

Troy Cuts Costs in Decisive Response to Price Volatility

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Key changes and initiatives include:

- Cuts to Directors and Senior Management Remuneration
 - The CEO's base salary for FY2014 will be reduced by 25% compared to FY2013
 - Senior Executive base salaries for FY2014 will be reduced by 10% compared to FY2013
 - Directors fees to be reduced by 10%
 - Any short or long term bonuses or incentives will be paid in equity rather than cash
- Reduction in Casposo exploration budget from \$15m in FY2013 to \$5m in FY2014
- Headcount reductions in the Troy head office, South American exploration teams and at the Casposo and Andorinhas mine sites
- Conversion from contractor to owner miner in the Casposo underground
- Ongoing focus on cost reductions and business optimisation

PERTH, WESTERN AUSTRALIA -- (Marketwired - June 26, 2013) - Gold producer [Troy Resources Limited](#) (ASX:TRY) (TSX:TRY) announced a range of initiatives to reduce costs and optimise its business in the face of increasing volatility in gold and silver prices. The changes announced today follow an initial review of the business and further changes will follow over coming months.

Commenting on the announcement, Troy's CEO Paul Benson said: "The falling gold price impacts the profitability of all gold companies, not just high cost producers."

"It is incumbent upon the management to look for ways to reduce costs and better position the company for the future. In Troy's case, assuming the acquisition of Azimuth is successful, we need to conserve cash to enable us to be in a position to move forward with development of the West Omai project in a timely manner."

"Obviously the falling gold price impacts our shareholders through our share price. These initiatives announced today impact our employees and contractors directly and that is why I believe it is important that management lead from the front."

"This is just one step on the journey, positioning our Company to successfully operate and grow in a lower gold price environment. Although we are bullish on the gold price over the medium and longer term, we will position the Company to operate in the current price environment and any rise in the price of gold will be a bonus."

1. Effective 1 July there will be a reduction in the base salaries of senior management. The CEO's base salary will be reduced by 25% for FY2014 compared to FY2013 and each Senior Executive's base salary will be reduced by 10%. Director's fees will also be reduced by 10%. Further, to conserve cash, any bonuses paid under the relevant short or long term incentive schemes will be paid in equity rather than cash.

2. Exploration at Casposo has reached a stage where the strategy needs to change to reflect changes in targeting and depth of target. This will result in a \$10m reduction in exploration expenditure in FY2014 compared to the current year.

FY2013 was always going to be a peak year in exploration expenditure as the Company completed both infill and step-out drilling on the deep INCA targets with holes up to 600m downhole depth. Due to the increasing depth of the target zone, further drilling of the main Kamila structure to Southeast of the property will be undertaken from underground when underground development reaches the area in 2015.

The focus for the next 18 months will turn to the Northwest part of the structure nearer to the Julieta

Resource. The Company has recently completed geophysics over the area and initial interpretation show a number of significant anomalies that warrant follow-up and could be developed as drill targets. The Company will stop drilling and the rigs will be demobilized once the current program is completed in the Kamila Southeast Trend, which is focussed on the INCA and B Vein structures and at Castaño Nuevo. Work for the remainder of calendar 2013 will focus on surface mapping and multi-element geochemical sampling as well as follow up ground geophysics if required, to prioritise drilling on the Northwest part of the property. At this stage it is expected a man-portable rig will be brought to site to drill these prioritised targets in the June quarter of calendar 2014.

3. A review of manning at each of the sites and the head office has been undertaken with the aim of reducing positions, where appropriate, thereby reducing costs. The Perth office will see a reduction of two positions (equivalent to 20% of the office headcount). Each of the sites and the Exploration Group have commenced headcount reductions where appropriate.

4. As discussed in the March Quarterly Report, the contract miner undertaking underground mining activities at Casposo has found it increasingly difficult to efficiently complete its activities in Argentina due to regulatory constraints. The Company indicated there was potential for the contractor to withdraw, in which instance Troy would take over as owner miner. It has been decided that this is the most efficient course of action and there will be a transition to owner-mining by Troy over the coming weeks. It is expected that this will potentially see some reduction in tonnage of higher grades from underground as the transition occurs; but longer term it is expected that the change will lead to lower cost levels. As Troy currently owns and supplies the mining equipment to the contractor, there will be no additional capital expenditure required to acquire mining equipment.

5. Company management will continue to review Troy's cost base and operating strategies, including cut-off grades, to minimise the cost base at both Casposo and Andorinhas and ensure optimum operating performance.

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