

29 April 2011

Manager Announcements
Companies Announcements Office
Australian Securities Exchange Limited
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Via: www.asxonline.com

Alloy
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Dear Sir/Madam

THIRD QUARTER ACTIVITIES AND CASHFLOW REPORT

We attach the above announcement.

Yours faithfully,



PETER HEPBURN-BROWN
Managing Director

For further information contact:

Peter Hepburn-Brown
Managing Director
Alloy Resources Limited
Telephone 0407893339
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MARCH QUARTER HIGHLIGHTS

- **GAIP survey completed at the Congou Prospect in February 2011**
- **IP survey highlights geophysical targets along strike of known mineralisation**
- **Air-core drilling on gold targets at Horse Well to commence during the June quarter. March quarter drilling was delayed due to heavy rains in the project area**
- **Completed a 15% placement at 3.2 cents per share to raise \$608,000.00**

HORSE WELL PROJECT

Horse Well is located in the Warburton Mineral Field of Western Australia and is approximately 85 kms northeast of the town of Wiluna. The Horse Well Project occurs in the northern most part of the Yandal/Millrose Greenstone belt that hosts a number of multi-million ounce gold projects, such as Bronzewing, Jundee, Wiluna and Darlot-Centenary gold mines (Figure 1).

The Horse Well portion of the greenstone belt has only been explored along the southern part, where the Company and previous explorers have identified 98,700 ounces of JORC gold resources in near surface deposits to date.

Exploration in the region is historically immature, with the northern end of the Yandal Greenstone belt having been largely ignored until the discovery of significant gold deposits at Bronzewing and Jundee in the 1990's. Work to date has consisted of geological and regolith mapping, surface geochemical sampling programs (rock, soil and deflation lag), various geophysical surveys, target-definition drilling (RAB, aircore, vacuum), RC and some diamond drilling.

Alloy's 100% owned gold resource at Horse Well currently stands at 1,054,100t @ 2.91g/t for **98,700ozs** (Table 1).

FUTURE EXPLORATION ACTIVITIES

Alloy will commence an air core drilling program in the June 2011 quarter at Horse Well. The drilling contractor has been engaged and all government approvals have been received.

The planned drill holes will follow up anomalous gold intersections from previous drilling at the Mustang prospect and other gold trends near the main gold deposits (Figure 2). The drilling program aims to expand the gold resources by discovering new deposits and extensions to known mineralisation.

The exploration drilling planned for the March quarter was delayed due to heavy rainfall in the project area during the months of February and March.

