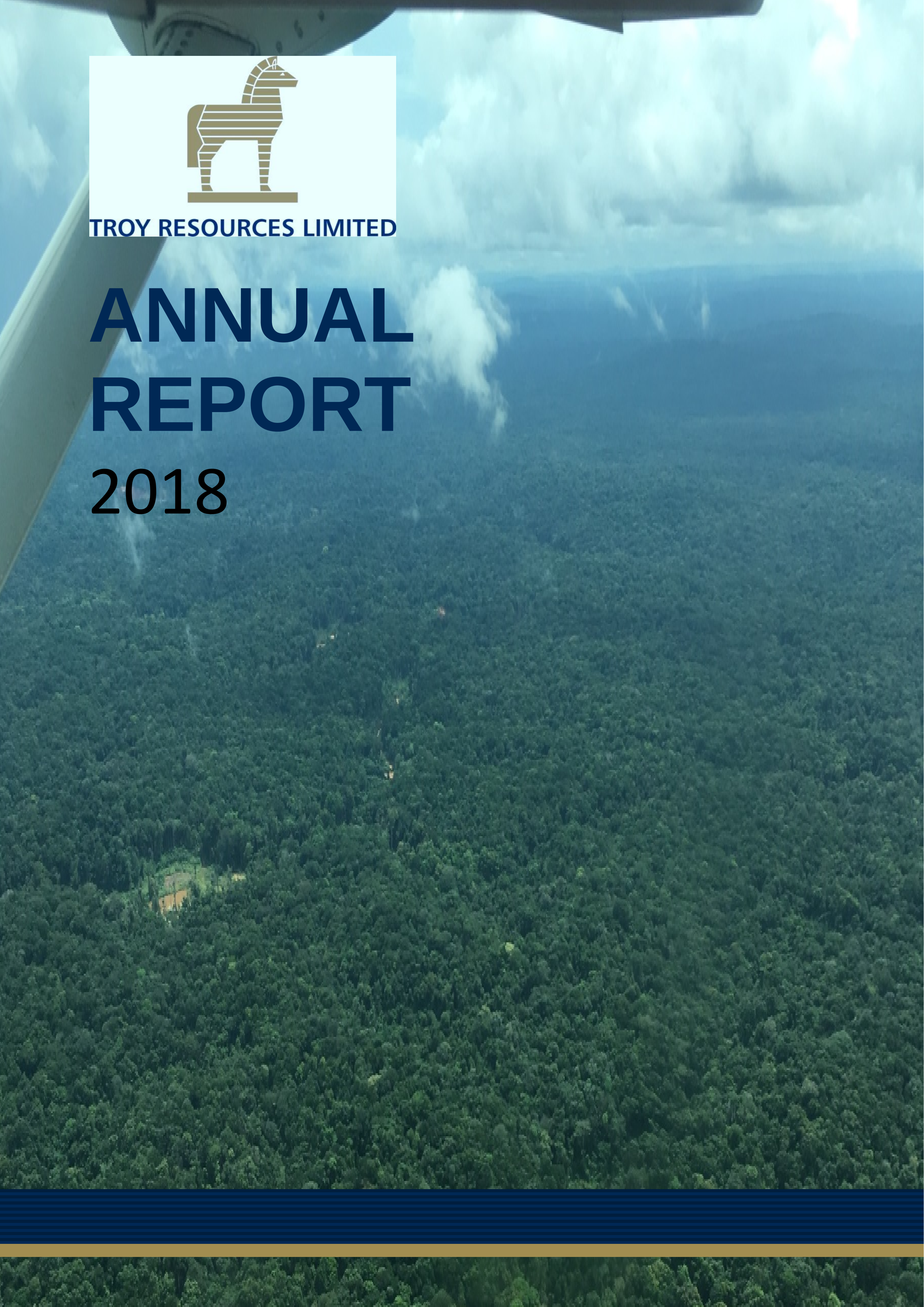

TROY RESOURCES LIMITED

ANNUAL REPORT

2018

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WELCOME TO KABURI
HERITAGE DAY
2018
KABURI
WELCOME TO KA
TOO-GOO-JEE BA

CORPORATE PROFILE

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

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.

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

WHAT WE ACHIEVED THIS YEAR

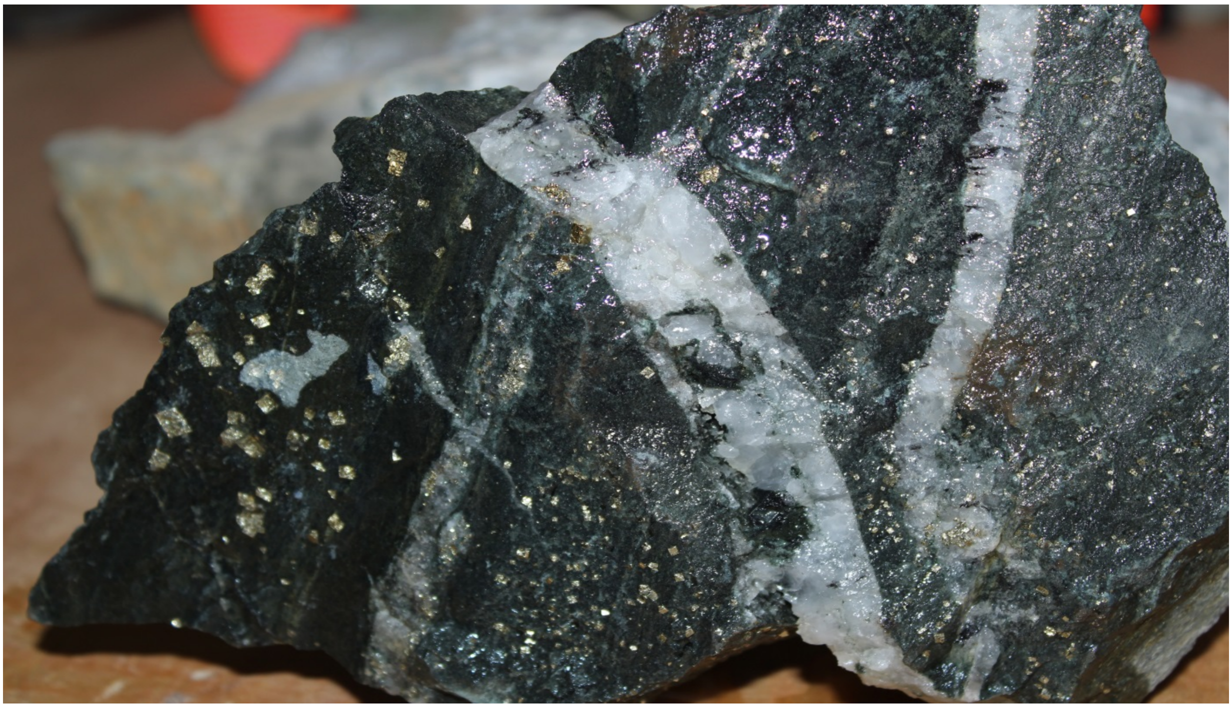
Karouni gold project produced 70,207oz (2017: 56,200) at an All-in Sustaining Cost of US$931/oz (2017:US$1,345/oz).

Access regained to Smarts 3 Pit leading to increased grade and ore mined and a strong improvement in gold production.

Significant improvement in cost controls leading to lower operating costs.

Recommencement of exploration activities late in the year.

Debt facility reduced substantially to US$11.2 million at year's end (2017:US$27.2 million).



CHAIRMAN'S REVIEW

Dear Shareholders

I am pleased to present to you the 2018 Annual Report, my second since being appointed as a Non-Executive Director and Chairman in mid-2017.

After all the challenges of the previous year – culminating in the wall failure in the Smarts Stage 3 pit in December 2016 – I believe that much progress has been made in the last twelve months.

Indeed, in last year's Chairman's Review, I wrote that the budget for the 2018 financial year saw production guidance from Karouni of 60,000 to 70,000 ounces of gold. Pleasingly, at 70,207 ounces produced, we exceeded the upper end of the budgeted range, achieving an increase of approximately 25% on production of 56,200 ounces from the previous year. This included production of 21,703 ounces in the March Quarter, representing the highest quarterly production figure at Karouni since operations commenced.

Consistent with the increased production, sales revenue increased approximately 26% to $115.7 million from $91.8 million the previous year.

In last year's Chairman's Review, I also wrote that we anticipated that All-in Sustaining Costs would also decrease significantly in the forecast period which indeed they did, being an average US$931 per ounce in 2018, a decrease of approximately 31% from the US$1,345 per ounce recorded the previous year.

The combination of increased sales and lower costs resulted in the generation of significant additional free cash.

With that at our disposal, we were able to reduce our debt to Investec by approximately US$16 million, from approximately US$27.2 million at the start of the year to US$11.2 million at the end. Subsequent to year's end, we have repaid a further US$3 million to reduce the outstanding debt to US$8.2 million.

Notwithstanding the years achievements, with significant monies still owing to both Investec and trade creditors, Troy's financial position going forward remains challenging.

Moreover, with gold in Reserves at year end of only approximately 120,000 ounces, Troy has a relatively short mine life in the absence of either the conversion of the company's substantial Resources or a new discovery.

During the year, approximately $1 million was spent on exploration, primarily the infill drilling of the Spearpoint and Larken prospects.

Given the lead times involved from exploration to proving up of reserves, it would have been appropriate for Troy to have spent a significantly greater amount on exploration had it been in a financial position to do so.

Troy recently acquired the highly attractive Ohio Creek Prospect from a Guyanese prospector group. This, together with a suite of highly prospective, highly underexplored targets already owned by Troy including Upper Itaki, Gem Creek and Goldstar, each of which is only approximately 10 kilometres from the Karouni mill, provides significant encouragement that, in due course, there is every likelihood that significant additional reserves will be identified.

Troy has allocated approximately $1.5 million to evaluating these targets later this calendar year.

In 2018, Troy continued to focus on environmental responsibilities, further enhancing its reputation in Guyana.

During the year, Republic Investment Management Pte Ltd, which then held 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 held on 10 October 2017, each of these resolutions was defeated such that the Board remained unchanged, though with the Company unable to avoid the burden of both significant time wasted and the incurrence of significant costs.

In September 2018, Investec agreed to further amendments to the Company's debt facility. As I write, the outstanding balance of the facility is approximately US$8.2 million with US$4.2 million due on 31 December 2018 and the balance on 31 March 2019.

The Budget for the 2018/9 financial year sees production guidance of 65,000 to 75,000 ounces of gold. The updated Life-of-Mine plan based on currently interpreted reserves will see gold production of 120,000 ounces over the next two years.

The operational and financial achievements Troy has engineered over the last twelve months are in no small part due to the substantial efforts of our Managing Director, Mr Ken Nilsson, in what at times were exceedingly difficult circumstances. I wish to record my sincerest thanks to Ken and his outstanding team at Karouni.

Thanks, also, to my fellow Director, Mr John Jones, whose importance to the Company will increase significantly as our attention turns increasingly to exploration. I also extend a very big welcome to Mr Richard Beazley who has recently joined the Board. I know Richard has much to contribute.

I also take this opportunity to thank all contractors, consultants and other stakeholders for their significant efforts, assistance and forbearance during the year.

Finally, a big thanks to you our shareholders for all your support and patience. Like last year, I give you my unwavering commitment to do what I can to restore further value in 2019.

Yours sincerely

Peter Stern
Non-Executive Chairman

CEO'S REPORT

Ladies and Gentlemen, Shareholders, Friends,

The past year provided a significant challenge for Troy as a company. There were challenges managing bank repayments, challenges with forward sales pricing and a long list of creditors and challenges to the Board just to mention a few. On the operational side, we were able to meet the challenges well so that, by the end of the year, most issues were in hand. The challenges will remain for some time on many fronts but, with a new mine plan and life of mine schedule, we are now in a better position to clear most remaining hurdles.

The turnaround for Troy can't be pinned to only one person but is rather a reflection of the concerted and professional effort across the staff and workforce in general under the leadership of our current General Manager in Guyana, Eric Olson. A generally good relationship with governmental agencies and support when needed has provided a helpful addition to the Company's efforts in going forward. The ongoing support of suppliers and creditors is also greatly appreciated. Sadly, our safety performance has deteriorated somewhat in the last few months with considerable effort now being made to remedy this. It is noteworthy that all licenses and permits are up to date and no environmental issues were raised during the year.

At the current time, with a dwindling reserve base, the decision to re-start and accelerate exploration to convert resources to reserves is strongly vindicated and the work is well under way to conduct a well-focused exploration campaign based on known areas of gold occurrence through drilling and other work. The acquisition of the Ohio Creek Prospect opens the door to a promising near term source of mill feed and complements the Company's tenement position in what we consider a high potential structural environment where Troy holds most of the nearby ground. Of particular interest going forward has been the discovery of new targets at either end of the project area which holds promise to find new resources over time. With limited funding, the new exploration team under the leadership of our longest serving geologist has done a sterling job.

Mining machinery availability, always a challenge when working in a jungle environment, is an ongoing issue. An aging fleet also brings its own challenges.

With the challenges over the last year, the pressure has been very high in terms of financial matters. The need to bring the corporate head office performance up to a good standard with a minimum of staff was concluded in a professional manner, whilst rationalising the Company structures where possible during the year.

Going forward, I am confident that, with the current upside in exploration, the ongoing excellent operating performance, a focus on cost savings, training, and a dedicated workforce, we can look to the future with some optimism. The main focus is now on increasing our reserves by converting our resource base to reserve status, good exploration through innovative thinking. Together with the strong support of staff, this will see us re-build Troy in a meaningful way to grow shareholder value.

Ken Nilsson
CEO & Managing Director

OPERATIONS GUYANA

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

OCCUPATIONAL HEALTH AND SAFETY

The Company remains strongly committed to the long-term health and safety of its employees. In April 2017, safety programme efforts were increased, including the introduction of the SLAM (Stop. Look. Analyse. Manage.) program. After initiation of the programme, the Company saw an immediate decrease in both the Lost Time Incidents Frequency Rate ("LTIFR") and the Total Recordable Injury Frequency Rate ("TRIFR").

The Karouni operation recorded 1.5 million-man hours during the year. The TRIFR (measured as recordable incidents per 1,000,000-man hours) has increased and is currently at just over 20. There were nine lost time incidents during the year which is a 22% decrease. Unacceptably, seven of the nine LTI's occurred in the last four months of the year.

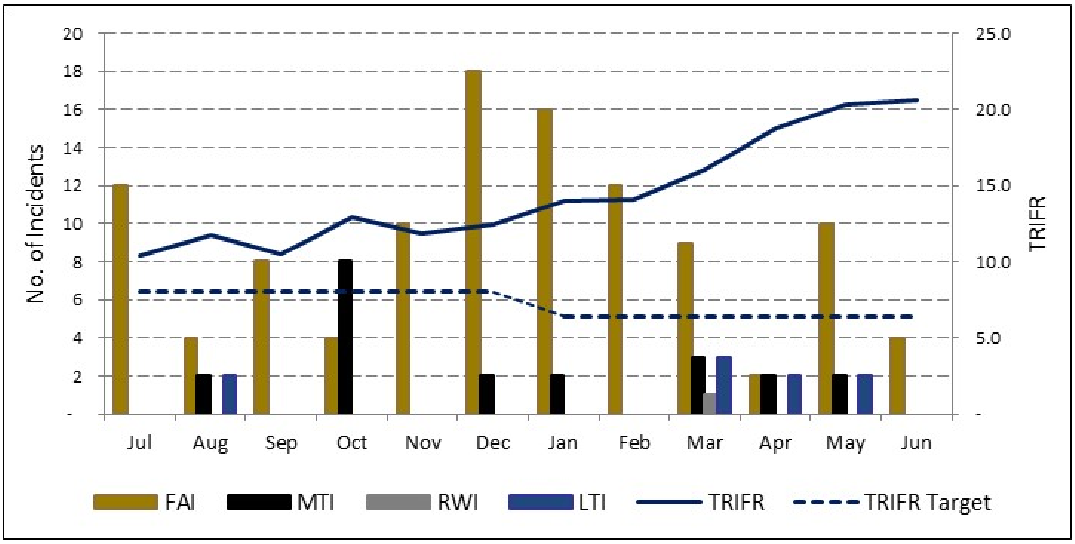


Figure 1: Total Recordable Frequency Rate FY18

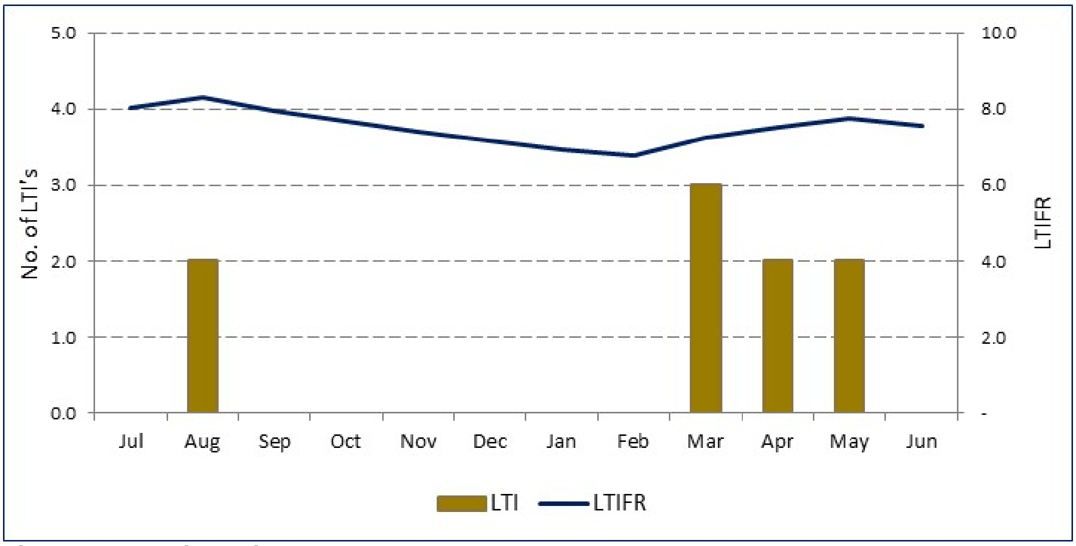


Figure 2: Lost Time Injury Frequency Rate FY18

OPERATIONS SUMMARY

Key Operating Statistics FY 18

KPI		Sept 17	Dec 17	March 18	June 18	FY 18
Processing:						
Dry Tonnes Milled	t dry	238,646	222,785	214,681	195,548	871,660
Grade Milled	g/t	1.84	2.42	3.27	3.19	2.64
Recovery	%	91.3	93.6	96.0	97.2	94.9
Recovered Ounces	oz.	12,885	16,109	21,703	19,510	70,207
Mining:						
Tonnes Ore	t dry	276,915	277,177	271,492	170,945	996,529
Average Grade	g/t	1.72	2.74	2.49	2.10	2.28
Tonnes Waste	t dry	1,711,520	1,242,131	834,877	850,760	4,639,288
Total Tonnes	t dry	1,988,435	1,519,308	1,106,369	1,021,705	5,635,817

All permits and licenses are up to date and the Company is in full compliance with its ongoing environmental and operational requirements. The Company has initiated the permitting process for the mining of the satellite deposits at Larken and Spearpoint. The Company does not expect any issues or delays with regards to receiving permits for these projects and these additional mining permits could be received as early as the end of December 2018.

