CONSOLIDATED FINANCIAL REPORT

FOR THE HALF-YEAR ENDED **31 DECEMBER 2020**

APPENDIX 4D

RESULTS FOR HALF-YEAR ENDED 31 DECEMBER 2020

Note: Revenue and net profit comparisons are to the half-year ended 31 December 2019.

Revenue and net profit		**Percentage change**		**Amount $'000**
Revenue from ordinary activities	Up	2%	to	27,185
Loss from ordinary activities after tax	Down	9%	to	(17,656)
Net loss attributable to members	Down	9%	to	(17,656)

Dividend information
No interim dividend has been declared or paid for the period to 31 December 2020.

Net tangible assets per security	**December 2020**	**June 2020**
Net tangible (liabilities)/assets per security	($0.004)	$0.002
Common shares on issue at balance date	757,563,768	632,063,768

Additional Appendix 4D disclosure requirements can be found in the Directors' Report and the 31 December 2020 half-year financial statements.

This report is based on the condensed consolidated half-year financial statements for the period to 31 December 2020 which have been reviewed by PricewaterhouseCoopers and are not subject to dispute or qualification. The Independent Auditors' Review Report is included herein.

This is a half-yearly report and is to be read in conjunction with the 30 June 2020 Annual Report.

Authorised for issue by the Board of Directors.

TROY RESOURCES LIMITED

ABN: 33 006 243 750

CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

For the half-year ended 31 December 2020

DIRECTORS
Peter A Stern (Non-Executive Chairman)
Ken K Nilsson (CEO & Managing Director)
Richard J Beazley (Non-Executive Director)
Andrew C Barclay (Non-Executive Director)

COMPANY SECRETARY
Rebecca Broughton

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BANKERS
National Australia Bank Limited

AUDITORS
PricewaterhouseCoopers

LEGAL REPRESENTATIVE
Thomson Geer

STOCK EXCHANGE
Australian Securities Exchange
Fully Paid: TRY

CONTENTS

The Directors of Troy Resources Limited present their report together with the financial report of Troy Resources Limited (the Company or Troy) and its subsidiaries (Group) for the half-year ended 31 December 2020 (half-year). In order to comply with the provisions of the *Corporations Act 2001*, the Directors' report as follows:

DIRECTORS

The Directors of the Company during and since the end of the half-year are:

Peter A Stern	Non-Executive Director and Chairman
Ken K Nilsson	Chief Executive Officer and Managing Director
Richard J Beazley	Non-Executive Director
Andrew C Barclay	Non-Executive Director (appointed 10 December 2020)
John L C Jones AM	Non-Executive Director (resigned 10 December 2020)

REVIEW OF OPERATIONS

OPERATING REVIEW

Karouni Operations, Guyana	6 months to December 2019	September 2020 Quarter	December 2020 Quarter	6 months to December 2020
Open Pit Mining				
Total mined (t)	1,755,449	1,344,705	2,029,005	**3,373,710**
Ore Mined (t)	98,843	129,929	145,970	**275,899**
Mine Grade (g/t)	2.00	1.28	0.98	**1.12**
Mill Production				
Processed (t)	233,255	200,814	183,442	**384,256**
Head Grade Gold (g/t)	1.52	1.03	0.79	**0.92**
Recovery Gold (%)	95.2	95.4	90.0	**93.2**
Gold Produced (oz)	10,725	6,334	4,195	**10,529**
Gold Sold (oz)	12,358	5,995	4,373	**10,368**
Cash Cost (US$/oz)		1,610	2,862	**2,110**
All-in-Sustaining-Costs (US$/oz)		1,908	3,292	**2,460**
Gold Price Realised (US$/oz)	1,480	1,902	1,873	**1,890**

Cash Costs and All-in-Sustaining-Costs have not been reported for the 6 months to December 2019, given that the mine and mill were closed from 10 October 2019 to early January 2020.

During the half year, a total of 3,373,710 tonnes of material were mined, including 275,899 tonnes of ore at an average grade of 1.12 g/t Au.

During the half year, 384,256 tonnes of ore were processed at an average grade of 0.92 g/t Au. Recovery for the period was 93.2%.

As at 31 December 2020, the stockpiles of ROM and crushed ore were 7,767 tonnes at 1.45 g/t Au. The stockpile of mineralized waste was 94,030 tonnes at 0.56 g/t Au.

All-in-Sustaining-Costs for the period were US$2,460/oz, the relatively high cost arising from lower than expected gold production due to issues with mining and processing in the December quarter, including higher waste stripping, lack of availability of key personnel due to COVID-19 travel restrictions, and higher than average rainfall.

FINANCIAL RESULTS

	Half-year 31 Dec 2020 ($'000)	Half-year 31 Dec 2019 ($'000)	Change ($'000)	Change
Revenue	**27,185**	26,765	420	2%
Underlying EBITDA[1]	**(8,667)**	(2,193)	(6,473)	295%
Depreciation and Amortisation	**(7,926)**	(10,662)	2,736	(26%)
Underlying EBIT[2]	**(16,504)**	(12,855)	(3,649)	28%
Underlying Loss[3]	**(17,656)**	(13,365)	(4,291)	32%
Loss after tax	**(17,656)**	(19,338)	1,682	(9%)
Cash flow from operating activities	**(11,543)**	2,673	(14,216)	(532%)
Cash flow from investing activities	**(2,102)**	(5,866)	3,764	(64%)
Cash flow from financing activities	**14,458**	863	13,595	1,575%
Loss per share (basic and diluted)	**(5.3) cps**	(6.5) cps	1.2 cps	(19%)

1 Underlying EBITDA is a non-IFRS measure and is unaudited. It has been calculated as Earnings before interest, income taxes, depreciation and amortisation and non-cash impairment charges.

