ASX ANNOUNCEMENT

30 JANUARY 2019

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 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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Exploration Update, Overflow Prospect, NSW

Highlights

- Encouraging diamond drilling results from the Overflow Prospect include:
  - 14m @ 0.4g/t Au, 0.4% Zn from 368m
    (incl. 1m @ 2.1g/t Au, 12g/t Ag, 2.0% Zn, 1.0% Pb, 0.19% Cu from 379m)
- The results have helped define the known extent of mineralisation at Overflow, confirmed the untested shallow southern plunge to the high grade gold-silver-lead-zinc zone, and confirmed an increase in copper mineralisation with depth.
- Downhole EM survey within OFDD002 has commenced in order to test for significant off-hole conductors and possible mineralisation at depth.
- Further diamond drilling is planned to test for high grade gold-silver-lead-zinc mineralisation down plunge to the south.

Alchemy Resources Limited (ASX: ALY) advises that the Company's second diamond drill hole (OFDD002) drilled to a depth of 457.3m at the Overflow gold and base metal prospect in the Cobar Basin, NSW *(Figure 1),* has returned an intercept of 14m @ 0.4g/t Au, 0.4% Zn from 368m (including 1m @ 2.1g/t Au, 12g/t Ag, 2.0% Zn, 1.0% Pb, 0.19% Cu from 379m) from an area located approximately 120m below the Company's first diamond drill hole (OFDD001).

The results have helped define the known extent of mineralisation at Overflow, confirmed the interpreted shallow southern plunge to the high grade gold-base metal mineralisation, and suggest an increase in copper grade with depth *(Figures 1 - 3)*.

Hole OFDD002 intercepted intense silica alteration but did not encounter epithermal style quartz veining or the steeply dipping, cross-cutting, quartz vein sets seen in the high grade gold-silver portion of OFDD001. However OFDD002 did confirm the persistence of intense shearing over a 20m interval encompassing the gold mineralisation at depth, and identified shallow southerly dipping fault sets immediately above and below the mineralised zone. These shallow south dipping faults are still considered to be the structures that control the shallow southerly plunge observed in the gold grade shells *(Figures 1 & 3)*. OFDD002 also intercepted an elevated copper zone of 1m @ 0.19% Cu from 379m, consistent with elevated copper values seen in the lower parts of OFDD001.

A downhole EM (DHEM) survey within OFDD002 has commenced in order to test for significant off-hole conductors and potential high grade mineralisation at depth along strike to the south. A recently completed high powered moving loop surface EM survey was unable to confirm the strong airborne EM conductivity anomaly at depth to the south of the Overflow Prospect, however, subject to modelling of the DHEM, additional diamond drilling will now focus on the interpreted southern plunge to high grade mineralisation immediately down plunge of OFDD001 (18m @ 2.1g/t Au from 245m, and 3m @ 7.3g/t Au from 286m)[1], and TBB008 (7m @ 6.7g/t Au from 236m)[2] *(Figure 3)*.

