Big New Targets at Horse Well Gold Joint Venture

- **Soil anomalies identified in historical sampling on highly prospective Celia Shear.**
- **1,200 infill and extension soil samples collected.**
- **Six compelling large multi-element targets defined.**
- **Two kilometre long soil anomaly adjoining high-grade Coralie Jean prospect.**
- **Air-core drilling awaiting Heritage Surveys planned for late July.**

ASX Release
9 July 2018

Capital Structure

Alloy Resources Limited
ABN 20 109 361 195

ASX Code
AYR

Issued Shares
1,451,334,758

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

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

Summary

Australian Gold and Cobalt explorer **Alloy Resources Limited (ASX:AYR) (Alloy or the Company)** is pleased to provide an update on exploration activities completed at the Horse Well Gold Project Joint Venture with Doray Minerals (ASX:DRM) (**Horse Well JV**) from April to June.

The Horse Well JV is located in the north-east goldfields of Western Australia and is adjacent to Northern Star's Limited's Jundee Gold Miine (Figure 1). A number of Companies, including Echo Resources and Renegade Exploration are actively exploring in the region and new discoveries have been made recently.

Since retaining management control of the Horse Well JV in late January the Company has quickly restarted field exploration following a strategic review of the status of exploration and an assessment of the geological implications for mineralisation from neighbouting discoveries (Figure 2).

The primary focus for new targets has been reviewing the prospectivity of the Celia Shear structure following the discovery of the high-grade outcropping quartz veins at Renegade Exploration Limited's Coralie Jean prospect which the Horse Well JV surrounds.

The Company has reviewed previous soil sampling in the area, assessed the multi-element pathfinders to known gold mineralisation in the area and inspected and mapped the regolith over the 20 kilometre strike of the Celia Shear south of the Warmblood prospect.

A major infill and extension soil sampling program was completed in May-June 2018 and now results are showing some very attractive and large anomalous pathfinder areas for drill testing.

Executive Chairman Mr Andy Viner said *" The Celia Shear mineralised structure is mostly unmappable in the area and the regolith is extremely complex and variable making interpretation and targeting very difficult. We are presenting what appears to be some very exciting large anomalies which have high potential to be representing new areas of gold mineralisation like Warmblood, Palamino and Coralie Jean prospects".*

"*Furthermore we think our techniques can be applied to past JV drilling anomalies and also new areas to the north of the Horse Well deposits which just adds to the prospectivity of this project*.

