

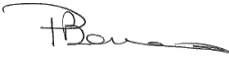


# TROY RESOURCES NL

ABN 33 006 243 750

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## QUARTERLY REPORT FOR THE THREE MONTHS ENDING 31 March 2008

<b>HIGHLIGHTS</b>	<b>31 March 2008</b>
<p>Troy Resources NL ABN 33 006 243 750</p> <p>44 Ord Street West Perth Western Australia 6005</p> <p>Tel: +61 8 9481 1277 Fax: +61 8 9321 8237</p> <p>E: <a href="mailto:troy@troyres.com.au">troy@troyres.com.au</a> W: <a href="http://www.troy.com.au">www.troy.com.au</a></p> <p><b>Corporate Details</b></p> <p>ASX Code: TRY TSX Code: TRY</p> <p>Issued Capital: 69,814,533 ordinary shares 4,889,045 partly paid 350,000 unlisted partly paid 3,058,333 unlisted options</p> <p>Directors:</p> <p><i>Non-Executive Chairman:</i> John Jones</p> <p><i>Executive Directors:</i> Paul Benson Ken Nilsson</p> <p><i>Non-Executive Directors:</i> Denis Clarke John Dow Alan Naylor Tommy McKeith Gordon Chambers</p>  <p>Paul Benson CEO 30 April 2008</p>	<p><b>HIGHLIGHTS</b></p> <ul style="list-style-type: none"><li>• <b>The Andorinhas project was formally commissioned on 14 March 2008 with the first gold poured.</b></li><li>• Significant gold intersections at the Two Mile Hill Prospect at the Sandstone mine in Western Australia.</li><li>• At Andorinhas, encouraging iron ("Fe") grades ranging from <b>56.99% Fe</b> to a high of <b>68.46% Fe in the ¼ inch or "Lump" size fraction from pit sampling at the Abacaxi Colluvial Fe-ore Target</b>. The full results of the scoping study are due in June, 2008.</li></ul> <p><b>OPERATIONS</b></p> <ul style="list-style-type: none"><li>• The Sandstone Mill treated 96,523 tonnes of ore at 2.8 g/t Au to produce 8,222 oz of gold at a cash cost of A\$712 per ounce.</li><li>• Total gold production for the 9 months to 31 March 2008 was 26,474ozs.</li><li>• The Andorinhas project produced 1,067ozs during the quarter.</li></ul> <p><b>CORPORATE</b></p> <ul style="list-style-type: none"><li>• Troy formally listed on the TSX on 25 January 2008.</li><li>• A prospectus was issued in Canada and a placing of 9,152,000 shares at C\$2.60 was made to generate gross proceeds of C\$24.7m (approx A\$27.6m) during March and April.</li></ul> <p><b>Commenting on the quarter, Troy CEO Paul Benson said, "Production was predominantly from Sandstone due to the downtime at Andorinhas following the interruption to production caused by the failure of the mill motor. The June quarter should be significantly better with the Andorinhas mill coming back on line in mid April and the new crusher arrangement at Sandstone."</b></p> <p><b>"Andorinhas should reach full throughput capacity in May when the second mill is commissioned. Access to high-grade underground ore will be delayed due to a customs strike which is holding up delivery of underground mining equipment. At this stage we expect high grade ore to enter the blend in the December quarter."</b></p> <p><b>"We have been very pleased with exploration results during the period with the significant gold intersections at Sandstone and the high-grade iron ore assays at Andorinhas. At Sandstone we are awaiting the assay results from the second diamond drill hole at the Two Mile Hill prospect which will allow us to plan follow up drilling. At Andorinhas, we continue to work on the concept study on commercialising the iron ore. Our aim is to complete that study in the October quarter"</b></p>



## **CORPORATE**

### **LISTING ON TORONTO STOCK EXCHANGE (“TSX”)**

The Company’s fully paid ordinary shares commenced trading on the Toronto Stock Exchange (“TSX”) on Friday 25 January 2008 under the code “TRY”, which is the same code that Troy trades under on the ASX.

### **PROSPECTUS ISSUED AND SHARE PLACEMENT MADE IN CANADA**

A final prospectus was lodged in Canada on 1 February 2008 in respect of a public offering of 8,462,000 fully paid ordinary shares at a price of C\$2.60 per share in each of the provinces in Canada. Gross proceeds of the offering were C\$22,001,200 or approximately A\$24,580,000.

The offer was supported by a syndicate of agents led by Scotia Capital Inc. and including Macquarie Capital Markets Canada Ltd, National Bank Financial Inc. and RBC Capital Markets.

This initial prospectus offering closed on 11 February 2008.

The prospectus also allowed the agent an option to acquire up to an additional 1,269,300 ordinary shares at C\$2.60 within 30 days of the initial closing.

On 5 March 2008, the agents settled the acquisition of an additional 1,050,000 shares at C\$2.60 for gross proceeds of C\$2,730,000 (approximately A\$3,050,000).

Overall, the Company issued 9,512,000 shares and received gross proceeds of C\$24,731,200 (approximately A\$27,630,000).

### **APPOINTMENT OF NON-EXECUTIVE DIRECTOR**

On 3 April 2008, Mr Gordon Chambers was appointed as a non-executive Director of the Company.

Mr Chambers is a partner of Canadian law firm Lawson Lundell LLP based in Vancouver and is head of the firm’s Corporate Finance and Securities Group. With over 20 years of experience in the legal sector, Gordon specialises in securities law, public and private security issues, takeover, mergers and acquisitions.

Gordon has a Bachelor of Commerce from the University of Calgary, a Bachelor of Law from the University of Toronto and is a member of the Bar in British Columbia. He is currently serving on the Securities Legal Advisory Committee of the British Columbia Securities Commission and was formerly on the Securities Advisory Committee of the Vancouver Stock Exchange.



## **OPERATIONS**

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

#### **Production Summary**

	<b>March 2008 Quarter</b>	March 2007 Quarter	<b>9 months to March 2008</b>	9 months to December 2007
<b>Tonnes Milled</b>	<b>96,523</b>	139,242	<b>327,341</b>	422,910
<b>Head Grade g/t</b>	<b>2.79</b>	4.94	<b>2.68</b>	5.28
<b>Recovery %</b>	<b>91.2</b>	94.7	<b>91.7</b>	94.4
<b>Gold Produced oz</b>	<b>8,222</b>	20,913	<b>26,474</b>	67,846
<b>Cash cost per oz</b>	<b>A\$ 712</b>	A\$ 328	<b>A\$ 669</b>	A\$ 295

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

There was one LTI recorded during the quarter.

The annual Environmental Report for submission to Government in compliance with tenement and operating license requirements was completed during the quarter.

#### **Mining**

With all in-pit mining operations completed in the second quarter, the operational focus switched to hauling previously stockpiled low grade ore to the plant site. In total 178,000 dry tonnes at an average grade of 2.4 g/t gold were hauled from the Lords Nelson and Henry mines to the ROM pad at the plant. At quarter end a total of 204,100 tonnes at 2.2 g/t remained to be hauled to the plant with an additional 317,100 tonnes at 0.8 g/t available subject to economic evaluation. At quarter end 137,100 tonnes at 3.1 g/t is stockpiled at the plant and available for processing.

#### **Processing**

The Sandstone plant milled 96,523 tonnes of ore at a grade of 2.79 g/t gold yielding 8,222 ounces of gold. Mill throughput continued to be restricted due to the hardness of the ore. An additional crusher will be installed in the third quarter to address the throughput restrictions and enable the high grade scats to be processed.



## **PROJECT DEVELOPMENT**

### **ANDORINHAS PROJECT – BRAZIL (Troy 100% through Reinarda Mineração Ltda)**

#### **Health, Safety and Environment**

A total of 192,153 man hours were worked and 2 lost time injuries were recorded. Both injuries were of a minor nature and a total of 6 man days were lost.

There were no environmental issues, accidents or incidents during the Quarter. The Company participated in a local Environmental Seminar dealing with water issues.

#### **Permitting**

Renewal applications for the operating and trial mining permits were lodged as well as the application for the permanent license. The license application and study for the Mines Department was delayed by a decision to include Iron Ore in the application to enable trial mining of iron ore.

#### **Production**

With completion of Stage 1 of the plant construction, gold production commenced at the beginning of March with the following results for the month:

Tonnes treated	7,041
Average head grade g/t	5.84
Recovery %	91
Gold Product oz	1,067

Milling was suspended following damage to a motor caused by an intense electrical storm in early April. Normal operations recommenced 14 days later.

#### **Open Pit Mining at Lagoa Seca**

A total of 148,307 bcm's were mined during the quarter of which 43,727 tonnes was ore. Total material mined to date is 605,368 bcm's. Total stockpiles at end of quarter are 148,307 tonnes at 2.7 g/t. The mining operation was changed to single shift as from February. The mine was reoptimised during the quarter and a new design adopted.

