Alchemy Resources Limited
ACN 124 444 122

ASX ANNOUNCEMENT

13 DECEMBER 2012

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 2,210,000 (Unlisted)

PROJECTS

BRYAH BASIN (80-100%)

MURCHISON (80-100%)

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Bryah Basin Exploration Update

- ***Ground EM identifies strong bedrock conductors along prospective VMS horizons***
- ***Widespread base metal and pathfinder anomalism returned from shallow aircore drilling***
- ***Drilling to test bedrock conductors and geochemical anomalies to commence early 2013***

Alchemy Resources Limited (ASX: ALY) is pleased to announce an update of exploration for the Company's Bryah Basin Project (***Figure 1***), located 130 kilometres northeast of Meekatharra, Western Australia.

Alchemy's landholding, covering over 45km of strike length of volcanic and sedimentary rocks in the highly prospective Bryah Basin, is uniquely located along strike and west of Sandfire Resources' high-grade DeGrussa copper-gold deposit and southeast of Horseshoe Metals' Horseshoe Lights copper-gold project.

Alchemy holds 100% interest in the majority of the landholding with the exception of some tenements held in joint-venture with Jackson Minerals Pty Ltd (20%), a subsidiary of Fe Ltd (ASX: FEL).

Targets from Ground EM

One very strong, two strong and six weak bedrock conductors have been defined from ground electromagnetic (EM) surveys completed over 15 geophysical targets in November. The surveys used a mix of moving-loop (MLEM) and fixed-loop (FLEM) configurations, with processing and interpretation of the surveys by respected geophysical consulting group Southern Geoscience Consultants.

The very strong conductor (DVT-07), located in the Bullgullan Bore area (***Figure 2***), is a distinct, highly conductive unit and is considered to be highly prospective. Modelling of the conductor indicates that it is at approximately 200m depth and shallow dipping to the southwest. The position of the conductor coincides with a localised copper-zinc-cadmium-gold surface geochemistry anomaly.

In plan view, the conductor straddles the contact between the Narracoota volcanic sequence and overlying, younger rocks of the Bangemall Group. It is interpreted to be within the Narracoota sequence underneath thin cover of the younger rocks. Nearby outcrops of Narracoota volcanic rocks are intensely altered and show similarities to host rocks in the Horseshoe Lights area.

Conductor DVT-07 represents a high priority target with drill testing scheduled for early 2013 following receipt of statutory approvals.

Two strong conductors that have relatively high conductance have been identified in the Neptune area (***Figure 3***). The conductors may be related to sulphide-bearing black shale horizons adjacent to the contact with the lower Narracoota volcano-sedimentary sequence, interpreted to represent a prospective volcanogenic massive sulphide (VMS) mineralised horizon. An aircore drill hole to the southeast of the MLEM survey contained sulphide-bearing black shales with highly anomalous copper and pathfinder elements (*see below*).

The six weak bedrock conductors (***Figure 1***) have characteristics that indicate they may be related to stratigraphic features, such as black shales, or to sulphide-bearing rocks. Further integration of geochemical and geological features is being undertaken to determine priority targets for drill testing.

