



**ALLOY**  
RESOURCES LIMITED

**ASX Release**  
29 January 2018

### Capital Structure

Alloy Resources Limited  
ABN 20 109 361 195

ASX Code  
AYR

Issued Shares  
1,266,993,360

Unlisted Options  
29,000,000

### Corporate Directory

Executive Chairman  
Mr Andy Viner

Non-Exec Director  
Mr Allan Kelly

Non-Exec Director/Co Sec  
Mr Kevin Hart

### Company Details

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# Alloy Regains Control of the Horse Well Gold Project

- Alloy regains majority ownership and management control of the highly prospective Horse Well Gold Project JV.
- Alloy has moved to a 51% majority interest of the JV for consideration of \$300,000 cash and 32,258,065 Alloy shares and will earn a 60% JV interest through future exploration expenditure.
- The JV tenements are in excellent condition with \$7.9 million spent by the JV over the last 5 years.
- Alloy will now define targets for exploration to commence before the end of the March quarter.

## Summary

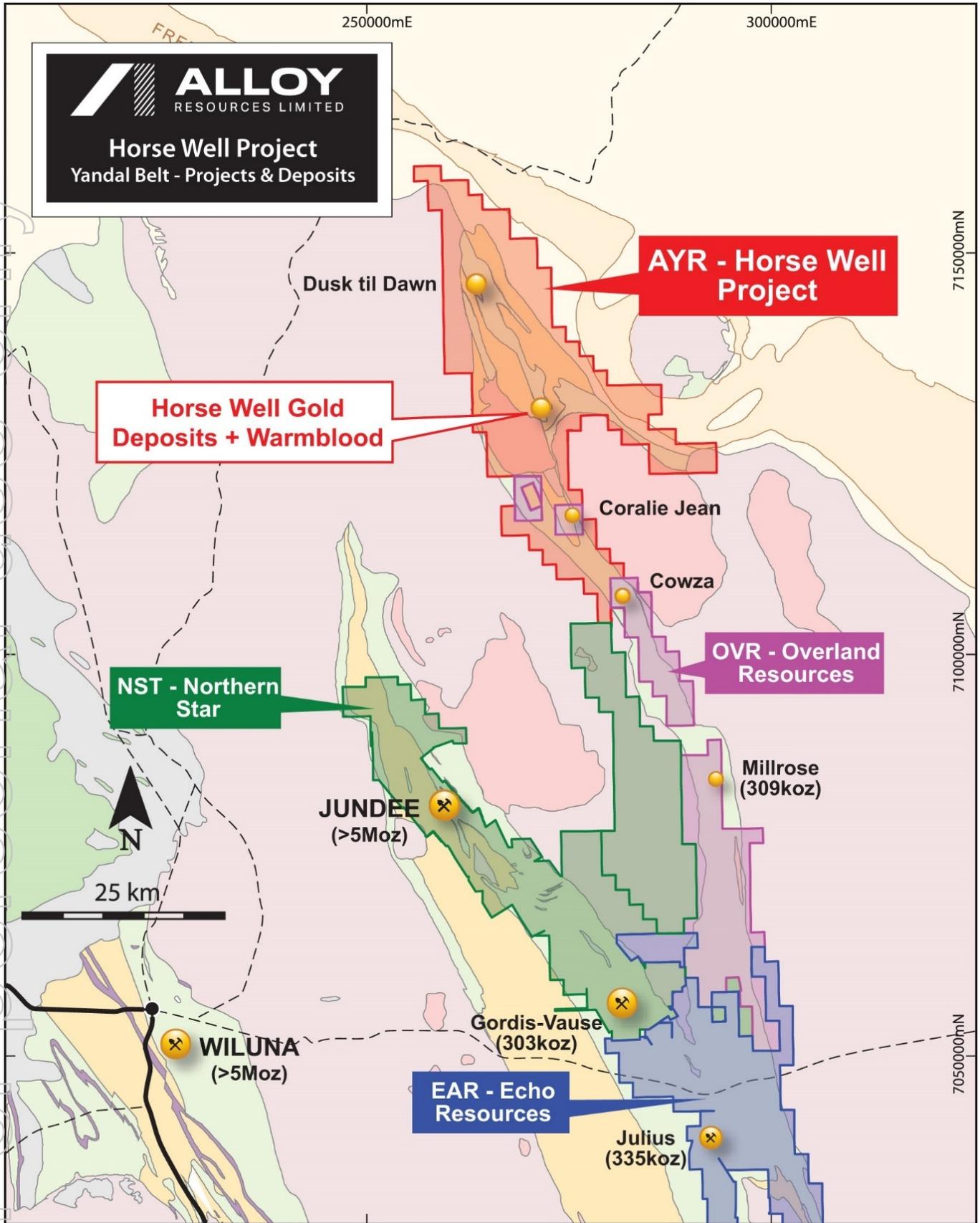
Australian Gold and Cobalt explorer **Alloy Resources Limited (ASX:AYR) (Alloy or the Company)** is pleased to announce that it has reached agreement with its Joint Venture Partner, Doray Minerals Limited ("Doray"), for Alloy to regain a majority interest and assume management control of exploration at the highly prospective Horse Well. Gold Project Joint Venture ("Horse Well").