2 Underlying EBIT is a non-IFRS measure and is unaudited. It has been calculated as Earnings before interest, income taxes and non-cash impairment charges.

3 Underlying profit/loss after tax is a non-IFRS measure and is unaudited. It has been calculated by adding back non-cash impairment charges (net of tax) which were Nil in the current period (2019: $5,973,000).

Statement of profit or loss

The Group's revenue from operating activities for the half-year was $27,185,000 (2019: $26,765,000).

The Group expensed exploration expenditure of $2,541,000 (2019: $3,310,000).

Borrowing costs in relation to the gold loan facility and short term insurance funding totalled $1,064,000 (2019: $508,000).

Underlying EBITDA for the Group was a loss of $8,667,000 (2019: loss of $2,193,000).

Net loss after tax was $17,656,000 reflecting the reduction in gold produced (2019: $19,338,000, which included a $5,973,000 impairment charge).

Statement of financial position

As at 31 December 2020, the group had a net asset deficiency of $3,257,000. The deterioration in the net asset position from 30 June 2020 to 31 December 2020 is due in part to the decrease in the carrying values of mine properties and property, plant and equipment of $8,487,000, which includes depreciation and amortisation of $7,926,000, as well as net foreign currency translation expenses of $2,429,000, offset in part by additions to these assets.

The gold loan facility was renegotiated during the period such that it is now repayable in January 2022 and, accordingly, is classified as non-current as at 31 December 2020.

Statement of cash flows

Cash outflows from operating activities for the half-year were $11,543,000, reflecting a full six months of mining and milling activities (2019: cash inflows of $2,673,000, and the mine was put into care and maintenance from 10 October 2019.

Investing cash outflows were $2,102,000, principally due to the expenditure incurred on the stripping of the Hicks 4 asset (2019: $5,866,000).

Cash inflows from financing activities were $14,458,000, principally due to the net proceeds from the issue of equity securities of $14,041,000 (2019: $3,757,000).

GOLD LOAN FACILITY

On 16 January 2020, the Company received net proceeds of US$8,070,000 following the full drawdown of the 5,200 ounce gold loan facility provided by Asian Investment Management Services Ltd (AIMS), a Malaysian based investment fund. The facility originally had a twelve month term, which has been extended by agreement for a further twelve months and is now due to terminate on 16 January 2022. Otherwise, the terms of the facility remain the same as for the original loan. The Company has issued to AIMS six million unlisted options with an exercise price of $0.10 and an expiry date of 16 January 2023 as compensation for extending the facility.

HEDGING

As at 31 December 2020, the Group was hedge free.

DIVIDENDS

No interim dividend has been declared or paid during the half year to 31 December 2020.

BASIS OF PREPARATION

The attached report for the half-year ended 31 December 2020 contains an independent auditor's review report which includes an emphasis of matter paragraph in regard to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

For further information, refer to Note 1(d) of the financial statements together with the auditor's review report.

ROUNDING OF AMOUNTS

Unless otherwise stated, the amounts contained in this half-year financial report have been rounded to the nearest thousand dollars, so permitted pursuant to ASIC Legislative Instrument 2016/191.

SIGNIFICANT EVENTS OCCURING AFTER THE REPORTING PERIOD

There has not been any matter or circumstance arising since 31 December 2020 that has significantly affected the Group's operations, results or state of affairs, or may do so in future years.

ADDITIONAL INFORMATION

Additional information on the Company's activities is available on its web site at www.troyres.com.au. Information available includes the detailed quarterly activities reports for the September and December 2020 quarters, the 2020 Annual Report, Corporate Governance policies and other Company information and publications.

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

Signed in accordance with a resolution of Directors.

Mr Ken Nilsson
Managing Director and Chief Executive Officer

Perth, Western Australia
26 February 2021

Auditor's Independence Declaration

As lead auditor for the review of Troy Resources Limited for the half-year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Troy Resources Limited and the entities it controlled during the period.

Douglas Craig

Douglas Craig
Partner
PricewaterhouseCoopers

Perth
26 February 2021

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T: +61 8 9238 3000, F: +61 8 9238 3999, www.pwc.com.au

	Notes	31 December 2020 $'000	31 December 2019 $'000
Revenue	3	**27,185**	26,765
Cost of sales	4	**(40,141)**	(30,140)
Gross Loss		**(12,956)**	(3,375)
Other income		**1,156**	782
Exploration expenses		**(2,541)**	(3,310)
Administration expenses	4	**(1,093)**	(1,160)
Finance costs	4	**(1,064)**	(510)
Care and maintenance expenses	4	**(117)**	(4,079)
Other expenses	4	**(1,508)**	(1,713)
Impairment loss	4	**-**	(5,973)
Fair value gain on financial liability		**467**	-
Loss before income tax		**(17,656)**	(19,338)
Income tax expense		**-**	-
Loss for the period		**(17,656)**	(19,338)
Other Comprehensive Income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		**(1,457)**	308
Other comprehensive (loss)/income for the period, net of tax		**(1,457)**	308
Total Comprehensive Income attributable to owners of Troy Resources Limited		**(19,113)**	(19,030)
Earnings per share for loss attributable to the ordinary equity holders of the company			
Basic EPS (cents)		**(5.3)**	(6.5)
Diluted EPS (cents)		**(5.3)**	(6.5)

