



ABN 20 109 361 195

NOTICE OF ANNUAL GENERAL MEETING

&

EXPLANATORY STATEMENT

To be held

At 3.00pm Monday, 29 November 2010

at the

Perth Zoo
Seminar Room 1
20 Labouchere Road
PERTH WA 6000

ALLOY RESOURCES LIMITED
ABN 20 109 361 195

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Alloy Resources Limited will be convened at 3.00pm on Monday, 29 November 2010 at the Perth Zoo, Seminar Room 1, 20 Labouchere Road, Perth, Western Australia.

AGENDA

ORDINARY BUSINESS

1. Discussion of Financial Statements and Reports

To discuss the Financial Report, the Directors' Report and Auditor's Report for the year ended 30 June 2010.

2. Adoption of the Remuneration Report

To adopt the Remuneration Report for the financial year ended 30 June 2010.

3. Election of Director – Kevin Hart

To consider and, if thought fit, to pass with or without modification the following ordinary resolution:

“Kevin Hart who retires by rotation in accordance with the company's constitution retires and, being eligible offers himself for re- election”.

4. Ratification of Prior Issue of Equity Securities - Placement

To consider and, if thought fit, to pass with or without modification the following ordinary resolution:

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the prior issue of 11,000,000 ordinary fully paid shares pursuant to the Placement completed on 19 February 2010 on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice.”

The issue to be in accordance with the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting.

5. Adoption of Alloy Resources Limited Incentive Option Scheme

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“That, for the purpose of ASX Listing Rule 7.2 (Exception 9) and for all other purposes, approval is given for the Company to adopt an incentive option scheme on the terms and conditions set out in the Explanatory Statement.”

6. Adoption of Alloy Resources Limited Performance Rights Plan

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“That, for the purpose of ASX Listing Rule 7.2 (Exception 9) and for all other purposes, approval is given for the Company to adopt a performance rights plan on the terms and conditions set out in the Explanatory Statement.”

GENERAL NOTES

1. With respect to Agenda Item 2, the vote on this item is advisory only and does not bind the Directors of the Company. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company. The Chairman of the meeting intends to vote undirected proxies in favour of the adoption of the remuneration report.

2. The Company will disregard any votes cast on Agenda Item 4 by any person who participated in the issue and any associate of that person (or those persons).

Before a voting exclusion applies, the Company need not disregard a vote if:

(a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or

(b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

3. The Company will disregard any votes cast on Agenda Items 5 and 6 by any Director of the Company, except one who is ineligible to participate in any employee incentive scheme in relation to the Company, and any associates of those Directors.

GENERAL NOTES (Continued)

4. The Explanatory Statement to Shareholders attached to this Notice of General Meeting is hereby incorporated into and forms part of this Notice of General Meeting.
5. The Directors have determined in accordance with Regulation 7.11.37 of the Corporations Regulations that, for the purposes of voting at the meeting, shares will be taken to be held by the registered holders at 5.00pm on 26 November 2010.

BY ORDER OF THE BOARD

Kevin R Hart
COMPANY SECRETARY

Dated this 27th day of October 2010.

EXPLANATORY STATEMENT

The purpose of the Explanatory Statement is to provide shareholders with information concerning all of the Agenda items in the Notice of Annual General Meeting.

1. Discussion of Financial Statements & Reports

Alloy Resources Limited's financial reports and the directors' declaration and reports and the auditor's report are placed before the meeting thereby giving shareholders the opportunity to discuss those documents and to ask questions. The auditor will be attending the Annual General Meeting and will be available to answer any questions relevant to the conduct of the audit and his report.

2. Adoption of Remuneration Report

During this item there will be opportunity for shareholders at the meeting to comment on and ask questions about the remuneration report. The remuneration report is available in the Directors' Report section of the Annual Report.

The vote on the proposed resolution in item 2 is advisory only and will not bind the directors or the Company. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting.

The Chairman of the meeting intends to vote undirected proxies in favour of the adoption of the Remuneration Report.

The directors recommend that shareholders vote in favour of item 2.

3. Election of Kevin Hart

as an Ordinary Resolution

Mr. Hart holds a Bachelor of Commerce Degree and is a Chartered Accountant. He is a Partner at Endeavour Corporate Pty Ltd, an advisory firm that specialises in the provision of Company Secretarial services to ASX listed entities. He has over 25 years of professional experience with various public companies, mostly in the exploration and mining industry. Mr. Hart is also a director of Eleckra Mines Limited.

