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Issued Capital

Shares:
592,707,646

Unlisted Options:
9,000,000

ASX Symbol: AYR

HORSE WELL GOLD PROJECT

– Aircore Drilling Discovers Large New Gold Mineralised Trends

SUMMARY

Alloy Resources Limited (ASX: **AYR**, **Alloy** or the **Company**) wishes to advise the market that managing Joint Venture partner Doray Minerals Limited (ASX:DRM, Doray) has today released results from regional air-core drilling completed at the Horse Well Gold Project in the December 2015 Quarter. Doray have now earned a 60% interest in the project and Alloy is funding its 40% interest.

KEY POINTS;

Doray completed an extensive regional air-core drill program to test for geochemical gold anomalism beneath the sand covered Crack of Dawn regional target, located in the north of the Project area.

The drilling was extremely successful in highlighting several prospective areas with extensive coherent +100ppb Au anomalism.

Of particular note was results returned from drilling at the major T-06 magnetic anomaly which has been renamed the Django Prospect, where two coherent trends have been delineated;

- One covering an area of **1.5km x 250m** with a best result of;
**22 metres @ 1.4 g/t Au from 36mdh, including
8 metres @ 4.2 g/t from 48mdh**
- A second parallel trend covering an area of **3km x 200m**
- Gold mineralisation occurs as a supergene blanket overlying probable bedrock hosted mineralisation.

A number of other emerging mineralised trends are present adjacent to Dusk til Dawn and south and west of the Crack of Dawn prospects.

PLANNED WORK;

The Joint Venture is planning an aggressive exploration programme at the Project;

- Heritage surveys and other regulatory approvals are in progress,
- Infill air-core drilling of the Django anomalies planned for the March quarter (approximately 5,300 metres),
- Air-core drilling of prospective areas of the Celia Shear zone south of Warmblood prospect (approximately 9,000 metres),
- RC drill testing of identified priority air-core anomalies in the June Quarter (up to 4,500 metres).

Comment

Alloy Executive Chairman, Andy Viner, commented “The Horse Well Project is living up to the expectations of both Joint Venture partners, with the new Django discovery being a very exciting development. We always believed this area could host a large gold alteration system based on the ‘de-magnetised’ signature of the bedrock and confluence of structures here, and it looks like this is the case. I would not be surprised if further testing extends the anomalous trends further north and south.”

“The tenor of air-core results in the range of 0.1 – 0.3 g/t and mostly at a supergene level is exactly what we saw at the Dusk til Dawn discovery, so this augers very well for the potential to discover similar gold mineralisation within these Django trends” he said.

Exploration Results

Drill Program

Doray have completed a substantial air-core drill program of 241 holes for 14,740 metres over the northern Crack of Dawn area of the Project (Figure 1).

