

**ASX  
ANNOUNCEMENT**

**30 MAY 2016**

**CODE: ALY**

**BOARD OF DIRECTORS**

**Mr Oscar Aamodt**  
Non-Executive Chairman

**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 3,000,000 (Unlisted)

**PROJECTS**

BRYAH BASIN (80-100%)

KARONIE (100%)

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## Alchemy signs Farm-in Agreement over Gold & Base Metal projects in Lachlan

### *Drill-ready high-grade targets in major metallogenic province*

- Alchemy to explore **highly prospective gold and base metal projects in central Lachlan Orogen** in New South Wales through Farm-in and Joint Venture with Heron Resources Ltd (ASX: **HRR**)
- Alchemy can earn up to **80% of the gold and base metal projects** through expenditure of \$2M within 5 years
- Three project areas – **Overflow, Eurow & Girilambone** – are prospective for Cobar-style and epithermal gold / polymetallic and Tritton-style copper mineralisation
- **Overflow** – historic Au-Ag producer; drill-ready targets are **strongly plunging high-grade shoots** with depth potential; historic **high-grade gold intercepts with base metal credits**<sup>1</sup>, including:
  - BOBRCP6** 4.6m at 8.5g/t Au, 79g/t Ag, 13.5% Zn, 7.1% Pb (from 185.4m)
  - TBB001** 10m at 4.4g/t Au, 3.0% Zn, 1.3% Pb (from 163m)
  - TBB008** 7m at 1.67g/t Au (from 198m) & 7m at 6.67g/t Au (from 236m)
  - TBB017** 6m at 4.69g/t Au (from 121m) & 6m at 7.55g/t Au (from 136m)
- **Eurow** – historic copper-gold workings; historic **high-grade copper intercepts** below workings; recent shallow **drilling returned anomalous copper** north of the workings<sup>2</sup>
- **Girilambone** – proximity to copper anomalism at Kurrajong; **along interpreted VMS-related trends** extending south to Collerina
- **Significant upside potential and high-priority, drill-ready targets** identified in under-explored belts in the Lachlan fold-belt region
- **Targeted extensional drilling and new target testing** expected to commence in September quarter following regulatory approvals

<sup>1</sup> Reported by TriAusMin Ltd (ASX: **TRO**) in ASX announcement dated 5 May 2014

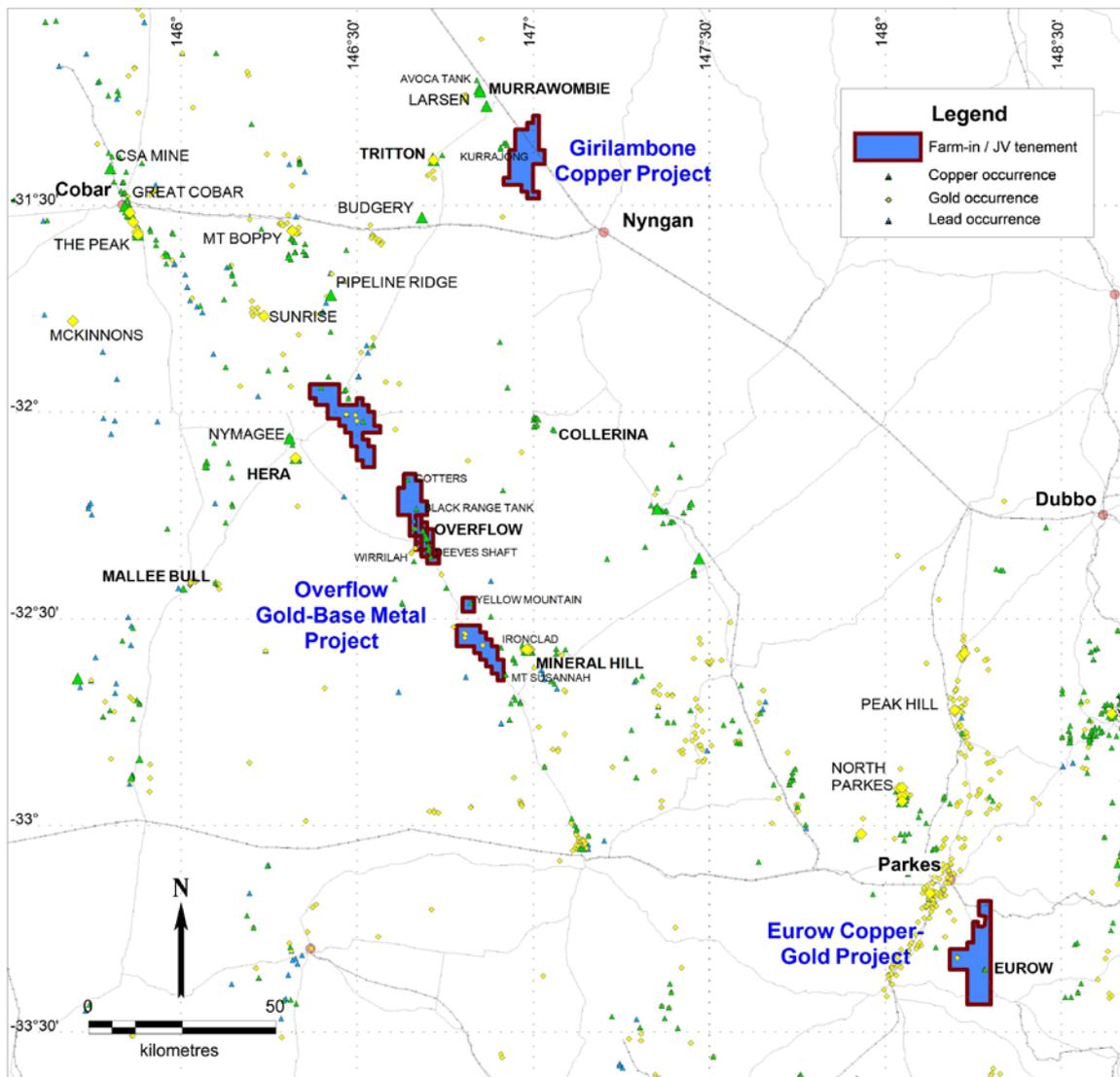
<sup>2</sup> Reported by Heron Resources Ltd (HRR) in ASX announcement dated 28 April 2014

