

## ASX RELEASE

31 OCTOBER 2017

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 342,335,585

OPTIONS 7,500,000 (Unlisted)

### PROJECTS

BRYAH BASIN (80-100%)

KARONIE (100%)

LACHLAN (earning up to 80%)

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# SEPTEMBER 2017 QUARTERLY REPORT

## Highlights

### KARONIE PROJECT (WA) – GOLD

- Eight exploration licences now granted covering 679km<sup>2</sup> of highly prospective mineralised structures within Kurnalpi Terrain greenstones.
- **Significant first pass aircore drilling results** returned from the Gilmore Prospect including **12m @ 0.70g/t Au** from 28m (including **4m @ 1.22g/t Au**).
- Aircore results confirm **multiple broad zones of gold anomalism over five kilometres of strike**, accompanied by anomalous chalcophile elements typically associated with major structures and significant mineralised systems. The results are **similar to the gold anomalism targeted by Breaker Resources at Bombora** (maximum 4m @ 0.71g/t Au)<sup>1</sup>.
- Shallow RAB drilling across the Claypan Fault planned.

### LACHLAN / COBAR BASIN PROJECTS (NSW) – GOLD / BASE METALS

- Preparations for RC drilling at the Black Range Tank Gossan VTEM / surface EM anomaly and coincident Au-Cu-Pb-Zn-Ag-in-soil anomaly underway.
- A five year renewal for EL7941 was granted.

### BRYAH BASIN PROJECT (WA) – GOLD / BASE METALS

- Independence Group NL completes 142 line kilometre moving loop EM (MLEM) survey over three key target areas; Neptune North, Magnus West and Central Bore. Results are being assessed.
- Billabong Gold receives multi-element results for 1,320 sample pulps from shallow RAB drilling completed in 2015. Results are being evaluated.

### CORPORATE

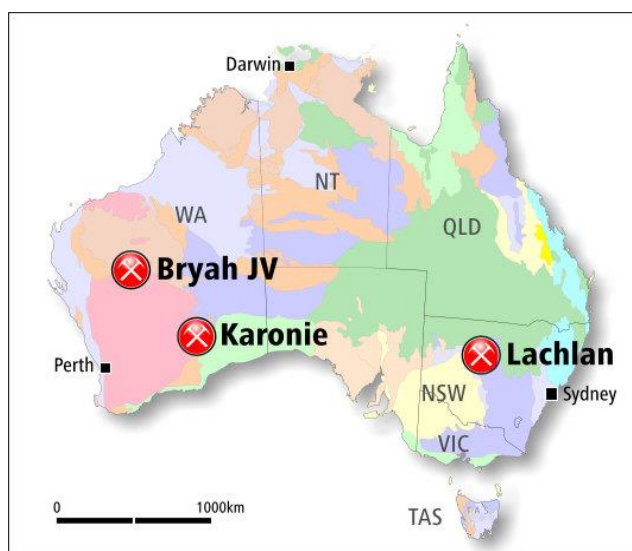
- Cash at 30 September 2017 - \$1.8M.

<sup>1</sup>Reference: ASX Announcement by Breaker Resources NL dated 17 July 2015 titled "Drilling Commences at Lake Roe Project"

Alchemy Resources Ltd (ASX: **ALY**; “**Alchemy**” or “the **Company**”) is an Australian exploration company focused on growth through the discovery and development of gold and base metal resources within Australia. The Company has built a significant land package in the Karonie greenstone belt in the Eastern Goldfields region in Western Australia, and has entered into a Farm-in and Joint Venture Agreement with Heron Resources Ltd (ASX: **HRR**; “**Heron**”) to earn an 80% interest in the Lachlan Projects in New South Wales. The Company also maintains its interest in the Bryah Basin Project in the emerging gold and base metal-rich Gascoyne region of Western Australia (Figure 1), where farm-in and joint venture partners, Independence Group NL (ASX: **IGO**; “**IGO**”) and Billabong Gold Pty Ltd (“**Billabong**”), a subsidiary of TSX-V listed Superior Gold Inc. (TSX-V: **SGI**), are continuing to advance base metal and gold exploration, respectively.

Work completed by the Company in the September 2017 Quarter included the completion of first-pass aircore drilling at the Gilmore and Aldiss prospects, and the planning of follow up drilling and shallow RAB drilling across the Claypan Fault within the Karonie Project, WA. This drilling is expected to commence early in 2018.

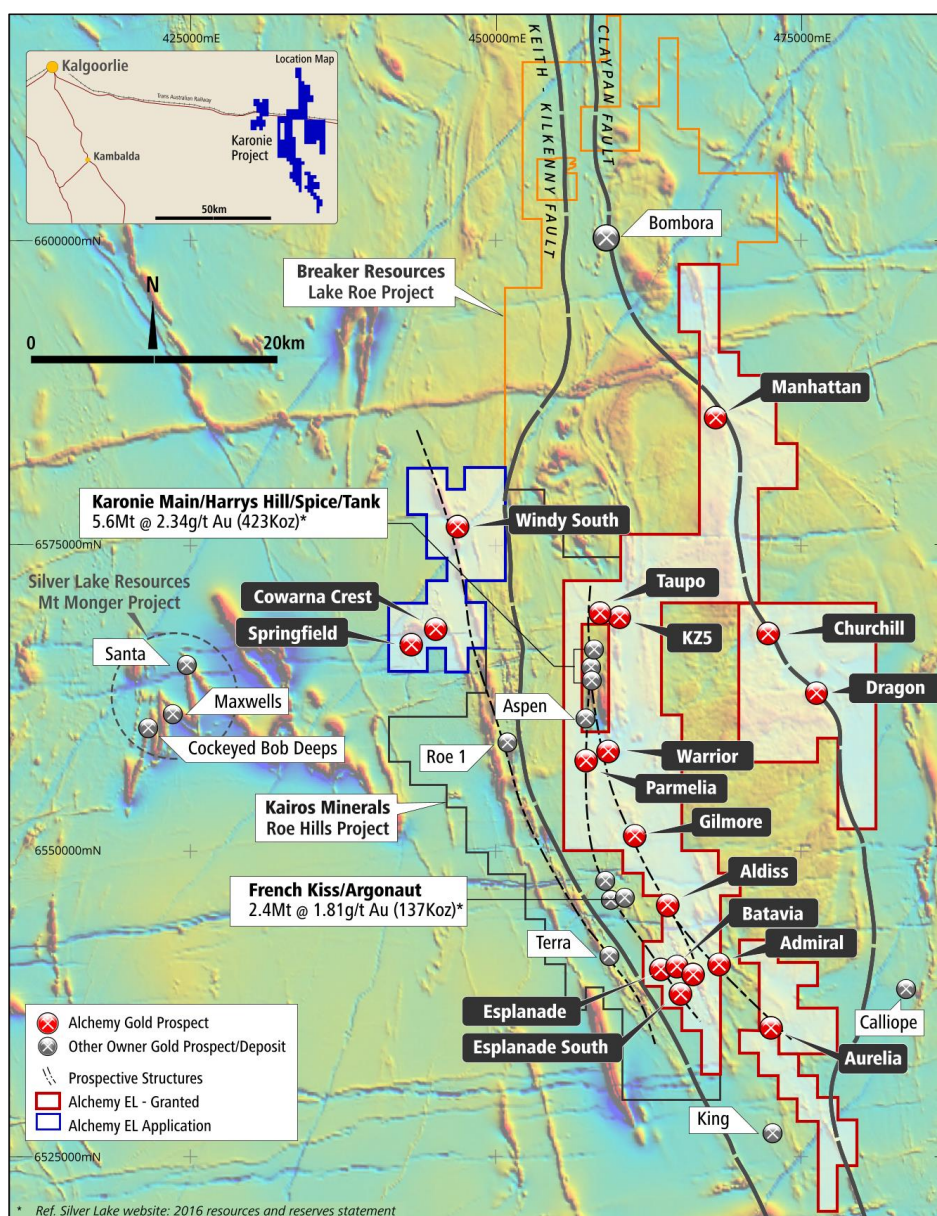
Soil sampling and shallow auger drilling programs were designed for the Eurow and Girilambone projects (respectively), and preparation for RC drilling at the Black Range Tank Gossan at the Overflow Project in NSW is underway.



