

31 October 2011

Manager Announcements  
Companies Announcements Office  
Australian Securities Exchange Limited  
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Via: [www.asxonline.com](http://www.asxonline.com)

**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](mailto:info@alloyres.com)

Dear Sir/Madam

**SEPTEMBER QUARTER 2011 ACTIVITIES AND CASHFLOW REPORT**

We attach the above announcement.

Yours faithfully,



**ANDY VINER**  
Managing Director

*For further information contact:*

**Alloy Resources Limited**  
**Telephone: +61 89316 9100**

[www.alloyres.com](http://www.alloyres.com)

## SEPTEMBER QUARTER 2011 HIGHLIGHTS

- **Air-core drilling at Horse Well project delivers more strong gold hits;**
  - **16m @ 2.18 g/t Au from 24m (AHWA 400)**
  - **15m @ 3.61 g/t Au from 60m (AHWA 401)**
  - **8m @ 2.32 g/t Au from 68m (AHWA 405)**
- **Results indicate the previously defined Filly Southwest gold prospect extends a further 250 metres south and is likely to be the same structure as the Warmblood gold discovery.**
- **Warmblood - Filly gold mineralised trend is over 800 metres in strike and open to the north and south.**
- **Share placement completed raising \$1 million before costs**

## HORSE WELL PROJECT

Horse Well is located in the Warburton Mineral Field of Western Australia and is approximately 85 kilometres north-east 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 (Table 2 appended).

Exploration in the region is historically immature, with large areas being either unexplored or having only first pass geochemical testing.

During the quarter the Company expanded its drill coverage in the known mineralised area by drilling 42 angled air core holes for 3,157 metres along prospective mineralised trends. This program was successful in extending mineralisation in the Filly and new Warmblood prospect areas.

### Warmblood - Filly Southwest gold mineralised trend

As part of the drill program completed in early September, 17 angled air-core holes were drilled south of the Filly South West Prospect on three 100 metre spaced lines at 25 to 50 metre hole spacing, where gold mineralisation has been interpreted to potentially join with mineralisation at the Warmblood prospect discovered last quarter. Filly Southwest is a high grade Indicated Resource of 90,400 tonnes @ 7.85 g/t for 22,800 ounces of gold (Figure 2).

The discovery drill holes at Warmblood were drilled vertically and returned key results of 32m@3.9g/t Au and 40m@3.4g/t Au from drill lines 50 metres apart, suggesting a sub-vertical mineralised zone of approximately 10-15 metres width and grading approximately 3.5 g/t.

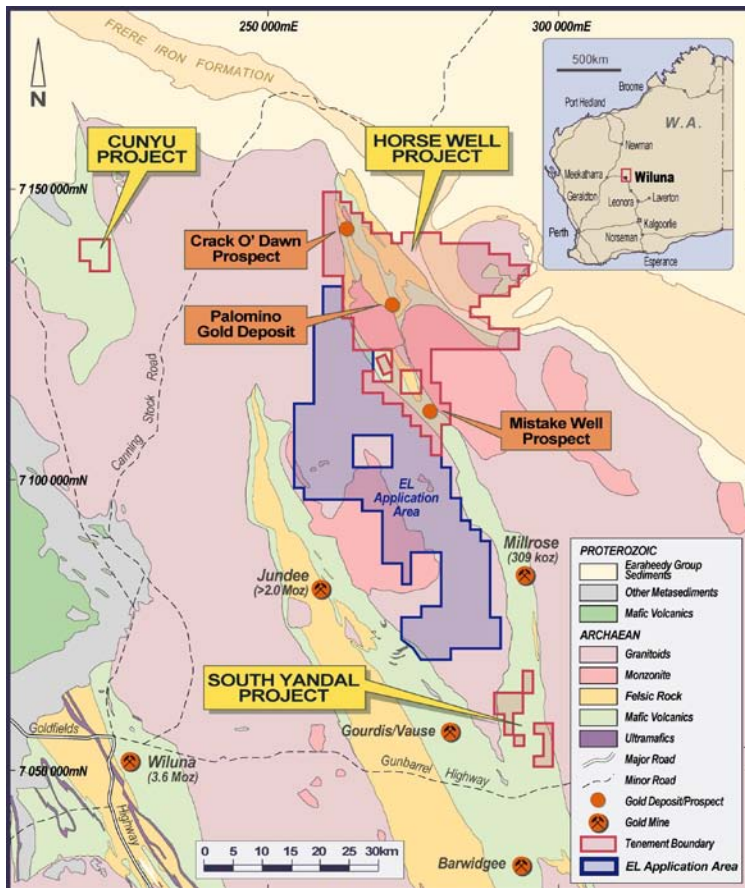


Figure 1. Alloy's tenements in the Yandal Greenstone Belt.

