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# Alloy

**RESOURCES LIMITED**

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Dear Sir/Madam

## COMET SOUTH RESOURCE AND PRELIMINARY PRE-FEASIBILITY RESULTS

- A new optimised open cut gold resource calculated for Comet South and Eclipse
- Pre-feasibility study based on optimising indicated gold resources provides potential to produce more than 100,000 ozs Au, generating pre-tax net cash flow estimates of \$25.5 million at A\$750/oz spot and A\$38.5 million at A\$850/oz spot
- Metallurgical test work is underway on Comet underground samples in order to validate historical results and determine optimal treatment methods

## NEW RESOURCE AT COMET SOUTH

Alloy Resources Limited (**ASX Codes: AYR & AYRO**) is pleased to announce a new gold resource called Comet South that adds over 9,000 oz to the Company's gold resource base (indicated resource based on 139,280 tonnes at 2.23 g/t Au). This resource sits directly to the south of the existing Comet open cut pit, and has been optimised to be mined in an open cut. Importantly, a new pit at Comet South would provide a low cost access option for a decline leading directly into the Comet Underground gold resource. A mine design based on this concept is currently being generated.

## PRE-FEASIBILITY STUDY ON GOLD RESOURCES

The Company is also pleased to announce preliminary results from pre-feasibility studies on the Company's gold resources. An independent resource consultancy firm<sup>1</sup> was commissioned to calculate optimised ore blocks for each deposit containing an indicated gold resource. Optimisations were run for a range of gold prices using current mining and milling costs. The Eclipse gold resource (see Company's ASX announcement of 26/07/06) was optimised for open cut mining as part of this study.

The estimated net cash flow before tax for the Company's gold resources using a spot gold price of A\$750/oz and based on current market rates for mining and toll treatment is listed in the following table:

Project	Resource	Mining Method	Ore Diluted Tonnes	Waste Tonnes	Grade g/t Au	Au ozs	Net Cash Flow \$M
Comet-Webb's Patch	Comet	Underground	410,000	70,000	5.11	65,721	10.6
	Pinnacles North	Open Cut	350,500	2,315,000	1.75	18,114	2.2
	Comet North	Open Cut	125,950	1,252,000	2.11	7,862	1.1
	Eclipse	Open Cut	67,500	1,500,000	3.80	7,356	1.6
	Comet South	Open Cut	139,300	1,462,400	2.23	9,185	1.6
Horse Well	Palomino	Open Cut	218,400	1,139,000	3.11	20,100	8.4
Totals:						<b>128,338</b>	<b>25.5</b>

The estimated net cash flow before tax for the Company's gold resources using a spot gold price of A\$850/oz and based on current market rates for mining and toll treatment is listed in the following table:

Project	Resource	Mining Method	Ore Diluted Tonnes	Waste Tonnes	Grade g/t Au	Au ozs	Net Cash Flow \$M
Comet-Webb's Patch	Comet	Underground	450,000	70,000	5.11	73,936	17.1
	Pinnacles North	Open Cut	434,104	3,135,330	1.17	21,966	4.0
	Comet North	Open Cut	179,608	1,971,091	2.05	10,898	2.0
	Eclipse	Open Cut	67,541	1,500,546	3.8	7,582	2.3
	Comet South	Open Cut	139,280	1,462,425	2.23	9,185	2.5
Horse Well	Palomino	Open Cut	419,202	3,333,200	2.51	31,116	10.6

Totals: **154,683** **38.5**

**Notes to tables:**

All resources used for the optimisations are in the JORC indicated category.

Net cash flows are pre-tax and do not include capital costs for constructing a treatment plant and associated infrastructure if toll milling is not an option.

Results of the study in the tables provide preliminary net cash flow forecasts that are subject to completion of more comprehensive feasibility studies that include detailed mine designs, additional metallurgical test work, plant design, site construction, and capital and operating cost analyses.

### METALLURGICAL TESTWORK ON COMET UNDERGROUND SAMPLES

An independent metallurgical consulting firm is analysing drilling spoil from the Comet underground resource. The results of this test work will be compared to historical metallurgical information and will be used to determine optimal treatment flow sheets and mill design.

The Company is assessing treatment options for its resources, such as toll treatment or construction of a modular plant and infrastructure at site.

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.*

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#### **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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