

**ASX
ANNOUNCEMENT**

15 OCTOBER 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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High-grade gold hits from Bryah Basin

- **RAB drilling confirms high-grade gold at Seaborg**
 - **51m @ 4.20 g/t Au** from surface in CBRB001
 - **29m @ 4.33 g/t Au** from 16 metres in CBRB002
- **Drilling ended in mineralisation**
- **Seaborg one of many 'gold-only' targets delineated across Bryah Basin Project**
- **Systematic exploration planned including field mapping, surface geochemistry and drilling**

Alchemy Resources Limited (ASX: ALY) is pleased to report high-grade gold assay results from an initial rotary air-blast (RAB) drilling program completed in September 2013. These holes targeted gold mineralisation at the new Seaborg Prospect (**Figure 1**), part of Alchemy's Bryah Basin Project, located 130 kilometres north of Meekatharra, Western Australia.

Two RAB drill holes were designed to confirm and extend a high-grade gold intersection (27 m @ 5.43 g/t Au from 15 metres) in a historic hole, CBAC032, drilled by Troy Resources in 2000. The first hole (CBRB001) was collared to drill a scissor hole to CBAC032, whereas the second hole, CBRB002, was collared 10 metres from and drilled in a similar orientation to the historic hole.

Assay results for 4 metre composite samples returned intervals of high gold mineralisation (applying a 0.4 g/t gold lower cut-off):

- **CBRB001** **51m @ 4.20 g/t Au** from surface to end of hole
- **CBRB002** **29m @ 4.33 g/t Au** from 16 metres to end of hole,
 incl. 4 m @ 15.25 g/t Au *from 20 metres*

Both holes ended short of target depth and the results indicate that drilling stopped within the gold mineralised zone.

The attached **Figures 2** and **3** show the drill holes in plan and section view and **Table 1** lists the significant intercepts above 0.4 g/t gold. One metre fire assays and screen fire assays on selected high-grade samples are currently being undertaken.

Previous drilling was orientated to the north or the west and returned numerous gold anomalous intercepts, with assay results from 5 metre composite and limited 1 metre samples returning (applying a 0.4 g/t gold lower cut-off and allowing for up to one sample of internal dilution) summarised below:

- **CBAC0032** **27m @ 5.43 g/t Au** from 15 metres, and
 7m @ 0.73 g/t Au from 50 metres to end of hole
- **CBAC0036*** **15m @ 1.73 g/t Au** from surface, and
 20m @ 1.02 g/t Au from 25 metres
- **CBAC0037*** **5m @ 2.35 g/t Au** from 50 metres, and
 5m @ 0.68 g/t Au from 75 metres
- **CBAC0038*** **20m @ 0.62 g/t Au** from 55 metres
- **CBAC0046*** **5m @ 1.06 g/t Au** from 85 metres to end of hole
- **CBAC0048*** **5m @ 1.56 g/t Au** from 45 metres

* Denotes 5 metre composite samples

In combination with the limited previous drilling at Seaborg (**Figure 2**), the results indicate gold mineralisation is associated with quartz veins in sheared and fuchsite-pyrite altered psammities and amphibolites and is possibly a high grade shoot that plunges steeply to the east (**Figure 3**). The drilling suggests the shoot may lie within an east-northeast-trending gold mineralised zone. Further drilling is required to determine the orientation and plunge of the interpreted high-grade shoot as well as the strike and depth extent of mineralisation.

Future 'gold-only' exploration

As previously reported in the June 2013 Quarterly Report, the Bryah Basin Project represents a significant under-explored area prospective for 'gold-only' mineralisation. Assessment for 'gold-only' mineralisation has continued with a number of target zones delineated within the Peak Hill Schist (**Figure 1**), and these represent key areas for further exploration.

A large surface anomaly has been identified to the east of the Seaborg prospect in 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.

Exploration to date on the Central Bore prospect has shown that the mineralised corridor is also open to the east and west and much of the historic drilling 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 has delineated several areas that also require further evaluation.

A regional, curved structure linking the Central Bore and Hermes 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 1**), including **3m @ 250 g/t Au** from OPAC126, and **3m @ 41 g/t Au** from OPAC246.

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 1**).

Additional 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.

Additional linear 'gold-only' target zones (**Figure 1**) have been delineated between some of the other known prospects and mines, such as Wilgeena, Mt Pleasant and St Crispin, where they are generally associated with regional lithological boundaries and/or interpreted structural features. Further field mapping, surface geochemistry and geophysical surveys are planned to delineate additional drill targets in these zones.

Shallow drill testing of copper-gold targets

Shallow drill testing of two strike-extensive targets in the eastern and central Magnus VMS target zone directly along strike to Sandfire Resources' +7 kilometre long, multi-element North Robinson Range Anomaly (**Figure 1**) has recently been completed. The approximately 10,000 metre broad-space drilling program tested priority areas within the prospective Narracoota sequence and contact zone with the overlying Ravelstone sequence (see ASX announcement dated 2 August 2013).