#### **Construction**

The civil work for the installation of the second ball mill was completed and the mill made ready for installation. The unavailability of suitable cranes delayed installation which is now estimated to be fully completed in May.

Infrastructure for the underground mine and site laboratory progressed during the quarter with compressors and other machinery arriving at the end of March. Mining machinery for the underground mine has arrived in Brazil but is awaiting customs clearance due to a strike by customs officers.

Decline development is ongoing utilizing hand held methods. Advance to date is 70m plus infrastructure for services. The old underground mine is being dewatered using 2 bore hole pumps.



## Other

During the quarter, orders were placed for the purchase of a new RC drill rig and a new underground diamond drill rig to add drill capacity to exploration and mine development.

## Community

During the quarter, the Company provided materials to the local community to assist with road maintenance and the laying of bitumen on town streets. In addition, work is continuing on the sport and cultural area in the town of Floresta. A committee of invited non-political persons was formed in Floresta to assist with defining community needs and priorities for assistance and funding. The funding is governed by the Company's policy for assisting local communities.

## EXPLORATION REPORT

### ANDORINHAS PROJECT – BRAZIL

Exploration drilling at Andorinhas was focussed on the two main mineralised trends of **Mamão - Babaçu Trend** and the **Lagoa Seca West Trend** with up to four drill rigs in operation. Drilling continued to be focussed on immediate strike extensions of known mineralisation and the evaluation of old garimpeiro pits. Infill Reverse Circulation ("RC") and selected Diamond Core ("DC") drilling was focussed on three targets, namely the **Carioca Zone** and **Fagundes Zones** on the **Lagoa Seca West Trend**, located approx 500 metres southwest of the **Lagoa Seca Pit**, and the **Luiza Zone** on the **Mamão - Babaçu Trend** located about 2 kilometres from the mill (see Figure 1).

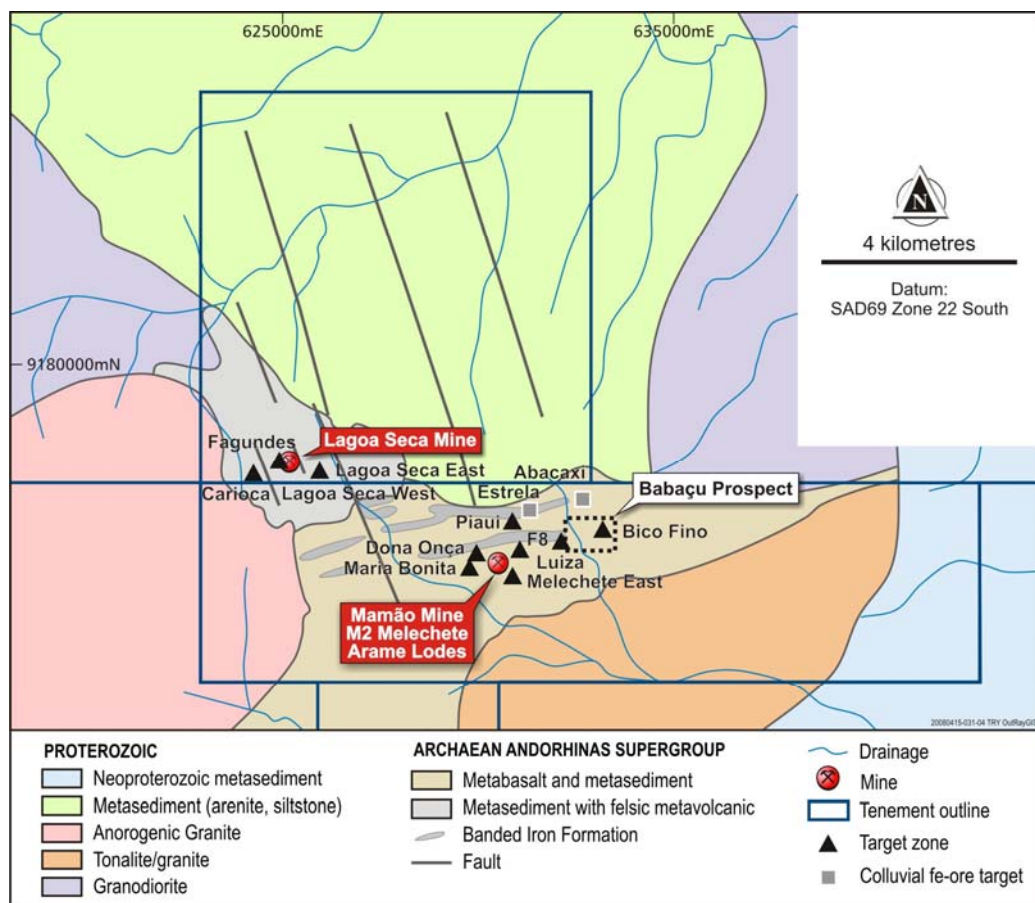


Figure 1: Andorinhas Property Geology and Targets



North of Andorinhas, RC drilling commenced on **Tangara JV Property** focusing on the **Gerson Garimpo Pit** where earlier drilling had intersected encouraging gold mineralisation.

The other main exploration focus was the colluvial iron ore exploration effort focussed on the **Abacaxi** and **Estrela Prospects** at Andorinhas where an excavator pit sampling and Rotary Air Blast ("RAB") drilling program is ongoing. Exploration field operations were hindered during the quarter by the rainy season which is characterised by frequent heavy rain that limited access and slowed progress. A total of 7,648 metres of drilling was completed during the quarter.

### **Gold Exploration**

**Mamão Area** exploration consisted of RC drilling targeted the shallow upper portions of the **Upper Mandioca (M2) Lode, Arame Lode and Melechete Lode**. The purpose of this work is to better define the upper extensions of these lodes outside the modelled resource. Several intercepts on southwest end of the **M2 Lode** (see Table 1) have demonstrated continuity of the ore zone. These include; **2 metres @ 4.33g/t gold** from 33 metres, **5 metres @ 19.65g/t gold** from 33 metres and **2 metres @ 5.34 g/t gold** from 32 metres.

Drilling of the **Piauí** garimpeiro pit located on the Mamão-Babaçu Trend resulted in the following mineralised intervals; **1.0 metre @19.53g/t gold** from 38 metres and **2.0 metres @13.40g/t gold** from 63 metres. This drilling intercepted shear hosted quartz veins with strong sulphidation and silicification within metabasalts. The drilling has confirmed two mineralised structures open to the northeast. These structures have similar dip/direction to the Mamão and Babaçu orebodies (see Table 2).

At **Babaçu Prospect** exploration has focused on drill testing a series of old workings that include the **Luiza, Bico Fino, Xuxu, Cava T and Jatobá Pits**. RAB drilling at the **Luiza Zone** was followed by infill RC and DC holes and has outlined 2 mineralised structures that remain open at depth. The majority of the holes intercepted quartz veining within a biotite-chlorite-pyrite altered sequence of mafic basalts. Better gold assay results (see Table 3 and Figure 2) include: **2.17 metres @ 7.65g/t** from 76.31 metres and **1.06 metres @ 47.58g/t** from 102.44 metres; **0.72 metres 10.12g/t** from 49.48 metres.

A RAB drill campaign testing the main pit of the **Bico Fino Zone** intersected quartz veins in the saprolite zone and quartz veins with pyrite associated with hydrothermal alteration. A total of 12 RAB drill holes were drilled at the NE end of **Jatobá Pit**. The holes intercepted quartz veins in the saprolite. Assays to date have only yielded limited sporadic encouraging gold results.

At the **Xuxa Zone**, drilling intercepted quartz veining with biotite-chlorite-pyrite altered mafic volcanics. Assays were disappointing. At the **Cava T Target**, 10 RAB holes were drilled that intercepted quartz veining with hydrothermal alteration. Results are pending.

