

Alloy

RESOURCES LIMITED

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30 October 2009

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

Via: www.asxonline.com

Dear Sir/Madam

FIRST 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

SEPTEMBER QUARTER HIGHLIGHTS

- ❖ Alloy increased its tenement holding in the Yandal Greenstone Belt.
- ❖ Alloy has applied for an Exploration Permit over the Barrytown minerals sands deposit on the South Island of New Zealand.
- ❖ Alloy has applied for an Exploration Permit to the east of Cootamundra in NSW, where previous exploration has indicated gold, manganese, copper, nickel and chrome occur on these tenements.
- ❖ Exploration at Horse Well to recommence in November 2009.

HORSE WELL GOLD PROJECT

Horse Well is located in the Warburton Mineral Field of Western Australia and is approximately 85 kilometres northeast of the town of Wiluna (Figure 1).

Exploration in the region is relatively immature, with the northern end of the Yandal greenstone belt having been largely ignored until the discovery of significant gold deposits at Bronzewing and Jundee in the 1990s. Work has comprised geological/regolith mapping, surface geochemical sampling programs (rock, soil, deflation lag), various geophysical surveys, target-definition drilling (RAB, aircore, vacuum), RC and diamond drilling to test identified targets. The Horse Well Project occurs in the northernmost part of the Yandal/Millrose Greenstone belt that hosts a number of multi-million ounce gold projects: Bronzewing, Jundee and Wiluna Gold Mines (Figure 1).

New Tenements Applied for - Horse Well Project

During the quarter, Alloy has further increased its tenement holding in the Yandal Greenstone Belt. The tenements applied for are:

ELA69/2575
ELA69/2598
ELA53/1466
ELA53/1471

HORSE WELL GOLD PROJECT (CONT'D)

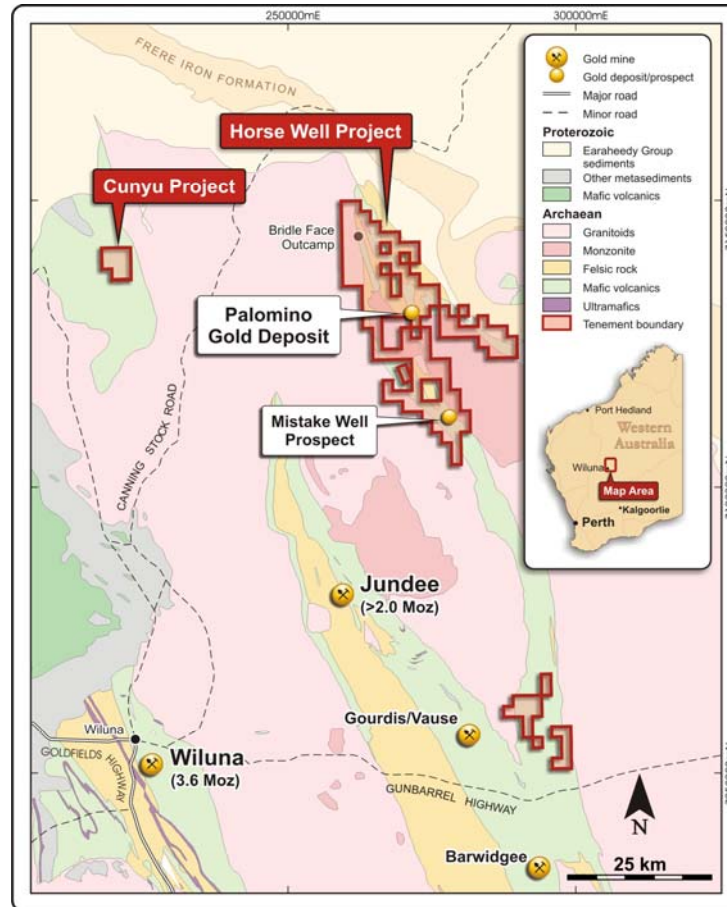


Figure 1 - Alloy's Tenements in the Yandal Greenstone Belt.

Drilling of infill and structural / geochemical targets

Several targets that sit outside of the Palomino and Filly areas will be explored during the year. Several broad intercepts of gold mineralization were encountered from the wide spaced, reconnaissance drilling campaign carried out last year. Infill drilling will be carried out around these anomalous drillholes. Reconnaissance drilling will also be carried out along transects crossing favourable geological units and structures, and some of these target areas correspond to Au and As anomalies from geochemical surveying by previous explorers.

Detailed mapping over the Crack O' Dawn, Mistake Well and Palomino/Filly Prospect areas will commence during November 2009.

