ASX ANNOUNCEMENT

22 OCTOBER 2018

CODE: ALY

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Managing Director

Ms Liza Carpene
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ISSUED CAPITAL

SHARES 440,419,481

OPTIONS 29,500,000 (Unlisted)

PROJECTS

WEST LYNN (earning up to 80%)

LACHLAN (earning up to 80%)

KARONIE (100%)

BRYAH BASIN (80-100%)

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Alchemy Resources Limited

Alchemy drilling defines wide Ni-Co-Al intercepts at the West Lynn Project, NSW

HIGHLIGHTS

- **Phase 2 resource drilling at the West Lynn Project returns numerous significant Ni-Co results including:**
  - **25m @ 1.0% Ni, 0.06% Co from 36m**
  - **28m @ 0.7% Ni, 0.04% Co from 32m**
  - **21m @ 0.9% Ni, 0.04% Co from 39m**
  - **18m @ 1.0% Ni, 0.06% Co from 36m**
- **Broad, high grade alumina (Al_2O_3) intercepts from clay zone immediately above Ni-Co mineralisation include:**
  - **19m @ 18.7% Al_2O_3 from 8m**
  - **18m @ 19.5% Al_2O_3 from 10m**
  - **15m @ 22.9% Al_2O_3 from 33m**
  - **18m @ 17.9% Al_2O_3 from 15m**
- **Phase 3 aircore and diamond drilling has commenced**
- **Metallurgical sampling has commenced**

Alchemy Resources Limited (**ASX: ALY**) ("Alchemy") is pleased to announce additional significant results received from the Phase 2 resource drilling within the West Lynn Nickel-Cobalt Project in the Lachlan Fold Belt, NSW, which forms part of the Heron Resources Limited (**ASX: HRR**) Farm-in Agreement (*Figure 1*). The results confirm broad high grade nickel (Ni) - cobalt (Co) mineralisation within the laterite and saprolite profiles at both West Lynn and Summervale, and confirm and extend broad zones of alumina (Al_2O_3) immediately above the Ni-Co mineralised zone.

Phase 3 drilling is now underway, comprising infill and extension aircore drilling and 3 PQ triple tube diamond holes to allow for density measurements on the mineralised host rocks. Results from the Phase 3 drilling program are expected to facilitate the conversion of the existing West Lynn Nickel-Cobalt Exploration Target to a JORC Code 2012 compliant resource estimate.

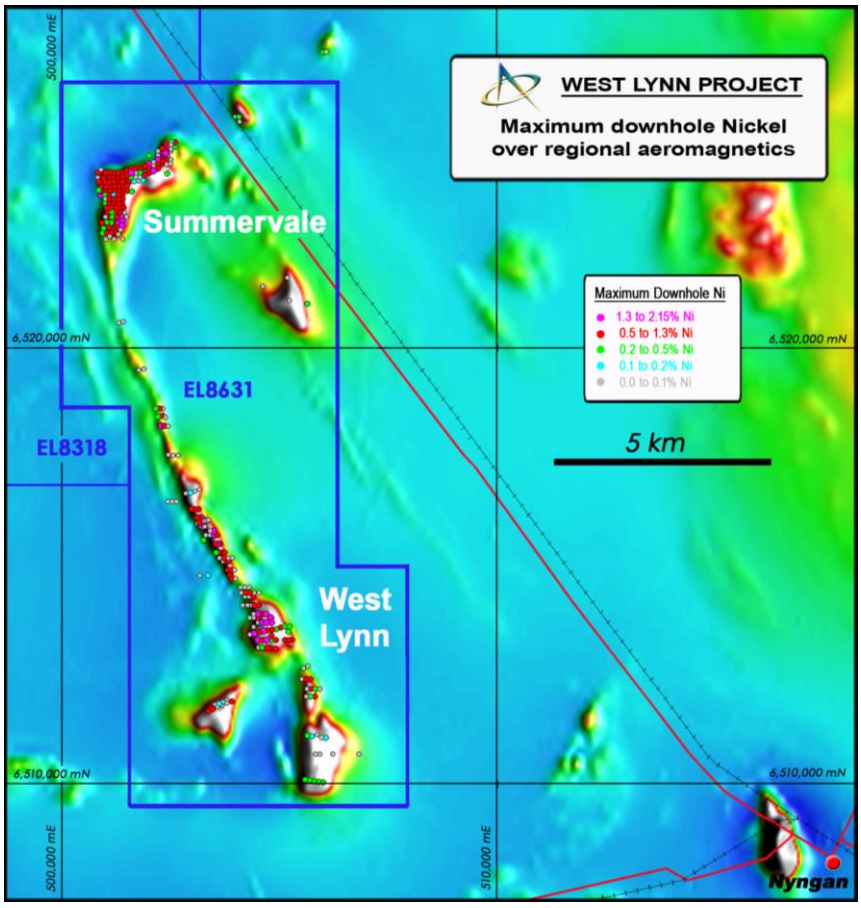

***Figure 1**: West Lynn Exploration Target area showing Alchemy licence outlines and all drilling coloured by maximum downhole Ni (%) over regional aeromagnetic image.*

The Phase 2 drilling program has also confirmed the potential to expand the known Ni-Co- Al_2O_3 mineralisation at both the Summervale and West Lynn prospects, with Alchemy's drilling covering only about 10km of the 22km long West Lynn Serpentinite

West Lynn Prospect

All mineralised intercepts from the Phase 2 drilling (51 holes for 2,293m) at the West Lynn prospect (WLAC024 – 074) are included in Appendix 1. Significant Ni-Co results include:

- **25m @ 0.99% Ni, 0.06% Co from 36m (WLAC048)**
- **28m @ 0.72% Ni, 0.04% Co from 32m (WLAC047)**
- **21m @ 0.89% Ni, 0.04% Co from 39m (WLAC033)**
- **22m @ 0.80% Ni, 0.04% Co from 45m (WLAC045)**
- **23m @ 0.72% Ni, 0.04% Co from 35m (WLAC029)**
- **10m @ 0.8% Ni, 0.07% Co from 11m (WLAC058)**

High grade alumina (Al_2O_3) intercepts from the zone above the Ni-Co mineralisation include:

- **19m @ 18.7% Al_2O_3 from 8m (WLAC067)**
- **18m @ 19.5% Al_2O_3 from 10m (WLAC069)**
- **18m @ 17.9% Al_2O_3 from 15m (WLAC066)**
- **19m @ 15.7 % Al_2O_3 from 31m (WLAC043)**

Locations of the significant Ni-Co-Al_2O_3 intercepts from the West Lynn Phase 2 drilling can be seen in Figure 2, and in cross section below (Figures 3 & 4).

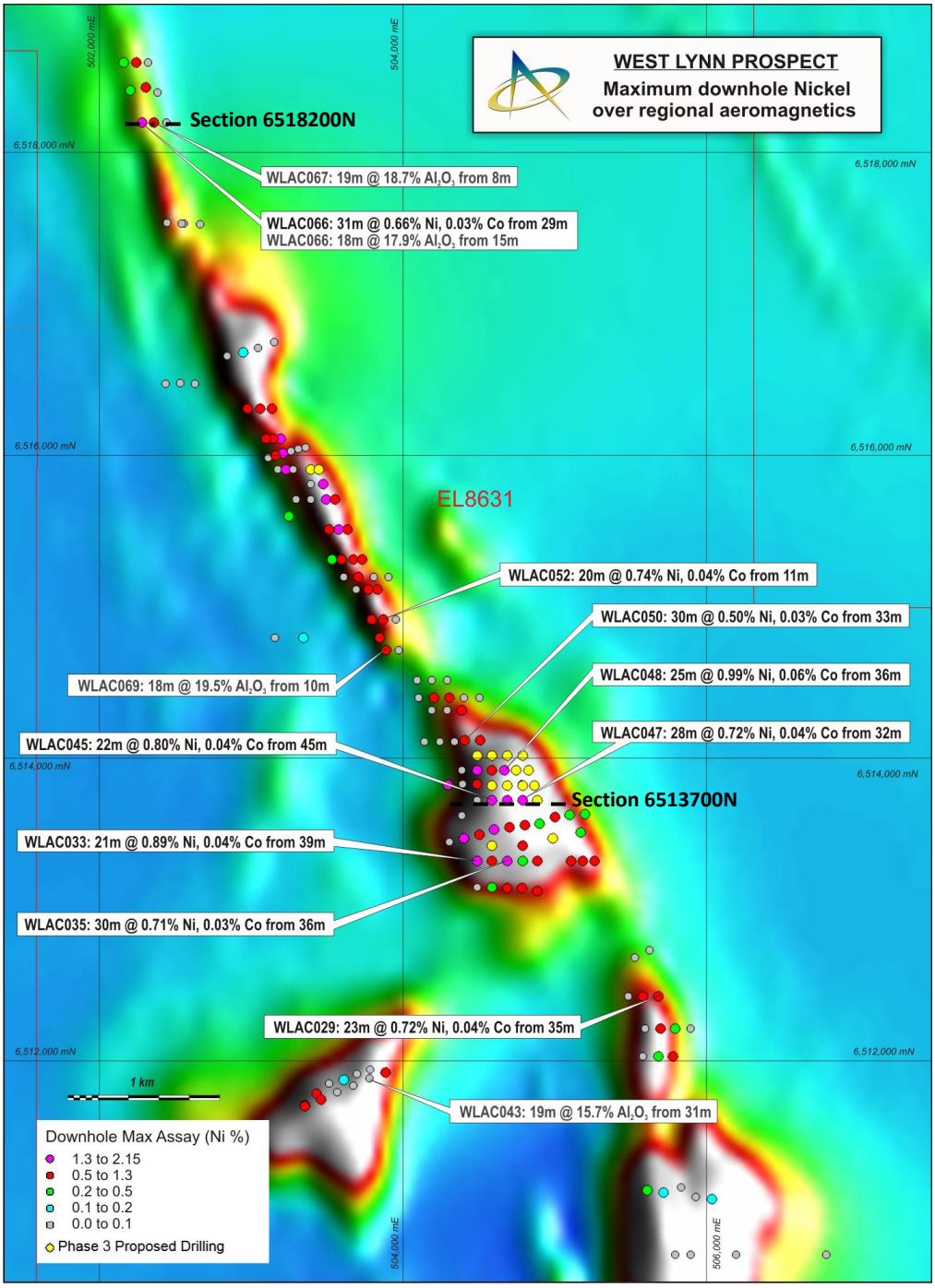

***Figure 2**: Plan of West Lynn Prospect showing all drilling (coloured by Ni%), Phase 2 significant intercepts (labelled), and proposed Phase 3 resource drilling (yellow dots) over regional aeromagnetic image.*

Ni-Co mineralisation at West Lynn is associated with variably limonitic and ferruginous clay, saprolite and weathered serpentinite units. The higher alumina grades are associated with pale cream to white clay units located immediately above the Ni-Co mineralisation. Both Ni-Co and alumina mineralisation at West Lynn continues to show good continuity, which is favourable for the forthcoming resource estimation work.

