# Troy Resources Limited: Karouni Open-Cut Pre-Feasibility Study

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PERTH, WESTERN AUSTRALIA -- (Marketwired - July 28, 2014) - Gold producer Troy Resources Limited (Troy or Company) (ASX:TRY) (TSX:TRY) is pleased to report the results of its NI43-101 and JORC Pre-feasibility Study (collectively the Study) for the open cut mining and treatment of the Smarts and Hicks Deposits at its 100% owned Karouni Project in Guyana (the Project). The Study was prepared by Troy personnel and qualified consultants.

The Study considers only Measured and Indicated Resources that are mineable by open cut and follows on from the NI43-101 Preliminary Economic Assessment and JORC Scoping Study (PEA) that considered both the open cut and underground mining of the Smarts and Hicks Indicated and Inferred Resources announced to the market on 21 January 2014.

On 28 April 2014, the Company announced that in order to fast track development of the Project and to enable production to be brought forward to the first half of calendar 2015, the initial Pre-feasibility would consider only the open pits and that a Pre-feasibility study for the underground would be completed at a later date.

The key differences between the Study and the PEA include:

- Considers only Resources that can be mined by open cut while the PEA considered both open cut and underground;

- Resources within the open pits are either Measured (82%) or Indicated (18%) as compared with Indicated (49%) and Inferred (51%) in the PEA;

- Assumes a processing throughput of 1Mtpa compared to 750ktpa with similar capital;

- Metallurgical recovery has improved to 94% following the completion of further testwork compared to 92%;

- A higher IRR and quicker payback; and

- First gold production in the first half of calendar 2015 compared to the second half of 2015.

Recent infill drilling has upgraded the open cut Resource to be mined at Smarts and Hicks to Indicated and Measured status enabling Mineral Reserves to be estimated. The geological interpretation of the high grade zones in the Smarts Pit has been confirmed by infill drilling. The Smarts Pit continues to show excellent financial returns with the Study showing a higher after-tax IRR and quicker payback than the original open cut and underground project considered in the PEA.

Results from drilling in the deeper areas of Smarts, where the underground mine was proposed in the PEA, have shown that this is a significantly more complex geological environment than the upper parts of the system. This area has therefore remained in Inferred category and cannot be included in Mineral Reserves. The drilling has revealed that the deeper mineralisation is contained in high grade pods that are structurally controlled by a series of sub-vertical shear zones. Recently released results (March 2014 Quarterly Report) from drilling undertaken, including 8m at 17.8g/t gold (SDD118), 19m at 5.2g/t gold (SDD128), 10m at 6.3g/t gold (SDD134) and 10m at 5.8g/t gold (SDD125) illustrate that high grade gold mineralisation exists at depth, but continuity of mineralisation has yet to be fully understood and confirmed.

With the benefit of the infill drilling completed to date, Troy has remodelled the data and developed a new structural/geological interpretation of the deeper mineralisation. It is apparent the previous modelling by external consultants, based on wide spaced (100m) drilling that assumed a simple shear extrapolated both vertically and along strike, over-estimated the tonnes in the deeper zones. Although there are high grade drill intercepts on the flanks of the mineralisation, at this stage Troy is taking a conservative approach and only assuming continuity in the central core thus reducing the Inferred Resource tonnes of this material. The central core remains open at depth and drilling is ongoing to better understand this structurally complex zone of mineralisation.

**HIGHLIGHTS**

The Study considers a combination of two open cut mines feeding a conventional carbon-in-leach (CIL) gold plant with a nominal capacity of 1Mtpa. The Study assumes that a total of 2.61 million tonnes of material will be processed with an average grade of 3.84g/t gold with recovered gold production of 303,526 ounces over a 3 year mine life.

Highlights from the Study, assuming a gold price for the base case of US$1250/oz, are as follows (all figures in US$ unless otherwise stated):

- Three year open pit mine life with annual average gold production of 101,000 ounces and production in the first 12 months of 104,400 ounces.

- Conventional CIL plant augmented with gravity gold recovery treating a nominal 1Mtpa configured to allow easy low cost expansion at a later date.

- Approximately 2.6 million tonnes of material to be processed with an average grade of 3.84g/t gold. The sources in terms of tonnes are: Smarts - 68% and Hicks - 32% and in terms of contained gold, Smarts - 83% and Hicks - 17%.

- The Smarts Pit is expected to produce 1,774,000 tonnes of plant feed at 4.70g/t gold, have a mining strip ratio of 9.6:1 and be mined to a depth of 120m.

- The Hicks Pit is expected to produce 840,000 tonnes of plant feed at 2.02g/t gold, have a mining strip ratio of 4.6:1 and be mined to a maximum depth of 80m.

- Initial capital of $84.6 million (including the cost of the earth moving fleet, pre-production mining costs of $11.3 million and contingency of $4.7 million) and sustaining capital and capital spares over the life of mine of $6.4 million.

- Assumed metallurgical recovery of 94%.

- LOM average C1 Cash Costs (excluding royalties) of $480/oz.

- LOM All in Cash Costs of $602/oz.

- After tax payback of 1.2 years.

- After tax NPV at 6% of $72.0 million.

- After tax IRR of 50.2%.

The Company's tenements are considered highly prospective with only limited exploration having been conducted to date. Numerous drill targets have already been identified within trucking distance of the proposed plant site. Brownfields exploration drilling will recommence in the September quarter, after the current campaign focused on the Smarts Deeps target is complete. Management are confident that it will continue to add to the Resource inventory.

Commenting on the Study, Troy CEO Paul Benson said: "We are very pleased with the results of the Study which shows that Karouni is an economically robust Project with a payback of just over a year and an after tax IRR in excess of 50%."

"With completion of the outstanding geotechnical and metallurgical studies we have completed the key design work and placed orders for all major plant and equipment. Pleasingly we have been able to increase the initial plant throughput from 750ktpa to 1mtpa without increasing the capital assumed in the PEA.

"Importantly, the Study only includes Resources currently classified as Measured or Indicated. There are enough drill ready targets within trucking distance of the new plant site to keep the drills busy over the next few years and we are confident we will continue to add to the Resource ounces.

"The infill drilling of the deeper Smarts Zone, which had been assumed to be mined from underground in the PEA, has proven the mineralisation to be structurally more complex. This has reduced our confidence in the continuity of mineralisation compared to the earlier modelling done by independent external consultants. Because of this we have reduced the amount of material classified as Inferred Resources until further infill drilling has been completed. This structure remains open at depth."

A complete copy of this release can be accessed via the Troy website: www.troyres.com.au under "Latest Announcements" and/or under the Company's profile on the SEDAR website www.sedar.com.

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