

ABN 20 109 361 195

ASX Release

27 January 2017

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Directors

Executive Chairman:

Andy Viner

Non-Exec Director

Andre Marschke

Non-Executive Director/Co Sec:

Kevin Hart

Issued Capital

Shares:

966,993,360

Unlisted Options:

29,000,000

ASX Symbol: AYR

December 2016

Quarterly Activities Report

HIGHLIGHTS

HORSE WELL GOLD PROJECT – W.A (40% Contributing)

- Joint Venture Manager, Doray Minerals Limited, completed an Air-core drill program of approximately 28,000 metres during the quarter.
- Alloy reported on the second phase of this program of approximately 390 holes totalling 23,637 metres which saw holes allocated to 800 metre x 160 metre regional first pass drilling of an untested 7.5-kilometre section of the greenstone belt south of the Django prospect.
- The drilling has outlined three large anomalous gold trends extending south from the Django and Crack of Dawn South prospects;
 - 7-kilometre-long eastern anomaly
 - 6-kilometre-long central anomaly
 - 3-kilometre-long western anomaly

OPHARA COBALT-GOLD PROJECT – 100%

- Initial Project exploration field work commenced with ground magnetic surveying, soil sampling and field mapping completed.
- Great Goulburn mineralisation reviewed for planning of RC drilling to commence in late January 2017.

CORPORATE

- A General Meeting of shareholders in December 2016 approved a New Issue of 250 million ordinary shares at 0.5 cents each to raise \$1.25 million before costs of the issue.
- All resolutions were passed at the Company's Annual General Meeting.

HORSE WELL GOLD PROJECT JOINT VENTURE (ALLOY 40% CONTRIBUTING)

The Horse Well Joint Venture with Doray Minerals Limited ('Doray') continued to explore the 1,000 square kilometre Horse Well Project during the quarter with completion of an extensive 28,000 metre Air-Core drill program focussed on first and second pass geochemical drilling to define new gold anomalies beneath the sand covered northern 'Dawn' prospects area.

The Joint Venture has now completed a minimum of \$2 million in exploration expenditure during the 2016 calendar year as part of the final stage three minimum Joint Venture commitment. Future exploration will now be based on programmes and budgets agreed by the Joint Venture Management Committee .

