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GEOPHYSICAL SURVEYING AT COOTAMUNDRA IDENTIFIES DRILLING TARGETS FOR MANGANESE

- **Detailed induced polarisation (IP) geophysical completed at two prospects**
- **IP survey highlights continuity and depth direction of mineralisation, and tracks possible extensions of mineralised trends below alluvial cover deposits**
- **Drill ready targets identified**
- **Additional areas to be surveyed using IP methods in January 2011**

COOTAMUNDRA IP SURVEYING

Alloy Resources Limited (ASX: AYR) is pleased to announce that geophysical surveying to follow up on reconnaissance geological mapping and sampling at known manganese (Mn) occurrences within the Cootamundra Project has been completed for two prospect areas.

The Cootamundra Project contains several Mn occurrences where there has been historical mining and prospecting (Figure 1). Recent litho-logical and structural mapping together with rock chip sampling at historic mine workings and outcrops along associated mineralised trends returned some high Mn grades above 40% (see Alloy's ASX announcement on 30/09/2010). The Mn prospects are in close proximity to the town of Cootamundra and excellent road and rail infrastructure.

Detailed ground-based Gradient Array Induced Polarisation (GAIP) survey has been used in order to define potential extensions to the mineralisation and follow-up drilling targets at the Cootamundra and Cullinga prospects. Fender Geophysics carried out the GAIP surveys over known Mn and Fe deposit trends and their extensions, into areas where the trends are suspected to continue under soil and alluvial cover deposits. GAIP surveying measures the conductivity and chargeability of subsurface rocks. Mn samples from the prospect areas were found to have good chargeability and high resistivity responses in laboratory measurements. The physical property testing showed that samples with highly elevated Mn corresponded to high chargeability (100-120ms), similar to other known Mn minerals and ores, such as those published for the Woodie Woodie Mn mine in the Pilbara region of Western Australia.

At both prospects, chargeability anomalies were detected along and adjacent to known Mn mineralised trends, and these IP anomaly trends extended into areas where alluvial cover deposits sit above the host rocks which host the Mn mineralisation.

