ALLOY
RESOURCES LIMITED
ABN 20 109 361 195

2019
Annual Report

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CORPORATE DIRECTORY

Directors

Mr Andrew Viner	Executive Chairman
Mr Kevin Hart	Non-Executive Director
Mr Gary Powell	Non-Executive Director

Company Secretary
Mr Kevin Hart

Principal Office
Suite 8
1297 Hay Street
West Perth WA 6005

Registered Office
Suite 8, 7 The Esplanade
Mt Pleasant, Western Australia 6153
Telephone: (08) 9316 9100
Facsimile: (08) 9315 5475
Website: www.alloyres.com

Auditor
KPMG
235 St George's Terrace
Perth, Western Australia 6000

Share Registry
Automic Group
Level 2, 267 St Georges Terrace
Perth, Western Australia 6000
Telephone: (02) 8072 1400

Stock Exchange Listing
The Company's shares are quoted on the Australian Securities Exchange. The Home Exchange is Perth, Western Australia.

ASX Code
AYR – Ordinary shares

Corporate Governance
The Company has adopted the 3rd Edition of the ASX Corporate Governance Recommendations.

A summary statement which has been approved by the Board together with current policies and charters is available on the Company website.
(Click the following URL) https://www.alloyres.com/profile/corporate-governance

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CHAIRMAN'S LETTER

Dear fellow shareholders,

It is a pleasure to be writing to you at a time of record high Australian dollar gold prices. After eight years we have finally seen the gold price attain levels that have become attractive for investors based on the outstanding performance of our domestic gold producers.

During most of the 2019 financial year however we still had a very risk averse stock market which created little joy for Mineral Explorers like Alloy, whereas Gold Producers share prices soared to great heights. This phenomenon meant that your Company, like many other explorers, looked closely at the gold Mineral Resources within its projects to see if production was possible at these times of high gold prices.

As a result, the Company has focussed on 'brownfields' targets at known prospects. In particular we looked at the Warmblood and Dusk til Dawn prospects which had extensive gold mineralisation that did not have a Mineral Resource estimate. It has been very exciting to now have published new estimates of 162,800 ounces for these deposits which has now taken the total Mineral Resources at Horse Well to 237,800 ounces of Inferred Mineral Resources.

Since the end of the year we have also gone back to have a closer look at the Palomino and Filly South West prospects and completed new estimates using our improved interpretation and methods, and this has pushed the Inferred Mineral Resource up to 257,100 ounces.

We believe this is a tremendous base from which to start considering a potential small-scale mining scenario, and at Warmblood-Palomino there is an attractive shallow high-grade core Resource of 1.4 million tonnes at 2.7 g/t Au defined. Next to these deposits we also have some more advanced targets and the Bronco prospect in particular has been poorly drilled and may provide a good addition to these identified Resources with planned drilling in the near future.

Of course, we remain excited about the exploration potential at Horse Well. We will continue to test new targets like the regional Big Daddy and Big Kahuna prospects, as well as the Colt and Pony prospect areas.

Many of you will be aware of the success Rio Tinto have had discovering the large Winu gold-copper deposit near Telfer in the Paterson Province up in the Pilbara area of Western Australia. We are expecting Rio to be drill testing our Joint Venture property with them here very soon and look forward to the results of this.

Thank you for your patience and continued support,

Andy Viner

Executive Chairman

REVIEW OF OPERATIONS

HORSE WELL GOLD PROJECT (Alloy 51%, sole-funding to 60%)

The Horse Well Joint Venture with Silver Lake Resources Limited ('Silver Lake') is exploring the 550 square kilometre Horse Well Project which is located in the north eastern goldfields adjacent to Northern Star's Jundee Gold Mine (Figure 1).

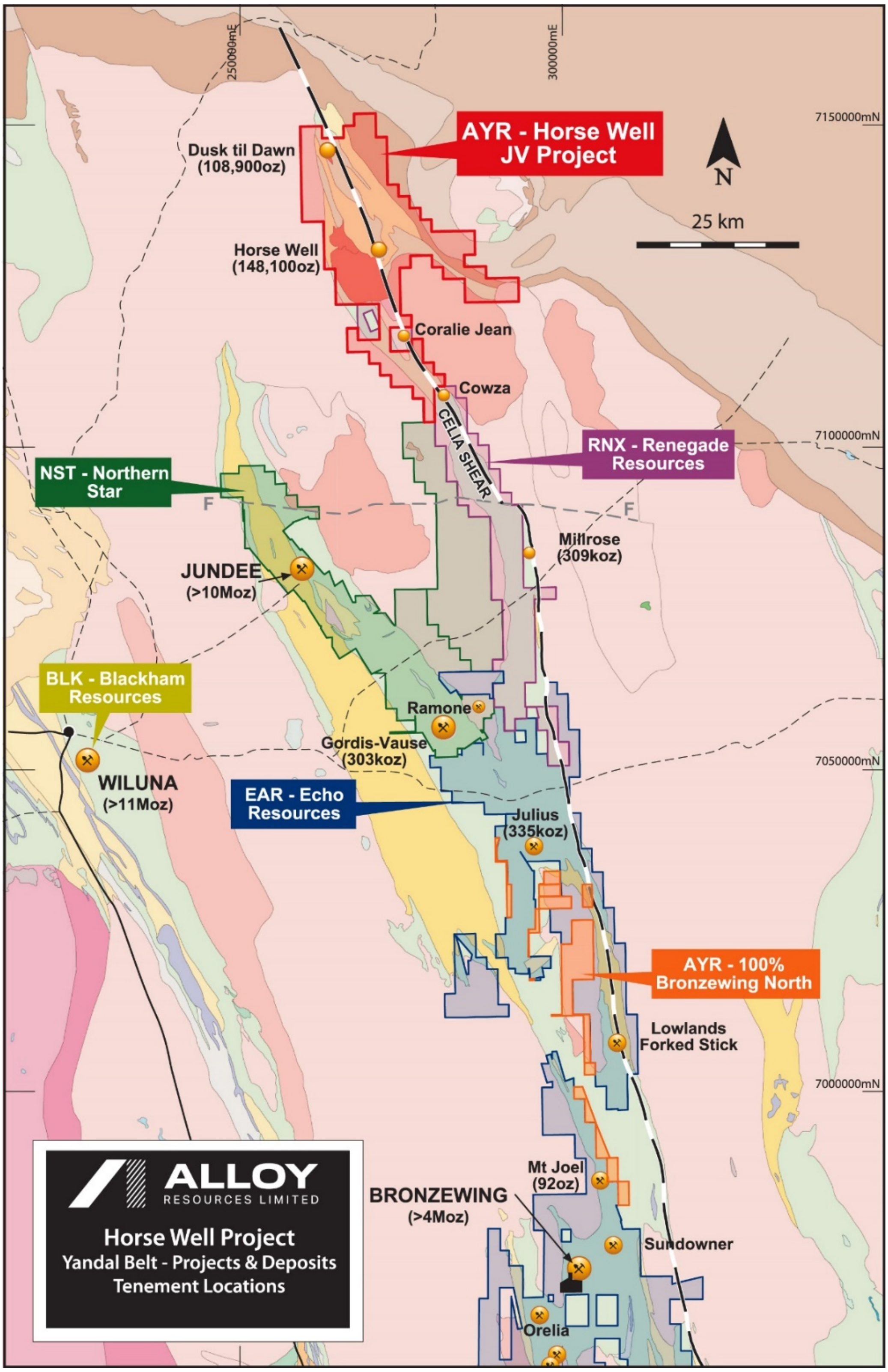

Figure 1 *Horse Well location on regional geology*

HORSE WELL GOLD PROJECT (Alloy 51%, sole-funding to 60%) (continued)

In March 2018, Alloy announced that it had reached agreement with Silver Lake (then Doray Minerals), for Alloy to regain a majority interest and assume management control of exploration. Under Alloy management some exploration priorities have changed whereby there will be equal focus on the discovery of both large new gold deposits as well as smaller high-grade deposits (Figure 2).

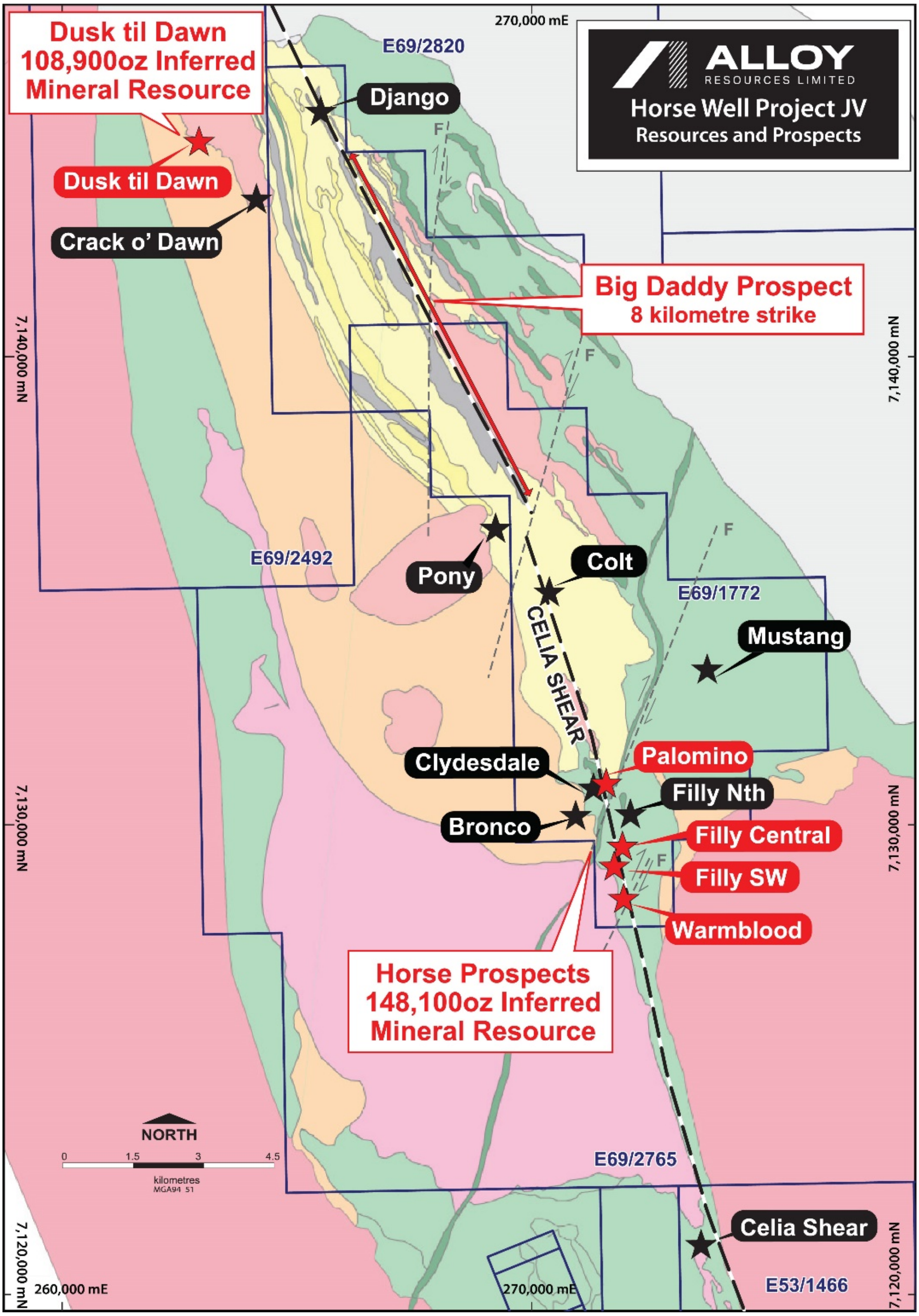

Figure 2 *Horse Well prospect locations on interpreted project geology*

HORSE WELL GOLD PROJECT (Alloy 51%, sole-funding to 60%) (continued)

Regional Exploration

During the September and December quarters of 2018 the Company explored five prospects within the Horse Well Gold Project; Coralie Jean North, Warmblood East, Big Daddy Central and West, as well as Warmblood South were investigated by completing soil sampling where appropriate and then air-core drilling (Figure 3).

Only the Big Daddy central target produced encouraging results, where supergene gold values of 8m @ 275 ppb, 8m @133 ppb, 4m @ 172 ppb and 4m @161 ppb were received at the base of weathering depths of approximately 36-56 metres. An extensive halo of disseminated pyrite and associated bleaching and sericite alteration is focussed strongly on a granite contact where shearing is also intense. This target extends over an 8-kilometre strike and remains a high priority (Figure 2).