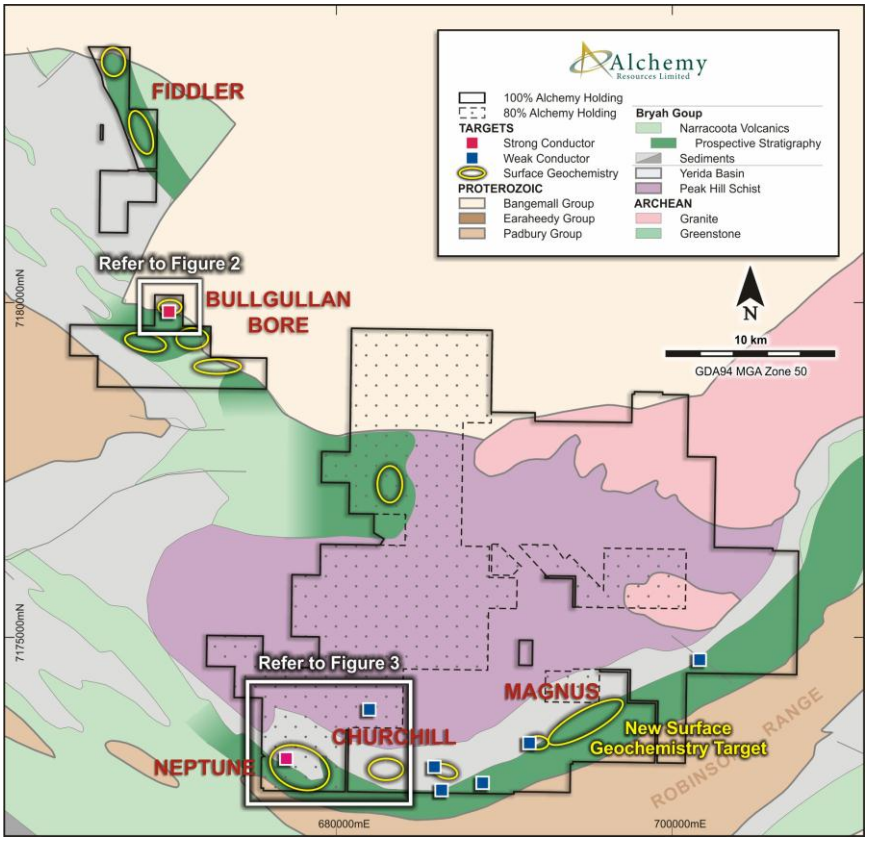

Figure 1. Bryah Basin Project – ground geophysics and aircore drilling program results.

Targets from Aircore Drilling

A program of 100 aircore drill holes (6,066m) with holes at various spacing ranging from 120m x 80m to 640m x 160m was completed in November 2012 to drill test four target areas with encouraging surface geochemical results (*refer to ASX announcements 27 September & 16 October 2012*).

The aircore drilling program aimed to identify secondary/oxide copper-gold anomalism within the weathered profile that will allow better delineation of primary sulphide targets to be tested by deeper RC drilling. Previous work has demonstrated strong base metal and pathfinder depletion in the transported cover and/or upper 10 to 15 metres of strongly weathered rock. It is significant to note that Sandfire Resources' DeGrussa copper-gold mine was discovered by the recognition of surface geochemical anomalies enriched in gold and strongly depleted in copper.

Widespread, anomalous base metal, gold and pathfinder assay results have been returned from two areas – Neptune and Churchill – and define multiple prospective mineralised volcano-sedimentary zones over strike

lengths of over 2000 metres (*see* ***Figure 3***). ***Table 1*** lists all 4 metre-composite sample intercepts with a minimum of 0.05% copper, 0.05% zinc and/or 0.1g/t gold.

The multi-element coherent anomalism delineated in the Neptune and Churchill areas, as well as previously in the Fiddler area (***Figure 1***), represents broadly anomalous horizons that may be related to VMS-style base metal mineralising processes.

