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Dear Sir/Madam

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ALLOY TO ACQUIRE ADVANCED COPPER-GOLD PROJECT IN LAOS

HIGHLIGHTS

- Memorandum of Understanding (MOU) signed to acquire up to an 80% interest in “Nam Thong” Copper-Gold Project in Xiang Khouang province, Lao PDR (Laos), through joint venture with Nilandon Mining Group.
- The Nam Thong Project is located at junction between the Truongson Foldbelt, hosting Oxiana’s Sepon copper-gold mine (4.5 Moz Au and 1.8 Mt Cu), and the Loei Foldbelt, hosting Pan Australian’s Phu Bia (2.0 Moz Au and 1.2 Mt Cu) and Puthep copper-gold deposits and Kingsgate Consolidated’s Chatree gold mine (4.0 Moz Au and 28 Moz Ag).
- Gold is currently being mined within the Project Area on an 8 sq km mining lease using artisanal methods. Gold and copper anomalism within the Project Area extends for over 4 kms.
- A 300 sq km exploration and mining concession has been applied for by Nilandon which covers the mining lease and an area to the east where there are two additional copper anomalies, each with a strike length of 8 kms.
- The mining lease within the Project Area has approvals for open cut mining and drilling.
- No drilling or modern exploration has previously been undertaken in the Project Area. Alloy to embark on priority exploration program following finalisation of formal JV agreement with immediate drill targets identified.

NAM THONG PROJECT JOINT VENTURE

BACKGROUND

Alloy is pleased to announce that it has entered into an MOU for a Joint Venture (JV) agreement with Nilandon Mining Group (“Nilandon”) to acquire up to an 80% interest in a mining lease and concession application area in the Lao PDR (Laos). The Project has excellent potential to host large copper-gold deposits, and already contains an advanced copper-gold mineralised area within a granted mining lease. The Nam Thong Project abuts the north-eastern boundary of Pan Australian’s Phu Bia concession in Xiang Khouang province.

The JV partners have been carrying out small scale, artisanal gold mining on the mining lease for several years. However, the mining lease, which is the subject of the JV agreement, has not undergone any modern exploration or drilling programs. Alloy will focus its exploration activities in this area by conducting a drilling program over the mineralised zones identified to date.

Nilandon's exploration and mining concession application area surrounds the mining lease and covers 300 sq kms of prospective geology to the east. There has been no exploration drilling within this application area. The application is under review by the Lao Department of Mines and is expected to be approved during 2007. When granted, Alloy will commence exploration on the lease, with the main focus along two high priority copper exploration targets within the application area.

Alloy's entry into Laos is a significant expansion of the Company's existing exploration and evaluation of its Western Australian properties that currently have a combined gold resource base in excess of 300,000 ounces. Alloy's Managing Director, Dr Jayson Meyers, has been working on the geology, geophysics and mineralisation of the Loei Foldbelt for the last five years, and has been evaluating opportunities in Thailand and Laos during that time. Alloy now joins other Australian explorers and miners working in Laos, such as Oxiana Limited, Pan Australian Resources Limited, Rox Resources Limited, Argonaut Resources NL and Hill End Gold Limited.

GEOLOGY AND MINERAL POTENTIAL

The Nam Thong Project Area sits at the junction between two key, mineralised fold belts. These are the north-east trending Loei Foldbelt, which runs from Thailand into Laos and hosts Kingsgate's Chatree Gold Mine and Pan Australian's Puthap Project and Phu Bia Cu-Au Mine, and the north-west trending Truongson Foldbelt that hosts Oxiana's Sepon Cu-Au Mine (Figure 1). The concession application abuts the eastern side of Pan Australian's Phu Bia concession.

The host rocks are Permo-Triassic sediments and intrusive porphyry dykes and stocks, shot through with quartz veining and sulphide alteration. The geology and mineralisation is very similar to Sepon, in that host rocks are siltstones, limestones and porphyry dykes altered by silica and sulphide minerals. The gold mineralised structure within the mining lease runs for 4 kms in an east-west direction. The area surrounding the mining lease was historically exploited for alluvial gold when the French were active in Laos, prior to 1975.

There is little outcrop in the artisanal gold mining area at Nam Thong, but where rocks have been exposed in mine cuts and hand dug trenches, they are stained by copper or iron oxides, or are altered by silica and quartz veining (see photographs below). Gold is produced by panning soil above bedrock and by manually crushing bedrock ore exposed by pitting and trenching, and then gravity concentrating the gold. There has been no modern exploration or drilling on the mining lease to date.

