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REPORT ON ACTIVITIES FOR THE QUARTER ENDED 31 MARCH 2006

HIGHLIGHTS

PRODUCTION

- Sertão Project (Troy 70%) in Brazil treated 21,303 tonnes of ore at 17.3 g/t Au to produce **10,774 oz of gold at a cash cost of A$365 per ounce (US$261)**.
- Sandstone (Troy 100%) treated 124,957 tonnes of ore at 3.53 g/t Au to produce **13,370 oz of gold at a cash cost of A$294 per ounce (US$210)**. Production was adversely affected by heavy rainfall during the quarter which necessitated the milling of low grade stockpiles resulting in increased cash costs.
- **Attributable gold production of 20,912 ounces** of gold for the March quarter.
- **Attributable gold production of 92,082 ounces** of gold for the nine months to 31 March 2006. The Company remains on track to meet target gold production of in excess of 100,000 ounces for the year.
- The **average cash cost of** production for the quarter was **A$319 per ounce (US$228)**.
- The **average cash cost of** production for the nine months to 31 March 2006 is **A$210 per ounce (US$151)**.

EXPLORATION

- At the Gutain Davaa Project in northern Mongolia, a preliminary RC drill test of a quartz vein target produced encouraging **gold assay results including: 15m @ 16.9g/t, 11m @ 11.3g/t and 23m @ 12.3g/t.**
- At Sertão, an RC program was completed to test the ore continuity at depth below Stages 4, 5 and 6. Better gold results included: **1m @ 23.0g/t from 68m (SRC123), 1m @ 23.3g/t from 13m (SRC134) and 1m @ 32.0g/t from 93m (SRC141)**.
- Business development activity in Brazil is gaining momentum with a JV established on the Serrita Project and further tenements granted at the Três Cruzes Project.

CORPORATE

- Group cash and equivalent liquid assets of **A$54.4 million**.
- Profit for the half year ended 31 December 2005 of $10.5 million after tax.

HEALTH, SAFETY AND ENVIRONMENT

A leading safety organisation in Western Australia (IFAP) has been commissioned to conduct a safety audit of the operations and to compile and implement safety procedures in line with the safety policy of the Company.

Keith Lindbeck & Associates have been commissioned with providing the company with environmental plans to rehabilitate disturbed areas in the Sandstone region.

GENERAL

With the substantial increase in gold price, new optimisation modelling of the current mines and other undeveloped deposits in the Sandstone area are being progressed utilising gold prices of A$800, A$900, and A$1,000 per ounce. Snowden Mining Industry Consultants have been engaged to conduct this study.

During the quarter, tenders were sought for the raising of the tailings storage facility at the Sandstone mill to facilitate increased capacity for future operations.

EXPLORATION REPORT

MONGOLIA

Gutain Davaa Project (Troy earning 80%)

During the quarter, Troy Mongolia focused exploration on the Gutain Davaa Project where twenty-eight RC drill holes (totalling 1,957m) were completed. Encouraging gold assay results were returned from the Toordogiin Shil Prospect where eight holes (632m) were drilled along four traverses.

This initial drill test targeted a ridge crest where earlier surface mapping and rock sampling had identified quartz veins with visible gold that returned anomalous gold assays ranging from 11g/t Au to 390g/t. Drill holes RCGD 3, 4, 5 and 7 cut a series of NW trending shear hosted, gold bearing quartz veins. The best gold assays reported from the drilling included: 15m @ 16.9g/t, 11m @ 11.3g/t and 23m @ 12.3g/t. The mineralised quartz veins are hosted within a strongly tectonized, pervasively quartz-sericite-pyrite +/- arsenopyrite altered medium grained, Mesozoic granite-diorite and black schist. Visible gold and bonanza gold grades are associated with the strongly sheared margins of the quartz veins. The alteration “halo” developed in the host rocks adjacent to the veins yielded anomalous gold assays up to 1m @ 6.7g/t.

The better results for the RC drilling at Toordogiin Shil Prospect are listed in Table 2.