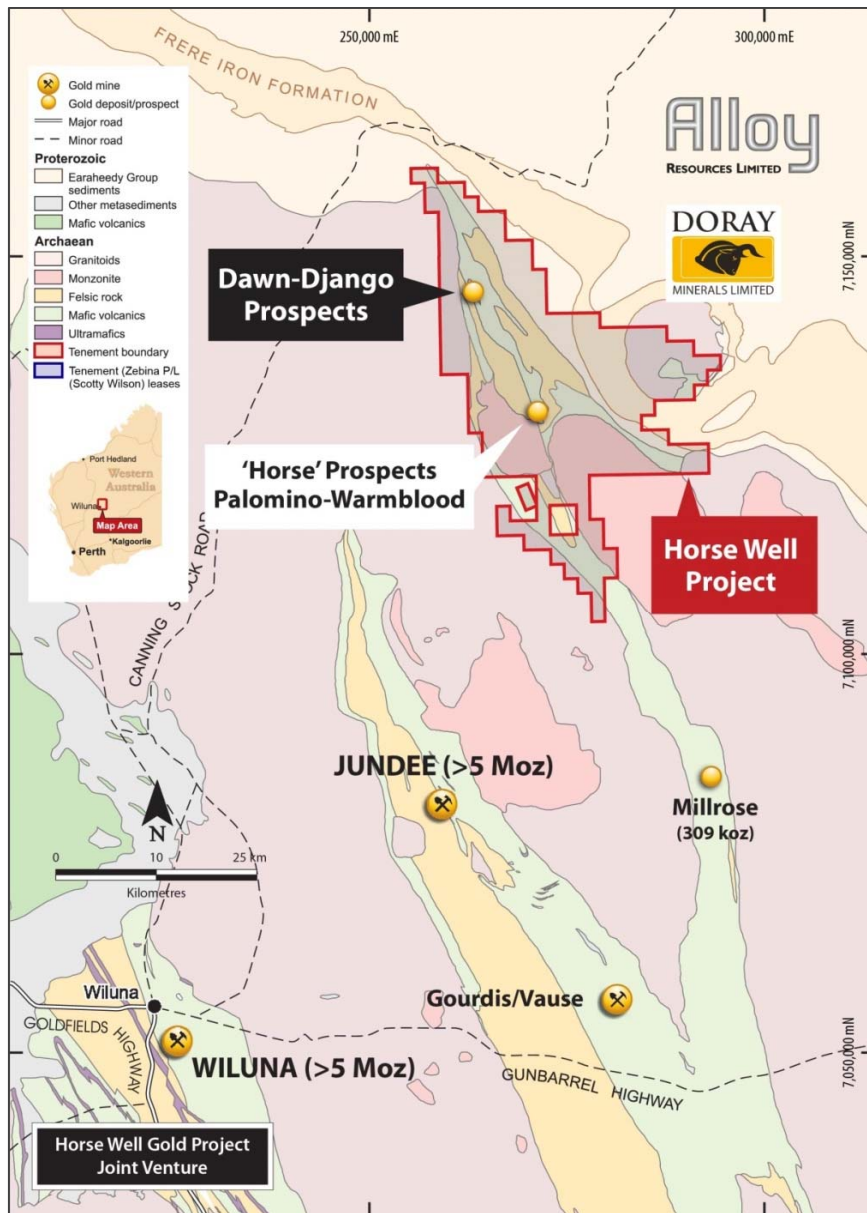


Figure 1 Horse Well location on regional geology

COMPLETED EXPLORATION

The second phase of the air-core drilling program saw holes allocated to 800 metre x 160 metre regional first pass drilling of an untested 7.5-kilometre section of the greenstone belt south of the Django prospect to the Pony prospect. The completed drill programme, colour coded for maximum gold down hole, is shown on Figure 2 below. This diagram also shows the newly interpreted sub-surface geology based on the end-of-hole lithology's logged from the new drilling.