The Company completed trial rehabilitation programmes on select areas. This rehabilitation has been generally successful and the Company plans to expand the trial in the coming year. The Company currently has over 7,000 seedlings in the nursery, most of which will be planted during the coming year.

OPERATIONAL REVIEW

The Company completed its operator training plan during the year with most of the Company's operators receiving certificates of competency from both the equipment manufacturer and the Company. With the initial training objectives completed, the training program is now focusing on refresher training and individual training where needed.

During the year, all contractors supplying mining equipment were phased out according to plan. Two additional ADT 40 tonne articulated trucks were added to the fleet. The addition of these trucks and the elimination of mining contractors has had a positive impact on costs and productivity.

During the year, the site moved past the operational challenges of the previous years. Smarts 3 pit was remediated and there has been uninterrupted production from this area since the second quarter of the year. In addition, the ROM stockpiles have increased substantially and, therefore, the rain and other weather events no longer pose a threat to gold production. Finally, issues in the crushing circuit have been ironed out making it more reliable such that the plant is now comfortably producing at design levels for sustained periods.

During the September quarter, despite the heavy rainfall, mine production was consistent with activities focused on the remediation of Smarts 3 pit enabling the ROM stockpile to increase.

Mill throughput was excellent but gold production was low at 12,885 ounces due to the low head grade from treating lower grade material while awaiting material from the recommencement of mining from Smarts 3.

Early in the December quarter, access to Smarts 3 was re-established and higher grades in Smarts 4 saw ore production of 222,785 tonnes at a much improved an average grade of 2.42 g/t Au, which resulted in higher gold production despite a 7% decrease in tonnes milled which was more than offset by a 32% increase in grade milled. Gold production for the quarter was 16,109 ounces. The reduction in tonnes milled was a result of unscheduled maintenance activities and a partial mill reline. Just as importantly, the ROM stockpile continued to increase.

During the March quarter, a total of 1,106,000 tonnes of material were mined, including 271,000 tonnes of ore at an average grade of 2.49 g/t Au. The decrease in total mined tonnes generally reflected the anticipated changes in the mining plan as per the budget. However, during February, production volumes were affected by low availability of mining equipment, mainly excavators. Mining activities for the quarter again focused on the high-grade areas of Smarts 3 and 4 with predominately waste stripping occurring at Hicks.

Also during the March quarter, tonnes processed were below budget due to unscheduled mill downtime in January and screening issues in February. The reduction in tonnes milled was more than offset by a 35% increase in the grade milled of 3.27 g/t Au, with gold recovery for the quarter at 96.0%, up substantially on previous quarters. Gold production for the quarter was a record for the project of 21,703 ounces.

In the June quarter, production volumes were somewhat affected by low availability of mining equipment, restricted mining space due to the narrowing of the Smarts 3 and 4 pits and the usual wet season weather.

Processing saw a 9% decrease from the previous quarter because of material handling problems due to the wet nature of the ore and several unplanned mill stoppages due to breakdowns. The reduction in tonnes milled from budget was more than offset by increased mill head grade, resulting in total gold production of 19,510 ounces, exceeding budget.

As at 30 June 2018, stockpiles of ROM and crushed ore encompassed 167,000 tonnes at an average grade of 1.67 g/t for 8,945 ounces.

During the year, the Company completed its cost initiative review and productivity programme. Some of the results are summarized in the tables below.

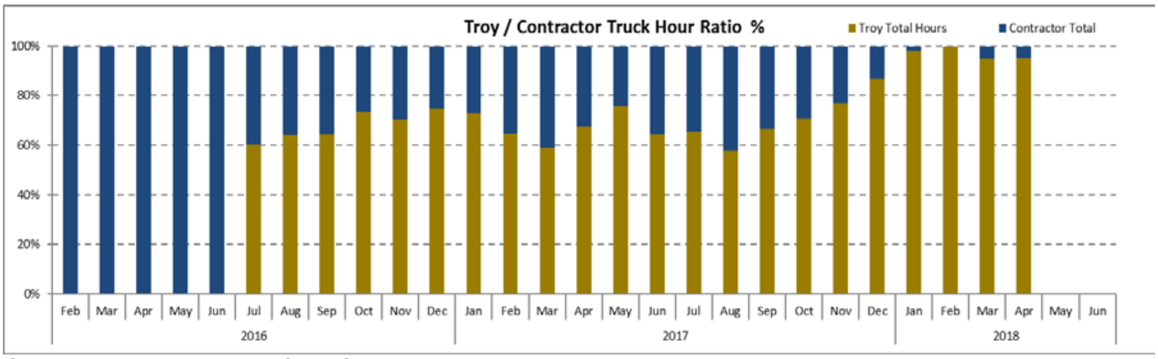


Figure 3: Contractor Truck Ratio

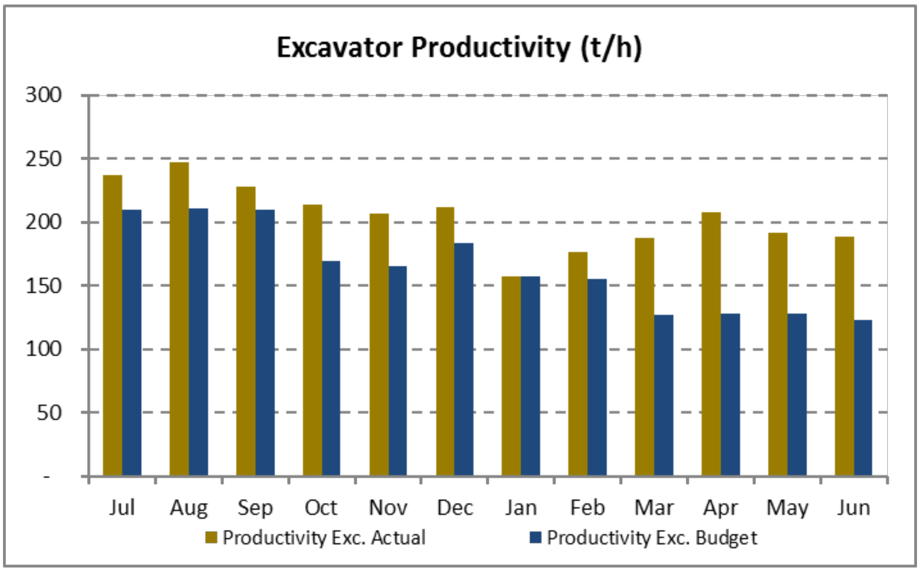


Figure 4: Excavator Productivity (t/hr)

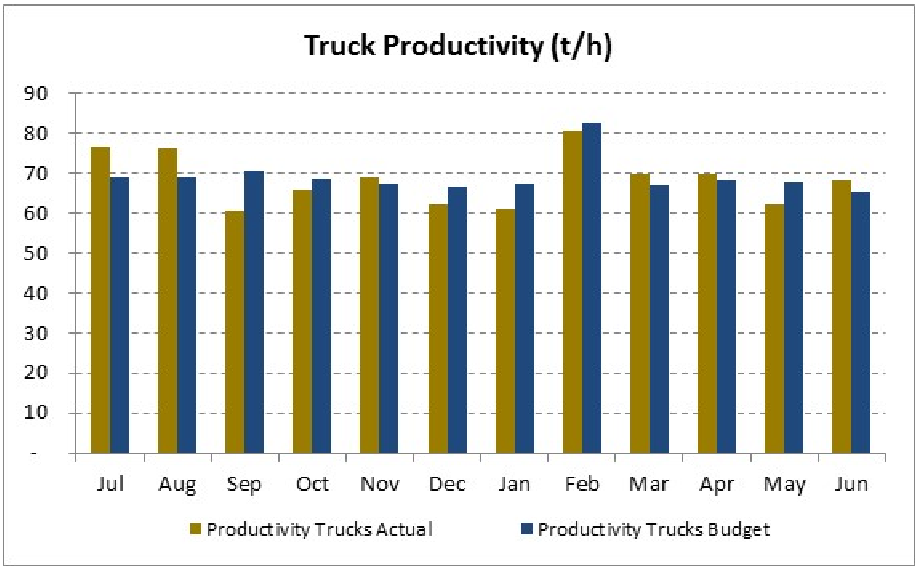
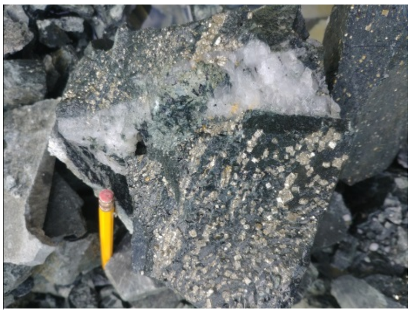


Figure 5: Truck Productivity (t/hr)



ARGENTINA –

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

In March 2016, the Company sold a 70% interest in the Casposo operation in Argentina to Austral Gold Limited (Austral).

Under the agreement, Austral holds options 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 average in excess of US$16/oz. over the year prior to each option exercise date the exercise price increases depending upon the average silver price.

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

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. All activities at site have now ceased with mainly monitoring of rehabilitation remaining as required under the closure plan. Ongoing requests from the DNPM (the Brazilian mines department) for various reports have delayed the final closure date but there are no fatal flaws.

EXPLORATION GUYANA

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

The past year was a slow and disjointed one for exploration activities. With the challenges in the mine and the consequent financial constraints, it was necessary to put field exploration on hold for the first half of the financial year. Subsequent improvements in mining operations and strong gold production allowed exploration activities to re-commence in December 2017.

During that first part of the year, time was used to re-rank targets and focus on exploration programs for future years. Additionally, business development reviews were undertaken and produced new ideas and potential targets for exploration work. The evaluation resulted in the decision to acquire the Ohio Creek Prospect from its Guyanese owners. The consensus was for future exploration work to concentrate on the highly prospective Goldstar-Gem Creek corridor which is to the north of, and broadly parallel to, the Smarts-Hicks corridor.

Previous drilling at Goldstar has returned more than 15 ore grade gold intercepts within a similar stratigraphy to that of Smarts and Hicks. Historical auger sampling data, received from XRF, confirm the continuation of the stratigraphy to the NNW along the Goldstar-Gem-Creek corridor. The Tallman Corridor, which is sub-parallel to the Goldstar-Gem Creek structure, consists of flatter EW structures intersecting NW oriented structures at Ohio Creek which has historically returned numerous good to very high grade gold intercepts and anomalous auger results. Along the strike extension of the Tallman and Gem Creek corridor to the NW, three major NW striking structures (Gem Creek, Tallman, Goldstar) become strained between two big batholitic intrusions and offset along a major EW structure. The area, known as Upper Itaki, has had intensive alluvial mining undertaken in the past. Stream sediment sampling and rock chip sampling by the Government in the past has provided very high gold values.

