

TROY RESOURCES LIMITED

ABN: 33 006 243 750

ANNUAL FINANCIAL REPORT

for the year ended 30 June 2012

TROY RESOURCES LIMITED

DIRECTOR'S REPORT

For the financial year ended 30 June 2012

DIRECTOR'S REPORT	2
AUDITOR'S INDEPENDENCE DECLARATION	19
CONSOLIDATED INCOME STATEMENT	20
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	21
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	22
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	23
CONSOLIDATED CASH FLOW STATEMENT	24
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	25
DIRECTOR'S DECLARATION	76
INDEPENDENT AUDITOR'S REPORT	77

TROY RESOURCES LIMITED

DIRECTOR'S REPORT
For the financial year ended 30 June 2012

The Directors of Troy Resources Limited present their annual financial report for the financial year ended 30 June 2012. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

DIRECTORS

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

Mr David R Dix, Independent Non-Executive Chairman, Chairman of the Nomination and Remuneration Committee B.Ec, LLB, Grad Dip (Tax Law) (aged 58) – appointed 28 January 2010 and as Chairman on 25 November 2010.

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

Mr Dix is also a Non-Executive Director of Aquarius Platinum Limited since March 2004 and was previously a Director and Chairman of AED Oil Limited.

Mr Paul Benson, Chief Executive Officer and Managing Director B.Sc in Geology, B.Eng in Mining, M.Sc in Management (London Business School) (aged 49) – Chief Executive Officer since 3 October 2007 and reappointed Managing Director on 13 September 2010. Previously a director between 3 October 2007 and 27 November 2009.

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

Mr Ken K Nilsson, Executive Director of Project Development - B.Eng, Cert of Eng (aged 71) - appointed May 1998.

Mr Nilsson was the Company's Chief Operating Officer from April 1997 through to December 2011 when his title changed to Director of Project Development. He is a mining engineer with more than 35 years' experience in the mining industry, covering gold, base metals and coal. Since Mr Nilsson relocated from Australia in 2002 he has overseen the construction and operation of all of Troy's South American mines.

Mr Gordon R Chambers, Independent Non-Executive Director, Chairman of the Audit Committee and member of the Nomination and Remuneration Committee B.Comm, LLB, Member of Bar – British Columbia, Canada (aged 51) – appointed 3 April 2008.

Mr Chambers is a partner of Canadian law firm Cassel Brock & Blackwell LLP based in Vancouver. In May 2012 Mr Chambers' moved law practices from Lawson Lundell LLP. With over 25 years' experience in the legal sector, Mr Chambers specialises in securities law. He has a particular focus on corporate finance for mining companies and has extensive experience advising dual-listed issuers, particularly Australian companies that are dual-listed on the Toronto Stock Exchange.

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

Mr Chambers' term in office as a non-executive director of TSX Venture listed Continental Nickel Limited ended on the 12th October 2011 and he did not seek re-election.

Mr Fred S Grimwade, Independent Non-Executive Director, **Member of the Audit Committee** B Com, LLB (Hons), MBA (Columbia), FAICD, SF Fin, FCIS (age 54) - appointed 25 November 2010.

Mr Grimwade is a Non-Executive Director of Select Harvests Limited, Chairman of CPT Global Limited and is a Principal and Executive Director of Fawkner Capital, a specialist corporate advisory and investment firm. He was a Director of AWB Limited from 2008 – 2010 and has held general management positions at Colonial Agricultural Company, the Colonial Group, Western Mining Corporation and Goldman, Sachs & Co. He has a broad range of experience in strategic management, mining, finance, corporate governance and law. In May 2012, Mr Grimwade was appointed as a non-executive director of listed company XRF Scientific Limited.

Mr John L C Jones, Non-Executive Director, Member of the Nomination and Remuneration Committee AusIMM, AICD (aged 68) - appointed July 1988.

Mr Jones, Troy Resources' largest shareholder, has over 40 years' experience as a director of public companies. Past roles include as founder and Chairman of Jones Mining Ltd, and Chairman of both North Kalgurli Mines NL and Anglo Australian Resources NL.

In addition to being a Director of Troy Resources, he is currently a Director of Anglo Australian Resources (since 1990), Director of private company Hampton Transport Services Pty Ltd, a service company to the mining industry in Australia, and founder and Chairman of TSX Ventures listed Altan Rio Minerals Limited and Altan Nevada Minerals Limited.

Mr C Robin W Parish, Independent Non-Executive Director, Member of the Audit Committee BA Hons. and MA from Oxford University (aged 62) – appointed 27 November 2009.

Mr Parish has been involved in Investment Management since 1971, and a Director of El Oro Ltd and its predecessor sister The Exploration Co.plc since 1981. El Oro originated as a silver mine in Mexico, and managing its portfolio has developed a broad knowledge of mining across a diverse spread of metals and geographic locations. El Oro has intimately followed the progress of Troy for more than 10 years.

COMPANY SECRETARY

Mr David R Sadgrove, Company Secretary and Chief Financial Officer, B.Com Acc. & Fin. (UWA), ACA (Aust.) (aged 44).

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

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 the Toronto Stock Exchange ("TSX") in Canada in February 2008. The Company's ordinary shares trade on the ASX and on the TSX under the code "TRY".

Additional Company information can be found in Note 33 to the Financial Statements.

Information on Subsidiaries and group structure can be found in Note 28 to the Financial Statements.

DIRECTOR'S REPORT
For the financial year ended 30 June 2012

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the year were gold and silver production through its operations at Andorinhas in Brazil and Casposo in Argentina. Exploration activities, principally for gold and silver, continued during the year concentrating primarily at the Casposo site in Argentina.

During the year the Consolidated Entity's Casposo gold silver operation in Argentina completed its first full year of production and its Sandstone gold operation located in Western Australia remained in care and maintenance. Subsequent to year end, Troy reached an agreement to sell its Sandstone gold operation. Further information can be found in Note 29 to the financial statements.

OPERATING RESULTS

The consolidated Profit from ordinary activities after tax and non-controlling interests for the year ended 30 June 2012 was $31,422,000 (2011: $14,634,000). The Profit for the year is after $8,624,000 of net exploration expenditure (2011: $5,390,000), and depreciation and amortisation of $32,082,000 (2011: $24,914,000).

The basic earnings per share for the year was 35.5 cents per share (2011: 16.7 cents) and earnings of 35.0 cents per share on a fully diluted basis (2011: 16.5 cents).

DIVIDENDS

In respect of the financial year ended 30 June 2012, the Company announced a fully franked final dividend of 10.0 cents per share on 24 August 2012, payable on the 19 October 2012. Further information can be found in Note 29 to the Financial Statements.

REVIEW OF OPERATIONS

The Financial year ended 30 June 2012 was a period of significant organic growth for the Troy Group with the Casposo gold and silver project in Argentina reaching nameplate capacity and strong and stable production from the Andorinhas gold project in Brazil.

Revenue from Gold and Silver sales totalled $208,581,000 (2011: $102,451,000) for the year.

Troy's total production for the FY2012 year was 119,621 ounces of gold and 937,208 ounces of silver or 137,457 gold equivalent ounces (2011: 71,614 gold ounces and 224,537 silver ounces or 76,983 gold equivalent ounces).

Troy's wholly owned Casposo operation in Argentina reached its nameplate capacity this financial year and produced 70,989 ounces of gold (2011: 17,106) and 937,208 ounces of silver (2011: 224,537), from the processing of 315,670 tonnes of ore at an average gold grade of 8.00g/t (2011: 7.51g/t) and silver grade of 121.11g/t (2011: 117.5g/t).

Casposo cash costs on a by-product basis were US$404 per ounce (net of silver credits) (2011: US$580/oz). The total gold equivalent ounces produced at Casposo were 88,825 (2011: 22,475) with cash costs on a co-product basis of US$654 per ounce (2011: US$815/oz).

Troy's wholly owned Andorinhas operation in Brazil now principally comprises the Mamão underground mine. Mining activities at the Mamão underground mine continued throughout the 2012 financial year. Existing low grade stockpiles from the previously mined Lagoa Seca open pit were used to supplement the processing during four weeks in the year.

The Andorinhas gold operation produced 48,632 ounces of gold for the year (2011: 49,099 ounces) at an average cash cost of U$571 per ounce (2011: U$519/oz) from the processing of 256,119 tonnes of ore (2011: 236,545 tonnes) at an average grade of 6.25g/t (2011: 7.07g/t).

Total exploration expenditure for the financial year totalled $16.5 million (2011: $8.8 million), of which $7.9 million (2011: $3.4 million) was capitalised primarily in relation to the Kamila South East extension at the Casposo project in Argentina and the Coruja and Mamão deposits in Brazil, based on

exploration results achieved to date indicating recoupment is reasonably assured. Therefore net exploration expensed directly to the profit and loss in the current financial year totalled $8.6 million (2011: $5.4 million).

The Group is complying with the new foreign currency controls in Argentina, requiring the Group to repatriate all sale proceeds from gold and silver produced in Argentina back to Argentina and to obtain prior approval from the Argentine Central Bank for payments to parties outside of Argentina. At 30 June 2012 the group held cash of US$28.3 million in overseas bank accounts pending repatriation to Argentina before any surpluses are available for remittance to Australia.

CHANGES IN STATE OF AFFAIRS

During the financial year there were no significant changes in the state of affairs of the Consolidated Entity other than those referred to in the Financial Statements and notes thereto.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

There has not been any matter or circumstance, except for those matters referred in Note 29 to the Financial Statements, that has arisen since the end of the financial year, that has significantly affected or may significantly affect, the operations of the Consolidated Entity, the results of the operations, or the state of the affairs of the Consolidated Entity in the future financial years.

FUTURE DEVELOPMENTS

Troy is committed to pursuing growth through exploration, acquisition of new projects and/or corporate merger activity.

The underground mine access development at Casposo has commenced utilising Redpath and BTZ mining contractors and is currently progressing using hand held mining equipment. Underground mine development is expected to move from hand held machines to mechanised jumbo drilling machines in the near term. Mining of both open pit and underground ore in tandem at Casposo is expected to commence in the second half of the 2013 financial year.

SHARE ISSUES

During the year:

- 1,121,000 fully paid ordinary shares were issued following the exercise of employee options;
- 36,000 fully paid ordinary shares were issued in accordance with performance rights entitlements; and
- 270,326 fully paid ordinary shares were issued in accordance with the dividend reinvestment plan.

SHARE OPTIONS AND EMPLOYEE PERFORMANCE SHARES

During the financial year:

- 1,060,000 options over unissued shares were granted by Troy Resources Limited under the Employee Share Option Plan;
- 1,121,000 employee share options were exercised;
- 9,000 options lapsed or expired in accordance with their terms;
- 12,000 Performance rights over unissued fully paid shares were granted by Troy Resources Limited under the Employee Performance Rights Plan; and
- 36,000 Performance rights were converted to shares in accordance with their terms.

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

Since the end of the financial year no options or share rights have been granted under the Employee Share Option Plan or Performance Rights Plan.

At the date of this report, there are a total of 3,399,293 unissued shares under option in Troy Resources Limited at issue prices ranging from $1.31 to $4.68 and 20,000 performance rights over fully paid ordinary shares which remain subject to hurdle prices of $5.00 and $5.50. No person entitled to exercise any of these options or performance rights had or have any rights by virtue of the options to participate in any share issue of any related corporation. For further information refer to Notes 23 and 24 to the Financial Statements.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

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

(a) the provisions of the Corporations Act 2001 (including, but not limited to, Chapter 2E) are complied with in relation to the giving of the indemnity; and

(b) the liability does not arise in respect of conduct involving a lack of good faith on the part of the Director or Officer.

During the financial year, the Company paid a premium in respect of an insurance policy covering the Directors of the Company, the Company Secretaries and all senior officers of the Company and of any related body corporate against a liability incurred as such a director, secretary or senior officer to the extent permitted by the Corporations Act 2001. The amount of the premium paid on the policy was $50,641 (2011: $53,975).

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

ENVIRONMENTAL REGULATIONS

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

Troy Resources Limited is a voluntary signatory to the Australian Minerals Industry Code for Environmental Management.

DIRECTOR'S REPORT
For the financial year ended 30 June 2012

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 2012, and the numbers of meetings attended by each director were:

	Board Meetings		Audit Committee Meetings		Nomination & Remuneration Committee Meetings	
Director	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Mr D R Dix	13	13	-	-	2	2
Mr P Benson	13	13	-	-	-	-
Mr G R Chambers	13	12	3	3	2	2
Mr F S Grimwade	13	13	3	3	-	-
Mr J L C Jones	13	13	-	-	2	2
Mr K K Nilsson	13	13	-	-	-	-
Mr C R W Parish	13	13	3	3	-	-

INTEREST IN THE SHARES AND OPTIONS OF THE COMPANY

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

Directors	**Number of Fully Paid Shares**		**Options**
	Beneficial	**Non-Beneficial**	
Mr D R Dix	-	87,013	-
Mr P Benson	328,684	-	-
Mr K K Nilsson	385,239	-	300,000
Mr G R Chambers	23,332	-	-
Mr F S Grimwade	40,000	-	-
Mr J L C Jones	1,239,061	9,056,016	-
Mr C R W Parish	132,259	4,136,507	-

DIRECTOR'S REPORT
For the financial year ended 30 June 2012

REMUNERATION REPORT (AUDITED)

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

A. Directors and Senior Management details;

B. Principles used to determine the components and amount of compensation;

C. Company performance;

D. Remuneration of Directors and Senior Management;

E. Details of share-based compensation; and

F. Employment Contracts.

A. Directors and Senior Management details

The Directors of Troy Resources Limited during or since the end of the year were:

- D R Dix — Non-Executive Chairman;
- P Benson — Managing Director and Chief Executive Officer;
- K K Nilsson — Executive Director of Project Development (based in Argentina);
- G R Chambers — Non-Executive Director;
- F S Grimwade — Non-Executive Director;
- J L C Jones — Non-Executive Director; and
- C R W Parish — Non-Executive Director.

The term "Senior Management" is used in the remuneration report to refer to the following persons. Except as noted, the named persons held their current position for the whole of the financial year and since the end of the financial year:

- P J Doyle — Vice President – Exploration and Business Development; (based in Canada);
- D R Sadgrove — Chief Financial Officer and Company Secretary; and
- A D B Storrie — Chief Operating Officer (appointed to this role effective 1 January 2012, based in Argentina & Brazil).

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

B. Principles used to determine the components and amount of compensation

(i) Remuneration Philosophy

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

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

(ii) Remuneration Structure

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

(iii) Non-Executive Directors' Remuneration

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

The Executive Directors, in the absence of the Non-Executive Directors, determine an appropriate allocation of this aggregate to be apportioned amongst the Non-Executive Directors. In determining an appropriate remuneration level, the Executive Directors consider reports from external consultants, the level of fees paid to Non-Executive Directors of comparable companies and the amount of time required to fulfil their duties to the shareholders.

Non-Executive Directors' remuneration is paid as cash fees, applicable superannuation entitlements and Committee fees. Although Non-Executive Directors qualify to participate in the Company's Employee Share Option Scheme, any allocation must be approved by the Shareholders in a general meeting and no such allocation has been made in the last six years, in accordance with best practice Corporate Governance within Australia. There is no retirement benefit plan for Non-Executive Directors.

The remuneration of Non-Executive Directors for the financial year ended 30 June 2012 and 2011 is detailed on Pages 12 and 16 of this Report.

(iv) Nomination and Remuneration Committee

The Company has a formally constituted Nomination and Remuneration Committee which is responsible for determining and reviewing remuneration for the Executive Directors and Senior Management. This Committee is composed of Mr D R Dix (Committee Chairman), Mr G R Chambers and Mr J L C Jones, all of whom are Non-Executive Directors of the Company.

