Alchemy Resources Limited
ACN 124 444 122

ASX RELEASE

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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 342,335,585

OPTIONS 19,500,000 (Unlisted)

PROJECTS

BRYAH BASIN (80-100%)

KARONIE (100%)

LACHLAN (earning up to 80%)

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Initial RAB drilling confirms gold anomalism over Claypan Shear Zone, Karonie Gold Project, Eastern Goldfields, WA

HIGHLIGHTS

- Initial Rotary Air Blast (RAB) drilling has returned **anomalous gold results from** the Dragon and Manhattan prospects on **the Claypan Shear Zone** (Karonie Project, WA)
- Results from Dragon include;
    - 8m @ 0.13g/t Au from 32m to EOH
    - 1m @ 0.11g/t Au from 44m to EOH
- Results from Manhattan include;
    - 8m @ 0.12g/t Au from 44m
    - 4m @ 0.11g/t Au from 56m
- Elevated gold results at both at Dragon and Manhattan prospects coincide with prospective quartz veined, silica-carbonate-pyrite altered, sheared dolerite and basalt units.

Alchemy Resources Limited (**ASX: ALY**) ("**Alchemy**") has received all results from the recent RAB drilling program within the 100% owned Karonie Gold Project in the Eastern Goldfields, WA *(Figure 1)*. The results confirm anomalous gold mineralisation associated with the interpreted location of the Claypan Shear Zone (**CSZ**) at both the Dragon and Manhattan Prospects and have given the company sufficient confidence to undertake a much larger RAB program across the remaining thirty six (36) untested strike kilometres of the CSZ *(Figure 2)*.

RAB drilling at Dragon and Manhattan identified up to 22m of transported alluvial cover and has established that historic shallow auger sampling and soil sampling are not reliable sampling methods along CSZ, and that RAB drilling is required. Subsequently Phase 2 RAB drilling will put less weight on previous soil and auger results and instead target flexures and pressure shadows identified on aeromagnetic images that are prone to dilation and gold mineralisation associated with sinistral movement along the Claypan Shear Zone *(Figure 2)*.

