



Option on New Project In Bryah Basin

ASX Release

22 June 2020

Capital Structure

Alloy Resources Limited
ABN 20 109 361 195

ASX Code
AYR

Issued Shares
335,367,945

Unlisted Options
22,000,000

Corporate Directory

Executive Chairman
Mr Andy Viner

Non-Exec Director
Mr Gary Powell

Non-Exec Director
Mr Paul Skinner

Company Secretary
Mr Kevin Hart

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- **New Project has potential for Base Metals and Gold**
- **Covers geology similar to Sandfire's DeGrussa Project**
- **Geochemical and Geophysical anomalies never tested by drilling**
- **One month due diligence then one year option period**

Summary

Australian gold explorer **Alloy Resources Limited (ASX:AYR)** ("**Alloy**" or "**the Company**") is pleased to advise it has entered into a binding Heads of Agreement to acquire a Project in the same geological province as it's recently acquired Bryah Basin Project located north of Meekatharra in Western Australia (Figures 1 and 2).

The Company, through it's subsidiary Doolgunna Minerals Pty Ltd, has secured an Option to Purchase 80% of the **Doolgunna Project** from Diversified Asset Holdings ("**DAH**").

The Doolgunna Project is superbly located within the Bryah Basin and is one of the last remaining (and privately held) Exploration Licences that is not controlled by Sandfire Resources Limited ('Sandfire'), and has potential for a Volcanic Massive Sulphide mineral deposit ('VMS') similar to Sandfire's DeGrussa copper-gold deposit.

The Company has reviewed Information provided by DAH and interrogated information reported by previous explorers of the project, and formed the view that the geological, geochemical and geophysical data supports exploration for discovery of a DeGrussa style deposit.

The Company has also inspected the property and negotiated an Option to Purchase has been negotiated which provides the Company with the time to evaluate it's prospectivity in more detail through a staged agreement that reflects the uncertainty as well as the potential for discovery.

Mr Viner, the Executive Chairman commented, "*We were offered an opportunity to look at the merits of this project after acquiring the Bryah Basin Project from Gateway Mining Limited earlier this year, and have identified some compelling geological reasons to look further into the potential of this property.*"

We are looking forward to hitting the ground running over the next few weeks during our due diligence period, and hopefully committing to an accelerated exploration program in the coming months."



