

ABN 20 109 361 195

ASX Release

29 January 2016

Alloy Resources Ltd

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Directors

Executive Chairman:

Andy Viner

Non-Exec Director

Andre Marschke

Non-Executive Director/Co Sec:

Kevin Hart

Issued Capital

Shares:

592,707,646

Unlisted Options:

9,000,000

ASX Symbol: AYR

December 2015

Quarterly Activities Report

HIGHLIGHTS

HORSE WELL GOLD PROJECT – W.A

- Farmin partner Doray Minerals Limited actively committed to exploration during the quarter and Doray have now earned a 60% interest in the project and Alloy is funding its 40% interest.
- Doray completed an air-core drill program of 241 holes for 14,740 metres over the Crack of Dawn area in the northern part of the Horse Well Project.
- **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.

CORPORATE

- The Company completed a placement 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 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) was completed.

The Company will be contributing its 40% interest of exploration expenditure during the \$2 million stage 3 Joint Venture commitment during the 2016 calendar year.

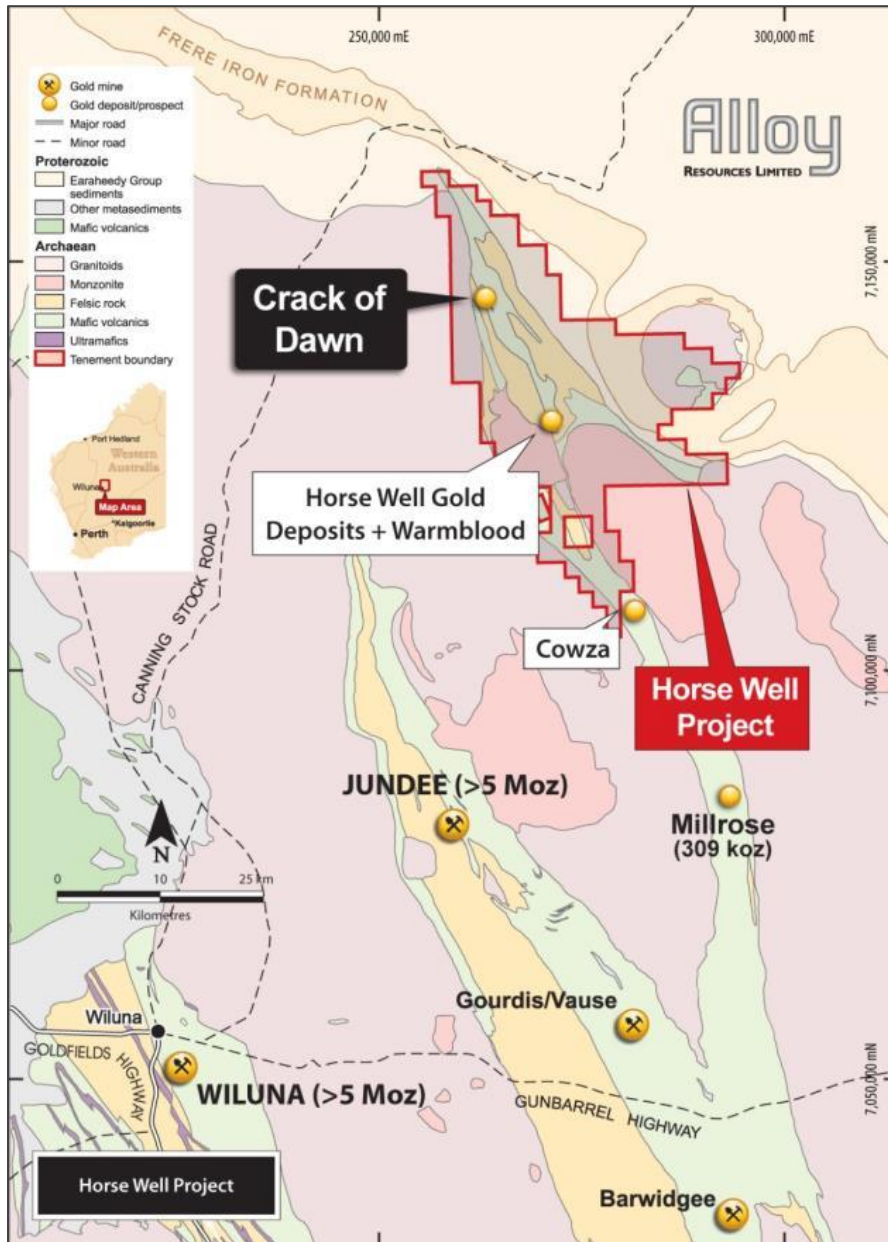


Figure 1 Horse Well location on regional geology

COMPLETED EXPLORATION

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

1. 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 2).
2. Assessed results and planned for extensive new drill programs for the March and June quarters of 2016.

