



# TROY RESOURCES NL

ABN 33 006 243 750

## QUARTERLY REPORT FOR THE THREE MONTHS ENDING 30 JUNE 2007

### HIGHLIGHTS

30 JUNE 2007

Troy Resources NL  
ABN 33 006 243 750

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Corporate Details

ASX Code: TRY

Issued Capital:  
57,496,753 ordinary shares  
5,365,486 party paid  
350,000 unlisted partly paid  
1,175,000 unlisted options

Directors:

*Chairman:*

John Jones

*Executive Directors:*

Tommy McKeith

Ken Nilsson

*Non-Executive Directors:*

Denis Clarke

John Dow

Alan Naylor

Tommy McKeith  
CEO  
31 July 2007

### OPERATIONS

- Sandstone (Troy 100%) treated 107,634 tonnes of ore at 6.94g/t to produce 22,608oz of gold at a cash cost of A\$356 per ounce (US\$302). **Gold production for the 2006/07 year was 90,456oz.**
- SML Project (Troy 70%) in Brazil treated 52,423 tonnes of ore at 4.01g/t to produce 6,261oz of gold at cash cost of A\$447 per ounce (US\$380). Gold production for the 2006/07 year was 21,810oz.
- Attributable gold production of 26,991oz of gold for the June quarter.
- **Attributable gold production of 105,723 ounces for the 2006/07 year, which was ahead of forecast.**
- The average gold price received by the Troy Group for the 2006/07 year was A\$802 per ounce (US\$681). The average cash cost of production for the year was A\$330 per ounce (US\$280) giving a **Cash Margin of A\$472 per ounce (US\$401).**

### PROJECT DEVELOPMENT (Andorinhas Brazil)

- All major project permits have now been received.
- **An initial reserve of 1,227,200t @ 6.5g/t for 255,980oz** was calculated.
- Plant site clearing and leveling was completed and civil works have commenced.
- Leach tanks have been ordered from a local engineering company.

### EXPLORATION

- At Andorinhas, Brazil infill drilling of the Lagoa Seca deposit, delivered significant gold intersections including: **31m @ 10.9g/t from 55m to EOH, 8m @ 7.0g/t from 40m, 25m @ 4.2 g/t from 51m, 50m @ 1.8g/t, 38m @ 2.5g/t from 50m and 28m @ 4.70g/t.** The drilling has identified significant potential for additional high grade mineralisation outside the current model, along strike and at depth.
- At Sandstone, Australia drilling at the **Indomitable prospect** intersected **5m @ 1.93 g/t gold from 11m and 2m @ 3.29g/t gold from 22m.** A drill follow-up program is planned.
- At Gutain Davaa, Mongolia an infill soil sampling program has delineated three distinct gold-in soil anomalies over an 800m strike length. The discovery of a new quartz vein with visible gold has produced significant **rock chip grab gold assays of 1,755g/t, 441g/t, 251g/t and 19g/t gold.**

### CORPORATE

- A record revenue for the 2006/07 year of A\$91.8 million from the sale of 113,100oz
- Group cash and equivalent liquid assets of A\$96.8 million.
- On-Market Share Buy-Back initiated.
- The Company is to list on the Toronto Stock Exchange



## **CORPORATE**

### **Share Placement**

On 5 April 2007, the company completed the placement of 3.9 million ordinary shares at a price of \$3.10 per share to institutional investors in Australia and overseas to raise approximately \$12 million.

### **Resignation of CEO**

On 25 June 2007, the Company advised that it had accepted the resignation of its CEO, Mr Tommy McKeith, who will depart on 30 September 2007. Mr McKeith has accepted the position of Executive Vice President Exploration and Business Development with Gold Fields Ltd, the 4th largest gold producer in the world with a market capitalisation of US\$11 billion and producing over 4Moz annually.

### **Approval of Share Issues**

A General Meeting of shareholders of Troy was held on 26 June 2007. At the meeting, shareholders ratified:

- the issue of 3,250,000 shares to Gold Fields Orogen Holding (BVI) made on 10 January 2007
- the placement of 3,900,000 shares on 5 April 2007; and
- approved the allotment and issue of up to 10,000,000 shares under ASX Listing Rule 7.1 for the development of the Andorinhas Project in Brazil

### **Share Buy-Back**

On 5 July 2007, the Company announced that it was implementing an on-market share buy-back of up to 3,000,000 fully paid ordinary shares. The buy-back will be of unlimited duration and the price to be paid will comply with the Australian Stock Exchange ("ASX") Listing Rules.

### **Proposed Listing on the Toronto Stock Exchange**

Troy's Board has resolved to seek a listing of its fully paid shares on the Toronto Stock Exchange ("TSX") in Canada. The TSX offers the largest concentration of listed mining companies in the world and the Troy Board believes that North American investors will enthusiastically support Troy and its mix of operations in Australia and Brazil.

