

ASX ANNOUNCEMENT

7 AUGUST 2019

CODE: ALY

BOARD OF DIRECTORS

Mr Lindsay Dudfield
Non-Executive Chairman

Mr Leigh Ryan
Managing Director

Ms Liza Carpeno
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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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*).

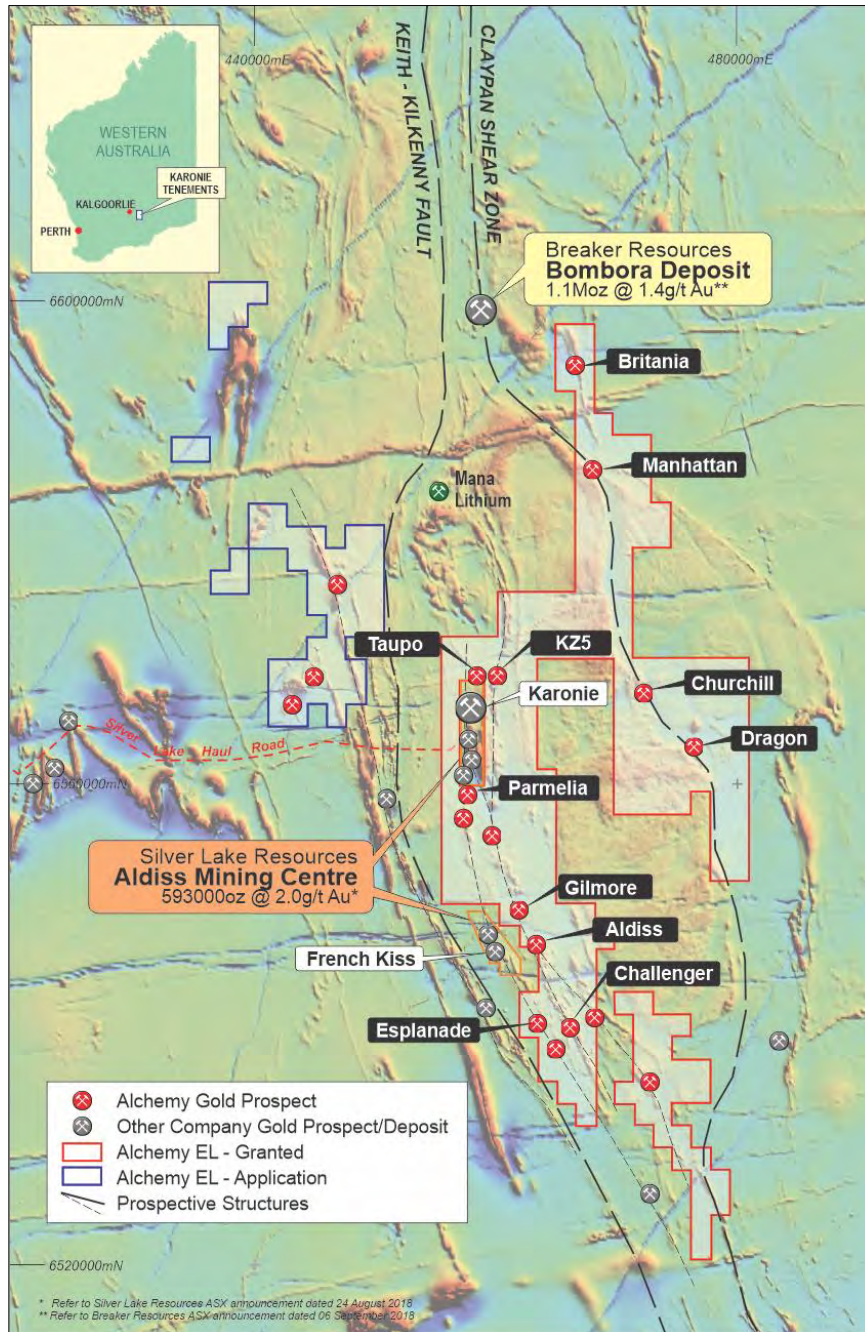


Figure 1: Karonie Project tenements, major deposits, prospects and interpreted major structures over aeromagnetic image

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*).

