



TROY RESOURCES LIMITED

QUARTERLY REPORT

FOR THE THREE MONTHS ENDED 30 JUNE 2020

30 July 2020

HIGHLIGHTS

- Exploration at the **Smarts Prospect** produced spectacular results in drill hole SDD183 including:
 - **32 m @ 4.29 g/t Au from 168 m including 9 m @ 5.50 g/t Au from 172 m and 8 m @ 8.33 g/t Au from 190 m**
 - **11 m @ 12.36 g/t Au from 251 m including 3 m @ 29.43 g/t Au from 251 m**
 - **8 m @ 15.50 g/t Au from 290 m including 3 m @ 39.07 g/t Au from 290 m**
- Exploration at the **Goldstar Prospect** achieved good results including:
 - In GRC183, **17 m @ 2.21 g/t Au from 3 m including 4 m @ 6.18 g/t Au from 5 m**
 - In GRC179, **6 m @ 10.00 g/t Au from 66 m including 3 m @ 19.58 g/t Au from 66 m**
- Gold production for the June 2020 quarter was **7,235 ounces**
- Mining operations at Karouni continue to focus on ore supply from both Hicks 4 and Larken
- Exploration drilling continuing at Smarts, Goldstar and Gem Creek
- Sales revenue for the quarter was US\$14.9 million from the sale of **8,656 ounces** of gold
- At the end of the June Quarter, cash and equivalents (including gold inventories) totalled **AUD\$8.7 million**



OPERATIONS

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

Results Summary

A summary of key operational parameters at Karouni for the June Quarter is set out in Table 1.

Operations	September 2019 Quarter	December 2019 Quarter ⁽³⁾	March 2020 Quarter	June 2020 Quarter
Open Pit Mining				
Total Mined (t)	1,514,289	241,160	2,299,511	2,606,733
Ore Mined (t)	90,066	8,777	117,827	154,861
Mine Grade (g/t)	1.98	2.23	2.15	1.49
Mill Production				
Processed (t)	206,942	26,313	128,977	205,550
Head Grade Gold (g/t)	1.60	0.85	1.38	1.14
Recovery Gold (%)	95.2	95.4	95.7	96.0
Gold Produced (oz) ⁽¹⁾	10,042	683	5,620	7,235
Gold Sold (oz)	8,783	3,575	2,712	8,656
Cash Cost (US\$/oz)	742		1,508	1,590
AISC (US\$/oz) ⁽²⁾	1,374		1,744	1,938
Gold Price Realised (US\$/oz)	1,465	1,494	1,572	1,728

(1) The preliminary figures announced 2020 were based upon unreconciled numbers.

(2) All-in Sustaining-Costs disclosed for the March quarter are based upon February and March production figures.

(3) The mine was shut down for the majority of the December Quarter.

Table 1 - Quarterly Production and Costs Summary

During the June Quarter, 2,606,733 tonnes of material were mined with 154,861 tonnes of ore at an average mined grade of 1.49 g/t Au. Total mining volumes were sourced primarily from the Hicks 4 Pit as most ore mining activity was focused on this pit. Small volumes were also mined at the Larken and Ohio Creek Prospects.

Material movement during the wet season provided the usual challenges. Whereas Troy has generally been able to adapt to the challenges over the years, the main mining contractor handling the pre-strip of Hicks 4 experienced poor results in terms of machinery availability, negatively impacting mine production.

As the wet season passes, it is anticipated that mine production will improve in the September quarter, as has been the case in previous years.

The process plant treated 205,550 tonnes of ore during the Quarter at a head grade of 1.14 g/t Au.

As a result of less ore tonnes mined, the plant processed a higher proportion of low grade stockpiles than planned - around 20% of the mill feed. This adversely impacted the head grade of the mill.

The processing plant, whilst also adversely affected by the impact of wet weather on the saprolitic material, continues to operate as planned.



Milled tonnes were made up of the Hicks 4 ore (133,000 tonnes) and was supplemented with feed from Larken (18,000 tonnes) and a small grade control test volume from Ohio Creek as part of the exploration and evaluation process, with mineralised waste making up the remainder of the feed.