Troy will remain listed on the ASX and on the completion of a TSX listing will be dual-listed and trade on both exchanges. There will be no change for existing shareholders who will still be able to trade their shares on the ASX as normal. Troy will remain based in Australia.



## **OPERATIONS**

### **SANDSTONE – AUSTRALIA (Troy 100%)**

#### **Production Summary**

	<b>June 2007 Quarter</b>	June 2006 Quarter	<b>12 months to 30 June 2007</b>	12 months to 30 June 2006
<b>Tonnes Milled</b>	<b>107,634</b>	121,525	<b>530,544</b>	495,643
<b>Head Grade g/t</b>	<b>6.94</b>	3.66	<b>5.62</b>	4.52
<b>Recovery %</b>	<b>94.1</b>	92.9	<b>94.4</b>	94.3
<b>Gold Produced oz</b>	<b>22,608</b>	13,286	<b>90,456</b>	67,934
<b>Cash cost per oz</b>	<b>A\$356</b>	A\$387	<b>A\$308</b>	<b>A\$241</b>

"Cash Costs" are defined to include all expenditures directly incurred on mining and milling, plus overheads and outgoings net of movements in deferred mining costs and stockpiles, but exclude Government gold royalty payments.

#### **Health, Safety & Environment**

Extensive first aid training was conducted for all Troy and mining contractor employees during the quarter. Crane and forklift training was also carried out for the mill and maintenance crew.

Discussions were held with consultants to undertake on site 'mines rescue' and 'fire fighting' training.

A mine closure environmental program is currently being finalised.

#### **Mining**

The cut back on the Lord Nelson pit was completed and the pit walls stabilised. Mining continued in the Lord Nelson pit between RL416m and RL396m. A total of 269,575 bcm of material was mined during the quarter containing 99,936 tonnes of ore grading 8.92 g/t Au. Contained gold in the ore mined was significantly above that calculated in the resource model.

It is anticipated that the mining of this pit will be completed in August 2007.

The dewatering of the Lord Henry Pit is progressing well. Consultants visited site in May to monitor and report on the water quality and make observations of the water flow.

Mining production continued between RL 447.5m and RL 440m in the Lord Henry pit. A total of 165,986 bcm of material was mined containing 77,965 tonnes of ore, grading 5.29g/t. Again, the contained ounces of gold in the ore mined were significantly above the amount calculated in the resource model.

Mining at Lord Henry will continue until late in 2007.

#### **Processing**

The mill treated 107,634 dry tones of ore grading 6.94g/t producing 22,608 ounces of fine gold.

Mill throughput was again restricted by the increased hardness of the Lord Nelson ore. Trials are underway on a tertiary crusher to improve the mill throughput rate.

Refurbishment of the CIL tanks continued, the gold room elution facilities were upgraded and the number 1 SAG Mill was relined during the quarter. There is a substantial stockpile of ore at the mill which will be processed over the next 2 years.



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**SERTÃO MINERAÇÃO LTDA (“SML”) BRAZIL – (Troy 70%)**

**Production Summary 100%**

	June 2007 Quarter	June 2006 Quarter	12 months to 30 June 2007	12 months to 30 June 2006
<b>Tonnes Milled</b>	<b>52,423</b>	36,499	<b>209,474</b>	102,960
<b>Head Grade g/t</b>	<b>4.01</b>	6.55	<b>3.67</b>	19.43
<b>Recovery %</b>	<b>92.7</b>	91.5	<b>88.3</b>	92.2
<b>Gold Produced oz</b>	<b>6,261</b>	6,993	<b>21,810</b>	59,306
<b>Cash Cost per oz</b>	<b>A\$447</b> <b>US\$380</b>	A\$415 US\$308	<b>A\$463</b> <b>US\$393</b>	A\$232 US\$172

“Cash Costs” are defined to include all expenditures directly incurred on mining and milling, plus overheads and outgoings net of movements in deferred mining costs and stockpiles, but exclude Government gold royalty payments

**Health, Safety & Environment**

One lost time injury was recorded during the quarter which resulted in a total of 5 work days being lost. A Safety Engineer was employed during the quarter as well as a new safety technician.

**Mining**

Mining at SML was completed late in July and brings to a conclusion Troy’s mining operation in Goias. Congratulations to Mr Ken Nilsson and his team on a very successful and safe mining operation.

**Production**

The Sertão Operation processed 52,423t @ a head grade of 4.01g/t Au with a 92.66% recovery for gold production of 6,261oz.

Gold production was well above budget for the quarter due to better grades and above budget recovery. Ore processing of stockpiles will continue during early August subject to acceptable recovery levels being achieved from partially refractory mill feed. The plant will then be disassembled and moved to Troy’s Andorinhas development.

