



TROY RESOURCES LIMITED

ASX ANNOUNCEMENT

15 December 2016

KAROUNI OPERATIONAL UPDATE

Troy Resources Limited (ASX: TRY) (**Troy** or the **Company**) advises that regular monitoring checks and telemetry controls have recently indicated an increase in unstable ground conditions around the Southern wall, within the Smarts pit, where the sand cover is at its thickest. This has resulted in the need to remediate a number of slippages, which in turn has restricted access to some of the higher grade areas in Smarts Stages 2 and 3.

Operational management are currently reviewing the impact of this situation on the scheduled mine plan, but in the meantime production has been re-focussed on the upper benches in Smarts Stages 1 and 4 and Hicks Stage 2, which comprise lower grade ore blocks at this point in time.

A detailed geotechnical assessment of the open pit mining operation at Smarts is to be undertaken which will also include a hydrological review and identification of appropriate response measures. The key objective of this review is to maximise the economic extraction of ounces from the affected areas, whilst giving priority to the safety of the workforce.

These measures will impact on the Company's guidance for CY16 which is now expected to be between 63,000 and 65,000oz. As a result, unit costs will also be higher due to lower estimated production output and the additional costs required in order to manage the pit conditions.

CEO Martin Purvis said: *"This situation is extremely disappointing given the recovery in mining performance in October and November after the impact the wet season had on production."*

The Company will provide further updates once the geotechnical assessment has been completed and a better understanding of the plan and schedule going forward has been established.

On the exploration front, a second RC rig arrived on site at the beginning of December and has started drilling at the Hicks SE target. The programme at Goldstar is progressing ahead of schedule with 47% of the framework holes completed. This programme has already produced encouraging results with intersections through high chrome basalt, felsic porphyries and sediment layers in the shear.

For further information please contact:

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