As at 30 June 2020, stockpiles of ROM and crushed ore encompassed 9,164 tonnes at an average grade of 1.47 g/t Au for 433 ounces.

Gold recovery for the quarter was 96.0%.

During the quarter, the Company's C1 operating costs were US\$1,590/oz. All-in-Sustaining-Costs for the June 2020 Quarter were US\$1,938/oz. The comparatively high production cost for the March and June Quarters is directly related to the phase of mining in Hicks 4 being predominately waste stripping and hence lower ounces. It is expected that, once the full production phase of mining in Hicks 4 commences and other pits are included in the mine schedule, production ounces will improve this metric.

Gold produced for the quarter was 7,235 ounces. Gold sold for the quarter was 8,656 ounces for total sales revenue of US\$14.9 million.

A more detailed breakdown of costs is set out in Table 2.

	September 2019 Quarter US\$/oz	December 2019 Quarter US\$/oz	March 2020 Quarter ⁽¹⁾ US\$/oz	June 2020 Quarter US\$/oz
Mining	448	-	623	929
Processing	460	-	655	456
Mine & General Administration	171	-	276	212
Mineral Inventory Movements	56	-	(46)	(7)
Stripping Movements Adjustments *	(393)	-	-	-
C1 Cash Cost	742	-	1,508	1,590
Refining and Transport Costs	8	-	5	9
Royalties	123	-	72	202
Insurance	20	-	48	37
Corporate General and Administration Costs	37	-	48	37
Mine Capital Development *	393	-	-	-
Capital - Sustaining	51	-	63	63
All-In Sustaining Cost (AISC)	1,374	-	1,744	1,938

Table 2 - Quarterly Cash Costs

* Costs of Smarts 3 Pit cutback which are excluded from C1 costs

(1) March Quarter consists of February and March figures only



AISC have not been reported for the December 2019 Quarter as the mine and mill were closed for the majority of that period.

Health and Safety

The Total Recordable Injury Frequency Rate (TRIFR) was 3.6 at the end of the quarter, down from 5.5 in the previous quarter. The LTIFR is at 5.0 down from 5.1 as compared to the previous quarter. There were two (2) Lost Time accidents among our Contractors during the quarter, one involved a hand injury whilst removing a bucket pin and a shoulder dislocation from a trip and fall in the pit.

TRIFR and LTIFR For 2020

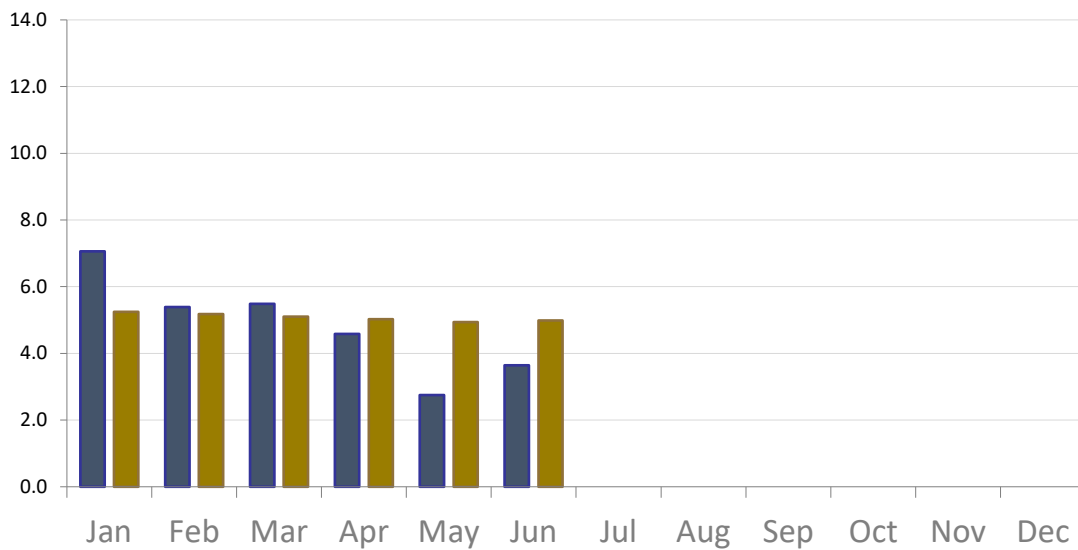


Table 3: TRIFR and LTIFR for 2020

Environment

During the Quarter, there were no environmental incidents that required reporting in accordance with Guyana Environmental Protection Agency (EPA) guidelines.