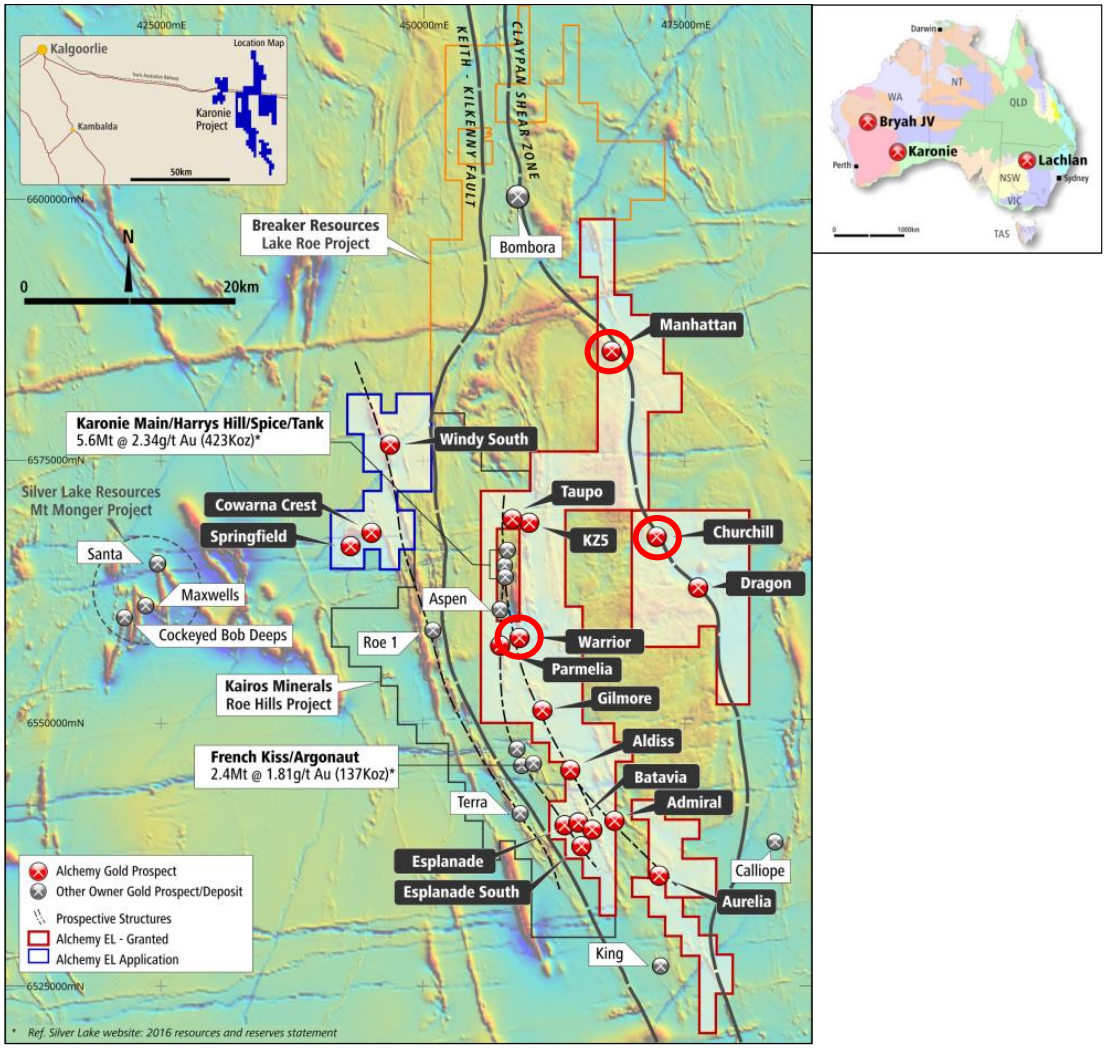

***Figure 1**: Karonie Project tenements, major deposits, prospects, RAB drilling prospects (red circles) and interpreted major structures over aeromagnetic image*

Better assay results from the RAB drilling include 8m @ 0.13g/t Au from 32m to EOH (DRRB067) and 1m @ 0.11g/t Au from 44m to EOH (DRRB128) from the Dragon Prospect *(Figures 2, 3, 5 & Table A)*, and 8m @ 0.12g/t Au from 44m (MARB027) and 4m @ 0.11g/t Au from 56m (MARB021) from the Manhattan Prospect *(Figures 2, 4, 6 & Table A)*. As expected, assays from transported and Proterozoic sediments at the Warrior Prospect returned no significant results.

Coarse grained fractionated dolerite units displaying leucocratic segregations (typical host rocks to Bombora, Mt Charlotte, Fimiston, Hidden Secret gold mineralisation) were identified within RAB samples at both Dragon and Manhattan prospects, and can be correlated to subtle linear and/or folded magnetic highs. These magnetic highs will also be targeted in the proposed Phase 2 RAB drilling which includes 180 RAB holes for ~8,950m drilled on 10 lines across the Claypan Shear Zone with a drill line spacing 2.3km - 4.6km, hole spacings at ~100m and an estimated hole depth of 50m *(Figure 2)*.

Preparation of the Program of Work is underway, with Native Title ground clearance surveys, and clearing of drill lines to commence shortly. The Phase 2 RAB program has also been submitted to the Government co-funded exploration drilling incentive scheme (EIS) where the Government funds up to 50% of the direct drilling costs, with successful EIS proposals expected to be announced late May 2018.

Alchemy's Managing Director, Leigh Ryan said:

"Given the minimal strike extent of the Claypan Shear Zone tested by the recent RAB program, and the discovery of significant transported alluvial cover limiting the value of all previous sampling methods, Alchemy are very encouraged by the most recent drilling results, and the alteration and rock types seen, and we're looking forward commencing the Phase 2 RAB drilling later this quarter."

Table A: Drill hole details and significant RAB drilling intercepts (4m composite sampling).

Hole ID	East*	North*	RL	Dip	Azi*	EOH Depth	From (m)	To (m)	Width (m)	Au g/t#
DRRB067	477050	6563240	300	-60	269	40	32	40	8	0.13
DRRB128	477297	6561992	300	-60	273	45	44	45	1	0.11
MARB021	468146	6586147	361	-60	273	64	56	60	4	0.11
MARB027	469076	6585651	357	-60	281	56	44	**52**	**8**	**0.12**

*GDA94 (zone 51)

#Lower cut-off grade = 0.1g/t Au, no top cut applied, no internal waste, all intercepts >0.1g/t Au reported

