



TROY RESOURCES NL

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INTRODUCTION

Troy Resources NL has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. These policies and procedures are summarised below. The Board of the Company is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

CORPORATE GOVERNANCE DISCLOSURES

The Board and management are committed to corporate governance and to the extent they are applicable to the Company have adopted the Ten Essential Corporate Governance Principles and each of the Best Practice Recommendations as published by ASX Corporate Governance Council. To read the ASX Principles and Recommendations click [here](http://www.shareholder.com/visitors/dynamicdoc/document.cfm?documentid=364&companyid=ASX).

During its 2003/2004 financial year ("**Reporting Period**") the Company has complied with each of the Ten Essential Corporate Governance Principles and the corresponding Best Practice Recommendations, other than in relation to the matters specified below.

Principle Ref	Recommendation Ref	Notification of Departure	Explanation for Departure
2	2.1	Only two out of four directors (Denis Clarke and Alan Naylor) satisfy the test of independence as set out in box 2.1 of the ASX Corporation Governance Council Practice Recommendations (or are otherwise considered to be independent by the Company).	Given the size and scope of the Company's operations the Board considers that it is appropriately structured to discharge its duties in a manner that is in the best interests of the Company and its shareholders from both a long-term strategic and day-to-day operations perspective. With half of the Board comprising independent directors, the Board is of the view that it has achieved an appropriate balance between independent representation and maintaining sufficient relevant experience for the Board to fulfil its objectives.
2	2.2; 2.3	The chairman is the chief executive of the Company.	The Board considers that the executive role carried out by the Chairman (John Jones) is in the best interests of the Company. Mr Jones became the chief executive of Company in the late 1980's. Mr Jones' 40 years relevant industry experience, and his knowledge of the Company and role in leading the Company throughout a period of transition to its successes of recent years as both chairman and chief executive is viewed positively by shareholders.



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2	2.4	There was no Nomination Committee.	In the Board's view there are no efficiencies to be gained by establishing a separate Nomination Committee. The full Board carried out the functions of the Nomination Committee.
3	3.1; 3.2	A formal Code of Conduct and a Securities Trading Policy were adopted in the last quarter of the 2003/2004 financial year.	The Board considers that the conduct of the Board and key executives reflected that sound and properly understood policies were in place during the whole of the Reporting Period.
4	4.3	The Audit Committee consists of only two members.	<p>Given the composition of the Board (ie only four directors in total and two independent directors) it was necessary to restrict the Audit Committee to two members in order to ensure only independent representation on the Audit Committee. The Board considers that a two member committee is sufficient to properly fulfil the objectives of the Audit Committee.</p> <p>The Board will continue to monitor the Company's position on the ASX All Ordinaries Index to ensure the Company's compliance with the ASX's Audit Committee composition requirements.</p>
4	4.4	The Audit Committee did not have a formal operating charter until the last quarter of the 2003/2004 financial year.	The Board considered that the ongoing efficient practices of the committee evidenced the existence of, and application of, established and understood functions prior to their adoption in writing.
5	5.1	There were not written policies and procedures designed to ensure ASX Listing rule disclosure requirements until the last quarter of the 2003/2004 financial year.	Although there were no written policies and procedures, the policies and procedures did in fact exist and were being applied prior to their adoption in writing. Responsible Officer's for the monitoring of the Company's Continuous Disclosure obligations were appointed at a Board Meeting on 20 June 2001.
6	6.1	The Company's shareholders communication strategy was designed but not disclosed in a formal way until the last quarter of the 2003/2004 financial year.	The Company had a positive strategy to communicate with and actively promote shareholder involvement in the Company by disclosing information on its website.
7	7.1	The Company did not have a formal risk oversight and management policy and internal compliance and control system until the last quarter of the 2003/2004 financial year.	The Company has developed a framework for risk management, which the Company intends to enhance as the Company's operations grow.
8	8.1	The process for performance evaluation of the Board, its committees and individual directors, and key executives was	The process was not disclosed, but did occur by way of an informal review by the chairman.



