

ABN 20 109 361 195

ASX Release

28 October 2015

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Issued Capital

Shares:

492,707,646

Unlisted Options:

31,642,821

ASX Symbol: AYR

September 2015

Quarterly Activities Report

HIGHLIGHTS

HORSE WELL GOLD PROJECT – W.A

- Farmin partner Doray Minerals Limited actively committed to exploration during the quarter and is expected to reach 60% earn in around the end of 2015 calendar year.
- An infill 18 hole RC drill program for 3,940 metres completed at the Dusk til Dawn prospect defines a thick zone of gold mineralisation characterised by;
 - More zones of high-grade mineralisation intersected in RC Drill Hole DDRC014;
16 metres @ 7.2 g/t Au from 109mdh, including 6 metres @ 16.3 g/t from 116mdh
 - Numerous holes intersected thick moderate grade gold mineralisation such as Hole DDRC015;
44 metres @ 1.4 g/t Au from 122mdh.
- In late October Doray commenced a substantial 15,500 metre air-core drill program testing regional targets in the northern part of the Horse Well Project.
- Alloy has independently re-estimated Mineral Resources so that they are now reported in accordance with JORC 2012 requirements.

CORPORATE

- The Company has recently informed the market that firm placement commitments have been received from professional and sophisticated investors to raise \$700,000 before costs through a new share issue. Bell Potter Securities Limited acted as Lead Manager to the Placement.
- The Company continues to maintain a low cost base to meet the current market conditions.

HORSE WELL GOLD PROJECT

Farm-in partner Doray Minerals Limited ('Doray') completed exploration RC drilling at the Dusk til Dawn prospect and also commenced a large regional air-core drill program at the project during the quarter, following which the \$1 million second stage Farm-in expenditure to earn a 60% interest in the Horse Well project (Figure 1) will be completed.

The Company is very pleased, following the recent capital raising, to look forward to contributing its 40% interest of exploration expenditure during the \$2 million stage 3 Joint Venture commitment during the 2016 calendar year.

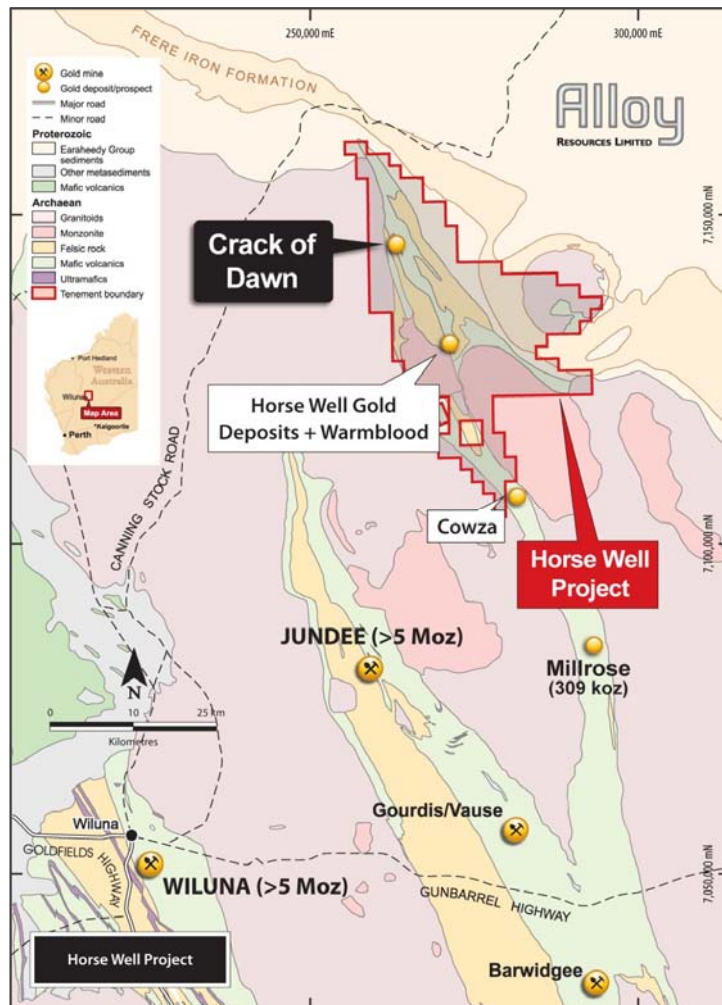


Figure 1 Horse Well location on regional geology

COMPLETED EXPLORATION

Joint Venture partner Doray Minerals Limited has completed the following activities;

1. Reviewed all geological data from 2014 exploration
2. Completed infill RC drilling over the Dusk til Dawn primary and supergene mineralisation.
3. Completed Heritage surveying to cover planned aircore drilling in both the north and south of the Project.
4. Planned new and follow-up aircore drilling to test regional targets in the Crack of Dawn area. This program will comprise approximately 15,500 metres of drilling and commenced in late October.

Dusk til Dawn RC drilling (as reported to the ASX on 21 October 2015)

The Dusk til Dawn Prospect is in the Crack of Dawn region of the Horse Well JV Project and is located at the extreme northern end of the Archaean Yilgarn Craton, close to the on-lap of the Proterozoic Earahedy Basin (see Figure 1). Dusk til Dawn occurs in a structural embayment on the western edge of a granitoid body (see Figure 2), in a similar setting to the Granny Smith gold deposit.

