

Troy Resources Limited: Chairman's Address

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MELBOURNE, VICTORIA -- (Marketwired - Nov. 27, 2013) - [Troy Resources Limited](#) (ASX:TRY)(TSX:TRY) The AGM is obviously a time when we reflect on the performance of the Company over the last 12 months. There are many areas where we made excellent progress, including acquiring a new project and positioning the Company for future growth, but obviously one of the most important metrics, the share price, has fallen significantly since this time last year.

Your Board and management have continually assessed the Company's operations, asset base and strategic direction and remain satisfied that we have put in place a strong framework to deliver shareholder value. Unfortunately, the key driver of our share price appears to have been the fall in the gold price. The graph on the screen shows a clear correlation between Troy's share price and that of the ASX Gold Index. This time last year the gold price was over US\$1,700 per ounce and today it is \$1,237. That fall of over \$460 per ounce sees a reduction in revenue of more than US\$50 million per year, which obviously has a significant impact on our margins and thus the value of our Company.

This is an issue facing all gold producers. The next slide shows a comparison of the Troy share price compared to our peers. Although there are some differences in timing and magnitude, it is clear we have performed more or less in line with our peers. I realise that at one level this is cold comfort, but what it demonstrates is that this is an issue impacting the gold industry, not just your Company.

It is worth reminding shareholders, particularly as today you get to vote for the Remuneration Report, that Troy was one of the first companies to react to the falling gold price by sharing the pain with our shareholders, noting of course we are also shareholders. In June we announced cost cutting across the Company with staff reductions in the head office, and at each site, and a postponement of some exploration activities at Casposo. Importantly this also included voluntary cuts to senior management and Directors base salaries and fees. Paul Benson, your CEO, reduced his base salary by 25% and senior management and Directors reduced their base salaries or fees by 10%.

Unfortunately the drop in share price does distract from some very significant positives during the year. When I started preparing for this speech I looked back at what I said this time last year and one of the key areas of focus for 2013 was to identify and acquire a new growth opportunity. I am extremely pleased to say we achieved this following the successful acquisition of Azimuth Resources Limited, which has delivered us the exciting West Omai project. Everything we have learnt about this project post acquisition has more than confirmed our expectations and we are well advanced in converting Inferred Resources into Measured and Indicated.

As you would have seen last week, we announced the acquisition of a mill for West Omai. One of Troy's core strengths has been building mines quickly and at low capital cost. With this mill acquired, we can now complete designing the remainder of the flowsheet and are already looking to acquire other suitable pieces of second hand plant. We are confident West Omai will be Troy's next mine and that we will bring the mine into production quickly and at low cost.

We also had a strong year at our operations. Andorinhas which is nearing the end of its life, continued to deliver despite the increasing structural complexity of the ore in the remaining Reserves.

At Casposo we benefited from a focus in continuous improvement with throughput increasing by 35% on the previous year in the processing facility and with the installation of a second mill towards the end of the financial year, we have seen a further increase in throughput.

Operationally our biggest challenge has been developing the underground mine at Casposo. Development of the underground was behind schedule, which delayed access to the high grade underground ore. Consequently, in August, we changed from contractor to "owner Miner" and pleasingly we have seen good improvement in productivity. The other significant challenge for Casposo has been the high level of inflation in Argentina. Most economists are predicting a further devaluation of the local currency which will reduce our costs in dollar terms.

Finally I would like to comment on the status of our dividend. Shareholders would be aware that we did not

declare a dividend when we released our annual accounts in August. As explained at the time, with the significant reduction in the gold price and upcoming capital spend to build West Omai, it would not have been prudent to pay a dividend at that time. Obviously the Board are very proud of the Company's track record of paying 13 dividends over the preceding 13 years and it is our intention to resume paying dividends as soon as we can.

I believe that the Board and management have worked well together to deliver you a strong operational and strategic performance. We are also well supported by our financiers, Investec, who continue to be enthusiastic about our existing and future operations. I thank the staff and Board who have worked hard and made sacrifices to deliver growth and profitability. I continue to have faith in the assets and the ability of the team at Troy to deliver a superior result.

This announcement contains "forward-looking statements" and "forward-looking information", based on assumptions and judgements of management regarding future events and results. Such "forward-looking statements" and "forward-looking information which may include, but are not limited to statements as to forecasted throughput, production, operating costs, capital costs, the realization of mineral reserve and resource estimates, the discovery of additional mineral resources and reserves and the costs and timing of the development of the underground mine at Casposo and a mine at the West Omai Project. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects", "is expected", "is expecting", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes", or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might", or "will" be taken, occur or be achieved. The purpose of forward-looking information is to provide the audience with information about management's expectations and plans. Readers are cautioned that forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Troy and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors include, among others, future prices of gold and silver, the actual results of current production, development and/or exploration activities, changes in project parameters as plans continue to be refined, variations in grade or recovery rates, plant and/or equipment failure, the possibility of cost overruns, as well as those factors disclosed in the Company's filed documents. There can be no assurance that the Company's plans will proceed as planned or that they will be successfully completed within expected time limits and budgets or that, when completed, expected production levels will be achieved.

Forward-looking information and statements are based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date such statements are made, but which may prove to be incorrect. The Company believes that the assumptions and expectations reflected in such forward-looking statements and information are reasonable. Assumptions have been made about, among other things: the accuracy of the capital and operating costs estimates, the price of gold and silver and the accuracy of mineral resource and reserve estimates. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used.

Troy does not undertake to update any forward-looking information or statements, except in accordance with applicable securities laws.

Graphs are available at the following address:
<http://media3.marketwire.com/docs/914356g.pdf>

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