

**ASX
ANNOUNCEMENT**

14 MARCH 2012

CODE: ALY

BOARD OF DIRECTORS

Mr Oscar Aamodt
Non-Executive Chairman

Ms Sofia Bianchi
Non-Executive Director

Mr Lindsay Dudfield
Non-Executive Director

Mr Anthony Ho
Non-Executive Director

ISSUED CAPITAL

SHARES 156,852,955

OPTIONS 2,800,000 (Unlisted)

PROJECTS

BRYAH BASIN COPPER (100%)

GASCOYNE GOLD (100%)

MURCHISON (80-100%)

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Targeted Exploration Commences at Bryah Basin Copper Project

- ***Advanced AMT survey identifies 5 priority anomalies within prospective Narracoota volcanic sequence***
- ***Targeted diamond and RC drilling of 3 priority AMT anomalies commences this week***
- ***Geological mapping and geophysical surveys over expanded Bryah Basin landholding commence this month***

Alchemy Resources Limited (ASX: **ALY**) is pleased to announce that it has commenced a targeted exploration program at its Bryah Basin Copper Project in Western Australia. The Bryah Basin Copper Project covers over 45km of strike length of volcanic and sedimentary rocks of the highly prospective Narracoota volcanic sequence (Figure 1) to the west of Sandfire Resources' high-grade DeGrussa copper-gold deposit (Measured, Indicated and Inferred Resources of 14.33Mt @ 4.6% Cu and 1.6g/t Au).

The audio-magnetotelluric (AMT) survey completed in late 2011 over 3km strike extent of Narracoota volcanics at the East Magnus prospect area delineated five discrete anomalies (Figure 2). These anomalies may represent massive sulfide targets not detected or resolved in the previous geophysical surveys.

The drilling program comprises approximately 2,000 metres of combined diamond and RC drilling testing three priority AMT anomalies as well as providing stratigraphic information within the prospective Narracoota volcanic sequence.

The three AMT anomalies prioritised for drill testing have coincident untested versatile time electromagnetic (VTEM) anomalies, gold anomalism detected in shallow drilling and/or hydrothermal alteration delineated through geological mapping that provide additional support for these targets.

Alchemy plans to undertake downhole electromagnetic (DHEM) surveys on all drill holes to delineate any off-hole conductors not intersected in drilling.

The Company has also commenced exploration on the tenements recently acquired from Grosvenor Gold Pty Ltd (see ASX Announcement dated 1 March 2012). Geological mapping and integration of geological and geophysical data from the Grosvenor tenements with existing data is underway and ground geophysical surveys designed to extend coverage across the acquired tenements and locate further targets for drill testing will commence in late March.

