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31 January 2008

Manager Announcements
Companies Announcements Office
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Alloy
RESOURCES LIMITED

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Dear Sir/Madam

SECOND QUARTER ACTIVITIES AND CASH FLOW 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 copper-gold and base metals in Laos and gold and nickel in Western Australia. Alloy's short to medium term goals are to:

- commence exploration at Nam Thong Project in Laos
- continue exploring for nickel at Kurrajong Nickel Project
- explore and increase gold resources at Horse Well Project
- expand the Company's resource base through acquisitions and aggressive exploration at all its Projects

For further information contact:

Dr Jayson Meyers
Managing Director
Alloy Resources Limited
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DECEMBER QUARTER HIGHLIGHTS

- Infrastructure facilities established in Lao to support planned exploration.
- A RAB program at Comet-Webb's Patch is planned to consist of over 125 holes to test structural targets in parts of the greenstone belt that sit under regolith cover and have not been previously tested by other explorers.
- At the Kurrajong Nickel Project the company carried out 3 lines of ground electromagnetic (EM) surveying over a serpentinised ultramafic outcrop having elevated Ni and MgO values.
- Horse Well Project to be tested with a systematic drilling program.

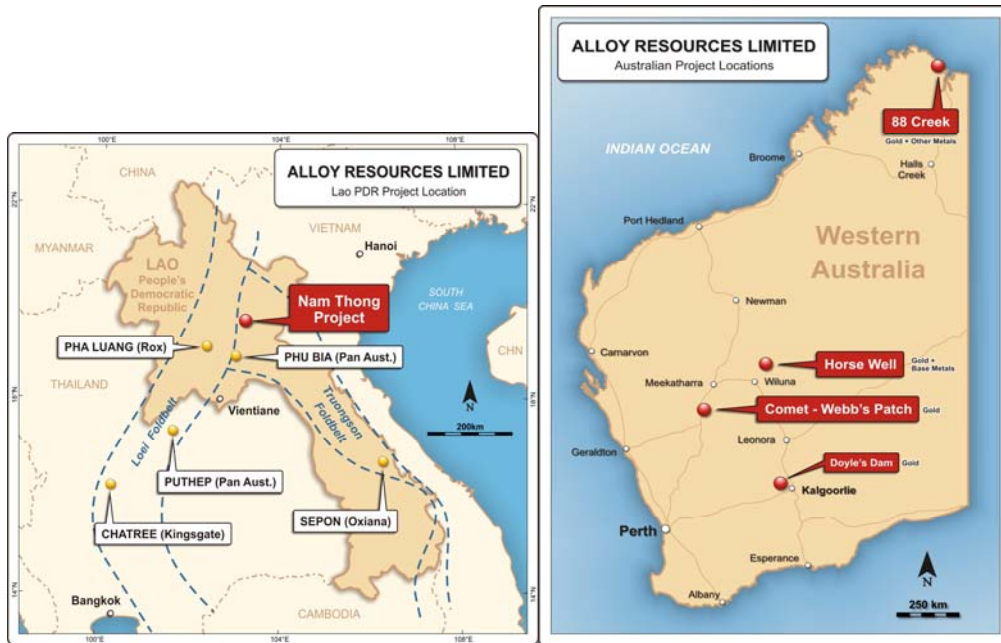


FIGURE 1

ALLOY PROJECT AREAS in LAOS AND WESTERN AUSTRALIA

LAOS PROJECT

In September 2007 a formal joint venture agreement (JVA) was signed with Nilandon Mining Development Limited (“Nilandon”) in Laos where Alloy can obtain majority interest in a mineral exploration concession under application in the Lao PDR (Laos). The application area covers 700sq km, and is adjacent to Pan Australian Resources Limited’s Phu Bia concession area. Several base metal and gold prospects have already been identified within the concession area. Nilandon also holds a mining licence within the concession area that contains an advanced base metal and gold prospect which forms part of the JVA.

The concession application area in the Xiang Khouang province of Laos has excellent potential for hosting large-scale base metal and gold deposits, with one advanced prospect, Nam Thong, ready for drilling. The company has been focusing efforts during the quarter on obtaining government approvals to grant the concession and a foreign business license in order to commence full scale exploration activities.

The Alloy – Nilandon application has been progressing during the quarter towards a final stage of granting when a Mineral Exploration and Production Agreement (MEPA) will be signed with the Lao government

Alloy has obtained government approval for a Representative Office in Laos, which allows the company to operate within the country to evaluate mineral projects and progress applications for concession areas and foreign business licenses. An office with accommodation has been set up in the capital Vientiane, and the field camp in Xiang Khouang is being upgraded. Company geologists and local workers have been carrying out low impact exploration by soil sampling, pitting and trenching in the eastern part of the concession application area in anticipation of final government approvals. Upon final approval being obtained, full scale exploration activities will commence.

During the December quarter the Company made a second payment of US\$300,000 (AU\$368,000) to Nilandon as agreed under the terms of the joint venture arrangement.

