



Alloy Resources (ASX: AYR)

Alloy Resources looking for buckets of gold at Horse Well

It's no secret that there hasn't been much joy for the junior end of Resources Town over the past few years.

HOWEVER, THERE HAS BEEN A SNIFF OF optimism in the air of late, especially for junior gold exploration companies such as Alloy Resources (ASX: AYR) with the behaviour of the Australian dollar gold price, providing a more receptive economic climate for the development of smaller worthwhile projects.

Alloy Resource's Horse Well gold project is located in the Warburton Mineral Field of Western Australia, approximately 85 kilometres northeast of the town of Wiluna.

The Horse Well portion of the greenstone belt has only had focussed exploration along the southern part, where the company and previous explorers have identified JORC gold resources in near surface deposits to date.

Alloy's 100 per cent-owned gold resource at Horse Well currently stands at just under 1.05 million tonnes at 2.91 grams per tonne gold for **98,700 ounces**.

"Our company is a classic style junior explorer," Alloy Resources managing director Andrew Viner told *The Resources Roadhouse*.

"Our primary asset is the 1,000 square kilometre Horse Well gold project where we have around 60 strike kilometres of the Milrose Greenstone Belt.

"It is basically the northern arm of the Yandal Belt, which also hosts the Jundee mine of Northern Star Resources.

"We currently have a small Inferred Mineral Resource at Horse Well of 75,000 ounces of gold sitting in the middle of the project.

"We see huge potential for a multi-million ounce gold discovery in this area."



Viner said one reason the Horse Well project has remained a virtually un-explored entity for so long is that the northern half of the project area lies in a sand covered region that did not provide earlier explorers with the usual straight forward approach of conducting rock chip or soil sampling.

"The beneficial method we adopted in our early exploration efforts at Horse Well was to carry out some very good quality aeromagnetic surveys," Viner explained.

"We also went back and looked at a little bit of historical aircore drilling.

"That was about three years ago, but we quickly determined that the northern area had potential to be a very exciting location, as it demonstrated early on to possess the classic structural framework of Yilgarn Archean gold systems.

"When we looked at the old aircore drilling it showed a huge amount of alteration around the edge of an

intrusive granite body.

"We thought then that we could have something similar to the famous Granny Smith-style mineralisation mined in the Laverton district in the 1990's."

The attractive nature of smaller neighbouring projects to feed hungry gold processing plants has resulted in a recent frenzied-at-times buying spree by middle tier companies such as Northern Star Resources (ASX: NST) and Metals X (ASX: MLX).

Another company enjoying its position as a middle tier developer/producer is Doray Minerals (ASX: DRM), which has had recent success breathing new life into the Deflector gold project following its takeover of Mutiny Gold.

The results of Alloy's early exploration ventures had not gone totally unnoticed, so a couple of years ago, when it advertised that it was looking for a Joint Venture partner to

start giving the Horse Well project the attention it warranted, one of the first companies to knock on its door was Doray Minerals.

May 2014 the JV was struck, under which Doray can earn up to 60 per cent of the project by way of spending \$2 million within two years.

Doray has shown much interest in developing the project, having already spent \$1.75 million to date, with an additional \$0.25 million to be spent by 22 May 2016 to earn the initial 60 per cent of the project.

“Once we decided to look for Joint Venture partners, Doray Minerals jumped at the opportunity to come on board,” Viner said.

“They have subsequently gone on to make some great gold discoveries at the Horse Well project over the past 18 months.”

The JV’s main focus at Horse Well is on the Dusk til Dawn prospect, located at the extreme northern end of the Archaean Yilgarn Craton, close to the onlap of the Proterozoic Earaheedy Basin.

Dusk til Dawn sits on the western edge of a granitoid body, in a similar setting to the Granny Smith gold deposit.

Doray declared Dusk til Dawn to hold potential for a new greenfields gold discovery in late 2014, after it hit a number of encouraging drill intersections up to 65 metres at 2.6 grams per tonne gold, including 13m at 8.17g/t gold.

A subsequent program of RC drilling this year intersected thick zones of gold mineralisation, confirming Dusk ‘til Dawn as a new greenfields gold discovery.

Assay results received from the 2015 drilling program included:

- **DDRC014**
16m at 7.2g/t gold from 109 metres downhole (mdh), including 6m at 16.3g/t gold from 116mdh;
- **DDRC015**
44m at 1.4g/t gold from 122mdh, including 3m at 6.2g/t gold from 150mdh;

- **DDRC011**
31m at 1.2g/t gold from 153mdh;
- **DDRC012**
24m at 1.6g/t gold from 190mdh, including 4m at 4g/t gold from 200mdh;
- **DDCR016**
28m at 1.5g/t gold from 148mdh;
- **DDRC017**
14m at 2g/t gold from 41mdh, including 4m at 4.4g/t gold from 46mdh; and
- **DDRC018**
14m at 1.5g/t gold from 33mdh, and 9m at 2.1g/t gold from 98mdh, including 2m at 4.9g/t gold from 103mdh.

“We are participating in a significant new gold discovery in Western Australia,” Viner said.

“We have just reached the stage, over the past couple of years, where Doray has completed a two million dollar farm-in to the project, giving it 60 per cent of the project.

“This should be completed by Christmas this year.

“The exciting aspect of the JV agreement, is a further \$2 million investment from Doray next year, which will accelerate our exploration.

“I’m very pleased to be able to say that Alloy will be contributing its 40 per cent to the exploration expenditure over the next 12 months.”

Buoyed by the success of this drilling the JV is now chasing down a number of additional earlier-stage targets within the northern end of the broader Horse Well project area.

A program of aircore drilling is currently underway testing for a potential footwall zone at Dusk ‘til Dawn and additional ‘look-alike’ conceptual targets.

A further target, the Django prospect (formerly the T-06 target) that has returned anomalous gold results from two lines of aircore drilling, 1.6km apart carried out by Doray last year, is also receiving attention.

“This program is due to be completed in the early part of



December, so we anticipate results either side of Christmas and it is very likely that we will get a lot of new anomalies and new mineralised trends,” Viner said.

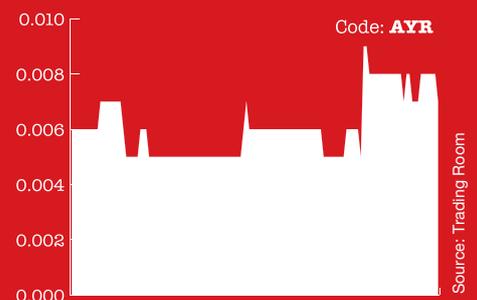
“The drilling we have carried out to date has confirmed Horse Well as a major new gold discovery.

“The JV’s approach has proven to be highly effective and it is evident from the results we have achieved this part of the project has extensive gold mineralisation.

“Further regional drilling is likely to enhance the overall prospectivity and potential of the area.”

The Short Story

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28 May – 27 November 2015

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MAJOR SHAREHOLDERS

Manafield Holdings	5.88%
Wilson Walter S + MA	4.40%
Western Discovery	4.30%