ASX ANNOUNCEMENT

26 OCTOBER 2020

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 672,243,453

OPTIONS 60,429,776 (Unlisted)

PROJECTS

KARONIE (100%)

LAKE REBECCA (100%)

WEST LYNN (51% earning up to 80%)

LACHLAN (51% earning up to 80%)

BRYAH BASIN (10-20%)

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Exploration Drilling Update

Highlights

- Diamond drill hole OFDD004 at Overflow Prospect (NSW) completed.
- Overflow Shear Zone intercepted from 260.0m to 285.5m (OFDD004), ~100m down plunge to the south of OFDD003.
- RC drilling at the Karonie Project (WA) has commenced.
- All diamond core and RC results are expected in early December 2020

Alchemy Resources Limited (ASX: ALY) ("Alchemy") is pleased to announce the completion of the second diamond drill hole within the Overflow Gold and Base Metal Project in the Cobar Basin, NSW, and the commencement of RC drilling at the Karonie Project, WA.

At the Overflow Prospect, diamond drill hole OFDD004 was completed to a depth of 347.1m intercepting strongly sheared, altered sediments within the Overflow Shear Zone between 260.0m to 285.5m at ~100m down plunge to the south of OFDD003 *(Figure 1)*. Up to 5% quartz-carbonate veining, up to 10% disseminated pyrite and up to 1% sphalerite was observed over 1m intervals within this 15.5m interval (Figure 3). Assay results for both OFDD003 and OFDD004 are expected early in December 2020.

It must be cautioned that visual observations and estimates are uncertain in nature and hence in no way intended to be a substitute to analytical results. The analytical results of the intervals in question will be reported to the market when received by the Company in due course.

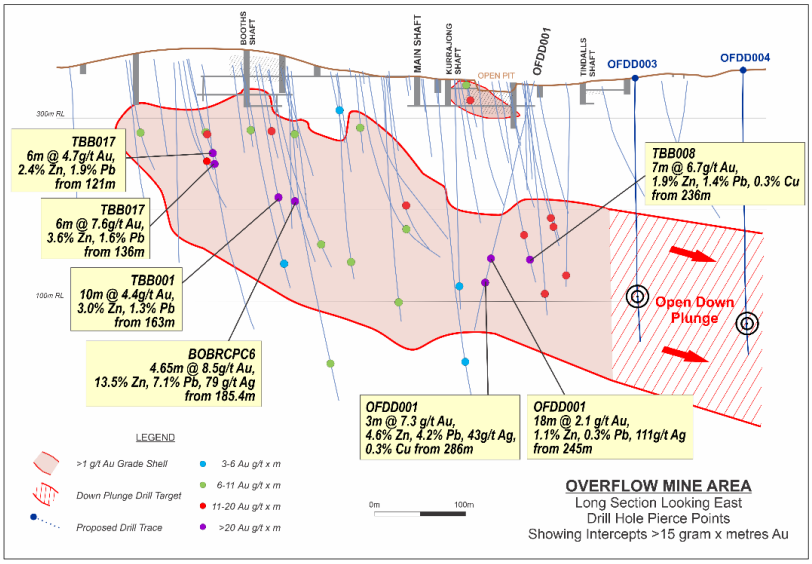

***Figure 1**: Overflow Prospect long section looking east showing recent diamond holes.*

A downhole electromagnetic (EM) survey designed to detect off-hole conductors related to massive sulphide mineralisation is planned for OFDD004. The survey is due to commence early in November.

Table A – Overflow Prospect Diamond Drilling Collar Information

Hole ID	Easting (GDA94z55)	Northing (GDA94z55)	RL	Dip (degrees)	Azimuth (degrees)	Total Depth (m)
OFDD003	471271.6	6425675.6	341.2	-56	67.0	351.5
OFDD004	471304.2	6425584.3	343.8	-60	67.0	347.1

The RC drilling program at the Parmelia Prospect within the Karonie Project aims to expand the known extent of gold mineralisation along strike of previous gold intercepts including 26m @ 1.6g/t Au from 83m and 20m @ 1.0g/t from 32m[1] *(Figures 2 & 3)*.

