



ASX Release
7 March 2018

Capital Structure

Alloy Resources Limited
ABN 20 109 361 195

ASX Code
AYR

Issued Shares
1,307,584,758

Unlisted Options
29,000,000

Corporate Directory

Executive Chairman
Mr Andy Viner

Non-Exec Director
Mr Allan Kelly

Non-Exec Director/Co Sec
Mr Kevin Hart

Company Details

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Alloy Secures New Ground South of Horse Well Gold Project

- Alloy enters into an Option Agreement to secure a 100 km² Exploration Licence Application that surrounds the 309,000 ounce Millrose Gold Deposit.
- The project is located 15 kilometres south of the Horse Well Gold Project where Alloy recently regained control and management of exploration.
- The ELA covers 20 strike kilometres of the highly prospective Celia Shear structure which controls extensive gold mineralisation in the region.
- The last remaining area of the Celia Shear target not held by active Companies in the Millrose Greenstone Belt.
- Only limited historical drilling with large areas soil covered.
- Eight kilometres east of Northern Star's Ramone discovery

Summary

Australian Gold and Cobalt explorer **Alloy Resources Limited (ASX:AYR) (Alloy or the Company)** is pleased to announce that it has reached agreement with **Jindalee Resources Limited (ASX:JRL) ("Jindalee")**, for Alloy to acquire an Option to purchase Exploration Licence Application 53/1962 ("ELA") within the highly prospective Millrose Greenstone Belt and adjacent to the Company's Horse Well Gold Project.

Horse Well and the ELA are located in the north eastern goldfields adjacent to Northern Star's Jundee Gold Mine (Figure 1). The projects are located on a major mineralised structure called the Celia Shear which extends down the eastern margin of the Millrose Greenstone Belt. The Celia Shear is emerging as a highly prospective target for new gold discoveries and the new ELA surrounds the principal prospect here at Millrose which has an Inferred Mineral Resource¹ of 309,000 ounces of gold (Figure 2).

Alloy Executive Chairman Andy Viner said the Company was very pleased to be able to secure this new area at a time when companies in the area are making new discoveries.

"We have recently regained control of the Horse Well Gold project which we believe is one of the best early stage gold exploration properties in the Goldfields with a shallow high-grade Inferred Mineral Resource of 75,000 ounces at 2.76 g/t Au (refer ASX:28 October 2015 Quarterly Report and Table 1) and numerous prospects at various stages of exploration. We think the new ELA area significantly enhances the potential for Alloy to make new gold discoveries as it expands our coverage of the mineralised Celia Shear from 60 to 80 strike kilometres".

He continued *"One of our most intriguing targets is the Celia Shear extensions to Overland Resources new high-grade surface quartz vein discovery at Coralie Jean which has only emerged in the last quarter. Our understanding of this new discovery is that it opens up new concepts for the location of mineralisation along this shear which we can now apply to the Millrose ELA. Another reason for excitement is the location of the ELA only 8 kilometres east of Northern Star's Ramone discovery, which is also showing the untapped potential of this area".*

