

ASX RELEASE

30 OCTOBER 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 3,975,000 (Unlisted)

PROJECTS

BRYAH BASIN (80-100%)

MURCHISON (100%)

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SEPTEMBER 2014 QUARTERLY REPORT

Highlights

BRYAH BASIN PROJECT

- Shallow geochemical drilling completed over gold targets along Henry, Jones-Troy and Flamel mineralised corridors – results pending
- Multiple gold targets delineated along Seaborg – Central Bore corridor
- Additional gold targets delineated from further analysis of surface geochemistry
- Further shallow geochemical drilling and targeted Aircore and RC drilling planned
- Independence Group (ASX: **IGO**) advises ground EM surveys over Neptune and Churchill base metal prospects completed
- Independence advises initial Aircore drilling at Neptune and regional base metal targets completed – results pending
- Follow-up exploration to be planned following integration of drilling and EM results

Bryah Basin Project

Alchemy's Bryah Basin Project comprises a 630km² 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 east of Resource and Investment NL's Forrest copper-gold project, 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 Jackson Minerals Pty Ltd (20%), a subsidiary of Fe Ltd (ASX: **FEL**).

In early 2014, leading Australian base metal and gold producer Independence Group NL ("**Independence**") entered in an Agreement to explore and earn an interest in the Bryah Basin Project (see ASX announcement dated 30 January 2014). The Agreement covers all commodities, excluding iron ore, and relates to whole and part tenements that cover the base metal prospective part of the Project (**Figure 1**) and allows base metal exploration to be accelerated. Should a high-value base metal discovery be made, Alchemy retains the right to participate as a 20% partner, an equity position that should deliver significant value to shareholders.

Renewed Focus on Gold in the Bryah Basin

Alchemy is focusing its near-term exploration for high value gold assets on the remaining gold prospective landholding of the Bryah Basin Project (**Figure 1**), including its 100% interest in existing gold resources and significant exploration upside. The Project currently has Indicated Resources of 300,000 oz gold (4.7Mt @ 2.0g/t gold) at Hermes and Wilgeena (see ASX announcement dated 22 October 2012), and the immediate area shows the potential of the district to host large gold deposits. The Company is targeting high-grade gold to supplement gold mineralisation identified at Hermes and Wilgeena, with the aim of establishing a high-grade gold operation.

Reappraisal of the Bryah Basin Project has established a pipeline of advanced to grass roots gold targets requiring further systematic exploration and targeted drilling campaigns to unlock the broader gold potential of the Project region. The Company employs innovative geochemical and geophysical methods in conjunction with drill testing of priority targets to unlock the gold potential across the Bryah Basin Project.

In the September Quarter, Alchemy focused exploration on shallow geochemical drilling at three target areas – Jones-Troy, Henry and Flamel – interpreted to be potential gold mineralised corridors. In addition, review of previous surface geochemistry has outlined additional gold targets. Planning commenced to drill test targets at Seaborg-Central Bore and Winchester delineated from recently completed shallow geochemical drilling.

