

## ASX RELEASE

13 APRIL 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 342,335,585

OPTIONS 19,500,000 (Unlisted)

### PROJECTS

BRYAH BASIN (80-100%)

KARONIE (100%)

LACHLAN (earning up to 80%)

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## Execution of Option Agreement to Acquire West Lynn Ni-Co Project and Woodsreef Ni-Co-Cu-Au Project, NSW

### HIGHLIGHTS

- **Option Agreement Executed**, including **West Lynn Ni-Co Project** and **Woodsreef Ni-Co-Cu-Au Project** into the existing Heron Resources Limited – Alchemy Resources Limited Farm-In and JV Agreement (NSW)
- **\$1.5M spend over 3 years remaining to earn an 80% interest** in all eight NSW licences
- **West Lynn Ni-Co Project** contains shallow high grade historic intercepts including; **19m @ 1.21% Ni, 0.10% Co** from 36m<sup>1)</sup>, **16m @ 0.98% Ni, 0.07% Co** from 37m<sup>1)</sup>, and **11m @ 0.74% Ni, 0.05% Co** from 45m<sup>2)</sup> (West Lynn Prospect)
- **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 27m<sup>3)</sup>
- **Resource drilling to commence in the latter part of 2018**
- **Scandium (Sc), aluminium (Al) and iron (Fe) analysis to test respective resource potential** to commence during the next quarter

Alchemy Resources Limited (ASX: **ALY**) ("**Alchemy**") is pleased to announce it has executed the recently announced 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 an 80% interest in all 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*).

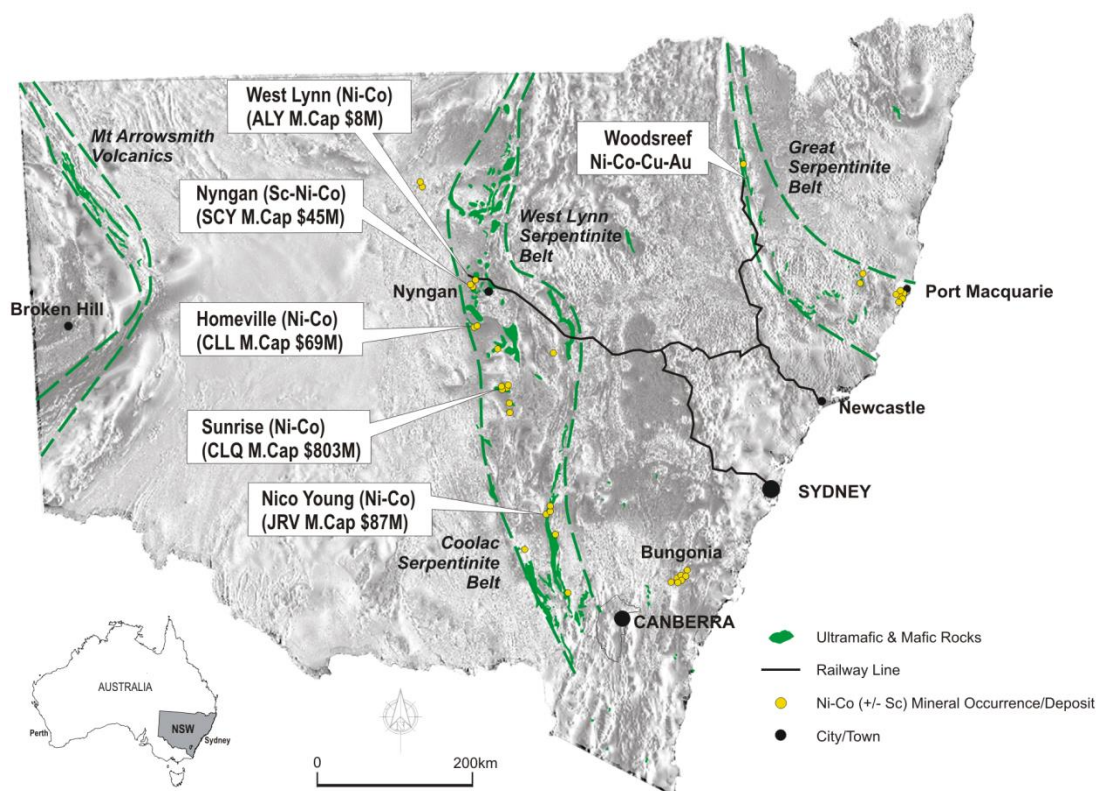
### West Lynn Ni-Co Project (EL8631)

EL8631 is located 10km north-west of Nyngan, NSW, covers an area of 100km<sup>2</sup>, and is contiguous with EL8318 (Girilambone) which forms part of the existing Alchemy / Heron NSW Farm-In and Joint Venture Agreement.

