

ASX ANNOUNCEMENT

7 AUGUST 2019

CODE: ALY

BOARD OF DIRECTORS

Mr Lindsay Dudfield
Non-Executive Chairman

Mr Leigh Ryan
Managing Director

Ms Liza Carpena
Non-Executive Director

Mr Anthony Ho
Non-Executive Director

ISSUED CAPITAL

SHARES 440,419,481

OPTIONS 22,000,000 (Unlisted)

PROJECTS

WEST LYNN (51% earning up to 80%)

LACHLAN (51% earning up to 80%)

KARONIE (100%)

BRYAH BASIN (20-100%)

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www.alchemyresources.com.au



A focus on exploration



Non-Renounceable Rights Issue

Summary

- **1 for 4 non-renounceable rights issue at an offer price of \$0.012 per share to raise up to \$1.32M**
- **14.9% discount to the 15 day VWAP of \$0.0141**
- **Funds will be used to undertake drill testing of gold targets at the Karonie Project, WA and drilling at the Overflow gold-base metal target in the Cobar Basin, NSW**
- **Eligible Shareholders who participate in the Offer may be eligible for JMEI credits**

Alchemy Resources Limited (**ASX: ALY**) ("**Alchemy**") ("**Company**") is pleased to advise of a pro-rata non-renounceable Rights Issue (**Offer**) to all eligible shareholders to raise up to \$1,321,258 (before costs). The Offer will be conducted on the basis of one (1) new fully paid ordinary share (**Share**) for every four (4) Shares held by eligible shareholders on 12 August 2019 at an issue price of \$0.012 per new Share.

The issue price of \$0.012 per new Share represents a 14.9% discount to the volume weighted average market price of Alchemy's Shares of \$0.0141 for the fifteen (15) trading days to the close of trade on 6 August 2018, being the last trading day prior to this announcement. The new Shares issued under the Offer will rank equally with existing Shares. In addition to their entitlement, eligible shareholders may also apply for shortfall.

The Offer is made under a prospectus that has been lodged with ASIC and will shortly be dispatched to eligible shareholders. The prospectus is also available on both the ASX website (www.asx.com.au) and on the Company's website (www.alchemyresources.com.au). Eligible shareholders should consider the Prospectus in deciding whether to acquire Shares under the Offer, and complete the personalised Entitlement and Acceptance Application Form that will accompany the Prospectus.

The funds raised in this Offer will be used for drilling activities within the Karonie Gold Project (WA), and at the Overflow Gold-Base Metal Project (NSW) as outlined below.

Karonie:

- Several highly prospective gold targets have been identified within Alchemy's licences immediately along strike of Silver Lake Resources Ltd's (ASX: SLR) Aldiss Mining Centre. The Company plans to conduct aircore, Reverse Circulation (RC), and diamond drilling across these target areas.
- RAB drilling is planned across prospective parts of the Claypan Shear Zone along strike from the Breaker Resources NL's (ASX: BRB) Bombora deposit in order to identify gold mineralisation beneath shallow alluvial cover.

Overflow:

- Diamond drill testing down plunge of high-grade gold-silver-zinc-lead intercepts returned from previous drilling is planned.

The proposed timetable for the Offer is set out below:

Announcement of Entitlement Offer and Lodgement of Prospectus with ASX	7 August 2019
Shares quoted on an "EX" basis	9 August 2019
Record Date for determining Entitlements	12 August 2019
Prospectus and Entitlement and Acceptance Form dispatched to Eligible Shareholders	15 August 2019
Offer opens for receipt of Applications	
Closing Date of Entitlement Offer (5pm AWST)	2 September 2019
Shares quoted on a deferred settlement basis	3 September 2019
Anticipated date for issue of Securities. Deferred settlement trading ends	9 September 2019
Trading of New Shares expected to commence	10 September 2019

The Directors may extend the Closing Date by giving at least three (3) business days' notice to ASX prior to the Closing Date. As such the date the new Shares are expected to commence trading on ASX may vary. An Appendix 3B for the Offer is attached.

