



TROY RESOURCES NL

ABN 33 006 243 750

QUARTERLY REPORT FOR THE THREE MONTHS ENDING 31 MARCH 2007

HIGHLIGHTS

31 MARCH 2007

Troy Resources NL
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Corporate Details

ASX Code: TRY

Issued Capital:
57,496,753 ordinary shares
5,365,486 partly paid
350,000 unlisted partly paid
1,224,000 unlisted options

Directors:

Chairman:
John Jones

Executive Directors:
Tommy McKeith
Ken Nilsson

Non-Executive Directors:
Denis Clarke
John Dow
Alan Naylor

Tommy McKeith
CEO
30 April 2007

OPERATIONS

- The Sandstone Mill (Troy 100%) treated 139,242 tonnes of ore at 4.94 g/t to produce 20,913oz of gold at a cash cost of A\$328 per ounce (US\$265).
- The SML Mill (Troy 70%) in Brazil treated 47,249 tonnes of ore at 3.32 g/t to produce 3,820oz of gold at a cash cost of A\$526 per ounce (US\$425).
- Total attributable gold production was 23,587 ounces for the March quarter at a cash cost of A\$350 per ounce (US\$283).
- Total attributable gold production was 78,708 ounces for the nine months to 31 March 2007 at a cash cost of A\$318 per ounce (US\$257).
- On track to achieve forecast annual attributable gold production of 100,000oz.

PROJECT DEVELOPMENT – ANDORINHAS BRAZIL

- The environmental permit was approved and project development activities are progressing well.
- Resource infill at **Lagoa Seca** and sterilisation drilling for the mill site at **Mamao** is underway.
- Metallurgical test work was completed, a suitable additional mill has been identified and design work is underway.

EXPLORATION – SANDSTONE AUSTRALIA

- Rock chip grab samples collected from **Garden Well Prospect**, returned gold assays of 34.10g/t and 18.50g/t.

CORPORATE

- Group cash and equivalent liquid assets of A\$80.4 million.
- In addition to the above cash position, Troy completed a placement of 3.9 million shares to raise about A\$12 million on 5 April 2007.
- Profit for the half year ended 31 December 2006 of A\$7.3 million after tax.
- Troy and Rio Tinto Mongolia LLC signed a 3 year option/earn-in joint venture to explore Troy's **Dornogovi Coal Project** in southeast Mongolia.



CORPORATE

Half Year Report

During the quarter, Troy announced a record net profit after tax and minorities of \$7.3 million for the half year ended 31 December 2006 (2005: \$10.3 million).

The profit was generated from revenue of \$41.3 million (2005: \$42.7 million) and production of 55,121 ounces of gold (2005: 71,186 ounces).

The profit for the half year was achieved after expensing \$4.5 million for exploration (2005: \$3.7 million) and amortisation and depreciation of \$3.1 million (2005: \$2.2 million).

Placement

On 5 April 2007, the company completed the placement of 3.9 million ordinary shares at a price of \$3.10 per share to institutional investors in Australia and overseas to raise approximately \$12 million.

Dornogovi Coal Project (Troy 100%)

In February, Troy Resources NL ("Troy"), through its wholly owned Mongolian subsidiary Troy Mongolia Alt Resources and Rio Tinto Mongolia LLC ("Rio Tinto") signed a 3 year option/earn-in joint venture pertaining to the exploration of Troy's Dornogovi Coal Project in southeast Mongolia. The property is underlain by Cretaceous continental sedimentary rocks (including coal measures) on a basement of Jurassic and older igneous and metamorphic rocks that are known to be prospective for copper, gold and uranium.

Rio Tinto has the right to earn a 60% interest in the project by sole funding a pre-feasibility study within 3 years. Rio Tinto has committed to spend at least US\$250,000 on exploration work in the first year. Rio Tinto can earn an additional 20% interest in the project by funding a feasibility study and announcing the decision to mine. Troy may elect to reduce its interest to 15% in exchange for Rio Tinto carrying Troy's share of construction costs to be repaid from initial profitable project cash flow.



OPERATIONS

SANDSTONE – AUSTRALIA (Troy 100%)

Production Summary

	March 2007 Quarter	March 2006 Quarter	9 months to 31 March 2007	9 months to 31 March 2006
Tonnes Milled	139,242	124,957	422,910	374,118
Head Grade g/t	4.94	3.53	5.28	4.80
Recovery %	94.7	94.7	94.4	94.7
Gold Produced oz	20,913	13,370	67,846	54,648
Cash cost per oz	A\$328	A\$294	A\$295	A\$204

“Cash Costs” are defined to include all expenditures directly incurred on mining and milling, plus overheads and outgoings net of movements in deferred mining costs and stockpiles, but exclude Government gold royalty payments.