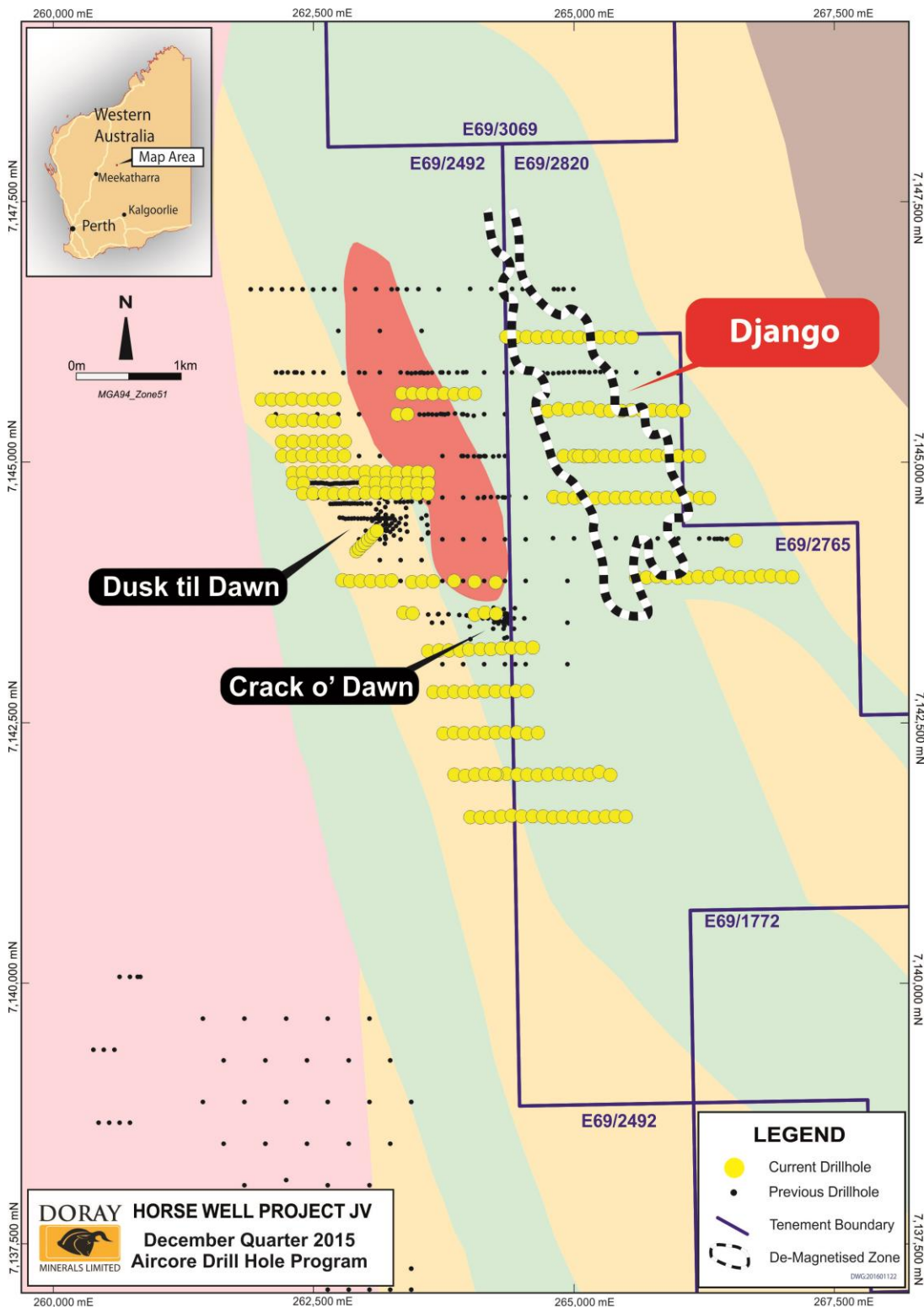


Figure 2 Horse Well Project – December Quarter regional Air-core drill hole location map

Drill Program

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 3.

