

Half-Yearly Report for the period ended 31 December 2004

TROY RESOURCES NL

ABN 33 006 243 750

Previous corresponding period

31 December 2003

For announcement to the market

Extracts from this report for announcement to the market (see note 1).

	<i>\$A'000</i>	
Revenues from ordinary activities	up	2 % to 34,002
Profit from ordinary activities after tax attributable to members	up	100 % to 8,278
Net profit for the period attributable to members	up	100 % to 8,278
Interim Dividends	Amount per security	Franked amount per security
Ordinary Securities	Nil	Nil
Previous corresponding period	Nil	Nil
Record date for determining entitlements to the dividend	N/A	
<i>Brief explanation of any of the figures reported above (see Note 1) and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:</i>		
Nil		

This is a half-yearly report and is to be read in conjunction with the June 2004 Annual Report.



TROY RESOURCES NL

**HALF-YEAR CONSOLIDATED
FINANCIAL REPORT**

31 DECEMBER 2004



TROY RESOURCES NL DIRECTORS' REPORT

The Directors of Troy Resources NL submit herewith the Half-Year Report for the half-year ended 31 December 2004. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

DIRECTORS

The names of the Directors of the Company during or since the end of the half-year are:

- Mr J L C Jones, Executive Chairman.
- Mr K K Nilsson, Managing Director.
- Mr P A K Naylor, Non-Executive Director.
- Dr D E Clarke, Non-Executive Director.

REVIEW OF OPERATIONS

(a) Production and Sales

Gold production for the half-year was 42,641 ounces (2003: 66,461 ounces) of gold on an equity accounted basis. This production was made up of 10,111 ounces (2003: 19,627 ounces) from Sandstone, 3,997 ounces (2003: 15,121 ounces) from Cornishman and 28,533 ounces (31,713 ounces) from the Sertão Mine in Brazil.

Gold sales for the period were 54,733 ounces (2003: 51,478 ounces) on a consolidated basis giving total revenue of \$32.9 million (2003: \$32.2 million).

(b) Results

The consolidated profit from ordinary activities before tax and minority interests for the half-year was \$12,955,000 (2003: \$6,543,000). The net profit after tax and minority interests was \$8,278,000 (2003: \$4,130,000). The profit was achieved after allowance for exploration expenditure written off of \$3,060,000 (2003: \$2,527,000).

Earnings per share were 15.1 cents compared with 6.1 cents in 2003.

Total shareholders' equity increased to \$45,353,000 from \$41,887,000 at 30 June 2004.

No interim dividend has been declared, but during the half-year, the final dividend for the 2004 financial year was paid. This dividend comprised 6 cents per share fully franked and totalled \$3,290,000 in payments.

(c) Exploration

During the half-year, \$3,060,000 (2003: \$2,527,000) was spent on exploration, predominantly in the Sandstone region of Western Australia and in Brazil. During the period, Troy concentrated its activities on the definition of the Lord Henry and Lord Nelson gold discoveries near Sandstone and expended \$2,200,000 on development activities on these projects.

The major focus of exploration activity in the second half of the financial year will again be on the Sandstone region and in Brazil.

(d) Additional Information

Additional information on the Company's activities during the half year is available on the its web site at www.try.com.au. Information available includes the detailed quarterly activities report for the September and December 2004 periods, the 2004 Annual Report, Corporate Governance policies and other Company information and publications.



INDEPENDENCE DECLARATION BY AUDITOR

The auditor's independence declaration is included on page 11 of these financial statements.

ROUNDING OFF OF AMOUNTS

The Entity is an entity of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the Directors' Report, and the Financial Reports have been rounded off to the nearest thousand dollars.

Signed at Perth, Western Australia, this 25th day of February 2005 in accordance with a resolution of Directors.

