



ASX Release

26 October 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

1,116,993,360

Unlisted Options

29,000,000

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September 2017

Quarterly Activities Report

Highlights

Ophara Cobalt-Gold Project (100%)

- Detailed 100 square kilometre aerial electro-magnetic survey (VTEM) completed in mid- September.
- Nine (9) new conductor targets defined by VTEM survey; all of which are substantially larger and stronger than the known mineralised sulphide conductor associated with the Great Goulburn Prospect.
- RC drill program to test larger conductors planned for early November.

Corporate

- A Placement of 150 million shares was completed in October to raise \$600,000.
- An SPP to raise a further \$500,000 has been offered to shareholders with a closing date on the 6 November 2017.

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 potential for extensive cobalt-gold-copper mineralisation to be defined within the Exploration Licence and warrants an exploration focus on the project area by Alloy.

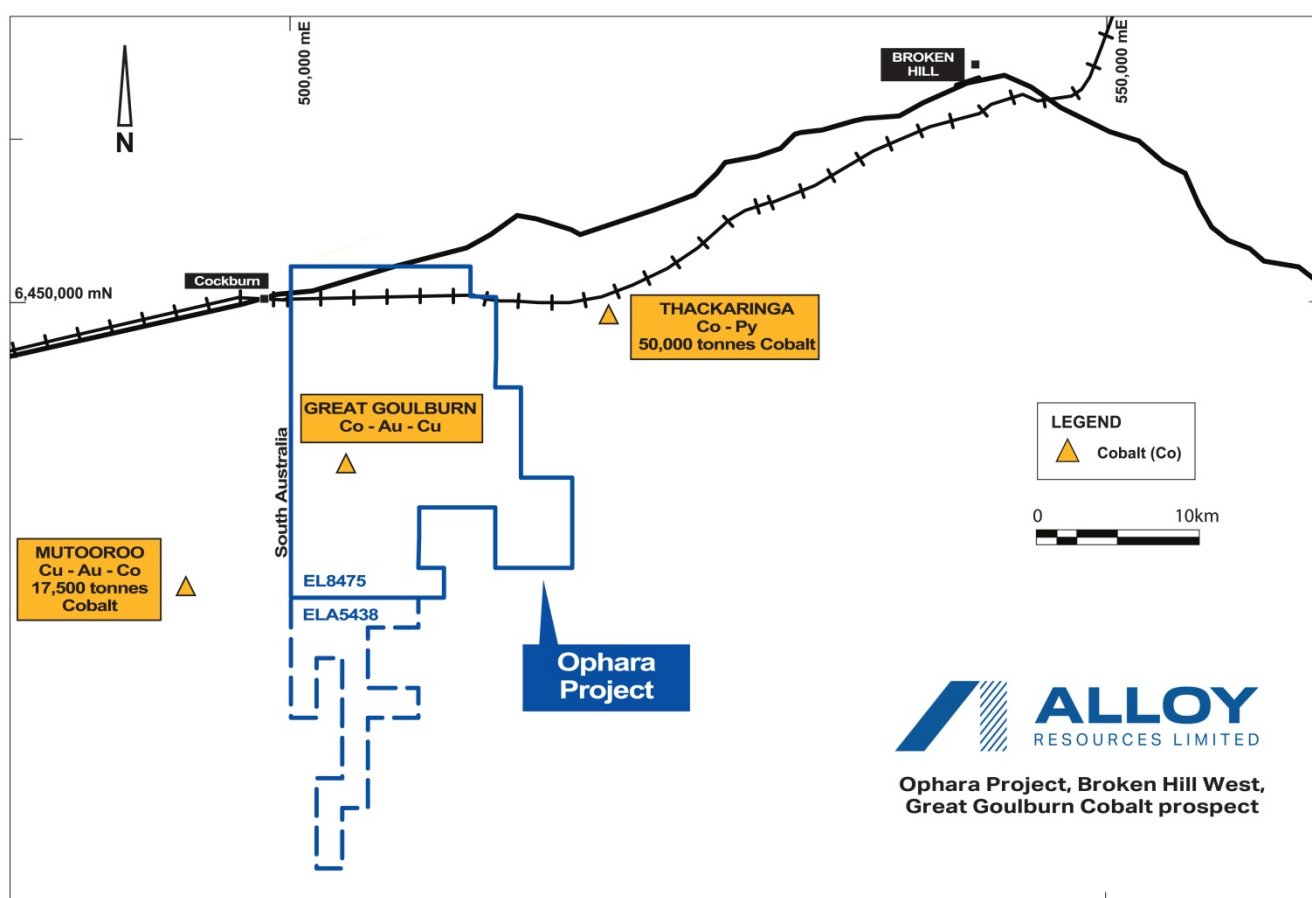


Figure 1 Ophara EL 8475 Location showing Cobalt deposits

During the last quarter the Company established that its preferred method of exploration to cost effectively locate new areas of Cobalt-Gold-Copper mineralisation under the largely sand covered terrain was to use an aerial electro-magnetic surveying method called VTEM. This technique is highly technically evolved and is appropriate for defining conductors similar to what is associated with the Company's Great Goulburn prospect sulphide mineralisation and also both the Mutooroo and Thackaringa sulphide mineralisation.

Access to the land for the survey was restricted whilst pastoralists completed the lambing season during July and August.



Completed Exploration

VTEM Survey

During September 2017 a 102 square kilometre helicopter-borne VTEM survey at 200 metre line spacing was successfully completed. The survey aimed to define potential bedrock sulphide conductors that may have Cobalt-Gold-Copper mineralisation similar to the Company's Great Goulburn Prospect and the adjacent Mutooroo and Thackaringa deposits.

The survey was completed by Geotech Airborne and data assessed and modelled by the Company's Independent Consultants, Southern Geoscience (SGC). The results were regarded as highly encouraging (*refer ASX releases 3 and 23 October 2017*);

- The VTEM survey was highly successful in defining discrete bedrock conductors that are likely to be sulphide bodies.
- The known bedrock conductor at Great Goulburn prospect was confirmed as a relatively small low priority target (A2) in the context of the survey.
- Nine new Conductors were defined with some of large extent (Figure 2):
 - A6 - 1,500m strike.
 - A3 - 1,200m strike
 - A1 – 1,100m strike
- The Conductors have similarities to both the Mutooroo Cu-Co-Au and also the Thackaringa Co-pyrite EM signature styles.
- Pegmatite bodies show up as zones of high resistance and may cut through some conductors.
- There is a variable association to magnetic strata.

