

ASX RELEASE

29 APRIL 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%)

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MARCH 2016 QUARTERLY REPORT

Highlights

BRYAH BASIN PROJECT

Base Metal Exploration

- Independence Group NL (ASX: **IGO**) Farm-in and Joint Venture exploration continued with commencement of a regional airborne geophysical survey over parts of the Bryah Basin JV area, including the Neptune prospect
- At Neptune, broad-spaced diamond/RC drilling intersected copper and/or gold anomalism at multiple stratigraphic horizons, including broad zones of gold anomalism extending over 1km strike
- Five target areas require follow-up drilling, including an untested off-hole conductor between two drill sections and projected down-dip position of a copper-rich horizon in 15BRRC002

Gold Exploration

- Northern Star Resources Ltd (ASX: **NST**) Farm-in and Joint Venture exploration continued with gold targets identified from interpretation of a regional airborne geophysical survey
- Multiple target areas require follow-up auger geochemical drilling, including the Flamel, Henry, Jones, Pelorus and Troy prospects

CORPORATE

- Cash at 31 March 2016 – \$1.4M
- Alchemy actively seeking and assessing potential high-value gold and base metal opportunities in Australia and abroad

Bryah Basin Project

Alchemy’s Bryah Basin Project comprises a 500km² ground package located 130km NE of Meekatharra, Western Australia. The project is located along strike and west of Sandfire Resources’ DeGrussa copper-gold mine and high-grade copper-gold resource at Monty, and adjacent to Peak Hill where about 1Moz of gold has been mined from several deposits (*Figure 1*). Alchemy holds 100% interest in the project with the exception of several tenements held in joint-venture with Fe Ltd (ASX: **FEL**).

Alchemy retains its interests in the base metal and gold prospective Bryah Basin Project through farm-in and joint venture agreements with Independence Group NL (ASX: **IGO**) (“**IGO**”) (*see ASX announcement dated 5 November 2014*) and Northern Star Resources Ltd (ASX: **NST**) (“**Northern Star**”) (*see ASX announcement dated 24 February 2015*). Should a high-value base metal or gold discovery be made by IGO or Northern Star, Alchemy retains the right to participate as a 20% partner, an equity position that may deliver significant value to shareholders.

