

ABN 20 109 361 195

ASX Release

30 January 2015

Alloy Resources Ltd

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Directors

Executive Chairman:

Andy Viner

Non-Exec Director

Andre Marschke

Non-Executive Director/Co Sec:

Kevin Hart

Issued Capital

Shares:

489,582,646

Unlisted Options:

33,142,821

ASX Symbol: AYR

DECEMBER 2014

Quarterly Activities Report

HIGHLIGHTS

HORSE WELL GOLD PROJECT

- Doray Minerals Limited continues active exploration under a \$4M Farm-in Agreement over 3 years.
- RC drilling at the Dusk til Dawn prospect continues to define gold mineralisation within a major structure;
 - **DDRC01, 65m @ 2.60 g/t Au from 50 metres**
- Five new deep RC holes completed at Dusk til Dawn in December/January.
- Air-core drilling at Dusk til Dawn locates high grade gold on structure north-west of RC drilling;
 - **DDAC054, 4m @ 12.7 g/t from 62 metres**New zone located 250m west of main structure;
 - **DDAC062, 8m @ 1.29 g/t from 44 metres**
- Regional air-core traverses locate anomalous gold mineralisation within and on the margin of the Crack of Dawn granite and the T-06 de-magnetised target.

MARTINS WELL PROJECT

- The Company has accepted an offer of grant for a new 848 km² Exploration Licence in South Australia. The Licence covers a silver-gold-copper gossan that outcrops over 2 strike kilometres.

BARRYTOWN PROJECT

- Conditional \$300,000 Sale Agreement with JV Partner executed and initial \$100,000 sale of 80% of project settled.

CORPORATE

- Non-renounceable rights issue completed raising \$316,999.

Activities undertaken on the Company's projects during the September 2014 quarter were centred on exploration at the Horse Well Gold Project where Joint Venture partner Doray Minerals Limited continued drilling programs as part of their first year non-withdrawal commitment of \$900,000 in exploration funding.

The Company has selected the Martins Well Project for exploration in 2015 following an extensive review of new exploration project opportunities.

HORSE WELL GOLD PROJECT

Farm-in partner Doray Minerals has continued to actively explore the project during the quarter, with completion of the initial approved program and then infill drilling of anomalous areas with both RC and Air core drilling.

The following has been largely reported by Doray within their December Quarterly Report, with further comments provided by Alloy to clarify progress or the interpreted significance of results.

COMPLETED EXPLORATION

Dusk til Dawn RC drilling

Follow-up RC drilling targeted the structure between holes ACDD001 and DDAC054 with two holes drilled towards the south west (azimuth 225 degrees), aiming to intersect the interpreted Dusk til Dawn mineralised shear structure at right angles for the first time (Figure 1).

DDRC001 intersected a wide zone of alteration and mineralisation and returned **65m @ 2.6g/t Au** from 50m, including a zone of high-grade gold in oxide material which returned **13m @ 8.17g/t Au** from 50m (Figure 2.).

DDRC002, collared approximately 50m to the NE of DDRC001, intersected the Dusk til Dawn shear approximately 55m down dip and returned **21m @ 0.7 g/t Au** from 140m.

High-grade gold mineralisation has so far been confirmed from DDAC054, at the northern end, towards **ACDD001, ACDR002 and 003** at the southern end with the NW-SE trending mineralised structure interpreted to continue further along strike in both directions and at depth.

Follow-up RC drilling commenced before Christmas and was completed in late January. A total of five deep RC holes to depths of between 180 metres and 280 metres for a total of 1,210 metres were drilled to intersect the north-west trending mineralised structure from approximately 50 metres NW of anomalous hole DDAC 054 to 75 metres south east of ACDR003, a strike length of 300 metres

Locations for RC and other drilling are constrained due to limits of Heritage cleared areas. Planning of heritage clearances for the 2015 exploration programs are underway with the Native Title holders to access additional areas at Dusk til Dawn as soon as possible.

