Tenements and complete and deliver to Troy a Pre-feasibility Study.

Upon exercising the Earn-in Right, Barrick and Troy will form a joint venture to hold the project. The joint venture will be owned as to 51% by Barrick and 49% by Troy. Barrick will have the option to sole fund the joint venture until completion of a feasibility study in order to earn an additional 19% interest in the joint venture. In addition, if a decision is made to proceed with development and the construction of a mine, Troy has the option to require Barrick to provide, or arrange for, Troy's share of the financing for the project for a further 10% ownership interest.

Barrick is to be the operator of the project during the earn-in period, receiving a management fee of 5% of expenditures incurred.

The tenements included in the Barrick Earn-In are illustrated in the below figure and are coloured yellow in the context of Troy's broader ground position, coloured grey.

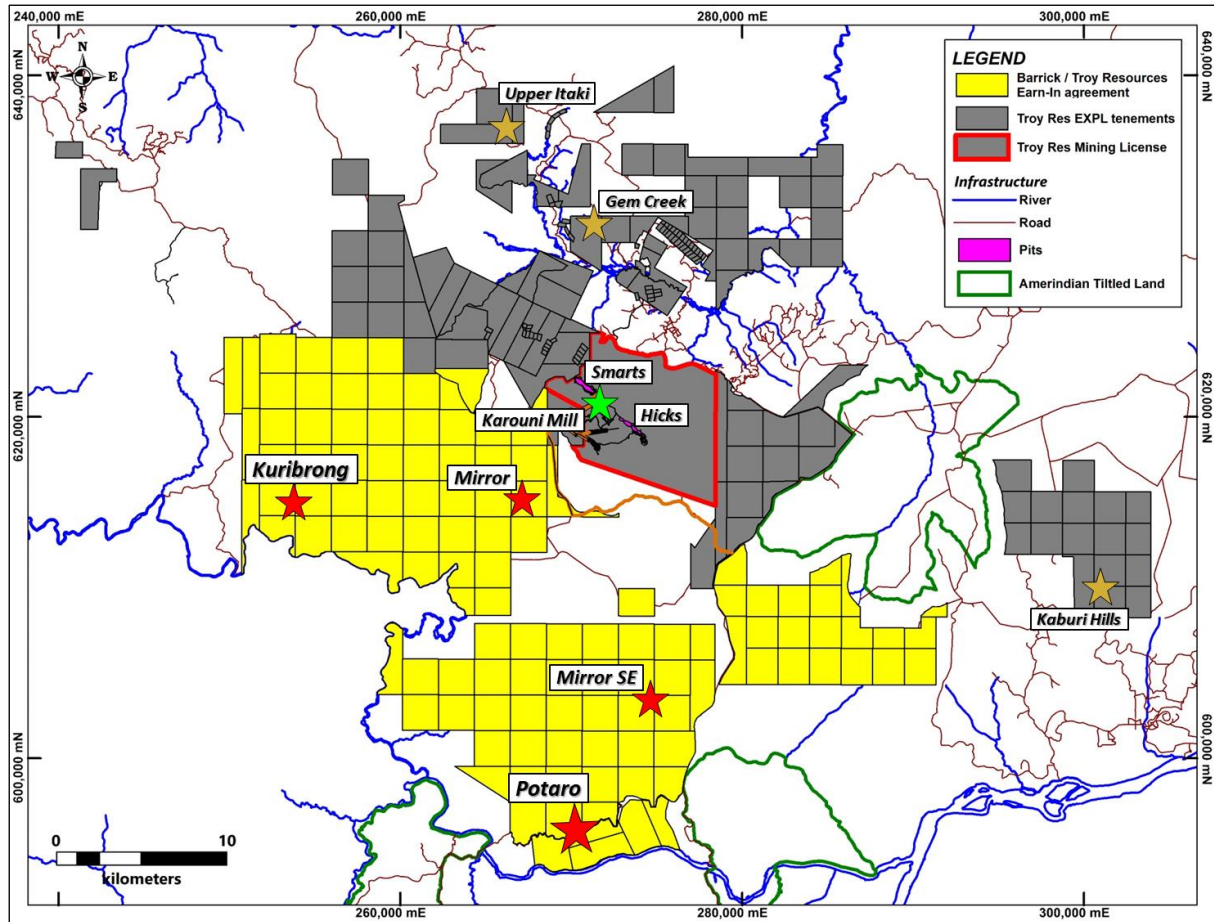


Figure 4: Map illustrating the tenements subject to the Earn-In Agreement

Smarts Underground

Diamond drilling commenced in September 2020 after the rainy season and continued throughout the year. The campaign was designed to infill gaps at depth in the central part of Smarts Underground and test for the density of high-grade quartz veins.

Key intersections include:

- Hole SDD183 – 32 m @ 4.29 g/t Au from 168 m
- Hole SDD183 – 11 m @ 12.36 g/t Au from 251 m
- Hole SDD183 – 8 m @ 15.50 g/t Au from 290 m
- Hole SDD184 – 9 m @ 4.93g/t Au from 230 m
- Hole SDD185 – 12 m @ 5.10 g/t Au from 208 m
- Hole SDD185 – 10 m @ 5.99 g/t Au from 249 m
- Hole SDD186 – 19 m @ 9.15 g/t Au from 173 m
- Hole SDD187 – 26 m @ 3.58 g/t Au from 305 m
- Hole SDD187 – 10 m @ 10.69 g/t Au from 384 m
- Hole SDD188 – 13 m @ 13.74 g/t Au from 273 m
- Hole SDD189 – 11 m @ 131.93 g/t Au from 223 m
- Hole SDD189 – 14 m @ 8.39 g/t Au from 248
- Hole SDD204 – 3 m @ 17.35 g/t Au from 176 m
- Hole SDD204 – 5 m @ 14.14 g/t Au from 232 m
- Hole SDD204 – 3 m @ 9.92 g/t Au from 240 m
- Hole SDD205 – 14 m @ 2.04 g/t Au from 53 m
- Hole SDD205 – 13 m @ 3.64 g/t Au from 177 m
- Hole SDD205 – 8 m @ 2.59 g/t Au from 239 m
- Hole SDD206 – 5 m @ 12.60 g/t Au from 95 m
- Hole SDD206 – 7 m @ 6.44 g/t Au from 112 m
- Hole SDD206 – 20 m @ 3.68 g/t Au from 212 m
- Hole SDD206 – 4 m @ 9.99 g/t Au from 318 m
- Hole SDD207 – 4 m @ 3.72 g/t Au from 115 m
- Hole SDD207 – 3 m @ 6.27 g/t Au from 127 m
- Hole SDD207 – 3 m @ 4.95 g/t Au from 239

Drilling intersected expected lithologies with abundant quartz veining and several shears. Often, the quartz veining shows visible gold. Lithologies encountered included basalt, volcanoclastic rocks and minor andesite dikes. Major structures consisted of intense zones of shearing associated with the main Smarts-Hicks shear zone. The lower grade mineralisation is in strongly deformed quartz-carbonate veins within the shear zones and the high-grade gold mineralisation in brittle quartz-carbonate veins up to 50 cm thick associated with zones of intense coarse disseminated pyrite. Several of those NS oriented veins showed coarse visible gold.

The Smarts Underground target is currently mapped over a strike length of approximately 350 metres and to a depth of approximately 350 metres.

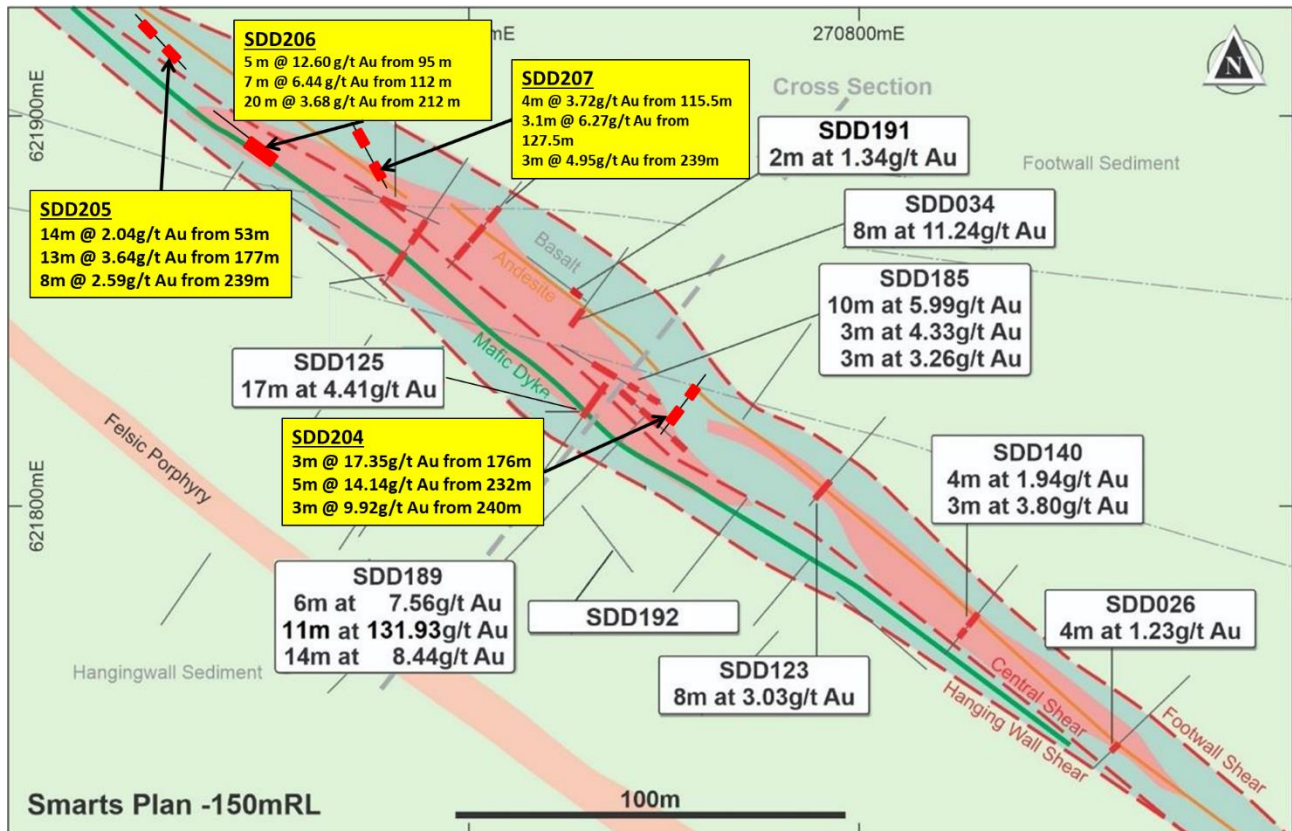


Figure 5: Map of Smarts Underground illustrating drill hole location and assay results

A number of geotechnical holes were also drilled in the footwall for the primary purpose of testing the mechanical and structural properties of the rock rather than the purpose of resource definition. Following the assessment of these holes, the maiden Smarts Underground Ore Reserve was released subsequent to year end. Refer to the Ore Reserves and Mineral Resource Statement included in this report.

Goldstar

Resource definition work was ongoing at Goldstar during the year involving RC drilling, diamond drilling and trenching.

The RC program encompassed 104 holes for an aggregate 7,096 metres drilled, with best intersections including:

- Hole GRC211 – 3 m @ 6.03 g/t Au from 76 m
- Hole GRC223 – 4 m @ 24.52 g/t Au from 14 m
- Hole GRC235 – 16 m @ 1.42 g/t Au from 16 m
- Hole GRC250 – 10 m @ 2.09 g/t Au from 1 m
- Hole GRC255 – 27 m @ 1.20 g/t Au from 9 m
- Hole GRC271 – 3 m @ 0.73 g/t Au from 45 m
- Hole GRC272 – 1 m @ 3.41 g/t Au from 29 m
- Hole GRC273 – 1 m @ 3.19 g/t Au from 64 m
- Hole GRC274 – 4 m @ 2.37 g/t Au from 7 m
- Hole GRC276 – 1 m @ 0.54 g/t Au from 50 m
- Hole GRC277 – 4 m @ 2.37 g/t Au from 7 m
- Hole GRC294 – 6 m @ 1.49 g/t Au from 5 m
- Hole GRC294 – 6 m @ 1.51 g/t Au from 14 m
- Hole GRC298 – 3 m @ 2.22 g/t Au from 11 m
- Hole GRC298 – 5 m @ 1.18 g/t Au from 17 m
- Hole GRC298 – 1 m @ 5.91 g/t Au from 25 m
- Hole GRC304 – 5 m @ 1.28 g/t Au from 6 m
- Hole GRC310 – 1 m @ 1.79 g/t Au from 26 m

The holes intercepted expected geology with high MgO basalt in contact with basalt and dolerite dykes. The assays returned wide intervals with anomalous results, but overall, the grade was low. Gold dispersion is patchy and nugget like.

The diamond program, which encompassed three holes for an aggregate 574.5 metres drilled, was designed to test for down-dip continuation of the mineralisation and capture structural information on the occurrence of mineralisation.

The drill holes intercepted strong deformation and shearing in high MgO basalt in contact with dolerite and basalt. Within the MgO basalt several narrow felsic dykes were intersected. The shear zone and S1 foliation are oriented NW whilst crenulation cleavage (S2) showed a more E-W orientation. The gold is associated with narrow (2m) felsic dykes or random in quartz veins within the high MgO and dolerites.

The trenching program at Goldstar was designed to test for surface expression of mineralisation, infilling previously completed trenches.

Six trenches were excavated for an aggregate 351 metres. Each of the trenches returned wide intercepts of low-grade gold mineralisation, with best assays including:

- GTR001 – 13 m @ 3.27 g/t Au
- GTR002 – 7 m @ 2.89 g/t Au & 10m @ 1.01 g/t Au
- GTR004 – 8 m @ 2.99 g/t Au

The trenching intercepted high MgO basalts in contact with a massive mafic unit. On the contact and within the mafic unit several more E-W oriented flat dipping quartz veins have been mapped.

In summary, the program confirmed the presence of a relatively small resource at Goldstar with a broad zone of anomalous gold occurrence.

Ore from Goldstar was trial mined in the latter half of the financial year.

Gem Creek

93 RC drill holes were completed for a total of 7,836m in Gem Creek. An additional four diamond drill holes were completed for a total of 904m, with the best intersections for both RC and diamond holes below:

- | | |
|---|--|
| • Hole GCRC083 – 11 m @ 1.09 g/t Au from 80 m | • Hole GCRC135 – 1 m @ 3.13 g/t Au from 34 m |
| • Hole GCRC083 – 6 m @ 7.30 g/t Au from 102 m | • Hole GCRC136 – 11 m @ 2.73 g/t Au from 58 m |
| • Hole GCRC088 – 2 m @ 1.34 g/t Au from 33 m | • Hole GCRC137 – 3 m @ 0.97 g/t Au from 91 m |
| • Hole GCRC105 – 3 m @ 4.95 g/t Au from 4 m | • Hole GCRC137 – 2 m @ 1.16 g/t Au from 114 m |
| • Hole GCRC107 – 2 m @ 1.22 g/t Au from 42 m | • Hole GCRC138 – 5 m @ 5.36 g/t Au from 40 m |
| • Hole GCRC112 – 1 m @ 1.58 g/t Au from 62 m | • Hole GCRC139 – 1 m @ 2.30 g/t Au from 63 m |
| • Hole GCRC118 – 2 m @ 1.12 g/t Au from 58 m | • Hole GCRC143 – 3 m @ 2.44 g/t Au from 74 m |
| • Hole GCRC124 – 4 m @ 0.72 g/t Au from 65 m | • Hole GCRC144 – 2 m @ 8.32 g/t Au from 104 m |
| • Hole GCRC129 – 1 m @ 7.5 g/t Au from 32 m | • Hole GCRC149 – 10 m @ 0.92 g/t Au from 30 m |
| • Hole GCRC129 – 2 m @ 1.85 g/t Au from 64 m | • Hole GCRC150 – 1 m @ 3.95 g/t Au from 35 m |
| • Hole GCRC131 – 6 m @ 2.3 g/t Au from 19 m | • Hole GCRC150 – 7 m @ 0.99 g/t Au from 39 m |
| • Hole GCRC133 – 4 m @ 3.83 g/t Au from 13 m | • Hole GCRC150 – 9 m @ 0.62 g/t Au from 59 m |
| • Hole GCRC133 – 4 m @ 3.74 g/t Au from 20 m | • Hole GCDD001 – 68 m @ 0.68 g/t Au from 105 m |
| • Hole GCRC134 – 3 m @ 2.7 g/t Au from 61 m | • Hole GCDD002 – 1 m @ 2.11 g/t Au from 200 m |

The holes have been planned along the upper contact between a mafic volcanic to volcanoclastic unit and the younger sediments. This contact can be traced from Goldstar, about 5km to the south-east, with more MgO rich basalts toward the NW into Gem Creek. This upper contact appears to be mineralised in locations where strike changes have been identified.

The currently completed drilling campaign confirmed, for all drill lines along the trend, the N-S orientation of the mafic volcanic and sediment contact. Consistent mineralisation over about 500m of strike length was intersected with variable widths. The felsic intrusive was not always intersected by RC drilling, but it does appear that higher grades are associated with the intrusive. The mineralisation is related to an increase of pyrite-chlorite alteration in the felsic intrusive. In the mafic volcanic, the alteration is weak, and gold is related to quartz veining. The gold mineralisation occurs mainly in two subparallel zones which are 5 to 15 meters apart.

The exploration model is very similar to what is encountered in both the Hicks and Goldstar deposits.

Honey Camp West

Troy commenced exploration in the area west of Honey Camp, located on the Smarts-Hicks corridor approximately 12 km to the northwest of Karouni. Access to the area from Karouni is well developed via the recently upgraded Bartica-Issano road.

This area is known to have been mined since the late 19th century and is considered one of the main gold mining districts in Guyana. Artisanal workings are abundant.

The work undertaken involved mapping and sampling, with first pass field work identifying some promising rock samples from the creeks in the area.

Rocks encountered were weakly weathered mafics bearing thin veinlets and disseminated pyrite, siltstone and weathered to fresh felsic units. The area comprises of a large granitic porphyry stock (central), with mafic boulders mapped to the South and siltstone to the North. Dolerite float mapped in creeks suggest the presence of small dykes possibly cutting all major lithology. In addition, thirteen points primarily along favoured creeks were selected for stream sediment sampling, both-80 mesh and pan con - assay results are pending. Many of these samples contained visible gold grains.

An auger soil sampling program saw 416 samples recovered over a 300 metre by 40 metre north-south oriented grid.

The assay results are very encouraging. The northern block returned an anomaly with gold in soil values between 100 to 375ppb. The orientation of the anomaly is interpreted NE, which is consistent with the NE vein orientation mapped in the prospect and the main Honey Camp area.

The southern block returned gold in soil values up to 875ppb over the interpreted granite and on the granite mafic contact.

Ohio Creek

Ohio Creek is characterised by a high nugget effect, spotty gold distribution and with the gold bearing veins being narrow, discontinuous and lack of veins in close proximity.

Accordingly, it is considered unsuitable for mining.

The Company withdrew from the Ohio Creek Prospect on the basis that no minable ore is present.

Singh Link

RC drilling in Singh Link returned one significant result with 1m at 17.33 g/t Au from 48m in hole SLRC013. The intercept was returned on the bottom of the cover sequence towards the top of the saprolite. The pXRF data confirms that sample was taken from saprolite. However, the sample is from the upper saprolite and close in direct contact to the cover sequence and likely to be of transported origin.

Drilling intersected sediments and intermediate volcanics (andesite) in the NE and two probably mid group granites, which show weak foliation. The intrusions are in close proximity to an interpreted dilatational jog in the Smarts Hicks shear zone. Interestingly, despite the fact that it may be transported, the single gold intercept is adjacent to same strike change in the structure. Towards the SW, weaker foliated sediments have been intersected.

With the presence of gold identified from first pass drilling, further drilling along the structure is justified.

ORE RESERVES & MINERAL RESOURCES

KAROUNI GOLD PROJECT IN GUYANA AS OF 31 JULY 2021

Table 1: Resource and Reserve Summary ^(a)

Category	Tonnes	Grade(g/t)	Ounces
Gold Ore Reserves			
Proved	-	-	-
Probable	1,082,000	2.6	89,400
Total Ore Reserves	1,082,000	2.6	89,400
Gold Mineral Resources (inclusive of Mineral Reserves)			
Measured	-	-	-
Indicated	5,415,000	2.1	357,500
Inferred	7,716,000	2.0	485,300
TOTAL MINERAL RESOURCES	13,131,000	2.0	842,800

Table 2: Ore Reserves ^(a)

Country	Project	Deposit	Category	Tonnes	Grade(g/t)	Ounces
Guyana	Karouni	Smarts				
		Development (Upper & Lower)	Probable	193,000	2.5	15,400
		Upper (Narrow) Stopes	Probable	160,000	3.9	19,900
		Lower (Bulk) Stopes	Probable	729,000	2.3	54,100
		TOTAL	Probable	1,082,000	2.6	89,400

Table 3: Mineral Resources (inclusive of Ore Reserves) ^(a)

Country	Project	Deposit	Category	Tonnes	Grade (g/t)	Ounces
Guyana	Karouni	Smarts	Indicated	-	-	-
			Inferred	3,081,000	1.8	181,900
		Hicks	Indicated	2,390,000	1.5	114,200
			Inferred	168,000	1.4	7,500
		Hicks Deeps	Indicated	1,336,000	2.1	91,200
			Inferred	1,606,000	1.8	94,800
		Larken	Indicated	111,000	1.9	6,800
			Inferred	13,000	2.0	800
		Goldstar	Inferred	600,000	1.3	24,600
		Spearpoint	Indicated	518,000	1.3	21,200
			Inferred	308,000	1.2	12,200
		Smarts Deeps	Indicated	1,060,000	3.6	124,100
			Inferred	1,940,000	2.6	163,500
		ROM Stocks	Measured	-	-	-
		Mineralised Waste	Measured	-	-	-
Total Gold Mineral Resources			Indicated	5,415,000	2.1	357,500
			Inferred	7,716,000	2.0	485,300
			All Categories	13,131,000	2.0	842,800

Table 4: Karouni Project - Reconciliation

	Tonnes	Grade (g/t)	Ounces
Reserve 30 June 2020, no MW stocks			
<i>Ore Reserve reported last year</i>	895,196	2.4	68,970
Mined in 2020-21			
<i>Mine production reconciled to mill production</i>	499,657	1.4	22,467
Processed 2020-21	812,748	1.0	26,076
Depleted from Stocks 2020-21	13,091	1.7	713
Depleted from Models	456,455	1.9	27,192
Model discrepancy	76,909	-1.6	-3,977
Design changes	569,974	2.5	46,469
Reserve 31 July 2021	1,082,000	2.6	89,400

The model discrepancy includes additional tonnes but less ounces mined from Hicks and Spearpoint. Design changes include the addition of Smarts Underground and the reclassification of pit reserves at Smarts and Larken. In addition, areas of Hicks were not able to be mined to full depth so these reserves have also been discounted.

