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ASX Release

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Alloy Resources Ltd

Suite 6, 7 The Esplanade
Mount Pleasant WA 6153

Tel: +61 8 9316 9100

Fax: +61 8 9315 5475

Email:

info@alloyres.com

Website:

www.alloyres.com

Directors

Executive Chairman:
Andy Viner

Non-Exec Director
Andre Marschke

Non-Exec Director/Co Sec:
Kevin Hart

Issued Capital

Shares:
716,993,360

Unlisted Options:
9,000,000

ASX Symbol: AYR

Exploration commences at Ophara Cobalt Project

- **Ground Magnetic Survey to define extensions to Great Goulburn Cobalt-Gold prospect commences**
- **Ground Magnetic Survey will cover a 6km by 2 km area**
- **Soil Sampling program to be undertaken across survey area**
- **Exploration designed to define new drilling targets along strike from known mineralisation**
- **Plans for RC drill testing at the Great Goulburn prospect in late January are well advanced**

Summary

Alloy Resources Limited (ASX: **AYR**, **Alloy** or the **Company**) is pleased to advise that the Company has commenced field programs at the Great Goulburn Copper-Gold Project (**Great Goulburn**) located some 50 kilometres west of Broken Hill in New South Wales.

The Company has reviewed data and conducted field reconnaissance of cobalt-gold mineralisation at Great Goulburn and has designed an exploration program to test for extensions to this known mineralisation.

The prospect area has limited outcrop, which mostly coincides with the known mineralisation that occurs as gossans on two small hills. The Cobalt-Gold mineralisation is known from previous drilling to be closely associated with magnetite and pyrite at depth.

A small historical ground magnetic survey highlighted the known mineralised area through definition of subsurface magnetic anomalies. Regional aeromagnetic surveys indicate that there are elevated magnetic areas along strike from the Great Goulburn mineralised area. These elevated magnetic areas are under thin soil cover and warrant more detailed magnetic surveying to outline potential new mineralised areas.

In addition, soil sampling and rock chip sampling defined mineralisation around this outcropping area and field inspection in November suggested that the area along strike is likely to suit conventional soil sampling over large parts.

Project Location and Regional Geology

The project area lies adjacent to the South Australian border west of Broken Hill in New South Wales in an area which is known to have significant Cobalt mineralisation in the southern Curnamona Craton, with large resources defined at the Mutooroo and Thackaringa deposits (Figure 1). The Thackaringa deposits are now controlled by recent IPO Cobalt Blue Holdings Limited, bringing a strong focus on Cobalt development in this region.

Within the Ophara Project there is an advanced prospect, the Great Goulburn prospect, which is the focus of the Company's initial exploration efforts. This prospect has similarities to the adjacent Cobalt occurrences however it is unique in having low-copper and high-gold mineralisation associated with the Cobalt.

