TROY RESOURCES LIMITED

ANNUAL REPORT

2017

CONTENTS

CORPORATE PROFILE

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

Troy has been operating in South America since 2002. In July 2013 the Company acquired the undeveloped Karouni Project in Guyana. The Company undertook the development of Karouni with first gold being produced in November 2015. The 2017 financial year was the first full year of production.

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

WHAT WE ACHIEVED THIS YEAR

- Karouni gold project in Guyana produced 56,023oz for FY2017 at a cash cost of US$1,345/oz.
- Strong improvement in safety performance and operational efficiency. Better grade control model. Improved technical capacity
- Significant improvement and understanding of near mine targets enabling a solid platform for expansion through further exploration.
- Restructuring of service contracts with lowering of rates. Successful cost savings initiatives through training, tighter controls and close monitoring.
- Debt Facility paid down to US$27.2 million.

FIVE YEAR SUMMARY

Year Ending 30 June

OPERATIONS		2017	2016 * Restated	2015	2014	2013
Gold Produced	(oz)	56,200	60,743	78,001	93,947	103,002
Silver Produced	(oz)	-	1,668,604	3,111,182	2,475,565	1,361,133
Gold Equivalent Produced	(oz)	56,200	82,826	121,835	132,939	127,060
Cash Costs per oz (Au_Eq)	($/oz)		A$1,084	A$867	A$832	A$797
		US$970	US$786	US$726	US$764	US$818
Gold Price Realised *(before impact of hedging)*	($/oz)		A$1,623	A$1,455	A$1,404	A$1,552
		US$	US$1,184	US$1,215	US$1,293	US$1,595
Silver Price Realised	($/oz)	N/A	A$20	A$21	A$22	A$27
		N/A	US$15	US$17	US$20	US$28
Sales Revenue	($ million)	92	145	181	178	203
Profit (loss) after impairment and before tax	($ million)	(160)	(93)	(99)	(94)	32
Net Profit (loss) after impairment and tax (attributable) to members of the Company	($ million)	(148)	(91)	(100)	(59)	19
Exploration Expenditure	($ million)	7	6	10	15	17
Capital Expenditure	($ million)	16	37	109	56	54
Cash and Bank Deposits	($ million)	9	3	61	43	26

CHAIRMAN'S REVIEW

Dear Shareholders

I am pleased to present to you the 2017 Annual Report, my first since being appointed as a Director and Non-Executive Chairman of Troy in mid-June 2017.

Unfortunately, the year could only be described as very challenging for the Company and very disappointing for shareholders.

In December 2016, a wall failure in Smarts Stage 3 pit interrupted a strong phase of improvement across all aspects of the Karouni mine, restricting access to one of the higher-grade sections of the mine. Whilst remediation work was being undertaken, mining was primarily focussed on Smarts 1 and Smarts 4 plus the Hicks ore bodies, which had higher stripping ratios and lower ore grade.

Operations at Karouni were also hampered during December 2016 and January 2017 by a failure of the secondary cone crusher, significantly impacting mill throughput for several weeks, as well as the requirement for major services of mining trucks in the mining fleet and undertake a re-build of one of our six power generators.

The impact of these events had a materially deleterious financial impact on the Company.

In such circumstances, it was fortuitous from the Company's perspective that some $40.7 million in new capital was raised by way of both an institutional placement and an entitlement offer during September and October 2016.

Whereas much of this new equity had been earmarked to accelerate near-mine growth opportunities, including an underground feasibility study for the Smarts orebody, along with regional exploration on a number of established targets, the subsequent operational setbacks saw a large proportion of the funds applied to shoring up the Company's financial position.

To further assist with Troy's financial position, in March 2017, Investec agreed to variations in the Company's debt facility involving an extension of the maturity date and a smoothing of the repayment schedule.

During the year, several significant changes took place amongst Troy's directors and management. In December, following the pit wall failure, David Southam resigned as a Non-Executive Director, having been appointed in July 2016. At the end of May, Martin Purvis resigned as Chief Executive Officer and Managing Director. In mid-June 2017, Fred Grimwade resigned as a Director and Chairman. Their efforts are much appreciated.

The Company was fortunately that Executive Director, Ken Nilsson, agreed to take on the role of Chief Executive Officer and Managing Director. As a member of the Board since 1998, and having built the Karouni project and managed the operation until September 2016, no-one was better placed to take over this key role than he.

Under Ken's leadership, much stability was returned late in the financial year. In the June 2017 Quarter, 15,411 ounces of gold were produced, representing the highest quarterly production since the March Quarter 2016, and bringing gold production for the year to 56,200 ounces. Similarly, the AISC decreased to US$1,208 from US$1,539 per ounce, the lowest quarterly AISC for the financial year.

In 2017, Troy continued building on and improving its safety record and focus on environmental responsibilities at Karouni further enhancing its reputation in Guyana.

After year's end, Republic Investment Management Pte Ltd, which holds approximately 5.4% of the shares in Troy, sought to remove myself and John Jones as Directors and see three of its own nominees elected to the Board. At the general meeting of shareholders held on 10 October 2017, none of the five resolutions were passed which meant that the Board remained as it was prior to that general meeting.

In September 2017, Investec agreed to further amendments to the Company's debt facility. As I write, the outstanding balance of the debt facility is approximately US$23.2 million which represents a substantial decrease from the maximum balance of A$100 million (approx. US$75 million) taken out in 2015.

The Budget for the 2018 financial year sees production guidance of 60,000 to 70,000 ounces of gold. Moreover, the AISC is expected to decrease significantly through the mining of higher grade ore and with the strip ratio expected to decrease from approximately 8:1 at mid-year to approximately 4:1 by December 2017. The updated Life-Of-Mine Plan based on currently interpreted Reserves sees gold production at a similar rate until early 2020.

In Spearpoint, Smarts NW, Smarts Underground and Larken, Troy has some highly attractive near-mine exploration targets which, funding permitting, will be the subject of further work this financial year.

I take this opportunity to thank my fellow Directors, and all Troy employees, contractors, consultants and other stakeholders for their significant efforts, assistance and forbearance during 2017.

Finally, a very big thanks to you our shareholders for all your support and patience. I do understand your disappointment at what has transpired in 2017 and give you my unwavering commitment to doing what I can to restore value in 2018.

Yours sincerely

Peter Stern
Non-Executive Chairman

CEO'S REPORT

Ladies and Gentlemen, Shareholders, Friends,

As outlined by the Company's Chairman, the financial year certainly provided the Company with a multitude of challenges from weather related to mechanical and geotechnical issues as well as ore body behavior.

I do not intend to go into great details about the various issues since these are well documented in the operational report included in this Annual Report. It is worth noting though that, during the year and despite the problems and challenges, the project has moved forward in a number of areas:-

- improved safety performance;
- better availability of equipment despite increasing age and usage;
- better all weather performance despite very heavy rains; and
- increased understanding of the structural controls of the Smarts ore bodies

all of which are particularly important aspects of moving forward.

The impact of the progressive failures in the Smarts 3 pit wall was particularly difficult to counter since it basically pulled the rug under our feet in terms of maintaining constant high grade material to the processing plant which relied on blending for grade and rock type to maximize production. Substantial work in terms of grade control drilling, interpretive work and geological mapping coupled with mining and processing results led the way toward a better understanding of the structural and geological controls influencing the gold disposition and particularly so as regards Smarts. The influence of the N/S vein system in Smarts 2 and 4 provided a very different model from that which was originally interputed. This resulted in more material being mined at lower grades, which essentially followed on from the previous year's result in Smarts 2 and in turn resulted in lower than anticipated mill grades.

What we have seen is the emergence of a far more complex ore body in parts of the project than was anticipated which has been, and continues to be, the catalyst for chnages in mining and the development of new models which result in more realistic mine planning and scheduling.

What we have seen is not uncommon in terms of the evolution of a project. The important aspect is how we deal with it, to adapt with the changes. It is pleasing to see that we are on the verge of getting Smarts 3 back into full production and, with increasing levels of financial and operational controls, we are starting to maintain a reasonable costs structure despite the change from free dig to all drill and blast in the mine. With the lowering of the strip ratio in the mine and the ongoing efficiency improvements, cost control and increased training, we expect to see lower costs going forward. We are also focusing strongly on safety, community and the environment which part of the Company's core philosophy.

Looking to the future, other near term initiatives, apart from the above, include:-

- the restart of exploration which will initially be focused on the drill out of near mine targets to ensure that we have a continuing ore supply;
- the completion of the remediation of Smarts 3 pit;
- investigating the potential for re-optimisation of existing resources based on new information and higher gold prices which has the potential to increase mine life;
- increase processing plant capacity to deal with lower grade material from the mines and surrounding areas.

At the end of September 2017, ROM ore stockpiles have reached a level of 50,000 tonnes.

The potential to expand Troy's operation is obviously high on the agenda. Restarting the growth of the Company based on sound operating and investment principles utilising the skills of our people is our primary aim once the Guyana operation is bedded down and stable – which I believe is imminent.

I close by thanking my fellow employees at all levels and for the support of the Board and shareholders during the recent difficult times. I look forward to working closely with all parties during the new financial year which I believe will be more productive and rewarding for all.

Ken Nilsson
CEO & Managing Director

OPERATIONS
GUYANA

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

OCCUPATIONAL HEALTH AND SAFETY

The Company is strongly committed to the long-term health and safety of its employees. In April of this year, the safety programme efforts were increased, including the introduction of the SLAM (Stop. Look. Analyse. Manage) programme. Site safety awareness has dramatically increased and incidents are down considerably since the introduction of this initiative.

The Karouni operation recorded 1.6 million man hours during the year. The RIFR (Recordable Injury Frequency Rate - measured as recordable incidents per 100,000 man hours) has steadily declined by 55% and is currently at 9.14, just above the target rate of 8.00. The previous year's target was 10.00. There were 11 lost time incidents during the year which is a 9% increase. However, only 2 lost time incidents were recorded in the second six months of the year.

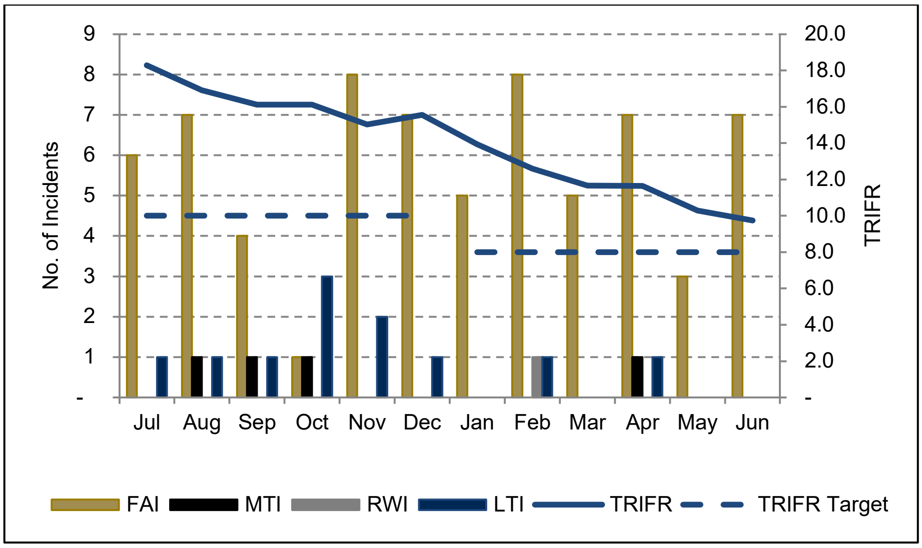


Figure 1: Total Recordable Frequency Rate FY17

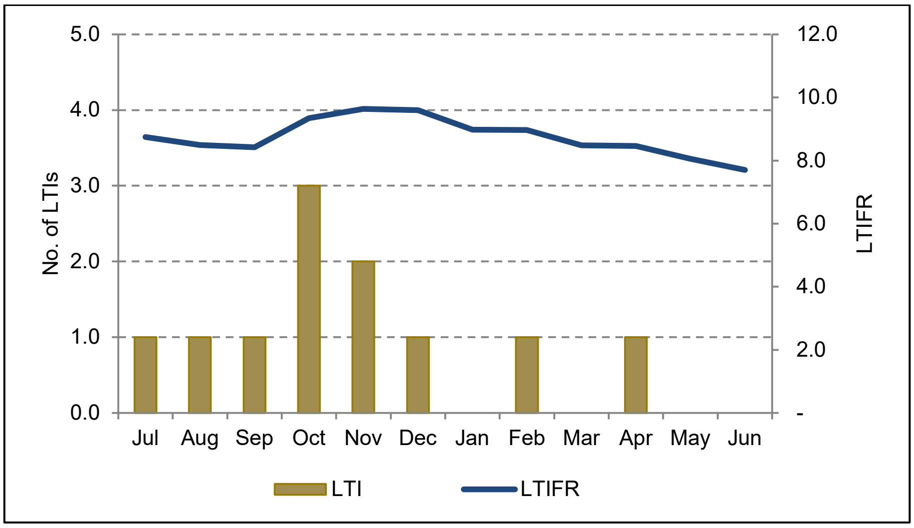


Figure 2: Total Lost Time Injury Frequency Rate

DEVELOPMENT AND OPERATIONS

Key Operating Statistics FY 17

KPI		Q1	Q2	Q3	Q4	FY 17
Processing						
Dry Tonnes Milled	t dry	199,619	222,281	210,228	196,765	828,893
Grade Milled	g/t	2.24	2.25	1.97	2.54	2.24
Recovery	%	92.8	92.5	94.5	95.9	94.0
Recovered Ounces	oz.	13,329	14,870	12,590	15,411	56,023
Mining						
Tonnes Ore	t dry	202,080	194,689	203,117	183,405	783,291
Average Grade	g/t	2.24	2.24	1.99	2.15	2.17
Tonnes Waste	t dry	1,834,577	1,746,386	1,566,470	1,411,624	6,733,918
Total Tonnes	t dry	2,036,657	1,941,075	1,769,587	1,495,685	7,243,003
Stripping Ratio		9.1	9.0	7.5	7.6	7.7

The 2017 fiscal year saw completion of minor modifications and upgrades to the process plant and infrastructure. The total cost of the capital projects was A$1 million.

All permits and licenses are up to date and the Company is in full compliance with its ongoing environmental and operational requirements. The Company expects to receive additional permits for the expansion of its waste dumps in late 2017, and intends to start rehabilitation of previously disturbed areas. The Company has also changed its waste development philosophy and will start reclamation on the major waste dumps towards the end of 2017 calendar year.

OPERATIONAL REVIEW

Mining in Hicks 2 pit and Smarts 2 and 4 pits progressed well early in the year. Five Caterpillar 775 dump trucks, capable of hauling 70 tonnes per load, were mobilized as a trial. The change in fleet composition reflects one of the key efficiency improvements undertaken at site.

Phase 1 of the infill grade control drilling was completed in Smarts Stages 2 and 4 during the first three months. Results of this drilling were incorporated into an updated mining model which was completed late in the year.

Site management instituted a plan to improve operator training and continuous improvement in the plant circuit. A number of changes were made to assist in the handling characteristics of the saprolitic clay ore in the crushing circuit. This resulted into a significant reduction in the number of plant stoppages.

The mine suffered serious challenges leading up to the end of the 2016 calendar year, though mine production remained steady. In December, a significant failure occurred in the south wall of the Smarts 3 pit, thus restricting access to the higher-grade portions of the deposit. As a result, efforts were re-directed onto mining portions of Smarts 1, Smarts 4 and southeast of Smarts 3. Unfortunately, these are lower grade areas. This change resulted in higher stripping ratios, lower than forecasted grades, lower gold production and higher costs.

The Smarts 3 pit wall failure occurred during a seasonal wet period and the rains saturated the surface material, causing the bottom of the pit to fill up with saturated material flowing down into the pit. During the latter half of December 2016 and January 2017, the slip material on the pit floor and encroaching toe were removed. The removal of this material significantly decreased the flow rate of saturated material into the pit. In late January 2017, a geotechnical consultant evaluated the conditions and provided recommendations as to how best remediate the failure with a minimal impact on ore reserves.

The temporary halt in mining activities in Smarts 3 allowed the Company to commence RC grade drilling there. The results of the RC drilling programme allowed the Company to better define the extent and grade distribution of the high grade ore.

The processing plant had a project record output of 80,000 tonnes for October and November 2016 before throughput in December was restricted by the lack of availability of the secondary cone crusher which suffered a severe mechanical failure.

With remediation work continuing in Smarts 3, mining continued to focus on the Smarts 1 and 4 pits at the start of the second half of the year. Ore mined during this period was the highest for the year. The accelerated development and increased ore recovery from the upper benches of Smarts 4 negatively impacted the ore mining grade as lower grade material was mined to maintain ore to the mill. The problems encountered with the Secondary crusher continued to affect production during the early part of January 2017 and resulted in a total rebuild of the secondary crusher which has performed well since.

Mining in the Smarts 4 area is now below the weathered horizon and all production is subject to drill and blast which has resulted in higher mining costs. This trend will continue as all pits pass below the weathered rock horizon.

The RC programme in Smarts 3 was completed during the June 2017 quarter. The drill rig moved into Smarts 1 to continue drilling grade control holes on a 10m x 5m spacing. This programme will enabled a more detailed grade control model to be constructed leading to substantial improvements in the short and medium term mine planning.

Mining in Hicks 3 pit was completed during the third quarter and mining advanced in Hicks 2. Diversion of the Hicks Creek is expected to begin early in the 2018 fiscal year. The creek diversion will allow access to the higher-grade blocks of Hicks 2. Continued improvements and optimisations in the processing plant resulted in increased gold recovery. The plant had a record output of 88,841 tonnes in March.

As anticipated, open pit mining operations were somewhat hampered by heavy rains during May and June. In June 2017, 489mm of rain was recorded, approximately 28% higher than the 383mm received for the same period in 2016. The rain delays were offset by increased pumping capacity and upgrading the roads to “all weather”. During the wettest month, the large CAT 775 ridged body trucks continued to operate well. The Karouni minesite now has a total of five 775’s permanently supplementing the fleet of 40 tonne articulated dump trucks.

In April, the Company undertook a safety awareness programme to follow-up on previous initiatives. The programme has been well received and accepted. Highlights include the Lost Time Injury Frequency Rate declining to around 6.5, down 16% and the Total Recordable Incident Frequency rate declining to around 8, down 55%.

During the June 2017 quarter, the Company undertook a comprehensive cost initiative review and productivity programme. Since the inception of the programme, there have been numerous improvements in cost savings, productivity and efficiencies.

Areas of focus include:-

- **Mining Fleet Performance:** Utilisation and productivity performance for contractor and Company equipment. A programme was initiated to improve the utilisation and productivity of the Company’s mining fleet which would in turn reduce the reliance on the more costly contractor equipment. At the end of June 2017, the productivity for both trucks and excavators was trending higher despite June being the wettest month of the year. The cost per tonne for the excavator fleet trended lower despite a spike in May which related to equipment damage. The cost per tonne for the truck fleet also trended lower.

- **Contract Reviews:** All contracts were reviewed and audited against commercial and deliverables obligations. Improved processes were implemented in tracking contractor hours and tighter controls implemented for purchasing spare parts and components for the Company’s mining fleet.

- **Drill & Blast Contract Rates:** Drill and blast rates were renegotiated with the Company’s drilling contractor and were subsequently reduced by approx. 30%. This had a significant impact on the cost structure with savings of between US$200,000-US$300,000 per month.

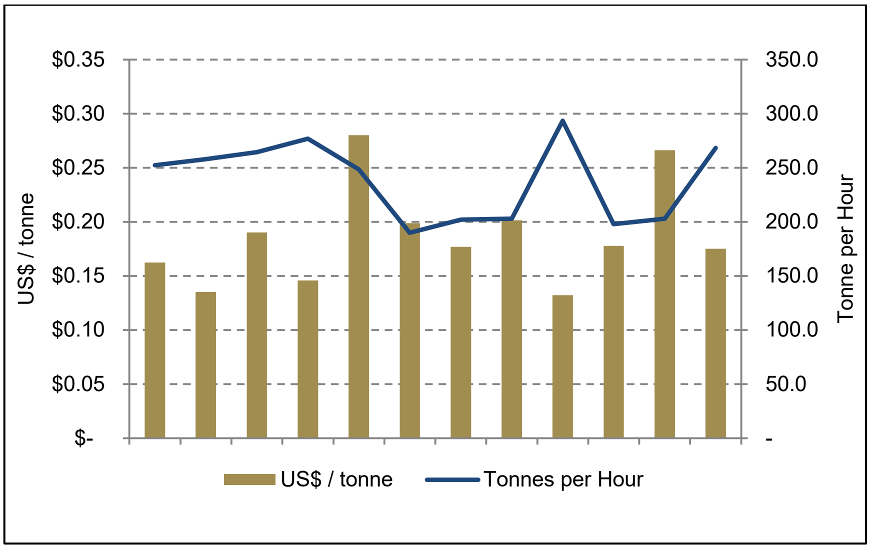


Figure 3: Excavator Fleet Performance

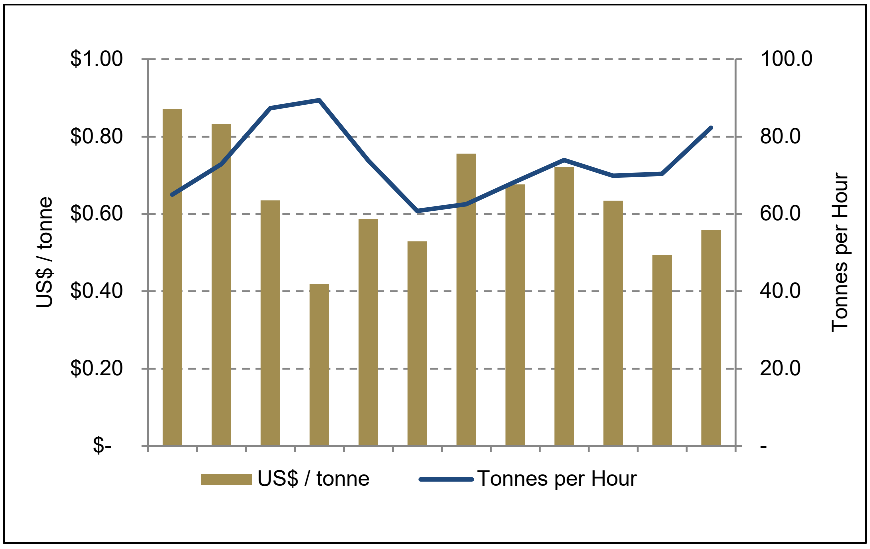


Figure 4: Truck Fleet Performance

ARGENTINA –

CASPOSO, ARGENTINA (TROY 30% - AUSTRAL GOLD LIMITED (ASX:AGD) (MANAGER) 70%

In March 2016, the Company reached agreement for the sale of its interest in the Casposo operation in Argentina with Austral Gold Limited (Austral).

The Company sold a 70% interest in Casposo and Austral has an option to acquire the remaining 30% over a three year period commencing in December 2018 for a total consideration of US$7 million. Should the silver price be in excess of US$16/oz. at the time each option is exercised, the exercise price will be increased depending upon the actual silver price at the time.

The Company is free carried in relation to an initial US$10 million capital investment plan for Casposo.

BRAZIL –

ANDORINHAS (TROY 100% REINARDA MINERAÇÃO LTDA)

Operations at the Andorinhas mine in Brazil ceased in May 2016 and the associated plant and equipment was sold to Magellan Minerals Limited. The final payment was received in February 2017.

As required under Brazilian law, closure and clean-up of the Andorinhas sites continued during the year and rehabilitation was essentially completed to the satisfaction of the Environmental and Mines Departments. It is expected that final close down of all activities will be completed around the end of November 2017 with mainly monitoring of rehabilitation remaining as required under the closure plan.

EXPLORATION
GUYANA

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

During the year, the exploration team has drill tested six key NW-SE and E-W striking regional structural corridors, such as Gem Creek, Smarts-Hicks-Whitehall, Saint Lucia, Saints, Dominica and the de Grasse corridor. The drilling tested five of the top 10 Brownfields targets including Mirror, Dominica, Goldstar, Norby and Hicks SE. In addition, an independent geophysical consultant re-worked existing IP data and generated 13 IP focussed targets/drill holes. Five of the thirteen holes were drilled.

The completed regional exploration and near mine drilling totalled 33,817m for 409 RC drill holes.

Successful brownfields drilling was undertaken along the Gem Creek Shear with 15+ ore grade intercepts in the Goldstar prospect providing the potential for an economic gold occurrence over a 10km strike extension in the Karouni tenement holdings. The Goldstar prospect is 5km to the NNE from the Karouni plant site along the Gem Creek Shear and gold mineralisation has been confirmed over 2km of strike length. The area holds some intensive historical alluvial working and saprolite excavations.

Regional brownfields RC drilling totalled 308 holes for 25,246m for the year.

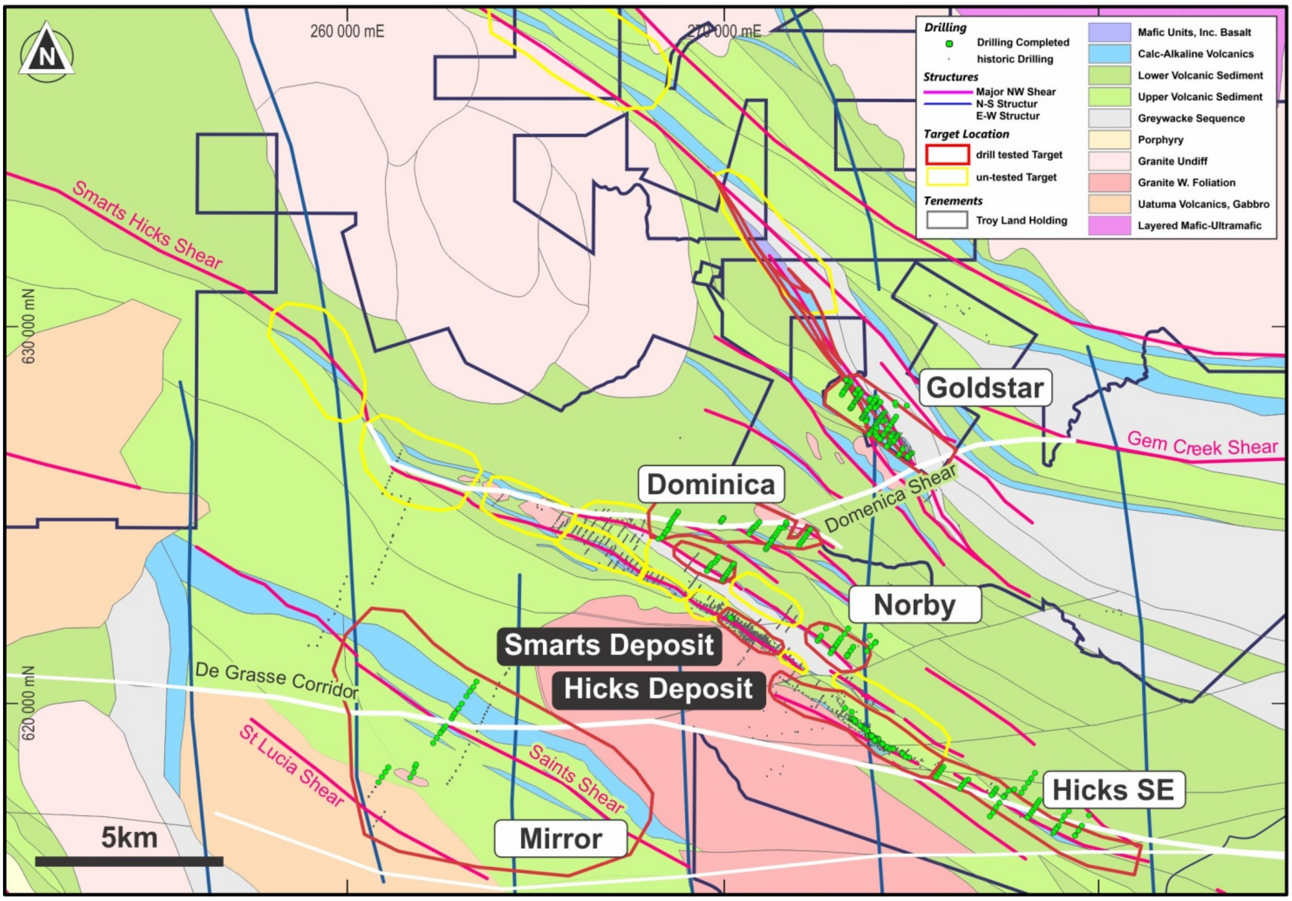


Figure 5: Regional Brownfields RC Drilling

REGIONAL BROWNFIELDS EXPLORATION

Goldstar Target

Following up the high prospectivity, identified with use of mapping and hand held XRF, the first drilling completed by Troy yielded success with 15+ ore grade intercepts consistent over a minimum of three, approx. 240m spaced lines. The gold intercepts at the Goldstar prospect are in three distinct areas with up to 1.1km of strike length. The mineralisation appears in 2 types, the first is at the contact of strained MgO Basalt with Mafic unit and intensive quartz veining and the second style in felsic porphyries with pyrite alteration. Both types at Goldstar are very similar to the Smarts and Hicks deposit and incorporated in the sheared MgO corridor.