**Figure 1:** Alchemy Resources' Project Location Map.

## **Karonie Project (WA) (Alchemy 100%)**

Eight exploration licences have now been granted covering 679km<sup>2</sup> of highly prospective mineralised structures within Kurnalpi Terrain greenstones 100km east of Kalgoorlie (Figure 2). 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 560,000oz @ 2.34g/t Au), and also cover the under-explored, gold endowed Claypan Fault along strike to the south of the Bombora deposit (Breaker Resources NL) (ASX: **BRB**), all within 50km of Silver Lake's Randalls processing plant.



**Figure 2:** Karonie Project tenements, major deposits, prospects and interpreted major structures over aeromagnetic image

During the quarter a 74 hole, 3383 metre first-pass aircore drilling program was completed within the Karonie Gold Project (Figure 3). Drilling was designed to test two high priority Karonie/Bombora style targets (Gilmore and Aldiss prospects) at 2km to 4km line spacings. The drilling targeted D2 shears and folded/thickened dolerite stratigraphy interpreted from detailed aeromagnetic imagery.

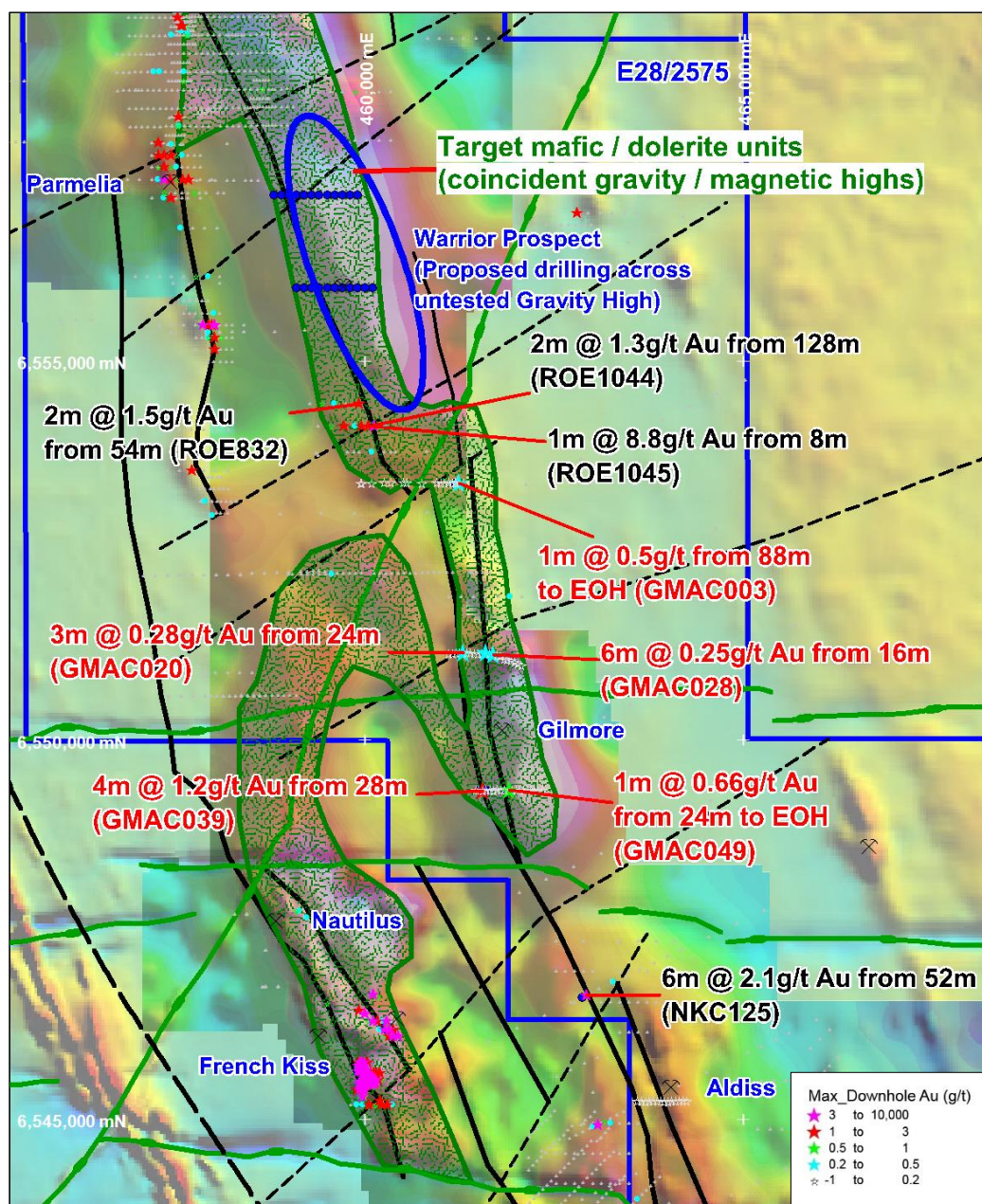
Foliated Archaean basalt and dolerite units with quartz-pyrite veining, disseminated pyrite and calc-silicate alteration were encountered in numerous holes on several lines, indicating that basement rocks are structurally and geochemically favourable to gold mineralisation. Numerous significant gold anomalies were received (Figure 3, Table A), with the results confirming the presence of gold mineralisation over five kilometres of strike with extensions to the north and south highly possible. Anomalous levels of Te, As and Sb coincident with the gold mineralisation suggest the drilling has intercepted at least one and possibly two major structures, and may indicate the presence of a significant mineralised system in the area.

