



TROY RESOURCES LIMITED
ABN: 33 006 243 750



AZIMUTH
RESOURCES LIMITED
ABN 87 089 531 082

28 March 2013

RECOMMENDED TAKEOVER OFFER OF AZIMUTH RESOURCES BY TROY RESOURCES

Highlights:

- Transaction will create a leading ASX/TSX listed South American focussed gold company
- Offer values Azimuth at A\$0.437 per share¹:
 - a 78% premium to the closing price of Azimuth shares on ASX on 27 March 2013
 - a 62% premium to the 3 month VWAP² of Azimuth shares
- Azimuth board and CEO unanimously recommend shareholders accept the offer in the absence of a superior proposal
- Transaction creates a South American focused gold producer with:
 - combined measured and indicated gold equivalent resources of 0.76 Moz, gold equivalent inferred resources of 1.92 Moz and gold equivalent reserves of 0.64 Moz;
 - production and development assets providing growth;
 - significant exploration potential;
 - a board and management team with a track record in developing cost effective and profitable projects in South America and Australia;
 - balance sheet and operational cashflow to assist in funding the development of Azimuth's West Omai project; and
 - increased scale, market relevance and trading liquidity
- Azimuth shareholders will hold around 45% of the combined group thereby:
 - retaining material exposure to future upside of Azimuth's Guyana portfolio;
 - mitigating and diversifying current development risks, gaining exposure to Troy assets, balance sheet and development expertise
- Troy shareholders secure the benefit of:
 - substantial increase in resource base;
 - near term development of high grade open pit resource;
 - significant boost in exploration upside potential given major land position in Guyana; and
 - significant in country experience and expertise in Guyana
- Troy has agreed to provide Azimuth with bridge funding of up to A\$10 million through a convertible note facility:
 - proceeds will be used by Azimuth to advance infill drilling and provide working capital to progress engineering and other studies

¹ Based on Troy's closing price on ASX on 27 March 2013 of A\$2.49

² Volume Weighted Average price of Azimuth shares in the period up to the close of trading on the ASX on 27 March 2013.

Perth, Western Australia: Troy Resources Limited (ASX, TSX:TRY) and Azimuth Resources Limited (ASX, TSX:AZH) are pleased to announce the signing of a Takeover Bid Implementation Deed (“Implementation Deed”) under which it is proposed that Troy will acquire all of the issued shares of Azimuth in a share based transaction by way of an off-market takeover offer.

Under the offer, Azimuth shareholders will receive 1 new Troy share for every 5.695 Azimuth shares held. Based on Troy’s closing share price of A\$2.49 on the ASX on 27 March 2013, the offer values Azimuth at A\$188 million or A\$0.437 per share.

The Troy offer is unanimously recommended by the directors and the CEO of Azimuth who have also agreed to accept Troy’s offer in respect of all shares they control, in each case in the absence of a superior offer.

Troy Chairman, David Dix said:

“We are delighted to have secured the support of the Azimuth board. This is one of the relatively rare situations in resources M&A where a takeover can generate material value for both sets of shareholders. We have the technical team, the balance sheet and the South American project development expertise to quickly and cost effectively bring West Omai into production. In addition to the upside at our flagship project Casposo, we can see substantial exploration upside in Azimuth’s ground position. We are very excited about the opportunity to implement this deal and get on with project development.”

Azimuth Chairman, Michael Hunt, said:

“After careful consideration, and having consulted our major shareholder, the board of Azimuth is pleased to recommend this transaction to shareholders. By accepting the offer Azimuth shareholders will gain all the benefits of being part of a profitable multi mine producer whilst retaining significant exposure to the upside that our assets offer. Furthermore, the board strongly believes that Troy is the ideal party to continue development of West Omai as the project moves into an exciting stage of its development. For these reasons, we are unanimously of the view that the deal makes sense for all of our shareholders and we are excited by the potential of the combined business.”

Transaction Details

The offer will be implemented by way of an off market takeover offer under the Australian Corporations Act.

The offer extends to any Azimuth shares that are issued as a result of the exercise of Azimuth options during the offer. In addition, Troy intends to enter into private treaty arrangements with Azimuth’s option holders to acquire their options in exchange for new Troy options or shares.

Following implementation of the offer, Azimuth is expected to become a wholly-owned subsidiary of Troy, with current Troy and Azimuth shareholders holding 55% and 45% respectively of the enlarged Troy.