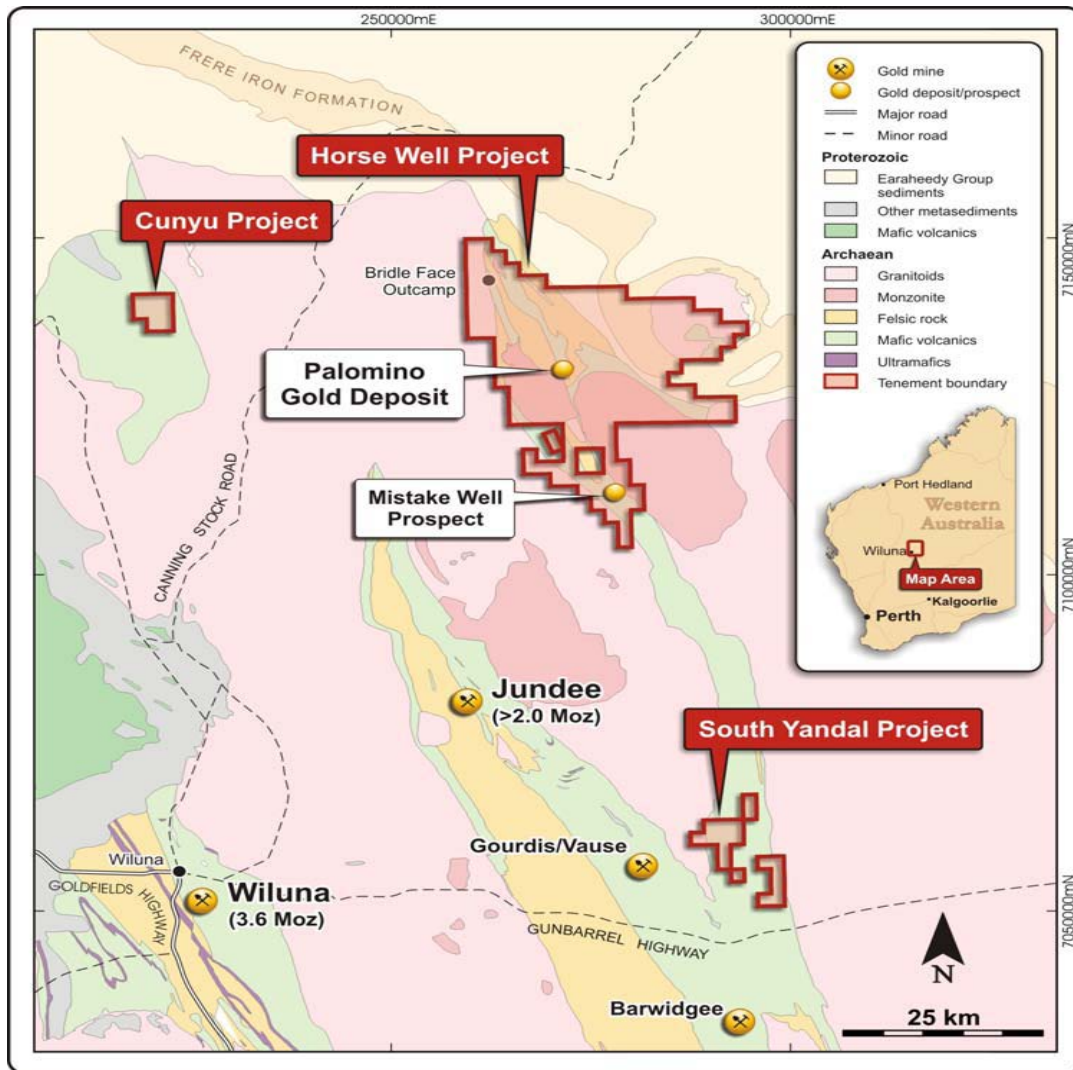


Figure 1. Alloy's tenements in the Yandal Greenstone Belt.