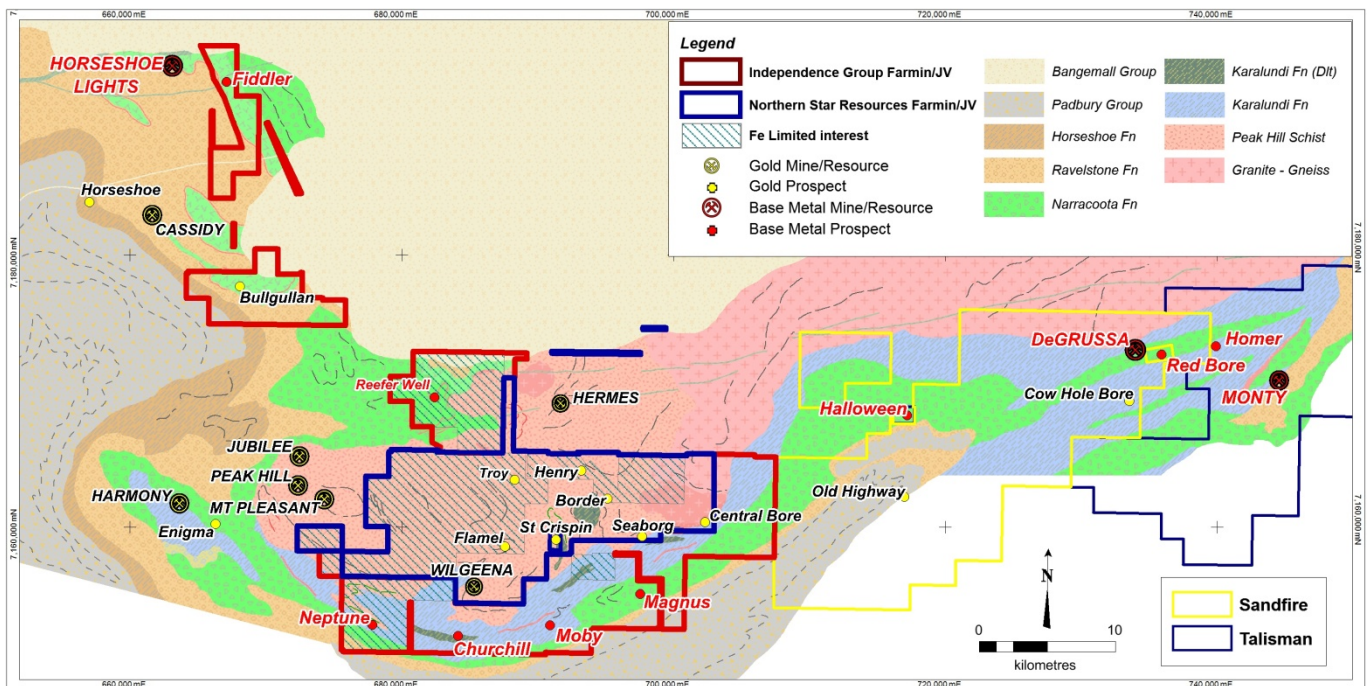


Figure 1: Bryah Basin Project – IGO JV and Northern Star JV areas and gold and base metal prospects.

Base Metals Exploration – IGO earning up to 80%

Leading Australian base metal and gold producer Independence Group NL is exploring and earning an interest (“**IGO JV**”) in the whole and part tenements that cover the base metal prospective area of the Bryah Basin Project (*see ASX announcement dated 5 November 2014*). Under the terms of the IGO JV, IGO can earn up to 80% in Alchemy’s interests (excluding iron ore rights) through Earn-In Expenditure of \$6M within five years, with Alchemy free-carried on further exploration to completion of a Pre-Feasibility Study and then carried on an interest-free deferred basis for a further \$5M of Definitive Feasibility Study expenditure.

The IGO JV area contains more than 40km of strike extent of the Narracoota – Karalundi volcano-sedimentary sequence, host to Sandfire Resources’ DeGrussa copper-gold deposit and the high-grade Monty copper-gold resource (*Figure 1*), and prospective for discovery of volcanic massive-sulphide (VMS)-style copper-gold deposits.

During the March 2016 Quarter, IGO advised that a high-resolution aeromagnetic and radiometric survey was contracted over parts of the IGO JV area to complement existing datasets of similar detail covering part of the western Bryah Basin Project. The survey will be completed in the June 2016 Quarter.

The detailed airborne geophysical survey will acquire data over the Neptune prospect (*Figure 1*), where RAB and aircore drilling defined a 2.5km long, strike-parallel zone of high-order, multi-element VMS pathfinder anomalism, localised within the underlying sedimentary-dominated Karalundi Formation and on the basal contact of the mafic-dominated Narracoota Formation. These zones of anomalism are semi-coincident with several linear, moderate to strong electromagnetic (EM) conductors returned from moving-loop EM (MLEM) surveys conducted over the Neptune prospect, along with several potential basin-forming growth faults.

Broad-spaced diamond and RC drilling undertaken at the Neptune prospect (*see ASX announcements dated 2 October 2015 and 27 January 2016*) returned anomalous stringer-style to heavy disseminated/blebby, pyrite-dominant sulfide mineralisation, with mineralisation mainly hosted within three stratigraphic horizons within the Karalundi sedimentary-dominated sequence, close to the contact with the overlying mafic (sub-)volcanic-dominated Narracoota sequence. Zones of strong to intense sericite-chlorite±silica alteration are present.

