



ASX Release

24 January 2018

Alloy Resources Limited

ABN 20 109 361 195

ASX Code

AYR

Executive Chairman

Mr Andy Viner

Non-Exec Director

Mr Allan Kelly

Non-Exec Director/Co Sec

Mr Kevin Hart

Issued Shares

1,266,993,360

Unlisted Options

29,000,000

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December 2017

Quarterly Activities Report

Highlights

Ophara Cobalt-Gold Project (100%)

- RC drill program testing large VTEM conductors completed in November.
- Targeted conductors downgraded by RC drill holes and ground and down-hole electromagnetic surveys with likely source being perched aquifers containing hypersaline water.
- Exploration re-focussed to Great Goulburn cobalt-gold prospect area and re-interpretation of geophysics and surface geochemical reviews commissioned.

Corporate

- A Share Purchase Plan was completed in November with the issue of 150 million shares to raise \$600,000.
- The Company's Annual General Meeting was held and all Resolutions were passed.

Ophara Cobalt-Gold Project

The Ophara project lies adjacent to the South Australian border west of Broken Hill in New South Wales in an area which is known to have significant Cobalt mineralisation, with large resources defined at the adjacent Mutooroo and Thackaringa deposits (Figure 1).

The Company has an advanced cobalt-gold prospect at the Great Goulburn Prospect. The mineralisation style has similarities to both Mutooroo and Thackaringa Cobalt deposits however it is unique in having low-copper and high-gold mineralisation associated with the Cobalt.

Interpretation of the available geological and geophysical information suggests that it is highly unlikely that Great Goulburn is the only area of strong Cobalt-Gold mineralisation in the area, particularly as there is very limited outcrop present. There is potential for extensive cobalt-gold-copper mineralisation to be defined within the Exploration Licence and warrants a continued exploration focus on the project area by Alloy.