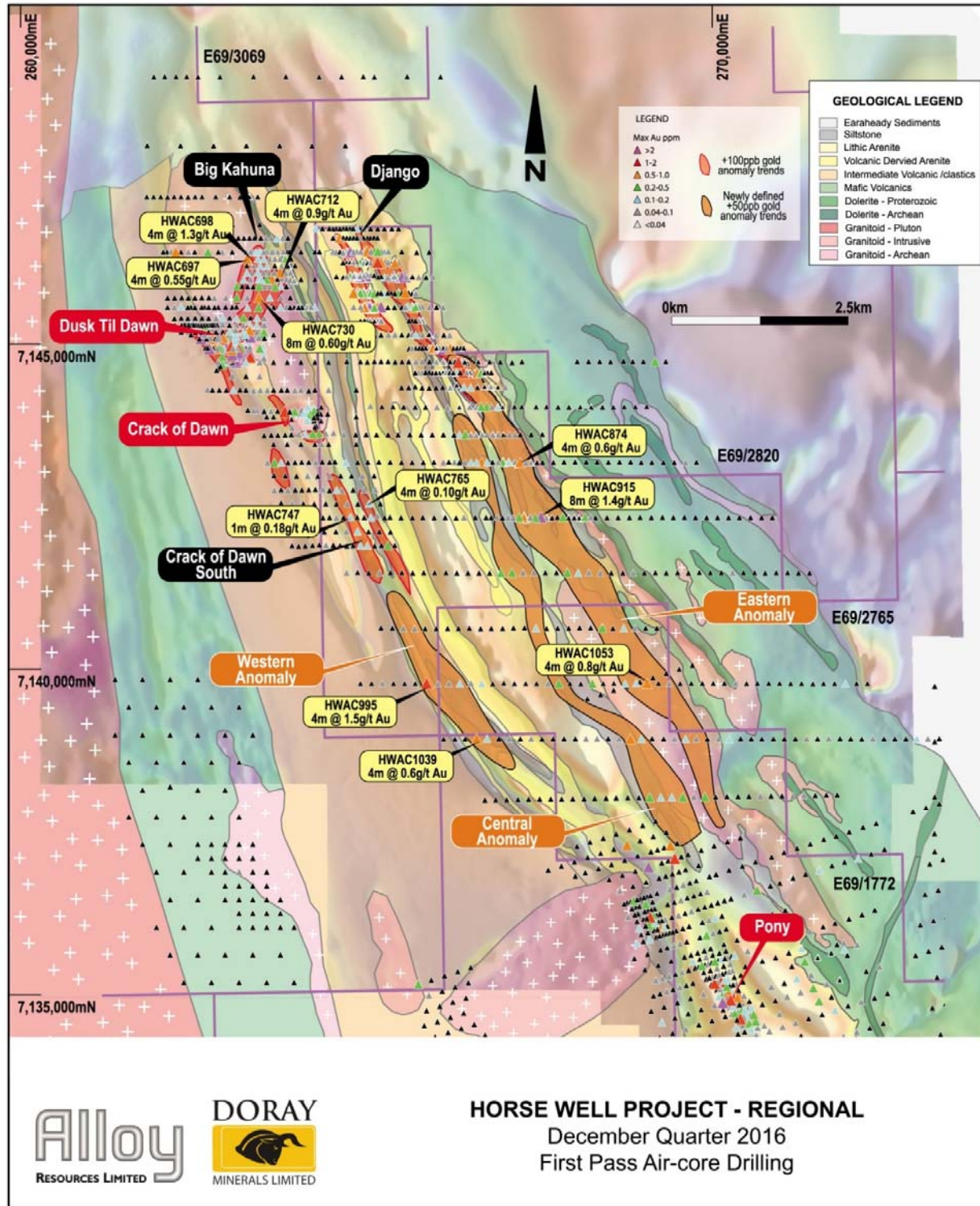


Figure 2 Completed drilling and anomalous trends in the Dawn prospects area on geology

Interpretation of Results

The first pass drilling across approximately 7.5 kilometres' strike of greenstone belt has been very successful in defining extensive new gold anomalies through the area south of the Django prospect down to historical drilling at the Pony prospect.

In the central portion of the belt at the junction of western metasedimentary rocks with eastern mafic rocks, a large suite of granite has intruded. This junction is also thought to be structural in nature and is interpreted to be the location of the Celia shear and offers significantly more geological complexity suitable for mineralisation than was found at the Django prospect.

Gold mineralisation is intimately associated with this junction and two parallel 6 and 7-kilometre-long continuous anomalous trends occur in this area. Anomalies are defined as + 50 ppb Au due to the very wide spacing of the first pass drilling at 800m x 160m. The presence of the granite intrusives was unexpected and offers a compelling target for gold mineralisation, which may be similar in nature to the Company's Dusk til Dawn prospect.

A third anomaly is located to the west and extends over three kilometres along the western contact of a siltstone unit.

Significant results included;

- HWAC874, 20m @ 0.27 g/t Au from 56 mdh
- HWAC915, 8m @ 0.84 g/t Au from 64 mdh
- HWAC995, 4m @ 1.49 g/t Au from 72 mdh
- HWAC1039, 8m @ 0.35 g/t Au from 56 mdh
- HWAC1053, 4m @ 0.84 g/t Au from 48 mdh
- HWAC1144, 28m @ 0.33 g/t Au from 52 mdh
- HWAC1153, 4m @ 0.90 g/t Au from 76 mdh

Full results are contained in the Company's ASX release on 16 January 2017.

