

ASX ANNOUNCEMENT

11 NOVEMBER 2013

CODE: ALY

BOARD OF DIRECTORS

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Non-Executive Chairman

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ISSUED CAPITAL

SHARES 156,852,955

OPTIONS 975,000 (Unlisted)

PROJECTS

BRYAH BASIN (80-100%)

MURCHISON (80-100%)

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Bryah Basin exploration update

- ***First-pass drilling extends Sandfires' North Robinson Range multi-element anomaly over 15km into Magnus target area***
- ***Additional strike-extensive geochemical anomalies identified within prospective Narracoota sequence***
- ***Multiple horizons consistent with VMS mineralising systems***
- ***Systematic exploration planned including in-fill drilling and ground geophysics***

Alchemy Resources Limited (ASX: ALY) is pleased to report encouraging results from a first-pass rotary air-blast (RAB) drilling program recently completed at its Bryah Basin Project, located 130 km north of Meekatharra, Western Australia (**Figure 1**). The program targeted strike-extensive copper-gold mineralisation in the eastern and central Magnus volcanogenic massive sulphide (VMS) target zone directly along strike from Sandfire Resources' multi-element North Robinson Range Anomaly (see ASX announcement dated 2 August 2013).

The approximately 10,000m broad-spaced (800m by 80-160m reconnaissance lines), shallow drilling program tested priority areas within the prospective Narracoota volcano-sedimentary sequence and contact zone with the overlying Ravelstone sequence (**Figure 2**). The program collected regional geochemical samples, primarily to assess the VMS potential within the Narracoota sequence, but also to test for gold along major structural contacts within this stratigraphic sequence.

Systematic 4m-composite gold and bottom-of-hole (BOH) multi-element assays have been received. Drill spoil from 1m samples have been tested with a portable XRF analyser (*refer to notes*) and a field-portable spectral mineral analyser. Initial compilation of the gold and BOH multi-element assays and portable XRF readings has identified a number of strike-extensive horizons with geochemical anomalies that require follow-up work.

The BOH multi-element data were used to determine if Sandfire's multi-element anomaly continued into the Magnus VMS target zone. Although the characteristics of the multi-element anomalism has not been detailed by Sandfire, a combination of elements generally associated with VMS mineralising systems (namely Cu-Au-Ag-Zn-Bi-Pb-Mo-Se-Te-W), as well as elements associated with distal VMS features (including Ba, As, Rb, Mn), suggests the multi-element anomaly extends a further 15km across the southern and central Magnus areas (**Figure 2**). The anomaly forms a strike-extensive zone associated with mafic volcanics and associated volcanoclastics and sediments in the 'upper' Narracoota and overlying Ravelstone sequences.

The BOH data also delineates a narrower and discontinuous ‘lower’ Narracoota position (**Figure 2**), interpreted to represent the approximate stratigraphic position of the DeGrussa copper-gold deposit. Previous drilling in proximity to the eastern part of this anomaly has returned copper anomalism, including 3m @ 0.25% Cu in MGDD005 (**Figure 2**).

