



#### ASX Release

31 July 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

# June 2017

## Quarterly Activities Report

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### Highlights

#### Ophara Cobalt-Gold Project (100%)

- Planned detailed aerial electro-magnetic survey (VTEM) to be completed in mid-late August.
- VTEM survey is expected to locate priority sulphide drill targets with potential to host cobalt-gold-copper mineralisation under very limited outcrop and transported cover within a 50 square kilometre area around the Great Goulburn Prospect.
- Broken Hill area emerging as the most advanced new sulphide Cobalt region in Australia with over 67,500 tonnes of Cobalt Mineral Resources defined – within 20 kilometres and along strike of Alloys Ophara Exploration Licence.

#### Horse Well Gold Project (40% contributing)

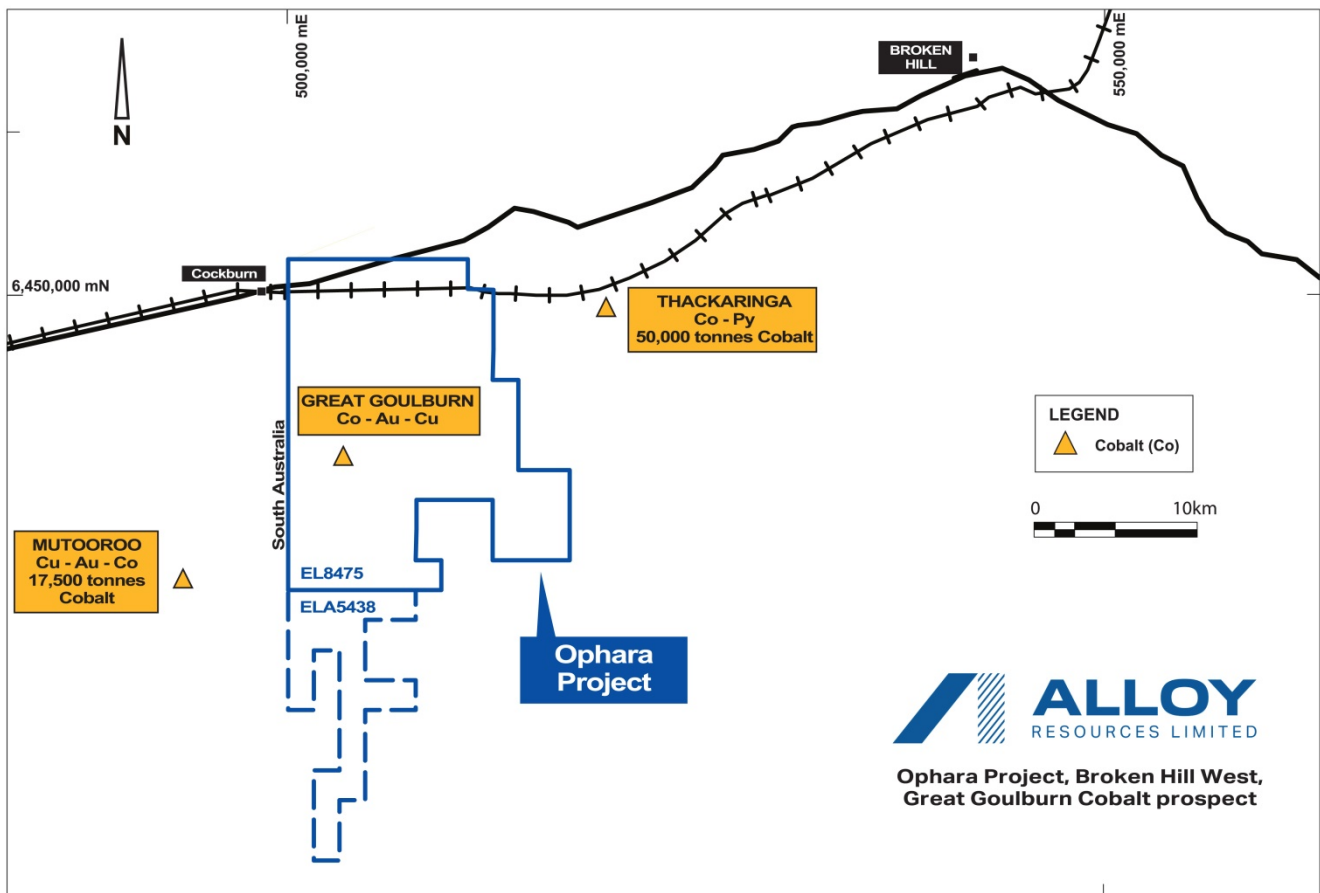
- The Joint Venture (with manager Doray Minerals) is preparing for future infill exploration drilling programmes in the northern area where large new air-core drill anomalies have been defined over a 7-kilometre trend.