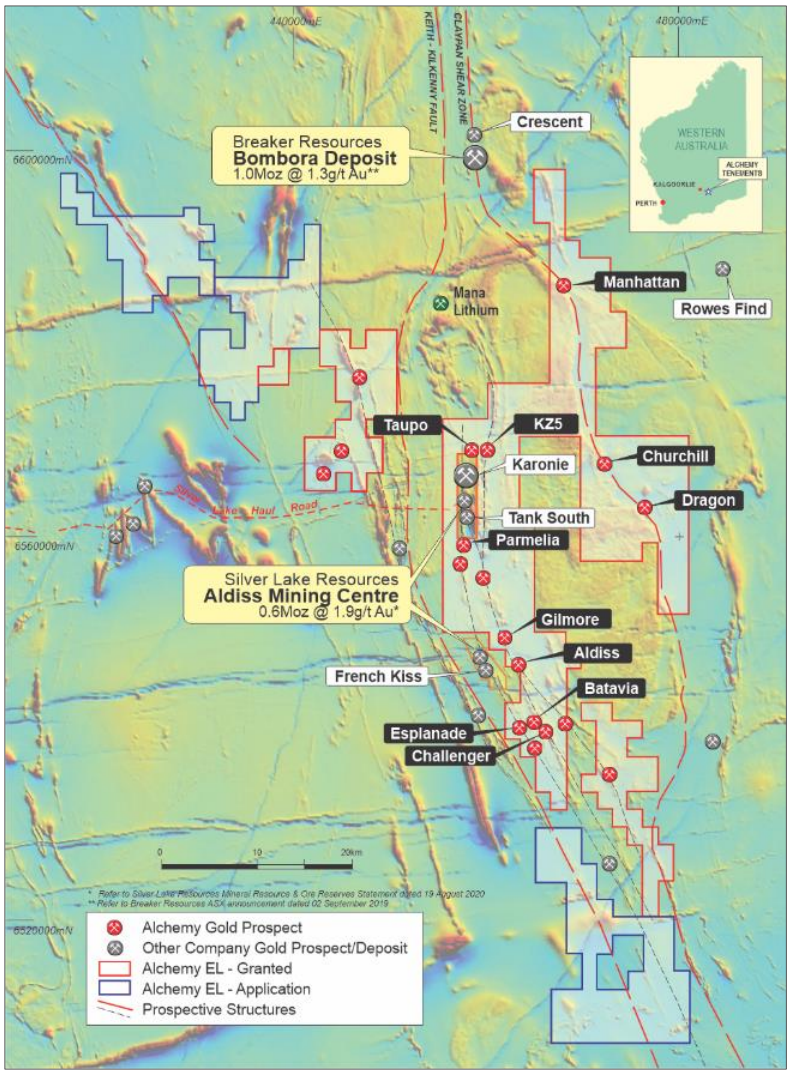

Figure 2*: Karonie Project over aeromagnetic image.*

Previous drilling at Parmelia has confirmed consistent gold mineralisation within a near vertical dolerite unit that remains open down dip and along strike to the north and south *(Figure 3)*. The current RC program aims to confirm the orientation of the mineralisation and identify high-grade plunging gold shoots within the dolerite, similar in style to Silver Lake's Tank South Prospect just 2km to the north. Up to 1,000m of RC drilling is planned with assay results expected early in December 2020.

