



ASX Release

23 October 2019

Alloy Resources Limited

ABN 20 109 361 195

ASX Code

AYR

Corporate Directory

Executive Chairman

Mr Andy Viner

Non-Exec Director

Mr Gary Powell

Non-Exec Director/Co Sec

Mr Kevin Hart

Issued Shares

1,693,277,613

Unlisted Options

29,000,000

Company Details

Email

info@alloyres.com

Website

www.alloyres.com

Principal Office+

Unit 8, 1297 Hay St

West Perth WA 6005

Postal & Registered Office

+61 (8) 9316 9100

Suite 6, 7 The Esplanade

Mt Pleasant WA 6153

September 2019

Quarterly Activities Report

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

- Focus on high-grade Mineral Resources.
- Mineral Resources increased to 257,000 ounces.
- Historical prospects at Bronco, Colt and Pony identified as ineffectively drilled.
- RC drilling planned for November 2019.

Paterson Project – Rio Tinto farm-in

- Heritage clearances for proposed initial drilling programme now received.
- Earthworks for access tracks and drill pads expected to be completed during November.
- Drill programme currently expected to be undertaken in early 2020.

Corporate

- New Placement completed after end of quarter to raise \$530,000 before costs.
- Rights Issue announced after end of quarter to raise up to \$780,000 before costs.

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

The Horse Well Joint Venture with Silver Lake Resources Limited ('Silver Lake') is exploring the 550 square-kilometre Horse Well Project (Figure 1), 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 45-kilometre strike of greenstone belt. The Company has been focussing more recently on known gold prospects and reviewing geological and resource models with a view to defining opportunities to expand Mineral Resources as well as the economic potential for development.

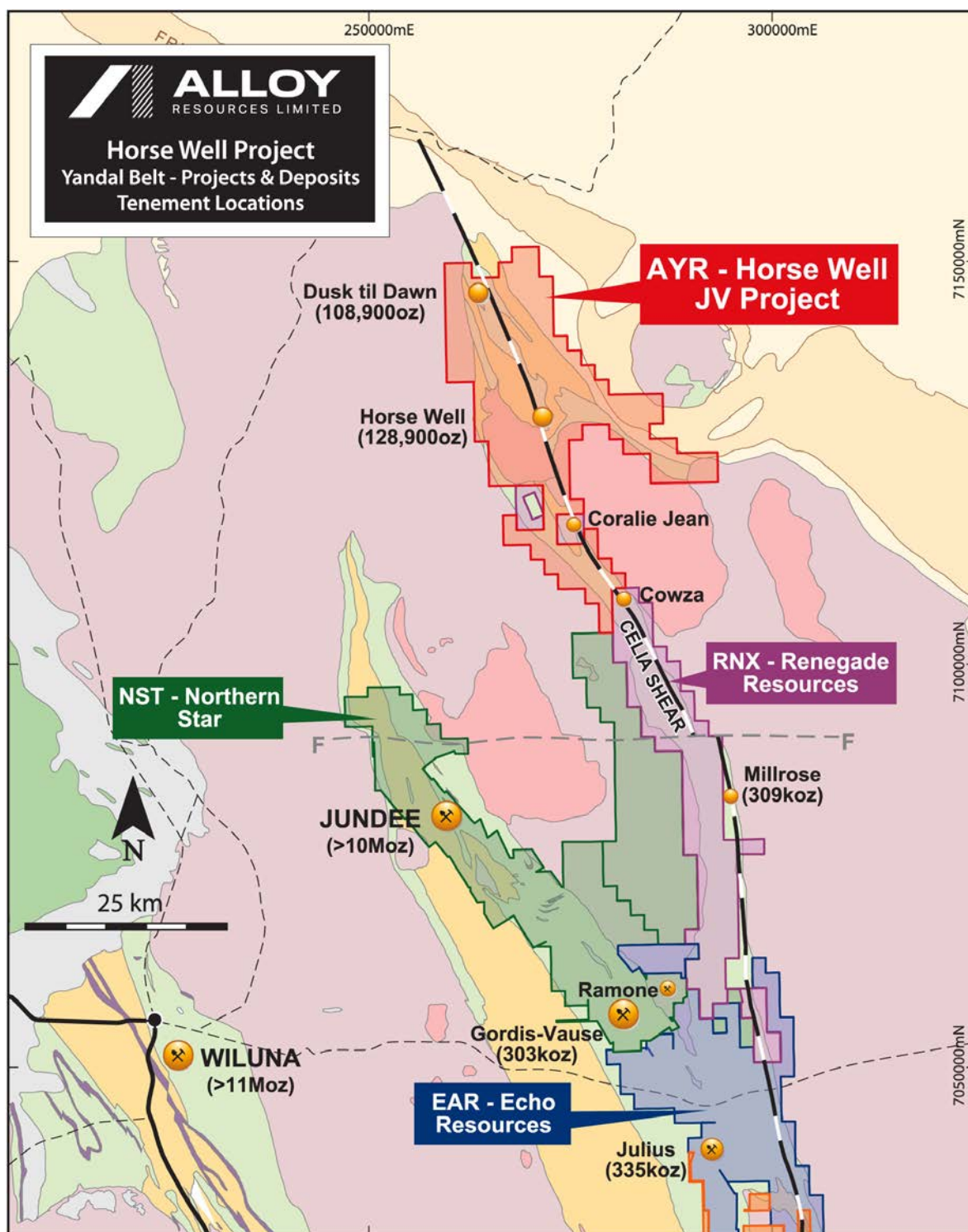


Figure 1 Horse Well Project location on geology showing regional ownership.

