

**ASX
ANNOUNCEMENT**

13 JULY 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 352,335,585

OPTIONS 29,500,000 (Unlisted)

PROJECTS

WEST LYNN (earning up to 80%)

LACHLAN (earning up to 80%)

KARONIE (100%)

BRYAH BASIN (80-100%)

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A focus on exploration

Alchemy commences resource drilling at the West Lynn Project, NSW

HIGHLIGHTS

- **Resource drilling underway at the West Lynn Project, NSW** in order to advance the existing West Lynn Nickel-Cobalt Exploration Target¹⁾ to a JORC Code 2012 compliant inferred resource.
- **80 shallow aircore holes planned (4,300m)** at West Lynn and Summervale prospects to achieve a 100m x 200m hole spacing (Phase 1).
- **Phase 2 drilling will focus on expanding the known nickel-cobalt mineralisation** along the 22km long West Lynn Serpentinite magnetic anomaly.
- West Lynn Project includes shallow high grade historic intercepts¹⁾ including;
 - **19m @ 1.21% Ni, 0.10% Co** from 36m
 - **16m @ 0.98% Ni, 0.07% Co** from 37m
 - **14m @ 1.17% Ni, 0.07% Co** from 36m
 - **13m @ 1.41% Ni, 0.08% Co** from 41m
- **Final assay results expected September/October.**
- **JORC 2012 resource report due November.**

Alchemy Resources Limited (**ASX: ALY**) ("Alchemy") is pleased to announce the commencement of resource drilling within the West Lynn Nickel-Cobalt Project in the Lachlan Fold Belt, NSW (*Figures 1 & 2*). The Project forms part of the farm-in and joint venture agreement with Heron Resources Limited (**ASX: HRR**) which enables Alchemy to earn an 80% interest in eight NSW licences (including the new Ni-Co licences) by spending \$1.5M over the remaining 3 year period (*Refer to Alchemy Resources Limited ASX announcement dated 14 March 2018*).

The drilling has been designed to advance the existing West Lynn Nickel-Cobalt Exploration Target of **15→30Mt @ 0.7→0.9% Ni, 0.05→0.07% Co** to a JORC 2012 compliant inferred resource estimate. The Exploration Target has previously been classified as an indicated resource by Jervois Mining under the JORC Code 2004 Edition (*Refer to Alchemy Resources Limited ASX announcement dated 14 March 2018*).