The Company has been successful in its application to participate in the Junior Mineral Exploration Incentive Scheme (JMEI) for the 2019-20 Financial Year. The Company has been allocated up to \$330,000 in JMEI credits by the Australian Tax Office (ATO). Eligible Shareholders who participate in the Offer may therefore be eligible to be issued with JMEI credits. Eligible shareholders should refer to the Prospectus for additional information.

Alchemy has built a significant land package in the Karonie greenstone belt in the Eastern Goldfields region in Western Australia (*Figure 1*), and plans to focus on this Project in the coming 12 months. The Karonie Project includes nine granted exploration licences and five exploration licence applications covering 829km² of highly prospective mineralised structures within Kurnalpi Terrain greenstones 100km east of Kalgoorlie. The tenements surround Silver Lake's Aldiss Mining Centre (total Mineral Resource estimate 593Koz @ 2.0g/t Au including a total Ore Reserve estimate of 201Koz @ 2.2g/t Au¹). The tenements also cover 38km of strike of the under-explored, gold endowed Claypan Shear Zone commencing just 12km along strike to the south of Breaker Resources' Bombora deposit (Indicated and Inferred Mineral Resource estimate of 24.6Mt @ 1.4g/t Au for 1.1Moz)².

¹ Refer to Silver Lake Resources Ltd ASX announcement dated 24 August 2018

² Refer to Breaker Resources NL ASX announcement dated 6 September 2018

Proceeds from the Offer will be used to drill test high grade gold targets at the KZ5, Taupo, Parmelia, Gilmore, Aldiss, Challenger, and Esplanade prospects. Targeted RAB drilling will also be conducted across the Claypan Shear Zone along strike from the Bombora resource in areas of magnetic highs that potentially represent the preferred host rock to gold mineralisation, and across jogs interpreted from aeromagnetic images that can be preferred sites for hydrothermal gold mineralisation (*Figure 1*).