Figure 1 Regional location of Company Projects in Western Australia

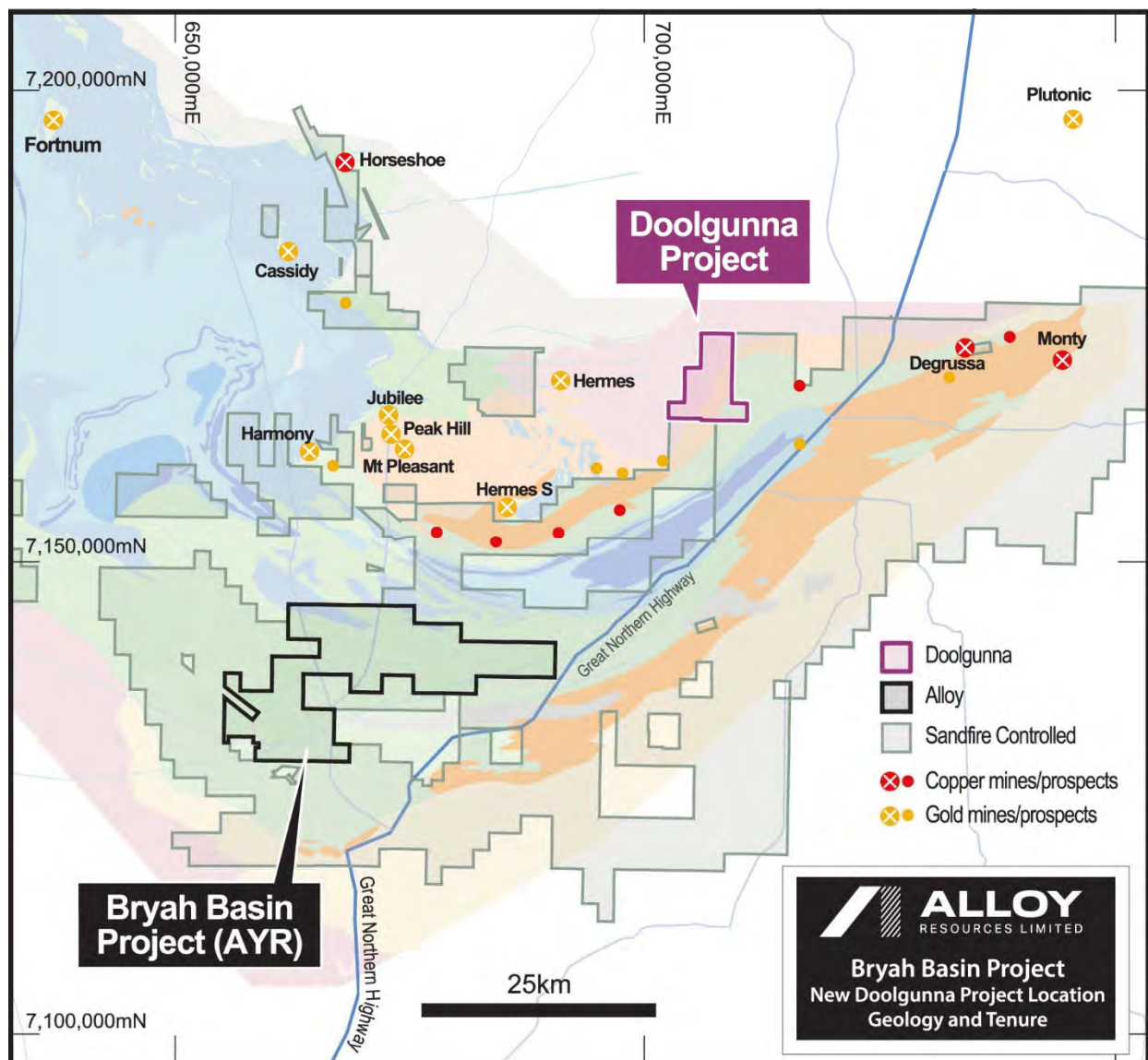


Figure 2 Doolgunna Project location on geology and showing Sandfire Resources Ltd tenements



Heads of Agreement Terms

The principal terms agreed are;

1. 30-day exclusive Due Diligence Period with access to ground for inspection and sampling. \$25k non-refundable payment, and if positive enter into a,
2. 12-month Option Period to purchase 80% interest in EL 52/3495. On election to commence;
 - Pay \$25,000 cash consideration
 - Issue of 15 million AYR shares to DAH, escrowed for 6 months
 - Issue of 15 million Options for AYR shares to DAH, priced at 2.5c and a term of 4 years.
 - AYR to keep the tenement in good standing and meet at least the minimum Tenement Expenditure.
 - DAH obligated to provide all assistance to operate.
3. To Exercise Option, consideration of;
 - Pay \$50,000 cash
 - Issue of 30 million AYR shares to DAH
 - Issue 30 million Options for AYR shares to DAH, priced at 3c and a term of 4 years
4. DAH 20% free carry to DTM.
5. DAH 20% of costs of Development to be funded by Loan, with Loan repaid via production.
6. Mutual first right of refusal.
7. Upon Exercising the Option, the parties will enter into an Industry Standard Joint Venture Agreement.

The Doolgunna Project

Introduction

The Doolgunna Project is located approximately 125 kilometres north of Meekatharra in the Gascoyne district of Western Australia and can be accessed from the Great Northern Highway and then local shire roads and station tracks. The project comprises one early stage Exploration Licence, E52/3495, covering 46 square kilometres (Figures 1 and 2).

Geologically, the project is located in the north eastern part of the Bryah Basin, which is a palaeoproterozoic basin formed during the break up of the older Archaean Yilgarn and Pilbara cratons.

