

ASX ANNOUNCEMENT

2 AUGUST 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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Bryah Basin drilling underway

- **Shallow drilling underway to test copper – gold targets directly along strike of Sandfire’s North Robinson Range multi-element anomaly**
- **Initial 10,000 metre program targets priority areas in the eastern and central Magnus VMS target zone**
- **Innovative technology employed to assist vectoring towards VMS prospective horizons**
- **Multiple bedrock conductors and widespread base metal and pathfinder anomalous horizons remain untested**

Alchemy Resources Limited (ASX: ALY) is pleased to announce the commencement of a shallow RAB/aircore drilling program at its Bryah Basin Project, located 130km northeast of Meekatharra, Western Australia. Alchemy holds 100% interest in the drill targets.

Alchemy’s landholding, covering over 45km of strike length of volcanic and sedimentary rocks in the highly prospective Bryah Basin, is uniquely located along strike and west of Sandfire Resources’ high-grade DeGrussa volcanogenic massive sulphide (VMS) copper-gold deposit and southeast of Horseshoe Metals’ Horseshoe Lights copper-gold project.

Targeted shallow RAB/aircore drilling is being undertaken directly along strike to the +7km long multi-element anomaly recently reported by Sandfire Resources at their North Robinson Range prospect (**Figure 1**).

The 10,000 metre program will test two strike-extensive targets in the eastern and central Magnus VMS target zone. The first target in the east Magnus area is over 4km in length and abuts the western side of the North Robinson Range anomaly. Broad-spaced shallow drilling will initially test priority areas within the prospective Narracoota sequence and contact zone with the overlying Ravelstone sequence (**Figure 1**).

Shallow drilling will also test a target in the central Magnus area (**Figure 1**). This target, over 8km in length, is at the same stratigraphic position within the Narracoota sequence and adjacent to an 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.

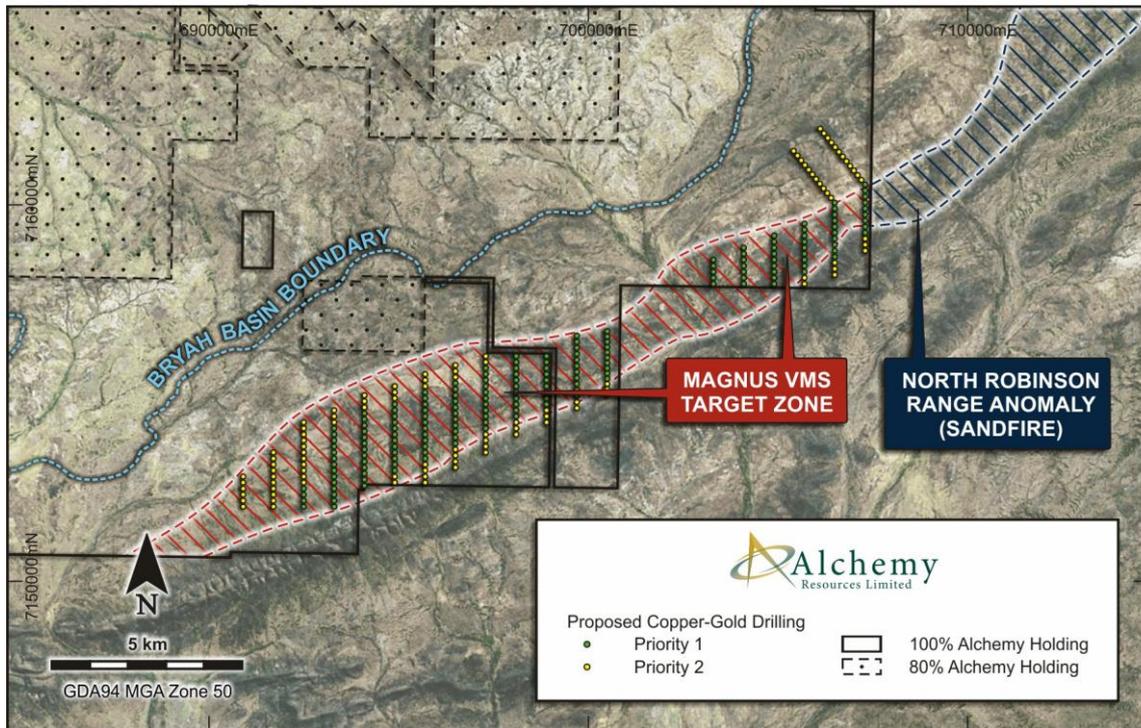


Figure 1. Bryah Basin Project – proposed copper-gold shallow drilling within Magnus VMS target zone.

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.

Drilling of the Priority 1 holes is expected to take up to four weeks with assays expected a further six weeks after completion of the drilling. 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.

Dependent on results of the initial drilling program, a Priority 2 campaign comprising a further 5,000 metres of drilling will be undertaken that targets additional areas of the internal Narracoota sequence, as well as additional targets at both the upper Narracoota sequence contact with the Ravelstone sequence and the lower Narracoota sequence contact with the Karalundi sequence across a previously defined multi-element anomaly in the central Magnus target zone (**Figure 1**).

Future work programs

Alchemy remains focussed on unlocking the copper – gold potential of its expanded Bryah Basin landholding with targeted drilling, geophysical surveys and geochemical sampling continuing across the project area.

Multiple bedrock conductors and geochemistry anomalies associated with prospective VMS horizons within the Narracoota sequence remain untested across the Bryah Basin Project and work is continuing to rank these targets prior to further exploration and drill testing.

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

ABOUT ALCHEMY RESOURCES

Alchemy is actively exploring two key areas; the Bryah Basin Project and the Murchison Project.

The Bryah Basin Project contains more than 45km 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 Bryah Basin Project includes the Hermes and Wilgeena gold deposits and the Central Bore gold prospect. Hermes has an Indicated Resource of 3.34 Mt @ 1.98g/t gold (equivalent to 212,687 ounces of gold) and Wilgeena, located 15km south of Hermes, hosts an Indicated Resource of 1.36 @ 1.99g/t (equivalent to 87,373 ounces of gold).

The Murchison Project consists of more than 700km² 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.