



ASX Release

31 January 2019

Alloy Resources Limited
ABN 20 109 361 195

ASX Code
AYR

Corporate Directory

Executive Chairman
Mr Andy Viner

Non-Exec Director
Mr Allan Kelly

Non-Exec Director/Co Sec
Mr Kevin Hart

Issued Shares
1,577,077,613

Unlisted Options
29,000,000

Company Details

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December 2018

Quarterly Activities Report

Horse Well Gold Project JV (51% - earning 60%)

- Initial Infill air-core program at Big Daddy prospect confirms wide supergene gold anomaly interpreted to extend 8 kilometres north within wide spaced drilling.

Paterson Project – Rio Tinto farm-in

- New detailed aeromagnetic survey interpreted and target area defined.
- Helicopter reconnaissance completed to confirm surface geology and access.
- Heritage surveying planned for June quarter in preparation for initial regional air-core drill testing of target area.

Ophara Cobalt-Gold Project (100%)

- Extended drought limited ground access to the project

Horse Well Gold Project Joint Venture (Alloy 51% - earning 60%)

The Horse Well Joint Venture with Doray Minerals Limited ('Doray') is exploring the 550 square-kilometre Horse Well Project (Figure 1). Horse Well is located in the north eastern goldfields adjacent to Northern Star's Jundee Gold Mine.

The project is well mineralised and has a number of prospects within the 60 kilometre strike of greenstone belt. The Company has been systematically testing a pipeline of these with the aim of discovering a major new gold deposit.

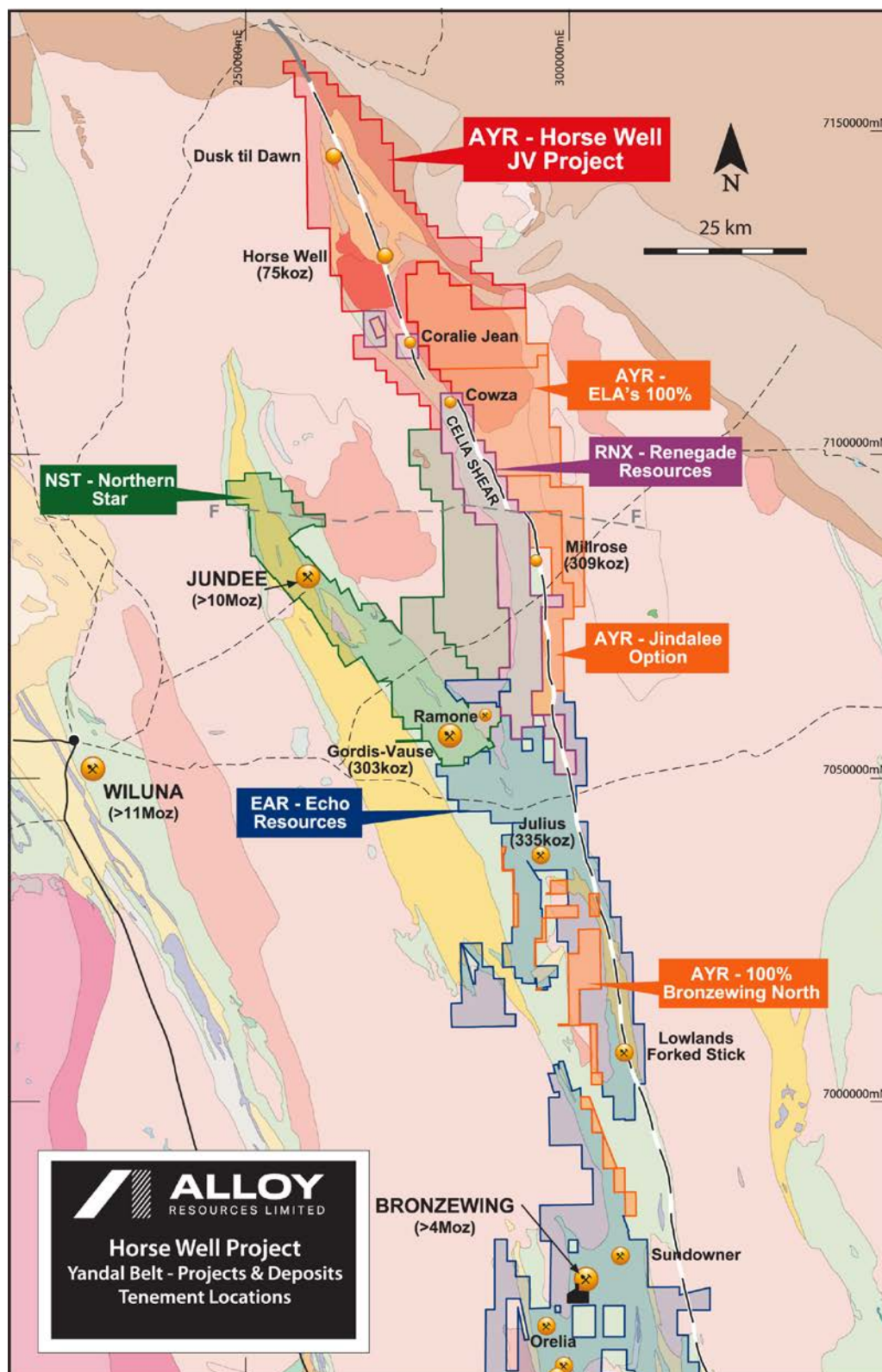


Figure 1 Horse Well Project location on geology showing regional ownership.



