TROY RESOURCES LIMITED

# ASX Release

13 July 2016

## TROY OPERATIONAL UPDATE

Troy Resources Limited (ASX: TRY) provides the following update on activities at its Karouni Gold Operation in Guyana ahead of the release of its next Quarterly Report for the period ending 30 June 2016 later this month.

### Operational

Progress advancing the Smarts pit into fresh rock has been slower than anticipated. This is due to the prolonged severity of the wet season and the requirement to cordon off sections of the pit to allow for the commencement of an RC grade control drilling program. This program was commenced to test the continuity of North-South vein structures within the deposit, improve grade control information and formulate ongoing mining sequences.

Disruptions to the mill lubrication system during May and June, as well as ongoing difficulties with the processing characteristics of the Saprolite clay material that will not be fully resolved until the Smarts pit is in fresh rock, reduced the plant throughput rate during the June quarter. New "made to order" pumps and parts for the worn components in the lubrication unit, are currently on track to be delivered in July and preparations have been made by the on-site maintenance team to ensure that the work to refurbish the lubrication system will not result in any significant downtime for the mill.

The impact of these factors on the Karouni operation during the June quarter is reflected in the following performance figures:

***Karouni Preliminary Production Data for June 2016 Quarter***

| | June 2016 Quarter | YTD FY 2016 |
|---|---|---|
| **Tonnes processed (t)** | 161,764 | 356,772 |
| **Grade (g/t)** | 3.04 | 3.37 |
| **Recovery (%)** | 92.0 | 90.0 |
| **Gold produced (oz.)** | 14,553 | 34,748 |

Whilst every effort will be made to make up for this situation in the second half of the year, the increase in production that had been expected over the course of the June Quarter, prior to these disruptions, will now only take effect in the September Quarter. This is expected to have an impact on guidance for CY2016, the extent of which is currently being established through the preparation of revised schedules to incorporate the current status of mining and processing activities.

**Exploration**

Further geological understanding of the orebody from grade control drilling and progressive mining, has identified the presence of additional quantities of lower grade ore that was largely uncaptured in the original drilling programme. These lower grade ore zones occur as disseminated mineralisation up to several metres away from the North-South veins. The inclusion of these new ore zones in the block model will increase the overall ore tonnes mined and therefore ounces per vertical metre, albeit resulting in a reduced overall grade for the tonnes recovered and processed.

During June, a Reverse Circulation (RC) drilling program commenced from the floor of the Smarts Stage 2 Pit. A total of 23 holes (2,081m) of RC drilling were completed to test this area on drill grid of about 30m x 10m spacing.

This drilling targeted the area between the hanging-wall and footwall Shears, where the gold bearing veins are preferentially developed within the mafic units. This program targeted North-South striking vein orientations but also intersected a number of NW-SE striking veins.

The drilling highlighted the fact that one of the key controls is the host lithology. In the andesite unit there is a limited alteration halo whereas in the basalt unit there is a more diffuse pyritic alteration adjacent to the veins which is readily apparent in the drill chips.

The holes pushed beyond the bounding shear have confirmed the fact that the gold mineralisation is entirely confined to the area bounded by the main NW-SE striking Smarts Shear.

The drilling has also confirmed that the N-S Veins are often “cm” scale widths and are widely spaced over the strike length of the pit. Although narrow widths, the N-S veins intercepted have visible gold and high gold grades. To date, partial assay results have been received for 10 of the 23 holes drilled. Significant results include (see Table 1, JORC Section 1 & Section 2 Tables and Figure 1: Geology & Drill Collar Plan):

- **1m @ 132.5g/t from 21m**
- **2m @ 53.0g/t from 3m**
- **2m @ 23.1g/t from 30m**
- **7m @ 18.2g/t from 33m**
- **3m @ 18.9g/t from 24m**
- **1m @ 17.4g/t from 1m**
- **4m @ 13.9g/t from 20m**
- **2m @ 11.7g/t from 20m**
- **5m @ 7.8g/t from 35m**
- **9m @ 6.5g/t from 3m**
- **8m @ 4.9 g/t from 28m**
- **8m @ 4.8 g/t from 62m**
- **3m @ 3.8g/t from 6m**
- **10m @ 3.5g/t from 69m**
- **5m @ 3.2g/t from 16m**