Some of the best intercepts in Goldstar are:-

- 13m at 2.05g/t gold from 58m, incl. 7m at 3.31g/t gold from 60m
- 6m at 1.90g/t gold from 26m, incl. 3m at 3.08g/t gold from 26m
- 3m at 4.35g/t gold from 37m
- 16m at 1.01g/t gold from 31m, incl. 4m at 2.64g/t gold from 42m
- 16m at 1.27g/t gold from 59m, incl. 2m at 5.29g/t gold from 65m
- 6m at 1.90g/t gold from 87m, incl. 1m at 9.19g/t gold from 87m

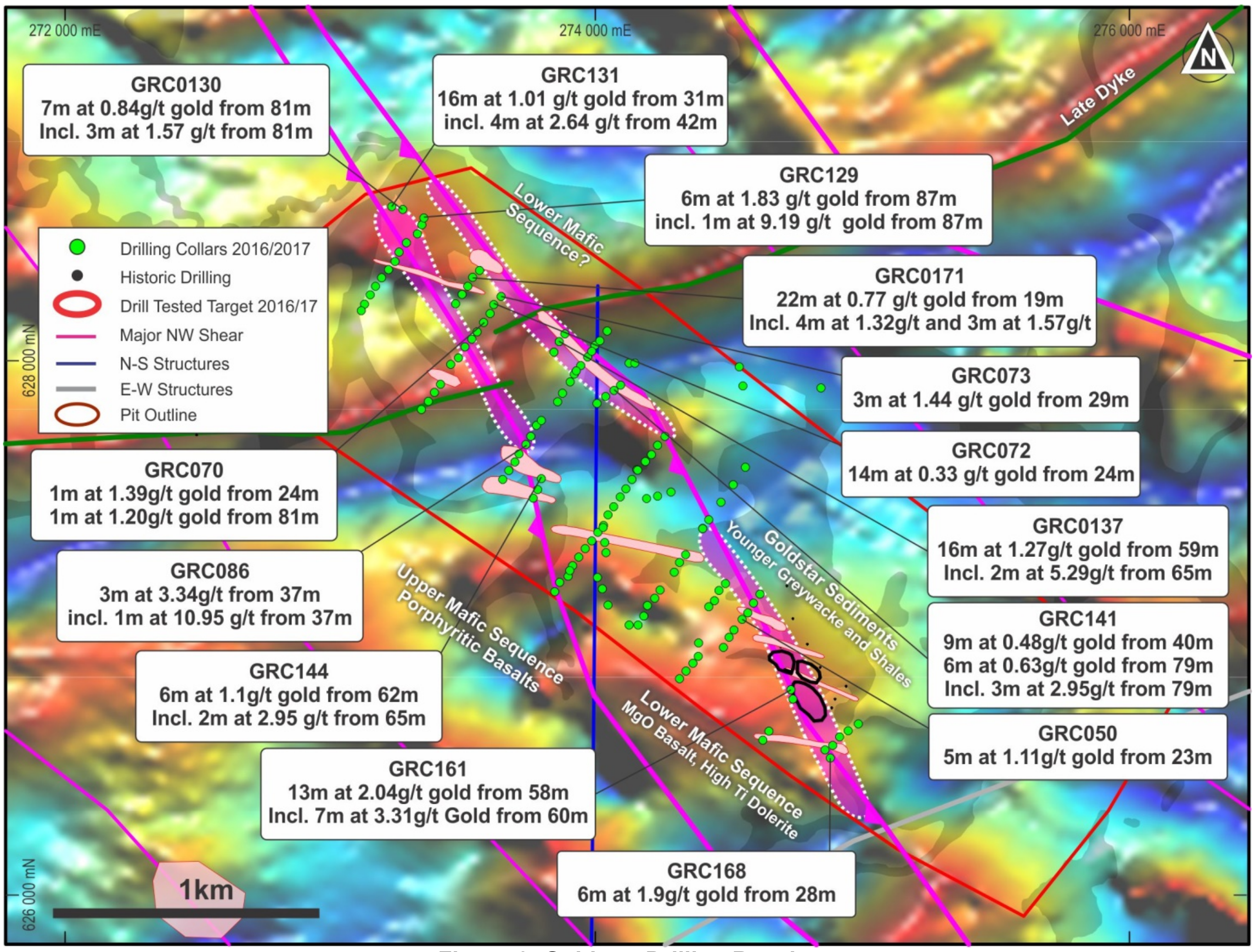


Figure 6: Goldstar Drilling Results

At the Goldstar Prospect, a total of 137 RC drill holes were drilled for 11,515m. A feasibility study on size and grade is underway. The next exploration step will be diamond drilling to collect more structural data and an understanding of the mineralisation style and orientation.

Dominica Target

The Dominica target is located about three kilometres to the NNW from the Karouni plant site and covers the E-W striking Dominica Shear Zone. Magnetic data clearly shows that the Dominica structure attenuates the main NW-SE stratigraphy. The intersecting points between the two structures have potential for mineralized felsic intrusives. Along the structure, several felsic intrusive and saprolite workings were mapped. The drilling tested 4 km of strike of the structure with four wide spaced drill lines and intersected mainly sediments, shales, felsic porphyry and m afic rocks. Quartz veining and pyrite alteration confirms the early E-W structures are path ways for fluids.

The best intercepts are:-

- 1m at 5.29g/t gold from 53m
- 1m at 2.6g/t gold from 4m
- 3m at 1.35g/t gold from 73m

At the Dominica Prospect, a total of 50 RC drill holes were drilled for 4,586m.

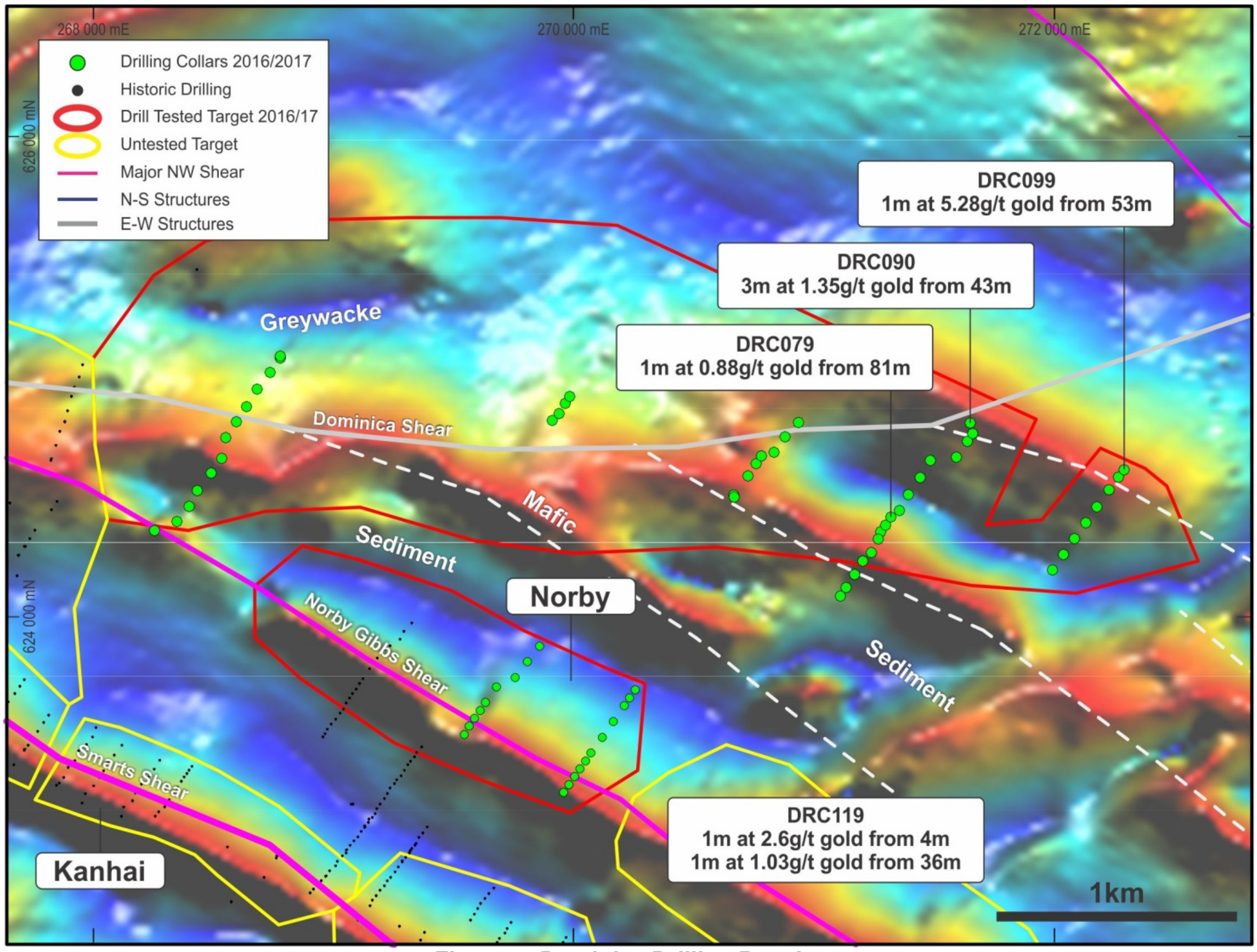


Figure 7: Dominica Drilling Results

Norby Target

During the year, 42 RC drill holes for 3,634m were completed at the Norby Prospect. The Norby prospect is located about 1.1km to the north from the Karouni plant site and covers a section of the Larken – Norby – Gibbs Shear, which is a parallel structure to the main Smarts - Hicks Shear. The drilled area is partly sand covered with a maximum cover thickness of 19m. The drilling at Norby successfully intersected a weak shear zone with felsic porphyry intrusion, associated with strong quartz veining, disseminated pyrite and carbonate alteration. The south east Norby drilling is close to an historic mining area and intersected black shales, greywackes and mafics.

The results show some anomalous intercepts where the structure was interpreted and along lithological boundaries:-

- 4m at 2.19g/t gold from 17m
- 3m at 1.33g/t gold from 45m
- 1m at 1.60g/t gold from 52m
- 2m at 1.13g/t gold from 42m
- 2m at 1.03g/t gold from 66m
- 1m at 1.05g/t gold from 42m
- 3m at 0.97g/t gold from 96m

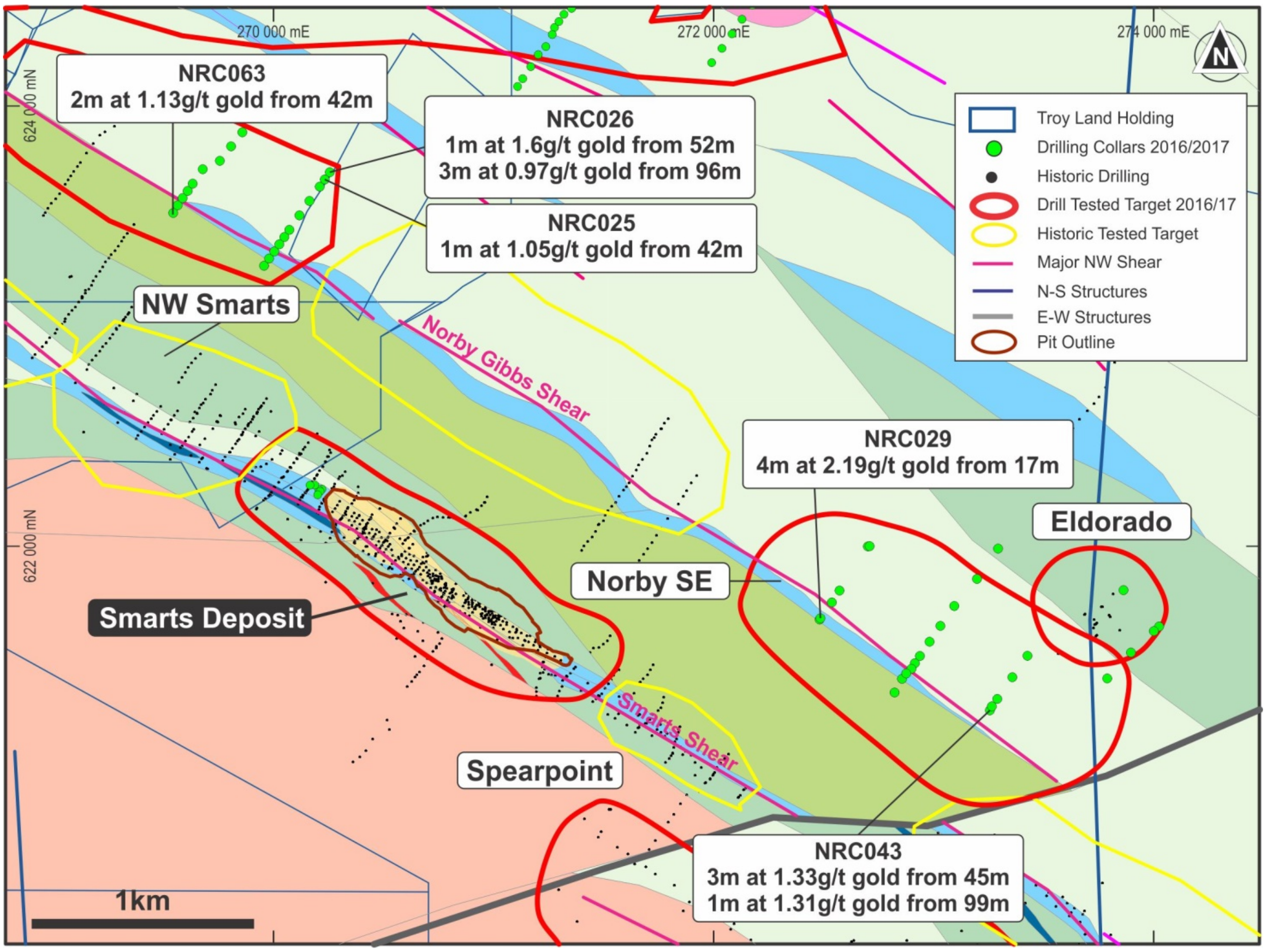


Figure 8: Norby Drilling Results

Hicks SE Target

At the SE extension of the Smarts-Hicks-Shear, a wide spaced drilling programme of 53 RC drill holes totalling 3,571m was completed. The Hicks SE prospect is located about nine kilometres to the SE of the Karouni plant along the known mineralised Smarts-Hicks-Shear. The drilled area is 5.5km to the SE of the Hicks Stage 3 pit. The drilling intersected the hanging and footwall sediments and a high MgO mafic unit similar to Smarts. In the MgO unit the shear is weakly developed and traces of carbonate and weak pyrite alteration were encountered. The results show no significant gold intercepts.

Mirror Target

The conceptual Mirror target on the other side of the Karouni Granite has been tested with one single line for 24 RC drill holes for 1,682m. The intersected cover sequence of sand and clay is in average 20-25m in thickness. The drilling of bedrock intersected a main sequence of volcanic derived sediments and minor basalt and felsic intrusive. The drilling confirmed the presence of the Saints Shear with weak carbonate alteration. No significant Gold intercepts were returned to date.

Hicks Infill and Near Mine Exploration

An infill drilling programme in the area between Hicks 1 and Hicks 2 has confirmed the presence of mineralisation. As a result, it is possible that these pits may be joined into a single pit and an updated pit design is being generated.

The best assay intercepts are:-

- 7m at 21.80g/t gold from 74m (including 4m at 37.38g/t gold from 74m)
- 12m at 10.4g/t gold from 44m
- 37m at 5.43g/t gold from 8m (including 5m at 15.24g/t gold from 8m)
- 30m at 3.84g/t gold from 12m
- 10m at 3.48g/t gold from 100m
- 7m at 3.88g/t gold from 21m

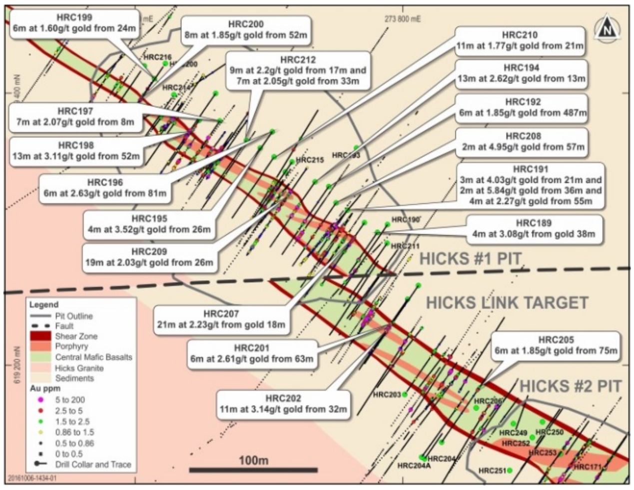


Figure 9: Infill Drilling Hicks 1 and Hicks 1-2 Link

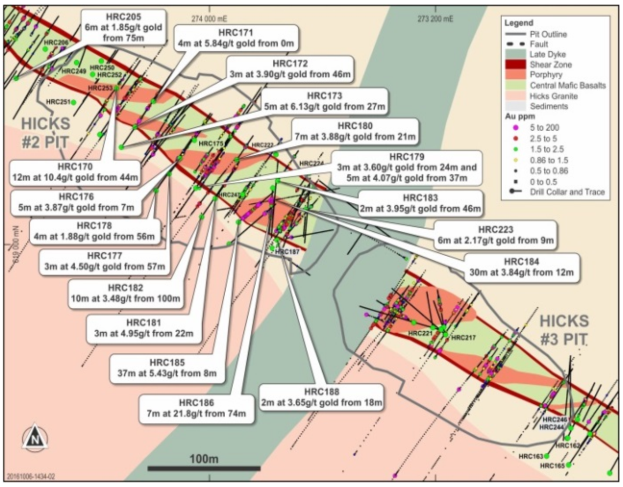


Figure10: Infill Drilling Hicks 2

Near mine exploration was completed for Hicks 0 and Hicks 3. At Hicks 0, which is about 300m to the NW of the Hicks 1 pit, drilling confirmed mineralisation from approx. 25m below surface down to 100m. The deep drilling in Hicks 3 Pit confirmed mineralisation for at least another 70m below the current pit design. The drilling on the SE extension of Hicks 3 did not deliver any significant extension of the ore body.

Significant assay intercepts are:-

- 42m at 3.07g/t gold from 16m (including 1m at 21.8g/t gold from 26m)
- 26m at 1.45g/t gold from 19m
- 16m at 1.81g/t gold from 41m
- 9m at 1.77g/t gold from 3m
- 12m at 1.6g/t gold from 54m

For the year, near mine and Hicks infill RC drilling totalled 96 holes for 7,961m.

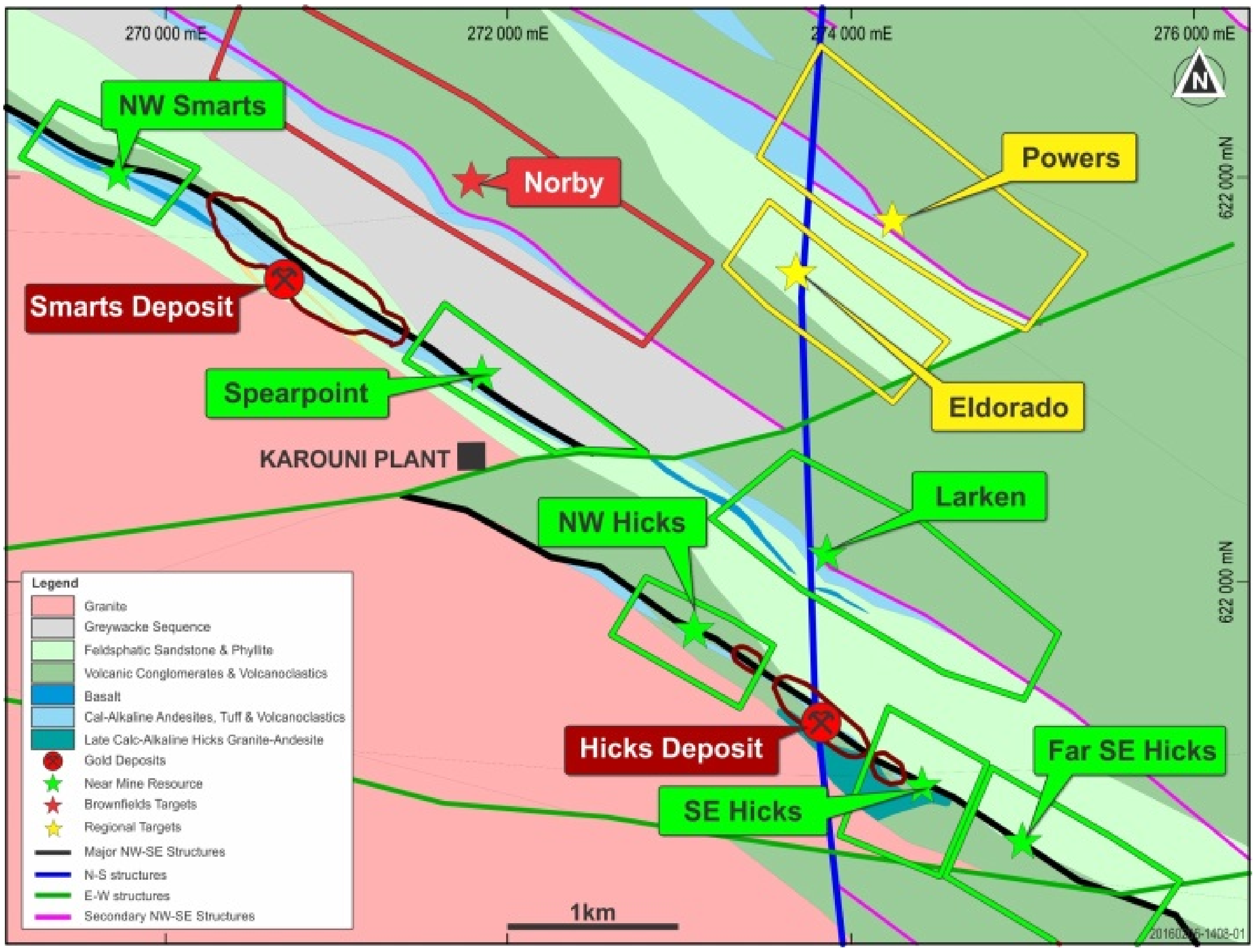


Figure 11: Near Mine Targets and Hicks Infill Drilling

A new, detailed geological model for the Hicks Prospect was completed by the exploration team and handed over to the mining department for the re-design of existing Resource model and wireframes.

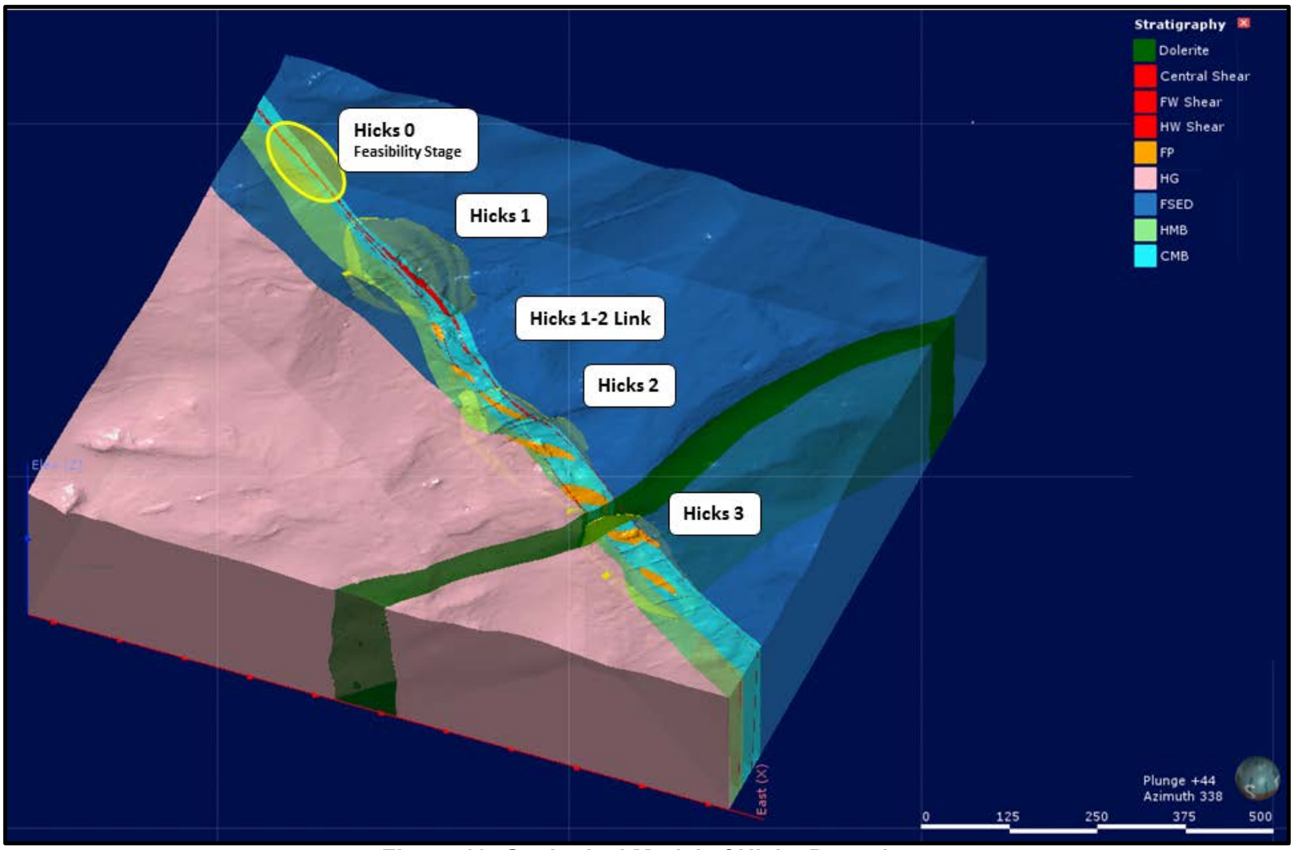


Figure 12: Geological Model of Hicks Deposits

Six near mine RC drill holes at the NW end of the Smarts pit for 434m were drilled. The drilling confirms the continuation of the Smarts-Hicks Shear and mineralisation. The cover sequence is about 20m in thickness.

