



ABN 20 109 361 195

**ASX Release**

3 October 2012

**Alloy Resources Ltd**

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**Directors**

Non-Exec Chairman:

*Peter Harold*

Managing Director:

*Andy Viner*

Non-Exec Director/Co Sec:

*Kevin Hart*

**Issued Capital**

Shares:

*234,841,616*

Unlisted Options:

*7,500,000*

Performance Rights:

*3,500,000*

**ASX Symbol:** AYR

## Horse Well Project

### DRILLING COMMENCES AT WARMBLOOD PROSPECT

#### Key Points:

- **Warmblood prospect RC drilling;**
  - Drilling commences at the Warmblood prospect
  - 1,500 metre RC drill testing of high grade gold target
- **Commencement of Option expands Horse Well project land holdings**
  - Entered an Option Agreement to earn 80% of an Exploration Licence with Phosphate Australia Limited.

#### Summary

Alloy Resources Limited (**ASX:AYR**, the "Company") is pleased to provide an update on recent activities related to the Company's projects.

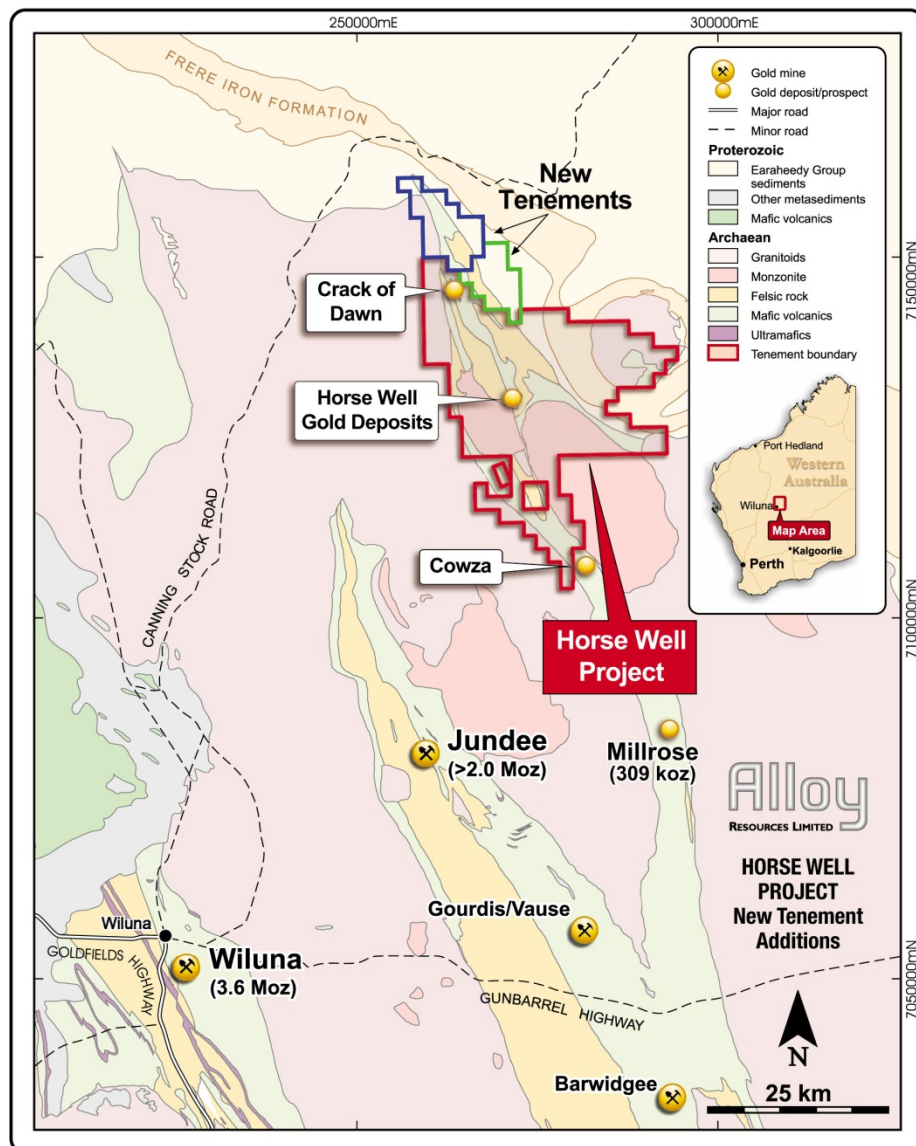
The priority focus of the Company is the Horse Well gold project in Western Australia and the Company is pleased to advise commencement of drilling following the completion of a successful capital raising.