Mr. Hart was appointed a director on 2 June 2004.

4. Ratification of Prior Issue of Equity Securities - Placement

On 19th February 2010, the Company announced that it had completed a placement of 11,000,000 ordinary fully paid shares to professional and sophisticated investors in Australia at a subscription price of \$0.025 each share, to raise \$275,000 before the costs of the issue.

The Placement was completed on 19th February 2010 under the Company's 15% existing placing facility provided in Listing Rule 7.1 ("Placement").

Listing Rule 7.1 provides that without Shareholder approval, a company must not issue or agree to issue new equity securities constituting more than 15% of its total issued capital within a 12 month period.

Listing Rule 7.4 allows an issue of securities made without the approval of Shareholders to be ratified by shareholders, in order to refresh the 15% capacity under Listing Rule 7.1, provided at the time the issue was made, the issue was made within the Company's existing 15% capacity under Listing Rule 7.1.

Shareholder approval is therefore now sought pursuant to Listing Rule 7.4 to ratify the Placement so that the Company refreshes its capacity to issue up to 15% of its issued ordinary capital, if required, in the next 12 months without first requiring Shareholder approval for those future issues.

Listing Rule 7.5 requires that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval pursuant to Listing Rule 7.4:

- (a) the total number of equity securities issued was 11,000,000 Shares;
- (b) the Shares were issued at a price of \$0.025 per Share;
- (c) the Shares issued rank equally with existing Shares on issue;
- (d) the Shares were issued to professional and sophisticated investors, none of whom are related parties of the Company;
- (e) the Shares are listed on ASX, and
- (f) Proceeds from the placement will be used to fund the Company's exploration and evaluation programs and provide working capital.

5. Adoption of Alloy Resources Limited Incentive Option Scheme
as an Ordinary Resolution

ASX Listing Rule 7.1 requires a listed company to obtain shareholder approval prior to the issue of shares, or securities convertible into shares, representing more than 15% of the issued capital of that company in any rolling 12 month period.

An exception to ASX Listing Rule 7.1 is set out in ASX Listing Rule 7.2 (Exception 9) which provides that issues under an employee incentive plan are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the plan as an exception to ASX Listing Rule 7.1.

Agenda Item 5 seeks Shareholder approval for the adoption of an incentive option scheme (Scheme) in accordance with Exception 9 of ASX Listing Rule 7.2.

If the resolution in Agenda Item 5 is passed, the Company will be able to issue Shares under the Scheme without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 3 year period.

Shareholders should note that no Options have previously been issued under this Scheme and the objective of the Scheme is to attract, motivate and retain key employees.

It is considered by the Directors that the adoption of the Scheme and the future issue of Options under the Scheme will provide selected employees with the opportunity to participate in the future growth of the Company.

A summary of the terms and conditions of the Incentive Option Scheme is set out in Schedule 1.

6. Adoption of Alloy Resources Limited Performance Rights Plan
as an Ordinary Resolution

ASX Listing Rule 7.1 requires a listed company to obtain shareholder approval prior to the issue of shares, or securities convertible into shares, representing more than 15% of the issued capital of that company in any rolling 12 month period.

An exception to ASX Listing Rule 7.1 is set out in ASX Listing Rule 7.2 (Exception 9) which provides that issues under an employee incentive plan are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the plan as an exception to ASX Listing Rule 7.1.

Agenda Item 6 seeks Shareholder approval for the adoption of a performance rights plan (**Plan**) in accordance with Exception 9 of ASX Listing Rule 7.2.

If the resolution in Agenda Item 6 is passed, the Company will be able to issue entitlements to Shares (**Performance Rights**) under the Plan without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 3 year period.

Shareholders should note that no Performance Rights have previously been issued under this Plan and the objective of the Plan is to attract, motivate and retain key employees.

It is considered by the Directors that the adoption of the Plan and the future issue of Performance Rights under the Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

A summary of the terms and conditions of the Performance Rights Plan is set out in Schedule 2.