Exploration Completed

During the quarter the Company continued to test more of the numerous exploration prospects present in the project. Three of these prospects; Big Daddy Central and West, as well as Warmblood were investigated by completing short air-core drill lines during early December 2018 (Figures 2 and 3)

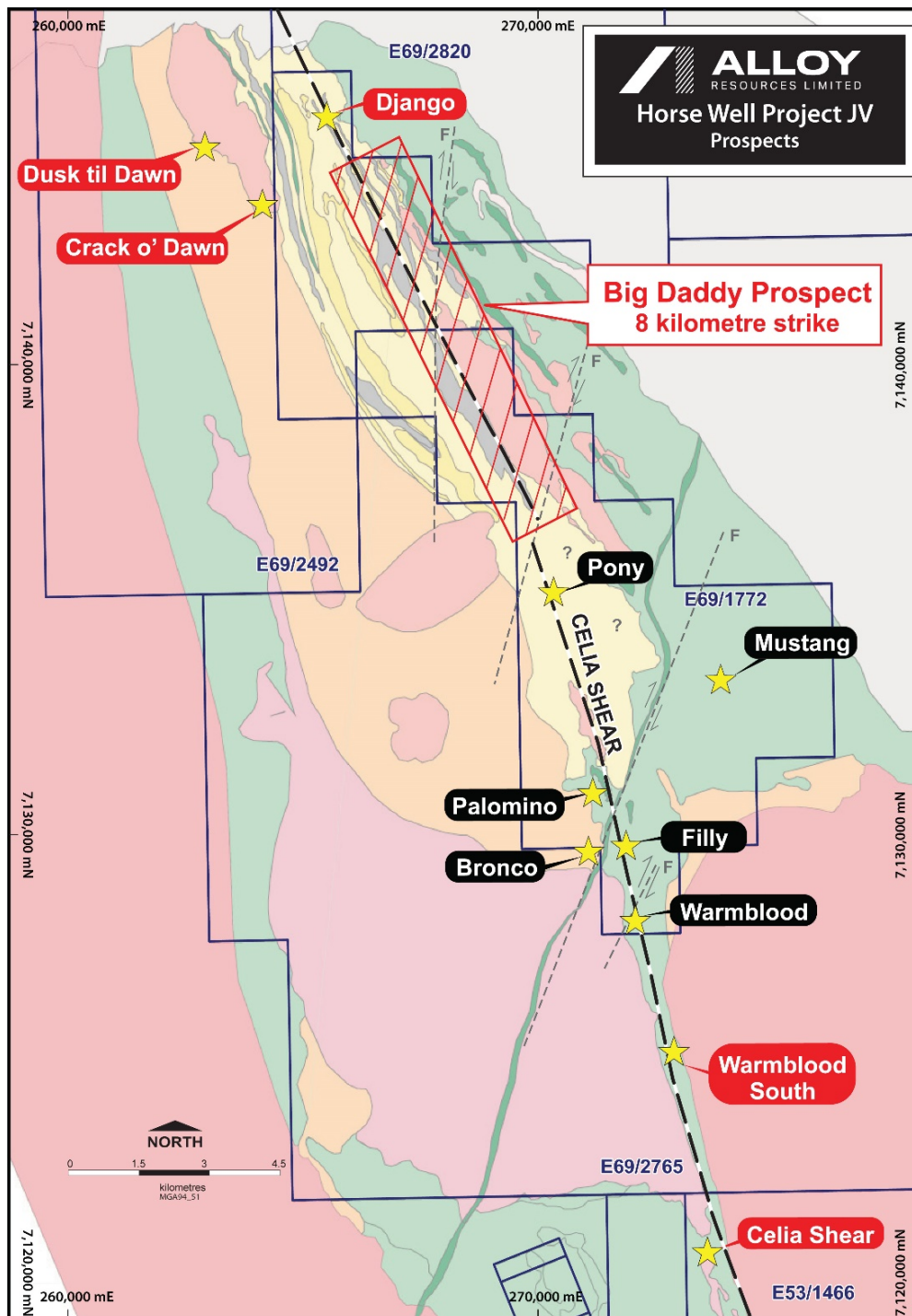


Figure 2 Horse Well Prospects on interpreted geology.

