

5 March 2010

Company Announcements Office  
Australian Securities Exchange Limited  
20 Bridge Street  
Sydney NSW 2000

Dear Sir/Madam

**NON-RENOUCEABLE ENTITLEMENT ISSUE AND APPENDIX 3B**

**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

On 19 February 2010 the Company announced an opportunity for the holders of shares in the Company (**Shareholders**) to participate in a non-renounceable pro-rata Entitlement issue.

Pursuant to the Entitlement Issue, the Company will issue up to 42,348,290 new fully paid ordinary shares at 2.5 cents per share to raise up to \$1,059,000 (before costs). The New shares will be offered on the basis of 1 New share for every 2 shares held in the capital of the Company at the Record Date (**Entitlement**).

The New shares will be fully paid and will rank equally with the company's existing issued Shares. The Company will make an application to the Australian Securities Exchange Limited (ASX) for official quotation of the New Shares.

**Key dates**

With respect to the Entitlement Issue, the Company will accept applications until 5.00pm WST on Tuesday, 6 April 2010 or any other date the Directors in their absolute discretion determine, subject to the requirements of the Corporations Act, the ASX Listing Rules and other applicable law. An indicative timetable for the Entitlement Issue is as follows:

Announcement of Entitlements Issue on ASX	19 FEBRUARY 2010
Lodgement of Prospectus with ASIC And ASX	5 MARCH 2010
Notice of Entitlements Issue sent to security holders	9 MARCH 2010
Shares quoted on an "ex" basis	10 MARCH 2010
Record Date for Determining Entitlement to New Shares	16 MARCH 2010
Prospectus and Entitlement and Acceptance Form Despatched to Eligible Shareholders	19 MARCH 2010
Offer Opens	19 MARCH 2010
Closing Date for Receipt of Acceptances and Application Monies *	6 APRIL 2010
Shortfall Offer Opens	6 APRIL 2010
Anticipated Date for Allotment and Issue of New Shares*	14 APRIL 2010
Despatch of Holding Statements*	14 APRIL 2010
Last day to issue New Shares under the Shortfall Offer	14 JULY 2010

\* The Dates set out are subject to change. The Company reserves the right, subject to the Corporations Act, the ASX Listing Rules and other applicable law, to amend this timetable.

A Prospectus and an Appendix 3B with respect to the Entitlement Issue follows.

Yours sincerely

**ALLOY RESOURCES LIMITED**



**Kevin Hart**  
Company Secretary

# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

**Alloy Resources Limited**

ABN

20 109 361 195

We (the entity) give ASX the following information.

### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |  |   |
|---|--|---|
| 1 | +Class of +securities issued or to be issued   | Ordinary fully paid shares                                      |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued  | 42,348,290 shares<br>(To be confirmed depending on acceptances) |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) |   |

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+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	<p>Upon closure of the offer, the shares to be issued will rank equally with those already on issue.</p>				
<p>5 Issue price or consideration</p>	<p>2.5 cents each</p>				
<p>6 Purpose of the issue          (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Proceeds from the placement will be used to fund exploration and evaluation activities and provide working capital.</p> <p>Refer to Prospectus dated 5 March 2010.</p>				
<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<p>To be advised</p>				
<p>8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th data-bbox="716 1270 1000 1304">Number</th> <th data-bbox="1005 1270 1273 1304">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="716 1310 1000 1503">127,044,870 (To be confirmed depending on acceptances)</td> <td data-bbox="1005 1310 1273 1503">Ordinary Fully paid Shares</td> </tr> </tbody> </table>	Number	+Class	127,044,870 (To be confirmed depending on acceptances)	Ordinary Fully paid Shares
Number	+Class				
127,044,870 (To be confirmed depending on acceptances)	Ordinary Fully paid Shares				

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+ See chapter 19 for defined terms.

	Number	+Class				
9	Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	<table border="1"> <tr> <td>250,000</td> <td>Unlisted employee options exercisable by payment of 20 cents each on or before 25 July 2011.</td> </tr> <tr> <td>4,000,000</td> <td>Unlisted director options exercisable by payment of 25 cents each expiring 30 November 2012;</td> </tr> </table>	250,000	Unlisted employee options exercisable by payment of 20 cents each on or before 25 July 2011.	4,000,000	Unlisted director options exercisable by payment of 25 cents each expiring 30 November 2012;
250,000	Unlisted employee options exercisable by payment of 20 cents each on or before 25 July 2011.					
4,000,000	Unlisted director options exercisable by payment of 25 cents each expiring 30 November 2012;					
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A				

## Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	No
12	Is the issue renounceable or non-renounceable?	Non-renounceable
13	Ratio in which the +securities will be offered	1 for 2
14	+Class of +securities to which the offer relates	Ordinary securities
15	+Record date to determine entitlements	16 March 2010
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	Yes
17	Fractions will be rounded down	N/A
18	Names of countries in which the entity has +security holders who will not be sent new issue documents  Note: Security holders must be told how their entitlements are to be dealt with.  Cross reference: rule 7.7.	All countries with the exception of Australia and New Zealand.
19	Closing date for receipt of acceptances or renunciations	6 April 2010

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of <sup>+</sup> security holders	N/A
25	If the issue is contingent on <sup>+</sup> security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	19 March 2010
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	Unlisted Option holders only – notice date: 5 March 2010
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do <sup>+</sup> security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do <sup>+</sup> security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A
32	How do <sup>+</sup> security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	<sup>+</sup> Despatch date	14 April 2010

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+ See chapter 19 for defined terms.

### Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

34 Type of securities  
(tick one)

(a)  Securities described in Part 1

(b)  All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

### Entities that have ticked box 34(a)

#### Additional securities forming a new class of securities

*Tick to indicate you are providing the information or documents*

35  If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36  If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories  
1 - 1,000  
1,001 - 5,000  
5,001 - 10,000  
10,001 - 100,000  
100,001 and over

37  A copy of any trust deed for the additional +securities

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+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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**Entities that have ticked box 34(b)**

38 Number of securities for which  
 +quotation is sought 

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39 Class of +securities for which  
 quotation is sought 

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40 Do the +securities rank equally in all  
 respects from the date of allotment  
 with an existing +class of quoted  
 +securities?

If the additional securities do not  
 rank equally, please state:

- the date from which they do
- the extent to which they  
 participate for the next dividend,  
 (in the case of a trust,  
 distribution) or interest payment
- the extent to which they do not  
 rank equally, other than in  
 relation to the next dividend,  
 distribution or interest payment

--

41 Reason for request for quotation  
 now

Example: In the case of restricted securities, end of  
 restriction period

(if issued upon conversion of  
 another security, clearly identify that  
 other security)

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	Number	+Class
42	Number and +class of all +securities quoted on ASX (including the securities in clause 38)	

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+ See chapter 19 for defined terms.

**Quotation agreement**

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
  
- 2 We warrant the following to ASX.
  - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
  
  - There is no reason why those +securities should not be granted +quotation.
  
  - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.  
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
  
  - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
  
  - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
  
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
  
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:  ..... Date: 5 March 2010  
Company secretary

Print name: Kevin Hart

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+ See chapter 19 for defined terms.



**ABN 20 109 361 195**

# **PROSPECTUS**

Prospectus for a 1 for 2 non-renounceable pro rata offer of up to 42,348,290 new fully paid ordinary shares at 2.5 cents per share to raise up to approximately \$1,059,000.

**THIS OFFER CLOSSES AT 5.00PM WST ON 6 APRIL 2010 UNLESS EXTENDED.  
VALID ACCEPTANCES MUST BE RECEIVED BEFORE THAT TIME.**

Please read the instructions in this Prospectus and on the accompanying Entitlement and Acceptance Form regarding the acceptance of your Entitlement.

This is an important document and requires your immediate attention. It should be read in its entirety. If you are in doubt about what to do, you should consult your professional adviser without delay. The securities offered by this prospectus are of a speculative nature.

## IMPORTANT INFORMATION

### Lodgement

This Prospectus is dated 5 March 2010 and was lodged with the ASIC on that date. The ASIC and ASX take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

### Expiry date

No New Shares will be issued under this Prospectus later than 13 months after the date of this Prospectus.