**Rehabilitation and the Community**

In line with the company’s policy, rehabilitation work has continued on mined areas during the quarter with excellent results. The Xúpe open pit was filled with waste from Antena South resulting in a level area for grazing. The seeding of waste dumps and mine areas will commence in late October.

The Intensive Care Unit at the local public hospital was officially opened during the quarter which will provide an essential service to the local community. SML provided all the equipment for this project at a total cost of R\$250,000 (A\$150,000).

**Personnel**

A number of personnel have been transferred to Troy’s Andorinhas project as well as some equipment no longer required at SML. Most exploration personnel have been terminated with a small number remaining to conclude rehabilitation work and project documentation. All SML employed drillers and support staff for the Troy drill rigs were transferred to the Andorinhas project.

Mr Augusto Mol has been appointed to the position of Exploration Director; South America with Troy’s Brazilian subsidiary, in recognition of his contribution to Troy and his considerable geological experience in the continent.



## **PROJECT DEVELOPMENT**

### **ANDORINHAS PROJECT – BRAZIL (Troy 100%)**

Significant work was completed on the development of the Andorinhas project in Para State, Brazil.

The initial project comprises two deposits, Lagoa Seca and Mamão.

The main resource is the Mamão Deposit which comprises two main lodes, the Melechete and the M2. The Melechete lode was worked down to 150m below surface by garimpeiros (artisanal miners) in the 1980's. The M2 lode is narrower than the Melechete lode and has been drilled to 200m below surface and remains open at depth.

Mamão will be developed as an underground mine utilising mechanised and hand held mining methods. The primary mining methods anticipated are a combination of cut and fill and room and pillar. Minimum development widths of 2.5m and minimum stoping widths of 1.5m have been planned. Access will be via a portal from a small existing open pit.

The Lagoa Seca deposit is located 6km west of Mamão and has been mined by garimpeiros as a small open pit to a depth of 20m. This will be developed as a conventional open cut mine.

Processing is planned at 250,000tpa throughput using the relocated Sertão plant upon completion of that project to give an annual production of around 50,000 ounces of gold. Power will be supplied from the local grid system.

### **MINERAL RESOURCE & ORE RESERVE STATEMENT**

As part of the Company's development of the Andorinhas Project, Snowden Mining Industry Consultants Pty Limited (Snowden) has completed a Mineral Resource estimate and an initial Ore Reserve estimate for the Andorinhas Project. Resource delineation drilling is continuing with current efforts focussed on strike extensions to the Lagoa Seca Zone where the mineralisation remains open along strike to the northeast and southwest as well as at depth.

**Table 1 – Andorinhas Mineral Resource Estimate**

Deposit	Indicated			Inferred			Total		
	Tonnes	Grade g/t Au	Gold Ounces	Tonnes	Grade g/t Au	Gold Ounces	Tonnes	Grade g/t Au	Gold Ounces
Lagoa Seca	700,000	2.8	63,000				700,000	2.8	63,000
Mamão	816,000	9.9	260,000	81,000	6.4	17,000	897,000	9.5	277,000
Lagoa Seca West	800,000	1.1	28,000	1,600,000	1.3	67,000	2,400,000	1.2	95,000
<b>Total</b>	<b>2,316,000</b>	<b>4.7</b>	<b>351,000</b>	<b>1,681,000</b>	<b>1.5</b>	<b>84,000</b>	<b>3,997,000</b>	<b>3.4</b>	<b>435,000</b>



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At Lagoa Seca and Lagoa Seca West, mineral resource estimates are reported at a cut-off grade of 0.8g/t Au. Ordinary kriging was used for grade interpolation at Lagoa Seca and Lagoa Seca West.

At Mamão, mineral resource estimates are reported at a cut-off grades of 2g/t Au. Simple kriging was used for grade interpolation at Mamão.

**Table 2 – Andorinhas Ore Reserve Estimate**

<b>Probable Reserve</b>			
<b>Deposit</b>	<b>Tonnes</b>	<b>Grade g/t Au</b>	<b>Gold Ounces</b>
<b>Mamão</b>	747,000	8.7	207,660
<b>Lagoa Seca</b>	480,000	3.1	48,320
<b>TOTAL</b>	<b>1,227,200</b>	<b>6.5</b>	<b>255,980</b>

For Lagoa Seca, the Whittle 4X pit optimisation was completed by Snowden using a US\$580/oz spot gold price. The stripping ratio of waste to ore is 3.5:1. A processing recovery of 94% has been indicated by metallurgical testwork. The reserve has been estimated using a nominal break even cut-off grade of 0.9g/t gold.

