

Alloy

RESOURCES LIMITED

ABN 20 109 361 195

Suite 6, 7 The Esplanade Mt Pleasant
WA 6153 Australia

Tel: 618 9316 9100

Fax: 618 9315 5475

Email: info@alloyres.com

31 July 2008

Manager Announcements
Companies Announcements Office
Australian Securities Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

Via: www.asxonline.com

Dear Sir/Madam

FOURTH QUARTER ACTIVITIES AND CASHFLOW REPORT

We attach the above announcement.

Yours faithfully,



PETER HEPBURN-BROWN
Managing Director

ABOUT ALLOY

Alloy is a gold exploration company whose focus is gold in Western Australia. Alloy's short to medium term goals are to:

- commence exploration on the Nam Thong Project in Laos
- explore and increase gold resources at the Horse Well Project in Western Australia
- expand the Company's resource base through acquisitions and exploration

For further information contact:

Peter Hepburn-Brown
Managing Director
Alloy Resources Limited
Telephone 0407893339
www.alloyres.com



JUNE QUARTER HIGHLIGHTS

- ❖ Alloy Resources Limited completed the sale of the Comet Gold and Kurrajong Nickel prospect to Silver Lake Resources Limited for \$A1,575,000.00
- ❖ Mr. Peter Hepburn-Brown has been appointed Managing Director of Alloy Resources
- ❖ Completed first exploration drilling program at Horsewell

HORSE WELL GOLD PROJECT

Horse Well is located at the northern end of the Yandal-Millrose Greenstone belt in Western Australia. The Yandal belt hosts a number of multi-million ounce projects; Darlot-Centenary, Bronzewing and Jundee gold mines, and Horsewell sits 50kms to the north of the Jundee Gold Mine. The company owns 100% of the tenement through its subsidiary Eskay Resources Pty Ltd.

A GIS study of all open file exploration data, combined with an aeromagnetic interpretation carried out by the Company and a geophysical consulting group identified several high priority structural targets along the main axis of the greenstone belt and in an untested area just to the east of the Palomino gold deposit. These targets have high potential for hosting gold mineralisation, and occur along flexures of major shear zones associated with gold anomalies in soils and major N-NE trending cross faults.

A total of 171 reconnaissance drillholes were completed in June, with 131 holes drilled using air core and the remaining 40 using rotary air blast methods (Figure 1). The average hole depth is 64m, and almost all holes were drilled into fresh bedrock.

Many of the drillholes intersected quartz veining and several bottom hole intervals intersected altered basalt, dolerite or felsic volcanic rocks. Alteration types consisted of white mica, sulphide minerals, silica and epidote. Three holes intersected ultramafic rocks that appear to be peridotite, and one of the ultramafic samples contains disseminated sulphide minerals.

The drilling samples are being analysed for gold over 4 m composite intervals, and 90 bottom of hole samples will be analysed for base metals, including nickel. The drilling samples are currently being analysed by a laboratory in Perth, with the results being available in the first week of August. Gold values above 0.10 g/t will be followed up by infill drilling, as the average hole spacing is on 200x400m centres.

Results are available for one complete air core hole (AHWA170) that was drilled to within 4 m of an existing hole at Palomino (HWRC051). This hole was drilled to get two composite samples for metallurgical testing of the mineralised oxide and the bedrock transition zones. The metallurgical test hole was sampled using 3m composites that were also assayed for gold. The assay results from this hole are presented in Table 1. From 39m depth, the Au grades over the 3m sample intervals are mostly above 1 g/t Au, and the grades in two of the 3m intervals are greater than 5.00 g/t Au, with grade of greater than 5.24 g/t occurring at the end of the hole.

Table 1. Drilling results from metallurgical test hole AHWA170 in the Palomino prospect.

Depth (m)		Au (ppm)
From	To	
0	3	0.04
3	6	0.07
6	9	0.01
9	12	0.07
12	15	0.16
15	18	0.69
18	21	0.08
21	24	0.33
24	27	0.13
27	30	0.27
30	33	0.25
33	36	0.29
36	39	0.45
39	42	1.01
42	45	1.86
45	48	1.51
48	51	1.62
51	54	5.83
54	57	1.08
57	60	2.54
60	63	0.68
63	64	5.24