Horse Well is located in the north eastern goldfields adjacent to Northern Star's Jundee Gold Mine (Figure 1).

Alloy Executive Chairman Andy Viner said the Company was very pleased to be driving the recommencement of exploration at Horse Well.

*"We believe the project is one of the best early stage gold exploration properties in the Goldfields with a shallow high-grade Inferred Mineral Resource of 75,000 ounces at 2.76 g/t Au (refer ASX:28 October 2015 Quarterly Report and Table 1) and numerous prospects at various stages of exploration. Added to this is the Project's excellent location adjacent to new discoveries and growing mining centres at Jundee and Bronzewing. We believe the value creation opportunity through continued exploration at Horse Well is compelling".*

He continued *"The Company will now complete the handover and then prioritise exploration activities. We have advanced drill targets ready to go at Dusk til Dawn and Warmblood, and also air core drill anomalies up to 7 kilometres long which are also ready for infill drilling. Perhaps the most intriguing target is the Celia Shear extensions to Overland Resources new high-grade surface quartz vein discovery at Coralie Jean which has only emerged in the last quarter. All in all it is a great time to be exploring for Gold in Australia and we look forward to delivering lots of activity and exploration success".*



**Figure 1** Horse Well JV project location with Projects and Gold Deposits on Geology



## Transaction Terms

Alloy and Doray have signed a binding term sheet for the sale and purchase of equity in the Horse Well Gold Project Joint Venture (“**HWJV**”). The key material terms that are effective immediately are;

1. Alloy has acquired an 11% HWJV interest, taking it to a 51% HWJV interest by payment of;
  - \$300,000 cash, and the issue of;
  - \$200,000 in AYR shares priced at 0.6 cents based on a 10 day VWAP on the effective date.
2. The 32,258,065 AYR shares issued are escrowed for 6 months.
3. With 51% interest Alloy assumes Management of the HWJV.
4. Alloy will sole fund \$1.4 million expenditure to go to a 60% JV interest.
5. Doray can elect to contribute or dilute after Alloy has reached a 60% interest in the HWJV. If Doray dilutes to 5% or below then its interest will revert to a 1% NSR.
6. Doray retains a ‘Claw-back’ right if a 1.5 million ounce Mineral Resource is defined. If exercised:
  - Doray must repay Alloy 3 x Exploration Expenditure to get 51%.
  - Alloy 49% free-carried to completion of a BFS.
7. HWJV may nominate areas for a ‘Small Mine’ Development;
  - Applicable to any Mineral Resource < 1.5 Moz with a positive Scoping Study.
  - Mine Development Area separated out from HWJV into a Mining JV.
  - Mining JV can elect to Mine, Process, Toll Mill or Sell.

## Exploration Planning

As a HWJV participant, Alloy has a good understanding of the exploration completed by the Joint Venture and hence expects the management handover to be relatively straight forward.

Under Alloy management some exploration priorities will change whereby there will be equal focus on the discovery of both large new gold deposits as well as smaller high grade deposits.

There are numerous existing prospects in both the southern Horse and northern Dawn target areas as shown on Figure 2.

