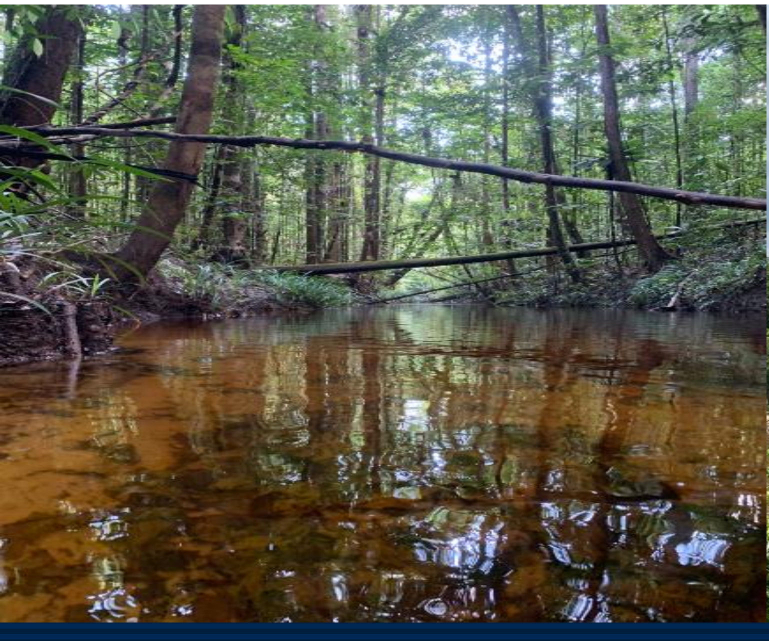
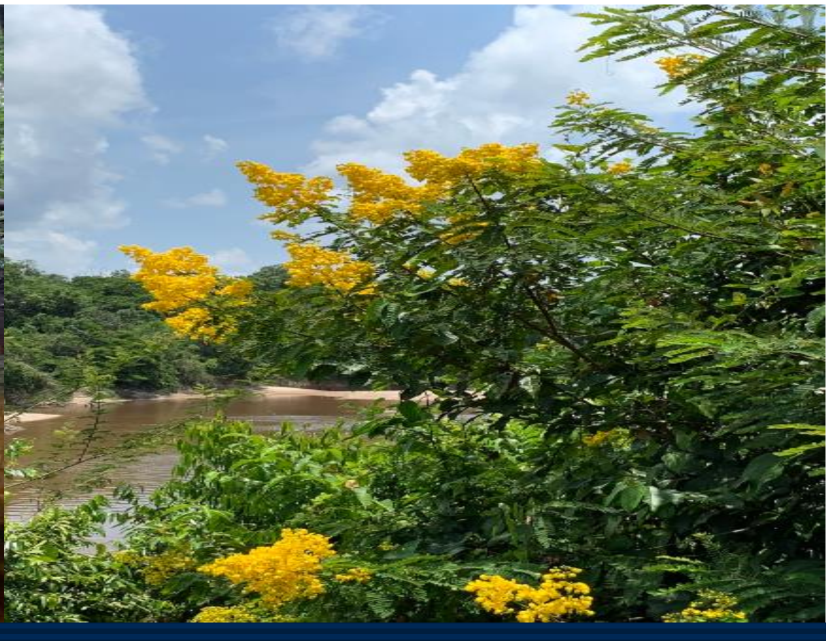
TROY RESOURCES LIMITED

ANNUAL REPORT

2019

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CORPORATE PROFILE

Troy Resources Limited (ASX: TRY) is a gold producer and explorer with a history of developing and operating mines in both Australia and South America.

Operating in South America since 2002, in July 2013, the Company acquired the undeveloped Karouni Project in Guyana. The Company undertook the development of Karouni with first gold produced in November 2015.

Troy is committed to implementing international best practice in health and safety, environmental stewardship and social responsibility.

WHAT WE ACHIEVED THIS YEAR

Karouni Gold Project produced 58,118 ounces (2018: 70,207) at an All-in Sustaining Cost of US$1,095/oz (2018: US$931/oz).

Acquisition of the Ohio Creek exploration prospect.

Significant exploration success at both Ohio Creek and Hicks 1 Extension.

Receipt of a Workplace Award “in recognition of the level of commitment towards creating a culture of prevention in your workplace”.

Debt facility balance reduced to US$1.8 million at year’s end (2018: US$11.2 million).

CHAIRMAN'S REVIEW

Dear Shareholders

I am pleased to present to you the 2019 Annual Report, my third since being appointed to the Board and elected as Chairman in mid-June 2017.

My first two reports, in respect of years 2017 and 2018, were characterised by considerable operational and financial challenges.

Seemingly, we have endured these such that, in this report, and for the first time since the commencement of my tenure, I consider there to be grounds for cautious optimism.

During the year, Troy produced 58,118 ounces of gold (within guidance) for revenue of approximately $103.6 million at an All-in Sustaining Cost of US$1,095 per ounce.

The fact that production was less than for the previous year (70,207 ounces) is essentially attributable to a lower head grade (2.11 g/t Au versus 2.64 g/t Au previously), unfortunately, not something we could do all that much about.

Nevertheless, during the year, we were able to further significantly reduce debt outstanding under the Investec loan, from approximately US$11.19 million at 30 June 2018 to US$1.792 million at 30 June 2019. That outstanding amount was repaid after year's end on 26 September 2019 such that Troy, for the first time since 2010, is free of bank debt. Insofar as the Company had debt of approximately US$72 million in March 2015, I consider this to be a significant milestone.

With bank debt repaid, arguably, the single biggest issue currently before the Company is mine life.

With the debt situation addressed and cash at bank (courtesy of capital raises as discussed below), the Company has recently been able to significantly ramp up its exploration efforts in order to identify new sources of ore.

It is important to note that the current short mine life is not a reflection of the lack of prospectivity of the Karouni acreage. Rather, with the majority of free cash flow derived since production at Karouni commenced applied to debt reduction, Troy's exploration spend has been at a level much less than which the Company's highly prospective ground position has rightfully warranted.

Current exploration initiatives include a possible extension to the Hicks 1 pit, which is the subject of inaugural Resource modelling, a review of the Smarts Underground, as well as preliminary work at regional targets such as Gem Creek, Upper Itaki, Goldstar and Kaburi Hills, the latter located approximately 6 kilometres along strike from the third-party owned Omai Deposit (4 million ounces).

However, the majority of Troy's exploration effort is currently being directed towards the Ohio Creek Prospect, a tenement package located approximately ten kilometres from the Karouni Mill.

Acquired in September 2018, reverse circulation drilling commenced shortly afterwards with immediate success.

At the time of writing, Ohio Creek is significantly gold-mineralised, with variously high-grade relatively wide intersections occurring in the case of the main zone over a strike length of approximately 950 metres.

Much work is currently taking place with respect to Ohio Creek including, in respect of a possible starter pit area, resource modelling, metallurgical, testing, geotechnical, hydrological and waste dump location studies, and the construction of a haul road to the Karouni Mill which is nearing completion.

During the year, Troy raised approximately $1.6 million from shareholders by way of a Share Purchase Plan and approximately $10 million by way of two placements to institutional and sophisticated investors.

In so doing, we were delighted to secure M&G Investment Management Limited, one of the UK's largest investors with approximately £285 billion in funds under management, as our largest shareholder with approximately 12.6% of the Company's issued capital.

Another UK institution, Ruffer LLP, previously our largest shareholder, and now our second largest, supported us by participating in both placements.

In 2019, Troy continued to focus on environmental responsibilities, further enhancing its reputation in Guyana. The Company was delighted to participate in the Mining and Tailings Safety Initiative, a voluntary disclosure initiative co-led by the Church of England Pensions Board and the Swedish AP Funds Council of Ethics, both of whom are to be commended for this initiative. Troy's response to the initiative is set out on the Company's website.

Troy is also committed to implementing and maintaining international best practice in health and safety and social responsibility. To this end, the Company currently employs approximately 360 Guyanese and 42 Amerindian personnel.

Looking forward, I very much hope that our fortunes continue to improve as they have over the previous twelve months.

I take the opportunity to pass on my sincerest thanks to my fellow directors, employees, contractors, consultants, suppliers and other stakeholders for their significant efforts and support during the year.

Finally, a big thanks to you our shareholders for your support and patience as we continue on with our task of, hopefully, restoring value for the benefit of all shareholders.

Yours sincerely

Peter Stern
Non-Executive Chairman

<u>ADDENDUM</u>

On 8 October 2019, just prior to finalisation of the Annual Report, the Company was deeply saddened by the death of one of its employees.

The incident, which took place at the Hicks 1 Extension Trench during the night shift, occurred when a newly-excavated three-metre-high embankment at essentially ground level and upon which the employee was sitting collapsed, bringing a relatively minor amount of sand and rubble down on top of him.

Immediately thereafter, an investigation into the incident was launched by four parties – the Guyana Geology & Mines Commission, the Guyana Police Force, the Guyana Ministry of Social Protection and the Company itself.

On 10 October prior to the release of any formal findings in relation to the incident, a junior Minister within the Ministry of Social Protection, ordered the cessation of all mining activities at Karouni with immediate effect. This came as a surprise to the Company since the ban included all mining areas including the Smarts 3 and Larkin Pits which are not where the incident took place. This stop work order is also inconsistent with normal protocols in such situations, which is to cordon off the area of the incident, being the Hicks 1 Extension Trench, a process the Company had already undertaken immediately after the accident.

As the Company did not know when, or if, approval will be given to resume mining activities and what conditions, if any, might be applied, the Company took the step of standing down all site employees other than those undertaking security duties, exploration activities and those involved in preparing the processing plant for a full shut-down.

This is the status at the time of writing.

Further information can be found in the Company's ASX releases.

CEO'S REPORT

Ladies and Gentlemen, Shareholders, Friends,

The past year, whilst challenging, has been rewarding in a number of areas including a very strong improvement in safety performance across the operation. This was recognised by the receipt of an award from the Guyana Government.

Similar to past years, the wet season provided its usual challenges which unfortunately slowed down the cut back of the Smarts 3 Pit, which is now starting to produce ore.

The acquisition of Ohio Creek during the year has been highly beneficial with significant gold mineralisation already identified. Even though, the maiden reported Mineral Resource appears low this needs to be qualified by the facts that, firstly, we have focused solely on the best area to date and, secondly, to upgrade the classification will require further work. A designated starter pit will enhance our understanding of the geology and geological controls and, in due course, add to the ore stream at the processing plant.

With the discovery and enhanced economics of the Hicks 1 Extension, which is open at depth and along strike, and where mining is currently under way, Troy has started a re-scheduling and budgeting exercise.

In terms of the operation, both mining and processing have coped well with the changing technical and production challenges so a big "Thank You" is well earned by the Guyana management and operational teams across the Company under the leadership of the GM Operations, Eric Olsen, and Administration Manager, Ahmad Swendeh.

The continuing repayment of the loan to Investec has been a strong motivator and is a great relief now that the final payment has been made. This will allow the Company to focus on reducing the remaining operational creditors, as well as fund an increased exploration drive.

Troy has made use of a specialist gold security group to conduct additional training and a full audit of our systems and procedures. Recommendations are progressively being implemented.

The exploration effort has been well managed by our Senior Geologist, Jens Langhof, who, with his team and specialist contract geologists, has rapidly built a resource at both Ohio Creek and Hicks 1 Extension.

The exploration and engineering program going forward includes infill drilling of the Smarts 2/3 Underground Resource, continuing strike extensional drilling of Ohio Creek heading towards the NW, the completion of soil sampling and geological mapping at Upper Itaki with the aim of delineating targets for drilling and infill drilling at Goldstar.

The exploration effort to date has been very efficient and rewarding with a number of high priority targets generated, none more so than the Hicks1 Extension located only 1.5 km from the processing plant.

Support services for the development of Ohio Creek remain on track with geotechnical work, metallurgical test work, road construction and design work all underway. Applications for waste dump areas and water diversion channels have been lodged with the Environmental Protection Agency ('EPA") and the Guyana Geology and Mines Commission ("GGMC").

The relationship between the Company and the Government of Guyana remains good. Despite some political challenges and an approaching election in Guyana, these should not affect Troy except perhaps for the slowing down of some processes due to uncertainty within Government departments. We are monitoring progress of the required licences and approvals on an almost daily basis at the moment. Troy maintains a very good working relationship with the GGMC.

Troy remains on top of all environmental and licensing issues with no major environmental issues reported during the past year and with Ohio Creek permitting ongoing.

Community support for and from the Amerindian population continues to work well with a number of people of Amerindian background working successfully for Troy and achieving high standards. This bodes well for the future.

Going forward, Troy remains optimistic about the future with the aim of generating a more stable financial platform from the end of December 2019 and increasing Ore Reserves. As such, we will be in a better position to look at new opportunities both in Guyana and elsewhere, particularly Australia and in South America where we can leverage our operational presence and local skills in terms of technical, construction and operating in different cultural environments.

Ken Nilsson
CEO & Managing Director

OPERATIONS – GUYANA

KAROUNI (TROY 100% THROUGH TROY RESOURCES GUYANA INC.)

OCCUPATIONAL HEALTH AND SAFETY

During the year the Company remained strongly committed to the long-term health and safety of its employees. In April 2017, safety efforts were increased, including the introduction of the SLAM (Stop. Look. Analyse. Manage) program. After initiation of the program, the Company saw an immediate decrease in both the Lost Time Incidents Frequency Rate ("LTIFR") and the Total Recordable Injury Frequency Rate ("TRIFR"). During this year the Company also rolled out the "Big Five" program to all its employees. The "Big Five" is a safety program involving people to list the five most important things in their lives to keep thinking about this before starting any task at work or at home. As a result of these initiatives, both the number of Lost Time Injuries ("LTI") and First Aid Injuries ("FAI") continued to fall dramatically during the year ended June 2019.

Unfortunately, in October 2019, the Company suffered its first fatality, and is profoundly saddened by the death of an employee at Karouni.

The Karouni operation recorded 1.4 million-man hours during the year.

The LTIFR (measured in recordable incidents per 1,000,000-man hours) decreased by 28% to 5.5 at the end of the year.

The TRIFR and (measured as recordable incidents per 1,000,000-man hours) decreased by 54% to 9.2.

LTI's continued to decrease year on year and were down 25% from 4 to 3 from the previous year. First Aid Injuries ("FAI") fell by 41% from 56 to 33.

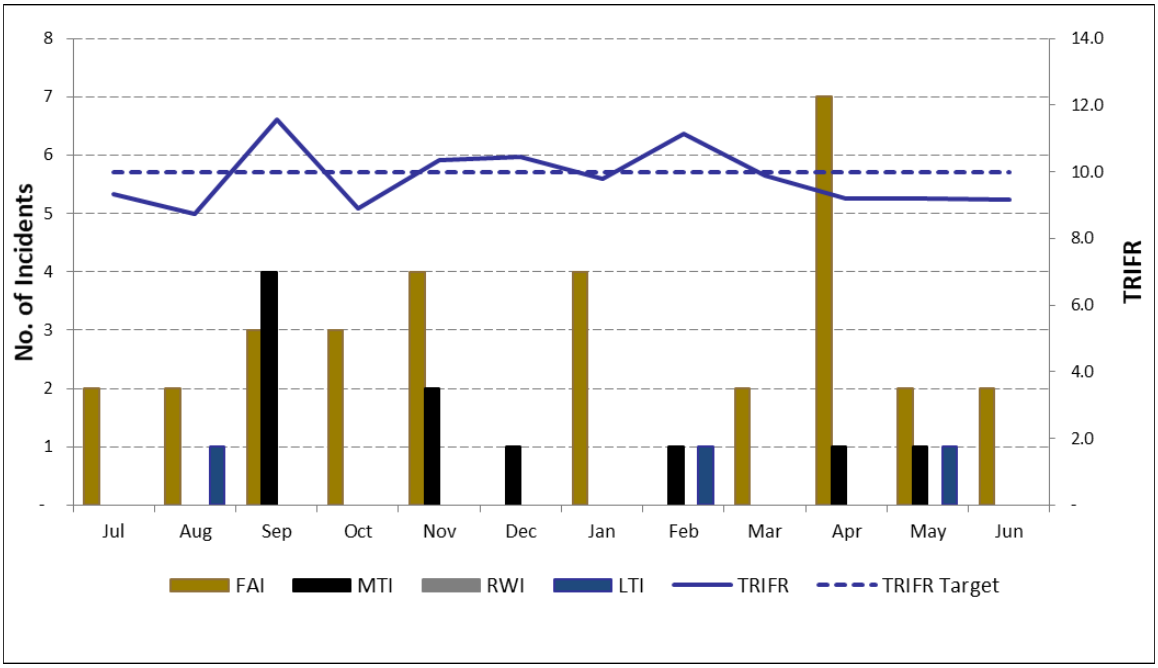

Figure 1: Total Recordable Frequency Rate FY19

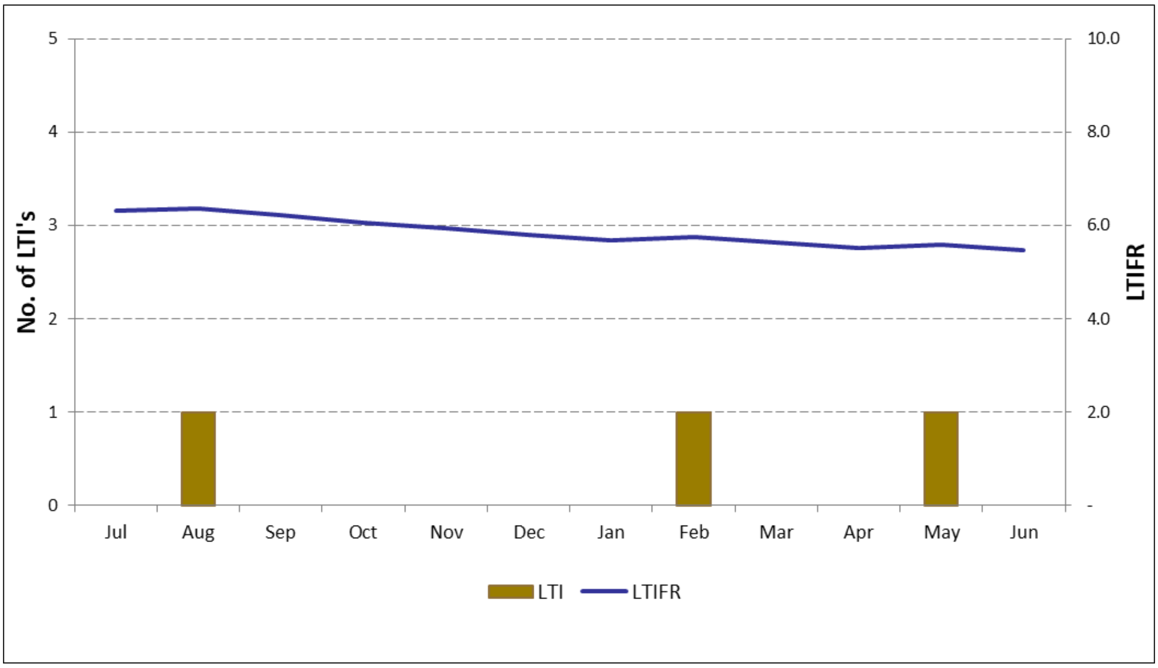

Figure 2: Lost Time Injury Frequency Rate FY19

OPERATIONS SUMMARY

Key Operating Statistics FY 19

KPI		Sept 18	Dec 18	March 19	June 19	FY 19
Processing:						
Dry Tonnes Milled	t dry	219,324	207,947	232,257	228,401	888,198
Grade Milled	g/t	2.79	2.21	1.87	1.64	2.11
Recovery	%	96.6	96.4	95.3	96.2	96.2
Recovered Ounces	oz	18,991	14,227	13,333	11,567	58,118
Mining:						
Tonnes Ore	t dry	248,344	239,424	192,076	131,820	811,664
Average Grade	g/t	2.08	2.10	2.00	2.02	2.06
Tonnes Waste	t dry	894,183	1,235,895	1,223,684	1,458,795	4,812,557
Total Tonnes	t dry	1,142,527	1,475,319	1,415,760	1,590,615	5,624,221

Permitting and Environment

All permits and licenses are up to date and the Company is in full compliance with its ongoing environmental and operational requirements. In the third quarter, the Company received all necessary permits and authorisations for mining of the Spearpoint and Larkin deposits with mining at Larkin commencing shortly thereafter.

The Company's trial rehabilitation programs on selects areas continued with excellent results. In addition, the University of Guyana and the Company completed a trial reforestation program on a selected site. The purpose of the program was to determine the differences between certain species of trees and vegetation planted in different types of growth mediums. The results of the study are encouraging, and the Company intends to renew its partnership with the University of Guyana during the upcoming year.

During the year the Company commenced background environmental studies for the Ohio Creek satellite deposit. In addition, geotechnical and hydrological consultants were engaged to perform technical analyses of the project.

During the year the Company was inspected on two (2) occasions by the EPA and on five (5) occasions by the GGMC. No material deficiencies were identified as a result of these inspections.

There were no reportable environmental incidents during the year.

OPERATIONAL REVIEW

During the year both the mine and processing plant continued to perform at budget levels. Total production from the mill was 888,198 tonnes processed at an average grade of 2.11 g/t Au. Average metallurgical recovery for the year was 96.2% which resulting in gold production of 59,188 ounces. A summary of the mill statistics for the year is presented in Figure 3 below.

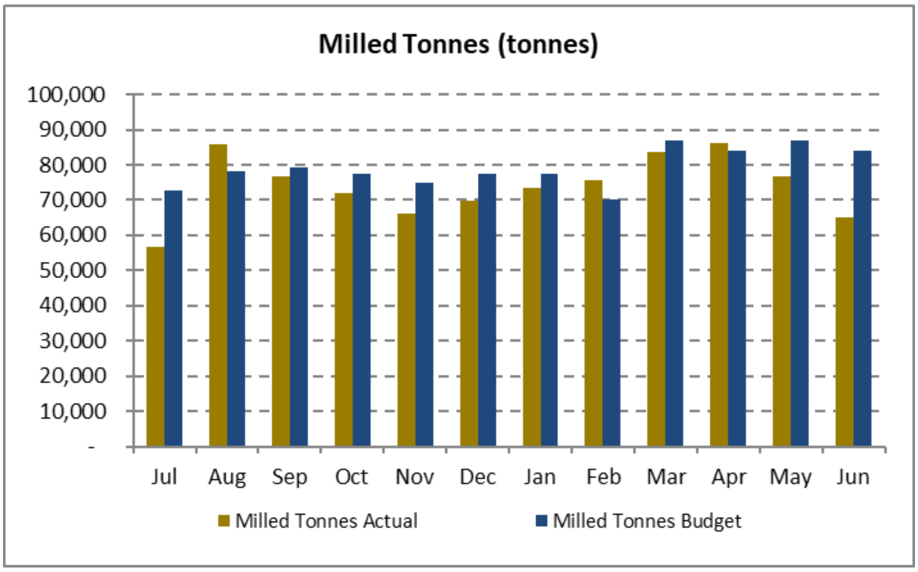

Figure 3: **Monthly Mill Production**

Mill production was generally on budget for the first three quarters. Production in the fourth quarter was below budget due to the wet season combined with planned lower ore tonnes.

A total 5,624,221 tonnes were mined for the year. Of this amount, ore represented 811,664 tonnes at an average grade of 2.06 g/t Au and the overall stripping ratio was 6.92:1. Of the total ore, the percentage mined from Hicks, Smarts and Larkin were 66.1%, 31.8% and 2.1%, respectively. Total tonnes mined is summarised in Figure 4 below.

