

**24 April 2019**

The Manager  
Company Announcements Office  
Australian Securities Exchange  
20 Bridge Street  
SYDNEY NSW 2000

#### **SHARE PURCHASE PLAN**

The Directors of Alloy Resources Limited ("Alloy") are pleased to advise that the attached Share Purchase Plan (SPP) Offer document has been dispatched to shareholders today.

#### **NOTICE GIVEN UNDER SECTION 708A(5) OF THE CORPORATIONS ACT**

This notice is given by Alloy Resources Limited ("Company") under section 708A(5)(e) of the Corporations Act in relation to an issue of up to 300,000,000 fully paid ordinary shares ("Shares") by the Company without disclosure to investors under Part6D.2 of the Corporations Act, under the Company's Share Purchase Plan announced to ASX on Tuesday 23 April 2019.

The shares will be issued pursuant to the exemption from disclosure under ASIC Class Order CO09/425.

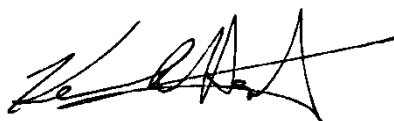
As at the date of this notice, the Company has complied with:

1. The provisions of Chapter 2M of the Corporations Act as they apply to the Company; and
2. Section 674 of the Corporations Act

The Company confirms that, as at the date of this notice, there is no information that is 'excluded information' within the meaning of section 708A(7) and 708A(8) of the Act which is required to be disclosed under section 708A(6)(e) of the Act.

Yours faithfully

**Alloy Resources Limited**



**Kevin Hart**  
Company Secretary

24 April 2019

Dear Shareholder

### INVITATION TO PARTICIPATE IN ALLOY RESOURCES LTD'S SHARE PURCHASE PLAN

Alloy Resources Ltd (ABN 20 109 361 195) (**Alloy** or **the Company**) is pleased to provide eligible shareholders the opportunity to participate in a share purchase plan (**SPP**) to subscribe for ordinary fully paid shares (**New Shares**) in Alloy (**Plan or Offer**) on the terms and conditions (**Terms and Conditions**) enclosed with this letter.

#### Shareholders Eligible to Participate in the Plan

The right to participate in the Offer under the Plan is optional and is available exclusively to shareholders who are registered as holders of fully paid ordinary shares in the issued capital of Alloy (**Shares**) at 5.00pm WST on the **Record Date** of **Thursday, 18 April 2019** and whose registered address is in Australia or New Zealand (**Eligible Countries**), unless such registered shareholder holds Shares on behalf of another person who resides outside Australia or New Zealand or other Eligible Countries as permitted by the Company in light of applicable foreign laws (**Eligible Shareholders**).

#### Share Purchase Plan

The maximum number of securities that may be issued under the Plan is up to a total of 300,000,000 ordinary shares. The amount intended to be raised under the Plan is up to A\$750,000 at A\$0.0025 per share (0.25 cents).

The Plan entitles Eligible Shareholders, irrespective of the size of their shareholding, to purchase up to A\$15,000 worth of New Shares.

The issue price of A\$0.0025 is an 11% discount to the volume weighted average price (**VWAP**) of the Company's Shares traded on the Australian Securities Exchange (**ASX**) during the 5 trading days immediately prior to the announcement date of this offer, and is free of brokerage and commission (**Offer**).

The VWAP of Shares traded on the ASX during the 5 trading days immediately prior to the announcement date of the Offer was \$0.0028 (0.28 cents).

The Company has been notified by the Australian Taxation Office that it is an eligible entity for the purposes of the Junior Mineral Exploration Incentive scheme (JMEI) for the financial year ended 30 June 2019 and it may allocate up to \$756,250 in exploration tax credits to eligible shareholders.

The precise JMEI distribution per share will be determined after 30 June 2019 and will be impacted by the amount raised under the Offer and any other new shares issued prior to 30 June 2019.

**The Company reserves the right to close the Offer early and scale back applications in its absolute and sole discretion should the total demand exceed A\$750,000.** When determining the amount (if any) by which to scale back an SPP application, the Company may take into account a number of factors, including but not limited to:

- The total application funds received;
- The amount applied for by each Eligible Shareholder;
- The trading activity of the Eligible Shareholder since the Record Date and whether the Eligible Shareholder remains on the register at the Closing Date; and
- The date the Company received the completed Application Form.

**Accordingly, applicants are strongly encouraged to act promptly in regards to this Offer in order to avoid possible disappointment.**

An outline of the Plan is set out in this letter and the details are set out in the enclosed Terms and Conditions. An application form for the Plan (**Application Form**) is included in this package.

#### **Indicative Timetable**

Record Date (5:00pm WST)	Thursday 18 April 2019
Announcement Date of Plan	Tuesday 23 April 2019
Opening Date of Offer*	Wednesday 24 April 2019
<b>Closing Date of Offer (5.00pm WST)*</b>	<b>Friday 10 May 2019</b>
Issue of New Shares under the Plan*	Wednesday 15 May 2019
Dispatch date for holding statements*	Thursday 16 May 2019
Quotation of New Shares on ASX*	Friday 17 May 2019

\*These dates are indicative only. The Company may vary the dates and times of the Offer by making an announcement to ASX. Accordingly, shareholders are encouraged to submit their Application Forms as early as possible.

#### **Purpose of the Offer**

Funds raised pursuant to the Offer will be used to increase the Company's 51% interest in the Horse Well Joint Venture to 60% resulting from continued exploration activities that aim to expand Mineral Resources, fund exploration programs at the Company's Ophara cobalt-gold project, and to provide working capital.