SCHEDULE 1 – TERMS AND CONDITIONS OF INCENTIVE OPTION SCHEME

The following is a summary of the key terms and conditions of the Scheme to be adopted by Shareholders pursuant to Agenda Item 5:

- (a) **Entitlement to Participate:** the Board will determine in its discretion who is entitled to participate in the Scheme and issue an invitation to that person. The Board will consider factors such as seniority and position of the potential participant, length of service, record of employment and potential contribution to growth and profitability of the Company.
- (b) **Exercise Price:** the Board will determine in its discretion the exercise price of the Options. To the extent that the Listing Rules specify or require a minimum price, the exercise price must not be less than any minimum price specified.
- (c) **Lapsing Date:** the lapsing date of an Option issued under the Scheme is two (2) years after the date of the grant of the Option, or such other date as the Board determines in its discretion at the time of the grant of that Option (**Lapsing Date**).
- (d) **Lapsing of Options:** the options of any participant in the Scheme will lapse where:
 - (i) the relevant person ceases to be an employee or director of, or to render services to, the company for any reason whatsoever and the Exercise Conditions have not been met;
 - (ii) the Exercise Conditions are unable to be met;
 - (iii) the Lapsing Date has passed, or
 - (iv) the relevant person ceases to be an employee or director of, or to render services to, the Company for any reason whatsoever, and the Exercise Conditions have been met,
- (e) **Exercise of Options:** Options granted under the Scheme are exercised by delivering to the Company's secretary (at a time when the Options may be exercised):
 - (i) the certificate for the Options or, if the certificate for the Options is destroyed or lost, a declaration to that effect, accompanied by an indemnity in favour of the Company against any loss, costs or expenses which might be incurred by the Company as a consequence of its relying on the declaration;
 - (ii) a notice in the form set out in the Scheme addressed to the Company and signed by the participant stating that the participant exercises the Options and specifying the number of Options being exercised and specifying the subregister of the Company in which the Shares are to be recorded in; and
 - (iii) payment to the Company of the an amount equal to the Option Exercise Price multiplied by the number of Options which are being exercised unless there is no exercise price payable in respect of the Options being exercised.
- (f) **Quotation:** the Company will make an application for the Shares issued as a result of the Options being exercised to be quoted in accordance with the Listing Rules.
- (g) **New Issues:** There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 Business Days after the issue is announced. This will give Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

SCHEDULE 2 – TERMS AND CONDITIONS OF PERFORMANCE RIGHTS PLAN

The following is a summary of the key terms and conditions of the Plan to be adopted by Shareholders pursuant to Agenda Item 6:

- (a) **Entitlement to Participate:** the Board will determine in its discretion whom is entitled to participate in the Plan and issue an invitation to that person. The Board will consider factors such as seniority and position of the potential participant, length of service, record of employment and potential contribution to growth and profitability of the Company.
- (b) **Rights:** each Performance Right issued under the Plan is a right to be issued with or transferred a single Share, free of encumbrances.
- (c) **Expiry Date:** means the date on which a Performance Right lapses (if it has not already lapsed in accordance with the Plan) as specified in the offer made to the participant.
- (d) **Vesting Conditions:** the Board will determine the Vesting Conditions that must be satisfied by a participant before the Performance Right vests in the holder.
- (e) **Vesting:** a Performance Right will vest in a participant where the Vesting Conditions are satisfied or waived by the Board or where the Performance Right vests as a result of Accelerated Vesting.
- (f) **Accelerated Vesting:** The Board may in its discretion determine that all or a specified number of a participant's unvested Performance Rights vest where:
 - (i) the participant dies;
 - (ii) the participant ceases to be employed by the Company;
 - (iii) a takeover bid for the Company's issued Shares is declared unconditional and the bidder has acquired a relevant interest in at least 50.1% of the Company's issued Shares;
 - (iv) a court approves under Section 411(4)(b) of the Corporations Act a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies; or
 - (v) the Company passes a resolution for voluntary winding up or an order is made for the compulsory winding up of the Company.
- (g) **Lapse of an unvested Performance Right:** A Performance Right that has not vested will lapse upon the earlier to occur of:
 - (i) a failure to meet the Performance Right's Vesting Conditions;
 - (ii) the Expiry Date;
 - (iii) the Participant ceasing to be an employee;
 - (iv) the Performance Right lapsing due to the Participant ceasing to be an employee or due to the occurrence of a Takeover Bid, compromise or arrangement or winding up;
 - (v) the Performance Right lapsing due to an unauthorised transfer, or purported transfer, of the Performance Right;
 - (vi) a determination of the Board that the Performance Right is to lapse due to fraud or dishonesty; or
 - (vii) the day before the end of the 7 year anniversary of the date of grant of the Performance Rights.