WESTERN AUSTRALIA PROJECTS

Gold resources from the Company’s WA projects are currently 309,755 ounces.

COMET – WEBB’S PATCH PROJECT

Alloy is reassessing production scenarios for mining at Comet, given the recent increase in the spot gold price. A treatment facility within trucking distance of Comet has also recently come back on line, and the Company has held preliminary discussions with the operator of this facility with a view to treat higher grade material under a toll milling arrangement.

A geophysical interpretation of the Comet Mine area has been completed. This integrated study is part of a research project carried out by Curtin University. The main host rocks and structural controls on gold mineralisation have been identified, and several untested near surface and deep drilling targets have been selected.

A Plan of Works for drilling has been submitted to the WA Department of Industry and Resources to carry out drilling of gold targets within the Webb’s Patch project. This will consist of over 125 holes to test structural targets in parts of the greenstone belt that sit under regolith cover and have not been previously tested by other explorers.

HORSE WELL PROJECT

The Horse Well greenstone belt has only been explored in the southern part, where the Company and previous explorers have identified 80,000 ounces of gold resources in near surface, oxide deposits where weathered rocks are exposed at surface. A GIS study of all open file exploration data, combined with an aeromagnetic interpretation carried out by the Company and a geophysical consulting group, has identified several high priority structural targets in the northern and eastern parts of the greenstone belt. These targets have high potential for hosting gold mineralisation, and occur along flexures in major shear zones associated with gold anomalies and major N-NE trending cross faults.

The target areas at Horse Well sit under transported regolith cover and will be tested in the second quarter of 2008 with a systematic drilling program.

KURRAJONG NICKEL PROJECT

The Company carried out 3 lines of ground electromagnetic (EM) surveying over a serpentinised ultramafic outcrop having elevated Ni and MgO values. All 3 lines contained a late time EM anomaly associated with the contact between the ultramafic horizon and adjacent rocks. Further EM surveying will be conducted in the region to warrant a comprehensive drilling campaign.

The Company also carried out detailed gravity and ground magnetic surveying in the northern part of the project area containing ultramafic rocks under thin regolith cover. The data from these surveys show the geometry of the ultramafic horizons in detail, and these structures will be covered with EM surveying for targeting conductive nickel sulphide mineralisation.

Several rock samples are being analysed by the CSIRO for the presence of sulphide minerals associated with the elevated nickel.

DOYLES DAM PROJECT

High order gold anomalies identified by Mag-Lag soil sampling undertaken during the quarter will be followed up by geological mapping and rock chip sampling to identify the source of the gold anomalies.

88 CREEK PROJECT

No work was undertaken during the quarter.

THAILAND

THAILAND PROJECT GENERATION

A Special Prospecting Licence (SPL) of 16 sq km has been applied for in the Tha Tako district of the Nakhon Sawan province to explore for gold in the name of the Company's joint venture company Nam Thong Mining Co. (Thailand). The SPL sits 80 kms to the south of the Chatree Gold Mine, and is in the same volcanic belt. Low order gold anomalies have previously been identified in soils with the SPL area. Soil geochemical surveying and geological mapping will be carried out in the SPL area while the application is being processed by the Thai Government.

FINANCE

Cash Balance

At 31 DECEMBER 2007 the Company had cash reserves of \$1,261,000.

For and on behalf of the Board,



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.

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 December 2007

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(191)	(547)
(b) development	-	-
(c) production	-	-
(d) administration	(212)	(329)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	33	69
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	(370)	(807)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects	(368)	(368)
(b)equity investments	-	-
(c) other fixed assets	-	-
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	-	-
1.13 Total operating and investing cash flows (carried forward)	(738)	(1,175)

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Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(738)	(1,175)
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	(738)	(1,175)
1.20	Cash at beginning of quarter/year to date	1,999	2,436
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	1,261	1,261

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	118
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 - \$22,500
- ii) Directors consulting fees – \$39,000
- iii) Consulting and Occupancy costs paid to Resource Potentials Pty Ltd an entity related to Dr Jayson Myers - \$36,500
- iv) Accounting and company secretarial fees paid to Endeavour Corporate an entity related to Mr Kevin Hart - \$20,000

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.

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	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	350
4.2 Development	-
Total	350

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	48	68
5.2 Deposits at call	1,213	1,931
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1,261	1,999

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	P20/1977	Granted	0	100%

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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	73,696,580	61,021,580		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>				
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 35,000,000 250,000 4,000,000	- 35,000,000 - -	<i>Exercise price</i> 30 cents each 20 cents each 30 cents each 25 cents each	<i>Expiry date</i> 30 June 2009 6 April 2009 25 July 2011 30 November 2012
7.8 Issued during quarter	4,000,000	-	25 cents each	30 November 2012
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				


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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 /does not* (*delete one*) give a true and fair view of the matters disclosed.

Sign here:


(Director/Company secretary)

Date: 31 January 2008

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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