Doray previously announced the potential for a new greenfields gold discovery at Dusk til Dawn, following a number of significant drill intersections up to **65m @ 2.6g/t Au, including 13m @ 8.17g/t Au** (see ASX release dated 10 December 2014). The recently completed RC drill programme was designed to further systematically drill this gold mineralisation, in order to provide a robust 3-dimensional orientation on the mineralisation and controlling geological features. A total of 18 holes for 3,940m of RC were drilled in this programme.

Drilling intersected a host geology package consisting of steeply dipping dacitic and andesitic intermediate volcanic rocks. A wide, moderately NE dipping shear zone is developed, with orientation thought to be controlled by the nearby granitic intrusive body. Mineralisation intersected is characterised by biotite and silica alteration of host volcanic units and a broader pyrite mineralised envelope is also present within the mineralised system.

In addition, two zones of shallower flat-lying supergene mineralisation have also been defined, reflecting the position of redox fronts within the weathering profile. Figures 3 and 4 highlight the mineralisation intersected at Dusk 'til Dawn to date.

Significant assay results received from the recent drilling include:

- DDRC014 – **16m @ 7.2g/t Au** from 109mdh, including **6m @ 16.3g/t Au** from 116mdh
 - DDRC015 – **44m @ 1.4g/t Au** from 122mdh, including **3m @ 6.2g/t Au** from 150mdh
 - DDRC011 – **31m @ 1.2g/t Au** from 153mdh
 - DDRC012 – **24m @ 1.6g/t Au** from 190mdh, including **4m @ 4.0g/t Au** from 200mdh
 - DDRC016 – **28m @ 1.5g/t Au** from 148mdh
 - DDRC017 – **14m @ 2.0g/t Au** from 41mdh, including **4m @ 4.4g/t Au** from 46mdh
 - DDRC018 – **14m @ 1.5g/t Au** from 33mdh;
- and - **9m @ 2.1g/t Au** from 98mdh, including **2m @ 4.9g/t Au** from 103mdh

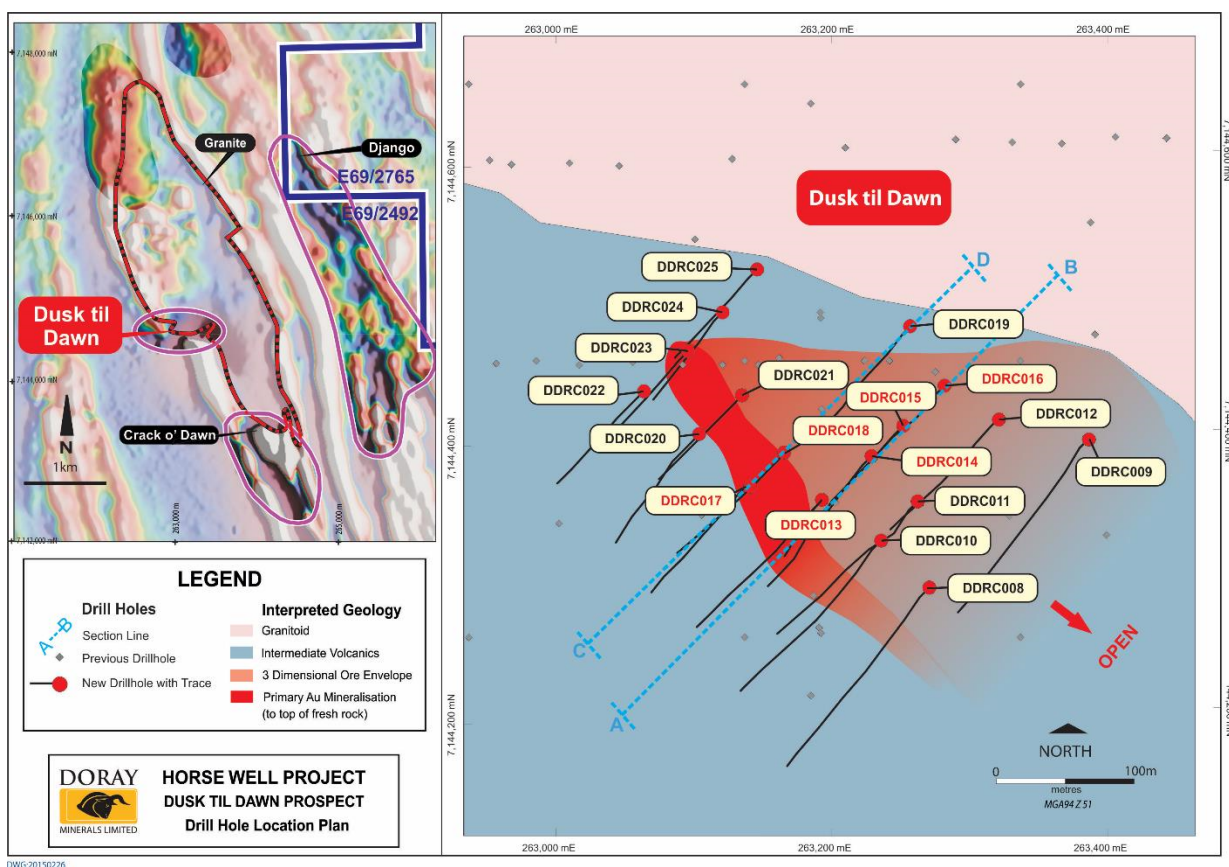


Figure 2 Dusk til Dawn prospect, RC Drilling location diagram, including targets around the northern Horse Well project area. Note the cross section location lines