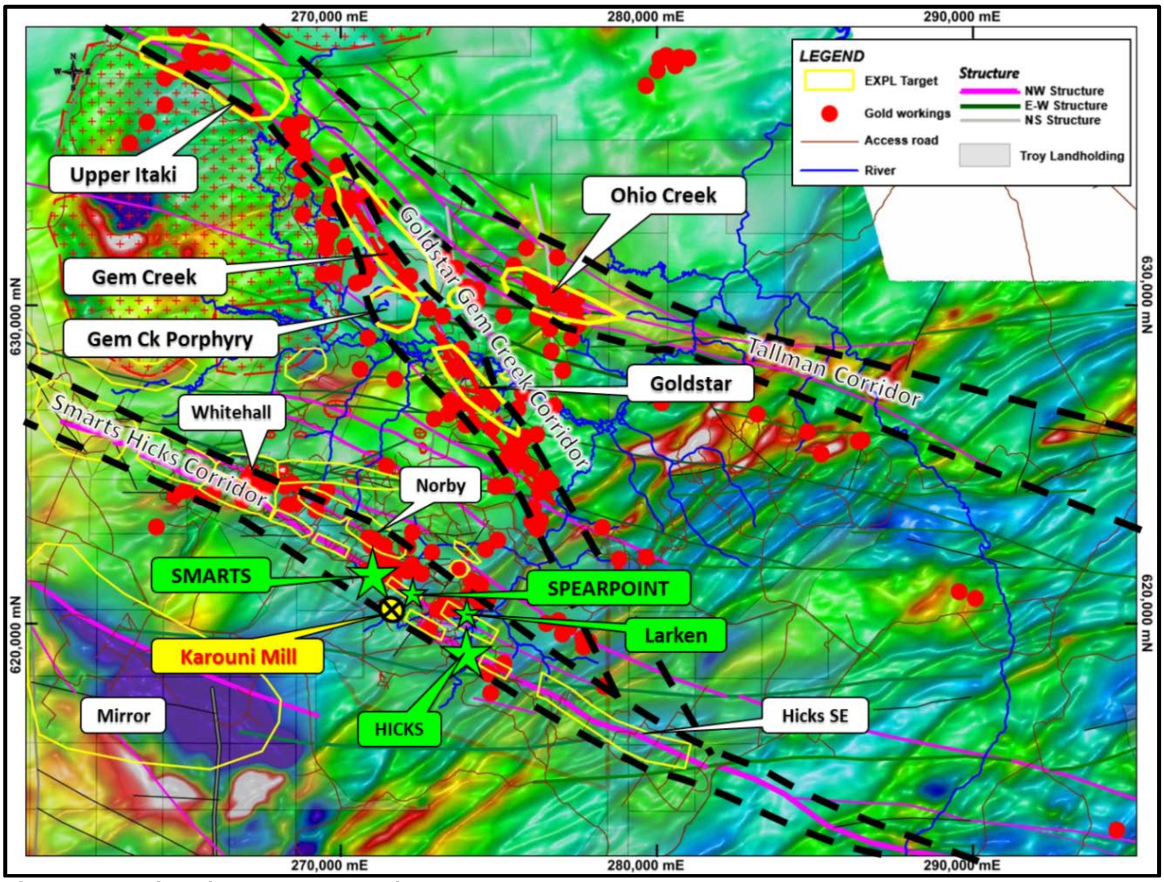


Figure 6: Exploration Target Location

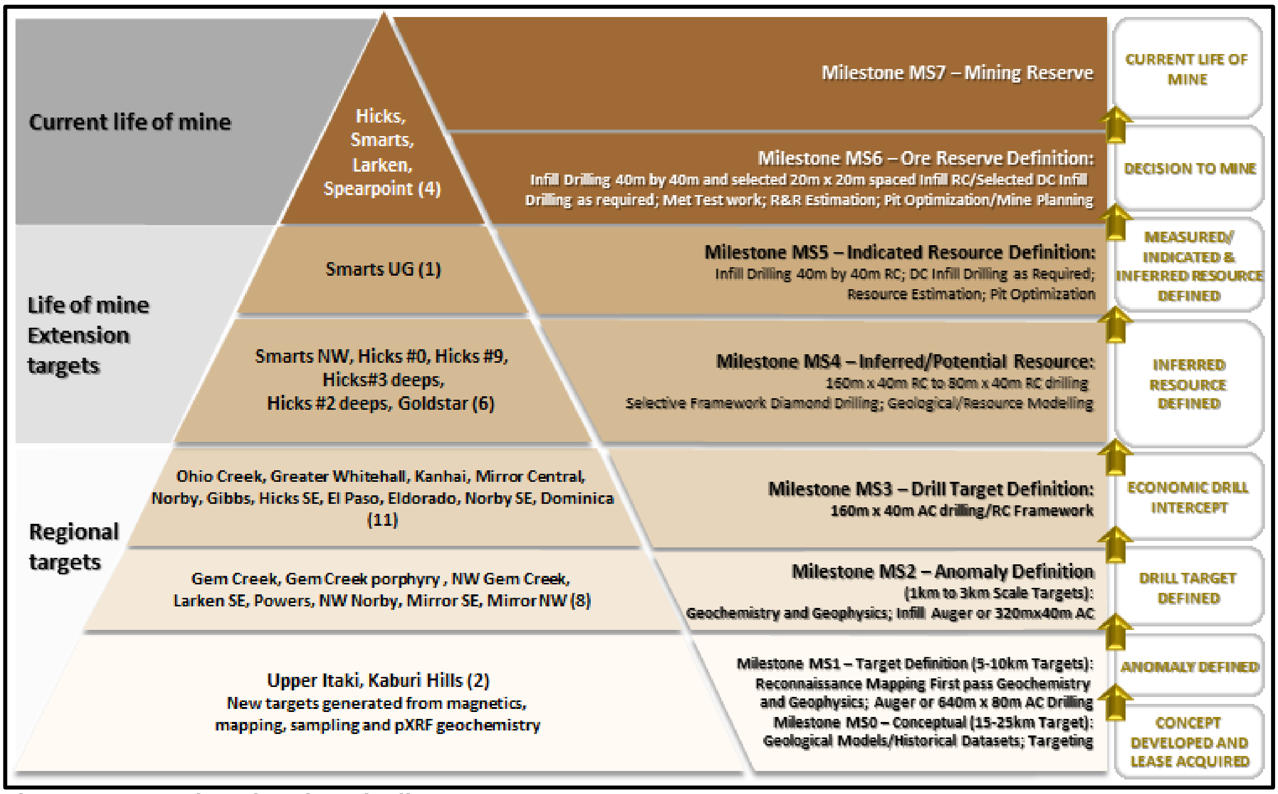


Figure 7: Karouni Exploration Pipeline

Ohio Creek

Late in the year an assessment of the Ohio Creek Prospect was carried out, followed by mapping and sampling of the main saprolite working – the Tallman pit. The main focus of the local miners was on a shear zone contact between a folded sedimentary unit and a foliated mafic unit. Within the shear zone, flat dipping quartz veining with visible gold was noticed. The shear zone is up to 10 metres in width.

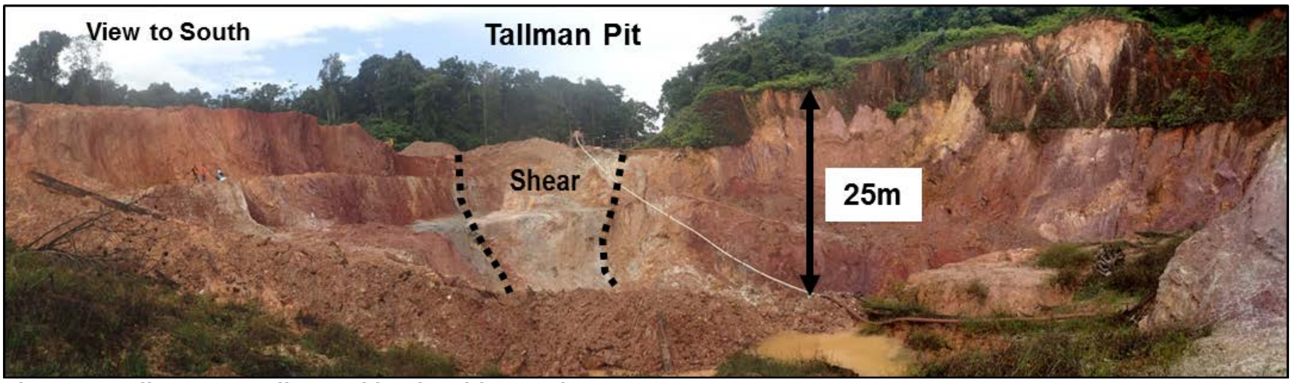


Figure 8: Tallman Saprolite working in Ohio Creek target

Details of the acquisition of Ohio Creek are available in the ASX Release titled *"Acquisition of Ohio Creek Prospect – Guyana"* dated 12 September 2018.

REGIONAL BROWNFIELDS EXPLORATION

During the year two near mine targets, Spearpoint and Larken, were infill drilled. The result of that drilling is a Reserve and Resource over Spearpoint and a Resource update on Larken.

The completed near mine infill drilling totalled 6,391m for 95 RC drill holes.

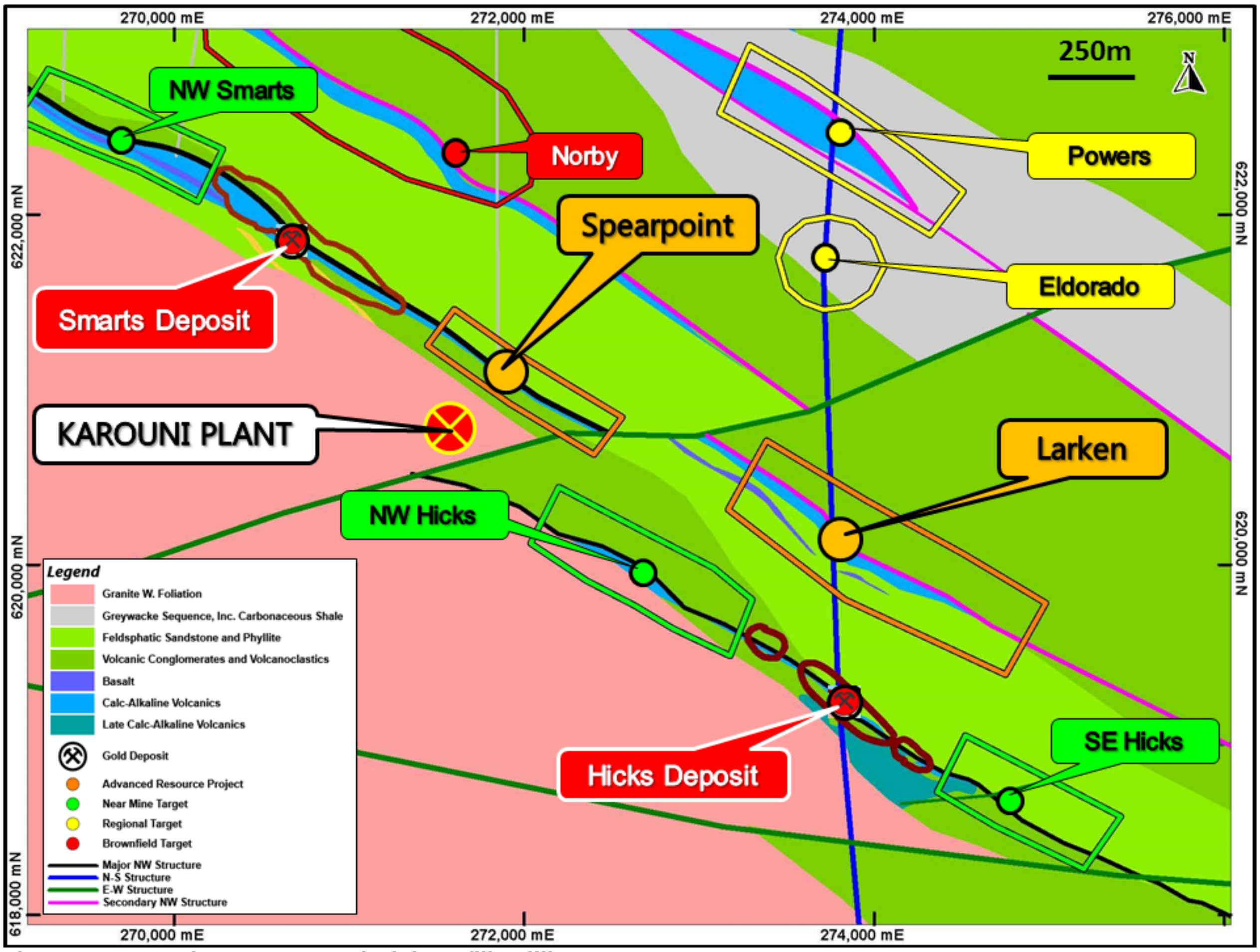


Figure 9: Near Mine Targets and Hicks Infill Drilling

Spearpoint Infill Drilling

Spearpoint is located approximately 350 metres from the Karouni mill and is interpreted as the SE extension of the Smarts Hicks Shear, which hosts the Smarts gold deposit approximately 800 metres to the NW.

Historically, nine diamond holes and 73 RC drill holes had returned several intersections of high grade gold.

The first phase of the 2018 drilling program was designed to infill existing drill lines with nominal 30 metres by 20 metres drill spacing and to confirm the high grade character of the mineralisation. A small program of 34 holes was successfully completed and returned many significant high grade intercepts (refer to ASX announcement titled "*Exploration Update*" and dated 19 March 2018). This drilling intersected a hanging wall and footwall shear about 10 to 25 metres apart, which is interpreted as the continuation of the Smarts Shear Zone. Within the Shear, almost the same lithology exists as at Smarts with MgO basalts, fine basalt and a coarse mafic intrusive unit. In direct contact to the Shear, a porphyritic unit was also identified.

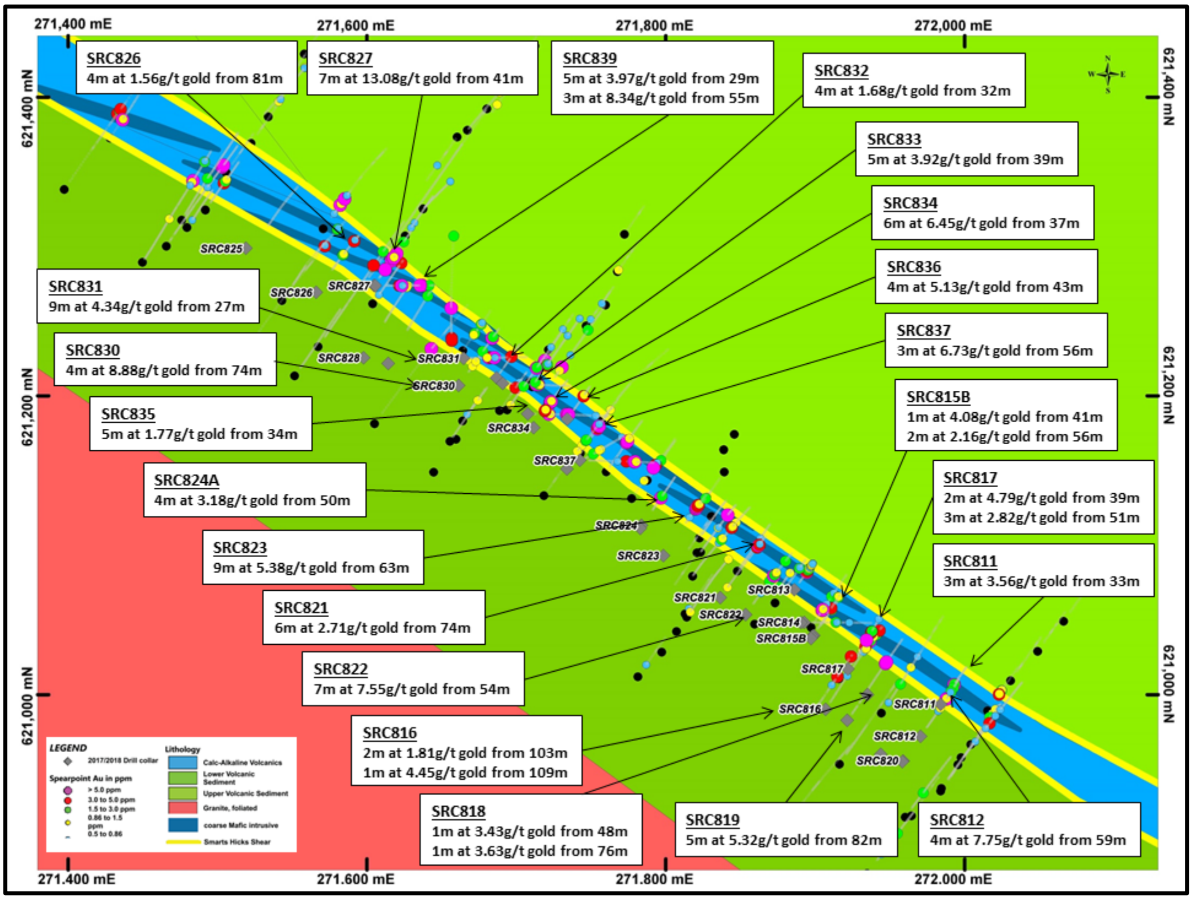


Figure 10: Spearpoint Infill Drilling 2017/18 – Selected Assay Results

A follow up drilling campaign to infill to a 15 by 20 metre drill spacing and test for NS oriented quartz veining/mineralisation was commenced in May 2018. The drilling of 38 holes was completed for a total of 2,509 metres (refer to ASX announcement titled "*Strong Exploration Results Confirm Potential at Spearpoint and Larken Prospects*" dated 12 July 2018). The drilling confirmed several high grade shoots related to the coarse mafic unit and the NS quartz veining. The geological and block models have been created and initial Ore Reserves and Mineral Resources completed.

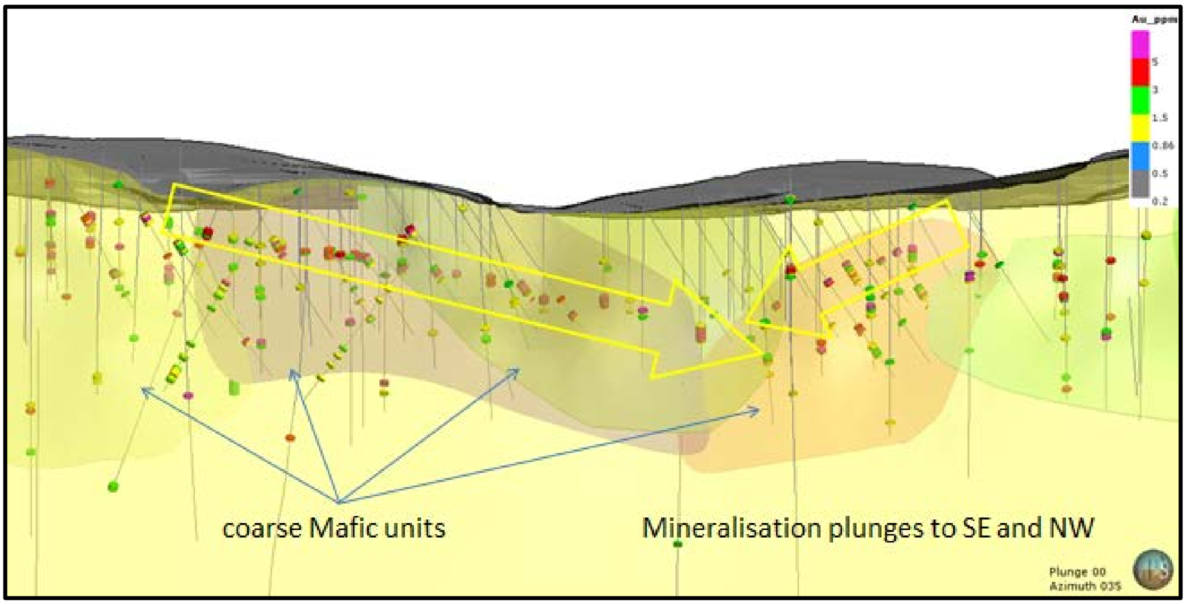


Figure 11: Spearpoint Results in Long Section

Larken Infill Drilling

The Larken prospect has previously been reported as an Inferred Resource. Larken is located about 2 kilometres to the SE of the Karouni Mill. At Larken, the Shear and shear related Quartz veining is outcropping at the surface which enabled an infill trenching program to be completed in March 2018 with good gold intercepts (refer June 2018 Quarterly Report).

