



**TROY RESOURCES LIMITED**

ABN: 33 006 243 750

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## **PRESS RELEASE**

26 February 2013

### **TROY RESOURCES HALF YEAR ENDED 31 DECEMBER 2012 FINANCIAL RESULTS**

**Perth, Western Australia: Troy Resources Limited (“Troy”) (ASX, TSX: TRY)**

Troy has today reported a net profit of A\$13.5 million for the six month period ending 31 December 2012 (“half-year”).

Key highlights for the half-year include:

- Profit increased by 27% compared to the previous corresponding half to A\$13.5 million.
- Revenue increased by 23% to A\$108.9 million for the half-year despite gold and silver prices being 1% and 6.5% lower respectively than the previous corresponding half.
- Gold equivalent production increased by 2% to 66,603 ounces.
- Exploration expenditure is up 31% to A\$9.3 million for the half-year.
- Cash and cash equivalents totalled A\$41.5 million at 31 December 2012 after payment of A\$6.7 million in cash dividends and A\$15.5 million in principal and interest payments on the Investec loan facility. The Company was debt free as at 31 December 2012.
- The Board of Directors has confirmed that the Company is committed to the payment of a dividend based on the full year results to be published in August 2013.

The result was achieved after expensing A\$5.1m (2011: A\$3.3m) and capitalising A\$4.2m (2011: A\$4.2m) in exploration expenditure and expensing A\$17.1m for amortisation and depreciation (2011: A\$17.2m).

Commenting on the results Troy CEO Paul Benson said: **“This is a solid result with a headline after tax profit of A\$13.5m and has enabled the Company to retire its debt facility ahead of schedule.**

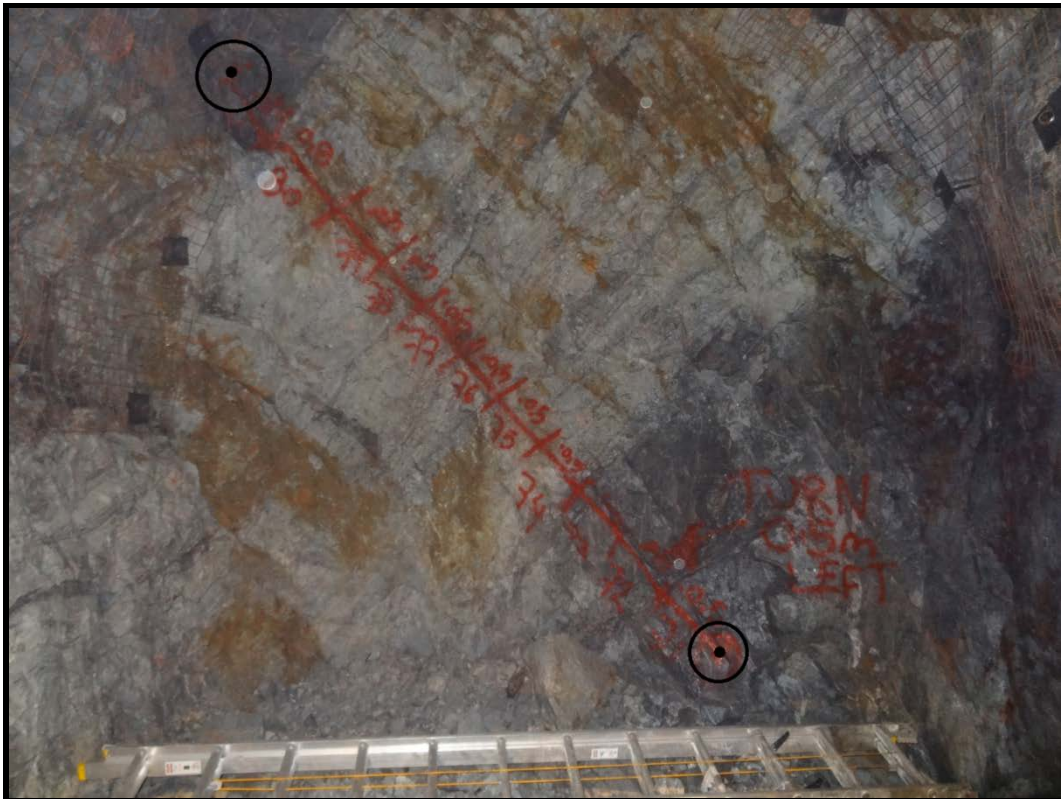
**“We invested A\$9.3m in exploration in the half-year mostly focused on expanding the Inca and B-Vein Resources and testing new targets at Casposo. Pleasingly the underground mining contractor at Casposo has achieved a significant increase in development rates and intersected the highest level of the Inca 1 ore body in the second week of February. Although only about 20m of sill has been developed to date, the best channel sample so far is 3.8m at 43.88 g/t gold equivalent (refer Appendix 1).**

**“We remain on track to see high grade underground ore enter the mill blend in the June Quarter.”**

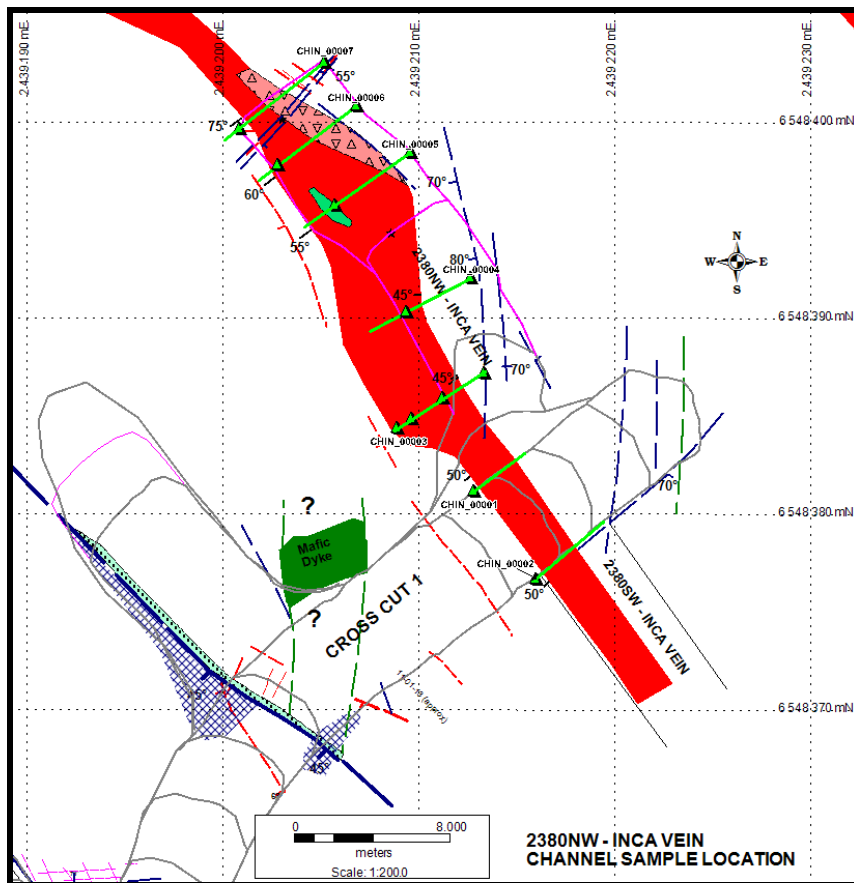
## Appendix One



**Early exposure of the Inca 1 vein in the Casposo underground. 2380NW - CHIN\_00001:**  
2.20m at 18.47g/t gold and 1380g/t silver or 41.48g/t Au\_Eq from 0.50m  
Incl: 0.60m at 49.53g/t gold and 4145g/t silver or 118.61g/t Au\_Eq from 2.10m



