



#### ASX Release

31 July 2020

Alloy Resources Limited

ABN 20 109 361 195

ASX Code

AYR

#### Corporate Directory

Executive Chairman

Mr Andy Viner

Non-Exec Director

Mr Gary Powell

Non-Exec Director

Mr Paul Skinner

Company Secretary

Mr Kevin Hart

Issued Shares

370,084,879

Unlisted Options

36,000,000

#### Company Details

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June 2020

## Quarterly Activities Report

### Doolgunna Project

- New Project identified in the Bryah Basin area and a binding Heads of Agreement completed.
- Principal target is a DeGrussa style VMS copper-gold deposit evidenced by a strong soil geochemical anomaly with no drill testing.
- Thirty-day Due Diligence review completed and entered into Option .

### Bryah Basin Project

- Exploration commenced during the quarter.
- Soil sampling, mapping and relogging of drill samples completed.

### Horse Well Gold Project JV

- Work focussed on Mineral Resource area planning for a Mining Lease Application.

## Corporate

### Doolgunna Heads of Agreement

- Binding Heads of Agreement with Diversified Asset Holdings Pty Ltd, released to ASX on 22 June 2020, providing an Option to Purchase 80% of the Doolgunna Project.

### Enters Doolgunna Project Option – post quarter end

- On the 20<sup>th</sup> July the Company announced it had elected to enter the 12- month Option to purchase 80% of the Doolgunna Project and paid \$25,000 cash and issued 15,000,000 shares and 15,000,000 unlisted options.

### Capital Raising – post quarter end

- On the 24<sup>th</sup> July the Company announced that it had received firm commitments to complete a \$600,000 Placement and would undertake a \$1.4 million Share Purchase Plan.
- On 30<sup>th</sup> June, 19,716,934 shares were issued under the placement raising \$592,000 before costs.



**Figure 1** *Regional location of Projects following acquisition of Dingo Resources Projects*

## Bryah Basin – Copper & Gold – 100%

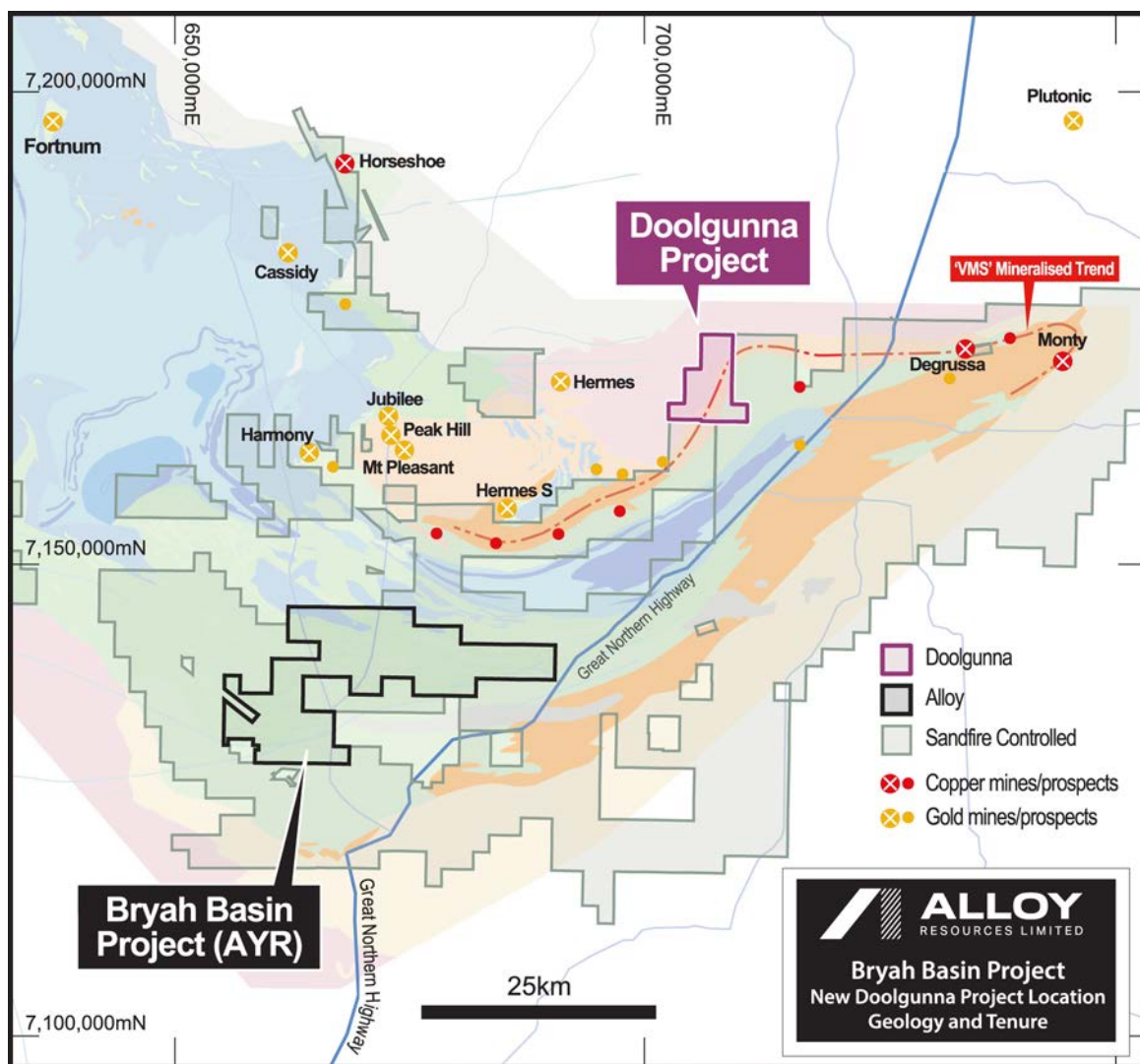
### Introduction

The Bryah Basin Project is located approximately 80 kilometres north of Meekatharra in the Gascoyne district of Western Australia and can be accessed from the Great Northern Highway and then local shire roads and station tracks. The project comprises five early stage Exploration Licences covering 260 square kilometres (Figures 1 and 2).

Geologically, the project is located in the central southern part of the Bryah Basin itself, which is a Paleoproterozoic basin formed during the break-up of the older Archaean Yilgarn and Pilbara cratons.

The basin is host to volcanogenic massive sulphide deposits (“VMS”) of copper and gold formed during early stage volcanism, such as the Horseshoe Lights deposit and the more recently discovered Degruessa and Monty deposits currently being mined by Sandfire Resources Limited. Sandfire is actively exploring in the area and holds tenements and joint ventures that completely surround the Project.

The basin also hosts significant structurally controlled orogenic gold deposits associated with the Capricorn Orogen which occurred after the VMS deposits were formed. The Fortnum Gold deposits located in the north of the basin, are currently being mined by Westgold Resources Ltd.



**Figure 2** Bryah Basin and Doolgunna Project locations on geology and showing Sandfire Resources Ltd tenements

## Activities for the June 2020 quarter

### Infill Soil Sampling

The first stage of due diligence field exploration which was commenced during the quarter mainly involved soil sampling, geological mapping and rock chip sampling of four prospects.

Three of these prospects were defined by the previous owner by fine fraction soil sampling, with soil anomalies extending from 1.2 kilometres length up to 3.5 kilometres at the Central prospect which remains open ended (Figure 3).