The responsibilities and functions of the Nomination and Remuneration Committee include:

- Review the competitiveness of the Consolidated Entity's and Company's Senior Management compensation programmes to ensure:
    (a) the attraction and retention of Senior Management;
    (b) the motivation of Company officers to achieve the Company's business objectives; and
    (c) to align the interest of key leadership with the long-term interests of the Company's shareholders.
- Review trends in management compensation, oversee the development of new compensation plans and, when necessary, approve the revision of existing plans.
- Review the performance of Senior Management.
- Review and approve the Chairman's and Chief Executive Officer's goals and

objectives, evaluate their performance in light of these corporate objectives, and set the compensation levels for Executive Directors to be consistent with Company philosophy.

- Review the salaries, bonus and other compensation for Senior Management. The Committee will recommend appropriate salary, bonus and other compensation to the Board for approval.
- Review and approve compensation packages for new Senior Management and termination packages for corporate officers as requested by management.
- Review and make recommendations concerning long-term incentive compensation plans, including the use of share options and performance rights.

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

(v) Executive Director and Senior Management Personnel Remuneration

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

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

Remuneration consists of the following components:

(a) Fixed Remuneration.

(b) Variable Remuneration comprising:

  (i) Short Term Incentives/Rewards; and

  (ii) Long Term Incentives.

(c) Special Benefits.

(a) Fixed Remuneration

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

Executives are offered a competitive salary package as this forms the base of their remuneration. Base salary is reviewed annually to ensure remuneration is competitive with the general market range. This is very important as most Senior Management do not receive any Short Term Incentive/Reward component in their package.

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

The Chief Executive Officer and the Chief Operating Officer are both due annual bonuses under their respective employment contracts based upon the achievement of goals and objectives that have been set in consultation with the Remuneration Committee of the Board and on the Board's assessment of their performance generally.

The Board may also pay cash bonuses to other Senior Management staff based upon achievement of goals and objectives which have been set by the Chief Executive.

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

Long-term incentives are predominantly provided through participation in the Company's Employee Share Option Plan and Performance Rights Plan.

The objective of the Employee Share Option Plan and Performance Rights Plan is to reward employees in a manner which aligns them with those of the shareholders of the Company. Additional details of the Employee Share Option Plan and Performance Rights Plan can be found at Note 24 to the Financial Statements.

The Employee Share Option Plan and Performance Rights Plan is open to all employees and allocations are made at the discretion of the Nomination and Remuneration Committee and the Board, in terms of both amounts and timing. In general, larger allocations are made to senior executives who have a greater impact on the direction, management and performance of the Consolidated Entity.

Details of share options and performance rights granted to Directors and other Senior Management of the Consolidated Entity during the year are detailed in Section E of the Remuneration Report below. Since the end of the financial year, no share options or performance rights have been granted to Directors and other Senior Management of the Consolidated Entity.

(c) Special Benefits

The Consolidated Entity may grant a special benefit to an employee in certain circumstances. These special benefits may include house rental and/or relocation payment for employees that are being relocated to commence their employment with, or change position within, the Consolidated Entity's operations. Benefits could also include payment of spouse or family travel when accompanying an executive on Company business.

Special Benefits are not considered to be a regular part of a Senior Manager's remuneration, but are granted due to irregular special circumstances referable to the person's employment or work with the Company. During 2012, relocation costs on behalf of Mr Doyle were paid by the Company to establish the Group's new satellite office in Toronto, Canada, including airfares for his wife and shipping of personal goods. In total $32,662 (2011: nil).

C. Company Performance

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

	Financial Years Ended 30 June				
	2012	**2011**	**2010**	2009	2008
Basic Earnings/(Loss) per Share (cents) [1]	**35.5**	16.7	(8.0)	21.6	(24.7)
Diluted Earnings/(Loss) per Share (cents) [1]	**35.0**	16.5	(8.0)	21.6	(24.7)
Shareholders' Funds ($m)	**132.3**	109.7	129.2	114.9	116.8
Dividends per Share (cents)	**10.0**	6.0 & 4.0[2]	-	4.0	3.0
Net Profit/(Loss) Before Tax (A$m)	**55.5**	15.1	(6.9)	19.3	(16.5)
Net Profit/(Loss) After Tax & Non-Controlling Interests (A$m)	**31.4**	14.6	(6.8)	16.7	(17.6)
Operating Revenue (A$m)	**208.6**	102.5	75.2	75.4	39.7
Gold Equivalent Production – Equity (ozs)	**137,457**	76,983	61,453	61,786	40,318
Share Price at beginning of the year (A$/Share)	**$3.48**	$2.45	$1.35	$2.00	$2.41
Share Price at end of the year (A$/share)	**$3.90**	$3.48	$2.45	$1.35	$2.00
Market Capitalisation (A$m)	**349**	306	214	94	150

Please note: [1] Basic and Diluted Earnings/(Loss) per share have been retrospectively adjusted for 1 for 6 rights issue in November 2009. [2] Interim dividend for FY 2011 paid 29 June 2011.

During the year ended 30 June 2012 certain performance rights were granted to senior management and performance rights previously granted were converted to ordinary shares on completion of the vesting conditions. Further details are recorded in Section E of the Remuneration Report.

On vesting each performance right equates to one ordinary share. The performance rights are subject to various vesting conditions. One such vesting condition is that the share price must meet or exceed certain pre-defined share price targets for a continuous 10 day period, should any of the vesting conditions fail to be achieved the performance rights will not vest, consequently there is a direct link between the creation of shareholder wealth and share based payment remuneration.

D. Remuneration of Directors and Senior Management

Compensation packages contain the following key elements:

(a) Short Term Employee Benefits: salary/fees, bonuses allowances and non-monetary benefits including the provision of fully maintained motor vehicles, insurance benefits;

(b) Post-employment benefits: including superannuation and prescribed retirement benefits; and

(c) Equity: share options granted under the Employee Share Option Plan or Performance Rights as disclosed in Note 24 to the Financial Statements.

DIRECTOR'S REPORT
For the financial year ended 30 June 2012

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

2012	Short-term Employee Benefits				Post-Employment Benefits		Equity Share Based Payments $	Total $
Name	Cash Salary & Fees $	Cash Bonus [a] $	Long Service Leave [b] $	Non-Monetary Benefits [c] $	Super-annuation $	Retirement Benefits $		
Non Executive Directors								
D R Dix	155,000	-	-	-	13,230	-	-	168,230
G R Chambers [1]	42,565	-	-	-	-	-	-	42,565
F S Grimwade	85,000	-	-	-	7,200	-	-	92,200
J L C Jones	85,000	-	-	-	7,200	-	-	92,200
C R W Parish	92,200	-	-	-	-	-	-	92,200
Sub Total	**459,765**	**-**	**-**	**-**	**27,630**	**-**	**-**	**487,395**
Executive Directors								
P Benson	500,000	143,820	32,052	37,061	45,000	-	38,288	796,221
K K Nilsson[2]	400,000	350,000	13,066	-	26,695	-	389,360	1,179,121
Sub Total	**900,000**	**493,820**	**45,118**	**37,061**	**71,695**	**-**	**427,648**	**1,975,342**
Other Senior Management								
P J Doyle	275,020	125,000	14,890	-	53,558	-	110,821	579,289
D R Sadgrove	285,000	20,000	11,883	18,387	25,650	-	22,952	383,872
A D B Storrie[3]	135,000	-	6,201	15,000	-	-	45,503	201,704
Sub Total	**695,020**	**145,000**	**32,974**	**33,387**	**79,208**	**-**	**179,276**	**1,164,865**
TOTAL	**2,054,785**	**638,820**	**78,092**	**70,448**	**178,533**	**-**	**606,924**	**3,627,602**

(1) *Mr G R Chambers does not receive a fixed directors' fee. He is remunerated at commercial hourly rates paid to his Canadian Law Practice for actual time spent in his capacity as a Board director and Committee member. Refer also to Note 23(c) of the Annual Financial Statements "Related Party Transactions" for amounts paid to Lawson Lundell LLP and Cassels Brock & Blackwell LLP.*

(2) *During the year Mr K Nilsson requested and was granted a cash payout of a significant portion of his annual leave and long service leave balances due, totalling $374,130. This amount relates to annual leave and long service leave accrued over the previous 15 years with the Company.*

(3) *Mr A D B Storrie as announced on 2 August 2011, was appointed to the role of Chief Operating Officer effective from 1 January 2012 and his remuneration since such date has been included above. Mr Storrie receives an allowance paid for the education of his children as part of his salary package.*

Cash bonuses as a percentage of the total compensation are:

P Benson	18.06%
K Nilsson	29.68%
P Doyle	21.58%
D Sadgrove	5.21%

Notes (a) to (c) 2012

(a) *Messrs Benson, Nilsson, Doyle and Sadgrove were granted a cash bonus which was reported and paid in 2011/2012, following a review by the Remuneration Committee. The bonus is in recognition of their contribution during 2010/2011 and was set in accordance with the criteria in section B above. The bonuses were granted in December*

2011 at the discretion of the board. Mr Nilsson's bonus was in relation to the successful construction and commissioning of the Casposo plant in Argentina throughout the two plus year period from July 2009 to October 2011, $200,000 was paid in the current financial year and the balance of $150,000 is due in October 2012 subject to Mr Nilsson remaining an employee of the Group. Mr Doyle's bonus was in relation to exploration success at Casposo in Argentina with additional underground resources identified.

(b) Includes the value of non-cash long service leave expense accrued by the company.

(c) Includes the value of non-cash benefits such as the provision of a fully maintained motor vehicle and fuel. The benefits reported include amounts paid for Fringe benefits tax, where applicable. Also includes the education allowance for Mr Storrie's children.

2011	Short-term Employee Benefits				Post-Employment Benefits		Equity Share Based Payments $	Total $
Name	Cash Salary & Fees $	Cash Bonus [a] $	Long Service Leave [b] $	Non-Monetary Benefits [c] $	Super-annuation $	Retirement Benefits $		
Non Executive Directors								
D R Dix [1]	109,641	-	-	-	9,868	-	-	119,509
G R Chambers [2]	65,956	-	-	-	-	-	-	65,956
F S Grimwade [3]	41,737	-	-	-	3,756	-	-	45,493
J L C Jones	76,000	-	-	-	6,840	-	-	82,840
C R W Parish	71,000	-	-	-	-	-	-	71,000
J A S Dow [4]	79,129	-	-	-	-	-	-	79,129
Sub Total	**443,463**	**-**	**-**	**-**	**20,464**	**-**	**-**	**463,927**
Executive Directors								
P Benson [5]	479,400	75,000	13,018	37,062	43,146	-	132,620	780,246
K K Nilsson	357,949	-	10,021	-	22,218	-	13,876	404,064
Sub Total	**837,349**	**75,000**	**23,039**	**37,062**	**65,364**	**-**	**146,496**	**1,184,310**
Other Senior Management								
P J Doyle	267,016	30,000	6,219	-	50,000	-	29,510	382,745
D R Sadgrove	255,098	60,000	13,095	16,783	22,959	-	29,510	397,445
K D Ross [6]	149,633	-	6,857	14,550	44,677	-	3,311	219,028
D W Otterman	226,325	-	6,760	-	38,327	-	18,755	290,167
G K Brennan [7]	113,475	-	-	-	7,528	223,506	-	344,509
Sub Total	**1,011,547**	**90,000**	**32,931**	**31,333**	**163,491**	**223,506**	**81,086**	**1,633,894**
TOTAL	**2,292,359**	**165,000**	**55,970**	**68,935**	**249,319**	**223,506**	**227,582**	**3,282,131**

(1) Appointed Chairman on 25 November 2010.

(2) Mr G R Chambers does not receive a fixed directors' fee. He is remunerated at commercial hourly rates paid to his Canadian Law Practice "Lawson Lundell LLP" for actual time spent in his capacity as a Board director and Committee member. Refer also to Note 23(c) of the Annual Financial Statements "Related Party Transactions" for amounts paid to Lawson Lundell LLP.

(3) Elected as a Non-Executive Director on 25 November 2010.

(4) Retired from the board on 5 March 2011.

(5) *Mr Benson was appointed Managing Director on 13 September 2010. His remuneration includes all amounts received by him during the financial year in his capacity as Chief Executive Officer.*

(6) *Mr Ross has worked on a part-time basis since the Sandstone Plant moved to care and maintenance in October 2010.*

(7) *Mr Brennan received redundancy due to closure of Sandstone Plant processing. Redundancy and leave payouts are included under retirement benefits.*

Cash bonuses as a percentage of the total compensation are:

P Benson	9.7%
P Doyle	7.9%
D Sadgrove	15.6%

Notes (a) to (c) 2011

(a) Messrs Benson, Doyle and Sadgrove were granted a cash bonus which was reported and paid in 2010/2011, following a review by the Remuneration Committee. The bonus is in recognition of their contribution during 2009/2010 and was set in accordance with the criteria in section B above. The bonuses were granted in September 2010 at the discretion of the board.

(b) Includes the value of non-cash long service leave expense accrued by the company.

(c) Includes the value of non-cash benefits such as the provision of a fully maintained motor vehicle and fuel. The benefits reported include amounts paid for Fringe benefits tax, where applicable.

E. Value of Performance Rights/Options Issued to Key Management Personnel

The following Performance Rights/Options were granted, vested, exercised or lapsed in relation to Directors and Senior Management during the 2012 year:

2012	Performance Rights/Options Granted		Options and Rights Exercised			Options and Rights Vested	Options Lapsed	Value of Rights/ Options included in remuneration for the year (2) ($)	Percentage of total remuneration for the year that consists of rights/ options (%)
Name	Number granted (No)	Value at grant date(1) ($)	Number exercised (No)	Amount paid on exercise ($)	Fair value at exercise date(1) ($)	Number vested during the year (No)	Number lapsed (No)		
P Benson	-	-	220,000	596,000	367,400	270,000	-	38,288	4.8
K K Nilsson	300,000	388,200	300,000	374,130	921,870	400,000	-	389,360	33.0
P J Doyle	250,000	336,946	56,000	125,355	134,065	55,500	-	110,821	19.1
D R Sadgrove	5,000	15,600	106,000	187,710	287,210	55,500	-	22,952	6.0
A D B Storrie	50,000	68,439	-	-	-	60,000	-	45,503	22.6
Total	605,000	809,185	682,000	1,283,195	1,710,545	841,000	-	606,924	

Value of options – basis of calculation:

(1) The total value of options granted, exercised and lapsed is calculated based on the following:

- *Fair value of the right/option at grant date multiplied by the number of options granted during the year;*
- *Fair value of the option at the time it is exercised multiplied by the number of options exercised during the year;*
- *Fair value of the option at the time of lapse multiplied by the number of options lapsed during the year.*

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

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

During the financial year, the following share-based payments arrangements for executive directors and senior management were in existence:

Option Series	**Grant Date**	**Expiry Date**	**Grant Date Fair Value (i)**	**Final Vesting Date (ii)**
Issued 28 November 2007	28 November 2007	3 October 2012	$1.18	3 October 2011
Issued 23 April 2008	23 April 2008	23 April 2012	$0.69	23 April 2011
Issued 7 October 2008	7 October 2008	7 October 2012	$0.23	7 October 2011
Issued 26 November 2008	26 November 2008	7 October 2012	$0.23	7 October 2011
Issued 17 June 2009	17 June 2009	17 June 2013	$0.42	17 June 2012
Issued 24 November 2011	24 November 2011	7 June 2014	$1.30	7 June 2013
Issued 28 November 2011	28 November 2011	28 November 2015	$1.59	28 November 2014
Issued 28 November 2011	28 November 2011	28 November 2015	$1.58	28 November 2014
Issued 9 January 2012	9 January 2012	9 January 2016	$1.35	9 January 2015
Performance Right Series	**Grant Date**	**Expiry Date**	**Grant Date Fair Value (i)**	**Final Vesting Date (ii)**
Issued 9 September 2010	9 September 2010	9 September 2014	$ 1.75	9 September 2012
Issued 28 November 2011	28 November 2011	28 November 2015	$3.12	28 November 2012

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

(ii) For details of each vesting tranche refer Note 24 of the financial statements.

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

Performance rights entitle the holder to fully paid ordinary shares issued for $nil consideration, subject to the holder remaining an employee or director of the company or its associated body corporate, and exceeding hurdle price conditions as referred to in Note 24 of the financial statements.

F. Employment Contracts

The only Directors or Members of Senior Management with an employment contract as at 30 June 2012 are Mr Benson, Mr Doyle and Mr Storrie.

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

The major provisions of his contract are as follows:

- no fixed term;
- base salary of $500,000 per annum, effective 1 July 2011 plus superannuation contributions of 9% of salary. The base salary is to be reviewed as at 30 June every year;
- receive a grant of 1,000,000 options on commencement of appointment;
- may receive a cash bonus of up to 30% of his salary upon the achievement of certain pre-determined goals and objectives set in consultation with the Board;
- may terminate his employment with the Company upon giving six months' notice in writing to the Company; and
- shall receive a termination benefit from the Company, if he is terminated for reasons other than serious misconduct, equal to the cash equivalent of six months of his base salary as at the date of termination.

Mr Doyle is the Vice President Exploration and Business Development of the Company and was appointed to that role on 18 July 2005. When the Group relocated Mr Doyle to establish the satellite office in Toronto, Canada, Mr Doyle, renegotiated an employment contract effective from 1 January 2012, previously he held a letter agreement. Key terms:

- no fixed term;
- may terminate his employment with the Company upon giving one months' notice in writing to the Company.

Mr Storrie as announced on 2 August 2011, was appointed as the Chief Operating Officer of the Company effective from 1 January 2012. Previously Mr Storrie held the position of General Manager Brazil. Mr Storrie's original contract is dated 16 July 2009. Key terms:

- no fixed term;
- may receive a cash bonus to a maximum of US$60,000 per annum subject to achievement of key performance objectives set with the Board; and
- may terminate his employment with the Company upon giving three months' notice in writing to the Company.

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

DIRECTOR'S REPORT
For the financial year ended 30 June 2012

NON-AUDIT SERVICES

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

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

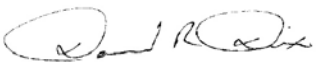
A copy of the auditor's Independence Declaration as required under Section 307C of the Corporations Act 2001 is set out on page 19.

Details of amounts paid or payable to the auditor for audit and non-audit services provided during the financial year are outlined in Note 22 to the Financial Statements.

Rounding of Amounts

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

Signed at West Perth, Western Australia, this 27th day of September 2012 in accordance with a resolution of Directors made pursuant to s.298(2) of the Corporations Act 2001.



On behalf of the Directors of Troy Resources Limited
D Dix
Non-Executive Chairman

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

Woodside Plaza
Level 14
240 St Georges Terrace
Perth WA 6000

GPO Box A46
Perth WA 6837 Australia

DX 206
Tel: +61 (0) 8 9365 7000
Fax: +61 (0) 8 9365 7001
www.deloitte.com.au

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

27 September 2012

Dear Board Members

Troy Resources Limited

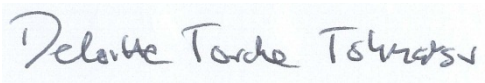
In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Troy Resources Limited.

As lead audit partner for the audit of the financial statements of Troy Resources Limited for the financial year ended 30 June 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

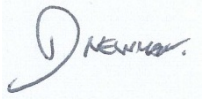
(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



David Newman
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited

TROY RESOURCES LIMITED

CONSOLIDATED INCOME STATEMENT
For the financial year ended 30 June 2012

	Notes	2012 $'000	2011 $'000
Revenue	3	**208,581**	102,451
Cost of sales		**(132,526)**	(76,827)
Gross Profit		**76,055**	25,624
Other income	3	**2,215**	7,563
Exploration expenses (net)		**(8,624)**	(5,390)
Administration expenses		**(7,643)**	(8,453)
Other expenses - Corporate		**(1,001)**	(586)
Care and maintenance costs		**(1,227)**	(340)
Finance costs		**(3,290)**	(3,325)
Impairment of financial assets		**(938)**	-
Profit before income tax expense	4	**55,547**	15,093
Income tax expense	5	**(24,125)**	(459)
Profit for the year		**31,422**	14,634
Profit attributable to:			
Owners of the parent		**31,438**	14,648
Non-controlling interests		**(16)**	(14)
		31,422	14,634
Earnings Per Share (EPS)			
Basic EPS (cents)	19(a)	**35.5**	16.7
Diluted EPS (cents)	19(b)	**35.0**	16.5

Notes to the Financial Statements are included on pages 25 to 75

TROY RESOURCES LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 30 June 2012

	Notes	2012 $'000	2011 $'000
Profit for the year		**31,422**	14,634
Other comprehensive income (net of income tax)			
Changes in value of available for sale assets		**666**	(3,094)
Exchange differences on translation of foreign operations		**(8,619)**	(29,527)
Other comprehensive income		**(7,953)**	(32,621)
Total comprehensive income for the year		**23,469**	(17,987)
Total comprehensive income attributable to:			
Owners of the parent		**23,488**	(17,969)
Non-controlling interest		**(19)**	(18)
		23,469	(17,987)

Notes to the Financial Statements are included on pages 25 to 75

TROY RESOURCES LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the financial year ended 30 June 2012

	Notes	2012 $'000	2011 $'000
CURRENT ASSETS			
Cash and cash equivalents	6	**58,922**	27,941
Trade and other receivables	7	**14,604**	7,324
Inventories	8	**17,143**	14,029
TOTAL CURRENT ASSETS		**90,669**	49,294
NON-CURRENT ASSETS			
Property, plant and equipment	10	**46,422**	53,070
Mining properties	11	**43,502**	44,131
Exploration properties	12	**1,612**	2,884
Other receivables	7	**3,102**	6,461
Other financial assets	9	**134**	406
Deferred tax assets	5	**-**	4,468
TOTAL NON-CURRENT ASSETS		**94,772**	111,420
TOTAL ASSETS		**185,441**	160,714
CURRENT LIABILITIES			
Trade and other payables	13	**15,716**	9,735
Current tax payables	5	**7,752**	2,317
Provisions	14	**3,173**	3,389
Borrowings	15	**14,227**	12,500
TOTAL CURRENT LIABILITIES		**40,868**	27,941
NON-CURRENT LIABILITIES			
Other payables	13	**2,267**	-
Deferred tax liabilities	5	**7,029**	4,071
Provisions	14	**3,005**	2,432
Borrowings	15	**-**	16,589
TOTAL NON-CURRENT LIABILITIES		**12,301**	23,092
TOTAL LIABILITIES		**53,169**	51,033
NET ASSETS		**132,272**	109,681
EQUITY			
Issued Capital	16	**101,804**	97,596
Reserves	17	**(37,501)**	(29,782)
Retained earnings	18	**68,224**	42,103
Parent interest		**132,527**	109,917
Non-controlling interests		**(255)**	(236)
TOTAL EQUITY		**132,272**	109,681

Notes to the Financial Statements are included on pages 25 to 75

TROY RESOURCES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2012

	Issued Capital	Available for Sale Reserve	Option Premium Reserve	Foreign Currency Translation Reserve	Retained Earnings	Attributable to Equity Holder of Parent	Non-controlling Interest	TOTAL EQUITY
	($,000)	($,000)	($,000)	($,000)	($,000)	($,000)	($,000)	($,000)
Balance at 1 July 2011	97,596	(666)	4,146	(33,262)	42,103	109,917	(236)	109,681
Profit / (Loss) for the year	-	-	-	-	31,438	31,438	(16)	31,422
Changes in fair value of available-for-sale assets, net of tax	-	666	-	-	-	666	-	666
Exchange differences on translation of foreign operations	-	-	-	(8,615)	-	(8,615)	(3)	(8,618)
Total comprehensive income for the year	-	666	-	(8,615)	31,438	23,489	(19)	23,470
Issue of fully paid shares	-	-	-	-	-	-	-	-
Issue of fully paid shares on conversion of options	3,070	-	(697)	-	-	2,373	-	2,373
Issue of fully paid shares on conversion of performance rights	74	-	(74)	-	-	-	-	-
Issue of fully paid shares for dividends reinvestment plan	1,064	-	-	-	-	1,064	-	1,064
Share-based payments	-	-	1,001	-	-	1,001	-	1,001
Dividends payable / paid	-	-	-	-	(5,317)	(5,317)	-	(5,317)
Balance at 30 June 2012	**101,804**	**-**	**4,376**	**(41,877)**	**68,224**	**132,527**	**(255)**	**132,272**
Balance at 1 July 2010	96,022	2,428	3,718	(3,739)	30,975	129,404	(218)	129,186
Profit / (Loss) for the year	-	-	-	-	14,648	14,648	(14)	14,634
Changes in fair value of available-for-sale assets, net of tax	-	(3,094)	-	-	-	(3,094)	-	(3,094)
Exchange differences on translation of foreign operations	-	-	-	(29,523)	-	(29,523)	(4)	(29,527)
Total comprehensive income for the year	-	(3,094)	-	(29,523)	14,648	(17,969)	(18)	(17,987)
Issue of fully paid shares	-	-	-	-	-	-	-	-
Partly paid shares converted to ordinary fully paid shares	1,155	-	-	-	-	1,155	-	1,155
Issue of shares fully paid shares on conversion of options	419	-	(85)	-	-	334	-	334
Share-based payments	-	-	525	-	-	525	-	525
Share-based borrowing costs	-	-	(12)	-	-	(12)	-	(12)
Dividends payable / paid	-	-	-	-	(3,520)	(3,520)	-	(3,520)
Balance at 30 June 2011	**97,596**	**(666)**	**4,146**	**(33,262)**	**42,103**	**109,917**	**(236)**	**109,681**

Notes to the Financial Statements are included on pages 25 to 75

TROY RESOURCES LIMITED

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 30 June 2012

	Notes	2012 $'000	2011 $'000
CASHFLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**205,737**	109,846
Payments to suppliers and employees		**(104,633)**	(73,355)
Proceeds from sundry income		**80**	1,125
Government royalties and export taxes paid		**(13,508)**	(3,625)
Income taxes paid		**(10,694)**	(3,061)
NET CASH PROVIDED BY OPERATING ACTIVITIES	**31(b)**	**76,982**	30,930
CASHFLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		**(7,462)**	(20,440)
Payments for mine and development properties		**(9,022)**	(15,769)
Payments for exploration properties capitalised		**(7,876)**	(3,422)
Payments for power line commitments		**(1,523)**	(5,937)
Payment of deferred consideration		**-**	(1,695)
Proceeds on sale of property, plant and equipment		**231**	576
Proceeds on sale of investment securities		**-**	4,503
Interest received		**558**	443
NET CASH (USED IN) INVESTING ACTIVITIES		**(25,094)**	(41,741)
CASHFLOWS FROM FINANCING ACTIVITIES			
Proceeds from / (Repayment of) Borrowings		**(15,000)**	27,000
Payments of financing costs		**(3,153)**	(2,560)
Proceeds from issues of equity securities		**2,373**	1,489
Dividends paid – members of parent entity		**(4,727)**	(2,988)
NET CASH PROVIDED BY / (USED IN) FINANCING ACTIVITIES		**(20,507)**	22,941
Net increase / (decrease) in cash and cash equivalents		**31,381**	12,103
Cash and cash equivalents at the beginning of the financial year		**27,941**	16,432
Effects of exchange rate changes on balances held in foreign currencies		**(400)**	(594)
Cash and cash equivalents at end of the financial year	**31(a)**	**58,922**	27,941

Notes to the Financial Statements are included on pages 25 to 75

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the financial year ended 30 June 2012

1. SUMMARY OF ACCOUNTING POLICIES

Statement of compliance

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

The financial statements comprise the consolidated financial statements of the Group. For the purpose of preparing the consolidated financial statements the Company is a for profit entity. Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the company and the Group comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the Directors at a meeting held on 27th September 2012.

Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

In the application of the group's accounting policies, management is required to make judgments, estimates and assumptions about carrying values 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.

Judgments made by management in the application of the group's accounting policies that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

Comparative financial information

The following comparative financial information has been reclassified to aid comparability with the current year, and more appropriately reflect the nature of the items concerned. None of the adjustments affect profit before or after tax or net assets.

Argentina export taxes of $1.4m have been reclassified from income tax expenses to cost of sales for the year ended 30 June 2011.

Deferred consideration on acquisition payable of $0.18m has been grouped with trade and other payables for the year-ended 30 June 2011.

Critical accounting judgements and key sources of estimation uncertainty

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

Ore Reserve Estimates

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

Rehabilitation obligations

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

Significant Accounting Policies

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

(a) Cash and Cash Equivalents

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

(b) Receivables

Trade receivables and other receivables are recorded at amortised cost less impairment.

(c) Inventories

Inventories are valued at the lower of cost and net realisable value. Ore stockpiles, gold in circuit, dore and bullion are valued applying absorption costing.

(d) Property, Plant and Equipment

Property, Plant and Equipment

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

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

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

- Plant and equipment 3-7 years
- Motor Vehicle 2-7 years

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

Mining Assets

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

Mining Exploration

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

Mining Development Properties

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

(e) Mining Development Properties

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

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

(f) Mining Exploration Properties

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

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

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

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

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

(g) Financial Assets

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the

timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Financial Assets at fair value through profit or loss

The consolidated entity has classified certain shares and options as other financial assets at fair value through profit or loss. Financial assets held for trading purposes are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in profit or loss.

Available-for-sale financial assets

Certain shares held by the consolidated entity are classified as being available-for-sale and are stated at fair value. Gains and losses arising from changes in fair value are recognised directly in the available-for-sale revaluation reserve, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in the available-for-sale revaluation reserve is included in profit or loss for the period.

(h) Accounts Payable

Trade payables and other accounts payable are recognised when the Consolidated Entity becomes obliged to make future payments resulting from the purchase of goods and services.

(i) Provisions

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.

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

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

(j) Employee Benefits

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

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits, which are not expected to be settled within 12 months, are measured as the present value of the estimated future cash outflows to be made by the Consolidated Entity in respect of services provided by employees up to reporting date.

The Company and its subsidiaries contribute to a defined contribution superannuation plan. Contributions to defined contribution superannuation plans are expensed when incurred.

(k) Borrowings

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the borrowing using the effective interest rate method.

Interest and ancillary costs incurred in connection with borrowings for the development of specific assets are deferred and amortised or depreciated over the life of the project.

(l) Current Tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred Tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items. In principle, deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination), which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and joint ventures except where the Consolidated Entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company/Consolidated Entity intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity.

The Company and its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. Troy Resources Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets

arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within the group' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the company (as head entity in the tax-consolidated group).

(m) Financial Instruments Issued by the Company

Debt and Equity Instruments

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

Transaction Costs on the Issue of Equity Instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate.

Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

(n) Foreign Currencies

Translation of Foreign Currency Transactions

Transactions in foreign currencies of entities within the Consolidated Entity are converted to local currency at the rate of exchange ruling at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date are translated using the spot rate at the end of the financial year.

Exchange differences are recognised in profit or loss in the period in which they arise except that:

(i) Exchange differences which relate to assets under construction for future productive use are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings;

(ii) Exchange differences on transactions entered into in order to hedge certain foreign currency risks; and

(iii) Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned or likely to occur, which form part of the net investment in a foreign operation, are recognised in the foreign currency translation reserve in the consolidated financial statements and recognised in profit or loss on disposal of the net investment.

Foreign Operations

The functional currency of the Consolidated Entity's overseas operations differs to that of the Consolidated Entity's presentational currency. On consolidation, the assets and liabilities of the Consolidated Entity's overseas operations are translated at exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in the foreign currency translation reserve, and recognised in profit or loss on disposal of the foreign operation.

(o) Revenue Recognition

Sale of Goods

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

(i) the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

(ii) the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

(iii) the amount of revenue can be measured reliably;

(iv) it is probable that the economic benefits associated with the transaction will flow to the Group; and

(v) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

(p) Goods and Services Tax

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

(i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

(ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the Statement of Cash Flows on a gross basis. The GST 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.