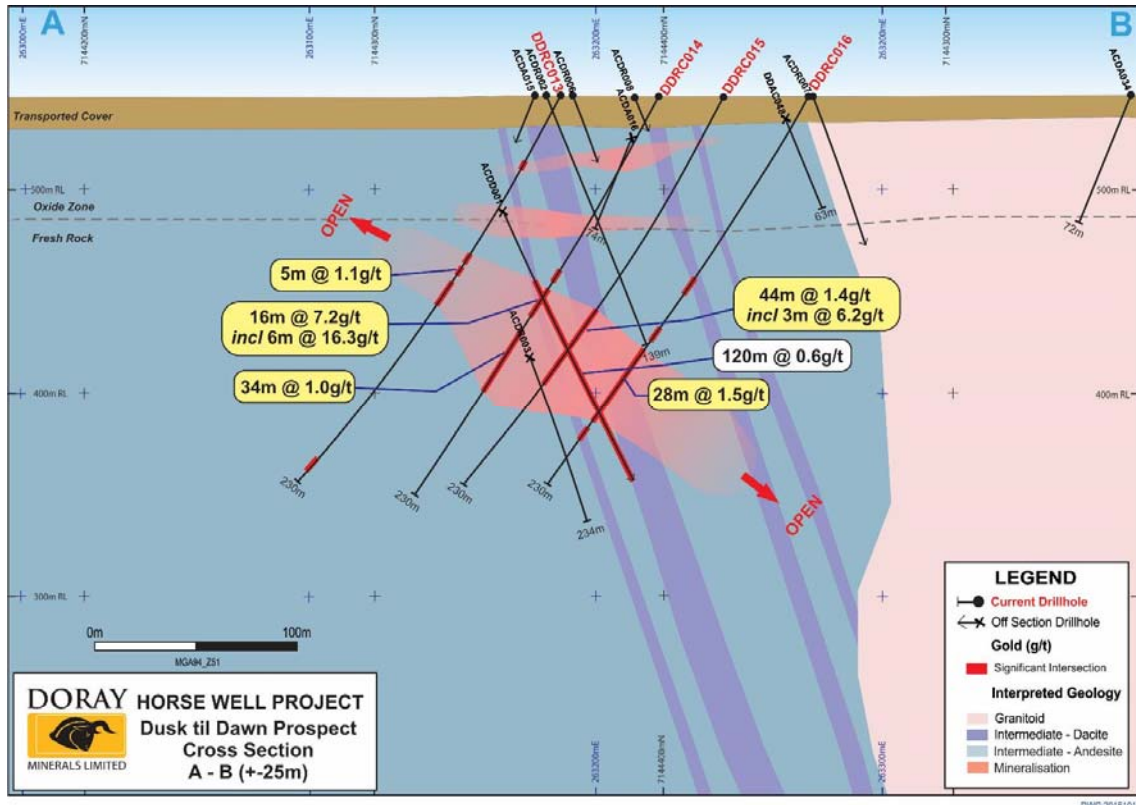


Figure 3 Dusk til Dawn prospect, RC Drill section A-B

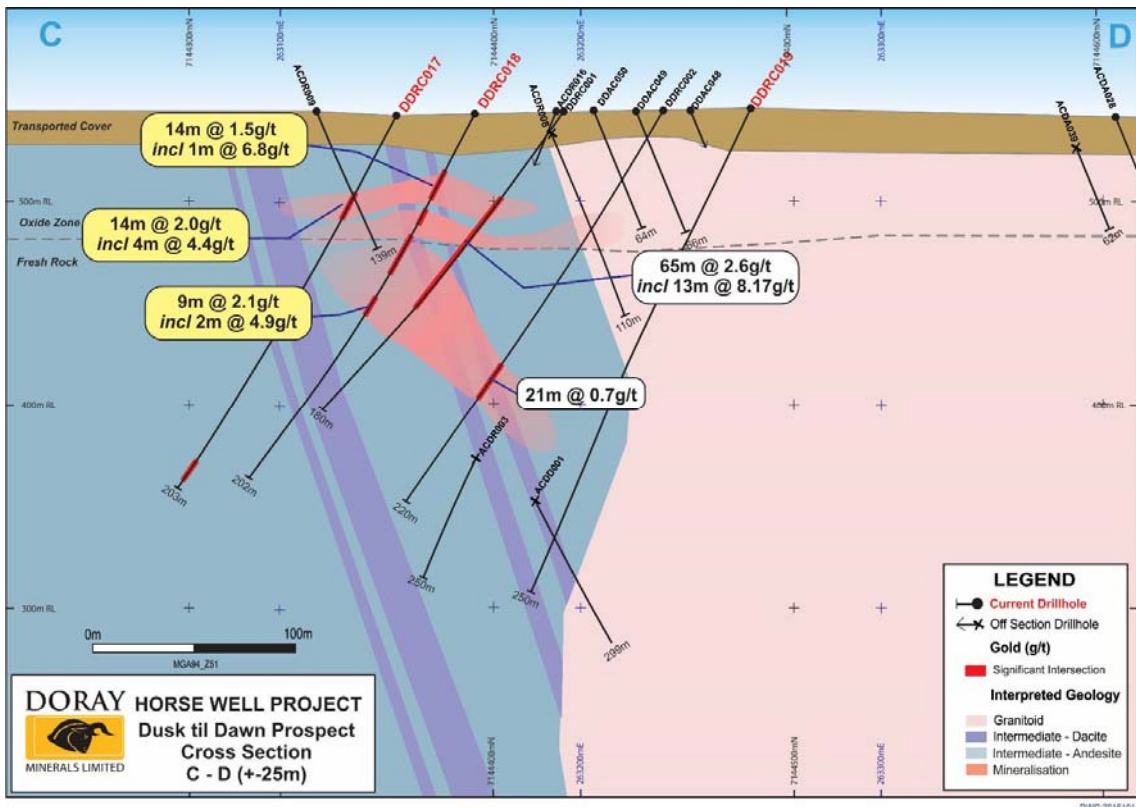


Figure 4 Dusk til Dawn prospect, RC Drill section C-D

The drill programme not only successfully confirmed the orientation and tenor of mineralisation at Dusk til Dawn, but has also confirmed the presence of significant mineralised fluids over a wide area within the broader northern Horse Well project area. This has enhanced the overall project prospectivity and potential to host significant gold endowment, with Dusk ‘til Dawn the first discovery amongst several prospects to be tested.

PLANNED EXPLORATION

Following on from this successful programme, Doray is actively pursuing a number of additional earlier-stage targets within the northern end of the broader Horse Well project area (see Figure 2). To this end, a significant aircore drilling programme is commencing this week, with a planned 15,500m of drilling.

This air core drilling programme will test other favourable gold targets around the Dusk 'til Dawn granite body, including:

- a potential footwall zone at Dusk 'til Dawn,
- additional "look-alike" conceptual targets to Dusk 'til Dawn, and
- the "Django" prospect (formerly the "T-06" target) that has returned anomalous gold results from a single line of aircore drilling carried out by Doray last year.

The drilling programme is expected to take approximately 6 weeks to complete.

MINERAL RESOURCE STATEMENT

The Company's Mineral Resource Statement has been compiled and is reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC 2012 Edition) and Chapter 5 of the ASX Listing Rules and ASX Guidance Note 31. Appendix 1 to this report contains JORC sections 1-3 explanations.

Horse Well has an Inferred Resource of 846,000 tonnes at a grade of 2.76g/t for 75,100 ounces as defined in Table 1 below.

The Company has no Ore Reserve estimates.

Table 1: Horse Well Inferred Resource

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
TOTAL	846,000	2.76	75,100

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).

Resource Estimate Summaries

There has been a 25% reduction to the total gold inventory for the Horse Well Gold Project based on a review of the JORC 2004 Mineral Resource estimates, application of the Company's current economic hurdles and relevant compliance of data as required under the JORC 2012 guidelines.

The current gold Mineral Resources at Horse Well, including details of changes necessary for compliance with JORC 2012, are listed in Table 2 below,.

