



TROY RESOURCES LIMITED

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ANNUAL  
REPORT  
FOR THE YEAR ENDED 30 JUNE

2014



TROY RESOURCES LIMITED

## CORPORATE PROFILE

Troy (ASX, TSX: TRY) is a successful gold and silver producer with a track record of low cost mine development and production. The Company is unique amongst its peers having paid 13 fully franked cash dividends over the 13 years to 2012. The Company expects to recommence paying dividends once Karouni is in production.

Troy has been operating in South America since 2002 and, following the development of the Casposo project in Argentina, has entered a renewed growth phase which has lifted the Company's annual gold production above 100,000 ounces. In July 2013 the Company acquired Azimuth Resources Limited which had discovered and delineated a high-grade gold Resource in Guyana. The Company is fast tracking development of Karouni and expects first production before the end of FY2015.

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

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*Underground Drilling - Casposo, Argentina*





# HIGHLIGHTS OF 2014

- » Gold equivalent production of **132,939 ounces**
- » Commenced construction of **Karouni** following completion of the off-market takeover of **Azimuth Resources Limited**
- » Processing of **first underground ore** from **Casposo** and transition to **Owner Miner**
- » Secured up to **A\$100 million** facility with **Investec Bank Plc**
- » Successfully **raised A\$32.2 million** through an equity placement and share purchase plan
- » **26% increase** in Mineral Reserve inventory



Underground Drilling - Casposo, Argentina

## FIVE YEAR SUMMARY (YEAR ENDING 30 JUNE)

OPERATIONS		2014	2013	2012	2011	2010
Gold Produced	(oz)	93,947	103,002	119,621	71,614	61,453
Cash Costs per oz (net of silver credits)	(\$/oz)	A\$593	A\$624	A\$458	A\$561	A\$855
		US\$545	US\$640	US\$472	US\$554	US\$741
Gold Equivalent Produced	(oz)	132,939	127,060	137,457	76,983	61,453
Cash Costs per oz (Au_Eq)	(\$/oz)	A\$832	A\$797	A\$606	A\$624	A\$855
		US\$764	US\$818	US\$654	US\$624	US\$741
Gold Price Realised	(\$/oz)	A\$1,404	A\$1,552	A\$1,624	A\$1,394	A\$1,234
		US\$1,293	US\$1,595	US\$1,672	US\$1,428	US\$1,073
Silver Produced	(oz)	2,475,565	1,361,133	937,208	224,537	-
Silver Price Realised	(\$/oz)	A\$22	A\$27	A\$31	A\$34	-
		US\$20	US\$28	US\$32	US\$36	-
Sales Revenue	(\$ million)	178	203	209	102	75
Profit (loss) before tax	(\$ million)	(94)	32	55	17	(7)
Net Profit (loss) after tax (attributable to members of the Company)	(\$ million)	(59)	19	31	15	(7)
Dividends Paid	(cents/share)	-	-	10.0	6.0 & 4.0 <sup>(1)</sup>	-
Exploration Expenditure	(\$ million)	14.7	17.2	16.5	9	7
Capital Expenditure	(\$ million)	57	56	17	44	45
Cash and Bank Deposits	(\$ million)	43	26	59	28	16

(1) Interim dividend paid 29 June 2011.

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From top to bottom:

1. Camp Site Construction – Karouni, Guyana
2. Troy Board Site Visit - Karouni, Guyana
3. Plant Overview - Casposo, Argentina



# CHAIRMAN'S STATEMENT



**Dear Shareholders,**

**2014 continued as a time of change and development for your Company.**

Importantly, we commenced construction of a new mine in Guyana, undertook a major financing with Investec and raised capital through a selective offering to Institutions and through an offering to our shareholders. We continued to address the challenges presented through underground

mining at Casposo and are confident that we will be able to improve performance in terms of production and cost. We have retained our approach of seeking new opportunities through our project development capabilities, to bring small high grade operations into profitable production. Clearly 2014 also provided a challenging environment in which to create value, with volatile and declining gold prices, country risk factors and management changes.

As a result of our endeavours over the past year, I am confident that Troy has been able to lay the foundations for long-term value creation for our shareholders, across the entire business model.

You will no doubt be aware that our seasoned approach to project development has been to start with a smaller, scalable plant, using second hand equipment where appropriate. This approach minimises up front capital and allows for rapid mine development. It also allows for expansion and further exploration to be funded by early project cashflows. We are using a similar approach in Guyana. However, due to the equipment selected, we will be able to operate at a higher throughput from the start for very little additional capital. We look forward to production commencing before the end of FY2015.

The quality and dedication of the senior management of your Company is evidenced by their approach to the recent transition of Troy's Chief Executive Officer. Paul Benson, who provided his leadership for seven years, announced his resignation in April and continued to work with me during the transition and appointment of our new Chief Executive Martin Purvis.

Such transitions can be a time for disruption, but your management team worked together to ensure the smooth running and continued progress of all our operations and developments. I thank them and their teams for their efforts and professionalism during this period. I am confident that Troy has a strong portfolio of operations and opportunities and the staff with which to develop a strong and profitable company.

We have continued our excellent record in providing a safe environment for our workers, and we continue to operate with environmental awareness and focus. We provide support for local communities through our focus on employing the local workforce and services, maintenance and upgrading of roads, provision of drinking water and power and the building of recreation and sporting facilities. The importance of this commitment was apparent in a recent meeting with the President of Guyana where our focus on these areas encouraged the Guyanese Government to offer its full support of Troy and its project development. This approach, combined with our operating principles, gives us an enhanced reputation and credibility in the countries in which we operate.

Troy has a record of being a consistent dividend payer and whilst no dividend has been declared for 2014, it remains the Board's intention to return to the practice of dividend payments as soon as it is appropriate. Factors that affect this timing will be the completion and operation of the Karouni mine in Guyana, the impact of cost saving initiatives at Casposo and compliance with financial covenants under our loan facilities. We recognise that a large factor will be dependent upon the price realised for the sale of our gold and silver, however we are driven to reduce our cost structure to control those factors where we can influence the outcome.

I would also like to take this opportunity to thank my fellow Board members for their dedication to the Company and for their support.

I have confidence that your continued support will be rewarded in the coming years.

**DAVID DIX**  
NON-EXECUTIVE CHAIRMAN

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From top to bottom:

1. Bridge and Road Construction - Karouni, Guyana
2. Unloading Ball Mill - Karouni, Guyana
3. Aerial View Hicks Camp - Karouni, Guyana



# CEO'S REPORT



**Dear Shareholders,**

**It gives me great pleasure to report to you as your new Chief Executive Officer after taking on the role on the 1st of September 2014.**

Before commenting on the Company's financial results for FY2014, I thought I would share with you some of the key factors that attracted me to the position with Troy and why I consider myself very fortunate to have been given this outstanding opportunity.

For myself, like many West Australians familiar with the resource industry, the name Troy Resources is synonymous with a company that has quietly gone about its business of acquiring and developing high quality, precious metal mines in two continents for more than two decades. The fact that the Company has prevailed and prospered through frequent market turmoil and geo-political challenges over this time, is a credit to the care taken with its investment decisions and the deep skills base embedded within the organisation.

Before taking on the role I was given the opportunity to visit Troy's Casposo mine in Argentina as well as the new "flagship" Project in Guyana, which is now known as "Karouni" or "wild boar" in the local language. What struck me after more than 30 years in the mining industry was the team spirit and can-do attitude at both locations. As a junior mining company, Troy has a unique skill set in being able to identify latent geological potential and the ability to unlock value by developing the mine using in-house know-how and then operating the mine without being dependent on external contractors for either underground or open pit operations. This ability to "resource" the business from acquisition and funding through to the very first metal pour is a very valuable asset within Troy's business model.

Talking to the Directors and Management since joining the Company, there is clearly a great sense of excitement over the development and potential of Karouni as a new frontier for Troy. After considerable success in Australia, Brazil and Argentina, the same "blueprint" is now being applied to this Project, located in a region which has considerable exploration potential, but has yet to be "worked-over" by modern exploration techniques. Troy has a long track record of finding the various "clues" and "signatures" that give rise to identifying the key controls of mineralisation in a deposit and this in turn has produced noteworthy brownfields exploration success at all its previous operations. Since acquiring the Karouni Project in July 2013, the focus of the Company has been on defining the mining blocks in the existing wire frame around the two mineralised pits – Smarts and Hicks.

With this work now largely complete, attention will now turn to using all the geological data and research compiled to date, to embark on what is likely to be the largest brownfield exploration campaign in the Company's history.

All in all the next year will see a considerable change and growth in the operating base of the business and I certainly feel very fortunate to have joined the Troy team before the next chapter in the story of this unique Company unfolds.

Looking back at FY2014, your Company has quickly and effectively shifted gear from a steady state producer to a full on project developer, with the additional demand on resources that comes about from these activities being reflected in the financial results.

At an operating level it is pleasing to note that overall production from Casposo and Andorinhas increased from 127,060 gold equivalent ounces (2013) to 132,939 gold equivalent ounces, which reflects the increasing efforts to improve production rates at both these operations in the face of considerably weaker market conditions. Costs were also well contained, with Group cash costs per ounce of gold equivalent dropping from US\$818/oz (2013) to US\$764/oz.

Notwithstanding these considerable improvements, the 28.6% reduction in the US dollar silver price and 18.9% reduction in the US dollar gold price year on year resulted in a lower operating margin for FY2014 of \$17.9 million (2013: \$49.8 million).

During the year Management continued to focus on safety performance across all its activities and achieved a noteworthy improvement in terms of a decrease in lost time accidents within the Group. Troy's continuous attention to Community Development Programmes and Environmental Initiatives is a benchmark in the regions in which it operates and served to enhance the Company's reputation as a responsible corporate citizen focused on sustainable business practices.

Looking ahead there are still many challenges ahead and a fair amount of "heavy lifting" to get the Karouni mine operational before the end of FY2015. That said I have no doubt that the Troy team will be equal to the task, as it has always been in the past, and that your Company will soon be producing at an annualised rate of over 200,000 low cost, gold equivalent ounces!

I would like to take this opportunity to thank all the Directors and all my colleagues for the warm welcome and support I have received since joining the Company.

**MARTIN PURVIS**  
CEO & MANAGING DIRECTOR

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# OPERATIONS REPORT

## ARGENTINA: CASPOSO (TROY 100% THROUGH TROY RESOURCES ARGENTINA LTD)

### **Occupational Health and Safety**

There were 21 lost time accidents recorded during the course of the year, a 27.6% decrease from last year. The Processing Plant focused on improvements in plant ergonomics, maintenance planning, improved procedures and workforce training to improve on the Company's safety record, while the Underground Department has been focused on mine systems, planning and training to improve mine safety and efficiency. Overall the employment of personnel has been reduced by 7%, with Troy focused on recruiting personnel from the local community and training them. Additionally Troy has reduced the use of external contractors by 43% over the year. This stabilisation of the workforce has improved mine management and safety.

### **Production**

The commissioning of the ball mill at the start of FY2014, coupled with continued operational and maintenance improvements in the plant, resulted in a 21.5% increase in ore treated for the year to 519,661 tonnes. These improvements, and a 56.2% increase in silver grade, offset the reduction in gold grade, resulting in gold equivalent production of 101,734 ounces, 9.0% higher than FY2013. Gold recovery also increased by 2.1%, while silver recovery decreased 4.2% in comparison to FY2013. With the installation of the Slam-jet Aeration System into the leach circuit tanks during the latter part of FY2014, silver recovery increased significantly in the fourth quarter to 80.2%.

Problems with the underground ramp and management of ground conditions in the hanging wall in the stopes on Level 1 have been resolved. The mine has made changes to the mine design, ground support systems and sequencing and scheduling of stope production to improve ground conditions and reduce dilution and we should start to see the benefit of these changes once they are fully implemented. For FY2014, 4,110m were developed, Inca 1 development is ongoing and the offshoot ramp to Inca 2 has been initiated. In addition, 194,301 tonnes of ore was mined at a grade of 3.77g/t gold and 301.71g/t silver.

The open pit produced 412,067 tonnes of ore at 3.7g/t gold and 122.49g/t silver. Mining from both the Kamila and the smaller Mercado pits has now come to an end with all future ore production to come from the underground operation.

Increased production and plant operating performance, changing to owner miner in the underground and a reduction in waste stripping as the open pits draw to a close has seen unit production cash costs decrease 10.9% to US\$735 per ounce in 2014 (net of silver credits).

### **Community and Sustainability**

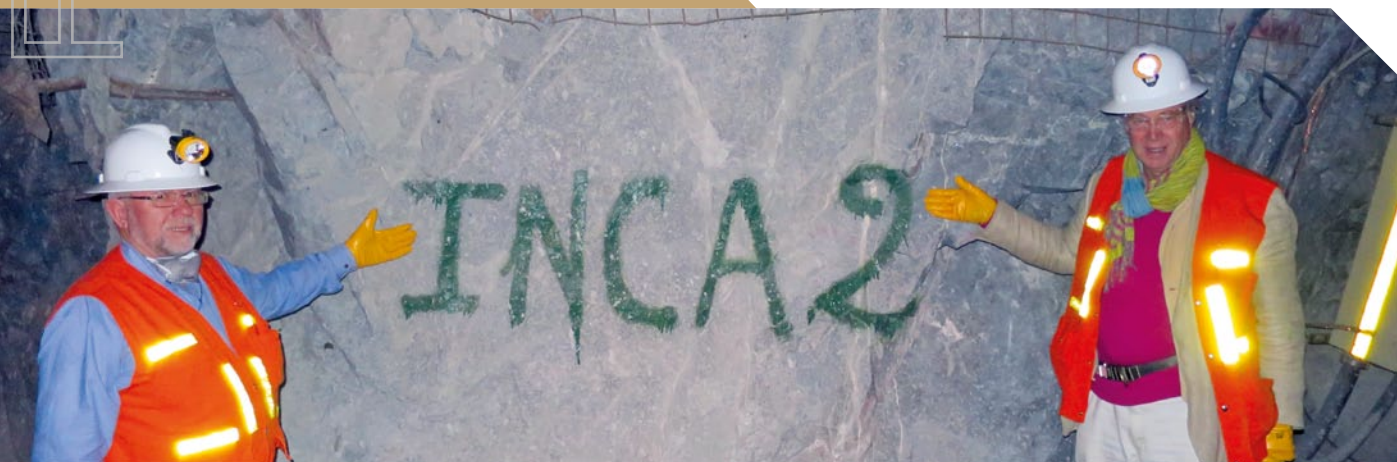
Troy continues to be very proactive in the community, assisting local schools and colleges, providing health services, child nutrition programmes, as well as horticulture and apiculture training. Troy also supports local culture and encourages sport whilst participating in local celebrations and events to name but a few. The Company maintains an open door policy with groups visiting the mine on appointment so they can gain a better understanding of Troy and the mining industry in general. Twice a year volunteers from the local community are actively encouraged to participate in the Company's environmental monitoring programme for water in and around the mine. Additionally, the Company is investing in local infrastructure with the repaving of 18km of provincial road and the construction of the Calingasta Recreation, Sport and Cultural Centre during the year.

### **Outlook**

Underground production remains the priority with the focus on accessing high grade zones in the orebody, the improvement of ground support and backfill, the reduction of mine dilution and the opening of the Inca 2 ore body and multiple stoping horizons. Additionally the Company will continue to focus on the ongoing training of local employees in underground mining and strive towards further improvements in overall safety.

High inflation remains a key challenge in Argentina, however continued devaluation of the peso against the US dollar has largely served to offset the impacts of this domestic inflation.

*Inca 2 - Casposo, Argentina*





## **BRAZIL: ANDORINHAS** (TROY 100% THROUGH REINARDA MINERAÇÃO LTDA)

### **Occupational Health and Safety**

Andorinhas continues to focus on maintaining a good safety record. The operation had 14 minor lost time injuries recorded during the year.

### **Production**

Underground mining is focused on a small amount of pillar extraction in the M2 orebody and also in the Melechete deposit in the deepest sections of the mine. All development and cut and fill mining has been completed. With the orebody at depth becoming more complex due to tight localised folding, the remainder of the underground inventory is being mined using the open shrink stoping method. This method of mining, although providing low tonnages, has helped to keep ore dilution to a minimum. For the year ore production was 126,244 tonnes at 4.90g/t.

The mill, in addition to processing high grade underground ore, continues to be dependent on low grade stockpiled material blended with Lagoa Seca garimpeiro tailings, to maintain a high plant throughput. Andorinhas processed 226,425 tonnes of ore at a head grade of 4.69 g/t with a recovery of 91.4%. However, despite the slight increase in grade, tonnes processed were reduced by 8.1% and overall gold production was down 7.4% in comparison to the previous year. This resulted in a 7.1% increase in unit cost to US\$856/oz gold.

### **Outlook**

The Coruja mining license was approved towards the end of FY2014. The Coruja open pit is currently being developed and will enable the plant to continue production until the fourth quarter of FY2015. The Company continues to review its mine plan to ensure that it maximises value.

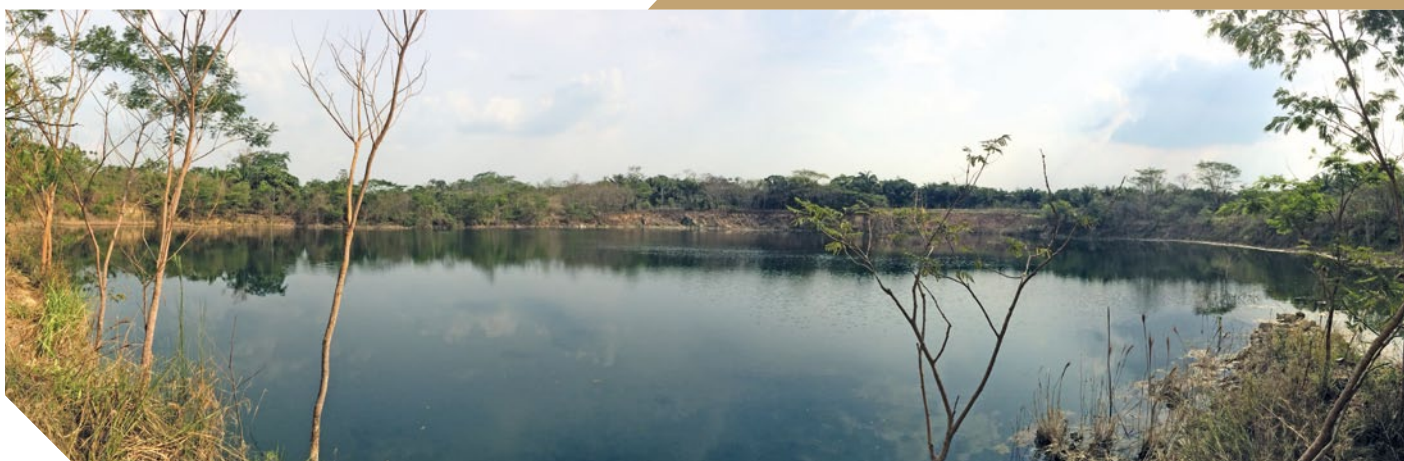
On the Project's closure, environmental rehabilitation will be minimal due to the Company's continuous rehabilitation programme, which it has applied throughout the life of mine. The Company also looks to use its highly trained Andorinhas personnel in its other operations where possible and is actively contacting with other mining companies in an effort to find continued employment for its employees.

### **Sustainability and Environment**

Andorinhas continues to support regional development and social initiatives in partnership with the local communities of Rio Maria and Floresta do Araguaia.

In addition to the planting of indigenous hardwood trees from the Andorinhas nursery, some of which were given to local farmers and the local community, the Company has also cleaned the Lagoa Seca garimpeiro tailings pond. All waste material was removed and the area was rehabilitated.

*Lagoa Seca Garimpeiro Rehabilitation - Andorinhas, Brazil*



*Tailings, mixed with rubbish and scrap metal were dumped in an unprotected area by Garimpeiros (illegal gold miners) years prior to Troy taking control of the Project. The Company has rehabilitated the area and returned it to being a pond.*

# COMMUNITY & ENVIRONMENT

## ARGENTINA: CASPOSO

### Health and Nutrition



### Education



### Sustainability Programs



### Recreational Facilities





**ARGENTINA: CASPOSO (CONTINUED)**

**Community**



**BRAZIL: ANDORINHAS**



**Health and Nutrition**

1. Providing free dental care
2. Training on nutrition
3. CPR Training

**Education**

4. Mine visits  
– open gate policy

**Sustainability Programs**

5. Handicraft
6. Alfalfa program (rural areas)
7. Beekeeping (rural areas)

**Sustainability Programs (Continued)**

8. Water testing
9. Native plants being revegetated for use within the Casposo mine area and for public green sites in the local town

**Recreational Facilities**

10. El Remanso
11. The Battle of Chacabuco school play ground in Hilario
12. Calingasta Recreation Sports and Cultural Centre

**Community**

13. Approximately 27km of the 412 Provincial Road was repaved from Villa Calingasta to Villa Nueva, sponsored with funds from the Casposo Mine
14. 2km Barreal water pipeline connecting 1,200 residential houses and benefitting approximately 5,000 people
15. Sponsored local carpenters to make furniture for the local Calingasta Catholic Church

**Brazil: Andorinhas**

16. Oral health campaign
17. Built an environmental park with a lake in Floresta do Araguaia and planting of 3,100 trees
18. Planting in partnership with farmers
19. Football stadium built in Floresta do Araguaia
20. Rehabilitation of waste dump and Lagoa Seca open pit
21. Fish swimming in the rehabilitated Lagoa Seca open pit
22. Rebuilding of the Militar Police Station in Floresta do Araguaia

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# PROJECT DEVELOPMENT



Camp Site Construction - Karouni, Guyana

## GUYANA KAROUNI (TROY 100% THROUGH AZIMUTH RESOURCES LIMITED)

After taking control of the Karouni project (formerly West Omai), the Company started a program of infill and extensional drilling which is detailed in the Exploration section of this report.

The Company completed a gap analysis of the metallurgical test data and subsequently put in place a comprehensive metallurgical test work program designed by Minerals Engineering Technical Services (METS) in Perth. This program was supervised and results interpreted by METS under the guidance of Damian Connolly, the Principal.

The results and designs were also monitored by the Company on an ongoing basis. Previous results were updated to include the new data, which also triggered some design changes to the flow chart and therefore the plant design criteria. Early suggestions to utilise a SAG (semi autogenous) grinding mill were abandoned in favour of a simple ball milling circuit using primary and secondary crushing.

The test work showed no particular problems with treatment of the ore from the Smarts and Hicks pits and the ore was characterised as medium to hard, free milling and with a high gravity recovery of approximately 40% to 60%. Laboratory test work confirmed very low chemical consumption of approximately 0.3kg/t cyanide. A viscosity test showed low viscosity and average recovery of gold at over 90% with most gold leached in 8 hours. Detoxification testing of the tailings using the INCO Air method also proved positive with total residual cyanide being below 5 ppm, including WAD species. Acid drainage tests to date have shown no risks, which is a reflection of the low sulphide content of the ore. Leach tests pointed to the use of a fine grind with the economic limit being 64 micron.

Based on the metallurgical test work, Midas Engineering in Perth were engaged to provide detailed engineering of a major part of the plant with the remainder based on in-house designs and support from other suppliers. Early design work focused on an annual processing rate of 750,000 tonnes utilising a standard CIL plant design with the plan being to construct an easily expandable plant in 3 stages. As such, the design allows for an easy upgrade to approximately 1.5 million tonnes throughput per year. The first stage design was amended to include stage 2 to raise production to a nominal capacity of 1 million tonnes of ore per year.

The plant equipment is a mixture of refurbished equipment in non-critical areas and new equipment, including an elution circuit, built in modular form by Kappes Cassidy from Denver. Due to the high

level of gravity recoverable gold in the ore a Gekko intensive leach system being fed by dual Knelson concentrators is being deployed. All equipment required to construct the processing plant has been ordered, including all pumps, with a large amount already delivered to Guyana ready for commencement of construction in September. Tank and structural steel is being made in the Caribbean – primarily in Trinidad and the Dominican Republic – with some items also being constructed in Guyana.

A 10 MW diesel fuelled power station has been purchased utilising 5 by 2 MW Caterpillar generator sets. The power reticulation will be built by local contractors and will supply power to two open pits, the processing plant, exploration buildings, the airport and the new camp.

The Company completed the airstrip during the year, which is now registered and fully operational. The airstrip will be upgraded to include airstrip lighting in due course. Due to the poor state of roads in Guyana, Troy is currently engaged in restoring nearly 150km of public roads to enable safe transport of heavy and large equipment required on site. Since receiving clearing permits early in the year, the Company has cleared the process plant area and the new camp area plus constructed internal haul and access roads including 25km of main Project access roads along with one large bridge. Construction of the new camp is well underway using both prefabricated buildings and locally built timber dormitories. It is expected that the camp will be operational toward end of September 2014.

Geotechnical work on the plant structures, camp and the tailings dam was concluded by Worley Parsons Head Office in Perth, along with providing the tailings dam design which will be built in stages and has a capacity to cover the original estimate of Resources with room for expansion. Worley Parsons has also provided a water management design and seepage analysis which has triggered a hydrogeological study to fine tune pit wall designs.

Mine designs and optimisations were done in Perth using both in-house and external resources with the main optimisation and design being provided by Auralia Mining. All mining equipment has been purchased with the first batch of haulage trucks (8 of 12), two excavators, one of two D8 bulldozers, two graders and various other equipment already on site or currently being transported to site. The Project remains on track in terms of timing and costs for first production in the last quarter of FY2015.



# EXPLORATION

## GUYANA

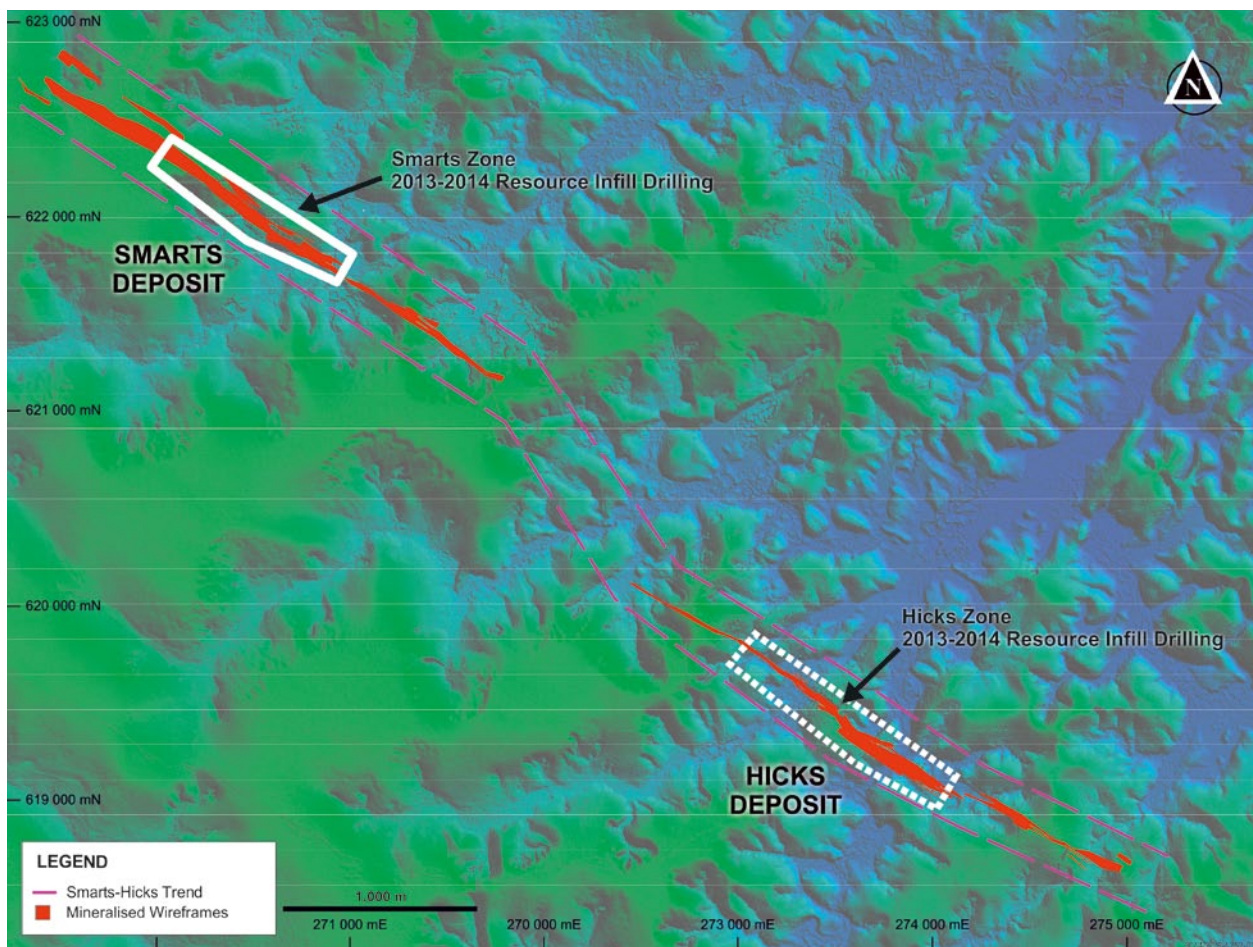
### Karouni Resource Infill Drilling

Since July 2013, the exploration team has been focussed on completing Resource Infill Drilling at the Smarts and Hicks deposits. This drilling was aimed at upgrading Inferred Resources to Indicated and Measured Resource status to confirm a "critical mass" in terms of Mineable Reserves for development to proceed. All of this drilling was targeted within the existing modelled mineralised wireframes developed by third party consultants working for Azimuth Resources Limited.

Resource infill drilling at Smarts consisted of 138 holes for a total of 21,671.9m of drilling and included both Reverse Circulation drilling (69 Holes / 6,050m) and Diamond Core drilling (69 holes / 15,621.9m). The drilling focused on improving drill density and better defining the mineralisation within the Smarts deposit. Resource infill drilling at Hicks consisted of 55 holes for a total of 6,228.9m of drilling and included both Reverse Circulation drilling (18 Holes / 1,976m) and Diamond Core drilling (37 holes / 4,252.9m).

The drilling focused on improving drill density and better defining the mineralisation within the Hicks deposit.

In July 2014, the Company reported the results of its JORC Pre-feasibility Study (Study) for the open cut mining and treatment of the Smarts and Hicks deposits. The Study considers only Measured and Indicated Resources that are mineable by open cut. Infill drilling has upgraded the open cut Resource 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. This work resulted in a Proved and Probable Mining Reserve for the open pit project of 2.618Mt grading 3.8g/t gold containing 323,300 ounces of gold. 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.



