



TROY RESOURCES LIMITED

QUARTERLY REPORT & APPENDIX 4C

COMPANY UPDATE AND QUARTERLY CASH FLOW REPORT FOR ENTITIES SUBJECT TO LISTING RULE 4.7B FOR THE THREE MONTHS ENDED 31 MARCH 2022

29 April 2022

HIGHLIGHTS

- Company recapitalisation announced on 5 January 2022 and 1 February 2022 which, if approved by the ASX and shareholders, will see Troy raise approximately \$7.2 million in cash and retire approximately \$20.7 million of net debt.
- On 10 January 2022, the Company issued 42 million shares at \$0.022 per share pursuant to Tranche 1 of the recapitalisation, raising \$0.93 million before costs.
- At the end of the March quarter, cash and equivalents totalled \$0.38 million.
- The Karouni processing facility remains on care and maintenance.
- During the quarter, the Company employed Mr Sven Tegeler as the Country Manager for Guyana. Sven has previously lived and worked in Guyana as General Manager of First Bauxite's Bonasika Project and has successfully developed and executed corporate and operational strategies across multiple commodities within the global resource sector.
- Pursuant to the Karouni Earn-in Agreement, Barrick Gold Corporation continues with its exploration programmes.
- After the end of the quarter, the Company released its 2021 Annual Report and December 2021 Half Yearly Report bringing all required ASX announcements up to date.
- After the end of the quarter, the Company announced that it had entered into a binding Letter of Intent with a Brazilian counter party in respect of the lease and assignment of certain non-core mining rights in Brazil prospective for iron ore, which will see the Company receive the aggregate amount of US\$4 million in staged payments.

OPERATIONS

KAROUNI, GUYANA (Troy 100% through Troy Resources Guyana Inc.)

Care and Maintenance

As previously reported, operations were placed into a period of care and maintenance from August 2021 following the depletion of open pit ore reserves. The period of care and maintenance is expected to last until the commencement of the Smarts Underground project.

The care and maintenance program continued with the defined schedule of weekly and monthly checks on plant and mobile equipment to ensure the integrity and operability of the company's physical assets are maintained for both short- and long-term periods. The main power station remained offline to reduce environmental impacts and unnecessary costs, with power being supplied by portable generators installed at primary locations (camp, mill admin, processing plant). Fuel cost analysis was completed, reducing supply requirements ensuring sufficient quantities are available to supply critical operating assets. Significant maintenance resources were allocated to work involving removal of reagents / explosives and the container housing units.

The camp continues to operate with a total population of between 50-60 personnel, including TRGI staff, camp support contractors and Barrick workers. TRGI staff number approximately 26 to support all associated infrastructure in respect of the care and maintenance program and site security. Barrick activities included geological field work and exploration drilling. Troy continues to provide support to Barrick with site services across the project, including the use of equipment along with maintenance, medical and security functions.

Ongoing sales and / or disposal of the remaining inventory of reagents and explosives, along with several pieces of redundant heavy equipment, was undertaken during the quarter. Steel recycling contractors were engaged during the period and mobilized to site to remove accumulated scrap steel over the past three years and commenced extensive housekeeping activities across the site. In addition, all pre-camp container housing units were sold. Despite this sale, the site retains sufficient accommodation dwellings to house the existing workforce (including contractors and Barrick personnel). Additional accommodation will be scheduled to be constructed, aligned with the ramp-up strategy of the development and operations of the Smarts Underground.

The sale of items has resulted in A\$1.0 million in sundry income during the quarter.



Health and Safety

During the quarter, there were no reportable (Medical Aid or Lost Time) incidents or any First Aid incidents. An equipment damage incident occurred involving a light vehicle being operated by Barrick. The vehicle was parked at the Potaro site when it rolled backwards and came in contact with a tree causing damage to the driver's side front and back door.

As of 31 March 2022, the 12-month rolling Total Recordable Injury Frequency Rate (TRIFR) was 9.5 and the 12-month rolling Lost Time Incident Frequency Rate (LTIFR) was 1.9. Despite having zero lost time or reportable incidents, both the TRIFR and LTIFR increased slightly over the last quarter. This is attributed to lower hours in the current quarter. Employee hours for the period averaged approximately 19,420 per month including TRGI staff, Barrick staff and contractors.