The Offer allows Shareholders to increase their holdings without brokerage and associated charges. It also offers Shareholders the opportunity to support the growth of the Company by making a direct investment in Alloy.

#### **Current Projects**

Alloy's principal projects are the Horse Well gold project in Western Australia, in which the Company has a 51% interest in a joint venture with Silver Lake Resources Limited (previously Doray Minerals Limited) and is sole funding to 60%, the 100% owned Ophara cobalt-gold project near Broken Hill in New South Wales, and the Gold/Copper Paterson Project (100% Alloy, with RTX earning initial 70%).

##### **Horse Well Gold Project (51%)**

The Horse Well Joint Venture with Silver Lake Resources ('Silver Lake') is exploring the 550 square kilometre Horse Well Project.

On 29 January 2018, the Company reached agreement with Silver Lake to purchase a majority interest and assume management control of the operation and sole fund further exploration until it reaches 60%.

During 2018/2019 the Company completed extensive exploration for gold mineralisation at both greenfields and advanced prospects. This work has culminated in the estimation and announcement to the ASX on the 11 April of a 300% increase in project gold Mineral Resources to 237,800 ounces.

The Mineral Resources include a number of shallow high-grade deposits in the Horse prospect area.

The project contains over 10 prospects at various stages of advancement that offer opportunities to build on the current Mineral Resources.

### Ophara Cobalt-Gold Project (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.

Exploration has more recently located large new areas of mineralisation through soil sampling and follow-up air-core drilling. Numerous soil anomalies remain to be tested by first pass air-core drilling for cobalt-gold mineralisation.

In the east of the project a new anomalous copper trend has been located by soil sampling in the Kitchies Find area. This area warrants an expansion and infill of the current soil sampling area.

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

The Company entered into a Farm-In and Joint Venture Agreement with Rio Tinto Exploration Pty Limited (**RTX**) in June 2018 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. 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 of \$500,000 and completing at least 500 metres of drilling, within 3 years for a 70% interest in the Tenement. In 2018 a new detailed aeromagnetic survey was completed and interpreted, and initial ground inspection completed.

On 2 April 2019, the Company released an update to the ASX which outlined an extensive 60-80 hole air-core drilling program designed to test 6 target areas during 2019/2020.

Further details of Alloy's current activities and other projects are set out in the announcements made to the ASX and are available from the ASX or Alloy's website [www.alloyres.com](http://www.alloyres.com)

### **How much can you invest?**

Eligible Shareholders may only acquire a maximum of up to A\$15,000 worth of New Shares under the Plan.

### **Subscription and Application Procedure**

If you would like to participate in the Offer, the following payment options are available:

#### **(a) Application Form and Accompanying Cheque or Money order**

Eligible Shareholders wishing to pay by cheque or money order must follow the instructions on the Application Form and complete the Application Form, provide a cheque or money order that is payable to "**Alloy Resources Ltd**" and crossed "**Not Negotiable**" and return the completed Application Form and cheque or money order to:

Alloy Resources Limited  
c/ - Automic Group  
GPO Box 5193  
Sydney NSW 2000

to be received by the share registry no later than **5.00pm WST on Friday 10 May 2019** (Closing Date).

**However as advised above, the Company reserves the right to close the Offer early and scale back applications in its absolute and sole discretion should the total demand exceed \$750,000. Accordingly, applicants are strongly encouraged to act promptly in regards to this Offer in order to avoid possible disappointment.**

If you have multiple holdings in different entity names, you will have multiple Application Forms. For multiple holdings in the same shareholder name, only one application should be made as multiple applications by the same shareholder cannot be accepted.

To ensure you receive your New Shares under the Offer in respect of each holding, you must use the specific personalised Application Form when applying for New Shares in respect of that holding. If you inadvertently use the same Application Form for more than one of your holdings, you will be deemed to have applied only for the application to which that Customer Reference Number applies and any excess amount will be refunded.

#### **Payment by BPAY®<sup>1</sup>**

Eligible Shareholders wishing to pay by BPAY must use the specific biller code and customer reference numbers detailed on their personalised Application Form.

**If you choose to pay via BPAY you are not required to submit your Application Form.** Your payment will not be accepted after 5:00pm WST on the Closing Date and no New Shares will be issued to you in respect of that application. **However as advised above, the Company reserves the right to close the Offer early and scale back applications in its absolute and sole discretion should the total demand exceed A\$750,000. Accordingly, applicants are strongly encouraged to act promptly in regards to this Offer in order to avoid possible disappointment.**

If you have multiple holdings in different entity names, you will have multiple BPAY customer reference numbers. For multiple holdings in the same shareholder name, only one payment should be made as multiple payments by the same shareholder cannot be accepted.

To ensure you receive your New Shares under the Offer in respect of that holding, you must use the specific biller code and the customer reference number shown on each personalised Application Form when paying for any New Shares that you wish to apply for in respect of that holding. If you inadvertently use the same Customer Reference Number for more than one of your applications, you will be deemed to have applied only for the application to which that Customer Reference Number applies and any excess amount will be refunded.

Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. You may also have your own limit on the amount that can be paid via BPAY. We advise that it is your responsibility to check that the amount you wish to pay via BPAY does not exceed that limit.