<sup>1)</sup> Refer to Anaconda Nickel Limited EL5485 Annual Report for period ending 25 May 1999

<sup>2)</sup> Refer to Jervois Mining Limited Annual Report 2009

<sup>3)</sup> Refer to Jervois Mining Limited ASX announcement dated 30 July 2012



**Figure 1:** West Lynn Ni-Co Project, Ni-Co±Sc occurrences, and NSW Serpentine Belts over State-wide greyscale TMI aeromagnetic image

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 ( $\pm$ Sc $\pm$ Al $\pm$ Fe) 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 & 2).

The West Lynn Prospect 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) reported by Anaconda Nickel Limited under the 1996 edition of the JORC code (Refer to Anaconda Nickel Limited EL5485 Annual Report for period ending 25 May 1999 <sup>4)</sup>), and **11m @ 0.74% Ni, 0.05% Co** from 45m (NA126) reported by Jervois Mining Limited under the 2004 edition of the JORC code (Refer to Jervois Mining Limited Annual Report 2009 <sup>5)</sup>), (Figure 2).

<sup>4)</sup> <https://search.geoscience.nsw.gov.au/report/R00042449?q=R00042449&sort=score%20desc&t=all&a=true&p=false&s=false>

<sup>5)</sup> <https://www.asx.com.au/asxpdf/20091023/pdf/31lk29kt8jqy7d.pdf>

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) reported under the 2004 edition of the JORC code (Refer to Jervois Mining Limited ASX announcement dated 30 July 2012 <sup>6)</sup>) (Figure 2).

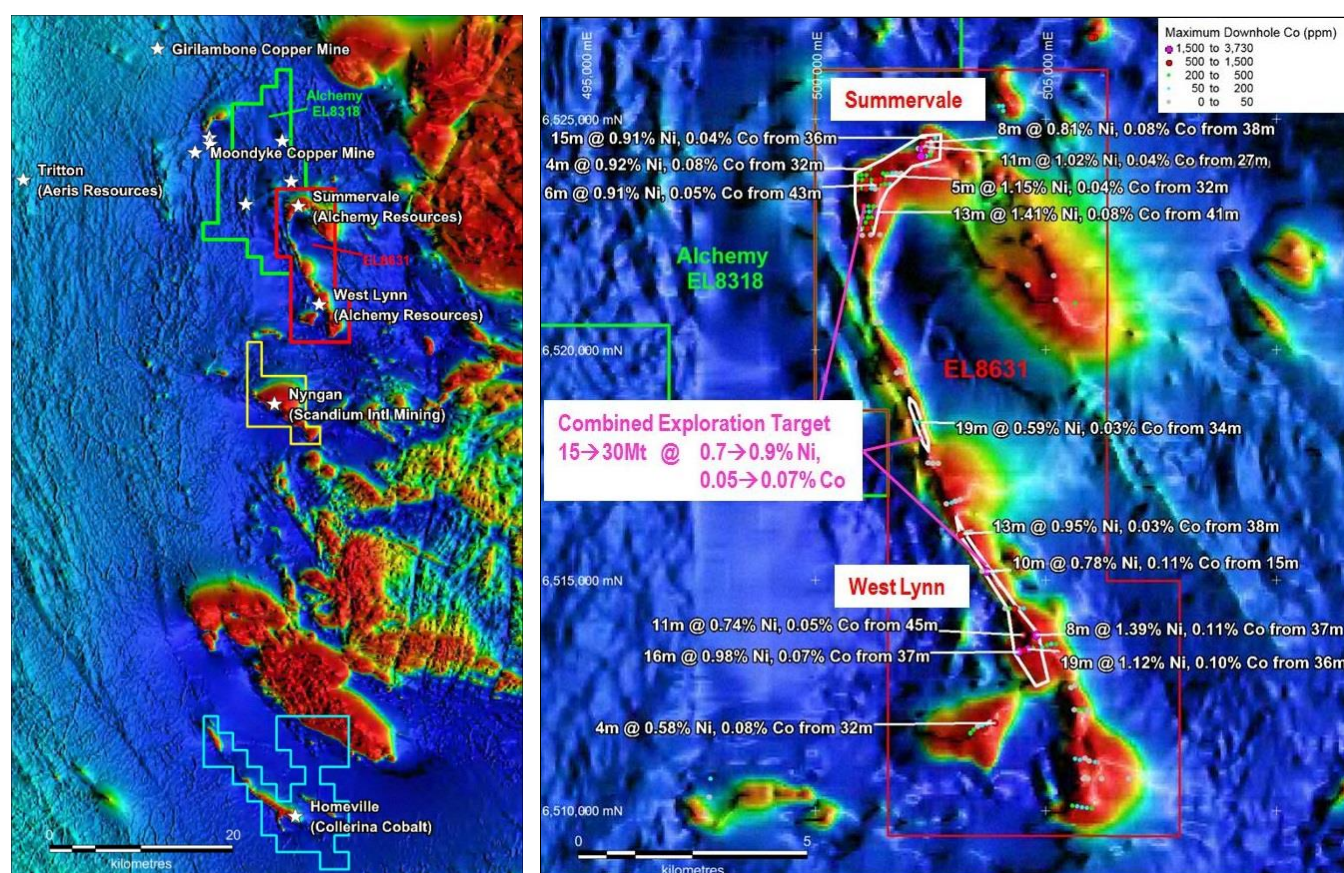
<sup>6)</sup> <https://www.asx.com.au/asxpdf/20120730/pdf/427phm5hqnlpbs.pdf>