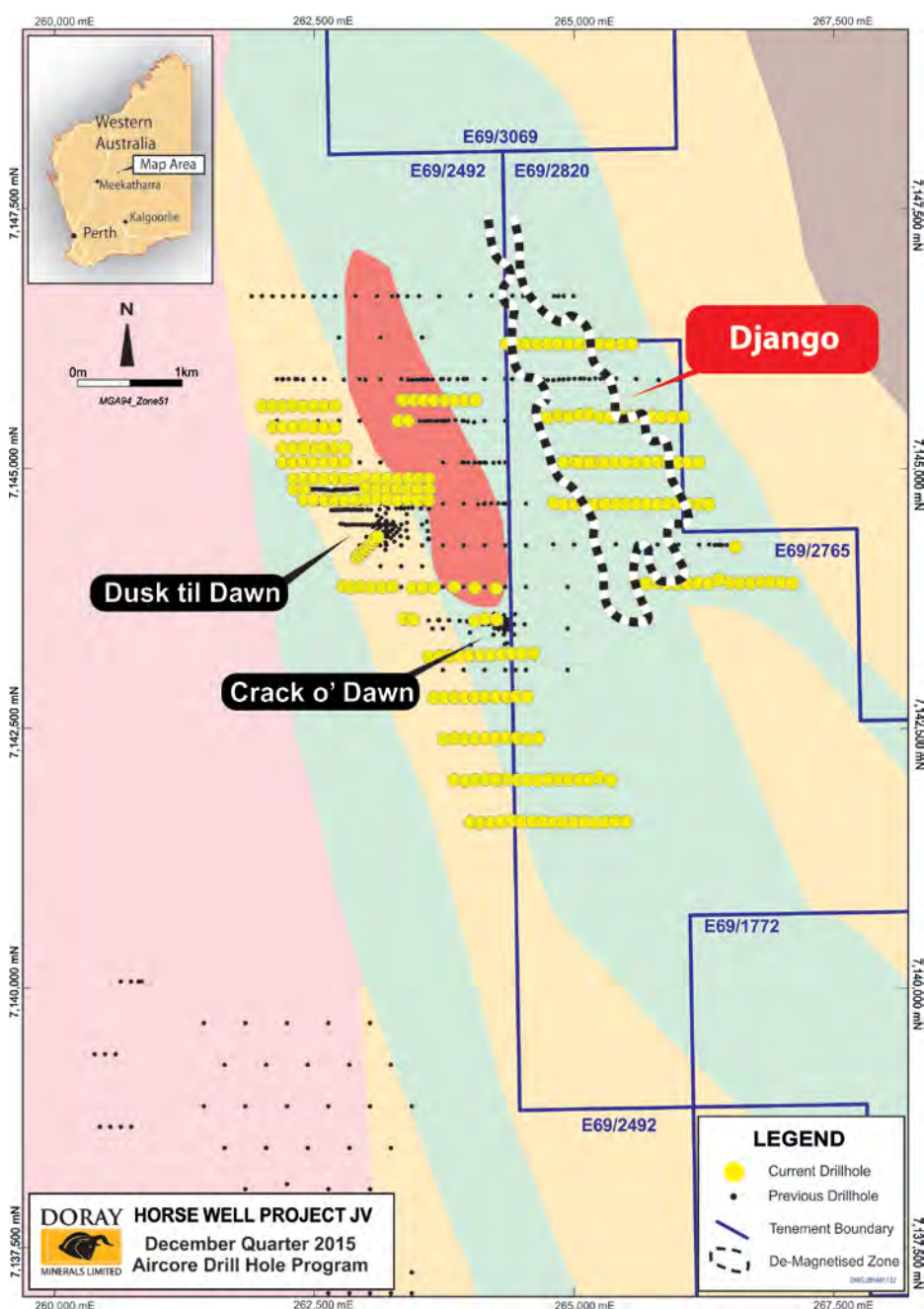


Figure 1 Horse Well Project – December Quarter regional Air-core drill hole location map

The drilling was designed to be systematic in order to define geochemical trends within interpreted geological target areas. In particular the programs tested for;

1. A potential footwall zone at Dusk 'til Dawn.
2. Additional 'look-alike' conceptual targets to Dusk 'til Dawn, and
3. The "Django" prospect (formally the "T-06" target) that has returned anomalous gold results from a single line of air-core drilling carried out by Doray in FY 2015.

Drill Results

Drilling was generally completed on a 400 metre by 100 metre pattern, and some infill along lines to 50 metre spacing. This density is normally sufficient to show sub-surface geochemical trends in areas where transported cover precludes surface soil sampling.

Django Prospect

The key result from the drill program was the definition of extensive +100ppb Au gold anomalism in two coherent trends at the Django prospect. Previously, 1.6 km spaced lines had indicated that strong alteration and some gold anomalism existed in the area, and the latest drilling has now confirmed the presence of two parallel trends as shown in Figure 2.

