

ASX ANNOUNCEMENT

27 SEPTEMBER 2012

CODE: ALY

BOARD OF DIRECTORS

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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 2,960,000 (Unlisted)

PROJECTS

BRYAH BASIN (80-100%)

MURCHISON (80-100%)

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A focus on exploration

Bryah Basin Exploration Update

- **Ground EM surveys to test multiple VTEM and AMT targets within prospective Narracoota sequence commenced**
- **Numerous multi-element geochemical anomalies delineated across expanded landholding**
- **Drill testing of geophysical and geochemical targets to commence next month, subject to statutory approvals**

Alchemy Resources Limited (ASX: ALY) is pleased to provide an update on its exploration activities at the Bryah Basin Project, located 130 kilometres northeast of Meekatharra, Western Australia (Figure 1), and covering over 45km of strike length of volcanic and sedimentary rocks in the highly prospective Bryah Basin.

Alchemy's landholding is uniquely located along strike and to the west of Sandfire Resources' high-grade DeGrussa copper-gold deposit (Measured, Indicated and Inferred Resources of 14.33Mt @ 4.6% Cu and 1.6g/t Au) and to the southeast of Horseshoe Metals' Horseshoe Lights copper-gold project (past production of over 300,000 oz Au and 54,000 t Cu).

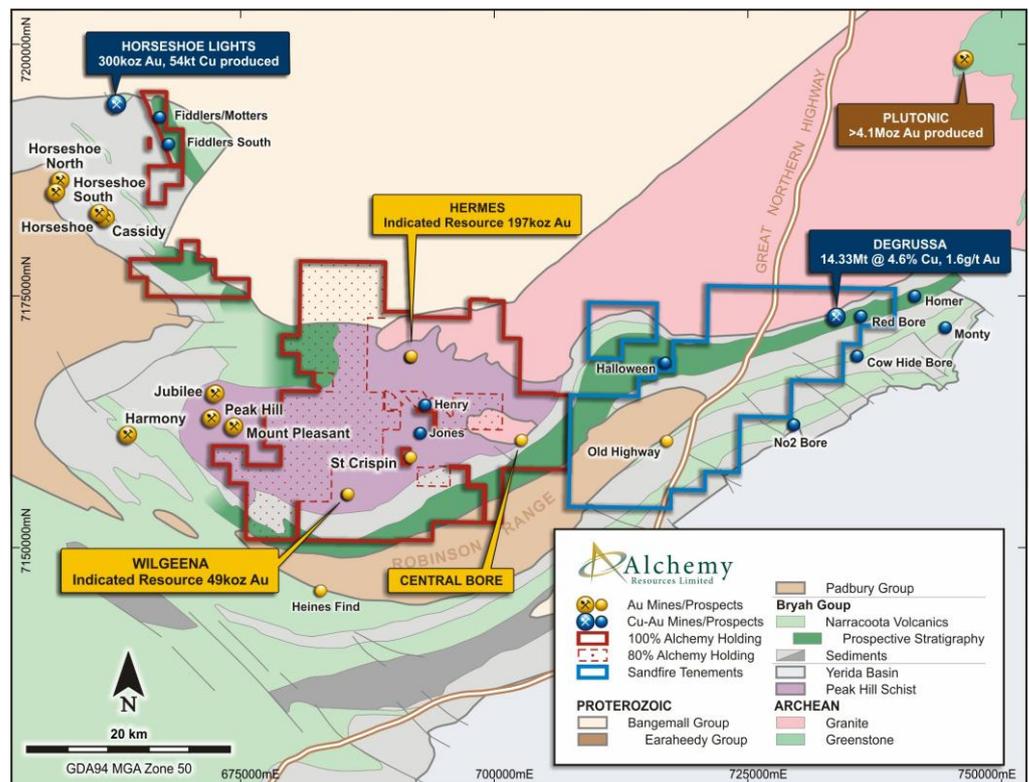


Figure 1. Bryah Basin Project – prospective Narracoota volcano-sedimentary sequence.

Geophysical Targets

A comprehensive review of all geophysical data has been completed by the respected geophysical consulting group Southern Geoscience Consultants. Interpretation of airborne versatile-time electromagnetic (VTEM) surveys acquired over priority areas within the prospective Bryah Basin has resulted in delineation of over 70 targets. In conjunction with interpretation of recently acquired geological and geochemical data over the priority areas, 15 targets from across the Bryah Basin Project area have been initially selected for follow-up ground geophysics (Figure 2). Alchemy holds 100% interest in the majority of the targets with the exception of four targets on tenements held in joint-venture with Jackson Minerals Pty Ltd (20%), a subsidiary of Fe Ltd (ASX: FEL).