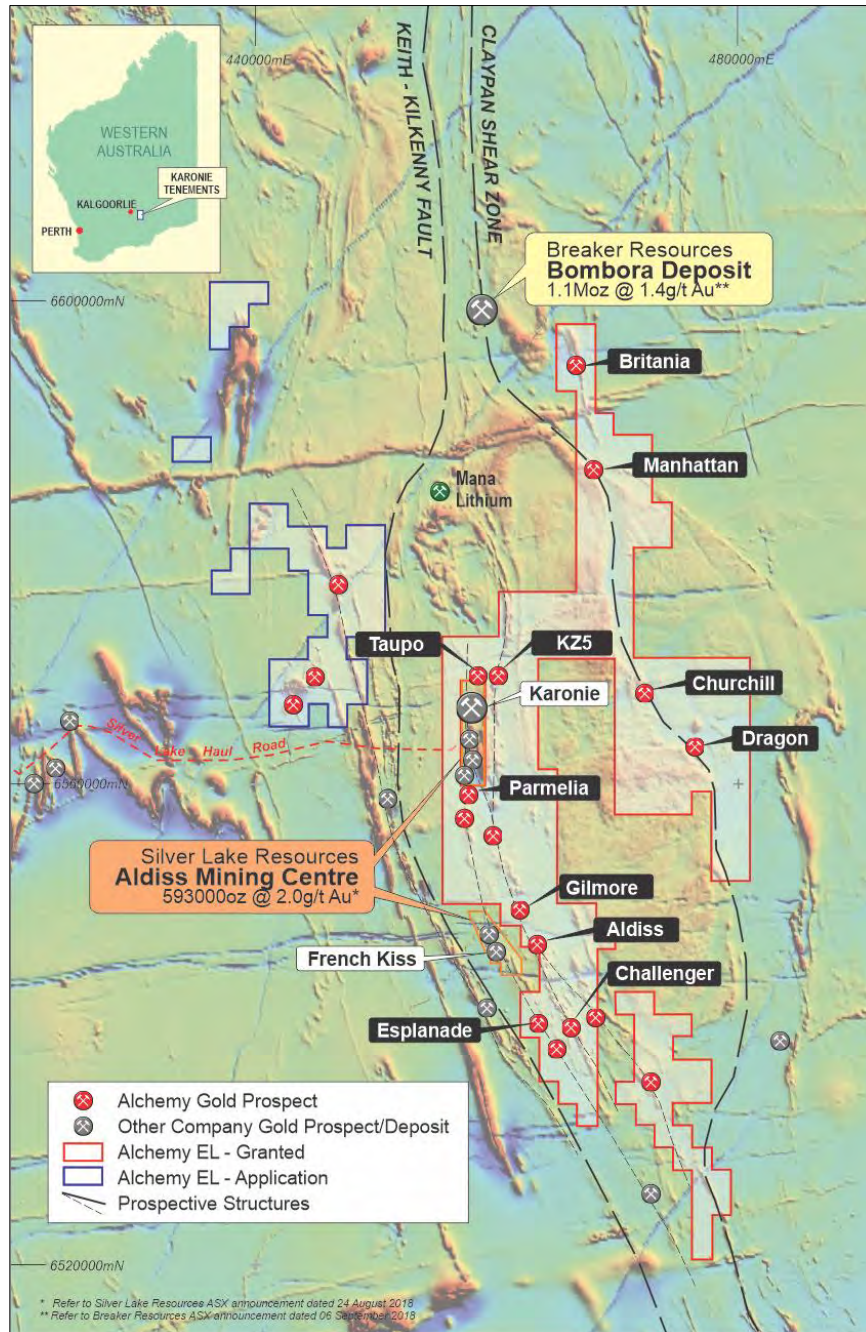


Figure 1: Karonie Project tenements, major deposits, prospects and interpreted major structures over aeromagnetic image

Alchemy will also be focussing on the Overflow Gold-Base Metal Project in the Cobar Basin of NSW. The project forms part of a Farm-In and Joint Venture with Heron Resources Ltd (ASX: HRR) where Alchemy has earned a 51% interest in eight licences, and can earn a further 29% interest by spending \$0.5M before 30 May 2021. Overflow is close to operating mines and emerging deposits in the Cobar Basin including Hera, Nymagee, Federation (Aurelia Metals Ltd - ASX: AMI), and Mallee Bull, Wagga Tank, Southern Nights (Peel Mining Ltd - ASX: PEX) (*Figure 2*).