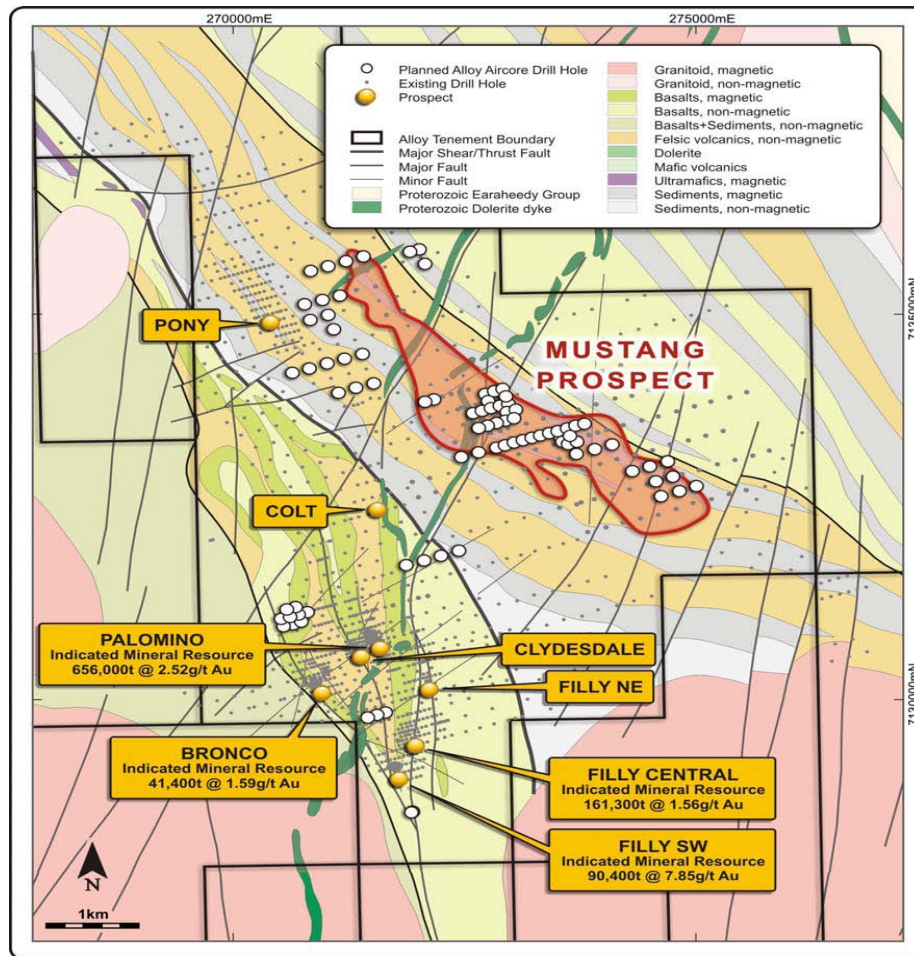


Figure 2. Horse Well Gold Prospects (Planned air core drillholes in white over Horse Well interpreted bedrock geology.)

COOTAMUNDRA MANGANESE PROJECT

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 that sit in close proximity to the main southern railway line (Figure 3).

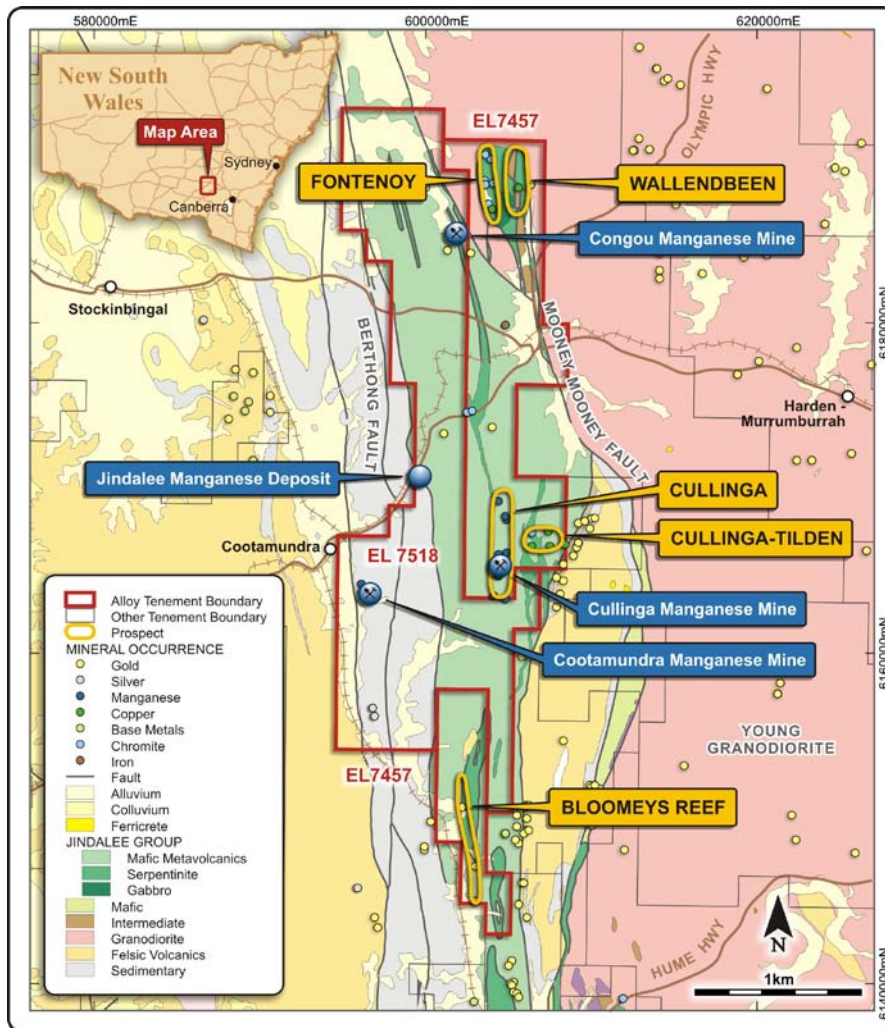


Figure 3. Cootamundra Tenements

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, and now the Congou prospect. 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 the Congou Project, 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 mineralis

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 (Figure 4). 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.

