



TROY RESOURCES LIMITED

QUARTERLY REPORT

FOR THE THREE MONTHS ENDED 31 DECEMBER 2020

29 JANUARY 2021

HIGHLIGHTS

- Gold production for the December quarter was 4,195 ounces with mining operations focussed on the Hicks 4 and Spearpoint pits.
- Bonanza drill intersections identified at Smarts Underground:

SDD188

- 1 m @ 57.6 g/t Au from 221 m
- 3 m @ 10.3 g/t Au from 261 m
- 13 m @ 13.74 g/t from 273 m including:
 - 2 m @ 36.95 g/t Au from 273 m
 - 2 m @ 20.34 g/t Au from 277 m
 - 1 m @ 56.13 g/t Au from 284 m

SDD189

- 11 m @ 131.93 g/t Au from 223 m including:
 - 4 m @ 352.78 g/t Au from 224 m
 - 1 m @ 1,176.99 g/t Au from 225 m
 - 14 m @ 8.39 g/t Au from 248 m
 - 6 m @ 7.56 g/t Au from 209 m
 - 2 m @ 24.49 g/t Au from 141 m
 - 25 m @ 2.7 g/t Au from 171 m
- With essentially all resource definition and geotechnical drilling shortly to be completed, an updated Mineral Resource and maiden Ore Reserve at Smarts Underground is expected to be completed and announced to the market in Q2 CY2021



- Whilst ongoing exploration at Goldstar has shown it to be a target of modest grade and size, the fact that mineralisation occurs at surface renders it an attractive target
- Goldstar Mineral Resource upgrade expected to be announced early March 2021; first ore expected to be delivered to the mill in the second half of February
- Gold sales revenue for the quarter was US\$8.2 million from the sale of 4,373 ounces
- Production guidance withdrawn on 25 November 2020 due to various issues with operations. However, as per the 28 January announcement, gold production has been stabilised and reconciling well to forecast, with updated guidance to be provided shortly
- During the quarter, the Company completed a two-tranche AUD\$15 million capital raising by way of an institutional placement
- At the end of the quarter, cash and equivalents (including gold inventories) totalled AUD\$11.4 million
- During the quarter, Troy and Asian Investment Management Services Ltd (AIMS) reached agreement to extend the gold loan facility for a further twelve months until 16 January 2022. The terms of the facility remain the same as the original loan.

OPERATIONS

KAROUNI, GUYANA (Troy 100% through Troy Resources Guyana Inc.)

Results Summary

A summary of key operational parameters at Karouni for the December quarter is set out in Table 1.

Operations	March 2020 Quarter	June 2020 Quarter	September 2020 Quarter	December 2020 Quarter
Open Pit Mining				
Total Mined (t)	2,299,511	2,606,733	1,344,705	2,029,005
Ore Mined (t)	117,827	154,861	129,929	145,970
Mine Grade (g/t)	2.15	1.49	1.28	0.98
Mill Production				
Processed (t)	128,977	205,550	200,814	183,442
Head Grade Gold (g/t)	1.42	1.14	1.03	0.79
Recovery Gold (%)	95.7	96.0	95.4	90.0
Gold Produced (oz) ⁽¹⁾	5,620	7,235	6,334	4,195
Gold Sold (oz)	2,712	8,656	5,995	4,373
Cash Cost (US\$/oz)	1,508	1,590	1,610	2,862
AISC (US\$/oz) ⁽²⁾	1,744	1,938	1,908	3,292
Gold Price Realised (US\$/oz)	1,572	1,728	1,902	1,873

(1) The preliminary figures announced 2020 were based upon unreconciled numbers.

(2) All-in Sustaining-Costs disclosed for the March quarter are based upon February and March production figures only.

Table 1 - Quarterly Production and Costs Summary

Mining

During the quarter, 2,029,005 tonnes of material were mined, sourced from both the Hicks 4 pit and the Spearpoint pit, the initial contribution from the latter.

Total mined tonnage was 24% above the budget plan, primarily due to higher waste stripping in Spearpoint. Average mining production was 22,000 tpd vs a budget of 18,000 tpd. Mined ore tonnes was 1% lower than the quarterly budget.

The reconciled mine grade was significantly lower than budget. During the period, the mine-to-mill grade showed a much lower reconciliation (on average of ~40%). Efforts were taken to improve grade control practices to improve blasting and reduce dilution.

This saw mining cease at the Hicks 4 - Phase 3 pit and recommence at the Hicks 4 – Phase 1 & 2 pits where reconciliation issues had not previously been an issue.

Mining operations in December were negatively affected by higher-than-average rainfalls and mechanical availability for excavators and trucks, not to mention staff shortages and the absence of key personnel due to COVID-19.

