

24 March 2010

Alchemy raises \$5 million through share placement

Drilling commences at Magnus Copper-Gold Project, assay results due from Hermes Gold Project

Alchemy Resources Ltd (“Alchemy” or the “Company”) (ASX: ALY) is pleased to announce that it has raised \$5 million (before costs) through a share placement as part of its plan to accelerate the aggressive drilling campaign underway at the Company’s copper-gold and gold projects in the Gascoyne Region of Western Australia.

The raising, which was completed by Bell Potter Securities at 65 cents a share and was heavily over-subscribed, will give Alchemy total cash reserves of approximately \$8 million to drill an array of highly promising targets at its Magnus Copper-Gold Project, which borders Sandfire Resource’s tenements, and to grow the existing JORC resource at its Hermes gold project nearby.

Alchemy also expects to raise a further \$5.4 million through the conversion of listed options, which have a strike price of 25 cents and expire on 31 August 2010.

Drilling is now underway at Magnus, where Alchemy will test 15 priority one conductors identified in a VTEM survey. One hole will be drilled in each conductor, with a down-hole electromagnetic survey conducted immediately at each target if the drilling does not make contact with the conductor.

Alchemy is also awaiting assay results from the first round of drilling in the latest program at Hermes. This drilling targeted three areas of known mineralisation as part of the program’s overall aim of increasing the existing 131,000-ounce JORC code compliant indicated resource at Hermes.

Alchemy Managing Director Michael Hannington said the Company’s strong cash position would enable it to accelerate the drilling programs at both Magnus and Hermes.

“It is now full-steam ahead at Magnus in search of a repeat of Sandfire’s DeGrussa copper-gold discovery,” Mr Hannington said. “The geological characteristics which host DeGrussa continue right across the border into Alchemy’s ground and when combined with the results of our VTEM survey, give us good reason to be confident about our chances of success.”

“With drilling taking place at both Magnus and Hermes, Alchemy expects to generate a steady flow of news over coming weeks and months.”

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About Alchemy Resources Limited

Alchemy is focused on two emerging resource projects within its Three Rivers tenements in the Gascoyne Goldfield region of Western Australia: the **Magnus Copper-Gold Project** and the **Hermes Gold Project**. Aggressive exploration and evaluation programs are underway at both projects in 2010.

At **Magnus**, Alchemy is pursuing exploration targeting the potential for copper-gold orebodies similar to Sandfire Resources NL's DeGrussa, Conductor 1 and Conductor 4 orebodies. Alchemy's tenements adjoin Sandfire's and cover approximately 178km² of the highly prospective Narracoota Formation that hosts the DeGrussa and Conductor 1 & 4 orebodies. Alchemy has delineated a pipeline of exploration targets within its tenements and is adopting a systematic and focused approach to exploration.

At **Hermes**, Alchemy has discovered three new gold zones with the potential to expand its current JORC compliant indicated resource of 1.7Mt @ 2.4g/t Au (131,000 ounces of gold). In parallel with follow-up drilling to test these zones, the Company is evaluating strategic development options for this asset including both toll-treatment and standalone development.

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 an 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 which 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 is based on information compiled by Mr Shaun Hackett, who is a Member of the Australasian Institute of Mining and Metallurgy and a full-time employee of Snowden Mining Industry Consultants Pty Ltd. Mr Hackett 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 Hackett consents to the inclusion in this report of the matters based on his information in the form and context that the information appears.