Routine water and noise sampling did not show any significant anomalies during the reporting period.

Stream flow and multi gas meters were procured during the Quarter to monitor the air quality and flow measurement in accordance with our Environmental Permit.

TRGI First quarter Environmental Report was submitted to EPA during the reporting period.

As part of EPA requirements, 217 employees and contractors underwent Risk and Environmental refresher training program during the quarter.

The Remediation Action Plan (RAP) for the diesel contaminated soil from March’s fuel farm incident was submitted to the EPA. TRGI is awaiting a response. The contaminated soil is being temporarily held and monitored in a lined and secured pit, pending final approval of the RAP and subsequent execution of it.



Community

The Company's relationship with the local communities remains very strong. As at the end of the quarter, the Company employed around 46 Amerindians on site, representing approximately 15% of the total work force.

Coronavirus

To date, operations at Karouni have not been affected by the virus, whether from a health perspective or any secondary effects such as shortages of supplies.

Guyana has implemented border controls restricting persons entering the country by air, land and sea. Other measures include a countrywide lockdown with only essential businesses and services allowed to operate on a 24-hour basis and a curfew from 6 pm to 6 am is in place. These restrictions have recently started to be lifted in a phased approach. The international airport continues to be heavily restricted in terms of passenger aircraft operations. It has been proposed that limited International flights will commence in August, however this schedule is subject to changing circumstances.

Guyana has recorded 370 cases of the virus and 20 deaths, as per the World Health Organisation situation report of 28 July 2020.

Troy has taken active steps to minimise the potential of any infections at its Guyana operations and continues to monitor the situation on an ongoing basis to ensure the safety and wellbeing of all employees and their families.

EXPLORATION

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

Overview

Despite the Covid-19 pandemic, considerable exploration took place during the Quarter.

A key focus was resource definition diamond drilling at the highly prospective Smarts Underground (UG) Prospect which commenced in early May, delayed due to Covid-19. Drilling took place from the upper level along the wide access ramp into Smarts Stage 3 pit. Due to heavy rains some of the planned pad locations inside the pit were not accessible and some of the drilling was re-designed.

In addition, reverse circulation drilling took place continuously through the Quarter at both the highly prospective Goldstar and Gem Creek Prospects, as well as at the near mine Smarts NW Prospect.

The first phase of the drilling program was completed successfully with all prospective lithologies intersected in the drilling.

The Company's planned field mapping and stream sediment sampling campaign had to be postponed due to the lack of availability of supervision and crews during the Covid-19 lockdown. Work on access into some of the very remote areas has continued, whenever crews and transportation are available. The sampling and mapping program is planned to be completed in the next quarter.



A review of prospective areas surrounding the Troy landholding was completed during the Quarter and recommendations by Exploration to the Board have been made. As a result of the effort in communicating with the respective owners, three new tenements have been added to the Troy landholding over highly prospective ground.

It was interpreted that the major regional scale Makaba-Kuribrong structure runs along these areas. The structure is recognized from French Guiana over Suriname into Venezuela and interpreted to play an important role in the forming of gold deposits in the Guiana Shield.