The program has confirmed the N-S Veins are continuous at shallow depths below the current planned pit floor. Fourteen of 29 total downhole intercepts were reported below the current design pit. Intersections are reported as downhole widths with true widths about 60% to 70% of the reported width. Once all assays are received, this infill drilling data will allow for a more robust Grade Control model to be constructed to aid in the mine planning for the remaining benches in the pit. An investigation of the potential of the N-S Veins at depth is likely to be warranted which will require a Diamond Core follow-up program.

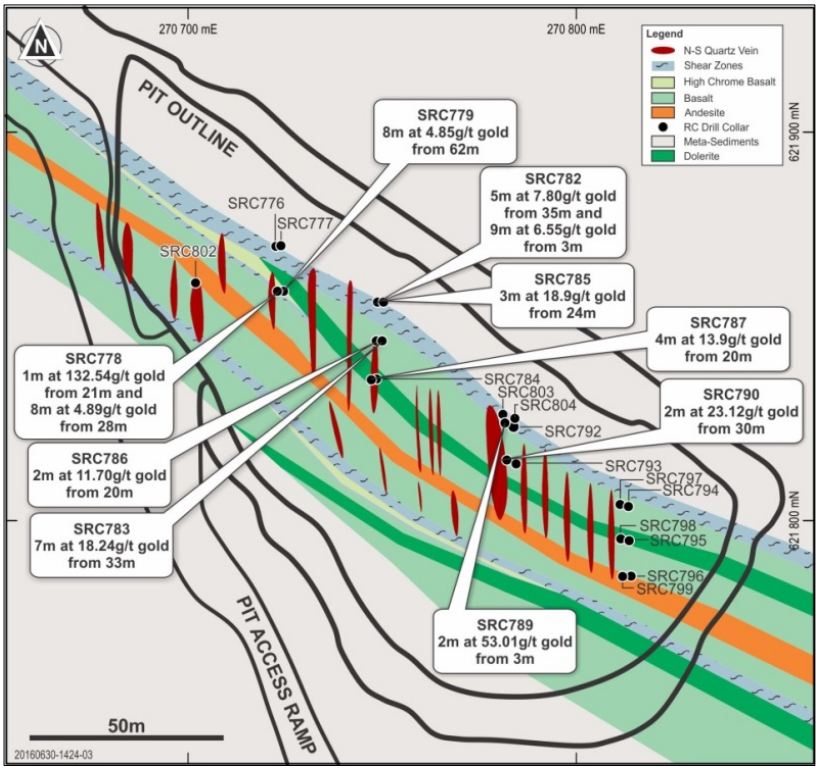


**Figure 1: Smarts Stage #2 Pit Geology & Drill Collar Plan**

Following completion of the Smarts Stage 2 drilling program in late June, the rig is currently completing a 40 hole, 1,880m program in the Smarts Stage 4 pit area which is targeted at delineating gold mineralisation associated with the bounding NW-SE striking Smarts Shears as well as three N-S striking veins highlighted in earlier drilling.

An additional RC rig has arrived in Guyana from Brazil to enable dedicated grade control drilling to be scheduled into the mining sequence. The rig will also assist with extensional drilling around the pits.

**Investec**

Following a scheduled repayment of US$3.75 million to Investec at the end of June, the amount owing under the Investec Facility is now US$39.2 million, with the Company having repaid US$32.4 million [(1)] in the last 12 months.

[(1)] The amount outstanding under the Investec Facility at 30 June 2015 was A$100 million or US$71.57 million if converted at the A$/US$ rate of 0.7157 (being the rate used to convert the Facility from A$ to US$ on 20 May 2016).

**Personnel**

Following the staged divestment of the Company's interest in Casposo in Argentina and the closure of Andorinhas in Brazil, Troy's Chief Operating Officer in South America, Andrew Storrie, has decided to leave the Company. Andrew joined Troy in 2009 and played a key role in achieving reliable and consistent performance at both of these challenging operations and the Board wishes him well in his future endeavours.

