Alchemy Resources Limited
ACN 124 444 122

ASX RELEASE

31 July 2013

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 975,000 (Unlisted)

PROJECTS

BRYAH BASIN (80-100%)

MURCHISON (80-100%)

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JUNE 2013 QUARTERLY REPORT

Highlights

BRYAH BASIN PROJECT

- Finalised drilling program to test targets directly along strike of Sandfire's North Robinson Range multi-element anomaly
- Reviewed copper-gold targets and regional interpretation of prospective Narracoota sequence (host to DeGrussa copper-gold deposit)
- Multiple bedrock conductors and widespread base metal and pathfinder anomalous horizons remain untested
- Progressed detailed project scale geological mapping and exploration review on 'gold-only' target areas
- Multiple 'gold-only' targets delineated across Bryah Basin Project

CORPORATE

- $1.6 million cash at hand at 30 June 2013
- Cash rebate relating to EIS Grant drilling activities at the Bryah Basin Project received

Bryah Basin Project

Alchemy's major focus is the Bryah Basin Project, located 130km NE of Meekatharra, Western Australia, located along strike and west of Sandfire Resources' DeGrussa copper-gold mine and southeast of Horseshoe Metals' Horseshoe Lights copper-gold project, and adjacent to Peak Hill where about 1Moz of gold has been mined from several deposits (***Figure 1***).

Alchemy's tenement holding covers approximately 45 km of strike length of prospective Narracoota volcano sedimentary sequence in the Bryah Basin. Alchemy holds 100% in the majority of the landholding with the exception of several tenements held in joint-venture with Jackson Minerals Pty Ltd (20%), a subsidiary of Fe Ltd (ASX: FEL).

Alchemy is employing innovative geochemical and geophysical methods in conjunction with drill testing of priority targets to unlock the copper – gold potential of its Bryah Basin Project. Multiple bedrock conductors and geochemistry anomalies associated with prospective volcanogenic massive sulphide (VMS) horizons within the Narracoota sequence remain untested across the Bryah Basin Project and work is continuing to rank these copper – gold targets prior to further exploration and drill testing.

Copper-gold targets along strike from Sandfire Resources' North Robinson Range prospect

During the quarter, planning was finalised for shallow drill testing of a strike extensive area in the south-eastern Bryah Basin Project area directly along strike to the +7 kilometre long multi-element anomaly recently reported by Sandfire Resources at their North Robinson Range prospect (***Figure 1***).

Two strike-extensive targets have been delineated. The first target in the east Magnus area (***Figure 2***) is over 4 kilometres in length, abuts the western side of the North Robinson Range anomaly and represents a priority target. Broad-spaced shallow drill testing of the target within the prospective Narracoota sequence and contact zone with the overlying Ravelstone sequence is planned.