**Processing**

Mill throughput for the quarter totalled 183,442 tonnes, 11,667 tonnes below forecast. Mill feed grade of 0.79 g/t Au was lower than expected due to the higher tonnage of mineralised waste averaging 0.56 g/t Au being fed to the mill. This adversely impacted on the head grade for the quarter, necessitating the processing of 45,098 tonnes of mineralised waste to meet the mill feed shortfall of mined ore tonnes.

Gold produced totalled 4,195 ounces, which was lower than expected due to lower tonnes milled, and low grade treated. Overall gold recovery for the quarter was 90.0%, which was 6% lower than the budgeted target of 96.0%. As of 31 December 2020, stockpiles of crushed ore encompassed 4,309 tonnes at an average grade of 3.58 g/t Au for 496 ounces.

Considerable effort was spent during the quarter in identifying and correcting inefficiencies in the mill operations. Again, key personnel were absent and staff shortages prevailed due to COVID-19.

Costs

During the quarter, the Company's C1 operating costs were US\$2,862/oz and All-in-Sustaining-Costs were US\$3,292/oz.

The dramatic increase in costs came about due to lower than expected gold production which in turn came about due to the issues with mining and processing referred to above.

Gold sold for the quarter was 4,373 ounces for total sales revenue of US\$8.2 million. A more detailed breakdown of costs is set out in Table 2.

	March 2020 Quarter ⁽¹⁾ US\$/oz	June 2020 Quarter US\$/oz	September 2020 Quarter US\$/oz	December 2020 Total US\$/oz
Mining	623	929	788	1,268
Processing	655	456	641	1,053
Mine & General Administration	276	212	253	409
Mineral Inventory Movements	(46)	(7)	(72)	132
C1 Cash Cost	1,508	1,590	1,610	2,862
Refining and Transport Costs	5	9	14	18
Royalties	72	202	172	191
Insurance	48	37	45	71
Corporate General and Administration Costs	48	37	53	106
Capital - Sustaining	63	63	14	44
All-In Sustaining Cost (AISC)	1,744	1,938	1,908	3,292

Table 2 - Quarterly Cash Costs

(1) March Quarter consists of February and March figures only as mine restarted January 2020.



Health and Safety

The Total Recordable Injury Frequency Rate (TRIFR) remained constant from the previous quarter though the total number of incidents and injuries increased as compared with the previous two quarters. The TRIFR was 5.6 at the end of the quarter, which equalled the TRIFR rate in the previous quarter. The Lost Time Incident Frequency Rate (LTIFR) was 4.8, an increase from 4.7 in the previous quarter.

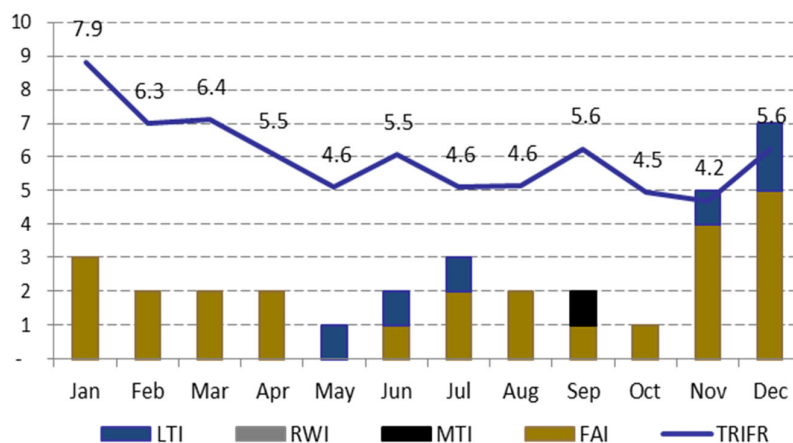


Table 3: TRIFR for 2020

In regard to the Lost Time Injuries (LTI) during the quarter, key details were:

- A contractor employee was stepping down from the back of light vehicle and injured his knee
- Two contractor employees were injured when the light vehicle they were riding in was involved in a roll-over incident in the pit. Both employees were evaluated at the site clinic and then sent by Medevac flight to Georgetown for further treatment¹

In placing additional emphasis on the prevention of serious incidents and accidents, a process of “Lessons to be Learnt – L2BL” was implemented.

The Visual Safety Leadership Program was developed during the quarter, which is geared at enhancing safety approaches, expectations and responsibilities of all site personnel. This program, to be rolled out next quarter, is designed for all staff performing direct safety interaction in the field.

The Karouni site continues to provide first aid, emergency and primary health care not only for those who work at the facility but for the members of the communities around that requires it. During the quarter, the site clinic attended to 59 persons and coordinated seven medical evacuations by plane or road as needed.

