

ASX RELEASE

30 JANUARY 2012

CODE: ALY

BOARD OF DIRECTORS

Mr Oscar Aamodt
Non-Executive Chairman

Mr Lindsay Dudfield
Non-Executive Director

Mr Anthony Ho
Non-Executive Director

ISSUED CAPITAL

SHARES 97,447,408

OPTIONS 2,800,000 (Unlisted)

PROJECTS

BRYAH BASIN COPPER (100%)

GASCOYNE GOLD (100%)

MURCHISON (80-100%)

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A focus on exploration

DECEMBER 2011 QUARTERLY REPORT

Highlights

BRYAH BASIN COPPER PROJECT

- Landmark agreement to acquire tenements from Grosvenor Gold doubles Alchemy's landholding in Bryah Basin to 630km² and adds 25km strike length to Alchemy's >20km of Narracoota Volcanics (host to the DeGrussa copper-gold deposit)
- Stage 1 of comprehensive AMT survey completed at East Magnus with multiple conductors delineated – drill testing to commence March 2012

GASCOYNE GOLD PROJECT

- Extensional RC drilling program at Hermes deposit intersects high-grade gold in down-plunge positions below current resource envelope, including 12m at 6.12g/t from 108m, 12m at 2.55g/t from 151m and 8m at 3.09g/t from 164m

MURCHISON PROJECTS

- Follow up sampling confirms encouraging gold intercepts at Jeffery Well, including 5m at 5.00g/t from 60m, 6m at 2.06g/t from 83m and 6m at 1.92g/t from 79m

CORPORATE

- New Board appointed, headed by experienced resource director Oscar Aamodt
- 1 for 3 rights issue at \$0.13 to raise \$4.2 million announced 12 January 2012 underwritten by Jindalee and Grandor; \$2.4 million cash at hand at 31 December 2011
- Alchemy's main focus for 2012 will be exploration for DeGrussa-style deposits on the Company's expanded landholding in the Bryah Basin

Bryah Basin Copper Project (Alchemy 100%)

The Bryah Basin Copper Project currently covers over 20km of strike length of volcanic and sedimentary rocks of the highly-prospective Bryah Group, located 130km NE of Meekatharra, Western Australia (Figure 1). Alchemy is undertaking systematic exploration for VMS-type (base and precious metals) mineralisation at the Magnus prospect, which is along strike and to the west of Sandfire Resources' DeGrussa deposit (Measured, Indicated and Inferred Resources of 14.33Mt at 4.6% Cu and 1.6g/t Au).

Alchemy remains focussed on unlocking the copper-gold potential of its Bryah Basin Copper Project through employing innovative geophysical and geochemical methods in conjunction with drill testing of priority targets.

Acquisition of Grosvenor Gold tenement package

Alchemy has entered into a series of agreements with Grosvenor Gold that will substantially increase the Company's landholding in the highly prospective Bryah Basin and settle the Warden's Court forfeiture action commenced by Alchemy in March 2010 (reported in ASX Announcement dated 15 November 2011).

The tenements to be acquired from Grosvenor Gold will increase Alchemy's landholding in the prospective Bryah Basin to over 630km² and provide an additional 25km of strike extent to Alchemy's >20km of Narracoota Volcanics, the host sequence to the DeGrussa deposit (Figure 2).