Table 5: Karouni Reserve and Resource Annual Comparison

Category	30-Jun-21			30-Jun-20			Ounce Variation
	Tonnes	Grade g/t	Ounces	Tonnes	Grade g/t	Ounces	
Gold Ore Reserves							
Guyana							
Proved	0	0.0	0	212,000	0.8	5,600	-5,600
Probable	1,082,000	2.6	89,400	862,000	2.4	66,600	22,800
Total Gold Reserves	1,082,000	2.6	89,400	1,074,000	2.1	72,200	17,200
Gold Mineral Resources							
Guyana							
Measured	0	0.0	0	359,000	1.8	20,900	-20,900
Indicated	5,415,000	2.1	357,500	6,015,000	2.1	402,200	-44,700
Inferred	7,716,000	2.0	485,300	9,613,000	1.9	584,200	-98,900
Total Mineral Resources	13,131,000	2.0	842,800	15,987,000	2.0	1,007,300	-164,500

Total Ore Reserves increased by 17,200 ounces due to the inclusion of Smarts Underground. The Smarts Underground Ore Reserve was announced on 26 July 2021 but has been included here as of 30 June 2021. Mineral Resources decreased by 164,000 ounces after accounting for depletion from production and the relinquishment of the Ohio Creek project (133,300 oz).

(a) Additional notes to Resource and Reserves Estimates

Resources

1. Resources for Smarts are calculated at a cut-off of 0.5 g/t Au constrained to a A\$2,000 pit shell.
2. Resources for Hicks are calculated at a cut-off of 0.5 g/t Au constrained to the -35m RL (being the base of the current pits).
3. Resources for Larken, Spearpoint and Goldstar are calculated at a cut-off of 0.5 g/t Au due to their shallow nature and potential open pit extraction.
4. Resources for Smarts Deeps and Hicks Deeps are calculated at 1.00 g/t Au cut-off grade outside of the A\$2,000 pit shell for Smarts and below the -35mRL at Hicks. This reflects the deeper nature of these resources and the potential extraction limited to underground mining methods.
5. Differences may occur due to rounding.
6. Mineral Resources are unchanged from 30 June 2020 with the exception of production depletion.
7. Additional diamond drilling in 2020-21 into Smarts Deep did not materially change the mineral Resource.
8. With the cessation of open pit mining, Mineral Resources previously classified as Measured have been downgraded to indicated.

Competent Persons Statements

Information of a scientific or technical nature that relates to Exploration Results and Mineral Resources is based on, and fairly represents, information and supporting documentation prepared under the supervision of Mr Richard Maddocks. Mr Maddocks has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as a “competent person” as defined under the Australian JORC Code as per the 2012 edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr Maddocks has reviewed and approved the information contained in this announcement. Mr Maddocks:

- Is a consultant to Troy Resources Limited,
- 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 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’,
- Is a Fellow of the Australasian Institute of Mining and Metallurgy, and
- Has consented in writing to the inclusion of this data.

The information relating to Mineral Resources for the Karouni Project is extracted from the ASX announcement titled ‘Production Guidance, Resource Upgrade and Exploration Update’ dated 21 September 2020.

The information relating to Ore Reserves for the Karouni Project is extracted from the ASX announcement titled ‘Maiden Smarts Underground Ore Reserve’ dated 26 July 2021. This is available to view on the Troy Resources website <http://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 announcement relating to Ore Reserve estimates for the Karouni Project 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 have not been materially modified from the original market announcements.

Governance and Internal Controls Statement

Troy maintains strong governance and internal controls in respect of its estimates of mineral resources and ore reserves and the estimation process. Site based and corporate personnel liaise to ensure data, estimation and mine design processes are to an adequate standard. Internal controls include peer review of geological interpretation and estimation processes to ensure they adequately represent the mineralisation.

Troy ensures that sampling techniques, data collection and collation is at industry standard levels. QA/QC controls are used routinely, including addition of standards, blanks and duplicates. Assaying is done at external, accredited laboratories in Guyana. Estimation techniques are industry standard and reported under JORC 2012. Ore Reserve estimation is carried out by external consultants working with internal personnel.

CORPORATE GOVERNANCE STATEMENT

Troy Resources Limited has reviewed its Corporate Governance practices against the Corporate Governance Principles and Recommendations, 4th Edition (ASX Principles) published by the ASX Corporate Governance Council.

The 2021 Corporate Governance Statement has been released as separate document and can be viewed in the Corporate Governance section on the Troy website (www.troyres.com.au).

SHAREHOLDER INFORMATION

As at 29 March 2022

NUMBER OF SHAREHOLDERS

ORDINARY SHARE CAPITAL

854,907,117 fully paid ordinary shares held by 6,285 shareholders.

Distribution of Shareholding	Number of Shareholders	Number of Unlisted Option Holders	Number of Unlisted Performance Rights Holders
1-1,000	1,684	-	-
1,001-5,000	1,585	-	-
5,001-10,000	691	-	-
10,001-100,000	1,699	-	-
100,001 and over	626	22	6
Total	6,285	22	6

Of the above total, 4,195 ordinary shareholders hold less than a marketable parcel.

Substantial shareholders as disclosed in the most recent substantial shareholder notices given to the company are as follows:

SUBSTANTIAL SHAREHOLDERS

FULLY PAID ORDINARY	NO. SECURITIES	PERSON'S VOTES	VOTING POWER
M&G Plc	128,150,577	128,150,577	14.99%
Ruffer LLP	67,377,163	67,377,163	8.29%

UNLISTED OPTIONS

Total unlisted options on issued are 26,300,000.

UNLISTED PERFORMANCE RIGHTS

Total unlisted performance rights on issued are 18,000,000.

TWENTY LARGEST SHAREHOLDERS

As at 29 March 2022

SHAREHOLDERS	SHARES HELD	% OF ISSUED CAPITAL
HSBC Custody Nominees (Australia) Limited	295,136,293	34.52
BNP Paribas Nominees Pty Ltd ACF Clearstream	57,691,141	6.75
Mr J Thomas & MS I Ponniah <Thomas Super Fund A/C>	27,000,000	3.16
Citicorp Nominees Pty Limited	26,031,974	3.05
BNP Paribas Nominees Pty Ltd <DRP>	19,508,964	2.28
Exploservice Guyana Inc.	16,213,609	1.90
Staltari Investments Pty Ltd <The Stalfam A/C>	10,990,663	1.29
ACK Pty Ltd <Markoff Super Fund No 2 A/C>	10,890,373	1.27
BNP Paribas Nominees Pty Ltd <IB AU NOMS Retail Client DRP>	10,023,884	1.17
RiverFort Global Opportunities PCC Ltd	9,090,909	1.06
Taylor Family Investments Pty Ltd <Taylor Family S/F A/C>	9,000,000	1.05
BNP Paribas Nominees Pty Ltd Six Sis Ltd <DRP A/C>	8,427,107	0.99
Mr N Ze Xu	8,373,844	0.98
SH Berdoukas Pty Ltd <Tambo Super Fund A/C>	4,610,000	0.54
Mr S Zhu	4,132,831	0.48
Graham John Fisher Pty Ltd <Graham J Fisher S/Fund A/C>	4,103,927	0.48
FF Okram Pty Ltd <FF Okram A/C>	4,000,000	0.47
Neweconomy Com AU Nominees Pty Limited <900 Account>	3,023,153	0.35
ESM Limited	3,000,000	0.35
McCusker Holdings Pty Ltd	3,000,000	0.35
Total	534,248,672	62.49
Total issued shares as at 29 March 2022	854,907,117	100.00



The Directors of Troy Resources Limited (the Company or Troy) and its subsidiaries (the Group) present their report (including the Remuneration Report) together with the financial statements of the Group for the financial year ended 30 June 2021 and the auditor's report thereon.

DIRECTORS

The Directors of the Company in office during the financial year and as at the date of this report are:

Peter Stern	Non-Executive Director and Chairman
Ken Nilsson	Chief Executive Officer and Managing Director (passed away 19 September 2021)
Richard Beazley	Non-Executive Director (until 20 September 2021) Appointed Interim CEO and Managing Director 21 September 2021
Andrew Barclay	Non-Executive Director (appointed 10 December 2020)
John Jones AM	Non-Executive Director (resigned 10 December 2020)

Unless otherwise indicated, all Directors held their position as Director throughout the entire financial year and up to the date of this report.

INFORMATION ON DIRECTORS

Mr Peter Stern

Non-Executive Chairman
B.Sc. (Hons), FAICD

Mr Stern was appointed on 16 June 2017 and is the principal of Metropolis Corporate Advisory Services. Mr Stern has been providing corporate advisory services since 1987 where his focus is on general strategic advice, mergers and acquisitions, divestments, transaction structuring and business development. Prior to forming Metropolis in 2000, Mr Stern held senior positions in corporate finance with Macquarie Bank, UBS and Deutsche Bank.

During the last three years Mr Stern has been a director of the following listed companies:

- Anglo Australian Resources NL (from November 2011 to current)
- Altan Nevada Minerals Limited (from May 2010 to October 2019)
- Entek Energy Limited (from July to November 2017)

Mr Ken Nilsson (passed away 19 September 2021)

CEO and Managing Director
B.Eng., Cert of Eng

Mr Nilsson joined Troy in 1997 and was re-appointed Managing Director in June 2017 and was the Chief Executive Officer until 19 September 2021. Mr Nilsson was a mining engineer with over 35 years international mine construction and production experience covering gold, base metals and coal. Mr Nilsson was responsible for the development of Troy's Western Australian operations at Sandstone and the construction of the Sertão Mine in Goiás state, Brazil and led the team responsible for relocating the Sertão plant and development of the Andorinhas Mine in Pará state, Brazil. Mr Nilsson managed the development and construction of Troy's Casposo operation in Argentina and was most recently responsible for development of the Karouni gold project in Guyana. The Company was deeply saddened to hear that Mr Nilsson had passed away in Brazil on 19 September 2021, after failing to recover from a medical procedure.

During the last three years Mr Nilsson had not held directorships in any other listed companies.

Mr Richard Beazley

Non-Executive Director (until 20 September 2021)
Interim CEO and Managing Director (appointed 21 September 2021)
B.Eng. (Mining), MBA, AusIMM, MAICD

Mr Beazley was appointed a Non-Executive Director on 3 October 2018 and on 21 September 2021 was appointed interim CEO and Managing Director. Mr Beazley is a mining engineer with over 30 years of industry experience. He has a strong corporate, operational and technical background in the resources industry. Richard is a Director of Altair Mining Consultancy and Hydrogen Energy Pty Ltd. Past roles have included Interim Chief Operating Officer of Sandfire Resources NL, Managing Director of Peak Resources Limited, General Manager Operations at Consolidated Minerals and General Manager - Southern Cross Operations at St Barbara Limited.

During the last three years Mr Beazley has not held directorships in any other listed companies.

**Mr Andrew Barclay (Appointed 10 December 2020)**

Non-Executive Director
B. Econ., B Laws (Hons)

Mr Barclay, who was appointed on 10 December 2020, is currently the Chairman of Decmil Group Limited. Mr Barclay is a former partner of Mallesons Stephen Jacques (now King and Wood Mallesons) with over 30 years' experience in major projects, (including the Roy Hill Mine and the Fortescue Iron Ore Project in the Pilbara region of Western Australia), mining banking and finance as well as insolvency matters. He has expertise in negotiation and documentation of complex and significant legal arrangements, corporate advice, high profile power procurement contracts for mining companies, rail access arrangements, and complex banking and financial service transactions.

During the last three years Mr Barclay has been a director of the following listed company:

- Decmil Group Limited (from July 2020 to current)

Mr John Jones AM (Resigned 10 December 2020)

Non-Executive Director
AusIMM, AICD

A Non-Executive Director since 27 July 1988, Mr Jones has over 40 years' experience as a director of public companies. Past roles include founder and Chairman of Jones Mining Ltd and Chairman of North Kalgurli Mines NL. Mr Jones is a director of Hampton Transport Services Pty Ltd, a private service company to the mining industry in Australia.

During the last three years Mr Jones has been a director of the following listed companies:

- Anglo Australian Resources NL (from February 1990 to current)
- Altan Rio Minerals Limited (from November 2007 to current)
- Altan Nevada Minerals Limited (from May 2010 to current)
- Tanga Resources Limited (from June 2014 to November 2019)

COMPANY SECRETARIES**Ms Rebecca Broughton**

B. Com (Accounting and Banking)

Ms Broughton commenced as Chief Financial Officer and Company Secretary of Troy on 4 January 2021. Ms Broughton is a Chartered Accountant with more than 20 years' experience in both public practice and commerce, with a significant focus in the natural resources sector. Commencing her career at EY, she now holds senior finance positions at several publicly listed mining companies. She is currently CFO for ASX-listed Flinders Mines (ASX.FMS) and Barton Gold Holdings Limited (ASX.BGD). Past roles include financial controller for ASX listed MZI Resources (ASX.MZI) and finance manager for ASX listed Resolute Mining Limited (ASX.RSG).

Mr Raymond Parry

B. Bus., FCPA, MBA, GAICD

Mr Parry was the Chief Financial Officer and Company Secretary of Troy from 6 January 2020 to 31 December 2020. Mr Parry holds degrees in both accounting and finance, and an MBA specialising in international business. He is a Fellow Member of the Certified Practising Accountants of Australia and a Graduate of the Australian Institute of Company Directors. He has over 30 years' experience in a variety of sectors including mining, manufacturing, oil & gas and banking.



DIRECTORS' INTERESTS

The relevant interest of each director in shares and performance rights issued by the Company, as notified by the Directors to the ASX in accordance with Section 205G (1) of the Corporations Act 2001, as at the date of this report is as follows:

	Number of Fully Paid Ordinary Shares		Number of Performance Rights	
	Direct	Indirect	Direct	Indirect
Mr P Stern	-	292,858	-	750,000
Mr R Beazley	-	-	-	450,000
Mr A Barclay	-	-	-	-

MEETINGS OF DIRECTORS

Directors in office and Directors' attendance at meetings during the year ended 30 June 2021 are as follows:

	Board Meetings		Audit Committee Meetings ⁽¹⁾		Nomination and Remuneration Committee Meetings ⁽¹⁾	
	Held ⁽²⁾	Attended	Held ⁽²⁾	Attended	Held ⁽²⁾	Attended
Non-Executive Directors						
Mr P Stern	18	18	2	2	-	-
Mr R Beazley	18	18	2	2	-	-
Mr A Barclay	10	10	1	1	-	-
Mr J Jones	8	8	1	1	-	-
Executive Director						
Mr K Nilsson ⁽³⁾	18	18	-	-	-	-

- Changes to the composition of the Audit and Nomination and Remuneration Committees occurred during the financial year, with Mr Barclay replacing Mr Jones from 19 February 2021.
- Held indicates the number of meetings available for attendance by the director during the tenure of each director.
- Not a member of the relevant committee.



CORPORATE INFORMATION

Troy Resources Limited is a limited liability public company which was incorporated in Victoria in 1984 and is domiciled in Australia with its registered office in Perth, Western Australia. The Company listed on the Australian Securities Exchange (ASX) in 1987 and its ordinary shares trade under the code TRY.

Information on subsidiaries and Group structure can be found in Note 23 to the Financial Statements.

PRINCIPAL ACTIVITIES

The principal activity of the Group during the year was gold production through its operations at the Karouni Gold Project (Karouni) in Guyana which commenced commercial production on 1 January 2016.

Exploration activities were also conducted during the year at Karouni.

REVIEW OF OPERATIONS

Health and Safety

Troy, its directors, management and supervisors, are strongly committed to the long-term health and safety of all employees. Troy maintains a strong safety focus using modern methods and systems.

During the financial year, only minor Lost Time Incidents (LTI) occurred. Karouni has operated for 200 days without a reportable LTI. This is in part due to the success of the Lessons-To-Be-Learned (L2BL) project. The introduction of L2BL following the fatality in October 2019 has concentrated on the prevention of serious incidents and accidents. The Visual Safety Leadership Programme was also developed, which is geared towards enhancing safety approaches, expectations and responsibilities of all Karouni site personnel and is working to achieve the zero harm goal.

Subsequent to year end, sadly, a fatality occurred on the Potaro Tenements during a routine patrol of the area.

Response to the COVID-19 Pandemic

The COVID-19 safety measures initially introduced by the Government in Guyana in March 2020 remain in place. The protocols established to protect all Troy employees, both at the Karouni mine site and in Georgetown, have been enhanced in order to reduce the risk of the coronavirus on employees and the Company.

The Company continues the active management of the COVID-19 risk with preventative measures such as pre-flight screening, wearing of masks and social distancing, which remain in effect and enforcement for protection of employees, contractors, and visitors. Due to the isolation of the site, increased safety precautions, as well as the initiated restrictions upon entering the site, the mine operations have continued to date. The restrictions on international travel have still impacted the ability of international staff to travel, with some expat employees having to remain on site for long periods, unable to return home on a regular basis. To date, critical supplies have remained unaffected by reduced freight flights into Guyana, and gold has continued to be transported to the refinery in Canada.

The Company continually monitors global economic conditions, and the potential short and medium term impacts, including on the operating environment, workforce and the availability of critical supplies. The extent to which the pandemic may impact mining operations in the future is still uncertain.

Financial Results

Total revenue for the year increased by 5.87% to \$59,548,000 (2020: \$56,303,000) and the consolidated loss after tax for the year was \$32,819,000 (2020: loss \$43,893,000), after bringing to account the following items:

	30 June 2021 \$'000	30 June 2020 \$'000
Exploration expenditure	5,502	6,768
Government royalty expenses	5,768	5,396
Depreciation and amortisation	16,716	19,101
Impairment loss Karouni mine	-	19,460
Impairment loss Karouni exploration and evaluation assets	579	-



Operating Review

The following table summarises the operational and financial performance of the Group over the past five financial years:

		2021	2020 ⁽¹⁾	2019	2018	2017
Gold Produced	oz	22,781	23,580	58,118	70,207	56,200
Gold Sold	oz	24,227	23,726	57,798	70,959	58,139
Cash Cost per oz (Au_Eq) ⁽²⁾	\$/oz	A\$2,581	A\$1,917	A\$1,093	A\$951	A\$1,286
		US\$1,928	US\$1,277	US\$782	US\$737	US\$970
AISC per oz (Au_Eq) ⁽²⁾	\$/oz	A\$3,066	A\$2,582	A\$1,531	A\$1,182	A\$1,784
		US\$2,290	US\$1,725	US\$1,095	US\$931	US\$1,345
Gold Price Realised (before impact of hedging) ⁽²⁰¹⁹⁻²⁰¹⁷⁾	\$/oz	A\$2,454	A\$2,371	A\$1,757	A\$1,679	A\$1,675
		US\$1,838	US\$1,581	US\$1,257	US\$1,302	US\$1,263
Revenue	\$ million	60	56	104	116	92
Loss after impairment before tax	\$ million	(33)	(44)	(44)	(10)	(160)
Net loss after impairment and tax attributable to members of the company	\$ million	(33)	(44)	(46)	(10)	(148)
Earnings before interest, taxation, depreciation and amortisation and impairments (EBITDA) ⁽²⁾	\$ million	(13)	(4)	12	24	(7)
Exploration Expenditure	\$ million	6	7	4	1	7
Capital Expenditure	\$ million	4	15	16	3	16
Cash and Bank Deposits	\$ million	2	5	8	1	9

1. 2020 Figures are affected by the mine closure in the December 2019 quarter.

2. "Cash cost", All-in Sustaining-Cost (AISC) and EBITDA are non-IFRS financial information.

The Group's total gold production for the year was 22,781 ounces (2020: 23,580 ounces) and the Group's gold sales for the year totalled 24,227 ounces (2020: 23,726 ounces).

All gold produced came from the Karouni operation in Guyana. Production was achieved from the processing of 797,904 tonnes of ore at an average gold grade of 0.98 grams per tonne (g/t) and 90.4% recovery (2020: 567,782 tonnes of ore processed at an average gold grade of 1.35 grams per tonne (g/t) and 95.8% recovery).

Karouni cash costs for the year were US\$1,928 per ounce produced (2020: US\$1,277) and All-in Sustaining costs (AISC) were US\$2,290 per ounce produced (2020: US\$1,725). The comparatively high production costs for the financial year is related to the lower than expected gold production due to issues with mining and processing following higher than expected average rainfalls, mechanical availability for extractors and trucks, staff shortages and absence of key mining personnel due to COVID-19. In addition, the Hicks 4 Phase 3 and 4 deposits produced approximately 50% less ounces than expected from the grade control model, which had a negative impact on production and costs.

Heavy rain has hampered mining since mid-May which has impacted then existing ore stockpiles available for processing. There were problems during the financial year, with the reconciled mine grade being significantly lower than budget, with additional efforts taken to improve grade control practices to improve blasting and reduce dilution. Additionally, the impact of the stores fire in mid-September 2020 resulted in critical shortages in reagents and mill spare parts.

Subsequent to the financial year ore from Hicks 4, Spearpoint and Goldstar is now exhausted. Karouni will enter into a period of care and maintenance, whilst progressing the Smarts Underground project.



Financial Review

At 30 June 2021, the Group held cash and cash equivalents of \$1,776,000. Troy held gold inventories with a market value of \$2,366,000, therefore providing total cash and assets with high liquidity of \$4,142,000.

Cash decreased by \$3,134,000 over the year. Net proceeds from equity raisings totalled \$14,021,000. The gold loan facility was extended to 16 June 2023.

Investing activities utilised \$4,334,000, of which \$729,000 (2020: \$1,468,000) related to the purchase of property, plant and equipment and \$3,318,000 (2020: \$13,639,000) was expended on development at the Karouni mine.

The consolidated loss after tax for the year was \$32,819,000 (2020: loss \$43,893,000), this includes non-cash expenses of \$579,000 in impairment (refer Note 12) and \$16,716,000 in depreciation and amortisation (2020: \$19,460,000 and \$19,101,000 respectively).

The following annual accounts for the year ended 30 June 2021 contains an independent auditor's report which includes an emphasis of matter paragraph in regards to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

For further information, refer to the going concern disclosures (Note 1) together with the auditor's report.

DIVIDENDS

No dividends were declared for or during the financial year ended 30 June 2021 (2020: Nil).

CHANGES IN STATE OF AFFAIRS

There were no other significant changes in the state of affairs of the Group other than those referred to in the financial statements and notes thereto.