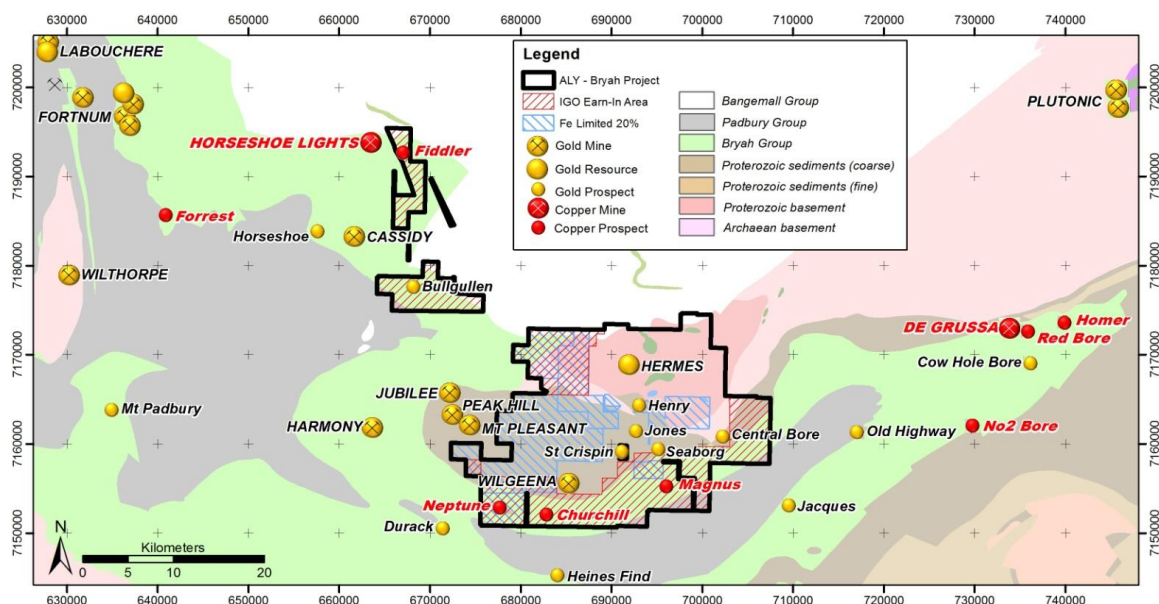


Figure 1: Bryah Basin Project – Alchemy tenements, Independence Joint Venture Area and gold and base metal prospects.

Shallow geochemical drilling

During the September Quarter, shallow geochemical drilling programs were undertaken targeting three areas – Jones-Troy, Henry and Flamel – along potential mineralised corridors interpreted from surface mapping, geophysical images and previous exploration geochemistry. Alchemy holds 80-100% interest in the drill targets.

In each area, shallow geochemical drilling was undertaken using a sampling pattern ranging from 400m spaced traverses with 100m spaced holes to 100m spaced traverses with 50m spaced holes (**Figure 2**). The surficial geochemical program collected a single 2m-composite sample of the residual regolith immediately below transported cover. Alchemy considers this method to be more effective to delineate drill targets than traditional surface soil surveys in areas of thin transported cover.

The 2m-composite sample from each hole has been submitted for gold assay – results are expected by the end of November.

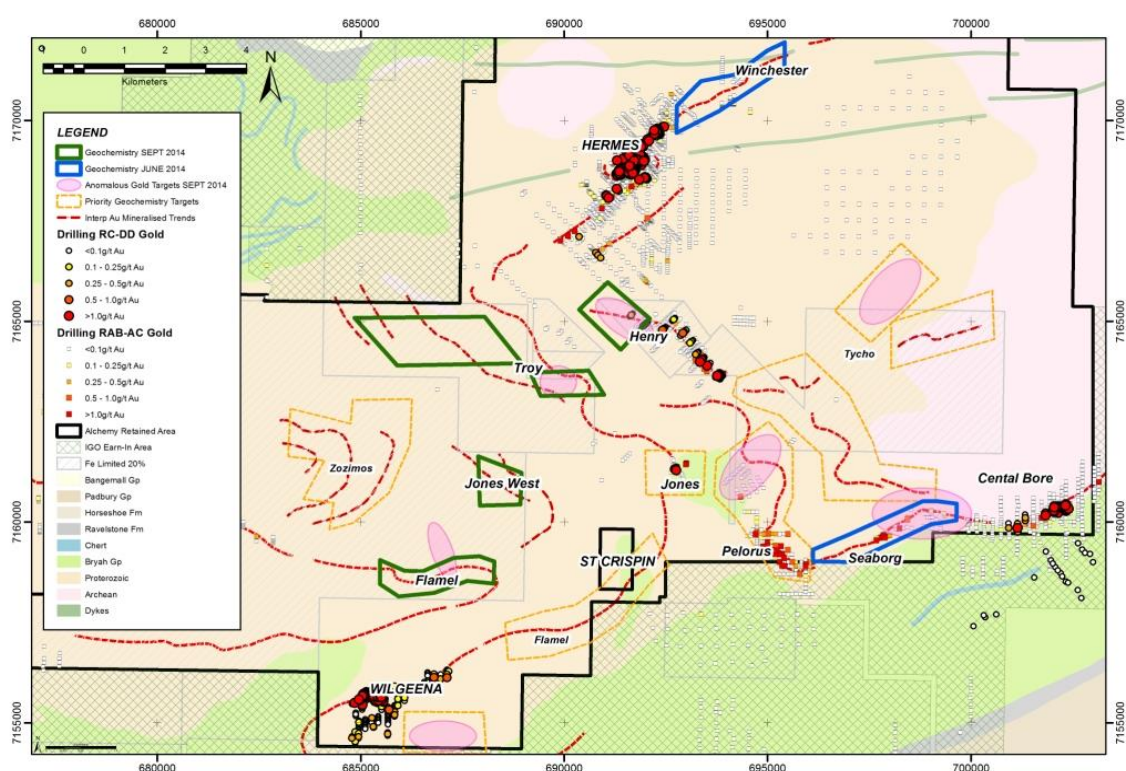


Figure 2: Bryah Basin Project – gold target areas – priority drilling programs outlined over gold mineralisation corridors.