One intercept (12m @ 0.70g/t Au from 28m) in GMAC039 was located within saprolitic clay containing up to 15% oxidised sulphide and quartz vein drill chips. The interpreted footwall of this mineralisation is comprised of



strongly foliated (sheared), calc-silicate-biotite altered pyritic dolerite, very similar to what is seen at the Karonie mine 16km to the north (*Figure 4*). The nearest drill hole along strike of GMAC039 is ~3km to the south and ~2km to the north. Follow-up drilling targeting primary gold mineralisation at depth and along strike is planned.

The centre of both Gilmore lines 6549350N and 6551150N contain quartz veined, altered pyritic dolerite units with anomalous bottom-of-hole gold values, including 1m @ 0.66g/t Au from 20m (GMAC049) and 6m @ 0.25g/t Au from 16m (GMAC028) (*Figures 3 & 5*). It is interpreted that these intercepts lie on the same north-south trending mineralised structure immediately west of a significant gravity high (*Figure 3*). Additional drilling between these lines and also across the coincident gravity-magnetic high at the Warrior Prospect ~7km along strike to the north of Gilmore is warranted.



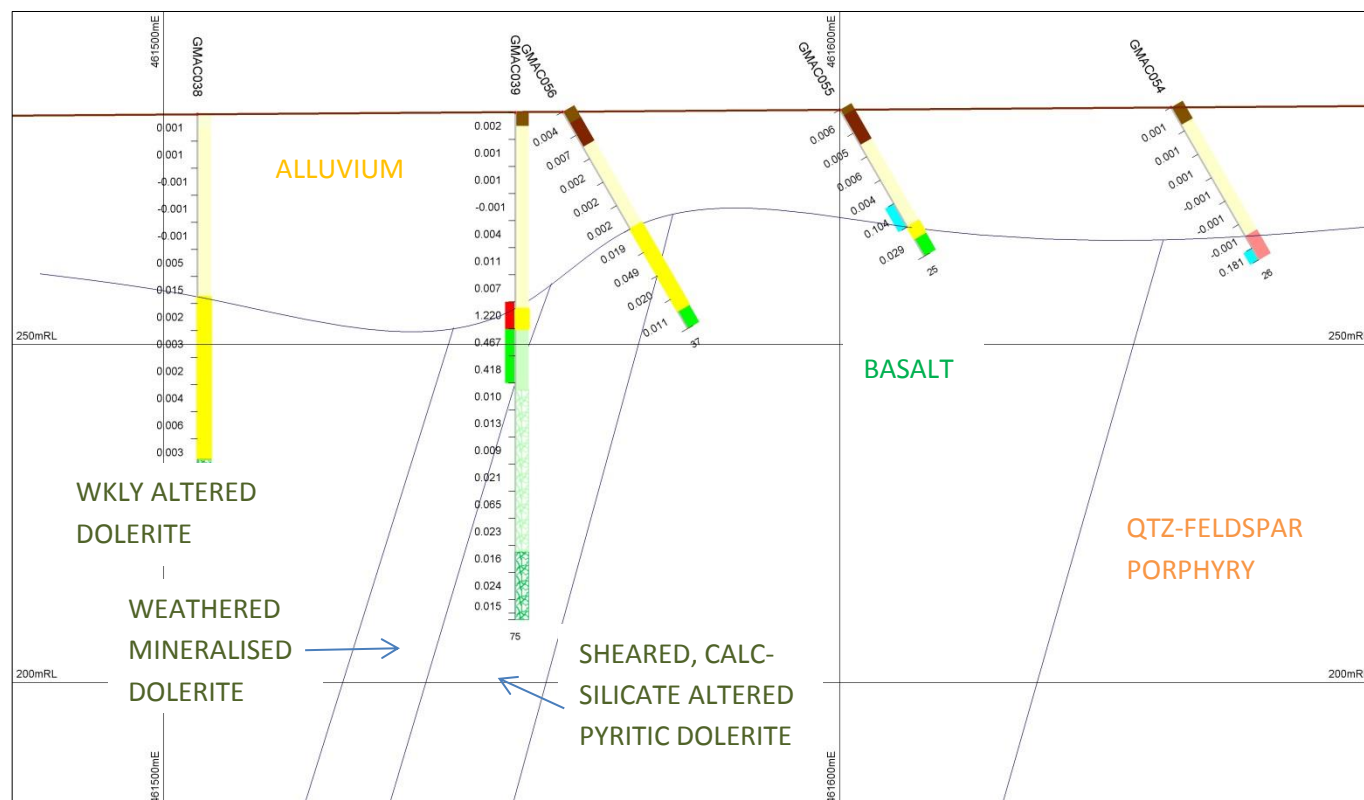
**Figure 3:** Karonie Project recent Aircore drilling results (red text), maximum downhole gold, relevant historic drilling results (black text), proposed drilling (blue dots), prospects, and interpreted major structures over combined gravity and TMI aeromagnetic imagery. (Refer to Alchemy Resources ASX Announcement dated 30 October 2017).