The basin is host to several volcanogenic massive sulphide deposits ("VMS") of copper and gold formed during early stage volcanism, such as the Horseshoe Lights deposit and the more recently discovered Degruessa and Monty deposits currently being mined by Sandfire Resources Limited. The Doolgunna project is located only 30 kilometres from the DeGrussa mine, and Sandfire holds tenements and joint ventures that adjoin the Project, and is actively exploring in the area

Exploration History

The Doolgunna Project has potential to host both VMS and structurally controlled orogenic gold deposits. Historical exploration has been limited to geological mapping, geochemical soil sampling, and a ground electromagnetic geophysical survey, all principally completed by Peak Resources Limited ('Peak') in the period 2006 to 2010. No drilling has ever been undertaken and in recent years only gold prospecting activities have occurred.

Geological mapping by the Geological Survey as part of their 1:100,000 mapping series has defined a sequence from west to east of a basement Archaean Granitoid, overlaid by a basal Finlayson Member metasediment, Peak Hill Schists, and then the upper Narracoota Volcanics. Peak geologists also interpreted the same geology with some more detail within units.

Extensive soil sampling was completed by Peak in 2008 with initial 200 metres x 500 metres, -2mm 'B' horizon sampling and multi-element analysis. A number of copper anomalies were present in the south and south-east area of the tenement. This work was then followed up with infill sampling of the grid to a spacing of 200 metres x 125 metres. A number of anomalous areas for various elements were defined as shown in Figures 3 (Nickel), 4 (Copper) and 5 (Gold) which were produced by DAH using the Peak data.

A transient electromagnetic ground survey was completed over the copper anomalous areas within the Narracoota Volcanics. The survey consisted of a 100 metre moving -in-loop survey on east west traverse lines 250 metres apart. Data was collected by Outer Rim Exploration Services and interpreted by Mines Geophysical Surveys. Figure 6 is taken from the 2010 Report showing the location of the survey on mapped geology, and the interpreted conductors.



Exploration Potential

Very little work has been done on the project since the discovery and definition of the DeGrussa and Monty copper-gold deposits. Critical knowledge on the formation of these deposits is now in the public domain and suggests that models have changed from those being applied back in 2010.

The Company intends to re-interpret all available data to define the most prospective areas for mineralisation. In particular the geology of the project area appears to be poorly understood and requires updating through detailed mapping.

Planned Exploration – Due Diligence

The Company plans to conduct a detailed field inspection of the copper soil anomalies and take rock chip samples and more detailed soil samples. This sampling and multi-element analysis of the samples will be designed to try to define the source of the anomalies.

Should the anomalies be clearly related to on ground mapped features then a small additional ground electromagnetic survey may be completed over key targets to prove if the targets relate to deep conductor/s.

NOTES:

- *The Exploration Results in this section above, has been reported by previous owners of the property.*
- *The Exploration Results may not have been reported in accordance with the JORC Code 2012.*
- *A Competent Person has not done sufficient work to disclose the Exploration Results in accordance with JORC 2012*
- *Nothing has come to the attention of the Company that causes it to question the accuracy or reliability of the former owners Exploration Results.*
- *The acquirer has not independently validated the former owner's Exploration Results and is therefore not to be regarded as reporting, adopting or endorsing those results.*
- *The source of the information presented is from published WAMEX exploration reports available from the Department of Industry and Resources including;*
 1. WAMEX A88977 Peak Resources Ltd, Annual Report for EL 52/1663, Peak Hill East Project, 2010
 2. WAMEX A86253 Peak Resources Ltd, Annual Report for EL 52/1663, Peak Hill East Project, 2009
 3. WAMEX A80614 Peak Resources Ltd, Annual Report for EL 52/1663, Peak Hill East Project, 2008
 4. WAMEX A77611 Peak Resources Ltd, Annual Report for EL 52/1663, Peak Hill East Project, 2007
 5. WAMEX A74148 Peak Resources Ltd, Annual Report for EL 52/1663, Peak Hill East Project, 2006
 6. WAMEX A72155 Peak Resources Ltd, Annual Report for EL 52/1663, Peak Hill East Project, 2005
- *Information sourced from these reports has been utilised to produce maps that are presented as Figures 3, 4 and 5, and Figure 6 is a direct copy from Item 1 above. This presentation can be recreated from the source data listed and other public domain information. This is an accurate representation of the available data and studies.*

This ASX announcement was approved and authorised for release by the Board of Alloy Resources Limited.

