

9 November 2023

BOARD AND MANAGEMENT

MR LINDSAY DUDFIELD
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COMPANY SECRETARY

PROJECTS

KARONIE (ALY 100%)

LAKE REBECCA (ALY 100%)

LACHLAN (ALY 80%)

WEST LYNN (ALY 80%)

BRYAH BASIN (ALY 20%)

BRYAH BASIN (ALY 20%)

West Lynn option agreement executed with Ionick Metals Ltd

HIGHLIGHTS

- Option agreement executed with Ionick over its interest in two Exploration Licences which are prospective for laterite hosted nickel-cobalt and alumina, located near Cobar in New South Wales.
- Potential value accretive transaction for Alchemy shareholders to spin out its non-core nickel-cobalt minerals rights into Ionick (currently a 100% owned subsidiary of Helix Resources).
- Alchemy's 80% owned West Lynn Exploration Licences EL8631 and EL8318 contain an existing Inferred Mineral Resource of 21.3Mt @ 0.84% Ni and 0.05% Co¹, and 6.6Mt @ 20.8% Al₂O₃².
- Potential combination of resources with Ionick's Homeville Indicated and Inferred Resource of 18Mt at 0.9% Ni and 0.06% Co³ increases the total nickel resource inventory within Ionick to nearly 40Mt containing ~340kt of nickel and 21kt of cobalt.
- The extensive portfolio of projects are located adjacent to world class base metals mines and deposits in the Lachlan Fold Belt of NSW.

Alchemy Resources Limited (ASX: ALY) ("Alchemy" or "the Company") is pleased to announce it has executed an option agreement with Ionick Metals Ltd ("Ionick") for the West Lynn tenements at Alchemy's 80% owned Lachlan Projects in New South Wales ("Agreement"). The option agreement with Ionick provides a potential value accretive opportunity for shareholders of the Company, via the spin out of its non-core nickel-laterite and alumina assets into a separate vehicle, being Ionick, currently a wholly owned subsidiary company of Helix Resources Ltd ("Helix", ASX: HLX).

Discussing the Agreement Alchemy's Chief Executive Officer, James Wilson, said:

"When the opportunity arose to join with Ionick into what we consider to be a potentially significant critical metals exploration company in Australia, the rationale was compelling. We are delighted to have reached an agreement with Ionick that may see our Nickel-Cobalt minerals and Alumina portfolio combined with their highly prospective tenement package located in a Tier 1 mining jurisdiction. The potential spin-out will result in the establishment of Ionick as a well-funded base metals explorer and will provide our shareholders with ongoing exposure to these expanded assets and strategy. Additionally, the potential spin-out will allow Alchemy to focus on the ongoing development of its high-grade gold and base metals assets at Overflow and Yellow Mountain to the south."

1 Refer ALY ASX Announcement 19 February 2019

2 Refer ALY ASX Announcement 19 June 2019

3 Refer A4N ASX Announcement 28 September 2018 (formerly CLL)

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WEST LYNN OVERVIEW

The West Lynn Ni-Co Agreement covers the nickel-cobalt rights on Exploration Licences EL8318 and EL8631 which are held in the 'Ochre Resources' joint venture between Alchemy (80%) and subsidiaries of Develop Global Ltd ("Develop", ASX: DVP) (20%) (refer Figures 1 and 2).

West Lynn is an advanced project located 10km west of Nyngan in New South Wales and 40km north of Ionick's nickel mineral rights. West Lynn has an Inferred Mineral Resource Estimate ("MRE") containing 21.3Mt @ 0.84% Nickel and 0.05% Cobalt (180kt of nickel and 11kt of contained cobalt)¹. The project also contains an additional Alumina Resource of 6.6Mt @ 20.8% Al₂O₃².