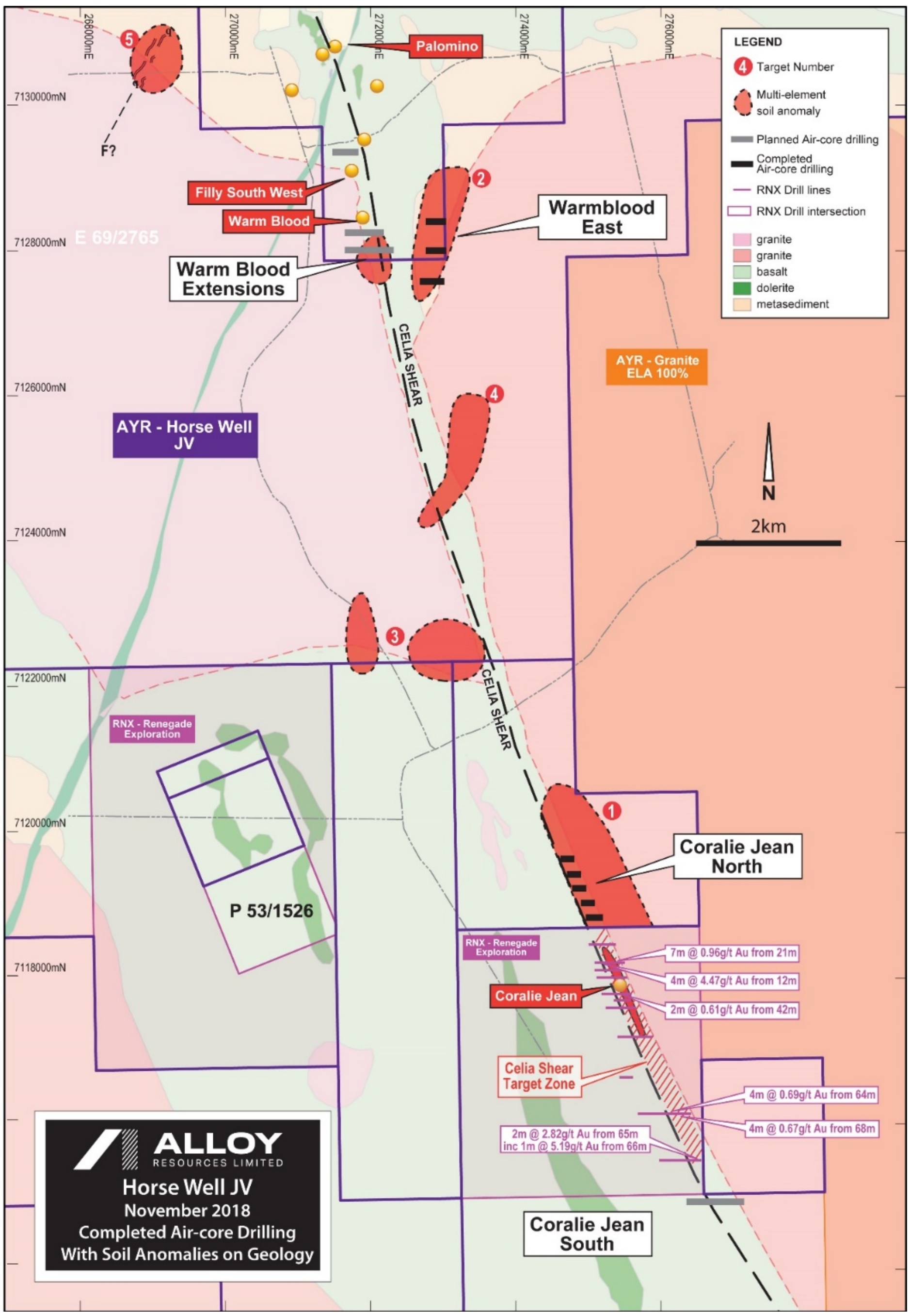

Figure 3 *Regional prospects and exploration drilling completed on geology*

HORSE WELL GOLD PROJECT (Alloy 51%, sole-funding to 60%) (continued)

New Mineral Resource Estimation

In 2019 the Company decided to focus on more 'brownfields' exploration. Two of the advanced prospects were reviewed, and new Mineral Resource estimates completed. On the 11 April 2019 the Company released an ASX Announcement which contained a new Mineral Resource Statement. The Company completed new Mineral Resource Estimates for the Warmblood and Dusk til Dawn prospects where sufficient drilling has defined gold mineralisation that warrants such estimate. These gold Mineral Resources, including details necessary for compliance with JORC 2012, are listed in Table 1 (0.5g/t Au cut-off).

Table 1: ***New additional Horse Well Mineral Resources - April 2019 (0.5g/t Au cut-off)***

Area	Category	Tonnes	Grade (g/t)	Ounces
Warmblood	Inferred	788,000	2.1	53,900
Dusk til Dawn	Inferred	3,495,600	1.0	108,900
TOTAL	**Inferred**	**4,283,600**	**1.2**	**162,800**

Notes:

- *All figures are rounded to reflect appropriate levels of confidence. Apparent differences may occur due to rounding.*
- *The cut-off grade for the above resources is 0.50ppm Au.*
- *The Inferred Resource has been estimated using appropriate high grade cuts and minimum mining widths.*

These new Mineral Resources could now be added to existing Resources which are shown in the Mineral Resource Statement at the end of this report:

Exploration Planning

Following completion of revised geological models and Mineral Resource estimates for the larger advanced prospects at Horse Well, the Company has;

- Completed revisions of the Mineral Resource estimates for the Palomino and Filly South West prospects, utilising a similar methodology and geological interpretation to recent work, thus standardising these models.
- identified the potential for delineation of extensions to, and/or repetitions of gold mineralisation within the project.

At the Horse prospects area orebodies are found to be relatively narrow ribbon-like structures with high-grade shoot development. The potential for underground exploitable style mineralisation below known deposits is regarded as very high, considering the limited historical exploration below the fresh rock interface.

HORSE WELL GOLD PROJECT (Alloy 51%, sole-funding to 60%) (continued)

The sub-vertical nature and high-grade shoot style of mineralisation was not adequately understood during the historical 1990's exploration. A number of prospects were ineffectively drilled by vertical or inclined north-south directed drilling which would not have been able to adequately test mineralisation within these structures.

Applying the findings of the review of the revised geological models to regional greenfields prospects suggests that 'low grade' gold intersections from the widely spaced drilling are high priority areas for new discoveries.

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 in an area which is known to have significant Cobalt mineralisation with large resources defined at the adjacent Mutooroo and Thackaringa deposits (Figure 4).

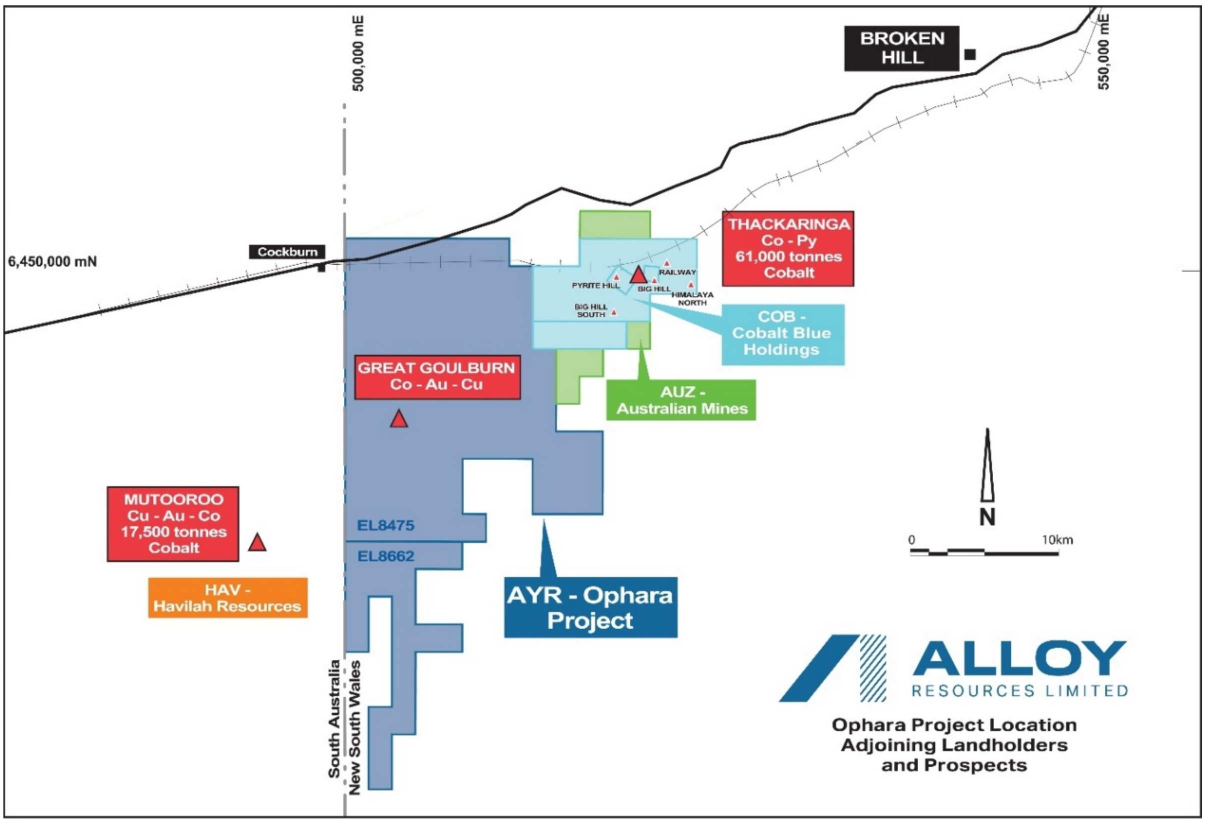

Figure 4 *Ophara Project location and neighbouring operators and deposits/prospects*

OPHARA COBALT-GOLD PROJECT – Broken Hill West – 100% **(continued)**

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.

A second mineral target has emerged from the extensive soil sampling which is vein-hosted sideritic copper-gold style mineralisation. This has been found in the area of the small historic Kitchies Reward shaft near the eastern boundary of the Project. A large early stage copper-gold soil anomaly trend over at least 3km is present and remains unsampled further east and to the north and south.

Numerous soil anomalies have been defined which offer good targets for cobalt-gold mineralisation. Stronger trends need continued infill sampling and detailed mapping where possible in this largely colluvial covered area.

Air-core drilling has confirmed that the co-incident cobalt-copper-gold soil anomalies are representative of subsurface mineralisation. The Company has only tested targets where there was some indication on the surface that these anomalies may have been related to ex-sulphide gossanous material, and this was only a small selection of much more extensive soil anomaly trends. This suggests that mineralisation is highly likely to exist under the other anomalies.

Completed Exploration

During the year Cobalt metal prices dropped significantly and hence funding for exploration was severely limited. In addition, the project area which is in the western parts of New South Wales has been experiencing prolonged drought which has meant pastoral lease owners have been reluctant to allow access onto their properties.

Given this scenario the Company is investigating opportunities to joint venture this project.

PATERSON PROJECT – (Rio Tinto farm-in)

The Company has entered into a Farm-In and Joint Venture Agreement with Rio Tinto Exploration Pty Limited (RTX) whereby RTX can explore and earn a majority interest in the Company's Exploration Licence EL 45/4807 located in the Paterson region of Western Australia (Figure 5). RTX is a wholly owned subsidiary of Rio Tinto Limited (Rio Tinto) (refer ASX release 18 June 2018). RTX is completing the initial earn-in commitment whereby they can earn a 70% interest in the Tenement by spending $500,000 and completing at least 500 metres of drilling, within 3 years.

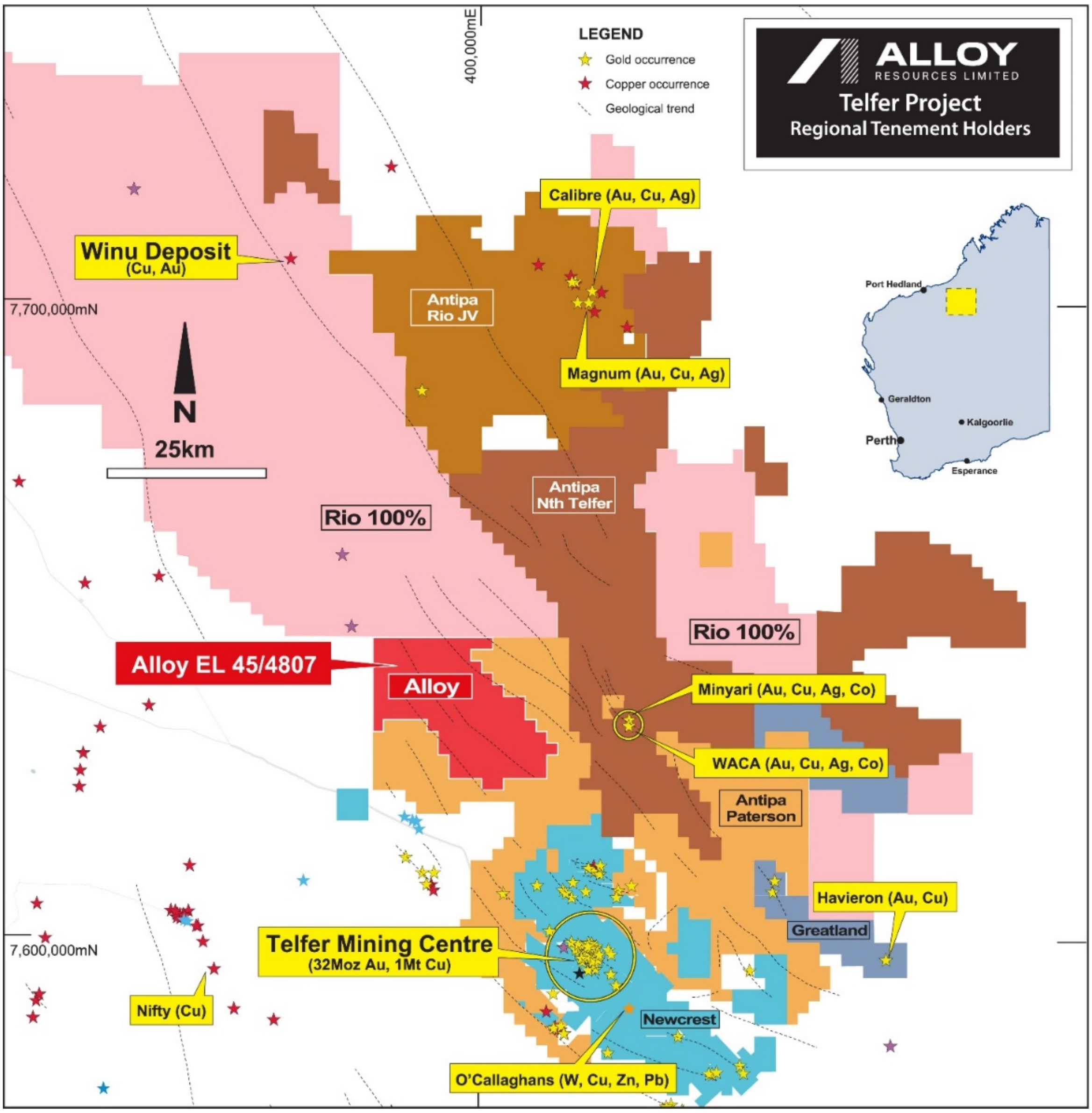

Figure 5 *Alloy Paterson Project location and neighbouring operators and deposits/prospects*