#### **(b) Payment by international wire transfer**

If you wish to pay by international wire transfer please register with Mr Kevin Hart, Company Secretary, on (+61) 8 9316 9100, or by email at [kevinh@endeavourcorp.com.au](mailto:kevinh@endeavourcorp.com.au) to receive International Deposit details.

If you have not received your Offer documentation and Personalised Application Form, or require a replacement via post or email, please call Automic Group on 1300 288 664

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<sup>1</sup> ® Registered to BPAY Pty Ltd, ABN 69 079 137 518

Eligible Shareholders may participate by selecting one of the following offers to purchase New Shares under the Plan:

<b>Offer</b>	<b>Subscription amount</b>	<b>New Shares to be allotted at A\$0.0025</b>
<b>Offer A</b>	\$15,000	6,000,000
<b>Offer B</b>	\$10,000	4,000,000
<b>Offer C</b>	\$7,500	3,000,000
<b>Offer D</b>	\$5,000	2,000,000
<b>Offer E</b>	\$2,500	1,000,000

Once an application under the Plan has been made it cannot be revoked. All valid applications shall be deemed accepted if received before the Closing Date of 5:00pm WST on Friday 10 May 2019, or such other date that the Directors close the Offer.

The maximum investment any shareholder may apply for will remain A\$15,000 even if a shareholder receives more than one Offer (whether in respect of a joint holding or because the shareholder has more than one holding under a separate account).

#### **Custodians and Nominees**

Eligible Shareholders who hold Shares as Custodian or Nominee (**Custodian**) for one or more persons on the Record Date (**Beneficiary**) may apply for up to a maximum amount of A\$15,000 worth of New Shares in respect of each Beneficiary who is resident in Australia or New Zealand, subject to providing a Custodian Certificate to the Company, as described in the Terms and Conditions enclosed with this letter. Please refer to the Terms and Conditions for more details.

#### **Acceptance of Risk Factors**

The market price of Shares in the Company may rise and fall between the date of the Offer and the date that any New Shares are issued to you as a result of your application under this Offer.

By making an application under this Offer and applying for New Shares under the Plan, each Eligible Shareholder will be acknowledging that although the purchase price is at a discount to the 5 Day VWAP, Shares are a speculative investment and the price of Shares on ASX may change between the date of the Company announcing its intention to make an Offer and the date of issue of New Shares under that Offer and that the value of the New Shares received under the Plan may rise or fall accordingly.

On the last trading day immediately prior to the announcement date of the Offer, the closing price of Shares trading on ASX was A\$0.003.

The Board recommends that you obtain your own financial advice in relation to the Offer and consider price movements of Shares in the Company prior to making an application under this Offer.

#### **Additional Information and Important Dates**

The Offer cannot be transferred and the directors of the Company (**Directors**) reserve the right to reject any application over A\$15,000. New Shares allotted under the Plan will be issued as soon as practicable after the Closing Date of the Offer. Application for quotation on ASX of the New Shares will be made immediately following the issue of those New Shares.

The approximate number of New Shares that may be issued pursuant to this Offer is 300,000,000. The Company, however, reserves absolute discretion regarding the final amount raised under the Plan.

In the event of an oversubscription by the Closing Date the Directors may, in their absolute discretion, scale-back applications. When determining the amount (if any) by which to scale back an SPP application, the Company may take into account a number of factors, including but not limited to:

- The total application funds received;
- The amount applied for by each Eligible Shareholder;
- The trading activity of the Eligible Shareholder since the Record Date and whether the Eligible Shareholder remains on the register at the Closing Date; and
- The date the Company received the completed Application Form.

Scale back for Shares held by a Custodian will be applied at the level of the underlying Beneficiaries.

Directors reserve the right to close the Offer early following receipt of valid applications amounting to A\$**750,000** in subscriptions pursuant to the Offer.

If the Company rejects or scales-back an application or purported application, the Company will promptly return to the shareholder the relevant application monies, without interest.

### **Junior Mineral Exploration Incentive (JMEI)**

This section is a guide on the JMEI regime and its application to investors. Investors should seek independent tax and legal advice on the regime and how the exploration credits may apply to them.

The JMEI entitles Australian resident investors in eligible minerals exploration companies to either a refundable tax offset or (where the investor is a corporate tax entity, other than a life insurance company) franking credits if the company in which the investors have invested issues them an exploration credit. In effect, an exploration credit represents a conversion of a tax loss from exploration or prospecting into a distributable tax benefit for investors. The JMEI commenced during the year ended 30 June 2018 (the **2018 year**).

**On 8 June 2018, the Company was notified by the ATO that it has been allocated exploration credits of \$756,250 under the JMEI in respect of the 2019 year (the ATO Notification).**

The Company will create exploration credits in the 2019 year. The exploration credits cannot exceed an amount based on the Company's greenfields minerals expenditure, tax loss for the year or exploration credits allocation of \$756,250. Any unused allocation of exploration credits from the 2019 year would be carried over to the year ending 30 June 2020.

Investors may be eligible to receive exploration credits in respect of investments made in the Company between 1 July 2018 and 30 June 2019. The precise distribution per share will be determined after 30 June 2019 and will depend on a range of factors (including the participation in the Share Purchase Plan, the amount of qualifying greenfields exploration expenditure incurred in the 2019 year, and any other new shares issued prior to 30 June 2019).

The Company intends to issue exploration credits in respect of the 2019 year to eligible initial investors following completion of the Company's tax return for the 2019 year.

