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ASX Release

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Issued Capital

Shares:
489,582,656

Unlisted Options:
33,142,821

ASX Symbol: AYR

Market Update

KEY POINTS;

- **Horse Well RC drilling results received from farmin partner Doray Minerals Ltd;**

- 23m @ 1.2g/t Au from 220mdh (DDRC007)
- 13m @ 0.9g/t Au from 73mdh (DDRC003)
- 21m @ 0.7g/t Au from 200mdh (DDRC006)

Results confirm the orientation and continuity of mineralisation within the Dusk til Dawn Prospect, the first of a number of prospects to have detailed drill testing within a large scale mineralised system over 30 square kilometres at Horse Well.

- **Doray commits to second stage of Farmin;**

- *Expenditure of a further \$1 million on the Horse Well JV within the next 12 months.*
- *Doray to assume full project management*
- *Planning expedited for more expansive approvals and heritage surveys to enable larger coverage for next round of RC and air-core drilling*

- **New developments at the Martins Well project in South Australia;**

- *Historical diamond core holes from the Mammoth Black Ridge prospect recently located by S.A government in regional storage at Whyalla.*

- **Further corporate cost-cutting implemented**

- *Administration costs and executive salaries further reduced to enable current projects to be advanced economically.*

SUMMARY

Alloy Resources Limited (ASX:AYR, Alloy or the Company) is pleased to provide an update to the market on the Company's activities. Farmin Partner Doray Minerals Limited (ASX:DRM, Doray) has provided results from follow-up RC Drilling completed at the Dusk til Dawn prospect within its Horse Well Gold Project.

HORSE WELL GOLD PROJECT

Farmin partner Doray Minerals Limited has advised the Company that recent drilling at the Horse Well JV Project, in the North Eastern Goldfields of Western Australia, has returned several significant intersections from the Dusk til Dawn Prospect, increasing the potential for the Project to host a significant gold deposit.

The Dusk til Dawn Prospect forms part of the Horse Well JV Project and is located at the extreme northern end of the Archaean Yilgarn Craton, close to the onlap of the Proterozoic Eoraheedy Basin. The Prospect occurs in a structural embayment on the western edge of a granitoid body, in a similar setting to the Granny Smith gold deposit in the Laverton district goldfields of Western Australia.

Recent RC drilling aimed to follow-up previous intersections within the mineralised Dusk til Dawn structure, including **65m @ 2.6g/t Au** in DDRC001 (see ASX release 10th December 2014).

Holes were drilled along strike to the north-west and south-east, testing the potential for a south easterly plunging orebody. A total of 5 holes for 930m were drilled (see Figure 1). All holes intersected the structure, which appears to host gold mineralisation over at least 300m of down-plunge length (see Figure 2). Assay results received confirmed the presence of thick zones of moderate grade Au mineralisation.

Holes DDRC006 and DDRC007 intersected what is interpreted to represent a down plunge extension. Significant results returned from the RC programme include:

- **23m @ 1.2g/t Au** from 220mdh (DDRC007)
- **13m @ 0.9g/t Au** from 73mdh (DDRC003)
- **21m @ 0.7g/t Au** from 200mdh (DDRC006)

Details of all results from the recent drilling are included in the appendices.