ENDS

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## Competent Person's Statement

The information in this presentation that relates to Exploration Results, Mineral Resources or Ore Reserves for the Karouni project is based on, and fairly represents, information and supporting documentation prepared by Mr Peter J Doyle, Vice President Exploration and Business Development of Troy, a Competent Person who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Doyle has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Doyle consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. Mr Doyle is a full time employee of Troy.

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, mineral resource estimates or studies 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 here have not been materially modified from the original market announcements.

| TABLE 1: Smarts Stage #2 Pit Reverse Circulation (RC) Drilling Summary of Results | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Hole** | **Easting (m)** | **Northing (m)** | **Elevation (m)** | **Depth (m)** | **Azimuth** | **Dip** | **Assay Intervals (m at g/t gold)** |
| SRC776 | 270,723.9 | 621,871.0 | 56.62 | 100 | 270 | -60 | Assays Pending |
| SRC777 | 270,722.6 | 621,870.8 | 56.55 | 70 | 270 | -45 | 2m at 2.43g/t gold from 17m |
| SRC777 | | | | | | | 4m at 2.31g/t gold from 47m |
| SRC777 | | | | | | | 1m at 7.22g/t gold from 58m |
| SRC778 | 270,723.0 | 621,859.3 | 56.34 | 70 | 270 | -45 | 1m at 132.54g/t gold from 21m |
| SRC778 | | | | | | | 8m at 4.89g/t gold from 28m including 1m at 10.58g/t gold from 28m |
| SRC779 | 270,724.6 | 621,859.3 | 56.08 | 70 | 270 | -60 | 1m at 5.26g/t gold from 33m |
| SRC779 | | | | | | | 2m at 1.64g/t gold from 43m |
| SRC779 | | | | | | | 1m at 3.98g/t gold from 55m |
| SRC779 | | | | | | | 8m at 4.85g/t gold from 62m including 3m at 10.99g/t gold from 62m |
| SRC782 | 270,750.3 | 621,856.5 | 56.87 | 40 | 270 | -60 | 9m at 6.55g/t gold from 3m including 1m at 30.48g/t gold from 9m |
| SRC782 | | | | | | | 1m at 1.64g/t gold from 15m |
| SRC782 | | | | | | | 5m at 3.19g/t gold from 16m |
| SRC782 | | | | | | | 2m at 3.57g/t gold from 26m |
| SRC782 | | | | | | | 5m at 7.80g/t gold from 35m including 1m at 17.05g/t gold from 35m |
| SRC783 | 270,750.0 | 621,846.5 | 56.74 | 82 | 270 | -60 | 7m at 18.24g/t gold from 33m including 3m at 36.04g/t gold from 34m |
| SRC784 | 270,748.5 | 621,836.7 | 56.93 | 100 | 270 | -60 | 1m at 2.12g/t gold from 36m |
| SRC785 | 270,748.8 | 621,856.5 | 56.87 | 85 | 270 | -45 | 7m at 2.21g/t gold from 2m |
| SRC785 | | | | | | | 3m at 18.9g/t gold from 24m |
| SRC785 | | | | | | | 1m at 10.52g/t gold from 55m |
| SRC785 | | | | | | | 1m at 5.41g/t gold from 65m |
| SRC785 | | | | | | | 10m at 3.54g/t gold from69m including 1m at 16.44g/t gold from 73m |
| SRC786 | 270,748.5 | 621,846.5 | 56.82 | 70 | 270 | -45 | 2m at 11.70g/t gold from 20m including 1m at 20.03g/t gold from 20m |
| SRC786 | | | | | | | 1m at 11.28g/t gold from 25m |
| SRC787 | 270,747.2 | 621,836.5 | 56.82 | 70 | 270 | -45 | 4m at 13.9g/t gold from 20m including 1m at 52.87g/t gold from 20m |
| SRC789 | 270,781.8 | 621,826.2 | 55.19 | 85 | 270 | -45 | 2m at 53.01g/t gold from 3m including 1m at 102.31g/t gold from 3m |
| SRC790 | 270,782.6 | 621,816.2 | 55.31 | 85 | 270 | -45 | 1m at 17.42g/t gold from 1m |
| SRC790 | | | | | | | 1m at 6.88g/t gold from 1m |
| SRC790 | | | | | | | 2m at 23.12g/t gold from 30m including 1m at 40.11g/t gold from 31m |
| SRC792 | 270,783.0 | 621,826.0 | 55.19 | 118 | 270 | -60 | Assays Pending |
| SRC793 | 270,780.9 | 621,816.0 | 56.49 | 115 | 270 | -60 | Assays Pending |
| SRC794 | 270,815.9 | 621,803.4 | 55.43 | 115 | 271 | -60 | Assays Pending |
| SRC795 | 270,812.7 | 621,796.9 | 55.67 | 118 | 270 | -60 | Assays Pending |
| SRC796 | 270,814.2 | 621,785.9 | 55.71 | 82 | 270 | -60 | Assays Pending |
| SRC797 | 270,814.4 | 621,803.4 | 55.43 | 118 | 273 | -45 | Assays Pending |
| SRC798 | 270,812.7 | 621,796.9 | 55.67 | 118 | 270 | -45 | Assays Pending |
| SRC799 | 270,812.0 | 621,785.8 | 55.71 | 94 | 270 | -45 | Assays Pending |
| SRC802 | 270,701.9 | 621,861.4 | 58.30 | 70 | 270 | -45 | 3m at 3.76g/t gold from 6m |
| SRC803 | 270,781.6 | 621,822.0 | 56.51 | 82 | 285 | -45 | Assays Pending |
| SRC804 | 270,783.1 | 621,821.8 | 56.32 | 124 | 288 | -60 | Assays Pending |

