



ABN 20 109 361 195

INTERIM FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

## Corporate Directory

### Directors

Mr Andrew Viner  
Mr Kevin Hart  
Mr Allan Kelly

Executive Chairman  
Non-Executive Director  
Non-Executive Director

### Company Secretary

Mr Kevin Hart

### Principal Office

Level 3  
35 Havelock Street  
West Perth WA 6005  
Telephone: (08) 9322 9903  
Mobile: 0419 960 501

### Registered Office

Suite 6, 7 The Esplanade  
Mt Pleasant, Western Australia 6153  
Telephone: (08) 9316 9100  
Facsimile: (08) 9315 5475  
Website: [www.alloyres.com](http://www.alloyres.com)

### Auditor

KPMG  
235 St George's Terrace  
Perth, Western Australia 6000

### Share Registry

Security Transfer Registrars Pty Ltd  
770 Canning Highway  
Applecross, Western Australia 6153

### Stock Exchange Listing

The Company's shares are quoted on the Australian Securities Exchange.  
The Home Exchange is Perth, Western Australia.

### ASX Code

AYR – Ordinary shares

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### **Exploration Results**

*The 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 is a shareholder and option holder of Alloy Resources Limited. Mr Viner has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is 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.*

*The Company confirms that it is not aware of any new information that materially affects the information included in the relevant ASX releases and the form and content of the announcements have not been materially modified. In the case of estimates of Mineral Resources, the Company confirms that all material assumptions and technical parameters underpinning the relevant market announcement, continue to apply and have not materially changed.*

## Directors' Report

The Directors present their report on Alloy Resources Limited and the entities it controlled at the end of, or during the half-year ended 31 December 2017 and the review report thereon.

### Directors

The following persons were directors of Alloy Resources Limited during the entire half-year and up to the date of this report:

Mr Andrew Viner  
Mr Kevin Hart  
Mr Allan Kelly

### Results of Operations

The consolidated net loss after income tax for the half-year year was \$254,627 (31 December 2016: \$494,245) which includes project evaluation and generation and exploration costs expensed and written off of \$110,188 (31 December 2016: \$250,364).

### Financial Position

At the end of the period the consolidated entity had \$1,368,516 (30 June 2017: \$759,174) in cash and at call deposits. Capitalised mineral exploration and evaluation expenditure asset is \$3,870,033 (30 June 2017: \$3,524,427).

### Review of Exploration

#### HORSE WELL GOLD PROJECT (51% and sole funding to 60%)

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

The Joint Venture has completed over \$7.8 million in exploration expenditure since 2012. Future exploration will be based on programmes and budgets proposed by the Joint Venture Manager, Doray Minerals.

During the period 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.

On 29 January 2018, the Company announced that it had reached agreement with its Joint Venture Partner, Doray Minerals Limited ("Doray"), to regain a majority interest and assume management control of the operation.

The key material terms that are effective immediately are;

1. Alloy has acquired an 11% HWJV interest, taking it to a 51% HWJV interest by payment of;
  - \$300,000 cash, and the issue of;
  - \$200,000 in AYR shares priced at 0.6 cents based on a 10 day VWAP on the effective date.
2. The 32,258,065 AYR shares issued are escrowed for 6 months.
3. With 51% interest Alloy assumes Management of the HWJV.
4. Alloy will sole fund \$1.4 million expenditure to go to a 60% JV interest.
5. Doray can elect to contribute or dilute after Alloy has reached a 60% interest in the HWJV. If Doray dilutes to 5% or below then its interest will revert to a 1% NSR.
6. Doray retains a 'Claw-back' right if a 1.5 million-ounce Mineral Resource is defined. If exercised:
  - Doray must repay Alloy 3 x Exploration Expenditure to get 51%.
  - Alloy 49% free-carried to completion of a BFS.

## **HORSE WELL GOLD PROJECT (51% and sole funding to 60%) continued**

7. HWJV may nominate areas for a 'Small Mine' Development;

- Applicable to any Mineral Resource < 1.5 Moz with a positive Scoping Study.
- Mine Development Area separated out from HWJV into a Mining JV.
- Mining JV can elect to Mine, Process, Toll Mill or Sell.