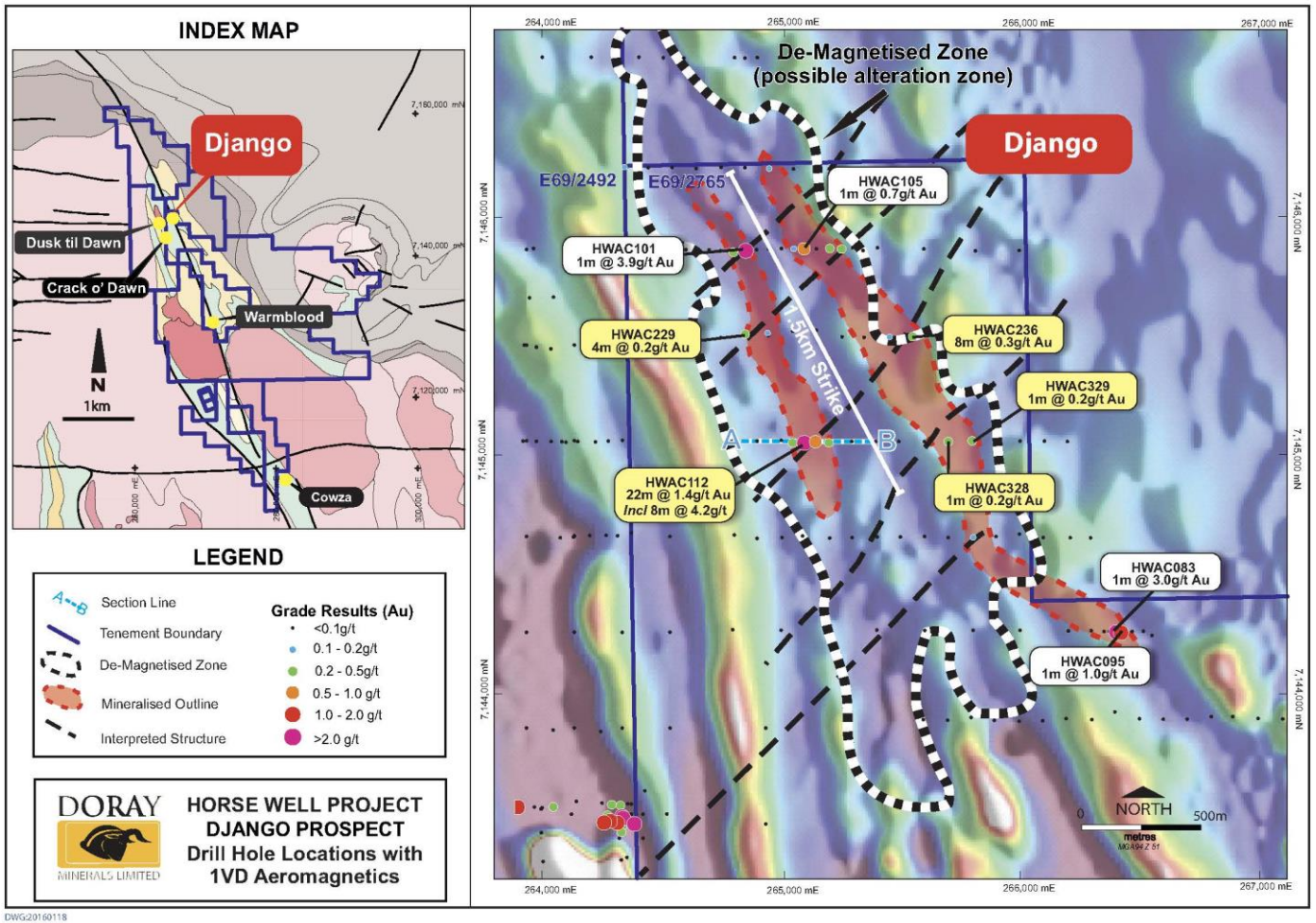


Figure 3 Django Prospect - aircore drilling anomalism and significant intercepts over 1vd aeromagnetics

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 4 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.

