

ASX RELEASE

14 MARCH 2018

CODE: ALY

BOARD OF DIRECTORS

Mr Lindsay Dudfield
Non-Executive Chairman

Mr Leigh Ryan
Managing Director

Ms Liza Carpene
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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Option Agreement to Acquire Nyngan Ni-Co Project and Woodsreef Ni-Co-Cu-Au Project, NSW

HIGHLIGHTS

- **Option Agreement signed** to include **Nyngan Ni-Co Project and Woodsreef Ni-Co-Cu-Au Project** into the existing Heron Resources Limited (ASX: **HRR**) – Alchemy Resources (NSW) Limited Farm-In and Joint Venture Agreement (NSW)
- Nyngan Ni-Co Project includes **West Lynn Indicated Resource of 16Mt @ 0.83% Ni, 0.06% Co¹⁾** and is analogous to the Homeville Ni-Co-Al deposit 40km to the south held by Collierina Cobalt Limited (ASX: **CLL**)
- **West Lynn resource** includes shallow high grade historic intercepts including; **19m @ 1.21% Ni, 0.10% Co** from 36m²⁾, **16m @ 0.98% Ni, 0.07% Co** from 37m²⁾, and **14m @ 1.17% Ni, 0.07% Co** from 36m³⁾
- **Summervale prospect** 5km along strike of West Lynn also contains shallow high grade historic intercepts including **13m @ 1.41% Ni, 0.08% Co** from 41m, **15m @ 0.91% Ni, 0.04% Co** from 36m, and **11m @ 1.02% Ni, 0.04% Co** from 27m¹⁾
- **Potential for significant Ni-Co resource expansion** along the 22km long West Lynn Serpentinite magnetic anomaly
- **Untested scandium (Sc) potential** as a result of limited previous analysis for Sc
- **Potential to up-grade Ni-Co ore** by simple de-sliming, gravity and wet magnetic separation¹⁾
- **Several highly prospective Ni-Co-Cu-Au targets** associated with the Peel Fault and the Great Serpentine Belt within the **Woodsreef Project**

Alchemy Resources Limited (ASX: **ALY**) ("**Alchemy**") is pleased to announce it has signed a binding option agreement with Heron Resources Limited (ASX: **HRR**; "**Heron**") to include licences EL8631 (Nyngan) and ELA5600 (Woodsreef) (*Figure 1*) into the existing Alchemy / Heron NSW Farm-In and Joint Venture Agreement, enabling Alchemy to earn up to an 80% interest in both licences.

¹⁾ Refer to Jervois Mining Limited ASX announcement dated 30 July 2012 (<https://www.asx.com.au/asxpdf/20120730/pdf/427phm5hqnlpbs.pdf>)

²⁾ Refer to Anaconda Nickel Limited EL5485 Annual Report for period ending 25 May 1999

