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REPORT ON ACTIVITIES FOR THE QUARTER ENDED 30 JUNE 2005

HIGHLIGHTS

PRODUCTION

- Sertão Project (Troy 70%) in Brazil treated 24,360 tonnes of ore at 19.53g/t Au to produce 14,448oz of gold at a cash cost of A\$ 141 per ounce (US\$ 107).
- Sandstone Mill (Troy 100%) treated 122,006 tonnes of ore at 1.24g/t Au to produce 4,542oz of gold at a cash cost of A\$454 per ounce from remaining low-grade stockpiles while awaiting ore from development of the Lord Nelson deposit.
- Attributable gold production of 14,656 ounces for the June quarter.
- Attributable gold **production of 71,851 ounces for the 2004/05 financial year.**

DEVELOPMENT

- **The newly discovered orebody extension at the Sertão Mine in Brazil contains a Probable Reserve estimated as 54,500 tonnes @ 30.94g/t for 54,200 contained ounces.** Mining of this very high-grade deposit commenced in May and is anticipated to be highly profitable.
- Mining commenced at Lord Nelson at Sandstone in April 2005. Milling of Lord Nelson ore at the Sandstone Mill is scheduled to commence in August 2005.
- Proved and Probable Reserve for the Lord Nelson and Lord Henry deposits is estimated at 2.0 million tonnes @ 3.13g/t for 201,000 contained ounces. Indicated and Inferred Resources are estimated at 4.1 million tonnes @ 2.71g/t for 354,000 ounces.

EXPLORATION

- An Indicated and Inferred Resource of 860,000 tonnes @ 2.12g/t for 58,700 contained ounces is estimated for the Antena Cluster deposits in the Goiás Velho Project in Brazil.
- Strategically located exploration licences covering 1,000,000 hectares granted in Mongolia. The property is prospective for gold, coal and uranium, with particular interest currently focused on the coal potential. The tenements straddle the main rail line to China and are located between Ivanhoe Mines Oyut Ulaan and Chandman Uul gold projects.

CORPORATE

- Royalties over the Lords deposits at Sandstone purchased.
- Mr Peter Doyle appointed as Exploration and Business Development Manager.
- Group cash and equivalent liquid assets of A\$34.5 million.

CORPORATE

PRODUCTION FORECAST

Troy anticipates that, with the development of the Lords and the high-grade Stage 5 at the Sertão Mine, attributable gold production for the 2005/06 year from all sources will be approximately 100,000 ounces. Ongoing acquisition and exploration activities are focused on adding to this production level.

PURCHASE OF LORDS ROYALTIES

During the quarter, Troy purchased two production royalties held by two parties over Troy-owned tenements E57/422, E57/424, M57/529 and M57/530 which include the Lord Henry and Lord Nelson gold deposits ("Lords") where Troy commenced mining in late April.

The first royalty of \$10 per ounce of gold produced was purchased for A\$1,100,000 plus the issue of 200,000 fully paid ordinary Troy shares. The second royalty of \$5 per ounce of gold produced (capped at a maximum of \$250,000) was purchased for A\$232,000.

Elimination of these royalty interests allows the Company greater operational flexibility, as any other Troy-owned ore in the Sandstone area can now be blended with ore from the Lords.

APPOINTMENT OF BUSINESS DEVELOPMENT MANAGER

Troy has appointed Mr Peter Doyle as Exploration and Business Development Manager.

Peter was born in Canada and has an Honours B.Sc in Geology degree from Laurentian University at Sudbury in Canada. He has 25 years experience in mineral exploration around the world and especially in North America and Indonesia. Prior to joining Troy, Peter spent nearly seven years as Regional Geologist for Gold Fields Limited of South Africa based in Perth with responsibility for project evaluation and development in the Australian/Asian region which included considerable time assessing projects in China.