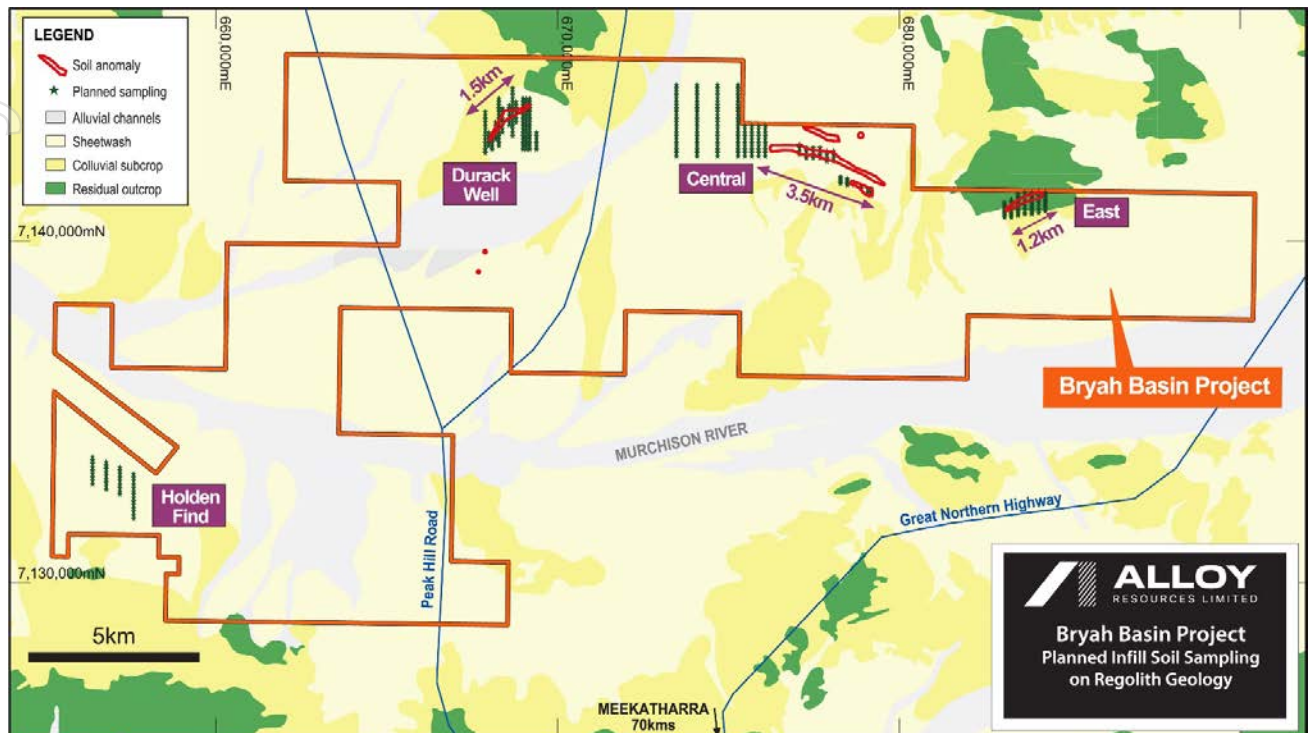
The fourth prospect to be soil sampled is the Holden Find prospect located in the south west of the project where a single RC drill hole testing a magnetic anomaly intersected 11 metres @ 0.18 g/t Au from 11 metres depth down hole (refer ASX release 18 February 2020).

Four hundred and thirty Infill and extension soil samples are being collected and will be analysed for low-level gold detection and also have multi-element analysis by hand held XRF whilst in the field. Results from analysis, which are expected within a month, and the associated field mapping is to outline targets for future drilling.

### Review of past drill anomalies

A recent announcement by Sandfire's JV partner Auris Minerals Limited (ASX: AUR 30 March 2020) indicates that new gold mineralisation is being discovered along strike from the eastern part of the Tenements with similar characteristics to that found at the North Ruby Well Target #1, and Dead Horse Well prospects (see Figure 4 below).

The Company and its consultants have been completing geological reviews of past drilling within the project and is defining prospective areas for follow up drill programs. As part of the field program the Company is inspecting old drill holes to look at remnant drill chips and define bedrock geology and alteration which will assist with this exploration planning.



**Figure 3** Bryah Basin Project showing gold soil anomalies on Regolith geology

## Proposed Activities for the September 2020 quarter

The Company will complete compilation of soils sampling and mapping data and also review activities by neighbouring Sandfire Resources Joint Venture drilling. This work will then be reviewed to define future exploration programs.

## Doolgunna Project - Copper-Gold – (option to earn 80%)

### Introduction

The Company, through its subsidiary Doolgunna Minerals Pty Ltd, has secured an Option to Purchase 80% of the **Doolgunna Project** from Diversified Asset Holdings (“DAH”). The project comprises one early stage Exploration Licence, E52/3495, covering 46 square kilometres (Figures 1 and 2).

The Doolgunna Project is superbly located within the Bryah Basin and is one of the last remaining (and privately held) Exploration Licences that is not controlled by Sandfire Resources Limited (“Sandfire”), and has potential for a Volcanic Massive Sulphide mineral deposit (“VMS”) similar to Sandfire’s DeGrussa copper-gold deposit.

Historical exploration has been limited to geological mapping, geochemical soil sampling, and a ground electromagnetic geophysical survey, all principally completed by Peak Resources Limited (“Peak”) in the period 2006 to 2010. No drilling has ever been undertaken and in recent years only gold prospecting activities have occurred (see ASX releases 22 June and 20 July 2020).

Very little work has been done on the project since the discovery and definition of the DeGrussa and Monty copper-gold deposits. Critical knowledge on the formation of these deposits is now in the public domain and suggests that models have changed from those being applied back in 2010.



## Heads of Agreement Terms

The principal terms agreed are;

1. 30-day exclusive Due Diligence Period with access to ground for inspection and sampling. \$25k non-refundable payment, and if positive enter into a,
2. 12-month Option Period to purchase 80% interest in EL 52/3495. On election to commence;
  - Pay \$25,000 cash consideration
  - Issue of 15 million AYR shares to DAH, escrowed for 6 months
  - Issue of 15 million Options for AYR shares to DAH, priced at 2.5c and a term of 4 years.
  - AYR to keep the tenement in good standing and meet at least the minimum Tenement Expenditure.
  - DAH obligated to provide all assistance to operate.
3. To Exercise Option, consideration of;
  - Pay \$50,000 cash
  - Issue of 30 million AYR shares to DAH
  - Issue 30 million Options for AYR shares to DAH, priced at 3c and a term of 4 years
4. DAH 20% free carry to DTM.
5. DAH 20% of costs of Development to be funded by Loan, with Loan repaid via production.
6. Mutual first right of refusal.
7. Upon Exercising the Option, the parties will enter into an Industry Standard Joint Venture Agreement.

Post Quarter following the due diligence review the Company elected to proceed to entering into the 12-month Option period during which it can explore the project and elect to purchase 80% of the Project from DAH.

## Due Diligence completed during the June 2020 quarter

### Geological Review

Very little work has been done on the project since the discovery and definition of the DeGrussa copper-gold deposits. Critical knowledge on the formation of this deposit is now in the public domain and suggests that models have changed from those being applied back in 2010. The key change has been the recognition of the lower Bryah Basin Karalundi Formation sedimentary rocks as being the principal host to the DeGrussa deposits.

Historical mapping of the exploration licence area was completed by The Geological Survey of Western Australia at both 250,000 scale and more recently 100,000 scale in 1998. This work had suggested that within the licence there was only Narracoota Formation rocks of the Bryah Basin immediately above the basement of Peak Hill Schists and granites. This work was included in data supplied by DAH.

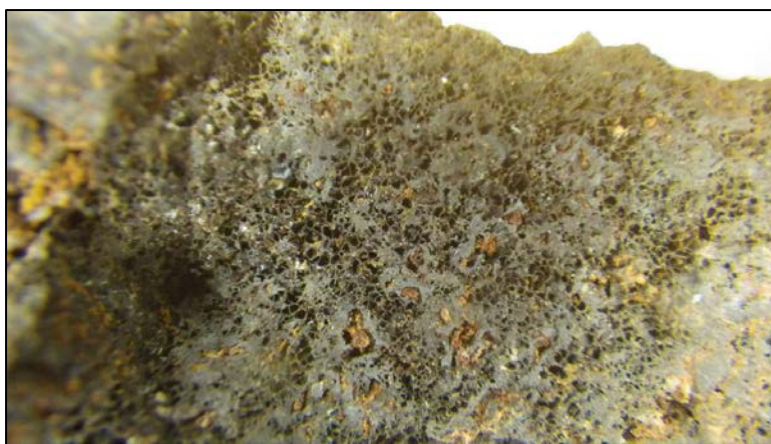
Peak Resources in 2007-2010 also mapped Peak Hill Schists below the Narracoota Volcanics within the licence, including the mapping of some areas of 'iron replacement metasomatism' within these schists that were spatially associated with the western copper anomaly.

Geological mapping by the Company has strongly suggested that there is outcropping siltstones and sandstones of the Karalundi Formation below the Narracoota Formation. Initial work is also suggesting that there may be thrust repetitions or an overturned sequence locating Peak Hill Schists above the mapped Karalundi Formation as well (Figure 4).