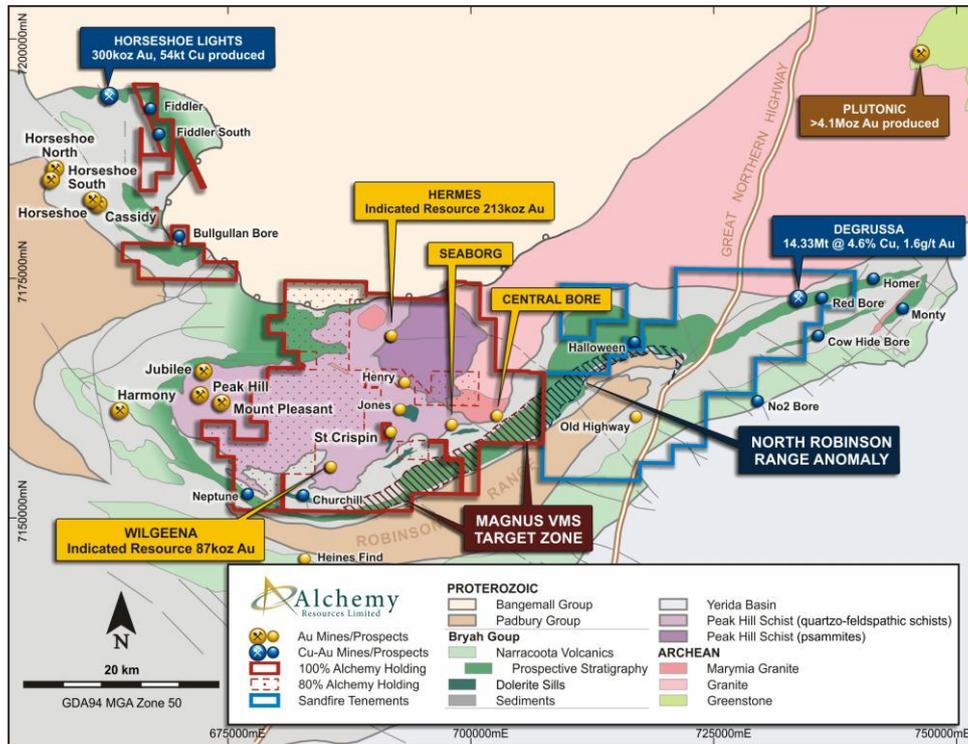


Figure 1. Bryah Basin Project – location of Magnus VMS target zone.

Assessment of the portable XRF readings* and 4m-composite gold assays delineates a number of strike-extensive anomalies that, in general, overlap with the two anomalous areas identified in the BOH multi-element assays (**Figure 2**). Note that the portable XRF readings provide data allowing qualitative assessment of a number of base and transition metals, including copper, zinc and lead. These anomalies include:

- A strike-extensive anomaly coincident with the ‘upper Narracoota’ trend has been defined in two parts across the southern Magnus target zone (**Figure 2**). The strike-extensive central part is anomalous in Au-Cu-Ag±Zn (maximum values of 207ppb Au, 468ppm Cu, 76 ppb Ag & 431ppm Zn) with the eastern part anomalous in Au-Cu-Pb±Zn (maximum values of 65ppb Au, 778ppm Cu, 1102ppm Pb & 410ppm Zn) abutting the western edge of Sandfires’ North Robinson Range anomaly. This anomaly is developed principally within mixed sediments and volcanic of the Narracoota sequence and in part may be within sediments of the overlying Ravelstone sequence.
- A second anomaly is coincident with the interpreted DeGrussa multi-element trend position within the Narracoota sequence, and has also been defined in two parts. The central part is anomalous in Au-Cu-Pb±Ag (maximum values of 350ppb Au, 499ppm Cu, 735ppm Pb & 72ppb Ag) with the eastern part anomalous in Au-Cu (maximum values of 59ppb Au & 602ppm Cu). This anomaly is developed principally within mafic volcanics and minor sediments of the Narracoota sequence.
- An additional strike-extensive anomaly is localised in the central Magnus target area between the two anomalies defined from the BOH multi-element data (**Figure 2**). This zone is developed principally within a discontinuous layer of interflow, mafic-derived sediments within mixed volcanic rocks of the Narracoota sequence and is anomalous in Au-Cu-Zn±Pb (maximum values of 49ppb Au, 571ppm Cu, 714ppm Zn & 481ppm Pb).

- A fourth anomaly is not coincident with any multi-element trend, and is a Au-Cu only anomaly (maximum values of 51ppb Au & 260ppm Cu). This anomaly is developed within basal Narracoota mafic rocks in proximity to the contact with the underlying Karalundi sequence.

