

10 February 2022

BOARD AND MANAGEMENTMR LINDSAY DUDFIELD
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COMPANY SECRETARY**PROJECTS**

LAKE REBECCA (ALY 100%)

KARONIE (ALY 100%)

LACHLAN (ALY 80%)

WEST LYNN (ALY 80%)

BRYAH BASIN (ALY 20%, TSX-V SGI 80%)

BRYAH BASIN (ALY 20%, SFR 80%)

Review of battery metals assets

HIGHLIGHTS

- Alchemy has initiated a strategic review of its battery metals assets at the 80% owned West Lynn Ni-Co-Al Project in New South Wales.
- West Lynn has an existing Inferred Resource of 21.3Mt @ 0.84% Nickel and 0.05% Cobalt¹, and an Alumina Resource of 6.5Mt @ 20.8% Al₂O₃.²
- Following the recent strength in Nickel-Cobalt and Alumina pricing, the Company has commenced a strategic review of the Project to re-visit the potential for resource growth and optimisation of metallurgical process routes.
- Auralia Mining Consultants has been engaged to assist with the strategic review.

Alchemy Resources Limited (ASX: ALY) ("Alchemy" or "the Company") is pleased to announce that it has commenced a strategic review of the West Lynn Nickel-Cobalt and the Summervale Alumina assets in New South Wales. The Company announced maiden Resource estimates for the West Lynn Ni-Co deposit and the Summervale Alumina deposit in 2019^{1 2}. Early-stage metallurgical test-work was also completed with positive results. With the significant increase in base metals prices and the unprecedented demand for High Purity Alumina ("HPA") products, the Company will investigate pathways to add shareholder value from the West Lynn Ni-Co-Al assets.

The review aims to focus on the following areas:

- Identifying additional treatment pathways for the Alumina Resource and the potential to obtain a high quality ("4N") HPA product,
- Evaluating the exploration potential to build on the existing Resource base, and
- Considering potential partners to help develop the Project.

Chief Executive Officer Mr James Wilson commented:

The review of the West Lynn Project is particularly exciting since Nickel prices are at an 11 year high, and High Purity Alumina is a key component in Lithium batteries. Demand for these critical and battery metals has skyrocketed since we completed our initial resource and test-work in 2019. Since then, West Lynn was named as a critical minerals project by Austrade in 2020³. Our advanced critical and battery metals projects comprise an important part of Alchemy's exploration portfolio and we believe it is strategically timely to review the pathways to enhance the value in these assets.

¹ Refer to Alchemy Resources ASX Announcement 19 February 2019

² Refer to Alchemy Resources ASX Announcement 19 June 2019

³ Refer to Austrade Announcement https://www.austrade.gov.au/ArticleDocuments/5572/Critical_Minerals_Projects_in_Australia.pdf.aspx

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ABOUT THE WEST LYNN BATTERY METALS ASSET (NSW ALY 80%)

The West Lynn Project is located 13km northwest of Nyngan in central NSW. The West Lynn Project forms part of a joint venture with Heron Resources Limited (ASX: HRR) where Alchemy has earned an 80% interest.

The tenure lies over both leased and freehold farmland where the land is mainly used for wheat crops and livestock. Access is directly via the Mitchell Highway which runs through the north-east corner of the licence, and various public and private gravel roads and tracks within the licence area.