For more information contact:

Andy Viner

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.



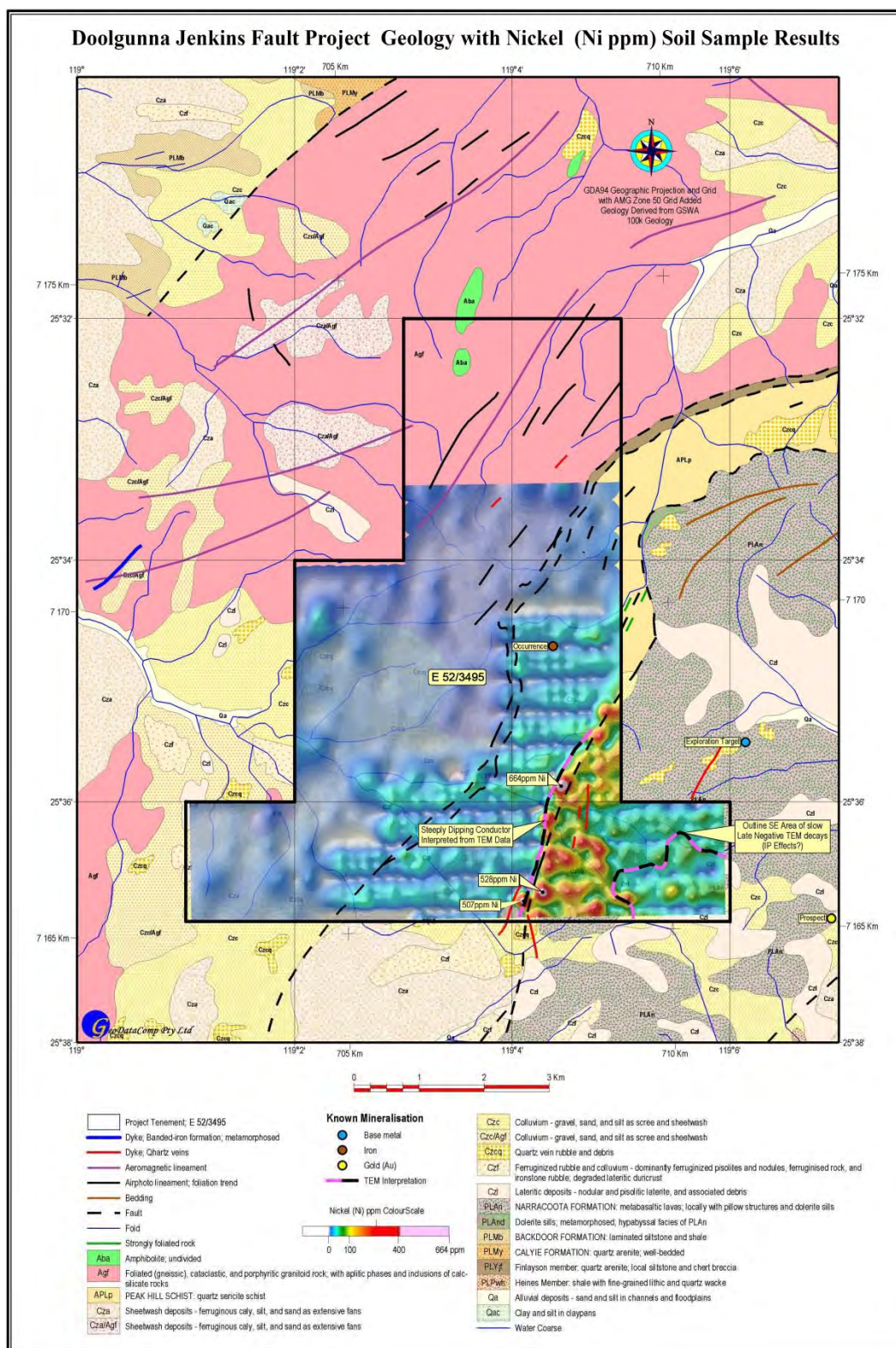