E45/4807 is a large 423 square kilometre tenement containing similar geology to the Newcrest's world class 32Moz Telfer gold deposit. The project is located only 25 kilometres to the north-west of Telfer and 50 kilometres south-east of Rio Tinto's exciting Winu copper-gold discovery. Very limited historical exploration has been completed within the project area.

PATERSON PROJECT – (Rio Tinto farm-in) (Continued)

Rio Tinto Exploration Pty Limited (“RTX”) continued to fund exploration pursuant to the farm-in agreement entered into in June 2018. Initial activities undertaken by RTX during the year was interpretation of data from the airborne magnetic survey undertaken in June/July 2018. This work confirmed the previous wide spaced aeromagnetic data and validated the existing geological interpretation of the tenement. Surface geology and access to the tenement was also confirmed with a helicopter reconnaissance trip.

In the 2019 field season work included site access planning (including a reconnaissance trip) and the completion of aboriginal heritage surveys as part of preparatory work for a drilling programme. A Programme of Work (PoW) for the planned access tracks and drill programme was approved by the Department of Mines, Industry Regulation and Safety (DMIRS).

RTX are planning to complete heritage clearances and the establishment of site access for the drill programme during the September 2019 quarter.

The drilling programme is now planned to comprise a minimum of 8 reverse circulation (RC) drill holes of up to 250m depth across the 6 target areas, with further holes to possibly be drilled subject to results. This initial testing is intended to guide follow up exploration in 2020 and improve target generation by confirming basement depths and lithologies. The depth of cover for the initial targets is currently estimated to be 30-100m.

The drilling is expected to be completed before the end of November 2019. The exact timing of drilling will be subject to completion of the access arrangements and the scheduling of RTX’s broader Paterson programme activities.

KURNALPI SOUTH PROJECT – (Riversgold farm-in)

No field work was conducted during the year.

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.

As at 30 June 2019 Horse Well has an Inferred Resource of as defined in Table 1 below.

Table 1: Horse Well Inferred Resource- refer ASX release dated 11 April 2019

Year	Area	Category	Tonnes	Grade (g/t)	Ounces
2015	Palomino	Inferred	554,000	2.5	43,600
	Filly SW	Inferred	85,800	8.2	22,700
	Filly	Inferred	206,000	1.3	8,700
2019	Warmblood	Inferred	788,000	2.1	53,900
	Dusk til Dawn	Inferred	3,495,600	1.0	108,900
COMBINED TOTAL		**Inferred**	**5,129,400**	**1.5**	**237,800**

On 20 August 2019 the Company announced the revised inferred: mineral resource estimates for Palomino and filly southwest as follows:

Palomino – 930,000t @ 2.3g/t for 68,300 ounces

Filly SW – 302,400t @ 1.8g/t for 17,200 ounces

Table 2: Horse Well <u>Inferred</u> Resources – refer ASX release dated 22 August 2019.

Year	Area	Category	Tonnes	Grade (g/t)	Ounces
2015	Filly	Inferred	206,000	1.3	8,700
2019	Warmblood	Inferred	788,000	2.1	53,900
	Palomino	Inferred	930,400	2.3	68,300
	Filly SW	Inferred	302,400	1.8	17,200
	Dusk til Dawn	Inferred	3,495,600	1.0	108,900
COMBINED TOTAL		**Inferred**	**5,722,400**	**1.4**	**257,000**

Notes:

- All figures are rounded to reflect appropriate levels of confidence. Apparent differences may occur due to rounding.
- The cut-off grades for 2015 Resources are 0.50 g/t for Oxide, 0.75 g/t for Transition and 1.00 g/t for Fresh weathering classifications.
- The cut-off grades for 2019 Resources is 0.50 g/t for all weathering classifications except for Palomino which has a 2g/t cut-off below 100m.
- The Inferred Resource has been estimated using appropriate high-grade cuts, minimum mining widths and dilutions

MINERAL RESOURCE STATEMENT

Governance and Quality Control

The Company ensures all resources calculations are undertaken and reviewed by independent, internationally recognised industry consultants.

All drill hole data is stored in-house within a commercially available purpose designed database management system and subjected to industry standard validation procedures. Quality control on resource drill programs have been undertaken to industry standards with implementation of appropriate drilling type, survey data collection, assay standards, sample duplicates and repeat analyses.

COMPETENT PERSONS STATEMENT

The Mineral Resources Statement is based on, and fairly represents, information and supporting documentation prepared by the respective competent persons named below.

The information in this Mineral Resource Statement as a whole has been approved by Mr 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 Annual Report in the form and context in which it appears.

Mr Viner is a shareholder and option holder of Alloy Resources Limited.

Mineral Resources

The information in this report that relates to the new 2019 Dusk til Dawn, Warmblood, Palomino and Filly SW Mineral Resources is based on information compiled by Mr Lauritz Barnes (consultant with Trepanier Pty Ltd) and Mr Andrew Viner (a Director and shareholder of Alloy Resources). Mr Barnes and Mr Viner are both members of the Australasian Institute of Mining and Metallurgy. Mr Barnes and Mr Viner have ***sufficient*** experience of relevance to the styles of mineralisation and types of deposits under consideration, and to the activities undertaken to qualify as Competent Persons as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Specifically, Mr Viner is the Competent Persons for the database (including ALL drilling information), the geological and mineralisation model plus the site visits. Mr Barnes is the Competent Person for the construction of the 3-D geology / mineralisation model plus the estimation. Mr Barnes and Mr Viner consent to the inclusion in this report of the matters based on their information in the form and context in which they appear.

The 2015 Filly resource in this statement is based on work carried out 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.

COMPETENT PERSONS STATEMENT continued

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 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.

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.

SCHEDULE OF TENEMENTS

Project	Location	Tenement
Horse Well JV		
Eskay Resources Pty Ltd 100%	WA	E69/1772
Alloy Resources Limited - Granted	WA	E53/1466
Alloy Resources Limited - Granted	WA	E53/1471
Alloy Resources Limited - Granted	WA	E69/2765
Alloy Resources Limited - Granted	WA	E53/1924
Alloy Resources Limited - Granted	WA	E69/2492
Alloy Resources Limited - Granted	WA	E69/2820
+ *subject to Doray farmout Agreement – Doray 49%. Alloy earning 60%*		
***** *Phosphate Australia retain 20% free- carried to BFS*		
^ *Wayne Jones NSR*		
Paterson		
Alloy Resources Limited – Granted	WA	E45/4807
"*subject to Rio Tinto Farm-in Agreement*		
Kurnalpi South		
Alloy Resources Limited – Granted	WA	E28/2599
Alloy Resources Limited - Granted	WA	E28/2665
# *subject to Riversgold farm-in Agreement*		
Ophara – Broken Hill West		
Alloy Minerals Limited - Granted	NSW	EL8668
Alloy Minerals Limited - Granted	NSW	EL8475
Alloy Minerals Limited - Granted	NSW	EL8476
Alloy Minerals Limited - Granted	NSW	EL5662
Bronzewing North		
Alloy Resources - Application	WA	E53/1989
Alloy Resources - Granted	WA	E53/1991-E53/1995
Alloy Resources - Application	WA	E53/1996
Alloy Resources - Application	WA	E53/2030
Alloy Resources - Application	WA	E53/2085
Alloy Resources - Granted	WA	P53/1682-P53/1696
Alloy Resources - Application	WA	P53/1697

DIRECTORS' REPORT

The Directors present their report on Alloy Resources Limited and the entities it controlled at the end of, or during the year ended 30 June 2019 and the auditor's report thereon.

Directors

The names and details of the Directors of Alloy Resources Limited during the financial year and until the date of this report are:

Andrew Viner – Executive Chairman
Appointed a Director on 21 June 2011, Appointed Executive Chairman 1 July 2014.
Andy is a geologist with over 30 years technical, managerial and corporate experience in mineral exploration and development. During his career he has generated and managed projects for a number of commodities, with a particular focus on precious metals, in Australia, Asia and South America. Andy was founding Managing Director of Jackson Gold Limited from 2002 to 2007 and Executive Director of Matsa Resources Limited from 2008 to 2010. He is a member of the Australian Institute of Mining and Metallurgy and the Institute of Company Directors.

Andy was appointed Non-executive Director of Magmatic Resources Limited on 16 November 2019.

Kevin Hart – Non-executive Director and Company Secretary
Appointed a Director on 2 June 2004.
Kevin holds a Bachelor of Commerce Degree and is a Chartered Accountant. He is a Partner at Endeavour Corporate Pty Ltd, an advisory firm that specialises in the provision of Company Secretarial services to ASX listed entities. Kevin has over 30 years of professional experience with various public companies, mostly in the exploration and mining industry. Kevin is also a former director of Gold Road Resources Limited from May 2007 to June 2013. Kevin has held no other Australian Listed company directorships in the last three years.

Gary Powell – Independent Non-executive Director
Appointed a Director on 1 May 2019.
Mr Powell holds a Bachelor of Applied Science (Geology) from Curtin University and is currently a Consultant Geologist. He has over 35 years' experience in exploration, development and mining in Australia and Asia. Gary has held no other Australian Listed company directorships in the last three years.

Former Director

Allan Kelly – Non-executive Director
Appointed a Director on 10 February 2017 resigned 1 May 2019.

Directors' Interests

As at the date of this report the Directors' interests in shares and options of the Company are as follows:

Director	*Directors' Interests in Ordinary Shares*	*Directors' Interests in Unlisted Options (Vested)*	*Directors' Interests in Share Rights (Not Vested)*
Andrew Viner	35,252,667	5,000,000[(i)]	-
Kevin Hart	18,072,328	2,000,000[(ii)]	-
Gary Powell	-	-	-

(i) 5,000,000 unlisted options exercisable by payment of 1.5 cents each on or before 24 November 2019.
(ii) 2,000,000 unlisted options exercisable by payment of 1.5 cents each on or before 24 November 2019.

Directors' Meetings

The number of meetings of the Company's Directors held during the year ended 30 June 2019 and the number of meetings attended by each Director was:

Director	*Board of Directors' Meetings*	
	Held	*Attended*
Andrew Viner	5	5
Kevin Hart	5	5
Gary Powell (Appointed 1 May 2019)	1	1
Allan Kelly (Resigned 1 May 2019)	4	4

Principal Activities

The principal activities of the Group during the financial year consisted of mineral exploration and investment.

There were no significant changes in these activities during the financial year.

Results of Operations

The consolidated net loss after income tax for the financial year is $1,835,675 (2018: $161,387). Included in the loss is an amount of $1,510,677 (2018: $86,800) being a write off of exploration assets following a review as detailed in note 10.

Dividends

No dividend has been paid since the end of the previous financial year and no dividend is recommended for the current year.

Review of Activities

Project highlights during the financial year include:

HORSE WELL GOLD PROJECT – Alloy Resources Limited 51% (earning 60%)

The Horse Well Joint Venture with Silverlake Resources Limited ('Silverlake') is exploring the 550 square kilometre Horse Well Project which is located in the north eastern goldfields adjacent to Northern Star's Jundee Gold Mine.

In March 2018, Alloy announced that it had reached agreement with Silverlake (then Doray Minerals), for Alloy to regain a majority interest and assume management control of exploration. Under Alloy management some exploration priorities have changed whereby there will be equal focus on the discovery of both large new gold deposits as well as smaller high-grade deposits.