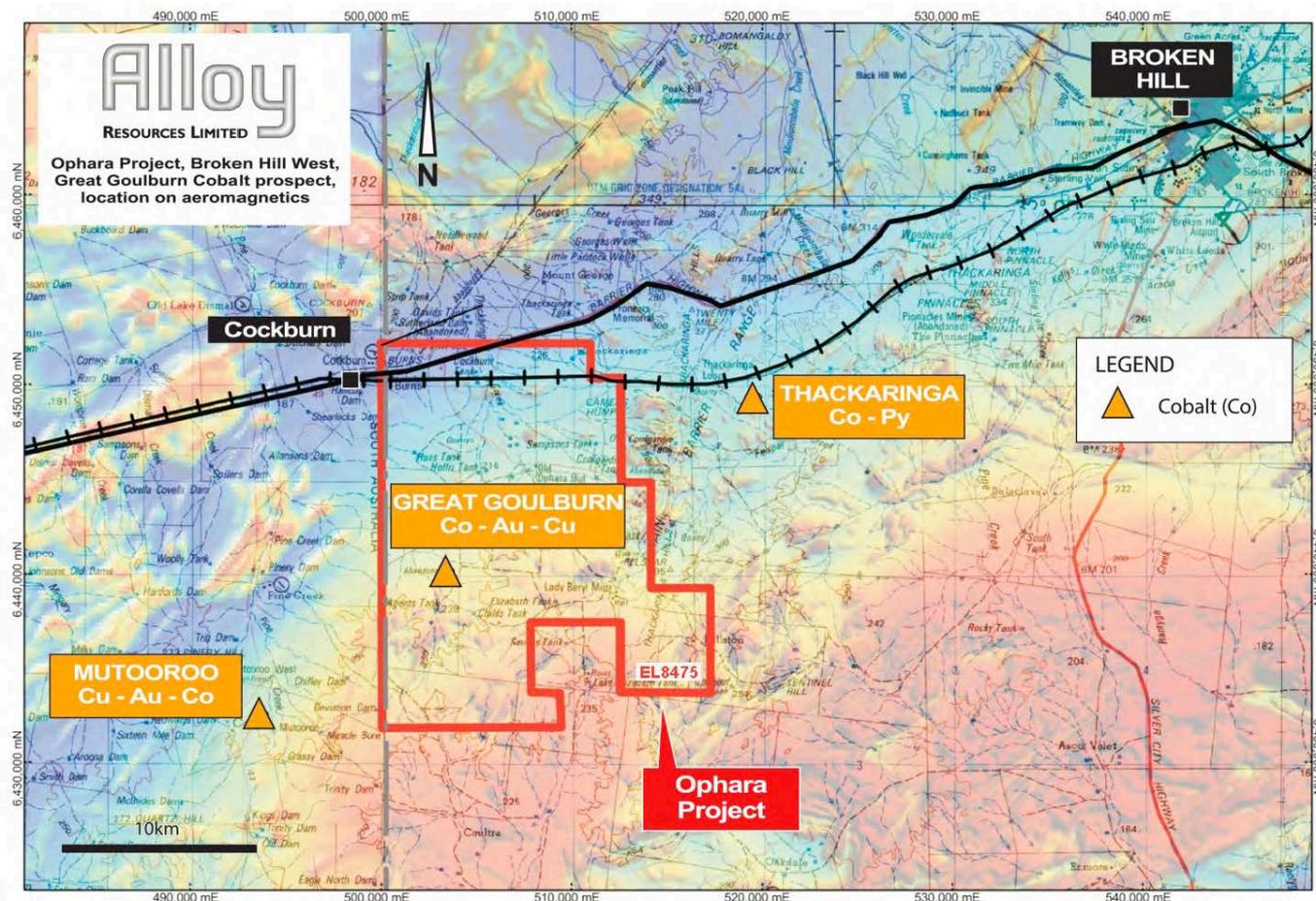


Figure 1 Location of Ophara EL 8475 on aeromagnetics showing Cobalt deposits

Planned Exploration

Great Goulburn Prospect (data sources defined in ASX release 31 October 2016)

The Company is focused on testing the extent of Cobalt-Gold mineralisation at Great Goulburn. Whilst the exact nature of the mineralisation is poorly understood, the correlation with 'stratabound' magnetite offers an excellent target which can be mapped below soil and thin cover by magnetic surveying.

The second feature of the mineralisation is a strong soil and rock chip anomaly at the prospect which shows the extent of mineralisation by a combination of elements including Gold, Cobalt, Copper and Molybdenum.

Figure 2 shows the type of terrain in the prospect area.



Figure 2 *Main Great Goulburn prospect area*



Figure 3 *Inspecting old workings at the Great Goulburn Prospect.*

Ground Magnetic Survey

A seventy-two (72) line kilometre ground magnetic survey has been designed to define the trend of the host quartz-magnetite unit within a 6km by 2km area where aeromagnetic data indicates the unit may continue – see Figure 4 below. Data will be collected continuously along north-south lines spaced 100 metres apart.