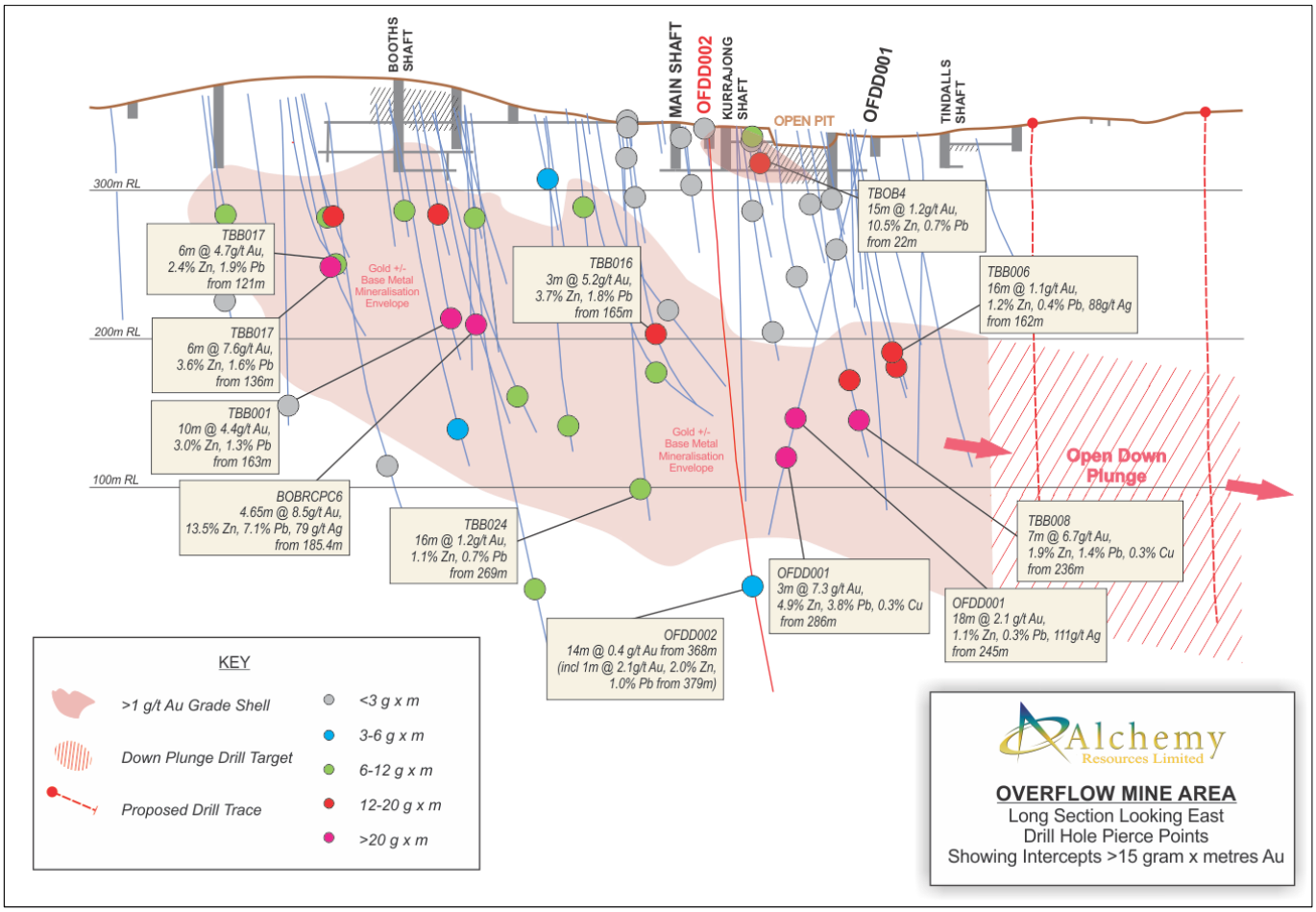

Figure 1: *Overflow Prospect long section looking east showing OFDD002 drill hole trace (red), historic workings, previous drilling ore zone pierce points coloured by GxM i.e. Au grade (g/t) x intercept width (m), drill intercepts >15GxM, and 1g/t Au grade shell outline (pink).*

[1] *Refer to Alchemy Resources ASX Announcement dated 29 March 2017*
[2] *Refer to Alchemy Resources ASX Announcement dated 30 May 2016*

