

## ASX RELEASE

29 APRIL 2015

CODE: ALY

### BOARD OF DIRECTORS

**Mr Oscar Aamodt**  
Non-Executive Chairman

**Ms Sofia Bianchi**  
Non-Executive Director

**Ms Liza Carpena**  
Non-Executive Director

**Mr Lindsay Dudfield**  
Non-Executive Director

**Mr Anthony Ho**  
Non-Executive Director

### ISSUED CAPITAL

SHARES 228,788,035

OPTIONS 3,975,000 (Unlisted)

### PROJECTS

BRYAH BASIN (80-100%)

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# MARCH 2015 QUARTERLY REPORT

## Highlights

### BRYAH BASIN PROJECT

#### *Gold Exploration*

- Northern Star Resources (ASX: **NST**) commences Farm-in and Joint Venture of gold prospective landholding at Bryah Basin
- Multiple gold targets delineated along Seaborg – Central Bore, Flamel, Henry and Troy corridors

#### *Base Metal Exploration*

- Independence Group (ASX: **IGO**) commences follow-up Aircore drilling at Neptune and regional base metal targets
- At Neptune, drilling targets potential strike extensions of strong multi-element anomalism returned from initial drilling in late 2014
- Program extends effective Aircore drilling coverage along the base metal prospective Narracoota-Karalundi contact

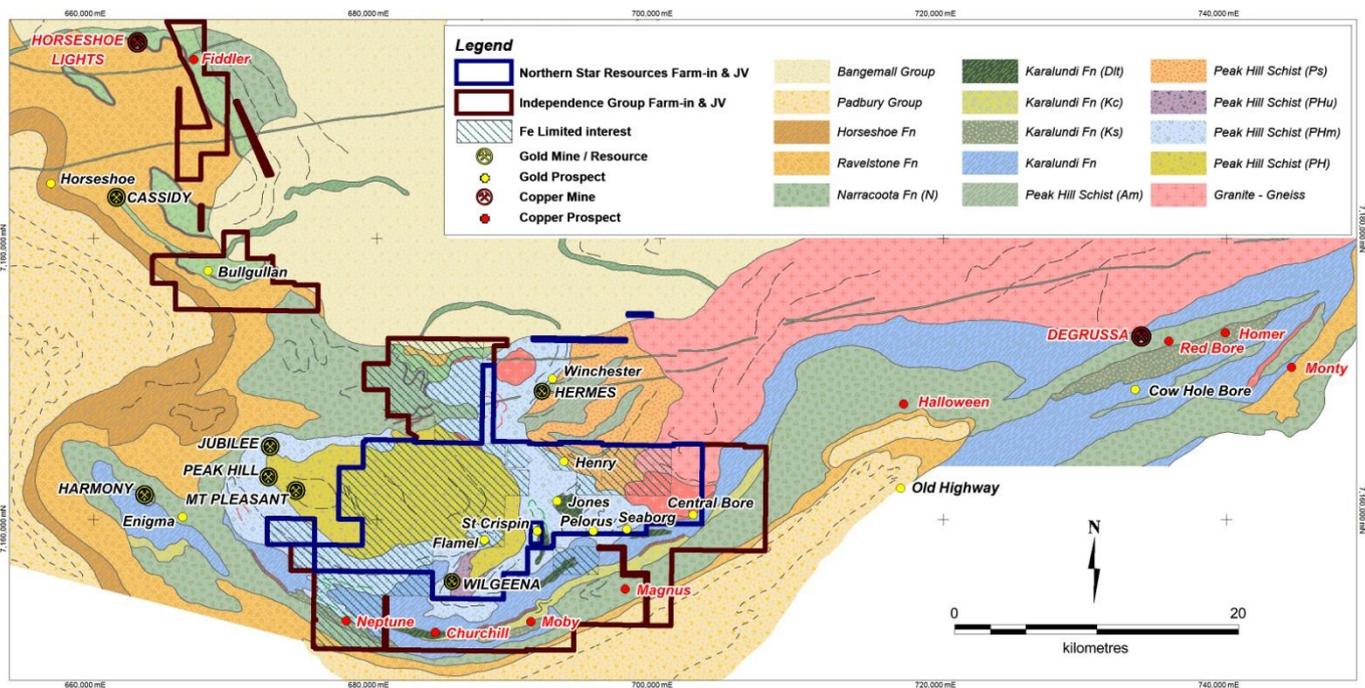
### CORPORATE

- Hermes Sale Agreement with Northern Star Resources completed – Northern Star becomes Alchemy's largest shareholder
- Purchase of Reserve Payment from Troy Resources (ASX: **TRY**) completed
- Cash at 31 March 2015 – **\$2.15M**
- Alchemy targeting high quality projects in Australia and abroad to evaluate and explore

## Bryah Basin Project

Alchemy’s Bryah Basin Project comprises a 500km<sup>2</sup> ground package located 130km NE of Meekatharra, Western Australia. The project is located along strike and west of Sandfire Resources’ DeGrussa copper-gold mine and east 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 holds 100% interest in the project with the exception of several tenements held in joint-venture with Jackson Minerals Pty Ltd (20%), a subsidiary of Fe Ltd (ASX: **FEL**).