### **Exploration Planning**

As a HWJV participant, Alloy has a good understanding of the exploration completed by the Joint Venture and hence expects the management handover to be relatively straight forward.

Under Alloy management some exploration priorities will change whereby there will be equal focus on the discovery of both large new gold deposits as well as smaller high-grade deposits. There are numerous existing prospects in both the southern Horse and northern Dawn target areas.

In the northern Dawn prospects area, the JV completed extensive first pass Air core drilling on an 800-metre line spacing and 160 metre hole spacing. This work has defined gold mineralised trends beneath transported cover and has outlined three strike extensive anomalies (at >50ppbAu) (*Refer ASX release dated 16 January 2017*). Interestingly the central and eastern anomalies are associated with newly defined intrusive granitoids along the prospective Celia Shear.

A new area of interest has emerged from exploration results by Overland Resources Limited at their Coralie Jean prospect located at the most southern end of the HWJV.

In effect the HWJV is extremely prospective along its entire 60-kilometre strike with the central Celia Shear structure focussing extensive gold mineralisation.

The Company looks forward to informing the market of its exploration programs as they commence.

## **OPHARA COBALT GOLD PROJECT – Broken Hill West – 100%**

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.

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 a continued exploration focus on the project area by Alloy.

During the period the Company sought to cost effectively locate new areas of Cobalt-Gold-Copper mineralisation under the largely sand covered terrain using an aerial electro-magnetic surveying method called VTEM. This technique can be effective 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.

Independent geophysical consultants worked with the Company to define five priority conductor targets from this survey and nine deep RC holes to test these.

During November the Company completed six RC holes of the planned nine-hole program (*refer ASX release dated 17 November 2017*).

## **OPHARA COBALT GOLD PROJECT – Broken Hill West – 100% continued**

Drilling indicated an interpretation issue as unexpectedly deep clays and hypersaline water were intersected in the deep weathered profile and no strong sulphide mineralisation was observed in the bedrock.

A ground EM survey crew was mobilised to the site after the first three drill holes to provide more accurate definition of the location of conductors at depth. In summary the results of this work indicated that both A3 and A6 conductors were shallower rather than deeper and likely to be sub-horizontal conductive weathered material which coincided with observed geology.

One down-hole EM survey was able to be completed on hole AORC13 and this did not indicate any conductors below the probe depth of 90 metres – confirming the main conductance being located in overlying micaceous clays.

Following ground EM surveying at A5 one further hole was drilled to test a possible steeper bedrock conductor however nothing was observed to explain this.

Drilling at the A1 anomaly also indicated similar deep clay and excessive hypersaline water which was likely to explain the VTEM anomaly.

RC drill holes were routinely sampled by collecting spear samples of four one metre intervals and compositing these into one 2kg sample for analysis of 33 elements and gold. As expected from field observations, no anomalous results were returned for any elements.

### *Planned Exploration*

A review of the VTEM data in the Great Goulburn cobalt-gold prospect area and understanding gained from the recent RC drill program to the north of this prospect supports the observation that there is scope to define new targets that are related to potential bedrock sulphide sources. Targets identified will need to be correlated with other confirmatory data such as magnetic rock units and surface geochemical anomalies prior to ranking and drill testing.

The Company is committed to exploring the potential for cobalt-gold mineralisation in the areas proximal to the Great Goulburn prospect and has commenced the following activities;

1. Re-visit the VTEM data over this prospect area with a view to highlighting areas of shallow weathering that have (more subtle) potential conductive bodies similar to the pyritic sulphide zones at the drilled Great Goulburn cobalt-gold prospect (*Refer ASX release dated 3 March 2017*).
2. An independent review of surface and drill geochemical data related to the Great Goulburn area to define the characteristics of the mineralisation, and plan and complete an appropriate surface survey that will effectively define cobalt-gold-copper geochemical anomalies.
3. Combining this geophysics and geochemistry to outline new drill targets for testing in the coming months.