MINING REPORT

GOIÁS VELHO PROJECT SERTÃO GOLD MINE BRAZIL (Troy 70%)

GOLD PRODUCTION 100% : SERTÃO GOLD MINE				
	June 2005 Quarter	June 2004 Quarter	12 Months to 30 June 2005	12 Months to 30 June 2004
Tonnes Milled	24,360	24,206	98,820	85,360
Head Grade	19.53 g/t	29.26 g/t	22.86 g/t	32.01 g/t
Recovery	94.5 %	98.62 %	95.8 %	98.27 %
Gold Produced	14,448 oz	22,461 oz	69,580 oz	86,335 oz
Cash Cost per oz	A\$ 141 (US\$ 107)	A\$ 73 (US\$ 50)	A\$ 129 (US\$ 98)	A\$ 64 (US\$ 44)
“Cash Costs” are defined to include all expenditures directly incurred on mining and milling, plus overheads and outgoings net of movements in deferred mining costs and stockpiles, but exclude Government gold royalty payments.				

MINING

In the March 2005 Quarterly Report Troy announced the discovery of a new high-grade ore zone, designated “Stage 5”, at the Sertão Mine. The new zone, which occurs immediately adjacent to the southern limit of the Sertão pit (*Figure 1*), was then forecast to contain more than 20,000 ounces. Subsequent extensional and infill drilling completed in the June quarter has provided sufficient data for Snowden Mining Industry Consultants (“Snowden”) to estimate Reserves for Stage 5 of:

Probable Reserve:

54,500t @ 30.94g/t Au for 54,200 contained ounces

Details of the estimation methodology are provided in *Appendix 1*. The Reserve relates only to the open pit extractable portion of the new ore zone.

Mining of this new Stage 5 commenced in May and ore will be delivered to the mill during September and December quarters resulting in substantial increases in quarterly production.

Operating results to date from Stage 5 have compared favourably with the costs used for the optimisation study. During June 3,000t of ore was mined at a grade of 34.5g/t Au versus the block model grade at 33.4g/t. **The very high grade of Stage 5 will ensure very low cost per ounce production.**

The potential for underground mining of extensions to the new mineralised zone is yet to be fully assessed.

MILLING

The processing plant has performed flawlessly during the year.

NEAR MINE EXPLORATION

Near mine exploration is ongoing. Drilling, using an RC rig and a diamond drill rig, is currently focused on testing Stage 6, a recently discovered mineralised system immediately adjacent to the northern edge of the Sertão pit.

SAFETY AND ENVIRONMENT

There have been no environmental problems or serious safety issues.

SANDSTONE OPERATIONS

(Troy Group 100%)

GOLD PRODUCTION		
	June 2005 Quarter	12 months to 30 June 2005
Tonnes Milled	122,006	503,752
Head Grade	1.24 g/t	1.26 g/t
Recovery	93.4 %	93.8 %
Gold Produced	4,542 oz	19,148 oz
Cash Cost per oz	A\$ 454	A\$ 437
"Cash Costs" are defined to include all expenditures directly incurred on mining and milling, plus overheads and outgoings net of movements in deferred mining costs and stockpiles, but exclude Government gold royalty payments.		

MILLING

The operating results for the quarter were in line with forecast, with mill feed being sourced from Bulchina Mine low-grade stockpile pending sufficient ore from the new Lords Project being available for milling. Milling of Lord Nelson ore is scheduled to commence in August 2005.

Upgrade work at the Sandstone Mill progressed during the quarter with civil construction for leach tanks, relocation of the mill administration, workshop and stores buildings as well as construction of a new site laboratory facility. Additional leach tanks, which will add to circuit residence time, will be installed by the end of August. The process plant upgrade is scheduled for completion by October.

HEALTH, SAFETY AND ENVIRONMENT

There were no Lost Time Injuries recorded during the quarter and no reportable environmental issues

GENERAL

During the quarter the Sandstone camp facilities upgrade was completed to provide a modern accommodation village with facilities for 100 employees.

