

# ASX ANNOUNCEMENT

11 AUGUST 2020

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 550,524,351

OPTIONS 27,000,000 (Unlisted)

## PROJECTS

KARONIE (100%)

WEST LYNN (51% earning up to 80%)

LACHLAN (51% earning up to 80%)

BRYAH BASIN (10-20%)

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## Placement and Non-Renounceable Rights Issue

### Summary

- **\$1.0 million raised via a strongly supported placement to sophisticated and professional investors**
- **1 for 10 non-renounceable rights issue at an offer price of \$0.015 per share to raise up to \$0.83M**
- **Offer price 16.5% discount to the 15-day VWAP of \$0.018**
- **1 for 4 free attaching Option exercisable at \$0.03 and expiring on 30 September 2022**
- **Funds raised will be used to undertake;**
  - **Drill testing of gold and base metal targets at the Overflow and Yellow Mountain Prospects, NSW**
  - **RC and RAB drilling within the Karonie Gold Project, WA**
  - **IP survey across the Melrose hydrothermal magnetite alteration, NSW**

**Alchemy Resources Limited (ASX: ALY) (Alchemy) (Company)** is pleased to announce that it has received firm commitments to raise \$1.0 million (before costs) via a placement of 66,666,667 ordinary fully paid shares (**Placement Shares**) and 16,666,667 attaching unlisted options (**Placement Options**) (**Placement**).

The Placement Shares will be issued at \$0.015 per Share along with a one for four free attaching Placement Option exercisable at \$0.03 and expiring on 30 September 2022.

The Placement is being made at a 16.5% discount to the volume weighted average market price of Alchemy's Shares of \$0.018 for the fifteen (15) trading days to the close of trade on 6 August 2020, being the last trading day prior to this announcement. Alchemy acknowledges and thanks Veritas Securities Limited in facilitating the Placement as Lead Manager. In addition to their fees as Lead Manager Veritas will also receive 3,000,000 unlisted options on the same terms as the Placement Options (**Broker Options**).

The Placement has been undertaken using the Company's available placement capacity under ASX Listing Rule 7.1 and 7.1A as follows:

- 11,614,232 Placement Shares, 16,666,667 Placement Options and 3,000,000 Broker Options pursuant to Listing Rule 7.1
- 55,052,435 Placement Shares pursuant to Listing Rule 7.1A

## Non-Renounceable Rights Issue

Alchemy is also pleased to advise of a pro-rata non-renounceable Rights Issue (**Offer**) to all eligible shareholders to raise up to \$825,787 (before costs). The Offer will be conducted on the basis of one (1) new fully paid ordinary share (**Share**) for every ten Shares held by eligible shareholders on 17 August 2020. The Shares will be issued at \$0.015 per Share along with a one for four free attaching Option exercisable at \$0.03 and expiring on 30 September 2022. Shareholdings acquired under the Placement will not be eligible for the Offer.

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 will be made under a prospectus to be lodged with ASIC and will shortly be dispatched to eligible shareholders. The prospectus will also be available on both the ASX website ([www.asx.com.au](http://www.asx.com.au)) and on the Company's website ([www.alchemyresources.com.au](http://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.

Proceeds from the Placement and Offer will be used for drilling activities within the Overflow and Yellow Mountain Gold-Base Metal projects (NSW), and the Karonie Gold Project (WA) as outlined below.

### NSW:

- Extension diamond drilling at the Overflow Prospect testing the down plunge location of high-grade gold-silver-zinc-lead intercepts returned from previous drilling.
- Diamond drilling at the Yellow Mountain Mine Prospect testing a strong IP chargeability high located down plunge of broad gold-silver-copper-zinc-lead intercepts returned from previous drilling.
- Surface IP surveys covering parts of the 12km long Melrose hydrothermal magnetite alteration zone.

### WA:

- RC drilling to follow-up gold intercepts recently received from the Parmelia and Taupo prospects and to drill test gold targets at the Gilmore, Aldiss, Batavia, and Esplanade prospects.
- RAB drilling 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.