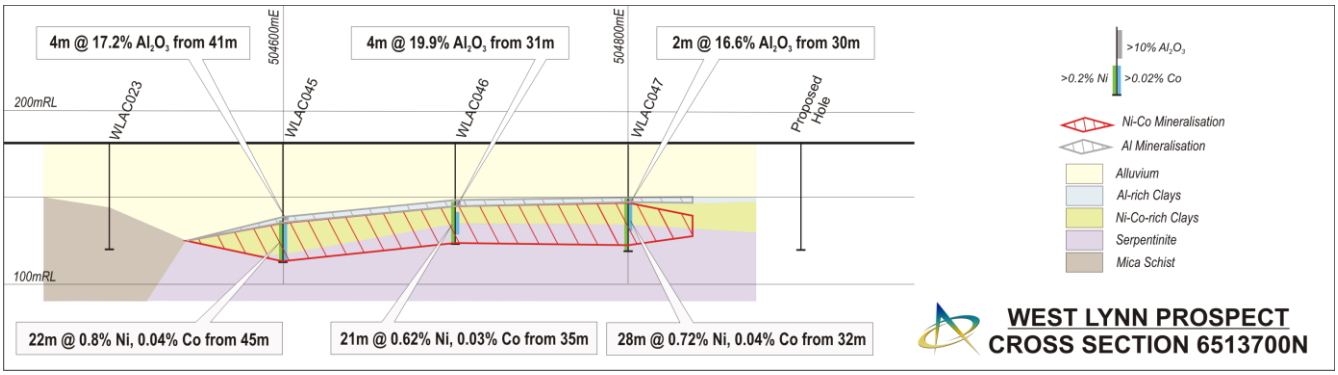

***Figure 3**: West Lynn Prospect cross section (6513700N) showing recent drill holes, mineralised zones, significant intercepts and geology.*

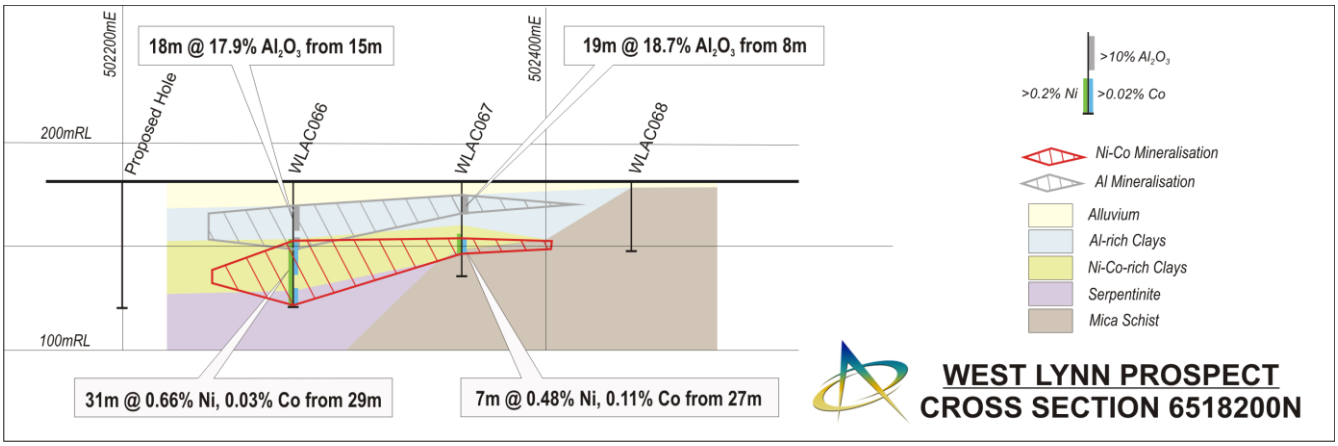

***Figure 4**: West Lynn Prospect cross section (6518200N) showing recent drill holes, mineralised zones, significant intercepts and geology.*

Summervale Prospect

All mineralised intercepts from the Phase 2 drilling (44 holes for 2,344m) at the Summervale Prospect (SV037 – 080) are included in Appendix 1. Significant Ni-Co results from the Phase 2 drilling include:

- **18m @ 1.0% Ni, 0.06% Co from 36m (SVAC069)**
- **20m @ 0.9% Ni, 0.04% Co from 31m (SVAC039)**
- **19m @ 0.9% Ni, 0.04% Co from 27m (SVAC040)**

Broad, high grade alumina (Al_2O_3) intercepts from Summervale included 15m @ 22.9% Al_2O_3 from 33m in SVAC054. Sampling of the alumina rich layer above the Ni-Co rich clays is incomplete with remaining samples from this zone to be submitted with the Phase 3 drill samples.

Locations of the significant Ni-Co-Al_2O_3 intercepts from the Summervale Phase 1 and 2 drilling can be seen in Figure 5, and in selected cross sections below (Figures 6 & 7). Ni-Co mineralisation at Summervale is also associated with variably limonitic and ferruginous clay, saprolite and weathered serpentinite units. The higher alumina grades are associated with pale cream to white clay units located immediately above the Ni-Co mineralisation. Both Ni-Co and alumina mineralisation at Summervale also show good continuity, which is favourable for the planned resource estimation work.