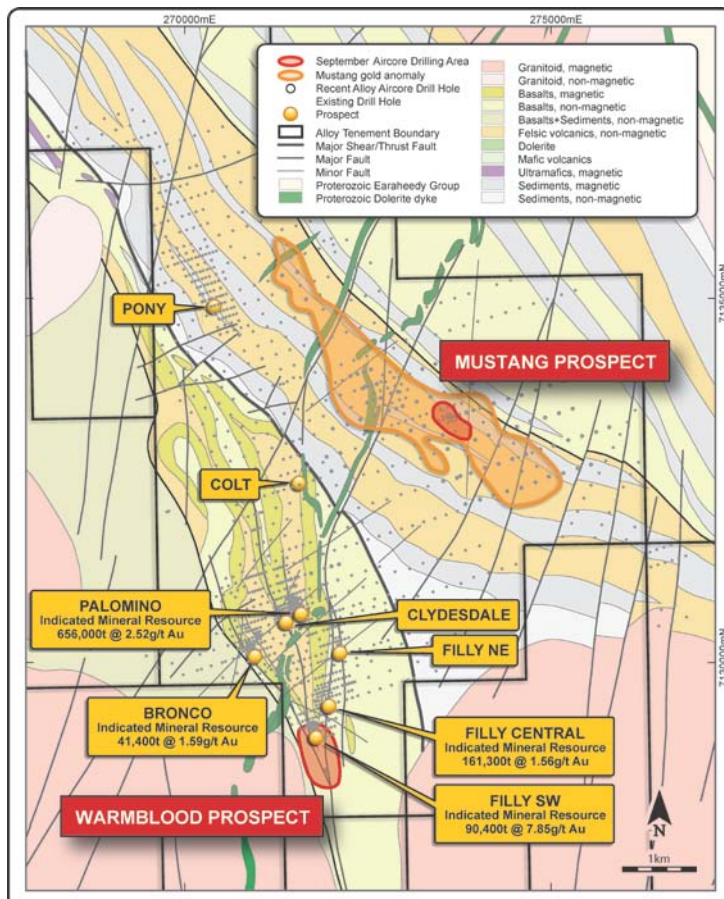


Figure 2. Prospect and resource locations with drill areas.

Assay results from this new drilling (see Table 1 below), confirm that strong gold mineralisation with very similar geology and mineralisation to the Warmblood area is present along a distinct structure running 250 metres south from the Filly Southwest prospect.

The best results from these holes were:

- 16m @ 2.19 g/t Au from 24m (AHWA 400)
- 15m @ 3.61 g/t Au from 60m (AHWA 401)
- 8m @ 2.32 g/t Au from 68m (AHWA 405)

**Table 1.** Warmblood-Filly Southwest significant air-core drill intersections (>0.5g/t Au).

SampleID	Hole_ID	mFrom	mTo	Au (ppm)	Interval at Greater than 0.5g/t Au
12539	AHWA394	48	52	0.50	8 m at 1.61 g/t Au
12540	AHWA394	52	56	2.72	
12557	AHWA395	48	52	1.26	4 m at 1.26 g/t Au
12624	AHWA400	24	28	1.31	16 m at 2.19 g/t Au
12625	AHWA400	28	32	2.59	
12626	AHWA400	32	36	4.17	
12627	AHWA400	36	40	0.67	
12648	AHWA401	60	64	3.37	15 m at 3.61 g/t Au
12649	AHWA401	64	68	7.84	
12650	AHWA401	68	72	1.63	
12651	AHWA401	72	75	0.95	
12713	AHWA405	68	72	2.87	8 m at 2.32 g/t Au
12714	AHWA405	72	76	1.77	