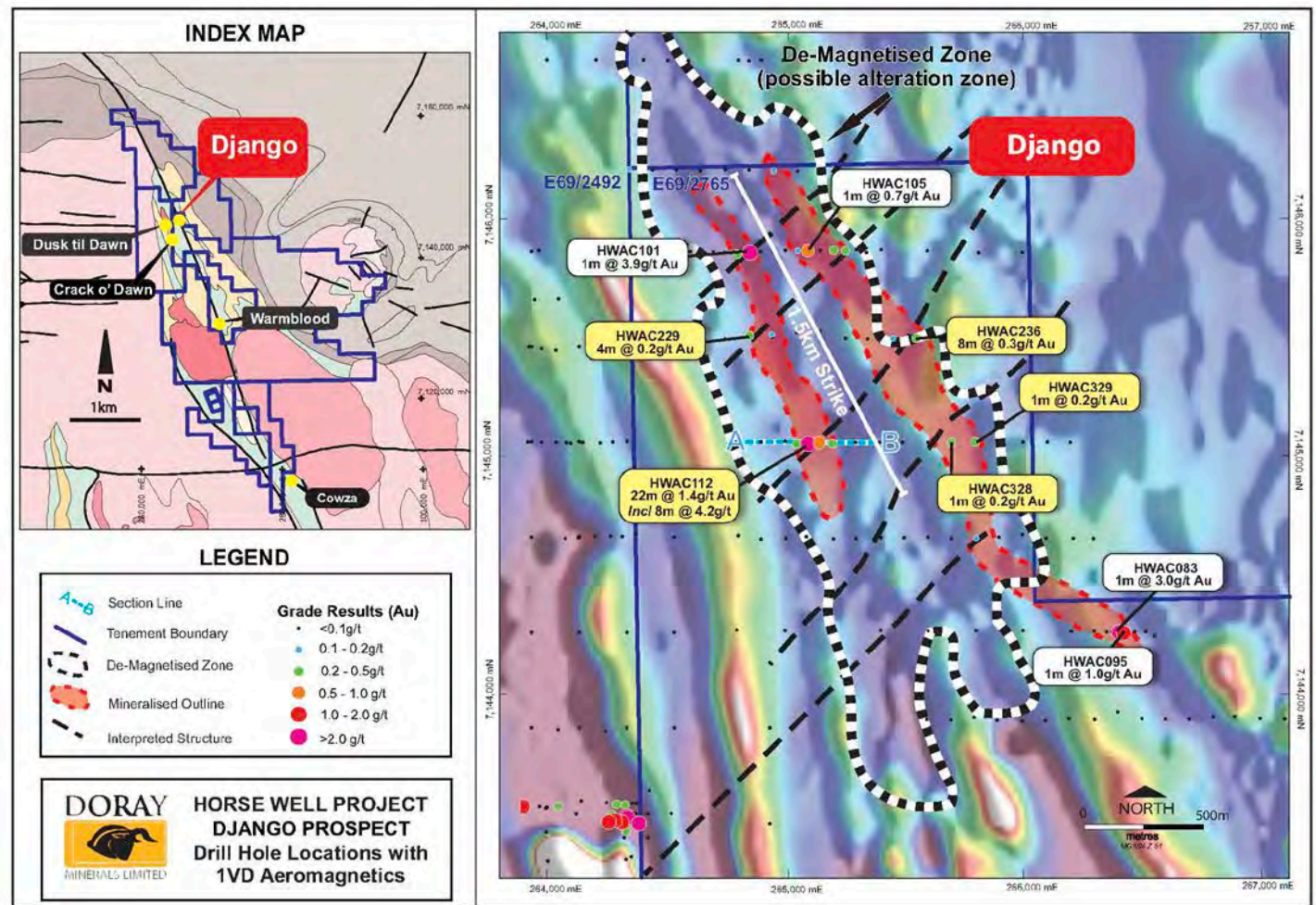


Figure 2 Django Prospect - aircore drilling anomalism and significant intercepts over 1vd aeromagnetics

The defined trends appear to correspond very well to a prospective structural corridor and an associated demagnetised zone (possibly representing a large alteration halo) interpreted from airborne magnetics.

The western trend extends over a strike length of at least 1.5km and a width of 250 metres. Figure 3 shows a cross section, A-B, through hole HWAC 112 (22 metres @ 1.4 g/t) and illustrates how anomalism at Django

forms a consistent 'mushroom' at the redox front within the weathering profile, which could be resulting from supergene processes above bedrock hosted gold mineralisation.