³⁾ Refer to Jervois Mining Limited Annual Report 2009

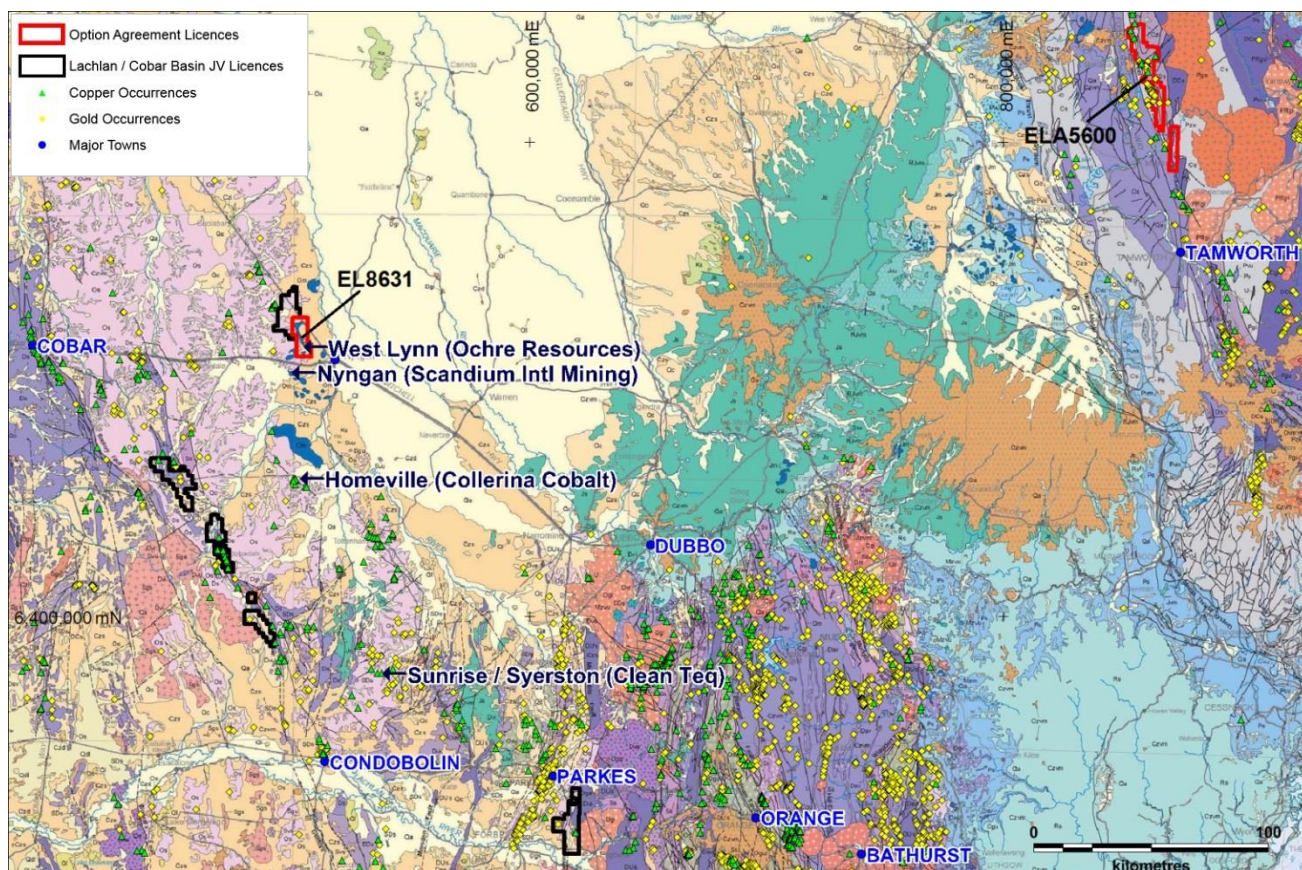


Figure 1: Option Agreement licences (red), existing JV licences (black), associated Ni-Co±Sc projects labelled, major towns and gold / copper occurrences over State-wide geology map

Nyngan Ni-Co Project (EL8631)

EL8631 is located 10km north-west of Nyngan, NSW, covers an area of 100km², and is contiguous with EL8318 (Girilambone) which forms part of the existing Alchemy / Heron NSW Farm-In and Joint Venture Agreement (Refer to Alchemy Resources Limited ASX announcement dated 30 May 2016). The licence includes the West Lynn Indicated Resource of **16Mt @ 0.83% Ni, 0.06% Co*** (Refer to Jervois Mining Limited ASX announcement dated 30 July 2012), as defined by Anaconda Nickel Limited drilling in the late 1990's - early 2000 (Figures 1, 2 and 3). Anaconda withdrew from the Nyngan Project prior to adequately assessing the extent of the Ni-Co mineralisation. Jervois Mining Limited was granted the licence area in 2002 prior to relinquishing in 2016 due to low Nickel prices, and subsequently Ochre Resources Limited (wholly owned subsidiary of Heron Resources Limited) was granted the area in July 2017 as EL8631.

* The information used in this resource estimate 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 it was last reported.

The licence is located within a belt of ultramafic/mafic rocks that cut through central NSW, extending from the ACT to the Queensland border and host numerous Ni-Co±Sc deposits such as Sunrise/Syerston (Clean TeQ Holdings Limited – ASX: **CLQ**), Homeville (Collerina Cobalt Limited - ASX: **CLL**), and the Nyngan Scandium deposit (Scandium International Mining Corp. – TSX: **SCY**) just 11km south-west of EL8631 (Figures 1 and 2).

