

## TROY RESOURCES MARCH 2009 QTR: DELAYS AT ADORINHAS DAMPEN AN OTHERWISE SOLID RESULT

	Mar Qtr	Dec Qtr	Change
Production (oz)	14,537	15,233	-5%
Head Grade (g/t)	2.39	2.42	-1%
<b>Average Price Received (A\$/oz)</b>	<b>1,339</b>	<b>1,137</b>	<b>18%</b>
Cash Operating Cost (A\$/oz)	637	792	-20%
<b>Total Cost (A\$/oz)</b>	<b>637</b>	<b>792</b>	<b>-20%</b>
<b>Gross Margin (A\$/oz)</b>	<b>702</b>	<b>345</b>	<b>103%</b>
<b>Other Investment Activities</b>			
Capital Expenditure (A\$/oz)	151	158	
Exploration/Evaluation (A\$/oz)	74	89	
<b>Total Other Investment (A\$/oz)</b>	<b>225</b>	<b>247</b>	
<b>Cash Surplus (Deficit) (A\$/oz)</b>	<b>477</b>	<b>98</b>	<b>384%</b>
<b>Balance Sheet Performance</b>			
Cash Balance (A\$m)	61.1	55.9	9%
Interest Bearing Loans (A\$m)	-	-	
Hedging Liability (A\$m)	-	-	
<b>Share Capital</b>			
Shares Outstanding (m)	69.8	69.8	
Director Holdings (%)	14%	14%	
Share Price (A\$) (End of Qtr)	1.385	1.01	37%

Troy Resource (ASX:TRY) had an eventful March quarter with the acquisition of Intrepid Mining's Casposo project in Argentina for US\$22.5m (to be settled in May 09). Production was marginally lower at 14,537 oz at an improved cash cost of A\$637/oz. The lower cash cost was primarily due to the processing of softer stockpiled ore at Sandstone, producing 8,074 oz at 2.08g/t head grade and a cash cost of just A\$539/oz (Dec Qtr: 8,429 oz @ 2.12g/t head grade and A\$806/oz cash cost) The operational performance at Andorinhas was disappointing. Lower production of 6,463 oz at a head grade of 4.35g/t was achieved all be it at an improved cash cost of US\$499/oz (Dec Qtr: 6,804 oz @ 4.34g/t head grade and US\$535/oz cash cost). Gold production was impacted by power interruptions. The local power generator is currently adding transmission capacity to improve the quality of the power supply to the site. Backup diesel generators have also been purchased and at the end of the quarter were awaiting installation. Poor availability of the underground loaders "LHD" units also negatively impacted underground development and production. Although, by the end of the quarter the LHD availabilities had improved significantly, a back up unit is being sourced.

Ore is presently being mined from the Melechete 1140 and 1160 stopes. The 1140 ore horizon on M2 has also been reached. Once access to the 1120 Melechete lode is achieved (late April mid May), production is expected to ramp up towards budget (10,000 - 12,000 oz a quarter). Looking at the operational results, gross

margin improved 103%. This was predominantly achieved with a combination of lower cash costs and a higher average gold price received.

Investment activities were in line with the previous quarter. Exploration at Andorinhas involved diamond drilling focusing on the upper portions of the Melechete and M2 lodes. Several holes tested the potential for western extensions of Melechete. The highlight was a narrow high grade zone of 0.50m at 30.15g/t Gold, 50m outside the current reserve model. Additional drilling is required to determine the significance of this intercept.

The overall Cash surplus for the company grew an impressive 384% during the quarter, which saw the cash balance rise 9% to A\$61.1m. This represents \$0.87 a share or just over two thirds of the company's market capitalization at the time of writing . At the end of March 09 Troy held no debt. The only hedging in place were Put options purchased to protect the marginal Sandstone operation.

Troy's share price in the March Quarter rose a modest 37%. The company would be disappointed with the delays experienced at Andorinhas. The key problems look to have been addressed with higher production levels now expected in the June Quarter. Other developments include the acquisition of the Casposo project from Intrepid and negotiations with 2 companies concerning the potential sale of the Andorinhas Iron Ore project. This will ensure there will be plenty to report on over the coming months. We look forward to monitoring Troy's progress.

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