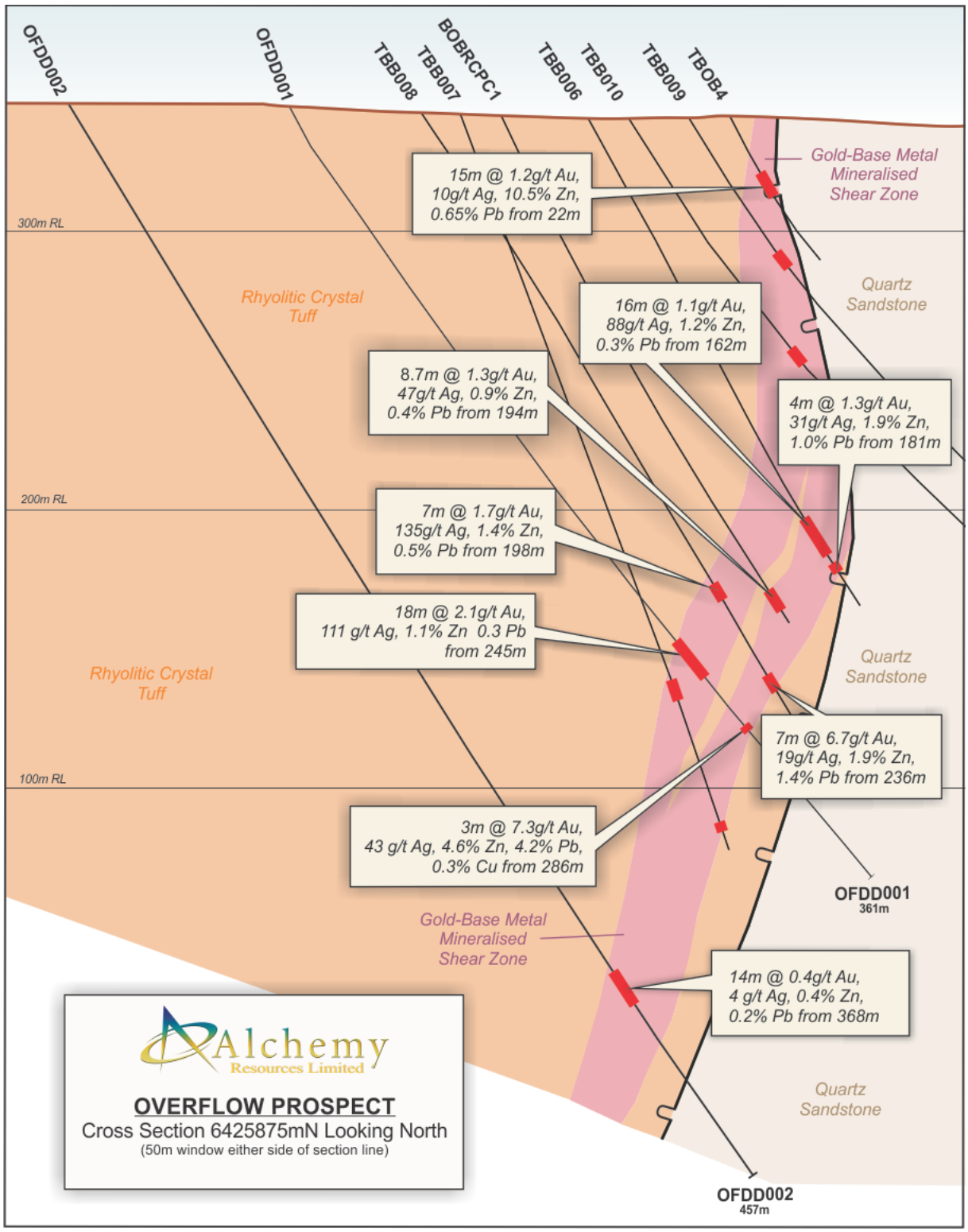

Figure 2: *Cross section 6425875N looking north, showing recent deep diamond hole (OFDD002), and significant gold and base metal intercepts*[3].

