



TROY RESOURCES LIMITED

QUARTERLY REPORT

FOR THE THREE MONTHS ENDED 30 JUNE 2017

HIGHLIGHTS

- Gold production for the quarter was 15,411oz as compared to 12,590oz in the previous quarter, an increase of approximately 23%, and representing the highest quarterly production since the March quarter 2016.
- Gold production for the year was 56,200oz.
- Average head grade of ore treated for the quarter was 2.54g/t Au with a gold recovery rate of 95.9%.
- AISC reduced to US\$1,208/oz from US\$1,539/oz in the previous quarter (22% reduction) and the lowest quarterly AISC for the financial year.
- Sales revenue for the June quarter was US\$21.7 million, an increase of approximately 53% from the US\$14.2 million received in the previous quarter.
- Investec loan was reduced by US\$3 million to approximately US\$24 million as of 4 July.
- Cost reductions being pursued, with a major reduction in blast hole drilling rates achieved.
- A new ore body model based on the geostatistical MIK method was completed during the quarter and geotechnical work for Smarts 3 ore body and redesign of slope angles finalised.
- Strip ratio at Karouni expected to decrease from approximately 8-10:1 to approximately 4:1 by the end of the calendar year.
- Gold production guidance for year ending 30 June 2018 of 60,000oz to 70,000oz.



Commenting on the results, Chief Executive Officer and Managing Director, Mr Ken Nilsson, stated:

"I am very pleased with what we achieved during the quarter.

"As the market is well aware, the setback we suffered through the Smarts 3 pit slip last December has had a material adverse impact on the Company.

"However, with remedial efforts well advanced, as evidenced by gold production for the quarter essentially returning to previous pre-slip levels, I am confident that the Company is very much back on track.

"Moreover, with the strip ratio at Karouni anticipated to decrease from approximately 8-10:1 to approximately 4:1 by the end of the calendar year, I am confident that we will see operating costs continue to decline and, with it, the profitability of the Company increase."

OPERATIONS

KAROUNI, GUYANA (Troy 100% through Troy Resources Guyana Inc.)

Results Summary

A summary of key operational parameters at Karouni for each of the June quarters, the two previous quarters, and the full year ended 30 June 2017, is set out in the following table.

Operations	September 2016 Quarter	December 2016 Quarter	March 2017 Quarter	June 2017 Quarter	Total FY17
Open Pit Mining					
Total mined (t)	2,036,657	1,941,075	1,769,587	1,495,685	7,243,003
Ore Mined (t)	202,080	194,689	203,117	183,405	783,291
Mine Grade (g/t)	2.27	2.28	1.99	2.15	2.17
Mill Production					
Processed (t)	199,619	222,281	210,228	196,765	828,893
Head Grade Gold (g/t)	2.24	2.25	1.97	2.54	2.24
Recovery Gold (%)	92.8	92.5	94.5	95.9	94.0
Gold Produced (oz.)	13,329	14,870	12,590	15,411	56,200
Gold Sold (oz.)	15,211	13,925	11,675	17,328	58,139
Cash Cost (US\$/oz.)	923	953	1,148	881	970
AISC (US\$/oz.)	1,316	1,352	1,539	1,208	1,345
Gold Price Realised (US\$/oz.) ⁽¹⁾	1,337	1,229	1,221	1,255	1,263

(1) Before impact of hedging.

During the quarter, a total of 1,495,685 tonnes of material were mined and 196,765 tonnes of ore were processed.



As anticipated, open pit mining operations for the quarter were somewhat hampered by heavy rains. In the month of June, typically the highest rainfall month of the year, 489mm was recorded, approximately 28% higher than the 383mm received for the same period in 2016.

The performance achieved, notwithstanding the rainfall, provides the Board with comfort that the Company is coming to grips with the constraints of operating in the high rainfall environment that Karouni represents.

During the quarter, the Company achieved an average mill head grade of 2.54g/t Au and an average gold recovery of 95.9%. The recovery level, encompassing both the carbon-in-leach and gravity components, was well in excess of the budgeted level.

