



# TROY RESOURCES NL

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## PRESS RELEASE

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## CASPOSO PROJECT UPDATE

### HIGHLIGHTS

- **Further 8% reduction in expected project capital to US\$41.5M.**
- **Processing plant delivered to site.**
- **Site work well advanced, including concrete and tank works, office construction**
- **First ore tested in the pit pre-strip confirming high grades – including 4m at 28.4g/t gold, 714g/t silver.**
- **First production expected in September 2010 quarter – just 12 months after project construction commenced and 18 months after project acquisition.**

**Perth, Western Australia:** Growing junior gold producer, Troy Resources NL (TSX, ASX: TRY) is pleased to report excellent progress in development of its Casposo gold-silver project (Casposo) in San Juan province, Argentina.

Troy CEO Paul Benson said the Company had achieved a number of milestones in the past month which had further de-risked the project, and it remained on track for plant commissioning and first production in the September quarter 2010.

“The project team led by Troy’s Executive Director Ken Nilsson, has successfully moved the processing plant from Cobar NSW to the Casposo project site where assembly has commenced,” Mr Benson said.

“The delivery of the plant and the advanced stage of the concrete and tank works has given us confidence to reduce the assumed project contingency cost, allowing us to reduce forecast construction costs by 8% from US\$45M to US\$41.5M.

”When put in the context of the capital cost estimate of US\$86M when we acquired the project, this new estimate brings the total reduction in project construction capital to 51%.

“We have commenced earthworks to establish the initial open pit and it is always pleasing to see some nice high grade at the start of the project. Initial in-pit grade control of the Aztec Vein included 4m at 28.4g/t gold, 714g/t silver. Our aim is to build up a stockpile of over a month’s mill feed before commissioning commences in the September quarter 2010.

“Following the previously announced 32% increase in the Mineral Resource, the importance of the underground mine has increased. It is important that we get the interface between the open cut and underground mines optimised. We currently expect to be able to release a new Mining Reserve and schedule in April 2010.

“The safe and efficient progress to date is a credit to the project team. We look forward to the first production in the September quarter 2010”.

## **REDUCTION IN EXPECTED PROJECT CAPITAL COST**

With the successful delivery of the Cobar plant to the site and the advanced stage of concrete and tank works, Troy has reduced project contingency and thus the forecast project capital construction cost. The forecast capital cost for the Casposo project is now US\$41.5M. This represents approximately an 8% reduction over Troy's initial capital estimate of US\$45M published by in August 2009. The new target also represents a 51% reduction over the capital cost estimate in the public domain at the time Troy acquired the project in May 2009.

## **TRANSPORT OF PLANT EX NSW**

Troy's strategy has been to relocate significant portions of the gold processing plant it held in storage in Cobar, NSW, Australia, to form the core of the Casposo facility. The use of existing, near-new plant components contributed significantly to the initial 47% reduction in the revised capital development budget for Casposo, as announced on 5 August 2009. Additional plant, both new and refurbished, is also being sourced.

The Cobar plant has now been successfully transported to the Casposo project site. The plant was shipped from Newcastle NSW to Buenos Aires using a ship chartered for the project. From Buenos Aires the plant was trucked more than 1000kms to the project with 75 semi trailer loads being delivered over a 21 day period which included the Christmas break.

## **SITE WORKS**

Significant progress has been made on the project site works since the last project update to shareholders on 9 October, 2009.

- Concrete work for the crushing, grinding and general plant facilities are well underway.
- Local manufacture and delivery of leach tanks to site are almost complete and construction and installation of tanks is well advanced.
- The site office construction has commenced.
- Water bore field and associated pipe work currently undergoing testing and commissioning.
- The first stage of the camp for construction workers was opened. The current workforce is 140 and it is expected the peak will be 225 in May of this year.
- Work has commenced on the assembly of the Cobar plant.

## **PIT DEVELOPMENT**

Preparation for mining the Kamila open pit commenced including construction of haul road and levelling of the initial mining area which is the peak of a topographic high. The mine plan envisages establishing the pit and building up an ore stockpile of around 40,000t before mill commissioning. Grade control blast hole sampling of the initial exposure of the Aztec Vein returned high grade results, including:

- 4m at 28.4g/t gold, 714g/t silver;
- 3m at 7.3g/t gold, 69g/t silver; and
- 5m at 2.8g/t gold, 28g/t silver.

Holes were drilled vertically on a 3m x 3m pattern to a maximum of 8m depth. Fire assay with gravimetric finish on a 50g charge analysis by Alex Stewart (Assayers) Argentina at the Mendoza Laboratory. These results are in line with expectations from the ore block model.