[3] *Refer to Alchemy Resources ASX Announcement dated 29 March 2017*

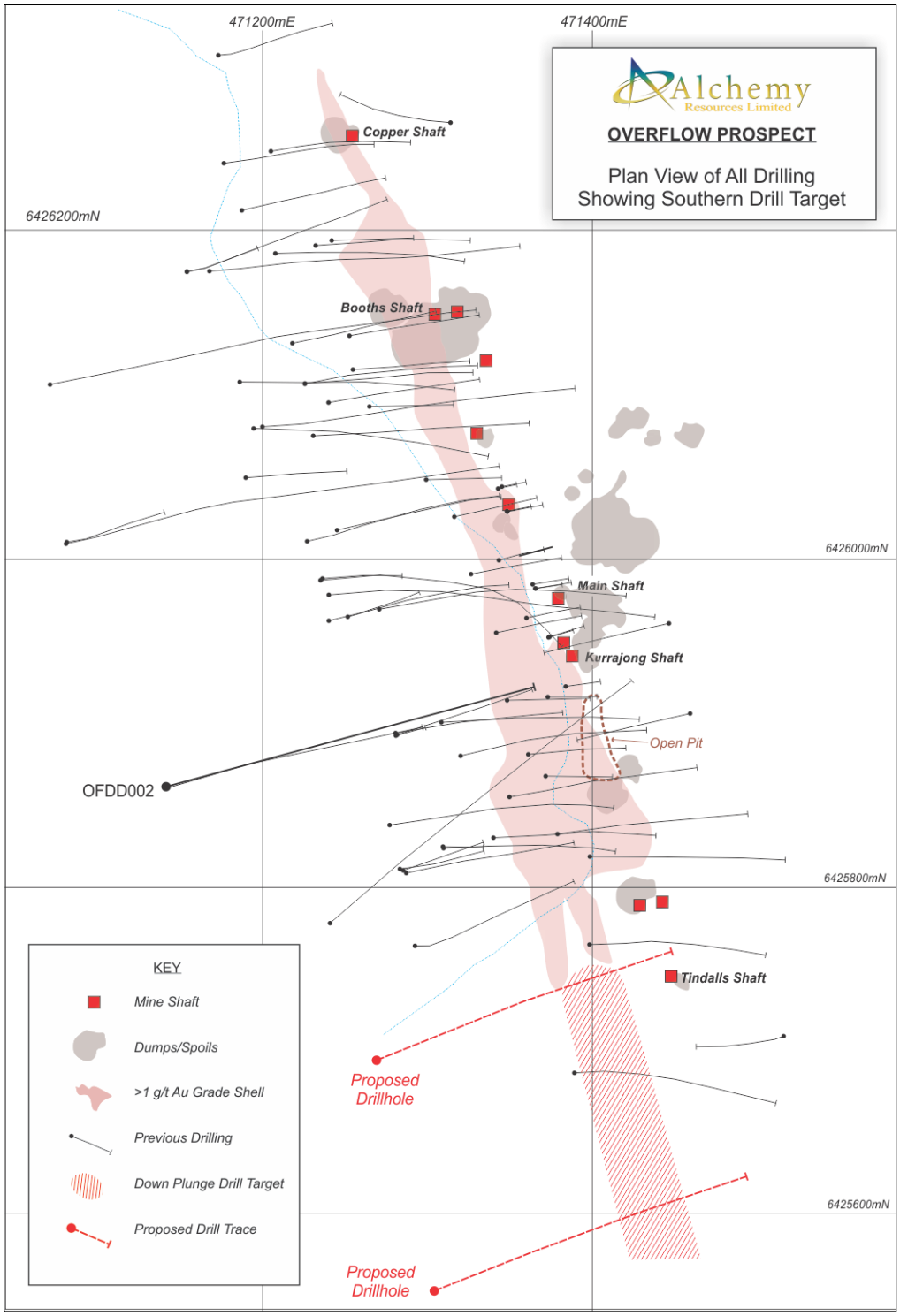

Figure 3: *Overflow Prospect plan showing old workings, all existing drill collars, Au >1g/t Au grade shell (pink), and planned diamond drill holes targeting high grade gold-base metal mineralisation.*

Alchemy's Managing Director, Leigh Ryan said:

"OFDD002 has confirmed the interpreted shallow southerly plunge to the high grade gold-base metal mineralisation, and has provided incentive for additional drilling immediately down plunge of OFDD001 and TBB008. We're looking forward to completing the downhole EM survey in OFDD002 to further upgrade our geological model and outline conductors for drill testing."