### **Foreign offer restrictions**

This document does not constitute an offer of new ordinary shares (**New Shares**) of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

### **New Zealand**

The New Shares are not being offered or sold to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of New

Shares is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand).

This document has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

#### **Enquiries in Relation to the Application Form or the Plan**

If you have any enquiries in relation to your Application Form or the Plan, please call Automic Group on 1300 288 664 or the Company Secretary on (+61) 8 9316 9100.

Yours faithfully

**Andy Viner**  
**Executive Chairman**  
**ALLOY RESOURCES LTD**



**ALLOY RESOURCES LTD**  
**ABN 20 109 361 195**  
**Shareholder Share Purchase Plan - Terms and Conditions**

**1. Purpose**

The Share Purchase Plan (**Plan**) offers shareholders of Alloy Resources Ltd (**Company**) the opportunity to apply for a maximum of A\$15,000 to acquire additional fully paid ordinary shares in the Company (**New Shares**) at A\$0.0025 per share (being an 11% discount to the 5 day volume weighted average price (**VWAP**) of Shares on the financial market operated by ASX Limited (**ASX**)) without the need to pay brokerage costs and without the need for Company to issue a Prospectus, upon such terms and conditions as the board of directors of Company, in its absolute discretion, sees fit.

**2. Important notices**

The offer contained in this document is not a recommendation to purchase Alloy shares. If you are in any doubt about the Offer, you should consult your financial or other professional adviser.

If you apply to participate in the Offer by making a Bpay<sup>®2</sup> payment or completing and returning the Application Form with a cheque or money order, you are accepting the risk that the market price of Shares may change between the date of the Offer and the Allotment Date. This means it is possible that, up to or after the Allotment Date, you may be able to buy Shares at a lower price than the Offer Price albeit with brokerage.

Participation in the Offer is not being offered, directly or indirectly, in the United States or to any person that is, or is acting for the account or benefit of, a US Person. This document and any related offering documents must not be mailed or otherwise transmitted or distributed in or into the United States or to any person that is, or is acting for the account or benefit of, a US Person.

Alloy recommends that you monitor its announcements and the Share price, which can be found on its website at [www.alloyres.com](http://www.alloyres.com) and on the ASX website at [www.asx.com.au](http://www.asx.com.au) (ASX code: AYR). The Alloy share price can also be found in the financial pages of major Australian metropolitan newspapers.

**3. Shareholders eligible to participate**

- 3.1 Holders of Shares that are registered with an address in Australia and New Zealand (**Eligible Countries**) at 5pm on the relevant record date, being **Thursday 18 April 2019**, are eligible shareholders (**Eligible Shareholders**) and may participate in the Plan, unless such registered shareholder holds shares on behalf of another person who resides outside Australia or New Zealand. Due to foreign securities laws, it is not practical for shareholders resident in other countries to be offered the opportunity to participate in the Plan.
- 3.2 Alloy has determined that it is either unlawful or impracticable for holders of Shares with registered addresses in jurisdictions outside Australia (and its external territories) or New Zealand to participate in the Offer.
- 3.3 If you are the only registered holder of a holding of shares, but you receive more than one Offer (for example, due to multiple registered holdings), you may only apply for a maximum parcel of New Shares of 6,000,000 in aggregate across those holdings.
- 3.4 Joint holders of shares will be taken to be a single registered holder of shares for the purposes of determining whether they are an Eligible Shareholder and a certification under clause 4.1(j) by one joint holder will be effective in respect of the other joint holder.

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<sup>2</sup> ® Registered to BPAY Pty Limited ABN 69 079 137 518. New Zealand based shareholders cannot apply using BPAY<sup>®</sup> unless they have an Australian bank account.

- 3.5 If you are a Custodian for a beneficiary or beneficiaries, you may apply for one maximum parcel of New Shares for each beneficiary (or if you are a Custodian for two or more joint beneficiaries, for each such holding as if it was held by a single person). Further information in relation to how Custodians may apply for New Shares is set out in **clause 4.2**.
- 3.6 Directors and employees of Alloy who hold Shares may be Eligible Shareholders.

Participation in the Plan is optional and is subject to these terms and conditions (**Terms and Conditions**). Offers made under the Plan are non-renounceable (i.e. Eligible Shareholders may not transfer their rights to any New Shares offered under the Plan).

An offer may, at the discretion of the directors of Company (**Directors**), be made under the Plan once a year. The maximum amount, which any shareholder may subscribe for in any consecutive 12-month period, is A\$15,000. The Directors of the Company may also determine in their sole and absolute discretion the minimum amount for participation, the multiple of New Shares to be offered under the Plan and the period the offer is available to Eligible Shareholders.

#### **4. Effect of making an application**

4.1 If you submit a Bpay® payment or complete and return the Application Form:

- (a) you will be deemed to have represented and warranted that you are an Eligible Shareholder, you have read and understood these Terms and Conditions and you subscribe for New Shares in accordance with these Terms and Conditions;
- (b) you authorise Alloy to correct or amend your Application Form and as contemplated by clause 6.3;
- (c) you acknowledge that the market price of Shares may rise or fall between the date of the Offer and the Allotment Date and that the Offer Price you pay for the New Shares may exceed the market price of the Shares on the Allotment Date;
- (d) you accept the risk associated with any refund that may be dispatched to you at your address as shown on the Share register;
- (e) you are responsible for any dishonour fees or other costs Alloy may incur in presenting a cheque for payment which is dishonoured;
- (f) you acknowledge that the New Shares have not, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdictions in the United States, or in any other jurisdiction outside Australia (and its external territories) or New Zealand, and accordingly, the New Shares purchased under the Offer may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable securities laws;
- (g) you represent and warrant that you are not a US Person, and are not applying under the Offer for or on behalf of a US Person;
- (h) you represent and warrant that you have not and will not send any materials relating to the Offer to any person in the United States that is, or is acting for the account or benefit of, a US Person;

