

**ASX  
ANNOUNCEMENT**

**24 MAY 2016**

**CODE: ALY**

**BOARD OF DIRECTORS**

**Mr Oscar Aamodt**  
Non-Executive Chairman

**Ms Liza Carpene**  
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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## Alchemy secures key Karonie gold project

### *High-grade targets in one of Australia's premier gold provinces*

- Alchemy has secured **40km strike of highly prospective Archean gold belt** in the Eastern Goldfields region, Western Australia
- **Karonie Project** (Alchemy 100%) comprises three exploration licence applications surrounding and adjacent to Silver Lake Resources' (ASX: **SLR**) Harry's Hill / French Kiss gold resource areas and along strike from Breaker Resources' (ASX: **BRB**) Lake Roe Project
- **High-quality geological setting** – surrounding and along strike from gold deposits in a setting with camp-scale gold targeting vectors (structural setting, hydrothermal alteration, pathfinder geochemistry)
- Initial review of historic wide-spaced, first-pass RC drilling indicates **high-grade gold bedrock intercepts<sup>1</sup>** at multiple prospects:
  - **Batavia** 2m at 12.06 g/t gold (from 182m) in ISRC1001  
1m at 39.07 g/t gold (from 121m) in ISRC1003  
8m at 3.30 g/t gold (from 128m) in ISRC1063
  - **Challenger** 10m at 1.46 g/t gold (from 128m) in ISRC1035
  - **Little Peck-Esplanade** 5m at 2.86g/t gold (from 101m) in LPRC005  
1m at 21.35g/t gold (from 133m) in LPRC018
- High-grade intercepts within four gold anomalous trends – **Little Peck-Esplanade** (4km strike length), **Admiral** (6km), **Batavia** (6km) and **Challenger** (8km) – outlined by historic shallow drilling<sup>2</sup>
- **KZ5** prospect has gold and base metal anomalism over 1 kilometre strike length outlined by broad-spaced drilling and with untested IP and EM anomalies<sup>3</sup>
- **Significant upside potential** and high priority targets identified
- **Systematic exploration of priority targets** to commence upon grant following completion of access agreements and statutory approvals

<sup>1</sup> Reported by Integra Mining Limited (IGR) in ASX announcements dated 28 January 2005, 27 April 2006, 18 September 2012, 17 December 2012

<sup>2</sup> Reported by ReLode Mining Limited (RLD)/Integra Mining Limited (IGR) in ASX announcements dated 4 May 2004, 5 August 2004, 18 January 2011, 21 February 2012

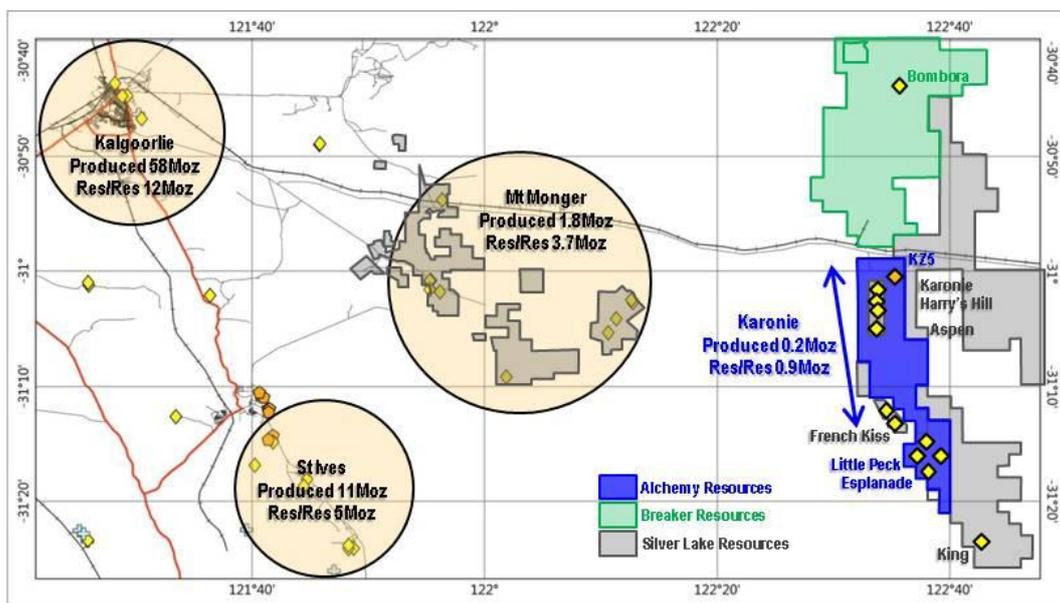
<sup>3</sup> Reported by Integra Mining Limited (IGR) in ASX announcements dated 16 January 2007, 27 July 2007, 14 October 2009

Alchemy Resources Ltd (ASX: **ALY**; “**Alchemy**” or “**the Company**”) is pleased to announce that it has secured 100% interest in over 40km strike of highly prospective Archean greenstone belt in the Eastern Goldfields in Western Australia (*Figure 1*). The Karonie Project, located 100km east of Kalgoorlie, comprises three exploration licence applications totally over 230km<sup>2</sup> surrounding and adjacent to Silver Lake Resources’ (ASX: **SLR**) Harry’s Hill and French Kiss resource areas and along strike from Breaker Resources’ (ASX: **BRB**) Lake Roe gold project.