**Table A:** Drill hole details and significant aircore drilling intercepts (composite sampling).

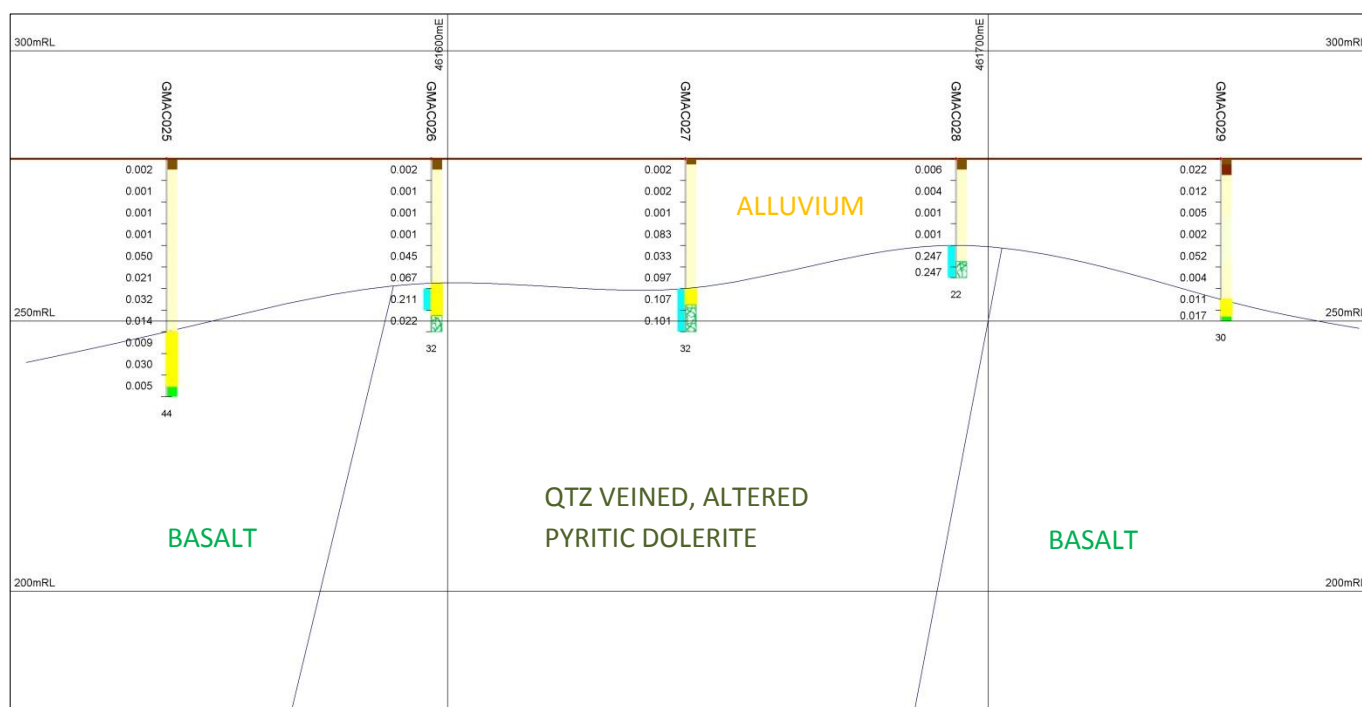
Hole ID	East*	North*	RL	Dip	Azi*	EOH Depth	From (m)	To (m)	Width (m)	Au g/t <sup>#</sup>
GMAC003	461250	6553400	290	-90	0	89	60	64	4	0.19
						and	88	<b>89 EOH</b>	<b>1</b>	<b>0.48</b>
GMAC007	460511	6553403	290	-90	0	98	92	96	4	0.13
GMAC020	461300	6551155	290	-90	0	27	24	27	3	0.28
GMAC021	461350	6551156	290	-90	0	35	20	24	4	0.18
GMAC026	461597	6551155	290	-90	0	32	24	28	4	0.21
GMAC027	461644	6551148	290	-90	0	32	24	32 EOH	8	0.10
GMAC028	461694	6551134	290	-90	0	22	16	22 EOH	6	0.25
GMAC039	461552	6549339	290	-90	0	75	28	40	<b>12</b>	<b>0.70</b>
						incl.	28	32	<b>4</b>	<b>1.22</b>
GMAC042	462244	6549351	290	-60	90	23	20	23 EOH	3	0.11
GMAC049	461903	6549354	290	-60	90	21	20	<b>21 EOH</b>	<b>1</b>	<b>0.66</b>
GMAC054	461649	6549351	290	-60	90	26	24	26 EOH	2	0.18
GMAC055	461600	6549348	290	-60	90	25	16	20	4	0.10
ALAC014	463600	6545250	290	-60	90	80	56	60	4	0.18

\* GDA94 (zone 51)

<sup>#</sup> Lower cut-off grade = 0.1g/t Au, no top cut applied, no internal waste, all intercepts >0.1g/t Au reported  
(Refer to Alchemy Resources ASX Announcement dated 30 October 2017).



**Figure 4:** Karonie Project Aircore drilling (Section 6549350N) showing hole traces coloured and labelled by gold (g/t) – left, and geology (right). (Refer to Alchemy Resources ASX Announcement dated 30 October 2017).



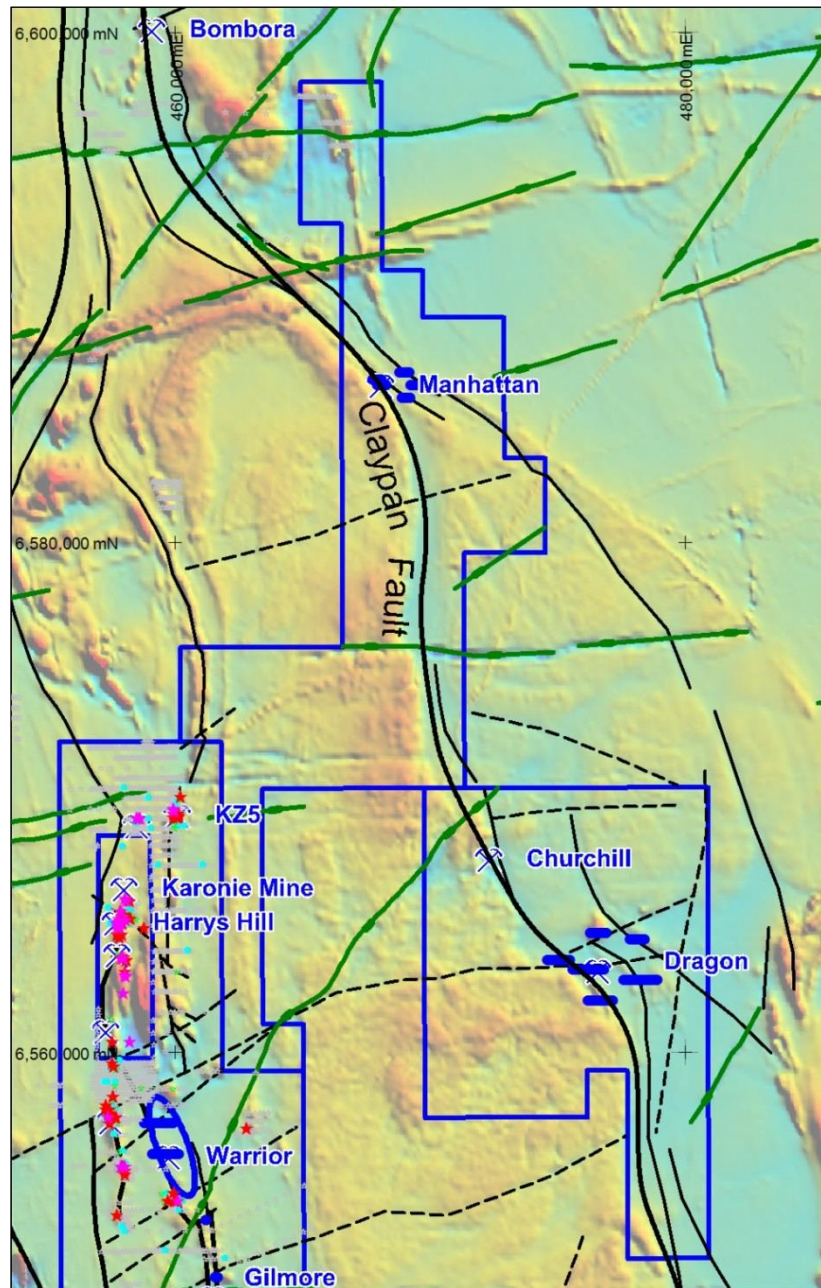
**Figure 5:** Karonie Project Aircore drilling (Section 6551150N) showing hole traces coloured and labelled by gold (g/t) – left, and geology (right). (Refer to Alchemy Resources ASX Announcement dated 30 October 2017).