## OTHER ACTIVITIES

Work continues on detailed mining planning and calculation of an updated Mining Reserve. With the 32% increase in the Mineral Resource announced in July 2009, the amount of ore produced from the planned underground has increased and detailed planning is currently focusing on the open cut/underground interface and optimisation. It is now expected that a new mining plan and Reserve will be completed in April 2010.

## BROWNFIELDS EXPLORATION

RC drilling has commenced and is initially focussed on the 150m long “Kamila - Mercado Gap” which until now has been sparsely drilled due to topographical constraints, but due to the presence of heavy earthmoving equipment drill positions have been established. In December 2009, 4 RC holes (295m) were completed. All holes intersected the of Inca-Mercado Vein structure. The brecciated – banded quartz veins were noted over downhole intervals ranging from 3m to 5m in both rhyolitic and andesitic host rocks. Alteration comprises moderate to strong silicification (illite-smectite-pyrite) in the rhyolite that changes to propylitic (chlorite – epidote – pyrite) in the andesite. The veining is situated at the rhyolite - andesite faulted contact or directly below in andesitic underlying the flows. Drilling recommenced in January 2010 after a holiday break. Assays are pending.

A diamond drill rig is expected to commence deeper drilling starting in the September quarter 2010, following a geological and structural review of the Casposo project area conducted by an independent geological consultant. This review highlighted areas of increased prospectivity for extensions to the existing Casposo Resource.

Geological mapping and sampling, as well as earthworks in preparation of drilling have commenced at the Julieta Target located 5km northwest of the Kamila Deposit. RC drilling is planned to commence at Julieta later this quarter. This RC program will include both infill and step-out holes which if successful will provide adequate drilling density to enable an initial mineral resource estimate to be completed later in 2010.

Geological mapping and interpretation has commenced on the Castaño Nuevo project. Troy is earning into this project and anticipates drilling to commence later in 2010 when all statutory approvals have been received.

*Information of a scientific or technical nature in this report was prepared under the supervision of Peter J. Doyle, Vice President Exploration and Business Development of Troy, a “qualified person” under National Instrument 43-101 – “Standards of Disclosure for Mineral Projects”, a member of the Australasian Institute of Mining and Metallurgy. Mr. Doyle 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 in the 2004 edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr. Doyle has reviewed and approved the information contained in this report. For further information regarding the Casposo project, including a description of quality assurance programs, quality control measures, the geology, samples collection and testing procedures in respect of the Casposo project please refer to the technical report entitled Troy Resources NL: Casposo Project, Argentina” dated July 2009, which is available under the Company’s profile at [www.sedar.com](http://www.sedar.com).*

*This report contains forward-looking statements. These forward-looking statements reflect management’s current beliefs based on information currently available to management and are based on what management believes to be reasonable assumptions. A number of factors could cause actual results, performance, or achievements to differ materially from the results expressed or implied in the forward looking statements. Such factors include, among others, future prices of gold, the actual results of current production, development and/or exploration activities, changes in project parameters as plans continue to be refined, variations in ore grade or recovery rates, plant and/or equipment failure, delays in obtaining governmental approvals or in the commencement of operations.*

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**Photo 1 - View looking SE from Kamila deposit to plant construction site.**



**Photo 2 - Cobalt mill in the foreground of leach tanks.**



**Photo 3 - Mill foundations.**



**Photo 4 - Canteen and First Aid and Safety buildings under construction.**



**Photo 5 - Initial pre-strip and road construction to the Kamila open pit.**

## ABOUT TROY RESOURCES

Troy Resources (TSX, ASX: TRY) is a dividend-paying junior gold producer, with a clear growth strategy. The Company has two producing gold operations; at Sandstone in Western Australia and the Andorinhas Mine in Para State, Brazil and a gold-silver development project, Casposo, in San Juan province, Argentina.

Troy has an experienced Board and management team with a portfolio of successful, fast-track mine development and low-cost operations.

Troy has an annual exploration budget of \$5 million and a proven track record in exploration discoveries and strategic acquisitions.

Troy is currently focused on developing its Casposo Project, which it acquired in May 2009. With the acquisition and development of Casposo, Troy is entering a renewed growth phase which will again lift the Company's annual gold production above 100,000 ounces of gold per annum.

The Company maintains a robust balance sheet, is debt-free and forecasts continued strong cash flow from its current assets. Troy's gold production is unhedged; allowing its shareholders access to the full benefit of current and future gold price upside.

With the recent Casposo acquisition, Troy is positioned to continue its path of strong growth and profitable operations and is well on track to achieve its vision of becoming a highly profitable mid-tier gold producer with a portfolio of quality long-life assets.

Troy is a responsible corporate citizen, committed to the best practice of health and safety, environmental stewardship and social responsibility.

## PROJECT LOCATIONS

