Ophara Project Drilling returns highest grade Gold and Cobalt results to date

- **Results received from the first 3 holes of a 12-hole infill and extension drilling program at the Great Goulburn Prospect.**
- **Drilling returns highest grade gold and cobalt results to date with peak values of 0.26% Cobalt and 1.12 g/t Gold:**
  - **AORC004 - 6 metres @ 0.2% Cobalt and 0.41 g/t Gold, from within 12m @ 0.15% Co and 0.35 g/t Au.**
- **Mineralisation found outside of expected geological target area offering strong scope for additional zones of mineralisation**
- **Full drill results expected by the end of February**

Summary

Alloy Resources Limited (ASX: **AYR**, **Alloy** or the **Company**) is pleased to advise that the Company has recently completed an RC drill program at the Ophara Project located 50 kilometres west of Broken Hill in New South Wales.

A 12 hole RC drill program for a total of 1,208 metres was designed to define the strike and depth potential of the known cobalt-gold mineralisation at the Great Goulburn prospect.

Significant results received to date include:

- **AORC004** – **12m @ 0.15 % Cobalt and 0.29 g/t Gold from 57 – 69m** including:
  - **6m @ 0.2% Cobalt and 0.41 g/t Gold from 59m**
- **AORC009 – 5m @ 0. 1 % Cobalt and 0.31 g/t Gold from 60 – 65m**
- **AORC012** – **19m @ 0.1 % Cobalt and 0.27 g/t Gold from 92 – 111m, i**ncluding:
  - **6m @ 0.11% Cobalt and 0.35g/t Gold** from 95 – 101m **and**
  - **6m @ 0.12% Cobalt and 0.29 g/t Gold** from 105 – 111m

Results received so far include the highest grade gold and cobalt results received from the Project to date and combined with the definition of new unexpected areas of mineralisation, indicate the potential for widespread gold-cobalt mineralisation within the Great Goulbourn Project area.

All remaining drill sample results, along with a number of rock chip samples, are expected to be received before the end of February.

ASX Release
22 February 2017

Alloy Resources Limited
ABN 20 109 361 195

ASX Code
AYR

Executive Chairman
Mr Andy Viner

Non-Exec Director
Mr Allan Kelly

Non-Exec Director/Co Sec
Mr Kevin Hart

Issued Shares
966,993,360

Unlisted Options
29,000,000

Email
info@alloyres.com

Website
www.alloyres.com

Principal Office
+61 (8) 9322 9903
Level 3, 35 Havelock St
West Perth WA 6005

Postal & Registered Office
+61 (8) 9316 9100
Suite 6, 7 The Esplanade
Mt Pleasant WA 6153

Great Goulburn RC drill program

Drill hole locations

Drilling tested the quartz-magnetite geological units inferred to host the gold-cobalt mineralisation. This interpretation was based on compilation of the historical geological mapping, rock chip sampling, geophysical surveys and six previous drill holes.

Figure 1 shows the location of holes and intersections from old holes and the three recently assayed new holes. The base image is from Alloy's recent Ground magnetic survey where the brighter red-purple-white areas are highly magnetic and define the subsurface location of the prospective quartz-magnetite geological unit.