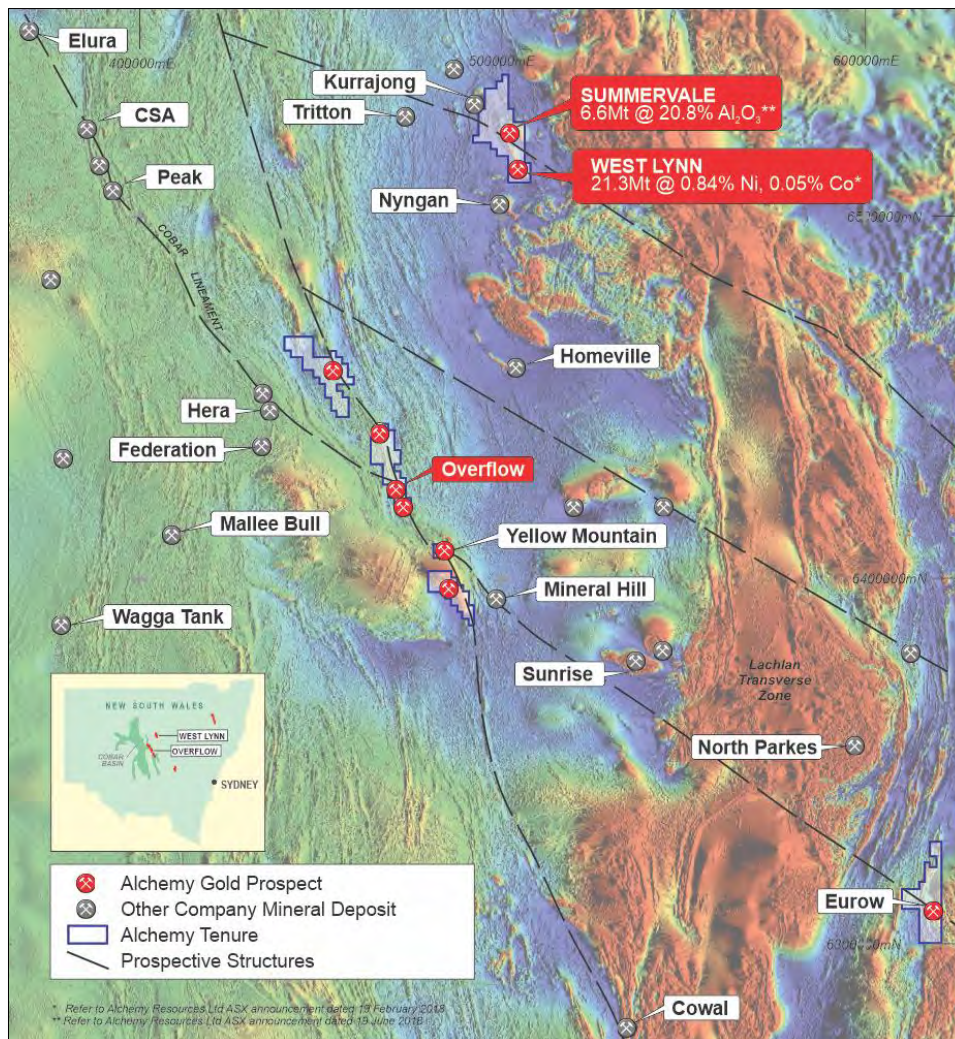


Figure 2: NSW Alchemy / Heron Resources Farm-in / Joint Venture Agreement Projects

Diamond drilling targeting the down plunge extension of high grade gold-silver-zinc-lead mineralisation intercepted by Alchemy and previous explorers is planned (Figure 3).

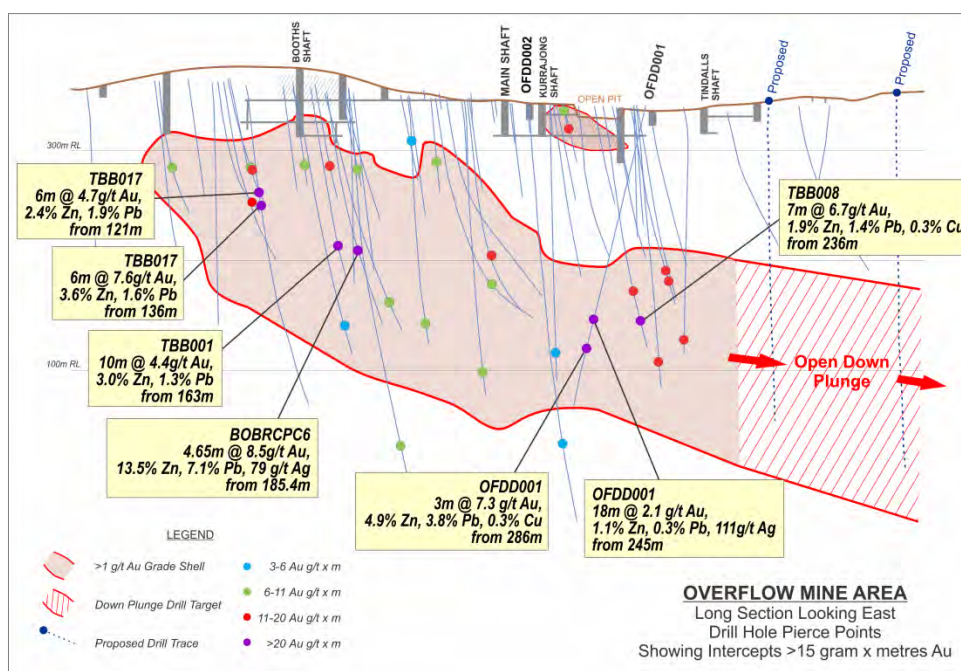


Figure 3: Overflow long section showing proposed drilling and previous drill intercepts

Alchemy's Managing Director, Leigh Ryan, said:

"This capital raising will enable the Company to drill test very prospective gold targets at our Karonie Gold Project, and fund additional drilling down plunge of existing gold-base metal intercepts at the Overflow Prospect. The drill programs are expected to commence shortly, and we look forward to updating the market as results from these programs are received."