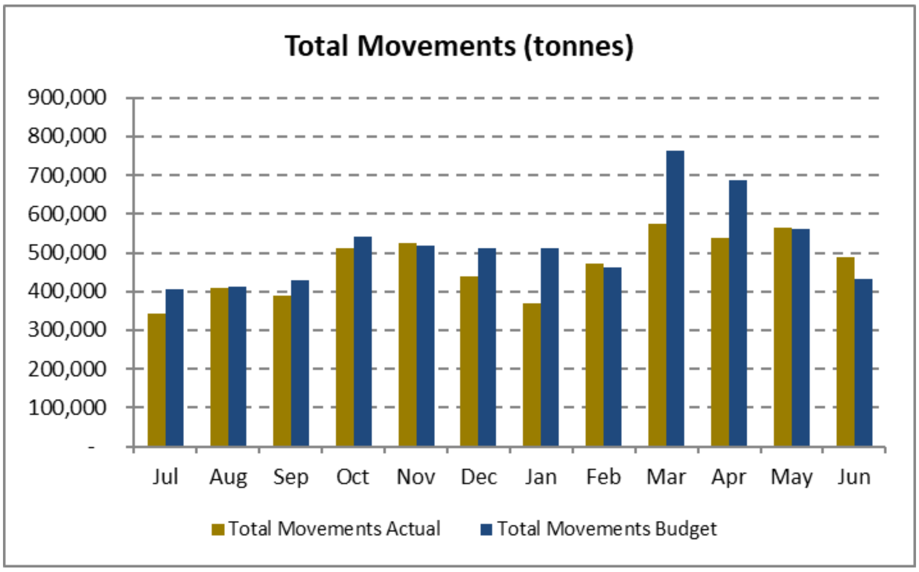

Figure 4: Monthly Total Tonnes Mined

Mining production was lower in the third quarter due to decreased material movements in the Hicks 1 pit. Total movements in the fourth quarter were impacted early on by the Smarts 3 Phase 1 pushback taking longer to ramp up. In addition, mining production was decreased during the quarter due a failure in the north wall of the pushback.

Total tonnes of ore mined are shown in Figure 5 below.

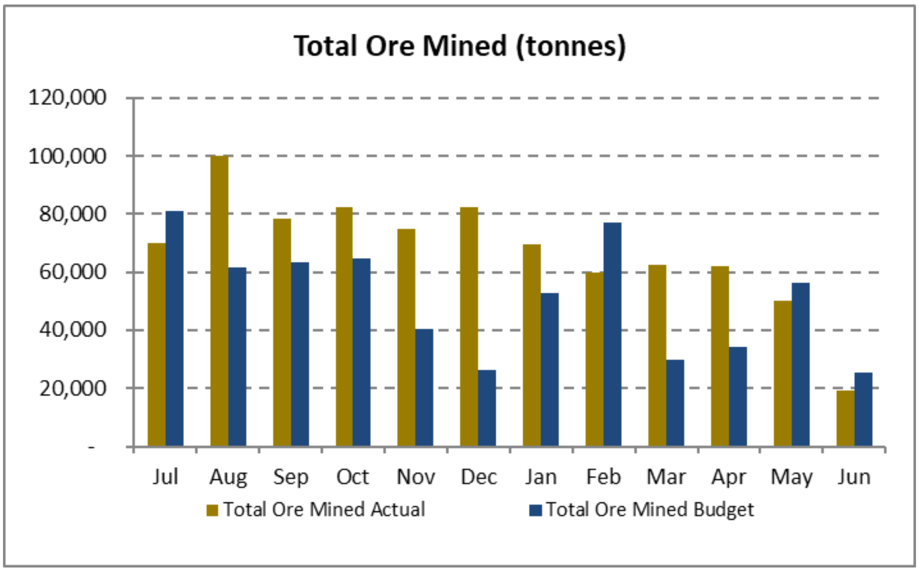

Figure 5: Monthly Total Tonnes Ore Mined

Ore tonnes during the year were generally above budget. The decreased ore budget is a result of depletion of Hicks 1 and Hicks 2 orebodies offset by an increase in ore from the Smarts 3 Phase 1 cutback. The balance of the ore processed came from the ROM stockpiles.

As at 30 June 2019, stockpiles of ROM and crushed ore stockpiles amounted to 39,261 tonnes at an average grade of 1.41 g/t Au for 1,786 ounces. In addition, the Mineralised Waste stockpile was 341,912 tonnes at an average grade of 0.57 g/t Au for 6,211 ounces. Mineralised waste is scheduled to be processed when the ROM is fully depleted.

ARGENTINA

CASPOSO, ARGENTINA (TROY 30% - AUSTRAL GOLD LIMITED (ASX:AGD) (MANAGER) 70%)

In March 2016, the Company sold a 70% interest in the Casposo operation in Argentina to Austral Gold Limited ("Austral").

Under the agreement, Austral holds options to acquire the remaining 30% interest exercisable at 10% per year over a three year period commencing in December 2018 for a total consideration of US$7 million. Austral did not elect to exercise the first option that came due at the beginning of 2019. Two option exercise periods remain outstanding.

Austral, as manager of Casposo, closed operations in April 2019, placing the operation on care and maintenance pending additional exploration work.

BRAZIL

ANDORINHAS (TROY 100% REINARDA MINERAÇÃO LTDA)

Operations at the Andorinhas Mine in Brazil ceased in May 2016 and the associated plant and equipment was sold to Magellan Minerals Limited. The final payment was received in February 2017.

As required under Brazilian law, closure and clean-up of the Andorinhas sites continued during the year and rehabilitation was essentially completed to the satisfaction of the Environmental and Mines Departments. All activities at site have ceased except monitoring of rehabilitation as required under the approved mine closure plan. The final closure will depend upon meeting these requirements and final sign-off from the DNPM (the Brazilian mines department).

EXPLORATION – GUYANA

KAROUNI (TROY 100% THROUGH TROY RESOURCES GUYANA INC.)

Overview

During the year, Troy's exploration focus returned to brownfields and greenfields exploration. Initially a target review and target ranking process was exercised and an evaluation of historic data and maps was completed.

With the ore grade intercepts from Goldstar achieved in 2017 and the promising Auger results from Gem Creek, the entire Goldstar – Gem Creek and Upper Itaki corridor provides potential for the discovery of primary gold mineralisation. With confirmed similar geological and structural settings to the Smarts and Hicks deposits, the Goldstar and Gem Creek exploration work has the potential to yield significant exploration success.

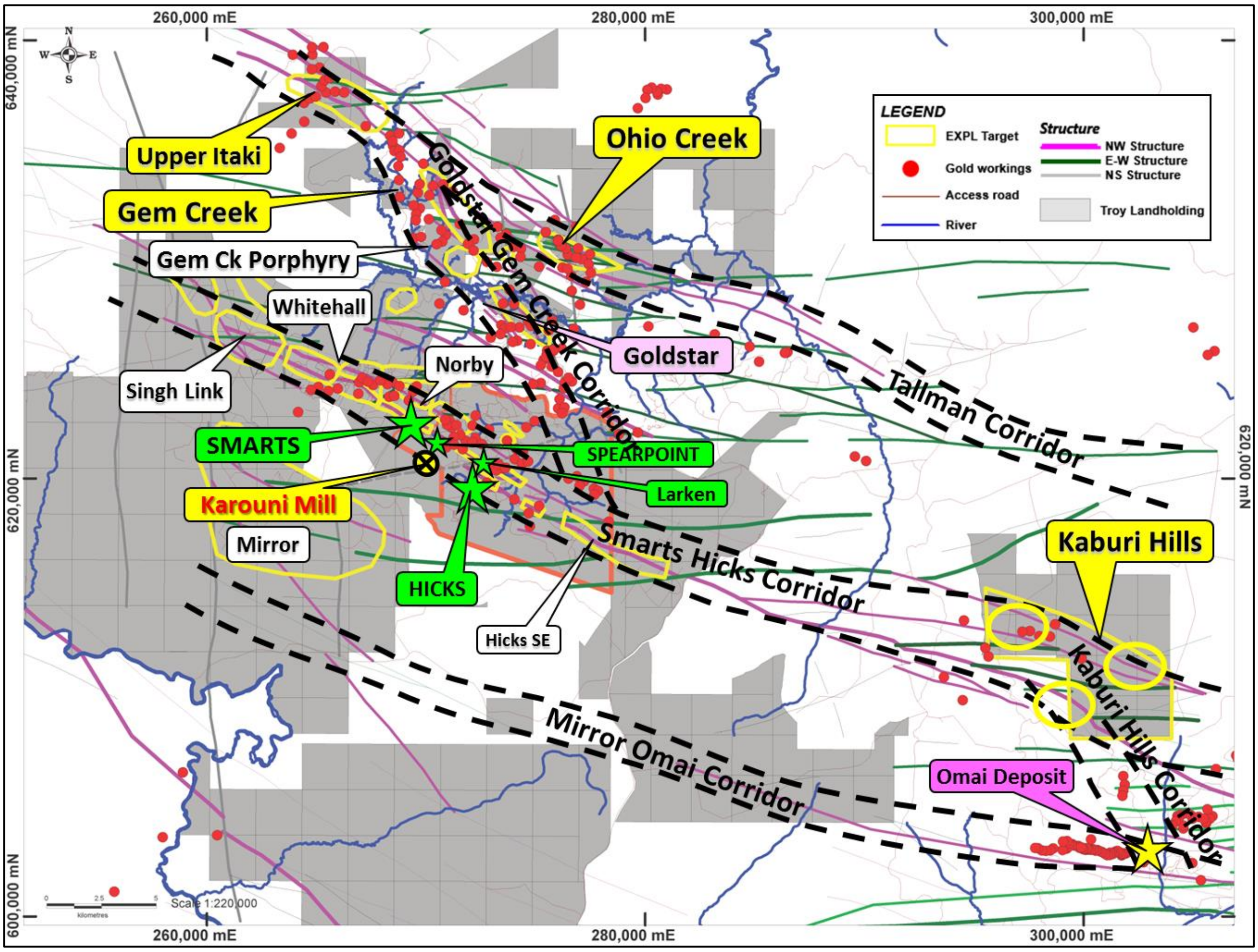

Figure 6: Overview Karouni Regional Exploration Targets

In addition, a new land package at Ohio Creek was purchased in late 2018. Ohio Creek covers a part of the Tallman structure which continues to the NW and joins with the Gem Creek structure near the Upper Itaki Prospect. (*Refer to the ASX Announcement of 12 September 2018 titled "Acquisition of Ohio Creek Prospect - Guyana"*)

The exploration program at Ohio Creek was very successful during the year, intersecting high grade gold mineralisation at shallow depths. More than 50% of the holes drilled during the year intercepted gold mineralisation, with some of the assays returning very high gold values. This resulted in a further exploration ramp up during the year with the main focus being exploration, infill and resource drilling at Ohio Creek.

Other work during the year included auger soil sampling and mapping at Gem Creek, mapping at the Mirror Prospect and reconnaissance work at the Upper Itaki and Kaburi Hills Prospects.

Work was also undertaken to complete the near mine exploration at Spearpoint and Larken. Additional drilling at the Hicks 1 Extension commenced during the year with the objective of extending the near surface resource over the known Smarts Hicks shear.

NEAR MINE DRILLING

Spearpoint Prospect

The geological model for Spearpoint was completed during the year. The geology at Spearpoint is similar to that at the Smarts deposit. The gold assays are related to N-S quartz veins in a coarse mafic unit adjacent to the shear zones. The majority of the high grade gold intercepts are situated between the hanging and the footwall shear. In the central part, the mafic unit is either repeating or might overturn and form a flat dipping "pipe" with a plunge to SE. A block and resource model was established for the prospect.

Larken Prospect

Early in the year, 20 RC drill holes for a total of 1,227 metres completed an infill drilling program at Larken. All assay results have been reported. (*Refer to the ASX Announcement of 11 September 2018 titled "Exploration Results – Larken Prospect"*)

The geology at Larken is simple with gold mineralisation related to a weak shear/contact zone between a sedimentary unit and basalt. A fair amount of massive quartz is common in the shear zone. A geological model for Larken was completed and an updated resource model and block model was established.

For both Spearpoint and Larken, a JORC compliant Measured and Indicated Resource block model has been created and a resource update was reported to the stock market. (*Refer to the ASX Announcement of 19 September 2018 titled "Mineral Resources and Ore Reserve Statement"*).

Hicks 1 Extension

Towards the end of the year, drilling to the NW of Hicks 1 pit commenced with the intention of extending the mineral resources along the known Smarts Hicks shear. Earlier exploration drilling had identified smaller mineralised felsic porphyry rocks in the Hick 1 Extension. Felsic porphyries are the main host rock at Hicks. Due to their discrete strike extension, areas between the current wide drill spacing towards the NW of Hicks 1 was seen as having potential for such small porphyry intrusions.

The infill drilling was planned on a nominal 20 x 15 metre grid spacing for 57 RC drill holes for a total of 1,700 metres. The holes were drilled to shallow depths of between 20 and 70 metres for a fast track, short term ore delivery to the Karouni Mill. Drilling was oriented towards NE and completed for 38 RC holes for a total of 1,129 metres.

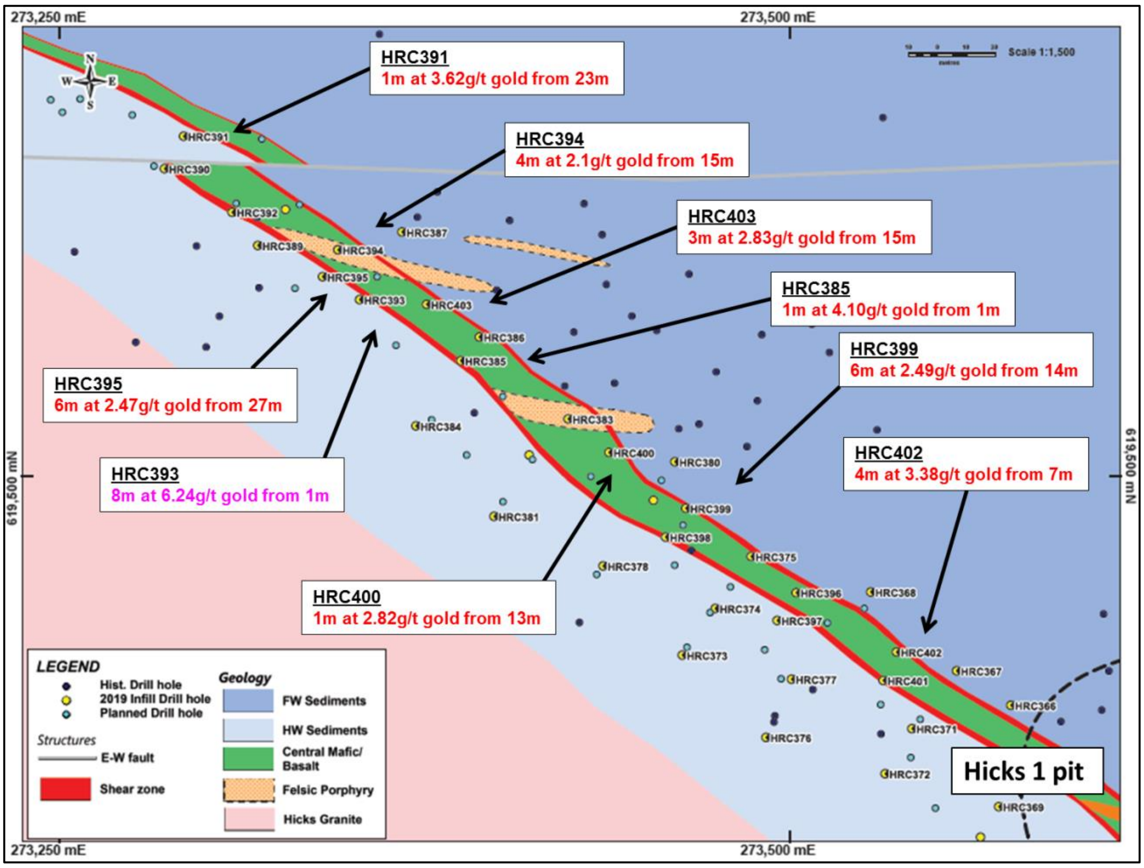

Figure 7: Hicks 1 Extension RC infill drilling

Exploration Target Review

The first step in the re-start of regional exploration was a targeting exercise. The review was based on structural settings from geomagnetic maps, geological settings from mapping/historic maps, stratigraphy from drill data, pXRF geochemical data from auger/soil sampling, mineralisation style and assay intercepts. Economic factors like distance to the mill were included, but with a low priority. The highest priority was on existing high Au intercepts, strong structural settings, like major NW corridors with cross cutting early EW structures and pXRF anomalies of chrome, titanium, iron and arsenic. Alluvial workings and drainage was also used to identify sources of gold mineralisation. Historic and recent saprolite workings have been mapped and interpreted as in situ gold occurrence. An updated exploration target pipeline has been created.

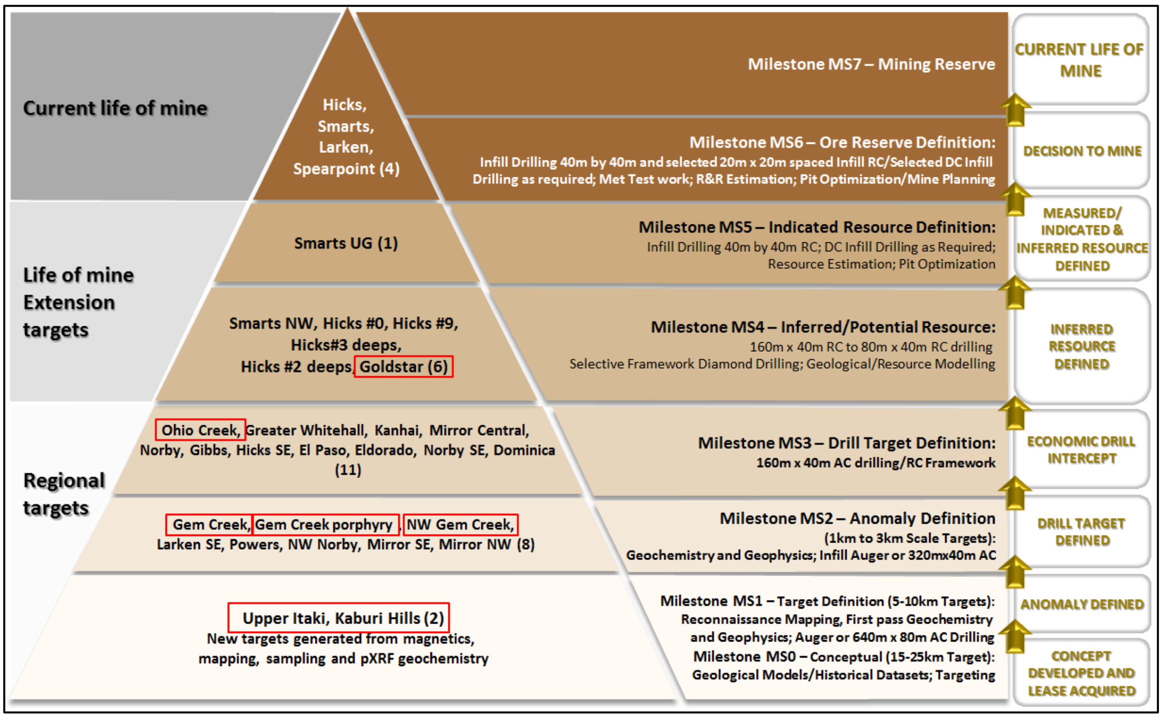

Figure 8: Exploration Target Pipeline. Exploration targets in the red boxes are the main immediate focus

Greenfield Exploration

Greenfield exploration work over the past year has covered all priority targets, including Gem Creek, Upper Itaki and Kaburi Hills. For some targets, only reconnaissance work was completed and for others additional mapping and Auger sampling completed.

Gem Creek Prospect

The Gem Creek targets have seen an intensive mapping and sampling program during the year. The mapping has identified interesting features such as a shear zone with quartz veining, a massive felsic intrusive unit with intensive quartz stockworks and coarse gold in stream sediment test sampling.

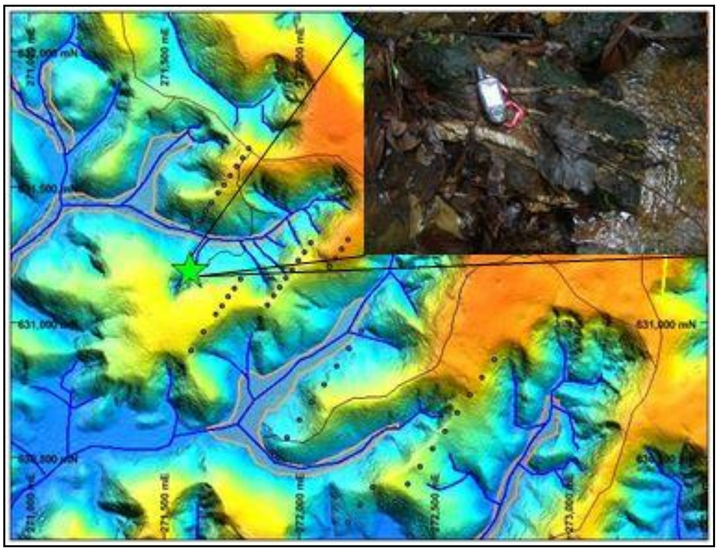

Figure 9: Outcrop of massive felsic unit with dense quartz stockworks - Gem Creek

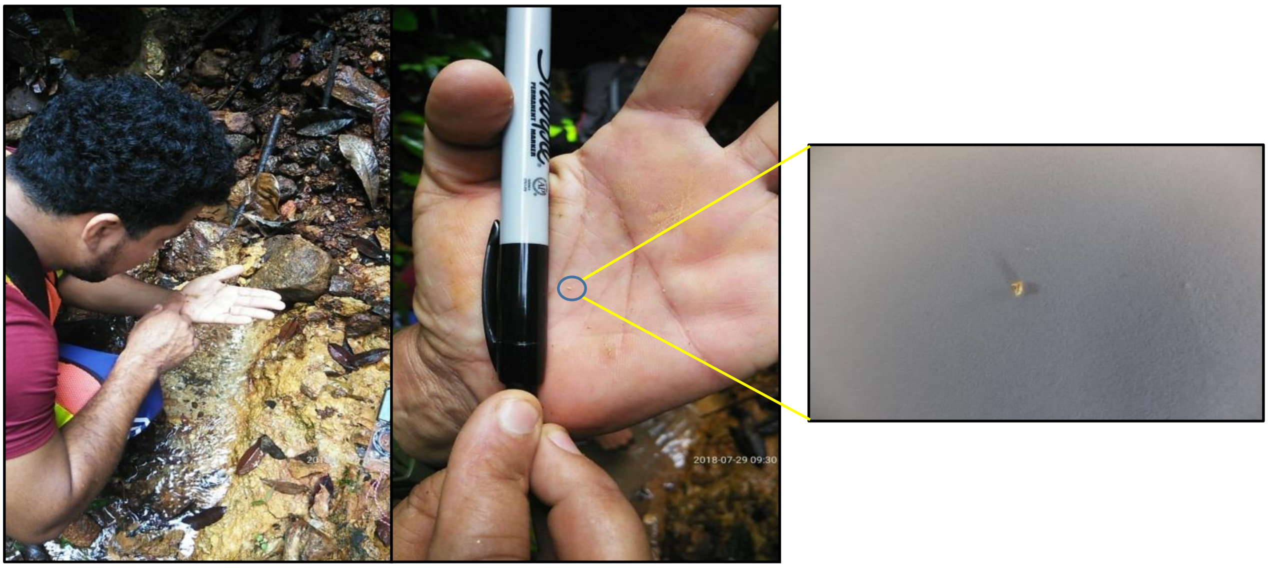

Figure 10: Coarse gold in stream bed at Gem Creek Target

A gridded hand auger program in the Gem Creek and NW Gem Creek Prospects with nominal sample points of 400 by 40 metre and line orientation of azimuth 45 degrees was completed. The program sampled the approximately 0.3 to 1 metre horizon below the surface. All samples have been scanned with the pXRF and assayed for gold by fire assay with AAS finish.

The pXRF sampling highlighted the continuation of the Goldstar high chrome corridor – also the gold favourable lithology in Smarts – for at least 1,200 metres strike extension.