The best intercepts are:-

- 4m at 4.13g/t gold from 51m
- 1m at 5.89g/t gold from 66m
- 6m at 1.84g/t gold from 31m
- 6m at 2.12g/t gold from 56m

The five IP focused drill holes totalled 610m and confirmed the IP anomaly to be, stratigraphy. No significant gold intercepts were returned.

Smarts Grade Control Drilling

During the financial year, a total of 272 angled RC grade control holes for 9,462m were drilled in the Smarts Stage 1, Stage 3 and Stage 4 Pit. The holes were designed to better understand the ore body and provide additional data for use in mine planning and ore block delineation.

Whole rock geochemistry analysis for Smarts samples has confirmed that the majority of the central mafic is composed of three types of basalts and dolerites. The main and minor shears develop in the high MgO Basalt whereas the high Titanium Dolerite is the preferred host rock for extensional veins with strong alteration halos and high grade gold mineralisation.

An updated geological model for the Smarts deposit was prepared which allows a revision of the Resource and grade control models.

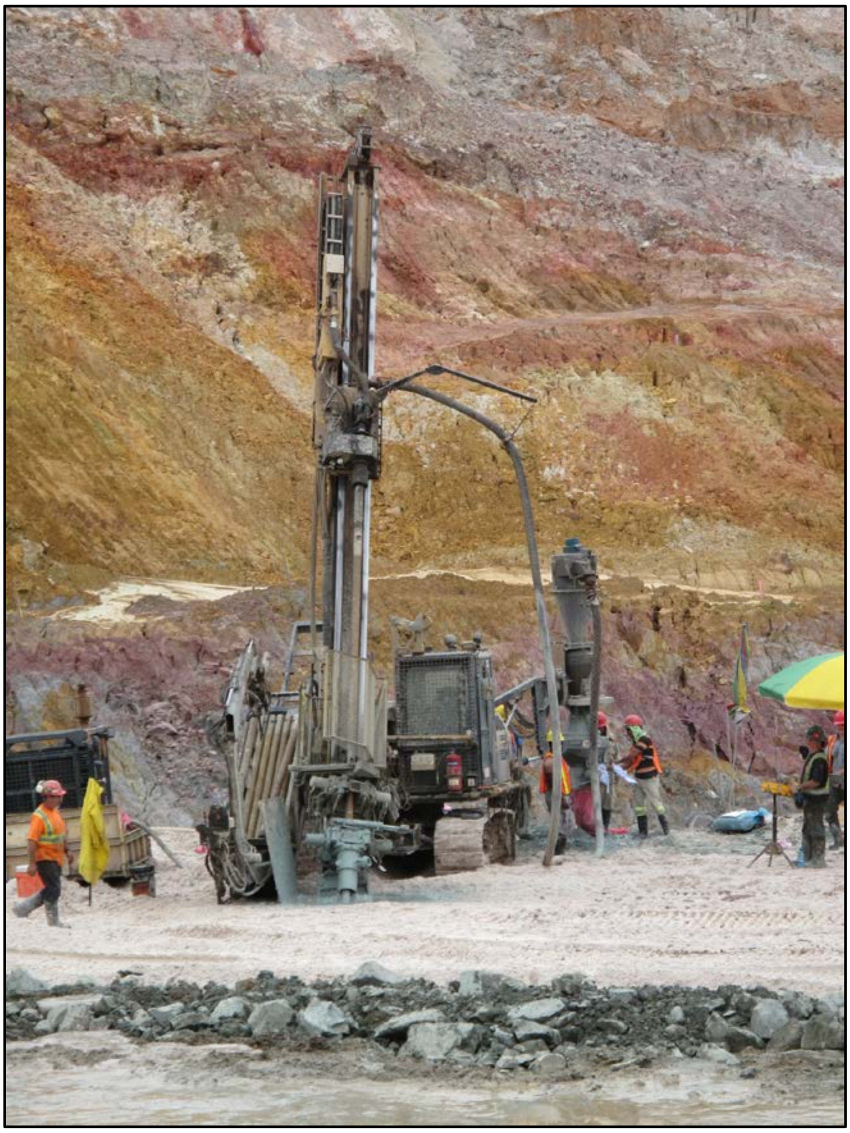
At Smarts Stage 1 a total of 139 RC grade control holes for a total of 4,525m were drilled. The drilling confirms three high Titanium Dolerites and two sediment units juxtaposed against one another with smaller and wider sheared MgO Basalts surrounding dolerites and sediments.
A summary of highest grade intercepts are:-

- 2m at 47.26g/t gold from 18m
- 5m at 17.82g/t gold from 8m
- 4m at 12.36g/t gold from 24m
- 19m at 11.17g/t gold from 9m
- 5m at 8.71g/t gold from 4m
- 4m at 6.30g/t gold from 0m
- 9m at 4.77g/t gold from 39m
- 26m at 4.22g/t gold from 10m
- 14m at 2.56g/t gold from 6m

A 10m by 5m drill pattern in Smarts Stage 3 resulted in 70 RC grade control holes drilled for a total of 2,501m. The drilling was designed to better define the mineralisation between the 40m and 10m RL. A wide high Titanium Dolerite with intense quartz veining and strong pyrite alteration, surrounded by sheared high MgO basalt confirmed the high grade nature of the orebody in Stage 3. The N-S oriented quartz veins are constrained by the NW-SE oriented Shear zones. Within the high Titanium Dolerite the quartz vein density varies, but overall the drilling confirms the consistency of the ore body in Smarts Stage 3.

Higher grade downhole intercepts include:-

- 5m at 23.31g/t gold from 11m
- 5m at 21.35g/t gold from 30m
- 5m at 22.10g/t gold from 4m
- 10m at 19.62g/t gold from 4m
- 11m at 17.67g/t gold from 0m
- 5m at 16.77g/t gold from 43m
- 5m at 15.37g/t gold from 43m
- 5m at 15.30g/t gold from 4m
- 6m at 15.11g/t gold from 18m
- 6m at 13.32g/t gold from 2m
- 6m at 13.09g/t gold from 27m
- 10m at 12.38g/t gold from 0m
- 14m at 11.54g/t gold from 34m
- 12m at 10.95g/t gold from 9m
- 9m at 10.81g/t gold from 1m
- 20m at 10.71g/t gold from 23m
- 15m at 10.67g/t gold from 1m
- 5m at 10.66g/t gold from 0m
- 10m at 10.61g/t gold from 0m
- 9m at 10.50g/t gold from 2m
- 24m at 10.43g/t gold from 5m
- 7m at 10.19g/t gold from 1m



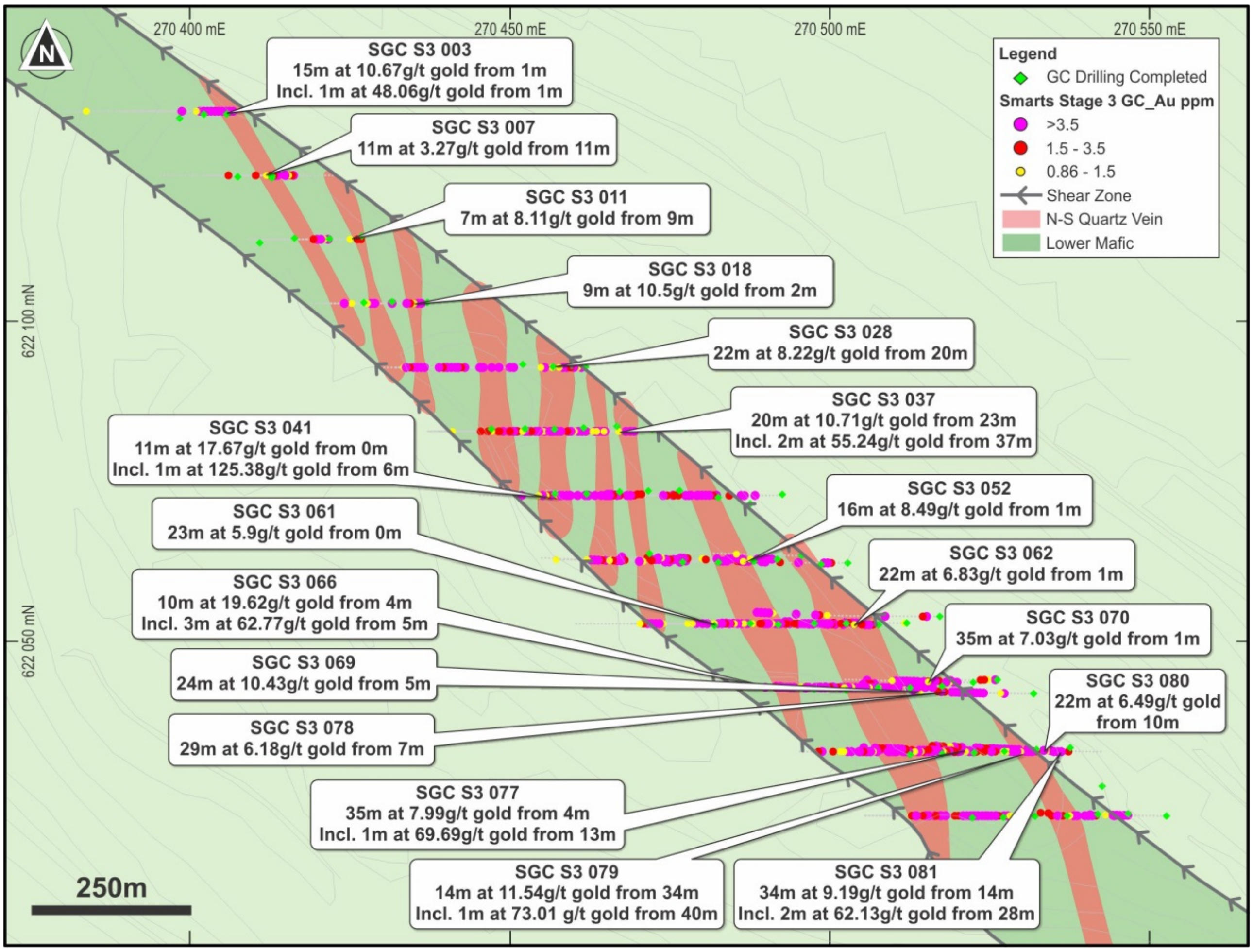


Figure 13: Smarts Stage 3 Grade Control Results

Drilling in Smarts 4 yielded 45 RC holes for a total of 2,261m. The drilling confirmed the position of the main Shear and intersected a s eries of N-S Quartz veins with moderate pyrite alteration. With the geological knowledge it is believed that the higher grade intercepts are in the central mafic unit with high Titanium Dolerites, but it is harder to distinguish in the saprolite.

Assay result highlights include:

- 5m at 11.26g/t gold from 13m
- 5m at 9.34g/t gold from 17m
- 7m at 5.05g/t gold from 0m
- 7m at 4.76g/t gold from 21m
- 9m at 3.86g/t gold from 33m
- 9m at 3.12g/t gold from 0m
- 8m at 2.78g/t gold from 36m
- 9m at 2.72g/t gold from 3m
- 7m at 2.66g/t gold from 19m

MINERAL RESERVES & RESOURCES

KAROUNI GOLD PROJECT IN GUYANA AS OF 30 JUNE 2017

Table 1: Resource and Reserve Summary [(a)]

Category	Tonnes	Grade(g/t)	Ounces
Gold Mineral Reserves			
Proved	1,903,000	2.32	141,900
Probable	1,037,000	2.04	68,100
Total	**2,940,000**	**2.22**	**210,000**
Gold Mineral Resources (inclusive of Mineral Reserves)			
Measured	2,758,500	2.28	201,900
Indicated	5,517,000	2.24	397,500
Measured & Indicated	**8,275,500**	**2.25**	**599,400**
Inferred	5,140,000	2.33	385,300

Table 2: Mineral Reserves [(a)]

Country	Project	Deposit	Category	Tonnes	Grade(g/t)	Ounces
Gold Mineral Reserves						
Guyana	Karouni	Smarts	Proven	1,232,000	2.46	97,400
		Smarts	Probable	513,000	2.25	37,100
		Hicks	Proven	660,000	2.05	43,500
		Hicks	Probable	524,000	1.84	31,000
		Stocks	Proven	11,000	2.95	1,000
			Total Proven	**1,903,000**	**2.32**	**141,900**
			Total Probable	**1,037,000**	**2.04**	**68,100**
			Total Mineral Reserves Gold	**2,940,000**	**2.22**	**210,000**

Table 3: Mineral Resources (inclusive of Mineral Reserves) [(a)]

Gold Mineral Resources (inclusive of Mineral Reserves)						
Country	**Project**	**Deposit**	**Category**	**Tonnes**	**Grade (g/t)**	**Ounces**
Guyana	Karouni	Smarts	Measured	1,709,000	2.38	130,800
			Indicated	2,824,000	2.06	187,000
			Inferred	1,206,000	2.03	78,700
		Hicks	Measured	699,000	2.17	48,800
			Indicated	1,880,000	1.84	111,200
			Inferred	1,827,000	2.02	118,700
		Mineralised Waste	Measured	259,500	0.56	4,700
		Larken	Inferred	309,000	3.20	31,800
		Smarts UG	Measured	91,000	6.00	17,600
			Indicated	813,000	3.80	99,300
			Inferred	1,798,000	2.70	156,100
Total Gold Mineral Resources			**Measured**	**2,758,500**	**2.22**	**201,900**
			Indicated	**5,517,000**	**2.24**	**397,500**
			Inferred	**5,140,000**	**2.33**	**385,300**
			All Categories	**13,415,500**	**2.28**	**984,700**

Table 4: Comparison with 30 June 2016 Karouni Project Reserve and Resource Summary [(a)]

Category	Tonnes	Grade g/t	Ounces	Tonnes	Grade g/t	Ounces	Ounce Variation
Gold Mineral Reserves	**30-Jun-17**			**30-Jun-16**			**Ounces**
Guyana							
Proved	1,903,000	2.32	141,900	1,747,000	4.6	242,100	(100,200)
Probable	1,037,000	2.04	68,100	1,268,000	2.2	88,100	(20,000)
Total Gold Reserves	**2,940,000**	**2.22**	**210,000**	**3,015,000**	**3.4**	**330,200**	(120,200)
Gold Mineral Resources							
Guyana							
Measured	2,758,500	2.22	201,900	2,291,000	4.3	320,300	(118,400)
Indicated	5,517,000	2.24	397,500	4,017,000	2.4	305,900	91,600
Measured & Indicated	**8,275,500**	**2.25**	**599,400**	6,308,000	**3.1**	**626,200**	(26,800)
Inferred	5,140,000	2.33	385,300	6,881,000	2.3	503,900	(118,600)
All Categories	**13,415,500**	**2.28**	**984,700**	**13,189,000**	**2.6**	**1,130,100**	**(145,400)**

Explanation of Variations in the above table:-

The net changes in the resource and reserve tonnes, grade, and ounces are attributed to: (a) depletion of 56,648 ounces; (b) change in stockpiles of (2,211) ounces; (c) ore mined outside of reserve of 2,700 ounces; (d) Smarts reconciliation of (22,500) ounces; (e) Hicks reconciliation of (2,900) ounces and the Smarts remodelling and other of (41,700) ounces.

[a] Additional notes to Resource and Reserve Estimates

Resources

1. Resources for Smarts are calculated at a cut-off of 0.86 gm/t.
2. Resources for Hicks are calculated at a cut-off of 0.86 gm/t.
3. Resources for Larken are calculated at a cut-off of 1.00 gm/t.
4. Resources for Smarts UG are calculated at 1.00 gm/t.
5. The MW is calculated at a cut-off of 0.5 gm/t
6. Source is Troy updated internal modelling and actual sampling of MW.
7. Resources include material from Smarts 3 slip area. No assurances can be given that all of this material can be mined.
8. Differences may occur due to rounding.

Reserves

1. Reserves calculated at a gold price of USD $1,300 per ounce
2. Reserves for Smarts are calculated at a cut-off of 0.86 gm/t.
3. Reserves for Hicks are calculated at a cut-off of 0.86 gm/t.
4. Ore loss attributed to both Hicks and Smarts of 5%.
5. Dilution of 10% at a gold grade of 0.00 gm/t added to both Hicks and Smarts after ore loss.
6. Stockpiles include ROM and Fine Ore crushed as of June 30, 2017 based on survey and sampling. Included are 7,200 tonnes of ROM (run-of-mine) at 2.82 gm/t and 3,900 tonnes of crushed fine ore at 2.80 gm/t.
7. Source is Troy updated internal modelling and actual sampling of stockpiles.
8. Reserves include material from Smarts 3 slip area. No assurances can be given that all of this can be mined.
9. Differences may occur due to rounding.

During 2017, the Company completed an in-fill grade control drilling program in Smarts 1 and Smarts 2. Using the additional information from the drilling program, a new geological model and knowledge gained from operations; the Company commissioned an outside consultant to prepare a new block model for Smarts 1, 2, and 4. The new block model was used for these areas and the results included in Table 4. In 2017, ore losses and dilution were included in the reserves based on experience. In addition, the ounces were reduced by the depletion from normal mining activities. In the case of resources, the net negative change was reduced by a change in cut-off to 0.86 gm/t from 1.0 gm/t.

Casposo Project - Argentina

In March 2016, the Company disposed of a 70% controlling interest in the subsidiary that was operating the Casposo Project in Argentina to Austral Gold Limited (Austral). Austral has an option to acquire the remaining 30% interest over a 3 year period commencing in December 2018 for a total consideration of US$7 million. The Company does not calculate Reserve and Resources for this project and, due to the granting of the option for full disposal, has removed Casposo Reserve and Resources from the above tables.

Competent Persons Statements

The information in this report that relates to the Karouni project is based on, and fairly represents, information and supporting documentation prepared by Mr A. E. Olson, a Competent Person who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Olson has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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'. Mr Olson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. Mr Olson is a full time contracted employee of Troy.

The information relating to Exploration Results for the Karouni project is extracted from various ASX Announcements and Quarterly Reports previously released to the ASX.

The information relating to Mineral Resources and Ore Reserves for the Karouni project is extracted from the ASX announcement entitled 'Mineral Resources and Ore Reserves' released on 24 October 2017 and available to view at 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 announcements relating to drill results or mineral resource 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. More detailed information regarding the exploration, sampling, mineral resource and ore reserve estimation process can be found in the ASX announcement titled 'Mineral Resources and Ore Reserves' dated 24 October 2017.

CORPORATE GOVERNANCE STATEMENT

Troy Resources Limited has reviewed its Corporate Governance practices against the Corporate Governance Principles and Recommendations, 3rd Edition (ASX Principles) published by the ASX Corporate Governance Council.

The 2017 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 STATISITCS

As at 10 October 2017

NUMBER OF SHAREHOLDERS

ORDINARY SHARE CAPITAL

459,543,474 fully paid ordinary shares held by 7,964 shareholders.

141,000 share appreciation rights over ordinary shares held by two employees issued pursuant to the Troy Resources Limited Long Term Incentive Plan.

27,780,000 options held by Investec Bank (Australia) Limited.

DISTRIBUTION OF SHAREHOLDER	FULLY PAID ORDINARY
1-1,000	2,034
1,001-5,000	2,285
5,001-10,000	1,007
10,001-100,000	2,178
100,001 and over	460
	7,964
Holding less than a marketable parcel	4,343

SUBSTANTIAL SHAREHOLDERS

FULLY PAID ORDINARY	NO. SECURITIES	PERSON’S VOTES	VOTING POWER %
Ruffer LLP	27,972,401	27,972,401	6.16%
Republic Investment Management Pte	25,000,000	25,000,000	5.44%
Eduardo s Elsztain	22,936,754	23,936,754	5.02%

TWENTY LARGEST SHAREHOLDERS

As at 10 October 2017

NAME	UNITS	% OF UNITS
HSBC Custody Nominees (Australia) Limited	82,147,942	17.88
Citicorp Nominees Pty Limited	40,594,399	8.83
J P Morgan Nominees Australia Limited	26,056,031	5.67
Republic Investment Management Pte Ltd	25,000,000	5.44
CS Third Nominees Pty Limited <HSBC Cust Nom Au Ltd 13 A/C>	7,968,899	1.73
Investec Bank PLC	5,721,167	1.24
Hawkestone Resources Pty Ltd	5,000,000	1.09
BNP Paribas Noms Pty Ltd <DRP>	4,632,431	1.01
Warrigal Pty Ltd	3,816,800	0.83
Capricorn Mining Pty Ltd	3,609,721	0.79
Chester Nominees WA Pty Ltd <M W Wilson Super Fund A/C>	3,230,682	0.70
Graham John Fisher Pty Ltd <Graham J Fisher S/Fund A/C>	3,000,000	0.65
BNP Paribas Nominees Pty Ltd <IB Au Noms Retailclient DRP>	2,872,085	0.62
Resource Consulting Services Pty Ltd <the RCS Super Fund A/C>	2,345,885	0.51
McCusker Holdings Pty Ltd	2,300,000	0.50
Craig Park Pty Ltd	2,210,000	0.48
CS Fourth Nominees Pty Limited <HSBC Cust Nom Au Ltd 11 A/C>	2,184,100	0.48
Goornong Gees Mining Limited	2,173,598	0.47
National Nominees Limited	2,130,209	0.46
Greatcity Corporation Pty Ltd <Richard Monti A/C>	2,023,658	0.44
Total Top 20	**229,007,607**	**49.83**

Directors' report

The Directors of Troy Resources Limited ("Company" or "Troy") or Troy Resources Limited and its subsidiaries ("Group") present their annual financial report for the financial year ended 30 June 2017. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

DIRECTORS

The names and particulars of the Directors of the Company in office during or since the end of the financial year are:

Mr Peter A Stern, Independent Non-Executive Director and Interim Chairman, B.Sc. (Hons), FAICD – appointed 16 June 2017.

Mr Stern is the principal of Metropolis Corporate Advisory Services. He 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. He is a Non-Executive Director of Anglo Australian Resources NL., and Non-Executive Director of Entek Energy Limited.

Mr Ken K Nilsson, Executive Director, B.Eng., Cert of Eng – appointed 8 May 1998.

Mr Nilsson joined Troy in 1997 and is currently an Executive Director. Mr Nilsson is a mining engineer with over 35 years international mine construction and production experience covering gold, base metals and coal. He has been responsible for the development of Troy's Western Australian operations at Sandstone and the construction of the Sertão Mine in Goias state, Brazil and led the team responsible for relocating the Sertão plant and development of the Andorinhas Mine in Para state, Brazil. He managed the development and construction of Troy's Casposo operation in Argentina and most recently has been responsible for development of the Karouni gold project in Guyana.

Mr John L C Jones, Non-Executive Director, AusIMM, AICD – appointed 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. He is a director of Hampton Transport Services Pty Ltd, a private service company to the mining industry in Australia. Mr Jones' directorships of other listed companies held in the three years immediately before the end of the financial year are as follows:

Position	Company	Period of Directorship
Non-Executive Chairman	Anglo Australian Resources NL	Since February 1990
Founder and Chairman	Altan Rio Minerals Limited	Since November 2007
Founder and Chairman	Altan Nevada Minerals Limited	Since May 2010
Chairman	Tanga Resources Limited (formerly Argentina Mining Limited)	Since June 2014
Non-Executive Chairman	Image Resources Limited	June 2014 to May 2016

Mr Fred S Grimwade, Independent Non-Executive Chairman, B. Com, LLB (Hons), MBA (Columbia), FAICD, SF Fin, FCIS – appointed 25 November 2010, appointed Acting Chairman on 14 July 2015 and confirmed as Chairman 1 March 2016. Mr Grimwade resigned on 16 June 2017.

Mr Grimwade is a Principal and Executive Director of Fawkner Capital, a specialist corporate advisory and investment firm. He has been a Director of AWB Limited and has held general management positions at Colonial Agricultural Company, the Colonial Group, Western Mining Corporation and

Goldman, Sachs & Co. He has a broad range of experience in strategic management, mining, finance, corporate governance and law.

Mr Grimwade's directorships of other listed companies held in the three years immediately before the end of the financial year are as follows:

Position	Company	Period of Directorship
Non-Executive Director	Select Harvests Limited	Since July 2010
Non-Executive Chairman	CPT Global Limited	Since October 2002
Non-Executive Director	XRF Scientific Limited	Since May 2012
Non-Executive Director	Australian United Investment Company Limited	Since March 2014
Non-Executive Director	Newsat Limited	Since August 2014

Mr Martin D Purvis, Chief Executive Officer and Managing Director, B.Eng. in Mining, GAICD – appointed Chief Executive Officer and Managing Director on 1 September 2014. Mr Purvis resigned on 31 May 2017.

Mr Purvis is a mining engineer with over 30 years' experience in the resource sector. His career started in the deep-level gold mines of South Africa and since that time he has worked in a wide range of corporate and operational roles at Executive and Board level. He has worked in a number of multi-national mining houses in a broad range of commodities and been the CEO of both listed and private companies in Australia and Singapore.

Mr David Southam, Independent Non-Executive Director, B.Com, CPA – appointed 29 July 2016. Mr Southam resigned on 31 December 2016.

Mr Southam is a Certified Practicing Accountant with over 20 years' experience primarily in the resources sector across accounting, banking and finance. He is currently an Executive Director of ASX listed Western Areas Limited where his role encompasses financial and capital management, corporate development and operational activities.

Mr Southam has previously acted as a Non-Executive Director of Sundance Resources Limited and prior to his appointment with Western Areas in 2010, held Chief Financial Officer and executive management roles in both mining and industrials companies including Gindalbie Metals Limited, Brambles Industries Limited, Australian Railroad Group, ANZ Investment Bank and WMC Resources Limited.

Position	Company	Period of Directorship
Executive Director	Western Areas Limited	Since November 2010
Non-Executive Director	Sundance Resources Limited	September 2013 to January 2016

COMPANY SECRETARY

Mr Gerry Kaczmarek, Company Secretary, B.Ec (Acc), MAICD, CPA – appointed 4 July 2017.