**Early exposure of the Inca 1 vein in the Casposo underground 2380NW - CHIN\_00004:**  
3.80m at 29.72g/t gold and 850g/t silver or 43.88g/t Au\_Eq from 1.50m  
Incl: 1.00m at 80.10g/t gold and 2471g/t silver or 121.28g/t Au\_Eq from 3.00m



**Sill Drive 2480NW**

**February 22 - 2013**

| Eastings (m) | Northing (m) | Z (m) | Length (m) | Az  | Dip  | Sample | From (m) | To (m) | Length* (m) | Casposo Lab Gold Grade (g/t) | Alex Stewart Lab Gold Grade (g/t) | Alex Stewart Lab Silver Grade (g/t) | Grade (g/t) (Au_eq) | Interval (m at g/t Gold and g/t Silver or g/t Au_Eq) - Vein-Alex Stewart lab  |
|--------------|--------------|-------|------------|-----|------|--------|----------|--------|-------------|------------------------------|-----------------------------------|-------------------------------------|---------------------|---|
| 2439209      | 6548384      | 2384  | 6.50       | 240 | -45  | SUB-61 | 1.00     | 1.50   | 0.50        |                              | 2.21                              | 249                                 | 6.37                | 3.50m at 12.82g/t gold and 742g/t silver or 25.19g/t Au_Eq from 1.00m Incl: 1.50m at 26.06g/t gold and 1441g/t silver or 50.08g/t Au_Eq from 2.50m  |
|              |              |       |            |     |      | SUB-62 | 1.50     | 2.00   | 0.50        |                              | 4.60                              | 299                                 | 9.59                |   |
|              |              |       |            |     |      | SUB-63 | 2.00     | 2.50   | 0.50        |                              | 4.02                              | 262                                 | 8.39                |   |
|              |              |       |            |     |      | SUB-64 | 2.50     | 3.00   | 0.50        |                              | 15.90                             | 570                                 | 25.41               |   |
|              |              |       |            |     |      | SUB-65 | 3.00     | 3.50   | 0.50        |                              | 6.62                              | 721                                 | 18.64               |   |
|              |              |       |            |     |      | SUB-66 | 3.50     | 4.00   | 0.50        |                              | 55.67                             | 3033                                | 106.21              |   |
|              |              |       |            |     |      | SUB-67 | 4.00     | 4.50   | 0.50        |                              | 0.76                              | 56                                  | 1.70                |   |
| 2439213      | 6548390      | 2383  | 5.80       | 243 | 50   | SUB-74 | 1.50     | 2.00   | 0.50        |                              | 7.65                              | 186                                 | 10.75               | 3.80m at 29.72g/t gold and 850g/t silver or 43.88g/t Au_Eq from 1.50m Incl: 1.00m at 80.10g/t gold and 2471g/t silver or 121.28g/t Au_Eq from 3.00m |
|              |              |       |            |     |      | SUB-75 | 2.00     | 2.50   | 0.50        |                              | 8.67                              | 521                                 | 17.35               |   |
|              |              |       |            |     |      | SUB-76 | 2.50     | 3.00   | 0.50        |                              | 4.91                              | 416                                 | 11.85               |   |
|              |              |       |            |     |      | SUB-77 | 3.00     | 3.50   | 0.50        |                              | 68.80                             | 2081                                | 103.49              |   |
|              |              |       |            |     |      | SUB-78 | 3.50     | 4.00   | 0.50        |                              | 91.40                             | 2860                                | 139.06              |   |
|              |              |       |            |     |      | SUB-79 | 4.00     | 4.50   | 0.50        |                              | 2.81                              | 176                                 | 5.75                |   |
|              |              |       |            |     |      | SUB-80 | 4.50     | 5.30   | 0.80        |                              | 26.01                             | 137                                 | 28.29               |   |
| 2439210      | 6548398      | 2383  | 6.50       | 235 | 50   | SUB-84 | 1.20     | 1.70   | 0.50        |                              | 1.94                              | 72                                  | 3.14                | 4.50m at 5.03g/t gold and 270g/t silver or 9.52g/t Au_Eq from 1.20m Incl: 1.50m at 9.43g/t gold and 377g/t silver or 15.72g/t Au_Eq from 2.70m      |
|              |              |       |            |     |      | SUB-85 | 1.70     | 2.20   | 0.50        |                              | 2.32                              | 134                                 | 4.55                |   |
|              |              |       |            |     |      | SUB-86 | 2.20     | 2.70   | 0.50        |                              | 1.52                              | 85                                  | 2.94                |   |
|              |              |       |            |     |      | SUB-87 | 2.70     | 3.20   | 0.50        |                              | 7.52                              | 186                                 | 10.62               |   |
|              |              |       |            |     |      | SUB-88 | 3.20     | 3.70   | 0.50        |                              | 6.16                              | 645                                 | 16.90               |   |
|              |              |       |            |     |      | SUB-89 | 3.70     | 4.20   | 0.50        |                              | 14.62                             | 302                                 | 19.65               |   |
|              |              |       |            |     |      | SUB-90 | 4.20     | 4.70   | 0.50        |                              | 4.42                              | 325                                 | 9.84                |   |
|              |              |       |            |     |      | SUB-91 | 4.70     | 5.20   | 0.50        |                              | 3.32                              | 479                                 | 11.31               |   |
| SUB-92       | 5.20         | 5.70  | 0.50       |     | 3.43 | 200    | 6.77     |        |             |                              |                                   |                                     |                     |   |

ENDS

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*Information of a scientific or technical nature that which relates to exploration results, Mineral Resources or ore Reserves was prepared under the supervision of Peter J. Doyle, Vice President Exploration and Business Development of Troy, a "qualified person" under National Instrument 43-101 – "Standards of Disclosure for Mineral Projects", a Fellow of the Australasian Institute of Mining and Metallurgy. Mr. Doyle has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as a "competent person" as defined under the Australian JORC Code as per the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Doyle has reviewed and approved the information contained in this announcement. Mr. Doyle is:*

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

*For further information regarding the Company's projects in Brazil, Australia and Argentina, including a description of Troy's quality assurance program, quality control measures, the geology, sample collection and testing procedures in respect of the Company's projects please refer to the technical reports filed which are available under the Company's profile at [www.sedar.com](http://www.sedar.com) or on the Company's website.*