Alchemy retains its interests in the gold and base metal prospective Bryah Basin Project through farm-in and joint venture agreements with Independence Group NL (ASX: **IGO**) (“**Independence**”) (see ASX announcement dated 5 November 2014) and Northern Star Resources Ltd (ASX: **NST**) (“**Northern Star**”) (see ASX announcement dated 24 February 2015). Should a high-value gold or base metal discovery be made by Independence or Northern Star, Alchemy retains the right to participate as a 20% partner, an equity position that should deliver significant value to shareholders.



**Figure 1:** Bryah Basin Project – Independence JV and Northern Star JV areas and gold and base metal prospects.

### Gold Exploration – Northern Star Resources earning up to 80%

Subsequent to the March Quarter, leading Australian gold producer Northern Star Resources Ltd commenced a Farm-in and Joint Venture (“**Northern Star JV**”) in accordance with the Agreement dated 24 February 2015 (see ASX announcement dated 24 February 2015). The Northern Star JV is to explore and earn up to 80% of Alchemy’s interests in the whole and part tenements that cover the gold prospective part of the Bryah Basin Project (*Figure 1*) and allows gold exploration to be accelerated.

Under the terms of the Northern Star JV, Northern Star can earn up to 80% in Alchemy’s interests through Earn-In Expenditure of \$1.2M within three years on the gold prospective tenements. Upon Northern Star fulfilling its Earn-In Expenditure, Alchemy’s interest is carried on an interest-free deferred basis to production, with Alchemy to repay Northern Star the deferred amount at the rate of 50% of its share of free cash flow from production following commencement of mining.

A pipeline of advanced to grass roots gold targets requiring further systematic exploration and targeted drilling has been identified over the gold prospective landholding in the Bryah Basin Project. The Northern Star JV will enable near-term exploration to drill test high-grade gold targets at the Wilgeena, Central Bore and Seaborg areas and test historic gold intercepts and gold-in-soil anomalies along strike from these prospects and other high priority targets.

Regolith geochemical sampling at Seaborg, Flamel, Henry and Troy has delineated multiple drill targets in areas with thin transported cover. The Seaborg and Central Bore gold prospects are two high priority targets that have returned high-grade gold results. Based on drilling results to date, gold mineralisation at Seaborg and Central Bore remains open at depth and potentially along strike, and targeted RC drilling is required.

### **Base metals exploration – Independence Group earning up to 80%**

In late 2014, leading Australian base metal and gold producer Independence Group NL entered into a Farm-in and Joint Venture (“**Independence JV**”) in accordance with the Letter Agreement dated 29 January 2014 (see ASX announcement dated 5 November 2014). The Independence JV is to explore and earn an interest in the whole and part tenements that cover the base metal prospective part of the Bryah Basin Project (Figure 1) and allows base metal exploration to be accelerated.

Under the terms of the Independence JV, Independence can earn up to 80% in Alchemy’s interests (excluding iron ore rights) through Earn-In Expenditure of \$6M within five years, with Alchemy free-carried on further exploration to completion of a Pre-Feasibility Study and then carried on an interest-free deferred basis for a further \$5M of Definitive Feasibility Study expenditure.

The Independence JV area contains more than 45km of strike extent of the Narracoota volcanic sequence, host to the DeGrussa and Horseshoe Lights copper-gold deposits, and prospective for discovery of volcanic massive-sulphide (VMS)-style base metal deposits.

During the Quarter, Independence advised Alchemy of the results of an initial Aircore drilling program in the Bryah Basin Project (see ASX announcement dated 29 January 2015). The drilling confirms a strong multi-element VMS pathfinder geochemical response at the Neptune prospect (Figure 1), localised within the Karalundi Formation and on the prospective basal contact of the Narracoota Formation, which is the interpreted ore horizon at DeGrussa. The zones of anomalism are coincident with linear moderate to strong electromagnetic (EM) conductors returned from moving-loop EM surveys conducted over the Neptune prospect (see ASX announcement dated 11 July 2014). An additional linear zone of base metal anomalism is localised higher in the stratigraphy in the Narracoota Formation. The anomalism at Neptune represents a priority target requiring testing with deeper drilling.