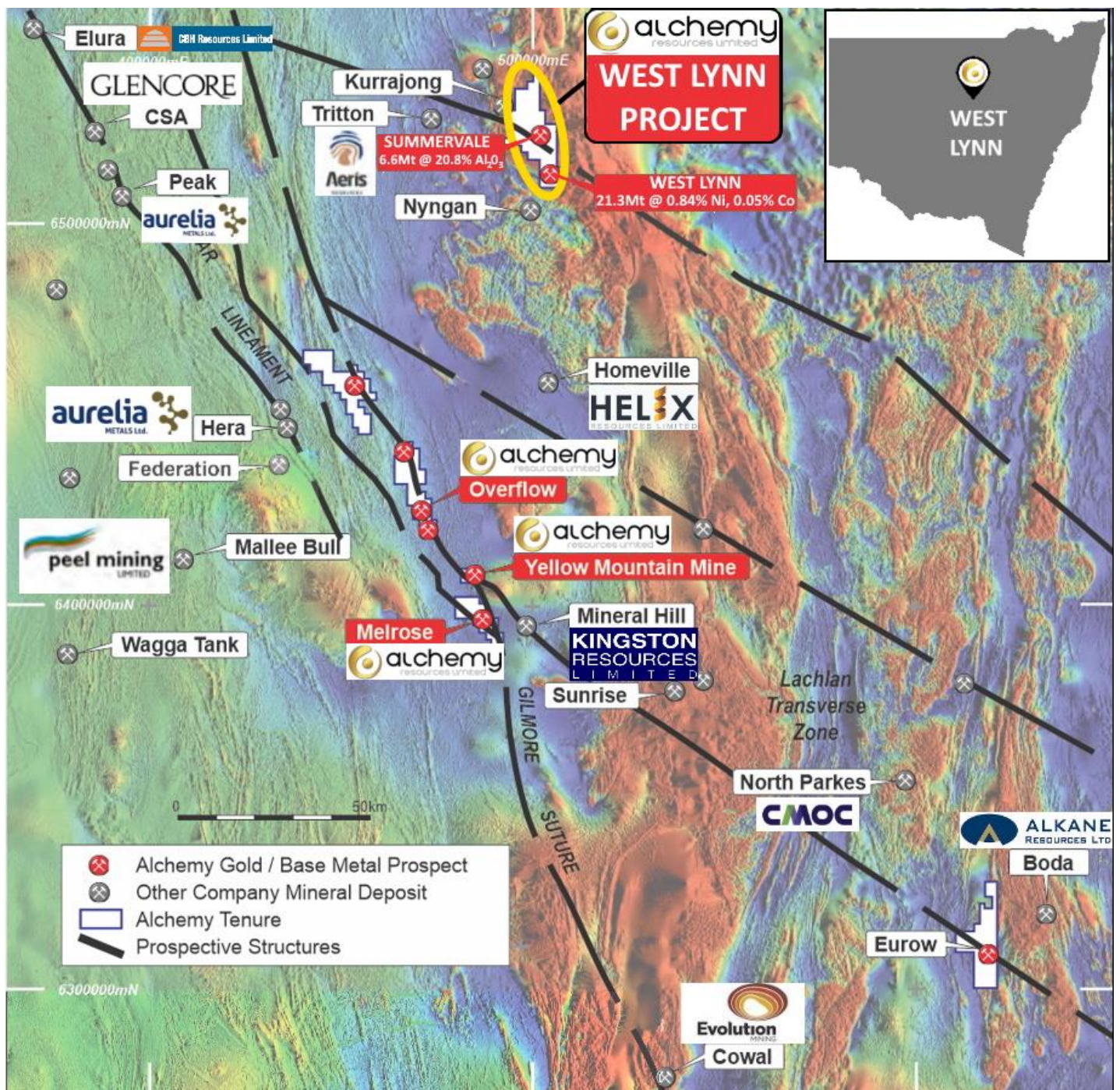


Figure 1: West Lynn Project Location

GEOLOGY

The West Lynn Project is located over a north-south trending folded belt of serpentinised ultramafics known as the West Lynn Serpentinite, surrounded by sediments of the Girilambone Group within the Girilambone-Wagga Anticlinal Zone in central NSW. The linear orientation of the belt suggests emplacement along regional shears or faults of Alpine-type origin (ophiolite).

The West Lynn Serpentinite is derived from the alteration of a medium grained dunite intruded into the metamorphosed Ordovician Girilambone Group. The serpentinite is strongly magnetic compared to the surrounding sediments of the Girilambone Group (Figure 2).

RESOURCES

Nickel-Cobalt Resource¹

Nickel-cobalt mineralisation at West Lynn is flat lying and associated with variably lateritic clay, saprolite and weathered serpentinite units. Mineralisation remains open both along and across strike, showing good potential to deliver additional resources.

Deposit	Cut Off (Ni %)	Tonnes (Mt)	Ni %	Co %	Al %	Fe %
West Lynn	0.6	14.70	0.85	0.05	2.4	20.2
Summervale	0.6	6.64	0.82	0.04	2.4	19.7
TOTAL	0.6	21.34	0.84	0.05	2.4	20.0

Table 1: West Lynn and Summervale Nickel-Cobalt Resource

Alumina Resource²

The kaolinite zone hosting the alumina mineralisation at Summervale is flat lying, commences from ~15 to 25m below surface, is between 2m and 40m thick (commonly ~10m thick), and is interpreted to be derived from weathered pelite units of the Girilambone Group. Mineralisation remains open along and across strike, showing good potential to deliver additional resources. It is anticipated that the alumina resource could potentially be exploited in conjunction with open pit mining of the underlying Ni-Co resource.