Big Daddy Prospect

In 2016 a 300 hole air-core program on a wide spacing of 800 metres x 160 metres was completed to provide first-pass testing of a concealed 8 kilometre strike of greenstone belt in the centre of the project (ASX release 16/01/2017). This work defined three parallel >50 ppb Au anomalies extending along the entire area (Figure 3).

The central and eastern anomalies are associated with an extensive granite intrusive that intrudes the Celia Shear at the contact between the western sedimentary units and the eastern mafic units, and is regarded as highly prospective. Mineralisation in this position has already been confirmed further north at the Django prospect where extensive but sub-economic gold mineralisation was defined by RC drilling (ASX release 29 July 2016).



Central Trend

Infill drilling to 40 metre spaced holes was completed on Line 7,138,800 mN where two previous holes had intersected 4m @ 840 ppb Au and 4m @ 150 ppb Au across a granite contact that was altered and had associated anomalous silver, bismuth and tellurium values. Five holes, HWAC1250-1254, were completed and 4m composite samples analysed for gold and multi-elements (see ASX release 25 January 2019).

Results were very encouraging as shown on the cross-section below (Figure 4). Key points are;

- **Supergene gold mineralisation over 200 metres width**
- Gold values of 8m @ 275 ppb, 8m @ 133 ppb, 4m @ 172 ppb and 4m @ 161 ppb confined to the base of weathering at depths of approximately 36-56 metres.
- Silver values restricted to fresh rock at end of hole, strongly suggestive of leaching of gold and silver in the weathered zone.
- Highly elevated bismuth and silver adjacent to the granite contact and within the granite associated with shearing.
- *An extensive halo of disseminated pyrite and associated bleaching and sericite alteration focussed more strongly on the granite contact where shearing is also intense.*