*This announcement contains "forward-looking statements" and "forward-looking information", based on assumptions and judgements of management regarding future events and results. Such "forward-looking statements" and "forward-looking information which may include, but are not limited to statements as to the expected timing of delivery of underground ore at Casposo to the mill, forecasted production, operating costs, capital costs, the realization of mineral reserve and resource estimates, the discovery of additional mineral resources and reserves and the costs and timing of the development of the underground mine at Casposo. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects", "is expected", "is expecting", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes", or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might", or "will" be taken, occur or be achieved. The purpose of forward-looking information is to provide the audience with information about management's expectations and plans. Readers are cautioned that forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Troy and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors include, among others, future prices of gold and silver, the actual results of current production, development and/or exploration activities, changes in project parameters as plans continue to be refined, variations in grade or recovery rates, plant and/or equipment failure,, the possibility of cost overruns, as well as those factors disclosed in the Company's filed documents. There can be no assurance that the Company's plans will proceed as planned or that they will be successfully completed within expected time limits and budgets or that, when completed, expected production levels will be achieved.*

*Forward-looking information and statements are based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date such statements are made, but which may prove to be incorrect. The Company believes that the assumptions and expectations reflected in such forward-looking statements and information are reasonable. Assumptions have been made about, among other things: the accuracy of the capital and operating costs estimates, the price of gold and silver and the accuracy of mineral resource and reserve estimates. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used.*

*Troy does not undertake to update any forward-looking information or statements, except in accordance with applicable securities laws.*



## ABOUT TROY RESOURCES

Troy Resources (TSX, ASX: TRY) is a dividend-paying junior gold producer, with a clear growth strategy. The company has two producing gold operations; Andorinhas mine in Para State, Brazil and the Casposo gold and silver mine, in San Juan province, Argentina.

Troy has an experienced Board and management team with a track record of successful, fast-track mine development and low-cost operations.

Troy has an annual exploration budget in excess of A\$15 million and a proven track record in exploration discoveries and strategic acquisitions.

Following the development of the Casposo project in Argentina, Troy has entered a renewed growth phase which has lifted the company's annual gold production above 100,000oz of gold per annum.

The Company is well positioned to continue its path of strong growth and profitable operations, and on track to achieve its vision of becoming a highly profitable mid-tier gold producer with a portfolio of quality long-life assets.

The Company maintains a robust balance sheet and forecasts continued strong cash flow from its current assets. Troy's gold production is unhedged; allowing its shareholders access to the full benefit of current and future gold price upside.

Troy is a responsible corporate citizen, committed to the best practice of health and safety, environmental stewardship and social responsibility.

## PROJECT LOCATIONS





**TROY RESOURCES LIMITED**

ABN: 33 006 243 750

**TROY RESOURCES LIMITED  
RESULTS FOR ANNOUNCEMENT TO THE MARKET  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

Appendix 4D, previous corresponding period, half-year ended 31 December 2011.

| <b>Revenue and Net Profit</b>             |    | <b>Percentage<br/>Change</b> |    | <b>Amount<br/>\$'000</b> |
|---|----|------------------------------|----|--------------------------|
| Revenue from ordinary activities          | Up | 23%                          | to | 108,934                  |
| Profit from ordinary activities after tax | Up | 27%                          | to | 13,543                   |
| Net profit attributable to members        | Up | 27%                          | to | 13,543                   |

| <b>Dividend Information</b> | <b>Amount per<br/>security<br/>(cents)</b> | <b>Franked<br/>amount per<br/>security<br/>(cents)</b> | <b>Tax rate full<br/>franking<br/>credit</b> |
|-----------------------------|--|--|--|
|-----------------------------|--|--|--|

No interim dividend for the financial year 2013 has been declared.

| <b>Net tangible assets per security</b> | <b>Dec 2012<br/>per share</b> | <b>Jun 2012<br/>per share</b> |
|---|-------------------------------|-------------------------------|
| Net tangible assets per security        | \$1.49                        | \$1.48                        |
| Common shares on issue at balance date  | 91,318,649                    | 89,412,649                    |

Additional Appendix 4D disclosure requirements can be found in the Directors' Report and the 31 December 2012 half-year financial statements.

This report is based on the consolidated 2012 half-year financial statements which have been reviewed by Deloitte Touche Tohmatsu, and is not subject to dispute or qualification. The Independent Auditors' Review Report is included herein.

**This is a half-yearly report and is to be read in conjunction with the 30 June 2012 Annual Report.**



**TROY RESOURCES LIMITED**

**ABN: 33 006 243 750**

**CONSOLIDATED FINANCIAL REPORT**

**FOR THE HALF-YEAR ENDED**

**31 DECEMBER 2012**



## DIRECTORS' REPORT

The Directors of Troy Resources Limited submit herewith the financial report of Troy Resources Limited and its subsidiaries (the Group) for the half-year ended 31 December 2012. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

### DIRECTORS

The names of the Directors of the Company during and since the end of the half-year are:

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

### REVIEW OF OPERATIONS

#### (a) Production and Sales

Troy's total production for the half-year was 55,371 ounces of gold and 605,059 ounces of silver or 66,603 gold equivalent ounces (2011: 57,327 gold ounces and 415,087 silver ounces or 65,363 gold equivalent ounces).

Troy's wholly owned Andorinhas operation in Para State, Brazil produced 18,031 ounces of gold for the half-year (2011: 25,546 ounces) at an average cash cost of US\$693 per ounce (2011: US\$523). The decrease in gold production was due to lower grades and lower productivity in the deeper stoping areas due to narrower and more complex ore structures. In addition, production in the December month was impacted by the temporary loss of a production drill jumbo.

Troy's wholly owned Casposo operation in San Juan Province, Argentina produced 37,340 ounces of gold (2011: 31,781) and 605,059 ounces of silver (2011: 415,087) for the half-year from the processing of 195,768 tonnes (2011: 139,554) of ore at an average gold grade of 6.73g/t (2011: 8.23g/t) and silver grade of 120.10g/t (2011: 121.07).

Casposo cash costs on a by-product basis were US\$532 per gold ounce net of silver credits (2011: US\$413). Total gold equivalent ounces produced at Casposo were 48,572 (2011: 39,813) with cash costs on co-product basis of US\$803 per ounce (2011: US\$671).

The Casposo operation was in full production throughout the half-year to 31 December 2012. During the corresponding 31 December 2011 half-year, it was still in the process of ramping up production to nameplate capacity and was hindered by the extreme cold weather. During the December 2012 half-year, significant efficiency gains were partially offset by an increasing strip ratio of the open pit mine and high labour cost inflation within Argentina.

Group sales for the half-year totalled 56,621 ounces of gold and 578,550 ounces of silver or 67,363 gold equivalent ounces (HY2011: 47,359 ounces of gold and 298,590 ounces of silver or 53,200 gold equivalent ounces).

Due to the high silver content of Casposo doré and time taken for the external refinery to process it, combined with logistics of transport to Canada and third party assays, it can take approximately six weeks from when doré is produced on site until the bullion is ready for sale.

Casposo doré in process at the Canadian refinery, forward sold at 31 December 2012 totalled 5,929 gold equivalent ounces which compares to 10,257 gold equivalent ounces at 30 June 2012 and 3,290 gold equivalent ounces at 31 December 2011.