Acquisition of 4 metre-composite gold and bottom-of-hole multi-element assays, as well as recording of base metal readings using a portable XRF and ASD spectra on each metre drilled, continued during drilling and is nearing completion. Receipt of the final assay data is imminent and form part of the data sets being currently integrated across the Magnus target zone.

The drilling aimed 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. Compilation of the assay data, base metal readings and mineral species data obtained on the drill spoil with geological logging will assist vectoring towards the VMS prospective horizons and identification of primary sulphide targets throughout the strike-extensive target zones.

The drill testing of the targets forms part of Alchemy's R&D plan to apply innovative technology in order to develop effective exploration methods for copper-gold mineralisation not detected or resolved by previous geophysical surveys.

Alchemy remains committed to thoroughly and systematically exploring the Bryah Basin Project area for both copper-gold mineralisation and 'gold only' mineralised systems, as the potential reward for success is significant.

– ENDS –

Please direct enquiries to: Mr Oscar Aamodt (Chairman)

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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 45 kilometres 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 15 kilometres south of Hermes, hosts an Indicated Resource of 1.36 Mt @ 1.99g/t gold (equivalent to 87,373 ounces of gold).

The Murchison Project consists of more than 300 square kilometres of tenements located in the vicinity of several large (>1Moz) gold deposits. The project is being explored for gold and base metals.