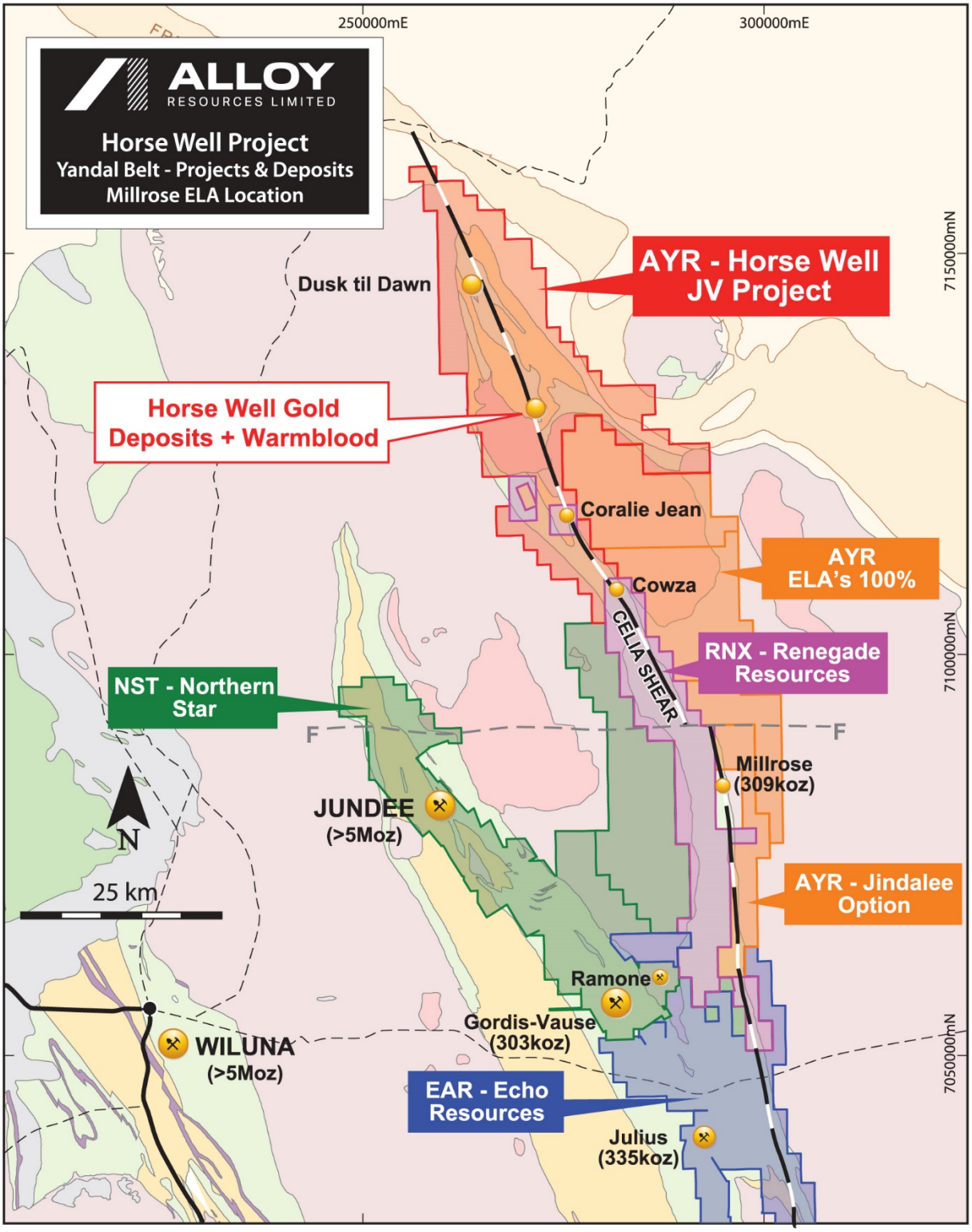


Figure 1 *Regional location of Horse Well Gold Project JV in the north-east goldfields of W.A*

Exploration Results

Soil Sampling

In light of developments at Renegade Exploration's " Coralie Jean" prospect located 15 kilometres south of the Warmblood prospect, Alloy has reviewed a large amount of soil sampling completed by Alloy before the Horse Well JV commenced.

A number of high grade rock chip samples have been discovered at Coralie Jean however very little response from gold in soil sampling existed. After reviewing historical multi-element drill and soil sampling of gold mineralisation at the various Horse Well JV prospects a number of key gold pathfinder elements were observed which are likely to help locate new gold prospects. The lag sampling method was regarded as most approriate for the complex regolith,

giving the best opportunity to test the majority of the area despite both aeolian sand and silcrete and ferricrete development.

As shown on Figure 2, two of these pathfinders, Bismuth and Tellurium, gave encouragement that the Celia Shear remained highly prospective showing anomalies at Warmblood and also north of the Coralie Jean prospect. Using this information and after some minor orientation sampling, a large lag soil sampling program of 1,200 samples was completed to infill and extend the previous sampling grid at about a 200 metre x 100 metre grid as shown on Figure 2. The program extended to cover an area west of Warmblood where another anomaly was present.

A full 51 multi-element suite including gold was analysed at low detection limits. Sample points were also logged with landform and soil and rock type noted for each. An independent geochemical consultant then assessed element populations and defined appropriate statistical ranges which are presented for key pathfinders on Figures 3 and 4.

Field checking of anomalies has included regolith and geological mapping and this information has been collected in a GIS dataset.

