

**ASX
ANNOUNCEMENT**

26 AUGUST 2014

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 185,454,701

OPTIONS 975,000 (Unlisted)

PROJECTS

BRYAH BASIN (80-100%)

MURCHISON (80-100%)

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Independence commences drilling at Bryah Basin copper-gold project

- *Alchemy advised by Independence that Aircore drilling program commenced*
- *Drilling program testing areas with base metal anomalism and geophysical targets*

Alchemy Resources Limited (ASX: **ALY**) (“**Alchemy**”) is pleased to advise that Independence Group NL (ASX: **IGO**) (“**Independence**”) has commenced an Aircore drilling program at the Bryah Basin Project (*Figure 1*). The program is part of the exploration farm-in Agreement (see ASX announcement dated 30 January 2014) covering Alchemy’s interests* in the whole and part tenements that cover the base metal prospective part of the Project. Independence has extensive base metal exploration and discovery experience and has commenced ground-based exploration to comprehensively evaluate the prospective Narracoota stratigraphy on the farm-in tenements.

The Bryah Basin Project contains more than 45km of strike extent of the Narracoota volcanic sequence, host to Sandfire Resource’s DeGrussa copper-gold deposit and Resource and Investment NL’s Forrest copper-gold prospect, and is prospective for discovery of volcanic massive-sulphide (VMS)-style base metal deposits.

The initial Aircore drilling program covers the Neptune, Magnus and Moby areas (*Figure 1*) and some regional reconnaissance lines to better define the prospective horizons. In the Neptune area, the drilling is testing zones of base metal geochemical anomalism over the Narracoota sequence and its contact position with the Karalundi sedimentary sequence as well as EM conductors defined from limited ground EM surveys.

In the Magnus and Moby areas, regional lines of drilling will test base metal and/or gold anomalies and structural targets along the largely untested prospective Narracoota-Karalundi stratigraphic position.

The 7,500 metre program is expected to take approximately three (3) weeks to complete. Composite samples taken down-hole and bottom-of-hole samples for litho-geochemistry will improve the understanding of project stratigraphy and may provide important vectors towards fingerprinting the VMS host horizon.

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

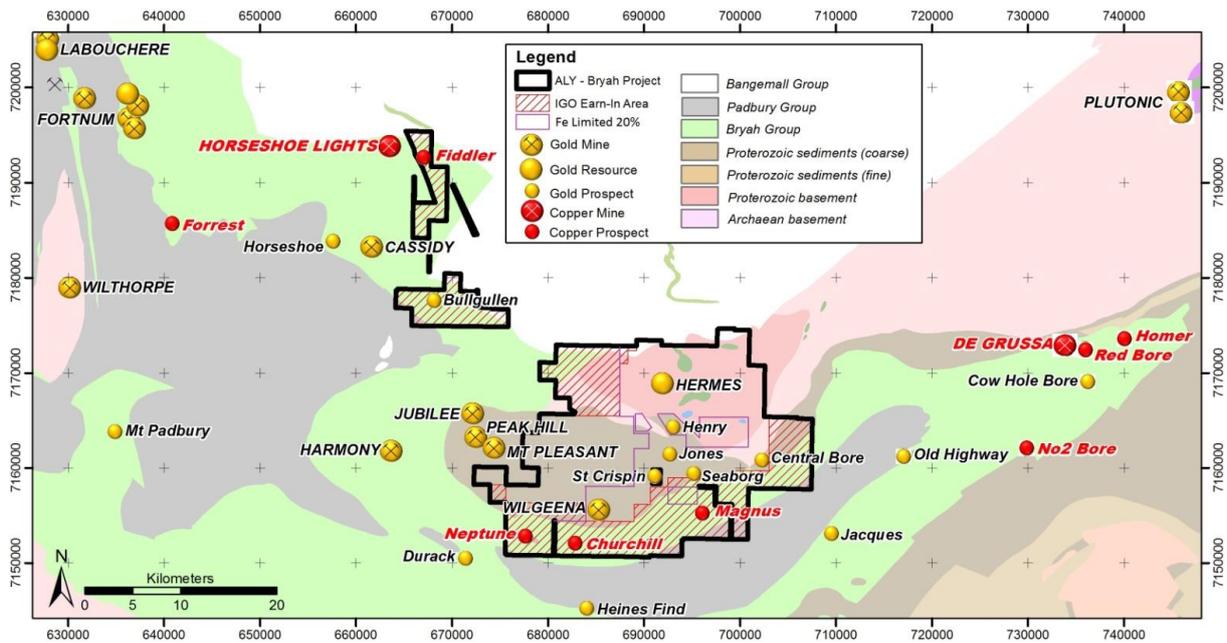


Figure 1: Bryah Basin Project showing Independence Farm-in Area.

The extensive ground EM survey covering the Neptune and Churchill prospects (see ASX announcement dated 11 July 2014) has been completed.

Interpretation of the results from the EM surveys and the Aircore drilling will be integrated with existing data sets by Independence to identify potential priority exploration targets along the prospective Narracoota volcanic sequence.

Further phases of drilling and/or follow-up EM surveys will be undertaken on identified targets in the following Quarter, once approvals have been obtained.

– 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 actively exploring the over 600km² Bryah Basin Project, about 130km north of Meekatharra, Western Australia. The Bryah Basin Project contains more than 45km 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 whole and part tenements that cover the base metal prospective part of Alchemy’s Bryah Basin Project (see ASX announcement dated 30 January 2014).

Alchemy retains and is focusing its near-term exploration on the remaining gold prospective Bryah Basin landholding, including existing gold resources at the Hermes and Wilgeena gold deposits and significant exploration upside. Hermes has an Indicated Resource of 3.34 Mt @ 1.98g/t gold (equivalent to 212,687 ounces of gold) and Wilgeena, located 15km south of Hermes, hosts an Indicated Resource of 1.36 @ 1.99g/t (equivalent to 87,373 ounces of gold) (see ASX announcement dated 22 October 2012).

COMPETENT PERSONS STATEMENT

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 Limited and fairly represents this information. 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 (JORC) 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Cassidy consents to the inclusion in this report of the matters based on information in the form and context in which it appears.

The information in this report that relates to Mineral Resources is based on information compiled by Simon Coxhell, who is an employee of CoxsRocks Pty Ltd, a consultant to Alchemy Resources Limited, and fairly represents this information. 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 2012 Edition of the Joint Ore Reserves Committee (JORC) 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Coxhell consents to the inclusion in this report of the matters based on information in the form and context in which it appears. The information that refers to Mineral Resources in this announcement was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since last reported on 22 October 2012, and 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.