¹ This incident resulted in the two LTI's and an additional three FAI's which are not included in the calculation of TRIFR.



Environment

During the quarter, increased focus was placed on aligning operational performance with the environmental strategy. As such, environmental performance was good with no reportable incidents and with routine monitoring not identifying any significant anomalies.

Waste management was maintained in a good condition. Water monitoring was extended to streams passing through nearby communities, which confirmed that the water quality and amount were within the permitted ranges.

Community

The Company's relationship with the local communities remains very strong. As at the end of the quarter, the Company employed around 45 Amerindians on site, representing approximately 14% of the total work force.

Coronavirus

During the quarter, the Company was notified of a positive COVID-19 test result of an employee who had been sent off site on a referral. The Company immediately undertook a site wide testing of all personnel with 23 employees testing positive and transferred to Georgetown for further retesting, treatment and isolation.

The site rolled out an updated COVID-19 policy and implemented a system involving the testing of employees prior to entering site and periodic testing and monitoring whilst on site. Production at Karouni was impacted by the positive cases, with operations continuing at a lower production rate. By the end of the quarter, all positive cases had recovered and were cleared by the Ministry of Health to conclude isolation and return to work.

Guyana's international airports reopened to commercial flights on 12 October 2020, allowing expatriate employees to travel home and/or return to work.

COVID-19 safety measures include a semi-countrywide lockdown with only essential businesses and services allowed to operate on a 24-hour basis. A curfew from 10.30 pm to 4.00 am remains in place.

Guyana has recorded 7,143 cases of the virus and 170 deaths, as per the World Health Organisation situation report of 24 January 2021.

Troy continues to take active steps to prevent COVID-19 cases from entering the Karouni mine site and continues to monitor the situation on a daily basis to ensure the safety and wellbeing of all employees, their families and other contacts.

**EXPLORATION, KAROUNI, GUYANA** (Troy 100% through Troy Resources Guyana Inc.)**Overview**

Considerable exploration was undertaken during the quarter at many Karouni targets.

