

ASX RELEASE

12 FEBRUARY 2018

CODE: ALY

BOARD OF DIRECTORS

Mr Lindsay Dudfield
Non-Executive Chairman

Mr Leigh Ryan
Managing Director

Ms Liza Carpena
Non-Executive Director

Mr Anthony Ho
Non-Executive Director

ISSUED CAPITAL

SHARES 342,335,585

OPTIONS 19,500,000 (Unlisted)

PROJECTS

BRYAH BASIN (80-100%)

KARONIE (100%)

LACHLAN (earning up to 80%)

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Alchemy commences First Pass RAB drilling on the Claypan Shear, Karonie Project WA Eastern Goldfields

HIGHLIGHTS

- **RAB drilling underway on the Claypan Shear Zone** within Alchemy's Karonie Project to identify Bombora style gold mineralisation associated with untested gold anomalism in shallow auger drilling.
- **5,000m of first-pass RAB drilling** will test high priority targets at Manhattan, Dragon and Warrior prospects.
- **Assay results expected by mid to late March.**

Alchemy Resources Limited (ASX: ALY) ("Alchemy") is pleased to announce the commencement of 5,000m of RAB drilling within the 100% owned Karonie Gold Project in the Eastern Goldfields, WA (*Figure 1*). Drilling has been designed to test two high priority Bombora style targets located on the Claypan Shear Zone along strike to the south of the Breaker Resources NL (ASX: BRB) Bombora deposit.

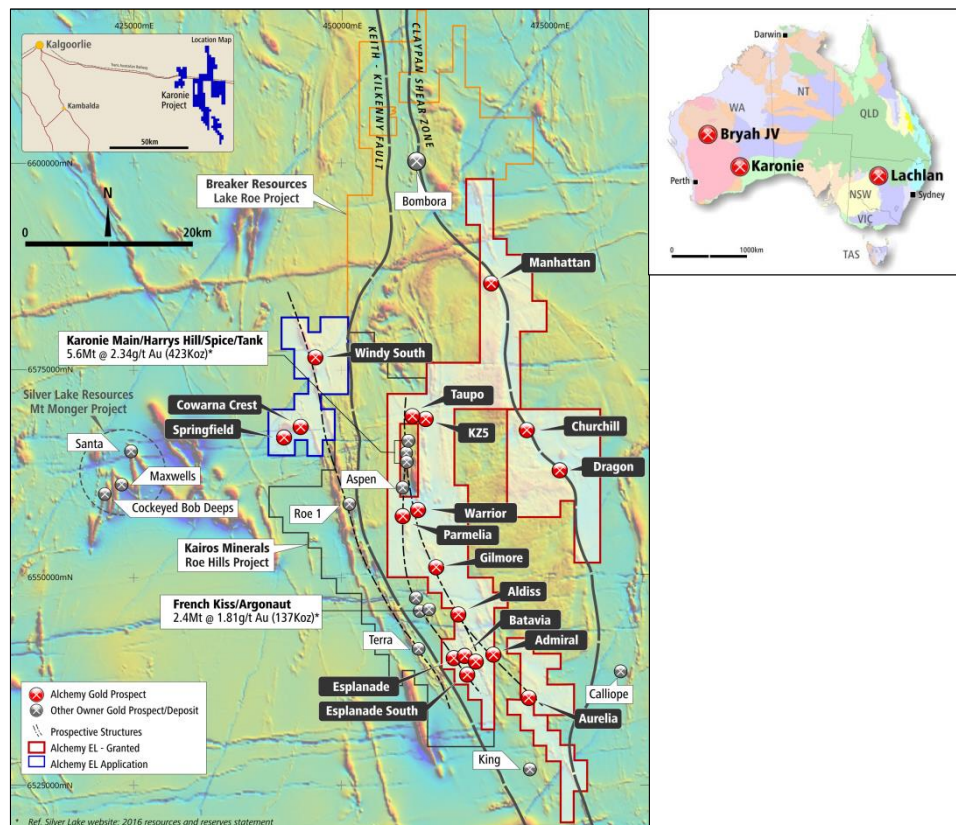


Figure 1: Karonie Project tenements, major deposits, prospects and interpreted major structures over aeromagnetic image

The drilling is targeting gold anomalism identified in previous shallow auger drilling over the Claypan Shear Zone at the Manhattan and Dragon targets (Figures 2-4), where coincident prospective folded or converging dolerite units have been interpreted from detailed aeromagnetic imagery. Holes will be drilled 50m apart on lines at variable spacings targeting specific gold in auger anomalies.

