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.

Revenue and Net Profit		**Percentage Change**		**Amount $'000**
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

Dividend Information	**Amount per security (cents)**	**Franked amount per security (cents)**	**Tax rate full franking credit**
No interim dividend for the financial year 2013 has been declared.			

Net tangible assets per security	**Dec 2012 per share**	**Jun 2012 per share**
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.

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. 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

Deloitte.

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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

DELOITTE TOUCHE TOHMATSU

D Newman.

David Newman
Partner
Chartered Accountants

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

	Notes	Consolidated Half-year ended 31 Dec 2012 ($'000)	31 Dec 2011 ($'000)
Revenue	3	**108,934**	88,440
Cost of Sales	4	**(76,093)**	(62,008)
Gross Profit		**32,841**	26,432
Other income	3	**369**	533
Exploration expenses (net)	4	**(5,116)**	(2,893)
Administration expenses	4	**(4,108)**	(4,068)
Other expenses – Corporate	4	**(362)**	(293)
Care and maintenance costs	4	**(736)**	(606)
Finance costs	4	**(1,306)**	(1,841)
Profit Before Income Tax Expense		**21,582**	17,264
Income tax (expense)	5	**(8,042)**	(6,610)
Profit After Income Tax Expense		**13,540**	10,654
Profit Attributable to:			
Owners of the Parent		**13,543**	10,658
Non-controlling interests		**(3)**	(4)
		13,540	10,654
Earnings Per Share (EPS)			
Basic EPS (cents)		**15.0**	12.1
Diluted EPS (cents)		**14.8**	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 Half-year ended 31 Dec 2012 ($'000)	31 Dec 2011 ($'000)
Profit for the period		**13,540**	10,654
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net fair value gain/(loss) of available for sale assets		**1**	(205)
Exchange differences on translating foreign operations		**(7,162)**	(4,986)
		(7,161)	(5,191)
Total comprehensive income for the period		**6,379**	5,463
Total comprehensive income attributable to:			
Owners of the Parent		**6,382**	5,469
Non-controlling Interest		**(3)**	(6)
		6,379	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 31 Dec 2012 ($'000)	30 Jun 2012 ($'000)
CURRENT ASSETS			
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**	-
TOTAL CURRENT ASSETS		**80,968**	90,669
NON-CURRENT ASSETS			
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
TOTAL NON-CURRENT ASSETS		**104,882**	94,772
TOTAL ASSETS		**185,850**	185,441
CURRENT LIABILITIES			
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
TOTAL CURRENT LIABILITIES		**39,715**	40,868
NON-CURRENT LIABILITIES			
Other payables	8	**1,500**	2,267
Deferred tax liabilities		**5,459**	7,029
Provisions		**3,042**	3,005
TOTAL NON-CURRENT LIABILITIES		**10,001**	12,301
TOTAL LIABILITIES		**49,716**	53,169
NET ASSETS		**136,134**	132,272
EQUITY			
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)
TOTAL EQUITY		**136,134**	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 Capital	Available for Sale Reserve	Option Premium Reserve	Foreign Currency Translation Reserve	Retained Earnings	Attributable to Equity Holder of Parent	Non-controlling interest	TOTAL EQUITY
	($,000)	($,000)	($,000)	($,000)	($,000)	($,000)	($,000)	($,000)
Balance at 1 July 2012	**101,804**	**-**	**4,376**	**(41,877)**	**68,224**	**132,527**	**(255)**	**132,272**
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)
Total comprehensive income for the half-year	**-**	**1**	**-**	**(7,162)**	**13,543**	**6,382**	**(3)**	**6,379**
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)
Balance at 31 December 2012	**109,428**	**1**	**3,281**	**(49,039)**	**72,721**	**136,392**	**(258)**	**136,134**
Balance at 1 July 2011	97,596	(666)	4,146	(33,262)	42,103	109,917	(236)	109,681
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)
Total comprehensive income for the half-year	-	(205)	-	(4,984)	10,658	5,469	(6)	5,463
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)
Balance at 31 December 2011	98,954	(871)	4,086	(38,246)	47,444	111,367	(242)	111,125