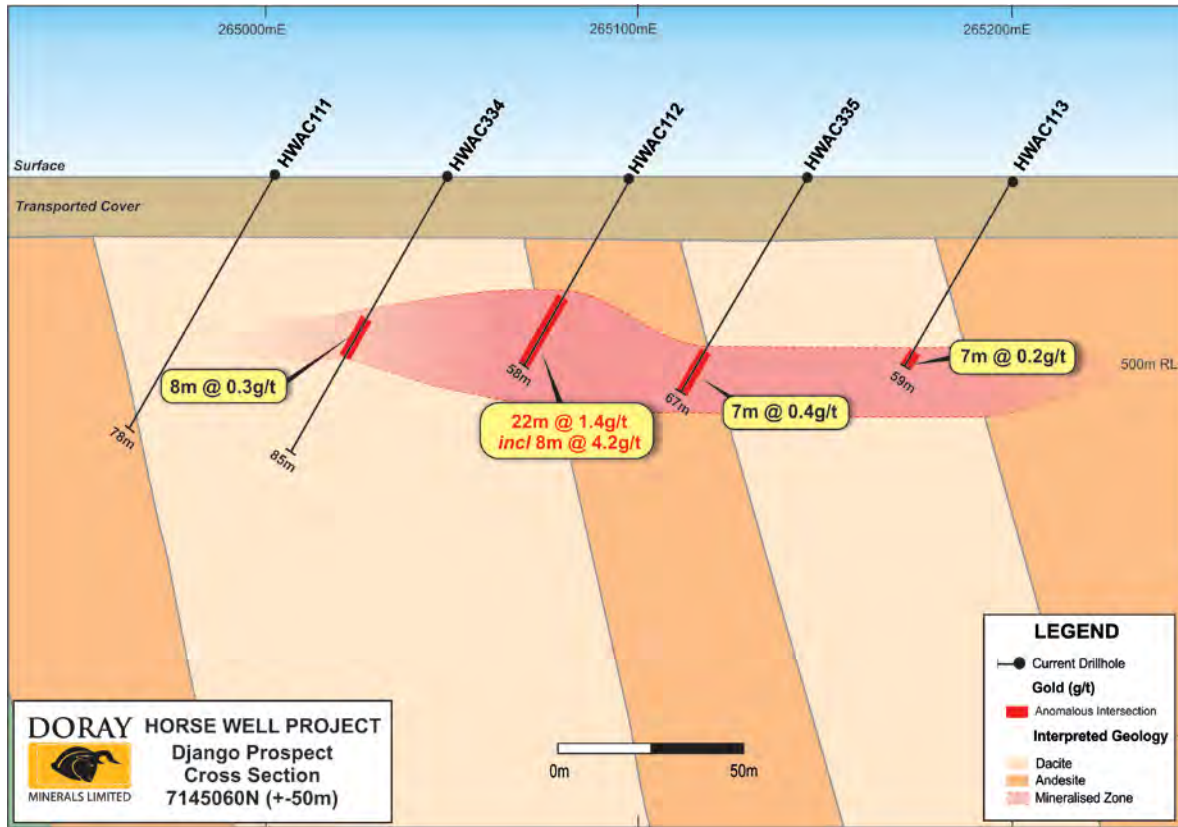


Figure 3 Django Prospect drilling cross section 7,145,060 mN

To illustrate this point a cross section at Dusk til Dawn (previously released to ASX on 21 October 2015) in Figure 4 below shows supergene mineralisation above significant bedrock gold intersections.