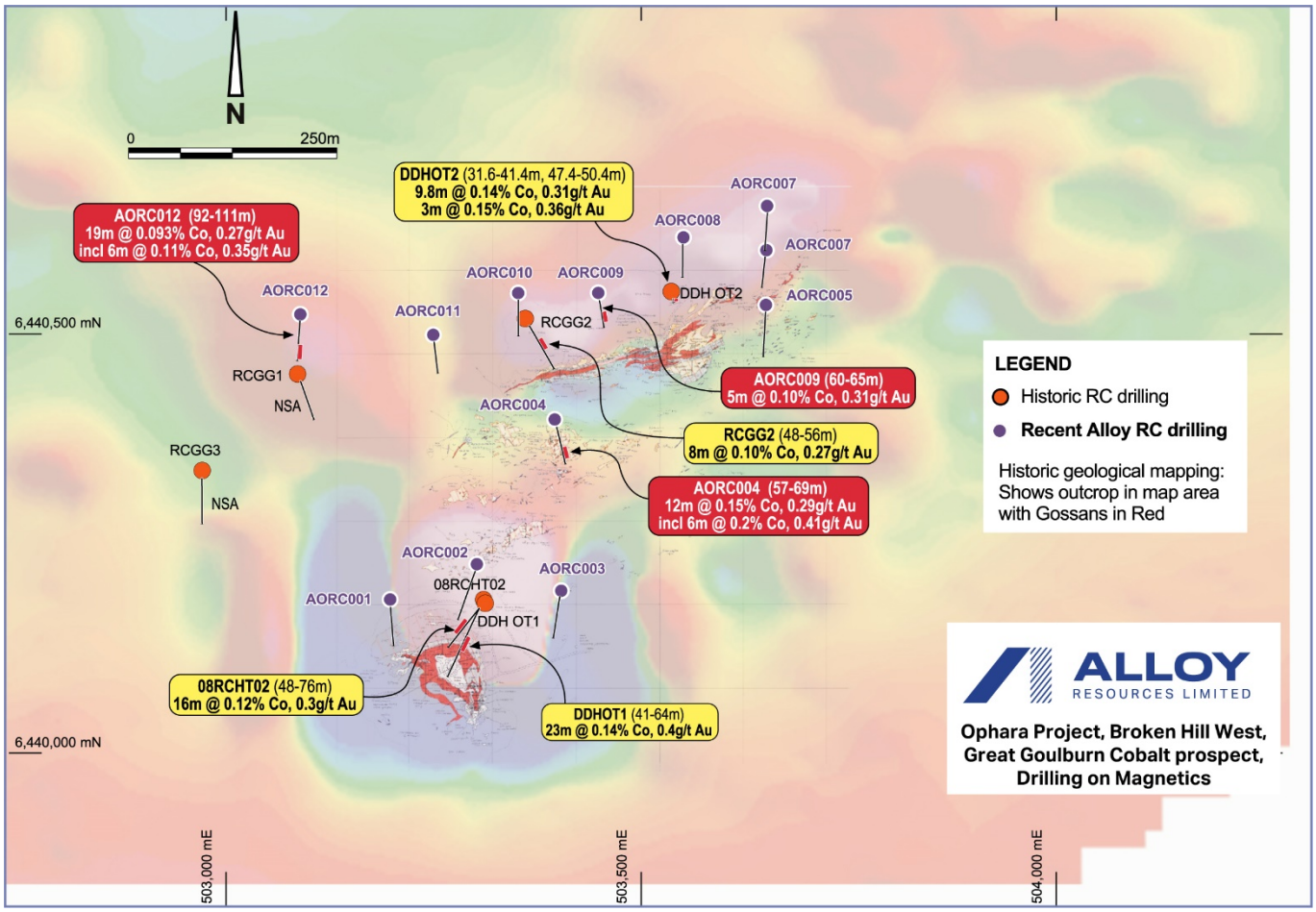

Figure 1: *RC drill hole locations with assay intersections on an image of Nov 2016 ground magnetic survey.*

Drill hole sample results

A total of 809 samples from 12 RC holes were submitted for analysis of Gold, Cobalt, Copper, Lead, Zinc, Silver, Arsenic, Iron and Sulphur at a laboratory in Orange, New South Wales. These elements appear to be the primary ones associated with mineralisation which is strongly related to iron-sulphides which is predominantly pyrite.

Due to a high number of samples from clients in the area, the laboratory was only able to fast-track an initial batch of 219 samples which were selected from holes AORC004, AORC009 and AORC012 by the consulting geologists based on logged potential mineralisation.

Significant results are shown below in Table 1.

Executive Chairman Andy Viner commented "Whilst it is early days, these initial results are starting to show that there is widespread Cobalt-gold mineralisation in the Great Goulburn prospect area. What encourages me the most is that holes AORC004 and AORC012 were testing away from the known quartz-magnetite unit and they have both delivered new zones of mineralisation – opening up further areas for definition of mineralisation".