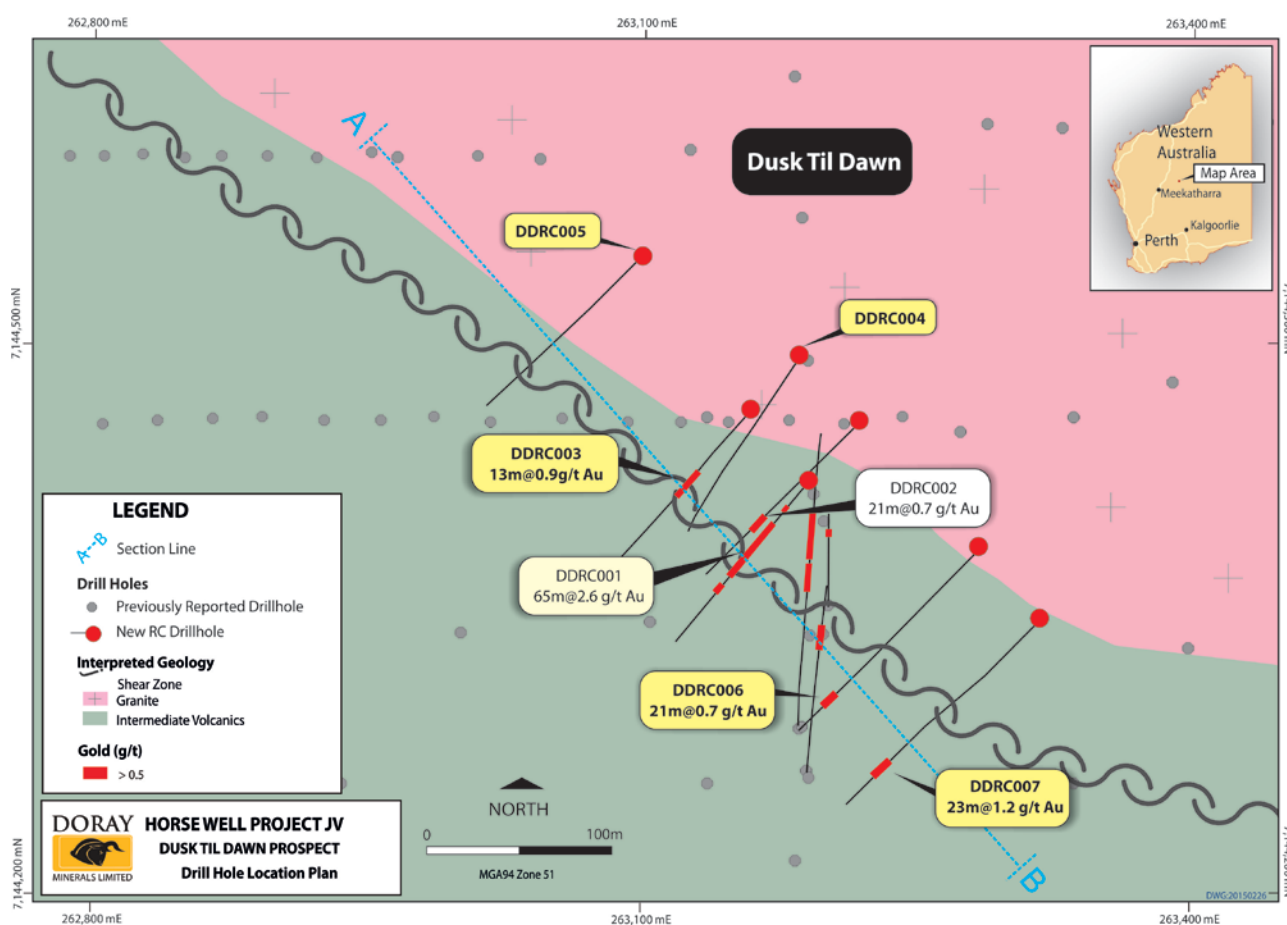


Figure 1. Dusk til Dawn Prospect – RC drilling location plan (note section line for oblique long section).