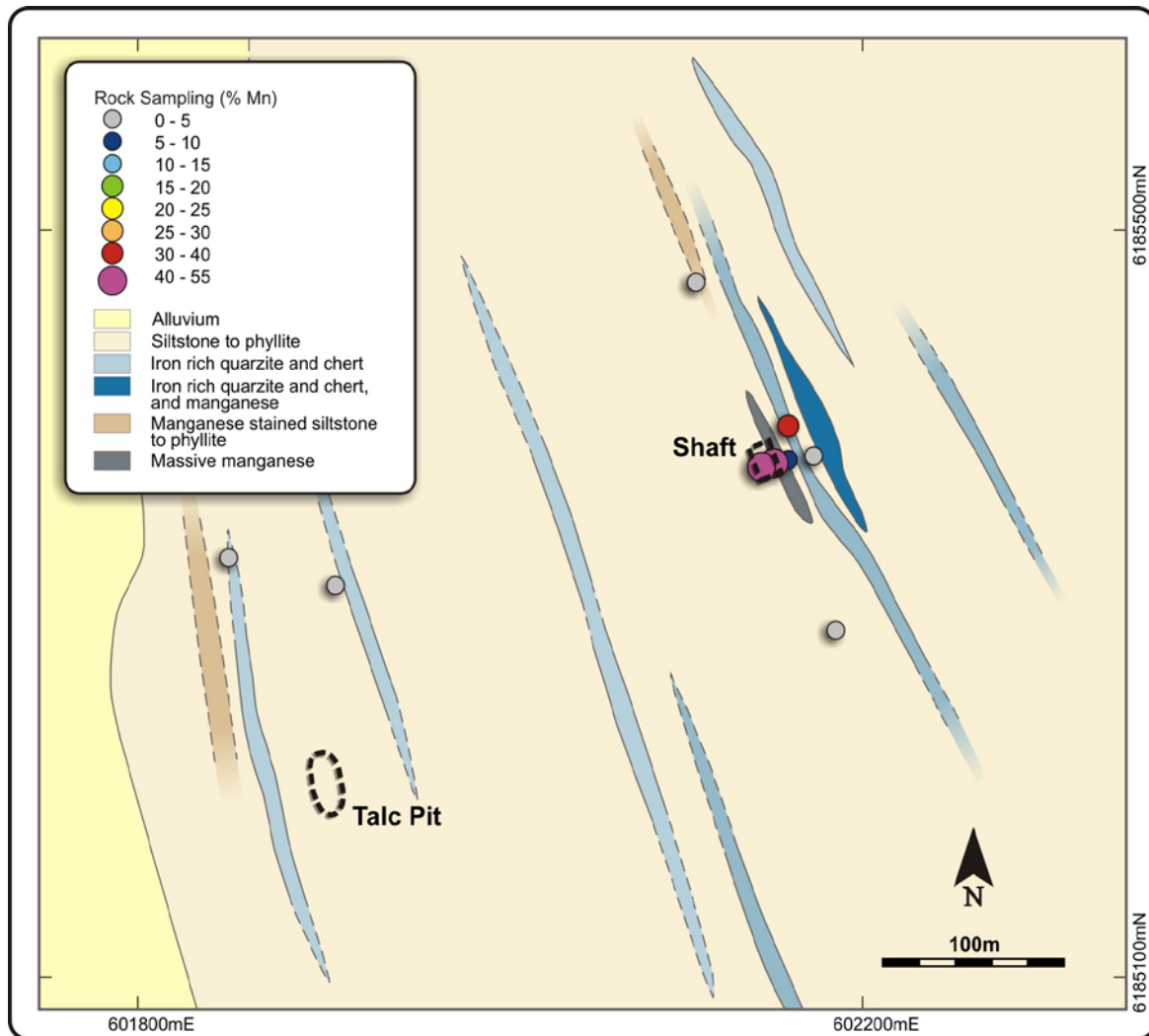


Figure 4. Outcrop geology map of the Congou Prospect.

The IP surveying at the Congou prospect completed in February 2011 was done using 25m and 50m line spacing and 25m dipole spacing for detailed coverage over the known Mn deposit trends. Figure 5 shows the chargeability anomalies and Figure 6 shows the resistivity anomalies. The field mapping showed the strike length to be over 200m and the IP survey has shown that the strike length is now 1km with it open at each end.