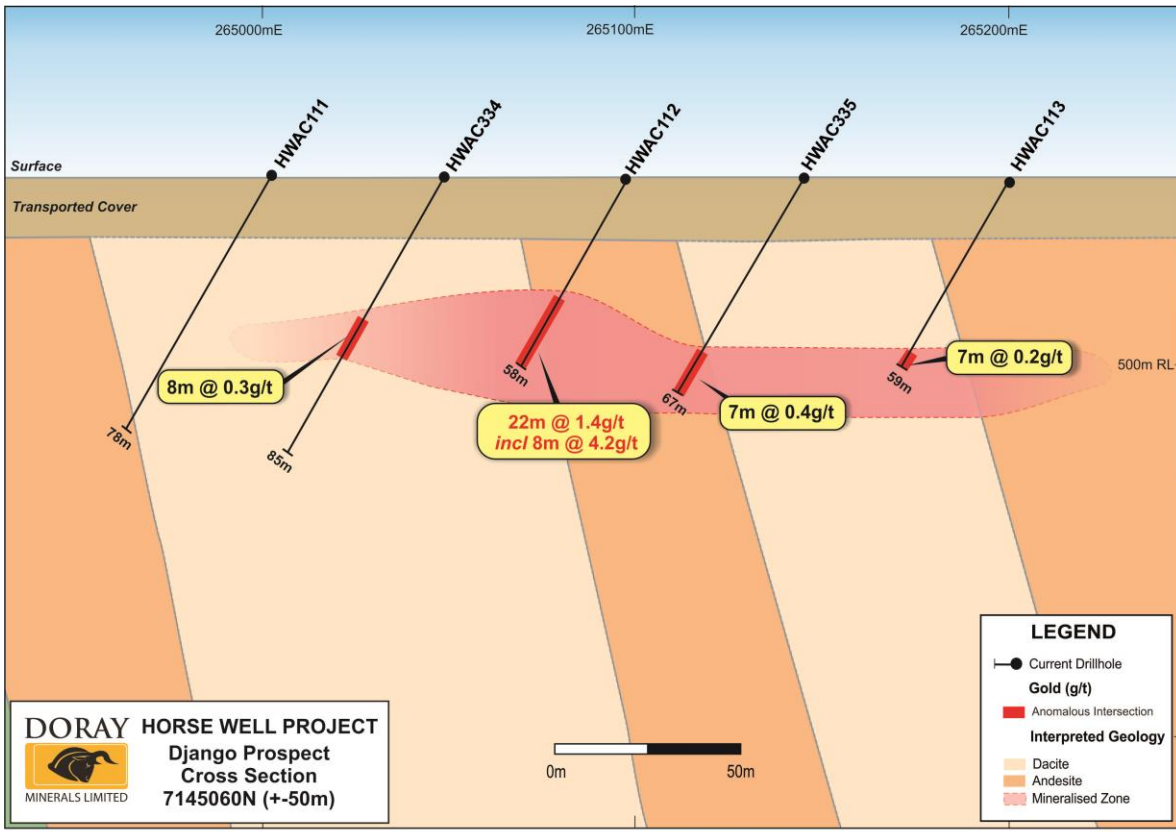


Figure 4 Django Prospect drilling cross section 7,145,060 mN

To illustrate this point a cross section at Dusk til Dawn (previously released to ASX on 21 October 2015) in Figure 5 below shows supergene mineralisation above significant bedrock gold intersections.

