



TROY RESOURCES LIMITED



## PRESS RELEASE

26 February 2016

# HALF-YEAR ENDED 31 DECEMBER 2015 FINANCIAL RESULTS

## Highlights

- » **Gold equivalent production <sup>(1)</sup> of 37,485 oz. (1H 2015: 65,014 oz.)**
- » **Cash costs of US\$989/oz. <sup>(1)</sup> (on a co-product basis) (1H 2015: US\$706/oz.)**
- » **Gross Profit of \$1.1 million (1H 2015: Profit \$10.8 million)**
- » **EBITDA<sup>1</sup> of \$4.4 million (1H 2015: \$21.3 million)**
- » **Cashflow generated from operations \$15.9 million (1H 2015: \$12.9 million)**
- » **Repayments made under the Investec Facility of \$25 million (1H 2015: Nil) with net debt at \$52.6 million (1H 2015: \$41.9 million)**
- » **Successful commissioning of the Karouni project and commencement of operations**
- » **Casposo transitioning to care and maintenance**

<sup>(1)</sup> Excludes any production and costs from the Karouni project for the half-year

The half-year ended 31 December 2015 has been a transformational period for Troy Resources Limited (ASX: TRY).

With the fall in US\$ prices for gold and silver at the beginning of the half-year, and the impact of high inflation and capital controls in Argentina, the Company undertook an operational review at Casposo that resulted in the suspension of all waste development activities, a rescaling of the operation and a labour restructuring program. By half-year end the Company had achieved significant cost reductions through the implementation of its restructuring process. Since the beginning of 2016, the economic climate within Argentina has also improved with the Peso devaluing ~30% against the US\$ and export duties being removed. With the plant being transitioned to care and maintenance and all mining activities being suspended, the Company is now exploring its options as to how it might benefit from its investment in Casposo going forward.

At Andorinhas, the Company continues to process the remaining low-grade stockpiled ore and garimpero tailings as part of the mine clean-up which is generating sufficient cashflow to cover its ongoing closure costs.

Construction activities at the Company's new flagship Karouni gold mine were completed towards the end of the half-year. Following successful commissioning of the plant, Karouni's first gold pour was completed in late November 2015.

Against this backdrop of operational activity, the Group generated a Gross Profit of \$1.1 million (1H 2015: \$10.8 million) and a net loss after tax of \$6.7 million (1H 2015: Loss \$26.7 million) of which \$5.5 million relates to a provision for restructuring costs at Casposo. These costs will continue to be funded from surplus cashflow from the Casposo operation.

## **Outlook**

Following successful commissioning of the Karouni plant in October, throughput has consistently been above forecast operating levels. During January, the plant processed 58,633 dry tonnes at 3.92g/t and 90.1% recovery for 6,660oz. Overall availability during the month was 85% and the plant operated at ~73% of design throughput. The plant has achieved the design specifications set by management for long term sustainable production resulting in the Company declaring achievement of commercial production. The Company shipped 6,374 oz. in relation to January production.

Based on the most recent operating data for Karouni, the Company is forecasting guidance for calendar year 2016 of:

- Production of 100,000 to 120,000 oz.
- C1 cash costs of US\$400 - 425/oz.
- AISC of US\$525 - 550/oz.

Commensurate with the positive improvement in geological knowledge of the Karouni project acquired over recent months from mining activities, the Company is now planning to commence studies on underground mining at Smarts and to investigate the potential extension and expansion of the Hicks pits. This will include infill drilling and re-estimation of Mineral Resources over the next 12 months in an effort to extend the mine life of Karouni to beyond five years.

<sup>1</sup> EBITDA is 'Earnings before interest, income taxes, depreciation and amortisation and non-cash impairment charges'.  
All references to \$ are Australian dollars unless otherwise stated.

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