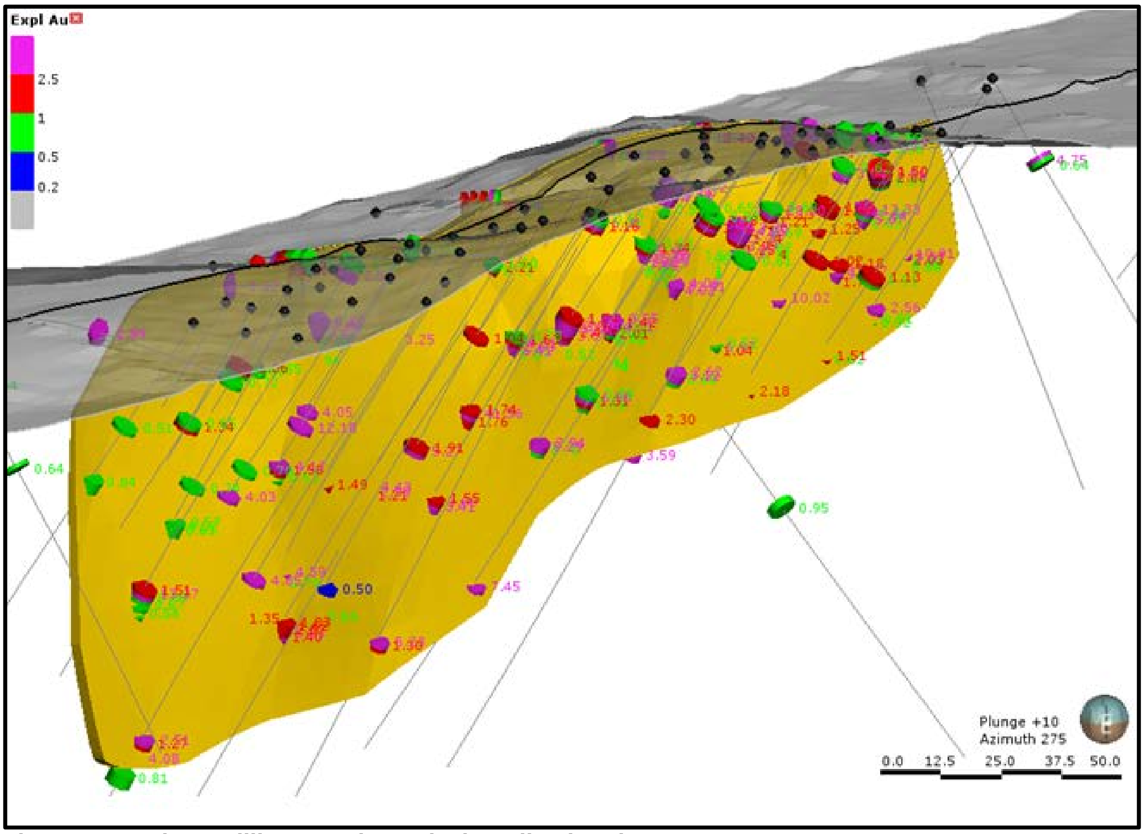


Figure 12: Larken Drilling Results and Mineralised Lode

The successful surface sampling program at Larken was followed by an infill drilling program on a nominal 15 by 20 metre drill spacing. The drilling was planned for 42 RC holes, from which 22 holes for a total of 1,221 metres were completed this financial year. The program was completed in July 2018.

Drilling has confirmed the high grade character of the Larken prospect. The mineralisation is related to the contact of sheared basalt and a Fe-rich mafic unit. Results for the program was reported in the ASX announcement titled "*Full Results from Current Exploration Program at Larken Prospec*t" dated 11 September 2018.

MINERAL RESERVES & RESOURCES

KAROUNI GOLD PROJECT IN GUYANA AS OF 30 JUNE 2018

Table 1: Resource and Reserve Summary [a]

Category	Tonnes	Grade(g/t)	Ounces
Gold Mineral Reserves			
Proved	253,000	1.84	15,000
Probable	1,283,000	2.54	104,800
Total	**1,536,000**	**2.43**	**119,800**
Gold Mineral Resources (inclusive of Mineral Reserves)			
Measured	787,000	1.60	40,500
Indicated	5,244,000	2.30	385,800
Measured & Indicated	**6,031,000**	**2.20**	**426,300**
Inferred	7,684,000	2.10	506,300

Table 2: Mineral Reserves [a]

Gold Mineral Reserves

Country	Project	Deposit	Category	Tonnes	Grade(g/t)	Ounces
Guyana	Karouni	Smarts	Proven	86,000	2.12	5,800
		Smarts	Probable	602,000	2.97	57,500
		Hicks	Probable	511,000	2.30	37,700
		Spearpoint	Probable	170,000	1.76	9,600
		Stocks	Proven	167,000	1.71	9,200
			Total Proven	**253,000**	**1.84**	**15,000**
			Total Probable	**1,283,000**	**2.54**	**104,800**
			Total Mineral Reserves Gold	**1,536,000**	**2.43**	**119,800**

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	94,000	2.10	6,500
			Indicated	610,000	3.20	61,900
			Inferred	3,479,000	1.90	215,700
		Hicks	Indicated	1,432,000	1.80	84,100
			Inferred	26,000	2.10	1,700
		Larken	Measured	50,000	2.50	4,000
			Indicated	13,000	2.00	800
			Inferred	85,000	2.00	5,400
		Spearpoint	Indicated	693,000	1.30	29,700
			Inferred	328,000	1.30	13,500
		Gold Star	Inferred	621,000	1.30	26,000
		Smarts Deeps	Measured	135,000	3.40	14,600
			Indicated	930,000	3.70	109,400
			Inferred	1,935,000	2.60	163,500
		Hicks Deeps	Indicated	1,566,000	2.00	99,900
			Inferred	1,210,000	2.10	80,500
		Ore Stockpiles	Measured	167,000	1.70	9,200
		Mineralised Waste	Measured	341,000	0.60	6,200
Total Gold Mineral Resources			**Measured**	**787,000**	**1.60**	**40,500**
			Indicated	**5,244,000**	**2.30**	**385,000**
			Inferred	**7,684,000**	**2.10**	**506,300**
			All Categories	**13,715,500**	**2.10**	**932,600**

Table 4: Karouni Project-Reconciliation

	Tonnes	Grade (g/t)	Ounces
Reserve 30 June 2017 *Ore Reserve reported last year*	2,940,000	2.22	210,000
Mined in 2017-18 *Mine production reconciled to mill production*	1,022,876	2.51	82,411
Processed 2017-18[1]	865,217	2.65	73,853
Change in Stock 2017	157,659	1.69	8,558
Depleted from Models	1,174,971	2.38	89,825
Model discrepancy	(156,044)	1.53	(7,685)
Design changes	(385,029)	0.69	(8,530)
Reserve 30 June 2018	**1,535,955**	**2.43**	**119,838**

[1] not including 6,443t @ 0.6g/t mineralised waste that was also processed

The ore block models reconciled to within about 9% of contained ounces for the year; however, the discrepancy lessened in magnitude towards the end of the 2017/18 year. Minor design changes in all pits resulted in the reduction of accessible ore of 8,530oz.

[(a)] Additional notes to Resource and Reserve Estimates

Resources

1. Resources for Smarts are calculated at a cut-off of 0.5 g/t constrained to a A$2,000 pit shell.
2. Resources for Hicks are calculated at a cut-off of 0.5 g/t constrained to a A$2,000 pit shell.
3. Resources for Larken, Spearpoint and Goldstar are calculated at a cut-off of 0.5 g/t.
4. Resources for Smarts Deeps and Hicks Deeps are calculated at 1.00 g/t cut-off grade.
5. Differences may occur due to rounding.

Reserves

1. Reserves calculated at a gold price of USD $1,200 per ounce.
2. Reserves for Smarts are calculated at a cut-off of 0.86 g/t.
3. Reserves for Hicks are calculated at a cut-off of 0.86 g/t.
4. Ore loss attributed to both Hicks and Smarts of 5%.
5. Dilution of 10% at a gold grade of 0.00 g/t added to both Hicks and Smarts after ore loss.
6. Stockpiles include ROM and Fine Ore crushed as of June 30, 2018 based on survey and sampling. Included are 162,000 tonnes of ROM (run-of-mine) at 1.7 g/t and 4,700 tonnes of crushed fine ore at 2.1 g/t.
7. Source is Troy updated internal modelling and actual sampling of stockpiles.
8. Differences may occur due to rounding.

Mining and Metallurgical factors

Smarts and Hicks Mineral Resources were reported within A$2,000 pit shells. These pit shells were determined using current operating costs and mining and milling parameters. Ore Reserves were estimated using current operating costs and parameters and a US$1,200 gold price.

Casposo Project - Argentina

The Company holds a 30% interest in the Casposo Project in Argentina, having disposed of a 70% controlling interest in the operating subsidiary to Austral Gold Limited (Austral) in March 2016. Austral has an option to acquire Troy's remaining 30% interest over a 3 year period commencing in December 2018 for a total consideration of US$7 million with adjustment, depending on the silver price. The Company does not present Reserves and Resources for this project due to the potential for full disposal.

Competent Persons Statements

Information of a scientific or technical nature that relates to exploration results, Mineral Resources or Ore Reserves is based on, and fairly represents, information and supporting documentation prepared under the supervision of Mr Richard Maddocks. Mr. Maddocks has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as a "competent person" as defined under the Australian JORC Code as per the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Maddocks has reviewed and approved the information contained in this announcement. Mr. Maddocks:-

- Is a consultant to Troy Resources Limited
- Has sufficient experience which is relevant to the type of deposit under consideration and to the activity which he is undertaking 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'
- Is a Fellow of the Australasian Institute of Mining and Metallurgy
- Has consented in writing to the inclusion of this data

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 Statement' released on 19 September 2018 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 Statement' dated 19 September 2018.

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 2018 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 5 October 2018

NUMBER OF SHAREHOLDERS

ORDINARY SHARE CAPITAL

461,426,713 fully paid ordinary shares held by 7,397 shareholders.

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

DISTRIBUTION OF SHAREHOLDER	FULLY PAID ORDINARY
1-1,000	1,932
1,001-5,000	2,040
5,001-10,000	928
10,001-100,000	1,999
100,001 and over	498
	7,397
Holding less than a marketable parcel	3,833

SUBSTANTIAL SHAREHOLDERS

FULLY PAID ORDINARY	NO. SECURITIES	PERSON'S VOTES	VOTING POWER %
Ruffer LLP	27,972,401	27,972,401	6.16%

TWENTY LARGEST SHAREHOLDERS

As at 5 October 2018

NAME	UNITS	% OF UNITS
HSBC Custody Nominees (Australia) Limited	73,528,056	15.93
J P Morgan Nominees Australia Limited	39,385,588	8.54
Citicorp Nominees Pty Limited	37,584,450	8.15
Ack Pty Ltd <Markoff Super No 2 A/C>	10,890,373	2.36
BNP Paribas Noms Pty Ltd <DRP>	6,124,048	1.33
BNP Paribas Nominees Pty Ltd <IB Au Noms Retailclient DRP>	5,346,232	1.16
National Nominees Limited	5,123,564	1.11
Neweconomy Com Au Nominees Pty Limited <900 Account>	4,365,865	0.95
Mr Jeffrey Markoff + Mrs Yumi Markoff + Simon Szewach <Markoff Superannuation A/C>	4,000,000	0.87
Warrigal Pty Ltd	3,816,800	0.83
Mr Nan Ze Xu	3,800,000	0.82
CS Third Nominees Pty Limited <HSBC Cust Nom Au Ltd 13 A/C>	3,492,900	0.76
Chester Nominees WA Pty Ltd <M W Wilson Super Fund A/C>	3,230,682	0.70
Craig Park Pty Ltd	3,000,000	0.65
Graham John Fisher Pty Ltd <Graham J Fisher S/Fund A/C>	3,000,000	0.65
McCusker Holdings Pty Ltd	2,950,000	0.64
Mr Sam Zhu	2,392,254	0.52
Resource Consulting Services Pty Ltd <the RCS Super Fund A/C>	2,345,885	0.51
Mr Andrew Dane McDonald	2,300,000	0.50
Marford Group Pty Ltd	2,215,219	0.48
Total Top 20	**218,891,916**	**47.44**

Directors’ report

The Directors of Troy Resources Limited (“Company” or “Troy”) and its subsidiaries (“Group”) present their annual financial report for the financial year ended 30 June 2018. 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 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. Mr Sterns’ 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	Anglo Australian Resources NL	Since November 2011
Non-Executive Director	Altan Nevada Minerals Limited	Since May 2017
Non-Executive Director	Entek Energy Limited	July to November 2017

Mr Ken K Nilsson, CEO and Managing 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 AM, 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 2017

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.

He has been a non-executive director of ASX listed Genesis Minerals Ltd since 20 March 2018.

Ms Stacey Apostolou, Company Secretary, B.Bus, CPA – resigned 30 June 2017 and ceased duties on 4 July 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 Directors' 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	8,509,063	-
Mr K K Nilsson	975,004	-

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".

Information on subsidiaries and Group structure can be found in Note 23 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 also conducted during the year at Karouni.

Directors' report

REVIEW OF OPERATIONS

Financial Results

Total revenue for the year increased by 26% to $115,714,000 (2017: $91,767,000).

The consolidated loss after tax for the year was $9,611,000 (2017: loss $148,203,000).

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

	FY18 ($'000)	FY17 ($'000)
(Loss) after tax	**(9,611)**	(148,203)
Exploration expenditure	**1,285**	6,761
Government royalty expenses	**10,465**	8,881
Depreciation and amortisation	**28,790**	39,998
Impairment loss Karouni mine	**-**	(108,401)

The loss per share on a fully diluted basis is 2.1 cents, compared with loss of 34.7 cents in 2017.

Operating Review

The following table summarises the operational and financial performance of the Group over the past five financial years:

		2018	2017	2016 (Restated)	2015	2014
Gold Produced	(oz)	70,207	56,200	60,743	78,001	93,947
Silver Produced	(oz)	-	-	1,668,604	3,111,182	2,475,565
Gold Equivalent Produced	(oz)	70,207	56,200	82,826	121,835	132,939
Cash Costs per oz (Au_Eq) (1)	($/oz)	A$951	A$1,286	A$1,084	A$867	A$832
		US$737	US$970	US$786	US$726	US$764
Gold Price Realised (before impact of hedging) (1)	($/oz)	A$1,679	A$1,675	A$1,623	A$1,455	A$1,404
		US$1,302	US$1,263	US$1,184	US$1,215	US$1,293
Silver Price Realised	($/oz)	N/A	N/A	A$20	A$21	A$22
		N/A	N/A	US$15	US$17	US$20
Sales Revenue	($ million)	116	92	145	181	178
Loss after impairment before tax	($ million)	(10)	(160)	(93)	(99)	(94)
Net loss after impairment and tax attributable to members of the company	($ million)	(10)	(148)	(91)	(100)	(59)
Earnings before interest, taxation, depreciation and amortisation and impairments (EBITDA) (1)	($ million)	24	(7)	(57)	41	29
Exploration Expenditure	($ million)	1	7	6	10	15
Capital Expenditure	($ million)	3	16	37	109	56
Cash and Bank Deposits	($ million)	1	9	3	61	43

(1) "Cash cost", All-in Sustaining-Cost (AISC) and EBITDA are non-IFRS financial information and have not been subjected to audit.

Directors' report

The Group's total production for the year was 70,207 ounces of gold (2017: 56,200 ounces of gold).

Group sales for the year totalled 70,959 ounces of gold (2017: 58,139 ounces of gold).

All gold production for the 2017/18 year came from the Karouni operation in Guyana. Production was achieved from the processing of 871,660 tonnes of ore at an average gold grade of 2.64 grams per tonne (g/t) and a 94.9% recovery (2017: 828,893 tonnes of ore processed).

Karouni cash costs for the year were US$737 per ounce produced (2017: US$970) and All-in Sustaining costs (AISC) were US$931 per ounce produced (2017: US$1,345).

For the financial year, EDITDA was approx. $24 million, a major improvement from the previous two years. Of the year's EBITDA, $6.8 million was generated in the first 6 month period with the balance of $18.2 million generated in the second half, emphasising the improvement to operational cash flows since access was re-established to the Smarts 3 Pit in October 2017.

Financial Review

At 30 June 2018, the Group held cash and cash equivalents of $1,328,000, excluding $16,000 which is held as restricted cash deposits for bank guarantees and unpresented dividend cheques. Troy held gold inventories at a market value of $3,937,000, therefore providing total cash and equivalents of $5,115,000 excluding restricted cash.

Cash decreased by $7,511,000 over the year mainly as a result of debt facility repayments (including principal, interest and fees) amounting to $23,518,000 (2017: $20,152,000) reducing the outstanding Investec loan to US$11,192,000 as at balance date. The significant loan repayments were able to be made due to the strong operating cash inflows of $16,831,000 generated during the year (2017: outflow $1,793,000).

Investing activities utilised $831,000, of which $729,000 (2017: $7,384,000) related to the purchase of property plant and equipment and $170,000 (2017: $9,014,000) was expended on development at the Karouni mine. Troy received $65,000 (2017: $1,278,000) and $3,000 (2017: $216,000) from sale of property, plant and equipment and bank interest respectively.

The consolidated loss after tax for the year was $9,611,000 (2017: loss $148,203,000), inclusive of non-cash expenses totalling $34,218,000 (including $28,790,000 in depreciation and amortization).

Gold hedge contracts at 30 June 2018 totalled 25,000 ounces of gold at an average gold price of US$1,228.83 per ounce.

The following annual accounts for the year ended 30 June 2018 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 2018 (2017: 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 circumstances 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, 2,943,569 fully paid ordinary shares with a deemed value of $300,009 were issued to Investec on 5 October 2017 pursuant to a revision of Troy's debt facility agreement.

OTHER EQUITY INSTRUMENTS

During the financial year, 282,000 share appreciation rights lapsed in accordance with their terms.

There are no share appreciation rights or any other employee options on issue as at 30 June 2018.

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.