Figure 3 Doolgunna Project showing Nickel soil anomalies on geology



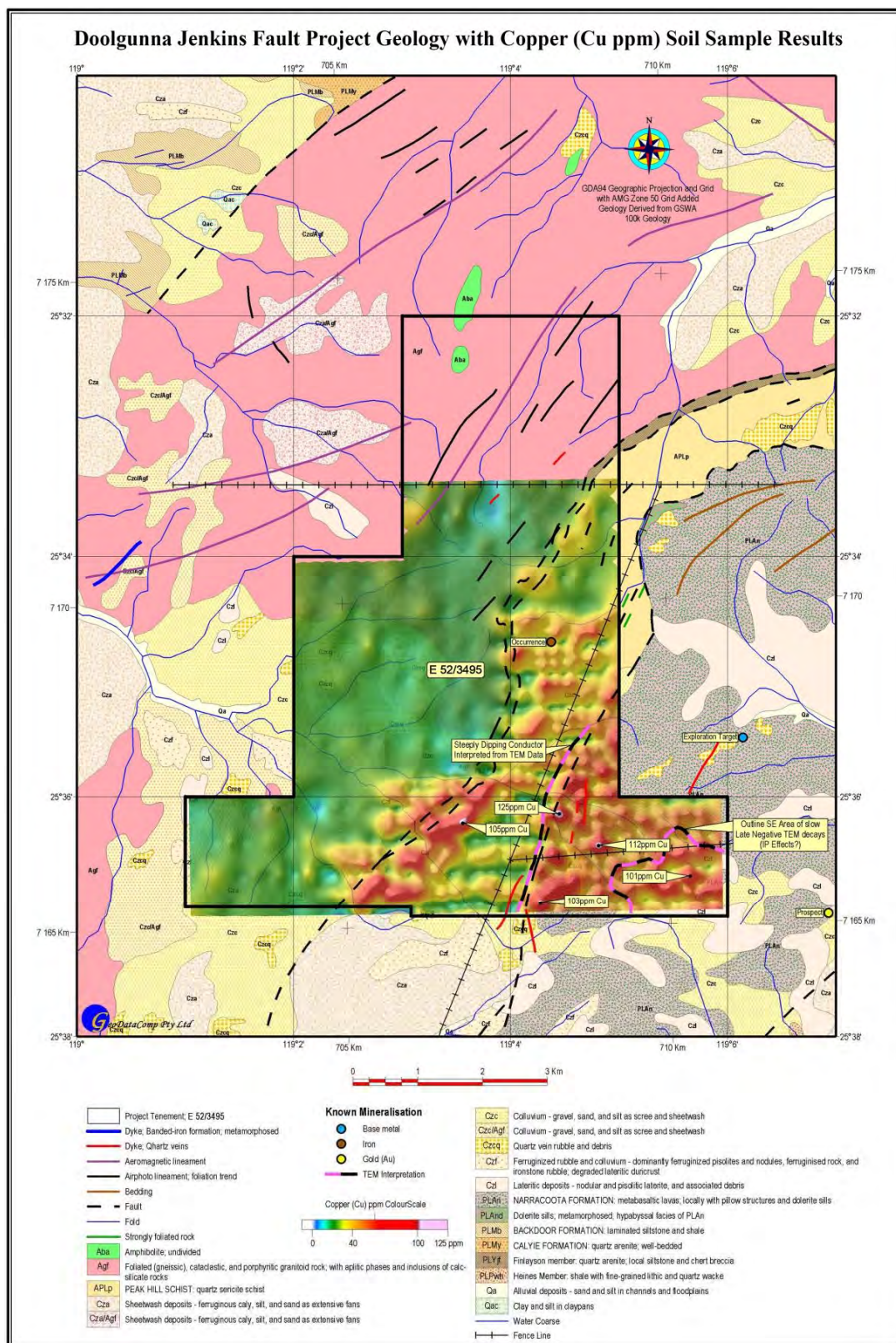


Figure 4 Doolgunna Project