

Tackling golden quest on two fronts

ONE OF THE top priorities for Alchemy Resources Ltd is to find gold in the ground that can quickly be converted into cash.

And, to achieve this aim, the Western Australian-based junior has established two exciting precious metals plays in the Mid West region of its home state which both have the potential to be expeditiously developed and, ultimately, underpin a robust bank account.

The first is Hermes. It sits within the greater Three Rivers project area in the south west of the Marymia Inlier (a raft of Archean rocks which have been separated from those in the Yilgarn Craton) just 60 kilometres south west of Barrick Gold Corporation's Plutonic mine.

Hermes has already been subjected to earlier exploration by a number of other players, including a joint venture between Barrick and Troy Resources NL, and currently boasts an existing JORC code-compliant, open pittable, indicated resource of 1.7 million tonnes at 2.4 grams/t gold for 131,000 ounces of contained gold.

Alchemy's second project area is situated in the Meekatharra district and covers the Murchison Domain of the Youanmi Terrane within the Archean rocks of the Yilgarn Craton.

Here the resources house is looking deep under cover at untested gold targets which have been overlooked by historic exploration.

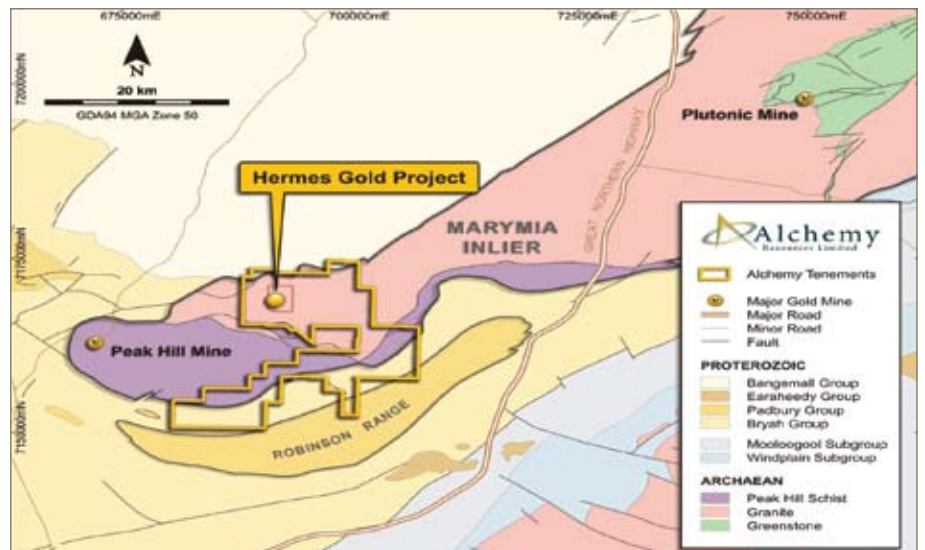
Efforts rewarded

Since listing on the ASX in November 2007, Alchemy has developed a 3D model over the entire Murchison region while collecting and evaluating multi-element inductively coupled plasma mass spectrometry (ICPMS) and mineral spectral data. As a result, the company believes it now leads the industry in understanding the geology and history of exploration in the area.

Certainly the Western Australian Government agrees with this claim, having recently included Alchemy in the first round of drilling assistance grants in its exploration incentive scheme (see story on page 12).

Alchemy managing director Michael Hannington said while Hermes and the Three Rivers project (which includes the Trapper and Hawkeye deposits) represented the means to establish an early cash flow, one of the Murchison targets could well yield a company maker.

"Establishing a small mining operation at



Hermes is in a prospective neighbourhood.

Three Rivers – assuming the toll treatment of its ore by a third party (the junior is currently negotiating with Barrick to see if this could be possible using the Plutonic mill) – would involve minimal infrastructure and therefore a modest capex," he explained.

"And the WA Government has recently extinguished native title over Hermes, which means we can now get out on to the ground and explore more quickly – plus it will condense the time it will take us to get our mining approvals through."

Fruitful investigation

In the Murchison, Hannington said, the development of a 3D model had allowed Alchemy to extrapolate the dip and extent of structures that acted as hydrothermal fluid pathways and discover the intersections between these structures and the different lithological units which may represent potential trap sites for mineralisation.

"Alchemy's geologists have undertaken long and extensive investigations into the prior exploration activities completed on the Murchison project and found that previous explorers have been successful in delineating surface gold anomalies, but have been unable to locate significant bedrock gold mineralisation," he explained.

"We believe the opportunity remains to test several intersecting lithostructural sites which are covered by thick alluvial cover."

While Alchemy was now looking to drill up to 40 RC holes and conduct geochemical and spectral analyses of the resulting samples with the funds it received from the WA Government, it had already been busy with the rig at Three Rivers, where recent

work returned a number of mouth watering intersections.

During June the company told the market an RC drilling exercise carried out at Hawkeye and Trapper yielded intercepts such as 8m at 2 g/t from 21m (with 1m at 5.6 g/t), 5m at 34 g/t from 34m (including 1m at 118.2 g/t and 1m at 16/1 g/t) as well as 7m at 5.5 g/t from 113m (with 1m at 15.4 g/t).

Furthermore, a new shallow high grade gold zone was discovered west of the indicated resource at Trapper, where depth extension work intersected 8m at 10.3 g/t from 156m (with 1m at 64.9 g/t).

This was followed by the results of a separate aircore drilling program, which revealed a zone of shallow high grade gold mineralisation at Hermes and returned numbers like 5m at 6.4 g/t from 3m (with 1m at 23.4 g/t) as well as 15m at 3.2 g/t from 34m (including 1m at 7.5 g/t and 1m at 10.8 g/t).

Next step

Hannington indicated it was now possible the Three Rivers project could receive mining approval by the end of the year.

He was also confident Alchemy's Murchison field work would produce quick results.

"If we get one RC hole in the Murchison that has significant mineralisation, that will completely change this company all over again," he added.

By Mark Fraser



Michael Hannington