Metallurgical testwork indicates recoveries of 94% will be achievable for Mamão ore. The reserve has been estimated using a nominal break even cut off grade of 5g/t and a gold price of US\$600/oz.

Operating and capital costs for the project have been used on Troy Resources four years of operating experience in Brazil.

Snowden reviewed the cost database and the underlying assumptions used in estimating the Ore Reserve and regard them as reliable and appropriate. The Mineral Resources and Ore Reserves are reported according to the JORC Code (JORC, 2004). The Competent Persons are Mr Kevin Lowe (for reporting of Mineral Resource estimates) and Mr Frank Blanchard (for reporting of Ore Reserves). Both Competent Persons are Members of the Australasian Institute of Mining and Metallurgy and have consented to the use of their names and approved the technical information contained in this News Release.



**Figure 1: Andorinhas Mill site construction**



**Figure 2: Lagoa Seca grade control drilling and mining cut-back**



## **PERMITTING**

- All major project permits have now been received including the environmental licence, mining permit and water bore permits.
- Applications for hazardous goods and explosives permits have been lodged.
- Land owner rental agreements over planned mining and infrastructure areas are in progress.

## **MINING**

- The old garimpeiro workings at both Lagoa Seca and Mamão have been dewatered.
- Sterilisation and stope definition drilling has been completed at Mamão. This work suggests good potential for additional shallow mineralisation.
- Golder Associates have completed a geotechnical program at both Lagoa Seca and Mamão and are finalising re-design of the Lagoa Seca pit.
- An open pit mining contractor has been appointed and site clearing is underway. The first mining cutback has commenced at Lagoa Seca (Figure 2).
- Metallurgical test work has been completed.
- Underground mine design for Mamão will be completed in the September quarter.
- Most large equipment items, including underground mining equipment, has been ordered.

## **INFRASTRUCTURE**

- Golder Associates are finalising design of the tails dam.
- Civil works for the project offices, cafeteria, guard house, first aid and mines rescue buildings has commenced.
- Agreement has been reached with the state power authority, CELPA, to commence construction of a new power line for site supply. This should be completed by October 2007 and supply will be from the main Brazilian grid.
- Total site manning is now over 100 people involved in mining, mill civil construction, infrastructure construction, security, exploration and administration.
- All major administration work including accounting is being performed through the Sertão office pending completion of site offices.
- An administration office is being rented in the town of Rio Maria near the project.
- Most senior Sertão personnel have indicated that they want to transfer to the Andorinhas operation.
- Advertisements for site personnel and operators have been placed in local newspapers and agencies.
- Agreement has been reached with the Sertão JV partners to enable Troy to acquire full ownership of the Sertão plant and associated equipment once operations are completed there. Milling at Sertão will be completed in early August 2007 and then the plant will be disassembled and trucked to Andorinhas.
- Plant site area clearing and levelling has been completed and structural steel work commenced. (Figure 1).
- An additional ball mill has been purchased in Australia and will be shipped to Brazil in the September quarter.
- Leach tanks have been ordered from a local engineering works. They will also provide plant structural steelworks.

The project development continues to be on track for start up in early 2008.





## **EXPLORATION REPORT**

### **EXPLORATION – BRAZIL**

#### **Andorinhas Project (Troy 100%)**

During the quarter the focus of exploration drilling was on the established resource targets at the Lagoa Seca and Mamão deposits. Drilling has confirmed the grade and continuity of the gold mineralisation within the resource model at Lagoa Seca but more importantly has identified potential extensions both along strike and at depth.

Infill drilling of the Lagoa Seca resulted in the completion of 18 Reverse Circulation “RC” holes for 1,131m. The program targeted the zone on a 25m (horizontal) by 20m (vertical) grid. Significant gold intersections reported included: **31m @ 10.88g/t from 55m to EOH, 8m @ 7.00g/t from 40m, 25m @ 4.24 g/t from 51m including 6m @ 11.77g/t, 50m @ 1.78g/t, 38m @ 2.54g/t from 50m and 28m @ 4.70g/t** (see Table 2 and Figures 3 to 5).

**Please note that the above results have NOT been included in the Reserve and Resource Statement for the Andorinhas project stated above.**

At Lagoa Seca, 1,150m of grade control drilling (192 holes) was also completed to test the strike extensions to the modeled resource and the strike continuity of the mineralisation within the current pit design. The drilling was completed on fences spaced of 6m with holes every 3m drilled to a 6m depth at -50° degrees inclined to N330°E. The drilling has identified significant potential for additional high grade mineralisation outside the model along strike to the northeast and southwest. Follow-up drilling with the Rotary Air Blast “RAB” and RC rigs is planned to evaluate these potential strike extensions.

