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ASX Release

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712,707,646

Unlisted Options:
9,000,000

ASX Symbol: AYR

HORSE WELL GOLD PROJECT (AYR 40%) 28,000 metre Air-Core Drill Programme Completed

Alloy Resources Limited (ASX: **AYR**, **Alloy** or the **Company**) is pleased to confirm that a major program of air-core exploration drilling has been completed at the Horse Well Gold Project in the North Eastern Goldfields of Western Australia.

Joint Venture Manager Doray Minerals Limited (ASX:DRM, Doray) has advised that;

- The 28,000 metre air-core drilling programme was completed last week.
- Alloy can report on the first phase of this program which saw approximately 72 holes that infill drilled to 200/100m x 100m around existing +100ppb gold anomalies at the Crack of Dawn South and Big Kahuna areas.
- **The Big Kahuna drilling confirmed a broad 1.5 km x 0.5 km north-east trending area of strong supergene mineralisation through the Crack of Dawn granite.**

This may represent a yet to be defined mineralised structure that also has some control on the Dusk til Dawn prospect gold mineralisation.

Better results were;

- 4m @ 0.55 g/t Au from 36 mdh
 - 4m @ 1.34 g/t Au from 16 mdh
 - 4m @ 0.88 g/t Au from 36 mdh
 - 8m @ 0.60 g/t Au from 48 mdh
- The second phase of the drilling saw a large number of holes allocated to 800 metre x 160 metre regional first pass drilling of an untested 7.5 kilometre section of the greenstone belt south of the Django prospect. Results from this second phase will be reported once all sample assays are to hand and the data has been compiled and interpreted.

Some further details of the first phase of drilling are detailed below.

The Horse Well Joint Venture comprises Doray Minerals Limited (60%) and Alloy Resources Limited (40%) and is completing a \$2 million exploration program during 2016.

The 1,000 km² Project covers 60 strike kilometres of greenstone belt located 50 kilometres north of the large 240 koz p.a Jundee Mine operated by Northern Star Limited (Figure 1)

Exploration during the September quarter has been focussed on first and second pass geochemical drilling to define new gold anomalies beneath the sand covered northern 'Dawn' prospects area.