Planned Exploration

The Joint Venture is currently defining future exploration drilling programmes in the northern area where these new anomalies occur. Infill drilling to 400m x 80m is justified which would be undertaken following heritage clearance of new drill lines and be completed during the June quarter. RC drilling is also anticipated to be required to test the bedrock potential of this zone.

OPHARA COBALT-GOLD PROJECT – Broken Hill West – 100%

The Ophara project lies adjacent to the South Australian border west of Broken Hill in New South Wales (Figure 3) in an area which is known to have significant Cobalt mineralisation, with large resources defined at the adjacent Mutooroo and Thackaringa deposits (Figure 4).

The Company has an advanced cobalt-gold prospect at the Great Goulburn Prospect. The mineralisation style has similarities to both Mutooroo and Thackaringa Cobalt deposits however it is unique in having low-copper and high-gold mineralisation associated with the Cobalt.

Interpretation of the available geological and geophysical information suggests that there are numerous poorly tested indications of mineralisation throughout the Exploration Licence that warrants renewed exploration focus on the project area by Alloy.



Figure 3 Ophara Project location

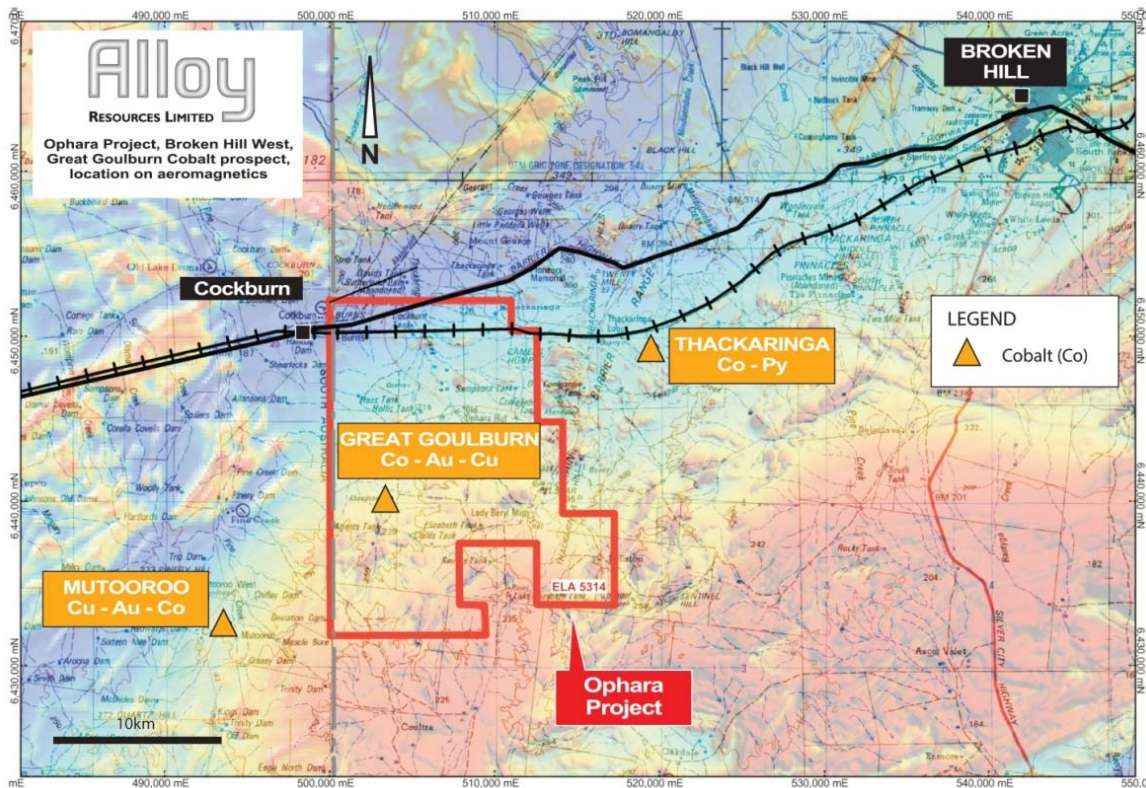


Figure 4 Ophara EL 5314 Location on aeromagnetics showing Cobalt deposits

Exploration Completed