Table 2: 2015 Horse Well Mineral Resource Comparison

PROSPECT	JORC 2012				JORC 2004		
	JORC CATEGORY	TONNES	GRADE (g/t Au)	OUNCES Au	TONNES	GRADE (g/t Au)	OUNCES Au
Palomino	indicated				656,000	2.52	53,150
	Inferred	554,000	2.45	43,600	105,000	3.71	12,525
Bronco	indicated				41,400	1.59	2,117
	Inferred						
Filly	indicated				161,300	1.56	8,091
	Inferred	206,000	1.32	8,700			
Filly SW	indicated				90,400	7.85	22,817
	Inferred	85,800	8.24	22,700			
Total		846,000	2.76	75,100	1,054,100	2.91	98,700

(This information was prepared and first disclosed under the JORC Code 2004 and has now been updated to report in accordance with the JORC Code 2012 on the basis of the prior information that has not materially changed since the last JORC 2004 estimate.)

New areas of gold mineralisation defined by drilling, in particular at the Warmblood and Dusk til Dawn prospects, have not yet had new mineral resource estimates completed.

MARTINS WELL PROJECT

The Martins Well Project is located in the north-eastern Flinders Ranges of South Australia. The Company is targeting high-grade copper-silver-gold and also lead-zinc in mesothermal structural deposits. The Company has one granted Exploration Licence of 850 square kilometres.

No active exploration was completed during the quarter.

BARRYTOWN (20%)

The Barrytown Mineral Sands Project is being operated by partner Pacific Mineral Resources Limited. During the quarter the Company received confirmation on 15 October 2015 from the NZ Government that a four year Extension of Term, to the 25 November 2018, has been granted.

A final payment of either \$200,000 cash or AUD \$300,000 in listed entity shares is due to Alloy within 12 months after the granting of the Minerals Exploration Permit Extension.

PROJECT GENERATION

The Company has pegged approximately 155 square kilometres of Exploration Licence applications in the Edjudina area located 150 kilometres east of Kalgoorlie. This area is regarded as prospective for high grade gold mineralisation.

A new Exploration Licence application has also been made in the Millrose area, located approximately 25 kilometres south of the Horse Well Project.

Numerous projects have also been assessed for purchase or farmin, and a number of opportunities were reviewed in more detail.

CORPORATE

The Company has continued to maintain minimal operating cost expenditure to meet the current market conditions.

