



TROY RESOURCES LIMITED

ASX Release

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6 September 2016

TROY TO RAISE UP TO A\$40.7 MILLION OF EQUITY TO FUND GROWTH AND STRENGTHEN BALANCE SHEET

Perth, Western Australia: Troy Resources Limited (ASX:TRY) (**Troy** or the **Company**) today announced the launch of an equity raising to raise up to approximately A\$40.7 million via an institutional placement and pro rata 1 for 5.5 accelerated non-renounceable entitlement offer (**Equity Raising**).

The funds raised via the Equity Raising will be applied as follows:

Application of Funds		A\$m
Accelerate exploration and future project development	Accelerate near mine exploration at Troy's Karouni Gold Mine in Guyana along with targeted regional exploration, capitalising on the upcoming dry season. Progress and finalise work on a feasibility study for the Smart's underground (part of the Karouni Project).	16
Strengthen balance sheet	Increase Troy's operational and financial flexibility while Karouni works towards steady state production	10
Working Capital	General working capital and corporate purposes	Up to 15
Total		41

Background

During the past six months, Troy has been primarily focused on the commissioning and ramp-up of its 100% owned Karouni Gold Mine in Guyana (**Karouni**) with limited opportunity or financial capacity to dedicate towards Troy's significant organic growth objectives. As announced to the ASX on 23 August 2016, the Karouni plant is now operating on a sustainable basis with the mill operating close to nameplate capacity. Based on the revised mine schedule, the Company has issued guidance for FY17 of 85,000-95,000 ounces of gold at an AISC of between US\$750 - US\$850 per ounce. As reflected in this guidance, operations at Karouni are expected to continue to improve with further enhancements made to the crushing circuit and better performance expected from the mining fleet with the expected imminent completion of the wet season.

With commissioning of Karouni now complete, Troy is seeking to raise additional funds through the Equity Raising to accelerate near mine growth opportunities, including an underground feasibility study for Smarts, along with regional exploration across a number of established targets. Successful completion of the Equity Raising will also allow Troy to strengthen its balance sheet and reduce gearing with proforma net cash of approximately A\$2 million¹, improving the Company's overall financial and operational flexibility.

Troy's Managing Director and CEO Martin Purvis, said: "With the mining operations starting to hit their straps after just over six months of commercial production, we now have to focus on the significant expansion opportunities at Karouni. This includes exciting brownfields exploration targets in one of the most prolific artisanal gold producing regions in Guyana - a package that extends over ~850km² and hosts over 100km of crustal shear corridors with numerous near mine extension targets in close proximity to current operations. Work has also commenced on a range of studies for an underground mining project at Smarts (as part of a feasibility study).

The successful completion of this Equity Raising will ensure we are well funded to accelerate exploration, progress development projects and also strengthen our balance sheet.

¹ Proforma net cash assumes Equity Raising gross proceeds of A\$40.7 million and unaudited cash and inventories (at market value) of A\$12.5 million and debt of US\$39.2 million as at 30 June 2016. US\$ debt converted to A\$ at A\$/US\$ rate of 0.759 as at 5 September 2016.

With the key strengths of Karouni emerging and the platform being set for future growth, the next stage is to unlock the underlying potential of Karouni as anticipated when Troy first acquired the project in 2013.”

Equity Raising

Troy is undertaking an equity raising at A\$0.36 per share (**Offer Price**) to raise up to approximately A\$40.7 million through the issue of up to approximately 113 million new Troy shares (**New Shares**), comprising:

- An institutional placement to raise up to approximately A\$18.4 million (**Placement**); and
- An accelerated non-renounceable 1 for 5.5 pro rata entitlement offer (**Entitlement Offer**) to eligible shareholders to raise up to approximately A\$22.3 million, including:
 - An accelerated institutional component to be conducted today and tomorrow (**Institutional Entitlement Offer**); and
 - A retail component which is anticipated to open on Tuesday, 13 September 2016 and close on Tuesday, 4 October 2016 (**Retail Entitlement Offer**).

The Equity Raising has been designed to allow existing eligible retail and institutional shareholders to participate whilst also providing an opportunity for new institutional investors to join the register.

The Offer Price of A\$0.36 per New Share represents, as at Tuesday, 6 September 2016, a discount of:

- 18.2% to A\$0.44, being the last closing price of Troy before announcement of the Equity Raising; and
- 14.3% to the theoretical ex-rights price (TERP) of A\$0.4201 (including the Placement).