The drilling has confirmed there are at least three gold-bearing quartz veins that strike 330° and dip steeply to the west. The associated alteration zone is 30m wide by 100m long and remains open along strike. Quartz vein outcrop and float were detected during reconnaissance mapping along strike but additional surface work is required to delineate drill targets. Detailed mapping, prospecting, rock sampling and grid based soil sampling is planned for the June quarter to define additional drill targets.

GOIÁS VELHO PROJECT
BRAZIL
(Troy 70%)

Sertão Mine Exploration

A ten hole (740m) RC program was completed to test the ore continuity at depth below Stages 4, 5 and 6. Follow-up diamond drilling is planned as soon as access negotiations and drill pad construction is completed. Mapping north of the Stage 4 pit has revealed an outcropping banded iron formation (BIF) coincident with an IP/Resistivity anomaly that warrants further investigation. Better gold results from the drilling programme included: 1m @ 23.0g/t from 68m (SRC123), 1m @ 23.3g/t from 13m (SRC134), 1m @ 17.9g/t from 55m (SRC137), 1m @ 8.2g/t from 57m (SRC139) and 1m @ 32.0g/t from 93m (SRC141).

Sertão Mine Corridor Exploration – Sanca Prospect

Exploration commenced in the Sanca area located on the western end of the Sertão Mine Corridor where geological mapping and rock sampling were carried out on the Sanca North Prospect. This work followed up anomalous gold and arsenic soil anomalies associated with garimpero workings. Better rock sample gold assays include; 11.9g/t, 8.27g/t, 6.71g/t, 3.73g/t and 3.35g/t. Additional mapping and prospecting is planned on selected arsenic-gold anomalies between Sanca and the Sertão Mine as well as a limited RAB drill test of the Sanca North Target.

Antena Cluster Exploration

Drilling to define the down-plunge extension of the Xupé orebody continued to intersect gold mineralisation including; 3m @ 4.27g/t from 89m (GVC 435), 9m @ 5.41g/t from 77m (GVC436), 15m @ 2.76g/t from 127m (GVC438) and 6m @ 2.16g/t from 119m (GVC441). The Xupé mineralisation has now been defined along 360m of strike and remains open down-plunge to the west where step-out exploration drilling is in progress.

Drill testing of co-incident gold and arsenic soil anomalies in close proximity to the Xupé orebody intersected weak gold mineralisation. Land access to drill test the largest soil anomaly has now been granted and RAB drilling will commence during the June quarter.

Sertão Regional Exploration

Regolith mapping and LAG sampling of the Alaska Prospect has been completed. The arsenic-in-soil anomalous zone continues to the north and now has been defined over a strike length of 2.1 kilometres. LAG sampling of lateritic cover has returned a number of discrete zones of gold anomalism up to 1.39g/t. Interpretation of results is on-going and RAB drilling is scheduled in the next quarter.

A ground magnetics survey has commenced in the Digo Digo area. The survey is designed to determine and better define the structural setting, location of intrusive bodies and to assist in the definition of gold mineralisation. The survey will cover the main structural trends with 25m spaced lines and 5m stations along lines. The survey comprises 55 line kilometres and should be concluded in May.

The **Sierra Prospect** is a new target that occurs along a 5km NNW trending ridgeline and is defined by gold-in-soil and numerous high PC (panned concentrate) gold anomalies

associated with drainage systems on the flanks of the ridgeline. Initial reconnaissance mapping and rock chip sampling has yielded best rock chip gold assays of: 17.33g/t, 13.33g/t, 10.44g/t, 9.32g/t, 8.04g/t, 3.97g/t, 3.63g/t, 3.51g/t, 2.59g/t, 2.46g/t and 1.28g/t. Investigation of the anomalies has outlined a continuous zone of sulphidised banded iron formation and quartzite float material that occurs on the crest of the ridgeline.

OTHER BRAZILIAN PROJECTS

Serrita Project (Troy earning 75%)

During the quarter, Troy Brasil Exploration ("TBX") executed a Letter of Intent on the Serrita Project located in the western part of Pernumbuco state in NE Brazil. The Project comprises 11 exploration tenements totalling 19,364 Ha. Troy can earn 75% in the project through cumulative expenditure of US$700,000 over four years and cash payments of US$70,000. The project contains local artisinal workings up to 80m depth where rock chip samples have returned grades up to 67g/t gold from surface exposures of quartz-sulphide veins.

