

## ASX RELEASE

31 JULY 2017

CODE: ALY

### BOARD OF DIRECTORS

**Mr Lindsay Dudfield**  
Non-Executive Chairman

**Mr Leigh Ryan**  
Managing Director

**Ms Liza Carpena**  
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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## JUNE 2017 QUARTERLY REPORT

### Highlights

#### KARONIE PROJECT (WA) – GOLD

- Six exploration licences now granted covering 480km<sup>2</sup> of highly prospective mineralised structures within Kurnalpi Terrain greenstones.
- Additional open file data compilation, data review and field work completed by geological consultants (Model Earth) confirms and refines SRK Consulting drill targets.

#### LACHLAN / COBAR BASIN PROJECTS (NSW) – GOLD / BASE METALS

- Significant electromagnetic (EM) anomaly identified in both 2011 airborne EM (VTEM) and 2008 ground EM surveys at the Black Range Tank Prospect targeted for follow-up RC drilling
- Ground EM survey to test a strong VTEM conductivity anomaly at depth down plunge of the high grade mineralisation at Overflow to be conducted during the next quarter.

#### BRYAH BASIN PROJECT (WA) – GOLD / BASE METALS

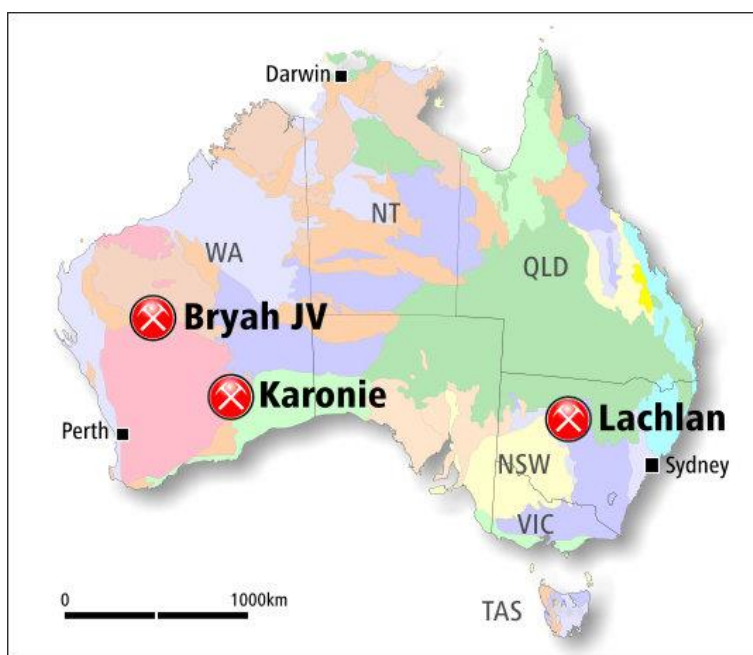
- Independence Group NL commences a 142 line kilometre moving loop EM (MLEM) survey over three key target areas; Neptune North, Magnus West and Central Bore with results based RC drilling to follow.
- Billabong Gold completes geological and geophysical interpretation with 44 gold exploration targets identified and ranked for follow up work.

#### CORPORATE

- 1 for 3 non-renounceable rights issue at an offer price of 1.5c per share completed raising \$1.15M (before costs)
- Placement of 34.6M shares at 1.5c per share to sophisticated and professional investors also completed raising \$0.52M (before costs).
- Mr Lindsay Dudfield appointed non-executive Chairman following the retirement of Mr Oscar Aamodt.
- Cash at 30 June 2017 - \$2.0M

Alchemy Resources Ltd (ASX: **ALY**; “**Alchemy**” or “the **Company**”) is an Australian exploration company focused on growth through the discovery and development of gold and base metal resources within Australia. The Company has recently built a significant land package in the Karonie greenstone belt in the Eastern Goldfields region in Western Australia, and has entered into a Farm-in and Joint Venture Agreement with Heron Resources Ltd (ASX: **HRR**; “**Heron**”) to earn an 80% interest in the Lachlan Projects in New South Wales. The Company also maintains its interest in the Bryah Basin Project in the emerging gold and base metal-rich Gascoyne region of Western Australia (Figure 1), where farm-in and joint venture partners, Independence Group NL (ASX: **IGO**; “**IGO**”) and Billabong Gold Pty Ltd (“**Billabong**”), a subsidiary of TSX-V listed Superior Gold Inc. (TSX-V: **SGL**), are continuing to advance base metal and gold exploration, respectively.