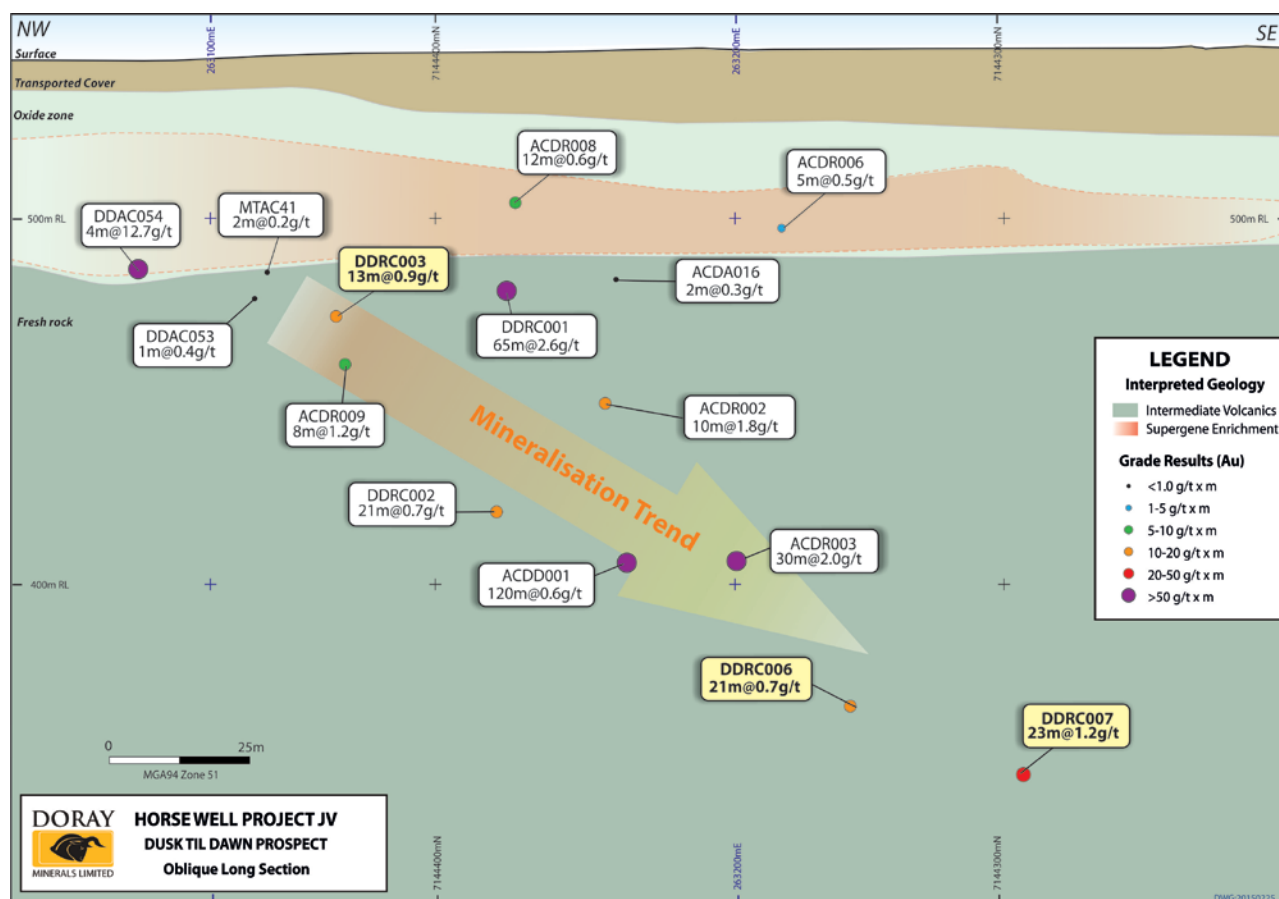


Figure 2. Horse Well JV, Dusk til Dawn Prospect – RC drilling oblique long section

Due to the limitation of areas currently approved for drilling, testing to date has only occurred with drill holes positioned on existing cleared drill lines. Doray have indicated that further drilling will now be planned to both infill and extend the mineralisation defined to date on a regular grid pattern, as well as complete further reconnaissance drilling to test additional prospective targets in the immediate vicinity. Relevant approvals and heritage surveys will be expedited to enable this work to commence as soon as possible.

Joint Venture Status

Doray has recently advised Alloy that it has met the first expenditure milestone of \$900,000 and intends to take over formal management of the JV. The next milestone is an additional \$1 million of expenditure within 12 months, at which time Doray will have earned a 60% in the Project.

Alloy Executive Chairman Andy Viner commented “We are very pleased that Doray’s exploration has proved that an extensive gold mineralised system is present at Horse Well and they recognise that this potential requires systematic geochemical drilling to define the extent of new gold mineralised trends as part of the second stage of the Farmin agreement. We will continue to assist them as they move to full management of the project and look forward to their next round of drilling at Dusk til Dawn and the regional prospects.”