The reporting of the Anaconda Nickel Limited and the Jervois Mining Limited exploration drilling results may not conform to the requirements in the JORC Code 2012 and it is possible that following further evaluation and/or



exploration work that the confidence in the prior reported exploration results may be reduced when reported under the JORC Code 2012. Nothing has come to the attention of Alchemy that causes it to question the accuracy or reliability of the former owner's Exploration Results; but Alchemy has not independently validated the former owner's exploration results and therefore is not to be regarded as reporting, adopting or endorsing those results.

Recent historic drilling data validation evaluation work completed by Alchemy including a review of all available drilling, sampling and assay reporting procedures, and a subsequent 3D inverse distance weighted block model has given rise to an **Exploration Target of 15→30Mt @ 0.7→0.9% Ni, 0.05→0.07% Co**. The Exploration Target (outlined in Figure 2), is based on 105 Aircore and 29 RC drill holes totalling 6,300m at a nominal hole spacing of 100m x 100m (Summervale) and 100m x 350m (West Lynn). *The potential quantity and grade of the exploration target is conceptual in nature and there has been insufficient exploration to estimate a mineral resource and it is uncertain if further exploration will result in the estimation of a mineral resource.*

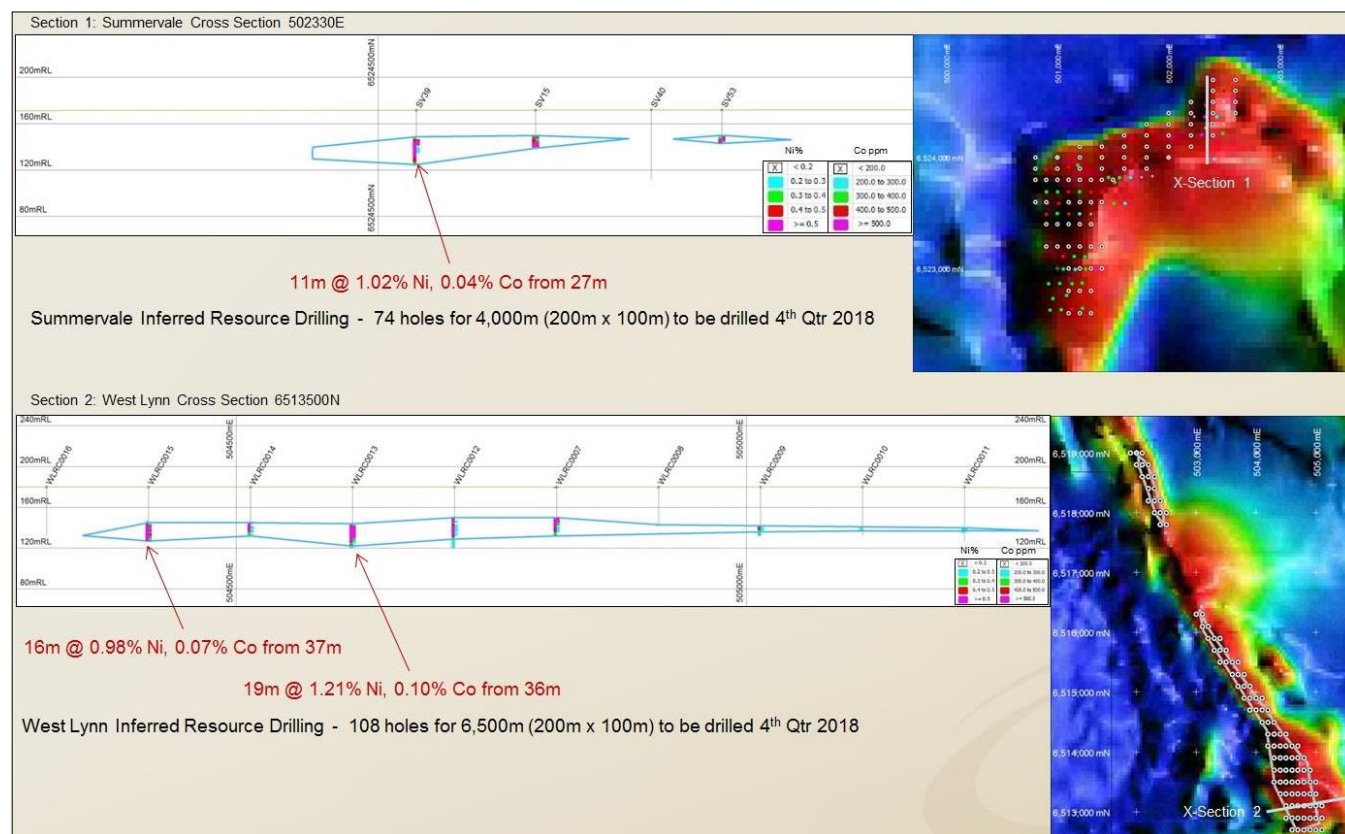