Chargeability anomalies correlate to a known Mn occurrence, and in several cases, larger anomalies occur along strike of the mineralisation to the NW and SE (Figure 5). A resistivity anomaly trend also correlates to the Mn mineralised trend, and this is most likely related to lower conductivity in the host rocks and Mn pods, which were both resistive in laboratory tests on rock samples.

Intense zones of chargeability were identified as drilling targets, and there are now a total of 10 chargeability targets to test, with 6 of these correlating to high resistivity anomalies. These anomalies require drill testing to see if they are caused by Mn mineralisation at depth.

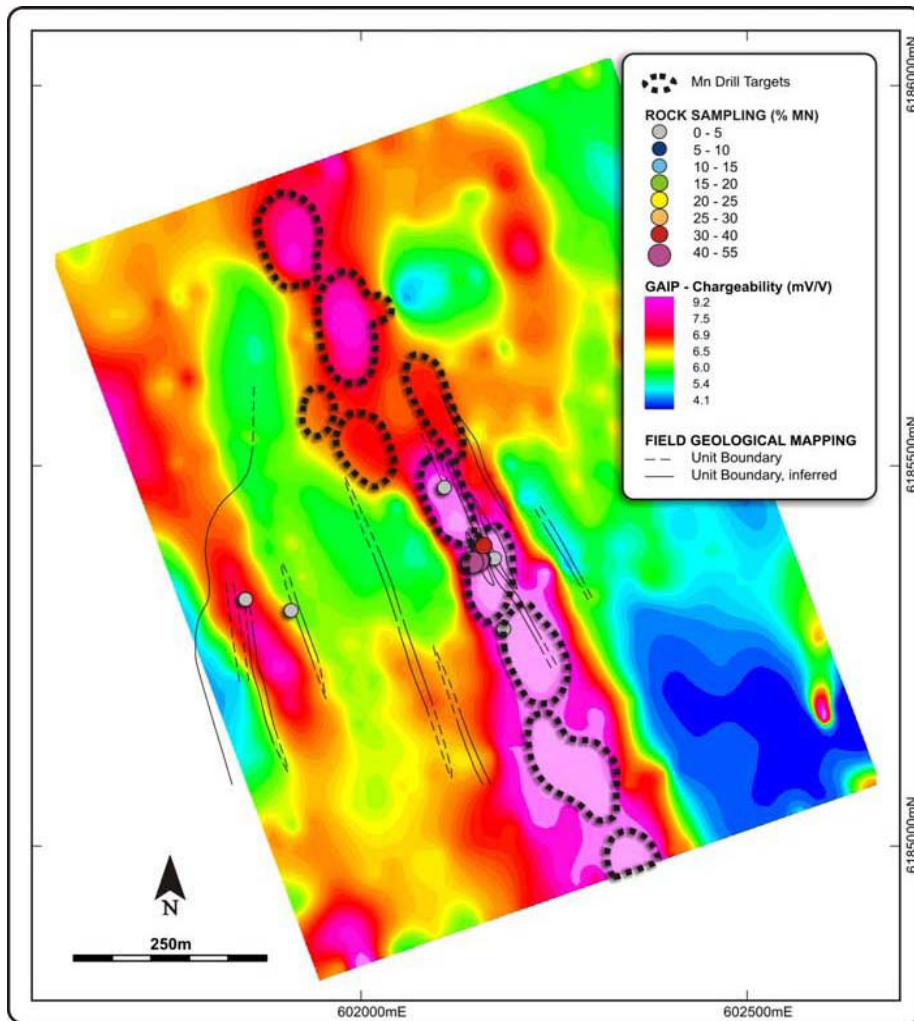


Figure 5. Congou Prospect gradient array GAIP chargeability anomaly image with rock samples and Mn target zones. Line work indicates mapped geological contacts.

