



ABN 20 109 361 195

**ASX Release**

24 October 2014

**Alloy Resources Ltd**

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**Directors**

Executive Chairman:

*Andy Viner*

Non-Exec Director

*Andre Marschke*

Non-Executive Director/Co Sec:

*Kevin Hart*

**Issued Capital**

Shares:

*444,297,004*

Unlisted Options:

*10,500,000*

**ASX Symbol:** AYR

## SEPTEMBER 2014

### Quarterly Activities Report

#### HIGHLIGHTS

##### **HORSE WELL GOLD PROJECT**

- Doray Minerals Limited commenced exploration under a \$4M Farm-in Agreement over 3 years.
- A reconnaissance Diamond Drill hole completed at the Dusk til Dawn prospect intersects a major gold bearing structure;
  - **120 metres @ 0.60 g/t Au from 105 metres**
- A regional air-core drilling program of 7,172 metres completed over the regional Crack of Dawn target during August and September.

##### **BARRYTOWN PROJECT**

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

##### **PROJECT GENERATION**

- With exploration activities for the next twelve months fully funded and managed by Doray the Company is reviewing a number of new Project opportunities.

Activities undertaken on the Company's projects during the September 2014 quarter were centred on exploration at the Horse Well Gold Project where Joint Venture partner Doray Minerals Limited commenced the initial planned and permitted exploration programs as part of their first year non-withdrawal commitment of \$900,000 in exploration funding.

The Company has actively reviewed numerous new Project opportunities during the quarter.

Market conditions continue to be difficult for funding of new opportunities which in turn has focussed project generation efforts on only very high value and low-cost of entry projects.