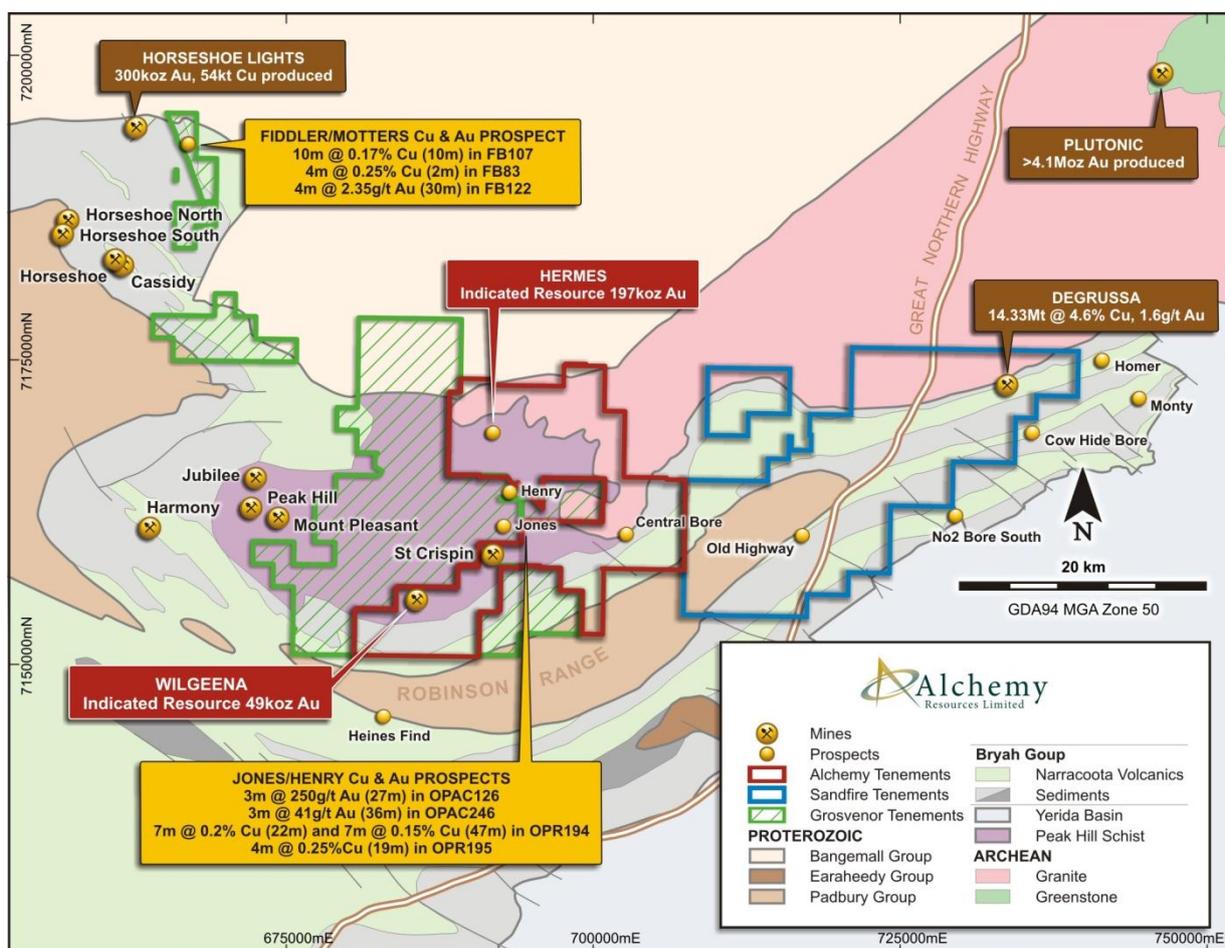


Figure 1: Location of Bryah Basin Copper and Gascoyne Gold projects and Grosvenor Gold tenements acquired.

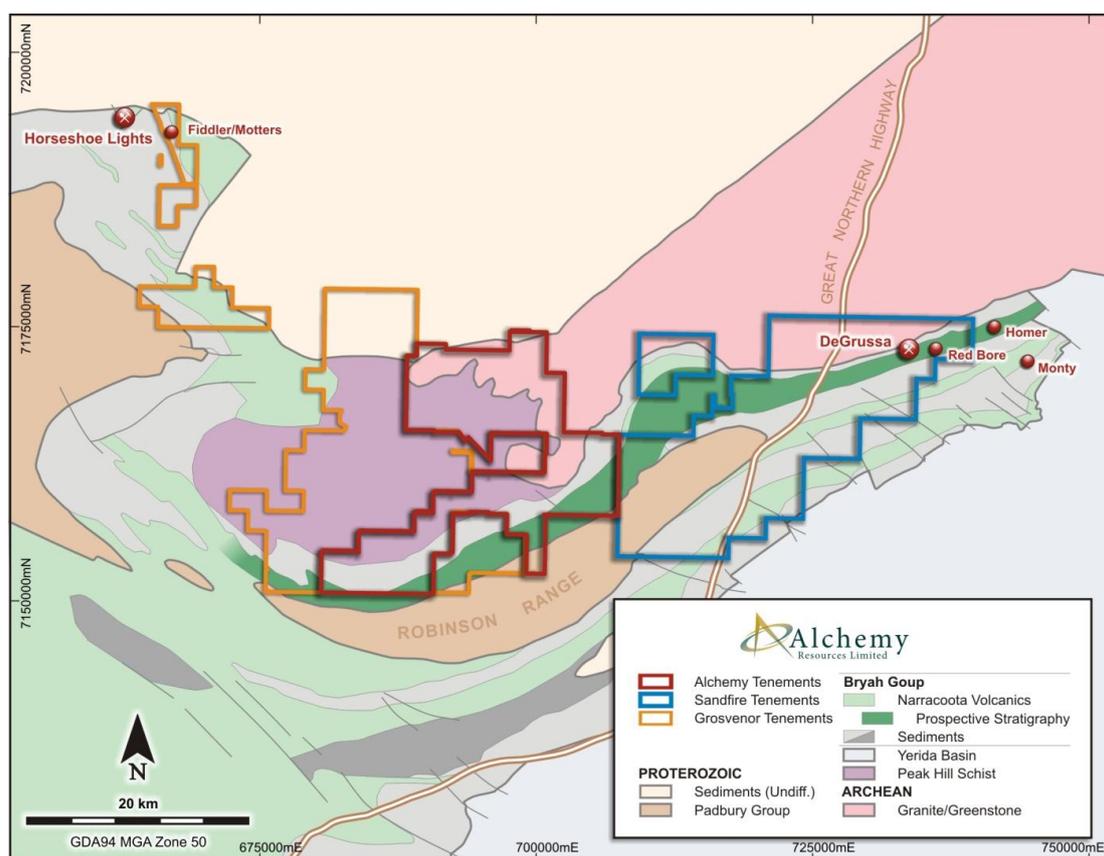


Figure 2. Prospective Narracoota stratigraphy highlighted on Alchemy and Grosvenor Gold tenements.

Audio-Magnetotellurics Survey

Stage 1 of a comprehensive audio-magnetotelluric (AMT) survey over the East Magnus project area was completed in November 2011 (Figure 3). The AMT method has the capability of ‘seeing’ deeper into the prospective rock package than the previous helicopter-borne versatile-time EM (VTEM) and ground moving-loop EM (MLEM) surveys. The AMT survey is being used for both geological mapping purposes and to detect discrete conductors that may represent massive sulfide targets not detected or resolved in the previous geophysical surveys. The survey is also seeking to define deeper structures that may represent fluid pathways.

The AMT survey acquired data along 300 metre-spaced lines over the Narracoota volcanic sequence and upper 750 metres of the underlying Karalundi sedimentary sequence. Results from Stage 1 of the AMT survey indicate a number of conductors at depth within the Narracoota volcanic sequence (Figure 4) that are potentially massive sulfide lenses. Further interpretation including 1D and 2D inversions are underway to better define the higher priority targets prior to drill testing. In light of the encouraging results from the Stage 1 survey the Company has decided to extend AMT coverage of the prospective stratigraphy, with Stage 2 of the AMT survey scheduled to commence in March 2012.

