

**ASX
ANNOUNCEMENT**

6 APRIL 2017

CODE: ALY

BOARD OF DIRECTORS

Mr Oscar Aamodt
Non-Executive Chairman

Mr Leigh Ryan
Managing Director

Ms Liza Carpine
Non-Executive Director

Mr Lindsay Dudfield
Non-Executive Director

Mr Anthony Ho
Non-Executive Director

ISSUED CAPITAL

SHARES 230,788,035

OPTIONS 10,500,000 (Unlisted)

PROJECTS

BRYAH BASIN (80-100%)

KARONIE (100%)

LACHLAN (earning up to 80%)

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Karonie Project Exploration Update

HIGHLIGHTS

- **New exploration licence applications increase Alchemy's landholding at Karonie to 780km²** (all tenements are 100% owned by Alchemy)
- **Four exploration licences now granted, covering 250km²** of highly prospective mineralised structures within Kurnalpi Terrain greenstones east of Kalgoorlie, and **along strike of Silver Lake Resources Limited's (ASX:SLR) reserves and resources of 370,000oz @ 2.24g/t Au.**
- **Five exploration licence applications (530km²)** cover the under-explored, gold endowed Claypan Fault **along strike to the south of the Bombora deposit** (Breaker Resources NL ASX:BRB), and the fertile Aldiss Fault that hosts the Terra and Roe 1 mineralisation (Kairos Minerals Ltd ASX:KAI).
- Open file data and a prospectivity study completed by SRK Consulting have been used to plan **over 10,000m of follow-up and first pass aircore and RC drilling across 11 target areas.**

- Historical gold intercepts requiring follow-up drilling include:

Esplanade Prospect

- **9m @ 3.0g/t Au** from 61m (LPAC083)
- **8m @ 3.4g/t Au** from 38m (LPAC035)
- **5m @ 2.9g/t Au** from 101m (LPRC5)

Batavia Prospect

- **3m @ 14.6g/t Au** from 121m (ISRC1001)
- **8m @ 2.1g/t Au** from 12m (SISC1261)
- **1m @ 24.8g/t Au** from 70m (ISRC1013)

Taupo Prospect

- **6m at 1.94g/t Au** from 74m to EOH (TRRC2)
- **10m @ 2.55g/t Au** from 30m (TRRC6)
- **22m @ 1.06g/t Au** from 42m (TRRC6)

KZ5 Prospect

- **20m @ 1.58g/t Au** from 190m (KZRC040D)
- **12m at 1.37 g/t Au, 0.71% Zn** from 42m (KZD001)

- Drilling to commence as soon as statutory and Native Title permissions have been received and drill site access prepared.

Alchemy Resources Limited (ASX: ALY) is pleased to announce that four exploration licences have now been granted covering 250km² of highly prospective mineralised structures within Kurnalpi Terrain greenstones 100km east of Kalgoorlie (Fig. 1). The granted tenements are located along strike of Silver Lake Resources' Harry's Hill, French Kiss and Spice reserves and resources of 370,000oz @ 2.24g/t Au and within 50km of Silver Lake's Mt Monger / Randalls processing plant.

In addition, five exploration licence applications (530km²) due to be granted later this year, cover the under-explored, gold endowed Claypan Fault along strike to the south of the Bombora deposit (Breaker Resources NL), and the fertile Aldiss Fault that hosts the Terra and Roe 1 mineralisation (Kairos Minerals Ltd) (Fig. 1).