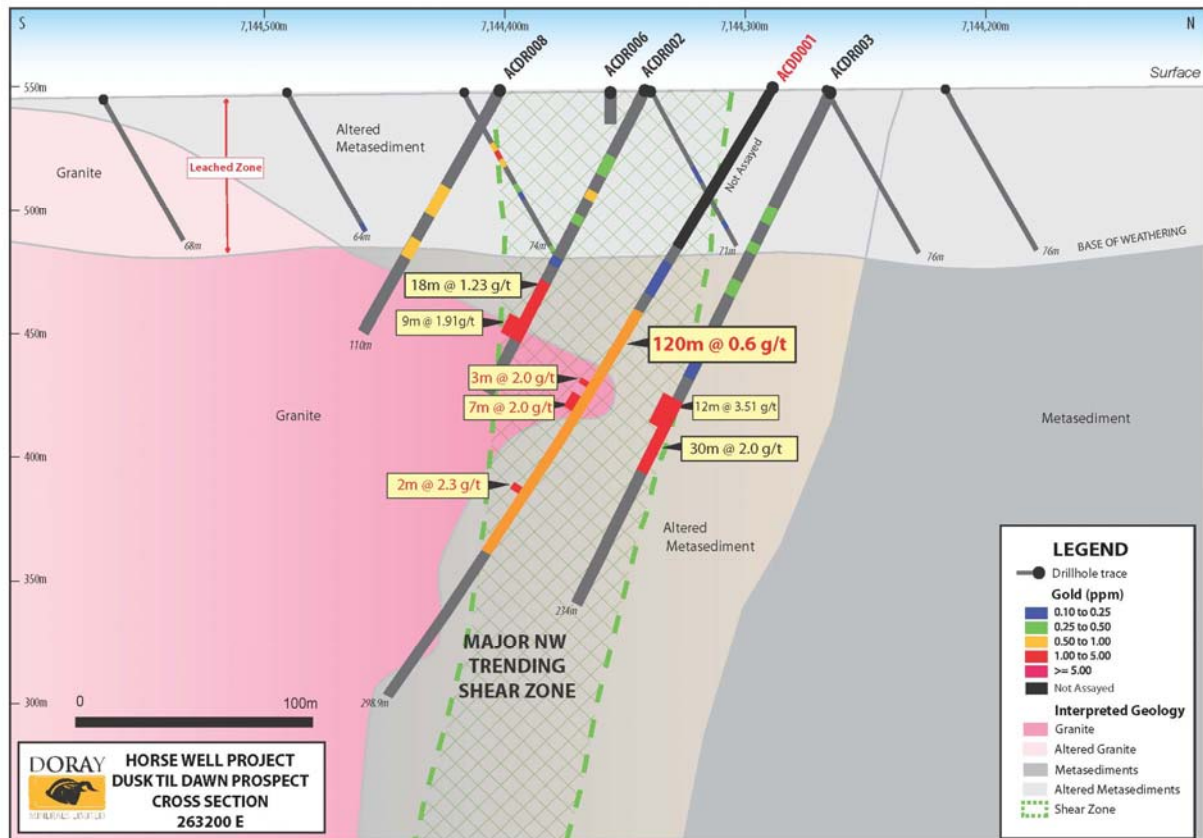
## HORSE WELL GOLD PROJECT

### COMPLETED EXPLORATION

#### *Diamond Drilling*

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). As released to the market on the 10 September 2014, this hole was successful in **intersecting 120 metres @ 0.60 g/t from 105 metres** depth down hole (Figures 1 and 2 below).

This intersection has confirmed a major gold mineralised structure is present at Dusk til Dawn associated with a granite contact which is similar to a “Granny Smith deposit” style.



**Figure 1** Dusk til Dawn Prospect – Diamond Drill hole cross-section

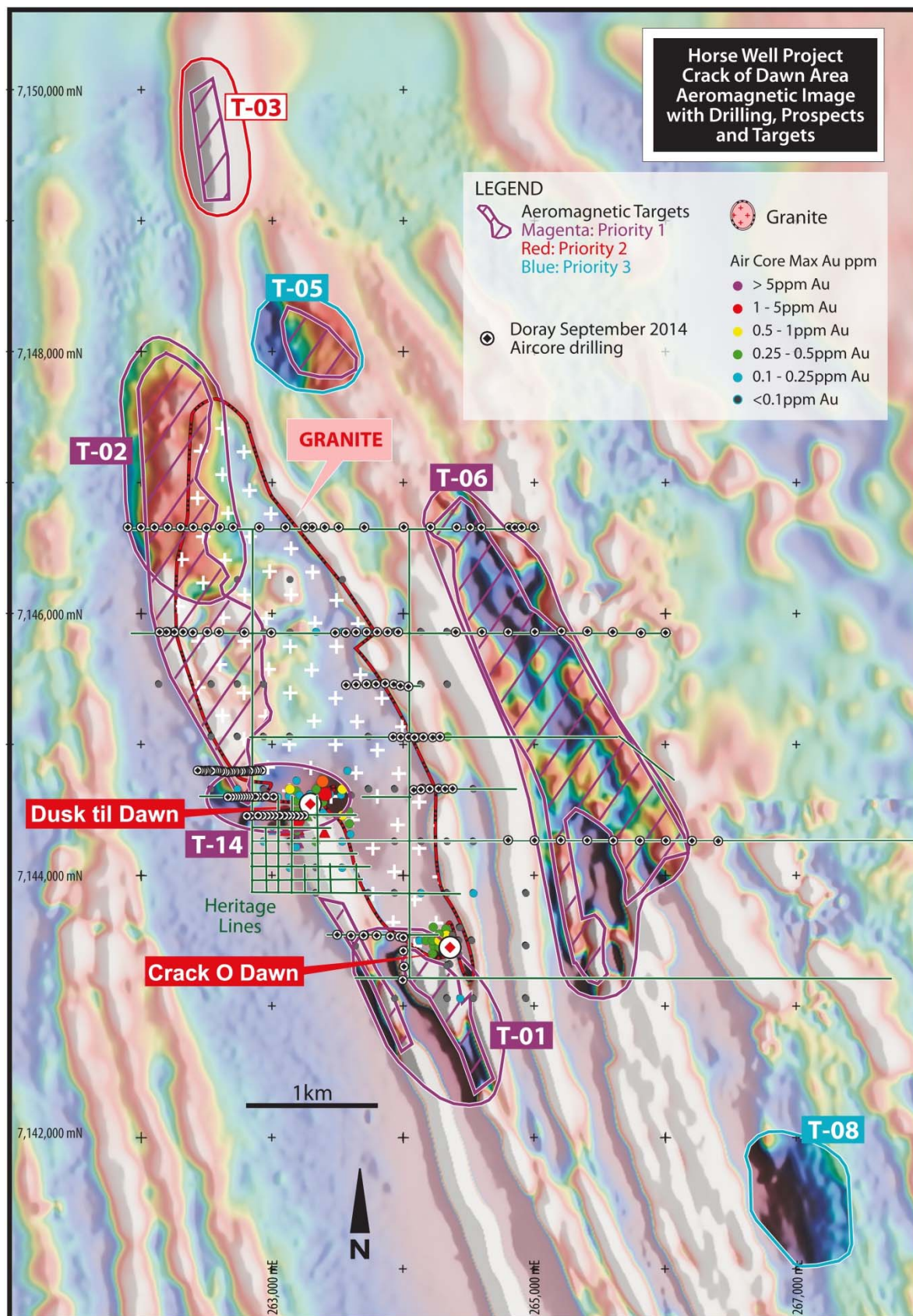
The information gained from this hole suggests the focus of gold may be along the structure to the north-west where aeromagnetic data indicates a ‘bend’ in the orientation of the granite contact and widespread regional alteration is now likely to be part of a major gold mineralising system.