Alchemy Resources Ltd (ASX: **ALY**; “**Alchemy**” or “**the Company**”) is pleased to announce that it has entered into a Farm-in and Joint Venture Agreement with Heron Resources Ltd (ASX: **HRR**; “**Heron**”) to earn up to an 80% interest in three gold and base metal projects – Overflow, Eurow and Girilambone – in the highly prospective central Lachlan province in New South Wales (*Figure 1*).

The Lachlan projects represent another strategic exploration project acquisition for Alchemy, with a large 674km<sup>2</sup> land package over underexplored central Lachlan province. The projects are proximal to high profile mining centres in the central Lachlan, including Hera/Nymagee (Aurelia Metals Ltd, ASX: **AMI**), Mallee Bull (Peel Mining Ltd, ASX: **PEX**), Mineral Hill (KBL Mining Ltd, ASX: **KBL**; “**KBL**”), Tritton/Murrawombie (Aeris Resources Ltd, ASX: **AIS**; “**Aeris**”) and the Parkes mining centre (*Figure 1*).

Alchemy’s Chairman, Oscar Aamodt said, “This opportunity provides key gold and base metal projects for Alchemy and we will immediately seek to advance priority targets through extensional drilling and systematic exploration over the strategic land package. The Lachlan projects are in a well-endowed gold and base metal province with significant upside in both gold and base metals with the potential for multiple discoveries.”

A summary of commercial terms of the Farm-in and Joint Venture Agreement are provided on page 5 of this announcement.



**Figure 1:** Lachlan projects – Overflow, Eurow and Girilambone – subject to the Farm-in / Joint Venture Agreement with Heron Resources Ltd.