SHARE ISSUES

Details of transactions involving fully paid ordinary shares during the financial year are as follows:

- 100,000,000 ordinary shares at a gross value of \$12,000,000 were issued on 2 November 2020 and 25,000,000 ordinary shares at a gross value of \$3,000,000 were issued on 16 December 2020 pursuant to a two tranche share placement.
- 500,000 ordinary shares at a gross value of \$60,000 were issued on 31 December 2020 as consideration for consulting services.
- Costs in relation to shares issued totalled \$979,000.

Details of transactions involving fully paid ordinary shares after the financial year are as follows:

On 1 July 2021, the Company issued 39,033,254 ordinary shares in accordance with a share subscription agreement dated 30 June 2021. These shares were fully paid on 1 July 2021.

On 23 August 2021, the Company issued 16,213,609 ordinary shares to a creditor of the Company's wholly owned subsidiary to partly extinguish a debt. The shares were issued at a 30 day VWAP of \$0.04203 for \$681,477 or USD equivalent of \$500,000.

On 11 January 2022, the Company issued 42,096,486 tranche one ordinary shares as part of the recapitalisation of the Company as announced on the ASX on 5 January 2022.

As at the date of this report, the Company had a total issued capital of 854,907,117 ordinary shares.



SUBSEQUENT EVENTS

On 1 July 2021 the Company signed a royalty termination payment agreement with Middle Island Resources Limited, receiving \$250,000 as settlement in early July 2021.

On 1 July 2021 the Company announced that it had entered into an earn-in agreement with Barrick Gold Corporation (Barrick) concerning various exploration tenements at the Karouni Gold Project, including the recently acquired Potaro target. Barrick subscribed for new ordinary shares (refer Note 17) raising approximately US\$1,200,000 which was received 1 July 2021.

On 14 July 2021, the Company announced that with ore from available pits being exhausted after year end, a period of care and maintenance would be occurring from August, whilst the Company progresses the Smarts Underground Project.

On 26 July 2021, the Company announced the maiden Smarts Underground ore reserve of 1,082,000 tonnes @ 2.6 g/t Au for 89,400 ounces. Further work to potentially convert more mineral resource ounces to an ore reserve classification is being considered. The Company is in the process of determining the capital expenditure requirements.

On 18 August 2021, the Company announced the issue of 16,213,609 ordinary shares to a creditor of the Company's wholly owned subsidiary to partly extinguish a debt. The shares were issued at a 30 day VWAP of \$0.04203 for \$681,477 or USD equivalent of \$500,000.

On 23 August 2021, the Company was deeply saddened to announce that a fatality had occurred on the Potaro Tenements.

On 30 August 2021, the Company entered into a trading halt and on 31 August the Company entered into a voluntary suspension from trading, which was later extended to the earlier of 14 April 2022 or when the Company releases a full form prospectus.

On 20 September 2021, the Company's was deeply saddened to announce that Mr Ken Nilsson, CEO and Managing Director of Troy Resources Limited, passed away after failing to recover from a medical procedure.

On 21 September 2021, the Company announced the interim appointment of Mr Beazley, a Non-executive Director, as CEO and Managing Director. Mr Beazley's remuneration was announced 30 September 2021.

On 1 October 2021, the Company failed to pay the September 2021 quarterly interest payment owing to Asian investment Management Services Limited (AIMS). Upon the default in the interest payment, the gold loan facility became a current liability payable on demand. The Company has reached an agreement with AIMS for a debt to equity conversion as part of its recapitalisation transactions, which is subject to shareholders approval. There is a forbearance clause included in the agreement, whereby no action will be taken by AIMS unless the conditions precedent have not been met by 31 July 2022. The Company is continuing to accrue interest at the default rate.

On 5 January 2022, the Company announced that it had entered into a series of agreements that will, if approved by shareholders, achieve a recapitalisation of the Company and, in due course, enable the Company's shares to recommence trading on the ASX. These agreements allow the Company to convert approximately \$18.7 million in debt to equity and raise new funds of approximately \$7.2 million.

On 11 January 2022, the Company issued 42,096,486 tranche one ordinary shares as part of the recapitalisation of the Company as announced on the ASX on 5 January 2022.

On 1 February 2022, the Company announced that a further conversion of debt to equity had been agreed, allowing the Company to now convert approximately \$20.7 million in June 2021 debt to equity and raise new funds of approximately \$7.2 million, subject to shareholder approval.

On 23 March 2022, the Company announced that it had issued fourteen million performance rights under the Employee Incentive Plan to existing employees.

There are no other matters or circumstances arising since 30 June 2021 that have significantly affected the Group's operations, results or state of affairs, or may do so in future years.



FUTURE DEVELOPMENTS

Troy is committed to pursuing growth at Karouni through the development of the Smarts Underground and exploration activities.

The Company is also interested in the acquisition of new projects and/or corporate merger activity in circumstances where demonstrable value will be added for shareholders.

SHARE OPTIONS

Unissued Shares Under Options

Unissued ordinary shares of the Company under option at the date of signing this report are as follows:

Grant Date	Expiry Date	Exercise Price	Number Under Option
10 December 2020	16 January 2023	\$0.10	6,000,000 ⁽¹⁾
10 December 2020	10 December 2023	\$0.15	12,000,000 ⁽²⁾
15 June 2021	1 June 2024	\$0.055	8,300,000 ⁽³⁾
Total			26,300,000

⁽¹⁾ Shareholders at the AGM approved the issue of 6,000,000 unlisted options to AIMS for the extension of the gold loan facility (refer Notes 16 and 18).

⁽²⁾ Shareholders at the AGM approved the issue of 12,000,000 unlisted options to Canaccord Genuity (Australia) Limited which acted as lead manager to the October 2020 placement (refer Notes 16 and 22).

⁽³⁾ On 15 June 2021, the Company issued 8,300,000 options to employees of the Group (refer Note 22).

These options do not entitle the holder to participate in any share issue of the Company or any other entity. There were no unissued shares under option that expired during the financial year.

Shares Issued Under Options

The Company has not issued any ordinary shares during or since the end of the financial year as a result of the exercise of unlisted options.

PERFORMANCE RIGHTS

Unissued ordinary shares subject to performance rights at the date of signing this report are as follows:

Grant Date	Expiry Date	Exercise Price	Number of Performance Rights
10 December 2020	30 June 2025	-	2,600,000
10 December 2020	30 June 2026	-	1,400,000
23 March 2022	30 June 2025	-	7,000,000
23 March 2022	30 June 2026	-	7,000,000
Total			18,000,000

Vesting of performance rights granted 10 December 2021 is subject to the Company meeting performance conditions based upon the share price and ore reserve growth, with each tranche measured by comparison to the share price and ore reserves growth at 30 June 2020 and at discretion of the Board of Troy Resources Limited.

Vesting of performance rights granted 23 March 2022 is subject to the Company meeting performance conditions based upon the share price and ore reserve growth, with each tranche measured by comparison to the share price set at \$0.022 and ore reserves growth set at 89,400 ounces and at discretion of the Board of Troy Resources Limited.

Performance rights will only vest if the performance criteria and vesting conditions specified by the Board at grant date are satisfied.

These performance rights do not entitle the holder to participate in any share issue of the Company or any other entity.

Shares Issued

The Company has not issued any ordinary shares during or since the end of the financial year as a result of the conversion of performance rights.



INDEMNIFICATION AND INSURANCE OF OFFICERS

During the financial year, the Group paid premiums in respect of insurance cover for the Directors and Officers of the Group. The Group has not included any details of the limit or nature of the liabilities covered or the amount of the premium paid in respect of the directors' liability and legal expense insurance contracts, as such disclosure is prohibited under the terms of the insurance contract.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group is committed to a high standard of environmental performance. Compliance with environmental obligations is monitored by the Board of Directors. There were no reportable environmental incidents during the year ended 30 June 2021 (YE June 2020: one environmental breach or reportable incident).

The consolidated entity is subject to environmental regulation in respect of its gold exploration activities. The Group recognises that respecting environmental values held by all stakeholders is an essential part of the Company's corporate social responsibility. The Environmental Protection Agency on 22 June 2021 renewed the Environmental Permit for the Karouni Project, which is valid until 31 May 2026.

The Karouni site has one tailings storage facility (TSF), and in light of the tailings dam incidents in South America, Troy voluntarily completed the questionnaire initiated by the Church of England Pensions Board and Swedish Council on Ethics, the results of which are disclosed on the Company's website. The TSF has been in operation since August 2015 and is being operated within the design parameters. The most recent independent expert review was performed in November 2019 and the latest downstream impact assessment on communities, ecosystems and critical infrastructure was undertaken in 2014 before dam approval and construction. Whilst the TSF has been assessed as being classified as major based upon the Australian National Committee on Large Dams (ANCOLD) guidelines, there is minimal risk to human life, community services and contamination of water supplies for human or stock consumption. The level of impact assessed included the impact on business credibility and significant economic cost and loss to the Group. The oversight of the TSF is undertaken internally and Troy also has specialist external engineering support for this assessment.

The Group regularly undertakes water and noise sampling to ensure any significant anomalies are identified. Guyanese Environmental Protection Authority guidelines are adhered to and audits completed each quarter have found no significant issues. Inspection and monitoring of vegetation, groundwater and emissions are conducted to ensure compliance with all regulations. Due to the impact of COVID-19, the Company's alliance with the University of Guyana, whereby the university was to conduct a test planting programme at Karouni in order to ensure the selection of the optimum vegetation type for reclamation, has been put on hold.

Climate change risks that may impact the Group are still to be considered by the Group in detail, including the assessment of the uncertainty surrounding future regulatory frameworks, as well as the physical risks that may result. Any effect of changes in weather including storm and rainfall patterns, may impact operations in Guyana, with both flooding and storm damage impacting production. The impact of any future carbon pricing may increase the energy costs of the Group.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

ROUNDING OF AMOUNTS

The Company is a company of the kind referred to in ASIC legislative instrument 2016/191 and, in accordance with that Class Order, amounts in the Directors' Report and the financial report are rounded to the nearest thousand dollars, unless otherwise indicated.



NON-AUDIT SERVICES

The auditor of the Company and the Consolidated Entity is PricewaterhouseCoopers. The Company also sources its tax services from PricewaterhouseCoopers. The Company has a general policy that other general accounting advice and services should not be performed by the Company's auditor. However, the Company may employ the auditor on assignments additional to their statutory audit and taxation service duties where the auditor's expertise and experience with the Company and/or the Consolidated Entity are important and closely related to their work as auditor of the Company or their knowledge of the Company.

The Audit Committee and the Board of Directors of the Company are satisfied that the provision of non-audit services by the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of non-audit services provided do not compromise the independence of the auditor.

A copy of the auditor's Independence Declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 41.

Details of amounts paid or payable to the auditor for audit and non-audit services provided during the financial year are outlined in Note 24 to the Financial Statements.

REMUNERATION REPORT – AUDITED

This report details the main aspects of the remuneration for Troy Resources Limited's key management personnel for the year ended 30 June 2021.

Key management personnel are defined as those persons who have authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

INTRODUCTION

This report outlines the existing remuneration structure for Executive Directors, Non-Executive Directors and other key management personnel (KMP) of the Company or the Group.

The Nomination and Remuneration Committee, consisting of non-executive directors, is responsible for the review and recommendation to the Board of the Company's remuneration policy, senior executives' remuneration and incentives, the remuneration framework for directors, share and benefits plans, as well as the selection and appointment of new directors.

Supported by the Nomination and Remuneration Committee, the objective of the Board is to ensure that the practices and processes are sound and appropriate for the Company's particular operating circumstances and driven by our guiding principle to deliver value for the benefit of all our stakeholders.

Key management personnel during or since the end of the year:

Non-Executive Directors

P Stern	Non-Executive Chairman
R Beazley	Non-Executive Director for the financial year ended 2021 (until 20 September 2021)
A Barclay	Non-Executive Director (appointed 10 December 2020)
J Jones	Non-Executive Director (resigned 10 December 2020)

Executives

K Nilsson	Managing Director and Chief Executive Officer (passed away 19 September 2021)
R Beazley	Interim CEO and Managing Director (appointed 20 September 2021)
R Broughton	Company Secretary and Chief Financial Officer (appointed 4 January 2021)
R Parry	Company Secretary and Chief Financial Officer (resigned 31 December 2020)



A. REMUNERATION GOVERNANCE

The Board is responsible for ensuring that the Company's remuneration structures are aligned with the long term interests of the Company and its shareholders. Accordingly, the Board has established a Nomination and Remuneration Committee (Remuneration Committee) consisting of independent Non-Executive Directors, which is responsible for determining and reviewing remuneration for key management personnel.

The responsibilities and functions of the Remuneration Committee include reviewing and recommending to the Board:

- The Company's remuneration policy and structure, including determining short term incentives, key performance indicators and long term incentive performance targets;
- The level of remuneration and incentives for Executives; and
- Appropriate Non-Executive Director remuneration and the aggregate pool for approval by shareholders (as necessary).

Executive remuneration is reviewed annually or on appointment, having regard to individual and business performance, relevant comparative information and internal and independent external information.

Adoption of year ended 30 June 2020 Remuneration Report

At the Company's Annual General Meeting held on 4 December 2020, shareholders adopted the 30 June 2020 Remuneration Report with a clear majority of 225,516,743 votes in favour, representing 96.3% of the votes cast (2019: 94.3%).

B. PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

Summary of Approach to Remuneration

During the 2021 financial year, the Board re-evaluated the existing remuneration framework of the Company, including latest trends in incentive scheme structures, to ensure that the Company's remuneration policies and practices are fair, competitive and responsible, and designed to attract, retain and motivate key management personnel as well as employees. This review took into consideration the operational and financial position of the Company during the 2021 financial year.

Remuneration packages now include a mix of fixed compensation and long-term based performance incentives, designed to reward key management personnel for growth in shareholder wealth. Short-term incentives are not utilised on an annual or regular basis. Whilst there was no change to Directors fees or base salaries, the Board introduced a long term incentive structure, the Employee Incentive Plan (the Plan), which was approved by Shareholders at the Annual General Meeting held 10 December 2020. The Plan is intended to assist the Company to attract and retain key staff, whether Directors, employees or contractors.

The Board believes that grants made to eligible participants under the Plan will provide a powerful tool to underpin the Company's employment and engagement strategy, and that the Plan will:

- enable the Company to incentivise and retain existing key management personnel and other eligible employees and contractors needed to achieve the Company's business objectives;
- enable the Company to recruit, incentivise and retain additional key management personnel, and other eligible employees and contractors, needed to achieve the Company's business objectives;
- link the reward of key staff with the achievement of strategic goals and the long-term performance of the Company;
- align the financial interest of participants of the Plan with those of Shareholders; and
- provide incentives to participants under the Plan to focus on superior performance that creates Shareholder value.

The granting of long-term incentives are reviewed by the Remuneration Committee as required. Accordingly, these incentives are not granted on an annual or regular basis.

Refer to section I (Long Term Incentive Plan) for further details.



B. PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION (CONTINUED)

Non-Executive Director Remuneration

Fees and payments to Non-Executive Directors reflect the responsibilities and demands made on them. They are set at a level that provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

Non-Executive Directors' fees are paid within an aggregate limit approved from time to time by the Company's shareholders (currently \$800,000 per annum as approved at the 2011 Annual General Meeting). Retirement payments, if any, are determined in accordance with the rules set out in the Corporations Act as at the time of the Director's retirement or termination.

Non-Executive Directors are entitled to participate in the Employee Incentive Plan as, in the Company's present circumstances, the Board considers that the grant of shares, options or performance rights is a cost effective and efficient reward for the Company to make to appropriately incentivise the performance of Non-Executive Directors.

The Company has set the current performance criteria to ensure that share, options or performance rights only vest upon achievement of fundamental milestones that will drive the long-term value of the Company's securities.

No separate committee fees have been paid to individual Directors for serving on any Board Committee in the 2021 financial year, in line with the 2018 Board determination relating to committee fees.

The Board's remuneration levels are set out in Section D.

Executive Director and Senior Executive Remuneration

Executive Directors and senior executives are paid a base salary which is reviewed at the time of promotion or initial appointment. In addition, they are entitled to participate in the Employee Incentive Plan, introducing a variable component into remuneration for the year ended 30 June 2021 following a review of the structure of executive remuneration.

The Board considers that the grant of shares, options or performance rights is a cost effective and efficient reward for the Company to make to appropriately incentivise the performance of executives in the Company's present circumstances.

The Company has set the current performance criteria to ensure that performance rights only vest upon achievement of fundamental milestones that will drive the long-term value of the Company's securities.

The Company has also granted options to incentivise people important to the development prospects of the Company and to ensure the interests and motivations of such people are aligned with the interests and motivations of Troy Resources shareholders.

There were no short-term incentive cash bonuses awarded as remuneration during the financial year (2020: Nil). The Company currently does not operate a short-term incentive scheme for its key management personnel.

Executive remuneration levels are set out in Section E.



C. COMPANY PERFORMANCE

The following table shows the performance of the Group over the past five years based on several key indicators:

	Financial Years Ended 30 June				
	2021	2020	2019	2018	2017
Basic Earnings/(Loss) per Share (cents)	(4.6)	(7.2)	(9.3)	(2.1)	(34.7)
Diluted Earnings/(Loss) per Share (cents)	(4.6)	(7.2)	(9.3)	(2.1)	(34.7)
Shareholders' Funds (\$m)	(17.1)	1.5	38.9	59.8	65.3
Net Profit/(Loss) Before Tax (\$m)					
Continuing operations	(32.8)	(43.9)	(44.1)	(9.6)	(160.2)
Discontinued operations	-	-	-	-	-
Net Profit/(Loss) After Tax & Non-Controlling Interests(\$m)	(32.8)	(43.9)	(45.8)	(9.6)	(148.2)
Operating Revenue (\$m)	59.5	56.3	103.6	115.7	91.8
Gold Equivalent Production (oz.)	22,781	23,580	58,118	70,207	56,200
Share Price at start of the year (\$/share)	\$0.083	\$0.096	\$0.145	\$0.078	\$0.54
Share Price at end of the year (\$/share)	\$0.039	\$0.083	\$0.096	\$0.145	\$0.078
Market Capitalisation at end of year (\$m)	31	53	57	67	36

D. NON-EXECUTIVE DIRECTOR REMUNERATION

The following base annual fees applied during the 2021 financial year:

	Year Ended 30 June 2021	Year Ended 30 June 2020
Base Fees (plus superannuation or in lieu of)		
Chairman	132,300	132,300
Non-executive Directors ⁽¹⁾	72,000	72,000
Additional fees		
Committee Chairman	Nil	Nil
Committee Member	Nil	Nil

- During the year ended 30 June 2021, the Board resolved it was appropriate to compensate Mr Barclay for additional legal advice and work provided and undertaken by Mr Barclay in addition to his Non-Executive Director duties. Work billed by Andrew Barclay & Associates has been disclosed as remuneration in the current financial year, including an accrued amount.

Non-Executive Directors are now entitled to participate in the Employee Incentive Plan (the Plan). Long-term incentives granted to Non-Executive Directors constitute a financial benefit and in accordance with the Corporations Act 2001, the Company must obtain shareholder approval for the granting of such benefits. Shareholders at the Annual General meeting held on 10 December 2020 approved the grant of long-term incentives to the Chairman, Mr Stern, and to Mr Beazley, a Non-Executive Director.

Refer to section I (Long Term Incentive Plan) for further details for amounts granted during the year ended 30 June 2021.

All Non-Executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the board policies and terms, including remuneration, relevant to the office of Director.



E. ELEMENTS OF REMUNERATION OF EXECUTIVES

Remuneration paid to Executives consist of fixed remuneration and the granting of long-term incentives. Details of share-based payment arrangements are included in Section I.

There were no short-term incentive cash bonuses awarded as remuneration to executives during the financial year. The Company currently does not operate a short-term incentive scheme for key management personnel.

Fixed Remuneration

Individual Executives' base salaries for the 2021 financial year were:

Name	Position	Base Salary
Ken Nilsson ⁽¹⁾	Managing Director and CEO	\$492,750
Rebecca Broughton ⁽²⁾	Chief Financial Officer and Company Secretary (appointed 4 January 2021)	\$325,000
Raymond Parry ⁽²⁾	Chief Financial Officer and Company Secretary (resigned 31 December 2020)	\$325,000

(1) Mr Nilsson's base contract is denominated in AUD. However, Mr Nilsson is paid by Troy's overseas entities in their base currencies and, as a result, actual amounts paid when converted to AUD will differ from the contractual amount.

(2) The CFO and Company Secretary position is part time and the base salary above is calculated as a Full Time Equivalent (FTE) with remuneration paid based upon actual hours worked.

The Remuneration Committee and the Board have again made no changes to the base salary levels for Executives for the year ended 30 June 2021.

Long-term Incentives

Following the approval of the Employee Incentive Plan (the Plan), executives may now be granted long-term incentives. The granting of such incentives is subject to Board determination and discretion as to the timing of the grant and the number of shares, options or performance rights which may be granted. As such the long-term incentives are therefore now available to motivate and compensate executives as the Board determines. They do not form part of the regular annual remuneration package for executives.

During the financial year, the Board granted long-term incentives as remuneration, in the form of performance rights, to the CEO and Managing Director, Mr Nilsson, and unlisted options to the CFO and Company Secretary, Ms Broughton.

Refer to section H (Equity Holdings) and section I (Long Term Incentive Plan) for details of amounts granted during the year ended 30 June 2021.

There has been no increase in the base salary for the Managing Director/CEO and CFO/Company Secretary positions since 1 July 2017.

Future Remuneration

Fixed remuneration components available to Executives from 1 July 2021 (base salary again remains unchanged) and are detailed below. The interim CEO and Managing Director, Mr Beazley is to be paid an hourly rate of \$300 through Altair Mining Consultancy. Remuneration for the future CEO and Managing Director position will be addressed once appointed.

Name	Base Salary	Superannuation	Other Benefits ⁽¹⁾	Total Fixed Remuneration	Insurance ⁽²⁾
Ken Nilsson ⁽³⁾	\$492,750	n/a	-	\$492,750	Expat Medical
Rebecca Broughton ⁽⁴⁾	\$325,000	\$32,500	-	\$357,500	-

(1) Other benefits may include the provision of motor vehicles, airfares and housing accommodation.

(2) All Troy expat employees are covered by a group wide medical insurance policy. Individuals are not specific policy holders under this policy.

(3) Mr Nilsson's base contract is denominated in AUD. However, Mr Nilsson is paid by Troy's overseas entities in their base currencies and, as a result, actual amounts paid when converted to AUD will differ from the contractual amount. Mr Nilsson was entitled to this remuneration until he passed away on 19 September 2021.

(4) Ms Broughton is a part time employee and the base salary above is calculated as a Full Time Equivalent (FTE) with the remuneration paid based upon actual hours worked. The Superannuation Guarantee Levy has increased to 10% of base salary from 1 July 2021.



DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION

Details of the remuneration of each director of the Company and other key management personnel of the consolidated entity are:

Name	Year	Fixed Remuneration				Long Service Leave	Termination Benefits	Variable Remuneration			Total	Proportion of Remuneration Performance Related
		Cash Salary & Fees ⁽¹⁾	Other Benefits (Including Non-Monetary) ⁽²⁾	Post-Employment Superannuation Benefits	Total			Cash Bonus	Share-based Payments Options ⁽³⁾	Share-based Payments Performance Rights ⁽³⁾		
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%
Non-Executive Directors												
P Stern ⁽⁴⁾	2021	132,300	-	12,569	144,869	-	-	-	-	44,522	189,391	23.5%
Chairman	2020	139,325	-	13,756	153,081	-	-	-	-	-	153,081	-
R Beazley	2021	72,000	-	6,840	78,840	-	-	-	-	26,714	105,554	25.3%
Non-Executive Director	2020	72,000	-	6,840	78,840	-	-	-	-	-	78,840	-
A Barclay ⁽⁵⁾	2021	93,352	-	3,833	97,185	-	-	-	-	-	97,185	-
Non-Executive Director	2020	-	-	-	-	-	-	-	-	-	-	-
J Jones ⁽⁶⁾	2021	31,978	-	3,038	35,016	-	-	-	-	-	35,016	-
Non-Executive Director	2020	72,000	-	6,840	78,840	-	-	-	-	-	78,840	-
Executive Director												
K Nilsson ⁽⁷⁾	2021	465,774	-	-	465,774	12,319	-	-	-	106,291	584,384	18.2%
Managing Director and CEO	2020	534,007	-	-	534,007	12,353	-	-	-	-	546,360	-
Senior Management												
R Broughton ⁽⁸⁾	2021	46,216	747	4,117	51,080	-	-	-	6,759	-	57,839	11.7%
Chief Financial Officer / Company Secretary	2020	-	-	-	-	-	-	-	-	-	-	-
R Parry ⁽⁹⁾	2021	147,700	2,398	13,150	163,248	-	-	-	-	-	163,248	-
Chief Financial Officer / Company Secretary	2020	93,685	1,410	8,475	103,570	-	-	-	-	-	103,570	-
G F Kaczmarek ⁽¹⁰⁾	2021	-	-	-	-	-	-	-	-	-	-	-
Chief Financial Officer / Company Secretary	2020	191,985	2,111	17,041	211,137	-	-	-	-	-	211,137	-
A E Olson ⁽¹⁰⁾	2021	-	-	-	-	-	-	-	-	-	-	-
Mine Manager Guyana	2020	302,576	-	-	302,576	-	-	-	-	-	-	302,576



F. DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION (CONTINUED)

Notes in relation to the Table of Directors and Executive Officers Remuneration

- 1) Includes, where applicable accrued employee annual leave entitlements.
- 2) Non-monetary benefits may include provision of accommodation and related expenses whilst working away from normal place of residence, car parking and any applicable fringe benefits tax paid.
- 3) During the financial year, a number of Directors were issued performance rights, whilst senior management were issued options. The fair value of performance rights is calculated at grant date. Rights related to share growth (which have a market based vesting condition) are estimated using a Monte Carlo simulation. Rights related to growth in ore reserves (which have a non-market vesting condition) are estimated using the Black-Scholes option pricing model. The fair value of options granted to senior management is calculated at grant date using the Black-Scholes model. Refer to Section I Long Term Incentive Plan for details.
- 4) Mr Stern received the annual fee for the Chairman position of \$132,300. The total remuneration disclosed in the prior period included \$7,025 paid in relation to additional stakeholder and investor relations work.
- 5) Mr Barclay was appointed a Non-Executive Director on 10 December 2020 at an annual salary of \$72,000 plus statutory superannuation. The total remuneration disclosed in the current financial year includes \$53,000 relating to additional legal work undertaken by Mr Barclay on behalf of the Company.
- 6) Mr Jones resigned as a Non-Executive Director on 10 December 2020.
- 7) Mr Nilsson's base contract is denominated in AUD. However, Mr Nilsson is paid directly by Troy's overseas entities in their home currency and, as a result, actual amounts paid, when converted differ to the contractual amount.
- 8) Ms Broughton's annual base salary from appointment date (4 January 2021) is \$325,000, with the actual remuneration calculated on actual hours worked.
- 9) Mr Parry's annual base salary from appointment date (6 January 2020) is \$325,000, with the actual remuneration calculated on actual hours worked. Mr Parry resigned 31 December 2020 and the cash salary disclosed includes the amount of annual leave accrued during the year ended 30 June 2021 of \$9,283.
- 10) Comparative data included for former key management personnel who resigned in the previous financial year.

G. EMPLOYMENT CONTRACTS

The following summarises the terms and conditions of contracts between key executives and the Company:

Name	Contract Commencement	Termination Notice	Unvested Performance Rights on Resignation	Termination Benefit
Executive Director				
Ken Nilsson	1 October 2017 No fixed term	For termination by the Executive, three months' notice. For termination by the Company, six months' notice.	Forfeited in accordance with the Employee Incentive Plan (unless the Board exercises its discretion and allows retention).	For termination by the Company, six months' salary plus any accrued leave entitlement. If a material change event occurs, and the Executive resigns, the Executive shall be entitled to a payment equal to the Base Remuneration for a six month period. Subject to the <i>Corporations Act 2001</i> and any necessary approvals required thereunder.
Other Executives				
Rebecca Broughton	4 January 2021 No fixed term	One month	Forfeited in accordance with the Employee Incentive Plan (unless the Board exercises its discretion and allows retention).	For termination by the Company, one months' salary plus any accrued leave entitlement.



H. EQUITY HOLDINGS

The movement during the financial year in the number of ordinary shares in the Company held, directly, indirectly or beneficially by each key management person, including their related parties, is as follows:

	Held at 1 July 2020	Granted as Remuneration	Received on the Exercise of Options	Received on Vesting of Performance Rights	Net Other Change ⁽¹⁾	Held at 30 June 2021	Balance Held Nominally
K Nilsson	1,117,862	-	-	-	-	1,117,862	-
P Stern	292,858	-	-	-	-	292,858	292,858
J Jones ⁽²⁾	4,956,321	-	-	-	(4,956,321)	-	-
R Beazley	-	-	-	-	-	-	-
R Broughton ⁽³⁾	n/a	-	-	-	-	-	-
R Parry ⁽⁴⁾	-	-	-	-	-	n/a	-

1. Other changes represent shares that were purchased or sold during the year.
2. Mr Jones resigned 10 December 2020. The amount disclosed represents his interest in the Company on this date.
3. Ms Broughton was appointed 4 January 2021.
4. Mr Parry resigned 31 December 2020.

Performance rights were issued by the Company to the following key management personnel, or their related parties:

	Balance at 1 July 2020	Granted as Remuneration ⁽¹⁾	Value Granted ⁽²⁾	Number Lapsed or Forfeited	Lapsed or Forfeited %	Converted to Shares on Vesting	Held at 30 June 2021	Maximum Value yet to Vest \$ ⁽³⁾
K Nilsson	-	4,200,000	308,280	(1,400,000)	33.3%	-	2,800,000	150,469
P Stern	-	1,500,000	107,850	(750,000)	50.0%	-	750,000	35,728
R Beazley	-	900,000	64,710	(450,000)	50.0%	-	450,000	21,437
Total		6,600,000	480,840	(2,600,000)			4,000,000	207,634

1. Granted following shareholder approval on 10 December 2020 at the Annual General Meeting under ASX Listing Rule 10.14.
2. Performance rights valued on grant date in accordance with AASB2 *Share-based Payment*.
3. The maximum value yet to vest has been determined as the amount of the grant date fair value of the rights that is yet to be expensed.

No performance rights were converted to shares as at 30 June 2021.

Performance rights granted in the current financial year are divided into two portions with each portion subject to different performance hurdles. For the rights granted in the current financial year, the performance criteria is based upon the percentage of share price and ore reserves growth, referenced to the share price of \$0.083 and ore reserves of 72,200 ounces as at 30 June 2020. Each tranche of rights is weighted 60% to share price growth and 40% to ore reserves growth.

As at 30 June 2021 the closing share price was \$0.039, accordingly 1,560,000 rights lapsed on 30 June 2021 in accordance with Table 1 section I. There was no update to reserve figures as at 30 June 2021, therefore 1,040,000 rights lapsed on 30 June 2021 in accordance with Table 2 section I.

I. LONG TERM INCENTIVE PLAN

Key Management Personnel (KMP) participate, at the Boards discretion, in the Troy Resources Limited Employee Incentive Plan (EIP). The EIP was introduced during the financial year ended 30 June 2021 and is designed to assist in the reward, retention and motivation of Directors, employees, consultants and contractors of the Group. The EIP links the reward of participants to Shareholder value creation and aims to align the interest of participants with Shareholders by providing an opportunity for participants to earn rewards via an equity interest based on creating Shareholder value.

Shareholders approved the introduction of the EIP at the Annual General Meeting (AGM) held on 10 December 2020.



I. LONG TERM INCENTIVE PLAN (CONTINUED)

Shares, options or performance rights may be granted under the EIP pursuant to the following common terms and conditions:

- 1) Ability to issue to directors, employees or any other consultant or contractor of the Company.
- 2) The number of shares issued under the EIP cannot exceed over a three year period, 10% of the ordinary shares on issue at the time of proposed issue.
- 3) The issue cost is nil.

Shareholder approval is required before any Director or related party of the Company can participate in the EIP and be granted shares, options or performance rights.

Performance rights were granted to the Chief Executive Officer and Managing Director, the Non-Executive Chairman and a Non-Executive Director following receipt of shareholder approval at the AGM. The performance rights are split into tranches based upon vesting, with the same performance criteria for each tranche, being share price growth from 30 June 2020 (60%) and ore reserve growth from 72,200 ounces (40%).

Performance rights granted during the year ended 30 June 2021

Performance rights were granted on 10 December 2020 to the Chief Executive Officer and Managing Director, the Non-Executive Chairman and a Non-Executive Director following receipt of shareholder approval under Listing Rule 10.14 at the AGM. The performance rights are split into tranches based upon vesting, with the same performance criteria for each tranche, being share price growth from 30 June 2020 (60%) and ore reserve growth from 72,200 ounces (40%).

There were no shares, options or performance rights granted as equity compensation benefits to KMP in the previous period.

RIGHTS OVER EQUITY INSTRUMENTS GRANTED AS COMPENSATION

Details on performance rights (rights) over ordinary shares in the Company that were granted as remuneration to key management personnel during the financial year are as follows:

	Number of Rights Granted ⁽¹⁾	Grant Date ⁽²⁾	Number of Rights Forfeited ⁽³⁾	Number of Rights Vested	Fair Value of Rights at Grant Date	Exercise Price of Rights Granted	Expiry Date of Rights Granted
K Nilsson	840,000	10 December 2020	(840,000)	-	\$0.055	-	30 June 2024
K Nilsson	560,000	10 December 2020	(560,000)	-	\$0.092	-	30 June 2024
K Nilsson	840,000	10 December 2020	-	-	\$0.062	-	30 June 2025
K Nilsson	560,000	10 December 2020	-	-	\$0.092	-	30 June 2025
K Nilsson	840,000	10 December 2020	-	-	\$0.066	-	30 June 2026
K Nilsson	560,000	10 December 2020	-	-	\$0.092	-	30 June 2026
P Stern	450,000	10 December 2020	(450,000)	-	\$0.055	-	30 June 2024
P Stern	300,000	10 December 2020	(300,000)	-	\$0.092	-	30 June 2024
P Stern	450,000	10 December 2020	-	-	\$0.062	-	30 June 2025
P Stern	300,000	10 December 2020	-	-	\$0.092	-	30 June 2025
R Beazley	270,000	10 December 2020	(270,000)	-	\$0.055	-	30 June 2024
R Beazley	180,000	10 December 2020	(180,000)	-	\$0.092	-	30 June 2024
R Beazley	270,000	10 December 2020	-	-	\$0.062	-	30 June 2025
R Beazley	180,000	10 December 2020	-	-	\$0.092	-	30 June 2025
Total	6,600,000		(2,600,000)				

1. Rights granted to the Managing Director are in three tranches over three years and rights granted to Non-Executive Directors are in two tranches over two years. Each tranche is split between the increase in share price (60%) and growth in ore reserves (40%). The vesting dates are 30 June 2021 for tranche 1, 30 June 2022 for tranche 2 and 30 June 2023 for tranche 3.
2. Shareholders approved the granting of performance rights on 10 December 2020 at the Annual General Meeting under ASX Listing Rule 10.14.
3. Tranche 1 has a vesting date of 30 June 2021. 100% of the Tranche 1 rights were forfeited as at 30 June 2021 as performance conditions not met.



I. LONG TERM INCENTIVE PLAN (CONTINUED)

Details of the 6,600,000 performance rights granted to key management personnel during the current financial year, which are valued at an aggregate \$480,840, are as follows:

	Tranche 1		Tranche 2		Tranche 3	
Vesting Date	30 June 2021		30 June 2022		30 June 2023	
Number of performance rights	1,560,000	1,040,000	1,560,000	1,040,000	840,000	560,000
Value per right	\$0.055	\$0.092	\$0.062	\$0.092	\$0.066	\$0.092
Valuation per tranche	\$85,800	\$95,680	\$96,720	\$95,680	\$55,440	\$51,520
Performance Criteria	Growth in shareholder value based upon share price	Growth in Ore Reserves	Growth in shareholder value based upon share price	Growth in Ore Reserves	Growth in shareholder value based upon share price	Growth in Ore Reserves
	Table 1	Table 2	Table 1	Table 2	Table 1	Table 2

Table 1

Total Shareholder Return (TSR) Performance Condition is the percentage growth in shareholder value, which includes changes in share price and dividends paid. The index will be the share price as at 30 June 2020 which was \$0.083.

Relative TSR Condition	% Contribution of the number of performance shares to vest
Below the index plus 10%	0%
Between 10% and 20% above the index	Pro-rata from 50% to 100%
20% above the index	100%

Table 2

Ore Reserves growth is referenced to the Ore Reserves as at the 30 June 2020 equating to 72,200 ounces.

Ore Reserves Growth	% Contribution of the number of performance shares to vest
Below the index plus 15%	0%
Between 15% and 35% above the index	Pro-rata from 50% to 100%
35% above the index	100%

OPTIONS OVER EQUITY INSTRUMENTS GRANTED AS COMPENSATION

Details on options over ordinary shares in the Company that were granted as remuneration to key management personnel and details on options that vested during the financial year are as follows:

	Number of Options Granted	Grant Date	Fair Value of Options at Grant Date	Exercise Price of Options	Expiry Date of Options Granted	Number of Options Vested
R Broughton	500,000	15 June 2021	\$0.014	\$0.055	1 June 2024	500,000
Total	500,000					

**I. LONG TERM INCENTIVE PLAN (CONTINUED)****OPTIONS OVER EQUITY INSTRUMENTS GRANTED AS COMPENSATION (CONTINUED)**

The following factors and assumptions were used in determining the fair value of options on grant date:

Grant Date	Vesting Date	Expiry Date	Fair Value per Option	Exercise Price	Price of Shares on Grant Date	Expected Volatility	Risk Free Interest Rate	Dividend Yield
15 June 2021	15 June 2021	1 June 2024	\$0.014	\$0.055	\$0.038	68.6%	1.45%	-

The value at grant date is calculated in accordance with AASB 2 *Share-based Payments* of options granted during the year as part of remuneration.

The fair value of the options is calculated at the date of grant using the Black-Scholes model. The fair value of the options is allocated to each reporting period evenly over the period from grant date to vesting date.

The options carry no dividend or voting rights.

On 15 June 2021, the Company granted 8,300,000 options to senior management, employees and contractors to incentivise people important to the development prospects of the Company. All options had an exercise price of \$0.055, an expiry date of 1 June 2024 and vested on date of grant. All options, subject to Board discretion, lapse on the earliest of cessation of employment or expiry date.

As at 30 June 2021, no amounts had been paid on the exercise of options.

There was only one tranche of options granted to one key-management person during the financial year, with 500,000 options granted to the CFO, Ms R Broughton.

R Broughton (CFO)	Reconciliation of Options
Balance at start of year	Nil
Granted as compensation	500,000
Value Granted	\$6,759
Vested	500,000
Percentage Vested	100%
Exercised	-
Value Exercised	-
Number Forfeited	-
Percentage forfeited	0%
Other Changes	-
Balance at end of year – Vested and exercisable	500,000
Balance at end of year – Unvested	-



J. LOANS AND OTHER TRANSACTIONS

One key management person held positions in other entities that result in them having control or joint control over the financial or operation policies of those entities.

The entities transacted with the Group during the year. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management related entities on an arm's length basis.

There are no loans with Executive Directors, Non-Executive Directors or other Key Management Personnel in relation to the financial year ended 30 June 2021 (2020: Nil).

Mr A Barclay was appointed as a Non-Executive Director on 10 December 2020. In April 2021 the Board approved the provision of legal services by Andrew Barclay & Associates. Fees paid to Mr Barclay totalled \$53,000 for the year ended 30 June 2021 (2020: Nil). Of this amount, \$45,000 has been included in current liabilities. This remuneration has been included in the remuneration table disclosures. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

K. REMUNERATION CONSULTANTS

There were no remuneration recommendations made in relation to key management personnel by remuneration consultants in the financial year ended 30 June 2021.

In August 2020, The Reward Practice was engaged to provide Remuneration Market Data and Policy Fee Information in relation to Non-Executive Directors, as well as an Executive KMP Remuneration Benchmarking Report.

END OF REMUNERATION REPORT - AUDITED

Mr Peter Stern
Chairman

Signed in accordance with a resolution of the Directors
West Perth, Western Australia

11 April 2022



Auditor's Independence Declaration

As lead auditor for the audit of Troy Resources Limited for the year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Troy Resources Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Douglas Craig'.

Douglas Craig
Partner
PricewaterhouseCoopers

Perth
11 April 2022



CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 30 JUNE 2021

	Notes	30 June 2021 \$'000	30 June 2020 \$'000
Revenue	3	59,548	56,303
Cost of sales	4	(84,459)	(62,309)
Gross loss		(24,911)	(6,006)
Other income	3	3,037	1,390
Exploration expenses	4	(5,502)	(6,768)
Administration expenses	4	(2,049)	(2,018)
Finance costs	4	(1,912)	(1,794)
Care and maintenance expenses	4	(230)	(4,334)
Other expenses	4	(1,773)	(3,179)
Fair value gain/(loss) on financial liability	4	1,100	(1,724)
Impairment loss		(579)	(19,460)
Loss before income tax		(32,819)	(43,893)
Income tax expense		-	-
Loss after tax		(32,819)	(43,893)
Loss attributable to:			
Owners of the parent		(32,819)	(43,893)
Earnings per share (EPS) for loss attributable to the ordinary equity holders of the company			
Basic EPS (cents)	6	(4.6)	(7.2)
Diluted EPS (cents)	6	(4.6)	(7.2)

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes to the consolidated financial statements.



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

	Notes	30 June 2021 \$'000	30 June 2020 \$'000
Loss for the Year		(32,819)	(43,893)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations	17	<u>(2,028)</u>	<u>2,545</u>
Other comprehensive income for the year, net of tax		<u>(2,028)</u>	<u>2,545</u>
Total comprehensive loss for the year		<u>(34,847)</u>	<u>(41,348)</u>
Total comprehensive loss attributable to:			
Owners of the parent		<u>(34,847)</u>	<u>(41,348)</u>

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes to the consolidated financial statements.



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	Notes	30 June 2021 \$'000	30 June 2020 \$'000
CURRENT ASSETS			
Cash and cash equivalents	8	1,776	4,910
Trade and other receivables	9	7,872	1,367
Inventories	10	6,857	11,050
TOTAL CURRENT ASSETS		16,505	17,327
NON-CURRENT ASSETS			
Property, plant and equipment	11	5,867	10,403
Exploration and evaluation assets	12	259	592
Mine properties	13	6,305	16,018
Other receivables	9	268	5,749
TOTAL NON-CURRENT ASSETS		12,699	32,762
TOTAL ASSETS		29,204	50,089
CURRENT LIABILITIES			
Trade and other payables	14	27,122	26,563
Provisions	15	885	627
Financial liabilities	16	-	13,950
Lease liability		295	301
TOTAL CURRENT LIABILITIES		28,302	41,441
NON-CURRENT LIABILITIES			
Provisions	15	6,220	7,061
Financial liabilities *	16	11,784	-
Lease liability		29	65
TOTAL NON-CURRENT LIABILITIES		18,033	7,126
TOTAL LIABILITIES		46,335	48,567
NET (LIABILITIES)/ASSETS		(17,131)	1,522
EQUITY			
Issued capital	17	384,460	369,185
Reserves	17	43,284	44,393
Accumulated losses		(444,875)	(412,056)
TOTAL EQUITY		(17,131)	1,522

The above consolidated statement of financial position should be read in conjunction with the accompanying notes to the consolidated financial statements.

* Subsequent to year end, the Group defaulted on these financial liabilities, which resulted in these liabilities becoming a current liability payable on demand (refer note 21).



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

	Attributable to owners of Troy Resources Limited				
	Issued Capital \$'000	Option and Share- based Payments Reserve \$'000	Foreign Currency Translation Reserve \$'000	Accumulated Losses \$'000	Total equity \$'000
Balance at 1 July 2019	365,468	648	41,619	(368,811)	38,924
Loss for the year	-	-	-	(43,893)	(43,893)
Reclassification on disposal of foreign associate	-	-	1,519	-	1,519
Exchange rate differences on translation of foreign operations	-	-	1,026	-	1,026
Total comprehensive loss for the year	-	-	2,545	(43,893)	(41,348)
Issue of fully paid shares - capital raising	4,000	-	-	-	4,000
Share issue costs	(283)	-	-	-	(283)
Issue of options to AIMS (Note 16)	-	229	-	-	229
Share-based payments	-	-	-	-	-
Transfers of forfeited options	-	(648)	-	648	-
Balance at 30 June 2020	369,185	229	44,164	(412,056)	1,522
Balance at 1 July 2020	369,185	229	44,164	(412,056)	1,522
Loss for the year	-	-	-	(32,819)	(32,819)
Reclassification on disposal of foreign associate	-	-	-	-	-
Exchange rate differences on translation of foreign operations	-	-	(2,028)	-	(2,028)
Total comprehensive loss for the year	-	-	(2,028)	(32,819)	(34,847)
Issue of fully paid shares - capital raising	15,000	-	-	-	15,000
Issue of fully paid shares	60	-	-	-	60
Issue of shares to Barrick Gold Corporation	1,602	-	-	-	1,602
Share issue costs ⁽¹⁾	(1,387)	408	-	-	(979)
Issue of options to AIMS (Note 16)	-	222	-	-	222
Share-based payments	-	289	-	-	289
Transfers of forfeited options	-	-	-	-	-
Balance at 30 June 2021	384,460	1,148	42,136	(444,875)	(17,131)

⁽¹⁾ Share issue costs include cash payments and the fair value of options granted to the lead manager of the placement announced October 2020 following shareholder approval.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes to the consolidated financial statements.



CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

	Notes	30 June 2021 \$'000	30 June 2020 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		59,554	56,298
Payments to suppliers and employees		(66,314)	(52,509)
Government royalties paid		(4,564)	(4,968)
Government grant received		50	50
Proceeds from sundry income		859	303
Net cash outflow from by operating activities	8	(10,415)	(826)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(729)	(1,468)
Payments for mine properties		(3,318)	(13,047)
Payments for exploration and evaluation assets		(297)	(592)
Proceeds from sale of investments in associate		-	290
Proceeds from sale of property, plant and equipment		-	-
Interest received		10	20
Net cash outflow from investing activities		(4,334)	(14,797)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from gold loan facility		-	11,700
Proceeds from borrowings		1,713	1,950
Repayment of borrowings		(1,600)	(3,010)
Repayment of short term loan funding		(2,064)	(1,531)
Payment of Investec financing costs		-	(61)
Payments of lease liabilities		(369)	(232)
Net proceeds from the issue of equity securities		14,021	3,717
Net cash inflow from financing activities		11,701	12,533
Net decrease in cash and cash equivalents		(3,048)	(3,090)
Cash and cash equivalents at the beginning of the financial year		4,910	7,843
Effect of exchange rate fluctuations on cash held		(86)	157
Cash and cash equivalents at the end of the financial year	8	1,776	4,910

Refer to Note 8 iii) for information relating to non-cash financing and investing activities.

The above consolidated statement should be read in conjunction with the accompanying notes to the consolidated financial statements.



1. BASIS OF PREPARATION

Troy Resources Limited (Company or Group) is a for-profit public company listed on the Australian Securities Exchange, incorporated and operating in Australia with subsidiary or associate companies in Guyana and Brazil. The registered office is located at Level 2, 5 Ord Street, West Perth, WA 6005.

The principal activities of the Group during the year were gold production and exploration.

Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards (AASBs) and Interpretations. The consolidated financial statements comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The accounting policies are consistent with those disclosed in the 2020 financial statements, except for the impact of any new or amended standards and interpretations. A number of new standards, amendments of standards and interpretations have been effective from 1 July 2020. The adoption of these standards and interpretations did not result in any significant changes to the Group's accounting policies.

A number of new standards, amendments of standards and interpretations have recently been issued but are not yet effective and have not been adopted by the group as at 30 June 2021 as management have determined that these will not have a material impact on the Group's accounting policies and financial statements.

The consolidated financial statements were authorised for issue by the Board of Directors on 11 April 2022.

Basis of measurement

The consolidated financial statements have been prepared on a going concern basis in accordance with the historical cost convention, except for certain financial instruments that are measured at fair value or amortised cost adjusted for changes in fair value.

Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars, unless otherwise noted.

Fair value is the price that would be received to sell an asset or paid to settle a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group considers the characteristics of the asset or liability, if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except measurements that have some similarities to fair value, such as net realisable value in AASB 2 or value in use in AASB 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The following financial liabilities are classified as level 2:

- Embedded derivative on the gold loan (refer Note 16).

The following assets are classified as level 3:

- Mine Properties (refer Note 13).

Certain prior year amounts may have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the report results of the Group.



1. BASIS OF PREPARATION (CONTINUED)

Principles of consolidation and equity accounting

Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company and are deconsolidated from the date that control ceases.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% - 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Going concern

For the year ended 30 June 2021, the Group recorded an after tax loss of \$32,819,000 and operating cash outflows of \$10,415,000. As at 30 June 2021, the Group had a net asset deficiency of \$17,131,000 and a net current asset deficiency of \$11,797,000.

On 14 July 2021, the Company announced that ore from Hicks 4, Spearpoint and Goldstar was exhausted and that the Karouni processing facility would enter a period of care and maintenance from August 2021, whilst the Company progresses the Smarts Underground development.

On 26 July 2021, the Company announced the maiden Smarts Underground ore reserve of 1,082,000 tonnes @ 2.6 g/t Au for 89,400 ounces. Further work to potentially convert more mineral resource ounces to an ore reserve classification is being considered.

On 23 August 2021, the Company issued 16,213,609 ordinary shares to Exploservice Guyana Inc. to extinguish US\$500,000 of debt owing by Troy Resources Guyana Inc.

On 31 August 2021, the Company requested that the ASX grant an immediate suspension from trading on the Company's securities pending a decision on the Company's financial position. The Company remains suspended from trading as at the date of this report.

On 1 October 2021, the Company defaulted on the interest payments related to its financial liabilities of \$11,784,000 which resulted in these financial liabilities becoming a current liability payable on demand (refer Notes 16 and 21).

Subsequent to 30 June 2021, the Directors have been focussed on the recapitalisation of the Group to address its financial position, which included obtaining funding for ongoing care and maintenance costs and the development of the Smarts Underground mine.

During December 2021 and January 2022, the Company entered into a series of agreements that will, if approved by shareholders, achieve a recapitalisation of the Company and, in due course, allow for its shares to recommence trading on the ASX. As detailed in the ASX announcements made by the Company on 5 January 2022 and 1 February 2022, the recapitalisation will involve a series of transactions including debt to equity conversions, private share placements, a convertible loan note and a rights issue to existing shareholders. If approved by shareholders, these transactions would convert approximately \$20.7 million of current debt to equity and raise a minimum of \$7.2 million. The meeting of shareholders to approve these transactions is scheduled to be held on or around 27 May 2022.

As part of Tranche One of the restructure plan, the Company issued 42,096,485 shares on 11 January 2022 utilising the Company's existing placement capacity under Listing Rule 7.1 at an issue price of \$0.022 raising \$926,000 before costs. These shares are subject to voluntary escrow until the Company lodges a cleansing prospectus.



1. BASIS OF PREPARATION (CONTINUED)

Going Concern (Continued)

The continuing viability of the Group and its ability to continue as a going concern and meet its debts and commitments as they fall due are dependent upon a number of factors, including:

- Shareholders approving, at a General Meeting to be held on or around 27 May 2022, the following elements of the recapitalisation plan:
 - the issue of 175,485,550 Tranche Two ordinary shares to participating investors at an issue price of \$0.022 to raise \$3,861,000 before costs,
 - the conversion of approximately 50% of the outstanding Asian Investment Management Services Ltd (AIMS) gold loan facility debt (representing an aggregate amount of approximately \$6.9 million) into approximately 313 million ordinary shares in the capital of the Company at an issue price of \$0.022 per share,
 - the conversion of approximately \$7.1 million of amounts owed to creditors of the Group into approximately 323 million ordinary shares in the capital of the Company at an issue price of \$0.022 per share,
 - the issue of 16,727,273 ordinary shares to an adviser to the Company for fees in relation to services provided over the recapitalisation,
 - the issue of a Convertible Note to RiverFort Global Capital to raise A\$2,000,000 before costs, with a further A\$3,000,000 available, and
 - the issue of 45,454,545 options to RiverFort Global Capital at an exercise price of A\$0.0286 and expiring 3 years from the date of issue.
- Meeting the conditions placed on the Company by the ASX for recommencement of trading in securities of the Company,
- The Company successfully undertaking a rights issue on the basis of one new share for every one share held to allow shareholders to participate in the capital raising at the same issue price as the recapitalisation transactions of \$0.022 per share,
- Satisfaction of conditions precedent in the agreement with RiverFort Global Capital Ltd allowing the Company to drawdown on the convertible note facility of up to \$5.0 million,
- Satisfaction of conditions precedent in the agreement with AIMS allowing the Company to convert the balance of the gold loan facility (other than \$100 which will remain as debt), approximately \$6.9 million, into equity by participating for its entitlement under the rights issue with the subscription price for the shares set off against the outstanding balance of the gold loan (approximately \$6.9 million) into approximately 313 million shares at an issue price of \$0.022 per share,
- Continuing support of the Group's creditors, specifically related to the Karouni project. Trade and other payables have increased over the period from 1 July 2020 to 30 June 2021 by 2.1% from \$26,563,000 to \$27,122,000 with a significant amount exceeding normal commercial terms. The Company has already negotiated with the Group's largest creditor to convert \$7,109,000 of their total trade payable debt of \$10,854,000 to equity. This transaction is subject to shareholder approval noted above. The Company is continuing its discussions with its outstanding creditor base and has been considering all options, such as asset swaps and other cash saving initiatives, to settle these debts,



1. BASIS OF PREPARATION (CONTINUED)

Going Concern (Continued)

- Continuing concurrence of the Group's ex-employees who are owed US\$730,000 severance entitlements as a result of the reduction in operations at the Group's Karouni project. These employees have been made redundant by the Group over the period September 2021 to January 2022, with severance entitlements due approximately six weeks after the lay-off date. It is anticipated that these severance payments will be paid from Tranche 2 of the recapitalisation plan,
- Completion of a feasibility study on the Smarts Underground project. Currently all work has been completed to pre-feasibility level; however, for the Company to make its decision to proceed (excluding financing discussed below), the current work needs to be elevated to feasibility study level. It is anticipated that these works will be completed within the next 6 to 9 months from the date of this report,
- Following the completion of a feasibility study, the Company entering into a financing facility to fund the development of the Smarts Underground, and
- The Company achieving a reduction in care and maintenance expenditure at its Karouni processing facility, and
- The successful completion of the sale of Reinarda Mineração Ltda (RML) for gross proceeds of US\$4.0 million. RML is a non-core foreign subsidiary of the Company, which holds mineral rights. The mineral rights were acquired in 2006 through the acquisition of Agincourt Resources Limited, which held the Andorinhas Gold Project. The Company is currently negotiating the sale contract with the interested party, whom is not related to the Company.

In addition to the above, the longer term viability of the Group and its ability to continue as a going concern and meet its debts and commitments as they fall due are dependent upon the Group:

- Successfully developing and operating the Smarts Underground mine to fund future operations,
- Being able to extend the current projected 3 year mine life of the Smarts Underground,
- Being able to successfully convert further mineral resources into ore reserves at the Group's Karouni project. The Group currently has 7,050,000 tonnes at 1.7 grams/tonne for a total of 373,300 ounces outside of the Smarts Underground mineral resource, and
- Continuing brownfields and greenfields exploration activities at the Group's tenure in Guyana to find additional ore sources.

The Directors consider that the Group will likely be able to achieve the above items and, where required, secure additional funding, due to its demonstrated track record of successfully raising equity.

As a result of these matters, there is a material uncertainty related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. However, the Directors believe that the Company will be successful in the above matters and, accordingly, have prepared the financial report on a going concern basis which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

This financial report does not include adjustments relating to the recoverability of recorded asset amounts, or the amounts and classification of liabilities that might be necessary should the Troy Group not continue as a going concern.



1. BASIS OF PREPARATION (CONTINUED)

Foreign currencies

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). In preparing the financial statements of each individual Group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in the consolidated statement of profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore form in part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to the consolidated statement of profit or loss on repayment of the monetary items.

For the purpose of the consolidated financial statements, the results and financial position of each Group entity are expressed in Australian dollars (\$), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

For the purpose of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Australian dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used.

Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

On the disposal of a foreign operation all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to the consolidated statement of profit or loss.

**1. BASIS OF PREPARATION (CONTINUED)***Critical accounting judgements and key sources of estimation uncertainty*

In the application of the Group's accounting policies, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The key accounting judgements and sources of estimation uncertainty at the end of the reporting period, are those that have the most significant effect on the amounts recognised in the financial statements and/or have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Uncertainty due to COVID-19

The World Health Organization on 11 March 2020 declared COVID-19 a pandemic. The global impact of the coronavirus has brought significant volatility to stock markets, foreign exchange markets, commodity prices and labour markets. The restrictions on international travel, continues to reduce the movement of people, goods and services globally, with all countries being impacted.

The full impact on the global economy, the duration of the coronavirus, as well as dynamic world-wide government measures adopted to control COVID-19 are unknown. This in turn will impact the critical estimates, assumptions and judgements made by the Directors in relation to the financial statements, including the various note disclosures, especially in relation to the valuation of long term assets, impairment and the impact on future mining operations and cash flows.

Determination of ore reserves

Estimates of recoverable quantities of ore reserves include assumptions regarding commodity prices, exchange rates, discount rates, and production costs for future cash flows.

It also requires interpretation of complex and difficult geological models in order to make an assessment of the size, shape, depth and quality of resources and their anticipated recoveries. The economic, geological and technical factors used to estimate ore reserves may change from period to period.

Changes in reported ore reserves can impact mining properties carrying values, property, plant and equipment carrying values, the provision for restoration and the recognition of deferred tax assets, due to changes in expected future cash flows. Ore reserves are integral to the amount of depreciation, depletion and amortisation charged to the income statement and the calculation of inventory.

Other critical accounting judgements

Other critical accounting judgements and key sources of estimation uncertainty are discussed in the following notes:

Recoverability of value added tax	Note 9
Impairment of property, plant and equipment and mine properties	Note 13
Rehabilitation obligations	Note 15
Forward gold prices	Note 16
Share-based payments	Note 22



1. BASIS OF PREPARATION (CONTINUED)

Other accounting policies

Lease Liabilities

When a contract is entered into, the Group assess whether the contract contains a lease. A lease arises when the Group has the right to direct the use of an identified asset, which is not substitutable, and the right to obtain substantially all the economic benefits from the use of that asset over the term of the contract. The Group accounts for the lease and non-lease components of the contract separately.

Judgement is required when assessing whether a new contract contains a lease, when assessing the term of the lease, as to whether to include optional extensions, if it is reasonably certain that an option period will be exercised in the future and determining the interest rate, if the rate implicit in the lease is not able to be determined.

Lease liabilities and right of use assets are recognised at the lease commencement date, which is when the right of use assets are available for use. The right to use assets are measured at cost, being the present value of future lease payments adjusted for any lease payments made at or before commencement date, plus any make good obligations and initial direct costs incurred. If the lease transfers ownership to the lessee at the end of the lease term, the right of use asset will be depreciated over its useful life. Otherwise right of use assets are depreciated over the shorter of their useful life and the lease term on a straight line basis. Right of use assets are included in any impairment review of property, plant and equipment.

Lease liabilities are recorded at the present value of the future minimum lease payments. The discount rate used is the rate implicit in the lease, or if this cannot be readily determined, the Groups' incremental borrowing rate is used. Minimum lease payments are fixed payments, variable lease payments that depend on an index or rate, amounts payable under residual value guarantees, and include extension options expected to be exercised.

Rounding of amounts

Troy Resources Limited is a company of the kind referred to in ASIC Legislative Instrument 2016/191, and in accordance with that Class Order, amounts in the financial report are rounded to the nearest thousand dollars, unless otherwise indicated



PERFORMANCE FOR THE YEAR

This section focuses on the results and performance of the Group. This covers profitability and the resultant return to shareholders via earnings per share and cash generation.

2. SEGMENT REPORTING

Accounting Policy

Reportable segments are determined based on the information reported to the Chief Executive Officer and Managing Director for the purposes of resource allocation and assessment of segment performance and are based on geographical countries and split between operations and exploration activities.

The Group currently has one identifiable segment, being gold production and exploration activities in Guyana, South America.

The following is an analysis of the Group's revenue and results by reportable operating segment, there were no intersegment sales during the years ended 30 June 2021 and 2020, with all revenue recognised at a point in time, not over time.

	Segment revenue		Segment profit/(loss)	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Operations				
Guyana	59,548	56,303	(24,911)	(6,006)
Total operations	59,548	56,303	(24,911)	(6,006)
Expenses - Guyana				
Exploration			(5,502)	(6,768)
Other expenses			(1,416)	(5,824)
Total expenses			(6,918)	(12,592)
Impairment				
Guyana mine and exploration properties			(579)	(19,460)
Total impairment loss before income tax			(579)	(19,460)
Corporate revenue	-	-	-	-
Total segments	59,548	56,303	(32,408)	(38,058)
Other income			3,037	1,390
Fair value gain/(loss) on financial liability			1,100	(1,724)
Corporate administration			(2,049)	(2,018)
Other expenses			(587)	(1,689)
Finance costs			(1,912)	(1,794)
Loss before tax			(32,819)	(43,893)
Income tax expense			-	-
Loss for the year			(32,819)	(43,893)

The revenue figures reported above represents that generated from external customers. There were no intersegment sales during the year (2020: Nil).

Segment loss represents the loss earned by each segment without the allocation of central administration costs, directors' salaries, interest income, expenses in relation to corporate facilities and tax expense.



2. SEGMENT REPORTING (CONTINUED)

The following is an analysis of the consolidated entity's assets and liabilities by reportable segment. Assets and liabilities are measured in the same way as in the financial statements. The assets and liabilities are allocated based on operations of the segment and physical location of the assets:

	2021 \$'000	2020 \$'000
Total assets		
Operations		
Guyana	26,121	46,579
Total segment assets	26,121	46,579
Cash and cash equivalents ⁽¹⁾	1,281	3,276
Receivables and other assets ⁽¹⁾	1,802	234
Total assets	29,204	50,089

- ⁽¹⁾ Unallocated assets include various assets including cash held at a corporate level that have not been allocated to the underlying segments.

	2021 \$'000	2020 \$'000
Total liabilities		
Operations		
Guyana	33,941	33,958
Total segment liabilities	33,941	33,958
Borrowings ⁽²⁾	11,784	13,950
Other liabilities ⁽²⁾	610	659
Total liabilities	46,335	48,567

- ⁽²⁾ Unallocated liabilities include deferred consideration, corporate level entitlements and consolidated entity borrowings not specifically allocated to any one underlying segment.

	2021 \$'000	2020 \$'000
Other segment information		
Depreciation and amortisation		
Guyana	16,643	19,015
Unallocated	73	86
Total depreciation and amortisation	16,716	19,101
Additions to property, plant and equipment		
Guyana	1,328	1,601
Unallocated	13	-
Total additions	1,341	1,601

**3. REVENUE AND OTHER INCOME***Accounting Policy**Revenue from contracts with customers*

Under AASB15 Revenue from Contracts with Customers, revenue is measured as the amount of consideration that the Group expects to be entitled to in exchange for transferring goods to customers. The Group recognises revenue at a point-in-time when, or as the performance obligations, as determined by contracts with the customers, have been satisfied.

Judgement is required to determine at which point the Group no longer has control of the gold and silver.

The Group's assessment is that control effectively passes on the date the sales contract has been entered into, the amount of revenue can be measured, and the gold has been transferred to the customer's account, and it is at this point in time the revenue is recognised. This is considered the point when the performance obligation has been satisfied and the Group no longer has control of the product.

Major customer information

The Group only has one external customer which accounts for 100% of the Group's external revenue.

There is no financing component and there are no other contract assets or contract liabilities related to contracts with the Groups customer.

Sale of gold and silver

Sales are denominated in US dollars, with minor adjustments made, if required, for the final gold price, assay and weight results between dispatch and final settlement.

The Group may have provisionally priced sales as at 30 June each year, for which price finalisation is outstanding and by reference to the relevant gold and silver price. The Group's exposure to price fluctuations has been assessed as not material.

Goods and Services Tax/Value Added Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST) or value added tax (VAT), except where the amount of GST/VAT incurred is not recoverable from the taxation authority.

The net amount of GST/VAT recoverable from the taxation authority is included as part of receivables (Note 9). Cash flows are included in the consolidated statement of cash flows on a gross basis. The GST/VAT component of the cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation office is classified as operating cash flows.

	2021 \$'000	2020 \$'000
Revenue		
Gold sales	59,451	56,244
Silver sales	97	59
	59,548	56,303
Other Income		
Interest income	10	20
Australian Government COVID-19 grant	50	50
Net foreign exchange gains	2,118	1,017
Other	859	303
	3,037	1,390

Included in other income is net insurance proceeds of \$556,000.

**4. EXPENSES****i) Cost of sales**

	2021 \$'000	2020 \$'000
Mining and milling expenses	56,346	32,793
Government royalties	5,768	5,369
Amortisation of mining properties	11,550	4,305
Depreciation of property plant and equipment	4,785	14,465
Depreciation of right to use assets	308	245
Other	5,702	5,132
	84,459	62,309

ii) Exploration expenses*Accounting policy*

Exploration expenditure incurred by or on behalf of the Group is accumulated separately for each prospect area. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure but does not include general overheads or administrative expenditure not having a specific nexus with a particular prospect area. Each area of interest is limited to a size related to a known or probable mineral resource capable of supporting a mining operation.

Exploration expenditure for each prospect area is fully written off in the financial year in which it is incurred, unless a Mineral Resource has been delineated at the prospect whereupon additional costs are capitalised, (refer Note 12). At this point it is considered reasonable that a recoupment out of revenue will be derived from the successful development of the prospect, or from sale of that prospect.

	2021 \$'000	2020 \$'000
Exploration expenditure incurred	5,502	6,768

iii) Administration expenses

	2021 \$'000	2020 \$'000
Head office salaries and on-costs	488	550
Non-Executive Directors fees and on-costs	303	311
Other head office administration ⁽¹⁾	1,258	1,157
	2,049	2,018

⁽¹⁾ Includes listing fees, shareholder costs, audit fees, taxation consultants, office rent, insurance, travel, corporate depreciation, including right of use assets and other head office administration expenditure.

**4. EXPENSES (CONTINUED)****iv) Finance costs***Accounting policy – borrowing costs*

Borrowings costs relate to financial liabilities measured at amortised cost using the effective interest method, therefore costs are recognised on an effective yield basis resulting in allocating the borrowing costs over the relevant period.

	2021 \$'000	2020 \$'000
Borrowing costs	2,133	1,527
Rehabilitation provisions unwinding of discount	50	115
Rehabilitation provision discount rate changes	(356)	-
Interest on lease liabilities	85	152
	1,912	1,794

v) Care and maintenance expenses

	2021 \$'000	2020 \$'000
Care and maintenance costs Guyana	-	3,906
Care and maintenance costs Brazil	230	428
	230	4,334

vi) Other expenses

	2021 \$'000	2020 \$'000
Foreign administration costs	7	-
Share-based payments (Note 22)	350	-
VAT written off as unrecoverable	1,416	1,918
Loss on sale of associate	-	1,261
	1,773	3,179

vii) Fair value gain/(loss) on financial liability

	2021 \$'000	2020 \$'000
Fair value movement of embedded commodity derivative	269	(1,724)
Modification and other fair value gains on financial liability	831	-
	1,100	(1,724)



5. INCOME TAXES

Accounting policy

Income tax expense

Income tax expense represents the sum of the current tax and deferred tax.