Existing Azimuth directors, Richard Monti and Sean Harvey will be invited to join the Troy board which will continue to be chaired by David Dix. Paul Benson will continue as Managing Director of Troy.

Troy will remain headquartered in Perth, Western Australia and will maintain its listing on the Australian Stock Exchange and secondary listing on the Toronto Stock Exchange.

Funding

As part of the transaction, Troy has agreed to provide Azimuth with funding of A\$10 million by way of a convertible note facility. Key terms of the facility are summarised in the annexure to this announcement.

The provision of funding by Troy means that Azimuth will not need to raise additional equity in the short term. Absent the Troy offer, it is likely that any capital raising by Azimuth in the short term would have been undertaken at a discount to the current market price of Azimuth shares leading to dilution for Azimuth's current shareholders.

Timetable and conditions

The offer is subject to a number of conditions including:

- 90% minimum acceptance condition;
- no Target Material Adverse Change (as defined in the Implementation Deed) occurring to Azimuth; and
- no Target Prescribed Occurrence (as defined in the Implementation Deed) occurs in relation to Azimuth.

Azimuth and Troy have agreed to give deal protection to each other including payment of a mutual break fee of A\$1.85 million in agreed circumstances.

The Implementation Deed also provides Troy with a right to match any superior offer that may emerge. If Troy chooses not to match, then Azimuth's Board may, in accordance with its fiduciary duties, recommend that alternate offer to shareholders, subject to first paying the agreed break fee to Troy.

Further details about the offer and proposed timetable are set out in the Implementation Deed, a copy of which is being concurrently released to the market.

It is expected that Troy's bidder's statement and Azimuth's target's statement, containing further information about the offer will be posted to Azimuth shareholders on or around the end of April 2013.

Advisers

Macquarie Capital is acting as financial adviser to Troy, Gilbert + Tobin is acting as Australian legal adviser to Troy, and Cassels Brock & Blackwell is acting as Canadian legal adviser to Troy.

Standard Chartered Bank is acting as financial adviser to Azimuth, Steinepreis Paganin is acting as Australian legal adviser to Azimuth and Blake, Cassels & Graydon LLP is acting as Canadian legal adviser to Azimuth.

For further information please contact:

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About Troy

Troy Resources (TSX, ASX: TRY) is a dividend-paying junior gold producer, with a clear growth strategy. Troy has two producing gold operations: the Casposo gold and silver mine, in San Juan province, Argentina and the Andorinhas mine in Para State, Brazil.

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

Troy has an annual exploration budget in excess of A\$15 million and a proven track record in exploration discoveries and strategic acquisitions.

Following the development of the Casposo project in Argentina, Troy has entered a renewed growth phase which has lifted Troy's annual gold production above 100,000oz of gold per annum.

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

Troy maintains a robust balance sheet 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.

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

Au_Eq grade calculated using gold to silver ratio of 1:60. The gold: silver ratio is determined using metal price and recovery factors and determined according to the parameters below:

- Au Price US\$1500/oz
- Ag Price US\$28/oz
- Au processing recovery 90%
- Ag processing recovery 80%
- Metal prices approximate three year averages for each of gold and silver.
- Processing recoveries were determined from updated metallurgical testwork carried out by independent consultants on diamond drill core from Casposo.

The equivalency factor is calculated by the formula:

Gold to Silver ratio = (gold price ÷ silver price) x (gold recovery ÷ silver recovery)

$$= (1500 \div 28) \times (.90 \div .80)$$

$$= 60$$

Gold equivalency (Au_Eq) is calculated by the formula: Au_Eq g/t = Au g/t + (Ag g/t ÷ 60.00)

Information of a scientific or technical nature that relates to Troy exploration results, Mineral Resources or ore Reserves 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 Fellow 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 under the Australian JORC Code as per 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 announcement. Mr Doyle is:

- *Is a full time employee of Troy Resources Limited*
- *Has sufficient experience which is relevant to the type of deposit under consideration and to the activity which 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'*

- Is a Fellow of the Australasian Institute of Mining and Metallurgy
- Has consented in writing to the inclusion of this data

For further information regarding the Company's projects in Brazil, Australia and Argentina, including a description of Troy's quality assurance program, quality control measures, the geology, sample collection and testing procedures in respect of the Company's projects please refer to the technical reports filed which are available under the Company's profile at www.sedar.com or on the company's website.

About Azimuth

Azimuth is a gold focused exploration company with over 8,700km² of gold exploration permits and licenses located in Guyana, South America. Broadly, the areas of interest in Guyana are split into two projects, the West Omai Gold Project and the East Omai Gold Project.