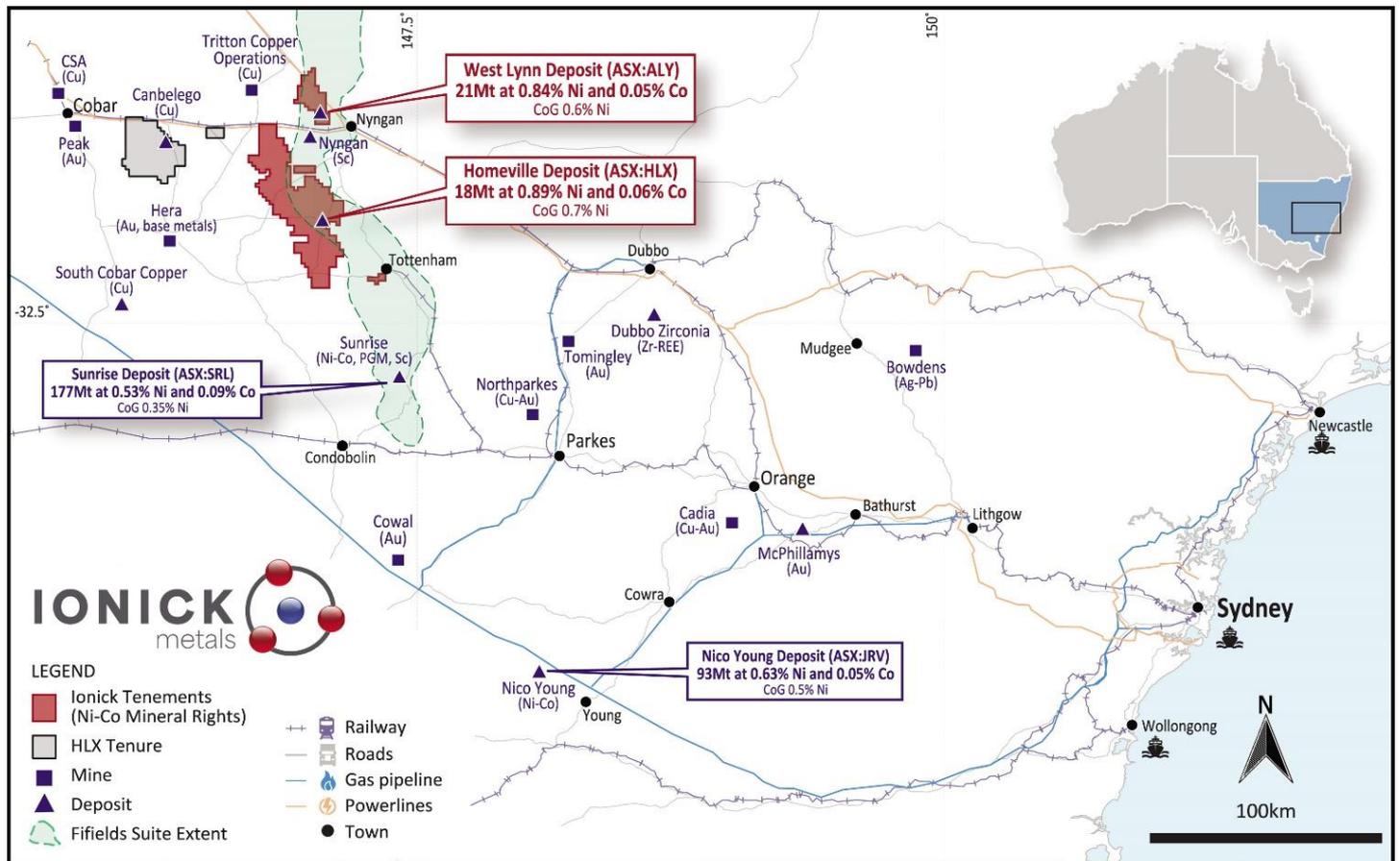


Figure 1: Helix/Ionick and Alchemy Projects location⁴

⁴ Refer HLX ASX announcement dated 9 November 2023

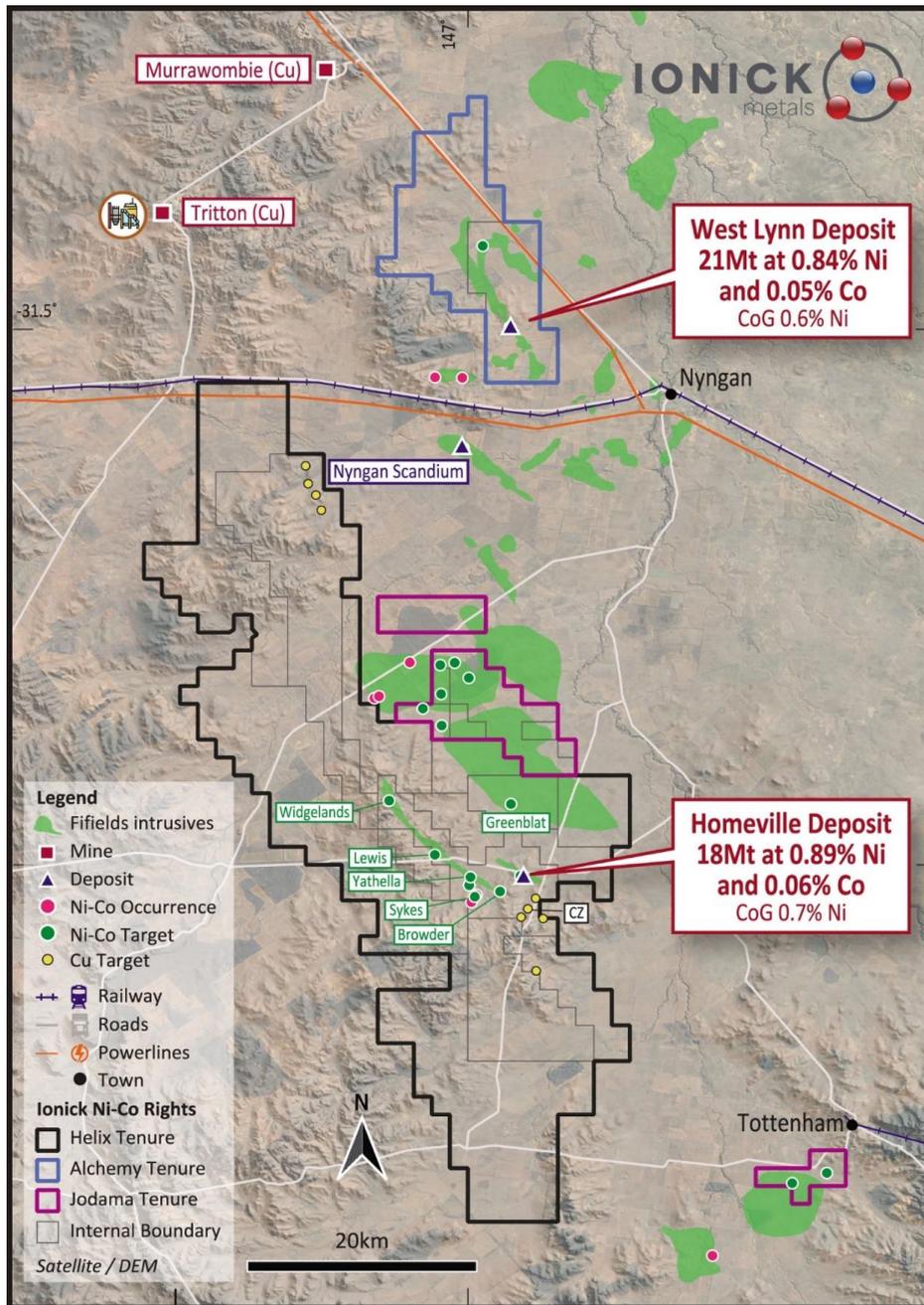


Figure 2: Helix/Ionick and Alchemy Projects location⁴

Under the Agreement, Ionick has the option to acquire 80% of the ‘nickel-cobalt minerals’ (comprising nickel (Ni), cobalt (Co), platinum group metals (PGMs), scandium and aluminium) with Develop retaining its existing 20% interest. The Ochre JV retains 100% ownership of all the non-nickel-cobalt minerals. Details of the agreement are summarised in Appendix 1.