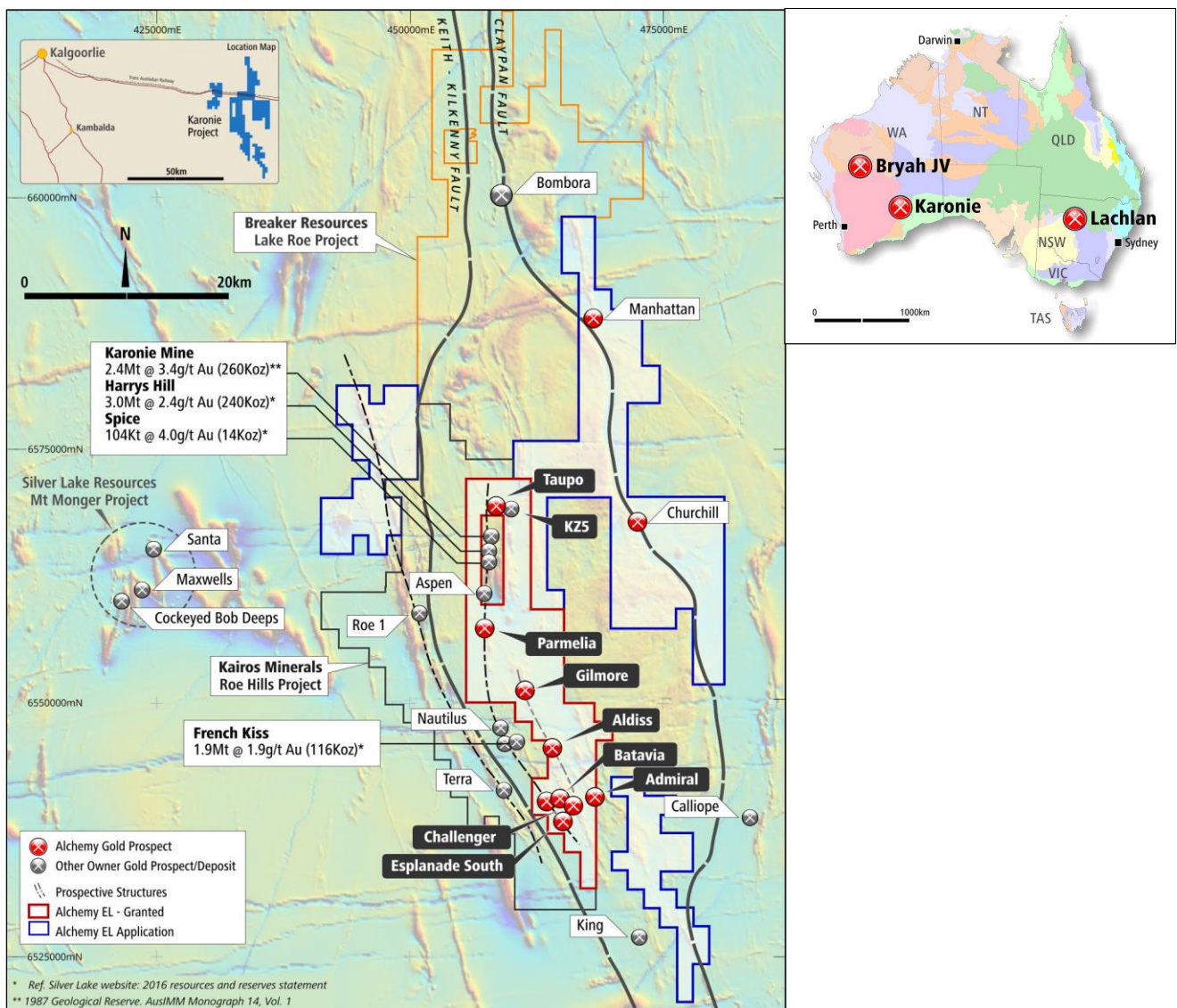


Figure 1: Karonie Project tenements, major deposits, prospects and interpreted major structures over aeromagnetic image

A prospectivity study completed by SRK Consulting has been used to assist the planning first pass aircore drilling across seven target areas. The prospectivity study uses Minerals System Analysis and Weights of Evidence Analysis to identify targets for gold mineralisation. Minerals System Analysis focusses on generalised gold mineralisation system knowledge including source, pathway, focus and trap site criteria (Fig. 2 – left). Weights of Evidence Analysis uses local gold deposit information including rock types, structures, drilling and soil geochemistry, and geophysics (Fig. 2 – right). The study indicates areas of higher prospectivity that warrant future exploration focus. These are represented by the “hot” areas in Figure 2 below.