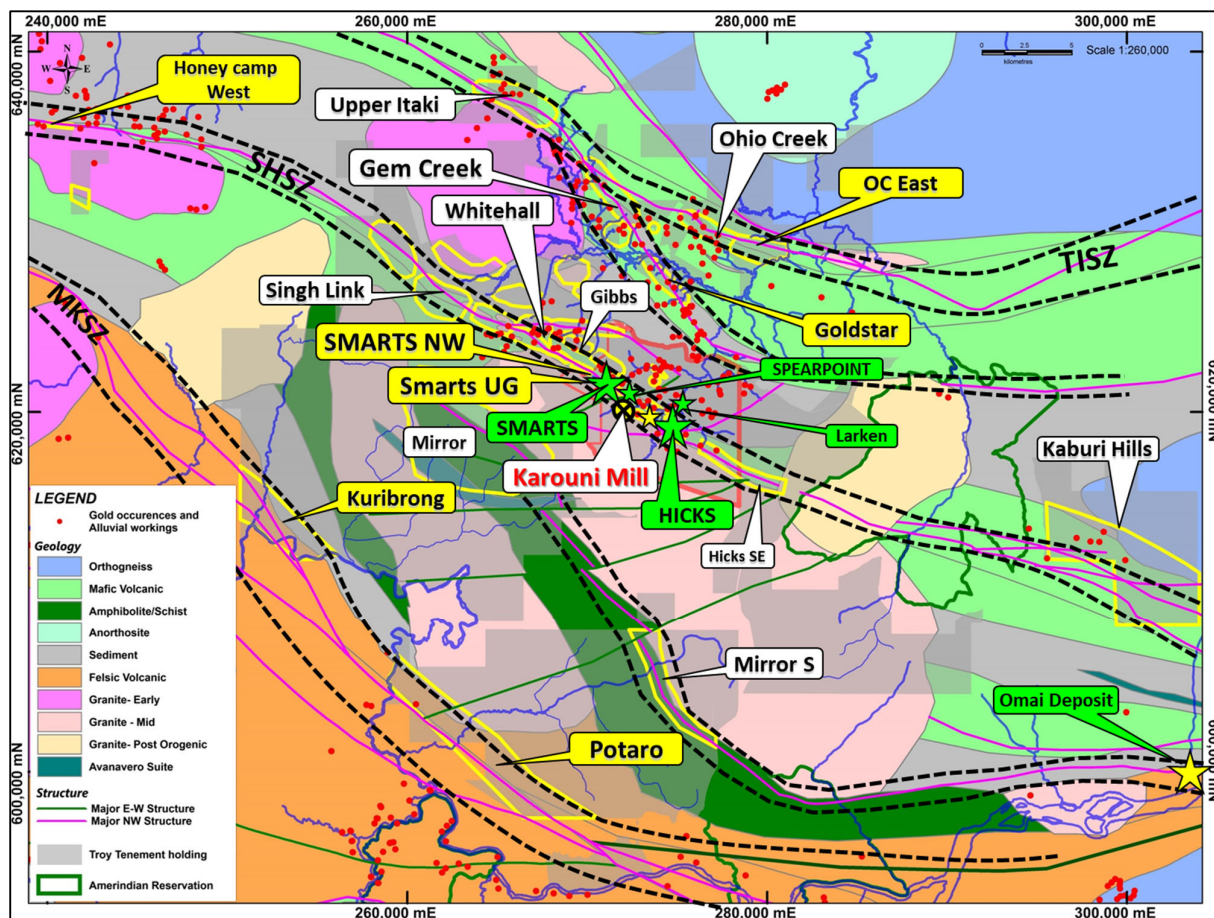


Figure 1 – Overview Karouni targets (activities during Q2 2020/21 yellow highlighted)

Smarts Underground

During the quarter, the Company announced bonanza drill intersections at Smarts Underground from diamond holes SDD188 and SDD189 drilled during the previous quarter:

SDD188

- 1 m @ 57.6 g/t Au from 221 m
- 3 m @ 10.3 g/t Au from 261 m
- 13 m @ 13.74 g/t from 273 m including:
 - 2 m @ 36.95 g/t Au from 273 m
 - 2 m @ 20.34 g/t Au from 277 m
 - 1 m @ 56.13 g/t Au from 284 m

**SDD189**

- 11 m @ 131.93 g/t Au from 223 m including:
 - 4 m @ 352.78 g/t Au from 224 m
 - 1 m @ 1,176.99 g/t Au from 225 m
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Diamond drilling continued during the quarter, both for resources definition and geotechnical assessment purposes.

Five holes were drilled, two resources holes (SDD191 and SDD192) and three geotechnical holes (including SDD193 and SDD194) for an aggregate 1,259 metres completed.

Holes SDD191 and SDD192 tested the boundaries of the mineralised zones in the area between Smarts 2 and Smarts 3.

Both holes recorded multiple mineralised intersections including:

SDD191

- 5.3 m @ 2.26 g/t Au from 52.7 m
- 1 m @ 12.98 g/t Au from 144 m
- 4 m @ 7.08 g/t Au from 172 m
- 9 m @ 2.35 g/t Au from 234 m

SDD192

- 3 m @ 2.59 g/t Au from 104 m
- 3 m @ 6.58 g/t Au from 111 m

For both holes, no notable mineralisation was identified in the hanging wall sediments above the shear.

Geotechnical holes SDD193 and SDD194 were drilled in the footwall for the primary purpose of testing the mechanical and structural properties of the rock rather than for the purpose of resource definition.

However, both holes intersected an expected mineralised zone, which is interpreted to be the up-dip extension of the footwall shear zone.

