

26 February 2007

Manager Announcements
Companies Announcements Office
Australian Securities Exchange Limited
Level 4, 20 Bridge St
SYDNEY NSW 2000

Via: www.asxonline.com

Dear Sir/Madam

Alloy
RESOURCES LIMITED

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HORSE WELL RESOURCE UPGRADE

HIGHLIGHTS

- **Three prospects sitting adjacent to the Palomino gold resource have added 25,168 ounces of gold to the Horse Well project in WA**

RESOURCE INCREASE

The Company's 100% owned Horse Well gold project is located 50 kilometres to the north of the Jundee Gold Mine in the Yandal Greenstone belt of Western Australia. The gold resources at Horse Well have been increased by an additional 25,168 ounces for a total of 78,000 ounces.

This brings the Company's combined gold resource base up to 295,000 ounces.

The resources have been calculated for three prospects that sit within 1 kilometre of the Palomino prospect (Figure 1), which contains an indicated gold resource of 53,000 ounces. Whittle optimised resources have been estimated by an independent consultant (note 1). The new gold resource calculations allow for significant mining dilution, and a low grade gold cut off of 0.5 g/t for oxide material, 0.75 g/t for transitional material, and 1.0 g/t for hard rock. Mining and milling costs were factored on the higher end of the scale. JORC category indicated resources optimised for an Australian gold price of \$850 per ounce are listed in Table 1.

Table 1. New resource estimations for prospects within the Horse Well project.

Prospect	Ore (k) Tonnes	Grade (g/t)
Bronco	22,078	2.72
Filly	151,199	1.86
Filly SW	62,487	7.07
TOTAL	235,764	3.32

INDICATED RESOURCE: 235,764 Tonnes at 3.32g/t Au for 25,168 ounces

Structures containing high-grade gold mineralisation have been identified in the prospect areas, and exploration on a number of structural and geochemical targets is ongoing within the project tenement. The tenement has been recently cleared through Native Title Heritage Surveys Target drilling will commence upon completion of the current drilling program being undertaken at the company's comet 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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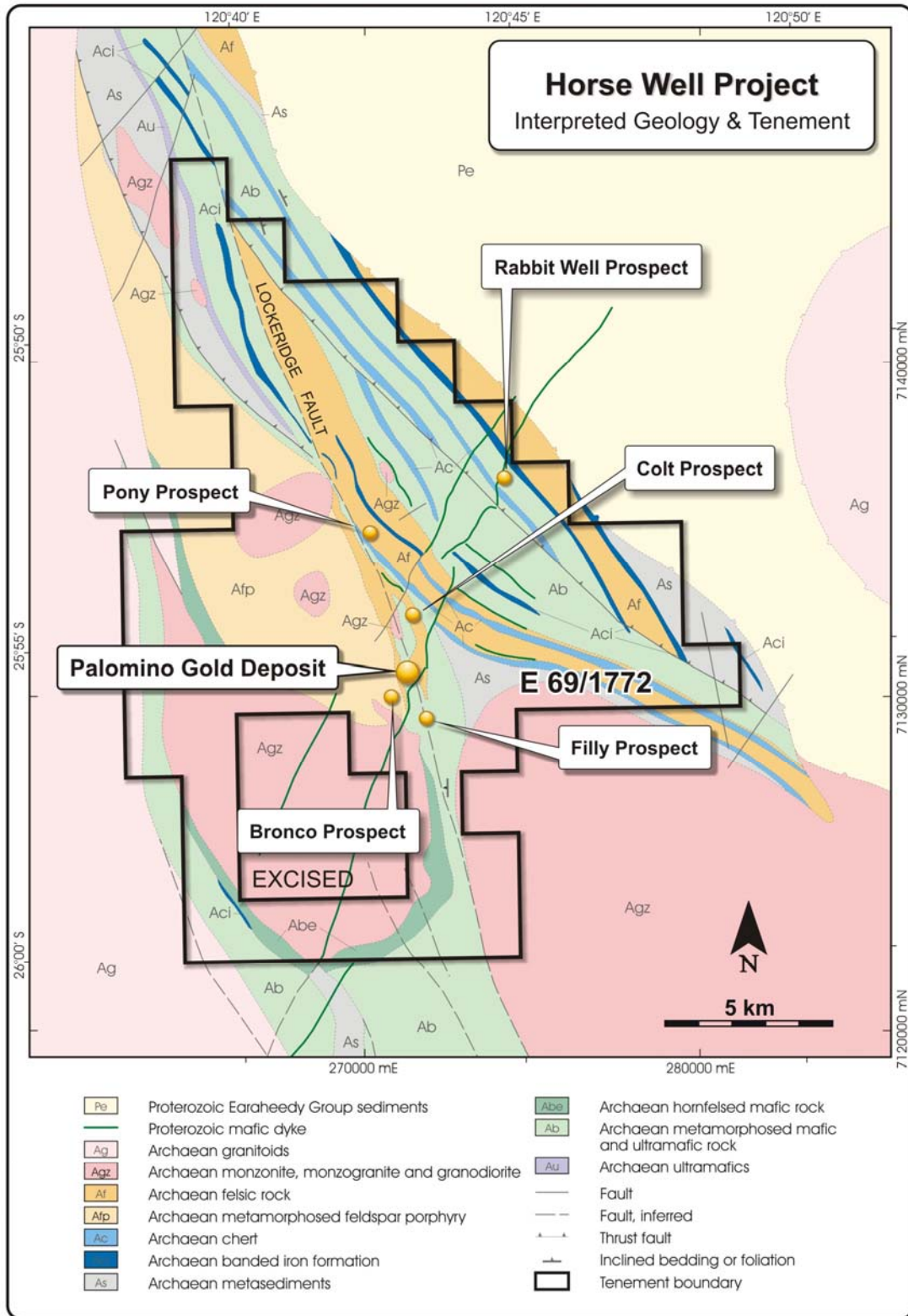


Figure 1. Location of Horse Well project and prospects over simplified geology.