

**ASX
ANNOUNCEMENT**

15 NOVEMBER 2011

CODE: ALY

BOARD OF DIRECTORS

Mr Warwick Davies
Non-Executive Chairman

Mr Robert Brierley
Managing Director

Mr John Arbuckle
Non-Executive Director

Mr Jeffrey Moore
Non-Executive Director

ISSUED CAPITAL

SHARES 97,447,408

OPTIONS 2,800,000 (Unlisted)

PROJECTS

MAGNUS COPPER (100%)

GASCOYNE GOLD (100%)

MURCHISON (80-100%)

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Alchemy significantly enhances prospective tenure in Bryah Basin with landmark settlement

- ***Wardens Court forfeiture action against Grosvenor Gold Pty Ltd settled. Grosvenor Gold to vend 15 tenements covering 356 km² into Alchemy for \$3.5 million of Alchemy shares***
- ***Bryah Basin landholding to increase by 130% to 630 square kilometres (km²)***
- ***New landholding prospective for VMS-style and sedimentary-hosted base metal mineralisation, as well as gold***
- ***Additional 25km strike length added to Alchemy's >20km of outcropping Narracoota volcanic sequence, whilst enhancing opportunities to add critical mass to the Company's 246,000oz of indicated gold resources in the Gascoyne region***

Alchemy Resources Limited (ASX: **ALY**) is pleased to announce that it has entered into a series of agreements with Grosvenor Gold Pty Ltd ("Grosvenor Gold") that will settle the Warden's Court forfeiture action commenced by Alchemy in March 2010.

The two parties have agreed to enter into an Asset Sale Agreement, which transfers Grosvenor Gold's interest in 15 tenements covering 356km² in the Bryah Basin (Grosvenor Tenements), adjacent to Sandfire Resources' DeGrussa VMS Copper Gold Project, to Alchemy in exchange for \$3.5 million worth of Alchemy shares (Consideration Shares). These Consideration Shares will be issued at a price to be determined by an equity raising to be conducted before completion of the transaction.

The acquired Grosvenor Tenements, illustrated in relation to Alchemy's landholding in Figure 1, will provide an additional 25 km of strike extent to Alchemy's >20 km of outcropping Narracoota volcanic sequence. These tenements effectively increase Alchemy's landholding in the prospective Bryah Basin to over 630 km².

A number of copper and gold prospects have been indentified during a first-pass review of historic data by Alchemy’s technical team (Figure 1).

The settlement of this action puts to an end a time consuming and increasingly costly legal dispute whilst providing Alchemy shareholders with an enhanced opportunity to make a meaningful and company changing discovery in what is a new and exciting exploration province in Western Australia.

The acquisition of the Grosvenor Tenements is conditional upon, among other things, Alchemy obtaining shareholders approval of the issue of the Consideration Shares. In recognition of the fact that Grosvenor Gold will become a substantial shareholder in Alchemy, a nominee of Grosvenor Gold will be appointed to the Board of Directors of the Company on completion of the transaction.

The Company continues to systematically explore its Projects, with a dual aim of increasing its gold mineral resources (which currently stand at 3.45Mt at 2.22g/t for 246,000oz of gold of indicated mineral resources) whilst searching for VMS-style or sedimentary-hosted copper mineralisation in the Bryah Basin.