# Ophara Cobalt-Gold Project

The Ophara project 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, with large resources defined at the adjacent Mutooroo and Thackaringa deposits (Figure 1).

The Company has an advanced cobalt-gold prospect at the Great Goulburn Prospect. The mineralisation style has similarities to both Mutooroo and Thackaringa Cobalt deposits however it is unique in having low-copper and high-gold mineralisation associated with the Cobalt.

Interpretation of the available geological and geophysical information suggests that it is highly unlikely that Great Goulburn is the only area of strong Cobalt-Gold mineralisation in the area, particularly as there is very limited outcrop present. There is strong potential for extensive cobalt-gold-copper mineralisation to be defined within the Exploration Licence and warrants renewed exploration focus on the project area by Alloy.



**Figure 1** Ophara EL 8475 Location showing Cobalt deposits

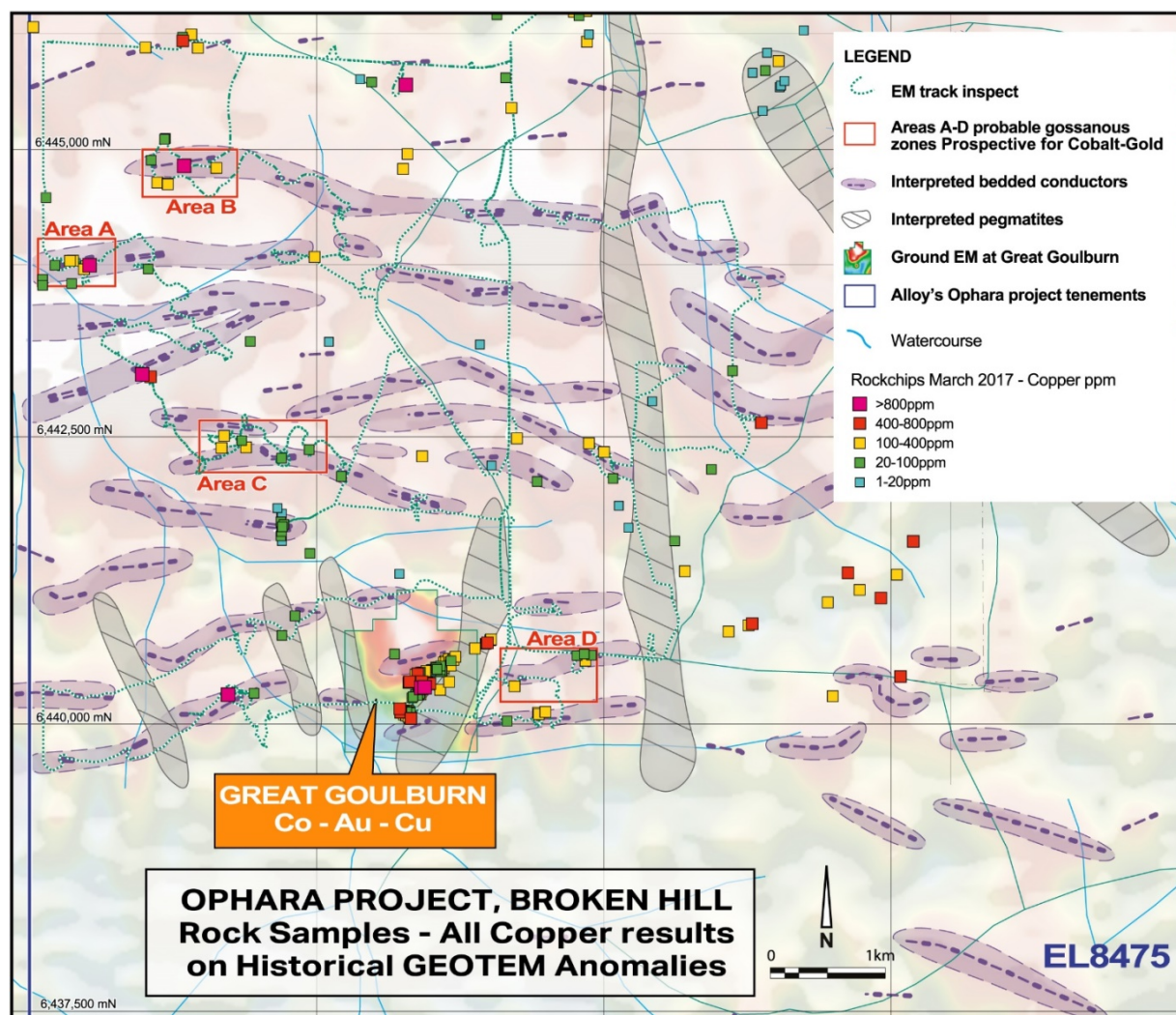
## Completed Exploration

Following completion of a 12 hole RC drill program at the Great Goulburn prospect and completion of some limited soil sampling and rock chip sampling within the project, it was realised that a technique that could define mineralisation under the extensive transported cover was required. Following an extensive review of historical datasets including rock chip sampling, RAB drilling, aero-magnetics and aerial electro-magnetics it was concluded that;

- The lack of outcrop and highly variable regolith with extensive eluvial and alluvial transported cover makes the soil sampling technique problematical as a tool to locate new areas of mineralisation.
- The extremely limited amount of outcrop makes rock chip sampling results only representative of small areas. Copper appears to be the best pathfinder element as both gold and cobalt is leached at surface giving erratic results.



- Limited RAB drilling to test magnetic or electromagnetic anomalies in the 1980's and 1990's was ineffective with single lines and sampling of only the base of hole in most cases.
- Available aeromagnetic data is accurate enough to define prospective quartz-magnetite units and also structures such as pegmatites and retrograde shear zones.
- A GEOTEM regional electromagnetic survey by BHP in 1990 did define the Great Goulburn prospect (and many other anomalies) and correlates well with a ground EM survey. This technique is likely to be the most cost-effective to locate high priority new targets.
- As released to the ASX on 5 April 2017, the Company completed ground inspection of interpreted GEOTEM anomalies within a 70 square kilometre area around the Great Goulburn prospect and concluded that rock chip samples from very limited outcrop indicated that there was a strong chance that conductors were associated with cobalt-gold-copper mineralisation (Figure 2).



**Figure 2** All Rock Chip samples with Copper assays on GEOTEM survey and anomalies

## Planned Exploration

Following an assessment of past and current exploration results the Company believes that there is an excellent chance for the Ophara Project to host valuable Cobalt, Gold and Copper mineralisation.