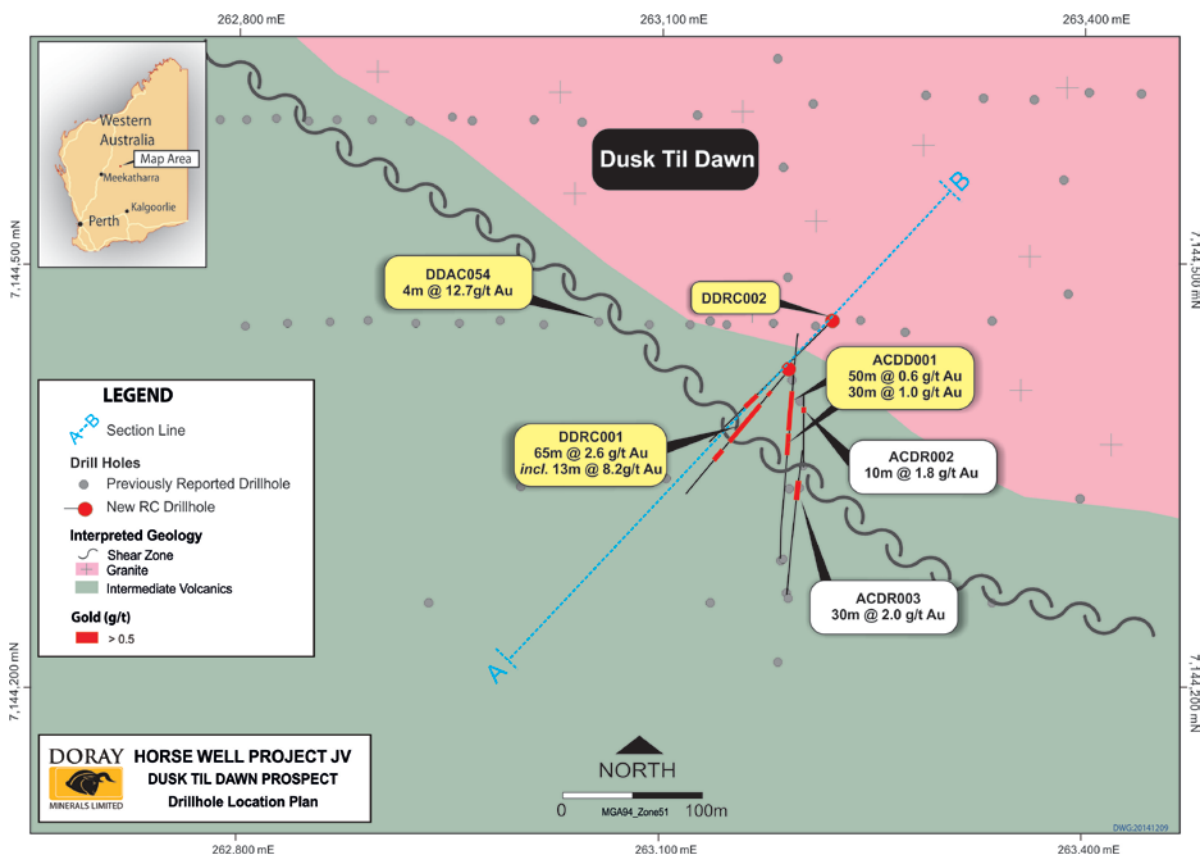


Figure 1 Dusk til Dawn prospect, showing plan view of recent drilling

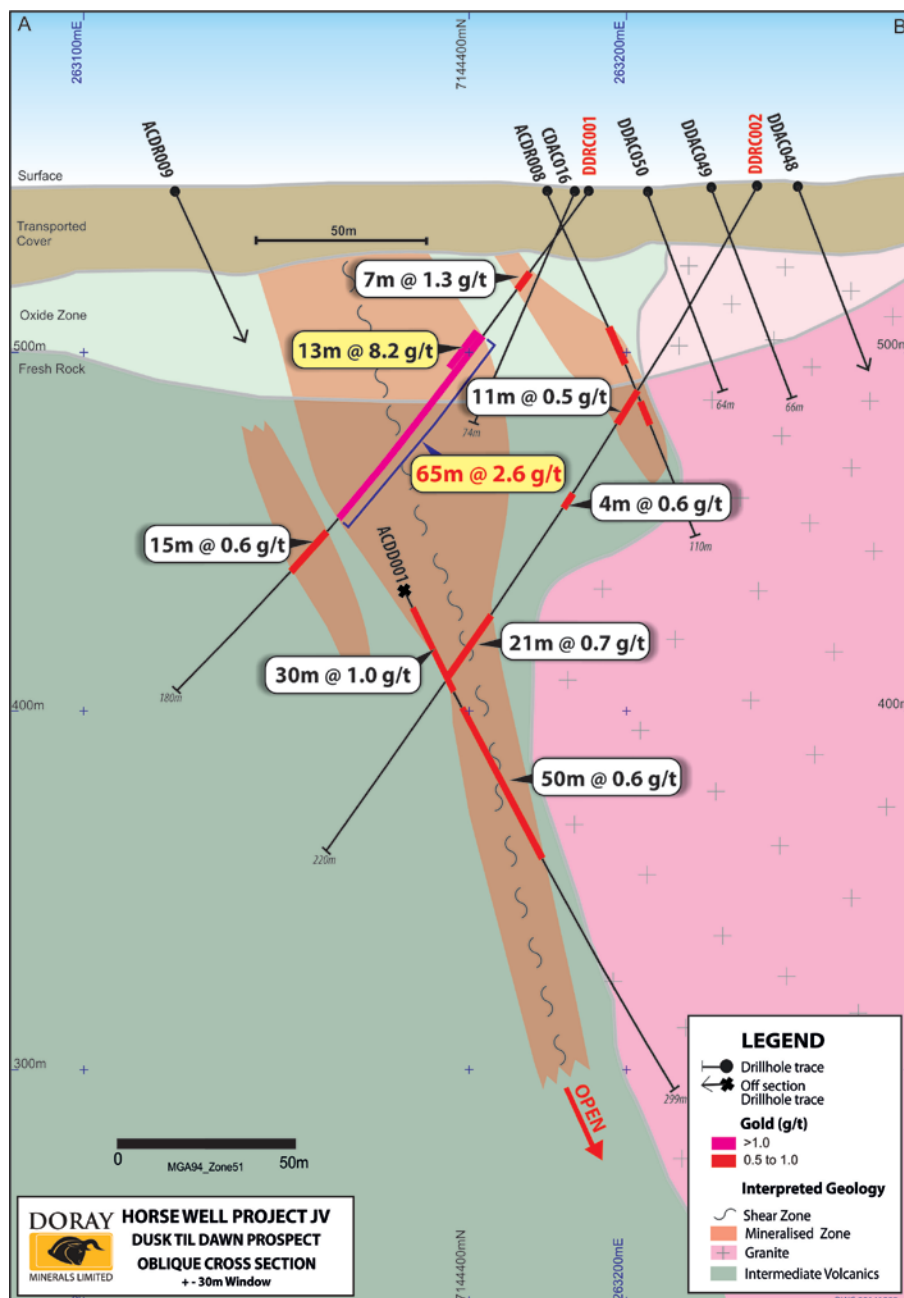


Figure 2. Dusk til Dawn cross section showing results from RC drilling.

Dusk til Dawn air core drilling (refer to Figure 3)

Three lines were drilled immediately northwest of ACDD001 for a total of 64 holes for 2,908m.

Many of the holes intersected strongly foliated intermediate volcanics adjacent to the granite contact, with significant pyrite, biotite and silica alteration observed. An intersection of **8m @ 7.99 g/t Au** was returned from hole DDAC054 (60m – 68m) from within weathered intermediate volcanics adjacent to a granite contact. Bottom of hole chips from DDAC054 and adjacent holes indicated a zone of strong shearing. This mineralisation is consistent with other observations from Dusk til Dawn and occurs immediately along strike to the northwest from the significant interval in ACDD001 (see announcement from 10/09/2014 for details).