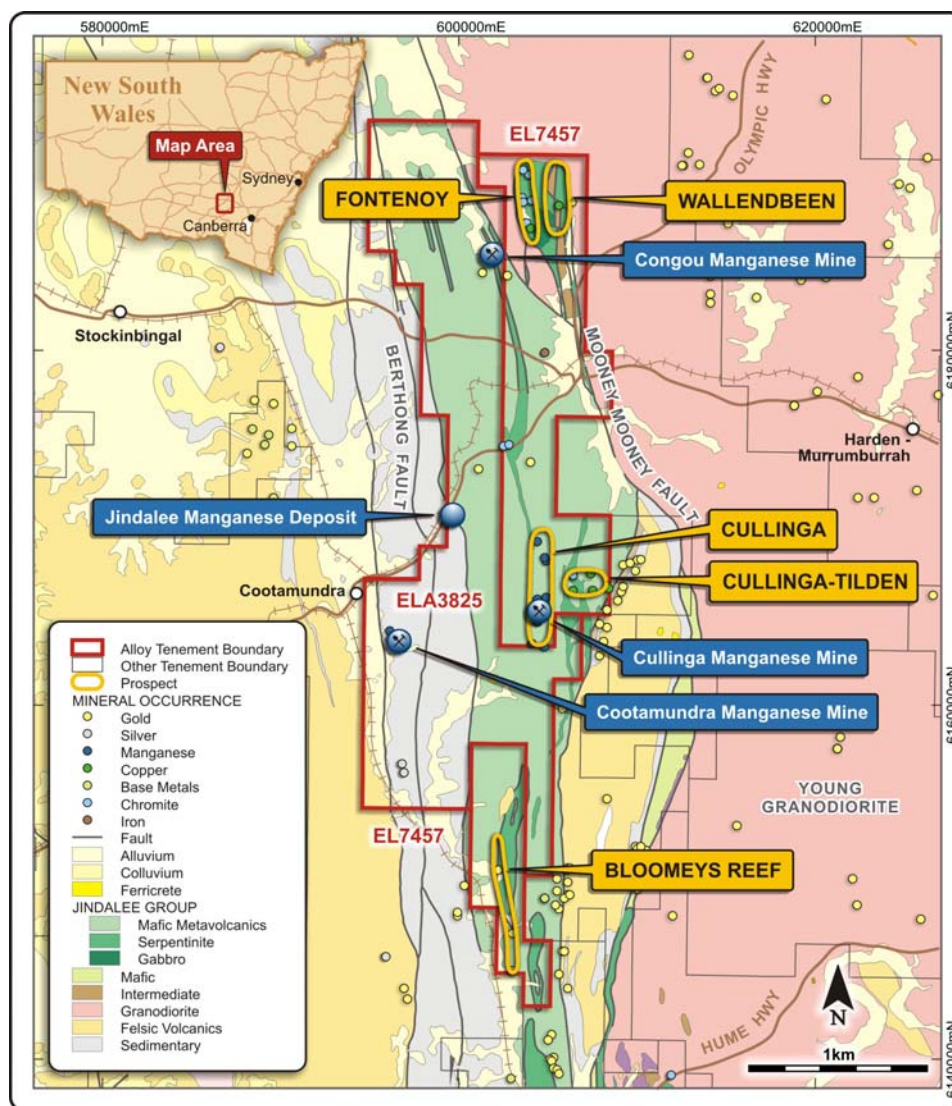


Figure 1. Location of Alloy's Cootamundra tenements with manganese and other mineral prospects shown on top of simplified geology.

COOTAMUNDRA PROSPECT

The Mn mineralisation at the Cootamundra prospect is associated with a magnetite quartzite and meta-siltstone contact. There are a number of historical mine workings along mapped trends of Mn mineralisation that show the Mn forms narrow (1-3m wide), elongated lenses that are likely to continue at depth. The Mn target trend is mapped to be about 800m long and may potentially extend beyond the limits of the GAIP survey.

The IP surveying at the Cootamundra prospect was done using 25m line spacing and 25m dipole spacing for detailed coverage over the known Mn deposit trends. Figure 2 shows the chargeability anomalies and Figure 3 shows the resistivity anomalies.

Chargeability anomalies correlate to known Mn occurrences, and in several cases, larger anomalies are offset to the east indicating an easterly dip to the mineralisation. This shows that the optimum drilling direction will be towards the west in order to intercept the Mn

mineralised zones at depth. The resistivity also correlates to most Mn anomaly trends, and this is most likely related to lower conductivity in the quartzites and Mn pods, which were both resistive in laboratory tests on rock samples.

Several intense zones of chargeability were identified as drilling targets (Figure 2). Some of these zones occur on Mn mineralised trends that extend into covered areas, and these buried anomalies require drill testing to see if they are caused by Mn mineralisation.