Most importantly the 'iron metasomatism' observed by Peak Resources has been confirmed to be related to gossanous iron outcrop within the newly defined Karalundi siltstones and sandstones. In the main one-kilometre-long copper soil anomaly, extensive iron as goethitic laterite is present, (Figure 5), and detailed inspection of rock samples showed remnant boxwork textures where lesser destruction by lateritisation has occurred



**Figure 4** Company geological mapping over Peak Resources 2010 map and showing Cu soil anomaly.

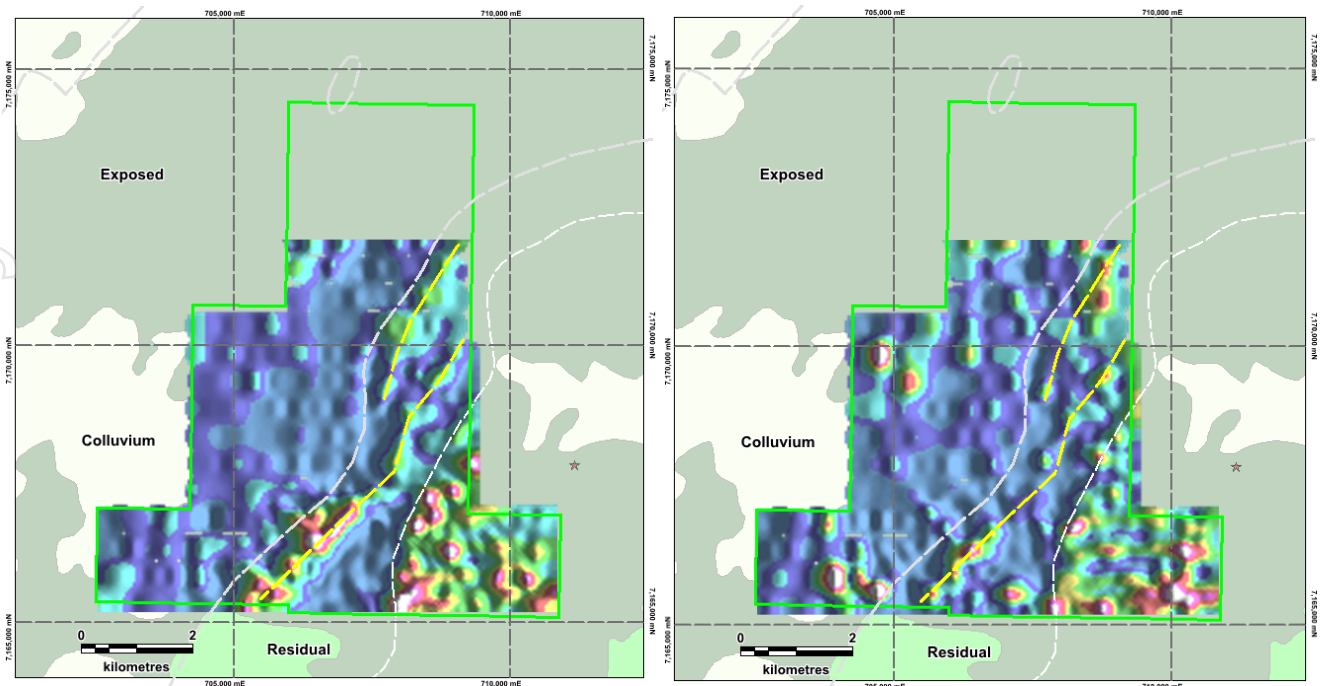


**Figure 5** Field mapping of copper gossan – and hand specimen showing ex-sulphide voids

### Geochemical Confirmation

The soil geochemical assays completed by Peak Resources in 2008-2010 were levelled and re-gridded which produced more coherent anomalies for various key elements such as copper and zinc (Figure 6). Encouraging VMS associated elements were also interpreted for Cu-Pb-As-Zn.

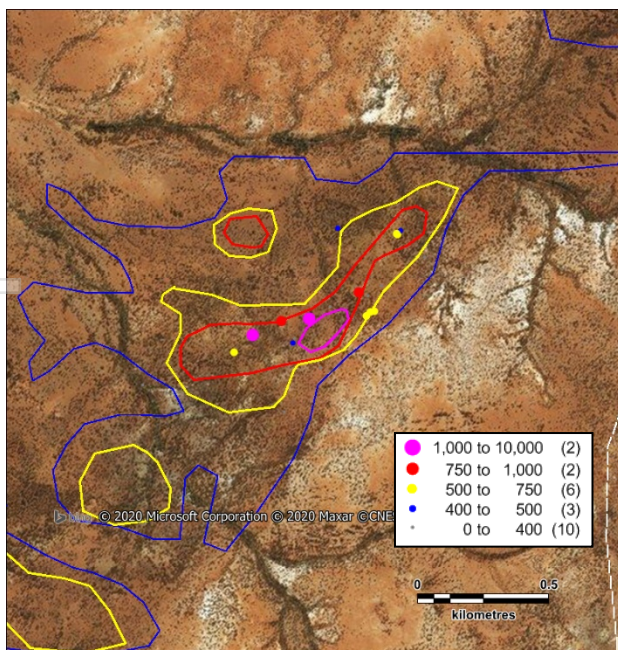




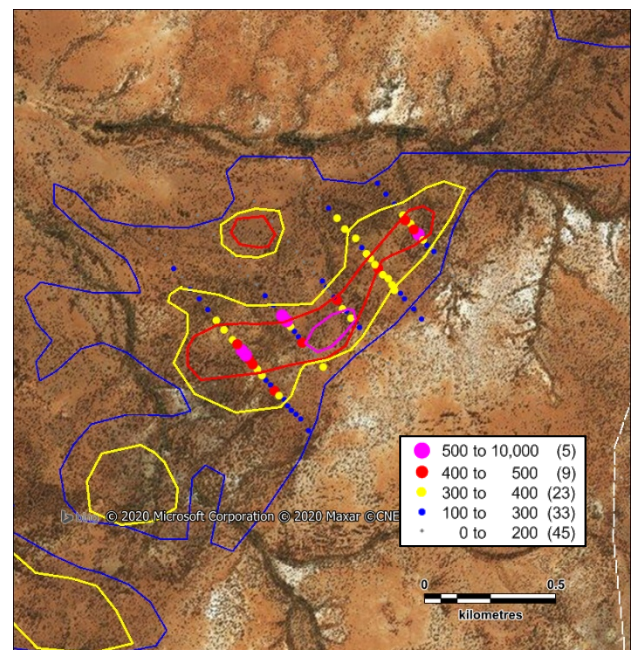
**Figure 6** Doolgunna Project levelled Copper soil anomaly and Doolgunna Project levelled Zinc soil anomaly

As part of the verification process, whilst completing geological mapping of the main western copper anomaly, a number of samples were collected and analysed for multi-elements. Significant observations that strongly confirmed the location and tenor of the original copper-zinc anomaly are;

1. Portable XRF readings of gossan material confirmed very high copper readings within the main copper soil anomaly with values peaking at 6,056 ppm or 0.6% Copper and zinc up to 753 ppm.
2. Rock-chip sampling within the main copper soil anomaly provided confirmation of the anomaly and giving a peak value of 1,290 ppm copper (Figure 7) and a similar zinc anomaly up to 858 ppm.
3. 'Lag' soil sampling confirming the soil copper anomaly with substantially higher values peaking at 771 ppm copper (Figure 8) and zinc up to 255 ppm.



**Figure 7** Confirmation rock-chip sampling over soil contours



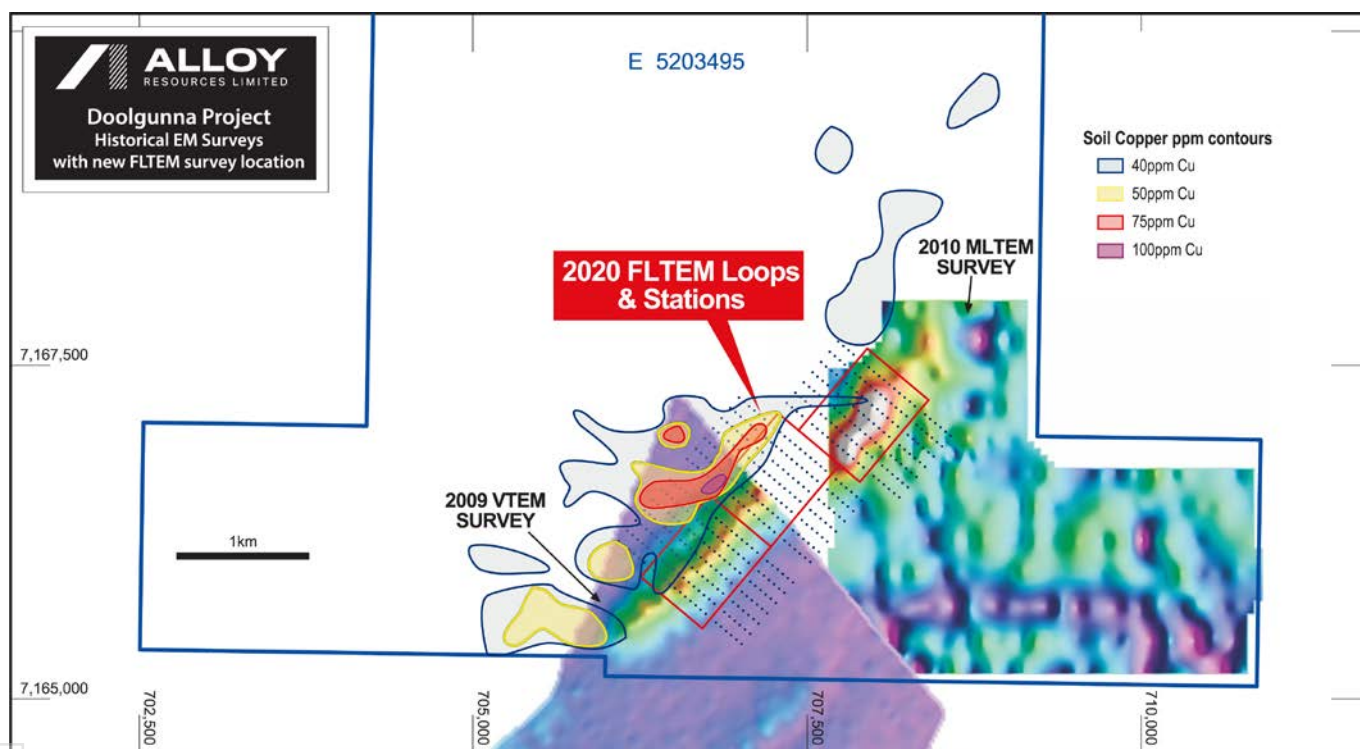
**Figure 8** Confirmation 'Lag' sampling over soil contours