*Sampling and analysis information;*

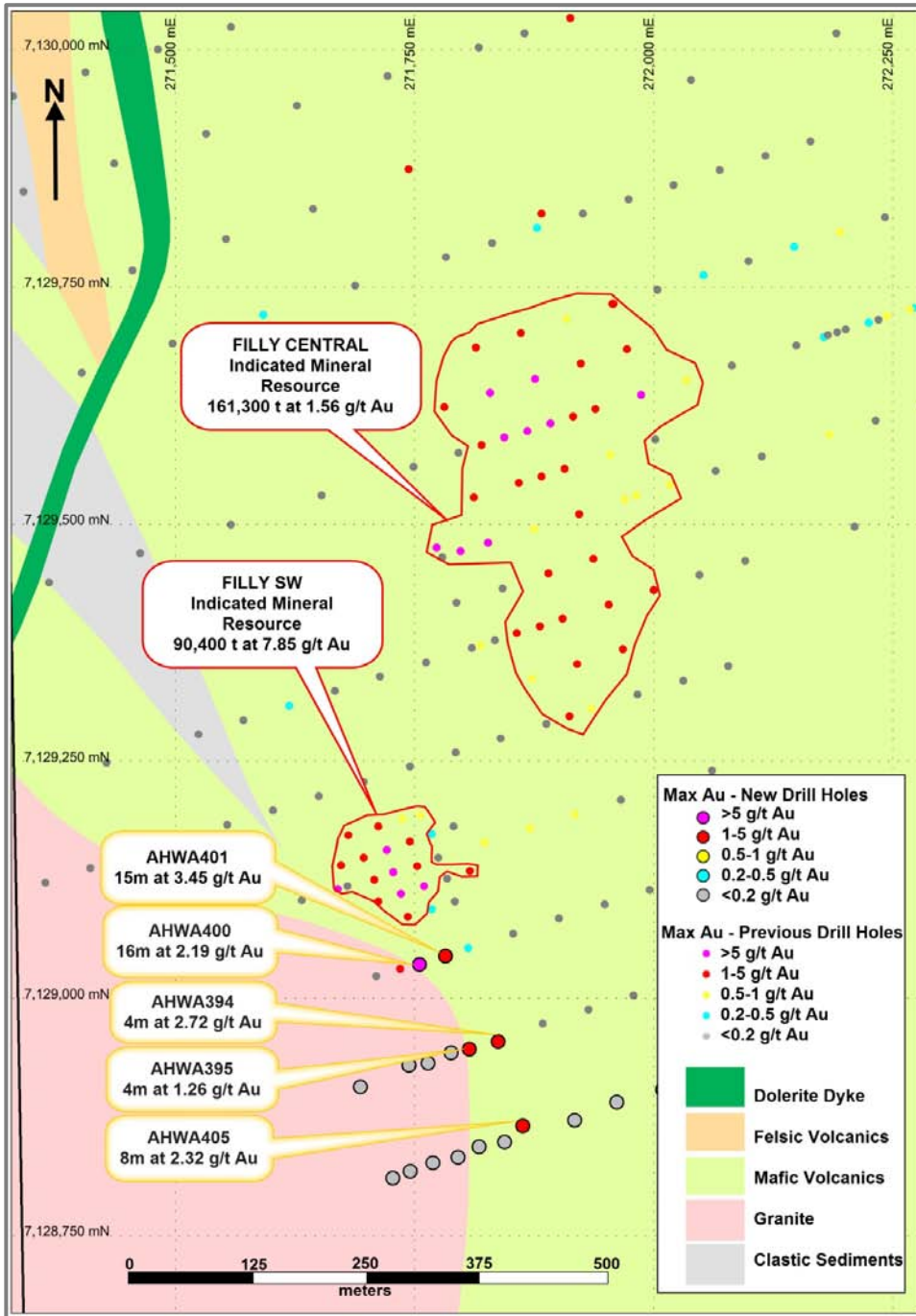
- Samples collected at 1m intervals from a drill cyclone collector into buckets
- 1 metre piles scoop sampled as 4m composites for 1-2 kg samples
- Analysis by 30g Fire Assay, ICP-AES Finish

Figure 3 shows that drilling has confirmed the Filly Southwest prospect is not closed off to the south, and 25 metre spaced angled air-core drilling has been able to define semi-continuous zones of gold mineralisation over a 250 metre strike length within areas of historical broad spaced drilling (see cross sections in Figure 4).