[1] *Refer to Alchemy Resources Limited ASX announcement dated 15 July 2020*

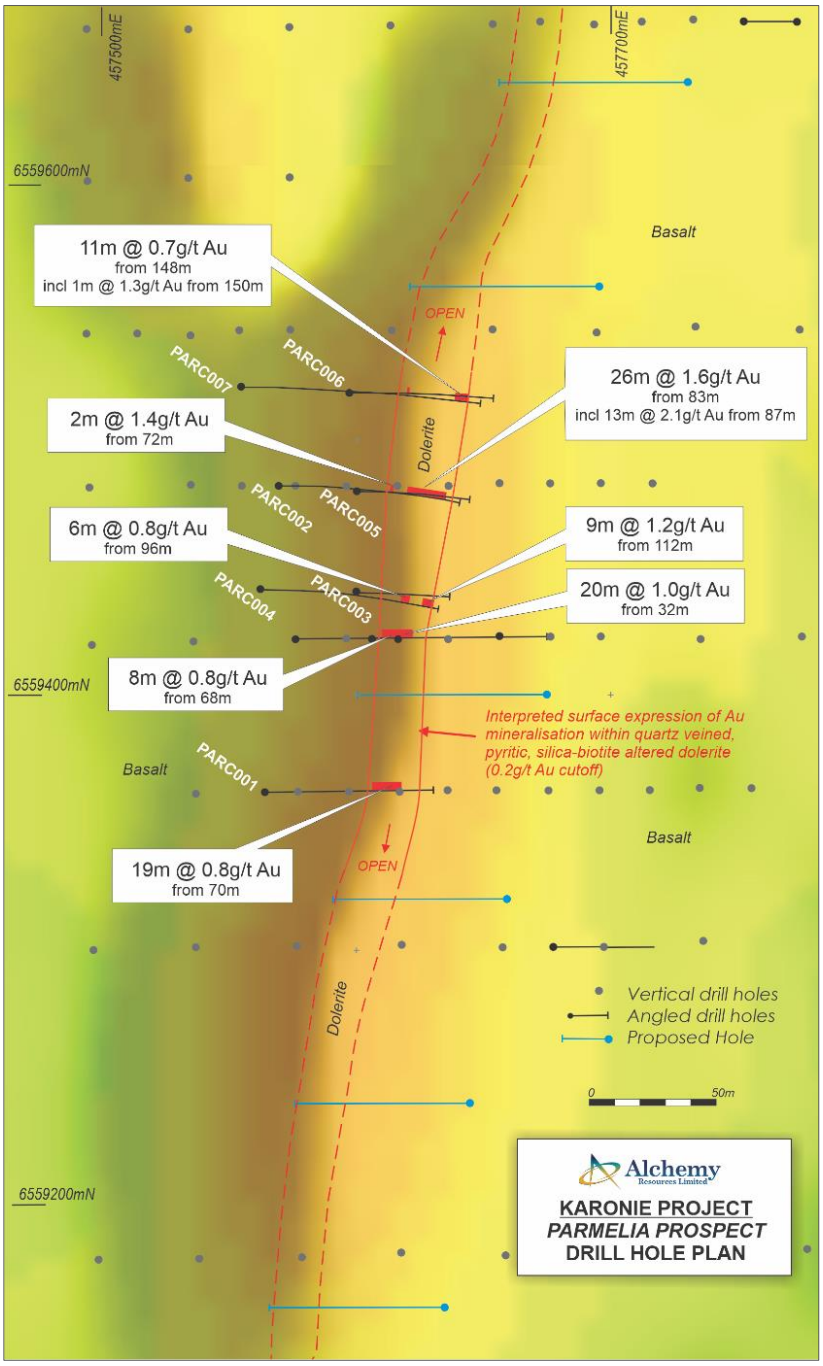

***Figure 3**: Parmelia Prospect: Significant intercepts, proposed RC drilling and interpreted geology over aeromagnetic image.*

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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 and holds shares and options in the Company. 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.

JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	*Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.* *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* *Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.*	Samples referred to in this Public Report are diamond core drill samples, obtained using an 'industry standard' drill rig (Sandvic DE710), drilling equipment and sampling practices. Diamond drilling was used to obtain core samples collected in 3m runs and transferred into plastic core trays. The diamond core samples obtained are considered to be representative of the material drilled. Sampling was carried out using documented ALY sampling and QAQC procedures (detailed below).
Drilling techniques	*Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).*	Diamond drilling was completed from surface using both chrome and standard barrels in order to obtain HQ3 core samples. Down hole surveys were taken every 30m as the hole progressed using a down hole Reflex camera. Every core run was oriented using a Reflex core orienting tool. The diamond core was reconstructed into continuous runs on an angle iron cradle for orientation line marking and down hole depth marks.
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.*	Diamond core recoveries and RQD measurements were estimated and recorded into Excel spreadsheets then uploaded into a relational database. The total core recovery was 99.5%. There were