“Dusk til Dawn has been the only prospect to receive any RC drilling to date and we anticipate that there are at least another five anomalous zones that will be tested further this year” he said.

MARTIN WELL PROJECT – South Australia.

The Company has been advancing this new gold-copper project located on the eastern margin of the Flinders Ranges in South Australia.

An offer from the S.A government to grant the licence has been accepted and fees paid and the formal licence is expected to be granted shortly.

The Company has applied 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, has been applied for in full and successful applicants are expected to be notified at the end of March.

Extensive efforts to locate two historical diamond core holes noted during a field visit last November had until recently been unsuccessful (see Figure 3). Two weeks ago the Company was notified that diamond core holes clearly marked as being from Mammoth Black Ridge Prospect on Martins Well Station have been located during removal of material from the governments Whyalla storage facility. This prospect is where drill pads were located. No records for these holes were located at Whyalla and the relevant S.A Government departments are continuing an extensive search of government archives to try and locate these. The Department has also indicated that very little of the core has been sampled.

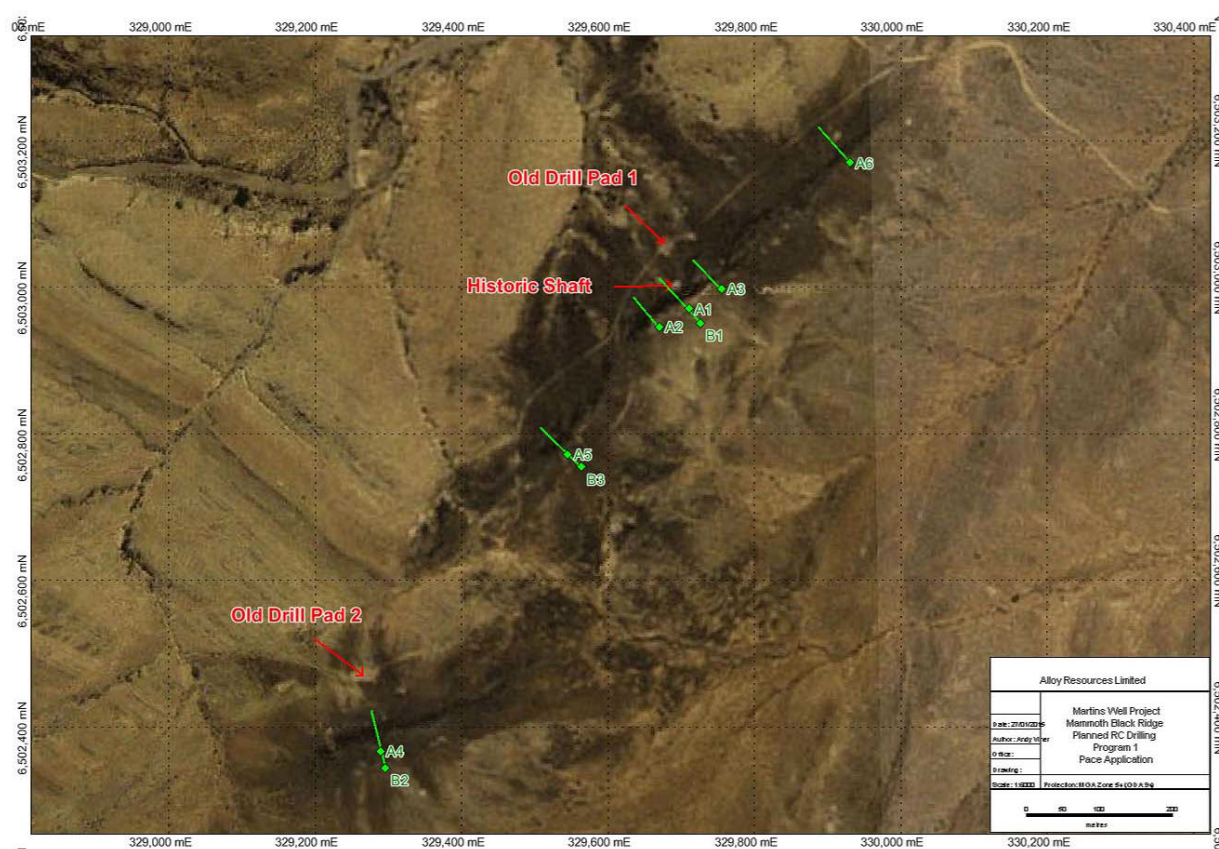


Figure 3. Martins Well – Mammoth Black Ridge prospect – Planned RC drilling with old drill pads and shaft