The Warmblood gold mineralised trend, when combined with historical intersections at Filly Southwest, is interpreted as being 5 to 15 metres in thickness, with common grades of 2 - 5 g/t Au and higher grade shoots of up to **10m@24.3g/t Au** (in HWRC064 within the Filly South West prospect).

Gold mineralised zones from 2011 air-core drilling is indicating lenses of mineralisation 50-100 metres in strike length and a vertical extent of at least 40 to 60 metres.

From drilling completed there appears to be four lenses discovered to date.



**Figure 3.** Drill hole location plan with gold intersections.

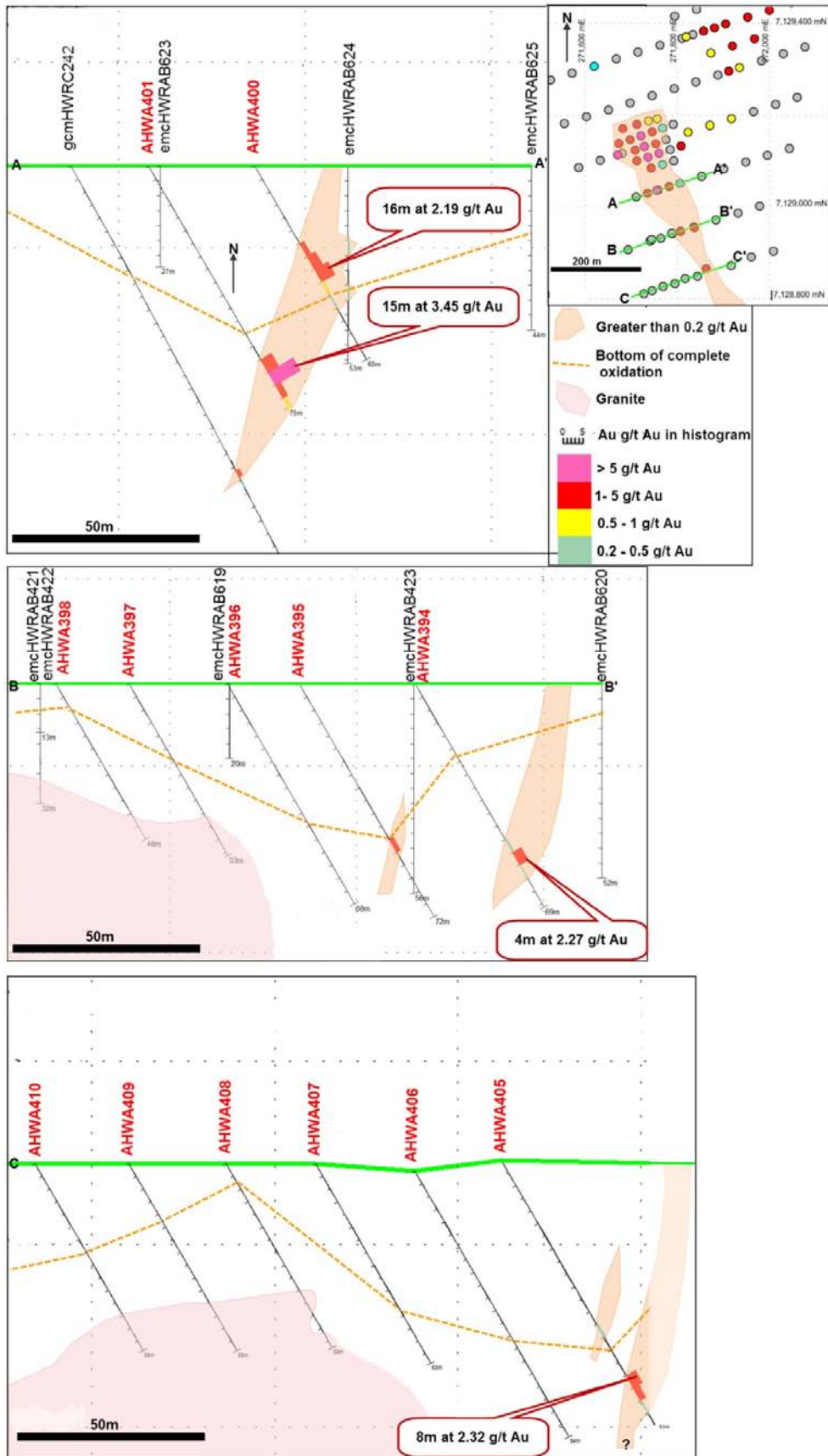


Figure 4. Filly Southwest southern extensions - Drill hole cross-sections.