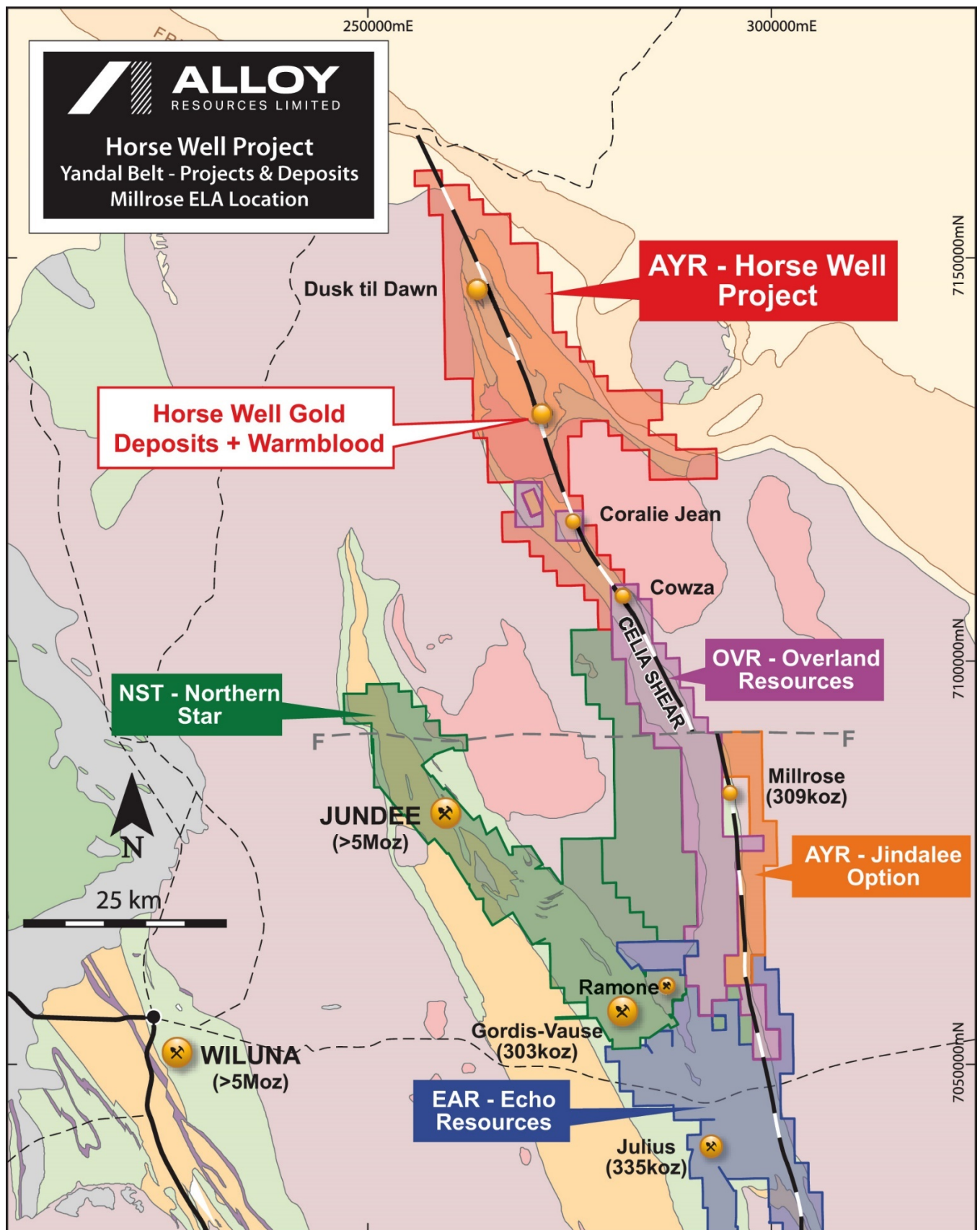


Figure 1 The Jindalee ELA location and Horse Well JV project with Projects and Gold Deposits on Geology