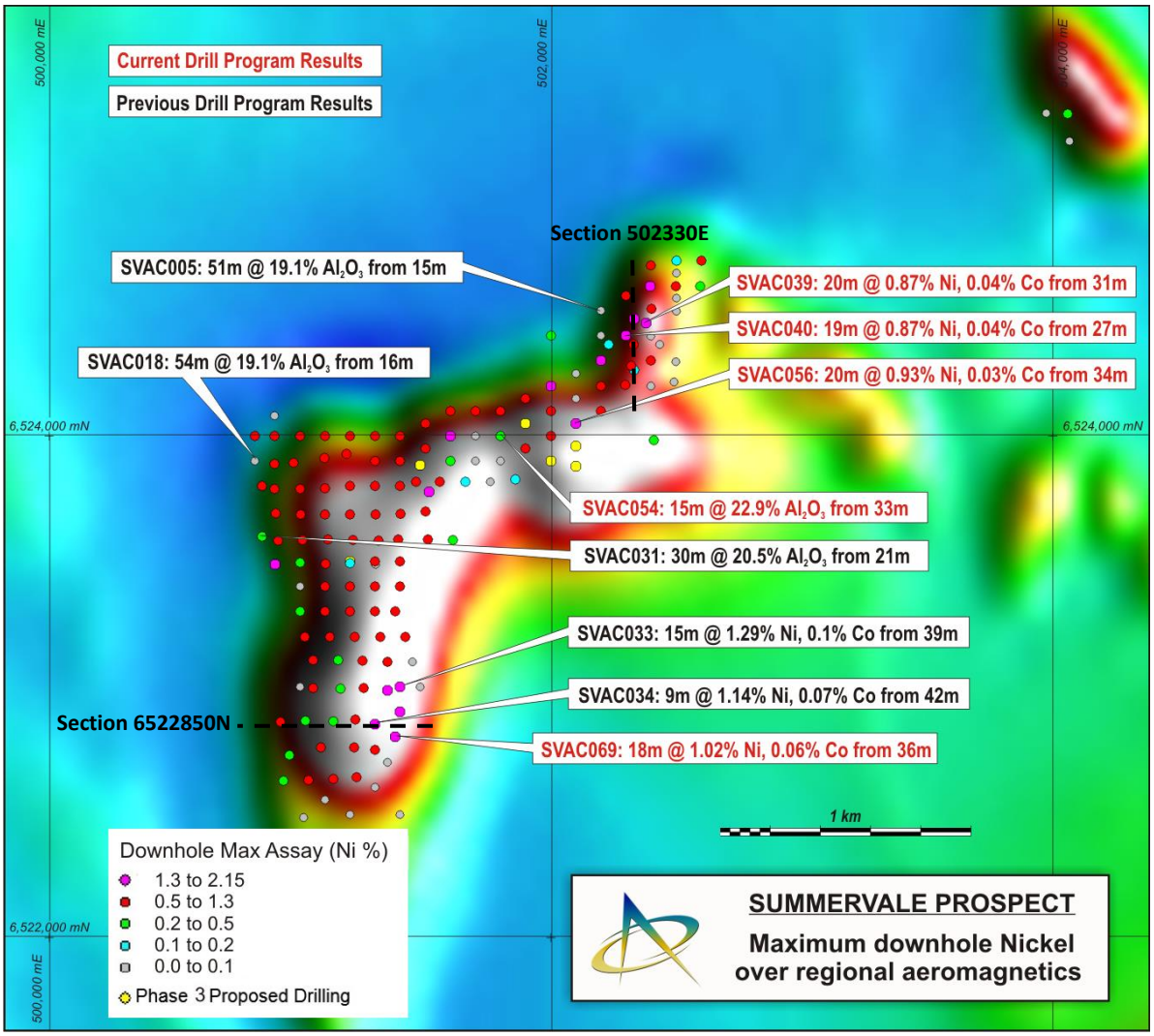

***Figure 5**: Plan of Summervale Prospect showing all drilling (coloured by Ni%), Phase 1 and Phase 2 significant intercepts (labelled), and proposed Phase 3 resource drilling (yellow dots) over regional aeromagnetic image.*

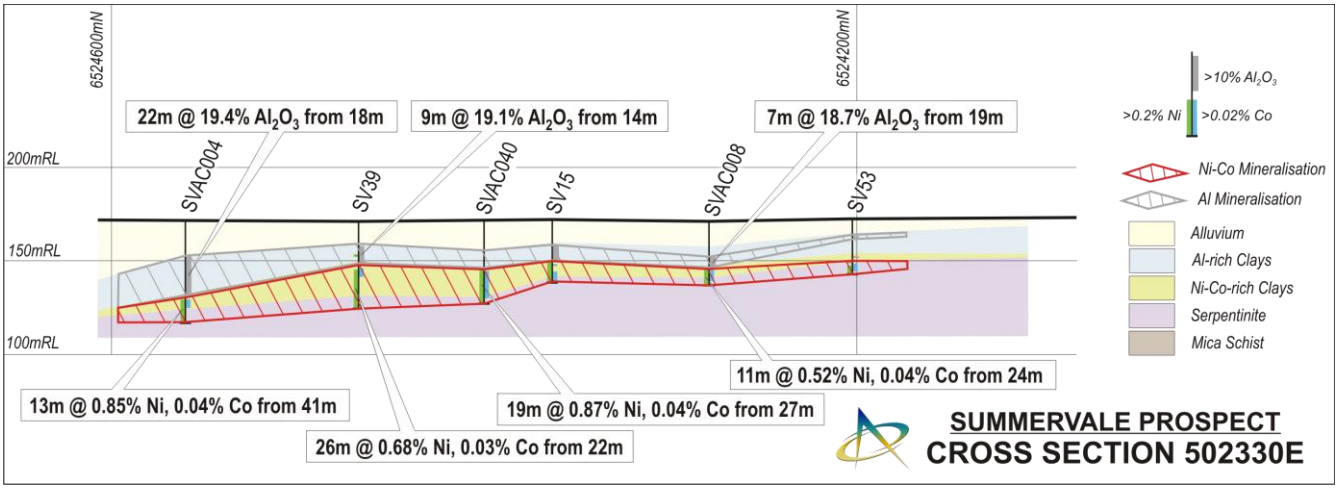

***Figure 6**: Summervale Prospect cross section (502330E) showing recent and historic drill holes, mineralised zones, significant intercepts and geology.*