Mr Kaczmarek graduated from the Australian National University (ANU) with a Bachelor in Economics and Accounting. He has over 30 years' experience in the resources and mineral processing industry in Australia and overseas. Mr Kaczmarek previously held the position of Chief Financial Officer/Company Secretary for 4 years with ASX 200 gold miner Saracen Mineral Holdings Limited. Prior to this he held the same position at Navigator Resources Limited, Troy Resources (1998 to 2008) and seven years at Burmine Limited before its merger with Sons of Gwalia Limited. He commenced his career with the base metals division of Conzinc Riotinto of Australia Ltd (CRA), now Rio Tinto.

Ms Stacey Apostolou, Company Secretary, B.Bus, CPA – resigned 30 June 2017.

Ms Apostolou was appointed as Company Secretary on 5 February 2013 and took on the additional role of Chief Financial Officer in December 2016. She resigned on 30 June 2017. Ms Apostolou is a finance executive with significant experience acting as Company Secretary and corporate Executive/Director for a number of ASX listed mining companies over the past 30 years. Ms Apostolou has been responsible for the corporate, treasury, finance, accounting and administration functions for these companies.

DIRECTORS' SHAREHOLDINGS

The following table sets out each of the current Director's relevant interest in shares and share appreciation rights in the Company as at the date of this report:

Directors	Fully paid shares Number	Share Appreciation Rights Number
Mr P A Stern	150,000	-
Mr J L C Jones	8,549,732	-
Mr K K Nilsson	975,004	120,000

CORPORATE INFORMATION

Troy 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".

Additional Company information can be found in Note 36 to the Financial Statements.

Information on subsidiaries and Group structure can be found in Note 31 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 for gold were conducted during the year at Karouni.

REVIEW OF OPERATIONS

Financial Results

Total revenue for the year from continuing and discontinued operations decreased by 37% to $91,767,000 (continuing operations) (2016: $145,377,000 ($60,360,000 continuing operations and $85,017,000 discontinued operations).

Directors' report

The consolidated loss from continuing operations after tax for the year was $148,203,000 (2016: loss $10,359,000). The net loss after tax including discontinued operations was $148,203,000 (2016: loss $90,819,000).

The annual loss is reflected after bringing to account the following items:

	FY17 Continuing Operations ($'000)	**FY16[(1)] Restated ($'000)**
(Loss) after tax	**(148,203)**	(90,819) [(1)]
Exploration expenditure gross	**6,761**	6,089[(1)]
Government royalty expenses	**8,881**	8,618[(1)]
Export tax expense	**-**	3,167[(2)]
Depreciation and amortisation	**39,998**	33,232[(1)]
Profit on sale of Andorinhas plant	**-**	6,027[(2)]
FCTR losses recycled to P&L	**-**	87,373[(2)]
Impairment loss Karouni mine	**(108,401)**	-

(1) Both continuing and discontinued operations.
(2) Discontinued operations.

The loss per share on a fully diluted basis from continuing and discontinued operations is 34.7 cents, compared with loss of 28.7 cents in 2016.

Refer to Note 1(s) for details of the financial year 30 June 2016 restatement which is a result of errors.

Operating Review

The Group's total production for the year was 56,200 ounces of gold (2016: 82,826 gold equivalent ounces made up of 60,743 ounces of gold and 1,668,604 ounces of silver and includes production from discontinued operations).

Group sales for the year totalled 58,139 ounces of gold (2016: 87,153 gold equivalent ounces).

All gold production for the year came from the Karouni operation in Guyana which achieved commercial production in January 2016. Production for the year ended 30 June 2017 was achieved from the processing of 828,893 tonnes of ore at an average gold grade of 2.24 grams per tonne (g/t) and at a 94% recovery (2016: produced 34,740 ounces of gold).

The previous year's (2016) production included contributions from Casposo in Argentina and Andorinhas in Brazil, both of which operations were discontinued during 2016.

Karouni cash costs were US$970 per ounce produced and All-in Sustaining costs (AISC) were US$1,345 per ounce produced.

The Company reached agreement with Austral Gold Limited in March 2016 to divest its controlling interest in Casposo. Consequently, Casposo is reported as a discontinued operation during 2016, with Troy's 30% minority interest after that time being equity accounted. For 30 June 2017, Troy continues to equity account for the 30% minority interest in Casposo (Refer to Note 16).

The Group's available cash at 30 June 2017 was $8,483,000 (2016: $3,053,000) which, together with Karouni gold inventories at market value, resulted in liquid assets of $9,830,000 (2016:$12,420,000).

Note: Gold equivalent ounces produced are the result of converting silver ounces produced to an equivalent value of gold ounces using actual prices achieved and adding that to actual gold ounces produced.

Directors' report

Financial Review

At 30 June 2017, the Group held cash and cash equivalents of $8,855,000, of which $372,000 is held as restricted cash deposits for bank guarantees and unpresented dividend cheques. Troy held gold inventories at a market value of $1,347,000, therefore providing total cash and equivalents of $9,830,000 excluding restricted cash. Pursuant to the Investec Debt Facility, the Company is required to maintain minimum liquidity of $7.5 million inclusive of gold inventories at market value. Therefore the Company is in compliance with this debt facility requirement as at 30 June 2017. The Investec minimum liquidity amount requirement increases to $10 million on 31 July 2017. As of 15 September 2017 this amount reduced to $5 million.

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 Property, Plant & Equipment, the Net Tangible Worth of the Company fell below A$100 million which represented a breach of a financial undertaking of the Company under the Investec Revolving Corporate Facility ("the Facility").

As a consequence of the breach of this covenant, the accounting standards require that, as at 30 June 2017, any "Non-Current" portion of the debt must be reclassified as "Current" in the Company's financial statements. Even the issue of a waiver by the lender does not change that requirement, due to the waiver being received post 30 June 2017. Hence, in compliance with the standards, all of the Investec debt in the statement of financial position of the Company as at 30 June 2017 has been classified as Current. On 15 September 2017, Investec and the Company agreed a new Net Tangible Worth level of A$50 million would now be applicable under the Facility. Despite this change and the correction of the breach of the financial undertaking, the Company is not able to reclassify the Non-Current portion as at 30 June 2017. However, the change to the undertaking will mean that the relevant Non-Current portion will return to that classification in future accounting reports. (Also refer to Note 35 – Events Occurring after Balance Date).

Cash increased by $5,419,000 over the year with financing activities providing $18,262,000 (2016: $45,938,000 used) of which $38,414,000 (2016: $9,265,000) related to the issue of equity securities completed on 20 September 2016 raising $27,901,000 and 11 October 2016 raising $12,787,000 offset by costs of capital raising $2,274,000. Debt repayments (including principal, interest and fees) utilised $20,152,000 (2016: $55,203,000).

Investing activities utilised $10,951,000, of which $7,384,000 (2016: $29,132,000) related to the purchase of property plant and equipment and $9,014,000 (2016: $7,735,000) for Karouni mine development. Troy's disposal of Troy Resources Argentina Ltd realised $3,953,000 (2016: $8,148,000 outflow) in cash receipts. Troy received $1,278,000 (2016: $4,756,000) and $216,000 (2016: $334,000) from sale of property, plant and equipment and bank interest respectively.

Operating activities generated net cash outflows of $1,793,000 (2016: Inflow $28,341,000).

The consolidated loss after tax from continuing operations for the year was $148,203,000 (2016: loss $10,359,000). The net loss after tax including discontinued operations was $148,203,000 (2016: loss $90,819,000), inclusive of non-cash expenses totalling $154,090,000 (including $108,401,000 in impairment of the Karouni mine, $3,212,000 in foreign currency translation and $39,998,000 in depreciation and amortisation).

Gold hedge contracts at 30 June 2017 totalled 35,500 ounces of gold at US$1,155.26 per ounce.

The attached annual report for the year ended 30 June 2017 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 Note 1 (Going concern assumption section) to the financial statements together with the auditor's report.

DIVIDENDS

No dividends were declared for or during the financial year ended 30 June 2017 (2016: 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.

SUBSEQUENT EVENTS

There has not been any matter or circumstance, except for those matters referred to in Note 35 to the financial statements or noted above, that have arisen since the end of the financial year, that has significantly affected or may significantly affect, the operations of the Group, the results of the operations, or the state of the affairs of the Group in the future financial years.

FUTURE DEVELOPMENTS

Troy is committed to pursuing growth through exploration, acquisition of new projects and/or corporate merger activity.

SHARE ISSUES

During the year:

- 77,503,738 fully paid ordinary shares at a value of $26,342,030 (net of capital raising costs) were issued pursuant to a share placement and rights issue dated 20 September 2016;
- 35,519,787 fully paid ordinary shares at a value of $12,072,492 (net of capital raising costs) were issued pursuant to a share placement and rights issue dated 11 October 2016; and
- 2,777,598 fully paid ordinary shares with a deemed value of $388,864 were issued to Investec on 5 May 2017 pursuant to the revised debt facility agreement.

OTHER EQUITY INSTRUMENTS

During the financial year:

- 681,000 share appreciation rights lapsed or expired in accordance with their terms;
- 10,000,000 unlisted options on issue to Investec were cancelled on 20 April 2017; and
- 27,780,000 unlisted options were issued to Investec on 20 April 2017 in accordance with the agreement for the restructure of the debt facility.

Details of share options and share appreciation rights granted to Directors and Senior Management are included within the Remuneration Report.

There have been no grants of equity instruments under the LTIP since the end of the financial year.

At the date of this report, there are 27,780,000 unlisted options on issue to Investec Bank Plc. with an exercise price of $0.18 and an expiry date of 20 April 2019, and 141,000 employee share appreciation rights at issue prices of between $1.21 and $1.43 and subject to vesting hurdles.

No person or entity entitled to exercise any of these share options, performance rights and share appreciation rights had or have any rights by virtue of the options or rights to participate in any share issue of any related corporation. For further information refer to Note 28.

INDEMNIFICATION AND INSURANCE OF OFFICERS

During the financial year, the Company paid premiums in respect of insurance policies covering the Directors and Officers of the Company and its controlled entities. Details of the premium are subject to a confidentiality clause under the contract of insurance. The liabilities insured are costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the Directors and Officers in their capacity as Officers of entities in the Group.

MEETINGS OF DIRECTORS

The numbers of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 June 2017, and the numbers of meetings attended by each Director were:

	Board Meetings		**Audit Committee Meetings**		**Nomination & Remuneration Committee Meetings**	
Director	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Mr P A Stern (1)	1	1	-	-	-	-
Mr F S Grimwade (2)	20	20	3	3	1	1
Mr M D Purvis (3)	17	17	-	-	-	-
Mr K K Nilsson	20	20	-	-	-	-
Mr J L C Jones	20	20	3	3	1	-
Mr D Southam (4)	8	8	2	2	1	1

(1) Appointed 16 June 2017.
(2) Resigned 16 June 2017.
(3) Resigned 31 May 2017.
(4) Appointed 29 July 2016, Resigned 31 December 2016.

ENVIRONMENTAL REGULATIONS

The Group is committed to a high standard of environmental performance and during the year has not received any fines or prosecutions under any environmental laws or regulations. The Group did not have any reportable environmental incidents during the year.

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.

REMUNERATION REPORT (AUDITED)

A. Introduction

This report outlines the remuneration structure which is in place for Executive Directors, Non-Executive Directors and other Key Management Personnel of the Company.

In the 2016 financial year, the Board took the decision that it would not be prudent or appropriate to operate a short term incentive plan for the Company's employees. This position was extended into the 2017 financial year. During 2018 the Board will re-evaluate the proposed 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 that we communicate these remuneration arrangements to our shareholders with full transparency and clarity for financial year 2019. This review will also take into consideration the operational and financial position of the Company.

Supported by the 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 included:

Non-Executive Directors

P A Stern	Non-Executive Director and Interim Chairman (appointed 16 June 2017)
J L C Jones	Non-Executive Director
D Southam	Non-Executive Director (appointed 29 July 2016, resigned 31 December 2016)
F S Grimwade	Non-Executive Chairman (resigned 16 June 2017)

Executives

K Nilsson	Executive Director (Interim MD & CEO from 31 May 2017)
M Purvis	Managing Director and CEO (resigned 31 May 2017)
G Kaczmarek	Company Secretary and Chief Financial Officer (commenced 4 July 2017)
S Apostolou	Company Secretary (resigned 30 June 2017) and Chief Financial Officer (commenced 1 December 2016 and resigned 30 June 2017)
E Olson	Mine Manager – Guyana (12 month contract commenced 1 March 2017)
J Altmann	Finance & Administration Manager - Guyana
P Doyle	Vice President Exploration and Business Development (resigned 28 February 2017)
D Sadgrove	Chief Financial Officer (resigned 30 November 2016)

B. 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) 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 hurdles;
- 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 having regard to individual and business performance, relevant comparative information and internal and independent external information.

C. Principles Used to Determine the Nature and Amount of Remuneration

Summary of Approach to Remuneration

As indicated in Section A, the Remuneration Committee undertook a review of the Company's remuneration framework and decided that no short term or long term incentive structure would apply or be made available to employees.

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 do not receive performance based pay.

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

Due to significant changes to the Board composition over the past year, aggregate Non-Executive Director Fees paid in 2017 have reduced by ~25% from $380,937 to $283,930.

In addition, the Board has determined that no Committee fees will be payable for serving on any Board Committee from the beginning of the 2018 financial year.

Executive Director and Senior Executive Remuneration

Executive Directors and Senior Executives are not currently entitled to any performance based pay.

In relation to the financial year ended 30 June 2017, the Remuneration Committee and Board resolved that it would not be appropriate for a variable component to be considered and that Executives would be entitled to their fixed remuneration only.

When operations reach a steady state, the Remuneration Committee may revisit the structure of Executive Remuneration and more specifically the composition of any future variable component. However, there will be no variable component payable in relation to Executive remuneration during the 2018 financial year.

D. 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				
	2017	2016 *Restated	2015	2014	2013
Basic Earnings/(Loss) per Share (cents)	**(34.7)**	(28.7)	(49.4)	(34.0)	20.5
Diluted Earnings/(Loss) per Share (cents)	**(34.7)**	(28.7)	(49.4)	(34.0)	20.4
Shareholders' Funds ($m)	**65.3**	153.4	172.3	196.3	145.9
Net Profit/(Loss) Before Tax ($m) – Continuing operations	**(160.2)**	(12.7)	(99.3)	(94.0)	31.6
– Discontinued operations	**-**	(80.5)	-	-	-
Net Profit/(Loss) After Tax & Non-Controlling Interests ($m)	**(148.2)**	(90.8)	(100.4)	(59.1)	18.6
Operating Revenue ($m)	**91.8**	145.4	180.8	178.0	202.7
Gold Equivalent Production (ozs)	**56,200**	82,826	121,835	132,939	127,060
Share Price at beginning of the year ($/share)	**$0.54**	$0.37	$1.07	$1.53	$3.90
Share Price at end of the year ($/share)	**$0.078**	$0.54	$0.37	$1.07	$1.53
Market Capitalisation at end of year ($m)	**36**	184	107	208	140

* Refer to Note 1(s) for details of the restatement which is a result of errors.

E. Non-Executive Director Remuneration

The following annual fees applied during the 2017 financial year:

Position	2017	2016
Base Fees (plus superannuation or in lieu of)		
Chairman	132,300	132,300
Non-executive Directors	72,000	72,000
Additional fees (no superannuation contribution)		
Committee Chairman	7,200	7,200
Committee Member	4,500	4,500

Total remuneration paid or payable to Non-Executive Directors for the 2017 financial year was:

Name	Year	Base Fee $	Audit Committee $	Remuneration Committee $	Superannuation $	Total $
P Stern(4)	**2017**	**5,512**	**-**	**-**	**524**	**6,036**
	2016	-	-	-	-	-
F Grimwade(1)	**2017**	**126,788**	**6,225**	**4,988**	**12,045**	**150,046**
	2016	130,192	7,200	4,500	12,368	154,260
J L C Jones	**2017**	**72,000**	**4,500**	**6,525**	**6,840**	**89,865**
	2016	72,000	4,500	7,200	6,840	90,540
D Southam(5)	**2017**	**30,581**	**2,586**	**1,911**	**2,905**	**37,983**
	2016	-	-	-	-	-
D R Dix (2)	**2017**	**-**	**-**	**-**	**-**	**-**
	2016	44,107	-	-	4,190	48,297
R Monti (3)	**2017**	**-**	**-**	**-**	**-**	**-**
	2016	72,000	4,500	4,500	6,840	87,840
Total	**2017**	**234,881**	**13,311**	**13,424**	**22,314**	**283,930**
	2016	318,299	16,200	16,200	30,238	380,937

(1) Resigned 16 June 2017.
(2) Passed away 1 February 2016 after a medical leave of absence.
(3) Resigned 27 June 2016.
(4) Appointed 16 June 2017.
(5) Appointed 29 July 2016, Resigned 31 December 2016.

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.

F. Elements of Remuneration of Executives

As no incentive scheme was active during the year, remuneration paid to Executives consisted primarily of fixed remuneration only as:

a) Any equity share based payment allocations relate to previous year allocations;

b) No bonuses have been awarded or are payable in relation to performance for the year;

c) There were no grants of share-based payment arrangements affecting remuneration of Key Management Personnel in the current financial year or future financial years.

Fixed Remuneration

Individual Executives' base salaries for the 2017 financial year were:

Name	Position	Base Salary
Martin Purvis (1)	Managing Director and CEO	$570,000
Ken Nilsson	Executive Director	$440,000
Stacey Apostolou (2)	Chief Financial Officer and Company Secretary	$323,500
Peter Doyle (3)	Vice President - Exploration and Business Development	C$353,500
David Sadgrove (4)	Chief Financial Officer	$310,000
Eric Olson (5)	Mine Manager - Guyana	US$90,000
Jaime Altman	Finance and Administration Manager - Guyana	US$295,000

(1) Resigned 31 May 2017.
(2) Resigned 30 June 2017.
(3) Resigned 28 February 2017.
(4) Resigned 30 November 2016.
(5) Mr Olson's salary is based on a 12 month contract 1 March 2017 – 1 March 2018 of US$270,000.

Following a review by the Remuneration Committee subsequent to the end of the 2016 financial year, the Board determined to maintain base salary levels for Executives for FY2017 taking into consideration general market conditions at that time and the Company's performance.

There has been no general increase in the base salary levels for Executives since FY2013.

Directors' report

Remuneration components available to Executives from 1 July 2017 are as follows:

Name	Base Salary	Superannuation	Other[3]	Total Fixed Remuneration	Insurance
Ken Nilsson	$450,000	n/a	$82,421	$532,421	Salary continuance and medical
Gerry Kaczmarek[1]	$325,000	$30,875	-	$355,875	-
Eric Olson[2]	US$180,000	-	-	US$180,000	-
Jaime Altman	US$295,000	-	US$44,465	US$339,465	-

(1) Mr Kaczmarek is a part time employee and the Base Salary above is calculated as a Full Time Equivalent (FTE)
(2) Mr Olson's salary based on 12 month contract 1 March 2017 – 1 March 2018 of US$270,000.
(3) Other Benefits include - the provision of motor vehicle, airfares, housing accommodation and insurance.

Total Remuneration - Executives

The following table details the remuneration expense recognised for the Group's Executives for the current and previous financial year measured in accordance with the requirements of the accounting standards.

		Fixed Remuneration					Variable Remuneration		
Name	Year	Cash Salary & Fees $	Other Benefits[6] $	Post-Employment Benefits $	Long Service Leave $	Termination Benefits $	Cash Bonus $	Equity Share Based Payments[9] $	Total $
Executive Directors									
M D Purvis [1]	**2017**	**522,500**	**-**	**49,638**	**-**	**54,808**	**-**	**(7,274)**	**619,672**
	2016	570,000	-	54,150	6,521	-	-	16,424	647,095
K K Nilsson [2]	**2017**	**503,611**	**82,421**	**-**	**8,042**	**-**	**-**	**1,596**	**595,670**
	2016	492,121	95,391	-	13,445	-	-	39,747	640,704
Senior Management									
J Altman	**2017**	**391,308**	**58,981**	**-**	**-**	**-**	**-**	**-**	**450,289**
	2016	404,965	62,438	-	-	-	-	-	467,403
E Olson [3]	**2017**	**119,415**	**-**	**-**	**-**	**-**	**-**	**-**	**119,415**
	2016	-	-	-	-	-	-	-	-
P J Doyle[8]	**2017**	**237,045**	**3,828**	**3,746**	**-**	**332,758**	**-**	**206**	**577,583**
	2016	366,286	7,133	5,135	8,191	-	-	3,529	390,274
D R Sadgrove [4]	**2017**	**129,166**	**7,846**	**12,271**	**-**	**299,249**	**-**	**171**	**448,703**
	2016	310,000	11,737	29,450	11,330	-	-	2,941	365,458
S Apostolou[7]	**2017**	**273,500**	**-**	**25,982**	**-**	**51,969**	**-**	**137**	**351,588**
	2016	243,899	-	23,170	6,623	-	-	2,353	276,045
A D B Storrie [5]	**2017**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2016	415,720	68,560	-	-	353,574	-	(2,164)	835,690
Total Exec Directors & Senior Mgmt	**2017**	**2,176,545**	**153,076**	**91,637**	**8,042**	**738,784**	**-**	**(5,164)**	**3,162,920**
	2016	2,802,991	245,259	111,905	46,110	353,574	-	62,830	3,622,669
Total NED Remuneration	**2017**	**261,616**	**-**	**22,314**	**-**	**-**	**-**	**-**	**283,930**
	2016	350,699	-	30,238	-	-	-	-	380,937
Total KMP	**2017**	**2,438,161**	**153,076**	**113,951**	**8,042**	**738,784**	**-**	**(5,164)**	**3,446,850**
	2016	3,153,690	245,259	142,143	46,110	353,574	-	62,830	4,003,606

Directors' report

(1) Mr Purvis resigned 31 May 2017, as a result a tranche of options had not vested, hence the equity share based payments expense was reversed in the year ended 30 June 2017.
(2) Mr Nilsson was appointed Interim CEO & MD effective 31 May 2017.
(3) Mr Olson's salary based on 12 month contract period 1 March 2017 – 1 March 2018 of US$270,000, hence 4 months included.
(4) Mr Sadgrove resigned 30 November 2016, at which point termination benefits were agreed.
(5) Mr Storrie resigned 30 June 2016.
(6) Other Benefits include - the provision of motor vehicle, airfares, housing accommodation and insurance.
(7) Ms Apostolou resigned 30 June 2017.
(8) Mr Doyle resigned 28 February 2017, at which point termination benefits were agreed.
(9) Refer to section G for details of the Share Appreciation Rights.

G. Employment Contracts

Executive	Term of Agreement	Termination Notice	Termination Benefit
Executive Directors			
K Nilsson	Commencing April 1997	One month's notice	None
Other Executives			
G Kaczmarek	Commencing 4 July 2017	One month's notice	None
J Altmann	Commencing 1 January 2014	One month's notice	None
E Olson	Contract 1 March 2017 – 1 March 2018	One month's notice	None

H. Equity Holdings

Ordinary Shareholdings

2017	Balance at 1.7.16	Granted as Remuneration	Received on Exercise of Options	Net Other Change	Balance at 30.6.17	Balance Held Nominally
Directors						
F S Grimwade[(1) (6)]	1,262,000	-	-	(1,262,000)	-	-
M D Purvis[(2) (6)]	437,500	-	-	(437,500)	-	-
K K Nilsson	832,694	-	-	142,310	975,004	-
J L C Jones	10,581,024	-	-	(2,031,292)	8,549,732	6,752,111
P A Stern	-	-	-	150,000	150,000	150,000
Other Key Management Personnel						
P J Doyle[(3) (6)]	94,779	-	-	(94,779)	-	-
D R Sadgrove[(4) (6)]	10,000	-	-	(10,000)	-	-
S Apostolou[(5)]	43,251	-	-	7,864	51,115	-
J Altmann	9,962	-	-	-	9,962	-
E Olson	-	-	-	-	-	-
TOTAL	**13,271,210**	**-**	**-**	**(3,535,397)**	**9,735,813**	**6,902,111**

(1) Resigned 16 June 2017.
(2) Resigned 31 May 2017.
(3) Resigned 28 February 2017.
(4) Resigned 30 November 2016.
(5) Resigned 30 June 2017.
(6) Shares held nil at 30 June 2017 due to resignation.

Share Appreciation Rights

The Troy Resources Limited Long Term Incentive Plan (LTIP), was adopted by the Board on 11 October 2013. The LTIP encompasses the ability to issue options, performance rights and share appreciation rights and was approved at the 2013 Annual General Meeting.

Share Appreciation Rights (SAR's)

SAR's can be issued under the LTIP pursuant to the following common terms and conditions:

(a) ability to issue to employees or Executive Directors of the Company or any Associated Body Corporate. Non-Executive Directors of the Company are not eligible to participate in the LTIP;

(b) a maximum of 7.5% of total issued Shares are available for issue upon the exercise of Awards under the LTIP;

(c) the number of shares issued under the LTIP in the last five years cannot exceed 5% of issued shares;

(d) issue cost is nil;

(e) SAR's granted under the LTIP may not have a term exceeding five years from the date on which the Award is granted;

(f) upon vesting, SAR's must be exercised by the Participant within the relevant exercise period by delivery of notice in accordance with the LTIP. Upon exercise of the SAR, and in accordance with the LTIP, the Board will determine whether to:

  (i) Make a cash payment, of all or part of the Shares which the Participant is entitled to receive, on exercise equal to the market value of such Shares (being the VWAP of the Shares on the ASX for the five trading days immediately preceding the exercise date) (Cash Settled). The cash payment made to a Participant will be equal to the aggregate market value of the Shares as at the date of exercise of the Share Appreciation Rights which would otherwise have been allotted and issued or transferred to the Participant on the exercise of the Share Appreciation Rights had such rights been Equity Settled;

Or

  (ii) Issue or transfer Shares to a Participant on the exercise of the Share Appreciation Rights (Equity Settled). The number of Shares delivered to Participants upon exercise of Share Appreciation Rights will depend on the amount by which the market value of the Shares has increased in value over the Grant Price. All Shares issued or transferred to a Participant under the LTIP will, from the date of issue or transfer, rank equally with all other issued Shares.

(g) unvested SAR's will lapse when the holder ceases to be employed by the Company unless the Directors determine otherwise; and vested but unexercised share appreciation rights will continue in force and remain exercisable, subject to the satisfaction of any applicable exercise conditions, until the expiry of the Share Appreciation Right.

Directors' report

There were no share appreciation rights granted as equity compensation benefits to KMP during the year ended 30 June 2017.