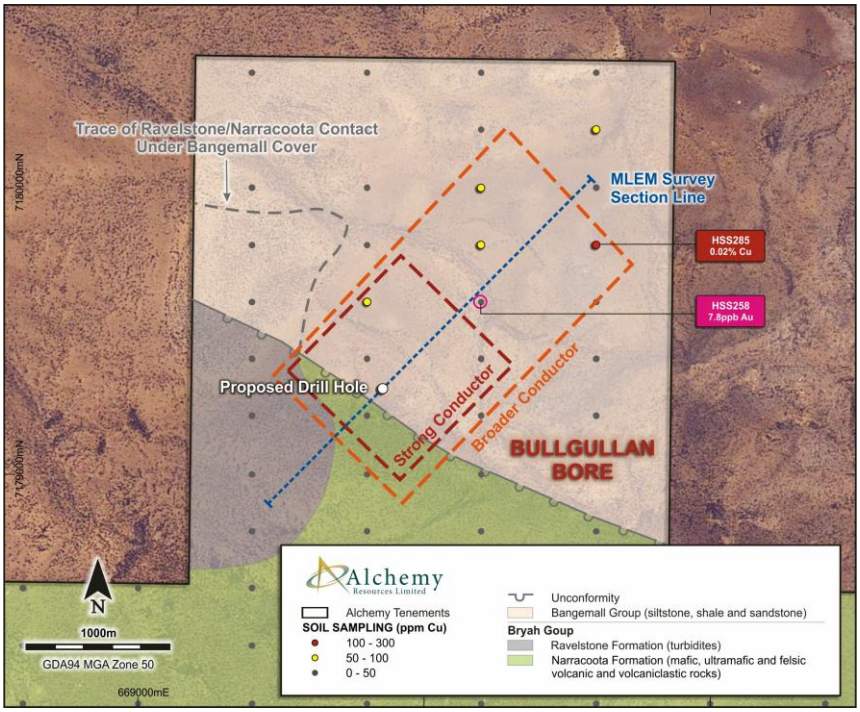

Figure 2. Bryah Basin Project – Bullgullan Bore – very strong bedrock conductor (DVT-07) target & interpreted geology.

Neptune prospect

Highly anomalous surface geochemistry and drill spoil from historic shallow drill holes in the Neptune area was drill tested by three regional lines of aircore drilling. The drilling delineated two broad, linear zones of encouraging secondary copper anomalism (>400ppm copper) over strike lengths of >2000 metres (***Figure 3***).

An aircore drill hole containing sulphide-rich black shales returned highly anomalous copper (15 metres of 0.08% copper in MGAC178, including 1 metre at 0.1% copper at the end-of-hole) and pathfinder elements (***Figure 3***). The drill hole is close to where drill spoil from a shallow RAB drill hole returned 0.17% copper, 350ppm zinc, 4.93ppm antimony, 298ppm arsenic, >10% manganese, 743ppm cobalt, 13.45ppm molybdenum and 14.4ppm thallium. The copper-bearing sulphidic black shales are adjacent to the contact between the basal Narracoota volcano-sedimentary sequence and underlying Karalundi sedimentary sequence.

Strong pathfinder anomalism, including antimony, arsenic, cobalt, manganese, molybdenum, thallium and zinc, forms a broad zone along the basal part of the prospective Narracoota volcano-sedimentary sequence and upper part of the underlying Karalundi sedimentary sequence. This broad horizon is interpreted as in the analogous position to the DeGrussa copper-gold deposit and represents a priority zone for further targeted drill testing.

A second horizon, with strong barium anomalism, is positioned along the upper contact of the Narracoota sequence with the overlying Ravelstone sedimentary sequence. This horizon is interpreted to be in an analogous position to the mineralised sequence in the Horseshoe Lights area to the northwest.

Churchill prospect

Previous shallow aircore drilling in the Churchill area returned anomalous levels of copper, lead, zinc, gold, silver, cadmium, cerium, cobalt, manganese, molybdenum, antimony and tungsten, including 36 metres at 521ppm copper in MGAC081 and 20 metres at 412ppm copper in MGAC091.

Targeted follow-up aircore drilling has returned strongly anomalous secondary copper and gold anomalism. Results of four metre composite samples include 12 metres at 0.09% copper from 36 metres and 4 metres at 0.12g/t gold from 20 metres in MGAC170.

The drilling delineated several linear zones of copper anomalism (>400ppm copper) over strike lengths of >500 metres (***Figure 3***). The anomalism is associated with extensively foliated and altered, sulphide-bearing dolerite and its contact zones with sedimentary rocks of the Karalundi sequence. The secondary anomalism may be related to primary sulphide mineralisation at depth and the dolerite intrusions may represent a different type of mineralisation to that associated with the mineralised horizons in the Neptune area.