This project is located within a major structural domain of the Borborema Geological Province bounded by the Patos Lineament on the north and Pernambuco Lineament to the south. E-NE trending quartz veins host the gold mineralisation and occur within sericitic, iron rich shear zones. High-grade gold mineralisation is associated with sulphides and iron oxides on fracture surfaces and vein margins. The veins can be up to 1m thick and occur in sub-horizontal mylonitic phyllites.

In March, field work commenced with the completion of an environmental baseline survey and geological mapping targeting areas of artisinal workings. The mapping has outlined 11 previously unrecorded areas of workings and returned preliminary channel gold results including 0.5m @ 24.25g/t, 0.5m @ 5.60g/t, 0.5m @ 2.02g/t, 0.6m @ 2.60g/t, 1.3m @ 1.8g/t and 1m @ 1.38g/t. Surface grab samples returned a number of gold results ranging between 1.14 and 5.67g/t.

Rio Piranga Project (Troy 100%)

Field work commenced on the Rio Piranga Project where an environmental baseline survey was completed across the Três Cruzes tenement and adjacent TBX exploration lease applications. In late March TBX was granted an exploration tenement surrounding the Três Cruzes tenement bringing the Company's granted tenement holdings to 1,524 Ha with an additional 4,282 Ha in application.

SANDSTONE PROJECT

(Troy 100%)

Exploration activities on the Company's Sandstone leases were significantly restricted by heavy rainfall (over 500mm) during the March quarter. As a result, many higher-priority targets scheduled for drill testing were inaccessible and a limited drilling program was completed on structural and geochemical targets located along the flanks of the Sandstone Greenstone Belt.

A 3,400m RAB program tested aeromagnetic structural targets at the Mickey Well, Black Hill and Lord Henry SE Prospects. Reconnaissance drilling returned the best drill intersection of 5m @ 4.6g/t gold (from 15m) approximately 1.2km SE from the Lord Henry deposit. The intercept occurs at the contact between overlying sediments and a granitoid within a shear zone that trends sub-parallel to the Trafalgar Shear that hosts the Lord Henry and Lord Nelson mineralisation. A 500m long zone of gold anomalism has been defined by drilling but remains open north and south along strike. A closer spaced drill program to evaluate this anomaly is planned.

A 1,707m RC program tested several IP chargeability anomalies defined by a recent survey over a WSW trending thrust fault west of the Lord Henry deposit. The anomalies tested were interpreted to lie within a granodiorite that hosts the Lords deposits and at the footwall contact between the granodiorite and ultramafic schists. The best gold intersections 5m @ 3.81g/t (from 40m**)** and 2m @ 6.4g/t (from 59m) occur within discrete alteration zones comprising minor quartz veining, pyrite ± epidote in the granodiorite. Although this work has successfully tested most anomalies, several stronger chargeability anomalies still remain unresolved. Further refinement to the initial IP interpretation may clarify the position of these targets.

All significant Sandstone drill intersections are summarised in Table 1.

OTHER AUSTRALIAN PROJECTS

Bronco Plains JV (Troy earning 60%)

Troy Resources has entered into a joint venture agreement with Image Resources NL to earn a 60% interest in the Bronco Plains gold project by sole funding $500,000 of expenditure within five years. The project is located 140km east of Kalgoorlie and comprises two exploration licences covering 237 sq km.

An initial reconnaissance geochemical survey completed by Image tested soil covered gold targets interpreted from aeromagnetic data. The sampling has identified several coherent gold anomalies (max 54ppb). Troy plans to commence infill soil sampling to better define the known anomalism and to extend the broad spaced geochemical coverage over the tenements in the June quarter.

Yule River Project (Troy earning 70%)

Troy has withdrawn from the Yule River JV following a reassessment of all the available exploration data pertaining to the Yule River leases.

Kulin Project (Troy 100%)

The Kulin gold project covers 610 sq km and is located approximately 50 km NW of Lake Grace in Western Australia. The tenement application covers mostly farm land and contains several confirmed historic occurrences of gold mineralisation. Troy has identified exploration targets where a regional NW shear zone within the Kulin greenstone sequence is cross-cut by several east–west trending Proterozoic dykes including the Binneringie Dyke. These targets are similar to the Bounty gold mine geological setting. Geochemical surveys are planned.