2017	Balance at 1.7.16	Granted as Remun-eration	Exerc-ised	Grant Price	Other Change	Balance at 30.6.17	Balance Vested at 30.6.17	Vested but not Exercis-able	Vested and Exercis-able	Vested during Year
Directors										
M D Purvis(1) (5)	240,000	-	-	$0.88 - $1.04	(240,000)	-	-	-	-	-
K K Nilsson	120,000	-	-	$1.21 - $1.43	-	120,000	120,000	-	-	40,000
Other Key Management Personnel										
P J Doyle(2) (5)	90,000	-	-	$1.21 - $1.43	(90,000)	-	-	-	-	-
D R Sadgrove(3) (5)	75,000	-	-	$1.21 - $1.43	(75,000)	-	-	-	-	-
S Apostolou(4) (5)	60,000	-	-	$1.21 - $1.43	(60,000)	-	-	-	-	-
J Altmann	-	-	-	-	-	-	-	-	-	-
E Olson	-	-	-	-	-	-	-	-	-	-
TOTAL	**585,000**	**-**	**-**	**$0.88 - $1.43**	**465,000**	**120,000**	**120,000**	**-**	**-**	**40,000**

(1) Resigned 31 May 2017.
(2) Resigned 28 February 2017.
(3) Resigned 30 November 2016.
(4) Resigned 30 June 2017.
(5) Nil at 30 June 2017 due to resignation

Option and Performance Rights

There were no options or share performance rights granted as equity compensation benefits to KMP during the year ended 30 June 2017.

Terms and condition of the share-based payment arrangement

Grant Date	Vesting date	Expiry Date	Exercise price	Value per option at grant date	Performance achieved	%Vested
28 Nov 13	Dec 2016	20 Dec 17	0.26	1.43	To be determined	100
28 Nov 13	Dec 2015	20 Dec 17	0.26	1.32		100
28 Nov 13	Dec 2014	20 Dec 17	0.27	1.21		100

Voting of shareholders at last year's annual general meeting

Troy Resources Limited received more than 90% of "yes" votes on its Remuneration Report for the 2016 financial year at the Annual General Meeting held on 23 November 2016. The Company did not receive any specific feedback at the Annual General Meeting or throughout the year on its remuneration practices.

Loans and other transactions

There are no loans or other transactions with Executive Directors, Non-Executive Directors or other Key Management Personnel for financial year ended 30 June 2017 (2016: nil).

End of audited Remuneration Report.

NON-AUDIT SERVICES

The auditor of the Company and its subsidiaries 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 18.

Details of amounts paid or payable to the auditor for audit and non-audit services provided during the financial year are outlined in Note 26 to the Financial Statements.

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 off to the nearest thousand dollars, unless otherwise indicated.

Signed at Perth, Western Australia, this 27th day of September 2017 in accordance with a resolution of Directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors of Troy Resources Limited
P A Stern
Non-Executive Chairman

pwc

Auditor's Independence Declaration

As lead auditor for the audit of Troy Resources Limited for the year ended 30 June 2017, 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.

Ben Gargett
Partner
PricewaterhouseCoopers

Perth
27 September 2017

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Consolidated statement of profit or loss for year ended 30 June 2017

	Notes	2017 $'000	2016 $'000 Restated*
Continuing Operations			
Revenue	4	**91,767**	60,360
Cost of sales	5	**(123,124)**	(57,301)
Gross (Loss) / Profit		**(31,357)**	3,059
Other income	4	**665**	344
Net foreign exchange (loss)/gains		**(5,482)**	2,057
Share of net profit/(loss) of associate accounted for using the equity method	4	**2,878**	(1,806)
Exploration expenses	5	**(6,761)**	(6,079)
Administration expenses	5	**(5,939)**	(6,354)
Other expenses	5	**(647)**	(755)
Finance costs	5	**(5,165)**	(3,131)
Impairment loss	14	**(108,401)**	-
Loss before income tax		**(160,209)**	(12,665)
Income tax benefit	7	**12,006**	2,306
Loss for the Year – Continuing Operations		**(148,203)**	(10,359)
Loss for the Year – Discontinued Operations	6	**-**	(80,460)
LOSS FOR THE YEAR		**(148,203)**	(90,819)
Loss attributable to:			
Owners of the parent		**(148,203)**	(90,819)
Earnings per share for loss attributable to the ordinary equity holders of the company			
Basic EPS (cents)	23	**(34.7)**	(28.7)
Diluted EPS (cents)	23	**(34.7)**	(28.7)
Earnings per share for loss from continuing operations attributable to the ordinary equity holders of the company			
Basic EPS (cents)	23	**(34.7)**	(3.3)
Diluted EPS (cents)	23	**(34.7)**	(3.3)

Notes to the consolidated financial statements are included on pages 24 to 90.

* Refer to Note 1(s) for details of the restatement which is a result of errors.

Consolidated statement of comprehensive income for year ended 30 June 2017

	Notes	2017 $'000	2016 $'000 *Restated
Loss for the year		**(148,203)**	(90,819)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Changes in value of cash flow hedge reserve net of deferred tax	21	**13,607**	(20,304)
Exchange differences on translation of foreign operations - continuing operations	21	**7,196**	(3,105)
- reclassified to profit and loss on disposal/closure	6	**-**	87,373
Changes in fair value of available-for-sale assets net of tax	21	**180**	-
Other comprehensive income for the year, net of tax		**20,983**	63,964
Total comprehensive loss for the year		**(127,220)**	(26,855)
Total comprehensive loss attributable to:			
Owners of the parent		**(127,220)**	(26,855)
Total comprehensive loss attributable to owners of the parent arises from:			
Continuing operations		**(127,220)**	(33,768)
Discontinued operations		**-**	6,913
		(127,220)	(26,855)

Notes to the consolidated financial statements are included on pages 24 to 90.

**Refer to Note 1(s) for details of the restatement which is a result of errors.*

Consolidated statement of financial position as at 30 June 2017

	Notes	2017 $'000	2016 $'000 Restated*	1 July 2015 $'000 Restated*
CURRENT ASSETS				
Cash and cash equivalents	9	**8,855**	3,436	60,556
Trade and other receivables	10	**4,214**	14,270	12,669
Inventories	11	**13,885**	8,403	16,615
Available for sale financial assets		**180**	-	-
Hedge asset		**-**	-	5,938
Current tax asset		**-**	-	398
TOTAL CURRENT ASSETS		**27,134**	26,109	96,176
NON-CURRENT ASSETS				
Property, plant and equipment	13	**53,321**	87,288	131,418
Mining properties	14	**51,325**	147,356	-
Development property	15	**-**	-	94,131
Investments in associate	16	**3,148**	635	-
Other receivables	10	**2,261**	-	-
Deferred tax assets	7	**1,712**	1,775	-
TOTAL NON-CURRENT ASSETS		**111,767**	237,054	225,549
TOTAL ASSETS		**138,901**	263,163	321,725
CURRENT LIABILITIES				
Trade and other payables	17	**31,592**	21,395	21,514
Provisions	18	**1,516**	4,095	8,247
Hedge liability	12	**4,274**	14,351	-
Borrowings	19	**32,742**	23,817	40,700
TOTAL CURRENT LIABILITIES		**70,124**	63,658	70,461
NON-CURRENT LIABILITIES				
Other payables		**-**	-	1,494
Deferred tax liabilities	7	**-**	12,006	13,656
Provisions	18	**3,452**	3,177	7,643
Hedge Liability	12	**-**	5,527	-
Borrowings	19	**-**	25,418	57,841
TOTAL NON-CURRENT LIABILITIES		**3,452**	46,128	80,634
TOTAL LIABILITIES		**73,576**	109,786	151,095
NET ASSETS		**65,325**	153,377	170,630
EQUITY				
Issued capital	20	**353,639**	314,836	305,311
Reserves	21	**34,297**	12,949	(51,092)
Accumulated losses	22	**(322,611)**	(174,408)	(83,589)
TOTAL EQUITY		**65,325**	153,377	170,630

*Notes to the consolidated financial statements are included on pages 24 to 90. * Refer to Note 1(s) for details of the restatement which is a result of errors.*

Consolidated statement of changes in equity for year ended 30 June 2017

	Issued Capital	Available for Sale Reserve	Share Based Payments Reserve	Hedging Cash Flow Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2015	**305,311**	**-**	**8,801**	**5,316**	**(65,209)**	**(81,964)**	**172,255**
Correction of error (net of tax)*	-	-	-	-	-	(1,625)	(1,625)
Restated balance at 1 July 2015	**305,311**	**-**	**8,801**	**5,316**	**(65,209)**	**(83,589)**	**170,630**
Loss for the year	-	-	-	-	-	(93,660)	(93,660)
Correction of error (net of tax)*	-	-	-	-	(1,925)	2,841	916
Restated loss for the year	-	-	-	-	(1,925)	(90,819)	(92,744)
Changes in fair value of hedging instrument net of deferred tax	-	-	-	(20,304)	-	-	(20,304)
Exchange rate differences on translation of foreign operations	-	-	-	-	86,193	-	86,193
Total comprehensive loss for the year	**-**	**-**	**-**	**(20,304)**	**84,268**	**(90,819)**	**(26,855)**
Issue of fully paid shares - capital raising	10,000	-	-	-	-	-	10,000
Share issue costs	(735)	-	-	-	-	-	(735)
Issue of fully paid shares to landholders	260	-	-	-	-	-	260
Share-based payments	-	-	77	-	-	-	77
Balance at 30 June 2016	**314,836**	**-**	**8,878**	**(14,988)**	**19,059**	**(174,408)**	**153,377**
Balance at 1 July 2016	**314,836**	**-**	**8,878**	**(14,988)**	**19,059**	**(174,108)**	**153,377**
Loss for the year	-	-	-	-	-	(148,203)	(148,203)
Changes in fair value of hedging instrument net of deferred tax	-	-	-	13,607	-	-	13,607
Changes in fair value of available-for-sale assets net of tax	-	180	-	-	-	-	180
Exchange rate differences on translation of foreign operations	-	-	-	-	7,196	-	7,196
Total comprehensive loss for the year	**-**	**180**	**-**	**13,607**	**7,196**	**(148,203)**	**(127,220)**
Issue of fully paid shares - capital raising	40,688	-	-	-	-	-	40,688
Share issue costs	(2,274)	-	-	-	-	-	(2,274)
Issue of fully paid shares to Investec	389	-	-	-	-	-	389
Issue of options to Investec	-	-	367	-	-	-	367
Share-based payments	-	-	(2)	-	-	-	(2)
Balance at 30 June 2017	**353,639**	**180**	**9,243**	**(1,381)**	**26,255**	**(322,611)**	**65,325**

*Notes to the consolidated financial statements are included on pages 24 to 90. * Refer to Note 1(s) for details of the restatement which is a result of errors.*

Consolidated statement of cash flows for year ended 30 June 2017

	Notes	2017 $'000	2016 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**97,476**	138,374
Payments to suppliers and employees		**(85,860)**	(111,896)
Export tax and government royalties paid		**(5,872)**	(8,768)
Net commodity hedging (payments)/proceeds		**(7,706)**	11,893
Proceeds from sundry income		**169**	97
Income taxes paid		**-**	(1,359)
NET CASH (USED)/PROVIDED BY OPERATING ACTIVITIES	33	**(1,793)**	28,341
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		**(7,384)**	(29,132)
Payments for mine and development properties		**(9,014)**	(7,735)
Proceeds on sale of property, plant and equipment		**1,278**	4,756
Net cash proceeds/(payments) on sale of Troy Resources Argentina Ltd.		**3,953**	(8,148)
Interest received		**216**	334
NET CASH USED IN INVESTING ACTIVITIES		**(10,951)**	(39,925)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of borrowings	19	**(16,132)**	(45,006)
Payment of financing costs		**(4,020)**	(10,197)
Net proceeds from the issue of equity securities		**38,414**	9,265
NET CASH PROVIDED/(USED) BY FINANCING ACTIVITIES		**18,262**	(45,938)
Net increase/(decrease) in cash and cash equivalents		**5,518**	(57,522)
Cash and cash equivalents at the beginning of the financial year		**3,436**	60,556
Effects of exchange rate changes on balances held in foreign currencies		**(99)**	402
Cash and cash equivalents at end of the financial year	9	**8,855**	3,436

Refer to Note 6 for information relating to cash flows associated with discontinued operations.

Refer to Note 33(d) for information relating to non-cash financing and investing activities.

Notes to the consolidated financial statements are included on pages 24 to 90.

Notes to the consolidated financial statements

1. SUMMARY OF ACCOUNTING POLICIES

Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and Interpretations, and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of Troy Resources Limited ("Company" or "Group"). For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity. Accounting Standards include Australian Accounting Standards (AASB). Compliance with Australian Accounting Standards ensures that the financial statements and notes of the company and the Group comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements were authorised for issue by the Directors at a meeting held on 26th September 2017.

Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for certain financial instruments that are measured at fair values, as explained in the accounting policies below. 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 takes into account 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 for share-based payment transactions that are within the scope of AASB 2, leasing transactions that are within the scope of AASB 117, and measurements that have some similarities to fair value but are not 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.

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 financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Going Concern Assumption

As at 30 June 2017, the Company has a working capital deficiency of $42,990,000. The Company has also experienced substantial operating losses of $148,203,000 and negative operating cash flows of $1,793,000 during the financial year ending on that date. Following the annual Impairment Review and asset value write-down, the Company breached a covenant in the Investec Revolving Debt Facility regarding Total Net Worth which resulted in all non-current debt being classified as current. The continuing viability of the Company and its ability to continue as a going concern and meet its debts and commitments as they fall due are dependent upon the Company being successful in:

i) receiving the continuing support of its shareholders and creditors. As per Notes 19 and 35, an agreement with Investec has been reached to amend the terms and structure of the Revolving Debt Facility which rectifies the covenant breach. The Directors consider that the Group has a demonstrated track record of successfully raising funds and restructuring financing facilities and the Directors are confident that the Group will be able to secure funding sufficient to meet the requirements to continue as a going concern.

ii) achieving sufficient future cash flows through the operation of the Karouni mine in Guyana, to enable its obligations to be met and ensure forecast cash and cash equivalents exceeds any net cash outflows inclusive of debt repayments. Management believe that improved operating effectiveness and re-establishing access to Smarts 3 pit will result in improved cash flows over the coming 12 month period.

As a result of these matters, there is a material uncertainty that may cast significant doubt on the Company'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.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

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.

Changes in the Group’s ownership interest in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable AASBs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Significant Accounting Policies

The following significant policies have been adopted in the preparation of the financial report:

(a) Cash and Cash Equivalents

Cash includes cash on hand and in banks, and money market investments readily convertible to cash, net of outstanding bank overdrafts. Bank overdrafts are carried at the principal amount. Interest is recognised as income or expense using the effective interest method.

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(b) Inventories

Inventories are stated at the lower of cost and net realisable value. Ore stockpiles, gold in circuit, dore and bullion are valued applying absorption costing. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

(c) Property, Plant and Equipment

Property, Plant and Equipment

Items of property, plant and equipment are recorded at cost, less accumulated depreciation and impairment.

Items of property, plant and equipment, including buildings and leasehold property are depreciated/amortised using the straight-line or reducing balance method over their estimated useful lives. Assets are depreciated or amortised from the date of acquisition or from the time an asset is completed and held ready for use.

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

- Plant and equipment 3-5 years
- Motor vehicle 3-5 years
- Buildings 5-7 years

Depreciation is not charged on land. Buildings, plant and equipment and motor vehicles are recorded at amortised cost.

(d) Mining Properties and Development Properties

Mining Assets

Mining Assets represent the accumulation of all exploration, evaluation and development expenditure incurred by or on behalf of the Group and mining properties in relation to areas of interest.

Mining Properties and Development Properties

Development costs related to an area of interest where right of tenure is current, are carried forward to the extent that they are expected to be recouped through sale or successful exploitation of the area of interest. If an area is subsequently abandoned or the Directors believe that it is not commercially viable, any accumulated costs in respect of that area are written off in the financial period the decision is made.

Where mining of a mineral resource has commenced, the accumulated costs are transferred to mine properties from development properties. Amortisation is first charged on new mining ventures from the date of first commercial production. Subsequent additions to mine properties is recorded at cost.

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. The unit of production basis is generally calculated on an ounce depleted basis.

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Exploration and Evaluation Costs

Costs arising from the acquisition of exploration and evaluation activities are carried forward where the Group has right of tenure and these activities have not, at reporting date, reached a stage to allow a reasonable assessment regarding the existence of economically recoverable reserves. The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas of interest. Ongoing exploration activities are expensed as incurred.

The Directors believe that this policy results in the carrying value of exploration expenditure more appropriately reflecting the definition of an asset, being future benefits controlled by the Group.

Exploration and evaluation assets shall be assessed 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 the discovery of 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 an 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.

Once a development decision has been taken, all exploration and evaluation expenditure in respect of the prospect area is transferred to "Development Properties".

(e) Financial Assets

Financial assets are recognised when a Group entity becomes a party to the contractual provisions of the instrument.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial Assets at fair value through profit or loss (FVTPL)

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: 'Recognition and Measurement' permits the entire combined contract to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 32.

Available-for-sale financial assets (AFS)

Shares held by the Group that are traded in an active market are classified as AFS and are stated at fair value. Fair value is determined in the manner described in Note 32. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the available for sale revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve.

Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

(f) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and 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.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Onerous Contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Rehabilitation

Rehabilitation obligations are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and 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.

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.

(g) Revenue Recognition

Sale of Goods

Revenue from the sale of mineral production is recognised when all the following conditions are satisfied:

(i) the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(ii) the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

(iii) the amount of revenue can be measured reliably;

(iv) it is probable that the economic benefits associated with the transaction will flow to the Group; and

(v) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

(h) Employee Benefits

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 to be made by the Group in respect of services provided by employees up to reporting date.

Retirement benefits costs

Payments to defined contribution superannuation plans are recognised as an expense when incurred.

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.

(i) Income Tax

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

Current Tax

The current tax is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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.

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

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. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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.

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax is recognised in 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 are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

The Company and its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. Troy Resources Limited is the head entity in the tax-consolidated group.

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within the group' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the company (as head entity in the tax-consolidated group).

(j) 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). 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.

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 profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

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.

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income and accumulated in equity.

Change in functional currency for Troy Resources Guyana Inc.

Since Karouni commenced commercial production on 1 January 2016, its financial performance has become increasingly significant to the Group. Karouni sits within the legal entity of Troy Resources Guyana Inc. ("TRGI").

Whilst in the development phase, the functional currency of TRGI was Guyanese Dollars. Moving into the production phase has triggered a reassessment of the appropriate functional currency. After taking into account:

- a review of AASB 121 "The Effects of changes in Foreign Currency", and consideration of the primary and secondary indicators of functional currency in that standard;
- Karouni's revenue being denominated in United States dollars; and
- a large proportion of operating costs are United States dollars denominated,

it was determined that the functional currency for TRGI be changed to United States dollars.

This change took effect from 1 January 2016, being the date upon which the triggering event occurred. Given that the Guyanese Dollar is essentially pegged to the United States dollars, there is no material adjustment required to reflect the change in functional currency from 1 January 2016 to 30 June 2016 and therefore a prior period adjustment has not been made.

The balances at 30 June 2017 affected by the conversion are translated into United States dollars using the prevailing exchange rate on that date (being US$/GY$ at 207.68) and all non-monetary related balances are taken as the opening historical costs.

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

The movements for the half-year in the foreign currency denominated balance sheet and income statement are translated to United States dollars at the exchange rates on the date the transaction occurred (or by using average exchange rates when suitable). The translation difference relating to monetary items is recognised as a foreign exchange gain/loss in the income statement.

(k) Dividend and Interest Income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(l) 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:

(i) where the amount of GST/VAT incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

(ii) for receivables and payables which are recognised inclusive of GST/VAT.

The net amount of GST/VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the 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.

(m) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(n) Share-based payments

Equity-settled share-based payments to employees and others providing similar services, including share based borrowing costs are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 28.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

(o) Financial liabilities and equity instruments issued by the Group

Financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instrument.

Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the issue of financial liabilities (other than financial liabilities at fair value through profit or loss) are added to the fair value of the financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the issue of financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. Where the Group has renegotiated the terms and conditions of its existing borrowings and the new terms are not substantially different, the group recognises any gain or loss, including costs incurred, over the modified borrowing's remaining life using the effective interest rate method. Costs incurred also include the fair value of shares and/or options issued to the lender.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

Financial liabilities are classified as either financial liabilities at 'fair value through profit or loss' (FVTPL) or 'other financial liabilities'.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 Financial Instruments: 'Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability. Fair value is determined in the manner described in Note 32.

Other financial liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

The effective interest method is a method of calculating the amortised cost of a financial 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 of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(p) Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). 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 to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

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 cash generating unit (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 profit or loss immediately.

Where an impairment loss subsequently reverses, 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. A reversal of an impairment loss is recognised in profit or loss immediately.

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(q) Earnings per Share

Basic Earnings per Share

Basic earnings per share (EPS) is calculated by dividing the net profit attributable to ordinary equity holders of the parent entity for the reporting period, after excluding any costs of servicing equity (other than ordinary shares and converting preference shares treated as ordinary shares for EPS calculation purposes), by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue.

Diluted Earnings 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.

(r) Derivative Financial Instruments

The Group is exposed to changes in interest rates, foreign exchange rates and commodity prices from its activities. The Group may use forward foreign exchange contracts, forward commodity exchange contracts and put and call options to hedge its foreign exchange rate and commodity risk. Derivative financial instruments are not held for speculative purposes.

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. For further detail refer to Note 32.

Embedded Derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value through profit or loss.

Hedge Accounting

The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as cash flow hedges. Hedges of foreign exchange risk on firm commitments and hedges of commodity risk on gold and silver sales are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Note 32 disclose details of the fair values of the derivative instruments used for hedging purposes.

Cash Flow Hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

(s) Correction of errors

During the first half-year of financial year 2017, the following errors relating to the 30 June 2016 or earlier reporting periods were identified. The errors have been corrected by restating each of the affected financial statement line items for the prior periods as follows:

(i) A deferred foreign exchange gain was incorrectly included within the Foreign Currency Translation Reserve. As a result, the reserve and the loss for the financial year ended 30 June 2016 were overstated by $1,925,000. The correction further affected some of the amounts disclosed in Note 8, Note 21(d) and Note 22.

Balance Sheet (extract)	30 June 2016 $'000	Increase/ (decrease) $'000	30 June 2016 (Restated) $'000
Net assets	153,826	-	153,826
Reserves	14,874	(1,925)	12,949
Accumulated losses	(175,624)	1,925	(173,699)
Total equity	153,826	-	153,826

Notes to the consolidated financial statements

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Statement of profit and loss (extract)	30 June 2016 $'000	Profit increase/ (decrease) $'000	30 June 2016 (Restated) $'000
Net foreign exchange (losses)/gains	132	1,925	2,057
Loss before tax	(15,734)	1,925	(13,809)
Income tax benefit	2,306	-	2,306
Loss for year - discontinued operations	(80,232)	-	(80,232)
Loss for the year	(93,660)	1,925	(91,735)
Loss attributable to:			
Owners of the parent	(93,660)	1,925	(91,735)
Non-controlling interest	-	-	-
	(93,660)	1,925	(91,735)

Statement of comprehensive income (extract)	30 June 2016 $'000	Profit increase/ (decrease) $'000	30 June 2016 (Restated) $'000
Loss for the period	(93,660)	1,925	(91,735)
Exchange differences on translation of foreign operations - continuing operations	(1,180)	(1,925)	(3,105)
Other comprehensive income for the period	65,889	(1,925)	63,964
Total comprehensive income for the period	(27,771)	-	(27,771)
Total comprehensive income attributable to:			
Owners of the parent	(27,771)	-	(27,771)
Non-controlling interest	-	-	-
	(27,771)	-	(27,771)

Notes to the consolidated financial statements

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(ii) A review of Troy's equity investment in Casposo identified that it should have only recognised an equity share of 30% rather than 49%. As a consequence, the loss from continuing operations (Share of net profit/(losses) from associate) was overstated by $1,144,000 and loss from discontinued operations was understated by $228,000, for the financial year ending 30 June 2016, receivables were understated by $1,355,000 and the equity-accounted investment was overstated by $439,000. The correction further affected some of the amounts disclosed in Note 4, Note 6, Note 8, Note 10, Note 16 and Note 22.

Balance Sheet (extract)	**30 June 2016 $'000**	**Increase/ (decrease) $'000**	**30 June 2016 (Restated) $'000**
Trade and other receivables	12,915	1,355	14,270
Investment in associates	1,074	(439)	635
Net assets	153,826	916	154,742
Accumulated losses	(175,624)	916	(174,708)
Total equity	153,826	916	154,742

Statement of profit and loss (extract)	**30 June 2016 $'000**	**Profit increase/ (decrease) $'000**	**30 June 2016 (Restated) $'000**
Share of net profit/(losses) from associate	(2,950)	1,144	(1,806)
Loss before tax	(15,734)	1,144	(14,590)
Income tax benefit	2,306	-	2,306
Loss for year - discontinued operations	(80,232)	(228)	(80,460)
Loss for the year	(93,660)	916	(92,744)
Loss attributable to:			
Owners of the parent	(93,660)	916	(92,744)
Non-controlling interest	-	-	-
	(93,660)	916	(92,744)

Notes to the consolidated financial statements

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Statement of comprehensive income (extract)	30 June 2016 $'000	Profit increase/ (decrease) $'000	30 June 2016 (Restated) $'000
Loss for the period	(93,660)	916	(92,744)
Other comprehensive income for the period	65,889	-	65,889
Total comprehensive income for the period	(27,771)	916	(26,855)
Total comprehensive income attributable to:			
Owners of the parent	(27,771)	916	(26,855)
Non-controlling interest	-	-	-
	(27,771)	916	(26,855)

(iii) Capitalised exploration included balances relating to tenements that had been relinquished in a prior financial period but had not been written off in year of relinquishment. As a result of this oversight, mine property was overstated and the loss from continuing operations understated as at 1 July 2015 by $1,625,000. In 30 June 2016, capitalised exploration and share capital were understated by $260,000 as a result of shares issued to the landholders. The correction further affected some of the amounts disclosed in Note 14, Note 15, Note 20 and Note 22.