The Company has requested an early opportunity to view the core, even if no survey or geological records are located, and is awaiting permission. It is probable that the holes were drilled in the late 1950's or early 1960's by the Government, possibly for Iron Ore, and if sulphide gossan materials were intersected then little further interest would have been given to the core. It is hoped that the core may show evidence of base and precious metal mineralisation, even if they did not intersect the main gossan structures – offering further support for new exploration drilling.

CORPORATE

The Company has recently resolved to immediately reduce operating costs to meet the current market conditions.

Until such time as market conditions improve Executive Director remuneration has been reduced by 40% and cash payment of Non-Executive Director fees will cease.

Discretionary expenditure will be minimised and other administrative costs have been reduced.

For further information contact:

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Exploration Results

The information in this announcement that relates specifically to Exploration Results for the Horse Well Gold Project is based on information compiled by Mark Cossom. Mr Cossom is a full time employee of Doray Minerals Ltd and is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Cossom has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activities, which he is undertaking. This qualifies Mr Cossom 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 Cossom consents to the inclusion of information in this announcement in the form and context in which it appears. Mr Cossom holds shares and options in Doray Minerals Ltd.

Other 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.

APPENDICES

Drill Hole Summary Table – Horse Well RC Drilling February 2015

Hole ID	Easting	Northing	RL	Dip /Azimuth	Total Depth	From (m)	To (m)	Interval (m)	Au Grade (g/t)
DDRC003	263162	7144462	550	-55/225	180	73	86	13	0.9
					<i>Including</i>	75	76	1	5.8
						90	94	4	0.3
						96	104	8	0.3
DDRC004	263192	7144495	550	-60/225	250				NSA
DDRC005	263101	7144548	550	-60/225	250				NSA
DDRC006	263293	7144387	550	-60/225	250	65	69	4	0.2
						200	221	21	0.7
					<i>Including</i>	217	219	2	1.6
DDRC007	263329	7144348	550	-60/225	280	183	198	15	0.7
					<i>Including</i>	188	189	1	2.7
						201	205	4	0.2
						208	216	8	0.5
					<i>Including</i>	209	210	1	1.4
						220	243	23	1.2
					<i>Including</i>	238	240	2	3.3

Note:

- All coordinates are MGA (GDA94 Zone 51). Azimuth is Magnetic Degrees.
- Intervals reported using minimum 4m at 0.2g/t cut-off for multi-sample intersections with maximum 4m of internal dilution.
- All assays are aqua-regia digest followed by ICP-MS at 1m intervals for multi-element assays, 25 g Fire assay with AAS finish for gold assays. Assays performed by Minanalytical Laboratories of Perth WA.
- NSA – No Significant Assays

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	<i>Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i>	Reverse circulation (RC) percussion drill chips collected through a cyclone and cone splitter at 1m intervals.
	<i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i>	Spitter is cleaned regularly during drilling. Splitter is cleaned and levelled at the end of each hole.
	<i>Aspects of the determination of mineralisation that are Material to the Public Report.</i>	Mineralisation determined qualitatively through rock type, sulphide and quartz content and intensity of alteration. Mineralisation determined quantitatively via assay (aqua-regia digest followed by ICP-MS at 1m intervals for multi-element assays, 25 g Fire assay with AAS finish for gold assays).
	<i>In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</i>	RC samples pulverized to 75 µm All samples analysed at Minanalytical Laboratories of Perth, by aqua-regia digest followed by ICP-MS at 1m intervals for multi-element assays, 25 g Fire assay with AAS finish for gold assays.
Drilling techniques	<i>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</i>	120mm Reverse Circulation to a maximum vertical depth of ~ 200m.
Drill sample recovery	<i>Method of recording and assessing core and chip sample recoveries and results assessed.</i>	RC drill chip recoveries recorded at the time of logging and stored in DRM database
	<i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i>	RC Drilling: sample splitter is cleaned at the end of each rod to ensure no sample hang-ups have occurred. Sample bag weights are recorded and in general should be approximately 3kg. Wet samples due to excess ground water were noted when present.
	<i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i>	As sample recoveries are generally very high, there is no known relationship between sample recovery and grade.