**DIRECTORS' REPORT**

Troy has signed a formal agreement to sell its wholly owned Sandstone operation in Western Australia, which is currently held in care and maintenance. This sale is expected to complete in the March quarter.

The Group continues to comply with all foreign currency controls in Argentina, requiring the Group to repatriate 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 31 December 2012 the Group held cash of US\$10.1 million (June 2012: US\$28.3 million) from Argentine gold and silver sales with a major Canadian bank pending repatriation to Argentina before any surpluses are available for remittance to Australia.

**(b) Results**

Total revenue generated increased to \$108,934,000 (2011: \$88,440,000) an increase of 23% principally driven by additional sales from the Casposo operation.

The consolidated profit from ordinary activities before tax and minority interests for the December half-year was \$21,582,000 (2011: \$17,264,000) an increase of 25%. The net profit after tax was \$13,540,000 (2011: \$10,654,000).

The half-year profit reflected:

- i) Expensing net exploration of \$5,116,000 (2011: \$2,893,000).
- ii) Export tax incurred in Argentina of \$4,426,000 (2011: \$2,735,000).
- iii) Amortisation and depreciation of \$17,102,000 (2011: \$17,782,000).
- iv) Income tax expense of \$8,042,000 (2011: \$6,610,000).

Earnings per share on a fully diluted basis were 14.8 cents, compared with 11.9 cents in 2011.

As at 31 December 2012, total shareholders' equity inclusive of non-controlling interest was \$136,392,000 in comparison with \$132,527,000 as at 30 June 2012. Foreign exchange devaluations in Australian dollar terms of Troy's South American assets have negatively impacted the total shareholders' equity. During the half-year to 31 December 2012 the Australian dollar strengthened against the Argentinean Peso by 11% (2011: 1%) and the Brazilian Real by 1% (2011: 13%).

Operating cash net inflows increased by 38% to \$30,599,000 (2011: \$22,181,000) principally from additional cash receipts from sales and lesser income taxes paid. Larger income tax payments will be due during the June 2013 half-year period.

**(c) Investec Debt Facilities**

Troy's debt facility with Investec Bank (Australia) Limited ("Facility") has a three-year term from 31 March 2010.

Principal repayments made during the half-year totalled A\$15.0 million and represented the final amounts payable under the Facility, which was repaid six months ahead of schedule on 10 October 2012. As at 31 December 2012 the remaining principal balance outstanding to Investec under the Facility was nil, with \$8.75 million being available to be drawn down through to maturity of the Facility on 31 March 2013.

**(d) Dividends**

A final dividend for financial year 2012 of 10 cents per share was paid on 19 October 2012. The final disbursement included a combination of cash and elections to reinvest in shares totalling A\$6.67 million payable in cash and 529,000 in shares issued at a discounted price of \$4.4883 per share. No interim dividend for financial year 2013 has been declared.



## DIRECTORS' REPORT

### (e) Exploration

Total exploration expenditure for the half-year totalled \$9,302,000 (2011: \$7,112,000), of which \$4,186,000 was capitalised in relation to the underground reserves at Casposo based on exploration results achieved to date indicating recoupment is reasonably assured. Net exploration costs expensed directly to the profit and loss for the half-year totalled \$5,116,000 (2011: \$2,893,000).

### (f) Subsequent Events

For details of significant events subsequent to balance date please refer to Note 12 on page 16 of this half-year financial report.

### (g) Additional Information

Additional information on the Company's activities during the half-year is available on its web site at [www.troyres.com.au](http://www.troyres.com.au). Information available includes the detailed quarterly activities report for the September and December 2012 periods, the 2012 Annual Report, Corporate Governance policies and other Company information and publications.

The auditor's independence declaration is included on page 4 of the half-year financial report.

## GOLD EQUIVALENT OUNCES

Gold equivalent ounces produced converts silver ounces produced to an equivalent value of gold ounces using actual prices achieved and adds those equivalent ounces to the actual gold ounces produced.

## ROUNDING OFF 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 half-year financial report have been rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of Directors made pursuant to s.306(3) of the *Corporations Act 2001*.

**Mr David R Dix**  
Chairman of Directors  
26 February 2013

The Board of Directors  
Troy Resources Limited  
Unit 12, First Floor  
11 Ventnor Avenue  
West Perth, WA 6005

26 February 2013

Dear Board Members

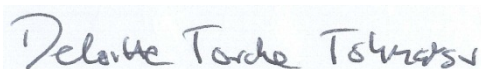
### **Auditor's Independence Declaration to Troy Resources Limited**

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.

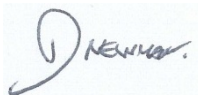
As lead audit partner for the review of the financial statements of Troy Resources Limited for the half-year ended 31 December 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



**DELOITTE TOUCHE TOHMATSU**



**David Newman**  
Partner  
Chartered Accountants



TROY RESOURCES LIMITED

Financial Report for the  
Half-Year ended  
31 December 2012

**Condensed consolidated statement of profit or loss  
for the half-year ended 31 December 2012**

|   | Notes | Consolidated<br>Half-year ended |                            |
|---|-------|---------------------------------|----------------------------|
|   |       | 31 Dec<br>2012<br>(\$'000)      | 31 Dec<br>2011<br>(\$'000) |
| Revenue                                 | 3     | <b>108,934</b>                  | 88,440                     |
| Cost of Sales                           | 4     | <b>(76,093)</b>                 | (62,008)                   |
| <b>Gross Profit</b>                     |       | <b>32,841</b>                   | 26,432                     |
| Other income                            | 3     | <b>369</b>                      | 533                        |
| Exploration expenses (net)              | 4     | <b>(5,116)</b>                  | (2,893)                    |
| Administration expenses                 | 4     | <b>(4,108)</b>                  | (4,068)                    |
| Other expenses – Corporate              | 4     | <b>(362)</b>                    | (293)                      |
| Care and maintenance costs              | 4     | <b>(736)</b>                    | (606)                      |
| Finance costs                           | 4     | <b>(1,306)</b>                  | (1,841)                    |
| <b>Profit Before Income Tax Expense</b> |       | <b>21,582</b>                   | 17,264                     |
| Income tax (expense)                    | 5     | <b>(8,042)</b>                  | (6,610)                    |
| <b>Profit After Income Tax Expense</b>  |       | <b>13,540</b>                   | 10,654                     |
| Profit Attributable to:                 |       |                                 |                            |
| Owners of the Parent                    |       | <b>13,543</b>                   | 10,658                     |
| Non-controlling interests               |       | <b>(3)</b>                      | (4)                        |
|   |       | <b>13,540</b>                   | 10,654                     |
| <b>Earnings Per Share (EPS)</b>         |       |                                 |                            |
| Basic EPS (cents)                       |       | <b>15.0</b>                     | 12.1                       |
| Diluted EPS (cents)                     |       | <b>14.8</b>                     | 11.9                       |

Notes to the condensed consolidated financial statements are included on pages 10 to 16.