Transaction Terms

The key material terms are:

1. With 51% interest Alloy assumes Management of the HWJV.
2. Alloy is sole funding $1.4 million expenditure to go to a 60% JV interest.
3. Silverlake can elect to contribute or dilute after Alloy has reached a 60% interest in the HWJV. If Silverlake dilutes to 5% or below then its interest will revert to a 1% NSR.
4. Silverlake retains a 'Claw-back' right if a 1.5 million-ounce Mineral Resource is defined. If exercised:
    - Silverlake must repay Alloy 3 x Exploration Expenditure to get 51%.
    - Alloy 49% free-carried to completion of a BFS.
5. HWJV may nominate areas for a 'Small Mine' Development;
    - Applicable to any Mineral Resource < 1.5 Moz with a positive Scoping Study.
    - Mine Development Area separated out from HWJV into a Mining JV.
    - Mining JV can elect to Mine, Process, Toll Mill or Sell.

Regional Exploration

During the September and December quarters of 2018 the Company explored five prospects within the Horse Well Gold Project; Coralie Jean North, Warmblood East, Big Daddy Central and West, as well as Warmblood South were investigated by completing soil sampling where appropriate and then air-core drilling.

Only the Big Daddy central target produced encouraging results, where supergene gold values of 8m @ 275 ppb, 8m @133 ppb, 4m @ 172 ppb and 4m @161 ppb were received at the base of weathering depths of approximately 36-56 metres. An extensive halo of disseminated pyrite and associated bleaching and sericite alteration is focussed strongly on a granite contact where shearing is also intense. This target extends over an 8 kilometre strike and remains a high priority.

New Mineral Resource Estimation

In 2019 the Company decided to focus on more 'brownfields' exploration. Two of the advanced prospects were reviewed, and new Mineral Resource estimates completed. On the 11 April 2019 the Company released an ASX Announcement which contained a new Mineral Resource Statement. The Company completed new Mineral Resource Estimates for the Warmblood and Dusk til Dawn prospects where sufficient drilling has defined gold mineralisation that warrants such estimate. These gold Mineral Resources, including details necessary for compliance with JORC 2012, are listed in Table 1 (0.5g/t Au cut-off).

Table 1: ***New additional Horse Well Mineral Resources - April 2019 (0.5g/t Au cut-off)***

Area	Category	Tonnes	Grade (g/t)	Ounces
Warmblood	Inferred	788,000	2.1	53,900
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- *All figures are rounded to reflect appropriate levels of confidence. Apparent differences may occur due to rounding.*
- *The cut-off grade for the above resources is 0.50ppm Au.*
- *The Inferred Resource has been estimated using appropriate high-grade cuts and minimum mining widths.*

These new Mineral Resources could now be added to existing Resources which are shown in Table 2 below:

Table 2: ***Combined Horse Well Inferred Resources as at April 2019.***

Year	Area	Category	Tonnes	Grade (g/t)	Ounces
2015	Palomino	Inferred	554,000	2.5	43,600
	Filly SW	Inferred	85,800	8.2	22,700
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Exploration Planning

Following completion of revised geological models and Mineral Resource estimates for the larger advanced prospects at Horse Well, the Company has;

- Commenced new revisions of the 2015 Mineral Resource estimates for the Palomino and Filly South West prospects, utilising a similar methodology and geological interpretation to recent work, thus standardising these models.
- identified the potential for delineation of extensions to, and/or repetitions of gold mineralisation within the project.

At the Horse prospects area orebodies are found to be relatively narrow ribbon-like structures with high-grade shoot development. The potential for underground exploitable style mineralisation below known deposits is regarded as very high, considering the limited historical exploration below the fresh rock interface.

The sub-vertical nature and high-grade shoot style of mineralisation was not adequately understood during the historical 1990's exploration. A number of prospects were ineffectively drilled by vertical or inclined north-south directed drilling which would not have been able to adequately test mineralisation within these structures.

Applying the findings of the review of the revised geological models to regional greenfields prospects suggests that 'low grade' gold intersections from the widely spaced drilling are high priority areas for new discoveries.

PATERSON PROJECT – (Rio Tinto farm-in)

The Company has entered into a Farm-In and Joint Venture Agreement with Rio Tinto Exploration Pty Limited (RTX) whereby RTX can explore and earn a majority interest in the Company's Exploration Licence EL 45/4807 located in the Paterson region of Western Australia (Figure 4). RTX is a wholly owned subsidiary of Rio Tinto Limited (Rio Tinto) (refer ASX release 18 June 2018). RTX is completing the initial earn-in commitment whereby they can earn a 70% interest in the Tenement by spending $500,000 and completing at least 500 metres of drilling, within 3 years.

E45/4807 is a large 423 square kilometre tenement containing similar geology to the Newcrest's world class 32Moz Telfer gold deposit. The project is located only 25 kilometres to the north-west of Telfer and 50 kilometres south-east of Rio Tinto's exciting Winu copper-gold discovery. Very limited historical exploration has been completed within the project area.

Rio Tinto Exploration Pty Limited ("RTX") continued to fund exploration pursuant to the farm-in agreement entered into in June 2018. Initial activities undertaken by RTX during the year was interpretation of data from the airborne magnetic survey undertaken in June/July 2018. This work confirmed the previous wide spaced aeromagnetic data and validated the existing geological interpretation of the tenement. Surface geology and access to the tenement was also confirmed with a helicopter reconnaissance trip.

In the 2019 field season work included site access planning (including a reconnaissance trip) and the completion of aboriginal heritage surveys as part of preparatory work for a drilling programme. A Programme of Work (PoW) for the planned access tracks and drill programme was approved by the Department of Mines, Industry Regulation and Safety (DMIRS).

RTX are planning to complete heritage clearances and the establishment of site access for the drill programme during the September 2019 quarter.

The drilling programme is now planned to comprise a minimum of 8 reverse circulation (RC) drill holes of up to 250m depth across the 6 target areas, with further holes to possibly be drilled subject to results. This initial testing is intended to guide follow up exploration in 2020 and improve target generation by confirming basement depths and lithologies. The depth of cover for the initial targets is currently estimated to be 30-100m.

The drilling is expected to be completed before the end of November 2019. The exact timing of drilling will be subject to completion of the access arrangements and the scheduling of RTX's broader Paterson programme activities.

OPHARA COBALT-GOLD PROJECT - (100%)

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

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.

A second mineral target has emerged from the extensive soil sampling which is vein-hosted sideritic copper-gold style mineralisation. This has been found in the area of the small historic Kitchies Reward shaft near the eastern boundary of the Project. A large early stage copper-gold soil anomaly trend over at least 3km is present and remains unsampled further east and to the north and south.

Numerous soil anomalies have been defined which offer good targets for cobalt-gold mineralisation. Stronger trends need continued infill sampling and detailed mapping where possible in this largely colluvial covered area.

Substantive expenditure on further exploration on the project is not currently planned and the Company is exploring farm-out opportunities with respect to this project.

Exploration Drilling

A total of 57 air-core drill holes for 2,252 metres were drilled. Drilling was done in 4 traverses testing 3 cobalt-copper-gold soil anomaly targets at the Gillett's Tank area and 3 small traverses testing the Kitchies Reward historical workings.

The air-core drilling has confirmed that the co-incident cobalt-copper-gold soil anomalies are representative of subsurface mineralisation. The Company has only tested targets where there was some indication on the surface that these anomalies may have been related to ex-sulphide gossanous material, and this was only a small selection of much more extensive soil anomaly trends. This suggests that mineralisation is highly likely to exist under the other anomalies.

KURNALPI PROJECT – (Riversgold earning 70%)

No field work was conducted on this project during the year.

CORPORATE

The Company has continued to maintain minimal operating cost expenditure. Exploration focused on the Horse Well Joint Venture where the Company is sole funding to increase its equity from 51% to 60%.

The company completed a share purchase plan during the year issuing 116,200,000 shares to raise $290,500 before costs, and a placement of 14.2 million shares to raise $400,000 before costs.

Financial Position

At the end of the financial year the Group had $446,180 (2018: $1,260,481) in cash and at call deposits. Capitalised mineral exploration and evaluation expenditure was $4,977,761 (2018: $5,447,695).

Expenditure on exploration and acquisition of tenements during the year was $1,040,743 (2018: $2,010,068).

Impact of Legislation and other External Requirements

There has been no impact on the Group as a result of new legislation or other external requirements.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the Group during the financial year not otherwise disclosed in this report.

Options over Unissued Capital

As at the date of this report unissued ordinary shares of the Company under option are:

Number of Options Granted	*Exercise Price*	*Expiry Date*
7,000,000 (i) 20,000,000 (ii)	1.5 cents 1 cent	25 November 2019 19 December 2019

(i) The unlisted directors' options are fully vested and exercisable by payment of 1.5 cents on or before 25 November 2019.
(ii) Unlisted options issued to Hartley's Limited.

These options do not entitle the holder to participate in any share issue of the Company or any other body corporate. The holders of options are not entitled to any voting rights until the options are converted into ordinary shares.

Matters Subsequent to the End of the Financial Year

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

Likely Developments and Expected Results of Operations

Likely developments in the operations of the Group are included elsewhere in the Annual Report. Disclosure of any further information has not been included in this report because, in the reasonable opinion of the Directors to do so would be likely to prejudice the business activities of the Group and is dependent upon the results of the future exploration and evaluation.

Environmental Regulation and Performance

The Group holds various exploration licences to regulate its exploration activities in Australia. These licences include conditions and regulations with respect to the rehabilitation of areas disturbed during the course of its exploration activities.
As far as the Directors are aware, all exploration activities have been undertaken in compliance with all relevant environmental regulations.

Remuneration Report (audited)

The remuneration report is set out under the following main headings:

(a) Details of key management personnel
(b) Principles used to determine the nature and amount of remuneration
(c) Details of remuneration
(d) Service agreements
(e) Share-based compensation
(f) Option holdings of key management personnel
(g) Shareholdings of key management personnel
(h) Loans made to key management personnel
(i) Other transactions with key management personnel and their related entities.
(j) Additional information

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Group, including directors of the Company and other executives. Key management personnel comprise the directors of the Company and senior executives for the Group.

Remuneration Report (audited) (continued)

2018 Annual General Meeting Votes

Alloy received 96% of yes votes on its remuneration report resolution for the 2018 financial year (2017: 64% yes vote).

(a) Details of Key Management Personnel

Directors

Andrew Viner	Executive Chairman
Kevin Hart	Non-executive Director and Company Secretary
Gary Powell	Non-executive Director (Appointed 1 May 2019)
Allan Kelly	Non-executive Director (Resigned 1 May 2019)

(b) Principles used to determine the nature and amount of remuneration

The key principles include:

- Competitiveness and reasonableness
- Acceptability to shareholders
- Performance linkage/alignment of executive compensation
- Transparency
- Capital management

The framework provides a mix of fixed and variable pay, and a blend of short and long-term incentives.

Non-executive Directors
Non-executive directors' fees not exceeding an aggregate of $150,000 per annum were approved by the shareholders at the Annual General Meeting held on 27 November 2007.

Executive Pay
The combination of the following comprises the executive's total remuneration:

- Base pay and benefits, including superannuation,
- Short term performance incentives, and
- Long term incentives through participation in the Alloy Resources Limited Incentive Option Scheme and Performance Rights Plan.

Base pay
Structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits at the executives' discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Base pay for executives is reviewed annually to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed on promotion.

There are no guaranteed base pay increases included in any executives' contracts.

Benefits
Executives can salary sacrifice certain benefits including motor vehicle.

Superannuation
Retirement benefits are paid to complying superannuation funds nominated by the executives. During the period ended 30 June 2019 the Company contribution rate was 9.5% of ordinary time earnings.

Short term incentives
It is noted that the Executive Chairman's service agreement includes a performance-based component. Upon meeting certain key performance criteria set by the Board, the Executive Chairman can earn up to 30% of his base salary as a short-term cash incentive.

Remuneration Report (audited) (continued)

Long-term incentives
Long term incentives are provided via the Alloy Resources Limited Incentive Option Scheme and Performance Rights Plan.

The plans were approved by shareholders at the Annual General Meeting held on 25 November 2016. No awards were made pursuant to the plans in FY2019 or FY2018.

(c) Details of remuneration

Details of the nature and amount of each element of the emoluments of each key management personnel of the Company and the consolidated entity for the year ended 30 June 2019 and 2018 are set out in the following tables:

2019	*Short-term*		*Post-Employment*	*Share-based payment*	*Long Term*	*Total*	*Performance Related*	*Value of options as proportion of remuneration*
Directors	*Fees and Salaries (including annual leave) $*	*Non-monetary benefits $*	*Superannuation Contributions $*	*Options $*	*Long service Leave accrued [1] $*	*$*	*%*	*%*
Andrew Viner	200,115	-	20,425	-	25,624	245,624	-	-
Kevin Hart	30,000	-	-	-	-	30,000	-	-
Gary Powell	4,566	-	434	-	-	5,000	-	-
Former Director								
Allan Kelly	25,000	-	-	-	-	25,000	-	-
TOTAL	**259,681**	**-**	**20,859**	**-**	**25,624**	**305,624**	**-**	**-**

[1] Represents the accrual of statutory long service leave for Mr Andrew Viner in the current year.

