



TROY RESOURCES LIMITED

ASX ANNOUNCEMENT

20 September 2019

PRODUCTION AND GUIDANCE UPDATE – SEPTEMBER 2019

Troy Resources Limited (**ASX: TRY**) (**Troy** or the **Company**) wishes to provide a gold production and guidance update in respect of the Company's wholly-owned Karouni Gold Project, Guyana.

In the Company's 15 April 2019 ASX announcement, Troy advised that gold production guidance for the six months from July to December 2019 was estimated to be in the range of 26,000 to 28,000 ounces.

This was premised on the Smarts 3 cut-back being essentially completed by the end of June 2019, thereafter providing good access to the average 3+ g/t Au ore.

As advised in Troy's 15 July 2019 ASX announcement, the cut-back at Smarts 3 was at that time proceeding slower than planned due to difficult mining conditions during the wet season.

Rainfall during the wet season this year was the heaviest Troy has experienced since acquiring Karouni in 2013. Rainfall occurred for a total of 51 days during July and August 2019, with the highest one-day rainfall being 69 mm.

As a result, access to Smarts 3 ore was denied for considerable periods due to the need to pump out pooled water and otherwise deal with unstable ground conditions.

Shareholders would be aware that, of the various pits at Karouni, ground conditions at Smarts 3 are arguably the most susceptible to wall slippage, due variously to the presence of both aquifers and other geological features that are hidden from sight.

Shareholders will appreciate that the ongoing safety of personnel is and must always be the Company's overriding priority.

Gold production for the months of July and August 2019 were 2,700 ounces and 2,965 ounces respectively, considerably less than had previously been anticipated.

With the heaviest rainfall now passed and ground conditions much improved, Troy potentially has good access to the Smarts 3 Pit and is making every effort to remedy the September Quarter production shortfall.



At this stage, the Company is estimating production for the month of September of approximately 3,000 ounces, which will result in an estimated 8,665 ounces of gold being produced for the Quarter.

As this figure is less than half of the bottom range of the gold production forecast for the six months from July to December by approximately 4,335 ounces, it is prudent at this time for Troy to amend guidance.

Accordingly, the Company hereby amends the bottom range of guidance for the relevant period to 24,000 ounces, a reduction of 2,000 ounces.

Shareholders should be aware that the financial impact of gold production underperformance for the September Quarter will likely be significantly mitigated by both the higher spot gold price which prevailed during the period in question as well as the fact that, with various activities curtailed due to weather conditions, operating costs should also be less than would otherwise have been the case.

The actual impact from a financial perspective will become apparent with the release of the September Quarterly due late October 2019.

The Company wishes to make a number of comments in relation to this matter.

First, no ounces of gold were lost as a result of the production shortfall; rather, their extraction and sale has been delayed. As such, the matter is essentially one of timing only.

Secondly, the amended guidance makes no allowance for any contribution during the Half Year to ore from either the Hicks 1 Extension or Ohio Creek, both of which are currently the subject of technical evaluation to enable the earliest possible start to mining and which are expected in due course to represent additional sources of relatively high-grade ore.

Thirdly, the previous mining schedule had ore being mined at Smarts 3 until July 2020. However, in order to avoid a repeat of events of this year, Troy is now intent on completing mining at Smarts 3 by April 2020, thereby avoiding the 2020 wet season. This will see production at Smarts 3 brought forward, the benefit of which should be enjoyed in the forthcoming December and March Quarters.

Finally, it would be incorrect for shareholders to believe that the wet season will negatively impact operations at Karouni going forward.

Reviewing prior wet season's production, in August 2018 Troy produced 6,838 ounces of gold, one of the highest monthly totals since production commenced. The difference here was that the Company commenced the wet season with approximately 200,000 tonnes of ore on the ROM stockpile awaiting treatment. Having a significant ROM stockpile heading into the wet season was not achievable this year, with the number of ore sources on the decline and with Smarts 3 ore unable to be accessed.

However, that situation will hopefully be remedied next year and in future years with the availability of ore from Hicks 1 Extension, Ohio Creek, Spearpoint and other sources potentially including the Smarts Underground Resource below the Smarts Pit.



Troy Managing Director, Mr Ken Nilsson, said today:

“Operating through the wet season this year was difficult.

“This, unavoidably, has had an adverse impact on production for the start of the financial year.

“To me, what is far more important is that, with Hicks 1 Extension and Ohio Creek, we will hopefully soon again have multiple ore sources from which to draw mill feed.”

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