**Condensed consolidated statement of profit or loss and other comprehensive income  
for the half-year ended 31 December 2012**

| Notes  | Consolidated<br>Half-year ended |                            |
|--|---------------------------------|----------------------------|
|  | 31 Dec<br>2012<br>(\$'000)      | 31 Dec<br>2011<br>(\$'000) |
| <b>Profit for the period</b>   | <b>13,540</b>                   | 10,654                     |
| <b>Other comprehensive income</b>                                    |                                 |                            |
| <i>Items that may be reclassified subsequently to profit or loss</i> |                                 |                            |
| Net fair value gain/(loss) of available for sale assets              | 1                               | (205)                      |
| Exchange differences on translating foreign operations               | (7,162)                         | (4,986)                    |
|  | <b>(7,161)</b>                  | (5,191)                    |
| <b>Total comprehensive income for the period</b>                     | <b>6,379</b>                    | 5,463                      |
| Total comprehensive income attributable to:                          |                                 |                            |
| Owners of the Parent   | 6,382                           | 5,469                      |
| Non-controlling Interest   | (3)                             | (6)                        |
|  | <b>6,379</b>                    | 5,463                      |

Notes to the condensed consolidated financial statements are included on pages 10 to 16.





**Condensed consolidated statement of financial position as at 31 December 2012**

|  | Notes | Consolidated as at<br>31 Dec<br>2012<br>(\$'000) | 30 Jun<br>2012<br>(\$'000) |
|--|-------|--|----------------------------|
| <b>CURRENT ASSETS</b>                  |       |  |                            |
| Cash and cash equivalents              |       | 41,474   | 58,922                     |
| Trade and other receivables            | 6     | 19,873   | 14,604                     |
| Inventories                            |       | 19,535   | 17,143                     |
| Assets held for sale                   | 7     | 86   | -                          |
| <b>TOTAL CURRENT ASSETS</b>            |       | <b>80,968</b>                                    | 90,669                     |
| <b>NON-CURRENT ASSETS</b>              |       |  |                            |
| Property, plant and equipment          |       | 47,755   | 46,422                     |
| Mining properties                      |       | 51,485   | 45,114                     |
| Other receivables                      | 6     | 5,507  | 3,102                      |
| Other financial assets                 |       | 135  | 134                        |
| <b>TOTAL NON-CURRENT ASSETS</b>        |       | <b>104,882</b>                                   | 94,772                     |
| <b>TOTAL ASSETS</b>                    |       | <b>185,850</b>                                   | 185,441                    |
| <b>CURRENT LIABILITIES</b>             |       |  |                            |
| Trade and other payables               | 8     | 20,200   | 15,716                     |
| Current tax payables                   |       | 14,906   | 7,752                      |
| Provisions                             |       | 3,434  | 3,173                      |
| Provisions – liabilities held for sale | 7     | 1,175  | -                          |
| Borrowings                             |       | -  | 14,227                     |
| <b>TOTAL CURRENT LIABILITIES</b>       |       | <b>39,715</b>                                    | 40,868                     |
| <b>NON-CURRENT LIABILITIES</b>         |       |  |                            |
| Other payables                         | 8     | 1,500  | 2,267                      |
| Deferred tax liabilities               |       | 5,459  | 7,029                      |
| Provisions                             |       | 3,042  | 3,005                      |
| <b>TOTAL NON-CURRENT LIABILITIES</b>   |       | <b>10,001</b>                                    | 12,301                     |
| <b>TOTAL LIABILITIES</b>               |       | <b>49,716</b>                                    | 53,169                     |
| <b>NET ASSETS</b>                      |       | <b>136,134</b>                                   | 132,272                    |
| <b>EQUITY</b>                          |       |  |                            |
| Issued capital                         | 10    | 109,428  | 101,804                    |
| Reserves                               |       | (45,757)   | (37,501)                   |
| Retained earnings                      |       | 72,721   | 68,224                     |
| Parent interest                        |       | 136,392  | 132,527                    |
| Non-controlling interests              |       | (258)  | (255)                      |
| <b>TOTAL EQUITY</b>                    |       | <b>136,134</b>                                   | 132,272                    |

Notes to the condensed consolidated financial statements are included on pages 10 to 16.



**Condensed consolidated statement of changes in equity  
for the half-year ended 31 December 2012**

|   | Issued<br>Capital | Available for<br>Sale Reserve | Option<br>Premium<br>Reserve | Foreign<br>Currency<br>Translation<br>Reserve | Retained<br>Earnings | Attributable to<br>Equity Holder<br>of Parent | Non-<br>controlling<br>interest | TOTAL<br>EQUITY |
|---|-------------------|-------------------------------|------------------------------|---|----------------------|---|---------------------------------|-----------------|
|   | (\$,000)          | (\$,000)                      | (\$,000)                     | (\$,000)                                      | (\$,000)             | (\$,000)                                      | (\$,000)                        | (\$,000)        |
| <b>Balance at 1 July 2012</b>   | <b>101,804</b>    | -                             | <b>4,376</b>                 | <b>(41,877)</b>                               | <b>68,224</b>        | <b>132,527</b>                                | <b>(255)</b>                    | <b>132,272</b>  |
| Profit for the period   | -                 | -                             | -                            | -   | 13,543               | 13,543  | (3)                             | 13,540          |
| Changes in fair value of available-for-sale assets, net of tax          | -                 | 1                             | -                            | -   | -                    | 1   | -                               | 1               |
| Exchange rate differences on translation of foreign operations          | -                 | -                             | -                            | (7,162)                                       | -                    | (7,162)                                       | -                               | (7,162)         |
| <b>Total comprehensive income for the half-year</b>                     | -                 | <b>1</b>                      | -                            | <b>(7,162)</b>                                | <b>13,543</b>        | <b>6,382</b>                                  | <b>(3)</b>                      | <b>6,379</b>    |
| Issue of fully paid shares on conversion of options                     | 5,218             | -                             | (1,428)                      | -   | -                    | 3,790   | -                               | 3,790           |
| Issue of fully paid shares  | -                 | -                             | -                            | -   | -                    | -   | -                               | -               |
| Issue of fully paid shares on conversion of employee performance rights | 29                | -                             | (29)                         | -   | -                    | -   | -                               | -               |
| Issue of fully paid shares for dividend investment plan                 | 2,377             | -                             | -                            | -   | -                    | 2,377   | -                               | 2,377           |
| Share-based payments  | -                 | -                             | 362                          | -   | -                    | 362   | -                               | 362             |
| Dividends payable/paid  | -                 | -                             | -                            | -   | (9,046)              | (9,046)                                       | -                               | (9,046)         |
| <b>Balance at 31 December 2012</b>                                      | <b>109,428</b>    | <b>1</b>                      | <b>3,281</b>                 | <b>(49,039)</b>                               | <b>72,721</b>        | <b>136,392</b>                                | <b>(258)</b>                    | <b>136,134</b>  |
| <b>Balance at 1 July 2011</b>   | <b>97,596</b>     | <b>(666)</b>                  | <b>4,146</b>                 | <b>(33,262)</b>                               | <b>42,103</b>        | <b>109,917</b>                                | <b>(236)</b>                    | <b>109,681</b>  |
| Profit for the period   | -                 | -                             | -                            | -   | 10,658               | 10,658  | (4)                             | 10,654          |
| Changes in fair value of available-for-sale assets, net of tax          | -                 | (205)                         | -                            | -   | -                    | (205)   | -                               | (205)           |
| Exchange rate differences on translation of foreign operations          | -                 | -                             | -                            | (4,984)                                       | -                    | (4,984)                                       | (2)                             | (4,986)         |
| <b>Total comprehensive income for the half-year</b>                     | -                 | <b>(205)</b>                  | -                            | <b>(4,984)</b>                                | <b>10,658</b>        | <b>5,469</b>                                  | <b>(6)</b>                      | <b>5,463</b>    |
| Issue of fully paid shares on conversion of options                     | 1,284             | -                             | (252)                        | -   | -                    | 1,032   | -                               | 1,032           |
| Issue of fully paid shares  | -                 | -                             | -                            | -   | -                    | -   | -                               | -               |
| Issue of fully paid shares on conversion of employee performance rights | 74                | -                             | (74)                         | -   | -                    | -   | -                               | -               |
| Issue of fully paid shares for dividend investment plan                 | -                 | -                             | -                            | -   | -                    | -   | -                               | -               |
| Share-based payments  | -                 | -                             | 266                          | -   | -                    | 266   | -                               | 266             |
| Dividends payable/paid  | -                 | -                             | -                            | -   | (5,317)              | (5,317)                                       | -                               | (5,317)         |
| <b>Balance at 31 December 2011</b>                                      | <b>98,954</b>     | <b>(871)</b>                  | <b>4,086</b>                 | <b>(38,246)</b>                               | <b>47,444</b>        | <b>111,367</b>                                | <b>(242)</b>                    | <b>111,125</b>  |

