

12 January 2012

Dear Option Holder,

NOTICE TO OPTION HOLDERS OF NON-RENOUNCEABLE ENTITLEMENT ISSUE

The board of Alchemy Resources Limited (**the Company**) has announced a pro-rata non-renounceable offer to eligible shareholders of 1 ordinary fully paid share for every 3 shares held on the Record Date (**the Issue**) at an issue price of \$0.13 per share to raise approximately \$4.2 million (before costs).

The Prospectus for the Issue was lodged with the Australian Securities and Investments Commission (**ASIC**) and the Australian Securities Exchange (**ASX**) on 12 January 2012 and will be sent to all eligible shareholders together with a personalised Entitlement and Acceptance Application Form by 30 January 2012. The Prospectus is available on both the ASX website (www.asx.com.au) and on the Company's website (www.alchemyresources.com.au).

If you wish to participate in the Issue you need to exercise your Options so that you are registered as a shareholder at 5.00pm (WST) on the Record Date. The Notice of Exercise of Options and payment of the exercise price should be received by Security Transfer Registrars Pty Ltd on or before 23 January 2012 to participate in the Issue.

You should consider the Prospectus in deciding whether to acquire shares under the Issue, and complete the personalised Entitlement and Acceptance Application Form that will accompany the Prospectus.

The proposed timetable for the Issue is set out below.

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| Announcement of Entitlement Issue and Lodgement of Prospectus | 12 January 2012 |
| Despatch of Preliminary Notice to Shareholders | 16 January 2012 |
| Ex Date – shares trade ex Entitlement | 17 January 2012 |
| Record date to determine Entitlement | 23 January 2012 |
| Prospectus and Entitlement and Acceptance Form sent to Shareholders | 30 January 2012 |
| Closing date for receipt of acceptances | 13 February 2012 |
| Allotment and issue of New Shares and despatch of shareholding statements | 21 February 2012 |

Yours faithfully



Bernard Crawford
Company Secretary