Location Plan of Smarts and Hicks Deposits on Digital Terrain Model

**Brownfields Exploration**

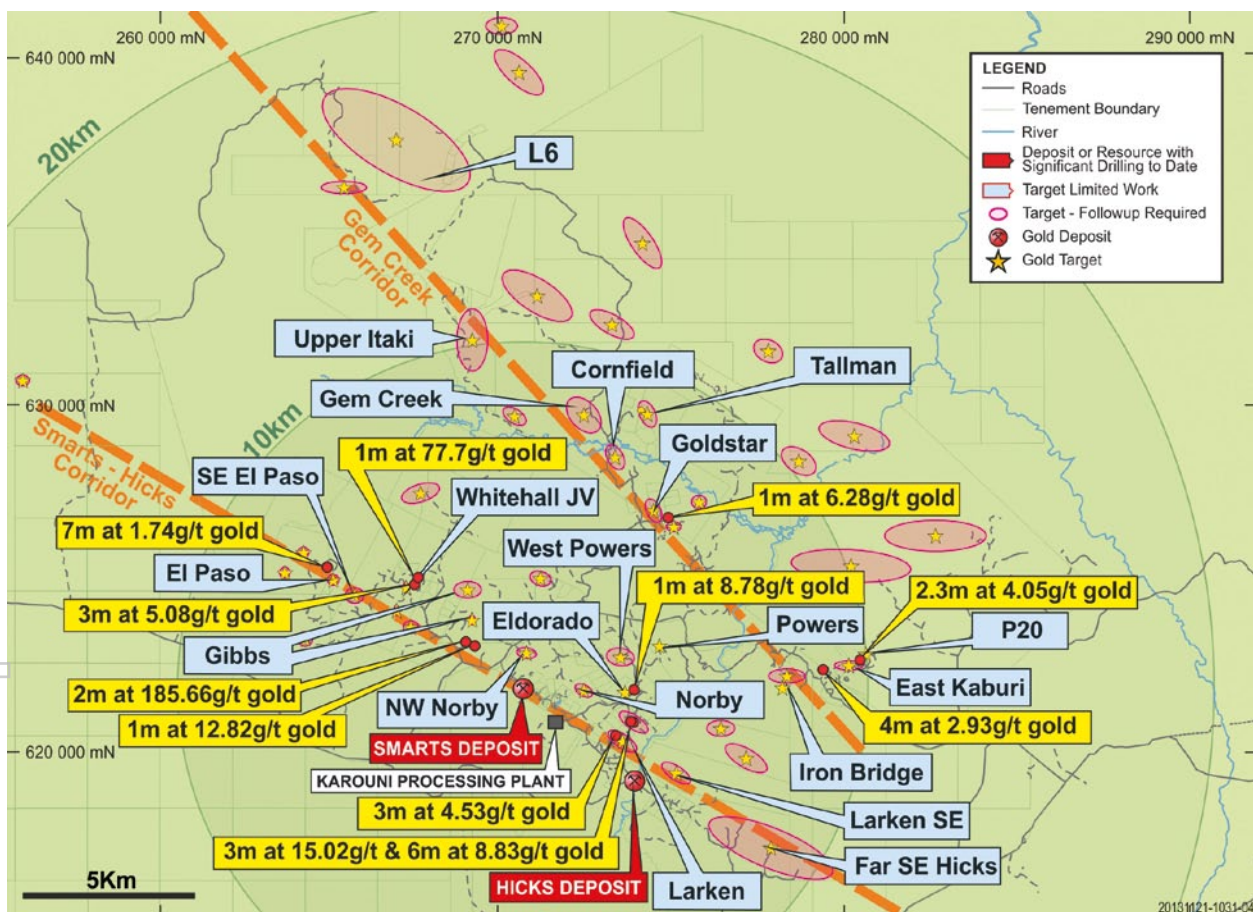
The Karouni project hosts a multitude of brownfields targets. The drilling of these targets was deferred until FY2015 to allow crews to focus on the Resource drilling. The untested brownfields potential of the Project was a significant driver in Troy's acquisition of Azimuth. A limited number of target assessments and ranking was undertaken in the final quarter of FY2014 focused on the Smarts – Hicks Trend and Gem – Creek Trend (see Figure below) and this will be the major focus of the exploration program going forward.

Recent relogging of Smarts and Hicks Zones drill core has resulted in a new geological model. This work highlighted that both the existing deposits are located in magnetic lows that are demagnetized zones along NW – SE trending magnetic shear corridors. The new model identified host rocks as a significant

control for gold mineralisation. Siltstones and sandstones host the gold mineralisation at both Smarts and Hicks and targeting areas where these reactive rocks are within or adjacent to the regional shears will be a key brownfields targeting tool.

In order to better identify demagnetized zones along the shear corridors, a new Smarts – Hicks Trend geophysical grid was established in preparation for a detailed ground Magnetics and Dipole – Dipole Induced Polarization survey.

Soil Auger Multi-Element sampling comprising of a series of traverse lines over the Smarts and Hicks Deposits commenced late in FY2014. This work is an attempt to develop a multi-element "finger print" for the known deposits as an aid to brownfields exploration. Future exploration will focus on identifying potential drill targets to yield additional open cut Resources.



Karouni Project Mineralised Trends and Targets within Trucking Distance of Plant

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## ARGENTINA

### Casposo Drilling

In July 2013, several surface drill holes tested the INCA 3 Target. Brownfields drilling was suspended at the end of July 2013 to allow crews to focus on target generation and identification of new drill targets. This work included surface exploration for new targets northwest of the Kamila Deposit and a re-assessment of the mine corridor area to better assess the extensional potential of the existing Resources and identify additional drill targets.

Step-out drilling southeast of the INCA 2 Zone was completed to further delineate the INCA 3 Target southeast of Post Mineral Dyke 4 which yielded a number of encouraging intercepts. This new mineralisation is associated with the margins of a north-south striking Post Mineral Mafic Dyke. Additional drilling is required to follow-up and infill the INCA 3 Target.

During May 2014, underground exploration drilling commenced at Casposo utilising the Company's new LM75 rig. A total of 15 holes for 2,000m were drilled as holes IN-14-01 to IN-14-14. All holes targeted the periphery of the INCA 1 Reserve between 2300m and 2250m elevation. Underground drilling during the upcoming year will target extensional targets adjacent to the existing Resources.

### Brownfields Targets - Mine Corridor

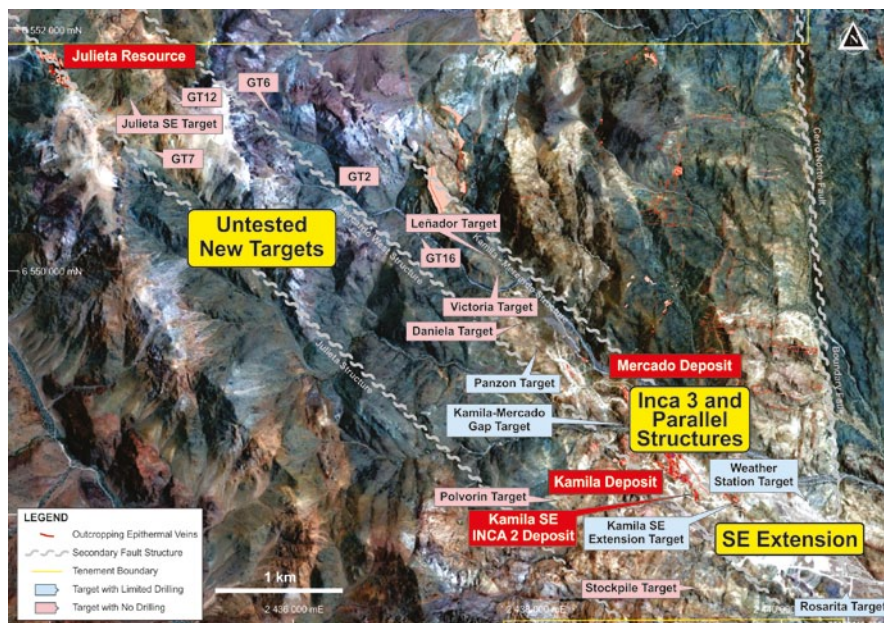
A re-examination of the Kamila SE Trend was undertaken. This work utilised recently reprocessed Magnetics and Induced Polarization data as well as new XRF multi-element data and

ASD Spectral alteration mapping of drill core in an attempt to better define the strike projections of the main mineralised structures as well as a number of interpreted footwall structures. The coincidence of mapped and interpreted structures with high ammonium illite clay alteration is a key targeting tool.

This work highlighted a number of high ammonium illite clay alteration zones similar to the clays alteration associated with gold in the known deposits. A 300m long NW-SE striking silicified zone with anomalous multi-element anomalies consisting of mercury, antimony and arsenic associated weakly anomalous gold and silver values in rock grab samples is one of the better potential targets. This zone is associated with a moderate NW-SE striking geophysical Induced Polarization resistivity feature. Work is ongoing and will include drill hole planning to test these new targets.

Target generation work comprising of detailed geological mapping, alteration sampling/mapping, multi-element geochemical studies, prospecting, rock chip grab and rock chip channel sampling resulted in the acquisition of new geological, structural, geochemical and geophysical data. The new data has aided in the discovery of a number of new outcropping veins as well as the re-assessment and ranking known vein targets.

Field work focused on a number of targets including; Leñador, Victoria, Victoria East, Daniela – Panzón Trend, Julieta East, Julieta South, Polvorin and Met Station Targets. Geophysical (Magnetics & Induced Polarization) data coupled with results of ongoing multi-element geochemical sampling and alteration studies are the key drivers in focusing field follow-up work to define the next generation of drill targets (see Figure below).



Casposo Structural Trends and Brownfields Targets

# MINERAL RESERVES & RESOURCES

## GOLD & SILVER AS OF 30 JUNE 2014

**Table 1: Resource and Reserve Summary**

Category	Tonnes (t)	Grade (g/t)	Ounces (oz)
<b>Gold Mineral Reserves</b>			
Proved	2,254,000	3.7	302,300
Probable	1,765,000	4.3	206,100
<b>TOTAL</b>	<b>4,019,000</b>	<b>3.9</b>	<b>508,400</b>
<b>Silver Mineral Reserves</b>			
Proven	464,000	60.3	900,200
Probable	729,000	436.5	10,229,800
<b>TOTAL</b>	<b>1,193,000</b>	<b>290.2</b>	<b>11,130,000</b>
<b>Gold Mineral Resources (Inclusive of Mineral Reserves)</b>			
Measured	2,892,000	4.5	417,100
Indicated	5,941,000	3.0	579,100
<b>Measured &amp; Indicated</b>	<b>8,833,000</b>	<b>3.5</b>	<b>996,200</b>
Inferred	6,965,000	2.4	537,300
<b>Silver Mineral Resources (Inclusive of Mineral Reserves)</b>			
Measured	635,000	239.0	4,880,400
Indicated	1,146,000	247.0	9,099,200
<b>Measured &amp; Indicated</b>	<b>1,781,000</b>	<b>244.1</b>	<b>13,979,600</b>
Inferred	677,000	120.3	2,613,100
<b>Gold Equivalent Mineral Reserves</b>			
Proved	2,254,000	3.7	314,600
Probable	1,765,000	6.1	346,000
<b>TOTAL</b>	<b>4,019,000</b>	<b>5.1</b>	<b>660,600</b>
<b>Gold Equivalent Mineral Resources (Inclusive of Mineral Reserves)</b>			
Measured	2,892,000	7.7	483,800
Indicated	5,941,000	5.1	703,500
<b>Measured &amp; Indicated</b>	<b>8,833,000</b>	<b>6.0</b>	<b>1,187,300</b>
Inferred	6,965,000	1.8	573,000



**Table 2: Gold Mineral Reserves**

Country	Project	Deposit	Category	Tonnes (t)	Gold Grade (Au g/t)	Gold Ounces (Au oz)
Argentina	Casposo	Kamila/Mercado Pit	Probable	20,000	3.0	1,900
		Kamila Underground	Probable	709,000	5.2	117,800
		Kamila Stockpile	Proven	464,000	2.4	35,700
Brazil	Andorinhas	Mamão Underground	Probable	70,000	5.0	11,300
		Coruja Pit	Probable	86,000	5.8	16,000
		Lagoa Seca Stockpiles	Proven	52,000	1.4	2,300
Guyana	Karouni	Smarts Pit	Proven	1,738,000	4.7	264,300
			Probable	40,000	3.4	4,400
		Hicks Pit	Probable	840,000	2.0	54,700
				<b>Total Proven</b>	<b>3.7</b>	<b>302,300</b>
				<b>Total Probable</b>	<b>4.3</b>	<b>206,100</b>
<b>Total Mineral Reserves Gold</b>				<b>4,019,000</b>	<b>3.9</b>	<b>508,400</b>

**Silver Mineral Reserves**

Country	Project	Deposit	Category	Tonnes (t)	Silver Grade (Ag g/t)	Silver Ounces (Ag oz)
Argentina	Casposo	Kamila/Mercado Pit	Probable	20,000	200.9	129,200
		Kamila Underground	Probable	709,000	443.1	10,100,600
		Kamila Stockpile	Proven	464,000	60.3	900,200
				<b>Total Proven</b>	<b>60.3</b>	<b>900,200</b>
				<b>Total Probable</b>	<b>436.5</b>	<b>10,229,800</b>
<b>Total Mineral Reserves Silver</b>				<b>1,193,000</b>	<b>290.2</b>	<b>11,130,000</b>

**Casposo Gold Equivalent Mineral Reserves**

Country	Project	Deposit	Category	Tonnes (t)	Gold Equivalent Grade (Au_Eq g/t)	Gold Equivalent Ounces (Au_Eq oz)
Argentina	Casposo	Kamila/Mercado Pit	Probable	20,000	5.7	3,700
		Kamila Underground	Probable	709,000	11.2	255,900
		Kamila Stockpile	Proven	464,000	3.2	48,000
				<b>Total Proven</b>	<b>3.2</b>	<b>48,000</b>
				<b>Total Probable</b>	<b>11.2</b>	<b>259,600</b>
<b>Casposo Gold Equivalent Mineral Reserves</b>				<b>1,193,000</b>	<b>8.0</b>	<b>307,600</b>

Rounding errors may occur.

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**Table 3: Gold Mineral Resources (Inclusive of Mineral Reserves)**

Country	Project	Deposit	Category	Tonnes (t)	Gold Grade (Au g/t)	Gold Ounces (Au oz)			
Argentina	Casposo	Kamila/Mercado	Measured	635,000	3.1	63,100			
			Indicated	1,146,000	4.3	158,600			
			Inferred	155,000	3.6	17,700			
		Kamila SE INCA	Julieta	Inferred	437,000	4.0	56,200		
				Inferred	85,000	1.4	3,800		
Brazil	Andorinhas	Mamão	Indicated	158,000	9.4	47,700			
			Inferred	88,000	5.2	14,600			
		Coruja	Indicated	171,000	3.6	20,000			
			Lagoa Seca Stockpiles	Measured	52,000	1.4	2,300		
		Lagoa Seca West	Indicated	577,000	2.2	40,400			
			Inferred	171,000	1.3	7,000			
		Marcinho Pit	Inferred	79,000	2.3	5,900			
			Luiza	Inferred	258,000	2.5	20,700		
			Guyana	Karouni	Smarts	Measured	2,205,000	5.0	351,700
						Indicated	971,000	3.6	113,700
Inferred	2,268,000	2.5			185,000				
Hicks	Indicated	2,918,000	2.1	198,700					
	Inferred	3,172,000	1.9	196,400					
Larken	Inferred	252,000	3.7	30,000					
	<b>Total Mineral Reserves Gold</b>			<b>Measured</b>	<b>2,892,000</b>	<b>4.5</b>	<b>417,100</b>		
			<b>Indicated</b>	<b>5,941,000</b>	<b>3.0</b>	<b>579,100</b>			
			<b>Inferred</b>	<b>6,965,000</b>	<b>2.4</b>	<b>537,300</b>			

**Silver Mineral Resources (Inclusive of Mineral Reserves)**

Country	Project	Deposit	Category	Tonnes (t)	Silver Grade (Ag g/t)	Silver Ounces (Ag oz)	
Argentina	Casposo	Kamila/Mercado	Measured	635,000	239.0	4,880,400	
			Indicated	1,146,000	247.0	9,099,200	
			Inferred	155,000	385.0	1,918,400	
		Kamila SE INCA	Julieta	Inferred	437,000	23.0	317,600
				Inferred	85,000	138.0	377,100
<b>Total Mineral Reserves Silver</b>			<b>Measured</b>	<b>635,000</b>	<b>239.0</b>	<b>4,880,400</b>	
			<b>Indicated</b>	<b>1,146,000</b>	<b>247.0</b>	<b>9,099,200</b>	
			<b>Inferred</b>	<b>677,000</b>	<b>120.3</b>	<b>2,613,100</b>	

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**Casposo Gold Equivalent Mineral Resources**

Country	Project	Deposit	Category	Tonnes (t)	Gold Equivalent Grade (Au_Eq g/t)	Gold Equivalent Ounces (Au_Eq oz)
Argentina	Casposo	Kamila/Mercado	Measured	635,000	6.4	129,900
			Indicated	1,146,000	7.7	283,100
			Inferred	155,000	8.8	44,000
		Julieta	Inferred	437,000	4.3	60,600
			Kamila SE INCA	Inferred	85,000	3.3
<b>Casposo Gold Equivalent Mineral Reserves</b>			<b>Measured</b>	<b>635,000</b>	<b>6.4</b>	<b>129,900</b>
			<b>Indicated</b>	<b>1,146,000</b>	<b>7.7</b>	<b>283,100</b>
			<b>Inferred</b>	<b>677,000</b>	<b>5.2</b>	<b>113,600</b>

**Notes to Tables 2 and 3:**

- » Cut-off grades for reporting Mineral Resources are applied as follows:
  - » Argentina: Casposo Pit - 0.8g/t Au\_Eq
  - » Argentina: Casposo Underground - 2.0g/t Au\_Eq
  - » Brazil: Mamão Underground - 2.0g/t Au
  - » Brazil: Lagoa Seca West - 0.8g/t Au
  - » Brazil: Luiza - 0.8g/t Au
  - » Brazil: Coruja - 0.8g/t Au
  - » Brazil: Marcinho - 0.8g/t Au
  - » Guyana: Smarts, Hicks, Larken - 1.0g/t Au
- » Cut-off grades for reporting Ore Reserves are applied as follows:
  - » Argentina: Casposo Pit - 1.5g/t Au\_Eq
  - » Argentina: Casposo Underground - 4.3g/t Au\_Eq
  - » Brazil: Mamão Underground - 4.0g/t Au
  - » Guyana: Smarts, Hicks pit - 1.4g/t
- » Casposo Mineral Reserves have been estimated using a gold price of US\$1300/oz and silver price of US\$20/oz.
- » Karouni Mineral Reserves have been estimated using a gold price of US\$1300/oz.
- » Gold equivalency at Casposo for Mineral Resources and Mineral Reserves has been calculated by the formula  $Au\_Eq = Au\ g/t + (Ag\ g/t \div 73.1)$ . The silver: gold ratio of 73.1 has been determined using metal prices of US\$1,300/oz for gold and US\$20.00/oz for silver and processing recoveries of 90% for gold and 80% for silver.
- » The Mamão Underground Mineral Reserve was estimated using a gold price of US\$912/oz.
- » The Coruja open cut Mineral Reserve was estimated using a gold price of US\$1300/oz.
- » Mineral Resources are reported inclusive of Mineral Reserves. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
- » Resource models and Mineral Reserves are depleted for mining based on survey measurements of open pits and/or underground workings. Mining depletions are reconciled against mill production and surface stockpile surveys.
- » More details regarding the Mineral Resource and Reserve estimation can be found in Technical Reports for the respective projects on the Company's website.

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**Table 4: Comparison with 2012/2013 Year Resource and Reserve Summary**

Category	30 June 2014			30 June 2013			Ounces Variation	Comments
	Tonnes (t)	Grade (g/t)	Ounces (oz)	Tonnes (t)	Grade (g/t)	Ounces (oz)		
<b>Gold Mineral Reserves</b>								
<b>Argentina</b>								
Proved	464,000	2.4	35,700	0	0.0	0	35,700	Low grade stocks reclassified
Probable	729,000	5.1	119,700	1,633,000	4.6	240,000	-120,300	Mining depletion and stocks reclassified
<b>Brazil</b>								
Proved	52,000	1.4	2,300	115,000	1.6	5,900	-3,600	Mining depletion
Probable	156,000	5.4	27,300	195,000	5.3	32,800	-5,600	Mining depletion
<b>Guyana</b>								
Proved	1,738,000	4.7	264,300	0	0	0	264,300	Initial reserve estimate
Probable	880,000	2.1	59,100	0	0	0	59,100	Initial reserve estimate
<b>Total Gold Reserves</b>	<b>4,018,500</b>	<b>3.9</b>	<b>508,300</b>	<b>1,943,000</b>	<b>4.5</b>	<b>278,700</b>	<b>229,600</b>	Mining depletion and addition of Karouni Mineral Reserves
<b>Silver Mineral Reserves</b>								
<b>Argentina</b>								
Proved	464,000	60.3	900,200	0	0	0	900,200	Low grade stocks reclassified as Proved
Probable	729,000	436.5	10,229,800	1,633,000	283.7	14,897,500	-4,667,700	Mining depletion, stocks reclassified as Proved
<b>Total Silver Reserves</b>	<b>1,193,000</b>	<b>290.2</b>	<b>11,130,000</b>	<b>1,633,000</b>	<b>283.7</b>	<b>14,897,500</b>	<b>-3,767,500</b>	
<b>Gold Mineral Resources</b>								
<b>Argentina</b>								
Measured	635,000	3.1	63,100	171,000	5.0	27,500	35,600	Low grade stocks reclassified
Indicated	1,146,000	4.3	158,600	2,042,000	4.1	266,900	-108,300	Mining depletion and stocks reclassified as Measured
Inferred	677,000	3.6	77,700	801,000	3.6	93,700	-16,000	Completion of open pit
<b>Brazil</b>								
Measured	52,000	1.4	2,300	115,000	1.6	5,900	-3,600	Mining depletion
Indicated	906,000	3.7	108,100	884,000	3.8	109,400	-1,300	Mining depletion
Inferred	596,000	2.5	48,200	724,000	3.3	76,700	-28,500	Mining depletion outside Mineral Reserve
<b>Guyana</b>								
Measured	2,205,000	5.0	351,700	0	0.0	0	351,700	Resources upgraded as Measured with additional drilling
Indicated	3,889,000	2.5	312,400	2,914,000	4.7	442,000	-129,600	Resources re-modelled with additional drilling
Inferred	5,692,000	2.2	411,400	14,190,000	2.6	1,192,000	-780,600	Resources re-modelled with additional drilling



**Table 4: Comparison with 2012/2013 Year Resource and Reserve Summary (Cont.)**

Category	30 June 2014			30 June 2013			Ounces Variation	Comments
	Tonnes (t)	Grade (g/t)	Ounces (oz)	Tonnes (t)	Grade (g/t)	Ounces (oz)		
<b>Silver Mineral Resources</b>								
<b>Argentina</b>								
Measured	635,000	239.0	4,880,400	171,000	726.0	3,991,600	880,800	Low grade stocks reclassified
Indicated	1,146,000	247.0	9,099,200	2,042,000	205.8	13,514,200	-4,415,000	Mining depletion and stocks reclassified as Measured
Inferred	677,000	120.3	2,613,100	801,000	128.7	3,309,500	-696,400	Completion of open pit
<b>Total Gold Equivalent Mineral Reserves</b>								
Proved	2,254,000	1.4	314,600	115,000	1.6	5,900	308,700	Addition of Karouni Project
Probable	1,765,000	6.1	346,000	1,828,000	8.8	520,000	-174,100	Mining depletion
Total	4,019,000	5.1	660,600	1,943,000	8.4	525,900	134,600	
<b>Total Gold Equivalent Mineral Resources</b>								
Measured	2,892,000	5.2	483,800	289,000	7.7	99,600	384,200	Upgrading of Karouni Resources
Indicated	5,941,000	3.7	703,500	5,840,000	5.1	1,042,500	-339,000	Re-modelling of Karouni and Mining depletion
Inferred	6,965,000	2.6	573,000	15,715,000	1.8	1,417,300	-844,300	Re-modelling of Karouni

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## MINERAL RESERVES & RESOURCES IRON ORE AS OF 30 JUNE 2014

**Table 5a: Mineral Reserves – Iron Ore**

Deposit	Reporting Cut-Off (% Fe)	Tonnes	Fe %	Al <sub>2</sub> O <sub>3</sub> %	SiO <sub>2</sub>	P %	LOI
<b>Brazil</b>							
Andorinhas – Abacaxi							
Probable	No cut-off	2,118,000	63.1	4.7	2.7	0.048	1.4
Andorinhas – Estrela							
Probable	No cut-off	692,000	64.9	1.9	4.8	0.023	1.0
<b>Total</b>		<b>2,810,000</b>	<b>63.6</b>	<b>3.9</b>	<b>3.2</b>	<b>0.042</b>	<b>1.3</b>

**Table 5b: Mineral Resources – Iron Ore (Inclusive of Mineral Reserves)**

Deposit	Reporting Cut-Off (% Fe)	Tonnes	Fe %	Al <sub>2</sub> O <sub>3</sub> %	SiO <sub>2</sub>	P %	LOI
<b>Brazil</b>							
Andorinhas – Abacaxi							
Indicated	No cut-off	4,898,200	50.7	8.5	7.7	0.065	4.1
Andorinhas – Estrela							
Indicated	No cut-off	1,593,900	51.2	6.0	8.1	0.04	2.8
<b>Total</b>		<b>6,495,000</b>	<b>50.8</b>	<b>7.9</b>	<b>7.8</b>	<b>0.06</b>	<b>3.8</b>

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**Notes to Tables 5a and 5b:**

The information that relates to the Andorinhas Iron Ore Mineral Resources or Ore Reserves was prepared and first disclosed under JORC 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Troy's Andorinhas Iron Ore Mineral Reserves and Resources remain unchanged since last reported.

Details of the Andorinhas Iron Ore Project can be found in the technical report "Andorinhas Iron Project, Para State, Brazil – September 2008". The report was lodged under Troy's corporate profile on the SEDAR website on 22 October 2008.

A final agreement was executed to sell the high grade colluvial iron ore on the Andorinhas leases to Mineração Floresta Do Araguaia (MFA). Details of the agreement can be reviewed under Troy's corporate profile on the SEDAR website dated 18 November 2010.

**Competent Person Statements – Mineral Reserves & Resources****Andorinhas and Casposo**

The information that relates to the Andorinhas and Casposo Mineral Resources and ore Reserves was prepared and first disclosed under JORC 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Information of a scientific or technical nature that relates to Mineral Resources or Ore Reserves for the Andorinhas and Casposo projects 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 under the Australian JORC Code as per 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. Mr Doyle is:

- » A full time employee of Troy Resources Limited
- » 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'
- » A Fellow of the Australasian Institute of Mining and Metallurgy
- » Has consented in writing to the inclusion of this data

**Karouni**

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves for the Karouni project is based on, and fairly represents, information and supporting documentation prepared by Mr Peter J Doyle, Vice President Exploration and Business Development of Troy, a Competent Person who is a Fellow of The Australasian Institute of Mining and Metallurgy and a "qualified person" under National Instrument 43 101 – "Standards of Disclosure for Mineral Projects". Mr Doyle 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 Doyle consents to the inclusion in this report of the matters based on his information in the form and context in which it appears. Mr Doyle is a full time employee of Troy.

For further information regarding the Company's projects in Argentina, Brazil and Guyana, including a description of Troy's quality assurance program, quality control measures, the geology, sample collection and testing procedures in respect of the Company's projects please refer to the technical reports filed which are available under the Company's profile at [www.sedar.com](http://www.sedar.com) or on the Company's website. Additional information regarding the Karouni (formerly West Omai) project can be found under Azimuth Resources Limited's profile at [www.sedar.com](http://www.sedar.com).

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# CORPORATE GOVERNANCE STATEMENT

The Board endorses the ASX Corporate Governance Principles and Recommendations, 3rd Edition (ASX Principles).

Accordingly, Troy has taken the opportunity to disclose its 2014 Corporate Governance Statement in the Corporate Governance section on the Troy website ([www.troyres.com.au](http://www.troyres.com.au)). As required, Troy has also lodged the Corporate Governance Statement with ASX.

## SHAREHOLDER STATISTICS

AS AT 30 SEPTEMBER 2014

### NUMBER OF SHAREHOLDERS

#### *Ordinary Share Capital*

As at 30 September 2014

195,265,161 fully paid ordinary shares held by 8,880 shareholders.

620,000 employee options over ordinary shares held by 15 option holders.

18,000 performance shares held by 4 employees.

1,520,000 share appreciation rights held by 22 employees.

3,892,398 options held by Investec Bank Plc.

### DISTRIBUTION OF SHAREHOLDERS

	Fully Paid Ordinary	Employee Options
1-1,000	2,649	-
1,001-5,000	3,307	-
5,001-10,000	1,236	3
10,001-100,000	1,544	11
100,001 and over	144	1
	<b>8,880</b>	<b>15</b>
Holding less than a marketable parcel	1,846	N/A

### SUBSTANTIAL SHAREHOLDERS

Ordinary Shareholder	Number of Securities	Person's Votes	Voting Power Percentage
Van Eck Associates Corporation	22,922,330	22,922,330	11.75%
Warrigal Pty Ltd	10,445,024	10,445,024	5.35%

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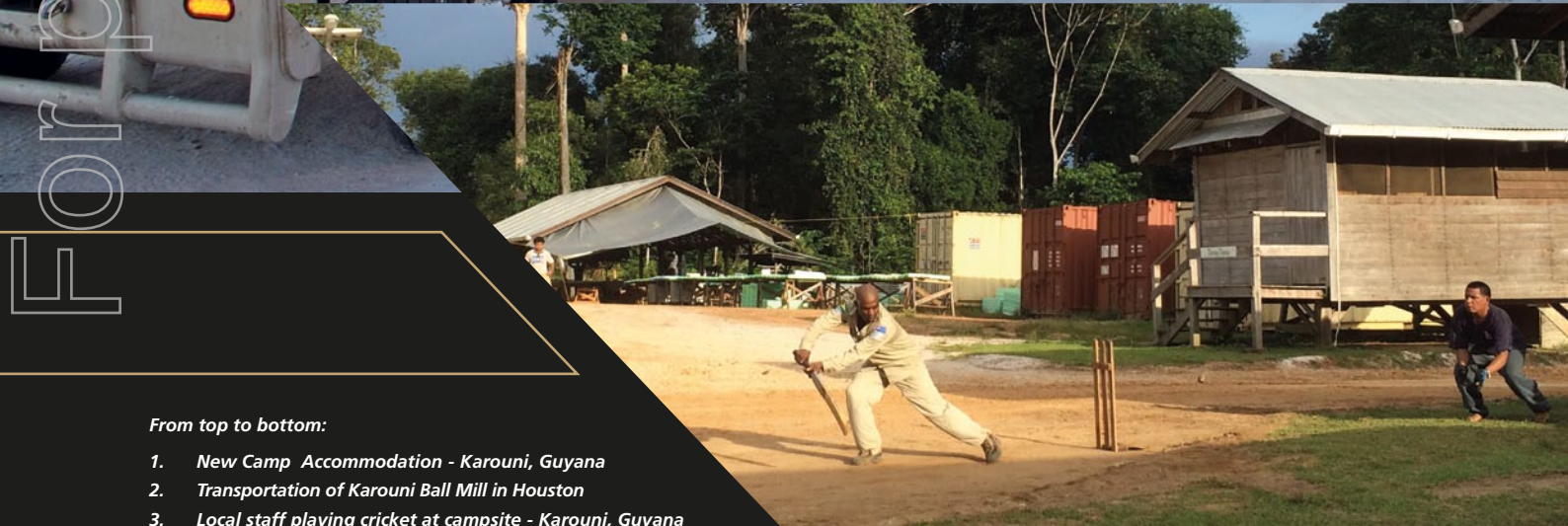


## TWENTY LARGEST SHAREHOLDERS

AS AT 30 SEPTEMBER 2014

	Name	Units	% Units
1	National Nominees Limited	33,894,249	17.36
2	HSBC Custody Nominees (Australia) Limited	19,620,972	10.05
3	J P Morgan Nominees Australia Limited	12,871,673	6.59
4	Citicorp Nominees Pty Limited	9,721,527	4.98
5	Warrigal Pty Ltd	6,156,800	3.15
6	Canadian Register Control	3,168,371	1.62
7	Zero Nominees Pty Ltd	3,000,000	1.54
8	Goornong Gees Mining Limited	2,173,598	1.11
9	UBS Nominees Pty Ltd	1,980,972	1.01
10	BNP Paribas Noms Pty Ltd <DRP>	1,877,852	0.96
11	Greatcity Corporation Pty Ltd <Richard Monti A/C>	1,674,826	0.86
12	Bell Potter Nominees Ltd <BB Nominees A/C>	1,560,000	0.80
13	RBC Investor Services Australia Nominees Pty Limited <BKCUST A/C>	1,334,761	0.68
14	BT Portfolio Services Limited <Warrell Holdings S/F A/C>	1,300,000	0.67
15	ABN Amro Clearing Sydney Nominees Pty Ltd <Custodian A/C>	1,255,919	0.64
16	Gladiator Pty Ltd	1,000,000	0.51
17	Buratu Pty Ltd <Connolly Super Fund A/C>	971,201	0.50
18	Riverview Corporation Pty Ltd	873,987	0.45
19	Marford Group Pty Ltd	836,232	0.43
20	Mr John Load Cecil Jones	737,707	0.38
	<b>Totals: Top 20 Holders of Ordinary Shares</b>	<b>106,010,647</b>	<b>54.29</b>
	<b>Total Remaining Holders Balance</b>	<b>89,254,514</b>	<b>45.71</b>

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From top to bottom:

1. New Camp Accommodation - Karouni, Guyana
2. Transportation of Karouni Ball Mill in Houston
3. Local staff playing cricket at campsite - Karouni, Guyana



# ANNUAL FINANCIAL REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

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# DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

The Directors of Troy Resources Limited ("Company" or "Troy" or "Group") present their annual financial report for the financial year ended 30 June 2014. In order to comply with the provisions of the Corporations Act 2001. The Directors report as follows:

## DIRECTORS

The names and particulars of the Directors of the Company in office during or since the end of the financial year are:

**Mr David R Dix, Independent Non-Executive Chairman, Chairman of the Nomination and Remuneration Committee** B.Ec, LLB, Grad Dip (Tax Law) (aged 60) – appointed 28 January 2010 and as Chairman on 25 November 2010.