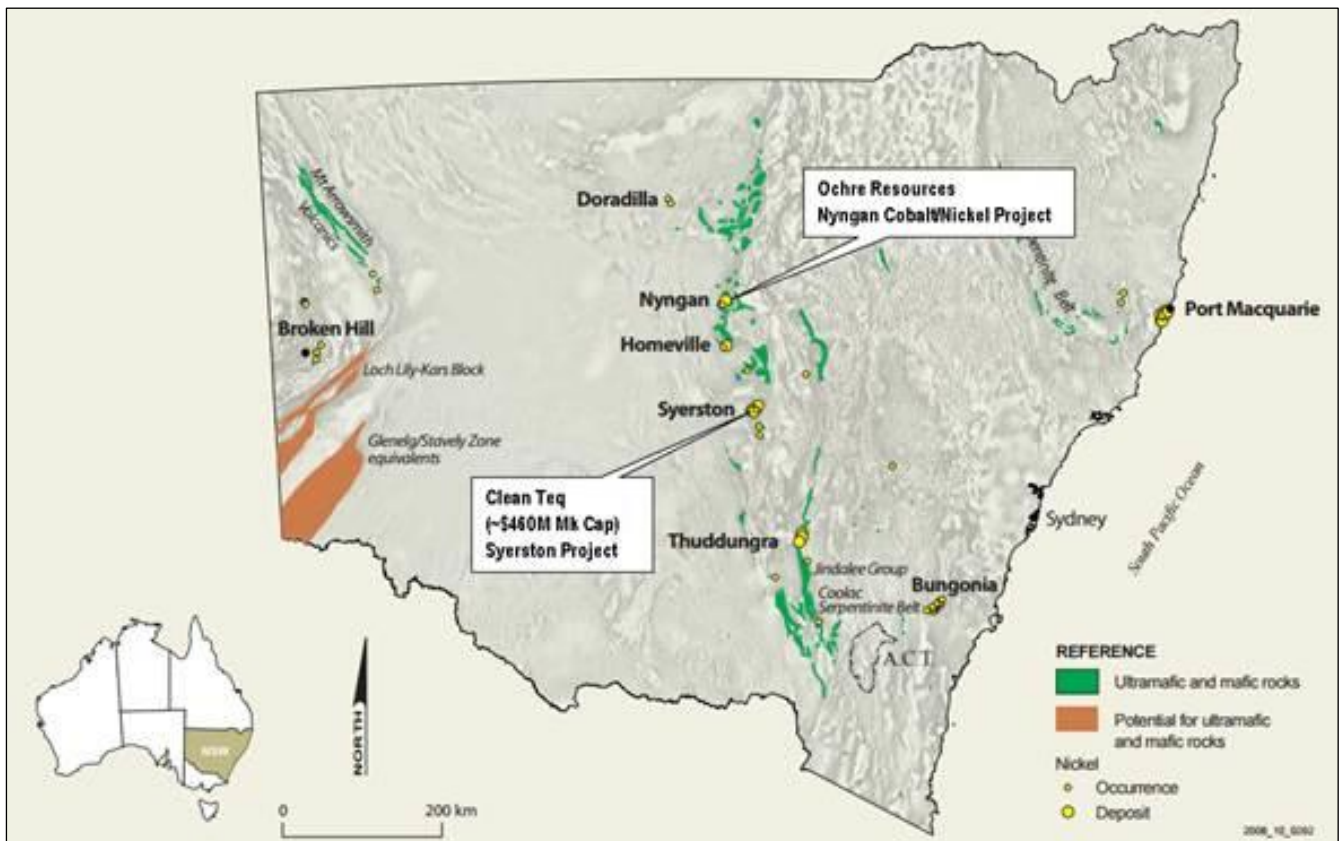


Figure 2: Nyngan Ni-Co Project (EL8631), Ni-Co-Sc occurrences, and NSW ultramafic and mafic rock sequences over State-wide TMI aeromagnetic image

The licence covers a folded, serpentinised, highly magnetic ultramafic sequence known as the West Lynn Serpentinite (*Figure 3*). The geological setting and linear orientation of the ultramafic belt suggests that it forms part of an ophiolite (an Alpine-type ultramafic) that was emplaced along a zone of regional deformation. The West Lynn Serpentinite is derived from an altered medium grained dunite in contact with the metamorphosed Ordovician Girilambone Group. Ni-Co mineralisation is flat lying and hosted by smectite clays and saprolite. The EL is almost completely covered by alluvium.