## Overview of the Lachlan Projects

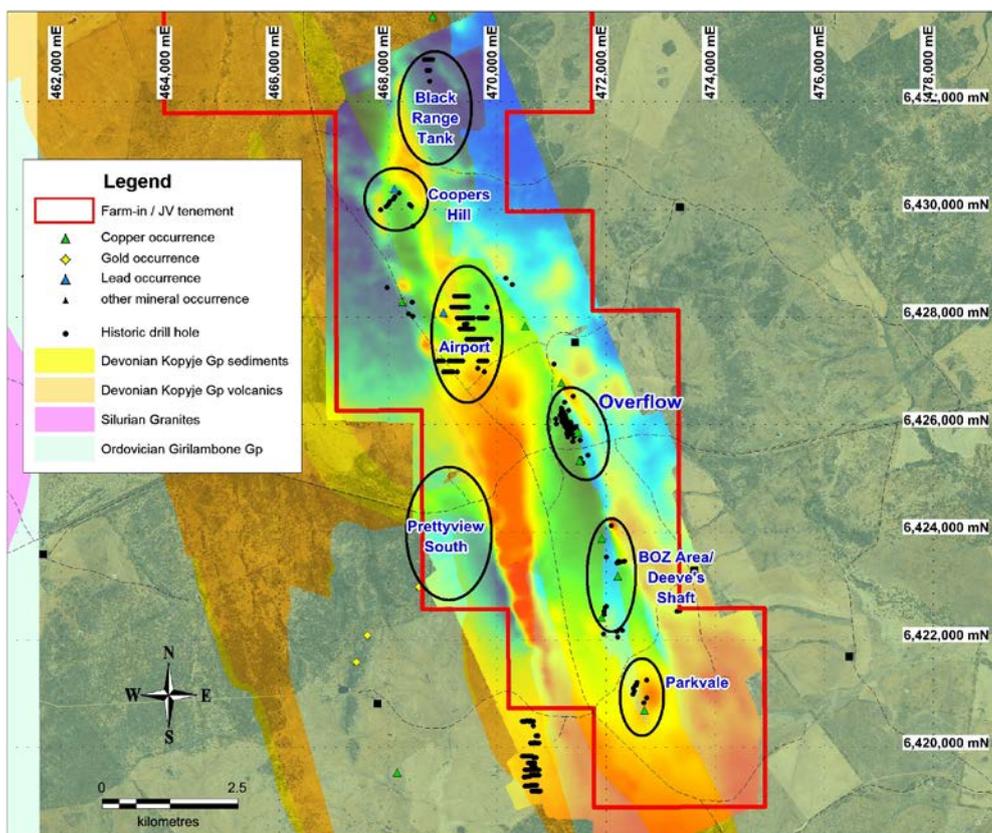
The Lachlan projects consist of the Overflow Gold-Base Metal Project, the Eurow Copper-Gold Project and the Girilambone Copper Project. Each of these projects contains identified gold and / or base metal targets, including drill-ready priority targets.

### Overflow Gold-Base Metal Project

The Overflow Gold-Base Metal Project (“**Overflow**”) consists of four exploration licences covering 390km<sup>2</sup> located over a 50km long zone from 75km south-east of Cobar to adjacent to KBL’s Mineral Hill operation (*Figure 1*). The project is located along the northern extension of the Gilmore Suture within Ordovician-Devonian metasediments and prospective for epithermal and Cobar-style gold and base-metal mineralisation.

Overflow is centred on the historic Overflow mining centre (*Figure 2*), a past producer of gold, silver and lead, and has been the focus of previous exploration in the area since mining ceased in 1942. Mineralisation at Overflow is structurally-controlled, high-grade gold-silver with base metal credits, with known zones having relatively short strike lengths but potentially long in the down-plunge direction, typical of Cobar-style mineralisation. Historic drilling has returned a number of significant high-grade intercepts (*see TriAusMin Ltd ASX announcement dated 5 May 2014*), including:

- BOBRCPC6** 4.6m at 8.49g/t gold, 79g/t silver, 13.5% zinc, 7.1% lead (from 185.4m)
- TBB001** 10m at 4.44g/t gold, 21g/t silver, 3.0% zinc, 1.3% lead (from 163m)
- TBB006** 16m at 1.13g/t gold, 88g/t silver, 1.15% zinc, 0.43% lead (from 162m)
- TBB008** 7m at 1.67g/t gold, 135g/t silver, 1.3% zinc, 0.5% lead (from 198m) & 7m at 5.46g/t gold, 19g/t silver, 1.9% zinc, 1.4% lead (from 236m)
- TBB017** 6m at 4.69g/t gold, 39g/t silver, 2.4% zinc, 1.9% lead (from 121m) & 6m at 7.55g/t gold, 29g/t silver, 3.6% zinc, 1.5% lead (from 136m)



**Figure 2:** Overflow Gold-Base Metal Project showing Overflow mining centre, historic drilling & mineral occurrences, gold & base metal prospects, over simplified geology (transparent), aeromagnetic image and satellite imagery.

A priority RC-diamond drilling program targeting up and down-plunge positions of the mineralisation zones at Overflow is planned to commence in the September 2016 Quarter subject to completion of landholder access agreements and statutory approvals.