## Geophysics

Peak Resources completed a ground-based Moving Loop Electromagnetic (MLEM) survey over the south-eastern part of the project in 2010, mostly limited to the Narracoota volcanic unit in the south-east of the tenement. The survey data were acquired with a small 100-m transmitter loop, low current (15A), and single-component coil receiver. The only anomaly of significance was at the northwest corner of the survey area over the interpreted Peak Hill Schists, but because the resulting models suggested very weak conductors, the source of the anomaly was not considered to be indicative of sulphide mineralisation.

As part of the due diligence process the Independent Geophysicist completed a review of the MLEM. Revised models confirmed a weakly conductive east-dipping bedrock source, but also a flat-lying shallow conductor interpreted to be a zone of locally thicker weathering above the basement conductor. Forward modelling was also carried out that showed that the MLTEM system used would not have been effective at resolving a strongly conductive target in this environment.

The geophysical review also included a search for other publicly available data. This proved invaluable as it located a large aerial VTEM survey completed by tenement holders located immediately south of the project, which extends onto the southern portion of E52/3945. Analysis of this data shows a good late-time anomaly on the same trend as the MLTEM anomaly to the northeast (Figure 9). Significantly, it was noted that the correlation between the VTEM anomaly and possible copper gossan meant that it actually had a corresponding conductor beneath it. (DPIM a085856 AnnRep 2009 Alchemy Resources Three Rivers Project)



**Figure 9** Late time (10ms) VTEM and MLTEM anomalies, soil anomaly, and location of FLTEM Survey.

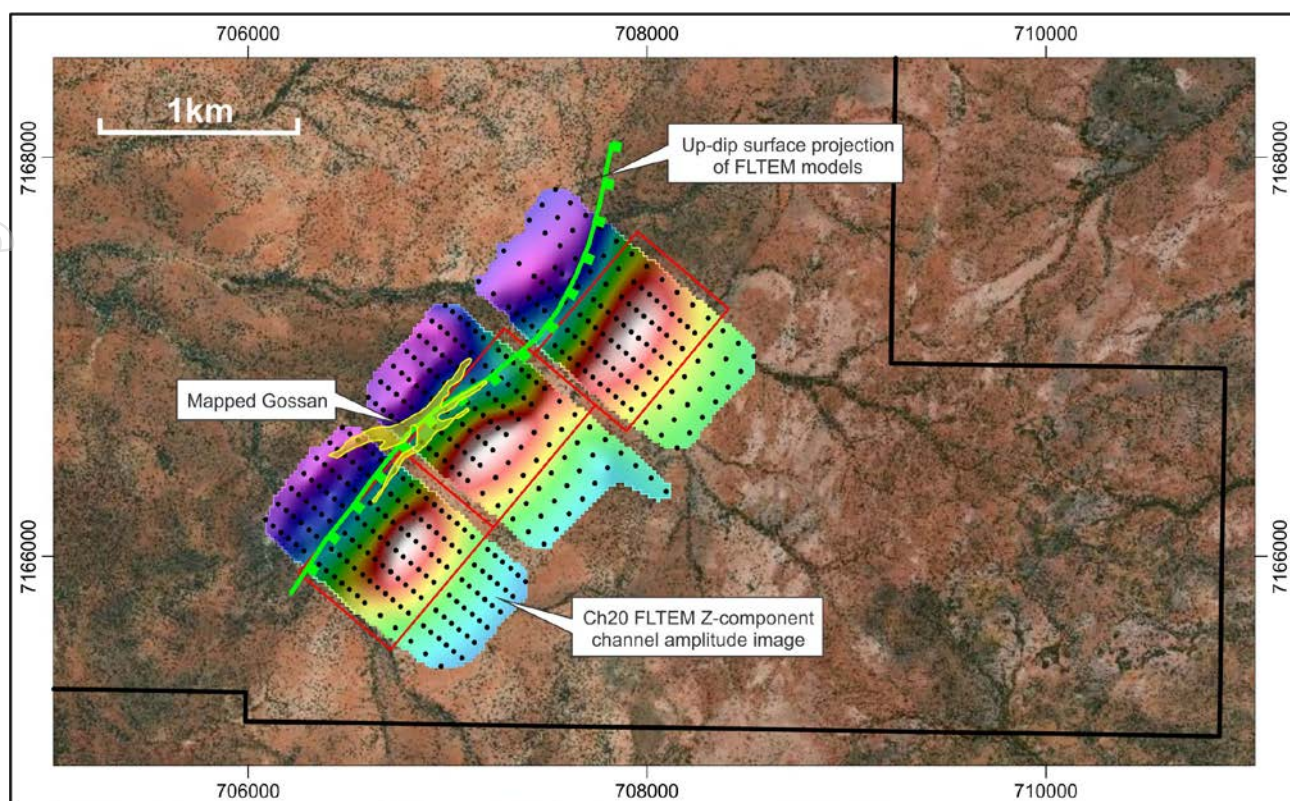
Modelling of the VTEM data supported the models derived from the MLTEM, but did not provide an accurate indication of the depth and potential strength of the conductor.

To obtain accurate models, a small follow-up ground survey was completed using the Fixed Loop Electromagnetic (FLTEM) method. Three 800m x 600m loops were completed along the strike of the copper gossan horizon (Figure 10). For this survey, a high-power (100A) transmitter was used, and the data measured using a 3-component fluxgate magnetometer at a base frequency of 0.5 Hz, providing a much larger off-time (500 msec) to allow for definition of any strong bedrock conductors on this trend.

All three loops of the FLTEM survey recorded strong late-time responses that persist to the latest channels. The models consistently indicate the anomalies are due to a large strike-length conductor with a conductance of up to 1000 Siemen, which is in the range expected for base-metal sulphide mineralisation.

Significantly, the projected up-dip extension of these conductors is coincident with the mapped and interpreted copper gossan (sulphide) trend. Due to along-strike variations in conductance, dip direction and depth extent, the FLTEM data cannot be modelled by a single plate model, but rather as a series of overlapping plate models that together define the overall geometry and size of the conductor.





**Figure 10** *FLTEM Survey Channel 20Z showing continuous deep conductor.*

## Proposed Activities for the September 2020 quarter

The Company is defining its priority drill targets, making application for Programs of Work and completing Heritage Surveys to gain access for drilling which is expected to be in September.

Detailed exploration including mapping, soil sampling, and ground EM surveying will be conducted over the northern extensions of the copper gossan trend.

More regionally first pass soil geochemical sampling and geophysical surveys are planned for the northern part of the project.