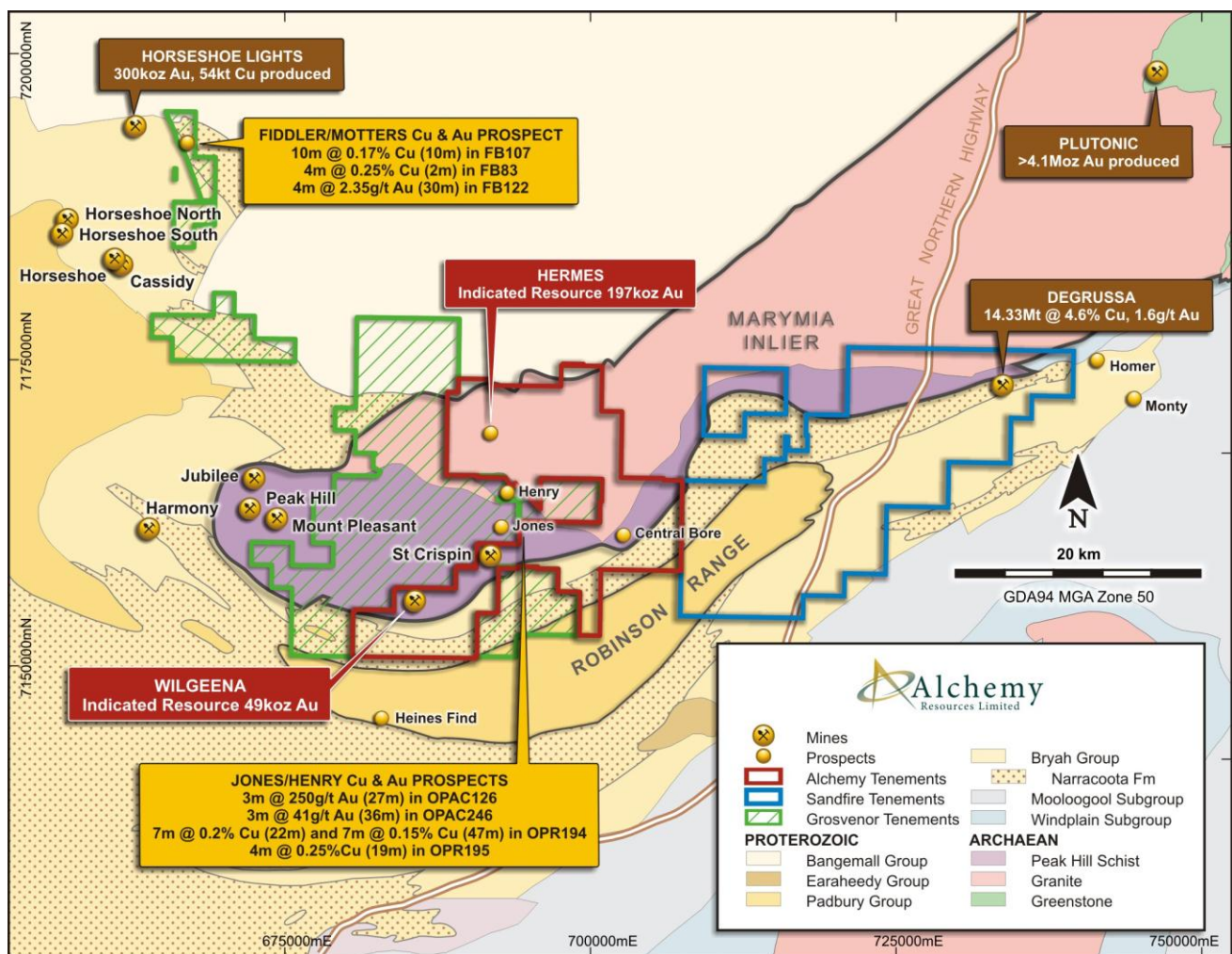


Figure 1: Location of Tenements acquired and associated prospects derived from initial data review

Notes:

The Wilgeena Resource referred to in the above figure is an Indicated Mineral Resource of 659,480t @ 2.34 g/t gold (equivalent to 49,536 oz of gold). The Hermes Resource referred to in the above figure is Indicated Mineral Resource of 2.79 Mt @ 2.19 g/t gold (equivalent to 196,650 oz of gold).

– ENDS –

For further information, please contact:

Mr Robert Brierley

Managing Director

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ABOUT ALCHEMY RESOURCES

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

The Magnus Copper Project contains more than 20 kilometres of strike extent of the Narracoota Volcanic Sequence, host to Sandfire's DeGrussa copper deposit. Significant geophysical and geochemical data has been acquired over the project. Alchemy is part way through its evaluation and it believes Magnus is 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.