showing Copper soil anomalies on geology



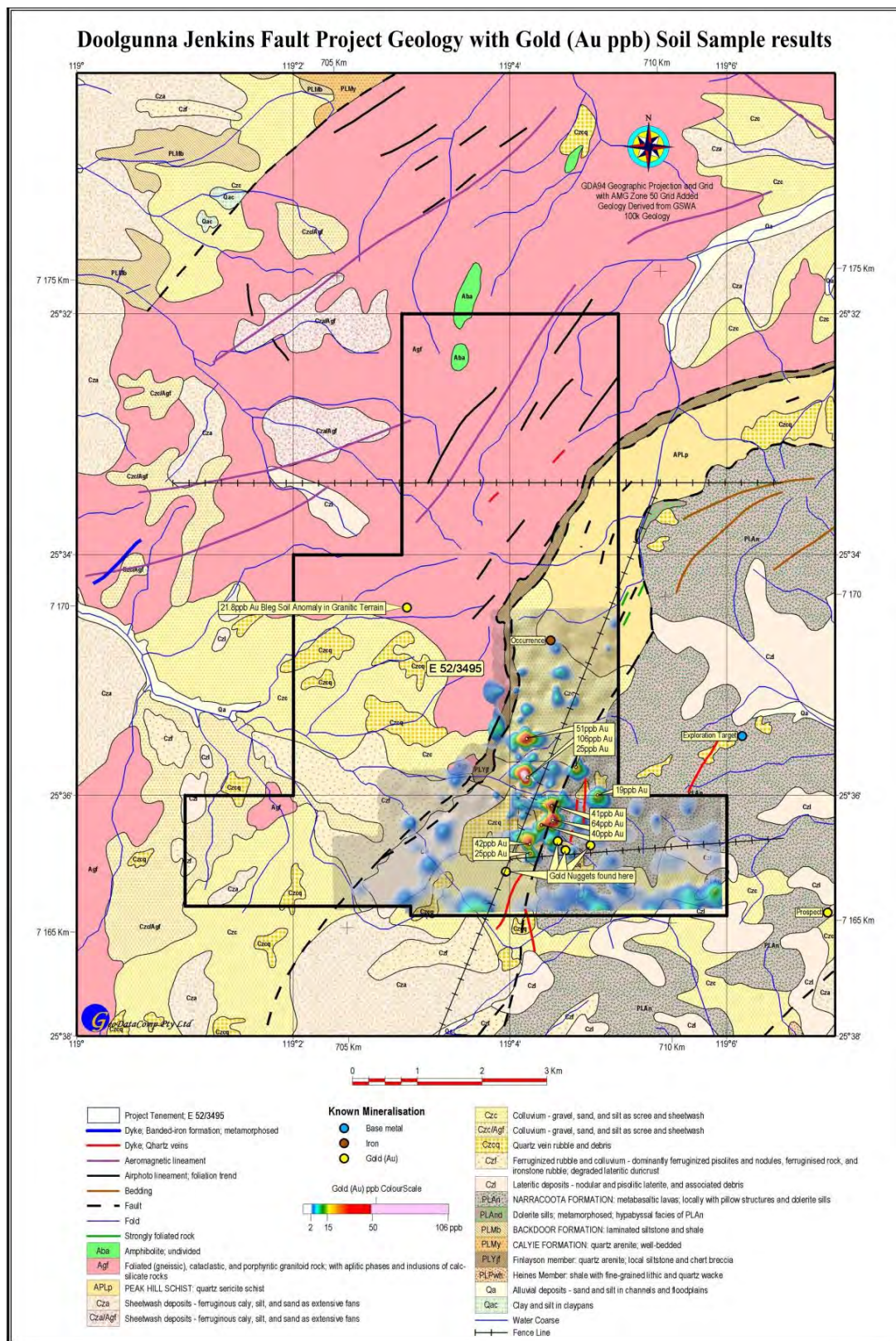


Figure 5 Doolgunna Project showing Gold soil anomalies on geology