Please direct enquiries to:

Mr Leigh Ryan – Managing Director

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The information in this report that relates to Exploration Targets and 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.

Table A: Drill hole details

Hole ID	EOH Depth	Grid_ID	East (MGA)	North (MGA)	RL	Dip	Azi (MGA)	Azi (Magn)
OFDD002	457.3	MGA94z55	471141.2	6425861.4	346.8	-60	75	64.5

Table B: Overflow Prospect significant diamond drilling intercepts:

Hole ID	From (m)	To (m)	#Width (m)	Au g/t	Ag g/t	Cu %	Pb %	Zn %
OFDD002	368	382	14	0.41	3.6	0.02	0.21	0.44
including	379	380	1	2.08	11.5	0.19	0.97	1.99
OFDD002	388	389	1	0.41	1.5	0.07	0.10	0.79
OFDD002	394	395	1	0.05	4.2	0.07	0.86	2.80

Lower cut-off grade = 0.25g/t Au, no top cut applied, 2m maximum internal waste, all intercepts >0.4g/t Au and >1% Zn are reported

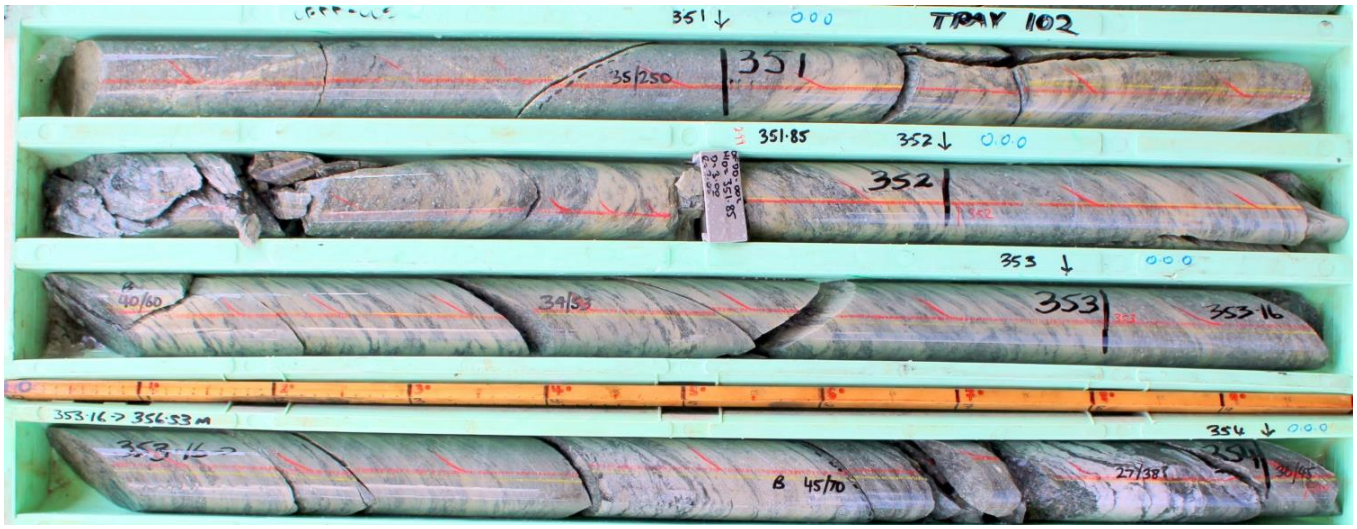

***Figure 4**: OFDD002 diamond core (350.5m to 354m) - Intensely sheared sericite-silica altered crystal tuff at sediment contact.*