Current Tax

Current tax is based on the expected payable or receivable on the taxable income or loss for the year, using tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustments to tax payable in respect of previous years.

Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax is recognised in the consolidated statement of profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is also recognised in other comprehensive income or directly in equity, respectively.

**5. INCOME TAXES (CONTINUED)***Tax consolidation*

The Company and its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law and are therefore taxed as a single entity. Troy Resources Limited (Troy) is the head entity in the tax-consolidated group. Members of the group have not entered into a tax sharing arrangement in order to allocate income tax expense to the wholly owned subsidiaries on a pro-rata basis. In the absence of such an agreement, the subsidiaries are jointly and severally liable for the income tax liabilities of the head entity should the head entity default on its payment obligations. At balance date the likelihood of default is remote.

Nature of tax funding arrangements and tax sharing agreements

Entities within the tax consolidated group have not entered into a tax funding arrangement.

i) Income tax recognised in profit or loss

	2021 \$'000	2020 \$'000
Current tax expense	-	-
Deferred income tax	-	-
Income tax expense	-	-

	2021 \$'000	2020 \$'000
Numerical reconciliation of tax expense benefit to prima facie tax payable		
Loss before tax	(32,819)	(43,893)
Income tax using the domestic corporation tax rate of 30% (2020: 30%)	(9,846)	(13,168)
Difference in income tax expense due to:		
Non-deductible (gains)/expenses	(461)	572
Non-deductible impairment losses	174	5,838
Other temporary differences not recognised	36	(203)
Australian tax losses not brought to account	186	201
Foreign tax losses (recognised)/not brought to account	9,911	6,760
Income tax expense	-	-



5. INCOME TAXES (CONTINUED)

ii) Deferred tax assets arise from the following:

	Opening balance \$'000	Charged to income \$'000	Charged to equity \$'000	Closing balance \$'000
2021				
Provisions	13	8	-	21
Accruals	36	19	-	55
Tax losses	-	-	-	-
Other	(49)	(27)	-	(76)
	-	-	-	-
	Opening balance \$'000	Charged to income \$'000	Charged to equity \$'000	Closing balance \$'000
2020				
Provisions	20	(7)	-	13
Accruals	39	(3)	-	36
Loans	77	(77)	-	-
Tax losses	-	-	-	-
Other	(136)	87	-	(49)
	-	-	-	-

iii) Unrecognised deferred tax assets

The following deferred tax assets have not been brought to account as realisation is not regarded as probable:

	2021 \$'000	2020 \$'000
Tax losses – Australia	13,493	13,810
Tax losses - Guyana	60,694	21,587
Temporary differences - Australia	76	49
Deferred tax asset not brought to account	74,263	35,446



6. LOSS PER SHARE

Accounting policy

Basic Earnings/(losses) per Share

Basic earnings/(losses) per share (EPS) is calculated by dividing the net profit/(loss) attributable to ordinary equity holders of the parent entity for the reporting period, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue.

Diluted Earnings/(losses) per Share

Diluted EPS is calculated by dividing the basic earnings, adjusted by the after tax effect of financing costs associated with dilutive potential ordinary shares and the effect on revenues and expenses of conversion to ordinary shares associated with dilutive potential shares, by the weighted average number of ordinary shares and dilutive potential ordinary shares adjusted for any bonus issue.

Year ended 30 June 2021	Earnings \$'000	Weighted average number of shares '000	Per share amount (cents)
Basic earnings/(loss) attributable to ordinary shareholders	(32,819)	711,942	(4.6)
Diluted earnings/(loss) attributable to ordinary shareholders	(32,819)	711,942	(4.6)
Year ended 30 June 2020	Earnings \$'000	Weighted average number of shares '000	Per share amount (cents)
Basic earnings/(loss) attributable to ordinary shareholders	(43,893)	613,850	(7.2)
Diluted earnings/(loss) attributable to ordinary shareholders	(43,893)	613,850	(7.2)

The Company's potential ordinary shares, being performance rights and options granted, are not considered dilutive as the conversion of these instruments would result in a decrease in the net loss per share.

Ordinary shares issued on 1 July 2021 have been included in the calculation of the weighted average number of shares as at 30 June 2021 as the Company had a contractual obligation to issue these shares as at 30 June 2021. Refer Note 17.

The Company issued 16,213,609 and 42,096,486 new ordinary shares on 18 August 2021 and 11 January 2022 respectively, increasing the share capital by 7% compared to 30 June 2021.

During December 2021 and January 2022, the Company entered into a series of agreements that will, if approved by shareholders, achieve a recapitalisation of the Company and, in due course, allow for its shares to recommence trading on the ASX. As detailed in the ASX announcements made by the Company on 5 January 2022 and 1 February 2022, the recapitalisation will involve a series of transactions including debt to equity conversions, private share placements, a convertible loan note and a rights issue to existing shareholders. If approved by shareholders, the approximately 1,161 million new shares will be issued. The meeting of shareholders to approve these transactions is scheduled to be held on or around 27 May 2022.

7. DIVIDENDS AND FRANKING CREDITS

No dividends were declared or paid in 2021 (2020: Nil)

	2021 \$'000	2020 \$'000
Adjusted franking account balance at 30% (2020: 30%) tax rate	1,604	1,604

**8. CASH AND CASH EQUIVALENTS***Accounting policy*

Cash and cash equivalents include cash held with financial institutions, cash on hand and deposits which are less than three months in duration and highly liquid. Interest is recognised when earned.

	2021 \$'000	2020 \$'000
Cash at bank	1,760	4,895
Short term interest bearing deposits	16	15
	1,776	4,910

i) Restricted cash

As at 30 June 2021, \$28,000 (2020: \$28,000) was held in term deposits to support bank guarantees. Troy also holds \$16,000 (2020: \$15,000) cash in Australian and United Kingdom bank accounts to cover unrepresented dividend cheques.

As at 30 June 2021, \$268,000 (2020: \$292,000) was held as environmental bonds, these are classified as other receivables (Note 9).

ii) Reconciliation of net cash provided by operating activities to net loss after income tax

	2021 \$'000	2020 \$'000
Operating loss after income tax	(32,819)	(43,893)
Depreciation of property, plant and equipment	4,814	14,507
Depreciation of right to use assets	352	289
Amortisation of mining properties	11,550	4,305
Rehabilitation provision unwinding of discounts	50	115
Share-based payments	350	-
(Gain) / Loss foreign exchange	(1,928)	(1,178)
Fair value adjustment on rehabilitation provision	(356)	-
Interest income received and receivable	(10)	(20)
Finance costs classified as a financing activity	2,218	1,679
Fair value (gain)/loss on gold loan facility	(1,100)	1,724
Loss on sale of associate	-	1,261
Impairment loss	579	19,460
Provision for unrecoverable VAT	1,416	1,918
<i>Changes in operating assets and liabilities</i>		
Movement in current receivables	(3)	111
Movement in inventories	3,291	(1,062)
Movement in payables	977	511
Movement in provisions	204	(553)
	(10,415)	(826)

**8. CASH AND CASH EQUIVALENTS (CONTINUED)****iii) Non-cash financing and investing activities**

The Company has entered into a gold loan facility of 5,200 ounces as per Note 16. On 10 December 2020, the Group issued six million unlisted options to Asian Investment Management Services Ltd (AIMS) with an exercise price of \$0.10 and an expiry date of 16 January 2023 for extending the facility for twelve months to 16 January 2022 (2020: the Company issued six million options to AIMS with an exercise price of \$0.10 and an expiry date of 16 January 2022). This is a non-cash financing activity which is not reflected in the consolidated statement of cash flows.

On 17 May 2021 the Company and AIMS reached an agreement to a further extension of the maturity date until 16 June 2023. No further fees were payable for the extension of the facility.

iv) Net debt reconciliation

	2021	2020
	\$'000	\$'000
Cash and cash equivalents	1,776	4,910
Borrowings (Note 16)	(11,784)	(13,950)
Lease liabilities	(324)	(366)
Net debt	(10,332)	(9,406)

**OPERATING ASSETS AND LIABILITIES**

This section focusses on the Group's operational assets and liabilities and further explains those individual line items shown on the consolidated statement of financial position.

9. TRADE AND OTHER RECEIVABLES*Accounting policy*

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, except for short-term receivables when the effect of discounting is immaterial. General trade receivables are usually due for settlement no more than thirty days from date of recognition. Precious metal sales receivables are generally due within seven days. Due to the short-term nature of current receivables, their carrying amount is considered to be the same as their fair value.

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. The Group does not have material trade receivables for which there is an expected credit loss through the consolidated statement of profit or loss, as such there is no provision needed. The group only transacts with reputable banks, refiners and commodity traders, which minimises the Groups credit risk. As at 30 June 2021, no trade receivables are past due (2020: Nil) or impaired.

	2021 \$'000	2020 \$'000
Current		
Trade Receivables	-	6
Other receivables and prepayments	3,002	1,361
Value added tax recoverable	4,870	-
	7,872	1,367
Non-current		
Environmental bonds (Note 8(i))	268	292
Value added tax recoverable	-	5,457
	268	5,749

Current

Other receivables and prepayments primarily include advance payments to contractors and insurers, recovery of fuel and accommodation expenses incurred by contractors and term deposits. No allowance for doubtful debts has been recognised at 30 June 2021 (2020: Nil).

At 30 June 2021 the Company was owed \$1,602,000 for ordinary shares issued (refer Note 17) which was received on 1 July 2021 (2020: Nil).

As at 30 June 2021, value added tax receivables in Guyana of \$2,324,000 have been provided for as doubtful (2020: \$2,535,000).

**10. INVENTORIES***Accounting policy*

Inventories are stated at the lower of cost and net realisable value. Ore stockpiles, gold in circuit, doré and bullion are valued applying absorption costing. Net realisable value represents the estimated selling price in the ordinary course of business, less estimated costs of completion and costs of sale. Consumable stores inventory is measured on a weighted average cost basis.

	2021 \$'000	2020 \$'000
At cost or net realisable value:		
Bullion and dore on hand	741	1,644
Gold in circuit	1,109	3,233
Ore stockpiles	99	590
Stores	4,908	5,583
	6,857	11,050

There were no write downs to net realisable value for the year ended 30 June 2021 (2020: Nil).

There were no reversals of write downs to net realisable value.

11. PROPERTY PLANT AND EQUIPMENT*Accounting policy*

Items of property, plant and equipment are recorded at cost less accumulated depreciation and impairment (refer to Note 13 for impairment policy).

Items of property, plant and equipment, including buildings and leasehold property are depreciated using the straight-line or reducing balance method over their estimated useful lives. There is no depreciation charge on land. Assets are depreciated from the date of acquisition or from the time an asset is completed and held ready for use.

The depreciation rates used for each class of asset are based on the following assessment of useful lives:

- Buildings 5-7 years
- Buildings right of use assets 2-3 years
- Plant and equipment, including right of use assets 3-5 years
- Motor vehicle 3-5 years

If the lease transfers ownership to the lessee at the end of the lease term, the right of use asset will be depreciated over its useful life. Otherwise right of use assets are depreciated over the shorter of their useful life and the lease term on a straight line basis.

An item of property, plant and equipment is derecognised when it is sold or otherwise disposed of, or when its use is expected to bring no further economic benefits. Any gain or loss from derecognising the asset (the difference between the proceeds on disposal and the carrying value) is included in the consolidated statement of profit or loss in the period the item is derecognised.



11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land and buildings	Buildings right of use assets	Plant and equipment	Plant and equipment right of use assets	Motor vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At cost:						
Balance at 30 June 2019	7,631	-	106,890	-	2,068	116,589
Recognised upon transition to AASB 16 1 July 2019	-	98	-	-	-	98
Transfer to right of use assets	-	-	(474)	474	-	-
Additions	-	133	1,468	-	-	1,601
Disposals	-	-	-	-	-	-
Transfers	50	-	(671)	621	-	-
Currency translation differences	153	(3)	2,102	(7)	41	2,286
Balance at 30 June 2020	7,834	228	109,315	1,088	2,109	120,574
Additions	91	110	688	452	-	1,341
Disposals	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Currency translation differences	(652)	(11)	(9,029)	(91)	(173)	(9,956)
Balance at 30 June 2021	7,273	327	100,974	1,449	1,936	111,959
Accumulated depreciation and impairment:						
Balance at 30 June 2019	(4,736)	-	(87,686)	-	(1,418)	(93,840)
Transfer to right of use assets	-	-	9	(9)	-	-
Depreciation expense	(1,734)	(87)	(12,366)	(202)	(407)	(14,796)
Disposals	-	-	-	-	-	-
Transfers	-	-	(109)	-	109	-
Impairment	-	-	-	-	-	-
Currency translation differences	(55)	1	(1,464)	4	(21)	(1,535)
Balance at 30 June 2020	(6,525)	(86)	(101,616)	(207)	(1,737)	(110,171)
Depreciation expense	(765)	(115)	(3,843)	(237)	(206)	(5,166)
Disposals	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
Currency translation differences	566	6	8,501	24	148	9,245
Balance at 30 June 2021	(6,724)	(195)	(96,958)	(420)	(1,795)	(106,092)
Net book value:						
As at 30 June 2020	1,309	142	7,699	881	372	10,403
As at 30 June 2021	549	132	4,016	1,029	141	5,867

12. EXPLORATION AND EVALUATION ASSETS

Accounting policy

Exploration and evaluation assets are recognised where a Mineral Resource has been delineated at the prospect whereupon any additional costs are capitalised. At this point it is considered reasonable that a recoupment out of revenue will be derived from the successful development of the prospect, or from sale of that prospect, or where further work is to be performed to provide additional information.

Exploration and evaluation assets also include the cost of acquiring licences and tenements.

Exploration and evaluation assets are recognised only when the rights of the area of interest are current and either, the expenditures are expected to be recouped through successful development and exploitation of the area of interest or activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Once a development decision has been taken, all exploration and evaluation expenditure capitalised in respect of the prospect area is transferred to mine properties.

	2021 \$'000	2020 \$'000
Balance at start of financial year	592	-
Expenditure incurred during the year	297	592
Impairment loss	(579)	-
Currency translation differences	(51)	-
Balance at end of financial year	259	592

Exploration and evaluation assets as at 30 June 2021 consist of costs incurred in relation to the Potaro target (June 2020: Potaro target and Ohio Creek).

In June 2021 the decision was taken to relinquish the Ohio Creek titles and accordingly this asset was fully impaired as at 30 June 2021.

Impairment of exploration and evaluation assets

Accounting policy

Exploration and evaluation assets are assessed each reporting period for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount, in particular when exploration for and evaluation of mineral resources in the specific area have not led to commercially viable quantities of mineral resources and the Company has decided to discontinue such activities in the specific area or when right of tenure to the area lapses.

Where tenements or part of an area of interest are disposed of, the proceeds of this partial disposal will reduce the value of the asset by the fair value of those proceeds. This recognises that part of the future economic benefit of the asset has effectively been disposed.

**13. MINE PROPERTIES***Accounting policy*

Mine properties represent the accumulation of all costs in relation to an area of interest, where right to tenure is current and from which the mining of a mineral resource has commenced. Subsequent additions to mine properties are recorded at cost. Amortisation of mine properties commences from the date of first commercial production.

Amortisation of mine property costs is provided on the unit of production basis. The unit of production basis results in an amortisation charge proportional to the depletion of the estimated economically recoverable ore reserves.

In open pit mining operations, it is necessary to remove overburden and waste materials to access the ore. Stripping costs incurred during the development of a mine or pit before production commences are capitalised as part of the investment in constructing the mine or pit (pre strip). These costs are subsequently amortised over the life of mine on a units of production basis, where the unit of account is ounces mined.

Stripping costs incurred during the production stage of operations are deferred to the extent that the current period strip ratio (the ratio of waste to ore) exceeds the life of mine strip ratio. These deferred costs are then charged to the Consolidated Statement of Profit or Loss to the extent, in subsequent periods, the current period ratio is less than the life of mine strip ratio. The calculated strip ratio and the remaining life of mine are reassessed annually. Changes are accounted for prospectively from the date of change.

	2021 \$'000	2020 \$'000
Balance at start of financial year	16,018	24,476
Expenditure incurred during the year	3,318	13,047
Rehabilitation provision adjustment	142	2,101
Amortisation expensed during the year	(11,550)	(4,305)
Currency translation differences	(1,623)	159
Impairment loss	-	(19,460)
Balance at end of financial year	6,305	16,018

The Karouni assets were not impaired during the year ended 30 June 2021.

	2021 \$'000	2020 \$'000
Impairment		
Mining properties	-	(19,460)
Property, plant and equipment	-	-
Impairment loss after income tax	-	(19,460)



13. MINE PROPERTIES (CONTINUED)

Impairment of mine properties

Accounting policy

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. Where an indicator of impairment exists, a formal estimate of recoverable amount is made. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit (CGU) to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the consolidated statement of profit or loss immediately.

Where an impairment loss is subsequently reversed, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years.

Critical accounting judgements and key sources of estimation uncertainty

The value in use calculation requires the Directors to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. Fair value less costs of disposal requires the directors to calculate the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

Significant judgements and assumptions are required by management in estimating the value in use of an asset, an adverse change in one or more of the assumptions, could result in an adjustment to the asset's value. There are a number of uncertainties in estimating resources and reserves, and these estimates and assumptions may change as new information becomes available.

Karouni CGU, Guyana

The Group has one CGU being the Karouni processing plant and surrounding mines in Guyana. All of the Group's mine properties and the majority of the property plant and equipment belong to the Karouni CGU.

Impairment indicators were identified for the Karouni CGU as at 30 June 2021, which included lower than expected operating performance during the year, along with the pending care and maintenance period which commenced in August 2021.

Methodology and assumptions applied at 30 June 2021

Due to the presence of the impairment indicators described above, the Group has tested whether the CGU has suffered an impairment loss at 30 June 2021. The recoverable amount of the CGU was determined based on fair value less cost of disposal calculations which require the use of assumptions. The calculations use cash flow projections based on ore reserves and estimated production from the Smarts underground mine along with resource multiples applied to the CGUs of other undeveloped mineral resources.

Management considers this to be a Level 3 fair value assessment.

**13. MINE PROPERTIES (CONTINUED)*****Smarts underground production***

The fair value is estimated based on discounted cash flows using market based commodity price assumptions, estimated quantities of recoverable minerals, production levels, operating costs, working capital position and future capital expenditure.

Auralia Mining Consulting Pty Ltd (Auralia) was contracted to undertake an updated underground mine design and schedule at Karouni and to report a reserve. They also completed an economic analysis based upon a combination of existing data provided by Troy Resources and a database of Australian underground mining costs.

The cost inputs used to investigate the underground potential at the Smarts Underground Project were based on a contractor pricing estimate for the development of a decline in Guyana provided to Troy. These costs had some exclusions (namely fuel and explosives) that were estimated via first principles and added to the development costs.

Production costs were not provided by the contractor for Guyanese operations, so these were determined by comparing development costs with Australian costs in Auralia's database and applying a factor to calculate Guyanese production costs.

The key assumptions in assessing the recoverable value of the Smarts Underground mine property at 30 June 2021, were the gold price, the Maiden Smarts Underground Ore Reserve Statement announced in July 2021, average costs for 2021 and estimated future underground costs. The costs to dispose have been estimated by management based on prevailing market conditions.

Key assumptions

The table and additional commentary below summarises the key assumptions used in the 30 June 2021 assessment.

30 June 2021	CY 22 ⁽¹⁾	CY23 ⁽¹⁾	CY 24 ⁽¹⁾	CY 25 ⁽¹⁾	CY 26 ⁽¹⁾
Gold price (US\$ per ounce)	1,696	1,626	1,616	1,616	1,616

(1) Calendar years

**13. MINE PROPERTIES (CONTINUED)*****Commodity prices and exchange rates***

The commodity price is estimated with reference to external market consensus forecasts prevailing at the end of the financial year. The US\$ recoverable amount is then converted at the A\$/US\$ exchange rate of 0.75.

Ore reserves

Ore reserves were announced in July 2021. Additionally, the Group anticipates that further work may increase the conversion ratio of resource to reserve. The Company determined that approximately 20,000 to 25,000 ounces could be converted through additional mine method planning on sourcing and backfilling stopes with engineered concrete to allow for maximum ore recovery. These ounces have been built into the financial model at the back end of the project at the lower estimate.

The Ore Reserve follows the previous release of a Mineral Resources of 3 million tonnes @ 3.0g/t Au for 287,600 ounces on 21 September 2020.

The geotechnical assessment is still in the process of being finalised. However, the initial report has encouraged the undertaking of further work on the pre-feasibility study to examine the prospect of sourcing and placing backfill into completed stopes to maximise ore recovery. The use of this engineered backfill secondary stoping is expected to increase the extraction ratio substantially. Further mine planning and modelling is required to update the Reserve ounces. This work is currently being undertaken.

In addition, and as noted above the current reserve estimate is 1,000,000 tonnes @ 2.6g/t for 89,400 ounces, which is included in the resource estimate of 3m tonnes @ 3.0g/t for 287k oz. This represents a conversion rate of 31%. It is fully expected as detailed in the Maiden Ore Reserves Announcement on 26 July 2021 that further resource ounces will be able to be converted to reserve ounces.

Mineral resource estimates

The Group considered the conversion of other resources at Smarts, Hicks and Hicks Deep, which have a calculated implied value of US\$6.13 per ounce, supported by comparable transactions, provided by the Group's consultants.

Discount rate

In determining the fair value of the CGU, the future cashflows are discounted at 14% using rates based on the Group's estimated before tax weighted average cost of capital, with an additional premium applied having regards to the geographic location of the CGU.

Costs

Life of mine operating and capital costs assumptions are based upon the group's latest plans. The Group has assumed care and maintenance costs will continue to be incurred through the calendar year 2022, whilst the Group continues with the underground planning, with mining due to commence in 2023.

This assessment of the CGU does not result in any impairment as at 30 June 2021 (2020: \$19,460,000).

Sensitivity analysis

Any variation in the key assumptions going forward may impact the recoverable value of the CGU. The below table outlines the impact on recoverable value if the following changes were applied to key assumptions (in isolation) used by Company in the 30 June 2021 impairment assessment:

	5% decrease in US\$ gold price	Discount rate +/- 1.5%	Operating expenses +/- 5%	5% decrease in Reserve Estimates
Impact on recoverable value	- A\$4.5 million	-/+ A\$1.1 million	-/+ A\$5.0 million	- A\$5.1 million

14. TRADE AND OTHER PAYABLES

Accounting policy

Trade payables and accrued expenses are recognised for amounts to be paid in the future for goods and services received irrespective of whether they have been billed at the end of the financial year. These amounts are unsecured.

The standard credit period on purchases is 30 days from statement with longer terms typical in Guyana. No interest is usually charged on trade payables for the first 45 to 60 days from the date of invoice. Thereafter, interest may be charged on the outstanding balance. The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame or based on arrangements agreed with the specific suppliers.