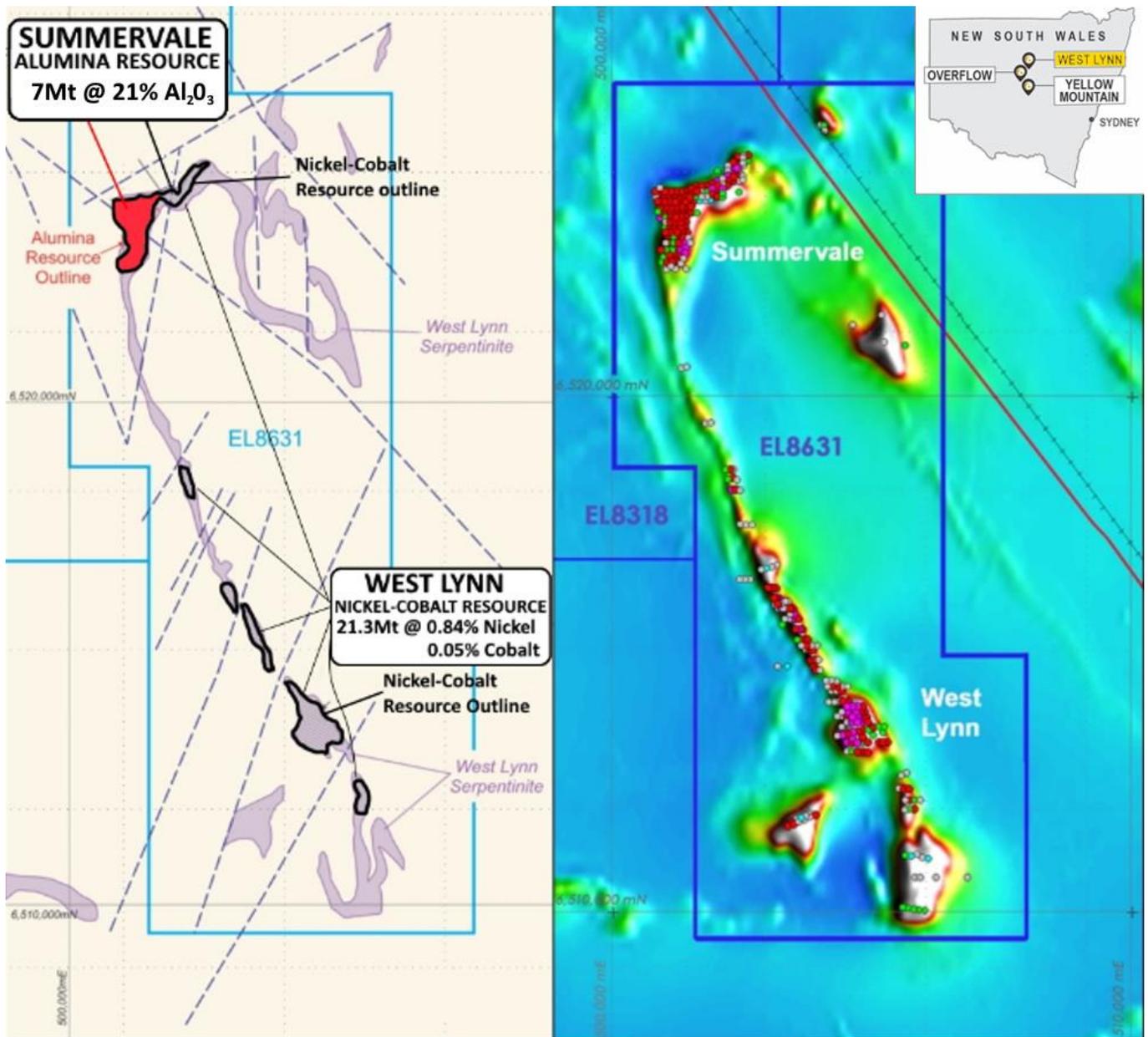


Figure 3: West Lynn Project showing all drilling over regional aeromagnetics and resource outlines

AGREEMENT

The West Lynn Ni-Co Agreement, executed by Alchemy Resources (NSW) Pty Ltd (Alchemy's 100% owned subsidiary) and Ionick, covers the mineral rights for Exploration Licences EL8318 and EL8631, which are held in the 'Ochre Resources' joint venture between Alchemy and subsidiaries of Develop (20%) ("Ochre JV") (see Figure 1). Under the Agreement, Ionick has the right, but not the obligation to, enter into a Mineral Rights Deed to secure access rights to explore for and develop any nickel-cobalt mineral deposits (Ni, Co, PGMs, scandium and aluminium) on the tenements held by the Ochre JV. The Ochre JV will retain 100% ownership of all the non-nickel-cobalt minerals.