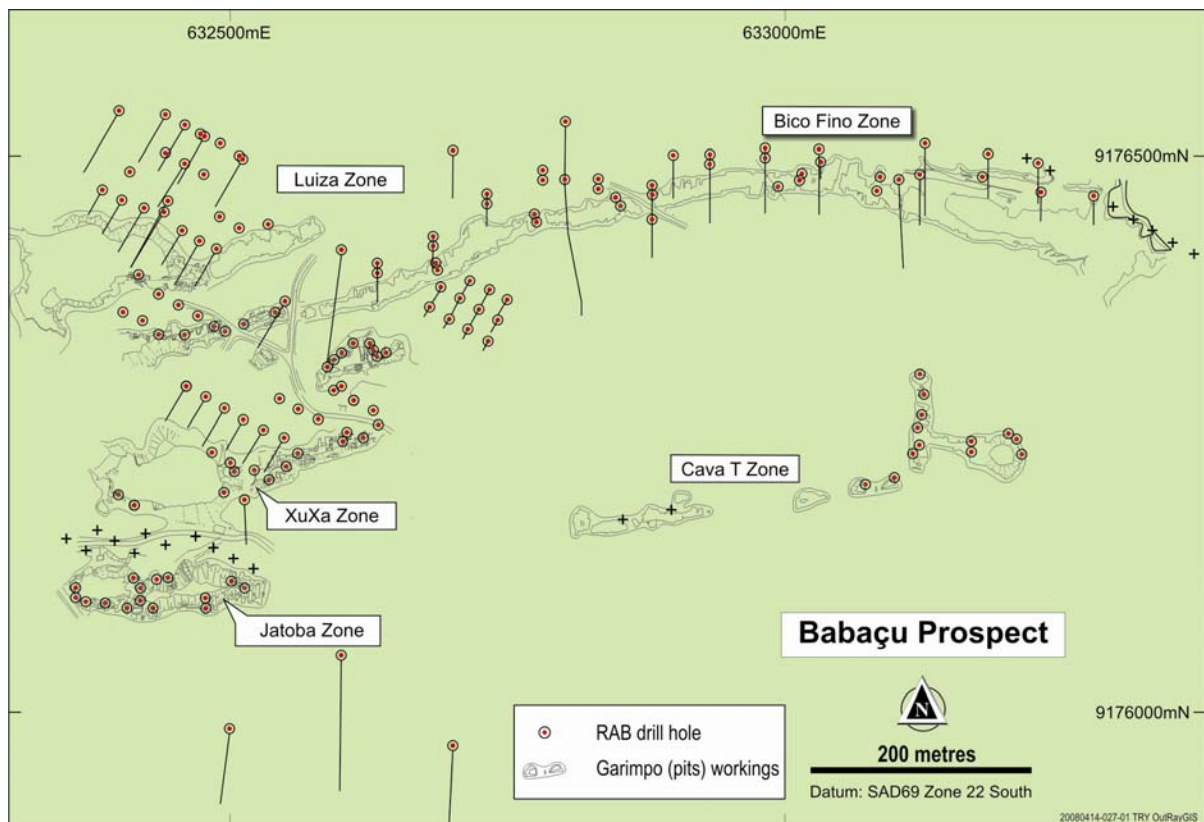


Figure 2: Babaçu Prospect Garimpeiro Pits & Drill Collar Locations

At **Lagoa Seca West**, two zones of mineralisation, **Carioca Zone** and **Fagundes Zone**, were identified with RAB drilling covering a 500 metre long zone southwest of the **Lagoa Seca Pit**. The RAB drilling yielded zones of pyrite with strong albitization and silicification overprinting meta-sediments. The higher concentrations of fine grained pyrite occur near a contact with the ultramafics. Infill RC drilling and selected DC drilling was completed to better define both target zones. Significant intersections (see Figure 3 and Tables 4 and 5) reported include: **13 metres @ 3.74g/t gold** from 33 metres; **6 metres @ 4.75g/t gold** from 71 metres; **1.0 metre @ 12.04g/t gold** from 16 metres; **3.0 metre @ 14.94g/t gold** from 98.9 metres and **4.9 metres @ 9.49g/t gold** from 93.1 metres.

Exploration RAB drilling is planned to explore the southwest most portion of the **Lagoa Seca Trend** as well as several interpreted parallel zone of gold-in-soil anomalism.



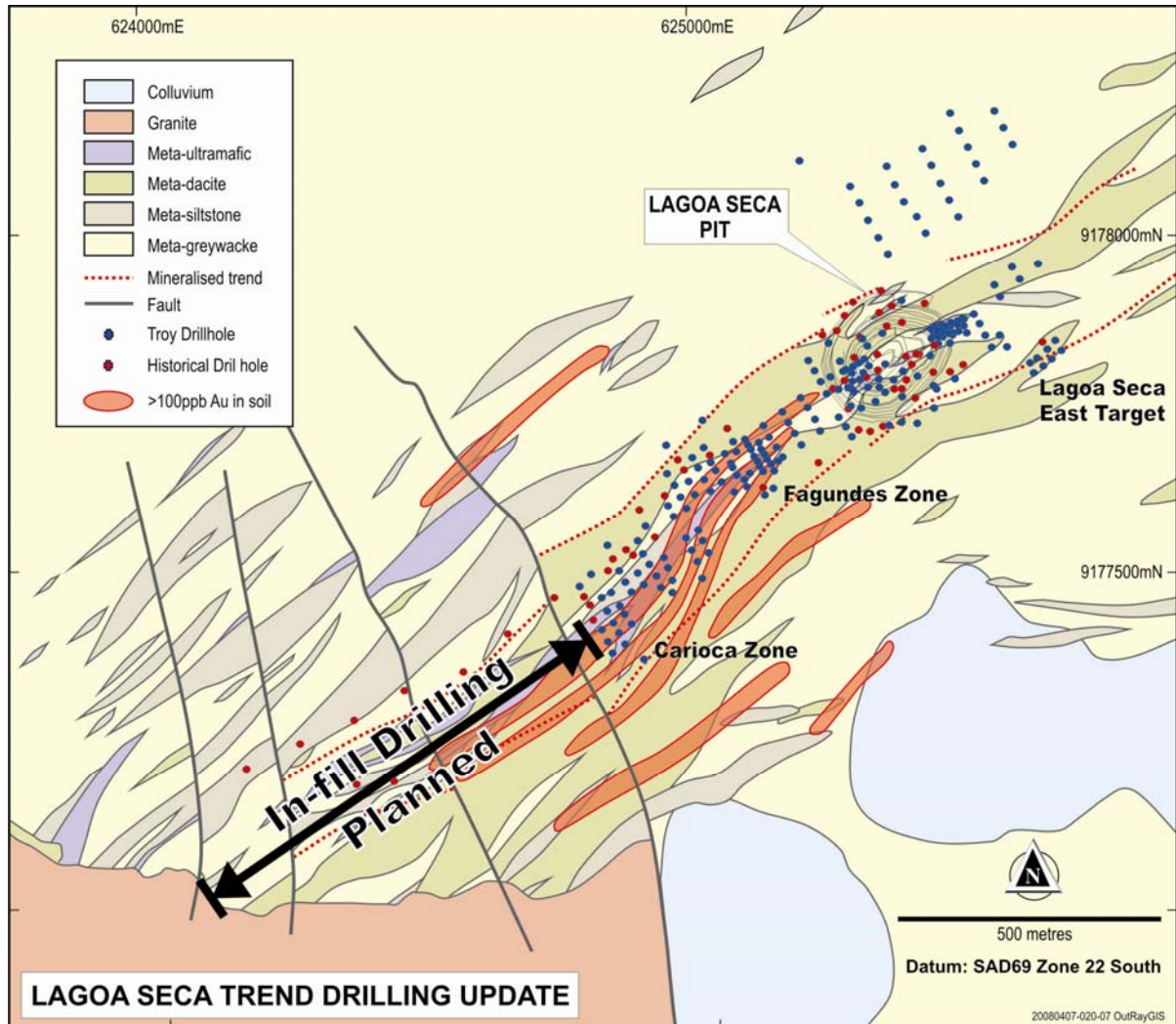


Figure 3: Lagoa Seca West Trend with Geology & Drill Collar Locations

### Colluvial Iron Ore Exploration

The current program is focussed on two target areas along strike from the Big Mac Mine which is owned by a Brazilian company that operates a profitable iron ore operation on the lease immediately to the northeast of Troy's Andorinhas Project.

The initial areas of focus are the **Abacaxi ("Pineapple") Target** which is a 2.2 kilometre long (east-west) by 800 metre wide (north-south) and **Estrela ("Star") Target** located 500 metres to the west which has a strike length of 3.0 kilometre (east-west) and is about 600m in width (north-south) (see Figure 4 below).

Reconnaissance prospecting by previous explorers focussed on the Estrela Target north of the Mamão Gold Deposit where limited, rock chip grab sampling of coarse colluvium ore boulders on a scree slope were reported to have assayed up to 69% iron.

During the quarter, the Company cut and surveyed a detailed 100 metre spaced grid with sample points every 50 metres along each line. An excavator pit sampling program is underway with 90 pits excavated of which 65 pits have been sampled by the end of March. Pits are spaced 100 metres apart with RAB drill holes completed every 100m between the pits. The RAB drilling is to define the soil profile depths.