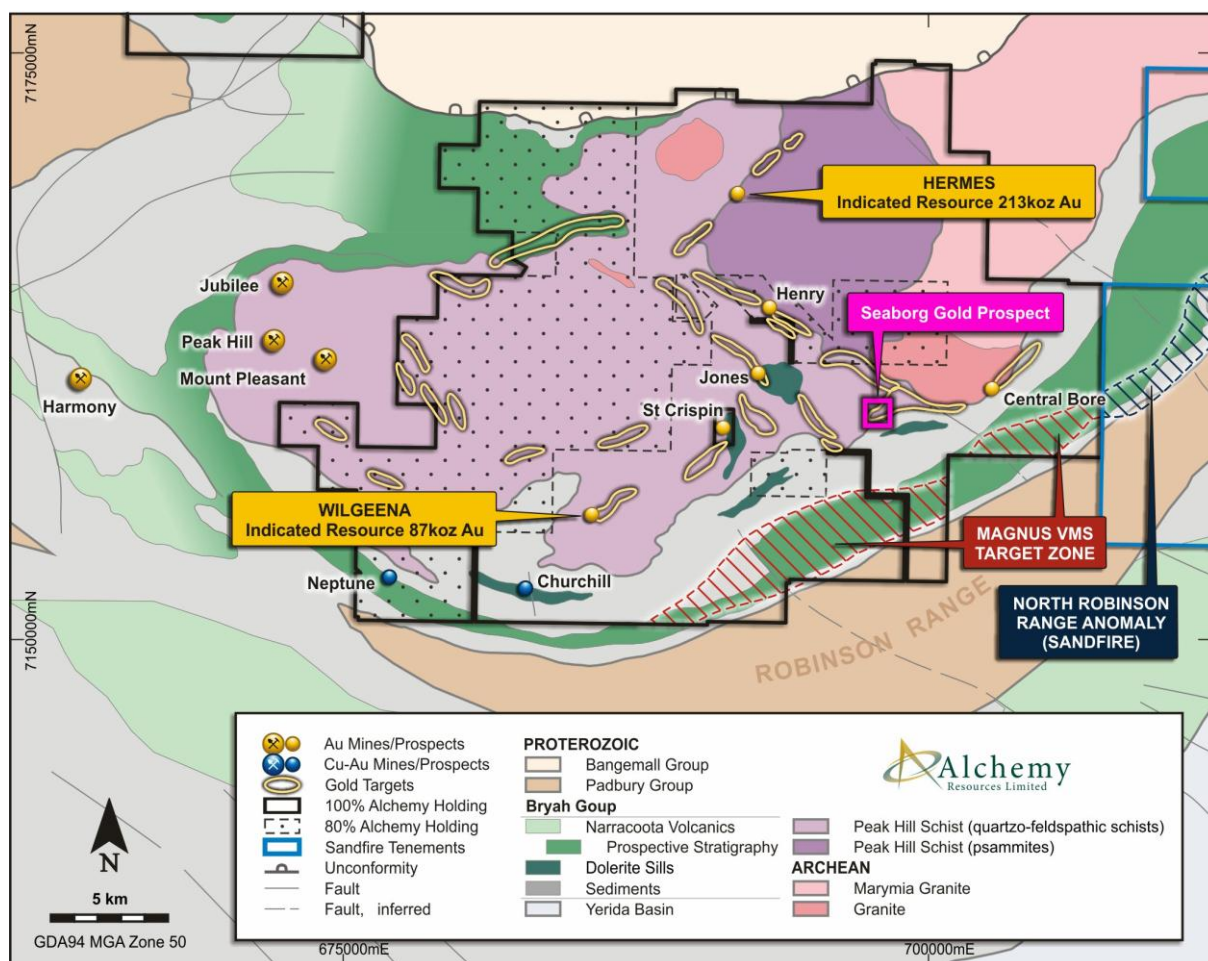


Figure 1. Bryah Basin Project – Seaborg gold prospect

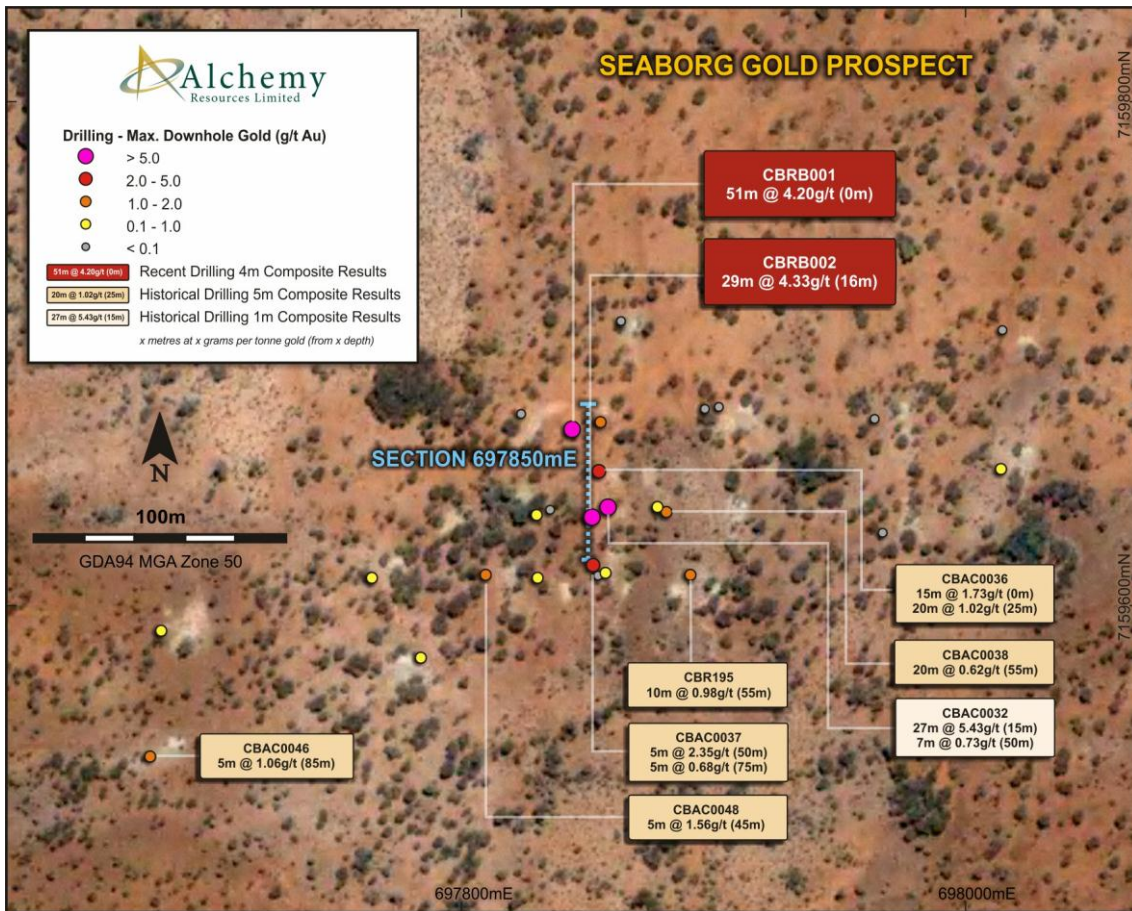


Figure 2. Bryah Basin Project – Seaborg gold prospect – Plan with recent & historic RAB drilling results (>0.4g/t gold).