1. Millrose Inferred Mineral Resource, JORC 2004 as reported by ASX:RIE in 2015 Annual Report



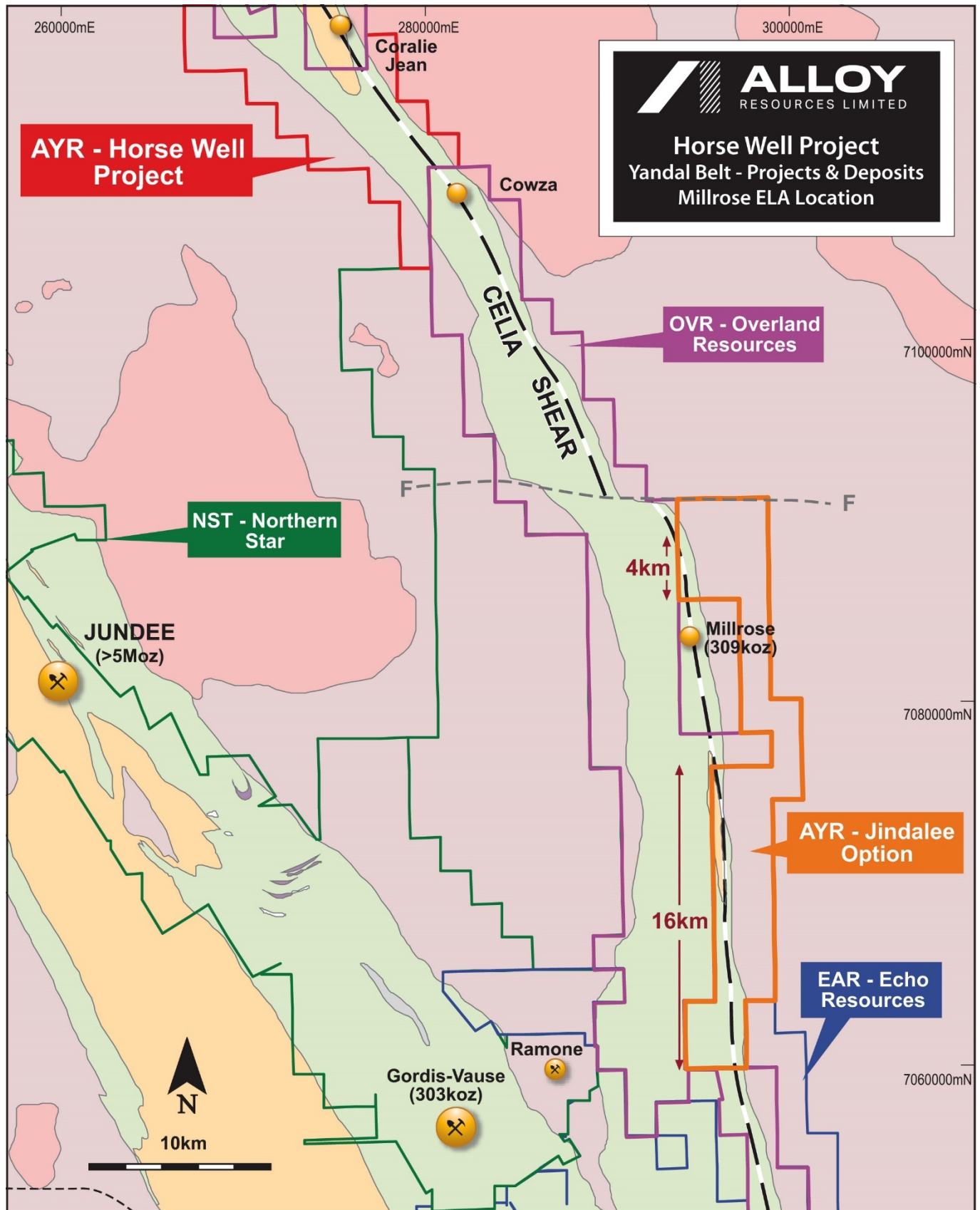


Figure 2 The Jindalee ELA location showing strike cover of Celia Shear and Gold Deposits on Geology



Transaction Terms

Alloy and Jindalee have signed a binding Heads of Agreement for an Option to purchase the Millrose ELA. The key material terms are:

- 1) A non-refundable payment on execution;
 - a) comprising \$50,000 cash, and
 - b) \$50,000 in non-escrowed, fully paid ordinary shares in Alloy priced at a 5 day VWAP, being 8,333,333 shares.
- 2) Alloy to expend a minimum of \$34,000 on exploration on E53/1962 during its first year of grant and agrees to keep the tenement in good standing prior to withdrawal from this agreement.
- 3) At the 1st anniversary of grant of E53/1962 Alloy can elect to either:
 - a) withdraw from the agreement with E53/1962 reverting 100% to Jindalee, OR
 - b) pay a further \$50,000 cash and \$50,000 in non-escrowed, fully paid ordinary shares in Alloy to acquire a 100% interest in E53/1962.
 - c) On election of b) above Jindalee will provide transfer of lease documents to Alloy and Alloy will provide for a 2% NSR to be retained by Jindalee over E53/1962.
- 4) The parties agree to complete a more formal Agreement no later than 31 March 2018.

Exploration Planning

The Millrose ELA is expected to be granted shortly and as the Company commences field work at the adjacent Horse Well Gold Project, an on ground inspection of the Jindalee option tenement will be undertaken as a part of planning for commencement of field activity on the project.

The Company looks forward to informing the market of details of mineralisation within the ELA and its planned exploration programs as they are defined.

For more information contact:

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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