As at the release of this report, firm placement commitments have been received from professional and sophisticated investors to raise \$700,000 before costs. Bell Potter Securities Limited acted as Lead Manager to the Placement. The Placement of 100,000,000 ordinary fully paid shares at 0.7 cents each will be completed within the Company's 15% placement capacity under ASX Listing Rule 7.1 and 10% placement capacity under ASX listing Rule 7.1A

Proceeds from the placement will be used to fund exploration and evaluation programs at the Company's projects and provide working capital.

For further information contact:

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Executive Chairman.

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COMPETENT PERSONS STATEMENT

Mineral Resources

The information in this report that relates to mineral resources is based on information compiled by Dr. S. Carras FAusIMM of Carras Mining Pty Ltd. Dr. Carras has 35 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 2012 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.

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 or data that materially affects the information in the relevant ASX releases and the form and context of the announcement has not materially changed

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
(All tenements registered to Alloy Resources Limited except where noted below)				
Horse Well				
Eskay Resources Pty Ltd 100%	WA	E69/1772	100%	100%+
<i>(Eskay Resources Pty Ltd is a wholly owned subsidiary of Alloy Resources Limited)</i>				
Alloy Resources Limited - Granted	WA	E53/1466	100%	100%+
Alloy Resources Limited - Granted	WA	E53/1471	100%	100%+
Alloy Resources Limited - Granted	WA	P53/1524	100%	100%+
Alloy Resources Limited - Granted	WA	P53/1525	100%	100%+
Alloy Resources Limited - Granted	WA	P53/1526	100%	100%+
Alloy Resources Limited - Granted	WA	E69/2765	100%	100%+
Alloy Resources Limited - Granted	WA	E69/3069	100%	100%+
Wayne Jones – Alloy Earned Interest ^ <i>Awaiting transfer of interest</i>	WA	E69/2492	100%^	100%^+
Phosphate Australia Limited	WA	E69/2820	80%	80%+
<i>+ subject to Doray farmin Agreement</i>				
Millrose				
Alloy Resources Limited - Application	WA	E53/1839	0%	0%
Edjudina				
Alloy Resources Limited - Application	WA	E39/1858	0%	withdrawn
Alloy Resources Limited - Application	WA	E31/1095	0%	0%
Alloy Resources Limited - Application	WA	E31/1105	0%	0%
Alloy Resources Limited - Application	WA	E31/1106	0%	0%
Alloy Resources Limited - Application	WA	E53/1888	0%	0%
Barrytown Mineral Sands Project				
Alloy Resources Limited - Granted	New Zealand	EL 51803	20%	20%**
<i>** Subject to farm-out and Sale Agreement to Pacific Mineral Resources</i>				
Martins Well				
Alloy Resources Limited - Granted	SA	EL 5577	0%	100%#
<i># Subject to 90% earn-in Agreement</i>				

APPENDIX 1

JORC Code, 2012 Edition – Table 1

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. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. Aspects of the determination of mineralisation that are Material to the Public Report. 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"> The Palomino Deposit and areas outside of Palomino referred to as Filly SW, Filly and Bronco have been drilled predominately with Reverse Circulation (RC) drilling. Some diamond core has been completed. The methods of drilling and sampling are industry standard. (Much of the information relating to the Deposit evaluation is taken from the Normandy Jundee Operation 2000 Palomino Deposit Report, as available from Department of Mining and Petroleum and referred to as PALDEP in this report. Other comments are based on Annual Reports to the Mines Department)
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"> The Palomino Deposit has been drilled predominantly with Reverse Circulation (RC) drilling. Two diamond core holes have also been drilled (EMCHWDH1 and EMCHWDH2). The diamond core holes and 236 RC holes only have been used in the Resource estimation. For Filly SW, Filly and Bronco the drilling is mostly RC.
Drill sample recovery	<ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed. Measures taken to maximise sample recovery and ensure representative nature of the samples. 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"> Information relating to sample recovery was not available.
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 	<ul style="list-style-type: none"> The drillholes were logged and logging has been recorded and viewed in Annual Reports submitted to the Mines Department.

Criteria	JORC Code explanation	Commentary
	<p><i>Mineral Resource estimation, mining studies and metallurgical studies.</i></p> <ul style="list-style-type: none"> <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i> <i>The total length and percentage of the relevant intersections logged.</i> 	<ul style="list-style-type: none"> Logging is qualitative in nature. Some diamond core has been photographed. No metallurgical testwork has been carried out.
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i> <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i> <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i> <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i> <i>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.</i> <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i> 	<ul style="list-style-type: none"> Reverse Circulation cuttings are sampled in one metre increments and a four metre composite sample submitted for initial assay. Any four metre composite sample that returns a gold grade of 0.1g/t, or better, or has intersected a structural target has the one metre samples submitted for assay. Samples are recovered via cyclone under high pressure and split using a riffle splitter from an original 35kg to a 2-3kg sample for laboratory submission. All samples are geologically logged and a sample condition record is also kept. RC chip sample trays are retained. The core is cut with a diamond saw with half being submitted for assay. Sample lengths vary and are based on the geology of the core. The remainder of the core is stored at the site core farm.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i> <i>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.</i> <i>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.</i> 	<ul style="list-style-type: none"> Samples have been assayed by Analabs (Welshpool), Australian Assay Laboratories (Kalgoorlie) and Leonora Laverton Assay Laboratories (Leonora) by Aqua Regia and Fire Assay to detection limits of 0.02 and 0.01ppm respectively. Blank and standard samples are submitted to the laboratory on a regular basis and the returned results monitored. Sample duplicates are also submitted for approximately every 100 metres of drilling with duplicates preferentially taken through ore zones. The Laboratories used provide regular quality control report detailing their performance against standards and blanks and any interlaboratory checks. The majority of assays are Aqua Regia with AAS finish with some fire assay checks.