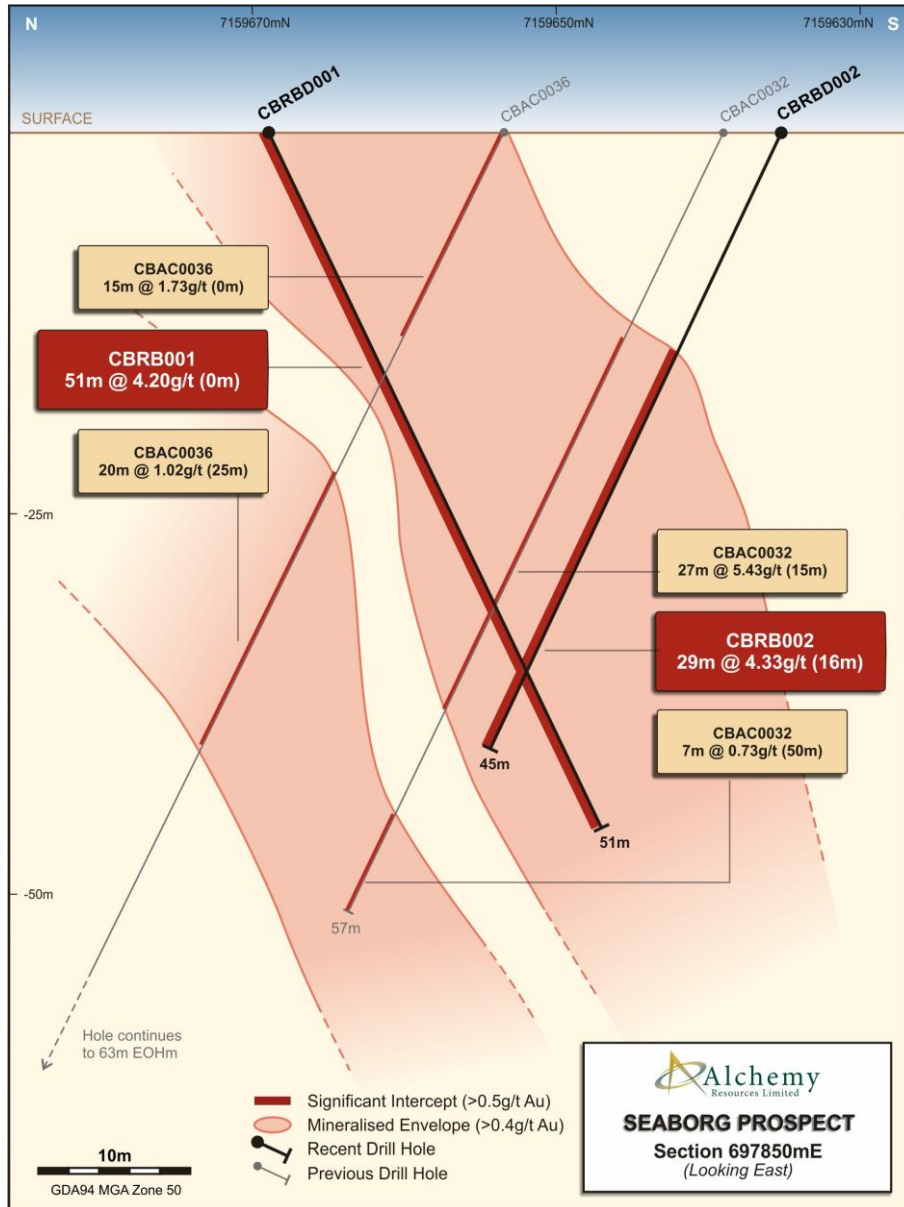


Figure 3. Bryah Basin Project – Seaborg gold prospect – Section showing high-grade gold zones.

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 Coxhrell 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 Coxhrell 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 Coxhrell 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: Bryah Basin Project – Seaborg prospect, RAB drilling October 2013 – High-grade gold intervals (0.4g/t gold)

Hole ID	Easting (m)	Northing (m)	RL (m)*	Hole Depth (m)	Dip	Azi	From (m)	To (m)	Intercept (m)	Comment
CBRB001	697844	7159670	585	51	-60	150	0	51 EOH	51m @ 4.20 g/t	ends in mineralisation
CBRB002	697852	7159635	585	45	-60	330	16	45 EOH	29m @ 4.33 g/t	ends in mineralisation; incl. 4m @ 15.25 g/t (20m)

* nominal RL

Calculation of Assay Results:

Quoted drill intersections are based on a lower cut-off of 0.4g/t gold (i.e., samples with less than 0.4g/t gold). Intercepts are 'down-hole' metres and no estimate regarding true thickness is made or implied.

Collar positions of drill holes determined by handheld GPS achieving less than 10m accuracy and using MGA datum (Zone 50).

Drilling (hole prefix CBRB) by rotary air blast hammer. Four metre composite samples collected by spear sampling of 1 metre drill spoil.

Assay results were obtained from geochemical analysis of 4 metre composite samples.

All samples were analysed at ALS Global Laboratories in Perth. Samples are prepared using single stage pulverization of the entire sample. Gold assays use 25g aqua regia digest and determined by graphite furnace AAS or ICPMS. 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.