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Manager Announcements
Companies Announcements Office
Australian Stock Exchange Limited
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Via: www.asxonline.com

Dear Sir/Madam

Alloy

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RESOURCES INCREASED AND DRILLING CONTINUES

- New gold resources established at the Comet – Webb's Patch project for Pinnacles North, Comet North and Eclipse prospects adding 44,707 ounces and taking the Company's 100% owned gold resources to 262,707 ounces
- Gold resources at Horse Well, Pinnacles and Comet North are now based on optimised open cut pits that account for dilution
- Independent resource estimations, mine design and economic study are ongoing to convert resources into reserves
- The new resource estimations do not include drilling results from an ongoing reverse circulation (RC) drilling campaign of 5,000 metres at the Comet – Webb's Patch project
- Fixed loop electromagnetic (EM) survey commences at Comet North and Venus prospects

SUMMARY OF GOLD RESOURCE ESTIMATION

Alloy Resources Limited (**ASX Codes: AYR & AYRO**) is pleased to announce a considerable increase in gold resources at the Comet – Webb's Patch project following an independent review (see note 1). The new gold resources amount to 44,707 ounces on top of the existing 218,000 ounces at Comet and Horse Well (see AYR ASX announcement of 27 April 2006). The Company's total gold resources in its 100% owned projects now stand at 262,707 ounces.

Resources were estimated using Whittle optimised open pit shells for the Horse Well, Pinnacles North and Comet North resources. The estimations have allowed for substantial dilution. Resource modelling has also been carried out on the Comet Underground resource using optimised stope design and allowing for dilution. A block model resource was calculated for the Eclipse resource.

The new resources reported in the Table 1 were calculated using an Australian gold price of \$850, minimum mining width of 3 horizontal metres, dilution of 1.5 metres on either side, and bulk densities based on historical production. A series of resource estimations have also been calculated for these optimised resources using a range of gold prices.

Prospect	JORC classification	Whittle optimised shell	Cut-off grade	High grade cut	Tonnes	Grade (g/t)	Ounces
Pinnacles North	Indicated	yes	1.0	15.0	434,000	1.7	23,723
Comet North	Indicated	yes	1.0	25.0	180,000	2.0	11,576
Eclipse above (375 m RL)	Indicated	no	1.0	60.0	55,000	3.4	6,013
Eclipse below (375 m RL)	Inferred	no	3.0	60.0	22,000	4.8	3,395
total:							44,707

Table 1. New resource estimations for prospects at the Comet – Webb's Patch project.

The new resource estimations are being used for mine design, and the Company is looking at options for treating its ore. For example, the Palomino resource at Horse Well has been optimised and this information will be used as the basis for a detailed pit design. This work is being carried out in order to convert resources into reserves at the Company's main gold prospects.

The current resource estimations are based on existing drilling information and do not take into account any of the ongoing drilling at the Comet prospect.

DRILLING CONTINUES AT COMET

A 5,000 metre RC drilling program continues at the Comet-Webb's Patch gold project (see Figure 1). The purpose of this drilling program is to:

- look for extensions to mineralisation in an 800 metre long zone extending from the southern end of the Comet underground resource to the Eclipse prospect; and
- test a 2.5 kilometre-long geophysical anomaly trend extending south-west from the known gold mineralisation at Comet.

Assay results from this drilling campaign will be released when this current drilling program is completed.

FIXED LOOP EM SURVEY STARTED

A fixed loop EM survey is currently being carried out to explore for conductive gold mineralised zones at depth in two key areas:

1. along structures linking the northern part of the Comet prospect to the Comet North and Pinnacles prospects, and
2. deeper mineralisation that may extend to the north of the Venus prospect.

Results from this EM survey will be used to help target drilling for the second drilling program at the Comet – Webb's Patch project.

Yours faithfully,



Dr. JAYSON MEYERS
Managing Director

Note 1: The resources in this statement are based on work carried out by Dr. S. Carras FAusIMM of Carras Mining Pty Ltd. Dr. Carras has 30 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 2004 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.