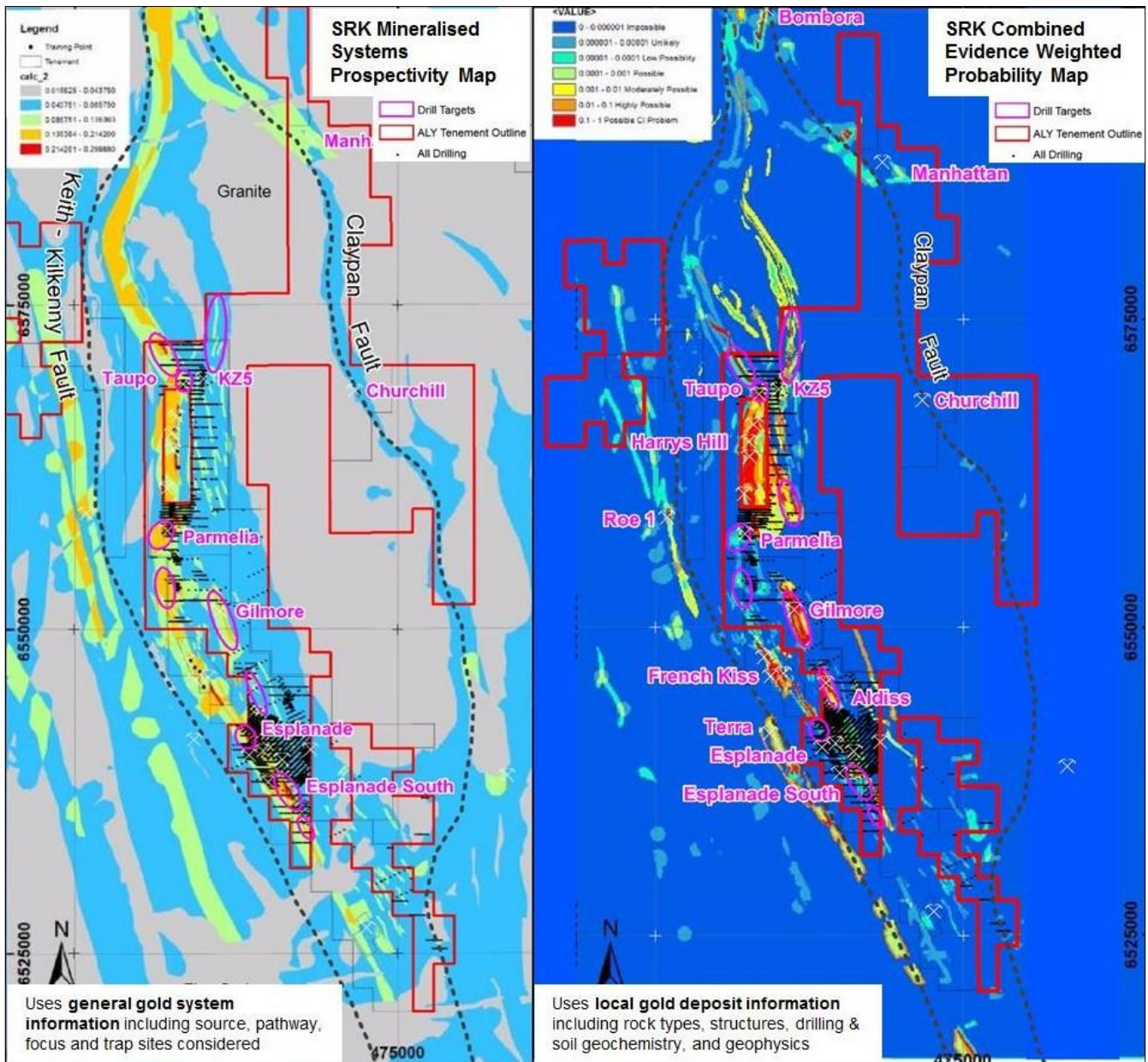


Figure 2: Karonie Project: mineralised systems prospectivity map (left), and combined evidence weighted probability map (right), (modified from open file SRK “Prospectivity Study for the Aldiss Project Area” report dated December 2014 prepared for Silver Lake Resources).

Open file data compilation work by Alchemy has confirmed that no drilling and limited effective soil sampling has been completed over the strip of greenstones and corresponding highly prospective Claypan Fault within the north-eastern part of the project area.

The data compilation also identified numerous historical gold intercepts that require follow-up drilling. RC drilling is planned within four target areas that include the following intercepts (Refer to Alchemy ASX Announcement dated 28 October 2016):

Esplanade Prospect

- **9m @ 3.0g/t Au** from 61m (LPAC083)
- **8m @ 3.4g/t Au** from 38m (LPAC035)
- **5m @ 2.9g/t Au** from 101m (LPRC5)

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Both the KZ5 and Taupo prospects have been very sparsely tested with minimal drilling along strike and down dip. Significantly, most of the mineralisation at KZ5 and Taupo is hosted within dolerite, similar to the Bombora deposit (Breaker Resources NL).

The open file data compilation and SRK prospectivity study has been used to plan over 10,000m of follow-up and first pass Aircore and RC drilling across 11 target areas. Drilling is to commence as soon as statutory and Native Title permissions have been received, and drill site access has been prepared.

Alchemy's Managing Director, Leigh Ryan said:

"The SRK prospectivity study has identified some excellent first pass exploration targets in addition to the impressive walk-up drill targets already defined within the Karonie Project. Drill testing these targets and commencing first pass exploration over the prospective Claypan Fault is a high priority for Alchemy and will be initiated as soon as possible."

For further information please contact:

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Managing Director

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COMPETENT PERSONS STATEMENT

The information in this report that relates to Targets and Exploration Results is based on information compiled by Mr Leigh Ryan, who is the Managing Director of Alchemy Resources Limited. Mr Ryan is a Fellow 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.

Alchemy Resources confirms that it is not aware of any new information or data that materially affects the information included in the previous market announcement/s referred to and in the case of exploration results and mineral resources, that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.