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes to the condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Notes	31 December 2020 $'000	30 June 2020 $'000
CURRENT ASSETS			
Cash and cash equivalents		**5,635**	4,910
Trade and other receivables	5	**4,113**	1,367
Inventories	6	**10,894**	11,050
TOTAL CURRENT ASSETS		**20,642**	17,327
NON-CURRENT ASSETS			
Mining properties	7	**12,271**	16,018
Property, plant and equipment	8	**5,663**	10,403
Exploration and evaluation assets	9	**623**	592
Other receivables	5	**4,309**	5,749
TOTAL NON-CURRENT ASSETS		**22,866**	32,762
TOTAL ASSETS		**43,508**	50,089
CURRENT LIABILITIES			
Trade and other payables		**25,310**	26,563
Provisions		**653**	627
Financial liabilities	10	**1,170**	13,950
Lease liability		**69**	301
TOTAL CURRENT LIABILITIES		**27,202**	41,441
NON-CURRENT LIABILITIES			
Provisions		**6,396**	7,061
Financial liabilities	10	**13,153**	-
Lease liability		**14**	65
TOTAL NON-CURRENT LIABILITIES		**19,563**	7,126
TOTAL LIABILITIES		**46,765**	48,567
NET (LIABILITIES)/ASSETS		**(3,257)**	1,522
EQUITY			
Issued capital	11	**382,861**	369,185
Reserves		**43,594**	44,393
Accumulated Losses		**(429,712)**	(412,056)
TOTAL EQUITY		**(3,257)**	1,522

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes to the condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Attributable to owners of Troy Resources Limited				
	Issued Capital $'000	**Option and Share-based Payments Reserve $'000**	**Foreign Currency Translation Reserve $'000**	**Accumulated Losses $'000**	**Total Equity $'000**
Balance at 1 July 2019	365,468	648	41,619	(368,811)	38,924
Loss for the half-year	-	-	-	(19,338)	(19,338)
Exchange rate differences on translation of foreign operations	-	-	308	-	308
Total comprehensive expense for the half-year	**-**	**-**	**308**	**(19,338)**	**(19,030)**
Issue of fully paid shares	4,000	-	-	-	4,000
Share issue costs	(263)	-	-	-	(263)
Issue of options	-	-	-	-	-
Share-based payments	-	-	-	-	-
Transfers of forfeited options	-	(648)	-	648	-
Balance at 31 December 2019	**369,205**	**-**	**41,927**	**(387,501)**	**23,631**
Balance at 1 July 2020	369,185	229	44,164	(412,056)	1,522
Loss for the half-year	-	-	-	(17,656)	(17,656)
Exchange rate differences on translation of foreign operations	-	-	(1,457)	-	(1,457)
Total comprehensive expense for the half-year	**-**	**-**	**(1,457)**	**(17,656)**	**(19,113)**
Issue of fully paid shares for cash	15,000	-	-	-	15,000
Share issue costs [(1)]	(1,384)	408	-	-	(976)
Issue of fully paid shares non cash	60	-	-	-	60
Issue of options to AIMS (Note 10)	-	222	-	-	222
Share-based payments	-	28	-	-	28
Transfers of forfeited options	-	-	-	-	-
Balance at 31 December 2020	**382,861**	**887**	**42,707**	**(429,712)**	**(3,257)**

[(1)] Share issue costs include cash payments and the fair value of options granted to the lead manager of the placement announced October 2020 following shareholder approval.

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes to the condensed consolidated financial statements.

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	2020 $'000	2019 $'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	**27,190**	26,765
Payments to suppliers and employees	**(37,164)**	(21,683)
Government royalties paid	**(2,287)**	(2,539)
Government grant received	**50**	-
Proceeds from sundry income	**668**	130
Net cash (outflow)/inflow from operating activities	**(11,543)**	2,673
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	**(383)**	(179)
Payments for mine and development properties	**(1,625)**	(5,993)
Payments for exploration and evaluation assets	**(99)**	-
Proceeds from sale of investment in associate	**-**	290
Interest received	**5**	16
Net cash outflow from investing activities	**(2,102)**	(5,866)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	**1,713**	-
Repayments of borrowings	**(362)**	(2,653)
Repayment of short term loan funding	**(901)**	-
Payment of Investec financing costs	**-**	(61)
Payments of lease liabilities	**(33)**	(180)
Net proceeds from the issue of equity securities	**14,041**	3,757
Net cash inflow from financing activities	**14,458**	863
Net increase/(decrease) in cash and cash equivalents	**813**	(2,330)
Cash and cash equivalents at the beginning of the half-year	**4,910**	7,843
Effects of exchange rate changes on balances held in foreign currencies	**(88)**	(1)
Cash and cash equivalents at the end of the period	**5,635**	5,512

Refer to Note 11 for information relating to non-cash operating, financing and investing activities.

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes to the condensed consolidated financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

Troy Resources Limited (Company or Group) is a for profit public company listed on the Australian Securities Exchange, incorporated and operating in Australia with subsidiary or associate companies in Guyana, Argentina, Brazil and Canada. The principal activities of the Group during the year were gold production and exploration.

The condensed consolidated interim financial report was authorised for issue by the Directors at a meeting held on 25 February 2021.

(b) Basis of preparation

The condensed consolidated interim financial report for the half-year ended 31 December 2020 is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. All amounts are presented in Australian dollars, unless otherwise noted.

The condensed consolidated interim financial report does not include all of the information and disclosures required in the annual financial report and should be read in conjunction with the Group's annual financial report for the year ended 30 June 2020. This report should also be read in conjunction with the ASX announcements issued by the Company since 30 June 2020.

The Company is a company of the kind referred to in ASIC Legislative Instrument 2016/191 and, in accordance with that Class Order, amounts in the half-year financial report are rounded to the nearest thousand dollars, unless otherwise indicated.

The accounting policies adopted in the preparation of the condensed consolidated interim financial report are consistent with those applied by the Group in its consolidated annual financial report for the year ended 30 June 2020, except for the adoption of new standards effective as of 1 July 2020, as disclosed below.