### Investment Decision

This document is important and requires your immediate attention. Applicants should read this Prospectus in its entirety before deciding to participate in the Issue. The Offer contained in this Prospectus does not take into account the investment objectives, financial situation and particular needs of the investor. In particular, in considering the prospects of the Company, you should consider the risk factors that could affect the financial performance of the Company in light of your personal circumstances (including and financial issues). If after reading this Prospectus you have any questions about the Issue, you should contact your stockbroker, solicitor, accountant or professional adviser.

### Disclaimer

No person named in this Prospectus, nor any other person, guarantees the performance of the Company, the repayment of capital or the payment of a return on the New Shares. The New Shares offered by this Prospectus should be considered speculative. Please refer to Section 4 for details relating to investment risks. No person is authorised to give any information or to make any representation in connection with the Offer described in this Prospectus, which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer.

### Prospectus available for inspection

A copy of this Prospectus is available for inspection at the registered office of the Company at Suite 6, 7 The Esplanade, Mt Pleasant, Western Australia, during normal business hours. The Company will provide a copy of this Prospectus to any person on request. The Company will also provide copies of other documents on request (see Section 6.3).

### Quotation on ASX

The Company will apply to ASX, within 7 days of the date of this Prospectus, for quotation of the New Shares offered by this Prospectus.

### Entitlement and Acceptance Form

Applications for New Shares can only be submitted on an original Entitlement and Acceptance Form attached to and forming part of this Prospectus. The Entitlement and Acceptance Form sets out an Eligible Shareholder's entitlement to participate in the Issue.

### Exclusive of GST

Revenues and expenditures disclosed in this Prospectus are recognised exclusive of the amount of goods and services tax, unless otherwise disclosed.

### Foreign Shareholders

No action has been taken to permit the offer of New Shares under this Prospectus in any jurisdiction other than Australia and New Zealand. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. This Prospectus does not constitute an offer of New Shares in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

### **Personal Information Collected**

The Company collects information about each Applicant provided on an Entitlement and Acceptance Form (**Form**) for the purposes of processing the application and, if the application is successful, to administer the Applicant's security holding in the Company. By submitting a Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the share registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities. If you do not provide the information required on the Form, the Company may not be able to accept or process your application.

An Applicant has a right to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

### **Forward Looking Information**

Some of the statements appearing in this Prospectus may be in the nature of forward looking statements, including without limitation, statements of current intention, statements of opinion, and predictions as to possible future events. You should be aware that such statements are not statements of fact and there can be no certainty of outcome in relation to the matters to which the statements relate.

Forward looking statements are subject to many inherent risks and uncertainties before actual outcomes are achieved. Those risks and uncertainties include factors and risks specific to the industry in which Alloy operates as well as general economic conditions, interest rates, exchange rates and conditions in the financial markets. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and any variation may be materially positive or negative. Forward looking information are subject to uncertainty and contingencies, many of which are outside the control of the Company.

None of Alloy, the officers of Alloy, any persons named in this Prospectus with their consent or any person involved in the preparation of this Prospectus makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward looking statement. The forward looking statements in this Prospectus reflect views held only as at the date of this Prospectus.

Any subsequent written and oral forward looking statements attributed to Alloy or any person acting on its behalf are qualified by this cautionary statement.

### **Currency and Time**

All currency in this Prospectus is denominated in Australian Dollars unless otherwise stated. All times stated are Australian Western Standard Time (Perth time).

### **Glossary**

Certain terms and abbreviations used in the Prospectus have defined meanings, which are explained in the Glossary of Terms in Section 8.

## CORPORATE DIRECTORY

### Directors

Peter Harold	Non Executive Chairman
Peter Hepburn-Brown	Managing Director
Dr Jayson Meyers	Non Executive Director
Kevin Hart	Director

### Company Secretary

Kevin Hart

### Principal Place of Business and Registered Office

Suite 6, 7 The Esplanade  
Mt Pleasant, Western Australia 6153  
Telephone - 61 8 9316 9100  
Facsimile - 61 8 9315 5475

### Share Registry \*

Security Transfer Registrars Pty Ltd  
770 Canning Highway  
Applecross, Western Australia 6153

\* Name included for information purposes only.

### Stock Exchange

The Company's securities are quoted on the Official  
List of Australian Securities Exchange Ltd  
The home branch is Perth  
ASX Code: AYR

## PROPOSED TIMETABLE

Announcement of Entitlements Issue on ASX	19 FEBRUARY 2010
Lodgement of Prospectus with ASIC And ASX	5 MARCH 2010
Notice of Entitlements Issue sent to security holders	9 MARCH 2010
Shares quoted on an "ex" basis	10 MARCH 2010
Record Date for Determining Entitlement to New Shares	16 MARCH 2010
Prospectus and Entitlement and Acceptance Form Despatched to Eligible Shareholders	19 MARCH 2010
Offer Opens	19 MARCH 2010
Closing Date for Receipt of Acceptances and Application Monies *	6 APRIL 2010
Shortfall Offer Opens	6 APRIL 2010
Anticipated Date for Allotment and Issue of New Shares*	14 APRIL 2010
Despatch of Holding Statements*	14 APRIL 2010
Last day to issue New Shares under the Shortfall Offer	14 JULY 2010

\* Subject to the Listing Rules, the Directors reserve the right to extend the Closing Date for the Offer. Any extension of the Closing Date will have a consequential effect on the anticipated date for allotment and issue of the New Shares.

## LETTER FROM THE CHAIRMAN

Dear Shareholder

On behalf of the Directors of Alloy Resources Limited (**Alloy** or the **Company**), I invite you to make a further investment in your Company.

The Company is offering all its Eligible Shareholders the right to subscribe for one New Share for every two Shares held on 16 March 2010 at an issue price of 2.5 cents per New Share to raise up to \$1,059,000.

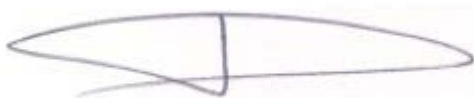
On 19 February 2010 the Company announced to the ASX a placement of 11 million Shares at 2.5 cents each pursuant to the 15% placing facility under the Listing Rules. The Company also announced on that day that a non-renounceable Entitlement Issue would be offered to Shareholders on the same terms as the placement. The attached Prospectus sets out your Entitlement to participate in the Issue.

A maximum number of 42,348,290 New Shares will be issued under the Issue and it will raise a maximum of \$1,059,000 if all Entitlements are taken up. Proceeds from the Issue will be used to fund exploration and evaluation programs at the Company's Horse Well, Barrytown and Cootamundra Projects and provide working capital.

The Issue is not underwritten but the Directors have reserved the right to place any Shortfall Shares arising from the Issue and the Shortfall Offer.

I encourage you to read this Prospectus fully as it contains detailed information about Alloy and the risks of investing in Alloy. At the time of lodging this Prospectus, it was the intention of all your Directors to participate fully and to take up their maximum Entitlement under this Offer. Accordingly, I encourage your participation in this Issue. Should you wish to discuss any aspect of this capital raising, please do not hesitate to contact myself, my fellow Directors or the Company Secretary, Kevin Hart on (08) 9316 9100.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'Peter Harold', written over a horizontal line.

Mr Peter Harold  
*Chairman*

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## 1 Details of the Offer

### 1.1 The Offer

The Company is making a non-renounceable pro-rata offer of New Shares to existing Eligible Shareholders on the basis of 1 New Share for every 2 Shares held at 5.00 pm (WST) on 16 March 2010 ("Record Date") at the issue price of 2.5 cents per New Share.

Based on the capital structure of the Company as at the date of this Prospectus and assuming that no Options are exercised prior to the Record Date, a maximum of 42,348,290 New Shares will be issued pursuant to this Prospectus ("Issue").

Where the determination of the entitlement of any Eligible Shareholder results in a fraction of a New Share, such fraction will be rounded down to the nearest whole New Share.

Please refer to Sections 6.1 for a summary of the rights attaching to the New Shares.

### 1.2 Purpose of the Issue

The Issue will raise up to approximately \$1,058,707 (on the basis of full subscription of the Issue) before costs of the Issue.

The proceeds from this Issue will be used to fund the Company's exploration and evaluation programs and provide working capital, refer to Section 5.3.

### 1.3 Your Entitlement and Acceptance

The number of New Shares to which an Eligible Shareholder is entitled is set out in the Entitlement and Acceptance Form, which accompanies this Prospectus. Eligible Shareholders may accept their Entitlement in whole or in part. If you decide not to accept your Entitlement, it will lapse and may be placed by the Directors as Shortfall Shares in accordance with Section 1.4 of this Prospectus.