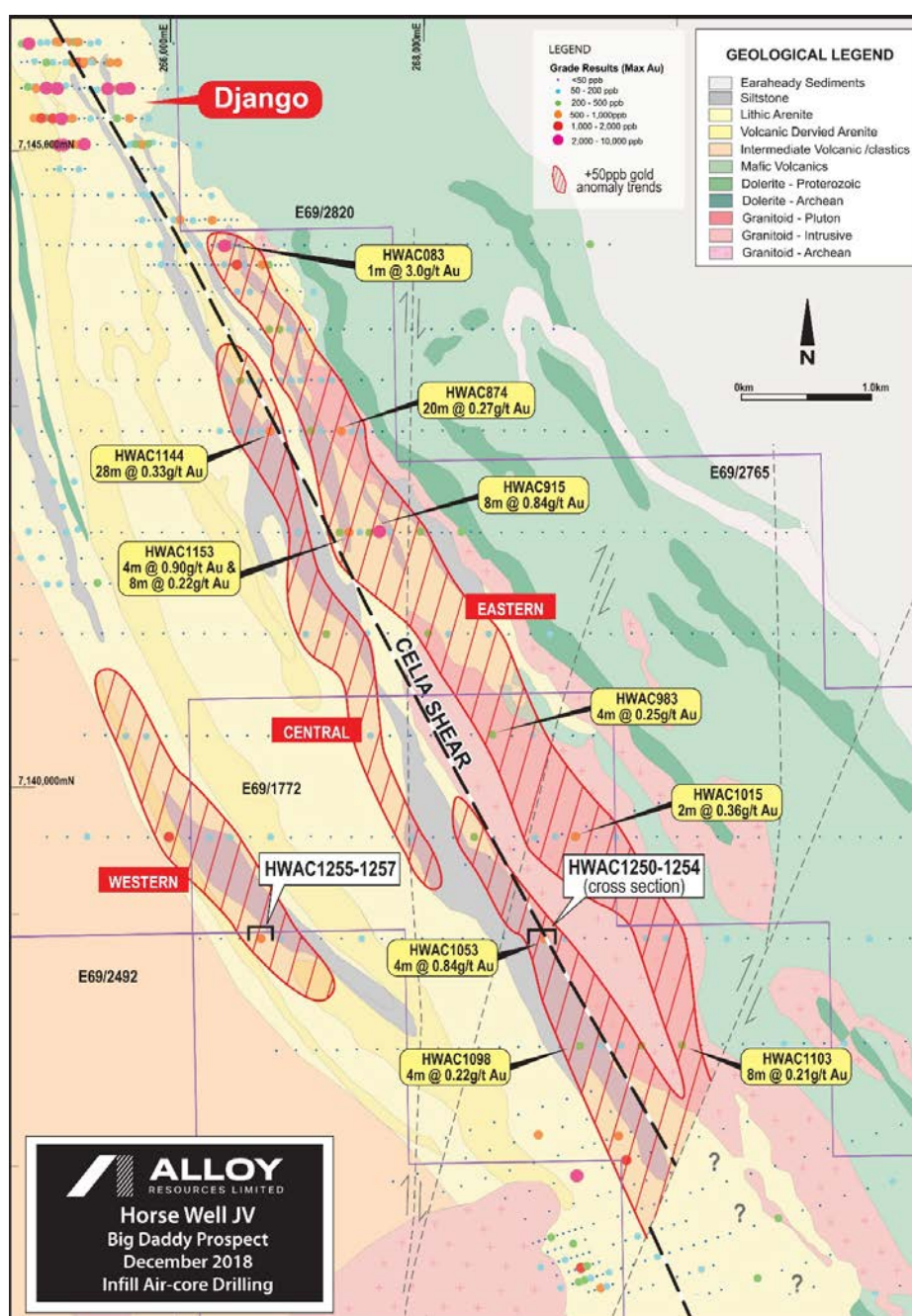


Figure 3 Location of Big Daddy prospect air-core drill anomalies on interpreted geology



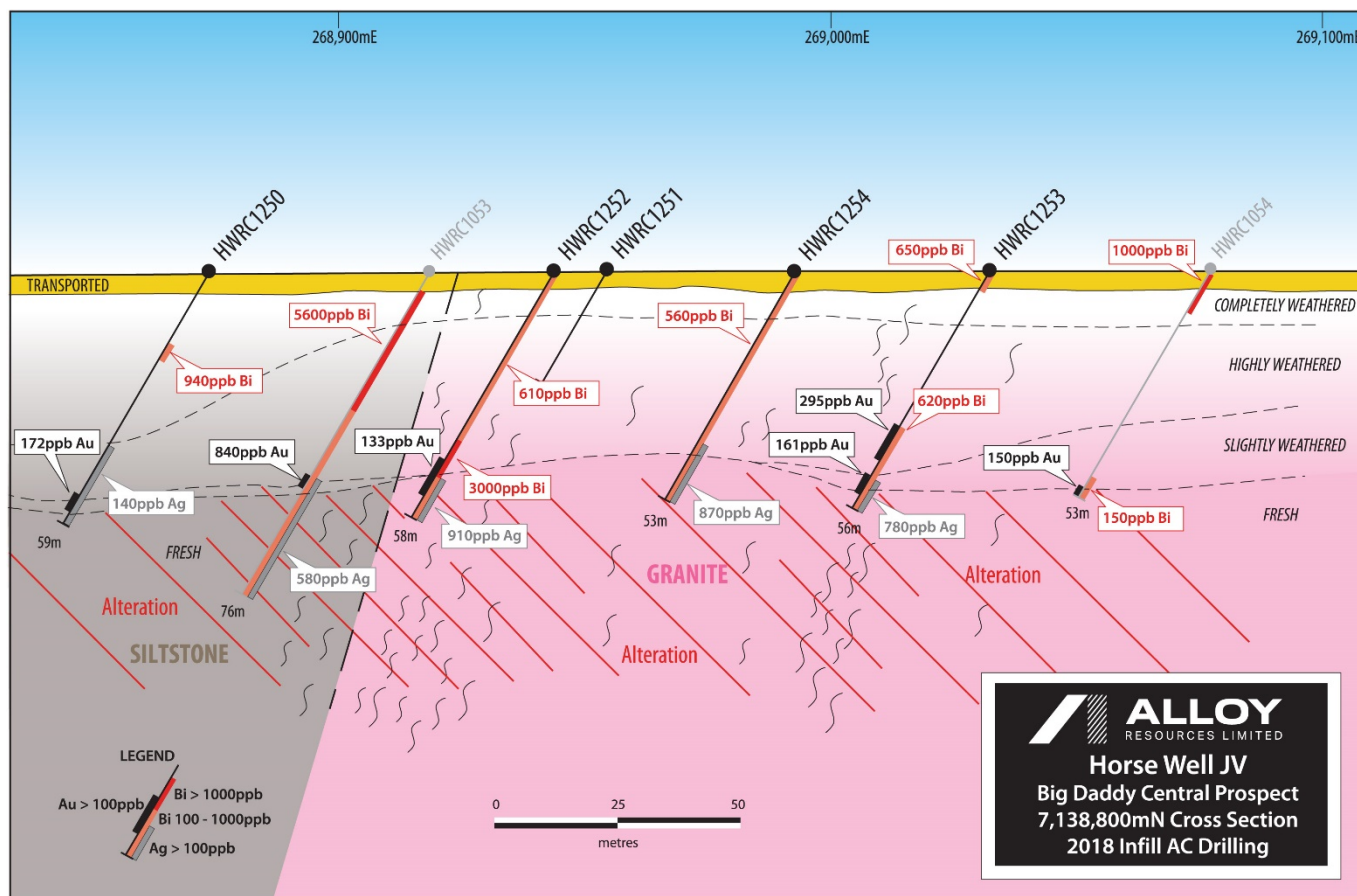


Figure 4 Big Daddy Central infill drilling cross section with geology and assays

Western Trend

Three holes, HWAC1255-1257, were drilled on the Western trend of the Big Daddy prospect to try to locate the source of anomalous gold grades of 4 metres @560 ppb Au in historical drill hole HWAC1039.

