

**ASX RELEASE**

**2 OCTOBER 2017**

**CODE: ALY**

**BOARD OF DIRECTORS**

**Mr Lindsay Dudfield**  
Non-Executive Chairman

**Mr Leigh Ryan**  
Managing Director

**Ms Liza Carpene**  
Non-Executive Director

**Mr Anthony Ho**  
Non-Executive Director

**ISSUED CAPITAL**

SHARES 342,335,585

OPTIONS 10,500,000 (Unlisted)

**PROJECTS**

BRYAH BASIN (80-100%)

KARONIE (100%)

LACHLAN (earning up to 80%)

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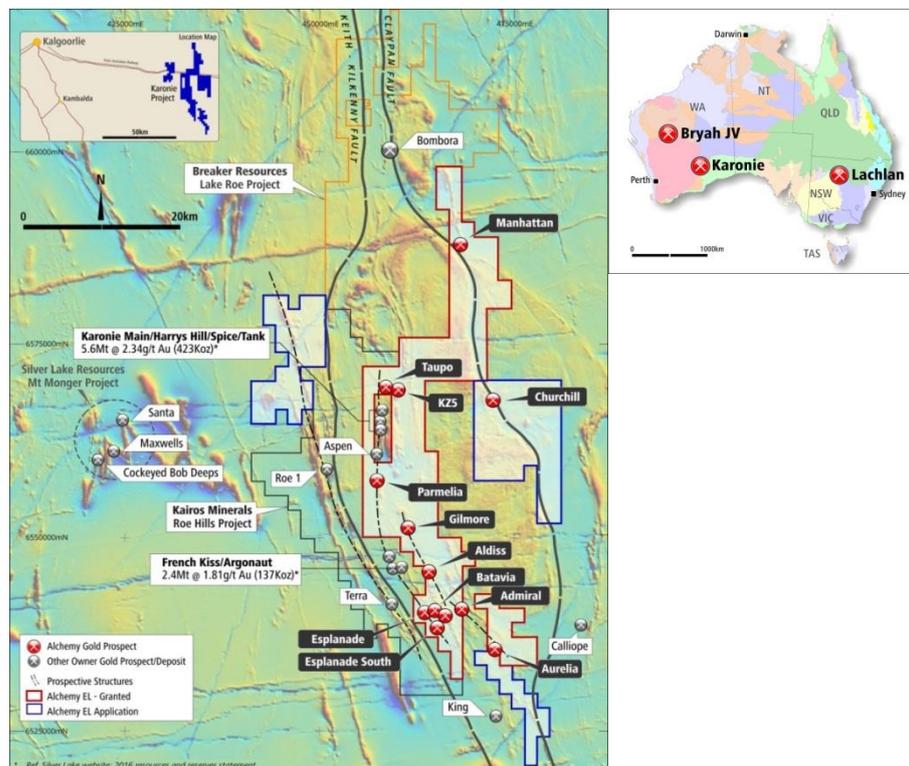


## Successful completion of first-pass aircore drilling at Karonie Gold Project in the WA Eastern Goldfields

**HIGHLIGHTS**

- An initial aircore drilling program has been completed at the Karonie Project with the aim of identifying gold mineralisation associated with previously untested, high priority Karonie Main / Bombora style targets.
- **3,383m of first-pass aircore drilling** was completed in 74 holes over two targets at 2km to 4km drill line spacings.
- **Quartz veined, sericite altered basalt and/or dolerite with disseminated pyrite intercepted in numerous holes.**
- **Final assay results expected later this month.**

Alchemy Resources Limited (ASX: ALY) ("Alchemy") is pleased to announce the completion of a 74 hole, 3383m aircore drilling program within the Karonie Gold Project in the Eastern Goldfields, WA (Figure 1). Drilling was designed to test two Karonie/Bombora style targets within 100% owned Alchemy tenure.



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

The first-pass aircore drilling successfully tested the two high priority targets (Gilmore and Aldiss prospects) at 2km to 4km line spacings (Figure 2). The drilling targeted D2 shears and folded dolerite stratigraphy interpreted from detailed aeromagnetic imagery.