Exploration Completed

During the quarter the Company announced new revised JORC Mineral Resource Estimates for gold mineralisation at the historical prospects of Palomino and Filly South West (Figures 2 and 3), and also the results of a review into existing prospects.

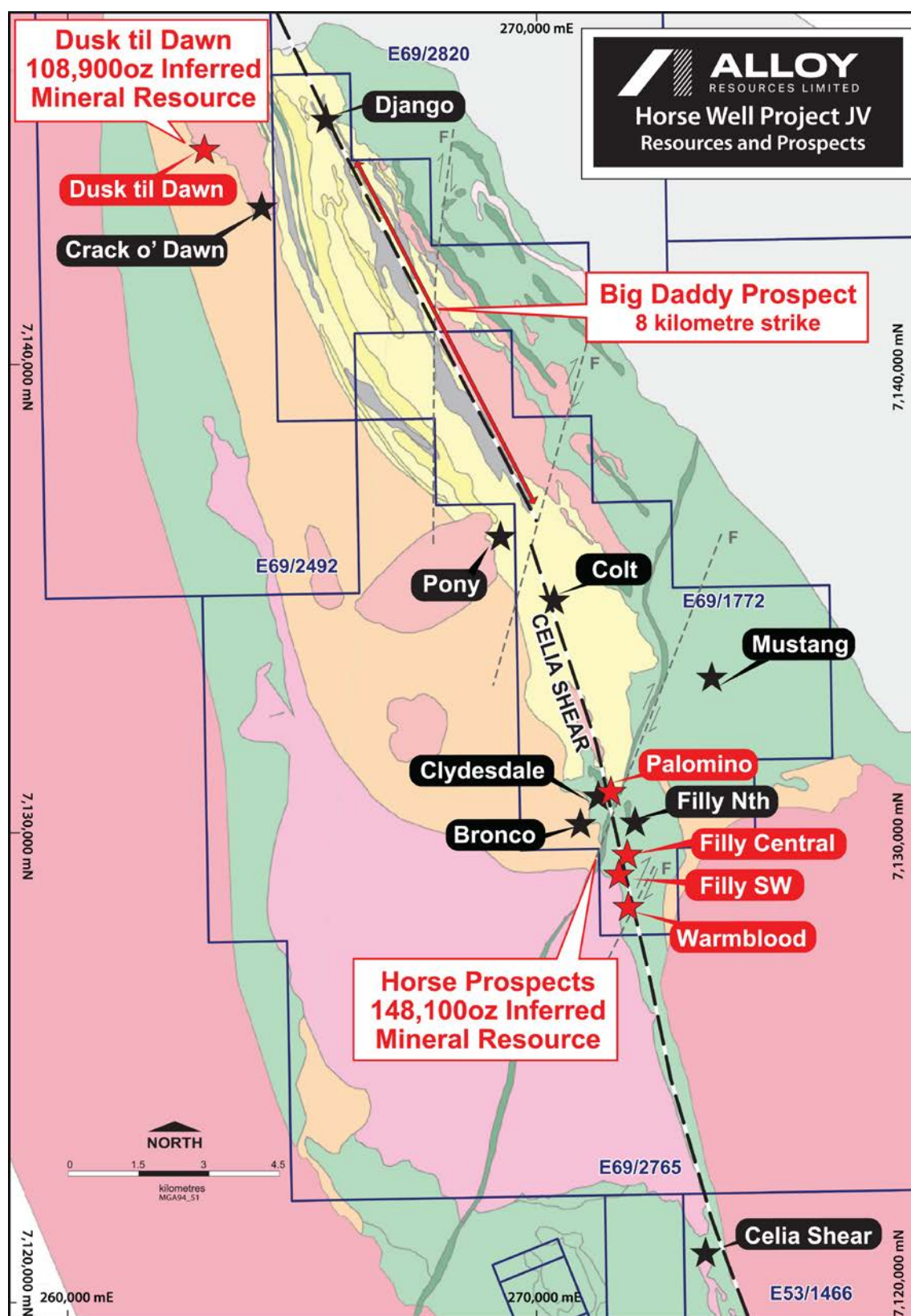


Figure 2 Horse Well Prospects on interpreted geology.

New Mineral Resource Estimate

The Company completed **revised** Mineral Resource Estimates for the Palomino and Filly South West prospects where additional drilling and improvements to data and geological interpretation has warranted such estimate. In addition, the revised estimates are now consistent in method with Mineral Resources for the Warmblood and Dusk til Dawn prospects. (Refer ASX release dated 26 August 2019)

The revised gold Mineral Resources in compliance with JORC 2012, are listed in Table 1 below:

Table 1: Revised Horse Well Mineral Resources - August 2019 (various Au cut-off)

Area	Category	Cut-off (g/t)	Tonnes	Grade (g/t)	Ounces
Palomino	Inferred	0.5 (<100m)	607,600	1.8	34,400
	Inferred	2.0 (>100m)	322,800	3.3	33,900
	<i>Inferred</i>	<i>Sub-total</i>	<i>930,400</i>	<i>2.3</i>	<i>68,300</i>
Filly SW	Inferred	0.5	302,400	1.8	17,200
TOTAL	Inferred		1,232,800	2.2	85,500