(q) Borrowing Costs

Borrowing costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets, which take more than 12 months to get ready for their intended use or sale. In these circumstances, borrowing costs are capitalised to the cost of the assets. Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the costs directly attributable to these borrowings are capitalised, net of any interest earned on those borrowings. Where funds are borrowed generally, borrowing costs are capitalised using a weighted average capitalisation rate. Interest charges are capitalised to the extent that the related debt directly finances the purchase and construction of plant. Interest charges cease to be capitalised when the expenditure no longer satisfies the above policy or when production commences.

(r) Share-based payments

Share-based compensation benefits are provided to employees via the Employee Share Option Plan or Performance Rights Plan.

The fair values of options granted under the Employee Share Option Plan are recognised as an employee benefit expense with a corresponding increase in equity. The fair value of the options are calculated at the date of grant using a Binomial model and allocated to each reporting period evenly over the period from grant date to vesting date. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. Upon the exercise of

options, the balance of the share-based payments reserve relating to those options is transferred to share capital.

Share-based borrowing costs are recognised in equity at fair value at the date of inception, and are offset against the applicable debt.

Performance Shares

The fair values of rights granted under the Employee Performance Rights Plan are recognised as an employee benefit expense with a corresponding increase in equity. The fair value of the unissued fully paid shares is calculated at the date of grant using a Monte Carlo model and allocated to each reporting period evenly over the period from grant date to vesting date. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, hurdle price restrictions, and behavioural considerations. Upon the vesting, the balance of the share-based payments reserve relating to those rights is transferred to share capital.

(s) Financial Liabilities and equity instruments issued by the group

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

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

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

Derecognition of financial liabilities

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or they expire.

(t) Principles of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Consolidated Entity.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the consolidated entity's equity therein. The interests of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

When the consolidated entity loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

(u) Joint Venture Operations

The economic entity's interest in joint ventures is brought to account by including in their respective classification categories the amount of:

(i) the economic entity's share in each of the individual assets employed in the joint ventures;

(ii) liabilities incurred in relation to joint ventures including the economic entity's share of liabilities for which it is jointly and/or severally liable; and

(iii) the economic entity's share of expenses incurred in relation to the joint ventures.

(v) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the consolidated entity in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

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

(i) deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with AASB 112 Income Taxes and AASB 119 Employee Benefits respectively;

(ii) liabilities or equity instruments related to the replacement by the consolidated entity of an acquiree's share-based payment awards are measured in accordance with AASB 2 Share-based Payment; and

(iii) assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

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

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

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

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

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

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

Business combinations that took place prior to 1 July 2009 were accounted for in accordance with the previous version of AASB 3.

(w) Impairment of tangible and intangible assets other than goodwill

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

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

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

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

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

(x) Earnings per Share

Basic Earnings per Share

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

Diluted Earnings per Share

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

(y) Derivative Financial Instruments

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

The Group currently and throughout the year did not hold any foreign exchange or commodity hedge contracts.

Derivatives are initially recorded at the relevant rate at the date of the transaction. Derivatives outstanding at balance date are valued at the fair value ruling on that day and any gains or losses are brought to account in the income statement, unless hedge accounting is applied whereupon the treatment will depend on whether it is classified as a fair value hedge or cash flow hedge. The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges) and hedges of highly probable forecast transactions (cash flow hedges).

Embedded Derivatives

Derivatives embedded in other financial instruments or other contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in the profit and loss.

Hedge Accounting

The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges. At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Fair Value Hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the profit and loss immediately, together with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk.

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

Cash Flow Hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in the profit and loss.

Hedge accounting is discontinued when the hedging instrument expires, or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in profit or loss.

Hedges of net investments in foreign operations

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

hedge accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal of the foreign operation.

2. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. Details of the impact of the adoption of these new accounting standards are set out in the individual accounting policy notes set out below. The Group has also adopted the following Standards as listed below. Adoption of these standards has had no impact on the Group's Financial Statements:

Amendments to AASB 7'Financial Instruments: Disclosure' (adopted in advance of effective date of 1 January 2011)

The amendments (part of AASB 2010-4 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project') clarify the required level of disclosures about credit risk and collateral held and provide relief from disclosures previously required regarding renegotiated loans.

Amendments to AASB 101 'Presentation of Financial Statements' (adopted in advance of effective date of 1 January 2011)

The amendments (part of AASB 2010-4 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project') clarify that an entity may choose to present the required analysis of items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.

AASB 124 'Related Party Disclosures'(revised December 2009)

AASB 124 (revised December 2009) has been revised on the following two aspects.: (a) AASB 124 (revised December 2009) has changed the definition of a related party and (b) AASB 124 (revised December 2009) introduces a partial exemption from the disclosure requirements for government related entities.

The Group and its subsidiaries are not government-related entities. The application for the revised definition of related party set out in AASB 124 (revised 2009) in the current year has not resulted in the identification of related parties that were not identified as related parties under the previous Standard. The related party disclosures set out in Note 23 to the consolidated financial statements did not have to be changed to reflect this amendment.

Standards and Interpretations issued not yet effective

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

Management is currently evaluating the impact that the initial application of the following Standards and Interpretations will have on the financial report of the consolidated entity:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the financial year ended 30 June 2012

STANDARD/INTERPRETATIONS	EFFECTIVE FOR ANNUAL REPORTING PERIODS BEGINNING ON OR AFTER	EXPECTED TO BE INITIALLY APPLIED IN THE FINANCIAL YEAR ENDING
AASB 2010-8 ‘Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets’ AASB 2011-9 ‘Amendments to Presentation of Items of Other Comprehensive Income'.	1 January 2012	30 June 2013
AASB 9 ‘Financial Instruments’, AASB 2009- 11 ‘Amendments to Australian Accounting Standards arising from AASB 9’ and AASB 2010-7 ‘Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)’ The IASB has recently deferred the application date of the IFRS equivalent to this Standard until 1 January 2015	1 January 2013	30 June 2014
AASB 2010-8 ‘Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements’	1 January 2012	30 January 2013
AASB 11 'Joint Arrangements'	1 January 2013	30 June 2014
AASB 12 'Disclosure of Interests in Other Entities'	1 January 2013	30 June 2014
AASB 127 'Separate Financial Statements'(2011)	1 January 2013	30 June 2014
AASB 128 'Investments in Associates and Joint Ventures' (2011) , and AASB 2011-7 ‘Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards’	1 January 2013	30 June 2014
AASB 13 'Fair Value Measurements'	1 January 2013	30 June 2014
AASB 119 'Employee Benefits'(2011) and AASB 2011-10 ‘Amendments to Australian Accounting Standards arising from AASB 119 (2011)'	1 January 2013	30 June 2014
AASB 2012-2 ‘Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities’, AASB 7 & AASB 132,	1 January 2013	30 June 2014
AASB 2012-5 ‘Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle’, AASB 1, AASB 101, AASB 116, AASB 132 & AASB 134 and Interpretation 2	1 January 2013	30 June 2014
AASB 10 ‘Consolidated Financial Statements’ Interpretation 20 ‘ Stripping Costs in the Production Phase of a Surface Mine’ and AASB 2011-12 ‘amendments to Australian Accounting Standards arising from Interpretation 20’	1 January 2013	30 June 2014
AASB 2012-3 ‘Amendment to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities’, AASB 132	1 January 2014	30 June 2015

3. REVENUE

	2012 $'000	2011 $'000
Revenue		
Gold sales	**182,219**	96,010
Silver sales	**26,362**	6,441
	208,581	102,451
Other income		
Iron ore license fee	**-**	1,018
Interest received	**558**	443
Gain on sale of listed securities [(i)]	**-**	4,207
Gain on sale of equipment	**12**	-
Gain on sale of subsidiary [(ii)]	**-**	1,072
Net foreign currency exchange gains	**1,564**	715
Other	**81**	108
	2,215	7,563

(i) During the year ended 30 June 2011, the Company sold its total investment holding in Volta Resources Inc. (TSX: VTR). Proceeds received for the shares sold totalled $4,503,000 generating an accounting profit for the year of $4,207,000.

(ii) During the year ended 30 June 2011, following the satisfaction of certain conditions precedent the Company received 5,000,000 ordinary shares in Meritus Minerals Ltd (TSX listed), with a further 2,000,000 due in two instalments over the next 13 months. These shares had a market value of $1,072,000 on satisfaction of the conditions precedent and were issued in relation to the sale of Troy Mongolia ALT Resources LLC completed January 2010.

4. PROFIT / (LOSS) FOR THE YEAR BEFORE INCOME TAX INCLUDES THE FOLLOWING LOSSES AND EXPENSES:

	Note	2012 $'000	2011 $'000
Exploration expenditure		**16,500**	8,812
Exploration capitalised	**12**	**(7,876)**	(3,422)
Exploration expensed (net)		**8,624**	5,390
Finance costs		**3,290**	3,325
Depreciation of plant & equipment:			
- Cost of sales		**13,349**	8,258
- Administration expenses		**317**	267
		13,666	8,525
Amortisation of mining properties		**18,335**	16,389
Export tax and other taxes (Argentina)		**7,804**	1,448
Government royalties		**6,790**	2,204
Care and maintenance costs - Sandstone		**1,227**	340
Impairment loss (other financial assets)	**9**	**938**	-
Rehabilitation borrowing cost		**81**	79
Administration expenses			
Head office salaries, bonuses and on-costs		**2,092**	2,594
Expatriate salaries and bonuses		**1,211**	1,206
Directors fees and oncosts		**503**	473
Regional administration Argentina - development phase		**-**	938
Other Brazil administration		**151**	298
Depreciation – furniture and equipment		**317**	267
Other Head office administration [(i)]		**3,369**	2,677
Total		**7,643**	8,453

(i) Includes listing fees, shareholder costs, audit fees, taxation consultants, office rents, insurance, travel, conferences and other head office administration expenditure. A satellite office was established in Toronto, Canada in January 2012.

Other Expenses - Corporate			
Loss on sale of plant and equipment		**-**	61
Share based payments		**1,001**	525
		1,001	586

5. INCOME TAX

a) Income Tax recognised in profit or loss

	2012 ($'000)	2011 ($'000)
Current tax expense		
Current year – income tax charge / (income)	**15,736**	4,812
Adjustment – current income tax of previous years	**-**	177
	15,736	4,989
Deferred income tax		
Origination and reversal of temporary differences	**8,389**	(167)
Argentina – prior year tax losses recognised	**-**	(4,188)
Temporary differences not recognisable	**-**	(175)
	8,389	(4,530)
Total Income tax expense (benefit) in the income statement	**24,125**	459
Numerical Reconciliation of tax expenses to prima facie tax payable		
Profit / (Loss) before tax – continuing operations	**55,547**	15,093
Profit / (Loss) before tax – discontinued operations	**-**	-
	55,547	15,093
At the Group's statutory tax rates of Australia: 30%, Brazil: 34% and Argentina 35%	**19,465**	5,498
Difference in income tax expense due to:		
Share based payments	**300**	157
Non-deductible foreign salaries & exploration	**869**	748
Non-deductible expenses	**87**	31
Deductible intercompany foreign exchange	**(1,290)**	(1,332)
Non-deductible impairment	**281**	-
Capital losses not previously recognised now recouped	**-**	(1,584)
Foreign subsidiaries – losses not recognised	**-**	94
Impact of Brazil tax on gross income	**-**	(1,426)
Tax payable on intercompany transaction	**482**	(1,111)
Interest free loan adjustment	**33**	99
Under / over provision for income tax of previous year	**-**	177
Temporary differences not recognised	**-**	(202)
Australian tax losses not recognised	**1,283**	2,481
Foreign tax losses not recognised	**260**	-
Argentina – prior year tax losses recognised	**-**	(2,725)
Argentina – temporary differences recognised	**2,355**	-
Other	**-**	(446)
Income tax expense (benefit) on pre-tax net profit	**24,125**	459
Deferred income tax related to items charged or credited directly to equity		
Foreign exchange translation reserve	**(964)**	(1,142)
Income tax expense reported in equity	**(964)**	(1,142)

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

	Opening Balance	Charged to Income	Charged to Equity	Closing Balance
2012				
Consumable inventories	(37)	9	-	**(28)**
Capitalised mining costs – Australia	14	(3)	-	**11**
Capitalised mining costs – Brazil	(3,369)	2,121	774	**(474)**
Capitalised mining costs – Argentina	-	(5,968)	190	**(5,778)**
Plant and equipment	601	7	-	**608**
Deferred consideration	236	(236)	-	**-**
Provisions for employee entitlements and rehabilitation	715	(88)	-	**627**
Foreign currency on intercompany loans - Brazil	75	(75)	-	**-**
Australia Tax Losses	2,481	1,545	-	**4,026**
Argentina Tax Losses	4,468	(4,468)	-	**-**
Other (net) – Australia	(13)	(503)	-	**(516)**
Other (net) – Brazil	(777)	-	-	**(777)**
Temporary differences not recognised	(1,516)	814	-	**(702)**
Tax losses not recognised	(2,481)	(1,545)	-	**(4,026)**
	397	(8,390)	964	**(7,029)**
Deferred tax assets				**-**
Deferred tax liabilities				**(7,029)**
				(7,029)
2011				
Consumable inventories	(53)	16	-	(37)
Capitalised mining costs – Australia	20	(6)	-	14
Capitalised mining costs – Brazil	(4,762)	326	1,067	(3,369)
Plant and equipment	632	(31)	-	601
Deferred consideration	(92)	328	-	236
Provisions for employee entitlements and rehabilitation	934	(219)	-	715
Foreign currency on intercompany loans – Australia	(240)	240	-	-
Foreign currency on intercompany loans - Brazil	-	-	75	75
Australia Tax Losses	-	2,481	-	2,481
Argentina Tax Losses	280	4,188	-	4,468
Other (net) – Australia	126	(139)	-	(13)
Other (net) – Brazil	(777)	-	-	(777)
Temporary differences not recognised	(1,327)	(2,670)	-	(3,997)
	(5,259)	4,514	1,142	397
Deferred tax assets				**4,468**
Deferred tax liabilities				**(4,071)**
				397

c. Tax Balances

	2012 ($'000)	2011 ($'000)
Deferred Tax Assets	**-**	4,468
Current Tax Payables	**7,752**	2,317
Deferred Tax Liabilities	**7,029**	4,071

d. Unrecognised Deferred tax assets

	2012 ($'000)	2011 ($'000)
The following deferred tax assets have not been brought to account as assets:		
Tax losses – Australia	**4,026**	2,481
	4,026	2,481

Tax consolidation

Relevance of tax consolidation to the Group

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

Nature of tax funding arrangements and tax sharing agreements

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

6. CASH and CASH EQUIVALENTS

	2012 ($'000)	2011 ($'000)
Cash at bank	**5,234**	3,797
Cash at bank – Overseas	**34,687**	16,301
Short term bank deposits – Australia	**19,001**	7,843
	58,922	27,941

Investments in short term money market instruments are bearing interest at rates of 3.65% to 5.08%p.a. (2011: 4.70% to 5.88% p.a.).

7. TRADE and OTHER RECEIVABLES

CURRENT	2012 ($'000)	2011 ($'000)
Debtors and prepayments [(a)(b)]	**5,500**	1,505
Value added tax recoverable [(c)]	**9,104**	5,819
	14,604	7,324
NON CURRENT		
Value added tax recoverable [(c)]	**3,102**	6,461

(a) Trade debtors include accounts receivable in relation to bullion sales. Other receivables and prepayments primarily include advance payments to contractors and insurers and recovery of fuel and accommodation expenses incurred on the behalf of contractors. Where the collections of the receivables are doubtful an allowance for doubtful debts is recognised, with no allowance being recognised at either 30 June 2012 or 2011. Trade receivables operate on standard 30 to 45 day terms. No interest is charged for the first 45 days from the date of the invoice.

(b) As at 30 June 2012 and 2011 no receivables are past due, or impaired.

(c) Within Argentina, the group has incurred value added tax as part of its purchases which are recoverable over time in proportion to the level of future export sales. During the year ended 30 June 2012, $14,200,000 of VAT receivable was recovered (2011: $nil).

