Large New EM Conductors at Ophara Cobalt-Gold Project

- Amended

- **VTEM survey highly successful in defining discrete bedrock conductors that are likely to be Sulphide bodies.**
- **Known bedrock conductor at Great Goulburn prospect confirmed as a relatively small low priority target.**
- **<u>Ten new Conductors defined with some of large extent</u>:**
  - **A6 - 1,500m strike.**
  - **A3 - 1,200m strike**
  - **A1 – 1,100m strike**
- **Conductors have similarities to both the Mutooroo Cu-Co-Au and also the Thackaringa Co-pyrite EM signature styles.**
- **An RC drill program is being planned to test the highest priority conductors.**

Summary

Alloy Resources Limited (ASX: **AYR**, **Alloy** or the **Company**) is pleased to advise of the initial interpretation of results from its recent VTEM survey at the Ophara Project located 50 kilometres west of Broken Hill in New South Wales.

During September a 102 square kilometre helicopter-borne VTEM survey at 200 metre line spacing was successfully completed. The survey aimed to define potential bedrock sulphide conductors that may have Cobalt-Gold-Copper mineralisation similar to the Company's Great Goulburn Prospect and the adjacent Mutooroo and Thackaringa deposits. A Geotem aerial survey in the 1990's had suggested there were conductors present but the quality of data was insufficient to define drill targets.

Independent Consulting Geophysicists have indicated the VTEM survey has successfully defined ten (10) discrete bedrock EM anomalies of moderate to strong conductance.

The new conductors are significantly better targets than the known Great Goulburn prospect and can be easily and effectively tested with shallow RC drilling.

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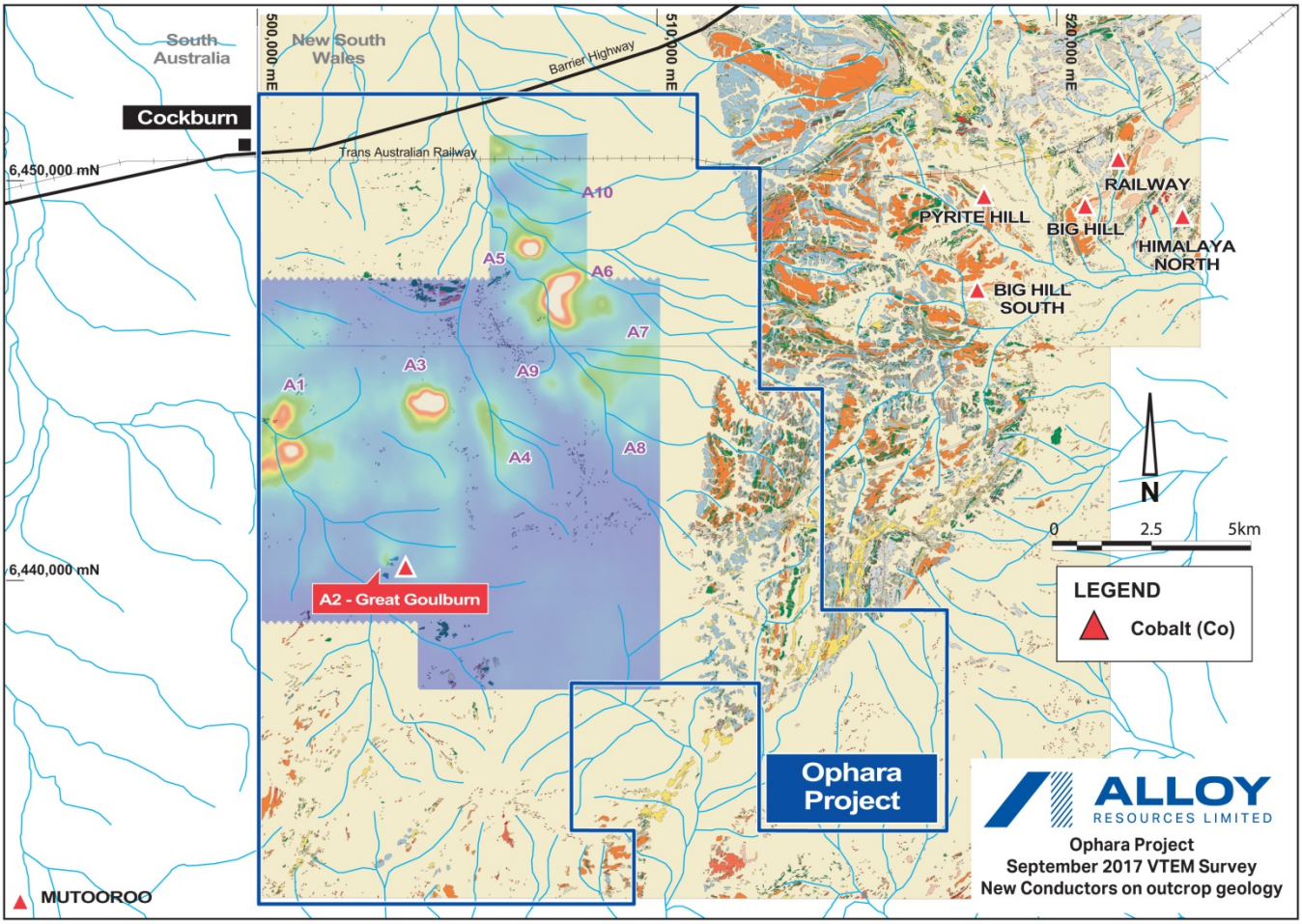

Figure 1 *Ophara VTEM bedrock conductor targets.*

Executive Chairman Andy Viner commented "*I am really excited about what we are seeing in the results of this survey. With our consultants, we can confirm the newly defined conductors are definitely in the bedrock and some are very large and strong. We were concerned that there may have been conductive cover in the old Geotem data, but no, we have this excellent new technology showing us exactly where to go*."