Notes to the condensed consolidated financial statements are included on pages 10 to 16.



**Condensed consolidated statement of cash flows  
for the half-year ended 31 December 2012**

|  | <b>Consolidated<br/>Half-year ended</b> |                                     |
|--|---|-------------------------------------|
|  | <b>31 Dec<br/>2012<br/>(\$'000)</b>     | <b>31 Dec<br/>2011<br/>(\$'000)</b> |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |   |                                     |
| Receipts from customers  | <b>104,808</b>                          | 87,384                              |
| Payments to suppliers and employees  | <b>(65,531)</b>                         | (53,580)                            |
| Proceeds from sundry income  | <b>48</b>                               | 36                                  |
| Export tax and government royalties paid   | <b>(6,970)</b>                          | (5,707)                             |
| Income taxes paid  | <b>(1,756)</b>                          | (5,952)                             |
| <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>                                   | <b>30,599</b>                           | 22,181                              |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |   |                                     |
| Payments for property, plant and equipment   | <b>(11,008)</b>                         | (2,784)                             |
| Payments for mine & development properties   | <b>(13,913)</b>                         | (3,613)                             |
| Payments for exploration properties capitalised                                    | <b>(4,186)</b>                          | (4,219)                             |
| Payments for power line commitments  | <b>(781)</b>                            | (754)                               |
| Proceeds on sale of property, plant and equipment                                  | <b>86</b>                               | 22                                  |
| Interest received  | <b>229</b>                              | 232                                 |
| <b>NET CASH (USED IN) INVESTING ACTIVITIES</b>                                     | <b>(29,573)</b>                         | (11,116)                            |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |   |                                     |
| Repayments – Investec Bank (Australia) Limited                                     | <b>(15,000)</b>                         | (4,000)                             |
| Payments of financing costs  | <b>(533)</b>                            | (2,025)                             |
| Proceeds from issues of equity securities  | <b>3,790</b>                            | 1,032                               |
| Dividends paid - members of parent entity  | <b>(6,616)</b>                          | (525)                               |
| <b>NET CASH (USED IN) FINANCING ACTIVITIES</b>                                     | <b>(18,359)</b>                         | (5,518)                             |
| <b>Net (decrease) / increase in cash and cash equivalents</b>                      | <b>(17,333)</b>                         | 5,547                               |
| Cash and cash equivalents at the beginning of the period                           | <b>58,922</b>                           | 27,941                              |
| Effects of exchange rate changes on the balance of cash held in foreign currencies | <b>(115)</b>                            | (20)                                |
| <b>Cash and cash equivalents at end of the period</b>                              | <b>41,474</b>                           | 33,468                              |

Notes to the condensed consolidated financial statements are included on pages 10 to 16.



## Notes to the condensed consolidated financial statements for the half-year ended 31 December 2012

### 1. Significant accounting policies

#### Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

#### Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2012 annual financial report for the financial year ended 30 June 2012, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

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 their operations and effective for the current half-year.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group include:

- Amendments to AASB 5, 7, 101, 112, 121, 132, 133 and 134 as a consequence of AASB 2011-9 'Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income'

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and have no effect on the amounts reported for the current or prior half-years. However, the application of AASB 2011-9 has resulted in changes to the Group's presentation of, or disclosure in, its half-year financial statements.

AASB 2011-9 introduces new terminology for the statement of comprehensive income and income statement. Under the amendments to AASB 101, the statement of comprehensive income is renamed as statement of profit or loss. The amendments to AASB 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to AASB 101 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the representation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to AASB 101 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.



**Notes to the condensed consolidated financial statements  
for the half-year ended 31 December 2012**

**2. Segment Information**

The following is an analysis of the Group's revenue and results by reportable operating segment for the half-years under review:

|  | Segment Revenue<br>Half-year ended |                            | Segment Profit<br>Half-year ended |                            |
|--|------------------------------------|----------------------------|-----------------------------------|----------------------------|
|  | 31 Dec<br>2012<br>(\$'000)         | 31 Dec<br>2011<br>(\$'000) | 31 Dec<br>2012<br>(\$'000)        | 31 Dec<br>2011<br>(\$'000) |
| <b>Producing Operations:</b>   |                                    |                            |                                   |                            |
| Argentina  | 78,480                             | 50,079                     | 28,187                            | 15,204                     |
| Brazil   | 30,454                             | 38,204                     | 4,654                             | 11,222                     |
| Australia  | -                                  | 157                        | -                                 | 6                          |
| <b>Total Operations</b>  | <b>108,934</b>                     | <b>88,440</b>              | <b>32,841</b>                     | <b>26,432</b>              |
| <b>Exploration:</b>  |                                    |                            |                                   |                            |
| Argentina  |                                    |                            | (8,592)                           | (6,555)                    |
| Capitalised Argentina  |                                    |                            | 4,186                             | 4,219                      |
| Brazil   |                                    |                            | (710)                             | (557)                      |
| Australia and other  |                                    |                            | -                                 | -                          |
| <b>Total Exploration</b>   |                                    |                            | <b>(5,116)</b>                    | <b>(2,893)</b>             |
| <b>Total Segments</b>  |                                    |                            | <b>27,725</b>                     | <b>23,539</b>              |
| Other income   |                                    |                            | 369                               | 533                        |
| Corporate administration   |                                    |                            | (4,108)                           | (4,068)                    |
| Corporate – other expenses   |                                    |                            | (362)                             | (293)                      |
| Care & maintenance costs   |                                    |                            | (736)                             | (606)                      |
| Finance costs  |                                    |                            | (1,306)                           | (1,841)                    |
| <b>Profit Before Tax</b>   |                                    |                            | <b>21,582</b>                     | <b>17,264</b>              |
| Income tax expense from<br>continuing operations                     |                                    |                            | (8,042)                           | (6,610)                    |
| <b>Consolidated segment revenue<br/>and profit for the half-year</b> | <b>108,934</b>                     | <b>88,440</b>              | <b>13,540</b>                     | <b>10,654</b>              |