Production from Karouni for the quarter of 15,411oz compared to 14,545oz for the same period in the previous year, a 6% increase. Production for the 2017 year totalled 56,200oz. Gold sold for the quarter was 17,328oz.

It is noted that, even though the increased rainfall prevalent in the June quarter has typically rendered production for this quarter the lowest for the year, four quarters of the level of production achieved during the June quarter, all else being equal, would have resulted in gold production for the year of in excess of 60,000oz.

During the quarter, the Company achieved operating costs of US\$881/oz, as compared to US\$1,148/oz in the previous quarter, and US\$970/oz for the year.

All in Sustaining Costs ("AISC") for the June quarter were US\$1,208/oz, as compared to US\$1,539/oz in the previous quarter, and US\$1,345/oz for the year. The June quarter represents the lowest AISC cost for the year and a reduction of 22% over the previous quarter.

A more detailed breakdown of costs is set out in the following table:

	September 2016 Quarter US\$/oz.	December 2016 Quarter US\$/oz.	March 2017 Quarter US\$/oz.	June 2017 Quarter US\$/oz.	FY17 US\$/oz.
C1 Cash Cost	923	953	1,148	881	970
Refining and transport costs	5	5	6	5	5
Reclamation and remediation – amortisation	4	6	6	6	6
Royalties	143	100	105	129	119
Insurance	21	13	21	17	18
Exploration	93	91	118	68	91
Corporate general and administration costs	73	63	71	48	63
Capital equipment	54	121	64	52	73
All-In Sustaining Cost (AISC)	1,316	1,352	1,539	1,208	1,345

As outlined in the March quarterly report, underlying cash costs for the current quarter have decreased as better operating practices are being applied. Total site operating costs are now



averaging approx. US\$5.5 million per month. With better grade feed providing higher gold production, unit operating costs have fallen proportionately.

Additional work still needs to be done on reducing absolute costs further which, when combined with better mine grades and higher mill throughputs, will lead to further reductions in unit costs.

Considerable work was undertaken during the quarter in positioning the Company for the future.

Completion of geotechnical studies by Golder and Associates has enabled the Company to redesign the Smarts Stage 3 pit walls. A small cutback is being undertaken which will return the pit to production whilst providing a safe working environment. This process is expected to take two to three months for full completion.

A new ore body model utilising all available data including RC grade control data in Smarts Stages 1, 2, 3 and part of Stage 4 has been prepared. The model will be updated after further RC drilling is undertaken to complete the Stage 4 RC grade control programme.

Continual work on training, monitoring and a focus on cost control is having a positive impact on the operation, with savings in a number of areas being realized, particularly in the mining area.

Currently, mining activities are operating with a very high strip ratio of approximately 8-10:1. The strip ratio is expected to drop to approximately 4:1 by the end of the calendar year after the clean-up of the slip in Smarts 3 pit has been completed. This should result in a positive impact on operating costs.

The technical workforce has been strengthened by the recruitment of experienced personnel, a Mine Geologist and a Resource Geologist, who will be based on site. Additionally, a second Mine Planning Engineer is being recruited to enable more efficient short term planning and scheduling to be undertaken on site.

As a consequence of the addition of these technical and other service roles at the operation in Guyana, staffing levels in the Perth head office have been further reduced.

The processing plant is operating well with only minimal and standard maintenance issues and wear. A substantial rebuild of the secondary crushing unit occurred in May following some mechanical issues at the end of 2016 and a mill reline was undertaken in June.

The Company is currently updating its Life-of-Mine plan for Karouni, the results of which are expected shortly. Key details of the Plan will be announced to the market when completed.

Health and Safety

One lost time injury was recorded during the June quarter. This is a significant improvement on the seven lost time injuries recorded during the December quarter and two in the March quarter.