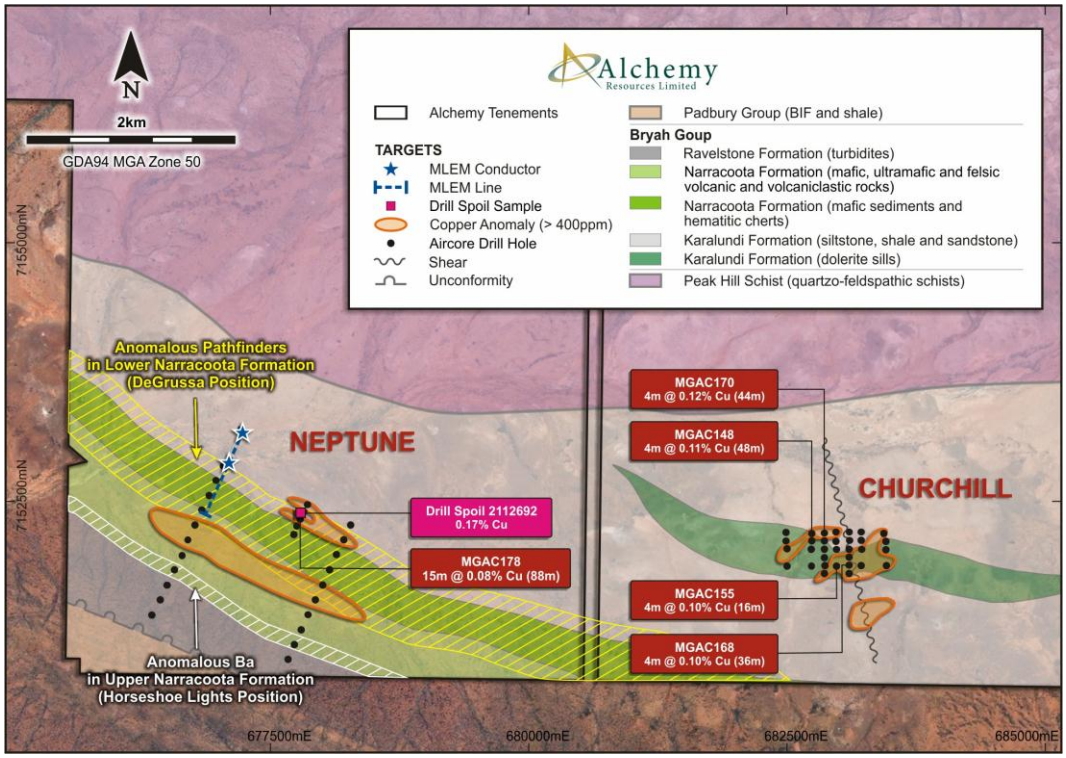

Figure 3. Bryah Basin Project – Neptune and Churchill prospects – ground geophysics and aircore drilling results.

Fiddler prospect

In the Fiddler area, rock-chip sampling of ferruginous and manganiferous horizons and veining within the upper Narracoota volcanic sequence and soil geochemistry returned regionally and locally anomalous levels of copper, lead, zinc, gold, silver, cadmium, manganese, molybdenum, arsenic and antimony.

Previous drilling in the Fiddler area was shallow, mostly less than 100 metres depth, and with many drill holes assayed for gold only. Where assayed, base metal anomalism is recorded in several areas including the Fiddler South prospect. The prospect forms along a prominent silica-iron oxide chert that marks the transition from volcanic-volcaniclastic rocks of the upper Narracoota sequence into turbidites of the overlying Ravelstone sequence. This broad horizon is interpreted to be in an analogous position to the Horseshoe Lights copper-gold mine immediately to the northwest.

Pulps from some of the historic drilling in the Fiddler South prospect were recovered and a selection of 2 metre-composite samples previously assayed for gold only were re-assayed for a multi-element suite, including copper, lead and zinc. ***Table 2*** lists all intercepts with a minimum of 4 metres at 0.05% copper, 0.05% zinc and/or 0.1g/t gold. Encouraging copper, zinc and gold intercepts were returned from several drill holes along the mineralised horizon, including 2 metres at 0.14% copper from 66 metres in FP04 and 2 metres at 0.13% copper from 86 metres in FP26.