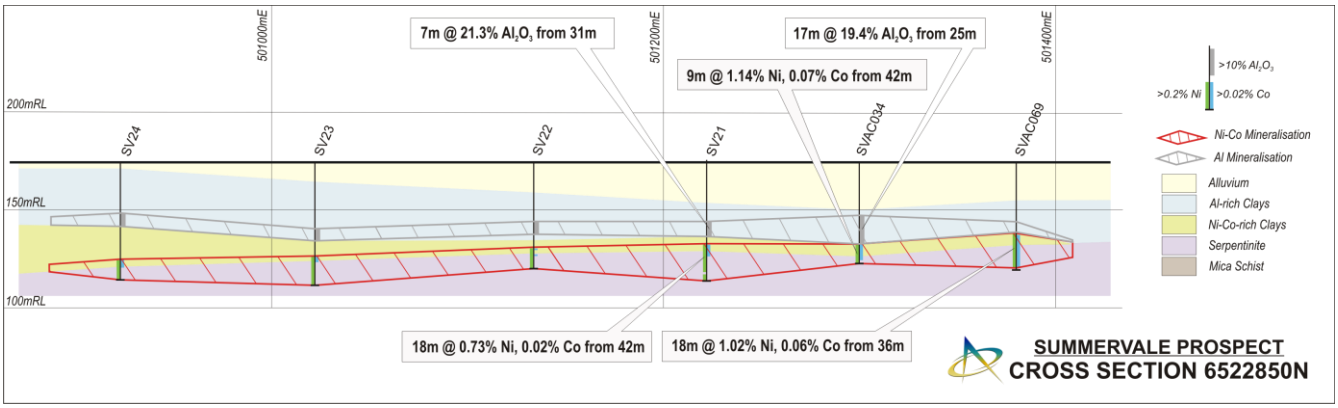

***Figure 7**: Summervale Prospect cross section (6522850N) showing recent and historic drill holes, mineralised zones, significant intercepts, and geology.*

The nickel and cobalt mineralisation at West Lynn is a direct result of weathering of the highly magnetic West Lynn Serpentinite unit (*red/white "peaks" in Figures 1, 2 & 5*). The resulting metal rich clays are low in iron when compared to the typical Ni-Co laterite ore bodies formed in Western Australia.

Metallurgical sampling has commenced with samples to be shipped to Perth for recovery test work via the DNi Process™. The DNi Process™ is regarded as most efficient at extracting nickel and cobalt from laterites and is the first process to treat the entire profile of a laterite deposit (limonite and saprolite), leading to much better economic use of the resource. The process is based on simple chemistry with continuous, rapid tank leaching, achieving high nickel, cobalt, iron, alumina and magnesium oxide recovery rates. Over 95% of the leach reagent, nitric acid, is recovered and recycled, lowering production costs and efficiently reducing associated environmental issues. Plant Capex is lower than other hydrometallurgical processes, in part because the DNi Process™ does not require high pressures, high temperatures, or exotic processing plant construction materials.

For further information on the DNi Process™ refer to the Direct Nickel website (http://www.directnickel.com/).

Alchemy is highly encouraged by the nickel, cobalt and alumina results received from both the Phase 1 and Phase 2 drilling at West Lynn. The Company is looking forward to receiving additional ore grade results from the Phase 3 aircore program, and completing the resource estimation and preliminary metallurgical work on the Ni-Co-Al mineralisation over the coming months, with the resource estimate for the West Lynn Project now expected to be completed early 2019.

Please direct enquiries to:

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The information in this report that relates to Exploration Results is based on information compiled by Leigh Ryan, who is the Managing Director and security holder of Alchemy Resources Limited. 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 information in the form and context in which it appears.

Appendix 1

Table A: Nickel-Cobalt Resource Drilling Results from West Lynn (WLAC) and Summervale (SVAC) Prospects
(all intercepts >2000ppm Ni)