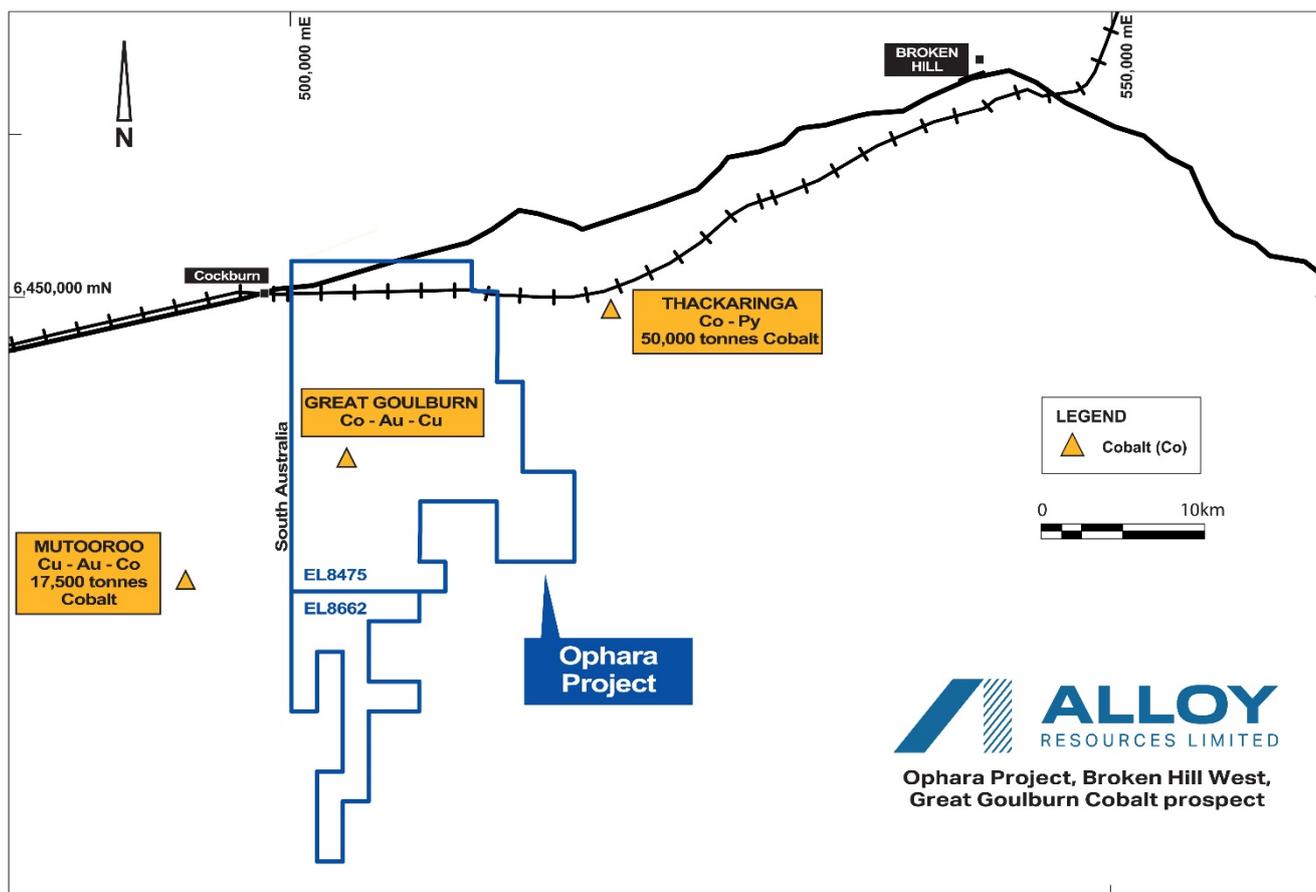


Figure 1 Ophara EL 8475 and EL 8662 Location showing Cobalt deposits

During the last quarter the Company sought to cost effectively locate new areas of Cobalt-Gold-Copper mineralisation under the largely sand covered terrain using an aerial electro-magnetic surveying method called VTEM. This technique can be effective for defining conductors similar to what is associated with the Company's Great Goulburn prospect sulphide mineralisation and also both the Mutooroo and Thackaringa sulphide mineralisation.

Independent geophysical consultants worked with the Company to define five priority conductor targets and nine deep RC holes to test these.



Completed Exploration

RC drilling and ground and downhole Electromagnetic surveying

During November the Company completed six RC holes of a planned nine hole program as listed in Table 1 and shown on Figure 2.