To date, all work has been focussed at Abacaxi with similar grid based drilling and pit sampling planned to follow at Estrela, 500 metres west of Abacaxi. Assay results for the first 20 pits sampled at Abacaxi produced iron (“Fe”) grades ranging from **56.99% Fe** to a high of **68.46% Fe in the ¼ inch or “Lump” size fraction**. Complete assay results are displayed in Table 6.

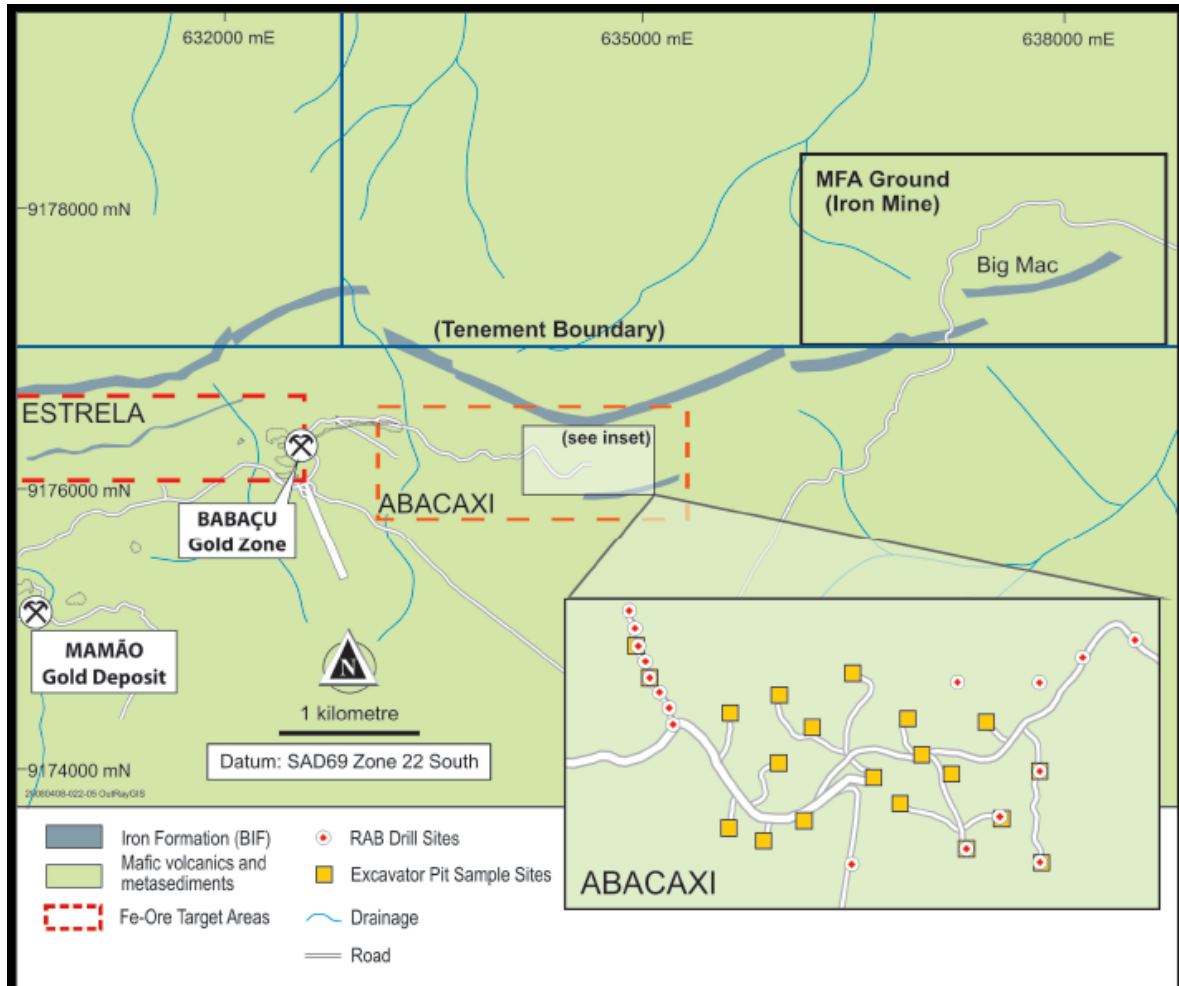


Figure 4: Colluvial Iron Ore Target Location Plan

### Tangará Horizonte Minerals JV Project (Troy earn-in 100%)

RC drilling commenced on the Tangará JV Project in late March. The initial focus for this drilling will be a series of step-out and infill holes at the **Gerson Garimpo** where earlier widespaced DC drilling by the previous operator intercepted ore grade mineralisation. The gold mineralisation occurs within a 35 metre zone of alteration and brecciation. The best gold grades reported by the previous operator was **1.85 metres @ 22.2g/t gold** from 36.25 metres and the best composite sample result being **6.75 metres @ 9.8g/t gold**. TGA-DH13 intercepted **12 metres @ 4.42g/t gold** from 89 metres including **2 metres @ 13.84g/t gold** from 93 metres. Assay results for Troy’s RC drilling are pending.



## EXPLORATION – AUSTRALIA

### WA - SANDSTONE PROJECT

A total of 6,066 metres of RC drilling and 2,027.6 metres of DC drilling was completed during the quarter at the **Mt Klemptz Prospect – Ridge Zone** (9 RC holes for 672 metres), **Two Mile Hill Prospect** (2 DC holes for 791 metres (plus one 60 metres RC precollar), **Shillington Prospect** (1 DC hole for 151 metres), **Lord Henry Deposit** (2 DC holes for 491 metres), **Lord Nelson Pit** (2 DC holes for 496 metres), **Indomitable North Zone** (20 RC holes for 2,260 metres) and **Indomitable South Zone** (1 DC hole for 98 metres plus 94 metres RC precollar and 28 RC holes for 3,134 metres) (see Figure 5).

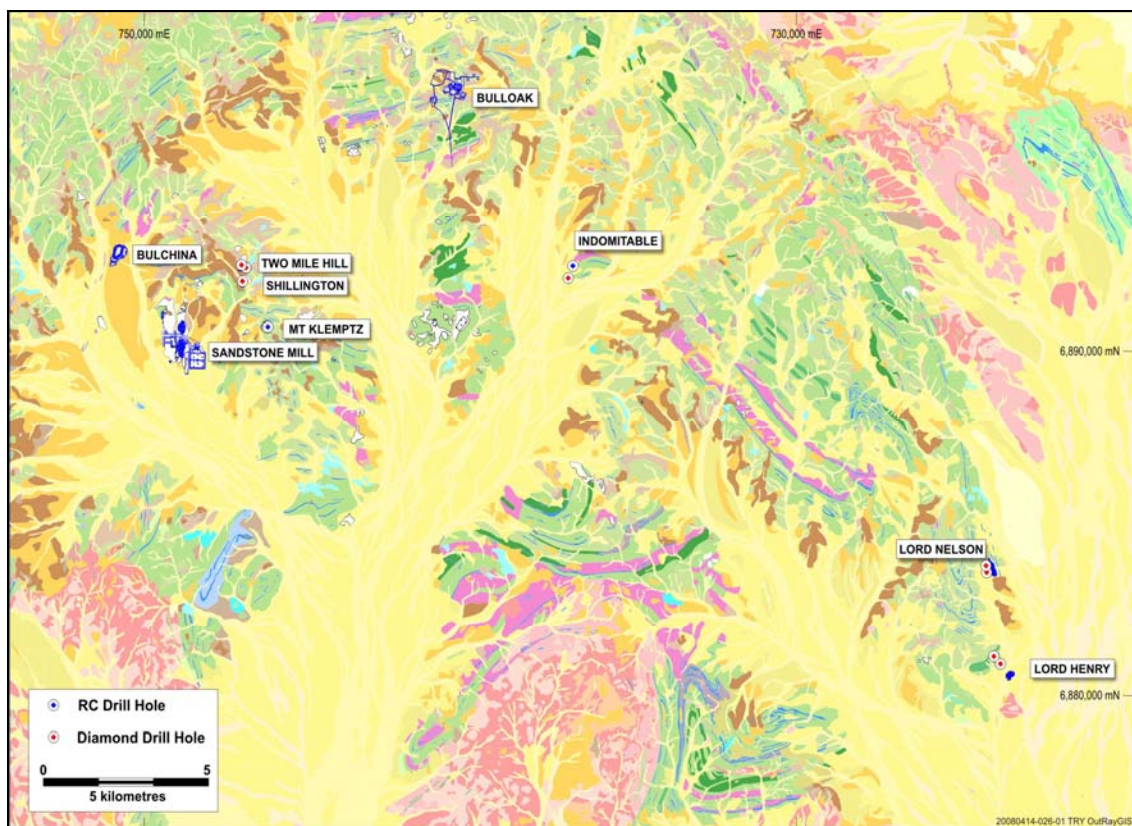


Figure 5 Sandstone Project Recent Drilling Location Plan

### Two Mile Hill Prospect

A diamond hole was drilled to a depth of 450.7 metres just to the north of the **Two-Mile Hill Pit** to test the gold mineralised quartz vein stockworking mined in the oxide zone in the pit. The host tonalite intrusive was modelled as a north-south trending near vertical stock and the drill hole was designed to test an interval between 250 metres to 350 metres vertical depth. The hole remained in tonalite over its entire length of 450 metres, suggesting that the stock dips steeply to the west rather than vertically, and intersected extensively silica-sericite altered granodiorite containing a system of sulphidic quartz stock work veining throughout the length of the hole. A relatively flat lying 1 centimetre wide quartz vein set commonly contains visible gold often associated with accessory grey sulphides possibly tetrahedrite or tennantite, and molybdenite.