RC and diamond drilling and associated down-hole EM (DHEM) surveys of high priority targets generated from the Stage 1 AMT survey will also commence in March 2012.

In parallel with the AMT survey, Alchemy has re-evaluated all of the geophysical targets identified in the VTEM, MLEM and DHEM surveys conducted previously and has identified further untested targets (Figure 4).

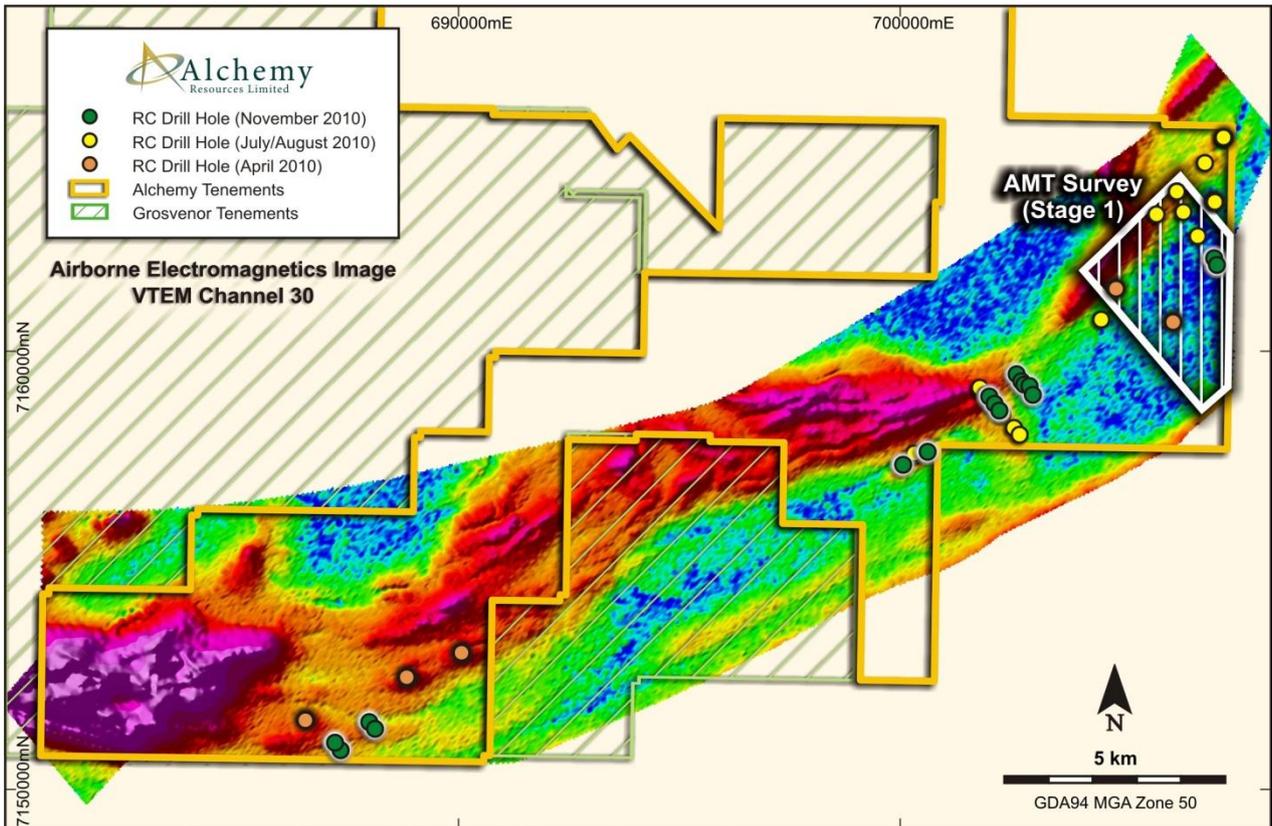


Figure 3: Bryah Basin Copper Project – Location of AMT survey showing Stage 1 completed, over VTEM Channel 30 image.