The anomalous interval from DDAC054 was re-assayed at 1m intervals and returned **4m @ 12.7 g/t Au** from 62m, including (see ASX announcement 10 December 2014):

- **1m @ 10g/t Au** from 62m and **2m @ 20.37g/t Au** from 64m.

DDAC054 terminated in sheared intermediate volcanic rocks with a bottom of hole interval of 7m @ 0.44 g/t Au returned.

Two other holes intersected what appears to be a parallel zone approximately 250m west of the main zone. DDAC044 and DDAC062 returned intervals of 8m @ 1.11 g/t Au and 8m @ 1.29 g/t Au respectively (from 36m – 44m and from 44m – 52m).

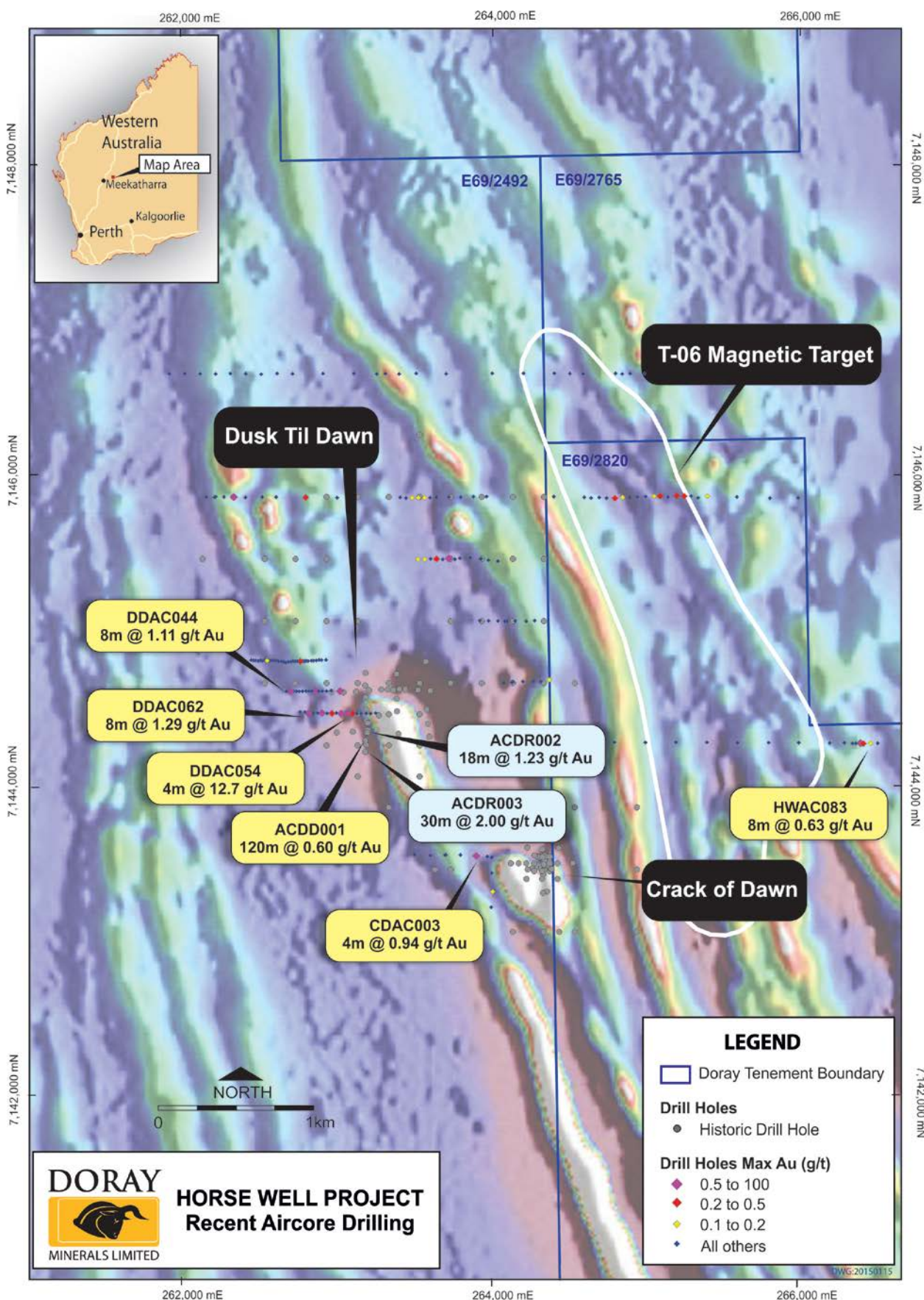


Figure 4. Significant intervals from the air core drilling programme at the Horse Well JV Project shown over magnetic image

Regional (refer to Figure 3)

As part of Doray's commitment to complete a planned and permitted program of air-core drilling to test the regional Crack of Dawn area, a large program was completed during September and early October and then infill drilled in part during November.

A number of air core traverses were drilled within and on the margins of the interpreted granite body and also at the Crack of Dawn prospect to the southeast and the T-06 target to the east..

Numerous intersections greater than 0.1 g/t Au were returned from within the "T-06" magnetic target and along the north eastern margin of the main granite body and within the western side of the granite. These results indicate that numerous gold bearing systems may be present within the project area and provides confidence that, given the right geological conditions, a significant gold bearing mineralised system may be discovered in the area.

PLANNED EXPLORATION

Upon receipt of assay results from the recently completed RC drill program it is anticipated that Doray will continue exploration with follow-up RC and/or air-core drilling. Heritage and DMP clearances will be required for a majority of this work.

MARTINS WELL

On the 28 January the Company made a release to the ASX outlining a new exploration project secured in South Australia. Figure 5 below shows the location of the project in the eastern part of the Flinders Ranges and details can be found in ASX release dated 28 January 2015.