Mr Dix's background is in economics, law and taxation and he is a Barrister and Solicitor in the High Court of Australia. He has held various positions with Shell Australia Limited and worked for 16 years in Corporate Advisory at both Macquarie Bank Limited and UBS AG specialising in the mining industry, including Head of Resources for Asia Pacific and in London as Head of Mining.

Mr Dix is also a non-executive director of Aquarius Platinum Limited since March 2004.

**Mr Paul Benson, Chief Executive Officer and Managing Director** B.Sc in Geology, B.Eng in Mining, M.Sc in Management (London Business School) (aged 51) – Chief Executive Officer since 3 October 2007 and reappointed Managing Director on 13 September 2010. Previously a Director between 3 October 2007 and 27 November 2009, resigned 31 July 2014.

Mr Benson has over 25 years experience in the mining industry having worked for RGC Limited, the Rio Tinto Group and BHP Billiton Limited in several locations including Australia, Portugal, the United States and South America. Before joining Troy, Mr Benson was the Chief Development Officer, Base Metals Division, for BHP Billiton Limited from 2004 to September 2007 and also the Vice President of Business Development, Base Metals Division, for BHP Billiton Limited, from 2001 until September 2007.

**Mr Martin D Purvis, Chief Executive Officer and Managing Director** B.Eng in Mining, GAICD (aged 53) – appointed Chief Executive Officer and Managing Director on 1 September 2014.

Mr Purvis is a mining engineer with over 30 years experience in the resource sector. His career started in the deep-level gold mines of South Africa and since that time he has worked in a wide range of corporate and operational roles at Executive and Board level. He has worked in a number of multi-national mining houses in a broad range of commodities and been the CEO of both listed and private companies in Australia and Singapore.

**Mr Ken K Nilsson, Executive Director of Project Development** - B.Eng, Cert of Eng (aged 73) - appointed 8 May 1998.

Mr Nilsson joined Troy in 1997 and is currently Executive Director of Project Development. Mr Nilsson is a mining engineer with over 35 years international mine construction and production experience covering gold, base metals and coal. He was responsible for the development of Troy's Western Australian operations at Sandstone. He then relocated to Brazil in 2002 to oversee construction of the Sertão Mine in Goiás state. In 2007, Mr Nilsson led the team responsible for relocating the Sertão plant and development of the Andorinhas Mine in Para state, Brazil. Since 2009 Mr Nilsson was based in San Juan, Argentina and managed the development and construction of Troy's Casposo operation. Mr Nilsson has now relocated and is responsible for development of the Company's Karouni project in Guyana.

**Mr Gordon R Chambers, Independent Non-Executive Director**, Chairman of the Audit Committee and member of the Nomination and Remuneration Committee up until his resignation B.Comm, LLB, Member of Bar – British Columbia, Canada (aged 53) – appointed 3 April 2008 and resigned 29 August 2013.

Mr Chambers is a partner of Canadian law firm Cassel Brock & Blackwell LLP based in Vancouver. With over 25 years' experience in the legal sector, Mr Chambers specialises in securities law. He has a particular focus on corporate finance for mining companies and has extensive experience advising dual-listed issuers, particularly Australian companies that are dual-listed on the Toronto Stock Exchange.

Mr Chambers has previously served on the Securities Legal Advisory Committee of the British Columbia Securities Commission and on the Securities Advisory Committee of the Vancouver Stock Exchange. He is currently a member of the Listings Advisory Committee of the Toronto Stock Exchange.

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**Mr Fred S Grimwade, Independent Non-Executive Director**, Member and Chairman since 29 August 2013 of the Audit Committee B. Com, LLB (Hons), MBA (Columbia), FAICD, SF Fin, FCIS (age 56) - appointed 25 November 2010.

Mr Grimwade is a Principal and Executive Director of Fawkner Capital, a specialist corporate advisory and investment firm. He was a Director of AWB Limited from 2008 – 2010 and has held general management positions at Colonial Agricultural Company, the Colonial Group, Western Mining Corporation and Goldman, Sachs & Co. He has a broad range of experience in strategic management, mining, finance, corporate governance and law.

Mr Grimwade's directorships of other listed companies held in the three years immediately before the end of the financial year are as follows:

Position	Company	Period of Directorship
Non-Executive Director	Select Harvests Limited	Since July 2010
Non-Executive Chairman	CPT Global Limited	Since October 2002
Non-Executive Director	XRF Scientific Limited	Since May 2012
Non-Executive Director	Australian United Investment Company Limited	Since March 2014

**Mr T Sean Harvey, Non-Executive Director**, Member of the Audit Committee B.A (Hons), M.A, LLB, MBA (aged 55) – appointed 29 August 2013.

Mr Harvey has over 20 years mining industry experience and has worked for over 10 years in Investment Banking in North America for Nesbitt Burns (now BMO) and Deutsche Bank, primarily focused on the basic industry (mining) sector. For the last 12 years Mr Harvey has held senior executive and board positions with various mining companies, accumulating a wealth of South American experience. From 2001 through 2006 Mr Harvey was President and CEO of: TVX Gold (Chile/Brazil) at the time of its sale to Kinross Gold, Atlántico Gold (Brazil) that was sold to Goldcorp Inc. and Orvana Minerals Corp. which operated in Bolivia.

Mr Harvey's directorships of other listed companies held in the three years immediately before the end of the financial year are as follows:

Position	Company	Period of Directorship
Non-Executive Director	Perseus Mining Limited	Since September 2009
Non-Executive Chairman	Serabi Mining plc	Since March 2011
Non-Executive Chairman	Sarama Resources Ltd	Since April 2010
Non-Executive Chairman	Victoria Gold Corporation	Since July 2007
Non-Executive Director	Azimuth Resources Limited	May 2012 to July 2013
Non-Executive Director	Allied Gold Mining plc	March 2010 to September 2012
Non-Executive Chairman	Andina Minerals Inc	December 2004 to January 2013

**Mr John L C Jones, Non-Executive Director**, Member of the Nomination and Remuneration Committee AusIMM, AICD (aged 70) - appointed 27 July 1988.

Mr Jones, a substantial shareholder of Troy, has over 40 years experience as a director of public companies. Past roles include as founder and Chairman of Jones Mining Ltd, and Chairman of North Kalgurlu Mines NL. He is a director of private company Hampton Transport Services Pty Ltd, a service company to the mining industry in Australia.

Mr Jones' directorships of other listed companies held in the three years immediately before the end of the financial year are as follows:

Position	Company	Period of Directorship
Non-Executive Chairman	Anglo Australian Resources NL	Since February 1990
Founder and Chairman	Altan Rio Minerals Limited	Since November 2007
Founder and Chairman	Altan Nevada Minerals Limited	Since May 2010
Chairman	Argentina Mining Limited	Since June 2014
Non-Executive Director	Image Resources Limited	Since June 2014

**Mr Richard Monti, Non-Executive Director**, Member of the Nomination and Remuneration Committee B.Sc (Hons), Grad Dip Applied Finance and Investment, MAusIMM (aged 50) – appointed 29 August 2013.

Mr Monti has gained broad experience over a 26 year career working in the technical, commercial, marketing and financial fields of the international exploration and mining industry. In 2004 he founded Ventnor Capital Pty Ltd, a boutique consultancy firm which provides corporate advisory and investment banking services to junior and mid-cap listed resources companies. Mr Monti left Ventnor Capital in 2010 primarily to spend more time at Azimuth Resources Limited which was subsequently taken over by Troy.

Mr Monti's directorships of other listed companies held in the three years immediately before the end of the financial year are as follows:

Position	Company	Formerly	Period of Directorship
Non-Executive Director	Potash Minerals Limited	Transit Holdings Limited	Since December 2006
Non-Executive Director	Pacifico Minerals Limited	Jaguar Minerals Limited	Since October 2009
Non-Executive Director	Poseidon Nickel Limited	-	April 2007 to September 2013
Non-Executive Director	Azimuth Resources Limited	-	November 2008 to July 2013
Non-Executive Director	Triton Minerals Limited	Triton Gold Limited	August 2011 to September 2012
Non-Executive Director	White Star Resources Limited	Whinnen Resources Limited	January 2007 to September 2011

**Mr C Robin W Parish, Independent Non-Executive Director**, Member of the Audit Committee BA Hons. and MA from Oxford University (aged 64) – appointed 27 November 2009.

Mr Parish has been involved in Investment Management since 1971, and as a Director of El Oro Ltd and its predecessor sister company, The Exploration Co.plc, since 1981. Through managing the portfolio of El Oro over the years, Mr Parish has developed a broad knowledge of mining across a diverse spread of metals and geographic locations. El Oro has been a shareholder in Troy for more than 20 years.

## COMPANY SECRETARY

**Ms Stacey Apostolou, Company Secretary, B.Bus, CPA (aged 48).**

Ms Apostolou was appointed as Company Secretary on 5 February 2013. Ms Apostolou is a finance executive with significant experience acting as Company Secretary and corporate Executive/Director for a number of ASX listed mining companies over the past 25 years. Ms Apostolou has been responsible for the corporate, treasury, finance, accounting and administration functions for these companies.

**Mr David R Sadgrove, Joint Company Secretary and Chief Financial Officer, B.Com Acc. & Fin. (UWA), ACA (Aust.) (aged 46).**

Mr Sadgrove was appointed Company Secretary on 1 October 2008 and Chief Financial Officer in November 2008. He gained his Chartered accountant qualifications whilst employed with Ernst & Young (Australia, audit division) and has over 20 years experience in accounting and financial management of listed multinational corporations both within Australia and the United Kingdom.

## CORPORATE INFORMATION

Troy is a limited liability public company which was incorporated in Victoria in 1984 and is domiciled in Australia with its registered office in Perth, Western Australia. The Company listed on the Australian Securities Exchange ("ASX") in 1987 and the Toronto Stock Exchange ("TSX") in Canada in February 2008. The Company's ordinary shares trade on the ASX and TSX under the code "TRY".

Additional Company information can be found in Note 36 to the Financial Statements.

Information on Subsidiaries and group structure can be found in Note 30 to the Financial Statements.

## PRINCIPAL ACTIVITIES

The principal activities of the Group during the year were gold and silver production through its operations at Andorinhas in Brazil and Casposo in Argentina. During the year, Troy successfully completed its off-market takeover offer for Azimuth Resources Limited (Azimuth) with its principal asset being the Karouni (formerly West Omai) gold project (Karouni) in Guyana. Further information on this acquisition can be found in Note 35 to the Financial Statements. Exploration activities, principally for gold, continued during the year concentrating primarily at Karouni.



## OPERATING AND FINANCIAL REVIEW

### Financial Results

Revenue from ordinary activities for the 2014 financial year was \$178.0 million (2013: \$202.7 million), a decrease of 12% primarily due to reductions in gold and silver prices as further analysed below.

The Casposo gold and silver operation generated revenues of \$133.7 million (2013: \$147.4 million), a 9% decrease principally due to 18% lower gold and silver prices realised which was partly offset by additional ounces sold. Revenues from the Andorinhas gold operation fell by 20% to \$44.3 million (2013: \$55.3 million), also principally due to lower gold prices.

The net loss after income tax for the financial year was \$59.1 million (2013: \$18.6 million profit) and is after impairment charges of \$61.4 million net of deferred income tax (2013: \$nil) principally relating to Karouni (refer Note 4 to the Financial Statements).

Contributions to gross profit for the year across the two operations were Casposo \$13.7 million (2013: \$44.2 million) and Andorinhas \$4.3 million (2013: \$5.6 million). At Casposo the 2014 financial year involved the operation of both the open pit and the underground mines compared to just the open pit in the prior year.

Exploration expenditure for the financial year totalled \$14.7 million (2013: \$17.2 million), of which \$11.9 million was capitalised in relation to Karouni (2013: \$8.4 million Casposo). Net exploration expenditure expensed to the profit and loss totalled \$2.8 million (2013: \$8.8 million).

During 2014, the Argentine peso devalued by 56% when compared to spot prices at June 2013. Foreign exchange losses totalled \$5.5 million (2013: \$1.0 million gain), which in the main reflected this devaluation. Gold and silver sales from Casposo are denominated in US dollars therefore any peso devaluation will result in improved margins on the local peso denominated expenses.

The \$40.0 million debt facility with Investec Bank (Australia) Limited (Investec) was fully drawn at 30 June 2014. Finance costs during the financial year totalled \$4.9 million of which \$1.9 million was capitalised in relation to Karouni. Net finance costs expensed to the profit and loss totalled \$3.5 million (2013: \$1.4 million) including hedge losses of \$0.5 million.

Troy incurred Acquisition costs of \$2.7 million (2013: \$0.6 million) in relation to the acquisition of Azimuth and its controlled entities.

Income tax benefits totalled \$34.9 million (2013: \$15.4 million tax expense) of which \$26.2 related to the Karouni impairment charges, and the remainder to the reversal of current and deferred tax estimates in Argentina.

### Operating Review

Total production for the financial year was 93,947 ounces of gold and 2,475,565 ounces of silver or 132,939 gold equivalent ounces (2013: 103,002 gold ounces and 1,361,133 silver ounces or 127,060 gold equivalent ounces).

Casposo produced 62,742 ounces of gold (2013: 69,314) and 2,475,565 ounces of silver (2013: 1,361,133) or total gold equivalent ounces of 101,734 (2013: 93,372), from the processing of 519,661 tonnes of ore (2013: 427,709 tonnes) at an average gold grade of 4.12g/t (2013: 5.65g/t) and silver grade of 191.73g/t (2013: 122.75g/t).

Casposo's cash costs, on a by-product basis, were US\$390/oz (net of silver credits) (2013: US\$563/oz) and on a co-product basis were US\$735/oz (2013: US\$825/oz). The lower cost per co-product ounce was principally driven by a 9% increase in gold equivalent production and the devaluation of the Argentine Peso. Production cash costs per ounce do not encompass full costs of sales including export and other taxes, royalties, depreciation and other non-cash items.

Andorinhas produced 31,205 ounces of gold for the year (2013: 33,688 ounces) at an average cash cost of US\$856/oz (2013: US\$799/oz) from the processing of 226,425 tonnes of ore (2013: 246,346 tonnes) at an average grade of 4.69g/t (2013: 4.63g/t). The treatment of low grade stockpiles and workings represented approximately 42% of the tonnes processed (2013: 21%) resulting in lower production at an increased cost per ounce, albeit that total costs were at similar levels to last year.

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## **Financial Review**

At 30 June 2014, the Group held cash and cash equivalents of \$43.4 million, of which \$0.2 million is held as restricted cash deposits for bank guarantees and un-presented dividend cheques.

Troy also held gold and silver bullion ready for sale with a market value of \$0.5 million.

Cash increased by \$17.8 million over the year.

Investing activities consumed \$63.4 million with \$5.8 million utilised for Andorinhas underground development, \$22.8 million invested in Casposo's underground development and at Karouni internal construction management and administration capitalised totalled \$1.5 million. Exploration expenditure of \$11.9 million was capitalised at Karouni. A further \$25.5 million was used to purchase property, plant and equipment, principally for Karouni, and \$1.8 million was used to pay the power line commitment in Argentina. Troy acquired \$7.5 million in cash as part of the Azimuth acquisition and \$2.8 million was utilised for final acquisition costs. Troy received \$0.4 million in bank interest and \$0.7 million in relation to property, plant and equipment sales.

Financing activities generated \$68.8 million, \$36.7 million from the proceeds of debt funding net of costs and repayments along with \$32.1 million in equity net of share issue costs.

Operating activities generated \$12.4 million in cash. The loss before income tax of \$94.0 million is inclusive of non-cash expenses including gross impairment charges of \$87.6 million and \$33.4 million in depreciation, amortisation and rehabilitation costs along with \$0.3 million in share based payments expense.

Subsequent to year end Troy finalised the new \$100.0 million syndicated debt facility with Investec Bank Plc (Investec Plc). This facility comprises two tranches: Tranche A has a limit of \$70 million and is to be used towards repayment of Investec's existing \$40.0 million facility and for development costs relating to Karouni; and Tranche B has a limit of \$30 million to be used for general corporate funding and working capital purposes. This new facility was formally executed on 26 June 2014 and Tranche A became available for draw down on 3 July 2014. Availability of Tranche B remains subject to conditions precedent as at the date of this report.

Troy continues to comply with the foreign currency controls in Argentina, which requires the repatriation of all sale proceeds from gold and silver produced in Argentina back to Argentina and to obtain prior approval from the Argentine Central Bank for payments to parties outside of Argentina. At 30 June 2014, Troy held \$9.6 million (US\$8.9 million) in overseas bank accounts pending repatriation to Argentina before any surpluses are available for remittance to Australia.

At the end of the year, the Company had no outstanding foreign currency hedge contracts. Commodity hedge contracts totalled 14,000 ounces of gold at US\$1,300/oz and 2,040,000 ounces of silver at average US\$19.41/oz.

### **Dividends**

No dividend for the financial year 2014 has been declared.

### **Changes in State of Affairs**

During the financial year the Company conducted a carrying value review, as result of this review the Group recognised an impairment charge in relation to Karouni for further information refer Notes 4 (vii) and 12.1.

There were no other significant changes in the state of affairs of the Consolidated Entity other than those referred to in the financial statements and notes thereto.

### **Significant Events after the Balance Date**

There has not been any matter or circumstance, except for those matters referred to in Note 31 to the Financial Statements or noted above, that have arisen since the end of the financial year, that has significantly affected or may significantly affect, the operations of the Group, the results of the operations, or the state of the affairs of the Group in the future financial years.

### **Future Developments**

Troy is committed to pursuing growth through exploration, acquisition of new projects and/or corporate merger activity. The Karouni project, currently under construction in Guyana, is expected to commence first production in the June quarter of 2015, while the much smaller Andorinhas gold project in Brazil is expected to reach the end of its mine life and close in the same quarter. The Casposo gold and silver project in Argentina will focus on mining the high grade Inca 1 and Inca 2 deposits from underground.

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### **Share Issues**

During the year:

- » 76,174,000 fully paid ordinary shares were issued pursuant to the acquisition of Azimuth;
- » 22,289,435 fully paid ordinary shares were issued pursuant to a share placement;
- » 4,259,000 fully paid ordinary shares were issued pursuant to a share purchase plan;
- » 476,000 fully paid ordinary shares were issued pursuant to the terms of various agreements between Azimuth and landowners in Guyana;
- » 172,729 fully paid ordinary shares were issued as a short term incentive in lieu of cash bonus to Senior Management; and
- » 195,455 fully paid ordinary shares were issued as a short term incentive in lieu of cash bonus to Executive Directors following shareholder approval received at the November 2013 annual general meeting.

### **Other Equity Instruments**

During the financial year:

- » 61,460 unlisted options were issued to employees pursuant to the acquisition of Azimuth;
- » 633,000 options lapsed or expired in accordance with their terms;
- » 2,000 performance rights lapsed or expired in accordance with their terms;
- » 843,000 share appreciation rights were granted by Troy under the Troy Resources Limited Long Term Incentive Plan (LTIP);
- » 42,000 share appreciation rights lapsed or expired in accordance with their terms;
- » 620,000 share appreciation rights were issued to the Executive Director of Project Development, following shareholder approval received at the November 2013 annual general meeting;
- » 180,000 share appreciation rights were issued to the Managing Director, following shareholder approval received at the November 2013 annual general meeting; and
- » 500,000 unlisted options with an exercise price of \$1.50 and expiry of 30 June 2017 were issued to Investec Bank Plc. as part consideration for the establishment of loan facilities (refer Note 17 for further detail).

Details of share options, performance rights and share appreciation rights granted to Directors and Senior Management are included within the Remuneration Report.

Since the end of the financial year the following equity instruments have been granted under the LTIP:

- » 120,000 share appreciation rights.

No other share options, performance rights or share appreciate rights have been granted under the LTIP.

At the date of this report, there are a total of 620,000 unissued shares in Troy under option to employees at issue prices ranging from \$2.14 to \$4.68, 18,000 performance rights over fully paid ordinary shares which remain subject to hurdle prices of between \$5.00 and \$5.50, and 1,520,000 share appreciation rights at issue prices of between \$1.10 and \$1.62 subject to vesting and performance hurdles.

The Company also issued a further 2,030,000 unlisted options with an exercise price of \$1.50 and expiry of 8 August 2017 to Investec Bank Plc. as part consideration for the establishment of loan facilities (refer Note 17 for further detail).

No person or entity entitled to exercise any of these share options, performance rights and share appreciation rights had or have any rights by virtue of the options or rights to participate in any share issue of any related corporation. For further information refer to Note 26.

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### **Indemnification and Insurance of Directors and Officers**

The Company has a signed Deed of Access, Insurance and Indemnity with every Director of the Company and key senior officers against a liability to another person, other than the Company or a related body corporate of the Company, provided that:

- (a) the provisions of the Corporations Act 2001 (including, but not limited to, Chapter 2E) are complied with in relation to the giving of the indemnity; and
- (b) the liability does not arise in respect of conduct involving a lack of good faith on the part of the Director or Officer.

During the financial year, the Company paid premiums in respect of insurance policies covering the Directors of the Company, the Company Secretaries and all senior officers of the Company and of any related body corporate against a liability incurred as such a director, secretary or senior officer to the extent permitted by the Corporations Act 2001. The level of cover was increased in the current year to broaden the cover in foreign jurisdictions. The amount of the premiums paid on the policies was \$122,509 (2013: \$106,457).

The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

### **Environmental Regulations**

The Group is committed to a high standard of environmental performance and during the year has not received any fines or prosecutions under any environmental laws or regulations. The Group did not incur any reportable environmental incidents during the year.

### **Meetings of Directors**

The numbers of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 June 2014, and the numbers of meetings attended by each Director were:

Director	Board Meetings		Audit Committee Meetings		Nomination & Remuneration Committee Meetings	
	Held	Attended	Held	Attended	Held	Attended
Mr D R Dix	14	14	-	-	8	8
Mr P Benson	14	14	-	-	-	-
Mr G R Chambers	2	2	1	1	1	1
Mr F S Grimwade	14	14	3	3	-	-
Mr T S Harvey	12	11	2	2	-	-
Mr J L C Jones	14	14	-	-	8	8
Mr R Monti	12	12	-	-	7	7
Mr K K Nilsson	14	14	-	-	-	-
Mr C R W Parish	14	14	3	3	-	-

### Interest in the Shares and Options of the Company

The relevant interest of each Director in the share capital and options of the Company as at the date of this report is:

Directors Rights	Number of Fully Paid Shares		Options/Rights
	Beneficial	Non-Beneficial	
Mr D R Dix	-	289,013	-
Mr M D Purvis <sup>(i)</sup>	-	-	-
Mr F S Grimwade	162,000	-	-
Mr T S Harvey	203,507	-	-
Mr J L C Jones	1,271,061	9,173,963	-
Mr R Monti	-	1,674,826	-
Mr K K Nilsson	432,694	-	620,000
Mr C R W Parish	122,992	4,554,266	-

(i) Appointed as a Chief Executive Officer and Managing Director 1 September 2014.

### Remuneration Report (Audited)

This report outlines the compensation arrangements in place for Directors and Senior Management of Troy Resources Limited ("Troy" or "the Company"). The individuals included in this Remuneration Report are those persons having authority and responsibility for planning, directing and controlling the activities of Troy and its controlled entities ("the Group"), directly or indirectly including any Director (whether executive or otherwise) of the Group. The report is set out under the following main headings:

- (A) Directors and Senior Management details;
- (B) Principles used to determine the components and amount of compensation;
- (C) Company performance;
- (D) Remuneration of Directors and Senior Management;
- (E) Details of share-based compensation; and
- (F) Employment contracts.

#### (A) Directors and Senior Management details

The Directors of the Company during or since the end of the year were:

- » D R Dix Non-Executive Chairman;
- » M D Purvis Managing Director and Chief Executive Officer (appointed 1 September 2014);
- » P Benson Managing Director and Chief Executive Officer (resigned 31 July 2014);
- » K K Nilsson Executive Director of Project Development;
- » G R Chambers Non-Executive Director (resigned 29 August 2013);
- » F S Grimwade Non-Executive Director;
- » T S Harvey Non-Executive Director (appointed 29 August 2013);
- » J L C Jones Non-Executive Director;
- » R Monti Non-Executive Director (appointed 29 August 2013); and
- » C R W Parish Non-Executive Director.

The term "Senior Management" is used in the Remuneration Report to refer to the following persons (all the named persons held their current position for the whole of the financial year and since the end of the financial year):

- » P J Doyle Vice President – Exploration and Business Development (based in Canada);
- » A D B Storrie Chief Operating Officer (based in Argentina);
- » D R Sadgrove Chief Financial Officer and Joint Company Secretary; and
- » S Apostolou Company Secretary.

During the year, the Group had subsidiaries in Argentina, Brazil, Canada and Guyana where the duties of the Company Secretary, or its equivalent, have been assigned to a local legal firm to provide the relevant residential country support. In these cases there is no specific individual occupying the position of Company Secretary.

## (B) Principles used to determine the components and amount of compensation

### (i) *Remuneration Philosophy*

The performance of the Group is dependent upon the quality of its Directors and Senior Management. To continue its growth, the Group must attract, motivate and retain highly skilled Directors and Senior Management.

Remuneration is set at a competitive level which is commensurate with the level of experience, skill, qualifications and duties of the person and set within the Group's capacity to pay.

### (ii) *Remuneration Structure*

In accordance with corporate governance best practice, the structure and remuneration review of Non-Executive Directors and Senior Management, including Executive Directors, is separate and distinct.

### (iii) *Non-Executive Directors' Remuneration*

In accordance with the Company's Constitution and the ASX Listing Rules, the aggregate remuneration of Non-Executive Directors is determined from time to time by the Company's shareholders at a General Meeting. The current determination was made at the General Meeting held on 24 November 2011 when an aggregate remuneration of \$800,000 per annum was approved.

Non-Executive Directors' remuneration is paid as cash fees, applicable superannuation entitlements and Committee fees. There is no retirement benefit plan for Non-Executive Directors.

Non-Executive Directors' fees and Committee fees payable during the financial year ended 30 June 2014 were as follows, however the Non-Executive Directors elected to take a 10% voluntary reduction on the fees presented below, with effect from 1 July 2013:

Chairman:	\$147,000	(plus 9.25% Superannuation)
Non- Executive Directors:	\$87,200	(inclusive of 9.25% Superannuation)
Committee chairman:	\$8,000	(no Superannuation)
Committee member:	\$5,000	(no Superannuation)

The remuneration of Non-Executive Directors' for the financial year ended 30 June 2014 and 2013 is detailed on pages 39-42 of this Report.

### (iv) *Nomination and Remuneration Committee*

The Company has a formally constituted Nomination and Remuneration Committee (Remco) which is responsible for determining and reviewing remuneration for the Executive Directors and Senior Management. Remco is composed of Mr D R Dix (Committee Chairman), Mr J L C Jones and Mr R Monti (appointed 29 August 2013) all of whom are Non-Executive Directors of the Company. Mr G R Chambers was a member of Remco until his resignation on 29 August 2013.

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The responsibilities and functions of the Remco include:

- » Review the competitiveness of the Group's and the Company's Senior Management compensation programmes to ensure:
  - (a) the attraction and retention of Senior Management;
  - (b) the motivation of Company officers to achieve the Company's business objectives; and
  - (c) to align the interest of key leadership with the long-term interests of the Company's shareholders.
- » Review trends in management compensation, oversee the development of new compensation plans and, when necessary, approve the revision of existing plans.
- » Review the performance of Senior Management.
- » Review and approve the Chairman's and Chief Executive Officer's goals and objectives, evaluate their performance in light of these corporate objectives, and set the compensation levels for Executive Directors to be consistent with Company philosophy.
- » Review the salaries, bonus and other compensation for Senior Management. The Committee will recommend appropriate salary, bonus and other compensation to the Board for approval.
- » Review and approve compensation packages for new Senior Management and termination packages for corporate officers as requested by management.
- » Review and make recommendations concerning long-term incentive compensation plans, including the use of share options and share appreciation rights.

Remco reviews salary packages on an annual basis, usually in September/October, backdated to 1 July each year and at other times where a specific case is referred to it by the Board or Senior Management.

(v) *Executive Director and Senior Management Personnel Remuneration*

The Company aims to reward Senior Management with a level and mix of remuneration commensurate with their qualifications, skills, position and responsibilities within the organisation.

To assist in determining the level and composition of remuneration, the Group subscribes to independent research reports which detail remuneration levels in the Australian mining industry for executive and general operating positions. Remco also has access to salary and remuneration reports from various human resource and recruitment agencies.

Remuneration for Executive Directors and Senior Management consists of the following components:

- (a) Fixed Remuneration.
- (b) Variable Remuneration comprising:
  - (i) Short Term Incentives/Rewards; and
  - (ii) Long Term Incentives.
- (c) Special Benefits.

(a) *Fixed Remuneration*

Fixed Remuneration comprises the base pay of employees and includes their annual salary, superannuation and prescribed non-financial fixed benefits such as provision of a motor vehicle, car allowance etc.

Base salary is reviewed annually to ensure remuneration is competitive with the general market range.

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*(b)(i) Variable Remuneration – Short Term Incentives/Rewards*

Pursuant to their respective employment contracts, the Chief Executive Officer and Chief Operating Officer are entitled to receive bonuses based upon the achievement of goals and objectives that have been set in consultation with Remco and on the Board's assessment of their performance generally.

At the Board's discretion, other Senior Management may also be paid bonuses based upon their achievement of goals and objectives set by the Chief Executive Officer.

*(b)(ii) Variable Remuneration – Long-Term Incentives*

Long-term incentives are predominantly provided through participation in the LTIP. The LTIP is designed to align the interests of eligible employees with the interests of shareholders by providing an opportunity to receive an equity interest in the Company and therefore directly participate in the benefits of future Company performance over the medium to long term.

At the discretion of the Board, a person who is a full time or part time employee of the Company or a Related Body Corporate (as defined in the Corporations Act), or is a director who holds a salaried employment office in the Company or a Related Body Corporate, is permitted to participate in the LTIP (Participants). Non-executive Directors of the Company are not eligible to participate in the LTIP.

Under the LTIP, Participants will be granted incentive awards (Awards) which may comprise:

- » performance rights, being rights to subscribe for and/or acquire ordinary fully paid shares; and/or
- » options to subscribe for and/or acquire ordinary fully paid shares on payment of an exercise price; and/or
- » share appreciation rights, being rights to receive a future payment equal to the positive difference between the value determined by the Board to be equal to the market value of an ordinary fully paid as at the grant date or such higher value determined by the Board in its sole and absolute discretion (Grant Price) and the market value of an ordinary fully paid share on the exercise date (Share Appreciation Right Exercise Price) in the form of cash and/or ordinary fully paid shares having equivalent value (Share Appreciation Rights). In the event that the Share Appreciation Right Exercise Price is equal to or less than the Grant Price at the date of exercise of Share Appreciation Rights, the Share Appreciation Rights will lapse and there will be no entitlement to receive any payment whether in the form of ordinary fully paid shares and/or cash on the exercise of Share Appreciation Rights.

Additional details of the LTIP can be found at Note 26.

Allocations of Awards to Participants are made at the discretion of Remco and the Board. In general, larger allocations are made to Senior Management who have a greater impact on the direction, management and performance of the Group.

Details of Awards granted during the year are detailed in Section E of the Remuneration Report below. Since the end of the financial year, no Awards have been granted to Directors and Senior Management of the Group.

*(c) Special Benefits*

The Consolidated Entity may grant a special benefit to an employee in certain circumstances. These special benefits, for example, may include house rental and/or relocation payment. Benefits could also include payment of spouse or family travel when accompanying an executive on Company business.

Special Benefits are not considered to be a regular part of a Senior Manager's remuneration, but are granted due to irregular or special circumstances referable to the person's employment or work with the Company. Due to operational requirements, Senior Management relocate as required. Any relocation costs incurred by the Senior Manager are paid for by the Company and can include airfares, shipping and storage of personal goods. During 2014 \$Nil expenses were incurred in relation to relocating Senior Management (2013: \$6,801). Subsequent to year end, Mr Nilsson's family was relocated.

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(vi) *Services from Remuneration Consultants*

The Board did not engage any remuneration consultants during the year.

The Board has, however, put in place procedures to ensure remuneration recommendations made by any remuneration consultants engaged by the Company are free from undue influence by those Executive Directors or members of Senior Management to whom the recommendation relates. These procedures include:

- » instructions for preparing remuneration recommendations are only issued to remuneration consultants by the Chairman of Remco or another Non-Executive director;
- » the role of employees in any engagement regarding a remuneration recommendation is limited to the provision of information and opinions on current and past practices and does not include any participation in the development of recommendations;
- » remuneration recommendations by remuneration consultants are made directly to Remco; and
- » all remuneration recommendations made by remuneration consultants are required to include a declaration about whether the remuneration recommendation is free from undue influence by the Executive Directors or members of Senior Management to whom it relates.