Targets from Surface Geochemistry

A comprehensive review of the Alchemy's surface geochemistry over the Bryah Basin project area has been completed by globally-recognised geochemical consultant, Scott Halley.

The review resulted in delineation of a significant new copper anomaly that has not been drill tested (***Figure 1***). Base metals, including copper and zinc, are highly mobile in the weathering profile and delineation of residual anomalies required normalising of copper and zinc against the least mobile transition metal. This method takes into account the secondary mobility and enrichment of transition metals, such as iron, manganese, scandium, indium and vanadium, in weathered rock. The area of copper anomalism corresponds with the basal part of the prospective Narracoota volcano-sedimentary sequence, in an analogous position to the DeGrussa copper-gold deposit.

Future work programs

Alchemy remains focussed on unlocking the copper – gold potential of its expanded Bryah Basin landholding with targeted drilling, geophysical surveys and geochemical sampling continuing across the project area.

Planning of RC drilling to test high priority conductor DVT-07 at Bullgullan Bore is being finalised and is scheduled to commence in the first quarter of 2013 following receipt of statutory approvals.

Alchemy is the recipient of a WA Governments' Exploration Incentive Scheme grant (*reported in ASX announcement dated 8 June 2012*) that will be used to off-set the cost of drill testing conductor DVT-07. Award of the competitive grant validates Alchemy's innovative and systematic approach to conducting its exploration at the Bryah Basin project.

The multi-element coherent geochemical targets delineated in the Neptune, Churchill and the new geochemical target in the central Magnus area represent broadly anomalous horizons that may be related to VMS-style base metal mineralising processes. Further targeted shallow drilling is being planned to delineate areas with secondary oxide copper-gold mineralisation that may lead to uncovering sulphide mineralisation through deeper drill testing.

The delineation of strong bedrock conductors by ground EM surveys as well as delineation of additional geochemical targets to be followed up by a combination of deeper RC and shallow aircore drill testing in early 2013 represents the next phase of systematic copper – gold exploration of the Bryah Basin.

– 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 @ 1.99g/t (equivalent to 87,373 ounces of gold).

The Murchison Project consists of more than 700 square kilometres of tenements located in the vicinity of several large (>1Moz) gold deposits. The project is being explored for gold and base metals.

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 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.

Table 1: Bryah Basin Project – Significant intervals from aircore drilling, >0.05% copper, >0.05% zinc and 0.1g/t gold

Prospect	Hole ID	Easting	Northing	Dip/Azimuth	From	To	Width	Intercept
Churchill	MGAC148	677857	7152468	-60/0	36	40	4	4m @ 0.06% Cu
					48	52	4	4m @ 0.11% Cu
	MGAC152	677788	7152327	-60/0	16	20	4	4m @ 0.05% Cu
					48	52	4	4m @ 0.06% Cu
	MGAC153	676769	7152271	-60/0	4	8	4	4m @ 0.05% Zn
	MGAC155	678139	7151987	-60/0	16	24	8	8m @ 0.09% Cu
	MGAC159	682740	7152191	-60/0	20	28	8	8m @ 0.05% Cu
	MGAC163	682975	7152203	-60/0	20	24	4	4m @ 0.05% Cu
	MGAC167	682974	7152114	-60/0	36	44	8	8m @ 0.06% Cu
	MGAC168	682979	7151875	-60/0	16	24	8	8m @ 0.05% Cu
					36	40	4	4m @ 0.10% Cu
	MGAC170	683217	7151881	-60/0	20	24	4	4m @ 0.16g/t Au
					36	48	12	12m @ 0.09% Cu
	MGAC176	683461	7151878	-60/0	68	72	4	4m @ 0.12g/t Au
Neptune	MGAC178	683101	7151963	-60/025	20	24	4	4m @ 0.26g/t Au
					88	103 EOH	15	15m @ 0.08% Cu
	MGAC185	683099	7151882	-60/025	40	44	4	4m @ 0.05% Cu
	MGAC194	682861	7152193	-60/025	20	28	8	8m @ 0.06% Zn