No person or entity entitled to exercise any of these share options had or have any rights by virtue of the options to participate in any share issue of any related corporation. For further information refer to Note 24.

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/or Officers of the Company 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 2018, 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	15	15	3	3	2	2
Mr K K Nilsson	15	15	3	3	2	2
Mr J L C Jones	15	15	3	3	2	2

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 at that time. This position was extended into the 2017 and 2018 financial years. During the 2019 financial year, 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. This review will also take into consideration the operational and financial position of the Company at the time.

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 Chairman
J L C Jones	Non-Executive Director

Executives

K Nilsson	Managing Director and CEO
G Kaczmarek	Company Secretary and Chief Financial Officer
E Olson	Mine Manager – Karouni (Guyana)
J Altmann	Finance & Administration Manager - Guyana

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, early in the financial year 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.

No separate Committee fees have been paid to individual Directors for serving on any Board Committee in the 2018 financial year.

Executive Director and Senior Executive Remuneration

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

For the financial year ended 30 June 2018, 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.

The Remuneration Committee will revisit the structure of Executive Remuneration during the 2018/19 financial year and the composition of any future variable component. However, there was no variable component payable in relation to Executive remuneration during the 2018 financial year.

During the period, a restructure of the Investec Debt facility required that additional conditions needed to be included in the employment contract for Mr K Nilsson, Troy's Managing Director. This required the termination of his existing employment and him entering into a new employment contract. The result of the change was that he was paid out his accrued annual and long service leave as at the time the original agreement was terminated. The Company was also required to pay a "sign on" fee under the new employment conditions due to the more onerous terms of the new contract which limits his ability to leave the Company without the debt providers consent.

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				
	2018	**2017**	**2016 (Restated)**	**2015**	**2014**
Basic Earnings/(Loss) per Share (cents)	**(2.1)**	(34.7)	(28.7)	(49.4)	(34.0)
Diluted Earnings/(Loss) per Share (cents)	**(2.1)**	(34.7)	(28.7)	(49.4)	(34.0)
Shareholders' Funds ($m)	**59.8**	65.3	153.4	172.3	196.3
Net Profit/(Loss) Before Tax ($m) – Continuing operations	(9.6)	(160.2)	(12.7)	(99.3)	(94.0)
– Discontinued operations	-	-	(80.5)	-	-
Net Profit/(Loss) After Tax & Non-Controlling Interests ($m)	**(9.6)**	(148.2)	(90.8)	(100.4)	(59.1)
Operating Revenue ($m)	**115.7**	91.8	145.4	180.8	178.0
Gold Equivalent Production (oz.)	**70,207**	56,200	82,826	121,835	132,939
Share Price at beginning of the year ($/share)	**$0.078**	$0.54	$0.37	$1.07	$1.53
Share Price at end of the year ($/share)	**$0.145**	$0.078	$0.54	$0.37	$1.07
Market Capitalisation at end of year ($m)	**67**	36	184	107	208

E. Non-Executive Director Remuneration

The following annual fees applied during the 2018 financial year:

Position	2018	2017
Base Fees (plus superannuation or in lieu of)		
Chairman [1]	**212,300**	132,300
Non-executive Directors	**72,000**	72,000
Additional fees (no superannuation contribution)		
Committee Chairman	Nil	7,200
Committee Member	Nil	4,500

[1] During the year Mr Stern's remuneration was increased due to extra workload assumed during the Investec bank renegotiations and the S.249D General Meeting called in October 2017. His remuneration will revert to the 2017 level for the 2018/19 year.

Total remuneration paid or payable to Non-Executive Directors for the 2018 financial year was:

Name	Year	Base Fee $	Audit Committee $	Remuneration Committee $	Superannuation $	Total $
P Stern [1]	**2018**	**212,300**	**-**	**-**	**15,419**	**227,719**
	2017	5,512	-	-	524	6,036
J L C Jones	**2018**	**72,000**	**-**	**-**	**6,840**	**78,840**
	2017	72,000	4,500	6,525	6,840	89,865
F Grimwade [2]	**2018**	-	-	-	-	-
	2017	126,788	6,225	4,988	12,045	150,046
D Southam [3]	**2018**	**-**	**-**	**-**	**-**	**-**
	2017	30,581	2,586	1,911	2,905	37,983
Total	**2018**	**284,300**	**-**	**-**	**22,259**	**306,559**
	2017	234,881	13,311	13,424	22,314	283,930

[1] Appointed 16 June 2017.
[2] Resigned 16 June 2017.
[3] 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.

Fixed Remuneration

Individual Executives' base salaries for the 2018 financial year were:

Name	Position	Base Salary
Ken Nilsson	Managing Director and CEO	$492,750
Gerard Kaczmarek [1]	Chief Financial Officer and Company Secretary	$325,000
Eric Olson	Mine Manager - Guyana	US$324,000
Jaime Altman	Finance and Administration Manager - Guyana	US$295,000

[1] Appointed 4 July 2017. Mr Kaczmarek is a part time employee and the Base Salary above is calculated as a Full Time Equivalent (FTE) however his remuneration is paid on actual hours worked.

Following a review by the Remuneration Committee subsequent to the end of the 2018 financial year, the Board determined to maintain base salary levels for Executives for FY2019 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.

Remuneration components available to Executives from 1 July 2018 are as follows:

Name	Base Salary	Superannuation	Other[2]	Total Fixed Remuneration	Insurance
Ken Nilsson	$492,750	n/a	-	$492,750	Salary continuance and medical
Gerard Kaczmarek[1]	$325,000	$30,875	-	$355,875	-
Eric Olson	US$324,000	n/a	-	US$324,000	-
Jaime Altman	US$295,000	n/a-	US$48,927	US$343,927	-

[1] Mr Kaczmarek is a part time employee and the Base Salary above is calculated as a Full Time Equivalent (FTE) however his remuneration is paid on actual hours worked.

[2] Other Benefits include - the provision of motor vehicle, airfares, housing accommodation and insurance.

Directors' report

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.

Name	Year	Fixed Remuneration			Long Service Leave $	Termination Benefits $	Variable Remuneration		Total $
		Cash Salary & Fees $	Other Benefits(4) $	Post-Employment Benefits $			Cash Bonus $	Equity Share Based Payments(7) $	
Executive Directors									
M D Purvis (1)	**2018**	-	-	-	-	-	-	-	-
	2017	522,500	-	49,638	-	54,808	-	(7,274)	619,672
K K Nilsson (8)	**2018**	**477,006**	**127,285**	**8,124**	**-**	**-**	**-**	**-**	**612,415**
	2017	503,611	82,421	-	8,042	-	-	1,596	595,670
Senior Management									
J Altman	**2018**	**380,487**	**63,105**	**-**	-	**-**	**-**	**-**	**443,592**
	2017	391,308	58,981	-	-	-	-	-	450,289
E Olson	**2018**	**400,479**	**-**	**-**	-	**-**	**-**	**-**	**400,479**
	2017	119,415	-	-	-	-	-	-	119,415
P J Doyle(6)	**2018**	**-**	**-**	**-**	-	**-**	**-**	**-**	**-**
	2017	237,045	3,828	3,746	-	332,758	-	206	577,583
G Kaczmarek (2)	**2018**	**284,445**	**-**	**27,022**	-	**-**	**-**	**-**	**311,467**
	2017	-	-	-	-	-	-	-	-
D Sadgrove (3)	**2018**	**-**	**-**	**-**	-	**-**	**-**	**-**	**-**
	2017	129,166	7,846	12,271	-	299,249	-	171	448,703
S Apostolou(5)	**2018**	**4,014**	**-**	**381**	-	**-**	**-**	**-**	**4,395**
	2017	273,500	-	25,982	-	51,969	-	137	351,588
Total Exec Directors & Senior Mgmt.	**2018**	**1,546,430**	**190,390**	**35,527**	-	**-**	**-**	**-**	**1,772,347**
	2017	2,176,545	153,076	91,637	8,042	738,784	-	(5,164)	3,162,920
Total NED Remuneration	**2018**	**284,300**	**-**	**22,259**	**-**	**-**	**-**	**-**	**306,559**
	2017	261,616	-	22,614	-	-	-	-	283,930
Total KMP	**2018**	**1,830,730**	**190,390**	**57,786**	**-**	**-**	**-**	**-**	**2,078,906**
	2017	2,438,161	153,076	113,951	8,042	738,784	-	(5,164)	3,446,850

(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) Appointed 4 July 2017. Mr Kaczmarek is a part time employee and the Base Salary above is calculated as a Full Time Equivalent (FTE) however his remuneration is paid on actual hours worked.

(3) Mr Sadgrove resigned 30 November 2016, at which point termination benefits were agreed.

(4) Other Benefits include - the provision of motor vehicle, airfares, housing accommodation and insurance. Mr Nilsson also received a "sign on" payment following a change to his contract terms during the year.

(5) Ms Apostolou resigned 30 June 2017 and ceased duties on 4 July 2017.

(6) Mr Doyle resigned 28 February 2017, at which point termination benefits were agreed.

(7) Refer to section H for details of the Share Appreciation Rights.

(8) As a consequence of debt facility renegotiations in September 2017, the Company was required to make changes to Mr Nilsson's contract which caused the payout of Annual and Long Service Leave Entitlements. Mr Nilsson also became entitled to a sign on bonus to accept the new conditions of his employment contract. Mr Nilsson's contract is denominated in AUD however he is paid in USD in Brazilian Real as he resides in Guyana. As a result actual amounts paid when converted are different to contractual amounts.

Directors' report

G. Employment Contracts

Executive	Term of Agreement	Termination Notice	Termination Benefit
Executive Directors			
K Nilsson	New contract commenced 1 October 2017 due to debt facility renegotiations (refer page 10 for further details)	Three 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 2018	One month's notice	None

H. Equity Holdings

Ordinary Shareholdings

2018	Balance at 1.7.17	Granted as Remuneration	Received on Exercise of Options	Net Other Change	Balance at 30.6.18	Balance Held Nominally
Directors						
K K Nilsson	975,004	-	-	-	**975,004**	-
J L C Jones	8,549,732	-	-	**(40,669)**	**8,509,063**	**6,711,442**
P A Stern	150,000	-	-	-	**150,000**	**150,000**
Other Key Management Personnel						
G Kaczmarek [1]	275,000	-	-	**(25,000)**	**250,000**	-
J Altmann	9,962	-	-	**(9,962)**	-	-
E Olson	-	-	-	-	-	-
TOTAL	**9,959,698**	-	-	**(75,631)**	**9,884,067**	**6,861,442**

(1) Commenced 4 July 2017.

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;

Directors' report

(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.

There were no share appreciation rights granted as equity compensation benefits to KMP during the year ended 30 June 2018.

Details of share appreciation rights issued in previous years are listed below. All share appreciation rights have now lapsed and none remain on issue as at 30 June 2018.

2018	Balance 1.7.17	Granted as Remun-eration	Exerc-ised	Grant Price	Lapsed	Balance at 30.6.18	Balance Vested at 30.6.18	Vested but not Exercis-able	Vested and Exercis-able	Vested During Year
Directors										
K K Nilsson	120,000	-	-	$1.21 to $1.43	(120,000)	-	-	-	-	-
Other Key Management Personnel										
-	-	-	-	-	-	-	-	-	-	-
TOTAL	**120,000**	**-**	**-**	**-**	**(120,000)**	**-**	**-**	**-**	**-**	**-**

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 2018 and all options and share performance rights previously issued have now lapsed.

Directors' report

Voting of shareholders at last year's Annual General Meeting

At the Company's Annual General Meeting (AGM) held on 27 November 2017, the Company received (on a poll) 53.9% of "yes" votes on its Remuneration Report for the 2017 financial year. This means that, while the Report was passed by a majority of shareholders voting at the AGM, the resulting "no" vote of 46.1% exceeds the 25% "first strike" provisions of the *Corporations Law*.

Despite the significant "no" vote, the Company did not receive any specific feedback at the AGM nor through the year with regards to its remuneration practices. As detailed in the Remuneration Report above, it can be seen that the Company has reduced the number of people employed in its management team during the 2018 financial year and the number of Directors is at the minimum allowed number of 3. This has resulted in a significant reduction in expenditure on remuneration during the 2018 financial year.

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 2018 (2017: nil).

End of audited Remuneration Report.

NON-AUDIT SERVICES

The auditor of the Company and the Consolidated Entity 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 ex perience 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 17.

Details of amounts paid or payable to the auditor for audit and non-audit services provided during the financial year are outlined in Note 25 to the Financial Statements.

Rounding of Amounts

The Company is a company of the kind referred to in ASIC legislative instrument 2017/191, 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 31st day of August 2018 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

Auditor's Independence Declaration

As lead auditor for the audit of Troy Resources Limited for the year ended 30 June 2018, 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
31 August 2018

Consolidated statement of profit or loss for year ended 30 June 2018

	Notes	**2018 $'000**	2017 $'000
Revenue	3	**115,714**	91,767
Cost of Sales	4	**(109,009)**	(123,124)
Gross Profit/(Loss)		**6,705**	(31,357)
Other income	3	**760**	665
Share of net (loss)/profit of Casposo accounted for using the equity method	3	**(1,875)**	2,878
Exploration expenses	4	**(1,285)**	(6,761)
Administration expenses	4	**(2,859)**	(4,412)
Finance costs	4	**(4,849)**	(5,165)
Other expenses	4	**(6,208)**	(7,656)
Impairment loss	12	**-**	(108,401)
Loss before income tax		**(9,611)**	(160,209)
Income tax benefit	5	**-**	12,006
LOSS AFTER TAX		**(9,611)**	(148,203)
Loss attributable to:			
Owners of the parent		**(9,611)**	(148,203)
Loss per share for loss attributable to the ordinary equity holders of the company			
Basic EPS (cents)	6	**(2.1)**	(34.7)
Diluted EPS (cents)	6	**(2.1)**	(34.7)

The above statements should be read in conjunction with the notes to the consolidated financial statements included on pages 42 to 79.

Consolidated statement of comprehensive income for year ended 30 June 2018

	Notes	**2018 $'000**	2017 $'000
Loss for the Year		**(9,611)**	(148,203)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Changes in value of cash flow hedge reserve net of tax	17	**1,875**	13,607
Exchange differences on translation of foreign operations	17	**1,905**	7,196
Changes in fair value of available-for-sale assets net of tax	17	**(30)**	180
Other comprehensive income for the year, net of tax		**3,750**	20,983
Total comprehensive income/(loss) for the year		**(5,861)**	(127,220)
Total comprehensive income/(loss) attributable to:			
Owners of the parent		**(5,861)**	(127,220)

The above statements should be read in conjunction with the notes to the consolidated financial statements included on pages 42 to 79.

Consolidated statement of financial position as at 30 June 2018

	Notes	2018 $'000	2017 $'000
CURRENT ASSETS			
Cash and cash equivalents	8	**1,344**	8,855
Trade and other receivables	9	**3,282**	4,214
Inventories	10	**15,753**	13,885
Available for sale financial assets		**150**	180
TOTAL CURRENT ASSETS		**20,529**	27,134
NON-CURRENT ASSETS			
Property, plant and equipment	11	**44,644**	53,321
Mining properties	12	**36,542**	51,325
Investments in associate	22	**-**	3,148
Other receivables	9	**4,768**	2,261
Deferred tax assets	5	**1,768**	1,712
TOTAL NON-CURRENT ASSETS		**87,722**	111,767
TOTAL ASSETS		**108,251**	138,901
CURRENT LIABILITIES			
Trade and other payables	13	**28,582**	31,592
Provisions	14	**697**	1,516
Hedge liability	15	**1,102**	4,274
Borrowings	16	**14,192**	32,742
TOTAL CURRENT LIABILITIES		**44,573**	70,124
NON-CURRENT LIABILITIES			
Provisions	14	**3,913**	3,452
TOTAL NON-CURRENT LIABILITIES		**3,913**	3,452
TOTAL LIABILITIES		**48,486**	73,576
NET ASSETS		**59,765**	65,325
EQUITY			
Issued capital	17	**353,939**	353,639
Reserves		**38,048**	34,297
Accumulated losses		**(332,222)**	(322,611)
TOTAL EQUITY		**59,765**	65,325

The above statements should be read in conjunction with the notes to the consolidated financial statements included on pages 42 to 79

Consolidated statement of changes in equity for year ended 30 June 2018

	Issued Capital $'000	Available for Sale Reserve $'000	Share Based Payments Reserve $'000	Hedging Cash Flow Reserve $'000	Foreign Currency Translation Reserve $'000	Accumulated Losses $'000	Total Equity $'000
Balance at 1 July 2016	**314,836**	**-**	**8,878**	**(14,988)**	**19,059**	**(174,408)**	**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**
Balance at 1 July 2017	**353,639**	**180**	**9,243**	**(1,381)**	**26,255**	**(322,611)**	**65,325**
Loss for the year	**-**	**-**	**-**	**-**	**-**	**(9,611)**	**(9,611)**
Changes in fair value of hedging instrument net of deferred tax	**-**	**-**	**-**	**1,876**	**-**	**-**	**1,876**
Changes in fair value of available-for-sale assets net of tax	**-**	**(30)**	**-**	**-**	**-**	**-**	**(30)**
Exchange rate differences on translation of foreign operations	**-**	**-**	**-**	**-**	**1,905**	**-**	**1,905**
Total comprehensive loss for the year	**-**	**(30)**	**-**	**1,876**	**1,905**	**(9,611)**	**(5,860)**
Issue of fully paid shares to Investec	**300**	**-**	**-**	**-**	**-**	**-**	**300**
Balance at 30 June 2018	**353,939**	**150**	**9,243**	**495**	**28,160**	**(332,222)**	**59,765**

The above statements should be read in conjunction with the notes to the consolidated financial statements included on pages 42 to 79.