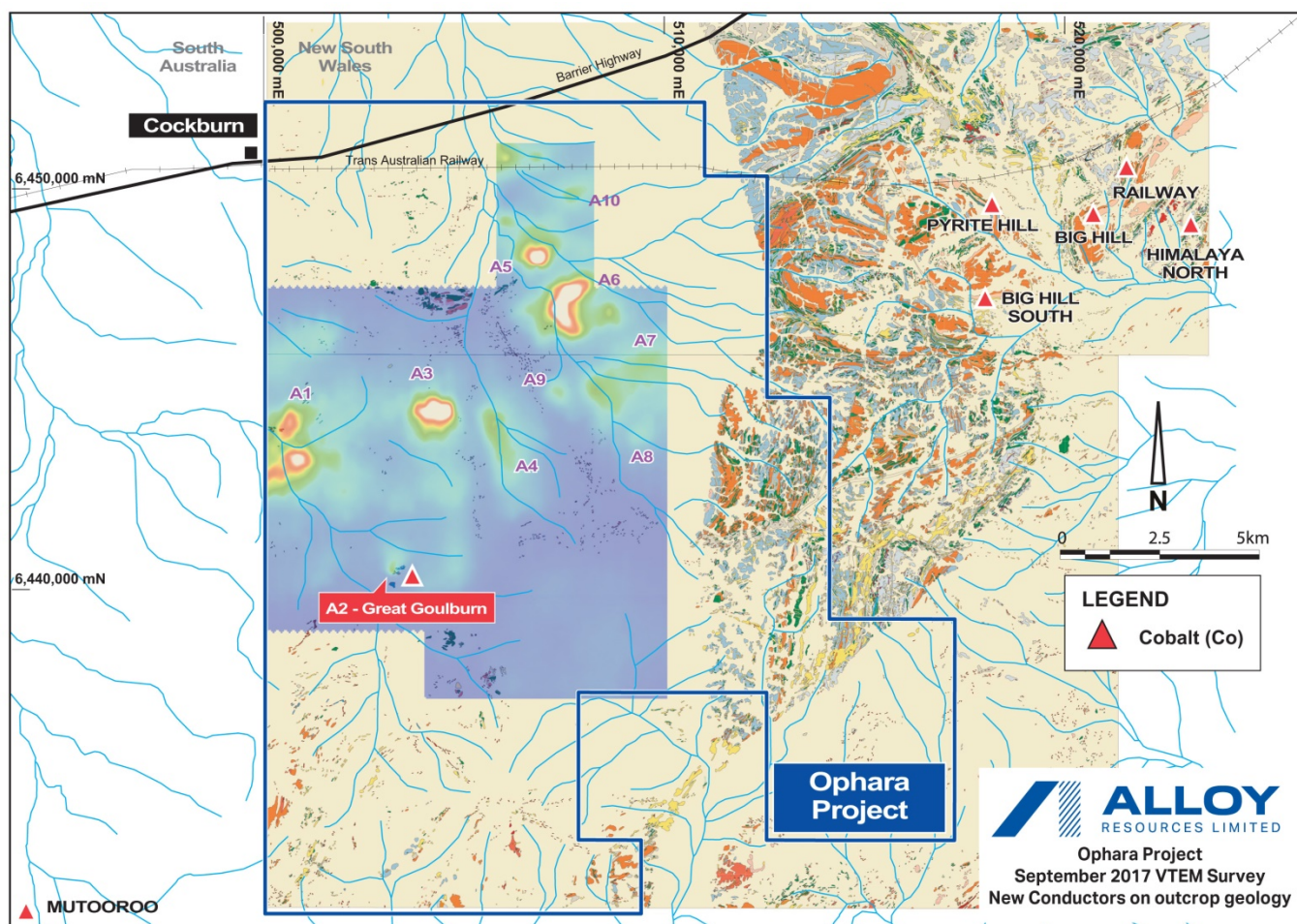


Figure 2 Ophara VTEM bedrock conductors – image of late time response



Conductor Modelling and drill planning

Upon receipt of final preliminary data from Geotech, SGC looked more closely at the data to define the probable geometry of the anomalies. SGC have been able to successfully model all conductors as the 200 metre flight line spacing and relatively thin resistive cover sequence has given good quality data for interpretation.

