



TROY RESOURCES NL

ABN 33 006 243 750

QUARTERLY REPORT FOR THE THREE MONTHS ENDING 30 SEPTEMBER 2008

HIGHLIGHTS

30 SEPTEMBER 2008

Troy Resources NL
ABN 33 006 243 750

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Corporate Details

ASX Code: TRY
TSX Code: TRY

Issued Capital:
69,834,533 ordinary shares
4,869,045 partly paid
350,000 unlisted partly paid
2,870,332 unlisted options

Directors:

Non-Executive Chairman:
John Dow

Executive Directors:
Paul Benson
Ken Nilsson

Non-Executive Directors:
Denis Clarke
John Jones
Alan Naylor
Tommy McKeith
Gordon Chambers

Paul Benson
CEO
31 October 2008

HIGHLIGHTS

- Total gold production of 17,217oz at a cash cost of A\$698/oz (US\$574/oz)
- Improved throughput at Sandstone resulted in 10,271oz of gold and a commensurate reduction in unit cash costs
- Higher throughputs and grade at Andorinhas resulted in nearly doubling production compared to the June quarter
- Sale of the Company's equity interest in Comaplex Minerals (TSX), at a 21% premium to the then market price, resulted in a 77% return on the company's initial investment
- Troy announced reserves and resources for the iron ore located on the Andorinhas leases in Brazil. Work in ongoing to commercialise these resources
- Troy has no debt, no hedging and cash and bank deposits of A\$60m.

OPERATIONS

- At Sandstone, crushing circuit modifications resulted in throughput and grade significantly ahead of budget with commensurately lower costs with 146,673t at 2.4g/t processed compared to 104,604t at 2.43g/t in the previous quarter. This resulted in 10,271oz of gold at a cash cost of A\$627/oz compared to 7,372oz at a cash cost A\$833/oz
- At Andorinhas, September was the first quarter of normal production following commissioning in the June quarter with 45,756t processed at a grade of 5.46g/t resulting in cash costs of US\$660/oz
- At Andorinhas open cut mining at Lagoa Seca will cease in November. Development of the high grade Mamão underground mine is progressing and Mamão ore is due to enter the plant feed in early calendar 2009. The mine has over a year's plant feed of Lagoa Seca ore stockpiled to ensure continuity of production while the underground mine is ramped up to full capacity

EXPLORATION

Brazil – Andorinhas

- During the quarter the company released its initial reserve and resource calculation and NI 43101 report on the iron ore resources found on the Andorinhas leases. The Abacaxi and Estrela Deposits contain Indicated Mineral Resources of 6.5Mt with an insitu grade of 50.8% Fe. These Mineral Resources include Probable Mineral Reserves of 2.8Mt at a washed and screened grade of 63.6% Fe.



Commenting on the quarter, Troy CEO Paul Benson said, “We saw real improvement in all areas. Although nearing the end of its life Sandstone had its best quarter in terms of production in over a year which is a credit to all on site. Andorinhas has also benefited from improved operational stability in the processing plant following commissioning in the June quarter.

At Andorinhas we are nearing the completion of mining at the Lagoa Seca open cut. Mining will finish slightly ahead of schedule due to higher than scheduled productivity with very good reconciliation between mine and mill grades. Our focus now moves to bringing the high grade Mamão underground mine into production with decline development and ore access progressing well and we expect to see the underground ore feeding the mill early in calendar 2009. As with any underground it will take some time to ramp up to full production but we have over 280,000t of Lagoa Seca ore at a head grade of just over 3g/t stockpiled which, at more than one year’s plant capacity, is a great insurance policy.

We released the NI43-101 on the Andorinhas iron ore resource in September and we continue to focus on permitting and agreeing off-take contracts with customers. Our aim remains to commence production in the first half of calendar 2009.

The company has approximately A\$60m in cash, current production, exploration upside and the potential to commercialise the iron ore at Andorinhas. We remain focused on maximizing the value of the assets we own but are also acutely aware that the current market has the potential to provide excellent value creating growth opportunities”



CORPORATE

SALE OF COMAPLEX SHAREHOLDING

On 21 July 2008, Troy completed a private sale of its 7,628,571 shares in TSX listed Comaplex Minerals Corp. ("Comaplex"), representing approximately 14.5% of the issued and outstanding shares of Comaplex, to Agnico-Eagle Mines Limited ("Agnico-Eagle") for C\$6.15 per share (approximately A\$6.28), which was a 21% premium to market price the day before the transaction was announced, for total proceeds of C\$46.9 million (approximately A\$47.9 million).

As part of the transaction Troy also has a "Top Up" agreement with Agnico-Eagle where, if Agnico-Eagle move to a majority interest in Comaplex within 18 months of this agreement, Agnico-Eagle will pay Troy the difference between their final purchase price per share and this transaction price of C\$6.15 per share.

Troy purchased its stake in Comaplex in January 2007 for A\$27 million (or approximately A\$3.53 per share) and thus this sale represents a gain of approximately A\$2.75 per share or 77%.

OPERATIONS

SANDSTONE – AUSTRALIA (Troy 100%)

Production Summary

	September 2008 Quarter	September 2007 Quarter
Tonnes Milled	146,673	119,997
Head Grade g/t	2.40	2.67
Recovery %	90.6	91.6
Gold Produced oz	10,271	9,436
Cash cost per oz	A\$627	A\$665

Health, Safety & Environment

There were two LTI's involving our haulage contractors recorded during the quarter. The first involved a road train accident resulting in bruising and dental injuries to the driver and the second incident caused a driver to wrench his shoulder joint while attempting to catch a runaway tyre rolling across the compound.

Further rehabilitation work will continue once all the mine ore stockpiles have been transported to the mill 'ROM' pad.

Mining

At the end of the quarter, 748,828 tonnes of ore at an average grade of 1.18 g/t gold was stockpiled at the mine and mill. It is planned to cease ore cartage in late 2008.

Processing

Improved cone crusher performance resulted in significantly better mill throughput and assisted in lifting the milled head grade and hence gold production by enabling a larger proportion of the higher grade scats ore to be blended into the feed. Quarterly gold output was 10,271oz from 146,673 tonnes of ore at a grade of 2.40g/t gold.



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Mill throughput and gold produced exceeded the budget by 26% and 34.7% respectively for the September quarter.

At this stage Sandstone is expected to cease operating in February 2009 and in spite of this, the workforce is stable and site morale is high. We continue to consider the options for Sandstone including; a review of the potential mining of mineral resources on the Sandstone leases that up until now were considered uneconomic but, which under the more attractive economic conditions generated by the weaker Australian dollar and lower oil prices, may now be economic. Other options include outright sale or putting the site on care and maintenance. A final decision on the future of the site is expected by the end of calendar 2008.

ANDORINHAS – BRAZIL (Troy 100% through Reinarda Mineração Ltda)
Production Summary

	September 2008 Quarter
Tonnes Milled	45,756
Head Grade g/t	5.46
Recovery %	87.9
Gold Produced oz	6,946
Cash Cost per oz	A\$804 US\$660

June 2008 Quarter *
28,397
4.51
86.5
3,565

* Note - production commenced in 2008 with the first gold poured on 13 March 2008. Therefore no September 2007 comparative.

Health, Safety & Environment

There were no lost time injuries during the quarter. The Safety Department has been strengthened by employment of an additional Technician for Underground Operations.

Environment

There were no reportable accidents or incidents involving the environment during this period. The site was visited twice by the Environmental Agency without problems.

Processing / Gold Production

A total of 45,756t of ore grading 5.46g/t gold was processed producing 6,946oz of gold at a recovery of 87.91%. Gold production was above budget due to higher head grade which offset slightly lower than expected recovery and throughput.

During the Quarter the processing plant was modified to increase crushing capacity by installation of a larger cone crusher to meet process demands. During the quarter some additional crushing was conducted by the mining contractor.

Open Pit Mining Lagoa Seca

A total of 125,057 bcm's were mined including 139,820t of ore at a grade of 3.28g/t gold. There were no safety or environmental issues to report for the quarter. The Strip Ratio was 1.5:1. The Lagoa Seca open pit is scheduled to be completed at the end of November. Extensional exploration work to define potential "open cut" resources is ongoing. Total ore stockpiles at the end of the quarter were 288,971t at 3.01g/t which is equivalent to more than one year's mill capacity.



PROJECT DEVELOPMENT

Underground Development at Mamão

During the quarter the mining of the first production level and stoping blocks for the Melechete Lode commenced. A number of pieces of underground equipment including a low profile drill-jumbo and assorted fans and electrical equipment were delivered to site during the quarter increasing development and production rates. The company has a sufficiently experienced work force in place to enable production to be increased when the M2 Lode is reached.

Iron Ore Development

The Company completed the NI 43-101 Reserve and Resource Report. Negotiations with potential customers about off-take contracts are on going. Discussions are concurrently underway with the Mines and the Environmental Departments for the licenses required to commence operations. Current planning assumes mining, processing and haulage will be undertaken by local contractors which minimises the capital requirement to commence production.

Community

The Company is engaged with the local community via the Reinarda Community support Committee with projects that include; the construction of a sports field and cultural area including an artificial lake. The company is also upgrading the major connecting gravel road between the Company's operation and the bitumen high way.

The Company generally receives strong support from the local Communities.

EXPLORATION - BRAZIL

REINARDA MINERAÇÃO LTDA - RML ANDORINHAS PROJECT – BRAZIL (Troy 100%)

Iron Ore Exploration

At **Abacaxi and Estrela**, exploration, sampling, screening and mine planning studies have been undertaken, together with a financial analysis, to enable the declaration of Mineral Resources and Mineral Reserves in accordance with the JORC Code (2004) and CIM Definition Standards (2005). The colluvial deposits consist of poorly sorted, compacted hematite fragments weathered from a primary BIF source.

Mineral Resource estimates are based on pit samples taken on an approximate grid spacing of 100m by 100m, and on thicknesses determined from pits and rotary air blast drill holes ("RAB") completed on a grid spacing of 100m by 100m.



The **Abacaxi Deposit** contains an **Indicated Mineral Resource estimate of 4.9Mt with an in situ grade of 50.7% Fe** using a 26% Fe cut-off grade. This Mineral Resource includes a **Probable Mineral Reserve of 2.12 Mt** at a washed and screened grade of **63.1% Fe**. For Andorinhas iron ore, the Mineral Reserve is predicated on the size of the material above 6.3mm with the size fraction of the material less than 6.3mm considered as an ore loss (See Table #1).

The **Estrela Deposit** includes an **Indicated Mineral Resource estimate of 1.6Mt with an in situ grade of 51.2% Fe** using a 32% Fe cut-off grade. This Mineral Resource includes a **Probable Mineral Reserve of 0.69 Mt** at a washed and screened grade of **64.9% Fe** (See Table #2).

Modifying factors were applied to the Mineral Resource in determining the Mineral Reserve. Due to the visual nature of the iron ore fragments in the colluvium and their absence in the saprolite basement, and the color change in the topsoil, no dilution is considered necessary by Snowden. For ore losses, a tonnage factor of 43.42% of material reporting to the >6.3 mm size fraction was applied. Upgrade multiplying factors were applied to the in situ Mineral Resource grades to determine the washed and screened grades (See Table #3 and Table #4). The tonnage loss and the increase in grades to the ore product are supported by testwork completed by Troy for 19 trench samples.

The development proposal will be considered by the Troy Board following final statutory approvals being granted. Troy intends to mine the colluvium iron deposits with traditional open pit mining methods. The ore will be crushed and screened on site into the desired product sizes and some or all of these will then be trucked to third party smelters in the vicinity of Marabá approximately 300km north of Andorinhas.

The iron ore deposits are located in close proximity to Troy's existing gold operations at Andorinhas. Most of the infrastructure required for the project is already in place and Troy expects that construction and commissioning will be fast-tracked with minimal capital requirements expected for the development.

During the exploration for colluvial iron ore at the **Abacaxi Zones**, outcropping hematite mineralisation was discovered and mapped. Diamond drilling has intersected hematite mineralisation with true widths up to 8m (See Figure #1 and Figure #2). The hematite mineralisation occurs within bands of altered Banded Iron Formation (BIFs) within the same sequence of metasediments (phyllites) and metabasalts that host the **Mamão Gold Deposit** and the **Babaçu Gold Prospect**. Significant iron assay intervals (See Table #5) reported include;

- **11.20m** grading **66.7% Fe over 3.50m** downhole;
- **8.70m** grading **57.8% Fe** from **2.0m** downhole;
- **5.25m** grading **59.7% Fe** from **2.2m** downhole;
- **4.35m** grading **54.4% Fe** from **2.00m** downhole;
- **3.05m** grading **60.3% Fe** from **1.70m** downhole;
- **1.49m** grading **66.4% Fe** from **4.60m** downhole;
- **0.70m** grading **69.2% Fe** from **10.30m** downhole.

The drill program targeted areas of outcropping and sub-cropping hematite rich BIFs and has confirmed the presence of at least two hematite areas at **Abacaxi West**. Additional detailed mapping, sampling and follow-up drilling will be required to delineate the extent of this mineralisation and assess the resource potential. There is also potential to expand the in-situ iron to the east and west and this will be the focus of future exploration.



At **Abacaxi West**, geological mapping outlined a number of large to massive boulders of hematite ore which occur in close proximity to the outcropping hematite rich BIFs. These boulders, as well as the in-situ hematite mineralisation, have not been included in the colluvial resource that is currently being calculated but will add to the tonnage potential.

The in-situ iron ore targets are located within the colluvial iron ore resource area and in close proximity of the existing Troy gold operations at Andorinhas.

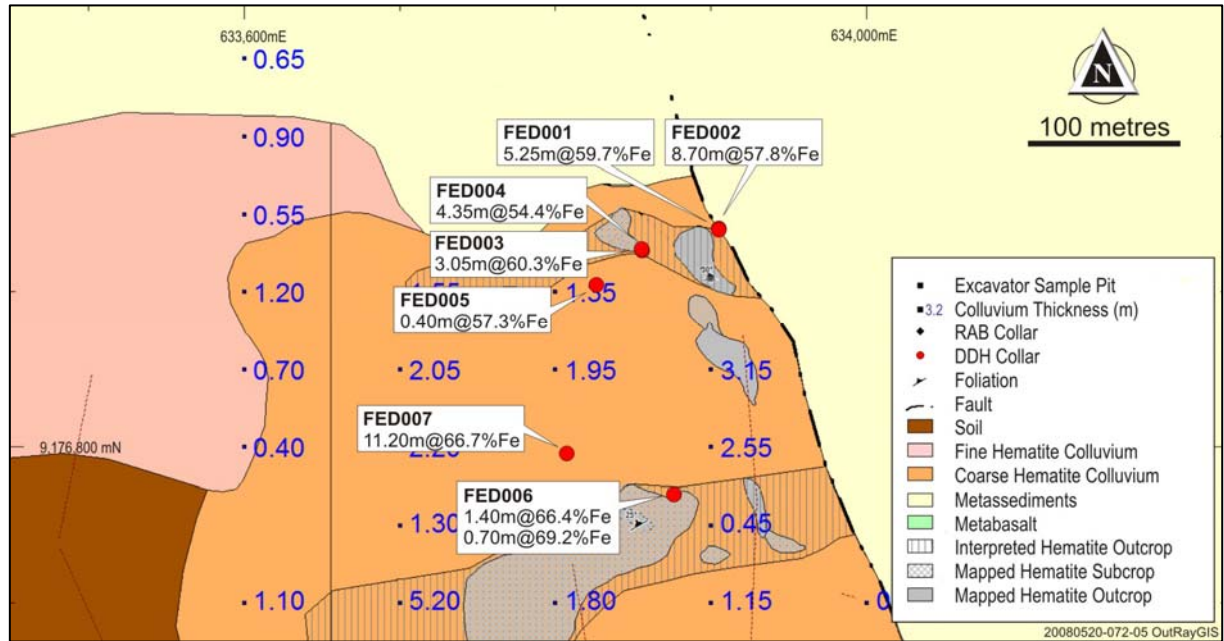


Figure #1: Abacaxi West Zone Drill Collar Location Plan

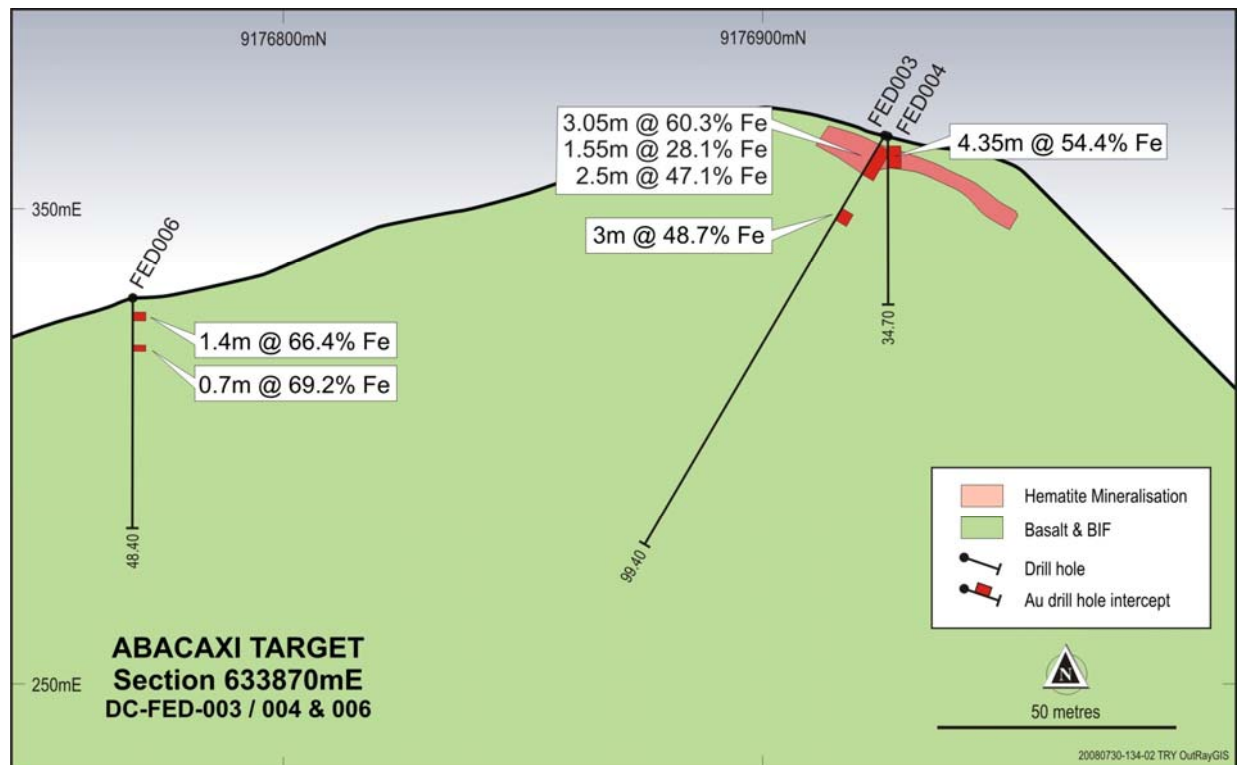


Figure #2: Diamond Core Hole FED003 / 004 / 006 Cross- Section



Regional Gold Exploration Program – Horizonte Minerals Tangará JV and Talon Rio Maria JV (Troy Earning 100%)

Most of the work completed during this reporting period was focused on the **Horizonte Tangará JV** Reverse Circulation (RC) drilling at the **Gerson #1 Prospect** produced several encouraging gold assays including; **1m at 25.58g/t** from **54m**; **24m at 2.45g/t Au** from **10m** and **1m at 58.91g/t Au** from **33m** (See Table #6).

Follow-up Diamond Core drilling at the **Gerson #1 Zone** consisted of 8 holes (613.6m) drilled to a maximum depth of 100m. The better gold assay intervals reported included; **1m at 20.11g/t** from **50m** and **5m at 2.25g/t** from **41m** where gold values are hosted within a sheared, silicified and brecciated metabasalt (See Table #7).

At the **Américo Target**, two weakly anomalous gold trends (**0.5g/t – 1.0g/t Au**) were identified by the recent Rotary Air Blast (RAB) and Reverse Circulation (RC) drill program. The two east-west striking, parallel zones extend over a strike lengths of up to 600m and range in width from 50m - 100m. The best individual gold assay received was **3m grading 3.77g/t** from **33m** downhole in a quartz vein zone within a sheared schist (See Table #8 and Figure #3).

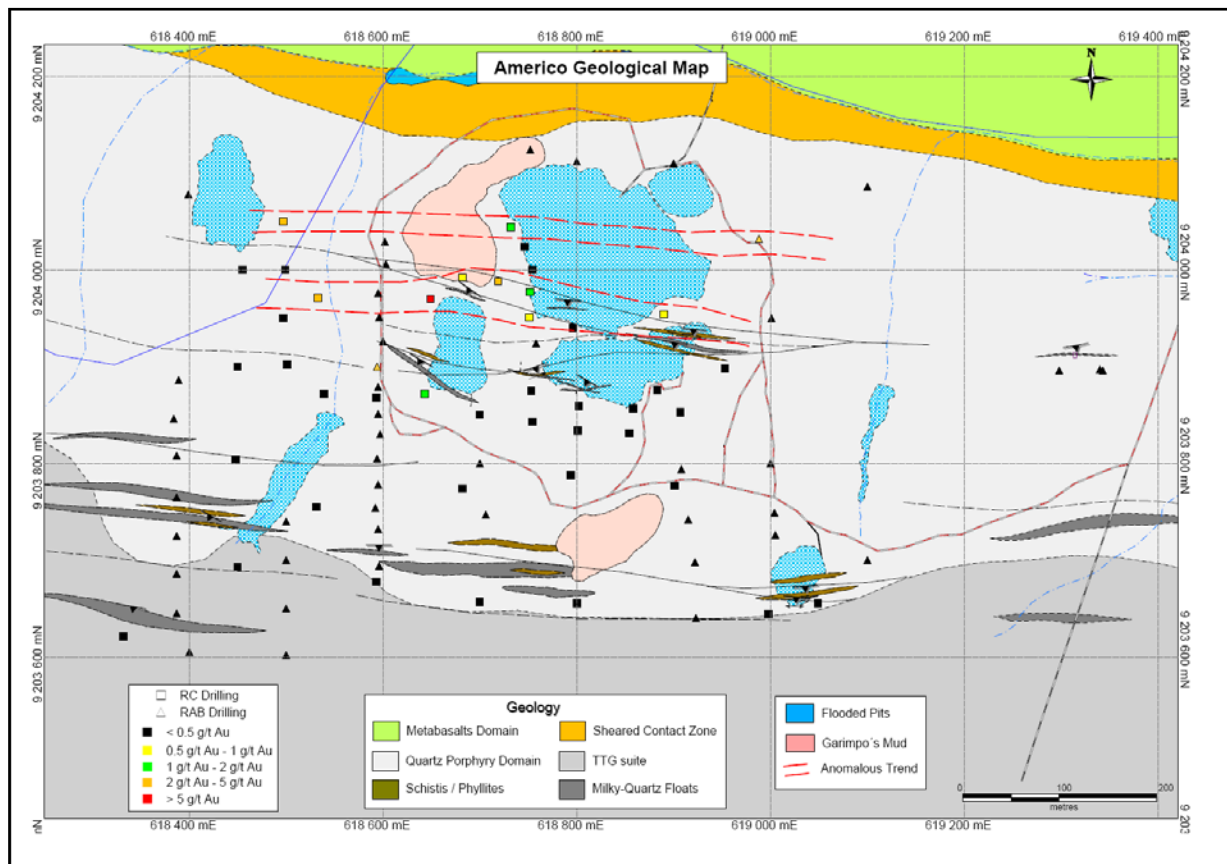


Figure #3: Américo Target Geology & Drill Collar Location Plan with Anomalous Gold Trends

Recently completed “first pass” RC drilling at the **Vermelho Target** produced a number of anomalous gold intercepts including **4m at 5.85g/t** from **36m**; and **9m at 5.64g/t** from **28m** (See Table #9 and Figure #4).

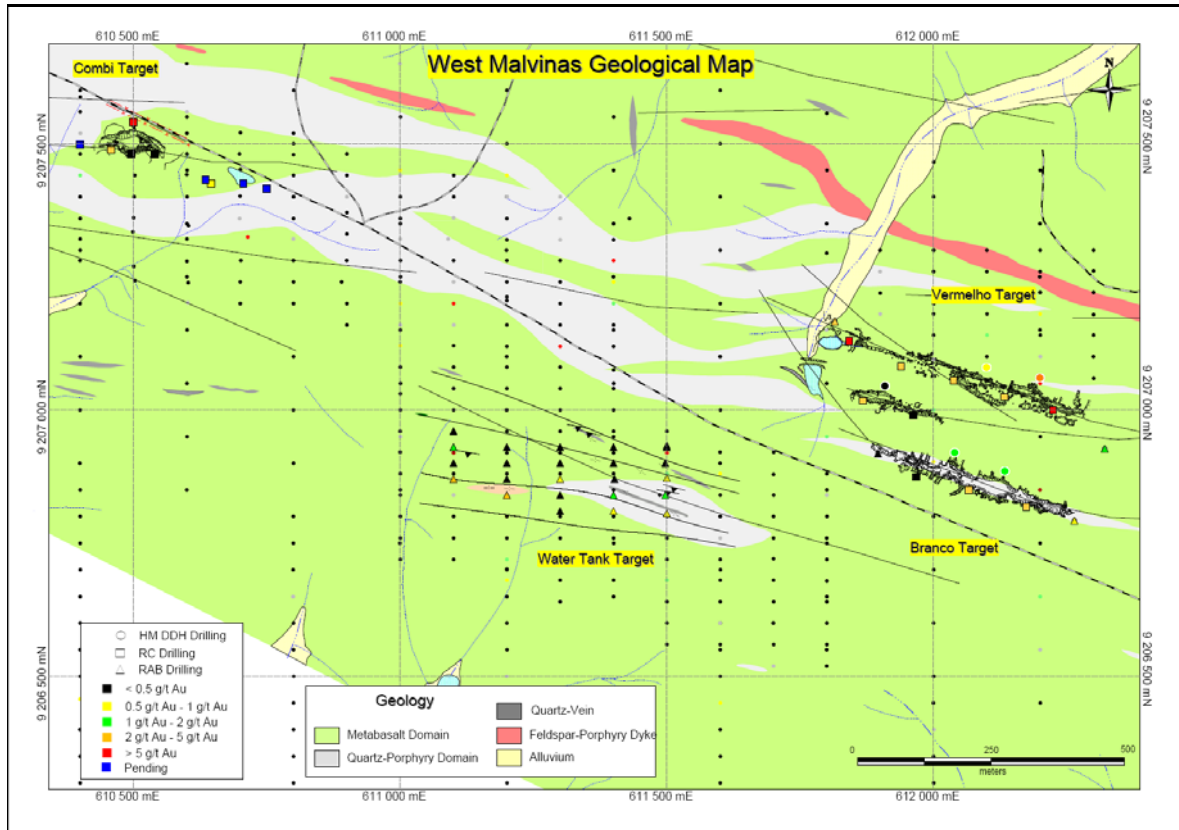


Figure #4: West Malvinas Trend Geology and RAB/RC Drill Collars

Preliminary gold assays from the initial RC drilling at the **Combi Target** intercepted a best gold value of **1m** at **12.02g/t** from **59m** (See Table 10). A significant number of the assays are pending.

On the **Talon JV** tenements RC drilling commenced on the **Rufino Target**. The first five holes intersected zones of strong hydrothermal alteration with sulphides and magnetite (see Figure #5). Assays are pending.

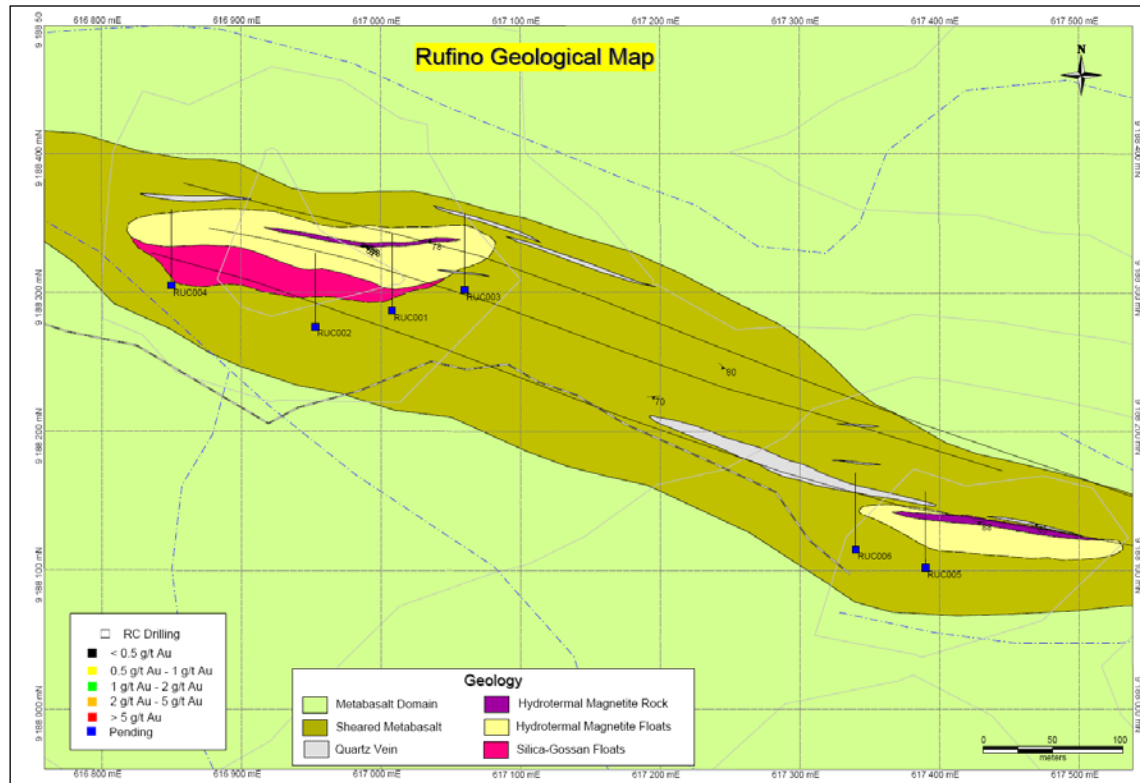


Figure #5: Rufino Target Geology and Drill Collars

EXPLORATION - AUSTRALIA

WA – Sandstone Exploration Program

An Information Memorandum for the **Sandstone Project** was completed during the month. The document outlines exploration potential, advanced resource targets, drilled targets at the near resource stage and the potential for deep gold orebodies as well as providing details of plant and previous mining operations. Marketing is ongoing.



EXPLORATION - MONGOLIA

Dornogovi Coal JV Project (Troy 100%)

An Information Memorandum was completed and marketing commenced in August.

Gutain Davaa Gold JV Project (Troy 80%)

At Gutain Davaa, a limited summer exploration program was completed and consisted of prospecting, geological mapping, trenching, rock sampling and soil sampling. In addition, detailed ground magnetics coverage was expanded and a two stage Induced Polarization geophysical survey was completed.

At the **Toordogiin Shil "TS" Prospect** a total of 1,309 soil samples were collected on a 25m x 25m grid. A limited surface trenching program, detailed (1:1,000 scale) structural and lithological mapping was completed and 10 rockchip grab samples were collected resulting in the following significant gold assays; **17.37g/t** to **89.57g/t**. A total of 7.7km of Gradient Array Induced Polarization (IP) geophysical survey was completed followed by 5.5km of Dipole-Dipole IP profile lines. The geological interpretation and modelling of the IP data supports the existing geological model for the **TS Central Zone** consisting of a series of overlapping northwest plunging shoots that was detailed by the IP data as overlapping high and low resistivity values.

During the summer program, prospecting of the next ridge west of the **TS Zone** led to the discovery of **Toordogiin Hyar (TH) Prospect** where 250 soil samples were collected; of which 36 samples returned gold grades over **20ppb** with a peak value of **171ppb**.

Toordogiin Shil North Prospect (TSN): 86 soil samples were collected; 4 samples returned gold grades over **140ppb** including a peak value of **6.46g/t**. The soil anomaly extends about 200m from east-southeast to west-northwest and is open to the northeast. A total of 1.8km of Dipole-Dipole IP survey was completed over the **TSN Prospect**. Drilling at **Gutain Davaa** is scheduled for mid 2009.

Mongolian Project Generation/Project Review

The University of Western Australia Centre for Exploration Targeting (UWA-CET) delivered preliminary country scale prospectivity maps using the Weights of Evidence technique utilizing a variety of input layers. A fuzzy logic approach will be undertaken to choose the input layers and their relative importance on a subjective basis. CET is in the process of finalizing the input layers and the associated values to input in to such fuzzy logic models for orogenic gold targeting. CET also worked on the relevant input layers for targeting epithermal and porphyry gold deposits. The main regional scale compilation work focussed on the relationship between anomalous gold, arsenic, antimony and mercury geochemistry and the distribution and density significant regional faults.



FINANCIAL REPORT

CASH POSITION

As at 30 September 2008, Troy within Australia held \$58.6M in cash and bank deposits with major Australian banks and 1,534 ounces of gold awaiting sale (\$1.5M at A\$988 per ounce). This equates to a total of approximately \$60.1 million of liquid assets.

Troy's wholly owned Brazilian and European subsidiaries held cash deposits of \$0.5M. At quarter end, Sertão Mineração Ltda ("SML"), Troy's 70% owned Brazilian subsidiary, had the equivalent of \$0.6M in cash (Troy's share). Reinarda Mineração Ltda ("RML") held 500 ounces of gold awaiting sale (\$0.5M at A\$988 per ounce).

The Troy group equity share of cash and other liquid assets is approximately \$61.7 million as at 30 September 2008. Troy also holds investments in listed securities with market values totalling \$1.9 million as at 30 September 2008.

GOLD SALES

Gold sales from the Sandstone operation for the quarter were 9,565 ounces at an average price of A\$968 per ounce. The average Cash Cost was A\$627 per ounce which gives a Cash Margin of \$341 per ounce for the quarter.

During the quarter, RML sold 6,800 ounces, of gold at an average price of US\$874 (A\$1,107) per ounce. The average Cash Cost was US\$660 per ounce, which gives a Cash Margin of US\$214 per ounce for the quarter.

HEDGING

The Company is totally unhedged, and debt free.

EXPLORATION EXPENDITURE

During the quarter, exploration expenditure incurred was \$523,000 in Australia, \$95,000 in Mongolia and \$1,757,000 in Brazil. Troy's total exploration expenditure for the quarter was therefore \$2,375,000.

CAPITAL EXPENDITURE

Capital and development expenditure during the quarter was \$2.3 million which was predominantly on the Andorinhas Project in Brazil.



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FURTHER INFORMATION

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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

This Quarterly Report is available on Troy's Website: www.try.com.au

**Table #1: Andorinhas Abacaxi and Estrela Prospects Mineral Resources
(inclusive of Mineral Reserve)**

Classification	Deposit	Tonnes	Fe%	Al ₂ O ₃ %	SiO ₂ %	P%	LOI
Indicated	Abacaxi	4,900,000	50.7	8.5	7.7	0.065	4.1
	Estrela	1,595,000	51.2	6.0	8.1	0.040	2.8
	Total	6,495,000	50.8	7.9	7.8	0.06	3.8

Table 2: Andorinhas Abacaxi and Estrela Prospects Mineral Reserves

Classification	Deposit	Tonnes	Fe%	Al ₂ O ₃ %	SiO ₂ %	P%	LOI
Probable	Abacaxi	2,120,000	63.1	4.7	2.7	0.048	1.4
	Estrela	690,000	64.9	1.9	4.8	0.023	1.0
	Total	2,810,000	63.6	3.9	3.2	0.042	1.3

The Mineral Reserve for Abacaxi and Estrela is reported at cut-off grades of 31% Fe for Abacaxi and 39% Fe for Estrela and these represent the lowest reserve grades in the model.

Notes to the Tables

Table #1 (Mineral Resources):

The Andorinhas Iron Ore deposit is a colluvial deposit consisting of poorly sorted, compacted hematite fragments weathered from a primary Banded Iron Formation (BIF) source. The colluvium layer varies in depth from surface to 6m with an average depth below surface of 1.6m. Troy's News Release of August 4th 2008 reported Fe intersections from diamond core drilling of the in-situ BIF of up to 69.2 % Fe.

The Mineral Resource estimate is based on pit samples taken on an approximate grid spacing of 100m by 100m, and on thicknesses determined from pits and rotary air blast drill holes (RAB) completed on a grid spacing of 100m by 50m. The RAB drill holes identified the base of colluvium but were not sampled due to concerns with the representivity of colluvial samples derived by that method of drilling.

- A total of 233 pits were excavated into the colluvium to expose the entire colluvium profile.
- A channel sample was taken down the side of each pit. Then average weight of each sample was 47kg.
- The samples were split into three size fractions 6.3mm-15mm, 0.125mm-6.3mm and <0.125mm. The boulders larger than 15mm were unable to be representatively sampled and, from observation, consist of BIF. The distribution and sizing of BIF scree boulders is not well known and are expected to be mined and processed along with the other size fractions.



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- The channel samples were processed as follows: The samples were dried in an oven for 24 hours then were sieved into three size fractions, >6.3mm, 0.125mm-6.3mm and <0.125mm. Each of the size fractions was jaw crushed to < 2mm (where applicable) and a 500g sub sample taken. The 500g sub sample was pulverised to >125microns and a 125g sub sample was taken from this for assay at the SGS Belo Horizonte lab.
- Multi-element analyses were done using 0.25-0.50 g material. Samples were digested in a combination of HCl, HNO₃, HClO₄ and HF and taken to dryness. They were then brought up in aqua regia and the sample redissolved. The samples was then cooled and bulked to volume in volumetrically calibrated test tubes or flasks in the case of higher concentration samples and homogenized. Samples were analysed by atomic absorption spectrometry (AAS). Sample preparation was done at SGS Parauapebas, Para State, Brazil and the analysis was done at SGS Belo Horizonte, Minas Gerais State, Brazil.
- The Mineral Resource was estimated by industry standard methods. Geological wireframe models of the interpreted extents of the sampled colluvium were used to determine the volume of mineralised material. Grades were estimated using inverse distance squared grade interpolation.
- The Mineral Resource is estimated from the weighted average of the combined three size fractions and thus is an estimate of the grade of the colluvium excluding the oversize BIF boulders.
- Bulk average densities (dry basis) of 2.92 and 2.91 t/m³ were applied to the volume models of Abacaxi and Estrela, respectively. A total of 22 samples of several colluvium types were taken for bulk density measurements. The density measurements range from 1.77 t/m³ to 4.17 t/m³, and do not include determinations for the oversize BIF boulders.
- The Mineral Resource is classified as Indicated with respect to JORC Code (2004) and CIM (2005) guidelines to reflect the uncertainty in bulk densities. Troy intends to undertake bulk sampling and further testing to confirm the bulk densities.
- Mineral Resources are reported within a natural geological boundary and have an effective cut-off of 26% Fe for Abacaxi and 32% Fe for Estrela. These represent the lowest Fe grade pits sampled in each of the resource domains.

Table #2 (Mineral Reserves)

- Troy intends that the mining method will be by truck and excavator supported by dozers and that a saleable product can be prepared by crushing, washing and screening. It is intended that there will be no selective mining and that all colluvial material will be processed through the proposed plant.
- A further 19 pits were excavated to obtain bulk samples for pilot processing plant testwork. These samples were collected and assayed as above but were washed and scrubbed before assay to reflect the intended processing route. This removed any contaminating soil, detritus and weathered basement sediments that occur directly beneath the colluvium. These samples were prepared and assayed by Nomos Laboratories in Rio de Janeiro.
- Based on the results from the 19 test pits, processing and recovery modifying factors were applied to the Mineral Resource to estimate the Mineral Reserve (refer to table 3 and 4).
- The Mineral Reserve represents the 6.3mm – 15mm or lump fraction only. Mineralisation less than 6.3mm in size is not included in the Mineral Reserve estimates. Mineralisation present as oversize BIF boulders is not reflected in the Mineral Reserve estimates. Accordingly a Probable Reserve category is declared to reflect this uncertainty.
- Modifying factors applied to the Mineral Resource were:
 - Tonnage: 43.42% of the Mineral Resource reports to the +6.3mm size fraction
 - Fe grade: washed and scrubbed lump ore has a 1.097 factor applied compared to unwashed lump material
 - Al₂O₃ grade: washed and scrubbed lump ore has a 0.5435 factor applied compared to unwashed lump material
 - SiO₂ grade: washed and scrubbed lump ore has a 0.5008 factor applied compared to unwashed lump material
 - P grade: washed and scrubbed lump ore has a 0.7471 factor applied compared to unwashed lump material
 - LOI: washed and scrubbed lump ore has a 0.5456 factor applied compared to unwashed lump material
 - Mineral Reserves are reported to an effective cut-off of 31% Fe for Abacaxi and 39% Fe for Estrela. These grades are equivalent to the lowest grade washed lump samples taken from each domain.



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Table #3

ABACAXI MODIFYING FACTORS		
unwashed	factor	washed
lump Fe % 57.6	1.10	63.1
lump silica % 5.4	0.50	2.7
lump alumina % 8.6	0.54	4.7
lump P % 0.064	0.75	0.048
lump LOI 2.6	0.55	1.4

Table# 4

ESTRELA MODIFYING FACTORS		
unwashed	factor	washed
lump Fe % 59.1	1.10	64.9
lump silica % 9.6	0.50	4.8
lump alumina % 3.5	0.54	1.9
lump P % 0.030	0.75	0.023
lump LOI 1.8	0.55	1.0

Information relating to exploration, sampling and analytical results, and information relating to the Mineral Resources and Mineral Reserve estimates in this report was prepared under the supervision of Peter J Doyle, a full-time employee and 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 consents to the inclusion in the report of the exploration, sampling, analytical, the Mineral Resource and Mineral Reserve matters based on his information in the form and context in which it appears.

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 minerals, 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.

For purposes of Clause 3.4(e) in Canadian Instrument 43-101, the company warrants that Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability.



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Table #5: Andorinhas Project									
Abacaxi Prospect Diamond Core Drilling Significant Iron Ore Assays									
Hole_ID	East (m)	North (m)	Azimuth	Dip	Depth (m)	From (m)	To (m)	Length (m)(*)	Iron (% Fe)
FED001	633905.92	9176938.92	N180°E	-60°	91.70	2.20	7.45	5.25	59.7
						7.45	8.35	0.90	49.3
						11.10	15.30	4.20	48.5
FED002	633905.91	9176939.75	N000°E	-90°	41.05	2.00	10.70	8.70	57.8
						15.90	18.65	2.75	55.1
FED003	633856.52	9176925.51	N180°E	-60°	99.40	1.70	4.75	3.05	60.3
						4.75	6.30	1.55	28.1
						6.30	8.80	2.50	47.1
						17.30	20.30	3.00	48.7
FED004	633856.22	9176926.50	N000°E	-90°	34.70	2.00	6.35	4.35	54.4
FED005	633827.08	9176903.33	N180°E	-60°	96.50	6.30	6.70	0.40	57.3
FED006	633877.04	9176768.21	N000°E	-90°	48.40	3.20	4.60	1.40	66.4
						10.3	11.00	0.70	69.2
FED007	633808.01	9176794.29	N000°E	-90°	50.30	3.50	14.70	11.20	66.7
Including						3.50	8.70	5.20	66.6
and						8.70	11.80	3.10	66.9
and						11.80	14.70	2.90	66.6

(*)The column length represents downhole widths

Core samples were cut with a diamond saw and then half cores were dispatched for assay.

Analytical Laboratory: SGS Geosol Laboratories - Rodovia MG 010, KM 24,5 - Bairro Angicos Vespasiano/MG - CEP 33200-000. Belo Horizonte MG Brazil

Analytical Techniques: M4-XRF: Fe, by fusion XRF Technique

Table #6: Horizonte Minerals JV Tangará Project									
Malvinas Trend – Gerson Area Targets RC and RAB Drilling Significant Gold Assays									
Hole ID	East (m)	North (m)	Azimuth	Dip	Depth (m)	From (m)	to (m)	Length (m) (*)	Gold (g/t)
GEC028	614025	9206645	N360°E	-60°	66.00	54.00	55.00	1.00	25.58
GEC031	614125	9206660	N360°E	-60°	68.00	10.00	34.00	24.00	2.45
						40.00	46.00	6.00	2.49
GEC034	614200	9206665	N360°E	-60°	78.00	33.00	34.00	1.00	58.91
						55.00	56.00	1.00	3.78
GEC038	613200	9206705	N360°E	-60°	70.00	32.00	34.00	2.00	4.09
GER045	613450	9206760	N360°E	-60°	66.00	55.00	57.00	2.00	2.38

(*)The column length represents downhole widths

GEC are Reverse Circulation (RC) holes and GER are Rotary Air Blas (RAB) holes.

Drill holes numbered GEC028 to GEC035 are of Gerson #1.

Drill hole GEC038 is of PA150 Target, GER041 is of West Gerson #1 and GER045 is of Gerson North Target.



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Table #7: Horizonte Minerals JV Tangará Project Malvinas Trend – Gerson #1 Target Diamond Core Drilling Significant Gold Assays									
Hole ID	East (m)	North (m)	Azimuth	Dip	Depth (m)	From (m)	To (m)	Length (m)(*)	Gold (g/t) Au
GDD002	614112	9206660	N360°E	-60°	70.40	7.00	12.00	5.00	1.66
						18.00	30.00	12.00	1.79
						36.00	44.00	8.00	1.41
GDD003	614161	9206666	N360°E	-60°	79.75	50.00	51.00	1.00	20.11
GDD004	614125	9206651	N360°E	-60°	99.10	41.00	46.00	5.00	2.25
GDD005	614065	9206660	N360°E	-60°	64.60	8.00	11.00	3.00	1.31
GDD006B	614031	9206636	N360°E	-60°	99.60	52.48	53.12	0.64	3.76

(*)The column length represents downhole widths

Table #8: Horizonte Minerals JV Tangará Project Malvinas Trend - Américo Target RC and RAB Drilling Significant Assays									
Hole_ID	East (m)	North (m)	Azimuth	Dip	Depth (m)	From (m)	To (m)	Length* (m)	Gold (g/t Au)
ARB002	618988	9204032	N360°E	-70°	34.00	7.00	8.00	1.00	4.25
ABR003	618594	9203900	N360°E	-70°	50.00	29.00	30.00	1.00	4.98
ARC021	618649	9203970	N360°E	-70°	37.00	5.00	6.00	1.00	19.06
ARC027	618533	9203971	N360°E	-70°	64.00	16.00	18.00	2.00	2.70
						56.00	57.00	1.00	3.68
ARC032	618719	9203988	N360°E	-70°	54.00	7.00	8.00	1.00	3.30
ARC039	618497	9204050	N360°E	-70°	59.00	33.00	36.00	3.00	3.77

Note: (*) The column length represents downhole widths



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**Table #9: Horizonte Minerals JV Tangará Project
 Malvinas Trend - Vermelho Target RC and RAB Drilling Significant Gold Assays**

Hole_ID	East (m)	North (m)	Azimuth	Dip	Depth (m)	From (m)	To (m)	Length(*) (m)	Gold (g/t Au)
VEC003	611842	9207129	N020°E	-60°	68.00	3.00	4.00	1.00	3.23
						36.00	40.00	4.00	5.85
VEC005	612038	9207055	N020°E	-60°	60.00	47.00	59.00	12.00	1.16
VEC006	612133	9207024	N020°E	-60°	70.00	46.00	56.00	10.00	1.43
VEC007	612224	9207000	N020°E	-60°	58.00	0.00	7.00	7.00	1.01
						28.00	37.00	9.00	5.64
						48.00	52.00	4.00	3.12
VER002	611815	9207166	N200°E	-60°	60.00	0.00	14.00	14.00	1.10

Note: (*) The column length represents downhole widths

**Table #10: Tangará Project
 Malvinas Trend – RC and RAB Drilling Combi Target Significant Gold Assays**

Hole_ID	East (m)	North (m)	Azimuth	Dip	Depth (m)	From (m)	To (m)	Length(*) (m)	Gold (g/t Au)
COC004	610500	9207540	N360°E	-60°	72.00	59.00	60.00	1.00	12.02
						60.00	61.00	1.00	2.50

Note: (*) The column length represents downhole widths