"*This survey re-inforces that there is a significant sulphide mineralising system emerging in this area west of Broken Hill, and it is not just Cobalt we are looking for. There is a very good chance that some of these conductors will also contain Copper such as found at Mutooroo. Indeed other explorers around Broken Hill such as Silver City Minerals at their Copper Blow prospect are reporting some significant Copper results as well*", he said.

"*Once we complete our target modelling over the next week or so, we will outline a solid RC drill program that will be capable of telling us just what we have here. The summer months are when we have to get into the field here, so we look forward to seeing lots of activity and unlocking the potential of the area*", Mr Viner said.

VTEM Survey Results

Effectiveness of Survey

VTEM surveying was successfully completed by Geotech over the Ophara project during September 2017. The survey included 501 line km of readings over an area of 102 km^2, predominantly using 200m spaced lines with a small area of 400m spaced lines to the north of the project area. The data is considered to be of good quality and the survey has been successful in identifying a number of bedrock conductors that warrant further investigation.

Comparison of the VTEM data with 2002 ground SIROTEM data over the Great Goulburn prospect (see below) confirms that the airborne survey is detecting known bedrock conductors that have been drilled at depths of around 100m below surface. The VTEM survey has also identified a number of similar targets of interest; some are much larger in extent that have not been drilled.

Ten targets in total have been modelled from the preliminary data. The targets include a range of sizes, conductance values and magnetic signatures, but most are generally shallow dipping.