These veins have been offset by late stage chlorite-carbonate filled micro-faults. A set of chalcopyrite bearing quartz veins dipping at  $-70^{\circ}$  to the west was also observed. Assay results received for downhole intervals from surface to 450.7 metres include:

- **33 metres grading 1.52g/t gold** from 43 metres downhole including **5 metres @ 7.65g/t gold** from 63 metres;
- **11 metres grading 1.83g/t gold** from 127 metres downhole including **4 metres @ 4.11 g/t gold** from 130 metres and;
- **141 metres grading @ 2.30g/t gold** from 177 metres downhole. Within this intersection a number of higher grade intervals were reported including **2 metres @ 7.00 g/t gold** from 195 metres; **12 metres @ 9.05 g/t gold** from 209 metres; **7m @ 9.47g/t gold** from 257 metres and **3 metres at 13.51 g/t gold** from 268 metres, **4 metres at 2.76g/t gold** from 297metres and **3 metres at 5.83g/t gold** from 306 metres.
- **50 metres grading 2.71g/t gold** from 321metres including **2 metres at 2.03g/t gold** from 323 metres and **1 metre at 109g/t gold** from 336 metres.
- **44 metres grading 0.92g/t gold** from 374 metres including **2 metres at 2.27g/t gold** from 374m, **1 metre at 4.98g/t gold** from 382 metres, **1 metre at 4.29g/t gold** from 398 metres and **4 metres at 3.21g/t gold** from 414 metres.
- **26.7 metres at 0.74g/t gold** from 424 metres including **1 metre at 10.6g/t gold** from 444 metres.

The broad, lower grade intersections were calculated at a lower cut-off of 0.2g/t gold and the higher grade intervals were calculated using a 1g/t gold lower cut-off. Both calculations allowed 2m internal dilution and did not apply a cut to high values. Full results are contained in Table 7 and Figure 6 below.

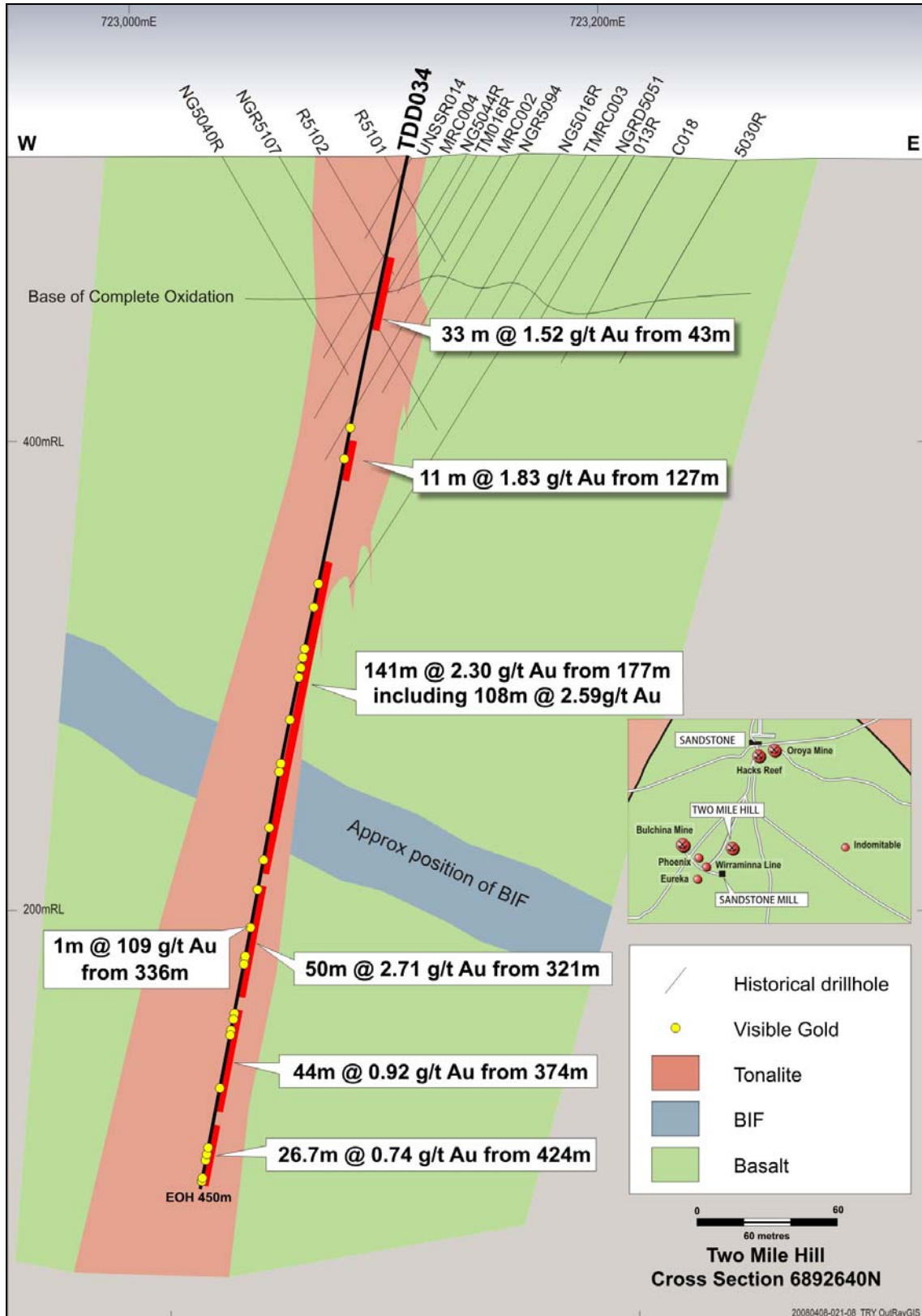


Figure 6: Diamond Core Hole TDD034 Cross-section



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At the **Shillington Prospect**, located 460 metres to the south of the Two Mile Hill Prospect, a 150 metre DC hole was drilled to twin an earlier RC drill hole which intersected **20 metres @ 2.47g/t gold** from 65 metres and **8 metres @ 6.19g/t gold** from 114 metres in two separate horizons of the Shillington Banded Iron Formation ("BIF"). The DC hole intersected both BIF horizons with several sections of pyrite replacement of bedding outward from quartz veining within folded zones of the BIF. Assays are pending.

At **Indomitable South**, drilling intersected a mineralised zone of vuggy quartz veining and gossanous saprock seen in previous drilling. Initial 5 metre composite assays have returned values of **5 metres @ 5.26g/t gold** from surface and **5 metres @ 0.87g/t gold** from 40 metres at the southeast of the prospect.

Broader zones of lower grade mineralisation from 5 metre composite sampling included: **35 metre @ 1.47g/t gold** from 45 metres, **41 metres @ 1.91g/t gold** from 115 metres (**including 10 metres @ 6.24 g/t gold** from 130 metres) and **25 metres @ 1.12g/t gold** from 60 metres.