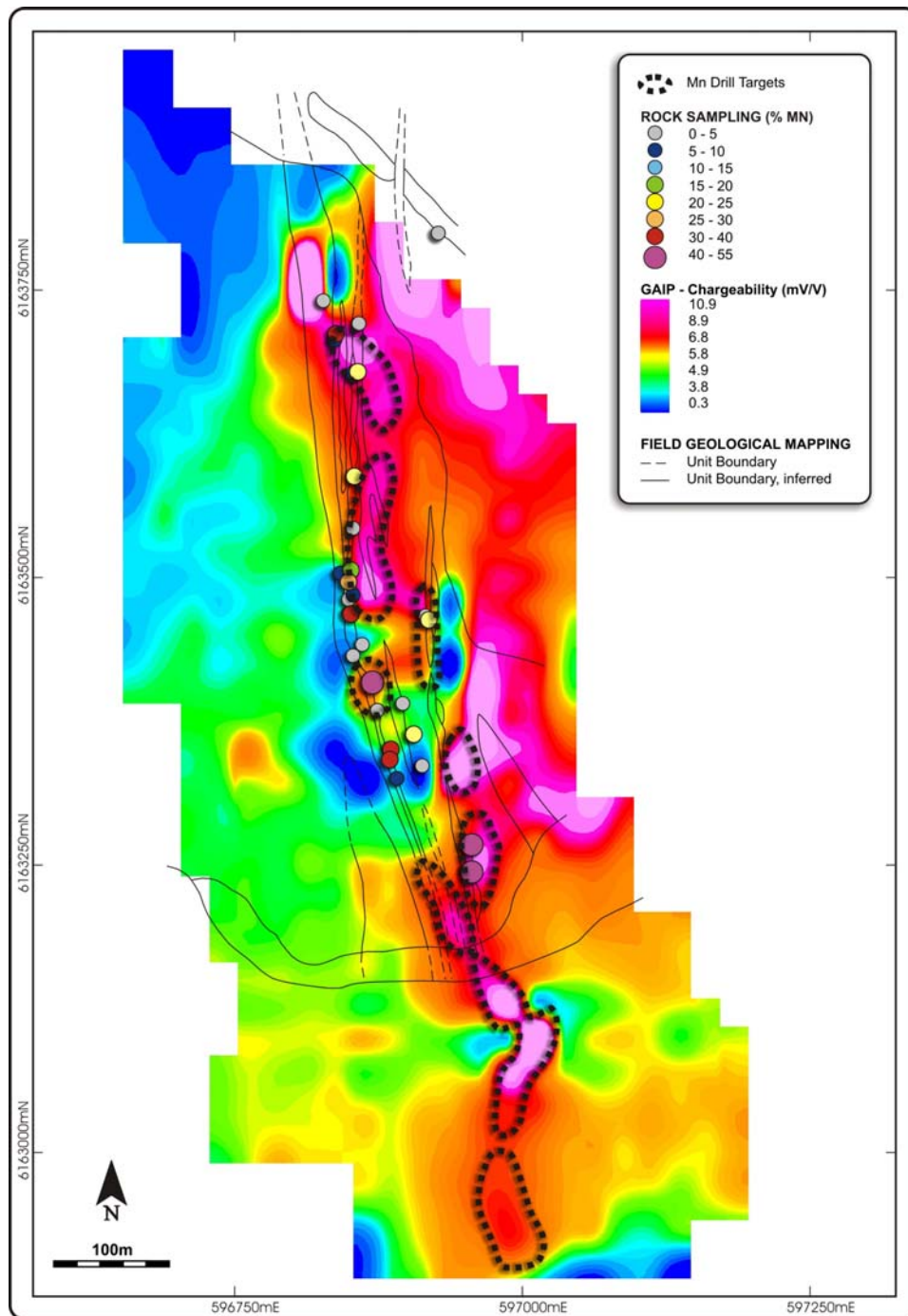


Figure 2. Cootamundra Prospect gradient array GAIP chargeability anomaly image with rock samples and Mn mineralised trends.