Health, Safety & Environment

A Safety Coordinator was appointed to overview safety at the Sandstone Site and to implement and manage the recently completed Site Management Plan.

Environmental consultants conducted a survey of all the disturbed areas around the Sandstone Operations and will complete a report on a proposed rehabilitation program.

Mining

Mining continued in the Lord Nelson Pit between RL 421m and RL 411m. The cutback on the eastern wall was completed during the quarter. A total of 516,375 bcm of material was mined containing 99,726 tonnes of ore grading 8.59 g/t Au. The contained gold in the ore mined was 21% above the amount calculated in the resource model.

Production was restricted due to waste mining in the slip area. The cut back has stabilised the eastern wall and mining of the Lord Nelson pit should be completed in the June quarter.

Approval was obtained from the Department of Environment and Conservation to lay the dewatering pipe line from the Lord Henry Pit and dewatering has commenced.

Mining has therefore recommenced at the Lord Henry Pit where a total of 61,102 bcm of material was mined in March, containing 20,825 tonnes of ore grading 3.35 g/t Au.

Processing

The mill treated 139,242 dry tones of ore grading 4.94 g/t yielding 20,913 ounces of gold.

Mill throughput was restricted in the last month of the quarter, due to the hardness of Lord Nelson high grade ore.

Refurbishment of the CIL tanks commenced and repairs to two tanks were completed. A major planned maintenance shut down will be conducted during the next quarter.



SERTÃO MINERAÇÃO LTDA (“SML”) BRAZIL – (Troy 70%)

Production Summary 100%

	March 2007 Quarter	March 2006 Quarter	9 months to 31 March 2007	9 months to 31 March 2006
Tonnes Milled	47,249	21,303	157,004	66,361
Head Grade g/t	3.32	17.3	3.54	26.4
Recovery %	75.8	91.0	87.0	92.7
Gold Produced oz	3,820	10,774	15,549	52,224
Cash Cost per oz	A\$526 US\$425	A\$365 US\$261	A\$460 US\$372	A\$215 US\$153

“Cash Costs” are defined to include all expenditures directly incurred on mining and milling, plus overheads and outgoings net of movements in deferred mining costs and stockpiles, but exclude Government gold royalty payments

Health, Safety & Environment

There was one minor lost time injury and no significant environmental incidents during the quarter.

Construction of the Intensive Care Unit at a local Goiás hospital, supported by the company, is close to completion.

Mining

Mining of the **Antena Deposit** progressed well considering the poor weather conditions and is about 80% complete. The permit for **Antena Sul Deposit** was received and it is expected that mining will be completed by end July 2007 when all mining at Sertão is scheduled to be completed.

Rehabilitation of both mine and exploration sites is under way.

Processing

The Sertão Operation was affected by a longer than normal rain period making it necessary to re-schedule the processing of partly refractory material left to be treated on completion of the project. The recovery from this material was however in line with expectations and total gold production was 10% below budget for the period.

PROJECT DEVELOPMENT

Andorinhas

Project development progressed well during the quarter. Metallurgical test work completed indicates that additional grinding capacity is required to the SML Mill. A suitable additional mill has been identified and the importation and design work is under way. The altered design will enable processing rates to be increased.

The environmental permit was approved which will cover the initial mining and processing requirement for both the open pit and the underground operations.

Site buildings were designed and construction will start in the June quarter.

The geotechnical work completed by Golders and Associates is progressing in line with the development schedule, work includes hydrological studies and tailings dam design. Contracts have been signed for geotechnical and exploration / in fill drilling.



Supply processes and logistics for operating the Andorinhas Project were established. A security and safety survey was completed and follow-up work is ongoing.

Diamond drill core held by CVRD is being transferred to the Andorinhas site. This will facilitate further geological and metallurgical studies.

Two additional exploration licenses were granted during the quarter. Discussions with land owners to finalise all agreements are under way and are expected to be completed by June 2007.

Detailed re-examination of **Mamao Zone** diamond core identified biotite alteration within a strongly sheared meta-basalt, as a mappable alteration envelope associated with the M2 gold bearing quartz lodes. Both the lodes and the biotite altered zone are surrounded by a second broader zone of chloritic alteration. Within the M2 Lode, visible gold is often hosted within milky grey - white, often brecciated quartz veins with pyrite.