| Guyana Karouni Section 1: Sampling Techniques and Data | | |
|---|---|---|
| **Criteria** | **JORC Code Explanation** | **Commentary** |
| Sampling Technique | Nature and quality of sampling (cut channels, random chips, or specific specialized industry standard measurement tools appropriate to the minerals under investigation, such as downhole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.<br><br>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. Aspects of the determination of mineralisation that are Material to the Public Report.<br><br>In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverized to produce a 30g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (submarine nodules) may warrant disclosure of detailed information. | The Smarts & Hicks Resource is being infill drilled using Reverse Circulation (RC) drilling. Total drilling completed during the program was 23 RC holes for 8348m.<br>A sample interval of 1m has been selected for the RC and Diamond Core drilling with proximity to gold mineralisation (buffer zone). This sample spacing ensures a representative sample weight is collected at a scale sufficient to define geological and mineralisation boundaries. The 1m samples are assayed at 1m intervals in visibly conspicuous mineralisation or otherwise composited to 3m intervals before assay. Any low grade internal zones are also assayed at 1m intervals and a sample buffer is placed before and after the mineralisation boundary to ensure the assays do not begin or end within high-grade mineralisation. The original 1m samples are sent for assay where any significant gold assay grades are recorded for the 3m composite samples.<br>The use of a 1m sample interval was selected after consideration of the following:<br>• Consideration of previous sampling methodology.<br>• The RC drilling method and sample collection process for current drill campaigns.<br>• A representative sample weight suitable for transport, laboratory preparation and analysis.<br>• The lithological thickness of the White Sands Formation and underlying basement lithology.<br>• A mineralisation zone thickness ranging from several metres to tens of metres.<br>• Suitability for statistical analysis. A standard sample length ensures all assay results are treated on equal support when reviewing assay statistics (before sample compositing for geostatistical analysis and resource estimation).<br>• The Diamond Core and RC drilling method will in general provide superior sample collection compared to open-hole drill methods (e.g. auger or RAB) and reduce the possibility of down-hole grade smearing or contamination.<br><br>All RC samples were weighed to determine recoveries. All potentially mineralised zones were then split and sampled at 1m intervals using three-tier riffle splitters. Zones that appeared visually non-mineralised were sampled as 3m composites. QA/QC procedures were completed as per industry best practice standards (certified blanks and standards and duplicate sampling).<br><br>Samples were dispatched to Actlabs in Georgetown, Guyana for sample preparation, where they were crushed, dried and pulverized to produce a sub sample for analysis. Actlabs has a fire assay facility in Georgetown where 30g fire assays, gravimetric finishes and screen fire assays have been conducted. |
| Drilling | Drill type (core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (core diameter, triple or standard tube, depth of diamond tails, face- sampling bit or other type, whether core is oriented and if so, by what method, etc). | Reverse Circulation (RC) drilling comprises 5.5 inch diameter face sampling hammer drilling and drillhole depths range from 40m to 76m.<br>Aircore/Reverse Circulation Rig supplied and operated by Major Drilling of Suriname. |
| Drill Sample Recovery | Method of recording and assessing core and chip sample recoveries and results assessed.<br><br>Measures taken to maximize sample recovery and ensure representative nature of the samples.<br><br>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material. | RC recoveries are logged and recorded in the database. Overall recoveries are >75% for the RC; there are no significant sample recovery problems. A technician is always present at the rig to monitor and record recovery.<br>RC samples were visually checked for recovery, moisture and contamination. The Bulk of the Resource is defined by DC and RC drilling, which have high sample recoveries. The style of mineralisation, with frequent high-grades and visible gold, require large diameter core and good recoveries to evaluate the deposit adequately. The consistency of the mineralised intervals is considered to preclude any issue of sample bias due to material loss or gain. |
| Logging | Whether core and chip samples have been geologically and geotechnical logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.<br>Whether logging is qualitative or quantitative in nature. Core (or costean/Trench, channel, etc) photography.<br>The total length and percentage of the relevant intersections logged. | Logging of diamond core and RC samples recorded lithology, mineralogy, mineralisation, structural (DDH only), weathering, alteration, colour and other features of the samples. Core was photographed in both dry and wet form.<br><br>All drilling has been logged to standard that is appropriate for the category of Resource which is being reported. |