The Karonie Project is strategically located close to existing processing plants, and given the already substantial gold endowment in the area (>470,000 oz gold – see SLR ASX announcement dated 28 August 2015), Alchemy will focus its near-term exploration efforts to the discovery of additional high-grade gold mineralisation. The Project licence applications surround Silver Lake Resources’ Harry’s Hill deposit with a Probable Reserve of 1.13Mt at 2.4g/t gold for 86,000 oz gold and scheduled for production from FY19 (see SLR Presentation to Melbourne Mining Club dated 15 March 2016).

The Karonie Project is along strike from Breaker Resources’ Lake Roe Project where a new 6km-long gold anomalous zone has been delineated through shallow drilling with initial RC drilling returning high-grade gold assays to over 20g/t gold (see BRB ASX Announcement dated 18 April 2016 and BRB Presentation to RIU Resources Round Up dated 11 May 2016).

Alchemy’s Chairman Oscar Aamodt said, “The Karonie Project provides a key opportunity for Alchemy and following grant of the licences we will seek to advance priority targets through extensional drilling with the expectation of extending the scope of these targets and increasing the potential for a high grade resource. The Project is in one of Australia’s premier gold provinces with significant potential for multiple discoveries.”



**Figure 1: Karonie Project showing exploration licence applications, gold and base metal prospects, and location of Silver Lake Resources’ Harry’s Hill / French Kiss resource areas and Breaker Resources’ Lake Roe Project.**

### **Overview of the Karonie Project**

The Karonie Project contains more than 40km of strike extent of Archean greenstone belt in the Eastern Goldfields Superterrane, and is prospective for high-grade Orogenic gold and volcanic massive-sulphide (VMS)-style base metal deposits. The Project has a high-quality geological setting, strategically located

between major, regional-scale fault zones, the Keith-Kilkenny and Claypan Faults (*Figure 2*). The fault zones are interpreted to be deep-seated, domain-bounding structures within the highly gold-endowed Kurnalpi Terrane, and in a position which hosts the world-class Karari-Carosue Dam gold deposits 75km to the north.

The Karonie Project has seen exploration carried out in various phases since the 1980's, with supergene gold mined from Karonie Main Zone-Harry's Hill (excised from the project area: *Figure 2*) by Freeport McMoran Ltd and Poseidon Gold Ltd between 1987 and 1992 producing 1.593Mt at 3.67g/t gold.

Review of historic exploration to date indicates that the Karonie Project is located surrounding and along strike from gold deposits in a geological setting with camp-scale gold targeting vectors, including structural setting, evidence for zones of hydrothermal alteration and anomalous pathfinder geochemistry. Previous explorer, Integra Mining Limited, undertook a collaborative research project with the CSIRO that identified a 10km long major fault and fluid conduit zone that was interpreted to have been active during the major gold event in the region.

Historic reconnaissance, shallow rotary air blast and aircore drilling has outlined a series of >4km strike length gold anomalous trends, including Little Peck-Esplanade, Admiral, Batavia and Challenger in the southern half of the Project area (see ASX announcements by ReLode Mining Limited/Integra Mining Limited dated 4 May 2004, 5 August 2004, 18 January 2011 and 21 February 2012). The shallow drilling also indicates that the Project area has a complex regolith with a stripped Archean profile overlain by reworked sediments, wind-blown sands and paleo-drainage channels and salt lakes. Consequently, the shallow cover is very complex and areas with shallow gold anomalism require deeper RC drilling to adequately test identified targets.