#### *Air core drilling*

As part of Doray’s commitment to complete a planned and permitted program of air-core drilling to test the regional Crack of Dawn area, a large program was completed during September and early October.

At Dusk til Dawn three traverses of 64 closely spaced air-core holes were drilled to the north west of the diamond hole to intersect the trend of gold mineralisation for a total of 2908 metres. The vast majority of holes intersected the expansive Outer alteration zone.

Regional traverses of holes were also completed testing the granite contact along its entire 14 kilometre contact, and also the 4 kilometre long T-06 ‘de-magnetised zone’ target. This program included 83 holes for 4,264 metres and logging has confirmed extensive areas with Outer alteration as expected, including the T-06 target. The location of holes is shown on Figure 2.



**Figure 2** Crack of Dawn regional targets on aeromagnetics – completed air-core drilling plan

A total of 2,036 samples have been submitted for analysis of gold and a number of pathfinder elements. Four metre composite samples were collected, and any anomalous samples will be re-analysed at 1 metre intervals.

## PLANNED EXPLORATION

Upon receipt of assay results from the recently completed air-core drill program Doray may decide to continue exploration with follow-up RC and/or air-core drilling. The Company will inform the market of any plans as this becomes known.

## BARRYTOWN

On the 4 September 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 been extended to the 30 November 2014.

***For further information contact:***

**Andy Viner**

Executive Chairman.

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[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	WA	E69/2820	0%	80% <sup>+</sup>
<i>* subject to Doray farmin Agreement</i>				
<b>Barwidgee</b>				
Alloy Resources Limited - Granted	WA	E53/1739	100%	0%
Alloy Resources Limited - Granted	WA	E53/1743	100%	0%
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%**
<i>** Subject to farm-out of 80% interest and Sale Agreement to Pacific Mineral Resources</i>				

# 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 Sept 2014

### Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (3 months) \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration and evaluation	(115)	(115)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(98)	(98)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	2	2
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other	-	-
<b>Net Operating Cash Flows</b>		<b>(211)</b>	<b>(211)</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	-	-
	(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	103	103
	Other - Security Deposit	-	-
<b>Net investing cash flows</b>		<b>103</b>	<b>103</b>
1.13	Total operating and investing cash flows (carried forward)	<b>(108)</b>	<b>(108)</b>

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (brought forward)	(108)	(108)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
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	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(108)	(108)
1.20	Cash at beginning of quarter/year to date	433	433
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>325</b>	<b>325</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	86
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- \$69,968   |
| ii) | Accounting, company secretarial and occupancy fees paid to Endeavour Corporate an entity related to Mr Kevin Hart - \$16,501 |

**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

3,125,000 shares issue to Phosphate Australia Limited as part settlement of tenement acquisition costs as announced to ASX on 4 September 2014.
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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

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+ 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	50
4.2 Development	
4.3 Production	
4.4 Administration	50
<b>Total</b>	<b>100</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	325	433
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>325</b>	<b>433</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	E53/1739 E53/1743	Relinquished Relinquished	100% 100%	0% 0%
6.2 Interests in mining tenements acquired or increased	E69/2820	Acquired	0%	80%

## 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.

+ See chapter 19 for defined terms.

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

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	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>	443,130,338	443,130,338		Fully paid
7.4 Changes during quarter (a) Increases through: Shares Issued	3,125,000	3,125,000	Issued as part-purchase price of tenement	
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	- -	<i>Exercise price</i> 4.5 cents each 1.5 cents each	<i>Expiry date</i> 30 August 2015 30 November 2016
7.8 Issued during quarter				
7.9 Exercised during quarter	-	-	-	-
7.10 Cancelled during quarter	2,000,000	-	1.2 cents each	30September 2014
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.



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Sign here:  
(Director/Company secretary)

Date: 24 October 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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