An initial 1,500 metre RC drill program will test a 250 metre strike length of the Warmblood gold prospect, drilling under previous significant shallow air-core drill intersections of 40 metres @ 3.4 g/t Au and 32 metres @ 3.9 g/t Au.

Managing Director Andy Viner said "We are targeting another discovery in Western Australia like the high grade Central Bore and Andy Well gold deposits defined in the last couple of years".

"The Horse Well Project has all the right signs that high-grade gold mineralisation is present. Existing resources average a grade of 2.91 g/t Au and we know there are high grade shoots present such as at Filly South West with an indicated resource of 90,000 tonnes at 7.85 g/t Au (see Resource Table 1 attached)" he said.

Mr Viner added "We have formed a good working relationship and are implementing processes with the Wiluna traditional owners that will support successful ongoing exploration work in the Warmblood and broader Project areas".



**Figure 1.** Horse Well project location.

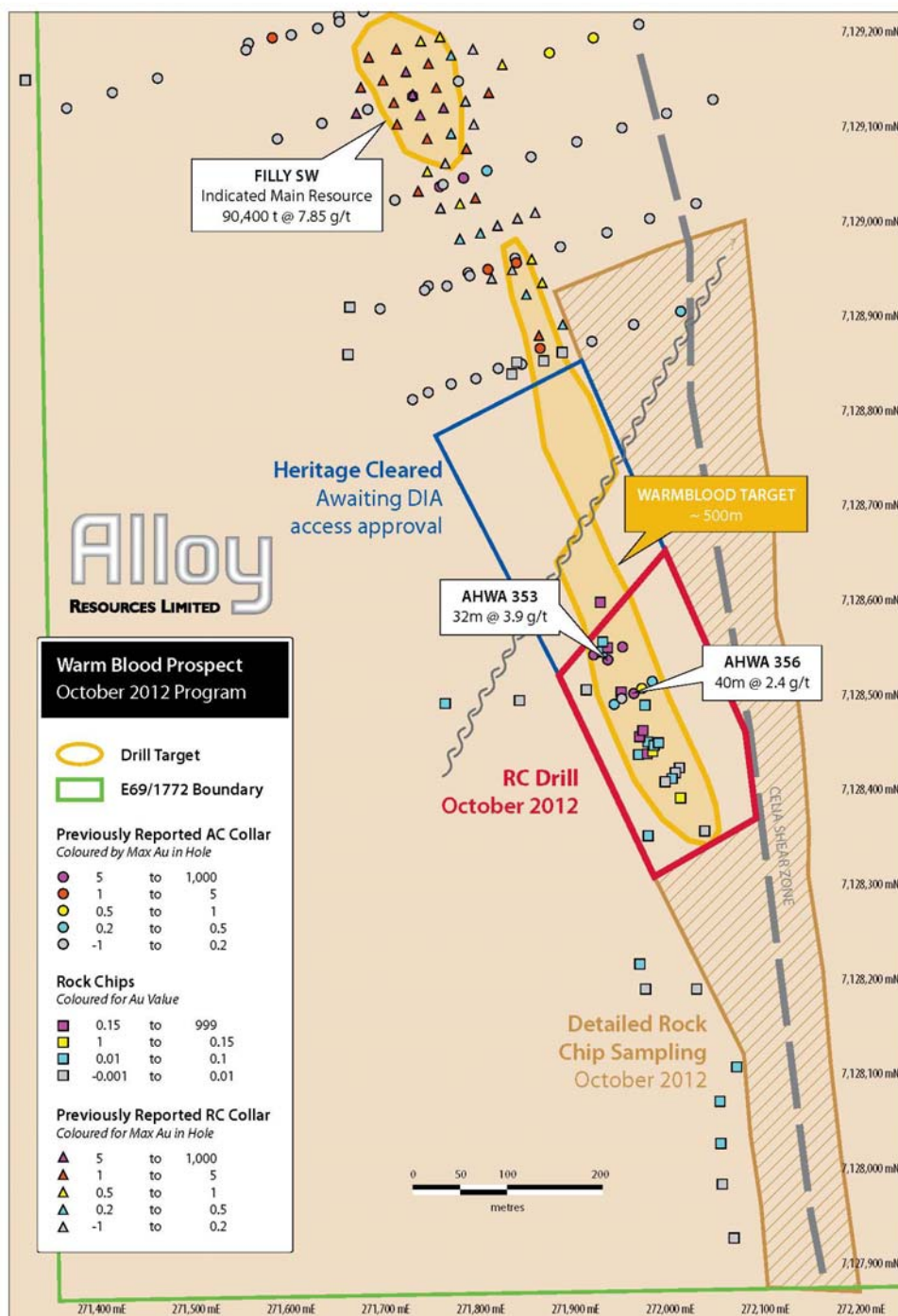
### Horse Well Project planned RC drilling – October 2012

