

16 February 2021

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PROJECTS

LAKE REBECCA (ALY 100%)

KARONIE (ALY 100%)

LACHLAN (ALY 80%)

WEST LYNN (ALY 80%)

BRYAH BASIN (ALY 20%, TSX-V SGI 80%)

BRYAH BASIN (ALY 20%, SFR 80%)

Structural review outlines priority targets at Karonie

KEY POINTS

- Structural review on Alchemy's Karonie tenements in Western Australia has defined key target areas for testing in upcoming exploration programs
- Five (5) high level targets identified for further work including one new conceptual target immediately to the west of the Aldiss Mining Centre.
- Mineralisation corridor along strike from Silver Lake Resources (ASX: SLR) Aldiss Mining operations remains a key focus at existing advanced projects including Parmelia, KZ5 and Taupo (not included in this review).
- Access agreements commenced and planning underway for aggressive drill programs in Alchemy's 2021 exploration campaign

Alchemy Resources Limited (ASX: ALY) ("Alchemy") is pleased to announce the completion of a targeting review by Model Earth Pty Ltd on the 100% owned Karonie tenement package in Western Australia. The review focussed on generating "camp scale" prospective areas for follow-up (in addition to existing advanced target areas at Parmelia, KZ5 and Taupo).

The outcome of the study showed that Karonie is highly prospective, having regional-scale flexures on both the Keith Kilkenny and Claypan shear zones and proximity to nearby large scale >1Moz gold deposits.

Five high level targets were identified for further work including Warrior-Gilmore, Challenger-Esplanade, Manhattan and two new conceptual targets at Karonie West and a new target in the southern most extent of the Karonie tenement package.

Best historic results from Challenger included 10m at 1.46 g/t gold (from 128m) in ISRC10351¹ and previous high-grade intercepts from Esplanade included 1m at 21.35g/t gold (from 133m) in LPRC0181¹

Chief Executive Office Mr James Wilson commented:

"This review is a great outcome and shows the untapped prospectivity of the Karonie tenements. Targets in the south of Karonie have high grade mineralisation that hasn't been actively explored in some cases since 2004. Near term we look to get back on the ground with follow-up programs at Parmelia, KZ5 and K4. Alchemy has also started work on access agreements in the southern areas and planning for an aggressive mapping and drill program has commenced. We look forward to getting on the ground near term to test these targets in 2021".

ABOUT THE KARONIE PROJECT

The Karonie Project contains more than 40km of strike extent of Archean greenstone belt in the Eastern Goldfields. The Project has a high-quality geological setting, strategically located between major, regional-scale fault zones, the Keith-Kilkenny, and Claypan Faults. The fault zones are interpreted to be deep-seated, domain-bounding structures within the highly gold-endowed Kurnalpi Terrane, and in a position, which hosts the world-class Karari-Carusue Dam gold deposits 75km to the north.

The Karonie Project is strategically located directly along strike to Silver Lake Resources (ASX: SLR) Aldiss Project, in Western Australia and along strike to the south of Breaker Resources (ASX: BRB) Lake Roe gold project. The project is in close proximity existing processing plants and given the already substantial gold endowment in the area (Aldiss Project Resources >585koz @ 1.9g/t Au – see SLR ASX announcement dated 19 August 2020), Alchemy will focus its near-term exploration efforts to the discovery of additional high-grade gold mineralisation adjacent to these areas.

Shallow drilling carried out by previous explorers indicates that the Project area has a complex regolith with a stripped Archean profile overlain by reworked sediments, wind-blown sands and paleo-drainage channels and salt lakes. Consequently, the shallow cover is very complex and areas with shallow gold anomalism require deeper RC drilling and diamond core drilling to adequately test identified targets.

TARGET AREAS

Warrior-Gilmore

RAB drilling (8 holes for 166m) was completed in 2018 across an interpreted dolerite unit coinciding with gravity and magnetic highs at the Warrior Prospect. RAB drilling was unable to reach bedrock, intersecting clay and highly weathered quartz-rich sandstones. The area is considered highly prospective and RC drilling is being considered at Warrior to circumvent previous issues. At Gilmore aircore drilling in 2017 intersected altered dolerite with sulphides along the southern extension of the magnetic high which trends down from the Warrior prospect to the north. Best results included 12m @ 0.7g/t Au² with the nearest hole approximately 3km to the south and 2km to the north. Results confirmed multiple broad zones of gold anomalism over a strike length of ~5km.

Challenger-Esplanade

Gold mineralisation at Challenger often associated with quartz veining and/or elevated sulphide content in hydrothermally altered felsic/intermediate sediments and volcanics and mafic porphyritic basalts (see ASX announcements by Integra Mining Limited dated 18 September 2012, 17 December 2012). Challenger contains broad gold anomalism, alteration assemblages and structural complexity over strikes of >500m. Best results from Challenger included 10m at 1.46 g/t gold (from 128m) in ISRC10351¹ and high-grade intercepts from Esplanade including 1m at 21.35g/t gold (from 133m) in LPRC0181¹

¹ Refer Alchemy ASX announcement 24 May 2016

² Refer Alchemy ASX announcement 30 October 2017

Karonie West (new target)

Karonie West sits to the west of Silver Lake Resources (ASX: SLR) Aldiss Project. The target is linked to the North-East trending fault that appears to be associated with the main Aldiss camp and directly through the Harry's Hill mine. No historic work has been noted in this area.

Southern Karonie target (new target)

The area represents a conceptual target located around a major north-east trending fault. Exploration in this area has been limited to historic BLEG sampling in the northern area with no other systematic exploration carried out to date.