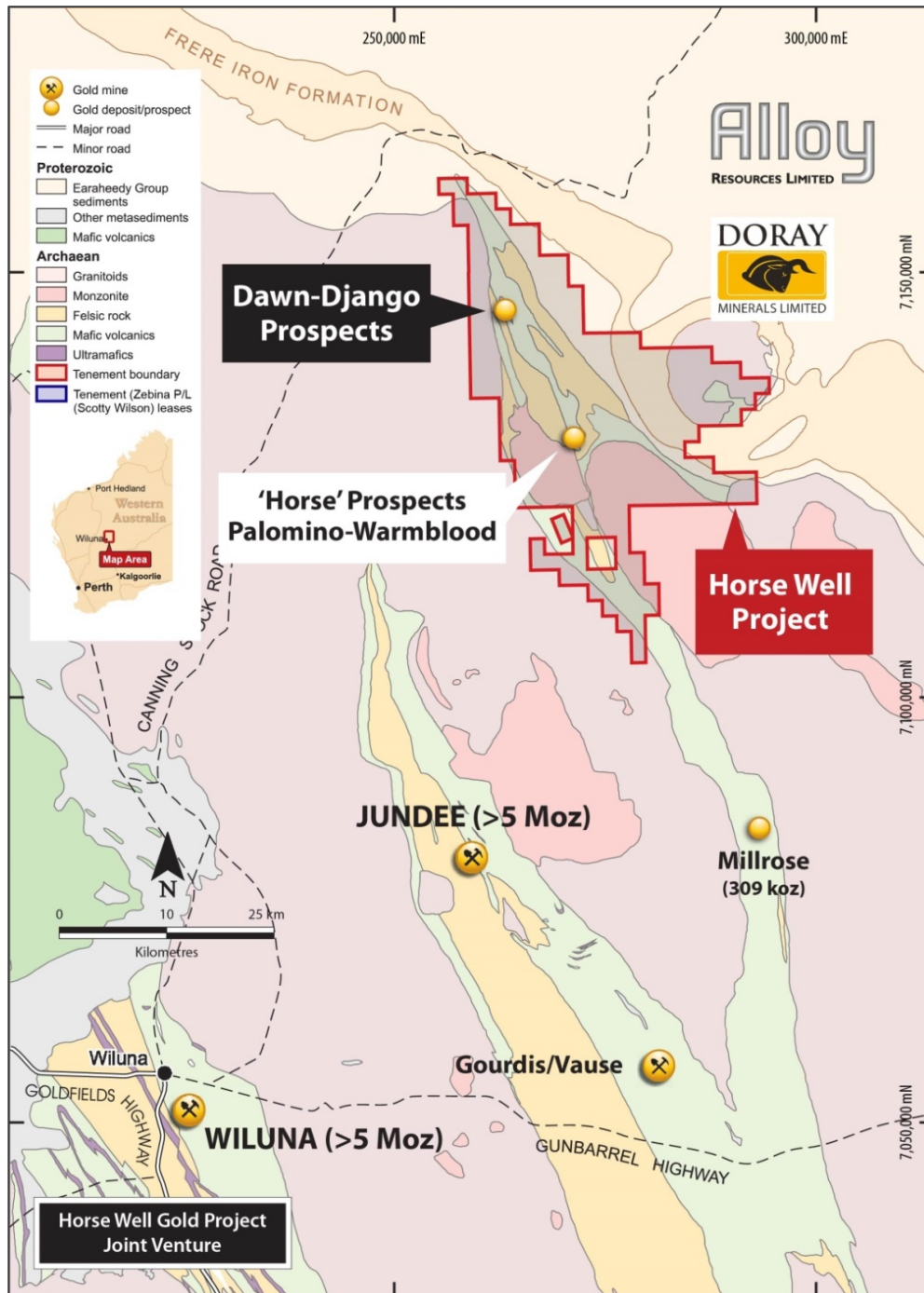


Figure 1 Horse Well Project location on regional geology

The planned geochemical drilling which has been completed is shown in Figure 2 below. Phase 1 infill holes are shown in blue and Phase 2 first pass holes area shown in red.