- (i) you acknowledge that you have not been provided with investment advice or financial product advice by Alloy or the Share Registry; and
- (j) you certify that you have not applied for, or instructed a Custodian to apply on your behalf for, New Shares with an application price which, when aggregated with the application price for any Shares issued to you or a Custodian on your behalf under the Offer or any similar Alloy arrangement in the 12 months prior to your application, exceeds A\$15,000. This certification by one joint holder of Shares will be effective in respect of the other joint holder(s).

#### **4.2 Custodians, trustees and nominees**

If you are a Custodian, you certify:

- a) that, as at the Record Date, you hold Shares on behalf of one or more beneficiaries, and that those beneficiaries have been provided with a copy of this document and instructed you to apply for New Shares;
- b) details of the number of beneficiaries who have instructed you to apply for New Shares on their behalf, their names and addresses, the number of Shares you hold on their behalf and the number of New Shares they have instructed you to apply for are correct;
- c) you have not applied for New Shares on behalf of any beneficiary with an application price which, when aggregated with the application price for any Shares issued to you on behalf of that beneficiary under the Offer or any similar Alloy arrangement in the 12 months prior to your application, exceed A\$15,000; and that you:
  - d) (i) hold an Australian financial services licence that covers the provision of a custodial or depositary service (within the meaning given by section 766E of the Corporations Act) or covers the operation of an IDPS (as defined in ASIC class order [CO 13/763]); or
  - (ii) do not hold an Australian financial services licence for the provision of a custodial or depositary service as described in the Class Order and are exempt from the requirement to hold such a licence; or
  - (iii) otherwise meet the definition of Custodian in the Class Order.

Custodians wishing to participate on behalf of one or more beneficiaries should contact the Share Registry to obtain more information on how to apply and the form of certification to be given.

Please note that if you hold Shares in the capacity of a trustee or a nominee for another person but you do not meet the definition of Custodian in the Class Order, you cannot participate for beneficiaries in the manner outlined in clause 4.2 above. In this case, the rules for multiple registered holdings as described in clause 3.3 apply.

#### **5. Price of Shares**

The price of New Shares to be issued under the Plan will be A\$0.0025 per share, being an 11% discount to the VWAP of the Company's Shares on ASX during the 5 trading days immediately prior to the announcement date of the Offer.

## **6. Applications and Notices**

- 6.1 At the sole and absolute discretion of the Directors, the Company will send Eligible Shareholders a letter of offer and acceptance procedures, inviting them to subscribe for Shares under the Plan, and accompanied by these Terms and Conditions of the Plan and an Application Form. Over subscriptions to an offer may be refunded without interest.
- 6.2 Notices and statements made by the Company to participants may be given in any manner prescribed by its constitution.
- 6.3 If your Application Form or application is incomplete, contains errors or is otherwise invalid or defective, Alloy may, in its sole and absolute discretion, accept, reject, correct or amend your application, issue such number of New Shares to you as it considers appropriate, refund your application money, or take any combination of these actions. Any necessary refund will be paid to you shortly after the close of the Offer. No interest will be paid on any refunded money.
- 6.4 You cannot withdraw or revoke your application once you have sent in an Application Form or paid via Bpay®.

## **7. Issue of Shares**

New Shares to be issued under the Plan will be issued as soon as reasonably practicable after the closing date specified by the Directors.

New Shares issued under the Plan will rank equally in all respects with all other fully paid ordinary shares in the Company from the date of issue.

Shareholding statements or CHESS notification will be issued in respect of all New Shares issued under the Plan. The Company will, promptly after the issue of New Shares under the Plan, make application for those New Shares to be listed for quotation on the official list of ASX.

## **8. Modification and Termination of the Plan**

The Company may modify or terminate the Plan at any time. The Company will notify ASX of any modification to, or termination of, the Plan. The omission to give notice of any modification to, or termination of, the Plan or the failure of ASX to receive such notice will not invalidate the modification or termination.

Without limiting the above, the Company may issue to any person fewer New Shares than the person applied for under the Plan if the issue of the New Shares applied for would contravene any applicable law or the Listing Rules of ASX.

## **9. Raising Amount, Scale back and Early Closure**

The maximum number of New Shares that may be issued pursuant to this Offer is 300,000,000 New Shares at A\$0.0025 per New Share and if fully subscribed the amount to be raised would be A\$750,000. The Company, however, reserves sole and absolute discretion regarding the final amount raised under the Plan.

In the event of an oversubscription by the Closing Date the Directors may, in their sole and absolute discretion, scale-back applications. When determining the amount (if any) by which to scale back an SPP application, the Company may take into account a number of factors, including the size of an applicant's shareholding in the Company and the date on which an application was made with earlier applications given precedence.

If the Company rejects or scales-back an application or purported application, the Company will promptly return to the shareholder the relevant application monies, without interest.

Directors reserve the right to close the Offer early following receipt of valid applications amounting to A\$750,000 in subscriptions pursuant to the Offer.

If the Company rejects or scales-back an application or purported application, the Company will promptly return to the shareholder the relevant application monies, without interest.