The West Lynn resource includes shallow high grade historic intercepts including; **19m @ 1.21% Ni, 0.10% Co** from 36m (WLRC013), **16m @ 0.98% Ni, 0.07% Co** from 37m (WLRC015), and **13m @ 0.95% Ni, 0.03% Co** from 11m (WLRC002) (*Refer to Anaconda Nickel Limited EL5485 Annual Report for period ending 25 May 1999*), and **14m @ 1.17% Ni, 0.07% Co** from 36m (NA127) including **8m @ 1.39% Ni, 0.11% Co** from 37m (*Refer to Jervois Mining Limited Annual Report 2009*) (*Figure 3*).

The Summervale prospect located 5km along strike to the north of West Lynn also contains shallow historic intercepts including **13m @ 1.41% Ni, 0.08% Co** from 41m (SV44), **15m @ 0.91% Ni, 0.04% Co** from 36m (SV48), **11m @ 1.02% Ni, 0.04% Co** from 27m (SV39), **10m @ 0.92% Ni, 0.03% Co** from 31m (SV06), **8m @ 0.81% Ni, 0.08% Co** from 38m (SV49), and **4m @ 0.92% Ni, 0.08% Co** from 32m (SV58) (*Refer to Jervois Mining Limited ASX announcement dated 30 July 2012*) (*Figure 3*).