### The proposed timetable for the Offer is set out below:

Announcement of Placement and Entitlement Offer	11 August 2020
Lodgement of Prospectus with ASX	12 August 2020
Shares quoted on an "EX" basis	14 August 2020
Record Date for determining Entitlements	17 August 2020
Prospectus and Entitlement and Acceptance Form dispatched to Eligible Shareholders	20 August 2020
Offer opens for receipt of Applications	20 August 2020
Closing Date of Entitlement Offer (5pm AWST)	4 September 2020
Announce results of entitlement offer and lodge shortfall notification	9 September 2020
Anticipated date for allotment and issue of new Shares	11 September 2020
Quotation of new Shares	14 September 2020

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 Placement and Offer is attached.

Proceeds from the Offer will be used to advance the Overflow and Yellow Mountain Gold-Base Metal Projects in the Cobar Basin of NSW. The projects form 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 \$0.35M before 30 May 2021. The projects are 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 1*).

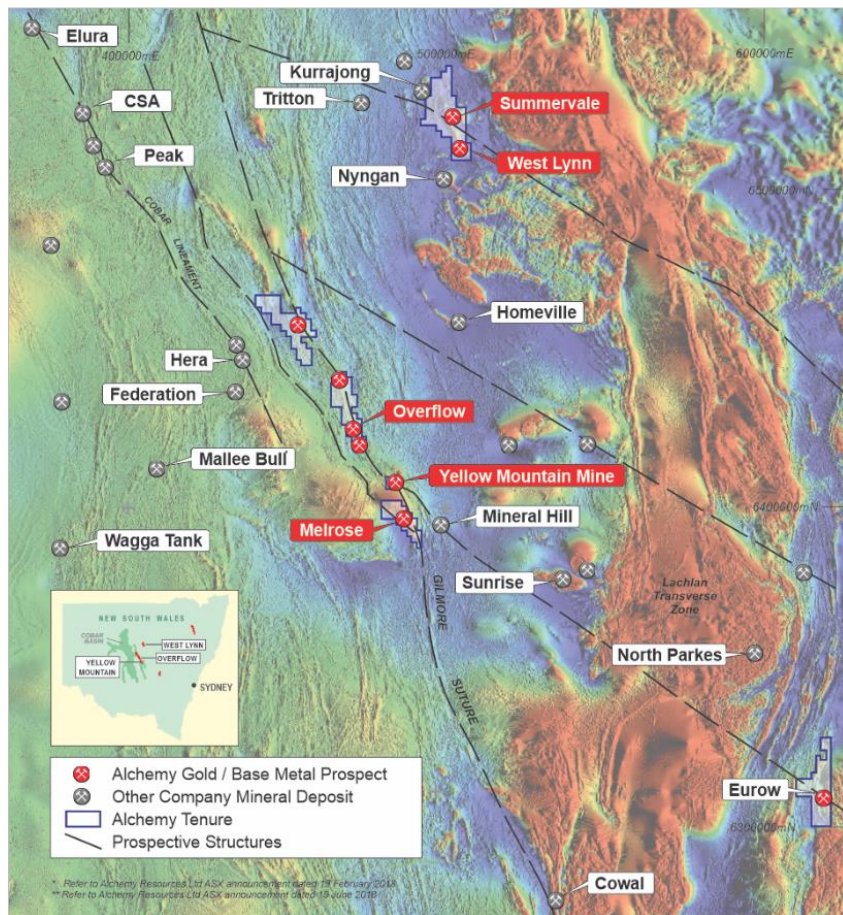


Figure 1: NSW Alchemy/Heron Farm-in & Joint Venture Agreement Projects

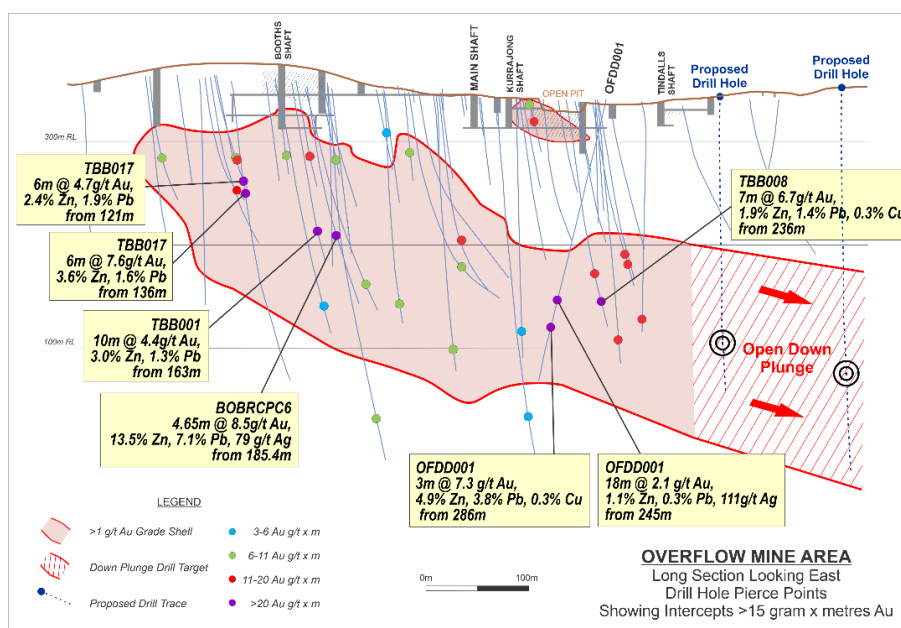
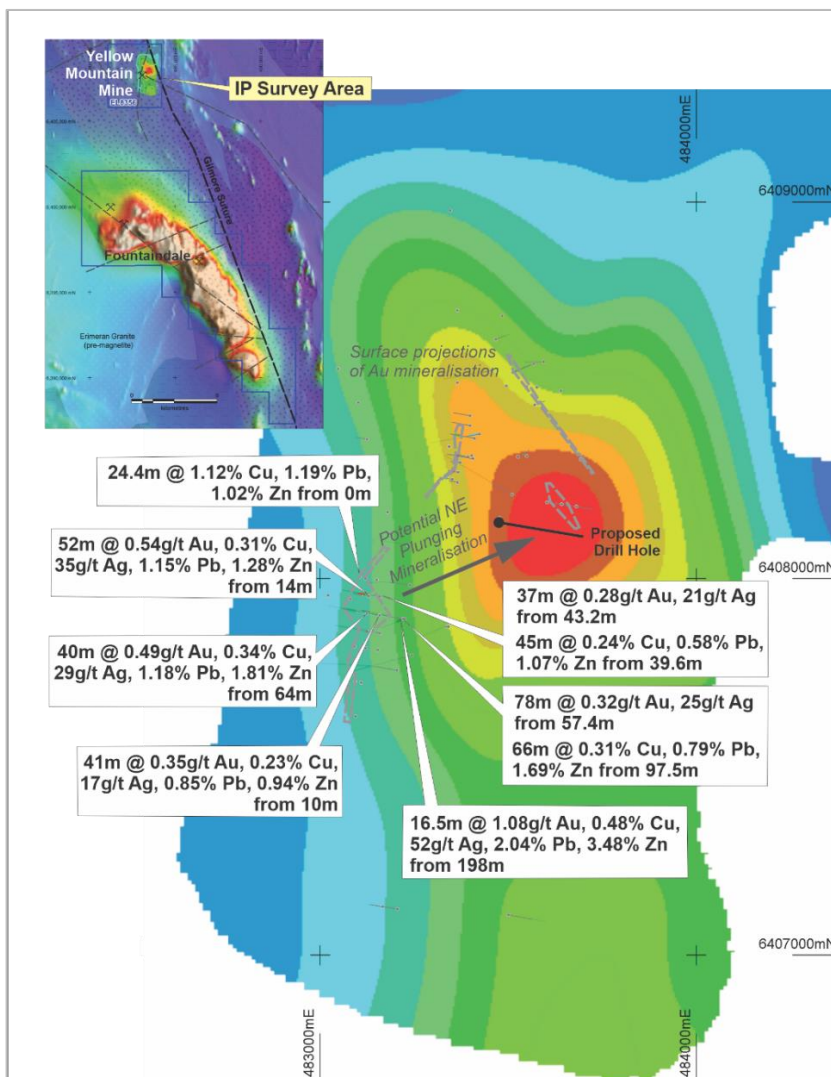