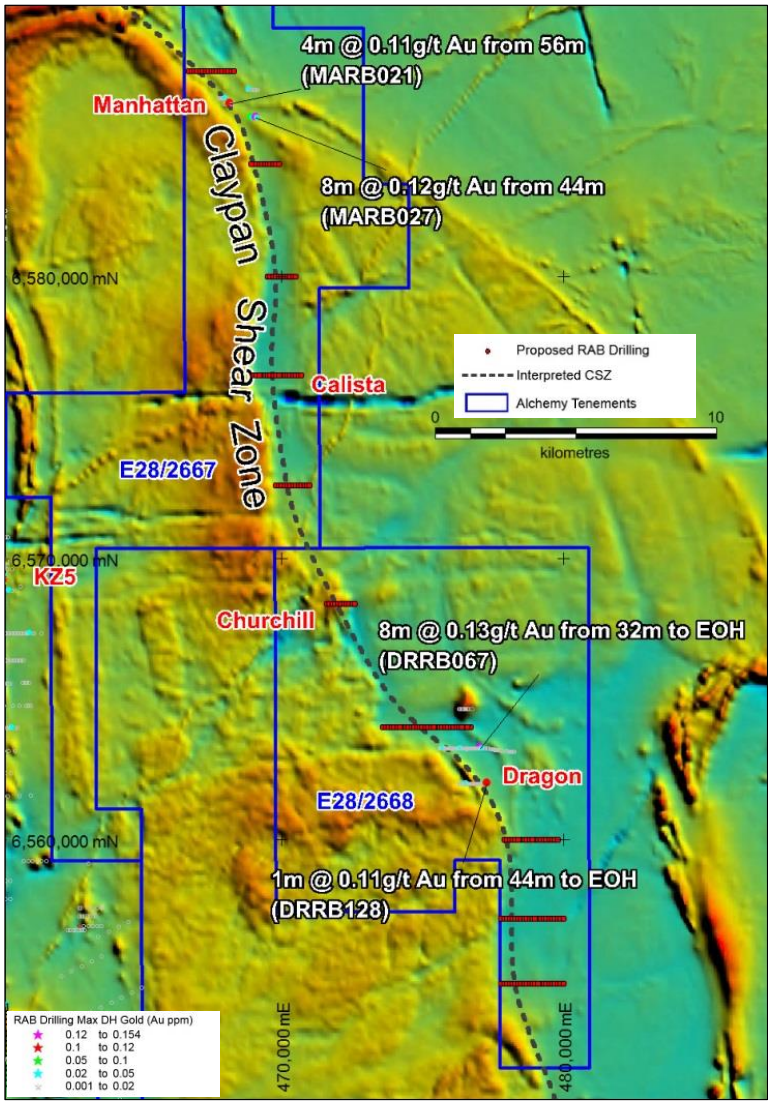

***Figure 2**: Karonie RAB drilling significant results and proposed Phase 2 RAB drilling (red lines) over Government aeromagnetic image.*