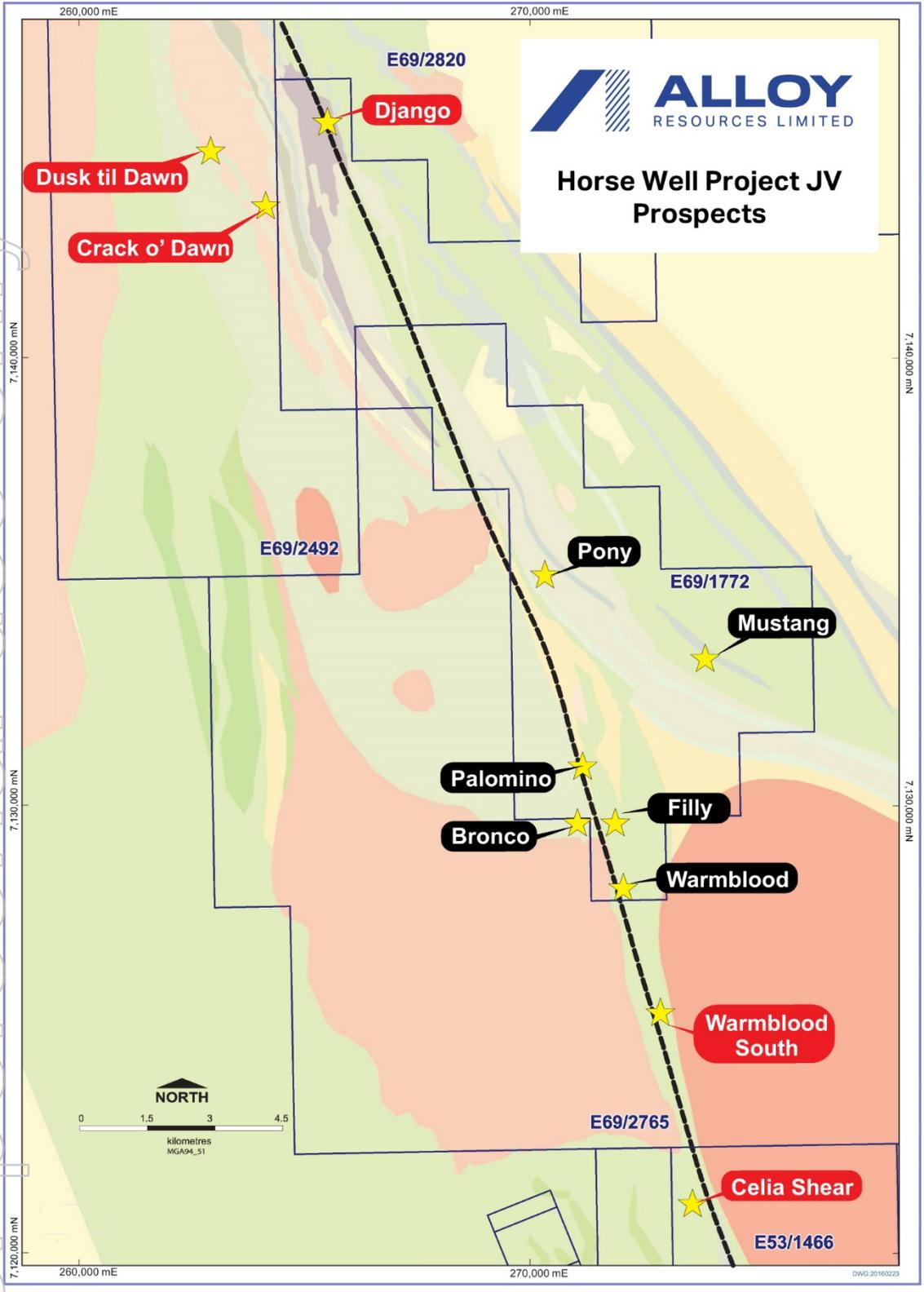
In the northern Dawn prospects area the JV completed extensive first pass Air core drilling on a 800 metre line spacing and 160 metre hole spacing. This work has defined gold mineralised trends beneath transported cover and as shown in Figure 3 has outlined three strike extensive anomalies (at >50ppbAu) (*Refer ASX release dated 16 January 2017*). Interestingly the central and eastern anomalies are associated with newly defined intrusive granitoids along the prospective Celia Shear.

A new area of interest has emerged from exploration results by Overland Resources Limited at their Coralie Jean prospect located at the most southern end of the HWJV as shown on Figure 4.

In effect the HWJV is extremely prospective along its entire 60 kilometre strike with the central Celia Shear structure focussing extensive gold mineralisation.