At Moby South (Figure 1), aircore drilling tested a previously delineated zone of >100ppb Au anomalism that had not been assayed for multi-element geochemistry, as well as a chert horizon close to the Narracoota – Karalundi formation contact. Regional reconnaissance aircore drill traverses completed along the largely untested prospective Narracoota – Karalundi formation contact returned low order copper and VMS pathfinder anomalism. The drilling assisted in further defining the prospective Narracoota contact position, which can be tested for evidence of VMS mineralisation by systematic geochemistry, geophysics and drilling.

Subsequent to end of the Quarter, Independence commenced a 7,500 metre Aircore drilling program covering part of the Neptune prospect and several targets along the largely untested prospective Narracoota – Karalundi stratigraphic position (see ASX announcement dated 21 April 2015). In the Neptune area, the drilling tests potential strike extensions of strong multi-element geochemical anomalism returned from the initial drilling



*The information in this report that relates to Mineral Resources at the 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.*

*Alchemy confirms that the Indicated Mineral Resource at the Wilgeena Gold Deposit was prepared and first disclosed under JORC 2004. These have not been updated since to comply with the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ('JORC 2012') on the basis that the information has not materially changed since it was last reported. Alchemy further confirms that since announcing the Indicated Mineral Resource at the Wilgeena Gold Deposit on 22 October 2012, it is not aware of any new information or data that materially affects the information included in that announcement and that all material assumptions and technical parameters underpinning the estimates in that announcement continue to apply and have not materially changed.*

### Appendix 1: Schedule of Mining Tenements as at 31 March 2015

Project/Tenement	Location	Interest	Co-holder	Notes
<b>Bryah Basin Project</b>	Western Australia			
E52/1668		80%	Jackson Minerals Pty Ltd	1, 2, 3
E52/1678		80%	Jackson Minerals Pty Ltd	1, 2, 3
E52/1722		80%	Jackson Minerals Pty Ltd	1, 2
E52/1723-I		100%	PepinNini Robinson Range Pty Ltd	2, 4, 5
E52/1730		80%	Jackson Minerals Pty Ltd	1, 2, 3
E52/1731		100%		2, 4
E52/1810		100%		2
E52/1852		100%		4
E52/1881		100%		2
E52/2360		100%		2, 4, 6
E52/2362		100%		2, 4, 6
M52/722		100%		2, 4, 6
M52/723		100%		2, 4, 6
M52/737		100%		4, 6
M52/795		100%		2, 4, 6
M52/844-I		100%		2, 6
M52/1049		100%		4, 6
P52/1195		80%	Jackson Minerals Pty Ltd	1, 3
P52/1196		80%	Jackson Minerals Pty Ltd	1, 3
P52/1199		100%		2
P52/1200		100%		2
P52/1314		100%		4, 6
P52/1315		100%		4, 6
P52/1316		100%		4, 6
P52/1317		100%		2, 6
P52/1318		100%		2, 6
P52/1320		100%		2, 6
P52/1321		100%		4, 6
P52/1322		100%		4, 6
P52/1323		100%		2, 6
P52/1327		100%		4, 6
P52/1365		100%		4, 6
P52/1425		100%		2
P52/1427		100%		2
P52/1428		100%		2
P52/1429		100%		4
P52/1467		100%		2
P52/1468		100%		2
P52/1469		100%		2
P52/1470		100%		2
<b>Murchison Project</b>	Western Australia			
E51/1476		100%		
<b>SE Yilgarn Project</b>	Western Australia			
E28/2475		100%		

**Notes:**

1. Jackson Minerals Pty Ltd, a subsidiary of Fe Ltd (ASX: FEL), retains a 20% interest free-carried to a decision to mine.
2. Independence Group NL (ASX: IGO) has a right to explore and earn a 70-80% interest (excludes iron ore) in whole or part tenement free-carried to a pre-feasibility study.
3. Northern Star Resources Ltd (ASX: NST) has a right to explore and earn a 70% interest in whole or part tenement by sole funding a total \$1,200,000 on exploration expenditure over tenements or parts of tenements marked (3) & (4).
4. Northern Star Resources Ltd (ASX: NST) has a right to explore and earn a 80% interest in whole or part tenement by sole funding a total \$1,200,000 on exploration expenditure over tenements or parts of tenements marked (3) & (4).
5. 100% "Other" mineral rights (excludes iron ore); Robinson Range Iron Ore JV – 100% iron ore.
6. 100% minerals rights for all minerals, excluding iron ore; Carey Mining Iron Ore JV – Alchemy Resources 50%, Carey Mining 50% iron ore.