

29 January 2010

Manager Announcements  
Companies Announcements Office  
Australian Securities Exchange Limited  
20 Bridge Street  
SYDNEY NSW 2000

Via: [www.asxonline.com](http://www.asxonline.com)

Dear Sir/Madam

## **SECOND QUARTER ACTIVITIES AND CASHFLOW REPORT**

We attach the above announcement.

Yours faithfully,



**PETER HEPBURN-BROWN**  
Managing Director

***For further information contact:***

**Peter Hepburn-Brown**  
Managing Director  
Alloy Resources Limited  
Telephone 0407893339  
[www.alloyres.com](http://www.alloyres.com)



## DECEMBER QUARTER HIGHLIGHTS

- ❖ Barrytown mineral sands Exploration Permit EL 51803 was granted in December.
- ❖ 80 to 100 million tonne mineral sands exploration target confirmed at Barrytown.
- ❖ TZ Minerals International Pty Ltd have been engaged by Alloy Resources to undertake a **Scoping Study – Barrytown Project**.
- ❖ Geological Mapping of the Horse Well tenement was completed during December.
- ❖ Alloy has applied for an Exploration Permit, ELA 3825, at Cootamundra, NSW. This will increase the tenement application to 500sq kms. The tenement has previous manganese, gold, silver and copper mineral occurrences.
- ❖ A number of drill targets identified from the mapping and previous work will be drilled in the March Quarter.
- ❖ Alloy has applied for additional exploration tenements at Horse Well.

## HORSE WELL GOLD PROJECT

Detailed and reconnaissance geological mapping in the Horse Well area was undertaken in November 2009 by geological consultants to improve understanding of the controls on gold mineralisation and to assess the prospectivity of the Mistake Well area, which was recently pegged by Alloy. The Mistake Well tenement covers the along strike continuation of prospective shears and stratigraphy south of Horse Well. The field work has confirmed the validity of Alloy's previously identified exploration targets.

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.



## HORSE WELL GOLD PROJECT (CONT'D)

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.

### Rock Chip Assays

Hole ID	Au	Fe	Mn	Zn	Co	Ni	Cu	Cr	S	Ba	Ce	V	Y
	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm
HW001	0.03	5.51	327	20	6	71	95	483	396	384	X	133	3
HW002	0.03	31.38	104	76	9	78	162	79	902	179	25	27	7
HW003	X	11.55	141	47	5	42	80	148	443	440	X	59	3
<b>HW004</b>	<b>X</b>	<b>49.86</b>	<b>4556</b>	<b>767</b>	<b>346</b>	<b>801</b>	<b>392</b>	<b>377</b>	<b>1637</b>	<b>2568</b>	<b>35</b>	<b>216</b>	<b>767</b>
HW005	X	2.75	251	49	16	81	43	300	1246	4061	X	33	49
HW006	0.07	1.13	114	10	3	10	20	39	371	632	X	15	10

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.