Notes:

- All figures are rounded to reflect appropriate levels of confidence. Apparent differences may occur due to rounding.
- The cut-off grade for the Filly SW resource is 0.5 g/t Au.
- The cut-off grade for the Palomino resources is 0.5 g/t Au less than 100m depth below surface and 2 g/t for material greater than 100m depth..
- The Inferred Resource has been estimated using appropriate high grade cuts and minimum mining widths

Combining all Inferred Resources within the Horse Well JV results in a new total of 5.7 million tonnes at a grade of 1.4 g/t for 257,000 ounces as shown in Table 2 below:

Table 2: Combined Horse Well Inferred Resources as at August 2019.

Year	Area	Category	Tonnes	Grade (g/t)	Ounces
2015	Filly	Inferred	206,000	1.3	8,700
2019	Warmblood	Inferred	788,000	2.1	53,900
	Palomino	Inferred	930,400	2.3	68,300
	Filly SW	Inferred	302,400	1.8	17,200
	Dusk til Dawn	Inferred	3,495,600	1.0	108,900
COMBINED TOTAL		Inferred	5,722,400	1.4	257,000

Notes:

- All figures are rounded to reflect appropriate levels of confidence. Apparent differences may occur due to rounding.
- The cut-off grades for 2015 Resources are 0.50 g/t for Oxide, 0.75 g/t for Transition and 1.00 g/t for Fresh weathering classifications.
- The cut-off grades for 2019 Resources is 0.50 g/t for all weathering classifications, except Palomino which has a cut-off of 2 g/t Au below 100 metres depth.
- The Inferred Resource has been estimated using appropriate high-grade cuts, minimum mining widths and dilutions).

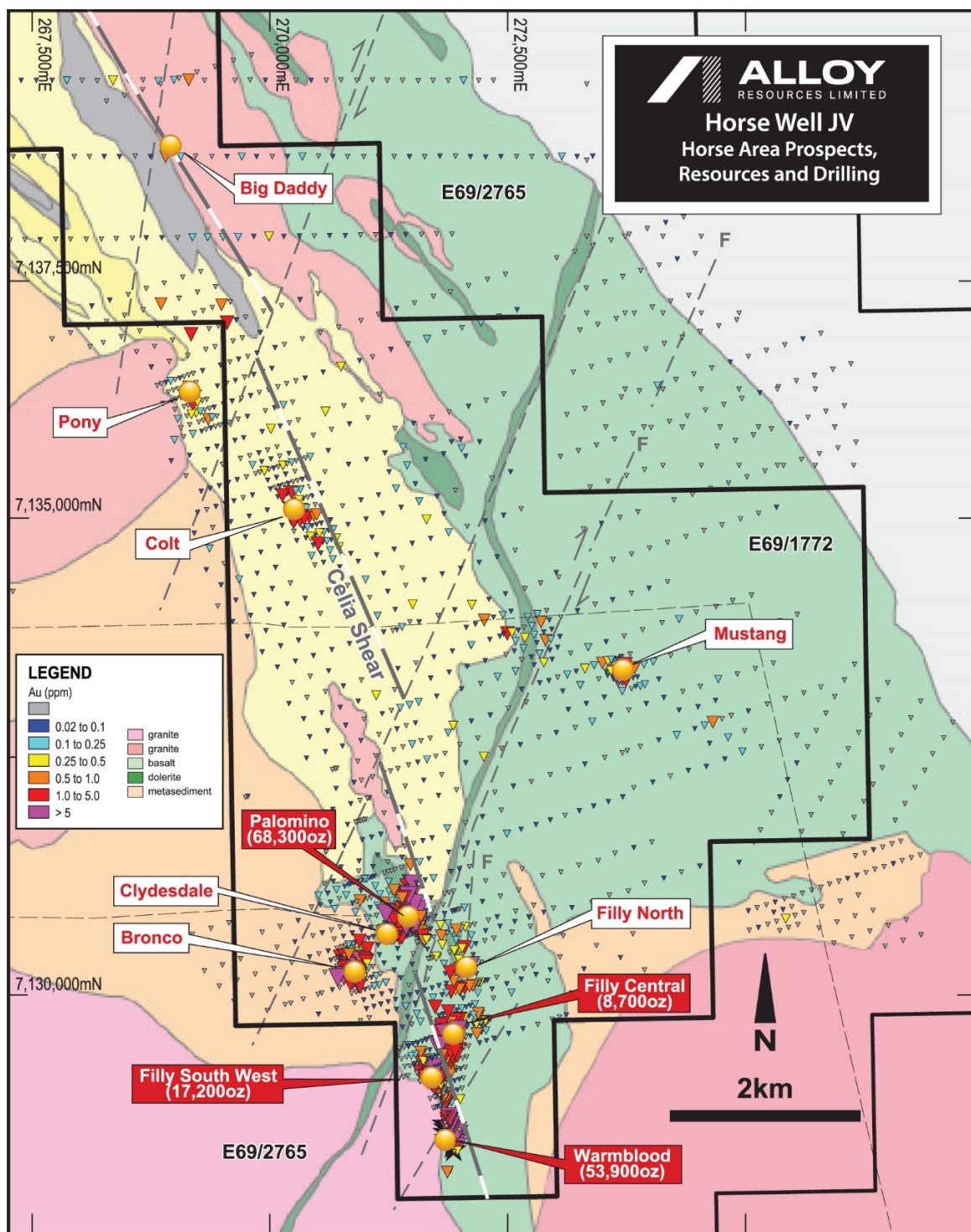


Figure 3 Horse area Resources and Prospects with drilling on interpreted geology.

