



**TROY RESOURCES LIMITED**

ABN: 33 006 243 750

28 December 2016

Hayley Pratt  
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ASX Compliance Pty Limited  
Level 40, Central Park  
152-158 St Georges Terrace  
Perth WA 6000

By email to: tradinghaltspert@asx.com.au; Hayley.pratt@asx.com.au

Dear Hayley

### **Response to ASX Aware Query**

1. We refer to your letter dated 21 December 2016 (ASX Letter). Defined terms in this letter have the same meaning as in the ASX letter unless otherwise indicated.
2. The ASX Letter requests that Troy Resources Limited (ASX:TRY) (Troy or the Company) responds to a number of questions relating to its announcement on 15 December 2016 titled "Operational Update" (Announcement) which includes an update in relation to gold production guidance for CY2016.
3. The ASX Letter also refers to a variance in the Company's share price from a closing price of \$0.28 on Friday, 2 December 2016 to \$0.16 on Thursday, 15 December 2016. The closing price of the Company's shares on Wednesday, 14 December 2016, being the day prior to release of the Announcement was \$0.245. We also note that the ASX All Ordinaries Gold Index (XGD) was down 5% on the day the Announcement was released.

### **Background**

1. As referred to in the ASX Letter, the Company has issued a number of variations to CY2016 production guidance over 2016, including the latest advice of "...between 70,000 - 80,000oz, albeit towards the lower end of that range" (**Latest Guidance**), which was included in the Quarterly Report for the three months ended 30 September 2016 released to ASX on 31 October 2016.
2. Up until a confidential update circulated to the Board on Monday, 12 December 2016 at 5.46am WST (First Update), the Company was expecting production for the calendar year to be in accordance with the Latest Guidance.
3. The First Update included commentary that due to various operational aspects, including the impact of some unstable ground conditions at the Southern Wall, the operation was unlikely to meet its targets. The likelihood that pit conditions would restrict access to higher grade material in Smarts Stage 3 was not understood until the Executive Director - Operations returned to the Karouni site in Guyana at 1.00pm local time on Wednesday, 7 December 2016 (1.00am Perth time, Thursday, 8 December 2016), and began to assess the situation first hand. Following his assessment, he provided an update to the Managing Director at 6.50am WST on Saturday, 10 December. This information was incorporated into the First Update.

4. When circulating the First Update, the Chairman requested that Management clarify the impact of the changed conditions and what this meant for the Company's guidance. Further information on a confidential basis was also sought from the Executive Director - Operations (who was in Guyana at the Karouni site) to determine if there would be any impact on the near term production profile. There was insufficient information available at this time to determine the level of impact, if any, on the production guidance.
5. The Chairman had a discussion with the Executive Director - Operations on the evening of Monday, 12 December 2016. At this point it was still unclear as to what the production was likely to be for December and therefore, if guidance would be impacted.
6. A further update was circulated to the Board on Wednesday, 14 December 2016 at 6.00am WST. This advised that the Executive Director - Operations was seeking further information to enable a forecast for production over the remainder of the month to be determined and expected this to be available within a few days.
7. A draft announcement was circulated during the course of Wednesday, 14 December 2016 to the Board for comment and verification from the site based Executive Director - Operations during the course of his day.
8. At 5.25am (WST) on Thursday, 15 December 2016, the Executive Director - Operations provided an estimate of gold production for the month of December which verified the guidance range to be included in the draft announcement.
9. At 6.24am (WST) on Thursday, 15 December 2016, the Company released the "Karouni Operational Guidance" to ASX advising of its revised production guidance.

***Response to questions in ASX Letter***

1. *Does TRY consider the information or any part thereof in the Operational Update to be information that a reasonable person would expect to have a material effect on the price or value of its securities?*

The Company considers that once the forecast for December production was confirmed, the revised production guidance became information that a reasonable person would expect to have a material effect on the price or value of its securities. However, until this information had been confirmed (which was being done on a confidential basis), the Company had insufficient information to confirm this view at an earlier point in time.

2. *If the answer to question 1 is "no" please advise the basis for that view.*

N/A. See above.

3. *If the answer to question 1 is "yes", when did TRY first become aware of the material information or any part thereof in the Operational Update and specifically, please advise when the Company became aware that access was restricted to the higher grade areas and the production forecast?*

See chronology above.

4. *Did TRY make any announcement prior to the relevant date which disclosed the material information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe TRY was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps TRY took to ensure that the information was released promptly and without delay.*

See chronology above.

Although the Board became aware on the morning of Monday, 12 December 2016 that the December production target may not be met, the materiality of any potential variance was unknown. It wasn't until confirmation had been received on the morning of 15 December 2016 that such information became information that a reasonable person would expect to have a material effect on the price or value of the Company's securities. As stated above, until such time as a forecast for December had been provided, the Board was not in a position to determine whether the shortfall in production was likely to result in a material variation from its Latest Guidance.

5. *Please confirm that TRY is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.*

The Company confirms that it is in compliance with Listing Rule 3.1.

6. *Please confirm that TRY's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of TRY with delegated authority from the board to respond to ASX on disclosure matters.*

The Company confirms that the responses to the questions have been authorised and approved in accordance with its published Continuous Disclosure Policy.