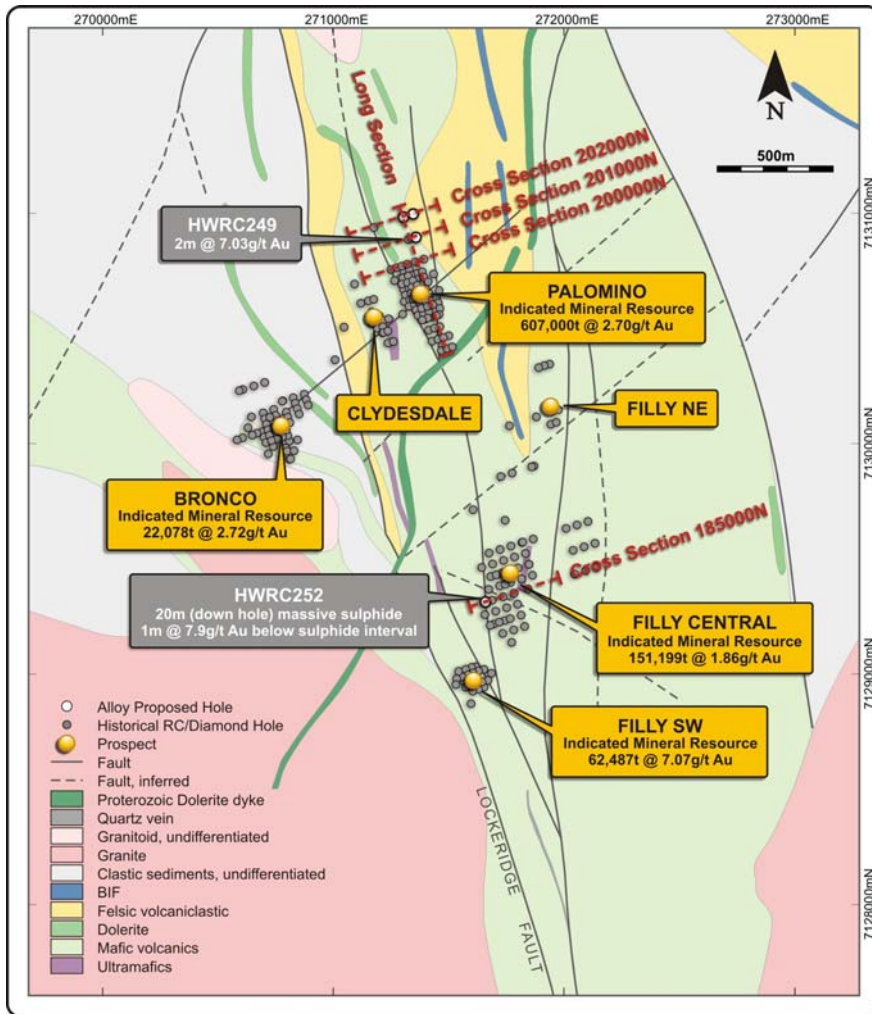
Lines of RAB or aircore drilling are planned to fully assess the potential of the area.

### Exploration Planned for the March Quarter

A number of mineralised areas identified from the geological mapping and previous work will be drilling during the March Quarter.

At Palomino, drilling is planned to the north of the deposit to follow up the north plunge of the ore zones (Figure 3) 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. (Figure 4).

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. (Figure 5).