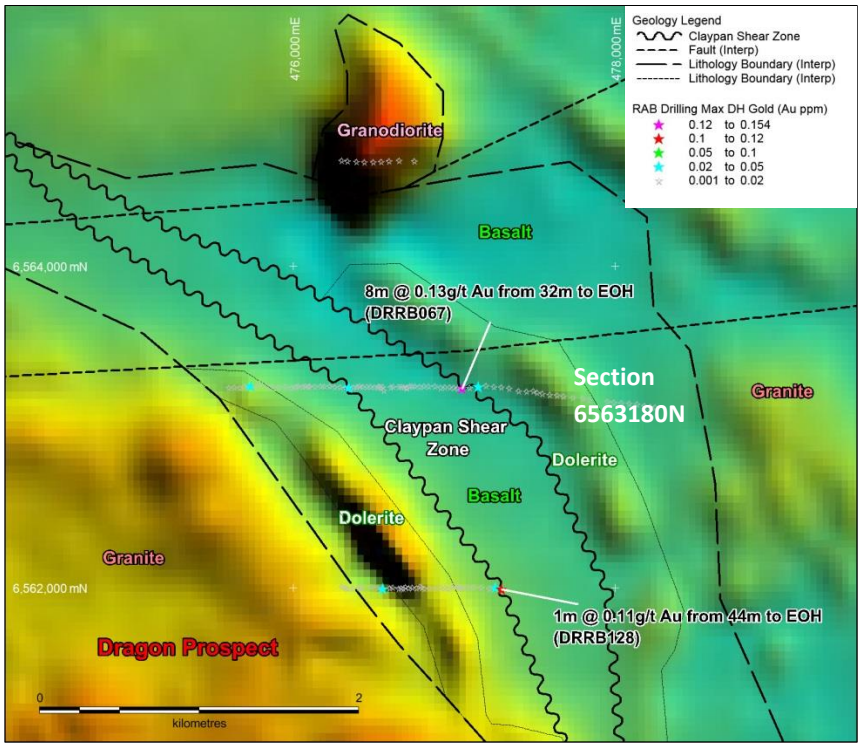

***Figure 3**: Dragon Prospect RAB drill hole location plan (coloured by maximum downhole Au ppm), significant drill results and interpreted geology over regional Govt. aeromagnetic image.*

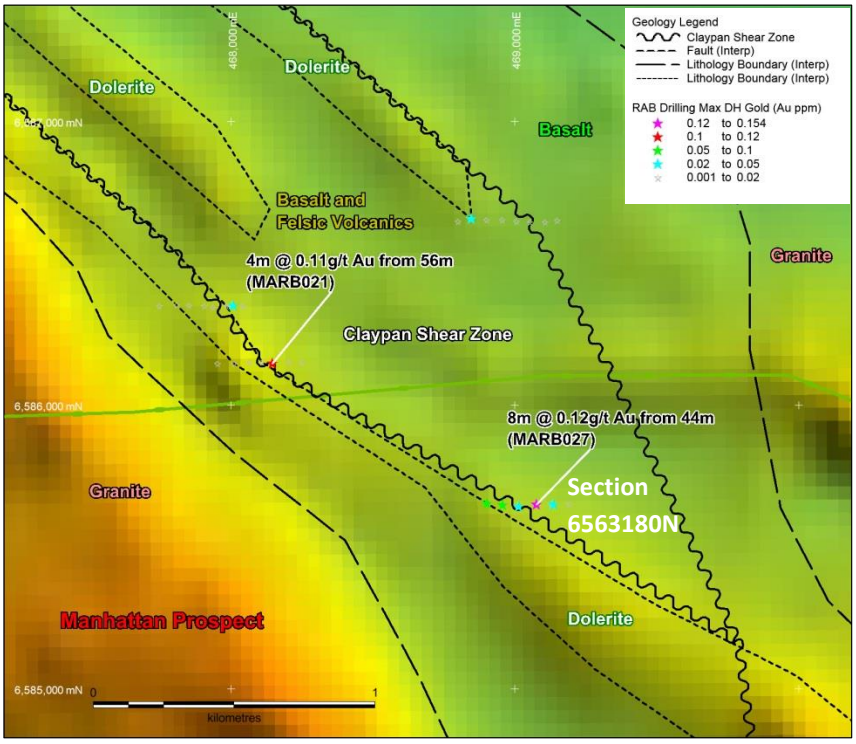

***Figure 4**: Manhattan Prospect RAB drill hole location plan (coloured by maximum downhole Au ppm), significant drill results and interpreted geology over regional Govt. aeromagnetic image.*

