

Alloy

RESOURCES LIMITED

ABN 20 109 361 195

INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

Corporate Directory

Directors

Mr Andrew Viner	Executive Chairman
Mr Kevin Hart	Non-Executive Director
Mr Andre Marschke	Non-Executive Director

Company Secretary

Mr Kevin Hart

Principal and Registered Office

Suite 6, 7 The Esplanade
Mt Pleasant, Western Australia 6153
Telephone: (08) 9316 9100
Facsimile: (08) 9315 5475
Website: www.alloyres.com

Auditor

KPMG
235 St George's Terrace
Perth, Western Australia 6000

Share Registry

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross, Western Australia 6153

Stock Exchange Listing

The Company's shares are quoted on the Australian Securities Exchange.
The Home Exchange is Perth, Western Australia.

ASX Code

AYR – Ordinary shares

Contents Page

	Page
Directors' Report	1 - 2
Auditor's Independence Declaration	3
Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income	4
Condensed Consolidated Interim Statement of Financial Position	5
Condensed Consolidated Interim Statement of Changes in Equity	6
Condensed Consolidated Interim Statement of Cash Flows	7
Notes to the Condensed Consolidated Interim Financial Report	8 - 11
Directors' Declaration	12
Independent Auditor's Review Report	13

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 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 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 that materially affects the information included in the relevant ASX releases and the form and content of the announcements have not been materially modified. In the case of estimates of Mineral Resources, the Company confirms that all material assumptions and technical parameters underpinning the relevant market announcement, continue to apply and have not materially changed.

Directors' Report

The Directors present their report on Alloy Resources Limited and the entities it controlled at the end of, or during the half-year ended 31 December 2014 and the review report thereon.

Directors

The following persons were directors of Alloy Resources Limited during the whole of the half-year and up to the date of this report:

Mr Andrew Viner
Mr Kevin Hart
Mr Andre Marschke

Results of Operations

The consolidated net loss after income tax for the half-year year was \$277,942 (31 December 2013: \$324,361). Included in the loss is share based payments expense/(reversal) related to directors' remuneration of (\$4,042) (31 December 2013: expense \$60,123), and \$100,000 proceeds from the sale of Barrytown.

Financial Position

At the end of the period the consolidated entity had \$501,403 (30 June 2014: \$433,157) in cash and at call deposits. Capitalised mineral exploration and evaluation expenditure asset is \$4,351,979 (30 June 2014: \$4,395,725).

Expenditure on exploration and evaluation expenditure during the half year was \$140,075 and was principally focused on the Horse Well Project and new project development.

Review of Exploration

HORSE WELL GOLD PROJECT

Farm-in partner Doray Minerals has continued to actively explore the project during the period, with completion of the initial approved program and then infill drilling of anomalous areas with Diamond, RC, and Air core drilling.

Positive results have been received from the Dusk til Dawn area, and a number of regional air-core anomalies have also been generated.

Upon receipt of assay results from the recently completed RC drill program it is anticipated that Doray will continue exploration with follow-up RC and air-core drilling, infilling and extending drill coverage over known and conceptual targets. Heritage and DMP clearances will be required for a majority of this work.

MARTINS WELL

On 28 January 2015 the Company made a release to the ASX outlining a new exploration project secured in South Australia which is prospective for Copper, Silver and Gold.

The Martin's Well Project meets the Company's criteria of a low cost entry, high potential and drill ready targets and the ability to undertake a quick and cost effective assessment with the potential for a significant new discovery.

The primary target is the Mammoth Black Ridge prospect where over 2 kilometres of outcropping iron gossans are present. Historical rock chip sampling results show consistent anomalous values of 0.1 to 0.5% Copper, and recent mineralogical studies indicate the iron is derived from the weathering of massive pyrite. Extreme leaching of sulphides is evidenced by massive botryoidal and mammalian goethite formation in the gossans and drilling will be required to test below this weathering and leaching profile.

Unverified historical shaft (1892) sampling at Mammoth Black Ridge is recorded as locating a 0.8 metre wide 'quartz lode' sample containing 16% metallic Copper, 166 oz/t Silver and 0.5 oz/t mill-able Gold at 90 feet (30 metres) in a cross-cut through the structure. Drilling will be focussed on testing this area.

Historical exploration reports have been thoroughly reviewed and apart from rock chip and stream sediment sampling, very little drilling has been completed within the project. Two drill collars with discarded core were observed at the Mammoth Black Ridge, prospect located some 50 to 70 metres west of the gossan outcrops, however no records have been located for these holes to date.

The Company will apply 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, is available for successful applicants. If successful, a drilling grant may be secured for the exploration drilling planned for April.

Modest finders fees are payable to the Vendor in order to acquire a 90% interest with 2 years of the grant of the tenement.