The Martin's Well Project meets the Company's criteria of a low cost entry, high potential and drill ready targets and the ability to undertake a quick and cost effective assessment with the potential for a significant new discovery.

The Company has secured through application an 848 square kilometre Exploration Licence (No. 2014/00205) containing;

- Approximately 2 strike kilometres of outcropping quartz-veined iron gossans with widths of 5 to 20 metres at the Mammoth Black Ridge prospect.
- Mineralogical studies by Dr Ben Grguric of Mineralium Pty Ltd confirms these to be pyrite-derived iron rich outcrops ('gossans').
- Historical rock chip grab sampling results show consistent anomalous values of 0.1 to 0.5% Copper.
- Massive botryoidal to mammillary goethite formation dominates the gossans and later silicification is common indicating highly acidic leaching has occurred in the weathered zone.
- Unverified historical shaft (1892) sampling is recorded as locating a 0.8 metre wide 'quartz lode' sample containing 16% metallic Copper, 166 oz/t Silver and 0.5 oz/t mill-able Gold at 90 feet (30 metres) in a cross-cut through the structure.

Historical exploration reports have been thoroughly reviewed and apart from rock chip and stream sediment sampling, very little drilling (2 diamond holes) has been completed within the project. Two drill collars with discarded core were observed at Mammoth Black Ridge located some 50 to 70 metres west of the gossan outcrops, however no records have been located for these holes which appear to have been targeting stratabound mineralisation rather than the gossanous structures.

The Company will apply for grant funding under the South Australian Government's PACE Frontier co-operative exploration drilling project. Grant funding for up to 50% of direct drilling costs, capped at \$100,000, is available for successful applicants. If successful a drilling grant may be secured for the exploration drilling planned for April

A number of images are shown below in Figures 6 to 8.