An additional line of RAB drilling is planned across an interpreted dolerite unit coinciding with gravity and magnetic highs at the Warrior Prospect located 7 kilometres north of the recently drilled Gilmore Prospect (Figures 2 & 5). The drill line is just 2 kilometres north of previous WMC drilling intercepts including 2m @ 1.5g/t Au from 54m, and 1m @ 8.8g/t Au from 8m (Refer to Alchemy Resources ASX Announcement dated 30 October 2017).

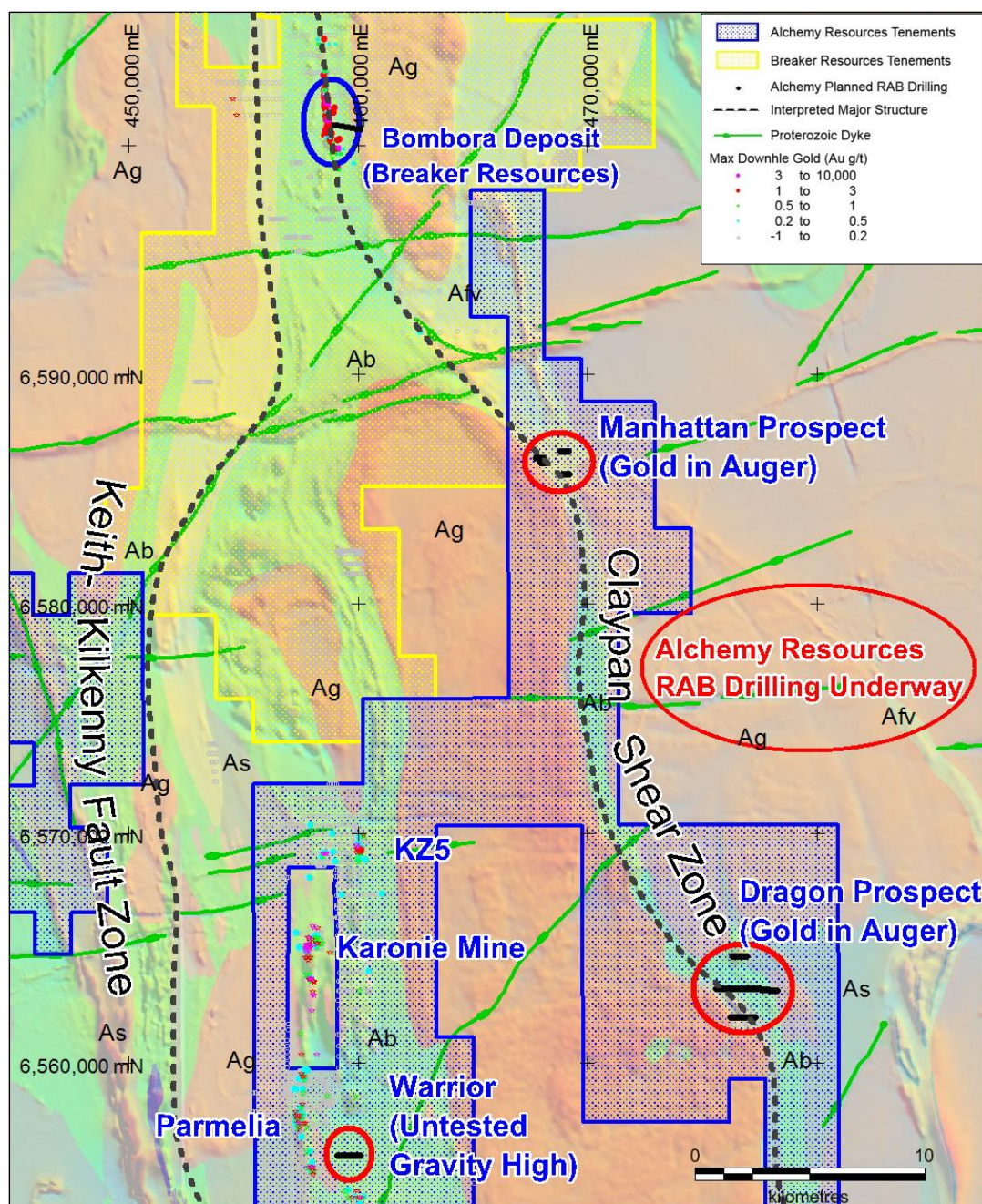


Figure 2: Karonie Project planned RAB drill lines (within red circles), previous drilling maximum downhole gold, Alchemy and Breaker Resources tenement outlines, and relevant prospects over regional transparent Govt. geology over aeromagnetic image.