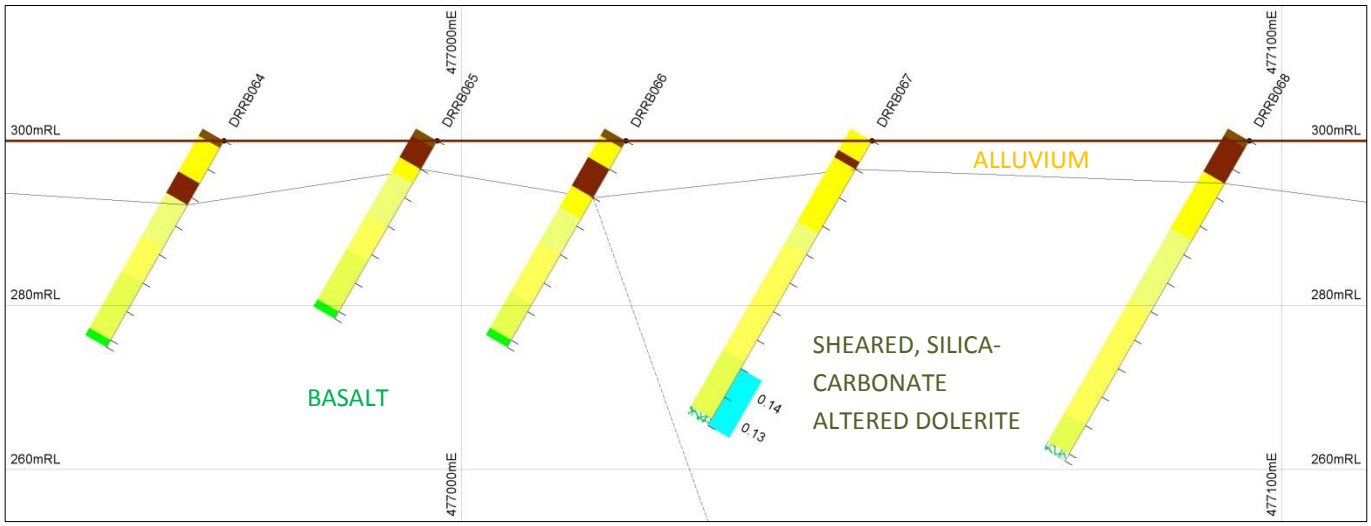

***Figure 5**: Dragon Prospect RAB drilling (Section 6563180N) - hole traces coloured and labelled by gold (g/t) (right), and geology (left).*

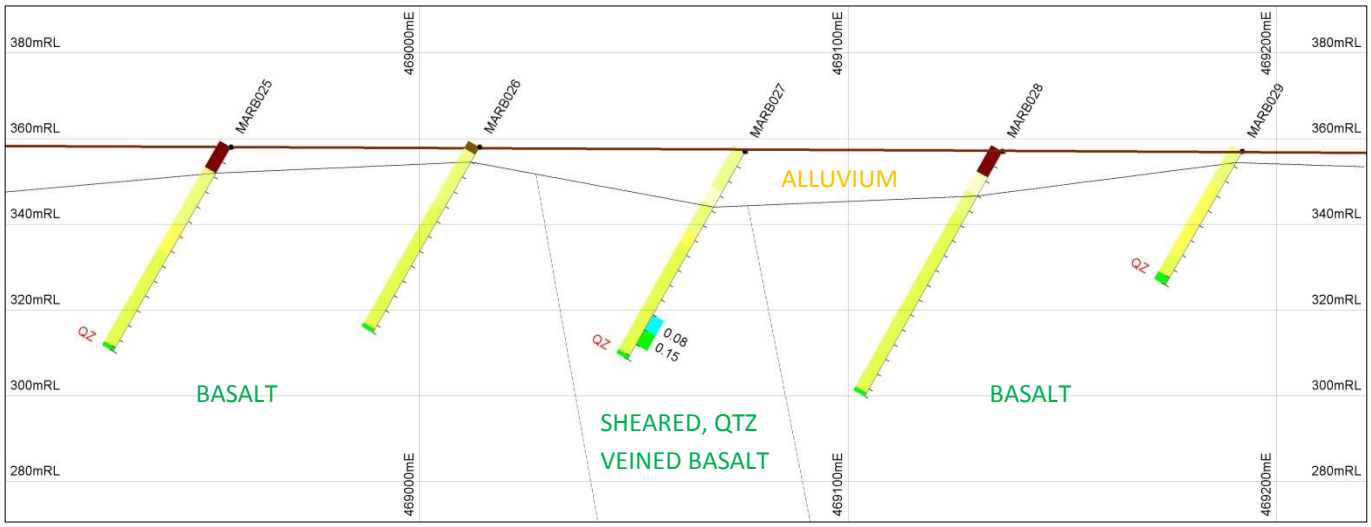

***Figure 6**: Dragon Prospect RAB drilling (Section 6563180N) - hole traces coloured and labelled by gold (g/t) (right), and geology (left).*

For further information please contact:

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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 rotary air blast (RAB) drill samples, obtained using an 'industry standard' drill rig, drilling equipment and sampling practices. RAB drilling, using a hammer bit obtained 1m samples dispensed into plastic buckets via an industry standard cyclone. Samples were deposited in rows of 10 with each sample representing 1m downhole drilling. An industry standard PVC spear was used to obtain a sample for gold and multi-element analysis. Samples for gold analysis were composited into 4m sample intervals. End of hole samples for multi-element analysis were sampled for 1m intervals. The RAB 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.).*	RAB drilling was completed from surface using 3m x 60mm diameter RAB drill rods and a 4.25" blade bit and a maximum 150m hole depth capacity.
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.* *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.*	Sample recoveries and moisture content estimates were logged/recorded into spreadsheets by the supervising geologist then uploaded into a Datashed database. There were very few (<<1%) significant sample recovery problems. No relationship exists between 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*	Geological logging was completed on all RAB holes, with colour, weathering, grain-size, lithology, alteration, mineralogy, veining, textures/structure and comments on other significant features noted.