BARRYTOWN

On 4 December 2014 the Company announced that it had completed the first stage of the sale of an 80% interest in the Barrytown Mineral Sands Project to farm-in partner Pacific Mineral Resources Limited for \$100,000. Not later than 12 months after the granting of the tenement extension, a final payment is due for the remaining 20% interest being either \$200,000 cash or \$300,000 worth of shares in a listed entity which owns (directly or indirectly) the mining permit. If the payment of Alloy's final 20% interest is not completed then Alloy will be free-carried until completion of a pre-feasibility study in relation to the mining permit.

Corporate

During the period ended 31 December 2014, the Company successfully raised a total of \$316,999 (before costs) through a non-renounceable entitlement issue (announced on 20 November 2014), by the issue of 45,285,652 ordinary fully paid shares at 0.7 cents per share and 22,642,821 attaching options, exercisable at 1.5 cents expiring on 31 December 2015.

Auditors Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act is set out on page 3 and forms part of the directors' report for the six months ended 31 December 2014.

This report is made in accordance with a resolution of the Directors.

DATED at Perth this 12th day of March 2015.



Andrew Viner
Executive Chairman



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Alloy Resources Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2014 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

David Sinclair
Partner

Perth

12 March 2015

**Condensed Consolidated Interim Statement of Profit or Loss and Other
Comprehensive Income
For the half-year ended 31 December 2014**

		Consolidated	
		31	31
		December	December
		2014	2013
	Note	\$	\$
Other income	2	100,000	-
Expenses			
Directors Fees		(36,402)	(37,335)
Depreciation and amortisation		(889)	(509)
Occupancy expenses		(15,570)	(14,635)
Accounting and administrative expenses		(105,743)	(116,173)
Directors remuneration – Share based payments		4,042	(60,123)
Employee expenses		(24,387)	(32,555)
Insurance		(6,175)	(6,418)
Other expenses		(11,973)	(13,829)
Exploration costs impaired		(183,821)	(47,757)
Results from operating activities		(280,918)	(329,334)
Finance income		2,976	4,973
Loss before income tax	3	(277,942)	(324,361)
Income tax expense		-	-
Loss for the period		(277,942)	(324,361)
Other comprehensive income for the period		-	-
Total comprehensive profit/(loss) for the period		(277,942)	(324,361)
Earnings per share:			
Loss per share		(0.06) cents	(0.09) cents
Diluted loss per share		(0.06) cents	(0.09) cents

The above condensed consolidated interim statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

**Condensed Consolidated Interim Statement of Financial Position
As at 31 December 2014**

		Consolidated	
		31 December 2014 \$	30 June 2014 \$
Current assets			
Cash and cash equivalents		501,403	433,157
Trade receivables		3,778	1,494
Other current assets		4,533	10,442
Total current assets		509,714	445,093
Non- current assets			
Property, plant and equipment		-	889
Capitalised mineral exploration and evaluation expenditure	5	4,351,979	4,395,725
Total non-current assets		4,351,979	4,396,614
Total assets		4,861,693	4,841,707
Current liabilities			
Trade and other payables		54,378	80,431
Provisions		38,619	37,106
Total current liabilities		92,997	117,537
Total liabilities		92,997	117,537
Net assets		4,768,696	4,724,170
Equity			
Issued capital	6	14,373,406	14,011,896
Accumulated losses		(9,710,112)	(9,432,170)
Reserves		105,402	144,444
Total equity		4,768,696	4,724,170

The above condensed consolidated interim statement of financial position should be read in conjunction with the accompanying notes.

**Condensed Consolidated Interim Statement of Changes in Equity
For the half-year ended 31 December 2014**

	Share Capital	Accumulated losses	Equity Remuneration Reserve	Total
Consolidated	\$	\$	\$	\$
Balance as at 1 July 2014	14,011,896	(9,432,170)	144,444	4,724,170
Profit/(loss) for the period	-	(277,942)	-	(277,942)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	-	(277,942)	-	(277,942)
Transfer from equity remuneration reserve	35,000	-	(35,000)	-
Share based payment expense/(reversal)	-	-	(4,042)	(4,042)
Transactions with equity holders in their capacity as equity holders:				
Issue of shares	341,999	-	-	341,999
Transaction costs of equity issued	(15,489)	-	-	(15,489)
Balance as at 31 December 2014	14,373,406	(9,710,112)	105,402	4,768,696

	Share Capital	Accumulated losses	Equity Remuneration Reserve	Total
Consolidated	\$	\$	\$	\$
Balance as at 1 July 2013	12,853,611	(8,943,562)	107,258	4,017,307
Loss for the period	-	(324,361)	-	(324,361)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	-	(324,361)	-	(324,361)
Transfer in equity remuneration reserve	35,000	-	(35,000)	-
Share based payment expense	-	-	66,400	66,400
Transactions with equity holders in their capacity as equity holders:				
Issue of shares	1,194,142	-	-	1,194,142
Transaction costs of equity issued	(68,357)	-	-	(68,357)
Balance as at 31 December 2013	14,014,396	(9,267,923)	138,658	4,885,131

The above condensed consolidated interim statement of changes in equity should be read in conjunction with the accompanying notes.