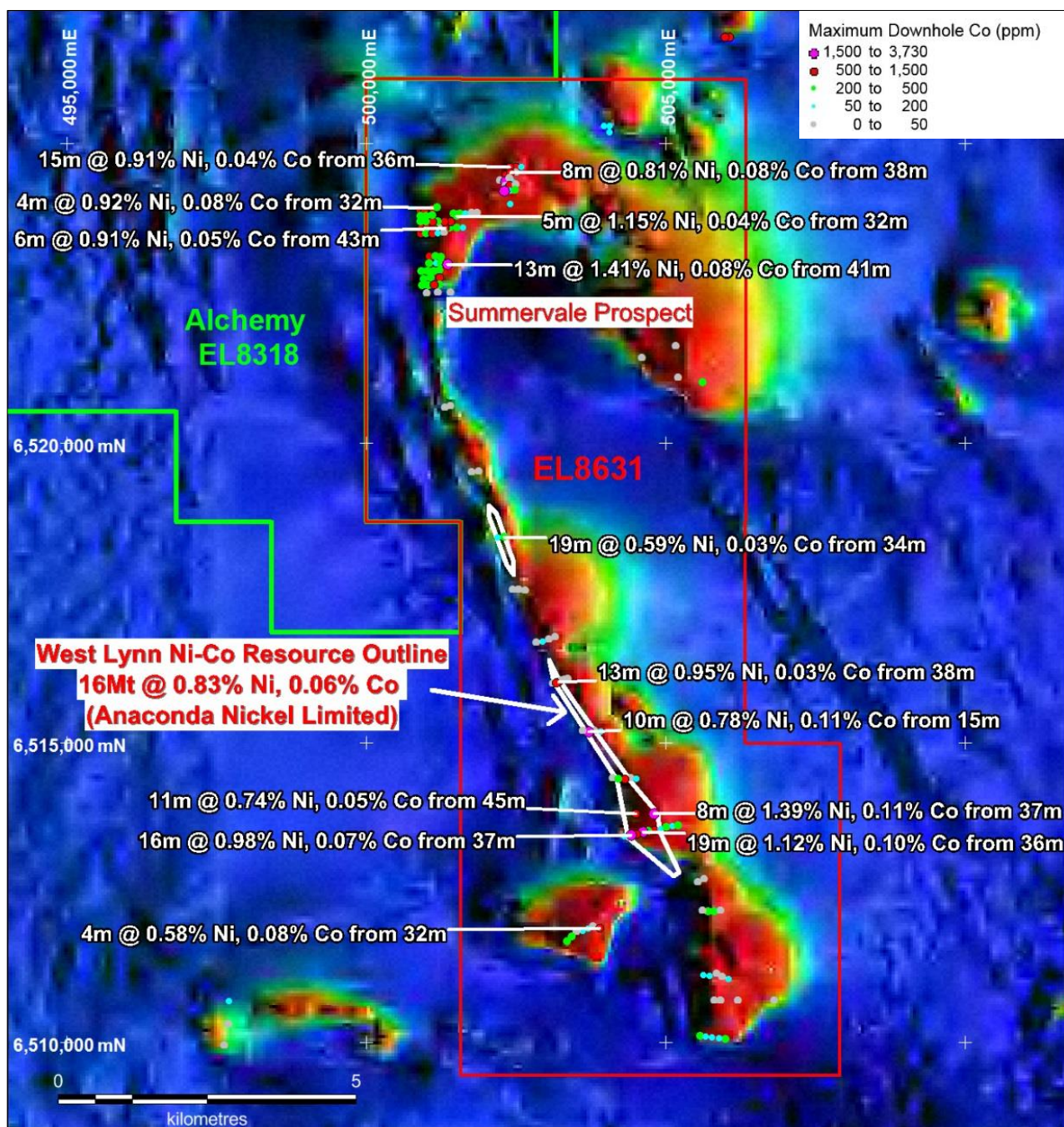


Figure 3: Nyngan Option Agreement licence (EL8631), existing JV licence (EL8318), previous drilling coloured by maximum downhole Co (ppm) and historic resource outline (white) over State-wide TMI aeromagnetic image

Alchemy is well positioned to add significant Ni-Co resource tonnes to the Nyngan project with additional drilling at West Lynn and Summervale, and will subsequently update the resource to comply with the 2012 JORC Code. Alchemy also considers other parts of the 22km long West Lynn Serpentinite magnetic anomaly as highly prospective for Ni-Co mineralisation and sees significant Sc resource potential as a result of limited Sc analysis being conducted on previous drill samples.

Metallurgical work carried out / supervised by Dr. Hal Aral (Metallurgical Consultant to Jervois Mining Ltd) in 2012, demonstrated that it is possible to up-grade the Summervale Ni-Co ore by simple physical means (i.e. de-sliming, gravity and wet magnetic separation) (refer to Jervois Mining Limited ASX announcement dated 30 July 2012).

Woodsreef Ni-Co Project (ELA5600)

Exploration licence application (ELA5600) is located 35km north of Tamworth, NSW, and covers an area of 281km² within the New England Fold Belt. The licence encompasses a 34km long section of the Peel Fault, which is recognised as a regional thrust system that hosts intrusive serpentinites and separates the Woolomin Beds and Permian granites to the east from the Tamworth Belt to the west. The principal targets in the region are vein hosted orogenic gold and copper mineralisation hosted by silica-carbonate altered serpentinites located on or adjacent to the Peel Fault, and cobalt, chromite, platinoid, and nickel sulphide targets associated with composite/layered ultramafic intrusives within the licence.

Many old gold and copper occurrences exist within the area (*Figure 4 - right*), and previous rock chip sampling by Serpentine Minerals NL within the licence area has returned anomalous nickel values up to 0.77% Ni and copper values up to 3.4% Cu (*refer to DIGS report R00024733*). Some significant Co-Ni soil anomalies have been generated in the northern part of the licence that warrant drilling (*Figure 4*), along with various other Co-Ni and gold in stream sediment sampling anomalies in the southern and central areas respectively (*Figures 4 and 5*). No previous drilling has been conducted within the licence area. There have been no objections to ELA5600 and there is no reason to suspect that the licence will not be granted. The licence is located over sparsely populated freehold farm land.