Having an inferred gold resource for the West Omai Project of 1.65Moz (see Technical Report dated March 18, 2013) with an average grade in excess of 3 g/t Au, and comforted by preliminary metallurgical test work showing good recoveries, Azimuth plans to infill drill this resource to indicated status whilst continuing engineering studies to pre-feasibility stage by the end of the year.

The information in this announcement that relates to Azimuth exploration results is based on information compiled by Mr. Richard Monti who is a member of the Australasian Institute of Mining and Metallurgy. Mr. Monti is a Director of Azimuth Resources Limited. Mr. Monti has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which 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' and a qualified person as defined in National Instrument 43-101. Mr. Monti consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

The information in this announcement that relates to mineral resources is based on information compiled by Mr. Aaron Green who is a member of the Australian Institute of Geoscientists (MAIG). Mr. Green is a full time employee of RungePincockMinarco Limited. Mr. Green has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which 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' and a qualified person as defined in National Instrument 43-101. Mr. Green consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

Please see Azimuth's technical report titled "Technical Report, West Omai Project, Guyana" dated March 18, 2013 for further information regarding the West Omai Gold Project. The technical report is available at www.sedar.com.

Forward Looking Statements

This announcement contains "forward-looking statements" and "forward-looking information", including statements with respect to the completion of the offer, the benefit of the offer, the timing of the offer and the bridge funding. Such information is based on assumptions and judgements of management regarding future events and results. 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. 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, Azimuth and/or their 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, inability to complete the offer, including due to the inability to satisfy conditions to the offer, 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, the possibility of cost overruns, as well as those factors disclosed in Azimuth and Troy's filed documents. There can be no assurance that the offer or either Azimuth or Troy's plans will proceed as planned or that they will be successfully completed within expected time limits and budgets or that, when completed, expected production levels will be achieved.

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 and Azimuth believe 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 and Azimuth do not undertake to update any forward-looking information or statements, except in accordance with applicable securities laws.

ANNEXURE

CONVERTIBLE NOTE SUMMARY

Troy has agreed to provide a A\$10 million unsecured convertible note facility to Azimuth.

The convertible notes have a face value of \$1 each, a maturity date of 12 months and convert at A\$0.30 per Azimuth share (**Notes**).

Interest on the Notes will accrue at a fixed rate of 8% calculated quarterly in arrears.

Azimuth has agreed that proceeds received from the issue of the Notes will be used to fund Azimuth's working capital requirements and for general corporate purposes (which must not exceed A\$4,000,000) and to fund approved exploration activities (which must not exceed A\$6,000,000), in accordance with the Azimuth budget.

Azimuth must redeem all Notes on the earlier of:

- (a) the maturity date;
- (b) an event of default which has not been remedied within 10 business days; or
- (c) in the event that shareholder approval is required for the conversion, the date on which the Azimuth shareholders do not approve conversion.

If there is a change in control in Azimuth (being an announcement of a competing transaction by Azimuth (recommended by a majority of the board) or a person (other than Troy) acquires 30% or more of Azimuth, then Troy may elect to:

- (a) declare the amount outstanding (plus accrued interest) payable on demand; or
- (b) require Azimuth to redeem the Notes; or
- (c) require Azimuth to convert the Notes.

It will be an event of default under the Note terms if any of the following occur:

- (a) Azimuth does not pay an amount due under the Notes for more than 3 business days after the due date;
- (b) a material breach of a representation or warranty given by Azimuth;
- (c) Azimuth fails to comply with the terms of the Notes and such breach remains unremedied for 10 business days;
- (d) Azimuth uses the proceeds of the Notes for other than an approved purpose;
- (e) a material adverse change occurs to Azimuth;
- (f) the Takeover Bid Implementation Deed is terminated in certain circumstances;
- (g) Azimuth, its affiliates or its subsidiaries are in cross default under a material document; and
- (h) an insolvency event occurs in relation to Azimuth, its affiliates or its subsidiaries.

The Convertible Note Deed has a matching right similar to that in the Takeover Bid Implementation Deed which is being released with this announcement.

If the matching right is not exercised, and the Azimuth board recommends a competing transaction, then, subject to any required approvals, the Noteholder will convert the Notes and use any of the shares issued on conversion which it holds at the relevant time to support the competing transaction.

Azimuth has given representations and warranties customary for agreements of this kind.