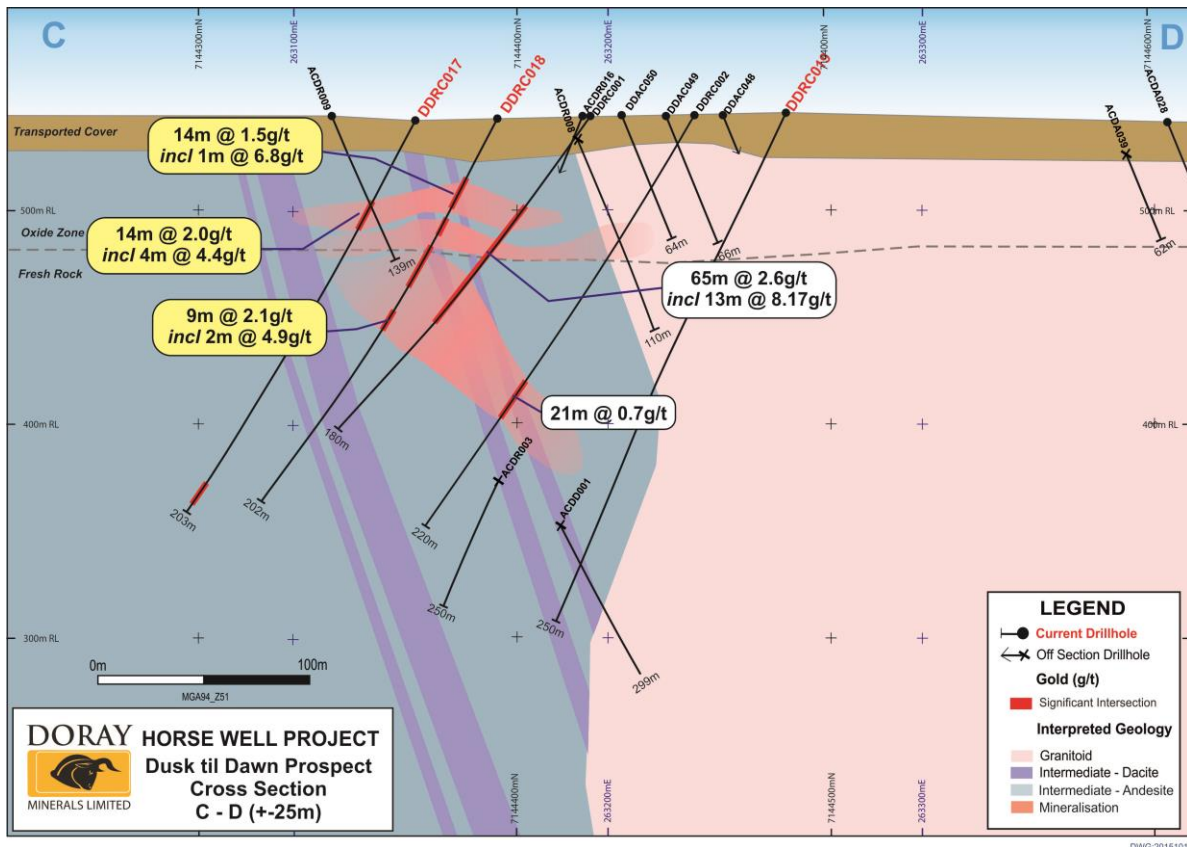


Figure 5 Dusk til Dawn drill cross section C - D showing supergene and bedrock gold mineralisation

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 6 below.