¹⁾ Refer to Alchemy Resources ASX Announcement dated 13 April 2018

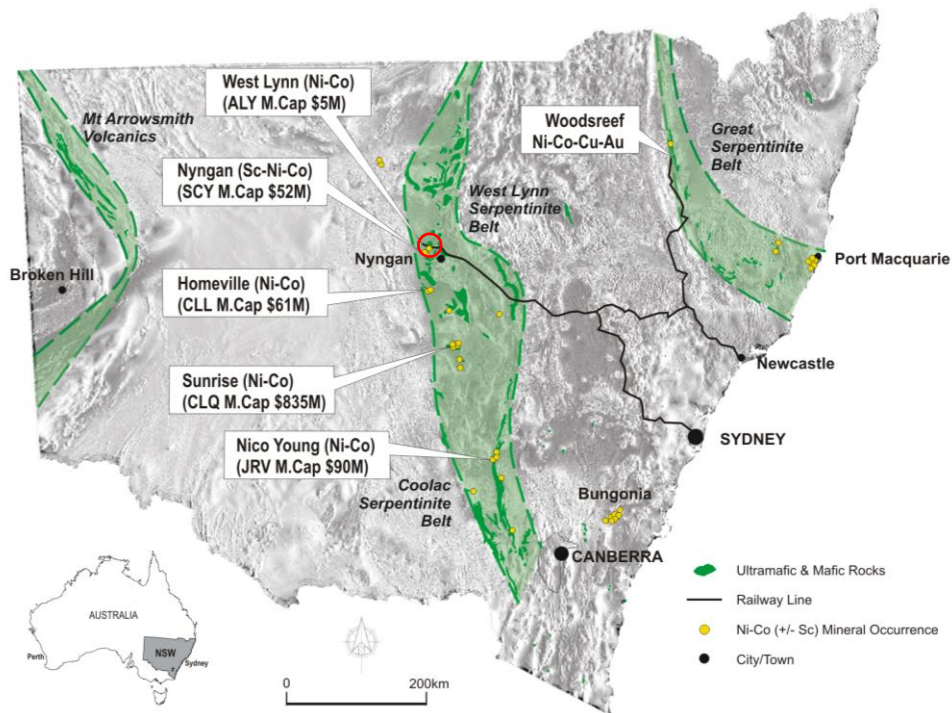


Figure 1: NSW Nickel-Cobalt-Scandium deposits / occurrences, and ultramafic belts over aeromagnetic image.