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		not disclosed until the last quarter of the 2003/2004 financial year.	
9	9.1	The Company's remuneration policy was not disclosed until the last quarter of the 2003/2004 financial year.	Although the policy was not formally disclosed, all relevant disclosures required by law were made.
9	9.2	There was no Remuneration Committee until the last quarter of the 2003/2004 financial year.	Although there was no formally constituted Remuneration Committee, procedures were in place to evaluate the remuneration of the Board and executives. The two non-executive directors review the remuneration of key executives, with the assistance of industry remuneration surveys. These procedures have now been documented in writing.
10	10.1	There was no disclosed Code of Conduct until the last quarter of the 2003/2004 financial year.	Although there was no specifically written Code of Conduct, the Board considers its business practices, as led by the example of the Board and key executives, were the equivalent of a Code of Conduct. A general Code of Conduct and ethical principals have been stated in the Annual Report of the Company for several years.

CODE OF CONDUCT FOR DIRECTORS AND KEY EXECUTIVES

A code of conduct has been adopted which is to be adhered to by all executives of the Company. It requires all business affairs to be conducted legally, ethically and with integrity. The code provides for reporting of breaches of the code by others.

POLICY ON SECURITIES TRADING

The Board has adopted a policy and procedure for dealing in the Company's securities by directors, executives and employees which advises them of their obligations and responsibilities under the Corporations Law to not deal in the Company's securities when those persons possess inside information. All employees of the Company have been circulated with a letter outlining these obligations and responsibilities and the possible penalties that can be applied under the Law for a breach of the Insider Trading provisions.

The policy also provides that Directors and senior executives should not trade in the Company's securities during certain times and that these persons must give written notice to the Chairman, or in his absence, the Managing Director or Company Secretary, prior to undertaking such dealings. A register of notifications is to be kept by the Company Secretary.



POLICY AND PROCEDURES FOR COMPLIANCE WITH CONTINUOUS DISCLOSURE REQUIREMENTS

Compliance procedures for ASX Listing Rule Continuous Disclosure requirements have been adopted by the Company. It appoints several officers of the Company who are to be responsible for compliance. Its application covers the following areas:

- appointment of the responsible officer/s and description of their duties
- identifies area of risk for the Company
- provides guidelines for:
 - identifying disclosure material
 - monitoring share price movements
- guide for use of trading halts
- guide for decision making process
- details on record keeping
- education of Board and management
- confidentiality
- release of disclosure material
- updating of compliance procedures

ARRANGEMENTS REGARDING COMMUNICATION WITH AND PARTICIPATION OF SHAREHOLDERS

The Company maintains a website at www.try.com.au .

Under the web site heading "ASX" the Company makes the following information available on a regular and up to date basis:

- half year reports (for the last 3 years);
- annual reports (for last 3 years);
- company announcements (for last 3 years);
- quarterly reports (for last 3 years);
- Troy Report (for last 3 years).

Under the heading "Media" the Company provides copies of stockbroker reports, news articles and other press items.

Under the heading "Corporate Governance" the Company provides details of its Corporate Governance compliance with the Ten Essential Corporate Governance Principles and



details of the policies and charters that the Company has introduced. The Company's Environmental, Health, Safety and Community Reports are also posted under this heading.

In addition to posting information on its website, the Company sends copies of the following reports to its shareholders:

- Annual Report;
- Notice of Annual General Meeting and Proxy Form;
- Quarterly Report;
- Environmental, Health, Safety and Community Report (first Report July 2003);
- Troy Report.

Shareholder and other interested parties who wish to receive copies of information updates by email can send an email to troy@troyres.com.au to register to receive email information update.

COMPANY'S RISK MANAGEMENT POLICY AND INTERNAL COMPLIANCE AND CONTROL SYSTEM

The Company has developed a framework for risk management and internal compliance and control systems which covers organisational, financial and operational aspects of the Company's affairs. It appoints the Chief Executive Officer and the Managing Director as being responsible for ensuring that the systems are maintained and complied with.

PROCESS FOR PERFORMANCE EVALUATION OF THE BOARD, BOARD COMMITTEES, INDIVIDUAL DIRECTORS AND KEY EXECUTIVES

To date, informal reviews of the Board and its members have been conducted by the Chairman. The Board acknowledges the importance of establishing formal systems for performance evaluation and is in the process of developing and implementing these. The Company expects to formalise these in its 2004/2005 financial year.