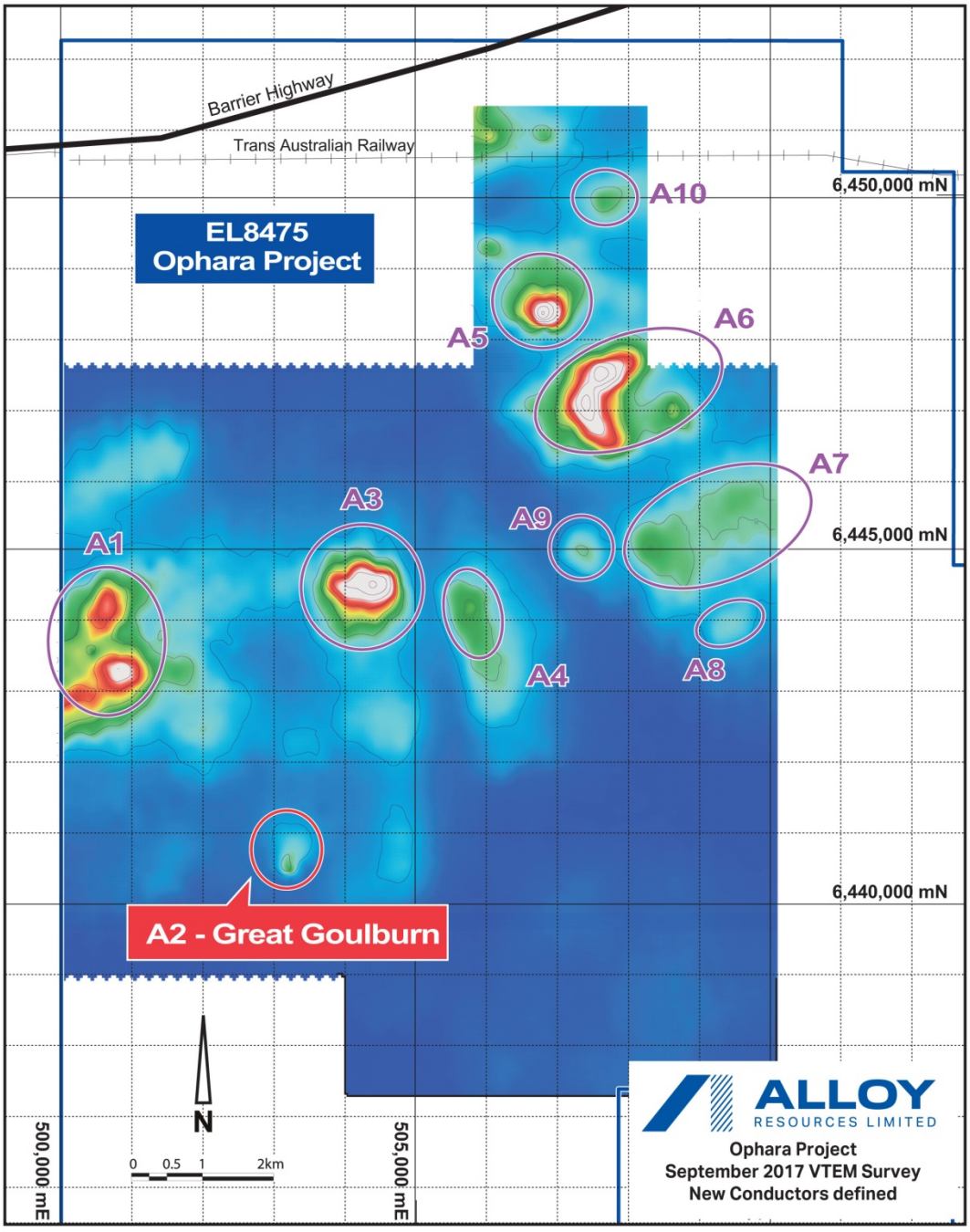

Figure 2 *Ophara VTEM bedrock conductor targets.*

The effectiveness of the VTEM survey is well illustrated by looking at the known Great Goulburn prospect where the Company and previous explorers have defined Cobalt-Gold mineralisation associated with pyrite and marcasite iron-sulphides within and adjacent to a moderate dipping quartz-magnetite unit. As shown in Figure 3 below the VTEM survey has closely matched the response of the ground SIROTEM response, giving confidence that the VTEM is highly effective in detecting bedrock conductors in this area.

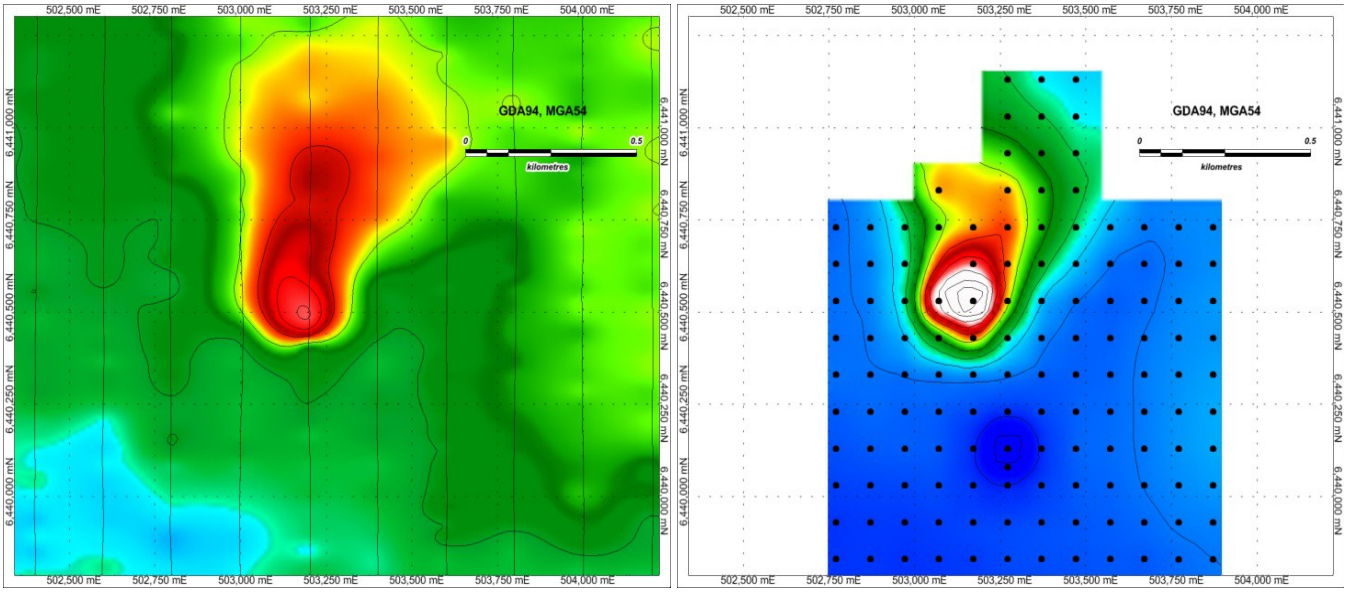

Figure 3 *Comparison of VTEM channel 48 (LHS) and SIROTEM channel 20 (RHS) over the A2 Great Goulburn target*