## Mustang Prospect

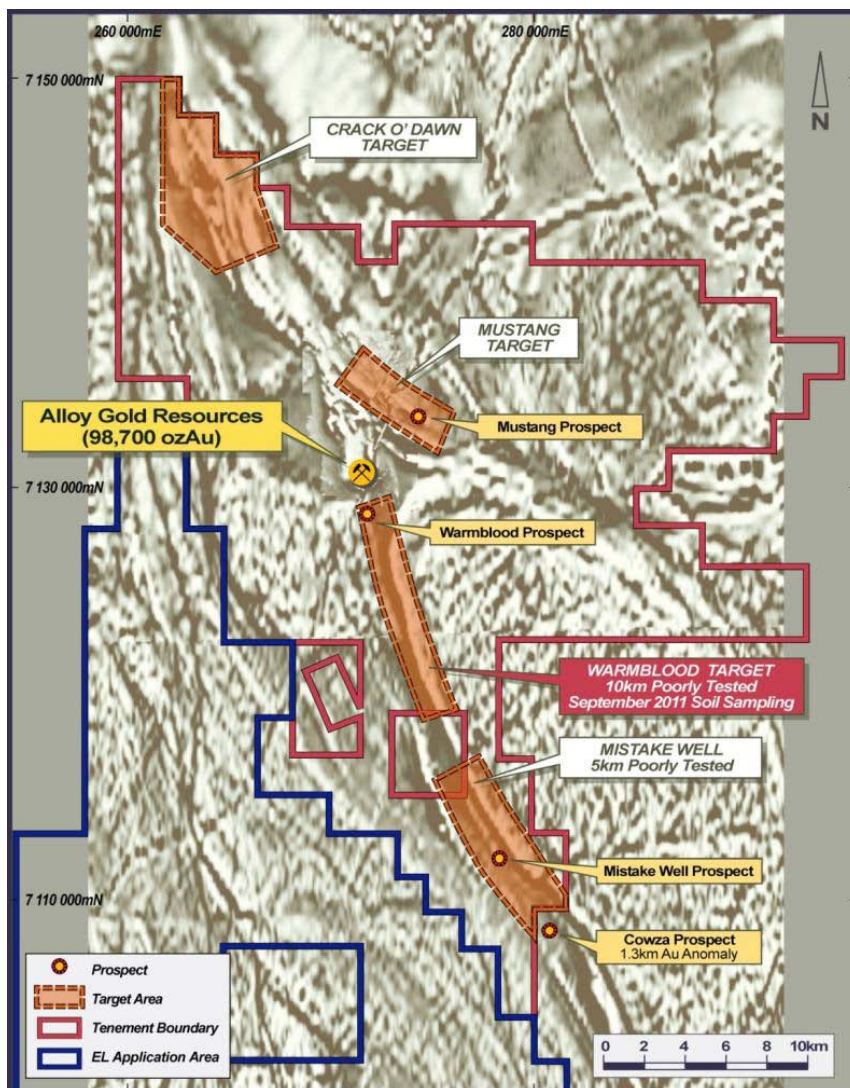
This quarter's air core drilling program also followed up anomalous gold intersections from previous drilling at the Mustang prospect, where drilling last quarter returned some encouraging intersections:

- AHWA310 12 metres @ 1.6 g/t Au from 48 metres depth, including 4 metres @ 4.5 g/t Au from 56 metres, and
- AHWA309 8 metres @ 0.44 g/t Au from 32 metres depth.

A total of 27 angled holes were drilled on 100 or 50 metre spaced lines and on 25 to 50 metre centres to test gold mineralisation within a 400 metre by 200 metre area. Results are pending.