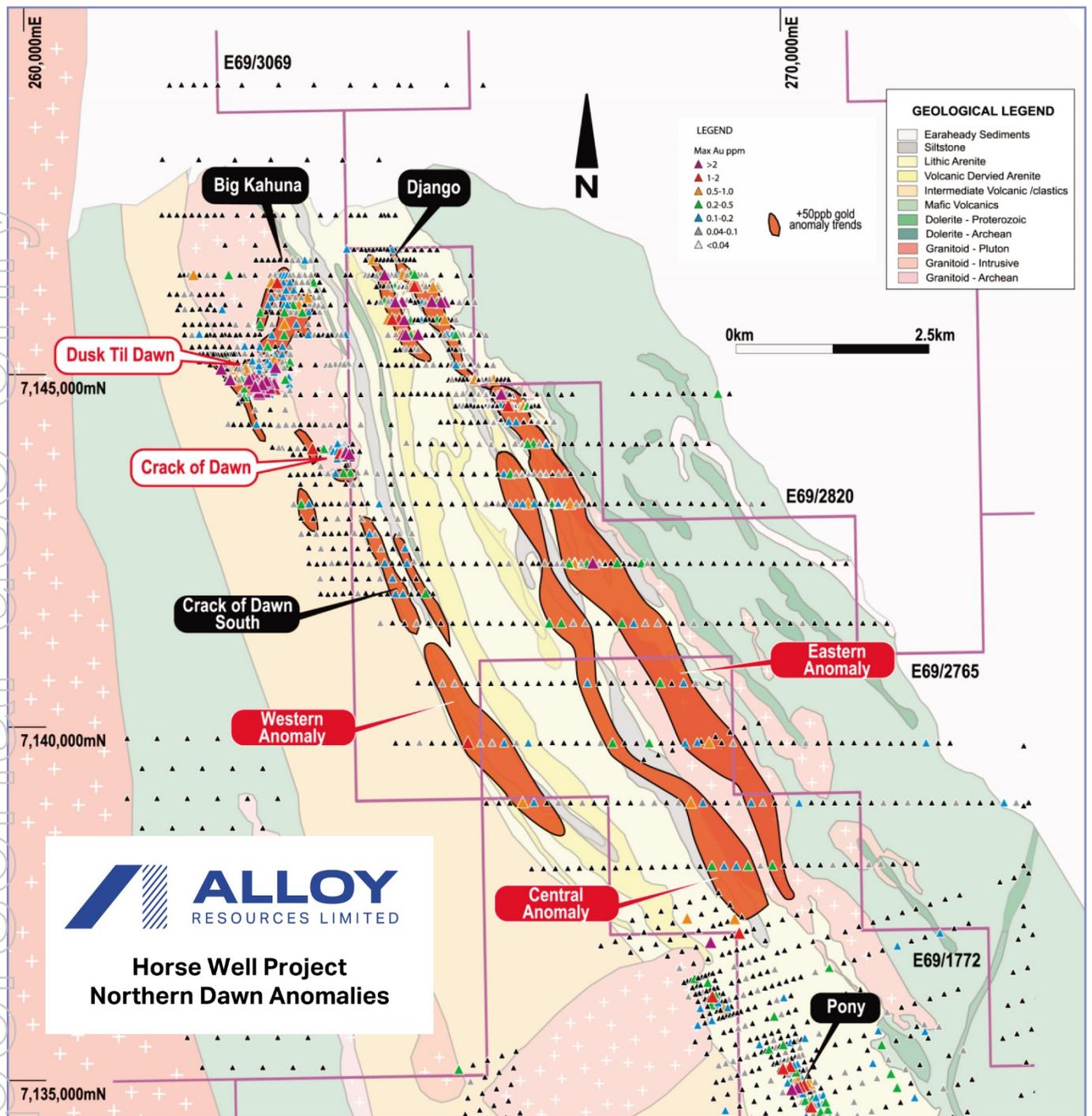
The Company looks forward to informing the market of its exploration programs as they commence.