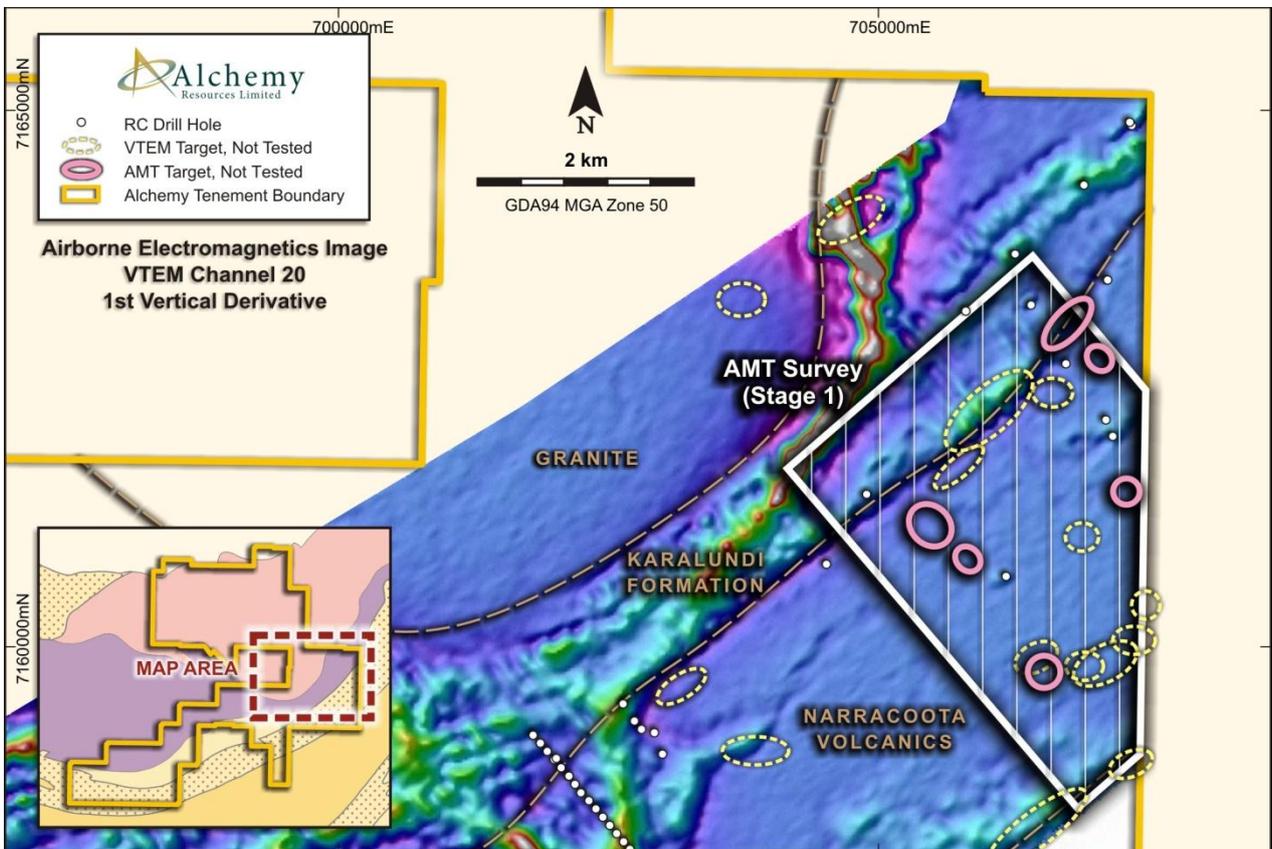


Figure 4: Bryah Basin Copper Project – AMT survey showing location of conductors over VTEM Channel 20 image.

Gascoyne Gold Project (Alchemy 100%)

The Gascoyne Gold Project covers over 270km² within the highly-prospective Marymia Inlier and Bryah Basin, located 130km north-east of Meekatharra, Western Australia (Figure 1). The project comprises the Hermes and Wilgeena Gold Deposits, and the Central Bore Prospect.

Indicated Mineral Resources at the Gascoyne Gold Project total 246,000oz of gold, contained at the Hermes and Wilgeena deposits. Alchemy has a goal of increasing its gold resources whilst continually evaluating opportunities to commercialise these assets.

Hermes Gold Deposit

An Indicated Resource of 2.79 Mt at 2.19g/t gold (equivalent to 196,650 oz of gold) has been estimated for the Hermes Gold Deposit (reported in ASX Announcement dated 13 September 2011).

The resource consists of five areas of gold mineralisation – Trapper, Trapper West, Hawkeye, Winchester and Blake (Figure 5). Gold mineralisation is associated with stacked zones of quartz veining and/or sulfides within meta-sedimentary units and amphibolites and is characterised by the presence of robust high-grade zones.

A 12-hole extensional RC drilling program at Hermes was completed in December 2011. The program drill tested high-grade gold intersections at depth from historic and Alchemy RC and diamond drilling in four areas – Hawkeye, Trapper, Trapper West and Winchester.

Assay results have been received for 4m composite samples and a limited number of 1m split samples and highlight the depth continuity of many of the high-grade ore zones (see Table 1 for significant intervals).

Results include best gold intersections (applying a 0.25g/t lower cut-off and a maximum of 2m of internal dilution) of:

- **12m @ 6.12 g/t** from 108m and **4m @ 5.93 g/t** from 172m in TRC351
- **12m @ 2.55 g/t** from 151m, including **5m @ 5.57 g/t** from 156m, in TRC352, and
- **8m @ 3.09 g/t** from 136m and **29m @ 1.22 g/t** from 164m in TRC343.

The results indicate that mineralisation is open at depth and further drilling has good potential to add to the known resource and expand the area of gold mineralisation outside of the current Indicated Resource.

Central Bore Gold Prospect

Previous drilling by Alchemy in the central part of the Central Bore area has resulted in the discovery of high-grade gold mineralisation related to quartz veining in granite (reported in ASX announcements dated 10 December 2010 and 15 July 2011). The majority of the high-grade intervals of up to an ounce-per-tonne appear to have some continuity within broader zones of low-grade (<1g/t Au) mineralisation.

Further resource definition drilling is scheduled to commence at Central Bore in the March 2012 quarter.