Deposit	Cut Off (Al ₂ O ₃ %)	Tonnes (Mt)	Al ₂ O ₃ %	Fe ₂ O ₃ %	K ₂ O%	Na ₂ O%	TiO ₂ %	SiO ₂ %
Summervale	18	6.55	20.8	2.8	1.79	0.43	1.15	64.2

Table 2: Summervale Alumina Resource

METALLURGY

WEST LYNN NICKEL COBALT:

Alchemy has previously engaged Direct Nickel (“DNI”) to undertake metallurgical test work using a nitric acid leach via the patented DNI Process™. This test-work returned very encouraging recoveries for both nickel and cobalt from composite samples, with averages of 91.5% Ni (saprolite), 88.3% Co (saprolite), 86.4% Ni (lateritic clays) and 82.1% Co (lateritic clays)¹.

SUMMERVALE HIGH PURITY ALUMINA:

A test-work program was conducted by DNI on the Summervale alumina material to assess the amenability of the ore to a standard HPA from kaolin process. The test-work successfully demonstrated that a HPA product could be achieved, resulting in a final HPA product of 99.95% purity. Recommendations from the metallurgical study suggested carrying out additional tests on a larger sample to assess the potential to achieve a 4N purity product (99.99% Al_2O_3)².

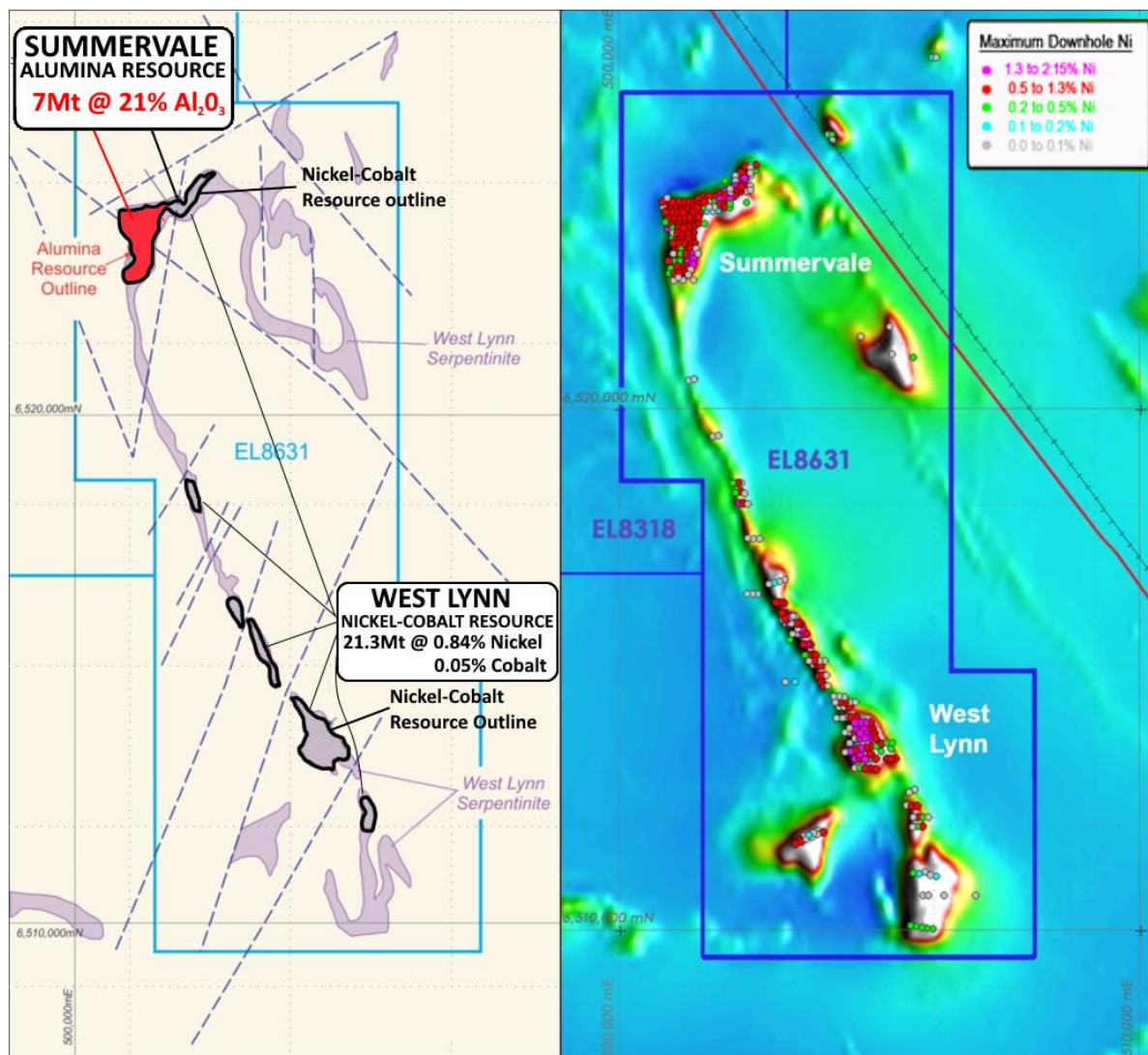


Figure 2: West Lynn Resource with drilling coloured by maximum downhole Ni(%) over regional aeromagnetic image

MINERALISATION

The mineralisation at the Project is the result of weathering processes concentrating Ni, Co and Al within clays and saprolite derived from the underlying serpentinite. The Alumina Resource is in a discrete layer overlying the Ni-Co mineralisation in the Summervale area and remains open in all directions.

Ni-Co mineralisation at West Lynn is associated with variably limonitic and ferruginous clay, saprolite and weathered serpentinite units, and shows good continuity between adjacent drill holes. The higher alumina grades are more prevalent at the Summervale Prospect and are associated with white kaolinitic clay units located immediately above or adjacent to the Ni-Co mineralisation.