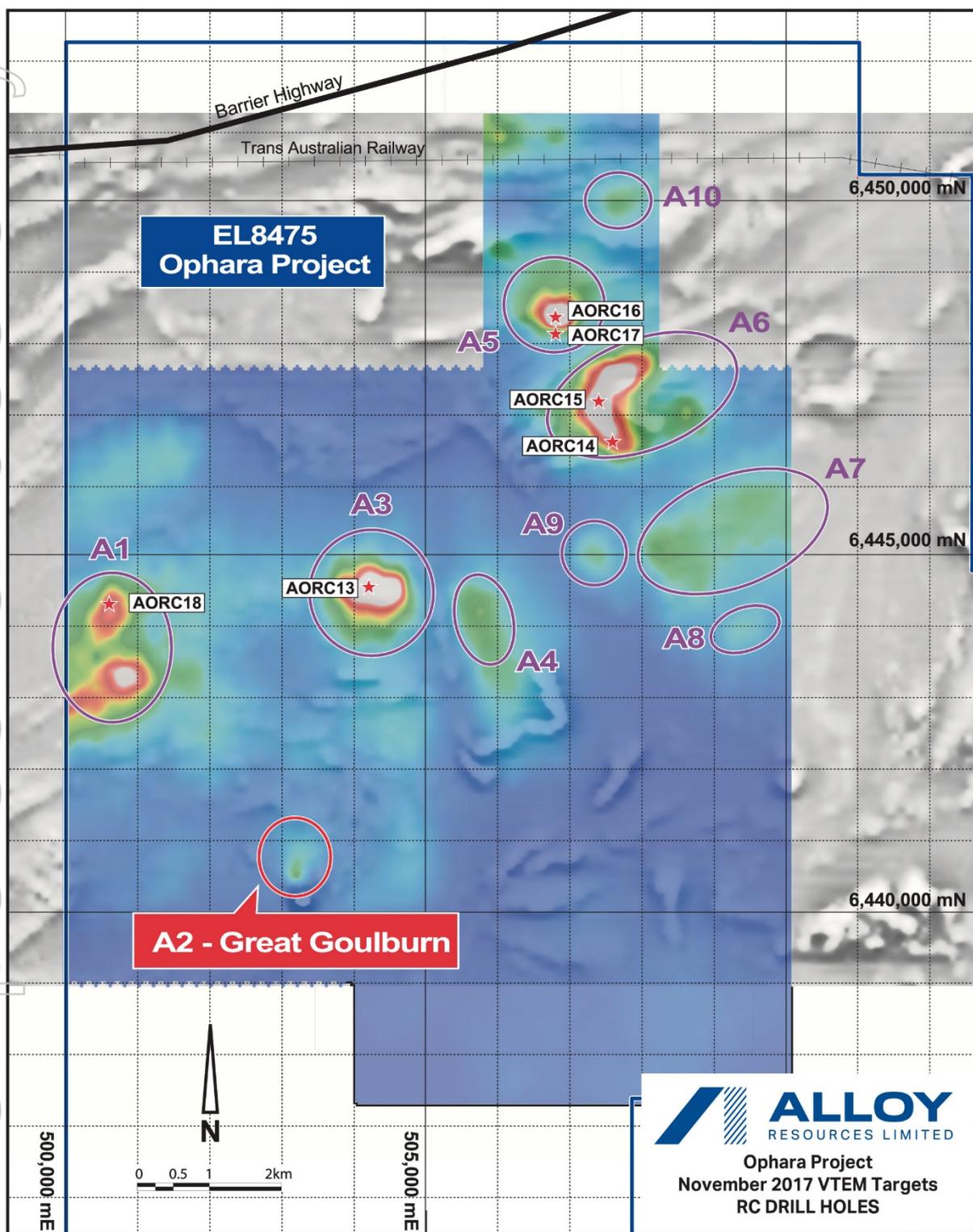


Figure 2 Ophara VTEM image and conductor targets on magnetics with completed RC drill holes.



Table 1 Completed RC drill holes. All values approximate (MGA94 Zone 51)

Hole ID	VTEM target	East	North	Azimuth (approx)	Dip (approx)	EOH Depth
AORC13	A3	504200	6444550	360	70	160
AORC14	A6	507604	6446602	360	70	118
AORC15	A6	507433	6447154	90	60	142
AORC16	A5	506828	6448288	160	60	154
AORC17	A5	506823	6448217	160	60	130
AORC18	A1	500570	6444290	160	60	121

Drilling indicated an interpretation issue as unexpectedly deep clays and hypersaline water were intersected in the deep weathered profile and no strong sulphide mineralisation was observed in the bedrock.

A ground EM survey crew was mobilised to the site after the first three drill holes to provide more accurate definition of the location of conductors at depth. In summary the results of this work indicated that both A3 and A6 conductors were shallower rather than deeper and likely to be sub-horizontal conductive weathered material which coincided with observed geology.

One down-hole EM survey was able to be completed on hole AORC13 and this did not indicate any conductors below the probe depth of 90 metres – confirming the main conductance being located in overlying micaceous clays.

Following ground EM surveying at A5 one further hole was drilled to test a possible steeper bedrock conductor however nothing was observed to explain this.

Drilling at the A1 anomaly also indicated similar deep clay and excessive hypersaline water which was likely to explain the VTEM anomaly.

RC drill holes were routinely sampled by collecting spear samples of four one metre intervals and compositing these into one 2kg sample for analysis of 33 elements and gold. As expected from field observations, no anomalous results were returned for any elements.

Planned Exploration

A review of the VTEM data in the Great Goulburn cobalt-gold prospect area and understanding gained from the recent RC drill program to the north of this prospect supports the observation that there is scope to define new targets that are related to potential bedrock sulphide sources. Targets identified will need to be correlated with other confirmatory data such as magnetic rock units and surface geochemical anomalies prior to ranking and drill testing.

The Company is committed to exploring the potential for cobalt-gold mineralisation in the areas proximal to the Great Goulburn prospect and has commenced the following activities;

1. Re-visit the VTEM data over this prospect area with a view to highlighting areas of shallow weathering that have (more subtle) potential conductive bodies similar to the pyritic sulphide zones at the drilled Great Goulburn cobalt-gold prospect (*Refer ASX release dated 3 March 2017*).
2. An independent review of surface and drill geochemical data related to the Great Goulburn area to define the characteristics of the mineralisation, and plan and complete an appropriate surface survey that will effectively define cobalt-gold-copper geochemical anomalies.
3. Combining this geophysics and geochemistry to outline new drill targets for testing in the March 2018 quarter.



Horse Well Gold Project Joint Venture (Alloy 40% contributing)

The Horse Well Joint Venture with Doray Minerals Limited ('Doray') is exploring the 1,000 square kilometre Horse Well Project (Figure 7).

The Joint Venture has completed over \$7.8 million in exploration expenditure since 2012. Future exploration will be based on programmes and budgets proposed by the Joint Venture Manager, Doray Minerals.

