



TROY RESOURCES LIMITED

ASX ANNOUNCEMENT

15 October 2019

KAROUNI GOLD MINE, GUYANA – OPERATIONAL UPDATE

Troy Resources Limited (**ASX: TRY**) (**Troy** or the **Company**) wishes to provide an update to the market as to the operations at the Company's Karouni Gold Mine in Guyana.

As shareholders are aware, the Company entered into a Trading Halt on 11 October 2019 and then into voluntary suspension on 15 October 2019.

This followed the tragic death of an employee on 8 October as a result of an incident at the Hicks 1 Extension Trench.

The incident, which took place at 2:25 am on night shift, occurred when a newly-excavated three-metre-high embankment at essentially ground level upon which the employee was sitting, collapsed, bringing a relatively minor amount of sand and rubble down on top of him.

Immediately thereafter, an investigation into the incident was launched by four parties – the Guyana Geology & Mines Commission ("GGMC"), the Guyana Police Force, the Ministry of Social Protection and the Company itself.

On 10 October, however, prior to the release of any formal findings in relation to the incident, as well as the commencement of the investigation by the Ministry of Social Protection, the Company received a letter from a junior Minister within the Ministry of Social Protection in which the Company was "...hereby directed that there be a cessation of all mining activities with immediate effect until further notice from this Ministry."

This came as a surprise to the Company since the ban included all mining areas including the Smarts 3 and Larkin Pits which are not where the incident took place.

This stop order was inconsistent with normal protocols in such situations, which is to cordon off the area of the incident, being the Hicks 1 Extension Trench, a process the Company had already undertaken immediately after the accident.

Troy considers that it is possible that the junior Minister in question chose to act as a knee-jerk reaction in response to extensive false and misleading information being circulated on social media by various groups and individuals concerning the accident and the safety record of the Company generally.



Nevertheless, having received the Order, the Company had no option but to cease all mining activities. Given that ore stockpiles had been exhausted during the recently completed wet season, there were negligible quantities of ore available for processing and accordingly milling was also ceased.

Given that the Company does not know when, or if, approval will be given to resume mining activities, the Company took the step of standing down all site employees other than those undertaking security duties, exploration activities and those involved in preparing the processing plant for a full shut-down.

Under Guyanese Law, a Company is permitted to stand down the workforce without pay for up to six weeks in certain cases. It is important to note that the employees are not dismissed and can resume their normal duties if, or when activities on-site are able to resume.

The receipt of the letter from the Ministry of Social Protection and, consequently, the need to cease mining and processing activities were the trigger for the Company calling the Trading Halt.

Troy understands that the four parties referred to above have now completed their investigation into the incident.

Troy's management is hoping to meet with relevant officials of the Guyanese Government over coming days to discuss the way forward at Karouni.

Troy will not reinstate any of the laid-off employees nor recommence mining and processing activities until such time as the Company has clear approvals from all relevant government agencies.

The Company takes the opportunity to make two further points at this juncture.

Firstly, Troy, and its Directors, management and supervisors are strongly committed to the long-term health and safety of all its employees.

The Company provides significant occupational health and safety training, both at induction and on an ongoing basis at Karouni.

Indeed, with in excess of five million man-hours worked at Karouni since Troy acquired the operation in 2014, this incident is the first serious injury sustained in the mining department with only one other occurring in the processing plant caused by a breach of safety protocols.

Whilst every single safety incident is one too many, bearing in mind that mining is a relatively challenging activity, Troy is proud of its safety record.

On 15 May 2019, the Company's Guyanan subsidiary received a Workplace Award from the National Advisory Council on Occupational Safety and Health in Guyana "in recognition of the level of commitment towards creating a culture of prevention in your workplace" which was signed by the Minister for Social Protection, amongst others.

Troy is also an excellent corporate citizen as regards provision of local health services, with the 24-hour medical facility at Karouni as well as medivacs and other emergency services available not only to employees, but also to those in local communities.

Secondly, Troy takes the opportunity to make comment in relation to the Smarts 3 Pit.



As shareholders are aware, the Company has previously encountered wall stability issues at Smarts 3.

The Company recently undertook a significant cut-back of the northern face of the Smarts 3 Pit to initially access approximately 8,000 additional ounces of gold.

Whether as a result of recent exceptionally high rainfall or otherwise, since undertaking the cut-back, the Company has encountered ongoing stability issues at Smarts 3.

Nevertheless, Troy's remedial efforts at Smarts 3 have been proceeding with the approval of the GGMC and Troy's geotechnical consultants, and contrary to rumour and as noted above, the incident did not occur at this location.

Shareholders will appreciate that the aforementioned situation has created significant uncertainty as to the future of operations at the Karouni Gold Mine.

Accordingly, Troy considers it appropriate that trading in its shares continue to be suspended until it is in a position to provide clarity on the resumption of operations.

ENDS

For further information please contact:

Ken Nilsson - CEO and Managing Director

T: +61 8 9481 1277

E: troy@troyres.com.au

Peter Stern - Non-Executive Chairman

T: +61 8 9481 1277

E: troy@troyres.com.au

Gerry Kaczmarek - CFO and Company Secretary

T: +61 8 9481 1277

E: troy@troyres.com.au