**Figure 2 Planned Drill Hole Sections at Palomino and Filly**

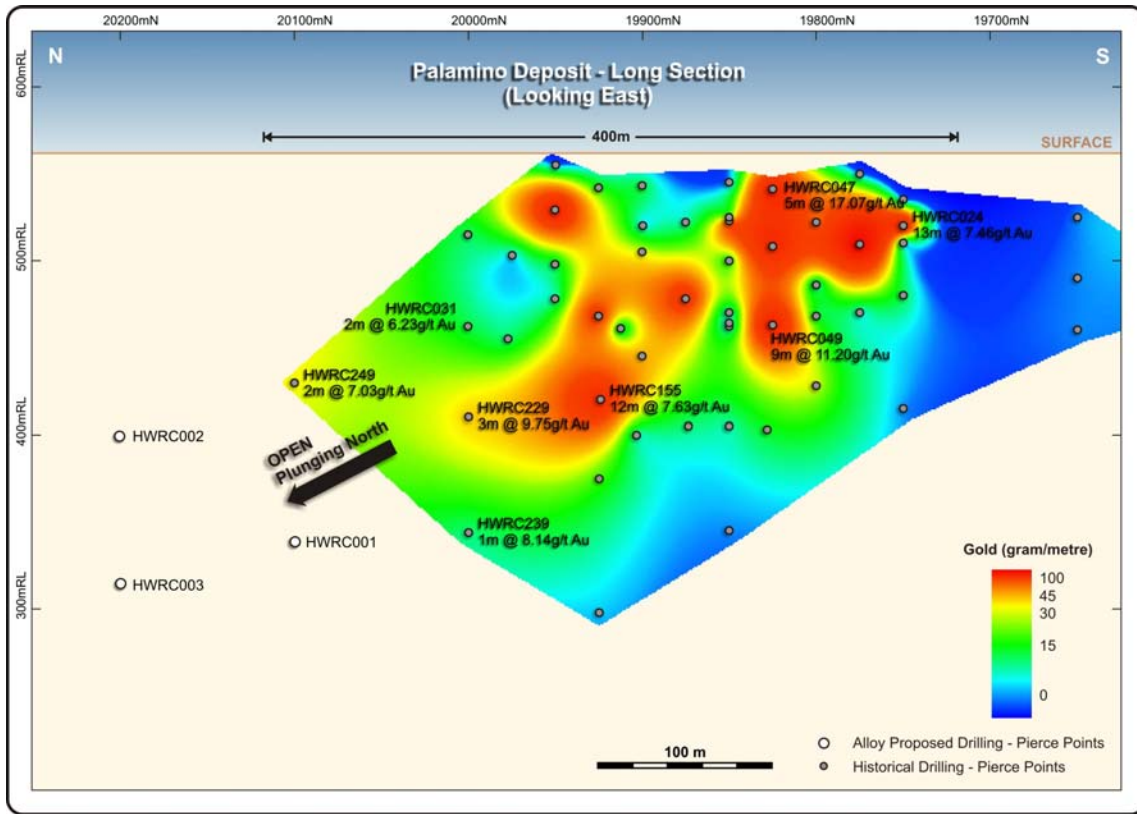


Figure 3 Planned Drill Holes North of Palamino

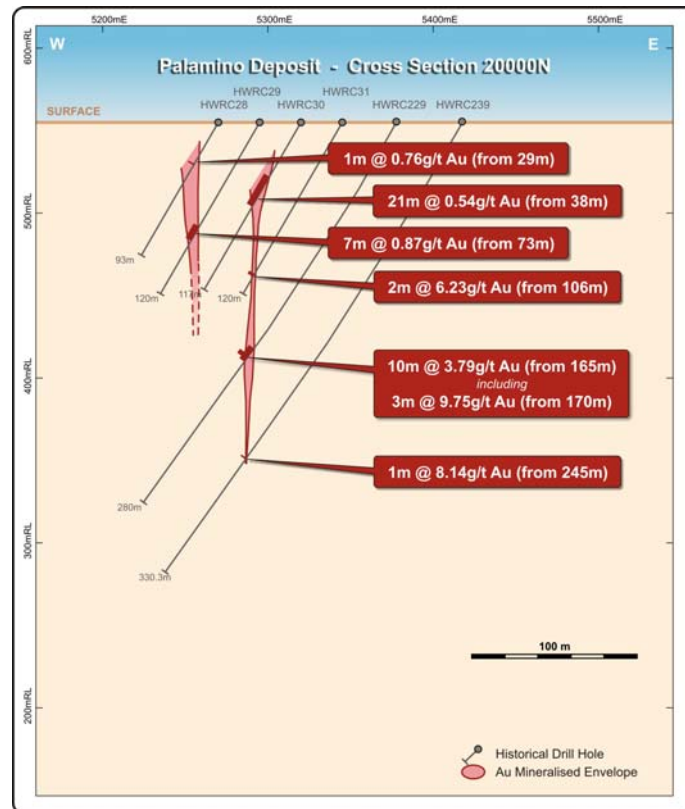
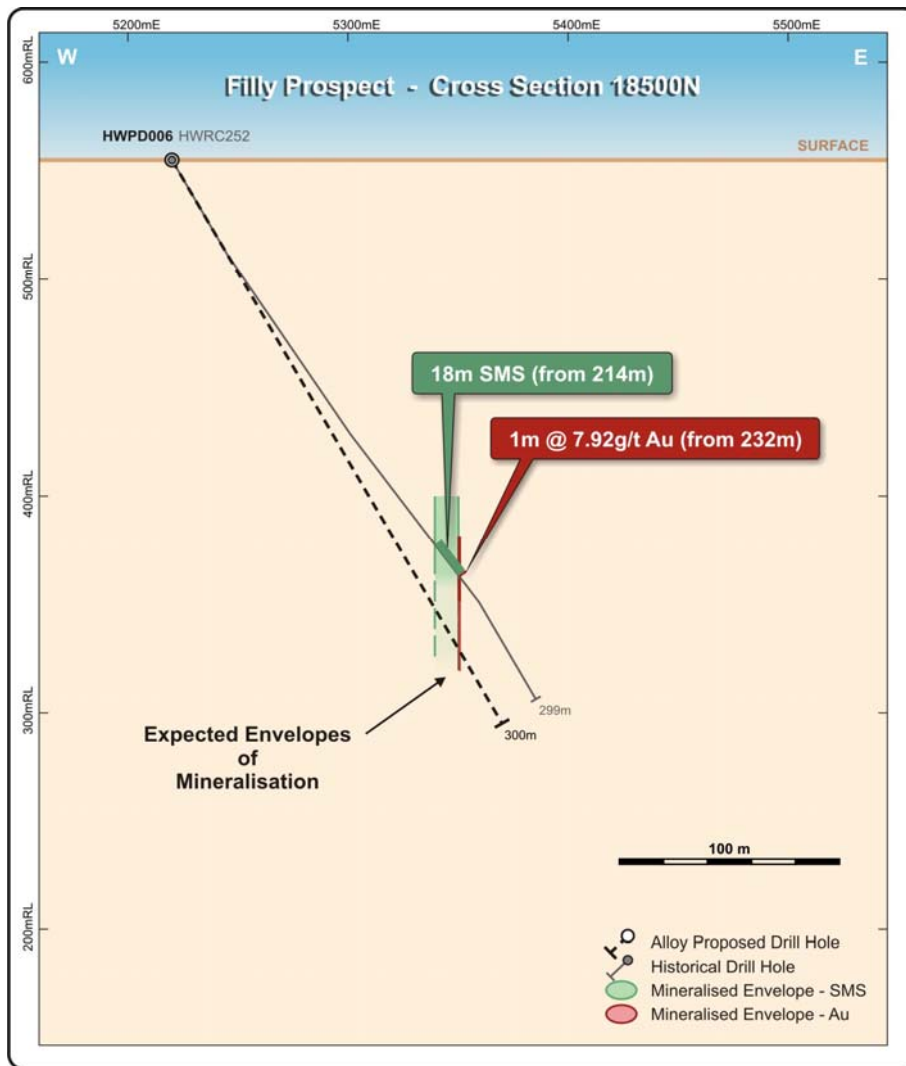


Figure 4 Proposed Extension to Holes HWRC30 and HWRC31



**Figure 5 Proposed Hole at Filly**

### **New Tenement Applications at Horse Well Project**

During the quarter, Alloy has applied for tenements in the Yandal Greenstone Belt. The tenement applied for is E69/2696 to the east of Horse Well.