HORSE WELL GOLD PROJECT (CONT'D)

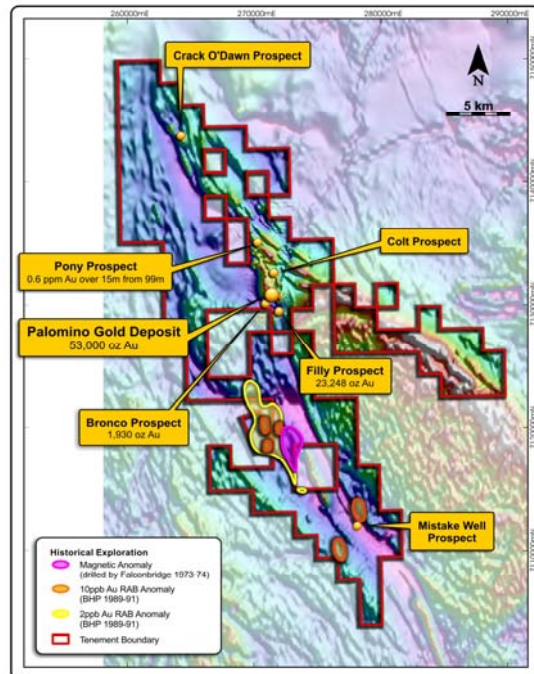


Figure 2 - High resolution aeromagnetics showing historical exploration anomalies and gold deposits.

BARRYTOWN MINERAL SANDS PROJECT

Alloy Resources Limited has applied for an exploration permit over the Barrytown Mineral Sands deposit located on the South Island of New Zealand, 28 kms north of the port of Greymouth. The Company is waiting for government approval of this permit and anticipates that this approval could be obtained during the coming quarter.

Proposed Exploration

On granting of the exploration permit, Alloy intends to:

- ❖ Review historical exploration and mining feasibility data to focus and develop an exploration target/resource statement.
- ❖ Review historical metallurgical test work on ilmenite and the recoveries of the zircon, rutile and gold.
- ❖ Review application of new technologies to produce TiO_2 from the Barrytown ilmenite concentrate and recover gold and other minerals during production of ilmenite concentrate.
- ❖ Design a sampling and metallurgical testing program based on the outcome of the above.

BARRYTOWN MINERAL SANDS PROJECT (CONT'D)

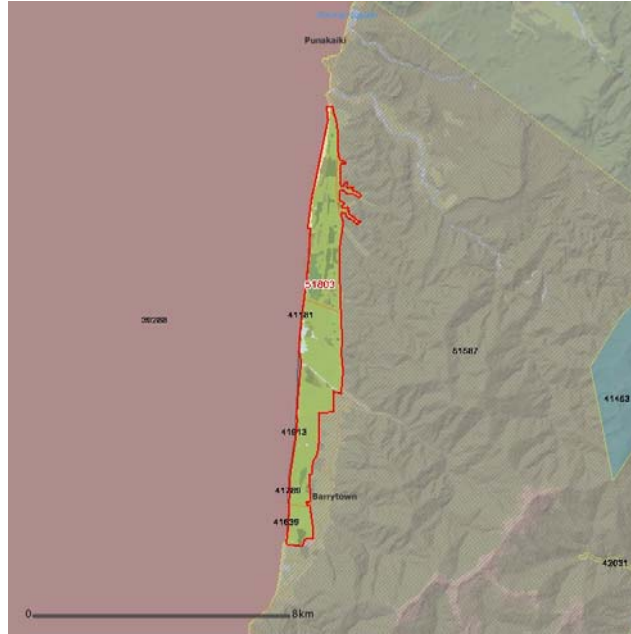


Figure 3 - Alloy's tenement application on the South Island of New Zealand – EP51803.

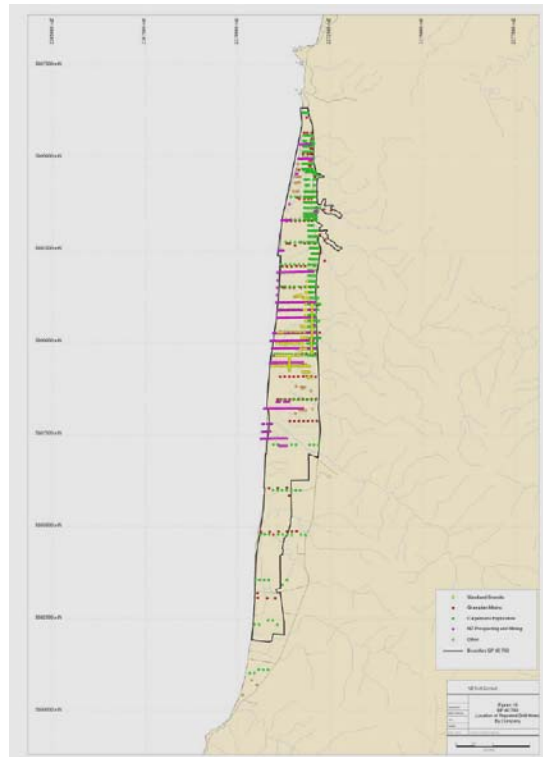


Figure 4 - Over 2000 drill holes previously drilled holes on the Barrytown tenement application area.