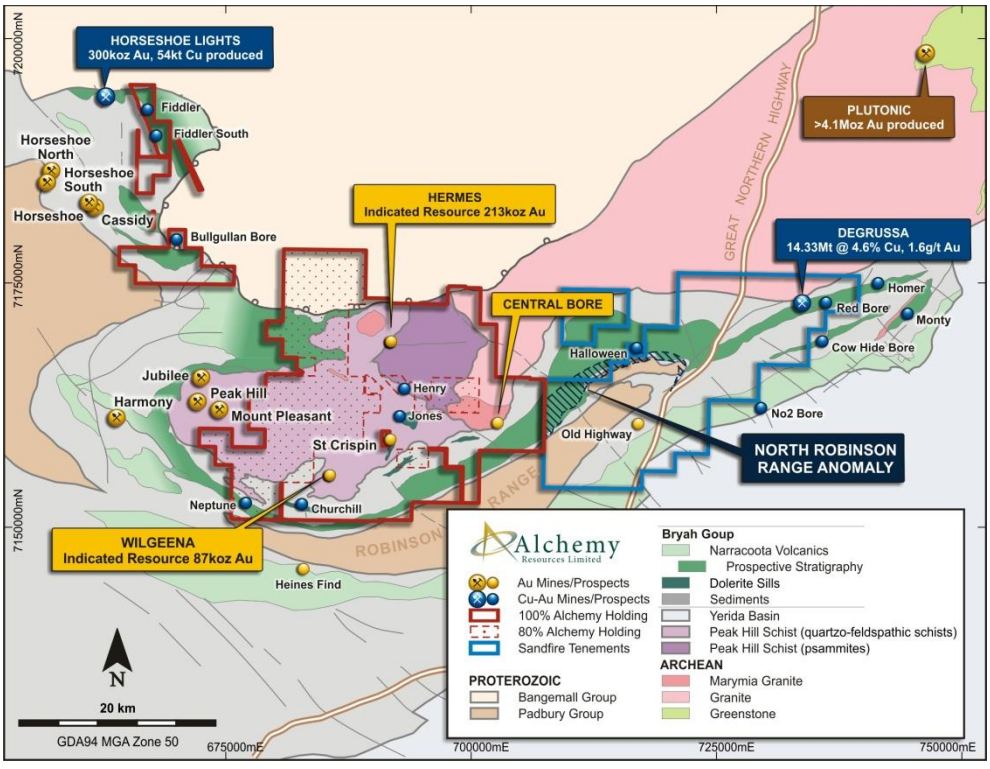

Figure 1: Bryah Basin Project – Alchemy tenements and prospective Narracoota volcanic sequence.

Shallow drilling has also been planned to test a target in the central Magnus area (***Figure 2***). This target, which is over 8 kilometres in length, is at the same stratigraphic position within the Narracoota sequence and adjacent to the extensive low-level copper anomaly.

Both targets are largely obscured by scree deposits from the Robinson Range, located to the south, which has likely inhibited any surface geochemical response. Incorporation of understanding of the complex relationship between the weathered profile and secondary mobilisation of base metals and pathfinder elements will be a critical factor in fully understanding these target zones.

The drilling aims to identify secondary/oxide copper-gold anomalism within the lower weathered profile that will allow better delineation of primary sulphide targets to be tested by deeper RC drilling. Previous work has demonstrated strong base metal and pathfinder depletion in the transported cover and/or upper 10 to 15 metres of strongly weathered rock.

Application of innovative technology on samples obtained from the drilling will assist vectoring towards the VMS prospective horizons and identification of primary sulphide targets throughout the strike-extensive target zones.

Geophysical and geochemical copper – gold targets

A number of widespread multi-element geochemical anomalies and geophysical bedrock conductors associated with VMS prospective horizons within the Narracoota volcano-sedimentary sequence remain untested across the Bryah Basin Project (***Figure 2***).

Two strong and six weak bedrock conductors defined from moving-loop (MLEM) and/or fixed-loop (FLEM) surveys remain to be drill tested. Two strong conductors identified in the Neptune area (***Figure 2***), may be related to sulphide-bearing black shale horizons adjacent to the basal contact of the overlying Narracoota sequence, which is interpreted to represent a prospective VMS mineralised horizon. Previous shallow drilling returned sulphide-bearing black shales with highly anomalous copper and pathfinder elements.

The six weak bedrock conductors (***Figure 2***), including the MT-36 conductor that remains untested, have characteristics that indicate they may be related to stratigraphic features, such as black shales, or to sulphide-bearing rocks. Five of these targets are at or close to the contact of sulphide-bearing black shale horizons with the lower-most Narracoota sequence, interpreted to be a prospective VMS mineralised horizon in the analogous position to the DeGrussa copper-gold deposit.

Widespread, anomalous base metal, gold and pathfinder assay results from shallow drilling and drill spoil from historic drilling returned from the Neptune, Churchill and Fiddler areas (***Figure 2***) define multiple coherent broadly anomalous horizons that may be related to VMS-style base metal mineralising processes.