DEVELOPMENT REPORT

LORD HENRY AND LORD NELSON SANDSTONE (Troy Group 100%)

On 31 January 2005, an Indicated and Inferred Resource for the Lords of 354,000 ounces was reported to the Australian Stock Exchange.

The following **Probable Reserves** have now been estimated by Snowden:

Lord Nelson

1.48 million tonnes @ 3.33g/t for 159,000 ounces

Lord Henry

0.51 million tonnes @ 2.53g/t for 42,000 ounces

Total

2.00 million tonnes @ 3.13g/t for 201,000 ounces.

Details of the estimation methodology are provided in *Appendix 1*.

Mining is now well under way at Lord Nelson with Lord Henry being scheduled to come on stream during October. Ore mined from Lord Nelson is currently being stockpiled at the mine site with treatment scheduled to commence in August.

The current Reserves for the Lords Project will ensure processing for approximately 3.5 years. Additional ore from the Ladybird and Havilah deposits is likely to be introduced during this period and, subject to plant processing rates being unchanged, will add to the Sandstone project life.

Metallurgical testwork to assess the potential to heap leach treat lower grade Lord Henry mineralisation (currently excluded from Reserves) will be completed during the September quarter. If successful, the Reserve position will be reviewed.

Success from Troy's extensive exploration programme in the highly prospective Sandstone project area also has potential to add to resources.

EXPLORATION REPORT

GOIÁS VELHO PROJECT BRAZIL (Troy 70%)

ANTENA CLUSTER

Resource calculations and mine designs have been carried out for the Antena cluster prospects. The optimisations and designs for Xupé and Antena appear viable and are currently undergoing internal checks. Other project areas require further detailed study with ongoing exploration drilling, and a dipole-dipole IP survey has commenced over selected targets at the Antena Cluster to assist in location of sulphide-associated ore shoots.

Pilot scale vat leaching trials of Antena Cluster oxide mineralisation have indicated a recovery of approximately 61%. Further trials are to be completed to assess the economics of treating the mineralisation in leach vats constructed at Antena.

During the quarter, Snowden was commissioned to provide a resource estimate for the Antena Cluster. Resource estimates, based on a 1.0g/t Au cut-off, for Antena West, Antena View, Antena, Antena Sul and Xupé deposits collectively are:

Indicated Resource:

0.66 million tonnes @ 2.21g/t Au for 46,700 ounces

Inferred Resource:

0.20 million tonnes @ 1.84g/t Au for 12,000 ounces

Total Indicated and Inferred Resources:

0.86 million tonnes @ 2.12g/t Au for 58,700 ounces

The Xupé deposit remains open and further drilling is planned.

Other Areas

Sertão Mineração Ltda ("SML") focused on evaluating geochemical targets in the northern portion of the Faina Greenstone Belt. A comprehensive independent review of the Goiás Velho Project, based on available geological, geochemical and geophysical data, was also completed during the quarter. It highlighted several new targets requiring field assessment.

Elsewhere in the northern part of the project area, geological mapping and RAB drilling tested the Capoeirinha West, Santa Rita, Bananal North and Cachoeira prospects. Better intersections included (*Table 1*):

Capoeirinha West:	2m @ 3.72g/t Au (from 5m) and 1m @ 9.68g/t Au (from 9m)
Santa Rita:	8m @ 4.24g/t Au (from 12m)
Cachoeira :	3m @ 2.29g/t Au (from 2m).

SANDSTONE PROJECT

(Troy 100%)

Exploration activities continued to assess regional geochemical and geophysical anomalies, particularly the Coomb Bore Prospect about 3km north-east of the Lords gold deposits on the eastern margin of the Sandstone Greenstone Belt.

Initial RAB drilling at the Coomb Bore Prospect defined a 500 x 50m zone of low-grade gold mineralisation in sheared mafic and granitic rocks within the Edale Structural Corridor. Better intersections include 17m @ 0.6g/t Au (from 5m to end of hole), 30m @ 0.26g/t Au and 11m @ 0.36g/t Au. The initial results are considered encouraging and ongoing exploration is planned in this highly prospective corridor.