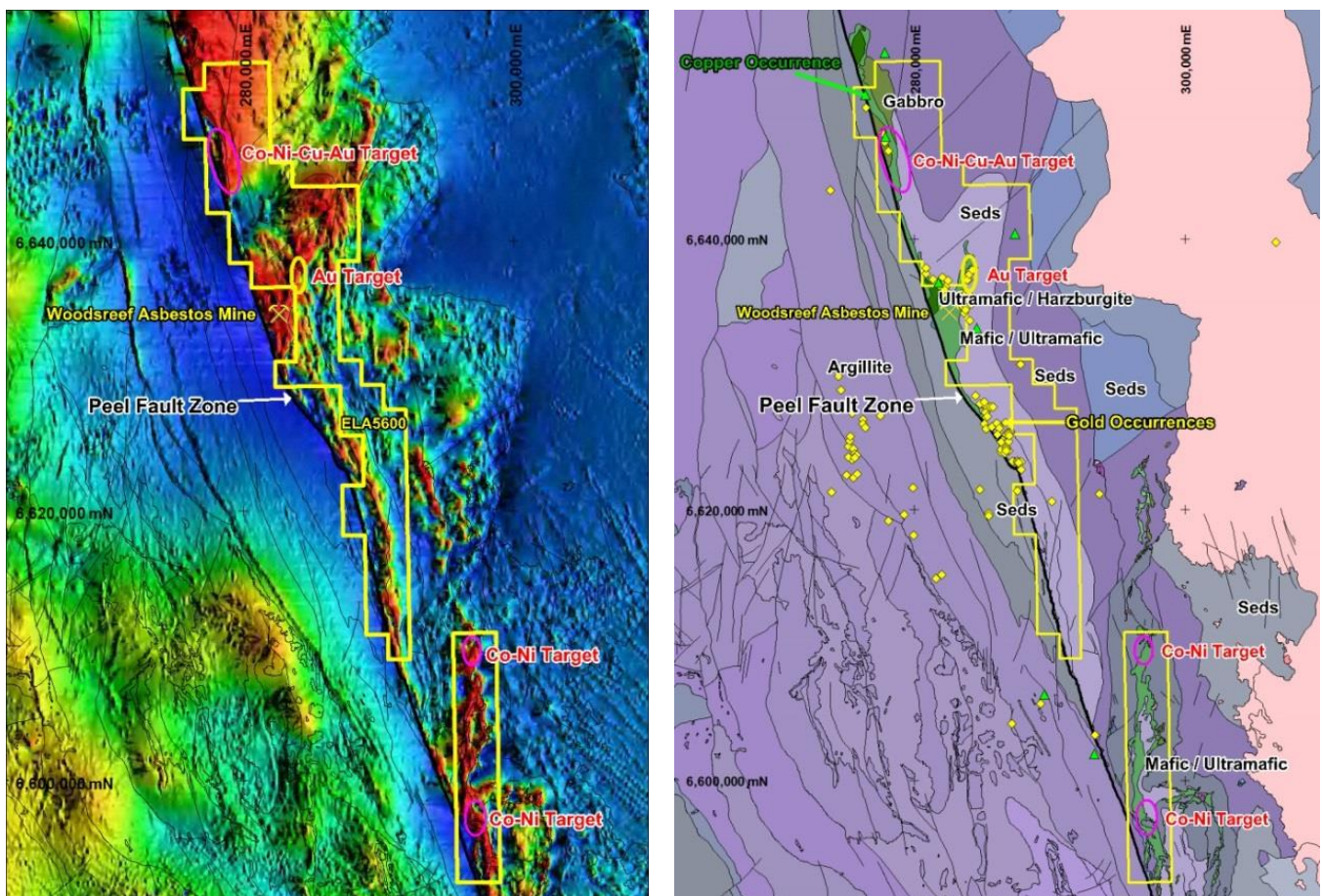


Figure 4: Woodsreef Option Agreement licence (ELA5600), exploration targets (Au-Cu-Ni-Co), known Cu and Au occurrences, and interpreted structures over State-wide TMI aeromagnetic image (left) and regional Govt. geology (right)