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

Segment profit represents the profit earned by each segment without the allocation of corporate administration costs including Directors' salaries, other income, corporate finance costs, care and maintenance costs, 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 condensed consolidated financial statements  
for the half-year ended 31 December 2012**

**2. Segment Information (continued)**

The following is an analysis of the consolidated entity's assets by reportable segment:

|   | Consolidated as at         |                             |
|---|----------------------------|-----------------------------|
|   | 31 Dec<br>2012<br>(\$'000) | 30 June<br>2012<br>(\$'000) |
| <b>Total Assets</b>                           |                            |                             |
| <b>Continuing operations:</b>                 |                            |                             |
| Argentina                                     | 126,800                    | 102,892                     |
| Brazil  | 15,605                     | 20,226                      |
| Australia                                     | 468                        | 475                         |
| Exploration                                   | -                          | 1,612                       |
| <b>Total Segment Assets:</b>                  | <b>142,873</b>             | <b>125,205</b>              |
| Cash and cash equivalents <sup>(i)</sup>      | 41,474                     | 58,922                      |
| Investments in listed entities <sup>(i)</sup> | 135                        | 134                         |
| Assets held for sale                          | 86                         | -                           |
| Other assets <sup>(i)</sup>                   | 1,282                      | 1,180                       |
| <b>Total Assets</b>                           | <b>185,850</b>             | <b>185,441</b>              |

<sup>(i)</sup> Unallocated assets include various assets including cash held at a corporate level that have not been allocated to the underlying segments

|  | Consolidated as at         |                             |
|--|----------------------------|-----------------------------|
|  | 31 Dec<br>2012<br>(\$'000) | 30 June<br>2012<br>(\$'000) |
| <b>Total Liabilities</b>               |                            |                             |
| <b>Continuing operations:</b>          |                            |                             |
| Argentina                              | 27,547                     | 18,150                      |
| Brazil                                 | 3,883                      | 3,145                       |
| Australia                              | -                          | 1,192                       |
| <b>Total Segment Liabilities:</b>      | <b>31,430</b>              | <b>22,487</b>               |
| Income tax liabilities <sup>(ii)</sup> | 14,906                     | 14,780                      |
| Borrowings <sup>(ii)</sup>             | -                          | 14,227                      |
| Provision – liabilities held for sale  | 1,175                      | -                           |
| Other liabilities <sup>(ii)</sup>      | 2,205                      | 1,675                       |
| <b>Total Liabilities</b>               | <b>49,716</b>              | <b>53,169</b>               |

<sup>(ii)</sup> Unallocated liabilities include tax liabilities, deferred consideration, corporate leave entitlements and consolidated entity borrowings not specifically allocated to any one underlying segment.



**Notes to the condensed consolidated financial statements  
for the half-year ended 31 December 2012**

**3. Revenue**

| Revenue                    | Consolidated<br>Half-year ended |                            |
|----------------------------|---------------------------------|----------------------------|
|                            | 31 Dec<br>2012<br>(\$'000)      | 31 Dec<br>2011<br>(\$'000) |
| <b>Operating Revenue</b>   |                                 |                            |
| Gold sales                 | 91,569                          | 78,635                     |
| Silver sales               | 17,365                          | 9,805                      |
|                            | <b>108,934</b>                  | <b>88,440</b>              |
| <b>Other Income</b>        |                                 |                            |
| Interest Received          | 230                             | 232                        |
| Net foreign exchange gains | 41                              | 265                        |
| Other                      | 98                              | 36                         |
|                            | <b>369</b>                      | <b>533</b>                 |

**4. Expenses**

|   | Consolidated<br>Half-year ended |                            |
|---|---------------------------------|----------------------------|
|   | 31 Dec<br>2012<br>(\$'000)      | 31 Dec<br>2011<br>(\$'000) |
| Exploration expenditure                         | 9,302                           | 7,112                      |
| Exploration capitalised                         | (4,186)                         | (4,219)                    |
| Exploration expenditure (net)                   | 5,116                           | 2,893                      |
| Finance costs                                   | 1,306                           | 1,841                      |
| Depreciation of property, plant & equipment     |                                 |                            |
| - Cost of sales                                 | 7,003                           | 7,154                      |
| - Administration expenses                       | 141                             | 139                        |
|   | 7,144                           | 7,293                      |
| Amortisation of mining properties               | 9,958                           | 10,489                     |
| Export tax and other taxes (Argentina)          | 4,426                           | 2,735                      |
| Government royalties                            | 4,224                           | 2,972                      |
| Care and maintenance - Sandstone                | 736                             | 606                        |
| <b>Administration Expenses</b>                  |                                 |                            |
| Head office salaries, bonuses and on costs      | 1,164                           | 1,236                      |
| Expatriate salaries and bonuses                 | 270                             | 653                        |
| Directors' fees and on costs                    | 268                             | 250                        |
| Other Brazil administration                     | 64                              | 65                         |
| Depreciation – furniture and equipment          | 141                             | 139                        |
| Other head office administration <sup>(i)</sup> | 1,778                           | 1,725                      |
| Toronto satellite office administration         | 423                             | -                          |
|   | 4,108                           | 4,068                      |
| <b>Other Expenses - Corporate</b>               |                                 |                            |
| Share based payments                            | 362                             | 266                        |
| Loss on sale of plant and equipment             | -                               | 27                         |
|   | 362                             | 293                        |

(i) Includes listing fees, shareholder costs, audit fees, taxation consultants, office rents, insurance, travel, conferences and other head office administration expenditure.



**Notes to the condensed consolidated financial statements  
for the half-year ended 31 December 2012**

**5. Taxation**

**Export Tax / Government Royalties**

Export tax is incurred on the gross revenue of all gold and silver shipped out of Argentina at a rate of 5%. Government royalties are separate and are levied on production and infrastructure spending. Both of these costs are reported as part of costs of sales and disclosed in Note 4.

**Income Tax**

Income tax rates applicable for Corporations operating in Argentina, Brazil and Australia are 35%, 34% and 30% respectively. Argentine export tax is deductible for Argentine income tax purposes.

The Group's income tax expense for the half-year across the three jurisdictions is as follows:

|                          | <b>Consolidated Half-year ended<br/>31 Dec 2012</b> |           |
|--------------------------|---|-----------|
|                          | <b>(\$'000)</b>                                     | <b>%</b>  |
| Argentina <sup>(a)</sup> | <b>6,484</b>  | 26        |
| Brazil                   | <b>1,558</b>  | 34        |
| Australia <sup>(b)</sup> | -   | -         |
|                          | <b>8,042</b>  | <b>37</b> |

<sup>(a)</sup>The actual rate of tax is less than the nominal noted due to Argentine operations benefiting from additional taxation deductions.