It is important that you consider this Offer carefully. If you decide to accept your Entitlement (either in whole or in part), you must do so in accordance with the instructions set out on the accompanying Entitlement and Acceptance Form and Section 1.8 of the Prospectus.

Eligible Shareholders may also apply for New Shares in excess of their Entitlement. Please note that New Shares in excess of Entitlements will only be allocated to Eligible Shareholders if there are sufficient New Shares from Eligible Shareholders who do not take up their full Entitlement. Whilst Directors intend to deal with applications for New Shares in excess of their Entitlement in a fair and equitable manner, the Directors reserve the right at their absolute discretion to allot to an Eligible Shareholder additional New Shares of a lesser number than applied for or to reject an application for additional New Shares.

If you are in doubt as to the course of action, you should consult your professional adviser.

### 1.4 Placement of Shortfall Shares

A Shortfall arises if the actual number of applications received for New Shares under the Issue is less than the number of New Shares offered under the Offer.

If there is a Shortfall after the Closing Date, the Directors reserve the right, subject to the requirements of Exception 3 in Listing Rule 7.2, to place any of the remaining Shortfall Shares.

The Shortfall Offer is a separate offer, which is made pursuant to this Prospectus. The Shortfall will be placed by the Directors on a "best endeavour basis". The Shortfall Offer will remain open for up to 3 months following the Closing Date. The issue price of the Shortfall Shares shall be 2.5 cents being the price at which the Entitlement has been offered to Eligible Shareholders pursuant to this Offer.

An application for Shortfall Shares can only be made by completing a Shortfall Application Form, which will be sent by the Directors at their discretion to any party who the Directors invite to apply for Shortfall Shares or Shareholder who applies for Shortfall Shares on the Application Form. The Shortfall Application Form will be accompanied by a copy of this Prospectus.

The Directors reserve the right to allot to an Applicant a lesser number of Shortfall Shares than the number, for which the Applicant applies for on their Shortfall Application Form, or to reject an application, or not to proceed with the placing of the Shortfall.

Shortfall Application Forms must be completed in accordance with the instructions contained therein and must be accompanied by a cheque in Australian currency drawn on an Australian bank, made payable to "Alloy Resources Limited Share Account" and crossed "Not Negotiable" for the Application Monies. Cash payments will not be accepted but returned and the application deemed invalid. Receipts for payments will not be issued.

Once a Shortfall Application Form is completed and returned, it is irrevocable and may not be withdrawn or varied by the Applicant. Application Monies are payable in full on application. Completed Shortfall Application Forms together with payment of the Application Monies must be lodged by the date specified by the Directors when sending the Shortfall Application Form (by delivery or by post) at:

Security Transfer Registrars Pty Limited  
770 Canning Highway  
Applecross WA 6153

## 1.5 Opening and Closing Dates

The Issue will be open for receipt of acceptances on 19 March 2010 and close on 6 April 2010 ("**Closing Date**") (unless extended). Completed Entitlement and Acceptance Forms accompanied by payment of Application Monies must be received at Security Transfer Registrars Pty Limited (Perth Office) by 5.00pm (WST) on the Closing Date. Subject to the Corporations Act and the Listing Rules, the Company reserves the right in its absolute discretion, to extend the Issue, close the Issue early or accept late applications either generally or in a particular case.

## 1.6 Minimum Subscription

There is no minimum subscription amount that must be raised under this Prospectus.

## 1.7 Non-Renounceable

As this Offer is non-renounceable, an Eligible Shareholder may not sell or transfer all or part of their Entitlement. Any portion of your Entitlement that you decide not to accept by the Closing Date will lapse and you will receive no benefit.

## 1.8 Entitlement and Acceptance Form

Acceptance of a completed Entitlement and Acceptance Form by the Company creates a legally binding contract between the Applicant and the Company for the number of New Shares accepted by the Company. The Entitlement and Acceptance Form does not need to be signed to be a binding acceptance of New Shares.

If the Entitlement and Acceptance Form is not completed correctly, it may still be treated as valid. The Directors' decision as to whether to treat the acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

## 1.9 Allotment

The Company expects to allot the New Shares on 14 April 2010. Holding statements in relation to the New Shares are also expected to be despatched on 14 April 2010. These dates may change at the Directors' discretion. It is the responsibility of Applicants to determine their allocation prior to trading in the New Shares. Applicants who sell New Shares before they receive their holding statements will do so at their own risk.

Shortfall Shares issued pursuant to the Shortfall Offer will be allotted on a progressive basis. Where the number of Shortfall Shares issued is less than the number applied for, or where no allotment is made, Application Monies will be refunded without any interest to the Application as soon as practicable after the closing date of the Shortfall Offer.

## 1.10 Application Monies Held on Trust

All Application Monies received for the New Shares will be held in trust in a bank account maintained solely for the purpose of depositing Application Monies received pursuant to this Prospectus until the New Shares are issued. All Application Monies will be returned (without interest) if the New Shares are not issued. Any interest earned on the Application Monies will be for the benefit of the Company and will be retained irrespective of whether allotment takes place.

## 1.11 ASX Quotation

Application will be made to ASX no later than 7 days after the date of this Prospectus for the official quotation of the New Shares offered by this Prospectus. If permission is not granted by ASX for the official quotation of the New Shares offered by this Prospectus within 3 months after the date of this Prospectus (or as such longer period as may be permitted by ASIC), the Company will repay, as soon as practicable, without interest, all Application Monies received pursuant to this Prospectus. ASX, its officers and employees, take no responsibility for the contents of the Prospectus, and the fact that ASX may grant quotation of the New Shares is not taken in any way as an indication of the merits of Alloy and the New Shares.

## 1.12 CHESS

The Company participates in the Clearing House Electronic Subregister System, known as CHESS. ASTC, a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and New Shares Clearing House Business Rules.

Under CHESS, Applicants will not receive a certificate but will receive a statement of their holding of New Shares. If you are broker sponsored, ASTC will send you a CHESS statement.

The CHESS statement will set out the number of New Shares and New Options issued under this Prospectus, provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the New Shares.

If you are registered on the Issuer Sponsored subregister, your statement will be despatched by Security Transfer Registrars Pty Ltd and will contain the number of New Shares issued to you under this Prospectus and your security holder reference number.

A CHESS statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time; however, a charge may be made for additional statements.

### 1.13 Foreign Shareholders

The Offer is not being extended to any Shareholders whose registered address is outside Australia or New Zealand. The Company is of the view that it is unreasonable to make the Offer to Shareholders outside Australia and New Zealand, having regard to:

- the number of those Shareholders;
- the number and value of New Shares to be offered to those persons; and
- the substantial cost of complying with overseas legal requirements.

The Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer other than for Shareholders in Australia and New Zealand. The Company is not required to make Offers under the Prospectus to shareholders other than in Australia and New Zealand. Where the Prospectus has been despatched to Shareholders domiciled outside Australia or New Zealand and where the country's securities code or legislation prohibits or restricts in any way the making of the offers contemplated by the Prospectus, the Prospectus is provided for information purposes only.

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up Entitlement under the Issue does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

### 1.14 New Shares

The New Shares will be issued fully paid, and from the date of issue, will rank equally in all respects with the existing Shares currently on issue. By lodging an Entitlement and Acceptance Form or Shortfall Application Form, you agree to comply with the Constitution in respect of the New Shares issued to you. The rights attaching to the New Shares are further described in section 6.1 of this Prospectus.

### 1.15 Market Price of Shares

The highest and lowest market sale prices of the Company's Shares on ASX during the 3 months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest:       \$0.037    12 January 2010

Lowest:        \$0.025    31 December 2009

The latest available market sale price of the Company's Shares on ASX prior to the date of lodgement of this Prospectus with ASIC was \$0.031 per Share on 4 March 2010.

### 1.16 Risk Factors

An investment in New Shares should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are specific risks associated with an investment in the Company, which are set out in Section 4.

Shareholders should note that the Financial Reports of the Company for the full year ended 30 June 2009 have been prepared on a going concern basis. However, the ability of the Company to continue as a going concern and to meet planned and committed expenditure requirements is subject to the Company successfully exploiting the investments and mining projects owned by the Company and/or the raising of further equity and/or loan capital. In the event that the Company is not successful in raising further funds, the realisable value of the entity's non-current assets may be significantly less than their current carrying values and the Company may not be able to continue in its present form.