Seaborg – Central Bore Mineralised Corridor

Shallow geochemical drilling programs targeting gold mineralisation along the Seaborg-Central Bore and Hermes-Winchester gold mineralised corridors (**Figure 2**) were completed in June 2014 (see ASX announcement dated 14 July 2014) and delineated a number of gold anomalies, demonstrating the effectiveness of this exploration method in areas with thin (<10m) transported cover.

At Seaborg, a cohesive, broad gold anomaly was returned over the length of the sampling area, with a series of sub-parallel, linear (>500m) +10ppb gold anomalies (**Figure 3**). In conjunction with interpretation of magnetic images, the results show a series of discrete parallel mineralised structures that may have been offset by NW-SE cross-faults. These structures are coincident with previously identified targets (Targets 1 & 2 particularly), with the Seaborg mineralisation representing only one of three mineralised structures.

The gold anomalous structures in the Seaborg area remain open along strike to the east as well as potentially to the north (**Figure 3**). Further shallow geochemical drilling to assist delineation of robust drilling targets along concealed sections of the corridor is planned.

The interpreted trend of the Seaborg mineralised corridor effectively links the Pelorus mineralisation in the west across to the Central Bore area straddling the known Seaborg gold mineralisation (**Figure 3**). Towards the Central Bore area the transported cover becomes deeper, with historic shallow (<12m) drilling largely ineffective. Overall, the district contains multiple structural and/or geochemical targets identified from interpretation of detailed ground magnetic surveys and geochemistry programs and represents a priority exploration area for further shallow geochemical and/or aircore drill testing.

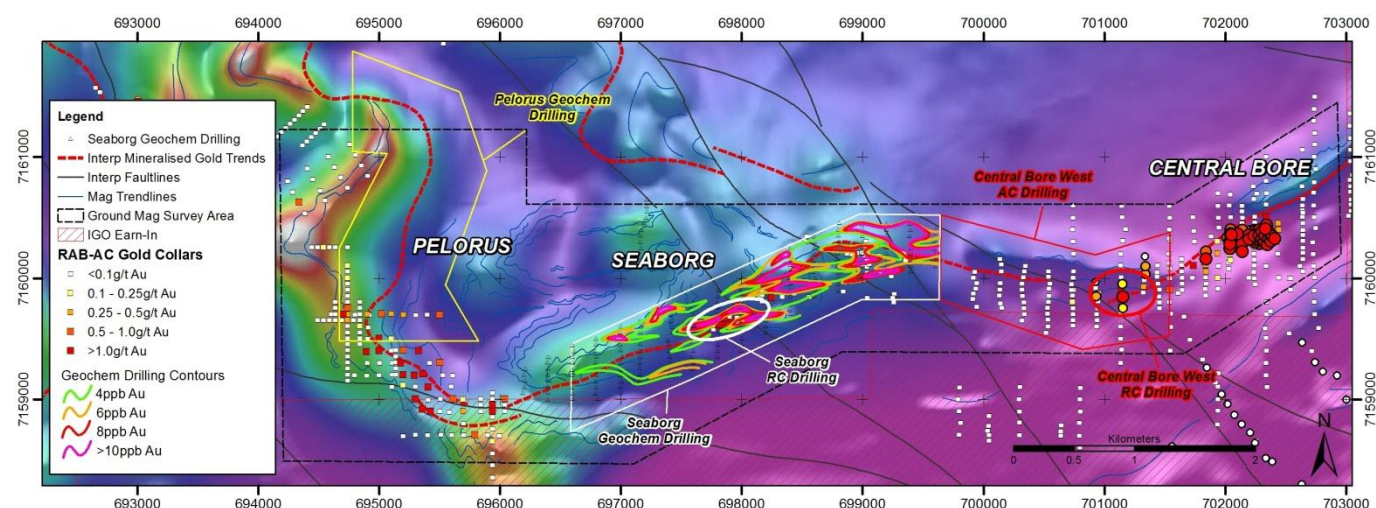


Figure 3: Seaborg – Central Bore mineralisation corridor – Aircore and RC drilling targets over magnetic image.