Foliated Archean rocks with disseminated sulphides were encountered on all four lines drilled, indicating that basement rocks are structurally and geochemically favourable to gold mineralisation. Archean basalt, dolerite with quartz-pyrite veining, disseminated pyrite and sericite alteration were encountered in numerous holes. Minor shale and felsic porphyry units were also intercepted. The eastern half of the northernmost line (Line 1), encountered foliated Archean basalt and dolerite with quartz veining and disseminated sulphides. Difficult drilling conditions on the western end of this line prevented alluvial cover penetration and the area remains untested. Other drilling methods are now being considered.

Gold results for the program are expected by mid to late October with multi-element results due early in November.

Reconnaissance mapping close to lines one, two and four revealed quartz veins at surface up to one metre wide with strong iron oxide staining after sulphides. Basalt with abundant pyrite and Archean sediments including psammite and BIF found in these areas confirmed encouraging lithological and rheological variation prospective for gold deposition.

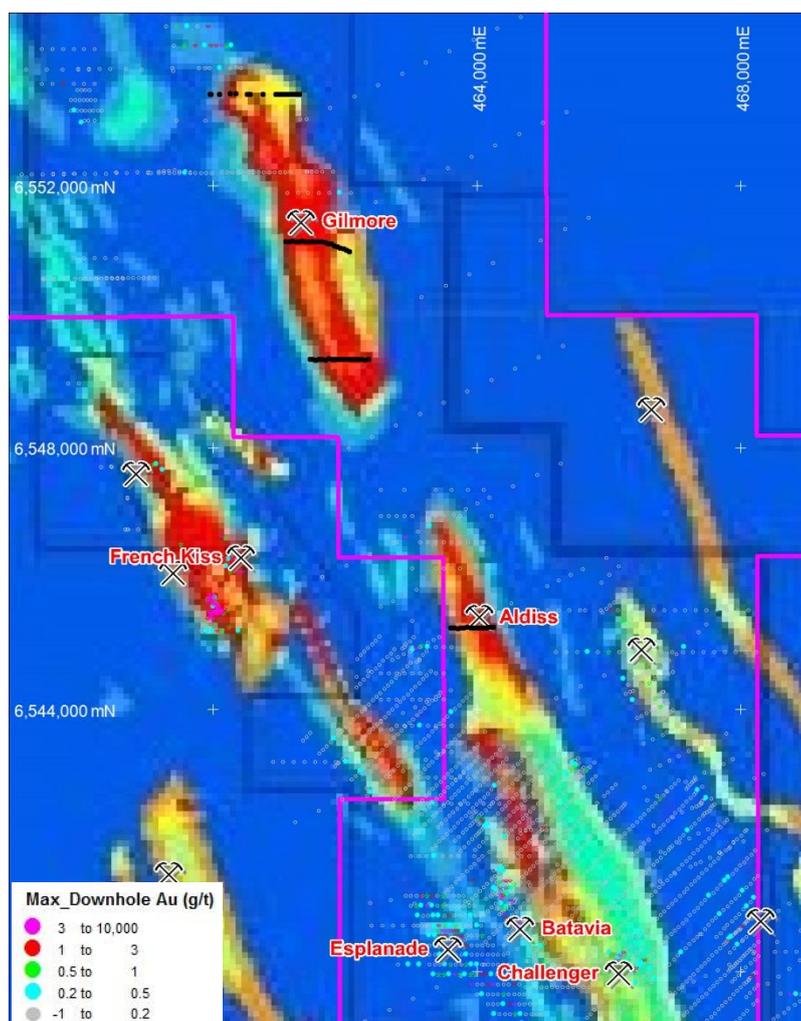


Figure 2: Karonie Project completed aircore holes (black), previous drilling (max downhole Au), tenement outline (pink), and prospects over combined evidence weighted probability map (modified from open file SRK report "Prospectivity Study for the Aldiss Project Area" dated December 2014)

Alchemy's Managing Director, Leigh Ryan said:

"The foliated, altered and pyritic mafic units encountered in this drill program is encouraging with respect to gold mineralisation and we're looking forward to receiving the assay results later this month. Fieldwork and multi-element data evaluations completed during the drilling program identified some excellent drill targets for gold mineralisation over the Claypan fault, and we have already started preparations for drilling across this highly prospective structure."

Please direct enquiries to:

Mr Leigh Ryan – Managing Director

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*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.*