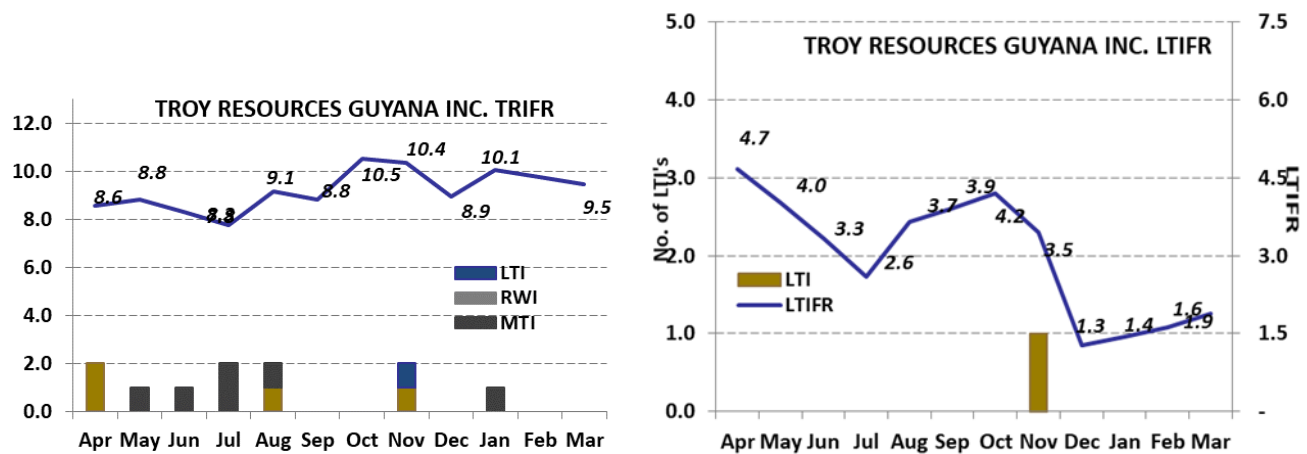


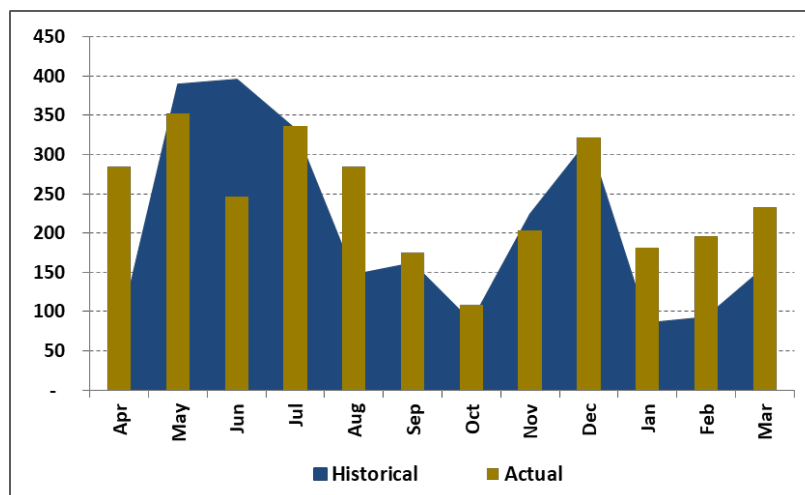
Table 1: TRIFR and LTIFR for Previous 12 Months

Environment

With the ceasing of operational activities and transitioning into care and maintenance activities, the priority was maintaining environmental compliance, implementing the revised monitoring requirements in the new permit. During the quarter, regular monitoring for noise, water pH and stream turbidity flow occurred. Due to cyanide not being utilised at the plant and the closure of the onsite lab, monitoring was not required. The previous full spectrum water sampling regime was carried out in late 2021. No significant variances were identified in the results. TRGI is working with environmental consultants to propose a reduced monitoring program to the Environmental Protection Agency (EPA) that complies with the environmental permit but recognises the current status of the operation. Discussions with the EPA have been conducted and are currently ongoing to confirm an appropriate frequency of monitoring and reporting to reflect TRGI operational status.

All reporting has been submitted as per permit requirements.

Rainfall for the period was above the season average; however, it did not impact the operations.