No short-term incentive payments were paid or payable to Mr Andrew Viner under his service agreement during the period (2018: Nil)

2018	*Short-term*		*Post-Employment*	*Share-based payment*	*Long Term*	*Total*	*Performance Related*	*Value of options as proportion of remuneration*
Directors	*Fees and Salaries (including annual leave $*	*Non-monetary benefits $*	*Superannuation Contributions $*	*Options $*	*Long service leave accrued $*	*$*	*%*	*%*
Andrew Viner	221,064	-	20,425	-	-	241,489	-	-
Kevin Hart	30,000	-	-	-	-	30,000	-	-
Allan Kelly	30,000	-	-	-	-	30,000	-	-
TOTAL	**281,064**	**-**	**20,425**	**-**	**-**	**301,489**	**-**	**-**

Remuneration Report (audited) (continued)

(d) Service agreements

Remuneration and other terms of employment for the Executive Chairman are formalised in a service agreement. The agreement provides for the provision of performance-related cash bonuses and participation, when eligible, in the Alloy Resources Ltd Incentive Option Scheme ('Scheme') and Performance Rights Plan ('Plan'). Other major provisions of the agreements relating to remuneration are set out below:

The contract may be terminated early by either party with notice as set out in the service agreement, subject to termination payments as detailed below.

Andrew Viner, Executive Chairman

- Term of agreement – no fixed term, commenced 21 June 2011.
- Termination notice – 6 months' notice.
- Base salary inclusive of superannuation of $235,000 to be reviewed annually.
- Short term incentives up to 30% of base salary at the discretion of the Board.

(e) Share-based compensation

Options and Performance Rights

Options over shares in Alloy Resources Limited are granted under the Alloy Resources Limited Incentive Option Scheme and the Alloy Resources Limited Performance Rights Plan which were approved by shareholders at an Annual General Meeting of shareholders of the Company held on 25 November 2016.

The Option Scheme and the Performance Rights Plan is designed to provide long term incentives for executives to deliver long term shareholder returns, and participation in the future growth of the Company. Under the Scheme participants are granted options which typically vest on issue with a strike price as determined at the discretion of the Board. The Scheme allows the Company to issue free options to an eligible person. The options are exercisable at a fixed price in accordance with the Plan. The options of any participant in the scheme lapse where the relevant person ceases to be an employee or director of, or vendor services to the Company.

Performance rights to be issued under the Plan have varying vesting periods as determined by the Board at the date of grant except under certain circumstances whereby performance rights may be capable of exercise prior to the expiry of the vesting period. Participation in the Scheme is at the Board's discretion and no individual has a contractual right to participate in the Scheme or to receive any guaranteed benefits.

The following factors and assumptions were used in determining the fair value of options on grant date:

Grant Date	*Option life*	*Fair value per option*	*Exercise price*	*Price of shares on grant date*	*Expected volatility*	*Risk free interest rate*	*Dividend yield*
7,000,000 Unlisted Options							
25 Nov 2016	3 Years	$0.0048	$0.015	$0.007	143.12%	1.70%	0%

The assessed fair value at grant date of options granted to the individuals is allocated equally over the period from grant date to vesting date.

Fair values at grant date are independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

There were no performance rights in existence as at 30 June 2019.

Remuneration Report (audited) (continued)

No options or performance rights have been granted since the end of the financial year.

The movement during the reporting period, by value, of options over ordinary shares in the Company held by each key management person is detailed below:

Options

During the year there were no options issued to key management personnel (KMP).

Exercise of options granted as compensation

During the reporting period, no shares were issued on the exercise of options previously granted as compensation.

(f) Option holdings of key management personnel

The numbers of options over ordinary shares in the Company held during the financial year by each director of the Company and other key management personnel of the Group are set out below:

2019 **Name**	**Balance at start of the year**	**Granted during the year as compens-ation**	**Exercised during the year**	**Expired unexercised**	**Balance at the end of the year**	**Vested and exercisable at the end of the year**
Directors						
Andrew Viner	**5,000,000**	**-**	**-**	**-**	**5,000,000**	**5,000,000**
Kevin Hart	**2,000,000**	**-**	**-**	**-**	**2,000,000**	**2,000,000**
Allan Kelly (i)	**2,000,000**	**-**	**-**	**(2,000,000)**	**-**	**-**

(i) Resigned 1 May 2019, options cancelled 4 June 2019 in accordance with the terms of the incentive options scheme.

2018 **Name**	**Balance at start of the year**	**Granted during the year as compens-ation**	**Exercised during the year**	**Expired unexercised**	**Balance at the end of the year**	**Vested and exercisable at the end of the year**
Directors						
Andrew Viner	**5,000,000**	**-**	**-**	**-**	**5,000,000**	**5,000,000**
Kevin Hart	**2,000,000**	**-**	**-**	**-**	**2,000,000**	**2,000,000**
Allan Kelly	**2,000,000**	**-**	**-**	**-**	**2,000,000**	**2,000,000**

Remuneration Report (audited) (continued)

(f) Option holdings of key management personnel continued

The numbers of options over ordinary shares in the Company held during the financial year by each director of the Company and other key management personnel of the Group are set out below:

(g) Share holdings of key management personnel

The number of shares in the Company held during the financial year by each director of the Company and other key management personnel of the Group, including their personally related parties are set out below. There were no shares granted during the reporting period as remuneration.

2019 **Name**	**Balance at start of the year**	**Received during the year on exercise of rights**	**Other changes during the year**	**Balance at the end of the year**
Directors				
Andrew Viner	**29,252,667**	**-**	**6,000,000**(iii)	**35,252,667**
Kevin Hart	**12,072,328**	**-**	**6,000,000**(iii)	**18,072,328**
Gary Powell (i)	**-**	**-**	**-**	**-**
Allan Kelly	**4,307,857**	**-**	**(4,307,857)** (ii)	**-**

i. Opening balance of shares at date of appointment.
ii. Closing balance of shares at date of resignation being 1 May 2019.
iii. Participation in Share Purchase Plan

2018 **Name**	**Balance at start of the year**	**Received during the year on exercise of rights**	**Other changes during the year** (i)	**Balance at the end of the year**
Directors				
Andrew Viner	**25,991,799**	**-**	**3,260,868**	**29,252,667**
Kevin Hart	**8,811,458**	**-**	**3,260,870**	**12,072,328**
Allan Kelly	**1,046,987**	**-**	**3,260,870**	**4,307,857**

i. Participation in Share Purchase Plan

(h) Loans made to key management personnel

No loans were made to a director of Alloy Resources Limited or any other key management personnel, including personally related entities during the financial year.

(i) Other transactions with key management personnel and their related parties

Some Directors and Executives hold positions within other entities which cause them to have control or exert significant influence over the financial or operating policies of those entities.

The following entities transacted with the Company during the financial year. In each instance normal commercial terms and conditions applied. Terms and conditions were not more favourable than those available, or which might reasonably be expected to be available, for a similar transaction to unrelated parties on an arms-length basis.

Mr. Kevin Hart has an interest as a partner in a Chartered Accounting firm Endeavour Corporate. This firm provides company secretarial and accounting services to the Company in the ordinary course of business. The value of the transactions in the financial year ending 30 June 2019 amount to $51,516 (2018: $57,381). The amount owing to Endeavour Corporate at 30 June was $11,327 (2018: $11,087).

Remuneration Report (audited) (continued)

(j) Company performance

The table below shows the performance of the Company as measured by share price and change in market capitalisation.

	30 June				
	2019	**2018**	**2017**	**2016**	**2015**
	$	**$**	**$**	**$**	**$**
Share price	0.002	0.007	0.035	0.01	0.005
Market capitalisation	3,386,555	10,159,343	34,894,767	7,127,076	2,463,538
Loss for the year	(1,835,675)	(161,387)	(734,436)	(547,872)	(2,822,968)

THIS IS THE END OF THE REMUNERATION REPORT

Officers' Indemnities and Insurance

During the year the Company paid an insurance premium to insure certain officers of the Company. The officers of the Company covered by the insurance policy include the Directors named in this report.

The Directors and Officers Liability insurance provides cover against all costs and expenses that may be incurred in defending civil or criminal proceedings that fall within the scope of the indemnity and that may be brought against the officers in their capacity as officers of the Company. The insurance policy does not contain details of the premium paid in respect of individual officers of the Company.

Disclosure of the nature of the liability cover and the amount of the premium is subject to a confidentiality clause under the insurance policy.

The Company has not provided any insurance for an auditor of the Company.

Corporate Governance

In recognising the need for high standards of corporate behaviour and accountability, the Directors of the Company support and have adhered to the principles of corporate governance to the extent they are applicable to the company given its size and scale of operations.

Auditors' Independence Declaration

A copy of the Auditors' Independence Declaration as required under Section 307C of the Corporations Act is set out on Page 27 and forms part of the director's report for the financial year ended 30 June 2019.

This report is made in accordance with a resolution of the Directors.

DATED at Perth this 27th day of September 2019.

Andrew Viner
Executive Chairman

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Alloy Resources Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Alloy Resources Limited for the financial year ended 30 June 2019 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Matthew Beevers

Partner

Perth

27 September 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Note	**30 June 2019 $**	30 June 2018 $
Other income	4	**26,191**	290,000
Non-executive Directors Fees		**(60,000)**	(60,000)
Depreciation and amortisation		**(4,102)**	(1,294)
Occupancy expenses		**(23,292)**	(25,233)
Accounting and administrative expenses		**(152,609)**	(174,406)
Employee expenses		**(78,076)**	(53,713)
Insurance expenses		**(17,016)**	(12,257)
Other expenses		**(22,973)**	(48,831)
Exploration costs impaired or expensed	9	**(1,510,677)**	(86,800)
Results from operating activities		**(1,842,554)**	(172,534)
Finance and other income	4	**6,879**	11,147
Loss before income tax		**(1,835,675)**	(161,387)
Income tax expense	5	**-**	-
Loss for the period		**(1,835,675)**	(161,387)
Other comprehensive income for the year		**-**	-
Total comprehensive loss for the year		**(1,835,675)**	(161,387)
Earnings/(loss) per share (cents):			
Basic earnings/(loss) per share (cents)	23	**(0.118)**	(0.013)
Diluted earnings/(loss) per share (cents)	23	**(0.118)**	(0.013)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	**30 June 2019 $**	30 June 2018 $
Current assets			
Cash and cash equivalents	6	**446,180**	1,260,481
Trade and other receivables	7	**2,948**	87,945
Other current assets	8	**1,135**	5,639
Total current assets		**450,263**	1,354,065
Non- current assets			
Plant and equipment		**8,327**	7,212
Formation expenses		**-**	669
Capitalised mineral exploration and evaluation expenditure	9	**4,977,761**	5,447,695
Security deposits		**20,458**	20,334
Total non-current assets		**5,006,546**	5,475,910
Total assets		**5,456,809**	6,829,975
Current liabilities			
Trade and other payables	10	**72,207**	312,580
Provisions	11	**88,547**	78,348
Total current liabilities		**160,754**	390,928
Total liabilities		**160,754**	390,928
Net assets		**5,296,055**	6,439,047
Equity			
Issued capital	13	**20,668,289**	19,975,606
Accumulated losses		**(15,423,107)**	(13,587,432)
Reserves		**50,873**	50,873
Total equity		**5,296,055**	6,439,047

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Share Capital	Accumulated losses	Equity Remuneration Reserve	Total
	$	$	$	$
Balance as at 1 July 2018	**19,975,606**	**(13,587,432)**	**50,873**	**6,439,047**
Loss for the period	**-**	**(1,835,675)**	**-**	**(1,835,675)**
Other comprehensive loss for the period	**-**	**-**	**-**	**-**
Total comprehensive loss for the period	**-**	**(1,835,675)**	**-**	**(1,835,675)**
Transactions with equity holders in their capacity as equity holders:				
Issue of shares	**730,600**	**-**	**-**	**730,600**
Transaction costs of shares issued	**(37,917)**	**-**	**-**	**(37,917)**
Balance at 30 June 2019	**20,668,289**	**(15,423,107)**	**50,873**	**5,296,055**

	Share Capital	Accumulated losses	Equity Remuneration Reserve	Total
	$	$	$	$
Balance as at 1 July 2017	**17,477,602**	**(13,432,045)**	**56,873**	**4,102,430**
Loss for the period	**-**	**(161,387)**	**-**	**(161,387)**
Other comprehensive loss for the period	**-**	**-**	**-**	**-**
Total comprehensive loss for the period	**-**	**(161,387)**	**-**	**(161,387)**
Transfer from equity remuneration reserve		**6,000**	**(6,000)**	-
Transactions with equity holders in their capacity as equity holders:				
Issue of shares for cash	**2,600,000**	**-**	**-**	**2,600,000**
Transaction costs of shares issued	**(101,996)**	**-**	**-**	**(101,996)**
Balance at 30 June 2018	**19,975,606**	**(13,587,432)**	**50,873**	**6,439,047**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Note	2019 $	2018 $
Cash flows from operating activities			
Interest received		**6,756**	11,382
Payments to suppliers and employees		**(334,940)**	(379,944)
Net cash (used in) operating activities	22	**(328,184)**	(368,562)
Cash flows from investing activities			
Payment for the purchase of plant and equipment		**(5,217)**	(5,000)
Payments for exploration expenditure		**(1,199,774)**	(1,262,801)
Payment for acquisition of tenements		**-**	(350,000)
Proceeds from tenement sales / farm-ins		**40,000**	250,000
Insurance proceeds		**26,191**	-
Security deposits paid		**-**	(10,334)
Net cash (used in) investing activities		**(1,138,800)**	(1,378,135)
Cash flows from financing activities			
Proceeds from issue of shares		**690,600**	2,350,000
Payments for transaction costs on issue of shares		**(37,917)**	(101,996)
Net cash from financing activities		**652,683**	2,248,004
Net increase/(decrease) in cash held		**(814,301)**	501,307
Cash and cash equivalents at 1 July		**1,260,481**	759,174
Cash and cash equivalents at 30 June	6	**446,180**	1,260,481

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Note 1 Summary of significant accounting policies

Alloy Resources Ltd is domiciled in Australia. The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The Consolidated Financial Statements of the Company as at and for the year ended 30 June 2019 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”).

