



TROY RESOURCES LIMITED

ASX ANNOUNCEMENT

31 August 2017

Investec Bank Facility Update

Troy Resources Limited (**ASX: TRY**) (**Troy** or the **Company**) refers to the Company's Revolving Corporate Facility as amended (the **Facility**) with Investec Bank Plc (**Investec**) and advises that the Company is technically in breach of the Facility.

First, pursuant to the Facility, the Company is required to maintain a Minimum Liquidity Amount balance (which is comprised of cash and equivalents) at all times. Under the current loan agreement, this Minimum Liquidity Amount increased from A\$7.5 million to A\$10 million on 31 July 2017. The Company advises that it has not been able to comply at all times with this requirement.

At the present time, the Company's Cash and Equivalents balance is less than the required A\$10 million.

Secondly, following the end of financial year Impairment Review and the subsequent write down in the carrying value of the Company's Karouni mining property and equipment as detailed in the ASX Appendix 4E released today, the Net Tangible Worth (as defined in the Facility) of the Company has fallen below the A\$100 million level which represents a breach of a financial undertaking in the Facility.

Partly as a consequence of the change to asset values noted above, and other factors, the Company has not been able to provide a Compliance Certificate to Investec to verify its compliance with financial ratios and undertakings which was due 60 days after the end of the financial year. Provision of a Compliance Certificate is also an undertaking of the Facility.

Investec is fully aware of these technical breaches and is not moving to provide any rectification or default notices as are available under the terms of the Facility.

Troy is in discussions with Investec with regards to potentially amending these, and other, provisions of the Agreement which were originally applied from the commencement of the Facility which had an initial limit of US\$71,570,000 and was fully drawn. Given that the amount outstanding under the Facility has been reduced to less than US\$25 million, it is reasonable to consider that some of the financial covenants be reduced accordingly at which point the Company will no longer be in technical breach.



In the interim, Troy has requested Investec provide written waivers in respect of the aforementioned breaches.

Investec has confirmed to Troy that it is currently finalising the annual review of Troy's Facility and will seek credit approval to amend and update the Facility terms now that the loan has been materially reduced.

As a consequence of the breach of the Net Tangible Worth covenant following the impairment review, the accounting standards require that, effective the relevant balance date, any "Non-Current" portion of the debt must be reclassified as "Current" in the Company's accounts. Even the issue of a waiver by the lender does not change that requirement. Hence, in compliance with the standards, all of the Investec debt in the Balance Sheet of the Company as at 30 June 2017 has been classified as Current. A waiver received after 30 June 2017 will not affect the reclassification as at 30 June 2017 but may mean that the Non-Current portion will return to that classification in future accounting reports.

ENDS

For further information please contact:

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