Criteria	JORC Code explanation	Commentary
Logging	<i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i>	Holes logged to a level of detail to support future mineral resource estimation: lithology; alteration; mineralization; structural.
	<i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i>	Qualitative: lithology, alteration, foliation Quantitative: vein percentage; mineralization (sulphide) percentage; RQD measurement; structural orientation angles; assayed for gold; All RC holes are chipped and archived.
	<i>The total length and percentage of the relevant intersections logged.</i>	All holes logged for the entire length of hole.
Sub-sampling techniques and sample preparation	<i>If core, whether cut or sawn and whether quarter, half or all core taken.</i>	N/A
	<i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i>	RC chips cone split, sampled dry where possible and wet when excess ground water could not be prevented. Sample condition (wet, dry or damp) is recorded at the time of logging.
	<i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i>	The entire ~3kg RC sample is pulverized to 75µm (85% passing). This is considered best practice and is standard throughout the industry.
	<i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i>	Pulp duplicates taken at the pulverising stage and selective repeats conducted at the laboratories discretion.
	<i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i>	No duplicate sampling has occurred.
	<i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i>	Sample size appropriate for grain size of samples material.
Quality of assay data and laboratory tests	<i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i>	Aqua regia digest with MS finish is a partial digest technique and is considered appropriate for multi-elements. Fire assay is a total digest technique.
	<i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i>	No geophysical data used.
	<i>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i>	Certified reference material standards, 1 in 50 samples. Blanks: A lab barren quartz flush is requested following a predicted high grade sample (i.e. visible gold). Lab: Random pulp duplicates are taken on average 1 in every 10 samples. Accuracy and precision levels have been determined to be satisfactory

Criteria	JORC Code explanation	Commentary
		after analysis of these QAQC samples.
Verification of sampling and assaying	<i>The verification of significant intersections by either independent or alternative company personnel.</i>	All sampling is routinely inspected by senior geological staff. Significant intersections are inspected by senior geological staff and DRM corporate staff.
	<i>The use of twinned holes.</i>	No twinned holes were drilled during this drill program.
	<i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i>	DRM data is hard keyed into LogChief data capture software and synchronized with Datashed SQL based database on internal company server. Data is validated by DRM Database Administrator, import validation protocols in place. Visual checks of data is completed within Micromine or Surpac software by company geologists.
	<i>Discuss any adjustment to assay data.</i>	No adjustments made to assay data.
Location of data points	<i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i>	Collars: surveyed with GPS with expected relative accuracy of approximately 5m. Downhole: surveyed with in-rod Reflex tool every 40m. Some issues with magnetic units caused significant deviation in azimuth measurements at times downhole.
	<i>Specification of the grid system used.</i>	Holes are located in MGA Zone 51.
	<i>Quality and adequacy of topographic control.</i>	Estimated RLs were assigned during drilling and are to be corrected using VTEM data at a later stage.
Data spacing and distribution	<i>Data spacing for reporting of Exploration Results.</i>	Holes the subject of this announcement were drilled on a collar spacing of 50m on section.
	<i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i>	Mineralisation at Dusk til Dawn has not yet been demonstrated to be sufficient in both geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications to be applied.
	<i>Whether sample compositing has been applied.</i>	Samples taken on a 1m basis. No Sample composites taken.
Orientation of data in relation to geological structure	<i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i>	The orientation of key structures and any relationship to mineralisation at Dusk til Dawn is preliminary and inferred using competent person experience and interpretation at this stage.
	<i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i>	No sampling bias resulting from a structural orientation is known to occur at Dusk til Dawn at this stage. Theoretically some bias may have occurred however knowledge is too preliminary to have any certainty