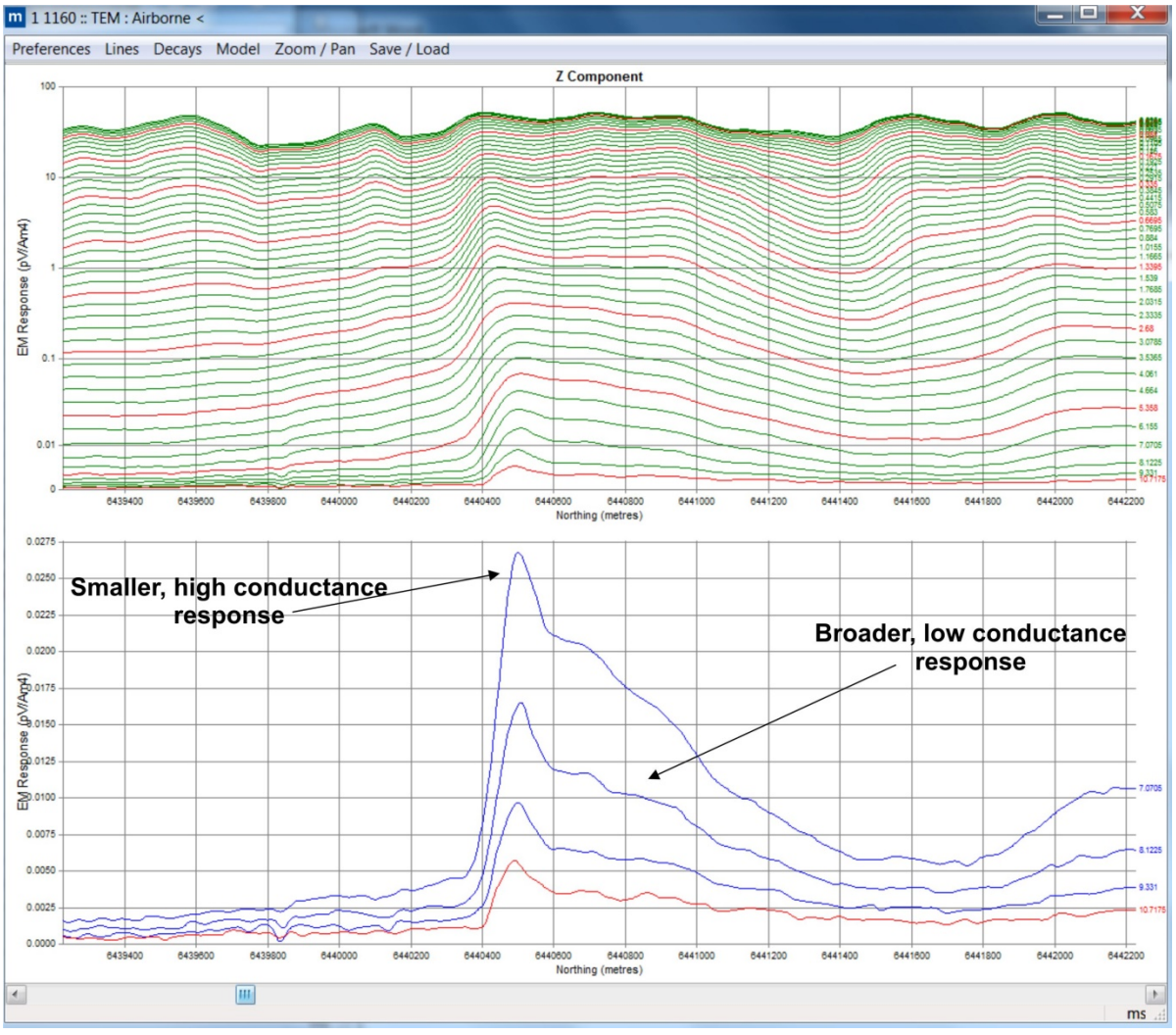

Figure 4 *A2 Great Goulburn target VTEM response, Z component db/dt.*

EM Review of Cobalt Mineralisation in the Broken Hill Area

The Profiles of historic open-file EM data are shown below in Figure 5 for the Pyrite Hill Deposit (1991 GEOTEM data - Figure 2), Mutooroo Deposit (2010 TEMPEST data - Figure 3) and the Great Goulburn Prospect (2002 SIROTEM data - Figure 4). These EM profiles show that there are significant anomalies associated with sulphide-rich mineralisation (*refer to ASX release dated 3 March 2017 for GEOTEM details*).

The SIROTEM data over the Great Goulburn prospect was re-processed and modelled earlier this year; subsequent drill targeting (AORC0012) included an intersection of 19m @930 ppm Co and 0.27 g/t Au, from 92 to 111m DH (*refer ASX release dated 22/02/2017 for drill and SIROTEM details*). Borehole conductivity logging showed that this intersection was coincident with a conductivity anomaly of up to 400 s/m (background values are <10 s/m).

The results of the data review, borehole logging and EM modelling / targeting, indicate that EM methods are an effective way of generating exploration targets. These results, along with the ground truthing of historic GEOTEM anomalies in the project area, provided the impetus for the new VTEM survey.