The Conductors are all moderate to shallowly dipping which suggests they are most likely 'stratabound' which is similar to the geometry and geology of mineralisation observed by drilling at the Great Goulburn prospect and also at the very large Thackaringa cobalt deposits which contain 50,000 tonnes of Cobalt in a 54.9 million tonne Mineral Resource (refer COB ASX release 5 June 2017).

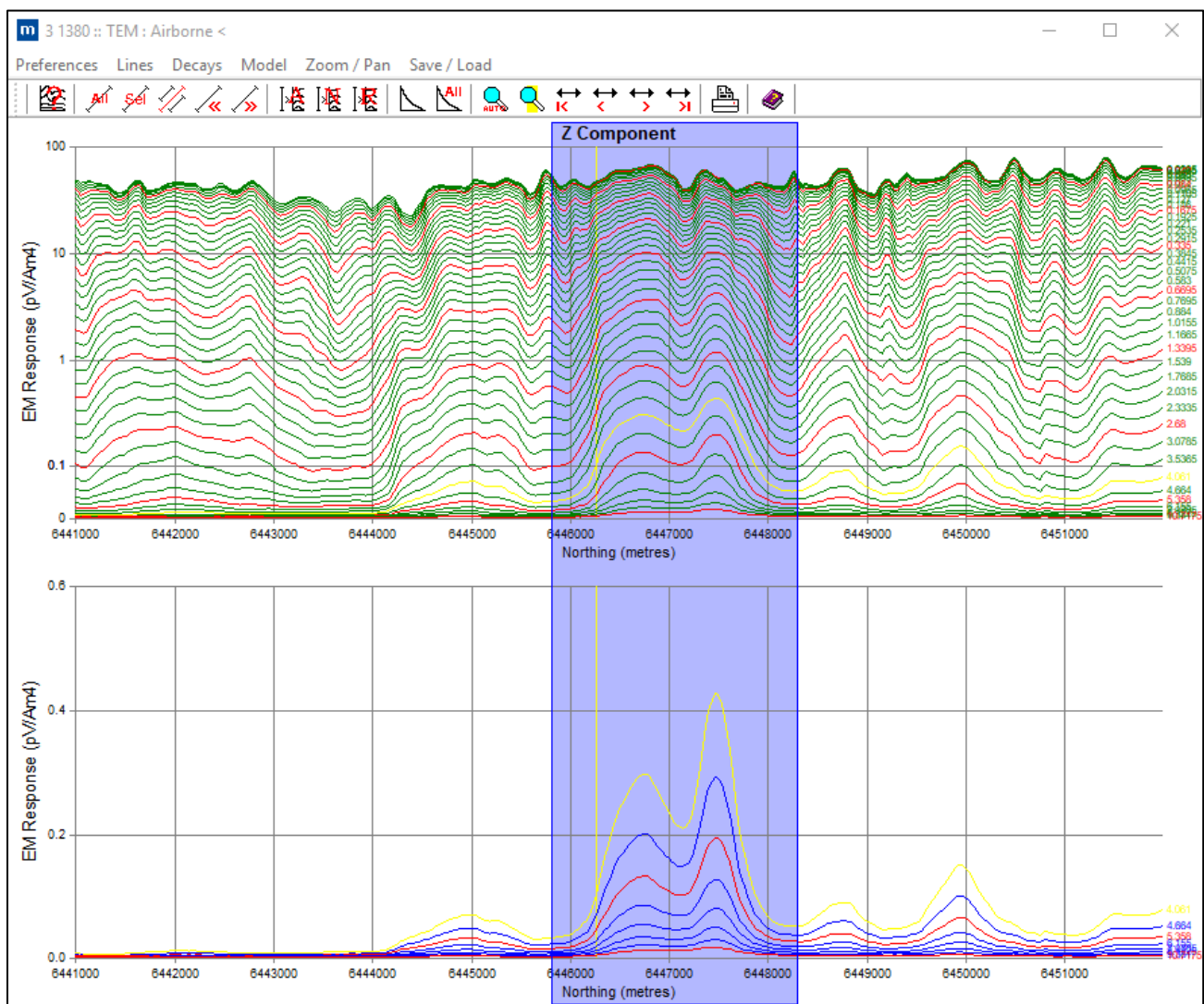
The conductance of the targets is much greater than the Thackaringa deposits and the Great Goulburn prospect and drilling is required to explain the source of the targets.