## **KURNALPI SOUTH PROJECT– Gold (100%)**

The Company has compiled historical data and completed an Exploration targeting exercise. A small auger soil sampling program was completed and a diffuse gold anomaly located in the south-west corner of the area. Subsequent to the end of the half year the project has been farmed out to Rivers Gold Limited.

## **OTHER PROJECTS**

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

## **TELFER WEST PROJECT – Gold/copper (100%)**

Following completion of a Native Title Access agreement EL 45/4807 was granted in early December 2017.

The Company has compiled historical exploration data and past wide spaced air-core drilling by BHP and Gindalbie Minerals during the 1990's has defined anomalous gold-copper trends that are poorly tested and is seeking a joint venture partner for this project.

## **CORPORATE**

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

The Company completed a Share Purchase Plan to raise \$600,000 in early November 2017.

### **Matters subsequent to the end of the financial period**

On 29 January 2018, the Company announced that it had reached agreement with its Joint Venture Partner, Doray Minerals Limited ("Doray"), to regain a majority interest and assume management control of exploration at the highly prospective Horse Well Gold Project Joint Venture ("Horse Well") for consideration of \$300,000 cash and the issue of 32,258,065 ordinary shares. Alloy will sole fund \$1.4 million in expenditure to earn a 60% JV interest through future exploration expenditure.

On 28 February 2018, the Company entered into an agreement with Riversgold Limited whereby Riversgold can earn up to an 85% interest in the two Exploration Licences at Kurnalpi South.

On 7 March 2018 the Company reached an agreement with Jindalee Resources Limited to acquire an option to purchase a 100km<sup>2</sup> Exploration License Application that surrounds the 309,000 ounce Millrose Gold deposit.

Other than the above there has not arisen in the interval between the end of the period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

### **Auditors Independence Declaration**

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act is set out on the following page.

This report is made in accordance with a resolution of the Directors.

DATED at Perth this 15th day of March 2018.



Andrew Viner  
**Executive Chairman**



# Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Alloy Resources Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Alloy Resources Limited for the half-year ended 31 December 2017 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Matthew Beevers  
*Partner*

Perth  
15 March 2018



**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**

**For the half-year ended 31 December 2017**

	<b>Consolidated</b>	
	<b>31</b>	<b>31</b>
	<b>December</b>	<b>December</b>
	<b>2017</b>	<b>2016</b>
Note	<b>\$</b>	<b>\$</b>
Other income	35,000	-
Non-executive directors Fees	(30,000)	(20,000)
Depreciation and amortisation	(578)	(209)
Occupancy expenses	(13,587)	(11,646)
Accounting and administrative expenses	(95,507)	(138,887)
Directors remuneration – Share based payments	-	(33,891)
Employee expenses	(26,023)	(27,311)
Insurance	(6,445)	(6,089)
Other expenses	(12,992)	(8,861)
Project evaluation and generation	(110,188)	(61,735)
Exploration costs written off	-	(188,629)
<b>Results from operating activities</b>	<b>(260,320)</b>	<b>(497,258)</b>
Finance income	5,693	3,013
<b>Loss before income tax</b>	<b>(254,627)</b>	<b>(494,245)</b>
Income tax expense	-	-
<b>Loss for the period</b>	<b>(254,627)</b>	<b>(494,245)</b>
Other comprehensive income for the period	-	-
<b>Total comprehensive profit/(loss) for the period</b>	<b>(254,627)</b>	<b>(494,245)</b>
Earnings per share:		
Loss per share	(0.03)	(0.07) cents
Diluted loss per share	(0.03)	(0.07) cents