**Table 2: Historic Average vs. 2021 Rain Fall**

HR and Community

The reduced workforce was maintained throughout the quarter to match operational requirements. As of 31 March 2022, the total TRGI workforce was 28 at site and 15 at the Georgetown office. A minimal manpower compliment continues to provide security, maintenance, and camp support services. All non-essential contractors have been demobilized except for those required for catering, fuel management, bussing, and medical services.

The Site Medical Centre remained in operation during the quarter and continued to provide medical services to the local communities. Approximately 50 regional community individuals were attended to during the quarter. A majority of the regional community visits were related to testing for COVID-19 and other tropical diseases. The medical centre was reduced to a staff of one on site – alternating between a doctor and a medic.

During the quarter, there has been an increase in illegal mining activity occurring at site. There are daily occurrences of illegal mining activity in both Smarts and Spearpoint pits. Guyana Geology and Mines Commission (GGMC) was onsite in January to conduct reconnaissance and engagement on managing the illegal mining activity. The responsibility for enforcement and security of the mining operations remains with the Company. TRGI continues to engage with the government agencies regarding this problem and has implemented new security protocols to better manage the situation.



Coronavirus

During January, several individuals tested positive for COVID-19. The patients were placed into quarantine, monitored by the site medical staff and remained at site for the required period of isolation.

At the end of March, the government removed restrictions requiring masks to be worn in public places. However, TRGI continues to implement preventive controls and measures across the site. Pre-flight antigen testing was re-instated in early January in response to increased case numbers in Guyana; however, the protocol was removed again in late March.

Overall, our COVID safety measures and risk management have been successful in preventing and / or limiting its affect, despite levels of COVID-19 infection in Guyana increasing during this period. To combat this trend, Troy continues to engage in active management of the COVID risk; preventative measures such as pre-flight screenings, wearing of masks and social distancing remain in effect and enforced for protection of employees, contractors and visitors.

DEVELOPMENT

SMARTS UNDERGROUND, GUYANA (Troy 100% through Troy Resources Guyana Inc.)

All pre-development work at the Smarts area was halted in September 2021 including dewatering of the pit.

Review of the geotechnical and mine design has been ongoing with opportunities for improvement in the stope designs and ventilation system identified.

EXPLORATION

KAROUNI, GUYANA (Troy 100% through Troy Resources Guyana Inc.)

No exploration activities of substance were undertaken by Troy during the quarter.

Barrick continued to undertake exploration activities over the quarter.



FINANCIAL INFORMATION

At the end of the quarter, the Company had total cash of \$0.38 million. Key movements in cash flow are detailed in the attached Appendix 4C.

Exploration Expenditure

Whilst no exploration activities were undertaken during the quarter by the Company, the cash flow includes expenditure on annual tenement rents.

Capital Expenditure

There was no capital expenditure incurred in relation to plant and equipment and sustaining capital at Karouni during the quarter.

Voluntary Suspension

Subsequent to the quarter, the Company requested an extension to the trading halt to the earlier of the lodgement of a full form prospectus or 30 June 2022.

Payments to Related Parties

During the quarter, the Company paid executives \$28,000 for salaries. Amounts paid to non-executives have been reduced as the Directors resolved to conserve available cash until the recapitalisation of the Company is completed.

CORPORATE

Capital Structure

The Company's capital structure as at 31 March 2022 was as follows:

Issued Capital and Equity Structure as at 31 March 2022	
Ordinary Shares	854,907,117
Options (\$0.10 exercise price expiring 16 January 2023)	6,000,000
Options (\$0.15 exercise price expiring 10 December 2023)	12,000,000
Options (\$0.055 exercise price expiring 1 June 2024)	8,300,000
Performance Rights expiring 30 June 2025	2,600,000
Performance Rights expiring 30 June 2026	1,400,000
Performance Rights expiring 30 June 2025	7,000,000
Performance Rights expiring 30 June 2026	7,000,000

Recapitalisation

On 5 January 2022 the Company announced that it had entered into a number of recapitalisation agreements to issue shares for cash and conversion of debt to equity. This was subsequently updated by a further announcement on 1 February 2022.

The plan involves a series of transactions that, if approved by the ASX and 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, with 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 up to \$5 million.

The support of all these organisations is gratefully acknowledged.

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

The aforementioned transactions will see Troy raise approximately \$7.2 million in cash and retire approximately \$20.7 million of net debt.

The Company continues to work with the ASX regarding the re-quotation of its securities.

On 10 January 2022, the Company issued 42 million shares at \$0.022 per share pursuant to Tranche 1 of the recapitalisation, raising \$0.93 million before costs.