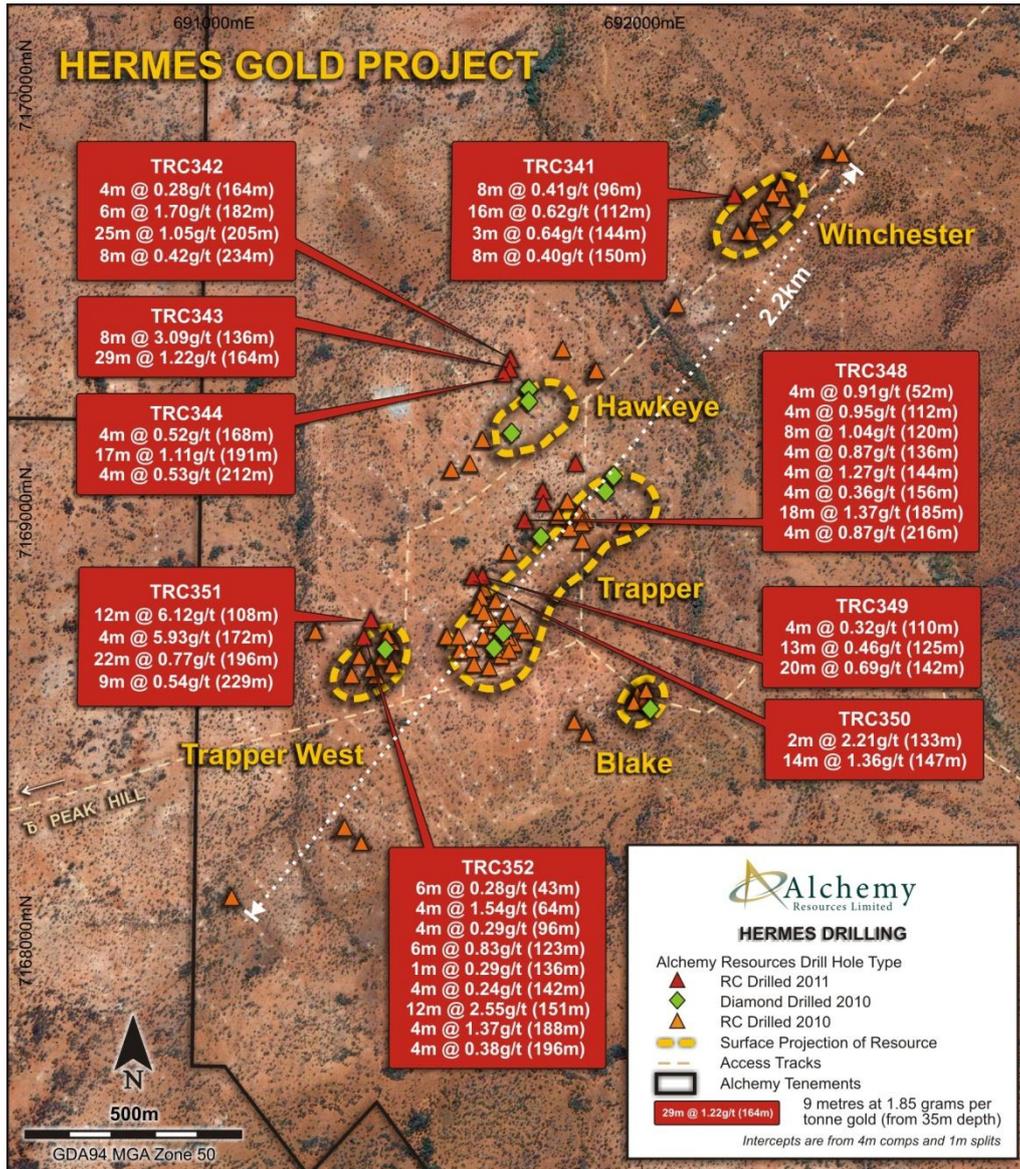


Figure 5: Hermes Gold Deposit – Plan showing location of areas of gold mineralisation and results from RC drilling.

Murchison Projects

Assessment of the Company’s Murchison tenements continued with follow up sampling of aircore holes at Jeffery Well, and evaluation of the Gidgee South, Wydgee, Ninden Hill and Pollele projects (Figure 6).

Jindalee Resources Limited (“Jindalee”) is a 20% JV partner in a number of Alchemy’s Murchison Projects. Jindalee’s interest is noted where relevant.