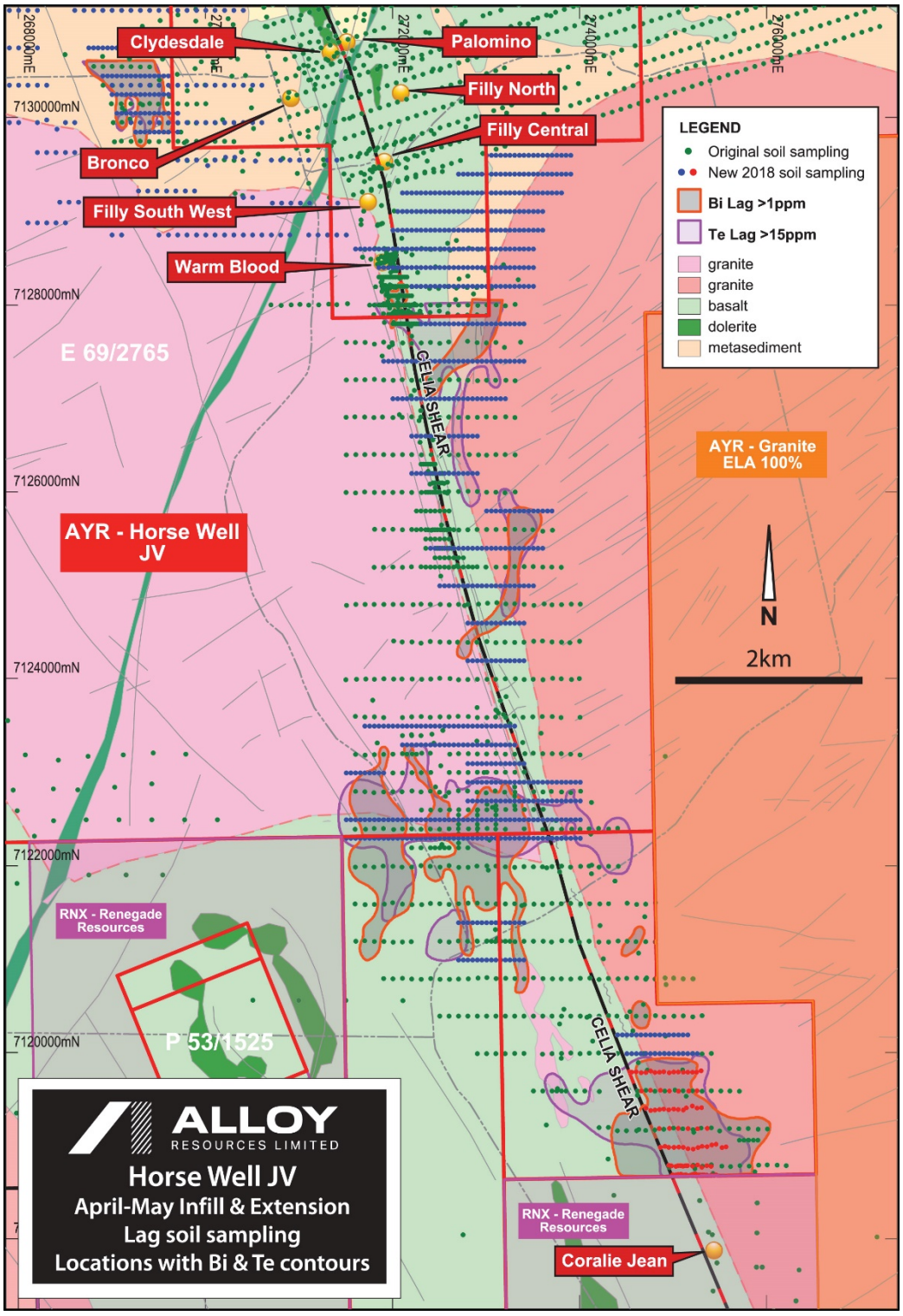


Figure 2 *Past and new soil sampling location on the Celia Shear corridor geology*