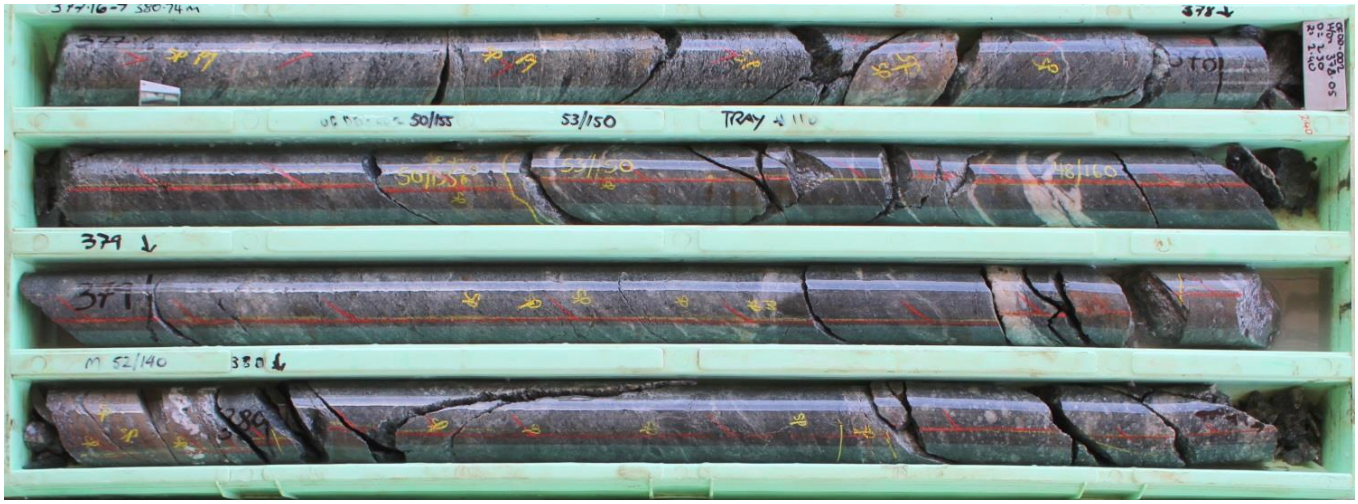

***Figure 5**: OFDD002 diamond core (377.2m to 380.7m) – sheared, quartz veined silica altered sediments showing banded pyrite-sphalerite mineralisation.*

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 diamond core drill samples, obtained using an 'industry standard' drill rig (Atlas Copco CT14), drilling equipment and sampling practices. Diamond drilling was used to obtain core samples collected in 3m runs and transferred into plastic core trays. The diamond core 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.).*	Diamond drilling was completed from surface using a standard barrel in order to obtain HQ3 core samples down to 24m. NQ2 core samples were then collected using standard and occasionally a chrome barrel to the end of hole (457.4m). Down hole surveys were taken every 30m as the hole progressed using a down hole Reflex camera. Every core run was oriented using an Reflex core orienting tool. The diamond core was reconstructed into continuous runs on an angle iron

Criteria	JORC Code explanation	Commentary
		cradle for orientation and down hole depth marking.
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.*	Diamond core recoveries and RQD measurements were estimated and recorded into spreadsheets then uploaded into a Datashed database. The total core recovery was 99.2%. There were no significant sample recovery problems. No relationship exists between core 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.*	Lithological logging was completed on all diamond core, with colour, weathering, grain-size, lithology, alteration, mineralogy, veining, and comments on other significant features noted. Logging of sulphide mineralisation and veining is quantitative. All holes were logged in full. Structural and geotechnical logs were also completed down the entire drill hole with bedding, foliation, veining, and fractures logged and alpha & beta measurements collected (subsequently converted to dip and true dip direction). No judgement has yet been made by independent qualified consultants as to whether diamond 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.*	Core samples were cut in half along the core axis using an Almonte diamond core saw. One commercial laboratory standard or blank laboratory standard, 1 blank sample (blue metal) and 1 ¼ core duplicate was inserted every 50 samples (i.e. 6% QAQC samples). All samples were 1m ½ core samples except for duplicates which were 1m ¼ core samples. 5% of sample pulps will be sent to an alternate laboratory. Statistical analysis of duplicate sample data for Au, Ag, Cu, Pb, Zn 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*	1m ½ core samples were sent to the ALS Laboratory in Orange for sample preparation and analysis. Preparation of the samples follows industry laboratory best practice 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