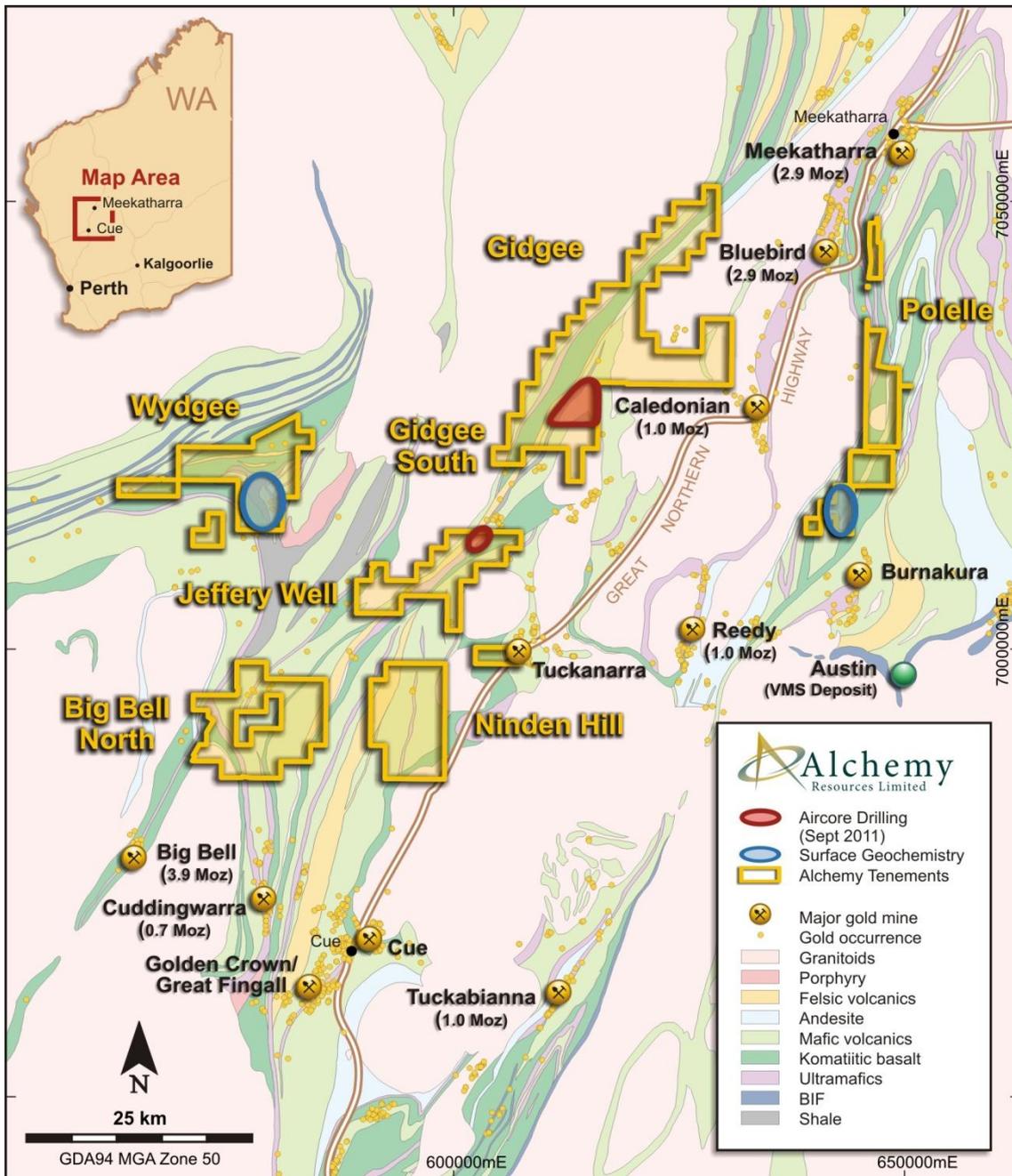


Figure 6: Murchison Projects – Location of completed aircore drilling and surface geochemistry programs.

Jeffery Well Project (Alchemy 80%, Jindalee 20%)

An in-fill aircore drilling program was completed in September 2011 at Jeffery Well to test for high-grade, vein-style gold mineralisation within a regional gold corridor (Figure 7). The gold corridor may represent an extension of the Sarus gold prospect previously drilled by MPI Ltd in the 1990s.

Assay results have been received for 1m samples (Table 2) from anomalous intervals delineated using 4m-composite samples (reported in the September 2011 Quarterly Report). Significant gold intercepts (using a lower cut-off of 0.20g/t) include:

- **5m @ 5.00g/t** from 60m, including **2m @ 10.16g/t** from 60m, in JWAC058,
- **6m @ 2.06g/t** from 83m in JWAC071,
- **6m @ 1.92g/t** from 79m and **2m @ 5.63g/t gold** from 89m in JWAC082, and
- **1m @ 5.32g/t** from 50m in JWAC086.

In combination with the results from the initial aircore drilling program in late 2010 (reported in an ASX Announcement dated 24 January 2011), these results are encouraging and confirm the zone of gold anomalism localised in a structural corridor at the contact between mafic and ultramafic rocks extends to over one kilometre.

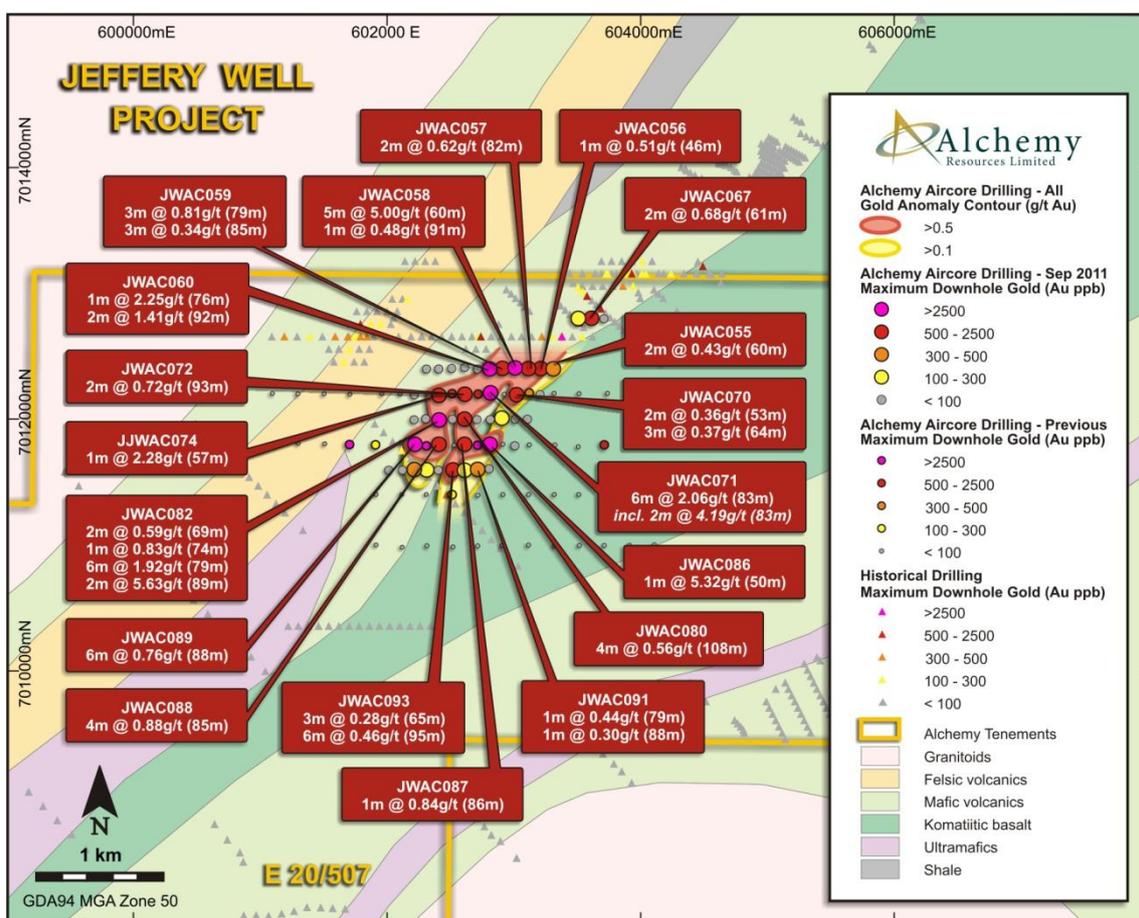


Figure 7: Jeffery Well Project – Results from recent sampling and previous drilling (see legend) over geology.