Assays from diamond core and RC samples from the mineralised horizons indicate strong copper and/or gold anomalism associated with multiple mineralised horizons within the prospective Narracoota – Karalundi volcano-sedimentary sequence (*see ASX announcements dated 2 October 2015 and dated 27 January 2016*), including:

15BRDD001	5.2m at 241 ppb Au, 71 ppm Cu	(from 326.6m)
15BRDD002	0.9m at 396 ppb Au, 610 ppm Cu	(from 227.1m)
	3.0m at 1,460 ppb Au, 88 ppm Cu	(from 251m)
	15.9m at 191 ppb Au, 61 ppm Cu	(from 286.1m)
	9.97m at 557 ppb Au, 71 ppm Cu	(from 331.85m)
15BRRC001DW1	3.0m at 41 ppb Au, 840 ppm Cu	(from 168.0m)
15BRRC002	28m at 1,193 ppm Cu	(from 88m)
15BRRC003	4m at 536 ppm Cu, 829 ppm Zn	(from 28m)
	12m at 118 ppb Au, 224 ppm Cu	(from 72m)
	16m at 133 ppb Au, 193 ppm Cu	(from 100m)
15BRRC004	48m at 130 ppb Au, 174 ppm Cu	(from 172m)

Broad zones of gold anomalism extend for over a 1km strike proximal to the Narracoota – Karalundi contact (*Figure 2*). Moderate to high-order (>100 ppb) gold anomalies in 15BRDD002 and 15BRDD003 are within broader (10-25m) zones of low-order (>50 ppb) gold anomalism associated with strongly silica-sericite±hematite altered and sulfide (pyrrhotite-pyrite)-mineralised, intercalated shale and siltstone within the upper 50-75m of the Karalundi sedimentary sequence.

IGO advised that a review of all data relating to the broad-spaced diamond/RC drilling program at Neptune highlighted five target areas, comprising a combination of geochemical, geophysical and structural features, which require follow-up drilling. In addition, the drilling provided important stratigraphic and structural information in an area with no previous cored-drilling.

The high-order copper anomalism in 15BRRC002 (28m at 1,193 ppm Cu from 88m) is associated with pyrite-dominated sulfide mineralisation and patchy hematite alteration within the Karalundi sedimentary sequence that is anomalous in a multi-element (Ag-Au-Bi-Mo-Sb-Se-Tl) suite. This copper-rich zone remains untested at depth.

Down-hole EM (DHEM) surveys undertaken on the diamond and RC holes, where possible, returned a number of conductors that can be explained by the presence of graphitic shales down-hole. The most significant response, however, is an off-hole response that is interpreted to be of high conductance (3000 Siemens) and modelled to

lie between drill sections containing 15BRDD001 and 15BRDD002. Its source may be carbonaceous shales that are of higher conductance to those intersected down-hole or may represent an accumulation of mineralised sulfides. This represents a priority target that requires follow-up exploration.

IGO further advises that the majority of exploration on the tenements to date has focused on the Karalundi-Narracoota contact zone. There is increasing evidence to suggest that other zones within the Bryah Basin Project area, particularly those stratigraphically deeper within the Karalundi sequence, are also highly prospective for VMS-style mineralisation. Structural interpretation of these areas will be undertaken in the June 2016 Quarter, prior to commencement of aircore drilling of selected targets planned for the September 2016 Quarter.

In addition, IGO advise that a detailed ground gravity survey will be acquired in the Reefer Well area (*Figure 1*) in the June 2016 Quarter, to extend the coverage of regional gravity data acquired across the Bryah Basin Project area.