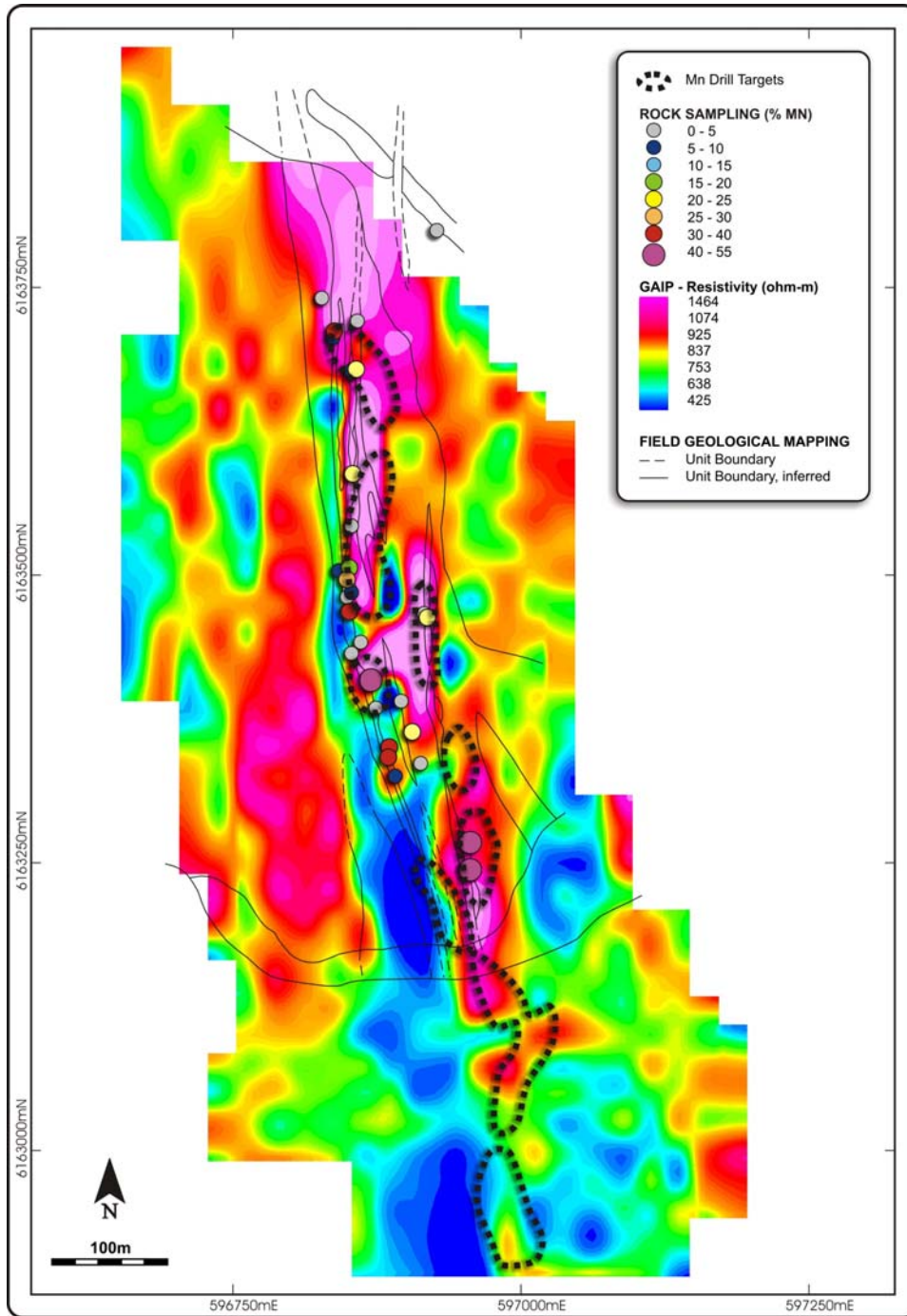


Figure 3. Cootamundra Prospect gradient array GAIP resistivity anomaly image with rock samples and Mn mineralised trends.

CULLINGA PROSPECT

At Cullinga, Mn mineralisation occurs as pods of high grade Mn hosted in magnetite quartzite or as continuous zones of Mn altered siltstone units that contain banded Mn horizons.

The GAIP surveying at Cullinga was done by using a combination of 50m and 100m spaced survey lines and 25m dipole spacing. This allowed for detailed imaging of anomalies in the

areas of known Mn mineralisation. Figure 4 shows the chargeability anomalies and Figure 5 shows the resistivity anomalies. Chargeability and resistivity anomalies correlate to known Mn occurrences and other geological sources, such as shales and magnetite quartzites. Some anomaly trends extend from zones of known Mn mineralisation, below soil and alluvial cover. The extent of Mn mineralisation is difficult to estimate without trenching or drilling information.