## Horse Well Gold Project Joint Venture (Alloy 60% - sole funding)

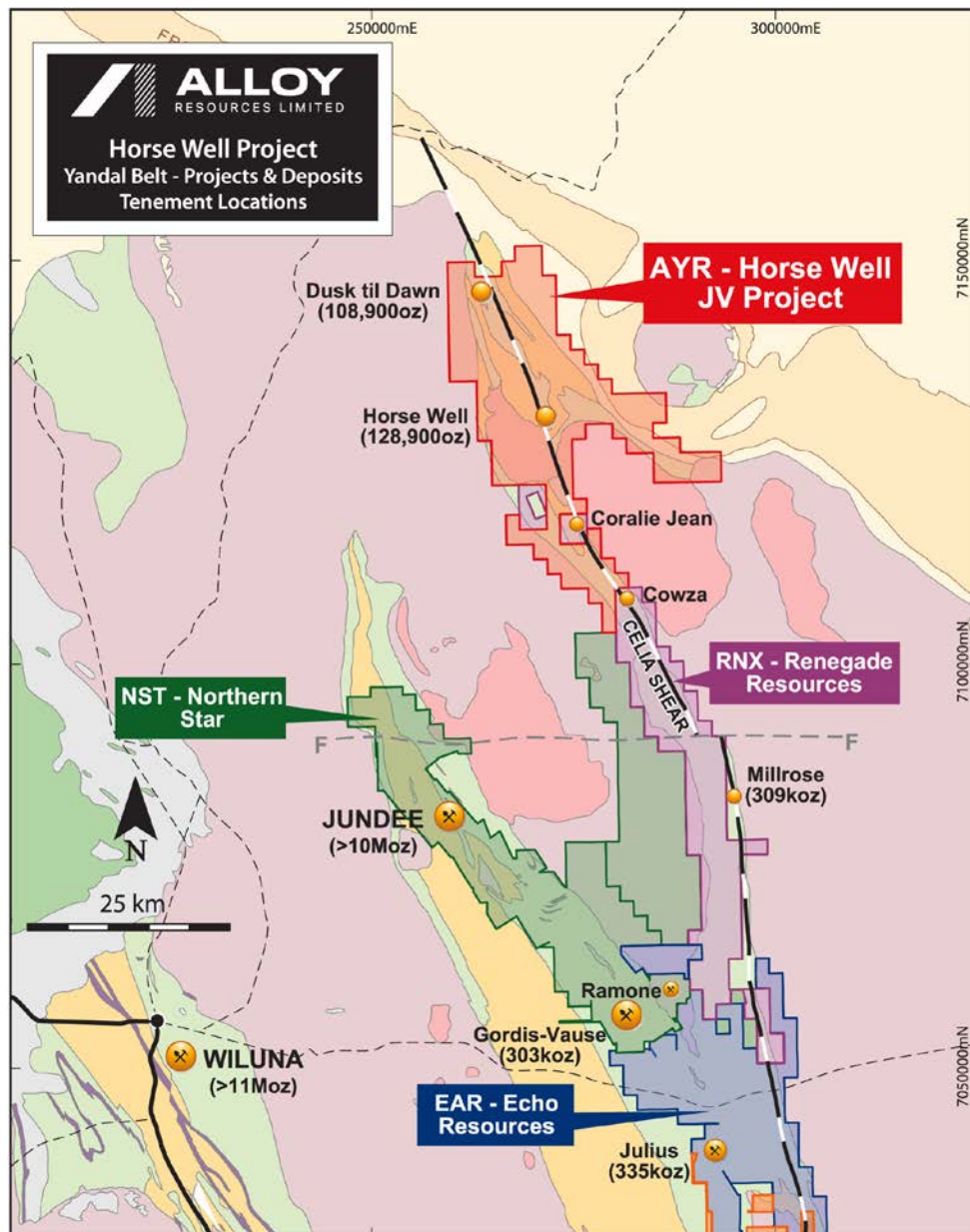
The Horse Well Joint Venture with Silver Lake Resources Limited ('Silver Lake') is exploring the 550 square-kilometre Horse Well Project (Figure 11), located in the north-eastern goldfields adjacent to Northern Star's Jundee Gold Mine.

The project is well mineralised and has a number of prospects within the 45-kilometre strike of greenstone belt. The Company has been focussing more recently on known gold prospects and reviewing geological and resource models with a view to defining opportunities to expand Mineral Resources (Table 1 below) as well as the economic potential for development.

## Activities for the June 2020 quarter

Access to the project was limited during the quarter, due to the introduction of Covid-19 based travel restrictions that extended into the quarter.

The majority of work has been directed towards the defined Mineral Resource area at the Horse Prospects (Figure 12). The drill database has been updated and mineral resource areas reinterpreted. Ongoing work has also seen metallurgical testwork being done and all information is being utilised to define a future mining area that justifies application for a new Mining Licence. As part of this process the Company has also approached neighbouring owners of process plants with a view to initiating preliminary discussions around toll milling or ore sale potential.



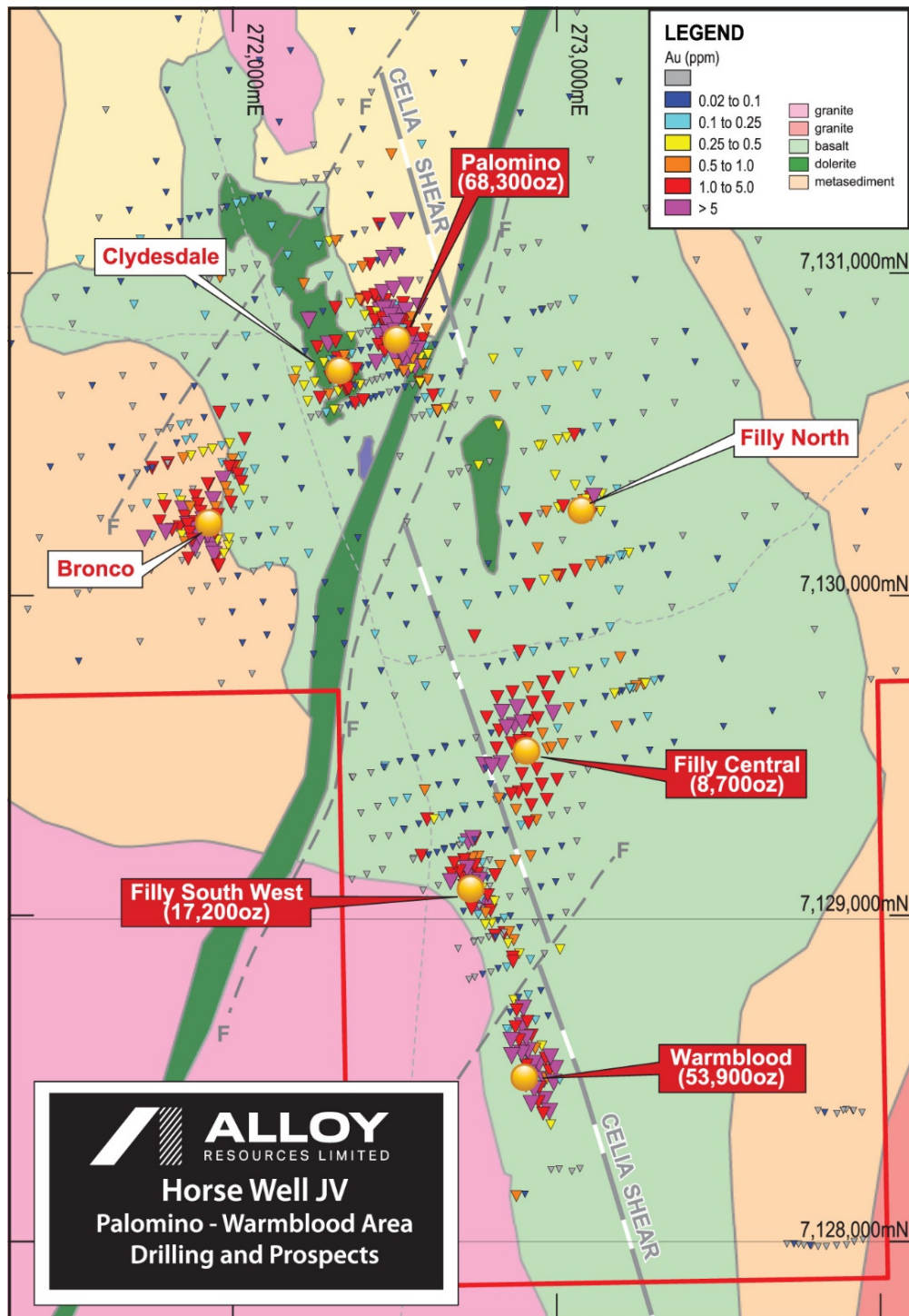
**Figure 11** Horse Well Project location on regional geology

## Proposed Activities for the September 2020 quarter

The Company anticipates the following activities will be completed during the September quarter;

1. Remodelling of the Palomino and Warmblood mineralisation.
2. Presentation of metallurgical data.
3. Application for a Mining Licence over the Horse prospects area.
4. Continued economic reviews of the Horse prospects.
5. Definition of exploration prospects and drill programs and submission of POW applications.
6. Heritage surveying.