On 23 March 2022, the Company issued 14 million performance rights to existing employees.

On 22 April 2022, the Company announced that it had entered a binding Letter of Intent with a Brazilian counter party in respect of the lease and assignment of certain non-core mining rights in Brazil prospective for iron ore. The transaction will see the Company receive the aggregate amount of US\$4 million in staged payments, noting that contingent liabilities in the amount of approximately US\$1.7 million will be payable by Troy.

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

ENDS

Directors

Peter Stern, Non-Executive Chairman

Richard Beazley, Interim CEO and Managing Director

Andrew Barclay, Non-Executive Director

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

TROY RESOURCES LIMITED

ABN

33 006 243 750

Quarter ended ("current quarter")

31 March 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	3,493
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(1,158)	(5,607)
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(131)	(481)
(f) administration and corporate costs	(493)	(1,024)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other - Exploration	(136)	(1,164)
1.9 Net cash from / (used in) operating activities	(1,918)	(4,783)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	(230)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	(12)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	820	820
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	250
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	820	828

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	739	2,534
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(151)	(190)
3.5	Proceeds from borrowings	443	443
3.6	Repayment of borrowings	(249)	(263)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	782	2,524

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	700	1,776
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,918)	(4,783)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	820	828

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	782	2,524
4.5	Effect of movement in exchange rates on cash held	(5)	34
4.6	Cash and cash equivalents at end of period	379	379

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	379	700
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	379	700

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(28)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	12,360	12,360
7.2	Credit standby arrangements	-	-
7.3	Other (please specify) – Finance Leases	331	331
7.3	Other (please specify) – Insurance Funding	443	443
7.4	Total financing facilities	13,134	13,134
7.5	Unused financing facilities available at quarter end		0
7.6	<p>Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.</p> <div style="border: 1px solid black; padding: 10px;"> <p>Asian Investment Management Services Limited (AIMS) - Gold Loan</p> <p>In January 2020 the Company entered into a gold loan facility 5,200 ounces with 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. On 17 May 2021, the Company and AIMS reached an agreement for a further extension of the maturity date until 16 June 2023. The effective interest rate is 16%.</p> <p>On 5 January 2022, the Company announced that it had entered into a number of recapitalisation agreements to issue to shares for cash and conversion of debt to equity. The plan involves a series of transactions that include AIMS converting essentially all of its gold loan, in two stages, into approximately 627 million shares, subject to the ASX and shareholder approval.</p> <p>Finance Leases</p> <p>The Company's subsidiary in Guyana, South America has entered into a number of finance leases in prior years at carrying interest rates.</p> <p>Insurance Premium Funding</p> <p>The Company entered into premium funding agreements in January 2022 to fund the insurances for head office and the subsidiary in Guyana, South America. These loan funds totalled \$443,000 and are repayable monthly at approximately \$50,000 per month until July 2022.</p> </div>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,918)
8.2	Cash and cash equivalents at quarter end (item 4.6)	379
8.3	Unused finance facilities available at quarter end (item 7.5)	0
8.4	Total available funding (item 8.2 + item 8.3)	379
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1) <i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	-
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not? <div style="border: 1px solid black; padding: 5px; margin-top: 5px;"> Answer: No, the Karouni mine site entered into care & maintenance in August 2021 and ceased operation, resulting in reduced ongoing costs. The March quarter outflows included the group's annual insurance, tenement rents and the part payment of redundancies, as well as the payment of the December quarter accrued expenses including audit fees for June and December. </div>	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful? <div style="border: 1px solid black; padding: 5px; margin-top: 5px;"> Answer: On 5 January 2022, the Company announced that it had entered into a number of recapitalisation agreements to issue to shares for cash and conversion of debt to equity, subject to the ASX and shareholder approval. The transactions would convert approximately \$20.9 million of current debt (trade payables and the gold loan) to equity and raise new funds of approximately \$7.2 million. The Company received gross proceeds of approximately \$926,000 from the issue of 42 million shares at an issue price of \$0.022 on 10 January 2022. </div>	
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis? <div style="border: 1px solid black; padding: 5px; margin-top: 5px;"> Answer: Yes, subject to the ASX and shareholders approving the recapitalisation transactions detailed in the March 2022 Quarterly. </div>	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 April 2022



Authorised by: By the Company Secretary

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.