MANAGEMENTS DISCUSSION AND ANALYSIS

Management's discussion and analysis (the "**MD&A**") of the Alloy Capital Corp. ("**Alloy**" or the "**Corporation**") financial condition and results of operations is a review of activities for the third quarter ended September 30, 2010. Comparisons to the third quarter ended September 30, 2009 have been reflected in this report. This analysis should be read in conjunction with the Corporation's annual audited financial statements for the year ended December 31, 2009. The discussion is intended to provide both an historical and prospective analysis of the Corporation's activities and is based upon information available as at November 29, 2010. Any estimates for the remainder of 2010 are based on assumptions of future events and may be subject to change.

STATUS

The Corporation is a Capital Pool Corporation as defined by Policy 2.4 of the TSX Venture Exchange and completed its initial public offering on August 27, 2008. The Corporation's current business is to identify and evaluate businesses and assets with a view to completing a "Qualifying Transaction". Any proposed "Qualifying Transaction" is subject to TSX Venture Exchange approval. The Corporation will not carry on any business other than that involving the identification and evaluation of businesses and assets with a view to completing the "Qualifying Transaction".

OPERATING RESULTS

The Corporation had limited activities in the quarter ended September 30, 2010 with $7,121 (2009 - $9,549) in general and administrative costs. General and administrative costs were approximately $2,500 higher in the comparative period ended September 30, 2009 than 2010, related to 2009 legal costs included in the third quarter of 2009, whereas there were no legal fees incurred in the third quarter of 2010.

SECURITIES ISSUED AND OPTIONS

The Corporation maintains a Stock Option Plan (the "**Plan**") for directors and officers, employees and consultants of the Corporation. Each option entitles the holder to acquire one common share of the Corporation. Pursuant to the Plan, the Corporation has reserved a total of 10% of the issued and outstanding common shares for the issuance of stock options. Stock options granted under the Plan may not be outstanding for a period greater than five years.

During the quarter ended September 30, 2010, 4,474 (2009 – NIL) shares were issued upon the exercise of options and an additional 165,526 options expired in the quarter ended September 30, 2010 (2009 – NIL) No options were granted in either quarter ended September 30th. As at November 29, 2010 there were 5,004,474 common shares and 500,000 options issued and outstanding.

LIQUIDITY AND CAPITAL RESOURCES

Total Market Capitalization

(All figures in thousands, except share price)	**September 30, 2010**	**December 31, 2009**	**September 30, 2009**
Common shares outstanding	5,004	5,000	5,000
Share price (end of period)	0.20	0.20	0.20
Market value of common shares	1,001	1,000	1,000
Net working capital	325	341	346
Total capitalization	1,326	1,341	1,346

As at September 30, 2010, the working capital amounted to $318,163, compared to a working capital balance of $341,497 as at December 31, 2009.

OFF-BALANCE SHEET ARRANGEMENTS

The Corporation has no off-balance sheet arrangements.

PROPOSED TRANSACTIONS / SUBSEQUENT EVENT

The Corporation has entered into a share exchange agreement dated October 16, 2010 to acquire all of the issued and outstanding shares of Lancaster Exploration Ltd. ("**Lancaster**"), a private company incorporated in the British Virgin Islands engaged in the exploration for rare earth elements in Africa. If completed, the proposed transaction will constitute Alloy's Qualifying Transaction as set forth in Policy 2.4 of the TSX Venture Exchange ("**TSXV**").

The Proposed Transaction

The proposed transaction contemplates that Alloy will acquire all of the issued and outstanding shares of Lancaster through the issuance of 19,852,899 post-consolidated common shares of the Corporation (the "**Common Shares**") to the sole shareholder of Lancaster, at a deemed price of $0.50 per share (the "**Acquisition**"). At an annual general and special shareholders meeting held on October 27, 2010, the shareholders of Alloy have approved a consolidation of the Common Shares on a 2.5 for 1.0 basis (the "**Consolidation**") and a name change for the Corporation to "Mkango Resources Ltd." upon completion of the Acquisition. All of the outstanding options of Alloy will continue on with the appropriate adjustment for the Consolidation.