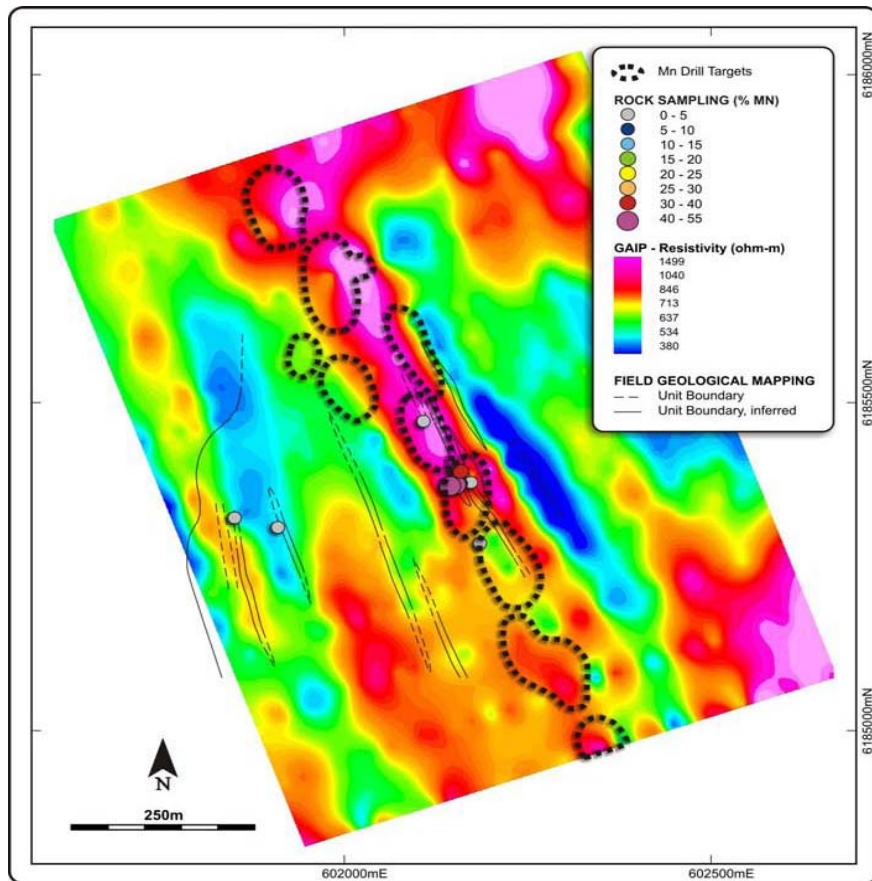


Figure 6. Congou Prospect gradient array GAIP resistivity anomaly image with rock samples and Mn target zones. Mn mineralised trends and associated magnetite quartzite correspond to resistive trends. Line work indicates mapped geological contacts.

FUTURE EXPLORATION ACTIVITIES

At the completion of the geophysical surveying campaign in February 2011, the Company began the approvals process for trenching and drilling Mn targets at the Cootamundra Project. It is anticipated that Mn target trenching and drilling is now planned to occur in the June quarter of 2011. Recent changes to land access and approvals in New South Wales have caused extended timeframes for exploration program approvals.

BARRYTOWN MINERAL SANDS PROJECT

Alloy Resources Limited granted exploration permit EL 51803, over the Barrytown Mineral Sands deposit is located on the South Island of New Zealand, 28 kms north of the port of Greymouth

A review of historical exploration and mining feasibility data has developed an exploration target of 80 to 100 million tonnes at a grade of 11 to 13% ilmenite (4% ilmenite lower cut-off) (Refer ASX release dated 15th December 2009). The exploration target mineralisation tonnage and grade is conceptual in nature and based upon historic records as well as geological interpretations. At this stage there has been insufficient exploration to quantify a definitive JORC compliant Mineral Resource. However, future exploration work has been designed to improve confidence to meet this expectation, but it remains uncertain if future exploration will result in the determination of a Mineral Resource.

The Barrytown Project is not considered a core project and Alloy is seeking expressions of interest for a joint venture partner to move the project forward.

FINANCE

Alloy Resources Limited completed a 15% placement to professional and sophisticated investors during the March quarter raising \$608,000. Proceeds from the placement will be used to fund the Company's exploration and evaluation programs at the Company's Horse Well Gold Project and Cootamundra Manganese Project and to provide working capital. The company will continue to review project acquisition opportunities as they arise.

The placement of 19,000,000 shares at 3.2 cents was made pursuant to the company's 15% placing facility.

At 31st March 2011, the Company had cash reserves of \$ 1,577,000.