J L C Jones
Director



Consolidated Statement of Financial Performance for the Half-Year ended 31 December 2004

		Consolidated	
		Half Year Ended 31 Dec 2004 (\$'000)	Half Year Ended 31 Dec 2003 (\$'000)
	Notes		
Sales revenue (gold sales)	2	32,927	32,217
Cost of sales		13,494	20,523
Gross profit		19,433	11,694
Other revenue from ordinary activities	2	1,075	1,007
Exploration expenses		3,060	2,527
Administration expenses		3,916	3,093
Other expenses		298	344
Borrowing costs		17	194
Profit From Ordinary Activities Before Income Tax		13,217	6,543
Income tax expense relating to ordinary activities		368	51
Net Profit		12,849	6,492
Net (profit)/loss attributable to outside equity interests		(4,571)	(2,362)
Net Profit Attributable to Members of the Parent Entity		8,278	4,130
Increase/(decrease) in foreign currency translation reserve arising on translation of self-sustaining foreign operations		286	(763)
CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS		8,564	3,367
Earnings Per Share			
Basic (cents per share)		15.1	6.1
Diluted (cents per share)		15.1	6.1

The Statement of Financial Performance is to be read in conjunction with the notes to the Half-Year Consolidated Financial Statements



Consolidated Statement of Financial Position for the Half-Year ended 31 December 2004

	Consolidated	
	31 Dec 2004 (\$'000)	30 June 2004 (\$'000)
CURRENT ASSETS		
Cash	27,569	24,515
Receivables	3,217	4,796
Other financial assets	4,230	1,413
Inventory	3,310	4,592
Current tax assets	2,263	515
Other	2	2
TOTAL CURRENT ASSETS	40,591	35,833
NON-CURRENT ASSETS		
Property, plant and equipment	5,822	6,761
Non-current tax asset	583	496
Other financial assets	35	35
Other	7,648	5,086
TOTAL NON-CURRENT ASSETS	14,088	12,378
TOTAL ASSETS	54,679	48,211
CURRENT LIABILITIES		
Payables	4,628	3,475
Provisions	2,326	1,799
TOTAL CURRENT LIABILITIES	6,954	5,274
NON-CURRENT LIABILITIES		
Deferred tax liabilities	2,019	745
Provisions	353	305
TOTAL NON-CURRENT LIABILITIES	2,372	1,050
TOTAL LIABILITIES	9,326	6,324
NET ASSETS	45,353	41,887
EQUITY		
Contributed equity	22,429	21,870
Reserves	141	(145)
Accumulated profit/(losses)	20,859	15,881
Total parent entity interest in equity	43,429	37,606
Total outside equity interest	1,924	4,281
TOTAL EQUITY	45,353	41,887

The Statement of Financial Performance is to be read in conjunction with the notes to the Half-Year Consolidated Financial Statements



Consolidated Statement of Cash Flows for the Half-Year ended 31 December 2004

	Consolidated	
	Half Year Ended 31 Dec 2004 (\$'000)	Half Year Ended 31 Dec 2003 (\$'000)
CASHFLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	35,429	33,933
Payments to suppliers and employees	(16,062)	(26,879)
Interest received	706	192
Income taxes paid	(929)	(1,049)
Borrowing costs	(17)	(194)
NET CASH PROVIDED BY OPERATING ACTIVITIES	19,127	6,003
CASHFLOWS FROM INVESTING ACTIVITIES		
Payments for purchase of tenements	(638)	(95)
Payments for property, plant and equipment	(991)	(1,615)
Proceeds on sale of investment securities	-	404
Payments for mine development	(1,806)	(480)
Payments for purchase of investment securities	(2,612)	(714)
Proceeds from other financial assets	-	4,005
NET CASH (USED IN)/PROVIDED BY INVESTING ACTIVITIES	(6,047)	1,505
CASHFLOWS FROM FINANCING ACTIVITIES		
Proceeds from issues of shares	266	220
Dividends paid:		
-members of the parent entity	(3,199)	(2,753)
-outside equity interests	(7,130)	-
Repayment of borrowings	-	(7,230)
NET CASH USED IN FINANCING ACTIVITIES	(10,063)	(9,763)
Net increase/(decrease) in cash held	3,017	(2,255)
Effects of exchange rate changes on the balance of cash held in foreign currencies	37	(1,137)
Add opening cash brought forward	24,515	8,355
Closing cash carried forward	27,569	4,963

The Statement of Financial Performance is to be read in conjunction with the notes to the Half-Year Consolidated Financial Statements.