Future Work Programs

Additional gold targets requiring further systematic exploration and targeted drilling has been identified in Alchemy's retained gold prospective parts of the Bryah Basin Project.

The Seaborg and Central Bore gold prospects (**Figure 2**) are two high priority targets that have returned high-grade gold results. Based on drilling results to date, gold mineralisation at the Seaborg and Central Bore gold prospects remain open at depth and potentially along strike. Further targeted RC and diamond drilling has the potential to expand the areas of gold mineralisation outside of the known mineralised areas and is planned.

Following the successful delineation of drill-ready targets in areas with thin transported cover along the Seaborg-Central Bore and Hermes-Winchester corridors, Alchemy plans to undertake additional geochemical drilling programs along other interpreted mineralised structures throughout the Project (**Figure 4**).

Alchemy is planning aircore drilling to test gold anomalies delineated along the Seaborg-Central Bore and Hermes-Winchester corridors to test for gold and pathfinder elements in the bedrock below the currently defined footprint, with anomalies identified in the aircore program to be followed up with RC drilling.

In addition, a review of historic surface geochemistry by consultant geochemist, Dr Nigel Brand (Geochemical Services Pty Ltd), including re-levelling and re-gridding of the geochemistry data, delineated a number of previously unrecognised gold anomalies in areas with limited transported cover (**Figure 4**). Several of these areas coincide with interpreted potential gold mineralised corridors and represent priority targets for systematic exploration and drill testing.