One metre re-sampling of all >0.1g/t Au composite samples has been completed and samples submitted to ALS for gold analysis. Results are expected during November.

In addition to follow-up drilling in the Karonie area 4,500m of RAB drilling is planned to test two high priority targets located on the Claypan Fault (Manhattan and Dragon prospects) (Figure 6). The RAB drilling is targeting shallow auger drilling gold anomalism associated with the Claypan Fault Zone and folded or otherwise thickened dolerite units interpreted from detailed aeromagnetic imagery.

Preparation of the Program of Work (PoW) is underway, prior to undertaking Native Title ground clearance surveys, and clearing of drill lines. Drilling is expected to commence early in 2018.

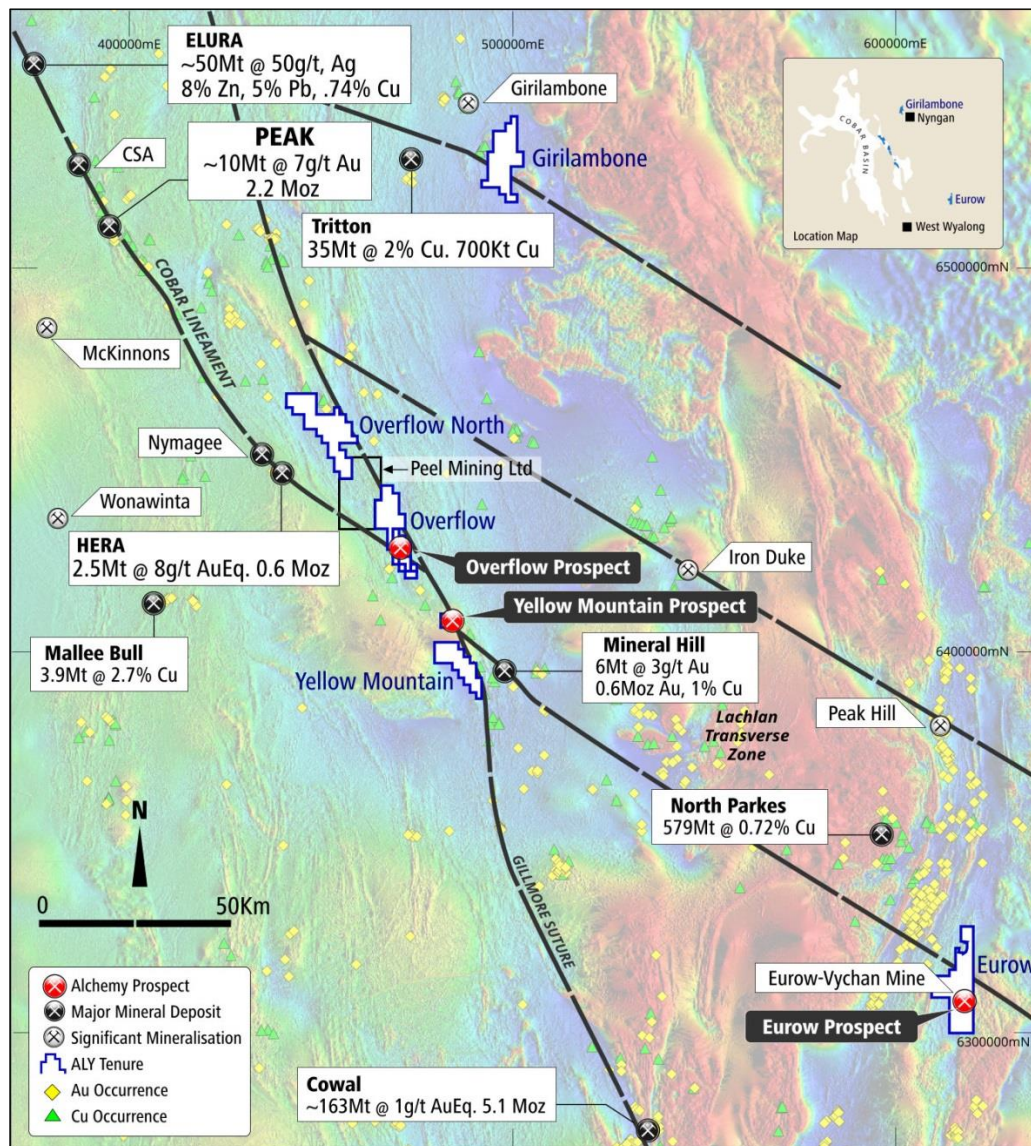




**Figure 6:** Karonie Project proposed drill holes (blue dots), previous drilling (max. downhole Au), tenement outline (blue), and prospects, over TMI aeromagnetic imagery.

### **Lachlan / Cobar Basin Projects (NSW) (Alchemy earning up to 80%)**

The Lachlan / Cobar Basin Projects consist of the Overflow Gold-Base Metal Project, the Eurow Copper-Gold Project and the Girilambone Copper Project each containing multiple gold and/or base metal targets, including drill-ready targets at Overflow and Yellow Mountain. The projects, which are a joint venture with Heron Resources (ASX: **HRR**), are proximal to high profile mining centres in the central Lachlan, including Hera/Nymagee (Aurelia Metals Ltd), Mallee Bull (Peel Mining Ltd), Tritton (Aeris Resources Ltd) and the Parkes mining centre (Figure 7).



**Figure 7: Lachlan projects – Overflow, Eurow & Girilambone – Farm-in / Joint Venture Agreement with Heron Resources.**

### **Overflow Gold-Base Metal Project (285km<sup>2</sup>)**

A four month Native Title negotiation period has commenced in order to access Crown Land immediately south and along strike of the Overflow Prospect. The negotiation period is a “no prospect” period which prevents any exploration work (including the planned ground EM survey over the strong airborne EM conductivity anomaly at the Overflow Prospect) from being conducted. The negotiation period ends on 6 January 2018.

RC drilling at the Black Range Tank Gossan VTEM / surface EM anomaly and coincident Au-Cu-Pb-Zn-Ag-in-soil anomaly is not impacted by Native Title and will be conducted as soon as approvals and drilling preparations have been completed.

A five year renewal for EL7941 was granted during the quarter. The renewal for EL8267 is pending.