Shareholders are also directed to read the Company's disclosure on its exploration activities and projects in its quarterly report for the three months ended on 31 December 2009. Please refer to Section 3.1 for further details.

### **1.17 Withdrawal of Prospectus**

The Directors may at any time decide to withdraw the Prospectus, in which case the Company will repay, as soon as practicable (without interest), all Application Monies received pursuant to this Prospectus.

### **1.18 Taxation Implications**

The Directors do not consider that it is appropriate to give Shareholders advice regarding the taxation consequences of subscribing for New Shares under this Prospectus.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders. As a result, Shareholders should consult their professional tax adviser in connection with subscribing for New Shares under this Prospectus.

### **1.19 Enquiries Concerning Prospectus**

Enquiries concerning the Entitlement and Acceptance Form can be obtained by contacting the Company's share registry, Security Transfer Registrars Pty Limited by telephone: +61 8 9315 2333 (within or outside Australia).

Enquiries relating to this Prospectus should be directed to the Company Secretary by telephone on 08 9316 9100 or facsimile on 08 9315 5475.

## 2 Action Required by Shareholders

The number of New Shares to which you are entitled is shown on the accompanying Entitlement and Acceptance Form. The Closing Date for the Offer is 5.00pm WST on 6 April 2010. The Company may, in its absolute discretion, extend the Closing Date. However, Shareholders will be informed of such extension. Shareholders with a registered address outside of Australia and New Zealand should refer to Section 1.13 of the Prospectus as Section 2 does not apply to them.

### 2.1 What you may do

As an Eligible Shareholder, you may:

- subscribe for all of your Entitlement to New Shares (refer to Section 2.2);
- subscribe for part of your Entitlement to New Shares and allow the balance to lapse (refer to Section 2.3);
- subscribe for all of your Entitlement and subscribe for additional New Shares in excess of your Entitlement (refer to Sections 2.2 and 2.4); or
- allow your entire Entitlement to lapse (refer to Section 2.5).

### 2.2 If you wish to subscribe for all of your Entitlement

Should you wish to subscribe for all of your Entitlement, you must complete the Entitlement and Acceptance Form, which accompanies this Prospectus, in accordance with the instructions in this Prospectus and on the Entitlement and Acceptance Form. Payment of the Application Monies, calculated at 2.5 cents per New Share subscribed for, may be made by Electronic Funds Transfer (EFT) or cheque (for further details on Payment, please refer to Section 2.6). Payment (in the form of a cheque) or your bank receipt (if you pay by EFT) must accompany the completed Entitlement and Acceptance Form which must be received by the Company's share registry (by delivery or by post) at the following address by no later than 5:00pm WST on 6 April 2010:

Security Transfer Registrars Pty Limited  
770 Canning Highway  
Applecross WA 6153

### 2.3 If You Wish To Subscribe Part Of Your Entitlement Only

Should you wish to subscribe for part of your Entitlement and allow the balance to lapse, you must complete the Entitlement and Acceptance Form which accompanies this Prospectus by filling in the details in the spaces provided in respect of the number of New Shares you wish to subscribe for in accordance with the instructions in the Entitlement on Acceptance Form. Payment of the Application Monies, calculated at 2.5 cents per New Share subscribed for, may be made by EFT or cheque (for further details on Payment, please refer to Section 2.6 of the Prospectus). Payment (in the form of a cheque) or your bank receipt (if you pay by EFT) must accompany the Entitlement and Acceptance Form which must be received by the Company's share registry (by delivery or by post) at the following address by no later than 5:00pm WST on 6 April 2010:

Security Transfer Registrars Pty Limited  
770 Canning Highway  
Applecross WA 6153

### 2.4 If you wish to subscribe for additional New Shares exceeding your Entitlement

To subscribe for all of your Entitlement, refer to Section 2.2 above. In addition to taking up all of your Entitlement, you may apply for additional New Shares in excess of your Entitlement which will be offered under the Shortfall Offer.

Should you wish to apply for additional New Shares under the Shortfall Offer, then applications for additional New Shares under this Prospectus must be made on the Entitlement and Acceptance Form which accompanies this Prospectus. You must complete the Entitlement and Acceptance Form and fill in details in respect of the additional number of New Shares exceeding your Entitlement that you wish to subscribe for in accordance with the instructions referred to on the Entitlement on Acceptance Form. Payment of the Application Monies, calculated at 2.5 cents per New Share subscribed for, may be made by EFT or cheque (for further details on Payment, please refer to Section 2.6 of the Prospectus). Payment (in the form of a cheque) or your bank receipt (if you pay by EFT) must accompany the Entitlement and Acceptance Form which must be received by the Company's share registry (by delivery or by post) at the following address by no later than 5:00pm WST on 6 April 2010:

Security Transfer Registrars Pty Limited  
770 Canning Highway  
Applecross WA 6153

Directors reserve the right to place New Shares under the Shortfall Offer at their discretion.

## 2.5 Entitlements Not Taken Up

If you do not wish to accept any of your Entitlement, you are not obliged to do anything. In that case, New Shares not accepted by the Closing Date will become Shortfall Shares and you will receive no benefit.

## 2.6 Form of Payment

Your completed Entitlement and Acceptance Form must be accompanied by payment of the Application Monies, which is calculated at 2.5 cents per New Share subscribed for. Payment will only be accepted in Australian currency and may be made by one of the following methods:

- Electronic Funds Transfer method, by following the instructions on the Entitlement and Acceptance Form.
- Bank cheque in Australian dollars drawn on and redeemable at any Australian Bank; or
- Personal cheque in Australian dollars drawn on and redeemable at any Australian Bank.

Cheques or bank cheques should be made payable to "Alloy Resources Limited Share Account" and crossed "Not Negotiable". Cash payments will not be accepted but returned and the application deemed invalid. Receipts for payments will not be issued.

Payment for the New Shares must be made in full at the price of 2.5 cents per New Share. The Company will present the cheque on or around the day of receipt of the Entitlement and Acceptance Form. Accordingly, if a cheque is not honoured upon its first presentation, the Directors reserve the right to reject the relevant Entitlement and Acceptance Form.

If the amount of your cheque for the Application Monies (or the amount for which those cheque(s) clear in time for allocation) is insufficient to pay for the number of New Shares you have applied for in your Entitlement and Acceptance Form, you may be taken to have applied for such lower number of New Shares as your cleared Application Monies will pay for (and to have specified that number of New Shares in your Entitlement and Acceptance Form) or your Application may be rejected.

If the amount that you pay is more than the amount payable for your full Entitlement, you will be taken to have applied for additional New Shares.

## 2.7 Brokerage

No brokerage or stamp duty is payable by the Eligible Shareholder who apply for New Shares under this Prospectus.

## 2.8 Enquiries Concerning Your Entitlement

If you have any queries concerning your entitlement, please contact your stockbroker or professional adviser or please contact:

Security Transfer Registrars Pty Limited  
770 Canning Highway  
Applecross WA 6153

Telephone: +61 8 9315 2333 (within or outside Australia)

### 3 Company Overview

#### 3.1 Background

Alloy Resources Limited was listed on the Australian Securities Exchange on 6 April 2006.

Full details of the Company are available in annual, half yearly and quarterly reports which are available on the website: [www.alloyres.com](http://www.alloyres.com). A summary of the Company's major projects are outlined below.

##### (a) Horsewell Project - Gold

Horse Well is located in the Warburton Mineral Field of Western Australia and is approximately 85 kilometres northeast of the town of Wiluna. It occurs in the northernmost part of the Yandal greenstone belt that hosts a number of multi-million ounce gold projects: Bronzewing and Jundee Gold Mines and 90 kms to the north-east of Apex Mineral's Wiluna Gold Mine.

The greenstone sequence at Horse Well is poorly exposed and in most areas is covered by a thin layer of transported overburden. The greenstone rocks consists of metamorphosed mafic, ultramafic and felsic volcanic rocks. The north-westerly trending Lockeridge Fault is host to a west dipping gold mineralised shear zone system appears to have a regional control on gold mineralisation.

