

13 January 2012

Dear Shareholder,

## **NOTICE OF NON-RENOUNCEABLE ENTITLEMENT ISSUE OF SHARES**

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**) 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](http://www.asx.com.au)) and on the Company's website ([www.alchemyresources.com.au](http://www.alchemyresources.com.au)).

On 16 December 2011 shareholders approved the issue of \$3.5 million worth of shares to Grosvenor Gold Pty Ltd (or its nominee) to acquire various exploration assets adjacent to the Company's tenements in the Bryah Basin (the area which hosts Sandfire Resources' DeGrussa copper-gold project) and settle litigation. The Issue satisfies a condition of the acquisition and settlement, being a capital raising of a minimum of \$4.0 million, and sets the deemed issue price of the share issue to Grosvenor Gold at \$0.13 per share (or 26,923,077 shares in total). Upon settlement of the purchase of the Grosvenor exploration assets, the Company will immediately commence a significant exploration program proposed for its tenement holding in the region.

The Issue is non-renounceable which means that there will be no rights trading.

### **Details of the Issue are as follows:**

Type of Issue	Pro-rata non-renounceable issue of ordinary fully paid shares on a 1 for 3 basis
Amount payable	13 cents per share
No. of shares to be issued	32,482,470
Amount to be raised	\$4,222,721 before costs
Purpose of the Issue	Exploration on the Grosvenor Assets and the Company's existing Projects

Underwriting	Fully underwritten by Jindalee Resources Limited and Grandor Pty Ltd
Shortfall applications	Shareholders will be able to apply for additional shares arising from any shortfall acceptances
Quotation of New Shares	Application for quotation of the New Shares has been made to the Australian Securities Exchange (ASX)

### **Important Dates**

Announcement of Entitlement Issue and Lodgement of Prospectus	12 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

Full details of the Issue are set out in the Prospectus, which is expected to be despatched to Shareholders on or about 30 January 2012.

Any Eligible Shareholder who wishes to acquire new shares pursuant to the Issue should consider the Prospectus in deciding whether to subscribe for shares and will need to complete the personalised Entitlement and Acceptance Form that will accompany the Issue Prospectus.

I am particularly pleased that Jindalee Resources Ltd (**Jindalee**) and Grandor Pty Ltd (a company controlled by Mr Mark Scott, the Chairman of Jindalee), two of your Company's key shareholders, have both agreed to take up their Entitlements and to fully underwrite the balance of the Issue. Details of this underwriting are provided in the Issue Prospectus. I believe this indicates strong support for the future of the Company and firm interest in the technical merit of the Company's Gascoyne Projects.

On behalf of your Board, I invite you to consider this investment opportunity and thank you for your ongoing support for our Company.

Yours faithfully



**Oscar Aamodt**

**Chairman**