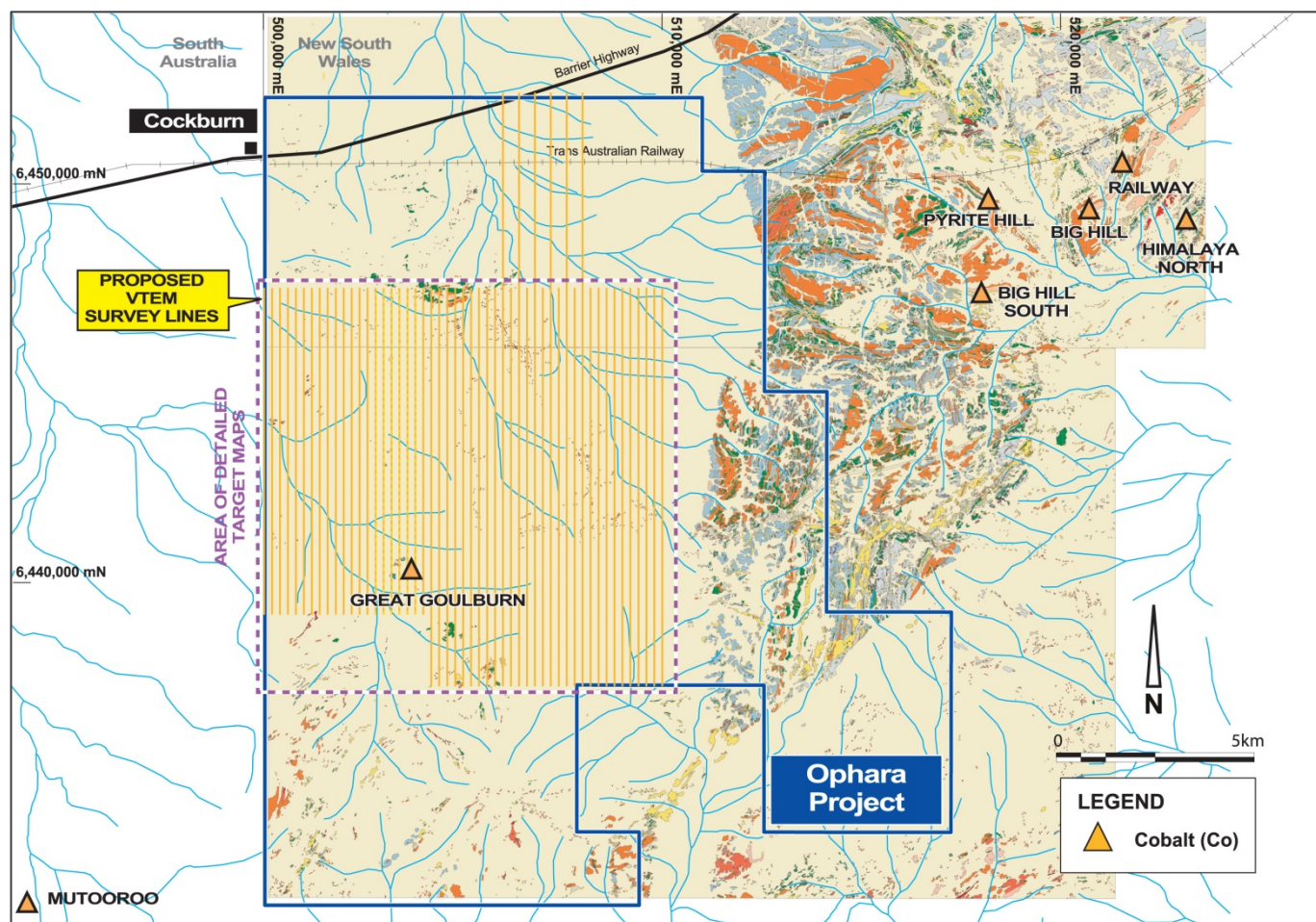
The best technique where modern methods can more accurately define targets is detailed aerial electro-magnetic surveying, and the Company has decided that a new survey with modern tools ('VTEM') is the best way to vector in to the strongest targets for extensive mineralisation.





A VTEM survey has been planned as shown on Figure 3 below. The timing of the survey has been delayed from early July to mid-late August due to limited access for high impact exploration. Access onto the underlying pastoral properties can be impacted during June to August each year due to sheep management and lambing.

Following interpretation of the survey, the strongest conductors will be defined and RAB drill testing completed to define cobalt-gold-copper mineralisation.