The targets of interest are seen in the late-time data and are generally shallow dipping conductive units. In targets A1 and A6 there is a strong suggestion from the models that there is an 'antiformal' structure where two limbs of a fold are present. This model is unsurprising given the known shallow folding present in the Thackaringa hills to the east and similar magnetic signature of the rocks within the Ophara project

As an example, the VTEM profile over the A6 target, Line 1380, is shown below in Figure 3. The anomaly is observed between lines 1360 and 1400 and it is interpreted to define a fold closure with an E-W-trending fold axis. Modelling of this anomaly has been completed, the results are shown in Figure 4 (3D model view) and Figure 5 (profile model-fit).

The conductive response correlates with a non-magnetic unit that "wraps" around a discrete magnetic anomaly

Figure 3 A6 VTEM response, Z component db/dt



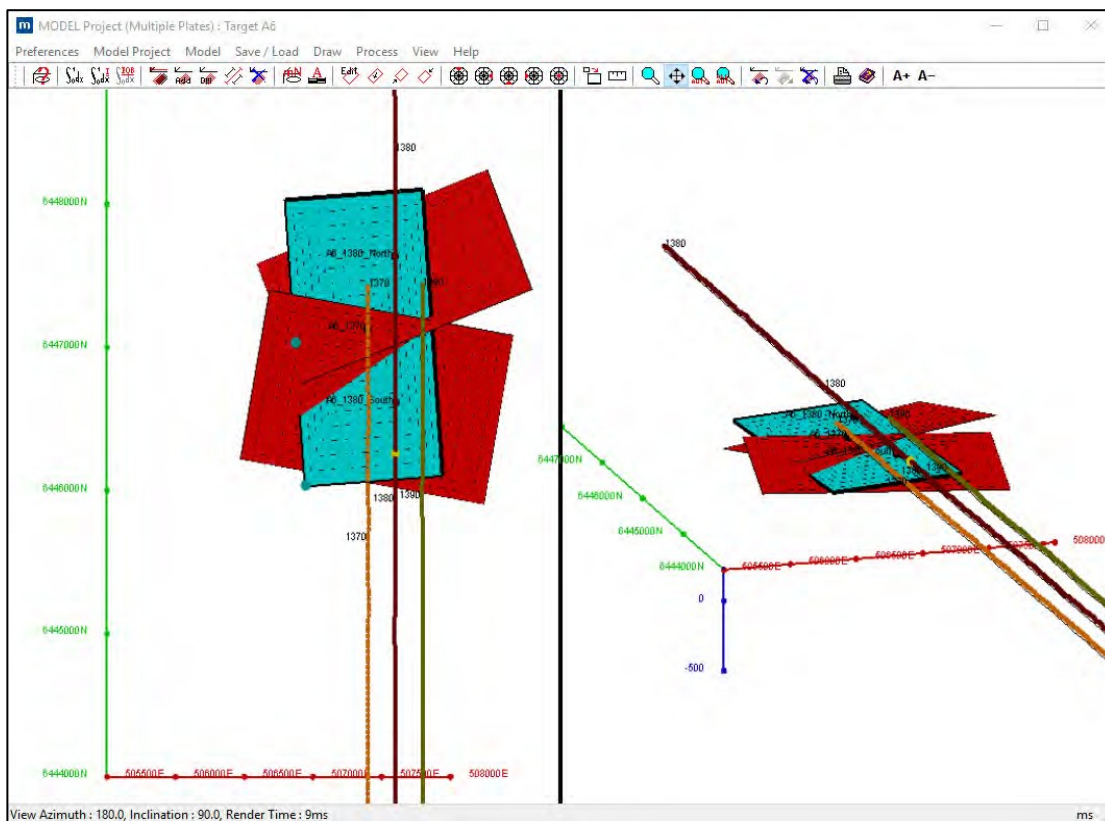


Figure 4 *3D model view for A6 target..*

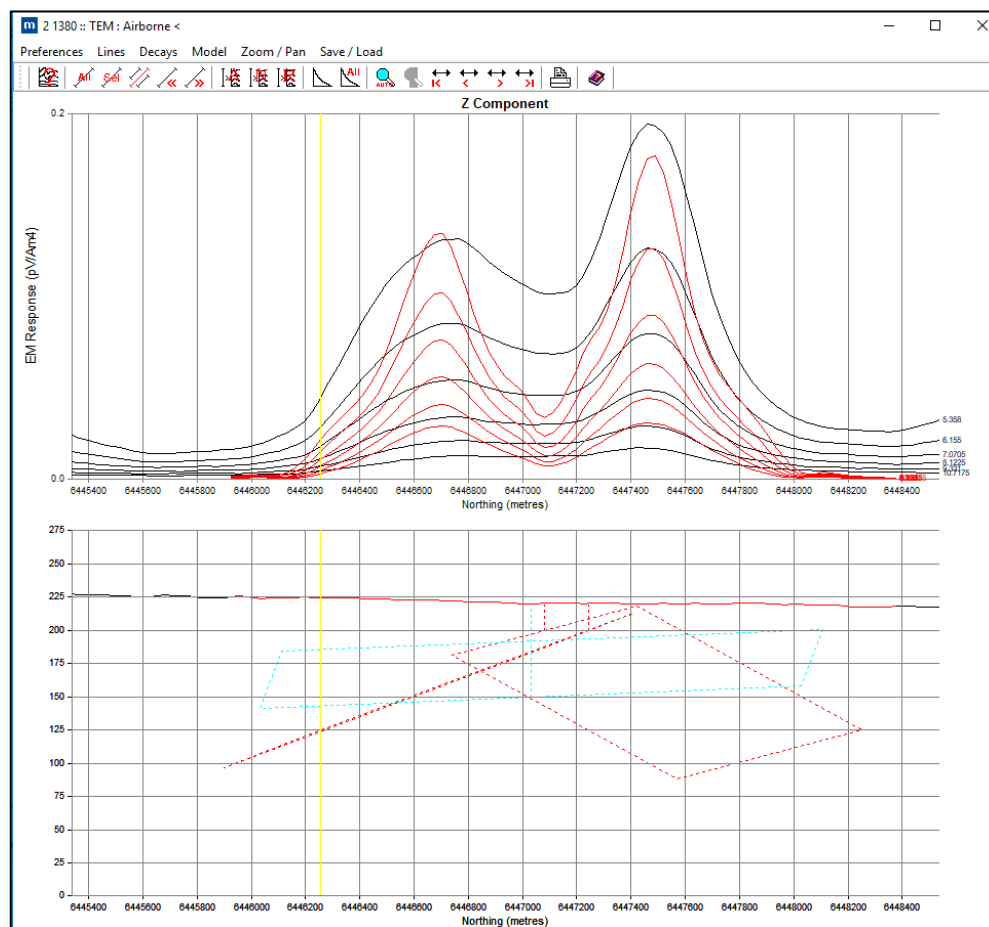


Figure 5 EM modelling for A6 target. Observed data (black) and modelled data (red) in top panel. Cross section through model shown in lower panel.