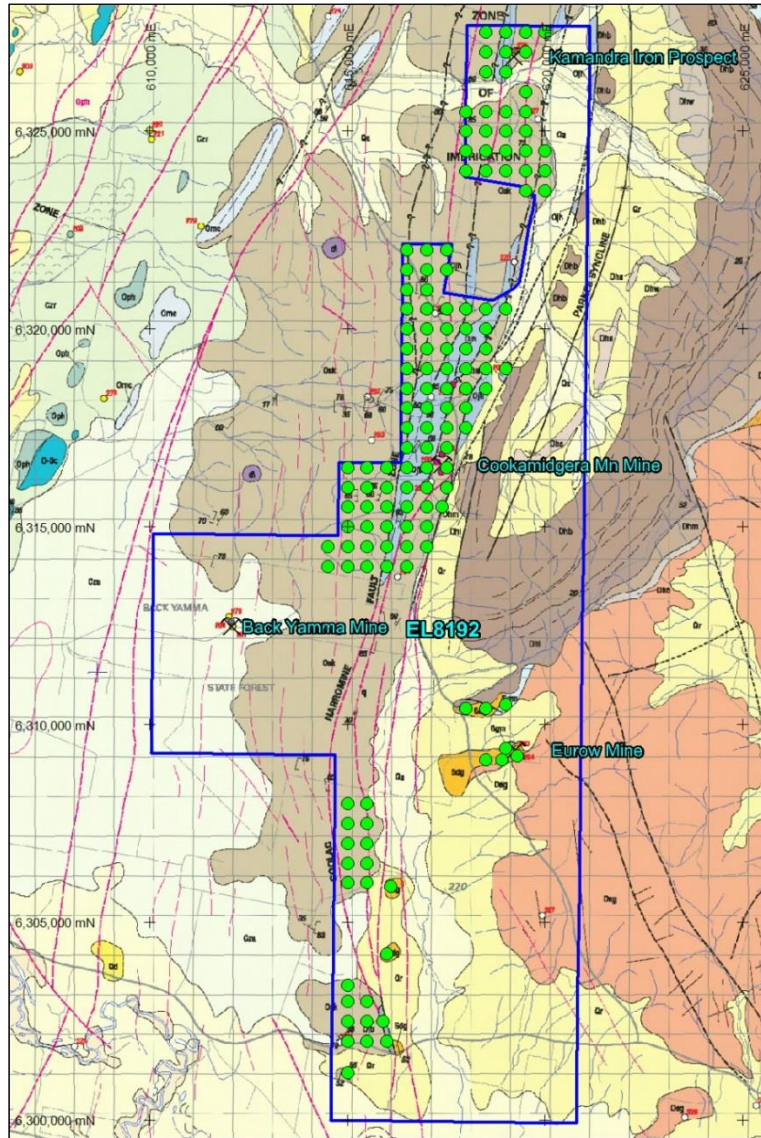


### **Yellow Mountain Copper-Gold Project (93km<sup>2</sup>)**

No work was conducted on the Yellow Mountain Project during the quarter.

### **Eurow Copper-Gold Project (167km<sup>2</sup>)**

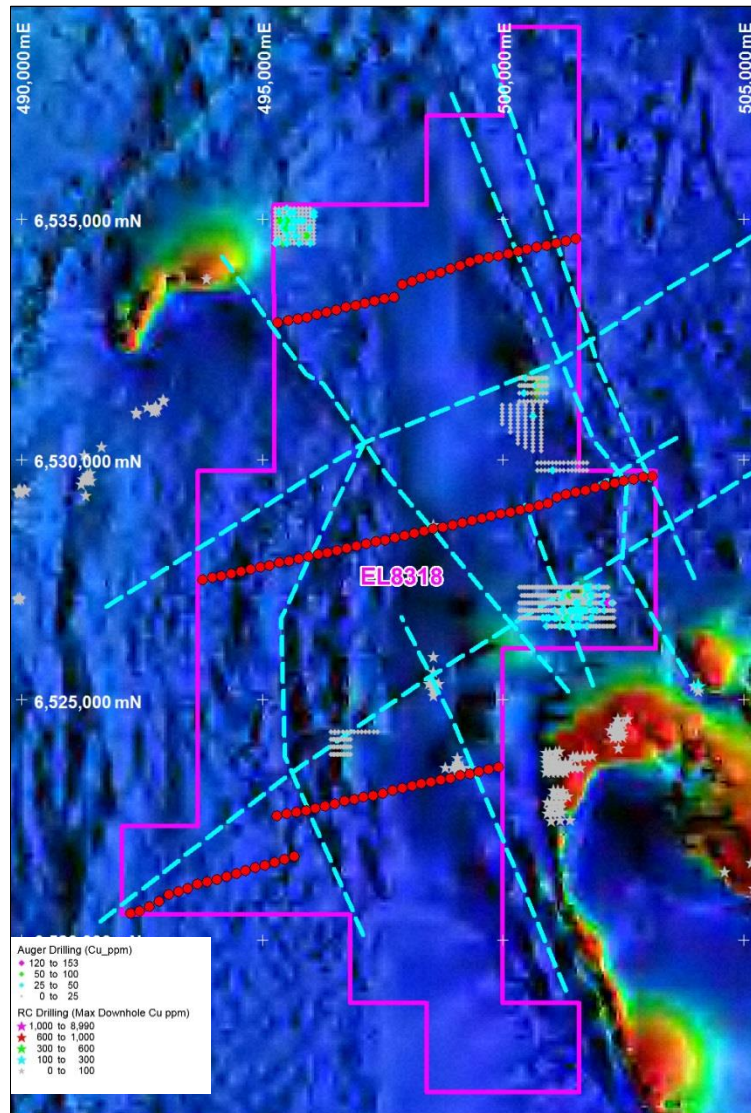
Wide spaced soil sampling (500m x 500m) was planned over residual soils coinciding with Ordovician and or Silurian aged rocks during the quarter (*Figure 8*). The sampling will be conducted early in the next quarter.



**Figure 8:** Eurow Project – proposed soil sampling (green dots) over 100K Government geology map.

### ***Girilambone Copper Project (129km<sup>2</sup>)***

A wide spaced auger drilling program (200m x 2km) was planned over areas of shallow alluvium within the project during the quarter (*Figure 9*). The drilling will be conducted early in the next quarter.



**Figure 9:** *Girilambone Project – proposed auger drilling (red dots), all previous drilling (RC and auger), and interpreted structures over regional aeromagnetic image.*

### **Bryah Basin Project (WA) (Alchemy 80-100%)**

#### ***Base Metals Exploration (IGO earning up to 80%)***

Leading Australian base metal and gold producer IGO is exploring and earning an interest (“**IGO JV**”) in the whole and part tenements that cover the base metal prospective area of the Bryah Basin Project (*Figure 10*). Under the terms of the IGO JV, IGO can earn up to 80% in Alchemy’s interests (excluding iron ore rights) through Earn-In Expenditure of \$6M within five years, 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. Expenditure by IGO to the end of June 2017 is approximately \$3.7M.