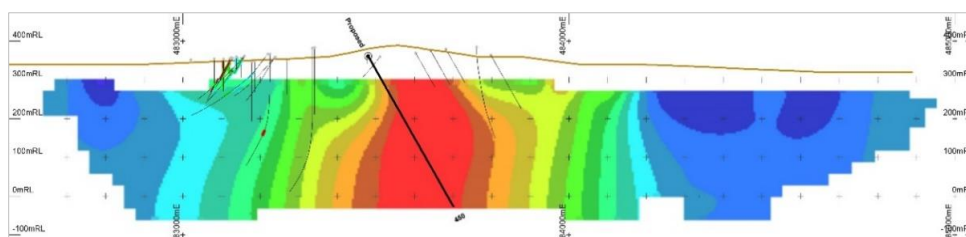
Figure 2: Overflow long section showing proposed drilling and previous drill intercepts

Diamond drilling targeting the down plunge extension of high-grade gold-silver-zinc-lead mineralisation intercepted by Alchemy and previous explorers is planned at the Overflow Prospect (*Figure 2*).

Drilling will also be conducted at the Yellow Mountain Mine Prospect testing a strong IP chargeability high located down plunge of previous broad gold-silver-copper-zinc-lead drill intercepts. Mineralisation at the prospect is interpreted to be an exhalative, stratabound VMS system with a structurally controlled gold-silver-copper mineralisation overprint associated with quartz veins in high strain zones. 3D analysis of the historic drilling results and the IP data suggest the conductivity high could represent the down plunge component of a NE-plunging ore shoot (*Figures 3 & 4*). A deep diamond hole has been planned with drilling due to commence Q4 2020, subject to statutory approvals.



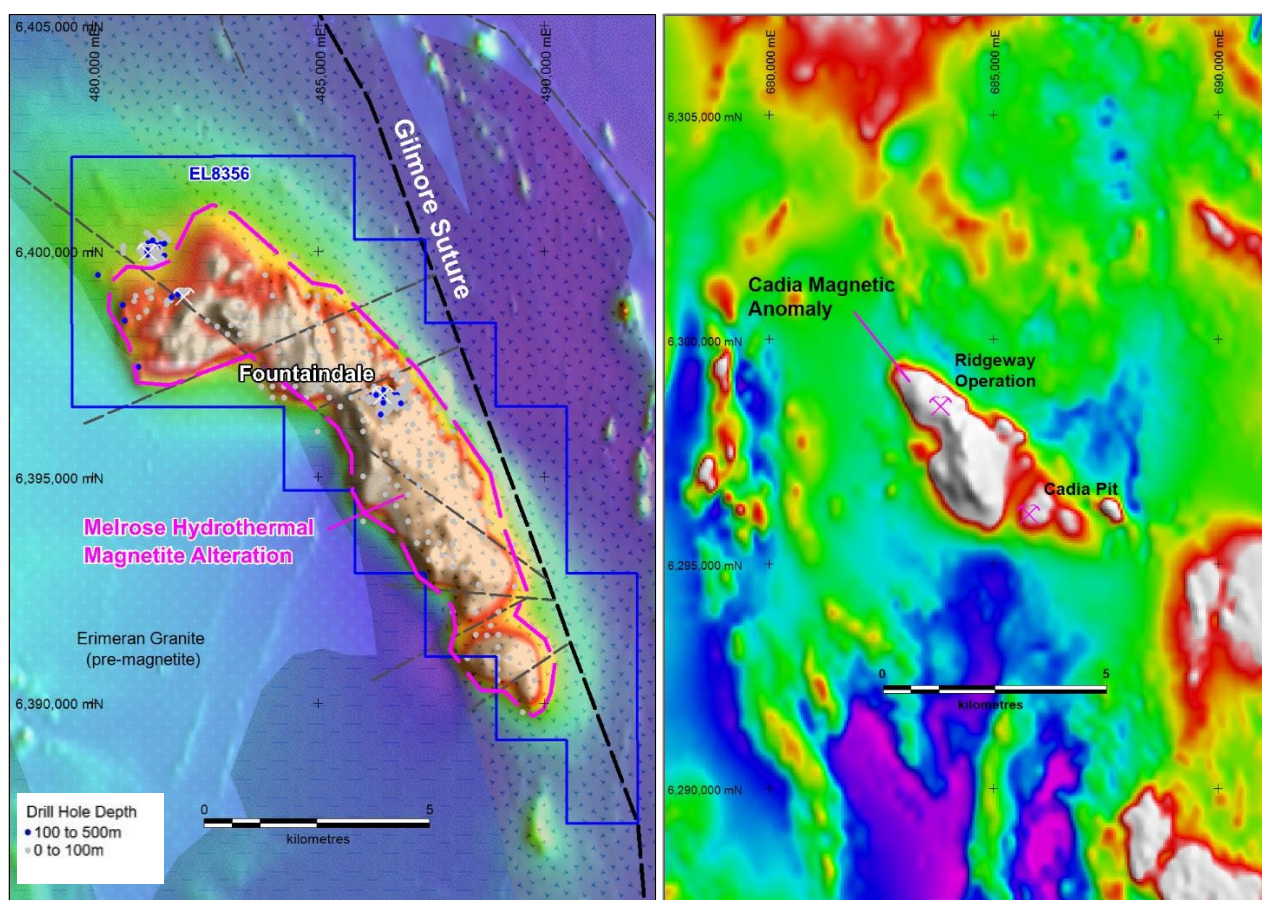
**Figure 3:** Yellow Mountain Mine prospect IP conductivity plan (300m RL)