Criteria	JORC Code explanation	Commentary
	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.*	250g – 1kg was taken and then pulverized to 85% passing 75µm using an Essa LM2 grinding mill. A representative sample was split and bagged as the analytical sample. Samples were analysed using ALS method code Au-AA26 for Au (Ore Grade Au 50g FA AA finish) and ME-ICP61 for 33 elements including Ag, Cu, Pb, and Zn. 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. Au-AA26 is a fire assay using 50g pulp, fusion and cupellation at 1100ºC and 950ºC respectively with AAS finish, achieving a lower detection limit of 0.01g/t Au and an upper DL of 100g/t Au. It is considered a "total" assay technique considered to extract and measure the entire element contained within the sample. Lab standards OREAS602, OREAS605, and OREAS62D were used for Au and multi-element analysis. Laboratory QAQC involves the use of internal laboratory standards using certified reference material, blanks, splits and replicates as part of the in house procedures. ALY used commercially available reference materials (Lab Standards) with a suitable range of values, that were inserted every 50 samples. Results indicate that all Lab Standard assay values are within 1 standard deviation and within acceptable error limits. Analysis of duplicate samples indicates that assay repeatability is also 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 an Microsoft Access database by an experienced database administrator, 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 Trimble Geoexplorer 6000 DGPS was used to locate collar positions, with an expected <1m vertical and horizontal accuracy. Down hole surveys (using a down hole Reflex camera) were taken every 30m as the hole progressed. The grid system used is the UTM Geocentric Datum of

Criteria	JORC Code explanation	Commentary
		Australia 1994 (GDA94) 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.*	The drill hole intercept spacing in the plane of the ore zone in vicinity of the current hole ranges from 108m to 140m. No Mineral Resource or Reserve is being reported for this drilling. No data compositing has 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.*	The hole was setup on surface at a -60 degree inclination and a 75 degree azimuth (GDA94). At the ore zone, the drill hole azimuth was 83 degrees (GDA94) (~90 degrees to the strike of mineralisation), and the hole inclination was -55.5 degrees (~45 degrees to the dip of mineralisation). True width is therefore ~28% less than the downhole intercept widths reported.. No orientation based sampling bias has been identified.
Sample security	*The measures taken to ensure sample security.*	Core trays were palletised and trucked from site to Orange, NSW. The core trays are stored in a secure storage shed in Orange. Calico sample bags were used for core samples. Five calico sample bags were put into large green plastic bags for transport to ALS Orange. Residual core samples and sample pulps are stored at ALS Orange until they are re-located to the RME office in Orange for permanent storage.
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	An internal review of the sampling techniques, and sample data capture concluded that both are of sufficient quality to carry out resource estimation. 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 –Overflow Reference number – EL5878 Location – Central NSW, Australia. Ownership – 51% Alchemy 49% Heron (Alchemy earning up to 80% via Farm-in and JV Agreement with Heron/TriAusMin/Ochre Resources) Overriding royalties - none The land is held under a combination of freehold and crown land. No Wilderness or National Parks, Native Title sites or