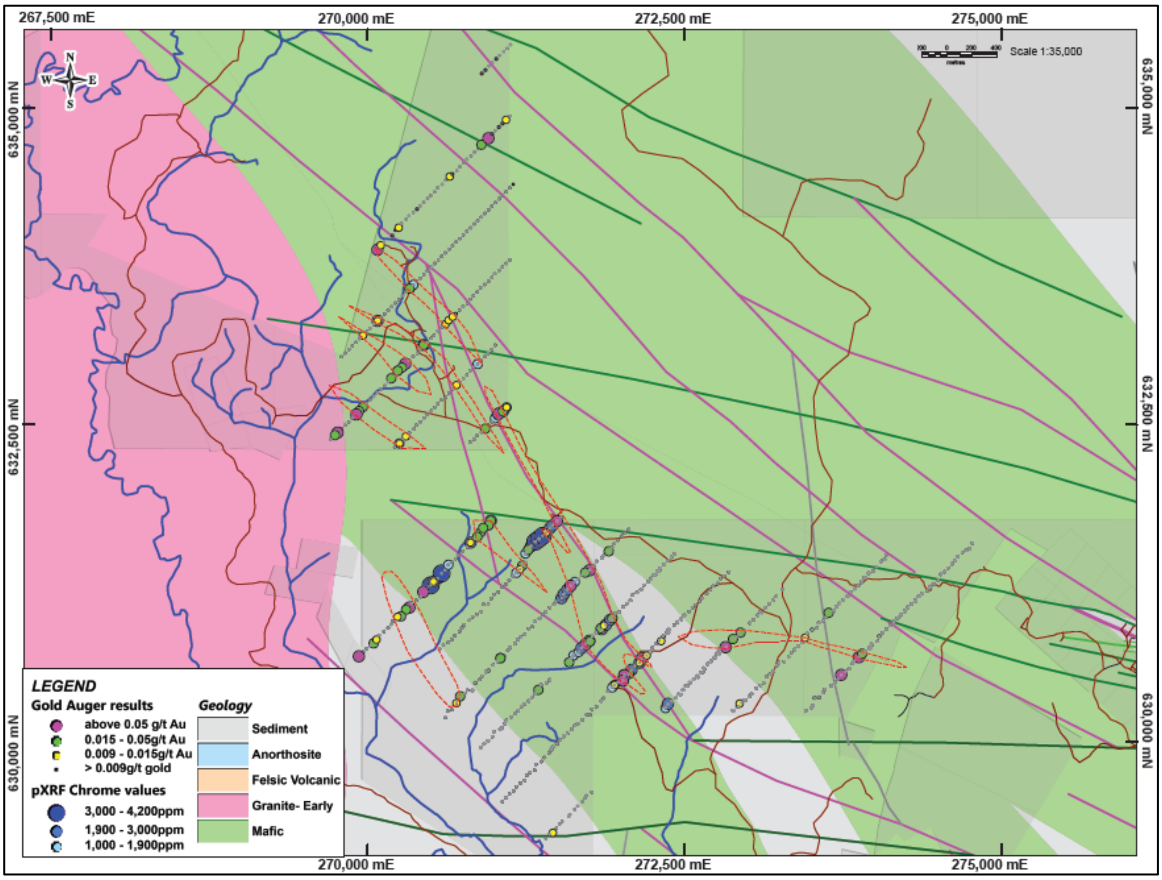

Figure 11: Auger soil sampling Gem Creek Prospect – gold results

Anomalous results for arsenic, iron and titanium have been mapped. High readings of titanium and iron are a signature for mafic rocks and higher arsenic values may be related to intrusives.

The structural setting of the NNW trending Goldstar – Gem Creek structure is intersecting an early EW structure and likely to create a dilatational jog and emplacement of porphyry intrusives. As well as the lidar signature, airborne magnetics support this interpretation of a near circular feature. Lidar is geographic survey system providing accurate surface details and structural information.

The NE part of the prospect is covered by a 1 to 3 metres thick laterite/duricrust cap and no sampling was possible.

First pass RC drilling program has been planned.

Upper Itaki

The first reconnaissance mapping at Upper Itaki confirmed the occurrence of mafic rocks and the existence of the south-western and north-eastern granitic intrusives. Therefore the conceptual model is proven with further field mapping and sampling to be carried out. The mafic units are likely to be a basalt or andesite which is a package of the lower volcanic sequence – the same stratigraphic settings in which Smarts and Hicks are located. During reconnaissance work it was noticed that the area was covered partly by thick duricrust and partly by sand. A soil sampling and/or a scout drilling program is planned to penetrate through the cover. Reconnaissance work has found creek areas which have been historically intensively mined down to the saprolite and beyond.

Kaburi Hills

Review of historic data added another greenfield target to the portfolio. Kaburi Hills is located in a highly prospective area for gold mineralisation about 8 kilometres north of the famous Omai Mine (which is not owned by the Company). Historical maps show high gold concentration in stream sediment samples and alluvial workings. Airborne magnetic maps and structural interpretation shows several flatter WNW structures similar to those at Omai, Honey Camp and Ohio Creek.

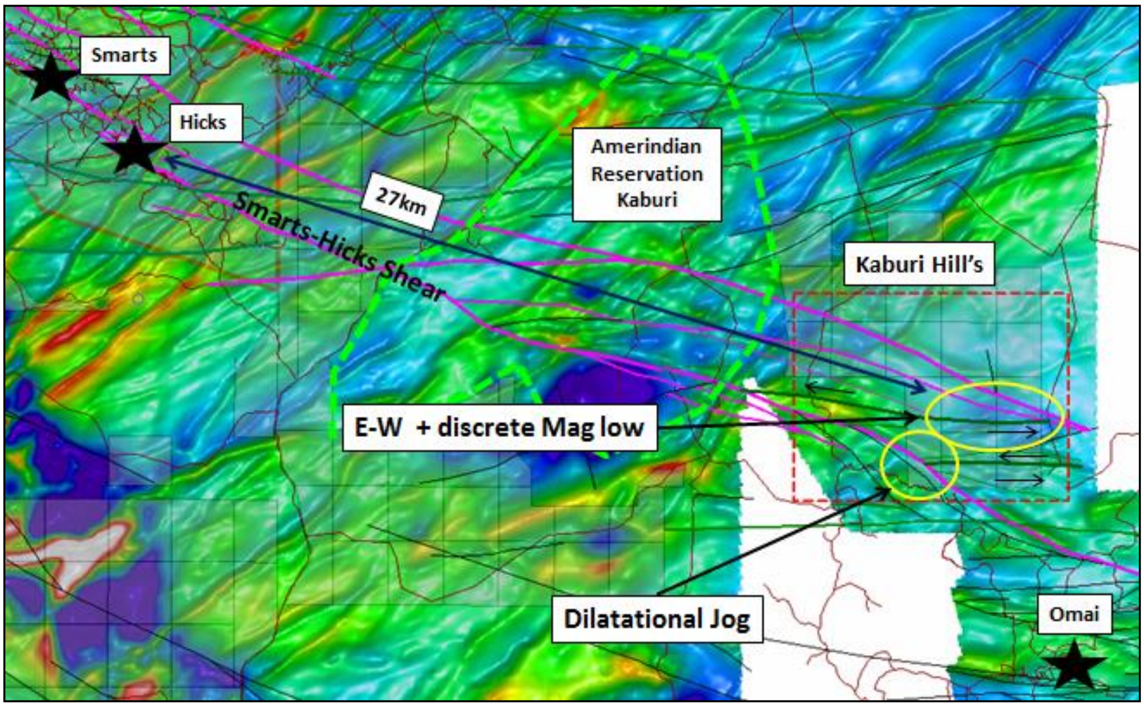

Figure 12: Location of Kaburi Hill Prospect and M1 conceptual Target

The first reconnaissance mapping at Kaburi Hills confirmed the northern parts are covered by sand with saprolite along river valleys. To the south, weathered sedimentary rocks with relict pyrite have been found. More detailed mapping and auger sampling is planned in an attempt to prove up several conceptual targets within the prospect area.

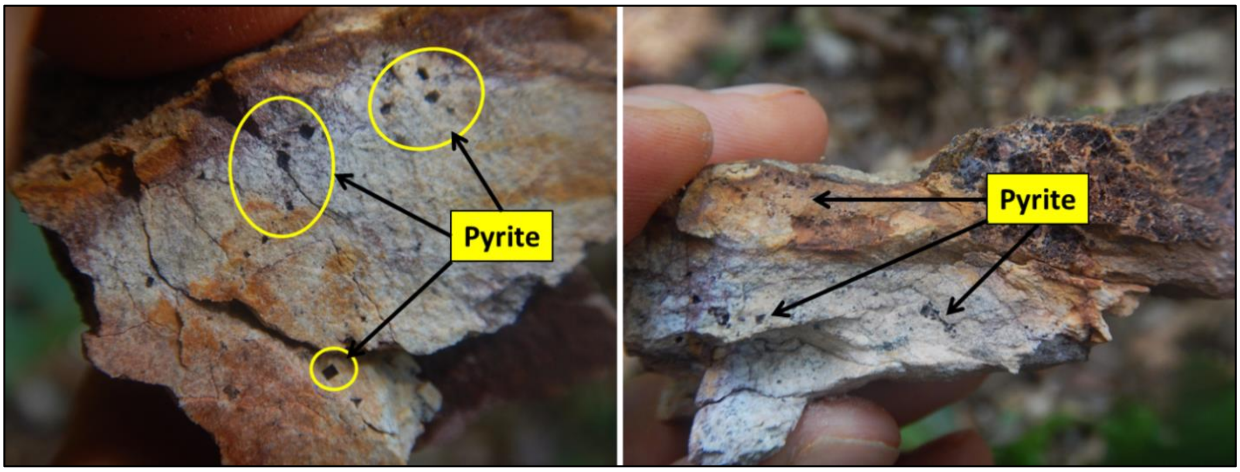

Figure 13: Kaburi Hills reconnaissance – sample of silicified chert with cubic pyrite

BROWNFIELD EXPLORATION

Ohio Creek Prospect

Ohio Creek is located within the north eastern sector of Troy's tenement holdings in the close vicinity of several other highly prospective and underexplored targets including Gem Creek, Goldstar and Upper Itaki, each of which is located only approximately 10 kilometres from the Karouni processing facility. The Ohio Creek claims were acquired by Troy in August 2018.

Initial work encompassed mapping of the Ohio Creek tenements and Tallman Pit. The mapping of the Tallman Pit identified a sheared contact between the carbonaceous sediments and folded andesite. Along this contact several flat dipping narrow quartz veins with visible gold have been recognised.

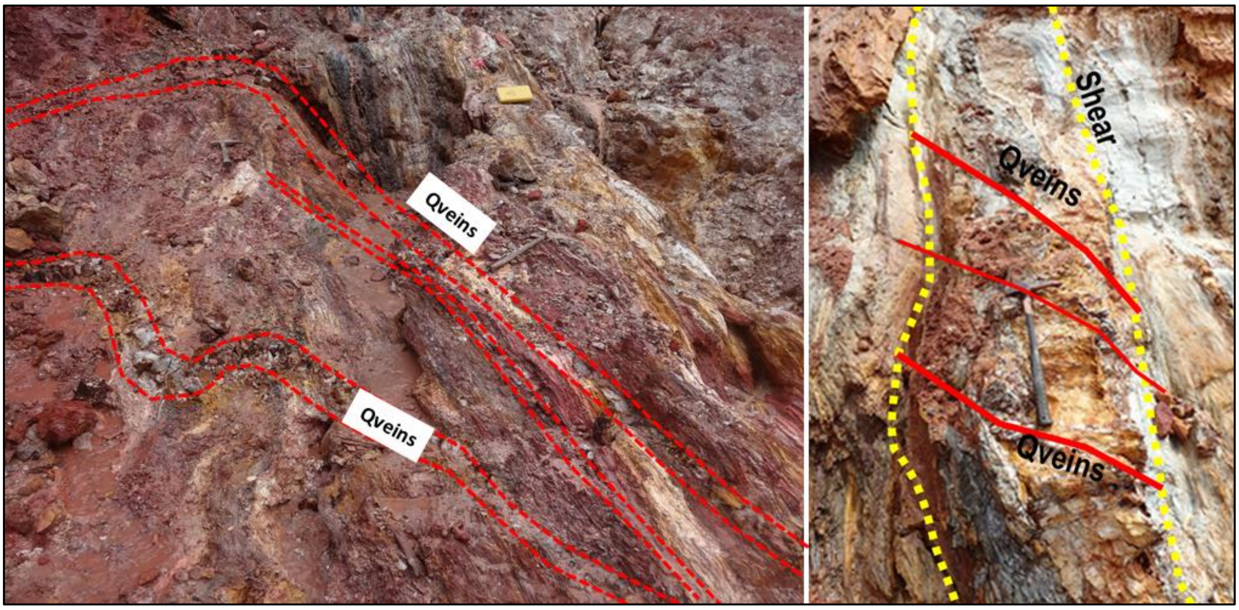

Figure 14: Tallman Pit – left flat dipping quartz veins with MnO, right shear zone with tensional quartz veins

Following the mapping, a fist pass RC drilling program (Phase 1) for an initial 39 RC holes was drilled. This initial drilling campaign was very successful including a record drill intercept of 1 metre at 251.27 g/t Au. The Phase 1 drilling was followed by RC drilling for infill, step out and resource calculation purposes.

During the year, a total of 169 RC drill holes were completed for a total of 15,661 metres.

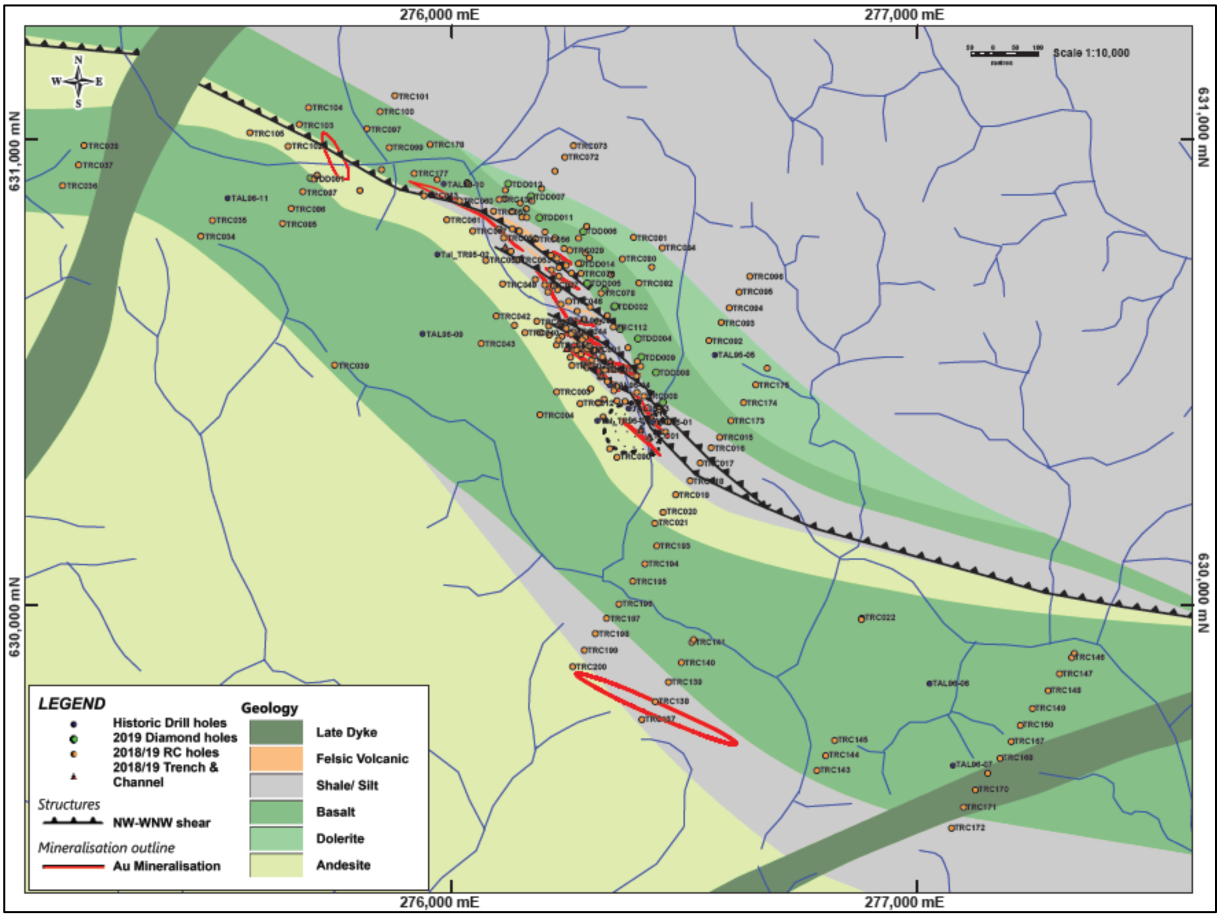

Figure 15: 2018/19 Ohio Creek RC and Diamond drilling

The Ohio Creek mineralisation was tested and confirmed over about 950m of strike extension, but occurs in several spots due to step over and folding. The whole drill tested corridor comprises about 2,000 metres of strike with two additional zones to the NW with patchy mineralisation.

Figure 16: TRC013 visible gold and mineralised interval – record intercept 1m at 251.27g/t Au

Late in the year, diamond drilling was used to identify structural settings, geology and test the deeper potential at Ohio Creek. A total of 11 diamond drill holes for a total of 2,518.4 metres were drilled.

The geology at Ohio Creek is complex and strongly folded. The Tallman shear zone develops on the contact between moderately deformed andesite and strongly deformed interbedded shale/siltstone. Within the black shale/siltstone package, porphyritic felsic volcanic, irregularly beds of chert and conglomerates occur. In the hanging and footwall of the above described central zone, massive fine to medium grained basalt was mapped. Towards the SE the andesite is more strongly foliated. Towards the NE, a second sediment package of chert has also been drilled. Additionally, several foliated, parallel of medium to coarse grained dolerites have been logged.

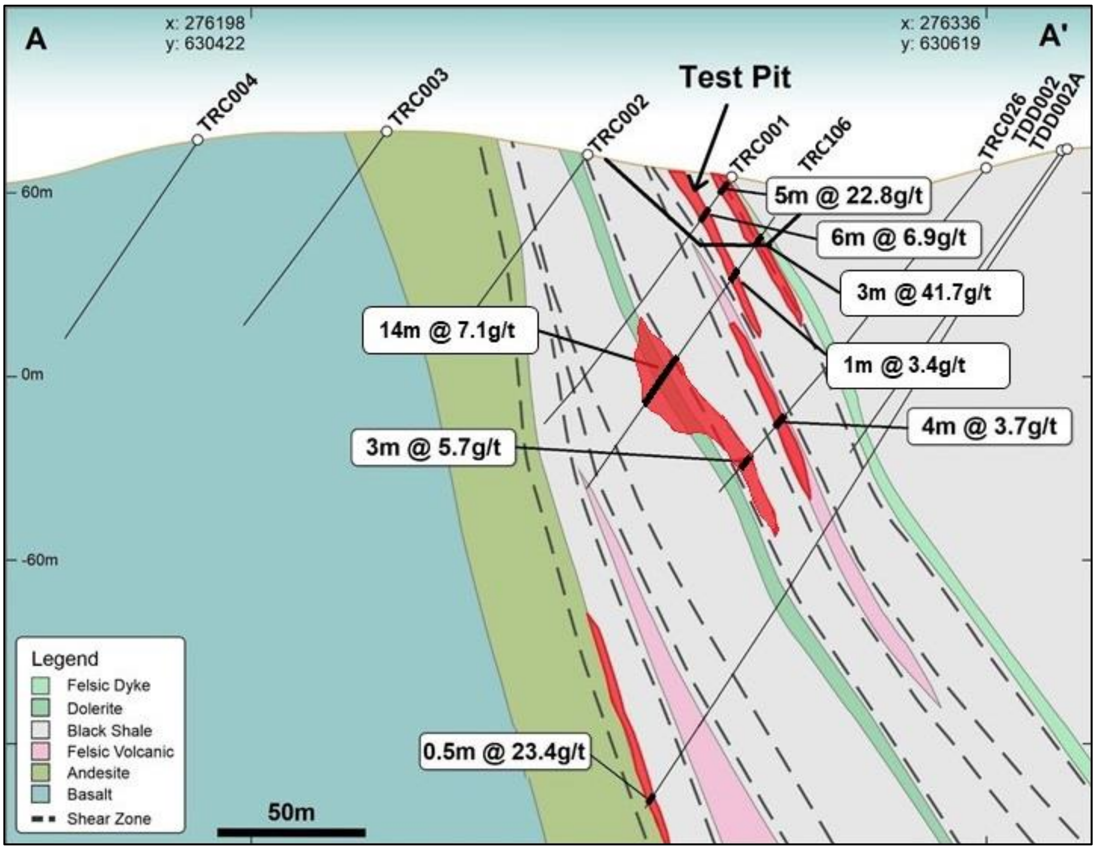

Figure 17: Cross section TDD002A

The Tallman shear zone consist of multiple shears primary developed within the shale/siltstone unit and is focused in the graphitic shales. The andesite is sheared only along the contact to the black shale/siltstone. The shear zone is typically marked by an abundance of quartz-calcite veins. All lithologies at Ohio Creek are strong deformed by at least two deformation events. The S0 and S1 foliation is the primary fabric and strikes NW-SE. The second deformation D2 forms WNW oriented S2 foliation and F2 folds.

The main mineralisation is located in narrow (5 to 25 centimetres) NW striking and shallow dipping massive quartz veins. The veins are composed of quartz calcite and the gold is native in coarse 1 to 5 millimetres grains along the margin of such veins.

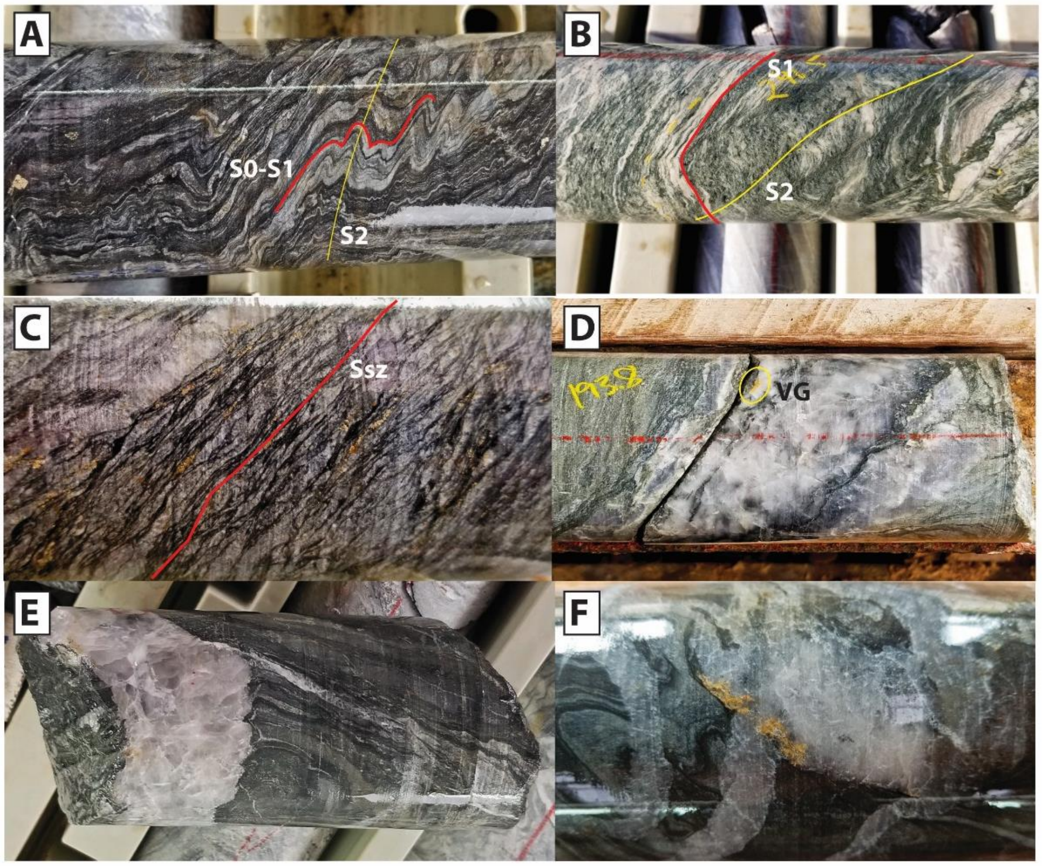

Figure 18: **A) Strongly folded interbedded shale and siltstone, S2 axial planar to F2 folds.**
B) Strongly foliated andesite with foliation parallel carbonate bands overprinted by an S2 crenulation cleavage.
C) Grey deformed quartz-calcite veins overprinted by a strong shear zone foliation (Ssz).
D) Laminated style quartz-calcite vein (Vlm) with wall rock septa and visible gold. Gold in this set of veins is rare and most are weakly mineralized.
E) Massive style white quartz vein (Vms) with visible gold. Sharply cuts S0-S1.
F) Coarse grained native gold on the margin of a Vms vein. Most gold appears to occur as coarse grained nuggets with no disseminated mineralisation in the wall rock.