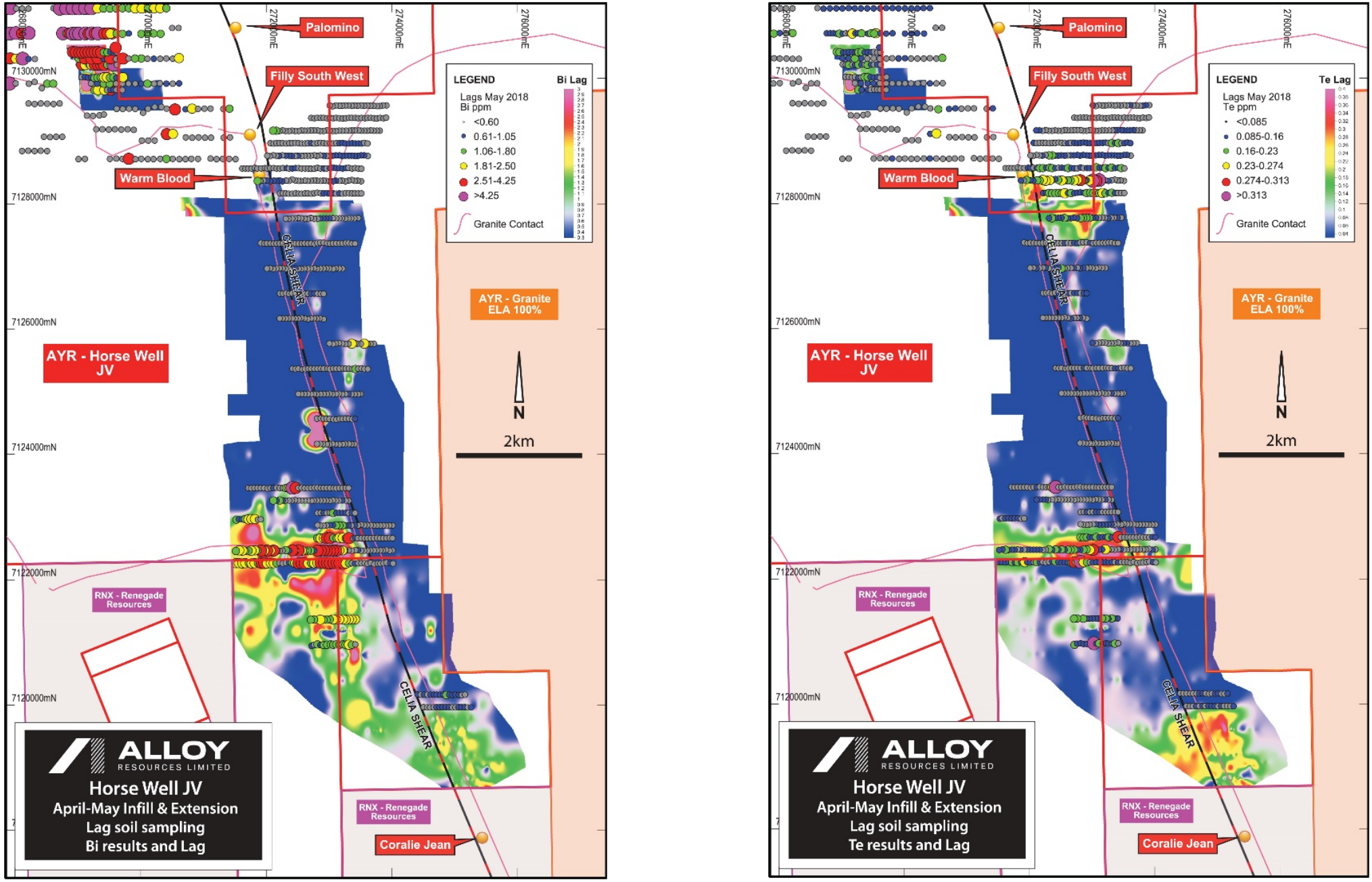
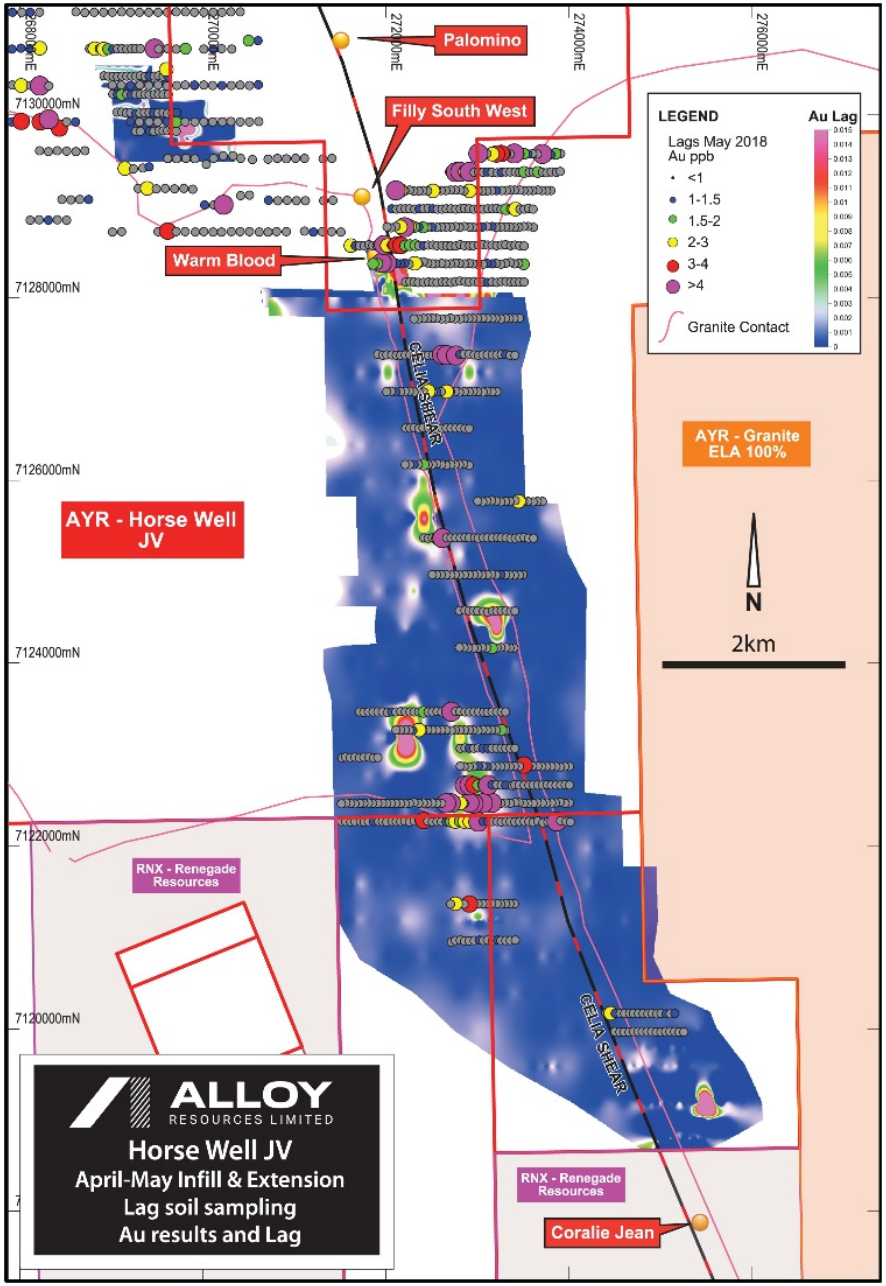