Safety performance continued to improve with a Total Recordable Injury Frequency Rate at the end of the quarter at 9.14, down from ~14 at the end of December. The target set for the year is to reach a rate of 8 with Industry best practise ~8-9. The rate is calculated as Total recordable injuries x 1,000,000 divided by total man hours year to date on a rolling basis.

The result is a strong endorsement of the Company's efforts to achieve an accident free work environment.



Environment

No environmental incidents of any note were recorded.

Community

Community relations continue to attract the priority they warrant with a high level of interaction between the Company and the Amerindian village at Kabouri (approx. 36kms from the mine site). The Company is actively supporting several initiatives and creating employment opportunities wherever possible. The Company has maintained its good working relationship with all government bodies, and all permitting and statutory reporting is up to date and current.

CASPOSO, ARGENTINA (Troy 30% - Austral Gold Limited (ASX:AGD) (Manager) 70%)

Results Summary

A summary of key operational parameters at Casposo for each of the June quarters, the two previous quarters, and the full year ended 30 June 2017, is set out in the following table.

	September 2016 Quarter	December 2016 Quarter	March 2017 Quarter	June 2017 Quarter	Total FY17
Ore processed (t)	68,055	66,328	48,602	65,124	248,109
Grade (g/t Au)	2.98	2.3	2.5	2.4	2.5
Grade (g/t Ag)	180.92	246	218	224	217
Gold recovery (%)	90%	91%	89%	89%	90%
Silver recovery (%)	78%	83%	85%	86%	83%
Gold produced (oz.)	4,457	4,489	3,487	4,360	16,793
Silver produced (oz.)	313,765	434,607	288,327	374,583	1,411,282
Gold equivalent produced (oz.)	9,071	10,599	7,652	9,441	36,763
Cash cost (US\$/oz. Au_Eq)	N/A ¹	969	1,058	981	N/A ¹
AISC (US\$/oz Au_Eq)	N/A ¹	1,200	1,353	1,311	N/A ¹

¹ Not Applicable due to the commissioning period in the first quarter of the year.

During the June quarter, 9,441oz of gold (equivalent) were produced for a total of 36,763oz for the year (on a 100% basis).

Pursuant to the staged sale of Casposo to Austral Gold Limited ("Austral") announced to the market on 7 March 2016, Troy currently holds a 30% equity interest in Casposo.

Troy does not receive any share of production or contribute to costs during Austral's earn-in period.



EXPLORATION

KAROUNI, GUYANA (Troy 100% through Troy Resources Guyana Inc.)

During the quarter, the exploration team focused on compiling and collating data, including assay results, and preparing drill programs and target generation.

Learning from the difficulties experienced through undertaking exploration field work during last year's wet season, it was announced on 31 May 2017 (ASX announcement titled "Corporate Personnel Changes and Operational Update") that these activities have been curtailed for the duration of the impending wet season. In the interim, exploration personnel have moved their focus onto mine geology and data management until the exploration program is ready to recommence later in the calendar year. There is also a significant number of outstanding assay results from these drilling programmes which, when returned, will be evaluated for future exploration campaigns.

Exploration drilling during the quarter focused on the Norby and Hicks SE areas. A total of 93 holes for 6,841m were completed before exploration field work was reduced.