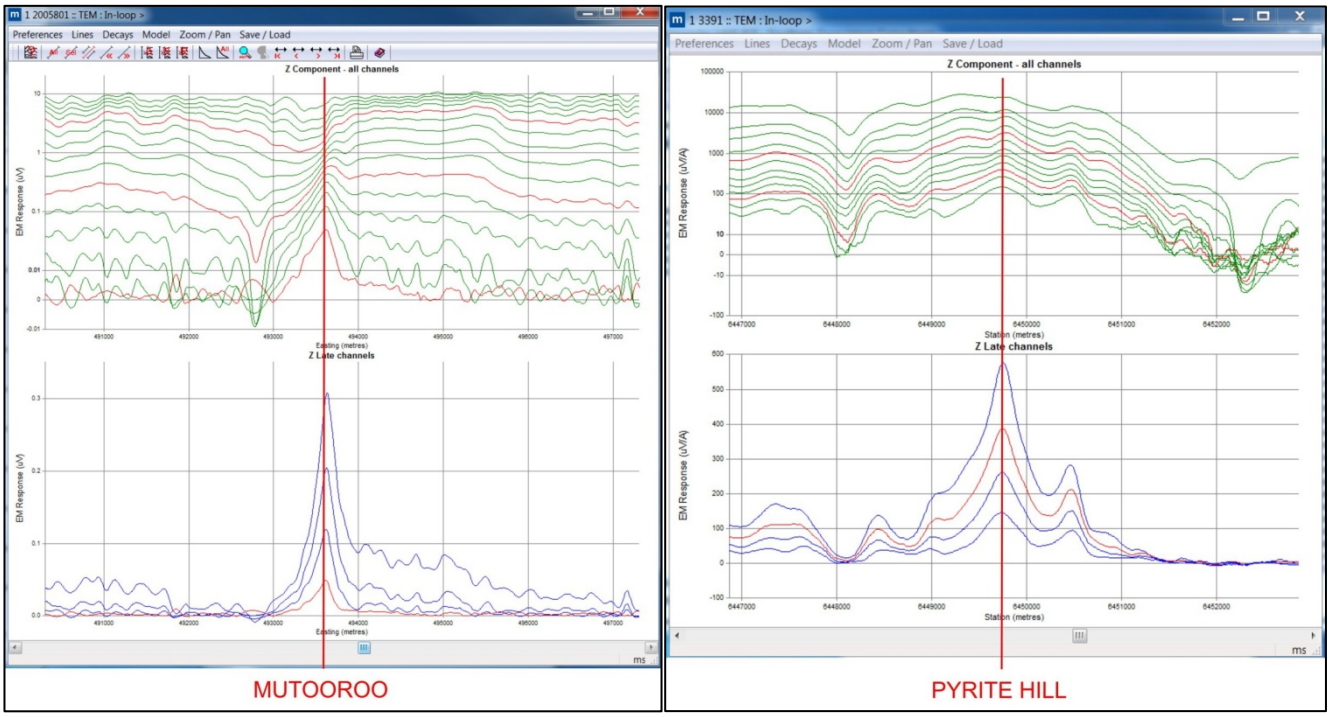

Figure 5 *Mutooroo (2010 TEMPEST-25 Hz) and Pyrite Hill (1991 GEOTEM-75 Hz) aerial electromagnetic responses.*

New Conductors Defined in VTEM survey

At this stage the source of the VTEM anomalies are unknown. The areas where the anomalies occur are mostly covered by cover rocks and alluvial sand which makes geological mapping and geochemical sampling difficult. There has been some shallow RAB drilling in the vicinity of anomalies A3 and A6 but this has not been near where the conductors are interpreted to come to the surface. This drilling was targeting magnetic anomalies.

At this stage we need to use comparisons to other conductors and our knowledge of the geology in the region to interpret the newly defined Conductors.

Several targets have similar geophysical signatures to Thackaringa or Pyrite-Hill type stratabound Co – pyrite deposits. Other anomalies are more similar to the structurally controlled, more discrete Mutooroo type Cu-Co – pyrrhotite targets. It is possible that some of these anomalies could be caused by barren sulphides or conductive stratigraphic layers (sulphidic or graphitic inter-flow sediments in the volcanics).

From a geological perspective it seems illogical that some if not all of these anomalies will be related to sulphidic bodies, and it is possible that a particular stratigraphic unit is hosting these. To date we know that the Great Goulburn prospect has the majority of mineralized sulphides occurring within a quartz-magnetite host rock, and this unit may have been folded and fault repeated within the area – and be the mineralized host to the new conductors.

However the geology may not be that simple, and at Great Goulburn cobalt and gold mineralization was also associated with low-magnetite rocks and quartz veins and shear zones (possibly more like Mutooroo).

Whilst interpetation and drill planning is being refined at the moment, we can say that some Conductors are associated with magnetic units, but others are not – and the same situation exists with the relationship to interpreted faults and folds – no clear association is defined yet.

Final Interpretation and drill planning is still underway, so only a couple of profiles of the new conductors are available for release now as shown below;