Condensed Consolidated Interim Statement of Cash Flows
For the half-year ended 31 December 2014

	Consolidated	
	31 December 2014 \$	31 December 2013 \$
Cash flows from operating activities		
Interest received	2,976	4,973
Payments to suppliers and employees	(220,144)	(249,237)
Net cash used in operating activities	(217,168)	(244,264)
Cash flows from investing activities		
Payments for exploration and evaluation	(219,149)	(551,151)
Re-imbusement of Farm-in expenditure	103,053	-
Barrytown sale proceeds	100,000	-
Net cash used in investing activities	(16,096)	(551,151)
Cash flows from financing activities		
Proceeds from issue of shares and shares to be issued	316,999	1,144,142
Payments for share issue costs	(15,489)	(62,080)
Net cash provided by financing activities	301,510	1,082,062
Net increase in cash held	68,246	286,647
Cash and cash equivalents at the beginning of the period	433,157	324,706
Cash and cash equivalents at the end of the period	501,403	611,353

The above condensed consolidated interim statement of cash flows should be read in conjunction with the accompanying notes.

**Notes to the Condensed Consolidated Interim Financial Report
For the half-year ended 31 December 2014**

Note 1 Summary of significant accounting policies

(a) Reporting entity

Alloy Resources Limited (the "Company") is a company domiciled in Australia. The condensed consolidated interim financial report of the Company as at and for the half year ended 31 December 2014 comprises the Company and its subsidiaries (together referred to as the "consolidated entity").

The consolidated annual financial report of the consolidated entity as at and for the year ended 30 June 2014 is available upon request from the Company's registered office at Suite 6, 7 The Esplanade, Mt Pleasant, Perth or at www.alloyres.com.

(b) Statement of compliance

The condensed consolidated interim financial report is a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This condensed consolidated interim financial report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as complete an understanding of the financial performance, financial position and cash flows of the Company as the annual financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2014 and any public announcements made by the consolidated entity during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The condensed consolidated interim financial report was approved by the Board of Directors on 12th March 2015.

(c) Going concern

The directors have prepared the financial statements on a going concern basis which contemplates the realisation of assets and the payment of liabilities in the normal course of business. The Group has no debt obligations. The Group has a working capital surplus of \$416,717 as at 31 December 2014 and had net cash inflows of \$68,246 (including net proceeds of share issues of \$336,510). The Group incurred a loss for the half year of \$277,942.

On 23 May 2014 the Company announced that it had entered into a \$4 million farm-in agreement with Doray Minerals Limited for the Horsewell Gold Project. Under the terms of the Farm-in agreement Doray can spend up to \$2 million within 2 years to earn a 60% interest in the project with a minimum \$900,000 non-withdrawal commitment. Doray Minerals Limited will meet all the Department of Mineral's expenditure commitments during this time.

**Notes to the Condensed Consolidated Interim Financial Report
For the half-year ended 31 December 2014**

Note 1 Summary of significant accounting policies (continued)

(c) Going concern continued

The directors have reviewed the Group's financial position and forecast cash flows and reasonably expect that the Group will be able to raise additional funds as required to meet future costs associated with its operating and exploration activities for at least the next 12 months. The directors are therefore of the opinion that the use of the going concern basis is appropriate in the circumstances.

Should the Group not be successful in obtaining adequate funding or cash inflows are not as planned, there is material uncertainty as to the ability of the Group to continue as a going concern and to realise and extinguish its liabilities in the ordinary course of business.

(d) Significant accounting policies

Except as described below, the accounting policies applied by the Group in the condensed consolidated interim financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30 June 2014.

(e) Estimates

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. In preparing this consolidated interim financial report, the significant judgements made by management in applying the consolidated entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2014.

Note 2 Other Income

	Consolidated	
	31 December 2014 \$	31 December 2013 \$
Barrytown sale proceeds	100,000	-
	100,000	-

On 4 December 2014 the Company announced that it had completed the first stage of the sale of an 80% interest in the Barrytown Mineral Sands Project to farm-in partner Pacific Mineral Resources Limited for \$100,000. Not later than 12 months after the granting of the tenement extension, a final payment is due for the remaining 20% interest being either \$200,000 cash or \$300,000 worth of shares in a listed entity which owns (directly or indirectly) the mining permit. If the payment of Alloy's final 20% interest is not completed then Alloy will be free-carried until completion of a pre-feasibility study in relation to the mining permit.