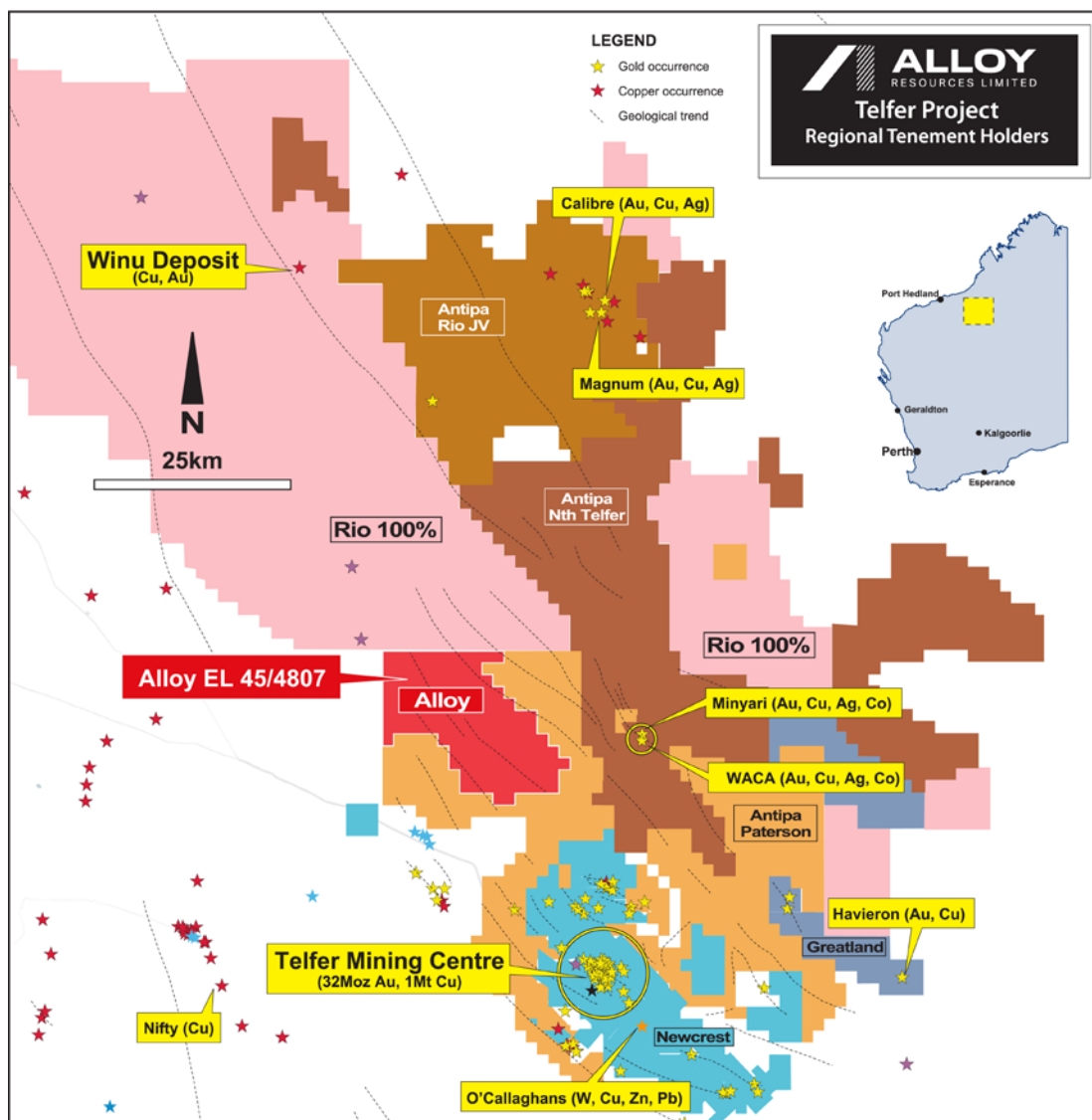
**Figure 12** Horse area Resources and Prospects with drilling on interpreted geology.

## Paterson Project – Gold/copper (RTX earning 70%)

The Company entered into a Farm-In and Joint Venture Agreement with Rio Tinto Exploration Pty Limited (**RTX**) in June 2018 whereby RTX can explore and earn a majority interest in the Company's Exploration Licence E 45/4807 located in the Paterson region of Western Australia (Figure 13). RTX is a wholly owned subsidiary of Rio Tinto Limited (refer ASX release 18 June 2018).



RTX is completing the initial earn-in commitment whereby RTX can earn a 70% interest in the Tenement by spending \$500,000 and completing at least 500 metres of drilling within 3 years.



**Figure 13** EL 45/4807 Regional Location Map with geology and major Tenement holders.

## Activities for the June 2020 quarter

As reported in the March 2020 quarterly report, as a result of COVID-19 precautions and restrictions and the associated impacts on RTX's broader exploration activities in nearby areas of the Paterson region, the planned reverse circulation (RC) drill programme and related final earthworks was deferred to Q3/Q4 of 2020. Further planning of revised logistics arrangements was undertaken during the quarter. Based on this planning, the current expected timing (subject to various factors) for commencement of the final earthworks and drill programme is late September or early October.

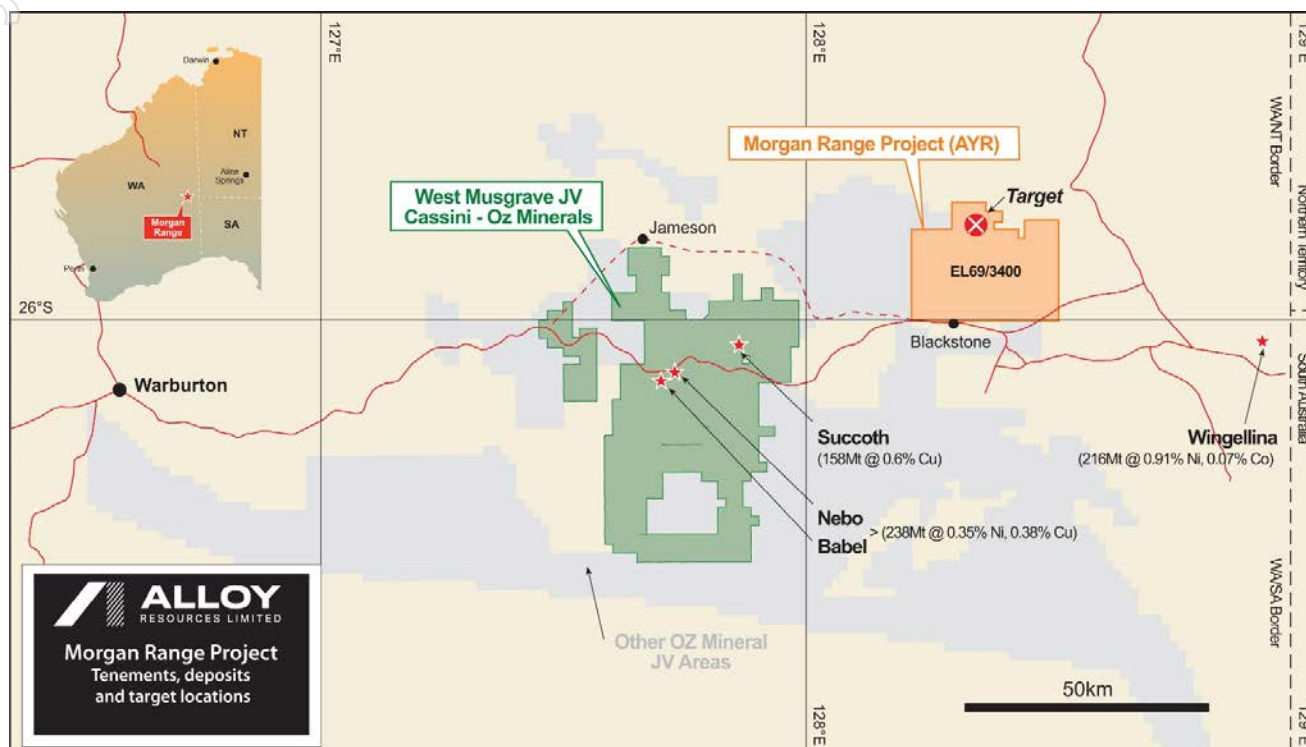
## Proposed Activities for the September 2020 quarter

Final planning of the logistics arrangements is expected to be undertaken by RTX during the September 2020 quarter ahead of mobilisation likely late in the quarter.

As previously announced, the drilling programme is planned to comprise a minimum of 8 reverse circulation (RC) drill holes of up to 250m depth across 6 copper-gold target areas, with further holes to possibly be drilled subject to results. This initial testing is intended to guide follow up exploration 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.

## Morgan Range – Nickel & Copper – (100%)

The Morgan Range Project is located in the West Musgrave belt of Western Australia (Figure 8). The project encompasses similar geology to the large Nebo-Babel and Succoth nickel-copper deposits, located some 50 kilometres to the south west, which have been the subject of a recently completed Pre-feasibility Study by Oz Minerals in joint venture with Cassini Resources. Nebo-Babel is the largest undeveloped Nickel-Copper deposit in Australia.



**Figure 13** The location of the Morgan Range project in relation to the West Musgrave JV

(The Mineral Resources shown on this map were sourced from an ASX release by OZL on 12 February 2020 and the Metals X Annual Report release to the ASX on 30/08/2019).

