



TROY RESOURCES NL

ABN 33 006 243 750

All Correspondence to:
PRINCIPAL OFFICE
Ground Floor
44 Ord Street
West Perth 6005
Western Australia
Telephone: (61 8) 9481 1277
Facsimile: (61 8) 9321 8237
Email: troy@troyres.com.au
Web Site: www.try.com.au

NOT FOR DISTRIBUTION TO UNITED STATES NEWSWIRE SERVICES OR FOR DISSEMINATION IN THE UNITED STATES

PRESS RELEASE

20 January 2009

TROY TO RECOMMENCE MINING AT SANDSTONE

Highlights

- The Sandstone mine, which was due to close in February 2009, will now continue production through calendar 2009 with the mining of additional ore from a cut back to the pit at the Lord Nelson deposit.
- This decision will add approximately 30,000 ounces of gold production for Troy during calendar 2009.
- Financial risk associated with mining low grade ore has been minimised by the purchase of Australian dollar gold put options.

PERTH, Western Australia: Troy Resources NL ("Troy") (TSX: TRY, ASX: TRY). Troy Resources NL ("Troy") today announced the decision to extend the mine life of the Sandstone operation. The Sandstone plant which has been processing low grade ore stockpiles was due to close in February 2009, however, with the increase in the Australian dollar gold price the economics of recommencing mining at Sandstone has been re-examined.

At the current gold price it is economic to treat remaining ore from the Lord Nelson pit. Mining of overburden will commence as soon as final State Government, Department of Mines regulatory approval is received and ore is expected to enter the mill in April. In the meantime the plant will continue operations treating mineralised waste stockpiles. We expect this plan to provide sufficient ore to maintain operations through to the end of calendar 2009.

The remaining ore at Lord Nelson is low grade and thus the production will be relatively high cost but at these Australian dollar gold prices this is a value creating exercise for Troy.

Due to both the relatively high cost of this production and the cash flow profile, Troy has purchased Australian dollar gold put options totalling 29,200 ounces with maturity dates between April and December 2009 and strike (floor) price of A\$900.00 per ounce. The purchase of these options minimises downside risk while maintaining full exposure for Troy to any increase in the Australian dollar gold price.

Due to accumulated Australian dollar tax losses it is not expected that any tax will be paid on any earnings generated through this extension.

Commenting on the result, Troy CEO Paul Benson said:

"In a time when redundancies are being announced across the country I am pleased that we have been able to extend the life of Sandstone. As we are still processing low grade stockpiles we only need to mobilise the contract mining fleet which should be complete in the coming weeks, subject to prompt regulatory approval.

In addition to extending the life of Sandstone through calendar 2009 and generating value in its own right, this decision generates additional options for the site:

- The extension of the Sandstone Operation gives the company the opportunity to develop other known resources if the gold price increases substantially.
- It creates the potential to develop other prospects that may present themselves in the district over the next 12 months.
- Finally, with the significant fall in exploration costs in Australia over the last 6 months, we will take this opportunity to review the exploration potential of the Sandstone Greenstone Belt."

For further information please contact:

Mr Paul Benson (Chief Executive Officer) or Mr. John Dow (Chairman)

T: (618) 9481 1277

E: troy@troyres.com.au

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 mineralization 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 Sandstone project, including a description of Troy's quality assurance program, quality control measures, the geology, samples collected and testing procedures in respect of the Sandstone project please refer to the technical report entitled Troy Resources NL: Sandstone Gold project, Mid West Region Western Australia" dated June 2007, which is available under the Company's profile at 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.

For purposes of Clause 3.4(e) in Canadian Instrument 43-101, the company warrants that Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability.