

ABN 20 109 361 195

## ASX Release

31 July 2014

## Alloy Resources Ltd

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Mount Pleasant WA 6153

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## Email:

info@alloyres.com

## Website:

www.alloyres.com

## Directors

Executive Chairman:

*Andy Viner*

Non-Exec Director

*Andre Marschke*

Non-Executive Director/Co Sec:

*Kevin Hart*

## Issued Capital

Shares:

*440,005,338*

Unlisted Options:

*12,500,000*

Performance Rights:

*1,166,666*

**ASX Symbol:** AYR

## JUNE 2014

## Quarterly Activities Report

### HIGHLIGHTS

#### *HORSE WELL GOLD PROJECT*

- A \$4M Farm-in Agreement over 3 years entered into with Doray Minerals Limited.
- First year non-withdrawal commitment of \$900,000 exploration including planned and permitted program defined by Alloy.
- WA Government Exploration Incentive Scheme grant awarded covering \$150,000 of direct drilling costs for initial permitted drill programs.
- Initial 300 metre deep Diamond Drill hole completed at Dusk til Dawn prospect in July.
- Up to 7,000 metres of regional air-core drilling planned to commence in August, testing priority targets at Crack of Dawn.

#### *BARRYTOWN PROJECT*

- Conditional \$300,000 Sale Agreement with JV Partner extended to 30 August 2014 settlement date.

#### *PROJECT GENERATION*

- With exploration activities for the next twelve months being fully funded and managed by Doray the Company has been actively seeking new Project opportunities.

Activities undertaken during the June 2014 quarter centred on actively pursuing exploration funding options for the Horse Well Gold Project where a large gold mineralised alteration system was confirmed at the Crack of Dawn Prospect.

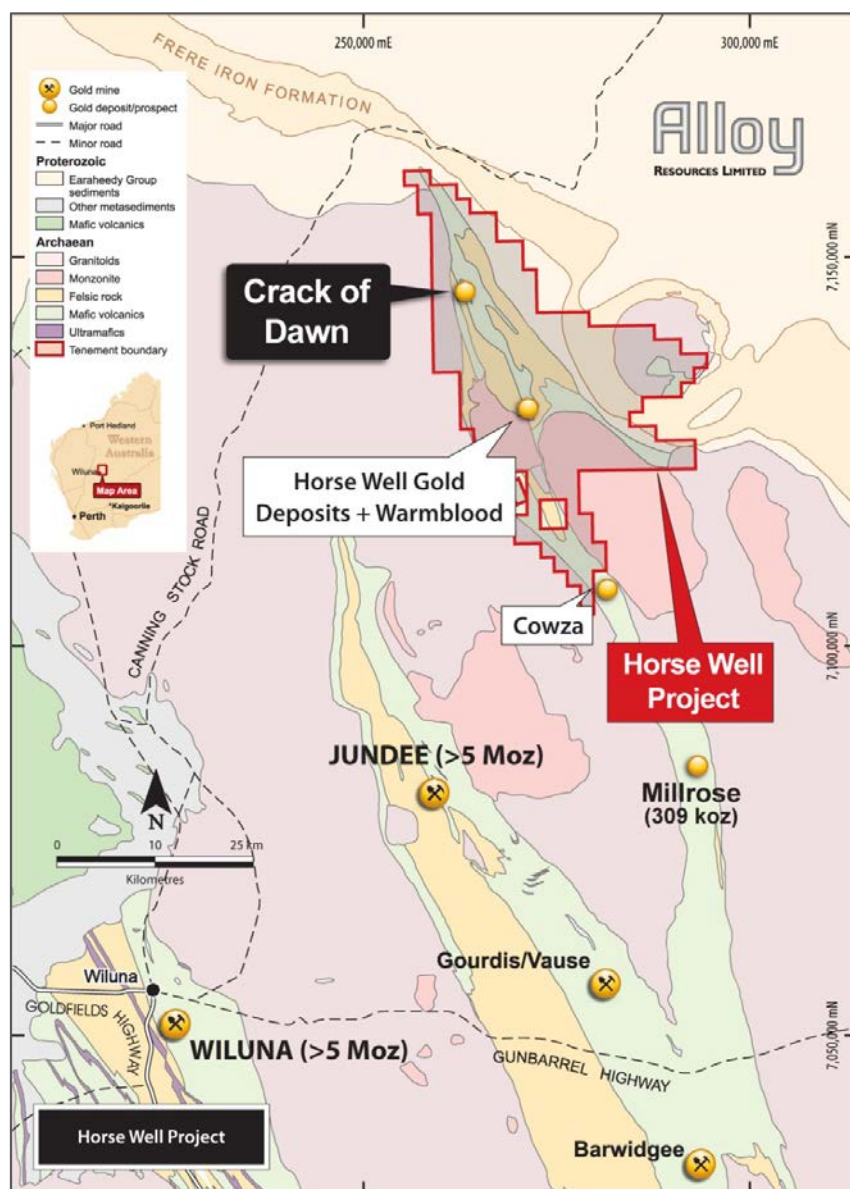
The project successfully attracted a new partner in Doray Minerals Limited ( 'Doray'), a Company with a track record of successfully discovering and developing gold projects.

The Farm-In Agreement with Doray ensures active exploration on the project for the next 12 months, with drilling having already commenced in July.

## HORSE WELL GOLD PROJECT

Alloy controls 950 km<sup>2</sup> of exploration tenements in the northern part of the Millrose Greenstone belt (Figure 1), located in the north-eastern goldfields of Western Australia. The Company owns the majority (~94%) of leases 100% and covers 50 strike kilometres of the belt.

A Mineral Resource of 100,000 ounces of gold has been established (Table 1 appended) and over the last two years exploration has extended the prospectivity for new gold discoveries along the entire greenstone belt. The Company is focussed on defining a significant new gold discovery similar to the >5Moz Jundee and Wiluna mining centres located in adjacent greenstone belts to the south.



**Figure 1** Horse Well project geology and prospect locations

## FARM-IN AGREEMENT

(refer ASX release on 23 May 2014 for full details)

During the Quarter negotiations with a number of third parties resulted in execution of a binding Heads of Agreement with Doray Minerals Limited ("Doray") on the 23 May 2014 to farmin to the Horse Well Gold Project on the following key Terms;

1. \$100k cash payment to Alloy at Commencement

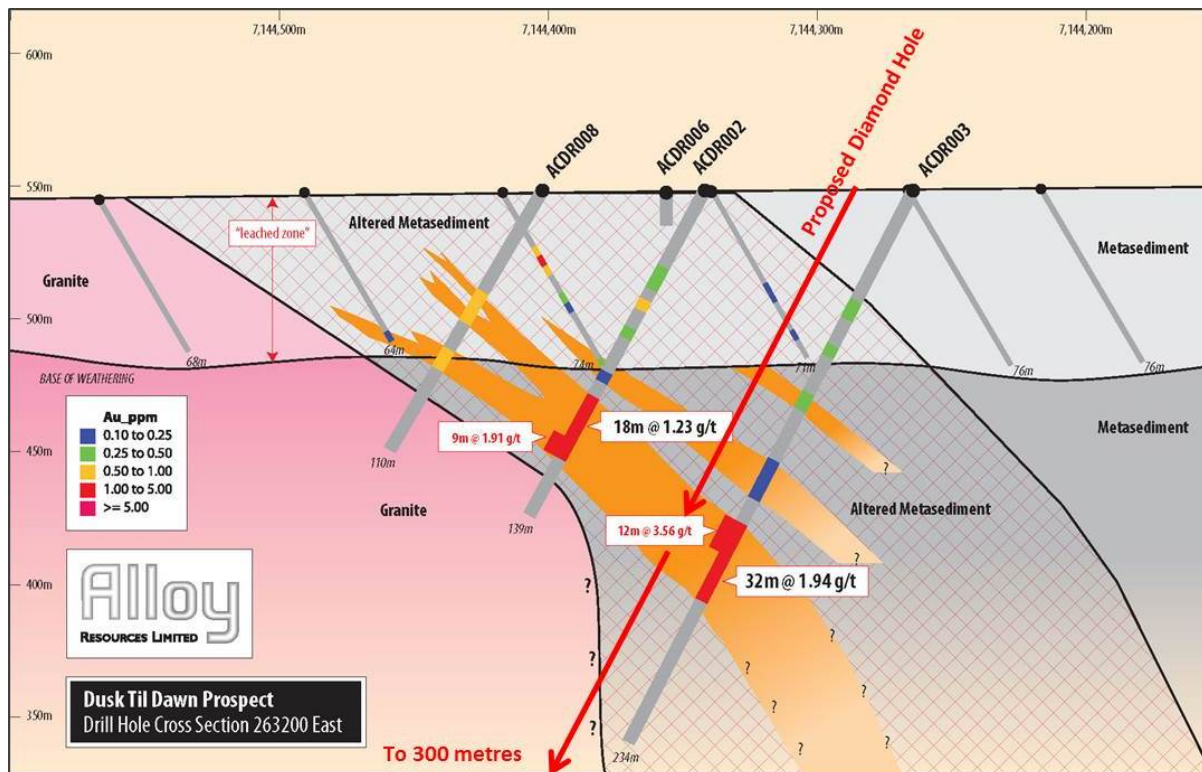
2. Doray to spend \$2M within 2 years to earn 60%
  - \$900k non-withdrawal expenditure within the first 12 months after Commencement.
  - Alloy to manage initial agreed field exploration programme.
3. JV to spend a further \$2M within 3 years of Commencement.