(C) **Company Performance**

The following table shows the performance of the Consolidated Entity over the past five years based on several key indicators:

	Financial Years Ended 30 June				
	2014	2013	2012	2011	2010
Basic Earnings/(Loss) per Share (cents)	<b>(34.0)</b>	20.5	35.5	16.7	(8.0)
Diluted Earnings/(Loss) per Share (cents)	<b>(34.0)</b>	20.4	35.0	16.5	(8.0)
Shareholders' Funds (\$m)	<b>196.3</b>	145.9	132.3	109.7	129.2
Dividends per Share (cents)	-	-	10.0	6.0 & 4.0 <sup>(1)</sup>	-
Net Profit/(Loss) Before Tax (A\$m)	<b>(94.0)</b>	31.6	55.5	15.1	(6.9)
Net Profit/(Loss) After Tax & Non-Controlling Interests (A\$m)	<b>(59.1)</b>	18.6	31.4	14.6	(6.8)
Operating Revenue (A\$m)	<b>178.0</b>	202.7	208.6	102.5	75.2
Gold Equivalent Production (ozs)	<b>132,939</b>	127,060	137,457	76,983	61,453
Share Price at beginning of the year (A\$/Share)	<b>\$1.53</b>	\$3.90	\$3.48	\$2.45	\$1.35
Share Price at end of the year (A\$/share)	<b>\$1.07</b>	\$1.53	\$3.90	\$3.48	\$2.45
Market Capitalisation (A\$m)	<b>208</b>	140	349	306	214

(1) *Interim dividend for FY 2011 paid 29 June 2011.*

(D) **Remuneration of Directors and Senior Management**

Compensation packages contain the following key elements:

- (a) Short Term Employee Benefits: salary/fees, bonuses allowances and non-monetary benefits including the provision of fully maintained motor vehicles and insurance benefits;
- (b) Post-employment benefits: include superannuation and prescribed retirement benefits; and
- (c) Equity: share options, performance rights or share appreciation rights as disclosed in Note 26 to the Financial Statements.

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The following table discloses the compensation of the Directors and Senior Management of the Company:

2014 Name	Short-term Employee Benefits			Long Service Leave <sup>(c)</sup>	Post-Employment Benefits		Equity Share Based Payments <sup>(d)</sup>	Total
	Cash Salary & Fees \$	Cash Bonus <sup>(a)</sup> \$	Non- Monetary Benefits <sup>(b)</sup> \$		Super- annuation \$	Retirement Benefits \$		
<b>Non Executive Directors</b>								
D R Dix	139,500	-	-	-	12,238	-	-	151,738
G R Chambers <sup>(1)</sup>	22,086	-	-	-	-	-	-	22,086
F S Grimwade	79,200	-	-	-	6,660	-	-	85,860
J L C Jones	76,500	-	-	-	6,660	-	-	83,160
T S Harvey <sup>(2)</sup>	69,300	-	-	-	-	-	-	69,300
R Monti <sup>(2)</sup>	63,750	-	-	-	5,550	-	-	69,300
C R W Parish	83,160	-	-	-	-	-	-	83,160
<b>Sub Total</b>	<b>533,496</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31,108</b>	<b>-</b>	<b>-</b>	<b>564,604</b>
<b>Executive Directors</b>								
P Benson <sup>(3)</sup>	405,963	-	30,306	12,650	37,552	-	165,000	651,471
M D Purvis <sup>(4)</sup>	-	-	-	-	-	-	-	-
K K Nilsson	396,000	100,000	-	13,433	24,984	-	109,060	643,477
<b>Sub Total</b>	<b>801,963</b>	<b>100,000</b>	<b>30,306</b>	<b>25,997</b>	<b>62,536</b>	<b>-</b>	<b>274,060</b>	<b>1,294,948</b>
<b>Other Senior Management</b>								
P J Doyle	324,079	-	5,015	4,050	2,483	-	126,933	462,560
A D B Storrie <sup>(5)</sup>	267,000	-	34,300	23,109	-	-	112,347	436,756
D R Sadgrove	279,000	-	16,783	4,028	25,807	-	35,074	360,692
S Apostolou <sup>(6)</sup>	187,501	-	-	1,482	17,344	-	24,059	230,386
<b>Sub Total</b>	<b>1,057,580</b>	<b>-</b>	<b>56,098</b>	<b>32,699</b>	<b>45,634</b>	<b>-</b>	<b>298,413</b>	<b>1,490,394</b>
<b>TOTAL</b>	<b>2,393,039</b>	<b>100,000</b>	<b>86,404</b>	<b>58,752</b>	<b>139,278</b>	<b>-</b>	<b>572,473</b>	<b>3,349,946</b>

As announced, and effective 1 July 2013 for the financial year ended 30 June 2014, the following base salary reductions were applied against 2013 salary levels, excluding Ms Apostolou who was newly appointed to the Executive Committee:

- » Mr Benson (25%); and
- » All other Directors and Senior Management (10%).

In addition, it was agreed that any short term bonus would be issued in equity in lieu of cash (refer section E).

- (1) Mr G R Chambers does not receive a fixed directors' fee. He is remunerated at commercial hourly rates paid to his Canadian Law Practice for actual time spent in his capacity as a Director and Committee member. Refer also to Note 25(c) of the Annual Financial Statements "Related Party Transactions" for amounts paid to Cassels Brock & Blackwell LLP. Mr Chambers resigned on 29 August 2013.
- (2) Appointed as Non-Executive Director on 29 August 2013.
- (3) Mr Benson resigned as Chief Executive Officer and Managing Director 31 July 2014. Subsequent to 30 June 2014, Mr Benson was paid a cash bonus of \$120,000 in relation to his performance for the 2014 financial year.
- (4) Mr Purvis was appointed Chief Executive Officer and Managing Director on 1 September 2014.
- (5) Mr Storrie receives an allowance of \$30,000 for the education of his children as part of his salary package.
- (6) Ms Apostolou is employed on a part-time basis adjusted for the Company's business requirements from time to time, with a minimum of 50% full time equivalent hours per week. During the 2014 financial year, Ms Apostolou averaged approximately 75% full time equivalent hours per week.

Cash bonuses as a percentage of the total compensation are:

- » K Nilsson 15.5%

#### Notes (a) to (d) 2014

- (a) Mr Nilsson was granted a cash bonus, which was reported and paid in the 2014 financial year. This bonus was in recognition of his successful implementation of the second ball mill at Casposo during 2012/2013 and was set in accordance with the criteria set out in section B above.
- (b) Includes the value of non-cash benefits such as the provision of a fully maintained motor vehicle and fuel. The benefits reported include amounts paid for fringe benefits tax, where applicable. Also includes the education allowance for Mr Storrie's children and health and dental insurance for Mr Doyle.
- (c) Includes the value of non-cash long service leave expense accrued by the Company.
- (d) Includes equity shared based payments incurred under long term incentives plans, and short term bonus payments received via an issue of fully paid equity for nil consideration in lieu of cash bonus (refer section E).

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Subsequent to year end, short term bonuses for executive management for the financial year ended 2014 were approved by Remco. At the date of this report, with the exception of Mr Benson, no bonuses have been paid or shares issued as set out below.

Name	Short Term Bonuses		
	Cash \$	Equity Share Based Payment \$	Total \$
P Benson	120,000	-	120,000
M D Purvis	-	-	-
K K Nilsson	100,000	-	100,000
<b>Sub Total</b>	<b>220,000</b>	<b>-</b>	<b>220,000</b>
P J Doyle	-	24,568	24,568
A D B Storrie	-	90,000	90,000
D R Sadgrove	-	-	-
S Apostolou	-	20,000	20,000
<b>Sub Total</b>	<b>-</b>	<b>134,568</b>	<b>134,568</b>
<b>TOTAL</b>	<b>220,000</b>	<b>134,568</b>	<b>354,568</b>

2013 Name	Short-term Employee Benefits				Post-Employment Benefits			Equity Share Based Payments	Total
	Cash Salary & Fees	Cash Bonus <sup>(a)</sup>	Non-Monetary Benefits <sup>(b)</sup>	Long Service Leave <sup>(c)</sup>	Super-annuation	Retirement Benefits			
<b>Non Executive Directors</b>									
D R Dix	155,000	-	-	-	13,230	-	-	168,230	
G R Chambers <sup>(1)</sup>	76,216	-	-	-	-	-	-	76,216	
F S Grimwade	85,000	-	-	-	7,200	-	-	92,200	
J L C Jones	85,000	-	-	-	7,200	-	-	92,200	
C R W Parish	92,200	-	-	-	-	-	-	92,200	
<b>Sub Total</b>	<b>493,416</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27,630</b>	<b>-</b>	<b>-</b>	<b>521,046</b>	
<b>Executive Directors</b>									
P Benson	541,284	165,000	30,865	17,126	48,716	-	315,660	1,118,651	
K K Nilsson	440,000	90,000	-	13,627	30,211	-	-	573,838	
<b>Sub Total</b>	<b>981,284</b>	<b>255,000</b>	<b>30,865</b>	<b>30,753</b>	<b>78,927</b>	<b>-</b>	<b>315,660</b>	<b>1,692,489</b>	
<b>Other Senior Management</b>									
P J Doyle	342,881	46,821	4,509	13,042	2,264	-	153,746	563,263	
A D B Storrie <sup>(2)</sup>	300,000	90,000	30,000	6,640	-	-	33,615	460,255	
D R Sadgrove	310,000	20,000	17,124	13,933	27,900	-	13,418	402,375	
<b>Sub Total</b>	<b>952,881</b>	<b>156,821</b>	<b>51,633</b>	<b>33,615</b>	<b>30,164</b>	<b>-</b>	<b>200,779</b>	<b>1,425,893</b>	
<b>TOTAL</b>	<b>2,427,581</b>	<b>411,821</b>	<b>82,498</b>	<b>64,368</b>	<b>136,721</b>	<b>-</b>	<b>516,439</b>	<b>3,639,428</b>	



- (1) Mr G R Chambers does not receive a fixed directors' fee. He is remunerated at commercial hourly rates paid to his Canadian Law Practice for actual time spent in his capacity as a Director and Committee member. Refer also to Note 25(c) of the Annual Financial Statements "Related Party Transactions" for amounts paid to Lawson Lundell LLP and Cassels Brock & Blackwell LLP.
- (2) Mr Storrie receives an allowance of \$30,000 for the education of his children as part of his salary package.

Cash bonuses as a percentage of the total compensation are:

» P Benson	14.8%
» K Nilsson	15.7%
» P Doyle	8.0%
» A Storrie	19.6%
» D Sadgrove	5.0%

#### Notes (a) to (c) 2013

- (a) Messrs Benson, Nilsson, Doyle and Sadgrove were granted a cash bonus which was reported and paid in 2012/2013. The bonus is in recognition of their contribution during 2011/2012 and was set in accordance with the criteria set out in section B above.
- (b) Includes the value of non-cash benefits such as the provision of a fully maintained motor vehicle and fuel. The benefits reported include amounts paid for fringe benefits tax, where applicable. Also includes the education allowance for Mr Storrie's children.
- (c) Includes the value of non-cash long service leave expense accrued by the Company.

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**(E) Value of Share Based Payments Issued to Key Management Personnel**

The following share appreciation rights, performance rights, options and/or ordinary fully paid shares were granted, vested, exercised or lapsed in relation to Directors and Senior Management during the 2014 financial year:

2014	Performance Rights/ Options Granted		Options and Rights Exercised			Options and Rights Vested	Options and Rights Lapsed	Value of Fully Paid Equity issued for Nil consideration as bonus <sup>(2)</sup> (\$)	Value of Rights/ Options included in remuneration for the year <sup>(3)</sup> (\$)	Percentage of total remuneration for the year that consists of rights/ options/equity (%)
	Number granted (No.)	Value at grant date <sup>(1)</sup> (\$)	Number exercised (No.)	Amount paid on exercise (\$)	Fair value at exercise date <sup>(1)</sup> (\$)	Number vested during the year (No.)	Number lapsed (No.)			
Name										
P Benson <sup>®</sup>	180,000	47,557	-	-	-	-	(300,000)	165,000	-	25.3%
K K Nilsson	620,000	195,772	-	-	-	-	-	50,000	59,060	17.0%
P J Doyle	90,000	18,791	-	-	-	83,000	-	50,000	76,933	27.4%
A D B Storrie	120,000	25,055	-	-	-	26,500	(150,000)	90,000	22,347	26.0%
D R Sadgrove	75,000	15,659	-	-	-	-	-	30,000	5,074	9.7%
S Apostolou	60,000	12,528	-	-	-	-	-	20,000	4,059	10.4%
<b>Total</b>	<b>1,145,000</b>	<b>315,362</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>109,500</b>	<b>(450,000)</b>	<b>405,000</b>	<b>167,473</b>	

(i) All performance rights lapsed or were cancelled during 2014. Subsequent to 30 June 2014 and following Mr Benson's resignation with effect from 31 July 2014, all share appreciation rights lapsed pursuant to the terms of the LTIP.

Value of options – basis of calculation:

- (1) The total value of options granted, exercised and lapsed is calculated based on the following:
- » Fair value of the right/option at grant date multiplied by the number of options granted during the year;
  - » Fair value of the option at the time it is exercised multiplied by the number of options exercised during the year;
  - » Fair value of the option at the time of lapse multiplied by the number of options lapsed during the year.
- (2) The total value of fully paid equity is calculated according to the 5 day VWAP prior to share issue.

(3) The total value of options included in compensation for the year is calculated in accordance with Accounting Standards. This requires the following:

- » The value of the options is determined at grant date and is included in remuneration on a proportionate basis as vesting occurs.
- » The options vest over a period of time, therefore, in accordance with Accounting Standard AASB 2 "Share Based Payment" only the portion of the total fair value of the options at vesting date is included in remuneration for the financial year.

During the financial year, the following share-based payment arrangements for Executive Directors and Senior Management were in existence:

Share Appreciation Rights	Grant Date	Expiry Date	Grant Date Fair Value <sup>(i)</sup>	Final Vesting Date <sup>(ii)</sup>
Issued 20 December 2013	28 November 2013	20 December 2017	\$0.23	20 December 2016
Issued 20 December 2013	28 November 2013	31 March 2016	\$0.33	30 June 2015
Options	Grant Date	Expiry Date	Grant Date Fair Value <sup>(i)</sup>	Final Vesting Date <sup>(ii)</sup>
Issued 5 August 2010	5 August 2010	5 August 2014	\$1.05	5 August 2013
Issued 28 November 2011	28 November 2011	28 November 2015	\$1.37	28 November 2014
Issued 9 January 2012	9 January 2012	9 January 2016	\$1.35	9 January 2015
Performance Rights	Grant Date	Expiry Date	Grant Date Fair Value <sup>(i)</sup>	Final Vesting Date <sup>(ii)</sup>
Issued 9 September 2010	9 September 2010	9 September 2014	\$1.71	9 September 2014
Issued 28 November 2011	28 November 2011	28 November 2015	\$3.12	28 November 2015
Issued 29 November 2012	29 November 2012	12 October 2016	\$2.58	12 October 2016

(i) Fair value at grant has been calculated on a weighted average basis.

(ii) For details of each vesting tranche refer Note 26.

Share options are subject to tranche vesting dates. These options lapse if the holder ceases to be an employee or Director of the Company or its associated body corporate, except in certain circumstances.

Performance rights entitle the holder to fully paid ordinary shares issued for \$nil consideration, subject to the holder remaining an employee or Director of the Company or its associated body corporate, and exceeding hurdle price conditions as referred to in Note 26.

## (F) Employment Contracts

The only Directors or members of Senior Management with an employment contract as at 30 June 2014 are Mr Benson, Mr Doyle and Mr Storie.

Mr Benson was the Managing Director and Chief Executive Officer of Troy having been appointed to that role on 3 October 2007. Mr Benson resigned as a Director of Troy on 27 November 2009 and was reappointed on 13 September 2010. Mr Benson resigned from Troy on 31 July 2014.

The main provisions of his contract are as follows:

- » no fixed term;
- » Base Salary of \$541,284 per annum plus superannuation contributions of 9.25% of salary. The base salary is to be reviewed effective 30 June every year. Following the increased volatility in gold and silver prices in June 2013, Mr Benson voluntarily agreed to a 25% reduction in his base salary to \$405,963 plus 9.25% superannuation for the 2014 financial year, after which time his salary would revert to previous levels;
- » may receive a cash bonus of up to 30% of his salary upon the achievement of certain pre-determined goals and objectives set in consultation with the Board;
- » may terminate his employment with the Company upon giving six months' notice in writing to the Company; and
- » shall receive a termination benefit from the Company, if he is terminated for reasons other than serious misconduct, equal to the cash equivalent of six months of his base salary as at the date of termination.

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Mr Purvis is the new Managing Director and Chief Executive Officer of Troy having been appointed to the role on 1 September 2014.

The main provisions of his contract are as follows:

- » Base Remuneration of A\$570,000 per annum plus applicable superannuation.
- » A cash bonus of up to 30% of Base Remuneration payable upon the achievement of pre-determined goals and objectives set in consultation with the Board of Troy.
- » To be granted 240,000 share appreciation rights (SARs) vesting over three years in accordance with the terms of the LTIP. The Grant Price for each tranche of SARs will be set at a 10%, 20% and 30% premium to the 5 day VWAP following the release of the Company's full year results. In the event that the parties agree to consider an alternative form of Long Term Incentive, the Company will use its best endeavours to provide Mr Purvis with the economic and strategic equivalence of the SARs, in a structure to be agreed, taking into account any relevant imposts. Any grant of securities to Mr Purvis will be subject to shareholder approval.
- » Mr Purvis's employment agreement may be terminated upon the provision of one month's notice after the Review Period (first three months of employment), three months' notice within twelve months of his commencement date and six months' notice thereafter. Mr Purvis may terminate the agreement by giving a similar one month's notice after the Review Period and three months' notice thereafter. In lieu of notice, the Company may pay Mr Purvis an amount calculated in proportion to his Base Remuneration for any period of short notice. The Company can terminate the agreement without notice for serious misconduct.

Mr Doyle is the Vice President of Exploration and Business Development of Troy and was appointed to that role on 18 July 2005. When Mr Doyle relocated to Toronto, Canada, an employment contract was entered into with effect from 1 January 2012, which superseded his previous letter agreement. Key terms:

- » no fixed term;
- » private health and dental insurance provided; and
- » may terminate his employment with the Company upon giving one months' notice in writing to the Company.

Mr Storrie was appointed Chief Operating Officer of Troy from 1 January 2012. Mr Storrie's contract is dated 16 July 2009, with remuneration and bonus levels revised annually by amending letter. Key terms:

- » no fixed term;
- » may receive a cash bonus to a maximum of \$90,000 per annum subject to achievement of key performance objectives set with the Board; and
- » may terminate his employment with the Company upon giving three months' notice in writing to the Company.

During the 2014 financial year, the Company and Mr Storrie agreed to include the payment of life and disability insurance as part of Mr Storrie's benefits.

All other Executive Directors and members of Senior Management are on letter agreements which provide for one months' notice of termination by either party, except in the case of serious misconduct where the Company may terminate immediately.

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## KEY MANAGEMENT PERSONAL EQUITY HOLDINGS

YEAR 2014 – Fully paid ordinary shares issued by Troy Resources Limited

2014	Balance at 1.7.13	Balance at 1.7.13 (New Directors)	Granted as Remuneration	Received on Exercise of Options	Net Other Change	Balance at 30.6.14	Balance Held Nominally
<b>Directors</b>							
D R Dix	127,013	-	-	-	162,000	289,013	289,013
P Benson	362,690	-	150,000	-	20,181	532,871	-
K K Nilsson	330,239	-	45,455	-	57,000	432,694	-
G R Chambers <sup>(i)</sup>	23,332	-	-	-	(23,332)	-	-
F S Grimwade	80,000	-	-	-	82,000	162,000	-
J L C Jones	10,281,024	-	-	-	164,000	10,445,024	9,173,963
C R W Parish	4,423,258	-	-	-	254,000	4,677,258	4,554,266
T S Harvey <sup>(ii)</sup>	-	178,507	-	-	25,000	203,507	-
R Monti <sup>(ii)</sup>	-	1,662,826	-	-	12,000	1,674,826	1,674,826
<b>Senior Management</b>							
P J Doyle	18,500	-	45,455	-	-	63,955	3,500
A D B Storrie	12,130	-	81,819	-	(12,130)	81,819	-
D R Sadgrove	10,000	-	27,273	-	(27,273)	10,000	-
S Apostolou	-	-	18,182	-	-	18,182	-
<b>TOTAL</b>	<b>15,668,186</b>	<b>1,841,333</b>	<b>368,184</b>	<b>-</b>	<b>713,446</b>	<b>18,591,149</b>	<b>15,695,568</b>

(i) Mr Chambers resigned on 29 August 2013.

(ii) Mr Harvey and Mr Monti were appointed on 29 August 2013.

YEAR 2013 – Fully paid ordinary shares issued by Troy Resources Limited

2013	Balance at 1.7.12	Granted as Remuneration	Received on Exercise of Options	Net Other Change	Balance at 30.6.13	Balance Held Nominally
<b>Directors</b>						
D R Dix	87,013	-	-	40,000	127,013	127,013
P Benson	178,684	-	800,000	(615,994)	362,690	-
K K Nilsson	385,239	-	300,000	(355,000)	330,239	-
G R Chambers	23,332	-	-	-	23,332	-
F S Grimwade	40,000	-	-	40,000	80,000	-
J L C Jones	10,295,077	-	-	(14,053)	10,281,024	9,041,963
C R W Parish	4,268,766	-	-	154,492	4,423,258	4,312,266
<b>Senior Management</b>						
P J Doyle	9,500	-	156,000	(147,000)	18,500	-
A D B Storrie	11,867	-	-	263	12,130	-
D R Sadgrove	30,000	-	106,000	(126,000)	10,000	-
<b>TOTAL</b>	<b>15,329,478</b>	<b>-</b>	<b>1,362,000</b>	<b>(1,023,292)</b>	<b>15,668,186</b>	<b>13,481,242</b>

Details of share-based payments granted as compensation to key management personnel during the current financial year are presented

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in the tables below.

All share appreciation rights issued to key management personal were made in accordance with the provisions of the Company's limited LTIP.

Further details of the LTIP and of the share appreciation rights granted during the 2014 financial year are contained in Note 26 to the financial statements.

#### YEAR 2014 – Share Appreciation Rights issued by Troy Resources Limited

2014	Balance at 1.7.13	Granted as Remuneration	Exercised	Grant Price	Other Change	Balance at 30.6.14	Balance Vested at 30.6.14	Vested but not Exercisable	Vested and Exercisable	Options Vested during Year
<b>Directors</b>										
P Benson <sup>(i)</sup>	-	180,000	-	\$1.21 - \$1.43	-	180,000	-	-	-	-
K K Nilsson	-	620,000	-	\$1.10 - \$1.43	-	620,000	-	-	-	-
<b>Senior Management</b>										
P J Doyle	-	90,000	-	\$1.21 - \$1.43	-	90,000	-	-	-	-
A D B Storrie	-	120,000	-	\$1.21 - \$1.43	-	120,000	-	-	-	-
D R Sadgrove	-	75,000	-	\$1.21 - \$1.43	-	75,000	-	-	-	-
S Apostolou	-	60,000	-	\$1.21 - \$1.43	-	60,000	-	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>1,145,000</b>	<b>-</b>	<b>\$1.10 - \$1.43</b>	<b>-</b>	<b>1,145,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

(i) Subsequent to 30 June 2014 and following Mr Benson's resignation with effect from 31 July 2014, all share appreciation rights lapsed pursuant to the terms of the LTIP.

#### YEAR 2014 – Executive Share Options issued by Troy Resources Limited

2014	Balance at 1.7.13	Granted as Remuneration	Exercised	Grant Price	Other Change	Balance at 30.6.14	Balance Vested at 30.6.14	Vested but not Exercisable	Vested and Exercisable	Options Vested during Year
<b>Directors</b>										
P Benson	-	-	-	-	-	-	-	-	-	-
K K Nilsson	-	-	-	-	-	-	-	-	-	-
Other Directors	-	-	-	-	-	-	-	-	-	-
<b>Senior Management</b>										
P J Doyle	250,000	-	-	-	-	250,000	167,000	-	167,000	83,000
A D B Storrie	230,000	-	-	-	(150,000)	80,000	63,500	-	63,500	26,500
D R Sadgrove	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>480,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(150,000)</b>	<b>330,000</b>	<b>230,500</b>	<b>-</b>	<b>230,500</b>	<b>109,500</b>

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## YEAR 2013 – Executive Share Options issued by Troy Resources Limited

2013	Balance at 1.7.12	Granted as Remuneration	Exercised	Exercise Price	Other Change	Balance at 30.6.13	Balance Vested at 30.6.13	Vested but not Exercisable	Vested and Exercisable	Options Vested during Year
<b>Directors</b>										
P Benson	800,000	-	(800,000)	\$2.98	-	-	-	-	-	-
K K Nilsson	300,000	-	(300,000)	\$3.51	-	-	-	-	-	-
Other Directors	-	-	-	-	-	-	-	-	-	-
<b>Other Key Management Personnel</b>										
P J Doyle	400,000	-	(150,000)	\$1.32	-	250,000	84,000	-	84,000	84,000
D R Sadgrove	230,000	-	-	-	-	230,000	187,000	-	187,000	77,000
S Apostolou	100,000	-	(100,000)	\$1.36	-	-	-	-	-	-
<b>TOTAL</b>	<b>1,830,000</b>	<b>-</b>	<b>(1,350,000)</b>	<b>\$1.32 - \$3.51</b>	<b>-</b>	<b>480,000</b>	<b>271,000</b>	<b>-</b>	<b>271,000</b>	<b>161,000</b>

## YEAR 2014 – Performance Rights issued by Troy Resources Limited

2014	Balance at 1.7.13	Granted as Remuneration	Converted to shares	Hurdle Price Range	Other Change	Balance at 30.6.14	Balance Vested at 30.6.14	Vested but not Issued	Vested during Year
<b>Directors</b>									
P Benson	300,000	-	-	\$5.15 - \$6.13	(300,000)	-	-	-	-
Other Directors	-	-	-	-	-	-	-	-	-
<b>Other Key Management Personnel</b>									
P J Doyle	3,000	-	-	\$5.00	-	3,000	-	-	-
D R Sadgrove	8,000	-	-	\$5.00 - \$5.50	-	8,000	-	-	-
<b>TOTAL</b>	<b>311,000</b>	<b>-</b>	<b>-</b>	<b>\$5.00 - \$6.13</b>	<b>(300,000)</b>	<b>11,000</b>	<b>-</b>	<b>-</b>	<b>-</b>

## YEAR 2013 – Performance Rights issued by Troy Resources Limited

2013	Balance at 1.7.12	Granted as Remuneration	Converted to shares	Hurdle Price Range	Other Change	Balance at 30.6.13	Balance Vested at 30.6.13	Vested but not Issued	Vested during Year
<b>Directors</b>									
P Benson	-	300,000	-	\$5.15 - \$6.13	-	300,000	-	-	-
Other Directors	-	-	-	-	-	-	-	-	-
<b>Other Key Management Personnel</b>									
P J Doyle	9,000	-	(6,000)	\$4.00 - \$5.00	-	3,000	-	-	6,000
D R Sadgrove	14,000	-	(6,000)	\$4.00 - \$5.50	-	8,000	-	-	6,000
<b>TOTAL</b>	<b>23,000</b>	<b>300,000</b>	<b>(12,000)</b>	<b>\$4.00 - \$6.13</b>	<b>-</b>	<b>311,000</b>	<b>-</b>	<b>-</b>	<b>12,000</b>

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## NON-AUDIT SERVICES

The auditor of the Company and its subsidiaries is Deloitte Touche Tohmatsu. The Company has a policy in accordance with Corporate Governance best practice that the tax services and other general accounting advice and services, should not be performed by the Company's auditor. However, the Company may employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Consolidated Entity are important and closely related to their work as auditor of the Company.

The Audit Committee and the Board of Directors of the Company are satisfied that the provision of non-audit services by the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of non-audit services provided do not compromise the independence of the auditor.

A copy of the auditor's Independence Declaration as required under Section 307C of the Corporations Act 2001 is set out on page 55.

Details of amounts paid or payable to the auditor for audit and non-audit services provided during the financial year are outlined in Note 24 to the Financial Statements.

### **Rounding of Amounts**

The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the Directors' Report and the Financial Report are rounded off to the nearest thousand dollars, unless otherwise indicated.

**Signed at West Perth, Western Australia, this 26th day of September 2014 in accordance with a resolution of Directors made pursuant to s.298(2) of the Corporations Act 2001.**

**On behalf of the Directors of Troy Resources Limited**



**D DIX**  
NON-EXECUTIVE CHAIRMAN



**M PURVIS**  
CEO & MANAGING DIRECTOR

# AUDITOR'S INDEPENDENCE DECLARATION

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

**Deloitte.**

The Board of Directors  
Troy Resources Limited  
11 Ventnor Avenue  
West Perth WA 6005

Deloitte Touche Tohmatsu  
A.B.N. 74 490 121 060

Woodside Plaza  
Level 14  
240 St Georges Terrace  
Perth WA 6000

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Perth WA 6837 Australia

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Tel: +61 (0) 8 9365 7000  
Fax: +61 (0) 8 9365 7001  
www.deloitte.com.au

26 September 2014

Dear Board Members

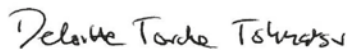
**Troy Resources Limited**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Troy Resources Limited.

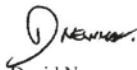
As lead audit partner for the audit of the financial statements of Troy Resources Limited for the financial year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



David Newman  
Partner  
Chartered Accountant

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited

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# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

	Notes	2014 (\$'000)	2013 (\$'000)
<b>Continuing operations</b>			
Revenue	3	178,036	202,715
Cost of sales	4(i)	(160,109)	(152,921)
<b>Gross Profit</b>		<b>17,927</b>	<b>49,794</b>
Other income	3	661	1,730
Exploration expenses (net)	4(ii)	(2,794)	(8,836)
Administration expenses	4(iii)	(9,220)	(8,364)
Net foreign exchange losses		(5,492)	-
Other expenses – Corporate	4(iv)	(1,338)	(821)
Finance costs	4(v)	(3,469)	(1,358)
Acquisition costs	4(vi)	(2,673)	(572)
Impairment loss	4(vii)	(87,593)	-
<b>(Loss) / Profit before income tax expense</b>		<b>(93,991)</b>	<b>31,573</b>
Income tax benefit / (expense)	5	34,866	(15,438)
<b>(Loss) / Profit for the year from continuing operations</b>		<b>(59,125)</b>	<b>16,135</b>
<b>Discontinued Operations</b>			
Profit for the year from discontinued operations	6	-	2,455
<b>(LOSS) / PROFIT FOR THE YEAR</b>		<b>(59,125)</b>	<b>18,590</b>
<b>(Loss) / Profit attributable to:</b>			
Owners of the parent		(59,071)	18,594
Non-controlling interests		(54)	(4)
		<b>(59,125)</b>	<b>18,590</b>
<b>(Loss) / Earnings Per Share (EPS)</b>			
<b>From continuing and discontinued operations</b>			
Basic EPS (cents)	21	(34.0)	20.5
Diluted EPS (cents)	21	(34.0)	20.4
<b>From continuing operations</b>			
Basic EPS (cents)	21	(34.0)	17.8
Diluted EPS (cents)	21	(34.0)	17.7

Notes to the consolidated financial statements are included on pages 57 to 121.



# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

	Notes	2014 (\$'000)	2013 (\$'000)
<b>(Loss) / Profit for the year</b>		<b>(59,125)</b>	18,590
<b>Other comprehensive income</b>			
Items that may be reclassified to Profit or Loss			
Changes in value of available for sale assets	19	62	(62)
Changes in value of hedge cash flow reserve	19	(3,735)	-
Exchange differences on translation of foreign operations	19	(47,505)	(4,342)
Other comprehensive income		<b>(51,178)</b>	(4,404)
<b>Total comprehensive income for the year</b>		<b>(110,303)</b>	14,186
Total comprehensive income attributable to:			
Owners of the parent		<b>(110,249)</b>	14,190
Non-controlling interests		<b>(54)</b>	(4)
		<b>(110,303)</b>	14,186

Notes to the consolidated financial statements are included on pages 57 to 121.