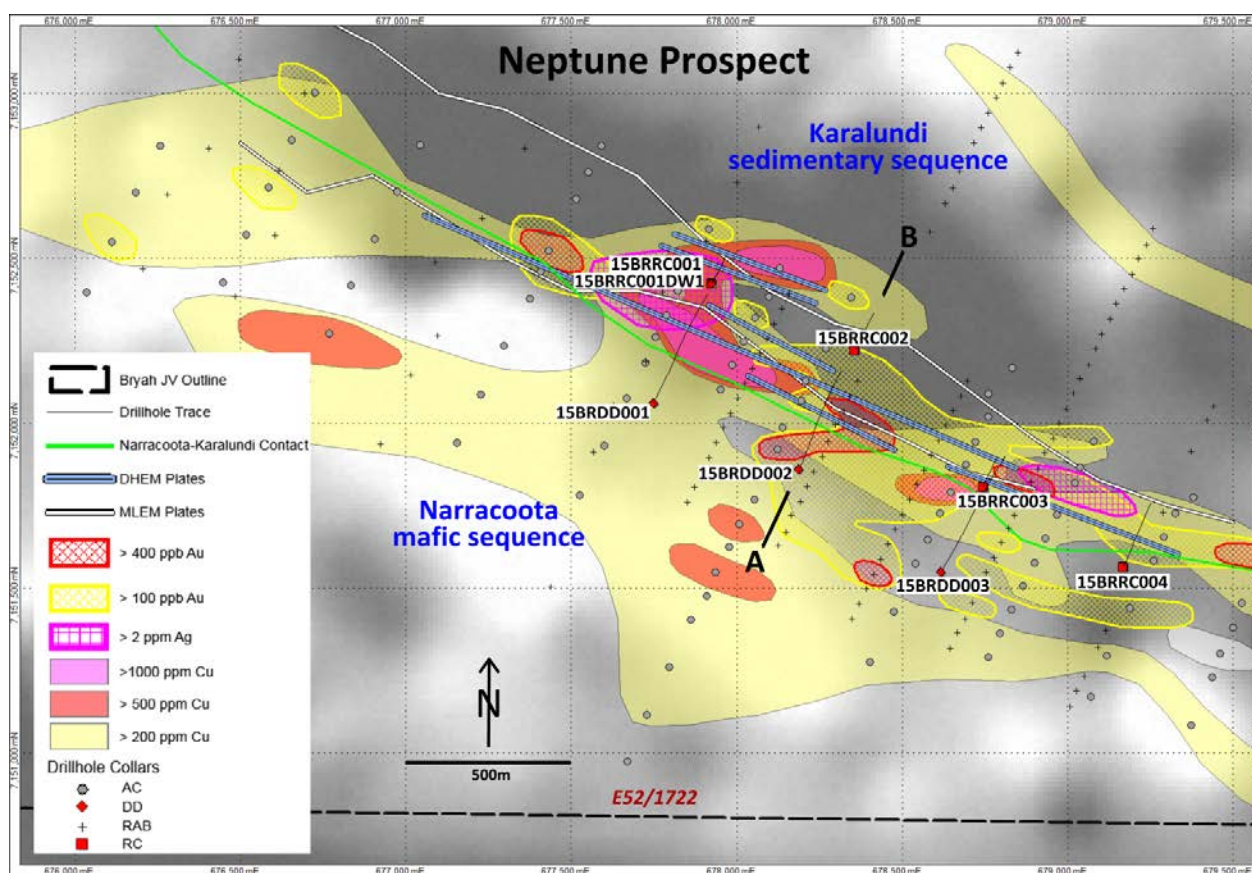


Figure 2: IGO JV - Neptune prospect showing and location of the DD-RC drilling program, previous RAB/AC drilling, geochemical Au-Ag-Cu anomalism, and DHEM and MLEM plates over magnetic image.

Gold Exploration – Northern Star earning up to 80%

Leading Australian gold producer Northern Star Resources Ltd commenced a Farm-in and Joint Venture (“Northern Star JV”) in early 2015 (see ASX announcement dated 24 February 2015). The Northern Star JV is to explore and earn up to 80% of Alchemy’s interests in the whole and part tenements that cover the gold prospective part of the Bryah Basin Project (*Figure 1*), 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).

Under the terms of the Northern Star JV, Northern Star can earn up to 80% in Alchemy’s interests through Earn-In Expenditure of \$1.2M within three years on the gold prospective tenements. Upon Northern Star fulfilling its Earn-In Expenditure, Alchemy’s interest is carried on an interest-free deferred basis to production, with Alchemy to repay Northern Star the deferred amount at the rate of 50% of its share of free cash flow from production following commencement of mining.

The Northern Star JV is enabling near-term exploration of a number of advanced to grass roots gold targets identified over the gold prospective landholding in the Bryah Basin Project. These include high-grade gold targets at the Wilgeena, Central Bore and Seaborg areas (*Figure 1*), historic gold intercepts and gold-in-soil anomalies along strike from these prospects and other high priority targets.

