

30 April 2007

Manager Announcements
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Alloy
RESOURCES LIMITED

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Dear Sir/Madam

THIRD QUARTER ACTIVITIES AND CASHFLOW REPORT

We attach the above announcement.

Yours faithfully,



Dr. JAYSON MEYERS
Managing Director

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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ALLOY RESOURCES LIMITED
QUARTERLY REPORT
FOR THE THREE MONTHS ENDING 31 MARCH 2006

MARCH QUARTER HIGHLIGHTS

Gold Resource Upgrade

The Company's gold resources were upgraded by 37,911 ounces during the Quarter and currently stand at a total of 309,756 ounces. Alloy's total gold resource base has grown by 42% since the Company's ASX listing in April 2006.

Comet Gold Deposit

Drilling below the Comet underground resource has shown that the mineralised structure is continuous and contains good grade at depth.

A pre-feasibility study has been undertaken to examine a 150,000 to 250,000 ton per annum treatment facility at the Comet gold project. This study incorporated costs on the high end and maximum ore dilution. Quotes from contractors and suppliers show that increases in costs for mining, milling, construction, labour and site accommodation have put considerable cost pressure on the cash cost per ton of ore to be treated. The Company is now focussing its pre-feasibility work on starting mining the Comet underground deposit and higher grade pits under a site treatment or toll milling scenario. The toll milling option involves trucking and toll milling of ore through one of a number of treatment plants located within 80 to 180 kilometres of Comet,

Horse Well Gold Deposit

Indicated gold resources at 3 prospects within the Horse Well project were estimated to add an additional 25,178 ounces during the Quarter.

Venus Gold Prospect

An indicated gold resource of 12,733 ounces was estimated for the Venus Prospect during the Quarter. Drilling 220 metres north of the Venus prospect shows that the mineralised structure is continuous along strike and depth, and infill drilling along this structure has the potential to increase resources.

Regional Exploration activity

Exploration on the komatiite geology within the Kurrajong nickel prospect, located west of the Comet Gold project, shows that this area is highly prospective for hosting massive sulphide mineralisation. Rock chip sampling of outcrop areas and electromagnetic surveying was carried out during the Quarter. This program identified high priority drilling targets at the contacts of komatiite lava flows with elevated MgO and Ni geochemistry.

Other Opportunities

The Company continues to evaluate quality opportunities in Australia and overseas to increase its resource base and project portfolio.

1. WA PROJECTS 100% AYR

1.1 GOLD RESOURCES

The Company's combined gold resources from projects 100% owned by the Company have increased by 42% since ASX listing in April 2006. At listing, the Company had a gold resource base of 218,000 ounces, and this has been increased over the last year by an additional 91,756 ounces for a current total of 309,756 ounces. The prospects that make up the gold resource base are listed in Table 1.

Table 1. Alloy's gold resources as of April 2007.

PROJECT	PROSPECT	JORC CATEGORY	TONNES	GRADE (g/t Au)	OUNCES Au
Comet	Comet Underground	indicated	490,000	5.8	91,383
	Comet Underground	inferred	352,000	6.5	73,569
	Comet South	indicated	139,300	2.23	9,185
	Comet North	indicated	180,000	2	11,576
	Pinnacles	indicated	434,000	1.7	23,723
	Eclipse	indicated	55,000	3.4	6,013
	Eclipse	inferred	22,000	4.8	3,395
	Venus*	indicated	144,000	2.75	12,733
Horse Well	Palomino	indicated	607,000	2.6	53,000
	Bronco*	indicated	22,078	2.72	1,930
	Filly*	indicated	151,199	1.86	9,043
	Filly SW*	indicated	62,487	7.07	14,205
total:					309,756

* resources identified during the March 2007 Quarter
See note 1 regarding resource estimations.

1.2 COMET PROJECT

Alloy Resources Limited is exploring in and around the Comet mining centre located 20 kilometres to the east of the town of Cue in Western Australia. The Company's tenements are 100% owned, with the exception of tenement E21/115, which Alloy can earn 60% interest through funding exploration (see section 2.1).