The Company is focused on testing the extent of Cobalt-Gold mineralisation at Great Goulburn. Whilst the exact nature of the mineralisation is poorly understood, the correlation with 'stratabound' magnetite offers an excellent target which can be mapped below soil and thin cover by magnetic surveying.

A seventy-five (75) line kilometre ground magnetic survey has been completed to define the trend of the host quartz-magnetite unit within a 6km by 2km area where aeromagnetic data indicates the unit may continue – see Figure 5 below. The data is currently being interpreted.

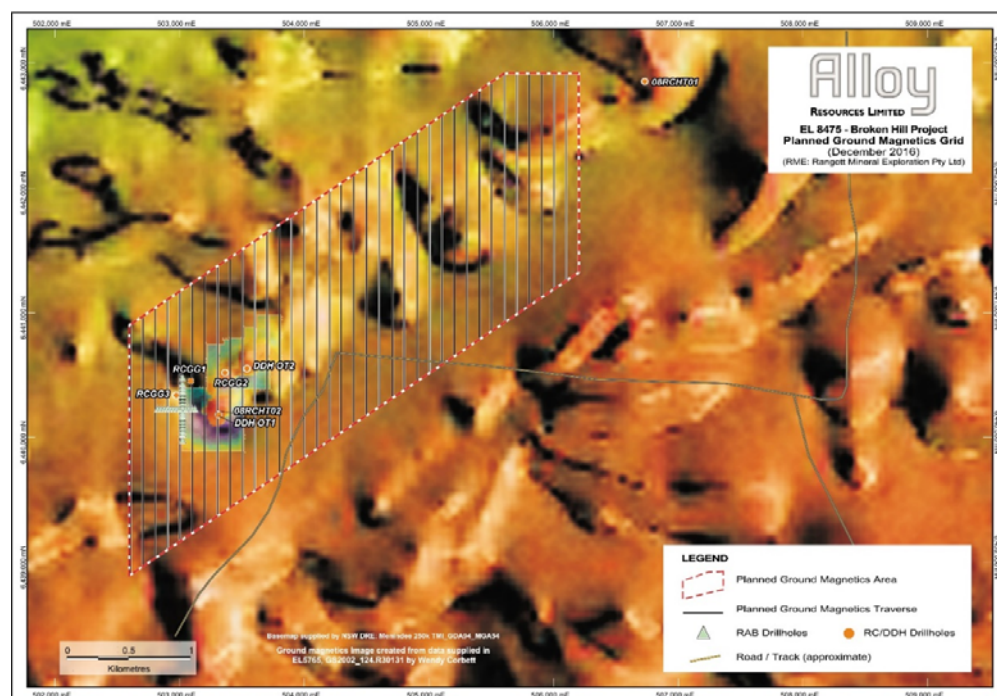


Figure 5 Ground magnetic survey area at Great Goulburn

Thirty-five rock chip samples and one-hundred and fifty-one soil samples have been collected from within the ground geophysics grid area. Results are being interpreted and it is likely that new orientation soil samples will be required to understand the effects of the complex and unpredictable regolith in this area.

Planned Activities

The Company believes that the Great Goulburn prospect and the general Exploration Licence area shows very good promise for the discovery of a significant Cobalt–Gold mineralised area at a time of renewed interest in both Cobalt and Gold. The Cobalt grades returned from past drilling are significantly higher than the Thackaringa deposits and are not part of a large low-priority Copper-Gold Resource such as at Mutooroo.