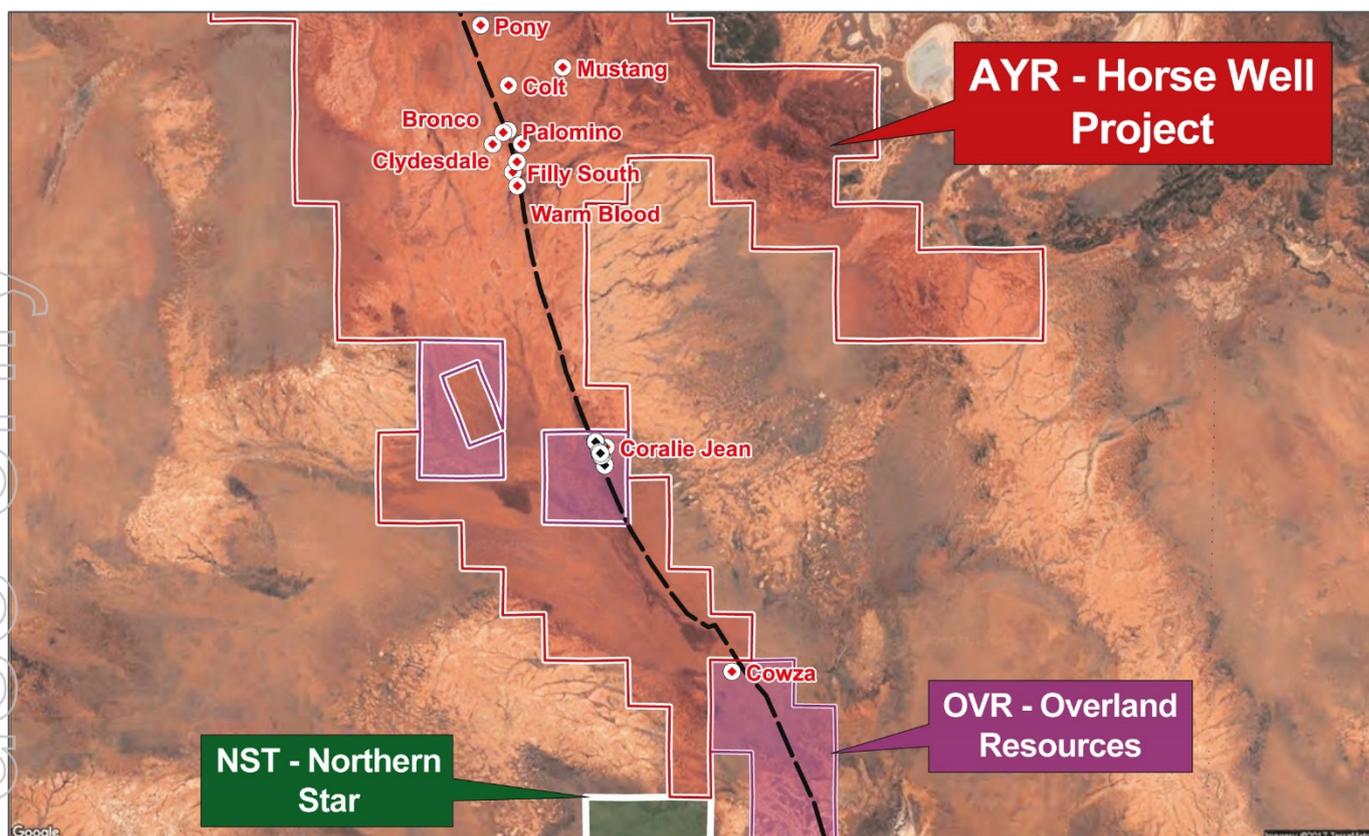
**Figure 2** Horse Well JV prospect locations on Geology





**Figure 3** Northern Dawn area with prospects and air-core drill anomalies prospect locations on Geology





**Figure 4** Warmblood South area with prospects and new Coralie Jean prospect location on Google Earth image

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#### 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.



## Mineral Resources

Table 1: Horse Well Inferred Resource – October 2015

Area	Tonnes	Grade (g/t)	Ounces
Palomino	554,000	2.45	43,600
Filly SW	85,800	8.24	22,700
Filly	206,000	1.32	8,700
<b>TOTAL</b>	<b>846,000</b>	<b>2.76</b>	<b>75,100</b>

Notes:

- All figures are rounded to reflect appropriate levels of confidence. Apparent differences may occur due to rounding.
- The cut-off grades for all Resources are; 0.50 g/t for Oxide, 0.75 g/t for Transition and 1.00 g/t for Fresh weathering classifications.
- Resources have been defined in an A\$1,800 per ounce Whittle optimal shell.
- The Inferred Resource has been estimated using appropriate high grade cuts, minimum mining widths and dilutions (see Appendix 1, Table 1, Section 3 for details).