Gold was last mined at Comet in the mid 1990s and Alloy is exploring in and around the existing resources left behind by previous explorers and in conjunction with new target areas identified by the Company's geological team using structural and geophysical targeting techniques.

Alloy has also carried out resource estimations using new and existing drilling data, and has begun pre-feasibility studies to investigate recommencing mining at the Comet project. This includes options of setting up treatment facilities at site and having a workforce based in the town of Cue or toll milling through one of three mills located between 80 and 180 kilometres from Comet.

1.2.1 RESOURCES

The Venus prospect sits near the Comet underground resource, and was open cut mined in the mid 1990s (Figure 1). The existing drilling at Venus was used for resource estimation using Whittle optimised open pit shells that have allowed for mining dilution. The JORC indicated gold resource at Venus optimised for open cut mining was estimated to be 144,000 tons at 2.75 g/t Au for 12,733 ounces (note 1).

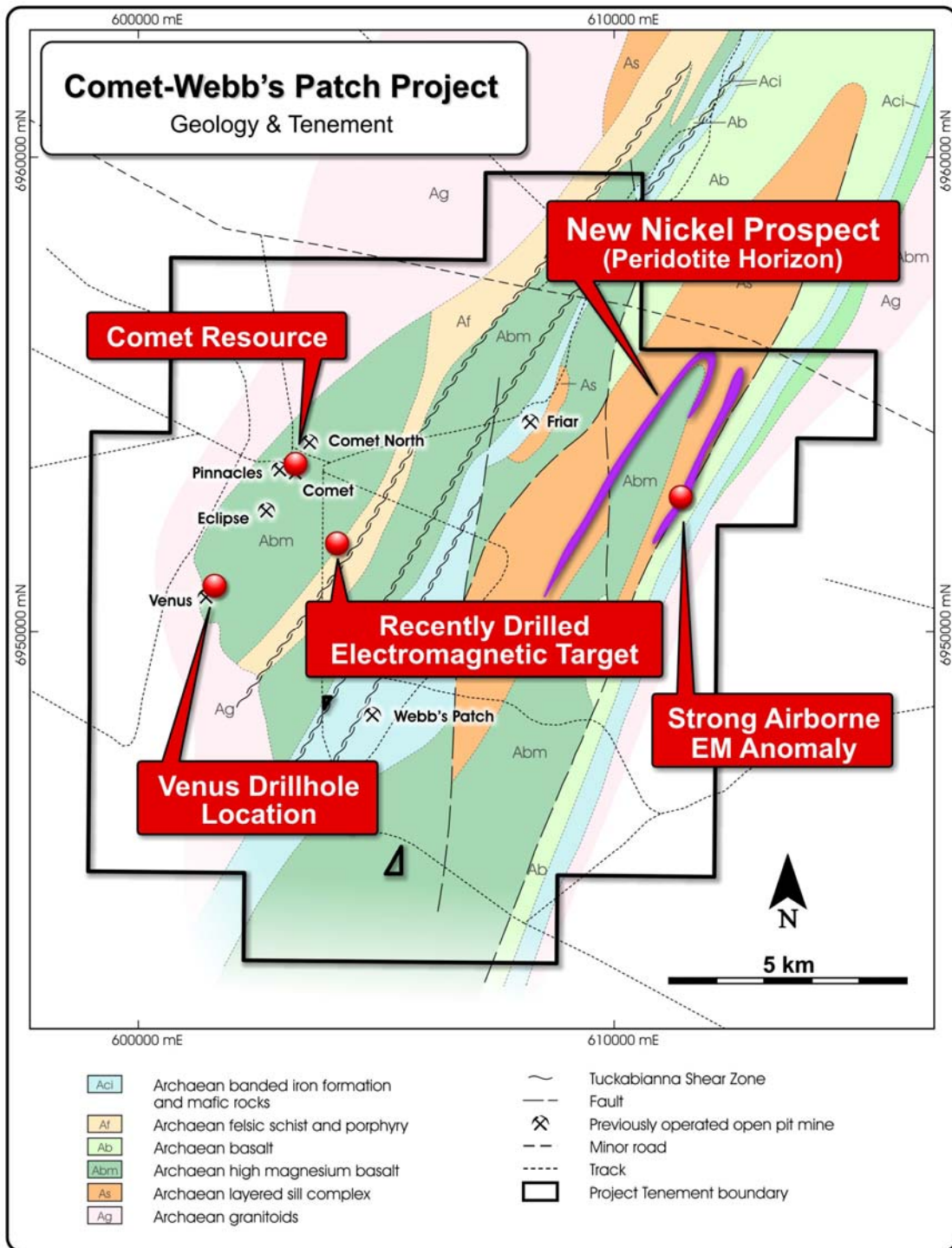


Figure 1. Comet gold project geology, prospects and recent exploration activity.

1.2.2 DRILLING

Drilling undertaken during the Quarter comprised 494 metres of RC drilling at Comet, Venus, and a joint venture tenement (see section 2.1). A total of 1,040 metres of diamond drilling was carried out below the Comet Underground resource.

RC drilling on the 100% Alloy owned tenements was designed to test for depth extensions of the Comet underground gold resource and to test a geophysical target extending to the north of the Venus open cut mine (Figure 1).

The recent RC drilling has shown that the gold resource at Comet continues with depth. 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 (Table 2).

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 intercepted at predicted depth and was found to be caused by gold mineralised, iron rich sediments sitting below barren basalt rocks. Two mineralised zones, each 3 metres wide, were identified from assaying, but the grades were not considered to be ore grade (Table 2). This single drillhole confirms the existence of a gold mineralised structure extending from the Venus pit and the company will conduct further drilling to explore for higher grade shoots along this structure.

Table 2. Significant gold assay 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

Deep diamond drilling has tested part of the depth extent of gold mineralisation below the Comet underground resource. Diamond drilling of two holes was carried out from the eastern side of the Comet mine waste dump, and 250 metres to the north of these holes.

The drilling confirmed the extension of the Comet underground ore body by 150 metres below the existing resource definition (Figure 2), with the potential to increase the gold resource over and above the existing 165,000 ounces. This round of diamond drilling shows the Comet underground ore body is continuous at depth and maintains good grade for underground mining. The Company is now evaluating underground mining plans and milling options for the underground ore.