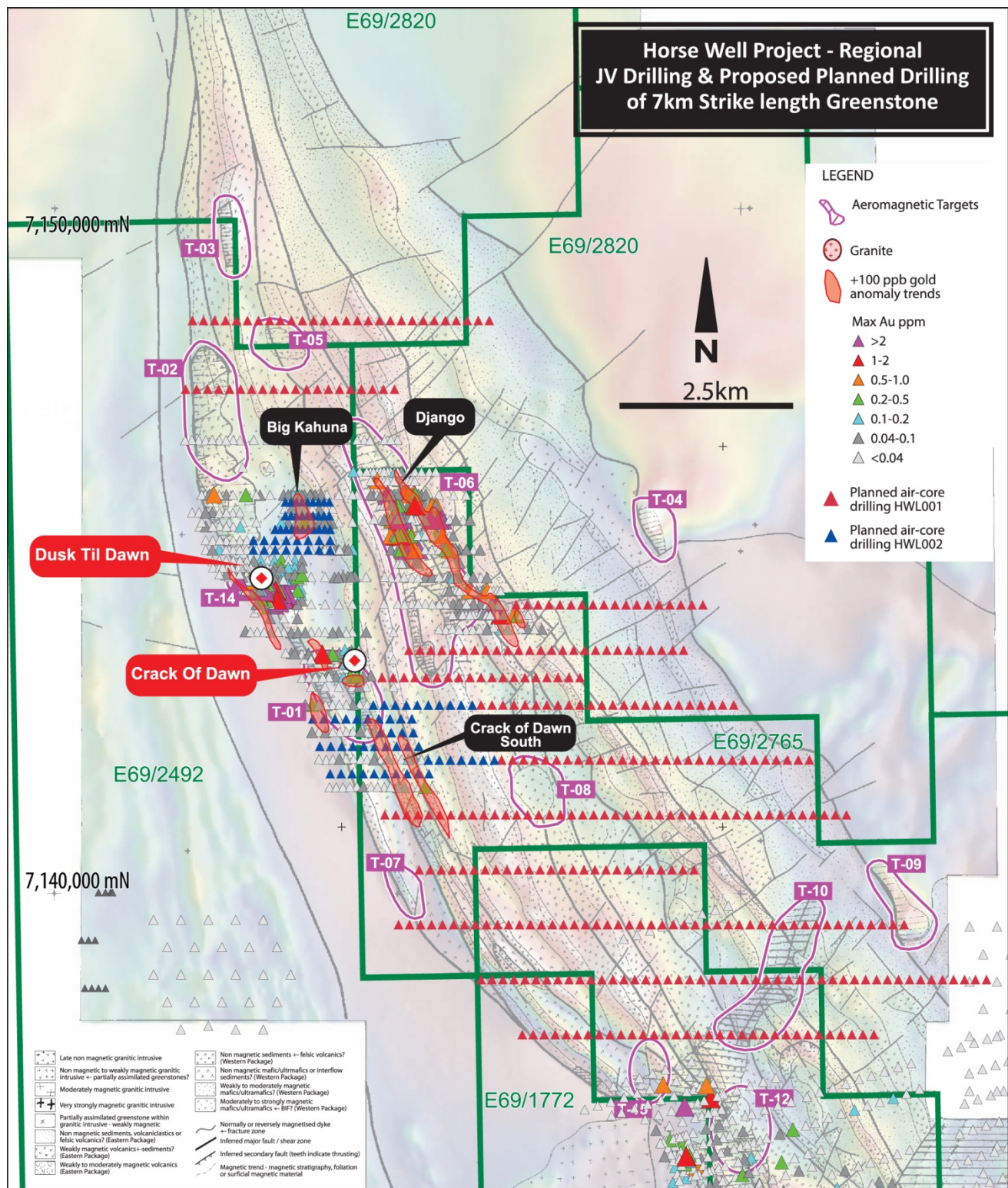


Figure 2 September quarter planned air-core drilling on aeromagnetics.

A zoom in to see results of the phase 1 infill drilling is shown on Figure 3 below. Whilst the Crack of Dawn South +100 ppb anomaly has not been enhanced through infill drilling to 200m x 100m spacing, the Big Kahuna shows a quite strong and broad trend through the granite from what is still quite wide drill spacing at 100 to 200m line spacing x 100 to 50 m hole spacing.