## Warmblood South

During the quarter, a total of 365 soil samples and 18 rock chip samples were collected from the Warmblood South area (Figure 5). Soil samples were collected on a 400 metre by 100 metre grid pattern over a narrow greenstone belt at the southern end of the Horse Well Project, where residual soils were present. No assay results have been received to date.



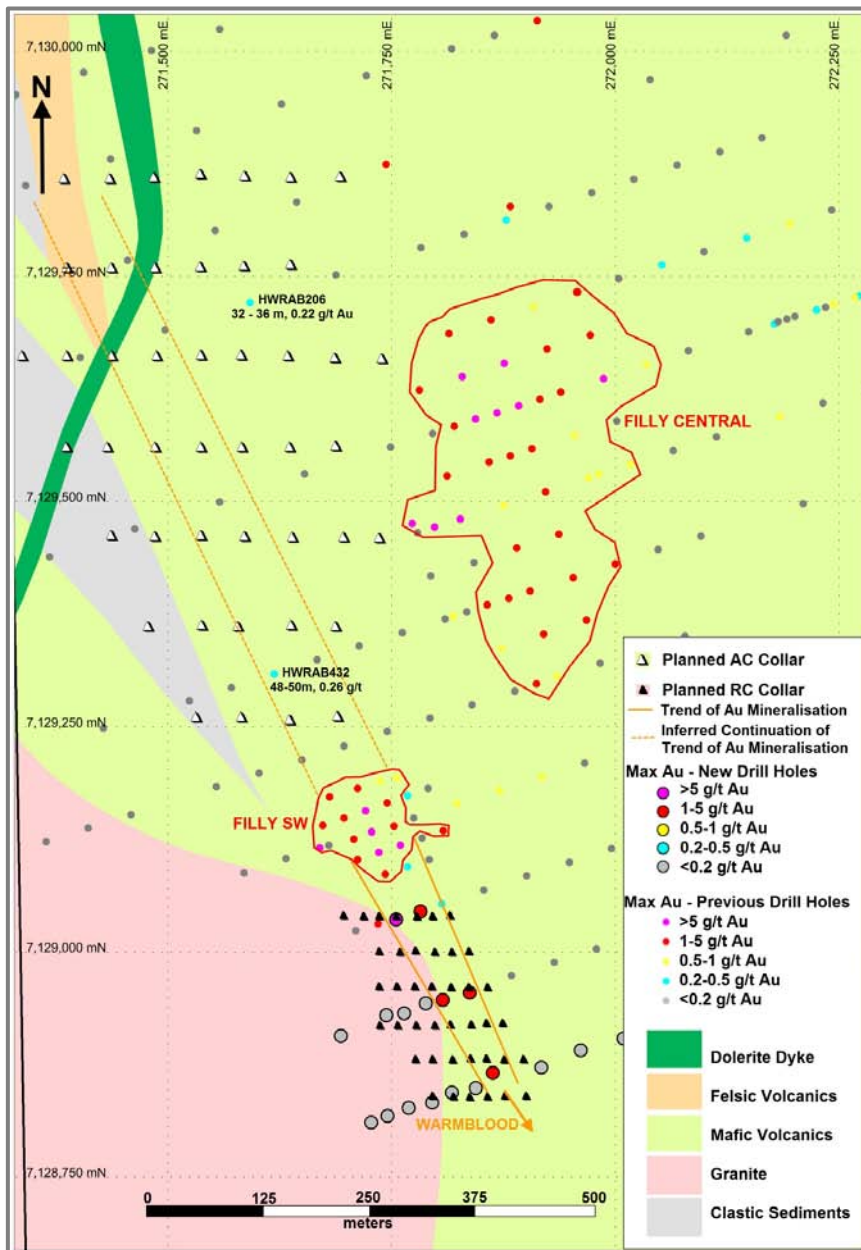
**Figure 5.** Warmblood South and other target areas at Horse Well.

## Future Exploration Activities

The Company is optimistic about the potential for new discoveries on the Warmblood trend and is finalising plans to complete two new phases of drilling in late November to early December (Figure 6);

1. RC drilling covering a 250 metre strike length south of the Filly Southwest prospect along the Warmblood gold mineralised trend.
2. Angled air-core drilling over a 750 metre strike length north of the Filly Southwest prospect on the Warmblood trend.

