

TROY RESOURCES JUNE QTR 09: INVESTMENT STEPS UP AS CASPOSO ENTERS THE PORTFOLIO

Operational	Jun Qtr	Mar Qtr	Change
Production (oz)	14,800	14,537	2%
Head Grade (g/t)	2.60	2.42	
Average Price Received (A\$/oz)	1,186	1,339	-11%
Total Cash Cost (A\$/oz) *	614	637	-4%
Gross Margin (A\$/oz)	572	702	-19%
Other Investment Activities			
Capital Expenditure (A\$/oz)	142	151	
Exploration/Evaluation (A\$/oz)	162	76	
Total Other Investment (A\$/oz)	304	227	
Extraordinary Investment			
Payment for Casposo (A\$/oz)	1,680	-	
Total Extraordinary Investment (US\$/oz)	1,680	-	
Cash Surplus (Deficit) (A\$/oz)	- 1,412	475	-397%
Balance Sheet Performance			
Cash Balance (A\$m)	35.0	61.1	-43%
Interest Bearing Loans (A\$m)	-	-	
Hedging Liability (A\$m)	-	-	
Share Capital			
Shares Outstanding (m)	69.8	69.8	-0.1%
Directors Holding	9.5	9.6	-1.5%
Director Holdings (%)	14%	14%	-1.5%
Share Price (A\$) (End of Qtr)	1.345	1.385	-3%

Exchange rate used to convert Australian dollars to US dollars: US\$0.8045

Operational

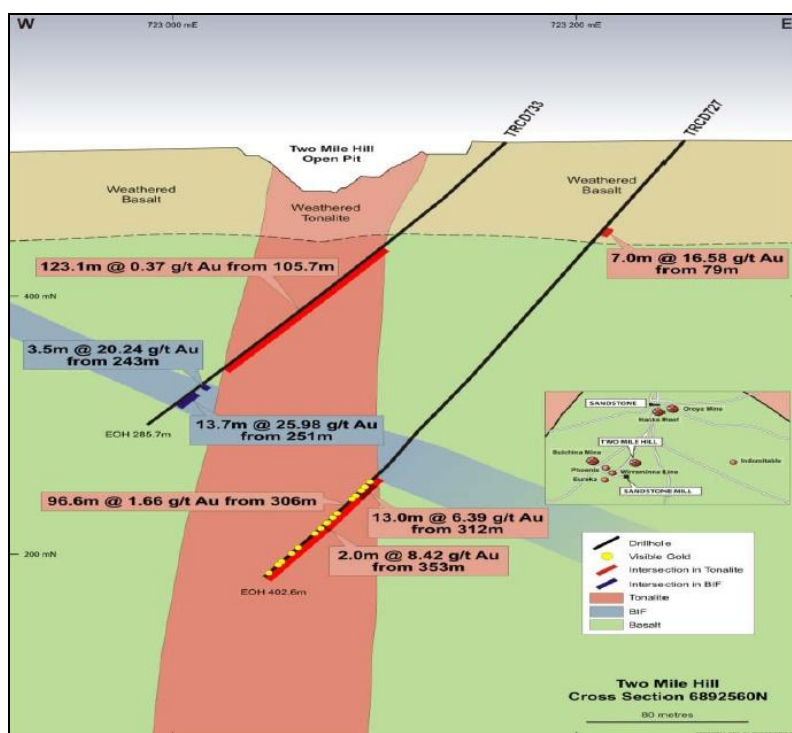
- Troy Resources (ASX:TRY, TSX:TRY) experienced a steady quarter with production at Andorinhas continuing to climb as the grade and recovery rates increase. The easier milling underground ore allowed throughput to increase 11%. Cash costs in local currency remained steady. 15,300 oz at 2.21g/t remain stockpiled (open pit ore). An increase in production is expected over the coming quarters.

Project	Jun Qtr			Mar Qtr			Variance		
	oz	g/t	Cash Cost	oz	g/t	Cash Cost	oz	g/t	Cash Cost
Andorinhas	8,643	5.1	665	6,463	4.4	710	34%	18%	-6%
Sandstone	6,157	1.74	543	8,074	2.08	539	-24%	-16%	1%

- Production at Sandstone declined as the grades of the stockpiled ore and the throughput rate fell. Despite this, cash costs remained fairly stable at A\$543/oz. Cash costs are forecast to rise in the coming quarters as the pre-stripping costs are included.
- The average price received for the gold declined during the quarter by 11%. This was the major driver of a 19% lower gross margin of A\$572/oz.

Investment

- Capital expenditure was steady for the quarter.
- Exploration activity stepped up during the quarter increasing A\$1.3m in dollar terms to A\$162/oz. A new 32% higher Indicated Resource was recently estimated for Casposo (increase of 147,600 oz Au eq or 76,400 oz gold and 6.3 Moz silver):
 - Indicated Resource: 414,600 oz Au and 15.3 Moz Ag (602,500 Au_eq @ 7.9g/t).
- Follow up exploration at Two Mile Hill (Sandstone) resulted in encouraging high grade results:
 - 6.8m @ 15.73g/t from 215m
 - 3.4m @ 20.36g/t from 216.4m
 - 25.9m @ 16.56g/t from 240.1m
 - 3.5m @ 20.24g/t from 243m
 - 13.7m @ 25.98g/t from 251m.