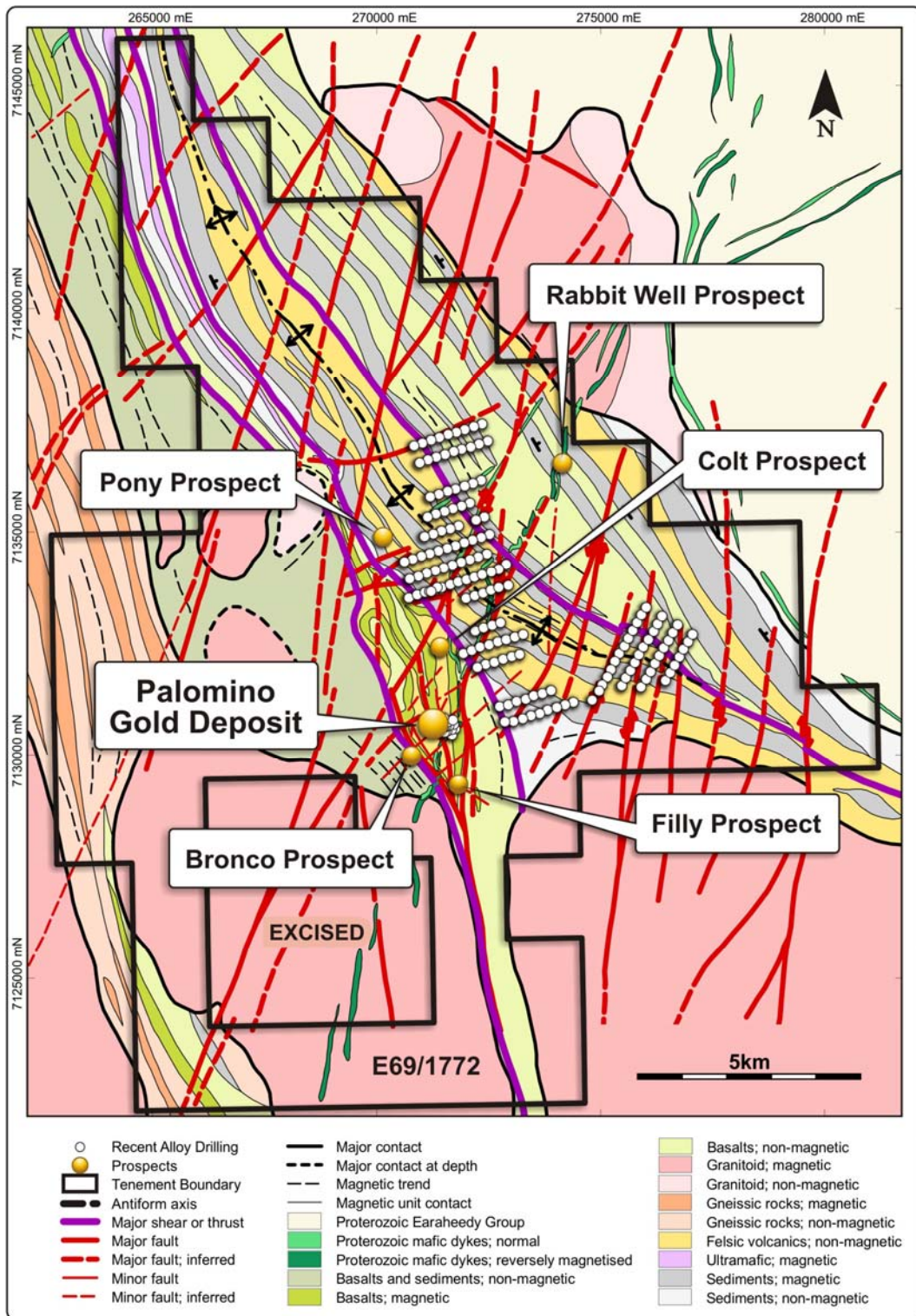


Figure 1. Interpreted map of bedrock geology at Horse Well and the location of recently completed air core and rotary air blast drillholes.

LAOS JV PROJECT

In September 2007, a joint venture agreement was signed with a Lao company, Nilandon Mining Development Limited ("Nilandon"), where Alloy can obtain majority interest in a mineral exploration concession under application in Laos. The concession area has been increased from 700 sq km to 1200 sq km in the Xiang Khouang province and is adjacent to Pan Australian Resources Limited's Phu Bia concession area.

Alloy is still actively progressing its Foreign Investment Licence application in Laos. Recent information from the government and advisory sources indicate that the government is granting a limited number of licences and it is expected that Alloy's Foreign Investment Licence application will be processed but no firm timeline has been given by the Lao Government authorities.

THAILAND JV PROJECT

A Special Prospecting Licence (SPL) application of 16 sq km in the Tha Tako district of Thailand, in the name of the Company's joint venture company Nam Thong Mining Co. (Thailand), is still under review by the Thailand Government.

CORPORATE

The company is exploring a broad range of strategic alternatives to enhance its shareholder value, and is currently reviewing projects in various stages of development in Brazil, Peru and Tanzania.

FINANCE

At 30 June 2008 the Company had cash reserves of \$827,000.

On 2 July 2008 the company advised that the sale of the Comet Gold and Kurrajong Nickel prospects to Silver Lake Resources Ltd (refer ASX Release 25 March 2008) has been settled by the final payment of \$1.425 million and assumption of unconditional performance bonds amounting to \$141,000.

For and on behalf of the Board,



PETER HEPBURN-BROWN
Managing Director

The information in this report which relates to Exploration Results is based on information compiled by Dr. Jayson Meyers, a 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")

30 June 2008

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 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	(199)	(919)
(b) development	-	-
(c) production	-	-
(d) administration	(176)	(578)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	19	110
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	(356)	(1,387)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects	-	(368)
(b)equity investments	-	-
(c) other fixed assets	-	(4)
1.9 Proceeds from sale of: (a)prospects	-	150
(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	-	(222)
1.13 Total operating and investing cash flows (carried forward)	(356)	(1,609)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(356)	(1,609)
	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	(356)	(1,609)
1.20	Cash at beginning of quarter/year to date	1,183	2,436
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	827	827

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	168
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 - \$32,500
ii)	Directors consulting fees – \$75,827
iii)	Consulting and Occupancy costs paid to Resource Potentials Pty Ltd an entity related to Dr Jayson Myers - \$37,422
iv)	Accounting and company secretarial fees paid to Endeavour Corporate an entity related to Mr Kevin Hart - \$ 22,063

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.

Appendix 5B
Mining exploration entity quarterly report

	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	300
4.2 Development	-
Total	300

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	122	200
5.2 Deposits at call	705	983
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	827	1,183

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	Nil	-	-
6.2	Interests in mining tenements acquired or increased	Nil	-	-

+ 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	73,696,580	73,696,580		Fully paid
7.4 Changes during quarter (a) Increases through securities released from escrow		12,675,000		
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	-	-	-	-
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>				

+ See chapter 19 for defined terms.

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 July 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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