The Mineral Rights Deed will come into effect on the exercise of the option, which is subject to the spin-out of Ionick by Helix, and Ionick's admission to the ASX⁴.

The Agreement has an initial 12-month term commencing 6 November 2023 with a further 12-month extension at the holder's election. The option fee for the first option period is \$8,000 and the fee for the second option period is \$20,000.

To exercise the option, Ionick will issue Alchemy with 6 million Ionick vendor shares for 80% of the nickel-cobalt mineral rights on the two Exploration Licences EL8318 and EL8631 (“Vendor Shares”).

SPIN-OUT VIA PROPOSED IPO

- Alchemy believes a spin-out of the West Lynn assets presents a compelling opportunity to unlock the hidden value from its suite of nickel, cobalt and PGM assets.
- The nickel-cobalt assets are being vended into Ionick by Alchemy, Helix and Jodama Pty Ltd (“Jodama”⁵) (together the “Vendors”), subject to the exercise of the option for a notional consideration of approximately \$3.0M to be paid via the issue of a total of 15 million Vendor Shares.
 - Alchemy would receive 6 million Vendor Shares for its 80% of the Ni-Co Mineral Rights (DVP-retaining its 20%) on the two tenements;
 - Helix would receive 7.5 million Vendor Shares for its 100% of the Ni-Co Mineral Rights on its tenements; and
 - Jodama Pty Ltd would receive 1.5 million Vendor Shares for all of the mineral rights on its tenements.
- The deal structure is focused on accrued value through technical successes with performance shares to be issued to the Vendors on attaining certain technical milestones, with the first performance milestone for Alchemy and Helix being a MRE to 60Mt of which more than 50% should be classified as at least Indicated in accordance with the 2012 JORC Code at an assay cut-off of 0.7% Ni-across the Alchemy and Helix tenements. The second milestone relates to a positive financial investment decision.
- The spin-out is planned to occur by way of a proposed Initial Public offer (“IPO”) of Ionick shares on ASX to raise approximately A\$10M. A Priority Offer is expected to be made to Alchemy, Helix and Jodama shareholders.⁴

Further details on the proposed capital structure, planned use of funds and listing timetable for the potential Ionick spin-out and IPO will be provided in due course.

Helix plans to have Ionick ready for IPO in 2024.

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. Alchemy also maintains its interest in the Bryah Basin Project in the gold and base metal-rich Gascoyne region of Western Australia, where Catalyst Metals Limited (ASX: CYL) and Sandfire Resources Limited (ASX: SFR) 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.

⁵ Refer HLX ASX announcement dated 28 February 2023

The information in this report that relates to Mineral Resources at the West Lynn Project is based on information compiled by Stephen Godfrey, 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.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the market announcements referred to in this release (available at www.alchemyresources.com.au), and that all material assumptions and technical information referenced continue to apply and have not materially changed.

This announcement has been approved for release by the Board.

For further information please contact:

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APPENDIX 1: Summary Terms of the West Lynn Ni-Co Option Agreement