Criteria	JORC Code explanation	Commentary
		registered historical sites are known. No environmental issues other than historic mining debris (from the early 1900's) are known.
Exploration done by other parties	*Acknowledgment and appraisal of exploration by other parties.*	Overflow Mine historic production (1897-1936) was 4,972oz @ 12.9g/t Au, 35,121oz @ 107g/t Ag, & 1,117t @ 10.9% Pb The tenure that has included the Overflow mine has been explored by Enterprise Exploration (1957), Australian Selection (1968), Pennzoil of Australia (1972 - 75), Minerals Exploration (1975 - 79), Aberfoyle and Cominco JV ("Abminco") (1975 - 79), CRA Exploration (1978-79), Amoco Minerals (1980 – 83), Delta Gold (1992 – 98) and after purchasing Delta Gold's interest, Tri Origin Australia NL (1999 – 2001) who then optioned the project to Triako (now KBL) in 2001 who withdrew from the deal in 2006. Tri Origin continued to explore the area as Tri Origin until 2009, then as TriAusMin after a name change in 2010. TriAusMin and Heron then merged in 2014 and then signed the current farm-in and Joint Venture Agreement with Alchemy Resources in June 2016. Exploration to date across the current tenement area has included geological and regolith mapping, all types of geochemical sampling, numerous airborne and ground geophysical surveys (Magnetics, EM and IP) and 330 drill holes (178 RAB, 123 RC and 29 diamond core)
Geology	*Deposit type, geological setting and style of mineralisation*	Deposit Type – Polymetallic (Au, Ag, Cu, Pb, Zn) Cobar Style Deposit Geological setting – Folded Devonian basin and shelf sediments of the Cobar SuperGroup overlying Ordovician sediments and minor basic volcanics of the Girilambone Group (basement sequence). Deposited into a back-arc marine basin. Multiple deformation events, faulting and metamorphism. Devonian rocks include felsic tuffs and pyroclastics of the Majuba Volcanics, which overlie and are interfingered with fine sediments and volcaniclastics of the Baledmund Formation. Style of mineralisation – Cobar-style / Hera style (Au, Ag, Cu, Pb, Zn) with a possible epithermal component at shallow levels with quartz veining displaying crustiform and vuggy textures. Both shear parallel and steeply dipping, cross-cutting, quartz vein sets have been observed in drill core and in old mine workings. Shallow south dipping fault zones have also been observed drill core and in old mine workings and it is interpreted that these may control the shallow southerly plunge to the gold and base metal mineralisation. Higher base metal results are encountered towards the base of each mineralised zone, occurring as banded massive to semi-massive sulphides within silicified sediments and chlorite altered volcaniclastic units.

Criteria	JORC Code explanation	Commentary
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.* *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.*	Drill results form the basis of the exploration results and are tabulated within the body of the announcement.
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.*	All drill hole intercepts are reported from 1 metre down hole samples. Reported OFDD002 gold intercepts include a 0.25g/t Au lower cut-off grade, no upper cut off grade, and a maximum 2m of internal waste. All reported Au results are individual 1m samples only.
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').*	At the ore zone, the drill hole azimuth was ~83 degrees (GDA94) (~90 degrees to the strike of mineralisation), and the hole inclination was -55.5 degrees (~45 degrees to the dip of mineralisation). True width is therefore ~28% less than the downhole intercept widths reported.
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.*	An appropriate plan, long section and cross section has been included in the text of this announcement.
Balanced reporting	*Where comprehensive reporting of all Exploration Results is not practicable,*	Au, Ag, Cu, Pb, and Zn drill intercepts all correspond to a lower cut-off of 0.25g/t Au. Lower cut-off grade =

Criteria	JORC Code explanation	Commentary
	representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	0.25g/t Au, no top cut applied, max internal waste = 2m, all intervals >1g/t are 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 survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	Geological mapping of outcrop in the area drilled including subsequent geological interpretation has been completed by various companies. Soil sampling has also been completed across the tenement at 400m x 400m, 200m x 50m, and 200m x 40m spacings which has identified several Au, Ag, Cu, Pb and Zn-in-soil geochemical anomalies including a coincident multi-element anomaly over the Overflow Prospect. In 2011 Triako also flew a VTEM and aeromagnetic survey, which when interpreted shows numerous conductivity anomalies, regional lithological trends, cross-cutting structures and intrusives within the licence area. A recently completed high powered moving loop surface EM survey failed to confirm a strong airborne VTEM conductivity anomaly to the south of the Overflow Prospect.
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.*	Additional diamond drilling is warranted at the Overflow Prospect. Downhole electromagnetic (EM) information will be utilised in order to further target high grade mineralisation down plunge to the south of existing high grade drill intercepts.