A total of six trenches have been dug in the central Ohio Creek area. Vertical channels over flat dipping quartz veins with visible gold returned some very high grade gold assays with the max of 1 metre @ 564.45 g/t Au perpendicular over a 25 centimetres wide vein.

RC drilling to the south east intersected mineralisation in two holes – one up dip and one down dip. The mineralisation is interpreted to be either an offset from the main mineralisation to the SW or, more likely, a second zone of mineralisation. Additional drilling is underway to confirm.

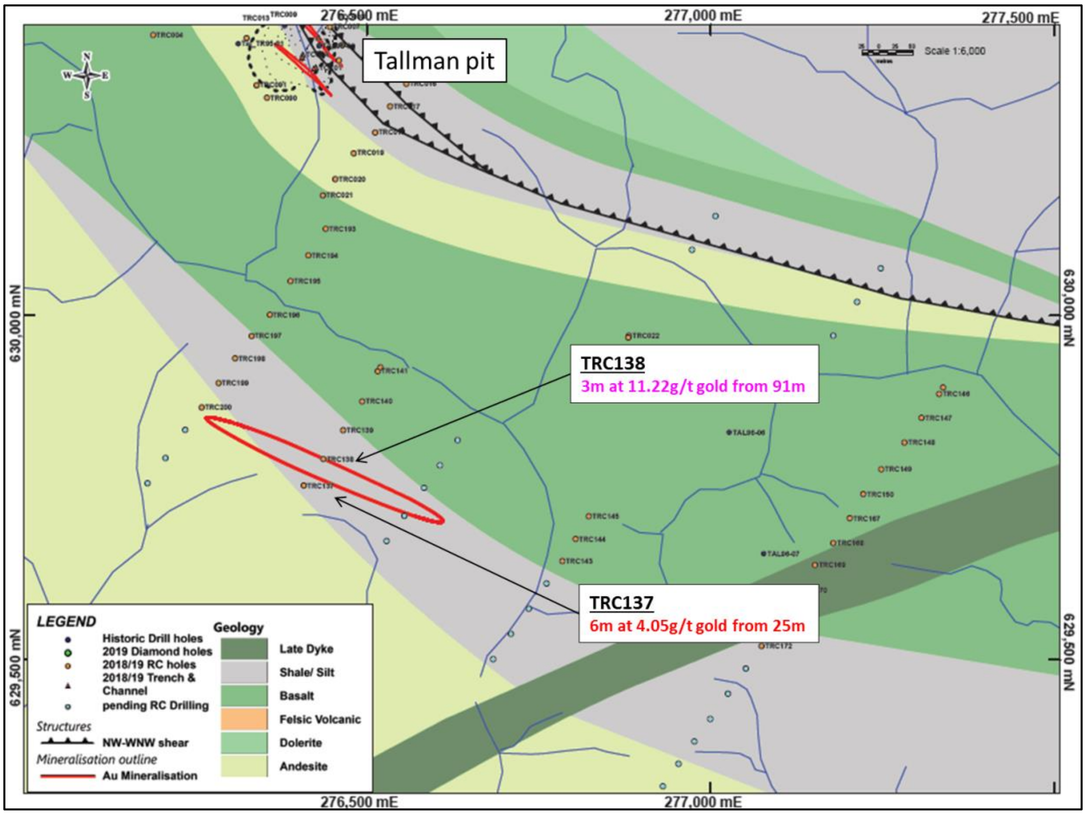

Figure 19: Ohio Creek Phase 3 step out drilling – SE Tallman Pit

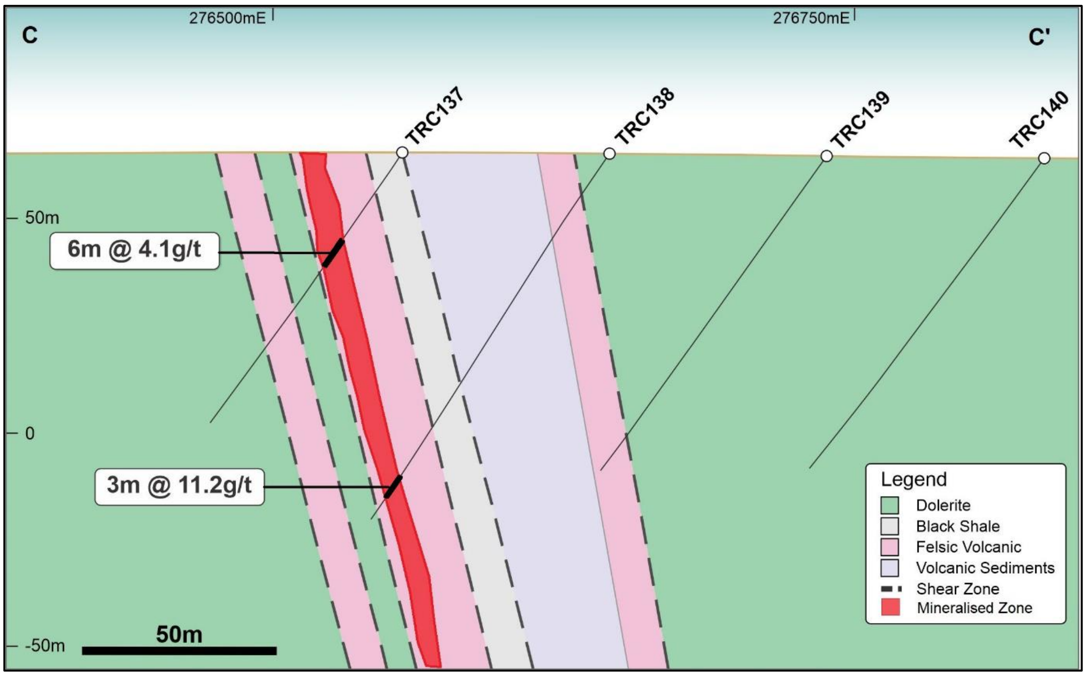

Figure 20: Ohio Creek SE step out drilling

Infrastructure Work

The construction of a satellite camp at Ohio Creek has been completed. The camp has accommodation for around 34 persons, with the opportunity to add more accommodation blocks whenever needed. Kitchen and washroom facilities can service up to 50 persons.

Figure 21: Accommodation buildings in Ohio Creek satellite camp

Construction of an access and haul road to Ohio Creek is ongoing. The new road is being routed via the Goldstar Prospect in an almost straight line. The road has been strategically located to cater for any potential new mines at Goldstar or Gem Creek as well as Ohio Creek.

Figure 22: Access and haul road under construction

MINERAL RESERVES & RESOURCES

KAROUNI GOLD PROJECT IN GUYANA AS OF 30 JUNE 2019

Table 1: Resource and Reserve Summary [(a)]

Category	Tonnes	Grade(g/t)	Ounces
Gold Mineral Reserves			
Proved	415,000	0.8	11,100
Probable	788,000	2.5	64,000
Total	**1,203,000**	**1.9**	**75,100**
Gold Mineral Resources (inclusive of Mineral Reserves)			
Measured	562,000	1.5	26,600
Indicated	5,814,000	2.1	386,700
Measured & Indicated	**6,376,000**	**2.0**	**413,300**
Inferred	9,418,000	1.9	573,000

Table 2: Mineral Reserves [(a)]

Gold Mineral Reserves

Country	Project	Deposit	Category	Tonnes	Grade(g/t)	Ounces
Guyana	Karouni	Smarts	Probable	447,000	3.0	42,700
		Hicks	Probable	165,000	2.1	11,100
		Spearpoint	Probable	167,000	1.8	9,600
		Larken	Proven	31,000	3.0	2,900
			Probable	9,000	1.9	600
		Stocks - ROM	Proven	34,000	1.7	1,800
		Stocks - MW	Proven	350,000	0.6	6,400
			Total Proven	**415,000**	**0.8**	**11,100**
			Total Probable	**788,000**	**2.5**	**64,000**
			Total Mineral Reserves Gold	**1,203,000**	**1.9**	**75,100**

Table 3: Mineral Resources (inclusive of Mineral Reserves) [(a)]

Gold Mineral Resources (inclusive of Mineral Reserves)						
Country	**Project**	**Deposit**	**Category**	**Tonnes**	**Grade (g/t)**	**Ounces**
Guyana	Karouni	Smarts	Indicated	446,000	3.2	45,400
			Inferred	2,730,000	1.7	145,400
		Hicks	Indicated	2,468,000	1.5	115,300
			Inferred	268,000	1.3	6,900
		Larken	Measured	48,000	2.4	3,800
			Indicated	78,000	1.8	4,500
			Inferred	13,000	2.0	800
		Spearpoint	Indicated	693,000	1.3	29,700
			Inferred	328,000	1.3	13,500
		Gold Star	Inferred	620,000	1.3	25,500
		Ohio Creek	Inferred	2,226,000	1.9	134,300
		Smarts Deeps	Measured	130,000	3.4	14,600
			Indicated	930,000	3.7	109,500
			Inferred	1,940,000	2.6	163,500
		Hicks Deeps	Indicated	1,199,000	2.1	82,300
			Inferred	1,393,000	1.9	83,100
		Ore Stockpiles	Measured	34,000	1.7	1,800
		Mineralised Waste (MW)	Measured	350,000	0.6	6,400
Total Gold Mineral Resources			**Measured**	**562,000**	**1.5**	**26,600**
			Indicated	**5,814,000**	**2.1**	**386,700**
			Inferred	**9,418,000**	**1.9**	**573,000**
			All Categories	**15,794,000**	**1.9**	**986,300**

Table 4: Karouni Project-Reconciliation

	Tonnes	**Grade (g/t)**	**Ounces**
Reserve 30 June 2018 *Ore Reserve reported last year*	1,536,000	2.4	119,956
Mined in 2018-19 *Mine production reconciled to mill production*	750,000	2.2	52,000
Processed 2018-19	888,000	2.1	60,200
Change in Stock 2018-19	(133,000)	1.7	(7,400)
Depleted from Models	(570,000)	2.7	(49,200)
Model discrepancy	180,000	0.5	3,100
Design changes	(24,000)	1.3	(1,000)
Reserve 30 June 2019 excl MW Stocks	**854,955**	**2.5**	**68,700**

The Hicks pits produced significantly more than modelled, while Smarts produced less, however overall production was 3,100 oz greater than modelled.

(a) Additional notes to Resource and Reserve Estimates

Resources

1. Resources for Smarts are calculated at a cut-off of 0.5 g/t Au constrained to a A$2,000 pit shell.
2. Resources for Hicks are calculated at a cut-off of 0.5 g/t Au constrained to the -35m RL (being the base of the current pits).
3. Resources for Larken, Spearpoint and Goldstar are calculated at a cut-off of 0.5 g/t Au.
4. Resources for Smarts Deeps and Hicks Deeps are calculated at 1.00 g/t Au cut-off grade outside of the A$2,000 pit shell for Smarts and below the -35mRL at Hicks.
5. Differences may occur due to rounding.

Reserves

1. Reserves calculated at a gold price of USD $1,400 per ounce gold.
2. Reserves for Smarts are calculated at a cut-off of 0.86 g/t Au.
3. Reserves for Hicks are calculated at a cut-off of 0.86 g/t Au.
4. Ore loss attributed to both Hicks and Smarts of 5%.
5. Dilution of 10% at a gold grade of 0.00 g/t added to both Hicks and Smarts after ore loss.
6. Stockpiles include ROM and Fine Ore crushed as of June 30, 2019 based on survey and sampling. Due to increases in the gold price the Mineralised Waste stockpiles are now considered Ore Reserves.
7. Differences may occur due to rounding.

Mining and Metallurgical factors

Smarts Mineral Resources in 2018 were reported within a A$2,000 pit shell. This pit shell was also used to constrain open pit resources this year. This pit shell was used as it corresponds closely to the current pit design; a larger pit shell based on higher gold prices was not considered practical as pit wall conditions are not conducive to mining a deeper pit. Therefore any additional resources outside of this pit have been reported at a higher cut-off grade of 1.0 g/t Au to reflect potentially higher mining costs. Ore Reserves were estimated using current operating costs and parameters and a US$1,400 gold price.

Casposo Project - Argentina

The Company holds a 30% interest in the Casposo Project in Argentina, having disposed of a 70% controlling interest in the operating subsidiary to Austral Gold Limited (‘Austral”) in March 2016. Austral has an option to acquire Troy’s remaining 30% interest over a 3 year period commencing in December 2018. Austral did not exercise the first option right in early 2019 and in April 2019, Austral, as manager, placed the operation on care and maintenance.

The Company does not present Reserves and Resources for this project due to the potential for disposal.

Competent Persons Statements

Information of a scientific or technical nature that relates to exploration results, Mineral Resources or Ore Reserves is based on, and fairly represents, information and supporting documentation prepared under the supervision of Mr Richard Maddocks. Mr. Maddocks 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 2012 edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr. Maddocks has reviewed and approved the information contained in this announcement. Mr. Maddocks:

- Is a consultant to 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 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’
- Is a Fellow of the Australasian Institute of Mining and Metallurgy
- Has consented in writing to the inclusion of this data

The information relating to Exploration Results for the Karouni Project is extracted from various ASX Announcements and Quarterly Reports previously released to the ASX.

The information relating to Mineral Resources and Ore Reserves for the Karouni Project is extracted from the ASX announcement entitled 'Mineral Resources and Ore Reserves Statement' released on 10 October 2019 and available to view at www.troyres.com.au.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements relating to drill results or mineral resource estimates for the Karouni Project and that all material assumptions and technical parameters underpinning the drill results and estimates in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

Governance and Internal Controls Statement

Troy maintains strong governance and internal controls in respect of its estimates of mineral resources and ore reserves and the estimation process. Site based and corporate personnel liaise to ensure data, estimation and mine design processes are to an adequate standard. Internal controls include peer review of geological interpretation and estimation processes to ensure they adequately represent the mineralisation.

Troy ensures that sampling techniques, data collection and collation is at industry standard levels. QA/QC controls are used routinely, including addition of standards, blanks and duplicates. Assaying is done at external, accredited laboratories in Guyana. Estimation techniques are industry standard and reported under JORC 2012. Ore Reserve estimation is carried out by external consultants working with internal personnel. More detailed information regarding the exploration, sampling, mineral resource and ore reserve estimation process can be found in the ASX announcement titled 'Mineral Resources and Ore Reserves Statement' dated 10 October 2019.

CORPORATE GOVERNANCE STATEMENT

Troy Resources Limited has reviewed its Corporate Governance practices against the Corporate Governance Principles and Recommendations, 3rd Edition (ASX Principles) published by the ASX Corporate Governance Council.

The 2019 Corporate Governance Statement has been released as separate document and can be viewed in the Corporate Governance section on the Troy website (www.troyres.com.au).

SHAREHOLDER STATISITCS

As at 8 October 2019

NUMBER OF SHAREHOLDERS

ORDINARY SHARE CAPITAL

592,063,768 fully paid ordinary shares held by 6,856 shareholders.

DISTRIBUTION OF SHAREHOLDER	FULLY PAID ORDINARY
1-1,000	1,822
1,001-5,000	1,863
5,001-10,000	805
10,001-100,000	1,841
100,001 and over	535
Total	**6,856**
Holding less than a marketable parcel	3,489

Substantial shareholders as disclosed in the most recent substantial shareholder notices given to the company are as follows:

SUBSTANTIAL SHAREHOLDERS

FULLY PAID ORDINARY	NO. SECURITIES	PERSON'S VOTES	VOTING POWER
M&G Investment Management Limited	74,500,000	74,500,000	12.58%
Ruffer LLP	39,877,163	39,877,163	8.18%

TWENTY LARGEST SHAREHOLDERS

As at 8 October 2019

SHAREHOLDERS	SHARES HELD	% OF ISSUED CAPITAL
HSBC Custody Nominees (Australia) Limited	165,616,306	27.97
J P Morgan Nominees Australia Limited	56,849,604	9.60
Citicorp Nominees Pty Limited	36,032,311	6.09
Ack Pty Ltd <Markoff Super No 2 A/C>	10,890,373	1.84
BNP Paribas Noms Pty Ltd <DRP>	8,251,963	1.39
BNP Paribas Nominees Pty Ltd <IB Au Noms Retailclient DRP>	7,358,738	1.24
ACN 106966401 Pty Ltd	5,544,762	0.94
Resource Consulting Services Pty Ltd <the RCS Super Fund A/C>	5,345,885	0.90
Staltari Investments Pty Ltd <the Stalfam A/C>	4,761,905	0.80
Chester Nominees WA Pty Ltd <M W Wilson Super Fund A/C>	4,230,682	0.71
Neweconomy Com Au Nominees Pty Limited <900 Account>	4,190,094	0.71
Markoff Super Pty Ltd <Markoff Superannuation A/C>	4,000,000	0.68
Mr Nan Ze Xu	3,800,000	0.64
Graham John Fisher Pty Ltd <Graham J Fisher S/Fund A/C>	3,303,927	0.56
Mr Andrew Dane McDonald	3,000,000	0.51
McCusker Holdings Pty Ltd	3,000,000	0.51
Myola (WA) Pty Ltd <Brent Mezger Family A/C>	2,472,858	0.42
Mr Sam Zhu	2,392,254	0.40
Marford Group Pty Ltd	2,215,219	0.37
Goornong Gees Mining Limited	2,173,598	0.37
Total Top 20	**335,430,479**	**56.65**
Total issued shares as at 8 October 2019	**592,063,768**	**100.00**

Directors' report

The Directors of Troy Resources Limited (Company or Troy) and its subsidiaries (Group) present their annual financial report for the financial year ended 30 June 2019.

DIRECTORS

The names of the Directors of the Company in office during the course of and at the date of this report are as follows:

Peter A Stern
Ken K Nilsson
John L C Jones AM
Richard J Beazley (appointed 3 October 2018)

Unless otherwise indicated, all Directors held their position as a Director throughout the entire financial year and up to the date of this report.

INFORMATION ON DIRECTORS

DIRECTORS

Mr Peter A Stern
(Independent Non-Executive Director and Chairman)
B.Sc. (Hons), FAICD

Mr Stern was appointed on 16 June 2017 and is the principal of Metropolis Corporate Advisory Services. Mr Stern has been providing corporate advisory services since 1987 where his focus is on general strategic advice, mergers and acquisitions, divestments, transaction structuring and business development. Prior to forming Metropolis in 2000, Mr Stern held senior positions in corporate finance with Macquarie Bank, UBS and Deutsche Bank.

Mr Sterns' 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	Anglo Australian Resources NL	Since November 2011
Non-Executive Director	Altan Nevada Minerals Limited	Since May 2017
Non-Executive Director	Entek Energy Limited	July to November 2017

Mr Ken K Nilsson
(CEO and Managing Director)
B.Eng., Cert of Eng

Mr Nilsson joined Troy in 1997 and was re-appointed Managing Director in June 2017 and is currently the Chief Executive Officer. Mr Nilsson is a mining engineer with over 35 years international mine construction and production experience covering gold, base metals and coal. Mr Nilsson was responsible for the development of Troy's Western Australian operations at Sandstone and the construction of the Sertão Mine in Goias state, Brazil and led the team responsible for relocating the Sertão plant and development of the Andorinhas Mine in Para state, Brazil. Mr Nilsson managed the development and construction of Troy's Casposo operation in Argentina and most recently has been responsible for development of the Karouni gold project in Guyana.

Mr Nilsson has not held directorships in any other listed companies in the last three years.

Directors' report

Mr John L C Jones AM
(Non-Executive Director)
AusIMM, AICD

A Non-Executive Director since 27 July 1988, Mr Jones has over 40 years' experience as a director of public companies. Past roles include founder and Chairman of Jones Mining Ltd and Chairman of North Kalgurli Mines NL. Mr Jones is a director of Hampton Transport Services Pty Ltd, a private 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
Non-Executive Director	Tanga Resources Limited (formerly Argentina Mining Limited)	Since June 2014
Non-Executive Chairman	Image Resources Limited	June 2014 to May 2017

Mr Richard J Beazley
(Non-Executive Director)
B.Eng. (Mining), MBA, AusIMM, MAICD

Mr Beazley was appointed on 3 October 2018 and is a mining engineer with 30 years of industry experience. He has a strong corporate, operational and technical background in the resources industry. Richard is currently the Interim Chief Operating Officer of Sandfire Resources NL and Director of Altair Mining Consultancy. His former roles have included Managing Director of Peak Resources Limited, General Manager Operations at Consolidated Minerals and General Manager - Southern Cross Operations at St Barbara Limited.

Mr Beazley has not held directorships in any other listed companies in the last three years.

COMPANY SECRETARY

Mr Gerry Kaczmarek
B.Ec (Acc), MAICD, CPA

Company Secretary of Troy since 4 July 2017. Mr Kaczmarek graduated from the Australian National University (ANU) with a Bachelor in Economics and Accounting. He has over 30 years' experience in the resources and mineral processing industry in Australia and overseas. Mr Kaczmarek previously held the position of Chief Financial Officer/Company Secretary from 2012 to 2016 with ASX 200 gold miner Saracen Mineral Holdings Limited. Prior to this he held the same position at Navigator Resources Limited, Troy Resources Limited (1998 to 2008) and seven years at Burmine Limited before its merger with Sons of Gwalia Limited. Mr Kaczmarek commenced his career with the base metals division of Conzinc Riotinto of Australia Ltd (CRA), now Rio Tinto.

Mr Kaczmarek has been a Non-Executive Director of ASX listed Genesis Minerals Ltd since 20 March 2018.

DIRECTORS' SHAREHOLDINGS

The following table sets out each of the current Directors' relevant interest in shares in the Company as at the date of this report:

Directors	Number of fully paid shares
Mr P A Stern	292,858
Mr J L C Jones	5,356,321
Mr K K Nilsson	1,117,862
Mr R J Beazley	-

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 2019, and the numbers of meetings attended by each Director whilst in office are as follows:

	Board Meetings		Audit Committee Meetings		Nomination & Remuneration Committee Meetings	
Director	Held	Attended	Held	Attended	Held	Attended
Mr P A Stern	8	8	2	2	1	1
Mr K K Nilsson	8	8	2	2	1	1
Mr J L C Jones	8	8	2	2	1	1
Mr R J Beazley (1)	6	6	1	1	-	-

(1) Appointed 3 October 2018

CORPORATE INFORMATION

Troy Resources Limited 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 its ordinary shares trade under the code "TRY".

Information on subsidiaries and Group structure can be found in Note 24 to the Financial Statements.

PRINCIPAL ACTIVITIES

The principal activity of the Group during the year was gold production through its operations at the Karouni Gold Project (Karouni) in Guyana which commenced commercial production on 1 January 2016.

Exploration activities for gold were also conducted during the year at Karouni.

Directors' report

REVIEW OF OPERATIONS

Financial Results

Total revenue for the year decreased by 10.5% to $103,621,000 (2018: $115,714,000).

The consolidated loss after tax for the year was $45,832,000 (2018: loss $9,611,000).