**Figure 4:** Yellow Mountain Mine IP conductivity cross section (6408200N) – same scale as Figure 13.



A recent review of the Yellow Mountain open file data identified a highly prospective exploration target adjacent to the Gilmour Suture, a crustal scale structure associated with several gold deposits in the district, including the Cowal gold mine (current resources 8.6Moz<sup>1</sup>) owned by Evolution Mining Limited (ASX: EVN) (Figures 1 & 5). The target is a 12km long hydrothermal magnetite alteration zone (Melrose magnetite anomaly) with chemical signatures similar to porphyry Cu-Au systems elsewhere in Australia and overseas including the Cadia-Ridgeway system. Historic data shows that the majority of the Melrose magnetic anomaly has not been covered by previous IP surveys, and Alchemy intends to conduct IP surveys over these areas to better define targets for drill testing. Porphyry copper-gold and geochemistry experts are also being consulted to help define drill targets within this large highly prospective alteration zone.



**Figure 5:** Melrose (left) and Cadia-Ridgeway (right) magnetite anomalies at the same scale.

Alchemy has built a significant land package in the Karonie greenstone belt in the Eastern Goldfields region in Western Australia, and plans to conduct further drilling on this Project in the coming 12 months. The Karonie Project now includes eleven exploration licences and three exploration licence applications covering 1,209km<sup>2</sup> of highly prospective mineralised structures within Kurnalpi Terrain greenstones 90km east of Kalgoorlie (Figure 6). The tenements are located along strike of Silver Lake Resources Ltd's (ASX: SLR) Karonie/Harry's Hill and French Kiss deposits (reserves/resources of over 579,000oz @ 2.1g/t Au)<sup>2</sup>, are within 50km of Silver Lake's Randalls processing plant, and cover 36km of the under-explored, gold endowed Claypan Shear Zone

<sup>1</sup> Refer to Evolution Mining Limited's ASX announcement "Annual Mineral Resources and Ore Reserves Statement" dated 12 February 2020

<sup>2</sup> Refer to Silver Lake Resources Limited's ASX announcement "Mineral Resource and Ore Reserve Statement" dated 27 August 2019

commencing just 12km along strike to the south of Breaker Resources NL's (ASX: BRB) Bombora deposit (Indicated and Inferred resource of 23.2Mt @ 1.3g/t Au for 1.0Moz)<sup>3</sup>.

Proceeds from the Offer will be used to follow-up gold intercepts recently received from the Parmelia and Taupo prospects located immediately along strike of Silver Lake Resources Ltd's (ASX: SLR) Aldiss Mining Centre, and to test gold targets at the Gilmore, Aldiss, Batavia, 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 6).