The Company has planned an RC drill program of 1,500 metres to test the southern portion of the Warmblood prospect as shown on Figure 2 below.

Drilling will be on a 40 metre line spacing and 20 metre drill hole spacing to test the mineralised structure over a 250 metre strike length. Holes will be extended to up to 150 metres depth, testing the structure down dip to define potential high-grade shoots within the zone.

The northern portion of the interpreted mineralised structure has been cleared for heritage by traditional owners; however clearance to commence drilling in the northern portion is subject to the Department of Indigenous Affairs approval processes.

The extent of the mineralisation at the Warmblood prospect has not been fully identified by current information, particularly given the low level response from rock chip and soil sampling in this area despite shallow high grade drill results being returned. It is believed that further detailed soil or rock sampling planned to be completed during the RC drill program will potentially delineate extensions to the mineralisation over a 200 metre prospective zone further south of the planned drill area.



**Figure 2.** Horse Well expanded project area with geology

### Commencement of Option to earn 80% of EL 69/2820 at Horse Well

Following a due diligence review of legal and technical information, the Company has elected to pay a sign-on fee of \$25,000 and commence a 2 year Option to Purchase 80% of EL69/2820, which adjoins the Company's Horse Well tenement package. The Agreement is with Phosphate Australia Limited.

Virtually no exploration has occurred for Archaean gold mineralisation within the licence and the Company regards this Agreement as a wise transaction to cover prospective geology adjacent to the Crack of Dawn prospect located in this area.



The Company looks forward to reporting results from its upcoming drill program as they are received during October.

**For further information contact:**

**Andy Viner**

Managing Director

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**Horse Well Gold Resources Table**

PROJECT	PROSPECT	JORC CATEGORY	TONNES	GRADE (g/t Au)	OUNCES Au
Horse Well	Palomino	indicated	656,000	2.52	53,150
		Inferred	105,000	3.71	12,525
	Bronco	indicated	41,400	1.59	2,117
	Filly	indicated	161,300	1.56	8,091
	Filly SW	indicated	90,400	7.85	22,817
<b>Total</b>			<b>1,054,100</b>	<b>2.91</b>	<b>98,700</b>

**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 who is 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 2004 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.*

**Mineral Resources**

*The resources in this release are based on work carried out by Dr. S. Carras FAusIMM of Carras Mining Pty Ltd. Dr. Carras has 30 years of 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 2004 edition of the "Australian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves" and consents to the inclusion in this report of the information in the form and context in which it appears*