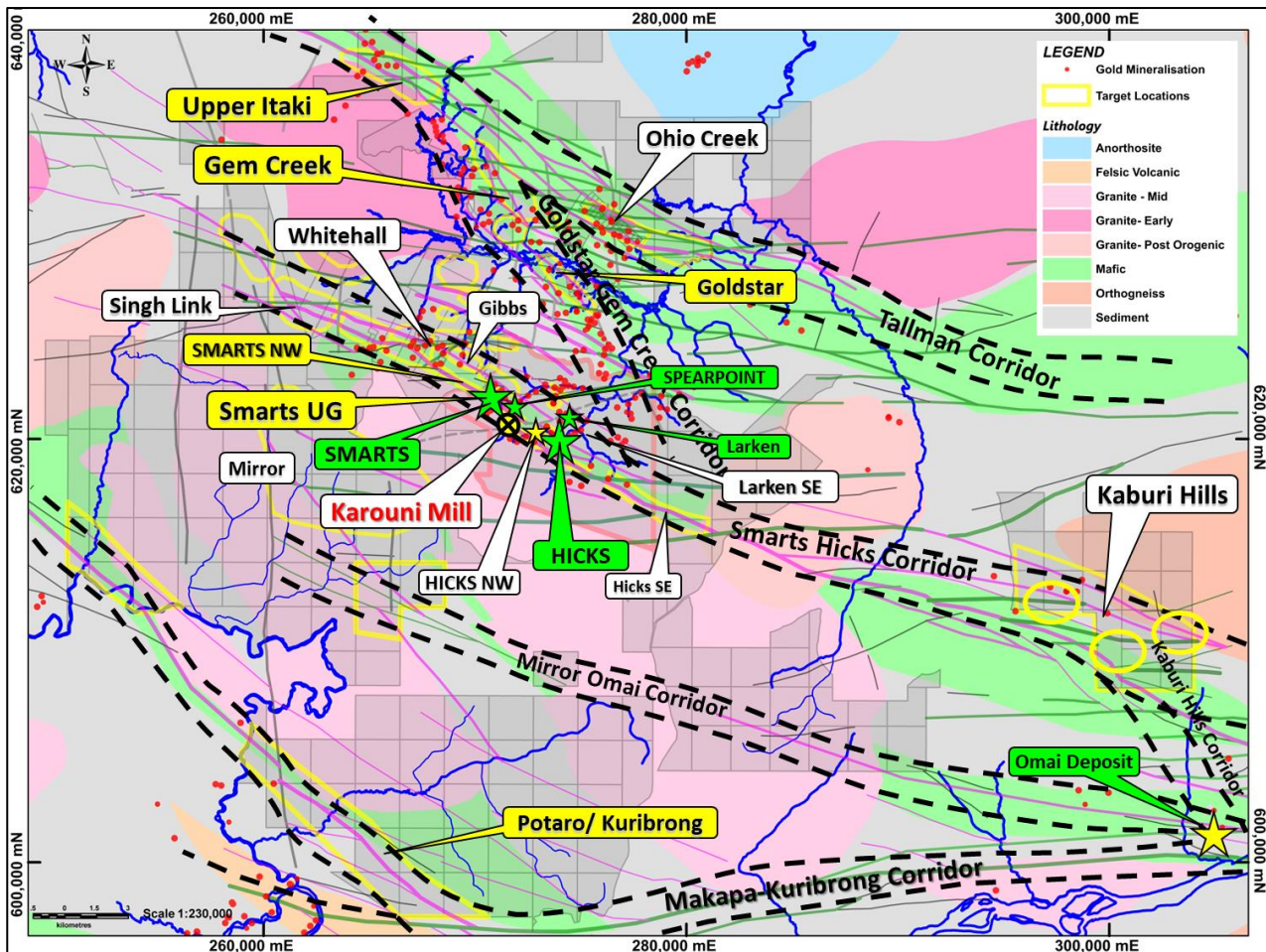


Figure 1 – Overview Karouni targets (activities during Q4 2019/20 yellow highlighted)

Smarts Underground (UG) Project Resource Definition Diamond drilling

The Smarts Deeps resource contains 3,000,000 tonnes at 3.0g/t gold for 287,600 ounces with the current drilling targeting an area of 300m strike length and 300m vertical extent within this resource.

The current resource is drilled to approximately 50m spacing between holes with a NE or SW drill orientation which, in the case of known N-S vein mineralisation, is sub-ideal.