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

**Condensed Consolidated Statement of Financial Position**  
**As at 31 December 2017**

		<b>Consolidated</b>	
		<b>31</b>	<b>30</b>
		<b>December</b>	<b>June</b>
		<b>2017</b>	<b>2017</b>
		<b>\$</b>	<b>\$</b>
<b>Current assets</b>			
Cash and cash equivalents		1,368,516	759,174
Trade and other receivables		10,557	3,037
Other current assets		10,202	10,377
<b>Total current assets</b>		<b>1,389,275</b>	<b>772,588</b>
<b>Non- current assets</b>			
Plant and equipment		2,928	3,506
Formation expenses		669	669
Capitalised mineral exploration and evaluation expenditure	3	3,870,033	3,524,427
Security deposits		10,000	10,000
<b>Total non-current assets</b>		<b>3,883,630</b>	<b>3,538,602</b>
<b>Total assets</b>		<b>5,272,905</b>	<b>4,311,190</b>
<b>Current liabilities</b>			
Trade and other payables		196,173	137,854
Provisions		73,387	70,906
<b>Total current liabilities</b>		<b>269,560</b>	<b>208,760</b>
<b>Total liabilities</b>		<b>269,560</b>	<b>208,760</b>
<b>Net assets</b>		<b>5,003,345</b>	<b>4,102,430</b>
<b>Equity</b>			
Issued capital	4	18,633,144	17,477,602
Accumulated losses		(13,680,672)	(13,432,045)
Reserves		50,873	56,873
<b>Total equity</b>		<b>5,003,345</b>	<b>4,102,430</b>

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

**Condensed Consolidated Interim Statement of Changes in Equity**  
**For the half-year ended 31 December 2017**

<b>Consolidated</b>	<b>Share Capital</b>	<b>Accumulated losses</b>	<b>Equity Remuneration Reserve</b>	<b>Total</b>
	\$	\$	\$	\$
<b>Balance as at 1 July 2017</b>	<b>17,477,602</b>	<b>(13,432,045)</b>	<b>56,873</b>	<b>4,102,430</b>
Profit/(loss) for the period	-	(254,627)	-	(254,627)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	-	(254,627)	-	(254,627)
Transfer from equity remuneration reserve	-	6,000	(6,000)	-
Transactions with equity holders in their capacity as equity holders:				
Issue of shares	1,200,000	-	-	1,200,000
Transaction costs of equity issued	(44,458)	-	-	(44,458)
<b>Balance as at 31 December 2017</b>	<b>18,633,144</b>	<b>(13,680,672)</b>	<b>50,873</b>	<b>5,003,345</b>

<b>Consolidated</b>	<b>Share Capital</b>	<b>Accumulated losses</b>	<b>Equity Remuneration Reserve</b>	<b>Total</b>
	\$	\$	\$	\$
<b>Balance as at 1 July 2016</b>	<b>16,287,450</b>	<b>(12,748,493)</b>	<b>56,884</b>	<b>3,595,841</b>
Profit/(loss) for the period	-	(494,245)	33,891	(460,354)
Other comprehensive income for the period				
Total comprehensive loss for the period	-	(494,245)	33,891	(460,354)
Transfer from equity remuneration reserve	-	50,884	(50,884)	-
Transactions with equity holders in their capacity as equity holders:				
Issue of shares	1,280,000	-	-	1,280,000
Transaction costs of equity issued	(89,848)	-	-	(89,848)
<b>Balance as at 31 December 2016</b>	<b>17,477,602</b>	<b>(13,191,854)</b>	<b>39,891</b>	<b>4,325,639</b>

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

**Condensed Consolidated Interim Statement of Cash Flows**  
**For the half-year ended 31 December 2017**

	<b>Consolidated</b>	
	<b>31</b>	<b>31</b>
	<b>December</b>	<b>December</b>
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Interest received	5,693	3,013
Payments to suppliers and employees	(203,623)	(174,392)
<b>Net cash (used in) operating activities</b>	<b>(197,930)</b>	<b>(171,379)</b>
<b>Cash flows from investing activities</b>		
Payments for exploration and evaluation	(383,270)	(799,304)
Proceeds from option agreement	35,000	-
<b>Net cash (used in) investing activities</b>	<b>(348, 270)</b>	<b>(799,304)</b>
<b>Cash flows from financing activities</b>		
Payment for the purchase of plant and equipment	-	(4,550)
Proceeds from issue of shares and shares to be issued	1,200,000	1,250,000
Payments for share issue costs	(44,458)	(11,198)
<b>Net cash provided by financing activities</b>	<b>1,155,542</b>	<b>1,234,252</b>
<b>Net increase in cash held</b>	<b>609,342</b>	<b>263,569</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>759,174</b>	<b>1,264,343</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>1,368,516</b>	<b>1,527,912</b>