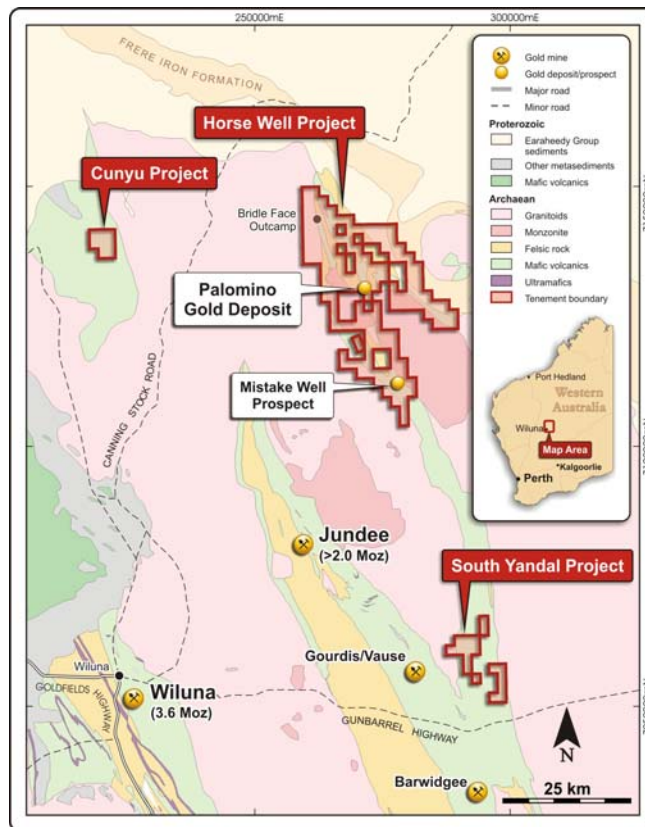


Figure 6 Alloy's Tenements and Applications in the Yandal Greenstone Belt

## BARRYTOWN MINERAL SANDS PROJECT

Alloy Resources Limited was granted its 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 TZ Minerals International Pty Ltd (TZMI) to undertake a Scoping Study on the Barrytown Ilmenite Project to provide a preliminary assessment on the project economics.

TZMI is an independent consulting company established in 1994, with offices in Australia, Europe, South Africa and China. TZMI's principals and consulting Personnel have many decades of cumulative experience from their involvement in the Global mineral sands and TiO<sub>2</sub> pigment industries.

## BARRYTOWN MINERAL SANDS PROJECT (CONT'D)

Alloy has completed during the December quarter the following:

- ❖ A review of historical exploration and mining feasibility data has developed an exploration target of **80 to 100 million tonnes at a grade range of 11 to 13% ilmenite (4% ilmenite lower cut-off)**.
- ❖ A review of historical metallurgical test work on ilmenite and the recoveries of the zircon, rutile and gold.

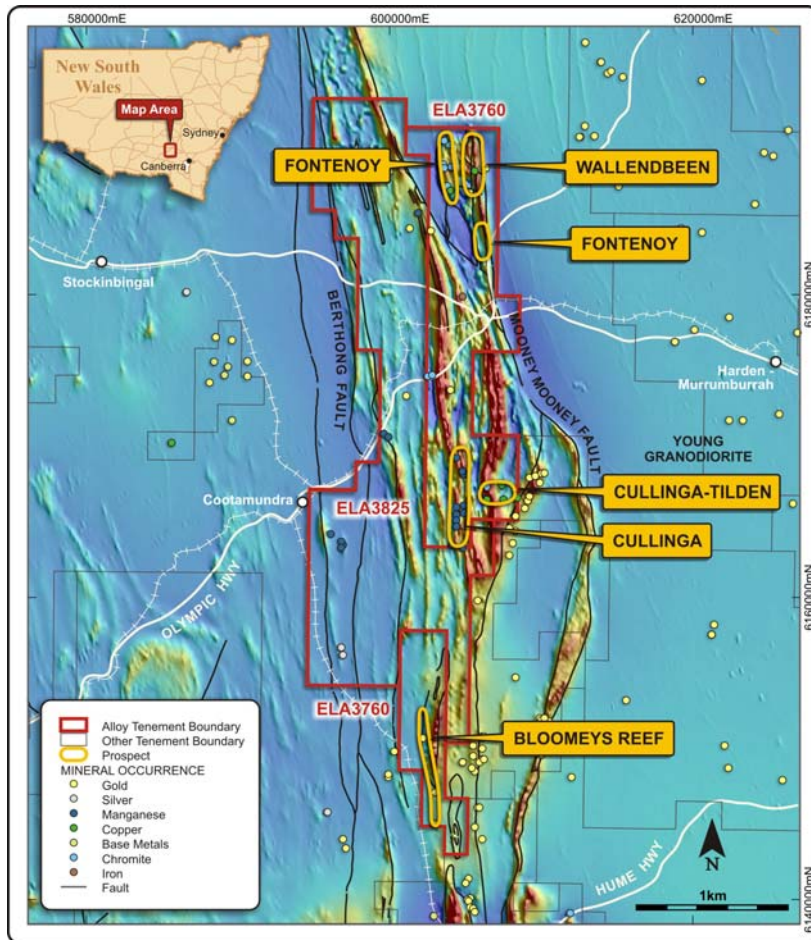
The data review has outlined an Exploration Target, where mineralisation tonnage and grade was determined by historic records and indicates a mineral sands target of 80 to 100 million tonnes at a grade range of 11 to 13% ilmenite (4% lower cut-off). This exploration target is based upon drilling results 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 Alloy Resources.