  - Alloy at this time can elect to contribute pro rata (at 40%) to this \$2M or dilute to 20% and be free carried through to completion of a Pre-Feasibility Study (PFS).
4. Alloy to contribute from PFS and beyond (i.e. DTM and operational JV) or reduce to a 1% NSR using an industry standard formula.

Doray commenced active exploration during July as part of the initial agreed field program outlined below. This program has also received the support of a Western Australian Department of Mines and Petroleum Exploration Incentive Scheme (EIS) grant for which the Company was recently selected for a \$150,000, 50% direct drilling cost grant. The drilling program available for 50% funding under the EIS includes;

1. A single 300 metre deep Diamond Drill hole at the Dusk til Dawn prospect, sited adjacent to hole CDR 003 which intersected 30m @ 2.00 g/t Au, as shown on Figure 2 below ( refer asx announcements on 14 October 2013 and 17 November 2013).
2. a 6,480 metre broad coverage air-core drill program over the Crack of Dawn regional target (shown in Figure 4 below), and
3. RC drilling of 960 metres into the Dusk til Dawn prospect.

#### COMPLETED EXPLORATION

Diamond drilling commenced at the Dusk til Dawn target on 15 July and was completed on 26 July, reaching the target depth of 300 metres as planned (Figure 3).



**Figure 2** Dusk til Dawn Prospect – Planned Diamond Drill hole - cross section



Geological logging has been completed and quarter core samples for the entire cored interval from 69.6 metres to 300 metres are expected to be submitted shortly.