Figure 3 *New Bismuth and Tellurium sampling on rasters of historical sampling*



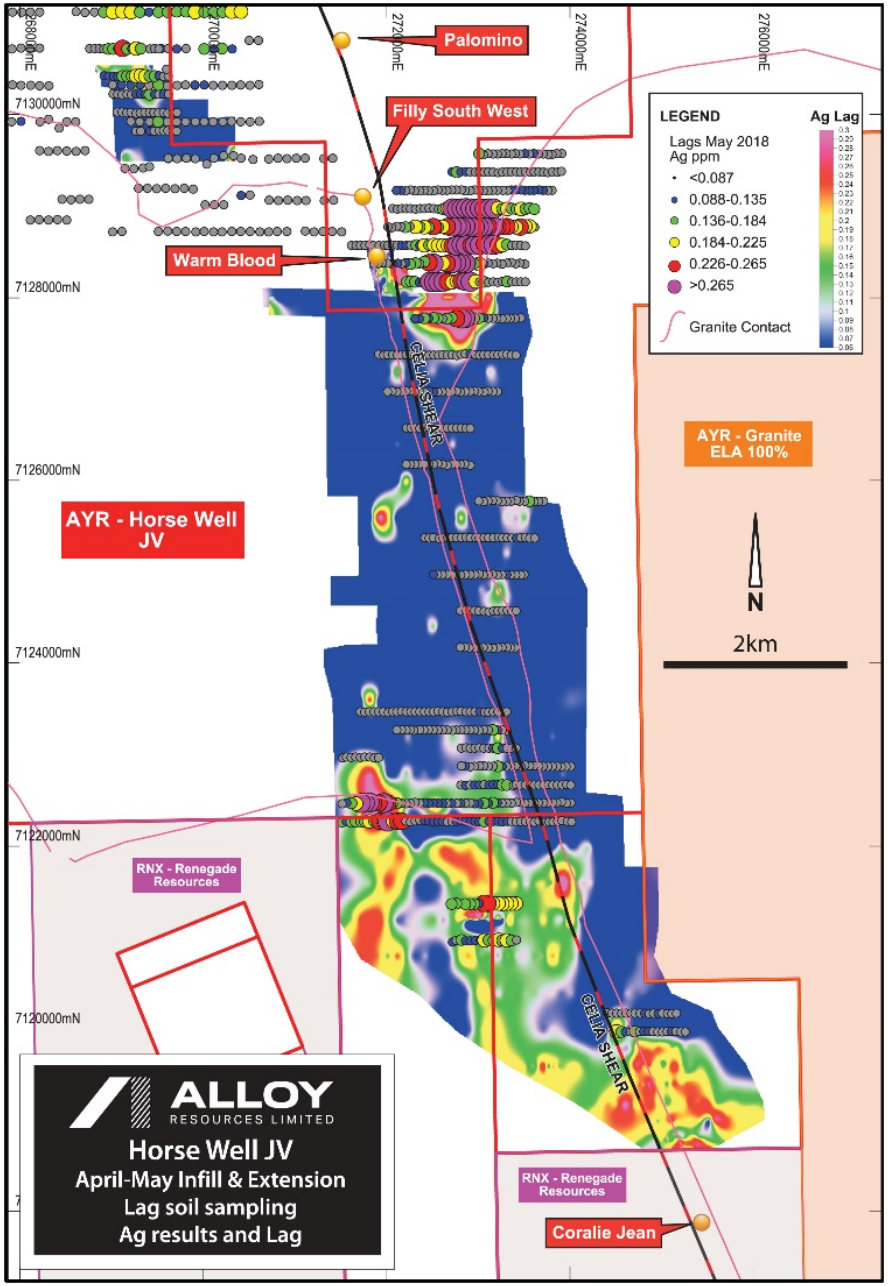


Figure 4 *New Gold and Silver sampling on rasters of historical sampling*

The new infill soil sampling has confirmed and enhanced the previously defined anomalies.

There remains some definite issues with the effectiveness of the sampling in the highly variable regolith. There is areas with a well developed 'reverse' topography which is a coarse pebbly iron and quartz conglomerate of probable Tertiary age that is extremely silicified and potentially metres deep. In other areas there is undoubted transported material that has in places been drilled and can be up to 10 metres deep. Finally there is then areas that are entirely stripped of any soil or cover material and is outcrop with some colluvium such as commonly found on the granite and parts of the elevated Celia Shear silicified faiult zone.

Despite the regolith variabilty there is strong evidence that some pathfinder elements have been concentrated in the surface material and are evidence of subsurface mineralisation.

Gold is not enhanced in the soil at all and is possibly only present when rare residual soil on bedrock is present.

Six very promising new anomalies are defined by the surface soil sampling and are described below and shown on Figure 5.