Outside of the historic mine area a number of regional prospects have been delineated and warrant further exploration. Along strike to the south of the Overflow mine, at the BOZ target (*Figure 2*), a single drill hole, OFTRC005, targeted an IP chargeability anomaly was terminated at the edge of the anomaly. The drill hole ended in weak mineralisation (12m at 0.42g/t gold to end of the hole) with visible chalcopyrite identified, and it represents a priority target for further drill testing.

At the Parkvale target (*Figure 2*), narrow high-grade intersections, including 0.7m at 5.7% copper and 1.2% lead in BO-1A drilled in 1977, have not been followed up. Coherent gold-zinc in soil anomalism over an area of 600 x 400 m at Prettyview South (*Figure 2*) has not been drilled tested. At Black Range Tank and Airport (*Figure 2*), outcropping gossans and limited shallow drilling has returned base metal anomalism with semi-coincident EM anomalies.

### ***Eurow Copper-Gold Project***

The Eurow Copper-Gold Project (“**Eurow**”), located 30 km southeast of Parkes (*Figure 1*), covers Ordovician and Devonian-aged meta-sediments intruded by Silurian and Devonian granites and proximal to the intersection of the Narramine-Coolac Fault Zone and the Lachlan Transverse Zone. The Project area contains the historic Eurow-Vychan copper-gold workings where drilling by previous companies below the workings returned high-grade intercepts of 8m at 2.94% copper and 0.85g/t gold from 47m, 3m at 4.0% copper and 1.25g/t gold from 73m, and 4.4 metres at 1.57% copper and 0.63g/t gold from 212m (sourced from open-file reports available from the NSW “DIGS” website).

Copper-gold mineralisation at Eurow appears to be planar and stratiform and is associated with semi-massive and breccia zones of pyrite-pyrrhotite-chalcopyrite. The style of mineralisation is both conductive (i.e., can be targeted with EM) and magnetic with targets identified to the north and south of the historic workings. Heron undertook shallow aircore drilling in late 2013 on targets north and south of the historic workings that returned anomalous copper results (*see Heron ASX Announcement dated 28 April 2014*). The drilling, which was hampered by thick clay zones, did not reach target depths and warrants further drill testing.

### ***Girilambone Copper Project***

The Girilambone Copper Project (“**Girilambone**”) comprises one granted tenement (EL8318), about 25 km northwest of Nyngan, on the eastern edge of the Girilambone Basin. Girilambone is located near Aeris’s Tritton copper operation, where Aeris recently announced development of the Murrawombie underground copper mine (*see AIS ASX announcement dated 21 March 2016*) and along strike from the high-grade Collierina copper prospect (Helix Resources, ASX: **HLX**; *see HLX Corporate Presentation 9 March 2016*).

The Project area is prospective for ‘Besshi-type’ volcanic massive sulfide (VMS) copper-gold mineralisation within mafic units of the Ordovician Girilambone Group. Girilambone is located along interpreted VMS trends extending from Collierina in the south to north of Avoca Tank (*Figure 1*). The Project area is adjacent to copper anomalism along structural and magnetic trends from the historic Kurrajong copper workings.

Geological mapping, surface geochemistry and targeted RC drilling have been previously undertaken by Heron. Systematic exploration targeting Tritton/Collierina-style copper-gold mineralisation within mafic units is planned.

## **Farm-In and Joint Venture Agreement Terms**

The key commercial terms for the Farm-in and Joint Venture Agreement are outlined below:

- Issue of 2,000,000 fully-paid ordinary shares in Alchemy Resources Limited on the Commencement Date. The shares will be a Certificated Holding, whereby Heron is prevented from transferring any of the shares for a period of 12 months.
- Issue of 2,500,000 options in Alchemy Resources Limited, having a term of 3 years and an exercise price of \$0.10.
- Alchemy to earn an initial 51% interest by incurring exploration expenditure of a cumulative \$1,000,000 (which includes completion of the Minimum Work Commitment) within a period of 3 years.
- Minimum Work Commitment consists of \$300,000 minimum commitment on exploration expenditure on the Project within 12 months of the Commencement Date, of which \$120,000 must be incurred in direct in-ground activities, and includes a minimum of 300 metres of diamond core drilling or a combination of reverse circulation pre-collar and diamond core drilling and which must be completed within 6 months of the Commencement Date.
- Once Alchemy has earned 51%, Alchemy can elect to increase its equity in the Project to 80% by spending a further \$1,000,000 within a further 2 years.
- Once Alchemy has earned 80%, a Joint Venture (“JV”) is formed.
- On and from the JV Commencement Date, Alchemy is responsible for all JV Expenditure up to it finalising a Preliminary Feasibility Study (“PFS”).
- On receipt of the PFS and at its election, Heron will be required to contribute its share of on-going JV Expenditure or dilute its JV interest or convert its JV Interest to a Net Smelter Royalty (“NSR”) of 1.5%.
- Should Heron’s interest dilute to 5% or less, then it will revert to a 1.5% NSR.
- Alchemy to meet Heron’s obligations under the Black Range Joint Venture agreement, which relates to three (3) units of Exploration Licence 5878.
- The tenements subject to the agreement with Alchemy are Exploration Licences 5878, 7941, 8267, 8192, 8356 and 8318.