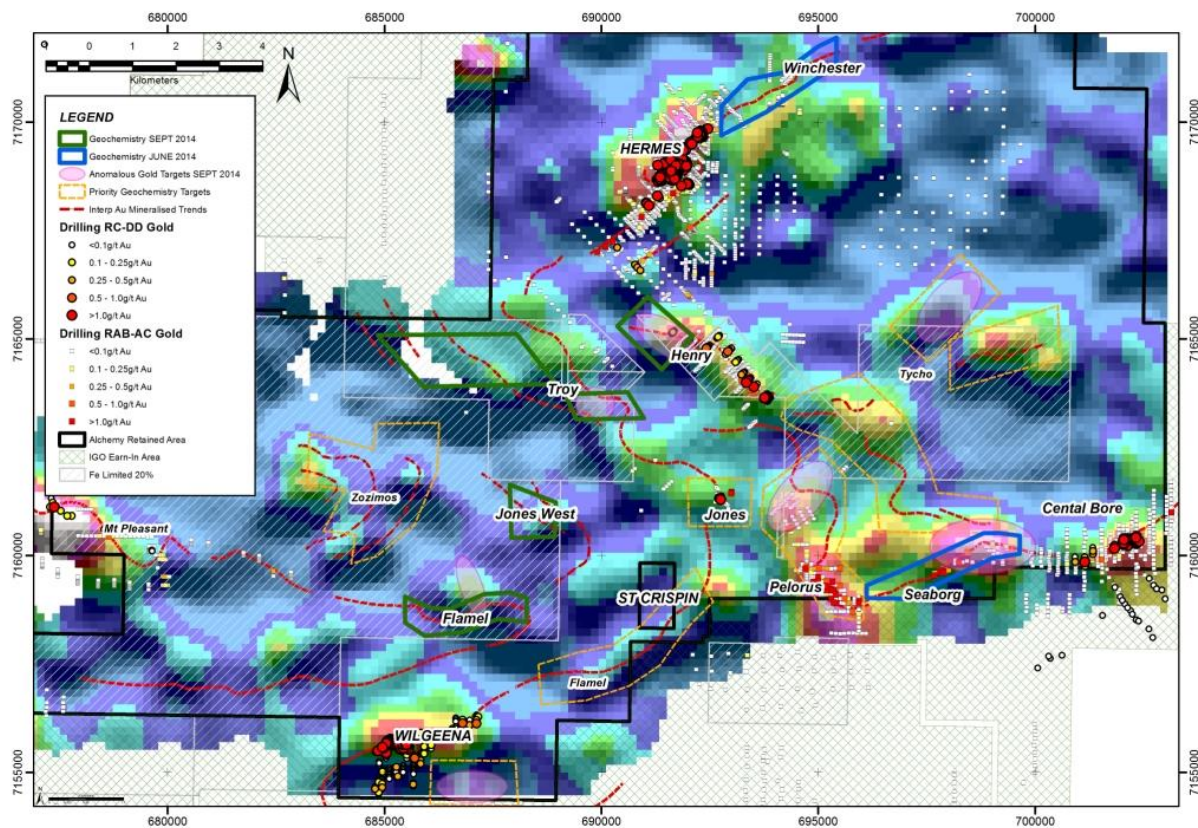


Figure 4: Bryah Basin Project – target areas outlined over gold-in-soil surface geochemistry image.

Farm-in Joint Venture with Independence Group

During the September Quarter, Independence commenced the first phase of ground-based exploration activities as part of the farm-in joint venture agreement into the base metal prospective parts of the Bryah Basin Project. The benefits of the Agreement include rapidly advancing exploration for base metals in the Bryah Basin through joining forces with one of Australia's leading mining and exploration companies. Under the terms of the Agreement, Independence may earn between 70% and 80% in the tenements by spending \$6.5M on exploration, including a minimum commitment of \$0.5M in the first 12 months before it may withdraw.

Independence advised that it completed an initial aircore drilling program comprising 115 holes for 6,759m in the Neptune, Moby and Magnus areas to better define the base metal prospective horizons (**Figure 5**). The drilling was planned to improve understanding of project stratigraphy and to provide important vectors towards fingerprinting the volcanic massive-sulphide (VMS) host horizon(s) by sampling of bottom-of-hole (BOH) near fresh-rock material.

In the Neptune area, the drilling was planned to follow up and further define base metal geochemical anomalies over the prospective Narracoota sequence and its contact position with the underlying Karalundi sedimentary sequence as well as electromagnetic (EM) conductors defined from limited ground EM surveys. In the Moby and Magnus areas, regional lines of drilling were completed over base metal and/or gold anomalies and structural targets along the largely untested prospective upper Karalundi – lower Narracoota stratigraphic position.

Composite samples taken down-hole and BOH samples for lithochemistry have been submitted for assay with the results pending.

Independence also advised that an extensive ground electromagnetic survey (EM) survey was completed covering the Neptune and Churchill prospects (**Figure 5**) where previous limited exploration has returned broad base metal anomalism and targets defined from single lines of moving-loop EM.