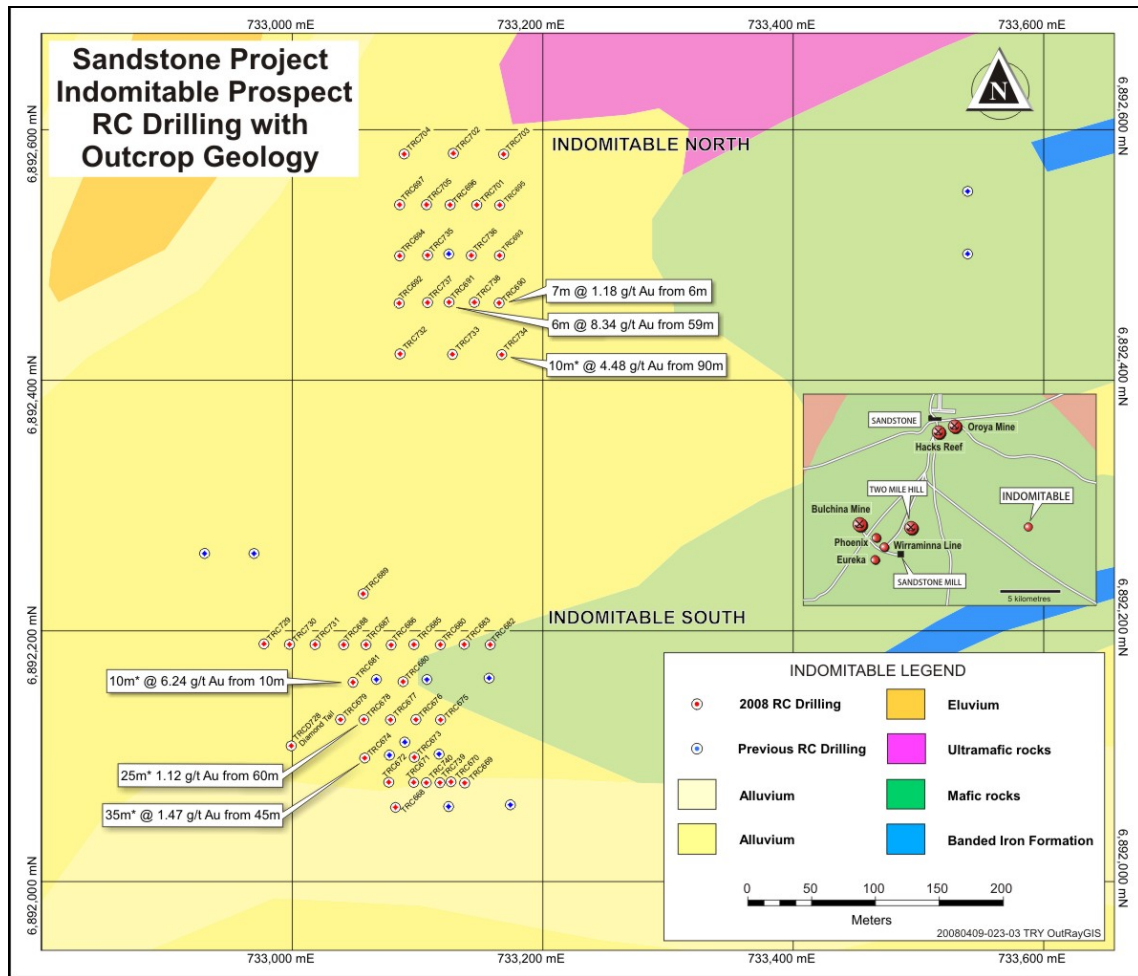
Drilling on the northern most traverse has intersected much shallower fresh basalt compared to the rest of the prospect and only encountered mineralisation in the western most hole suggesting a sinistral offset of mineralisation to the north. This phase of drilling has shown that mineralisation occurs along a northwest striking trend and remains open along strike to the northwest. Results of Indomitable South are displayed in Table 8 and Figure 7.

DC hole TRCD728 was drilled from a precollar depth of 93.7 metres to 191.9 metres targeting an interpreted "higher grade" central portion of the prospect at depth. The hole remained entirely within weathered profile and zones of quartz veining and brecciation were intersected throughout the hole. The core has been submitted for assay.

At **Indomitable North**, located 300 metres north of Indomitable South, 20 RC holes were drilled on a 20 metre by 40 metre grid to test for a north-south strike trend to mineralisation intersected in drilling in 2007. This hole contained anomalous gold mineralisation over almost the entire length of the 99 metre deep hole within limonitic vuggy quartz in the oxide and silica-fuchsite-pyrite veining in fresh rock. Wide zones of gossanous saprock, intense silica-fuchsite altered saprock and silica-fuchsite-arsenopyrite altered fresh basalt were intersected over the 160 metre strike length tested in the recently completed program. Assays received to date include **72 metres @ 1.52g/t gold** from 8 metres including **6 metres @ 8.34g/t Au** from 59m in a hole drilled 40 metres south of the original anomalous hole. Other significant gold intercepts included **7 metres @ 1.18g/t gold** from 6 metres and **10 metres @ 4.48g/t gold** from 90 metres. Results of Indomitable North are displayed in Table 9 and Figure 7.

A large number of 5m composite and 1m re-split assays are still pending for both Indomitable South and North and a decision on future drilling will be made once these are interpreted.





**Figure 7: Indomitable Geology and Drill Collar Location Plan**

At **Lord Henry**, 2 DC holes were completed from collars located 350 metres and 630 metres to the northwest of the pit. The closest hole to the pit consisted of a 100 metre deep tail on a 204 metre deep RC pre-collar designed to intersect the shallow, north dipping, stacked lodes of the **Lord Henry** deposit at depth. The hole failed to intersect the mineralised structure and consisted entirely of unaltered barren granodiorite. The hole furthest from the pit was drilled to a depth of 394 metres from surface and intersected the main granodiorite body at a depth of 260 metres after passing in and out of granodiorite and dolerite to that depth. The basalt contained carbonate veining and disseminated pyrite from a depth of 150 metres down to the granodiorite contact suggesting extensive fluid flow proximal to the granodiorite intrusion. A 20 centimetre quartz vein within the dolerite at 247.5 metres depth containing visible gold possibly represents the Lord Henry mineralisation at depth.

At **Lord Nelson**, 2 DC holes were drilled to test the down dip plunge extensions to the West, Central and East Lodes at Lord Nelson. The southern hole intersected all three lodes. The East Lode consisted of 20 metres of pyritic granodiorite and pyrite veining above the talc-chlorite schist footwall. The hole drilled at the northern end of the pit was not as encouraging and supports evidence from previous drilling that the East Lode pinches out to the north. Assays are pending.

At the **Mt Klemptz Prospect**, 9 RC holes for 672 metres were drilled at the **Ridge Zone**. The two traverses successfully intersected the mineralised northwest striking BIF along strike from previous RC drilling. Assays were disappointing and no further work is planned.



**Sandstone Nickel JV (Western Areas earning 50%):**

Western Areas report that over 500 samples have been collected from old RAB drill cuttings on the Sandstone Nickel JV Project area and submitted for assay. Samples are initially identified using a Niton portable XRF analyser which provides a reading for nickel and other elements. Western Areas is progressively working through the ultramafic domain of the greenstone belt using this technique and expects to generate several targets for follow-up.

**OTHER EXPLORATION - AUSTRALIA**

**WA – Three Rivers Project (Troy 100%):**

On 23 January 2008, Plutonic Operations Limited (“Barrick”) informed Troy that it was withdrawing from the JV effective 20 February 2008. A marketing effort to attract a new partner is underway with expressions of interest received from several parties active within the Peak Hill-Three Rivers region. Data packages have been circulated under confidentiality agreements and offers are expected in mid-May 2008.

**WA - Kulin Project (Troy 100%):**

A surface lag sampling program was completed at Kulin in January resulting in the collection of 466 samples that were collected at 200 metre spacings along public roads. Two anomalies were identified from reconnaissance soil samples collected along roads over the northern part of the project area.

An anomaly (peak value **10.9ppb gold**) in the eastern part of the licence occurs in the vicinity of limonite cemented, nodular laterite over quartz biotite gneiss. The nearest sample along strike is 6.5 kilometres to the north-northwest and has a value of **4.9ppb gold**. The second anomaly occurs in the northwest part of the tenement and consists of a peak value of **13ppb gold**. The anomaly is projected to the north-northwest over a distance of 3.6 kilometres to a point on a north-south road where values of up to **9.4ppb gold** were reported. A weak anomaly has been outlined in the central part of the tenement and a strong to weak anomaly detected in the southeast corner of the tenement. The SE Anomaly peaks at **12.7ppb gold**. The next phase of work will consist of auger drilling across the strike length of the two northern anomalies and around the SE Anomaly.

**Daly River Project – Northern Territory (Troy 100%):**

An airborne magnetics survey was completed at Daly River in January and a new anomaly, “**DR500**”, detected toward the northern end of the leases. Processing of aeromagnetic data was completed by our consultants who also carried out depth to source estimations. The DR500 anomaly occurs near the intersection of a northeast trending structure and the Giant's Reef Fault. The anomaly is elongated in a northeast - southwest direction and is about 150nT above background. Current plans call for a site visit in April followed by a limited RC drill program later this year.

**EXPLORATION – MONGOLIA**

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

Troy Mongolia Alt Resources (“TMAR”) has now completed all the earn-in requirements stipulated in the joint venture agreement with U & B Mining. A new company, Gutain Davaa LLC, has been incorporated with TMAR holding an 80% ownership in the new entity. The exploration tenement titles are now being transferred to the new company.