Consolidated statement of cash flows for year ended 30 June 2018

	Notes	2018 $'000	2017 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**119,559**	97,476
Payments to suppliers and employees		**(92,583)**	(85,860)
Government royalties paid		**(5,110)**	(5,872)
Commodity hedging payments		**(5,142)**	(7,706)
Proceeds from sundry income		**107**	169
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES	8	**16,831**	(1,793)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		**(729)**	(7,384)
Payments for mine properties		**(170)**	(9,014)
Proceeds on sale of property, plant and equipment		**65**	1,278
Net cash proceeds on sale of Troy Resources Argentina Ltd.		**-**	3,953
Interest received		**3**	216
NET CASH USED IN INVESTING ACTIVITIES		**(831)**	(10,951)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		**(21,032)**	(16,132)
Payment of financing costs		**(2,486)**	(4,020)
Net proceeds from the issue of equity securities		**-**	38,414
NET CASH (USED IN)/PROVIDED BY FINANCING ACTIVITIES		**(23,518)**	18,262
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(7,518)**	5,518
Cash and cash equivalents at the beginning of the financial year		**8,855**	3,436
Effects of exchange rate changes on balances held in foreign currencies		**7**	(99)
Cash and cash equivalents at the end of the financial year	8	**1,344**	8,855

Refer to Note 8 iii) for information relating to non-cash financing and investing activities.

The above statements should be read in conjunction with the notes to the consolidated financial statements included on pages 42 to 79.

Notes to the consolidated financial statements

1. Basis of preparation

Troy Resources Limited ("Company" or "Group") is a for profit public company listed on the Australian Securities Exchange, incorporated and operating in Australia with subsidiary or associate companies in Guyana, Argentina, Brazil and Canada. The registered office is:

Troy Resources Limited
Suite 2, Level 1
254 Rokeby Road
Subiaco
WA 6008
Tel: +61 8 9481 1277

The principal activities of the Group during the year were gold production and exploration.

Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards (AASB) and Interpretations. The consolidated financial statements comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements were authorised for issue by the Directors at a meeting held on 29 August 2018.

Basis of measurement

The consolidated financial statements have been prepared on a going concern basis in accordance with the historical cost convention, except for certain financial instruments that are measured at fair value.

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 measurements that have some similarities to 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.

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the report results of the Group.

1. Basis of preparation (continued)

Principles of consolidation and equity accounting

Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company and are deconsolidated from the date that control ceases.

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

Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% - 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see Note 22), after initially being recognised at cost.

Going Concern Assumption

The consolidated financial statements have been prepared on a going concern basis which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

As at 30 June 2018, the Company has a net current liabilities deficiency of $24,044,000 (2017:$42,990,000) and recorded an after tax loss of $9,611,000 (2017:$148,203,000). The net current liabilities reflects the inclusion of the scheduled Investec loan principal repayments over the next 6 month period of $14,192,000 (30 June 2017: $32,742,000) as well as creditors of $28,582,000 (30 June 2017: $31,592,000).

Offsetting this is the fact that the Company had positive operating cash flows of $16,831,000 for the year to 30 June 2018 (2017: outflow of $1,793,000).

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:-

- Operational cashflows – Achieving positive operational cash flows forecast over the next 12 month period, which are forecast to exceed cash outflows including Investec debt repayments. Repayment of all overdue trade creditors are expected to take longer to achieve.

- Re-optimising pit designs and mine plans – The Company is in the process of re-optimising pit designs and the mine plan to incorporate the lower costs being achieved in the past six months, recent grade control drilling information and current gold price. This may lead to an increase in mine life and production.

Notes to the consolidated financial statements

1. Basis of preparation (continued)

- Continued support of its creditors – Management in Guyana have regular contact with Troy Resources Guyana Inc.'s ("TRGI") trade creditors and has in place plans for the repayment of outstanding amounts. To date support from creditors has been forthcoming.

- Support from the Company's financier, Investec – The Directors have worked with Investec previously to restructure the debt facilities and are confident that the Group will be able to either repay or restructure the facilities if the Company is successful in increasing its mine life

- Capital raising - The Directors consider that the Group has a demonstrated track record of successfully raising equity and expect that it will be able to do so in the future should it be required to support the repayment of loans and reduction of creditors to a more reasonable level

- Exploration Drilling – On 12 July 2018, the Company announced strong exploration results in relation to the infill drilling programs at the Spearpoint and Larken prospects, which are located close to the Karouni processing plant. Preparation of a mineral resource for Spearpoint and an updated mineral resource for Larken is now underway. Determining the mineral resources and converting into mineable ore reserves could extend the mine life of Karouni.

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.

Rounding of Amounts

The Company is a company of the kind referred to in ASIC Legislative Instrument 2017/191, and in accordance with that Class Order amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

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). 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 the consolidated statement of profit or loss in the period in which they arise except for:

i) 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 the consolidated statement of profit or loss on repayment of the monetary items.

Notes to the consolidated financial statements

1. Basis of preparation (continued)

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.

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.

Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

On the disposal of a foreign operation all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to the consolidated statement of profit or loss.

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 key accounting judgements and sources of estimation uncertainty at the end of the reporting period, are those 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.

Determination of Ore Reserves

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.

Other Critical Accounting Judgements

Other critical accounting judgements and key sources of estimation uncertainty are discussed in the following notes:

Notes to the consolidated financial statements

1. Basis of preparation (continued)

Recognition of tax losses	Note 5
Impairment of property, plant and equipment and mine properties and development properties	Note 12
Rehabilitation obligations	Note 14
Fair value measurements and valuation processes	Note 18

PERFORMANCE FOR THE YEAR

This section focuses on the results and performance of the Group. This covers profitability, the resultant return to shareholders via earnings per share and cash generation.

2. Segment reporting

Accounting Policy

Reportable segments are determined based on the information reported to the Chief Executive Officer and Managing Director for the purposes of resource allocation and assessment of segment performance, and are based on geographical countries and split between operations and exploration activities.

The Group currently has only one identifiable segment of its business:

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

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 2018 ($'000)	Segment revenue Year ended 2017 ($'000)	Segment profit/(loss) Year ended 2018 ($'000)	Segment profit/(loss) Year ended 2017 ($'000)
Operations					
Guyana		**115,714**	91,767	**2,738**	(31,357)
Total operations		**115,714**	91,767	**2,738**	(31,357)
Exploration					
Guyana				**(1,285)**	(6,761)
Total exploration				**(1,285)**	(6,761)
Impairment					
Mining properties – Guyana				**-**	(108,401)
Total impairment loss before income tax				**-**	(108,401)
Total segments		**115,714**	91,767	**1,453**	(146,519)
Other income				**760**	665
Share of (loss)/profit from Casposo accounted for using the equity method				**(1,875)**	2,878
Corporate administration				**(2,859)**	(5,939)
Other expenses				**(2,241)**	(6,129)
Finance costs				**(4,849)**	(5,165)
Loss before tax				**(9,611)**	(160,209)
Income tax benefit				**-**	12,006
Loss for the year				**(9,611)**	(148,203)

2. 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.

The following is an analysis of the consolidated entity's assets and liabilities by reportable segment. assets and liabilities are measured in the same way as in the financial statements. The assets and liabilities are allocated based on operations of the segment and physical location of the assets:

Total assets	**2018 ($'000)**	2017 ($'000)
Operations		
Guyana	**105,761**	124,093
Total segment assets	**105,761**	124,093
Cash and cash equivalents (1)	**337**	8,855
Deferred tax assets	**1,768**	1,712
Receivables and other assets (1)	**385**	4,241
Total assets	**108,251**	138,901

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

Total liabilities	**2018 ($'000)**	2017 ($'000)
Operations		
Guyana	**32,432**	34,490
Brazil – discontinued operation – closure liabilities	**-**	1,184
Total segment liabilities	**32,432**	35,674
Borrowings (2)	**14,192**	32,742
Hedge liability (2)	**1,102**	4,274
Other liabilities (2)	**760**	886
Total liabilities	**48,486**	73,576

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

Other segment information	**2018 ($'000)**	2017 ($'000)
Depreciation and amortisation		
Guyana	**28,758**	39,939
Unallocated	**32**	59
Total depreciation and amortisation	**28,790**	39,998
Additions to property, plant and equipment		
Guyana	**3,302**	5,731
Unallocated	**10**	4
Total additions	**3,312**	5,735

Notes to the consolidated financial statements

3. Revenue and other income

Accounting Policy

Revenue is recognised at the fair value of the consideration received or receivable, when the risks and rewards of ownership have passed to the buyer, revenue and associated costs can be measured reliably and it is probable future economic benefits will flow to the Group.

The Group's gold revenue is recognised when it is dispatched from the mine site as this is considered the point when risks and rewards of ownership pass to the customer. Adjustments are made for final gold price, assay and weight results between dispatch and final settlement.

Refer to Note 18 (ix) for information on the Group's gold forward contracts.

	2018 ($'000)	2017 ($'000)
Revenue		
Gold Sales	**119,367**	97,363
Silver Sales	**192**	113
Hedge losses – net	**(3,845)**	(5,709)
	115,714	91,767
Other Income		
Interest received	**3**	216
Net foreign exchange gains	**650**	-
Other	**107**	449
	760	665
Share of net (loss)/profit of associate accounted for using the equity method[1]	**(1,875)**	2,878

[1] Includes Casposo investment write down of $996,000.

4. Expenses

i) Cost of Sales

	2018 ($'000)	2017 ($'000)
Depreciation of property plant and equipment	**12,979**	18,205
Amortisation of mining property	**15,779**	21,793
Government royalties	**10,465**	8,881
Mining and milling expenses	**64,353**	67,293
Other	**5,433**	6,952
	109,009	123,124

ii) Exploration

Accounting policy

Ongoing exploration and evaluation costs are expensed as incurred.

	2018 ($'000)	2017 ($'000)
Exploration expenditure incurred	**1,285**	6,761
	1,285	6,761

Notes to the consolidated financial statements

4. Expenses (continued)

iii) Administration expenses

	2018 ($'000)	2017 ($'000)
Head office salaries and on-costs	**767**	1,947
Head office corporate restructure costs	**47**	154
Non-Executive Directors fees and on-costs	**318**	295
Other head office administration [1]	**1,727**	2,016
	2,859	4,412

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

iv) Finance costs

Accounting policy – borrowing costs

Borrowings costs relate to financial liabilities measured at amortised cost using the effective interest method, therefore costs are recognised on an effective yield basis resulting in allocating the borrowing costs over the relevant period.

	2018 ($'000)	2017 ($'000)
Borrowing costs	**4,504**	4,749
Rehabilitation provisions unwinding of discount	**345**	416
	4,849	5,165

v) Other expenses

	2018 ($'000)	2017 ($'000)
Net foreign exchange loss	**-**	5,482
Care and maintenance costs Brazil	**1,162**	941
Overseas office and administration	**175**	586
Bad debt written off	**-**	643
Loss on sale of assets	**275**	4
Withholding tax – Guyana	**629**	-
Inventory write down	**3,967**	-
	6,208	7,656

5. Taxation

Accounting policy

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.

The net amount of GST/VAT recoverable from the taxation authority is included as part of receivables. 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.

5. Taxation (continued)

Income tax

Income tax expense

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

Current Tax

Current tax is based on the expected payable or receivable on the taxable income or loss for the year, using tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustments to tax payable in respect of previous years.

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.

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.

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.

Current and deferred tax for the year

Current and deferred tax is recognised in the consolidated statement of 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 is also recognised in other comprehensive income or directly in equity, respectively.

Tax consolidation

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

Entitles within the tax consolidated group have not entered into a tax funding arrangement.

5. Taxation (continued)

i) Income tax recognised in profit or loss

	2018 ($'000)	2017 ($'000)
Current tax benefit	-	-
Deferred income tax		
Decrease in deferred tax liabilities	-	(12,006)
Income tax benefit	-	(12,006)

Numerical reconciliation of tax expense benefit to prima facie tax payable	2018 ($'000)	2017 ($'000)
Loss before tax	(9,611)	(160,209)
Income tax benefit at Group's statutory rate of 30% (2017: 30%)	(2,883)	(48,182)
Difference in income tax expense due to:		
Share based payments	-	(1)
Non-deductible foreign salaries	-	47
Non-deductible expenses	1,266	963
Non-deductible impairment losses	-	32,520
Reversal of deferred tax liability following impairment	-	(12,006)
Group and foreign currency restructure	2	356
Other temporary differences not recognised	(222)	(1,253)
Australian tax losses not brought to account	1,013	2,830
Foreign tax losses (recognised)/not brought to account	824	12,720
Income tax benefit on pre-tax net loss	-	(12,006)

	2018 ($'000)	2017 ($'000)
Deferred income tax related to items charged or credited directly to equity		
Foreign currency reserve and hedging – deferred tax	56	(63)
Income tax benefit reported in equity	56	(63)

ii) Deferred tax assets arise from the following:

	Opening balance ($'000)	Charged to income ($'000)	Charged to equity ($'000)	Closing balance ($'000)
2018				
Plant and equipment – Guyana	509	-	56	565
Provisions	72	(59)	-	13
Hedge financial liability and accruals	(599)	255	-	(344)
Loans	(414)	838	-	424
Tax losses	1,203	-	-	1,203
Other	941	(1,034)	-	(93)
	1,712	-	56	1,768
Deferred tax assets				1,768

Notes to the consolidated financial statements

5. Taxation (continued)

	Opening balance ($'000)	Charged to income ($'000)	Charged to equity ($'000)	Closing balance ($'000)
2017				
Capitalised mining costs – Guyana	(12,006)	12,006	-	-
Plant and equipment – capitalised interest	(2,622)	2,622	-	-
Plant and equipment – Guyana	572	-	(63)	509
Provisions	307	(235)	-	72
Hedge financial liability and accruals	6,914	(7,513)	-	(599)
Loans	(596)	182	-	(414)
Tax losses	1,203	-	-	1,203
Other	(4,003)	4,944	-	941
	(10,231)	12,006	(63)	1,712
Deferred tax assets				1,712

iii) Tax balances

	2018 ($'000)	2017 ($'000)
Deferred tax assets	1,768	1,712

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 in Guyana, for realisation as future income tax benefits. The assumptions used in determining deferred tax asset recognition are consistent with the assumptions stated in Note 12.

iv) Unrecognised deferred tax assets

The following deferred tax assets have not been brought to account as assets:	2018 ($'000)	2017 ($'000)
Tax losses - Australia	**12,902**	11,889
Tax losses – Guyana	**14,452**	12,720
Temporary differences – Australia (principally hedge liabilities)	**843**	353
	28,197	24,962

6. Loss per share

Accounting policy

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.

Notes to the consolidated financial statements

6. Loss per share (continued)

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.

	2018 Cents per share	2017 Cents per share
Basic loss per share	**(2.1)**	(34.7)
Diluted loss per share	**(2.1)**	(34.7)

Reconciliation of loss used in calculating loss per share

	2018 ($'000)	2017 ($'000)
Basic and diluted earnings per share loss after tax from operations	**(9,611)**	(148,203)

Weighted average number of shares

	2018 No. ('000)	2017 No. ('000)
Weighted average number of ordinary shares used in calculating basic and diluted loss per share	**458,769**	426,813

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 loss per share.

	2018 No.	2017 No.
Share appreciation rights	**-**	282,000
Investec options	**27,780,000**	27,780,000
	27,780,000	28,062,000

7. Dividends and franking credits

No dividends were declared or paid in 2018 (2017: $nil)

	2018 ($'000)	2017 ($'000)
Adjusted franking account balance at 30% (2017: 30%) tax rate	**1,604**	1,604

8. Cash and cash equivalents

Accounting policy

Cash and cash equivalents includes cash held with financial institutions, cash on hand and deposits which are less than 3 months in duration and highly liquid. Interest is recognised when earned.

	2018 ($'000)	2017 ($'000)
Cash at bank	**269**	3,575
Cash at bank – overseas	**1,059**	5,171
Short term interest bearing deposits - Australia	**16**	109
	1,344	8,855

i) Restricted cash

At balance date, $nil (2017: $333,000) was held in support of bank guarantees and credit card facilities. Troy also holds $16,000 (2017: $39,000) cash in Australian and United Kingdom bank accounts to cover unpresented dividend cheques.