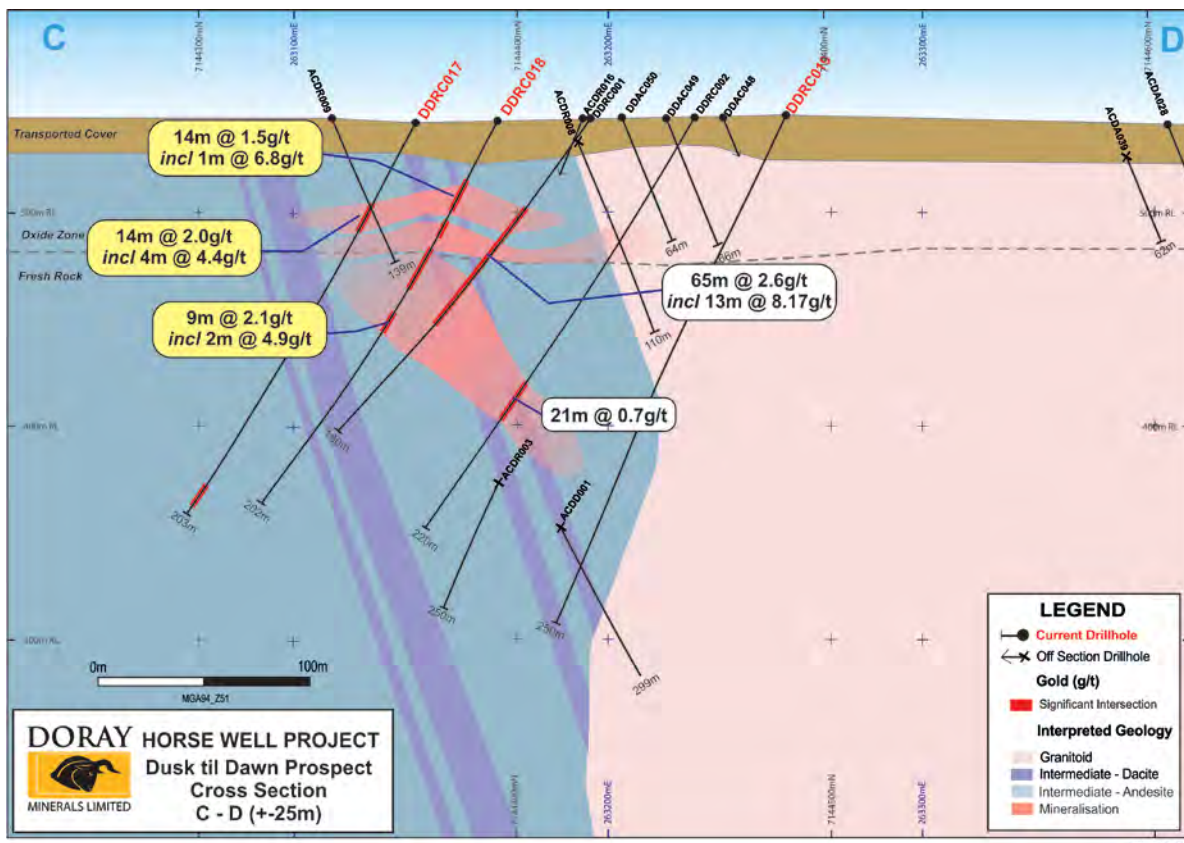


Figure 4 Dusk til Dawn drill cross section C-D showing supergene and bedrock gold mineralisation

The eastern trend is coincident with a major structure that may be the regional Celia Shear. The new infill air-core lines link the original northern and southern drill anomalies and now define a 3km long by 200 metres wide coherent +100 ppb Au geochemical trend.

Other Anomalies

Additional coherent +100ppb anomalism has been identified in the footwall and northern extensions to the Dusk 'til Dawn discovery, as well as in an area representing the "mirror image" to the Dusk 'til Dawn discovery on the eastern margin of the granitic intrusion as shown on Figure 5 below.