At Mamão, RAB drilling was completed to delineate the shallower portions of the Melechete ore zone and extent of the historical underground workings. Seven holes (476.5m) were drilled north of the old Melechete Garimpeiros pit to delineate the extent of the underground workings and one of the holes drilled west of the known underground workings yielded an assay of 3m @ 12.50g/t gold. (Additional assays are pending). This intercept suggests there is good potential for additional shallow mineralisation at the Mamão as well.

A RAB sterilization drilling program consisting of 2,454m (49 holes) was completed on the sites designated for the Lagoa Seca waste dump, the Mamão mill, office and tailings dam areas. The sterilization drilling of these areas did not encounter any significant mineralisation at shallow depths (drilling to -40m).

Golder Associates completed five (RC and RAB) holes as part of a geotechnical program at Mamão to study the top of the bedrock, weathered profile and rock interface. This included two RAB holes (67m) to investigate the bedrock interface zone at the underground portal site. In addition, they completed 8 percussion holes at the proposed mill and ore pad areas to study the geotechnical characteristics of the soil. Golder Associates is compiling a final geotechnical report for the mill area. A contract diamond drill rig completed a 3 hole/199.5m program at Mamão as part of the groundwater study before being moved to Lagoa Seca where a single 50.5m hole was drilled to assist in the groundwater assessment of the proposed pit site. Pit mapping of the existing shallow Garimpeiro pit will be complete in July as part of the geotechnical study.