Access to the Project Area is by half hour flight from the Lao capital Vientiane to the town of Phonsavan, followed by a 25 km drive to the east. The Project Area is in rugged terrain, with access to the western part by 4 wheel drive dirt track constructed by the JV partners. Jungle forest and subsistence farms occur to the east, and part of this eastern area can now be accessed by a recently constructed logging track.

The artisanal mining area of the Nam Thong Project is ready for exploration activities to commence, including: topographical surveying, geological mapping, ground based geophysical prospecting, and geochemical surveying and drilling along the mineralised corridor. Non-invasive exploration activities can commence immediately, and drilling will commence when the exploration and mining concession is granted. Exploration in the eastern area of the Project will consist of:

- remote sensing analysis and targeting,
- geological mapping and rock chipping,
- stream sediment and soil geochemistry,
- geophysical surveying,
- pitting and trenching, and
- drilling.

COMMERCIAL TERMS OF TRANSACTION

An MOU has been signed between Nilandon Mining Group (Laos) and Alloy Resources Limited, and is now subject to completion of formal JV documentation and requisite government approvals. The MOU requires Alloy to make a number of staged reimbursement payments to Nilandon for development on the mining lease area and surrounds, and for progressing the application process on the exploration and mining concession area. Alloy is also required to undertake certain minimum exploration expenditure commitments to earn a 60% interest in the JV, and then, at Alloy's election, fund a Bankable Feasibility Study (BFS) to earn an 80% interest in the JV.

The detailed terms of the MOU are:

- 1) First payment of US\$250,000 to be made within 7 days of signing the MOU (payment made on 27 June 2007). Exploration work to commence immediately on the granted mining lease and data compilation can commence on the surrounding concession application area.
- 2) Second payment of US\$300,000 to be made on granting of exploration and mining concession, and both parties to enter into a formal JV Agreement. Drilling to commence in the mining concession area, and Alloy required to spend a minimum of US\$500,000 on exploration over an 18 month period.
- 3) Third payment of US\$650,000 to be made after the initial 18 month exploration period for Alloy to earn a 60% interest in the Nilandon JV Company. Nilandon's remaining 40% interest to be free-carried until the completion of BFS, or Alloy may elect not to make the third payment, withdraw from the JV and have earned no interest.
- 4) Alloy will earn 80% in the Nilandon JV Company on completion of a BFS, and then both partners will be required to contribute to the JV Company expenses on a pro-rata basis, or each party may elect not to contribute and their interest will be diluted on a pro-rata basis subject to a standard dilution formula.
- 5) Any party that dilutes down to 2% interest will have their interest converted to a royalty.

Upon granting of the exploration and mining concession, a fee of A\$50,000 cash together with the issue 1,000,000 ordinary fully paid shares, escrowed for 1 year from the date of issue, will be made to the independent consultant responsible for the introduction of the Project to Alloy and assistance with the negotiating the commercial terms on which Alloy will enter the project. Upon Alloy acquiring 60% interest in the JV Project, then the Company will issue to the consultant 1,000,000 options with a 3 year term and at an exercise price having a 10% premium to the 10 day VWAP prior to issue.

INITIAL WORK PROGRAM

Alloy intends to move forward immediately with a targeted exploration program, initially focused on drilling targets of interest within the existing mining lease. The Company will update the market with more details of the drilling programme and timetable once it has been finalised.

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 an exploration company whose current focus is copper-gold in Laos and gold and nickel in Western Australia. Alloy's short to medium term goals are to:

- **commence exploration at the Nam Thong Project to fast track resource definition;**
- **recommence mining operations at the Comet Gold Mine under favourable economic conditions;**
- **explore and increase gold resources at the Horse Well Project; and**
- **expand the Company's resource base through acquisitions and aggressive exploration at all its Projects.**

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Figure 1. Location of the Nam Thong Project in relation to major mineralised foldbelts and copper-gold resources.



Photograph of copper stained and gold mineralised rocks excavated by hand in the Nam Thong mining lease.



Photograph of iron and copper stained outcrop of gold mineralised siltstone in the Nam Thong mining lease.



Photograph of sheared limestone specimens containing visible gold from the Nam Thong mining lease.



Alloy Managing Director Dr. Jayson Meyers standing on outcropping mineralised bench at Nam Thong mining lease.



Artisanal miners at the Nam Thong mining lease using a sluice box to concentrate gold particles from soil and crushed bedrock.