SCHEDULE 2 – TERMS AND CONDITIONS OF PERFORMANCE RIGHTS PLAN (CONTINUED)

- (h) **Lapse of a vested Performance Right:** A Performance Right that has vested but not been validly exercised will lapse upon the earlier to occur of:
- (i) the Expiry Date (if any);
 - (ii) the Performance Right lapsing due to an unauthorised transfer, or purported transfer, of the Performance Right;
 - (iii) a determination of the Board that the Performance Right is to lapse due to fraud or dishonesty; or
 - (iv) the day before the end of the 7 year anniversary of the date of grant of the Performance Right
- (i) **Issue Price:** the issue price of the Shares to be offered under the Scheme will be the weighted average trading price of the Shares on ASX during the 5 trading days immediately preceding the date of invitation. In the event no trading has occurred during that period the issue price will be the last price at which an offer to purchase a Share was made on ASX.
- (j) **Exercise of Performance Right:** A participant may exercise a Performance Right that is entitled to exercised by lodging with the Company a notice of exercise of the Performance Right in the form (if any) prescribed by the Company, and the certificate for the Performance Right.
- (k) **Quotation:** If Shares of the same class as those allotted under the Plan are listed on the ASX the Company will apply to the ASX within a reasonable time after they are allotted for those Shares to be listed.
- (l) **New Issues:** Other than adjustments for bonus issues and reorganisation of the issued capital of the Company, participants are not entitled to participate in any new issue of securities of the Company as a result of their holding Performance Rights during the currency of any Performance Rights and prior to vesting. In addition, participants are not entitled to vote nor receive dividends as a result of their holding Performance Rights.

ALLOY RESOURCES LIMITED
ABN 20 109 361 195

PROXY FORM

To: **Alloy Resources Limited (ABN: 20 109 361 195)**
Suite 6, 7 The Esplanade
MT PLEASANT WA 6153

Fax No: 61 8 9315 5475

Mark this box with an 'X' if you have made any changes to your address details (see reverse)

Name: _____
(PLEASE PRINT)

Address: _____

Appointment of Proxy:

I/We being a member/s of Alloy Resources Limited and entitled to attend and vote hereby appoint:

The Chairman of the Meeting
(mark with an 'X')

OR

Write here the name of the person you are appointing if this person is **someone other than** the Chairman of the Meeting.

Or failing the person name, or if no person is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Alloy Resources Limited to be held at the Perth Zoo, Seminar Room 1, 20 Labouchere Road, Perth on Monday, 29 November 2010 at 3.00pm and at any adjournment of that meeting.

Voting directions to your proxy – please mark

 X

to indicate your directions

Agenda Item

- 2. Adoption of the Remuneration Report
- 3. Re-election of Director – Kevin Hart
- 4. Ratification of Prior Issue of Equity Securities
- 5. Adoption of Alloy Resources Limited Incentive Option Scheme
- 6. Adoption of Alloy Resources Limited Performance Rights Plan

For

Against

***Abstain**

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your notes will not be counted in computing the required majority on a poll.

If the Chairman of the meeting is appointed as your proxy, or may be appointed by default and you do **not** wish to direct your proxy how to vote as your proxy in respect of a resolution, please place a mark in this box.

The Chairman intends to vote in favour of resolutions for which no voting indication has been given.

By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution, and votes cast by him other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the meeting will not cast your vote on the resolutions and your vote will not be counted in computing the required majority if a poll is called.

PLEASE SIGN HERE This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Securityholder 1

Individual / Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

____ / ____ / ____
Date

HOW TO COMPLETE THE PROXY FORM

1 Your Name and Address

This is your name and address as it appears on the company's share register. If this information is incorrect, please mark the box and make the correction on the form. Securityholders sponsored by a broker should advise their broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

2 Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in the space provided. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a securityholder of the company. The Chairman intends to vote in favour of resolutions for which no voting indication has been given.

3 Votes on Items of Business

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

4 Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's share registry or you may copy this form.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

5 Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: to sign under Power of Attorney, you must have already lodged the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

If a representative of a corporate securityholder or proxy is to attend the meeting, the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's share registry.

6. Lodgement of a Proxy and Deadline for Receipt of Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address given below no later than 3.00 pm (Perth time) on Saturday, 27 November 2010 being 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Documents may be lodged by post, delivery or facsimile to the Registered Office of Alloy Resources Limited being:

Suite 6, 7 The Esplanade, Mt Pleasant, WA, 6153

Or by facsimile to fax number +61 8 9315 5475

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