Anomaly 1

This anomaly extends for 2 kilometres to the north of the Coralie Jean prospect and is highly promising in that there is every reason to believe this represents an extension to the high grade quartz veins located only 200 metres to the south. Reasonably strong Tellurium, Bismuth and Silver is coincident in the area. There has been no previous drilling here.

Field inspection of the anomaly indicated that from just south of the Company's boundary, and then for the majority of the anomaly area, there is an extensive silicified ferricrete which is reverse topography base of transported material. This is interpreted to be responsible for the broad spread out and moderate values of the anomaly.

There is no outcrop present at all however aeromagnetic data confirms that the granite contact and Celia Shear continmue through the area with no change from the Coralie Jean area.

Anomaly 2

This area is located to the east of the Warmblood area and is an exciting new area. Very strong Silver is concentrated here over a two kilometre long area that follows the granite contact. This is supported by good Tellurium values and weaker Bismuth and Gold.

Field inspection has confirmed the presence of interesting mappable structures and probable alteration coinciding with the southern part of the anomaly and extending to the north. Extensive late quartz veining and shear boudinaging with associated quartz veining on a scale of metres to tens of metres is present. This mapping is currently being compiled and rock chip sample analysis is pending.

There is also ferricrete development which masks large parts of the greenstone units west of the granite. Further north where the anomaly appears to die off there is a strong suggestion of deep transported cover which may have made sampling ineffective.

Structurally this anomaly may be well located as the deformation associated with gold mineralisation is probably associated with late North East faulting and NE-SW compression which has reactivated the deep seated Celia Shear, and this anomaly may be located on an excellent dilation zone as the granite contact bends from NNW to NE.

Anomaly 3

This anomaly has been known for some time and is enhanced for all elements by this survey (*see ASX release 14 January 2014)*. It has been drilled on an east west 200m x 50m grid by the Joint Venture in 2016 with modest results. Drilling was quite shallow and there are some interesting drill intersections however current thinking is that very tight drilling is required to test narrow high-grade zones such as occurs at the Warmblood and Filly SW prospects.

Geologically there is some limited outcrop of granite and quartz veins in this area which is covered by extensive colluvium. The granite here is the very south eastern corner of a larger granite that intrudes to the west of the Celia Shear. Any mineralisation is likely to be related to deformation due to the rheology contrast with the adjacent greenstones.

To the south of the main anomaly there apears to be some possible transportation of the anomaly in the current drainage which extends southwards from the area.

Anomaly 4

This anomaly is not particularly strong however it appears that it may be linear suggesting a relationship with a NE trending structure. The area needs to be mapped in more detail to see if this can be located on the ground and be defined as a drill target.

Anomaly 5

This area to the West of the Horse Well prospects was selected for infill and expansion because a small previous survey had yielded very high Bismuth. This infill survey has confirmed that the area is very interesting with at least two large Bismuth anomalies emerging and supported by Gold and Silver with weak Tellurium.

No field mapping of the area has been done and magnetics are low quality in the area so it is too early to interpret the geological significance of the anomalies.

