

ASX ANNOUNCEMENT

16 APRIL 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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Sandfire commences major drilling program at Bryah Basin Project, WA

Highlights

- Aircore drilling underway along strike to the southwest of Sandfire's De Grussa copper-gold mine.
- 2,000 aircore drill holes designed to test a 40km strike of the Karalundi sediments that host De Grussa style copper-gold mineralisation.
- Detailed ground gravity survey completed over the Karalundi Volcanogenic Massive Sulphide (VMS) host rocks.
- Initial assay results expected in May 2019.

Alchemy Resources Limited (ASX: ALY) ("Alchemy") is pleased to announce that Sandfire Resources NL (ASX: SFR) has commenced aircore drilling along strike to the southwest of the De Grussa copper-gold deposit within Alchemy's 100% owned Bryah Basin Project in the Gascoyne region (*Figure 1*). The drilling is designed to test a 40 kilometre strike of the Karalundi sediments, host to the De Grussa VMS copper-gold mineralisation (*Figure 1*).

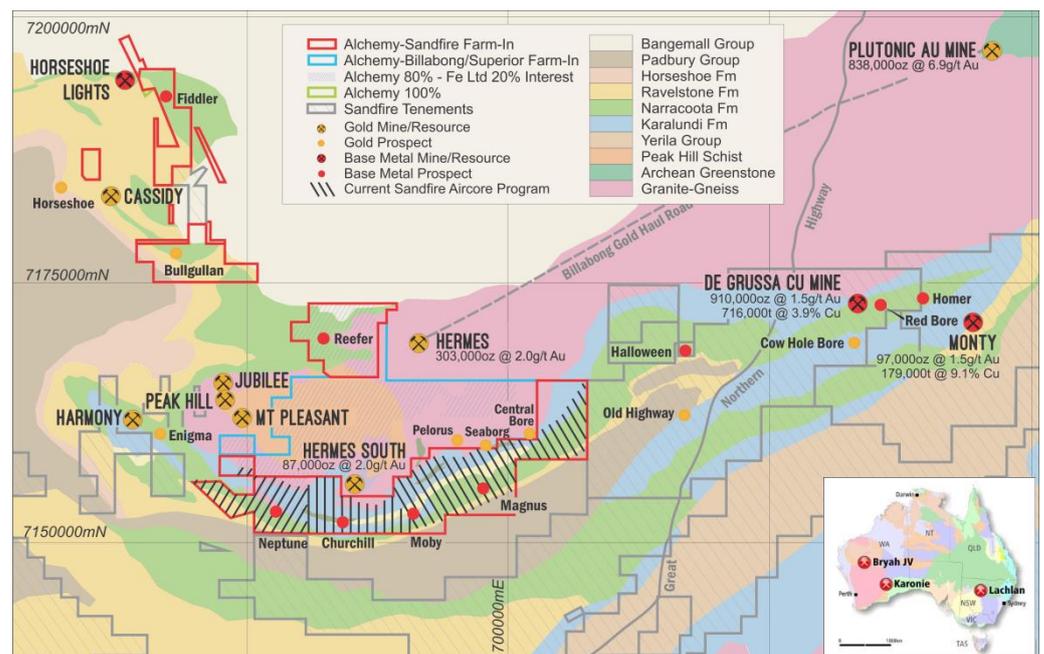


Figure 1: Bryah Basin Project tenements, Sandfire aircore drill lines (800m spacing), major deposits and Alchemy prospects over interpreted geology.

The Phase 1 program comprises ~1,000 holes to be drilled at a 1,600m x 100m spacing, with an additional 1,000 drill holes approved at an 800m line spacing where prospective geology and/or mineralisation is identified.

Regulatory approval for Phase 1 and Phase 2 aircore drilling, and for follow-up reverse circulation and diamond drilling has been received, and Indigenous heritage surveys have been completed throughout the work area.

A detailed ground gravity survey designed to further improve targeting of the host VMS horizon was completed in early April. Processing of the data is expected to be completed before the end of April and will be incorporated into the refined gravity inversion model and regional gravity grids. The gravity model will then be used to target VMS mineralisation and refine the Phase 2 drill program.

Alchemy's Managing Director, Leigh Ryan said:

"We are pleased to see this extensive aircore program underway, as part of Sandfire's commitment to spend \$3M on the Bryah Basin Project this year. Sandfire has unequalled knowledge and information on De Grussa style mineralisation and are fully incentivised to find another major copper-gold deposit in the district. This is a very exciting time for Alchemy and we're looking forward to a steady flow of drilling results over the next few months."

Background information:

Leading Australian base metal producer Sandfire Resources NL is exploring and earning a Joint Venture interest in the whole and part tenements that cover the base metal prospective area of the Bryah Basin Project ("Sandfire Farm-in") (*red outline in Figure 1*). Under the terms of the Sandfire Farm-in, Sandfire can earn up to 80% in Alchemy's interests (excluding iron ore rights) through Earn-In Expenditure of \$3.1M prior to 28 October 2019, with Alchemy free-carried on further exploration to completion of a Pre-Feasibility Study and then carried on an interest-free deferred basis for a further \$5M of Definitive Feasibility Study expenditure.

Please direct enquiries to:

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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.