Criteria	JORC Code explanation	Commentary
	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.*	Logging of sulphide mineralisation and veining is quantitative. All holes were logged in full. Representative samples of bedrock collected from at or near the end of each hole were retained in labelled chip sample trays. These are stored in Perth. No judgement has yet been made by independent qualified consultants as to whether RAB 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.* *Whether sample sizes are appropriate to the grain size of the material being sampled.*	RAB samples were spear sampled when dry, and grab sampled by hand when wet. One laboratory standard using Certified Reference Material (CRM) and one drill chip duplicate was inserted every 50 samples (i.e. 4% QAQC samples). All samples were 4m composite samples except for end of hole samples which 1m samples. Statistical analysis of duplicate sample data for Au shows a high level of repeatability and a lack of bias between the original and duplicate samples. 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.*	Composite samples and end of hole bedrock samples were sent to the ALS Laboratory in Perth for sample preparation and analysis. Preparation of the samples follows industry laboratory best practice method PUL-24 involving logging of sample weights, drying the entire sample in an electric oven set at 105ºC+5ºC for several hours (drying time dependent on moisture content), then crushing the entire sample (>70% -6mm). A split of 2.5 to 3kg was taken and then pulverized to 85% passing 75µm using an Essa LM5 grinding mill. A representative sample was split and bagged as the analytical sample. Composite samples were analysed using ALS method code Au-TL44 for Au (up to 50g aqua regia extraction with ICPMS finish). End of hole samples were analysed using ALS method code Au-TL43 for Au (up to 25g aqua regia extraction with ICPMS

Criteria	JORC Code explanation	Commentary
		finish) and ALS method code GEO-4A01 plus ME-MS61 for 48 elements. ME-ICP61 involves a 4 acid digest (HNO3/HClO4/HCl/ HF) on a 0.40g pulp. Digestion temperature range 160 - 200ºC for 1hr. Bulk-up volume is 100ml with AAS finish It is considered a "near total" assay technique – considered to extract and measure the entire element contained within the sample. Laboratory QAQC involves the use of internal laboratory standards using certified reference material (CRM), blanks, splits and replicates as part of in-house procedures. Lab standards GLG310-3, GLG307-5, G313-1 were used as a standard for Au analysis. ALY used CRMs (Lab Standards) with a suitable range of values, that were inserted every 50 samples. Results indicate that Lab Standard assay values are within acceptable error limits. Duplicate analysis for samples reveals that precision of samples is within acceptable limits.
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, stored on the company server in Perth 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 other locations used in Mineral Resource estimation.* *Specification of the grid system used.* *Quality and adequacy of topographic control.*	A Garmin CS60 GPS was used to locate collar positions, with an expected +/-5m vertical and horizontal accuracy. No down hole surveys were collected. The grid system used for all collar locations is the UTM Geocentric Datum of Australia 1994 (MGA94 Zone 51). The drill collar and down hole location accuracy is considered appropriate for this stage of exploration.

Criteria	JORC Code explanation	Commentary
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.*	Given the first pass target evaluation stage of exploration the drill hole and drill line spacing varies considerably. Drill line spacings range from 0.2km to 1.4km, and on these drill lines hole spacings range from 15m to 100m. No Mineral Resource or Reserve is being reported for this drilling. Samples have been physically composited (4m composite samples collected in the field) but not mathematically composited.
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.*	Gold bearing structures and lithologies in the area drilled are interpreted to dip steeply to the East. In the program 8 holes were drilled vertically and 157 at -60 degrees towards the West (approx. right angles to lithological trends) depending on drill hole penetration depths on each line. No orientation based sampling bias has been identified.
Sample security	*The measures taken to ensure sample security.*	All drill samples were collected in pre-numbered calico bags and subsequently large green plastic bags stored in a sea container on site All samples were transported via company vehicle to ALS Kalgoorlie and subsequently transported to Perth by ALS for prep and sample analysis.
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	Considering the preliminary nature of the drill program, 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 – Karonie. Reference numbers – E28/2575, E28/2667 and E28/2668. Location – 100km east of Kalgoorlie, Australia. Ownership – 100% Goldtribe Corporation Pty Ltd (a wholly owned subsidiary of Alchemy Resources Limited) Overriding royalties - none