The financial report was authorised for issue by the directors on 26th September 2019.

(a) Basis of preparation

Statement of Compliance

The financial report is a general-purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial report of the Group complies with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB).

New and amended standards and interpretations

The Group applied AASB 15 Revenue from Contracts with Customers and AASB 9 Financial Instruments for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the consolidated financial statements of the Group.

AASB 9 *Financial Instruments* (AASB 9)

Classification and measurement

AASB 9 replaces AASB 139 *Financial Instruments: Recognition and Measuremen*t (AASB 139) for annual periods beginning on or after 1 July 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group has applied AASB 9 retrospectively, with the initial application date of 1 July 2018.

AASB 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial Items. Changes in accounting policies resulting from the adoption of AASB 9 did not have a material impact on the Group's consolidated financial statements.

AASB 9 largely retains the existing requirements of AASB 139 for the classification and measurement of financial liabilities, however, it eliminates the previous AASB 139 categories for financial assets held to maturity, receivables and available for sale. Under AASB 9, on initial recognition a financial asset is classified as measured at:

a. Amortised cost;

b. Fair Value through Other Comprehensive Income (FVOCI) - debt investment;

c. FVOCI - equity investment; or

d. Fair value through profit or Loss (FVTPL)

The classification of financial assets under AASB 9 is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flow s represent ' solely payments of principal and interest on the principal amount outstanding (the 'SPPI criterion'). A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Note 1 Summary of significant accounting policies

(a) Basis of preparation (continued)

For financial assets measured at amortised cost, these assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses.

Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

As of 1 July 2018, the Company's financial instruments consist of cash and cash equivalents, trade and other receivables, and trade and other payables.

Cash and cash equivalents and trade and other receivables, previously designated as loans and receivables under AASB 139 are now classified as a financial asset at amortised cost under AASB 9.

The trade and other payables are designated as other financial liabilities, which are measured at amortised cost.

Class of financial instrument presented in the statement of financial position	Original measurement category under AASB139	New measurement category under AASB9	Carrying value as at 1 July 2018 $
Cash and cash equivalents	Loans and receivables	Financial assets at amortised cost	1,260,481
Trade and other receivables	Loans and receivables	Financial assets at amortised cost	87,945
Trade and other payables	Financial liability at amortised cost	Financial liability at amortised cost	312,580

Impairment

The adoption of AASB 9 has fundamentally changed the Group' s accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. As the Group does not have any material debtor balances, no ECL has been recorded due to the insignificant impact.

Cash balances, other than immaterial petty cash balances, are being held with reputable financial institutions with sound credit ratings, which reduces credit risk and the expected credit loss to be insignificant.

AASB 15 Revenue from Contracts

AASB 15 supersedes AASB 118 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under AASB 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. As the Group is in the exploration and evaluation stage of operations and does not recognise revenue from contracts with customers, the adoption of this standard does not have an impact on the consolidated financial statements of the Group.

Note 1 Summary of significant accounting policies

(a) Basis of preparation (continued)

Going Concern

The directors have prepared the financial statements on a going concern basis which contemplates the realisation of assets and the payment of liabilities in the normal course of business. The Group has no debt obligations. The Group has a working capital surplus of $289,509 as at 30 June 2019 and its net cash out-flows were $814,301 in the financial year (including net proceeds from share issues of $652,683). The Group incurred a loss for the year of $1,835,675, which included non-cash impairment and write off of exploration costs of $1,510,677.

Going concern continued

The directors have reviewed the Group's financial position and forecast cash flows and have assessed that the Group will be required to raise additional funds by way of issuing equity to continue its exploration program as forecast or alternatively reduce its discretionary expenditure. The directors reasonably expect that the Group will be able to raise additional funds in the near term as required to meet future costs associated with its operating and exploration activities for at least the next 12 months but is able to curtail expenditure if required. The directors are therefore of the opinion that the use of the going concern basis is appropriate in the circumstances.

Should the company not be successful in obtaining adequate funding or cashflows are not as planned, there is a material uncertainty as to the ability of the group to continue as a going concern and to realise its assets and extinguish its liabilities in the ordinary course of business.

Historical cost convention
These Consolidated Financial Statements have been prepared under the historical cost convention.

Functional and presentation currency
These Consolidated Financial Statements are presented in Australian dollars, which is the Company's functional currency and the functional currency of the Group.

Critical accounting estimates
The preparation of Consolidated Financial Statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Consolidated Financial Statements are disclosed in note 2.

(b) Principles of consolidation

(i) *Subsidiary companies*

The Consolidated Financial Statements of the subsidiary companies are included in the Consolidated Financial Statements from the date control commences until the date control ceases.

Outside interests in the equity and results of the entities that are controlled by the Company are shown as a separate item in the Consolidated Financial Statements.

(ii) Transactions Eliminated on Consolidation

Inter-entity balances resulting from transactions with or between controlled entities are eliminated in full on consolidation.

Note 1 Summary of significant accounting policies

(c) Segment reporting

The Group determines and presents operating segments based on the information that internally is provided to the Board of directors ("the Board"), who is the Group's chief operating decision maker.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Group's Board to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Board include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and exploration and evaluation assets.

The Group operates in one segment, identifying, evaluating and exploring for resources.

(d) Revenue recognition and receivables

Goods sold and services rendered

Revenues are recognised at fair value of the consideration received or receivable. Revenue is recognised when a customer obtains control of the goods or services.

(i) *Finance income*

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

(ii) *Farm-in income*

Farm-in income is measured based on consideration received. Income is recognised when the performance obligations have been satisfied under the agreement.

(e) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to the temporary differences between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary timing differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantially enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to those timing differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to the temporary differences between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements, and to unused tax losses.

Note 1 Summary of significant accounting policies

(e) Income tax (continued)

Deferred tax assets and liabilities are recognised for temporary timing differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantially enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to those timing differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity or other comprehensive income are also recognised directly in equity or other comprehensive income.

(f) Impairment of tangible and intangible assets other than goodwill

The Group assesses at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability or facts and circumstances suggest the carrying amount exceeds the recoverable amount. Refer note 1(k).

The fair value assessment is based on generally accepted industry market practice for estimating value for exploration assets.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

Note 1 Summary of significant accounting policies

(f) Impairment of tangible and intangible assets other than goodwill (continued)

An assessment is also made at each balance date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimate used to determine the assets recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in previous years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such reversal the depreciation charge is adjusted in future periods to allocate the assets revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(g) Impairment of financial assets

The Group assesses at each balance date whether a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

Trade receivables are initially recognised at their transaction price and other receivables at fair value. Receivables that are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest are classified and subsequently measured at amortised cost. Receivables that do not meet the criteria for amortised cost are measured at fair value through profit or loss.

The group assesses on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises the lifetime expected credit loss for trade receivables carried at amortised cost.

The expected credit losses on these financial assets are estimated based on the Group's historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as forecast conditions at the reporting date.

For all other receivables measured at amortised cost, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to expected credit losses within the next 12 months.

The Group considers an event of default has occurred when a financial asset is more than 90 days past due or external sources indicate that the debtor is unlikely to pay its creditors, including the Group. A financial asset is credit impaired when there is evidence that the counterparty is in significant financial difficulty or a breach of contract, such as a default or past due event has occurred. The Group writes off a financial asset when there is information indicating the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Refer note 2(i) above for policy adopted.

(h) Fair value estimation

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

Note 1 Summary of significant accounting policies

(i) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the consolidated statement of financial position.

(j) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Consolidated Statement of comprehensive income during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the written down value method to allocate their cost, net of residual values, over their estimated useful lives, as follows:

Office equipment and fittings	12.5 – 33% written down value
Motor vehicles	25% written down value
Site equipment	25% written down value

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(f)).

(k) Mineral exploration and evaluation expenditure

Mineral exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

- such costs are expected to be recouped through the successful development and exploitation of the area of interest, or alternatively by its sale; or
- exploration and/or evaluation activities in the area have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active or significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment when:

- sufficient data exists to determine technical feasibility and commercial viability; and
- facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

For the purpose of impairment testing, exploration and evaluation assets are allocated to cash-generated units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

In the event that an area of interest is abandoned or if the Directors consider the expenditure to be of reduced value, accumulated costs carried forward are written off in the year in which that assessment is made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Note 1 Summary of significant accounting policies

(k) Mineral exploration and evaluation expenditure (continued)

Farm-in expenditure
Any exploration expenditure met by the Farmee under a Farm-in agreement is not recorded by the Group. The Group does not recognise a gain or loss on the basis of the partial disposal of any exploration expenditure that has already been capitalised. Any proceeds received that are not attributable to future expenditure are credited against the carrying amount of any existing exploration asset. To the extent that the proceeds received from the Farmee exceed the carrying amount of any exploration asset that has already been capitalised, the excess is recognised as a gain in profit or loss.

(l) Trade and other payables

Liabilities for trade creditors and other amounts are carried at amortised cost and represent liabilities for goods or services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of these goods and services. The amounts are unsecured and are usually paid within 30 days.

(m) Employee benefits

Wages, salaries and annual leave
Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Share based payments
Share based compensation payments are made available to directors and employees pursuant to the Company's Incentive Option Scheme and Performance Rights Plan.

The fair value of these equity settled transactions is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the award.

At each subsequent reporting date until vesting, the cumulative charge to the statement of comprehensive income is the product of:

i. The grant date fair value of the award;
ii. The current best estimate of the number of options or rights that will vest, taking into account such factors as the likelihood of market vesting conditions during the vesting period and the likelihood of non-market performance conditions being met; and
iii. The expired portion of the vesting period.

The charge to the statement of profit and loss and other comprehensive income for the period is cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding entry to equity.

The fair value at grant date is independently determined using a Black and Scholes option pricing model that takes into account the exercise price, the term of the option or rights, the share price at grant date, expected price volatility of the underlying share and the risk-free rate for the term of the option or rights.

The fair value of the award granted is adjusted to reflect market vesting conditions. Non-market vesting conditions are included in assumptions about the number of awards that are expected to become exercisable. At each reporting date, the entity revises its estimate of the number of awards that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Defined contribution plans
A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as a personnel expense in profit or loss when they are due.

Note 1 Summary of significant accounting policies

(n) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(o) Earnings per share

(i) Basic earnings per share
Basic earnings per share is calculated by dividing the earnings attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share
Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for shares held by the Company's sponsored employee share plan trust, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(p) Goods and service tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as a part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Consolidated Statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority, are presented as operating cash flow.

(q) Jointly controlled operations and assets

The interest of the Group in unincorporated joint ventures and jointly controlled assets are brought to account by recognising in its Consolidated Financial Statements the assets it controls, the liabilities that it incurs, the expenses it incurs and its share of income that it earns from the sale of goods or services by the joint venture.

(r) New Accounting Standards for Application in Future Periods

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2019. Those which may have a material impact on the Group are set out below.

AASB 16 Leases

AASB 16 replaces AASB 117 Leases. AASB 16 removes the classification of leases as either operating leases or finance leases-for the lessee – resulting in the recognition of a right to use an asset and lease liability for all leases.

AASB 16 is applicable to annual reporting periods beginning on or after 1 July 2019.
Impact on operating leases.

Note 1 Summary of significant accounting policies

(r) New Accounting Standards for Application in Future Periods (continued)

AASB 16 will change how the Group accounts for leases previously classified as operating leases under AASB 117, which were off-balance sheet. On initial application of AASB 16, for all leases (except as noted below), the Group will:

- Recognise right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments.
- Recognise depreciation of right-of-use assets and interest on lease liabilities in the statement of profit or loss.
- Separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the cash flow statement.

Lease incentives (e.g. rent-free period) will be recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under AASB 117 they resulted in the recognition of a lease liability incentive, amortised as a reduction of rental expenses on a straight-line basis.
Under AASB 16, right-of-use assets will be tested for impairment in accordance with AASB 136 Impairment of Assets. This will replace the previous requirement to recognise a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Company will opt to recognise a lease expense on a straight-line basis as permitted by AASB 16.
The Group has elected not to early adopt AASB 16 and have not quantified the effect of application of future periods.

Note 2 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

Recoverability of mineral exploration and evaluation expenditure
The Group's accounting policy is stated at 1(k). The ultimate recoupment of the value of exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale, of the underlying mineral exploration properties.

The Group undertakes at least on an annual basis, a comprehensive review for indicators of impairment of these assets. Should an indicator of impairment exist, there is significant estimation and judgement in determining the inputs and assumptions used in determining the recoverable amounts.

