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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

BARRYTOWN MINERAL SANDS PROJECT, NEW ZEALAND

- **EXPLORATION PERMIT EL 51803 HAS BEEN GRANTED**
- **80 to 100 MILLION TONNE MINERAL SANDS EXPLORATION TARGET CONFIRMED**

BARRYTOWN PROJECT

Alloy Resources Limited (ASX: AYR) is pleased to announce that it has been granted EL 51803 over the Barrytown Mineral Sands deposits located on the South Island of New Zealand, 28 kms north of the port of Greymouth.

The exploration licence area comprises a coastal lowland strip up to 1.5 km wide within a coastal embayment that stretches over 17 km from Razorback Point in the north to Seventeen Mile Bluff in the south (Figure 1). Most of the area lies below an elevation of 20 m above sea level and is backed to the east by steep slopes along an old sea cliff.

EXPLORATION TARGET 80 – 100 MILLION TONNES MINERAL SANDS

Alloy Resources Limited engaged the services of a Consultant Geologist with expertise in the evaluation of mineral sands deposits to review the extensive open file data on the Barrytown Mineral Sands Project; which includes results from bulk sampling and over 1,400 drill holes undertaken during the period 1966 to 1990.

The data review has outlined an Exploration Target, where mineralisation tonnage and grade was determined by historic records and indicates a mineral sands target of **80 to 100 million tonnes at a grade range of 11 to 13% ilmenite** (4% ilmenite lower cut-off). This exploration target is based upon drilling results and estimates made by previous tenement holders, as well as new aeromagnetic data that indicates continuation of known mineralization between widely spaced drilling programs. Both sources of information have been reviewed and confirmed as part of the independent modelling study commissioned by Alloy Resources. The company is continuing to review the historic exploration data to determine if a JORC compliant mineral resource can be quantified

The exploration target mineralization 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 programmes will be designed to improve confidence to meet this expectation, but it remains uncertain if further exploration will result in the determination of a Mineral Resource.

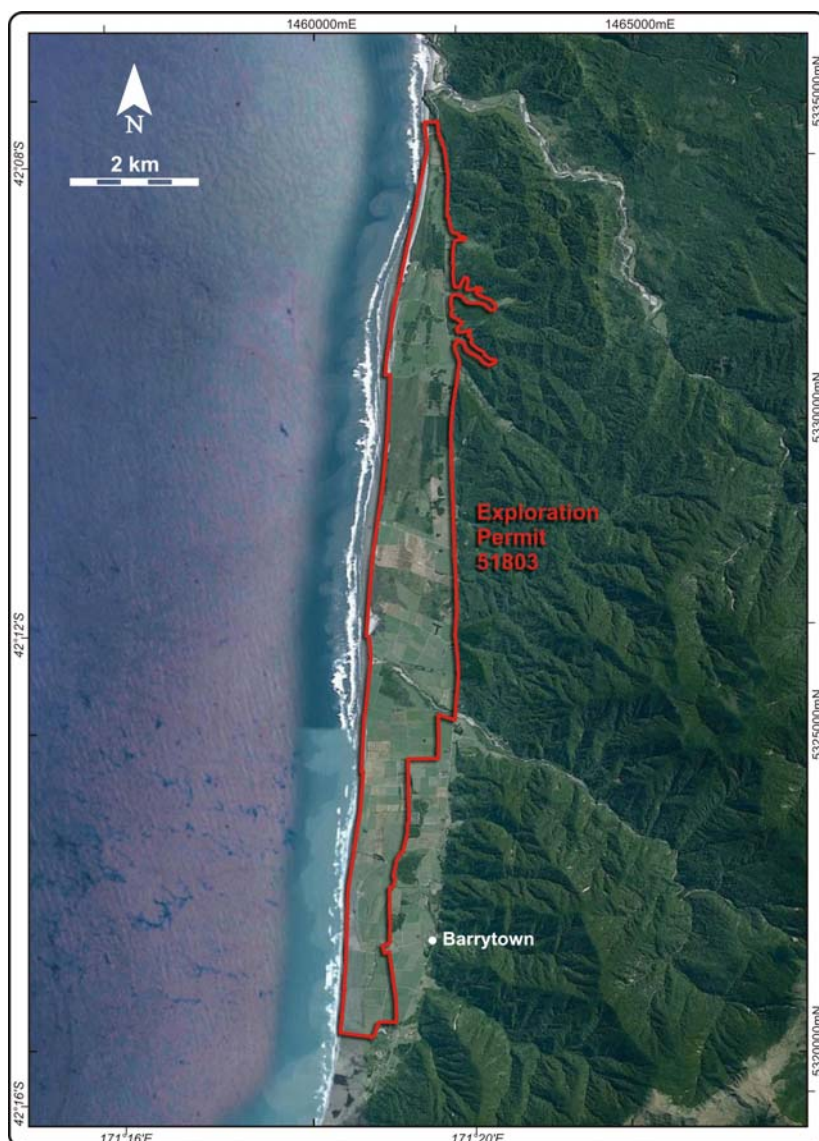


Figure 1 Location of Alloy's tenement EL 51803.

PROPOSED EXPLORATION PROGRAMS

- ❖ Ongoing review of historical exploration and mining feasibility data to establish a JORC mineral resource statement for the project.
- ❖ Review of historical metallurgical test work on ilmenite and the recoveries of the zircon, rutile and gold.
- ❖ Review application of new technologies to upgrade TiO_2 from ilmenite and recover gold and other minerals during production of ilmenite concentrate.
- ❖ Carry out drilling for resource delineation in areas with poor exploration data coverage.
- ❖ Design a sampling and metallurgical testing program based on the outcome of the above.

The information in this report which relates to Exploration Results 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.

For further information contact:

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