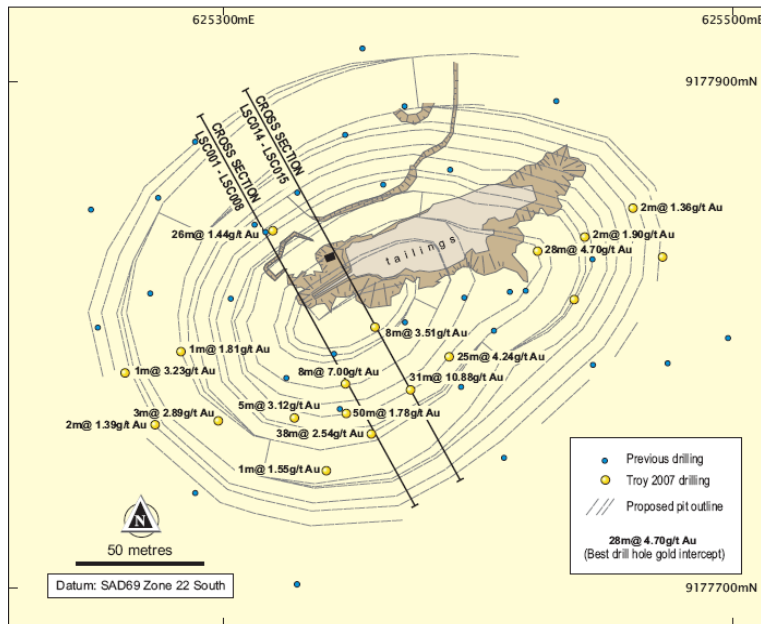


Figure 3: Lagoa Seca Drill Plan

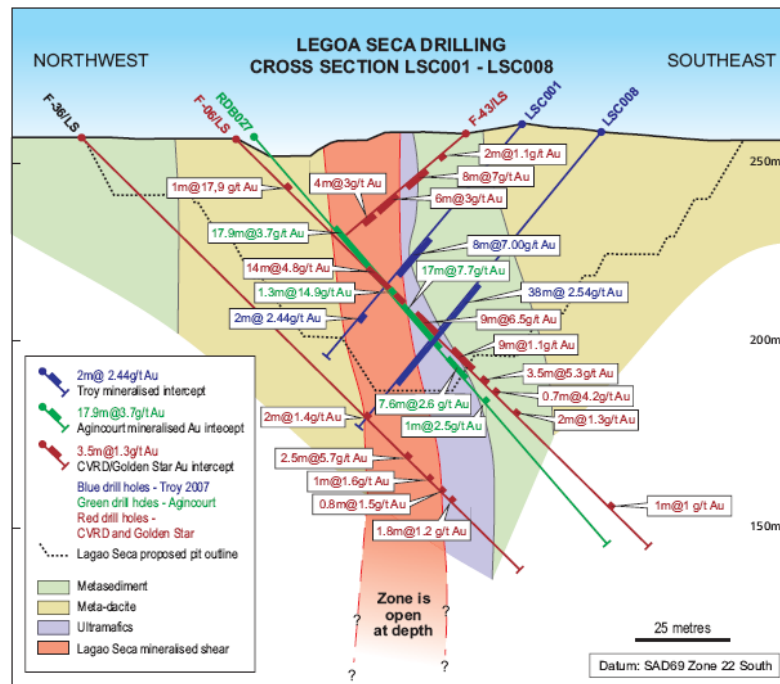


Figure 4: Lagoa Seca Cross-Sections LSC001- LSC008

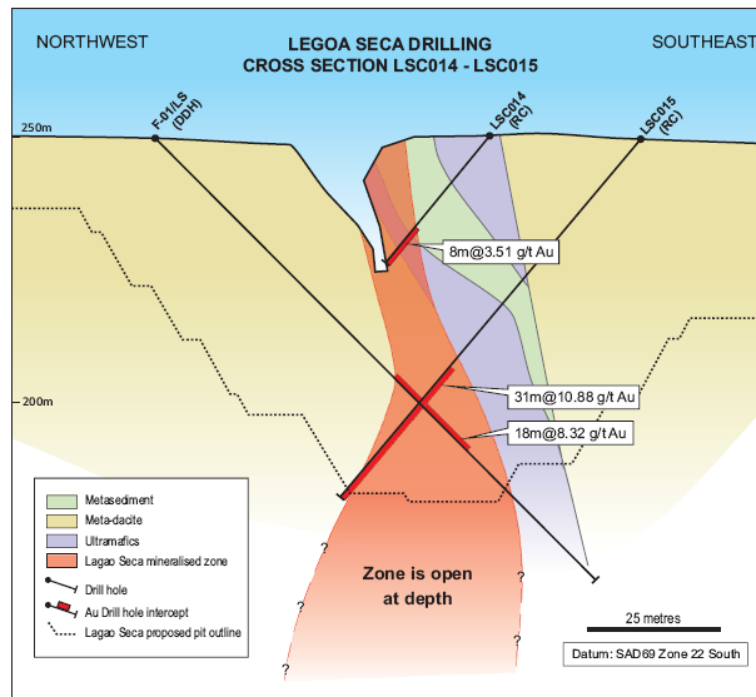


Figure 5: Lagoa Seca Cross-Section LSC014 – LSC015

## EXPLORATION – AUSTRALIA

### Sandstone Project (Troy 100%)

During the quarter, 382 Rotary Air Blast “RAB” and Aircore “AC” holes were drilled totaling 16,919m over eight different prospects bringing the total amount of drilling completed in 2007 to 30,520m.

Infill RAB drilling at the **Indomitable prospect** intersected 5m @ 1.93 g/t gold from 11m and 2m @ 3.29 g/t gold from 22m. Many holes were abandoned in highly ferruginous saprock as ground conditions were considered too treacherous to continue drilling. These may represent alteration around deeper mineralised structures and will be tested by the upcoming Reverse Circulation “RC” drill program. Drilling at the northern extent of the north-south striking Indomitable shear intersected 2m @ 0.25 g/t gold (see table #1).

Both RAB and RC drilling is scheduled to recommence in mid August. Approximately 6,000m of RC drilling will target mineralisation at **Indomitable, Musketeer and Phoenix prospects**. RC drilling is also planned to test deeper mineralisation at the **Hacks and Oroya deposits**. Drilling at **Lord Nelson and Lord Henry deposits** will test the known mineralisation at depth and a number of conceptual targets.

### Blackman’s Find JV – Western Australia (Troy Earning 22.5%)

Troy has withdrawn from the TMX Syndicate and is no longer a participant in the **Blackman’s JV project** located just north of Mt. Magnet. Project operator Harmony Gold was formally advised of Troy’s decision to withdraw following formal notification to the remaining partners in the TMX Syndicate.

### Daly River Project – Northern Territory (Troy 100%)

Troy has commissioned an aeromagnetic survey of the northern portion of the project with data acquisition expected during the next quarter.



## **EXPLORATION – MONGOLIA**

### **Dornogovi Coal JV Project (Troy 100% - Rio Tinto Earning –in)**

Rio Tinto Mongolia (RTM) has completed a reconnaissance visit to the **Dornogovi** project area to evaluate the potential of the region to host economically significant Cretaceous and Permian aged thermal coal deposits adjacent to the Trans Mongolian railway.

A field review has confirmed the presence of prospective Cretaceous and Permian aged geology within the project area and this is currently the subject of a detailed remote sensing interpretation study. Further field work in the region will focus on the results of the remote sensing interpretation and is planned for October this year.

### **Gutain Davaa Gold JV Project (Troy earning 80%)**

An infill (25m by 25m) soil sampling program was completed at the **Toordogiin Shil (TS) prospect** within the **Gutain Davaa project** resulting in the collection of 484 soil samples. Seventy samples yielded gold values in excess of 100ppb, including 11 samples >1000ppb Au. This infill sampling has clearly delineated three distinct gold-in soil anomalies (>100ppb gold) at TS over an 800m northwest-southeast strike length. The Toordogiin Shil Prospect comprises the **TS North and TS Central targets** as well as the new **TS South target** (see Figure 6).