Criteria	JORC Code explanation	Commentary
	Measures taken to maximise sample recovery and ensure representative nature of the samples. *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	no significant sample recovery problems except for 1.2m core loss at 266.9m. No relationship exists between core sample recovery and grade, and accordingly no bias has occurred as a result of loss/gain of material.
Logging	*Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.* *The total length and percentage of the relevant intersections logged.*	Lithological logging was completed on all diamond core, with colour, weathering, grain-size, lithology, alteration, mineralogy, veining, and comments on other significant features noted. Logging of sulphide mineralisation and veining is quantitative. All holes were logged in full. Structural and geotechnical logging was also completed with bedding, foliation, veining, and fractures logged and measured using a kenometer. No judgement has yet been made by independent qualified consultants as to whether diamond samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.* *If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.* *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.*	Core samples will be cut in half along the core axis using an Almonte diamond core saw. One commercial laboratory standard or blank laboratory standard, 1 blank sample (barren basalt) and 1 core duplicate was inserted every 30 samples (i.e. 10% QAQC samples). All samples were 1m ½ core samples except for duplicates which were 1m ¼ core samples. 5% of sample pulps will be sent to an alternate laboratory. Statistical analysis of duplicate sample data for Au and Cu shows a high level of repeatability and a lack of bias between the original and duplicate samples.

Criteria	JORC Code explanation	Commentary
	Whether sample sizes are appropriate to the grain size of the material being sampled.	Sample sizes are considered appropriate for the style of mineralisation, the thickness and consistency of the intersections, the sampling methodology and the assay ranges for the primary elements analysed.
Quality of assay data and laboratory tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* *For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* *Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.*	1m ½ core samples are being cut and sampled prior to being sent to the ALS Laboratory in Orange for sample preparation and analysis. Samples will be analysed using ALS method code Au-AA26 for Au (Ore Grade Au 50g FA AA finish) and ME-ICP61 for 33 elements including Ag, Cu, Pb, and Zn. Laboratory QAQC involves the use of internal laboratory standards using certified reference material, blanks, splits and replicates as part of the in-house procedures.
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.* *The use of twinned holes* *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* *Discuss any adjustment to assay data.*	Reported drill hole intercepts are compiled by the Company's Managing Director (MD) who is also the competent person. No twinned holes were drilled in the current drilling campaign. Data is collected by qualified geologists and geo-technicians working under the supervision of a qualified geologist and entered into Excel spreadsheets. Validation rules are in place to ensure no data entry errors occur. Data is loaded into a Microsoft Access database by an experienced database administrator, and reviewed by the ALY MD, who is a competent person. No assay data adjustments have been made.
Location of data points	*Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and*	A Trimble Geoexplorer 6000 DGPS was used to peg collar positions, with an expected <1m vertical and horizontal accuracy.

Criteria	JORC Code explanation	Commentary
	other locations used in Mineral Resource estimation. *Specification of the grid system used.* *Quality and adequacy of topographic control.*	Down hole surveys (using a down hole Reflex camera) were taken every 30m as the hole progressed. The grid system used is the UTM Geocentric Datum of Australia 1994 (GDA94) Zone 55. The drill collar and down hole location accuracy is considered appropriate for this stage of exploration.
Data spacing and distribution	*Data spacing for reporting of Exploration Results.* *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* *Whether sample compositing has been applied.*	The drill hole intercept spacing in the plane of the ore zone in vicinity of the current hole ranges from 40m to 100m. No Mineral Resource or Reserve is being reported for this drilling. No data compositing has been applied.
Orientation of data in relation to geological structure	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type* *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	OFDD004 was setup on surface at a -60^0 inclination and a 67^0 azimuth (GDA94). At the mineralised zone, the drill hole azimuth was 73.8^0 (GDA94) (~11^0 to the strike of mineralisation), and the hole inclination was -52.5^0 (~23^0 to the dip of mineralisation). The result is a ~9% expansion to downhole intercept widths reported. No orientation-based sampling bias has been identified.
Sample security	*The measures taken to ensure sample security.*	Core trays were palletised and trucked from site to Orange, NSW. The core trays are stored in a secure storage shed in Orange. Calico sample bags were used for core samples. Five calico sample bags were put into large green plastic bags for transport to ALS Orange. Residual core samples and sample pulps are stored at ALS Orange until they are re-located to the RME office in Orange for permanent storage.
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	An internal review of the sampling techniques, and sample data capture

Criteria	JORC Code explanation	Commentary
		concluded that both are of sufficient quality to carry out resource estimation. No external audit or review of the sampling techniques or sample data capture has been conducted to date.

Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	*Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	Type - Exploration Licence (currently in good standing) Reference name –Overflow Reference number – EL5878 Location – Central NSW, Australia. Ownership – Alchemy 51%, earning 80% via Farm-in and JV Agreement with Heron Resources Limited (tenure held by Ochre Resources Pty Ltd, a wholly owned subsidiary of Heron Resources) Overriding royalties - none The land is held under a combination of freehold and crown land. No Wilderness or National Parks, Native Title sites or registered historical sites are known. No environmental issues other than historic mining debris (from the early 1900's) are known.
Exploration done by other parties	*Acknowledgment and appraisal of exploration by other parties.*	Overflow Mine historic production (1897-1936) was 4,972oz @ 12.9g/t Au, 35,121oz @ 107g/t Ag, & 1,117t @ 10.9% Pb The tenure that has included the Overflow mine has been explored by Enterprise Exploration (1957), Australian Selection (1968), Pennzoil of Australia (1972 - 75), Minerals Exploration (1975 - 79), Aberfoyle and Cominco JV ("Abminco") (1975 - 79), CRA Exploration (1978-79), Amoco Minerals (1980 – 83), Delta Gold (1992 – 98) and after purchasing Delta Gold's interest, Tri Origin Australia NL (1999 – 2001) who then optioned the project to Triako (now KBL) in 2001 who withdrew from the deal in 2006.

Criteria	JORC Code explanation	Commentary
		Tri Origin continued to explore the area as Tri Origin until 2009, then as TriAusMin after a name change in 2010. TriAusMin and Heron merged in 2014 and then signed the current farm-in and Joint Venture Agreement with Alchemy Resources in June 2016. Exploration to date across the current tenement area has included geological and regolith mapping, all types of geochemical sampling, numerous airborne and ground geophysical surveys (Magnetics, EM and IP) and 331 drill holes (178 RAB, 123 RC and 30 diamond core)
Geology	*Deposit type, geological setting and style of mineralisation*	Deposit Type – Polymetallic (Au, Ag, Cu, Pb, Zn) Cobar Style Deposit Geological setting – Folded Devonian basin and shelf sediments of the Cobar SuperGroup overlying Ordovician sediments and minor basic volcanics of the Girilambone Group (basement sequence). Deposited into a back-arc marine basin. Multiple deformation events, faulting and metamorphism. Devonian rocks include felsic tuffs and pyroclastics of the Majuba Volcanics, which overlie and are interfingered with fine sediments and volcaniclastics of the Baledmund Formation. Style of mineralisation – Cobar-style (Au, Ag, Cu, Pb, Zn) with a possible epithermal component with quartz veining displaying crustiform and vuggy textures. Mineralisation is confined to the Overflow Shear Zone, which contains both shear parallel and steeply dipping, cross-cutting, quartz vein sets, along with shallow south dipping fault zones, which may control the shallow southerly plunge to mineralisation. Higher base metal results are encountered towards the top and bottom of each mineralised zone, occurring as banded massive to semi-massive sulphides within silicified fine-grained clastic sediments.

Criteria	JORC Code explanation	Commentary
Drill hole Information	*A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* ○ *easting and northing of the drill hole collar* ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* ○ *dip and azimuth of the hole* ○ *down hole length and interception depth* ○ *hole length.* *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	Diamond core observations form the basis of the exploration results. Drill hole details are tabulated within the body of the announcement.
Data aggregation methods	*In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	Assay results have not been received as yet.

Criteria	JORC Code explanation	Commentary
Relationship between mineralisation widths and intercept lengths	*These relationships are particularly important in the reporting of Exploration Results.* *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').*	At the mineralised zone, the drill hole (OFDD004) azimuth was 73.8^0 (GDA94) ($\sim11^0$ to the strike of mineralisation), and the hole inclination was -52.5^0 ($\sim23^0$ to the dip of mineralisation). The result is a ~9% expansion to downhole intercept widths reported. No orientation-based sampling bias has been identified.
Diagrams	*Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	Appropriate plans and cross sections will be reported as soon as drilling assay results have been received.
Balanced reporting	*Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	Assay results have not been received as yet.
Other substantive exploration data	*Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	N/A
Further work	*The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	Additional diamond drilling will depend on the assay results from the current drilling.