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GEOPHYSICAL SURVEY COMMENCES AT THE COOTAMUNDRA MANGANESE PROJECT IN NSW

COOTAMUNDRA MANGANESE PROJECT

Alloy Resources Limited (ASX: AYR) is pleased to announce that an induced polarisation (IP) geophysical survey has commenced over the known manganese occurrences within the Cootamundra Project area. This survey is designed to determine the geophysical response and size of the various manganese deposits in the Cootamundra area and detect new targets for follow up drilling.

No exploration for manganese has taken place on the tenements since the 1980s, and there has been no systematic manganese exploration using geophysical surveying and drilling. Recent exploration has mainly focussed on copper, gold, nickel and chromite at other prospects within the tenements.

Previous manganese exploration and small scale mining has been limited to areas of outcropping manganese mineralisation. The recent mapping confirmed the occurrence of Mn mineralisation and grade at these prospects. Physical property studies were carried out on rock samples from the Cootamundra, Congou and Cullinga prospects to test for the most optimal geophysical methods to use for detecting additional Mn deposits along geological strike and under regolith cover.

This IP survey is following up the very encouraging rock chip sampling and mapping that was previously announced (30th September 2010). A total of 98 rock chip samples were collected for Mn and Fe assaying.

Following the identification and ranking of geophysical targets, the next step would then be to test these areas by drilling.

COOTAMUNDRA PROJECT BACKGROUND

Cootamundra is located 120 kms northwest of Canberra and 385 kms south west of Sydney. The project area sits in the Lachlan Fold Belt, which is a well-endowed porphyry Cu-Au belt, hosting a number of mines, such as North Parkes, Cowal, Copperhill, Temora and Cadia-Ridgeway. The tenements run along the eastern side of the Cootamundra town, and have a number of known historic manganese, gold and base metal occurrences on them (Figure 1).

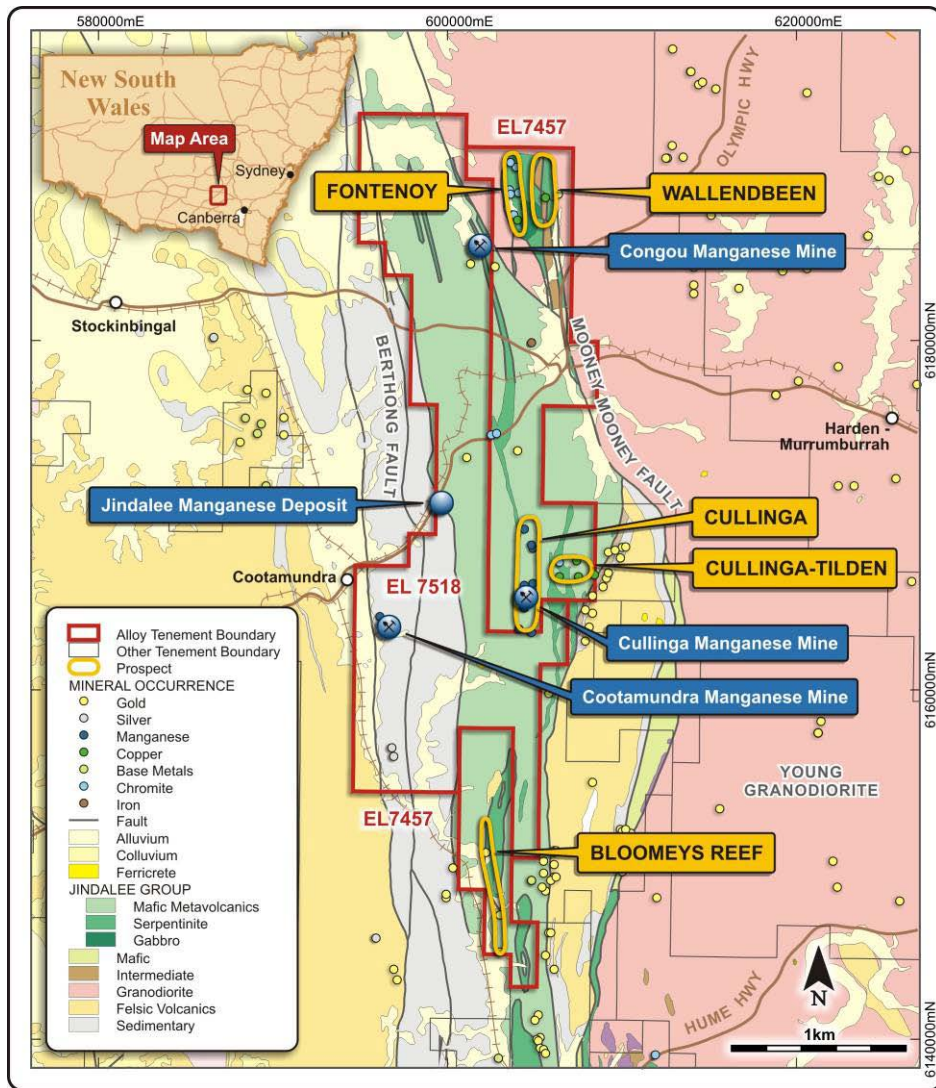


Figure 1 - Location of Alloy's Cootamundra tenements with manganese and other mineral prospects shown on top of simplified geology.

COOTAMUNDRA PROSPECT

The Cootamundra prospect is located at the edge of town and very close to infrastructure to support and mining and transport operation (Figure 1). The prospect consists of several parallel, linear zones of Mn mineralisation about 1 to 3 m wide associated with BIF and siltstone contacts. The overall length of the mapped known mineralisation zone at Cootamundra is **550 m**. The Cootamundra Mn trends have the potential continue to the south, and there may be possible repetition of this mineralised zone to the north.



Figure 2 - Outcropping vein of massive manganese at the Cootamundra Prospect.

CONGOU PROSPECT

The Congou Mn occurrences are to the north and along strike of the Reef Hill gold deposits. At Congou, pods of high grade Mn mineralisation are associated with iron quartzite / BIF and siltstone contacts. These occurrences are limited to subcrop areas and there is potential that there could be more extensive zones of Mn mineralisation in the area just below the regolith cover.

CULLINGA PROSPECT

At the Cullinga Prospect, Mn mineralisation occurs within a very thick quartzite to BIF unit and also in a laminated siltstone with interlayer's of barren siltstone and iron-manganese rich siltstone layers. The Mn mineralisation hosted within the BIF can be high grade, with the mapped zones in the order of 1 to 2 m thick. One sample returned 29.7% Mn, which shows that this thick and extensive (**>1.5 km long**) siltstone unit has potential for hosting significant Mn mineralisation at Cullinga or elsewhere in the district.

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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 Fellow 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.