Due to the short term nature of trade payables and accrued expenses, their carrying value is assumed to be the same as their fair value.

Dividend liabilities represent the aggregate amount of dividends declared, determined or publicly recommended on or before the reporting date, which remain undistributed as at reporting date, regardless of the extent to which they are expected to be paid in cash.

	2021 \$'000	2020 \$'000
Current		
Trade and other payables	26,542	26,058
Accrued expenses	580	504
Dividends	-	1
	27,122	26,563

15. PROVISIONS

Accounting policy

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

	2021 \$'000	2020 \$'000
Current		
Rehabilitation ⁽ⁱ⁾	179	97
Employee benefits ⁽ⁱⁱ⁾	676	509
Other provisions	30	21
	885	627
Non-current		
Rehabilitation ⁽ⁱ⁾	6,220	7,061
Employee benefits ⁽ⁱⁱ⁾	-	-
	6,220	7,061

**15. PROVISIONS (CONTINUED)****i) Rehabilitation***Accounting policy*

A provision for rehabilitation is recognised in relation to mining activities for costs such as reclamation, waste removal, site closure, plant closure and other costs associated with the rehabilitation of a mining site. Estimates of the Group's rehabilitation obligations are based on legal requirements and future costs, which have been discounted to their present value. In determining the rehabilitation provision, the Group has assumed no significant changes will occur in the relevant legislation which underlies the rehabilitation of such mines in the future.

Future costs are reviewed annually, and any changes are reflected in the present value of the rehabilitation provision at the end of the reporting period.

Critical accounting judgements and key sources of estimation uncertainty

Significant judgement is required in determining the rehabilitation provision, as there are numerous factors affecting the estimated liability. These include but are not limited to, future disturbances caused by development and expansion of the site, changes in Government regulations, the timing of cash flows which are based upon the life of mine plans which are regularly updated, changes in inflation and discount rates, as well as any future technological changes. The Group estimates the future removal costs of mine operations disturbances at the time of installation of the assets and commencement of operations. In most instances, removal of assets occurs many years into the future. This requires judgmental assumptions regarding removal date, the extent of reclamation activities required, the engineering methodology for estimating cost, future removal technologies in determining the removal cost, and asset specific discount rates to determine the present value of these cash flows. When these factors change, any differences will impact the rehabilitation provision in the future.

	Current \$'000	Non-current \$'000
Balance at 30 June 2019	125	4,749
Additional provisions recognised	6	2,101
Unwinding of discount	-	115
Reduction arising from payments	-	-
Currency translation differences	(34)	96
Balance at 30 June 2020	97	7,061
Additional provisions recognised	3	142
Transfers	80	(80)
Unwinding of discount	-	50
Fair value adjustment to rehabilitation provision	-	(356)
Reduction arising from payments	-	-
Currency translation differences	(1)	(597)
Balance at 30 June 2021	179	6,220



15. PROVISIONS (CONTINUED)

ii) Employee benefits

Accounting policy

Short-term and Long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows in respect of services provided by employees up to reporting date.

Termination benefit

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

CAPITAL STRUCTURE AND FINANCING

This section focusses on the Groups debt and equity structure.

16. FINANCIAL LIABILITIES

Accounting policy

Financial liabilities are initially recognised at fair value, net of transactions costs incurred and subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of the liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life to the net carrying amount on initial recognition.

Financial liability – Asian Investment Management Services Limited gold loan (Continued)

In the previous financial year, the Company entered into a gold loan facility in January 2020 of 5,200 ounces with Asian Investment Management Services Limited (AIMS), a Malaysian based investment fund (Facility). The Facility had an initial term of twelve months and is secured by a general security interest over the Company's assets. The Facility was fully drawn down with gross proceeds of US\$8.07 million (A\$11.7 million) received. The Company issued six million unlisted options with an exercise price of \$0.10 and an expiry date of 16 January 2022 to AIMS for the provision of the Facility.

On 19 October 2020, the Company announced that it had been agreed by the parties to extend the term of the facility for a further twelve months with an expiry date of 16 January 2022. The Company issued to AIMS six million unlisted options with an exercise price of \$0.10 and an expiry date of 16 January 2023 as compensation for the extension of the facility.

**16. FINANCIAL LIABILITIES (CONTINUED)***Financial liability – Asian Investment Management Services Limited gold loan (Continued)*

On 17 May 2021, the Company and AIMS reached an agreement for a further extension of the maturity date until 16 June 2023. No fees were payable for the extension of the facility.

As the settlement amount of the facility is dependent upon forward commodity prices, an embedded derivative has been identified. Whilst the host debt is subsequently recognised at amortised cost, the embedded derivative relating to the gold commodity price has been recorded at fair value through profit and loss.

The effective interest rate of the host debt is 16% which was derived by the expected cash outflows incorporating the estimated movement in the forward gold price at inception. The fair value of the embedded derivative has been determined with reference to estimated forward commodity prices and is a critical accounting judgment.

Subsequent to year end, the Company defaulted on the September 2021 quarter interest payment to AIMS which resulted in the Facility becoming payable on demand (refer Note 21).

Short term funding – Attvest Finance Pty Ltd

Short term loan funding for the Group's insurance premiums was obtained in December 2020. This funding was fully repaid by 30 May 2021.

	2021 \$'000	2020 \$'000
Current borrowings		
Gold loan facility		
Host debt – amortised costs	-	11,918
Embedded commodity derivative	-	1,724
Capitalised borrowing costs	-	(126)
Total gold loan facility financial liabilities	-	13,516
Insurance premium funding	-	434
	-	13,950
	2021 \$'000	2020 \$'000
Non-current borrowings – Gold loan facility		
Host debt – amortised costs	10,439	-
Embedded commodity derivative	1,455	-
Capitalised borrowing costs	(110)	-
Total gold loan facility financial liabilities	11,784	-

**17. EQUITY AND RESERVES**

The reconciliation of the movement in capital and reserves for the consolidated entity can be found in the consolidated statement of changes in equity.

Issued capital*Accounting policy*

Ordinary shares are classified as equity. Transaction costs directly attributable to the issue of new ordinary shares or share options are recognised as a deduction from equity, net of any tax effects.

The holders of fully paid ordinary shares are entitled to one vote per share at meetings of the Company and are entitlement to receive dividends as declared.

Of the total ordinary shares issued of 796,597,022 (2020: 632,063,768) 757,563,768 shares are fully paid and 39,033,254 are contracted to be issued (2020: 632,063,768 and Nil respectively).

	2021		2020	
	Number of Shares '000	Issued Capital \$'000	Number of Shares '000	Issued Capital \$'000
On issue 1 July – fully paid	632,064	369,185	592,064	365,468
Issue of share capital				
Shares issued for cash	-	-	40,000	4,000
Shares issued for cash ⁽¹⁾	100,000	12,000	-	-
Share issued for cash ⁽²⁾	25,000	3,000	-	-
Shares issued for non-cash ⁽³⁾	500	60	-	-
Share issue costs	-	(979)	-	(283)
Placement manager options ⁽⁴⁾	-	(408)	-	-
On issue at end of the period - fully paid	757,564	382,858	632,064	369,185
Shares contracted to be issued - not fully paid ⁽⁵⁾	39,033	1,602	-	-
Balance at end of the period	796,597	384,460	632,064	369,185

Additional information on the issue of ordinary shares and unlisted options:

On 26 October 2020, the Company announced that it had received firm commitments to raise \$15,000,000 through a two-tranche placement of 125,000,000 ordinary shares at \$0.12 per share to professional and sophisticated investors.

- (1) On 2 November 2020, the Company issued 100,000,000 new ordinary shares at an issue price of \$0.12 under Tranche One of the placement.
- (2) On 16 December 2020, the Company issued 25,000,000 new ordinary shares at an issue price of \$0.12 under Tranche Two of the placement following the approval of shareholders at the Annual General Meeting (AGM) held on 10 December 2020.
- (3) On 31 December 2020, the Company issued 500,000 new ordinary shares at an issue price of \$0.12 as consideration totalling \$60,000 for consulting services.
- (4) Shareholders at the AGM approved the issue of 12,000,000 unlisted options to Canaccord Genuity (Australia) Limited which acted as lead manager to the placement referred to in (1) and (2) above. The options have an exercise price of \$0.15 per option and an expiry date of 10 December 2023. The fair value of these options is calculated as \$408,000 with this amount treated as a capital raising cost and recorded as a deduction in issued capital.
- (5) After year end, the Company on 1 July 2021 announced the issue of 39,033,254 ordinary shares at an issue price of US\$0.0308 (approximately \$0.041) per share to Barrick Gold Corporation. These ordinary shares were contracted to be issued prior to 30 June 2021 under an Earn-In-Agreement and Share Subscription and were fully paid after year end.

**17. EQUITY AND RESERVES (CONTINUED)****Unlisted options on issue**

	2021	2020
	Number of Options	Number of Options
	'000	'000
On issue 1 July	6,000	-
Issue of options to financier ⁽¹⁾	6,000	6,000
Issue of options to placement lead manager ⁽²⁾	12,000	-
Issue of options to employees ⁽³⁾	8,300	-
On issue 30 June ⁽⁴⁾	32,300	6,000

- (1) Shareholders at the AGM approved the issue of 6,000,000 unlisted options to AIMS for the extension of the gold loan facility (refer Notes 16 and 18).
- (2) Shareholders at the AGM approved the issue of 12,000,000 unlisted options to Canaccord Genuity (Australia) Limited which acted as lead manager to the October 2020 placement (refer Notes 16 and 22).
- (3) On 15 June 2021, the Company issued 8,300,000 options to employees of the Group (refer Note 22).
- (4) On 16 January 2022, the 6,000,000 unlisted options issued during the year ended 30 June 2020 to AIMS expired unexercised (refer Note 16).

Performance rights on issue

	2021	2020
	Number of Rights	Number of Rights
	'000	'000
On issue 1 July	-	-
Issue of rights to directors ⁽¹⁾	6,600	-
Rights lapsed during the year ⁽²⁾	(2,600)	-
On issue 30 June	4,000	-

- (1) Shareholders at the AGM approved the issue of 6,600,000 performance rights to directors (Refer Note 22).
- (2) Lapsed on 30 June 2021 due to performance conditions not satisfied.

Reserves

	2021	2020
	\$'000	\$'000
Foreign currency translation reserve	42,136	44,164
Share-based payment reserve	1,148	229
	43,284	44,393

Accounting policy

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where the functional currency is different to the presentation of the reporting entity. Refer Note 1 for further details.

The share-based payments reserve includes performance rights and options and arises on the granting and vesting of equity instruments. Refer Note 22 for further details.



RISK AND UNRECOGNISED ITEMS

This section focuses on the Group's exposure to various risks, how these risks affect the financial position and performance of the Group and what processes the Group adopts to manage these risks.

18. FINANCIAL RISK MANAGEMENT

i) Capital risk management

The Group manages its capital to ensure that each of the entities within the Group will be able to continue as a going concern, whilst maximising the return to stakeholders through optimisation of the debt and equity balances.

The capital structure of the Group consists of debt (gold loan facility and insurance premium funding as detailed in Note 16 and finance lease liabilities offset by cash balances and equity of the Group (comprising issued capital, reserves, and accumulated losses).

Capital management is undertaken to ensure that a cost effective and flexible supply of funds is available to meet the Groups operating, exploration and capital expenditure requirements. The Board's policy is to maintain a capital base that maintains investor, creditor and market confidence and to sustain the future development of the Group. The Board reviews the capital structure of the Group for any new acquisition or significant projects. As part of the review, the Board considers the cost of capital and the risks associated with each class of capital. The Group's aim is to minimise the use of debt by utilising it in very specific purposes, such as capital development projects which are supported by strong cash flows.

The group is not subject to any externally imposed capital requirements.



18. FINANCIAL RISK MANAGEMENT (CONTINUED)

ii) Categories of financial instruments

	2021 \$'000	2020 \$'000
Financial assets		
Cash and cash equivalents	1,776	4,910
Trade and other receivables	8,140	7,116
Financial liabilities		
Trade and other payables	(27,122)	(26,563)
Lease liabilities	(324)	(366)
Short term borrowings	-	(434)
Gold loan facility	(11,784)	(13,516)

iii) Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (refer Note 18(iv)), interest rates (refer to Note 18(v)) and commodity risk (refer to Note 18(viii)).

iv) Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. The Group may hedge significant foreign currency transactions where considered necessary to mitigate a portion of the risk. The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	Assets		Liabilities	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
USD	319	2,945	12,195	13,928
GYD	1,609	2,082	5,752	3,339

The Group primarily trades in the Group entities functional currencies. The balances above exclude amounts denominated in the functional currency of each of the entities within the Group. Certain intercompany loans between entities are denominated in functional currency of the parent entity and loans outside the Group are denominated in USD. The Group is mainly exposed to the Guyanese dollar (GYD) through its mining operations in Guyana, and the USD through USD denominated payables, purchases and leasing of equipment and sales of gold. The GYD trades in a reasonably tight range against the USD.

Sensitivity analysis - exchange rates

The following table details the Group's sensitivity to a 5% increase and decrease in the Australian dollar against the relevant foreign currencies. The sensitivity rate of 5% has been used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. A positive number below indicates an increase in profit and other equity where the Australian dollar weakens 5% against the relevant currency. For a 5% strengthening of the Australian dollar against the relevant currency, there would be a comparable impact on the profit and other equity and the balances below would be negative.

**18. FINANCIAL RISK MANAGEMENT (CONTINUED)****iv) Foreign currency risk management (continued)**

	2021	2020
	\$'000	\$'000
Judgements of reasonably possible movements		
AUD/USD		
- Profit/(loss) after tax	2,977	2,815
- Equity	2,368	2,119
AUD/GYD		
- Profit/(loss) after tax	(1,636)	(2,079)
- Equity	(13,232)	(12,083)

v) Interest rate risk management

The Group is exposed to interest rate risk due to borrowings having a variable interest rate. (Refer Note 16 for details of borrowings).

Sensitivity analysis - interest rates

The sensitivity analysis below has been determined based on the exposure to interest rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period.

A 100 basis point increase or decrease is used because this represents management's assessment of the possible change in interest rates.

At reporting date, if interest rates had been 100 basis points higher or lower and all other variables were held constant, the Group's:

- net profit would increase / decrease by \$37,000 (2020: \$61,000) in relation to assets.
- net profit would decrease / increase by \$4,000 (2020: 26,000) in relation to liabilities. This is attributable to reduction in the Group's exposure to interest rates on its variable rate borrowings.

The Group's sensitivity to variable interest rates on liabilities has decreased during the current year primarily due to the average variable rate borrowings decreasing across the two years from \$2,606,000 to nil at 30 June 2021. The short term insurance funding was repaid in May 2021.

vi) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted the policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. The Group measures credit risk on a fair value basis.

The credit risk on financial assets of the Group which have been recognised on the consolidated statement of financial position, other than investments in shares, is generally the carrying amount, net of any allowances for doubtful debts. Equity investments which are traded on organised stock markets will vary with market movements.

There are no significant concentrations of credit risk within the Group. The Group does not have material trade receivables for which there is an expected credit loss through the consolidated statement of profit or loss, as such there is no provision needed. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with credit-ratings above A2 assigned by international credit-rating agencies.

**18. FINANCIAL RISK MANAGEMENT (CONTINUED)****vii) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Board, who have built an appropriate liquidity risk management framework for management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate cash reserves by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities.

The majority of the Group's finance lease liabilities relate to the purchase of plant machinery and equipment which have fixed interest rates over the term and are therefore not subject to interest rate risk.

Liquidity and interest risk tables

The following table details the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

2021 Liabilities

	1 year or less \$'000	1 to 5 years \$'000	More than 5 years \$'000	Total \$'000
Trade and other payables	27,122	-	-	27,122
Borrowings	406	14,551	-	14,957
Lease liabilities	295	29	-	324
	27,823	14,580	-	42,403

2020 Liabilities

	1 year or less \$'000	1 to 5 years \$'000	More than 5 years \$'000	Total \$'000
Trade and other payables	26,563	-	-	26,563
Borrowings	14,967	-	-	14,967
Lease liabilities	301	65	-	366
	41,831	65	-	41,896

The weighted average rate (including line fees) on variable interest rate instruments (secured debt facility) was nil for the year ended 30 June 2021 (2020: 8.83%).

The following table details the Group's expected maturity for its financial assets. These tables have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group anticipates that the cash flow will occur in a different period.

**18. FINANCIAL RISK MANAGEMENT (CONTINUED)****vii) Liquidity risk management (continued)****2021 Assets**

	Weighted average effective interest rate %	1 year or less \$'000	1 to 5 years \$'000	More than 5 years \$'000	Total \$'000
Trade receivables		7,844	-	-	7,844
Other receivables	2.6%	28	-	-	28
Cash at bank	0.1%	1,338	-	-	1,338
USD variable deposits	0.0%	422	-	-	422
Short term deposits	0.0%	16	-	-	16
		9,648	-	-	9,648

2020 Assets

	Weighted average effective interest rate %	1 year or less \$'000	1 to 5 years \$'000	More than 5 years \$'000	Total \$'000
Trade receivables		1,339	-	-	1,339
Other receivables	2.6%	28	-	-	28
Cash at bank	1.0%	1,211	-	-	1,211
USD variable deposits	0.0%	3,684	-	-	3,684
Short term deposits	0.0%	15	-	-	15
		6,277	-	-	6,277

The fair value of cash and cash equivalents and interest and non-interest bearing monetary financial assets and financial liabilities approximates their carrying value.

viii) Commodity risk management

As a precious metal producer, the Group's revenue is exposed to gold price fluctuations.

The Group's policy is to hedge where it is deemed prudent to do so. The Group has not entered into any hedges since the year ended 30 June 2019.

The Group therefore is now exposed to fluctuations in the gold price.

Accordingly, changes in the market gold price will affect the embedded derivative within the gold loan facility valuation at each reporting date (refer Note 16).

**19. COMMITMENTS****i) Exploration commitments**

The Group has minimum statutory commitments as conditions of tenure for certain mining tenements. Whilst these obligations may vary, the following is considered to be a reasonable estimate of the minimum projected payments required at 30 June 2021 if the Group is to retain all of its present interests in mining and exploration properties:

	2021 \$'000	2020 \$'000
Not longer than 1 year	47	189
Longer than 1 year and not longer than 5 years	240	58
Longer than 5 years	-	-
Total	287	247

ii) Non-cancellable lease commitments

The Group has the following contractual undiscounted cashflows associated with the Group's lease liabilities, representing principal and interest. The figures therefore will not reconcile with the amounts disclosed in the consolidated statement of financial position.

	2021 \$'000	2020 \$'000
Not longer than 1 year	380	348
Longer than 1 year and not longer than 5 years	38	66
Longer than 5 years	-	-
Total	418	414

Other commitments

The Group has provided securities in the form of general bank guarantees to financial institutions (refer Note 20).

20. CONTINGENT LIABILITIES

The Group has the following contingent liabilities:

- Bank guarantees from financial institutions total \$296,000 (2020: \$320,000), of which \$296,000 (2020: \$320,000) are cash backed.
- The Brazilian Federal Revenue Services (FRS) has issued an income tax assessment against Reinarda Mineração Ltda (RML) in relation to the tax filings for 2015. RML had filed the requested tax return on the electronic system, and paid the related tax, however the FRS assessed RML based upon an estimate of profits calculated on invoices issued rather than the actual accounting profit. Amounts considered income tax debts by the FRS are subject to penalties and interest and as at 30 June 2021, the total considered owing by the FRS is R\$4,205,000, (AUD \$1,127,000). Whilst RML has the documentation to support the calculation of its 2015 income tax, the FRS does not wish to examine this. Accordingly, RML has undertaken legal action to have the additional taxes levied by the FRS cancelled. RML is waiting on a High Court decision, which to date has not been processed.

20. CONTINGENT LIABILITIES (CONTINUED)

- c) Potential legal claims submitted by previous employees at the Company's Sertão and Andorinhas operations in Brazil of \$32,000 (2020: \$27,000). Based on past settlement of claims, the current expectation is that only a portion of this will become payable and therefore, the amount of \$30,000 has been included in other provisions as at 30 June 2021 (2020: \$21,000) (refer Note 15). There is one remaining labour claim as at 30 June 2021.

21. EVENTS AFTER BALANCE SHEET DATE

On 1 July 2021 the Company signed a royalty termination payment agreement with Middle Island Resources Limited, receiving \$250,000 as settlement in early July 2021.

On 1 July 2021 the Company announced that it had entered into an earn-in agreement with Barrick Gold Corporation (Barrick) concerning various exploration tenements at the Karouni Gold Project, including the recently acquired Potaro target. Barrick subscribed for new ordinary shares (refer Note 17) raising approximately US\$1,200,000 which was received 1 July 2021.

On 14 July 2021, the Company announced that with ore from available pits being exhausted after year end, a period of care and maintenance would be occurring from August, whilst the Company progresses the Smarts Underground Project.

On 26 July 2021, the Company announced the maiden Smarts Underground ore reserve of 1,082,000 tonnes @ 2.6 g/t Au for 89,400 ounces. Further work to potentially convert more mineral resource ounces to an ore reserve classification is being considered. The Company is in the process of determining the capital expenditure requirements.

On 18 August 2021, the Company announced the issue of 16,213,609 ordinary shares to a creditor of the Company's wholly owned subsidiary to partly extinguish a debt. The shares were issued at a 30 day VWAP of \$0.04203 for \$681,477 or USD equivalent of \$500,000.

On 23 August 2021, the Company was deeply saddened to announce that a fatality had occurred on the Potaro Tenements.

On 30 August 2021, the Company entered into a trading halt and on 31 August the Company entered into a voluntary suspension from trading, which was later extended to the earlier of 14 April 2022 or when the Company releases a full form prospectus.

On 20 September 2021, the Company's was deeply saddened to announce that Mr Ken Nilsson, CEO and Managing Director of Troy Resources Limited, passed away after failing to recover from a medical procedure.

On 21 September 2021, the Company announced the interim appointment of Mr Beazley, a Non-executive Director, as CEO and Managing Director. Mr Beazley's remuneration was announced 30 September 2021.

On 1 October 2021, the Company failed to pay the September 2021 quarterly interest payment owing to Asian Investment Management Services Limited (AIMS). Upon the default in the interest payment, the gold loan facility became a current liability payable on demand. The Company has reached an agreement with AIMS for a debt to equity conversion as part of its recapitalisation transactions, which is subject to shareholders approval. There is a forbearance clause included in the agreement, whereby no action will be taken by AIMS unless the conditions precedent have not been met by 31 July 2022. The Company is continuing to accrue interest at the default rate.