A detailed structural study of selected **Toordogiin Shil** drill core was completed and has confirmed the mineralisation is controlled in the NW-SE trending structure.

The current plan is for field work to recommence in May 2008 with a program of infill soil sampling, detailed ground magnetics, excavator trenching, rock sampling and geological mapping to test possible extensions of the known mineralisation followed by drilling in September 2008.





**Dornogovi Coal Project (Troy 100%- Rio Tinto Earning-in):**

The Rio Tinto Mongolia joint venture area has been reduced significantly from 6 large blocks to 2 blocks which will be the focus of the 2008 exploration program managed and operated by Rio Tinto Mongolia. The remaining licenses have been renewed for 3 years.

## **FINANCIAL REPORT**

### **CASH POSITION**

As at 31 March 2008, Troy within Australia held \$20.2M in cash, plus equity investments with a market value of \$52.6M and 919 ounces of gold awaiting sale which approximates to \$1.0M based on a gold price of A\$1,074 per ounce. This equates to a total of approximately \$73.8M of liquid assets.

Troy's wholly owned Brazilian and European subsidiaries held cash deposits of A\$2.3M. At quarter end, Sertão Mineração Ltda ("SML"), Troy's 70% owned Brazilian subsidiary, had the equivalent of \$0.8M in cash (Troy's share).

### **GOLD SALES**

Gold sales from the Sandstone operation for the quarter were 9,414 ounces at an average price of A\$1,028 per ounce. The average Cash Cost was \$712 per ounce which gives a Cash Margin of \$314 per ounce for the quarter.

### **HEDGING**

The Company is totally unhedged, and debt free.

### **EXPLORATION EXPENDITURE**

During the quarter, exploration expenditure incurred was \$1,523,000 in Australia, \$110,000 in Mongolia and \$1,481,000 in Brazil. Troy's total exploration expenditure for the quarter was \$3,151,000.

### **CAPITAL EXPENDITURE**

Capital and development expenditure in Australia during the quarter was \$0.2 million and \$1.6 million on the Andorinhas Project in Brazil.



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**FURTHER INFORMATION**

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 Chief Executive Officer  
 Troy Resources NL  
 Perth, Western Australia  
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 Email: troy@troyres.com.au

*Information of a scientific or technical nature in this report was prepared under the supervision of Peter J. Doyle, Vice President Exploration and Business Development of Troy, a "qualified person" under National Instrument 43-101 – "Standards of Disclosure for Mineral Projects", a member of the Australasian Institute of Mining and Metallurgy. Mr. Doyle has sufficient experience, which is relevant to the style of mineralization and type of deposit under consideration, and to the activity 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". Mr. Doyle has reviewed and approved the information contained in this report. For further information regarding the Andorinhas or Sandstone project, including a description of Troy's quality assurance program, quality control measures, the geology, samples collected and testing procedures in respect of the Andorinhas project and Sandstone project please refer to the technical report entitled "Troy Resources NL: Technical Report on Andorinhas Gold Project, Para State, Brazil" dated November 2007 and the technical report entitled "Troy Resources NL: Sandstone Gold project, Mid West Region Western Australia" dated June 2007, which in each case, is available under the Company's profile at [www.sedar.com](http://www.sedar.com).*

*This report contains forward-looking statements. These forward-looking statements reflect management's current beliefs based on information currently available to management and are based on what management believes to be reasonable assumptions. A number of factors could cause actual results, performance, or achievements to differ materially from the results expressed or implied in the forward looking statements. Such factors include, among others, future prices of gold, the actual results of current production, development and/or exploration activities, changes in project parameters as plans continue to be refined, variations in ore grade or recovery rates, plant and/or equipment failure, delays in obtaining governmental approvals or in the commencement of operations.*

**This Quarterly Report is available on Troy's Website: [www.try.com.au](http://www.try.com.au)**

**Table 1: Andorinhas Project - Mamao - M2 Target  
 Significant Drill Assay Results - Gold Intersections >2.00 g/t Gold**

Hole ID	Easting (m)	Northing (m)	Azimuth	Dip	Depth (m)	From (m)	To (m)	Interval* (m)	Gold g/t Au
MAC074	630529	9175339	N000°E	-90°	40.0	33.0	38.0	5.0	19.65
MAC203	630540	9175339	N000°E	-90°	42.0	32.0	34.0	2.0	5.34
MAC073	630550	9175339	N000°E	-90°	41.0	33.0	35.0	2.0	4.33
MAC070	630540	9175350	N000°E	-90°	45.0	38.0	40.0	2.0	3.44
MAC066	630560	9175360	N000°E	-90°	46.0	44.0	45.0	1.0	6.59

**\*The stated interval represents downhole widths**

**Table 2: Andorinhas Project - Mamao - Piaui Target  
 Drill Assay Results - Gold Intersections >2.00g/t Gold**

Hole ID	Easting (m)	Northing (m)	Azimuth	Dip	Depth (m)	From (m)	To (m)	Interval* (m)	Gold g/t Au
MBR006	631995	9176074	N000°E	-90°	95.00	63.00	65.00	2.00	13.40
MBB011	632023	9176037	N205°E	-60°	60.00	38.00	39.00	1.00	19.53
MBB012	632041	9176029	N205°E	-60°	67.00	17.00	23.00	6.00	2.12
MBR002	632032	9176056	N000°E	-90°	80.00	42.00	43.00	1.00	8.89

**\*The stated interval represents downhole widths**



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**Table 3: Andorinhas Project - Babacu - Luiza Target  
 Drill Assay Results - Gold Intersections >2.00g/t Gold**

Hole ID	Easting (m)	Northing (m)	Azimuth	Dip	Depth (m)	From (m)	To (m)	Interval* (m)	Gold (g/t Au)
BBD010 including	632487	9176417	N000°E	-90°	151.50	76.31	78.48	2.17	7.65
						102.44	103.5	1.06	47.58
BBC001	632486	9176415	N000°E	-90°	80.00	60.00	63.00	3.00	7.38
BBC002	632487	9176417	N210°E	-50°	64.00	25.00	26.00	1.00	5.48
BBC006	632403	9176358	N000°E	-90°	50.00	37.00	38.00	1.00	19.66
BBR030	632396	9176459	N210°E	-60°	70.00	52.00	55.00	3.00	5.64
BBC003	632490	9176445	N000°E	-90°	100.00	63.00	65.00	2.00	3.86
BBC003	632490	9176445	N000°E	-90°	100.00	83.00	84.00	1.00	15.66
BBD002	632458	9176493	N206°E	-70°	145.30	127.79	129.26	1.47	7.41
BBC005	632533	9176440	N000°E	-90°	98.00	78.00	80.00	2.00	4.67
BBR027	633025	9176506	N180°E	-60°	73.00	8.00	10.00	2.00	4.42
BBR021	633275	9176468	N180°E	-90°	50.00	3.00	5.00	2.00	3.76
BBD008	632439	9176450	N210°E	-60°	120.00	49.48	50.20	0.72	10.12
BBD007	632409	9176485	N000°E	-90°	150.00	119.38	120.42	1.04	6.05
BBR030	632396	9176459	N210°E	-60°	70.00	65.00	67.00	2.00	3.09
BBR021	633275	9176468	N180°E	-90°	50.00	38.00	39.00	1.00	5.64
BBR039	632465	9176420	N210°E	-50°	70.00	64.00	65.00	1.00	36.78
BBR035	632431	9176450	N210°E	-90°	80.00	62.00	67.00	5.00	4.52
BBR036	632448	9176430	N210°E	-90°	85.00	79.00	81.00	2.00	7.17
BBR034	632431	9176450	N210°E	-50°	60.00	44.00	48.00	4.00	2.57
BBR038	632465	9176420	N210°E	-90°	78.00	71.00	72.00	1.00	7.09
BBR033	632413	9176456	N210°E	-90°	90.00	67.00	69.00	2.00	2.67

\*The stated interval represents downhole widths

**Table 4: Andorinhas Project - Lagoa Seca West - Carioca Target  
 Drill Assay Results - Gold Intersections >2.00g/t Gold**

