

30 January 2014

Dear Eligible Shareholder,

AGREEMENT WITH INDEPENDENCE GROUP AND ENTITLEMENT ISSUE EXTENSION

Alchemy Resources Limited (ASX: **ALY**) (**Company**) announced to the ASX on 30 January 2014 that it has signed a Letter Agreement (**Agreement**) with leading Australian base metal and gold producer Independence Group NL (ASX: **IGO**) (**IGO**) to explore and to earn an interest in the Company's Bryah Basin Project. A copy of the announcement is enclosed with this letter.

The Agreement covers all commodities, excluding iron ore, and relates to whole and part tenements that cover the base metal prospective part of Alchemy's Bryah Basin Project. Alchemy retains the remaining gold prospective part of the Bryah Basin Project, including existing gold resources and significant exploration upside.

The Agreement with IGO will allow base metal exploration of the Bryah Basin Project to be accelerated, and reduces Alchemy's financial risks to project advancement. Should a high-value base metal discovery be made, Alchemy retains the right to participate as a 20% partner, an equity position that should deliver significant value to shareholders.

The Agreement enables the Company to focus on exploring for high value gold assets in Bryah Basin to supplement gold resources already identified at Hermes and Wilgeena, with the aim of establishing a high-grade gold operation.

To allow eligible shareholders sufficient time to participate in the in the 1 for 2 pro-rata non-renounceable entitlement issue (**Offer**) announced on 12 December 2013, the Company has extended the closing date for the Offer to **14 February 2014**.

The Company secured the support of Oscar Aamodt and Lindsay Dudfield, directors of the Company, who have agreed to partly underwrite the Offer for \$350,000. The funds raised from the Offer will be used to advance drilling activities at the Company's Bryah Basin gold prospects, as working capital and to cover the costs of the Offer.

If you have not had the opportunity to do so, I would encourage you to consider the Offer. Should you decide to participate in the Offer, please ensure that you complete the personalised Application Form and return it to Security Transfer Registrars Pty Ltd by no later than 14 February 2014.

The prospectus for the Offer has been mailed to eligible shareholders and is available on the ASX website and the Company's website. Eligible shareholders should read the prospectus and will need to complete the personalised Entitlement and Acceptance Form which accompanies the Prospectus to apply for New Shares and Shortfall Shares.

If you have any queries concerning the Offer or have misplaced the Application Form, please contact the Company Secretary on +61 (08) 9481 4400. This letter does not constitute an offer of securities.

Yours sincerely



Oscar Aamodt
Chairman