All holes have been surveyed by down hole geophysical methods and this information strongly suggests that both magnetic and electromagnetic techniques will be applicable to future Project exploration.

Geological Interpretation and Further Work

Mr Viner said “We have nearly 1 kilometre strike of the obvious quartz-magnetite hosted mineralisation. Thickness appears to vary from 5 to 25 metres, and grades appear to approximate 0.13% Co and 0.35 g/t Au. Mineralisation has now been intersected down to depths of 111 metres down hole and appears to dip extensively to the north as shown by ground electromagnetics and magnetics”.

“The results received suggest that there are controls on the location of mineralisation that are not yet well understood,” Mr Viner added.

The cross-section in Figure 2 illustrates the possible geometry of mineralisation intersected to date.

Hole AORC004 was drilled because there were mapped and sampled gossanous quartz veins and magnetite rich rocks that had returned elevated Cobalt, Gold and Copper rock chip assays. A distinct sulphide rich black quartz-magnetite rock coincides with good mineralisation and it is not known what the geometry of this zone is although a fold repetition of the main unit is possible.

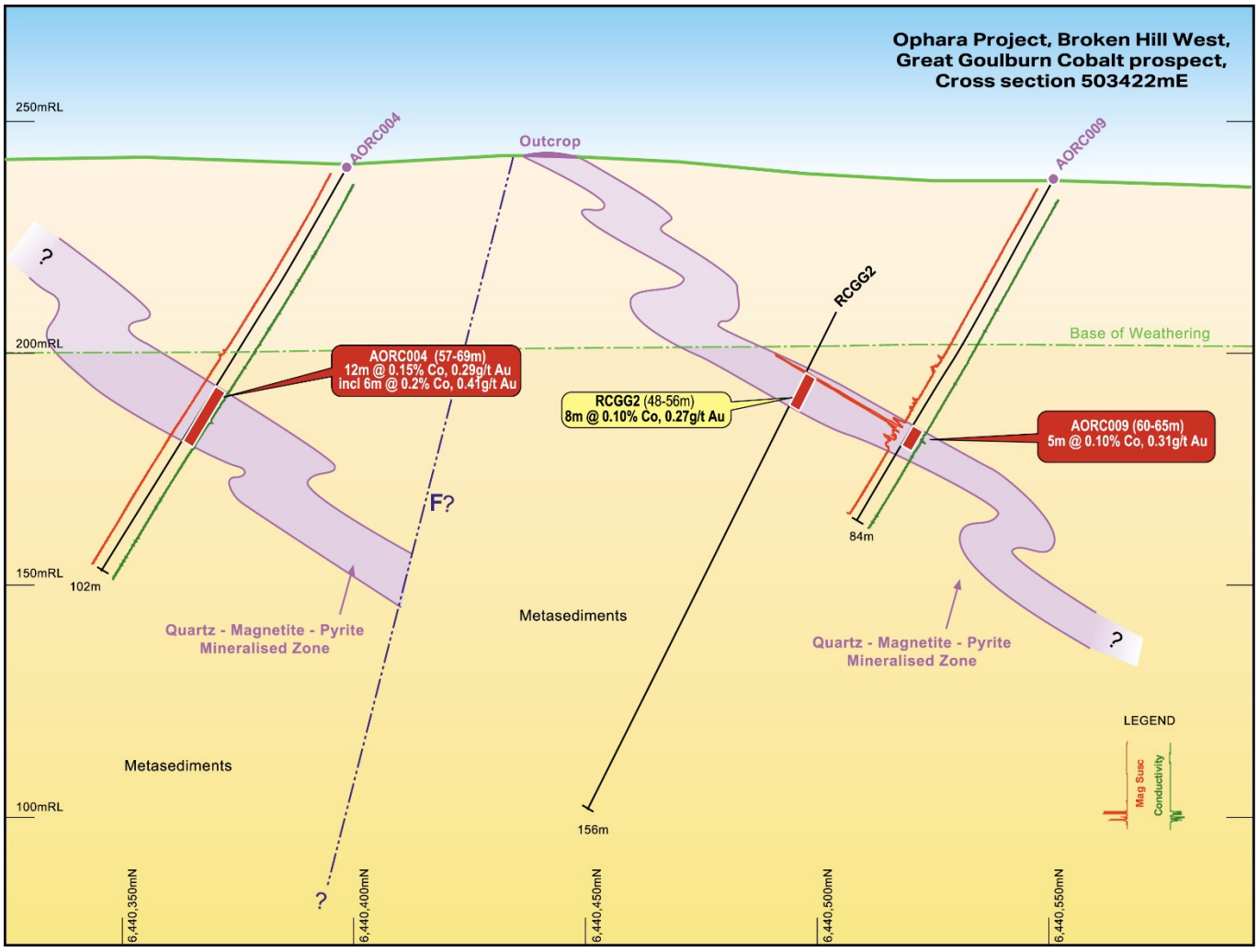

Figure 2: *RC drill hole cross-section from Great Goulburn.*

Hole AORC012 was drilled to intersect a strong Conductor interpreted from a fixed loop ground EM survey in 2001 (see figure 3 below). A previous drill hole RCGG1 had been drilled only 75 metres to the south but had intersected only minor mineralisation. Once again this large mineralised zone has very uncertain geometry, although it is noted that there is a north-west trending magnetic anomaly that may represent a fault or fold that could have terminated mineralisation to the south.

In addition to drilling the Company did complete some other exploration activities including some additional soil orientation surveys at and around Great Goulburn where 54 samples have been collected and submitted for multi-element analysis. Field reconnaissance was also completed and a total of 15 rock chip samples were collected and submitted for multi-element analysis.