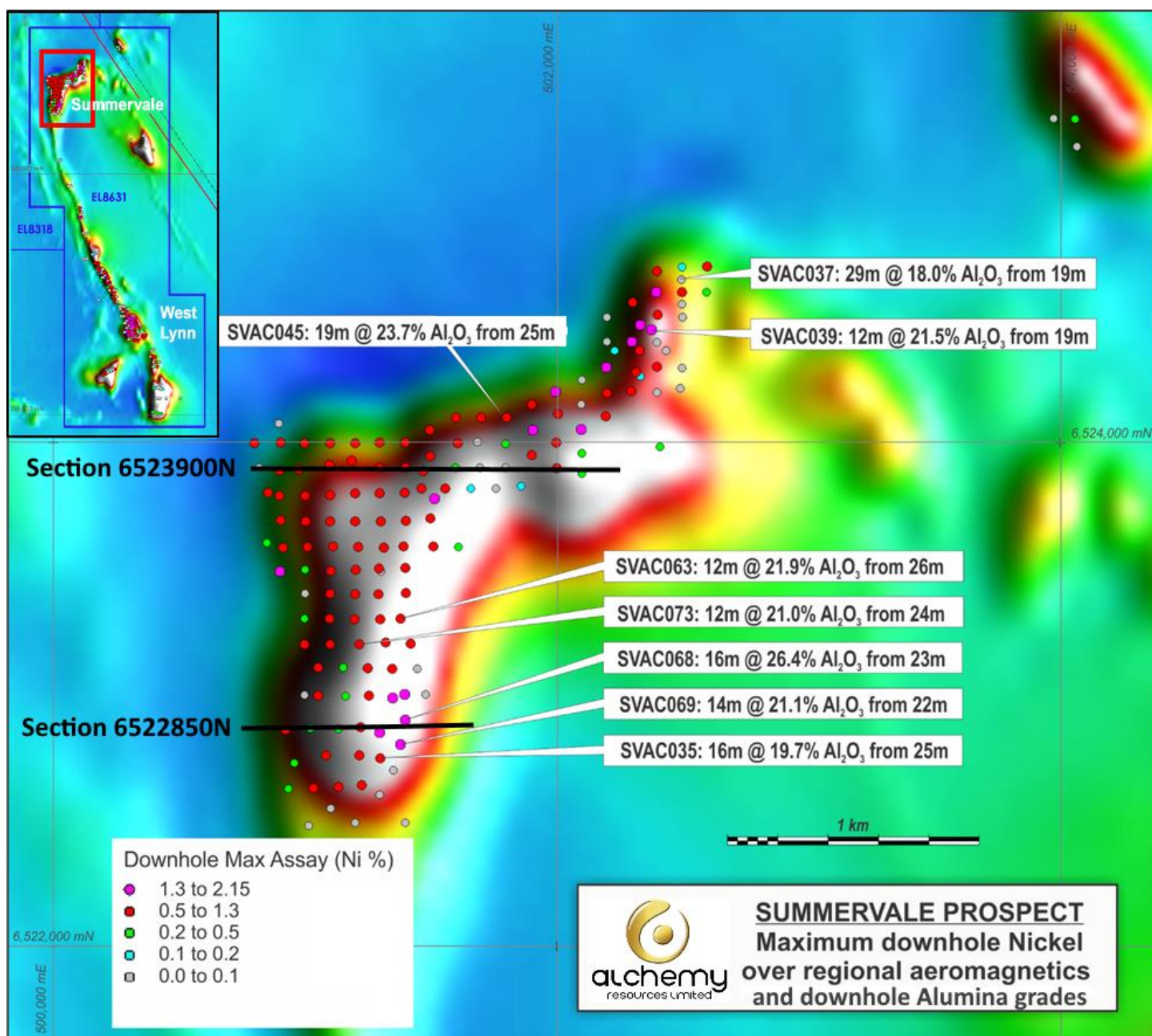


Figure 3: Plan of Summervale Prospect showing all drilling (coloured by Ni%), with significant Alumina intercepts (labelled) over