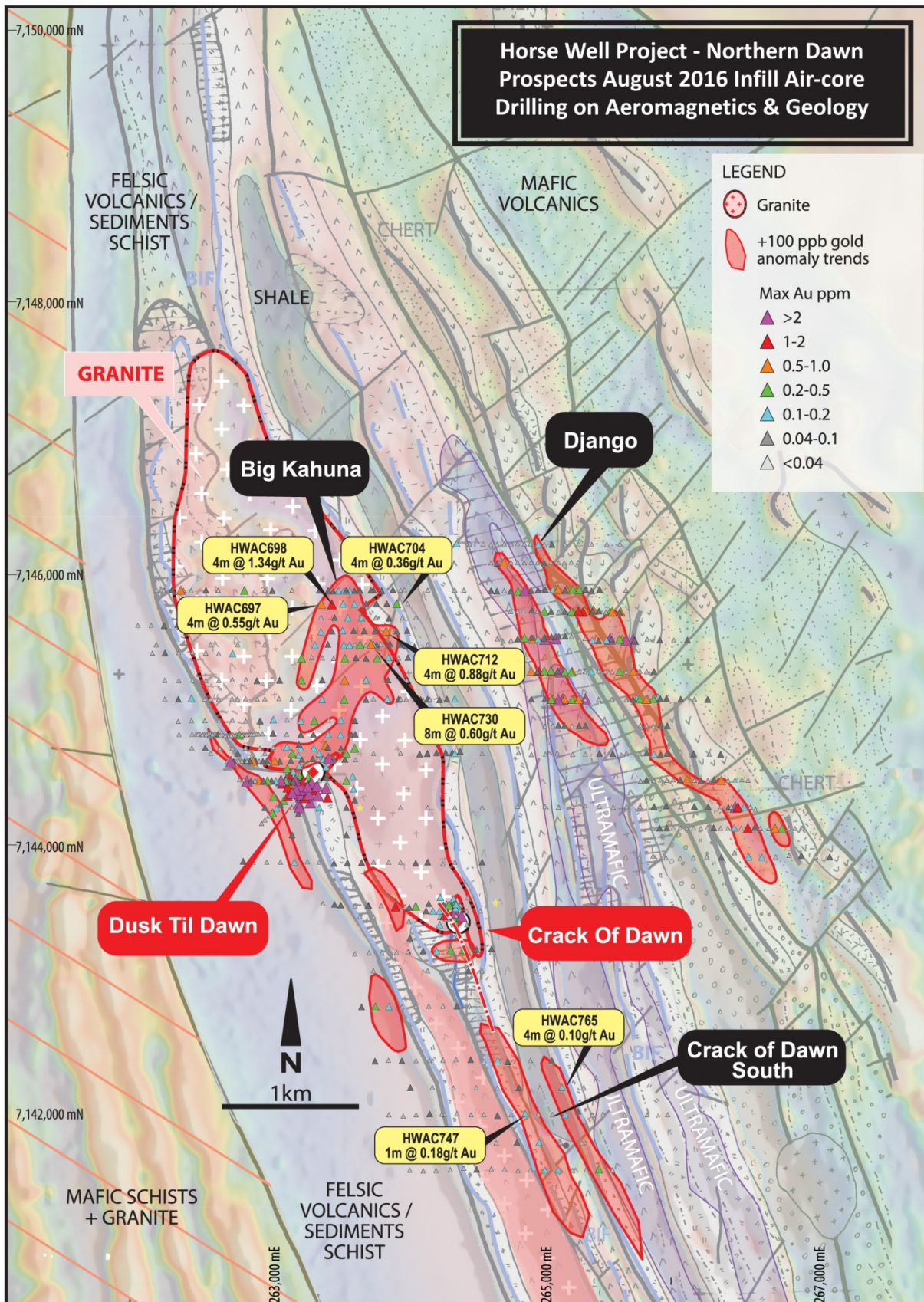


Figure 3 Infill drilling and anomalous trends at Big Kahuna and Crack of Dawn South on geology

This Big Kahuna trend had been evidenced from earlier drilling by Alloy and thereafter by the Joint Venture. A number of holes in granite within the trend north of Dusk til Dawn had gold mineralisation associated with sericite and pyrite alteration at the base of air-core holes which indicated a probable bedrock structure. This potential is now being enhanced by the emerging supergene mineralised trend.

A further observation would be that the early Dusk til Dawn supergene air-core anomaly was very similar in tenor to these more recent results, and this fact gives added weight to the likelihood that a primary source potentially exists within the trend. Big Kahuna now becomes a target for future infill air-core and eventual RC drilling.

Significant results are shown in Table 1 below;

Table 1 *Significant intersections (>0.1 g/t Au) from Phase 1 infill air-core drilling*

Prospect	Hole_ID	mE	mN	mFrom	mTo	mIntersect	Au_ppm
Big Kahuna	HWAC697	263354	7145758	0	4	4	0.132
	HWAC697			36	40	4	0.545
	HWAC698	263431	7145757	16	20	4	1.339
	HWAC698			40	44	4	0.162
	HWAC699	263513	7145760	12	16	4	0.183
	HWAC699			44	46	2	0.189
	HWAC700	263597	7145759	56	57	1	0.117
	HWAC704	263908	7145761	20	24	4	0.358
	HWAC706	263351	7145556	48	49	1	0.166
	HWAC708	263509	7145563	28	32	4	0.123
	HWAC712	263831	7145561	36	40	4	0.880
	HWAC715	263207	7145361	48	49	1	0.229
	HWAC719	263527	7145360	48	56	8	0.162
	HWAC719			60	62	2	0.239
	HWAC722	263763	7145359	20	24	4	0.210
	HWAC728	263205	7145200	16	20	4	0.311
	HWAC730	263525	7145199	48	56	8	0.602
	HWAC731	263682	7145200	56	62	6	0.102
HWAC737	263359	7145058	56	57	1	0.105	
HWAC738	263522	7145058	56	60	4	0.257	
HWAC740	263840	7145061	48	52	4	0.193	
Crack of Dawn South	HWAC747	264957	7141800	62	63	1	0.180
	HWAC765	265126	7142203	76	80	4	0.101

Note:

- All coordinates are MGA (GDA94 Zone 51). Azimuth for all holes is 270 Magnetic Degrees and 60 degree Dip.
- Intervals reported at 0.1g/t cut-off.
- Sampling by scoop from surface piles. Compositing to 4 metres except at end of hole where 1 or 2 metres.
- All assays are aqua-regia digest followed by ICP-MS at 1-4m intervals for Au and multi-element assays. Assays performed by Minanalytical Laboratories of Perth WA.