BARRYTOWN MINERAL SANDS PROJECT (CONT'D)



Figure 5 - Mineral sands at the Barrytown tenement application area.

COOTAMUNDRA BASE METALS PROJECT

Alloy applied for an exploration licence 10 kms east of Cootamundra in the Lachlan Fold Belt (ELA3760). The application is approximately 133 sq kms. Cootamundra is located 110 kms from Dalton, 120 kms northwest of Canberra and 385 kms south west 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 this Application and anticipates that this approval could be obtained during the coming quarter.

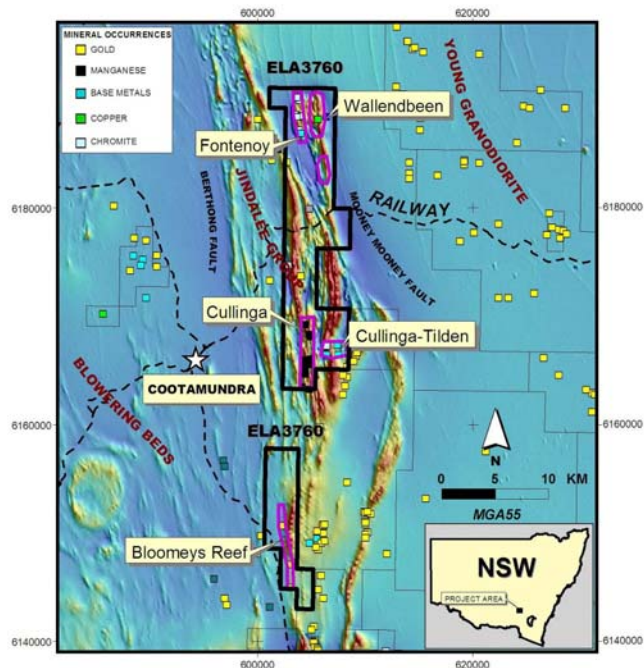
The Alloy tenement application is 10 kms to the east of Cootamundra in the Lachlan Fold Belt, which is a well-endowed porphyry Cu-Au belt, hosting a number of mines, such as Northparkes, Cowal, Copper Hill, Temora and Cadia-Ridgeway.

Proposed Exploration

Detailed interpretation of previous drilling and other exploration data for new target generation,

- ❖ geological mapping and sampling of old workings and new target areas,
- ❖ conduct a geochemical survey to explore for new zones of Au, Cu, Ni and Mn mineralisation,
- ❖ conduct electromagnetic ground or helicopter based surveys,
- ❖ generate new drilling targets, and
- ❖ test targets using drilling.

COOTAMUNDRA BASE METALS PROJECT (CONT'D)



LAOS JOINT VENTURE PROJECT

On the 12th of September 2009, Alloy Resources Limited received formal advice from the Laos Ministry of Planning and Investment regarding its application for a mineral concession in the Xieng Khouang province. The advice stated that the Prime Minister's office had reviewed the company's application, but decided to award the concession area to another company.

Based on this decision, Alloy has closed its representative office and is in the process of completely withdrawing from Laos.

FINANCE

At 30 September 2009, the Company had cash reserves of \$1,409,000.

For and on behalf of the Board,

PETER HEPBURN-BROWN
Managing Director

The information in this report which relates to Exploration Results 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.

Appendix 5B

Mining exploration entity quarterly report

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

Name of entity

ALLOY RESOURCES LIMITED

ABN

20 109 361 195

Quarter ended ("current quarter")

30 September 2009

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(78)	(78)
(b) development	-	-
(c) production	-	-
(d) administration	(108)	(108)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	13	13
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(173)	(173)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects	-	-
(b)equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a)prospects	-	-
(b)equity investments	-	-
(c)other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (Security Deposit)	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(173)	(173)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(173)	(173)
	Cash flows related to financing activities		
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)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(173)	(173)
1.20	Cash at beginning of quarter/year to date	1,582	1,582
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	1,409	1,409

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	93
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 - \$23,700
ii)	Directors consulting fees – \$48,000
iii)	Consulting and Occupancy costs paid to Resource Potentials Pty Ltd an entity related to Dr Jayson Myers - \$5,200
iv)	Accounting and company secretarial fees paid to Endeavour Corporate an entity related to Mr Kevin Hart - \$16,000

Non-cash financing and investing activities

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

NIL

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

NIL

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

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

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	325
4.2 Development	-
Total	325

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	26	18
5.2 Deposits at call	1,383	1,564
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1,409	1,582

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	ELA69/2575 ELA69/2598 ELA53/1466 ELA53/1471 ELA3760		

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

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

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


+ See chapter 19 for defined terms.

7.12	Unsecured notes (<i>totals only</i>)		
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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: 30 October 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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