

Troy Resources Limited: Half-Year Ended 31 December 2014 Financial Results

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PERTH, WESTERN AUSTRALIA--(Marketwired - Feb. 26, 2015) - [Troy Resources Ltd.](#) (ASX:TRY)(TSX:TRY) -

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Highlights

- Gold equivalent production for 1H 2015 of 65,014 ounces (1H 2014: 60,334 ounces).
- Cash costs of US\$706 per ounce (on a co-product basis) (1H 2014: US\$861 per ounce).
- Revenue \$92.2 million up 22% on 1H 2014 revenue of \$75.7 million.
- Gross Profit of \$10.8 million (1H 2014: Loss \$4.3 million).
- EBITDA¹ of \$21.3 million (1H 2014: \$3.1 million).
- Underlying profit after tax² of \$1.9 million and net loss after tax of \$26.7 million (1H 2014: Loss \$6.9 million) due primarily to a non-cash asset impairment of the Casposo gold and silver project in Argentina of \$28.0 million after tax.
- Cashflow generated from operations \$12.9 million compared with an outflow of \$11.7 million in 1H 2014.
- \$100 million debt facility approved by Investec Bank Plc.
- Karouni project on track for first production in the June quarter 2015.

Results

Production for the half increased by 8% to 65,014 Au_Eq ounces compared to the previous corresponding period, despite the 12% deterioration in the gold to silver ratio. Notwithstanding a 15% fall in the silver price and 5% fall in the gold price, revenue increased by 22% compared with the previous corresponding half-year figure, resulting in a gross profit of \$10.8 million.

The Group also recorded an 18% decrease in cash costs per ounce (on a co-product) basis to US\$706. Given that AISC were only first reported for the Group in the December quarter for FY14, no comparison is available for the previous corresponding half-year.

Net cash generated by operating activities totalled \$12.9 million representing a significant improvement on the cash outflow of \$11.7 million in the previous corresponding period. This was principally due to higher production and lower operating costs.

This was the first half-year reporting period where all mined production at Casposo came from underground operations. The mine processed a total of 263,002 tonnes at an average gold grade of 4.09g/t gold and 209.68g/t silver to produce 31,682 oz gold (1H 2014: 29,590 oz) and 1,429,647 oz silver (937,013 oz).

The Company recorded a net loss after tax of \$26.7 million after allowing for a \$28.6 million non-cash asset impairment charge, \$28.0 million which relates to the Casposo gold and silver mine.

As mining progresses deeper at Casposo the silver grade of the ore increases. During the first two years of operation, gold contributed about 80% of total revenue. Since processing of underground ore commenced in July 2013, the relative proportion of silver produced has increased significantly. The December 2014 quarter saw revenue split equally between gold and silver, and over the remaining life of mine, the proportion of revenue attributable to silver is expected to rise to about 60%. Consequently with the silver price falling at a higher rate compared to gold, a greater amount of silver is required to be produced for an equivalent ounce in gold.

As a consequence of this economic impost on the operation and the less favourable fundamentals for silver within the foreseeable future, the Board has decided to take a cautious view when considering the carrying value of Casposo. This has resulted in a non-cash, after tax impairment, of \$28.0 million being brought to account.

Underground activities at Andorinhas will cease this month and the operation is scheduled to close in the middle of the year. Andorinhas produced 12,582oz of gold during the half at an AISC of US\$1,103/oz. Production for the remainder of the operating life will come from the Coruja Open Pit as well as from existing surface stockpiles.

Significant progress continues at Karouni where plant construction is well advanced and open pit pre-strip is now in progress. The Company remains on track for first production in the June quarter 2015.

¹ EBITDA is 'Earnings before interest, income taxes, depreciation and amortisation and non-cash impairment charges'.

² Underlying profit after tax is 'profit after tax before non-cash impairment charges'.

IMPORTANT NOTICES

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 may include, but are not limited to statements as to the realization of mineral reserve and resource estimates, exploration potential and the development of a mine at the Karouni 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.

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