

# ASX ANNOUNCEMENT

22 April 2022

## US\$4 MILLION LEASE AND ASSIGNMENT OF NON-CORE MINING RIGHTS IN BRAZIL

Troy Resources Limited (**ASX: TRY**) (**Troy** or the **Company**) is pleased to advise that it has signed a binding Letter of Intent for the proposed lease and assignment of certain mining rights held by the Company in Brazil – specifically, 802.913/1978 and 810.354/1976 – which are known to host iron ore minerals (**Mining Rights**).

Pursuant to the transaction, the counter party, PST Empreendimentos e Participacoes Ltda, a Brazilian company (**PST**), will pay Reinarda Mineracao Ltda, a wholly owned subsidiary of Troy (**RML**), the amount of US\$4 million.

Troy and PST now have 30 days to complete a definitive agreement (**Definitive Agreement**).

The Mining Rights were acquired by Troy in 2006 through the acquisition of Agincourt Resources Limited, which held the Andorinhas Gold Project.

The US\$4 million in proceeds is payable by PST in seven instalments as follows:

1. US\$200,000 payable within 5 working days after signing the Definitive Agreement;
2. US\$500,000 payable within 90 working days from the date of signing the Definitive Agreement subject to the registration by the Brazilian Mining Agency (**ANM**) of the lease agreement of the Mining Rights;
3. US\$300,000 payable within 90 working days from the date of signing the Definitive Agreement subject to the approval and issuance of the environmental licence, by Secretaria de Meio Ambiente e Servicos Urbanos for the exploitation of the Mining Rights;
4. US\$500,000 payable within 180 working days from the date of signing the Definitive Agreement subject to the approval, issue and publication by the ANM of the Exceptional Authorisation to Exploit the iron ore for the Mining Rights;
5. US\$500,000 payable within 360 working days of the date of signing the Definitive Agreement subject to the first commercial sale of the iron ore resulting exclusively from the exploitation of the Mining Rights;
6. US\$1,500,000 payable twelve months after the first commercial sale of the iron ore resulting exclusively from the exploitation of the Mining Rights; and



7. US\$500,000 payable on the registration by ANM of the assignment of the Mining Rights or 24 months from the date of signing the Definitive Agreement, to be paid not later than one year after the date of the last of the above payments.

Accordingly, Troy should receive proceeds of US\$2 million within 12 months of signing the Definitive Agreement and the remaining US\$2 million in the following 12-month period.

RML has contingent liabilities of approximately US\$1.7 million which will be paid from the proceeds received in the second year and should be fully settled by April 2024.

It is noted that the quantum of some of the individual items that constitute the liabilities may be slightly less than anticipated, subject to the administrative process as it takes place.

In addition to the aforementioned proceeds, Troy is to receive from PST a 1.5% royalty in relation to all gold produced from the area the subject of the Mining Rights.

It is currently anticipated that the net proceeds to be received by Troy will be used for working capital purposes, if not, in the development of the Smarts Underground Project.

Mr Richard Beazley, Interim Chief Executive Officer and Managing Director of Troy, said today:

*"Given that the Mining Rights are considered a non-core asset of Troy, leasing and assigning the Mining Rights when the opportunity arose for a reasonable price was compelling.*

*"We are pleased to be able to reduce Troy's debt burden by the amount of the net proceeds from this transaction, representing a further strengthening of the Company's financial position."*

*This announcement has been authorised for release by the Board of Directors.*

**ENDS**

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