

ASX ANNOUNCEMENT

5 NOVEMBER 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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Independence elects to enter into farm-in and Joint Venture at Bryah Basin

Alchemy Resources Limited (ASX: **ALY**) ("**Alchemy**" or "**the Company**") is pleased to announce that Independence Group NL (ASX: **IGO**) ("**Independence**") has elected to enter into a farm-in and Joint Venture ("**JV**") in accordance with the Letter Agreement dated 29 January 2014. The JV is to explore and earn an interest in the Company's Bryah Basin Project tenements (**Figure 1**), which are prospective for high grade base metal ($\pm$ gold) deposits.

Under the key terms and conditions of the JV Independence can earn up to 80% in Alchemy's interests* (excluding iron ore rights) through Earn-in Expenditure of \$6M within five years. Upon Independence fulfilling the Earn-in Expenditure, Alchemy will be free-carried on further exploration to completion of a Pre-Feasibility Study and carried on an interest-free deferred basis for a further \$5M of Definitive Feasibility Study expenditure (*see ASX announcement dated 30 January 2014*).

Independence has recently completed approximately \$1M of exploration, including initial aircore drilling and ground EM surveys, over base metal targets with results pending (*see Quarterly Report dated 30 October 2014*). Independence will integrate results from this recent work with existing data sets to identify exploration targets along the prospective Narracoota volcanic sequence.

Under the terms of the JV with Independence Alchemy retains control of its gold prospective Bryah Basin tenements (**Figure 1**), including existing gold resources and significant exploration upside. Alchemy intends to focus near-term exploration effort on drill testing high-grade gold targets and shallow geochemical drilling of targets along potential gold mineralised corridors within tenements excluded from the JV.

– ENDS –

Please direct enquiries to: Mr Oscar Aamodt (Chairman)

Dr Kevin Cassidy (Chief Executive Officer)

Telephone: +61 8 9481 4400

* 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**).

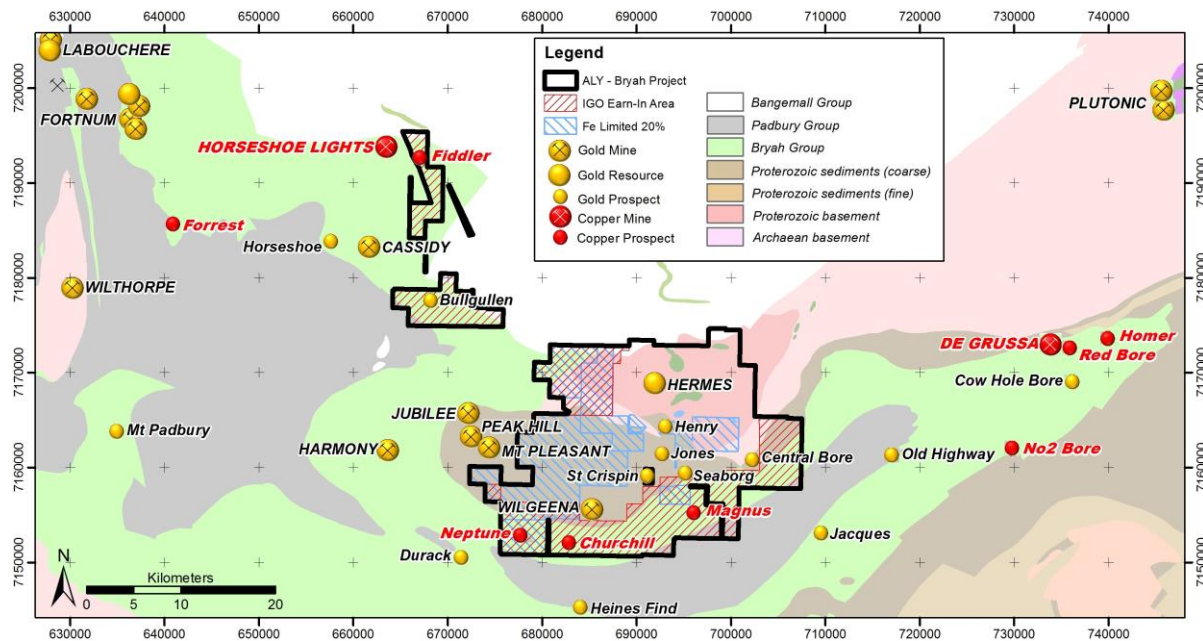


Figure 1: Bryah Basin Project showing Independence Farm-in and Joint Venture Area.

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 is focusing near-term exploration on its 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.