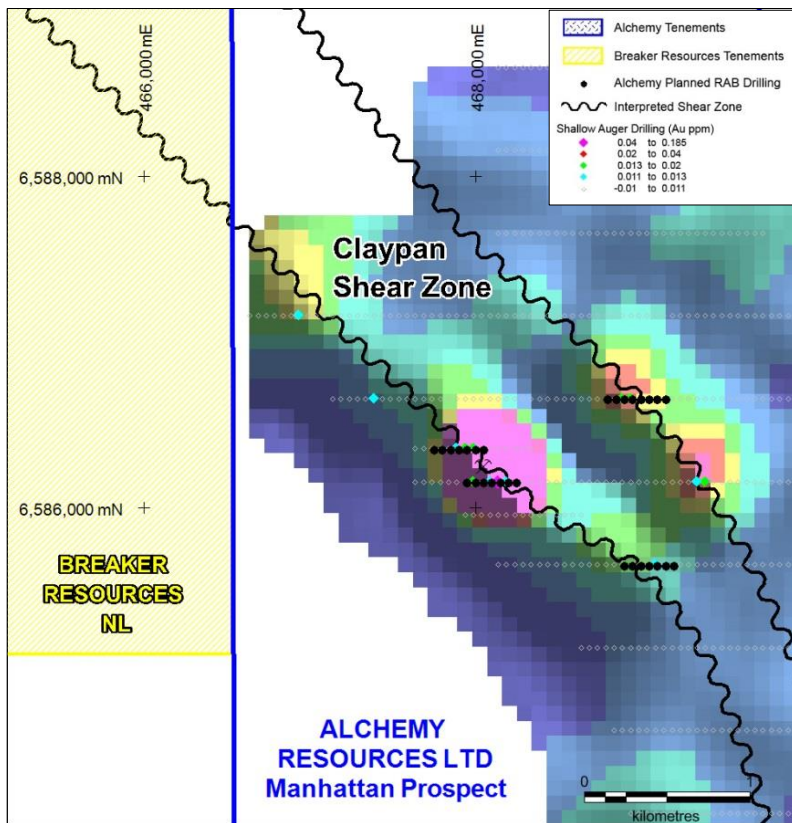


Figure 3: Manhattan Prospect planned RAB drill lines (black dots), previous auger drilling, and interpreted Claypan Shear Zone over gold in auger drilling image.