Gold Targets for Growth and Development

Following completion of revised geological models and Mineral Resource estimates for the larger advanced prospects at Horse Well, the Company has identified the potential for delineation of extensions to, and/or repetitions of gold mineralisation within the project. (Refer ASX release dated 3 September 2019)

At the Horse prospects area orebodies are found to be relatively narrow ribbon-like structures with high-grade shoot development. The potential for underground exploitable style mineralisation below known deposits is regarded as very high, considering the limited historical exploration below the fresh rock interface. The Palomino and Warmblood/Filly SW mineralisation offer compelling targets (Figure 4).

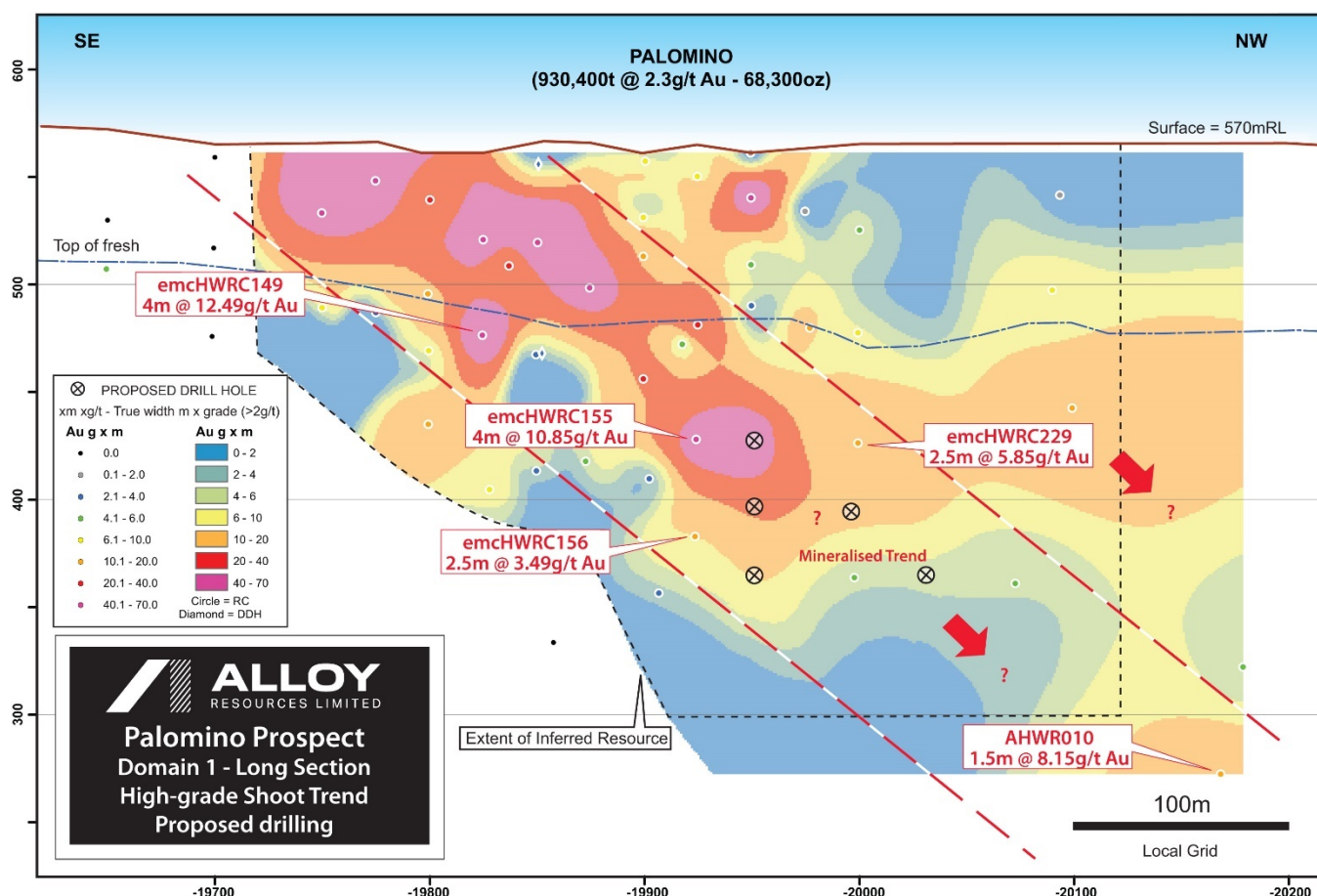


Figure 4 Palomino Long Section – gram x metre contours from >0.3 g/t Au mineralised envelope, and true width > 2 g/t Au intersections

The sub-vertical nature and high-grade shoot style of mineralisation was not adequately understood during the historical 1990's exploration. A number of prospects were ineffectively drilled by vertical or inclined north-south directed drilling which would not have been able to adequately test mineralisation within these structures. The main target for new Mineral Resources is the Bronco prospect where it has been interpreted that drilling is likely to have been sub-parallel to the likely orientation of the mineralised zone/s as shown on Figure 5 below.