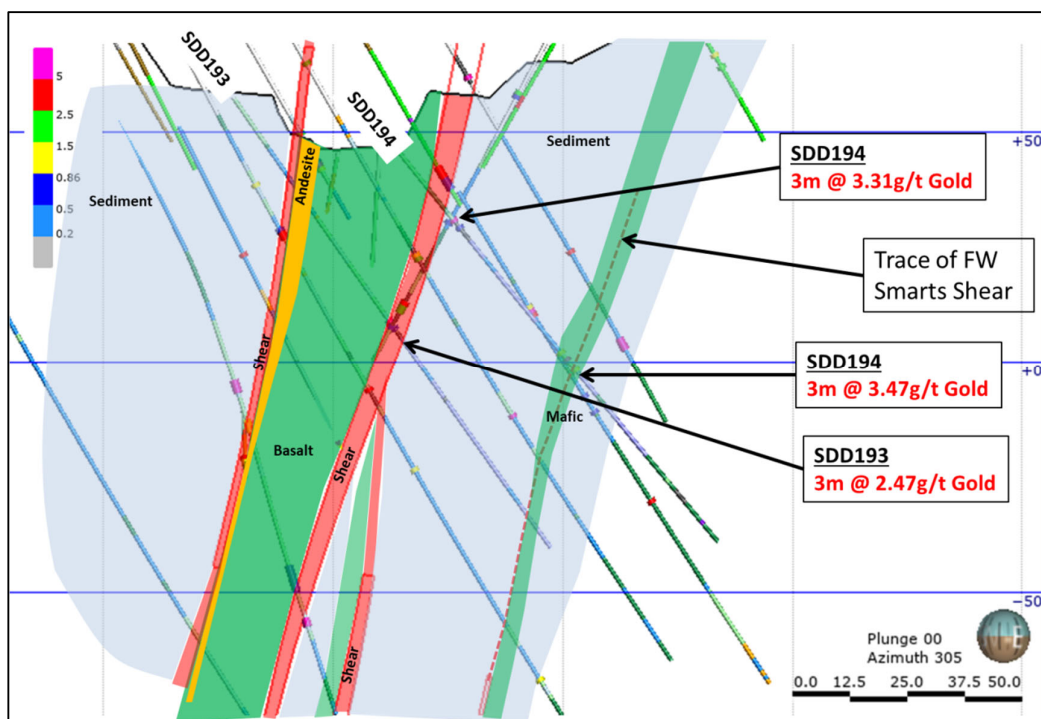


Figure 2 – Smarts geotechnical drilling SDD193 and SDD194

During the quarter, considerable work was also undertaken on resource/ reserve assessment and mine planning.

Since the end of the quarter, the Company has completed a further diamond drill hole, with the three final holes scheduled to be completed in the next couple of weeks.

An updated Mineral Resource and maiden Ore Reserve is expected to be completed and announced to the market in the second quarter of calendar year 2021.

Smarts NW

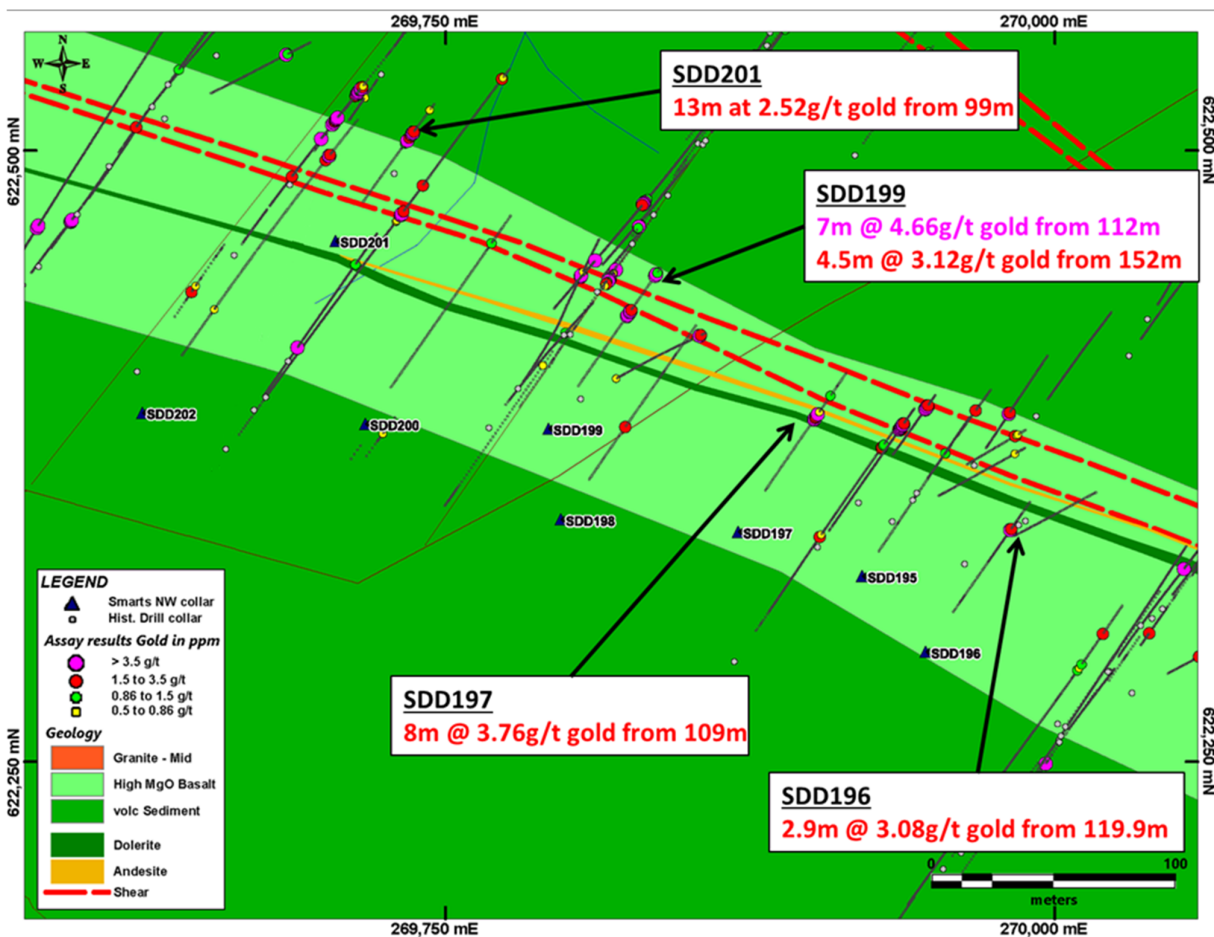
During the quarter, the Company undertook RC drilling at Smarts NW, the continuation of the Smarts – Hicks shear to the north west of the Smarts 3 pit and Smarts Underground.