In the Neptune area, two broad, linear zones with encouraging secondary copper anomalism (>400ppm copper) and pathfinder elements (including antimony, arsenic, manganese, molybdenum, thallium and zinc) have been delineated over strike lengths of >2,000 metres along the basal Narracoota sequence and underlying Karalundi sedimentary sequence. A second horizon, with strong barium anomalism, is positioned along the upper contact of the Narracoota sequence with the overlying Ravelstone sedimentary sequence.

In the Fiddler area, base and precious metal anomalism (copper, lead, zinc, gold, silver, cadmium, molybdenum, arsenic and antimony) is recorded in several areas, including the Fiddler South prospect. This prospect forms along a prominent silica-iron oxide chert that marks the transition from volcanic-volcaniclastic rocks of the upper Narracoota sequence into turbidites of the overlying Ravelstone sequence. This broad horizon is interpreted to be in an analogous position to the Horseshoe Lights copper-gold mine immediately to the northwest.

Surface geochemistry delineated a significant copper anomaly in the central Magnus area that has not been drill tested. The area of copper anomalism, defined through the normalisation of copper and zinc against the least mobile transition metals to take into account the secondary mobility and enrichment of transition metals, corresponds with the basal Narracoota sequence, in an analogous position to the DeGrussa copper-gold deposit.

On-going interpretation and additional field verification studies are being undertaken to rank these targets prior to further exploration and drill testing.

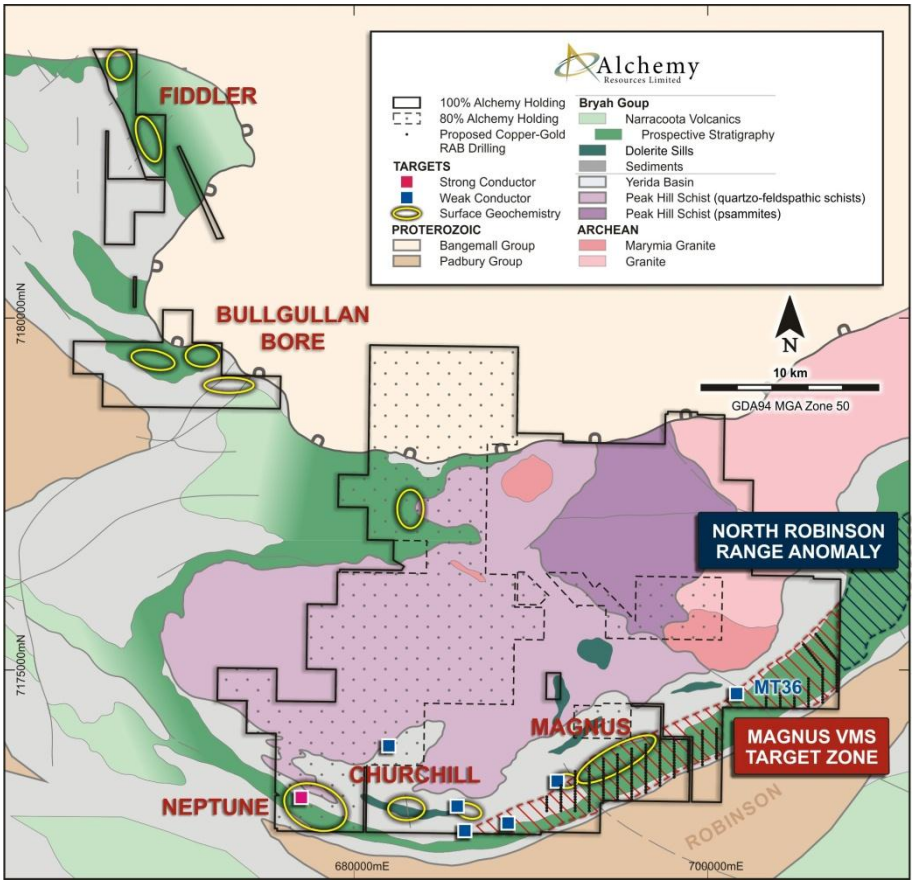

Figure 2. Bryah Basin Project – shallow drilling target areas.