The above condensed consolidated interim statement of cash flows should be read in conjunction with the accompanying notes.

**Notes to the Condensed Consolidated Interim Financial Report  
For the half-year ended 31 December 2017**

**Note 1 Summary of significant accounting policies**

**(a) Reporting entity**

Alloy Resources Limited (the "Company") is a company domiciled in Australia. The condensed consolidated interim financial report of the Company as at and for the half year ended 31 December 2017 comprises the Company and its subsidiaries (together referred to as the "consolidated entity").

The Group is a for profit entity for financial reporting purposes under Australian Accounting Standards.

The consolidated annual financial report of the consolidated entity as at and for the year ended 30 June 2017 is available upon request from the Company's registered office at Suite 6, 7 The Esplanade, Mt Pleasant, Perth or at [www.alloyres.com](http://www.alloyres.com).

**(b) Statement of compliance**

The condensed consolidated interim financial report is a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This condensed consolidated interim financial report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as complete an understanding of the financial performance, financial position and cash flows of the Company as the annual financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2017 and any public announcements made by the consolidated entity during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The condensed consolidated interim financial report was approved by the Board of Directors on 15th March 2018.

**(c) Going concern**

The directors have prepared the financial statements on a going concern basis which contemplates the realisation of assets and the payment of liabilities in the normal course of business. The Group has no debt obligations. The Group has a working capital surplus of \$1,119,521 as at 31 December 2017 and received net cash inflows of \$609,342 for the period (including net proceeds from share issues of \$1,155,542). The Group incurred a loss for the period of \$254,627.

The directors have reviewed the Group's financial position and forecast cash flows and have assessed that the Group will be required to raise additional funds by way of issuing equity to continue its exploration program as forecast or alternatively reduce its discretionary expenditure. The directors reasonably expect that the Group will be able to raise additional funds as required to meet future costs associated with its operating and exploration activities for at least the next 12 months but is able to curtail expenditure if required. The directors are therefore of the opinion that the use of the going concern basis is appropriate in the circumstances.

**Notes to the Condensed Consolidated Interim Financial Report**  
**For the half-year ended 31 December 2017**

**(d) Significant accounting policies**

Except as described below, the accounting policies applied by the Group in the condensed consolidated interim financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30 June 2017.

**(e) Estimates**

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. In preparing this consolidated interim financial report, the significant judgements made by management in applying the consolidated entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2017.

**Note 2 Dividends**

No dividends were paid or proposed during the half year ended 31 December 2017. The Company has no franking credits available as at 31 December 2017.

**Note 3 Capitalised mineral exploration and evaluation expenditure**

	Dec 2017	June 2017
	\$	\$
<i>In the exploration and evaluation phase</i>		
Cost brought forward	3,524,427	2,408,785
Exploration expenditure incurred during the year	399,551	534,345
Contributions to Horse Well Joint Venture	56,243	864,609
Exploration expenditure expensed/written off during the period	(110,188)	(283,312)
Cost carried forward	<u>3,870,033</u>	<u>3,524,427</u>

The recoverability of the carrying amount of the capitalised exploration and evaluation assets is dependent upon the successful development and commercial exploitation or alternatively sale of the respective areas of interest.