Criteria	JORC Code explanation	Commentary
		<ul style="list-style-type: none"> No comparison of Aqua Regia versus fire assay data quality has been found. Analysis of QA/QC data has not been found.
Verification of sampling and assaying	<ul style="list-style-type: none"> The verification of significant intersections by either independent or alternative company personnel. The use of twinned holes. Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. Discuss any adjustment to assay data. 	<ul style="list-style-type: none"> Deliberate twinning of drillholes has not been carried out. There have not been any adjustments to assay data in the current study, nor has there been any previous evidence of this in documents viewed.
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. Specification of the grid system used. Quality and adequacy of topographic control. 	<ul style="list-style-type: none"> Data points have been surveyed using differential GPS. There is no evidence of downhole survey checks.
Data spacing and distribution	<ul style="list-style-type: none"> Data spacing for reporting of Exploration Results. 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. Whether sample compositing has been applied. 	<ul style="list-style-type: none"> The Palomino and Filly SW Resource areas have been drilled on 25m x 25m spacing. The Filly Resource has been drilled on 25m x 50m spacing. Samples are on 1m length.
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. 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"> Drilling appears to cut the mineralized structures at an optimal angle and does not appear to be drilling down structure. It is unlikely that the drilling orientation has introduced a sampling bias.
Sample security	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<ul style="list-style-type: none"> The data was originally maintained by Eagle Mining Corporation and forwarded to Normandy Jundee Operation.
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"> There have been no historic reviews of such data available.

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 encompasses a number of Exploration and Prospecting Licences including Exploration License E69/1772 which contains the defined Mineral Resources. Alloy has a 100% interest in EL69/1772 and this lease together with all Project leases is subject to a Farming Agreement with Doray Minerals who can earn a maximum 80% interest by specified expenditure prior to May 2017. E69/1772 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 the defined Mineral Resources. The Project Tenements are in good standing with the WA DMP.
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 of the Mineral Resources was mostly done prior to Alloy including RAB, air-core, RC and Diamond drilling completed in the mid – 1990s, all of which had been sampled, assayed, and logged and records held by the Alloy.
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"> The Mineral Resources have been estimated a number of times since the Company acquired the mineral licences and the current work only applies new criteria to this previously utilized and reported data in order to meet JORC 2012 guidelines.
Data aggregation methods	<ul style="list-style-type: none"> 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. Where aggregate intercepts incorporate short lengths of high grade 	<ul style="list-style-type: none"> No new Exploration Results are being reported

Criteria	JORC Code explanation	Commentary
	<p>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.</p> <ul style="list-style-type: none"> The assumptions used for any reporting of metal equivalent values should be clearly stated. 	
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. 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'). 	<ul style="list-style-type: none"> No new Exploration Results are being reported
Diagrams	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> No new Exploration Results are being reported
Balanced reporting	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> No new Exploration Results are being reported
Other substantive exploration data	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> No new Exploration Results are being reported
Further work	<ul style="list-style-type: none"> The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive. 	<ul style="list-style-type: none"> Further Work is unknown and will be scheduled by Farmin partner Doray Minerals

Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Database integrity	<ul style="list-style-type: none"> Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes. Data validation procedures used. 	<ul style="list-style-type: none"> The drilling database was originally held by Eagle Mining Corporation and was passed on to Great Central Mines Limited and then became part of the Normandy Jundee Operation. Original drillhole data was found in Department of Mining and Petroleum, Annual Report.
Site visits	<ul style="list-style-type: none"> Comment on any site visits undertaken by the Competent Person and the outcome of those visits. If no site visits have been undertaken indicate why this is the case. 	<ul style="list-style-type: none"> The Author visited the Palomino Deposit in 1999 at the request of Great Central Mines Limited.
Geological interpretation	<ul style="list-style-type: none"> Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit. Nature of the data used and of any assumptions made. The effect, if any, of alternative interpretations on Mineral Resource estimation. The use of geology in guiding and controlling Mineral Resource estimation. The factors affecting continuity both of grade and geology. 	<ul style="list-style-type: none"> Horse Well is located approximately 50km Northwest of Jundee (Figure 1) in the northernmost part of the Millrose Greenstone Belt, which is bounded to the east and west by granite and to the north by Proterozoic sediments (Figure 2). The Horse Well prospect lies at a widening of the greenstone belt and diverging stratigraphy at the northern end of a large external granitoid. The dominant lithotype in the north of the prospect is fine grained metasediments with intercalated basalt, felsic and BIF units. In the south of the prospect basalt predominates. There are also several small internal granitoids throughout. Structurally the area is dominated by a series of NW magnetic units, which are interpreted to be emplaced by imbricate thrust faulting. These units are often displaced by a series of later NE brittle fractures, some of which host dolerite dykes. <p>Horse Well occurs on and between two splayed shears that combine into one. Going south that becomes the Celia Shear Zone on the eastern edge of the Millrose Belt. The western splay is the main shear zone, being about 500m wide. It is marked by a prominent linear magnetic unit on its eastern edge and both Filly South and Bronco prospects occur within it. The prospects occur on a NW-SE bend in the shear zone. The Proterozoic Dyke kinks NE-SW through the shear zone due to competency contrast. The eastern, minor, shear splays from the major shear about 500m south of the Filly South prospect and runs north, forming the western boundary to Filly, before turning NNW-SSE and running into the Palomino area. The shears re-unite 1.5km north of Palomino.</p>