Calculation of Assay Results:

Quoted drill intersections are based on lower cut-off assays of 0.05% copper, 0.05% zinc and 0.1g/t gold with a maximum of 1 sample of internal dilution (i.e., samples with less than 0.05% copper, 0.05% zinc or 0.1g/t gold). Assay results were obtained from geochemical analysis of 4 metre composite samples of drill spoil. All samples were analysed at ALS Global Laboratories in Perth. Samples are prepared using single stage pulverization of the entire sample. Base metal assays are obtained using a four acid digest followed by ICP-AES analysis. Gold assays are obtained using a 25g aqua regia digest and atomic absorption spectrometry analysis technique. Full 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.

The location of drill holes is determined using a GPS achieving less than 10m accuracy and using the MGA datum (Zone 50).

Table 2: Bryah Basin Project – Fiddler area – Significant intervals from re-assay of pulps from RC drilling, >0.05% copper, >0.05% zinc and 0.1g/t gold

Prospect	Hole ID	Easting	Northing	Dip/Azimuth	From	To	Interval	Intercept
Fiddler	FP04	667343	7190801	-60/065	2	4	2	2m @ 0.12g/t Au
					8	14	6	6m @ 0.08g/t Au
					22	24	2	2m @ 0.14g/t Au
					30	32	2	2m @ 0.2g/t Au
					36	40	4	4m @ 0.14g/t Au
					46	50	4	4m @ 0.06% Cu
					66	68	2	2m @ 0.14% Cu
					70	72	2	2m @ 0.1g/t Au
					88	90	2	2m @ 0.05% Cu
	FP05	667441	7190493	-60/065	0	2	2	2m @ 0.08% Zn
	FP06	668214	7189424	-60/065	6	8	2	2m @ 0.12g/t Au
	FP07	668521	7188856	-60/065	2	6	4	4m @ 0.12% Zn
					22	24	2	2m @ 0.16g/t Au
					88	90	2	2m @ 0.12g/t Au
	FP08	668226	7189080	-60/065	8	10	2	2m @ 0.2g/t Au
	FP09	668593	7188537	-60/065	34	36	2	2m @ 0.1g/t Au
					78	80	2	2m @ 0.36g/t Au
					92	94	2	2m @ 0.05% Cu
	FP10	668830	7188289	-60/065	72	74	2	2m @ 0.1g/t Au
					98	100	2	2m @ 0.1g/t Au
	FP11	668921	7188328	-60/065	2	4	2	2m @ 0.05% Zn
					58	60	2	2m @ 0.12g/t Au
	FP12	669030	7188024	-60/065	0	2	2	2m @ 0.2g/t Au
					2	4	2	2m @ 0.13% Zn
					26	28	2	2m @ 0.2g/t Au
	FP13	669103	7188056	-60/065	96	98	2	2m @ 0.1g/t Au
	FP26	665883	7194373	-60/065	86	88	2	2m @ 0.13% Cu

Calculation of Assay Results:

Quoted drill intersections are based on lower cut-off assays of 0.05% copper and 0.05% zinc with a maximum of 1 sample of internal dilution (i.e., samples with less than 0.05% copper or 0.05% zinc). Assay results were obtained from geochemical analysis of 2 metre composite samples of laboratory pulps retrieved from historic RC drill holes. All samples were analysed at ALS Global Laboratories in Perth. Samples are prepared using single stage pulverization of the entire sample. Base metal assays are obtained using a four acid digest followed by ICP-AES analysis. Full 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.

Gold assays for the 2 metre composite samples are from WAMEX report A21692. Quoted drill intersections are based on lower cut-off assays of 0.1g/t gold with a maximum of 1 sample of internal dilution (i.e., samples with less than 0.1g/t gold).

The location of drill holes was obtained from WAMEX report A21692 and field checked using a GPS achieving less than 10m accuracy and using the MGA datum (Zone 50).