Hole ID	Easting (m)	Northing (m)	Azimuth	Dip	Depth (m)	From (m)	To (m)	Length* (m)	Gold (g/t Au)
LSF014 including	625139	9177610	N330°E	-50°	135.00	93.10	98.00	4.90	9.49
						111.00	114.00	3.00	3.06
LSF012 including	625032	9177682	N150°E	-50°	130.00	43.90	45.90	2.00	5.26
						94.90	105.90	11.00	6.23
LSC223	624886	9177482	N150°E	-50°	70.00	33.00	46.00	13.00	3.74
LSC225 including	624833	9177475	N150°E	-50°	90.00	28.00	34.00	6.00	2.40
						71.00	77.00	6.00	4.75
LSC228	624853	9177440	N150°E	-50°	30.00	16.00	17.00	1.00	12.04
LSF013	625153	9177619	N330°E	-50°	110.00	72.12	73.00	0.88	12.20
LSC220	624910	9177543	N150°E	-50°	80.00	70.00	72.00	2.00	4.97
LSC020	625005	9177528	N150°E	-50°	55.00	51.00	54.00	3.00	2.10
LSF015	624966	9177646	N150°E	-50°	120.00	79.00	81.00	2.00	2.59

\*The stated interval represents downhole widths



**Table 5: Andorinhas Project - Lagoa Seca West - Fagundes Target  
Drill Assay Results - Gold Intersections >2.00g/t Gold**

Hole ID	Easting (m)	Northing (m)	Azimuth	Dip	Depth (m)	From (m)	To (m)	Length* (m)	Gold (g/t Au)
LSR043	625126	9177659	N330°E	-50°	40.00	9.00	17.00	8.00	3.28
LSR073	625141	9177670	N330°E	-50°	45.00	9.00	14.00	5.00	4.69
LSF054	625030	9177725	N145°E	-45°	141.55	108.00	108.50	0.50	41.63
LSF006	625131	9177652	N330°E	-50°	76.00	22.00	36.00	14.00	2.16
LSC210	625120	9177668	N330°E	-50°	75.00	16.00	27.00	11.00	2.53
LSC029	625010	9177669	N150°E	-50°	68.00	61.00	65.00	4.00	2.01

\*The stated interval represents downhole widths

**Table 6: Andorinhas Project - Abacaxi Target Pit Sampling  
Lump (+1/4") Fraction Assay Results**

Pit Number	% Fe Total	% SiO <sub>2</sub>	% Al <sub>2</sub> O <sub>3</sub>	% P <sub>2</sub> O <sub>5</sub>	LOI 1000 %
FE-001 (+1/4")	66.44	2.91	2.33	0.042	1.26
FE-002 (+1/4")	65.01	3.4	3.25	0.045	1.84
FE-003 (+1/4")	67.62	2.08	1.76	0.051	0.98
FE-004 (+1/4")	65.56	2.92	2.56	0.059	1.3
FE-005 (+1/4")	65.81	3.13	2.42	0.065	1.38
FE-006 (+1/4")	68.16	1.97	1.52	0.046	0.79
FE-007 (+1/4")	67.10	2.78	2.51	0.033	1.17
FE-008 (+1/4")	65.60	4.17	3.03	0.03	1.44
FE-009 (+1/4")	56.99	7.95	7.4	0.078	3.95
FE-010 (+1/4")	68.10	2.32	1.74	0.037	0.87
FE-011 (+1/4")	65.90	3.32	2.72	0.05	1.75
FE-012 (+1/4")	65.55	1.98	1.69	0.048	0.9
FE-013 (+1/4")	59.63	3.56	3.36	0.072	1.79
FE-014 (+1/4")	66.39	2.38	2.14	0.056	1.09
FE-015 (+1/4")	62.23	6.42	2.41	0.089	0.74
FE-016 (+1/4")	68.46	1.1	0.99	0.034	-0.04
FE-017 (+1/4")	63.00	5.22	3.75	0.138	2.59
FE-018 (+1/4")	65.50	3.59	2.38	0.086	1.31
FE-019 (+1/4")	64.11	4.05	3.34	0.058	1.35
FE-020 (+1/4")	60.17	5.79	5.49	0.045	3.56

**Analytical Laboratories:**

- **Nomos Analises Mineraias LTDA., Rua Pereira, 237, Duque de Caxias - RJ - CEP 25085-300 Brazil**
  - **Analytical Technique for Fe: Assays via titration – Fe Total; Titration process consists on opening the sample with acid digestion (hydrochloric acid), then reduction of Fe+3 to Fe+2 and then this is titrated with Potassium dichromate.**



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- **ALS Laboratory Group - Vespasiano, Brasil, Rua Sao Paulo, 685 Celvia, CEP:33.200-000 Belo Horizonte MG Brazil**
  - **Analytical Techniques**
  - **ME-XRF11: Fe-ores by fusion XRF Technique;**
  - **OA-GRA05t: Multi-temperature LOI**

<b>Table 7: Sandstone Project - Two Mile Hill Diamond Core Drilling Drill Assay Results - Gold Intersections &gt; 0.50g/t Gold</b>									
<b>Hole ID</b>	<b>MGA Easting (m)</b>	<b>MGA Northing (m)</b>	<b>Azimuth MGA</b>	<b>Dip</b>	<b>Depth (m)</b>	<b>From (m)</b>	<b>To (m)</b>	<b>Interval* (m)</b>	<b>Gold (g/t)Au</b>
TDD034	723120.3	6892640	270°	-77°	450.70	15.40	16.00	0.60	0.70
						31.00	32.00	1.00	2.09
						43.00	76.00	33.00	1.52
			including			63.00	68.00	5.00	7.65
						127.00	138.0	11.00	1.83
			including			130.00	134.00	4.00	4.11
						159.00	163.00	4.00	0.60
						177.00	318.00	141.00	2.30
			including			195.00	197.00	2.00	7.00
			including			209.00	221.00	12.00	9.05
			including			257.00	264.00	7.00	9.47
			including			268.00	271.00	3.00	13.51
			including			297.00	301.00	4.00	2.76
			including			306.00	309.00	3.00	5.83
						321.00	371.00	50.00	2.71
			including			323.00	325.00	2.00	2.03
			including			336.00	337.00	1.00	109.00
						374.00	418.00	44.00	0.92
			including			374.00	376.00	2.00	2.27
			including			382.00	383.00	1.00	4.98
			including			398.00	399.00	1.00	4.29
			including			414.00	418.00	4.00	3.21
						424.00	450.7	26.7	0.74
			including			444.00	445.00	1.00	10.60

**\*The stated interval represents downhole widths**

**All samples were prepared and assayed by SGS Mineral Services laboratory in Perth, Western Australia using Method FAA505 being Fire Assay on a 50 gram charge with an AAS finish.**



Table 8: Sandstone Project Indomitable South Reverse Circulation "RC" Drilling Drill Assay Results - Gold Intersections >1.00g/t Gold									
Hole ID	MGA Easting (m)	MGA Northing (m)	Azimuth MGA	Dip	Depth (m)	From (m)	To (m)	Interval* (m)	Gold (g/t) Au
TRC669	733280	6892230	090°	-60°	65.0	43.0	45.0	2.0	2.72
TRC673	733240	6892250	090°	-60°	87.0	40.0	48.0	8.0	1.23
TRC674	733200	6892250	090°	-60°	127.0	45.0	80.0	35.0**	1.47
TRC678	733199	6892280	090°	-60°	119.0	60.0	85.0	25.0**	1.12
TRC681	733191	6892310	090°	-60°	156.0	115.0	156.0	41.0**	1.91
including						130.0	140.0	10.0**	6.24
TRC682	733300	6892340	090°	-60°	96.0	55.0	60.0	5.0**	1.28
TRC729	733120	6892341	090°	-60°	130.0	40.0	125.0	85.0**	1.01

\*\*denotes 5m composite sample

\*The stated interval represents downhole widths

All samples were prepared and assayed by SGS Mineral Services laboratory in Perth, Western Australia using Method FAA505 being Fire Assay on a 50 gram charge with an AAS finish.

Table 9: Sandstone Project Indomitable North Reverse Circulation "RC" Drilling Drill Assay Results - Gold Intersections > 1g/t Gold									
Hole ID	MGA Easting (m)	MGA Northing (m)	Azimuth MGA	Dip	Depth (m)	From (m)	To (m)	Interval* (m)	Gold (g/t) Au
TRC690	733307	6892613	090°	-60°	88.00	6.00	13.00	7.00	1.18
including						8.00	10.00	2.00	2.69
TRC691	733267	6892614	090°	-60°	106.00	9.00	11.00	2.0	2.01
						38.00	39.00	1.00	13.60
						52.00	55.00	3.00	1.21
						59.00	65.0	6.00	8.34
TRC693	733308	6892651	090°	-60°	66.00	7.00	10.00	3.00	1.79
TRC733	733270	6892572	090°	-60°	130.00	85.00	90.00	5.00**	1.17
TRC734	733309	6892572	090°	-60°	124.00	90.00	100.00	10.00**	4.48

\*The stated interval represents downhole widths

\*\*denotes 5m composite sample

All samples were prepared and assayed by SGS Mineral Services laboratory in Perth, Western Australia using Method FAA505 being Fire Assay on a 50 gram charge with an AAS finish.