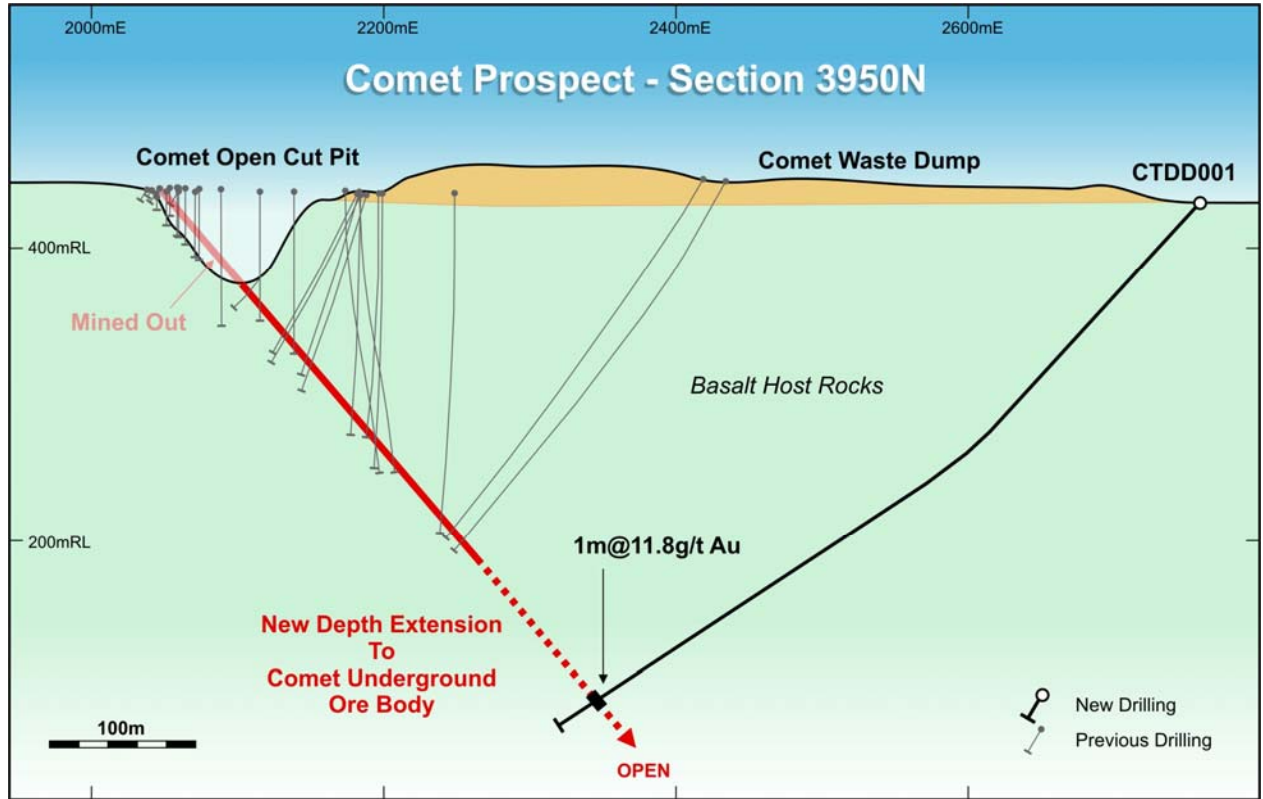


Figure 2. Geological cross section showing the location of the gold mineralised structure down-dip from previous resource drilling.

1.2.3 METALLURGICAL TESTING

Metallurgical Project Consultants Pty Ltd (MPC, note 2) have completed a metallurgical report that includes sample test results, a process flow sheet and detailed cost analysis for an optimal gold treatment facility to treat the ore. There were no deleterious metals associated with the gold ore, and despite the high sulphide concentration of the ore, the gold was easily liberated and was not refractory. Recoveries averaged above 94%. The results of this recent metallurgical study were consistent with previous studies at Comet and historical mine production figures. The estimated operating costs for processing the Comet ore were higher than expected, mainly due to increases in the costs of labour, fuel, reagents, and equipment.

This report is being used for the ongoing pre-feasibility studies to treat the ore through a treatment facility to be set up at site or by a toll treating arrangement.

1.2.4 PRE-FEASIBILITY STUDY FOR MINING AND PROCESSING ON SITE

During the Quarter the Company continued to assess the mining potential at the Comet project. The Company focussed on financial modelling for the establishment of a portable treatment plant at site. A consultant from Resource Sector Services Pty Ltd is evaluating ore treatment options for different plant designs and financing arrangements. The unit costs for treating a ton of ore decrease significantly when the milling capacity of such a plant is increased from 150,000 to 250,000 tons per year.

Quotations from contractors and suppliers and cost estimates obtained for this study have shown escalation of prices over the last year. This escalation leads to a high cash cost per ton for

treating ore at site. The cash flow modelling, incorporating current cost estimates, becomes sensitive to different gold ore grades, gold prices and tons produced per year.

The Company continues to evaluate the best option to implement mining and milling of its gold ore with the aim of generating positive cash flow with minimal capital expenditure. Therefore, the option of treating ore on site will be weighed against a toll treating arrangement using one of a number of gold treatment facilities located between 80 to 180 kilometres trucking distance from the Comet project.