Several targets were selected that could be caused by Mn mineralisation below the soil and alluvial cover. These target areas will be followed up in the field and will be prioritised for trenching and drill testing.

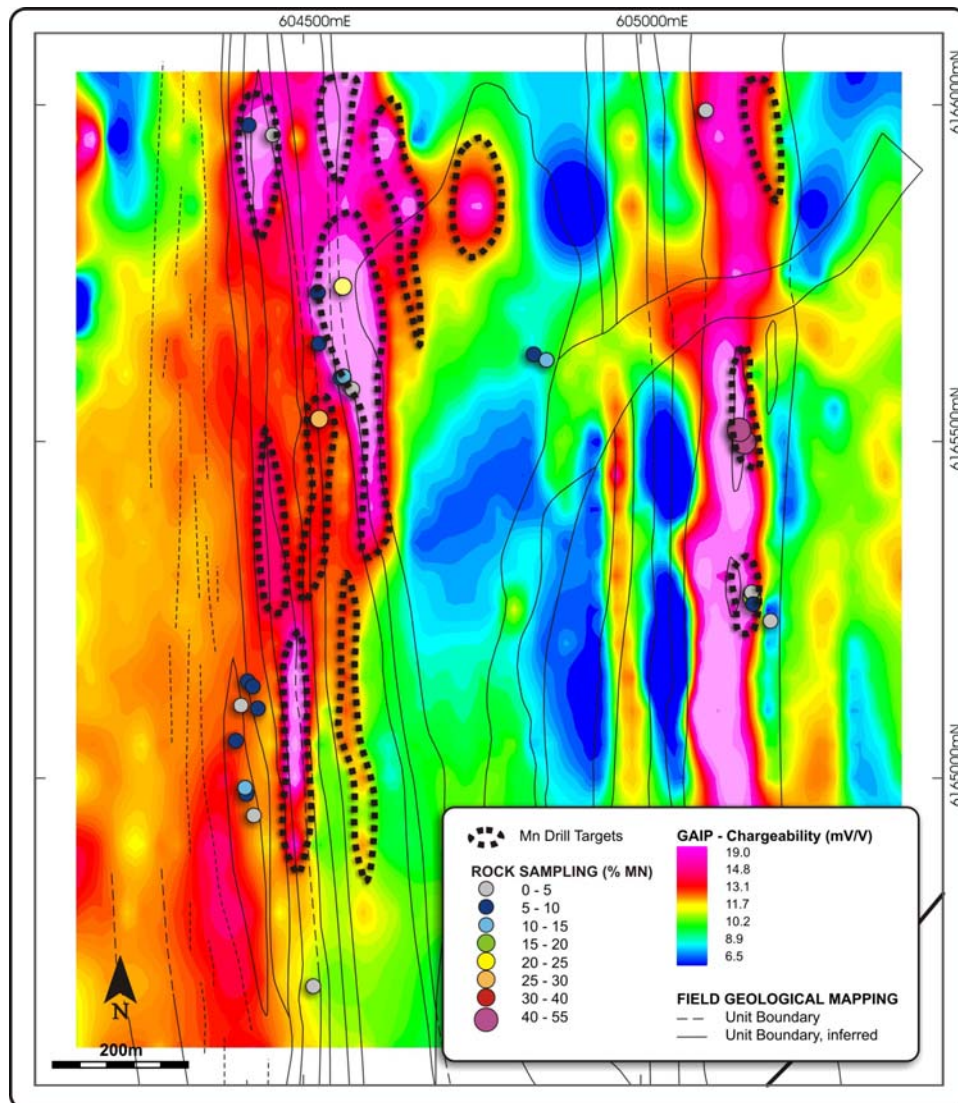


Figure 4. Cullinga Prospect gradient array IP chargeability anomaly image with rock samples and Mn mineralised trends.