Gold-only targets

The Bryah Basin Project includes the Hermes and Wilgeena Gold Deposits and the Central Bore Gold Prospect (***Figure 1***), and the landholding represents a significant under-explored area prospective for 'gold-only' mineralisation. Alchemy remains committed to thoroughly and systematically exploring the Bryah Basin Project area for both VMS-type copper-gold mineralisation and for 'gold-only' mineralised systems, as the potential reward for success is significant.

Assessment of the Bryah Basin Project for 'gold-only' mineralisation continued during the quarter, with project-scale geological mapping and surface geochemistry sampling completed on key target areas. Integration of the mapping into the regional interpretation has led to an enhanced geological and structural understanding of the project region. A number of target zones have been delineated within the Peak Hill Schist (***Figure 3***), and these represent key areas for further exploration.

Near-resource gold targets have been identified to the north-east and south-west of the Hermes resource area. The Hermes deposits are effectively exposed at surface, with a strong soil anomaly over the deposits, which guided most of the subsequent exploration. Geological mapping indicates that the host structural corridor to the north-east and south-west is overlain by transported cover which may have inhibited the surface

geochemistry response. Additional multi-element geochemistry on spoil from historic shallow drilling along this structural corridor is planned to delineate targets for follow up.

The Central Bore prospect has been subject to recent extensional RC drilling program (*refer to ASX announcement 29 April 2013*) that drill tested along strike extensional positions to the south-west and north-east of existing gold intersections (***Figure 3***). Work on the Central Bore prospect has shown that the mineralised corridor is open to the east and west and much of the historic drilling, many of which are less than 15 metres deep, may not have tested below the transported and/or leached regolith profiles.

Aircore and RC drill testing of gold targets to the west of the Central Bore prospect delineated several areas that require further evaluation. Significant results at one of these areas include 1 metre at 12.7 g/t gold and 2 metres at 2.52 g/t gold in CBRC054 and 3 metres at 5.94 g/t gold CBAC091 1 metre at 9.60 g/t gold in CBAC090.

A large surface anomaly has been identified further west of Central Bore, coincident with where the mineralised trend comes into an area where the regolith environment is likely more amenable to surface sampling. This anomaly has only been tested with very limited shallow drilling and represents a priority target area.

A regional, curved structure linking the Hermes and Central Bore mineralised trends is apparent from geological mapping and geophysical images. Historic gold exploration along this structure is limited, with best results returned from the Jones and Henry prospects (***Figure 3***). Previous drilling has intersected high grade gold mineralisation at the Jones prospect, including 3 metres at 250 g/t gold in OPAC126 and 3 metres at 41 g/t gold in OPAC246.

The Henry prospect covers a three kilometre strike length geochemical anomaly along a major structure at the contact between sedimentary and mafic volcanic rocks of the Peak Hill Schist. Previous drilling in the 1990's intersected gold mineralisation, including 6 metres at 3.5 g/t gold in HBRC15, and further drill testing of this gold mineralised trend is proposed.

The majority of the historic drilling did not test the structural corridor, with areas to the northwest towards the south-west end of the Hermes mineralised trend increasingly affected by transported cover. Further targeted multi-element surface geochemistry and shallow drilling is being planned to test these target zones.