An evaluation and review of the Smarts UG exploration potential was completed and the decision made to progress with additional resource definition drilling.



The drilling campaign, which commenced mid-May with, was designed to diamond drill test from the ramp into Smarts 3 pit drilling towards ESE (Az ~120deg) with different dips to as much as possible test the N-S veins perpendicular.

The drilling was planned to encompass eight diamond holes for an aggregate 3,000m. Additionally, three geotechnical holes have been planned for an aggregate 250m.

At Quarter's end, five holes for 1,820m having been completed.

The drilling intersected expected lithologies with considerable quartz veining and several shears. Often the quartz veining showing visible gold.

Prior to Quarters end, results from only one hole had been received, interpreted and reported. In fact, the results from this hole – SDD183 are spectacular.

Intersections include:

- **32 m @ 4.29 g/t Au from 168 m including:**
 - **9 m @ 5.50 g/t Au from 172 m and**
 - **8 m @ 8.33 g/t Au from 190 m**
- **11 m @ 12.36 g/t Au from 251 m including 3 m @ 29.43 g/t Au from 251 m**
- **8 m @ 15.50 g/t Au from 290 m including 3 m @ 39.07 g/t Au from 290 m**

A photo of core from SDD183 is set out as follow:

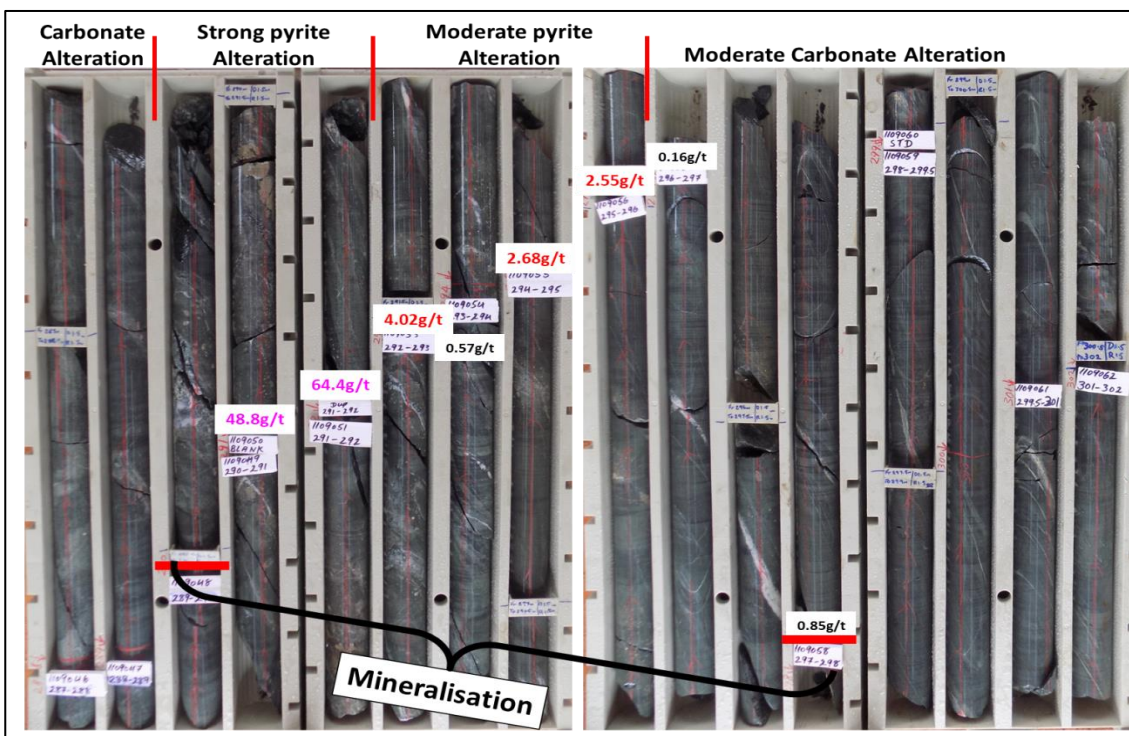


Figure 2 – SDD183 – Core interval 287.9m to 302.4m strong Quartz veining with Pyrite-Albite-Calcite Alteration



The drilling intercepted Mafic high MgO Basalt, coarse TiO Dolerite, Andesite and Sediments. Several wide shear zones with strong Quartz veining and visible gold have been intersected. Particularly, the shear surrounding TiO dolerites show coarse disseminated Pyrite alteration and several N-S veins with visible gold.

Greenfield Exploration

Goldstar Infill RC drilling

The Goldstar Prospect holds a small Inferred resource of 620,000 tonnes at 1.3 g/t Au for 25,500 ounces. The resource was calculated based on drill line spaced lines up to 160m.

During the Quarter, an infill drilling program for the resource area and along strike extension was planned. The program was planned to encompass 44 drill holes for an aggregate 4,000m of drilling.

This would see line spacing reduced to 40m to 50m over a total of 1.1km of strike. At Quarters' end, 36 RC holes for an aggregate 3,412m have been completed.

Drilling intersected a wide package of strong foliated, high MgO Basalt with quartz veining which transitions into a shear zone with strong laminated quartz-carbonate-chlorite veining. Fine disseminated pyrite is common, but mostly weak. Several felsic intrusive have been intersected by the drilling.

First assays have returned some encouraging results with consistent gold mineralisation over several lines and high-grade intervals.

Best results so far received include:

- In GRC183, 17 m @ 2.21 g/t Au from 3 m including 4 m @ 6.18 g/t Au from 5 m
- In GRC179, 6 m @ 10.00 g/t Au from 66 m including 3 m @ 19.58 g/t Au from 66 m

Gem Creek RC drilling – Phase 1

During the Quarter, exploration commenced at the highly prospective Gem Creek Prospect, the first greenfield drilling campaign for the past five years. Gem Creek Prospect is well known for its alluvial mining with almost all creek and river systems carrying gold.

The 2018 and 2019 mapping and auger soil sampling campaign returned some consistent gold anomalies and pXRF confirmed the continuation of the high chrome basalt from Goldstar into Gem Creek. High chrome basalt lithology hosts the Smarts-Hicks shear zone at the companies Smarts and Hicks deposits some eight kilometres to the south.

The first phase drilling program was designed for seven lines with 320m to 480m line spacing and with 40m to 80m spacing between the holes. All drill holes were drilled towards Azimuth 215 as the mapping confirmed an overall dip towards NE.

The phase one drilling program was completed for 71 RC drill holes and a total of 7,152m to cover a strike length of 4.0km over the prospective ground with a decent buffer zone.



Upper Itaki Prospect – pXRF Data

During the Quarter, a pXRF survey of auger soil samples at the highly prospective Upper Itaki Prospect was completed. Results reveal several anomalies with respect to pathfinder elements for Au though variably distributed throughout the entire soil grid.

Interesting lead (Pb) and tungsten (W) anomalies are coincident with each other and forming a NW-SE trend super-imposed by spotty copper (Cu) anomaly on the SE part of the grid mimicking the structural trend from the airborne magnetics. The elements gold (Au), arsenic (As) and molybdenum (Mo) are noted to be clustering on the southern side of the grid. Interestingly these elements are coincident with each other. The gold anomaly with molybdenum might be important as drill core in Hicks variously contains the same pathfinder element.

The program will be followed up with field checks, drill pad planning and preparation.



FINANCIAL INFORMATION

At the end of the Quarter, the Company had total liquidity of \$8.66 million, including available cash of \$4.91 million and gold inventories at market value of \$3.75 million. Key movements in cash flow are illustrated in Figure 3.

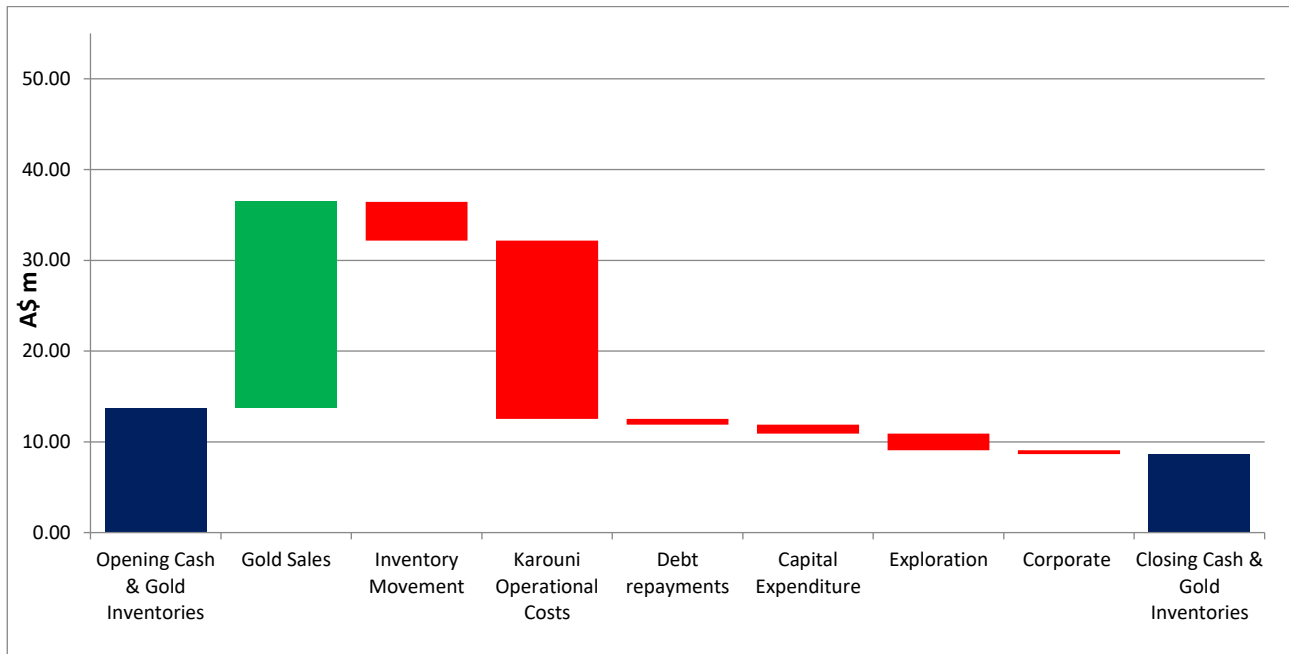


Figure 3 – June 2020 Quarter Cash Movements

Notes:

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

Exploration Expenditure

Exploration expenditure incurred during the Quarter was \$1.8 million.

Capital Expenditure

Expenditure incurred in relation to mine development, plant and equipment and sustaining capital at Karouni during the Quarter was \$1 million.

CORPORATE

Capital Structure

The Company's capital structure as at 30 June 2020 was as follows:

Issued Capital and Equity Structure as at 31 March 2020

Ordinary Shares	632,063,768
Options (\$0.10 exercise price expiring 16 January 2022)	6,000,000



This announcement has been authorised for release by the Managing Director.

ENDS

Directors

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Ken Nilsson, CEO and Managing Director
John Jones AM, Non-Executive Director
Richard Beazley, Non-Executive Director

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Competent Person Statement

The information contained in this report referring to Exploration Results at Smarts and Goldstar is extracted from the announcement entitled "June Quarter Production and Exploration Update, Karouni Project," released on 13 July 2020 which is available to view on www.troyres.com.au or the ASX website under the company code TRY.

The information contained in this report referring to Ore Reserves and Mineral Resources is extracted from the announcement "Reserves and Resources Statement - June 2019" released on 10 October 2019 and available to view on www.troyres.com.au or the ASX website under the company code TRY.

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

The information in this report that relates to Exploration Results is based on information compiled by Richard Maddocks, a Competent Person who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Maddocks is employed as an independent consultant to the Company. Mr Maddocks has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Maddocks consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.