**Figure 2:** Regional Ni-Co±Sc deposits and mining licences over State-wide TMI aeromagnetic image (left) and West Lynn Option Agreement licence (EL8631), existing JV licence (EL8318), previous drill intercepts and drilling coloured by maximum downhole Co (ppm) and Exploration Target outline (white) over State-wide TMI aeromagnetic image (right)

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 Collerina Cobalt Limited (ASX: CLL) (Figure 2 - left). 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 Collerina Cobalt Limited company presentation dated 6 March 2018), and Collerina Cobalt Ltd is currently capitalised at approximately \$66M.

Resource drilling at both the West Lynn and Summervale prospects is planned for the 4th Quarter 2018. The drilling aims to produce and comply with a 2012 JORC compliant inferred resource. Drilling at West Lynn is to include 108 aircore drill holes for ~6,500m, and drilling at Summervale will include 74 holes for 4,000m with a 200m x 100m hole spacing to be used at both prospects (Figure 3). Alchemy sees potential for significant

expansion of the Ni-Co Exploration Target and subsequent resource by drilling untested sections of the 22km long West Lynn Serpentine magnetic high. Alchemy also recognises significant Sc, Al and Fe resource potential as a result of limited Sc, Al and Fe analysis being conducted on previous drill samples. Access to a considerable number of lab pulps from previous drilling at West Lynn and Summervale has been identified by Rangott Mineral Exploration Pty Ltd (Orange, NSW) and these will be sourced during the next quarter and where required, analysed for Sc, Al and Fe.