(c) Changes in accounting policies

The Group adopted the following new and/or revised accounting standards as of 1 July 2020. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards, which did not have a material impact on the Group's financial statements.

AASB Revised Conceptual Framework for Financial Reporting

The revised AASB Framework is effective for the Consolidated Entity's annual financial reporting period beginning on 1 January 2020. The AASB Framework provides the AASB with a base of consistent concepts upon which future accounting standards will be developed. The AASB Framework will also assist financial report preparers to develop consistent accounting policies when there is no specific or similar standard that addresses an issue.

AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material

AASB 2018-7 is effective for annual reporting periods beginning on or after 1 January 2020 and clarifies the definition of material and its application across AASB Standards and other pronouncements. The principal amendments are to AASB 101 *Presentation of Financial Statements*.

(d) Going concern assumption

For the six months ended 31 December 2020, the Group recorded an after tax loss of $17,656,000 and operating cash outflows of $11,543,000. As at 31 December 2020, the Group had a net asset deficiency of $3,257,000 and a net current asset deficiency of $6,560,000.

The Group also had cash outflows from investing activities of $2,102,000 and cash inflows from financing activities of $14,458,000.

On 25 November 2020, the Company announced the withdrawal of its production guidance in relation to the 2021 financial year due to several factors impacting its production at the Karouni mine.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Going concern assumption (continued)

These included the COVID-19 pandemic and the stores fire in mid-September 2020, the impacts of which resulted in both staff shortages and critical shortages in reagents and mill spare parts.

Additionally, the Hicks 4 Phase 3 and 4 deposits produced approximately 50% less ounces than expected from the grade control model, which had a negative impact on production and costs.

On 28 January 2021, the Company announced that a considerable amount of investigation and effort had been undertaken to remedy issues associated with ore modelling, plant procedures and personnel matters. The Company continues to monitor production closely.

Offsetting this is the fact that the Group was able to raise approximately $15 million from a placement to both existing and new institutional and sophisticated investors, and renegotiate the gold loan facility repayment date to 16 January 2022.

The continuing viability of the Group and its ability to continue as a going concern and meet its debts and commitments as they fall due are significantly dependent upon a number of factors including:

- Raising sufficient funds by December 2021 to ensure the necessary capital requirements are met for the initial, as well as the ongoing development of Smarts Underground, which is required to replace existing operations within the next six to twelve months;
- Continuing support of creditors - trade and other payables have decreased over the period from 1 July 2020 to 31 December 2020 by 4.7%, from $26,563,000 to $25,310,000, with a significant amount still exceeding normal commercial terms. Management in Guyana has regular contact with Troy Resources Guyana Inc.'s trade creditors and has in place plans for the repayment of outstanding amounts. To date, support from creditors has been forthcoming; and
- Repayment or renegotiation of the gold loan facility repayable on 16 January 2022. Whilst this facility has been successfully extended to 2022, the Company may be required to seek new funding to repay this facility in full by the due date.

In addition to the above, the longer term viability of the Group and its ability to continue as a going concern and meet its debts and commitments as they fall due are dependent upon the Group:

- Achieving forecasted operational performance and positive operational cash flows from the existing open pits over the next twelve month period.
- The completion of an updated Smarts Underground reserves and resources estimate.
- Re-optimising pit designs and mine plans - the Company continues to re-optimise pit designs and mine plans to incorporate all available grade-control drilling information and the current gold price. This may lead to an increase or decrease in mine life and production.
- Exploration Drilling - the Company is awaiting finalisation of the trial mining results from Ohio Creek prospect which is located approximately ten kilometres from the Karouni processing plant. The Group has also identified Goldstar as a highly prospective greenfields target. Preparations for a mineral resource and mining plan for this deposit is underway. Success in determining the mineral resources and converting these into a mineable ore reserve would extend the mine life of the Karouni operation.

The Directors consider that the Group will likely be able to achieve the above items and secure additional funding, if required, due to its demonstrated track record of successfully raising equity.

As a result of the financial position of the Group, there is a material uncertainty that may cast doubt on the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. However, the Directors consider that the Company will be successful in the above matters and, accordingly, have prepared the financial report on a going concern basis. The Directors have determined it is appropriate to prepare the consolidated financial statements on a going concern basis which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

2. SEGMENT INFORMATION

Reportable segments are determined based on the information reported to the Chief Executive Officer and Managing Director for the purpose of resource allocation and assessment of segment performance and are based on geographical countries and split between operations and exploration activities. The Group currently has one identifiable segment, being the gold production and exploration activities in Guyana, South America.

The following is an analysis of the Group's revenue and results by reportable operating segment, there were no intersegment sales during the half-years ended 31 December 2020 and 2019, with all revenue recognised at a point in time, not over time.

Segment performance half-year ended	Segment Revenue Half-year ended		Segment Profit/(Loss) Half-year ended	
	Dec 2020 $'000	Dec 2019 $'000	**Dec 2020 $'000**	Dec 2019 $'000
Operations				
Guyana	**27,185**	26,765	**(12,956)**	(3,375)
Total operations	**27,185**	26,765	**(12,956)**	(3,375)
Total other income			**668**	-
Expenses - Guyana				
Exploration			**(2,541)**	(3,310)
Other expenses			**(1,416)**	(5,605)
Total expenses			**(3,957)**	(8,915)
Impairment				
Guyana mine properties			**-**	(5,973)
Total segments	**27,185**	26,765	**(16,245)**	(18,263)
Other income			**488**	782
Fair value gain on financial liability			**467**	-
Corporate administration and other expenses			**(1,302)**	(1,347)
Finance costs			**(1,064)**	(510)
Loss before tax			**(17,656)**	(19,338)
Income tax expense			**-**	-
Loss for the period			**(17,656)**	(19,338)

The revenue figures reported above represent that generated from external customers.