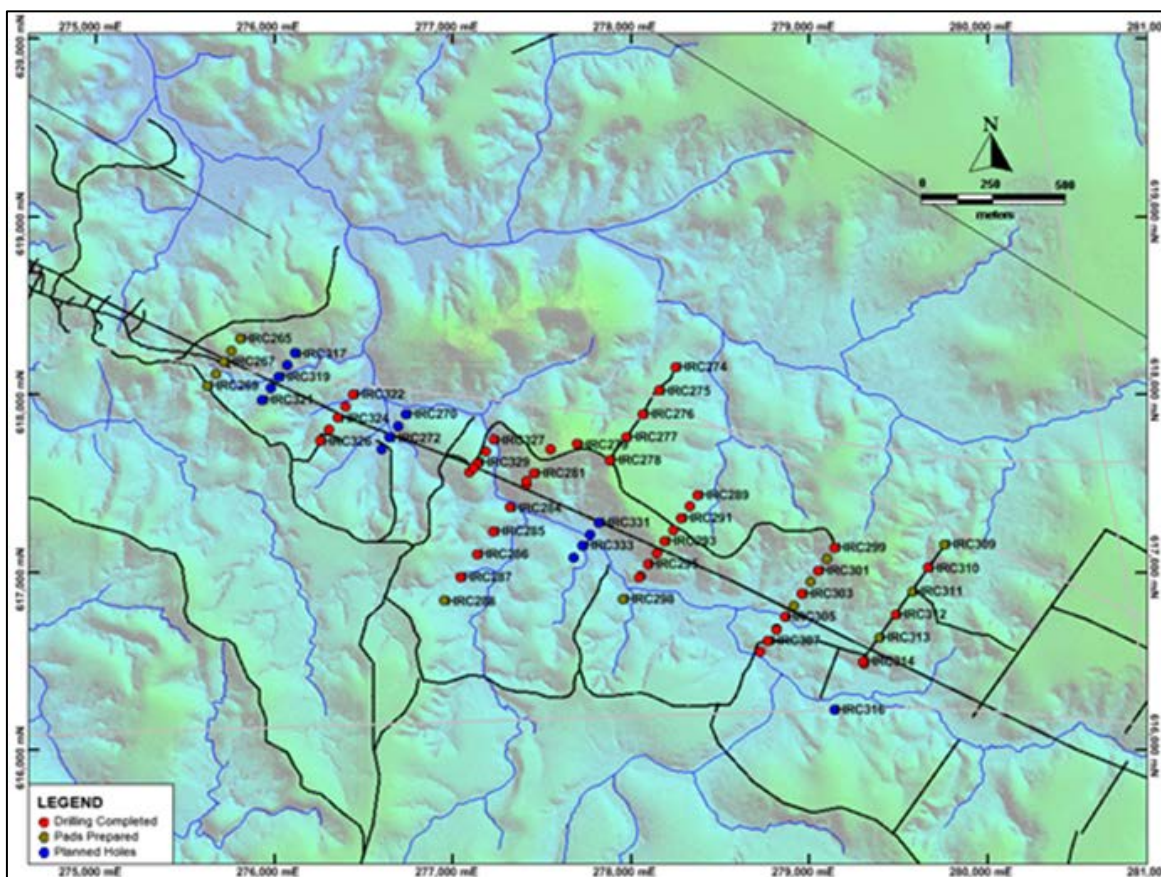


Figure 1: Hicks SE Drilling Program

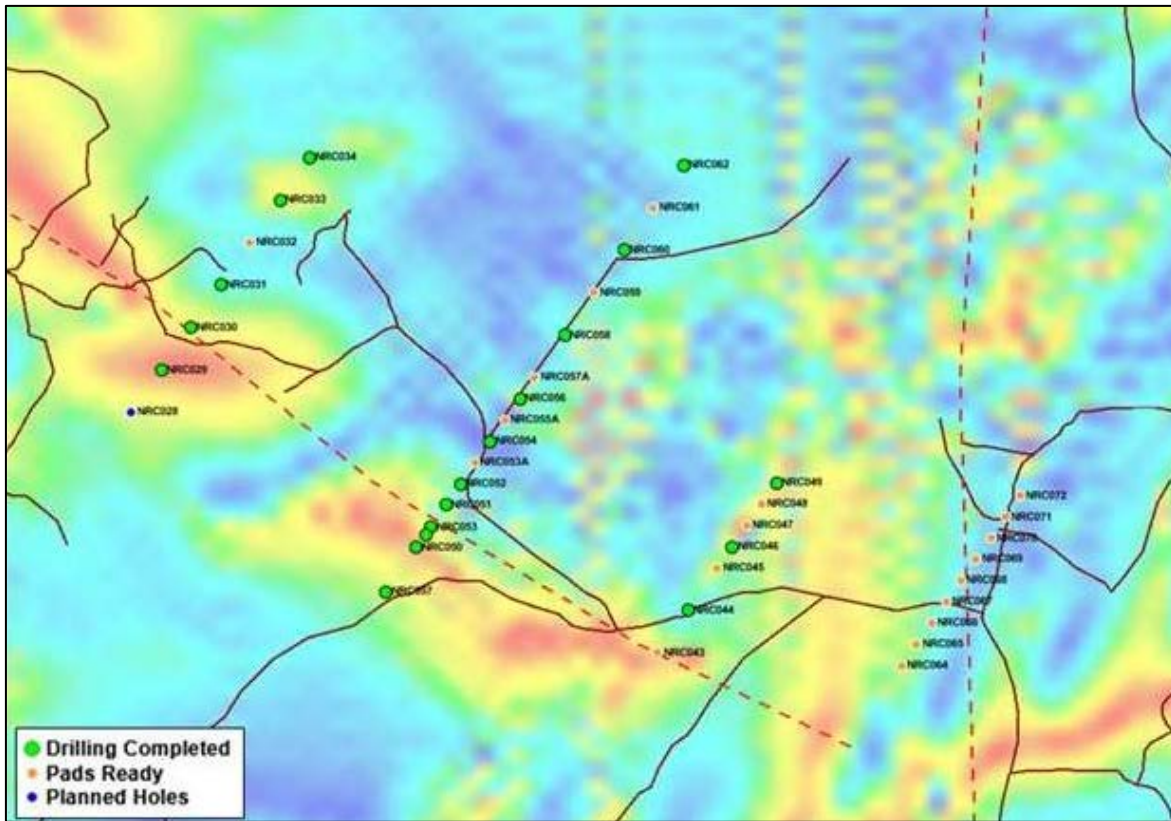


Figure 2: Norby Drilling Program

Near Mine Targets

Assessment of near mine potential has prioritised several targets for additional work. These targets are on known mineralised trends and are all within relatively close trucking distance from the processing plant. Following the conclusion of the wet season, exploration can begin to assess these targets for potential mineable resources.

