



25 July 2010

By facsimile: (08) 9221 2020

Ms Elizabeth Harris
ASX Markets Supervision Pty Ltd
2 The Esplanade
PERTH WA 6000

Dear Elizabeth

I refer to your letter dated 23 July 2010 regarding the announcement made to the market by Alchemy Resources Limited ("Alchemy" or the "Company") on 23 July 2010 titled "Fresh drilling results point to primary mineralisation at Big Bell North".

The answers are as follows:

1. **Does the Company believe that the information contained in the Announcement was material to the Company?**

No, Alchemy does not believe the information contained in its ASX announcement of 23 July 2010 was material. This view is supported by the fact that Alchemy's share price rose just 1 cent on 23 July 2010, an increase of approximately 2 per cent, after the announcement was released to the market.

Alchemy also notes that share prices were up across the board on 23 July 2010, with the ASX Resources Index rising by about the same percentage on this day. Furthermore, Alchemy believes the announcement to have been immaterial because, as stated in the announcement, the results "support previous sampling and drilling results which have outlined a substantial gold anomaly at Big Bell North".

2. **If the answer to question 1 is "no", please advise the basis on which the Company does not consider the Announcement to be material?**

As above.

3. **If the answer to question 1 is "yes", when did the Company first become aware of the information contained in the Announcement?**

The directors of Alchemy were not made aware of the results of the 6 hole RC drilling program at Big Bell North by its geological staff until midday on 22 July 2010. It then took a day for the announcement to be drafted, edited and have it read and approved by each of the directors. Furthermore, the competent person did not provide their consent for release of the information until late morning on 23 July 2010. Alchemy believes this is as fast as a company its size could reasonably be expected to complete such a task.

- 4. If this was before the Announcement, please identify any earlier Announcement from the Company relating to the resource estimate?

See answer to Question 3

- 5. If there was no earlier announcement, and the Company became aware of the information in the Announcement regarding the fresh drilling results prior to the Announcement, why was the information not released to the market at an earlier time? Please comment specifically on the application of listing rule 3. and the exceptions to the rule in listing rule 3.1A.

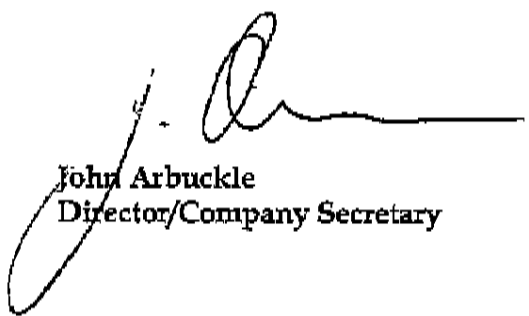
See answer to Question 3

- 6. Please confirm that the Company is in compliance with listing rule 3.1?

Alchemy confirms that it is in compliance with Listing Rule 3.1

Should you have any further question please contact me by telephone on (08) 9481 4400 or by email at john@alchemyresources.com.au.

Yours faithfully
ALCHEMY RESOURCES LIMITED



John Arbuckle
Director/Company Secretary

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23 July 2010

By Facsimile To: 9481 4404

Mr Michael Hannington
Managing Director
Alchemy Resources Limited
18 Emerald Street
WEST PERTH WA 6005

Dear Michael

Alchemy Resources Limited (the "Company")

ASX Limited ("ASX") refers to the following:

1. An increase in the price of the Company's securities from a closing price of 37.5 cents on 14 July 2010 to an intra day high of 52.5 cents on 21 July 2010 (the "Price Increase").
2. The Price Query Letter from the ASX to the Company dated 21 July 2010.
3. The Company' response to the Price Query Letter dated 21 July 2010 in which the Company advised the ASX that it was not aware of any reason for the increase in price and it was in compliance with listing rule 3.1.
4. The announcement lodged on the Company Announcements Platform by the Company at 2:53pm (EST) on 23 July 2010 entitled "Fresh drilling results point to primary mineralization at Big Bell North" ("Announcement").

We wish to draw your attention to the definition of "aware" in Chapter 19 of the listing rules which states that:

"an entity becomes aware of information if a director or executive director (in the case of a trust, director or executive officer of the responsible entity or management company) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as a director or executive officer of that entity."

Further we wish to draw your attention to listing rule 3.1 which requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A.

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Furthermore, paragraph 17 of Guidance Note 8 states:

"Once a director or executive officer becomes aware of information, he or she must immediately consider whether that information should be given to ASX. An entity cannot delay giving information to ASX pending formal sign-off or adoption by the board, for example."

Please note that for disclosure not to be required under listing rule 3.1, all of the exceptions under listing rule 3.1A must apply:

- 3.1A.1 *A reasonable person would not expect the information to be disclosed.*
- 3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential.*
- 3.1A.3 *One or more of the following applies.*
- *It would be a breach of a law to disclose the information.*
 - *The information concerns an incomplete proposal or negotiation.*
 - *The information comprises matters of supposition or is insufficiently definite to warrant disclosure.*
 - *The information is generated for the internal management purposes of the entity.*
 - *The information is a trade secret."*

Finally, I would like to draw your attention to ASX's policy position on the concept of "confidentiality" which is detailed in paragraphs 33 to 39 of Guidance Note 8. In particular, paragraphs 34 and 35 of the Guidance Note state that:

"Confidential" in this context has the sense of 'secret'...' and "Loss of confidentiality may be indicated by otherwise unexplained changes to the price of the entity's securities, or by reference to the information in the media or analysts reports".

Having regard to the above definition, listing rule 3.1 and Guidance Note 8 - Continuous Disclosure, we ask that you answer the following questions in relation to the Announcement in a format suitable for release to the market in accordance with listing rule 18.7A.

1. Does the Company believe that the information contained in the Announcement was material to the Company?
2. If the answer to question 1 is "no", please advise the basis on which the Company does not consider the Announcement to be material.
3. If the answer to question 1 is "yes", when did the Company first become aware of the information contained in the Announcement?
4. If this was before the Announcement, please identify any earlier Announcement from the Company relating to the resource estimate.
5. If there was no earlier announcement, and the Company became aware of the information in the Announcement regarding the fresh drilling results prior to the Announcement, why was the information not released to the market at an earlier time? Please comment specifically on the application of listing rule 3.1 and the exceptions to the rule in listing rule 3.1A.
6. Please confirm that the Company is in compliance with listing rule 3.1.

Your response should be sent to Elizabeth Harris by email on Elizabeth.Harris@asx.com.au or by facsimile on facsimile number (08) 9221 2020. It should not be sent to the Company Announcements Office.

A response is requested as soon as possible and, in any event, not later than 7:00 am WST on Monday 26 July 2010.

If you have any queries regarding any of the above, please contact me or Elizabeth Harris.

Yours sincerely



Tonia Oliveira
Adviser, Issuers (Perth)

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