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# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2014

	Notes	2014 (\$'000)	2013 (\$'000)
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	43,409	26,086
Other receivables and prepayments	8	16,933	23,854
Inventories	9	23,042	20,363
<b>TOTAL CURRENT ASSETS</b>		<b>83,384</b>	<b>70,303</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	53,446	57,159
Mining properties	11	48,370	66,143
Development Properties	12	104,444	-
Other receivables	8	5,136	2,138
Other financial assets	13	-	10,256
<b>TOTAL NON-CURRENT ASSETS</b>		<b>211,396</b>	<b>135,696</b>
<b>TOTAL ASSETS</b>		<b>294,780</b>	<b>205,999</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	23,332	32,722
Current tax payables	5	945	9,881
Provisions	15	4,828	3,034
Hedge liability	16	4,244	-
Borrowings	17	30,695	270
<b>TOTAL CURRENT LIABILITIES</b>		<b>64,044</b>	<b>45,907</b>
<b>NON-CURRENT LIABILITIES</b>			
Other payables	14	3,909	860
Deferred tax liabilities	5	16,508	6,151
Provisions	15	3,881	5,058
Borrowings	17	10,123	2,163
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>34,421</b>	<b>14,232</b>
<b>TOTAL LIABILITIES</b>		<b>98,465</b>	<b>60,139</b>
<b>NET ASSETS</b>		<b>196,315</b>	<b>145,860</b>
<b>EQUITY</b>			
Issued Capital	18	269,689	109,695
Reserves	19	(91,763)	(41,349)
Retained earnings	20	18,702	77,773
Parent interest		196,628	146,119
Non-controlling interests		(313)	(259)
<b>TOTAL EQUITY</b>		<b>196,315</b>	<b>145,860</b>

Notes to the consolidated financial statements are included on pages 57 to 121.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

	Issued Capital (\$'000)	Available for Sale Reserve (\$'000)	Share Based Payment Reserve (\$'000)	Hedging Cash Flow Reserve (\$'000)	Foreign Currency Translation Reserve (\$'000)	Retained Earnings (\$'000)	Attributable to Equity Holder of Parent (\$'000)	Non- controlling Interest (\$'000)	TOTAL EQUITY (\$'000)
<b>Balance at 1 July 2012</b>	<b>101,804</b>	-	<b>4,376</b>	-	<b>(41,877)</b>	<b>68,224</b>	<b>132,527</b>	<b>(255)</b>	<b>132,272</b>
Profit for the year	-	-	-	-	-	18,594	18,594	(4)	18,590
Changes in fair value of available-for-sale assets, net of tax	-	(62)	-	-	-	-	(62)	-	(62)
Exchange differences on translation of foreign operations	-	-	-	-	(4,342)	-	(4,342)	-	(4,342)
<b>Total comprehensive income for the year</b>	-	<b>(62)</b>	-	-	<b>(4,342)</b>	<b>18,594</b>	<b>14,190</b>	<b>(4)</b>	<b>14,186</b>
Issue of fully paid shares on conversion of options	5,485	-	(1,492)	-	-	-	3,993	-	3,993
Issue of fully paid shares on conversion of performance rights	29	-	(29)	-	-	-	-	-	-
Issue of fully paid shares for dividends reinvestment plan	2,377	-	-	-	-	-	2,377	-	2,377
Issue of options to Investec	-	-	1,256	-	-	-	1,256	-	1,256
Share-based payments	-	-	821	-	-	-	821	-	821
Dividends payable / paid	-	-	-	-	-	(9,045)	(9,045)	-	(9,045)
<b>Balance at 30 June 2013</b>	<b>109,695</b>	<b>(62)</b>	<b>4,932</b>	-	<b>(46,219)</b>	<b>77,773</b>	<b>146,119</b>	<b>(259)</b>	<b>145,860</b>
<b>Balance at 1 July 2013</b>	<b>109,695</b>	<b>(62)</b>	<b>4,932</b>	-	<b>(46,219)</b>	<b>77,773</b>	<b>146,119</b>	<b>(259)</b>	<b>145,860</b>
Loss for the year	-	-	-	-	-	(59,071)	(59,071)	(54)	(59,125)
Changes in fair value of available-for- sale assets, net of tax	-	62	-	-	-	-	62	-	62
Changes in fair value of hedging instrument	-	-	-	(3,735)	-	-	(3,735)	-	(3,735)
Exchange differences on translation of foreign operations	-	-	-	-	(47,505)	-	(47,505)	-	(47,505)
<b>Total comprehensive income for the year</b>	-	<b>62</b>	-	<b>(3,735)</b>	<b>(47,505)</b>	<b>(59,071)</b>	<b>(110,249)</b>	<b>(54)</b>	<b>(110,303)</b>
Issue of fully paid shares – capital raising	33,186	-	-	-	-	-	33,186	-	33,186
Share issue costs	(1,120)	-	-	-	-	-	(1,120)	-	(1,120)
Issue of fully paid shares in lieu of cash bonus	405	-	-	-	-	-	405	-	405
Issue of fully paid shares to landholders	559	-	-	-	-	-	559	-	559
Issue of fully paid shares on acquisition of Azimuth	126,964	-	103	-	-	-	127,067	-	127,067
Share-based borrowing costs	-	-	369	-	-	-	369	-	369
Share-based payments	-	-	292	-	-	-	292	-	292
<b>Balance at 30 June 2014</b>	<b>269,689</b>	-	<b>5,696</b>	<b>(3,735)</b>	<b>(93,724)</b>	<b>18,702</b>	<b>196,628</b>	<b>(313)</b>	<b>196,315</b>

Notes to the consolidated financial statements are included on pages 57 to 121.

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

	Notes	2014 (\$'000)	2013 (\$'000)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		178,735	197,501
Payments to suppliers and employees		(151,279)	(116,363)
Proceeds from sundry income		92	53
Government royalties and export taxes paid		(13,914)	(13,204)
Income taxes paid		(1,206)	(13,352)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>33</b>	<b>12,428</b>	<b>54,635</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for property, plant and equipment		(25,477)	(22,332)
Payments for mine properties and development properties		(30,086)	(31,682)
Payments for exploration properties capitalised		(11,915)	(8,366)
Payments for power line commitments		(1,769)	(1,565)
Net cash inflow from disposal of Sandstone assets		-	2,214
Payments to acquire convertible notes	13	-	(10,000)
Cash acquired on acquisition of Azimuth	35	7,465	-
Payments for Azimuth acquisition		(2,751)	(494)
Proceeds on sale of property, plant and equipment		721	256
Interest received		432	289
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(63,380)</b>	<b>(71,680)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from Borrowings – Investec Bank (Australia) Limited	17	40,000	-
Repayment – Investec Bank (Australia) Limited		-	(15,000)
Proceeds from Borrowings – Industrial and Commercial Bank of China		-	2,308
Repayments – Industrial and Commercial Bank of China	17	(178)	-
Payments of financing costs		(3,086)	(637)
Proceeds from issues of equity securities		33,186	3,997
Payments for equity raising costs		(1,120)	-
Dividends paid – members of parent entity		(45)	(6,672)
<b>NET CASH PROVIDED BY / (USED IN) FINANCING ACTIVITIES</b>		<b>68,757</b>	<b>(16,004)</b>
<b>Increase in cash and cash equivalents / Net (decrease)</b>		<b>17,805</b>	<b>(33,049)</b>
Cash and cash equivalents at the beginning of the financial year		26,086	58,922
Effects of exchange rate changes on balances held in foreign currencies		(482)	213
<b>Cash and cash equivalents at end of the financial year</b>	<b>7</b>	<b>43,409</b>	<b>26,086</b>

Notes to the consolidated financial statements are included on pages 57 to 121.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

## 1. SUMMARY OF ACCOUNTING POLICIES

### **Statement of compliance**

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of Troy Resources Limited ("Company" or "Group"). For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity. Accounting Standards include Australian Accounting Standards (AASB). Compliance with Australian Accounting Standards ensures that the financial statements and notes of the company and the Group comply with International Financial Reporting Standards (IFRS).

The financial statements were authorised for issue by the Directors at a meeting held on 26 September 2014.

### **Basis of preparation**

The consolidated financial statements have been prepared on the basis of historical cost, except for certain financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars, unless otherwise noted.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2, leasing transactions that are within the scope of AASB 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 2 or value in use in AASB 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- » Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- » Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- » Level 3 inputs are unobservable inputs for the asset or liability.

The Company is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- » has power over the investee;
- » is exposed, or has rights, to variable returns from its involvement with the investee; and
- » has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- » the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- » potential voting rights held by the Company, other vote holders or other parties;
- » rights arising from other contractual arrangements; and
- » any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

#### **Changes in the Group's ownership interest in existing subsidiaries**

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/ permitted by applicable AASBs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

#### ***Critical accounting judgements and key sources of estimation uncertainty***

In the application of the Group's accounting policies, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key accounting judgements and assumptions, and other key sources of estimation uncertainty at the end of the reporting period, that have the most significant effect on the amounts recognised in the financial statements and/or have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

### Ore Reserve Estimates

Estimates of recoverable quantities of ore reserves include assumptions regarding commodity prices, exchange rates, discount rates, and production costs for future cash flows. It also requires interpretation of complex and difficult geological models in order to make an assessment of the size, shape, depth and quality of resources and their anticipated recoveries. The economic, geological and technical factors used to estimate ore reserves may change from period to period. Changes in reported ore reserves can impact mining properties carrying values, property, plant and equipment carrying values, the provision for restoration and the recognition of deferred tax assets, due to changes in expected future cash flows. Ore reserves are integral to the amount of depreciation, depletion and amortisation charged to the income statement and the calculation of inventory.

### Rehabilitation obligations

The Consolidated Entity estimates the future removal costs of mine operations disturbances at the time of installation of the assets and commencement of operations. In most instances, removal of assets occurs many years into the future. This requires judgemental assumptions regarding removal date, the extent of reclamation activities required, the engineering methodology for estimating cost, future removal technologies in determining the removal cost, and asset specific discount rates to determine the present value of these cash flows.

### Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. Valuations are performed by the Chief Financial Officer of the Company and reported to the Board for review and approval.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where level 1 inputs are not available, the Group engages the assistance of third parties to establish the appropriate valuation techniques and inputs to the valuation model.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Notes 13, 16 and 32.

### Impairment of Mine Properties and Development Properties

Determining whether mine properties and development properties are impaired requires a fair value estimation under AASB 136. AASB 136 allows the recoverable amount of an asset or cash generating unit to be the higher of its value in use or fair value less cost to sell. The value in use calculation requires the Directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Fair value less costs to sell requires the directors to calculate the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Where the recoverable amount is less than the carrying value, an impairment loss is recognised.

The carrying amount of development properties at 30 June 2014 was \$104.4 million (30 June 2013: \$Nil) after an impairment loss of \$87.6 million was recognised during 2014 (2013: nil). Details of the impairment loss calculation are set out in Note 12.1.

### Availability of debt financing to finalise the development of the Karouni Gold Development Project

As disclosed in Note 17, on 26 June 2014 the Group executed a debt facility with Investec Bank Plc (Investec Plc Facility) of up to \$100 million.

The Investec Plc Facility comprises two tranches:

- (i) Tranche A – limited to \$70 million: was first available for draw down on 3 July 2014, to repay the \$40.0 million owing under the Investec Facility (refer Note 17(ii)) and for Karouni development costs.
- (ii) Tranche B – limited to \$30.0 million, which will be available for general corporate funding and working capital purposes.

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The availability of Tranche B is subject to the satisfaction of a number of conditions precedent, which based on the Company's development plan for Karouni and related cash flow forecast, will need to be satisfied to enable drawdown in December 2014.

The Directors are satisfied that all conditions precedent will be achieved in the timeframe. However, should this not be the case, and Tranche B is not available for draw down, the Group would be required to raise funds from an alternative source, such as in the form of an equity raising, to allow for the development of Karouni in accordance with the Company's timeframes and to meet other planned commitments.

### **Significant Accounting Policies**

The following significant policies have been adopted in the preparation of the Financial Report:

#### **(a) Cash and Cash Equivalents**

Cash includes cash on hand and in banks, and money market investments readily convertible to cash, net of outstanding bank overdrafts. Bank overdrafts are carried at the principal amount. Interest is recognised as income or expense as it accrues.

#### **(b) Inventories**

Inventories are stated at the lower of cost and net realisable value. Ore stockpiles, gold in circuit, dore and bullion are valued applying absorption costing. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

#### **(c) Property, Plant and Equipment**

##### **Property, Plant and Equipment**

Items of property, plant and equipment are recorded at cost, less accumulated depreciation and impairment.

Items of property, plant and equipment, including buildings and leasehold property are depreciated/amortised using the straight-line or reducing balance method over their estimated useful lives. Assets are depreciated or amortised from the date of acquisition or from the time an asset is completed and held ready for use.

The depreciation and amortisation rates used for each class of asset are based on the following assessment of useful lives:

» Plant and equipment	3-7 years
» Motor Vehicle	2-5 years
» Buildings	5-7 years

Depreciation is not charged on land. Buildings are recorded at amortised cost.

##### **Mining Assets**

Mining Assets represent the accumulation of all exploration, evaluation and development expenditure incurred by or on behalf of the Group and mining properties in relation to areas of interest.

##### **Mining Exploration**

Refer to 1(e) below. If it is established that a project has reached a stage that permits reasonable assessment of the existence of economically recoverable reserves, exploration and evaluation costs ceases and the accumulated expenditures are transferred to mining development properties.

##### **Mining Properties and Development Properties**

Refer to 1(d) below. Development costs related to an area of interest where right of tenure is current are carried forward to the extent that they are expected to be recouped through sale or successful exploitation of the area of interest. If an area is subsequently abandoned or the Directors believe that it is not commercial, any accumulated costs in respect of that area are written off in the financial period the decision is made.

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**(d) Mining Properties and Development Properties**

Where mining of a mineral resource has commenced, the accumulated costs are transferred to mine properties from development properties. Amortisation is first charged on new mining ventures from the date of first commercial production.

Amortisation of mine property costs is provided on the unit of production basis. The unit of production basis results in an amortisation charge proportional to the depletion of the estimated economically recoverable ore reserves. The unit of production basis can be on a tonnes or ounce depleted basis.

**(e) Mining Exploration Properties**

Exploration and evaluation expenditure incurred by or on behalf of the Group is accumulated separately for each prospect area. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure, but does not include general overheads or administrative expenditure not having a specific nexus with a particular prospect area. Each area of interest is limited to a size related to a known or probable mineral resource capable of supporting a mining operation.

Exploration and evaluation expenditure for each prospect area is fully written off in the financial year in which it is incurred, unless its recoupment out of revenue is to be derived from the successful development of the prospect, or from sale of that prospect, is reasonably assured.

The recoverable amount of each prospect area is assessed annually by the Directors. Where the carrying value of a prospect is in excess of its estimated recoverable amount, the carrying value is written down to its recoverable amount.

When a prospect area is abandoned, any expenditure carried forward in respect of that area is written off to profit or loss. Expenditure is not carried forward in respect of any prospect area unless the economic entity's rights of tenure to that area are current.

Once a development decision has been taken, all exploration and evaluation expenditure in respect of the prospect area is transferred to "Development Properties".

**(f) Financial Assets**

Financial assets are recognised when a Group entity becomes a party to the contractual provisions of the instrument.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

***Effective interest method***

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

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*Financial Assets at fair value through profit or loss (FVTPL)*

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL. A financial asset is classified as held for trading if:

- » it has been acquired principally for the purpose of selling it in the near term; or
- » on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- » it is a derivative that is not designated and effective as a hedging instrument

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- » such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- » the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- » it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 32.

***Held-to-maturity investments***

Bills of exchange and debentures with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

***Available-for-sale financial assets (AFS)***

Certain shares held by the Group that are traded in an active market are classified as AFS and are stated at fair value. Fair value is determined in the manner described in Note 32. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the available for sale revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

***Loans and receivables***

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

***Impairment of financial assets***

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve.

#### ***Derecognition of financial assets***

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

#### **(g) Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

#### ***Onerous Contracts***

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

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**Contingent liabilities acquired in a business combination**

Contingent liabilities acquired in a business combination are initially measured at fair value at the date of acquisition. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with AASB 137 'Provisions, Contingent Liabilities and Contingent Assets' and the amount initially recognised less cumulative amortisation recognised in accordance with AASB 118 'Revenue'.

**(h) Employee Benefits****Short-term and Long-term employee benefits**

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

**Retirement benefits costs**

Payments to defined contribution superannuation plans are recognised as an expense when incurred.

**Termination benefit**

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

**(i) Income Tax**

Income tax expense represents the sum of the tax currently payable and deferred tax.

**Current Tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

**Deferred Tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.



The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

#### **Current and deferred tax for the year**

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

The Company and its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. Troy Resources Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within the group' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the company (as head entity in the tax-consolidated group).

#### **(j) Foreign Currencies**

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group entity are expressed in Australian dollars ('\$'), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of each individual Group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- » exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- » exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- » exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purpose of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Australian dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

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On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income and accumulated in equity.

#### (k) Revenue Recognition

##### **Sale of Goods**

Revenue from the sale of mineral production is recognised when all the following conditions are satisfied:

- (i) the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (ii) the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (iii) the amount of revenue can be measured reliably;
- (iv) it is probable that the economic benefits associated with the transaction will flow to the Group; and
- (v) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### (l) Dividend and Interest Income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

#### (m) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST) or value added tax (VAT), except:

- (i) where the amount of GST/VAT incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- (ii) for receivables and payables which are recognised inclusive of GST/VAT.

The net amount of GST/VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the statement of cash flows on a gross basis. The GST/VAT component of the cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation office is classified as operating cash flows.

#### (n) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**(o) Share-based payments**

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 26.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

**(p) Financial liabilities and equity instruments issued by the Group**

Financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instrument.

Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the issue of financial liabilities (other than financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the issue of financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

***Classification as debt or equity***

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

***Equity instruments***

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

***Financial liabilities***

Financial liabilities are classified as either financial liabilities at 'fair value through profit or loss' (FVTPL) or 'other financial liabilities'.

***Financial liabilities at FVTPL***

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- » it has been acquired principally for the purpose of repurchasing it in the near term; or
- » on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- » it is a derivative that is not designated and effective as a hedging instrument.

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A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- » such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- » the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- » it forms part of a contract containing one or more embedded derivatives, and AASB 139 Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability. Fair value is determined in the manner described in Note 32.

#### **Other financial liabilities**

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

#### **Derecognition of financial liabilities**

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

#### **(q) Business combinations**

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- » deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with AASB 112 'Income Taxes' and AASB 119 'Employee Benefits' respectively;
- » liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with AASB 2 'Share-based Payment' at the acquisition date; and
- » assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations' are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.



Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction by transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another Standard.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with AASB 139 'Financial Instruments: Recognition and Measurement'; or AASB 137 'Provisions, Contingent Liabilities and Contingent Assets', as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

**(r) Non-current assets held for sale**

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. The Group discontinues the use of the equity method at the time of disposal when the disposal results in the Group losing significant influence over the associate or joint venture.

After the disposal takes place, the Group accounts for any retained interest in the associate or joint venture in accordance with AASB 139 unless the retained interest continues to be an associate or a joint venture, in which case the Group uses the equity method.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

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**(s) Impairment of tangible and intangible assets other than goodwill**

At the end of each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash generating unit (CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

**(t) Earnings per Share*****Basic Earnings per Share***

Basic earnings per share (EPS) is calculated by dividing the net profit attributable to ordinary equity holders of the parent entity for the reporting period, after excluding any costs of servicing equity (other than ordinary shares and converting preference shares treated as ordinary shares for EPS calculation purposes), by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue.

***Diluted Earnings per Share***

Diluted EPS is calculated by dividing the basic earnings, adjusted by the after tax effect of financing costs associated with dilutive potential ordinary shares and the effect on revenues and expenses of conversion to ordinary shares associated with dilutive potential shares, by the weighted average number of ordinary shares and dilutive potential ordinary shares adjusted for any bonus issue.

**(u) Derivative Financial Instruments**

The Group is exposed to changes in interest rates, foreign exchange rates and commodity prices from its activities. The Group may use forward foreign exchange contracts, forward commodity exchange contracts and put and call options to hedge its foreign exchange rate and commodity risk. Derivative financial instruments are not held for speculative purposes.

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. For further detail refer to Note 32.

***Embedded Derivatives***

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value through profit or loss.

**Hedge Accounting**

The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges. Hedges of commodity risk on gold and silver sales are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Note 32 disclose details of the fair values of the derivative instruments used for hedging purposes.

**Fair Value Hedge**

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

**Cash Flow Hedge**

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

**Hedges of net investments in foreign operations**

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated under the heading of foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.

Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal of the foreign operation.

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## 2. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

### *New and revised AASBs affecting amounts reported and/or disclosures in the financial statements*

In the current year, the Group has applied a number of new and revised AASBs issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2013.

#### **AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'**

This standard removes the individual key management personnel disclosure requirements in AASB 124 'Related Party Disclosures'. As a result the Group only discloses the key management personnel compensation in total and for each of the categories required in AASB 124. Refer to Note 23.

In the current year the individual key management personnel disclosure previously required by AASB 124 is now disclosed in the remuneration report due to an amendment to Corporations Regulations 2001 issued in June 2013.

#### **AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities'**

The Group has applied the amendments to AASB 7 'Disclosures – Offsetting Financial Assets and Financial Liabilities' for the first time in the current year. The amendments to AASB 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

As the Group does not have any offsetting arrangements in place, the application of the amendments does not have any material impact on the consolidated financial statements.

#### **AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle'**

The Annual Improvements to AASBs 2009 - 2011 have made a number of amendments to AASB 1, AASB 101, AASB 116, AASB 132 and AASB 134.

The Group assessed the impact of these changes and conclude that the adoption of these amendments does not have a material impact on the consolidated financial statements.

#### **AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'**

The Group has applied AASB 13 for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of AASB 13 is broad; the fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items for which other AASBs require or permit fair value measurements and disclosures about fair value measurements, except for share based payment transactions that are within the scope of AASB 2 'Share-based Payment', leasing transactions that are within the scope of AASB 117 'Leases', and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, AASB 13 includes extensive disclosure requirements.

AASB 13 requires prospective application from 1 July 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the Group has not made any new disclosures required by AASB 13 for the 2013 comparative period (please see Notes 13 and 32 for the 2014 disclosures). Other than the additional disclosures, the application of AASB 13 does not have any material impact on the amounts recognised in the consolidated financial statements.



**AASB 2012-9 'Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039'**

This standard makes amendment to AASB 1048 'Interpretation of Standards' following the withdrawal of Australian Interpretation 1039 'Substantive Enactment of Major Tax Bills in Australia'. The adoption of this amending standard does not have any material impact on the consolidated financial statements.

**AASB CF 2013-1 'Amendments to the Australian Conceptual Framework' and AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments' (Part A Conceptual Framework)**

This amendment has incorporated IASB's Chapters 1 and 3 Conceptual Framework for Financial Reporting as an Appendix to the Australian Framework for the Preparation and Presentation of Financial Statements.

As a result the Australian Conceptual Framework now supersedes the objective and the qualitative characteristics of financial statements, as well as the guidance previously available in Statement of Accounting Concepts SAC 2 'Objective of General Purpose Financial Reporting'. The adoption of this amending standard does not have any material impact on the consolidated financial statements.

**AASB 10 'Consolidated Financial Statements', AASB 11 'Joint Arrangements', AASB 12 'Disclosure of Interests in Other Entities', AASB 127 (as revised in 2011) 'Separate Financial Statements' and AASB 128 (as revised in 2011)**

In August 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued comprising AASB 10 'Consolidated Financial Statements', AASB 11 'Joint Arrangements', AASB 12 'Disclosure of Interests in Other Entities', AASB 127 (as revised in 2011) 'Separate Financial Statements' and AASB 128 (as revised in 2011) 'Investments in Associates and Joint Ventures'. Subsequent to the issue of these standards, amendments to AASB 10, AASB 11 and AASB 12 were issued to clarify certain transitional guidance on the first-time application of the standards.

In the current year, the Group has applied for the first time AASB 10, AASB 11, AASB 12 and AASB 128 (as revised in 2011) together with the amendments to AASB 10, AASB 11 and AASB 12 regarding the transitional guidance. AASB 127 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements. The impact of the application of these standards is set out below.

***AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'***

AASB 10 replaces the parts of AASB 127 'Consolidated and Separate Financial Statements' that deal with consolidated financial statements and Interpretation 112 'Consolidation – Special Purpose Entities'. AASB 10 changes the definition of control such that an investor controls an investee when:

- (a) it has power over an investee;
- (b) it is exposed, or has rights, to variable returns from its involvement with the investee, and
- (c) has the ability to use its power to affect its returns.

All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in AASB 10 to explain when an investor has control over an investee.

The Group assessed the impact of AASB 10, specifically with regards to the definition of control, and conclude that the adoption of the new standard did not result in any changes to the consolidated group, as reported in the current or prior financial years.

***AASB 2012-10 'Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments'***

This standard amends AASB 10 and various Australian Accounting Standards to revise the transition guidance on the initial application of those Standards. This standard also clarifies the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments. The adoption of this amending standard does not have any material impact on the consolidated financial statements.

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*AASB 11 'Joint Arrangements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'*

AASB 11 replaces AASB 131 'Interests in Joint Ventures', and the guidance contained in a related interpretation, Interpretation 113 'Jointly Controlled Entities – Non-Monetary Contributions by Venturers', has been incorporated in AASB 128 (as revised in 2011). AASB 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under AASB 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under AASB 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, AASB 131 contemplated three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under AASB 131 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable Standards.

The Group assessed the impact of the changes in classification and treatment of joint arrangement per AASB 11 and conclude that the adoption of this new standard does not have a material impact on the consolidated financial statements.

*AASB 12 'Disclosure of Interests in Other Entities' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'*

AASB 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities.

The Group assessed the impact of AASB 12 and conclude that the adoption of this standard does not have a material impact on the Group's disclosures in the consolidated financial statements (please refer to Note 30).

**AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'**

AASB 119 (as revised in 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of AASB 119 and accelerate the recognition of past service costs. All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of AASB 119 are replaced with a 'net interest' amount under AASB 119 (as revised in 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset.

The Group does not have any defined benefit superannuation or pension plans and thus the adoption of these amendments does not have any material impact on the consolidated financial statements.

**Interpretation 20 'Stripping Costs in the Production Phase of a Surface Mine' and AASB 2011-12 'Amendments to Australian Accounting Standards arising from Interpretation 20'**

Interpretation 20 provides guidance on the accounting for the costs of stripping activities during the production phase of surface mining. Costs from stripping activities which provide improved access to ore are recognised as a non-current "stripping activity asset" if the following criteria are met:

- » it's probable that future economic benefits associated with the stripping activity will flow to the entity;
- » the entity can identify the ore body for which access was improved; and
- » all the relating costs can be reliably measured.

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Initially, the stripping activity asset is recognised at cost. Subsequently, it is depreciated or amortised on a systematic basis, over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity using the units of production method.

Stripping activity during the production phase of surface mining are capitalised as part of the cost of inventory under AASB 2 if benefits of stripping activity are realised in the form of inventory produced.

The application of this interpretation does not have any material impact on the consolidated financial statements given the nature of the operating mines and relevant ore bodies.

### **Standards and Interpretations issued not yet effective**

At the date of authorisation of the financial report, a number of Standards and Interpretations were on issue but not yet effective.

Management is currently evaluating the impact that the initial application of the following Standards and Interpretations will have on the financial report of the Group.

STANDARD/INTERPRETATIONS	EFFECTIVE FOR ANNUAL REPORTING PERIODS BEGINNING ON OR AFTER	EXPECTED TO BE INITIALLY APPLIED IN THE FINANCIAL YEAR ENDING
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2019
AASB 1031 'Materiality' (2013)	1 January 2014	30 June 2015
AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'	1 January 2014	30 June 2015
AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'	1 January 2014	30 June 2015
AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting'	1 January 2014	30 June 2015
AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities'	1 January 2014	30 June 2015
AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments'	1 January 2014	30 June 2015
INT 21 'Levies'	1 January 2014	30 June 2015
AASB 2014-1 'Amendments to Australian Accounting Standards'	1 July 2014	30 June 2015
Part A: 'Annual Improvements 2010–2012 and 2011–2013 Cycles'		
Part B: 'Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)'		
Part C: 'Materiality'		
AASB 2014-1 'Amendments to Australian Accounting Standards' – Part D: 'Consequential Amendments arising from AASB 14'	1 January 2016	30 June 2017
AASB 2014-1 'Amendments to Australian Accounting Standards' – Part E: 'Financial Instruments'	1 January 2015	30 June 2016
AASB 14 'Regulatory Deferral Accounts'	1 January 2016	30 June 2017
AASB 2014-3 'Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations'	1 January 2016	30 June 2017
AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	30 June 2017

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At the date of authorisation of the financial statements, the following IASB Standards and IFRIC Interpretations were also in issue but not yet effective, although Australian equivalent Standards and Interpretations have not yet been issued.