Planned Exploration

A summary of the VTEM drill targeting is shown on Figure 6.

Two drillhole vectors have been supplied for each target, with the primary hole designed to intersect and test the main conductor. Bedrock conductors are being targeted at approximately 100m below surface with drill holes planned to a depth of 150m. In order to maintain drilling rates the holes have been kept reasonably shallow, targeting the strongest parts of the conductors where they are closer to surface

The Company has selected 5 of these targets for the initial drill program – A1, A3, A5, A6 and A7. Preferred holes for this program are based on the size and strength of the conductors. An allowance for a secondary hole at each site has been made 40 meters either up or down dip, depending on the expected depth of the conductor.

Downhole inductive conductivity logging of drill-holes is planned to confirm intersection of the conductors. While most of the targets are sub-horizontal, the drilling has been planned at an inclination of 70 degrees to allow for potential future down-hole EM surveying.

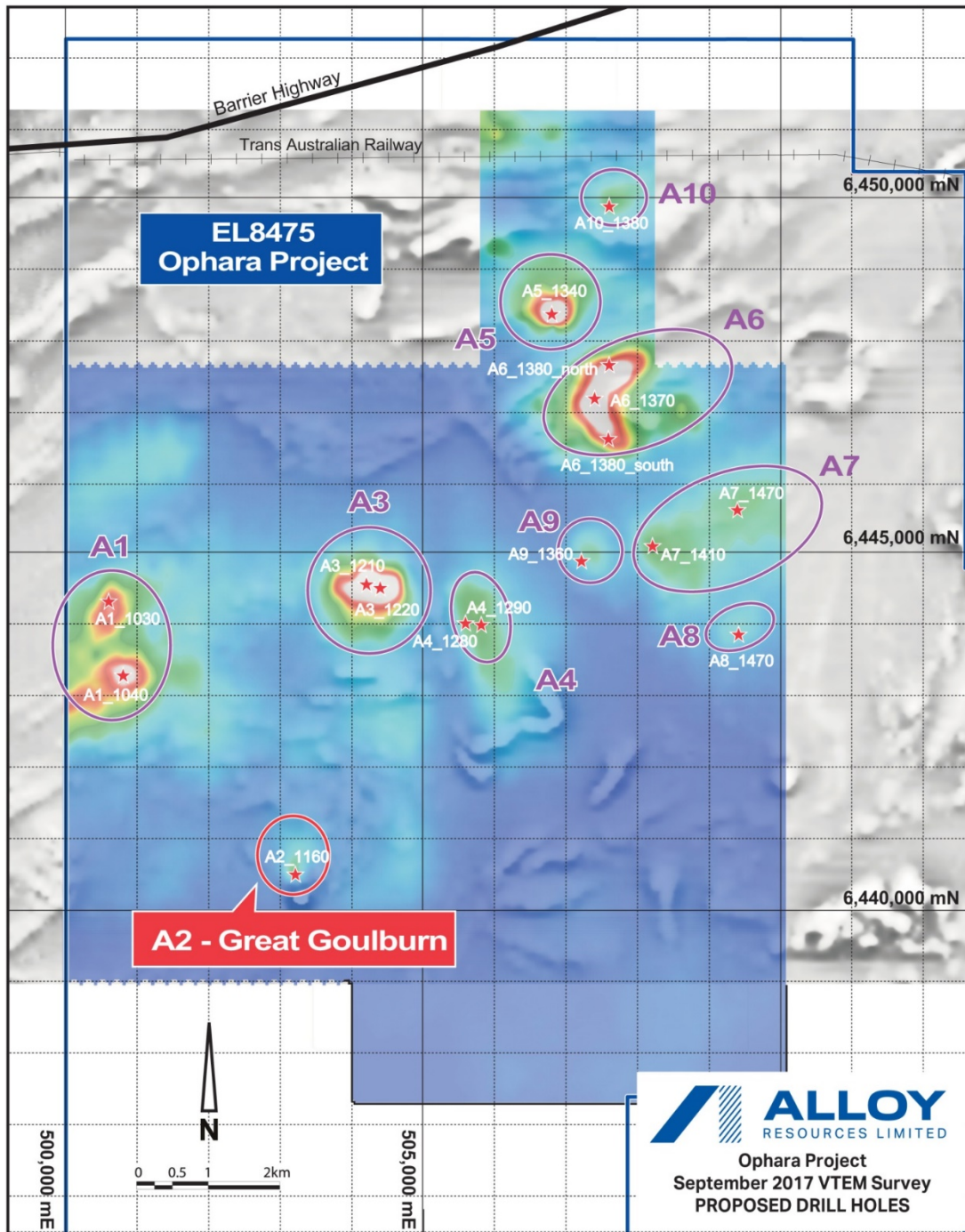


Figure 6 Proposed VTEM survey area on surface geology.