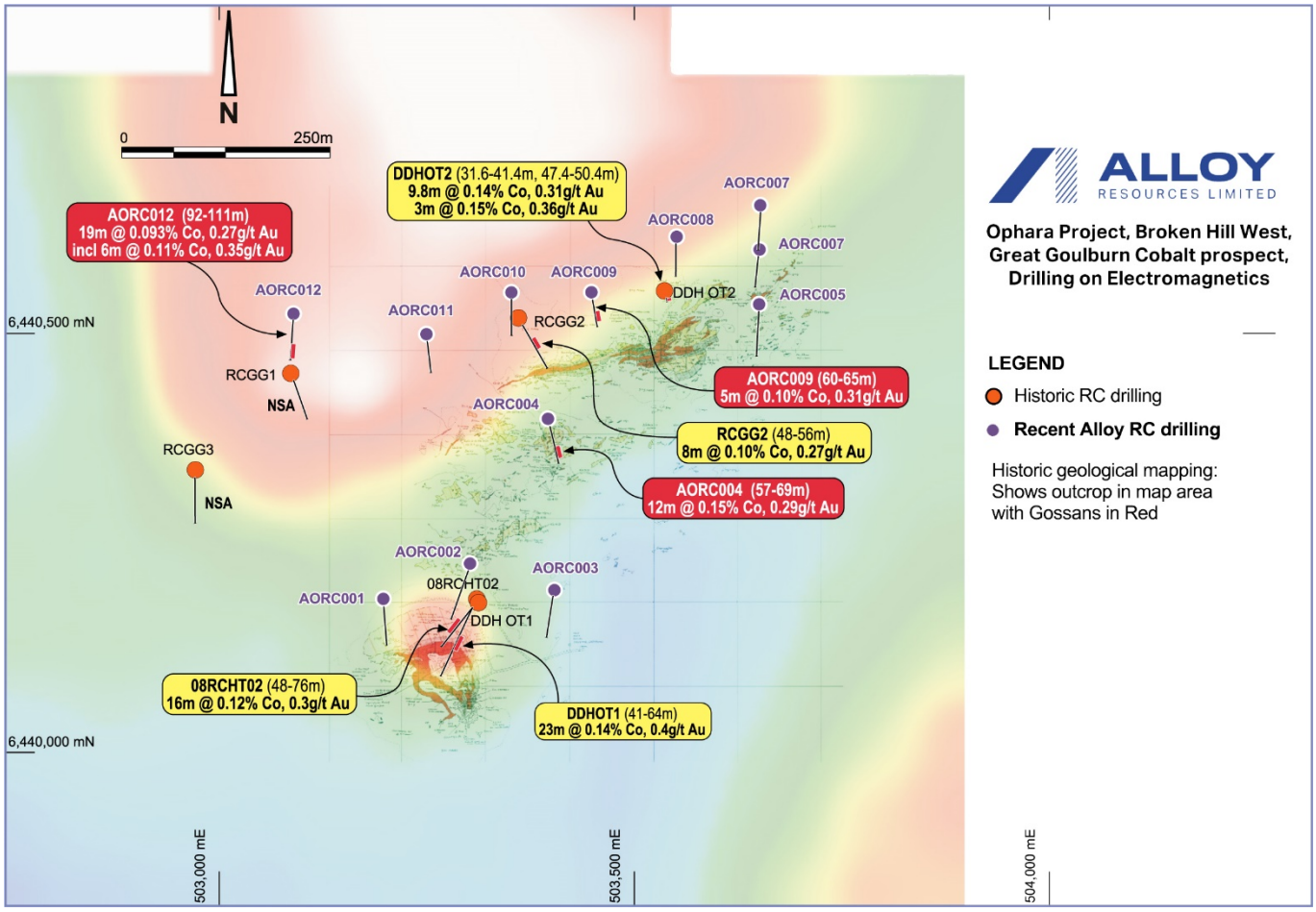

Figure 3: *RC drill hole locations with assay intersections on an image of 2001 Fixed Loop ground electromagnetic survey.*

Further work planned includes a synthesis of all drill results and definition of the key characteristics of the mineralisation. Apart from geological aspects it is expected that the geophysical signature of the mineralisation will be better understood following down-hole surveys and this will allow for better interpretation of historical surveys and help plan for the most appropriate modern survey techniques.

Early indications suggest that detailed aerial electromagnetic surveying may offer an excellent technique to define new areas of Cobalt-Gold-Copper mineralisation.

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.

Table 1: *Significant Mineralisation Intersections from RC drilling at Great Goulburn*

Hole No	Depth	Depth	Au	Co