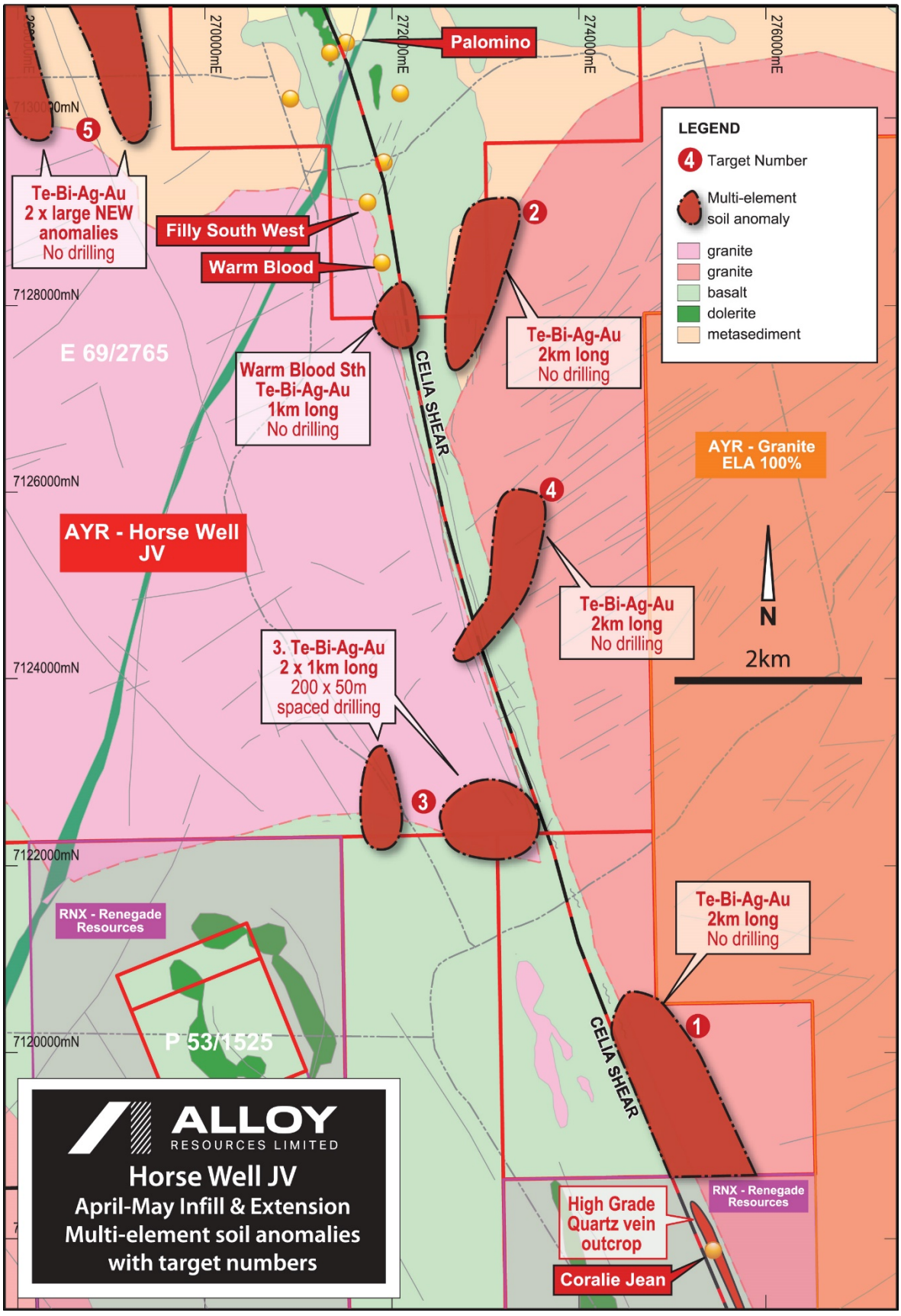


Figure 5 *Location of Multi-element soil anomalies on local Geology*

Planned Exploration

POW's have recently been approved for all anomlies except the new anomaly 5.

A request for a Heritage Survey over the approved POW areas has been submitted and a survey is expected to be undertaken in late July.

Planning has commenced for initial air-core drill testing of the anomalies and is scheduled to occur as soon as Heritage clearance has occurred. Targets by priority are;

1. Coralie Jean northern extensions – Anomaly 1
2. Anomaly 2
3. Warmblood South
4. Filly SW northern extensions (from recent RC drilling)
5. Anomaly 3 - targeted infill drilling.
6. Southern extensions of Coralie Jean (not shown)
7. Big Daddy prospect on Celia Shear north of Horse Well deposits
8. Anomaly 4

Field work planned in coming weeks will include initial field mapping of the Anomaly 5 area which will include rock chip sampling if any potentially mineralised outcrop is observed.

The Company will also assess the use of a small drill to complete deeper regolith sampling where transported cover may have made surface sampling inneffective.

For more information contact:

Andy Viner
Executive Chairman

Phone: +61 8 9322 9903
Or +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

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.

JORC Code 2012 Edition Summary (Table 1) – Horse Well JV Soil Sampling April-June 2018

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.*	• Soil samples were collected over a 15 x 5km target area proximal to the Celia Shear structure. Samples were collected on a 100 x 200m grid or 400 x 100 metre grid in new areas. Sampling was both grid infill and extension to previous surveys. • The soil sampling program was designed to avoid areas of transported cover (e.g. alluvium or aeolian sediments) likely to exceed 0.5m deep.
	• *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*	• Samples were collected from surface.
	• *Aspects of the determination of mineralisation that are Material to the Public Report.*	
	• *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.*	• All samples were forwarded to ALS in Perth for ME-TL43 analysis. • The analytical data reproduced was generated by ALS Minerals Laboratories using industry standard methods. • A 25g sample was subject to an Aqua Regia digestion with ICP-MS finish consisting of 51 elements.
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).*	• No drilling reported.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.*	• No drilling reported.
	• *Measures taken to maximise sample recovery and ensure representative nature of the samples.*	• No drilling reported.