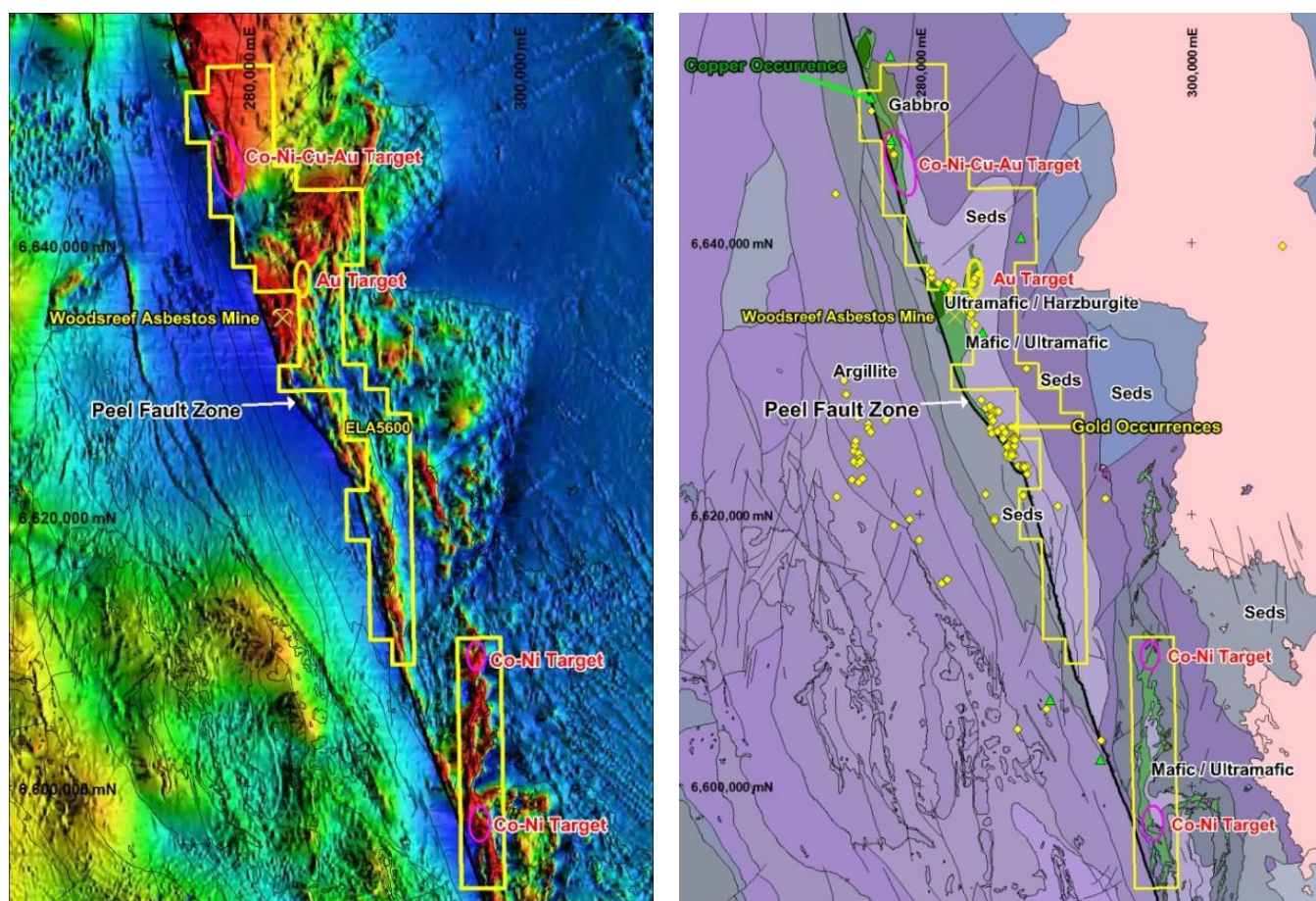


**Figure 3:** Summervale and West Lynn previous drilling cross-sections (coloured by Ni% & Co ppm) (left), and plan of previous drilling (coloured by Ni% & Co ppm) and planned resource drilling over State-wide TMI aeromagnetic image (right).

### Woodsreef Ni-Co Project (ELA5600)

Exploration licence application (ELA5600) (also included in the Option Agreement) is located 35km north of Tamworth, NSW, and covers an area of 281km<sup>2</sup> 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 (Figure 4).





**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)

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.

Alchemy's Managing Director, Leigh Ryan said:

"Alchemy is looking forward to commencing the drilling aimed at converting the exploration target into a 2012 JORC compliant resource later this year, and progressing a review of the scandium, aluminium and iron resource potential at West Lynn."

Please direct enquiries to:

Mr Leigh Ryan – Managing Director

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*The information in this report that relates to Exploration Results and the Exploration Target 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.*