The Company would welcome enquiries regarding this release and looks forward to reporting on the Phase 2 results in conjunction with Joint Venture Manager Doray Minerals Limited in the near future.

Andy Viner

Executive Chairman

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COMPETENT PERSONS STATEMENT

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 and Mr Mark Cossom who is a full time employee of Doray Minerals Limited and is a Member of the Australasian Institute of Mining and Metallurgy. Mr Viner and Mr Cossom have 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 and Mr Cossom consent 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.

JORC Code 2012 Edition Summary (Table 1) – Horse Well Regional Aircore December Qtr FY2016

Section 1 Sampling Techniques and Data

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

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Aircore (AC) drill chips collected through a cyclone laid out on 1m intervals. Samples taken via a scoop on 4m composite intervals.
	<ul style="list-style-type: none"> Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. 	<ul style="list-style-type: none"> Cyclone is cleaned regularly during drilling. Sampling equipment is cleaned regularly
	<ul style="list-style-type: none"> Aspects of the determination of mineralisation that are Material to the Public Report. 	<ul style="list-style-type: none"> 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 for gold and multi-element data at 1-4m intervals).
	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> AC samples pulverized to 75 µm All samples analysed by aqua-regia digest followed by ICP-MS for multi-element data and gold at 1-4m intervals.
Drilling techniques	<ul style="list-style-type: none"> 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). 	<ul style="list-style-type: none"> 87mm aircore blade drilling with occasional face sampling hammer, to a maximum vertical depth of 111m.
Drill sample recovery	<ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed. 	<ul style="list-style-type: none"> AC recoveries recorded at the time of logging and stored in DRM database
	<ul style="list-style-type: none"> Measures taken to maximise sample recovery and ensure representative nature of the samples. 	<ul style="list-style-type: none"> Cyclone is cleaned at the end of each rod to ensure no sample hang-ups have occurred. Wet samples due to excess ground water were noted when present.

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> As sample recoveries are generally very high, there is no known relationship between sample recovery and grade.
Logging	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Holes logged to a level of detail to support future mineral resource estimation: lithology; alteration; mineralization; structural.
	<ul style="list-style-type: none"> Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. 	<ul style="list-style-type: none"> Qualitative: lithology, alteration, foliation Quantitative: vein percentage; mineralization (sulphide) percentage; assayed for gold
	<ul style="list-style-type: none"> The total length and percentage of the relevant intersections logged. 	<ul style="list-style-type: none"> All holes logged for the entire length of hole.
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> If core, whether cut or sawn and whether quarter, half or all core taken. 	<ul style="list-style-type: none"> N/A
	<ul style="list-style-type: none"> If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. 	<ul style="list-style-type: none"> Samples are not split. Samples are taken by representative scoop into a composite 4m sample, with smaller composites taken at the end of hole. Samples are taken regardless of wet or dry, but moisture content is noted in logs.
	<ul style="list-style-type: none"> For all sample types, the nature, quality and appropriateness of the sample preparation technique. 	<ul style="list-style-type: none"> The entire ~3kg RC sample is pulverized to 75µm (85% passing). This is considered best practice and is standard throughout the industry.
	<ul style="list-style-type: none"> Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. 	<ul style="list-style-type: none"> Pulp duplicates taken at the pulverising stage and selective repeats conducted at the laboratories discretion.
	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> No duplicates taken.
	<ul style="list-style-type: none"> Whether sample sizes are appropriate to the grain size of the material being sampled. 	<ul style="list-style-type: none"> Sample size appropriate for grain size of samples material.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. 	<ul style="list-style-type: none"> Aqua-regia digest with ICP-MS finish is considered an industry standard technique and is considered appropriate for gold.
	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Magnetic susceptibility measurements are taken on each 1m interval downhole