Drill planning at the time of writing was well advanced with all requisite contracts and approvals being finalised to enable commencement of drilling in the second or third week of November 2017.

The Company is highly encouraged by the number and relative strength of conductors defined by the VTEM survey. The geological setting is regarded as being very encouraging with the conductors potentially associated with a preferred strata that is strongly sulphidic. It is possible that magnetic and non-magnetic structures observed at Great Goulburn and interpreted from aeromagnetics may be localising the stronger conductors.

Should mineralisation be associated with the conductors then large tonnages can be expected to be present.

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

The Horse Well Joint Venture with Doray Minerals Limited ('Doray') is exploring the 1,000 square kilometre Horse Well Project (Figure 7).

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.

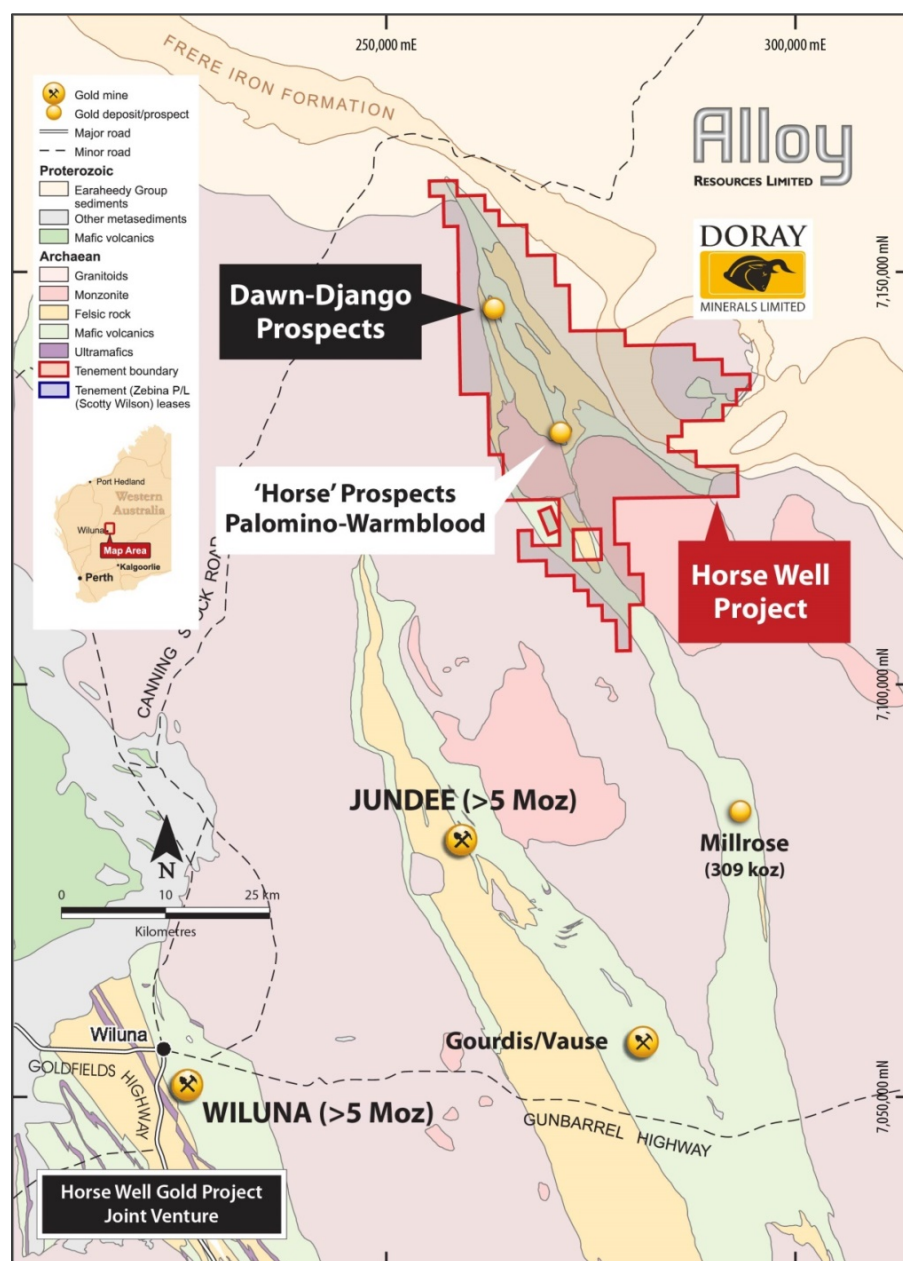


Figure 7 Horse Well location on regional geology



Completed and planned Exploration

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

The Company is awaiting programmes and budgets for the next phase of exploration.