Balance Sheet (extract)	30 June 2016 $'000	Increase/ (decrease) $'000	30 June 2016 (Restated) $'000	30 June 2015 $'000	Increase/ (decrease) $'000	1 July 2015 (Restated) $'000
Development property	-	-	-	95,756	(1,625)	94,131
Mining properties	148,721	(1,365)	147,356	-	-	-
Net assets	153,826	(1,365)	152,461	172,255	(1,625)	170,630
Issued capital	314,576	260	314,836	305,311	-	305,311
Accumulated losses	(175,624)	(1,625)	(177,249)	(81,964)	(1,625)	(83,589)
Total equity	153,826	(1,365)	152,461	172,255	(1,625)	170,630

Notes to the consolidated financial statements

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

A summary of impact of all adjustments on the financial report is shown below:

Balance Sheet (extract)	30 June 2016 $'000	Increase/ (decrease) $'000	30 June 2016 (Restated) $'000
Mining properties	148,721	(1,365)	147,356
Trade and other receivables	12,915	1,355	14,270
Investment in associates	1,074	(439)	635
Net assets	153,826	(449)	153,377
Issued capital	314,576	260	314,836
Reserves	14,874	(1,925)	12,949
Accumulated losses	(175,624)	1,216	(174,408)
Total equity	153,826	(449)	153,377

Statement of profit and loss (extract)	30 June 2016 $'000	Profit increase/ (decrease) $'000	30 June 2016 (Restated) $'000
Net foreign exchange (losses)/gains	132	1,925	2,057
Share of net profit/(losses) from associate	(2,950)	1,144	(1,806)
Loss before tax	(15,734)	3,069	(12,665)
Income tax benefit	2,306	-	2,306
Loss for year - discontinued operations	(80,232)	(228)	(80,460)
Loss for the year	(93,660)	2,841	(90,819)
Loss attributable to:			
Owners of the parent	(93,660)	2,841	(90,819)
	(93,660)	2,841	(90,819)

Notes to the consolidated financial statements

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Statement of comprehensive income (extract)	30 June 2016 $'000	Profit increase/ (decrease) $'000	30 June 2016 (Restated) $'000
Loss for the period	(93,660)	2,841	(90,819)
Exchange differences on translation of foreign operations - continuing operations	(1,180)	(1,925)	(3,105)
Other comprehensive income for the period	65,889	(1,925)	63,964
Total comprehensive income for the period	(27,771)	916	(26,855)
Total comprehensive income attributable to:			
Owners of the parent	(27,771)	916	(26,855)
Non-controlling interest	-	-	-
	(27,771)	916	(26,855)

Basic and diluted earnings per share for the prior year have also been restated. The amount of the correction for both basic and diluted earnings per share was a decrease of 0.9 cents per share (refer Note 23).

(t) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, who holds the position of Chief Executive Officer and Managing Director.

(u) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

(v) Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Where any group company purchases the company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of Troy Resources Limited as treasury shares until the shares are cancelled or reissued.

2. 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 following are the key accounting judgements and assumptions, and other key sources of estimation uncertainty at the end of the reporting period, 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:

Ore Reserve Estimates

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.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Rehabilitation obligations

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 judgemental 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. The rehabilitation obligations impact the provision for rehabilitation (Note 18).

Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. Valuations are performed by the Chief Financial Officer and reported to the Board for review and approval.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where level 1 inputs are not available, the Group engages the assistance of third parties to establish the appropriate valuation techniques and inputs to the valuation model.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 32.

Impairment of Property, Plant and Equipment and Mine Properties and Development Properties

Determining whether property, plant and equipment, mine properties and development properties are impaired requires a fair value estimation under AASB 136. AASB 136 allows the recoverable amount of an asset or cash generating unit to be the higher of its value in use or fair value less cost of disposal. The value in use calculation requires the Directors to estimate the future cash flows expected to arise from the cash-generating unit 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. Where the recoverable amount is less than the carrying value, an impairment loss is recognised.

An impairment loss of $108,401,000 before tax has been recognised in the current year. No impairment loss was recognised in the prior year. Details of the impairment testing and loss calculation are set out in Note 14.

3. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

Amendment to AASBs and the new Interpretation that are mandatorily effective for the current year

In the current year, there have been no amendments to AASBs or any new Interpretation issued by the Australian Accounting Standards Board (AASB) that are applicable to the Group for the current financial year.

Standards and Interpretations issued not yet effective

At the date of this financial report, a number of Standards and Interpretations were on issue, but not yet effective.

STANDARD/INTERPRETATIONS	EFFECTIVE FOR ANNUAL REPORTING PERIODS BEGINNING ON OR AFTER	EXPECTED TO BE INITIALLY APPLIED IN THE FINANCIAL YEAR ENDING
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2019
AASB 15 'Revenue from Contracts with Customers', AASB 2014-5 ‘Amendments to Australian Accounting Standards arising from AASB 15’, AASB 2015-8 'Amendments Australian Accounting Standards - Effective date of AASB 15'	1 January 2018	30 June 2019
AASB 16 'Leases'	1 January 2019	1 January 2020

AASB 9 Financial Instruments

AASB 9 was issued in December 2014 with early adoption permitted. We will not be early adopting AASB 9. Management is currently evaluating the impact that the initial application of AASB 9 will have, with one potential area identified, hedging although management do not anticipate being significantly affected by AASB 9.

AASB 15 Revenue from Contracts with Customers

AASB 15 was first issued in December 2014 and amended in October 2015 to defer the effective date to 1 January 2018. Early adoption is permitted under the standard. We will not be early adopting AASB 15. Management is currently evaluating the impact that the initial application of AASB 15 will have, with one potential area identified, being doré and bullion (gold and silver) sales, although management do not anticipate these sales to be significantly affected by AASB 15.

AASB 16 Leases

AASB 16 was issued in February 2016, requiring leasees to recognise assets and liabilities for the majority of leases. Application of the standard is mandatory for reporting periods beginning on or after 1 January 2019 and early adoption is permitted. Management is currently evaluating the impact that the initial application of AASB 16 will have, although at this early stage management does not anticipate being significantly affected by AASB 16.

Notes to the consolidated financial statements

4. REVENUE

	2017 $'000	2016 $'000 Restated*
Operating revenue - continuing operations		
Gold sales	**97,363**	53,327
Silver sales	**113**	30
Hedge gains/(losses) – net	**(5,709)**	7,003
	91,767	60,360
Other income		
Interest received - bank	**216**	297
Other	**449**	47
	665	344
Share of net profit/(loss) of associate accounted for using the equity method	**2,878**	(1,806)

* Refer to Note 1(s) for details of the restatement which is a result of errors.

5. LOSS FOR THE YEAR BEFORE INCOME TAX INCLUDES THE FOLLOWING LOSSES AND EXPENSES

(i) Cost of Sales	2017 $'000	2016 $'000
Depreciation of property, plant & equipment		
- Cost of sales (Guyana) – continuing operations	**18,146**	8,904
- Cost of sales – discontinued operations	**-**	3,483
- Administration expenses (Head office)	**59**	121
Amortisation of mining properties	**21,793**	20,724
Export tax and other taxes (Argentina) – discontinued operations	**-**	3,167
Mining and Milling Administration – discontinued operations	**-**	16,729
Government royalties – continuing operations	**8,881**	5,039
Government royalties – discontinued operations	**-**	3,579
Mining and milling expenses – continuing and discontinued operations	**67,293**	68,438
Other – continuing and discontinued operations	**6,952**	6,669
	123,124	136,853

Continuing operations	**123,124**	57,301
Discontinued operations	**-**	79,552
	123,124	136,853

Cost of sales for the year has increased as a result of the Karouni mine operations, in Guyana.

5. LOSS FOR THE YEAR BEFORE INCOME TAX INCLUDES THE FOLLOWING LOSSES AND EXPENSES (CONTINUED)

(ii) Exploration expenditure

	2017 $'000	2016 $'000
Exploration expenditure incurred	**6,761**	6,079
Exploration expenditure incurred – discontinued operations	**-**	10
Exploration expenses (net)	**6,761**	6,089

(iii) Administration expenses

Head office salaries and on-costs	**1,947**	2,484
Head office corporate restructure costs	**154**	-
Expatriate salary and termination entitlements	**-**	201
Directors fees and on-costs	**295**	397
Care and maintenance costs Brazil	**941**	-
Overseas office and administration	**560**	606
Other Head office administration [1]	**2,042**	2,666
	5,939	6,354

[1] Includes listing fees, shareholder costs, audit fees, taxation consultants, office rent, insurance, travel and other head office administration expenditure.

(iv) Other expenses

Share based payments	**-**	77
Doubtful VAT receivable	**-**	583
Bad debt written off	**643**	-
Loss on sale of assets	**4**	95
	647	755

(v) Finance costs

Borrowing costs	**4,749**	4,627
Rehabilitation provisions unwinding of discount	**416**	283
Hedge finance costs	**-**	(1,779)
	5,165	3,131

6. DISCONTINUED OPERATIONS

	2017 $'000	2016 $'000 Restated*
Loss for the year from discontinued operations		
Casposo Gold Silver Project - Argentina	-	(75,157)
Andorinhas Gold Project - Brazil	-	(5,303)
	-	(80,460)

A 70% controlling stake in Casposo held via Troy Resources Argentina Ltd was sold on the 4 March 2016. As a result of the disposal, Casposo was reported as a discontinued operation in FY2016. The project was deconsolidated from the Group on that date. Troy's remaining 30% interest is equity accounted as an associate. (refer Note 16).

Casposo	2017 $'000	2016 $'000 Restated*
Gold sales	-	30,243
Silver sales	-	39,828
Total Revenue	-	70,071
Cost of Sales	-	(67,849)
Gross Profit	-	2,222
Exploration expenses (net)	-	(10)
Net foreign exchange loss	-	(756)
Restructuring costs	-	(5,546)
Borrowing costs	-	(192)
Loss before income tax	-	(4,282)
Attributable income tax credit(1)	-	2,364
Loss after income tax, before sale	-	(1,918)
Proceeds from sale of Casposo (70%)	-	5,418
Book value of project sold	-	(7,324)
Foreign currency translation reserve loss, recycled to the profit and loss statement on disposal	-	(71,333)
Loss for the year from discontinued operation	-	(75,157)

(1) The income tax credit in 2016 relates primarily to the reversal of an over estimate in the prior year.

Cash flows from discontinued operation:		
Net cash inflows / (outflows) from operating activities	-	(1,542)
Net cash inflows / (outflows) from investing activities	-	(150)
Net cash inflows / (outflows) from financing activities	-	1,636
Net cash outflows	-	(56)

Loss on disposal of subsidiary – Troy Resources Argentina Ltd		
Cash proceeds on disposal of subsidiary	-	1,355
Deferred sale proceeds on disposal of subsidiary	-	4,063
Less: net assets disposed of	-	(7,324)
	-	(1,906)

6. DISCONTINUED OPERATIONS (CONTINUED)

Cash and cash equivalents – disposal of subsidiary	2017 $'000	2016 $'000
Consideration received in cash and cash equivalents	-	2,709
Less: cash and cash equivalent balances disposed of	-	(9,503)
	-	(6,794)

Andorinhas was closed during May 2016 with the plant and remaining inventories being sold and handed over to a third party. As a result, the project has been reported as a discontinued operation.

Andorinhas	2017 $'000	2016 $'000
Gold sales	-	14,946
Cost of Sales	-	(11,702)
Gross Profit	-	3,244
Profit on sale of plant and inventories at closure	-	6,027
Net foreign exchange gains	-	2,401
Closure costs	-	(995)
Other income	-	50
Profit before income tax	-	10,727
Attributable income tax credit	-	10
Profit after income tax at closure of gold operations	-	10,737
Foreign currency translation reserve loss, recycled to the profit & loss statement	-	(16,040)
Loss for the year from discontinued operation	-	(5,303)

Cash flows from discontinued operation:		
Net cash inflows from operating activities	-	162
Net cash inflows from investing activities	-	4,756
Net cash outflows from financing activities	-	(2,283)
Net cash flows	-	2,635

7. INCOME TAX

a) Income Tax recognised in profit or loss	Note	2017 ($'000)	2016 ($'000)
Current tax expense / (benefit)			
Current year – income tax charge / (income)		**-**	(209)
Adjustment - current income tax of previous years		**-**	(1,912)
Adjustment – withholding tax		**-**	(1,412)
Total current tax benefit		**-**	(3,533)
Deferred income tax			
Decrease/(increase) in deferred tax assets		**-**	-
(Decrease)/increase in deferred tax liabilities		**(12,006)**	(1,147)
Total deferred tax benefit		**(12,006)**	(1,147)
Income tax benefit		**(12,006)**	(4,680)
Income tax benefit is attributable to:			
Continuing operations		**(12,006)**	(2,306)
Discontinued operations		**-**	(2,374)
		(12,006)	(4,680)
Numerical Reconciliation of tax expense / (benefit) to prima facie tax payable			
Loss before tax - continuing operations		**(160,209)**	(12,665)
- discontinued operations		**-**	(82,834)
Total loss before tax		**(160,209)**	(95,499)
Income tax expense at the Group's statutory tax rate of 30% (2016: 30%)[(1)]		**(48,182)**	(25,863)
Difference in income tax expense due to:			
Share based payments		**(1)**	23
Non-deductible foreign salaries & exploration		**47**	60
Non-deductible expenses		**963**	3,615
Non-deductible impairment losses		**32,520**	-
Non-deductible net disposal of subsidiary		**-**	5,193
Reversal of deferred tax liability following impairment		**(12,006)**	-
Group and foreign currency restructuring		**356**	6,853
Other temporary differences not recognised		**(1,253)**	(415)
Australian tax losses not brought to account		**2,830**	5,854
Foreign tax losses not recognised		**12,720**	-
Income tax benefit on pre-tax net loss		**(12,006)**	(4,680)
Deferred income tax related to items charged or credited directly to equity			
Foreign currency translation reserve - Current Tax		**-**	-
Foreign currency reserve and hedging - Deferred Tax		**(63)**	(2,278)
Income tax expense reported in equity		**(63)**	(2,278)

(1) The Group is exposed to other tax jurisdictions, notable, Guyana 30%, Brazil: 34% and Argentina 35%.

7. INCOME TAX (CONTINUED)

b) Deferred tax assets / (liabilities) arise from the following:

	Opening Balance	Charged to Income	Charged to Equity	Closing Balance
2017				
Capitalised mining costs – Guyana[(1)]	**(12,006)**	12,006	-	**-**
Plant and equipment – capitalised interest	**(2,622)**	2,622	-	**-**
Plant and equipment - Guyana	**572**		(63)	**509**
Provisions for employee entitlements and rehabilitation	**307**	(235)	-	**72**
Guyana tax losses recognised	**1,203**	-	-	**1,203**
Australia tax losses	**7,227**	4,662	-	**11,889**
Other Australia	**7,334**	(970)	(6,083)	**281**
Temporary differences not brought to account	**(5,019)**	(1,417)	6,083	**(353)**
Tax losses not brought to account as an asset	**(7,227)**	(4,662)	-	**(11,889)**
	(10,231)	12,006	(63)	**1,712**

[(1)]Re fair value cost base on acquisition.

Deferred tax assets	**1,712**
Deferred tax liabilities	**-**
	1,712

	Opening Balance	Charged to Income	Charged to Equity	Closing Balance
2016				
Capitalised mining costs – Brazil	**(21)**	21	-	**-**
Capitalised mining costs – Guyana[(1)]	**(13,635)**	1,629	-	**(12,006)**
Plant and equipment – capitalised interest	**(1,792)**	(830)	-	**(2,622)**
Plant and equipment - Guyana	**-**	572	-	**572**
Provisions for employee entitlements and rehabilitation	**184**	123	-	**307**
Intercompany loan – Guyana	**(6,360)**	6,360	-	**-**
Guyana tax losses	**-**	1,203	-	**1,203**
Australia tax losses	**9,608**	(2,381)	-	**7,227**
Other Australia	**(267)**	(111)	7,712	**7,334**
Temporary differences not brought to account	**-**	415	(5,434)	**(5,019)**
Tax losses not brought to account as an asset	**(1,373)**	(5,854)	-	**(7,227)**
	(13,656)	1,147	2,278	**(10,231)**

[(1)]Re fair value cost base on acquisition.

Deferred tax assets	**1,775**
Deferred tax liabilities	**(12,006)**
	(10,231)

Notes to the consolidated financial statements

7. INCOME TAX (CONTINUED)

c. Tax balances

	2017 ($'000)	2016 ($'000)
Deferred tax assets	**1,712**	1,775
Deferred tax liabilities	**-**	(12,006)

Deferred tax assets relate to temporary differences and tax losses in Guyana with regards to Karouni and their utilisation is dependent on the generation of future taxable profits from the Karouni mine, Guyana, to realise as future income tax benefits. The assumptions used in determining deferred tax asset recognition are consistent with the assumptions stated in Note 14.

d. Unrecognised deferred tax assets

The following deferred tax assets have not been brought to account as assets:

Tax losses – Australia	**11,889**	7,227
Tax losses - Guyana	**12,720**	-
Temporary differences – Australia (principally hedge liabilities)	**353**	5,019
	24,962	12,246

Tax consolidation

Relevance of tax consolidation to the Group

Troy Resources Limited (Troy) and its wholly-owned Australian resident subsidiaries have formed a tax-consolidated group with effect from 1 July 2003 and are therefore taxed as a single entity from that date. The head entity within the tax consolidated group is Troy. 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.

8. SEGMENT REPORTING

Reportable segments are determined based on the information reported to the Chief Executive Officer and Managing Director for the purposes of resource allocation and are based on geographical countries and split between operations and exploration activities. The group's currently has only one identifiable segment of its business:

Gold Mining – Guyana: the principal activity of this business is exploration and gold production

The following is an analysis of the Group's revenue and results by reportable operating segment for the current and prior year:

	Note	Segment revenue Year ended		Segment (loss)/profit Year ended	
		2017 $'000	2016 $'000	**2017 $'000**	2016 $'000 Restated *
Continuing Operations:					
Guyana		**91,767**	60,360	**(31,357)**	3,059
		91,767	60,360	**(31,357)**	3,059
Discontinued Operations:					
Argentina		**-**	70,071	**-**	2,222
Brazil		**-**	14,946	**-**	3,244
		-	85,017	**-**	5,466
Total Operations		**91,767**	145,377	**(31,357)**	8,525
Exploration:					
Guyana				**(6,761)**	(6,079)
Argentina – discontinued				**-**	(10)
Total Exploration				**(6,761)**	(6,089)
Impairment:					
Mining Properties - Guyana				**(108,401)**	-
Total impairment loss before income tax				**(108,401)**	-
Total Segments		**91,767**	145,377	**(146,519)**	2,436
Other gains (losses) - discontinued operations				**-**	(88,290)
Income tax benefit / (expense) – discontinued operations	6			**-**	2,374
Other income				**665**	344
Share of profit / (loss) from associates				**2,878**	(1,806)
Net foreign exchange (loss)/ gains				**(5,482)**	2,057
Corporate administration				**(5,939)**	(6,354)
Other expenses				**(647)**	(755)
Finance costs				**(5,165)**	(3,131)
Loss before tax				**(160,209)**	(93,125)
Income tax benefit				**12,006**	2,306
Loss for the year				**(148,203)**	(90,819)

* Refer to Note 1(s) for details of the restatement which is a result of errors.

8. SEGMENT REPORTING (CONTINUED)

The revenue reported above represents revenue generated from external customers. There were no intersegment sales during the year.

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.

This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

The following is an analysis of the consolidated entity's assets and liabilities by reportable segment:

Total assets	**2017 $'000**	2016 $'000 Restated*
Operations:		
Guyana – continuing operation	**124,093**	249,929
Total segment assets:	**124,093**	249,929
Cash and cash equivalents(1)	**8,855**	3,436
Deferred Tax assets (1)	**1,712**	1,775
Receivables and other assets (1)	**4,241**	8,023
Total assets	**138,901**	263,163

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

The following is an analysis of the consolidated entity's liabilities by reportable segment:

Total liabilities	**2017 $'000**	2016 $'000
Operations:		
Guyana – continuing operation	**34,490**	22,989
Brazil – discontinued operation - closure liabilities	**1,184**	2,846
Total segment liabilities:	**35,674**	25,835
Income tax liabilities(2)	**-**	12,006
Borrowings(2)	**32,742**	49,235
Hedge liability(2)	**4,274**	19,878
Other liabilities(2)	**886**	2,832
Total liabilities	**73,576**	109,786

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

8. SEGMENT REPORTING (CONTINUED)

Other Segment Information	2017 ($'000)	2016 ($'000)
Continuing and discontinued operations:		
Depreciation & Amortisation		
Argentina	-	3,483
Guyana	**39,939**	29,628
Total Segment	**39,939**	33,111
Corporate	**59**	121
Total Depreciation & Amortisation	**39,998**	33,232
Additions to property, plant and equipment		
Argentina	-	150
Guyana	**5,731**	28,951
Total Segment	**5,731**	29,101
Corporate	**4**	31
Total additions	**5,735**	29,132

* Restatement of the 30 June 2016 assets has resulted in a decrease of $449,000 in total assets. The movement relates to adjustments made to Guyana – continuing operations and Receivables and other assets of $1,365,000 and $916,000 respectively. Details of the restatement are included in Note 1(s).

9. CASH AND CASH EQUIVALENTS

	2017 ($'000)	2016 ($'000)
Cash at bank	**3,575**	995
Cash at bank – Overseas	**5,171**	2,331
Short term interest bearing deposits – Australia	**109**	110
	8,855	3,436

Investments in short term money market instruments are bearing interest at rates of 1.45% to 1.9%p.a. (2016: 1.70% to 1.90%p.a.). For information on restricted cash refer to Note 33(b).

10. TRADE AND OTHER RECEIVABLES

	2017 ($'000)	2016 ($'000) Restated[4]
CURRENT		
Other debtors and prepayments [1][2]	**4,214**	14,270
NON - CURRENT		
Value added tax recoverable [3]	**2,261**	-

Notes to the consolidated financial statements

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

(1) Trade debtors include accounts receivable in relation to bullion and doré sales. Other debtors and prepayments primarily include advance payments to contractors and insurers and recovery of fuel and accommodation expenses incurred on behalf of contractors. Where the collection of receivables is doubtful an allowance for doubtful debts is recognised. No allowance for doubtful debts has been recognised at 30 June 2017 (2016: Nil). Trade receivables operate on standard 30 to 45 day terms. No interest is charged for the first 45 days from the date of the invoice.

(2) As at 30 June 2017, no receivables are past due (2016: Nil), or impaired.

(3) As at the 30 June 2017 VAT receivables in Guyana of $559,000 have been provided for as doubtful (2016: $583,000).

(4) Refer to Note 1(s) for details of the restatement which is a result of errors.

11. INVENTORIES

	2017 ($'000)	2016 ($'000)
At Cost:		
Gold in circuit (at cost)	**872**	2,016
Ore stockpiles and work in progress	**501**	4,191
Stores and raw materials	**12,512**	2,196
	13,885	8,403

12. HEDGE ASSETS & LIABILITIES

	2017 ($'000)	2016 ($'000)
Derivatives that are designated as hedging instruments carried at fair value		
Hedge Liabilities – current		
Gold forward contracts – Effective	**4,274**	14,351
Hedge Liabilities – non-current		
Gold forward contracts – Effective	**-**	5,527
Hedge finance costs		
Hedge finance costs	**-**	(1,779)

For a description of the type of hedge, the financial instruments designated as hedging instruments and the nature of the risk being hedged (refer to Note 32).

13. PROPERTY, PLANT & EQUIPMENT

	Note	Land & Buildings at cost ($'000)	Plant & Equipment at cost ($'000)	Motor Vehicles at cost ($'000)	Total ($'000)
Gross carrying amount:					
Balance at 30 June 2015		**6,015**	**195,879**	**2,911**	**204,805**
Additions		4,342	24,591	199	29,132
Work-in-progress transferred to Development properties		-	(66,240)	-	(66,240)
Disposals		(12)	(19,950)	(1,015)	(20,977)
Assets derecognised on disposal of subsidiary		(2,994)	(36,809)	(784)	(40,587)
Transfers		-	(16)	16	-
Net foreign currency exchange differences		(1,809)	(10,032)	(560)	(12,401)
Balance at 30 June 2016		**5,542**	**87,423**	**767**	**93,732**
Additions		-	5,735	-	5,735
Disposals		-	(15)	(33)	(48)
Transfers		561	(723)	162	-
Net foreign currency exchange differences		(258)	(1,744)	(24)	(2,026)
Balance at 30 June 2017		**5,845**	**90,676**	**872**	**97,393**
Accumulated depreciation and Impairment:					
Balance at 30 June 2015		**(3,222)**	**(68,154)**	**(2,011)**	**(73,387)**
Depreciation expense		(1,210)	(10,953)	(345)	(12,508)
Disposals		12	19,949	1,015	20,976
Assets derecognised on disposal of subsidiary		2,994	36,025	784	39,803
Transfers		-	(363)	363	-
Net foreign currency exchange differences		768	17,853	51	18,672
Balance at 30 June 2016		**(658)**	**(5,643)**	**(143)**	**(6,444)**
Depreciation expense		(1,250)	(16,812)	(143)	(18,205)
Disposals		-	14	31	45
Transfers		-	313	(313)	-
Impairment		-	(20,000)	-	(20,000)
Net foreign currency exchange differences		57	468	7	532
Balance at 30 June 2017		**(1,851)**	**(41,660)**	**(561)**	**(44,072)**
Net book value:					
As at 30 June 2016		4,884	81,780	624	87,288
As at 30 June 2017		**3,994**	**49,016**	**311**	**53,321**

14. MINE PROPERTIES

	Note	**2017 ($'000)**	2016 ($'000) Restated *
Mine properties			
Balance at start of financial year		**147,356**	-
Expenditure incurred during the year		**15,885**	1,140
Provision for rehabilitation		**-**	(85)
Assets write down		**(260)**	(95)
Transfers in from development properties	15	**-**	171,843
Amortisation expensed during year		**(21,793)**	(20,724)
Net foreign currency exchange differences		**(1,462)**	(4,723)
Impairment loss		**(88,401)**	-
Balance at end of financial year		**51,325**	147,356

* Refer to Note 1(s) for details of the restatement which is a result of errors.

Impairment of Mine and Development Properties	**2017 $'000**	2016 $'000
Karouni CGU, Guyana		
Mining properties	**88,401**	-
Property, plant & equipment	**20,000**	-
Impairment loss before income tax	**108,401**	-
Deferred income tax benefit	**(12,006)**	-
Impairment loss net of income tax	**96,395**	-

In accordance with AASB 136 – *Impairment of Assets*, non-financial assets are required to be reviewed at the end of each reporting period to determine whether there is an indication of impairment. Where an indicator of impairment exists, a formal estimate of recoverable amount is to be made.

The Group has one cash generating unit (CGU) being the Karouni mine in Guyana.

An impairment review had been conducted as at 31 December 2016 half year and an impairment charge of $68,401,000 was recorded against the carrying value of the Karouni Mine Property in the 31 December 2016 half year financial report.

An impairment assessment was again conducted at the 30 June 2017 balance date given that the market capitalisation of Troy at that time was below net asset value which is considered to be an indicator of impairment.

At 30 June 2017 an extra impairment charge of $40,000,000 was recognised in addition to the impairment charge of $68,401,000 which was recorded in 31 December 2016 half year financial report. Therefore a total impairment charge of $108,401,000 (2016: $Nil) has been recognised during the current year in relation to Karouni.

The impairment charge at 31 December 2016 of $68,401,000 was all applied to the value of Mine Properties. The additional $40,000,000 impairment charge incurred at 30 June 2017 was applied as $20,000,000 to each of Mine Property and Property, Plant & Equipment.

The analysis below relates to the 30 June 2017 impairment calculation.

14. MINE PROPERTIES (CONTINUED)

Methodology

The future recoverability of capitalised mining properties and property, plant and equipment is dependent on a number of key factors, which include: gold price, operating costs, discount rates used in determining the estimated discounted cashflow and the level of reserves and resources.

The costs to dispose have been estimated by management based on prevailing market conditions. Impairment is recognised when the carrying amount of the CGU exceeds its recoverable amount.