Please direct enquiries to:

Mr Leigh Ryan

Managing Director

Telephone: +61 8 9481 4400 Email: Leigh@alchemyresources.com.au

Exploration results

The information in this report that relates to Exploration Results is based on and fairly represents information and supporting 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'. 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.

Summervale deposit Mineral Resource estimate

Category	Cut-off (Al ₂ O ₃)	Tonnes (M)	Al ₂ O ₃ %	Fe ₂ O ₃ %	K ₂ O%	Na ₂ O%	TiO ₂ %	SiO ₂ %
Inferred	18%	6.55	20.8	2.8	1.79	0.43	1.15	64.2

The information in this announcement that relates to the Mineral Resource estimate for the Summervale deposit was first reported by the Company in its ASX announcement of 19 June 2019 titled '*Maiden Alumina Resource Estimate Summervale Prospect, NSW*'. The Company confirms that it is not aware of any new information or data that materially affects the information included in its announcement of 19 June 2019 and that all material assumptions and technical parameters underpinning the estimates in its announcement of 19 June 2019 continue to apply and have not materially changed.

West Lynn deposit Mineral Resource estimate

Category	Cut Off (Ni %)	Tonnes (Mt)	Ni%	Co%	Al%	Fe%
Inferred	0.6	14.70	0.85	0.05	2.4	20.2

The information in this announcement that relates to the West Lynn deposit was first reported by the Company in its ASX announcement of 19 February 2019 titled '*Maiden Mineral Resource Estimate West Lynn Project, NSW*'. The Company confirms that it is not aware of any new information or data that materially affects the information included in its announcement of 19 February 2019 and that all material assumptions and technical parameters underpinning the estimates in its announcement of 19 February 2019 continue to apply and have not materially changed.

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

ALCHEMY RESOURCES LIMITED

ABN

17 124 444 122

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|---|
| 1 | +Class of +securities issued or to be issued | Fully Paid Ordinary Shares (Shares) |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | Up to 110,104,870 Shares |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | The Shares rank equally with existing fully paid ordinary shares. |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

4	<p>Do the ⁺securities rank equally in all respects from the ⁺issue date with an existing ⁺class of quoted ⁺securities?</p> <p>If the additional ⁺securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>Yes</p>
5	Issue price or consideration	1.2 cents per Share
6	<p>Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Pro-rata non-renounceable rights issue to fund exploration drilling at the Karonie Gold Project (WA), to fund further drilling at the Overflow Gold-Base Metal Project (NSW), to undertake additional metallurgical test work on mineralised samples from the West Lynn nickel-cobalt resource and the Summervale alumina resource, as well as for general working capital purposes.</p>
6a	<p>Is the entity an ⁺eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h <i>in relation to the ⁺securities the subject of this Appendix 3B</i>, and comply with section 6i</p>	<p>Yes</p>
6b	The date the security holder resolution under rule 7.1A was passed	20 November 2018
6c	Number of ⁺ securities issued without security holder approval under rule 7.1	Nil
6d	Number of ⁺ securities issued with security holder approval under rule 7.1A	Nil

⁺ See chapter 19 for defined terms.

6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Nil	
6f	Number of +securities issued under an exception in rule 7.2	Up to 110,104,870 Shares	
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	Not applicable	
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	Not applicable	
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	See Annexure 1	
7	+Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	9 September 2019	
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	Number Up to 550,524,351	+Class Fully paid ordinary shares

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

	Number	+Class
9	Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	Options exercisable at: 4,000,000 \$0.04 on or before 8 Jan 2021 4,000,000 \$0.08 on or before 8 Jan 2021 4,000,000 \$0.12 on or before 8 Jan 2021 10,000,000 \$0.05 on or before 15 Apr 2021
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	No dividend policy is currently in place as the Company is involved only in exploration