STANDARD/INTERPRETATIONS	EFFECTIVE FOR ANNUAL REPORTING PERIODS BEGINNING ON OR AFTER	EXPECTED TO BE INITIALLY APPLIED IN THE FINANCIAL YEAR ENDING
IFRS 15 'Revenue from Contracts with Customers'	1 January 2017	30 June 2018
IFRS 9 Financial Instruments	1 January 2018	30 June 2019
Equity Method in Separate Financial Statements (Amendments to IAS 27)	1 January 2016	30 June 2017
Narrow-scope amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011)	1 January 2016	30 June 2017

### 3. REVENUE

	2014 (\$'000)	2013 (\$'000)
<b>Profit From Continuing Operations</b>		
<b>Revenue</b>		
Gold sales	127,280	166,068
Silver sales	50,756	36,647
	<b>178,036</b>	<b>202,715</b>
<b>Other income</b>		
Interest received – bank	483	289
Gain on sale of equipment	86	178
Net foreign currency exchange gains	-	1,026
Interest received – convertible note	-	184
Other	92	53
	<b>661</b>	<b>1,730</b>

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#### 4. (LOSS) / PROFIT FROM CONTINUING OPERATIONS FOR THE YEAR BEFORE INCOME TAX INCLUDES THE FOLLOWING LOSSES AND EXPENSES

	Note	2014 (\$'000)	2013 (\$'000)
<b>(i) Cost of sales</b>			
Depreciation of property, plant & equipment			
- Cost of sales		12,264	10,743
- Administration expenses		227	304
		<b>12,491</b>	<b>11,047</b>
Amortisation of mining properties		20,604	19,976
Export tax and other taxes (Argentina)		7,575	7,657
Government royalties		7,659	7,975
Rehabilitation provisions unwinding of discount		349	117
<b>(ii) Exploration expenditure</b>			
Exploration expenditure		14,709	17,202
Exploration capitalised	12	(11,915)	(8,366)
Exploration expensed (net)		<b>2,794</b>	<b>8,836</b>
<b>(iii) Administration expenses</b>			
Head office salaries, bonuses and on-costs		2,513	2,603
Expatriate salaries and bonuses		579	558
Guyana expatriate salaries		225	-
Directors fees and on-costs		580	541
Other Brazil administration		313	128
Depreciation – furniture and equipment		227	304
Other Guyana office administration		499	-
Canadian office and administration		609	814
Other Head office administration <sup>(i)</sup>		3,675	3,416
		<b>9,220</b>	<b>8,364</b>
<i>(i) Includes listing fees, shareholder costs, audit fees, taxation consultants, office rents, insurance, travel, conferences and other head office administration expenditure.</i>			
<b>(iv) Other Expenses</b>			
Non-current receivables discount		1,046	-
Share based payments		292	821
		<b>1,338</b>	<b>821</b>



#### 4. (LOSS) / PROFIT FROM CONTINUING OPERATIONS FOR THE YEAR BEFORE INCOME TAX INCLUDES THE FOLLOWING LOSSES AND EXPENSES (CONTINUED)

	Note	2014 (\$'000)	2013 (\$'000)
<b>(v) Finance Costs</b>			
Borrowing costs		2,960	1,358
Hedging loss		509	-
		<b>3,469</b>	<b>1,358</b>
<b>(vi) Acquisition Costs<sup>(ii)</sup></b>			
Acquisition success fee		1,623	-
Legal fees		63	434
Redundancy payouts		602	-
Listing fees ASX/TSX		301	3
Share registry and other		84	135
		<b>2,673</b>	<b>572</b>
<i>(ii) Relates to the acquisition of Azimuth (refer Note 35).</i>			
<b>(vii) Impairment Loss</b>			
Other financial assets		134	-
Development properties <sup>(iii)</sup>	12.1	87,459	-
Impairment loss before income tax		87,593	-
Deferred income tax benefit	5	(26,238)	-
Impairment loss net of income tax		<b>61,355</b>	<b>-</b>

*(iii) Refer to Note 12.1 for further information on non-current asset carrying value review and impairment.*

## 5. INCOME TAX

### (a) Income Tax recognised in profit or loss

	Note	2014 (\$'000)	2013 (\$'000)
<b>Current tax (benefit) / expense</b>			
Current year – income tax (income) / charge		(584)	15,901
Adjustment - current income tax of previous years		(6,240)	-
		(6,824)	15,901
<b>Deferred income tax</b>			
Origination and reversal of temporary differences		(1,398)	(463)
Temporary difference arising from impairment loss	4	(26,238)	-
Adjustment - deferred income tax of previous years		(406)	-
		(28,042)	(463)
Total Income tax (benefit) / expense in the income statement			
		(34,866)	15,438
<b>Numerical Reconciliation of tax expenses to prima facie tax payable</b>			
(Loss) / profit before tax – continuing operations		(93,991)	31,573
(Loss) / profit before tax – discontinued operations		-	2,455
Total (loss) / profit before tax		(93,991)	34,028
Income tax expense at the Group's statutory tax rates of Australia: 30%, Guyana: 30%, Brazil: 34% and Argentina: 35%			
		(28,034)	11,074
<b>Difference in income tax expense due to:</b>			
Share based payments		88	246
Non-deductible foreign salaries & exploration		141	242
Non-deductible (benefit) / expenses		(1,952)	3,156
Deductible intercompany foreign exchange		-	(589)
Over provision for income tax of previous year		(6,646)	-
Other temporary differences not recognised		5	-
Australian tax losses (recognised) / not recognised		(273)	1,060
Foreign tax losses not recognised		1,806	249
Income tax (benefit) / expense on pre-tax net profit		(34,866)	15,438
<b>Deferred income tax related to items charged or credited directly to equity</b>			
Foreign currency translation reserve - current tax		(1,007)	(131)
Foreign currency translation reserve - deferred tax		(1,473)	(415)
Income tax expense reported in equity		(2,480)	(546)

## 5. INCOME TAX (CONTINUED)

### (b) Deferred tax assets / (liabilities) arise from the following:

	Opening Balance	Acquired <sup>(i)</sup>	Charged to Income	Charged to Equity	Closing Balance
<b>2014</b>					
Capitalised mining costs – Brazil	(178)	-	105	4	<b>(69)</b>
Capitalised mining costs – Argentina	(5,196)	-	1,699	1,469	<b>(2,028)</b>
Capitalised mining costs – Guyana	-	(34,335)	26,238	-	<b>(8,097)</b>
Temporary differences - Guyana	-	(5,538)	-	-	<b>(5,538)</b>
Plant and equipment	25	-	-	-	<b>25</b>
Provisions for employee entitlements and rehabilitation	226	-	(35)	-	<b>191</b>
Intercompany loan – Guyana	-	(1,584)	(2,029)	-	<b>(3,613)</b>
Australia Tax Losses	5,086	3,809	1,229	-	<b>10,124</b>
Other (net) – Australia	(256)	-	567	-	<b>311</b>
Other (net) – Brazil	(777)	-	-	-	<b>(777)</b>
Temporary differences not recognised	5	-	(5)	-	-
Tax losses not recognised	(5,086)	(2,224)	273	-	<b>(7,037)</b>
	(6,151)	(39,872)	28,042	1,473	<b>(16,508)</b>
Deferred tax assets					-
Deferred tax liabilities					<b>(16,508)</b>
					<b>(16,508)</b>
<i>(i) Refer to Note 35.</i>					
<b>2013</b>					
Consumable inventories	(28)	-	28	-	-
Capitalised mining costs – Australia	11	-	(11)	-	-
Capitalised mining costs – Brazil	(474)	-	304	(8)	(178)
Capitalised mining costs – Argentina	(5,778)	-	159	423	(5,196)
Plant and equipment	608	-	(583)	-	25
Provisions for employee entitlements and rehabilitation	627	-	(401)	-	226
Australia Tax Losses	4,026	-	1,060	-	5,086
Other (net) – Australia	(516)	-	260	-	(256)
Other (net) – Brazil	(777)	-	-	-	(777)
Temporary differences not recognised	(702)	-	707	-	5
Tax losses not recognised	(4,026)	-	(1,060)	-	(5,086)
	(7,029)	-	463	415	(6,151)
Deferred tax assets					-
Deferred tax liabilities					(6,151)
					<b>(6,151)</b>

**(c) Tax Balances**

	2014 (\$'000)	2013 (\$'000)
Current Tax Payables	945	9,881
Deferred Tax Liabilities	16,508	6,151

**(d) Unrecognised Deferred tax assets**

The following deferred tax assets have not been brought to account as assets:

Tax losses – Australia	7,037	5,086
	<b>7,037</b>	<b>5,086</b>

**Tax consolidation****Relevance of tax consolidation to the Group**

Troy Resources Limited and its wholly-owned Australian resident subsidiaries have formed a tax-consolidated group with effect from 1 July 2003 and are therefore taxed as a single entity from that date. The head entity within the tax consolidated group is Troy Resources Limited. Members of the group have not entered into a tax sharing arrangement in order to allocate income tax expense to the wholly owned subsidiaries on a pro-rata basis. In the absence of such an agreement, the subsidiaries are jointly and severally liable for the income tax liabilities of the head entity should the head entity default on its payment obligations. At balance date the likelihood of default is remote.

**Nature of tax funding arrangements and tax sharing agreements**

Entities within the tax consolidated group have not entered into a tax funding arrangement.

**6. DISCONTINUED OPERATIONS****Disposal of the Sandstone Gold Project**

There was no sale of any subsidiary or project held by the Company during the financial year ended 30 June 2014. During the prior financial year, the Company completed the sale of its Sandstone Gold Project to Southern Cross Goldfields Limited.

	2014 (\$'000)	2013 (\$'000)
<b>Profit from Discontinued operations</b>		
<b>Revenue</b>		
Revenue from sale of Sandstone Assets	-	2,281
<b>Cost of Sale</b>		
Release of rehabilitation obligations	-	1,176
Assets disposed	-	(90)
Sale expenses	-	(67)
<b>Gain on sale of asset</b>	-	3,300
<b>Care and Maintenance costs</b>	-	(845)
Profit / (Loss) before income tax	-	2,455
Income tax expense	-	-
<b>Profit / (Loss) for the year from discontinued operations</b>	-	2,455

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## 7. CASH AND CASH EQUIVALENTS

	2014 (\$'000)	2013 (\$'000)
Cash at bank	3,865	4,088
Cash at bank – Overseas	23,210	17,634
Short Term Interest Bearing Deposits – Australia	16,334	4,364
	<b>43,409</b>	26,086

Investments in short term money market instruments are bearing interest at rates of 3.15% to 3.78%p.a. (2013: 2.75% to 3.20%p.a.).

## 8. OTHER RECEIVABLES AND PREPAYMENTS

	2014 (\$'000)	2013 (\$'000)
<b>CURRENT</b>		
Other debtors and prepayments <sup>(a)(b)</sup>	6,880	11,685
Value added tax recoverable <sup>(c)</sup>	10,053	12,169
	<b>16,933</b>	23,854
<b>NON CURRENT</b>		
Value added tax recoverable <sup>(c)</sup>	5,136	2,138

(a) Trade debtors include accounts receivable in relation to bullion and doré sales. Other receivables and prepayments primarily include advance payments to contractors and insurers and recovery of fuel and accommodation expenses incurred on behalf of contractors. Where the collection of receivables is doubtful an allowance for doubtful debts is recognised. No allowance has been recognised at 30 June 2014 (2013: Nil). Trade receivables operate on standard 30 to 45 day terms. No interest is charged for the first 45 days from the date of the invoice.

(b) As at 30 June 2014 (2013: Nil) no receivables are past due, or impaired.

(c) Within Argentina, the Group has incurred value added tax (VAT) as part of its purchases which are recoverable over time in proportion to the level of future export sales. During the year ended 30 June 2014, \$10,253,000 of VAT receivable was recovered (2013: \$19,425,000).

## 9. INVENTORIES

	2014 (\$'000)	2013 (\$'000)
At Cost:		
Bullion on hand	291	109
Doré on hand	3,854	2,415
Ore stockpiles and work in progress	6,560	5,345
Stores and raw materials	12,337	12,494
	<b>23,042</b>	20,363



## 10. PROPERTY, PLANT & EQUIPMENT

	Note	Land & Buildings at cost (\$'000)	Plant & Equipment at cost (\$'000)	Motor Vehicles at cost (\$'000)	Total (\$'000)
<b>Gross carrying amount:</b>					
Balance at 30 June 2012		8,655	75,838	2,341	86,834
Additions		41	22,104	1,446	23,591
Disposals		(40)	(12,654)	(290)	(12,984)
Net foreign currency exchange differences		(470)	(942)	226	(1,186)
Balance at 30 June 2013		8,186	84,346	3,723	96,255
Additions		226	24,977	274	25,477
Disposals		(479)	(284)	(406)	(1,169)
Devaluation through profit and loss		(670)	-	-	(670)
Acquisitions through business combinations	35	673	1,550	421	2,644
Net foreign currency exchange differences	19(d)	(2,470)	(22,738)	(682)	(25,890)
<b>Balance at 30 June 2014</b>		<b>5,466</b>	<b>87,851</b>	<b>3,330</b>	<b>96,647</b>
<b>Accumulated depreciation and Impairment:</b>					
Balance at 30 June 2012		(1,442)	(37,382)	(1,588)	(40,412)
Depreciation expense		(902)	(9,524)	(621)	(11,047)
Disposals		-	12,546	270	12,816
Net foreign currency exchange differences		80	(536)	3	(453)
Balance at 30 June 2013		(2,264)	(34,896)	(1,936)	(39,096)
Depreciation expense		(864)	(10,297)	(660)	(11,821)
Disposals		-	221	313	534
Net foreign currency exchange differences	19(d)	963	6,040	179	7,182
<b>Balance at 30 June 2014</b>		<b>(2,165)</b>	<b>(38,932)</b>	<b>(2,104)</b>	<b>(43,201)</b>
<b>Net book value:</b>					
As at 30 June 2013		5,922	49,450	1,787	57,159
<b>As at 30 June 2014</b>		<b>3,301</b>	<b>48,919</b>	<b>1,226</b>	<b>53,446</b>

	2014 (\$'000)	2013 (\$'000)
Aggregate depreciation and asset write downs allocated, whether recognised as an expense or capitalised as part of the carrying amount of other assets during the year		
Land and buildings	1,534	902
Plant and equipment	10,297	9,524
Motor vehicles	660	621
Balance	12,491	11,047

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## 11. MINE PROPERTIES

	Note	2014 (\$'000)	2013 (\$'000)
<b>Mine properties</b>			
Balance at start of financial year		66,143	43,502
Expenditure incurred during the year		28,479	31,682
Transfers in from exploration properties		-	9,978
Provision for rehabilitation		100	1,837
Amortisation expensed during year		(20,604)	(19,976)
Net foreign currency exchange differences	19(d)	(25,748)	(880)
<b>Balance at 30 June 2014</b>		<b>48,370</b>	<b>66,143</b>

## 12. DEVELOPMENT PROPERTIES

<b>Development properties</b>			
Balance at start of financial year		-	-
Transfers in from exploration properties		188,407	-
Expenditure incurred during the year		2,701	-
Capitalised Borrowing Costs		1,906	-
Impairment write down	4(vii), 12.1	(87,459)	-
Net foreign currency exchange differences	19(d)	(1,111)	-
<b>Balance at 30 June 2014</b>		<b>104,444</b>	<b>-</b>
<b>Exploration properties</b>			
Balance at start of financial year		-	1,612
Acquisitions through business combinations	35	176,492	-
Capitalised expenditure incurred during the year	4(ii)	11,915	8,366
Transfers to development properties		(188,407)	-
Transfers to mine properties		-	(9,978)
Net foreign currency exchange differences		-	-
<b>Balance at 30 June 2014</b>		<b>-</b>	<b>-</b>

### 12.1. IMPAIRMENT TESTING FOR NON-CURRENT ASSETS

#### Results of impairment testing

		2014 (\$'000)	2013 (\$'000)
Casposo CGU, Argentina		-	-
Andorinhas CGU, Brazil		-	-
Karouni CGU, Guyana	4(vii)	87,459	-
<b>Total impairment</b>		<b>87,459</b>	<b>-</b>

### Development and Mine Assets

Development and mine properties that relate to unmined reserves and resources and their related plant and equipment, mining and processing infrastructure, are constantly assessed in light of current economic conditions. Assumptions on the economic returns and timing of specific production options may impact on the timing of development for assets not already in production. The carrying value of these assets is assessed at balance date based on implied market values as compared with the existing resource and reserve base. An assessment is then made on the likelihood of recoverability from the successful development or sale of the asset.

Assessments were conducted at balance date considering depressed gold and silver prices, current market and sales conditions for gold development projects and given that the market capitalisation of Troy at that time was as an indicator of impairment.

### Cash Generating Units

Management of the Group has identified three cash generating units (CGU's) being: the Casposo Gold Silver Operation in Argentina, the Andorinhas Gold Operation in Brazil and the Karouni Gold Development Project in Guyana.

#### Karouni Gold Development Project

In assessing whether the carrying value of the project development costs and the related plant and equipment infrastructure had been impaired, the carrying amount of the CGU was compared with its recoverable amount. The recoverable amount is assessed as the higher of fair value less costs to sell and value in use. The Group has adopted fair value less cost to sell which is greater than the value in use and hence used this as the recoverable amount for impairment testing purposes.

The fair value less costs to sell is based on a discounted cash flow model over a period of four and a half years which includes the Karouni open pit mine per the pre-feasibility study, the Larken open pit deposit and the development of an underground mine at Karouni from existing reserves and the conversion of known resources.

The key assumptions in addition to the life of mine production plans used in the discounted cash flow valuation are the gold and silver prices, the Australian dollar exchange rates against the US dollar and the discount rate.

Gold price assumptions are estimated by management, with reference to external market forecasts, and are updated continuously. For this assessment, the forecast gold price was estimated at US\$1,300 and the forecast exchange rate of US\$0.93 per A\$1.00, based on a flat forward curve over the life of the planned mine. Significant changes in either the forecast gold price or the forecast exchange rate may have an impact on the carrying value of the CGU in future periods.

A discount rate of 9.3% p.a. was applied to the pre tax US dollar cash flows expressed in nominal terms. The discount rate was derived from the Group's weighted average cost of capital, with appropriate adjustments made to reflect income taxes and the risks specific to the relevant region and CGU, this result was then converted into an Australian dollar equivalent value.

The impairment testing carried out at 30 June 2014 resulted in a total impairment charge to the CGU of \$87.5 million (\$61.2 million net of deferred income tax benefits) which has been recognised in profit or loss (refer to Note 4(vii)).

No impairment assessment was performed in the 2013 financial year as the Karouni Project was only acquired on 2 July 2013, in exchange for Troy shares (non-cash).

	2014 (\$'000)	2013 (\$'000)
Mine development (Fair value adjustment on acquisition: non-cash)	87,459	-
<b>Total Impairment Charge for Karouni CGU</b>	<b>87,459</b>	<b>-</b>

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### The Casposo Gold Silver and Andorinhas Gold Operations

The carrying value reviews of non-current assets held by the Company's Casposo and Andorinhas CGU's were based on existing reserves and the conversion of resources identified and resulted in no impairment charges being required. Both valuations utilised fair value less cost to sell models based on discounted cash flows.

The Casposo valuation at 30 June 2014 was based on the production of 397,000 gold equivalent ounces over a three and half year period utilising flat gold and silver prices of US\$1,300 and US\$20.00 respectively, a forecast exchange rate of US\$0.93 per A\$1.00 based on a flat forward curve over the planned mine life and a US dollar discount rate of 9.3% p.a. The valuation in accordance with fair value less costs to sell exceeded the current book carrying value by approximately 20%.

The Andorinhas valuation at 30 June 2014 relates to one year of future mine production and exceeded the current book carrying value by approximately 50%.

## 13. OTHER FINANCIAL ASSETS

	2014 (\$'000)	2013 (\$'000)
<b>Available for sale investment held at fair value</b>		
Shares in listed corporations at fair value <sup>(i)</sup>	-	72
<b>Convertible Note</b>		
Convertible notes <sup>(i-ii)</sup>	-	10,184
	-	10,256
<b>CURRENT</b>	-	-
<b>NON-CURRENT</b>	-	10,256
	-	10,256

(i) The fair value of listed shares has been based on the closing share price at the end of the financial year. At the end of the current year all listed shares are designated as available for sale.

Troy holds 8.5% (2013: 8.5%) of Meritus Minerals Ltd ("Meritus"), a Canadian listed company involved in mineral exploration primarily in Mongolia. During the year ended 30 June 2014, the Group has permanently impaired its investment in Meritus by \$134,000 down to \$nil due to continued fall in the price of its shares and recent suspension of trading on the TSXV.

(ii) At 30 June 2013 Troy held 10,000,000 convertible notes issued by Azimuth denominated in Australian dollars at a face value of \$1.00 with a maturity date of 28 March 2014.

Each note entitled Troy to convert to Azimuth ordinary shares at a conversion rate of A\$0.30 per share on or before maturity.

Interest accrued on the principal of the notes at a fixed rate of 8% per annum and was calculated quarterly in arrears. At 30 June 2013 accrued interest totalled \$184,000.

On 2 July 2013 Troy acquired control of Azimuth and transferred this facility to intercompany debt.

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## 14. TRADE AND OTHER PAYABLES

	2014 (\$'000)	2013 (\$'000)
<b>CURRENT</b>		
Trade payables <sup>(a)</sup>	15,570	17,753
Accrued expenses	5,361	12,940
Power Line payable <sup>(b)</sup>	862	1,739
Deferred consideration on acquisition <sup>(c)</sup>	212	219
Dividends <sup>(d)</sup>	27	71
Acquisition Payable <sup>(e)</sup>	1,300	-
	<b>23,332</b>	<b>32,722</b>
<b>NON CURRENT</b>		
Power Line Payable <sup>(b)</sup>	-	860
Withholding Tax Payable <sup>(f)</sup>	1,202	-
Acquisition Payables <sup>(e)</sup>	2,707	-
	<b>3,909</b>	<b>860</b>

(a) The standard credit period on purchases is 30 days from statement with longer terms typical in Argentina. No interest is usually chargeable on the trade payables for the first 45 to 60 days from the date of invoice. Thereafter, interest is typically charged on the outstanding balance. The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

(b) The Group has a contractual obligation to contribute to the upgrade and construction of power lines in the San Juan province of Argentina. This obligation was assumed as part of the Casposo Project purchase.

(c) As part of the agreement relating to the acquisition of Troy Resources Argentina Ltd and the Casposo project, US\$0.2 million has been retained until satisfactory completion of outstanding items from the purchase agreement.

(d) The payable for dividends represents the aggregate amount of dividends declared, determined or publicly recommended on or before the reporting date, which remain undistributed as at reporting date, regardless of the extent to which they are expected to be paid in cash (also refer to Note 22).

(e) The acquisition payables represent the cost payable to land owners, exploration vendors and for relinquished tenement costs associated with the acquisition of Azimuth Resources Limited.

(f) The withholding tax payable represents withholding tax due on intercompany interest charges payable to the Guyanese tax authorities, once interest repayments commence.

## 15. PROVISIONS

	2014 (\$'000)	2013 (\$'000)
<b>CURRENT</b>		
Rehabilitation <sup>(a)</sup>	689	92
Employee benefits <sup>(b)</sup>	3,992	2,942
Other Provisions	147	-
	<b>4,828</b>	<b>3,034</b>
<b>NON CURRENT</b>		
Rehabilitation <sup>(a)</sup>	3,804	4,910
Employee benefits <sup>(b)</sup>	77	148
	<b>3,881</b>	<b>5,058</b>



## 15. PROVISIONS (CONTINUED)

### (a) Provision for rehabilitation

A provision for rehabilitation is recognised in relation to the mining activities for costs such as reclamation, waste site closure, plant closure and other costs associated with the rehabilitation of a mining site. Estimates of the rehabilitation obligations are based on anticipated technology and legal requirements and future costs, which have been discounted to their present value. In determining the rehabilitation provision, the Group has assumed no significant changes will occur in the relevant legislation in relation to rehabilitation of such mines in the future.

	Current Rehabilitation Provision (\$'000)	Non-current Rehabilitation Provision (\$'000)
<b>Rehabilitation Provisions</b>		
Balance at 1 July 2012	1,285	2,845
Additional provisions recognised	-	1,837
Unwinding of discount	-	117
Reductions arising from payments	(17)	-
Reductions arising from disposal of operations	(1,176)	-
Net foreign currency exchange differences	-	111
<b>Balance at 30 June 2013</b>	<b>92</b>	<b>4,910</b>
Additional provisions recognised	-	100
Unwinding of discount	-	349
Net foreign currency exchange differences	(2)	(956)
Transfer from / (to) Non-current	599	(599)
<b>Balance at 30 June 2014</b>	<b>689</b>	<b>3,804</b>

### (b) Employee Provisions

	2014 (\$'000)	2013 (\$'000)
The aggregate employee entitlement liability recognised and included in the financial statements is as follows:		
Current	3,992	2,942
Non-current	77	148
	<b>4,069</b>	<b>3,090</b>
	<b>No.</b>	<b>No.</b>
Employees at the end of the financial year	<b>743</b>	<b>547</b>

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## 16. HEDGE LIABILITY

	2014 (\$'000)	2013 (\$'000)
<b>Derivatives that are designated as hedging instruments carried at fair value</b>		
Gold and silver forward contracts - effective <sup>(i)</sup>	3,735	-
Gold and silver forward contracts – unhedged <sup>(ii)</sup>	509	-
	<b>4,244</b>	-

- (i) For a description of the type of hedge, the financial instruments designated as hedging instruments and the nature of the risk being hedge (refer to Note 32).
- (ii) The unhedged portion of the hedge liability represents difference being the time value of money and unhedged risk elements up to the date of maturity. This portion of the hedge liability is reflective of the potential profit or loss volatility of the Group's hedging strategy (refer Note 4 (v)).

## 17. BORROWINGS

	2014 (\$'000)	2013 (\$'000)
Debt facility: Secured – at amortised cost		
Industrial and Commercial Bank of China (Argentina) S.A. – debt facility <sup>(i)</sup>	1,391	2,433
Investec Bank (Australia) Limited – Revolving Corporate Loan Facility (RCF) <sup>(ii)</sup>	20,000	-
Investec Bank (Australia) Limited – Revolving Acquisition Loan Facility (ALF) <sup>(ii)</sup>	20,000	-
Investec Bank PLC – Syndicated Debt Facility <sup>(iii)</sup>	-	-
Capitalised borrowing costs	(573)	-
	<b>40,818</b>	2,433
<b>CURRENT</b>	<b>30,695</b>	270
<b>NON-CURRENT</b>	<b>10,123</b>	2,163
	<b>40,818</b>	2,433

### Summary of Borrowing Arrangements

- (i) **Industrial and Commercial Bank of China (Argentina) S.A.**
- (a) As at 30 June 2014, the Group had an Argentine Peso 10.7 million unsecured debt facility with Industrial and Commercial Bank of China (Argentina) S.A. (ICBC). The facility was entered into on 16 May 2013 and concludes on 17 May 2016. The facility has a three year term. Quarterly principal repayments commenced on 17 May 2014 with each repayment the equivalent to 12.5% of the facility limit.
- (b) At 30 June 2014, the facility was fully drawn.
- (c) The weighted average effective interest rate on the facility is 15.25% per annum (2013: 15.25%).
- (ii) **Investec Bank (Australia) Limited – 26 June 2013 – Debt Facility**
- (a) As at 30 June 2014, the Group had a \$40.0 million debt facility with Investec (Australia) Limited (Investec Facility). The Investec Facility was entered into on 26 June 2013, and comprises two tranches:
- i. Revolving Corporate Loan Facility (RCF) \$20.0 million first available for draw down on 1 July 2013. The RCF has been used for general corporate and a working capital purpose, and was fully drawn at 30 June 2014. The RCF has a three year term and reduces by 25% instalments on 26 December 2014, 26 June 2015, 26 December 2015 and 26 June 2016.
- ii. Revolving Acquisition Loan Facility (ALF) \$20.0 million first available for draw down on 2 July 2013. The ALF has been used for costs associated with the Azimuth acquisition and preliminary development costs for Karouni. The ALF was fully drawn at 30 June 2014. It has an eighteen month term repayable in full on 26 December 2014.
- (b) The Investec Facility is secured by mortgages over Troy's shares in its wholly owned subsidiaries: Troy Resources Argentina Ltd, Reinarda Mineração Ltda and the Azimuth group companies.
- (c) As part consideration for the establishment of the Investec Facility, Troy issued 1,362,398 unlisted call options (non-cash) over ordinary shares with an exercise price of \$3.67 and expiring on 26 June 2016.
- (d) Refer Note 17(iii) for refinancing and full repayment of the Investec Facility.

## 17. BORROWINGS (CONTINUED)

### (iii) Investec Bank Plc – 26 June 2014 – Syndicated Debt Facility

- (a) As at 30 June 2014, the Group had arranged a debt facility with Investec Bank Plc (Investec Plc Facility) of up to \$100.0 million to replace the previous Investec Facility. The Investec Plc Facility comprises two tranches:
- Tranche A - limited to \$70.0 million: was first available for draw down on 3 July 2014, to repay the \$40.0 million owing under the Investec Facility (refer Note 17(ii)) and for Karouni development costs.
  - Tranche B - limited to \$30.0 million: availability subject to a number of future conditions precedent. Tranche B will be available for general corporate funding and working capital purposes.
- (b) The Investec Plc Facility has a maturity date of 26 June 2017.
- (c) Repayments under Tranche A once fully drawn, are due as follows: 30 June 2015 - \$20 million, 31 December 2015 - \$22.5 million, 30 June 2016 - \$12.5 million, 31 December 2016 - \$5 million and 26 June 2017 - \$10 million.
- (d) It is secured by mortgages over Troy's shares in its wholly owned subsidiaries: Troy Resources Argentina Ltd, Reinarda Mineração Ltda and the Azimuth group companies.
- (e) As part consideration for the establishment of the Investec Plc Facility, Troy issued 500,000 unlisted call options (non-cash) over ordinary shares with an exercise price of \$1.50 and expiring on 30 June 2017.
- (f) Troy is required to issue a further 2,833,333 unlisted call options over ordinary shares with an exercise price of \$1.50, with 2,030,000 of these issued on 5 August 2014 and the remaining 803,333 to be issued at the earlier of the first general meeting, or annual general meeting after the agreement date.

The table below summarises unlisted options issued to Investec as part of loan establishment fees (non-cash):

Month of Issue	Balance at 1.7.13	Number of options issued	(Expired)	Balance at 30.6.14	Vested at Balance Date	Exercise Period	Expiry Date
Jul 2010	632,912	-	(632,912)	-	-	Jul 10 to Jul 13	30 Jul 2013
Jun 2013	1,362,398	-	-	1,362,398	1,362,398	Jun 13 to Jun 16	26 Jun 2016
Jun 2014	-	500,000	-	500,000	500,000	Jun 13 to Jun 17	30 Jun 17
<b>Total</b>	<b>1,995,310</b>	<b>500,000</b>	<b>(632,912)</b>	<b>1,862,398</b>	<b>1,862,398</b>		

The Group holds no additional external debt facilities, other than the borrowings reported in this Note 17.

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## 18. ISSUED CAPITAL

	2014 (\$'000)		2013 (\$'000)	
<b>Issued Capital</b>				
<b>195,034,997</b> (2013: 91,468,649) ordinary shares fully paid		<b>269,689</b>		109,695
		<b>269,689</b>		109,695

	2014		2013	
	No. ( '000)	(\$'000)	No. ( '000)	(\$'000)
Balance at the beginning of the financial year	<b>91,469</b>	<b>109,695</b>	89,413	101,804
Issue of fully paid shares on exercise of options	-	-	1,511	5,485
Issue of fully paid shares on vesting of performance rights	-	-	16	29
Issue of fully paid shares for dividend reinvestment plan	-	-	529	2,377
Issue of fully paid shares in lieu of cash bonus	<b>368</b>	<b>405</b>	-	-
Issue of fully paid shares to landowners in Guyana <sup>(i)</sup>	<b>476</b>	<b>559</b>	-	-
Issue of fully paid shares for the acquisition of Azimuth	<b>76,174</b>	<b>126,964</b>	-	-
Issue of fully paid shares pursuant to share placement net of share issue costs	<b>22,289</b>	<b>26,922</b>	-	-
Issue of fully paid shares pursuant to share purchase plan net of share issue costs	<b>4,259</b>	<b>5,144</b>	-	-
	<b>195,035</b>	<b>269,689</b>	91,469	109,695

Fully paid ordinary shares carry one vote per share and carry the entitlement to dividends.

(i) Issued pursuant to the terms of various agreements between Azimuth and landowners in Guyana.

Changes to the then Corporation's Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares and issued shares do not have a par value.

## 19. RESERVES

	2014 (\$'000)	2013 (\$'000)
<b>(a) Available for Sale Reserve:</b>		
Balance at beginning of financial year	(62)	-
Valuation loss recognised, net of tax	-	(62)
Loss reclassified to profit or loss on impairment of available for sale asset	62	-
Balance at the end of the financial year	-	(62)

The Available for Sale Reserve arises on the revaluation of available for sale financial assets. When a revalued financial asset is sold, the portion of the reserve which relates to the financial asset is recognised in profit or loss. Where a revalued financial asset is impaired, that portion of the reserve which relates to that financial asset is recognised in the profit and loss. Valuation gains / (losses) are net of applicable income taxes. Further information about reclassification to profit or loss on impairment is included in Note 4 and 13.

	2014 (\$'000)	2013 (\$'000)
<b>(b) Share Based Payment Reserve:</b>		
Balance at beginning of financial year	4,932	4,376
Share based payments <sup>(i)</sup>	292	821
Transfer to issued capital on vesting of performance rights	-	(29)
Transfer to issued capital on conversion of options	-	(1,492)
Issue of options for the acquisition of Azimuth	103	-
Share based borrowing costs - Investec options <sup>(ii)</sup>	369	1,256
Balance at the end of the financial year	5,696	4,932

- (i) The Share Based Payments arise due to the grant of share options, performance rights and share appreciation rights under the LTIP and the issue of securities by the Company. Amounts are transferred out of the reserve and into issued capital when the underlying securities are issued, exercised, vested or fully paid up. Further information about share-based payments to employees is included in Note 26.
- (ii) As part consideration for the establishment of Investec's loan facilities, the consolidated entity issued 500,000 (2013: 1,362,398) unlisted call options over Troy ordinary shares. Further information about share based payments to Investec is included in Note 17.

	2014 (\$'000)	2013 (\$'000)
<b>(c) Hedging Cash Flow Reserve:</b>		
Balance at beginning of financial year	-	-
Loss arising on changes in fair value of hedging instruments entered into for cash flow hedges	(3,735)	-
Balance at the end of the financial year	(3,735)	-

The cash flow hedging reserve represents the cumulative effective portion of losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative loss arising on changes in fair value of the hedging instruments that are recognised and accumulated under the heading of cash flow hedging reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or is included as a basis adjustment to the non-financial hedged item, consistent with the relevant accounting policy.

The unhedged portion arising on the changes in fair value of hedging instruments has been recognised in the statement of profit or loss and other comprehensive income presented as part of finance costs, refer to Note 4(v) and Note 32 (k) & (m).



**(d) Foreign Currency Translation Reserve:**

	2014 (\$'000)	2013 (\$'000)
Balance at beginning of financial year	(46,219)	(41,877)
Translation of foreign operations	(47,505)	(4,342)
Balance at the end of the financial year	(93,724)	(46,219)

Exchange differences relating to the translation from the functional currencies of the Group's foreign controlled entities into Australian dollars are brought to account by entries made directly to the foreign currency translation reserve, as described in Note 1(j).

The movement in the foreign currency translation reserve of \$47.5 million is due to non cash exchange differences relating to the translation of Troy's foreign controlled entities from their functional currencies of Argentine pesos, Brazilian reals and Guyanese dollars into Australian dollars.

Of the \$47.5 million movement in the foreign currency translation reserve, \$41.4 million relates to Casposo. The assets are recorded in Argentinean pesos and the majority of the liabilities are intercompany loans from Troy Australia denominated in Australian and US dollars. In the year to 30 June 2014, the Argentinean peso devalued against the Australian dollar by 56% from 1: 4.93 to 1: 7.67.

The remaining balance of the movement relates to Troy's Brazilian and Guyanese subsidiaries, representing primarily Andorinhas and Karouni. The Brazilian real has devalued against the Australian dollar by 2% during the year from 1: 2.04 to 1: 2.08 and the Guyanese dollar has devalued by 3% from 1: 182.79 to 1: 188.59.