8. INVENTORIES (CURRENT)

	2012 ($'000)	2011 ($'000)
At Cost:		
Bullion on hand	**1,161**	181
Doré on hand	**2,977**	456
Ore stockpiles and work in progress	**5,233**	6,422
Stores and raw materials	**7,772**	6,970
	17,143	14,029

9. OTHER FINANCIAL ASSETS

NON CURRENT	2012 ($'000)	2011 ($'000)
Shares in listed corporations at fair value	**134**	406

The fair value of listed shares has been based on the closing share price at the end of the financial year. At the end of the current year all listed shares are designated as available for sale. Refer Note 30 for further information.

The Group holds 8.6% of Meritus Minerals Ltd. (2011: 7.8%) a Canadian listed company involved in mineral exploration primarily in Mongolia.

During the year ended 30 June 2012, the Group permanently impaired its investment in Meritus Minerals Ltd by $938,000 due to prolonged devaluation in the market share price. Refer also Note 4.

10. PROPERTY, PLANT & EQUIPMENT

	Land & Buildings at cost ($'000)	Plant & Equipment at cost ($'000)	Motor Vehicles at cost ($'000)	Total ($'000)
Gross carrying amount:				
Balance at 1 July 2010	1,828	70,664	4,056	76,548
Additions	12	25,920	445	26,377
Disposals	-	(1,786)	(972)	(2,758)
Net foreign currency exchange differences	(126)	(14,954)	(311)	(15,391)
Balance at 30 June 2011	**1,714**	**79,844**	**3,218**	**84,776**
Additions	9,201	3,387	651	13,239
Disposals	-	(67)	(782)	(849)
Net foreign currency exchange differences	(2,260)	(7,326)	(746)	(10,332)
Balance at 30 June 2012	**8,655**	**75,838**	**2,341**	**86,834**
Accumulated depreciation and Impairment:				
Balance at 1 July 2010	(2)	(22,918)	(1,831)	(24,751)
Depreciation expense	(1)	(7,947)	(577)	(8,525)
Disposals	-	1,544	576	2,120
Net foreign currency exchange differences	1	(650)	99	(550)
Balance at 30 June 2011	**(2)**	**(29,971)**	**(1,733)**	**(31,706)**
Depreciation expense	(1,413)	(11,488)	(765)	(13,666)
Disposals	-	40	590	630
Net foreign currency exchange differences	(27)	4,037	320	4,330
Balance at 30 June 2012	**(1,442)**	**(37,382)**	**(1,588)**	**(40,412)**
Net book value:				
As at 30 June 2011	1,712	49,873	1,485	53,070
As at 30 June 2012	**7,213**	**38,456**	**753**	**46,422**

	2012 ($'000)	2011 ($'000)
Aggregate depreciation allocated, whether recognised as an expense or capitalised as part of the carrying amount of other assets during the year		
Buildings	**1,413**	1
Plant and equipment	**11,488**	7,947
Motor vehicles	**765**	577
Balance	**13,666**	8,525

11. MINE & DEVELOPMENT PROPERTIES

	Note	2012 ($'000)	2011 ($'000)
Mine properties			
Balance at start of financial year		**44,131**	25,446
Expenditure incurred during the year		**9,871**	15,769
Transfers in from exploration		**9,148**	538
Transfers in from development		**-**	29,251
Provision for rehabilitation		**737**	1,839
Impairment write-down		**(193)**	-
Amortisation expensed during year		**(18,335)**	(16,389)
Net foreign currency exchange differences		**(1,857)**	(12,323)
Balance at end of financial year		**43,502**	44,131
Development properties			
Balance at start of financial year		**-**	29,251
Transferred to mine properties		**-**	(29,251)
Balance at end of financial year		**-**	-
Mine properties		**43,502**	44,131
Development properties		**-**	-
Total Mine and Development properties		**43,502**	44,131

12. EXPLORATION PROPERTIES

		2012 ($'000)	2011 ($'000)
Exploration properties			
Balance at start of financial year		**2,884**	-
Capitalised expenditure incurred during the year	**4**	**7,876**	3,422
Transfers to mine properties		**(9,148)**	(538)
Impairment write-down		**-**	-
Net foreign currency exchange differences		**-**	-
Balance at end of financial year		**1,612**	2,884

13. TRADE and OTHER PAYABLES

	2012 ($'000)	2011 ($'000)
CURRENT		
Trade payables [(a)]	**6,513**	5,241
Accrued expenses	**7,371**	3,756
Power Line payable [(b)]	**1,561**	-
Deferred consideration on acquisition [(c)]	**197**	189
Dividends [(d)]	**74**	549
	15,716	9,735

	2012 ($'000)	2011 ($'000)
NON CURRENT		
Power Line Payable [(b)]	**2,267**	-
	2,267	-

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

(b) During December 2011, the Casposo project was connected to the power grid. The Group has a contractual obligation to contribute to the upgrade and construction of power lines in the San Juan province which obligation was assumed as part of the Casposo Project purchase. Prior to the power connection in the 30 June 2011 financial statements, this obligation was disclosed in Note 26 Commitments for Expenditure.

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

(d) The payable for dividends represents the aggregate amount of dividends declared, determined or publicly recommended on or before the reporting date, which remain undistributed as at reporting date, regardless of the extent to which they are expected to be paid in cash. (Also refer to Note 20).

14. PROVISIONS

	2012 ($'000)	2011 ($'000)
CURRENT		
Employee benefits	**1,888**	2,220
Rehabilitation	**1,285**	1,169
	3,173	3,389
NON CURRENT		
Employee benefits	**160**	186
Rehabilitation	**2,845**	2,246
	3,005	2,432

(a) Provision for rehabilitation

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

	Current Rehabilitation Provision ($'000)	Non-current Rehabilitation Provision ($'000)
Balance at 1 July 2010	2,082	521
Additional provisions recognised	(192)	1,761
Unwinding of discount	-	79
Reductions arising from payments	(719)	-
Net foreign currency exchange differences	(2)	(115)
Balance at 30 June 2011	**1,169**	**2,246**
Additional provisions recognised	193	544
Unwinding of discount	-	81
Reductions arising from payments	(77)	-
Net foreign currency exchange differences	-	(26)
Balance at 30 June 2012	**1,285**	**2,845**

	2012 ($'000)	2011 ($'000)
The aggregate employee entitlement liability recognised and included in the Financial Statements is as follows:		
Current	**1,888**	2,220
Non-current	**160**	186
	2,048	2,406
Number of employees at the end of the financial year	**520**	475

15. BORROWINGS

Debt facility: Secured – at amortised cost (i) – (vi)	**2012 ($'000)**	2011 ($'000)
Current	**14,227**	12,500
Non-current	**-**	16,589
	14,227	29,089

(i) As at 30 June 2012, the consolidated entity had a $17.5 million revolving corporate debt facility with Investec Bank (Australia) Limited. The facility was entered into on 31 March 2010 at a limit of $25.0 million which was then increased to $35.0 million in January 2011. The facility has a three-year term and the total facility available reduces by 25% instalments on 30 September 2011, 31 March 2012, 30 September 2012 and 31 March 2013.

(ii) As at 30 June 2012, the remaining principal balance outstanding to Investec under the facility was $15.0 million (30 June 2011: $30.0 million). Principal repayments made during the year totalled $15.0 million. Subsequent to year end, Troy made a further principal repayment of $7 million on 10 July 2012, for further information refer Note 29 to the financial statements.

(iii) The Group holds no other external debt facilities.

(iv) The weighted average effective interest rate on the facility is 8.07% per annum (2011: 8.92%).

(v) Secured by a mortgage over the company's Sandstone mining licenses and security over shares in wholly owned subsidiaries, Troy Resources Argentina Ltd and Reinarda Mineracao Ltda.

(vi) The below tables summarised unlisted options issued to Investec Bank (Australia) Limited as part of loan establishment fees (non-cash).

Month of Issue	Balance at 1.7.11	Number of options issued	Movt.	Balance at 30.6.12	Vested at Balance Date	Exercise Period	Expiry Date
March 2010	952,381	-	-	952,381	952,381	May 2010 to May 2013	7 May 2013
July 2010	632,912	-	-	632,912	632,912	July 2010 to July 2013	30 July 2013
	1,585,293	-		1,585,293	1,585,293		

16. ISSUED CAPITAL

	2012 ($'000)	2011 ($'000)
Issued Capital		
89,412,649 (2011: 87,985,323) ordinary shares fully paid	**101,804**	97,596
	101,804	97,596

	2012		2011	
	No. ('000)	**($'000)**	No. ('000)	($'000)
Fully paid ordinary share capital				
Balance at the beginning of the financial year	**87,985**	**97,596**	87,475	95,917
Issue of fully paid shares [(i)]	**1,121**	**3,070**	160	419
Issue of fully paid shares on performance rights	**36**	**74**	-	-
Partly paid shares paid up	**-**	**-**	350	1,260
Issue of fully paid shares for dividend reinvestment plan	**270**	**1,064**	-	-
	89,412	**101,804**	87,985	97,596

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

(i) Issue of shares relates to the exercise of options under the employee option plan. For further information on employee options and performance rights refer Note 24 Employee Share Equity Plans.

	2012		2011	
	No. ($'000)	**($'000)**	No. ($'000)	($'000)
Partly paid ordinary share capital				
Balance at the beginning of the financial year	**-**	**-**	350	105
Converted to fully paid shares	**-**	**-**	(350)	(105)
Balance at the end of the financial year (i)	**-**	**-**	-	-

(i) During the prior year all remaining 350,000 unlisted partly paid shares were converted to ordinary fully paid shares, due to payment of the $3.30 outstanding per share.

Share Options

In accordance with the provisions of the Employee Share Option Plan and Performance Rights Plan, as at 30 June 2012, employees have 2,844,000 outstanding options (2011: 2,914,000) and 36,000 performance rights (2011: 60,000) over ordinary shares in aggregate. Full details of the plan are contained in Note 24 to the Financial Statements.

17. RESERVES

	2012 ($'000)	2011 ($'000)

(a)	**Option Premium Reserve:**		
	Balance at beginning of financial year	**4,146**	3,718
	Share based payments	**1,001**	513
	Transfer to Issued Capital on conversion of options	**(697)**	(85)
	Performance rights	**(74)**	-
	Balance at the end of the financial year	**4,376**	4,146

The Option Premium Reserve arises due to the grant of share options and performance shares under the Troy Resources Limited Employee Share Option Plan or Performance Rights Plan and the issue of securities at a premium or discount by the Company. Amounts are transferred out of the reserve and into issued capital when the options or other securities are issued, exercised or fully paid up. Further information about share-based payments to employees is made in Note 24 to the financial statements.

		2012 ($'000)	2011 ($'000)
(b)	**Available for Sale Reserve:**		
	Balance at beginning of financial year	**(666)**	2,428
	Sold during period, net of tax	**-**	(2,428)
	Valuation loss recognised, net of tax	**-**	(666)
	Loss reclassified to profit or loss on impairment of available for sale asset	**666**	-
	Balance at the end of the financial year	**-**	(666)

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

		2012 ($'000)	2011 ($'000)
(c)	**Foreign Currency Translation Reserve:**		
	Balance at beginning of financial year	**(33,262)**	(3,739)
	Translation of foreign operations	**(8,615)**	(29,523)
	Balance at the end of the financial year	**(41,877)**	(33,262)

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

TOTAL RESERVES	**(37,501)**	(29,782)

18. RETAINED EARNINGS

	2012 $'000	2011 $'000
Retained Profits		
Balance at beginning of financial year	**42,103**	30,975
Net profit/(loss)	**31,438**	14,648
Dividend paid/payable	**(5,317)**	(3,520)
Balance at end of financial year	**68,224**	42,103

19. EARNINGS / (LOSS) PER SHARE

	2012 Cents Per Share	2011 Cents Per Share
Basic Earnings / (loss) per share	**35.5**	16.7
Diluted Earnings / (loss) per share	**35.0**	16.5

(a) Basic Earnings per Share

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

	2012 ($'000)	2011 ($'000)
Earnings / (Loss) [(i)]	**31,438**	14,648

	2012 No.	2011 No.
Weighted average number of ordinary shares [(ii)] for the purposes of basic earnings per share.	**88,616,302**	87,878,060

(i) Earnings used in the calculation of basic earnings per share reconciles to net profit in the Income Statement.

(ii) Options and Performance Rights are considered to be potential ordinary shares and are therefore excluded from the weighted average number of ordinary shares used in the calculation of basic earnings per share. Where dilutive, potential ordinary shares are included in the calculation of diluted earnings per share. (Refer to Note 19(b)).

(b) Diluted Earnings / (Loss) per Share

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

	2012 ($'000)	2011 ($'000)
Earnings / (Loss) [(i)]	**31,438**	14,648

	2012 No.	2011 No.
Weighted average number of ordinary shares and potential ordinary shares [(ii)]	**89,762,030**	89,006,758

(i) Earnings used in the calculation of diluted earnings per share reconciles to the net profit in the Income Statement.

(ii) Weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows.

	2012 No.	2011 No.
Weighted average number of ordinary shares used in the calculation of basic EPS	**88,616,302**	87,878,060
Weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted EPS (iv)	**89,762,030**	89,006,758

The following potential ordinary shares are included in the weighted average number of ordinary shares used in the calculation of diluted (loss) / earnings per share.

Employee options	2,844,000	2,092,422
Performance rights	36,000	43,292
Investec Bank options	1,585,293	1,516,881

(iv) *Weighted average number of converted, lapsed, or cancelled potential ordinary shares used in the calculation of diluted earnings per share:* Nil (2011: Nil).

20. DIVIDENDS and FRANKING CREDITS

	2012		2011	
	Cents per Share	**Total ($'000)**	Cents per Share	Total ($'000)
Final 2011 dividend paid in full franked at 30% tax rate paid 6 January 2012	**6.0**	**5,317**	4.0	3,520

On 24 August 2012, the directors declared a final dividend of 10.0 cents per share fully franked in relation to 2012 financial year with a record date of 14 September 2012 and payment date of 19 October 2012. For further information refer to Note 29 of the Financial Statements.

	2012 ($'000)	2011 ($'000)
Adjusted franking account balance at 30% tax rate	**5,489**	7,760

21. DIRECTOR AND OTHER KEY MANAGEMENT PERSONNEL COMPENSATION

(a) The following persons were Directors of Troy Resources Limited during the financial year:

- D R Dix (Non-Executive Director and Chairman)
- P Benson (Managing Director and Chief Executive Officer)
- K K Nilsson (Executive Director Project Development, based in Argentina)
- G R Chambers (Non-Executive Director)
- F S Grimwade (Non-Executive Director)
- J L C Jones (Non-Executive Director)
- C R W Parish (Non-Executive Director)

(b) The following persons were also Key Management Personnel of Troy Resources Limited during the financial year:

- P J Doyle (Vice President - Exploration and Business Development, based in Canada)
- D R Sadgrove (Company Secretary and Chief Financial Officer)
- A D B Storrie (Chief Operating Officer, effective 1 January 2012, based in Argentina and Brazil)

(c) Key Management Personnel Compensation

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

	2012 ($'000)	2011 ($'000)
Short-term employee benefits	**2,842,145**	2,581,724
Post-employment benefits	**178,533**	472,825
Share-based payments	**606,924**	227,582
	3,627,602	3,282,131

	2012 Average No.	2011 Average No.
Directors and Other Senior Management	**10**	13

(d) Equity Instruments Disclosure Relating to Key Management Personnel

(i) Options and Performance rights provided as remuneration and shares issued on implementation of those shares options or rights, together with the terms and conditions of the options and performance rights, can be found in Note 23 – Related Party Transactions and 24 – Employee Option Plan and Performance Rights Plan.

(ii) Options and Shares held in the company by Key Management Personnel during the financial year are set out in Note 23 - Related Party Transactions.

(e) Loans to Key Management Personnel

There were no loans to Key Management Personnel during the current or prior financial year.