The Company will continue its pre-feasibility studies to find the optimal solution for mining to commence at Comet to generate cash flow for the Company as soon as possible.

1.2.5 KURRAJONG NICKEL PROSPECT NEAR COMET

Alloy recently identified prospective ultramafic komatiite horizons for hosting massive sulphide nickel deposits in a north-east trending belt, 8 kilometres to the east of the Comet gold mine. The olivine cumulate rocks from the komatiite lava flows have geochemical signatures showing excellent potential for hosting massive nickel sulphide mineralisation. This nickel exploration project was identified by detailed geological mapping, high resolution airborne magnetic surveying, and rock chip sampling of outcrop areas.

Rock chips were analysed for multi-elements, but mainly the magnesium-oxide (MgO) and nickel (Ni) show elevated background values that indicate the high potential for nickel sulphide mineralisation in the project area. Komatiite hosted nickel sulphide deposits, such as Kambalda, Silver Swan, Cosmos, Flying Fox and Leinster, occur in olivine cumulate rocks with MgO in excess of 30%.

The ultramafic rock chips collected within the 100% Alloy owned tenement all showed elevated MgO between 28-35% and background Ni of 1,500-2,200 ppm (0.15-0.22%). These rock chips are not from nickel sulphide mineralised rocks, but are a strong indication that the komatiite lava flows are fertile and have the potential to host nickel sulphide deposits in an area previously not thought to be prospective for nickel exploration.

Areas with elevated MgO and Ni were surveyed by 19 lines of reconnaissance moving loop electromagnetic (EM) surveying during the Quarter. Nine high priority plate conductors were identified along the edge of the komatiite lava flows. Further infill EM surveying is required to define the extents of these targets prior to drilling and to generate new targets along strike.

Exploration in the next Quarter will consist of infill EM surveying, field mapping, rock chipping along strike, and follow up EM transects to identify conductive drill targets. The recently granted tenement will also undergo Aboriginal Heritage surveys in order to gain access for drilling. RC drilling and downhole geophysical surveying will be carried out on all high priority nickel targets following Aboriginal heritage and environmental approvals.

1.3 HORSE WELL PROJECT

Horse Well is located at the northern end of the Yandal-Millrose Greenstone belt in Western Australia, 50 kilometres to the north of the Jundee Gold Mine. The Company owns 100% of the tenement through its subsidiary Eskay Resources Pty Ltd. Alloy is exploring the tenement for additional gold and base metal resources, and is studying the viability of open cut mining at the Palomino and adjacent prospects (Figure 3).

The Palomino Prospect has a JORC indicated gold resource of 607,000 t @ 2.7 g/t for approximately 53,000 ounces, and 3 other projects next to Palomino have a combined gold resource base of 25,178 ounces (see Table 1). The resource estimations were made using Whittle optimised open pit shells that have allowed for mining dilution. Mineralisation occurs close to the surface, and the rocks in this area are deeply weathered.

Aboriginal Heritage surveys were completed during the Quarter to gain access to almost the entire tenement for drilling until a decision to mine.

All recently acquired and compiled geophysical, geochemical and drilling data is being interpreted to target new areas for an aggressive exploration program in the next Quarter.