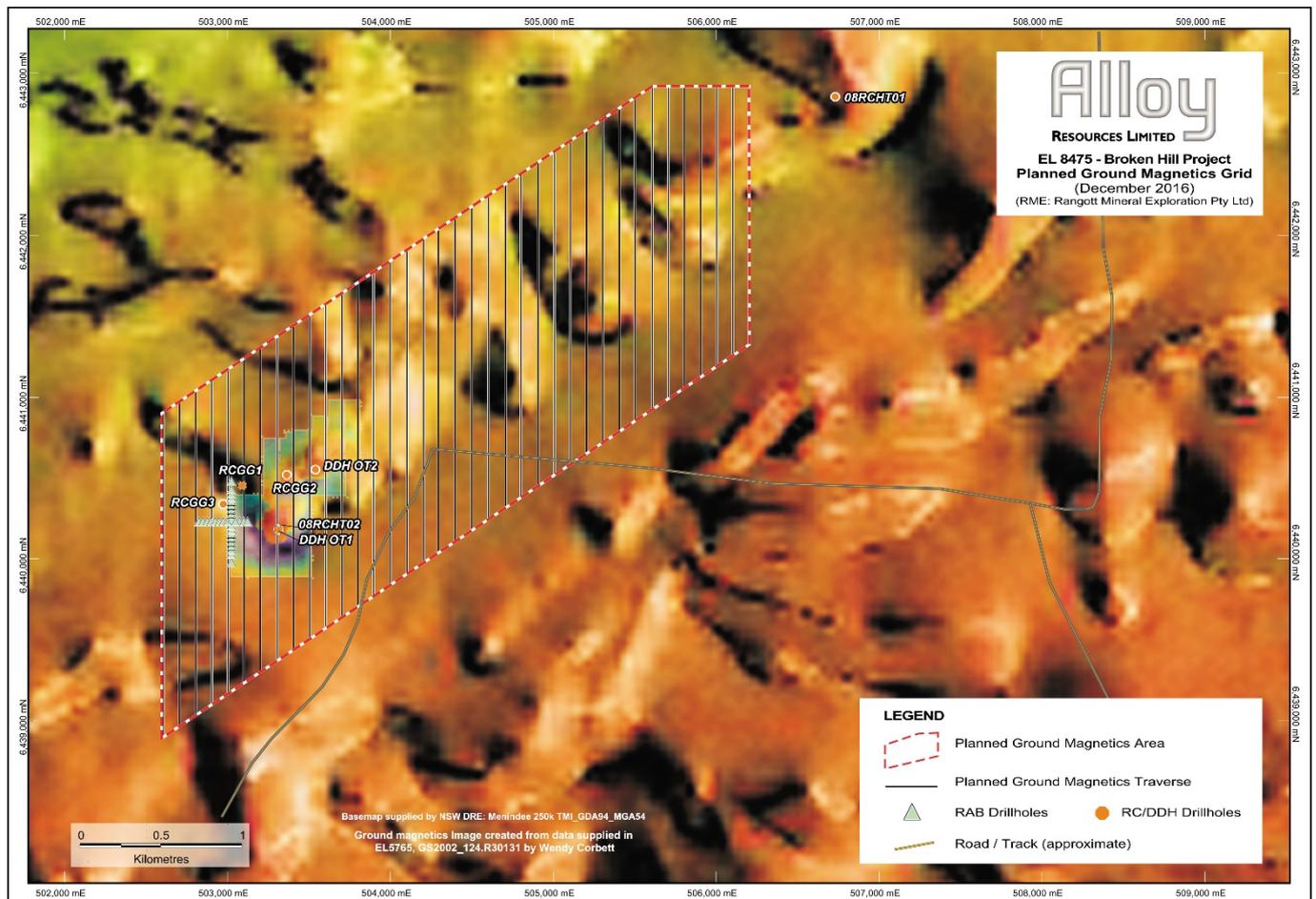


Figure 4 *Planned ground magnetic survey at the Great Goulburn prospect on regional aeromagnetics and showing old prospect area survey*

Soil Sampling

At the same time as the ground magnetic survey is being completed soil sampling will also be undertaken along the same lines at a spacing of 80 metres. Samples will only be taken where residual soils are present and this is expected to occur in 60-70% of the target area. Approximately 300-400 samples will be collected.

Anticipated outcome of Programs

The Company believes that Great Goulburn is only a small outcrop of a much larger mineralised system and this work is expected to map the prospective unit and define the location of mineralisation suitable for initial RAB drill testing.

Planned RC Drilling at Great Goulburn

There have been six historical drill holes completed at Great Goulburn (see ASX release 31 October 2016), and four intersected significant cobalt-gold mineralisation over a wide spacing. The Company is well advanced in planning for an RC drill program in late January 2017 at Great Goulburn which will complement previous drilling and aim to better define the mineralisation over approximately a 1 kilometre strike. Some of the planned holes will also seek to explain the nature of extensive gossanous quartz veined structures with anomalous rock chip samples that have not previously been tested by drilling.

Executive Chairman Andy Viner commented, “We are pleased to have recently received investor support for funding of exploration at this exciting Cobalt project. Given recent activity in the area we think Broken Hill is going to be in focus for Cobalt investors over the coming years”.

“Our initial exploration programs are designed to test for extensions to the known cobalt-gold mineralisation, and I believe we have the potential to prove up a much larger target than originally thought”, he said.

Andy Viner

Executive Chairman

Phone: +61 8 9316 9100

www.alloyres.com

Exploration Results

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 they are 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.