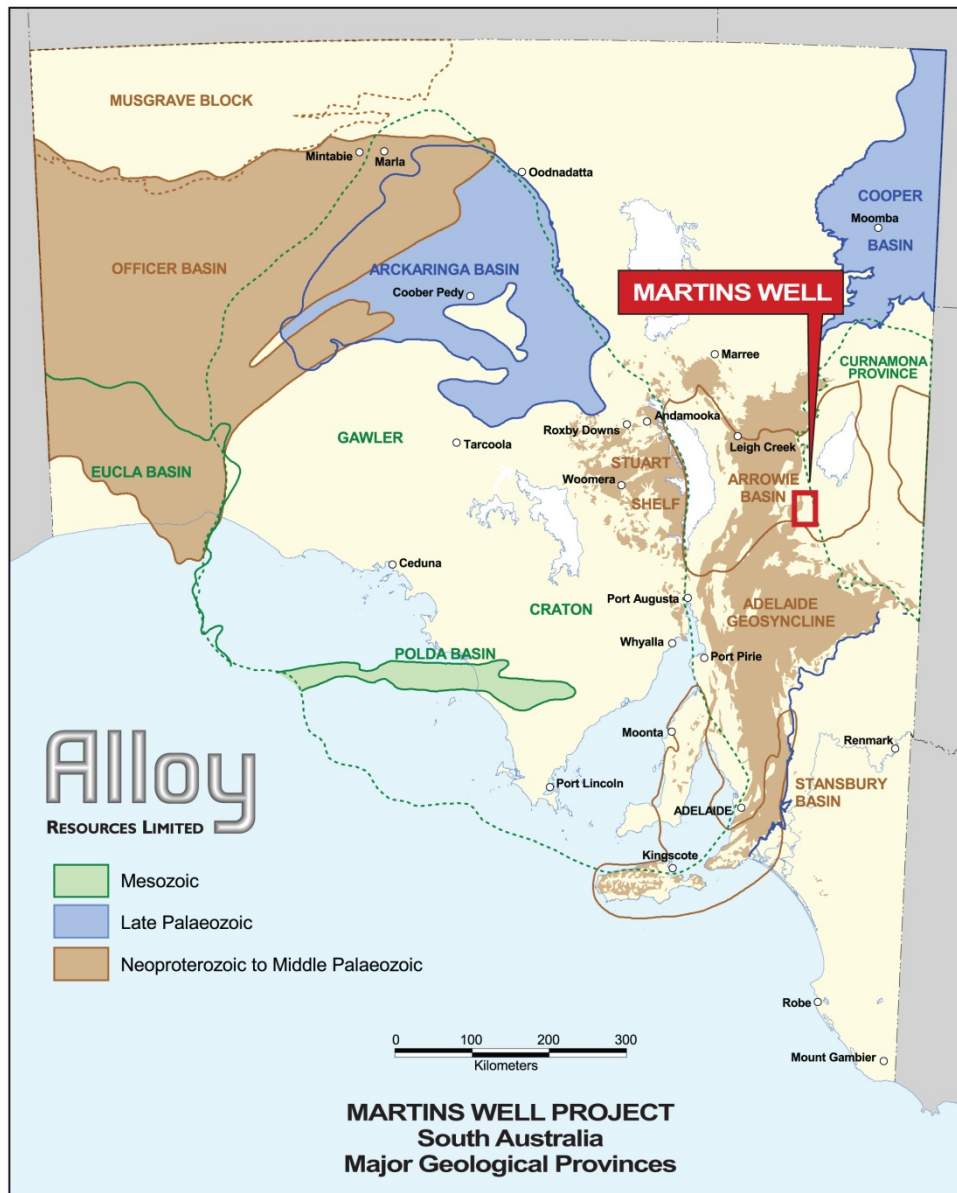


Figure 5 *Martins Well project location*



Figure 6 *The prominent outcropping Mammoth Black Ridge structure*



Figure 7 *Copper-carbonate (Malachite) forming in caves within the structure at surface*