Plans have been finalised for a resource infill drill program at the **Lagoa Seca Zone** and sterilisation drilling for the mill site at Mamao. A total of 23 holes for 1,440m are planned at Mamao and 21 holes for 1,540m at Lagoa Seca.

Project development remains on track to be in full commercial production in early 2008.

EXPLORATION REPORT

EXPLORATION – AUSTRALIA

Sandstone Project (Troy 100%)

A total of twenty seven rock chip grab samples were collected from historical workings on the **Garden Well Prospect**, 6km to the south of the Sandstone Mill.

A best gold assay of **34.10g/t** was reported from the southern portion of the Garden Well area.

RC drilling is planned at the **Mulga Zone** to test a strong westerly dipping magnetic anomaly that peaks to the south where the unit is interpreted to attenuate into a north-northeast striking shear zone that yielded a best rock chip assay of **18.50g/t Au**.

Eighteen angled infill RAB holes (1,243m) were drilled at the **Bulletin Prospect** to follow-up intersections of 1m @ 1.71g/t Au and 3m @ 0.65g/t Au reported in the December quarter (see Table 1). Best follow-up results include: 5m @ 1.67g/t Au from 10m and 5m @ 1.60g/t Au from 45m. Mineralisation is associated with goethitic quartz stringers related to east-northeast oriented intermediate porphyry intrusive which cuts through the main area of workings. Recent results confirmed the limited potential of the Bulletin mineralisation and no further work will be carried out.

Two hundred and six RAB holes (8,045m) were drilled on the **North Swede Prospect** on 800m spaced traverses designed to test a target hosted within a folded banded iron formation situated in the southeast portion of the Sandstone greenstone belt in the vicinity of the West Indomitable and Lightning shears. The drilling has significantly downgraded the gold prospectivity of the area but holes drilled within the central portion of the target area intersected abundant coarse pyrite over a width of 600m that yielded nickel assay values in the order of 1,000ppm – 1,500ppm. The best gold assay value reported was 2m @ 0.40 g/t from 10m.

In February, detailed structural mapping was conducted by Jigsaw Geoscience Consultants in the **Lord Nelson** and **Lord Henry Pits** to assist in the identification of drill targets at depth below the current planned pits



At Lord Nelson, the east lode swings around to the northwest at the north end of the pit to follow a granodiorite dyke. Elevated gold values are associated with the contact of the granodiorite dyke and the ultramafic schist footwall. This zone warrants further investigation as a potential down-plunge drill target.

At Lord Henry, the north dipping mineralised veins cut through a series of sub-vertical north-northwest striking veins with elevated gold values occurring at the intersection of the two vein sets. These structures were not identified during resource modelling and are not reflected in the block model. RC drilling is now being planned to test the down-plunge potential of these structures and to evaluate the potential for additional north dipping stacked lodes.

Bronco Plains JV – Western Australia (Troy Earning 60%)

Image Resources was formally advised of Troy's decision to withdraw from the **Bronco Plains Project**. Troy has fulfilled its first year minimum expenditure commitment. As no interest was earned, management of the tenements was returned to Image.

EXPLORATION BRAZIL

SML Exploration (Troy 70%)

In February, exploration at the SML project was stopped with work now focusing on rehabilitation and final report compilation.

RAB drilling at **Paraiso Zone (Digo Digo Prospect)** intersected narrow zones of mineralisation associated with silica + biotite + pyrite + chalcopyrite alteration of a chlorite schist package. Assay results included 2m @ 3.65g/t Au. The anomaly has a strike extent of 700m and remains open to the east (See Table 2).

RC drilling along the previously identified 480m long **Nena Zone at Digo Digo Prospect** intersected gold mineralisation in the supergene horizon. Results included 3m @ 3.98g/t Au (See Table 3). The primary source of the mineralisation remains unknown, however interpretation of ground magnetic data indicates the mineralisation occurs along a stratigraphy parallel structure, with the highest grades occurring where this structure is terminated by a northeast trending fault.

RAB drilling was undertaken at the **Frutuoso Prospect** located about 11km to the northwest of the Sertão Mine intersected low grade gold mineralisation, including 3m @ 0.96g/t, associated with quartz veining and pyrite + sericite + silica + carbonate alteration of chlorite schists. Rock chip sampling of surface gossans returned gold results up to 6.83g/t.

EXPLORATION – MONGOLIA

Gutain Davaa Project (Troy earning 80%)

During the quarter a re-assessment of all geological, structural, geochemical and geophysical data for the **Toordogiin Shil Prospect** at Gutain Davaa was completed by Troy Mongolia geologists and an independent consulting geologist.

Additional soil sampling along strike of the TS Prospect is planned and drilling will follow.