Applying the findings of the revised geological models in a review of regional greenfields prospects suggests that 'low grade' gold intersections from the widely spaced drilling are high priority areas for new discoveries. The Colt and Pony prospects shown on Figure 3 were largely located with vertical RAB drilling and fit this category.

The Horse Well Project is located within trucking distance to a number of local third-party gold processing plants which, in the current gold price environment, justifies active advancement of brownfields gold prospects in parallel with testing more greenfields targets.

Mining and Miscellaneous licence applications are being planned for lodgement.

Planned Exploration

The Company is planning to complete targeted RC drilling in the December quarter at the Horse Prospects with a view to defining additional high-grade Mineral Resources. Early stage metallurgical test-work will also be completed.

The Company intends to commence Mining Lease and Miscellaneous Licence applications over the Horse Prospects area.

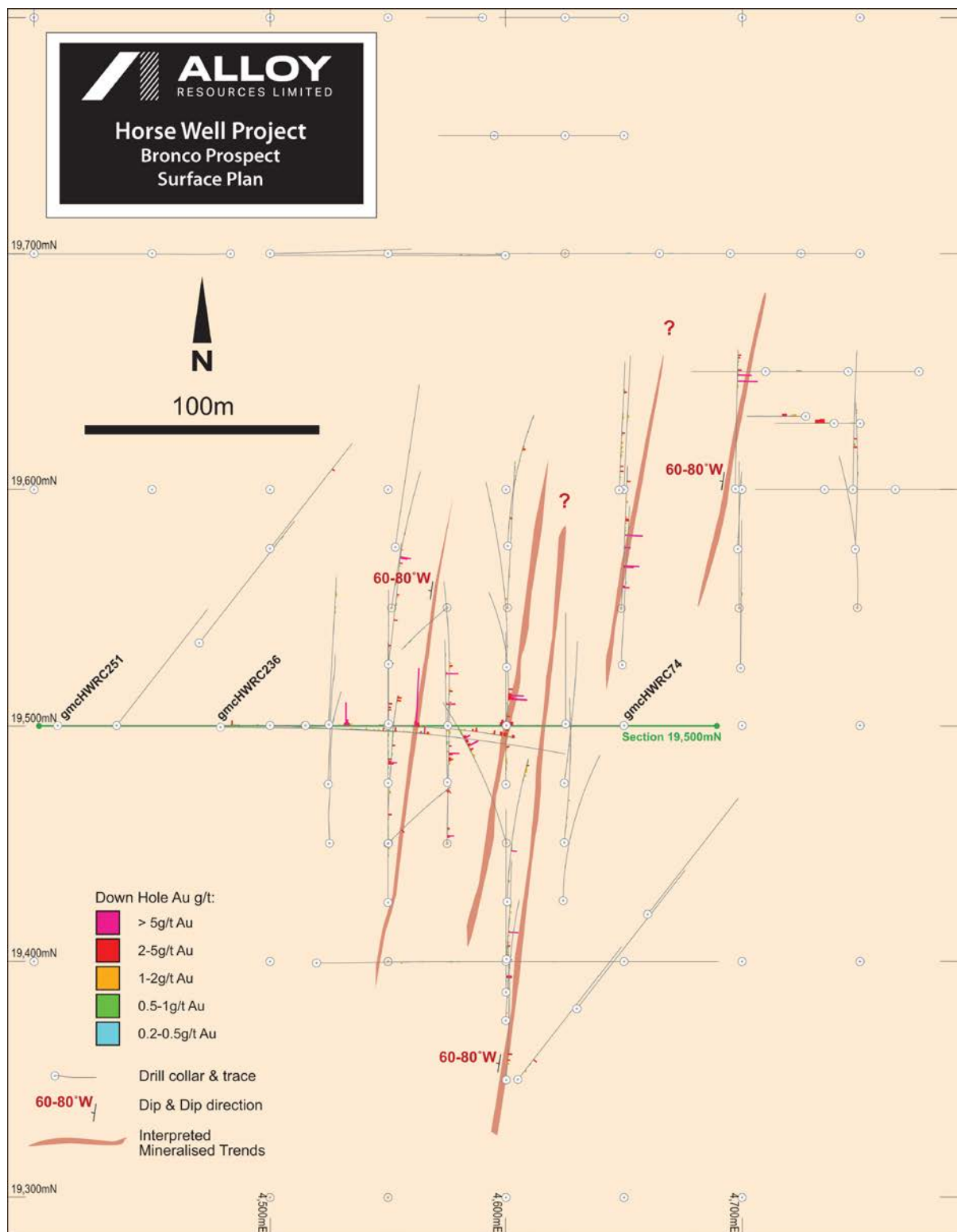


Figure 5 Bronco surface plan showing drilling and interpreted mineralisation trends

Paterson Project – Gold/copper (RTX earning 70%)

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 4). 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 whereby they can earn a 70% interest in the Tenement by spending \$500,000 and completing at least 500 metres of drilling, within 3 years.