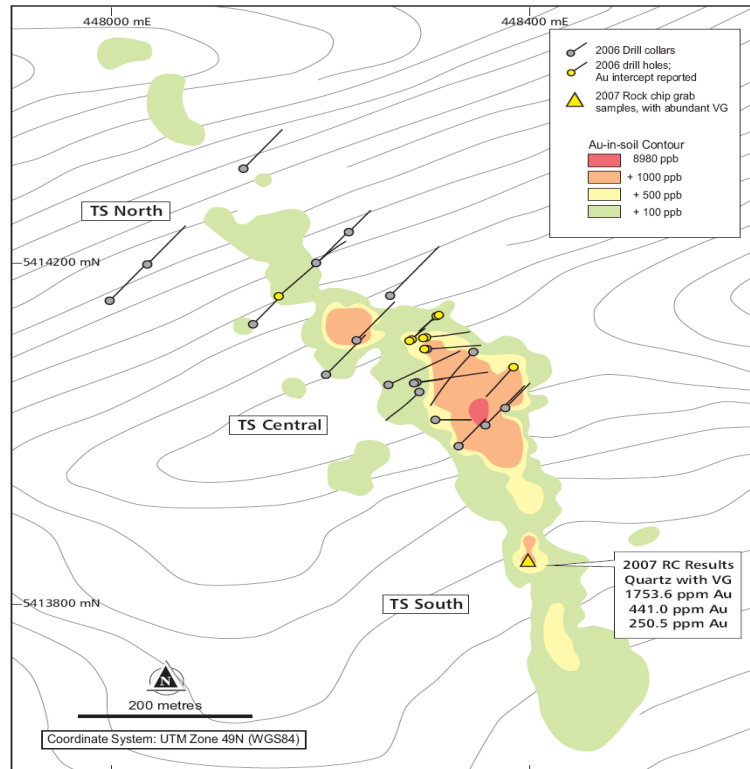
Soil sampling within the TS South target produced 17 gold-in-soil assays in excess of 100ppb including including 2 samples that assayed 2,998ppb and 1,745ppb gold. These new gold-in-soil values compare quiet favourably with the original gold-in soil results from the 2006 TS Central target results of 35 gold-in-soil values in excess of 100ppb including 9 samples ranging from 1600ppb up to 8980ppb gold.

Detailed prospecting and ground follow-up at TS South resulted in the discovery of a new quartz vein with visible gold. A total of 25 rock chip grab samples were collect resulting in significant gold assays that included; 18.4g/t, 250.5g/t, 441.0g/t and 1,753.6g/t gold.

A preliminary 3D magnetic susceptibility model has been prepared for the TS Central target and the detailed ground magnetics coverage will be extended to include the TS North and TS South targets. Additional magnetic susceptibility data will be collected from 2006 drill holes to assist in validating the existing 3D magnetic model. This work, along with some additional geochemical sampling, will be completed in August in preparation for an October diamond core drill program.



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**Figure 6: Toordogiin Shil (TS) zone 2007 soil and rock chip sampling results**

### **Huren Tolgoi Gold JV Project (Troy earning 80%)**

The **Huren Tolgoi** area is underlain by a Late Permian granite that is clearly visible as an oval-shaped body within in a host sequence of meta-sediments. The main phase of the intrusion consists of granite and granodiorite. The granite on the intrusion margin is weakly propylitically altered and the surrounding country rocks are weakly hornfelsed. Epithermal veins have developed along the northern and northwestern margins of intrusion.

The main purpose of the recent field work was to confirm the strike extent of the gold bearing quartz veins and related controlling structures. Earlier limited rock chip grab sampling of quartz veins associated with the altered intrusive margin and a zone of strong silicification produced some encouragement yielding values up to 17.8g/t gold. The silicified zone which hosts the gold bearing quartz veins strikes north-south over an 800m strike length and is exposed over 40m - 50m widths. The northwest extension of the zone is buried by Quaternary cover.

A limited soil sampling program was completed resulting in the collection of 270 soil samples on a detailed 1700m x 500m sampling grid centered over the silicified and weakly propylitically altered granite. The gold-in-soil values returned were quite subdued ranging from 10ppb – 30ppb gold with the highest being 314ppb.

A two stage IP survey was undertaken and consisted of an initial gradient survey over a 200m x 50m grid as 9 lines for 9.3km followed by a dipole - dipole survey as 5 lines for 5.2km. The IP survey highlighted a strong resistance body associated with the surface silicification zone and the outcropping quartz veins. The survey data is currently being processed and interpreted.



## **FINANCIAL REPORT**

### **CASH POSITION**

As at 30 June 2007, Troy within Australia held \$41.4M in cash, plus equity investments with a market value of \$46.5M and 3,403 ounces of gold awaiting sale (\$2.6M). This equates to a total of approximately \$90.5M of liquid assets.

