

Troy Resources NL: Sale of Andorinhas Iron Ore

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PERTH, WESTERN AUSTRALIA -- ([Marketwire](#) - July 29, 2010) - [Troy Resources NL](#) (TSX: TRY) (ASX: TRY) -

HIGHLIGHTS

- * A Letter of Intent has been executed to sell the high grade colluvial iron ore on the Andorinhas leases
- * Includes initial staged payments to Troy of US\$4m; plus
- * Expected annual payments of more than US\$3m based on current iron ore prices and minimum monthly volumes.

Troy Resources NL ("Troy") is pleased to announce it has signed a Letter of Intent (LOI) with Mineracao Floresta Do Araguaia ("MFA") for the sale of the high grade colluvial iron ore found on the Andorinhas Gold Mine leases. From the date of signing the LOI, MFA have 30 days to complete Due Diligence. The companies aim to complete and sign a Definitive Agreement within 30 days of the close of the Due Diligence Period.

Key terms of the Agreement include:

- * MFA to pay Troy US\$4m through staged payments over FY2011 and FY2012 made up of:
 - o US\$1m on signing the Definitive Agreement;
 - o US\$1m within 180 days of signing the Definitive Agreement subject to certain conditions around receiving the relevant environmental approvals; and
 - o US\$2m within 360 days of signing the Definitive Agreement subject to certain conditions around departmental approvals.
- * In addition to the above payments, MFA will pay certain production based payments related to the tonnages mined and the relevant benchmark iron ore prices:
 - o MFA must undertake mining production of a minimum of 40,000 tonnes per month of Lump iron ore and pay Troy:
 - + US\$3 per tonne when the iron ore price is up to US\$60/t
 - + US\$4 per tonne when the iron ore price is in the range of US\$60/t to US\$70/t
 - + US\$5 per tonne when the iron ore price is in the range of US\$70/t to US\$120/t and
 - + US\$6 per tonne when the iron ore price is above US\$120/t.
 - o MFA must undertake mining production of a minimum of 30,000 tonnes per month of Sinter Fines iron ore and pay Troy:
 - + US\$1.50 per tonne when the iron ore price is up to US\$60/t
 - + US\$2 per tonne when the iron ore price is in the range of US\$60/t to US\$70/t
 - + US\$2.50 per tonne when the iron ore price is in the range of US\$70/t to US\$120/t and
 - + US\$3 per tonne when the iron ore price is above US\$120/t.

Commenting on the signing of the LOI, Troy's CEO Paul Benson said: "This is a great outcome for both companies. MFA currently operates an iron ore mine on the leases neighbouring our Andorinhas project and mines the same colluvial ore. MFA's current operation has excess capacity and this arrangement will allow MFA to continue operations at maximum production.

"For Troy, this relationship has a number of key advantages:

- * It monetises our iron ore assets without the need for capital investment or distracting operating personnel from their focus of operating our gold mine.

* The iron ore operation is really a logistics exercise and MFA currently operate a large fleet of highway trucks carting the iron ore 300kms to market at Maraba. Therefore MFA will be able to seamlessly combine the additional ore production into their existing operation.

* Another important benefit is that Troy could not justify a sintering operation and thus the sale of fines material would have been problematic.

"We see this as a significant source of revenue for the Andorinhas site with initial payments of US\$4m and annual payments of over US\$3m based on current price and production assumptions. In 2008 we defined an initial colluvial iron ore Reserve of 2.8 Mt grading 63.6% Fe in hematite. We also identified potential for bedrock hosted iron ore in the same area which was not included in the Reserve. Until we understood how we were going to commercialise the deposit it made no sense to increase the Reserve through more exploration. At this stage, based on our regional reconnaissance exploration, we believe there is good potential to increase the Reserve."

Geological information in this Report has been compiled by Troy's Vice President Exploration & Business Development, Peter Doyle, who:

* Is a full time employee of Troy Resources NL

* Has sufficient experience which is relevant to the type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'

* Is a Fellow of the Australasian Institute of Mining and Metallurgy

* Has consented in writing to the inclusion of this data

Information of a scientific or technical nature in this report was prepared under the supervision of Peter J. Doyle, Vice President Exploration and Business Development of Troy, a "qualified person" under National Instrument 43-101 – "Standards of Disclosure for Mineral Projects", a Fellow of the Australasian Institute of Mining and Metallurgy. Mr. Doyle has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as a "competent person" as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Doyle has reviewed and approved the information contained in this report. For further information regarding the Company's Andorinhas Project in Brazil, including a description of Troy's quality assurance program, quality control measures, the geology, samples collection and testing procedures in respect of the Casposo project please refer to the technical reports filed Andorinhas Iron Ore Project, Para State Brazil dated September 2008 which is available under the Company's profile at sedar.com on the company's website.

This report contains forward-looking statements. These forward-looking statements reflect management's current beliefs based on information currently available to management and are based on what management believes to be reasonable assumptions. A number of factors could cause actual results, performance, or achievements to differ materially from the results expressed or implied in the forward looking statements. Such factors include, among others, future prices of gold, the actual results of current production, development and/or exploration activities, changes in project parameters as plans continue to be refined, variations in ore grade or recovery rates, plant and/or equipment failure, delays in obtaining governmental approvals or in the commencement of operations.

For purposes of Clause 3.4(e) in Canadian Instrument 43-101, the company warrants that Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability.

ABOUT TROY RESOURCES

Troy Resources (TSX:TRY)(ASX:TRY) is a dividend-paying junior gold producer, with a clear growth strategy. The Company has two producing gold operations; at Sandstone in Western Australia and the Andorinhas Mine in Para State, Brazil and an advanced gold-silver development project, Casposo, in San Juan province, Argentina.

Troy has an experienced Board and management team with a portfolio of successful, fast-track mine development and low-cost operations.

Troy has an annual exploration budget in excess of \$8 million and a proven track record in exploration

discoveries and strategic acquisitions.

Troy is currently focused on developing its Casposo Project, which it acquired in May 2009. With the acquisition and development of Casposo, Troy is entering a renewed growth phase which will again lift the Company's annual gold production above 100,000 ounces of gold per annum.

The Company maintains a robust balance sheet and forecasts continued strong cash flow from its current assets. Troy's gold production is unhedged; allowing its shareholders access to the full benefit of current and future gold price upside.

With development of the Casposo project in Argentina well underway, Troy is positioned to continue its path of strong growth and profitable operations. The Company is on track to achieve its vision of becoming a highly profitable mid-tier gold producer with a portfolio of quality long-life assets.

Troy is a responsible corporate citizen, committed to the best practice of health and safety, environmental stewardship and social responsibility.

To view the maps associated with this press release, please click on the following link:
<http://media3.marketwire.com/docs/try728.pdf>

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