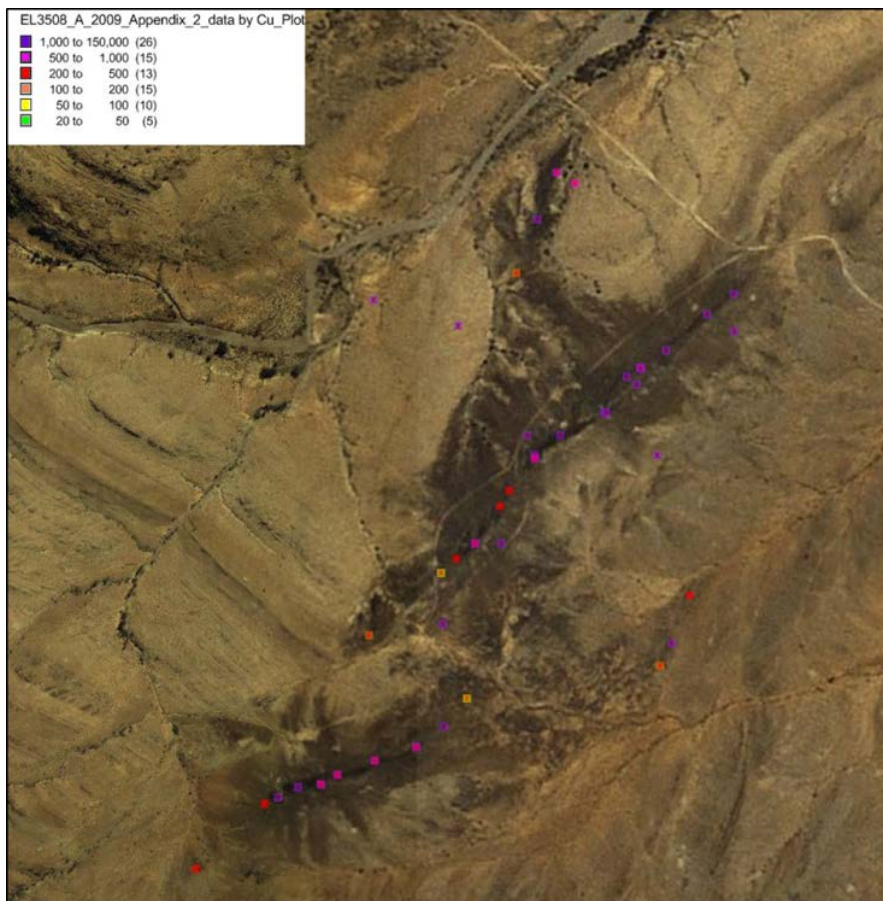


Figure 8 *Copper geochemistry from historical rock chip sampling at Mammoth Black Ridge*

BARRYTOWN

On the 4 December 2014 the Company announced that it had completed the first stage of the sale of its interest in the Barrytown Mineral Sands Project to farm-in partner Pacific Mineral Resources Limited. A final payment of either \$200,000 cash or AUD 300,000 in listed entity shares within 12 months is due after the granting of the Tenement Extension currently being pursued.

CORPORATE

During the quarter the Company completed a non-renounceable entitlement issue which was oversubscribed and raised a total of \$316,999.

The Company allotted 45,285,652 ordinary fully paid shares and 22,642,821 unlisted options exercisable at 1.5 cents, with an expiry date of 31 December 2015.

For further information contact:

Andy Viner

Executive Chairman.

Phone: +61 8 9316 9100

www.alloyres.com

Exploration Results

The 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 he is 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.