E45/4807 is a large 423 square kilometre tenement containing similar geology to the Newcrest's world class 32Moz Telfer gold deposit. The project is located only 25 kilometres to the north-west of Telfer and 50 kilometres south-east of Rio Tinto's exciting Winu copper-gold discovery (Figure 6). Very limited historical exploration has been completed within the project area.

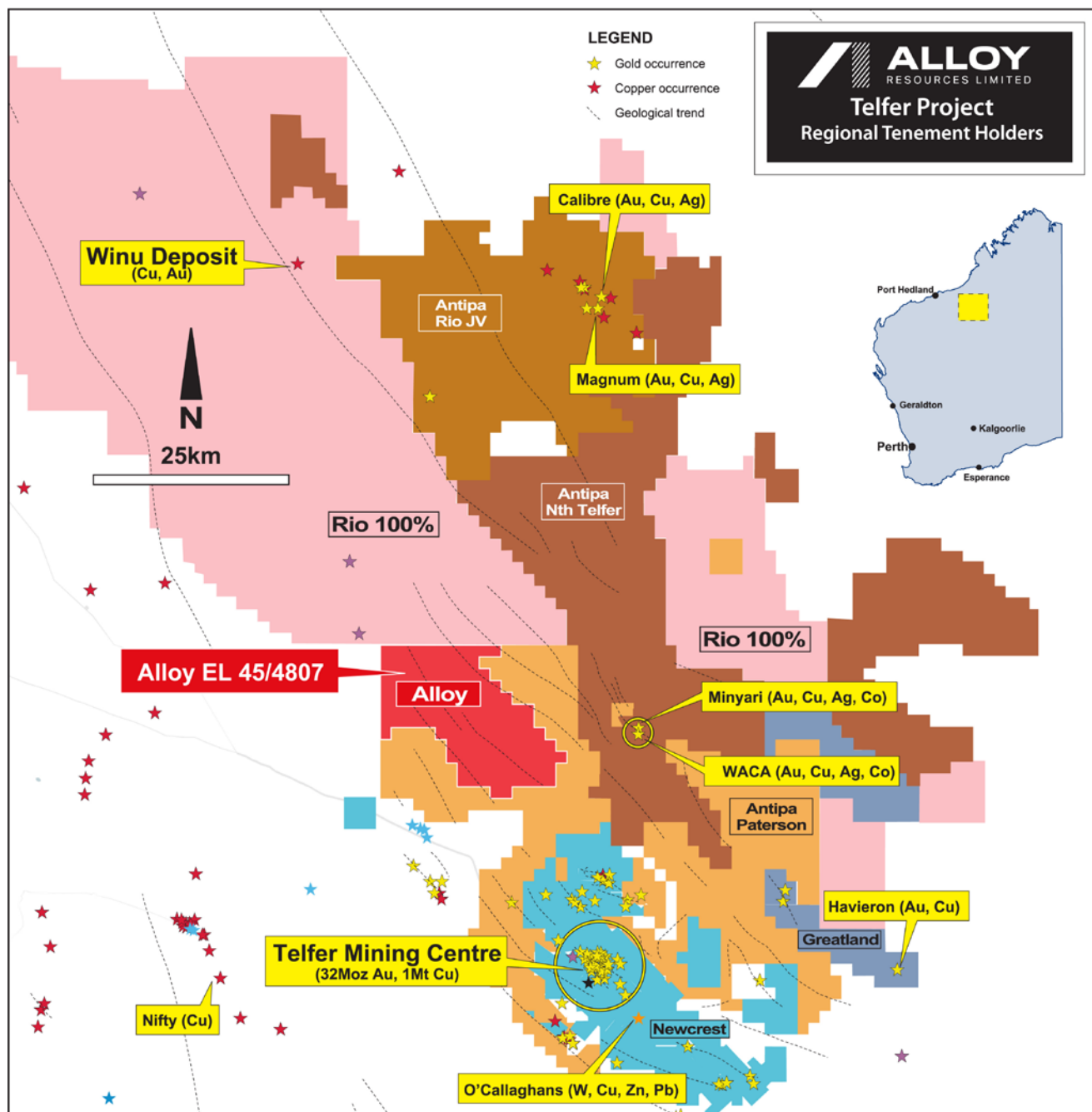


Figure 6 EL 45/4807 Regional Location Map with geology and major Tenement holders.

Activities for the September 2019 Quarter

Heritage clearances were received during the quarter for access tracks and drill pads for a proposed initial reverse circulation (RC) drilling program on E 45/4807.

Clearances for some areas were delayed due to the availability of the appropriate traditional owner representatives.

Proposed Activities for the December 2019 quarter

Earthworks for the access tracks and drill pads are planned to commence shortly and to be completed during November.

The drilling programme is now expected to be completed in early 2020, subject to weather and completion of the scheduling of RTX's broader Paterson programme activities.

As previously announced, the drilling programme is planned to comprise a minimum of 8 reverse circulation (RC) drill holes of up to 250m depth across 6 copper-gold target areas, with further holes to possibly be drilled subject to results (Figure 7). This initial testing is intended to guide follow up exploration and improve target generation by confirming basement depths and lithologies. The depth of cover for the initial targets is currently estimated to be 30-100m.