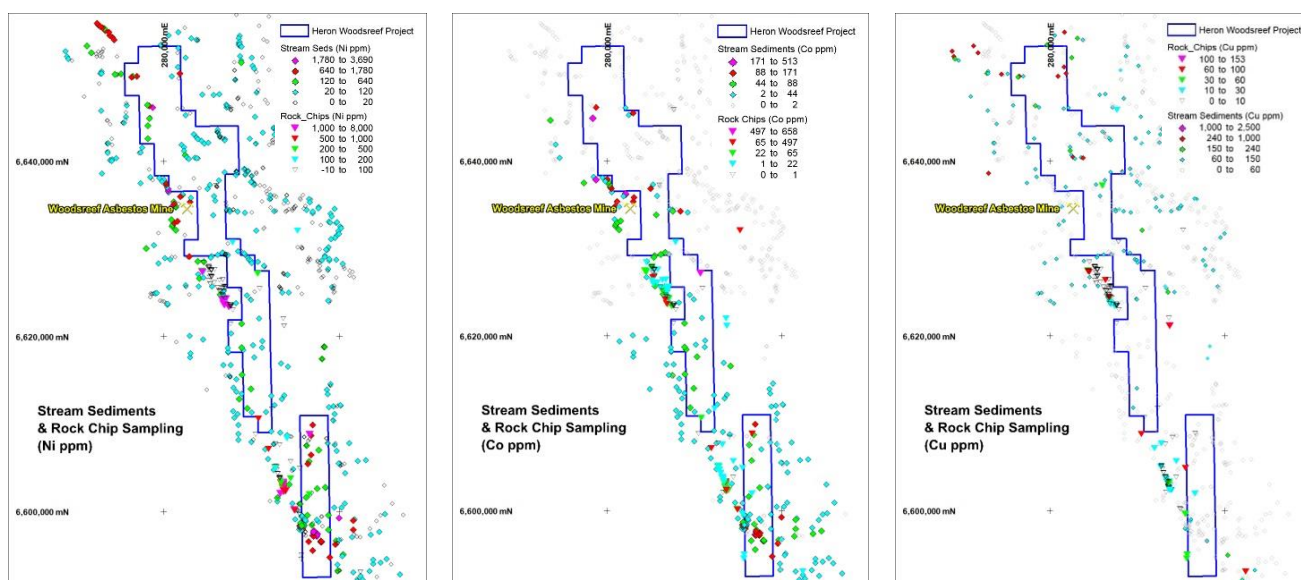


Figure 5: Woodsreef Option Agreement licence (ELA5600), and regional stream sediment and rock chip sampling results (Ni –left, Co – centre, and Cu – right)

Option Agreement Terms

- One month option period with an upfront non-refundable payment of \$7,500, with a further \$10,000 payment to extend the option period for an additional month, and a further \$12,500 payment to extend the option period to a third month (i.e. maximum three month option period from date of signing the Agreement).
- If the Option is exercised by Alchemy, Exploration Licence 8631 (EL8631) and Exploration Licence Application 5600 (ELA5600) (both in NSW and both owned by Ochre Resources Pty Ltd) are to be incorporated into the existing Farm-in and Joint Venture Agreement between Alchemy Resources (NSW) Pty Ltd, Ochre Resources Pty Ltd, Heron Resources Limited and TriAusMin Pty Ltd.
- On exercising the Option a consideration comprising 10 million fully paid ordinary Alchemy shares and 10 million Alchemy options is to be paid to Heron Resources Limited. The options are exercisable at 5 cents and have a 3 year expiry period.
- Existing Earn-In expenditure requirement of \$2M over 5 years to earn 80% is retained, with Alchemy required to keep all licences in good standing, (Refer to Alchemy Resources ASX Announcement dated 30 May 2016).

The Alchemy NSW Projects Earn-In expenditure currently stands at approximately \$500,000.

Alchemy's Managing Director, Leigh Ryan said:

"This is an excellent opportunity for Alchemy to enter the growing battery minerals space under a very reasonable deal structure. The West Lynn deposit appears to be of a similar size and geologically similar to Collerina Cobalt Limited's (ASX: **CLL**) Homeville Ni-Co-Al deposit (16.3Mt @ 0.93% Ni and 0.05% Co) located on a similar magnetic feature just 40km south of West Lynn, where atmospheric leaching testwork has returned excellent nickel, cobalt and aluminium recoveries." (Refer to Collerina Cobalt Limited ASX Announcement dated 21 February 2018).

“Both the Nyngan and Woodsreef projects have excellent exploration upside, and Alchemy is looking forward to expanding the West Lynn resource, investigating the Scandium potential there, and conducting the first ever drilling programs on the Woodsreef Project.”

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.