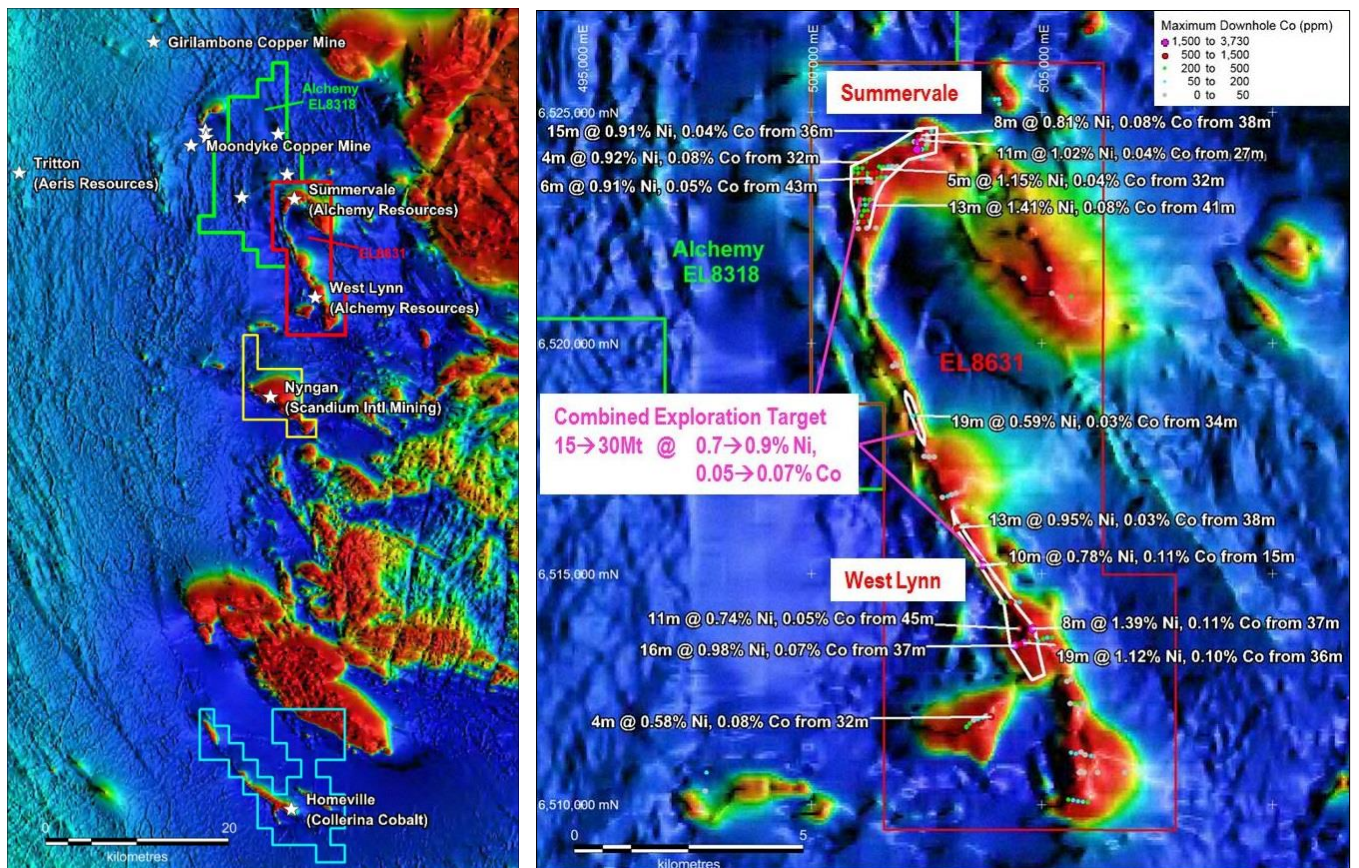


Figure 2: Regional Ni-Co±Sc deposits and selected licences over State-wide TMI aeromagnetic image (left) and Alchemy licences (EL8631 & EL8318), previous drill intercepts and drilling coloured by maximum downhole Co (ppm) and Ni-Co mineralisation outline (white) over State-wide TMI aeromagnetic image (right)

West Lynn Prospect

Initial aircore / reverse circulation resource drilling at the West Lynn prospect will include 45 holes for 2,300m (Figure 3). The program will infill previous drill intercepts including **19m @ 1.21% Ni, 0.10% Co** from 36m, **16m @ 0.98% Ni, 0.07% Co** from 37m, and **11m @ 0.74% Ni, 0.05% Co** from 45m (Refer to Alchemy Resources Limited ASX announcement dated 14 March 2018), to a 100m x 200m drill spacing which Alchemy considers will be sufficient for a JORC Code 2012 compliant inferred resource category.

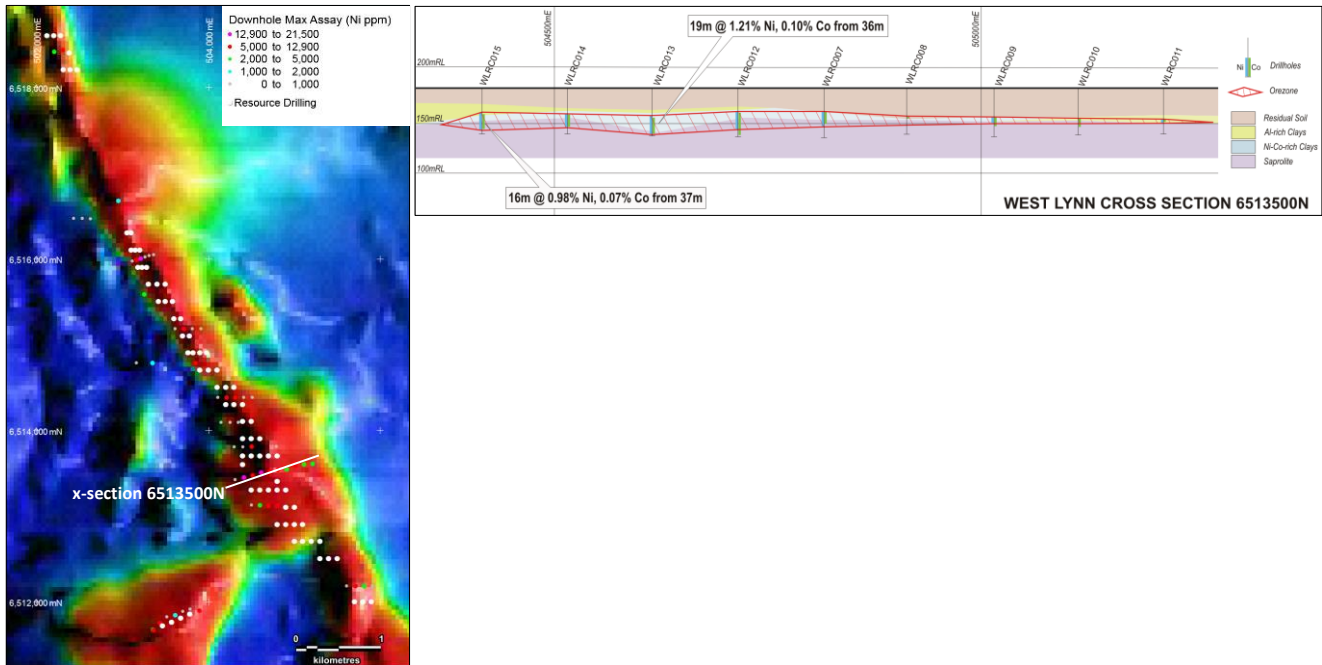


Figure 3: Plan and cross section of West Lynn Prospect, showing proposed resource drilling (white dots), previous drilling (coloured by Ni ppm) over State-wide TMI aeromagnetic image (left), and previous drilling cross section showing ore zones and geology (right).