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

	Consolidated Half-year ended 31 Dec 2012 ($'000)	31 Dec 2011 ($'000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	**104,808**	87,384
Payments to suppliers and employees	**(65,531)**	(53,580)
Proceeds from sundry income	**48**	36
Export tax and government royalties paid	**(6,970)**	(5,707)
Income taxes paid	**(1,756)**	(5,952)
NET CASH PROVIDED BY OPERATING ACTIVITIES	**30,599**	22,181
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	**(11,008)**	(2,784)
Payments for mine & development properties	**(13,913)**	(3,613)
Payments for exploration properties capitalised	**(4,186)**	(4,219)
Payments for power line commitments	**(781)**	(754)
Proceeds on sale of property, plant and equipment	**86**	22
Interest received	**229**	232
NET CASH (USED IN) INVESTING ACTIVITIES	**(29,573)**	(11,116)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments – Investec Bank (Australia) Limited	**(15,000)**	(4,000)
Payments of financing costs	**(533)**	(2,025)
Proceeds from issues of equity securities	**3,790**	1,032
Dividends paid - members of parent entity	**(6,616)**	(525)
NET CASH (USED IN) FINANCING ACTIVITIES	**(18,359)**	(5,518)
Net (decrease) / increase in cash and cash equivalents	**(17,333)**	5,547
Cash and cash equivalents at the beginning of the period	**58,922**	27,941
Effects of exchange rate changes on the balance of cash held in foreign currencies	**(115)**	(20)
Cash and cash equivalents at end of the period	**41,474**	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 Half-year ended		Segment Profit Half-year ended	
	31 Dec 2012 ($'000)	31 Dec 2011 ($'000)	**31 Dec 2012 ($'000)**	31 Dec 2011 ($'000)
Producing Operations:				
Argentina	**78,480**	50,079	**28,187**	15,204
Brazil	**30,454**	38,204	**4,654**	11,222
Australia	**-**	157	**-**	6
Total Operations	**108,934**	88,440	**32,841**	26,432
Exploration:				
Argentina			**(8,592)**	(6,555)
Capitalised Argentina			**4,186**	4,219
Brazil			**(710)**	(557)
Australia and other			**-**	-
Total Exploration			**(5,116)**	(2,893)
Total Segments			**27,725**	23,539
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)
Profit Before Tax			**21,582**	17,264
Income tax expense from continuing operations			**(8,042)**	(6,610)
Consolidated segment revenue and profit for the half-year	**108,934**	88,440	**13,540**	10,654

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.

2. Segment Information (continued)

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

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

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

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

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

4. Expenses

	Consolidated Half-year ended 31 Dec 2012 ($'000)	31 Dec 2011 ($'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
Administration Expenses		
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 (i)	**1,778**	1,725
Toronto satellite office administration	**423**	-
	4,108	4,068
Other Expenses - Corporate		
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:

	Consolidated Half-year ended 31 Dec 2012 ($'000)	%
Argentina [(a)]	**6,484**	26
Brazil	**1,558**	34
Australia [(b)]	**-**	-
	8,042	37

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

[(b)] 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

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

(a) Trade debtors include accounts receivable in relation to bullion sales. Other receivables and prepayments primarily include advance payments to contractors and insurers and recovery of fuel and accommodation expenses incurred on the behalf of contractors. Where the collections of the receivables are doubtful an allowance for doubtful debts is recognised, with no allowance being recognised at either 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.

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

(c) Within Argentina, the Group has incurred value added tax as part of its purchases which are recoverable over time in proportion to the level of future export sales. During the 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 2012 ($'000)	30 June 2012 ($'000)
Current Assets		
Assets held for sale – spare parts	**86**	-
Current Liabilities		
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 2012 ($'000)	30 June 2012 ($'000)
Current		
Trade payables	**6,378**	6,513
Accrued expenses [(a)]	**11,970**	7,371
Power Line payable [(b)]	**1,533**	1,561
Deferred consideration on acquisition	**193**	197
Dividends	**126**	74
	20,200	15,716
Non-Current		
Power Line payable [(b)]	**1,500**	2,267

(a) 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.

(b) During December 2011, the Casposo project was connected to the power grid. The Group has a contractual obligation to contribute to the upgrade and construction of power lines in the San Juan province, 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 Share	**Total ($'000)**	**Cents per share**	**Total ($'000)**
Final 2012 dividend paid was fully franked at 30% tax rate, paid 19 October 2012	**10.0**	**9,046**	6.0	5,317
	10.0	**9,046**	6.0	5,317

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. ('000)	($'000)	No. ('000)	($'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
	2,206	**7,624**	624	1,358

11. Contingent Liabilities

There are no contingent liabilities other than:

(a) 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.

(b) 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.

(c) 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:

(i) The consolidated entity's operations in future financial years; or
(ii) The results of those operations in future financial years; or
(iii) The consolidated entity's state of affairs in future financial years.

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

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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

DELOITTE TOUCHE TOHMATSU

D Newman

David Newman
Partner
Chartered Accountants
Perth, 26 February 2013