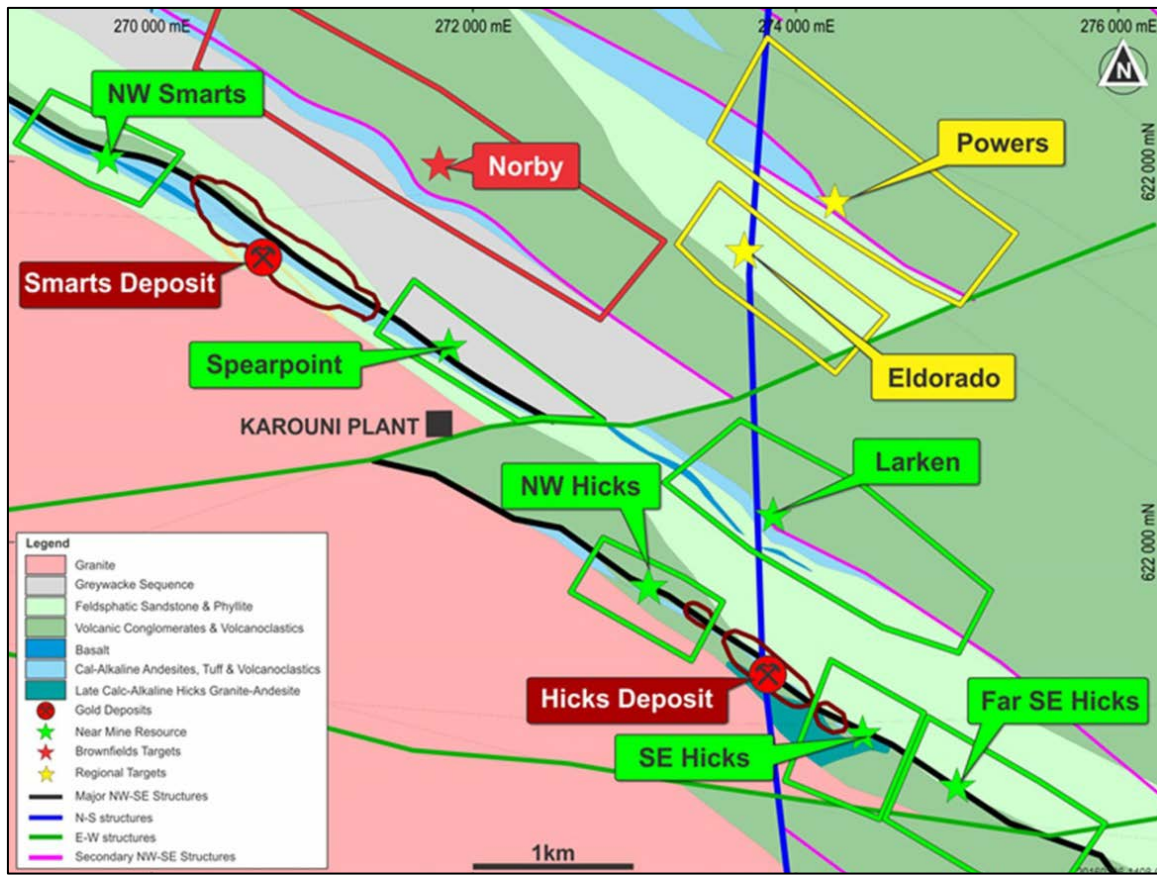


Figure 3: Near Mine Drilling Targets

The Spearpoint Prospect (refer to Figures 3 and 4) is the southern continuation of the Smarts shear zone and historic drilling indicates significant mineralisation exists here. Additional infill drilling is planned to upgrade this part of the resource. If successful, this Prospect could be incorporated into the current mine plan at Smarts as a southern extension to the current Smarts Stage 1 pit.

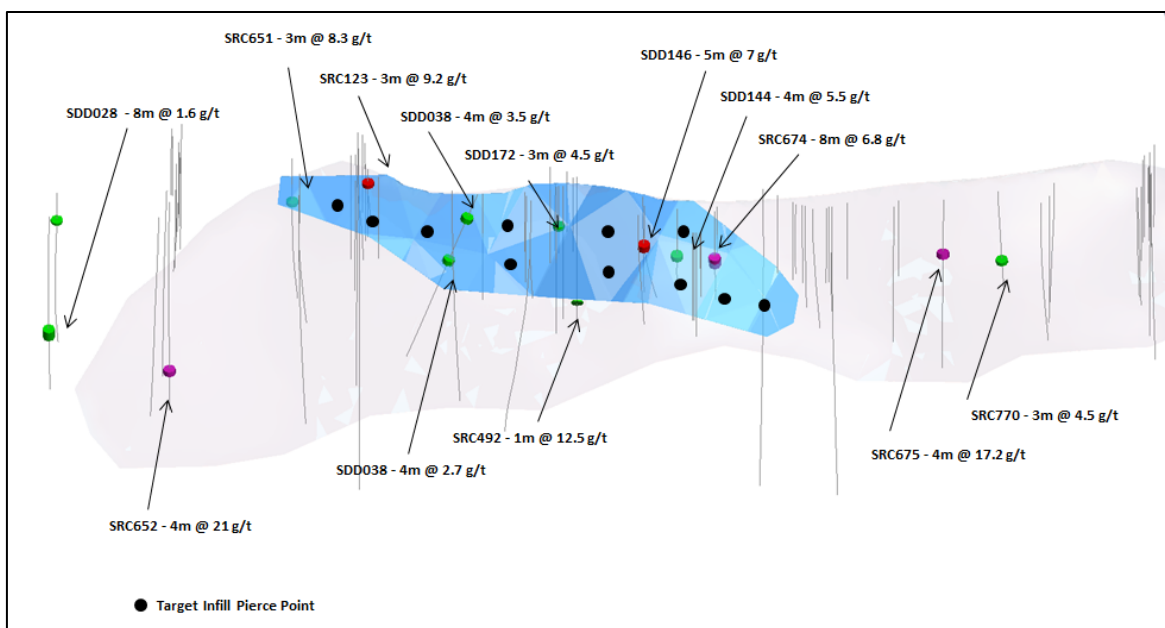


Figure 4: Spearpoint Looking NE Showing Current Drilling and Proposed Infill Holes