Further RC drilling at Musketeer South, located along the Perrystone Shear approximately 11.5km east of Troy's Sandstone Mill, tested for primary gold mineralisation within the central portion of the 80m long mineralised zone. A narrow, steeply-dipping alteration zone with ubiquitous quartz stringers and minor sulphide mineralisation was intersected below a previously defined zone of supergene mineralisation. The best intersection was 3m @ 1.28g/t (from 77m). Further drill testing of the Perrystone Shear is planned, particularly in the zone of intense hydrothermal alteration and sulphide mineralisation previously defined about 1km north of Musketeer South.

PEAK HILL PROJECT

THREE RIVERS JV

(Barrick Gold Corporation earning 60%)

Barrick Gold Corporation undertook soil and rock chip sampling and regolith mapping and commenced a geophysical interpretation of the entire project area. Based on this work, and on a geochemical data review, infill soil surveys are planned to better define several soil gold anomalies.

OTHER PROJECTS

TROJAN JV

(Troy earning 60%)

Ground EM surveys designed to test for conductive nickel sulphides at two areas of elevated nickel and copper values intersected in previous RAB drilling at the Woongaring Project are scheduled for August.

A scout RAB drill programme was completed at the Scorpion Well Project, located 10km south-east of the Darlot and Centenary gold mines, to test for possible extensions of the prospective greenstone sequence that hosts these two gold mines. Results are pending.

BLACKMAN JV

(Mt Magnet Gold 75%, Troy Syndicate 25%)

Assay results from a programme of 58 aircore drillholes covering six structural targets as reported in the March Quarterly Report were received. No significant gold mineralisation was intersected, however, anomalous base metals was reported in two drill holes that intersected a fine-grained, sulphidic dolerite unit. Further work to determine the significance of the anomalous base metals is planned.

MONGOLIA

(Troy 100%)

Tsagaan Chuluut Gold Project

Assay results from RC drilling programmes at the TC1, Altan Chuluut and Zesiin prospects within the Tsagaan Chuluut gold project were received. The better gold intersections occur at TC1 where broad zones of low-grade gold mineralisation (138m @ 0.38g/t Au and 198m @ 0.44g/t Au) are hosted by strongly silica and biotite-altered dioritic rocks. Higher grade intervals, which include 3m @ 3.1g/t Au, 4m @ 5.1g/t Au and 16m @ 1.8g/t Au, are associated with quartz veining (*Table 2*).

Dornogovi Gold, Coal and Uranium Project

Troy Mongolia Alt Resources ("TMAR") has been granted six exploration licences (10,000km²) north-east of Ivanhoe Mining's Oyu Tolgoi gold-copper discovery in the central-eastern Dornogovi region. **The licences are considered prospective for gold, coal and uranium mineralisation and are well-positioned with respect to existing infrastructure** including the main Beijing-Ulaanbaatar rail line and Choir-Sayanshand high tension electricity power lines.

Based on the occurrence of coal deposits adjacent to the Dornogovi exploration licences, those parts of the project area covered by Permian and Cretaceous sedimentary rocks are considered prospective for coal.

Preliminary reconnaissance work by TMAR within the project area has returned anomalous gold, copper, arsenic and molybdenum results from rock chip sampling along major regional structures. Extensive quartz veining and hydrothermal alteration has also been located along major fault structures and detailed sampling and mapping has commenced.

In the eastern part of the project area, ten documented uranium anomalies (based on Mongolian government data) were field checked. One anomaly at Ikh Ovoo is associated with milled and brecciated rhyolitic volcanics and TMAR considers there is strong potential for other uranium occurrences within the Jurassic-Cretaceous felsic volcanic rocks in this area.

FINANCE REPORT

As at 30 June 2005, Troy **within Australia** held \$ 22.90 million in cash, plus equity investments with a market value of \$ 4.03 million and 240 ounces of gold awaiting sale. This equates to approximately \$ 27.07 million of liquid assets. Troy's wholly owned Brazilian subsidiaries held cash deposits of A\$ 1.55 million.