HoleID	EOH Depth	Easting	Northing	From	To	Width	Ni %	Co %	Al_2O_3 %	Fe %
SVAC039	51	502380	6524450	31	51	**20**	**0.87**	**0.042**	2.41	15.01
SVAC040	46	502300	6524400	27	46	**19**	**0.87**	**0.041**	6.28	23.51
SVAC041	57	501900	6524150	47	56	**9**	**0.84**	**0.036**	5.94	15.65
SVAC044	57	502000	6524100	45	57	12	0.57	0.019	3.97	11.12
SVAC045	53	501800	6524100	44	53	**9**	**0.73**	**0.041**	4.15	19.70
SVAC046	48	501700	6524100	39	48	9	0.67	0.045	3.74	23.45
SVAC047	51	501500	6524050	31	51	20	0.35	0.015	3.81	8.12
SVAC048	45	501300	6524000	32	45	13	0.58	0.026	3.76	13.67
SVAC049	55	501000	6524000	28	54	26	0.45	0.019	3.32	11.06
SVAC050	45	500820	6524000	28	45	**17**	**0.60**	**0.038**	6.24	13.47
SVAC052	57	501500	6523950	33	57	24	0.35	0.016	3.84	8.18
SVAC054	48	501800	6524000	37	48	11	0.35	0.009	25.35	8.59
SVAC055	60	501900	6524050	45	60	15	0.78	0.021	2.14	11.48
SVAC056	57	502100	6524050	34	54	20	0.93	0.031	3.16	13.62
SVAC057	57	501900	6523950	46	57	11	0.51	0.023	1.96	12.66
SVAC060	51	501500	6523700	34	51	17	0.53	0.025	5.85	20.52
SVAC061	55	501400	6523500	44	55	11	0.56	0.022	3.59	13.52
SVAC062	54	501400	6523400	43	54	11	0.40	0.019	1.96	10.46
SVAC063	54	501380	6523300	42	54	12	0.50	0.027	1.60	11.03
SVAC064	52	501420	6523200	40	52	12	0.56	0.043	1.77	10.55
SVAC065	51	501320	6523200	39	51	12	0.38	0.015	2.14	8.67
SVAC068	54	501400	6522900	39	54	15	0.61	0.039	6.32	24.72
SVAC069	54	501380	6522800	36	54	**18**	**1.02**	**0.056**	3.79	22.87
SVAC073	54	501220	6523200	38	54	16	0.43	0.022	2.58	15.03
SVAC074	57	501120	6523200	47	57	10	0.39	0.022	3.43	17.42
SVAC075	52	501020	6523200	49	51	2	0.55	0.030	3.92	27.51
SVAC077	51	501100	6523400	38	51	13	0.37	0.017	2.09	10.22
SVAC078	51	501200	6523400	37	51	14	0.37	0.017	2.70	11.21
SVAC079	51	501300	6523400	40	51	11	0.53	0.023	4.43	21.00
SVAC080	57	501300	6523500	46	57	**11**	**0.80**	**0.042**	4.30	18.40
WLAC024	65	505120	6513300	40	65	25	0.40	0.020	1.69	8.97
WLAC025	58	505200	6513300	37	58	21	0.35	0.016	2.32	8.27
WLAC026	54	505280	6513300	38	54	16	0.53	0.029	1.95	10.33
WLAC028	59	505600	6512400	37	58	21	0.46	0.018	10.79	36.94
WLAC029	58	505700	6512400	35	58	**23**	**0.72**	**0.036**	5.06	22.02
WLAC030	66	505800	6512000	48	59	11	0.59	0.032	7.08	23.27
WLAC031	30	505700	6512000	25	29	4	0.30	0.009	10.91	4.26
WLAC033	60	504500	6513300	39	60	**21**	**0.89**	**0.039**	5.31	30.83
WLAC034	66	504600	6513300	41	66	25	0.62	0.027	2.27	15.54
WLAC035	66	504700	6513300	36	66	30	0.71	0.025	2.16	12.12

HoleID	EOH Depth	Easting	Northing	From	To	Width	Ni %	Co %	Al_2O_3 %	Fe %
WLAC036	46	504800	6513300	39	45	6	0.28	0.014	4.01	7.78
WLAC037	63	504900	6513300	41	63	22	0.34	0.016	1.61	8.46
WLAC038	60	504900	6513100	42	60	18	0.37	0.017	2.08	10.93
WLAC039	46	504800	6513400	38	45	7	0.64	0.028	3.70	10.63
WLAC040	40	503466	6511716	22	40	18	0.48	0.026	2.73	11.75
WLAC045	67	504600	6513700	45	67	**22**	**0.80**	**0.042**	2.82	16.95
WLAC046	56	504700	6513700	35	56	21	0.62	0.028	3.90	16.24
WLAC047	60	504800	6513700	32	60	**28**	**0.72**	**0.041**	3.89	13.93
WLAC048	61	504680	6513900	36	61	**25**	**0.99**	**0.057**	5.34	24.60
WLAC049	58	504520	6514100	37	58	21	0.64	0.033	3.38	16.67
WLAC050	69	504420	6514100	33	63	30	0.50	0.025	3.97	14.04
WLAC051	25	503800	6514900	3	25	22	0.48	0.022	3.47	13.44
WLAC052	31	503880	6514900	11	31	**20**	**0.74**	**0.042**	4.65	19.05
WLAC054	42	503840	6515100	21	42	21	0.52	0.040	3.50	18.30
WLAC055	41	503740	6515300	36	41	5	0.57	0.041	3.27	21.21
WLAC056	34	503540	6515300	27	28	1	0.25	0.008	3.65	10.75
WLAC057	22	503640	6515500	8	22	14	0.64	0.029	4.98	14.03
WLAC058	21	503580	6515500	11	21	**10**	**0.75**	**0.066**	5.95	21.33
WLAC059	33	503520	6515500	13	33	20	0.59	0.027	2.74	12.75
WLAC060	24	503560	6515700	9	24	**15**	**0.66**	**0.049**	5.85	21.13
WLAC061	42	503480	6515800	20	42	22	0.66	0.033	5.02	20.68
WLAC063	18	503140	6516300	1	18	17	0.41	0.019	9.44	10.11
WLAC064	12	503060	6516300	1	12	11	0.51	0.035	4.09	14.25
WLAC065	15	502980	6516300	2	15	13	0.54	0.040	4.93	18.00
WLAC066	60	502280	6518200	29	60	31	0.66	0.034	5.23	19.31
WLAC067	45	502360	6518200	27	34	**7**	**0.48**	**0.110**	6.42	28.08
WLAC069	42	503900	6514700	8	9	1	0.27	0.017	5.24	6.97
WLAC069				27	42	15	0.56	0.037	4.46	17.66
WLAC073	45	502240	6518600	32	45	13	0.60	0.030	4.29	13.09
WLAC074	41	502160	6518600	30	31	1	0.30	0.042	6.02	26.72
WLAC074				37	38	1	0.22	0.012	7.85	4.51

NB. All coordinates are GDA94 zone 55, 2000ppm Ni lower grade cut-off, no upper cut-off grade, maximum 2m internal waste, all intercepts >2000ppm Ni are reported.