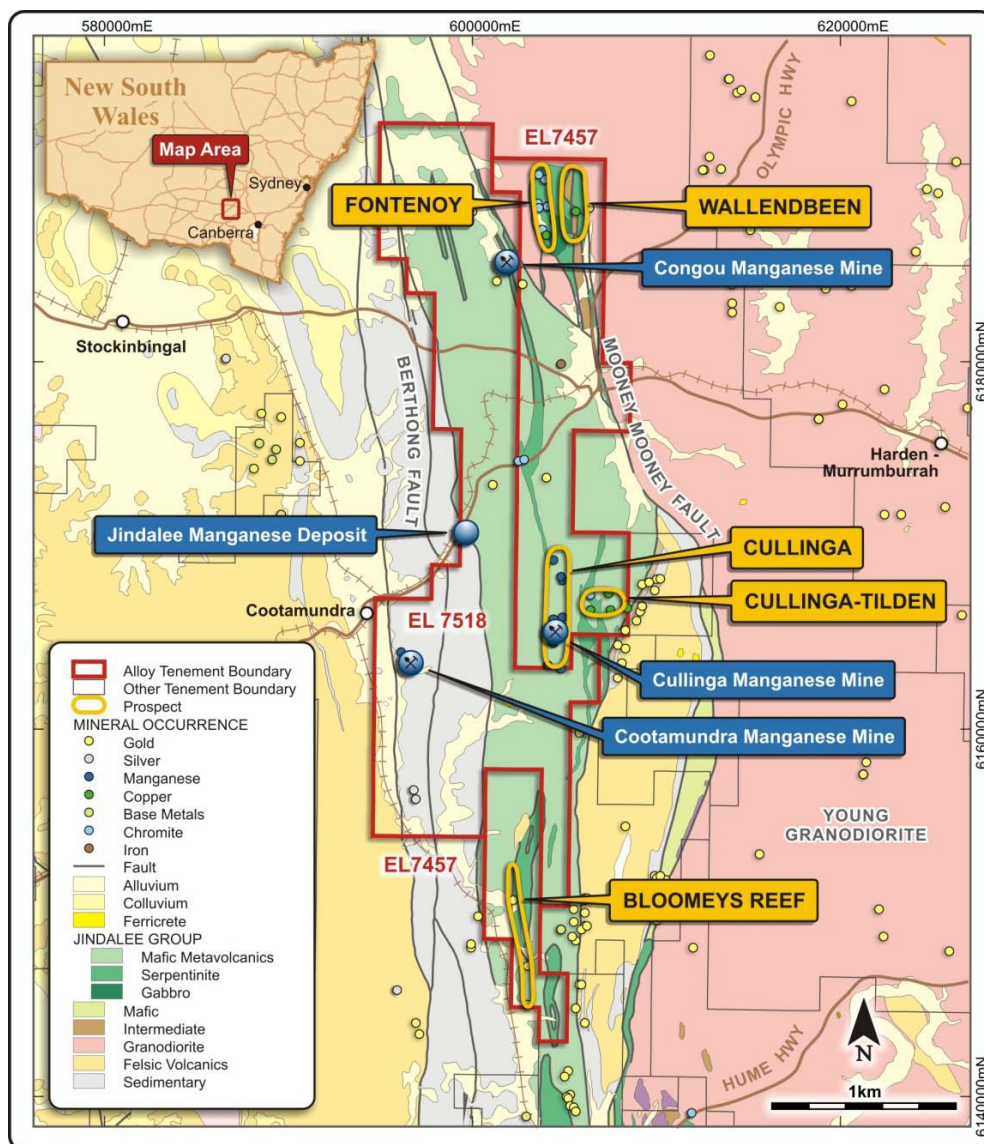
Given that this recent drilling program has shown that mineralisation has little horizontal dispersion, the Company will reassess historical wide spaced drilling to see if the Warmblood trend may be more extensive than previously known, with a view to testing this trend with further angled air-core drilling. The Company regards the new discoveries at Horse Well this year as also justifying re-assessment of historical prospects, such as Bronco, that have not seen any additional exploration drilling since definition by Eagle Mining in 1997.



**Figure 6.** Warmblood - Filly Southwest trend with planned drilling.

## COOTAMUNDRA 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 and Base Metal belt, hosting a number of mines, such as North Parkes, Cowal, Copperhill, Temora, Cobar 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 7).



