



TROY RESOURCES LIMITED



ASX Release

7 March 2016

SALE OF CASPOSO

Troy Resources Limited (ASX: TRY) is pleased to advise that it has reached agreement for the sale of its interest in the Casposo gold and silver project in Argentina (Casposo) to ASX listed Austral Gold Limited (ASX: AGD).

As part of the implementation arrangements for the staged divestment:

- Austral will acquire a 51% economic interest in Casposo for US\$3 million payable as follows:
 - US\$1 million within the next five business days;
 - US\$1 million payable no later than six months from today's date (or earlier if cashflow permits); and
 - US\$1 million, no later than 12 months;
- Austral will be entitled to a further 19% economic interest in Casposo by paying US\$1 million within 12 months;
- the Company grants Austral an option to acquire the remaining 30% over a three year period commencing in December 2018 for a total consideration of US\$7 million. Should the silver price be in excess of US\$16/oz at the time each option is exercised, the exercise price will be increased depending upon the actual silver price at the time;
- Austral will be appointed Manager of Casposo;
- Austral will provide up to US\$10 million pursuant to an initial capital investment plan to develop and implement a re-engineering plan for Casposo with a view to achieving profitable operations within 12 months, which includes:
 - geological, mine design and processing studies;
 - redesigning the mine operations according to the size of the deposit; and
 - optimising the processing cycle; and
- the Company's interest in relation to the capital investment plan will be free carried. To the extent that Casposo requires funding for any other purpose, other than the capital investment plan, the Company can either elect to contribute its pro-rata share or have its economic interest diluted.

Managing Director Martin Purvis said: "Troy has made considerable efforts over the past 6 months to restructure the operations at Casposo in order to provide a platform to unlock further value in the mine. In partnering with Austral Gold, a company with extensive experience and operating skills in both Argentina and the region, Troy believes it has created a strong foundation to deliver the benefits now being created for the mining industry, by the new government in Argentina."

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