## **10. Dispute Resolution**

The Company may, in any manner it thinks fit, settle any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the Plan, whether generally or in relation to any participant, application or New Shares. The decision of the Company in this respect will be conclusive and binding on all shareholders and other persons to whom that determination relates.

The Company reserves the right to waive strict compliance with any provision of these Terms and Conditions. The powers of the Company under these conditions may be exercised by the Directors or any delegate of the Directors.

### **Questions and Contact Details**

If you have any questions regarding the Plan or how to deal with this Offer, please contact your stockbroker or professional adviser, Automic Group on 1300 288 664 or the Company Secretary Mr Kevin Hart on +61 8 9316 9100.

## **RISK FACTORS**

Alloy is an exploration focussed company and potential investors in the Company should be aware that subscribing for the New Shares involves a number of risks. The risk factors outlined in this Section and elsewhere in this offer document should be carefully considered by investors when evaluating an investment in the Company. In addition, investors should appreciate that the price of Alloy's shares on the ASX may rise or fall depending on a range of factors beyond the control of the Company. This is especially the case with companies undertaking exploration activities.

Any of the factors set out in this Section or any other factors identified in this offer may materially affect the financial performance of the Company and the market price of the New Shares. To that extent, the New Shares carry no guarantee with respect to the payment of dividends, return on capital or the price at which those New Shares will trade on the ASX.

The Directors consider that an investment in the Company should be considered speculative due to:

- the volatility in publicly listed entities on world stock markets generally, and of exploration companies in particular; and
- the speculative nature of exploration activities.

While the Company plans to take prudent measures to safeguard from, or mitigate its exposure to these risks, many of the risks are outside of the Company's control.

There are a number of risk factors that investors should consider before deciding whether or not to invest in the New Shares. The principal risk factors include, but are not limited to, the following:

### **Company Specific Risks**

#### **1. Potential for Dilution**

Upon implementation of the Offer, assuming all entitlements under the Offer are accepted and no options over unissued shares are exercised prior to the Record Date, the number of New Shares in the Company will increase by 300,000,000 in number. This means that each Share will represent a significantly lower proportion of the ownership of the Company if shareholders do not take up their Entitlements.

It is not possible to predict what the value of the Company or a New Share will be following the completion of the Offer being implemented and the Directors do not make any representation as to such matters.

The last trading price of Shares on ASX prior to the Offer being announced of A\$0.003 is not a reliable indicator as to the potential trading price of New Shares after implementation of the Offer.

#### **2. Future Capital Requirements and Going Concern Risk**

The Company's activities will require substantial expenditures. There can be no guarantees that the funds raised through the Offer will be sufficient to successfully achieve all the objectives of the Company's overall business strategy. If the Company is unable to use debt or equity to fund activities

after the substantial exhaustion of the net proceeds of the Offer there can be no assurances that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional resources on terms acceptable to the Company or at all. Any additional equity financing may be dilutive to shareholders and any debt financing if available may involve restrictive covenants, which limit the Company's activities and business strategy.

Shareholders should note that the last reviewed Financial Report of the Company, being for the 6 months ended 31 December 2018, has been prepared on a going concern basis. The review report to the financial statements for 31 December 2018, lodged with ASX on 14 March 2019 included an emphasis of matter, without qualification, in respect of the going concern disclosures included in Note 1(a) to the financial statements.

The ability of the Company to continue as a going concern and to meet planned and committed expenditure requirements is subject to the Company successfully exploiting the investments and exploration projects owned by the Company and/or the raising of further equity and/or loan capital should the Company not be successful in obtaining adequate funding or cash inflows are not as planned, there is material uncertainty as to the ability of the Company to continue as a going concern and to realise its assets and extinguish liabilities as they arise. The Company's failure to raise capital, if and when needed, could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

### 3. Exploration and Evaluation Risks

By its nature, the business of mineral exploration, mine development, mine production and ore processing undertaken by the Company at its exploration projects or future projects, contain risks. The success of the Company depends on the delineation of economically minable reserves and resources, access to required development capital, favourable commodity prices, securing and maintaining title to the Company's exploration tenements and obtaining all consents and approvals necessary for the conduct of its exploration activities.

Exploration on the Company's existing exploration tenements may be unsuccessful, resulting in a reduction of the value of those tenements, diminution in the cash reserves of the Company and possible relinquishment of the exploration tenements.

### 4. Exploitation, exploration and mining licences

The mineral exploration licences and mineral claims that have been or will be granted only permit exploration on the Projects. In the event that the Company successfully delineates economic deposits on any of the mineral exploration licences or mineral claims, it will need to apply for a mining lease, mining exploitation licence or mining claim (as applicable). There is no guarantee that the Company will be granted a mining lease, mineral exploration licence or mining claim if one is applied for.

Potential investors should understand that mineral exploration is a high-risk undertaking. There can be no assurance that exploration of the Projects, or any other mineral exploration licences or mineral claims that may be acquired in the future, will result in the discovery of an economic deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

### 5. Native Title and Title Risks

Interests in tenements in Australia are governed by the respective State legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

It is also possible that, in relation to tenements which the Company has an interest in or will be in the future acquire such an interest; there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be affected.

The Company's current exploration activities are subject to Land Access and Mineral Exploration Agreements and the extent and timing of exploration programs is subject to compliance with these agreements.

The Directors monitor the potential effect of native title claims involving tenements in which the Company has or may have an interest.