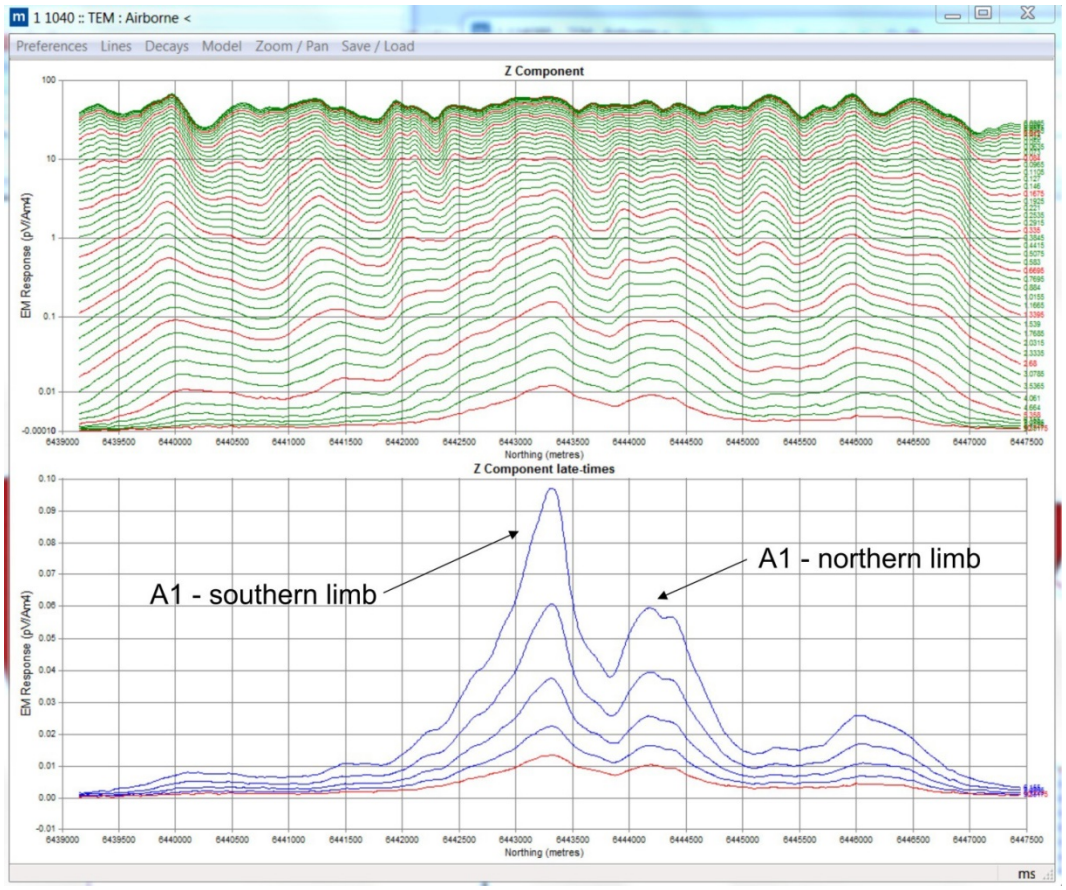

Figure 5 *A1 VTEM response, Z component db/dt.*

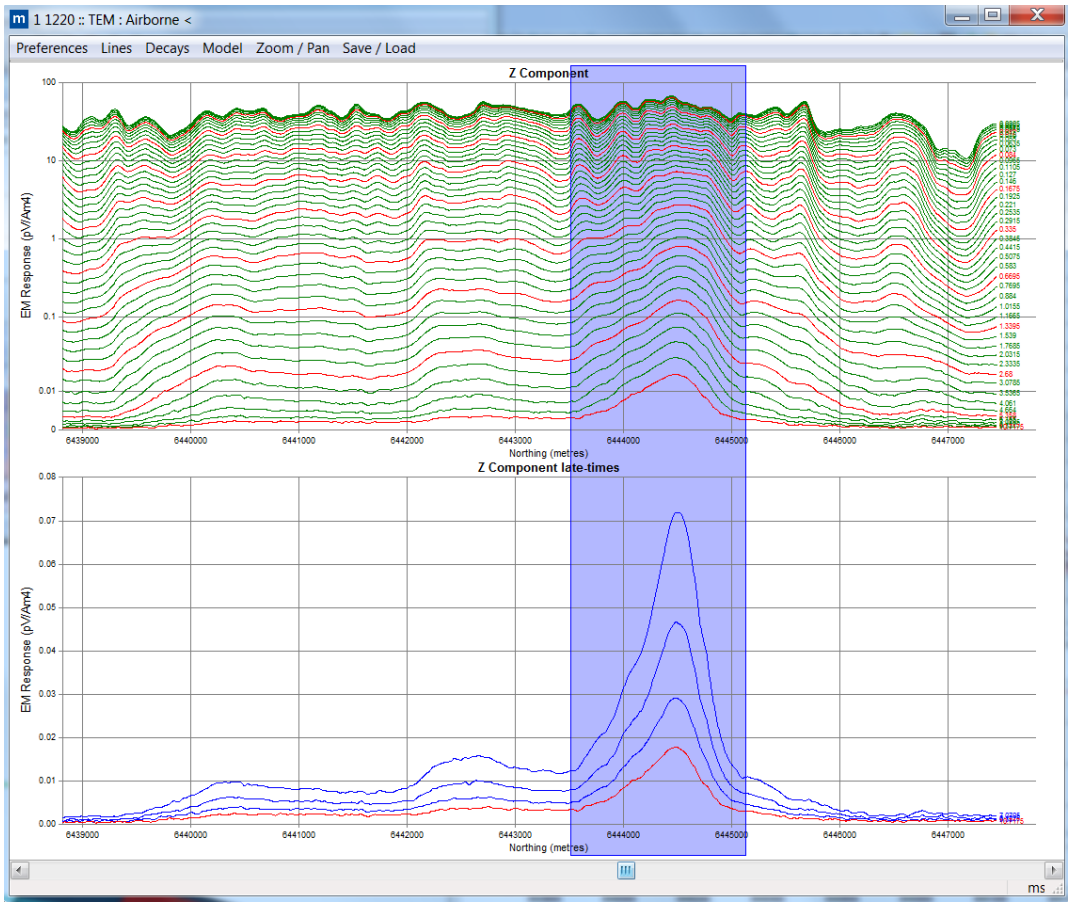

Figure 6 *A3 VTEM response, Z component db/dt.*

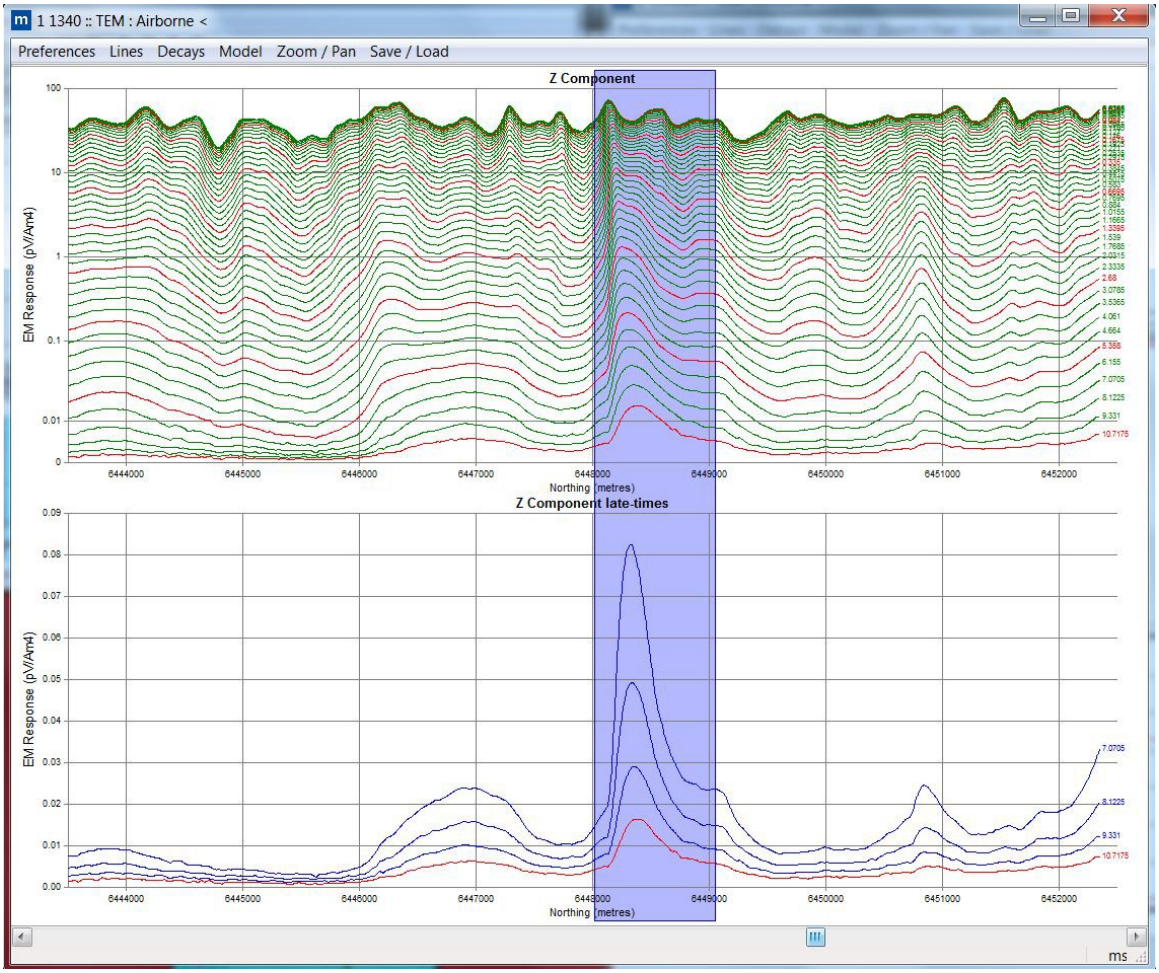

Figure 7 *A5 VTEM response, Z component db/dt.*

Future Exploration

Alloy is highly encouraged by the number and relative strength of conductors defined by the VTEM survey and looks forward to presenting the models and planned drilling for the conductors in the next week.

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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.

JORC Code 2012 Edition Summary (Table 1) – EL 8475 Ophara Prospect VTEM Survey September 2017

Section 1: Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *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.*	• The VTEM survey reported collected measurements of the earths conductivity via the Geotech Time Domain EM System. At the same time a magnetometer also measured the earths magnetism.
	• *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*	• Both EM and Magnetic sampling methods have been well established in the Industry.
	• *Aspects of the determination of mineralisation that are Material to the Public Report.*	• No determination of mineralisation has been made from the VTEM survey except by correlation to known conductors which were mineralised in the survey area (A2).
	• *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.*	• Relative VTEM anomalies (conductors) are regarded as appropriately processed and presented by Industry expert consultants. Collected via a Helicopter-borne system at 25 Hz base frequency. • Public domain sourced GEOTEM data was collected on 300 metre line spacing by aircraft at a 75 Hz base frequency and processed using standard industry techniques. • TEMPEST data reported was from public domain data re-processed using standard Industry techniques. • Sirotem data was also sourced from public data and reprocessed using standard industry techniques.
Drilling techniques	• *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*	• No drilling was undertaken.

