

**ASX
ANNOUNCEMENT**

8 JUNE 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 4,200,000 (Unlisted)

PROJECTS

BRYAH BASIN COPPER (80-100%)

GASCOYNE GOLD (100%)

MURCHISON (80-100%)

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Alchemy awarded grant for drilling at Bryah Basin Copper

- ***Alchemy granted \$120,000 through WA Government Co-funded Drilling Scheme***
- ***Funds will support targeted drill testing of VTEM anomalies identified within prospective Narracoota volcanic sequence on recently acquired tenements***
- ***Systematic exploration continuing over expanded Bryah Basin landholding***

Alchemy Resources Limited (ASX: **ALY**) is pleased to announce that it has been awarded a \$120,000 grant through the WA Governments' Exploration Incentive Scheme to support a targeted drilling program at its Bryah Basin Copper Project in Western Australia (Figure 1). The Bryah Basin Copper Project covers over 45km of strike length of volcanic and sedimentary rocks of the highly prospective Narracoota volcanic sequence 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 grant will be used to investigate untested VTEM anomalies within the prospective Narracoota volcanic sequence and Peak Hill Schist on tenements recently acquired from Grosvenor Gold Pty Ltd (refer ASX Announcement 1 March 2012).

The drill targets were identified during ongoing review of Grosvenor's exploration and geological database. The priority targets were delineated from interpretation of versatile time electromagnetic (VTEM) and preliminary moving loop electromagnetic (MLEM) surveys.

The drilling programme is expected to commence in the September quarter, once all necessary permits have been obtained.

Award of the competitive grant validates Alchemy's innovative and systematic approach to conducting its exploration at the Bryah Basin Copper project.

Exploration of Alchemy's Bryah Basin landholding is continuing with geological mapping and geochemical sampling on the recently acquired tenements currently underway, and with ground geophysical surveys planned to commence next month. In combination, the results from these surveys will be used to define additional targets for drill testing in the second half of 2012.

Alchemy is well funded and focussed on unlocking the copper-gold potential of its expanded Bryah Basin landholding through employing innovative geophysical and geochemical methods in conjunction with drill testing of priority targets.

– ENDS –

Please direct enquiries to: Mr Oscar Aamodt (Chairman)
 Dr Kevin Cassidy (Chief Executive Officer)
 Telephone: +61 8 9481 4400

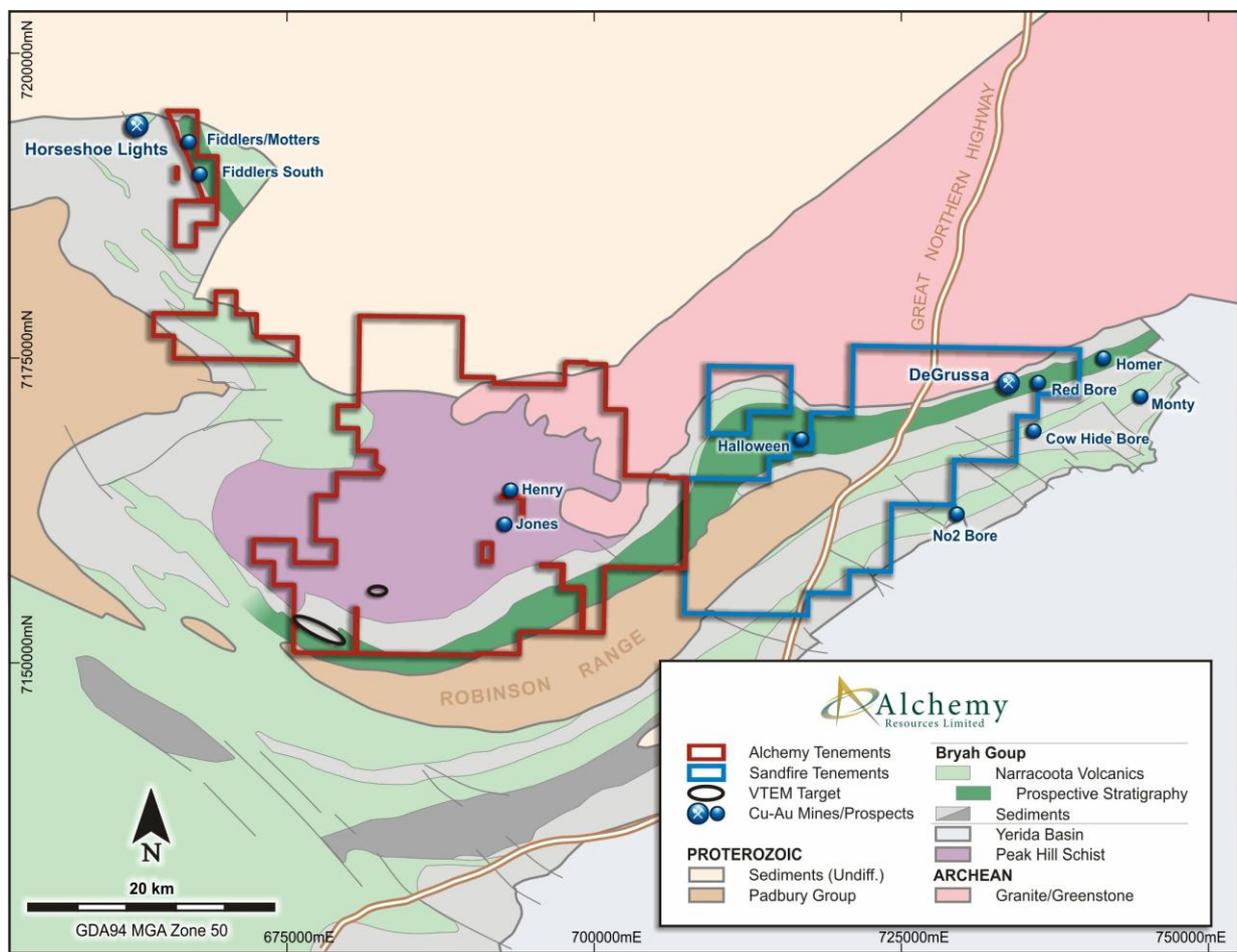


Figure 1. Location of proposed co-funded drilling program targeting VTEM anomalies, Bryah Basin Copper Project.

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 is undertaking systematic evaluation of its 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.