**Figure 7. Cootamundra Tenements and Geology**

### Copper-Gold Prospects

The Company has continued to review historical exploration for copper-gold mineralisation within the project area, principally at Wallendbeen where exploration in the 1980's and 1990's defined an 8 kilometre long copper and gold mineralised zone associated with the Yandilla volcanics. The Fontenoy serpentinite has also been found to have elevated copper and gold geochemistry in this area.

### **Future Exploration Activities**

Local consulting geologists will continue to compile and analyse data and a final review of copper-gold targets will be completed after which the Company will consider further exploration of these or divestment of the project.

## 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 15<sup>th</sup> 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.

During the quarter the Company continued to review options to realise value from The Barrytown Project and has commenced discussions with parties expressing an interest in either a purchase or joint venture.

## FINANCE

At 30 September 2011, the Company had cash reserves of \$1,016,000.

On the 9 September the Company held a General Meeting of Shareholders and passed 5 resolutions including the Election of Mr Viner as a Director, approval of Grant of Options and Performance Rights to Mr Viner. In addition the meeting ratified a Prior Issue of Securities and approved a capacity for Directors to place shares within 3 months to raise up to \$2.5 million. Directors were authorised to Participate in the Placement up to defined levels.

On 3 October 2011 the Company announced a placement of 40 million shares at 2.5c to raise \$1 million before costs.

For and on behalf of the Board,



***For further information contact:***

**Andrew Viner**

Managing Director

Telephone: +61 89316 9100

[www.alloyres.com](http://www.alloyres.com)

**Table 2.** Horse Well Gold Resources

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

**Exploration Results**

The information in this report which relates to Exploration Results is based on information compiled by Andrew Viner, a Director of Alloy Resources Limited and who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Viner 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." Mr Viner consents to the inclusion in the report of the matters based on this 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.

**Mineral Resources**

The resources in this report are based on work carried out by Dr. S. Carras FAusIMM 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.

# 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 September 2011

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(170)	(170)
(b) development	-	-
(c) production	-	-
(d) administration	(49)	(49)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	14	14
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
<b>Net Operating Cash Flows</b>	<b>(205)</b>	<b>(205)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a)prospects	-	-
(b)equity investments	-	-
(c) other fixed assets	(2)	(2)
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)	-	-
<b>Net investing cash flows</b>	<b>-</b>	<b>-</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(207)</b>	<b>(207)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(207)	(207)
	<b>Cash flows related to financing activities</b>		
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 – Share Issue Expenses	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(207)	(207)
1.20	Cash at beginning of quarter/year to date	1,223	1,223
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>1,016</b>	<b>1,016</b>

**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	136
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 and Remuneration of Directors- \$113,000
ii)	Consulting and Geophysical analysis costs paid to Resource Potentials Pty Ltd an entity related to Dr Jayson Meyers - \$11,000
iii)	Accounting and company secretarial fees paid to Endeavour Corporate an entity related to Mr Kevin Hart - \$12,000

**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
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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
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+ 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	600
4.2 Development	-
4.3 Production	-
4.4 Administration	100
<b>Total</b>	<b>700</b>

### 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	18	25
5.2 Deposits at call	998	1,198
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)	<b>1,016</b>	<b>1,223</b>

*Subsequent to the end of the September quarter the Company has completed a \$1 million Placement.*

### 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		

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

6.2 Interests in mining tenements acquired or increased	E53/1639	Application	0%	100%
	E53/1640	Application	0%	100%
	E53/1641	Application	0%	100%
	E53/1642	Application	0%	100%

**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 <b>Preference securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	146,044,870	146,044,870		Fully paid
7.4 Changes during quarter (a) Increases through: Shares Issued				
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	4,000,000	-	<i>Exercise price</i> 25 cents each	<i>Expiry date</i> 30 November 2012
7.8 Issued during quarter	-	-	-	-
7.9 Exercised during quarter	-	-	-	-
7.10 Expired during quarter	-	-	-	-

+ See chapter 19 for defined terms.

7.11	<b>Debentures</b> <i>(totals only)</i>			
7.12	<b>Unsecured notes</b> <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: 31 October 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 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting 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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+ See chapter 19 for defined terms.