regional aeromagnetic imagery

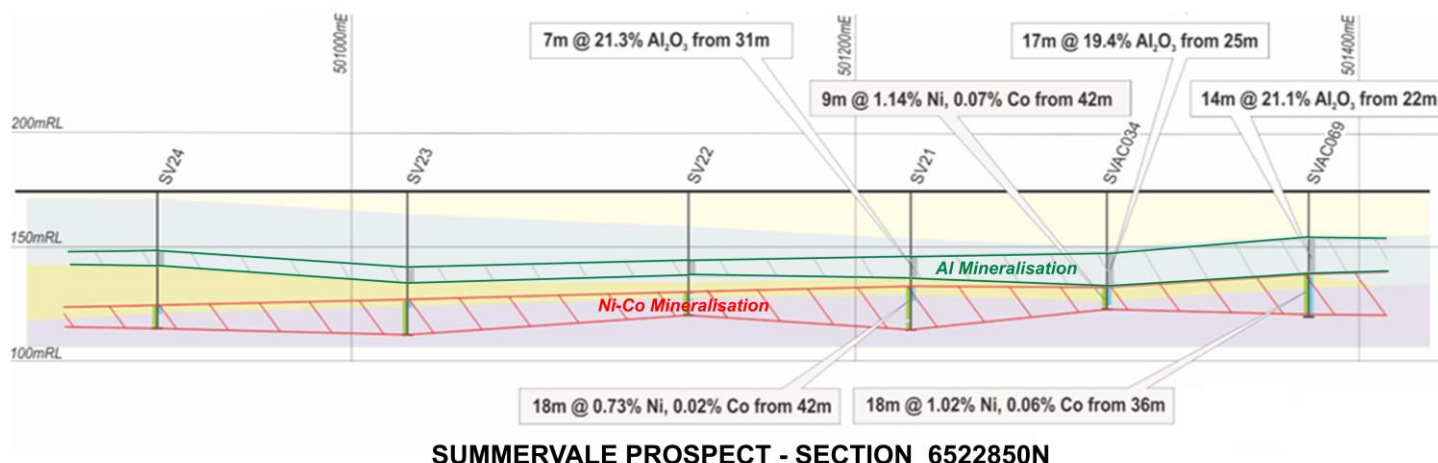


Figure 4: Summervale Prospect cross sections 6522850N showing mineralisation, intercepts, and geology