<b>TOTAL RESERVES</b>	<b>(91,763)</b>	(41,349)
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**20. RETAINED EARNINGS**

	2014 (\$'000)	2013 (\$'000)
<b>Retained Profits</b>		
Balance at beginning of financial year	77,773	68,224
Net (loss)/profit	(59,071)	18,594
Dividend paid/payable	-	(9,045)
Balance at end of financial year	18,702	77,773

**21. (LOSS) / EARNINGS PER SHARE**

	2014 Cents Per Share	2013 Cents Per Share
Basic (loss) / earnings per share		
From continuing operations	(34.0)	17.8
From discontinued operations	-	2.7
Total basic (loss) / earnings per share	(34.0)	20.5
Diluted (loss) / earnings per share		
From continuing operations	(34.0)	17.7
From discontinued operations	-	2.7
Total diluted (loss) / earnings per share	(34.0)	20.4

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## 21. (LOSS) / EARNINGS PER SHARE (CONTINUED)

### (a) Basic (Loss) / Earnings per Share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	2014 (\$'000)	2013 (\$'000)
(Loss) / profit for the year attributable to owners of the Parent	<b>(59,071)</b>	18,594
Profit for the year from discontinued operations used in the calculation of basic earnings per share from discontinued operations	-	2,455
(Loss) / earnings used in the calculation of basic earnings per share from continuing operations	<b>(59,071)</b>	16,139
	2014 No. ('000)	2013 No. ('000)
Weighted average number of ordinary shares for the purposes of basic earnings per share.	<b>174,035</b>	90,892

### (b) Diluted (Loss) / Earnings per Share

The (loss) / earnings used in the calculation of diluted earnings per share are as follows:

	2014 (\$'000)	2013 (\$'000)
(Loss) / earnings used in the calculation of diluted earnings per share	<b>(59,071)</b>	18,594
Profit for the year from discontinued operations	-	2,455
(Loss) / earnings used in the calculation of diluted earnings per share from continuing operations	<b>(59,071)</b>	16,139

The weighted average number of ordinary shares for the purpose of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows.

	2014 No. ('000)	2013 No. ('000)
Weighted average number of ordinary shares used in the calculation of basic earnings per share	<b>174,035</b>	90,892
Shares deemed to be issued for no consideration:		
Employee unlisted options	-	389
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	<b>174,035</b>	91,281

The following potential ordinary shares are anti-dilutive and are therefore excluded from the weighted average number of ordinary shares for the purposes of diluted earnings per share:

	2014 No. ('000)	2013 No. ('000)
Employee options	<b>761</b>	760
Performance rights	<b>18</b>	320
Share appreciation rights	<b>1,601</b>	-
Investec options <sup>(i)</sup>	<b>1,862</b>	2,315
	<b>4,242</b>	3,395

(i) Excludes Investec Options to be issued as per Note 17(iii)(e).

## 22. DIVIDENDS AND FRANKING CREDITS

	2014		2013	
	Cents per Share	Total (\$'000)	Cents per Share	Total (\$'000)
No dividends were declared or paid in 2014 (2013: Final 2012 dividend paid in full franked at 30% tax rate paid 19 October 2012)	-	-	10.0	9,045

	2014 (\$'000)	2013 (\$'000)
Adjusted franking account balance at 30% tax rate	1,604	1,604

## 23. DIRECTOR AND OTHER KEY MANAGEMENT PERSONNEL COMPENSATION

### (a) Key Management Personnel Compensation

The aggregate compensation of Directors and Senior Managers in the Group and the Company is set out below:

	2014 (\$)	2013 (\$)
Short-term employee benefits	2,579,443	2,921,900
Long service leave	58,752	64,368
Post-employment benefits	139,278	136,721
Share-based payments	572,473	516,439
	<b>3,349,946</b>	<b>3,639,428</b>

## 24. AUDITOR'S REMUNERATION

	2014 (\$)	2013 (\$)
<b>(a) Paid or Payable to Deloitte Touche Tohmatsu in Australia:</b>		
Audit of the financial reports	186,554	154,560
Tax Services	57,819	-
	<b>244,373</b>	<b>154,560</b>
<b>(b) Paid or Payable to overseas associates of Deloitte Touche Tohmatsu:</b>		
Audit of the financial reports	168,571	124,438
	<b>168,571</b>	<b>124,438</b>
	<b>412,944</b>	<b>278,998</b>

No other benefits were received by the Auditor.

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## 25. RELATED PARTY TRANSACTIONS

### (a) Subsidiaries

The ultimate parent entity of the group is Troy Resources Limited.

Details of the ownership of ordinary shares held in subsidiaries are disclosed in Note 30 to the Financial Statements.

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in the Note. Details of transactions between the Group and other related parties, if any, are disclosed below.

### (b) Key Management Personnel

As required by the Corporations Act 2001, the Company has disclosed information about the compensation of Directors, Executives and Other Key Management Personnel ("Compensation Disclosures") under the heading "Remuneration Report" on pages 39 to 53 of the Directors' Report.

Share options have been valued using a Binomial Valuation Model. Performance rights have been valued using a Monte-Carlo valuation model. Share Appreciation Rights have been valued using a Trinomial valuation model according to AASB 2: Share Based Payment.

### (c) Other Related Party Transactions

#### Cassels Brock & Blackwell LLP<sup>(i)</sup>

Mr G R Chambers is a partner at Cassels Brock & Blackwell LLP a limited liability partnership under Canadian law. This firm provides corporate legal services to local and international clients. All legal services provided to the Company are at normal commercial rates for the amounts as follows:

	2014 \$	2013 \$
Legal services	21,982	35,654
Azimuth takeover	20,439	136,420
Due diligence	-	74,707
Non-executive director remuneration	22,086	76,216
Expense reimbursements <sup>(ii)</sup>	11,007	22,984
	<b>75,514</b>	<b>345,981</b>

(i) Mr G R Chambers resigned as a non-executive director of Troy on 29 August 2013 and ceased to be a related party from that date onwards. All related party transactions incurred up to the date of resignation are disclosed above.

(ii) Reimbursement of expenses relates to Mr Chambers travel to Australia, Argentina and Brazil, in his capacity as a non-executive director, and to document lodgement with regulatory authorities in Canada.

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## 26. EMPLOYEE SHARE EQUITY PLANS

### *Long Term Incentive Plan*

A new long term incentive plan, the Troy Resources Limited Long Term Incentive Plan (LTIP), was adopted by the Board on 11 October 2013. Approval of this new plan was received at the 2013 Annual General Meeting.

### Share Appreciation Rights

The LTIP, which encompasses option and performance rights plans, also introduced the ability to issue Share Price Appreciation Rights (SAR's) pursuant to the following common terms and conditions:

- (a) ability to issue to employees or Executive Directors of the Company or any Associated Body Corporate. Non-executive Directors of the Company are not eligible to participate in the LTIP;
- (b) A maximum of 7.5% of total issued Shares are available for issue upon the exercise of Awards under the LTIP;
- (c) the number of shares issued under the LTIP in the last five years cannot exceed 5% of issued shares;
- (d) issue cost is nil;
- (e) SAR's granted under the LTIP may not have a term exceeding five years from the date on which the Award is granted;
- (f) upon vesting, SAR's must be exercised by the Participant within the relevant exercise period by delivery of notice in accordance with the LTIP. Upon exercise of the SAR, and in accordance with the LTIP, the Board will determine whether to:
  - (i) Make a cash payment, of all or part of the Shares which the Participant is entitled to receive, on exercise equal to the market value of such Shares (being the VWAP of the Shares on the ASX for the five trading days immediately preceding the exercise date) (Cash Settled). The cash payment made to a Participant will be equal to the aggregate market value of the Shares as at the date of exercise of the Share Appreciation Rights which would otherwise have been allotted and issued or transferred to the Participant on the exercise of the Share Appreciation Rights had such rights been Equity Settled;
  - or
  - (ii) Issue or transfer Shares to a Participant on the exercise of the Share Appreciation Rights (Equity Settled). The number of Shares delivered to Participants upon exercise of Share Appreciation Rights will depend on the amount by which the market value of the Shares has increased in value over the Grant Price. All Shares issued or transferred to a Participant under the LTIP will, from the date of issue or transfer, rank equally with all other issued Shares; and
- (g) unvested SAR's will lapse when the holder ceases to be employed by the Company unless the Directors determine otherwise; and vested but unexercised share appreciation rights will continue in force and remain exercisable, subject to the satisfaction of any applicable exercise conditions, until the expiry of the Share Appreciation Right.

During the year ended 30 June 2014, 1,643,000 SAR's were issued (2013: Nil), Nil vested (2013: Nil) and 42,000 lapsed (2013: Nil).

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## 26. EMPLOYEE SHARE EQUITY PLANS (CONTINUED)

### Long Term Incentive Plan (Continued)

#### Share Appreciation Rights 2014

Month of issue	Balance at 1.7.13	No. rights issued	Grant Price	No. of rights vested	Vesting Date	Fair Value on date of vesting (\$)	Number Lapsed / Cancelled during the year	Balance at 30.6.14	Vested at 30.6.14	Vesting Period	Expiry Date
Nov-13	-	250,000	\$1.10	-	-	-	-	250,000	-	Dec-13 - Mar-16	31-Mar-16
Nov-13	-	250,000	\$1.10	-	-	-	-	250,000	-	Dec-13 - Mar-16	31-Mar-16
Nov-13	-	300,000	\$1.21 - \$1.43	-	-	-	-	300,000	-	Dec-14 - Dec-16	20-Dec-17
Dec-13	-	843,000	\$1.21 - \$1.43	-	-	-	(42,000)	801,000	-	Dec-14 - Dec-16	20-Dec-17
	-	<b>1,643,000</b>	<b>\$1.10 - \$1.43</b>	-	-	-	<b>(42,000)</b>	<b>1,601,000</b>	-		

#### Employee Share Option Plan

Options issued under the November 2007 Employee Share Option Plan (Plan) which was approved at the 2010 Annual General Meeting were issued pursuant to the following terms and conditions:

- to employees or Directors of the Company or any Associated Body Corporate;
- the number of options outstanding and shares issued under the Plan in the last five years cannot exceed 7% of issued shares;
- issue cost is nil;
- each grant of options is split into three approximately equal portions. The first third vest on the first anniversary of the grant date, the second third on the second anniversary of the grant date and the final third on the third anniversary of the grant date. All options expire on the fourth anniversary of the grant date;
- options carry no voting rights, and no rights to dividends;
- options may be exercised at any time from the date on which they vest up until the expiry date; and
- options expire when the option holder ceases to be employed by the Company unless the Directors, in their sole discretion due to extenuating circumstances, determine otherwise; and options are issued at the discretion of the Directors who take into account the length of service of the recipient.

Under the Plan, the exercise price of an Option is based on the Volume Weighted Average Price of the shares as traded on the stock exchange where the majority of the Company's shares are traded over the five trading days prior to the date of grant of the Options.

Consideration received on the exercise of the employee options is recognised in contributed equity. No options were exercised during the year ended 30 June 2014 and as a result Nil (2013: \$3,993,130) was recognised in contributed equity arising from the exercise of employee options.

## Employee Options 2014

Month of issue	Balance at 1.7.13	No. options issued	No. of options exercised	Exercise Date	Ex. Price	Proceeds Received (\$)	Fair Value on date of exercise (\$)	Number Lapsed / Cancelled during the year	Balance at 30.6.14	Vested at 30.6.14	Vesting Period	Expiry Date
Jan-12	250,000	-	-	-	\$4.37	-	-	-	250,000	167,000	Jan-13 – Jan-15	9-Jan-16
Nov-11	260,000	-	-	-	\$4.17	-	-	(20,000)	240,000	168,500	Nov-12 – Nov-14	28-Nov-15
Sep-11	150,000	-	-	-	\$4.68	-	-	(150,000)	-	-	Sep-12 – Sep-14	9-Sep-15
Aug-11	100,000	-	-	-	\$4.16	-	-	-	100,000	67,000	Aug-12 – Aug-14	12-Aug-15
Oct-10	50,000	-	-	-	\$3.36	-	-	(20,000)	30,000	30,000	Oct-11 – Oct-13	28-Oct-14
Aug-10	80,000	-	-	-	\$2.60	-	-	-	80,000	80,000	Aug-11 – Aug-13	5-Aug-14
Mar-10	293,000	-	-	-	\$2.14	-	-	(293,000)	-	-	Mar-11 – Mar-13	19-Mar-14
Aug-09	150,000	-	-	-	\$1.79	-	-	(150,000)	-	-	Aug-10 – Aug-12	17-Aug-13
	<b>1,333,000</b>	-	-			-	-	<b>(633,000)</b>	<b>700,000</b>	<b>573,960</b>		

The weighted average exercise price during the period was Nil.

## Employee Options 2013

Month of issue	Balance at 1.7.12	No. options issued	No. of options exercised	Exercise Date	Ex. Price	Proceeds Received (\$)	Fair Value on date of exercise (\$)	Number Lapsed / Cancelled during the year	Balance at 30.6.13	Vested at 30.6.13	Vesting Period	Expiry Date
Jan-12	250,000	-	-	-	\$4.37	-	-	-	250,000	84,000	Jan-13 – Jan-15	9-Jan-16
Nov-11	260,000	-	-	-	\$4.17	-	-	-	260,000	90,000	Nov-12 – Nov-14	28-Nov-15
Nov-11	300,000	-	(300,000)	Sep 12 – Oct-12	\$3.51	1,053,000	1,451,000	-	-	-	Jun-12 – Jun-13	7-Jun-14
Sep-11	150,000	-	-	-	\$4.68	-	-	-	150,000	50,000	Sep-12 – Sep-14	9-Sep-15
Aug-11	100,000	-	-	-	\$4.16	-	-	-	100,000	34,000	Aug-12 – Aug-14	12-Aug-15
Oct-10	50,000	-	-	-	\$3.36	-	-	-	50,000	34,500	Oct-11 – Oct-13	28-Oct-14
Aug-10	80,000	-	-	-	\$2.60	-	-	-	80,000	53,500	Aug-11 – Aug-13	5-Aug-14
Mar-10	311,000	-	(18,000)	Oct-12	\$2.14	38,520	89,640	-	293,000	293,000	Mar-11 – Mar-13	19-Mar-14
Aug-09	150,000	-	-	-	\$1.79	-	-	-	150,000	150,000	Aug-10 – Aug-12	17-Aug-13
Jun-09	250,000	-	(250,000)	Sep-12 – Jun-13	\$1.36	339,275	723,000	-	-	-	Jun-10 – Jun-12	17-Jun-13
Oct-08	143,000	-	(143,000)	Jul-12 – Oct-12	\$1.25	178,335	630,100	-	-	-	Oct-08 – Oct-11	7-Oct-12
Nov-07	800,000	-	(800,000)	Sep-12	\$2.98	2,384,000	3,636,000	-	-	-	Nov-07 – Oct-11	3-Oct-12
	<b>2,844,000</b>	-	<b>(1,511,000)</b>			<b>3,993,130</b>	<b>6,529,740</b>	-	<b>1,333,000</b>	<b>789,000</b>		

The weighted average exercise price during the period was \$2.64.

## 26. EMPLOYEE SHARE EQUITY PLANS (CONTINUED)

### Employee Performance Rights Plan

Performance Rights issued under the Employee Performance Rights Plan (Rights Plan), which was approved at the 2010 Annual General Meeting, were issued pursuant to the following terms and conditions:

- (a) to employees or Directors of the Company or any Associated Body Corporate;
- (b) the number of shares issued under the Rights Plan in the last five years cannot exceed 5% of issued shares;
- (c) issue cost is nil;
- (d) performance rights may only be exercised by the participant at the times, to the extent and in the manner set out in the offer pertaining to those performance rights;
- (e) each grant of performance rights is split into portions with allocated hurdle criteria. All performance rights expire on the fourth anniversary of the grant date; and
- (f) performance rights will expire when the holder ceases to be employed by the Company unless the Directors, in their sole discretion due to extenuating circumstances, determine otherwise; and performance rights are issued at the discretion of the Directors who take into account the length of service of the recipient.

During the year ended 30 June 2014, Nil performance rights were issued (2013: 300,000), Nil performance rights vested (2013: 16,000) and 302,000 performance rights lapsed and/or were cancelled during the year (2013: Nil).

### Employee Performance Rights 2014

Month of issue	Balance at 1.7.13	No. rights issued	Hurdle price range	No. of rights vested	Vesting Date	Fair Value on date of vesting (\$)	Number Lapsed / Cancelled during the year	Balance at 30.6.14	Vested at 30.6.14	Vesting Period	Expiry Date
Nov-12	300,000	-	\$5.15 - \$6.13	-	-	-	(300,000)	-	-	Oct 13 – Oct 16	12-Oct-16
Nov-11	12,000	-	\$5.50	-	-	-	-	12,000	-	Nov 12 – Nov 15	28-Nov-15
Sep-10	8,000	-	\$4.00 - \$5.00	-	-	-	(2,000)	6,000	-	Sept 11 – Sept 14	9-Sep-14
	<b>320,000</b>	<b>-</b>	<b>\$4.00 - \$6.13</b>	<b>-</b>			<b>(302,000)</b>	<b>18,000</b>	<b>-</b>		

### Employee Performance Rights 2013

Month of issue	Balance at 1.7.13	No. rights issued	Hurdle price range	No. of rights vested	Vesting Date	Fair Value on date of vesting (\$)	Number Lapsed / Cancelled during the year	Balance at 30.6.14	Vested at 30.6.14	Vesting Period	Expiry Date
Nov-12	-	300,000	\$5.15 - \$6.13	-	-	-	-	300,000	-	Oct 13 – Oct 16	12-Oct-16
Nov-11	12,000	-	\$5.50	-	-	-	-	12,000	-	Nov 12 – Nov 15	28-Nov-15
Sep-10	24,000	-	\$4.00 - \$5.00	(16,000)	9-Sept-12	74,240	-	8,000	-	Sept 11 – Sept 14	9-Sep-14
	<b>36,000</b>	<b>300,000</b>	<b>\$4.00 - \$6.13</b>	<b>(16,000)</b>		<b>74,240</b>	<b>-</b>	<b>320,000</b>	<b>-</b>		

### **Inputs used in the valuation model for share based payment arrangements which were entered into during the year.**

Share options have been valued using a Binomial Valuation Model. Performance rights have been valued using a Monte-Carlo valuation model. Share Appreciation Rights have been valued using a Trinomial valuation model. The following input parameters have been used in determining the value of share-based payments:

#### **Share Options**

Grant Date	Expiry Date	Number of Securities	Vesting Date	Expected Exercise Date <sup>(1)</sup>	Current Share Price <sup>(2)</sup> (\$)	Exercise Price (\$)	Dividend Yield <sup>(3)</sup>	Risk Free Rate <sup>(4)</sup>	Volatility <sup>(5)</sup>	"Fair Value"
17-Aug-09	17-Aug-13	50,000	17-Aug-10	16-Feb-12	1.82	1.79	2.11%	4.66%	56%	0.59
		50,000	17-Aug-11	16-Aug-12	1.82	1.79	2.11%	4.86%	53%	0.61
		50,000	17-Aug-12	15-Feb-12	1.82	1.79	2.11%	4.99%	50%	0.6
19-Mar-10	19-Mar-14	137,000	19-Mar-11	17-Sep-12	2.25	2.14	1.76%	5.08%	58%	0.78
		137,000	19-Mar-12	19-Mar-13	2.25	2.14	1.76%	5.21%	56%	0.81
		137,000	19-Mar-13	17-Sep-13	2.25	2.14	1.76%	5.30%	53%	0.81
5-Aug-10	5-Aug-14	27,000	5-Aug-11	3-Feb-13	2.69	2.6	1.48%	4.49%	58%	1.01
		26,500	5-Aug-12	5-Aug-13	2.69	2.6	1.48%	4.50%	55%	1.05
		26,500	5-Aug-13	3-Feb-14	2.69	2.6	1.48%	4.56%	54%	1.1
28-Oct-10	28-Oct-14	19,000	28-Oct-11	28-Apr-13	3.34	3.36	1.19%	4.79%	56%	1.2
		15,500	28-Oct-12	28-Oct-13	3.34	3.36	1.19%	4.83%	55%	1.3
		15,500	28-Oct-13	28-Apr-14	3.34	3.36	1.19%	4.83%	54%	1.35
12-Aug-11	12-Aug-15	34,000	12-Aug-12	10-Feb-14	4.16	4.16	2.38%	4.14%	42%	1.1
		33,000	12-Aug-13	12-Aug-14	4.16	4.16	2.38%	4.24%	50%	1.38
		33,000	12-Aug-14	10-Feb-15	4.16	4.16	2.38%	4.37%	52%	1.52
9-Sep-11	9-Sep-15	50,000	9-Sep-12	10-Mar-14	4.65	4.68	2.13%	4.21%	42%	1.22
		50,000	9-Sep-13	9-Sep-14	4.65	4.68	2.13%	4.28%	50%	1.55
		50,000	9-Sep-14	10-Mar-15	4.65	4.68	2.13%	4.38%	52%	1.71
24-Nov-11	7-Jun-14	300,000	7-Jun-12	6-Dec-13	4.25	3.51	2.33%	3.65%	40%	1.3
28-Nov-11	28-Nov-15	73,000	28-Nov-12	29-May-14	4.25	4.17	2.33%	3.74%	44%	1.18
		68,500	28-Nov-13	28-Nov-14	4.25	4.17	2.33%	3.85%	47%	1.36
		68,500	28-Nov-14	29-May-15	4.25	4.17	2.33%	3.99%	52%	1.57
28-Nov-11	28-Nov-15	17,000	28-Nov-12	29-May-14	4.25	4.17	2.33%	3.74%	44%	1.18
		16,500	28-Nov-13	28-Nov-14	4.25	4.17	2.33%	3.85%	47%	1.36
		16,500	28-Nov-14	29-May-15	4.25	4.17	2.33%	3.99%	52%	1.57
9-Jan-12	9-Jan-16	84,000	9-Jan-13	10-Jul-14	4.40	4.37	2.25%	3.12%	45%	1.21
		83,000	9-Jan-14	9-Jan-15	4.40	4.37	2.25%	3.11%	45%	1.31
		83,000	9-Jan-15	10-Jul-15	4.40	4.37	2.25%	3.16%	50%	1.53

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## 26. EMPLOYEE SHARE EQUITY PLANS (CONTINUED)

### Performance Rights

Grant Date	Expiry Date	Number of Securities	Vesting Date	Expected Exercise Date <sup>(1)</sup>	Current Share Price <sup>(2)</sup> (\$)	Exercise Price (\$)	Dividend Yield <sup>(3)</sup>	Risk Free Rate <sup>(4)</sup>	Volatility <sup>(5)</sup>	"Fair Value"
9-Sep-10	9-Sep-14	30,000	9-Sep-11	9-Sep-14	2.83	3.00	2.00%	4.60%	40%	2.44
		10,000	9-Sep-11	9-Sep-14	2.83	3.50	2.00%	4.60%	40%	2.22
		10,000	9-Sep-12	9-Sep-14	2.83	4.00	2.00%	4.60%	40%	1.89
		10,000	9-Sep-12	9-Sep-14	2.83	4.50	2.00%	4.60%	40%	1.7
		10,000	9-Sep-12	9-Sep-14	2.83	5.00	2.00%	4.60%	40%	1.53
28-Nov-11	28-Nov-15	12,000	28-Nov-12	28-Nov-15	4.25	5.50	2.35%	3.10%	40%	3.12
29-Nov-12	12-Oct-16	33,334	12-Oct-13	12-Oct-16	4.03	5.15	2.00%	2.70%	40%	3
		33,333	12-Oct-13	12-Oct-16	4.03	5.64	2.00%	2.70%	40%	2.77
		33,333	12-Oct-13	12-Oct-16	4.03	6.13	2.00%	2.70%	40%	2.55
		33,333	12-Oct-14	12-Oct-16	4.03	5.15	2.00%	2.70%	40%	2.8
		33,334	12-Oct-14	12-Oct-16	4.03	5.64	2.00%	2.70%	40%	2.59
		33,333	12-Oct-14	12-Oct-16	4.03	6.13	2.00%	2.70%	40%	2.4
		33,333	12-Oct-15	12-Oct-16	4.03	5.15	2.00%	2.70%	40%	2.56
		33,333	12-Oct-15	12-Oct-16	4.03	5.64	2.00%	2.70%	40%	2.36
		33,334	12-Oct-15	12-Oct-16	4.03	6.13	2.00%	2.70%	40%	2.18

### Share Appreciation Rights

Grant Date	Expiry Date	Number of Securities	Vesting Date	Expected Exercise Date <sup>(1)</sup>	Current Share Price <sup>(2)</sup> (\$)	Exercise Price (\$)	Dividend Yield <sup>(3)</sup>	Risk Free Rate <sup>(4)</sup>	Volatility <sup>(5)</sup>	"Fair Value"
28-Nov-13	20-Dec-17	60,000	20-Dec-14	20-Dec-17	1.01	1.21	2.41%	3.20%	49%	0.27
		60,000	20-Dec-15	20-Dec-17	1.01	1.32	2.41%	3.20%	49%	0.26
		60,000	20-Dec-16	20-Dec-17	1.01	1.43	2.41%	3.20%	49%	0.26
		40,000	20-Dec-14	20-Dec-17	1.01	1.21	2.41%	3.20%	49%	0.27
		40,000	20-Dec-15	20-Dec-17	1.01	1.32	2.41%	3.20%	49%	0.26
		40,000	20-Dec-16	20-Dec-17	1.01	1.43	2.41%	3.20%	49%	0.26
		250,000	28-Nov-15 <sup>(6)</sup>	31-Mar-16	1.01	1.10	2.41%	2.83%	62%	0.33
250,000	28-Nov-15 <sup>(7)</sup>	31-Mar-16	1.01	1.10	2.41%	2.83%	62%	0.33		
13-Dec-13	20-Dec-17	281,000	20-Dec-14	20-Dec-17	0.92	1.21	2.41%	3.20%	48%	0.21
		281,000	20-Dec-15	20-Dec-17	0.92	1.32	2.41%	3.20%	48%	0.21
		281,000	20-Dec-16	20-Dec-17	0.92	1.43	2.41%	3.20%	48%	0.20



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**Notes:**

- (1) *The expected exercise date is the most likely date the company expects these option or rights to be exercised.*
- (2) *The current share price is the closing market price on the ASX as of the issue date of the options, and the closing market price as of the issue date for the Implied Options or Rights.*
- (3) *The dividend yield is the annualised gross percentage yield continuously compounded and sourced from Bloomberg or Commsec.*
- (4) *The risk free rate is the implied yield on zero-coupon Australian government bonds, at the issue date, continuously compounded, corresponding to the expected life of the options and the Implied Options or Rights.*
- (5) *The Volatility factor is based on the historical volatility observed for Troy, as per Bloomberg or Commsec, corresponding to the expected life for the options and the Implied Options or Rights.*
- (6) *The performance hurdle being: the first gold pour occurring at the Karouni Gold Project.*
- (7) *The performance hurdle being: if all costs from 1 October 2013 associated with the Karouni Gold Project, including pre-production capital expenditure, studies and permitting (excluding resource conversion and general exploration drilling) is less than US\$100 million.*

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## 26. EMPLOYEE SHARE EQUITY PLANS (CONTINUED)

The following tables reconcile the share options and SAR's outstanding at the beginning and end of the year.

	2014		2013	
	No.	Weighted Average Exercise Price \$	No.	Weighted Average Exercise Price \$
<b>Share Options</b>				
Balance at beginning of year	1,333,000	3.43	2,844,000	3.02
Granted during the year	-	-	-	-
Exercised during the year	-	-	(1,511,000)	2.64
Lapsed during the year	(633,000)	2.76	-	-
<b>Balance at end of year</b>	<b>700,000</b>	<b>3.75</b>	<b>1,333,000</b>	<b>3.43</b>
Exercisable at end of year	512,500	3.58	789,000	2.87

During the financial year Nil options were issued (2013: Nil) and 633,000 (2013: Nil) options lapsed during the year.

	2014		2013	
	No.	Weighted Average Grant Price \$	No.	Weighted Average Grant Price \$
<b>Share Appreciation Rights</b>				
Balance at beginning of year	-	-	-	-
Granted during the year	1,643,000	1.25	-	-
Exercised during the year	-	-	-	-
Lapsed during the year	(42,000)	1.32	-	-
<b>Balance at end of year</b>	<b>1,601,000</b>	<b>1.25</b>	<b>-</b>	<b>-</b>
Exercisable at end of year	-	-	-	-

During the financial year 1,643,000 SAR's (2013: Nil) were granted. Each SAR entitles the holder to receive the value equal to the increase in value of a share above the applicable Grant Price. This potential increase in value will be satisfied by the Company, in the Board's sole and absolute discretion, either by issuing ordinary shares to the holder or the payment of cash. Nil SAR's vested during the year (2013: Nil) and 42,000 SAR's lapsed (2013: Nil).

	2014		2013	
	No.	Weighted Average Grant Price \$	No.	Weighted Average Grant Price \$
<b>Performance Rights</b>				
Balance at beginning of year	320,000	-	36,000	-
Granted during the year	-	-	300,000	2.58
Vested during the year	-	-	(16,000)	-
Lapsed during the year	(302,000)	-	-	-
<b>Balance at end of year</b>	<b>18,000</b>	<b>-</b>	<b>320,000</b>	<b>-</b>
Exercisable at end of year	-	-	-	-

During the financial year Nil (2013: 300,000) performance rights were granted. Each performance right entitles the holder to subscribe for one fully paid ordinary share in the Company at an exercise price of Nil subject to satisfying certain criteria. Nil performance rights vested during the year (2013: 16,000) and 302,000 rights lapsed (2013: Nil).

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## 27. SEGMENT REPORTING

The following is an analysis of the consolidated entity's revenue and results by reportable operating segment:

	Segment Revenue Year Ended		Segment Profit Year Ended	
	2014 (\$'000)	2013 (\$'000)	2014 (\$'000)	2013 (\$'000)
<b>Producing Operations:</b>				
Argentina	133,715	147,388	13,650	44,190
Brazil	44,321	55,327	4,277	5,604
<b>Total Operations</b>	<b>178,036</b>	<b>202,715</b>	<b>17,927</b>	<b>49,794</b>
<b>Exploration:</b>				
Argentina			(1,957)	(16,055)
Capitalised Argentina			-	8,366
Brazil			-	(1,147)
Guyana			(12,752)	-
Capitalised Guyana			11,915	-
<b>Total Exploration</b>			<b>(2,794)</b>	<b>(8,836)</b>
<b>Impairment:</b>				
Australia			(134)	-
Development Properties - Guyana			(87,459)	-
<b>Total Impairment loss before income tax</b>			<b>(87,593)</b>	<b>-</b>
<b>Total Segments</b>	<b>178,036</b>	<b>202,715</b>	<b>(72,460)</b>	<b>40,958</b>
Other income			661	1,730
Corporate administration			(9,220)	(8,364)
Net foreign exchange losses			(5,492)	-
Other expenses			(1,338)	(821)
Finance costs			(3,469)	(1,358)
Acquisition costs			(2,673)	(572)
<b>(Loss) / Profit before tax</b>			<b>(93,991)</b>	<b>31,573</b>
Income tax benefit / (expense) from continuing operations			34,866	(15,438)
<b>(Loss) / Profit for the year from continuing operations</b>			<b>(59,125)</b>	<b>16,135</b>
Profit for the year from discontinued operations			-	2,455
<b>Consolidated segment revenue and (loss) / profit for the year</b>	<b>178,036</b>	<b>202,715</b>	<b>(59,125)</b>	<b>18,590</b>

The revenue reported above represents revenue generated from external customers. There were no intersegment sales during the year.