The annual loss is reflected after bringing to account the following items:

	FY19 ($'000)	FY18 ($'000)
(Loss) after tax	(45,832)	(9,611)
Exploration expenditure	4,468	1,285
Government royalty expenses	9,925	10,465
Depreciation and amortisation	23,016	28,790
Impairment loss Karouni mine and property plant and equipment	30,000	-

The loss per share on a diluted basis is 9.3 cents, compared with loss of 2.1 cents in 2018.

Operating Review

The following table summarises the operational and financial performance of the Group over the past five financial years:

		2019	2018	2017	2016 (Restated)	2015
Gold Produced	(oz)	**58,118**	70,207	56,200	60,743	78,001
Silver Produced	(oz)	**-**	-	-	1,668,604	3,111,182
Gold Equivalent Produced	(oz)	**58,118**	70,207	56,200	82,826	121,835
Cash Costs per oz (Au_Eq) (1)	($/oz)	**A$1,093**	A$951	A$1,286	A$1,084	A$867
		US$782	US$737	US$970	US$786	US$726
Gold Price Realised (before impact of hedging) (1)	($/oz)	**A$1,757**	A$1,679	A$1,675	A$1,623	A$1,455
		US$1,257	US$1,302	US$1,263	US$1,184	US$1,215
Silver Price Realised	($/oz)	**N/A**	N/A	N/A	A$20	A$21
		N/A	N/A	N/A	US$15	US$17
Revenue	($ million)	**104**	116	92	145	181
Loss after impairment before tax	($ million)	**(44)**	(10)	(160)	(93)	(99)
Net loss after impairment and tax attributable to members of the company	($ million)	**(46)**	(10)	(148)	(91)	(100)
Earnings before interest, taxation, depreciation and amortisation and impairments (EBITDA) (1)	($ million)	**12**	24	(7)	(57)	41
Exploration Expenditure	($ million)	**4**	1	7	6	10
Capital Expenditure	($ million)	**16**	3	16	37	109
Cash and Bank Deposits	($ million)	**8**	1	9	3	61

(1) "Cash cost", All-in Sustaining-Cost (AISC) and EBITDA are non-IFRS financial information and have not been subjected to audit.

Directors' report

The Group's total production for the year was 58,118 ounces of gold (2018: 70,207 ounces of gold).

Group sales for the year totalled 57,798 ounces of gold (2018: 70,959 ounces of gold).

All gold production for the financial years ended 30 June 2019 and 2018 came from the Karouni operation in Guyana. Production was achieved from the processing of 888,198 tonnes of ore at an average gold grade of 2.11 grams per tonne (g/t) and a 96.2% recovery (2018: 871,660 tonnes of ore processed at an average gold grade of 2.64 grams per tonne (g/t) and a 94.9% recovery).

Karouni cash costs for the year were US$782 per ounce produced (2018: US$737) and All-in Sustaining costs (AISC) were US$1,095 per ounce produced (2018: US$931).

For the financial year, EBITDA was approximately $12 million.

Financial Review

At 30 June 2019, the Group held cash and cash equivalents of $7,827,000, excluding $16,000 which is held for unpresented dividend cheques. Troy held gold inventories with a market value of $5,200,000, therefore providing total cash and equivalents of $13,027,000 excluding restricted cash.

Cash increased by $6,499,000 over the year mainly as a result of net equity raisings of $11,329,000. The existing bank debt facility was repaid (including principal, interest and fees) by an amount of $14,318,000 (2018: $23,518,000) reducing the outstanding Investec loan to US$1,792,000 as at balance date. The significant loan repayments were made from operating cash inflows generated during the year.

Investing activities utilised $15,555,000, of which $3,937,000 (2018: $729,000) related to the purchase of property, plant and equipment and $11,831,000 (2018: $170,000) was expended on development at the Karouni mine. Troy received $55,000 (2018: $65,000) and $22,000 (2018: $3,000) from sale of property, plant and equipment and bank interest respectively, as well as $136,000 from the sale of investments (2018: Nil).

The consolidated loss after tax for the year was $45,832,000 (2018: loss $9,611,000), inclusive of non-cash expenses totalling $53,016,000 (including $30,000,000 in impairment and $23,016,000 in depreciation and amortisation) (2018: Nil and $28,790,000 respectively).

The following annual accounts for the year ended 30 June 2019 contains an independent auditor's report which includes an emphasis of matter paragraph in regards to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

For further information, refer to Note 1 (Going concern assumption section) to the financial statements together with the auditor's report.

DIVIDENDS

No dividends were declared for or during the financial year ended 30 June 2019 (2018: Nil).

CHANGES IN STATE OF AFFAIRS

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

SUBSEQUENT EVENTS

Other than disclosed below, there has not been any matter or circumstances that have arisen since the end of the financial year, which 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.

The Company has scheduled a General Meeting of Shareholders on 10 September 2019, following the receipt of a notice pursuant to section 249D of the *Corporations Act 2001*. The resolutions for the meeting to consider are for a decrease in the aggregate maximum amount payable to Directors and the ratification of the prior issue of 69,142,137 ordinary shares issued on 7 May 2019.

FUTURE DEVELOPMENTS

Troy is committed to pursuing growth through exploration, acquisition of new projects and/or corporate merger activity. Currently attention is focused on the Ohio Creek Prospect located about 10 kilometres from the existing Karouni processing facility in Guyana.

SHARE ISSUES

Details of transactions involving fully paid ordinary shares during the financial year are as follows:

- 1,883,239 ordinary shares at a value of $200,000 were issued to Investec Bank Plc on 27 September 2018 in satisfaction of the restructure fee;
- 26,284,808 ordinary shares at a gross value of $2,759,905 were issued on 3 January 2019 pursuant to a share placement;
- 15,352,247 ordinary shares at a gross value of $1,611,986 were issued on 12 March 2019 pursuant to a shareholder purchase plan; and
- 89,000,000 ordinary shares at a gross value of $7,565,000 were issued on 7 May 2019 pursuant to a share placement.

Total costs in relation to the gross amount raised during the financial year of $11,936,891 were $607,924.

OTHER EQUITY INSTRUMENTS

There are no share appreciation rights or any other employee options granted during the year and there are none on issue as at 30 June 2019.

There have been no grants of equity instruments under the LTIP since the end of the financial year.

At the date of this report, there are 27,780,000 unlisted options on issue to Investec Bank Plc. with an exercise price of $0.13 and an expiry date of 30 September 2019.

No person or entity entitled to exercise any of these share options had or have any rights by virtue of the options to participate in any share issue of any related corporation.

INDEMNIFICATION AND INSURANCE OF OFFICERS

During the financial year, the Company paid premiums in respect of insurance policies covering the Directors and Officers of the Company and its controlled entities. Details of the premium are subject to a confidentiality clause under the contract of insurance. The liabilities insured are costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the Directors and/or Officers of the Company in their capacity as Officers of entities in the Group.

TROY RESOURCES LIMITED

Directors' report

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group is committed to a high standard of environmental performance. Compliance with environmental obligations is monitored by the Board of Directors. No environmental breaches or reportable environmental incidents occurred during the year ended 30 June 2019. The Group has not received any fines or prosecutions under any environmental laws or regulations.

The consolidated entity is subject to environmental regulation in respect of its gold exploration activities. The Group recognises that respecting environmental values held by all stakeholders is an essential aspect of business undertakings.

The Karouni site has one tailings storage facility (TSF), and in light of the tailings dam disasters in South America Troy voluntarily completed the questionnaire initiated by the Church of England Pensions Board and Swedish Council on Ethics, the results of which are disclosed on the Company's website. The TSF has been in operation since August 2015 and is being operated within the design parameters. The most recent independent expert review was performed in May 2018 and the latest downstream impact assessment on communities, ecosystems and critical infrastructure was undertaken in 2014 before the dam approval and construction. Whilst the TSF has been assessed as being classified as major based upon the Australian National Committee on Large Dams (ANCOLD) guidelines, there is minimal risk to human life and community services and contamination of water supplies for human or stock consumption is not expected. The level of impact assessed included the impact on business credibility and significant economic cost and loss to the Group. The oversight of the TSF is undertaken internally and Troy also has specialist external engineering support for this assessment.

The Group regularly undertakes water and noise sampling to ensure any significant anomalies are identified. Guyanese Environmental Protection Authority (EPA) guidelines are adhered to and audits completed each quarter have found no significant issues. Inspection and monitoring of vegetation, groundwater and emissions are conducted to ensure compliance with all regulations. During the year, the Company formed an alliance with the University of Guyana, whereby the university will conduct a test planting programme at Karouni in order to ensure the selection of the optimum vegetation type for reclamation.

Climate change risks that may impact the Group are still to be considered by the Group in detail, including the assessment of the uncertainty surrounding future regulatory frameworks, as well as the physical risks that may result. Any effect of changes in weather including storm and rainfall patterns, may impact operations in Guyana, with both flooding and storm damage impacting production, The impact of any future carbon pricing may increase the energy costs of the Group.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

REMUNERATION REPORT - AUDITED

A. Introduction

This report outlines the existing remuneration structure for Executive Directors, Non-Executive Directors and other Key Management Personnel of the Company or the Group.

In the 2016 financial year, the Board took the decision that it would not be prudent or appropriate to operate a short term incentive plan for the Company's employees at that time. This position was extended into the 2017, 2018 and 2019 financial years. During the 2019/20 financial year, the Board aims to re-evaluate the proposed remuneration framework of the Company, including latest trends in incentive scheme structures, to ensure that the Company's remuneration policies and practices are fair, competitive and responsible, are designed to attract, retain and motivate employees and that we communicate these remuneration arrangements to our shareholders with full transparency and clarity. This review will also take into consideration the operational and financial position of the Company at the time and the Company's ability to pay.

Supported by the Remuneration Committee, the objective of the Board is to ensure that the practices and processes are sound and appropriate for the Company's particular operating circumstances and driven by our guiding principle to deliver value for the benefit of all our stakeholders.

Key Management Personnel during or since the end of the year included:

Non-Executive Directors

P Stern	Non-Executive Director and Chairman
J Jones	Non-Executive Director
R Beazley	Non-Executive Director (appointed 3 October 2018)

Executives

K Nilsson	Managing Director and Chief Executive Officer
G Kaczmarek	Company Secretary and Chief Financial Officer
E Olson	Mine Manager - Karouni (Guyana)
J Altmann	Finance and Administration Manager (Guyana)

B. Remuneration Governance

The Board is responsible for ensuring that the Company's remuneration structures are aligned with the long term interests of the Company and its shareholders. Accordingly the Board has established a Nomination and Remuneration Committee (Remuneration Committee) which is responsible for determining and reviewing remuneration for Key Management Personnel.

The responsibilities and functions of the Remuneration Committee include reviewing and recommending to the Board:

- The Company's remuneration policy and structure, including determining short term incentives, key performance indicators and long term incentive performance targets;
- The level of remuneration and incentives for Executives; and
- Appropriate Non-Executive Director remuneration and the aggregate pool for approval by shareholders (as necessary).

Executive remuneration is reviewed annually having regard to individual and business performance, relevant comparative information and internal and independent external information.

C. Principles Used to Determine the Nature and Amount of Remuneration

Summary of Approach to Remuneration

The Remuneration Committee in the current financial year decided that there would be no change to Directors fees and did not consider reintroducing a short term or long term incentive structure for employees.

Non-Executive Director Remuneration

Fees and payments to Non-Executive Directors’ reflect the responsibilities and demands made on them. They are set at a level that provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

Non-Executive Directors' fees are paid within an aggregate limit approved from time to time by the Company's shareholders (currently $800,000 per annum as approved at the 2011 Annual General Meeting). Retirement payments, if any, are determined in accordance with the rules set out in the Corporations Act as at the time of the Director's retirement or termination. Non-Executive Directors do not receive performance based pay.

The Board’s remuneration levels are set out in Section E below.

No separate Committee fees have been paid to individual Directors for serving on any Board Committee in the 2019 financial year, in line with the 2018 Board determination relating to Committee fees.

Executive Director and Senior Executive Remuneration

Executive Directors and Senior Executives are not currently entitled to any performance based remuneration.

For the financial year ended 30 June 2018, the Remuneration Committee and Board resolved that it would not be appropriate for a variable component to be considered and that Executives would be entitled to their fixed remuneration only, and this position remained unchanged in the year ended 30 June 2019.

The Remuneration Committee will revisit the structure of Executive Remuneration during the 2019/20 financial year and the composition of any future variable component.

Therefore, there has been no variable component payable to Executives as remuneration during the financial years ended 30 June 2019 and 2018.

D. Company Performance

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

	Financial Years Ended 30 June				
	2019	**2018**	**2017**	**2016**	**2015**
Basic Earnings/(Loss) per Share (cents)	**(9.3)**	(2.1)	(34.7)	(28.7)	(49.4)
Diluted Earnings/(Loss) per Share (cents)	**(9.3)**	(2.1)	(34.7)	(28.7)	(49.4)
Shareholders' Funds ($m)	**38.9**	59.8	65.3	153.4	172.3
Net Profit/(Loss) Before Tax ($m) Continuing operations Discontinued operations	 **(44.1)** -	 (9.6) -	 (160.2) -	 (12.7) (80.5)	 (99.3) -
Net Profit/(Loss) After Tax & Non-Controlling Interests ($m)	**(45.8)**	(9.6)	(148.2)	(90.8)	(100.4)
Operating Revenue ($m)	**103.6**	115.7	91.8	145.4	180.8
Gold Equivalent Production (oz.)	**58,118**	70,207	56,200	82,826	121,835
Share Price at beginning of the year ($/share)	**$0.145**	$0.078	$0.54	$0.37	$1.07
Share Price at end of the year ($/share)	**$0.096**	$0.145	$0.078	$0.54	$0.37
Market Capitalisation at end of year ($m)	**57**	67	36	184	107

E. Non-Executive Director Remuneration

The following base annual fees applied during the 2019 financial year:

Position	30 June 2019	30 June 2018
Base Fees (plus superannuation or in lieu of)		
Chairman [1]	**132,300**	212,300
Non-executive Directors	**72,000**	72,000
Additional fees		
Committee Chairman	**Nil**	Nil
Committee Member	**Nil**	Nil

[1] During the 2018 year Mr Stern's base remuneration of $132,300 was increased due to extra workload assumed during the Investec Bank renegotiations and the S.249D General Meeting called in October 2017. His remuneration reverted to base amount from 1 July 2018.

During the year ended 30 June 2019, the Remuneration Committee decided that it was appropriate to compensate Mr Stern, having considered the additional work currently undertaken and expected to be undertaken by the Chairman, and agreed to a $15,000 increase to the base salary, payable over six months from May to October 2019.

All Non-Executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the board policies and terms, including remuneration, relevant to the office of Director.

F. Elements of Remuneration of Executives

As no incentive scheme was active during the year, remuneration paid to Executives consisted primarily of fixed remuneration.

There were no bonuses awarded or payable in relation to performance of Executives for the current year and there were no grants of share-based payment arrangements affecting remuneration of Key Management Personnel in the current financial year.

Fixed Remuneration

Individual Executives' base salaries for the 2019 financial year were:

Name	Position	Base Salary
Ken Nilsson	Managing Director and CEO	$492,750
Gerard Kaczmarek (1)	Chief Financial Officer and Company Secretary	$325,000
Eric Olson	Mine Manager - Guyana	US$324,000
Jamie Altmann	Finance and Administration Manager – Guyana	US$295,000

(1) Mr Kaczmarek is a part time employee and the Base Salary above is calculated as a Full Time Equivalent (FTE) with his remuneration paid based upon actual hours worked.

The Remuneration Committee and the Board have again made no changes to the base salary levels for Executives for the year ended 30 June 2019.

There has been no general increase in the base salary levels for Executives since FY2013.

Remuneration components available to Executives from 1 July 2019 are as follows:

Name	Base Salary	Superannuation	Other Benefits(1)	Total Fixed Remuneration	Insurance(5)
Ken Nilsson	$492,750	n/a	-	$492,750	Expat Medical
Gerard Kaczmarek (2)	$325,000	$30,875	-	$355,875	-
Eric Olson (3)	US$366,936	n/a	-	US$366,936	Expat Medical
Jamie Altmann (4)	US$295,000	n/a	-	US$295,000	Expat Medical

(1) Other benefits may include the provision of motor vehicles, airfares and housing accommodation.

(2) Mr Kaczmarek is a part time employee and the Base Salary above is calculated as a Full Time Equivalent (FTE) with his remuneration paid based upon actual hours worked.

(3) Mr Olson is entitled to receive US$270,000 per annum and is entitled to have any mandatory withholdings or deductions from this amount grossed up. The increase in Mr Olson's salary is due to the change in withholding tax in Guyana.

(4) Mr Altmann returned to Australia at the end of June 2018 for health reasons. Refer Section G for details of amounts received by Mr Altmann for the year ended 30 June 2019.

(5) All Troy expat employees are covered by a group wide medical insurance policy. Individuals are not specific policy holders under this policy.

G. Directors' and Executive Officers' Remuneration

Details of the remuneration of each director of the Company and other key management personnel of the consolidated entity are:

Name	Year	Fixed Remuneration				Long Service Leave	Termination Benefits / Sign On Benefits	Variable Remuneration		Total
		Cash Salary & Fees (1)	Other Benefits (including Non-Monetary) (2)	Post-Employment Superannuation Benefits	Total			Cash Bonus	Equity Share-based Payments	
		$	$	$	$	$	$	$	$	$
Non-Executive Directors										
P A Stern (3)	**2019**	**137,775**	**-**	**12,569**	**150,344**	**-**	**-**	**-**	**-**	**150,344**
Chairman	2018	212,300	-	15,419	227,719	-	-	-	-	227,719
J L C Jones	**2019**	**72,000**	**-**	**6,840**	**78,840**	**-**	**-**	**-**	**-**	**78,840**
Non-Executive Director	2018	72,000	-	6,840	78,840	-	-	-	-	78,840
R J Beazley (4)	**2019**	**54,000**	**-**	**5,130**	**59,130**	**-**	**-**	**-**	**-**	**59,130**
Non-Executive Director	2018	-	-	-	-	-	-	-	-	-
Executive Director										
K K Nilsson (5)	**2019**	**520,407**	**-**	**-**	**520,407**	**12,319**	**-**	**-**	**-**	**532,726**
Managing Director and CEO	2018	477,006	6,085	8,124	491,215	-	121,200	-	-	612,415
Senior Management										
A E Olson (6)	**2019**	**517,427**	**-**	**-**	**517,427**	**-**	**-**	**-**	**-**	**517,427**
Mine Manager – Guyana	2018	400,479	-	-	400,479	-	-	-	-	400,479
G F Kaczmarek (7)	**2019**	**325,550**	**-**	**28,679**	**354,229**	**-**	**-**	**-**	**-**	**354,229**
Chief Financial Officer / Company Secretary	2018	284,445	-	27,022	311,467	-	-	-	-	311,467
J L Altmann (8)	**2019**	**68,736**	**-**	**-**	**68,736**	**-**	**-**	**-**	**-**	**68,736**
Finance and Administration Manager	2018	380,487	63,105	-	443,592	-	-	-	-	443,592
S Apostolou (9)	**2019**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Chief Financial Officer / Company Secretary	2018	4,014	-	381	4,395	-	-	-	-	4,395
Total Non-executive Remuneration	**2019**	**263,775**	**-**	**24,539**	**288,314**	**-**	**-**	**-**	**-**	**288,314**
	2018	284,300	-	22,259	306,559	-	-	-	-	306,559
Total Executive Directors & Senior Mgt	**2019**	**1,432,120**	**-**	**28,679**	**1,460,799**	**12,319**	**-**	**-**	**-**	**1,473,118**
	2018	1,546,431	69,190	35,527	1,651,148	-	121,200	-	-	1,772,348
Total KMP	**2019**	**1,695,895**	**-**	**53,218**	**1,749,113**	**12,319**	**-**	**-**	**-**	**1,761,432**
	2018	1,830,731	69,190	57,786	1,957,707	-	121,200	-	-	2,078,907

Directors' report

Directors' and Executive Officers' Remuneration (Continued)

Notes in relation to the Table of Directors and Executive Officer' Remuneration

(1) Includes, where applicable accrued employee annual leave entitlements.

(2) Non-monetary benefits include provision of accommodation and related expenses whilst working away from normal place of residence.

(3) Mr Stern received the annual fee for the Chairman position of $132,000. The remuneration disclosed includes an accrued payment of $5,475 relating to additional stakeholder and investor relations work.

(4) Mr Beazley was appointed a Non-Executive Director on 3 October 2018. Mr Beazley will receive the annual fee for Non-Executive Directors of $72,000.

(5) Mr Nilsson's base contract is denominated in AUD. However, Mr Nilsson is paid directly by Troy's overseas entities in their home currency, and as a result, actual amounts paid, when converted differ to the contractual amount. Mr Nilsson was paid a sign on benefit of $121,200 when his contract was amended as a consequence of debt facility negotiations in September 2017.

(6) Mr Olson is paid in USD and his contract allows a gross up for withholding and other taxes. Whilst his contractual rate remains unchanged since appointment, his 2018 remuneration included a gross up of 20% for withholding tax. From 1 February 2019 Mr Olson is taxed under the Guyana PAYE at an average rate of approx. 36%.

(7) Mr Kaczmarek's annual base salary from appointment date (4 July 2017) is $325,000, with his actual remuneration calculated on actual hours worked.

(8) Mr Altmann returned to Australia at the end of June 2018 for health reasons. The amount disclosed as fixed remuneration salary relates to the payment of accrued annual leave. In addition to the amount disclosed in the table, the Groups insurer has paid Mr Altmann $319,243 under the Company's expatriate medical expenses insurance policy during the year ended 30 June 2019.

(9) Ms Apostolou ceased duties 4 July 2017.

H. Employment Contracts

Executive	Contract Commencement	Termination Notice	Termination Benefit
Executive Director			
K Nilsson	1 October 2017	For termination by the Executive, three months' notice. For termination by the Company, six months' notice.	For termination by the Company, six months' salary plus any accrued leave entitlement. If a material change event occurs, and the Executive resigns, the Executive shall be entitled to a payment equal to the Base Remuneration for a six month period. Such payment consistent with the *Corporations Act 2001*.
Other Executives			
G Kaczmarek	4 July 2017	One month.	For termination by the Company, one months' salary plus any accrued leave entitlement.
E Olson	1 March 2018	For termination by the Executive, one months' notice. For termination by the Company, sixty days' notice.	Accrued leave entitlement.
J Altmann	1 January 2014	One month.	Accrued leave entitlement.

Directors' report

I. Equity Holdings

Ordinary Shareholdings

2019	Held at 1 July 2018	Granted as Remuneration	Received on Exercise of Options	Net Other Change (1)	Held at 30 June 2019	Balance Held Nominally
Directors						
K K Nilsson	975,004	-	-	142,858	**1,117,862**	-
P A Stern	150,000	-	-	142,858	**292,858**	292,858
J L C Jones	8,509,063	-	-	(3,152,742)	**5,356,321**	3,558,700
R J Beazley (2)	-	-	-	-	**-**	-
Other Key Management Personnel						
G Kaczmarek	250,000	-	-	142,858	**392,858**	-
E Olson	-	-	-	-	**-**	-
J Altmann	-	-	-	-	**-**	-
TOTAL	9,884,067		-	(2,724,168)	**7,159,899**	3,851,558

(1) Other changes represent shares that were purchased or sold during the year including participation in the March 2019 Share Purchase Plan.
(2) Appointed 3 October 2018.

Long Term Incentive Plan

The Troy Resources Limited Long Term Incentive Plan (LTIP) was adopted by the Board on 11 October 2013. The LTIP encompasses the ability to issue options, performance rights and share appreciation rights and was approved at the 2013 Annual General Meeting.

Share Appreciation Rights (SAR's)

SAR's can be issued under the LTIP 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;

Directors' report

(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.

(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.

There were no share appreciation rights granted as equity compensation benefits to KMP during the years ended 30 June 2019 or 30 June 2018.

All share appreciation rights lapsed prior to 1 July 2018 and there are none on issue as at 30 June 2019 (2018: Nil).

Option and Performance Rights

There were no options or share performance rights granted as equity compensation benefits to KMP during the year ended 30 June 2019 and all options and share performance rights previously issued have now lapsed.