(f) Other Transactions with Key Management Personnel

There were no other transactions entered into during the current financial year with Key Management Personnel other than those set out in Note 23 – Related Party Transactions.

The Company has no contingent liability for termination benefits under service agreements with Key Management Personnel of the Company, at balance date.

22. AUDITOR'S REMUNERATION

		2012 ($)	2011 ($)
(a)	**Paid or Payable to Deloitte Touche Tohmatsu in Australia:**		
	Audit of the financial reports	**152,032**	139,641
	Financial Model review	**-**	18,968
		152,032	158,609
(a)	**Paid or Payable to overseas associates of Deloitte Touche Tohmatsu:**		
	Audit of the financial reports	**121,039**	114,999
		121,039	114,999
		273,071	273,608

No other benefits were received by the Auditor.

23. RELATED PARTY TRANSACTIONS

(a) Subsidiaries

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

Details of the ownership of ordinary shares held in subsidiaries are disclosed in Note 28 to the Financial Statements.

(b) Key Management Personnel

As required by the Corporations Act 2001, the Company has disclosed information about the compensation of Directors, Executives and Other Key Management Personnel ("Compensation Disclosures") under the heading "Remuneration Report" on pages 8 to 17 of the Directors' Report.

The value of share-based payments in the remuneration tables has been calculated by an independent financial services provider using a Binomial Valuation Model for share options and Monte Carlo Valuation Model for performance rights.

Aggregate numbers of fully paid and share options/performance rights of Troy Resources Limited held directly, indirectly or beneficially by Key Management Personnel or their related parties at balance date is:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the financial year ended 30 June 2012

YEAR 2012 – Fully paid ordinary shares issued by Troy Resources Limited

2012	Balance at 1.7.11	Granted as Remuneration	Received on Exercise of Options	Net Other Change	Balance at 30.6.12	Balance Held Nominally
Directors						
D R Dix	87,013	-	-	-	87,013	87,013
P Benson	126,500	20,000	200,000	(167,816)	178,684	-
K K Nilsson	85,239	-	300,000	-	385,239	-
G R Chambers	23,332	-	-	-	23,332	-
F S Grimwade	20,000	-	-	20,000	40,000	-
J L C Jones	10,644,380	-	-	(349,303)	10,295,077	9,056,016
C R W Parish	4,924,287	-	-	(655,521)	4,268,766	4,136,507
Other Key Management Personnel						
P J Doyle	3,500	6,000	50,000	(50,000)	9,500	-
D R Sadgrove	-	6,000	100,000	(76,000)	30,000	-
A D B Storrie[1]	3,617	-	-	8,250	11,867	-
TOTAL	**15,917,868**	**32,000**	**650,000**	**(1,270,390)**	**15,329,478**	**13,279,536**

[1]Appointed Chief Operating Officer 1 January 2012

YEAR 2011 – Fully paid ordinary shares issued by Troy Resources Limited

2011	Balance at 1.7.10	Granted as Remuneration	Received on Exercise of Options	Net Other Change	Balance at 30.6.11	Balance Held Nominally
Directors						
D R Dix [1]	74,993	-	-	12,020	87,013	87,013
P Benson [2]	96,500	-	-	30,000	126,500	-
K K Nilsson	85,239	-	-	-	85,239	-
G R Chambers	23,332	-	-	-	23,332	-
F S Grimwade [3]	-	-	-	20,000	20,000	-
J L C Jones	10,616,529	-	-	27,851	10,644,380	9,405,319
C R W Parish	5,012,620	-	-	(88,333)	4,924,287	4,771,036
JAS Dow[4]	48,534	-	-	(48,534)	-	-
Other Key Management Personnel						
P J Doyle	3,000	-	-	500	3,500	-
TOTAL	**15,960,747**	**-**	**-**	**(46,496)**	**15,914,251**	**14,263,368**

[1]Appointed Chairman 25 November 2010
[2]Appointed as Managing Director on 13 September 2010
[3]Appointed Non-executive Director 25 November 2010
[4]Retired as a Director on 5 March 2011

YEAR 2012 – Executive Share Options issued by Troy Resources Limited

2012	Balance at 1.7.11	Granted as Remuneration	Exercised	Exercised Price	Other Change	Balance at 30.6.12	Balance Vested at 30.6.12	Vested but not Exercisable	Vested and Exercisable	Options Vested during Year
Directors										
P Benson	1,000,000	-	200,000	$2.98	-	800,000	800,000	-	800,000	250,000
K K Nilsson	300,000	300,000	300,000	$1.25	-	300,000	300,000	-	300,000	400,000
Other Directors	-	-	-	-	-	-	-	-	-	-
Other Key Management Personnel										
P J Doyle	200,000	250,000	50,000	$2.51	-	400,000	150,000	-	150,000	49,500
D R Sadgrove	200,000	-	100,000	$1.88	-	100,000	100,000	-	100,000	49,500
A D B Storrie	180,000	50,000	-	-	-	230,000	110,000	-	110,000	60,000
TOTAL	**1,880,000**	**600,000**	**650,000**		**-**	**1,830,000**	**1,460,000**	**-**	**1,460,000**	**809,000**

There were 600,000 (2011: Nil) employee share options issued to Directors or other Key Management Personnel during the year, under the Troy Resources Limited Employee Share Option Plan.

Each share option converts into one ordinary share in Troy Resources Limited on exercise. No amounts are paid or payable by the recipient on the grant or vesting of the option. During the year, 650,000 (2011: Nil) options were exercised by Key Management Personnel. Further details of the Troy Resources Limited Employee Share Option Scheme are contained in Note 24 and details of the remuneration of Key Management Personnel are contained in the Remuneration Report within the Directors' Report.

YEAR 2011 – Executive Share Options issued by Troy Resources Limited

2011	Balance at 1.7.10	Granted as Remuneration	Exercised	Exercised Price	Other Change	Balance at 30.6.11	Balance Vested at 30.6.11	Vested but not Exercisable	Vested and Exercisable	Options Vested during Year
Directors										
P Benson	1,000,000	-	-	-	-	1,000,000	750,000	-	750,000	250,000
K K Nilsson	300,000	-	-	-	-	300,000	200,000	-	200,000	100,000
Other Directors	-	-	-	-	-	-	-	-	-	-
Other Key Management Personnel										
P J Doyle	200,000	-	-	-	-	200,000	150,500	-	150,500	66,000
D R Sadgrove	200,000	-	-	-	-	200,000	150,500	-	150,500	66,000
K D Ross	50,000	-	-	-	-	50,000	50,000	-	50,000	-
D W Otterman	130,000	-	-	-	-	130,000	103,500	-	103,500	43,000
G K Brennan	-	-	-	-	-	-	-	-	-	-
TOTAL	**1,880,000**	**-**	**-**	**-**	**-**	**1,880,000**	**1,404,500**	**-**	**1,404,500**	**525,000**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the financial year ended 30 June 2012

YEAR 2012 – Executive Performance Rights issued by Troy Resources Limited

2012	Balance at 1.7.11	Granted as Remuneration	Issued	Hurdle Price Range	Other Change	Balance at 30.6.12	Balance Vested at 30.6.12	Vested but not Issued	Vested during Year
Directors									
P Benson	20,000	-	20,000	3.00	-	-	-	-	20,000
Other Directors	-	-	-	-	-	-	-	-	-
Other Key Management Personnel									
P J Doyle	15,000	-	6,000	3.00 – 5.00	-	9,000	-	-	6,000
D R Sadgrove	15,000	5,000	6,000	3.00 – 5.50	-	14,000	-	-	6,000
TOTAL	**50,000**	**5,000**	**32,000**			**23,000**			**32,000**

Each performance right entitles the holder to subscribe for one fully paid ordinary share in the Company at an exercise price of $nil. These Performance Rights vest and are immediately exercised into ordinary shares once the following performance conditions are met:

(i) Continuous employment through to vesting determination date.

(ii) The share price having been on or above the hurdle price for a continuous 10 day period.

YEAR 2011 – Executive Performance Rights issued by Troy Resources NL

2011	Balance at 1.7.10	Granted as Remuneration	Issued	Hurdle Price Range	Other Change	Balance at 30.6.11	Balance Vested at 30.6.11	Vested but not Issued	Vested during Year
Directors									
P Benson	-	20,000	-	3.00	-	20,000	-	-	-
Other Directors	-	-	-	-	-	-	-	-	-
Other Key Management Personnel									
P J Doyle	-	15,000	-	3.00 – 5.00	-	15,000	-	-	-
D R Sadgrove	-	15,000	-	3.00 – 5.00	-	15,000	-	-	-
D W Otterman	-	10,000	-	3.00 – 5.00	-	10,000	-	-	-
TOTAL	**-**	**60,000**	**-**	**-**	**-**	**60,000**	**-**	**-**	**-**

(c) Other Related Party Transactions:

Lawson Lundell LLP & Cassels Brock & Blackwell LLP

Mr G R Chambers was a partner at Lawson Lundell LLP up until May 2012, after which he moved his practice to Cassels Brock & Blackwell LLP; both firms are structured as limited liability partnerships under Canadian law. Both firms provide corporate legal services to local and international clients. All legal services provided to the Company are at normal commercial rates for the amounts as follows:

	2012 $	2011 $
Legal services [1]	**58,654**	39,939
Due diligence	**79,202**	-
Non-executive director remuneration	**42,565**	65,956
Expense reimbursements [2]	**43,507**	55,420
	223,928	161,315

(1) In the current year $47,000 relates to work performed by lawyers other than Mr Chambers.

(2) Reimbursement of expenses encompassing travel to Australia, Argentina and Brazil, in Mr Chambers' capacity as a non-executive director and for document lodgement with the regulatory authorities in Canada.

24. EMPLOYEE SHARE EQUITY PLANS

EMPLOYEE SHARE OPTION PLAN

In November 2007 the Company adopted a new Employee Share Option Plan ("Plan") which was approved at the Annual General Meeting on 25 November 2010.

Options under the Plan are issued with the following terms and conditions:

(a) to employees or Directors of the Company or any Associated Body Corporate;

(b) the number of options outstanding and shares issued under the Plan in the last five years cannot exceed 7% of issued shares;

(c) issue cost is nil;

(d) each grant of options is split into three approximately equal portions. The first third vest on the first anniversary of the grant date, the second third on the second anniversary of the grant date and the final third on the third anniversary of the grant date. All options expire on the fourth anniversary of the grant date;

(e) options carry no voting rights, and no rights to dividends;

(f) options may be exercised at any time from the date on which they vest to the expiry date;

(g) options expire when the option holder ceases to be employed by the Company unless the Directors, in their sole discretion due to extenuating circumstances, determine otherwise; and options are issued at the discretion of the Directors who take into account the length of service of the recipient.

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

During the year ended 30 June 2012, 1,060,000 (2011: 130,000) options were issued under the Plan and 9,000 options lapsed during the year.

Consideration received on the exercise of the employee options is recognised in contributed equity. During the financial year $2,373,950 (2011: $333,693) was recognised in contributed equity arising from the exercise of employee options.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the financial year ended 30 June 2012

EMPLOYEE OPTIONS 2012

Month of issue	Balance at 1.7.11	No. options issued	No. of options exercised	Exercise Date	Ex. Price	Proceeds Received ($)	Fair Value on date of exercise ($)	Number Lapsed / Cancelled during the year	Balance at 30.6.12	Vested at 30.6.12	Exercise Period	Expiry Date
January 2012	-	250,000	-	-	$4.37	-	-	-	250,000	-	Jan 13 – Jan 15	9 Jan 16
November 2011	-	260,000	-	-	$4.17	-	-	-	260,000	-	Nov 12 – Nov 14	28 Nov 15
November 2011	-	300,000	-	-	$3.51	-	-	-	300,000	-	Jun 12 – Jun 13	7 Jun 14
September 2011	-	150,000	-	-	$4.68	-	-	-	150,000		Sep 12 – Sep 14	9 Sep 15
August 2011	-	100,000	-	-	$4.16	-	-	-	100,000	-	Aug 12 - Aug 14	12 Aug 15
October 2010	50,000	-	-	-	$3.36	-	-	-	50,000	19,000	Oct 11 – Oct 13	28 Oct 14
August 2010	80,000	-	-	-	$2.60	-	-	-	80,000	27,000	Aug 11 – Aug 13	5 Aug 14
March 2010	411,000	-	(91,000)	Dec 11 - Mar 12	$2.14	194,740	210,930	(9,000)	311,000	183,000	Mar 11 – Mar 13	19 Mar 14
August 2009	150,000	-	-	-	$1.79	-	-	-	150,000	100,000	Aug 10 – Aug 12	17 Aug 13
June 2009	250,000	-	-	-	$1.42	-	-	-	250,000	250,000	Jun 10 – Jun 12	17 Jun 13
Nov 2008	300,000	-	(300,000)	Nov 11	$1.25	374,130	921,870	-	-	-	Nov 08 – Oct 11	7 Oct 12
Oct 2008	238,000	-	(95,000)	Oct 11 - Dec 11	$1.25	118,475	317,626	-	143,000	143,000	Oct 08 – Oct 11	7 Oct 12
Apr 2008	435,000	-	(435,000)	Jul 11 – Apr 12	$2.51	1,090,589	866,806	-	-	-	Apr 08 – Apr 11	23 Apr 12
Nov 2007	1,000,000	-	(200,000)	Apr12 – Jun 12	$2.98	596,000	276,000		800,000	800,000	Nov 07 – Oct 11	3 Oct 12
	2,914,000	**1,060,000**	**(1,121,000)**	**-**		**2,373,934**	**2,593,232**	**(9,000)**	**2,844,000**	**1,522,000**		

The weighted average share price on date of exercise during the period was $2.12

EMPLOYEE OPTIONS 2011

Month of issue	Balance at 1.7.10	No. options issued	No. of options exercised	Exercise Date	Ex. Price	Proceeds Received ($)	Fair Value on date of exercise ($)	Number Lapsed / Cancelled during the year	Balance at 30.6.11	Vested at 30.6.11	Exercise Period	Expiry Date
October 2010		50,000	-	-	$3.36	-	-	-	50,000	-	Oct 11 – Oct 13	28 Oct 14
August 2010		80,000	-	-	$2.60	-	-	-	80,000	-	Aug 11 – Aug 13	5 Aug 14
March 2010	411,000	-	-	-	$2.14	-	-		411,000	137,000	Mar 11 – Mar 13	19 Mar 14
August 2009	150,000	-	-	-	$1.79	-	-		150,000	50,000	Aug 10 – Aug 12	17 Aug 13
June 2009	300,000	-	(17,000)	Feb 11	$1.42	23,071	60,350	(33,000)	250,000	167,500	Jun 10 – Jun 12	17 Jun 13
Nov 2008	300,000	-	-	-	$1.25	-	-		300,000	200,000	Nov 08 – Oct 11	7 Oct 12
Oct 2008	313,000	-	(40,000)	Feb – Mar 11	$1.25	49,884	145,000	(35,000)	238,000	158,000	Oct 08 – Oct 11	7 Oct 12
Apr 2008	582,000	-	(104,000)	Dec 10 - May 11	$2.51	260,738	378,290	(43,000)	435,000	435,000	Apr 08 – Apr 11	23 Apr 12
Nov 2007	1,000,000	-	-	-	$2.98	-	-		1,000,000	750,000	Nov 07 – Oct 11	3 Oct 12
	3,056,000	**130,000**	**(161,000)**	**-**		**333,693**	**583,640**	**(111,000)**	**2,914,000**	**1,847,500**		

The weighted average share price on date of exercise during the period was $2.14.

EMPLOYEE PERFORMANCE RIGHTS PLAN

The Company has an Employee Performance Rights Plan ("Plan") which was approved at the Annual General Meeting on 25 November 2010.