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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 after analysis of these QAQC samples.
Verification of sampling and assaying	<ul style="list-style-type: none"> The verification of significant intersections by either independent or alternative company personnel. 	<ul style="list-style-type: none"> All sampling is routinely inspected by senior geological staff. Significant intersections are inspected by senior geological staff and/or DRM corporate staff.
	<ul style="list-style-type: none"> The use of twinned holes. 	<ul style="list-style-type: none"> No twinned holes were drilled during this drill program.
	<ul style="list-style-type: none"> Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. 	<ul style="list-style-type: none"> 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.
	<ul style="list-style-type: none"> Discuss any adjustment to assay data. 	<ul style="list-style-type: none"> No adjustments made to assay data.
Location of data points	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Collars: surveyed with GPS with expected relative accuracy of approximately 5m. Downhole: no downhole surveys taken. Collar setup is checked by the supervising geologist upon commencement of each hole.
	<ul style="list-style-type: none"> Specification of the grid system used. 	<ul style="list-style-type: none"> Holes are located in MGA Zone 51.
	<ul style="list-style-type: none"> Quality and adequacy of topographic control. 	<ul style="list-style-type: none"> Estimated RLs were assigned during drilling and are to be corrected at a later stage.
Data spacing and distribution	<ul style="list-style-type: none"> Data spacing for reporting of Exploration Results. 	<ul style="list-style-type: none"> Holes the subject of this announcement were drilled on a collar spacing of 100m on section, with sections spaced 1-200m along strike. Some infill drilling was carried out on 50m hole spacing on lines at Big Kahuna, around anomalous drill holes.
	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Mineralisation at Horse Well 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.
	<ul style="list-style-type: none"> Whether sample compositing has been applied. 	<ul style="list-style-type: none"> Samples taken on a 4m composite basis. Smaller composites taken at the end of hole where remaining samples are less than 4m.

Criteria	JORC Code explanation	Commentary
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. 	<ul style="list-style-type: none"> Based on the current information at Horse Well, the drilling is designed to be approximately perpendicular to the strike of the target structure.
	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> No sampling bias resulting from a structural orientation is known to occur at Horse Well at this stage.
Sample security	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<ul style="list-style-type: none"> All samples are selected 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 in 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	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> The Horse Well Project is located within Exploration Licenses E69/1772, E53/1466, E53/1471, P53/1524, P53/1525, P53/1526, E69/2765, E69/3069, E69/2492 and E69/2820. The Horse Well Project is covered by a farm-in and JV agreement between Doray and Alloy Resources Ltd. During the Dec FY16 quarter, Doray earned 60% of the tenements (except for E69/2820 where it earned 48%), with Doray able to earn a maximum 80% interest, except for E69/2820, where Doray earning up to 64%. The tenement E69/2492 is subject to 2.0% Net Smelter Royalty to Wayne Jones. The Project 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	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<ul style="list-style-type: none"> Horse Well 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	<ul style="list-style-type: none"> 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: <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. 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. 	<ul style="list-style-type: none"> Refer to tabulations in the body of this announcement and previous releases by Alloy Resources and Doray Minerals between 2013 and 2015.

Criteria	JORC Code explanation	Commentary
Data aggregation methods	<ul style="list-style-type: none"> <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.</i> <i>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 such aggregations should be shown in detail.</i> <i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i> 	<ul style="list-style-type: none"> 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 > 1m @ 0.1 g/t Au with a maximum of 1m internal dilution (< 0.1g/t Au). No metal equivalent values are used for reporting exploration results.
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> <i>These relationships are particularly important in the reporting of Exploration Results.</i> <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i> <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> 	<ul style="list-style-type: none"> The geometry of the mineralisation is not yet known due to insufficient density of drilling in the targeted areas. Broad geological and mineralisation features have been interpreted from generally wide spaced drilling sections. As such, the down-hole true width length is not known with any certainty.
Diagrams	<ul style="list-style-type: none"> <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> 	<ul style="list-style-type: none"> Refer to body of this announcement.
Balanced reporting	<ul style="list-style-type: none"> <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> 	<ul style="list-style-type: none"> All significant intercepts and summary of drill hole assay information are presented in the appendix to this announcement. Representative higher grade intervals have been presented in the section and plan.
Other substantive exploration data	<ul style="list-style-type: none"> <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> 	<ul style="list-style-type: none"> All meaningful and material information has been included in the body of the text No metallurgical assessments have been completed at the date of this report.
Further work	<ul style="list-style-type: none"> <i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> <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> 	<ul style="list-style-type: none"> Infill aircore drilling of the anomalies is planned to commence in the next quarter. Follow-up RC drilling has not been confirmed or planned by the manager.