**Note 4 Contributed equity**

		Company			
		31 December 2017		31 December 2016	
		No.	\$	No.	\$
Issued share capital		1,266,993,360	18,633,144	996,993,360	17,477,602
<i>Share movements during the period</i>	<i>Issue price</i>				
At the beginning of the period		966,993,360	17,477,602	712,707,646	16,287,450
Placement	\$0.004	150,000,000	600,000	-	-
Share purchase plan	\$0.004	150,000,000	600,000	-	-
Placement	\$0.005	-	-	250,000,000	1,250,000
Provision of marketing services	\$0.007	-	-	4,285,714	30,000
Placement	\$0.007	-	-	-	-
Capital raising costs		-	(44,458)	-	(89,848)
At the end of the period		<u>1,266,993,360</u>	<u>18,633,144</u>	<u>966,993,360</u>	<u>17,477,602</u>

**Notes to the Condensed Consolidated Interim Financial Report  
For the half-year ended 31 December 2017**

**Note 5 Options**

As at 31 December 2017, the Company had the following options on issue:

7,000,000 unlisted options exercisable by payment of 1.5 cents each on or before 25 November 2019.  
20,000,000 unlisted options exercisable by payment of 1 cent each on or before 19 December 2019.  
2,000,000 unlisted options exercisable by payment of 1.6 cents each on or before 10 February 2020.

**Note 6 Segment information**

The Group has identified its operating segments based on the internal reports that are reviewed by the Board in assessing performance and determining the appropriate allocation of the Group's resources. The Group also has had regard to the qualitative thresholds for the determination of operating segments.

For management purposes the Group is organised into one operating segment, which involves mineral exploration and development in Australia. The Group's principle activities are interrelated and the Group has revenue from a farm-in on the Company's main exploration asset.

All significant operating decisions are based upon analysis of the Company as one segment. The financial results of this segment are equivalent to the financial statements of the Company as a whole.

The accounting policies applied for internal reporting purposes are consistent with those applied in preparation of the financial statements

**Note 7 Events occurring after the balance sheet date**

On 29 January 2018, the Company announced that it had reached agreement with its Joint Venture Partner, Doray Minerals Limited ("Doray"), to regain a majority interest and assume management control of exploration at the highly prospective Horse Well Gold Project Joint Venture ("Horse Well") for consideration of \$300,000 cash and the issue of 32,258,065 ordinary shares. Alloy will sole fund \$1.4 million in expenditure to earn a 60% JV interest through future exploration expenditure.

On 28 February 2018, the Company entered into an agreement with Riversgold Limited whereby Riversgold can earn up to an 85% interest in the two Exploration Licences at Kurnalpi South.

On 7 March 2018 the Company reached an agreement with Jindalee Resources Limited to acquire an option to purchase a 100km<sup>2</sup> Exploration License Application that surrounds the 309,000 ounce Millrose Gold deposit.

Other than the above there has not arisen in the interval between the end of the period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

## **Directors' Declaration**

In the opinion of the Directors of Alloy Resources Limited ("the Company")

- (a) the financial statements and notes set out on pages 6 to 12 are in accordance with the Corporations Act 2001, including:
  - (i) complying with the Corporations Regulations 2001 and Australian Accounting Standard AASB 134 Interim Financial Reporting, and
  - (ii) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2017 and of its performance, for the half-year ended on that date; and
- (b) as set out in Note 1(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

Signed at Perth this 15th day of March 2018.

A handwritten signature in black ink, appearing to be 'AV' followed by a long horizontal stroke.

Andrew Viner  
**Executive Chairman**





# Independent Auditor's Review Report

To the shareholders of Alloy Resources Limited

## Report on the Interim Financial Report

### Conclusion

We have reviewed the accompanying **Interim Financial Report** of Alloy Resources Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Alloy Resources Limited is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Condensed consolidated statement of financial position as at 31 December 2017
- Condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the Half-year ended on that date
- Notes 1 to 7 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The **Group** comprises Alloy Resources Limited (the Company) and the entities it controlled at half-year's end or from time to time during the half-year.

### Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- for such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that is free from material misstatement, whether due to fraud or error.



#### Auditor's responsibility for the review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Interim Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Alloy Resources Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an Interim Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

KPMG

Matthew Beevers  
Partner

Perth  
15 March 2018