Table B: Alumina Resource Drilling Results from West Lynn and Summervale Prospects

(all intercepts >15% Al_2O_3)

HoleID	EOH_Depth	Easting	Northing	From	To	Width	Al_2O_3 %	Fe %
SVAC040	46	502300	6524400	27	30	3	17.98	28.2
SVAC041	57	501900	6524150	54	55	1	16.35	7.46
SVAC042	57	502100	6524150	46	52	6	15.77	4.27
SVAC045	53	501800	6524100	41	44	3	23.13	17.71
SVAC046	48	501700	6524100	38	39	1	17.6	28.85
SVAC047	51	501500	6524050	30	32	2	20.45	5.51
SVAC049	55	501000	6524000	28	29	1	20	4.94

HoleID	EOH_Depth	Easting	Northing	From	To	Width	Al_2O_3 %	Fe %
SVAC050	45	500820	6524000	27	30	3	20.7	4.91
SVAC052	57	501500	6523950	33	36	3	23.4	5.38
SVAC054	48	501800	6524000	33	48	**15**	**22.86**	13.48
SVAC056	57	502100	6524050	34	35	1	15.9	13.37
SVAC060	51	501500	6523700	33	36	3	23.13	7.62
SVAC068	54	501400	6522900	37	39	2	19.03	29.71
SVAC077	51	501100	6523400	37	38	1	18.75	3.08
SVAC079	51	501300	6523400	40	41	1	17.15	15.11
SVAC080	57	501300	6523500	46	47	1	17.65	17.51
WLAC028	59	505600	6512400	33	44	**11**	**20.71**	27.25
WLAC029	58	505700	6512400	34	36	2	19.52	21.07
WLAC030	66	505800	6512000	44	47	3	23.33	2.11
WLAC031	30	505700	6512000	25	26	1	16.3	4.92
WLAC033	60	504500	6513300	37	39	2	21.27	6.05
WLAC043	51	503784	6511854	31	50	**19**	**15.71**	5.85
WLAC045	67	504600	6513700	41	45	4	17.18	24.93
WLAC046	56	504700	6513700	31	35	4	19.85	21.1
WLAC047	60	504800	6513700	30	32	2	16.57	21.41
WLAC048	61	504680	6513900	32	35	3	21.08	17.33
WLAC049	58	504520	6514100	36	38	2	19.42	26.33
WLAC050	69	504420	6514100	31	33	2	16.77	29.97
WLAC052	31	503880	6514900	3	12	9	19.02	7.89
WLAC057	22	503640	6515500	2	8	6	17.97	24.96
WLAC058	21	503580	6515500	7	10	3	27.67	11.44
WLAC059	33	503520	6515500	10	13	3	17.53	16.95
WLAC060	24	503560	6515700	7	8	1	15.05	23.77
WLAC061	42	503480	6515800	18	20	2	16.3	27.19
WLAC062	42	503400	6515800	10	14	4	16.25	4.45
WLAC062				19	24	5	13.92	3.86
WLAC062				28	29	1	16.35	4.51
WLAC062				35	39	4	14.82	4.35
WLAC063	18	503140	6516300	16	18	2	17	8.55
WLAC066	60	502280	6518200	15	33	**18**	**17.85**	10.11
WLAC067	45	502360	6518200	8	27	**19**	**18.65**	9.36
WLAC067				34	35	1	20.7	8.15
WLAC069	42	503900	6514700	10	28	**18**	**19.49**	5.72

NB. All coordinates are GDA94 zone 55, 15% Al_2O_3 lower grade cut-off, no upper cut-off grade, maximum 3m internal waste, all intercepts >15% Al_2O_3 are reported.

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.*	The samples referred to in this Public Report were aircore (AC) drill samples, obtained using an 'industry standard' drill rig, drilling equipment and sampling practices. AC drilling was used to obtain 1m samples that were collected in plastic buckets via an industry standard cyclone. Each 1m sample was then split via a 3 tier splitter into large green plastic bags (87.5%) stored onsite as reference samples, and numbered calico bags (12.5%) for laboratory analysis. A grab sample was carefully obtained where material was too wet to be passed through the sample splitter. Both green bags and calico samples were weighed onsite for sample recovery recognition. The AC samples obtained are considered to be representative of the material drilled.
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.).*	AC drilling was completed by McLeod Drilling using a MD150 drill rig with an on board 2 stage Airman Compressor (250 - 320psi / 700 - 850cfm) using an industry standard 90mm diameter aircore blade bit.
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.*	Sample recoveries and moisture content estimates were logged/recorded into spreadsheets by the supervising geologist. Each 1m sample (split green plastic and calico sample bag) was weighed after being collected. This gives an indication of recovery