FINANCIAL INFORMATION

At the end of the quarter, the Company had total liquidity of \$13.2 million, including available cash of \$8.5 million and gold inventories at market value of \$4.7 million. Key movements in cash flow are illustrated in Figure 5 below.

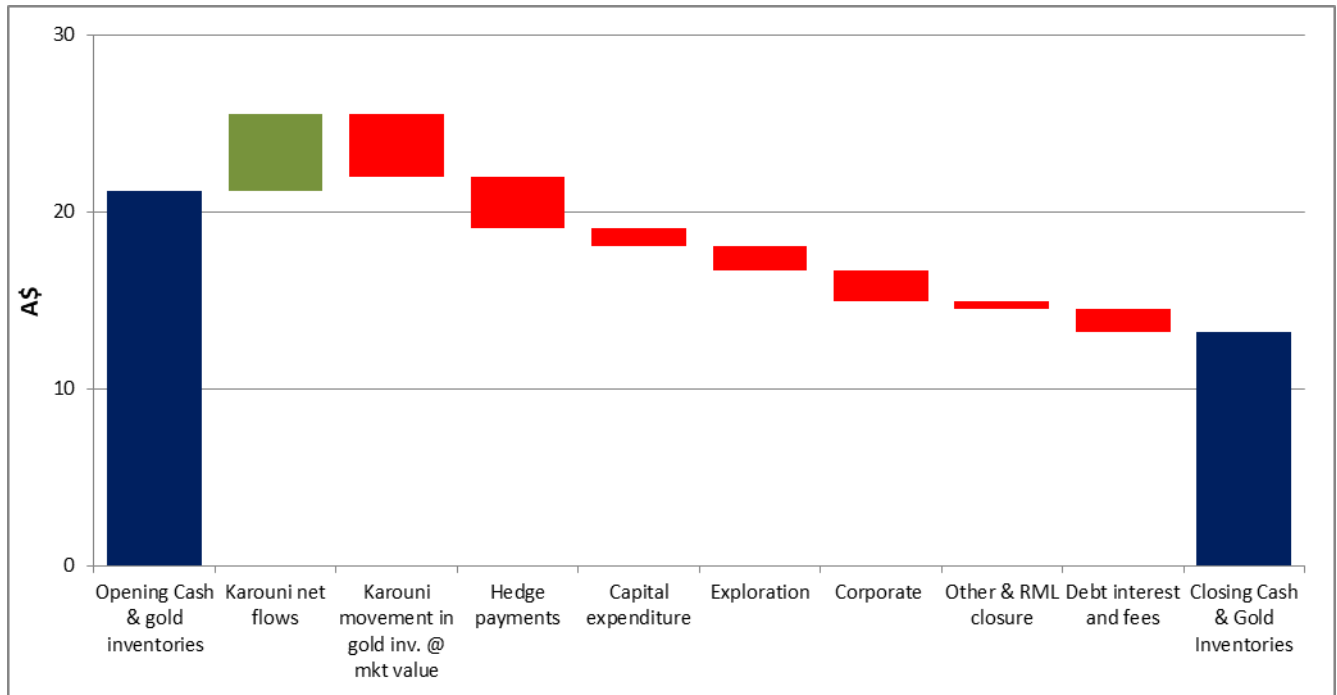


Figure 5: June Quarter Cash Movements

Notes:

1. Key movements - unaudited
2. Liquid assets include cash, gold doré and GIC at market value

Banking Facility

The Company's Debt Facility with Investec was reduced by a further US\$3 million pursuant to a repayment made on 4 July 2017. The current loan balance is US\$24.192 million, a significant reduction from the peak loan balance of US\$71.6 million (A\$100 million).