Results were not conclusive with mildly anomalous supergene gold intersected and pyritic, sericite altered metasedimentary rocks observed in hole HWAC1255.

Warmblood Southern extensions

A line of 4 holes, HWAC1246-1249, was drilled 150 metres south of RC drilling on the Warmblood structure (ASX release 16/01/2017). Holes were approximately 30 metres apart and intersected mostly unaltered coarser grained mafic volcanic rocks similar to footwall eastern units at Warmblood. The line should be extended further west to see if the Warmblood host rocks and the mineralised structure are present.

Interpretation

A review of the central and eastern anomalies suggests that these anomalies are part of a very large gold mineralised system. **Similar granite-related supergene gold mineralisation occurs over a distance of 8 kilometres** from HWAC 874 (20m @ 0.27 g/t Au) in the north to HWAC1103 (8m @ 0.21 g/t Au) in the south.

The geological setting is extremely positive for gold mineralisation in the Eastern Goldfields with a number of key ingredients present;

1. The Celia Shear appears to be a major early stage structure.
2. The granite intrusives occurring adjacent to the Celia Shear structure suggests very deep crustal connection. This is important as a pathway for high volumes of later gold bearing fluids.
3. Contact parallel and cross-cutting structures interpreted from aero-magnetics and drilling may indicate a large late stage plumbing system.

The NE trending structures appear to have reactivated the Celia Shear with the Django mineralisation suggesting 'normal' movement, whereby brittle structures with gold are relatively flat at 30 - 40 degree and dipping to the east. This is important to remember when assessing the 'supergene' gold mineralisation at Big Daddy because the granite is a perfect brittle host and mineralised structures are likely to be similarly brittle and possibly flatter lying.



Future exploration at Big Daddy will need to take account of the strong surface leaching of gold which is suggested by the depletion of both gold and silver in the highly weathered zone. This is similar to previous exploration in this northern part of the project where similar supergene gold was observed over a wide area at the Dusk til Dawn prospect which resulted in the discovery of a significant source of deeper gold mineralisation with economic grades (refer ASX 13 August 2013).

Vectoring in to the strongest part of this large anomaly is the most important future task. The transported cover is generally quite thin at around 5 metres, and a strong soil profile has been developed. A preliminary review of assays for the top 4 metre sample from drilling suggests there may be some enrichment of gold and pathfinder elements above the gold trends from air-core drilling. This may indicate that soil sampling could be effective and orientation work is justified.

Planned Exploration

No field activities are planned for the March quarter as conditions at this time of year are extreme, with very high temperatures and common thunderstorms with lightning and rain. Some field work may be possible in March dependent on the prevailing weather conditions.

Exploration planning work will include geological modelling of the Warmblood prospect and a review of other advanced prospects for future drilling. The Big Daddy geochemical data will be analysed for near surface trends and an orientation soil program defined.

Statutory technical reporting will also be completed.

Paterson Project – Gold/copper (100% Alloy, with RTX earning initial 70%)