Criteria	JORC Code explanation	Commentary
		<p>The mineralised zone is co-incident with the interpreted minor shear zone from magnetics and strikes NNW-SSE. The high grade is located where the zone bends slightly more N-S. The ore appears to be concentrated in less deformed lithons of basalt and dolerite between strands of chlorite schist that make up the shear zone. A prominent shoot control was defined by the 1999 drilling phase, plunging moderately (45 degrees) to the north.</p> <ul style="list-style-type: none"> The Palomino Deposit consists of a number of very narrow veins. Wireframes were produced for the base of Oxide and the top of Fresh rock. No stand-alone geological model was produced.
Dimensions	<ul style="list-style-type: none"> The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource. 	<ul style="list-style-type: none"> Palomino Strike: 300m Width: 200m Depth: 130m Areas Outside of Palomino Strike: 150m Width: 100m Depth: 80m
Estimation and modelling techniques	<ul style="list-style-type: none"> The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used. The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data. The assumptions made regarding recovery of by-products. Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation). In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed. Any assumptions behind modelling of selective mining units. Any assumptions about correlation between variables. 	<p>THE FOLLOWING APPLIES TO THE PALOMINO DEPOSIT:</p> <ul style="list-style-type: none"> A statistical analysis was carried out to determine the high grade cuts of 30g/t in Oxide, 30g/t in Transition and 50g/t in Fresh. A process of Intersection Selection was carried out using the following parameters to produce an undiluted model: <ul style="list-style-type: none"> Oxide: <ul style="list-style-type: none"> Cut-off Grade: 0.50g/t Minimum Mining Width: 1m Horizontal Internal Dilution: 1m No Edge Dilution Transition: <ul style="list-style-type: none"> Cut-off Grade: 0.75g/t Minimum Mining Width: 2m Horizontal

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> • <i>Description of how the geological interpretation was used to control the resource estimates.</i> • <i>Discussion of basis for using or not using grade cutting or capping.</i> • <i>The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.</i> 	<ul style="list-style-type: none"> ○ Internal Dilution: 2m ○ No Edge Dilution <ul style="list-style-type: none"> • Fresh: <ul style="list-style-type: none"> ○ Cut-off Grade: 1.00g/t ○ Minimum Mining Width: 2m Horizontal ○ Internal Dilution: 2m ○ No Edge Dilution • The Intersection Selection results were used to wireframe the orebody. • Variograms had been produced in PALDEP and these were used to develop the final search parameters. • In Block Modelling the following parameters were used: <p style="margin-left: 20px;">Extents (Surpac Convention)</p> <p style="margin-left: 20px;">Y: 19547.5N – 20202.5N X: 5050E – 5540E Z: 250mRL – 600mRL</p> <p style="margin-left: 20px;">Block Size</p> <p style="margin-left: 20px;">Y: 5m X: 0.5m Z: 2.5m</p> <p style="margin-left: 20px;">Fill Parameters</p> <p style="margin-left: 20px;">The following fill parameters were based on the PALDEP report:</p> <p style="margin-left: 20px;">Search Size:</p> <p style="margin-left: 20px;"><u>Oxide</u></p>

Criteria	JORC Code explanation	Commentary
		<p>All Shapes Except Shapes 29 and 30: 30m Along Strike 20m Down Dip 5m Downhole</p> <p>Shapes 29 and 30: 80m Along Strike 20m Down Dip 5m Downhole</p> <p><u>Transition</u></p> <p>All Shapes Except Shapes 11, 29 and 30: 30m Along Strike 20m Down Dip 5m Downhole</p> <p>Shapes 11, 29 and 30: 80m Along Strike 20m Down Dip 5m Downhole</p> <p><u>Fresh</u></p> <p>All Shapes Except Shapes 11 and 30: 30m Along Strike 20m Down Dip 5m Downhole</p> <p>Shapes 11 and 30: 80m Along Strike 30m Down Dip 5m Downhole</p> <p>Interpolation Power: ID² i.e, the inverse distance squared method of interpolation was used.</p> <p>Minimum Points: 1 Maximum Points: 32</p>

Criteria	JORC Code explanation	Commentary
		<p>Discretisation: Each Block was discretised according to the following:</p> <p>Y: 2 X: 1 Z: 2</p> <p>Search Direction: Strike 350° North Dip Sub Vertical</p> <ul style="list-style-type: none"> • The Block Models were then diluted using the following dilutions: <ul style="list-style-type: none"> • Oxide: 0.5m on either edge • Transition: 1.0m on either edge • Fresh: 1.5m on either edge • Modelling was carried out using Surpac and Carras Mining Pty Ltd dilution software. • The diluted models were then optimized in an Aust \$1,800 per ounce Whittle shell. • Pit Slopes: <ul style="list-style-type: none"> ○ Oxide: 37° ○ Transition: 45° ○ Fresh: 53° • No pit design was carried out. • Material falling inside the pit was then reported as an Inferred Resource. • There has been no assumption on selective mining as the approach is to maximize the tonnage mined. This is due to the narrow nature of the loads. • In September 2000 a Resource Study was produced by the Normandy Jundee Operation for the Palomino Deposit. The Resources stated in this report as very similar to those produced when comparing equivalent areas.