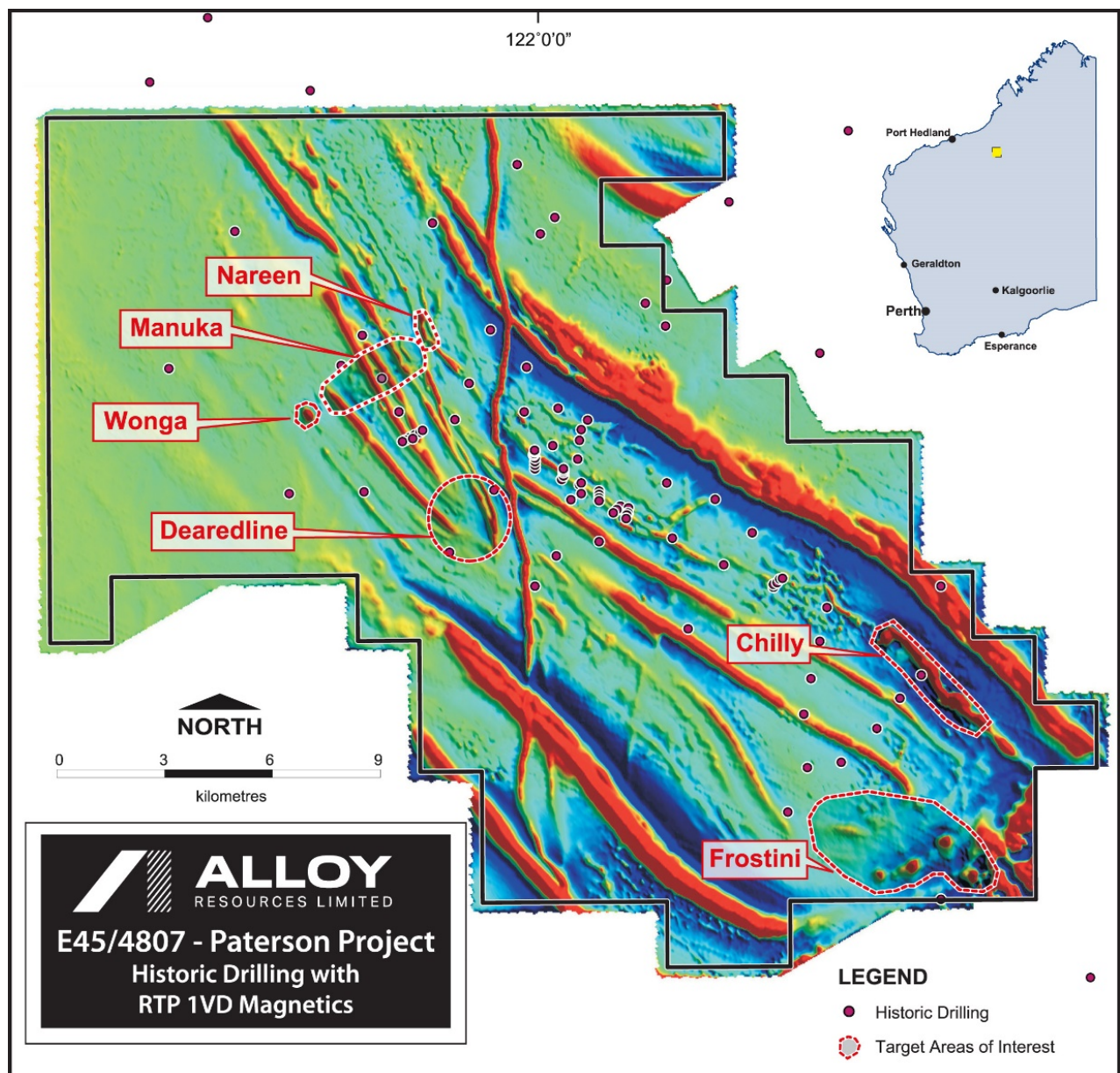


Figure 7 E45/4807 Historic drilling on 2018 Aeromagnetic survey image with Target Areas.

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 (Figure 8).

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.