Auger geochemical drilling programs were completed in December 2015 on selected target areas in the Border, Flamel, Henry, Jones, Pelorus, Troy and Zosimos prospects. Previous studies have shown that auger geochemical drilling is an effective method to obtain a meaningful geochemical response in areas of the Project area with widespread hardpanised colluvium. Results of the geochemical drilling returned multiple areas with low-order (+6ppb Au) gold anomalism in the Flamel, Henry, Jones, Pelorus and Troy areas (*Figure 3*), with a peak result of 60.2ppb Au returned from the Pelorus prospect.

Northern Star advises that interpretation of high-resolution aeromagnetic and radiometric data acquired in the December 2015 Quarter over parts of the Northern Star JV area is being used to plan further in-fill and extension auger geochemical drilling of gold target areas in the coming months, as well as possible aircore/RC drilling traverses to test identified trends.

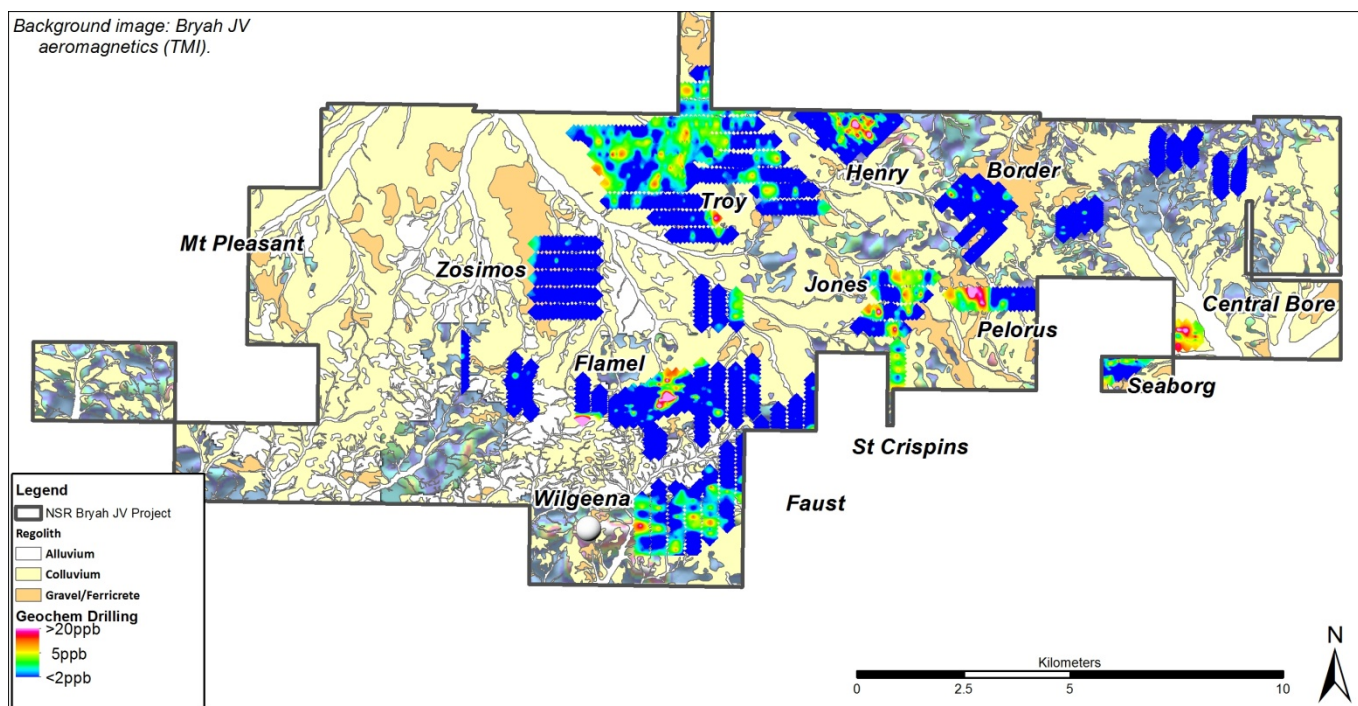


Figure 3: Northern Star JV area – Auger geochemical drilling results (Au ppb, gridded) on interpreted regolith cover. Note widespread colluvial cover.