The campaign, designed to infill previous wide-spaced drilling, encompassed eight holes for an aggregate 1,451.5 meters drilled.

All holes intersected the shear zone and confirmed the continuity of mineralisation.

However, compared to the previously developed Smarts pits, the mineralised zone appears narrow and of relatively lower grade, with best intersections including:

- SDD201 – 13 m @ 2.52 g/t Au from 99 m
- SDD199 – 7 m @ 4.66 g/t Au from 112 m
- SDD197 – 8 m @ 3.76 g/t Au from 109 m



Goldstar

Resource definition work was ongoing at Goldstar during the quarter involving RC drilling, diamond drilling and trenching.

The RC program encompassed 51 holes for an aggregate 4,009 metres drilled, with best intersections including:

- GRC211 – 3 m @ 6.03 g/t Au from 76 m
- GRC223 – 4 m @ 24.52 g/t Au from 14 m
- GRC235 – 16 m @ 1.42 g/t Au from 16 m
- GRC250 – 10 m @ 2.09 g/t Au from 1 m
- GRC255 – 27 m @ 1.20 g/t Au from 9 m

The holes intercepted expected geology with high MgO basalt in contact with basalt and dolerite dykes. The assays returned wide intervals with anomalous results, but overall, the grade was low. Gold dispersion is patchy and nugget like.

The diamond program, which encompassed three holes for an aggregate 574.5 metres drilled, was designed to test for down-dip continuation of the mineralisation and capture structural information on the occurrence of mineralisation.



The drill holes intercepted strong deformation and shearing in high MgO basalt in contact with dolerite and basalt. Within the MgO basalt several narrow felsic dykes were intersected. The shear zone and S1 foliation are oriented NW whilst crenulation cleavage (S2) showed a more E-W orientation. The gold is associated with narrow (2m) felsic dykes or random in quartz veins within the high MgO and dolerites.

The trenching program at Goldstar was designed to test for surface expression of mineralisation, infilling previously completed trenches.

Six trenches were excavated for an aggregate 351 metres. Each of the trenches returned wide intercepts of low-grade gold mineralisation, with best assays including:

- GTR001 – 13 m @ 3.27 g/t Au
- GTR002 – 7 m @ 2.89 g/t Au and 10 m @ 1.01 g/t Au
- GTR004 – 8 m @ 2.99 g/t Au

The trenching intercepted high MgO basalts in contact with a massive mafic unit. On the contact and within the mafic unit several more E-W oriented flat dipping quartz veins have been mapped.

In summary, the program confirmed the presence of a relatively small resource at Goldstar with a broad zone of anomalous gold occurrence.

Relatively low to moderately mineralised zones are narrow, albeit consistent on a NW to WNW trend.

The shear zone has been shown to continue at depth; however, mineralisation appears to narrow.

Nevertheless, the fact that mineralisation at Goldstar occurs from surface renders it as an attractive target.

Indeed, ore from Goldstar is expected to become a source of mill feed, supplementing ore from Hicks 4 Phase 1 & 2 and Spearpoint, in the second half of February.

A Mineral Resource upgrade at Goldstar is expected to be announced in early March 2021.

Work to better understand the structural setting and orientation of mineralisation is ongoing.





The assay results are very encouraging. The northern block returned an anomaly with gold in soil values between 100 to 375ppb. The orientation of the anomaly is interpreted NE, which is consistent with the NE vein orientation mapped in the prospect and the main Honey Camp area.

The southern block returned gold in soil values up to 875ppb over the interpreted granite and on the granite mafic contact.

A follow-up RC drilling program is planned.