## **Proposed Near-Term Exploration Activities**

Alchemy plans to commence an immediate review and initial field reconnaissance of identified target areas within the project. Initial geophysical and geochemical surveys will then be carried out to determine the potential for high-value discoveries within these target areas.

Alchemy has already identified several drill-ready high-grade gold and base metal targets at the Overflow and Eurow project areas and plans to undertake targeted RC pre-collar and diamond drilling once regulatory approvals and land access compensation agreements are in place.

– ENDS –

Please direct enquiries to: Mr Oscar Aamodt (Chairman)  
Dr Kevin Cassidy (Chief Executive Officer)  
Telephone: +61 8 9481 4400

## **ABOUT ALCHEMY RESOURCES**

Alchemy is an emerging Australian minerals exploration company. The company has key assets with exposure to gold and base metals, including the Bryah Basin Project and the Karonie Project.

Alchemy's Bryah Basin Project comprises over 500km<sup>2</sup> of highly prospective tenements located about 130km north of Meekatharra, Western Australia. The Bryah Basin Project contains more than 40km of strike extent of the Narracoota Volcanic Sequence, host to Sandfire's DeGrussa copper-gold deposit and highly prospective for the discovery of VMS-style base metal deposits. In January 2014 Independence Group NL (ASX: **IGO**) entered into an Agreement to explore and earn an interest in the base metal prospective part of Alchemy's Bryah Basin Project (see ASX announcement dated 30 January 2014).

In April 2015 Northern Star Resources (ASX: **NST**) commenced a Farm-in and Joint Venture Agreement to explore and earn an interest in the remaining gold prospective Bryah Basin landholding (see ASX announcement dated 24 February 2015), including existing gold resources at the Wilgeena gold deposit (Indicated Resource of 1.36Mt @ 1.99g/t, equivalent to 87,373 ounces of gold: see ASX announcement dated 22 October 2012) and significant exploration upside.

In May 2016 Alchemy secured the Karonie Project located about 100km east of Kalgoorlie, Western Australia (see ASX announcement dated 24 May 2016). The Karonie Project contains over 40km strike of highly prospective Archean greenstone belt, surrounding and adjacent to Silver Lake Resources' Harry's Hill / French Kiss gold resource areas and along strike from Breaker Resources' Lake Roe Project. The Karonie Project contains priority targets with historic, high-grade gold intercepts with further exploration planned.

## **COMPETENT PERSONS STATEMENT**

*The information in this announcement that relates to Exploration Results from the Lachlan projects has been extracted from various Heron Resources Ltd and TriAusMin Ltd ASX announcements, which are available through the ASX website at [www.asx.com.au](http://www.asx.com.au) (using the ticker codes "HRR" and "TRO"). Heron confirms that, outside of those detailed in this announcement, it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates in that market announcement continue to apply and have not materially changed. Heron confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.*

*The information in this report that relates to Exploration Results is based on information compiled by Dr Kevin Cassidy, who is an employee and security holder of Alchemy Resources Ltd. Dr Cassidy is a Fellow of the Australian Institute of Geoscientists and has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ('JORC Code 2012'). 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 Wilgeena Gold Deposit is based on information compiled by Simon Coxhell, who is an employee of CocksRocks Pty Ltd, a consultant to Alchemy Resources Limited. Mr Coxhell is a Member of the Australian Institute of Geoscientists and the Australasian Institute of Mining and Metallurgy and has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2004 Edition of the Joint Ore Reserves Committee 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ('JORC Code 2004'). 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 Exploration Results and the Indicated Mineral Resource at the Wilgeena Gold Deposit were prepared and first disclosed under JORC Code 2004. These have not been updated since to comply with JORC Code 2012 on the basis that the information has not materially changed since last reported on 22 October 2012. Alchemy 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.*