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|---|---|---|
| Sub-Sampling Technique and Sample Preparation | If core, whether cut or sawn and whether quarter, half or all core taken. If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.<br><br>For all sample types, the nature, quality and appropriateness of the sample preparation technique.<br><br>Quality control procedures adopted for all sub-sampling stages to maximize representivity of samples.<br><br>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. Whether sample sizes are appropriate to the grain size of the material being sampled. | RC samples were collected on the rig using a three tier riffle splitter. All samples were dry.<br><br>The sample preparation for all samples follows industry best practice. Actlabs in Georgetown, Guyana for sample preparation, where they were crushed, dried and pulverized to produce a sub sample for analysis. Sample preparation involving oven drying, coarse crushing, followed by total pulverization LM2 grinding mills to a grind size of 85% passing 75 microns.<br><br>Field QC procedures involve the use of certified reference material as assay standards, blanks, and duplicates for the RC samples only. The insertion rate of these averaged 2:20 for core and 3:20 for RC.<br><br>Field duplicates were taken on for both 1m RC splits and 3m composites for RC, using a riffle splitter. |
| Quality of Assay Data and Laboratory Tests | The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.<br>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.<br><br>Nature of quality control procedures adopted (standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (lack of bias) and precision have been established. | The laboratory used an aqua regia digest followed by fire assay with an AAS finish for gold analysis.<br><br>No geophysical tools were used to determine any element concentrations used in this Resource Estimate.<br><br>Sample preparation checks for fineness were carried out by the laboratory as part of their internal procedures to ensure the grind size of 85% passing 75 micron was being attained.<br><br>Laboratory QA/QC involves the use of internal lab standards using certified reference material, blanks, splits and duplicates as part of the in house procedures.<br><br>Certified reference materials, having a good range of values, were inserted blindly and randomly. Results highlight that sample assay values are accurate and that contamination has been contained.<br><br>Repeat or duplicate analysis for samples shows that the precision of samples is within acceptable limits.<br><br>Sample preparation conducted by ActLabs Guyana Inc. and fire assay performed by ActLabs Chile -Assayed by 30g fire assay with gravimetric finish.<br><br>QA/QC protocol: For diamond core one blank and one standard inserted for every 18 core samples (2 QA/QC samples within every 20 samples dispatched or 1 QA/QC sample per 10 samples dispatched) and no duplicates. |
| Verification of Sampling and Assaying | The verification of significant intersections by either independent or alternative company personnel.<br><br>The use of twinned holes The verification of significant intersections by either independent or alternative company personnel. Discuss any adjustment to assay data. | Troy's QP P. Doyle has visually verified significant intersections in RC drill chips..<br><br>Primary data was collected using a set of company standard ExcelTM templates on Toughbook laptop computer using lookup codes. The information was validated on-site by the Company's database technicians and then merged and validated into a final database. |
| Location of Data points | Accuracy and quality of surveys used to locate drill holes (collar and down- hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. Specification of the grid system used Quality and adequacy of topographic control. | All drillholes have been located by DGPS in UTM grid PSAD56 Zone 21 North.<br>Downhole surveys were completed at the end of every hole where possible using a Reflex Gyro downhole survey tool, taking measurements every 5m. |
| Data Spacing and Distribution | Data spacing for reporting of Exploration Results.<br><br>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.<br><br>Whether sample compositing has been applied. | The nominal RC/DC drillhole spacing within the Resource areas is 50m by 50m and in places 25m (northwest) by 25m (northeast). This infill program was drilled at 30m by 10m spacings<br><br>The mineralised domains have demonstrated sufficient continuity in both geological and grade to support the definition of Mineral Resource and Reserves, and the classifications applied under the 2012 JORC Code.<br><br>Samples have been composited to one metre lengths, and adjusted where necessary to ensure that no residual sample lengths have been excluded (best fit). |