Directors' report

Adoption of year ended 30 June 2018 Remuneration Report

At the Company's Annual General Meeting held on 26 November 2018, shareholders adopted the 30 June 2018 Remuneration Report with a clear majority of 82,404,520 votes in favour, being 83.8% of the votes cast.

Remuneration Consultants

There were no remuneration recommendations made in relation to key management personnel by remuneration consultants in the financial year ended 30 June 2019.

Loans and other transactions

There are no loans or other transactions with Executive Directors, Non-Executive Directors or other Key Management Personnel in relation to the financial year ended 30 June 2019 (2018: Nil).

End of Remuneration Report - Audited.

Directors' report

NON-AUDIT SERVICES

The auditor of the Company and the Consolidated Entity is PricewaterhouseCoopers. The Company also sources its tax services from PricewaterhouseCoopers. The Company has a general policy that 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 and taxation service 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 or their knowledge 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 46.

Details of amounts paid or payable to the auditor for audit and non-audit services provided during the financial year are outlined in Note 25 to the Financial Statements.

Rounding of Amounts

The Company is a company of the kind referred to in ASIC legislative instrument 2016/191, and in accordance with that Class Order amounts in the Directors' Report and the financial report are rounded to the nearest thousand dollars, unless otherwise indicated.

Signed at Perth, Western Australia, this 29th day of August 2019 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
P A Stern
Non-Executive Chairman

Auditor's Independence Declaration

As lead auditor for the audit of Troy Resources Limited for the year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been:

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

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

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

Ben Gargett
Partner
PricewaterhouseCoopers

Perth
29 August 2019

Consolidated statement of profit or loss for year ended 30 June 2019

	Notes	**2019 $'000**	2018 $'000
Revenue	3	**103,621**	115,714
Cost of Sales	4	**(104,035)**	(109,009)
Gross (Loss)/Profit		**(414)**	6,705
Other income	3	**518**	760
Share of net loss of equity accounted associate	3	**-**	(1,875)
Exploration expenses	4	**(4,468)**	(1,285)
Administration expenses	4	**(2,423)**	(2,859)
Finance costs	4	**(3,072)**	(4,849)
Other expenses	4	**(4,205)**	(6,208)
Impairment loss	12	**(30,000)**	-
Loss before income tax		**(44,064)**	(9,611)
Income tax (expense)/benefit	5	**(1,768)**	-
LOSS AFTER TAX		**(45,832)**	(9,611)
Loss attributable to:			
Owners of the parent		**(45,832)**	(9,611)
Earnings per share for loss attributable to the ordinary equity holders of the company			
Basic EPS (cents)	6	**(9.3)**	(2.1)
Diluted EPS (cents)	6	**(9.3)**	(2.1)

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

Consolidated statement of comprehensive income for year ended 30 June 2019

	Notes	**2019** **$'000**	2018 $'000
Loss for the Year		**(45,832)**	(9,611)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Changes in value of cash flow hedge reserve net of tax	18	**(133)**	1,876
Reclassification to profit and loss on discontinuation of hedging relationship		**(362)**	-
Exchange differences on translation of foreign operations	18	**13,459**	1,905
Changes in financial assets at fair value through other comprehensive income net of tax	18	**(150)**	(30)
Other comprehensive income for the year, net of tax		**12,814**	3,751
Total comprehensive loss for the year		**(33,018)**	(5,860)
Total comprehensive loss attributable to:			
Owners of the parent		**(33,018)**	(5,860)

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

Consolidated statement of financial position as at 30 June 2019

	Notes	2019 $'000	2018 $'000
CURRENT ASSETS			
Cash and cash equivalents	8	**7,843**	1,344
Trade and other receivables	9	**1,542**	3,282
Inventories	10	**9,818**	15,753
Financial assets at fair value through other comprehensive income		**-**	150
TOTAL CURRENT ASSETS		**19,203**	20,529
NON-CURRENT ASSETS			
Property, plant and equipment	11	**22,749**	44,644
Mine properties	12	**24,476**	36,542
Other receivables	9	**7,421**	4,768
Deferred tax assets	5	**-**	1,768
TOTAL NON-CURRENT ASSETS		**54,646**	87,722
TOTAL ASSETS		**73,849**	108,251
CURRENT LIABILITIES			
Trade and other payables	13	**25,829**	28,582
Provisions	14	**1,183**	697
Hedge liability	15	**-**	1,102
Borrowings	16	**2,105**	14,192
Lease liability	17	**1,009**	-
TOTAL CURRENT LIABILITIES		**30,126**	44,573
NON-CURRENT LIABILITIES			
Provisions	14	**4,749**	3,913
Lease liability	17	**50**	-
TOTAL NON-CURRENT LIABILITIES		**4,799**	3,913
TOTAL LIABILITIES		**34,925**	48,486
NET ASSETS		**38,924**	59,765
EQUITY			
Issued capital	18	**365,468**	353,939
Reserves	18	**42,267**	38,048
Accumulated losses		**(368,811)**	(332,222)
TOTAL EQUITY		**38,924**	59,765

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

Consolidated statement of changes in equity for year ended 30 June 2019

	Issued Capital $'000	Financial Assets Reserve $'000	Share-based Payments Reserve $'000	Hedging Cash Flow Reserve $'000	Foreign Currency Translation Reserve $'000	Accumulated Losses $'000	Total Equity $'000
Balance at 1 July 2017	**353,639**	**180**	**9,243**	**(1,381)**	**26,255**	**(322,611)**	**65,325**
Loss for the year	-	-	-	-	-	(9,611)	(9,611)
Changes in fair value of hedging instrument net of deferred tax	-	-	-	1,876	-	-	1,876
Changes in financial assets at fair value through other comprehensive income net of tax	-	(30)	-	-	-	-	(30)
Exchange rate differences on translation of foreign operations	-	-	-	-	1,905	-	1,905
Total comprehensive loss for the year	-	(30)	-	1,876	1,905	(9,611)	(5,860)
Issue of fully paid shares - capital raising	-	-	-	-	-	-	-
Issue of fully paid shares to Investec	300	-	-	-	-	-	300
Transfers of forfeited SARs and options	-	-	-	-	-	-	-
Balance at 30 June 2018	**353,939**	**150**	**9,243**	**495**	**28,160**	**(332,222)**	**59,765**
Balance at 1 July 2018	**353,939**	**150**	**9,243**	**495**	**28,160**	**(332,222)**	**59,765**
Loss for the year	**-**	**-**	**-**	**-**	**-**	**(45,832)**	**(45,832)**
Changes in fair value of hedging instrument net of deferred tax	**-**	**-**	**-**	**(133)**	**-**	**-**	**(133)**
Reclassification to P & L on discontinuation of hedging relationship	**-**	**-**	**-**	**(362)**	**-**	**-**	**(362)**
Changes in financial assets at fair value through other comprehensive income net of tax	**-**	**(150)**	**-**	**-**	**-**	**-**	**(150)**
Exchange rate differences on translation of foreign operations	**-**	**-**	**-**	**-**	**13,459**	**-**	**13,459**
Total comprehensive loss for the year	**-**	**(150)**	**-**	**(495)**	**13,459**	**(45,832)**	**(33,018)**
Issue of fully paid shares - capital raising	**11,937**	**-**	**-**	**-**	**-**	**-**	**11,937**
Share issue costs	**(608)**	**-**	**-**	**-**	**-**	**-**	**(608)**
Issue of fully paid shares to Investec	**200**	**-**	**-**	**-**	**-**	**-**	**200**
Issue of options to Investec	**-**	**-**	**648**	**-**	**-**	**-**	**648**
Transfers of forfeited SARs and options	**-**	**-**	**(9,243)**	**-**	**-**	**9,243**	**-**
Balance at 30 June 2019	**365,468**	**-**	**648**	**-**	**41,619**	**(368,811)**	**38,924**

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

Consolidated statement of cash flows for year ended 30 June 2019

	Notes	2019 $'000	2018 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**101,776**	119,559
Payments to suppliers and employees		**(67,265)**	(92,583)
Government royalties paid		**(9,539)**	(5,110)
Commodity hedging receipts/(payments)		**248**	(5,142)
Proceeds from sundry income		**360**	107
Net cash inflow from by operating activities	8	**25,580**	16,831
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		**(3,937)**	(729)
Payments for mine properties		**(11,831)**	(170)
Proceeds from sale of investments		**136**	-
Proceeds from sale of property, plant and equipment		**55**	65
Interest received		**22**	3
Net cash outflow from investing activities		**(15,555)**	(831)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		**(13,210)**	(21,032)
Payment of financing costs		**(1,108)**	(2,486)
Payments of finance lease liabilities		**(624)**	-
Net proceeds from the issue of equity securities		**11,329**	-
Net cash outflow from financing activities		**(3,613)**	(23,518)
Net increase/(decrease) in cash and cash equivalents		**6,412**	(7,518)
Cash and cash equivalents at the beginning of the financial year		**1,344**	8,855
Effects of exchange rate changes on balances held in foreign currencies		**87**	7
Cash and cash equivalents at the end of the financial year	8	**7,843**	1,344

Refer to Note 8 iii) for information relating to non-cash financing and investing activities.

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

Notes to the consolidated financial statements

1. Basis of preparation

Troy Resources Limited (Company or Group) is a for profit public company listed on the Australian Securities Exchange, incorporated and operating in Australia with subsidiary or associate companies in Guyana, Argentina, Brazil and Canada. The registered office is:

Troy Resources Limited
Level 2
5 Ord Street
West Perth WA 6005
Tel: +61 8 9481 1277

The principal activities of the Group during the year were gold production and exploration.

Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards (AASB) and Interpretations. The consolidated financial statements comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements were authorised for issue by the Directors at a meeting held on 28 August 2019.

Basis of measurement

The consolidated financial statements have been prepared on a going concern basis in accordance with the historical cost convention, except for certain financial instruments that are measured at fair value.

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 settle 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 measurements that have some similarities to 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.

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the report results of the Group.

Notes to the consolidated financial statements

1. Basis of preparation (continued)

Principles of consolidation and equity accounting

Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company and are deconsolidated from the date that control ceases.

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

Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% - 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (refer Note 23), after initially being recognised at cost.

Going Concern Assumption

The Directors believe it is appropriate to prepare the consolidated financial statements on a going concern basis which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

As at 30 June 2019, the Company has a net current asset deficiency of $10,923,000 (2018: $24,044,000) and recorded an after tax loss of $45,832,000, which included a $30,000,000 impairment loss (2018: $9,611,000 and nil). The reduction in net current liabilities reflects payment of the scheduled Investec Bank Plc (Investec) loan principal repayments $13,210,000 (2018: $21,032,000). Other creditors have also been reduced to $25,829,000 (2018: $28,582,000).

Offsetting this is the fact that the Company had positive operating cash inflows of $25,580,000 for the year to 30 June 2019 (2018: inflow of $16,831,000).

The continuing viability of the Company and its ability to continue as a going concern and meet its debts and commitments as they fall due, are dependent upon the Company being successful in:-

- Operational cashflows - Achieving positive operational cash flows over the next 12 month period, which are forecast to exceed cash outflows including the final Investec loan repayment.

- Re-optimising pit designs and mine plans - The Company is in the process of re-optimising pit designs and the mine plan to incorporate recent grade control drilling information and current gold price. This may lead to an increase in mine life and production.

Notes to the consolidated financial statements

1. Basis of preparation (continued)

- Continued support of its creditors - Management in Guyana have regular contact with Troy Resources Guyana Inc.'s (TRGI) trade creditors and has in place plans for the repayment of outstanding amounts. To date support from creditors has been forthcoming.

- Support from the Company's financier, Investec - The Directors are confident that the Group will repay the final instalment of US$1.792 million due to Investec Bank plc on 30 September 2019.

- Capital raising - The Directors consider that the Group has a demonstrated track record of successfully raising equity and expect that it will be able to do so in the future should it be required.

- Exploration Drilling - The Company has continued to announce strong exploration results from the Ohio Creek Prospect during the financial year which is located approx. 10 kms from the Karouni processing plant. Preparation of a mineral resource and mining plan for Ohio Creek is underway. Success in determining the mineral resources and converting into mineable ore reserves and a mine design would extend the mine life of the Karouni operation.

As a result of these matters, there is a material uncertainty that may cast some doubt on the Company's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. However, the directors believe that the Company will be successful in the above matters and, accordingly, have prepared the financial report on a going concern basis.

Rounding of Amounts

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

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). 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 the consolidated statement of profit or loss in the period in which they arise except for:

i) 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 the consolidated statement of profit or loss on repayment of the monetary items.

Notes to the consolidated financial statements

1. Basis of preparation (continued)

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.

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.

On the disposal of a foreign operation all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to the consolidated statement of profit or loss.

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 key accounting judgements and sources of estimation uncertainty at the end of the reporting period, are those 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.

Determination of Ore Reserves

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.

Other Critical Accounting Judgements

Other critical accounting judgements and key sources of estimation uncertainty are discussed in the following notes:

Notes to the consolidated financial statements

1. Basis of preparation (continued)

Recognition of tax losses	Note 5
Impairment of property, plant and equipment and mine properties	Note 12
Rehabilitation obligations	Note 14

PERFORMANCE FOR THE YEAR

This section focuses on the results and performance of the Group. This covers profitability and the resultant return to shareholders via earnings per share and cash generation.

2. Segment reporting

Accounting Policy

Reportable segments are determined based on the information reported to the Chief Executive Officer and Managing Director for the purposes of resource allocation and assessment of segment performance, and are based on geographical countries and split between operations and exploration activities.

The Group currently has only one identifiable segment of its business:

Gold Mining - Guyana: the principal activity of this business is gold production and exploration activities in the country of Guyana in South America.

The following is an analysis of the Group's revenue and results by reportable operating segment for the current and prior year:

	Segment revenue		Segment profit/(loss)	
	2019 ($'000)	2018 ($'000)	**2019 ($'000)**	2018 ($'000)
Operations				
Guyana	**101,776**	115,714	**(2,259)**	2,738
Total operations	**101,776**	115,714	**(2,259)**	2,738
Expenses - Guyana				
Exploration			**(4,468)**	(1,285)
Other expenses			**(3,040)**	-
Total expenses			**(7,508)**	(1,285)
Impairment				
Guyana mine properties			**(15,000)**	-
Guyana property, plant and equipment			**(15,000)**	-
Total impairment loss before income tax			**(30,000)**	-
Corporate revenue	**1,845**	-	**1,845**	-
Total segments	**103,621**	115,714	**(37,922)**	1,453
Other income			**518**	760
Share of loss from Casposo accounted for using the equity method			**-**	(1,875)
Corporate administration			**(2,423)**	(2,859)
Other expenses			**(1,165)**	(2,241)
Finance costs			**(3,072)**	(4,849)
Loss before tax			**(44,064)**	(9,611)
Income tax expense			**(1,768)**	-
Loss for the year			**(45,832)**	(9,611)

Notes to the consolidated financial statements

2. Segment reporting (continued)

The revenue reported above represents revenue generated from external customers. There were no intersegment sales during the year (2018: Nil).

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

The following is an analysis of the consolidated entity's assets and liabilities by reportable segment. Assets and liabilities are measured in the same way as in the financial statements. The assets and liabilities are allocated based on operations of the segment and physical location of the assets:

Total assets	2019 ($'000)	2018 ($'000)
Operations		
Guyana	**68,795**	105,761
Total segment assets	**68,795**	105,761
Cash and cash equivalents [(1)]	**4,872**	337
Deferred tax assets	**-**	1,768
Receivables and other assets [(1)]	**182**	385
Total assets	**73,849**	108,251

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

Total liabilities	2019 ($'000)	2018 ($'000)
Operations		
Guyana	**32,039**	32,432
Total segment liabilities	**32,039**	32,432
Borrowings [(2)]	**2,105**	14,192
Hedge liability [(2)]	**-**	1,102
Other liabilities [(2)]	**781**	760
Total liabilities	**34,925**	48,486

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

Other segment information	2019 ($'000)	2018 ($'000)
Depreciation and amortisation		
Guyana	**23,000**	28,758
Unallocated	**16**	32
Total depreciation and amortisation	**23,016**	28,790
Additions to property, plant and equipment		
Guyana	**3,936**	3,302
Unallocated	**1**	10
Total additions	**3,937**	3,312

Notes to the consolidated financial statements

3. Revenue and other income

Accounting Policy

Previously the Group recognised revenue at the fair value of the consideration received or receivable, when the risks and rewards of ownership had passed to the buyer, revenue and associated costs could be measured reliably and it was probable future economic benefits would flow to the Group.

Under the revised accounting standard AASB15 *Revenue from Contracts with Customers*, revenue is measured as the amount of consideration that the Group expects to be entitled to in exchange for transferring goods to customers. The Group recognises revenue at a point-in-time when (or as) the performance obligations, as determined by contracts with the customers, have been satisfied.

Judgement is required to determine at which point the Group no longer has control of the gold and silver. The Group's assessment is that control effectively passes on the date the irrevocable instruction is given to the Group's refiner, as it is at this point in time the revenue is recognised. This is considered the point when the performance obligation has been satisfied and the Group no longer has control of the product.

The Group only has one external customer, there is no financing component and there are no other contract assets or contract liabilities related to contracts with the Groups customer.

Sales are denominated in US dollars, with minor adjustments made, if required, for the final gold price, assay and weight results between dispatch and final settlement.

The adoption of AASB 15 from 1 July 2018 did not have a material impact on the Group's retained earnings.

The Group has provisionally priced sales, for which price finalisation is outstanding as at 30 June 2019, by reference to the relevant gold and silver price. The Group's exposure to price fluctuations has been assessed as not material.

	2019 ($'000)	2018 ($'000)
Revenue		
Gold sales	**101,566**	119,367
Silver sales	**210**	192
Reclassification of hedging cash flow reserve to profit or loss	**362**	-
Hedge net gain/(losses)	**1,483**	(3,845)
	103,621	115,714
Other Income		
Interest received	**22**	3
Gain on sale of investments	**136**	-
Net foreign exchange gains	**-**	650
Other	**360**	107
	518	760
Share of net loss of associate accounted for using the equity method(1)	**-**	(1,875)

(1) Includes Casposo investment write down of $996,000 in 2018.

Notes to the consolidated financial statements

4. Expenses

i) Cost of Sales

	2019 ($'000)	2018 ($'000)
Mining and milling expenses	**65,836**	64,353
Government Royalties	**9,925**	10,465
Amortisation of mining properties	**10,607**	15,779
Depreciation of property plant and equipment	**12,393**	12,979
Other	**5,274**	5,433
	104,035	109,009

ii) Exploration

Accounting policy

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 a Mineral Resource has been delineated at the prospect whereupon additional costs are capitalised. At this point it is considered reasonable that a recoupment out of revenue will be derived from the successful development of the prospect, or from sale of that prospect.

Exploration and evaluation assets shall be assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount, in particular when exploration for and evaluation of mineral resources in the specific area have not led to commercially viable quantities of mineral resources and the Company has decided to discontinue such activities in the specific area or when right of tenure to the area lapses.

Where tenements or part of an area of interest are disposed of, the proceeds of this partial disposal will reduce the value of the asset by the fair value of those proceeds. This recognises that part of the future economic benefit of the asset has effectively been disposed.

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

	2019 ($'000)	2018 ($'000)
Exploration expenditure incurred	**4,468**	1,285

iii) Administration expenses

	2019 ($'000)	2018 ($'000)
Head office salaries and on-costs	**485**	767
Head office corporate restructure costs	**-**	47
Non-Executive Directors fees and on-costs	**288**	318
Other head office administration(1)	**1,650**	1,727
	2,423	2,859

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

Notes to the consolidated financial statements

4. Expenses (continued)

iv) Finance costs

Accounting policy – borrowing costs

Borrowings costs relate to financial liabilities measured at amortised cost using the effective interest method, therefore costs are recognised on an effective yield basis resulting in allocating the borrowing costs over the relevant period.

	2019 ($'000)	2018 ($'000)
Borrowing costs	**2,428**	4,504
Rehabilitation provisions unwinding of discount	**644**	345
	3,072	4,849

v) Other expenses

	2019 ($'000)	2018 ($'000)
Net foreign exchange loss	**2,769**	-
Care and maintenance costs Brazil	**482**	1,162
Overseas office and administration	**6**	175
Loss on sale of assets	**948**	275
Withholding tax - Guyana	**-**	629
Inventory write down	**-**	3,967
	4,205	6,208

5. Taxation

Accounting policy

Goods and Services Tax/Value Added 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.

The net amount of GST/VAT recoverable from the taxation authority is included as part of receivables. 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.

Income tax

Income tax expense

Income tax expense represents the sum of the current tax and deferred tax.

Current Tax

Current tax is based on the expected payable or receivable on the taxable income or loss for the year, using tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustments to tax payable in respect of previous years.

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.

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.

Current and deferred tax for the year

Current and deferred tax is recognised in the consolidated statement of profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is also recognised in other comprehensive income or directly in equity, respectively.

5. Taxation (continued)

Tax consolidation

The Company and its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law and are therefore taxed as a single entity. Troy Resources Limited (Troy) is the head entity in the tax-consolidated group. 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

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

i) Income tax recognised in profit or loss

	2019 ($'000)	2018 ($'000)
Current tax expense	**-**	-
Deferred income tax	**-**	-
Income tax expense	**-**	-

Numerical reconciliation of tax expense benefit to prima facie tax payable	**2019 ($'000)**	2018 ($'000)
Loss before tax	**(44,064)**	(9,611)
Income tax benefit at Group's statutory rate of 30% (2018: 30%)	**(13,219)**	(2,883)
Difference in income tax expense due to:		
Non-deductible expenses	**230**	1,266
Non-deductible impairment losses	**9,000**	-
Group and foreign currency restructure	**-**	2
Other temporary differences not recognised	**19**	(222)
Australian tax losses not brought to account	**-**	1,013
Tax losses utilised not previously brought to account	**(1,035)**	-
Foreign tax losses (recognised)/not brought to account	**5,005**	824
Deferred tax expenses arising from the write-down of a deferred tax asset	**(1,768)**	-
Income tax expense	**(1,768)**	-

	2019 ($'000)	2018 ($'000)
Deferred income tax related to items charged or credited directly to equity		
Foreign currency translation reserve – deferred tax	**0**	56
Income tax benefit reported in equity	**0**	56

Notes to the consolidated financial statements

5. Taxation (continued)

ii) Deferred tax assets arise from the following:

	Opening balance ($'000)	Charged to income ($'000)	Charged to equity ($'000)	Closing balance ($'000)
2019				
Plant and equipment - Guyana	**565**	**(565)**	**-**	**-**
Provisions	**13**	**7**	**-**	**20**
Hedge financial liability and accruals	**(344)**	**383**	**-**	**39**
Loans	**424**	**(347)**	**-**	**77**
Tax losses	**1,203**	**(1,203)**	**-**	**-**
Other	**(93)**	**(43)**	**-**	**(136)**
	1,768	**(1,768)**	**-**	**-**
Deferred tax assets				**-**

	Opening balance ($'000)	Charged to income ($'000)	Charged to equity ($'000)	Closing balance ($'000)
2018				
Plant and equipment - Guyana	509	-	56	565
Provisions	72	(59)	-	13
Hedge financial liability and accruals	(599)	255	-	(344)
Loans	(414)	838	-	424
Tax losses	1,203	-	-	1,203
Other	941	(1,034)	-	(93)
	1,712	-	56	1,768
Deferred tax assets				1,768

iii) Tax balances

	2019 ($'000)	2018 ($'000)
Deferred tax assets	**-**	1,768

Deferred tax assets related to temporary differences and tax losses in Guyana with regards to Karouni and their utilisation is dependent on the generation of future taxable profits from the Karouni mine in Guyana, for realisation as future income tax benefits. The assumptions used in determining deferred tax asset recognition are consistent with the assumptions stated in Note 12.

iv) Unrecognised deferred tax assets

The following deferred tax assets have not been brought to account as realisation is not regarded as probable:	**2019 ($'000)**	2018 ($'000)
Tax losses - Australia	**13,621**	12,902
Tax losses - Guyana	**14,949**	14,452
Temporary differences - Australia	**136**	843
Deferred tax asset not brought to account	**28,706**	28,197

6. Loss per share

Accounting policy

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.