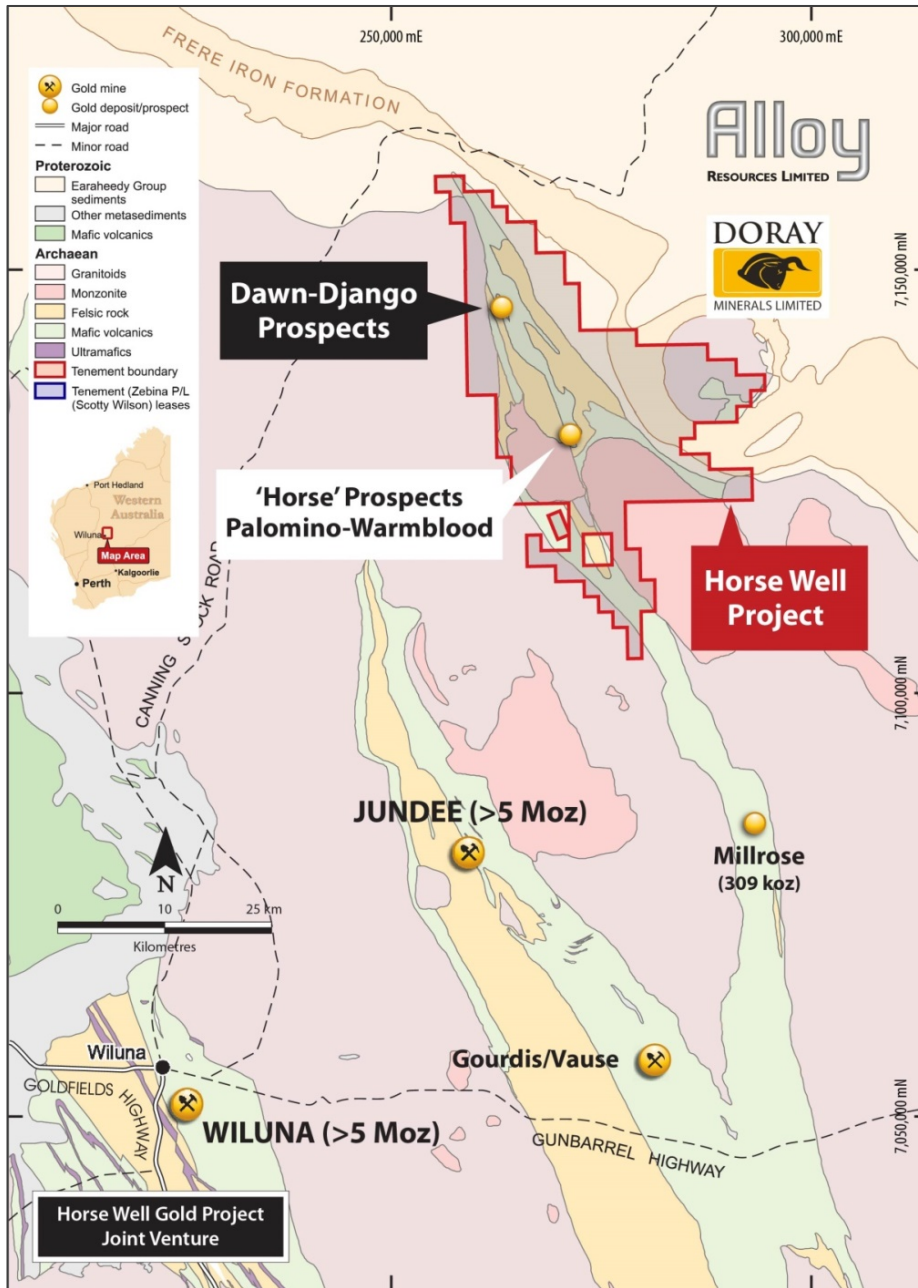
**Figure 3** Proposed VTEM survey area on surface geology.



## Horse Well Gold Project Joint Venture (Alloy 40% contributing)

The Horse Well Joint Venture with Doray Minerals Limited ('Doray') continues to explore the 1,000 square kilometre Horse Well Project during the quarter (Figure 4).

The Joint Venture has now completed a minimum of \$2 million in exploration expenditure in 2016 as part of the final Stage 3 minimum Joint Venture commitment. Future exploration will now be based on programmes and budgets proposed by the Joint Venture Manager, Doray Minerals.



**Figure 4** Horse Well location on regional geology

### Completed and planned Exploration

During the quarter work was restricted to non-field activities including statutory reporting and management.

The Company is awaiting final programmes and budgets for the next phase of exploration. This is likely to be directed towards infill air-core drill testing of the northern air-core drill anomalies defined during the December 2016 quarter.

Discussions are being held to try to facilitate and bring forward exploration as soon as possible.



## Western Australian Projects

The Company has three large landholdings in highly prospective areas of Western Australia.

### Telfer West – Gold/copper

The Company has compiled historical exploration data and Native Title Access agreements are being negotiated prior to grant of the tenement.

Past wide spaced air-core drilling by BHP and Gindalbie Minerals during the 1990's has defined anomalous gold-copper trends.

### Kurnalpi South - Gold

The Company is compiling historical data before undertaking field checking of anomalous areas. An additional Exploration Licence 28/2665 has been applied for in this area.

### Yamarna - Gold

No work has been completed on this Tenement as Native Title Access agreements are required to be negotiated before access.

## Corporate

Cash on hand at the end of quarter amounted to \$760,000.

### ***For further information contact:***

**Andy Viner**  
Executive Chairman

Phone: +61 8 9322 9903  
or: +61 8 9316 9100

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

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of Mineral Resources that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not materially changed from the original market announcement.