Manhattan

A short program of shallow RAB drilling was carried out in 2018. Drilling returned coarse grained fractionated dolerite units displaying leucocratic segregations (typical host rocks to Bombora, Mt Charlotte, Fimiston, Hidden Secret gold mineralisation). Drilling identified up to 22m of transported cover which established that historical auger drilling and soil sampling are not reliable methods along the Claypan Shear Zone. Alchemy believes that a systematic program of aircore drilling would be much more effective in this area. Planning is underway.

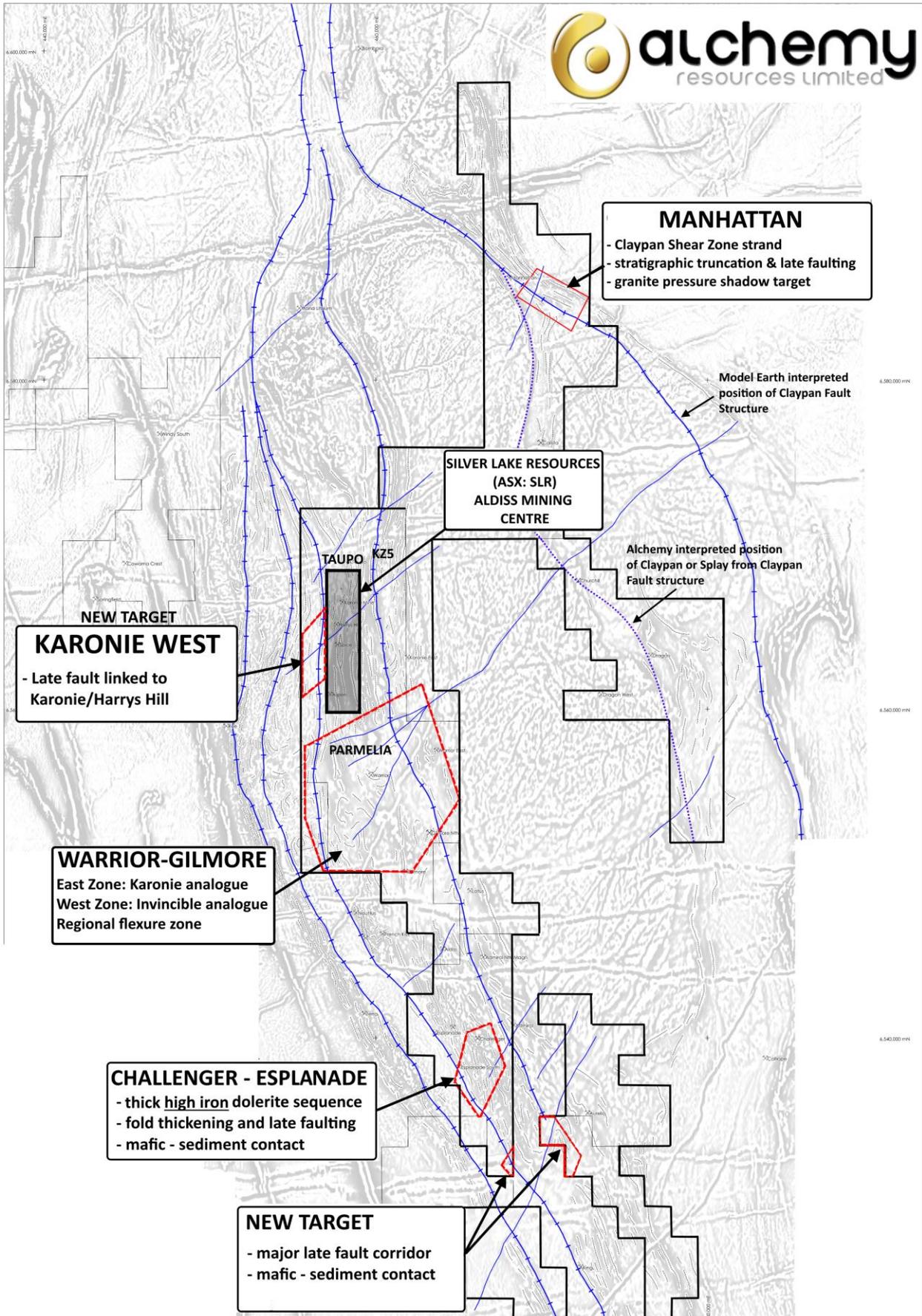


Figure One: Karonie tenements showing target areas generated from the recent study (in red)

ABOUT ALCHEMY RESOURCES

Alchemy Resources Limited (ASX: **ALY**; “**Alchemy**” or the “**Company**”) is an Australian exploration company focused on growth through the discovery and development of gold, base metal, and nickel-cobalt resources within Australia (*Figure 1*). Alchemy has built a significant land package in the Carosue Dam - Karonie greenstone belt in the Eastern Goldfields region in Western Australia and has a 80% interest in the Lachlan/Cobar Basin Projects in New South Wales. Alchemy also maintains its interest in the Bryah Basin Project in the gold and base metal-rich Gascoyne region of Western Australia, where Superior Gold Inc. (TSX-V: **SGL**; “**Superior**”), and Sandfire Resources Limited (ASX: **SFR**; “**Sandfire**”) are continuing to advance gold and base metal exploration, respectively.

COMPETENT PERSON STATEMENT

The information in this report that relates to Exploration Results is based on information compiled by Mr Lindsay Dudfield, who is the Non-Executive Chairman of Alchemy Resources Limited and holds shares and options in the Company. Mr Dudfield is a Member of the Australasian Institute of Mining and Metallurgy and 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 Dudfield consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

This announcement has been approved for release by the Board.

For further information please contact:

James Wilson
Chief Executive Officer
E: james@alchemyresources.com.au
P: 08 9481-4400