Segment loss represents the loss earned by each segment without the allocation of central administration costs, directors' salaries, interest income, expenses in relation to corporate facilities and tax expense.

The following is an analysis of the consolidated entity's assets and liabilities by reportable segment:

Segment position	Guyana $'000	Other [ii] $'000	Total $'000
As at 31 December 2020			
Segment assets	**37,847**	**5,661**	**43,508**
Segment liabilities	**31,491**	**15,274**	**46,765**
As at 30 June 2020			
Segment assets	46,579	3,510	50,089
Segment liabilities	33,958	14,609	48,567

[i] Other relates to unallocated assets including cash held at a corporate level that has not been allocated to the underlying segment. Unallocated liabilities include borrowings, rehabilitation and employee leave provisions not specifically allocated to any one underlying segment.

3. REVENUE AND OTHER INCOME

	Half-year ended 31 Dec 2020 $'000	31 Dec 2019 $'000
Operating Revenue		
Gold sales	**27,154**	26,736
Silver sales	**31**	29
	27,185	26,765
Other Income		
Interest received	**5**	16
Insurance proceeds	**490**	-
Australian Government COVID-19 grant	**50**	-
Net foreign exchange gains	**433**	341
Other	**178**	425
	1,156	782

4. EXPENSES

	Half-year ended 31 Dec 2020 $'000	31 Dec 2019 $'000
(i) Cost of sales		
Mining and milling expenses	**26,408**	14,448
Government royalties	**2,618**	2,469
Amortisation of mining properties	**3,632**	3,351
Depreciation of property, plant and equipment	**4,129**	7,151
Depreciation of right to use assets	**129**	120
Other	**3,225**	2,601
	40,141	30,140
(ii) Administration expenses		
Head office salaries and on-costs	**299**	287
Non-Executive Directors fees and on-costs	**152**	159
Other head office administration (i)	**642**	714
	1,093	1,160

(i) Includes listing fees, shareholder costs, audit fees, taxation consultants, office rent, insurance, travel, corporate depreciation and other head office administration expenditure.

(iii) Care and maintenance expenses		
Care and maintenance costs Brazil	**117**	187
Care and maintenance costs Guyana	**-**	3,892
	117	4,079
(iv) Other expenses		
VAT written off as unrecoverable	**1,416**	1,713
Share-based payments - Directors	**28**	-
Share-based payments - Consultants	**60**	-
Foreign administration costs	**4**	-
	1,508	1,713

4. EXPENSES (CONTINUED)

	Half-year ended 31 Dec 2020 $'000	Half-year ended 31 Dec 2019 $'000
(v) Finance costs		
Borrowing costs	**1,027**	509
Interest on lease liabilities	**37**	1
	1,064	510
(vi) Impairment loss		
Property, plant and equipment	**-**	-
Mine properties (refer Note 7)	**-**	5,973
Impairment loss net of income tax	**-**	5,973

5. TRADE AND OTHER RECEIVABLES

	Consolidated as at 31 Dec 2020 $'000	Consolidated as at 30 Jun 2020 $'000
Current		
Trade receivables	**-**	6
Value added tax recoverable (Guyana)	**1,867**	-
Other receivables and prepayments	**2,246**	1,361
	4,113	1,367
Non-current		
Environmental bonds	**261**	292
Value added tax recoverable (Guyana)	**6,317**	7,992
Provision for unrecoverable value added tax	**(2,269)**	(2,535)
	4,309	5,749

6. INVENTORY

	Consolidated as at 31 Dec 2020 $'000	Consolidated as at 30 Jun 2020 $'000
At cost or net realisable value:		
Bullion and dore on hand	**3,298**	1,644
Gold in circuit	**2,444**	3,233
Ore stockpiles	**385**	590
Stores	**4,767**	5,583
	10,894	11,050

7. MINE PROPERTIES

	Consolidated as at	
	31 Dec 2020 $'000	30 Jun 2020 $'000
Balance at start of the period	**16,018**	24,476
Expenditure incurred during the period	**1,625**	13,047
Rehabilitation provision adjustment	**76**	2,101
Amortisation expensed during the period	**(3,632)**	(4,305)
Currency translation differences	**(1,816)**	159
Impairment loss	**-**	(19,460)
Balance at end of period	**12,271**	16,018

Karouni Mine Properties

The Group has one cash generating unit (CGU) being the Karouni mine in Guyana. The carrying value of mine properties are assessed on a cash generating unit (CGU) basis at each reporting date to determine whether there is any indication of impairment or reversal of impairment. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. A CGU is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups.

Indicators of impairment can include changes in market conditions, future gold and silver prices and future costs, as well as life of the mine, which is impacted by reserves and resources. Where an indicator of impairment exists, an assessment of the recoverable amount will be made.

On 25 November 2020, the Company announced the withdrawal of its production guidance in relation to the 2021 financial year due to several factors impacting its production at the Karouni mine.

These included the COVID-19 pandemic and the stores fire in mid-September 2020, the impacts of which resulted in both staff shortages and critical shortages in reagents and mill spare parts.

Additionally, the Hicks 4 Phase 3 and 4 deposits produced approximately 50% less ounces than expected from the grade control model, which had a negative impact on production and costs.

Based on the above factors, the Company determined that impairment indicators existed as at 31 December 2020.

However, when a formal estimate of the Karouni project's recoverable amount was made, it was determined that there was no requirement to reduce the carrying value of mine properties.