During the quarter IGO completed a 142 line km moving loop EM (MLEM) survey over three key target areas; Neptune North, Magnus West and Central Bore. The final results of the survey are currently being assessed.

On 28 September IGO accepted the inclusion of two exploration licences (E52/3472, E52/3475) and five prospecting licences (P52/1531, P52/1532, P52/1533, P52/1534, P52/1535) into the existing Bryah Basin Farm-in and Joint Venture Agreement (Appendix 1).

IGO held a meeting with the Jidi Jidi Aboriginal Corporation (JJAC) to further the negotiation of survey terms under an ILUA Heritage Agreement. This negotiation is ongoing.

Work in the December quarter will focus on assessing the EM survey results in order to define potential targets for future drill testing.

### ***Gold Exploration (Billabong Gold earning up to 80%)***

Exploration of Alchemy's tenements that cover the gold prospective part of the Bryah Basin Project (*Figure 10*) continued under a farm-in and joint venture arrangement with Billabong Gold ("**Billabong Gold JV**"). Under the terms of the Billabong Gold JV up to 80% in Alchemy's interests in the gold prospective tenements can be earned through earn-in exploration expenditure of \$1.2M within three years. Upon fulfilment of the earn-in expenditure, Alchemy's interest is carried on an interest-free deferred basis to production, with Alchemy to repay the deferred amount at the rate of 50% of its share of free cash flow from production following commencement of mining. Expenditure to date by Billabong (and its predecessors) totals \$0.99M.

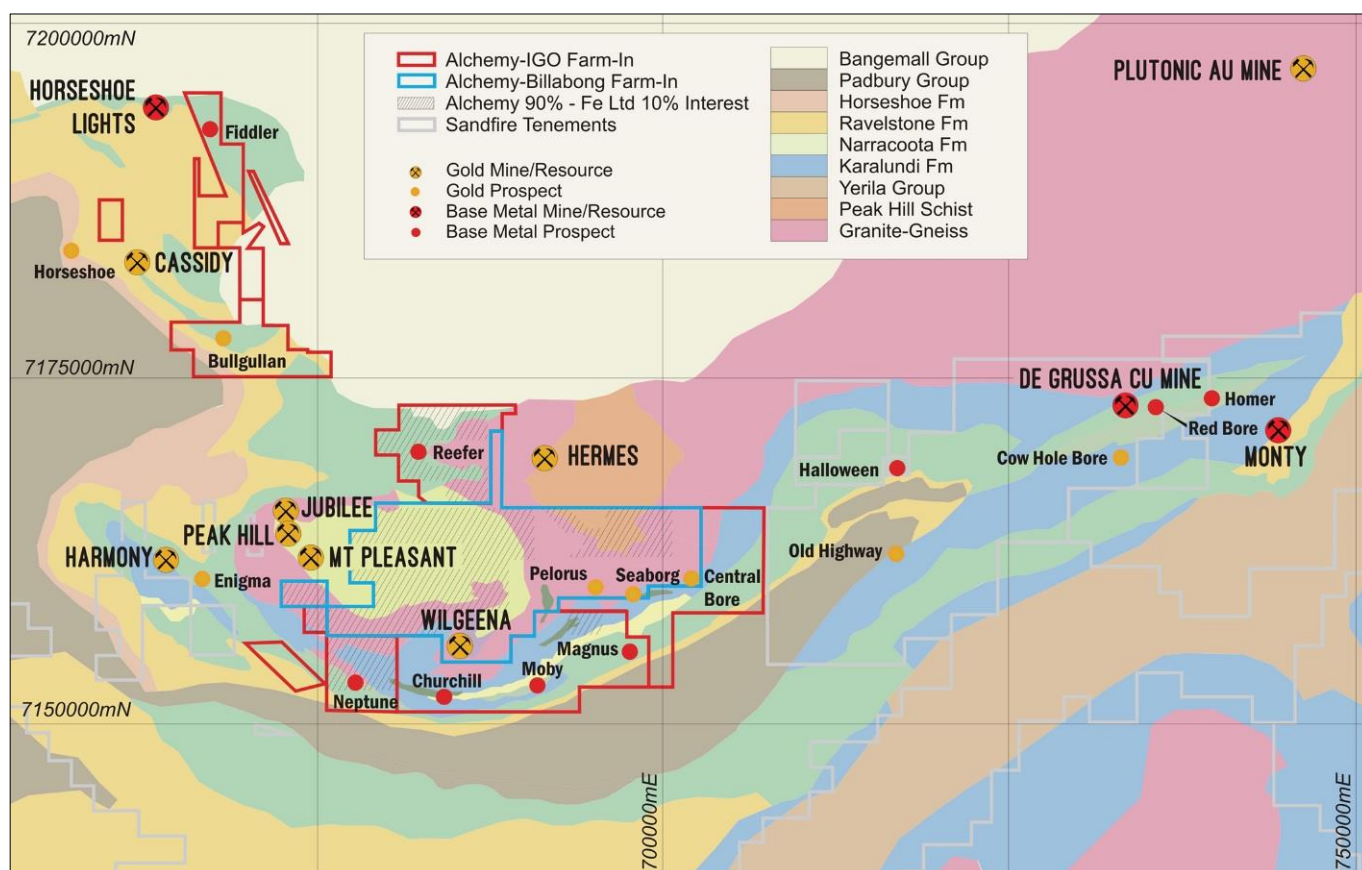
The Billabong Gold JV currently has a JORC 2004 Indicated Resource of 87,373 ounces of gold (1.36Mt @ 1.99g/t Au) at the Wilgeena Prospect. The mineralisation is open at depth and has excellent potential for further drilling to expand the area of gold mineralisation and add to the known resource. An updated 2012 JORC compliant resource report for the Wilgeena deposit is expected to be released during the next quarter.

No on-ground fieldwork was conducted on the Joint Venture tenements during the current quarter, however multi-element analysis results for 1,320 sample pulps from shallow RAB drilling drilled across the central and eastern project areas were received and are currently being evaluated.

Billabong has commenced discussions with the Jidi Jidi Aboriginal Corporation (**JJAC**) regarding an exploration and mining heritage agreement. Billabong's preference is to enter into an agreement with JJAC that facilitates both exploration and mining activities over the Bryah Basin tenements, however the JJAC advised that their preference is for an agreement that only relates to exploration activities. Billabong is considering this position.

Work proposed by Billabong for the December 2017 quarter includes the interpretation of multi-element results from the 2015 RAB drilling geochemistry, a review of the Wilgeena resource, and drill planning for both the Wilgeena prospect and for the wider area following up on targets identified from the recent geophysical / geological review.





**Figure 10:** Bryah Basin Project – IGO JV and Billabong Gold JV areas and gold and base metal prospects.

## Corporate

At 30 June 2017, the Company held a cash balance of \$1.8M.

