Alchemy Resources Limited
ACN 124 444 122

ASX ANNOUNCEMENT

24 FEBRUARY 2012

CODE: ALY

BOARD OF DIRECTORS

Mr Oscar Aamodt
Non-Executive Chairman

Mr Lindsay Dudfield
Non-Executive Director

Mr Anthony Ho
Non-Executive Director

ISSUED CAPITAL

SHARES 129,929,878

OPTIONS 2,800,000 (Unlisted)

PROJECTS

BRYAH BASIN COPPER (100%)

GASCOYNE GOLD (100%)

MURCHISON (80-100%)

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Capital raising completed – Drilling to commence next month

Alchemy Resources Limited (ASX: **ALY**) is pleased to announce that its pro-rata non-renounceable 1 for 3 offer of 32,482,470 ordinary fully paid shares at a price of $0.13 per share has been completed and all new shares have now been allotted.

This offer raised a total of $4,222,721 (before costs) and satisfies a condition of an agreement with Grosvenor Gold to acquire a substantial package of tenements immediately adjacent to Alchemy's Bryah Basin Copper Project, being a minimum capital raising of $4 million. Other conditions, including the issue of 26,923,077 Alchemy shares to Grosvenor Gold (or its nominee), are expected to be completed by the end of February.

The acquisition of the tenements from Grosvenor Gold will double Alchemy's landholding in the highly prospective Bryah Basin to 630km² and will add 25km strike length to Alchemy's >20km of Narracoota Volcanics (Figure 1), host to Sandfire Resource's DeGrussa copper-gold deposit (Measured, Indicated and Inferred Resources of 14.33Mt @ 4.6% Cu and 1.6g/t Au).

Alchemy has previously advised that it will commence a significant exploration program for DeGrussa-style deposits on its expanded Bryah Basin landholding as soon as the acquisition of the Grosvenor Gold tenements has been completed.

The Company is pleased to announce that two drill rigs (Diamond and RC) have been contracted to test audio-magnetotelluric (AMT) anomalies and provide stratigraphic information within the prospective Narracoota Volcanics at the Magnus East prospect, with drilling to commence in March.

Geological mapping and ground geophysical surveys designed to extend coverage across the acquired tenements and locate further targets for drill testing will also commence next month.

– ENDS –

Please direct enquiries to: Mr Oscar Aamodt and Mr Lindsay Dudfield – Corporate

Dr Kevin Cassidy – Technical

Telephone: +61 8 9481 4400

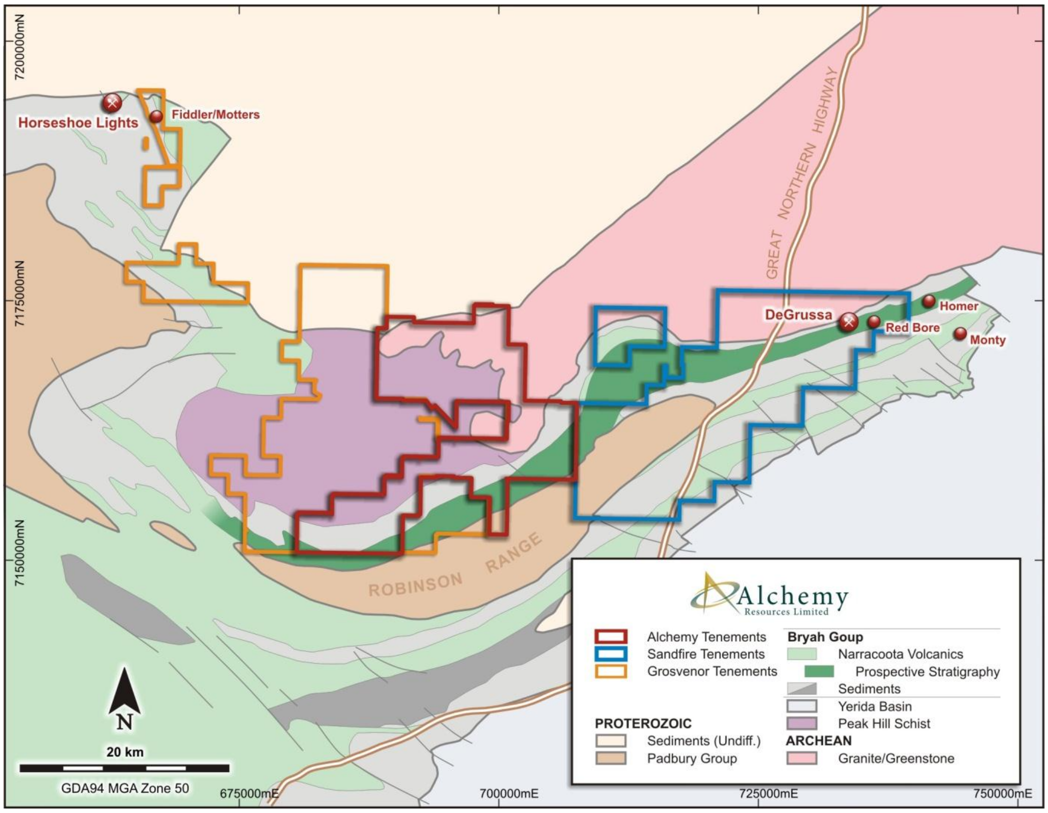

Figure 1. Prospective Narracoota stratigraphy highlighted on Alchemy and Grosvenor Gold tenements.

ABOUT ALCHEMY RESOURCES

Alchemy is actively exploring three key areas; the Bryah Basin Copper Project, the Gascoyne Gold Project, and the Murchison Project.

The Bryah Basin Copper Project contains more than 45 kilometres of strike extent of the Narracoota Volcanic Sequence, host to Sandfire's DeGrussa copper deposit. Alchemy is part way through its systematic evaluation and it believes the expanded Bryah Basin landholding is highly prospective for the discovery of VMS-style copper deposits.

The Gascoyne Gold Project includes the Hermes and Wilgeena gold deposits and the Central Bore gold prospect. Hermes has an Indicated Resource of 2.79Mt @ 2.19g/t gold (equivalent to 196,650 ounces of gold) and Wilgeena, located 15 kilometres south of Hermes, hosts an Indicated Resource of 659,480t @ 2.34g/t (equivalent to 49,500 ounces of gold).

The Murchison Project consists of more than 700 square kilometres of tenements located in the vicinity of several large (>1Moz) gold deposits. The project is being explored for gold and base metals.

Competent Persons Statement

The information in this report that relates to Exploration Results is based on information compiled by Dr Kevin Cassidy, who is a Fellow of the Australian Institute of Geoscientists and is a full-time employee of Alchemy Resources Limited. Dr Cassidy has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity that 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 Resource and Ore Reserves'. Dr Cassidy consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resources at the Hermes Gold Deposit and Wilgeena Gold Deposit is based on information compiled by Mr Simon Coxhell of Coxsrocks Pty Ltd, who is a Member of the Australian Institute of Geoscientists and a Member of the Australasian Institute of Mining and Metallurgy and is a consultant to Alchemy Resources Limited. Mr Coxhell has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity that 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 Resource and Ore Reserves'. Mr Coxhell consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.