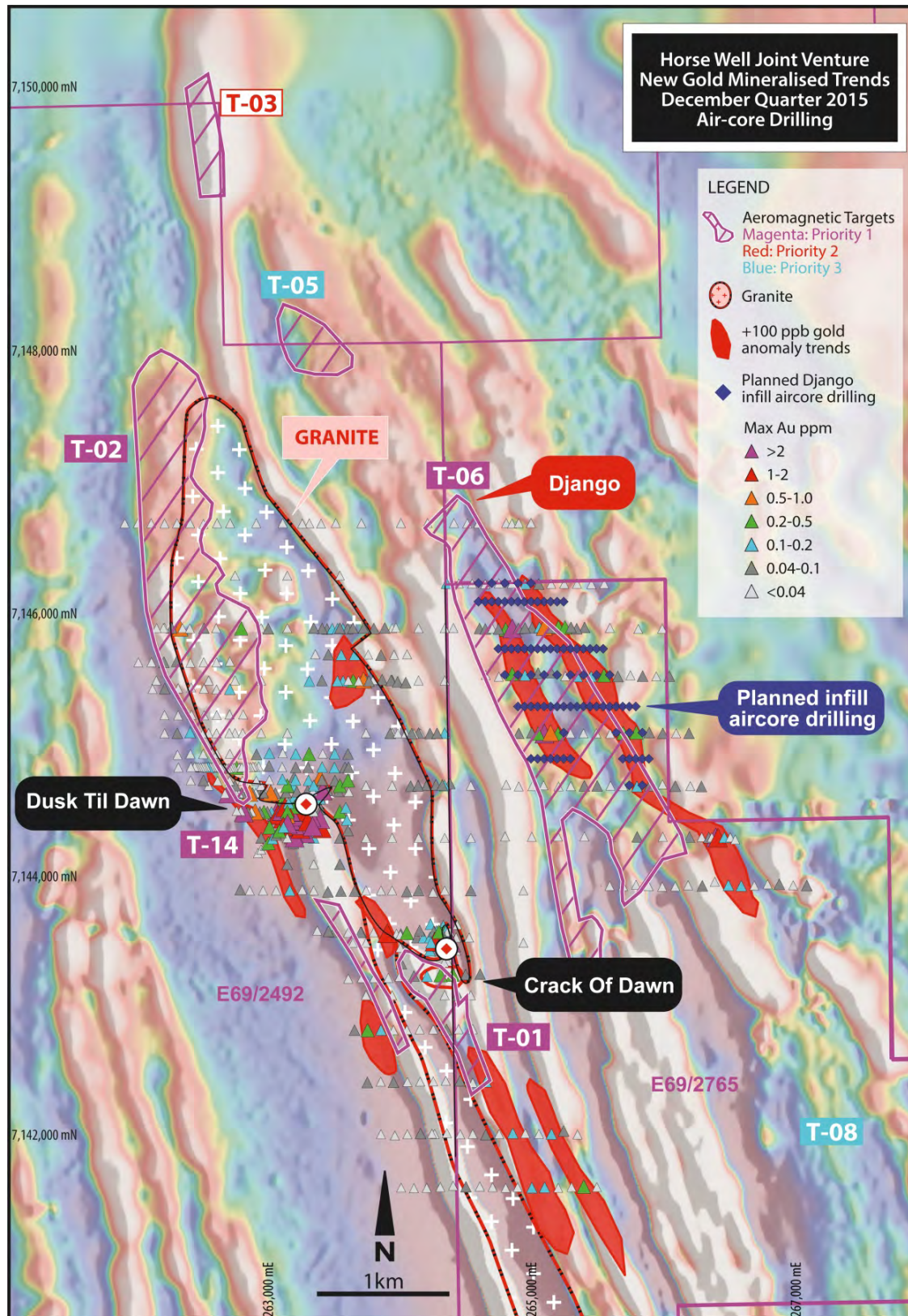


Figure 5 Regional +100ppb Au anomalous trends from December quarter 2015 air-core drilling

Planned Exploration

The Joint Venture is planning an aggressive exploration campaign at the Project in the next 12 months in line with the required \$2 million in Joint Venture expenditure.

Heritage surveys and other regulatory activities commenced in December 2015-January 2016, and approvals for planned works are expected in the coming weeks.

The priority activity is for infill air-core drilling of the Django anomalies which is planned to commence in February and total approximately 5,300 metres (see Figure 5).

The JV also plans to commence exploration on targets in the south of the project following completion of the Django program. Air-core drilling of prospective areas of the Celia Shear zone south of the Warmblood prospect is planned to total approximately 9,000 metres (see Figure 6).

RC drill testing of identified priority air-core anomalies has been budgeted for the June Quarter (up to 4,500 metres). Exact location of drilling will not be defined until results for the above infill air-core drilling at Django is completed.