Altanshiree Projects (Troy earning 80%)

The high grade gold values reported from surface sampling of a number of quartz veins at Altanshiree do not continue at depth.

Rehabilitation work was completed and the properties were returned to the vendors.



Huren Tolgoi Project (Troy earning 80%)

Processing and interpretation of data collected during a late November 2006 ground magnetics survey was completed. This data identified a series of northwest – southeast and north – south structural trends that mirror the margin of the granite intrusion and the strike trend of the host rock stratigraphy. Field work including detailed geological mapping and sampling (rock and soil) is planned for May 2007 and will be focused along these interpreted structures.

FINANCIAL REPORT

CASH POSITION

As at 31 March 2007, Troy within Australia held \$19.5 million in cash, plus equity investments with a market value of \$52.8 million and 5,721 ounces of gold awaiting sale (\$4.7m). This equates to a total of approximately \$77.0 million of liquid assets.

Troy's wholly owned Brazilian and European subsidiaries held cash deposits of A\$0.5million. At quarter end, Sertão Mineração Ltda ("SML"), Troy's 70% owned Brazilian subsidiary, had the equivalent of \$2.2 million in cash (Troy's share). In addition, SML held 1,243 ounces of gold inventory, which approximates to \$0.7 million of revenue based on a gold price of \$821.66 per ounce (Troy's share).

The Troy group equity share of cash and liquid assets is approximately \$80.4 million as at 31 March 2007.

GOLD SALES

Gold sales from the Sandstone operation for the quarter were 26,313 ounces at an average price of \$824 per ounce. The average Cash Cost was \$328 per ounce which gives a Cash Margin of \$496 per ounce for the quarter.

During the quarter, SML sold 5,600 ounces, of gold at an average price of US\$649 per ounce. The average Cash Cost was US\$425 per ounce, which gives a Cash Margin of US\$224 per ounce for the quarter.

HEDGING

The Company is totally unhedged, which results in full benefit of rises in the price of the gold flowing through to the Company.

EXPLORATION EXPENDITURE

During the quarter, exploration expenditure incurred was \$559,000 in Australia, \$300,000 in Mongolia, \$154,000 in Brazil and \$697,000 by SML (Troy share \$488,000). Troy's exploration expenditure for the quarter was therefore \$1.5 million.

Capital and development expenditure in Australia during the quarter was \$0.4 million.



FURTHER INFORMATION

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Geological information in this Report has been compiled by Troy's Vice President Exploration & Business Development, Peter Doyle, who:

- Is a full time employee of Troy Resources NL
- Has sufficient experience which is relevant to the type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'
- Is a Member of the Australasian Institute of Mining and Metallurgy
- Has consented in writing to the inclusion of this data

This Quarterly Report is available on Troy's Website: www.try.com.au

Table 1: Australia – Sandstone Exploration RAB Drill Results

	Prospect	EM	NM	From (m)	To (m)	Width (m)	Au g/t
TAR2279	Bulletin	742200	6890800	10	15	5	1.67
				45	55	10	0.35
TAR2282	Bulletin	742100	6890800	50	55	5	0.31
TAR2284	Bulletin	742000	6890800	50	55	5	0.25
TAR2286	Bulletin	741900	6890800	40	45	5	0.33
TAR2292	Bulletin	741950	6890600	25	35	10	0.41
TVR2853	North Swede	737200	6879200	10	12	2	0.40
TVR3021	North Swede	737060	6885200	30	35	35	0.25

Table 2: Brazil – SML Exploration Paraiso Zone Digo Digo Prospect RAB Drill Results

Paraiso Prospect – RAB Drilling						
Hole ID	Easting	Northing	From (m)	To (m)	Length (m)	Grade g/t
GDR281	598359	8239580	3	5	2	3.65
			7	8	1	2.07
			15	16	1	0.52
			22	24	2	0.48



Table 3: Brazil – SML Exploration Nena Zone Digo Digo Prospect RC Drill Results

Nena Prospect – RC Drilling						
Hole ID	Easting	Northing	From (m)	To (m)	Length (m)	Grade g/t
GDC057	601183	8238450	0	1	1	1.14
GDC060	601225	8238492	29	30	1	1.28
GDC061	601254	8238521	23	24	1	3.65
GDC062	601352	8238392	13	21	8	1.17
GDC063	601339	8238379	7	10	3	3.92
GDC064	601325	8238364	0	3	3	3.98
			7	8	1	1.11
GDC068	601466	8238281	28	30	2	3.01
GDC069	601452	8238268	34	35	1	1.29
			36	37	1	1.35