#### 6. Mine development

Possible future development of mining operations at the Projects is dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable mineralisation, favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk for third parties providing essential services.

No assurance can be given that any of the Projects will achieve commercial viability. The risks associated with the development of a mine will be considered in full as part of the Company's exploration activities and will be managed with ongoing consideration of stakeholder interests.

#### 7. Commodity Price and Exchange Rate Risks

To the extent the Company in the future is involved in mineral production the revenue derived through the sale of commodities may expose the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious commodities, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are generally denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

#### 8. Environmental Risks

The Company's projects are subject to certain regulations regarding environmental matters. The governments and other authorities that administer and enforce environmental laws determine these requirements. As with all exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if mine development proceeds. The Company intends to conduct its activities in an environmentally responsible manner and in accordance with applicable laws.

The cost and complexity of complying with the applicable environmental laws and regulations may prevent the Company from being able to develop potentially economically viable mineral deposits.

Further, the Company may require additional approvals from the relevant authorities before it can undertake activities that are likely to impact the environment. Failure to obtain such approvals will prevent the Company from undertaking its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations, which may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

There can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Company to incur significant expenses and undertake significant investments in such respect which could have a material adverse effect on the Company's business, financial condition and results of operations.

#### 9. Mineral Resource Estimates

The interpretation of exploration results and Mineral Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when

originally made may alter significantly when new information or techniques become available. In addition, by their very nature, exploration results and Mineral Resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate.

As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

A specific risk relating to the Projects includes the expected mineralisation not being present or being too small to warrant commercial exploitation.

#### 10. Legislative Changes and Government Policy Risk

Any material adverse changes in government policies, legislation or shifts in political attitude in Australia, North America, Cambodia or any other jurisdiction in which the Company operates, that affect mineral mining and exploration activities, tax laws, royalty regulations, government subsidies and environmental issues may affect the viability of a project or the Company.

No assurance can be given that amendments to current laws and regulations or new rules and regulations will not be enacted, or that existing rules and regulations will not be applied in a manner which could substantially limit or affect the Company's exploration.

#### 11. Payment obligations

Under the licences and certain other contractual agreements to which the Company is or may in the future become party, the Company is or may become subject to payment and other obligations. In particular, mineral licence holders are required to expend the funds necessary to meet the minimum work commitments attaching to the licences. Failure to meet these work commitments will render the licence liable to be cancelled.

#### 12. Dependence on key personnel

The Company is reliant on a number of key personnel and consultants. The loss of one or more of these key contributors could have an adverse impact on the business of the Company.

It may be difficult for the Company to attract and retain suitably qualified and experienced people, due to the relatively small size of the Company, compared with other industry participants.

#### 13. Equipment Risk

The operations of the Company could be adversely affected if essential equipment fails or becomes unavailable to access in a timely manner.

#### 14. New projects and acquisitions

The Company may make acquisitions in the future as part of future growth plans. In this regard, the Directors of the Company will use their expertise and experience in the resources sector to assess the value of potential projects that have characteristics that are likely to provide returns to shareholders.

#### 15. Future Dilution Risk

Future equity offerings by the Company may dilute the percentage ownership of the Company by existing Shareholders. In certain circumstances, securities issued by the Company in the future may have rights, preferences or privileges attached to them that are senior, to or otherwise adversely affect, those attached to the Shares.

#### 16. Contractual Disputes

As with any contract, there is a risk that the business could be disrupted in situations where there is a disagreement or dispute in relation to a term of the contract. Should such a disagreement or dispute occur, this may have an adverse impact on the Company's operations and performance generally. It is not possible for the Company to predict or protect itself against all such risks.



#### 17. Third Party Risk

The operations of the Company require the involvement of a number of third parties, including suppliers, contractors and clients.

Financial failure, default or contractual non-compliance on the part of such third parties may have a material impact on the Company's operations and performance. It is not possible for the Company to predict or protect the Company against all such risks.

#### 18. Litigation

The participation by the Company in the mineral industry may expose the Company to possible litigation risks, including native title claims, tenure disputes, environmental claims, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position.

The Company is not presently involved in litigation and the Directors are not aware of any basis on which any litigation against the Company may arise.

### **Industry Specific Risks**

#### 19. Nature of mineral exploration and mining

The business of mineral exploration, development and production is subject to risk by its nature. The success of the business depends, inter alia, on successful exploration and/or acquisition of resources and reserves, securing and maintaining title to mineral exploration licences, mineral claims and consents, successful design, construction, commissioning and operating of mining and processing facilities, successful development and production in accordance with forecasts and successful management of the operations. Exploration and mining are speculative undertakings which may be hampered by force majeure circumstances, land claims and unforeseen mining problems. Increased costs, lower output or high operating costs may all contribute to make a project less profitable than expected at the time of the development decision. There is no assurance that the Company's attempts to exploit its exploration activities will be successful.

#### 20. Operational risks

The operations of the Company may be affected by various factors which are beyond the control of the Company, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration or mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment, fire, explosions and other incidents beyond the control of the Company.

These risks and hazards could also result in damage to, or destruction of, production facilities, personal injury, environmental damage, business interruption, monetary losses and possible legal liability. While the Company currently intends to maintain insurance within ranges of coverage consistent with industry practice, no assurance can be given that the Company will be able to obtain such insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover any such claims.

#### 21. Insurance

The Company intends to insure its operations in accordance with industry practice. However, insurance of all risks associated with exploration is not always available and, where it is available, the cost may be high. The Company will have insurance in place considered appropriate for the Company's needs.

