

ASX RELEASE

7 SEPTEMBER 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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Alchemy commences drilling at Karonie Gold Project in the WA Eastern Goldfields

HIGHLIGHTS

- **Aircore drilling underway at Karonie Project** to identify gold mineralisation associated with previously untested, high priority Karonie Main / Bombora style targets within recently granted Alchemy tenure
- **7,000m of first-pass aircore drilling** will test two targets at 2km to 4km drill line spacings
- **Assay results expected by mid to late October**

Alchemy Resources Limited (ASX: ALY) ("Alchemy") is pleased to announce the commencement of 7,000m of aircore drilling within the Karonie Gold Project in the Eastern Goldfields, WA (*Figure 1*). Drilling has been designed to test two Karonie Main / Bombora style targets within recently granted 100% owned Alchemy tenure.

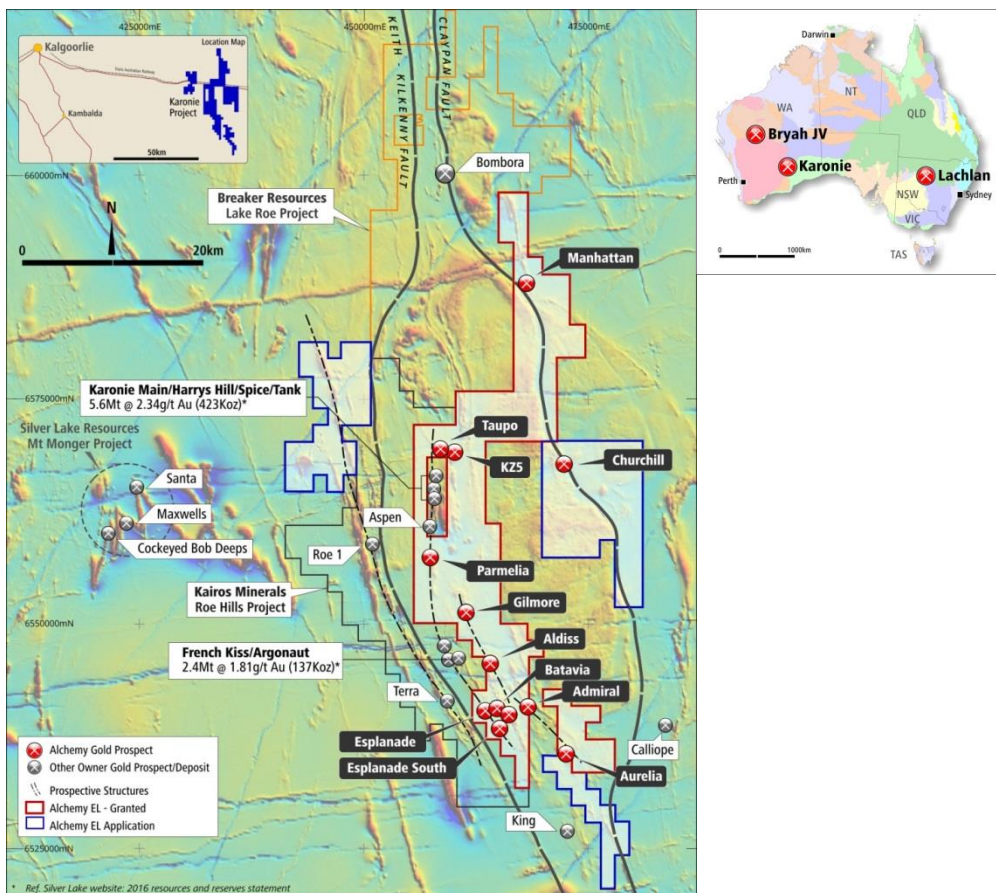


Figure 1: Karonie Project tenements, major deposits, prospects and interpreted major structures over aeromagnetic image



A focus on exploration

Subsequent to a detailed review of all available Karonie geological, geochemical, drilling and geophysical data, and a review of the SRK Consulting Aldiss / Karonie prospectivity study, numerous targets for gold mineralisation were identified within the Karonie Project. Field reconnaissance work and prioritisation of these targets was then completed with the help of consultants Model Earth Global Geological Services, with the Gilmore and Aldiss prospects being identified as high priority targets. Initial first-pass aircore drilling has now commenced across these two untested, high priority targets. Approximately 7,000m of aircore is planned on four 700m to 1300m long drill lines spaced 2km to 4km apart (Figure 2). The drilling is designed to target NS oriented D2 shears and interpreted folded dolerite stratigraphy where a significant change in orientation of the regional stratigraphic trend from NS to NNW is observed.