	from	to	ppm	ppm
AORC004	**57**	58	0.28	1275
AORC004	58	59	0.27	991
AORC004	**59**	60	1.12	1235
AORC004	60	61	0.2	2620
AORC004	61	62	0.1	2310
AORC004	62	63	0.2	1695
AORC004	63	64	0.25	1490
AORC004	64	**65**	0.56	2550
AORC004	65	66	0.18	803
AORC004	66	67	0.03	606
AORC004	67	68	0.11	1080
AORC004	68	**69**	0.21	1175
AORC009	**60**	61	0.17	1035
AORC009	61	62	0.05	817
AORC009	62	63	0.38	1405
AORC009	63	64	0.58	1335
AORC009	64	**65**	0.37	533
AORC012	**92**	93	0.16	253
AORC012	93	94	0.19	683
AORC012	94	**95**	0.11	356
AORC012	95	96	0.3	946
AORC012	96	97	0.29	957
AORC012	97	98	0.31	1290
AORC012	98	99	0.6	1600
AORC012	99	100	0.17	938
AORC012	100	**101**	0.45	986
AORC012	101	102	0.12	655
AORC012	102	103	0.03	340
AORC012	103	104	0.6	739
AORC012	104	105	0.12	712
AORC012	**105**	106	0.2	951
AORC012	106	107	0.12	1020
AORC012	107	108	0.26	1480
AORC012	108	109	0.18	1810
AORC012	109	110	0.39	1020
AORC012	110	**111**	0.58	859

Notes:

- Greater than 0.1 g/t Au and 900ppm Co
- Maximum 2 metres internal dilution

Table 2: *Surveyed Locations of RC drilling at Great Goulburn*

Hole_ID	Hole_Type	Max_Depth_m	East	North	RL	Dip	Az_MGA	Az_True	Az_Magnetic
AORC001	RC	96	503,197.5	6,440,181.6	235.8	-60	174.705	174.575	166.181
AORC002	RC	120	503,302.0	6,440,221.6	239.0	-60	197.558	197.428	189.034
AORC003	RC	96	503,403.3	6,440,191.8	240.3	-60	188.231	188.101	179.707
AORC004	RC	102	503,395.5	6,440,398.2	239.8	-60	165.033	164.903	156.509
AORC005	RC	120	503,649.1	6,440,534.2	238.9	-60	182.201	182.071	173.677
AORC006	RC	84	503,648.5	6,440,601.2	236.3	-60	182.739	182.609	174.215
AORC007	RC	96	503,650.2	6,440,653.4	234.8	-60	179.12	178.99	170.596
AORC008	RC	96	503,549.5	6,440,614.7	235.3	-60	179.924	179.794	171.4
AORC009	RC	86	503,447.4	6,440,550.2	236.4	-60	169.045	168.915	160.521
AORC010	RC	102	503,352.2	6,440,548.6	234.8	-60	176.27	176.14	167.746
AORC011	RC	90	503,250.1	6,440,496.9	234.5	-60	177.056	176.926	168.532
AORC012	RC	120	503,089.4	6,440,524.5	231.8	-60	182.564	182.434	174.04

Notes:

- Holes surveyed by Differential GPS to 0.1m accuracy
- Downhole surveying by MEMS Gyroscope with commencement point by DGPS of Rig orientation.

JORC Code 2012 Edition Summary (Table 1)
EL 8475 Ophara Prospect RC Drilling January - February, 2017

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.*	• Reverse circulation (RC) percussion drill chips collected through a cyclone and riffle splitter at 1m intervals; assayed samples were at 1m intervals in logged mineralised zones and 4m speared composites elsewhere.
	• *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*	• Splitter was cleaned regularly during drilling. • Splitter was cleaned at the end of each hole.
	• *Aspects of the determination of mineralisation that are Material to the Public Report.*	• Mineralisation determined qualitatively through rock type, sulphide, magnetite and quartz content and presence of alteration. • Mineralisation determined quantitatively via assay (four-acid digestion followed by ME-ICP61 for multi-element data, and 50g Fire Assay and AAS determination for gold
	• *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• RC samples pulverized to 85% -75 µm • All samples analysed by four-acid digestion, followed by ICP for multi-element data and 50g Fire Assay and AAS determination for gold
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• 132mm Reverse Circulation to a maximum vertical depth of ~110m.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.*	• Sample recoveries were generally high, dropping to <50% in wet samples.
	• *Measures taken to maximise sample recovery and ensure representative nature of the samples.*	• RC Drilling: sample splitter was cleaned at the end of each rod to ensure no sample hang-ups have occurred. Assay sample weights are recorded and in general were approximately 2kg. • Wet samples due to excess ground water were noted when present.
	• *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• As sample recoveries are generally high, there is no known relationship between sample recovery and grade.

Criteria	JORC Code explanation	Commentary
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*	• Holes logged to a level of detail to support future mineral resource estimation: lithology; alteration; mineralization; structural.
	• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.*	• Qualitative: lithology, alteration, foliation • Quantitative: vein quartz percentage; mineralization (sulphide) and magnetite percentage; assayed for gold; • Standard reference chip samples collected at 1m intervals for all holes, and archived.
	• *The total length and percentage of the relevant intersections logged.*	• All holes logged for the entire length of hole.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.*	• No core has been drilled or sampled
	• *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.*	• RC chips riffle split, sampled dry where possible and wet when water flows encountered. Sample condition (wet, dry or damp) was recorded at the time of logging.
	• *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*	• The entire ~3kg RC sample was pulverized to 75µm (85% passing). This is considered best practice and is standard throughout the industry.
	• *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.*	• Pulp duplicates taken at the pulverising stage and selective repeats conducted at the laboratory's discretion.
	• *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.*	• Two duplicate samples per drill hole were inserted randomly in the sample stream.
	• *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• Sample size was appropriate for grain size of sampled material.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	• Fire assay and four-acid are total digestion techniques and are considered appropriate for gold and base metals.
	• *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.*	• Magnetic susceptibility measurements were taken continually downhole by a geophysical surveyor.
	• *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• Certified reference material standards:2 per drillhole inserted randomly; in some holes a quartz sand blank was substituted for one of the CRMs. • Blanks: One quartz sand blank per hole, inserted randomly. • Lab: Random pulp duplicates are taken on average 1 in every 10 samples.