Upon completion of the Acquisition, Lancaster will be a wholly-owned subsidiary of the Corporation. Completion of the Acquisition is subject to various closing conditions, including, but not limited to:

1. Receipt of all necessary regulatory approvals and in particular TSXV approval of the Acquisition as Alloy's Qualifying Transaction; and
2. The completion of a brokered private placement financing of Alloy for gross proceeds of not less than $5,000,000.

Private Placement

Pursuant to the terms of an agency agreement to be entered into between Byron Securities Limited (the "**Agent**"), Lancaster and the Corporation, the Agent will, on a commercially reasonable best efforts private placement basis, act as agent for the sale of a minimum of 10,000,000 units to a maximum of 15,000,000 units (the "**Units**") of Alloy at a minimum price of $0.50 per Unit, for gross proceeds of a minimum of $5,000,000 and a maximum of $7,500,000 (the "**Offering**"). All securities issued under the Offering will occur after the Consolidation.

Each Unit consists of one Common Share (a "**Unit Share**") and one-half of one warrant (a "**Warrant**"). Each whole Warrant will entitle the holder to acquire one Common Share (a "**Warrant Share**") at a price of $0.75 per Warrant Share, for a period of 24 months from issuance. The securities issued pursuant to the Offering will be subject to a statutory and TSXV imposed restriction on resale for a period not exceeding four months from issuance.

A cash commission equal to 7% of the gross proceeds from the Offering will be paid to the Agent upon completion of the Offering. In addition, the Agent shall receive a $25,000 corporate finance fee and Agent's warrants (the "**Agent's Warrants**") equal to 7% of the number of Units sold under the Offering. Each Agent's Warrant is exercisable into one Agent's unit (the "**Agent's Unit**") at a price of $0.50 for a period of 24 months from issuance. Each Agent's Unit consists of one Common Share and one-half of one warrant (the "**Agent's Unit Warrant**"). Each whole Agent's Unit Warrant entitles the Agent to acquire one Common Share at a price of $0.75 for a period of 24 months from issuance of the Agent's Warrants. The Agent is also entitled to be reimbursed for its expenses and reasonable legal fees plus disbursements incurred in connection with the Offering.

The proceeds of the Offering will be released on completion of the Acquisition and will be used to complete the proposed exploration program for Alloy, working capital and general corporate purposes.

TRANSACTIONS WITH RELATED PARTIES

There were no transactions with related parties for the quarter ended September 30, 2010.

SIGNIFICANT ACCOUNTING POLICIES

Significant Accounting Policies

The interim financial statements of the Company are presented in accordance with Canadian Generally Accepted Accounting Principles (GAAP). These interim financial statements have been prepared using the same accounting policies and methods of computation as the financial statements for the year ended December 31, 2009. These interim financial statements do not contain all the disclosures required for annual financial statements. Accordingly, they should be read in conjunction with the annual financial statements and the notes thereto for the year ended December 31, 2009.

RISKS AND UNCERTAINTIES

The Corporation's financial performance is likely to be subject to the following risks:

1. The Corporation has not commenced commercial operation, and has no assets other than cash, has no history of earnings and shall not generate earnings to pay dividends until at least after the completion of the Qualifying Transaction.

2. Until the completion of the Qualifying Transaction, the Corporation is not permitted to carry on any business other than the identification of and evaluation of potential Qualifying Transactions; and

3. The Corporation only has limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that the Corporation will be able to identify or complete a suitable Qualifying Transaction.

DIRECTORS

- David Berg, President, Chief Executive Officer, Chief Financial Officer and Director
- Arthur Wong, Director
- Eugene Chen, Director

FORWARD LOOKING STATEMENTS

Certain information regarding the Corporation contained herein may constitute forward-looking statements within the meaning of applicable securities laws. Forward-looking statements may include estimates, plans, expectations, opinions, forecasts, projections, guidance or other statements that are not statements of fact. Although the Corporation believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. These statements are subject to certain risks and uncertainties and may be based on assumptions that could cause actual results to differ materially from those anticipated or implied in the forward-looking statements. The Corporation's forward-looking statements are expressly qualified in their entirety by this cautionary statement.

APPROVAL

The Board of Directors of Alloy Capital Corp. has approved the disclosure contained in this third quarter report for September 30, 2010.

A copy of this MD&A report will be provided to anyone who requests it.