Methodology and assumptions applied at 31 December 2020

The carrying value of mine properties were supported by a fair value less cost of disposal model. Fair value is estimated based on discounted cash flow estimates prepared using market-based commodity price assumptions, estimated quantities of recoverable minerals, production levels, operating costs, working capital position and future capital expenditure. These estimates were based on the Group's most recent life-of-mine plan.

The following commentary summarises the key assumptions used in the 31 December 2020 carrying value assessment.

Commodity prices and exchange rates

The commodity price is estimated with reference to external market consensus forecasts prevailing at the end of the half year and was US$1,900 for the six months to 30 June 2021 and US$1,919 thereafter. The US$ cash flows were then converted at the A$/US$ exchange rate of 0.77.

7. MINE PROPERTIES (CONTINUED)

Discount rate

In determining the fair value of the CGU, the future cash flows are discounted using rates based on the Group's estimated after tax weighted average cost of capital. The discount rate of 10.7% also incorporates an additional premium applied having regard to the geographic location of the CGU.

Operating and capital costs

Life-of-mine operating and capital cost assumptions are based on the Group's latest budgets and plans.

Ore reserves and mineral resources

The life-of-mine plan for the CGU includes Ore Reserves as at 30 June 2020 as well as those Mineral Resources expected to be converted to Ore Reserves, taking into account the tonnes mined and actual ounces recovered during the six months ended 31 December 2020.

Sensitivity analysis

Any variation in the key assumptions going forward may impact the recoverable value of the CGU. If the variation in an assumption has a negative impact on the recoverable value, it could indicate a requirement for impairment.

	5% decrease in US$ gold price	**Discount rate +/- 1.5%**	**Operating expenses +/- 5%**
Impact on recoverable value	A$9.6 million	A$1.5 million	A$7.5 million

It must be noted that each of these sensitivities assumes that the specific assumption moves in isolation, while all other assumptions are held constant. In reality, a change in one of the sensitivities is usually accompanied with a change in another assumption, which may have a further , potentially offsetting, impact. Action taken to respond to adverse changes in economic assumptions may mitigate the impact of any such change.

Individual mine property assets

The Group also reviewed each individual pit within mine properties and no individual mine properties are considered to be impaired as at 31 December 2020.

8. PROPERTY, PLANT AND EQUIPMENT

Consolidated balance as at	Land and buildings $'000	Buildings right of use assets $'000	Plant and equipment $'000	Plant and equipment right of use assets $'000	Motor vehicles $'000	Total $'000
At cost:						
Balance at 30 June 2019	**7,631**	**-**	**106,890**	**-**	**2,068**	**116,589**
Recognised upon transition to AASB 16 1 July 2019	-	98	-	-	-	98
Transfer to right of use assets	-	-	(474)	474	-	-
Additions	-	133	1,468	-	-	1,601
Disposals	-	-	-	-	-	-
Transfers	50		(671)	621	-	-
Currency translation differences	153	(3)	2,102	(7)	41	2,286
Balance at 30 June 2020	**7,834**	**228**	**109,315**	**1,088**	**2,109**	**120,574**
Balance at 1 July 2020	7,834	228	109,315	1,088	2,109	120,574
Additions	-	-	383	-	-	383
Disposals	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Currency translation differences	(823)	(14)	(11,418)	(114)	(219)	(12,588)
Balance at 31 December 2020	**7,011**	**214**	**98,280**	**974**	**1,890**	**108,369**
Accumulated depreciation and impairment:						
Balance at 30 June 2019	(4,736)	-	(87,686)	-	(1,418)	(93,840)
Transfer to right of use assets	-	-	9	(9)	-	-
Depreciation expense	(1,734)	(87)	(12,366)	(202)	(407)	(14,796)
Disposals	-	-	-	-	-	-
Transfers	-	-	(109)	-	109	-
Impairment	-	-	-	-	-	-
Currency translation differences	(55)	1	(1,464)	4	(21)	(1,535)
Balance at 30 June 2020	**(6,525)**	**(86)**	**(101,616)**	**(207)**	**(1,737)**	**(110,171)**
Balance at 1 July 2020	(6,525)	(86)	(101,616)	(207)	(1,737)	(110,171)
Depreciation expense	(698)	(46)	(3,303)	(105)	(142)	(4,294)
Disposals	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Currency translation differences	730	6	10,805	29	189	11,759
Balance at 31 December 2020	**(6,493)**	**(126)**	**(94,114)**	**(283)**	**(1,690)**	**(102,706)**
Net book value:						
As at 30 June 2020	1,309	142	7,699	881	372	10,403
As at 31 December 2020	**518**	**88**	**4,166**	**691**	**200**	**5,663**

9. EXPLORATION AND EVALUATION ASSETS

	Consolidated as at 31 Dec 2020 $'000	 30 Jun 2020 $'000
Balance at start of the period	**592**	-
Expenditure incurred during the period	**99**	592
Currency translation differences	**(68)**	-
Balance at end of period	**623**	592

10. FINANCIAL LIABILITIES

	Consolidated as at 31 Dec 2020 $'000	 30 Jun 2020 $'000
Current borrowings		
Gold loan facility		
Host debt – amortised costs	**-**	11,918
Embedded commodity derivative	**-**	1,724
Capitalised borrowing costs	**-**	(126)
Total gold loan facility financial liabilities	**-**	13,516
Insurance premium funding	**1,170**	434
	1,170	13,950

Short term loan funding – Attvest Finance Pty Ltd

Short term loan funding for the insurance premiums for the Group was obtained in December 2020. This funding is due to be fully repaid by 30 May 2020.