Performance Rights under the Plan relate to fully paid shares that will be issued for nil consideration with the following common terms and conditions:

(a) to employees or Directors of the Company or any Associated Body Corporate;

(b) the number of shares issued under the Plan in the last five years cannot exceed 5% of issued shares;

(c) issue cost is nil;

(d) Performance shares may only be exercised by the participant at the times, to the extent and in the manner set out in the offer pertaining to those Performance Rights;

(e) each grant of Performance Rights is split into portions with allocated hurdle criteria. All Performance expire on the fourth anniversary of the grant date; and

(f) Performance Rights will expire when the holder ceases to be employed by the Company unless the Directors, in their sole discretion due to extenuating circumstances, determine otherwise; and Performance Rights are issued at the discretion of the Directors who take into account the length of service of the recipient.

(g) During the year ended 30 June 2012 12,000 Performance Rights were issued (2011: 70,000) and 36,000 Performance Rights vested. Nil Performance Rights were cancelled or lapsed (2011: 10,000).

EMPLOYEE PERFORMANCE RIGHTS 2012

Month of issue	Balance at 1.7.11	No. rights issued	Hurdle price range	No. of rights vested	Vesting Date	Fair Value on date of issue ($)	Number Lapsed / Cancelled during the year	Balance at 30.6.12	Vested at 30.6.12	Vestment Period	Expiry Date
November 2011	-	12,000	$5.50	-	-	-	-	12,000	-	Nov 12 – Nov 15	28 Nov15
Sept 2010	60,000	-	$3.00 -$5.00	36,000	9 Sept 11	164,520	-	24,000	-	Sept 11 – Sept 14	9 Sept 14
	60,000	**12,000**	$3.00 -$5.50	**36,000**	**-**	**164,520**	**-**	**36,000**	**-**		

EMPLOYEE PERFORMANCE RIGHTS 2011

Month of issue	Balance at 1.7.10	No. rights issued	Hurdle price range	No. of rights vested	Vesting Date	Fair Value on date of issue ($)	Number Lapsed / Cancelled during the year	Balance at 30.6.11	Vested at 30.6.11	Vestment Period	Expiry Date
Sept 2010	-	70,000	$3.00 -$5.00	-	-	-	(10,000)	60,000	-	Sept 11 – Sept 14	9 Sept 14
	-	**70,000**	$3.00 -$5.00	-	-	-	**(10,000)**	**60,000**	**-**		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the financial year ended 30 June 2012

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

Share-based payments have been valued by an independent financial services provider. Share options have been valued using a Binomial Valuation Model. Performance rights have been valued using a Monte-Carlo valuation model. The following input parameters have been used in determining the value of share-based payments:

Grant Date	Expiry Date	Number of Securities	Vesting Date	Expected Exercise Date (1)	Current Share Price (2) ($)	Exercise Price ($)	Dividend Yield (3)	Risk Free Rate (4)	Volatility (5)	"Fair Value"
28 Nov 07	3 Oct 12	250,000	3 Oct 08	3 Oct 11	3.24	2.98	2.23%	6.36%	40%	1.17
		250,000	3 Oct 09	3 Jan 12	3.24	2.98	2.23%	6.34%	39%	1.18
		250,000	3 Oct 10	3 Apr 12	3.24	2.98	2.23%	6.32%	39%	1.19
		250,000	3 Oct 11	3 July 12	3.24	2.98	2.23%	6.30%	38%	1.20
23 Apr 08	23 Apr 12	390,000	23 Apr 09	23 Oct 10	2.55	2.51	2.90%	6.61%	38%	0.64
		367,500	23 Apr 10	23 Apr 11	2.55	2.51	2.90%	6.55%	37%	0.68
		367,500	23 Apr 11	23 Oct 11	2.55	2.51	2.90%	6.53%	38%	0.74
7 Oct 08	7 Oct 12	115,000	7 Oct 09	7 Apr 11	1.07	1.25	2.77%	4.44%	44%	0.22
		107,500	7 Oct 10	7 Oct 11	1.07	1.25	2.77%	4.54%	42%	0.23
		107,500	7 Oct 11	7 Apr 12	1.07	1.25	2.77%	4.62%	41%	0.25
26 Nov 08	7 Oct 12	100,000	7 Oct 09	7 Apr 11	1.07	1.25	2.77%	4.44%	44%	0.22
		100,000	7 Oct 10	7 Oct 11	1.07	1.25	2.77%	4.54%	42%	0.23
		100,000	7 Oct 11	7 Apr 12	1.07	1.25	2.77%	4.62%	41%	0.25
17 Jun 09	17 Jun 13	112,000	17 Jun 10	17 Dec 11	1.34	1.42	3.14%	4.11%	55%	0.41
		109,000	17 Jun 11	17 Jun 12	1.34	1.42	3.14%	4.55%	51%	0.42
		109,000	17 Jun 12	17 Dec 12	1.34	1.42	3.14%	4.73%	49%	0.43
17 Aug 09	17 Aug 13	50,000	17 Aug 09	16 Feb 12	1.82	1.79	2.11%	4.66%	56%	0.59
		50,000	17 Aug 10	16 Aug 12	1.82	1.79	2.11%	4.86%	53%	0.61
		50,000	17 Aug 11	15 Feb 12	1.82	1.79	2.11%	4.99%	50%	0.60
19 Mar 10	19 Mar 14	137,000	19 Mar 11	17 Sept 12	2.25	2.14	1.76%	5.08%	58%	0.78
		137,000	19 Mar 12	19 Mar 13	2.25	2.14	1.76%	5.21%	56%	0.81
		137,000	19 Mar 13	17 Sept 13	2.25	2.14	1.76%	5.30%	53%	0.81
5 Aug 10	5 Aug 14	27,000	5 Aug 11	3 Feb 13	2.69	2.60	1.48%	4.49%	58%	1.01
		26,500	5 Aug 12	5 Aug 13	2.69	2.60	1.48%	4.50%	55%	1.05
		26,500	5 Aug 13	3 Feb 14	2.69	2.60	1.48%	4.56%	54%	1.10
28 Oct 10	29 Oct 14	19,000	28 Oct 11	28 Apr 13	3.34	3.36	1.19%	4.79%	56%	1.20
		15,500	28 Oct 12	28 Oct 13	3.34	3.36	1.19%	4.83%	55%	1.30
		15,500	28 Oct 13	28 Apr 14	3.34	3.36	1.19%	4.83%	54%	1.35
12 Aug 11	12 Aug 15	34,000	12 Aug 12	10 Feb 14	4.16	4.16	2.38%	4.14%	42%	1.10
		33,000	12 Aug 13	12 Aug 14	4.16	4.16	2.38%	4.24%	50%	1.38
		33,000	12 Aug 14	10 Feb 15	4.16	4.16	2.38%	4.37%	52%	1.52
9 Sep 12	9 Sep 15	50,000	9 Sep 12	10 Mar 14	4.65	4.68	2.13%	4.21%	42%	1.22
		50,000	9 Sep 13	9 Sep 14	4.65	4.68	2.13%	4.28%	50%	1.55
		50,000	9 Sep 14	10 Mar 15	4.65	4.68	2.13%	4.38%	52%	1.71
24 Nov 11	7 Jun 14	300,000	7 Jun 12	6 Dec 13	4.25	3.51	2.33%	3.65%	40%	1.30
28 Nov 11	28 Nov 15	73,000	28 Nov 12	29 May 14	4.25	4.17	2.33%	3.74%	44%	1.18
		68,500	28 Nov 13	28 Nov 14	4.25	4.17	2.33%	3.85%	47%	1.36
		68,500	28 Nov 14	29 May 15	4.25	4.17	2.33%	3.99%	52%	1.57
28 Nov 11	28 Nov 15	17,000	28 Nov 12	29 May 14	4.25	4.17	2.33%	3.74%	44%	1.18
		16,500	28 Nov 13	28 Nov 14	4.25	4.17	2.33%	3.85%	47%	1.36
		16,500	28 Nov 14	29 May 15	4.25	4.17	2.33%	3.99%	52%	1.57
9 Jan 12	9 Jan 16	84,000	9 Jan 13	10 Jul 14	4.40	4.37	2.25%	3.12%	45%	1.21
		83,000	9 Jan 14	9 Jan 15	4.40	4.37	2.25%	3.11%	45%	1.31
		83,000	9 Jan 15	10 Jul 15	4.40	4.37	2.25%	3.16%	50%	1.53

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the financial year ended 30 June 2012

Grant Date	Expiry Date	Number of Securities	Vesting Date	Expiry Date	Current Share Price (2) ($)	Hurdle Price ($)	Dividend Yield (3)	Risk Free Rate (4)	Volatility (5)	"Fair Value"
Valuation of Performance Rights										
9 Sept 10	9 Sep 14	30,000	9 Sep 11	9 Sep 14	2.83	3.00	2.00%	4.6%	40%	2.44
		10,000	9 Sep 11	9 Sep 14	2.83	3.50	2.00%	4.6%	40%	2.22
		10,000	9 Sep 12	9 Sep 14	2.83	4.00	2.00%	4.6%	40%	1.89
		10,000	9 Sep 12	9 Sep 14	2.83	4.50	2.00%	4.6%	40%	1.70
		10,000	9 Sep 12	9 Sep 14	2.83	5.00	2.00%	4.6%	40%	1.53
28 Nov 11	28 Nov 15	12,000	28 Nov 12	28 Nov 15	4.25	5.50	2.35%	3.10%	40%	3.12

Notes:

(1) The expected exercise date is assumed to be the midpoint between the vesting date and the expiry date.

(2) The current share price is the closing market price on the ASX as of the issue date of the Options, and the closing market price as of the issue date of the partly paid shares for the Implied Options.

(3) The dividend yield is the annualised gross percentage yield continuously compounded and sourced from Bloomberg

(4) The risk free rate is the implied yield on zero-coupon Australian government bonds, at the issue date, continuously compounded, corresponding to the expected life of the Options and the Implied Options

(5) The Volatility factor is based on the historical volatility observed for Troy Resources, as per Bloomberg, corresponding to the expected life for the Options and the Implied Options.

The following table reconciles the share options outstanding at the beginning and end of the year.

	2012		2011	
	No	Weighted Average Exercise Price $	No	Weighted Average Exercise Price $
Balance at beginning of year	**2,914,000**	**2.16**	3,056,000	2.24
Granted during the year	**1,060,000**	**4.10**	130,000	2.89
Exercised during the year	**(1,121,000)**	**2.12**	(161,000)	2.14
Lapsed during the year	**(9,000)**	**2.14**	(111,000)	1.83
Balance at end of year	**2,844,000**	**3.02**	2,914,000	2.16
Exercisable at end of year	**1,522,000**	**2.39**	1,847,500	2.34

In addition to the above share options, during the year ended 30 June 2012 12,000 performance rights were granted. Each right entitles the holder to subscribe for one fully paid ordinary share in the Company at an exercise price of $nil subject to satisfying certain criteria. 36,000 rights vested during the year (2011: nil) and no rights lapsed during the year (2011: 10,000).

25. SEGMENT REPORTING

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

	Segment Revenue Year Ended		Segment Profit Year Ended	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000
Producing Operations:				
Australia	**-**	8,622	**-**	2,840
Brazil	**75,993**	68,378	**26,775**	17,343
Argentina	**132,588**	25,451	**49,280**	5,441
Total Operations	**208,581**	102,451	**76,055**	25,624
Exploration:				
Australia and other			**-**	(733)
Brazil			**(1,597)**	(2,005)
Capitalised Brazil			**623**	538
Argentina			**(14,903)**	(6,074)
Capitalised Argentina			**7,253**	2,884
Total Exploration			**(8,624)**	(5,390)
Development Operations:				
Argentina - administration			**-**	(938)
Total			**-**	(938)
Total Segments	**208,581**	102,451	**67,431**	19,296
Other income			**2,215**	7,563
Administration expenses			**(7,643)**	(7,515)
Other expenses – corporate			**(1,001)**	(586)
Care & maintenance / holding costs			**(1,227)**	(340)
Finance cost			**(3,290)**	(3,325)
Impairment loss			**(938)**	-
Profit/(Loss) before tax			**55,547**	15,093

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the financial year ended 30 June 2012

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

	2012 $'000	2011 $'000
Continuing Operations:		
Australia	**569**	632
Brazil	**20,226**	35,924
Argentina	**102,892**	87,412
Exploration	**1,612**	2,884
Total Segment assets	**125,299**	126,852
Cash and cash equivalents	**58,922**	27,941
Income tax assets	**-**	4,468
Investments in listed entities	**134**	406
Other assets	**1,086**	1,047
Total Assets	**185,441**	160,714

Various corporate and head office assets including cash held and income tax balances have not been allocated to the underlying segments.

Total Liabilities	**2012 $'000**	2011 $'000
Continuing Operations:		
Australia	**1,192**	1,077
Brazil	**3,145**	3,402
Argentina	**18,150**	7,636
Exploration	**-**	-
Total Segment liabilities	**22,487**	12,115
Income tax liabilities	**14,780**	6,388
Borrowings	**14,227**	29,089
Other liabilities	**1,675**	3,441
Total Liabilities	**53,169**	51,033

Unallocated liabilities include tax liabilities, deferred consideration and consolidated entity borrowings not specifically allocated to any one underlying segment.

Other Segment Information	2012 $'000	2011 $'000
Continuing Operations:		
Depreciation & Amortisation		
Australia	**-**	74
Brazil	**19,443**	22,517
Argentina	**12,138**	2,056
Total Segment	**31,581**	24,647
Corporate	**501**	267
Total Depreciation & Amortisation	**32,082**	24,914
Additions to non-current assets		
Australia	**-**	-
Brazil	**11,943**	11,610
Argentina	**12,003**	32,332
Exploration	**7,253**	2,884
Total Segment	**31,199**	46,826
Corporate	**412**	581
Total additions	**31,611**	47,407

26. COMMITMENTS FOR EXPENDITURE

(a) Exploration Commitments

The Group has minimum statutory commitments as conditions of tenure of certain mining tenements. In addition it has commitments to perform and expend funds towards retaining an interest in formalised agreements with joint venture and prospective joint venture partners. Whilst these obligations may vary, the following is considered to be a reasonable estimate of the minimum projected payments required at 30 June 2012 if it is to retain all of its present interests in mining and exploration properties, within the context of existing joint ventures.

	2012 ($'000)	2011 ($'000)
Not longer than 1 year	**1,048**	692
Longer than 1 year and not longer than 5 years	**1,438**	1,959
Longer than 5 years	**-**	-
Includes joint venture commitments		
Not longer that 1 year	**-**	-
Longer than 1 year and not longer than 5 years	**-**	-
Longer than 5 years	**-**	-

(b) Capital Commitments

Capital expenditure commitments contracted for as at the reporting date:

	2012 ($'000)	2011 ($'000)
Not longer than 1 year	**10,620**	444
Longer than 1 year and not longer than 5 years	**-**	-
Longer than 5 years	**-**	-
Includes: Joint venture commitments	**-**	-

The Group has given securities in the form of bank guarantees and sureties with various state government mining departments to meet commitments for rehabilitation (Refer Note 27).

27. CONTINGENT LIABILITIES

There are no contingent liabilities other than:

a) Environmental performance bonds provided by financial institutions given to various State Departments of Mines and Petroleum and joint venture partners to a total value of $2,729,125 (2011: $2,663,125) These are security amounts against breach of environmental conditions and are not expected to be exercised in the normal course of business.

b) General sureties given to various State Departments of Mines and Petroleum to a total value of $280,000 (2011: $175,000). These are security amounts against breach of environmental conditions and are not expected to be exercised in the normal course of business.

c) General bank guarantees to financial institutions total $163,423 (2011: $83,000), of these $85,259 (2011: $70,000) are cash backed.