Criteria	JORC Code explanation	Commentary
	is oriented and if so, by what method, etc).	
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.*	• No drilling was undertaken.
	• *Measures taken to maximise sample recovery and ensure representative nature of the samples.*	• No drilling was undertaken.
	• *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.*	• No drilling was undertaken.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*	No sampling was undertaken
	• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.*	No sampling was undertaken
	• *The total length and percentage of the relevant intersections logged.*	No sampling was undertaken
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.*	No sampling was undertaken
	• *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.*	No sampling was undertaken
	• *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*	No sampling was undertaken
	• *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.*	No sampling was undertaken
	• *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.*	No sampling was undertaken
	• *Whether sample sizes are appropriate to the grain size of the material being sampled.*	No sampling was undertaken
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	No sampling was undertaken
	• *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.*	No sampling was undertaken
	• *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.*	No sampling was undertaken

Criteria	JORC Code explanation	Commentary
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.*	No sampling was undertaken
	• *The use of twinned holes.*	No sampling was undertaken
	• *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.*	No sampling was undertaken
	• *Discuss any adjustment to assay data.*	No sampling was undertaken
Location of data points	• *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.*	No sampling was undertaken
	• *Specification of the grid system used.*	All data has been reported in GDA94 system, Zone MGA54
	• *Quality and adequacy of topographic control.*	VTEM - Highly accurate GPS navigation system to 3 metres. Radar altimeter to 1 metre accuracy.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.*	Data spacing of VTEM suitable for geological target being explored for.
	• *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.*	No sampling was undertaken
	• *Whether sample compositing has been applied.*	No sampling was undertaken
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	VTEM north-south line orientation generally perpendicular to geological strata as interpreted from aeromagnetic data.
	• *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.*	No sampling was undertaken
Sample security	• *The measures taken to ensure sample security.*	No sampling was undertaken
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	VTEM flown by Geotech Airborne who then supplied preliminary data to the Company's consultants who verified accuracy and then undertook data processing.

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	• *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.*	• The Ophara prospect is located within Exploration Licence 8475. Alloy has a 100% interest in the tenement. A land access agreement is current between Alloy and the holder of the Western Lands Lease.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Exploration prior to Alloy in the region was limited to regional magnetic and electromagnetic surveys, grid-based ground magnetic and electromagnetic surveying and calcrete sampling, shallow RAB drilling and the drilling of four RC percussion and two cored holes, around the historic Great Goulburn workings. This early work was focused on gold and base metal exploration.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Ophara is a metamorphosed quartz-magnetite hosted Au-Co-Cu deposit with similarities to the Muturoo deposit 10 km to the south-west in South Australia and also possibly the Thackaringa cobalt-pyrite deposits located 10 kilometres to the east.
Drill hole Information	• *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:* o *easting and northing of the drill hole collar* o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* o *dip and azimuth of the hole* o *down hole length and interception depth* o *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.*	• Drilling information is not regarded as important in understanding the significance of the geophysical results reported. • What limited shallow RAB drilling that was completed in the area has been reviewed and interpreted to have not been in the area of the interpreted electromagnetic conductors being reported. The principal reason for this is the RAB drill holes were targeting discrete aeromagnetic targets.
Data aggregation methods	• *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 results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such*	• No drilling was undertaken.

Criteria	JORC Code explanation	Commentary
	aggregations should be shown in detail. • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	
Relationship between mineralisation widths and intercept lengths	• *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').*	• No sampling was undertaken
Diagrams	• *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.*	• Refer to body of this announcement.
Balanced reporting	• *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.*	• No drilling or sampling reported
Other substantive exploration data	• *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.*	• Consultants have received field corrected preliminary data and processed the VTEM data and presented this information as Mapinfo GIS files and also compiled into a technical report format. The Company has conducted numerous discussions to understand this process and has reported its conclusions. • TEMPEST electro-magnetic data was sourced from South Australian government open-file data sources. • All meaningful and material information has been included in the body of the text. • All Geophysical surveys have been processed and interpreted by expert Consultants in this field. • VTEM survey details are; ➢ Tx Loop Diameter = 35m ➢ Tx loop area = 962m2 ➢ Tx loop turns = 4 ➢ Tx base frequency = 25Hz ➢ Peak Current = 190A ➢ Pulse Width = 7 msec ➢ Waveform shape = Trapezoid ➢ Duty Cycle = 35% ➢ Peak Dipole moment = 690,000 nIA ➢ Transmitter mean terrain clearance = 35 to 45m

Criteria	JORC Code explanation	Commentary
		➢ Receiver configuration = In-loop, z and x components ➢ Magnetometer Cesium Vapour 0.02 nT res, 0.1Hz sample rate ➢ Magnetometer Mean terrain Clearance = 60 to 70m ➢ GPS and Radar Altimeter Sample Rate = 0.2 Hz
Further work	• *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.*	• The company is continuing to review past and current exploration data before defining exact exploration plans, as mentioned in this report.