	2019 Cents per share	2018 Cents per share
Basic loss per share	**(9.3)**	(2.1)
Diluted loss per share	**(9.3)**	(2.1)

Reconciliation of loss used in calculating loss per share

	2019 ($'000)	2018 ($'000)
Basic and diluted earnings per share loss after tax from operations	**(45,832)**	(9,611)

Weighted average number of shares

	2019 Number ('000)	2018 Number ('000)
Weighted average number of ordinary shares used in calculating basic and diluted loss per share	**491,943**	458,769

The following potential ordinary shares are non-dilutive and are therefore excluded from the weighted average number of ordinary shares for the purposes of diluted loss per share.

	2019 Number	2018 Number
Investec Bank Plc options	**27,780,000**	27,780,000

7. Dividends and franking credits

No dividends were declared or paid in 2019 (2018: $nil)

	2019 ($'000)	2018 ($'000)
Adjusted franking account balance at 30% (2018: 30%) tax rate	**1,604**	1,604

Notes to the consolidated financial statements

8. Cash and cash equivalents

Accounting policy

Cash and cash equivalents includes cash held with financial institutions, cash on hand and deposits which are less than three months in duration and highly liquid. Interest is recognised when earned.

	2019 ($'000)	2018 ($'000)
Cash at bank	**4,842**	269
Cash at bank - overseas	**2,985**	1,059
Short term interest bearing deposits - Australia	**16**	16
	7,843	1,344

i) Restricted cash

As at 30 June 2019, $28,000 (2018: Nil) was held in term deposits to support bank guarantees. Troy also holds $16,000 (2018: $16,000) cash in Australian and United Kingdom bank accounts to cover unpresented dividend cheques.

As at 30 June 2019, $286,000 (2018: $272,000) was held as environmental bonds, these are classified as other receivables (Note 9).

ii) Reconciliation of net cash provided by operating activities to net loss after income tax

	2019 ($'000)	2018 ($'000)
Operating loss after income tax	**(45,832)**	(9,611)
Depreciation of property, plant and equipment	**12,409**	13,011
Amortisation of mining properties	**10,607**	15,779
Rehabilitation provision unwinding of discounts	**644**	345
Loss on sale of plant and equipment	**948**	275
Loss foreign exchange unrealised	**2,534**	277
Sale of available for sale investments	**(136)**	-
Interest income received and receivable	**(22)**	(3)
Finance costs classified as a financing activity	**2,428**	4,504
Share of net loss/(profit) of Casposo accounted for using the equity method	**-**	1,875
Impairment loss (before tax)	**30,000**	-
Changes in operating assets and liabilities		
Movement in current receivables	**(516)**	(1,288)
Movement in inventories	**6,638**	(1,125)
Movement in income and deferred tax	**1,768**	-
Movement in payables	**450**	(6,373)
Movement in provisions	**3,660**	(835)
	25,580	16,831

Notes to the consolidated financial statements

8. Cash and cash equivalents (continued)

iii) Non-cash financing and investing activities

On 27 September 2018, the Group issued 1,883,239 fully paid ordinary shares at an issue price of $0.1062 based upon a five day VWAP to Investec Bank Plc pursuant to the restructure of the Group's debt facility. This $200,000 is a non-cash financing activity which is not reflected in the consolidated statement of cash flows.

iv) Net debt reconciliation

	2019 ($'000)	2018 ($'000)
Cash and cash equivalents	**7,843**	1,344
Borrowings – repayable within one year and variable interest rate	**(2,105)**	(14,192)
Net debt	**5,738**	(12,848)

OPERATING ASSETS AND LIABILITIES

This section focusses on the Group's operational assets and liabilities and further explains those individual line items shown on the statement of financial position.

9. Trade and other receivables

Accounting policy

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, except for short-term receivables when the effect of discounting is immaterial. General trade receivables are usually due for settlement no more than thirty days from date of recognition. Precious metal sales receivables are generally due within seven days. Due to the short-term nature of current receivables, their carrying amount is considered to be the same as their fair value.

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. The Group does not have material trade receivables for which there is an expected credit loss through the consolidated income statement, as such there is no provision needed. The group only transacts with reputable banks, refiners and commodity traders, which minimises the Groups credit risk.

	2019 ($'000)	2018 ($'000)
Current		
Trade Receivables	**189**	-
Other receivables and prepayments [(1)(2)]	**1,353**	2,591
Environmental bonds (Note 8 (i))	**-**	272
Deferred expenditure	**-**	419
	1,542	3,282
Non-current		
Environmental bonds (Note 8(i))	**286**	-
Value added tax recoverable [(3)]	**7,135**	4,768
	7,421	4,768

(1) Other debtors and prepayments primarily include advance payments to contractors and insurers, recovery of fuel and accommodation expenses incurred by contractors and term deposits. No allowance for doubtful debts has been recognised at 30 June 2019 (2018: Nil).

(2) As at 30 June 2019, no current receivables are past due (2018: Nil) or impaired.

(3) As at 30 June 2019, VAT receivables in Guyana of $608,000 have been provided for as doubtful (2018: $578,000).

10. Inventories

Accounting policy

Inventories are stated at the lower of cost and net realisable value. Ore stockpiles, gold in circuit, doré and bullion are valued applying absorption costing. Net realisable value represents the estimated selling price in the ordinary course of business, less estimated costs of completion and costs of sale. Consumable stores inventory is measured on a weighted average cost basis.

	2019 ($'000)	2018 ($'000)
At cost or net realised value:		
Bullion and dore on hand	**1,777**	81
Gold in circuit	**1,080**	1,913
Ore stockpiles	**882**	4,237
Stores	**6,079**	9,522
	9,818	15,753

11. Property, plant and equipment

Accounting policy

Items of property, plant and equipment are recorded at cost less accumulated depreciation and impairment (refer to Note 12 for impairment policy).

Items of property, plant and equipment, including buildings and leasehold property are depreciated using the straight-line or reducing balance method over their estimated useful lives. There is no depreciation charge on land. Assets are depreciated from the date of acquisition or from the time an asset is completed and held ready for use.

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

- Buildings 5-7 years
- Plant and equipment 3-5 years
- Motor vehicle 3-5 years

An item of property, plant and equipment is derecognised when it is sold or otherwise disposed of, or when its use is expected to bring no further economic benefits. Any gain or loss from derecognising the asset (the difference between the proceeds on disposal and the carrying value) is included in the consolidated statement of profit or loss in the period the item is derecognised.

	Land and buildings ($'000)	**Plant and equipment ($'000)**	**Motor vehicles ($'000)**	**Total ($'000)**
At cost:				
Balance at 30 June 2017	**5,845**	**90,676**	**872**	**97,393**
Additions	-	3,312	-	3,312
Disposals	(193)	(258)	(212)	(663)
Transfers	-	(726)	726	-
Currency translation differences	1,600	6,779	488	8,867
Balance at 30 June 2018	**7,252**	**99,783**	**1,874**	**108,909**
Additions	**-**	**3,866**	**-**	**3,866**
Disposals	**-**	**(2,126)**	**(31)**	**(2,157)**
Transfers	**-**	**(127)**	**127**	**-**
Currency translation differences	**379**	**5,494**	**98**	**5,971**
Balance at 30 June 2019	**7,631**	**106,890**	**2,068**	**116,589**

11. Property, plant and equipment (continued)

	Land and buildings ($'000)	Plant and equipment ($'000)	Motor vehicles ($'000)	Total ($'000)
Accumulated depreciation and impairment:				
Balance at 30 June 2017	**(1,851)**	**(41,660)**	**(561)**	**(44,072)**
Depreciation expense	(1,571)	(11,266)	(174)	(13,011)
Disposals	-	195	70	265
Transfers	-	(17)	17	-
Currency translation differences	50	(7,066)	(431)	(7,447)
Balance at 30 June 2018	**(3,372)**	**(59,814)**	**(1,079)**	**(64,265)**
Depreciation expense	**(1,213)**	**(10,797)**	**(399)**	**(12,409)**
Disposals	**-**	**1,148**	**19**	**1,167**
Transfers	**-**	**(85)**	**85**	**-**
Impairment	**-**	**(15,000)**	**-**	**(15,000)**
Currency translation differences	**(151)**	**(3,138)**	**(44)**	**(3,333)**
Balance at 30 June 2019	**(4,736)**	**(87,686)**	**(1,418)**	**(93,840)**
Net book value:				
As at 30 June 2018	3,880	39,969	795	44,644
As at 30 June 2019	**2,895**	**19,204**	**650**	**22,749**

12. Mine properties

Accounting policy

Mine properties represent the accumulation of all costs in relation to an area of interest, where right to tenure is current and from which the mining of a mineral resource has commenced. Subsequent additions to mine properties are recorded at cost. Amortisation of mine properties commences from the date of first commercial production.

In open pit mining operations, it is necessary to remove overburden and waste materials to access the ore. This process is referred to as stripping and the Group capitalises stripping costs incurred during the development of a mine (or pit) as part of the investment in constructing the mine ("pre strip"). These costs are subsequently amortised over the life of mine on a units of production basis, where the unit of account is tonnes of ore milled.

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.

	2019 ($'000)	2018 ($'000)
Balance at start of financial year	**36,542**	51,325
Expenditure incurred during the year	**11,831**	170
Amortisation expensed during the year	**(10,607)**	(15,779)
Currency translation differences	**1,710**	826
Impairment loss	**(15,000)**	-
Balance at end of financial year	**24,476**	36,542

12. Mine properties (continued)

Impairment of mine properties

Accounting policy

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. Where an indicator of impairment exists, a formal estimate of recoverable amount is made. 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 (CGU) to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal 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 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 the consolidated statement of profit or loss immediately.

Where an impairment loss is subsequently reversed, 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.

Critical accounting judgements and key sources of estimation uncertainty

The value in use calculation requires the Directors to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. Fair value less costs of disposal 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.

Karouni CGU, Guyana

The Group has one CGU being Karouni in Guyana. This CGU is assessed for impairment each reporting period. Where an indicator of impairment exists, a formal estimate of recoverable amount is made. As at 30 June 2019, there were no indicators of impairment identified.

An impairment assessment was conducted at 31 December 2018 given that the market capitalisation of Troy at that time was below net asset value which is considered to be an indicator of impairment. Following completion of this assessment an impairment charge was recognised in relation to Karouni as follows.

	2019 ($'000)	2018 ($'000)
Mining properties	**(15,000)**	-
Property, plant and equipment	**(15,000)**	-
Impairment loss after income tax	**(30,000)**	-

12. Mine properties (continued)

Impairment of mine properties (continued)

The size of the impairment charge taken is also a combination of a number of factors but primarily by the pit wall failure in October 2018 which has caused an alteration to the mine plan and additional costs to be incurred, exchange rate movements, future price and exchange rate assumptions (which are from consensus forecasts) and various mining assumptions.

The Company notes that the Ohio Creek Prospect is not included in the value calculation as it is at too early a stage to have a Mineral Resource and, as such, is not included at this time in any mine plan and as such cannot be included in the calculation of asset value or operational cash flows. Troy's accounting policy is to expense exploration costs incurred until a project has reached a stage where it can reasonably be assumed that an economic resource has been determined. Hence all exploration costs related to Ohio Creek have been expensed to date.

There was no impairment recognised in the six months to June 2019, as no indications of impairment were identified.

Methodology and assumptions applied at December 2018

The following disclosure on the methodology used to assess the impairment during the current year.

The future recoverability of capitalised mining properties and property, plant and equipment is dependent on a number of key factors, which include: gold price, operating costs, discount rates used in determining the estimated discounted cash flow and the level of reserves and resources.

The costs to dispose have been estimated by management based on prevailing market conditions. Impairment is recognised when the carrying amount of the CGU exceeds its recoverable amount.

The Group has adopted fair value less cost of disposal, which is greater than the value in use, and used this as the recoverable amount for impairment testing purposes. Fair value is estimated based on discounted cash flows using market based commodity price assumptions, estimated quantities of recoverable minerals, production levels, operating costs, working capital position and future capital expenditure. These estimates were based on the Group's most recent life-of-mine plans.

Key assumptions

The table and commentary below summarises the key assumptions used in the 31 December 2018 half year end carrying value assessment:

	H2FY 19	FY 20	FY 21	FY 22	FY 23
Gold price (US$ per ounce)	1,258	1,298	1,311	1,306	1,306
Exchange rate (USD:AUD)	0.740	0.745	0.750	0.750	0.750
Discount rate per annum (USD, post-tax, Real)	8.5%	8.5%	8.5%	8.5%	8.5%

Notes to the consolidated financial statements

12. Mine properties (continued)

Impairment of mine properties (continued)

Commodity prices and exchange rates

The commodity price is estimated with reference to external market consensus forecasts prevailing at the end of the half year. The US$ cash flows were then converted at the A$/US$ exchange rate on 31 December 2018.

Discount rate

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

Operating and capital costs

Life-of-mine operating and capital cost assumptions are based on the Group's latest plans. These assumptions reflect the recent operational difficulties experienced at Karouni and take into account a better understanding of the operating conditions experienced throughout the period.

Mineral Reserves and Mineral Resources

The life-of-mine plan for the CGU includes Mineral Reserves and those Mineral Resources where there is an expectation that they will convert to Mineral Reserves.

Sensitivity analysis

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

	5% change in US$ gold price	Discount rate +/- 1.5%	Operating expenses +/- 5%
Impact on recoverable value	$12.3 million	$2.1 million	$10.6 million

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

Deferred Tax Adjustment

Following the impairment review and consequential write-down, the decision was also made to reduce the deferred tax asset balance by $1,203,000 at 31 December 2018 which related to previously recognised tax losses in Guyana.

The balance of the deferred tax asset was reduced to Nil as at 30 June 2019 following the write back of $565,000 relating to the Guyana plant and equipment.

Notes to the consolidated financial statements

13. Trade and other payables

Accounting policy

Trade payables and accrued expenses are recognised for amounts to be paid in the future for goods and services received irrespective of whether they have been billed at the end of the financial year. These amounts are unsecured.

The standard credit period on purchases is 30 days from statement with longer terms typical in Guyana. No interest is usually charged on trade payables for the first 45 to 60 days from the date of invoice. Thereafter, interest may be 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 or based on arrangements agreed with the specific suppliers.

Due to the short term nature of trade payables and accrued expenses, their carrying value is assumed to be the same as their fair value.

Dividend liabilities represent 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.

	2019 ($'000)	2018 ($'000)
Current		
Trade payables	**25,330**	27,889
Accrued expenses	**498**	422
Deferred consideration	**-**	270
Dividends	**1**	1
	25,829	28,582

14. Provisions

Accounting policy

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, 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.

	2019 ($'000)	2018 ($'000)
Current		
Rehabilitation (i)	**125**	93
Employee benefits (ii)	**930**	523
Other provisions (refer Note 21)	**128**	81
	1,183	697
Non-current		
Rehabilitation (i)	**4,749**	3,908
Employee benefits (ii)	**-**	5
	4,749	3,913

Notes to the consolidated financial statements

14. Provisions (continued)

i) Rehabilitation

Accounting policy

A provision for rehabilitation is recognised in relation to mining activities for costs such as reclamation, waste removal, site closure, plant closure and other costs associated with the rehabilitation of a mining site. Estimates of the Group's rehabilitation obligations are based on 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 which underlies the rehabilitation of such mines in the future.

Future costs are reviewed annually and any changes are reflected in the present value of the rehabilitation provision at the end of the reporting period.

Critical accounting judgements and key sources of estimation uncertainty

The Group 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 judgmental 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.

	Current ($'000)	Non-current ($'000)
Balance at 30 June 2017	67	3,446
Additional provisions recognised	63	-
Unwinding of discount	-	345
Reduction arising from payments	(27)	-
Currency translation differences	(10)	117
Balance at 30 June 2018	**93**	**3,908**
Additional provisions recognised	**26**	**-**
Unwinding of discount	**-**	**644**
Reduction arising from payments	**-**	**-**
Currency translation differences	**6**	**197**
Balance at 30 June 2019	**125**	**4,749**

ii) Employee benefits

Accounting policy

Short-term and Long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service 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.

14. Provisions (continued)

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

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.

	2019 Number	2018 Number
Full Time Employees at the end of the reporting period	**376**	405

15. Hedge Liabilities

Accounting policy

Hedges of commodity risk on gold sales are accounted for as a cash flow hedge. 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.

The change in the fair value of the forward contracts are recognised in other comprehensive income and accumulated under the cash flow hedging reserve. When a hedge transaction is settled, the gain or loss on settlement is recognised in the consolidated statement of profit or loss.

The Group was required to hedge gold sales under its financing facility with Investec Bank Plc. This requirement is no longer applicable and the Group completed its hedged gold sales in January 2019 and is now unhedged.

	2019 ($'000)	2018 ($'000)
Derivatives that are designated as hedging instruments carried at fair value		
Hedge liabilities - current		
Gold forward contracts - Effective	**-**	1,102

CAPITAL STRUCTURE AND FINANCING

This section focusses on the Groups debt and equity structure.

16. Borrowings

Accounting policy

Borrowings are initially recognised at fair value, net of transactions costs incurred and subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of the 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 to the net carrying amount on initial recognition.

Borrowing arrangements

The Investec Bank Plc facility outstanding balance as at 30 June 2019 was US$1.792 million (2018: US$11.192 million). Based on the current repayment plan, the facility is to be fully repaid by 30 September 2019.

Repayments made during financial year ended 30 June 2019 amounted to US$9.4 million (A$13.2 million) (2018: US$16 million (A$21 million)).

At 30 June 2019, the Company was in compliance with the Investec facility covenants. Security is held by Investec Bank Plc in the form of a floating charge over all revolving assets and a fixed charge over all other assets held by the Group.

Current borrowings	**2019 ($'000)**	2018 ($'000)
Debt facility secured - at amortised cost		
Investec Bank Plc - syndicated debt facility	**2,552**	15,110
Capitalised borrowings costs	**(447)**	(918)
	2,105	14,192

17. Lease Liability

Accounting policy

Assets under finance leases are recognised as a finance lease obligations at the present value of the minimum lease repayments.

Finance leases include obligations of the Group under vehicle and equipment hire leases. They expire between 10 March 2020 and 15 October 2020.The following schedule details the total minimum loan repayments due for the finance lease obligations over the remaining terms.

Current	**Present value of minimum lease payments 2019 ($'000)**	Present value of minimum lease payments 2018 ($'000)
Less than one year	**1,009**	-
Non-current		
Between one and five years	**50**	-
Later than five years	**-**	-
	1,059	-

Notes to the consolidated financial statements

18. Equity and reserves

The reconciliation of the movement in capital and reserves for the consolidated entity can be found in the consolidated statement of changes in equity.

Issued capital

Accounting policy

Ordinary shares are classified as equity. Transaction costs directly attributable to the issue of new ordinary shares or share options are recognised as a deduction from equity, net of any tax effects.

The holders of fully paid ordinary shares are entitled to one vote per share and are entitlement to receive dividends.

	2019 Number ('000)	2018 Number ('000)
592,063,768 (2018: 459,543,474) ordinary shares fully paid	**592,064**	459,544

	2019		2018	
	Number of Shares ('000)	**Issued Capital ($'000)**	Number of Shares ('000)	Issued Capital ($'000)
On issue 1 July – fully paid	**459,544**	**353,939**	456,600	353,639
Issue of share capital				
Shares issued to Investec Bank Plc	**1,883**	**200**	2,944	300
Shares issued for cash (1)	**26,285**	**2,760**	-	-
Shares issued for cash (2)	**15,352**	**1,612**	-	-
Shares issued for cash (3)	**89,000**	**7,565**	-	-
Capital raising costs	**-**	**(608)**	-	-
Balance at end of the financial year	**592,064**	**365,468**	459,544	353,939

Shares issued to Investec Bank Plc are issued for non-cash and are issued as part of the debt restructure.

Additional information on the issue of ordinary shares:

(1) On 3 January 2019, the Company issued 26,284,808 ordinary shares at an issue price of $0.105 per share pursuant to a share placement.
(2) On 12 March 2019, the Company issued 15,352,247 ordinary shares at an issue price of $0.105 per share pursuant to a shareholder purchase plan.
(3) On 7 May 2019, the Company issued 89,000,000 ordinary shares at an issue price of $0.085 per share pursuant to a share placement.

Notes to the consolidated financial statements

18. Equity and reserves (continued)

Reserves

a) Financial assets at fair value through other comprehensive income reserve

Accounting policy

AASB 9 replaces the provisions of AASB 139 Financial Instruments: Recognition and Measurement and was adopted from 1 July 2018. Equity instruments previously classified as available for sale have all been sold by 30 June 2019.

The Group's financial asset related to holding shares in a listed entity, these shares were measured at fair value based on the closing quoted price of shares at the reporting period, which is a level 1 fair value measurement within the fair value hierarchy as per AASB 7 Financial Instruments: Disclosures. As at 30 June 2019 the Group had sold all of its financial assets.

	2019 ($'000)	2018 ($'000)
Financial assets at fair value through other comprehensive income reserve	**-**	150

b) Share-based payment reserve

Accounting policy

The share-based payment reserve recognises the fair value of options issued but not exercised. Upon the exercise, lapsing or expiry of options, the balance of the share-based payments reserve is transferred to accumulated losses.

	2019 ($'000)	2018 ($'000)
Balance at beginning of financial year	**9,243**	9,243
Transfers to retained profits on forfeited share appreciation rights and options	**(9,243)**	-
Share-based borrowings costs - Investec options	**648**	-
Balance at the end of the financial year	**648**	9,243

c) Hedging cash flow reserve

Accounting policy

The cash flow hedging reserve represents the cumulative effective portion of gains/(losses) arising on changes in fair value of the gold forward contracts. The cumulative gains or losses arising on changes in fair value of the hedging instruments that are recognised and accumulated under the heading of cash flow hedging reserve are reclassified to the consolidated statement of profit or loss when the hedged transaction is settled.

As at 30 June 2019 the Group had no outstanding hedging forward gold sales.

	2019 ($'000)	2018 ($'000)
Balance at beginning of financial year	**495**	(1,381)
Reclassification to profit or loss	**(362)**	(1,296)
Revaluation	**(133)**	3,172
Balance at the end of the financial year	**-**	495

Notes to the consolidated financial statements

18. Equity and reserves (continued)

Reserves (continued)

d) Foreign currency translation reserve

Accounting policy

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations from their functional currency to Australian dollars. Refer Note 1.

	2019 ($'000)	2018 ($'000)
Balance at beginning of financial year	**28,160**	26,255
Translation of foreign operations	**13,459**	1,905
Balance at the end of the financial year	**41,619**	28,160

Notes to the consolidated financial statements

RISK AND UNRECOGNISED ITEMS

This section focuses on the Group's exposure to various risks, how these risks affect the financial position and performance of the Group and what processes the Group adopts to manage these risks. As well as providing information on items that have yet to meet the recognition criteria for the financial statements.

19. Financial risk management

i) Capital risk management

The Group manages its capital to ensure that each of the entities within the Group will be able to continue as a going concern, whilst maximising the return to stakeholders through optimisation of the debt and equity balances. The Group's overall strategy remains unchanged in the 2019 financial year.

The capital structure of the Group consists of debt (borrowings as detailed in Note 16 and lease liabilities as detailed in Note 17) offset by cash balances and equity of the Group (comprising issued capital, reserves, and accumulated losses).

The Board reviews the capital structure of the Group for any new acquisition or significant projects. 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 cash flows. 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.

Gearing ratio

The gearing ratio at the 30 June 2019 was as follows:

	2019 ($'000)	2018 ($'000)
Debt [1]	**3,164**	14,192
Cash and bank balances (excluding restricted cash)	**(7,827)**	(1,328)
Net (Cash)/Debt	**(4,663)**	12,864
Equity [2]	**38,924**	59,765
Gearing ratio	**N/A**	22%

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

(2) Equity includes all issued capital, reserves, and accumulated losses per the statement of changes in equity.

Externally imposed capital requirements

In March 2019, Investec Bank Plc agreed to the temporary waiver of the majority of the financial covenants until 30 September 2019, the proposed final payment date.