Criteria	JORC Code explanation	Commentary
		at this stage.
Sample security	<i>The measures taken to ensure sample security.</i>	All samples are selected, cut and bagged in a tied numbered calico bag, grouped into larger polyweave bags and cable tied. Polyweave bags are placed into larger Bulky Bags with a sample submission sheet and tied shut. Consignment note and delivery address details are written on the side of the bag and delivered to Toll Express, Meekatharra, or McMahon Burnett Transport, Wiluna. The bags are delivered directly to MinAnalytical in Canning Vale, WA who are NATA accredited for compliance with ISO/IEC17025:2005.
Audits or reviews	<i>The results of any audits or reviews of sampling techniques and data.</i>	Performance meetings held between a DRM and MinAnalytical representative are conducted monthly. QAQC data are reviewed with each assay batch returned, and on regular monthly intervals (trend analysis).

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i>	The Dusk til dawn prospect is located within Exploration License E69/2492. Alloy has a 100% interest in the tenement with Doray farming in to a maximum 80% interest. This tenement is subject to 2.0% Net Smelter Royalty to Wayne Jones. E69/2492 is contained completely within land where the Wiluna People have been determined to hold native title rights. No historical, archaeological, ethnographic or environmentally sensitive sites have been identified in the area of work.
Exploration done by other parties	<i>Acknowledgment and appraisal of exploration by other parties.</i>	Exploration prior to Alloy in the region was minimal and limited to shallow RAB and air-core drilling completed in the mid – 1990s, all of which had been sampled, assayed, and logged and records held by the Company. This early work, including aeromagnetic data interpretation, was focused on gold and provided anomalous samples which have formed the basis for current exploration.
Geology	<i>Deposit type, geological setting and style of mineralisation.</i>	Dusk til Dawn is an Archean aged gold project with common host rocks and structures related to mesothermal orogenic gold mineralisation as found throughout the Yilgarn Craton of Western Australia.
Drill hole Information	<i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i> <ul style="list-style-type: none"> ○ easting and northing of the drill hole collar ○ elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar ○ dip and azimuth of the hole ○ down hole length and interception depth ○ hole length. <i>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</i>	Refer to tabulations in the body of this announcement and previous releases by Alloy Resources and Doray Minerals during 2013 and 2014.
Data aggregation methods	<i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated. Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of</i>	No top-cuts have been applied when reporting results. The primary gold determination is reported where any secondary assaying does not differ significantly from the primary. The intervals referred to in this announcement are taken as values > 0.2 g/t Au with a maximum of 2m internal dilution (< 0.2 g/t Au). All Au assays are presented in the appendix to this announcement for

Criteria	JORC Code explanation	Commentary
	<p><i>such aggregations should be shown in detail.</i></p> <p><i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i></p>	<p>clarity.</p> <p>No metal equivalent values are used for reporting exploration results.</p>
Relationship between mineralisation widths and intercept lengths	<p><i>These relationships are particularly important in the reporting of Exploration Results.</i></p> <p><i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i></p> <p><i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</i></p>	<p>The exact geometry of the mineralisation is not yet known due to insufficient density of deep drilling in the targeted area. Broad geological and mineralisation features have been interpreted from generally wide spaced drilling sections. Based on the current information at Dusk til Dawn, the section presented here appears to be approximately perpendicular to the strike of the target structure targeted therefore true widths may potentially be inferred from this section.</p>
Diagrams	<p><i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i></p>	<p>Refer to body of this announcement.</p>
Balanced reporting	<p><i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i></p>	<p>All Au assays are presented in the appendix to this announcement for clarity. Representative higher grade intervals have been presented in the section and plan.</p>
Other substantive exploration data	<p><i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i></p>	<p>All meaningful and material information has been included in the body of the text</p> <p>No metallurgical assessments have been completed at the date of this report.</p>
Further work	<p><i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i></p> <p><i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i></p>	<p>Further work will be completed once Aboriginal Heritage Clearances are completed to allow for RC drilling along strike to occur.</p>