At quarter end, Sertão Mineração Ltda ("SML") (Troy's 70% Brazilian subsidiary) had the equivalent of A\$ 6.64 million in cash. In addition, SML held 3,052 ounces of gold inventory, which approximates to A\$ 1.73 million of revenue based on a gold price of A\$567 per ounce.

The Troy group equity share of cash and liquid assets is approximately A\$ 34.48 million as at 30 June 2005.

Gold sales from the Sandstone operation for the quarter were 4,629 ounces at an average price of A\$ 573 per ounce. The average Cash Cost was A\$ 454 per ounce, which gives a Cash Margin of A\$ 119 per ounce.

During the quarter, SML sold 15,598 ounces of gold at an average price of US\$ 426 per ounce. The average Cash Cost was US\$ 107 per ounce, which gives a Cash Margin of US\$ 319 per ounce.

The Company is unhedged in respect to both gold and currency.

Exploration and development expenditure during the quarter was A\$ 1,022,000 plus A\$600,000 of exploration undertaken by SML in Brazil. Capital and development expenditure in Australia during the quarter was A\$ 2,880,000, excluding the A\$1,332,000 purchase cost of the Sandstone royalty interests.

J L C Jones
Executive Chairman
29 July 2005

APPENDIX I

Geological information in this Report has been compiled by Troy's Regional Manager, Exploration for Western Australia, Len Skotsch, who:

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

KEY RESERVE ASSUMPTIONS

Lord Nelson and Lord Henry

The Lords Henry and Nelson reserves are based upon the following key assumptions:

- Indicated Resources generated by Snowden and released by Troy to the Australian Stock Exchange on 31 January 2005;
- Lord Nelson cut-off grade (1.06g/t Au); Lord Henry cut-off grade (1.27g/t Au);
- Reserves generated using Whittle pit optimisation and Surpac mining software for design;
- Gold price of A\$550/oz as at May 2005;
- Pit optimisation work completed by Snowden from October 2004 to May 2005;
- Pit design completed by Snowden in consultation with Troy;
- Undiluted gold cut-off grades applied as specified above derived from current mining and processing costs, recovery, gold price and state royalty of 2.5% recovered value. An additional royalty payable to other parties at the rate of \$15 per ounce of gold for the first 50,000 ounces and \$10 per ounce thereafter was excluded from the cut-off grade calculation but included as a capital consideration;
- Base mining cost at surface of A\$3.96/t rock mined for Lord Nelson and A\$4.37/t rock mined for Lord Henry, incremented with depth;
- Process cost of A\$15.89/t ore processed at Lord Nelson and A\$19.01/t for Lord Henry;
- Process recovery of 93% assuming conventional CIL process route;
- Mining dilution of 7% at 0.57g/t Au grade for Lord Henry and 7% dilution at 0.10g/t Au grade for Lord Nelson. Dilution grades were based upon determination of halo grades of material surrounding the mineralisation reporting above the undiluted cut-off grade; and
- Mining recovery of 95%.

Sertão

Sertão Stage 5 reserves are based upon the following key assumptions:

- Indicated Resources declared by Snowden as at June 2005 and released in July 2005;
- Reserves generated using Whittle pit optimisation and Surpac mining software for design;
- Gold price of US\$425/oz representing the prevailing spot price as at June 2005;
- Pit optimisation work using Whittle software conducted by Snowden between April and July 2005;
- Pit design completed by Snowden in consultation with Troy Resources NL;
- Undiluted gold cut-off grades applied as specified above derived from current mining and processing costs, recovery, gold price and nil government royalty applying;
- Base mining cost at surface of US\$1.83/t waste rock blasted assuming an average density of 2.5t/m³, and US\$0.38/t fill. Some fill material contained within a dump at the west end of the deposit originating from the mining of the Stage 4 pit required relocation. Given the shallow nature of the deposit and total contract pricing arrangements negotiated for existing mining at Sertão, mining costs have not been varied as a function of pit depth;
- Process cost of US\$22.40/t ore processed. This is inclusive of US\$0.47/t for grade control sampling, a differential ore mining cost (over and above waste mining cost) of US\$2.77/t, a treatment charge of US\$14.40/t and an administration charge of US\$4.77/t;
- Process recovery of 98% based upon a recent ore parcel performance;
- Mining dilution of 25.8% at nil Au grade based on Snowden's evaluation of reconciliation data pertaining to mining of the Sertão deposit between August 2003 and end February 2004; and
- Mining recovery of 105.4% of the diluted resource, based upon the reconciliation evaluation.