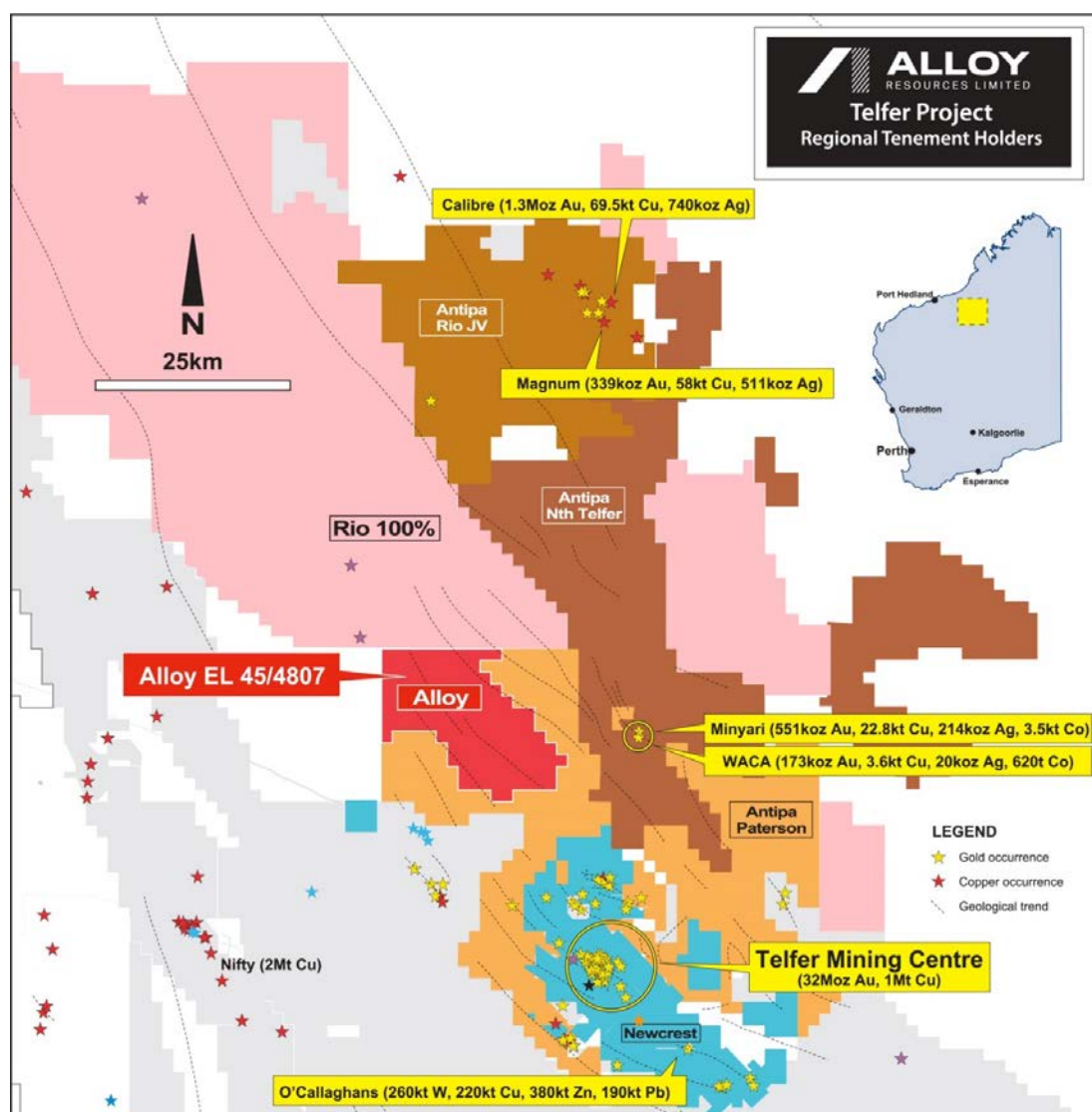


Figure 5 EL 45/4807 Regional Location Map with geology and major Tenement holders.



The Company has entered into a Farm-In and Joint Venture Agreement with Rio Tinto Exploration Pty Limited (**RTX**) whereby RTX can explore and earn a majority interest in the Company's Exploration Licence EL 45/4807 located in the Paterson region of Western Australia (Figure 5). RTX is a wholly owned subsidiary of Rio Tinto Limited (**Rio Tinto**) (refer ASX release 18 June 2018).

RTX is completing the initial earn-in commitment which requires spending a minimum of \$133,000 within 12 months before it can withdraw and is obligated to keep the tenement in good standing prior to any withdrawal. RTX can earn a 70% interest in the Tenement by spending \$500,000 and completing at least 500 metres of drilling, within 3 years.

Activities for the September 2018 quarter

Rio Tinto Exploration Pty Limited ("RTX") continued activities to earn an initial 70% interest in exploration licence E45/4807 pursuant to the previously announced farm-in and JV term sheet that was executed on 18 June 2018.

The data from the airborne magnetic survey undertaken in June/July 2018 was interpreted. This confirmed the previous wide spaced aeromagnetic data and validated the existing geological interpretation of the tenement. Surface geology and access to the tenement was also confirmed with a helicopter reconnaissance trip.

Proposed Activities for the March 2018 quarter

An aircore drilling program is currently being planned to test the basement in a broad area of interest in the south east of the tenement in H2 2019.

The results of this program will then be used to generate specific targets for follow up.

In the March 2019 quarter, planning of land access arrangements will be undertaken, including scheduling of heritage surveys likely to be completed in the June 2019 quarter, to facilitate the aircore drilling program.

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 6).