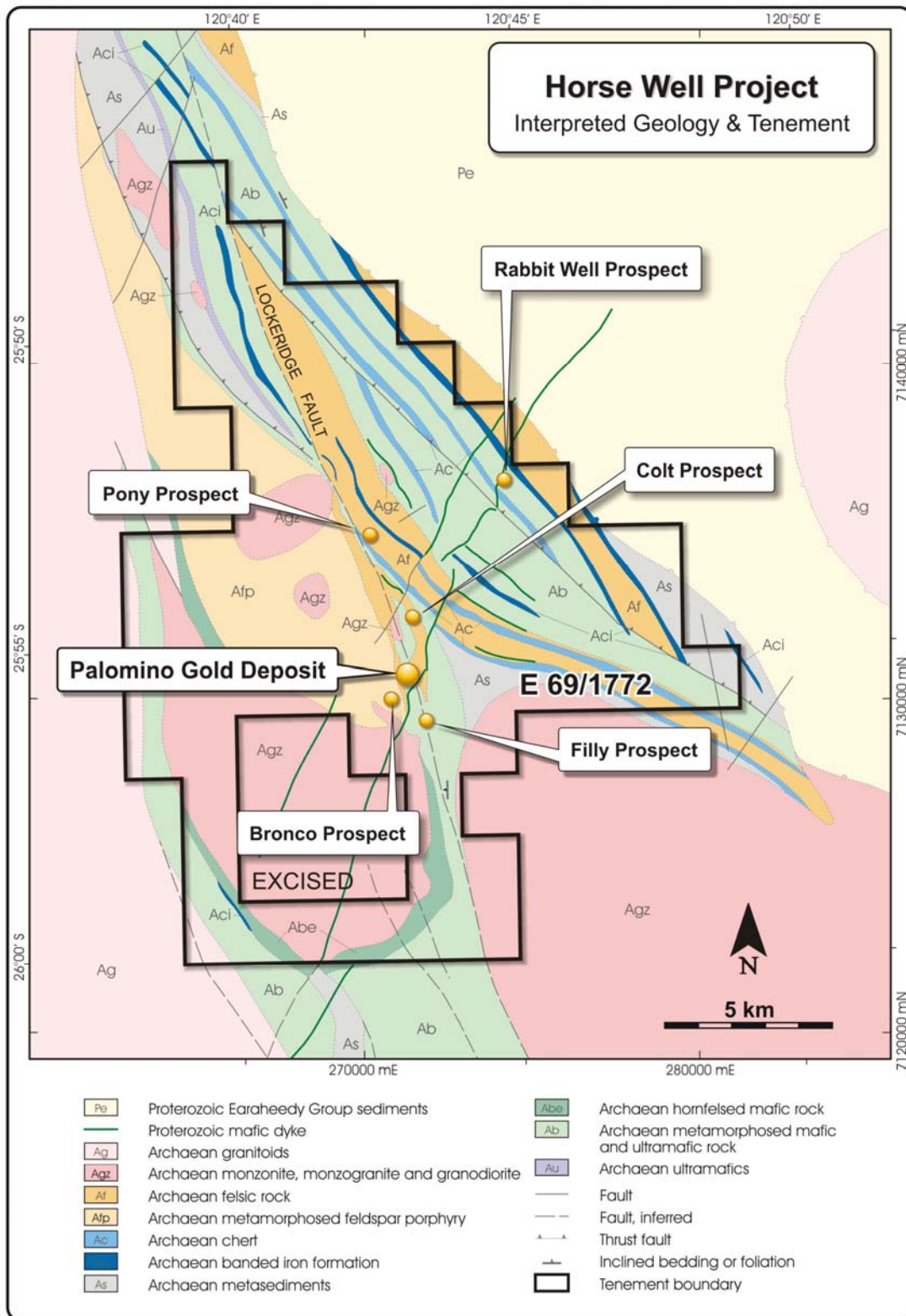


Figure 3. Horse Well project geology and prospects.

1.4 DOYLE'S DAM

This project is in a mature gold producing region located 45 kilometres to the west-north-west of Kalgoorlie. It covers the Doyle's Dam granodiorite, where previous exploration has identified geochemical gold anomalies coincident to fault structures within the granodiorite. This geological setting is similar to the Golden Cities and Federal open cut gold mines in the Kalgoorlie region.

These tenements will be explored using soil geochemistry along faults identified in aeromagnetic data, and the best geochemical anomalies will be drill tested.

1.5 PROJECT GENERATION

The Company continues to evaluate quality opportunities in Australia and overseas to increase its resource base and project portfolio.