Snowden's Audit and Review Statement

The Ore Reserve estimate has undergone internal peer review by Snowden and Troy prior to release. It is acknowledged that Troy endorses the metallurgy, metal pricing, revenue factors, costs, geotechnical parameters, design parameters, infrastructure and capital portions. Snowden has been responsible for optimisation, design and reporting of the Ore Reserve estimate based upon a resource model also developed and reported by Snowden Resource Division.

The information in this report that relates to Ore Reserves is based on information compiled by Allan Blair, a professional mining engineer and member of the Australasian Institute of Mining and Metallurgy. Allan Blair is a full-time employee of Snowden which has undertaken pit optimisation and design work based upon cost and parameters supplied by Troy and a resource model developed by Snowden. Allan Blair holds sufficient experience in mining and Ore Reserve estimation that is relevant to the style of mineralisation, type of deposit and mining methods under consideration. Allan Blair undertakes to qualify as a Competent Person as defined in the 2004 *"Australasian Code for Reporting of Mineral Resources and Ore Reserves"*.

Antena

Snowden confirms that the total Indicated and Inferred Resources for the Antena deposits tabulated within this report accurately represent the combination of the individual resources (Antena West, Antena View, Antena, Antena Sul and Xupé) estimated by Stephanie Gotley and reviewed by Shaun Hackett and Jacqui Coombes. Shaun Hackett is a full-time employee of Snowden and is a Member of the Australian Institute of Mining and Metallurgy. Mr Hackett has sufficient experience which is relevant to the style of mineralisation and type of deposits 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 Mineral Resources and Ore Reserves"*.

<div>Table 1</div> <div>Goiás Velho Project, Brazil</div> <div>Significant Regional RAB Intersections</div>								
Hole ID	UTM East	UTM North	Dip/ Azimuth	Depth (m)	From (m)	To (m)	Length (m)	Grade g/t Au
Capoeirinha West Prospect								
GVR387	549917	8297999	vertical	25m	5	7	2	3.72
					9	10	1	9.68
Santa Rita Prospect								
GVR381	550080	8300220	vertical	35m	12	20	8	4.24
Cachoeira Prospect								
GVR352	570120	8284741	vertical	37m	2	5	3	2.29
Intersections based on 1.0g/t Au cut-off and maximum 1m internal waste Assay Method: Calcination + DIBK Aqua Regia Digest and AAS finish								

<div>Table 2</div> <div>TC1 Prospect, Mongolia</div> <div>Selected RC Intersections</div>								
Hole ID	GK Zone 19 East	GK Zone 19 North	Dip/ Azimuth	Depth (m)	From (m)	To (m)	Length (m)	Grade g/t Au
TCRC02	19675385	5487569	-55/180	126	0	124	124	0.41
				Incl.	6	9	3	3.10
TCRC06	19675388	5487540	-55/180	198	0	198	198	0.44
				Incl.	116	120	4	5.10
TCRC07	19675383	5487502	-55/180	138	0	138	138	0.38
				Incl.	116	132	16	1.80
Assay method: 50g fire assay, extraction, AAS finish								

N

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Sertão Stages 1-4
190,000 ounces mined

Sertão Stage 5
54,200 ounces contained gold

330m
long

Faults



TROY RESOURCES NL
Sertão Stage 5

Figure 1