TROY RESOURCES NL AND CONTROLLED ENTITIES

Notes to the Consolidated Financial Statements

for the Half-year ended 31 December 2004

1. Basis of Preparation

The Half-Year Consolidated Financial Report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 1029 "Interim Financial Reporting", the recognition and measurement requirements of applicable AASB standards, other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group Consensus Views.

The Half-Year Financial Report does not include all the notes of the type normally included in an annual financial report. Accordingly, this Half-Year Financial Report should be read in conjunction with the 30 June 2004 Annual Financial Report and any public announcements made by Troy Resources NL and its Controlled Entities during the half-year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies have been consistently applied by the entities in the consolidated entity and are consistent with those applied in the 30 June 2004 Annual Report.

	Consolidated	
	Half Year Ended 31 Dec 2004 (\$'000)	Half Year Ended 31 Dec 2003 (\$'000)
2. Revenue		
Operating		
Gold sales	32,927	32,217
	32,927	32,217
Non-Operating		
Proceeds on sale of investments	-	104
Interest revenue from : Non-Related Parties	706	192
Interest revenue from : Related Parties	-	89
Rent revenue from: Related Parties	159	-
Write up of recoverable amount of investments	205	396
Other	5	226
	1,075	1,007
	34,002	33,224
3. Expenses		
Depreciation of plant, equipment and		
Motor vehicles	2,162	1,651
Exploration expenditure	3,060	2,527
Borrowing costs	17	194
Amortisation of mining properties	1,087	2,745
WA government royalties	154	310



TROY RESOURCES NL AND CONTROLLED ENTITIES
Notes to the Consolidated Financial Statements
for the Half-Year ended 31 December 2004

	Consolidated	
	Half Year Ended 31 Dec 2004 (\$'000)	Half Year Ended 31 Dec 2003 (\$'000)
4. Dividends		
Dividends provided for or paid		
Final Dividend of 6 cents per share fully franked paid on 24 September 2004	3,290	-
Final Dividend of 5.5 cents per share fully franked paid on 24 November 2003	-	3,003
	3,290	3,003



Note 5:
Segment reporting:

The consolidated entity is involved in only one industry, namely mining and exploration with activities in Australia, South America, Asia and Europe during the year.

SEGMENT INFORMATION: GEOGRAPHIC SEGMENT	Australia		Asia		South America		Europe		Elimination		Consolidated	
	Dec 2004 \$'000	Dec 2003 \$'000	Dec 2004 \$'000	Dec 2003 \$'000	Dec 2004 \$'000	Dec 2003 \$'000	Dec 2004 \$'000	Dec 2003 \$'000	Dec 2004 \$'000	Dec 2003 \$'000	Dec 2004 \$'000	Dec 2003 \$'000
REVENUE												
External sales	8,630	18,187	-	-	24,468	14,030	-	-	(171)	-	32,927	32,217
Other revenue	19,117								(19,117)	-	-	-
Inter-segment sales	56								103	-	159	-
Share of net profit of equity accounted investment											-	-
Total segment revenue	27,803	18,187	-	-	24,468	14,030	-	-	(19,185)	-	33,086	32,217
Unallocated revenue											916	1,007
Total consolidated revenue											34,002	33,224
RESULTS												
Segment results	15,223	845	(316)	(305)	17,661	7,664	(101)	(81)	(15,638)	(70)	16,829	8,053
Unallocated expenses											(3,612)	(1,510)
Consolidated entity profit before income tax											13,217	6,543
Income tax expense											(368)	(51)
Consolidated entity profit from ordinary activities											-	-
Extraordinary item											12,849	6,492
Net profit												