The schedule of outstanding payments is as follows:

Date	Loan Repayment (US\$)
30 September 2017	3,000,000
31 December 2017	3,000,000
31 March 2018	3,000,000
30 June 2018	5,000,000
30 September 2018	5,000,000
31 December 2018	5,192,000
Total	24,192,000



Hedging

A summary of the Company's gold hedging positions at 30 June 2017 is set out in the table below.

Settlement Period	Gold oz.	US\$/oz.
Sept Qtr. 17	13,500	\$1,103.50
Dec Qtr. 17	12,500	\$1,133.73
March Qtr. 18	9,000	\$1,257.04
June Qtr. 18	500	\$1,259.10
TOTAL	35,500	\$1,155.26

Exploration Expenditure

Exploration expenditure incurred during the quarter was A\$1.4 million.

Capital Expenditure

Expenditure incurred in relation to the plant and equipment and sustaining capital at Karouni during the quarter was A\$1.04 million.

Financial Year 2018 Production Guidance

The Company is forecasting production for the 2018 financial year of 60,000oz to 70,000oz.

The Company is currently updating its Life-of-Mine plan for Karouni, the results of which are expected shortly. Key details of the Plan will be announced to the market when completed.

CORPORATE

Director and Management Changes

During the quarter, there were several changes to Directors and Management:

- Martin Purvis resigned as MD & CEO effective 31 May 2017;
- Ken Nilsson was appointed as Interim MD & CEO effective 31 May 2017;
- Fred Grimwade resigned as a Director and Chairman on 16 June 2017;
- Peter Stern was appointed as a Non-Executive Director and Interim Chairman effective 16 June 2017;
- Stacey Apostolou resigned as CFO & Company Secretary effective 30 June 2017;
- Gerry Kaczmarek was appointed CFO & Company Secretary effective 4 July 2017.

Peter Stern is the principal of Metropolis Corporate Advisory Services. He has been providing corporate advisory services since 1987 with a focus on general strategic advice, mergers and acquisitions, divestments, transaction structuring and business development.



Prior to forming Metropolis in 2000, Mr Stern held senior positions in corporate finance with Macquarie Bank, UBS and Deutsche Bank.

He is a Non-Executive Director of ASX listed companies Anglo Australian Resources NL and Entek Energy Limited.

Mr Stern's qualifications include a First Class B.Sc. Honours (Geology) degree from Monash University and the Securities Institute of Australia Diploma of Finance and Investment. He is a Fellow of the Australian Institute of Company Directors.

Capital Structure

Issued Capital (as at 30 June 2017)	
Ordinary Shares	456,599,905
Employee Share Appreciation Rights	342,000
Options (\$0.18 exercise price; final expiry 20 April 2019)	27,780,000

For further information please contact:

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Directors

Peter Stern, Non-Executive Chairman

Ken Nilsson, CEO and Managing Director

John Jones, Non-Executive Director

Competent Person's Statements

The information relating to exploration results from the Karouni Gold project is extracted from the announcement titled Exploration Update dated 26 April 2017 and available to view at www.troyres.com.au.

The information relating to the results of the geophysical review for the Karouni Gold project is extracted from the announcement titled Independent Geophysical Review Identifies New Targets at Karouni dated 30 January 2017 and available to view at www.troyres.com.au.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements relating to the drill results or geophysical review and that all material assumptions and technical parameters underpinning the drill results and geophysical review in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings as presented here have not been materially modified from the original market announcement.

The information in this release that relates to Exploration Results for the Karouni project is based on, and fairly represents, information and supporting documentation prepared by Mr Richard Maddocks, a Competent Person who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Maddocks has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Maddocks consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. Mr Maddocks is a full time employee of Troy.