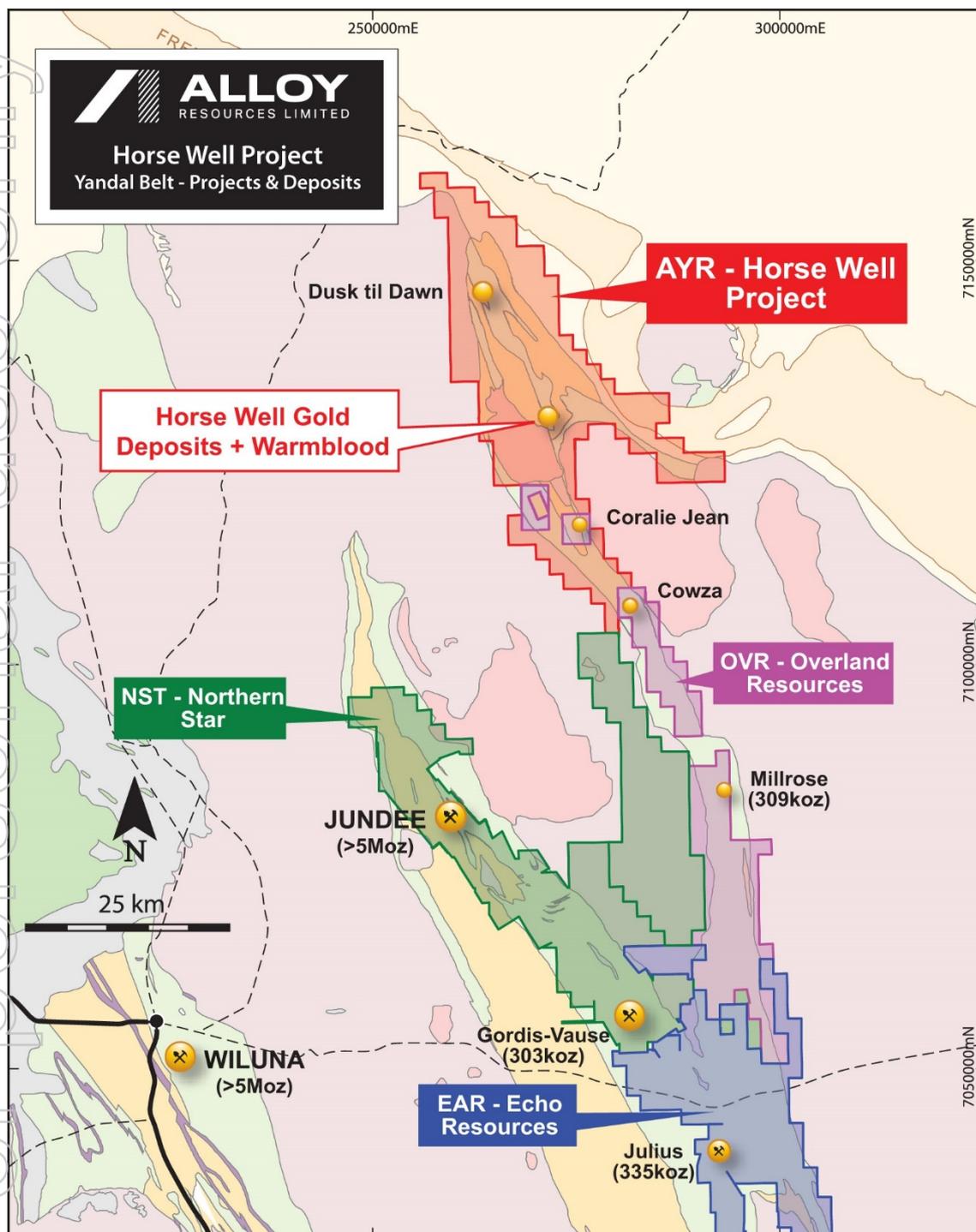


Figure 3 Horse Well location on regional geology and showing regional ownership

Completed and planned Exploration

During the quarter work was restricted to non-field activities including statutory reporting and management. The Company is awaiting programmes and budgets for the next phase of exploration.



Kurnalpi South – Gold (100%)

The Company has compiled historical data and completed an Exploration targeting exercise.

Other Western Australian Projects

The Company has two large landholdings in highly prospective areas of Western Australia.

Telfer West – Gold/copper

Following completion of a Native Title Access agreement EL 45/4807 was granted in early December 2017.