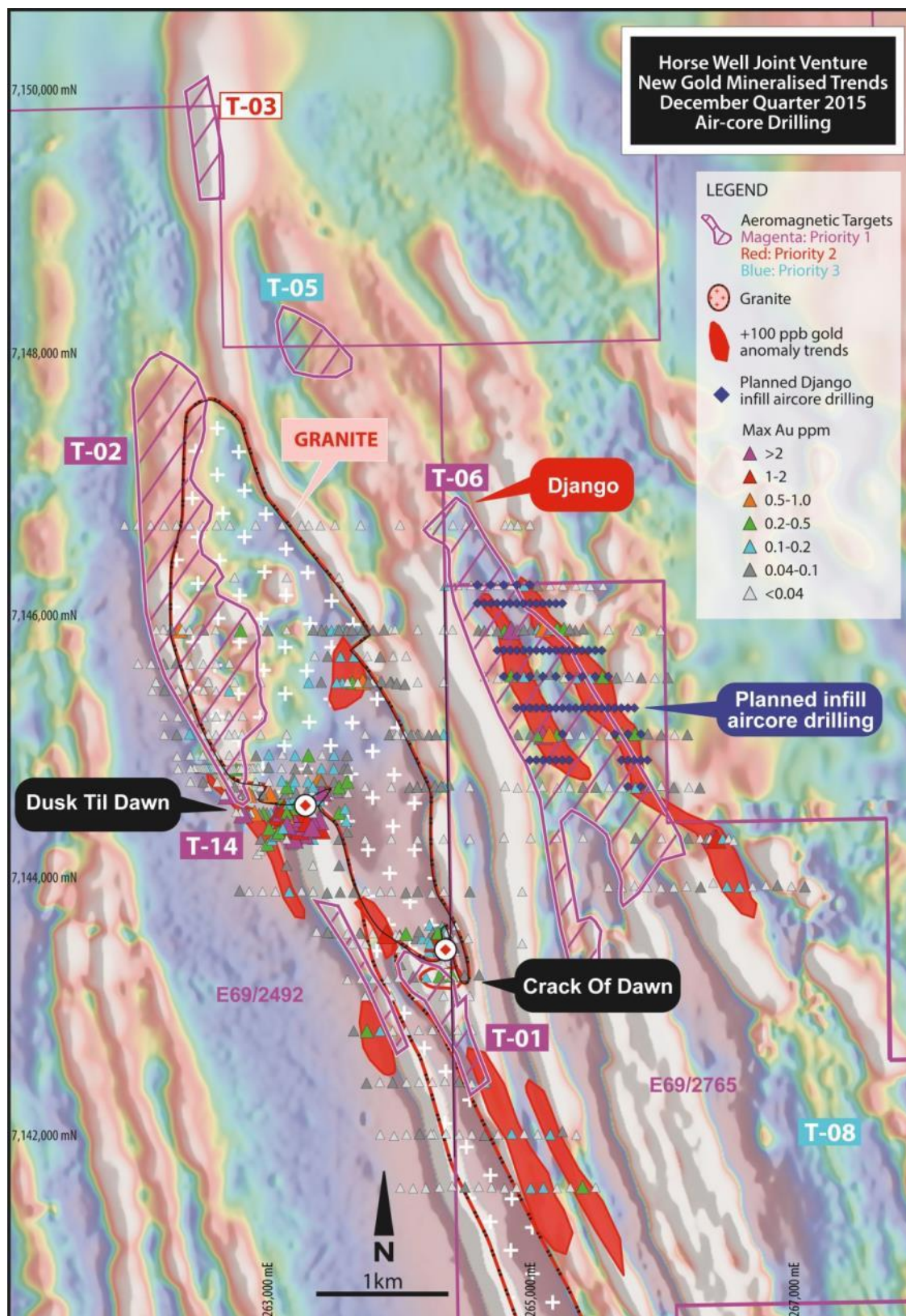


Figure 6 Regional +100ppb Au anomalous trends from December quarter 2015 air-core drilling

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 6).

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 7).

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.