Criteria	JORC Code explanation	Commentary
		The land is 100% freehold. No Wilderness Reserves, National Parks, Native Title sites or registered historical sites are known. No environmental issues are known.
Exploration done by other parties	*Acknowledgment and appraisal of exploration by other parties.*	Very limited previous exploration has been conducted across the Manhattan, Dragon and Warrior prospects, however a large amount of exploration has been conducted across the majority of E28/2575. Previous exploration companies include Freeport McMoran Ltd, Poseidon Gold Ltd, WMC, Goldfields Pty Ltd, Integra Mining Ltd, Border Gold, and Silver Lake Resources. Exploration work completed across the Karonie area has included desktop studies and collaborative research, geological and regolith mapping, soil sampling, RAB, Aircore, RC and diamond drilling, and numerous airborne and ground geophysical surveys (magnetics, gravity, IP, surface EM and downhole EM).
Geology	*Deposit type, geological setting and style of mineralisation*	Deposit Type – Structurally controlled, mesothermal gold mineralisation (Manhattan, Dragon and Warrior prospects). Geological setting – Folded Archean sediments and mafic volcanics. Multiple deformation events leading to complex faulting and metamorphism ranging from greenschist to amphibolite facies. Style of mineralisation – sheared, quartz veined, fractionated dolerite hosted gold mineralisation within east dipping Claypan Shear Zone at Manhattan, Dragon and Warrior prospects.
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.*	Drill results form the basis of the exploration results and are tabulated within the body of the announcement.

Criteria	JORC Code explanation	Commentary
	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.	
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.*	Depending on end of hole depths, reported gold intercepts include 4m, composite samples, and 1m individual samples. Any averaged intercepts are down hole length weighted averages. A 0.1g/t Au lower cut-off grade, no upper cut off grade, and 1m internal waste is used in the calculations.
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').*	All intercepts reported are downhole lengths. Due to the lack of any other drilling in the area and the limited bedrock penetration achieved by RAB drilling, true widths are not known. It is estimated that holes drilled at 60^0 towards the west could intercept mineralisation at ~45^0 which is equivalent to a ~40% increase in length when compared to true width. Holes drilled vertically may run sub-parallel to mineralisation.
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 have been included in the body of this announcement.
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.*	All gold drill intercepts corresponding to a lower cut-off of 0.1g/t Au have been reported. Lower cut-off grade = 0.1g/t Au, no top cut applied, max internal waste = 1m, all intervals >0.1g/t Au reported.
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*	Drilling at Manhattan (29 holes for 1336m) confirmed a magnetite-rich dolerite close to the western granite/greenstone contact at the prospect with stronger quartz veining and more

Criteria	JORC Code explanation	Commentary
	survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	intense foliation/shearing on its eastern margin. Minor disseminated pyrite and banded silica-carbonate alteration was also observed. The RAB drilling at Dragon (128 holes for 3,982m) established that the greenstone belt has a true width of at least 2.2km (beyond previous aeromagnetic based interpretations), and also confirmed two interpreted dolerite units corresponding to linear magnetic highs in the area. Strong shearing and a notable increase in both quartz veining and disseminated sulphides (pyrite), was identified on the eastern margins of the two main dolerite units at the prospect. A magnetic granodiorite intrusion was intersected on the northernmost line at Dragon explaining the intense magnetic high in that area RAB drilling across an interpreted dolerite unit coinciding with gravity and magnetic highs at the Warrior Prospect (8 holes for 166m) was unable to reach bedrock, intersecting clay and highly weathered quartz-rich sandstones of the Woodline Formation which continuously collapsed. The area remains untested and other drilling methods are being considered.
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.*	179 RAB holes for 8,950m drilled on 10 lines targeting flexures and pressure shadows along the Claypan Shear Zone have been planned with drill line spacing 2.3km - 4.6km apart and hole spacings at approximately 100m with an estimated hole depth of 50m. The drill program has been submitted to the Government co-funded exploration drilling incentive scheme (EIS) where the announcement of successful proposals is planned for late May 2018.