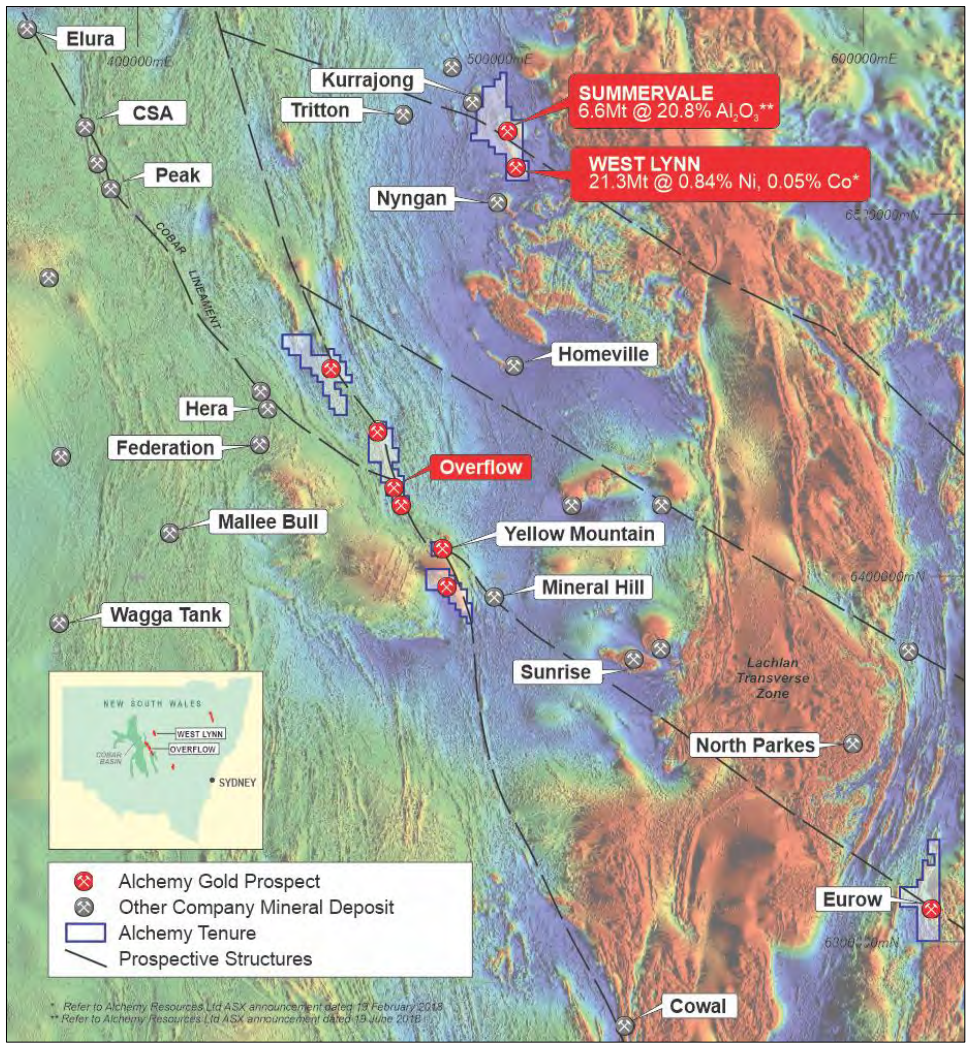


Figure 2: NSW Alchemy / Heron Resources Farm-in / Joint Venture Agreement Projects

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).

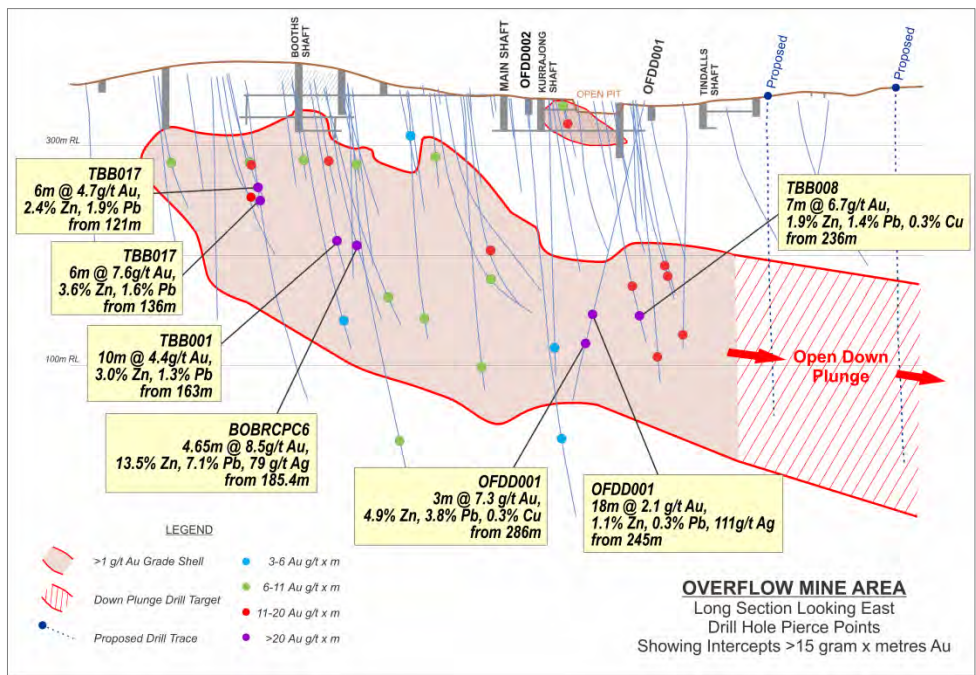


Figure 3: Overflow long section showing proposed drilling and previous drill intercepts

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.