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

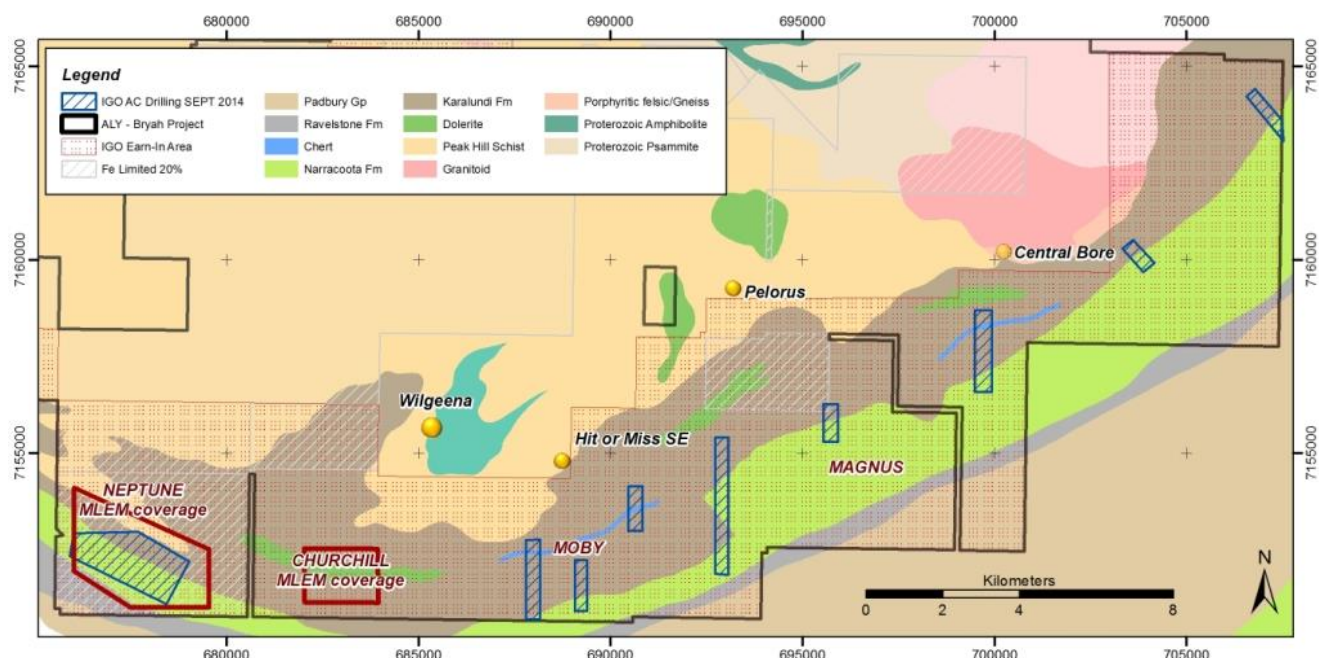


Figure 5: Bryah Basin Project – location of electromagnetic surveys and Aircore drilling program conducted during the September Quarter.

Corporate

The Annual General Meeting for Alchemy Resources will be held at 11.30am on Thursday 27 November at The Celtic Club in West Perth (48 Ord Street).

At 30 September 2014, the Company retained a cash balance of \$0.3M and is continuing to carry out its focussed exploration program for high-grade gold deposits at its Bryah Basin Project.

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 a Fellow of the Australian Institute of Geoscientists and is an employee and security holder 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 which he is undertaking to qualify as a Competent Person as defined in the 2012 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 CocksRocks 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.

Alchemy confirms that the Indicated Mineral Resource at the Hermes Gold Deposit and Wilgeena Gold Deposit were prepared and first disclosed under JORC 2004. These have not been updated since to comply with the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ('JORC 2012') on the basis that the information has not materially changed since it was last reported. Alchemy further confirms that since announcing the Indicated Mineral Resource at the Hermes Gold Deposit and Wilgeena Gold Deposit on 22 October 2012, it 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 30 September 2014

Project/Tenement	Location	Interest	Co-holder	Notes
Bryah Basin Project	Western Australia			
E52/1668		80%	Jackson Minerals Pty Ltd	1, 2
E52/1678		80%	Jackson Minerals Pty Ltd	1, 2
E52/1722		80%	Jackson Minerals Pty Ltd	1, 2
E52/1723-I		100%*	PepinNini Robinson Range Pty Ltd	2, 3
E52/1730		80%	Jackson Minerals Pty Ltd	1, 2
E52/1731		100%		2
E52/1810		100%		2
E52/1852		100%		
E52/1881		100%		2
E52/2360		100%		2, 4
E52/2361		100%		4
E52/2362		100%		2, 4
L52/116		100%		
L52/117		100%		
L52/118		100%		
M52/685		100%		4
M52/722		100%		2, 4
M52/723		100%		2, 4
M52/737		100%		4
M52/753		100%		4
M52/795		100%		2, 4
M52/796		100%		4
M52/797		100%		4
M52/844-I		100%		2, 4
M52/1049		100%		4
P52/1167		80%	Jackson Minerals Pty Ltd	1
P52/1168		80%	Jackson Minerals Pty Ltd	1
P52/1195		80%	Jackson Minerals Pty Ltd	1
P52/1196		80%	Jackson Minerals Pty Ltd	1
P52/1199		100%		2
P52/1200		100%		2
P52/1314		100%		4
P52/1315		100%		4
P52/1316		100%		4
P52/1317		100%		2, 4
P52/1318		100%		2, 4
P52/1320		100%		2, 4
P52/1321		100%		4
P52/1322		100%		4
P52/1323		100%		2, 4
P52/1327		100%		4
P52/1365		100%		4
P52/1425		100%		2
P52/1427		100%		2
P52/1428		100%		2
P52/1429		100%		
P52/1467		100%		2
P52/1468		100%		2
P52/1469		100%		2
P52/1470		100%		2
Murchison Project	Western Australia			
E51/1476		100%		

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) free-carried to a pre-feasibility study.
3. 100% "Other" mineral rights (excludes iron ore); Robinson Range Iron Ore JV – 100% iron ore.
4. 100% minerals rights for all minerals, excluding iron ore; Carey Mining Iron Ore JV – Alchemy Resources 50%, Carey Mining 50% iron ore.