Please direct enquiries to:

Mr Leigh Ryan – Managing Director

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**APPENDIX 1**
**Schedule of Mining Tenements as at 30 September 2017**

Project/Tenement	State	Status	Interest start Qtr	Interest end Qtr	Co-holder	Notes
<b>Bryah Basin Project</b>						
E52/1668	WA	Granted	80%	80%	Jackson Minerals Pty Ltd	1, 2, 3
E52/1678	WA	Granted	80%	80%	Jackson Minerals Pty Ltd	1, 2, 3
E52/1722	WA	Granted	80%	80%	Jackson Minerals Pty Ltd	1, 2
E52/1723	WA	Granted	100%	100%		2, 4, 5
E52/1730	WA	Granted	80%	80%	Jackson Minerals Pty Ltd	1, 2, 3
E52/1731	WA	Granted	100%	100%		2, 4
E52/1810	WA	Granted	100%	100%		2
E52/1852	WA	Granted	100%	100%		4
E52/2360	WA	Granted	100%	100%		2, 7
E52/2362	WA	Granted	100%	100%		2, 4, 6
E52/3292	WA	Granted	100%	100%		2
E52/3405	WA	Granted	100%	100%		2, 4, 6
E52/3406	WA	Granted	100%	100%		2, 4, 6
E52/3407	WA	Granted	100%	100%		2, 6
E52/3408	WA	Granted	100%	100%		2, 4, 6
E52/3409	WA	Granted	100%	100%		2, 6
E52/3472	WA	Granted	100%	100%		2
E52/3475	WA	Granted	100%	100%		2
M52/722	WA	Granted	100%	100%		2, 4, 6
M52/723	WA	Granted	100%	100%		2, 4, 6
M52/737	WA	Granted	100%	100%		4, 6
M52/795	WA	Granted	100%	100%		2, 4, 6
M52/844	WA	Granted	100%	100%		2, 6
M52/1049	WA	Granted	100%	100%		4, 6
P52/1316	WA	Amalg. Appl.	100%	0%		4, 6
P52/1317	WA	Surrendered	100%	0%		2, 6
P52/1318	WA	Amalg. Appl.	100%	0%		2, 6
P52/1320	WA	Amalg. Appl.	100%	0%		2, 6
P52/1321	WA	Amalg. Appl.	100%	0%		4, 6
P52/1322	WA	Amalg. Appl.	100%	0%		4, 6
P52/1323	WA	Amalg. Appl.	100%	0%		2, 6
P52/1327	WA	Amalg. Appl.	100%	0%		4, 6
P52/1365	WA	Granted	100%	100%		4, 6
P52/1425	WA	Granted	100%	100%		2
P52/1427	WA	Granted	100%	100%		2
P52/1428	WA	Granted	100%	100%		2
P52/1429	WA	Granted	100%	100%		4
P52/1467	WA	Granted	100%	100%		2
P52/1468	WA	Granted	100%	100%		2
P52/1469	WA	Granted	100%	100%		2
P52/1470	WA	Granted	100%	100%		2
P52/1531	WA	Granted	100%	100%		2
P52/1532	WA	Granted	100%	100%		2
P52/1533	WA	Granted	100%	100%		2
P52/1534	WA	Granted	100%	100%		2
P52/1535	WA	Granted	100%	100%		2
P52/1538	WA	Granted	0%	100%		4
P52/1539	WA	Granted	0%	100%		4

Project/Tenement	State	Status	Interest start Qtr	Interest end Qtr	Co-holder	Notes
<b>Karonie Project</b>						
E28/2575	WA	Granted	100%	100%		7
E28/2576	WA	Granted	100%	100%		7
E28/2601	WA	Granted	100%	100%		7
E28/2619	WA	Granted	100%	100%		7
E28/2643	WA	Granted	100%	100%		7
E28/2657	WA	Granted	0%	100%		7
E28/2667	WA	Granted	100%	100%		7
E28/2668	WA	Granted	0%	100%		7
E28/2681	WA	Application	-	-		7
<b>Lachlan Projects</b>						
EL5878 - Overflow	NSW	Granted	0%	0%	ALY earning up to 80%	8
EL7941 - Overflow	NSW	Granted	0%	0%	ALY earning up to 80%	8
EL8267 - Overflow	NSW	Granted	0%	0%	ALY earning up to 80%	8
EL8356 - Overflow	NSW	Granted	0%	0%	ALY earning up to 80%	8
EL8192 - Euroow	NSW	Granted	0%	0%	ALY earning up to 80%	8
EL8318 - Girilambone	NSW	Granted	0%	0%	ALY earning up to 80%	8

**Notes:**

1. Jackson Minerals Pty Ltd, a subsidiary of Fe Ltd (ASX: FEL), retains a 20% interest free-carried to a decision to mine.
2. Independence Group NL (ASX: IGO) has a right to explore and earn a 70-80% interest (excludes iron ore) in whole or part tenements by sole funding a total of \$6,000,000 of exploration expenditure, with Alchemy free-carried up to completion of a pre-feasibility study.
3. Billabong Gold Pty Ltd has a right to explore and earn a 70% interest in whole or part tenement by sole funding a total \$1,200,000 on exploration expenditure over tenements or parts of tenements marked (3) & (4).
4. Billabong Gold Pty Ltd has a right to explore and earn an 80% interest in whole or part tenement by sole funding a total \$1,200,000 on exploration expenditure over tenements or parts of tenements marked (3) & (4).
5. PepinNini Robinson Range Pty Ltd retains a 1% NSR on iron ore.
6. 100% minerals rights for all minerals, excluding iron ore; Carey Mining Iron Ore JV – Alchemy Resources 50%, Carey Mining 50% iron ore.
7. Goldtribe Corporation Pty Ltd, a subsidiary of Alchemy Resources Ltd, has 100% interest in the tenement.
8. Alchemy Resources (NSW) Pty Ltd, a subsidiary of Alchemy Resources Ltd, has a right to explore and earn up to an 80% interest in tenements by sole funding a total of \$2,000,000 on exploration expenditure.

*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. 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.*

*The information in this report that relates to Mineral Resources at the Wilgeena Gold Deposit is based on information compiled by Simon Coxhell, who is an employee of CocksRocks Pty Ltd, a consultant to Alchemy Resources Limited. Mr Coxhell is a Member of the Australian Institute of Geoscientists and the Australasian Institute of Mining and Metallurgy 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 2004 Edition of the Joint Ore Reserves Committee 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ('JORC Code 2004'). Mr Coxhell consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.*

*Alchemy confirms that the Indicated Mineral Resource at the Wilgeena Gold Deposit were prepared and first disclosed under JORC Code 2004. These have not been updated since to comply with JORC Code 2012 on the basis that the information has not materially changed since last reported on 22 October 2012. Alchemy is not aware of any new information or data that materially affects the information included in that announcement and that all material assumptions and technical parameters underpinning the estimates in that announcement continue to apply and have not materially changed.*