The Group has adopted fair value less cost of disposal, which is greater than the value in use, and used this as the recoverable amount for impairment testing purposes. Fair value is estimated based on discounted cashflows using market based commodity price assumptions, estimated quantities of recoverable minerals, production levels, operating costs, working capital position and future capital expenditure. These estimates are based on the Group's most recent life-of-mine plans. Management consider this to be a Level 3 fair value assessment.

Key assumptions

The table and commentary below summarises the key assumptions used in the 30 June 2017 year end carrying value assessment:

30 June 2017	**FY 18**	**FY 19**	**FY 20**	**FY 21**
Gold price (US$ per ounce)	1,265	1,295	1,334	1,274
Discount rate per annum (USD, pre-tax, Real)	8.5%	8.5%	8.5%	8.5%

30 June 2016	**FY 17**	**FY 18**	**FY 19**	**FY 20**
Gold price (US$ per ounce)	1,246	1,200	1,213	1,202
Discount rate per annum (USD, pre-tax, Real)	7.5%	7.5%	7.5%	7.5%

Commodity prices and exchange rates

The commodity price is estimated with reference to external market consensus forecasts prevailing at the end of the year. The US$ recoverable amount is then converted at the A$/US$ exchange rate of 0.7700.

Discount rate

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

Life-of-mine operating and capital cost assumptions are based on the Group's latest plans. These assumptions reflect the recent operational difficulties experienced at Karouni and take into account a better understanding of the operating conditions experienced throughout the year.

14. MINE PROPERTIES (CONTINUED)

Mineral Reserves and Mineral Resources

The life-of-mine plan for the CGU includes Mineral Reserves and the portion of Mineral Resources where there is an expectation that they will convert to Mineral Reserves.

Recovered gold ounces are estimated at 264,600 ounces (2016: 450,000 ounces) for the remaining life-of-mine.

Sensitivity analysis

After recognising the asset impairment for Karouni using the assumptions and methodology above, the recoverable value has been assessed as being equal to its carrying amount at 30 June 2017.

Any variation in the key assumptions going forward may impact the recoverable value of the CGU. If the variation in an assumption has a negative impact on recoverable value, it could indicate a requirement for additional impairment.

	+/- 5% change in US$ gold price	**Discount rate +/- 1.5%**
Impact on recoverable value	$13.9 million	$1.8 million

It must be noted that each of these sensitivities assumes that the specific assumption moves in isolation, while all other assumptions are held constant. In reality, a change in one of the sensitivities is usually accompanied with a change in another assumption, which may have an offsetting impact. Action is also usually taken to respond to adverse changes in economic assumptions that may mitigate the impact of any such change.

15. DEVELOPMENT PROPERTIES

Development properties	**Note**	**2017 ($'000)**	2016 ($'000) Restated*
Balance at start of financial year		-	94,131
Expenditure incurred during the year		-	6,855
Capitalised borrowing costs		-	4,617
Transfer to mine properties		-	(171,843)
Transfer from property, plant & equipment		-	66,240
Balance at end of the financial year		-	-

Karouni transitioned from a development project to an operating mine during the prior year with commercial production achieved from 1 January 2016, accordingly all development property costs were transferred to either mine properties or property, plant and equipment at that time.

* Refer to Note 1(s) for details of the restatement which is a result of errors.

16. INVESTMENT IN ASSOCIATE

On 4 March 2016 Troy sold a 70% controlling stake in Casposo, thereby deconsolidating its previously held 100% investment and taking up an equity accounted investment. Troy's equity accounting for its 30% retained interest investment in Casposo is detailed below:

	Note	2017 ($'000)	2016 ($'000) Restated*
Balance at start of financial year		**635**	-
Initial equity accounted investment – 30% of Casposo (at fair value)		**-**	2,322
Share of profit / (loss) in Casposo	4	**2,878**	(1,806)
Foreign currency translation reserve		**(365)**	119
		3,148	635

	2017	2016
Details of Assets and Liabilities of associate:	100%	100%
Total Assets[(1)]	**79,671**	74,011
Total Liabilities	**(73,402)**	(70,702)
Net Assets	**6,269**	3,309
Goodwill (discount) on acquisition[(2)]	**4,225**	(1,193)
	10,494	2,116
Troy equity 30%	**3,148**	635

(1) Net of provisions for doubtful debts and inventory obsolescence.
(2) Includes elimination of inter-company transactions.

	2017	2016
Details of Revenue and Profit of associate:	100%	100%
Revenue	**54,939**	-
Profit/(loss) for the period	**9,592**	(6,020)
Other comprehensive income	**-**	-
Total comprehensive income	**9,592**	(6,020)
Troy share of net profit/(loss) of associate accounted for using the equity method 30%	**2,878**	(1,806)

* Refer to Note 1(s) for details of the restatement which is a result of errors.

The Company has granted the purchaser, Austral Gold Limited (Austral), an option to acquire the remaining 30% interest over a three year period commencing in December 2018 for a total consideration of US$7 million. Should the silver price be in excess of US$16/oz at the time each option is exercised, the exercise price will be increased depending upon the actual silver price at the time.

Austral is the Manager of Casposo and will provide up to US$10 million pursuant to an initial capital investment plan to develop and implement a re-engineering plan of Casposo with a view to achieving profitable operations within 12 months. The Company's interest in relation to the capital investment plan is free carried. To the extent that Casposo requires funding for any other purpose, other than the capital investment plan, the Company can either elect to contribute its pro-rata share or have its economic interest diluted.

17. TRADE AND OTHER PAYABLES

	2017 ($'000)	2016 ($'000)
CURRENT		
Trade payables [(1)]	**29,665**	12,671
Accrued expenses	**1,641**	8,428
Deferred consideration	**260**	269
Dividends [(2)]	**26**	27
	31,592	21,395

(1) 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.

(2) Represents 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.

18. PROVISIONS

	2017 ($'000)	2016 ($'000)
CURRENT		
Rehabilitation[(a)]	**67**	399
Employee benefits[(b)]	**845**	2,296
Other Provisions (refer Note 30)	**604**	1,400
	1,516	4,095
NON CURRENT		
Rehabilitation[(a)]	**3,446**	3,131
Employee benefits[(b)]	**6**	46
	3,452	3,177

(a) *Provision for rehabilitation*

A provision for rehabilitation is recognised in relation to the 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.

18. PROVISIONS (CONTINUED)

Rehabilitation Provisions	**Current Rehabilitation Provision ($'000)**	**Non-current Rehabilitation Provision ($'000)**
Balance at 1 July 2015	**858**	**7,540**
Additional provisions recognised	**329**	**581**
Unwinding of discount	**-**	**283**
Reduction arising from payments	**(115)**	**-**
Reduction arising from disposal of subsidiary	**(666)**	**(5,115)**
Net foreign currency exchange differences	**(7)**	**(158)**
Balance at 30 June 2016	**399**	**3,131**
Additional provisions recognised	**68**	**-**
Unwinding of discount	**-**	**416**
Reduction arising from payments	**(394)**	**-**
Net foreign currency exchange differences	**(6)**	**(101)**
Balance at 30 June 2017	**67**	**3,446**

(b) *Employee Provisions*

	2017 ($'000)	2016 ($'000)
The aggregate employee entitlement liability recognised and included in the financial statements is as follows:		
Current	**845**	2,296
Non-current	**6**	46
	851	2,342
	No.	No.
Employees at the end of the financial year	**392**	408

19. BORROWINGS

Debt facility: Secured – at amortised cost	**2017 ($'000)**	2016 ($'000)
Investec Bank Plc – Syndicated debt facility	**35,378**	52,665
Capitalised borrowing costs	**(2,636)**	(3,430)
	32,742	49,235
Current	**32,742**	23,817
Non-current	**-**	25,418
	32,742	49,235

Summary of Borrowing Arrangements

The Investec Bank Plc facility outstanding balance was US$27.192 million as at 30 June 2017. An amount of US$3 million was repaid on 4 July 2017 which reduced the outstanding debt to US$24.192 million.

Repayments made during financial year ended 30 June 2017 amounted to US$12 million, A$16.132 million.

On 28 March 2017, a restructure of the Investec Revolving Corporate Facility (the Facility) was undertaken which resulted in an extension of the maturity date by 6 months to 31 December 2018. As part of the consideration for the restructure of the Facility, the Company granted 27,780,000 options over Troy ordinary shares to Investec with an exercise price of $0.18, fair value at grant date of $0.05 using the trinomial model and expiry date of 20 April 2019. The Company also cancelled 10,000,000 options over Troy ordinary shares previously held by Investec. Fees incurred for the debt restructure amounted to $389,000 and were paid through the issue of 2,778,000 fully paid ordinary shares (Note 20).

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 Property, Plant & Equipment, the Net Tangible Worth (as defined in the Facility) of the Company fell below A$100 million which represented a breach of a financial undertaking of the Company under the Facility.

As a consequence of the breach of this covenant, the accounting standards require that, as at 30 June 2017, any "Non-Current" portion of the debt must be reclassified as "Current" in the Company's financial statements. Even the issue of a waiver by the lender does not change that requirement, due to the waiver being received post 30 June 2017. Hence, in compliance with the standards, all of the Investec debt in the statement of financial position of the Company as at 30 June 2017 has been classified as Current. On 15 September 2017, Investec and the Company agreed a new Net Tangible Worth level of A$50 million would now be applicable under the Facility.

Despite this change and the correction of the breach of the financial undertaking, the Company is not able to reclassify the Non-Current portion as at 30 June 2017. However, the change to the undertaking will mean that the relevant Non-Current portion will return to that classification in future accounting reports. (Also refer to Note 35 – Events Occurring after Balance Date).

20. ISSUED CAPITAL

	2017 No. (‘000)	2016 No. (‘000)
Issued Capital		
456,599,905 (2016: 340,798,782) ordinary shares fully paid	**456,600**	340,799
	456,600	340,799

	2017 No. (‘000)	**2017 ($’000)**	2016 No. (‘000)	2016 Restated * ($’000)
Balance at the beginning of the financial year	**340,799**	**314,836**	290,096	305,311
Issue of fully paid shares to landowners in Guyana(i)	**-**	**-**	703	260
Issue of fully paid shares – capital raising, net of costs	**113,023**	**38,414**	50,000	9,265
Issue of fully paid shares to Investec as part of debt restructure	**2,778**	**389**	-	-
	456,600	**353,639**	340,799	314,836

Fully paid ordinary shares carry one vote per share and carry the entitlement to dividends.

(i) Issued pursuant to the terms of agreement between Azimuth Resources Limited and landholders in Guyana.*

* Refer to Note 1(s) for details of the restatement which is a result of errors.

21. RESERVES

	2017 ($'000)	2016 ($'000)
(a) Available for Sale Reserve:	180	-

The Available for Sale Reserve arises on the revaluation of available for sale financial assets. When a revalued financial asset is sold, the portion of the reserve which relates to the financial asset is recognised in profit or loss. Where a revalued financial asset is impaired, that portion of the reserve which relates to that financial asset is recognised in the profit and loss. Valuation gains / (losses) are net of applicable income taxes.

	2017 ($'000)	2016 ($'000)
(b) Share Based Payment Reserve:		
Balance at beginning of financial year	**8,878**	8,801
Share based payments[(1)]	**(2)**	77
Share based borrowing costs - Investec options	**367**	-
Balance at the end of the financial year	**9,243**	8,878

[(1)] The Share based payments arise due to the grant of share options (refer Note 19), performance rights and share appreciation rights under the LTIP and the issue of securities by the Company.

	2017 ($'000)	2016 ($'000)
(c) Hedging Cash Flow Reserve:		
Balance at beginning of financial year	**(14,988)**	5,316
Reclassification to profit or loss (net of tax)	**5,709**	(7,003)
Revaluation (net of tax)	**7,898**	(13,301)
Balance at the end of the financial year	**(1,381)**	(14,988)

The cash flow hedging reserve represents the cumulative effective portion of gains / (losses) arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gains or losses arising on changes in fair value of the hedging instruments that are recognised and accumulated under the heading of cash flow hedging reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or is included as a basis adjustment to the non-financial hedged item, consistent with the relevant accounting policy.

	2017 ($'000)	2016 ($'000) Restated*
(d) Foreign Currency Translation Reserve:		
Balance at beginning of financial year	**19,059**	(65,209)
Translation of foreign operations	**7,196**	(3,105)
Recycled to profit and loss on disposal	**-**	87,373
Balance at the end of the financial year	**26,255**	19,059
TOTAL RESERVES	**34,297**	12,949

* Refer to Note 1(s) for details of the restatement which is a result of errors.

22. ACCUMULATED LOSSES

	2017 ($'000)	2016 ($'000) Restated*
Accumulated losses		
Balance at beginning of financial year	**(174,408)**	(83,589)
Net loss	**(148,203)**	(90,819)
Balance at end of financial year	**(322,611)**	(174,408)

* Refer to Note 1(s) for details of the restatement which is a result of errors.

23. LOSS PER SHARE

	2017 Cents Per Share	2016 Cents Per Share Restated*
Loss per share for loss attributable to the ordinary equity holders of the company		
From continuing operations	**(34.7)**	(3.3)
From discontinued operations	**-**	(25.4)
Total basic loss per share	**(34.7)**	(28.7)
Diluted Loss per share for loss attributable to the ordinary equity holders of the company		
From continuing operations	**(34.7)**	(3.3)
From discontinued operations	**-**	(25.4)
Total diluted loss per share	**(34.7)**	(28.7)

(a) Basic loss per share

The loss and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	2017 ($'000)	2016 ($'000) Restated*
Loss used in the calculation of basic earnings per share from continuing operations	**148,203**	10,359
Loss used in the calculation of basic earnings per share from discontinued operations	**-**	80,460
Loss for the year attributable to owners of the Parent	**148,203**	90,819

	2017 No. ('000)	2016 No. ('000)
Weighted average number of ordinary shares for the purposes of basic earnings per share.	**426,813**	316,505

23. LOSS PER SHARE (CONTINUED)

(b) Diluted loss per share

The loss used in the calculation of diluted loss per share are as follows:

	2017 ($'000)	2016 ($'000) Restated*
Loss used in the calculation of diluted earnings per share from continuing operations	148,203	10,359
Loss used in the calculation of basic earnings per share from discontinued operations	-	80,460
Loss for the year attributable to owners of the Parent	**148,203**	90,819

The weighted average number of ordinary shares for the purpose of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows.

	2017 No. ('000)	2016 No. ('000)
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**426,813**	316,505
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	**426,813**	316,505

The following potential ordinary shares are non-dilutive and are therefore excluded from the weighted average number of ordinary shares for the purposes of diluted earnings per share:

	2017 No. ('000)	2016 No. ('000)
Share appreciation rights	**282**	963
Investec options	**27,780**	10,000
	28,062	10,963

* Refer to Note 1(s) for details of the restatement which is a result of errors.

24. DIVIDENDS AND FRANKING CREDITS

No dividends were declared or paid in 2017 (2016: $Nil)

	2017 ($'000)	2016 ($'000)
Adjusted franking account balance at 30% (2016: 30%) tax rate	**1,604**	1,604

25. DIRECTOR AND OTHER KEY MANAGEMENT PERSONNEL COMPENSATION

Key Management Personnel Compensation

The aggregate compensation of Directors and Senior Management in the Group is set out below:

	2017 ($)	2016 ($)
Short-term employee benefits	**2,591,237**	3,398,949
Long service leave	**8,042**	46,110
Post-employment benefits	**113,951**	142,143
Termination benefits	**738,784**	353,574
Share-based payments	**(5,164)**	62,830
	3,446,850	4,003,606

As required by the Corporations Act 2001, the Company has disclosed information about the compensation of Directors, Executives and Other Key Management Personnel ("Compensation Disclosures") under the heading "Remuneration Report" on pages 9 to 16 of the Directors' Report.

26. AUDITOR'S REMUNERATION [(1)]

	2017 ($)	2016 ($)
(a) Paid or Payable to **Deloitte Touche Tohmatsu** in Australia**:**		
Audit of the financial reports	**2,500**	149,680
Tax and other Services	**2,000**	7,875
	4,500	157,555
(aa) Paid or Payable to overseas associates/ex-associates of **Deloitte Touche Tohmatsu:**		
Audit of the financial reports	**80,763**	158,526
Tax and other Services	**18,167**	-
	98,930	158,526
Total for Deloitte Touche Tohmatsu	**103,430**	316,081
(b) Paid or Payable to **PricewaterhouseCoopers** in Australia:		
Audit of the financial reports	**151,902**	-
Tax and other Services	**56,700**	-
	208,602	-
(bb) Paid or Payable to overseas associates of **PricewaterhouseCoopers:**		
Audit of the financial reports	**-**	-
Tax and other Services	**91,148**	-
	91,148	-
Total for PricewaterhouseCoopers	**299,750**	-
Total for all Auditors and their associates for all services	**403,180**	316,081

26. AUDITOR'S REMUNERATION (CONTINUED) [1]

[1] In financial year ended 30 June 2016 the Company auditor was **Deloitte Touche Tohmatsu.** At the Company's AGM in November 2016, the Company auditor was changed to **PricewaterhouseCoopers**. No other benefits were received by the relevant Auditor in either year.

27. RELATED PARTY TRANSACTIONS

(a) Subsidiaries

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

Details of the ownership of ordinary shares held in subsidiaries are disclosed in Note 31 to the Financial Statements.

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. Details of transactions between the Group and other related parties, if any, are disclosed below.

(b) Other transactions

There have been no other related party transactions for financial year 30 June 2017.

28. EMPLOYEE SHARE EQUITY PLANS

LONG TERM INCENTIVE PLAN

The Troy Resources Limited Long Term Incentive Plan (LTIP), was adopted by the Board on 11 October 2013. The LTIP encompasses the ability to issue options, performance rights and share appreciation rights and was approved at the 2013 Annual General Meeting.

Share Appreciation Rights (SAR's)

SAR's can be issued under the LTIP pursuant to the following common terms and conditions:

(a) ability to issue to employees or Executive Directors of the Company or any Associated Body Corporate. Non-Executive Directors of the Company are not eligible to participate in the LTIP;

(b) a maximum of 7.5% of total issued Shares are available for issue upon the exercise of Awards under the LTIP;

(c) the number of shares issued under the LTIP in the last five years cannot exceed 5% of issued shares;

(d) issue cost is nil;

(e) SAR's granted under the LTIP may not have a term exceeding five years from the date on which the Award is granted;

(f) upon vesting, SAR's must be exercised by the Participant within the relevant exercise period by delivery of notice in accordance with the LTIP. Upon exercise of the SAR, and in accordance with the LTIP, the Board will determine whether to:

   i) Make a cash payment, of all or part of the Shares which the Participant is entitled to receive, on exercise equal to the market value of such Shares (being the VWAP of the Shares on the ASX for the five trading days immediately preceding the exercise date) **(Cash Settled)**. The cash payment made to a Participant will be equal to the aggregate market value of the Shares as at the date of exercise of the Share Appreciation Rights which would otherwise have been allotted and issued or transferred to the Participant on the exercise of the Share Appreciation Rights had such rights been Equity Settled;

   Or

28. EMPLOYEE SHARE EQUITY PLANS (CONTINUED)

ii) Issue or transfer Shares to a Participant on the exercise of the Share Appreciation Rights **(Equity Settled)**. The number of Shares delivered to Participants upon exercise of Share Appreciation Rights will depend on the amount by which the market value of the Shares has increased in value over the Grant Price. All Shares issued or transferred to a Participant under the LTIP will, from the date of issue or transfer, rank equally with all other issued Shares.

(g) unvested SAR's will lapse when the holder ceases to be employed by the Company unless the Directors determine otherwise; and vested but unexercised share appreciation rights will continue in force and remain exercisable, subject to the satisfaction of any applicable exercise conditions, until the expiry of the Share Appreciation Right.

(h) during the year ended 30 June 2017, No SAR's were issued (2016: Nil), 94,000 vested (2016: 321,000) and 681,000 lapsed (2016: 797,000).

SHARE APPRECIATION RIGHTS 2017

Month of issue	Balance at 1.7.16	Grant Price	No. of rights vested during the year	Vesting Date	Number Lapsed / Cancelled during the year	Balance at 30.6.17	Vested at 30.6.17	Vesting Period	Expiry Date
Nov-13	120,000	$1.21 - $1.43	40,000	Dec-16	-	120,000	120,000	Dec-14 - Dec-16	20-Dec-17
Dec-13	543,000	$1.21 - $1.43	54,000	Dec-16	(381,000)	162,000	162,000	Dec-14 - Dec-16	20-Dec-17
Jul-14	60,000	$1.38 - $1.63	-	-	(60,000)	-	-	Apr-15 - Apr-17	27-Apr-18
Nov-14	240,000	$0.88 - $1.04	-	-	(240,000)	-	-	Sep-15 - Sep-18	1-Sep-18
	963,000	$0.88 - $1.63	**94,000**	**-**	**(681,000)**	**282,000**	**282,000**		

SHARE APPRECIATION RIGHTS 2016

Month of issue	Balance at 1.7.15	Grant Price	No. of rights vested during the year	Vesting Date	Number Lapsed / Cancelled during the year	Balance at 30.6.16	Vested at 30.6.16	Vesting Period	Expiry Date
Nov-13	250,000	$1.10	-	-	(250,000)	-	-	Dec-13 - Mar-16	31-Mar-16
Nov-13	250,000	$1.10	-	-	(250,000)	-	-	Dec-13 - Mar-16	31-Mar-16
Nov-13	120,000	$1.21 - $1.43	40,000	Dec-15	-	120,000	80,000	Dec-14 - Dec-16	20-Dec-17
Dec-13	780,000	$1.21 - $1.43	181,000	Dec-15	(237,000)	543,000	362,000	Dec-14 - Dec-16	20-Dec-17
Jul-14	30,000	$1.38 - $1.63	-	-	(30,000)	-	-	Mar-15 - Mar-17	26-Mar-18
Jul-14	60,000	$1.38 - $1.63	20,000	-	-	60,000	40,000	Apr-15 - Apr-17	27-Apr-18
Jul-14	30,000	$1.38 - $1.63	-	-	(30,000)	-	-	May-15 - May-17	31-May-18
Nov-14	240,000	$0.88 - $1.04	80,000	-	-	240,000	80,000	Sep-15 - Sep-18	1-Sep-18
	1,760,000	$0.88 - $1.63	**321,000**	**-**	**(797,000)**	**963,000**	**562,000**		

28. EMPLOYEE SHARE EQUITY PLANS (CONTINUED)

The following tables reconcile the SAR's, Employee Share Options and Performance Rights outstanding at the beginning and end of the year.

	2017		2016	
	No	**Weighted Average Grant Price $**	No	Weighted Average Grant Price $
Share Appreciation Rights:				
Balance at beginning of year	**963,000**	**1.24**	1,760,000	1.22
Granted during the year	**-**	**-**	-	-
Exercised during the year	**-**	**-**	-	-
Lapsed during the year	**(681,000)**	**0.88**	(797,000)	1.20
Balance at end of year	**282,000**	**1.32**	963,000	1.24
Exercisable at end of year	**282,000**	**1.32**	562,000	1.22
Employee Share Options:				
Balance at beginning of year	**-**	**-**	590,000	4.25
Granted during the year	**-**	**-**	-	-
Exercised during the year	**-**	**-**	-	-
Lapsed during the year	**-**	**-**	(590,000)	4.25
Balance at end of year	**-**	**-**	-	-
Exercisable at end of year	**-**	**-**	-	-
Performance Rights:				
Balance at beginning of year	**-**	**-**	12,000	5.50
Granted during the year	**-**	**-**	-	-
Exercised during the year	**-**	**-**	-	-
Lapsed during the year	**-**	**-**	(12,000)	5.50
Balance at end of year	**-**	**-**	-	-
Exercisable at end of year	**-**	**-**	-	-

29. COMMITMENTS FOR EXPENDITURE

(a) 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 2017 if the Group is to retain all of its present interests in mining and exploration properties:

	2017 ($'000)	2016 ($'000)
Not longer than 1 year	**59**	72
Longer than 1 year and not longer than 5 years	**78**	108
Longer than 5 years	**-**	-
Total exploration commitments	**137**	180

29. COMMITMENTS FOR EXPENDITURE (CONTINUED)

(b) Capital Commitments

Capital expenditure commitments contracted for as at the reporting date:

	2017 ($'000)	2016 ($'000)
Not longer than 1 year	**-**	214
Longer than 1 year and not longer than 5 years	**-**	-
Longer than 5 years	**-**	-
Total capital commitments	**-**	214

(c) Operating Leases

Operating lease arrangements as at the reporting date:

	2017 ($'000)	2016 ($'000)
Not longer than 1 year	**267**	500
Longer than 1 year and not longer than 5 years	**95**	285
Longer than 5 years	**-**	-
Total operating leases	**362**	785

The Group has given securities in the form of general bank guarantees to financial institutions (Refer Note 31).

30. CONTINGENT LIABILITIES

The Group has the following contingent liabilities:

a) Bank guarantees to financial institutions total $379,837 (2016: $396,530), of which $333,361 (2016: $343,050) are cash backed.

b) Potential legal claims submitted by previous employees at the Company's Sertão and Andorinhas operations in Brazil of $2,850,955 (2016: $5,931,000). Based on past settlement of claims, the current expectation is that only a portion of this may become payable and therefore $603,814 has been included in Other Provisions as at 30 June 2017 (2016: $1,400,000) (Refer Note 18).

31. SUBSIDIARIES

The consolidated financial statements include the following subsidiaries:

	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST	
		2017 %	2016 %
Parent Entity: Troy Resources Limited	Australia		
Subsidiaries:			
Wirraminna Gold Pty Ltd	Australia	100	100
Troy Resources Brasil Participações Ltda [(2)]	Brazil	100	100
Troy Resources Holdings BVI	British Virgin Islands	100	100
Reinarda Mineração Ltda	Brazil	100	100
Azimuth Resources 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

[(2)] Merged with Troy Brasil Exploração Mineral Ltda effective 30 June 2016.

32. FINANCIAL INSTRUMENTS

a) 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 balance. The Group's overall strategy remains unchanged in the 2017 financial year.

The capital structure of the Group consists of debt (borrowings as detailed in Note 19) offset by cash balances and equity of the Group (comprising issued capital, reserves, and accumulated losses as detailed in Notes 20, 21, 22).

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 cashflows. The Group would normally target less than 50% debt on any one project, but may choose to spread that risk across all projects of the Group through the use of a corporate facility. The gearing ratio at 30 June 2017 was 37% (2016: 30%) (refer below).

i. Gearing Ratio

The gearing ratio at end of the reporting period was as follows:

	2017 ($'000)	2016 ($'000) Restated*
Debt (i)	**32,742**	49,235
Cash and bank balances (excluding restricted cash)	**(8,483)**	(3,053)
Net Debt/(Cash)	**24,259**	46,182
Equity (ii)	**65,325**	153,377
Debt to equity ratio	**37%**	30%

(i) Debt is defined as long- and short-term borrowings (excluding derivatives and financial guarantee contracts).
(ii) Equity includes all issued capital, reserves, and accumulated losses as detailed in Notes 20, 21, 22.
*Refer to Note 1(s) for details of the restatement which is a result of errors.