The Company has compiled historical exploration data and past wide spaced air-core drilling by BHP and Gindalbie Minerals during the 1990's has defined anomalous gold-copper trends that are poorly tested.

Yamarna - Gold

No work has been completed on this Tenement as Native Title Access agreements are required to be negotiated before access.

Corporate

Cash on hand at the end of quarter amounted to \$1.156 million.

The Company completed a Share Purchase Plan to raise \$600,000 in early November 2017.

The Company will be presenting and exhibiting at the RIU Explorers Conference at Fremantle, Perth in February. Any shareholders wishing to attend should contact the Executive Chairman.

For further information contact:

Andy Viner
Executive Chairman

Phone: +61 8 9322 9903
or: +61 8 9316 9100

www.alloyres.com

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.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of Mineral Resources that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not materially changed from the original market announcement.



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
Horse Well				
Eskay Resources Pty Ltd 100%	WA	E69/1772	40%	40% ⁺
Doray Minerals Limited - Granted	WA	E53/1466	40%	40% ⁺
Doray Minerals Limited - Granted	WA	E53/1471	40%	40% ⁺
Doray Minerals Limited - Granted	WA	P53/1524	40%	40% ⁺
Doray Minerals Limited - Granted	WA	P53/1525	40%	40% ⁺
Doray Minerals Limited - Granted	WA	P53/1526	40%	40% ⁺
Doray Minerals Limited - Granted	WA	E69/2765	40%	40% ⁺
Doray Minerals Limited - Granted	WA	E69/3069	40%	40% ⁺
Doray Minerals Limited - Granted	WA	E53/1924	0%	40%
Doray Minerals Limited - Granted	WA	E69/2492	40% [^]	40% ^{^+}
[^] Awaiting transfer of interest				
Doray Minerals Limited - Granted	WA	E69/2820	32%	32% ⁺
⁺ subject to Doray farmin Agreement – Doray have earned 60%				
[*] Phosphate Australia retain 20% free- carried to BFS				
[^] Wayne Jones NSR				
Telfer				
Alloy Resources Limited – Granted	WA	E45/4807	0%	0%
Barrytown Mineral Sands Project				
Alloy Resources Limited – Granted	NZ	EL 51803	20%	20%**
** Subject to farm-out and Sale Agreement to Pacific Mineral Resources				
Martins Well				
Alloy Resources Limited – withdrawal from Farm-in	SA	EL 5577	100%	0%
# Subject to 90% earn-in Agreement				
Kurnalpi South				
Alloy Resources Limited – Granted	WA	E28/2599	100%	100%
Alloy Resources Limited - Granted	WA	E28/2665	100%	100%
Mt Goddard - Kambalda				
Alloy Resources Limited – Granted	WA	E15/1506	100%	100%
Madoonia Downs - Kambalda				
Alloy Resources Limited – Granted	WA	E15/1544	100%	100%
Alloy Resources Limited – Granted	WA	E15/1546	100%	100%
Lake Cowan - Kambalda				
Alloy Resources Limited – Granted	WA	E15/1575	0%	100%
Yamarna				
Alloy Resources Limited - Granted	WA	E38/3096	0%	100%
Ophara – Broken Hill West				
Alloy Minerals Limited - Granted	NSW	EL8668	0%	100%
Alloy Minerals Limited - Granted	NSW	EL8475	100%	100%



Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

ALLOY RESOURCES LIMITED

ABN

20 109 361 195

Quarter ended ("current quarter")

31 DEC 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(225)	(374)
(b) development	-	-
(c) production	-	-
(d) staff costs	(27)	(35)
(e) administration and corporate costs	(104)	(179)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	5	6
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other – Barrytown Option	16	35
1.9 Net cash from / (used in) operating activities	(335)	(547)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other	-	-
2.6	Net cash from / (used in) investing activities	-	-
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	1,200	1,200
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(44)	(44)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	1,156	1,156
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	548	760
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(335)	(547)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,156	1,156
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,369	1,369

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5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	541	67
5.2 Call deposits	828	481
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,369	548

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	92
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

- (a) Directors Fees and Remuneration \$71,356 (includes payments of Director Fees and Superannuation for the period)
- (b) Accounting and Company Secretarial Fees paid to Endeavour Corporate, an entity related to Mr Kevin Hart \$20,475 for the period

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

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Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	(350)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	(30)
9.5 Administration and corporate costs	(30)
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	(410)

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced		nil		
10.2 Interests in mining tenements and petroleum tenements acquired or increased		nil		

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Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
(Director/Company secretary)

Date:24 January 2018

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

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