Part 2 - Pro rata issue

11	Is security holder approval required?	No
12	Is the issue renounceable or non-renounceable?	Non-renounceable
13	Ratio in which the +securities will be offered	1 new Share for every 4 Shares held
14	+Class of +securities to which the offer relates	Fully paid ordinary shares
15	+Record date to determine entitlements	12 August 2019
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	Not applicable
17	Policy for deciding entitlements in relation to fractions	Fractional entitlements will be rounded up
18	Names of countries in which the entity has security holders who will not be sent new offer documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	All countries except Australia and New Zealand
19	Closing date for receipt of acceptances or renunciations	2 September 2019

+ See chapter 19 for defined terms.

20	Names of any underwriters	Not applicable
21	Amount of any underwriting fee or commission	Not applicable
22	Names of any brokers to the issue	Not applicable
23	Fee or commission payable to the broker to the issue	Not applicable
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	Not applicable
25	If the issue is contingent on security holders' approval, the date of the meeting	Not applicable
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	15 August 2019
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	7 August 2019
28	Date rights trading will begin (if applicable)	Not applicable
29	Date rights trading will end (if applicable)	Not applicable
30	How do security holders sell their entitlements <i>in full</i> through a broker?	Not applicable
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	Not applicable

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

- 32 How do security holders dispose of their entitlements (except by sale through a broker)? Not applicable
- 33 ⁺Issue date 9 September 2019

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of ⁺securities
(tick one)
- (a) ☒ ⁺Securities described in Part 1
- (b) ☐ All other ⁺securities
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

Not applicable

- 35 ☐ If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders
- 36 ☐ If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 ☐ A copy of any trust deed for the additional ⁺securities

⁺ See chapter 19 for defined terms.

Entities that have ticked box 34(b)

38	Number of ⁺ securities for which ⁺ quotation is sought					
39	⁺ Class of ⁺ securities for which quotation is sought					
40	<p>Do the ⁺securities rank equally in all respects from the ⁺issue date with an existing ⁺class of quoted ⁺securities?</p> <p>If the additional ⁺securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 					
41	<p>Reason for request for quotation now</p> <p><small>Example: In the case of restricted securities, end of restriction period</small></p> <p>(if issued upon conversion of another ⁺security, clearly identify that other ⁺security)</p>					
42	Number and ⁺ class of all ⁺ securities quoted on ASX (<i>including</i> the ⁺ securities in clause 38)	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 50%; padding: 5px;">Number</th> <th style="width: 50%; padding: 5px;">⁺Class</th> </tr> <tr> <td style="height: 80px;"></td> <td></td> </tr> </table>	Number	⁺ Class		
Number	⁺ Class					

⁺ See chapter 19 for defined terms.

Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those +securities should not be granted +quotation.
 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here:
(~~Director~~/Company Secretary)

Date: 7 August 2019

Print name: Bernard Crawford

+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1 – Note this may change upon completion of the rights issue

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	440,419,481
Add the following: <ul style="list-style-type: none"> Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval Number of partly paid +ordinary securities that became fully paid in that 12 month period <p><i>Note:</i></p> <ul style="list-style-type: none"> Include only ordinary securities here – other classes of equity securities cannot be added Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed It may be useful to set out issues of securities on different dates as separate line items 	
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	Nil
“A”	440,419,481

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	66,062,922
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p>Insert number of ⁺equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	
“C”	Nil
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
<p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p>	66,062,922
<p>Subtract “C”</p> <p><i>Note: number must be same as shown in Step 3</i></p>	Nil
Total [“A” x 0.15] – “C”	66,062,922 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

Part 2 – Note this may change upon completion of the rights issue

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	440,419,481
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	44,041,948
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A Notes: <ul style="list-style-type: none"> • This applies to equity securities – not just ordinary securities • Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed • Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained • It may be useful to set out issues of securities on different dates as separate line items 	Nil
“E”	Nil

+ See chapter 19 for defined terms.

Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	44,041,948
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	Nil
Total [“A” x 0.10] – “E”	44,041,948 <i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.