Yours sincerely



**Stacey Apostolou**  
**CFO & Company Secretary**



21 December 2016

Ms Stacey Apostolou  
Company Secretary  
Troy Resources Limited  
Suite 2, Level 1  
254 Rokeby Road  
SUBIACO WA 6008

By email: [s.apostolou@troyres.com.au](mailto:s.apostolou@troyres.com.au)

Dear Ms Apostolou

**Troy Resources Limited ("TRY"): aware query**

ASX Limited ("ASX") refers to the following:

- A. TRY's announcement entitled "Gold Tour Presentation" released on ASX Market Announcements Platform at 6:14pm AEST on Monday 9 May 2016 disclosing "CY16 Gold Production Guidance of 100-120koz" for Karouni ("Production Guidance").
- B. The following announcements released by TRY at the times and dates set out below, which revised the Production Guidance:
  - (a) The announcement entitled "Karouni Operational Update" released on ASX Market Announcements Platform at 12:27 pm AEST on Friday 27 May 2016 disclosing that gold production for CY2016 will now be at the lower end of the range previously provided of between 100,000 to 120,000oz;
  - (b) The announcement entitled "Operational Update" released on ASX Market Announcements Platform at 9:40 am AEST on 13 July 2016 disclosing that "progress advancing into the Smarts pit into fresh rock was slower than anticipated due to the prolonged severity of the wet season and the requirement to cordon off sections of the pit to allow for the commencement of an RC grade control drilling program." This was expected to have an impact on guidance for CY2016, the extent of which was being established;
  - (c) The announcement entitled "Investor Presentation" released on ASX Market Announcements Platform at 8:06 am AEST on Wednesday 24 August 2016 disclosing a revised gold production guidance for CY2016 (Forecast) of 70,000 - 80,000oz and FY 2017 (Forecast) gold production guidance of 85,000 - 95,000oz;
  - (d) The announcement entitled "Chairman's Address to Shareholders" released on ASX Market Announcements Platform at 5:24 pm AEDT on Wednesday 23 November 2016 disclosing that, in relation to the Karouni gold project, "following a strong start to operations, performance was subsequently hampered by the wet season, difficult and varied mining conditions and plant

availability. However with the experience now gained, including skills training, an increased mining fleet and plant upgrades, performance is improving”; and

- (e) The announcement entitled “AGM Presentation” released on ASX Market Announcements Platform at 8:09 pm AEDT on Wednesday 23 November 2016 disclosing a FY17 gold production guidance of 85,000 - 95,000oz.

C. The change in the price of TRY’s securities from the closing price of \$0.28 on Friday 2 December 2016 to the closing price of \$0.16 on Thursday 15 December 2016.

D. TRY’s announcement entitled “Karouni Operational Update” lodged on the ASX Market Announcements Platform and released at 9:24 am AEDT on 15 December 2016 (the “Operational Update”), which stated as follows:

*“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 CY 16 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.”*

E. Listing Rule 3.1, which requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity’s securities.

F. The definition of “aware” in Chapter 19 of the Listing Rules, which states that:

*“an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity”*

and section 4.4 in Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B “When does an entity become aware of information”*.

- G. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

*“3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:*

*3.1A.1 One or more of the following applies:*

- It would be a breach of a law to disclose the information;*
- The information concerns an incomplete proposal or negotiation;*
- The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- The information is generated for the internal management purposes of the entity; or*
- The information is a trade secret; and*

*3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

*3.1A.3 A reasonable person would not expect the information to be disclosed.”*

- H. ASX’s policy position on the concept of “confidentiality”, which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. In particular, the Guidance Note states that:

*“Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule.”*

Having regard to the above, ASX asks TRY to respond separately to each of the following questions and requests for information:

1. Does TRY consider the information or any part thereof in the Operational Update to be information that a reasonable person would expect to have a material effect on the price or value of its securities? In answering this question please indicate the information TRY considers to be material information. Please also comment specifically on:
  - (i) the information relating to restricted access to the higher grade areas in Smarts; and
  - (ii) the production forecast of between 63,000 and 65,000oz.
2. If the answer to question 1 is “no”, please advise the basis for that view.
3. If the answer to question 1 is “yes”, when did TRY first become aware of the material information or any part thereof in the Operational Update and specifically, please advise when the company became aware that access was restricted to the higher grade areas and the production forecast?
4. Did TRY make any announcement prior to the relevant date which disclosed the material information? If so, please provide details. If not, please explain why this information was not released to the market

at an earlier time, commenting specifically on when you believe TRY was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps TRY took to ensure that the information was released promptly and without delay.

5. Please confirm that TRY is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
6. Please confirm that TRY's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of TRY with delegated authority from the board to respond to ASX on disclosure matters.

### **When and where to send your response**

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by **not later than half an hour before the start of trading** (ie before 6.30 a.m. WST) **on Friday 23 December 2016**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in TRY's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, TRY's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at [Hayley.Pratt@asx.com.au](mailto:Hayley.Pratt@asx.com.au) and to [tradinghaltspert@asx.com.au](mailto:tradinghaltspert@asx.com.au). It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

### **Listing Rules 3.1 and 3.1A**

In responding to this letter, you should have regard to TRY's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that TRY's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

### **Trading halt**

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in TRY's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and

- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

*[Sent electronically without signature]*

Hayley Pratt

**Adviser, Listings Compliance (Perth)**