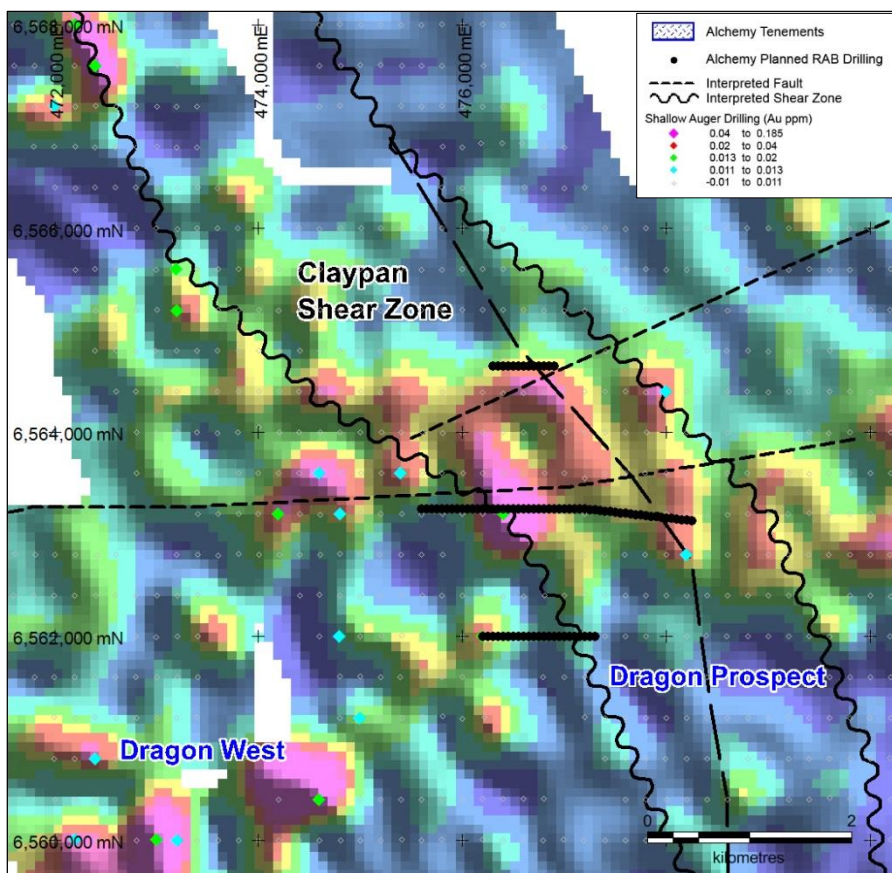


Figure 4: Dragon Prospect planned RAB drill lines (black dots), previous auger drilling, and interpreted Claypan Shear Zone over gold in auger drilling image.

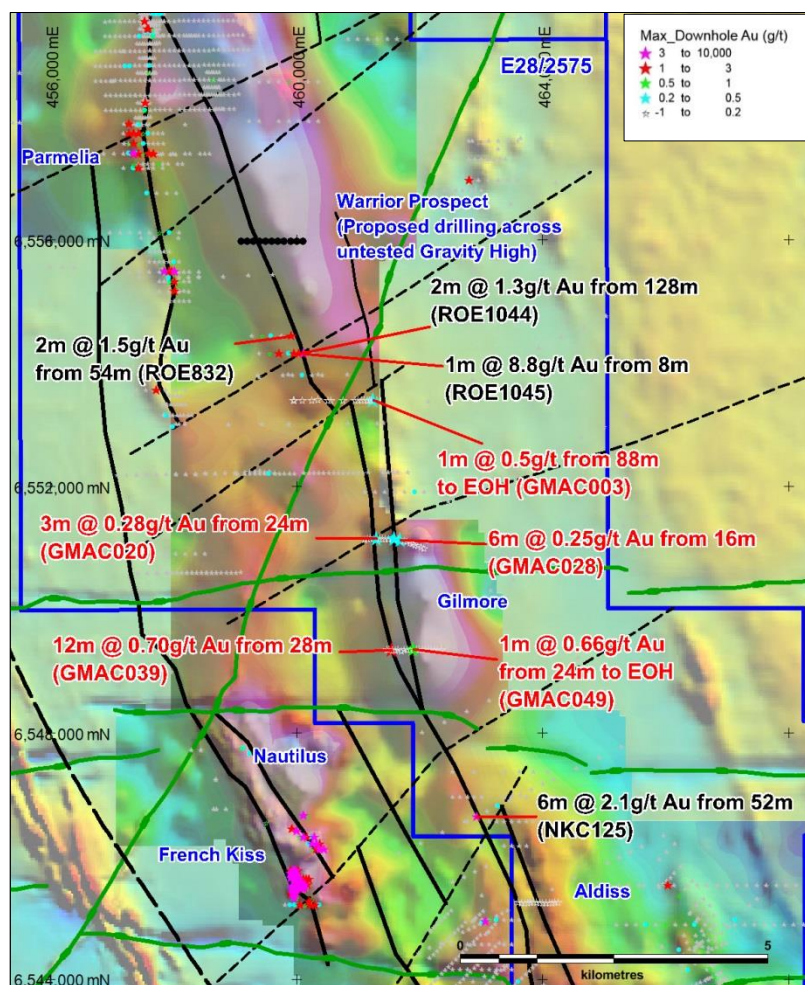


Figure 5: Warrior Prospect planned RAB drilling (black dots), recent ALY Aircore drilling results (red text), previous drilling maximum downhole gold and relevant historic drilling results (black text), and interpreted major structures over combined gravity and TMI aeromagnetic image. (Refer to Alchemy Resources ASX Announcement dated 30 October 2017).

Kennedy Drilling has been awarded the drilling contract, with the program expected to be completed before the end of February and assay results expected by mid to late March.

Alchemy's Managing Director, Leigh Ryan said:

"It's very exciting to see this highly anticipated first pass drill program finally underway. The Manhattan and Dragon prospects are excellent Bombora-style gold targets located on the strike extensive, gold bearing Claypan Shear Zone, and the large gravity high and interpreted folded dolerite at the Warrior Prospect is yet another superb Karonie-style drill target."

Please direct enquiries to:

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The information in this report that relates to Exploration Results is based on information compiled by Mr Leigh Ryan, who is the Managing Director of Alchemy Resources Limited. Mr Ryan is a Member 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'). Mr Ryan consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.