The Company has compiled historic data and is now looking closely at the style and characteristics of mineralisation at Great Goulburn and applying this to interpretation of regional prospectivity of the broader Licence area.

In the short term the Company intends to;

1. Complete orientation soil sampling of the Great Goulburn mineralised outcrop area
2. Complete an initial RC drill program in late January/early February that can assist with defining the extent of shallower Great Goulburn mineralisation.
3. Investigate in detail the potential to use aerial geophysical surveying to locate Great Goulburn style mineralisation with the Project.

PROJECT GENERATION

Alloy Resources Limited project generation activities have been successful in delivering new projects at a low-cost through astute application for prospective vacant ground over the last six to twelve months (Figure 6).

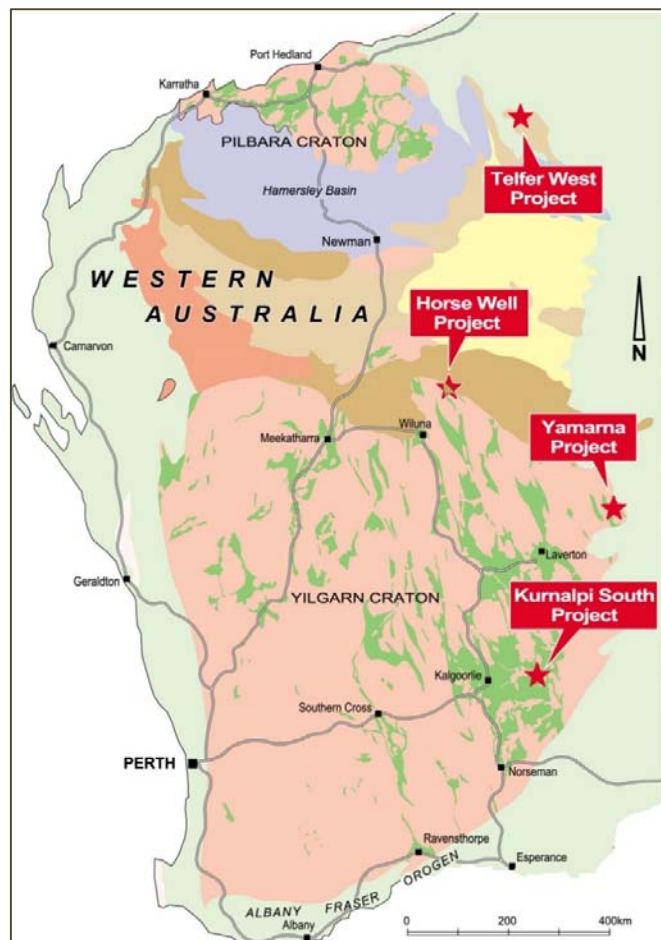


Figure 6 Location of Alloy Resources mineral projects on W.A Geology

WESTERN AUSTRALIAN PROJECTS

The Company has three large landholdings in highly prospective areas of Western Australia as shown on Figure 6. The Kurnalpi South project has recently been granted and the Yamarna and Telfer West projects are both in the application stage.

KURNALPI SOUTH GOLD PROJECT

The Company is planning to undertake field checking of anomalous areas before planning future field work. An additional Exploration Licence has been applied for in this area.

TELFER WEST– Gold/copper

No work has been completed on this Tenement as it is currently in the application stage and Native Title Access agreements are being negotiated.

YAMARNA PROJECT

No work has been completed on this Tenement as it is currently in the application stage and Native Title Access agreements are being negotiated.

CORPORATE

During the quarter the Company held a General Meeting of Shareholders at which approval was given for the issue of 250 million new shares which raised \$1.25 million before costs. Shareholders also approved the issue of 20 million unlisted options exercisable by payment of 1 cent each on or before 19 December 2019 to Hartleys Limited.

Cash on hand at the end of quarter amounted to \$1,528,000.

For further information contact:

Andy Viner

Executive Chairman.