32. FINANCIAL INSTRUMENTS (CONTINUED)

Externally imposed capital requirements

The Investec Facility requires the Group to maintain minimum liquidity of $7,500,000, which includes gold inventories at market value. Management monitors its cash and liquid assets balances to ensure compliance with these obligations. The Group was in compliance with the requirement as at reporting date (refer Note 19).

This requirement increases to $10,000,000 from 31 July 2017 and then reduced to $5,000,000 on 15 September 2017. Refer to Note 19 and Note 35 for further details.

b) Categories of financial instruments

	2017 ($'000)	2016 ($'000)
Financial assets		
Cash and cash equivalents	**8,855**	3,436
Other receivables and prepayments	**6,475**	14,270
Financial liabilities		
Trade and other payables	**(31,592)**	(21,395)
Hedge liability	**(4,274)**	(19,878)
Borrowings – amortised cost	**(32,742)**	(49,235)

c) Financial risk management objective

The Group's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets and monitors and manages the financial risks relating to the operations of the Group though internal risk reports which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Group may seek to minimise the effects of these risks by using derivative financial instruments to hedge commodity and foreign currency exposures.

The use of financial derivatives is governed by the Group's policies approved by the Board, which provide written principals on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Corporate Treasury function engages on a regular basis with a Treasury Committee that has been established by the Board and reports monthly to the Board on risks and policies implemented to mitigate risk exposures.

d) Objectives of Derivative Financial Instruments

The Group enters into derivative financial instruments from time to time in the normal course of business in order to hedge its exposure to fluctuations in the Australian dollar/United States dollar (USD) exchange rate and the gold price. The Group does not enter into or trade derivative financial instruments for speculative purposes.

e) Commodity (Gold) and Foreign Currency Contracts

The Group has a commodity hedging program for gold in place. Foreign currency contracts are entered into when appropriate to mitigate risks of foreign currency fluctuations on specific receivables and payables, no contracts were outstanding at year end (refer Note 32(k)).

32. FINANCIAL INSTRUMENTS (CONTINUED)

f) Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (refer Note 32(g)), interest rates (refer to Note 32(h)) and commodity risk (refer to Note 32(k)). During 2017 the Group entered into gold forward sale contracts in order to manage exposure to commodity risks (refer Note 32(k)).

g) Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. The Group will 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	
	2017 ($'000)	2016 ($'000)	**2017 ($'000)**	2016 ($'000)
USD	**6,596**	1,865	**33,002**	49,504

The Group primarily trade 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 inter-company 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 through its mining operations in Guyana, and the USD through USD denominated debt, purchases of equipment and sales of gold. The Guyanese dollar 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. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. 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.

Judgements of reasonably possible movements

	2017 ($'000)	2016 ($'000)
AUD/USD		
- Profit/(loss) after tax	**4,874**	6,919
- Equity	**3,553**	4,537
AUD/GYD		
- Profit/(loss) after tax	**(5,937)**	600
- Equity	**(1,662)**	1,334

32. FINANCIAL INSTRUMENTS (CONTINUED)

h) Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group place funds on deposit at variable rates. The Group's exposure to interest rates on financial assets and financial liabilities are detailed in the relevant notes.

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 $156,000 (2016: $216,000) in relation to assets. This is attributable to the lower cash balances held in 2016 as compared to 2015.
- net profit would decrease / increase by $430,000 (2016: 790,000) in relation to liabilities. This is attributable to the Group's exposure to interest rates on its variable rate borrowings.

The Group's sensitivity to interest rates on assets has decreased during the current year primarily due to the average borrowings decreasing across the two years from $79,005,000 to $43,035,000. Balance at 30 June 2017 was $35,377,000.

i) 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 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.

The Group has an exposure to gain or loss in the event counterparties fail to settle a derivative contract with the Group. At 30 June 2017, the Group had exposure and commitments to gold forward contracts, with a hedge liability of $4,274,000 (2016: $19,878,000 asset including silver forward contracts) (refer Note 32(k)).

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

j) 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.

32. FINANCIAL INSTRUMENTS (CONTINUED)

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.

2017 LIABILITIES	1 year or less ($'000)	1 to 5 years ($'000)	More than 5 years ($'000)	Total ($'000)
Non-interest bearing	**31,592**	**-**	**-**	**31,592**
Variable interest rate	**37,436**	**-**	**-**	**37,436**
Gold commodity hedge liabilities	**4,274**	**-**	**-**	**4,274**
Financial guarantee contracts	**333**	**-**	**-**	**333**
	73,635	**-**	**-**	**73,635**

2016 LIABILITIES	1 year or less ($'000)	1 to 5 years ($'000)	More than 5 years ($'000)	Total ($'000)
Non-interest bearing	21,395	-	-	21,395
Variable interest rate	29,712	28,815	-	58,527
Gold commodity hedge liabilities	14,351	5,527	-	19,878
Financial guarantee contracts	343	-	-	343
	65,801	34,342	-	100,143

The weighted average rate (including line fees) on variable interest rate instruments was 6.85% for the year ended 30 June 2017 (2016: 9.16%).

The amounts included above for the financial guarantee contracts are the maximum amounts the Group could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is unlikely that such an amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The following table details the Group's expected maturity for its financial assets. The tables below 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.

2017 ASSETS	Weighted average effective interest rate %	1 year or less ($'000)	1 to 5 years ($'000)	More than 5 years ($'000)	Total ($'000)
Non-interest bearing		**4,214**	**-**	**-**	**4,214**
Variable interest rate instruments	1.75%	**2,150**	**-**	**-**	**2,150**
USD variable deposit	0.0%	**6,596**	**-**	**-**	**6,596**
Short term deposits	1.23%	**109**	**-**	**-**	**109**
		13,069	**-**	**-**	**13,069**

32. FINANCIAL INSTRUMENTS (CONTINUED)

2016 ASSETS	Weighted average effective interest rate %	1 year or less ($'000)	1 to 5 years ($'000)	More than 5 years ($'000)	Total ($'000)
Non-interest bearing		**12,915**	**-**	**-**	**12,915**
Variable interest rate instruments	0.1%	**2,408**	**-**	**-**	**2,408**
USD variable deposit	0.0%	**865**	**-**	**-**	**865**
Short term deposits	1.4%	**163**	**-**	**-**	**163**
		16,351	**-**	**-**	**16,351**

k) Commodity risk management

As a precious metals producer the Group's revenue is exposed to gold price fluctuations. The Group has entered into gold forward sale contracts to manage its exposure to movements in commodity prices. The Group's derivative financial instruments at reporting date are disclosed in the table below.

Gold Forward Contracts

The Group has entered into gold forward sale contracts to effectively fix the US dollar cash flows receivable on its production. These gold forward sale contracts are designated as cash flow hedges. Hedge accounting for cashflow designated hedges allows the gains and losses on the derivative to be recognised in a Hedging Cash Flow Reserve in equity and reclassified to the profit and loss statement when the underlying production is realised, consistent with the Group's overriding risk management strategy and requirements under the Investec Facility.

The following table details the Group's gold forward contracts outstanding at reporting date:

	2017 Ounces	2016 Ounces	**2017 Weighted Average Price US$/oz**	2016 Weighted Average Price US$/oz
Forward Sales Contracts				
Gold Maturing: within 12 months	**35,500**	48,000	**1,155.26**	1,103.50
Gold Maturing: greater than 12 months	**-**	18,000	**-**	1,103.50
Total Gold Forward Contracts	**35,500**	66,000	**1,155.26**	1,103.50

At 30 June 2017, the aggregate loss under the gold commodity contracts recognised in other comprehensive income as part of the Hedging Cash Flow Reserve net of tax is $13,607,000 (2016: $20,304,000 loss). Sales in relation to these contracts will occur during the financial year ended 30 June 2018, at which time the amount deferred in equity will be reclassified to profit or loss (refer Note 21).

32. FINANCIAL INSTRUMENTS (CONTINUED)

Sensitivity analysis - gold and silver price

The sensitivity analysis below is based on the actual quantities of gold and silver ounces sold during the year and the stipulated price change.

	2017 ($'000)	2016 ($'000)
Judgements of reasonably possible movements		
Gold Price +/- A$50.00/oz		
- Post tax profit - higher/(lower)	**2,035**	2,083
- Total equity - higher/(lower)	**2,035**	2,083
Silver Price +/- A$0.80/oz (discontinued operations)		
- Post tax profit - higher/(lower)	**-**	1,016
- Total equity - higher/(lower)	**-**	1,016
Total A$		
- Post tax profit - higher/(lower)	**2,035**	3,099
- Total equity - higher/(lower)	**2,035**	3,099

During 2017, Group sensitivity to gold prices stayed reasonably consistent Fair Value of Financial Assets and Liabilities.

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective fair values, determined in accordance with the accounting policies disclosed in Note 1.

The fair value of cash and cash equivalents and interest and non-interest bearing monetary financial assets and financial liabilities approximates their carrying value, with exception of the total debt facilities which had a carrying amount of $32,742,000 (2016: $49,235,000) compared to a face value of $35,378,000 (2016: $52,665,000). The face value of debt equates to its fair value because it has a variable interest rate. Hedge assets and liabilities have been disclosed as per Note 32(k).

l) Fair value measurements recognised in the consolidated statement of financial position

Where the Group holds certain shares in listed entities these shares are measured at fair value subsequent to initial recognition based on the closing quoted price of shares. All such investments are classified as available for sale (AFS). At 30 June 2017 the Group AFS investment was carried at value of $180,000 (2016: Nil).

The AFS investments are classified as level 1 within the fair value hierarchy as per AASB 7 ‘Financial Instruments: Disclosures’, and the Commodity forward sale contracts accounted for as cash flow hedges included in Note 32(k) are classified as level 2. There were no financial assets or liabilities categorised as level 3 held during the current or previous year.

The fair value of the option for Casposo (refer Note 16) for financial year ended 30 June 2017 is considered to be $Nil based on a level 3 valuation.

32. FINANCIAL INSTRUMENTS (CONTINUED)

Financial Assets/financial liabilities	**Gold Forward contracts** (Refer to Note 32(k))
Fair value as at 30.6.17	$4,274,000 (Liability)
Fair value as at 30.6.16	$19,878,000 (Liability)
Fair value hierarchy	Level 2
Valuation technique(s) and key input(s)	Mark to Market. Forward Price Fair value of this cash flow hedge was estimated using observable spot gold price inputs in combination with spot price parameters and mark to market valuations as provided by counter parties as at the reporting date. Key inputs used include commodity spot rates (Gold), remaining contract term, contango of underlying metal (Gold), base currency discount rate (USD) and spot exchange rate (USD/AUD).
Significant unobservable input(s)	N/A
Relationship of unobservable inputs	N/A

33. NOTES TO THE CASHFLOW STATEMENT

a) Reconciliation of Cash

For the purposes of the Cash Flow Statement, cash and cash equivalents includes cash on hand and in banks and investments in interest bearing deposits. Cash and cash equivalents at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Statement of Financial Position as follows:

	2017 ($'000)	2016 ($'000)
Cash at bank	**3,575**	995
Cash at bank – overseas	**5,171**	2,331
Short term Interest bearing deposits – Australia	**109**	110
	8,855	3,436

b) Cash not available for use

At balance date, $333,361 (2016: $343,054) was held in support of bank guarantees and credit card facilities. Troy also holds $39,246 (2016: $40,607) cash in Australian and United Kingdom bank accounts to cover unpresented dividend cheques.

33. NOTES TO THE CASHFLOW STATEMENT (CONTINUED)

c) Reconciliation of Net Cash provided by Operating Activities to Net (Loss) / Profit after Income Tax

	2017 ($'000)	2016 ($'000) Restated*
Operating loss after income tax	**(148,203)**	(90,819)
Depreciation of property, plant and equipment	**18,205**	12,508
Amortisation of mining properties	**21,793**	20,724
Rehabilitation provisions unwinding of discount	**416**	283
Loss/(gain) on sale of plant & equipment	**4**	(5,932)
Loss on disposal of subsidiary	**-**	1,905
FCTR recycle to P&L - Argentina	**-**	71,333
FCTR recycle to P&L - Brazil	**-**	16,040
Loss/(gain) foreign exchange unrealised	**3,212**	(2,347)
Equity settled share-based payments	**(2)**	77
Interest income received and receivable	**(216)**	(334)
Hedge finance costs	**-**	(1,779)
Hedge restructure amortisation	**-**	1,764
Finance costs	**4,282**	4,819
Share of net profit/(loss) of associate accounted for using the equity method	**(2,878)**	1,806
Impairment loss (before tax)	**108,401**	-
VAT write-off	**872**	-
Changes in operating assets and liabilities [(1)]:		
Decrease in income and deferred tax	**(11,977)**	(6,025)
Decrease / (increase) in current receivables	**1,470**	(1,369)
(Increase)/decrease in inventories	**(5,931)**	2,850
Increase / (decrease) in provisions	**(2,591)**	(984)
Increase / (decrease) in payables	**11,350**	3,821
Net Cash (used)/provided by operating activities	**(1,793)**	28,341

(1) excludes net (decrease) on disposal of subsidiary.

*Refer to Note 1(s) for details of the restatement which is a result of errors.

d) Non-Cash Financing and Investing Activities

During the year, the Group entered into the following non-cash investing and financing activities which are not reflected in the consolidated statement of cash flows:

- Troy issued 2,777,598 ordinary shares amounting to $388,864 to Investec pursuant to a restructure of the Group's debt facility.

Notes to the consolidated financial statements

34. PARENT ENTITY DISCLOSURES

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

Financial Position	2017 ($'000)	2016 ($'000) Restated*
Assets		
Current assets	**3,845**	5,366
Non-current assets	**97,434**	225,906
Total assets	**101,279**	231,272
Liabilities		
Current liabilities	**(4,904)**	26,721
Non-current liabilities	**(33,008)**	49,549
Total liabilities	**(37,912)**	76,270
Net Assets	**63,367**	155,002
Equity		
Issued capital	**353,639**	314,836
Accumulated losses – opening	**(168,831)**	(145,329)
Current year (loss)	**(130,618)**	(23,502)
Reserves		
Available for sale reserve	**180**	-
Option premium	**9,243**	8,878
Hedge cash flow	**-**	-
Foreign exchange translation	**(246)**	119
Total Equity	**63,367**	155,002
Financial Performance		
Dividends received from subsidiaries	**4,594**	2,283
Interest and management fees charged to subsidiaries	**5,783**	7,150
Other Income	**229**	306
Share of net profit/(loss) of associate accounted for using the equity method	**2,878**	(1,806)
Hedging and foreign exchange (loss)/gains	**(4,517)**	5,122
Borrowing costs	**(4,749)**	(4,766)
Administration, corporate and other expenses	**(5,052)**	(5,318)
Group hedging expense	**13,607**	(20,304)
(Impairment)/(loss on sale) of subsidiary	**(143,391)**	(3,649)
Income tax expense	**-**	(2,520)
(Loss) for the year after tax	**(130,618)**	(23,502)
Other comprehensive income	**(154)**	4,906
Total comprehensive income	**(130,772)**	(18,596)

*Refer to Note 1(s) for details of the restatement which is a result of errors.

34. PARENT ENTITY DISCLOSURES (CONTINUED)

i. Contingent liabilities of the parent entity

	2017 ($'000)	2016 ($'000)
Bank guarantees - General	**116**	123

There are no contingent liabilities other than:

a) General bank guarantees to financial institutions of $116,476 (2016: $123,476), of which $70,000 (2016: $70,000) is cash backed.

ii. Commitments for the acquisition of property, plant and equipment, by the parent entity

As at 30 June 2017, the parent entity held no commitments for the acquisition of property, plant and equipment (2016: $Nil).

35. EVENTS OCCURRING AFTER BALANCE DATE

1) On 15 August 2017, the Company advised that it had received purported notices under sections 203D and 249D of the Corporations Act 2001 (Cth) ("Notices") from the Singaporean company, Republic Investment Management Pte. Ltd ("Republic") being a member of Troy with at least 5% of the votes that may be cast at a general meeting.

   The Notices require the company to hold a general meeting to consider resolutions for the appointment of Mr Greg Foulis, Mr Russell Middleton and Mr Jeffrey Williams as directors of the Company and the removal of existing directors Mr John Jones and non-executive chairman, Mr Peter Stern.

   The Company has called a general meeting at 10am on 10 October 2017 for shareholders to vote on the resolutions.

2) On 31 August 2017, the Company advised that it was in technical breach of its Revolving Debt Facility (**Facility**) with Investec Bank plc (**Investec**).

   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. The Minimum Liquidity Amount increased from A$7.5 million to A$10 million on 31 July 2017. The Company advised that it has not been able to comply at all times since 31 July 2017 with this this requirement.

   On 31 August 2017, 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, 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.

3) On 15 September 2017, the Company reached an agreement with Investec to amend the terms and structure of its Revolving Debt Facility (**Facility**).

35. EVENTS OCCURRING AFTER BALANCE DATE (CONTINUED)

Subject to the parties entering into formal documentation, the key amendments include:

1. A reduction in the Minimum Liquidity requirement from A$10 million to A$5 million.
2. A reduction in the Minimum Tangible Net Worth requirement from A$100 million to A$50 million.
3. A reduction in the 30 September 2017 loan repayment amount from US$3 million to US$1 million with the other US$2 million deferred to later periods. The revised repayment schedule is as follows:

Date	Existing Repayment Schedule		Amended Repayment Schedule	
	Facility Limit (US$'000)	Repayment (US$'000)	Facility Limit (US$'000)	Repayment (US$'000)
Current	24,192		24,192	
30-Sep-17	21,192	-3,000	23,192	-1,000
31-Dec-17	18,192	-3,000	20,192	-3,000
31-Mar-18	15,192	-3,000	16,192	-4,000
30-Jun-18	10,192	-5,000	11,192	-5,000
30-Sep-18	5,192	-5,000	5,192	-6,000
31-Dec-18	-	-5,192	-	-5,192

4. A restructuring of the hedge book such that the next hedge will mature in October 2017 and will extend over a longer period with lower monthly hedged amounts.
5. The inclusion of a new Key Person covenant, under which it will be an Event of Default if any of the existing Troy Directors, Chief Executive Officer, Chief Operating Officer, or Chief Financial Officer or any equivalent person resigns or is replaced and such replacement does not (in Investec's opinion, acting reasonably) have the requisite skill, knowledge and experience.
6. The inclusion of a pre-payment fee if the Facility is pre-paid or refinanced at any time prior to the scheduled maturity date.

Subject to the parties completing formal documentation amending the Facility on the terms described above:

- The impact of amendments 1 and 2 is that Troy is no longer in technical breach of its obligations under the Facility as set out in the Company's 31 August 2017 announcement.
- The impact of amendment 3 is that Troy is only required to pay US$1 million as a loan repayment on 30 September 2017.
- The impact of amendment 4 is that the level of monthly hedging will be more closely aligned to production levels from the Karouni Project, enabling price protection out to March 2019 (if required) instead of being front-ended as it is at present.
- The impact of amendment 5 is that, if the existing key persons leave and are not replaced by persons satisfactory to Investec, the facility may become repayable in full.

36. ADDITIONAL COMPANY INFORMATION

Troy Resources Limited is a listed public company, incorporated and operating in Australia with subsidiary companies operating in Guyana, Argentina, Brazil and Canada.

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Directors' declaration

In the directors' opinion:

a. the financial statements and notes set out on pages 19 to 90 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 2017 and of its performance for the financial year ended on that date, and

b. 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

P A Stern
Chairman

K K Nilsson
CEO & Managing Director

Perth, Western Australia
27 September 2017

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 2017 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 2017
- the consolidated statement of profit or loss for the year then ended
- the consolidated statement of comprehensive income 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 a summary of significant accounting policies
- 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 and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (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.

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Material uncertainty related to going concern

We draw attention to Note 1 in the financial report, which indicates that the Group incurred a net loss of $148.20 million during the year ended 30 June 2017 and, as of that date, the Group's current liabilities exceeded its total assets by $42.99 million. As a result the company is dependent on receiving the continuing financial support of its shareholders and creditors. 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.

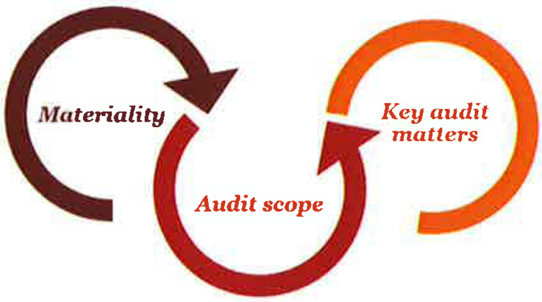
Our audit approach

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. The group engagement instructed and supervised the component auditors, including making a visit to the Guyana mine site and meeting the component auditors, and were responsible for the group audit.



Materiality

- For the purpose of our audit we used overall Group materiality of $2.4 million, which represents approximately 5% of the Group's adjusted loss before tax, excluding impairment loss
- 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 loss before tax because, in our view, it is the metric against which the performance of the Group is most commonly measured. We adjusted for impairment loss as they are unusual and infrequently occurring items impacting profit and loss.
- We utilised a 5% 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.
- During the year the group engagement team visited the Karouni mine site and also met with the component team in Georgetown, Guyana. As part of the Group level procedures the group engagement team also performed an assessment of the component team audit file and working papers.

Key audit matters

- Amongst other relevant topics, we communicated the following key audit matters to the Audit Committee:
  - Material uncertainty related to going concern
  - Impairment assessment of the Karouni CGU
  - Consideration of opening balances
- These are further described in the *Key audit matters* section of our report except for the material uncertainty related to going concern matter which is described in the *Material uncertainty related to going concern* section.

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.

Key audit matter	*How our audit addressed the key audit matter*
Impairment assessment of the Karouni CGU *(Refer to note 14 and Critical accounting estimates and judgements in note 2 of the financial report) $108.4 million* The Group's financial report includes significant non-current assets at 30 June 2017 which consisted of Mine Property and Property, Plant and Equipment relating to the Group's Karouni gold mine and associated infrastructure in Guyana. Due to the net assets of the Group exceeding its market capitalisation and operational performance issues, the Group identified indicators of impairment in its Karouni Cash Generating Unit (CGU) during the year.	We performed the following audit procedures, amongst others: • assessed whether the composition of the Karouni CGU was consistent with our knowledge of the Group's operations. • evaluated the Group's assessment that there were indicators of asset impairment at 30 June 2017. • assessed whether the Karouni CGU appropriately included all directly attributable assets, liabilities and cash flows. • considered if the discounted cash flow model used to estimate the recoverable amount of the Karouni CGU on a 'fair value less cost of disposal' basis (the impairment model) was consistent with Australian Accounting Standards.

Key audit matter	*How our audit addressed the key audit matter*
As a result, the Group tested the Karouni CGU for impairment. Impairment charges of $88.4 million were recognised in the financial report against Mine Property and $20.0 million against Property, Plant and Equipment as a result of the Group's impairment assessment. 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. This assessment involved significant judgements made in relation to key assumptions. The most significant areas of judgments relate to: - forecast of short and long term gold prices - reserve and resource estimates and production and processing volumes - operating costs, capital expenditure, foreign exchange rates and inflation rates - timing of project development for projects with reserves or resources outside of the current mine plan - discount rates. Given the level of judgement involved, the magnitude of the Karouni CGU assets and the impairment charge recognised in the Group's financial report, we determined that this was a key audit matter.	• tested that the impairment model included an appropriate estimated transaction cost associated with selling the Karouni CGU. • compared the forecast cash flows used in the impairment model to the most recent budgets and business plans approved by the Board. • considered whether the forecast cash flows in the impairment model were reasonable and based on supportable assumptions, by: o comparing short and long term gold pricing data used in the impairment model to independent industry forecasts o comparing the forecast gold production over the life of mine to the Group's most recent reserves and resources statement o comparing the forecast cash flows to actual cash flows for previous years to assess the historical accuracy of the Group's forecasting o comparing foreign exchange rate and inflation rate assumptions in the impairment model to independent economic forecasts, and o assessing the Group's discount rate calculations in the impairment model, including having regard to the inputs utilised in the Group's weighted average cost of capital, assisted by PwC valuation experts • performed sensitivity analysis on the key assumptions used in the impairment model. • performed tests of the mathematical accuracy of the impairment model calculations and agreed the impairment charge calculated in the model to the impairment expense recognised in the consolidated statement of profit or loss and other comprehensive income. • evaluated the adequacy of the disclosures made in note 14, including those regarding the key assumptions and sensitivities to changes in such assumptions, in light of the requirements of Australian Accounting Standards.

Key audit matter	*How our audit addressed the key audit matter*
Consideration of opening balances *(Refer to note 1(s))* In line with the Australian Auditing Standards for an initial audit engagement, the audit work completed on the Group's opening balance sheet as at 1 July 2016 (opening balances) was performed with the primary objective of obtaining evidence as to whether the Group's opening balances contained material misstatements which may affect the Group's 2017 financial statements. We considered work performed on the Group's opening balances a key audit matter due to the significance of the identified adjustments to the opening balances as described in note 1(s) of the financial report.	We performed the following audit procedures, amongst others: • obtained access to the former auditor's audit file for the year ended 30 June 2016 to assess the level of work performed over the Group's opening balances. This included discussions with the former auditor on important matters identified in the audit file. • agreed the Group's financial statements at 30 June 2016 to the Group's opening trial balance position at 1 July 2016 to check that the opening balances have been correctly rolled forward. • considered whether the accounting policies of the Group were consistent with the requirements of Australian Accounting Standards. • obtained and read all significant agreements and contracts on hand at 1 July 2016, including loan agreements, hedging arrangements and the sale contract for the Casposo asset to consider the possible impact on the opening balances. • Tested the calculation of the associated impact on each of the financial statements of financial years 2017, 2016 and 2015 by considering the relevant balance sheet position for each year. From the above procedures three prior period errors were identified. These have been disclosed in note 1(s) of the financial report. We considered the adequacy of the disclosures made in the financial report in relation to the errors.

Other information

The directors are responsible for the other information. The other information included in the Group's annual report for the year ended 30 June 2017 comprises the Directors' Report (but does not include the financial report and our auditor's report thereon) which we obtained prior to the date of the auditor's report. We expect other information to be made available to us after the date of this auditor's report, including the Chairman's review, CEO's report, Operations update, Exploration update, Mineral reserves & resources statement, Corporate governance statement, Shareholder statistics and the Corporate directory and Corporate profile.

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 identified above 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 have 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.

When we read the other information not yet received as identified above, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action to take.

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: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

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Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 9 to 16 of the directors' report for the year ended 30 June 2017.

In our opinion, the remuneration report of Troy Resources Limited for the year ended 30 June 2017 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

Ben Gargett
Partner

Perth
27 September 2017

CORPORATE DIRECTORY

Directors
Peter A Stern (Non-Executive Chairman)
Ken K Nilsson (CEO & Managing Director)
John L C Jones (Non-Executive Director)

Company Secretary
Gerard Kaczmarek

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Bankers
- National Australia Bank Limited
- Investec Bank Plc

Stock Exchanges for Quoted Securities
Australian Stock Exchange
Fully Paid: TRY
Frankfurt Stock Exchange, Germany
Fully Paid: TRW

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