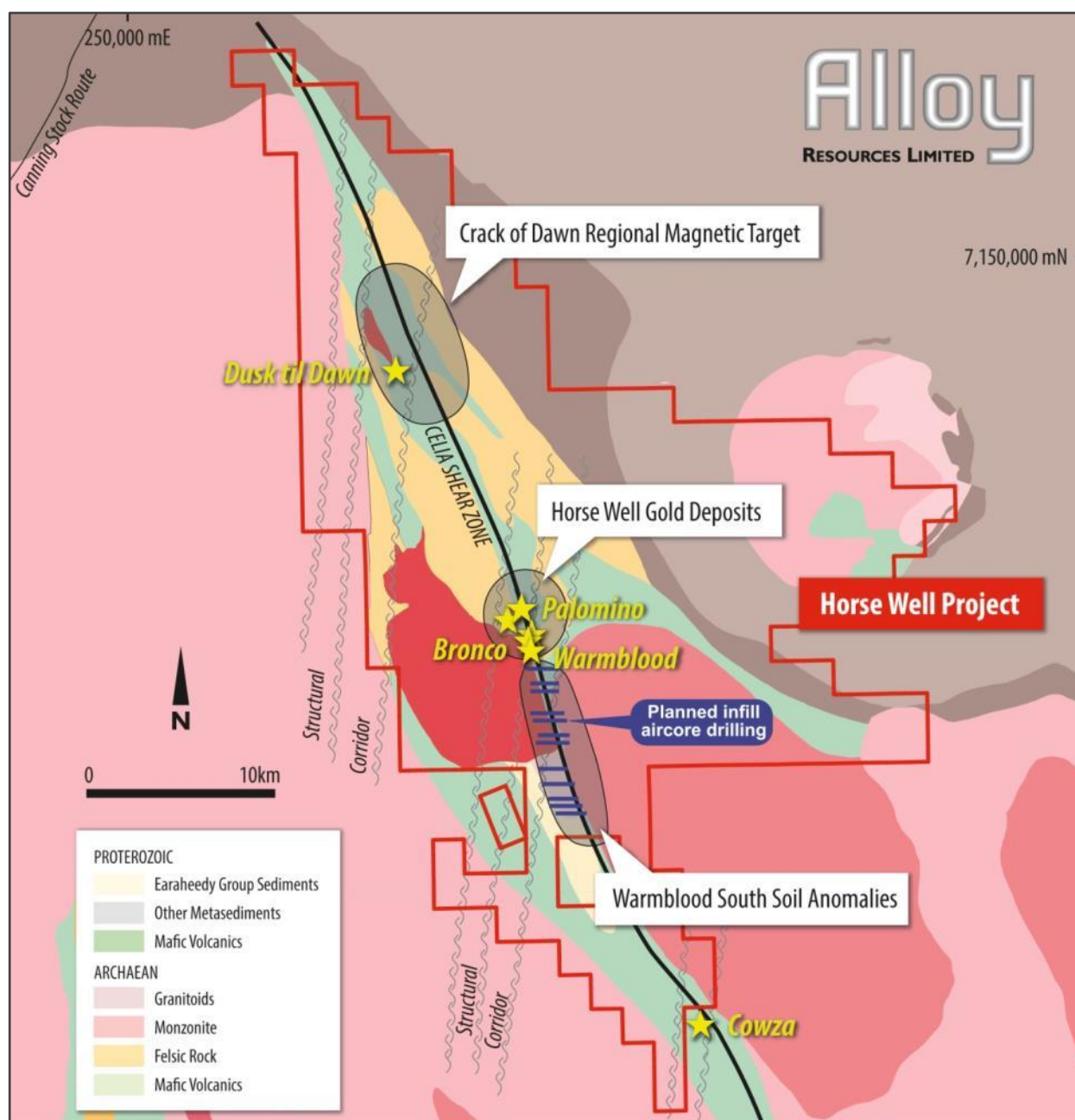


Figure 7 Planned March quarter air-core drilling south of Warmblood

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. Field soil and rock chip sampling of prospects is planned for the March quarter.

BARRYTOWN (20%)

The Barrytown Mineral Sands Project in New Zealand is being operated by 80% operating partner Westland Resources Limited. During the quarter Westland completed 502 metres of air-core drilling in 31 holes which successfully confirmed the location of mineral sand strandlines at depths of less than 15 metres.

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 which occurred on 25 November 2015.

PROJECT GENERATION

The Company has pegged approximately 198 square kilometres of Exploration Licence applications in the Yamarna area located 150 kilometres north-east of Laverton in Western Australia. This area is regarded as prospective for gold mineralisation and is located only 20 kilometres from the 5 million ounce Gruyere gold resource.

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.

A placement of 100,000,000 ordinary fully paid shares at 0.7 cents each to professional and sophisticated investors to raise \$700,000 before costs was completed within the Company's 15% placement capacity under ASX Listing Rule 7.1 and 10% placement capacity under ASX listing Rule 7.1A on the 2 November 2015. Bell Potter Securities Limited acted as Lead Manager to the Placement.

A General Meeting was held on the 23 December at which resolutions were passed to ratify previous share issues and replenish placement capacity.

For further information contact:

Andy Viner

Executive Chairman.

Phone: +61 8 9316 9100

www.alloyres.com

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.

Table 1: Horse Well Inferred Resource (as released to ASX on 28 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
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).