For and on behalf of the Board,



For further information contact:

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

Managing Director

Table 1. Horse Well Gold Resources

| PROJECT | PROSPECT | JORC CATEGORY | TONNES | GRADE (g/t Au) | OUNCES Au | |
|----------------|-----------------|--------------------------|------------------|---------------------------|------------------|--------|
| Horse Well | Palomino | indicated | 656,000 | 2.52 | 53,1500 | |
| | | Inferred | 105,000 | 3.71 | 12,525 | |
| | Bronco | indicated | 41,400 | 1.59 | 2,117 | |
| | | Filly | indicated | 161,300 | 1.56 | 8,091 |
| | | Filly SW | indicated | 90,400 | 7.85 | 22,817 |
| Total | | | 1,054,100 | 2.91 | 98,700 | |

The information in this report which relates to Exploration Results on the Horse Well Gold Project 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

The resources in this report are based on work carried out by Dr. S. Carras FAus/MM of Carras Mining Pty Ltd. Dr. Carras has 30 years of 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 "Australian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves" and consents to the inclusion in this report of the information in the form and context in which it appears.

The information in this report which relates to Exploration Results on the Barrytown Mineral Sands Project is based on information compiled by Mark Gifford MSc(Hons) and who is a Member of the Australian Institute of Mining and Metallurgy. Mark Gifford 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." Mark Gifford 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 March 2011

Consolidated statement of cash flows

| Cash flows related to operating activities | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|---|----------------------------|---------------------------------------|
| 1.1 Receipts from product sales and related debtors | - | - |
| 1.2 Payments for (a) exploration and evaluation | (164) | (392) |
| (b) development | - | - |
| (c) production | - | - |
| (d) administration | (87) | (280) |
| 1.3 Dividends received | - | - |
| 1.4 Interest and other items of a similar nature received | 18 | 54 |
| 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 | (233) | (618) |
| Cash flows related to investing activities | | |
| 1.8 Payment for purchases of: (a)prospects | - | - |
| (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 (Security Deposit) | - | - |
| Net investing cash flows | - | - |
| 1.13 Total operating and investing cash flows (carried forward) | (233) | (618) |

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

| | | | |
|------|--|--------------|--------------|
| 1.13 | Total operating and investing cash flows (brought forward) | (233) | (618) |
| | Cash flows related to financing activities | | |
| 1.14 | Proceeds from issues of shares, options, etc. | 608 | 608 |
| 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 – Share Issue Expenses | (31) | (31) |
| | Net financing cash flows | 577 | 577 |
| | Net increase (decrease) in cash held | 344 | (41) |
| 1.20 | Cash at beginning of quarter/year to date | 1,233 | 1,618 |
| 1.21 | Exchange rate adjustments to item 1.20 | - | - |
| 1.22 | Cash at end of quarter | 1,577 | 1,577 |

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 | 111 |
| 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 - \$26,000 |
| ii) | Directors consulting fees – \$58,000 |
| iii) | Consulting and Geophysical analysis costs paid to Resource Potentials Pty Ltd an entity related to Dr Jayson Meyers - \$6,000 |
| iv) | Accounting and company secretarial fees paid to Endeavour Corporate an entity related to Mr Kevin Hart - \$21,000 |

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

NIL

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

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

| | 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 | - |
| 4.3 Production | - |
| 4.4 Administration | 100 |
| Total | 400 |

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 | 46 | 11 |
| 5.2 Deposits at call | 1,531 | 1,222 |
| 5.3 Bank overdraft | - | - |
| 5.4 Other (provide details) | - | - |
| Total: cash at end of quarter (item 1.22) | 1,577 | 1,233 |

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 | 146,044,870 | 146,044,870 | | Fully paid |
| 7.4 Changes during quarter (a) Increases through: Shares Issued | 19,000,000 | 19,000,000 | | Fully paid |
| 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> | 250,000 4,000,000 | - - | <i>Exercise price</i> 20 cents each 25 cents each | <i>Expiry date</i> 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> | | | | |


+ See chapter 19 for defined terms.

| | | | |
|------|---|--|--|
| 7.12 | Unsecured notes (<i>totals only</i>) | | |
|------|---|--|--|

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 give a true and fair view of the matters disclosed.

Sign here:


(Director/Company secretary)

Date: 29 April 2011

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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