Criteria	JORC Code explanation	Commentary
		<ul style="list-style-type: none"> • There are no deleterious by-products. <p>RESOURCES OTHER THAN THE PALOMINO DEPOSIT</p> <ul style="list-style-type: none"> • For Resources other than the Palomino Deposit the following parameters were used: <ul style="list-style-type: none"> • The same high grade cuts were applied as for the Palomino Deposit. • Intersection Selection was run using the following parameters for Oxide, Transition and Fresh: <ul style="list-style-type: none"> ○ Cut-off Grade: 0.2g/t ○ Minimum Mining Width: 2.5m Horizontal ○ Internal Dilution: 2m ○ No Edge Dilution • Intersection Selection results were then wireframed. • The Palomino Deposit variography was used as an initial guide and the search parameters had to be extended to allow for wider drill spacings. • The following Block Modelling parameters were used: <p style="margin-left: 40px;">Extents (Surpac Convention)</p> <p style="margin-left: 40px;">Y: 17800N – 20600N X: 4300E – 5900E Z: 200mRL – 600mRL</p> <p style="margin-left: 40px;">Block Size</p> <p style="margin-left: 40px;">Y: 5m X: 2m Z: 1m</p> <p style="margin-left: 40px;">The following fill parameters were used:</p> <p style="margin-left: 40px;">Search Size:</p>

Criteria	JORC Code explanation	Commentary
		<p>100m Along Strike 50m Down Dip 5m Downhole</p> <p>Interpolation Power: ID³ i.e. the inverse distance cubed method of interpolation was used to constrain the high grade more tightly</p> <p>Minimum Points: 1 Maximum Points: 32</p> <p>Discretisation: Each Block was discretised according to the following:</p> <p>Y: 1 X: 1 Z: 1</p> <p>Search Direction: Strike 350° North Dip Sub Vertical</p>
Moisture	<ul style="list-style-type: none"> Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content. 	<ul style="list-style-type: none"> The tonnages are estimated on a dry basis.
Cut-off parameters	<ul style="list-style-type: none"> The basis of the adopted cut-off grade(s) or quality parameters applied. 	<ul style="list-style-type: none"> The adopted cut-off grades were based on assumptions of milling costs. The projects would be amenable to trucking to a mill.
Mining factors or assumptions	<ul style="list-style-type: none"> Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made. 	<ul style="list-style-type: none"> It has been assumed that there will be limited attempts made to selectively mine the ore and that the ore will incur maximum dilution. It would be mined using typical Eastern Goldfields open pit methodologies.
Metallurgical factors or assumptions	<ul style="list-style-type: none"> The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions 	<ul style="list-style-type: none"> A metallurgical recovery of 92% has been assumed. No testwork results were available.

Criteria	JORC Code explanation	Commentary
	<p><i>regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.</i></p>	
<p>Environmental factors or assumptions</p>	<ul style="list-style-type: none"> Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made. 	<ul style="list-style-type: none"> It is proposed that this ore would need to be trucked to a milling site as there is insufficient material to establish an on-site milling operation. It would only be necessary to establish waste dumps. At this stage, there is no environmental impact study completed.
<p>Bulk density</p>	<ul style="list-style-type: none"> Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples. The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit. Discuss assumptions for bulk density estimates used in the evaluation process of the different materials. 	<ul style="list-style-type: none"> The following bulk densities have been assumed: <ul style="list-style-type: none"> Oxide: 1.8 Transition: 2.3 Fresh: 2.8
<p>Classification</p>	<ul style="list-style-type: none"> The basis for the classification of the Mineral Resources into varying confidence categories. Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data). Whether the result appropriately reflects the Competent Person's view of the deposit. 	<ul style="list-style-type: none"> The Palomino and Filly SW Resource areas have been drilled on 25m x 25m spacing. The Filly Resource has been drilled on 25m x 50m spacing. The Palomino and Filly SW Deposits are adequately drilled to have been defined as Indicated using drilling density only as a criteria. However a number of issues remain unresolved with the base data: <ul style="list-style-type: none"> Analysis of QA/QC data is not available, even though QA/QC was carried out. It appears that Aqua Regia with an AAS finish has been the main method of assaying with some fire assays carried out on selected intervals (this may have resulted in an under-evaluation of the grade of some deeper material.) Metallurgical Recovery is assumed.

Criteria	JORC Code explanation	Commentary
		<ul style="list-style-type: none"> ○ Rock density is assumed. ○ The veracity of the database has not been checked against the original laboratory sheets. The database was managed by reputable mining companies. ○ There is no evidence of downhole survey checks and some drillholes appear curved.
Audits or reviews	<ul style="list-style-type: none"> • <i>The results of any audits or reviews of Mineral Resource estimates.</i> 	<ul style="list-style-type: none"> • The Resource for the Palomino Deposit was carried out by the Normandy Jundee Operation in September 2000 and the results are very similar to those obtained in comparable areas of this report.
Discussion of relative accuracy/confidence	<ul style="list-style-type: none"> • <i>Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.</i> • <i>The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.</i> • <i>These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.</i> 	<ul style="list-style-type: none"> • The deposits in this report are typical of Eastern Goldfields gold deposits and as such show high variability at the local scale. At a global scale accuracy would be far better. • The Resources have all been stated in the Inferred category due to issues raised in the 'Classification' Commentary above.