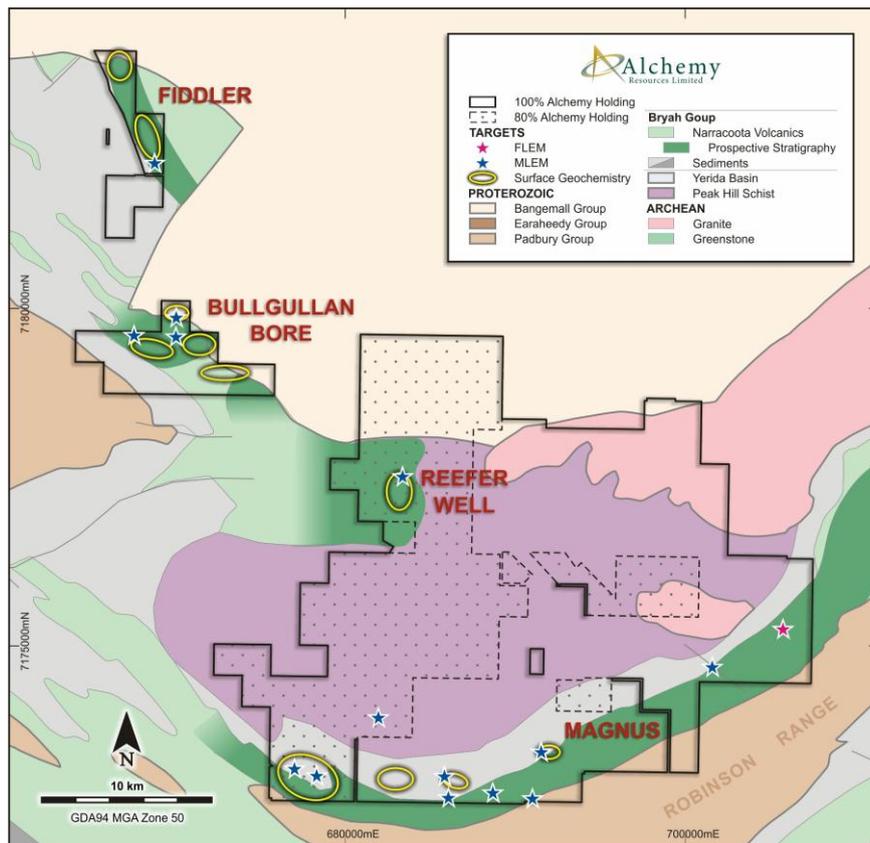


Figure 2. Bryah Basin Project – follow-up ground geophysics targets.

Moving-loop electromagnetic (MLEM) surveys of 14 VTEM targets have commenced to further define the orientation and depth of the bedrock conductors and better define the targets for drill testing. The geophysical anomalies selected for follow-up ground geophysics have been targeted if they (i) have a moderate-high conductance similar to that of the DeGrussa orebody, (ii) appear to be discrete and not stratigraphic (i.e., less than 1,500m in length), and (iii) are unlikely to be due to edge effects from currents in the near surface environment (e.g., regolith, paleochannels).

A fixed-loop EM (FLEM) survey will also be undertaken over a priority audio-magnetotellurics (AMT) anomaly that was drill tested in April 2012 and returned an interpreted off-hole conductor at depth following a down-hole EM survey of the drill hole (Figure 2). For discrete anomalies, such as the AMT anomaly, fixed-loop EM is the preferred technique to define bedrock conductors as it generally has a significantly larger energising force than MLEM.

The ground geophysics program is expected to take three weeks and result in delineation of better-defined bedrock conductors that will then be the subject of targeted drill testing.

Geochemical Targets

Over the past four months, field mapping and multi-element surface, rock-chip and end-of-hole sampling have been completed over priority areas of the Alchemy's Bryah Basin Project. Interpretation of the results from these programs in conjunction with the interpretation of project-wide geophysical datasets has delineated additional targets with coherent multi-element geochemical anomalism that have not been tested by drilling.

Field mapping over the west and central Magnus areas has identified the prospective Narracoota volcanic sequence, host to the DeGrussa copper-gold deposit along strike to the east of Magnus area (Figure 1). The Narracoota volcano-sedimentary sequence as well as sedimentary and mafic volcanic and intrusive units in the immediate footwall exhibit bedding-parallel zones with intensive carbonate, sericite, silica and sulphide alteration in places at surface. Linear magnetic horizons may represent volcanogenic cherts, similar to those in the Fiddler and Reefer Well areas to the northwest.

Comprehensive regional soil, rock-chip and end-of-hole geochemical sampling across the Magnus area as well as results from limited, shallow historic vacuum and rotary air-blast (RAB) drilling indicates widespread multi-element anomalism, including arsenic, antimony, gold, copper, zinc, bismuth, molybdenum, silver, cadmium, as well as barium and manganese, particularly in the west and central parts of the Magnus area. Rock-chip samples of ferruginous sedimentary and/or mafic volcanic rocks in the west and central Magnus areas returned up to 1,600ppm copper and 1.4g/t gold.

Multi-element data were obtained from end-of-hole sampling of historic drill holes that were originally assayed for only gold and arsenic. A highlight of these results includes end-of-hole sampling from a historic RAB hole that returned 1,710ppm copper, 350ppm zinc, 4.93ppm antimony, 298ppm arsenic, >10% manganese, 743ppm cobalt, 13.45ppm molybdenum and 14.4ppm thallium.

In the northwest Bryah Basin Project, field mapping over the Fiddler, Bullgullan Bore and Reefer Well areas has identified the upper part of the prospective Narracoota volcanic sequence, which is the host stratigraphy of the Horseshoe Lights copper-gold mine (Figure 1). The upper part of the Narracoota sequence is host to silica-iron oxide cherts within the mafic-ultramafic sequence, which are thought to represent the products of exhalative, volcanogenic processes, as well as mafic and lesser felsic volcanoclastic rocks.

Rock-chip sampling of ferruginous and manganiferous horizons and veining within the upper Narracoota volcanic sequence returned regionally and locally anomalous levels of copper, lead, zinc, silver, cadmium, manganese, molybdenum, arsenic and antimony. Soil geochemistry supports the anomalism, with elevated copper, lead, zinc, gold, silver, manganese, cadmium and molybdenum. Results of end-of-hole re-sampling returned anomalous copper and zinc.

The multi-element coherent geochemical targets delineated in the Fiddler and Magnus areas to date represent broadly anomalous horizons that may be related to volcanogenic massive sulphide-style base metal mineralising processes. Planning of aircore programs to drill test of these areas of anomalism is being finalised and is scheduled to commence in October following receipt of statutory approvals.

Results of recent surface sampling of the Bullgullan Bore and Reefer Well areas are pending and may result in delineation of additional areas of multi-element anomalism within the upper Narracoota sequence that also require drill testing.