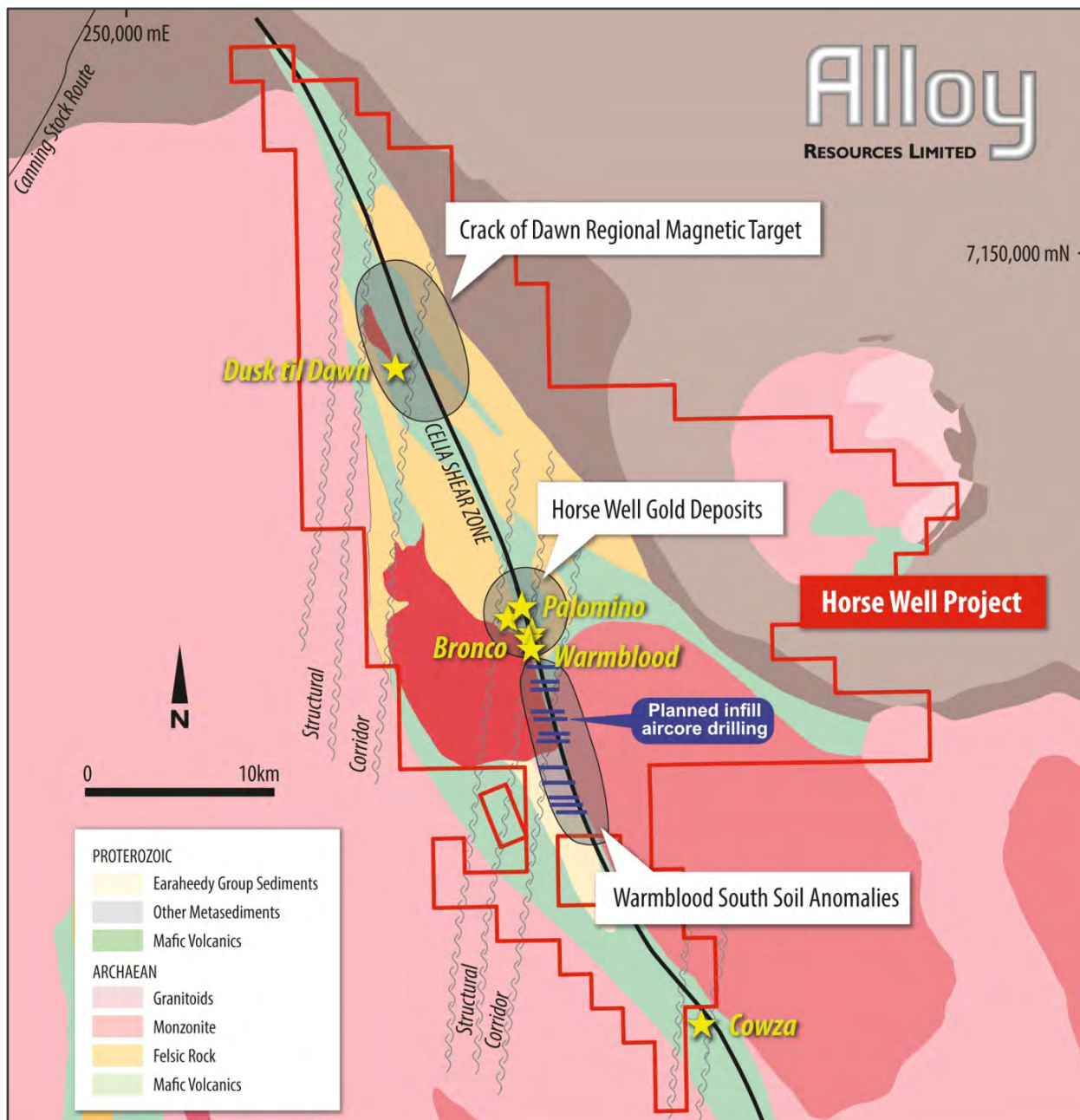


Figure 6 Planned March Quarter air-core drilling south of Warmblood

Readers are referred to the Doray December 2015 Quarterly Activities Report release to the ASX for full details of drilling and JORC Table 1.

Andy Viner

Executive Chairman

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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 in the relevant ASX releases and the form and context of the announcement has not materially changed