The current gold resources at Horse Well are listed below:

Prospect	JORC Category	Tonnes	Grade (g/t)	Ounces
Palomino	Indicated	607,000	2.6	53,000
Bronco	Indicated	22,078	2.72	1,930
Filly	Indicated	151,199	1.86	9,043
Filly SW	Indicated	62,487	7.07	14,205
<b>Total:</b>		<b>842,764</b>	<b>2.80</b>	<b>78,178</b>

Mapping of the Palomino prospect at 1:1,000 scale has refined Alloy's model for gold mineralisation (moderately north-plunging shoots parallel the stretching lineation) and confirmed potential to extend the resource along strike and down plunge to the north. RC/diamond drilling is planned for Palomino deposit in the March quarter.

In the Filly Central area, mapping at 1:1,000 scale focussed on the possibility that semi-massive sulphides intersected in a historical RC hole (HWRC252), which were logged as pyrite but not assayed for base metals, are associated with VMS (e.g. Golden Grove, Teutonic Bore) or komatiite-hosted nickel sulphide (e.g. Cosmos, Kambalda) mineralisation. Mapping confirmed the presence of silica cap (**massive goethite**) on ultramafic rocks in the vicinity and a sample of lateritised mafic/ultramafic rock (HW004) was assayed. The sample returned Fe (49.86%), Mn (4556ppm), Ba (2568ppm) Ce (35ppm), V (216ppm), Mg (7385ppm) and weakly elevated levels of Ni (800ppm), Co (346ppm), Cu (392ppm), Cr (377ppm), Zn (767) and S (1637ppm).

An RC hole is planned to follow up hole HWRC252, to allow further assessment of this sulphide zone.

The area south of Filly was highlighted as an exploration target in a previous evaluation of Alloy's tenement holding because several structures and gold mineralised trends intersect in the area and drill testing extends only 150m along strike south of the high grade Filly SW resource. Mineralisation at Filly SW is located on the contact between granitoid (to the west) and mafic schist. Mapping at 1:2,000 scale revealed that abundant white quartz veins mark the sheared contact between granite gneiss and residual laterite over greenstone sequences.

Lines of aircore drilling are planned to fully assess the potential of the area.

A number of mineralised areas identified from the geological mapping and previous work are planned to be drilled during the March 2010 Quarter.

At Palomino, drilling is planned to the north of the deposit to follow up the north plunge of the ore zones and to extend a number of holes on Section 20000N which were drilled short of the ore zone and had ore grade at the end of the hole.

At Filly it is planned to drill a twin hole near Hole HWRC252 to follow up the 30m wide semi to massive sulphide zone above the gold intersection. HWRC252 has not been assayed for base metals.

**(b) Cootamundra Project – Gold and Base Metals**

The Company has applied for two exploration licences east, south and north of Cootamundra in the Lachlan Fold Belt. The application is approximately 500 sq kms. Cootamundra is located 110 kms from Dalton, 120 kms northwest of Canberra and 385 kms southwest of Sydney.

The tenements have a number of known historic gold and base metal deposits on them. The Company is waiting for government approval of these applications and anticipates that approval for ELA 3760 could be obtained during the coming quarter.

Alloy's tenement applications are in the Lachlan Fold Belt, which is a well-endowed porphyry Cu-Au belt, hosting a number of mines, such as Northparkes, Cowal, Copper Hill, Temora and Cadia-Ridgeway.

Alloy's plans for this project are:

1. detailed interpretation of previous drilling and other exploration data for new target generation,
2. geological mapping and sampling of old workings and new target areas,
3. conduct a geochemical survey to explore for new zones of Au, Cu, Ni and Mn mineralisation,
4. conduct electromagnetic ground or helicopter based surveys,
5. generate new drilling targets, and
6. drill test targets.

**(c) Barrytown Project – Mineral Sands**

The Company was granted exploration permit EL 51803, over the Barrytown Mineral Sands deposit located on the South Island of New Zealand, 28 kms north of the port of Greymouth during the December quarter.

The Company has engaged the services of a Consultant Geologist with expertise in the evaluation of mineral sands deposits to review all the open file data on the Barrytown Mineral Sands Project, which included results from bulk sampling and over 1,400 drill holes undertaken during the period 1966 to 1990.

Alloy has also engaged an independent consulting company to undertake a Scoping Study on the Barrytown Ilmenite Project to provide a preliminary assessment on the project economics.

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% 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 the Company.

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 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.

The Company plans to undertake the following at Barrytown:

- ❖ Review application of new technologies to upgrade TiO<sub>2</sub> from ilmenite and recover gold and other minerals during production of ilmenite concentrate as part of the scoping study to assess project economics.
- ❖ Design a sampling and metallurgical testing program based on the outcome of the scoping study.

### 3.2 Growth Strategy

The Company's strategy at the Horsewell Project is to build the project's gold resources to sufficient size and grade to justify the economic development of a gold mining operation. The Company also intends to progress its Cootamundra and Barrytown Projects.

The Company will also assess potential acquisitions and joint ventures as opportunities present themselves.

## 4 Risk Factors

Potential investors in the Company should be aware that subscribing for the New Shares involves a number of risks. The risk factors outlined in this Section and elsewhere in this Prospectus should be carefully considered by investors when evaluating an investment in the Company. In addition, investors should appreciate that the value of shares on ASX may rise or fall depending on a range of factors beyond the control of the Company. This is especially the case with companies undertaking mining and exploration activities.

Any of the factors set out in this Section or any other factors identified in this Prospectus may materially affect the financial performance of the Company and the market price of the Shares. To that extent, the Shares carry no guarantee with respect to the payment of dividends, return on capital or the price at which those Shares will trade on the ASX.

The Directors consider that an investment in the Company should be considered speculative due to:

- the volatility in publicly listed entities on world stock markets generally, and of mining and exploration companies in particular; and
- the speculative nature of mining and exploration activities.

While the Company plans to take prudent measures to safeguard from, or mitigate its exposure to these risks, many of the risks are outside of the Company's control.

There are a number of risk factors that investors should consider before deciding whether or not to invest in the New Shares. The principal risk factors include, but are not limited to, the following:

### 4.1 Future Capital Requirements and Going Concern Risk

The Company's activities will require substantial expenditures. There can be no guarantees that the funds raised through the Offer will be sufficient to successfully achieve all the objectives of the Company's overall business strategy. If the Company is unable to use debt or equity to fund expansion after the substantial exhaustion of the net proceeds of the Offer there can be no assurances that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional resources on terms acceptable to the Company or at all. Any additional equity financing may be dilutive to shareholders and any debt financing if available may involve restrictive covenants, which limit the Company's operations and business strategy.

Shareholders should note that the Financial Report of the Company for the year ended 30 June 2009 has been prepared on a going concern basis. However, the ability of the Company to continue as a going concern and to meet planned and committed expenditure requirements is subject to the Company successfully exploiting the investments and mining projects owned by the Company and/or the raising of further equity and/or loan capital. In the event that the Company is not successful in raising further funds, the realisable value of the entity's non-current assets may be significantly less than their current carrying values and the Company may not be able to continue in its present form. The Company's failure to raise capital, if and when needed, could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

Section 5.4 contains details of the unaudited financial position of the Company as of 31 December 2009.

## 4.2 Exploration, Development, Mining Processing and Operating Risks

By its nature, the business of mineral exploration, mine development, mine production, and ore processing undertaken by the Company at its exploration projects or future projects, contain risks. Ultimate and continuous success of these activities is dependant on many factors such as:

- (a) successful exploration and definition and/or acquisition of recoverable and economic deposits;
- (b) successful conclusions to bankable feasibility studies;
- (c) access to adequate capital for project development;
- (d) design and construction of efficient mining and processing facilities;
- (e) securing and maintaining title to tenements;
- (f) obtaining consents and approvals necessary for the conduct of exploration and mining; and
- (g) competent operation and proficient and effective marketing of the mineral products.

The operations of the Company may be disrupted by a variety of risks and hazards which are beyond the control the Company, including environmental hazards, industrial accidents, technical failure, labour disputes, unusual or expected geological conditions, damage, flooding, and extended interruptions due to inclement or hazardous weather conditions, fire explosions and earthquakes.

Significant reductions in the market prices for the Company's saleable commodities may also have a material adverse impact on the Company's positions. These risks and hazards could also result in damage to, or destruction of, production facilities, personal injury, environmental damage, business interruption, monetary losses, and possible legal liability. While the Company currently intends to maintain insurance with ranges of coverage consistent with industry practice, no assurance can be given that the Company will be able to maintain such insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover any such claims.

Most of these issues are only partially subject to the Company's control.