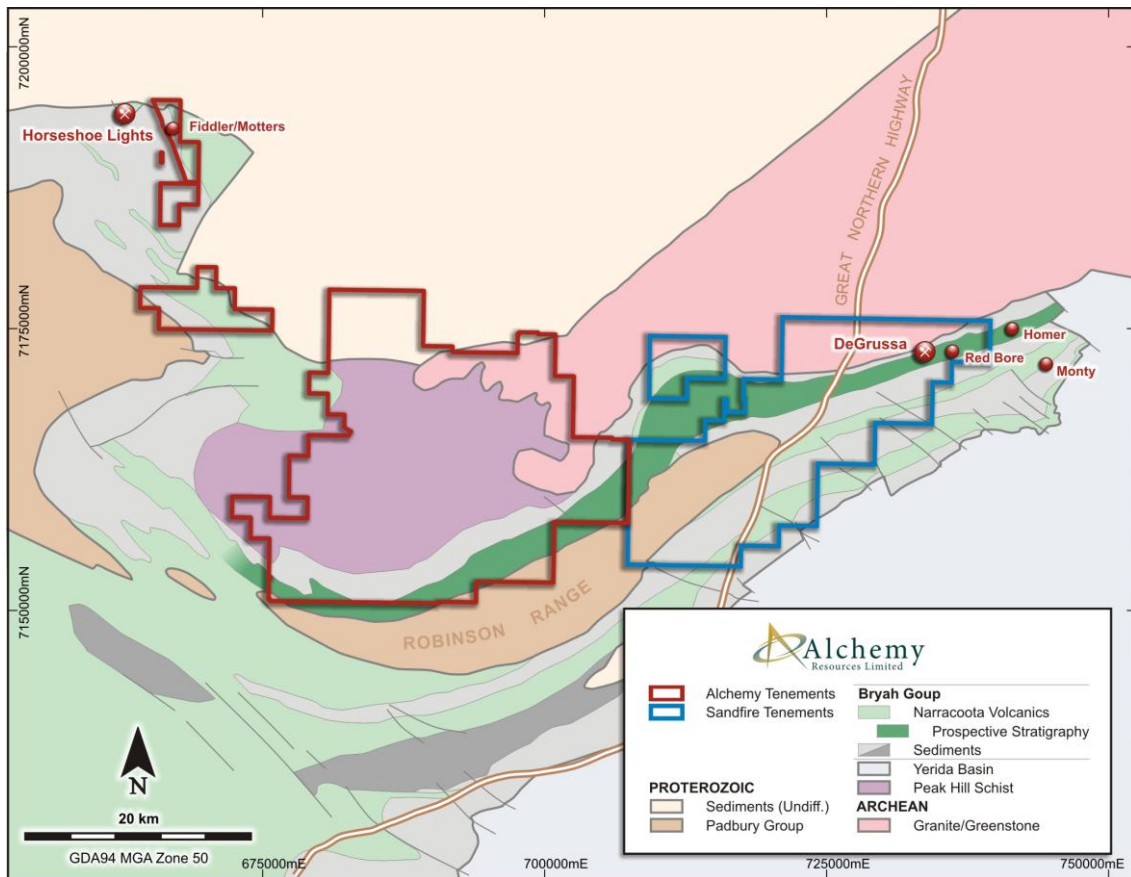


Figure 1. Prospective Narracoota volcanic stratigraphy highlighted on Bryah Basin Copper landholding.

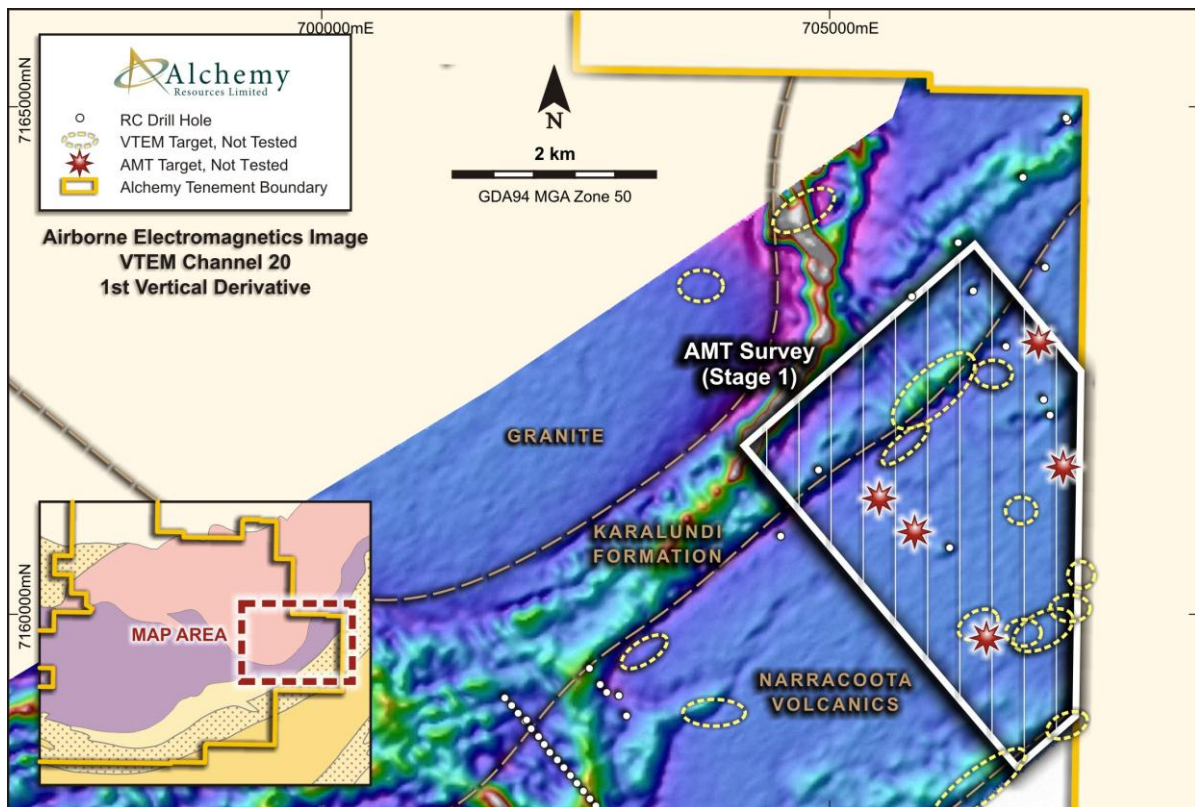


Figure 2. Priority AMT anomalies within prospective Narracoota volcanic sequence over VTEM Channel 20 image.

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 has commenced systematic evaluation of its expanded Bryah Basin landholding which 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.