Troy's wholly owned Brazilian and European subsidiaries held cash deposits of A\$1.3M. At quarter end, Sertão Mineração Ltda ("SML"), Troy's 70% owned Brazilian subsidiary, had the equivalent of \$3.2M in cash (Troy's share). In addition, SML held 2,363 ounces of gold inventory, which approximates to \$1.8M based on a gold price of \$765 per ounce (Troy's share).

**The Troy group equity share of cash and liquid assets is approximately \$96.8 million as at 30 June 2007.**

### **GOLD SALES**

Gold sales from the Sandstone operation for the quarter were 24,924 ounces at an average price of \$802 per ounce. The average Cash Cost was \$356 per ounce which gives a Cash Margin of \$446 per ounce for the quarter.

During the quarter, SML sold 5,199 ounces, of gold at an average price of US\$665 per ounce. The average Cash Cost was US\$380 per ounce, which gives a Cash Margin of US\$285 per ounce for the quarter.

### **HEDGING**

The Company is totally unhedged, and debt free.

### **EXPLORATION EXPENDITURE**

During the quarter, exploration expenditure incurred was \$572,000 in Australia, \$114,000 in Mongolia, \$169,000 in Brazil and \$121,000 by SML (Troy share \$85,000). Troy's total exploration expenditure for the quarter was therefore \$939,000.

Capital and development expenditure in Australia during the quarter was \$0.6 million and \$1.3 million on the Andorinhas Project in Brazil.



## FURTHER INFORMATION

**T D McKeith** Chief Executive Officer

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Geological information in this Report has been compiled by Troy's Vice President Exploration & Business Development, Peter Doyle, who:

- Is a full time employee of Troy Resources NL
- Has sufficient experience which is relevant to the type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'
- Is a Member of the Australasian Institute of Mining and Metallurgy
- Has consented in writing to the inclusion of this data

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**TABLE 1: Sandstone Project - Indomitable Prospect  
RAB/AC Intersections > 0.20 g/t Au**

Hole ID	GDA East	GDA North	Dip/ Azimuth	Hole Depth (m)	From (m)	To (m)	Length (m)	Au g/t
TAC412	733320	6892361	-60 / 090	79	11	16	5	1.93
					46	47	1	1.25
					55	56	1	2.16
TAC413	733280	6892361	-60 / 090	70	16	18	2	1.93
TAC415	733200	6892361	-60 / 090	117	15	19	4	0.48
TAC416	733160	6892361	-60 / 090	69	15	17	2	0.91
					22	24	2	3.29
TAC417	733120	6892361	60 / 090	69	58	60	2	0.37
TVR3299	733580	6895140	-90	53	22	25	3	0.21
TVR3300	733500	6895140	-90	124	50	52	2	0.25



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**TABLE 2: Andorinhas Project - Lagoa Seca Zone  
 RC Drilling Gold Intersections**

Hole ID	East	North	Dip/ Azimuth	Hole Depth (m)	From (m)	To (m)	Length (m)	Au g/t
LSC001	625347	9177780	330°/-50°	80	40	48	8	7.00
LSC002	625327	9177766	330°/-50°	80	19	21	2	6.13
Including	-	-			47	52	2	3.12
LSC003	625388	9177791	330°/-50°	80	51	76	25	4.24
Including	-	-			63	69	6	11.77
LSC004	625437	9177813	330°/-50°	60	-	-	-	NSR
LSC005	625442	9177837	330°/-50°	44	29	31	2	1.90
LSC006	625319	9177840	330°/-50°	100	29	55	26	1.44
LSC007	625347	9177768	330°/-50°	90	39	89	50	1.78
Including	-	-			55	65	10	3.31
LSC008	625357	9177759	330°/-50°	100	50	88	38	2.54
LSC009	625261	9177784	330°/-50°	45	13	14	1	3.23
LSC010	625272	9177764	330°/-50°	37	19	21	2	1.39
LSC011	625340	9177745	330°/-50°	61	57	58	1	1.55
LSC012	625297	9177765	330°/-50°	68	36	39	3	2.89
LSC013	625283	9177793	330°/-50°	30	23	24	1	1.81
LSC014	625359	9177802	330°/-50°	29	3	5	2	2.96
Including	-	-			21	29	8	3.51
LSC015	625373	9177777	330°/-50°	86	55	86	31	10.88
Including	-	-			64	78	14	21.49
LSC016	625472	9177830	330°/-50°	51	-	-	-	NSR
LSC017	625461	9177849	330°/-50°	40	11	13	2	1.36
LSC018	625423	9177832	330°/-50°	50	7	35	28	4.70

Note: NSR – No Significant Gold Assay Result