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| Orientation of Data in Relation to Geological Structure | Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.<br><br>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material. | The majority of the data is drilled to either magnetic 090° or 270° orientations, which is orthogonal / perpendicular to the orientation of the N-S Vein orientations. The bulk of the drilling is almost perpendicular to the mineralised domains.<br>No orientation based sampling bias has been identified in the data at this point. |
| Sample Security | The measures taken to ensure sample security | Chain of custody is managed by Troy.<br><br>Samples are stored on site and delivered by Troy personnel to Actlabs, Georgetown, for sample preparation.<br><br>When applicable the sample pulps for assay are then delivered to DHL and freighted to Actlabs, Santiago assay laboratory. |
| | JORC Code Explanation | Whilst in storage, they are kept under guard in a locked yard. Tracking sheets are used to track the progress of batches of samples |

**Section 2: Karouni Reporting of Exploration Results**

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| Mineral Tenement and Land Tenure Status | Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.<br><br>The security of the tenure held at the time of reporting along with any known impediments to obtaining a license to operate in the area. | The Karouni Project tenements cover an aggregate area of 238,281 acres (96,429ha), granting the holders the right to explore for gold or gold, diamonds or precious stones.<br><br>The tenements have been acquired by either direct grant to Troy Resources Guyana Inc. (15,160 acres/6,135ha) or by contractual agreements with Guyanese tenement holders (223,121 acres/90,294ha). Apart from the Kaburi Agreement (28,089 acres/11,367ha) which provides for the Company to earn a 90% interest, all other vendor agreements provide the Company with the right to obtain an ultimate interest of 100%.<br><br>The Karouni Project comprises a single (large scale) mining Licence, 40 (small scale) claim licences, 200 (medium scale) prospecting permits and 37 (medium scale) mining.<br><br>All licences, permits and claims are granted for either gold or gold, diamonds or precious stones.<br><br>The various mining permits that cover the Smarts Deposit were originally owned by L. Smarts and George Hicks Mining.<br><br>The permits were purchased by Pharsalus Gold (a wholly owned subsidiary of Azimuth Resources) in 2011.<br><br>Troy Resources acquired the permits with the acquisition of Azimuth Resources in August 2013. All transfer fees have been paid, and the permits are valid and up to date with the Guyanese authorities. The payment of gross production royalties are provided for by the Act and the amount of royalty to be paid for mining licences 5%, however recent mineral agreements entered into stipulate a royalty of 8% if the gold price is above US$1,000 per ounce. |
| Exploration Done by Other Parties | Acknowledgment and appraisal of exploration by other parties. | Very little exploration has been carried out over the tenement prior to Azimuth's involvement which commenced in 2011.<br><br>Portions of the Karouni Project have been held more or less continuously by small family gold mining syndicates (locally termed 'Pork Knockers') since the 1960's. This situation persists to the present day.<br><br>Portions of the current project area were variously held under option to purchase agreements by Cominco (1974-75), Overseas Platinum Corporation (1988) and Cathedral Gold Corporation (1993-2002).<br><br>In 1999, Cathedral Gold joint ventured the property to Cambior, then owner and operator of the Omai Gold Mine located 40km to the east, with a view to processing the Hicks mineralisation through the Omai processing facility. Cambior intended to use its existing mining fleet, rather than road trains, to haul mill feed from the Hicks Deposit. Execution of this approach proved uneconomic and disruptive to the mining schedule at Omai itself. No further work was undertaken and the joint venture was terminated in 2000.<br><br>Available historic records and data were reviewed by both Troy during Due Diligence prior to the takeover and by Runge as part of the Resource modeling and estimation work. |