Segment profit represents the profit earned by each segment without the allocation of central administration costs and directors' salaries, interest income, profit on the sale of shares, gains on sale of exploration tenements, expenses in relation to corporate facilities, and tax expense. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

## 27. SEGMENT REPORTING (CONTINUED)

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

	2014 (\$'000)	2013 (\$'000)
<b>Total Assets</b>		
<b>Continuing Operations:</b>		
Argentina	113,408	153,309
Brazil	8,765	11,652
Australia	-	468
Guyana	126,603	-
<b>Total Segment assets:</b>	<b>248,776</b>	<b>165,429</b>
Cash and cash equivalents <sup>(i)</sup>	43,409	26,086
Other financial assets <sup>(i)</sup>	-	10,256
Other assets <sup>(i)</sup>	2,595	4,228
<b>Total Assets</b>	<b>294,780</b>	<b>205,999</b>

(i) *Unallocated assets include various assets including cash held at a corporate level that have not been allocated to the underlying segments.*

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

	2014 (\$'000)	2013 (\$'000)
<b>Total Liabilities</b>		
<b>Continuing Operations:</b>		
Argentina	19,665	38,271
Brazil	4,669	3,455
Guyana	9,848	-
<b>Total Segment liabilities:</b>	<b>34,182</b>	<b>41,726</b>
Tax liabilities <sup>(ii)</sup>	17,453	16,032
Borrowings <sup>(ii)</sup>	40,818	-
Other liabilities <sup>(ii)</sup>	6,012	2,381
<b>Total Liabilities</b>	<b>98,465</b>	<b>60,139</b>

(ii) *Unallocated liabilities include tax liabilities, deferred consideration, corporate level entitlements and consolidated entity borrowings not specifically allocated to any one underlying segment.*

	2014 (\$'000)	2013 (\$'000)
<b>Other Segment Information</b>		
<b>Continuing Operations:</b>		
<b>Depreciation &amp; Amortisation</b>		
Argentina	25,072	11,454
Brazil	7,216	19,202
Guyana	621	-
Total Segment	32,909	30,656
Corporate	186	367
<b>Total Depreciation &amp; Amortisation</b>	<b>33,095</b>	<b>31,023</b>
<b>Additions to non-current assets</b>		
Argentina	26,791	47,435
Brazil	6,597	9,471
Guyana	25,079	-
Exploration	11,915	8,366
Total Segment	70,382	65,272
Corporate	196	203
<b>Total additions</b>	<b>70,578</b>	<b>65,475</b>

## 28. COMMITMENTS FOR EXPENDITURE

### (a) Exploration Commitments

The Group has minimum statutory commitments as conditions of tenure for certain mining tenements. In addition it has commitments to perform and expend funds towards retaining an interest in formalised agreements with joint venture and prospective joint venture partners. Whilst these obligations may vary, the following is considered to be a reasonable estimate of the minimum projected payments required at 30 June 2014 if it is to retain all of its present interests in mining and exploration properties, within the context of existing joint ventures.

	2014 (\$'000)	2013 (\$'000)
Not longer than 1 year	2,808	164
Longer than 1 year and not longer than 5 years	435	438
Longer than 5 years	-	-

### (b) Capital Commitments

Capital expenditure commitments contracted for as at the reporting date:

	2014 (\$'000)	2013 (\$'000)
Not longer than 1 year	10,756	1,609
Longer than 1 year and not longer than 5 years	-	-
Longer than 5 years	-	-



## 28. COMMITMENTS FOR EXPENDITURE (CONTINUED)

### (c) Operating Leases

Operating lease arrangements as at the reporting date:

	2014 (\$'000)	2013 (\$'000)
Not longer than 1 year	5,753	1,130
Longer than 1 year and not longer than 5 years	5,302	226
Longer than 5 years	-	-

The majority of the lease value above relates to minimum rental payments on trucks and excavators at the Casposo mine site, in Argentina.

The Group has given securities in the form of general bank guarantees to financial institutions (Refer Note 29).

## 29. CONTINGENT LIABILITIES

There are no contingent liabilities other than:

- (a) General bank guarantees to financial institutions total \$222,616 (2013: \$168,103), of these \$147,520 (2013: \$106,705) are cash backed.
- (b) During 2014 the Guyana Revenue Agency (GRA) commenced a taxation audit of the Group's subsidiary companies Pharsalus Gold Inc and Pharsalus Inc, for the calendar years up to 31 December 2013. At 30 June 2014 the audit was still in progress and no findings had been formally advised. Local management have been informed verbally that the audit will now focus on:
  - (i) payments made to foreign exploration drilling companies and assessing the appropriateness of their registration within the Guyana tax regime to avoid the Group from being assessed for any withholding taxes; and
  - (ii) payments made to expatriate sub-contractors to ensure that income tax and/or withholding taxes have been appropriately declared and paid. The transactions being audited occurred predominately prior to Troy's acquisition of Azimuth and its subsidiaries and an assessment of any potential future tax liability (if any) cannot be readily determined at present.

### 30. SUBSIDIARIES

The consolidated financial statements include the following subsidiaries:

	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST	
		2014 (%)	2013 (%)
<b>Parent Entity: Troy Resources Limited</b>	<b>Australia</b>		
Subsidiaries:			
Wirraminna Gold Pty Ltd	<b>Australia</b>	100	100
Troy Resources Argentina Ltd	<b>Canada</b>	100	100
Troy Resources Brasil Participações Ltda	<b>Brazil</b>	100	100
» Sertão Mineração Ltda	<b>Brazil</b>	70	70
Troy Brasil Exploração Mineral Ltda	<b>Brazil</b>	100	100
Troy Resources Holdings BVI	<b>British Virgin Islands</b>	100	100
» Reinarda Mineração Ltda	<b>Brazil</b>	100	100
Azimuth Resources Limited	<b>Australia</b>	100	-
» Takatu Minerals Limited	<b>Canada</b>	100	-
» Pharsalus Gold (BVI) Inc	<b>British Virgin Islands</b>	100	-
» Pharsalus (BVI) Inc	<b>British Virgin Islands</b>	100	-
» Pharsalus Gold Inc	<b>Guyana</b>	100	-
» Pharsalus Inc	<b>Guyana</b>	100	-

### 31. EVENTS OCCURRING AFTER BALANCE DATE

On 7 July 2014, Troy made the first drawdown on the Investec Plc Facility. The funds were used to settle the principal and interest outstanding under the Investec Facility (Note 17 (ii) and (iii)).

On 28 July 2014, Troy released the results of the Karouni Gold Project open-cut pre-feasibility study.

On 5 August 2014, Troy issued 2,030,000 unlisted options to Investec Plc Facility as part consideration for the establishment of the Investec Plc Facility (Note 17 (iii)).

On 11 August 2014, Troy received 7,000,000 unlisted options in Orinoco Gold Limited (OGX) as part consideration for the sale of Sertão Mineração Ltda the Troy subsidiary which holds the tenements and mining approvals for the closed Sertão gold mine in central Brazil.

On 9 September 2014, Troy released the Guyana Technical Report. The report documents the pre-feasibility study for an open pit mining operation at the Karouni Gold Project.

On 1 September 2014, Troy appointed Mr Martin Purvis as Chief Executive Officer and Managing Director, following the resignation of the previous Chief Executive Officer and Managing Director effective 31 July 2014 (refer to page 2 of the Directors Report for further detail).

Other than the above, there are no other matters or circumstances that have arisen since 30 June 2014 that have significantly affected or may significantly affect:

- (i) The consolidated entity's operations in future financial years; or
- (ii) The results of those operations in future financial years; or
- (iii) The consolidated entity's state of affairs in future financial years.

## 32. FINANCIAL INSTRUMENTS

### (a) Capital risk management

The Group manages its capital to ensure that entities within the Group will be able to continue as a going concern while maximising the return to stakeholders through optimization of the debt and equity balance. The Group's overall strategy remains unchanged in 2014.

The capital structure of the Group consists of net debt (borrowings as detailed in Note 17) offset by cash balances and equity of the Group (comprising issued capital, reserves, retained earnings and non-controlling interests as detailed in Notes 18, 19, 20).

The Group's Board reviews the capital structure of the Group for any new acquisition or significant project. As part of the review, the Board considers the cost of capital and the risks associated with each class of capital. The Group's aim is to minimise the use of debt by utilising it in very specific purposes, such as capital development projects which are supported by strong feasibility analysis. The Group would normally target less than 50% debt on any one project, but may choose to spread that risk across all projects of the Group through the use of a corporate facility. The gearing ratio at 30 June 2014 was Nil (2013: Nil) (refer below).

### (i) Gearing Ratio

The gearing ratio at end of the reporting period was as follows:

	2014 (A\$'000)	2013 (A\$'000)
Debt <sup>(i)</sup>	40,818	2,433
Cash and bank balances (excluding restricted cash)	(43,212)	(20,894)
Net Debt	-	-
Equity <sup>(ii)</sup>	196,315	145,860
Debt to equity ratio	0%	0%

(i) Debt is defined as long- and short-term borrowings (excluding derivatives and financial guarantee contracts).

(ii) Equity includes all issued capital, reserves, retained earnings and non-controlling interests as detailed in Notes 18, 19, 20.

### Externally imposed capital requirements

The Investec Facility requires the Group to maintain a minimum cash reserve of \$5,000,000. Pursuant to the Investec Plc Facility, the minimum cash reserve has increased to \$10,000,000. Management monitors cash flows to meet these obligations and the Group has complied with the requirements as at reporting date (refer Note 17).

### (b) Categories of financial instruments

	2014 (A\$'000)	2013 (A\$'000)
<b>Financial assets</b>		
Cash and cash equivalents	43,409	26,086
Other receivables and prepayments	22,069	25,992
Other financial assets	-	10,256
<b>Financial liabilities</b>		
Trade and other payables	(26,379)	(30,983)
Power line payable	(862)	(2,599)
Hedge liability	(4,244)	-
Borrowings – amortised cost	(40,818)	(2,433)

**(c) Financial risk management objective**

The Group's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Group may seek to minimise the effects of these risks by using derivative financial instruments to hedge risk exposures.

The use of financial derivatives is governed by the Group's policies approved by the Board, which provide written principals on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Corporate Treasury function reports monthly to the Board, which monitors risks and policies implemented to mitigate risk exposures.

**(d) Objectives of Derivative Financial Instruments**

The Group enters into derivative financial instruments from time to time in the normal course of business in order to hedge its exposure to fluctuations in the Australian dollar/United States dollar (USD) exchange rate and gold and silver price. The Group does not enter into or trade derivative financial instruments for speculative purposes.

**(e) Commodity (Gold and Silver) and Foreign Currency Contracts**

The Group did not have any foreign currency contracts as at 30 June 2014. The Group entered into a commodity hedging program for gold and silver during 2014 (refer Note 32(k)).

**(f) Market risk**

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (refer Note 32 (g)), interest rates (refer to Note 32(h)) and commodity risk - gold and silver prices (refer to Note 32(k)). During 2014 the Group's entered in to both gold and silver forward sale contracts in order to manage exposure to commodity risks (refer Note 32(k)). During 2013 no hedging activity occurred.

**(g) Foreign currency risk management**

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are managed by ongoing review by management of fluctuations between the Australian dollar, the Guyanese dollar, the Brazilian real, Argentinean peso and the USD and the hedging of significant foreign currency transactions where considered necessary to mitigate a portion of the risk. The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	Assets		Liabilities	
	2014 (A\$'000)	2013 (A\$'000)	2014 (A\$'000)	2013 (A\$'000)
USD	<b>13,595</b>	14,625	<b>3,927</b>	2,818

The Company and its subsidiaries primarily trade in their functional currencies. Balances above exclude amounts denominated in the functional currency of each of the companies within the Group. Certain inter-company loans between entities are denominated in USD and loans outside the Group are denominated in the functional currency of the parent entity. The Group is mainly exposed to the Brazilian real, Argentinean Peso and Guyanese dollar through its combined mining and development operations in Brazil, Argentina and Guyana, and the USD through USD denominated purchases of equipment along with sales of gold and silver.

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## 32. FINANCIAL INSTRUMENTS (CONTINUED)

### Sensitivity analysis - exchange rates

The following table details the Group's sensitivity to a 5% increase and decrease in the Australian dollar against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit and other equity where the Australian dollar strengthens 5% against the relevant currency. For a 5% weakening of the Australian dollar against the relevant currency, there would be a comparable impact on the profit and other equity, and the balances below would be negative.

### Judgements of reasonably possible movements

	2014 (A\$'000)	2013 (A\$'000)
<b>AUD/USD +/- 5%</b>		
» Post tax profit higher/(lower)	8,902	10,136
» Total equity higher/(lower)	11,373	12,360
<b>AUD/BRL +/- 5%</b>		
» Post tax profit higher/(lower)	141	56
» Total equity higher/(lower)	(55)	5
<b>AUD/PESO +/- 5%</b>		
» Post tax profit higher/(lower)	411	805
» Total equity higher/(lower)	(1,684)	88
<b>AUD/GYD +/- 5%</b>		
» Post tax profit higher/(lower)	-	-
» Total equity higher/(lower)	3,261	-

### (h) Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group place funds on deposit at variable rates. The Group's exposure to interest rates on financial assets and financial liabilities are detailed in the relevant notes.

### Sensitivity analysis - interest rates

The sensitivity analysis below has been determined based on the exposure to interest rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period.

A 100 basis point increase or decrease is used because this represents management's assessment of the possible change in interest rates.

At reporting date, if interest rates had been 100 basis points higher or lower and all other variables were held constant, the Group's:

- » net profit would increase / decrease by \$287,000 (2013: \$339,000) This is mainly attributable to lower cash deposit balances held in 2014 as compared to 2013.

The Group's sensitivity to interest rates has decreased during the current year mainly due to decreased average cash deposits over the year.



**(i) Credit risk management**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted the policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. The Group measures credit risk on a fair value basis.

The credit risk on financial assets of the Group which have been recognised on the Statement of Financial Position, other than investment in shares, is generally the carrying amount, net of any allowances for doubtful debts. Equity investments which are traded on organised stock markets will vary with market movements.

The Group has an exposure to gain or loss in the event counterparties fail to settle a derivative contract with the Group. At 30 June 2014, the Group had exposure and commitments to both gold and silver forward contracts, with a hedge liability of \$4,244,000 (2013: Nil) (refer Note 32 (k)).

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

**(j) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Board, who have built an appropriate liquidity risk management framework for management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate cash reserves by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities. Note 17 sets out details of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

**Liquidity and interest risk tables**

The following table details the consolidated entity's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the consolidated entity can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate (%)	1 year or less (A\$'000)	1 to 5 years (A\$'000)	More than 5 years (A\$'000)	Total (A\$'000)
<b>2014 LIABILITIES</b>					
Non-interest bearing		23,332	3,909	-	27,241
Variable interest rate instruments	7.21	30,695	10,123	-	40,818
Financial guarantee contracts		148	-	-	148
		<b>54,175</b>	<b>14,032</b>	-	<b>68,207</b>

	Weighted average effective interest rate (%)	1 year or less (A\$'000)	1 to 5 years (A\$'000)	More than 5 years (A\$'000)	Total (A\$'000)
<b>2013 LIABILITIES</b>					
Non-interest bearing		31,861	1,720	-	33,581
Variable interest rate instruments	15.25	270	2,163	-	2,433
Financial guarantee contracts		107	-	-	107
		<b>32,238</b>	<b>3,883</b>	-	<b>36,121</b>

The amounts included above for the financial guarantee contracts are the maximum amounts the Group could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that such an amount will not be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

## 32. FINANCIAL INSTRUMENTS (CONTINUED)

The following table details the consolidated entity's expected maturity for its financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the consolidated entity anticipates that the cash flow will occur in a different period.

2014 ASSETS	Weighted average effective interest rate (%)	1 year or less (A\$'000)	1 to 5 years (A\$'000)	More than 5 years (A\$'000)	Total (A\$'000)
Non-interest bearing		16,933	5,136	-	22,069
Variable interest rate instruments	0.50	14,263	-	-	14,263
USD variable deposit	0.01	12,990	-	-	12,990
Short term deposits	3.50	16,156	-	-	16,156
Convertible notes		-	-	-	-
		60,342	5,136	-	65,478

2013 ASSETS	Weighted average effective interest rate (%)	1 year or less (A\$'000)	1 to 5 years (A\$'000)	More than 5 years (A\$'000)	Total (A\$'000)
Non-interest bearing		23,854	2,138	-	25,992
Variable interest rate instruments	1.12	10,178	-	-	10,178
USD variable deposit	0.02	13,757	-	-	13,757
Short term deposits	3.18	2,150	-	-	2,150
Convertible notes	8.00	10,184	-	-	10,184
		60,123	2,138	-	62,261

During 2014, the Group completed the 100% acquisition of Azimuth, and all convertible notes outstanding as at 30 June 2013, were reclassified as an intercompany loan with commercial interest rates still in effect. For further information on these convertible notes refer to Note 13.

The Group's loans to the Argentinian subsidiary as at 30 June 2014 and 2013 are at commercial interest rates. In addition the Group's loans to its Guyanese subsidiaries as at 30 June 2014 are at commercial rates.

### (k) Commodity risk management

As a precious metals producer the Group's revenue is exposed to both gold and silver commodity price fluctuations. The Group has entered into both gold and silver forward sale contracts to manage its exposure to movements in commodity prices, the Group's derivative financial instruments at reporting date are disclosed as per the table below.

## Gold and Silver Forward Contracts

The Group has entered into both gold and silver forward sale contracts to effectively fix the US dollar cash flows receivable on short term production. These gold and silver forward sale contracts are designated as cash flow hedges. This type of hedge accounting allows the gains and losses on the derivative to be recognised in a cash flow hedge reserve in equity, and reclassified to profit and loss statement when the underlying production is realised, consistent with the Group's overriding risk management strategy and requirements under the Investec Plc Facility.

The following table details the Group's gold and silver forward contracts outstanding at reporting date:

	2014 Ounces (Oz)	2013 Ounces (Oz)	2014 Weighted Average Price US\$/Oz	2013 Weighted Average Price US\$/Oz
<b>Forward Sales Contracts</b>				
Gold				
Maturing: within 12 months	14,000	-	1,300.00	-
Silver				
Maturing: within 12 months	2,040,000	-	19.41	-

At 30 June 2014, the aggregate amount of losses under the gold and silver forward commodity contracts recognised in other comprehensive income as part of cash flow hedge reserve is \$3,735,000 (2013: Nil). Sales in relation to these contracts will occur during the financial year ended 30 June 2015, at which time the amount deferred in equity will be reclassified to profit or loss (refer Note 16).

At 30 June 2014, the unhedged portion of these forward contracts has been recognised as part of finance costs being a loss of \$509,000 (2013: Nil) (refer Note 4).

### Sensitivity analysis - gold and silver price

The sensitivity analysis below is based on the actual quantities of gold and silver ounces sold during the year and the stipulated price change.

	2014 (A\$'000)	2013 (A\$'000)
<b>Judgements of reasonably possible movements</b>		
Gold Price +/- 50.00 AUD per ounce		
» Post tax profit higher/(lower)	2,961	3,496
» Total equity higher/(lower)	2,961	3,496
Silver Price +/- 0.80 AUD per ounce		
» Post tax profit higher/(lower)	1,196	701
» Total equity higher/(lower)	1,196	701
Total AUD		
» Post tax profit higher/(lower)	4,157	4,197
» Total equity higher/(lower)	4,157	4,197

The movements in profit and equity in 2014 is consistent with 2013, due to comparable sales levels, whereby the decrease in gold sales was offset by an increase in silver sales.

**(l) Fair Value of Financial Assets and Liabilities**

The carrying amount of financial assets and financial liabilities recorded in the Financial Statements represents their respective fair values, determined in accordance with the accounting policies disclosed in Note 1.

The fair value of cash and cash equivalents and interest and non-interest bearing monetary financial assets and financial liabilities approximates their carrying value, with exception of the total debt facility which had a carrying amount of \$40,818,000 (2013: \$2,433,000) compared to a face value of \$41,391,000 (2013: \$2,433,000). The face value of the debt equates to its fair value because it has a variable interest rate. Hedge liabilities have been disclosed as per Note 32 (k).

At 30 June 2014, inventories include 340 ounces (2013: 154 ounces) of refined gold bullion. This bullion is valued in the Financial Statements at cost of \$291,000 (2012: \$109,000) (refer Note 9). This inventory would have had a market value of \$474,000 (2013: \$201,000) based on a gold spot price of A\$1,395 per ounce (2013: A\$1,304/oz).

**(m) Fair value measurements recognised in the consolidated statement of financial position**

Where the Group holds certain shares in listed entities these shares are measured at fair value subsequent to initial recognition based on the closing quoted price of shares. All such investments are classified as available for sale (AFS). At 30 June 2014 the Group AFS investment was impaired to a value of Nil (2013: \$72,000) (refer Notes 4 and 13).

The AFS investments are classified as level 1 within the fair value hierarchy as per AASB 7 'Financial Instruments: Disclosures', and the Commodity forward sale contracts accounted for as cash flow hedges included in Note 32(k) are classified as level 2. There were no financial assets or liabilities categorised as level 3 held during the previous year.

Financial Assets/financial liabilities	Gold and Silver Forward contracts (Refer to Note 32k)
Fair value as at 30.6.14	\$4,241,000
Fair value as at 30.6.13	-
Fair value hierarchy	Level 2
Valuation technique(s) and key input(s)	Mark to Market. Forward Price Fair value of this cash flow hedge was estimated using observable spot gold and silver price inputs in combination with spot price parameters and mark to market valuations as provided by counter parties as at the reporting date.  Key inputs used include commodity spot rates (Gold and Silver), remaining contract term, contango of underlying metal (Gold and Silver), base currency discount rate (USD) and spot exchange rate (USD/AUD).
Significant unobservable input(s)	N/A
Relationship of unobservable inputs to	N/A

**33. NOTES TO THE CASHFLOW STATEMENT****(a) Reconciliation of Cash**

For the purposes of the Cash Flow Statement, cash and cash equivalents includes cash on hand and in banks and investments in interest bearing deposits. Cash and cash equivalents at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Statement of Financial Position as follows:

	2014 (\$'000)	2013 (\$'000)
Cash at bank	3,864	4,088
Cash at bank – overseas	23,210	17,634
Short term Interest bearing deposits – Australia	16,334	4,364
	<b>43,409</b>	<b>26,086</b>

**(b) Cash not available for use**

At balance date \$147,520 was held for bank guarantees and credit card facilities. Troy also holds \$41,591 cash in Australian and United Kingdom bank accounts to cover unrepresented dividend cheques. Under the Investec Facility, the Group is required to maintain a minimum cash reserve of \$5,000,000. Pursuant to the Investec Plc Facility, the minimum cash reserve has increased to \$10,000,000.

**(c) Reconciliation of Net Cash provided by Operating Activities to Net (Loss) / Profit after Income Tax**

	2014 (\$'000)	2013 (\$'000)
Operating (loss)/ profit after income tax	(59,125)	18,590
Depreciation of non-current assets	12,491	11,047
Amortisation of non-current assets	20,953	19,976
(Gain) on sale of plant & equipment	(86)	(178)
Acquisition costs	2,673	572
Hedge expense on cash flow hedges	509	-
(Gain) on sale of discontinued operation	-	(3,300)
Loss / (Gain) Foreign exchange unrealised	2,175	131
Equity settled share-based payments	697	821
Interest income received and receivable	(483)	(473)
Finance costs	2,960	1,358
Impairment loss	87,594	-
(Decrease) / Increase in income tax payable	(36,073)	2,087
<b>Changes in operating assets and liabilities:</b>		
(Increase) / decrease in current receivables	(4,320)	(8,142)
(Increase) / decrease in inventories	(12,048)	(3,830)
Increase / (decrease) in provisions	1,919	1,044
(Decrease) / increase in payables	(7,408)	14,932
Net Cash provided by / (used in) operating activities	12,428	54,635

**(d) Non-Cash Financing and Investing Activities**

During the current year the group entered into the following non-cash investing and financing activities which are not reflected in the consolidated statement of cash flows:

- » As part consideration for the establishment of the Investec Plc Facility, Troy issued 500,000 unlisted call options over ordinary shares with an aggregate fair value of \$369,000 (refer Note 17(iii)).
- » Troy issued 476,000 ordinary shares with a fair value of \$559,000 pursuant to the terms of various agreements between Azimuth and landowners in Guyana (refer Note 18).
- » Troy issued 368,000 ordinary shares with a fair value of \$405,000 in lieu of cash bonuses to Senior Management (Refer Note 18 and the remuneration report on page 19).



## 34. PARENT ENTITY DISCLOSURES

Accounting policies of the parent are consistent with that of the Group.

### (i) Financial Position

	2014 (\$'000)	2013 (\$'000)
<b>Assets</b>		
Current assets	24,809	34,197
Non-current assets	224,265	116,818
<b>Total assets</b>	<b>249,074</b>	<b>151,015</b>
<b>Liabilities</b>		
Current liabilities	8,148	11,165
Non-current liabilities	39,463	129
<b>Total liabilities</b>	<b>47,611</b>	<b>11,294</b>
<b>Net Assets</b>	<b>201,464</b>	<b>139,721</b>
<b>Equity</b>		
Issued capital	269,689	109,695
Retained earnings – opening	34,225	28,025
Current year (loss) / profit	(94,700)	15,245
Dividends paid / payable	-	(9,045)
<b>Reserves</b>		
Available for sale	-	(62)
Option premium	5,697	4,932
Hedging cash flow	(3,735)	-
Foreign exchange translation	(9,712)	(9,069)
<b>Total Equity</b>	<b>201,464</b>	<b>139,721</b>
<b>Financial Performance</b>		
Dividends received from subsidiaries	4,836	14,052
Interest and management fees charged to subsidiaries	5,772	6,985
Discontinued operations profit / (loss)	-	2,455
Other Income	6	2,010
Administration, corporate, financing and other expenses	(13,629)	(10,257)
Impairment of subsidiary and intercompany loans	(91,685)	-
(Loss) / Profit for the year after tax	(94,700)	15,245
Other comprehensive income	(3,551)	1,479
<b>Total comprehensive income</b>	<b>(98,251)</b>	<b>16,724</b>
<b>(ii) Guarantees entered into by the parent entity in relation to debts of its subsidiaries</b>		
Guarantee provided under the deed of cross guarantee	-	-

Please refer Note 17 for details of the Group's guarantee in regards its debt facility.

**(iii) Contingent liabilities of the parent entity**

	2014 (\$'000)	2013 (\$'000)
Bank guarantees - General	145	138
	<b>145</b>	<b>138</b>

There are no contingent liabilities other than:

- (a) General bank guarantees to financial institutions total \$145,096 (2013: \$138,103), of these \$70,000 (2013: \$70,000) are cash backed.

**(iv) Commitments for the acquisition of property, plant and equipment, by the parent entity**

As at 30 June 2014, the parent entity held no commitments for the acquisition of property, plant and equipment.

**35. BUSINESS COMBINATIONS****(i) Acquisition of Azimuth**

Effective 2 July 2013 the Group waived the conditions precedent and acquired Azimuth. The compulsory acquisition of Azimuth was completed on 28 August 2013.

	Principal activity	Date of acquisition	Proportion of shares acquired (%)	Consideration transferred (\$'000)
Azimuth Resources Limited	Exploration	2/07/2013	100	<b>127,067</b>
				<b>127,067</b>

**(ii) Consideration transferred**

	Azimuth (\$'000)
Issue of fully paid ordinary shares	<b>126,964</b>
Issue of options over ordinary shares exercisable at \$0.569	<b>103</b>
	<b>127,067</b>

Acquisition-related costs amounting to \$2,673,000 have been excluded from the consideration transferred and have been recognised as an expense in profit or loss in the current period as Acquisition costs (refer Note 4(vi)).

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## 35. BUSINESS COMBINATIONS (CONTINUED)

### (iii) Assets acquired and liabilities assumed at the date of acquisition

	Azimuth (\$'000)
<b>Current Assets</b>	
Cash and cash equivalents	7,465
Trade and other receivables	246
Inventories	539
<b>Total Current Assets</b>	<b>8,250</b>
<b>Non-Current Assets</b>	
Plant and equipment	2,643
Exploration properties	176,492
<b>Total Non-Current Assets</b>	<b>179,135</b>
<b>Current Liabilities</b>	
Trade and other payables	5,030
<b>Total Current Liabilities</b>	<b>5,030</b>
<b>Non-Current Liabilities</b>	
Other payables	4,007
Other financial liabilities	10,184
Provisions	1,225
Deferred tax liabilities	39,872
<b>Total Non-Current Liabilities</b>	<b>55,288</b>
	<b>127,067</b>

### (iv) Calculation of the fair value adjustment to exploration properties arising on acquisition

	Azimuth (\$'000)
Consideration transferred	127,067
Less previous book value of identifiable net assets acquired	(46,953)
Net Fair value adjustments on acquisition	<b>80,114</b>
Fair value adjustment arising on acquisition – exploration properties	114,449
Deferred tax liability	(34,335)
	<b>80,114</b>

### (v) Net cash outflow on acquisition of subsidiary

The acquisition of Azimuth was a scrip for scrip takeover offer occurring on 2 July 2013. No cash was provided as consideration to the former owners and directors of the company. Cash and cash equivalents of \$7.46 million were acquired as part of the acquisition.

### (vi) Impact of acquisitions on the Group

Included in the Group's net loss for the year is a net loss of \$60.3 million attributable to the Azimuth group. This loss was primarily driven by the impairment of Karouni.

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## 36. ADDITIONAL COMPANY INFORMATION

Troy Resources Limited is a listed public company, incorporated and operating in Australia with subsidiary companies operating in South America and Canada.

### **Registered Office**

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11 Ventnor Avenue  
West Perth  
Western Australia 6005

**Tel:** +61 8 9481 1277

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# DIRECTORS' DECLARATION

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

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The directors declare that:

- (a) In the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;
- (b) In the Directors' opinion the attached financial statements are in compliance with International Financial Reporting Standards, as stated in Note 1 to the financial statements;
- (c) In the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity; and
- (d) The Directors have been given the declarations required by s.295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

**On behalf of the Directors of Troy Resources Limited**



**D DIX**  
NON-EXECUTIVE CHAIRMAN



**M PURVIS**  
CEO & MANAGING DIRECTOR

Perth, Western Australia  
26 September 2014

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# INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

## Deloitte.

Deloitte Touche Tohmatsu  
A.B.N. 74 490 121 060

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## Independent Auditor's Report to the members of Troy Resources Limited

### Report on the Financial Report

We have audited the accompanying financial report of Troy Resources Limited, which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 27 to 102.

### *Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the company's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Member of Deloitte Touche Tohmatsu Limited

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## Deloitte.

### *Auditor's Independence Declaration*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Troy Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

### *Opinion*

In our opinion:

- (a) the financial report of Troy Resources Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

### **Report on the Remuneration Report**

We have audited the Remuneration Report included in pages 11 to 24 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

### *Opinion*

In our opinion the Remuneration Report of Troy Resources Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU

*D Newman*

**David Newman**  
Partner  
Chartered Accountants  
Perth, 26 September 2014

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# CORPORATE DIRECTORY

## **Directors**

David R Dix (Non-Executive Chairman)  
 Martin D Purvis (CEO and Managing Director)  
 Ken K Nilsson (Executive Director)  
 Frederick S Grimwade  
 T Sean Harvey  
 John L C Jones  
 Richard Monti  
 C Robin W Parish

## **Joint Company Secretaries**

Stacey Apostolou  
 David R Sadgrove

## **Executive Committee**

Martin D Purvis  
 Ken K Nilsson  
 Stacey Apostolou  
 Peter J Doyle  
 David R Sadgrove  
 Andrew D B Storrie

## **Registered Office Troy Resources Limited**

Unit 12, 1st Floor  
 11 Ventnor Avenue  
 West Perth WA 6005  
**Telephone:** (61 8) 9481 1277  
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**Email:** troy@troyres.com.au  
**Website:** www.troyres.com.au

## **Argentina Office Troy Resources Argentina Ltd**

Fray Mamerto Esquiú 304 - Oeste  
 San Juan, Argentina  
 CP: J540 2BGH  
**Telephone:** (54 264) 427 7035  
**Facsimile:** (54 264) 427 7022

## **Brazil Office Reinarda Mineração Ltda**

Rua Nove, 442 - Centro  
 Rio Maria, PA, CEP 68530-000  
 Brazil  
**Telephone/Facsimile:** (55) 94 3428 1621

## **Guyana Office Azimuth Resources Limited**

82 Premniranjan Place  
 Prashad Nagar  
 Georgetown  
 Guyana  
**Telephone:** (592) 231 0798  
**Facsimile:** (592) 219 4761

## **Toronto Office**

214 King Street West  
 Suite 610  
 Toronto, Ontario M5H 3S6  
 Canada  
**Telephone:** (1 416) 477 5632

## **Stock Exchanges For Quoted Securities Australian Stock Exchange**

Fully Paid: TRY

## **Toronto Stock Exchange**

Fully Paid: TRY

## **Frankfurt Stock Exchange, Germany**

Fully Paid: TRW

## **Share Registry Computershare Investor Services Pty Limited**

Level 2  
 45 St Georges Terrace  
 Perth WA 6000  
 GPO Box D182  
 Perth WA 6000  
**Telephone:** (61 8) 9323 2000  
**Facsimile:** (61 8) 9323 2033  
**Investor inquiries within Australia:** 1300 850 505  
**Investor inquiries outside Australia:** (61 3) 9415 5000

## **Bankers National Australia Bank Limited Investec Bank Plc**

## **Auditor**

Deloitte Touche Tohmatsu  
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