Non- current borrowings		
Gold loan facility		
Host debt – amortised costs	**11,086**	-
Embedded commodity derivative	**2,287**	-
Capitalised borrowing costs	**(220)**	-
Total gold loan facility financial liabilities	**13,153**	-

Financial liability – Asian Investment Management Services Limited gold loan

On 16 January 2020, the Company entered into a gold loan facility of 5,200 ounces with Asian Investment Management Services Limited (AIMS), a Malaysian based investment fund (Facility). The Facility had an initial term of twelve months and is secured by a general security interest over the Company's assets. The Facility was fully drawn down with gross proceeds of US$8.07 million (A$11.7 million) received.

On 19 October 2020, the Company announced that it had been agreed by the parties to extend the term of the facility for a further twelve months such that it is now due to expire on 16 January 2022. The Company issued to AIMS six million unlisted options with an exercise price of $0.10 and an expiry date of 16 January 2022 as compensation for the extension of the facility.

11. ISSUED CAPITAL

Fully paid ordinary issued capital	Consolidated Half-year ended 31 Dec 2020 Number of Shares '000	Consolidated Half-year ended 31 Dec 2020 Issued Capital $'000	Consolidated Full year ended 30 Jun 2020 Number of Shares '000	Consolidated Full year ended 30 Jun 2020 Issued Capital $'000
On issue 1 July – fully paid	**632,064**	**369,185**	592,064	365,468
Issue of share capital				
Shares issued for cash	**-**	**-**	40,000	4,000
Shares issued for cash (1)	**100,000**	**12,000**	-	-
Share issued for cash (2)	**25,000**	**3,000**	-	-
Shares issued for non-cash (3)	**500**	**60**	-	-
Share issue costs	**-**	**(976)**	-	(283)
Placement manager options (4)	**-**	**(408)**	-	-
	757,564	**382,861**	632,064	369,185

Unlisted options	Consolidated Half-year ended 31 Dec 2020 Number of options	Consolidated Full year ended 30 Jun 2020 Number of options
On issue 1 July	**6,000,000**	-
Issue of options to financier (5)	**6,000,000**	6,000,000
Issue of options to placement lead manager (4)	**12,000,000**	-
	24,000,000	6,000,000

Additional information on the issue of ordinary shares and unlisted options:

On 26 October 2020, the Company announced that it had received firm commitments to raise $15,000,000 through a two-tranche placement of 125,000,000 ordinary shares at $0.12 per share to professional and sophisticated investors.

(1) On 2 November 2020, the Company issued 100,000,000 new ordinary shares at an issue price of $0.12 under Tranche One of the placement.
(2) On 16 December 2020, the Company issued 25,000,000 new ordinary shares at an issue price of $0.12 under Tranche Two of the placement following the approval of shareholders at the Annual General Meeting (AGM) held on 10 December 2020.
(3) On 31 December 2020, the Company issued 500,000 new ordinary shares at an issue price of $0.12 as consideration totalling $60,000 for consulting services.
(4) Shareholders at the AGM approved the issue of 12,000,000 unlisted options to Canaccord Genuity (Australia) Limited which acted as lead manager to the placement referred to in (1) and (2) above. The options have an exercise price of $0.15 per option and an expiry date of 10 December 2023. The fair value of these options is calculated as $407,540, with this amount treated as a capital raising cost and recorded as a deduction in issued capital.
(5) Shareholders at the AGM approved the issue of 6,000,000 unlisted options to AIMS for the extension of the gold loan facility (refer Note 10).

12. SHARE-BASED PAYMENTS

With the approval of shareholders at the 10 December 2020 Annual General Meeting (AGM, the Company entered into the Employee Incentive Plan (EIP). The EIP is designed to provide long-term incentives for Directors, employees, consultants or contractors of Troy Resources Limited or any member of the Group. Shareholder approval is required before any Director or related party of the Company can participate in the EIP and be granted shares, options or performance rights.

Performance rights granted during the half-year ended 31 December 2020

Performance rights were granted on 10 December 2020 to the Chief Executive Officer and Managing Director, the Non-Executive Chairman and a Non-Executive Director following receipt of shareholder approval at the AGM. The performance rights are split into tranches based upon vesting, with the same performance criteria for each tranche, being share price growth from 30 June 2020 (60%) and ore reserve growth from 72,200 ounces (40%).

Details of the 6,600,000 performance rights granted, which are valued at an aggregate $480,840, are as follows:

	Tranche 1		Tranche 2		Tranche 3	
Vesting Date	30 June 2021		30 June 2022		30 June 2023	
Number of performance rights	1,560,000	1,040,000	1,560,000	1,040,000	840,000	560,000
Value per right	$0.055	$0.092	$0.062	$0.092	$0.066	$0.092
Valuation per tranche	$$85,800	$95,680	$96,720	$95,680	$55,440	$51,520
Performance Criteria	Growth in shareholder value based upon share price	Growth in Ore Reserves	Growth in shareholder value based upon share price	Growth in Ore Reserves	Growth in shareholder value based upon share price	Growth in Ore Reserves
	Table 1	Table 2	Table 1	Table 2	Table 1	Table 2

Table 1
Total Shareholder Return (TSR) Performance Condition is the percentage growth in shareholder value, which includes changes in share price and dividends paid. The index will be the share price as at 30 June 2020 which was $0.083.

Relative TSR Condition	% Contribution of the number of Performance Shares to Vest
Below the index plus 10%	0%
Between 10% and 20% above the index	Pro-rata from 50% to 100%
20% above the index	100%

Table 2
Ore Reserves growth is referenced to the Ore Reserves as at the 30 June 2020 equating to 72,200 ounces.