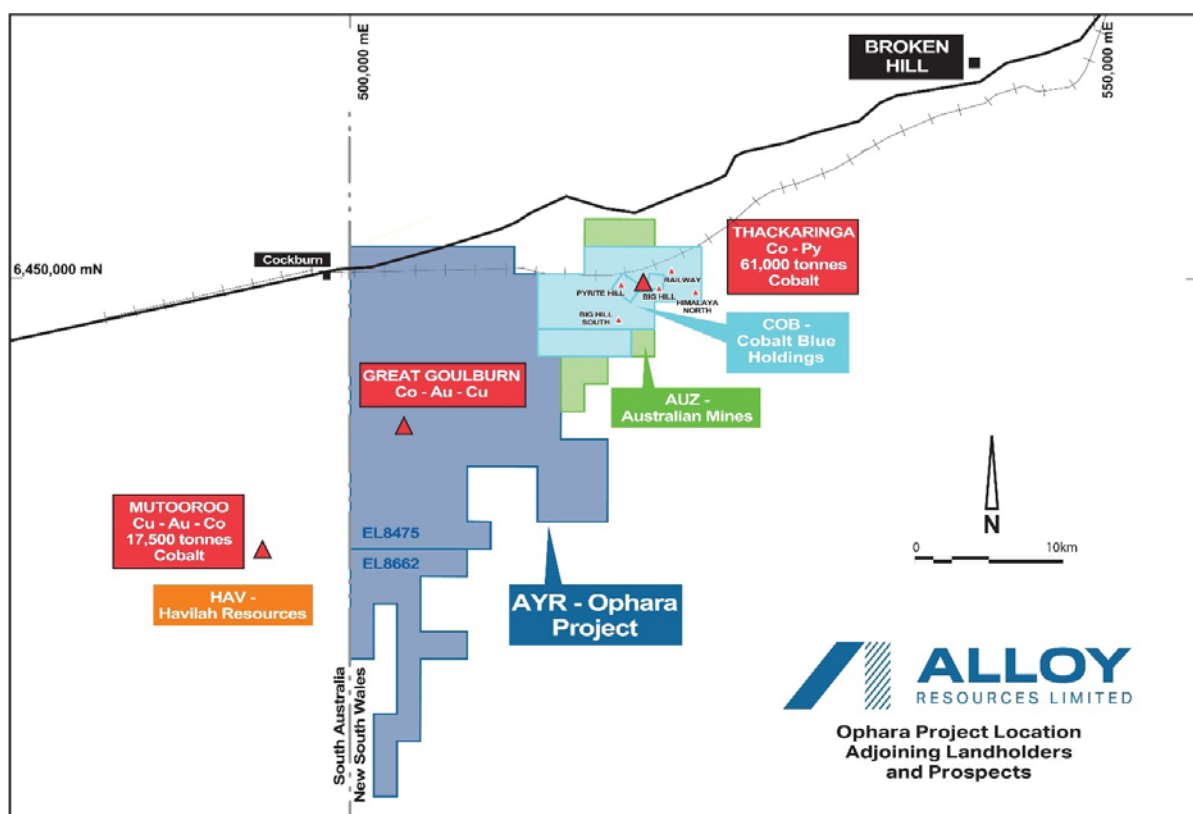


Figure 6 Ophara EL 8475 and EL 8662 Location showing Cobalt deposits.



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.

Exploration has more recently been focussed on trying to locate larger new areas of mineralisation through soil sampling and follow-up air-core drilling. Numerous soil anomalies have been defined which appear to offer good targets for cobalt-gold mineralisation. Stronger trends need continued infill sampling and detailed mapping where possible in this largely colluvial covered area.

Air-core drilling is a further tool for locating mineralisation, however this type of drilling is restricted to the softer weathered zone where cobalt is strongly leached. This means the presence of gold (and copper) as well as the presence of remnant pyrite will be required to justify deeper RC drilling.

A second mineral target has emerged from the extensive soil sampling which is vein-hosted sideritic copper-gold style mineralisation. This has been found in the area of the small historic Kitchies Reward shaft near the eastern boundary of the Project. A large early stage copper-gold soil anomaly trend over at least 3km is present and remains unsampled further east and to the north and south.

Exploration Completed

No field exploration was completed during the quarter. Land access has been restricted by local landowners in areas of interest at Kitchies Find due to the ongoing severe drought in the Broken Hill area.

Planned Exploration

The Company is looking at further programs of work designed to delineate future drill targets, which may include;

- More detailed field mapping of soil anomalies, particularly in the Kitchies Find area and south western area.
- Further infill and extension sampling of soil anomalies.

Horse Well Region Projects

Millrose Project (Jindalee Option to purchase 100%)

No field activities were undertaken during the quarter.

A reassessment of recent soil sampling and historical data is ongoing.

Bronzewing North Project (100%)

A number of the tenements have now been granted and data reviews and exploration planning is ongoing.

Millrose North Project (100%)

No field activities were undertaken during the quarter.

An assessment of historical data is ongoing.

Kurnalpi South – Gold (Riversgold Limited earning 70%)

No field work was conducted on this project during the quarter.



Corporate

Cash on hand at the end of quarter amounted to \$536,000.