Criteria	JORC Code explanation	Commentary
	• *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.*	• No drilling reported.
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.*	• Basic description of the sampling location and soil sample was recorded in the field.
	• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.*	• All field descriptions are qualitative in nature.
	• *The total length and percentage of the relevant intersections logged.*	• No drilling reported.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.*	• No core involved.
	• *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.*	• No drilling reported.
	• *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*	• In the field, soil samples were sampled by sweeping material from 1 m^2 and then collecting in a plastic dustpan and passing through the sieves. • At the laboratory, sample preparation included sorting drying and pulverising.
	• *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.*	• Field samplers were trained in best practice sampling techniques including: o Avoiding contamination e.g. by cleaning sampling equipment between samples, avoid cross contamination between soil horizons and removing jewelery during sampling. o Ensuring representivity of samples by taking several sub-samples at the base of hole, breaking up large soil fragments and sieving. • ALS adopts industry best practice to ensure there is no contamination during sample preparation. Field blanks were blindly inserted to monitor potential contamination within the laboratory.
	• *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.*	• Field duplicates were collected (ratio of 3 per 100 samples) which consisted of a second sample, from a second hole in the same location (within 1m) and the same depth.
	• *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• Sample size (0.2 – 0.4kg) was appropriate for grain size (-6mm/+2mm) of sampled material and is accepted as general industry standard.
	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	• Aqua Regia is near-total digestion technique that is considered appropriate for detecting gold and base metals loosely bound in soil samples.

Criteria	JORC Code explanation	Commentary
Quality of assay data and laboratory tests	• *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.*	• Not reported.
	• *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.*	• Quality control procedures adopted the inclusion of QAQC samples including OREAS Standards (2 per 100 samples), Blanks (2 per 100 samples) and Field Duplicates (3 per 100 samples). • The laboratory analysed a range of internal and industry standards, blanks and duplicates as part of the analysis. All standards, blanks an duplicates were within acceptable levels of accuracy and precision.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.*	• Due to the early stage of exploration and type of work completed to date, no verification of significant results has taken place at this time • Sampling was monitored by senior geological staff. Significant results were reviewed by senior geological staff and results obtained closely match historical sampling results by previous explorers (where the survey overlaps).
	• *The use of twinned holes.*	• No twinned holes have been drilled.
	• *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.*	• Primary data has been recorded in Excel spreadsheets and hard copy log sheets in the field then imported to a digital database software package. • Photos of the sampling hole showing the soil profile have been taken at each sample point and digitally stored on the company server.
	• *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.*	• Sample locations were recorded with a Garmin handheld GPS which has an expected relative accuracy of +/-5m.
	• *Specification of the grid system used.*	• Sample locations are located in MGA –GDA94 Zone 51.
	• *Quality and adequacy of topographic control.*	• Estimated RLs were measured with the GPS during the program and are considered sufficient for the work undertaken.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.*	• Samples were collected on a 100 x 200m grid.
	• *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.*	• The data spacing and distribution is not sufficient to establish the degree of geological and grade continuity appropriate for Mineral Resource estimation purposes.
	• *Whether sample compositing has been applied.*	• Samples have not been composited.

Criteria	JORC Code explanation	Commentary
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 or as observed in the field, the sampling lines appear to be approximately perpendicular to the strike of the target mineralisation as defined by government mapping of outcrop and also trend of aeromagnetic anomalies related to stratigraphy.
	• *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.*	• No drilling reported. Refer previous ASX releases
Sample security	• *The measures taken to ensure sample security.*	• All samples were selected, bagged in tied numbered calico bags, loaded in to larger polyweave bags and cable tied. At the conclusion of the program, the polyweave bags were transported to Wiluna, placed in pallet crates and transported to ALS laboratory in Perth. This process was all done under the supervision of a senior geologist.
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 Celia Shear prospects are located within Exploration Licenses E69/1772, E69/2765, E53/1466 and E53/1471 and are part of the Horse Well JV. Alloy has a 51% interest in the tenements with Doray holding a 49% interest. The Tenements are completely within land where the Wiluna People have been determined to hold native title rights. No historical, archaeological, ethnographic or environmentally sensitive sites exist in the area of work that affect exploration.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Exploration prior to Alloy in the region was minimal and limited to shallow RAB and air-core drilling completed in the mid – 1990s, all of which had been sampled, assayed, and logged and records held by the Company. This early work, including aeromagnetic data interpretation, was focused on gold and provided anomalous samples which have formed the basis for current exploration
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The Project is an Archean aged gold project with common host rocks and structures related to mesothermal orogenic gold mineralization as found throughout the Yilgarn Craton of Western 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.*	• No drilling reported. Refer previous ASX releases
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*	• No top-cuts have been applied when reporting results. • No metal equivalent values are used for reporting exploration results. • Soil geochemistry statistics and population breaks have been calculated using XLStat, Surfer and ArcGIS software. • Soil geochemistry has been gridded in Surfer software using 'minimum curvature' gridding. • Soil geochemistry has been contoured in Surfer software with manual validation according to geological and geophysical

Criteria	JORC Code explanation	Commentary
	should be clearly stated.	interpretation.
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').*	• No drilling reported. Refer previous ASX releases.
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.*	• No drilling reported. Refer previous ASX releases.
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 • Geochemical and geophysical surveys have been interpreted by expert Consultants in this field. • 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 details of planned future exploration has not been defined at the time of this report. At a minimum soil anomalies will be inspected and some infill sampling and analysis undertaken.