A new inferred resource of 452,000 oz @ 1.3g/t was recently released for Two Mile Hill, excluding the recent high grade drill results. Paul Benson CEO of Troy had this to say:

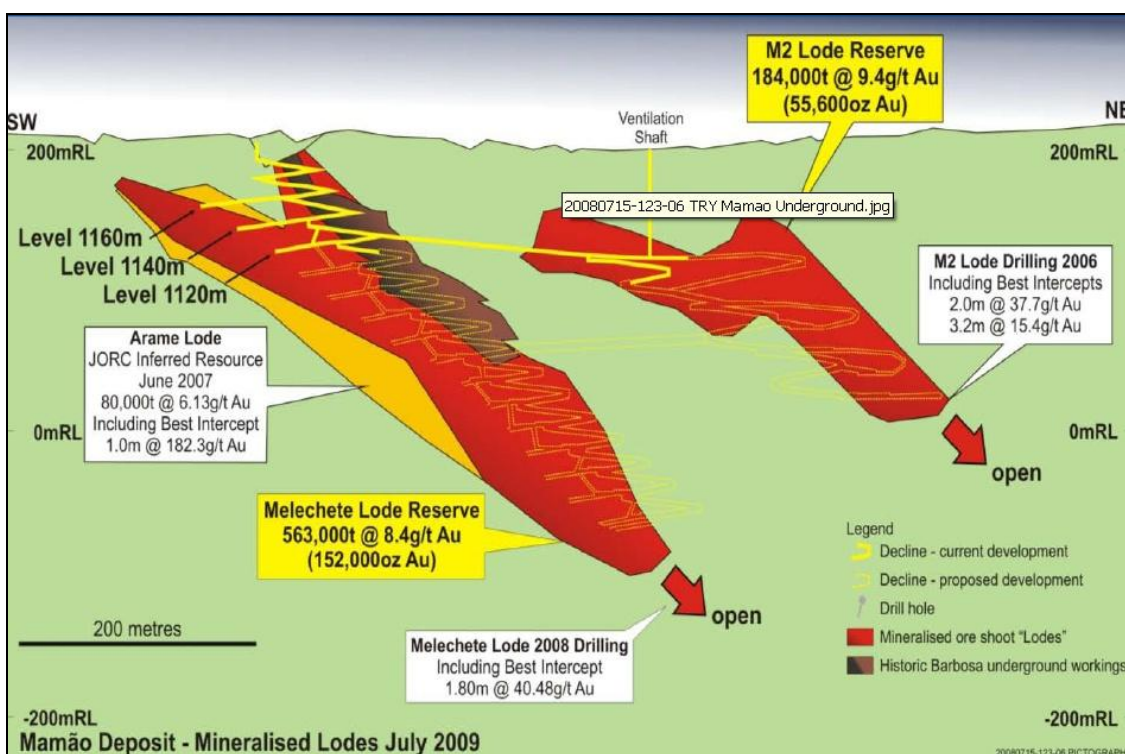
“At over 450,000 oz this is a significant resource and although low-grade, the geometry of the intrusive is such that it could be amenable to low-cost high-tonnage mining methods. However, it’s the recent discovery of high-grade gold mineralisation in the adjacent Banded Iron Formation (BIF), announced on July 16th, but not included in this resource number, that makes this really interesting.

Further exploration is planned to test the extent of the high grade BIF mineralization.

- Exploration at Andorinhas saw an encouraging result at the Maria Bonita prospect, located just 200m south of the Mamão Mill:
 - 12m @ 7.5g/t from 7m including 5m @ 15.86g/t.

Underground Diamond Core drilling at Mamão, targeted at confirming internal grade and width of continuity below the existing workings within the reserve, produced the following encouraging results:

- 1.0m @ 38.01g/t Au
- 2.7m @ 15.61g/t Au
- 1.1m @ 67.32g/t Au
- 1.1m @ 66.00g/t Au
- 2.8m @ 18.2g/t Au
- 2.1m @ 12.75g/t Au



Extraordinary Investment

- Troy completed the acquisition of the Casposo gold silver deposit on May 6 with the payment of US\$20m from cash reserves. An additional US\$2m is due on the sixth month anniversary of first production.

Cash Surplus/Deficit

- A cash deficit was reported for the quarter due to the payment of US\$20m for Casposo. Extraordinary investment activities aside, the cash surplus fell from A\$475/oz to A\$268/oz thanks predominantly to an 11% decline in the average gold price received and an increase in exploration expenditure.

Balance Sheet

- The cash balance for the June quarter fell 43% to A\$35m reflecting the payment for Casposo.

Share Capital

- The number of shares outstanding remained largely unchanged.
- The number of shares held by Directors continued to fall as major long term shareholder John Jones continued to sell shares (145,093 during the quarter).
- The share price remained largely unchanged for the quarter but has since rallied with more positive news.

Closing Comments

Troy Resources continues to go about its business in a methodical way. Development options for its new Casposo project are carefully being weighed up. In a recent announcement, the capital costs for Casposo have been reduced by 47% to US\$45m. This is predominantly due to Troy's ability to self manage development projects and the existing near new plant and equipment they currently have in storage in Cobar NSW. First gold production is forecast for the September quarter 2010.

Troy Schwensen
www.globalspeculator.com.au

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