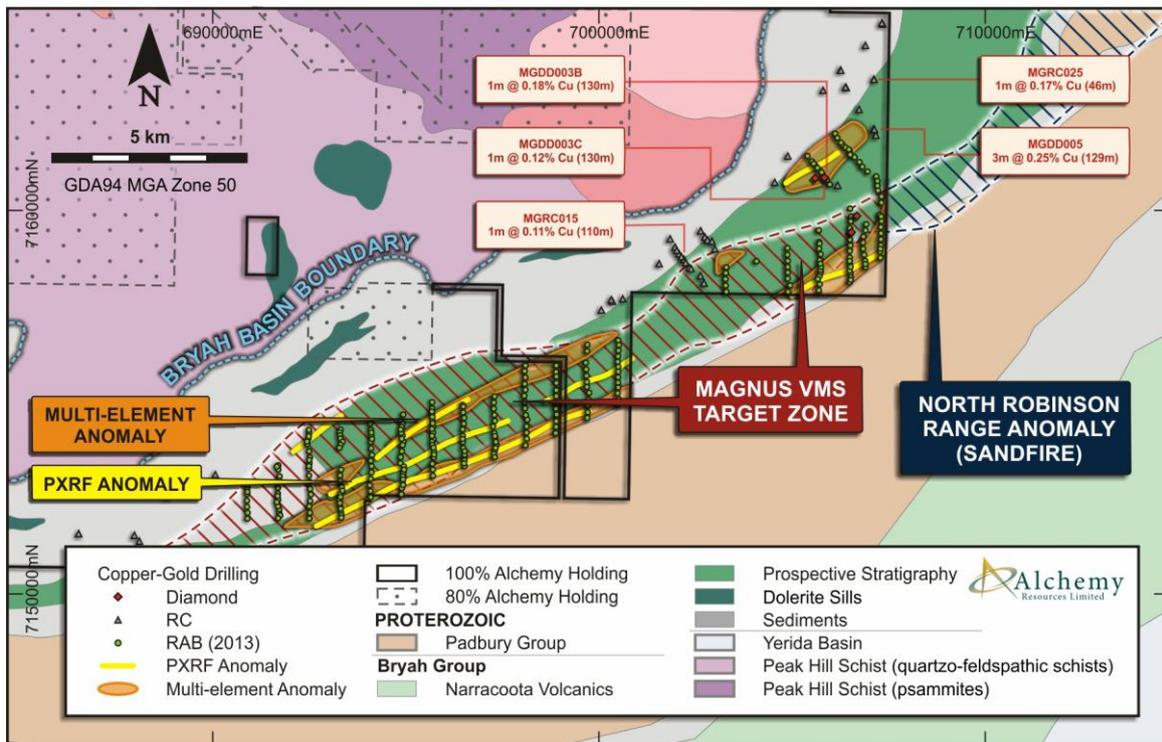


Figure 2. Bryah Basin Project – strike-extensive, multi-element anomalism in the Magnus VMS target zone.

The anomalous results are associated with volcanogenic sedimentary rocks, basalt and dolerite over a strike length exceeding 15km. In combination, the BOH multi-element and gold assays and portable XRF readings independently delineate strike-extensive anomalism in, at least, four stratiform positions. These positions are interpreted to represent horizons developed during episodic VMS-style base metal mineralising events. Importantly, two of these positions are interpreted to represent the stratigraphic positions of the DeGrussa and Horseshoe Lights copper-gold mineralisation.

Widespread, anomalous base metal, gold and pathfinder assay results from shallow drilling have previously defined multiple coherent broadly anomalous horizons in the Neptune, Churchill and Fiddler areas (**Figure 1**), and these are also interpreted to be related to VMS-style base metal mineralising processes at the DeGrussa and Horseshoe Lights positions.

Future exploration will focus on better defining the character and significance of the anomalous geochemistry across the Magnus and other areas prior to more intensive drill testing and ground geophysics in 2014. The geological and litho-geochemical information obtained from the drilling is also continuing to refine the interpreted geology of the Project area.

The drilling program 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.

Compilation of the assay data, base metal readings and mineral species data obtained on the drill spoil with geological logging is continuing to vector towards the VMS prospective horizons and identification of primary sulphide targets throughout the strike-extensive target zones. In particular, the spectral mineral data are

being collected to identify remnant and secondary alteration mineralisation developed within the strongly weathered profile that characterises this geological terrane.

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

– ENDS –

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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 45km 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.

**** Note: Hand-held portable XRF analyser – the estimates of copper, zinc and lead for RAB samples referred to in this release are based on readings on pulverised 1-metre drill-spoil samples using an Olympus Innov-X DELTA Premium portable XRF analyser. Significant effort is made to ensure that the readings reflect the quantitative abundance of individual metals, including machine calibration and insertion of international standards at regular intervals. Whilst Alchemy believes that these readings are indicative of grade, the Company wishes to make clear that the portable XRF results are not formal assays and are an estimate of copper, zinc and lead grades only.***

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.