Criteria	JORC Code explanation	Commentary
Verification of sampling and assaying	• ***The verification of significant intersections by either independent or alternative company personnel.***	• **Sampling was monitored by senior geological staff. Significant intersections were reviewed by senior geological staff.**
	• *The use of twinned holes.*	• No twinned holes were drilled during this drill program.
	• *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.*	• A combination of logging on to Excel spreadsheets and hard copy logsheets in the field.
	• *Discuss any adjustment to assay data.*	• No adjustments made to assay data.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*	• Collars: surveyed with Trimble DGPS with expected relative accuracy of approximately 20cms. • Downhole: surveyed continuously with in-rod gyro tool.
	• *Specification of the grid system used.*	• Holes are located in MGA Zone 54.
	• *Quality and adequacy of topographic control.*	• Estimated RLs were measured accurately with the DGPS during the programme.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.*	• Holes the subject of this announcement were drilled on a collar spacing of 50m or greater on section, with sections spaced 90 to 130m along strike.
	• *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.*	• Mineralisation at Ophara has not yet been demonstrated to be sufficient in both geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications to be applied.
	• *Whether sample compositing has been applied.*	• Samples taken on a 1m basis in logged mineralised zones, and 4m composites elsewhere.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	• Based on the current information available at Ophara, the drill sections appear to be approximately perpendicular to the strike of the target mineralisation.
	• *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• The mapped outcrop appears to be perpendicular to both the dip and azimuth of the drilling giving a nearly rue width. The area is known to have folding and faulting which may affect this situation.
Sample security	• *The measures taken to ensure sample security.*	• All samples were selected, cut and bagged in tied numbered calico bags, loaded in to larger polyweave bags and cable tied. At the conclusion of the programme, the polyweave bags were transported to Broken Hill, placed in pallet crates and transported overnight to RME's secure premises in Orange.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No audits have been conducted at this stage.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• The Ophara prospect is located within Exploration Licence 8475. Alloy has a 100% interest in the tenement. A land access agreement is current between Alloy and the holder of the Western Lands Lease.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Exploration prior to Alloy in the region was limited to grid-based ground magnetic surveying and calcrete sampling, shallow RAB drilling and the drilling of four RC percussion and two cored holes, around the historic Great Goulburn workings. This early work was focused on gold and base metal exploration.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Ophara is a metamorphosed quartz-magnetite hosted Au-Co-Cu deposit with similarities to the Muturoo deposit a short distance to the west in South Australia.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* o *easting and northing of the drill hole collar* o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* o *dip and azimuth of the hole* o *down hole length and interception depth* o *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• Refer to tabulations in the body of this announcement and previous releases by Alloy Resources during 2016 and 2017.

Criteria	JORC Code explanation	Commentary
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• No top-cuts have been applied when reporting results. • The intervals referred to in this announcement are taken as values > 0.1g/t Au, > 900ppm Co and with a maximum 2m internal dilution. • No metal equivalent values are used for reporting exploration results.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• Broad geological and mineralisation features have been interpreted from generally wide spaced drilling sections. Based on the current information at Ophara, the sections presented here appear to be approximately perpendicular to the strike of the target structure, therefore true widths may potentially be inferred from the sections.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Refer to body of this announcement.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• All significant intercepts and a summary of drill hole assay information are presented in this announcement. Representative higher grade intervals have been presented in the section and plan.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• All meaningful and material information has been included in the body of the text • No metallurgical assessments have been completed at the date of this report.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• The company is continuing to review past and current results before defining exploration plans.