



TROY RESOURCES LIMITED



ASX Release

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KAROUNI OPERATIONAL UPDATE

Perth, Western Australia: Troy Resources Limited (ASX: TRY) today provided the following update on operational activities at its Karouni Gold project in Guyana, South America.

Operating performance at Karouni has been impacted by the emergence of mill trip outs caused by the alarm system in the milling circuit. These trips were initially sporadic, but over a short time increased in intensity to a point where external technical support was sought. The apparent cause was determined to be ongoing faults in the bearing lubrication oil flow diverter.

Following a visit by technicians from the mill manufacturer and a number of adjustments to the lubrication system, the mill appeared to perform as normal; however, after a period of approximately 48 hrs the problem re-emerged. Further investigative work by the maintenance team on site confirmed that the lubrication oil was still contaminated by very fine particles causing internal blockages and damage to some valving, such as the sequencing valve, the pressure pumps and the internal pressure relief valve.

In order to remedy this problem and evaluate any damage to components, the entire lubrication system was taken apart for visual inspection. As part of the rebuild process the maintenance team replaced the oil with higher viscosity oil, replaced all the filters and cleaned the entire system. The mill has just been re-started at a lower level of throughput whilst performance is being carefully monitored to determine if the issue is under control. The dismantling of the system also highlighted a number of parts that had experienced excessive wear due to the contamination problem and a replacement programme to source these parts is currently underway. As a result, there will be increased down-time of the mill over the next month, while this work is undertaken.

After a detailed analysis of the potential cause of the problem, it appears that contamination of the oil is the result of the ingress of small amounts of very fine particles entering the trunnion bearing housings due to spills caused by transfer chute blockages at the mill feed end and the subsequent clean up using high pressure water sprays. This has now been addressed by installing a protective roof over the trunnion and better sealing of the inspection hatches.

The ongoing disruptions caused by this problem will impact production performance for the quarter. Every effort will be made to try to make up for this situation in the second half of the year – especially once most of the Saprolitic clay material has been processed – but at this stage it is prudent to advise that gold production for CY2016 will now be at the lower end of the range previously provided of between 100,000 to 120,000oz.

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For further information please contact:

Martin Purvis
CEO
Troy Resources Limited
T: (61 8) 9481 1277
E: troy@troyres.com.au

Stacey Apostolou
Company Secretary
Troy Resources Limited
T: (61 8) 9481 1277
E: troy@troyres.com.au