**Figure 3**      *Diamond Drilling at the Dusk til Dawn Prospect*

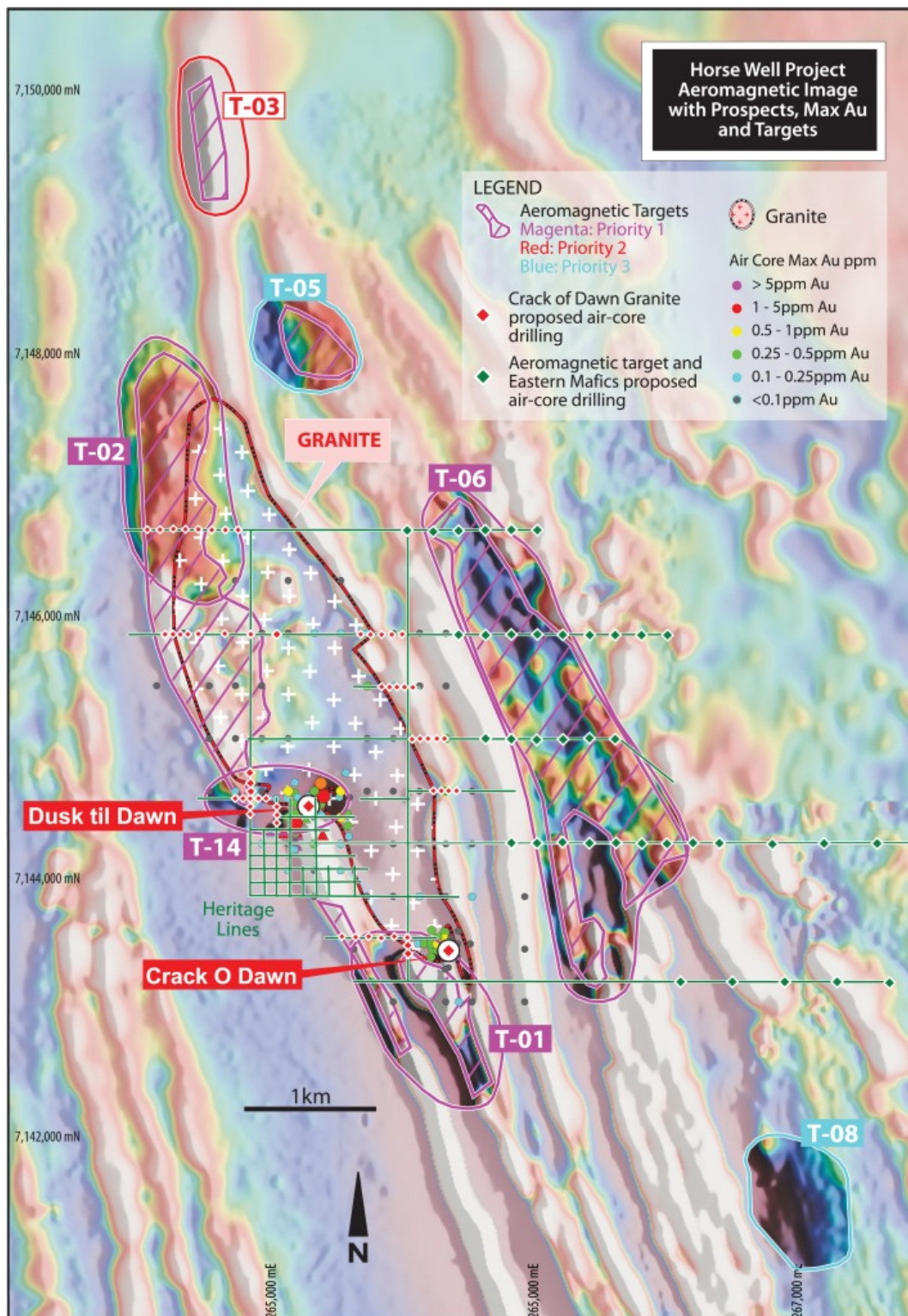
#### PLANNED ACTIVITIES

Following a review of results from the Dusk til Dawn diamond drill hole, final locations for regional air-core drilling at Crack of Dawn will be defined. A program of 6,500 to 7,000 metres is planned to commence in August utilising permitted drill lines as shown on Figure 4 below.