The key areas of estimation and judgement that are considered in this review include: (i) recent drilling results and reserves and resource estimates (ii) environmental estimates that may impact the underlying tenements (iii) the estimated market value of assets at the review date (iv) independent valuations of underlying assets that may be available (v) fundamental economic factors such as commodity prices, exchange rates, discount rates, and current and anticipated operating costs in the industry (vi) the Group's market capitalisation compared to its net assets.

Refer Note 9 for details of carrying amounts, estimates and assumptions used.

Going Concern
Refer Note 1 for details of accounting judgements relating to the going concern assumption.

Note 3 Segment information

The Group has identified its operating segments based on the internal reports that are reviewed by the Board in assessing performance and determining the appropriate allocation of the Group's resources. The Group also has had regard to the qualitative thresholds for the determination of operating segments.

For management purposes the Group is organised into one operating segment, which involves mineral exploration and development in Australia. The Group's principle activities are interrelated and the Group has no revenue from operations.

All significant operating decisions are based upon analysis of the Company as one segment. The financial results of this segment are equivalent to the financial statements of the Company as a whole.

The accounting policies applied for internal reporting purposes are consistent with those applied in preparation of the financial statements.

Note 4 Finance and other income

		2019 $	2018 $
Finance income			
Interest received		**6,879**	11,147
Other income			
Proceeds from Barrytown option agreement	i	**-**	200,000
Expenditure re-imbursements from farm-outs	ii	**-**	90,000
Insurance recovery	iii	**26,191**	-
		26,191	290,000

i) Sale of 80% interest in the Barrytown Mineral Sands Project to farm-in partner Pacific Mineral Resources Limited.
ii) Surrender of EL38/3096 and sale of data,
iii) Insurance recovery from vehicle write-off.

Note 5 Income tax

	2019 $	2018 $
(a) Reconciliation of income tax expense/(benefit) to prima facie tax payable		
Loss from continuing operations before income tax expense/(benefit)	**(1,835,675)**	(161,387)
Tax at the Australian rate of 27.5% (2018 – 27.5%)	**(504,810)**	(44,381)
Tax effect of permanent differences:		
Exploration costs impaired	**415,435**	23,870
Capital raising costs	**(26,554)**	(28,365)
Other	**(3,237)**	6,234
Deferred tax assets not brought to account	**119,166**	42,642
Income tax expense	**-**	-

Note 5 Income tax (continued)

		2019 $	2018 $
(b) Deferred tax – Consolidated Statement of Financial Position			
Deferred Tax Liabilities			
Prepayments		**(312)**	(1,551)
Capitalised Exploration and Evaluation expenditure		**(1,368,882)**	(1,498,116)
Formation expenses		**-**	(184)
		(1,369,194)	(1,499,851)
Less: Deferred Tax Assets			
Accrued expenses		**8,374**	15,591
Employees entitlement		**24,351**	21,546
Deductible equity raising costs		**54,195**	70,322
Tax losses available to offset against future taxable income	(a)	**1,282,274**	1,392,392
		1,369,194	1,499,851
Net Deferred Tax Balance		**-**	-

(a) Tax losses

The balance of potential deferred tax assets of $5,310,014 (2018: $5,315,686) attributable to tax losses carried forward in respect of the Group has not been brought to account because the directors do not believe it is appropriate to regard realisation of the future tax benefit as probable. Tax loss availability is dependent on the company deriving future assessable income of a nature and amount sufficient to enable the benefit from the tax losses to be realised; the Company continuing to comply with the conditions for deductibility imposed by tax legislation and no changes in tax legislation adversely affecting the Company.

All unused tax losses were incurred by Australian entities.

Note 6 Current assets - Cash and cash equivalents

	2019 $	2018 $
Cash at bank and in hand	**446,180**	1,260,481
	446,180	1,260,481

Cash balances earn interest at 1.5% p.a. (2018: 1.5% p.a.).

The Group’s exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 15.

Note 7 Trade and other receivables

	2019 $	2018 $
Current		
Debtors	**-**	44,000
GST recoverable	**2,948**	43,945
	2,948	87,945

Note 8 Other current assets

Prepayments	**1,135**	5,639

Note 9 Capitalised mineral exploration and evaluation expenditure

	2019	2018
In the exploration and evaluation phase	**$**	$
Cost brought forward	**5,447,695**	3,524,427
Exploration expenditure incurred during the year	**1,040,743**	1,510,068
Payments to regain majority interest in Horsewell Joint Venture	**-**	500,000
Exploration expenditure impaired or expensed during the year	**(1,510,677)**	(86,800)
Cost carried forward	**4,977,761**	5,447,695

The recoverability of the carrying amount of the capitalised exploration and evaluation assets is dependent upon the successful development and commercial exploitation or alternatively sale of the respective areas of interest.

Exploration expenditure written off during the year of $1,510,677 pertained mainly to the Ophara project and project generation expenditure where the AASB 6 criteria for carry forward could not be met at year end. The Ophara project was written down to $6,943 on the basis that the Group has not planned or budgeted substantive expenditure in the area of interest. The carrying value is expected to be recovered through disposal of the tenements.

Note 10 Trade and other payables

	2019	2018
	$	$
Trade payables and accruals	**72,207**	312,580
	72,207	312,580

a) Interest rate risk exposure

Details of the Group's exposure to interest rate risk on liabilities are set out in note 16.

Note 11 Provisions

	2019	**2018**
Current provisions	**$**	**$**
Employee provisions	**88,547**	78,348
	88,547	78,348

Note 12 Parent Entity Disclosures

As at, and throughout, the financial year ending 30 June 2019 the parent company of the Group was Alloy Resources Limited.

	2019 $	2018 $
Result of the parent entity		
(Loss) for the year	**(1,884,367)**	(151,655)
Other comprehensive income	**-**	-
Total comprehensive loss for the year	**(1,884,367)**	(151,655)
Financial position of the parent entity at year end		
Total current assets	**424,810**	1,328,184
Investment (ii)	**350,000**	350,000
Trade and other receivables (i)	**2,786,802**	3,085,798
Security deposits	**10,209**	10,209
Plant and equipment	**8,327**	7,212
Capitalised mineral exploration and evaluation expenditure (iii)	**1,868,066**	2,088,671
Total non-current assets	**5,023,405**	5,541,890
Total assets	**5,448,215**	6,870,074
Current liabilities	**160,756**	390,931
Total liabilities	**160,756**	390,931
Net Assets	**5,287,459**	6,479,143
Total equity of the parent entity comprising of:		
Issued capital	**20,668,289**	19,975,606
Accumulated losses	**(15,431,703)**	(13,547,336)
Reserves	**50,873**	50,873
Total Equity	**5,287,459**	6,479,143

(i) Loans to Eskay Resources Pty Ltd and Alloy Minerals Pty Ltd (controlled entities) are interest free, unsecured and is repayable on demand. Whilst the loans are at call there is no expectation at reporting date that it will be called in the next 12 months and have accordingly been classified as non-current. The loan is in respect of exploration expenditure incurred by the subsidiary companies on the Group's mining tenements. The ultimate recoupment is dependent on successful development and commercial exploitation or alternatively, sale of the underlying mineral exploration properties.

(ii) The ultimate recoupment of the investment in Eskay Resources Pty Ltd is dependent on successful development and commercial exploitation or alternatively, sale of the underlying mineral exploration properties.

(iii) The recoverability of the carrying amount of the capitalised exploration and evaluation assets is dependent upon the successful development and commercial exploitation or alternatively sale of the respective areas of interest.

(iv) The parent entity has $1,008,880 (2018: $777,040) commitments relating to minimum exploration on its various tenements.

Note 13 Contributed equity

a) Share Capital

		2019 No.	2018 No.	**2019 $**	2018 $
Issued share capital		**1,693,277,613**	1,451,334,758	**20,668,289**	19,975,606
Share movements during the year	*Issue price*				
At the beginning of the year		**1,451,334,758**	966,993,360	**19,975,606**	17,477,602
Placement	$0.0035	**114,314,284**	-	**400,100**	-
In lieu of drilling costs(i)	$0.0035	**11,428,571**	-	**40,000**	-
Share purchase plan	$0.0025	**116,200,000**	-	**290,500**	-
Placement	$0.004	**-**	150,000,000	**-**	600,000
Share purchase plan	$0.004	**-**	150,000,000	**-**	600,000
In part payment for tenement (ii)	$0.0062	**-**	32,258,065	**-**	200,000
In part payment for tenement	$0.006	**-**	8,333,333	**-**	50,000
Placement	$0.008	**-**	143,750,000	**-**	1,150,000
Capital raising costs			-	**(37,917)**	(101,996)
At the end of the year		**1,693,277,613**	1,451,334,758	**20,668,289**	19,975,606

(i) Issue of shares for drilling services provided. The shares were measured at the market price of drilling services received. The settlement was part of the $0.0035 placement.
(ii) Issue of shares for purchase of exploration assets. Refer to Note 25.

b) Ordinary shares
The Company is a public company limited by shares. The Company was incorporated in Perth, Western Australia on 2 June 2004. The Company's shares are limited whereby the liability of its members is limited to the amount (if any) unpaid on the shares respectively held by them. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

c) Options
Information relating to options issued by Alloy Resources Limited is set out in note 15.

d) Equity Remuneration Reserve

The equity remuneration reserve comprises of the share-based payment expense recognised at the fair value of options granted to employees and directors.

Note 14 Share-based payments

Details of the Company's share right and option plans, under which share rights and options are issuable to employees, directors and consultants are summarised below. Details of share rights and options issued to Directors are set out below.

Note 14 Share-based payments (continued)

a) Incentive Option Plan

The Company has a formal option plan for the issue of options to employees, directors and consultants, which was approved by shareholders at the Company's Annual General Meeting on 25 November 2016. Options are granted free of charge and are exercisable at a fixed price in accordance with the terms of the grant. Options over unissued shares are issued under the terms of the Plan at the discretion of the Board.

b) Performance Rights Plan

The Company has a formal plan for the issue of performance share rights to employees, which was approved by shareholders at the Company's Annual General Meeting on 25 November 2016. Share rights are granted free of charge and are exercisable into ordinary fully paid shares in accordance with the terms of the grant. Share rights are issued to employees under the terms of the Plan at the discretion of the Board.

(c) Number and weighted average exercise prices of share options

	2019	2019	2018	2018
	Weighted average exercise price (cents)	**Number of options**	**Weighted average exercise price (cents)**	**Number of options**
Outstanding at 1 July	1.16	29,000,000	1.16	31,000,000
Expired during the period	0.03	(2,000,000)	0.08	(2,000,000)
Granted		-	-	-
Outstanding at 30 June	1.13	27,000,000	1.16	29,000,000
Exercisable at 30 June		27,000,000		29,000,000

(d) Options on issue at the balance date

The number of options outstanding over unissued ordinary shares at 30 June 2019 is 27,000,000 (2018:29,000,000). The terms of these options are as follows:

Number of Options Outstanding	*Exercise Price*	*Expiry Date*
7,000,000 Unlisted	1.5 cents	25 November 2019
20,000,000 unlisted	1 cent	19 December 2019

(e) Weighted average remaining contractual life

The weighted average remaining contractual life for the share options outstanding as at 30 June 2019 is 0.45 years (2018: 1.5 years).

Note 15 Financial instruments

Financial risk management

The Group has exposure to a variety of risks arising from its use of financial instruments. This note presents information about the Group's exposure to the specific risks, and the policies and processes for measuring and managing those risks and the management of capital. Further quantitative disclosures are included throughout this financial report.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Group does not use any form of derivatives as it is not at a level of exposure that requires the use of derivatives to hedge its exposure. The Group has exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from transactions with customers and investments.

Cash and cash equivalents

The Group has cash and cash equivalents of $446,180 at 30 June 2019 (2018: $1,260,481) that are held with financial institution counter-parties that are rated AA- based on S&P Global rating.

Trade and other receivables

The Group has no investments and the nature of the business activity of the Group does not result in trading receivables. The receivables that the Group does experience through its normal course of business are short term and the risk of recovery of no recovery of receivables is considered to be negligible.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages its liquidity risk by monitoring its cash reserves and forecast spending. Management is cognisant of the future demands for liquid finance resources to finance the Group's current and future operations, and consideration is given to the liquid assets available to the Company before commitment is made to future expenditure or investment.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising any return.

(d) Capital management

The Board's policy is to maintain a sound capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors capital expenditure and cash flows as mentioned in 16 (a).

The Group's objectives when managing capital is to safeguard the Group's ability to continue as a going concern, so as to maintain a strong capital base sufficient to maintain future exploration and development of its projects. In order to maintain or adjust the capital structure, the Group may return capital to shareholders issue new shares or sell assets to reduce debt. The Group's focus has been to raise sufficient funds through equity to fund exploration and evaluation activities.

Note 15 Financial instruments (Continued)

There were no changes in the Group's approach to capital management during the year. Risk management policies and procedures are established with regular monitoring and reporting.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

(e) Interest rate sensitivity

A change of 50 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

2019	**Profit or loss**	
	0.5% increase	**0.5% decrease**
Variable rate instruments	**2,240**	**(2,240)**

2018	**Profit or loss**	
	0.5% increase	**0.5% decrease**
Variable rate instruments	**6,302**	**(6,302)**

Note 16 Dividends

No dividends were paid or proposed during the financial year.
The company has no franking credits available as at 30 June 2019.