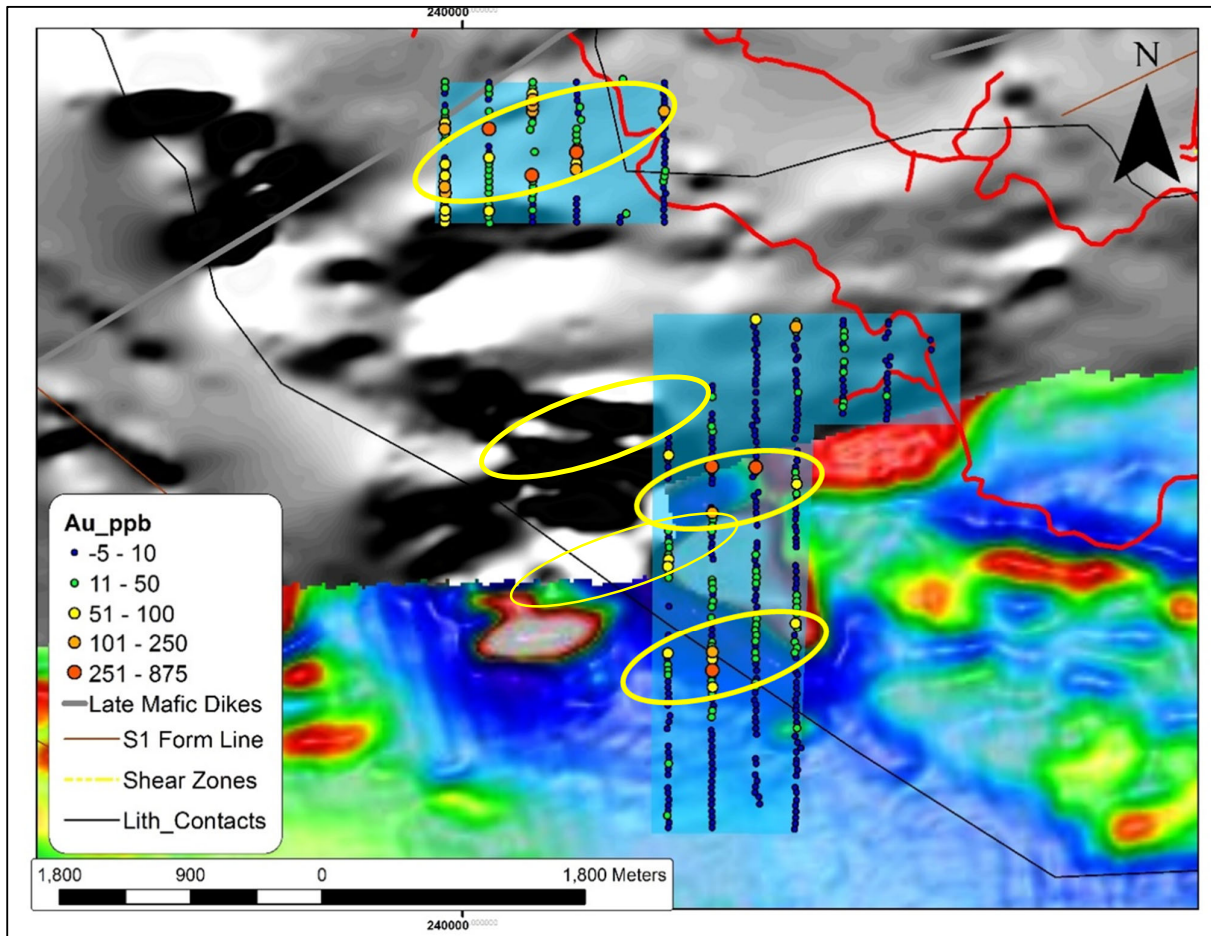


Figure 5 – Honey Camp West – Gold in soil auger



FINANCIAL INFORMATION

At the end of the quarter, the Company had total liquidity of \$11.4 million, including available cash of \$5.6 million and gold inventories at market value of \$5.8 million. Key movements in cash flow are illustrated in Figure 6.