Kurnalpi South – Gold (100%)

The Company has compiled historical data and completed an Exploration targeting exercise.

In September a 40 square kilometre area in the south west of the lease was infill and extension auger soil sampled on approximately 400 by 100 metre spacing looking for anomalous gold trends.

A total of 420 samples were collected and submitted for gold analysis. Results are currently being compiled and interpreted.

Other Western Australian Projects

The Company has two 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.

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 \$548,000.

The Company completed a Placement to raise \$600,000 in early October 2017.

A Share Purchase Plan has been offered to shareholders to raise up to a further \$500,000.



For further information contact:

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Executive Chairman

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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
Horse Well				
Eskay Resources Pty Ltd 100%	WA	E69/1772	40%	40% ⁺
Doray Minerals Limited - Granted	WA	E53/1466	40%	40% ⁺
Doray Minerals Limited - Granted	WA	E53/1471	40%	40% ⁺
Doray Minerals Limited - Granted	WA	P53/1524	40%	40% ⁺
Doray Minerals Limited - Granted	WA	P53/1525	40%	40% ⁺
Doray Minerals Limited - Granted	WA	P53/1526	40%	40% ⁺
Doray Minerals Limited - Granted	WA	E69/2765	40%	40% ⁺
Doray Minerals Limited - Granted	WA	E69/3069	40%	40% ⁺
Doray Minerals Limited - Granted	WA	E53/1924	0%	40%
Doray Minerals Limited - Granted	WA	E69/2492	40% [^]	40% ^{^+}
[^] Awaiting transfer of interest				
Doray Minerals Limited - Granted	WA	E69/2820	32%	32% ⁺
⁺ subject to Doray farmin Agreement – Doray have earned 60%				
[*] Phosphate Australia retain 20% free- carried to BFS				
[^] Wayne Jones NSR				
Millrose				
Alloy Resources Limited - Surrendered	WA	E53/1873	100%	0%
Telfer				
Alloy Resources Limited – Application	WA	E45/4807	0%	0%
Barrytown Mineral Sands Project				
Alloy Resources Limited – Granted	NZ	EL 51803	20%	20%**
** Subject to farm-out and Sale Agreement to Pacific Mineral Resources				
Martins Well				
Alloy Resources Limited – withdrawal from Farm-in	SA	EL 5577	100%	0%
# Subject to 90% earn-in Agreement				
Kurnalpi South				
Alloy Resources Limited – Granted	WA	E28/2599	100%	100%
Alloy Resources Limited - Granted	WA	E28/2665	0%	100%
Mt Goddard - Kambalda				
Alloy Resources Limited – Granted	WA	E15/1506	100%	100%
Madoonia Downs - Kambalda				
Alloy Resources Limited – Granted	WA	E15/1544	0%	100%
Alloy Resources Limited – Withdrawn	WA	E15/1545	0%	
Alloy Resources Limited – Granted	WA	E15/1546	0%	100%
Lake Cowan - Kambalda				
Alloy Resources Limited – Application	WA	E15/1575	0%	0%
Yamarna				
Alloy Resources Limited - Granted	WA	E38/3096	0%	100%
Ophara – Broken Hill West				
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 SEPTEMBER 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(149)	(149)
(b) development	-	-
(c) production	-	-
(d) staff costs	(8)	(8)
(e) administration and corporate costs	(75)	(75)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other – Barrytown Option	19	19
1.9 Net cash from / (used in) operating activities	(212)	(212)

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
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	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
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	-	-
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)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	760	760
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(212)	(212)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	548	548

5.	Reconciliation of cash and cash equivalents 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	67	252
5.2	Call deposits	481	508
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	548	760

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**

85

-

- (a) Directors Fees and Remuneration \$78,106 (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 \$7,363 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**

-

-

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
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.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	(400)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	(30)
9.5 Administration and corporate costs	(10)
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	(440)

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

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: 26 October 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.