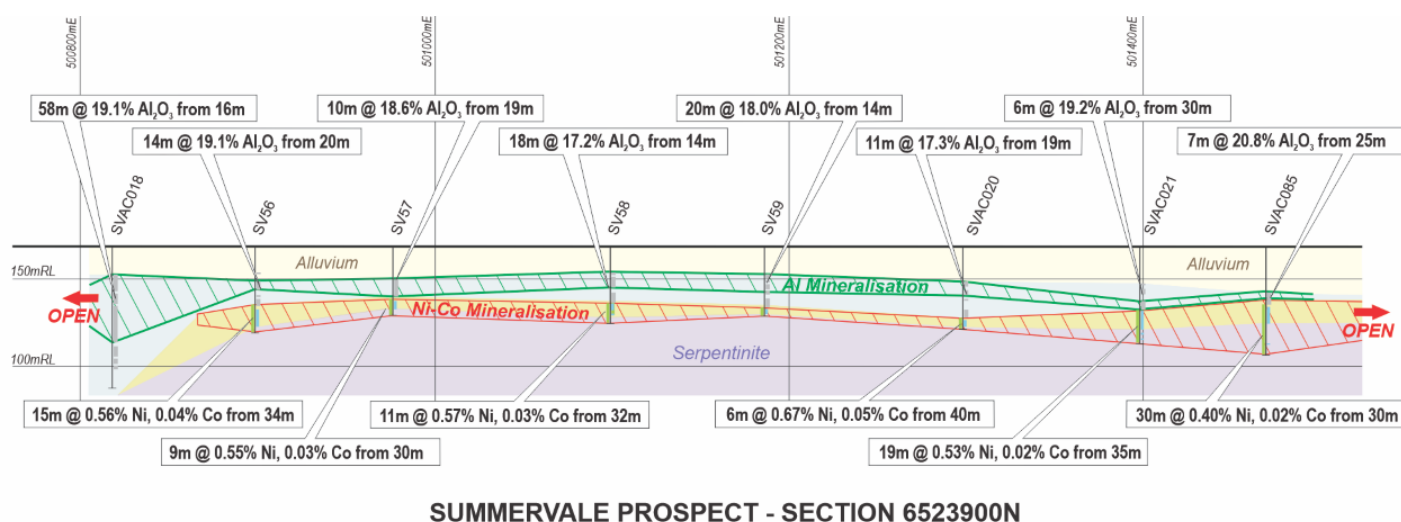


Figure 5: Summervale Prospect cross section 6523900N showing mineralisation, intercepts, and geology

HPA MARKETS^{4, 5}

The global high purity market is projected to grow at a CAGR of >20% from 2020 to 2026 as demand for LED bulbs, Semiconductor Substrates, as a nano-coating on separator sheets in lithium batteries and in the production of synthetic sapphire glass.⁴

HPA has been identified in the Australian Resources Technology and Critical Minerals Processing National Manufacturing Priority Road Map⁵ as an opportunity for more advanced processing onshore. HPA is sought after for its superior properties and unique qualities such as corrosion and scratch resistance, high brightness, ability to withstand extreme temperatures, and its use in the production of lithium-ion batteries.

⁴ Refer to Allied Market Research, World High Purity (HPA) – Opportunities and forecasts 2015-2022

⁵ Refer to Announcement by Hon Keith Pitt MP <https://www.minister.industry.gov.au/ministers/porter/media-releases/wa-high-purity-alumina-project-receives-major-project-status>

NEXT STEPS

Alchemy will work with Auralia Mining Consultants to complete a strategic review of our battery metals assets and will update the market on work programs to further advance the assets as appropriate.

ABOUT ALCHEMY RESOURCES

Alchemy Resources Limited (ASX: ALY; “Alchemy” or the “Company”) is an Australian exploration company focused on growth through the discovery and development of gold, base metal, and nickel-cobalt resources within Australia. Alchemy has built a significant land package in the Carosue Dam - Karonie greenstone belt in the Eastern Goldfields region in Western Australia and has an 80% interest in the Lachlan/Cobar Basin Projects in New South Wales (Figure 1). Alchemy also maintains its interest in the Bryah Basin Project in the gold and base metal-rich Gascoyne region of Western Australia, where Superior Gold Inc. (TSX-V: SGI; “Superior”), and Sandfire Resources Limited (ASX: SFR; “Sandfire”) are continuing to advance gold and base metal exploration, respectively.

COMPETENT PERSON STATEMENT

The information in this report that relates to Exploration Results is based on information compiled by Mr James Wilson, who is the Chief Executive Officer of Alchemy Resources Limited and holds shares and options in the Company. Mr Wilson 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 Wilson consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resources at the West Lynn Project is based on information compiled by Stephen Godfrey, who is an employee of Resource Evaluation Services Pty Ltd, a consultant to Alchemy Resources Limited. Mr Godfrey is a Fellow of the Australasian Institute of Mining and Metallurgy and 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 Godfrey consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

This announcement has been approved for release by the Board.

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Forward looking statements This announcement contains “forward-looking statements”, including statements about the scheduling of drilling programs. All statements other than those of historical facts included in this announcement, are forward-looking statements. Forward-looking statements are subject to risks, uncertainties, and other factors, which could cause actual events or results to differ materially from future events or results expressed, projected or implied by such forward-looking statements. The Company does not undertake to release publicly any revisions to any “forward-looking statement” to reflect events or circumstances after the date of this announcement, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.