At balance date, $272,000 (2017: $263,000) was held as environmental bonds, these are classified as other receivables (Note 9).

ii) Reconciliation of net cash provided by operating activities to net loss after income tax

	2018 ($'000)	2017 ($'000)
Operating loss after income tax	**(9,611)**	(148,203)
Depreciation of property, plant and equipment	**13,011**	18,205
Amortisation of mining properties	**15,779**	21,793
Rehabilitation provision unwinding of discounts	**345**	416
Loss on sale of plant and equipment	**275**	4
Loss foreign exchange unrealised	**277**	3,212
Equity settled share-based payments	**-**	(2)
Interest income received and receivable	**(3)**	(216)
Finance costs classified as a financing activity	**4,504**	4,282
Share of net loss/(profit) of Casposo accounted for using the equity method	**1,875**	(2,878)
Impairment loss (before tax)	**-**	108,401
VAT write-off	**-**	872
Changes in operating assets and liabilities		
(Increase)/decrease in current receivables	**(1,288)**	1,470
Increase in inventories	**(1,125)**	(5,931)
Decrease in income and deferred tax	**-**	(11,977)
(Decrease)/increase in payables	**(6,373)**	11,350
Decrease in provisions	**(835)**	(2,591)
	16,831	(1,793)

8. Cash and cash equivalents (continued)

iii) 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 2,943,569 ordinary shares amounting to $300,009 to Investec pursuant to a restructure of the Group's debt facility.

iv) Net debt reconciliation

	2018 ($'000)	2017 ($'000)
Cash and cash equivalents	**1,344**	8,855
Borrowings – repayable within one year and variable interest rate	**(14,192)**	(32,742)
Net debt	**(12,848)**	(23,887)

OPERATING ASSETS AND LIABILITIES

This section focusses on the Group's operational assets and liabilities and further explains those individual line items shown on the statement of financial position.

9. Trade and other receivables

Accounting policy

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

Trade and other receivables are assessed for indicators of impairment at the end of each reporting period. Where the collection of receivables is doubtful an allowance for doubtful debts is recognised. When a receivable is considered uncollectible, it is written off against the allowance for doubtful debts. Subsequent recoveries of amounts previously written off are credited against the allowance for doubtful debts. Changes in the carrying amount of the allowance for doubtful debts are recognised in the consolidated statement of profit or loss.

	2018 ($'000)	2017 ($'000)
Current		
Other receivables and prepayments (1)(2)	**2,591**	4,214
Environmental bonds (Note 8 (i))	**272**	-
Deferred expenditure	**419**	-
	3,282	4,214
Non-current		
Value added tax recoverable (3)	**4,768**	2,261

(1) Other debtors and prepayments primarily include advance payments to contractors and insurers and recovery of fuel and accommodation expenses incurred on behalf of contractors. No allowance for doubtful debts has been recognised at 30 June 2018 (2017: Nil).

(2) As at 30 June 2018, no current receivables are past due (2017: Nil), or impaired.

(3) As at the 30 June 2018 VAT receivables in Guyana of $578,000 have been provided for as doubtful (2017: $559,000).

Notes to the consolidated financial statements

10. Inventories

Accounting policy

Inventories are stated at the lower of cost and net realisable value. Ore stockpiles, gold in circuit, doré and bullion are valued applying absorption costing. Net realisable value represents the estimated selling price in the ordinary course of business, less estimated costs of completion and costs of sale. Consumable stores inventory is measured on a weighted average cost basis.

	2018 ($'000)	2017 ($'000)
At cost or net realised value:		
Bullion and dore on hand	**81**	-
Gold in circuit	**1,913**	872
Ore stockpiles	**4,237**	501
Stores	**9,522**	12,512
	15,753	13,885

11. Property, plant and equipment

Accounting policy

Items of property, plant and equipment are recorded at cost, less accumulated depreciation and impairment (refer to Note 12 for impairment policy).

Items of property, plant and equipment, including buildings and leasehold property are depreciated using the straight-line or reducing balance method over their estimated useful lives. There is no depreciation charge on land. Assets are depreciated from the date of acquisition or from the time an asset is completed and held ready for use.

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

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

An item of property, plant and equipment is derecognised when it is sold or otherwise disposed of, or when its use is expected to bring no further economic benefits. Any gain or loss from derecognising the asset (the difference between the proceeds on disposal and the carrying value) is included in the consolidated statement of profit or loss in the period the item is derecognised.

	Land & buildings at cost ($'000)	**Plant and equipment at cost ($'000)**	**Motor vehicles at cost ($'000)**	**Total ($'000)**
Gross carrying amount:				
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**
Additions	**-**	**3,312**	**-**	**3,312**
Disposals	**(193)**	**(258)**	**(212)**	**(663)**
Transfers	**-**	**(726)**	**726**	**-**
Net foreign currency exchange differences	**344**	**2,133**	**68**	**2,545**
Balance at 30 June 2018	**5,996**	**95,137**	**1,454**	**102,587**

11. Property, plant and equipment (continued)

	Land & buildings at cost ($'000)	Plant and equipment at cost ($'000)	Motor vehicles at cost ($'000)	Total ($'000)
Accumulated depreciation and impairment:				
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)**
Depreciation expense	**(1,571)**	**(11,266)**	**(174)**	**(13,011)**
Disposals	**-**	**195**	**70**	**265**
Transfers		**(17)**	**17**	**-**
Net foreign currency exchange differences	**(174)**	**(932)**	**(19)**	**(1,125)**
Balance at 30 June 2018	**(3,596)**	**(53,680)**	**(667)**	**(57,943)**
Net book value:				
As at 30 June 2017	3,994	49,016	311	53,321
As at 30 June 2018	**2,400**	**41,457**	**787**	**44,644**

12. Mine properties

Accounting policy

Mine properties represent the accumulation of all costs in relation to an area of interest, where right to tenure is current and from which the mining of a mineral resource has commenced. Subsequent additions to mine properties are recorded at cost. Amortisation of mine properties commences from the date of first commercial production.

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.

	2018 ($'000)	2017 ($'000)
Balance at start of financial year	**51,325**	147,356
Expenditure incurred during the year	**170**	15,885
Asset write down	**-**	(260)
Amortisation expensed during the year	**(15,779)**	(21,793)
Net foreign currency exchange differences	**826**	(1,462)
Impairment loss	**-**	(88,401)
Balance at end of financial year	**36,542**	51,325

12. Mine properties (continued)

Impairment of mine properties

Accounting policy

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. Where an indicator of impairment exists, a formal estimate of recoverable amount is made. 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 (CGU) to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

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 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 the consolidated statement of profit or loss immediately.

Where an impairment loss is subsequently reversed, 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.

Critical accounting judgements and key sources of estimation uncertainty

The value in use calculation requires the Directors to estimate the future cash flows expected to arise from the CGU 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.

Karouni CGU, Guyana

The Group has one CGU being Karouni in Guyana. This CGU is assessed for impairment each reporting period. As at 30 June 2018, there were no indicators of impairment identified.

An impairment assessment was conducted at 30 June 2017 given that the market capitalisation of Troy at that time was below net asset value which is considered to be an indicator of impairment. Following completion of this assessment an impairment charge was recognised in relation to Karouni. There was no impairment recognised in the current period as no indications of impairment were identified.

	2018 ($'000)	2017 ($'000)
Mining properties	**-**	88,401
Property, plant and equipment	**-**	20,000
Impairment loss before income tax	**-**	108,401
Deferred income tax benefit	**-**	(12,006)
Impairment loss net of income tax	**-**	96,395

12. Mine properties (continued)

Impairment of mine properties (continued)

Methodology and assumptions applied in 2017

The following disclosure on the methodology used to assess the impairment relates to the prior year comparative.

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 cash flow 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 cash flows 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.

Key assumptions

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

	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, post-tax, Real)	8.5%	8.5%	8.5%	8.5%

Commodity prices and exchange rates

The commodity price is estimated with reference to external market consensus forecasts prevailing at the end of the financial year. The US$ cash flows were then converted at the A$/US$ exchange rate on 30 June 2017.

Discount rate

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

Operating and capital costs

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 period.

Mineral Reserves and Mineral Resources

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

Sensitivity analysis

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 the recoverable value, it could indicate a requirement for impairment.

13. Trade and other payables

Accounting policy

Trade payables and accrued expenses are recognised for amounts to be paid in the future for goods and services received irrespective of whether they have been billed at the end of the financial year. These amounts are unsecured.

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.

Due to the short term nature of trade payables and accrued expenses, their carrying value is assumed to be the same as their fair value.

Dividend liabilities represent 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.

	2018 ($'000)	2017 ($'000)
Current		
Trade payables	**27,889**	29,665
Accrued expenses	**422**	1,641
Deferred consideration	**270**	260
Dividends	**1**	26
	28,582	31,592

14. Provisions

Accounting policy

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

	2018 ($'000)	2017 ($'000)
Current		
Rehabilitation (i)	**93**	67
Employee benefits (ii)	**523**	845
Other provisions (refer to Note 20)	**81**	604
	697	1,516
Non-current		
Rehabilitation (i)	**3,908**	3,446
Employee benefits (ii)	**5**	6
	3,913	3,452

14. Provisions (continued)

i) Rehabilitation

Accounting policy

A provision for rehabilitation is recognised in relation to 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.

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.

Critical accounting judgements and key sources of estimation uncertainty

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 judgmental 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.

	Current ($'000)	Non-current ($'000)
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**
Additional provisions recognised	**63**	**-**
Unwinding of discount	**-**	**345**
Reduction arising from payments	**(27)**	**-**
Net foreign currency exchange differences	**(10)**	**117**
Balance at 30 June 2018	**93**	**3,908**

ii) Employee benefits

Accounting policy

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.

14. Provisions (continued)

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows in respect of services provided by employees up to reporting date.

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.

	2018 (No.)	2017 (No.)
Full Time Employees at the end of the reporting period	**405**	392

15. Hedge Liabilities

Accounting policy

The Group hedges commodity risk on gold sales which is accounted for as a cash flow hedge. 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.

The change in the fair value of the forward contracts are recognised in other comprehensive income and accumulated under the cash flow hedging reserve. When a hedge transaction is settled, the gain or loss on settlement is recognised in the consolidated statement of profit or loss.

Refer to Note 18 for risk management policy and fair valuation in relation to the gold forward contracts.

	2018 ($'000)	2017 ($'000)
Derivatives that are designated as hedging instruments carried at fair value		
Hedge liabilities - current		
Gold forward contracts - Effective	**1,102**	4,274

CAPITAL STRUCTURE AND FINANCING

This section focusses on the Groups debt and equity structure.

16. Borrowings

Accounting policy

Borrowings are initially recognised at fair value, net of transactions costs incurred and subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of the 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 to the net carrying amount on initial recognition.

16. Borrowings

Borrowing arrangements

The Investec Bank Plc facility outstanding balance as at 30 June 2018 was US$11.192 million. Based on the current repayment plan, the facility is to be fully repaid by 31 December 2018.

Repayments made during financial year ended 30 June 2018 amounted to US$16 million (A$21 million).

At 30 June 2018, the Company was in compliance with the Investec facility covenants.

Security is held by Investec in the form of a floating charge over all revolving assets and a fixed charge over all other assets held by the Group.

	2018 ($'000)	2017 ($'000)
Debt facility secured – at amortised cost		
Investec bank plc – syndicated debt facility	**15,110**	35,378
Capitalised borrowings costs	**(918)**	(2,636)
	14,192	32,742
Current	**14,192**	32,742
	14,192	32,742

17. Equity and reserves

Issued capital

Accounting policy

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.

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

	2018 No. ('000)	2017 No. ('000)
459,543,474 (2017: 456,599,905) ordinary shares fully paid	**459,544**	456,600

	2018		**2017**	
	No. ('000)	**($'000)**	**No. ('000)**	**($'000)**
Balance at the beginning of the financial year	**456,600**	**353,639**	340,799	314,836
Issue of fully paid shares – capital raising, net of costs	**-**	**-**	113,023	38,414
Issue of fully paid share to Investec bank plc as part of debt restructure	**2,944**	**300**	2,778	389
Balance at end of the financial year	**459,544**	**353,939**	456,600	353,639

17. Equity and reserves (continued)

Reserves

a) Available for sale reserve

Accounting policy

The Available for Sale (AFS) Reserve arises on the revaluation of AFS financial assets at each reporting period.

The Group AFS financial asset relates to holding shares in a listed entity, these shares are measured at fair value based on the closing quoted price of shares at the reporting period, which is a level 1 fair value measurement within the fair value hierarchy as per AASB 7 'Financial Instruments: Disclosures'. At 30 June 2018 the Group AFS investment carrying value was $150,000 (2017: $180,000).

	2018 ($'000)	2017 ($'000)
Available for sale reserve	**150**	180

b) Share based payment reserve

	2018 ($'000)	2017 ($'000)
Share based payment reserve	**9,243**	9,243

c) Hedging cash flow reserve

Accounting policy

The cash flow hedging reserve represents the cumulative effective portion of gains / (losses) arising on changes in fair value of the gold forward contracts. 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 the consolidated statement of profit or loss only when the hedged transaction is settled.

	2018 ($'000)	2017 ($'000)
Balance at beginning of financial year	**(1,381)**	(14,988)
Reclassification to profit or loss	**(1,296)**	5,709
Revaluation	**3,172**	7,898
Balance at the end of the financial year	**495**	(1,381)

d) Foreign currency translation reserve

Balance at beginning of financial year	**26,255**	19,059
Translation of foreign operations	**1,905**	7,196
Balance at the end of the financial year	**28,160**	26,255

RISK AND UNRECOGNISED ITEMS

This section focuses on the Group's exposure to various risks, how these risks affect the financial position and performance of the Group and what the Group does to manage these risks. As well as providing information on items that have yet to meet the recognition criteria for the financial statements.

18. Financial instruments and risk management

i) 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 balances. The Group's overall strategy remains unchanged in the 2018 financial year.

The capital structure of the Group consists of debt (borrowings as detailed in Note 16) offset by cash balances and equity of the Group (comprising issued capital, reserves, and accumulated losses).

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 cash flows. 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.

Gearing ratio

The gearing ratio at the 30 June 2018 was as follows:

	2018 ($'000)	2017 ($'000)
Debt [1]	**14,192**	32,742
Cash and bank balances (excluding restricted cash)	**(1,328)**	(8,483)
Net Debt/(Cash)	**12,864**	24,259
Equity [2]	**59,765**	65,325
Gearing ratio	**22%**	37%

(1) Debt is defined as long and short term borrowings (excluding derivatives and financial guarantee contracts).

(2) Equity includes all issued capital, reserves, and accumulated losses per the statement of changes in equity.

Externally imposed capital requirements

The Investec Facility requires the Group to maintain minimum liquidity of $5,000,000, which includes gold inventories at market value. Management monitors its cash and liquid asset balances to ensure compliance with these obligations. The Group was in compliance with the requirement as at the reporting date (refer Note 16). The Investec Facility also imposes other financial and loan life cover ratios and the Company is in compliance with these at the end of the financial year.

Notes to the consolidated financial statements

18. Financial instruments and risk management (continued)

ii) Categories of financial instruments

	2018 ($'000)	2017 ($'000)
Financial assets		
Cash and cash equivalents	**1,344**	8,855
Trade and other receivables	**8,050**	6,475
Financial liabilities		
Trade and other payables	**(28,582)**	(31,592)
Hedge liability	**(1,102)**	(4,274)
Borrowings – amortised cost	**(14,192)**	(32,742)

iii) Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (refer Note 18(iv)), interest rates (refer to Note 18(v)) and commodity risk (refer to Note 18(viii)). During 2018 the Group participated in gold forward sale contracts in order to manage exposure to commodity risk.

iv) 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	
	2018 ($'000)	2017 ($'000)	**2018 ($'000)**	2017 ($'000)
USD	**436**	6,596	**14,462**	33,002
GYD	**3,389**	7,749	**24,972**	26,855

The Group primarily trades 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 intercompany 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 (GYD) through its mining operations in Guyana, and the USD through USD denominated debt, purchases of equipment and sales of gold. The GYD 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. 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.

18. Financial instruments and risk management (continued)

iv) Foreign currency risk management (continued)

Judgements of reasonably possible movements	2018 ($'000)	2017 ($'000)
AUD/USD		
- Profit/(loss) after tax	**5,978**	4,874
- Equity	**5,277**	3,553
AUD/GYD		
- Profit/(loss) after tax	**320**	(5,937)
- Equity	**(6,201)**	(1,662)

v) Interest rate risk management

The Group is exposed to interest rate risk due to borrowings having a variable interest rate. (Refer Note 16 for details of borrowings).

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 $36,000 (2017: $156,000) in relation to assets. This is attributable to the lower cash balances held in 2018 as compared to 2017.
- net profit would decrease / increase by $266,000 (2017: 430,000) 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 liabilities has decreased during the current year primarily due to the average borrowings decreasing across the two years from $43,035,000 to $26,645,000. Balance at 30 June 2018 was $15,110,000.

vi) 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 credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with credit-ratings above A2 assigned by international credit-rating agencies.

18. Financial instruments and risk management (continued)

vii) 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.

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.

2018 Liabilities

	1 year or less ($'000)	1 to 5 years ($'000)	More than 5 years ($'000)	Total ($'000)
Trade and other payables	**28,582**	**-**	**-**	**28,582**
Secured debt facility	**14,192**	**-**	**-**	**14,192**
Gold commodity hedge liabilities	**1,102**	**-**	**-**	**1,102**
Financial guarantee contracts	**272**	**-**	**-**	**272**
	44,148	**-**	**-**	**44,148**

2017 Liabilities

	1 year or less ($'000)	1 to 5 years ($'000)	More than 5 years ($'000)	Total ($'000)
Trade and other payables	31,592	-	-	31,592
Secured debt facility	37,436	-	-	37,436
Gold commodity hedge liabilities	4,274	-	-	4,274
Financial guarantee contracts	333	-	-	333
	73,635	-	-	73,635

The weighted average rate (including line fees) on variable interest rate instruments was 8.61% for the year ended 30 June 2018 (2017: 6.85%).