## 4.3 Operating Risks

The current operations at the Company's Projects and future operations of the Company, including exploration, appraisal, and future production activities, may be affected by a range of factors, including:

- (a) adverse geological conditions;
- (b) limitations on activities due to seasonal weather patterns and cyclone activity;
- (c) unanticipated technical difficulties encountered in drilling and production activities;
- (d) mechanical failure of operating plant and equipment;
- (e) industrial and environmental accidents, industrial disputes and other force majeure events;
- (f) unavailability of aircraft or drilling equipment to undertake airborne electromagnetic and other geological and geophysical investigations;
- (g) unexpected shortages or increases in the costs of labour, consumables, spare parts, plant and equipment; and
- (h) inability to obtain consents or approvals.

#### **4.4 Commodity Price and Exchange Rate Risks**

To the extent the Company is involved in mineral production the revenue derived through the sale of commodities may expose the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious commodities, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

#### **4.5 Resource Estimates**

Resource estimates are expressions of judgment based on knowledge, experience, and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

#### **4.6 Environmental Risks**

The operations and activities of the Company are subject to State and Federal laws and regulation concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. The Company endeavours to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

#### **4.7 Native Title and Title Risks**

Interests in tenements in Australia are governed by the respective State legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

It is also possible that, in relation to tenements which the Company has an interest in or will be in the future acquire such an interest, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be affected.

The Directors closely monitor the potential effect of native title claims involving tenements in which the Company has or may have an interest.

#### **4.8 Joint Venture Parties, Agents and Contractors**

The Directors are unable to predict the risk of financial failure or default by a participant in any joint venture to which the Company is or may become a party or the insolvency or managerial failure by any of the contractors used by the Company in any of its activities or the insolvency or other managerial failure by any of the other service providers used by the Company for any activity.

#### **4.9 Occupational Health and Safety Risk**

The Company is committed to providing a healthy and safe environment for its personnel, contractors, and visitors. Mining activities have inherent risks and hazards. The Company provides appropriate instructions, equipment, preventative measures, first aid information, and training to all stakeholders through its occupational, health and safety management systems.

#### **4.10 Potential Acquisitions**

As part of its business strategy, the Company may make acquisitions of or significant investments in companies, products, technologies, or resource projects. Any such future transactions would be accompanied by the risks commonly encountered in making acquisitions of companies, products, technologies, or resource projects.

#### **4.11 Reliance on Key Personnel and need to Attract Qualified Staff**

The Company is dependent on its management and technical personnel, the loss of whose services could materially and adversely affect the Company and impede the achievements of its business objectives.

There can be no assurance that the Company will be able to attract or retain sufficiently qualified personnel on a timely basis or retain its key management personnel.

#### **4.12 Economic Risks**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development, and future production activities, as well as on its ability to fund those activities.

#### **4.13 Market Conditions**

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities and in particular, resource stocks. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

#### **4.14 Security Investments**

Applicants should be aware that there are risks associated with any securities investment. Securities listed on the stock market, and in particular, securities of mining and exploration companies have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. These factors may materially affect the market prices of the securities regardless of the Company's performance.

Mineral exploration and mining are speculative operations that may be hampered by circumstances beyond the control of the Company. Profitability depends on successful exploration and/or acquisition of reserves, design, and construction of efficient processing facilities, competent operation and management and proficient financial management.

Exploration in itself is a speculative endeavour, while mining operations can be hampered by force majeure circumstances and cost overruns for unforeseen events.

#### **4.15 Investment Speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the shares offered under this Prospectus.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for shares pursuant to this Prospectus.

## 5 Effect of the Issue

### 5.1 Current Capital Structure

The Company currently has 84,696,580 Shares on issue.

The Company also has the following Options on issue:

No. of Options	Exercise Price	Option Details	Expiry Date
4,000,000	\$0.25	Unlisted	30 November 2012
250,000	\$0.20	Unlisted	25 July 2011

### 5.2 Capital Structure on Completion of the Issue

#### *Assuming Full Subscription*

Issued Capital	Notes	Number of Shares	Number of Options	Share Capital \$
Issued capital at the date of this Prospectus		84,696,580	4,250,000	9,691,015
Number of New Shares issued pursuant to the Offer	1	42,348,290	-	1,033,700
<b>Maximum number of Shares and Options after the Issue</b>	2	<b>127,044,870</b>	<b>4,250,000</b>	<b>10,724,715</b>

- 1 Assumes that costs associated with the Offer are \$25,000 with proceeds from the Offer being used as set out in Section 5.3.
- 2 The option holders have been notified and given an opportunity to exercise their Options to acquire Shares in the Company in order to participate in the Issue. All the Options are out of the money. Full subscription as set out above assumes no Options are exercised.

### 5.3 Use of Funds

The funds to be raised from the Offer will be applied to the following areas:

Use of Funds	Subscription
<b>Total Raised in the Offer (after costs)</b>	<b>1,034,000</b>
<b>Exploration Work Programmes by Regional Project Area</b>	
Horsewell Project	604,000
Barrytown Project	176,000
Cootamundra Project	154,000
New Project Evaluation and Working Capital	100,000
<b>Funds Applied</b>	<b>1,034,000</b>

To the extent that the funds raised are less than fully subscribed, the Directors will determine the most appropriate level of expenditure by category and project area however, the shortfall will be deducted on a proportionate basis. Given the inherent uncertainties associated with exploration programs, budgets may be altered to accommodate the results of exploration activities as they come to hand.

The expenditures shown above may be subject to change, and will be contingent upon results, circumstances and other opportunities. The Directors are of the opinion that on completion of the Offer there will be sufficient working capital for the Company to meet its stated objectives. Expenses associated with the Offer will be met from current working capital (Refer to Section 6.8). It is the Directors intention to seek to place sufficient number of the Shortfall Shares under the Shortfall Offer to raise the full subscription amount of \$1.059 million.

## 5.4 Pro forma Balance Sheet

To illustrate the financial impact of the Issue on the Company, set out below is the pro forma balance sheet of the Company after completion of the Issue. This is based on the unaudited balance sheet of the Company as at 31 December 2009.

### (a) Pro-forma Adjustments

Note (i) – Cash and Cash Equivalents

Cash and cash equivalents – 31 December 2009	1,194,612
Capital raised with Placement (after costs \$13,750)	261,250
Capital raised with Entitlement Issue (after costs \$25,000)	1,033,700
Cash and cash equivalent – full subscription	<u>2,489,562</u>

Note (ii) – Contributed Equity

Contributed equity – 31 December 2009	9,126,515
Capital raised with Placement (after costs \$13,750)	261,250
Capital raised with Entitlement Issue (after costs \$25,000)	1,033,700
	<u>10,421,465</u>

### (b) Pro-forma Balance Sheet

	UNAUDITED 31 December 2009	Proforma Adjustments	UNAUDITED Proforma Full Subscription
<b>Current assets</b>			
Cash and cash equivalents	1,194,612	(i)	2,489,562
Trade and other receivables	24,189		24,189
<b>Total current assets</b>	<b>1,218,801</b>		<b>2,513,751</b>
<b>Non- current assets</b>			
Property, plant and equipment	8,442		8,442
Other financial assets – security deposit	10,000		10,000
Capitalised mineral exploration and evaluation expenditure	1,382,686		1,382,686
<b>Total non-current assets</b>	<b>1,401,128</b>		<b>1,401,128</b>
<b>Total assets</b>	<b>2,619,929</b>		<b>3,914,879</b>
<b>Current liabilities</b>			
Trade and other payables	19,721		19,721
<b>Total current liabilities</b>	<b>19,721</b>		<b>19,721</b>
<b>Total liabilities</b>	<b>19,721</b>		<b>19,721</b>
<b>Net assets</b>	<b>2,600,208</b>		<b>3,895,158</b>
<b>Equity</b>			
Contributed equity	9,126,515	(ii)	10,421,465
Accumulated losses	(6,851,939)		(6,851,939)
Equity reserve	325,632		325,632
<b>Total equity</b>	<b>2,600,208</b>		<b>3,895,158</b>

### Notes and Assumptions

The key assumptions on which the pro-forma balance sheet is based are as follows:

- Alloy issued 11 million Shares at 2.5 cents per Share pursuant to the Placement. The Placement raised approximately \$275,000 before costs;
- Alloy issues approximately 42,348,000 Shares (at an issue price of 2.5 cents per Share) under the Issue raising net proceeds of approximately \$1.034 million after payment of costs associated with the Issue;
- no Options are exercised prior to the Record Date;
- Alloy incurs transaction costs of \$38,750 for both the Placement and the Issue which have been recognised directly against the Share capital, as a reduction of the proceeds of the Offers;
- the accounting policies adopted in the preparation of the pro forma balance sheet are consistent with the accounting policies adopted and described in the Company's Annual Report for the financial period ended 30 June 2009, and
- Alloy suffers no materially adverse event.