The information in this report which relates to Exploration Results is based on information compiled by Dr. Jayson Meyers, Managing Director of Alloy Resources Limited and who is a Member of the Australian Institute of Geoscientists. Dr. Meyers 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 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves." Dr. Meyers consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

ABOUT ALLOY

Alloy is a gold exploration company whose current focus is gold in Western Australia. Alloy's short to medium term goals are to:

- recommence mining operations at the Comet Gold Mine;
- commence mining at the Horse Well gold project; and
- expand its resource base through aggressive exploration at all its projects.

For further information contact:

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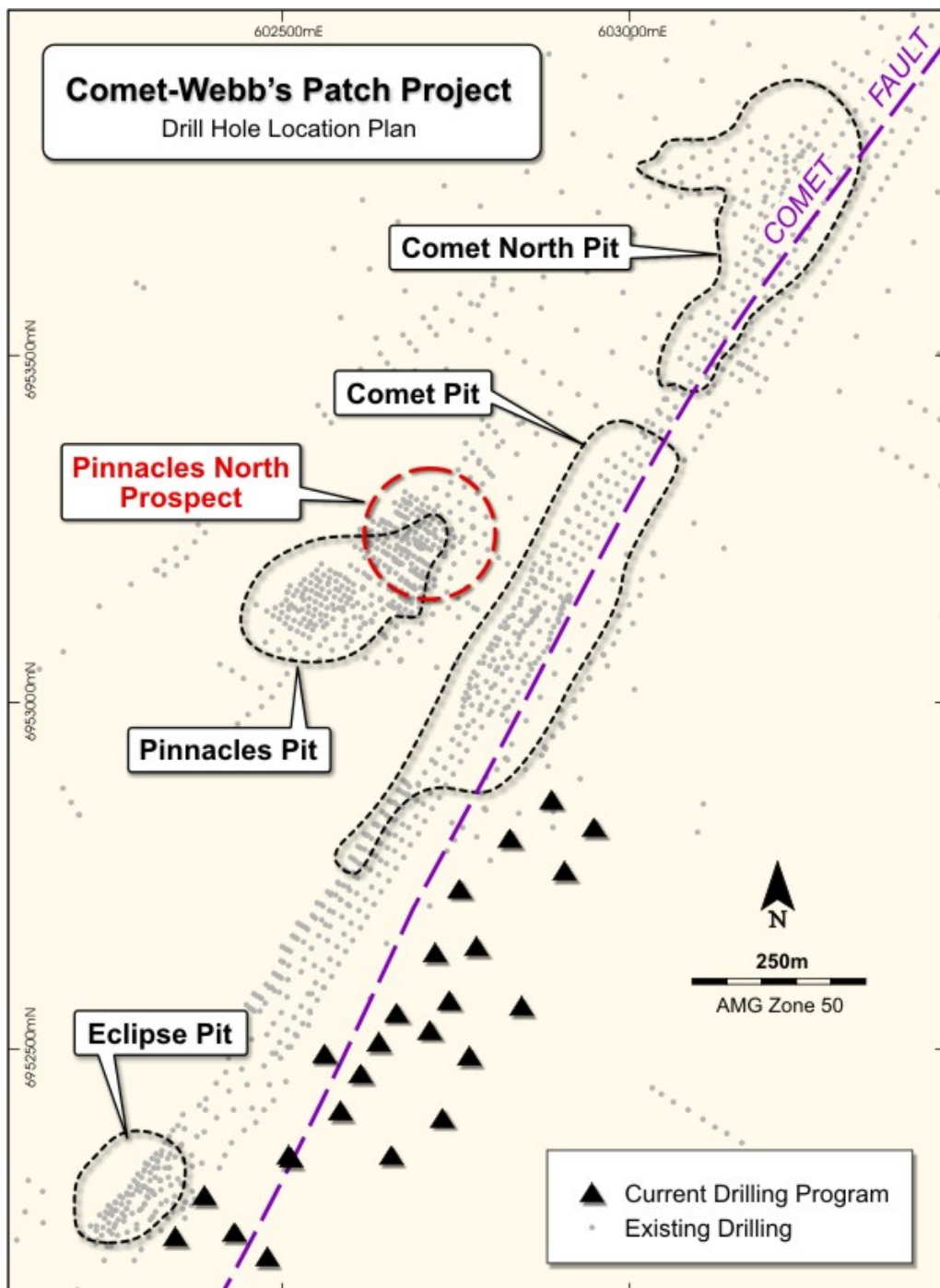


Figure 1.