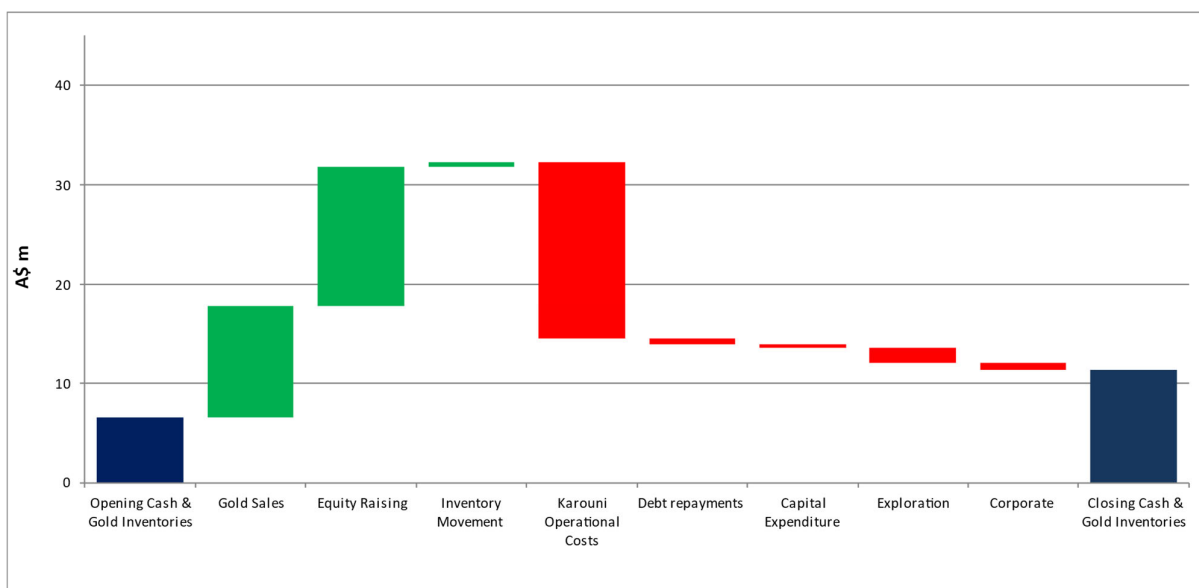


Figure 6 – December 2020 Quarter Cash Movements

Notes:

1. Key movements - unaudited
2. Liquid assets include cash, gold doré & GIC at market value.

Gold Loan Facility

During the quarter, Troy and AIMS reached agreement to extend the gold loan facility for a further twelve months such that it is now due to expire on 16 January 2022. The terms of the facility remain the same as for the original loan.

The Company issued 6 million options with an exercise price of \$0.10 expiring 16 January 2023 to AIMS for extending the facility.

Exploration Expenditure

Exploration expenditure incurred during the quarter was \$1.61 million.

Capital Expenditure

Expenditure incurred in relation to plant and equipment and sustaining capital at Karouni during the quarter was \$0.24 million.



Production Guidance

On 25 November 2020, the Company withdrew production guidance for the year of 35,000 to 40,000 ounces Au at US\$1,500 to \$1,550 per ounce.

This was considered prudent in light of the reconciliation issues referred to above, with production falling well short of expectations.

On 28 January 2021, after the end of the quarter, the Company provided a production update advising that gold production had stabilised and was now reconciling well to forecast.

The announcement went on to state that the Company expects to be in a position to provide revised guidance shortly.

CORPORATE

Board Changes

Mr John Jones retired as a Non-executive Director at the 10 December 2020 AGM.

The Company was pleased to announce the appointment of Mr Andrew Barclay as a Non-executive Director on 10 December 2020 after completion of the AGM.

CFO and Company Secretary Changes

Mr Ray Parry resigned on 31 December 2020. The Company was pleased to announce the appointment of Ms Rebecca Broughton as the CFO and Company Secretary effective 4 January 2021.

Capital Structure

The Company's capital structure as at 31 December 2020 was as follows:

Issued Capital and Equity Structure as at 31 December 2020	
Ordinary Shares	757,563,768
Options (\$0.10 exercise price expiring 16 January 2022)	6,000,000
Options (\$0.10 exercise price expiring 16 January 2023)	6,000,000
Options (\$0.15 exercise price expiring 10 December 2023)	12,000,000
Performance Rights expiring 10 December 2024	2,600,000
Performance Rights expiring 10 December 2025	2,600,000
Performance Rights expiring 10 December 2026	1,400,000



During the quarter, the Company completed the placement of 125 million shares to raise \$15 million through a two-tranche placement encompassing:

- Tranche 1 – 100 million shares to raise \$12 million
- Tranche 2 – 25 million shares to raise \$3 million

Shareholders approved the placement of the Tranche 2 shares at the AGM.

In addition, 500,000 ordinary shares were issued on 31 December 2020 as consideration for consulting services.

This announcement has been authorised for release by the Managing Director.

ENDS

Directors

Peter Stern, Non-Executive Chairman
Ken Nilsson, CEO and Managing Director
Richard Beazley, Non-Executive Director
Andrew Barclay, Non-Executive Director

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Competent Person Statement

The information contained in this report referring to Exploration Results at Smarts and Goldstar is extracted from the announcements entitled "Exploration Update, Karouni Project" released on 7 August 2020 and Bonanza Drill Intersections at Smarts Underground' released on 13 October 2020, "More High-Grade Gold Results at the Karouni Project" released on 13 November 2020, 'Exploration update, Karouni Project' released on 4 January 2021 which are available to view on www.troyres.com.au or the ASX website under the company code TRY.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements relating to the drill results or geophysical review and that all material assumptions and technical parameters underpinning the drill results and geophysical review in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings as presented here have not been materially modified from the original market announcements.

The information in this report that relates to Exploration Results is based on information compiled by Richard Maddocks, a Competent Person who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Maddocks is employed as an independent consultant to the Company. Mr Maddocks has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Maddocks consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.