Summervale Prospect

The initial aircore / reverse circulation drilling at the Summervale prospect will include 35 holes for 2,000m (Figure 4). The program will infill previous drill intercepts including **13m @ 1.41% Ni, 0.08% Co** from 41m and **15m @ 0.91% Ni, 0.04% Co** from 36m to a 100m x 100m, and 100m x 200m drill spacing which Alchemy considers will be sufficient for a JORC Code 2012 compliant inferred resource category.

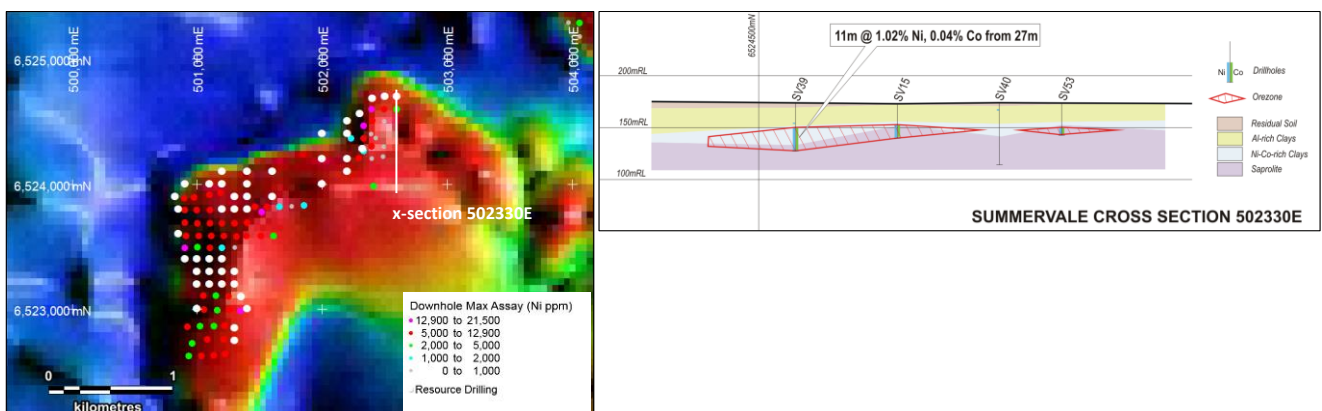


Figure 4: Plan and cross section of Summervale Prospect, showing proposed resource drilling (white dots), previous drilling (coloured by Ni ppm) over State-wide TMI aeromagnetic image (left), and previous drilling cross section showing ore zones and geology (right).

Samples from both prospects will be analysed for a variety of elements (including Ni, Co, Al, Sc, Fe & Mg). Specific gravity (SG) measurements and metallurgical studies will also be completed on selected samples. The West Lynn / Summervale mineralisation is geologically, mineralogically, and potentially metallurgically similar to the Homeville Ni-Co-Al-(Fe-Sc) deposit 40km to the south held by Collierina Cobalt Limited (ASX: CLL) (Figure 2). The Homeville JORC 2004 indicated and inferred resource is 16.3Mt @ 0.05% Co, 0.93% Ni, 19% Fe, 3.1% Al (Ind. & Inf.) (refer to Collierina Cobalt Limited company presentation dated 6 March 2018).

The West Lynn drilling program (phase 1) is expected to be completed in 2 weeks, with final assay results expected by late-September to early October.

Alchemy also sees potential for significant expansion of the Ni-Co Exploration Target and subsequent resource by drilling untested sections of the 22km long West Lynn Serpentinite magnetic high. This additional drilling (Phase 2) will be undertaken once the results of the Phase 1 drilling have been compiled.

Alchemy's Managing Director, Leigh Ryan said:

"Alchemy is confident that the West Lynn Exploration Target will convert to a significant Ni-Co-Al resource, comparable to that of the Homeville deposit 40km to the south. The drilling program will also provide some high quality SG and metallurgical samples in order to progress the Project towards an initial scoping study."

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.