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.

18. Financial instruments and risk management (continued)

2018 Assets

	Weighted average effective interest rate %	1 year or less ($'000)	1 to 5 years ($'000)	More than 5 years ($'000)	Total ($'000)
Trade and other receivables		3,282	-	-	3,282
Cash at bank	1.25%	892	-	-	892
USD variable deposits	0.0%	436	-	-	436
Short term deposits	0.0%	16	-	-	16
		4,626	-	-	4,626

2017 Assets

	Weighted average effective interest rate %	1 year or less ($'000)	1 to 5 years ($'000)	More than 5 years ($'000)	Total ($'000)
Trade and other receivables		4,214	-	-	4,214
Cash at bank	1.75%	2,150	-	-	2,150
USD variable deposits	0.0%	6,596	-	-	6,596
Short term deposits	1.23%	109	-	-	109
		13,069	-	-	13,069

vii) Liquidity risk management (continued)

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 $14,192,000 (2017: $32,742,000) compared to a face value of $15,110,000 (2017: $35,378,000). The face value of debt equates to its fair value because it has a variable interest rate.

viii) 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 a portion of its production. These gold forward sale contracts are designated as cash flow hedges. Hedge accounting for cash flow designated hedges allows the gains and losses on the derivative to be recognised in a hedging cash flow reserve (Note 17) 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:

18. Financial instruments and risk management (continued)

Forward Sales contracts

	2018 Ounces	2017 Ounces	2018 Weighted average price US$/oz.	2017 Weighted average price US$/oz.
Gold				
Maturing within 12 months	25,000	35,500	1,228.83	1,155.26

At 30 June 2018, 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 $1,875,000 (2017: $13,607,000 loss). Sales in relation to these contracts will occur during the financial year ended 30 June 2019, at which time the amount deferred in equity will be reclassified to the consolidated statement of profit or loss (refer Note 17).

Sensitivity analysis - gold price

The sensitivity analysis below is based on the actual quantities of forward gold sales contracts at balance date and the stipulated price change.

Judgements of reasonably possible movements	**2018 ($'000)**	2017 ($'000)
Gold price +/- A$50/oz.		
- Equity	**1,250**	1,775

Notes to the consolidated financial statements

18. Financial instruments and risk management (continued)

ix) Fair value measurement of gold forward contracts

Critical accounting judgements and key sources of estimation uncertainty

The Groups gold forward contracts are measured at fair value. Valuations are performed by the Chief Financial Officer and reported to the Board for review and approval.

In estimating the fair value of the 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.

Financial Assets/financial liabilities	**Gold Forward contracts**
Fair value as at 30.6.18	$1,102,000 (Liability)
Fair value as at 30.6.17	$4,274,000 (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

19. Commitments

i) 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 2018 if the Group is to retain all of its present interests in mining and exploration properties:

	2018 ($'000)	2017 ($'000)
Not longer than 1 year	**54**	59
Longer than 1 year and not longer than 5 years	**81**	78
Longer than 5 years	**-**	-
Total exploration commitments	**135**	137

19. Commitments (continued)

ii) Operating leases

Operating lease arrangements as at the reporting date:

	2018 ($'000)	2017 ($'000)
Not longer than 1 year	**470**	267
Longer than 1 year and not longer than 5 years	**157**	95
Longer than 5 years	**-**	-
Total operating leases	**627**	362

The Group has provided securities in the form of general bank guarantees to financial institutions (refer Note 20).

20. Contingent liabilities

The Group has the following contingent liabilities:

a) Bank guarantees from financial institutions total $318,000 (2017: $380,000), of which $272,000 (2017: $333,000) are cash backed.

b) Potential legal claims submitted by previous employees at the Company's Sertão and Andorinhas operations in Brazil of $878,000 (2017: $2,851,000). Based on past settlement of claims, the current expectation is that only a portion of this may become payable and therefore $81,000 has been included in other provisions as at 30 June 2018 (2017: $604,000) (Refer Note 14).

21. Events after balance sheet date

Other than as detailed in this Report and the Notes above, there are no other matters or circumstances that have arisen since 30 June 2018 that have significantly affected or may significantly affect:

i) The consolidated entity's operations in future financial years; or
ii) The results of those operations in future financial years; or
iii) The consolidated entity's state of affairs in future financial years.

OTHER INFORMATION

This section provides information on items required to comply with Australian Accounting Standards and other regulatory pronouncements.

22. Investment in associate

Accounting policy

Investment in associate is accounted for using the equity method. Under the equity method of accounting, the investment is initially recognised at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in the statement of profit or loss and the Group's share of movements in other comprehensive income of the investee in the statement of comprehensive income.

On 4 March 2016 Troy sold a 70% controlling stake in Casposo, thereby deconsolidating its previously held 100% investment and taking up a 30% equity accounted investment.

22. Investment in associate (continued)

	Note	2018 ($'000)	2017 ($'000)
Balance at the start of the financial year		**3,148**	635
Share of (loss)/profit in Casposo	3	**(879)**	2,878
Write- down of Casposo investment	3	**(996)**	-
Foreign currency translation reserve		**(1,273)**	(365)
Balance at the end of the financial year		**-**	3,148

Details of assets and liabilities of associate:	2018 ($'000) 100%	2017 ($'000) 100%
Total assets [(1)]	**56,375**	79,671
Total liabilities	**(57,187)**	(73,402)
Net assets/(liabilities)	**(812)**	6,269
Goodwill (discount) on acquisition [(2)]	**-**	4,225
	(812)	10,494
Troy equity 30% [(3)]	**-**	3,148

(1) Net of provisions for doubtful debts and inventory obsolescence
(2) Includes elimination of inter-company transactions
(3) Troy's 30% investment in Casposo has been written down by $996k to $Nil at 30 June 2018.

Details of revenue and profit of associate:	2018 ($'000) 100%	2017 ($'000) 100%
Revenue	**46,611**	54,939
(Loss)/Profit for the period	**(2,928)**	9,592
Other comprehensive income	**-**	-
Total comprehensive income	**(2,928)**	9,592
Troy share of net profit of associate accounted for using the equity method 30%	**(879)**	2,878

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. The fair value of the option for Casposo for financial year ended 30 June 2018 is considered to be $Nil (2017: $Nil) based on a level 3 valuation.

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 the next 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.

23. Related party transactions

i) Subsidiaries

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

The consolidated financial statements include the following subsidiaries:

	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST	
		2018 %	2017 %
Parent Entity: Troy Resources Limited	Australia		
Subsidiaries:			
Wirraminna Gold Pty Ltd	Australia	100	100
Troy Resources Brasil Participações Ltda	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

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.

ii) Key Management Personnel Compensation

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

	2018 ($)	2017 ($)
Short term employee benefits	**2,021,120**	2,591,237
Long service and annual leave	**-**	8,042
Post-employment benefits	**57,786**	113,951
Termination benefits	**-**	738,784
Share-based payments	**-**	(5,164)
	2,078,906	3,446,850

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 8 to 15 of the Directors' Report.

iii) Other transactions

There have been no other related party transactions for financial year 30 June 2018.

24. Employee share equity plans

Accounting policy

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.

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 the consolidated statement of profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share based payments 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.

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 SAR's which would otherwise have been allotted and issued or transferred to the Participant on the exercise of the SAR's had such rights been Equity Settled;

Notes to the consolidated financial statements

24. Employee share equity plans (continued)

Share Appreciation Rights (SAR's) (continued)

Or

ii) Issue or transfer shares to a Participant on the exercise of the SAR's **(Equity Settled)**. The number of shares delivered to Participants upon exercise of SAR's 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 SAR.

(h) during the year ended 30 June 2018, No SAR's were issued (2017: Nil), No SAR's vested (2017: 94,000) and 282,000 lapsed (2017: 681,000).

SHARE APPRECIATION RIGHTS 2018

Month of issue	Balance at 1.7.17	Grant Price	No. of rights vested during the year	Vesting Date	Number Lapsed / Cancelled during the year	Balance at 30.6.18	Vested at 30.6.18	Vesting Period	Expiry Date
Nov-13	120,000	$1.21 - $1.43	-	-	(120,000)	-	-	Dec-14 - Dec-16	20-Dec-17
Dec-13	162,000	$1.21 - $1.43	-	-	(162,000)	-	-	Dec-14 - Dec-16	20-Dec-17
	282,000	$1.21 - $1.43	-		**(282,000)**	-	-		

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**		

Notes to the consolidated financial statements

24. Employee share equity plans (continued)

Share Appreciation Rights (SAR's) (continued)

The following table reconciles the SARs outstanding at the beginning and end of the financial year:

	2018		2017	
Share appreciation rights:	**No.**	**Weighted average grant price $**	**No.**	**Weighted average grant price $**
Balance at the start of the financial year	282,000	1.32	963,000	1.24
Lapsed during the year	(282,000)	1.32	(681,000)	0.88
Balance at the end of the financial year	-	-	282,000	1.32
Exercisable at the end of the financial year	-	-	282,000	1.32

25. Auditor's remuneration

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	2018 ($)	2017 ($)
Paid or payable to **Deloitte Touche Tohmatsu** in Australia:		
Audit of the financial reports	**-**	2,500
Tax and other services	**-**	2,000
Total for Deloitte Touche Tohmatsu	**-**	4,500
Paid or payable to overseas firms		
Audit of the financial reports	**78,432**	80,763
Tax and other services	**13,104**	18,167
Total for overseas firms	**91,536**	98,930
Paid or payable to **PricewaterhouseCoopers** in Australia:		
Audit of the financial reports	**146,849**	151,902
Tax and other services	**77,075**	56,700
	223,924	208,602
Paid or payable to overseas associates of **PricewaterhouseCoopers:**		
Audit of the financial reports	**-**	-
Tax and other services	**185,747**	91,148
	185,747	91,148
Total for PricewaterhouseCoopers	**409,671**	299,750
Total for all auditors and their associates for all services	**501,207**	403,180

Notes to the consolidated financial statements

26. Parent entity disclosure

Accounting policy

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

	2018 $'000	2017 $'000
Assets		
Current assets	**659**	3,845
Non-current assets	**71,169**	97,434
Total assets	**71,828**	101,279
Liabilities		
Current liabilities	**1,363**	4,904
Non-current liabilities	**14,467**	33,008
Total liabilities	**15,830**	37,912
Net assets	**55,998**	63,367
Equity		
Issued capital	**353,939**	353,639
Accumulated losses - opening	**(299,449)**	(168,831)
Current year loss	**(6,366)**	(130,618)
Reserves:		
Available for sale reserve	**150**	180
Share option reserve	**9,243**	9,243
Foreign exchange translation	**(1,519)**	(246)
Total equity	**55,998**	63,367
Financial performance		
Dividends received from subsidiaries	**-**	4,594
Interest and management fees charges to subsidiaries	**7,460**	5,783
Other income	**9**	229
Share of net (loss)/profit of Casposo accounted for using the equity method	**(1,875)**	2,878
Hedging and foreign exchange loss	**(4,617)**	(4,517)
Borrowing costs	**(4,504)**	(4,749)
Administration, corporate and other expenses	**(3,333)**	(5,052)
Group hedging expense	**-**	13,607
Impairment	**-**	(143,391)
Loss for the year after tax	**(6,860)**	(130,618)
Other comprehensive income	**(1,243)**	(154)
Total comprehensive income	**(8,103)**	(130,772)

Contingent liabilities of the parent entity

There are no contingent liabilities other than:

i) General bank guarantees to financial institutions of $46,000 (2017: $116,476) of which $Nil (2017: $70,000) is cash backed.

Commitments of the parent entity

The parent entity has office lease and equipment rental commitments as at 30 June 2018 of $46,000 (2017: $227,000).

27. New accounting standards and interpretations

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

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2017:

AASB 2016-2 Amendments to Australia Accounting Standards – Disclosure Initiative: Amendments to AASB 107.

The amendments to AASB 7 require disclosure of changes in liabilities arising from financing activities refer to Note 8 (iv).

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. From the evaluation of the impact that the initial application of AASB 9 will have, 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. Managements evaluation of the impact that the initial application of AASB 15 will have on doré and bullion (gold and silver) sales, has concluded there will be no material impact to the recognition of revenue under AASB 15 and no adjustments required on transition to AASB 15.

AASB 16 Leases

AASB 16 was issued in February 2017, 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.

Directors' declaration

In the directors' opinion:

a. the financial statements and notes set out on pages 37 to 79 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 2018 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
31 August 2018

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 2018 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 2018
- 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.

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 $9.6 million during the year ended 30 June 2018 and, as of that date, the Group's current liabilities exceeded its current assets by $24.0 million. As a result the Group is dependent on receiving the continuing financial support of its shareholders, creditors and lender. 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 team instructed and supervised the component auditors, including making a visit to the Guyana mine site and meeting the component auditors.

Materiality

- For the purpose of our audit we used overall Group materiality of $1.15 million, which represents approximately 1% of the Group's revenues.
- 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 revenue, in our view, it is the benchmark against which the performance of the Group is most commonly measured.
- We utilised a 1% 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.

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. We communicated the key audit matters to the Audit Committee.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of the Karouni CGU *(Refer to note 11 and 12 of the financial report)* The Group's financial report includes significant non-current assets at 30 June 2018 which consisted of $71.1 million of Mine Property and Property, Plant and Equipment relating to the Group's Karouni gold mine and associated infrastructure in Guyana. The Guyana Cash Generating Unit ("CGU") incurred a significant impairment charge in the previous financial year and as a result the Group assessed whether any reversal of the prior period impairment charge was necessary for 2018 and whether there were any indicators that a further impairment charge was required. The Group concluded that neither had occurred.	We considered the factors which constitute indicators of impairment of non-current assets under Australian Accounting Standards and whether any of these indicators applied in the current financial year. We compared the market capitalisation of the company to its net assets at 30 June 2018. We compared the previous year's cash flow forecasts and estimated cash inflow from operation of the Guyana CGU with the actual results achieved for the year ended 30 June 2018. We found that actual performance was consistent with the forecast cash flows. In particular the gold price received, ounces produced, operating costs achieved and cash inflows from operations were consistent with those forecast in the prior year impairment model.

Key audit matter	How our audit addressed the key audit matter
This was a key audit matter due to the judgement involved in considering whether there was any reversal of the impairment charge to the Guyana CGU or any indicators of further impairment. In particular judgement was required as to whether there were external sources of information such as a decline in the CGU's market value or adverse changes in operating the environment of the CGU and internal sources, such as internal reporting or plans for the CGU, which would indicate the need to assess the CGU for impairment.	We considered whether a reversal of the prior year impairment charge was required by comparing the actual cash flows achieved to those forecast in the impairment model in the prior year.

Key audit matter	How our audit addressed the key audit matter
Revenue from gold sales For the year ended 30 June 2018 the Group recognised revenue of $115.7 million from the sale of gold from its operations in Guyana. This was a key audit matter as revenue from gold sales was the most significant balance in the consolidated income statement.	We performed the following audit procedures, amongst others: • For a sample of sales transactions from the Karouni operation recorded during the year we obtained the sales invoice and agreed the ounces of gold sold to third party confirmation from the refinery and the revenue recognised to cash received in the bank. We selected a sample of sales recorded close to year end and tested that the sale had been recorded in the correct period by reference to the relevant terms of the sale.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon. Prior to the date of this auditor's report, the other information we obtained included the Director's Report. We expect the remaining other information to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express an opinion or 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 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.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 27 to 34 of the Directors' report for the year ended 30 June 2018.

In our opinion, the remuneration report of Troy Resources Limited for the year ended 30 June 2018 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

PricewaterhouseCoopers

Ben Gargett
Partner

Perth
31 August 2018

CORPORATE DIRECTORY

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

Company Secretary
Gerard Kaczmarek

Registered Office
Troy Resources Limited
Level 2
5 Ord Street
West Perth WA 6005
Telephone: (61 8) 9481 1277
Facsimile: (61 8) 9226 3598
Email: troy@troyres.com.au
Website: www.troyres.com.au

Guyana Office
Troy Guyana Resources Inc
82 Premniranjan Place
Prashad Nagar
Georgetown
Guyana
Telephone: (592) 231 0798
Facsimile: (592) 219 4761

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

Share Registry
Computershare Investor Services Pty Limited
Level 11, 172 St Georges Terrace
Perth WA 6000
GPO Box D182
Perth WA 6840
Telephone: (61 8) 9323 2000
Facsimile: (61 8) 9323 2033
Investor inquiries within Australia: 1300 850 505
Investor inquiries outside Australia (61 3) 9415 5000

Auditor
PricewaterhouseCoopers
Brookfield Place,
125 St Georges Terrace Perth WA 6000
Australia

Legal Representative
DLA Piper
Central Park, Level 31
152-158 St Georges Terrace
Perth WA 6000
Australia


TROY RESOURCES LIMITED