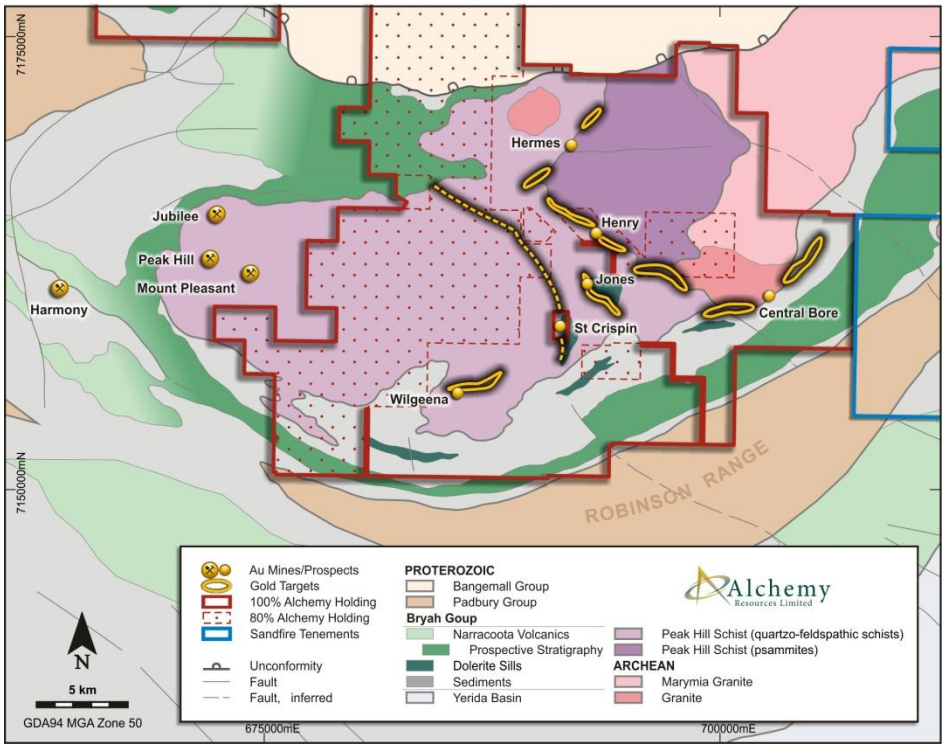

Figure 3. Bryah Basin Project – 'gold-only' target areas.

Murchison Projects

Assessment of the Company's Murchison tenements continued with evaluation of the Big Bell North, Jeffery Well, and Wydgee projects. Aircore drilling programs at Jeffery Well and Big Bell North (Alchemy 80%, Jindalee 20%) and Gidgee South (Alchemy 100%) in 2010 and 2011 delineated zones of gold anomalism localised in a structural corridor at the regional lithological contact between basalts and felsic-intermediate volcaniclastics. The Jeffery Well and Gidgee South prospect areas were initially targeted based on regional fault flexures identified from Alchemy's 3D Murchison GOCAD model, which may represent the northern continuation of the highly-mineralised Big Bell – Meekatharra shear zone, host to the Big Bell gold deposit (3.9 Moz). The Murchison District is prospective 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.

The Big Bell North and Wydgee (Alchemy 80-100%; Jindalee 20-0%) host volcanic sequences with significant base metal potential. Historic exploration north and south of the eastern side of the Big Bell North project indicates base metal anomalism associated with felsic and mafic volcanic sequences in the Wattagee Hill area. Surface geochemistry over this area undertaken in the December 2012 quarter returned anomalous copper, zinc, nickel and arsenic in two linear zones along strike to the historic drill intercepts. Further interpretation is being undertaken prior to further exploration.

Several lower priority tenements in the Polelle and Ninden Hill area were relinquished during the period following a review of the Company's Murchison Projects.

Corporate

Alchemy is focussed on reducing its costs wherever possible so that it can maximise expenditure on exploration of our Bryah Basin landholding. The Company has made cost saving measures since mid last year when market conditions in the junior sector began to deteriorate. These have included:

- Reduction in Non-Executive Directors fees,
- Reduction in staff through redundancies, natural attrition and reduced hours, and
- Re-negotiation of contract services.

The Company has initiated a review of all of its non-core tenements to further understand their mineralisation potential. The review will assist in unlocking further value from within the Company's current asset base whilst reducing the holding costs on less prospective tenements.

At 30 June 2013, the Company retains a cash balance of $1.6 million and is continuing to carry out the Company's highly focussed exploration program for DeGrussa-style copper – gold deposits on its Bryah Basin landholding.

A cash rebate of $92,000 relating to the EIS grant to co-fund drilling at the Bryah Basin project was received during the period.

Please direct enquiries to: Mr Oscar Aamodt – Chairman

Dr Kevin Cassidy – Chief Executive Officer

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.