The New Shares will rank pari passu with existing Troy shares on issue at the time of this announcement.

Institutional Entitlement Offer

Eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer which opens aftermarket today and closes on Wednesday, 7 September 2016.

Under the Institutional Entitlement Offer, eligible institutional shareholders can choose to take up all, part or none of their Entitlement. Entitlements not taken up under the Institutional Entitlement Offer will be offered to eligible institutional investors at the Offer Price.

Retail Entitlement Offer

Eligible retail shareholders with a registered address in Australia or New Zealand as at the Record Date of 7.00pm (Sydney time), Friday, 9 September 2016 (**Eligible Retail Shareholders**), have the opportunity to take up their entitlement of New Shares at the Offer Price, on the terms and conditions outlined in the Retail Entitlement Offer Booklet to be sent to Eligible Retail Shareholders on or around Tuesday, 13 September 2016. The Retail Entitlement Offer is anticipated to close on Tuesday, 4 October 2016.

Please note that Shareholders with a registered address outside Australia or New Zealand on the Record Date are ineligible to participate in the Retail Entitlement Offer.

In the event not all entitlements under the Retail Entitlement Offer are taken up, Troy reserves the right to place any retail shortfall securities to select investors within three months following completion of the Equity Raising.

Key Dates of the Equity Raising

Event	Date
Announcement of the Equity Raising	Tuesday, 6 September 2016
Placement and Institutional Entitlement Offer conducted	Tuesday, 6 September 2016 to Wednesday, 7 September 2016
Shares recommence trading on ASX on an “ex-entitlement” basis	Friday, 9 September 2016
Record Date for determining entitlement to subscribe for New Shares	7.00pm (Sydney time) on Friday, 9 September 2016
Retail Entitlement Offer opens	Tuesday, 13 September 2016
Retail Offer Booklet despatched	Tuesday, 13 September 2016
Settlement of New Shares issued under the Institutional Entitlement Offer and Placements	Monday, 19 September 2016
Allotment and normal trading of New Shares issued under the Placement and Institutional Entitlement Offer	Tuesday, 20 September 2016
Retail Entitlement Offer closes	5.00pm (Sydney time) on Tuesday, 4 October 2016
Allotment of remaining New Shares issued under the Retail Entitlement Offer	Tuesday, 11 October 2016

All dates and times referred to are based on Perth time and are subject to change. Troy reserves the right to vary these dates or to withdraw the Equity Raising at any time.

Retail Investor Enquiries

For further information in regard to the Retail Entitlement Offer, please do not hesitate to contact the Offer Information Line on 1300 850 505 (local call cost within Australia) or +61 3 9415 4000 (from outside Australia) at any time between 9.00am and 5.00pm (Sydney time), Monday to Friday.

Macquarie Capital (Australia) Limited (**Macquarie**) is acting as global co-ordinator, joint lead manager and bookrunner and Euroz Securities Limited (**Euroz**) is acting as joint lead manager and bookrunner to the Equity Raising.

Nothing contained in this announcement constitutes investment, legal tax or other advice. You should make your own assessment and take independent professional advice in relation to the information and any action on the basis of the information.

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This announcement contains "forward-looking statements" and "forward-looking information", including statements and forecasts which include without limitation, expectations regarding future performance, costs, production levels or rates, mineral reserves and resources, the financial position of Troy, industry growth and other trend projections. Such "forward-looking statements" and "forward-looking information" includes statements regarding the proposed Equity Raising, including the amount to be raised and timing and the use of the funds raised. Often but not always, forward-looking information can be identified by the use of words such as "plans", "expects", "is expected", "is expecting", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes", or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might", or "will" be taken, occur or be achieved. Such information is based on assumptions and judgements of management regarding future events and results. The purpose of forward-looking information is to provide the audience with information about management's expectations and plans. Readers are cautioned that forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Troy and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors include, among others, changes in market conditions, future prices of gold and silver, the actual results of current production, development and/or exploration activities, changes in project parameters as plans continue to be refined, variations in grade or recovery rates, plant and/or equipment failure and the possibility of cost overruns. Forward-looking information and statements are based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date such statements are made, but which may prove to be incorrect. Troy believes that the assumptions and expectations reflected in such forward-looking statements and information are reasonable. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used. Troy does not undertake to update any forward-looking information or statements, except in accordance with applicable securities laws.