TENEMENT INFORMATION AS REQUIRED BY LISTING RULE 5.3.3

Project	Location	Tenement	Held at the beginning of the quarter	Held at the end of the quarter
(All tenements registered to Alloy Resources Limited except where noted below)				
Horse Well				
Eskay Resources Pty Ltd 100%	WA	E69/1772	100%	100% ⁺
<i>(Eskay Resources Pty Ltd is a wholly owned subsidiary of Alloy Resources Limited)</i>				
Alloy Resources Limited - Granted	WA	E53/1466	100%	100% ⁺
Alloy Resources Limited - Granted	WA	E53/1471	100%	100% ⁺
Alloy Resources Limited - Granted	WA	P53/1524	100%	100% ⁺
Alloy Resources Limited - Granted	WA	P53/1525	100%	100% ⁺
Alloy Resources Limited - Granted	WA	P53/1526	100%	100% ⁺
Alloy Resources Limited - Granted	WA	E69/2765	100%	100% ⁺
Alloy Resources Limited - Granted	WA	E69/3069	100%	100% ⁺
Wayne Jones – Alloy Earned Interest [^] <i>Awaiting transfer of interest</i>	WA	E69/2492	100% [^]	100% ^{^+}
Phosphate Australia Limited	WA	E69/2820	80%	80% ⁺
⁺ <i>subject to Doray farmin Agreement</i>				
Barwidgee				
Alloy Resources Limited - Granted	WA	E53/1739	100%	0%
Alloy Resources Limited - Granted	WA	E53/1743	100%	0%
Alloy Resources Limited - Application	WA	E53/1808	0%	100%
Barrytown Mineral Sands Project				
Alloy Resources Limited - Granted	New Zealand	EL 51803	100%	20%**
Martins Well				
Alloy Resources Limited - Application	SA	ELA2014/205	0%	0%
^{**} <i>Subject to farm-out and Sale Agreement to Pacific Mineral Resources</i>				

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

ALLOY RESOURCES LIMITED

ABN

20 109 361 195

Quarter ended ("current quarter")

31 December 2014

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (6 months) \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration and evaluation	(97)	(212)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(130)	(228)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	1	3
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other	-	-
Net Operating Cash Flows		(226)	(437)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a)prospects	-	-
	(b)equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of: (a)prospects	-	-
	(b)equity investments	-	-
	(c)other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other - Horsewell Farm-in	-	103
	Other – Barrytown sale proceeds	100	100
Net investing cash flows		100	203
1.13	Total operating and investing cash flows (carried forward)	(126)	(234)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(126)	(234)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	317	317
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – Share Issue Expenses	(15)	(15)
	Net financing cash flows	302	302
	Net increase (decrease) in cash held	176	68
1.20	Cash at beginning of quarter/year to date	325	433
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	501	501

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	102
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

- i) Directors Fees and Remuneration of Directors- \$69,268
- ii) Accounting, company secretarial and occupancy fees paid to Endeavour Corporate an entity related to Mr Kevin Hart - \$33,330

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	50
4.2 Development	
4.3 Production	
4.4 Administration	50
Total	100

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	84	325
5.2 Deposits at call	417	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	501	325

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	E53/1739 E53/1743		100% 100%	0% 0%
6.2 Interests in mining tenements acquired or increased	E53/1808 ELA2014/205		0% 0%	100% 0%

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	489,582,646	489,582,646		Fully paid
7.4 Changes during quarter (a) Increases through: Shares Issued	45,285,652 1,166,666	45,285,652 1,166,666	0.7 cents nil	
7.5 +Performance Share Rights <i>(description)</i>	-	-		
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities converted	(1,166,666)		Performance rights vested and exercised	
7.7 Options <i>(description and conversion factor)</i>	3,500,000 7,000,000 22,642,821	- - -	<i>Exercise price</i> 4.5 cents each 1.5 cents each 1.5 cents each	<i>Expiry date</i> 30 August 2015 30 November 2016 31 December 2015
7.8 Issued during quarter	22,642,821	-	1.5 cents each	31 December 2015
7.9 Exercised during quarter	-	-	-	-
7.10 Cancelled during quarter	-	-	-	-
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:
(Director/Company secretary)

Date: 30 January 2015

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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 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.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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