Corporate

At 31 March 2016, the Company retained a cash balance of \$1.4M.

The Company is actively seeking and assessing potential opportunities to acquire high-value gold and base metal projects, both in Australia and abroad. These range from greenfields exploration prospects to more advanced projects with significant mineral resources, with due diligence studies ongoing on a number of these opportunities.

Ms Sofia Bianchi resigned as a Non-Executive Director on 26 February 2016. Ms Bianchi is thanked for her valued contribution to the Company.

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

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. 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 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.

APPENDIX 1 Schedule of Mining Tenements as at 31 March 2016

Project/Tenement	Location	Interest	Co-holder	Notes
Bryah Basin Project	Western Australia			
E52/1668		80%	Jackson Minerals Pty Ltd	1, 2, 3
E52/1678		80%	Jackson Minerals Pty Ltd	1, 2, 3
E52/1722		80%	Jackson Minerals Pty Ltd	1, 2
E52/1723-I		100%	PepinNini Robinson Range Pty Ltd	2, 4, 5
E52/1730		80%	Jackson Minerals Pty Ltd	1, 2, 3
E52/1731		100%		2, 4
E52/1810		100%		2
E52/1852		100%		4
E52/2360		100%		2, 4, 6
E52/2362		100%		2, 4, 6
E52/3292		100%		2, 7
E52/3405		0%		Application
E52/3406		0%		Application
E52/3407		0%		Application
E52/3408		0%		Application
E52/3409		0%		Application
M52/722		100%		2, 4, 6
M52/723		100%		2, 4, 6
M52/737		100%		4, 6
M52/795		100%		2, 4, 6
M52/844-I		100%		2, 6
M52/1049		100%		4, 6
P52/1195		80%	Jackson Minerals Pty Ltd	1, 3
P52/1196		80%	Jackson Minerals Pty Ltd	1, 3
P52/1199		100%		2
P52/1200		100%		2
P52/1314		100%		4, 6
P52/1315		100%		4, 6
P52/1316		100%		4, 6
P52/1317		100%		2, 6
P52/1318		100%		2, 6
P52/1320		100%		2, 6
P52/1321		100%		4, 6
P52/1322		100%		4, 6
P52/1323		100%		2, 6
P52/1327		100%		4, 6
P52/1365		100%		4, 6
P52/1425		100%		2
P52/1427		100%		2
P52/1428		100%		2
P52/1429		100%		4
P52/1467		100%		2
P52/1468		100%		2
P52/1469		100%		2
P52/1470		100%		2
SE Yilgarn Project	Western Australia			
E28/2475		100%		
E28/2476		100%		
E28/2575		0%		Application
E28/2576		0%		Application

Notes:

1. Jackson Minerals Pty Ltd, a subsidiary of Fe Ltd (ASX: FEL), retains a 20% interest free-carried to a decision to mine.
2. Independence Group NL (ASX: IGO) has a right to explore and earn a 70-80% interest (excludes iron ore) in whole or part tenement free-carried to a pre-feasibility study.
3. Northern Star Resources Ltd (ASX: NST) has a right to explore and earn a 70% interest in whole or part tenement by sole funding a total \$1,200,000 on exploration expenditure over tenements or parts of tenements marked (3) & (4).

4. Northern Star Resources Ltd (ASX: NST) has a right to explore and earn a 80% interest in whole or part tenement by sole funding a total \$1,200,000 on exploration expenditure over tenements or parts of tenements marked (3) & (4).
5. 100% "Other" mineral rights (excludes iron ore); Robinson Range Iron Ore JV – 100% iron ore.
6. 100% minerals rights for all minerals, excluding iron ore; Carey Mining Iron Ore JV – Alchemy Resources 50%, Carey Mining 50% iron ore.
7. 100% interest acquired from Flatrock Resources Pty Ltd.