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Troy to step up exploration activity in Brazil

Troy Resources NL today announced it was stepping up exploration activities near its Sertão mine in Brazil which in the first quarter continued its strong performance by producing 24,295 ounces of gold at a remarkably low cost of A$60 an ounce.

The Brazilian mine, of which Troy owns 70%, was the mainstay of the Company's three mines from which Troy's equity share of gold production totalled 34,428 ounces for the September quarter. The other two mines are at Bulchina and Cornishman in Western Australia, which produced 9,951 ounces of gold at a cash cost of A$353 and 7,470 ounces at A$455 respectively.

Troy also advised that it had bought a multi-purpose drill rig to accelerate drilling programmes in Brazil.

The Company is at present concentrating on two highly prospective areas – Estrela and Cachoeira – both within 20 kilometres of the Sertão mine.

Sampling at the Estrela prospect returned significant rock chip assays including 29.3 g/t and 64.1 g/t gold along a 650 metre zone. The Cachoeira prospect returned rock chip assays ranging between 28.4 g/t and 41.4 g/t gold.

The Sertão Mine is generating strong revenue for Troy, with the Company announcing in September a 51% increase in net profit to $5.6 million for the last financial year. The Sertão mine only started production in late March and therefore only three months of its operations contributed to the profit.

However, effective exploration of the numerous targets in the Goiás Velho Project, which incorporates the operating mine, has been hindered by the difficulty in obtaining suitable drilling rigs in Brazil.

Troy decided that the best way to solve the problem was to buy a multi-purpose rig and ship it to Brazil to accelerate its exploration programme.

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