The exploration results from Jeffery Well highlight the potential in the Murchison District for not only large lode gold systems but also for narrow high grade gold systems, similar to the gold mineralisation identified north of Meekatharra at Andy Well by Doray Minerals Limited. In-fill aircore and targeted RC drilling at Jeffery Well is scheduled for later this year.

Gidgee South Project (Alchemy 100%)

An initial aircore drilling program was completed in September 2011 at Gidgee South (Figure 6) to drill test for gold mineralisation in the north-eastern part of the project area. Drilling spacing was reconnaissance in nature with 100 metre-spaced holes along drill lines spaced 400-800 metres apart.

The drilling was designed to investigate a structural target identified during regional targeting following development of Alchemy's proprietary three-dimensional geologic model of the Murchison Projects area and may represent the northern continuation of the highly-mineralised Big Bell – Meekatharra shear zone, which hosts the Big Bell gold deposit (3.9 Moz).

Sampling (4m composite) of these holes outlined a zone of weak gold anomalism extending over 4km in length, with selective follow up (1m) sampling conducted during the period confirming the composite sample results. The bottom-of-hole multi-element assays will be interpreted in conjunction with the aeromagnetic and geological data prior to further exploration.

Wydgee and Ninden Hill Projects (Alchemy 80%, Jindalee 20%)

Re-assessment of the Wydgee and Ninden Hill projects (Figure 6) during 2011 has highlighted the base metal prospectivity of these project areas. Mapping by the Geological Survey of Western Australia, in combination with discovery of base metal mineralisation by Silver Swan Group at Austin, Reed Resources at Chunderloo and Silver Lake Resources at Eelya, indicates that the northern Murchison district hosts volcanic sequences with significant base metal potential.

Field mapping, rock chip sampling and surface geochemistry programs over the Wydgee and Ninden Hill projects delineated several areas of gold and/or base metal anomalism that will be the subject of further exploration and drill testing in 2012.

Big Bell North Project (E20/667: Alchemy 100%; E20/594: Alchemy 80%, Jindalee 20%)

Regional targeting and development of the three-dimensional model for the northern Murchison region defined several targets at Big Bell North (Figure 6), including an area in the western part of E20/667 interpreted to represent the along-strike position of the northeast-trending Big Bell Fault in an area undercover and with subdued magnetic character.

An initial 1,500 metre aircore drilling program to drill test this target for gold mineralisation has been re-scheduled to 2012.

Pollele Project (E51/1326: Alchemy 100%; E51/1042, E51/1225 & E51/1226: Alchemy 80%, Jindalee 20%)

A field assessment and surface geochemistry program was completed over the southern part of the Pollele Project (Figure 6) in 2011. In an area north of Burnakura Bore on E51/1326, an interpreted north-south corridor of quartz-carbonate alteration associated with a folded sequence of mafic rocks and corresponding with a demagnetised zone in magnetic images, represents a favourable target for further exploration. Results of surface geochemistry program over the south-eastern part of E51/1326 have delineated several small zones of gold anomalism that will be the subject of further exploration in 2012.

Corporate

Alchemy's Annual General Meeting was held on 25 November 2011 with the three Directors up for re-election (John Arbuckle, Jeffrey Moore and Robert Brierley) deciding to resign prior to the meeting and the remaining Board member (Warwick Davies) resigning immediately thereafter. Experienced resource director Oscar Aamodt was appointed Non-executive Chairman and Lindsay Dudfield and Anthony Ho were appointed Non-executive Directors of the Company (refer to ASX announcement dated 28 November 2011).

On 16 December 2011 a General Meeting of shareholders approved the issue of \$3.5 million worth of shares to Grosvenor Gold (or its nominee) to acquire various exploration assets adjacent to the Company's tenements in the Bryah Basin and settle litigation.

On 12 January 2012 Alchemy announced a pro-rata non-renounceable offer to eligible shareholders of 1 ordinary fully paid share for every 3 shares held at an issue price of \$0.13 per share to raise approximately \$4.2 million (before costs). Eligible shareholders will also have the opportunity to apply for more shares than their entitlement with priority given to shareholders holding less than a marketable parcel of shares.

Jindalee Resources Ltd and Grandor Pty Ltd (an entity controlled by Mr Mark Scott, Jindalee's chairman) have agreed to take up their entitlements and fully underwrite the remaining shares offered under the Issue. Jindalee is currently Alchemy's largest shareholder, holding approximately 10% of the Company.

The offer satisfies a condition of the acquisition and settlement, being a capital raising of a minimum of \$4 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). The capital raising and issue of shares to Grosvenor Gold are expected to be completed by the end of February 2012. Upon settlement of the purchase of the Grosvenor Gold tenements, Alchemy will immediately commence a significant exploration program on its expanded land holding in the region.

The Company is currently defending proceedings brought by Robert Brierley, the Company's former Managing Director. Mr Brierley has filed an application in the Industrial Relations Commission for the payment of a total of \$163,500, being 6 months' salary plus superannuation he claims should be paid to him in lieu of notice of termination following his resignation from the Company in November 2011. The Company considers the application has no merit and will defend the proceeding.

Please direct enquiries to: Mr Oscar Aamodt and Mr Lindsay Dudfield – Corporate

Dr Kevin Cassidy – Technical

Telephone: +61 8 9481 4400

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 fulltime 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 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.