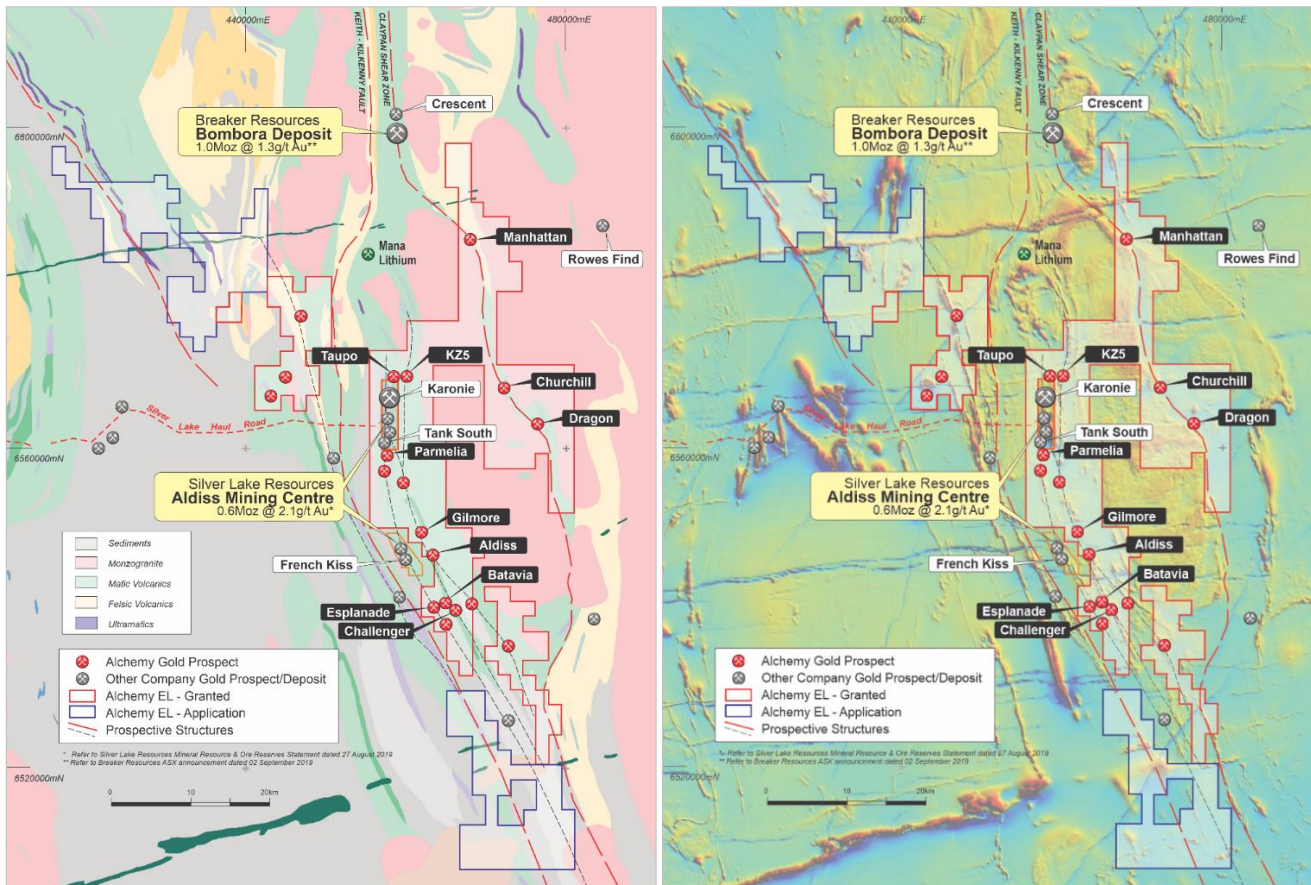


Figure 6: Karonie Project tenements, major deposits, prospects and interpreted major structures over published geology (left) and aeromagnetic image (right).

<sup>3</sup> Refer to Breaker Resources Limited's ASX announcement "Bombora on track to be significant new open pit mine with ~30% increase in Indicated Resource to 803,000oz" dated 2 September 2019. CP's: T. Sanders, A. Barker, C. Shore.

Alchemy's Managing Director, Leigh Ryan, said:

"This capital raising will enable the Company to complete drilling at Overflow, drill test several very prospective gold and base metal targets at our Yellow Mountain Project and continue our drilling at the Karonie Gold Project. We're also very excited about advancing our geochemical, geological and geophysical understanding of the extensive Melrose porphyry copper-gold target. 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 Alchemy's authorised representative:

Mr Leigh Ryan – Managing Director

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Email: [Leigh@alchemyresources.com.au](mailto:Leigh@alchemyresources.com.au)

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### **Exploration Results**

*The information in this report that relates to Exploration Results is based on information compiled by Mr Leigh Ryan, who is the Managing Director of Alchemy Resources Limited and holds shares and options in the Company. Mr Ryan is a Member of the Australian Institute of Geoscientists and has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ('JORC Code 2012'). Mr Ryan consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.*