Term	Summary
Parties	<p>Ionick Metals Limited (ACN 619 208 178) (Ionick), a wholly owned subsidiary of Helix Resources Limited (ACN 009 138 738) (ASX:HLX) (Helix).</p> <p>Alchemy Resources (NSW) Pty Ltd (ACN 612 498 263) (Alchemy NSW), a wholly owned subsidiary of Alchemy Resources Limited (ASX: ALY) (Alchemy).</p>
Option	<p>Alchemy NSW grants to Ionick the right to purchase an 80% legal and beneficial interest in the Ni-Co rights in exploration licences EL8318 and EL8631 in New South Wales (Exploration Licences) and related mining information (Ni-Co Assets). The Ni-Co Assets include the right to explore for and, if deemed appropriate, mine, process and dispose of Ni-Co minerals from the Exploration Licences.</p> <p>Heron Resources Ltd and Ochre Resources Pty Ltd, being wholly owned subsidiaries of Develop Global Ltd (ASX:DVP) (ACN 122 180 205) (Develop) are the holders of the remaining 20% interest in the Ni-Co Assets (and rights to all other minerals) in a joint venture with Alchemy NSW.</p>
Condition	The exercise of the Option by Ionick is conditional upon Ionick receiving listing approval from the ASX.
First Option Fee	A non-refundable payment of \$8,000 from Ionick to Alchemy NSW.
Second Option Fee (Extension)	A non-refundable payment of \$20,000 from Ionick to Alchemy NSW.
Option Period	12 months, subject to a right for Ionick to extend for a further 12 months by paying Alchemy NSW the Second Option Fee.
Exercise of Option	<p>Subject to first satisfying the Condition, Ionick may exercise the Option at any time during the Option Period by notice to Alchemy NSW.</p> <p>Upon exercise of the Option, the Parties will be deemed to have entered into a binding contract for the sale and purchase of the Ni-Co Assets in consideration for the issue by Ionick to Alchemy NSW of:</p> <ul style="list-style-type: none"> (a) 6,000,000 ordinary Ionick shares; (b) 8,000,000 Tranche 1 performance rights; and (c) 12,000,000 Tranche 2 performance rights, <p>(collectively, the Performance Rights).</p> <p>Each Performance Right will convert into one ordinary Ionick share upon satisfaction of the relevant vesting condition (described below).</p> <p>The Option Shares and Performance Rights (including any Ionick shares issued on vesting of the Performance Rights) will be subject to any escrow requirements imposed by ASX.</p>
Withdrawal	Ionick may withdraw from the Option at any time before Ionick has exercised the Option by written notice to Alchemy NSW.

Performance Rights vesting conditions	<p>(a) Tranche 1 performance rights - the Tranche 1 performance rights will convert to 8,000,000 ordinary Ionick shares if Ionick announces to the ASX that it has delineated Ni, Co and/or Ni-Co Mineral Resources of at least 60 million tonnes (in aggregate) of which more than 50% is classified as 'Indicated' or 'Measured' (in accordance with the JORC Code).</p> <p>(b) Tranche 2 performance rights – the Tranche 2 performance rights will convert to 12,000,000 ordinary Ionick shares if Ionick announces to the ASX that it has made a formal decision to commence the development and mining of Ni and/or Co on a commercial basis from within the area of the Exploration Licences.</p>
Mineral Rights Deed	<p>With effect from completion of the sale and purchase of the Ni-Co Assets following the exercise of the Option, Ionick and Develop (as the continuing holder of the remaining 20% interest in the Ni-Co Assets) will enter into a Mineral Rights Deed with Alchemy NSW and Develop (as the holders of the rights to all other minerals in respect of the Exploration Licences), to govern the interaction of the parties' respective mineral rights in the Exploration Licences.</p> <p>The terms of the Mineral Rights Deed, which are industry standard and address interaction and co-operation with respect to exploration, development and mining of the parties' respective minerals, is in agreed form.</p> <p>Develop has consented to the grant and exercise of the Option and has agreed to enter into the Mineral Rights Deed if the Option is exercised.</p>

APPENDIX 2: Summary West Lynn Mineral Resources

Deposit	Tonnes (Mt)	Ni %	Co %	Al %	Fe %
West Lynn	14.7	0.85	0.05	2.4	20.2
Summervale	6.6	0.82	0.04	2.4	19.7
TOTAL	21.3	0.84	0.05	2.4	20

Table 1: West Lynn Project Inferred Ni-Co Mineral Resource Estimate (compliant with the JORC Code 2012 guidelines)

Notes:

- A lower cut-off of 0.6 g/t Au was used to report the resource
- All figures rounded to reflect the appropriate level of confidence (apparent differences may occur due to rounding)
- Refer to Alchemy Resources Limited ASX announcement dated 19 February 2019

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

Table 2: Summervale Inferred Alumina Mineral Resource Estimate (compliant with the JORC Code 2012 guidelines)

Notes:

- A lower cut-off of 18% Al₂O₃ was used to report the resource.
- All figures rounded to reflect the appropriate level of confidence (apparent differences may occur due to rounding)
- The grades are not screened/beneficiated figures
- Refer to Alchemy Resources Limited ASX announcement dated 19 June 2019