Note 17 Key management personnel disclosures

(a) Details of Key Management Personnel

Directors	
Andrew Viner	Executive Chairman
Kevin Hart	Non-executive Director and Company Secretary
Allan Kelly	Non-executive Director (resigned 1 May 2019)
Gary Powell	Non-executive Director (appointed 1 May 2019)

(b) Compensation for key management personnel

	2019 $	2018 $
Short-term employee benefits	**259,681**	281,064
Post-employee benefits	**20,859**	20,425
Long term benefits	**25,624**	-
Total compensation	**305,624**	301,489

(c) Other key management personnel

There were no other persons having the authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year.

Note 18 Remuneration of auditors

	2019 $	2018 $
Audit and review of the Group's Consolidated Financial Statements	**28,758**	28,458
	28,758	28,458

Note 19 Contingencies

(i) Contingent liabilities
There were no material contingent liabilities not provided for in the Consolidated Financial Statements of the Company or Group as at 30 June 2019 or 30 June 2018, other than:

Native Title and Aboriginal Heritage
Native title claims have been made with respect to areas which include tenements in which the Company has an interest. The Company is unable to determine the prospects for success or otherwise of the claims and, in any event, whether or not and to what extent the claims may significantly affect the Company or its projects. Agreement is being or has been reached with various native title claimants in relation to Aboriginal Heritage issues regarding certain areas in which the Company has an interest.

(ii) Contingent assets
There were no material contingent assets as at 30 June 2019 or 30 June 2018.

Note 20 Commitments

(a) Exploration

The Group has certain obligations to perform minimum exploration work on mineral leases held. These obligations may vary over time, depending on the Group's exploration programmes and priorities. As at balance date, total exploration expenditure commitments on tenements held by the Group have not been provided for in the Consolidated Financial Statements and which cover the following twelve-month period amount to $1,088,880 (2018: $901,040).

(b) Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements:

Payable – minimum lease payments

	2019 $	2018 $
Not later than 12 months	**11,428**	-
Depreciation	**4,761**	-
Total minimum lease payments	**16,189**	**-**

(c) Contractual Commitment

There are no contracted commitments other than those disclosed above.

Note 21 Controlled entities

Alloy Resources Limited owns 100% of the share capital of Eskay Resources Pty Ltd. Eskay Resources Pty Ltd is incorporated in the state of Western Australia.

Alloy Resources Limited owns 100% of the share capital of Alloy Minerals Pty Ltd. Alloy Minerals Pty Ltd is incorporated in the state of Western Australia.

Note 22 Reconciliation of loss after tax to net cash outflow from operating activities

	2019	2018
	$	$
Loss after income tax	**(1,835,675)**	(161,387)
Depreciation	**4,102**	1,294
Exploration expenditure impaired	**1,510,677**	86,800
Proceeds from option agreement/tenement sales	**-**	(290,000)
Change in operating assets and liabilities:		
Decrease in receivables/prepayments	**(4,380)**	4,738
Increase/(decrease) in payables	**(8,179)**	(17,388)
Increase/(decrease) in employee provisions	**5,271**	7,381
Net cash outflow from operating activities	**(328,184)**	(368,562)

Note 23 Earnings per share

	2019	2018
	Cents	Cents
a) Basic earnings per share		
Loss attributable to ordinary equity holders of the company	**(0.118)**	(0.013)
b) Diluted earnings per share		
Loss attributable to ordinary equity holders of the company	**(0.118)**	(0.013)
c) Loss used in calculation of basic and diluted loss per share		
Loss after tax from continuing operations	**(1,835,675)**	(161,387)

	2019	2018
	No.	No.
Weighted average number of shares used	**1,552,726,672**	1,212,182,714

Potential ordinary shares are not considered dilutive as their conversion does not show an inferior view of the earnings performance of the company. Accordingly, diluted earnings per share are the same as the basic earnings per share. Number of options so excluded from the calculation is set out in Note 14.

Note 24 Events occurring after the reporting date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

Note 25 Horse Well Farm-in Agreement

Alloy and Doray signed a binding term sheet on 25 January 2018 for the sale and purchase of equity in the Horse Well Gold Project Joint Venture ("**HWJV**"). In April 2019 Silver Lake Resources merged with Doray, and acquired all the ordinary shares in Doray.

The key material terms of the binding term sheet are;

Alloy has acquired an 11% HWJV interest, taking it to a 51% HWJV interest by payment of;

- $300,000 cash, and the issue of;
- $200,000 in AYR shares priced at 0.6 cents based on a 10 day VWAP on the effective date.

With 51% interest Alloy assumed Management of the HWJV.

Alloy is sole funding $1.4 million expenditure to go to a 60% JV interest.

Silverlake can elect to contribute or dilute after Alloy has reached a 60% interest in the HWJV. If Silverlake dilutes to 5% or below then its interest will revert to a 1% NSR.

Silverlake retains a 'Claw-back' right if a 1.5 million ounce Mineral Resource is defined. If excercised:

- Silverlake must repay Alloy 3 x Exploration Expenditure to get 51%.
- Alloy 49% free-carried to completion of a BFS.

HWJV may nominate areas for a 'Small Mine' Development;

- Applicable to any Mineral Resource < 1.5 Moz with a positive Scoping Study.
- Mine Development Area separated out from HWJV into a Mining JV.
- Mining JV can elect to Mine, Process, Toll Mill or Sell.

DIRECTORS' DECLARATION

In the opinion of the Directors of Alloy Resources Limited ("the Company")

1 (a) the Consolidated Financial Statements and notes set out on pages 28 to 52 and the remuneration disclosures that are contained in the Remuneration Report in the Directors' report, are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its performance, for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(a);

(c) as set out in Note 1(a), there are reasonable grounds to believe that the Company and Group will be able to pay its debts as and when they become due and payable.

2 The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the managing director and company secretary for the financial year ended 30 June 2019.

Signed at Perth this 27th day of September 2019.

Andrew Viner
Executive Chairman

KPMG

Independent Auditor's Report

To the shareholders of Alloy Resources Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Alloy Resources Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group's*** financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2019
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw your attention to Note 1(a), "Going Concern" in the financial report. The conditions disclosed in Note 1(a) indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report. Our opinion is not modified in respect of this matter.

In concluding there is a material uncertainty related to going concern we evaluated the extent of uncertainty regarding events or conditions casting significant doubt in the Group's assessment of going concern. Our approach to this involved:

- Evaluating the feasibility, quantum and timing of the Group's plans to raise additional shareholder funds to address going concern;
- Assessing the Group's cash flow forecasts for incorporation of the Group's operations and plans to address going concern, in particular in light of the history of loss making operations; and
- Determining the completeness of the Group's going concern disclosures for the principal matters casting significant doubt on the Group's ability to continue as a going concern, the Group's plans to address these matters, and the material uncertainty.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matter described below to be the Key Audit Matter.

<table>
<tr><th colspan="2">Capitalised mineral exploration and evaluation expenditure ($4,977,761)</th></tr>
<tr><td colspan="2">Refer to Note 10 to the Financial Report</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>Mineral exploration and evaluation expenditure capitalised (E&E) is a key audit matter due to:
• the significance of the activity to the Group's business and the balance (being 91% of total assets); and
• the greater level of audit effort to evaluate the Group's application of the requirements of the industry specific accounting standard AASB 6 Exploration for and Evaluation of Mineral Resources, in particular the conditions allowing capitalisation of relevant expenditure and presence of impairment indicators. The presence of impairment indicators would necessitate a detailed analysis by the Group of the value of E&E. Given the criticality of this to the scope and depth of our work, we involved senior team members to challenge the Group's determination that no such indicators existed.</td><td>Our procedures included:
• We evaluated the Group's accounting policy to recognise exploration and evaluation assets using the criteria in the accounting standard;
• We assessed the Group's determination of its areas of interest for consistency with the definition in the accounting standard. This involved analysing the licences in which the Group holds an interest and the exploration programmes planned for those for consistency with documentation such as joint venture agreements and planned work programmes;
• For each area of interest, we assessed the Group's current rights to tenure by corroborating the ownership of the relevant license to government registries and evaluating agreements in place with other parties;</td></tr>
</table>

In assessing the conditions allowing capitalisation of relevant expenditure, we focused on: • the determination of the areas of interest; • documentation available regarding rights to tenure, via licensing, to maintain current rights to an area of interest and the authoritative nature of external registry sources and the Group's intention and capacity to continue the relevant E&E activities; and • the Group's determination of whether the E&E are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale. In assessing the presence of impairment indicators, we focused on those that may draw into question the commercial continuation of E&E activities for the Horse Well Gold Project and Ophara Cobalt Gold Project where significant E&E exists. In addition to the assessments above, and given the financial position of the Group we paid particular attention to: • the ability of the Group to fund the continuation of activities; and • results from latest activities regarding the existence or otherwise of economically recoverable reserves. In addition to the above, the Group recorded an impairment charge of $1.5 million relating to the carrying value of E&E. The impairment charge was recorded due to the AASB 6 criteria for carry forward of capitalised exploration not being met during the year or at year-end.	• We tested the Group's additions to E&E for the year by evaluating a statistical sample of recorded expenditure for consistency to underlying records, the capitalisation requirements of the Group's accounting policy and the requirements of the accounting standard; • We evaluated Group documents, such as minutes of Board meetings, for consistency with their stated intentions for continuing E&E in certain areas. We corroborated this through interviews with key operational and finance personnel; • We analysed the Group's determination of recoupment through successful development and exploitation of the area or by its sale by evaluating the Group's documentation of planned future/continuing activities including work programmes and corporate budgets for each area; • We obtained the corporate budget identifying areas with existing funding and those requiring alternate funding sources. We compared this for consistency with areas with E&E, for evidence of the ability to fund continued activities. We identified those areas relying on alternate funding sources and evaluated the capacity of the Group to secure such funding; and • We assessed the Group's determination of E&E impairment, considering its current plans for the areas of interest and right to tenure, using our understanding obtained from our testing. We recalculated the impairment charge against the recorded amount disclosed.

Other Information

Other Information is financial and non-financial information in Alloy Resources Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Director's Report. The Chairman's Letter, Review of Operations, Annual Mineral Resource Statement, Competent Persons Statement, Schedule of Tenements and ASX Additional Information are expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Alloy Resources Limited for the year ended 30 June 2019, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included on pages 6 to 12 of the Directors' Report for the year ended 30 June 2019.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

KPMG

Matthew Beevers

Partner

Perth

27 September 2019

Pursuant to the Listing Requirements of the Australian Securities Exchange, the shareholder information set out below was applicable as at 14 October 2019.

A. Distribution of Equity Securities

Distribution	Number of Shareholders
1 – 1,000	46
1,001 – 5,000	24
5,001 – 10,000	75
10,001- 100,000	504
More than 100,000	1,252
Total	**1,901**

Holding less than a marketable parcel: 994

B. Voting Rights

In accordance with the Company's Constitution, voting rights in respect of ordinary shares are on a show of hands whereby each member present in person or by proxy shall have one vote and upon a poll, each share will have one vote.

C. Twenty Largest Shareholders

The names of the twenty largest holders of quoted shares are listed below:

		Listed Ordinary Shares	
	Shareholder Name	Number	Percentage
1	WYTHENSHAWE PTY LTD	57,330,950	3.39%
2	BNP PARIBAS NOMINEES PTY LTD	38,618,164	2.28%
3	GARY JOHNSON SUPER MANAGEMENT PTY LTD	36,000,000	2.13%
4	KITALE PTY LTD	29,850,000	1.76%
5	WESTERN DISCOVERY PTY LTD	29,451,400	1.74%
6	DORAY MINERALS LIMITED	23,758,065	1.40%
7	OCEAN REEF HOLDINGS PTY LTD	23,500,000	1.39%
8	WERSMAN NOMINEES PTY LTD	19,799,184	1.17%
9	WYTHENSHAWE PTY LTD	19,285,714	1.14%
10	MR WALTER SCOTT WILSON AND MRS MARIA ANDREA WILSON	18,469,859	1.09%
11	ORCHIDEA PTY LTD	16,000,000	0.94%
12	ATANA SUPER PTY LTD	16,000,000	0.94%
13	CAMPBELL KITCHENER HUME AND ASSOCIATES PTY LTD	15,600,000	0.92%
14	TRE PTY LTD	15,436,870	0.91%
15	MR GEORGE SPIROS PAPACONSTANTINOS	14,805,000	0.87%
16	MR KEN MICHAEL NEWMAN	14,000,000	0.83%
17	CUSTODIAL SERVICES LIMITED	13,533,333	0.80%
18	CITICORP NOMINEES PTY LIMITED	11,924,888	0.70%
19	MR TZE CHANG LEE AND MRS TRACY SIEW CHOO LEE	11,760,870	0.69%
20	BILLERICAY INVESTMENTS PTY LTD	11,063,727	0.65%
		436,188,024	25.76%

D. Substantial Shareholders

There were no the substantial shareholders listed in the holding Company's register as at 14 October 2019.

ABN 20 109 361 195
Suite 8, 1297 Hay Street
West Perth WA 6005

+61 (8) 9316 9100
info@alloyres.com
www.alloyres.com

ALLOY
RESOURCES LIMITED