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 start of Quarter	Held at end of Quarter
Horse Well JV				
Eskay Resources Pty Ltd 100%	WA	E69/1772	51% ⁺	51% ⁺
Alloy Resources Limited - Granted	WA	E53/1466	51% ⁺	51% ⁺
Alloy Resources Limited - Granted	WA	E53/1471	51% ⁺	51% ⁺
Alloy Resources Limited - Granted	WA	P53/1524	51% ⁺	0%
Alloy Resources Limited - Granted	WA	P53/1525	51% ⁺	0%
Alloy Resources Limited - Granted	WA	P53/1526	51% ⁺	0%
Alloy Resources Limited - Granted	WA	E69/2765	51% ⁺	51% ⁺
Alloy Resources Limited - Granted	WA	E69/3069	51% ⁺	51% ⁺
Alloy Resources Limited - Granted	WA	E53/1924	51% ⁺	51% ⁺
Alloy Resources Limited - Granted	WA	E69/2492	51% ^{+^}	51% ^{+^}
[^] Awaiting transfer of interest				
Alloy Resources Limited - Granted	WA	E69/2820	41% ^{+*}	41% ^{+*}
⁺ subject to Doray farmout Agreement – Doray 49%. Alloy earning 60%				
[*] Phosphate Australia retain 20% free-carried to BFS				
[^] Wayne Jones NSR				
Paterson				
Alloy Resources Limited – Granted	WA	E45/4807	100% ["]	100% ["]
["] subject to Rio Tinto Farm-in Agreement				
Kurnalpi South				
Alloy Resources Limited – Granted	WA	E28/2599	100% [#]	100% [#]
Alloy Resources Limited - Granted	WA	E28/2665	100% [#]	100% [#]
[#] subject to Riversgold Limited farm-in Agreement				
Millrose				
Alloy Resources Limited	WA	E53/1962	0%	0%
- Option Agreement with Jindalee Resources				
Ophara – Broken Hill West				
Alloy Minerals Limited - Granted	NSW	EL8668	100%	100%
Alloy Minerals Limited - Granted	NSW	EL8475	100%	100%
Alloy Minerals Limited - Granted	NSW	EL8476	0%	100%
Alloy Minerals Limited - Application	NSW	EL5662	0%	0%
Bronzewing North				
Alloy Resources - Application	WA	E53/1989	0%	0%
Alloy Resources - Application	WA	E53/1991	0%	100%
Alloy Resources - Application	WA	E53/1992	0%	100%
Alloy Resources - Application	WA	E53/1993	0%	100%
Alloy Resources - Application	WA	E53/1994	0%	100%
Alloy Resources - Application	WA	E53/1995	0%	100%
Alloy Resources - Application	WA	E53/1996	0%	0%
Alloy Resources - Application	WA	E53/2030	0%	0%
Alloy Resources - Granted	WA	P53/1682	100%	100%
Alloy Resources - Granted	WA	P53/1683	100%	100%
Alloy Resources - Granted	WA	P53/1684	100%	100%
Alloy Resources - Granted	WA	P53/1685	100%	100%



Alloy Resources - Granted	WA	P53/1686	100%	100%
Alloy Resources - Granted	WA	P53/1687	100%	100%
Alloy Resources - Granted	WA	P53/1688	100%	100%
Alloy Resources - Granted	WA	P53/1689	100%	100%
Alloy Resources - Granted	WA	P53/1690	100%	100%
Alloy Resources - Granted	WA	P53/1691	100%	100%
Alloy Resources - Granted	WA	P53/1692	100%	100%
Alloy Resources - Granted	WA	P53/1693	100%	100%
Alloy Resources - Granted	WA	P53/1694	100%	100%
Alloy Resources - Granted	WA	P53/1695	100%	100%
Alloy Resources - Granted	WA	P53/1696	100%	100%
Alloy Resources - Granted	WA	P53/1697	100%	0%
Millrose North				
Alloy Resources - Application	WA	E53/2013	0%	100%
Alloy Resources - Application	WA	E53/2014	0%	100%
Alloy Resources - Application	WA	E53/2015	0%	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")

31 DECEMBER 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(434)	(988)
(b) development	-	-
(c) production	-	-
(d) staff costs	(7)	(36)
(e) administration and corporate costs	(73)	(156)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	5
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other – Farm in payments received	-	40
1.9 Net cash from / (used in) operating activities	(512)	(1,135)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(1)	(5)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(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	(1)	(5)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	440	440
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	(26)	(26)
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	414	414

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	635	1,262
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(512)	(1,135)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1)	(5)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	414	414
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	536	536

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	186	135
5.2 Call deposits	350	500
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)	536	635

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**

98

-

- (a) Directors Fees and Remuneration \$73,856 (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 \$24,633 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	(100)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	(30)
9.5 Administration and corporate costs	(35)
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	(165)

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 Quarterly Activities Report Pages 10/11		
10.2 Interests in mining tenements and petroleum tenements acquired or increased		Refer Quarterly Activities Report Pages 10/11		

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 January 2019

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.