On 5 January 2022, the Company announced that it had entered into a series of agreements that will, if approved by shareholders, achieve a recapitalisation of the Company and, in due course, enable the Company's shares to recommence trading on the ASX. These agreements allow the Company to convert approximately \$18.7 million in June 2021 debt to equity and raise new funds of approximately \$7.2 million.

On 11 January 2022, the Company issued 42,096,486 tranche one ordinary shares as part of the recapitalisation of the Company as announced on the ASX on 5 January 2022.

21. EVENTS AFTER BALANCE SHEET DATE (CONTINUED)

On 1 February 2022, the Company announced that a further conversion of debt to equity had been agreed, allowing the Company to now convert approximately \$20.7 million in debt to equity and raise new funds of approximately \$7.2 million, subject to shareholder approval.

On 23 March 2022, the Company announced that it had issued fourteen million performance rights under the Employee Incentive Plan to existing employees.

Other than as detailed in this Report and the Notes above, there are no other matters or circumstances that have arisen since 30 June 2021 that have significantly affected or may significantly affect:

- i) The consolidated entity's operations in future financial years; or
- ii) The results of those operations in future financial years; or
- iii) The consolidated entity's state of affairs in future financial years.

OTHER INFORMATION

This section provides information on items which are required to be disclosed to comply with Australian Accounting Standards, other regulatory pronouncements and the *Corporations Act 2001*.

22. SHARE-BASED PAYMENTS

Accounting policy

Performance rights and options allow directors, employees, financiers and advisors to acquire shares in the Company. It encourages employee share ownership and assists with attracting, retaining and motivating highly qualified personnel.

The fair value of performance rights and options issued to directors and employees is recognised as an employee expense with a corresponding increase in equity. The fair value of options issued to financiers is recognised as a finance cost. The fair value of options issued as part of the consideration for services by brokers is recognised as a capital raising cost. When the Group grants options over its shares to employees of subsidiaries, the fair value at grant date is recognised as an increase in the investments in subsidiaries, with a corresponding increase in equity over the vesting of the grant.

The fair value is determined at grant date and accounted for on a straight line basis over the vesting period.

Equity settled share-based payment transactions with parties other than employees are measured at the fair value of the services or goods received. If the fair value cannot be estimated reliably, they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or services or at date of contract.

All shares issued under the Company's Employee Incentive Plan are accounted for as share-based payments.

The following equity settled share-based payment transactions have been recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income:

	2021 \$'000	2020 \$'000
Shares and rights – equity settled		
Non-Executive Directors – performance rights	71	-
Managing Director – performance rights	106	-
Employees - options	113	-
Consultants – shares issued	60	-
Total	350	-



22. SHARE-BASED PAYMENTS (CONTINUED)

Performance rights granted during the year

With the approval of shareholders at the 10 December 2020 Annual General Meeting (AGM), the Company entered into the Employee Incentive Plan (EIP). The EIP is designed to provide long-term incentives for Directors, employees, consultants or contractors of Troy Resources Limited or any member of the Group. Shareholder approval is required before any Director or related party of the Company can participate in the EIP and be granted shares, options or performance rights.

Performance rights were granted on 10 December 2020 to the Chief Executive Officer and Managing Director, the Non-Executive Chairman and a Non-Executive Director following receipt of shareholder approval at the AGM. The performance rights are split into tranches based upon vesting, with the same performance criteria for each tranche, being share price growth from 30 June 2020 (60%) and ore reserve growth from 72,200 ounces (40%).

Details of the 6,600,000 performance rights granted, which are valued at an aggregate \$480,840, are as follows:

	Tranche 1		Tranche 2		Tranche 3	
Vesting Date	30 June 2021		30 June 2022		30 June 2023	
Number of performance rights	1,560,000	1,040,000	1,560,000	1,040,000	840,000	560,000
Value per right	\$0.055	\$0.092	\$0.062	\$0.092	\$0.066	\$0.092
Valuation per tranche	\$85,800	\$95,680	\$96,720	\$95,680	\$55,440	\$51,520
Performance Criteria	Growth in shareholder value based upon share price	Growth in Ore Reserves	Growth in shareholder value based upon share price	Growth in Ore Reserves	Growth in shareholder value based upon share price	Growth in Ore Reserves
	Table 1	Table 2	Table 1	Table 2	Table 1	Table 2

Table 1

Total Shareholder Return (TSR) Performance Condition is the percentage growth in shareholder value, which includes changes in share price and dividends paid. The index will be the share price as at 30 June 2020 which was \$0.083.

Relative TSR Condition	% Contribution of the number of Performance Shares to Vest
Below the index plus 10%	0%
Between 10% and 20% above the index	Pro-rata from 50% to 100%
20% above the index	100%

Table 2

Ore Reserves growth is referenced to the Ore Reserves as at the 30 June 2020 equating to 72,200 ounces.

Ore Reserves Growth	% Contribution of the number of Performance Shares to Vest
Below the index plus 15%	0%
Between 15% and 35% above the index	Pro-rata from 50% to 100%
35% above the index	100%



22. SHARE-BASED PAYMENTS (CONTINUED)

Performance rights fair value at grant date

The fair value for rights related to share growth (which have a market based vesting condition) are estimated using a Monte Carlo simulation. The fair value for rights related to growth in ore reserves (which have a non-market vesting condition) are estimated using the Black-Scholes option pricing model. The fair value was determined using the inputs in the following table.

Performance rights	Tranche 1		Tranche 2		Tranche 3	
Model Inputs	TSR rights	Ore reserve rights	TSR rights	Ore reserve rights	TSR rights	Ore reserve rights
Share price at grant date	\$0.092	\$0.092	\$0.092	\$0.092	\$0.092	\$0.092
Exercise price	Nil	Nil	Nil	Nil	Nil	Nil
Valuation date	10/12/2020	10/12/2020	10/12/2020	10/12/2020	10/12/2020	10/12/2020
Commencement of performance period	30/06/2020	30/06/2020	30/06/2020	30/06/2020	30/06/2020	30/06/2020
Performance measurement date	30/06/2021	30/06/2021	30/06/2022	30/06/2022	30/06/2023	30/06/2023
Performance period (years)	1.00	1.00	2.00	2.00	3.00	3.00
Remaining performance period (years)	0.55	0.55	1.55	1.55	2.55	2.55
Expiry date	30/06/2024	30/06/2024	30/06/2025	30/06/2025	30/06/2026	30/06/2026
Remaining life of rights (years)	3.56	3.56	4.56	4.56	5.56	5.56
Share price volatility	75%	75%	75%	75%	75%	75%
Risk-free rate	0.09%	0.09%	0.09%	0.09%	0.09%	0.09%
Dividend yield	Nil	Nil	Nil	Nil	Nil	Nil
Number of rights	1,560,000	1,040,000	1,560,000	1,040,000	840,000	560,000
Valuation per right	\$0.055	\$0.092	\$0.062	\$0.092	\$0.066	\$0.092
Valuation per tranche	\$85,800	\$95,680	\$96,720	\$95,680	\$55,440	\$51,520

There were no performance rights granted in the previous period.

No performance rights vested or were converted to shares as at 30 June 2021.

Tranche 1 of the performance rights had a vesting date of 30 June 2021 with the vesting dependent upon the growth in the share price and ore reserves from 30 June 2020.

As at 30 June 2021 the closing share price was \$0.039, which was below the index, accordingly 1,560,000 rights lapsed on 30 June 2021.

There was no update to reserve figures as at 30 June 2021, therefore 1,040,000 rights lapsed on 30 June 2021.

**22. SHARE-BASED PAYMENTS (CONTINUED)****Unlisted options**

As at 30 June 2021, the terms and conditions of unlisted options granted by the Company to financiers, advisors and employees are as follows, whereby all options are settled by the delivery of shares:

Grant Date	Number of Instruments	Vesting Conditions	Contractual Life
Key Management Personnel			
15 June 2021	500,000	Vest immediately	3 years
Other Employees			
15 June 2021	7,800,000	Vest immediately	3 years
Financiers and Advisors			
16 January 2020	6,000,000	Vest immediately	2 years
10 December 2020	6,000,000	Vest immediately	2 years
10 December 2020	12,000,000	Vest immediately	3 years
Total Options	32,300,000		

The fair value of unlisted options is calculated at the date of grant using the Black-Scholes Model. Expected volatility is estimated by considering historical volatility of the Company's share price over the period commensurate with the expected term.

The number and weighted average exercise prices (WAEP) of unlisted options are as follows:

	WAEP 2021	Number 2021	WAEP 2020	Number 2020
Outstanding at 1 July	\$0.10	6,000,000	-	-
Granted during the year – financiers and advisors	\$0.13	18,000,000	\$0.10	6,000,000
Granted during the year – employees	\$0.06	8,300,000	-	-
Lapsed or forfeited during the year	-	-	-	-
Outstanding at 30 June	\$0.11	32,300,000	\$0.10	6,000,000
Vested and exercisable at 30 June	\$0.11	32,300,000	\$0.10	6,000,000

The unlisted options outstanding at 30 June 2021 have a weighted average remaining contractual life of 2.0 years (2020: 1.5 years) and an exercise price range as per below.

The following factors and assumptions were used in determining the fair value of options on grant date:

Grant Dates	Vesting Date	Expiry Date	Fair Value Per Option	Exercise Price	Price of Shares on Grant Date	Expected Volatility	Risk Free Interest Rate	Dividend Yield
Year ended 30 June 2021								
10/12/2020	10/12/2020	16/01/2023	\$0.037	\$0.100	\$0.092	76.4%	0.99%	-
10/12/2020	10/12/2020	10/12/2023	\$0.034	\$0.150	\$0.092	75.4%	0.99%	-
15/06/2021	15/06/2021	01/06/2024	\$0.014	\$0.055	\$0.038	68.6%	1.45%	-
Year ended 30 June 2020								
16/01/2020	16/01/2020	16/01/2022	\$0.038	\$0.100	\$0.100	69.0%	1.18%	-

The fair value of the 12,000,000 options issued to the lead manager of the placement announced 26 October 2020 has been treated as a capital raising cost and recorded as a reduction in share capital (refer Note 17).

**23. RELATED PARTY TRANSACTIONS****i) Subsidiaries**

The ultimate parent entity of the Group is Troy Resources Limited.

The consolidated financial statements include the following subsidiaries:

	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST	
		2021 %	2020 %
Parent Entity: Troy Resources Limited	Australia		
Subsidiaries:			
Wirraminna Gold Pty Ltd	Australia	100	100
Troy Resources Brasil Participações Ltda	Brazil	100	100
Troy Resources (Holdings) Limited	British Virgin Islands	100	100
Reinarda Mineração Ltda	Brazil	100	100
Azimuth Resources Pty Limited	Australia	100	100
Takatu Minerals Limited	Canada	100	100
Pharsalus Gold (BVI) Inc	British Virgin Islands	100	100
Pharsalus (BVI) Inc	British Virgin Islands	100	100
Pharsalus Gold Inc	Guyana	100	100
Pharsalus Inc	Guyana	100	100
Troy Resources Guyana Inc	Guyana	100	100

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in the notes.

ii) Key Management Personnel Compensation

Key management personnel compensation comprised the following:

	2021 \$	2020 \$
Short term employee benefits	992,465	1,409,099
Long service leave	12,319	12,353
Post-employment benefits	43,547	52,952
Share-based payments	184,286	-
	1,232,617	1,474,404

Individual Directors' and Executives' Compensation Disclosures

Information regarding individual Directors' and Executives' compensation is provided in the Remuneration Report section of the Directors' Report. Apart from the details disclosed in this note, or in the Remuneration Report, no Director has entered into a material contract with the Company since the end of the previous financial year and there were no material contracts involving Directors' interests existing at year end.

iii) Key Management Personnel Transactions with the Company or its Controlled Entities

One key management person holds positions in other entities that result in them having control or significant influence over these entities.

A number of these entities transacted with the Group during the year. The terms and conditions of the transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management related entities on an arm's length basis.

**23. RELATED PARTY TRANSACTIONS (CONTINUED)****iii) Key Management Personnel Transactions with the Company or its Controlled Entities (Continued)**

The aggregate value of these transactions and outstanding balances related to key management personnel and entities over which they have control or significant influence were as follows.

Key Management Personnel	Transaction	Transactions Value		Group's Share		Balance Outstanding	
		2021 \$	2020 \$	2021 \$	2020 \$	2021 \$	2020 \$
Mr A Barclay	Legal Services	53,000	-	53,000	-	45,000	-

Troy used the services of Andrew Barclay & Associates, of which Mr Barclay a principal director and is an employee. Rates charged were at market rates and have been included in the remuneration of key management personnel disclosures.

**24. REMUNERATION OF AUDITORS**

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	2021 \$	2020 \$
PricewaterhouseCoopers Australia		
Audit and review of financial statements	191,154	155,079
Tax and other services	35,185	38,964
	226,339	194,043
Network firms of PricewaterhouseCoopers Australia		
Audit and review of financial statements	53,567	-
Tax and other services provided overseas	33,052	103,933
	86,619	103,933
Total for PricewaterhouseCoopers	312,958	297,976
Non PricewaterhouseCoopers audit firms		
Audit of the financial reports	63,495	74,052
Tax and other services	7,138	7,025
Total for overseas firms	70,633	81,077
Total auditors' remuneration	383,591	379,053

**25. PARENT ENTITY DISCLOSURE***Accounting policy*

Accounting policies of the parent are consistent with that of the Group.

	2021 \$'000	2020 \$'000
Assets		
Current assets	2,244	3,382
Non-current assets	-	12,460
Total assets	2,244	15,842
Liabilities		
Current liabilities	399	14,334
Non-current liabilities	18,981	13
Total liabilities	19,380	14,347
Net assets	(17,136)	1,495
Equity		
Issued capital	384,460	369,185
Accumulated losses - opening	(367,919)	(325,025)
Current year loss	(34,825)	(42,894)
Reserves:		
Share option reserve	1,148	229
Total equity	(17,136)	1,495
Financial performance		
Interest and management fees charges to subsidiaries	4,043	4,677
Other income	62	72
Loss on sale of associate	-	(1,261)
Foreign exchange gains/(losses)	152	(110)
Borrowing costs	(2,139)	(1,531)
Fair value gain on AIMS facility	1,100	-
Administration, corporate and other expenses	(2,313)	(3,741)
Impairment	(35,730)	(41,000)
Loss for the year after tax	(34,825)	(42,894)
Other comprehensive income	-	-
Total comprehensive income	(34,825)	(42,894)

Contingent liabilities of the parent entity

There are no contingent liabilities other than:

- i) General bank guarantees to financial institutions of \$28,000 (2020: \$28,000) which is cash backed.

Non-cancellable lease commitments of the parent entity

The parent entity had office premises and equipment rental commitments of nil as at 30 June 2021 (2020: Nil).



In the directors' opinion:

- a. the financial statements and notes set out on pages 42 to 93 are in accordance with the *Corporations Act 2001* including;
- (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the financial year ended on that date, and
- b. as described in the going concern assumption (Note 1) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declaration by the chief executive officer and chief financial officer required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the directors.

On behalf of the Directors of Troy Resources Limited

Peter Stern
Chairman

Richard Beazley
Interim CEO & Managing Director

Perth, Western Australia
11 April 2022



Independent auditor's report

To the members of Troy Resources Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Troy Resources Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2021
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of profit or loss for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

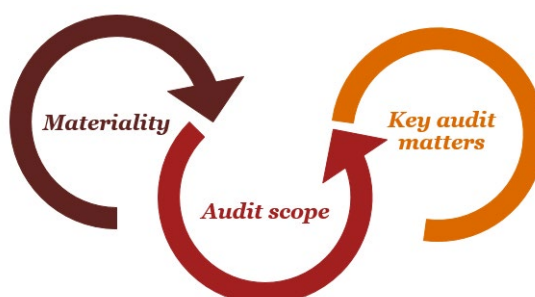
We draw attention to Note 1 in the financial report, which indicates that the Group incurred an after-tax loss of \$32.8 million and operating cash outflows of \$10.4 million during the year ended 30 June 2021 and, as of that date, the Group's current liabilities exceeded its current assets by \$11.8 million, its total liabilities exceeded its total assets by \$17.1 million and subsequent to year end the Group defaulted on financial liabilities of \$11.8m which resulted in these liabilities becoming a current liability payable on demand. The Group's ability to continue as a going concern is dependent on the matters set out in Note 1, including the shareholders approving various elements of the Company's restructure plan, the success of the restructure plan, as well as receiving the continuing support of its financiers, creditors and ex-employees. These conditions, along with other matters set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

The Group owns the Karouni gold mine in Guyana, South America and has its corporate office in Perth, Australia. Given the financial significance of the Guyana operations, local component auditors in Guyana assisted with audit procedures on behalf of the group engagement team.



Materiality

- For the purpose of our audit we used overall Group materiality of \$0.6 million, which represents approximately 1% of the Group's revenues.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose Group revenue, in our view, it is the benchmark against which the performance of the Group is most commonly measured.
- We utilised a 1% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

Audit Scope

- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed by the group engagement team and by component auditors in Guyana operating under instruction.
- The Group engagement team and component auditors had active dialogue throughout the year through discussions and written instructions and reporting.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Risk Committee.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p>Impairment assessment of the Karouni cash generating unit (CGU) (Refer to Note 13)</p> <p>As at 30 June 2021 the Group held property, plant and equipment of \$5.9 million, exploration and evaluation assets of \$0.3 million and mine properties of \$6.3 million relating to the Group's Karouni gold mine and associated infrastructure in Guyana.</p> <p>The Group has identified indicators of impairment in its Karouni Cash Generating Unit (CGU) during the year. As a result, the Group assessed the Karouni CGU for impairment as at 30 June 2021.</p> <p>The Group's impairment assessment was performed on a 'fair value less costs of disposal' basis to determine the recoverable amount of the Karouni CGU.</p> <p>This assessment involved significant judgements made in relation to key assumptions. The most significant areas of judgements relate to:</p>	<p>We performed the following audit procedures, amongst others:</p> <ul style="list-style-type: none"> • assessed whether the composition of the Karouni CGU was consistent with our knowledge of the Group's operations, • assessed whether the Karouni CGU appropriately included all directly attributable assets, liabilities and cash flows, • considered if estimating 'fair value less costs of disposal' was an appropriate basis upon which to infer value of the CGU and whether there were sufficient comparable market transactions to allow a reliable estimate to be made, • considered if the impairment model appropriately included the likely transaction costs associated with selling the CGU, • evaluated the Group's methodologies and their documented basis for key assumptions utilised in the impairment model which are described in Note 13,

Key audit matter	How our audit addressed the key audit matter
<ul style="list-style-type: none"> • forecast gold prices, • ore reserves estimates, • production and processing volumes and operating costs, and • discount rate. <p>This was a key audit matter due to the significance of the carrying value of the Group's Karouni CGU to the Group's consolidated statement of financial position and the significant judgements and assumptions involved in determining whether an impairment charge was required.</p>	<ul style="list-style-type: none"> • compared the forecast cash flows used in the impairment model to the most recent budgets and business plans approved by the Board, • assessed the objectivity and competence of management's experts who assisted the Group in developing estimates of the ore reserve and associated operating costs underpinning the current mine plan, • considered whether the forecast cash flows in the impairment model were appropriate by comparing: <ul style="list-style-type: none"> ○ gold price data used in the impairment model to industry forecasts, ○ the significant assumptions used by the Group in developing the projected operating costs to relevant internal documentation, and ○ forecast gold production over the life of mine to the Group's most recent reserves and resources statement, • together with PwC experts, assessed the appropriateness of the discount rate in light of Australian Accounting Standards, • evaluated the Group's historical ability to forecast future cash flows by comparing budgets with reported actual results for the past three years, • tested the mathematical accuracy, on a sample basis, of the impairment model's calculations, and • evaluated the reasonableness of the disclosures made in Note 13, including those relating to significant assumptions used in the impairment assessment, in light of the requirements of Australian Accounting Standards.
<p>Provision for rehabilitation (Refer to Note 15)</p> <p>As a result of its mining and processing operations, the Group is obliged to restore and rehabilitate the environment disturbed by these operations and remove related infrastructure.</p>	<p>We performed the following procedures over the Group's rehabilitation provision, amongst others.</p> <ul style="list-style-type: none"> • evaluated the appropriateness of the Group's method for developing the provision for rehabilitation by reference to the nature of the rehabilitation obligations, the requirements of Australian Accounting

Key audit matter	How our audit addressed the key audit matter
<p>Rehabilitation activities are governed by a combination of legislative requirements and Group policies.</p> <p>As at 30 June 2021 the consolidated statement of financial position included a provision for such obligations of \$6.4 million.</p> <p>Estimating this provision involved significant judgements made in relation to key assumptions. The most significant areas of judgements relate to:</p> <ul style="list-style-type: none"> • nature and magnitude of possible rehabilitation work required to be performed, • cost of rehabilitation and closure activities to be performed, and • discount and inflation rates. <p>This was a key audit matter due to the significant judgements and assumptions involved in determining the provision for rehabilitation and the significance of the recognised balance to the Group's consolidated statement of financial position.</p>	<p>Standards, and the business, industry and environment in which the Group operates,</p> <ul style="list-style-type: none"> • evaluated the appropriateness of significant assumptions used to develop the provision for rehabilitation in the context of Australian Accounting Standards. This included: <ul style="list-style-type: none"> ○ comparing the assumptions used in developing the provision for rehabilitation to relevant internal documentation, ○ comparing the assumptions to actual results achieved in recent years to assess whether they are consistent, ○ comparing the discount rate and inflation rate utilised to current market consensus, • tested the mathematical accuracy of the calculations, on a sample basis, and • evaluated the reasonableness of the disclosures made in Note 15, including those related to estimation uncertainty, against the requirements of Australian Accounting Standards.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the



financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 29 to 40 of the directors' report for the year ended 30 June 2021.

In our opinion, the remuneration report of Troy Resources Limited for the year ended 30 June 2021 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers
PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'Douglas Craig'.

Douglas Craig
Partner

Perth
11 April 2022

CORPORATE DIRECTORY

Directors

Peter Stern (Non-Executive Chairman)
Richard Beazley (Interim CEO & Managing Director)
Andrew Barclay (Non-Executive Director)

Company Secretary

Rebecca Broughton

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Prashad Nagar
Georgetown
Guyana
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Facsimile: (592) 219 4761

Bankers

National Australia Bank Limited

Stock Exchanges for Quoted Securities

Australian Securities Exchange

Fully Paid: TRY

Frankfurt Stock Exchange, Germany

Fully Paid: TRW

Share Registry

Computershare Investor Services Pty Limited
Level 11, 172 St Georges Terrace
Perth WA 6000
GPO Box D182
Perth WA 6840
Telephone: (61 8) 9323 2000
Facsimile: (61 8) 9323 2033
Investor inquiries within Australia: 1300 850 505
Investor inquiries outside Australia (61 3) 9415 5000

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