<sup>(b)</sup>Net costs incurred within Australia do not have offsetting taxable income streams and therefore an income tax credit has not been recognised.

**6. Trade and Other Receivables**

|  | <b>Consolidated as at</b>           |                                      |
|--|-------------------------------------|--------------------------------------|
|  | <b>31 Dec<br/>2012<br/>(\$'000)</b> | <b>30 June<br/>2012<br/>(\$'000)</b> |
| <b>Current</b>                             |                                     |                                      |
| Debtors and prepayments <sup>(a)(b)</sup>  | <b>8,596</b>                        | 5,500                                |
| Value added tax recoverable <sup>(c)</sup> | <b>11,277</b>                       | 9,104                                |
|  | <b>19,873</b>                       | <b>14,604</b>                        |
| <b>Non-Current</b>                         |                                     |                                      |
| Value added tax recoverable <sup>(c)</sup> | <b>5,507</b>                        | 3,102                                |

<sup>(a)</sup> 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 31 December 2012 or 30 June 2012. 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.

<sup>(b)</sup> As at 31 December 2012 and 30 June 2012 no receivables are past due, or impaired.

<sup>(c)</sup> 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 half-year ended 31 December 2012, \$6,174,000 of VAT receivable was recovered (2011: \$nil).



**Notes to the condensed consolidated financial statements  
for the half-year ended 31 December 2012**

**7. Assets held For Sale**

|  | Consolidated as at         |                             |
|--|----------------------------|-----------------------------|
|  | 31 Dec<br>2012<br>(\$'000) | 30 June<br>2012<br>(\$'000) |
| <b>Current Assets</b>                  |                            |                             |
| Assets held for sale – spare parts     | 86                         | -                           |
| <b>Current Liabilities</b>             |                            |                             |
| Provisions – liabilities held for sale | 1,175                      | -                           |

The Company has signed a formal agreement with Southern Cross Goldfields Limited (SXG) to sell the Sandstone project in Western Australia, which is currently being held in care and maintenance. The plant and mining and exploration tenements to be sold are recorded in the books at Nil value.

The consideration for the sale comprises of \$2.3 million in cash, a 2% net smelter royalty on all production and 43.665 million unlisted SXG options (10 cent strike price, 5-year term). SXG is also required to assume the environmental and rehabilitation requirements of the site thereby replacing the \$2.7 million of existing cash backed environmental bonds, refer Note 11(a).

**8. Trade and Other Payables**

|                                       | Consolidated as at         |                             |
|---------------------------------------|----------------------------|-----------------------------|
|                                       | 31 Dec<br>2012<br>(\$'000) | 30 June<br>2012<br>(\$'000) |
| <b>Current</b>                        |                            |                             |
| Trade payables                        | 6,378                      | 6,513                       |
| Accrued expenses <sup>(a)</sup>       | 11,970                     | 7,371                       |
| Power Line payable <sup>(b)</sup>     | 1,533                      | 1,561                       |
| Deferred consideration on acquisition | 193                        | 197                         |
| Dividends                             | 126                        | 74                          |
|                                       | <b>20,200</b>              | <b>15,716</b>               |
| <b>Non-Current</b>                    |                            |                             |
| Power Line payable <sup>(b)</sup>     | 1,500                      | 2,267                       |

<sup>(a)</sup> Continuing capital investment in the development of access to Casposo's underground ore reserves has resulted in an increase of accrued expenses during the half-year.

<sup>(b)</sup> 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, with the obligation being assumed as part of the Casposo Project purchase.

**9. Dividends**

|  | Consolidated Half-year ended |                   |                    |                   |
|--|------------------------------|-------------------|--------------------|-------------------|
|  | 31 Dec 2012                  |                   | 31 Dec 2011        |                   |
|  | Cents per<br>Share           | Total<br>(\$'000) | Cents per<br>share | Total<br>(\$'000) |
| Final 2012 dividend paid was fully franked at 30% tax rate, paid 19 October 2012 | 10.0                         | 9,046             | 6.0                | 5,317             |
|  | <b>10.0</b>                  | <b>9,046</b>      | <b>6.0</b>         | <b>5,317</b>      |

**Notes to the condensed consolidated financial statements  
for the half-year ended 31 December 2012****10. Equity Securities Issued**

|                                  | Consolidated Half-year ended |              |               |          |
|----------------------------------|------------------------------|--------------|---------------|----------|
|                                  | 31 Dec 2012                  |              | 31 Dec 2011   |          |
|                                  | No.<br>('000)                | (\$'000)     | No.<br>('000) | (\$'000) |
| Exercise of options              | 1,661                        | 5,218        | 588           | 1,284    |
| Dividend reinvestment plan       | 529                          | 2,377        | -             | -        |
| Performance rights shares issued | 16                           | 29           | 36            | 74       |
|                                  | <b>2,206</b>                 | <b>7,624</b> | 624           | 1,358    |

**11. Contingent Liabilities**

There are no contingent liabilities other than:

- Environmental performance bonds provided by financial institutions held in relation to the Sandstone project given to the W.A State departments of Mines and Petroleum total \$2,729,125 (June 2012: \$2,729,125). These are security amounts against breach of environmental conditions and are not expected to be exercised in the normal course of business. These environmental performance bonds will be cancelled and replaced by Southern Cross Goldfields Limited (SXG) on completion of the Sandstone Sale, refer Note 7.
- General sureties given to various State Departments of Mines and Petroleum to a total value of \$260,000 (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. These sureties will be cancelled and replaced by Southern Cross Goldfields Limited (SXG) on completion of the Sandstone Sale, refer Note 7.
- General bank guarantees to financial institutions total \$182,767 (June 2012: \$163,423), of these \$104,138 (June 2012:\$85,259) are cash backed.

**12. Subsequent Events**

There are no matters or circumstances that have arisen since 31 December 2012 that has significantly affected or may significantly affect:

- The consolidated entity's operations in future financial years; or
- The results of those operations in future financial years; or
- The consolidated entity's state of affairs in future financial years.





TROY RESOURCES LIMITED

Financial Report for the  
Half-Year ended  
31 December 2012

## Directors' declaration

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; and
- (b) 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.

**Signed in accordance with a resolution of the Directors made pursuant to s.303(5) of the Corporations Act 2001.**

**On behalf of the Directors**

**Mr David R Dix**  
Chairman of Directors

Perth, Western Australia  
Date: 26 February 2013

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

We have reviewed the accompanying half-year financial report of Troy Resources Limited, which comprises the condensed statement of financial position as at 31 December 2012, and the condensed statement of profit or loss, the condensed statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 5 to 17.

### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Troy Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

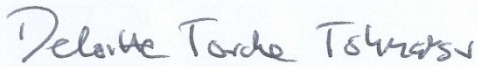
## *Auditor's Independence Declaration*

In conducting our review, 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 review report.


## *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Troy Resources Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



**DELOITTE TOUCHE TOHMATSU**



**David Newman**  
Partner  
Chartered Accountants  
Perth, 26 February 2013