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 explorations 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.

### Proposed Exploration

- ❖ Review application of new technologies to upgrade  $TiO_2$  from ilmenite and recover gold and other minerals during production of ilmenite concentrate as part of the Scoping Study.
- ❖ Design a sampling and metallurgical testing program based on the outcome of the Scoping Study.





**Figure 8 Cootamundra Tenements with known Mineral Deposits**

**FINANCE**

At 31 December 2009, the Company had cash reserves of \$1.2 million.

For and on behalf of the Board,

*P.H. Brown*

***For further information contact:***

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**Managing Director**  
**Alloy Resources Limited**  
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**Managing Director**

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*The information in this report which relates to Exploration Results on the Horse Well Gold Project is based on information compiled by Dr. Jayson Meyers, a Director of Alloy Resources Limited and who is a Member of the Australian Institute of Geoscientists. Dr. Meyers has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves." Dr. Meyers consents to the inclusion in the report of the matters based on this information in the form and context in which it appears*

*The information in this report which relates to Exploration Results on the Barrytown Mineral Sands Project is based on information compiled by Mark Gifford MSc(Hons) and who is a Member of the Australian Institute of Mining and Metallurgy. Mark Gifford has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves." Mark Gifford consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.*

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

ALLOY RESOURCES LIMITED

ABN

20 109 361 195

Quarter ended ("current quarter")

31 December 2009

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(124)	(202)
(b) development	-	-
(c) production	-	-
(d) administration	(93)	(201)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	12	25
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
<b>Net Operating Cash Flows</b>	<b>(205)</b>	<b>(378)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a)prospects	-	-
(b)equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a)prospects	-	-
(b)equity investments	-	-
(c)other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (Security Deposit)	-	-
<b>Net investing cash flows</b>	<b>-</b>	<b>-</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(205)</b>	<b>(378)</b>

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (brought forward)	(205)	(378)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(205)	(378)
1.20	Cash at beginning of quarter/year to date	1,409	1,582
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>1,204</b>	<b>1,204</b>

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	127
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

i)	Directors Fees - \$30,000
ii)	Directors consulting fees – \$65,000
iii)	Consulting paid to Resource Potentials Pty Ltd an entity related to Dr Jayson Myers - \$5,800
iv)	Accounting and company secretarial fees paid to Endeavour Corporate an entity related to Mr Kevin Hart - \$25,800

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

NIL
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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

NIL
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+ See chapter 19 for defined terms.

### Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	250
4.2 Development	-
<b>Total</b>	<b>250</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	34	26
5.2 Deposits at call	1,170	1,383
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)	<b>1,204</b>	<b>1,409</b>

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	NIL		
6.2	Interests in mining tenements acquired or increased	NIL		

+ See chapter 19 for defined terms.

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

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*


	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	73,696,580	73,696,580		Fully paid
7.4 Changes during quarter (a) Increases through securities released from escrow				
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	250,000 4,000,000	- -	<i>Exercise price</i> 20 cents each 25 cents each	<i>Expiry date</i> 25 July 2011 30 November 2012
7.8 Issued during quarter	-	-	-	-
7.9 Exercised during quarter	-	-	-	-
7.10 Expired during quarter	- -	- -	- -	- -
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				

+ See chapter 19 for defined terms.

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act [or other standards acceptable to ASX](#) (see note 4).
- 2 This statement does /does not\* (*delete one*) give a true and fair view of the matters disclosed.

Sign here:

  
(Director/Company secretary)

Date: 29 January 2009

Print name: **Kevin Hart**

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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