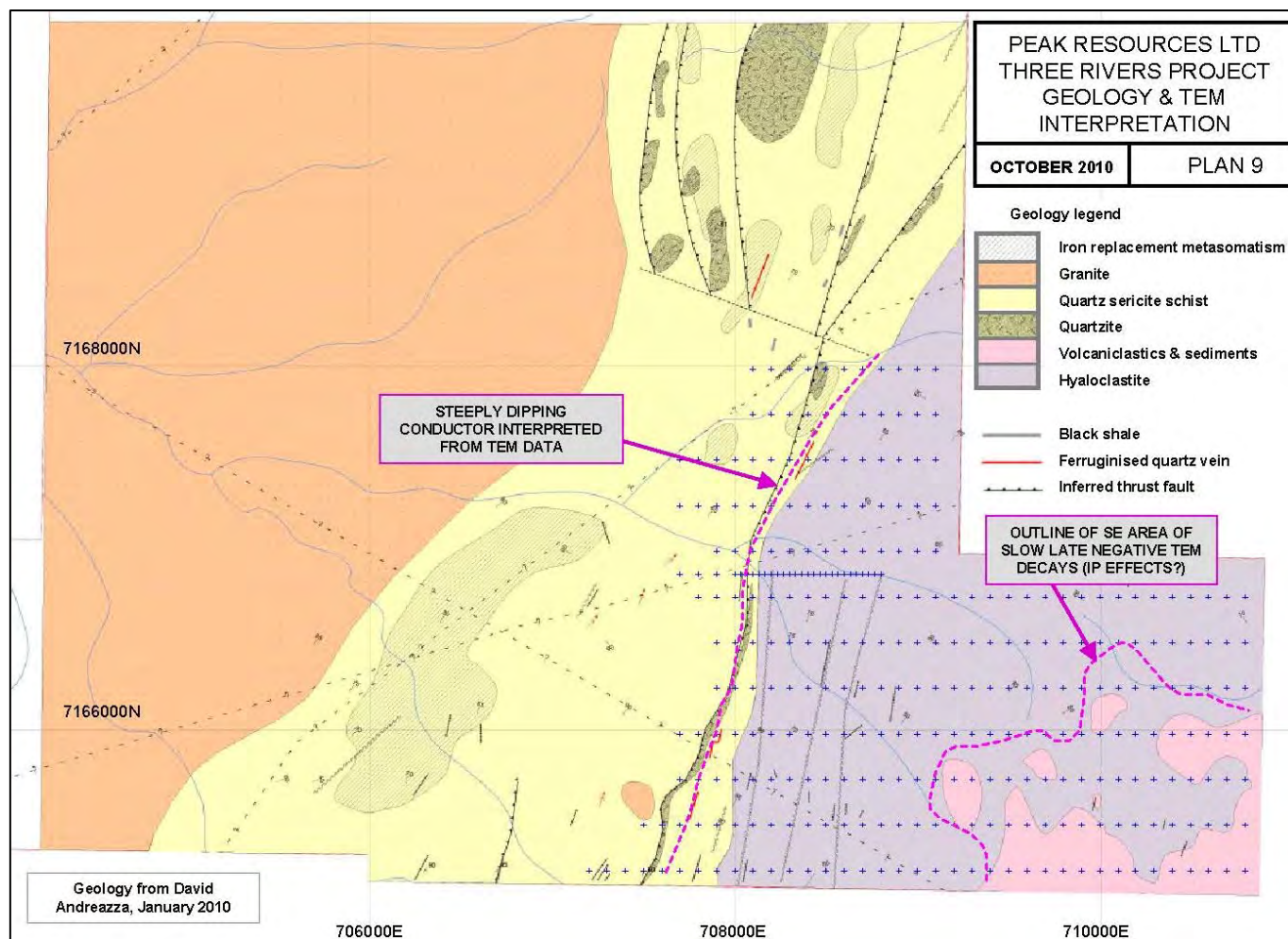


Figure 6 Doolgunna Project showing ground EM survey grid, interpretation and geology