COMPETENT PERSONS STATEMENT

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

TENEMENT INFORMATION AS REQUIRED BY LISTING RULE 5.3.3

Project	Location	Tenement	Held at the beginning of the quarter	Held at the end of the quarter
(All tenements registered to Alloy Resources Limited except where noted below)				
Horse Well				
Eskay Resources Pty Ltd 100%	WA	E69/1772	100%	40% ⁺
<i>(Eskay Resources Pty Ltd is a wholly owned subsidiary of Alloy Resources Limited)</i>				
Alloy Resources Limited - Granted	WA	E53/1466	100%	40% ⁺
Alloy Resources Limited - Granted	WA	E53/1471	100%	40% ⁺
Alloy Resources Limited - Granted	WA	P53/1524	100%	40% ⁺
Alloy Resources Limited - Granted	WA	P53/1525	100%	40% ⁺
Alloy Resources Limited - Granted	WA	P53/1526	100%	40% ⁺
Alloy Resources Limited - Granted	WA	E69/2765	100%	40% ⁺
Alloy Resources Limited - Granted	WA	E69/3069	100%	40% ⁺
Wayne Jones – Alloy Earned Interest	WA	E69/2492	100% [^]	40% ^{^+}
Phosphate Australia Limited	WA	E69/2820	80%	32% ^{+*}
⁺ subject to Doray farmin Agreement – Doray have earned 60%				
* Phosphate Australia retain 20% free- carried to BFS				
Millrose				
Alloy Resources Limited - Application	WA	E53/1873	0%	0%
Edjudina				
Alloy Resources Limited – Application	WA	E39/1858	0%	withdrawn
Alloy Resources Limited – Application	WA	E31/1095	0%	withdrawn
Alloy Resources Limited – Application	WA	E31/1105	0%	withdrawn
Alloy Resources Limited – Application	WA	E31/1106	0%	withdrawn
Alloy Resources Limited – Application	WA	E53/1888	0%	withdrawn
Barrytown Mineral Sands Project				
Alloy Resources Limited – Granted	New	EL 51803	20%	20%**
** Subject to farm-out and Sale Agreement to Pacific Mineral Resources				
Martins Well				
Alloy Resources Limited – Granted	SA	EL 5577	0%	100%#
# Subject to 90% earn-in Agreement				
Cowderoy Hill				
Alloy Resources Limited – Application	WA	E38/3096	0%	0%

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

ALLOY RESOURCES LIMITED

ABN

20 109 361 195

Quarter ended ("current quarter")

31 December 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(80)	(131)
(b) development	-	-
(c) production	-	-
(d) administration	(138)	(182)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	2	2
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other –	-	-
Net Operating Cash Flows	(216)	(311)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects	-	-
(b)equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a)prospects	-	-
(b)equity investments	-	-
(c)other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other –	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(216)	(311)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(216)	(311)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	700	700
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – Share Issue Expenses	(6)	(6)
	Net financing cash flows	654	654
	Net increase (decrease) in cash held	438	343
1.20	Cash at beginning of quarter/year to date	166	261
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	604	604

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	109
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

i)	Directors Fees and Remuneration of Directors- \$61,832, (Includes payment of Directors Fees and Superannuation for the period Mar 2015 to Nov 2015.)
ii)	Accounting, company secretarial and occupancy fees paid to Endeavour Corporate an entity related to Mr Kevin Hart - \$47,274. for the period Mar 2015 to Nov 2015.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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Financing facilities available

+ See chapter 19 for defined terms.

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	160
4.2 Development	-
4.3 Production	-
4.4 Administration	40
Total	200

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	30	87
5.2 Deposits at call	574	79
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	604	166

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	E69/1772 E53/1466 P53/1524-1526 E69/2765 E69/3069 E69/2492	60% interest in Horsewell Project earned by Doray Minerals Ltd per Farm-in Agreement.	100%	40%
	E69/2820	48% earned by Doray Minerals Ltd per Farm-in Agreement. Phosphate Australia holds 20% interest.	80%	32%
6.2 Interests in mining tenements acquired or increased	E53/1873 E38/3096	Application Application	0% 0%	0% 0%

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	592,707,646	592,707,646		Fully paid
7.4 Changes during quarter (a) Increases through: Shares Issued	100,000,000	100,000,000	\$0.007	\$0.007
7.5 +Performance Share Rights <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	7,000,000 2,000,000	- -	<i>Exercise price</i> 1.5 cents each 1.6 cents each	<i>Expiry date</i> 30 November 2016 30 November 2017
7.8 Issued during quarter				
7.9 Exercised during quarter	-	-	-	-
7.10 Cancelled during quarter	22,642,821	-	1.5 cents each	31 December 2015
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:
(Director/Company Secretary)

Date: 29 January 2015

Print name: **Kevin Hart**

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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