Air-core drilling will target three main areas;

- Testing 14 kilometre long granite contact prospective for 'Granny Smith' style gold mineralisation
- Testing 4 km long T-06 'de-magnetised zone target
- Testing strongly faulted eastern mafic sequence adjacent to the Celia shear zone

At least 1,000 metres of RC drilling testing the Dusk til Dawn prospect and possibly additional new and existing targets is planned to commence in September following receipt of air-core drill assays.



**Figure 4** Crack of Dawn regional targets – current planned air-core drilling



## **BARRYTOWN**

Pacific Mineral Resources (PMRL) is continuing to earn an 80% interest by completing a pre-feasibility study within two years. PMRL have significantly advanced a Scoping level study of a conventional dredge based mineral sand mining development and are planning to recommence definition and metallurgical drilling in the September quarter.

On the 28 March 2014 the Company announced that it had accepted an offer from PMRL to purchase all of its interest in the project by payments totalling \$375,000. A final payment of \$300,000 is payable on or before Settlement which has recently been extended to the 30 August 2014.

## **CORPORATE**

On the 30 June Mr Peter Harold stepped down from his position as Chairman of the Company.

Mr Andrew Viner has taken the role of Executive Chairman.

During late June and early July the Company conducted an extensive Australia-wide presentation of the Company's new strategy to Stockbrokers and Investors following the commencement of the Doray Farm-in Agreement with Doray Minerals Limited.

***For further information contact:***

**Andy Viner**

Executive Chairman.

Phone: +61 8 9316 9100

[www.alloyres.com](http://www.alloyres.com)

## Exploration Results

The information in this report which relates to Exploration Results is based on information compiled by Andrew Viner, a Director of Alloy Resources Limited and a Member of the Australasian Institute of Mining and Metallurgy. Mr Viner has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves." Mr Viner consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

Mr Viner is a shareholder and option holder of Alloy Resources Limited.

## Mineral Resources

The resources in this release are based on work carried out by Dr. S. Carras FAusIMM of Carras Mining Pty Ltd. Dr. Carras has 30 years of experience which is relevant to the style of mineralisation and 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 "Australian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves" and consents to the inclusion in this report of the information in the form and context in which it appears.

**Table 1 Horse Well Mineral Resources (JORC 2004)**

PROJECT	PROSPECT	JORC CATEGORY	TONNES	GRADE (g/t Au)	OUNCES Au
Horse Well	Palomino	indicated	656,000	2.52	53,150
		Inferred	105,000	3.71	12,525
	Bronco	indicated	41,400	1.59	2,117
	Filly	indicated	161,300	1.56	8,091
	Filly SW	indicated	90,400	7.85	22,817
<b>Total</b>			<b>1,054,100</b>	<b>2.91</b>	<b>98,700</b>

(This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last updated.)

**TENEMENT INFORMATION AS REQUIRED BY LISTING RULE 5.3.3**

Project	Location	Tenement	Held at the beginning of the quarter	Held at the end of the quarter
(All tenements registered to Alloy Resources Limited except where noted below)				
<b>Horse Well</b>				
Eskay Resources Pty Ltd 100%	WA	E69/1772	100%	100% <sup>+</sup>
<i>(Eskay Resources Pty Ltd is a wholly owned subsidiary of Alloy Resources Limited)</i>				
Alloy Resources Limited - Granted	WA	E53/1466	100%	100% <sup>+</sup>
Alloy Resources Limited - Granted	WA	E53/1471	100%	100% <sup>+</sup>
Alloy Resources Limited - Granted	WA	P53/1524	100%	100% <sup>+</sup>
Alloy Resources Limited - Granted	WA	P53/1525	100%	100% <sup>+</sup>
Alloy Resources Limited - Granted	WA	P53/1526	100%	100% <sup>+</sup>
Alloy Resources Limited - Granted	WA	E69/2765	100%	100% <sup>+</sup>
Alloy Resources Limited - Granted	WA	E69/3069	100%	100% <sup>+</sup>
Wayne Jones – Alloy Earned Interest <sup>^</sup> Awaiting transfer of interest	WA	E69/2492	100% <sup>^</sup>	100% <sup>^+</sup>
Phosphate Australia Limited <sup>*</sup> Alloy Earning Interest	WA	E69/2820	Earning up to 80% <sup>*</sup>	Earning up to 80% <sup>++</sup>
<sup>+</sup> subject to Doray farmin Agreement				
<b>Barwidgee</b>				
Alloy Resources Limited - Granted	WA	E53/1739	100%	100%
Alloy Resources Limited - Granted	WA	E53/1743	100%	100%
Alloy Resources Limited - Application	WA	E53/1803	0%	0%
<b>Barrytown Mineral Sands Project</b>				
Alloy Resources Limited - Granted	New Zealand	EL 51803	100%	100% <sup>**</sup>
<sup>**</sup> Subject to farm-out of 80% interest and Sale Agreement to Pacific Mineral Resources				



# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

ALLOY RESOURCES LIMITED

ABN

20 109 361 195

Quarter ended ("current quarter")

30 June 2014

### Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (12 months) \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration and evaluation	(134)	(783)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(81)	(388)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	3	15
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other	-	-
<b>Net Operating Cash Flows</b>		<b>(212)</b>	<b>(1,156)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of: (a)prospects	-	-
	(b)equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of: (a)prospects	25	75
	(b)equity investments	-	-
	(c)other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other - Horsewell Farm-in	100	100
	Other - Security Deposit	-	10
<b>Net investing cash flows</b>		<b>125</b>	<b>185</b>
1.13	Total operating and investing cash flows (carried forward)	<b>(87)</b>	<b>(971)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(87)	(971)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	1,194
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – Share Issue Expenses	-	(64)
	<b>Net financing cash flows</b>	-	1,080
	<b>Net increase (decrease) in cash held</b>	(87)	109
1.20	Cash at beginning of quarter/year to date	520	324
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>433</b>	<b>433</b>

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	104
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

- i) Directors Fees and Remuneration of Directors- \$69,126
- ii) Accounting, company secretarial and occupancy fees paid to Endeavour Corporate an entity related to Mr Kevin Hart - \$35,027

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

NIL

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

- Non-refundable farm-in payment of \$25,000 (\$75,000 YTD) received from Pacific Mineral Resources for the sale of Barry Town Minerals as announced 28 March 2014.
- \$100,000 received from Doray Minerals for commencement of the Horsewell Farm-in Agreement as announced 23 May 2014.

+ See chapter 19 for defined terms.

### Financing facilities available

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	60
4.2 Development	
4.3 Production	
4.4 Administration	70
<b>Total</b>	<b>130</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	433	520
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>433</b>	<b>520</b>

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	nil			
6.2 Interests in mining tenements acquired or increased	E53/1803	application	0%	0%

+ See chapter 19 for defined terms.



**Appendix 5B**  
**Mining exploration entity quarterly report**

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**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference +securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	440,005,338	440,005,338		Fully paid
7.4 Changes during quarter (a) Increases through: Shares Issued				
7.5 <b>+Performance Share Rights</b> <i>(description)</i>	1,166,666	-	Vesting equally over 3 years and expiring on 21 June 2015.	
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	3,500,000 7,000,000 2,000,000	- - -	<i>Exercise price</i> 4.5 cents each 1.5 cents each 1.2 cents each	<i>Expiry date</i> 30 August 2015 30 November 2016 30 September 2014
7.8 Issued during quarter				
7.9 Exercised during quarter	-	-	-	-
7.10 Cancelled during quarter	2,000,000	-	1.5 cents each	30 November 2016
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				

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+ See chapter 19 for defined terms.

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:  
(Director/Company secretary)

Date: 31 July 2014

Print name: **Kevin Hart**

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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