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Manager Announcements
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Dear Sir/Madam

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COMET GOLD PROJECT DRILLING SUCCESS – POTENTIAL RESOURCE EXTENSION AT DEPTH

HIGHLIGHTS

- **Reverse circulation (RC) drilling at the Comet gold project demonstrates continuity of mineralised envelope and potential depth extension to resource**
- **Diamond drilling program underway to further enhance resource at depth**

RC DRILLING RESULTS

Alloy recently completed RC drilling for a total of 949 metres at its Comet gold project, located near the town of Cue, WA, to:

1. test for depth extensions to the Comet underground resource (2 holes),
2. test a geophysical anomaly as a step out extension to the gold mineralisation at Venus (1 hole),
3. test a geophysical anomaly on the Anglo Australian NL farm in / joint venture tenement (2 holes), and
4. drill a pre-collar hole for diamond drilling follow up at the Comet underground resource.

The location of these prospect areas is shown in Figure 1. The significant gold assays from this drilling are listed in Table 1.

Comet Underground Resource

The recent RC drilling has shown that the gold resource at Comet continues with depth, and that holes directly below planned development and extending to the north have higher assay values, indicating a steep, northward plunge to the mineralisation. The best intercept from the northern hole is 1 metre at 13.5 g/t Au.

Venus step out drilling

An RC hole was drilled on a Sub-Audiomagnetic (SAM) and electromagnetic (EM) target extending 220 metres from the north side of the Venus pit. The geophysical anomaly was interpreted to be caused by gold mineralised sediments at depth, sitting below barren basalt rocks. Altered sediments were intersected in the drilling at the depth predicted from modelling the geophysical data. Two mineralised zones, each 3 metres wide, were identified from assaying, but the grades were not considered to be ore grade (Table 1). This single drillhole confirms the existence of a gold mineralised structure extending from the Venus pit at depth and the company will conduct further drilling to explore for higher grade shoots.

EM target on the AAR farm in tenement

Two deep RC holes were drilled into an extensive and strong EM anomaly sitting to the east of the Comet underground resource (see AYR announcement of 27/11/06). The recent drilling intersected massive sulphide minerals and highly sulphide altered basalt at precise depths predicted by the geophysical modelling. Although assaying has shown that this large zone of sulphide mineralisation and alteration did not contain economic levels of mineralisation. The process of target identification and selected drilling was a technical success and this approach will be applied to the Company's new nickel exploration area sitting 8 kilometres west of Comet (see Figure 1 and AYR announcement of 24/01/07).

Samples from the current target are currently being re-assayed for base metals to determine the potential for other styles of mineralisation in this geological structure.

Table 1. Significant results above 0.5 g/t Au.

Hole ID	Prospect	Depth in Metres		Au g/t
		From	To	
CTRC028	Venus	73	74	1.15
		74	75	0.65
		75	76	0.58
		93	94	1.13
		95	96	1.25
		97	98	0.85
CTRC029	Comet	135	136	2.49
		136	137	3.03
		137	138	2.52
		138	139	0.97
		139	140	0.53
CTRC030	Comet	162	163	1.55
		163	164	1.13
		164	165	1.77
		166	167	13.5
		167	168	2.74
		168	169	0.99
		169	170	0.59

DIAMOND DRILLING COMMENCES AT COMET

A 1,000 metre diamond drilling campaign has commenced with the aim of extending the Comet gold resource over and above the existing resource of 165,000 ounces. A diamond drilling rig is set up on the eastern side of the Comet waste dump and will be testing the depth extent and plunge of the Comet underground resource at a depth of approximately 300 metres. Drilling is being carried out by using a parent hole and then wedging out to drill daughter holes into the mineralised structure.

Yours faithfully,



Dr JAYSON MEYERS
Managing Director

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.

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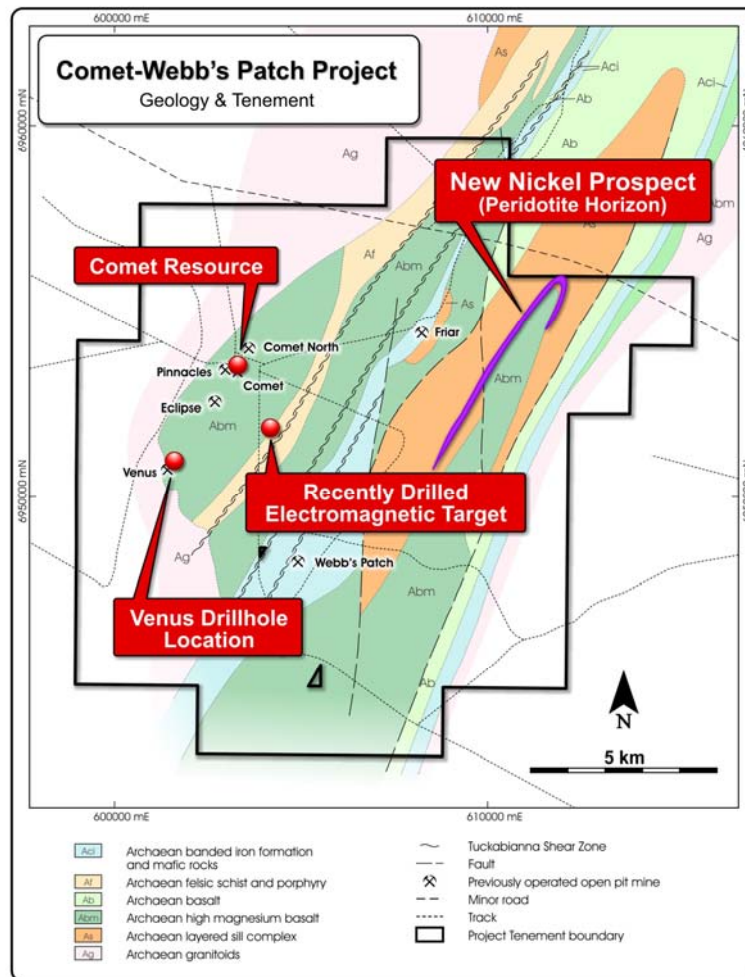


Figure 1. Location of recent RC drilling and new nickel exploration area.