It should be noted that there will usually be differences between estimates and actual results as events and circumstances frequently do not occur as anticipated, and those differences may be material. It is also possible that matters not currently considered to be material assumptions by management may become material in the future.

### 5.5 Future Dividends

As the Company is an exploration company, the Directors are not able to say when and if dividends will be paid in the future, as the payment of any dividends will depend on the future profitability, financial position and cash requirements of the Company. There have been no dividends paid by the Company up to the date of this Prospectus.

## 6 Additional Information

### 6.1 Rights Attaching to New Shares

The New Shares issued by the Company will rank *pari passu* in all respects with the Company's existing Shares.

A summary of the rights attaching to Shares are set out below. The summary is qualified by full terms of the Constitution and does not purport to be exhaustive and constitute a definitive statement of the rights and liabilities of Shareholders. The rights and liabilities attaching to Shares arise from an interaction of the Company's Constitution with statute and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to Shares in specific circumstances, the Shareholder should seek legal advice.

Copies of the Company's Constitution are available for inspection during business hours at the Company's registered office. The clauses of the Constitution contain the internal rules of the Company and define matters such as the rights, duties and powers of its Shareholders and Directors, including provisions to the following effect (when read in conjunction with the Corporations Act or Listing Rules):

#### (a) Shares

The allotment and issue of shares in the capital of the Company by the Company is under the control of the Directors, subject to the Corporations Act, Listing Rules and any rights attached to any special class of shares.

#### (b) Transfer of Shares

The Company participates in the electronic share registration and transfer system known as CHESS operated by ASX under the Security Clearing House Business Rules. Accordingly, the Company will issue holding statements in lieu of share certificates. The Company will not charge any fee for registering a transfer of shares. The Directors may refuse to register a transfer of shares, or request SCH to apply a holding lock to prevent a proper SCH transfer, in the circumstances identified in the Constitution or as otherwise permitted or required under the Corporations Act or Listing Rules.

#### (c) Meetings of Members

Directors may call a meeting of members whenever they think fit. Members may call a meeting as provided by Section 249D of the Corporations Act. The Constitution contains provisions prescribing the content requirements of notices of meetings of members and all members are entitled to a notice of meeting. A quorum for a meeting of members is two natural persons, each of whom is or represents different Shareholders who are eligible to vote.

The Company holds annual general meetings in accordance with the Corporations Act and the Listing Rules.

#### (d) Voting

Subject to any rights or restrictions for the time being attached to any shares or class of shares of the Company, each member of the Company is entitled to receive notice of, attend and vote at a general meeting. Resolutions of members will, in the first instance, be decided by a show of hands unless a poll is demanded. On a show of hands, every Member present in person or by proxy or attorney or representative will have 1 vote.

On a poll, each eligible member has one vote for each fully paid share held and a fraction of a vote for each partly paid share determined by the amount paid up on that share, unless moneys upon such shares are then due and payable in which case no vote can be made in respect of that share.

(e) Directors

Under the provisions of the Constitution, unless changed by the Company in general meeting, the minimum number of Directors is three. The existing Directors and the Company in general meeting may appoint a new Director to fill a casual vacancy or as an addition to the Board but so that the total number of Directors do not exceed ten. Any such Director must retire at the next following annual general meeting under the Constitution, (at which meeting he or she may be eligible for election as a Director). No Director, other than the Managing Director, may hold office for longer than three years without submitting him or herself for re-election at the next following annual general meeting.

The business of the Company is to be managed by or under the direction of the Directors. The Directors are not required by the Constitution to hold any shares in the Company.

(f) Dividends

Subject to any rights attaching to shares which may in the future be issued with special or preferred rights, the Directors may fix the amount, the time for payment and the method of payment of a dividend. Subject to any special rights attaching to shares (such as preference shares), dividends will be paid proportionately to the amounts paid up on shares held by each member. The Company is not required to pay any interest on dividends.

(g) Officers' Indemnities and Insurance

Under the Constitution, to the extent permitted by law, the Company indemnifies every person who is or has been a Director or Secretary of the Company against a liability incurred by that person in his or her capacity as a Director or Secretary provided that the liability does not arise out of conduct involving his or her own dishonesty, negligence, lack of good faith or breach of duty. The Company may also pay the premiums on Directors and officers liability insurance in accordance with Corporations Act.

(h) Winding Up

If on a winding up of the Company there remains a surplus, then under the Constitution and subject to any rights attaching to Shares which may in the future be issued with special or preferred rights, all assets representing the surplus that may be legally distributed among Shareholders shall be so distributed in proportion to the amount paid up on the shares held by each Shareholder.

## 6.2 Continuous Disclosure and documents available for inspection

The Company is a disclosing entity under the Corporations Act. It is subject to regular reporting and disclosure obligations under both the Corporations Act and the Listing Rules. Copies of documents lodged with the ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office.

Those obligations include being required to notify the ASX immediately of any information concerning the Company which it is, or becomes, aware of and which a reasonable person would expect to have a material effect on the price or value of the Shares.

Other documents that are required to be lodged include:

- (a) half yearly reports and annual financial statements, to be provided to ASX within 75 days and 3 months of the end of each half and full year accounting period respectively; and
- (b) quarterly activities reports together with cash flow statements, to be lodged with the ASX within a specified time after the end of each quarterly accounting period.

### 6.3 Inspection and Copies of Documents

Copies of documents lodged by the Company in connection with its reporting and disclosure obligations may be obtained from, or inspected at, an office of the ASIC. The Company will provide free of charge to any person who requests it during the period that the Offer is open for acceptance, a copy of:

- (a) the Annual Report of the Company for the year ended 30 June 2009, being the annual financial report most recently lodged with the ASIC by the Company before the issue of this Prospectus;
- (b) the following continuous disclosure notices given by the Company to notify the ASX of information relating to the Company during the period from the date of lodgement of the Annual Report referred to in paragraph (a) and before the date of lodgement of this Prospectus with ASIC:

Date Lodged	Subject of Announcement
03/3/2010	Drilling Commences at Horse Well Project
24/2/2010	Form 603 – Notice of Initial Substantial Shareholder
24/2/2010	Managing Director Presentation
19/2/2010	Appendix 3B and Section 708 Notice
19/2/2010	Share Placement Completed and Entitlement Issue Announced
29/1/2010	Quarterly Activities and Cash Flow Report – December 2009
15/12/2009	Barrytown Mineral Sands Exploration Target 80 – 100 Mt
26/11/2009	Results of Meeting
03/11/2009	Form 603/Form 605
30/10/2009	Quarterly Activities and Cash Flow Report – September 2009
26/10/2009	Notice of Annual General Meeting/Proxy Form
26/10/2009	Annual Report to Shareholders
30/09/2009	Full Year Statutory Accounts

The documents referred to in paragraph (a) and (b) above are not included in, and do not accompany, this Prospectus.

In addition, the following documents are available for inspection throughout the application period of this Prospectus during normal business hours at the registered office of the Company:

- (c) this Prospectus;
- (d) the Company's Constitution; and
- (e) the consents referred to in Section 6.9 and the consents provided by the Directors to the issue of this Prospectus.

### 6.4 Directors' Interests

Except as disclosed in this Prospectus, no Director, and no firm in which a Director is a partner:

- (a) has any interest nor has had any interest in the last two years prior to the date of this Prospectus in the formation or promotion of the Company, the Offer or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (b) has been paid or given or will be paid or given any amount or benefit to induce him or her to become, or to qualify as, a Director, or otherwise for services rendered by him or her in connection with the formation or promotion of the Company or the Offer.

## 6.5 Directors' Interests in Company Securities

No Director or as at the date of this Prospectus has a relevant interest in any securities of the Company other than as set out below:

Director	Shares	Options <sup>(1)</sup>
Peter Harold	500,000	1,000,000
Peter Hepburn-Brown	4,053,119	1,000,000
Jayson Meyers	4,000,000	1,000,000
Kevin Hart	1,025,000	1,000,000

<sup>(1)</sup> The options are fully vested and exercisable by payment of 25 cents each on or before 30 November 2012.