The principal target is a strong historical aerial electro-magnetic anomaly ('TEM') selected by Rio Tinto Exploration ("RTX") for pegging, which has now been purchased from RTX by the Company's 100% subsidiary Dingo Resources Limited (see ASX releases 18 February and 15 May 2020).

The attraction to Alloy is the discrete nature of the target which has already been defined and is now able to be drill tested relatively quickly, meaning it is a low-cost / high-reward discovery opportunity.

### Activities for the June 2020 quarter

During the quarter the Company has retained Independent geologists and geophysicists to compile all historical data into a database and Geographic Information System, as well as complete a new detailed review of the principal GeoTEM target.

This work has confirmed that there is the defined bedrock target, however it is preferred that this be refined by completing a ground-based EM survey.

The Company has also commenced communication with the Ngaanyatjarra Council regarding land access matters and submitted target areas and historical Heritage survey information. The Company has been informed that a Preliminary Anthropological Survey will be required prior to commencement of negotiations relating to land access. The timing of such negotiations is uncertain due to Covid-19 restrictions on access to the area for the immediate future.

The Exploration Licence Application has been extended until the end of 2020, pending resolution of the land access matters.

## Proposed Activities for the September 2020 quarter

Future activities will be focussed on:

1. Completing Heritage Agreements and access surveys;
2. Completing ground inspection of the target area and conducting ground TEM and Magnetic surveying if deemed necessary to refine the target location for drilling; and -
3. Completing a 2,000 metre RC and/or Diamond drill program to test the conductor at depth.

## Ophara Cobalt-Gold Project (100%)

### Exploration Completed

No field exploration was completed during the quarter.

### Planned Exploration

The Company is actively seeking discussions with other Companies regarding sale and joint venture opportunities.

## Bronzewing North Project – Gold (100%)

Discussions were advanced with parites for a sale of these leases and post quarter end a sale was announced with Hammer Metals Limited – see ASX release 28 July 2020.

## Kurnalpi South – Gold (Riversgold Limited earning 70%)

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

## Corporate

Cash on hand at the end of the quarter amounted to \$529,000

The Company exercised the option to purchase the Morgan's Range project from Rio Tinto Exploration (*refer ASX announcement on the 15 May 2020*) by;

- Issuing 10 million (post consolidation) shares and paying \$25,000.

The Company entered into a binding Heads of Agreement to acquire an 80% interest in the Doolgunna Project (*refer ASX announcements on the 21 June and 19 July 2020*);

- On commencement Paid a \$25,000 non-refundable deposit to complete a 30-day due diligence
- Elected to enter a 12-month Option Period by paying consideration of 15 million AYR shares and 15 million options for AYR shares priced at 2.5 cents and a term of 4 years.

After the quarter the Company announced a Capital Raising (*refer ASX announcement on the 24 July 2020*).

- A Placement priced at 3 cents to raise \$600,000.
- An SPP similarly priced at 3 cents to raise up to \$1.4 million.

On 30<sup>th</sup> July, 19,716,934 shares were issued under the placement raising \$592,000 before costs

A general meeting of shareholders on the 17 August was announced (*refer ASX release 17 July 2020*) to consider;

1. Ratification of previous or planned share issues.
2. Issue of Incentive Options to related parties
3. A change of Company name to Strickland Metals Limited



## Payments to related parties of the entity and their associates

Related party payments of \$54,000 were paid during the period being Directors Fees and Remuneration.

This announcement was authorised for release by the Board of Alloy Resources Limited

### **For further information contact:**

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Executive Chairman

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or: +61 8 9316 9100

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[www.alloyres.com](http://www.alloyres.com)

**Table 1:** Combined Horse Well Inferred Resources as at August 2019.

(Refer to ASX release dated 26 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        |
| <b>COMBINED TOTAL</b> |               | <b>Inferred</b> | <b>5,722,400</b> | <b>1.4</b>  | <b>257,000</b> |

### 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 Palomino which has a cut-off of 2 g/t Au below 100 metres depth.
- The Inferred Resource has been estimated using appropriate high-grade cuts, minimum mining widths and dilutions).

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

## TENEMENT INFORMATION AS REQUIRED BY LISTING RULE 5.3.3

| Project   | Location | Tenement | Held at start of Quarter | Held at end of Quarter |
|---|----------|----------|--------------------------|------------------------|
| <b>Horse Well JV</b>  |          |          |                          |                        |
| Eskay Resources Pty Ltd 100%  | WA       | E69/1772 | 60% <sup>+</sup>         | 60% <sup>+</sup>       |
| Alloy Resources Limited - Granted   | WA       | E53/1466 | 60% <sup>+</sup>         | 60% <sup>+</sup>       |
| Alloy Resources Limited - Granted   | WA       | E53/1471 | 60% <sup>+</sup>         | 60% <sup>+</sup>       |
| Alloy Resources Limited - Granted   | WA       | E69/2765 | 60% <sup>+</sup>         | 60% <sup>+</sup>       |
| Alloy Resources Limited - Granted   | WA       | E53/1924 | 60% <sup>+</sup>         | 60% <sup>+</sup>       |
| Alloy Resources Limited - Granted   | WA       | E69/2492 | 60% <sup>+^</sup>        | 60% <sup>+^</sup>      |
| Alloy Resources Limited - Granted   | WA       | E69/3427 | 60% <sup>+</sup>         | 60% <sup>+</sup>       |
| Alloy Resources Limited - Granted   | WA       | E69/2820 | 45% <sup>++</sup>        | 45% <sup>++</sup>      |
| <sup>+</sup> subject to Doray farmout Agreement – Silver Lake 40%. Alloy sole funding to earn |          |          |                          |                        |
| <sup>+</sup> Phosphate Australia retain 20% free- carried to BFS                              |          |          |                          |                        |
| <sup>^</sup> Wayne Jones NSR  |          |          |                          |                        |
| <b>Paterson</b>   |          |          |                          |                        |
| Alloy Resources Limited – Granted   | WA       | E45/4807 | 100% <sup>"</sup>        | 100% <sup>"</sup>      |
| <sup>"</sup> subject to Rio Tinto Farm-in Agreement   |          |          |                          |                        |
| <b>Kurnalpi South</b>   |          |          |                          |                        |
| Alloy Resources Limited – Granted   | WA       | E28/2599 | 100% <sup>#</sup>        | 100% <sup>#</sup>      |
| Alloy Resources Limited - Granted   | WA       | E28/2665 | 100% <sup>#</sup>        | 100% <sup>#</sup>      |
| <sup>#</sup> subject to Riversgold farm-in Agreement  |          |          |                          |                        |
| <b>Ophara – Broken Hill West</b>  |          |          |                          |                        |
| Alloy Minerals Limited - Granted  | NSW      | EL8668   | 100%                     | 100%                   |
| Alloy Minerals Limited - Granted  | NSW      | EL8475   | 100%                     | 100%                   |
| Alloy Minerals Limited - Granted  | NSW      | EL8476   | 100%                     | 100%                   |
| Alloy Minerals Limited - Granted  | NSW      | EL5662   | 100%                     | 100%                   |
| <b>Bronzewing North</b>   |          |          |                          |                        |
| Alloy Resources - Application   | WA       | E53/1989 | 100%                     | 100%                   |
| Alloy Resources - Application   | WA       | E53/1996 | 100%                     | 100%                   |
| Alloy Resources - Application   | WA       | E53/2085 | 0%                       | 0%                     |
| Alloy Resources - Granted   | WA       | E53/2030 | 100%                     | 100%                   |
| Alloy Resources - Granted   | WA       | P53/1682 | 100%                     | 100%                   |
| Alloy Resources - Granted   | WA       | P53/1683 | 100%                     | 100%                   |
| Alloy Resources - Granted   | WA       | P53/1684 | 100%                     | 100%                   |
| Alloy Resources - Granted   | WA       | P53/1685 | 100%                     | 100%                   |
| Alloy Resources - Granted   | WA       | P53/1686 | 100%                     | 100%                   |
| Alloy Resources - Granted   | WA       | P53/1687 | 100%                     | 100%                   |
| Alloy Resources - Granted   | WA       | P53/1688 | 100%                     | 100%                   |
| Alloy Resources - Granted   | WA       | P53/1689 | 100%                     | 100%                   |
| Alloy Resources - Granted   | WA       | P53/1690 | 100%                     | 100%                   |
| Alloy Resources - Granted   | WA       | P53/1691 | 100%                     | 100%                   |
| Alloy Resources - Granted   | WA       | P53/1692 | 100%                     | 100%                   |
| Alloy Resources - Granted   | WA       | P53/1693 | 100%                     | 100%                   |
| Alloy Resources - Granted   | WA       | P53/1694 | 100%                     | 100%                   |
| Alloy Resources - Granted   | WA       | P53/1695 | 100%                     | 100%                   |
| Alloy Resources - Granted   | WA       | P53/1696 | 100%                     | 100%                   |
| Alloy Resources - Granted   | WA       | P53/1697 | 100%                     | 100%                   |
| <b>Bryah Basin</b>  |          |          |                          |                        |
| Dingo Resources - Granted   | WA       | E51/1738 | 0%                       | 100%                   |
| Dingo Resources - Granted   | WA       | E51/1842 | 0%                       | 100%                   |
| Dingo Resources - Granted   | WA       | E52/3273 | 0%                       | 100%                   |
| Dingo Resources - Granted   | WA       | E52/3510 | 0%                       | 100%                   |
| Dingo Resources - Granted   | WA       | E52/3600 | 0%                       | 100%                   |
| <b>Morgan Range</b>   |          |          |                          |                        |
| Dingo Resources - Application   | WA       | E69/3400 | 0%                       | 0%                     |
| <b>Pardu</b>  |          |          |                          |                        |
| Alloy Resources - Application   | WA       | E45/5633 | 0%                       | 0%                     |
| Alloy Resources - Application   | WA       | E45/5641 | 0%                       | 0%                     |
| Alloy Resources - Application   | WA       | E45/5644 | 0%                       | 0%                     |
| Alloy Resources - Application   | WA       | E45/5647 | 0%                       | 0%                     |

## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

ALLOY RESOURCES LIMITED

ABN

20 109 361 195

Quarter ended ("current quarter")

30 JUNE 2020

| Consolidated statement of cash flows                      | Current quarter<br>\$A'000 | Year to date (12 months)<br>\$A'000 |
|---|----------------------------|-------------------------------------|
| <b>1. Cash flows from operating activities</b>            |                            |                                     |
| 1.1 Receipts from customers                               | -                          | -                                   |
| 1.2 Payments for  |                            |                                     |
| (a) exploration & evaluation (if expensed)                | -                          | -                                   |
| (b) development   | -                          | -                                   |
| (c) production  | -                          | -                                   |
| (d) staff costs   | (30)                       | (78)                                |
| (e) administration and corporate costs                    | (105)                      | (395)                               |
| 1.3 Dividends received (see note 3)                       | -                          | -                                   |
| 1.4 Interest received                                     | -                          | -                                   |
| 1.5 Interest and other costs of finance paid              | -                          | -                                   |
| 1.6 Income taxes paid                                     | -                          | -                                   |
| 1.7 Government grants and tax incentives                  | 28                         | 28                                  |
| 1.8 Other (provide details if material)                   | -                          | -                                   |
| <b>1.9 Net cash from / (used in) operating activities</b> | <b>(107)</b>               | <b>(445)</b>                        |

|  |       |       |
|--|-------|-------|
| <b>2. Cash flows from investing activities</b> |       |       |
| 2.1 Payments to acquire:                       |       |       |
| (a) entities                                   | -     | -     |
| (b) tenements                                  | (250) | (250) |
| (c) property, plant and equipment              | -     | -     |
| (d) exploration & evaluation (if capitalised)  | (219) | (989) |
| (e) investments                                |       |       |
| (f) other non-current assets                   |       |       |



## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

| Consolidated statement of cash flows |   | Current quarter<br>\$A'000 | Year to date (12<br>months)<br>\$A'000 |
|--------------------------------------|---|----------------------------|--|
| 2.2                                  | Proceeds from the disposal of:                        |                            |  |
|                                      | (a) entities  |                            |  |
|                                      | (b) tenements   | -                          | 12                                     |
|                                      | (c) property, plant and equipment                     | -                          | -                                      |
|                                      | (d) investments                                       | -                          | -                                      |
|                                      | (e) other non-current assets                          | -                          | -                                      |
| 2.3                                  | Cash flows from loans to other entities               | -                          | -                                      |
| 2.4                                  | Dividends received (see note 3)                       | -                          | -                                      |
| 2.5                                  | Other – cash acquired on acquisition of entity        | 99                         | 99                                     |
| <b>2.6</b>                           | <b>Net cash from / (used in) investing activities</b> | <b>(370)</b>               | <b>(1,128)</b>                         |

|             |   |            |              |
|-------------|---|------------|--------------|
| <b>3.</b>   | <b>Cash flows from financing activities</b>   |            |              |
| 3.1         | Proceeds from issues of equity securities (excluding convertible debt securities)       | 313        | 1,791        |
| 3.2         | Proceeds from issue of convertible debt securities                                      | -          | -            |
| 3.3         | Proceeds from exercise of options   | -          | -            |
| 3.4         | Transaction costs related to issues of equity securities or convertible debt securities | -          | -            |
| 3.5         | Proceeds from borrowings  | -          | -            |
| 3.6         | Repayment of borrowings   | -          | -            |
| 3.7         | Transaction costs related to loans and borrowings                                       | (51)       | (135)        |
| 3.8         | Dividends paid  | -          | -            |
| 3.9         | Other   | -          | -            |
| <b>3.10</b> | <b>Net cash from / (used in) financing activities</b>                                   | <b>262</b> | <b>1,656</b> |

|           |  |       |         |
|-----------|--|-------|---------|
| <b>4.</b> | <b>Net increase / (decrease) in cash and cash equivalents for the period</b> |       |         |
| 4.1       | Cash and cash equivalents at beginning of period                             | 744   | 446     |
| 4.2       | Net cash from / (used in) operating activities (item 1.9 above)              | (107) | (445)   |
| 4.3       | Net cash from / (used in) investing activities (item 2.6 above)              | (370) | (1,128) |
| 4.4       | Net cash from / (used in) financing activities (item 3.10 above)             | 262   | 1,656   |

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

| Consolidated statement of cash flows |   | Current quarter<br>\$A'000 | Year to date (12 months)<br>\$A'000 |
|--------------------------------------|---|----------------------------|-------------------------------------|
| 4.5                                  | Effect of movement in exchange rates on cash held | -                          | -                                   |
| 4.6                                  | <b>Cash and cash equivalents at end of period</b> | <b>529</b>                 | <b>529</b>                          |

| 5.  | Reconciliation of cash and cash equivalents<br>at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter<br>\$A'000 | Previous quarter<br>\$A'000 |
|-----|--|----------------------------|-----------------------------|
| 5.1 | Bank balances  | 90                         | 60                          |
| 5.2 | Call deposits  | 439                        | 684                         |
| 5.3 | Bank overdrafts  | -                          | -                           |
| 5.4 | Other (provide details)  | -                          | -                           |
| 5.5 | <b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>   | <b>529</b>                 | <b>744</b>                  |

**6. Payments to related parties of the entity and their associates**

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter  
\$A'000**

10

44

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

| 7. <b>Financing facilities</b>   |   | <b>Total facility amount at quarter end \$A'000</b> | <b>Amount drawn at quarter end \$A'000</b> |
|--|---|---|--|
| <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> |   |   |  |
| <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>  |   |   |  |
| 7.1  | Loan facilities   | -   | -  |
| 7.2  | Credit standby arrangements   | -   | -  |
| 7.3  | Other (please specify)  | -   | -  |
| 7.4  | <b>Total financing facilities</b>   | -   | -  |
| 7.5  | <b>Unused financing facilities available at quarter end</b>   |   | -  |
| 7.6  | Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well. |   |  |
|  |   |   |  |

| 8. <b>Estimated cash available for future operating activities</b> |   | <b>\$A'000</b> |
|--|---|----------------|
| 8.1  | Net cash from / (used in) operating activities (Item 1.9)   | (107)          |
| 8.2  | Capitalised exploration & evaluation (Item 2.1(d))  | (219)          |
| 8.3  | Total relevant outgoings (Item 8.1 + Item 8.2)  | (326)          |
| 8.4  | Cash and cash equivalents at quarter end (Item 4.6)   | 529            |
| 8.5  | Unused finance facilities available at quarter end (Item 7.5)   | -              |
| 8.6  | Total available funding (Item 8.4 + Item 8.5)   | 529            |
| 8.7  | <b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>   | 1.6            |
| 8.8  | If Item 8.7 is less than 2 quarters, please provide answers to the following questions:   |                |
| 1.   | Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?   |                |
|  | Answer: Yes   |                |
| 2.   | Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?  |                |
|  | Answer: AYR announced to ASX on 24 July 2020, that firm placement commitments had been received from professional sophisticated investors to raise up to \$600,000 before costs, together with a share purchase plan to raise up to \$1,400,000 before costs closing on 18 August 2020. On 30 July, the company issued 19,716,934 shares under the placement raising \$592,000 before costs |                |
| 3.   | Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?   |                |
|  | Answer: Yes AYR expects to be able to continue its operations based on the above mentioned capital raisings.  |                |



**Compliance statement**

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

Date: 31 July 2020

Authorised by: ...The Board of Directors.....  
(Name of body or officer authorising release – see note 4)

**Notes**

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.