The Investec Facility imposed minimum liquidity obligations and other financial and loan life cover ratios.

During the current financial year, Management monitored its cash and liquid asset balances to ensure compliance with these obligations. The Group was in compliance with the requirements during the reporting period and at the end of the financial year.

Notes to the consolidated financial statements

19. Financial risk management (continued)

ii) Categories of financial instruments

Financial assets	2019 ($'000)	2018 ($'000)
Cash and cash equivalents	**7,843**	1,344
Trade and other receivables	**8,963**	8,050
Financial liabilities		
Trade and other payables	**(25,829)**	(28,582)
Hedge liability	**-**	(1,102)
Borrowings – amortised cost	**(2,105)**	(14,192)

iii) Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (refer Note 19(iv)), interest rates (refer to Note 19(v)) and commodity risk (refer to Note 19(viii)). During the first half of 2019 the Group participated in gold forward sale contracts in order to manage exposure to commodity risk. The Group is no longer required by Investec Bank Plc to maintain a hedge book.

iv) Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. The Group may hedge 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	
	2019 ($'000)	2018 ($'000)	**2019 ($'000)**	2018 ($'000)
USD	**14**	436	**2,105**	14,462
GYD	**2,348**	3,389	**3,369**	5,572

The Group primarily trades in the Group entities functional currencies. The balances above exclude amounts denominated in the functional currency of each of the entities within the Group. Certain intercompany loans between entities are denominated in functional currency of the parent entity and loans outside the Group are denominated in USD. The Group is mainly exposed to the Guyanese dollar (GYD) through its mining operations in Guyana, and the USD through USD denominated debt, purchases of equipment and sales of gold. The GYD trades in a reasonably tight range against the USD.

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. The sensitivity rate of 5% has been 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. A positive number below indicates an increase in profit and other equity where the Australian dollar weakens 5% against the relevant currency. For a 5% strengthening 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.

Notes to the consolidated financial statements

19. Financial risk management (continued)

iv) Foreign currency risk management (continued)

Judgements of reasonably possible movements	2019 ($'000)	2018 ($'000)
AUD/USD		
- Profit/(loss) after tax	**5,089**	5,978
- Equity	**4,984**	5,277
AUD/GYD		
- Profit/(loss) after tax	**(2,398)**	320
- Equity	**(10,277)**	(6,201)

v) Interest rate risk management

The Group is exposed to interest rate risk due to borrowings having a variable interest rate. (Refer Note 16 for details of borrowings).

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 $38,000 (2018: $36,000) in relation to assets.
- net profit would decrease / increase by $98,000 (2018: 266,000) in relation to liabilities. This is attributable to reduction in the Group's exposure to interest rates on its variable rate borrowings.

The Group's sensitivity to interest rates on liabilities has decreased during the current year primarily due to the average borrowings decreasing across the two years from $26,645,000 to $9,793,000. The balance at 30 June 2019 was $2,552,000.

vi) 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 investments 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.

There are no significant concentrations of credit risk within the Group. The Group does not have material trade receivables for which there is an expected credit loss through the consolidated income statement, as such there is no provision needed. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with credit-ratings above A2 assigned by international credit-rating agencies.

Notes to the consolidated financial statements

19. Financial risk management (continued)

vii) 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.

Liquidity and interest risk tables

The following table details the Group'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 Group can be required to pay. The table includes both interest and principal cash flows.

2019 Liabilities

	1 year or less ($'000)	1 to 5 years ($'000)	More than 5 years ($'000)	Total ($'000)
Trade and other payables	**25,829**	**-**	**-**	**25,829**
Secured debt facility	**2,105**	**-**	**-**	**2,105**
Lease liabilities	**1,009**	**50**	**-**	**1,059**
	28,943	**50**	**-**	**28,993**

2018 Liabilities

	1 year or less ($'000)	1 to 5 years ($'000)	More than 5 years ($'000)	Total ($'000)
Trade and other payables	28,582	-	-	28,582
Secured debt facility	14,192	-	-	14,192
Gold commodity hedge liabilities	1,102	-	-	1,102
	43,876	-	-	43,876

The weighted average rate (including line fees) on variable interest rate instruments was 9.44% for the year ended 30 June 2019 (2018: 8.61%).

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 unlikely that such an amount will 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.

The following table details the Group's expected maturity for its financial assets. These tables 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 Group anticipates that the cash flow will occur in a different period.

19. Financial risk management (continued)

2019 Assets

	Weighted average effective interest rate %	1 year or less ($'000)	1 to 5 years ($'000)	More than 5 years ($'000)	Total ($'000)
Trade receivables		1,514	-	-	1,514
Other receivables	2.6%	28	-	-	28
Cash at bank	1.0%	6,011	-	-	6,011
USD variable deposits	0.0%	1,816	-	-	1,816
Short term deposits	0.0%	16	-	-	16
		9,385	-	-	9,385

2018 Assets

	Weighted average effective interest rate %	1 year or less ($'000)	1 to 5 years ($'000)	More than 5 years ($'000)	Total ($'000)
Trade and other receivables		3,282	-	-	3,282
Cash at bank	1.25%	892	-	-	892
USD variable deposits	0.0%	436	-	-	436
Short term deposits	0.0%	16	-	-	16
		4,626	-	-	4,626

vii) Liquidity risk management (continued)

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 facilities which had a carrying amount of $2,105,000 (2018: $14,192,000) compared to a face value of $2,552,000 (2018: $15,110,000). The face value of debt equates to its fair value because it has a variable interest rate.

viii) Commodity risk management

As a precious metals producer the Group's revenue is exposed to gold price fluctuations. The Group had been required by Investec Bank Plc to enter into gold forward sale contracts to manage its exposure to movements in commodity prices. The gold forward sale contracts are no longer required under the financing facility and the Group finalised all its gold forward contracts in January 2019.

The Group's policy is to hedge where it is deemed prudent to do so. The Group does not have any hedging outstanding as at 30 June 2019.

The Group therefore is now exposed to fluctuations in the gold price.

Notes to the consolidated financial statements

19. Financial risk management (continued)

viii) Commodity risk management (continued)

Sensitivity analysis - gold price

The sensitivity analysis below is based on the actual quantities of gold sold during the year and the stipulated price change.

Judgements of reasonably possible movements	**2019 ($'000)**	2018 ($'000)
Gold price +/- A$50 per ounce		
- Post tax profit higher/(lower)	**2,023**	2,484
- Total equity higher/(lower)	**2,023**	2,484

The movements in profit and equity in 2019 is consistent with 2018 and are based upon ounces sold in each financial year.

Gold production decreased by 12,089 ounces (17%) from 70,207 ounces in 2018 to 58,118 ounces in 2019.

20. Commitments

i) Exploration Commitments

The Group has minimum statutory commitments as conditions of tenure for certain mining tenements. Whilst these obligations may vary, the following is considered to be a reasonable estimate of the minimum projected payments required at 30 June 2019 if the Group is to retain all of its present interests in mining and exploration properties:

	2019 ($'000)	2018 ($'000)
Not longer than 1 year	**356**	54
Longer than 1 year and not longer than 5 years	**-**	81
Longer than 5 years	**-**	-
Total exploration commitments	**356**	135

20. Commitments (continued)

ii) Operating leases

Operating lease arrangements as at the reporting date:

	2019 ($'000)	2018 ($'000)
Not longer than 1 year	**117**	470
Longer than 1 year and not longer than 5 years	**159**	157
Longer than 5 years	**-**	-
Total operating leases	**276**	627

The Group has provided securities in the form of general bank guarantees to financial institutions (refer Note 21).

21. Contingent liabilities

The Group has the following contingent liabilities:

a) Bank guarantees from financial institutions total $314,000 (2018: $318,000), of which $314,000 (2018: $272,000) are cash backed.

b) Potential legal claims submitted by previous employees at the Company's Sertão and Andorinhas operations in Brazil of $451,000 (2018: $878,000). Based on past settlement of claims, the current expectation is that only a portion of this may become payable and therefore $128,000 has been included in other provisions as at 30 June 2019 (2018: $81,000) (Refer Note 14).

22. Events after balance sheet date

Other than as detailed in this Report and the Notes above, there are no other matters or circumstances that have arisen since 30 June 2019 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.

OTHER INFORMATION

This section provides information on items required to comply with Australian Accounting Standards and other regulatory pronouncements.

23. Investment in associate

Accounting policy

Investment in associate is accounted for using the equity method. Under the equity method of accounting, the investment is initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in the statement of profit or loss and the Group's share of movements in other comprehensive income of the investee in the statement of comprehensive income.

Background

On 4 March 2016 Troy sold a 70% controlling stake in the Casposo Mine in Argentina, thereby deconsolidating its previously held 100% investment and taking up a 30% equity accounted investment.

The Company had granted the purchaser, Austral Gold Limited (Austral), an option to acquire the remaining 30% interest over a three year period commencing in December 2018 for a total consideration of US$7 million. Should the silver price be in excess of US$16/oz at the time each option is exercised, the exercise price will be increased depending upon the actual silver price at the time. Austral is the Manager of the Casposo operation.

Notes to the consolidated financial statements

23. Investment in associate (continued)

On 4 April 2019 the Company announced that Austral would not be exercising its option to acquire an additional 10% interest in the Casposo operation which expired on 31 March 2019. Therefore Austral maintains its 70% interest and Troy now has a continuing 10% interest in Casposo. The remaining 20% owned by Troy is still the subject of two option arrangements, each to acquire a 10% interest in Casposo and exercisable by Austral in January 2020 and January 2021 respectively. Austral has not advised its intention as regards these latter two options.

The fair value of the option for Casposo for financial year ended 30 June 2019 is considered to be $Nil (2018: $Nil) based on a level 3 valuation.

Austral Gold Ltd announced in April 2019 that, as Manager, it is placing the Casposo Mine on care and maintenance. Troy will not be contributing funds towards the care and maintenance costs.

	Note	**2019 ($'000)**	2018 ($'000)
Balance at the start of the financial year		**-**	3,148
Share of (loss)/profit in Casposo		**-**	(879)
Write- down of Casposo investment		**-**	(996)
Foreign currency translation reserve		**-**	(1,273)
Balance at the end of the financial year		**-**	-

Details of assets and liabilities of associate:	**2019 ($'000) 100%**	2018 ($'000) 100%
Total assets [(1)]	**23,810**	56,375
Total liabilities	**(86,082)**	(57,187)
Net assets/(liabilities)	**(62,272)**	(812)
Goodwill (discount) on acquisition [(2)]	**-**	-
	(62,272)	(812)
Troy equity 30% [(3)]	**-**	-

(1) Net of provisions for doubtful debts and inventory obsolescence
(2) Includes elimination of inter-company transactions
(3) Troy's 30% investment in Casposo has been written down by $996k to Nil at 30 June 2018.

24. Related party transactions

i) Subsidiaries

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

The consolidated financial statements include the following subsidiaries:

	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST	
		2019 %	2018 %
Parent Entity: Troy Resources Limited	Australia		
Subsidiaries:			
Wirraminna Gold Pty Ltd	Australia	100	100
Troy Resources Brasil Participações Ltda	Brazil	100	100
Troy Resources Holdings BVI	British Virgin Islands	100	100
Reinarda Mineração Ltda	Brazil	100	100
Azimuth Resources Limited	Australia	100	100
Takatu Minerals Limited	Canada	100	100
Pharsalus Gold (BVI) Inc	British Virgin Islands	100	100
Pharsalus (BVI) Inc	British Virgin Islands	100	100
Pharsalus Gold Inc	Guyana	100	100
Pharsalus Inc	Guyana	100	100
Troy Resources Guyana Inc	Guyana	100	100

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 Notes.

ii) Key Management Personnel Compensation

Key management personnel compensation comprised the following:

	2019 ($)	2018 ($)
Short term employee benefits	**1,695,895**	1,899,920
Long service leave	**12,319**	-
Post-employment benefits	**53,218**	57,786
Sign on benefits	**-**	121,200
Share-based payments	**-**	-
	1,761,432	2,078,906

Individual Directors' and Executives' Compensation Disclosures

Information regarding individual Directors' and Executives' compensation is provided in the Remuneration Report section of the Directors' Report. Apart from the details disclosed in this note, or in the Remuneration Report, no Director has entered into a material contract with the Company since the end of the previous financial year and there were no material contracts involving Directors' interests existing at year end.

iii) Other transactions

There have been no other related party transactions for financial year 30 June 2019.

Notes to the consolidated financial statements

25. Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	2019 ($)	2018 ($)
PricewaterhouseCoopers Australia		
Audit and review of financial statements	**192,497**	146,849
Tax and other services	**38,760**	77,075
	231,257	223,924
Network firms of PricewaterhouseCoopers Australia		
Audit and review of financial statements	**-**	-
Tax and other services provided overseas	**22,428**	185,747
	22,428	185,747
Total for PricewaterhouseCoopers	**253,685**	409,671
Non PricewaterhouseCoopers audit firms		
Audit of the financial reports	**69,590**	78,432
Tax and other services	**8,222**	13,104
Total for overseas firms	**77,812**	91,536
Total auditors' remuneration	**331,497**	501,207

Notes to the consolidated financial statements

26. Parent entity disclosure

Accounting policy

Accounting policies of the parent are consistent with that of the Group.

	2019 $'000	2018 $'000
Assets		
Current assets	**4,984**	659
Non-current assets	**36,539**	71,169
Total assets	**41,523**	71,828
Liabilities		
Current liabilities	**2,599**	1,363
Non-current liabilities	**-**	14,467
Total liabilities	**2,599**	15,830
Net assets	**38,924**	55,998
Equity		
Issued capital	**365,468**	353,939
Accumulated losses - opening	**(305,815)**	(299,449)
Current year loss	**(19,858)**	(6,366)
Reserves:		
Available for sale reserve	**-**	150
Share option reserve	**648**	9,243
Foreign exchange translation	**(1,519)**	(1,519)
Total equity	**38,924**	55,998
Financial performance		
Interest and management fees charges to subsidiaries	**6,131**	7,460
Other income	**160**	9
Share of net loss of Casposo accounted for using the equity method	**-**	(1,875)
Hedging and foreign exchange gains/(losses)	**1,187**	(4,617)
Borrowing costs	**(2,428)**	(4,504)
Administration, corporate and other expenses	**(2,428)**	(3,333)
Impairment	**(22,480)**	-
Loss for the year after tax	**(19,858)**	(6,860)
Other comprehensive income	**-**	(1,243)
Total comprehensive income	**(19,858)**	(8,103)

Contingent liabilities of the parent entity

There are no contingent liabilities other than:

i) General bank guarantees to financial institutions of $28,000 (2018: $46,000) which is cash backed (2018: Nil).

Commitments of the parent entity

The parent entity has office lease and equipment rental commitments as at 30 June 2019 of $151,000 (2018: $46,000).

27. New accounting standards and interpretations

New Standards and Interpretations adopted (mandatorily effective for the current year)

The accounting policies disclosed in the financial statements have been applied consistently to all periods presented in these financial statements and have been applied consistently by the Group entities, except for the following changes in accounting policies. The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2019:

AASB 15 *Revenue from Contracts with Customers*

The adoption of AASB 15 from 1 July 2018 did not have a material impact on the financial position or the consolidated financial statements of the Group. Refer Note 3 Revenue and other income for details of the change in accounting policy on the adoption of AASB 15.

AASB 9 *Financial Instruments*

The adoption of AASB 9 from 1 July 2018 did not have a material impact on the financial position or the consolidated financial statements of the Group.

New Standards and Interpretations issued but not yet effective

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are not yet effective and have not been applied in preparing this financial report.

AASB 16 *Leases*

AASB 16 is effective for annual reporting periods beginning on or after January 2019 and will be implemented in the financial year ending 30 June 2020. AASB 16 provides a new lessee accounting model requiring the lessee to recognise assets and liabilities for all leases with a term greater than twelve months, unless the underlying asset is of low value. Lessees will be required to recognise the depreciation expense on the right to use asset and the interest expense on the lease liability.

The Group plans to adopt the modified retrospective approach on transition, where the lease liability is measured at the present value of future lease payments on the initial date of application being 1 July 2019. The impact of AASB16 on the balance sheet is expected to be the recognition of right of use assets and the right of use lease liabilities of $147,000. The leases to be recognised by the Group under AASB 16 predominantly relate to office premises. For existing finance leases, the carrying amounts before transition will represent the 30 June 2019 values assigned to the right of use asset and lease liability.

IFRIC 23 *Uncertainty over Income Tax Treatments*

IFRIC 23 is effective for annual reporting periods beginning on or after January 2019 and will be implemented in the financial year ending 30 June 2020. IFRIC 23 clarifies how the recognition and measurement requirements of IAS 12 *Income Taxes* are applied where these is uncertainty over income tax treatments. Management does not anticipate being significantly affected by IFRIC 23.

Directors' declaration

In the directors' opinion:

a. the financial statements and notes set out on pages 47 to 90 are in accordance with the *Corporations Act 2001* including;

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

(ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the financial year ended on that date, and

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

Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declaration by the chief executive officer and chief financial officer required by section 295A of the Corporations Act 2001.

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

On behalf of the Directors of Troy Resources Limited

P A Stern
Chairman

K K Nilsson
CEO & Managing Director

Perth, Western Australia
29 August 2019

Independent auditor's report

To the members of Troy Resources Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Troy Resources Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2019
- the consolidated statement of profit or loss for the year then ended
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial statements, which include a summary of significant accounting policies, and
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Material uncertainty related to going concern

We draw attention to note 1 in the financial report, which indicates that the Group incurred a net loss of $45.8 million during the year ended 30 June 2019 and, as of that date, the Group had a net working capital deficiency of $10.9 million. As a result the Group is dependent on receiving the continuing financial support of its shareholders and creditors. These conditions, along with other matters set forth in note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

PricewaterhouseCoopers, ABN 52 780 433 757
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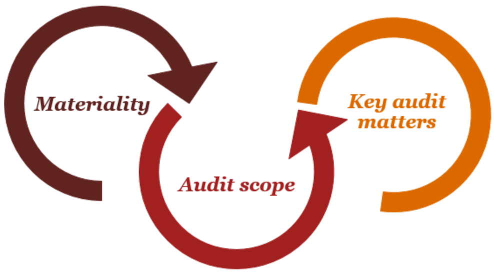
Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

The Group owns the Karouni gold mine in Guyana, South America and has its corporate office in Perth, Australia.

Given the financial significance of the Guyana operations, local component auditors in Guyana assisted with audit procedures on behalf of the group engagement team. The group engagement team instructed and supervised the component auditors, including making a visit to the Guyana mine site and meeting the component auditors.



Materiality

- For the purpose of our audit we used overall Group materiality of $1 million, which represents approximately 1% of the Group's revenues.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose Group revenue because, in our view, it is the benchmark against which the performance of the Group is most commonly measured.
- We utilised a 1% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

Audit Scope

- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed by the group engagement team and by component auditors in Guyana operating under instruction.
- The Group engagement team and component auditors had active dialogue throughout the year through discussions and written instructions and reporting.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Risk Committee.

In addition to the matters described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>
Impairment assessment of the Karouni CGU
(Refer to notes 11 and 12) $43.7 million
The Group's financial report includes significant non-current assets at 30 June 2019 which consisted of Mine Properties and Property, Plant and Equipment relating to the Group's Karouni gold mine and associated infrastructure in Guyana.
Due to the net assets of the Group exceeding its market capitalisation at 31 December 2018 and operational performance issues, the Group identified indicators of impairment in its Karouni Cash Generating Unit (CGU) during the year.
As a result, the Group tested the Karouni CGU for impairment as at 31 December 2018. An impairment charge of $15 million was recognised in the financial report against Mine Properties and $15 million against Property, Plant and Equipment as a result of the Group's impairment assessment as at 31 December 2018.
The Group's impairment assessment was performed on a 'fair value less costs of disposal' basis to determine the recoverable amount of the Karouni CGU.
This assessment involved significant judgements made in relation to key assumptions. The most significant areas of judgments relate to:

forecast short and long term gold prices
reserve and resource estimates and production and processing volumes
operating costs, capital expenditure, foreign exchange rates and inflation rates
timing of project development for projects with reserves or resources outside of the current mine plan, and
discount rate.

This was a key audit matter due to the significant carrying value of the Group's Karouni CGU and the judgements and assumptions outlined above in
</td><td>
We performed the following audit procedures, amongst others:

assessed whether the composition of the Karouni CGU was consistent with our knowledge of the Group’s operations
evaluated the Group’s assessment that there were indicators of asset impairment at 31 December 2018 but there were no indicators at 30 June 2019
assessed whether the Karouni CGU appropriately included all directly attributable assets, liabilities and cash flows
considered whether the discounted cash flow model used to estimate the recoverable amount of the Karouni CGU on a ‘fair value less cost of disposal’ basis (the impairment model) was consistent with Australian Accounting Standards
tested that the impairment model included an appropriate estimated transaction cost associated with selling the Karouni CGU
compared the forecast cash flows used in the impairment models to the most recent budgets and business plans approved by the Board
considered whether the forecast cash flows in the impairment model were reasonable and based upon supportable assumptions, by comparing:

short and medium term gold price data used in the impairment model to industry forecasts
forecast gold production over the life of mine to the Group's most recent reserves and resources statement
the previous year’s cash flow forecasts and estimated cash inflow from operation of the Karouni CGU with the actual results achieved for the year ended 30 June 2019, and

</td></tr>
</table>

Key audit matter	How our audit addressed the key audit matter
determining whether an impairment charge was required.	- foreign exchange rate and inflation rate assumptions to economic forecasts • the pre-tax discount rate used in the model with one determined by us together with PwC valuation experts • performed sensitivity analysis on the key assumptions used in the impairment model • performed tests of the mathematical accuracy of the impairment model and agreed the impairment charge calculated in the model to the impairment expense recognised in the consolidated statement of profit or loss, and • evaluated the adequacy of the disclosures made in note 12 of the financial statements, including those regarding key assumptions used in the impairment assessment and the outcome of key sensitivities to changes in such assumptions, in light of the requirements of Australian Accounting Standards
Revenue from gold sales *(Refer to note 3) $101.6 million* For the year ended 30 June 2019 the Group recognised revenue of $101.6 million from the sale of gold from its operations in Guyana. This was a key audit matter as revenue from gold sales was the most significant item in the consolidated income statement, judgement is required when assessing the value of revenue at year end where the final settlement price is yet to be determined and as a result of needing to assess the impact of adopting AASB 15 *Revenue from Contracts with Customers* in the current year.	We performed the following audit procedures, amongst others: • for a sample of sales transactions from the Karouni operation recorded during the year we obtained the sales invoice and agreed the ounces of gold sold to third party confirmation from the refinery and the revenue recognised to cash received in the bank • for a sample of sales recorded close to year end, we tested that the sale had been recorded in the correct period by reference to the relevant contractual terms of the sale • for sales we recalculated the expected provisional pricing adjustments to revenue and final value of revenue recognised. We found the provisional pricing adjustment to be consistent with relevant external gold price indices and cashflow movements. • evaluated the Group's assessment of the adoption of AASB 15 *Revenue from Contracts with Customers*, including that the required disclosures are adequately reflected in the financial statements, in light of the requirements of Australian Accounting Standards.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon. Prior to the date of this auditor's report, the other information we obtained included the Directors Report. We expect the remaining other information to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express an opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action to take.

Responsibilities of the directors 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 preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 36 to 44 of the directors' report for the year ended 30 June 2019.

In our opinion, the remuneration report of Troy Resources Limited for the year ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

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Ben Gargett
Partner

Perth
29 August 2019

NOTES

CORPORATE DIRECTORY

Directors
Peter A Stern (Non-Executive Chairman)
Ken K Nilsson (CEO & Managing Director)
John L C Jones AM (Non-Executive Director)
Richard J Beazley (Non-Executive Director)

Company Secretary
Gerard Kaczmarek

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Bankers
- National Australia Bank Limited
- Investec Bank Plc

Stock Exchanges for Quoted Securities
Australian Stock Exchange
Fully Paid: TRY
Frankfurt Stock Exchange, Germany
Fully Paid: TRW

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