At the time of lodging the Prospectus, the Directors have indicated that they intend to take up their full Entitlement as Shareholders under this Offer.

## 6.6 Directors' Remuneration and Interests

The Directors' remuneration in the form of fees, consultancy fees, service fees or other emoluments of this type, nature and amount for the period since 1 July 2009 to the date of this Prospectus and the twelve months to 30 June 2009 are set out below:

<i>1 July 2009 to date</i>	<i>Short Term</i>		<i>Post Employment</i>	<i>Share Based Payments</i>	
<i>Directors</i>	<i>Salaries &amp; Fees</i> \$	<i>Other Benefits</i> \$	<i>Superannuation Contributions</i> \$	<i>Value of Options</i> \$	<i>Total</i> \$
Peter Harold	15,000	-	-	-	15,000
Jayson Meyers	17,500	16,000	1,440	-	34,940
Peter Hepburn-Brown	-	97,000	8,730	-	105,730
Kevin Hart	15,000	-	-	-	15,000

<i>2009</i>	<i>Short Term</i>		<i>Post Employment</i>	<i>Share Based Payments</i>	
<i>Directors</i>	<i>Salaries &amp; Fees</i> \$	<i>Other Benefits</i> \$	<i>Superannuation Contributions</i> \$	<i>Value of Options</i> \$	<i>Total</i> \$
Peter Harold	30,000	-	-	26,822	56,822
Jayson Meyers	35,000	52,748	4,747	26,822	119,317
Peter Hepburn Brown	-	183,917	16,290	26,822	227,029
Kevin Hart	30,000	-	-	26,822	56,822

Dr Jayson Meyers has an interest as a director in Resource Potentials Pty Ltd. This firm provides Geophysical consulting, Geological and Geochemical Database Management Services and administration support to the Company in the ordinary course of business. The value of the transactions from 1 July 2009 to the date of this Prospectus amount to \$16,910 (year ended 30 June 2009: \$36,912).

Mr Kevin Hart has an interest as a Partner in a chartered accounting firm, Endeavour Corporate. This firm provides company secretarial and accounting services to the Company in the ordinary course of business. The value of transactions from 1 July 2009 to the date of this Prospectus is \$38,834 (year ended 30 June 2009: \$61,615).

More detail can be found on the 2009 Annual Report and specifically in the Remuneration Report contained in the Director's Report.

All consulting and other services provided to the Company are based on normal commercial terms.

## 6.7 Interests of Other Persons

Except as disclosed in this Prospectus, no expert, promoter or other person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus:

- (a) has any interest nor has had any interest in the last two years prior to the date of this Prospectus in the formation or promotion of the Company, the Offer or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (b) has been paid or given or will be paid or given any amount or benefit in connection with the formation or promotion of the Company or the Offer.

## 6.8 Expenses of Issue

The estimated cash expenses of the Issue are as follows:

	\$
Listing fees - ASX	6,000
Legal expenses	5,000
Printing, mailing and other expenses	14,000
<b>Total</b>	<b>25,000</b>

## 6.9 Consents

The following consents have been given in accordance with the Corporations Act and have not been withdrawn as at the date of lodgement of this Prospectus with the ASIC:

Security Transfer Registrars Pty Ltd has given, and, as at the date of lodging this Prospectus, has not withdrawn, its written consent to be named as share registry for the Company in the form and context in which it is named. Security Transfer Registrars Pty Ltd has had no involvement in the preparation of any part of this Prospectus other than being named as share registry of the Company.

The information in this Prospectus, which relates to Exploration Results or Mineral Resources, is based on information compiled by Dr. Jayson Meyers, a Non-Executive Director of Alloy. He is a Member of the Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. Dr. Jayson 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 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr. Jayson Meyers has given and has not withdrawn his consent to the inclusion in this Prospectus of that information in the form and context in which it appears.

Information in this Prospectus that relates to 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 has given and has not withdrawn his consent to the inclusion in this Prospectus of that information in the form and context in which it appears.

Information in this Prospectus that relates to the Horsewell Project Mineral Resource estimates is based on information compiled 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". Dr S Carras has given and has not withdrawn his consent to the inclusion in this Prospectus of that information in the form and context in which it appears.

## 7 Authorisation

This Prospectus is issued by Alloy Resources Limited and each of the Directors consents to its lodgement with ASIC.

This Prospectus is signed for and on behalf of the Company by:



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Peter Hepburn-Brown  
Managing Director

Dated: 5 March 2010

## 8 Glossary of Terms

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

**"Acceptance"** means a valid application for New Shares made pursuant to this Prospectus on an Entitlement and Acceptance Form.

**"Annual Report"** means the Financial Report lodged by the Company with ASIC on 26 October 2009 in respect to the year ended 30 June 2009 and includes the corporate directory, chairman's report, review of activities, Shareholder information, Financial Report of the Company and its controlled entities for the year ended 30 June 2009, together with a Directors' Report in relation to that financial year and the auditor's report on that Financial Report.

**"Applicant"** means individuals or entities who submit an Entitlement and Acceptance Form or a Shortfall Application Form together with the relevant Application Monies.

**"Application Monies"** means monies received by the Company from persons applying for New Shares pursuant to this Offer.

**"ASIC"** means Australian Securities and Investments Commission.

**"ASTC"** means ASX Settlement and Transfer Corporation Pty Ltd ACN 008 504 532.

**"ASX"** means ASX Limited ACN 008 624 691.

**"Board"** means the board of Directors of the Company.

**"Business Day"** has the meaning to that term in the Listing Rules.

**"CHESS"** means the Clearing House Electronic Subregistry System operated by ASTC.

**"Closing Date"** means 6 April 2010 or such later date as the Directors may determine.

**"Company"** or **"AYR"** or **"Alloy"** means Alloy Resources Limited ACN 109 361 195.

**"Constitution"** means the constitution of the Company as at the date of this Prospectus.

**"Corporations Act"** means the Corporations Act (Cth) 2001 as amended.

**"Directors"** means the Directors of the Company as at the date of this Prospectus.

**"Eligible Shareholder"** means a person registered as the holder of Shares on the Record Date whose registered address is in Australia or New Zealand.

**"Entitlement"** means the right of a Shareholder to subscribe for New Shares offered by this Prospectus.

**"Entitlement and Acceptance Form"** or **"Form"** means the entitlement and acceptance form attached to this Prospectus that sets out the Entitlement of Shareholders to subscribe for New Shares pursuant to the Issue.

**"Financial Report"** means the financial report of the Company within the meaning of the Corporations Act.

"Issue" or "Offer" means the non-renounceable pro rata offer by the Company pursuant to this Prospectus of up to 42,348,290 New Shares at an issue price of 2.5 cents each to Eligible Shareholders on the basis of one New Share for every two Shares held at the Record Date.

"Issuer Sponsored" means securities issued by an issuer that are held in uncertificated form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHES.

"Listing Rules" means the official listing rules of ASX as amended from time to time.

"New Shares" means Shares to be issued pursuant to this Prospectus.

"Placement" means a placement of 11 million Shares to professional and sophisticated investors as announced by the Company to ASX on 19 February 2009.

"Prospectus" means this prospectus dated 5 March 2010.

"Record Date" means 5.00pm (WST) on 16 March 2010 being the date for the determination of entitlements of Shareholders of the Company to participate in the Offer.

"Section" means a section of this Prospectus.

"SCH" means Securities Clearing House.

"Shareholders" means holders of Shares.

"Share" means an ordinary fully paid share in the capital of the Company.

"Shortfall" means the number of Shares comprising the difference between the number of New Shares offered under the Offer and the number of Shares for which valid applications have been received and accepted by the Company.

"Shortfall Offer" means the offer of the Shortfall at an issue price of 2.5 cents per Shortfall Share attaching.

"Shortfall Shares" means that number of New Shares that have not been applied for by Eligible Shareholders in respect of their Entitlement by the Closing Date (which includes any additional New Shares subscribed for by the Eligible Shareholder exceeding their Entitlement).

"Shortfall Application Form" means the application form to subscribe for Shortfall Shares.

"\$" means Australian dollars.

"WST" means Western Standard Time, being the time in Perth, Western Australia.