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| Geology | Deposit type, geological setting and style of mineralisation. | Primary gold mineralisation is exposed at several localities within the Karouni Project, the most notable being the Hicks, Smarts and Larken Prospects along the northern extremity of the Project. Here the White Sand Formation cover has been removed by erosion to expose the underlying mineralised Paleoproterozoic Greenstone successions of the Trans- Amazonian Barama-Mazaruni Group..<br><br>Extensive superficial cover of White Sand Formation within the central and southern portions of the Project tenements masks the basement lithology and conceals any gold mineralisation.<br><br>The evaluation of airborne geophysical data has however indicated that the Barama-Mazaruni Greenstone Belts and associated syntectonic intrusives persist at shallow depth beneath this cover.<br><br>The mineralisation at the Smarts, Hicks and Larken Zones is associated with a shear zone that transects a sequence of mafic to intermediate volcanic, volcanoclastics and pyroclastic rocks. The shear zone dips steeply towards the southwest, strikes northwest to southeast, and is characterized by intense brittle-ductile deformation and carbonate alteration plus quartz veining and abundant pyrite.<br><br>The high grade gold mineralisation is usually associated with zones of dilational and stockworks quartz veining within and adjacent to the shear zone.<br><br>At the Smarts Deposit gold is hosted by a northwest trending, sub-vertical to steeply southwest dipping shear zone 2,800m in strike length and up to 60m wide. The shear zone has developed within basalts and andesites comprising the footwall greenstone succession along the north-eastern limb of a shallowly northwest plunging anticline. Auriferous mineralisation is also noted at the contacts of porphyry-granite intrusives. The shear zone is comprised of semi- continuous zones of quartz lenses and quartz-carbonate veining or brecciation.<br><br>Numerous, moderately well-defined gold-rich lenses, up to 15m wide, occur within the shear zone and are characterized by anomalous quartz veining, quartz flooding, shearing, chloritization, seritisation and pyritisation . Visible gold and the majority of gold values typically occur within and along margins of quartz veins, in silicified granitic dykes, and in adjacent, pyritic, often sheared meta-andesite. Pyrite is common at up to 3% by volume associated with auriferous quartz veins. Mineralisation is variously accompanied by silica- sericite-chlorite-carbonate- pyrite-tourmaline alteration.<br><br>Gold mineralisation at the Smarts /Hicks Deposits are hosted by a northwest trending, sub-vertical to steeply southwest dipping shear zone some 2,500m in strike length and up to 60m wide in places. The shear zone has developed within basalts and andesites comprising the footwall greenstone succession along the north-eastern limb of a shallowly northwest plunging anticline. Auriferous mineralisation is also noted at the contacts of porphyry-granite intrusives. The shear zone is comprised of semi-continuous zones of quartz lenses and quartz-carbonate veining or brecciating.<br><br>Visible gold and the majority of gold values typically occur within and along margins of quartz veins, in silicified granitic dykes, and in adjacent, pyritic, often sheared meta-andesite. Pyrite is common at up to 3% by volume, with local, trace amounts of Molybdenite, galena and sphalerite, associated with auriferous quartz veins. Mineralisation is variously accompanied by silica- sericite-chlorite-carbonate-pyrite-tourmaline alteration, while fuchsite is developed within porphyry intrusives in contact with high magnesium basalts and along shear zones. |
| Drill Hole Information | A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:<br><br>• easting and northing of the drill hole collar<br>• elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar<br>• dip and azimuth of the hole<br>• down hole length and interception depth<br>• hole length<br>• If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case. | Intercepts that form the basis of this announcement are tabulated in Table 1 in the body of the announcement and incorporate Hole ID, Easting, Northing, Dip, Azimuth, Depth and Assay data for mineralised intervals. Appropriate maps and plans also accompany this announcement. Complete detailed data on the project is included in the NI-43101 Tech Reports available on the Company's website with the current report dated September 8, 2014. |