**Notes to the Condensed Consolidated Interim Financial Report
For the half-year ended 31 December 2014**

Note 3 Loss for the half-year

	Consolidated	
	Dec 2014	Dec 2013
	\$	\$
<i>Loss before income tax includes the following specific expenses:</i>		
Depreciation		
Office Equipment	(889)	(509)
Rental expenses on operating leases	(15,570)	(14,634)
	(15,570)	(14,634)

Note 4 Dividends

No dividends were paid or proposed during the half year ended 31 December 2014.

The Company has no franking credits available as at 31 December 2014.

Note 5 Capitalised mineral exploration and evaluation expenditure

	Dec 2014	June 2014
	\$	\$
<i>In the exploration and evaluation phase</i>		
Cost brought forward	4,395,725	3,737,186
Exploration expenditure incurred during the year	140,075	819,738
Proceeds from farm-in agreements	(103,053)	(100,000)
Exploration expenditure written off during the year	(183,821)	(61,199)
Cost carried forward	4,351,979	4,395,725

Expenditure written off during the year amounting to \$183,821 consists of amounts that do not meet the carry forward criteria. The Directors have performed an assessment of the carry forward criteria and have determined to impair all deferred exploration expenditure other than the Horsewell Gold Project and Martin's Well.

The recoverability of the carrying amount of the capitalised exploration and evaluation assets is dependent upon the successful development and commercial exploitation or alternatively sale of the respective areas of interest.

**Notes to the Condensed Consolidated Interim Financial Report
For the half-year ended 31 December 2014**

Note 6 Contributed equity

		Company			
		31 December 2014		31 December 2013	
		No.	\$	No.	\$
Issued share capital		489,582,646	14,373,406	440,005,338	14,014,396
<i>Share movements during the period</i>					
	<i>Issue price</i>				
At the beginning of the period		440,005,338	14,011,896	273,670,937	12,853,611
Tenement acquisition	\$0.008	3,125,000	25,000		
Entitlement issue	\$0.007	45,285,652	316,999	-	-
Exercise of performance share rights	-	1,166,666	35,000	1,166,667	35,000
Share Purchase Plan	\$0.005	-	-	32,400,000	162,000
Placement	\$0.005	-	-	10,000,000	50,000
Placement	\$0.008	-	-	35,000,000	280,000
Entitlement issue	\$0.008	-	-	87,767,734	702,142
Capital raising costs		-	(15,489)		(68,357)
At the end of the period		489,582,656	14,373,406	440,005,338	14,014,396

Note 7 Options

On 22 December 2014, the Company granted 22,642,821 unlisted options exercisable on or before 31 December 2015 at 1.5 cents each as part of the non-renounceable entitlement issue announced on 20 November 2014.

Note 8 Segment information

The Group has identified its operating segments based on the internal reports that are reviewed by the Board in assessing performance and determining the appropriate allocation of the Group's resources. The Group also has had regard to the qualitative thresholds for the determination of operating segments.

For management purposes the Group is organised into one operating segment, which involves mineral exploration and development in Australia. The Group's principle activities are interrelated and the Group has revenue from a farm-in on the Company's main exploration asset.

All significant operating decisions are based upon analysis of the Company as one segment. The financial results of this segment are equivalent to the financial statements of the Company as a whole.

The accounting policies applied for internal reporting purposes are consistent with those applied in preparation of the financial statements

Note 9 Events occurring after the balance sheet date

There has not arisen in the interval between the end of the period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

Directors' Declaration

In the opinion of the Directors of Alloy Resources Limited ("the Company")

- (a) the financial statements and notes set out on pages 4 to 11 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards and the Corporations Regulations 2001 and AASB 134 Interim Financial Reporting, and
 - (ii) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2014 and of its performance, for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

Signed at Perth this 12th day of March 2015.

A handwritten signature in black ink, consisting of a stylized 'A' followed by a long horizontal stroke.

Andrew Viner
Executive Chairman



Independent auditor's review report to the members of Alloy Resources Limited

We have reviewed the accompanying interim financial report of Alloy Resources Limited, which comprises the condensed consolidated interim statement of financial position as at 31 December 2014, condensed consolidated interim statement of profit or loss and other comprehensive income, condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows for the interim period ended on that date, notes 1 to 9 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the interim financial report

The directors of the Company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Alloy Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Alloy Resources Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material uncertainty regarding continuation as a going concern

Without modifying our conclusion, we draw attention to note 1(c) of the interim financial report. The matters set forth in note 1(c) indicate the existence of material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business and as at the amounts stated in the financial report.

KPMG

David Sinclair
Partner

Perth

12 March 2015