28. SUBSIDIARIES

The Consolidated Financial Statements include the following subsidiaries:

	COUNTRY OF INCORPORATION	**OWNERSHIP INTEREST**	
		2012: %	2011: %
Parent Entity: Troy Resources Limited	Australia		
Subsidiaries:			
Wirraminna Gold Pty Ltd	Australia	**100**	100
Troy Resources Argentina Ltd	Canada	**100**	100
Troy Resources Brasil Participações Ltda	Brazil	**100**	100
• Sertão Mineração Ltda	Brazil	**70**	70
Troy Brasil Exploração Mineral Ltda	Brazil	**100**	100
• Agreste Mineracao Ltda	Brazil	**100**	100
• Cerado Mineracao Ltda	Brazil	**100**	100
• Nortao Mineracao Ltda	Brazil	**100**	100
Troy Resources Holdings BVI	British Virgin Is	**100**	100
• Reinarda Mineracao Ltda	Brazil	**100**	100

29. EVENTS OCCURRING AFTER BALANCE DATE

On 10 July 2012, the Group repaid $7.0 million to Investec Bank Australia under the debt facility ahead of schedule reducing the outstanding principal balance to $8.0 million. The Group holds no other debt facilities.

On 14 August 2012, the Group announced the sale of the Sandstone project in Western Australia to Southern Cross Goldfields Ltd a fellow ASX listed gold explorer and developer for:

- A$5 million of which approximately $2.5 million will replace the environmental bonds on the property;
- A 2% uncapped net smelter return royalty on all non-nickel production from the site; and
- The issue of 43.665 million warrants for Southern Cross Goldfields Ltd shares, equivalent to 15% of their current issued capital, with a strike price of 10 cents per share and a term of 5 years.

The transaction is subject to Southern Cross Goldfields Ltd completing financing and standard approvals and both companies expect the transaction to be completed within three months.

On 24 August 2012, the Company announced a final dividend of 10.0 Australian cents per share fully franked in relation to the group's performance during the 2012 financial year. The record date was set as 14 September 2012 and the payment date as 19 October 2012.

Other than the above, there are no other matters or circumstances that have arisen since 30 June 2012 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.

30. FINANCIAL INSTRUMENTS

a) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged in 2012.

The capital structure of the Group consists of net debt (borrowings as detailed in Note 15 and equity of the Group (comprising issued capital, reserves, retained earnings and non-controlling interests as detailed in Notes 16, 17, 18).

The Group's Board reviews the capital structure of the Group for any new acquisition or significant project. As part of the review, the Board considers the cost of capital and the risks associated with each class of capital. The group's aim is to minimise the use of debt and only utilise debt for very specific purposes such as capital development projects based on very strong feasibility analysis. The group would normally target less than 50% debt on any one project but may choose to spread that risk across all projects by the use of a group corporate facility. The gearing ratio at 30 June 2012 of Nil (2011: 4%) (refer below).

i. Gearing Ratio

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

	2012 ($'000)	2011 ($'000)
Debt (i)	**14,227**	29,089
Cash and bank balances (excluding restricted cash)	**(51,020)**	(24,650)
Net Debt	**-**	4,519
Equity (ii)	**132,272**	109,681
Debt to equity ratio	**0%**	4%

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

(ii) Equity includes all issued capital, reserves, retained earnings and non-controlling interests as

detailed in Notes 16, 17, 18.

Externally imposed capital requirements

As per the group's debt facility with Investec Bank (Australia) Limited a minimum available cash balance of $5,000,000 must be maintained at all times, management monitors cash flows requirements to meet the obligations and the group has complied with requirements as at reporting date, refer Note 15.

b) Categories of financial instruments

	2012 ($'000)	2011 ($'000)
Financial assets		
Cash and cash equivalents	**58,922**	29,741
Trade and other receivables	**17,706**	13,785
Available for sale financial assets	**134**	406
Financial liabilities		
Trade and other payables	**(14,155)**	(9,546)
Power Line payable	**(3,828)**	-
Borrowings – Amortised cost	**(14,227)**	(29,089)

c) Financial risk management objective

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

The group seeks to minimise the effects of these risks by using derivative financial instruments to hedge risk exposures.

The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principals on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

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

The Group's executive management and finance department co-ordinate access to domestic and international financial markets, and manages the financial risks relating to the operations of the Group. The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates.

d) Objectives of Derivative Financial Instruments

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

e) Gold and Foreign Currency Contracts

The Group held Nil put option contracts as at 30 June 2012. The Group's policy is generally not to hedge the price of gold and silver.

f) Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (refer Note 30 (g)), interest rates (refer to Note 30(h)) and commodity risk - gold prices (refer to Note 30(k)). There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

g) Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are managed by ongoing review by management of exchange rate fluctuations between the Australian dollar, the Brazilian real, Argentinean Peso and the United States dollar and the hedging of significant foreign currency transactions were 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	
	2012 (A$'000)	2011 (A$'000)	**2012 (A$'000)**	2011 (A$'000)
United States dollars	**32,291**	11,692	**-**	-

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

Sensitivity analysis - exchange rates

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

Judgements of reasonably possible movements

	2012 (A$'000)	2011 (A$'000)
AUD/USD +/- 5%		
- Post tax profit higher/(lower)	**10,437**	5,123
- Total equity higher/(lower)	**10,802**	3,853
AUD/BRL +/- 5%		
- Post tax profit higher/(lower)	**952**	649
- Total equity higher/(lower)	**1,462**	1,847
AUD/PESO +/- 5%		
-Post tax profit higher/(lower)	**881**	(22)
-Total equity higher/(lower)	**(982)**	(1,366)

The movements in profit and equity in 2012 are more sensitive than in 2011 due to the effect of increased US$ denominated gold and silver sales compared to the prior year.

h) Interest rate risk management

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

Sensitivity analysis - interest rates

The sensitivity analysis below have 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 $272,000 (2011: $150,000) This is mainly attributable to higher cash deposit balances held in 2012 as compared to 2011 and a general decrease in interest rate in 2012 as compared to 2011.

The Group's sensitivity to interest rates has increased during the current period mainly due to increased cash deposits.

i) Credit risk management

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

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

The Group has an exposure to gain or loss in the event counterparties fail to settle on derivative contracts with the Group. At 30 June 2012, the Group had no exposure or commitments to any counterparty on derivative contracts (2011: Nil).

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

j) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate cash reserves by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities. Note 15 sets out details of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

Liquidity and interest risk tables

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

2012 LIABILITIES	Weighted average effective interest rate %	1 year or less $'000	1 to 5 years $'000	More than 5 years $'000	Total $'000
Non-interest bearing	-	13,885	3,830	-	17,715
Variable interest rate instruments	8.07%	16,119	-	-	16,119
Financial guarantee contracts	-	3,068	-	-	3,068
		33,072	**3,830**	**-**	**36,902**

2011 LIABILITIES	Weighted average effective interest rate %	1 year or less $'000	1 to 5 years $'000	More than 5 years $'000	Total $'000
Non-interest bearing	-	8,997	-	-	8,997
Variable interest rate instruments	8.92%	15,525	18,905	-	34,430
Financial guarantee contracts	-	2,921	-	-	2,921
		27,443	**18,905**	**-**	**46,348**

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

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

2012 ASSETS	Weighted average effective interest rate %	1 year or less $'000	1 to 5 years $'000	More than 5 years $'000	Total $'000
Non-interest bearing	-	14,604	3,102	-	17,706
Variable interest rate instruments	1.52%	10,518	-	-	10,518
USD variable deposit	0.02%	32,391	-	-	32,391
Short term deposits	4.74%	16,113	-	-	16,113
		73,526	**3,102**	**-**	**76,728**

2011 ASSETS	Weighted average effective interest rate %	1 year or less $'000	1 to 5 years $'000	More than 5 years $'000	Total $'000
Non-interest bearing	-	7,324	6,461	-	13,785
Variable interest rate instruments	1.54%	11,148	-	-	11,148
USD variable deposit	0.03%	11,692			11,692
Short term deposits	5.05%	5.101	-	-	5,101
		35,265	**6,461**	**-**	**41,726**

The Company's loans to the Argentinian subsidiary as at 30 June 2012 and 2011 are at commercial interest rates. Loans to Brazil in 2012 and 2011 are interest free, income tax is payable in Australia on implied interest income from the Company's loans to its Brazilian income generating subsidiary Reinarda Mineracao Ltda, all loans owing by Reinarda Mineracao Ltda were repaid during the 2012 financial year. Brazilian law prohibits interest being charged to and remitted by associated companies.

k) Commodity risk management

The Group is a gold producer and has exposure to the gold price The Group operates so as to remain exposed to fluctuations in the Gold price as is the current industry practice The Group does not have any gold hedging contracts, refer (e) above.

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.

	2012 (A$'000)	2011 (A$'000)
Judgements of reasonably possible movements		
Gold Price +/- 50.00 AUD per ounce		
- Post tax profit higher/(lower)	4,494	2,511
- Total equity higher/(lower)	4,494	2,511

The movements in profit and equity in 2012 is higher than 2011 due to increased production levels. Ounces produced increased by 79% compared to 2011.

l) Fair Value of Financial Assets and Liabilities

The carrying amount of financial assets and financial liabilities recorded in the Financial Statements represents their respective fair values, determined in accordance with the accounting policies disclosed in Note 1 to the Accounts.

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 debt facility which had a carrying amount of $14,227,000 (2011:$29,089,000) compared to a face value of $15,000,000 (2011: $30,000,000). The face value of the debt equates to its fair value because it has a variable interest rate.

At 30 June 2012, inventories include 1,944 ounces (2011: 259 ounces) of refined gold bullion. This bullion is valued in the Financial Statements at cost of $1,161,000 (2011: $181,000) (refer Note 8). This inventory would have had a market value of $3,060,000 (2011: $361,000) based on a gold spot price of A$1,574 per ounce (2011: A$1,421/oz).

m) Fair value measurements recognised in the statement of financial position certain shares in listed entities that

The consolidated entity holds certain shares in listed entities that are measured at fair value subsequent to initial recognition. All such investments are classified as available for sale, and are valued based on the closing share price of the listed share at the reporting date. The consolidated entity has no other financial instruments at either 30 June 2012 or 2011 that are measured at fair value. The available for sale investments are classified as level 1 within the fair value hierarchy as per AASB 7 Financial Instruments: Disclosure. There were no financial assets or liabilities categorised as level 2 or 3 held during the current or previous years.

31. NOTES TO THE CASHFLOW STATEMENT

a) Reconciliation of Cash

For the purposes of the Cash Flow Statement, cash and cash equivalents includes cash on hand and in banks and investments in interest bearing deposits. Cash and cash equivalents at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Statement of financial position as follows:

	2012 ($'000)	2011 ($'000)
Cash at bank	**5,234**	3,797
Cash at bank – overseas	**34,687**	16,301
Short term bank deposits - Australia	**19,001**	7,843
	58,922	27,941

(b) Reconciliation of Net Cash provided by Operating Activities to Net Profit after Income Tax

	2012 $'000	2011 $'000
Operating profit/(loss) after income tax	**31,422**	14,634
Depreciation of non-current assets	**13,666**	8,525
Amortisation of non-current assets	**18,416**	16,389
Gain on sale of non-current assets	**(12)**	62
Exploration costs treated as Investing activities	**-**	-
(Gain) on sale of Other financial assets	**-**	(4,207)
(Gain) on sale of subsidiary	**-**	(1,072)
Foreign exchange gain on balances held	**(657)**	167
Equity settled share-based payment	**1,001**	525
Impairment of available for sale assets	**938**	-
Interest income received and receivable	**(558)**	(443)
Non-cash interest expense	**137**	765
(Decrease) / Increase in income tax payable	**13,399**	(2,704)
Changes in operating assets and liabilities:		
(Increase) / decrease in current receivables	**(4,924)**	(2,147)
(Increase) / decrease in inventories	**(5,786)**	(4,239)
Increase / (decrease) in provisions	**54**	1,559
Increase / (decrease) in payables	**9,887**	3,116
Net Cash generated by / (used in) operating activities	**76,982**	30,930

(c) Financing Facilities

Refer to Note 15 for details of available financing facilities

32. PARENT ENTITY DISCLOSURES

(a) Financial Position

Accounting policies of the parent are consistent with that of the consolidated group.

	2012 $'000	2011 $'000
Assets		
Current assets	**52,550**	18,309
Non-current assets	**115,912**	147,104
Total assets	**168,462**	165,413
Liabilities		
Current liabilities	**29,924**	11,090
Non-current liabilities	**14,387**	29,275
Total liabilities	**44,311**	40,365
Net Assets	**124,151**	125,048
Equity		
Issued capital	**101,804**	97,596
Retained earnings - opening	**35,377**	40,536
Current year profit / (loss)	**(2,035)**	(1,639)
Dividends paid / payable	**(5,317)**	(3,520)
Reserves		
Investments Mark to Market	**-**	(666)
Option Premium	**4,376**	4,146
Foreign exchange translation	**(10,054)**	(11,405)
Total Equity	**124,151**	125,048
Financial Performance		
(Loss) / Profit for the year after tax	**(8,003)**	(1,639)
Dividends received from subsidiary	**5,968**	-
Other comprehensive income	**2,247**	(10,333)
Total comprehensive income	**212**	(11,972)

(b) Guarantees entered into by the parent entity in relation to debts of its subsidiaries

Guarantee provided under the deed of cross guarantee	-	-

Please refer Note 15 for details of the group's guarantee in regards its debt facility.

(c) Contingent liabilities of the parent entity

	2012 $'000	2011 $'000
Bank guarantees - Government	**2,729**	2,663
Bank guarantees - General	**148**	83
General Sureties - Government	**280**	175
	3,157	2,921

There are no contingent liabilities other than:

a) Environmental performance bonds provided by financial institutions given to various State Departments of Mines and Petroleum and joint venture partners to a total value of $2,729,125 (2011: $2,663,125). These are security amounts against breach of environmental conditions and are not expected to be exercised in the normal course of business.

b) General sureties given to various State Departments of Mines and Petroleum to a total value of $280,000 (2011: $175,000). These are security amounts against breach of environmental conditions and are not expected to be exercised in the normal course of business.

c) General bank guarantees to financial institutions total $148,164 (2011: $83,000), of these $70,000 (2011: $83,000) are cash backed.

Commitments for the acquisition of property, plant and equipment, by the parent entity.

	2012 ($'000)	2011 ($'000)
Plant and equipment		
Not longer than 1 year	**-**	83
Longer than 1 year and not longer than 5 years	-	-
Longer than 5 years	-	-

33. ADDITIONAL COMPANY INFORMATION

Troy Resources Limited is a public company, incorporated and operating in Australia with subsidiary companies operating in South America.

Registered Office
Unit 12, 1st Floor
11 Ventnor Avenue
West Perth
Western Australia 6005
Tel: +61 8 9481 1277

TROY RESOURCES LIMITED

DIRECTORS DECLARATION

For the financial year ended 30 June 2012

The directors declare that:

a. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;

b. The attached financial statements are in compliance with International Financial Reporting Standards, as stated in Note 1 to the financial statements;

c. In the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity; and

d. The directors have been given the declarations required by s.295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the *Corporations Act 2001.*

On behalf of the Directors of Troy Resources Limited

D Dix
Non-Executive Chairman

P Benson
CEO & Managing Director

Perth, Western Australia
27 September 2012

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Woodside Plaza
Level 14
240 St Georges Terrace
Perth WA 6000
GPO Box A46
Perth WA 6837 Australia

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

Independent Auditor's Report to the members of Troy Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of Troy Resources Limited, which comprises the statement of financial position as at 30 June 2012, the income statement, the statement of comprehensive income, the cash flow statement and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 20 to 76.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the company's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited

Deloitte.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Troy Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Troy Resources Limited is in accordance with the *Corporations Act 2001*, including:

    (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

    (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

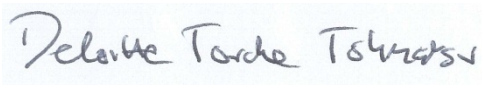
(b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

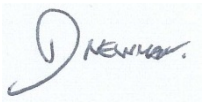
We have audited the Remuneration Report included in pages 8 to 17 of the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Troy Resources Limited for the year ended 30 June 2012, complies with section 300A of the *Corporations Act 2001*.



DELOITTE TOUCHE TOHMATSU



David Newman
Partner
Chartered Accountants
Perth, 27 September 2012