Southern Cross JV (Troy/Aminta Pty Ltd 100%, St Barbara earning 60%)

The Southern Cross JV has been inactive since joint venture partner, Sons of Gwalia, was placed in administration in August 2004. Troy has reached agreement with new owner, St Barbara Mines Limited, to extend the joint venture's initial earn in period for a further two years to July 2008. This agreement now enables St Barbara Limited to recommence exploration activities on the Southern Cross JV properties.

FINANCE REPORT

As at 31 March 2006, Troy **within Australia** held $35.4 million in cash, plus equity investments with a market value of $7.1 million and 1,383 ounces of gold awaiting sale. This equates to a total of approximately $43.6 million of liquid assets. Troy's wholly owned Brazilian and European subsidiaries held cash deposits of A$1.1 million.

At quarter end, Sertão Mineração Ltda ("SML") (Troy's 70% Brazilian subsidiary) had the equivalent of A$7.5 million in cash (Troy's share). In addition, SML held 3,803 ounces of gold inventory, which approximates to A$2.2 million of revenue based on a gold price of A$812 per ounce (Troy's share).

The Troy group equity share of cash and liquid assets is approximately A$54.4 million as at 31 March 2006.

Gold sales from the Sandstone operation for the quarter were 21,128 ounces at an average price of A$740 per ounce. The average Cash Cost was A$294 per ounce, which gives a **Cash Margin of A$446 per ounce** for the quarter.

During the quarter, SML sold 16,398 ounces of gold at an average price of US$550 per ounce. The average Cash Cost was US$261 per ounce, which gives a **Cash Margin of US$289 per ounce** for the quarter**.**

At the end of the quarter, the Company had fixed forward gold hedge contracts for 10,000 ounces at A$685.29/oz and 10,000 ounces at A$700.00/oz, both for delivery 29 December 2006. This hedging is allocated to protecting low grade resources and stockpiles. At 31 March 2006 the hedge book has a negative mark-to-market value of A$3,039,000. Of this amount, $932,000 has been taken as an expense into the Income Statement at 31 December 2005.

Exploration expenditure during the quarter was A$761,000 plus A$607,000 of exploration undertaken by SML in Brazil. Capital and development expenditure in Australia during the quarter was A$490,000.

T D McKeith
Chief Executive Officer
28 April 2006

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

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

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

Table 1 **Sandstone Project** **Significant Drill Intersections (>1.0g/t Au)**								
Hole ID	**AMG East**	**AMG North**	**Dip/ Azimuth**	**Depth (m)**	**From (m)**	**To (m)**	**Length (m)**	**Grade Au g/t**
RC Drilling								
TRC485	746100	6880590	60/180°	180	40	45	5*	1.95
TRC488	746000	6880578	Vertical	79	40	45	5*	3.81
TRC489	746000	6880465	60/180°	150	59	61	2	6.4
					65	66	1	1.99
RAB Drilling								
TAR1994	747800	6880150	60/090°	35	15	20	5*	4.6

* 5m composite samples

- Assay Methods, RC: 50g Fire Assay, RAB: 50g Aqua Regia
- Assays uncut

Table 2 **Gutain Davaa Project** **Significant Drill Intersections**								
Hole ID	**AMG East**	**AMG North**	**Dip/ Azimuth**	**Depth (m)**	**From (m)**	**To (m)**	**Length (m)**	**Grade Au g/t**
RC Drilling								
RCGD 3	448300	5414103	60/080°	80	11	22	11	6.3
			Including	-	14	16	2	28.7
RCGD 4	448300	5414101	75/080°	33	18	33	15	16.9
			Including	-	19	21	2	107.0
RCGD 5	448294	5414115	60/080°	80	32	43	11	11.3
			Including	-	34	36	2	45.8
RCGD 7	448292	5414116	75/080°	60	13	36	23	12.3
			Including	-	17	19	2	29.8
			Including	-	34	36	2	29.7

- 1m samples
- Assay Methods, RC: 50g Fire Assay / Screen Fire Assay
- Assays uncut