The business of the Company is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological

conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as extreme weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties, buildings, personal injury or death, environmental damage to properties of the Company or others, delays in mining, monetary losses and possible legal liability.

It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks because of high premiums or other reasons. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining industry on acceptable terms.

The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company. In addition, there is a risk that an insurer defaults in the payment of a legitimate claim by the Company.

## 22. Occupational Health and Safety Risk

The Company is committed to providing a healthy and safe environment for its personnel, contractors and visitors. Exploration and mining activities have inherent risks and hazards. The Company provides appropriate instructions, equipment, preventative measures, first aid information and training to all stakeholders through its occupational, health and safety management systems.

## 23. Regulatory Risks

The Company's exploration and any future development activities are subject to extensive laws and regulations relating to numerous matters including resource licence consent, conditions including environmental compliance and rehabilitation, taxation, employee relations, health and worker safety, waste disposal, protection of the environment, native title and heritage matters, protection of endangered and protected species and other matters. The Company requires permits from regulatory authorities to authorise the Company's operations. These permits relate to exploration, development, production and rehabilitation activities.

Obtaining necessary permits can be a time-consuming process and there is a risk that Company will not obtain these permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could materially delay or restrict the Company from proceeding with the development of a project or the operation or further development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in material fines, penalties or other liabilities. In extreme cases, failure could result in suspension of the Company's activities or forfeiture of one or more of the tenements.

## 24. Joint Venture Parties, Agents and Contractors

The Directors are unable to predict the risk of financial failure or default by a participant in any joint venture to which the Company is or may become a party or the insolvency or managerial failure by any of the contractors used by the Company in any of its activities or the insolvency or other managerial failure by any of the other service providers used by the Company for any activity.

## 25. Potential Acquisitions

As part of its business strategy, the Company may make acquisitions of or significant investments in companies, products, technologies, or resource projects. Any such future transactions would be accompanied by the risks commonly Alloyed in making acquisitions of companies, products, technologies, or resource projects.

## 26. Force Majeure

The Company's projects now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

## **General Risks**

### **27. Economic Risks**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development, and future production activities, as well as on its ability to fund those activities.

Further, share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (a) general economic outlook;
- (b) interest rates and inflation rates;
- (c) currency fluctuations;
- (d) changes in investor sentiment toward particular market sectors;
- (e) the demand for, and supply of, capital; and
- (f) terrorism or other hostilities.

### **28. Market Conditions**

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities and in particular, resource stocks. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

### **29. Security Investments**

Applicants should be aware that there are risks associated with any securities investment. Securities listed on the stock market, and in particular, securities of mining and exploration companies have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. These factors may materially affect the market prices of the securities regardless of the Company's performance.

Mineral exploration and mining are speculative activities that may be hampered by circumstances beyond the control of the Company. Profitability depends on successful exploration and/or acquisition of reserves, design, and construction of efficient processing facilities, competent operation and management and proficient financial management.

Exploration in itself is a speculative endeavour, while mining operations can be hampered by force majeure circumstances and cost overruns for unforeseen events.

### **30. Dividends**

Any future determination as to the payment of dividends by the Company will be at the sole and absolute discretion of the Directors and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

### **31. Legal Proceedings**

Legal proceedings may arise from time to time in the course of the business of the Company. Legal proceedings brought by third parties including but not limited to customers, business partners or employees could negatively impact the business in the case where the impact of such litigation is greater than or outside the scope of the Company's insurance. As at the date of this Offer, there are no material legal proceedings affecting the Company and the Directors are not aware of any legal proceedings pending or threatened against or affecting the Company.

### 32. Unforeseen expenses

While the Company is not aware of any expenses that may need to be incurred that have not been taken into account, if such expenses were subsequently incurred, the expenditure proposals of the Company may be adversely affected.

### 33. Macro-economic risks

Changes in the general economic outlook in Australia and globally may impact the performance of the Company and its projects. Such changes may include:

- (i) uncertainty in the Australian economy or increases in the rate of inflation resulting from domestic or international conditions (including movements in domestic interest rates and reduced economic activity);
- (ii) increases in expenses (including the cost of goods and services used by the Company);
- (iii) new or increased government taxes, duties or changes in taxation laws; and
- (iv) fluctuations in equity markets in Australia and internationally.

A prolonged and significant downturn in general economic conditions may have a material adverse impact on the Company's trading and financial performance.

### 34. Broader general risks

There are also a number of broader general risks which may impact the Company's performance. These include:

- (v) abnormal stoppages in normal business operations due to factors such as war, political or civil unrest, infrastructure failure or industrial disruption; and
- (vi) higher than budgeted costs associated with the provision of service offerings.

### 35. Taxation risk

The acquisition and disposal of Shares will have tax consequences which will differ for each investor depending on their individual financial circumstances. All potential investors in the Company are urged to obtain independent financial advice regarding the tax and other consequences of acquiring Shares. To the maximum extent permitted by law, the Company, its officers and each of their respective advisers accept no liability or responsibility with respect to any tax consequences of applying for Shares under this Offer.

### 36. Accounting standards

Changes to any applicable accounting standards or to any assumptions, estimates or judgments applied by management in connection with complex accounting matters may adversely impact the Company's financial statements, results or condition.

### 37. Investment Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the shares offered under this offer. Therefore, the New Shares to be issued pursuant to this offer carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for shares pursuant to this offer.