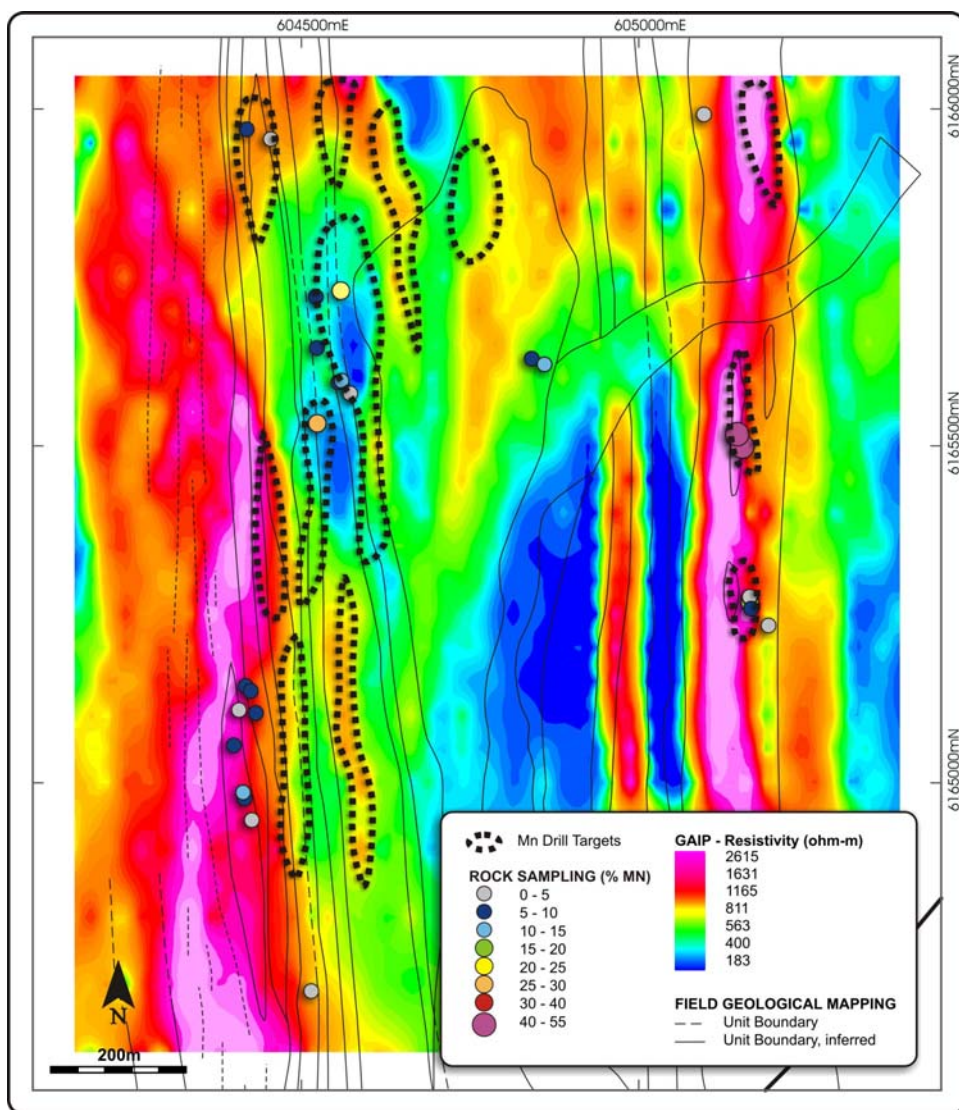


Figure 5. Cullinga Prospect gradient array IP resistivity anomaly image with rock samples and Mn mineralised trends.

FUTURE WORK

The Company will begin the approvals process for trenching and drilling Mn targets at the Cootamundra Project, and additional IP surveying will be carried out at the Congou prospect in January. It is anticipated that Mn target trenching and drilling will occur in the first quarter of 2011, pending land access and approvals.

Alloy's Managing Director, Mr. Peter Hepburn-Brown, said: *"While it is still early days, this is a very exciting project, with potential areas for follow-up exploration which Alloy plans to commence once all approvals have been granted."*

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.

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