Initial review of historic, wide-spaced, first pass RC drilling, undertaken to drill test some of the targets delineated by the shallow drilling, indicates numerous high-grade gold intercepts in bedrock at multiple prospects (see ASX announcements by Integra Mining Limited dated 28 January 2005, 27 April 2006, 18 September 2012 and 17 December 2012), including:

<b>Batavia</b>	2m at 12.06 g/t gold (from 182m) in ISRC1001 1m at 39.07 g/t gold (from 121m) in ISRC1003 8m at 3.30 g/t gold (from 128m) in ISRC1063
<b>Challenger</b>	10m at 1.46 g/t gold (from 128m) in ISRC1035
<b>Little Peck-</b>	5m at 2.86g/t gold (from 101m) in LPRC005
<b>Esplanade</b>	1m at 21.35g/t gold (from 133m) in LPRC018

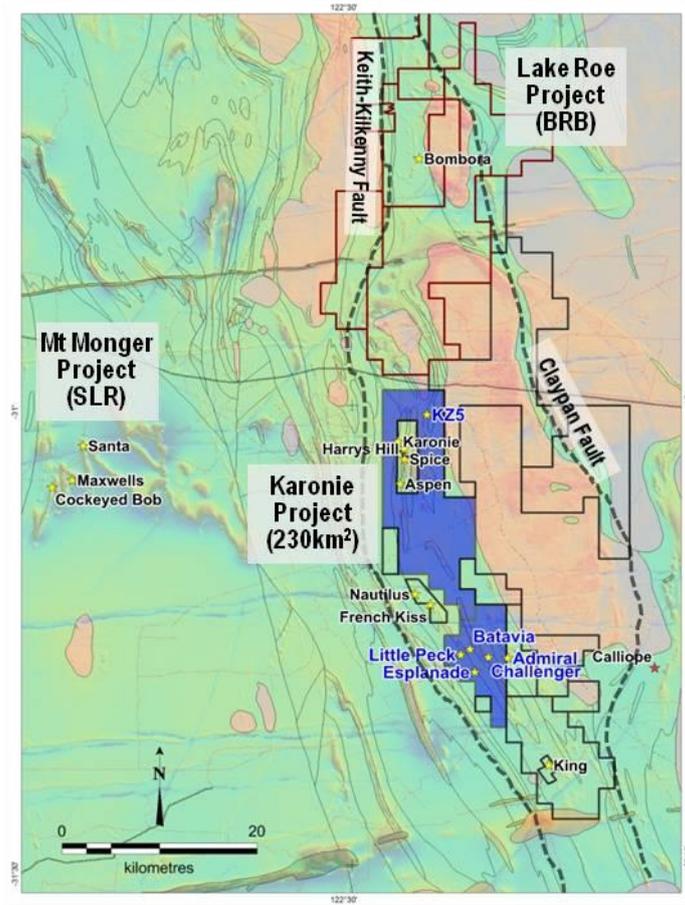
Gold mineralisation at Batavia and Challenger prospects is associated with quartz veining and/or elevated pyrite±pyrrhotite contents in hydrothermally altered felsic/intermediate sediments and volcanics and mafic porphyritic basalts (see ASX announcements by Integra Mining Limited dated 18 September 2012, 17 December 2012). The Batavia and Challenger targets contain broad gold anomalism, alteration assemblages and structural complexity over strikes of 700m and 400m, respectively.

The KZ5 prospect at the northern end of the Karonie Project has gold and base metal anomalism over a strike extent of 1.2km, outlined by broad-spaced drilling, and with untested IP and EM anomalies (see ASX announcements by Integra Mining Limited dated 16 January 2007, 27 July 2007 and 14 October 2009). The mineralisation is VMS-style and associated with felsic volcanic flows and fine-grained sediments inter-bedded with laminated exhalative sulfides. Historic drilling has returned gold-zinc intercepts, including:

<b>KZ5</b>	20m at 1.58 g/t gold (from 190m) and 14m at 0.44% zinc (from 202m) in KZRC040D 26m at 0.74 g/t gold, 0.36% zinc (from 140m) in KZRC039 12m at 1.37 g/t gold, 0.71% zinc (from 42m) in KZD001.
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## Proposed Near-Term Exploration Activities

Alchemy is currently reviewing the historic exploration data and planning future exploration programs while the Company negotiates access agreements. A number of high-grade gold intercepts at the Batavia, Challenger and Little Peck-Esplanade prospects and the base metal-gold anomalism at the KZ5 prospect have been identified for further review, with targeted RC drilling once the exploration licences are granted and statutory approvals are in place.



**Figure 2: Karonie Project (in blue) showing gold and base metal prospects, location of Silver Lake Resources' Harry's Hill / French Kiss resource areas and Breaker Resources' Lake Roe Project, over simplified bedrock geology, major faults and aeromagnetic image.**

– 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.

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.

## COMPETENT PERSONS STATEMENT

*The information in this announcement that relates to Exploration Results from the Karonie Project has been extracted from various ReLode Mining Limited and Integra Mining Limited ASX announcements, which are available on the ASX website at [www.asx.com.au](http://www.asx.com.au) (using the ticker codes "RLD" and "IGR"). Alchemy Resources Limited 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.*

*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 CoxsRocks 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.*