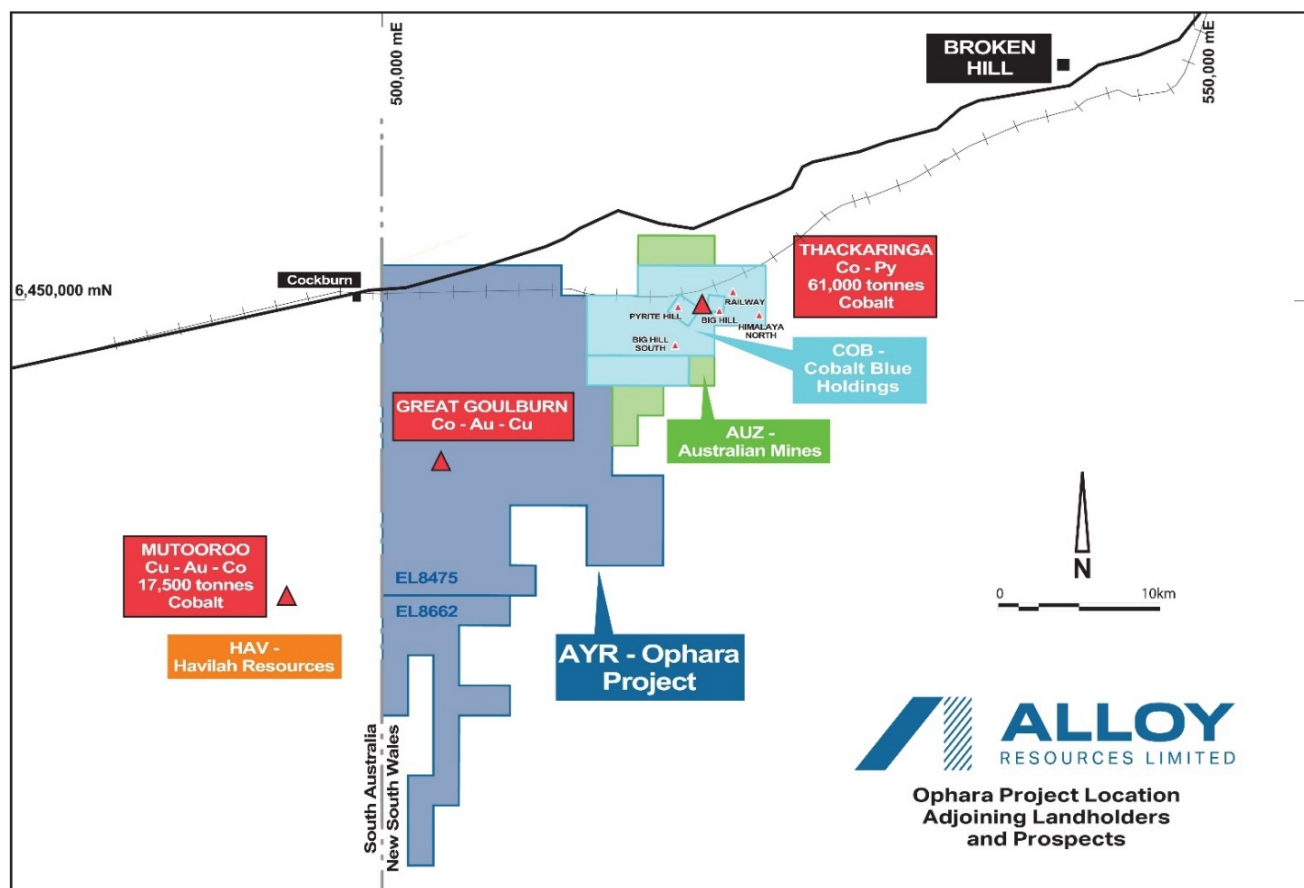


Figure 8 Ophara EL 8475 and EL 8662 Location showing Cobalt deposits.

A second mineral target has emerged from the extensive soil sampling completed in 2018 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.

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.

The Company is also in discussions with other Companies regarding sale and joint venture opportunities.

Bronzewing North Project – Gold (100%)

Data reviews and exploration planning 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 the quarter amounted to \$279,000.

A Placement was completed in October 2019 and raised \$530,000 before costs from the issue of 266,140,835 new shares at \$0.002 each.

The Company has also announced that an Entitlement Issue will be offered to shareholders to raise up to \$750,000. This Issue will open on the 6 November and close on the 20 November 2019.

For further information contact:

Andy Viner

Executive Chairman

Phone: +61 8 9322 9903

or: +61 8 9316 9100

www.alloyres.com

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 announcements 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	E69/2765	51% ⁺	51% ⁺
Alloy Resources Limited - Granted	WA	E53/1924	51% ⁺	51% ⁺
Alloy Resources Limited - Granted	WA	E69/2492	51% ⁺ [^]	51% ⁺ [^]
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 farm-in Agreement				
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	100%	100%
Alloy Minerals Limited - Granted	NSW	EL5662	100%	100%
Bronzewing North				
Alloy Resources - Application	WA	E53/1989	0%	0%
Alloy Resources - Granted	WA	E53/1991	100%	100%
Alloy Resources - Granted	WA	E53/1992	100%	100%
Alloy Resources - Granted	WA	E53/1993	100%	100%
Alloy Resources - Granted	WA	E53/1994	100%	100%
Alloy Resources - Granted	WA	E53/1995	100%	100%
Alloy Resources - Application	WA	E53/1996	0%	0%
Alloy Resources - Application	WA	E53/2030	0%	0%
Alloy Resources - Application	WA	E53/2085	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%	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")

30 SEPT 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(98)	(98)
(b) development	-	-
(c) production	-	-
(d) staff costs	(39)	(39)
(e) administration and corporate costs	(30)	(30)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other	-	-
1.9 Net cash from / (used in) operating activities	(167)	(167)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
(b) tenements (see item 10)	-	-
(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	-	-

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
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	-	-
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	-	-

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	446	446
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(167)	(167)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of period	279	279

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	41	36
5.2 Call deposits	238	410
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)	279	446

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**

85

-

- (a) Directors Fees and Remuneration \$73,856 (includes payments of Director Fees and Superannuation for the period)
- (b) Accounting and Company Secretary Fees of \$10,784 , paid to Endeavour Corporate, an entity related to Mr Kevin Hart 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	(300)
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	(365)

As announced to ASX on 18 October 2019, the company raised \$530,000 before costs through a share placement and has announced an entitlement issue to raise up to \$780,000 during November

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	nil			
10.2 Interests in mining tenements and petroleum tenements acquired or increased	nil			

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: 23 October 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.