TROY RESOURCES NL AND CONTROLLED ENTITIES

Notes to the Consolidated Financial Statements

for the Half-Year Ended 31 December 2004

6. Acquisition / Disposal of Controlled Entities

During the half-year, a wholly owned subsidiary, Troy Resources Goiás Ltda, a company incorporated in Brazil, was merged into its parent entity, Troy Resources Brasil Ltda, which is also a wholly owned group entity incorporated in Brazil. There was no gain or loss on the merger of the entities which was initiated to simplify the consolidated entities' corporate structure.

The consolidated entity did not gain control of any controlled entity during the half-year ended 31 December 2004.

7. Contingent Liabilities

There are no contingent liabilities other than:

(a) Bank Guarantees provided by financial institutions given to various State Departments of Mines and Energy and joint venture partners to a total value of \$1,139,940. These are security amounts against breach of environmental conditions and are not expected to be exercised in the normal course of business. Of these amounts \$481,940 relate to Joint Venture activities; and

(b) general sureties given to various State Departments of Mines and Energy to a total value of \$230,250. These are security amounts against breach of environmental conditions and are not expected to be exercised in the normal course of business. Of these amounts \$60,250 relate to Joint Venture activities.

8. International Financial Reporting Standards (IFRS)

In accordance with the Financial Reporting Council's strategic directive, Troy Resources NL will be required to prepare financial statements that comply with Australian equivalents to International Financial Reporting Standards ("A-IFRS") for annual reporting periods beginning on or after 1 January 2005. Accordingly, Troy's first half-year report prepared under A-IFRS will be for the half-year reporting period ended 31 December 2005, and its first annual financial report prepared under A-IFRS will be for the year ended 30 June 2006.

Troy has completed a Business Impact Study, and the consolidated entity is now in the process of managing the changes to controls, processes and systems that will need to occur to enable sufficient information to be collected in order to be A-IFRS compliant. The Company believes it will be able to achieve A-IFRS implementation by the beginning of 2005. Key areas of accounting policy differences that will arise on adopting A-IFRS are identified in the 2004 Annual Report in Note 40 on pages 52-54.

9. Subsequent Events

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.



DIRECTORS' DECLARATION

The Directors declare that:

- (a) the attached financial statements and notes thereto comply with accounting standards;
- (b) the attached financial statements and notes thereto give a true and fair view of the financial position and performance of the consolidated entity;
- (c) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001; and
- (d) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors

J L C JONES
Director

Perth, Western Australia

Date: 25 February 2005

The Board of Directors
Troy Resources NL
Ground Floor
44 Ord Street
WEST PERTH WA 6005

25 February 2005

Dear Directors

Troy Resources NL

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Troy Resources NL.

As lead audit partner for the review of the financial statements of Troy Resources NL for the half-year ended 31 December 2004, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



KEITH F JONES

Partner

Chartered Accountants

Independent review report to the members of Troy Resources NL

Scope

We have reviewed the financial report of Troy Resources NL for the half-year ended 31 December 2004 as set out on pages 3 to 10. The financial report includes the consolidated financial statements of the consolidated entity comprising the disclosing entity and the entities it controlled at the end of the half-year or from time to time during the half-year. The disclosing entity's directors are responsible for the financial report. We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements in Australia and statutory requirements, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the disclosing entity to lodge the financial report with the Australian Securities and Investments Commission.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of the entity's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Troy Resources NL is not in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2004 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.



DELOITTE TOUCHE TOHMATSU



KEITH F JONES

Partner

Chartered Accountants

Perth WA, 25 February 2005

Member of
Deloitte Touche Tohmatsu