Table 1: Hermes Project – Significant intervals from RC Drilling, >0.25g/t gold

Prospect	Hole ID	MGA East (m)	MGA North (m)	Hole Depth (m)	From (m)	To (m)	Interval (m)	Gold (g/t)	Comment
Winchester	TRC341	692214	7169758	180	96	104	8	0.41	
					112	128	16	0.62	
					144	147	3	0.64	
					150	158	8	0.40	
Hawkeye	TRC342	691695	7169376	250	164	168	4	0.28	
					182	188	6	1.70	
					205	230	25	1.05	
					234	242	8	0.42	
Hawkeye	TRC343	691693	7169353	241	136	144	8	3.09	
					164	193	29	1.22	
Hawkeye	TRC344	691679	7169342	220	168	172	4	0.52	
					191	208	17	1.11	
					212	216	4	0.53	
Trapper	TRC345	691846	7169133	240	NSI				
Trapper	TRC346	691770	7169069	239	NSI				
Trapper	TRC347	691771	7169040	230	NSI				
Trapper	TRC348	691728	7169000	239	52	56	4	0.91	
					112	116	4	0.95	
					120	128	8	1.04	
					136	140	4	0.87	
					144	148	4	1.27	
					156	160	4	0.36	
					185	203	18	1.37	
					216	220	4	0.87	
Trapper	TRC349	691630	7168870	179	110	114	4	0.32	
					125	138	13	0.46	
					142	162	20	0.69	
Trapper	TRC350	691608	7168868	185	133	135	2	2.21	
					147	161	14	1.36	
Trapper West	TRC351	691372	7168768	269	108	120	12	6.12	
					172	176	4	5.93	
					196	218	22	0.77	
					229	238	9	0.54	
Trapper West	TRC352	691355	7168727	200	43	49	6	0.28	
					64	68	4	1.54	
					96	100	4	0.29	
					123	129	6	0.83	
					136	137	1	0.29	
					142	146	4	0.24	
					151	163	12	2.55	incl. 5m @ 5.67g/t (156m)
					188	192	4	1.37	
196	200	4	0.38						

NSI – No significant intersection

Calculation of Assay Results:

Quoted drill intersections are based on a lower cut-off of 0.25g/t gold with a maximum of 2 metres of internal dilution (i.e., samples with less than 0.25g/t gold). Assay results were obtained from geochemical analysis of either 4 metre composite or 1 metre split samples. Sampling was undertaken following logging of geological boundaries within the drill hole. All samples were analysed at ALS Global Laboratories in Perth. Samples are prepared using single stage pulverization of the entire sample. Gold assays are obtained using either 25g aqua regia digest or 30g fire assay technique and either ICP or atomic absorption spectrometry analysis finish. Full analytical quality assurance - quality control is achieved using a suite of certified standards, laboratory standards, field duplicates, laboratory duplicates, repeats, blanks and grind size analysis.

The location of drill holes is determined using a handheld GPS achieving less than 10m accuracy and using the MGA datum (Zone 50). All drill holes at were drilled at -60 degrees to 135 degrees MGA azimuth.

Table 2: Jeffery Well Project – Significant intervals from 1m-split samples from Aircore Drilling, >0.20g/t gold

Hole ID	MGA East (m)	MGA North (m)	Hole Depth (m)	From (m)	To (m)	Interval (m)	Gold (g/t)	Comment
JWAC055	603311	7012398	106	60	62	2	0.43	
				70	74	4	0.17	
JWAC056	603212	7012401	94	46	46	1	0.51	
JWAC057	603115	7012401	85	82	84	2	0.62	
JWAC058	603010	7012407	113	60	65	5	5.00	incl. 2m at 10.16g/t (60m)
				90	92	2	0.35	
JWAC059	602911	7012403	116	79	82	3	0.81	
				85	88	3	0.34	
JWAC060	602810	7012399	104	76	77	1	2.25	
				92	94	2	1.41	
JWAC067	603613	7012801	83	61	63	2	0.68	
JWAC070	603022	7012194	102	53	55	2	0.36	
				64	67	3	0.37	
JWAC071	602817	7012208	93	83	89	6	2.06	
JWAC072	602614	7012197	118	93	95	2	0.72	
JWAC074	602409	7012188	92	57	58	1	2.28	
JWAC077	602905	7012007	105	92	93	1	0.20	
JWAC080	602612	7011999	119	108	112	4	0.56	
JWAC082	602410	7011993	95	69	71	2	0.59	
				74	75	1	0.83	
				79	85	6	1.92	
				89	91	2	5.63	
JWAC086	602813	7011799	102	50	51	1	5.32	
JWAC087	602611	7011800	95	86	88	2	0.53	
JWAC088	602409	7011799	89	85	89	4	0.88	
JWAC089	602220	7011799	95	88	94	6	0.76	
JWAC091	602715	7011600	98	79	83	4	0.17	
				88	89	1	0.30	
JWAC093	602520	7011596	101	65	68	3	0.28	
				95	101	6	0.46	
JWAC095	602312	7011596	96	95	96	1	0.23	
JWAC096	602215	7011599	92	66	67	1	0.24	

Calculation of Assay Results:

Quoted drill intersections are based on a lower cut-off of 0.20g/t gold with a maximum of 2 metres of internal dilution (i.e., samples with less than 0.20g/t gold). Assay results were obtained from geochemical analysis of 1 metre spear samples. Sampling was undertaken following logging of geological boundaries within the drill hole. All samples were analysed at ALS Global Laboratories in Perth. Samples are prepared using single stage pulverization of the entire sample. Gold assays are obtained using a 30g fire assay technique and either ICP or atomic absorption spectrometry analysis finish. Full analytical quality assurance - quality control is achieved using a suite of certified standards, laboratory standards, field duplicates, laboratory duplicates, repeats, blanks and grind size analysis.

The location of drill holes is determined using a handheld GPS achieving less than 10m accuracy and using the MGA datum (Zone 50). All drill holes at were drilled at -60 degrees to 090 degrees MGA azimuth.