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| Data Aggregation Methods | In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated. Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. The assumptions used for any reporting of metal equivalent values should be clearly stated. | All intersections are assayed on one meter intervals.<br>No top cuts have been applied to exploration results.<br>Mineralised intervals are reported with a maximum of 2m of internal dilution of less than 0.5g/t.<br>Mineralised intervals are reported on a weighted average basis. |
| Relationship Between Mineralisation Widths and Intercept Lengths | These relationships are particularly important in the reporting of Exploration Results.<br>If the geometry of the mineralisation with respect to the drillhole angle is known, its nature should be reported. If it is not known and only the downhole lengths are reported, there should be a clear statement to this effect (downhole length, true width not known'). | The orientation of the mineralised zone has been established and the majority of the drilling was planned in such a way as to intersect mineralisation in a perpendicular manner. However, due to topographic limitations some holes were drilled from less than ideal orientations. |
| Diagrams | Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views. | The appropriate plans and sections have been included in the text of this document as Figure 1. |
| Balanced Reporting | Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results. | All grades, high and low, are reported accurately with "from" and "to" depths and "hole identification" shown. |
| Other Substantive Exploration Data | Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.<br><br>The Ground Magnetics survey work was performed on a grid cut at 100m line separation with 10m station intervals. Sufficient repeat readings and tie lines will be surveyed to level the magnetic data with historic ground magnetic data. Survey crews and equipment supplied by Quantec International Geophysical Contractors. A total of four GEM GSM-19 Overhauser Magnetometers (1 base station unit, 2 rover units) will be used to complete the survey. | Metallurgical testwork has been completed, with excellent results. Gold recoveries exceed 95% from CIL tests, and a significant proportion of the gold is recoverable by gravity concentration.<br><br>Magnetics is a geophysical survey technique that exploits the considerable differences in the magnetic properties of minerals with the ultimate objective of characterizing the Earth's sub-surface. The technique requires the acquisition of measurements of the amplitude of the magnetic field at discrete points along survey lines distributed regularly throughout the area of interest.<br><br>It is the induced and remnant fields that are of particular interest to the geoscientist because the magnitudes of these fields are directly related to the magnetic susceptibility, spatial distribution and concentration of the local crustal materials. Fortunately only a few minerals occur abundantly enough in nature to make a significant contribution to the induced and remnant fields.<br><br>Once the main field and the minor source effects are removed from the observed magnetic field data via various data reduction and processing methods, the processed data serve as an indicator of the spatial distribution and concentration of the magnetically significant minerals. The ground magnetic data will be incorporated and levelled with the existing geophysical data from past surveys. Final data will be presented in digital format, including colour ground magnetic plan maps. |
| Further Work | The nature and scale of planned further work (tests for lateral extensions or large scale step out drilling.<br><br>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive. | Further exploration "First pass" recon drilling is ongoing, aimed at identifying new potential open cut Resources. |