Phone: +61 8 9316 9100

www.alloyres.com

COMPETENT PERSONS STATEMENT

For the Horse Well Gold Project

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 and Mr Mark Cossom who is a full time employee of Doray Minerals Limited and is a Member of the Australasian Institute of Mining and Metallurgy. Mr Viner and Mr Cossom have 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 and Mr Cossom consent to the inclusion in the report of the matters based on this information in the form and context in which it appears.

For all other Projects

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
Horse Well				
Eskay Resources Pty Ltd 100%	WA	E69/1772	40%	40% ⁺
Doray Minerals Limited - Granted	WA	E53/1466	40%	40% ⁺
Doray Minerals Limited - Granted	WA	E53/1471	40%	40% ⁺
Doray Minerals Limited - Granted	WA	P53/1524	40%	40% ⁺
Doray Minerals Limited - Granted	WA	P53/1525	40%	40% ⁺
Doray Minerals Limited - Granted	WA	P53/1526	40%	40% ⁺
Doray Minerals Limited - Granted	WA	E69/2765	40%	40% ⁺
Doray Minerals Limited - Granted	WA	E69/3069	40%	40% ⁺
Doray Minerals Limited - Granted	WA	E69/2492	40% [^]	40% ^{^†}
[^] Awaiting transfer of interest				
Doray Minerals Limited - Granted	WA	E69/2820	32%	32% ^{+*}
⁺ subject to Doray farmin Agreement – Doray have earned 60%				
[*] Phosphate Australia retain 20% free- carried to BFS				
[^] Wayne Jones NSR				
Millrose				
Alloy Resources Limited - Granted	WA	E53/1873	100%	100%
Telfer				
Alloy Resources Limited – Application	WA	E45/4807	0%	0%
Barrytown Mineral Sands Project				
Alloy Resources Limited – Granted	NZ	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%	0% [#]
[#] Subject to 90% earn-in Agreement				
Kurnalpi South				
Alloy Resources Limited – Granted	WA	E28/2599	0%	100%
Alloy Resources Limited - Application	WA	E28/2665	0%	0%
Mt Goddard - Kambalda				
Alloy Resources Limited – Granted	WA	E15/1506	0%	100%
Madoonia Downs - Kambalda				
Alloy Resources Limited – Application	WA	E15/1544	0%	0%
Alloy Resources Limited – Application	WA	E15/1545	0%	0%
Alloy Resources Limited – Application	WA	E15/1546	0%	0%
Yamarna				
Alloy Resources Limited - Application	WA	E38/3096	0%	0%
Ophara – Broken Hill West				
Alloy Minerals Limited - Granted	NSW	E5314	0%	100%

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

ALLOY RESOURCES LIMITED

ABN

20 109 361 195

Quarter ended ("current quarter")

31 DECEMBER 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(399)	(797)
(b) development	-	
(c) production	-	
(d) staff costs	(11)	(23)
(e) administration and corporate costs	(81)	(149)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	3
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(490)	(966)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(5)	(5)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(5)	(5)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	1,250	1,250
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(16)	(16)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	1,234	1,234

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	789	1,265
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(490)	(966)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(5)	(5)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	1,234	1,234
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of period	1,528	1,528

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	45	18
5.2 Call deposits	1,483	771
5.3 Bank overdrafts		-
5.4 Other (provide details)		-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,528	789

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	72
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

- (a) Directors Fees and Remuneration \$44,818 (includes payments of Director Fees and Superannuation for the period)
- (b) Accounting and Company Secretarial Fees paid to Endeavour Corporate, an entity related to Mr Kevin Hart \$27,218 for the period

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	(350)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	(13)
9.5 Administration and corporate costs	(33)
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	(396)

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased	E28/2665	Application	0%	0%
	E28/2599	Granted	0%	100%
	EL8475	Granted	0%	100%

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
(Director/Company secretary)

Date: 27.01.2017

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.