2. WA JOINT VENTURE PROJECTS

2.1 COMET E21/115, ANGLO AUSTRALIAN NL JOINT VENTURE, EARNING 60%

The Company has a right to earn 60% interest in tenement E21/115 by funding exploration. This tenement sits 2 kilometres to the south-east of the Comet mine area.

A ground electromagnetic (EM) survey identified a strong anomaly on joint venture tenement E21/115. Two RC holes were drilled into the EM target during the Quarter, and these holes intersected massive sulphide alteration in basalt and dolerite at the exact location predicted by geophysical modelling. Unfortunately, the assay results from these drillholes did not return any significant gold or base metal anomalism. Additional holes may be drilled into the sulphide zone further along strike to test for mineralisation that contains gold or base metals.

2.2 NORTH KIMBERLEY, NORTH AUSTRALIAN DIAMONDS LIMITED JOINT VENTURE, EARNING 51%

This project contains a very high order gold geochemical anomaly that is considered to be related to epithermal porphyry style mineralisation at depth. This project has the potential to be a major new discovery that could open up an entirely new gold province in Western Australia.

The Company is working towards drilling at least 2 exploratory holes at the 88 Creek prospect to depths of 200 to 300 metres. These holes are designed to test for higher grade gold and base metal mineralisation sitting below the known gold anomalies by drilling into a weakly conductive layer identified by induced polarisation (IP) surveying. Drilling is planned for the upcoming dry season, depending on drill rig availability.

3. FINANCE

At 31 March 2007 the Company had cash reserves of \$3,159,000.

For and on behalf of the Board,



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.

Note 2: The metallurgical test work in this statement is based on work carried out by Peter Banovich Member AusIMM of Metallurgical Project Consultants Pty Ltd. Mr. Banovich has 15 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.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

ALLOY RESOURCES LIMITED

ABN

20 109 361 195

Quarter ended ("current quarter")

31 March 2007

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(657)	(2,049)
(b) development	-	-
(c) production	-	-
(d) administration	(121)	(391)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	56	187
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(722)	(2,253)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects	-	-
(b)equity investments	-	-
(c) other fixed assets	(1)	(4)
1.9 Proceeds from sale of: (a)prospects	-	-
(b)equity investments	-	-
(c)other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	(1)	(4)
1.13 Total operating and investing cash flows (carried forward)	(723)	(2,257)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(723)	(2,257)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(723)	(2,259)
1.20	Cash at beginning of quarter/year to date	3,882	5,416
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	3,159	3,159

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	103
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

i)	Directors Fees - \$35,000
ii)	Directors consulting fees – \$40,000
iii)	Consulting and Occupancy costs paid to Resource Potentials Pty Ltd an entity related to Dr Jayson Myers - \$23,000
iv)	Accounting and company secreterial fees paid to Endeavour Corporate an entity related to Mr Kevin Hart - \$7,800

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

NIL

Financing facilities available

Add notes as necessary for an understanding of the position.

+ See chapter 19 for defined terms.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	250
4.2 Development	-
Total	250

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	380	162
5.2 Deposits at call	2,779	3,720
5.3 Bank overdraft		-
5.4 Other (provide details)		-
Total: cash at end of quarter (item 1.22)	3,159	3,882

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	-	-	-	-
6.2 Interests in mining tenements acquired or increased	Comet Comet	P21/641 P21/642	Nil Nil	100% 100%

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	69,300,000	51,625,000		Fully paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>	\$350,000 Redeemable at election of the holder into 3,500,000 ordinary shares on or before 15 september 2007 interest at 10%pa			
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	200,000 35,000,000	- 35,000,000	<i>Exercise price</i> 30 cents each 20 cents each	<i>Expiry date</i> 30 June 2009 6 April 2009
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				


+ See chapter 19 for defined terms.

7.11	Debentures <i>(totals only)</i>			
7.12	Unsecured notes <i>(totals only)</i>			

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:


(Director/Company secretary)

Date: 30 April 2007

Print name: **Kevin Hart**

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.