Criteria	JORC Code explanation	Commentary
	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.	of drill material relative to all other 1m samples. No relationship is known to exist 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 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.*	Geological logging was completed on all AC holes, with colour, weathering, grain-size, lithology, alteration, mineralogy, veining, textures/structure and comments on other significant features noted. Logging of mineralisation and veining is quantitative. All holes were logged in full. No judgement has yet been made by independent qualified consultants as to whether AC samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. 100% of relevant intersections have been logged.
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.*	AC samples were riffle split if sample was dry, and carefully grab sampled by hand when wet. Sample preparation is considered appropriate with respect to quality of aircore sample collection. 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	*The nature, quality and appropriateness*	Samples were sent to the ALS Laboratory in

Criteria	JORC Code explanation	Commentary
assay data and laboratory tests	*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.*	Orange for analysis. Preparation of the samples follows industry laboratory best practice method PUL-21 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. Pulps were analysed using ALS method code ME-XRF12n designed for Nickel laterite deposits. The analysis uses XRF on fused disk. 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 OREAS 45e, 195, 198 199, NCSDC73303, and SARM-5 were used as a standard for Ni-Co analysis. ALY used CRMs (Lab Standards) with a suitable range of values and blanks that were inserted every 40 samples. Standards used were OREAS 197, 198, 199 and 44e. Results indicate that assay values are within acceptable error limits. Duplicate samples were collected every 40 samples. Analysis of 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. The original data is collected by qualified geologists and geo-technicians working under the supervision of a qualified geologist, and entered onto paper spreadsheets.

Criteria	JORC Code explanation	Commentary
		Validation rules are in place to ensure no data entry errors occurred. 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 GPS was used to locate collar positions, with an expected +/-5m vertical and horizontal accuracy. DGPS collar pick-ups will be collected at the end of the Phase 1 and Phase 2 drilling. No down hole surveys were collected. The grid system used for all collar locations is the UTM Geocentric Datum of Australia 1994 (MGA94 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.*	At Summervale aircore holes have been drilled at 100m x 100m spacings over a 2.7km NE-SW trending strike length. At the West Lynn prospect aircore holes are spaced at 100m x 100m and 100m x 200m lines for a length of ~3.8km in a NNW-SSE direction. The distribution is considered sufficient to establish geological and grade continuity suitable for an inferred resource status. Sample compositing has not 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.*	Holes have been drilled vertically to achieve unbiased sampling of the flat lying lithologies and mineralisation. No orientation based sampling bias has been identified.
Sample	*The measures taken to ensure sample*	All drill samples were collected in pre-

Criteria	JORC Code explanation	Commentary
security	*security.*	numbered calico bags and transported to the ALS laboratory in Orange via courier. Drill spoils collected into large green bags are stored in a farm shed on site.
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	Considering the 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 – West Lynn. Reference numbers – EL8631. Location – 25km northwest of Nyngan, in north central NSW. Ownership – 100% Ochre Resources Pty Ltd, managed by Alchemy Resources (NSW) Pty Ltd. Overriding royalties - none The land is 95% 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.*	Exploration work completed across the West Lynn and Summervale areas has been limited to exploration targeting gold and base metals since the late 1970's. 38 RC holes were drilled by Anaconda in 1999/2000 to a max depth of 60m over West Lynn. These holes were successful in picking up nickel and cobalt mineralisation in lateritic clays associated with underlying serpentinites. Jervois applied for the ground in 2007 and began to explore for nickel-cobalt

Criteria	JORC Code explanation	Commentary
		mineralisation over magnetic anomalies related to underlying ultramafic units. AC drilling programs conducted over a period of 8 years has defined two prospects (West Lynn and Summervale) containing Ni-Co-Al mineralisation within clay and saprolite derived from the underlying weathered serpentinite units.
Geology	*Deposit type, geological setting and style of mineralisation*	Deposit Type – Nickel-Cobalt Laterite Geological setting – The licence covers 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. The linear orientation of the belt suggests emplacement along regional deformation 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 Girilambone Group is comprised of phyllites, quartz-mica and chlorite schists, quartzite, laminated siltstone (all with pervasive quartz veins) and conglomerates of Cambrian-Ordovician age; with numerous late Silurian to early Devonian intrusives of ultramafic to intermediate composition. Covered by Quaternary-aged alluvium. Style of mineralisation – Concentration of Ni-Co-Al within clays and saprolite derived from weathered serpentinite.
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*	Drill results form the basis of the exploration results and are tabulated within the body of the announcement.

Criteria	JORC Code explanation	Commentary
	○ *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.*	
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.*	Intercepts are from 1m individual samples. Any averaged intercepts are down hole length weighted averages (as per table in body of report). Lower cut off grades include 2000ppm for nickel intercepts, 200ppm for cobalt intercepts, and 15% for Al intercepts. No upper cut off grades have been used to calculate intercepts.
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').*	Due to the nature of the targeted mineralisation being flat lying, all drilling was vertical (-90^0), and subsequently all intercepts reported are downhole widths.
Diagrams	*Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should*	Appropriate plans and cross sections have been included in the body of this announcement.

Criteria	JORC Code explanation	Commentary
	include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	
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.*	Exploration results reported in Alchemy's public announcements and this report are comprehensively reported in a balance manner.
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.*	
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.*	Phase 3 resource drilling aims to continue infill and resource extension aircore drilling and to drill 3 PQ triple tube diamond holes for density measurements of the various forms of mineralisation in the ore zones. The drilling ultimately aims to advance the existing West Lynn Nickel-Cobalt Exploration Target to a JORC Code 2012 compliant inferred resource estimate. Phase 4 drilling will focus on northern and southern extensions to mineralisation at both West Lynn and Summervale prospects.