Ore Reserves Growth	% Contribution of the number of Performance Shares to Vest
Below the index plus 15%	0%
Between 15% and 35% above the index	Pro-rata from 50% to 100%
35% above the index	100%

12. SHARE-BASED PAYMENTS (CONTINUED)

Performance rights fair value at grant date

The fair value for rights related to share growth (which have a market based vesting condition) are estimated using a Monte Carlo simulation. The fair value for rights related to growth in ore reserves (which have a non-market vesting condition) are estimated using the Black-Scholes option pricing model. The fair value was determined using the inputs in the following table.

Performance rights	Tranche 1		Tranche 2		Tranche 3	
Model Inputs	TSR rights	Ore reserve rights	TSR rights	Ore reserve rights	TSR rights	Ore reserve rights
Share price at grant date	$0.092	$0.092	$0.092	$0.092	$0.092	$0.092
Exercise price	Nil	Nil	Nil	Nil	Nil	Nil
Valuation date	10/12/2020	10/12/2020	10/12/2020	10/12/2020	10/12/2020	10/12/2020
Commencement of performance period	30/06/2020	30/06/2020	30/06/2020	30/06/2020	30/06/2020	30/06/2020
Performance measurement date	30/06/2021	30/06/2021	30/06/2022	30/06/2022	30/06/2023	30/06/2023
Performance period (years)	1.00	1.00	2.00	2.00	3.00	3.00
Remaining performance period (years)	0.55	0.55	1.55	1.55	2.55	2.55
Expiry date	30/06/2024	30/06/2024	30/06/2025	30/06/2025	30/06/2026	30/06/2026
Remaining life of rights (years)	3.56	3.56	4.56	4.56	5.56	5.56
Share price volatility	75%	75%	75%	75%	75%	75%
Risk-free rate	0.09%	0.09%	0.09%	0.09%	0.09%	0.09%
Dividend yield	Nil	Nil	Nil	Nil	Nil	Nil
Number of rights	1,560,000	1,040,000	1,560,000	1,040,000	840,000	560,000
Valuation per right	$0.055	$0.092	$0.062	$0.092	$0.066	$0.092
Valuation per tranche	$85,800	$95,680	$96,720	$95,680	$55,440	$51,520

There were no performance rights granted in the previous period.

Unlisted Options

As at 31 December 2020, the terms and conditions of unlisted options granted by the Company to financiers and advisors are as follows, whereby all options are settled by the delivery of shares:

Grant Date	Number of Instruments	Vesting Conditions	Contractual Life
Financiers and Advisors			
16 January 2020	6,000,000	Vest immediately	2 years
10 December 2020	6,000,000	Vest immediately	2 years
10 December 2020	12,000,000	Vest immediately	3 years
Total Options	24,000,000		

The fair value of unlisted options is calculated at the date of grant using the Black-Scholes Model. Expected volatility is estimated by considering historical volatility of the Company's share price over the period commensurate with the expected term.

12. SHARE-BASED PAYMENTS (CONTINUED)

The following factors and assumptions were used in determining the fair value of options on grant date:

2020 Grant Date	Vesting Date	Expiry Date	Fair Value Per Option	Exercise Price	Price of Shares on Grant Date	Expected Volatility	Risk Free Interest Rate	Dividend Yield
10/12/2020	10/12/2020	16/01/2023	$0.037	$0.10	$0.092	76.41%	0-99%	-
10/12/2020	10/12/2020	10/12/2023	$0.034	$0.15	$0.092	75.41%	0.99%	-

The fair value of the 12,000,000 options issued to the lead manager of the placement announced 26 October 2020 has been treated as a capital raising cost and recorded as a reduction in share capital (refer Note 11).

13. CONTINGENT LIABILITIES

The Group has the following contingent liabilities:

(i) Bank guarantees from financial institutions totalling $289,000 (30 June 2020: $320,000), of which $289,000 (30 June 2020: $320,000) is cash backed.

(ii) Potential legal claims submitted by previous employees at the Company's Sertão and Andorinhas operations in Brazil of $51,000 (30 June 2020: $27,000). Based on past settlement of claims, the current expectation is that only a portion of this will become payable and, therefore, the amount of $28,000 (30 June 2020: $21,000) has been included in current provisions.

14. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

There are no matters or circumstances that have arisen since 31 December 2020 that have significantly affected or may significantly affect:

(i) The consolidated entity’s operations in future financial periods; or
(ii) The results of those operations in future financial period; or
(iii) The consolidated entity’s state of affairs in future financial periods.

In the directors' opinion

a) the financial statement and notes set out on pages 5 to 21 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and

(ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date.

b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

On behalf of the Directors of Troy Resources Limited

Mr Ken Nilsson
Managing Director and Chief Executive Officer

Perth, Western Australia
26 February 2021

Independent auditor's review report to the members of Troy Resources Limited

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Troy Resources Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the Condensed consolidated statement of financial position as at 31 December 2020, the Condensed consolidated statement of changes in equity, Condensed consolidated statement of cash flows and Condensed consolidated statement of profit or loss and other comprehensive income for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Troy Resources Limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date

2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 1(d) in the financial report, which indicates that the Group recorded a net loss after tax of $17,656,000 and operating cash outflows of $11,543,000 during the half year ended 31 December 2020 and, as of that date, the Group is in a net liability position of $3,257,000 and has a net current asset deficiency of $6,560,000. Note 1 (d) comments on the Group's ability to continue as a going concern being dependent on a number of factors including raising sufficient funds by December 2021, the continuing support of its creditors and financiers, and achieving forecast operational performance and positive operational cash flows. These conditions, along with other matters set forth in Note 1(d), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

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Responsibility of the directors for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

Auditor's responsibility for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PricewaterhouseCoopers

PricewaterhouseCoopers

Douglas Craig

Douglas Craig
Partner

Perth
26 February 2021