



Alloy Resources (ASX: AYR)

Alloy's Focus on Cobalt Gaining Momentum

Alloy Resources (ASX: AYR) is confident its 100 per cent-owned Ophara cobalt-gold project in the Broken Hill region of New South Wales is in an emerging hot new area for cobalt in Australia. *By Margie Livingston*

ALLOY RESOURCE BELIEVES IT HAS a unique cobalt-gold prospect with excellent potential.

"It's hard to find a good cobalt project and we are excited by the opportunities cobalt presents and our Ophara cobalt-gold project which is our current focus," Alloy Resources managing director Andy Viner told *The Resources Roadhouse*.

The opportunities in cobalt Viner refers to include the cobalt price point, which has raced ahead and risen 130 per cent over the last 15 months, an increase from \$32,000 to \$72,000 per tonne.

Some 48 per cent of produced cobalt is consumed by battery technologies with 68 per cent of lithium ion batteries requiring cobalt—expanding that market by 35 per cent year upon year.

"The main use for lithium batteries is mobile phone electronics however electric vehicles are now the leading use," Viner said.

"China is increasingly using electric vehicles, which will be a big driver in the use of cobalt in the coming years."

With cobalt prices and demand high, any discovery is bound to be a success, making Alloy's Ophara project even more exciting.

Located 50 kilometres west of Broken Hill on the South Australian border, the 314 square kilometres Ophara cobalt-gold project has identified the Great Goulburn cobalt-gold-copper prospect.

"We're in a fabulous position, situated between two big cobalt prospects, and all have similar style mineralisation," Viner said.

Cobalt Blue Holdings' Thackaringa cobalt project 10km to the northeast contains 50,000 tonnes of cobalt

with pyrite, and Havilah Resources' Mutooroo deposit is 10km southwest of Great Goulburn containing 17,500 tonnes of cobalt with copper and gold.

The Ophara project licence encompasses a large sand covered area with little surface geology.

"Previous explorers did no systematic work, no serious exploration, so with the increase in value of cobalt, we can justify spending money on it," Viner explained.

Alloy recommenced exploration in December 2016 with follow up detailed ground magnetics, rock and soil sampling.

RC drilling on ground magnetics took place late January—early February completing 12 new holes.

"We've confirmed new mineralised zones over about 700 to 800 metres strike, found some new mineralisation and the system is very open," Viner said.

Results included:

- » 8 metres at 0.14 per cent cobalt and 0.43 grams per tonne gold from within 15m at 0.12 per cent cobalt and 0.3g/t gold

- » 3m at 0.13 per cent cobalt and 0.37g/t gold from within 8m at 0.11 per cent cobalt and 0.27g/t gold, and a further 3m at 0.12 per cent cobalt and 0.36g/t gold.

"We have a strong electromagnetic anomaly dipping back to the north and two smaller EM anomalies in the area," Viner continued.

"With the ground surface in this area it is very hard to do soil sampling because of a very complex regolith and lots of transported cover.

"We've got pathfinder elements from drill sampling of cobalt, copper, gold, molybdenum and it looks like copper is the best element to actually get onto these systems.

"We've also got a very direct association with the pyrite and pyrrhotite and seeing some mineralisation in faults and quartz veins with sulphide.

"It's a steep learning curve but we believe we are getting there.

"The target for finding more of this is going to be co-incident Magnetic and Electromagnetic conductors."



After searching historical records for the Broken Hill area, Alloy located an aerial electro-magnetic (GEOTEM) survey done by BHP in 1990.

“The survey indicated strong potential underneath the sand cover, and suggests we are just scratching the surface and that there are large new conductors to be defined,” Viner said.

Alloy hit the ground to find any signs of these possible conductors which showed up in the GEOTEM survey.

“We drove for days and found little outcrop, however we did find old prospecting pits and rock chip sampling showed very strong copper results supported by cobalt and gold, which is pretty exciting,” Viner said.

At this stage, Alloy had to make decision—whether to keep drilling at Great Goulburn and placate the market by releasing encouraging results, or to ensure it spent its exploration funds drilling the best targets.

“We decided the best way forward was to fly a modern new VTEM survey to try and define exactly where these conductors are,” Viner said.

“Our independent consultants, Southern Goescience, believe the area being surveyed is highly prospective for conductive bodies and think VTEM will work absolutely beautifully—so we’ve got that happening as soon as landowners give us access later in August or early September.

“We are also looking at possible ground EM surveying over a smaller specific area if contractors are going to be later than thought for the aerial survey.”

Alloy has very clear objectives at its Ophara cobalt-gold project.

The company wants to find the best targets as quickly as it can using VTEM or ground EM, follow up with RAB and air-core drilling of priority targets and then conduct RC drilling under those better drill anomalies.

With such a well-defined plan and highly prospective ground, it is no wonder there is some expectation in



the marketplace on its next round of exploration results.

Alloy’s second project of note is its Horse Well gold project Joint Venture with Doray Minerals, over 1,000sqkm in the north-eastern goldfields of WA.

Doray earned a 60 per cent interest as a JV partner over 2014-15 and Alloy is now funding 40 per cent since early 2016.

The JV is conducting broad first and second pass exploration aiming to discover a one million ounce gold deposit capable of supporting a 100,000 ounce per annum gold operation.

“We are looking for a million ounce deposit, it might be multi-million ounces, and it’s very exciting,” Viner said.

“We’ve got lots of prospects over this 10 kilometres of strike of an extensive greenstone belt.

“Over 80 per cent of the project is covered by transported sand—meaning exploration requires aeromagnetic survey mapping and then drilling of targets.”

Horse Well’s two main known mineralised areas are the northern Dawn prospects area and the southern Horse prospects area which includes 75,000 ounces of Mineral Resources.

Doray achieved new gold discoveries in the Dawn prospects area in 2015/16 with definition of the northern Dusk til Dawn and Django prospects.

“Importantly in the last year we have completed over 50,000 metres

of regional air core drilling and 4,500 metres of RC drilling,” Viner indicated.

“Last year we defined two six-kilometre-long air-core anomalies and another of 4 kilometres strike.

“The drilling has been on 800 metre lines and holes 160 metres apart so anything could be in these areas.

“All we need is for Doray to start fieldwork again and I can assure everyone we are being pro-active in trying to make this happen as soon as possible!”

Alloy seems to be in the right space with its cobalt and gold projects.

It has large targets, good strategic locations and is well funded.

Exploration is stepping up at Alloy, and whether it’s gold or cobalt, it looks like results across its projects will be promising. 📌

The Short Story

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