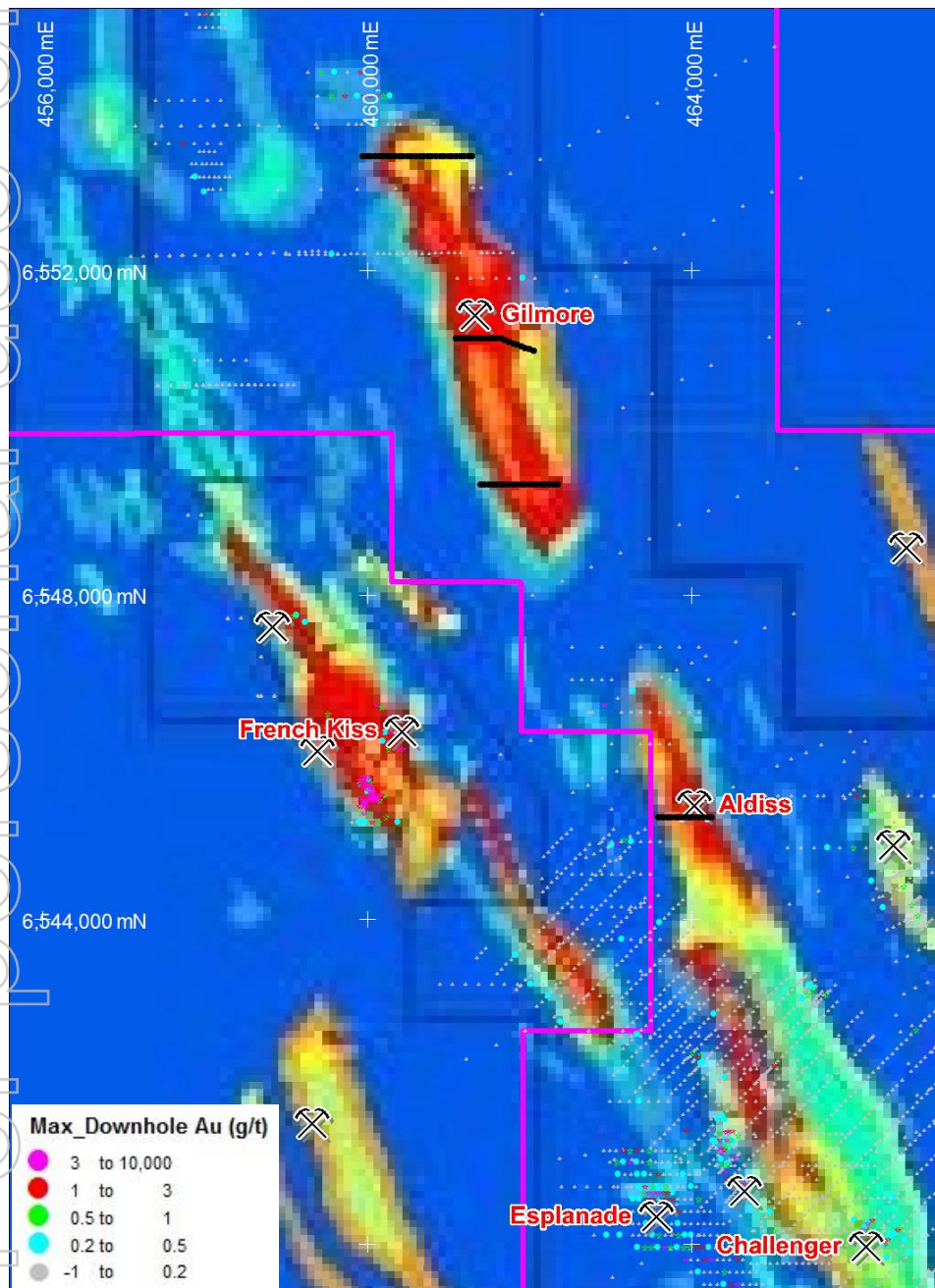


Figure 2: Karonie Project proposed aircore drill lines (black), tenement outline (pink), and prospects over combined evidence weighted probability map (modified from open file SRK report "Prospectivity Study for the Aldiss Project Area" dated December 2014)

The program preparation including submission and approval of the Program of Work (PoW), Native Title ground clearance surveys, and clearing of drill lines was completed within 2 months. Kennedy Drilling of Kalgoorlie has been awarded the drilling contract and this initial program is expected to be completed before the end of September with results expected by mid to late October.

Alchemy's Managing Director, Leigh Ryan said:

"We have identified some excellent targets for gold mineralisation within the Karonie Project that have not been drill tested to date, and we're very pleased that this drilling has commenced so early in the life of our tenements. We also expect to commence first pass drilling across the highly prospective Claypan fault zone as soon as the second licence over that structure has been granted, hopefully later this year."

Please direct enquiries to:

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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.