## 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
<b>Horse Well</b>				
Eskay Resources Pty Ltd 100%	WA	E69/1772	40%	40% <sup>+</sup>
Doray Minerals Limited - Granted	WA	E53/1466	40%	40% <sup>+</sup>
Doray Minerals Limited - Granted	WA	E53/1471	40%	40% <sup>+</sup>
Doray Minerals Limited - Granted	WA	P53/1524	40%	40% <sup>+</sup>
Doray Minerals Limited - Granted	WA	P53/1525	40%	40% <sup>+</sup>
Doray Minerals Limited - Granted	WA	P53/1526	40%	40% <sup>+</sup>
Doray Minerals Limited - Granted	WA	E69/2765	40%	40% <sup>+</sup>
Doray Minerals Limited - Granted	WA	E69/3069	40%	40% <sup>+</sup>
Doray Minerals Limited - Granted	WA	E69/2492	40% <sup>^</sup>	40% <sup>^+</sup>
<sup>^</sup> Awaiting transfer of interest				
Doray Minerals Limited - Granted	WA	E69/2820	32%	32% <sup>+</sup>
<sup>+</sup> subject to Doray farmin Agreement – Doray have earned 60%				
<sup>*</sup> Phosphate Australia retain 20% free- carried to BFS				
<sup>^</sup> Wayne Jones NSR				
<b>Millrose</b>				
Alloy Resources Limited - Granted	WA	E53/1873	100%	100%
<b>Telfer</b>				
Alloy Resources Limited – Application	WA	E45/4807	0%	0%
<b>Barrytown Mineral Sands Project</b>				
Alloy Resources Limited – Granted	NZ	EL 51803	20%	20% <sup>**</sup>
<sup>**</sup> Subject to farm-out and Sale Agreement to Pacific Mineral Resources				
<b>Martins Well</b>				
Alloy Resources Limited – Granted	SA	EL 5577	100%	100% <sup>#</sup>
<sup>#</sup> Subject to 90% earn-in Agreement				
<b>Kurnalpi South</b>				
Alloy Resources Limited – Granted	WA	E28/2599	0%	100%
Alloy Resources Limited - Application	WA	E28/2665	0%	0%
<b>Mt Goddard - Kambalda</b>				
Alloy Resources Limited – Granted	WA	E15/1506	0%	100%
<b>Madoonia Downs - Kambalda</b>				
Alloy Resources Limited – Application	WA	E15/1544	0%	0%
Alloy Resources Limited – Withdrawn	WA	E15/1545	0%	
Alloy Resources Limited – Application	WA	E15/1546	0%	0%
<b>Lake Cowan - Kambalda</b>				
Alloy Resources Limited – Application	WA	E15/1575		
<b>Yamarna</b>				
Alloy Resources Limited - Granted	WA	E38/3096	0%	100%
<b>Ophara – Broken Hill West</b>				
Alloy Minerals Limited - Application	NSW	ELA5438		0%
Alloy Minerals Limited - Granted	NSW	EL8475	100%	100%



## Appendix 5B

# Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

### Name of entity

ALLOY RESOURCES LIMITED

### ABN

20 109 361 195

### Quarter ended ("current quarter")

30 JUNE 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(140)	(1,301)
(b) development	-	
(c) production	-	
(d) staff costs	(27)	(62)
(e) administration and corporate costs	(64)	(300)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	8	13
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(223)</b>	<b>(1,650)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(5)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-



<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other – Security Deposit	(10)	(10)
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(10)</b>	<b>(15)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	1,250
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(90)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>1,160</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	993	1,265
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(223)	(1,650)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(10)	(15)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	1,160
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>760</b>	<b>760</b>

5. <b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1    Bank balances	252	38
5.2    Call deposits	508	955
5.3    Bank overdrafts	-	-
5.4    Other (provide details)	-	-
<b>5.5    Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>760</b>	<b>993</b>

**6.    Payments to directors of the entity and their associates**

- 6.1    Aggregate amount of payments to these parties included in item 1.2
- 6.2    Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3    Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
89
-

- (a) Directors Fees and Remuneration \$75,356 (includes payments of Director Fees and Superannuation for the period)
- (b) Accounting and Company Secretarial Fees paid to Endeavour Corporate, an entity related to Mr Kevin Hart \$13,791 for the period

**7.    Payments to related entities of the entity and their associates**

- 7.1    Aggregate amount of payments to these parties included in item 1.2
- 7.2    Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3    Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-
-

## Mining exploration entity and oil and gas exploration entity quarterly report

**8. Financing facilities available**

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

	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	(200)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	(15)
9.5 Administration and corporate costs	(55)
9.6 Other (provide details if material)	-
<b>9.7 Total estimated cash outflows</b>	<b>(270)</b>

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	nil			
10.2 Interests in mining tenements and petroleum tenements acquired or increased	nil			

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:



(Director/Company secretary)

Date: ....31 July 2017

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.