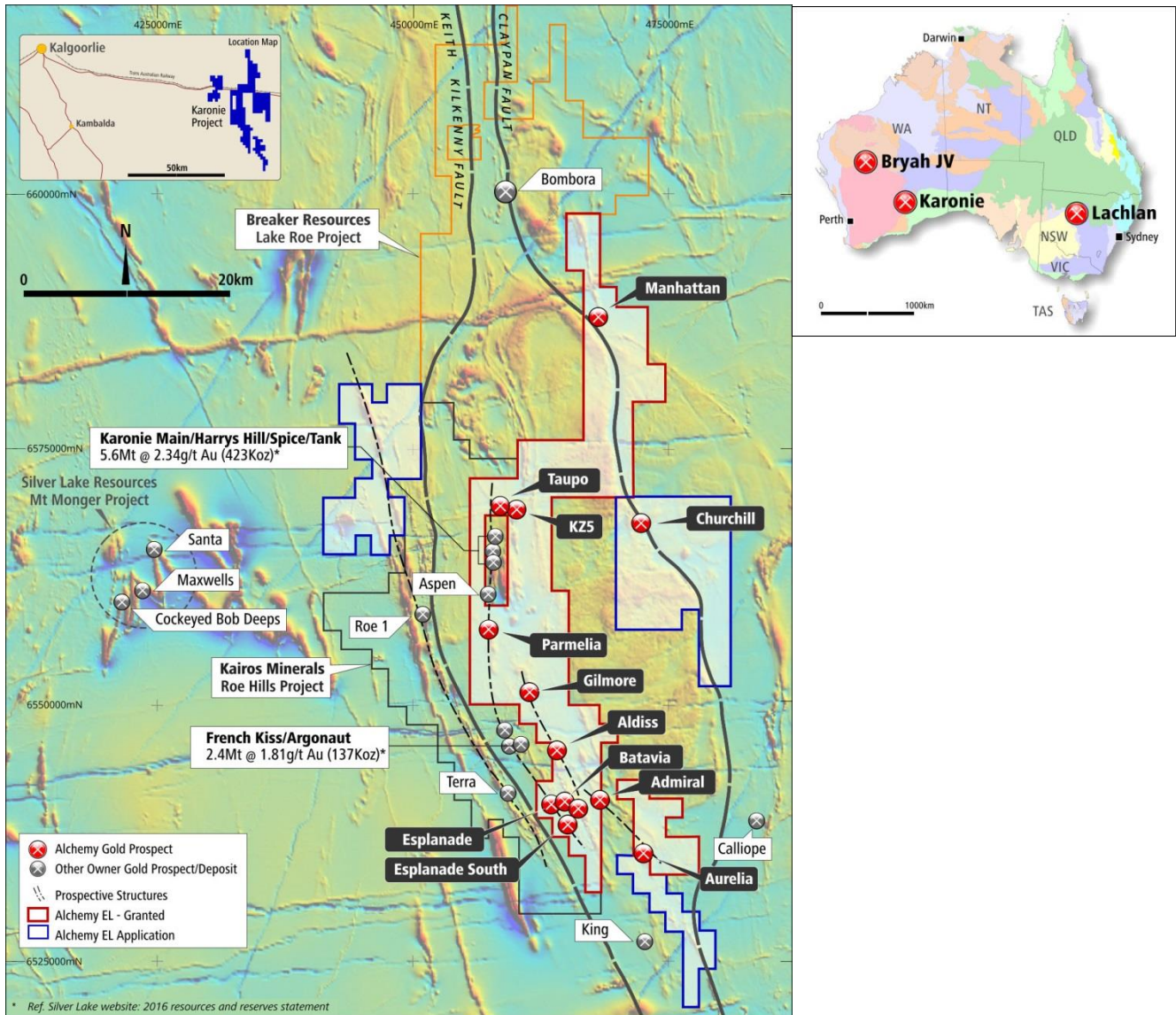
Work completed by the Company in the June 2017 Quarter included continued data compilation, data review and drill hole program design for both the Lachlan/Cobar Basin and Karonie projects, with aircore drilling at Karonie and surface EM surveying at Overflow expected to commence as soon as possible.



*Figure 1: Alchemy Resources’ Project Location Map.*

### **Karonie Project (WA) (Alchemy 100%)**

Six exploration licences have now been granted covering 480km<sup>2</sup> of highly prospective mineralised structures within Kurnalpi Terrain greenstones 100km east of Kalgoorlie (Figure 2). The tenements are located along strike of Silver Lake Resources Ltd’s (ASX: **SLR**) Karonie/Harry’s Hill and French Kiss deposits (reserves/resources of over 560,000oz @ 2.34g/t Au) and within 50km of Silver Lake’s Randalls processing plant. In addition, four exploration licence applications (490km<sup>2</sup>) 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) (ASX: **BRB**), and the fertile Aldiss Fault that hosts the Terra and Roe 1 mineralisation (Kairos Minerals Ltd) (ASX: **KAI**) (Figure 2).



**Figure 2:** Karonie Project tenements, major deposits, prospects and interpreted major structures over aeromagnetic image

Additional open file data compilation work has been completed by Alchemy during the quarter. A project-wide review of all geological, geochemical, drilling and geophysical survey data was undertaken and, with the help of consultants Model Earth Global Geological Services, field reconnaissance and a review of the SRK Consulting prospectivity study was completed, confirming and prioritising targets within both granted and application areas. Initial first pass aircore drilling (~6,000m) is proposed at 3 target areas (Gilmore, Aldiss and Aurelia) within the currently granted Alchemy tenure. Landowners have been notified, a Program of Work (PoW) has been submitted to both DMIRS and the appropriate Native Title group and a drilling contractor has been sourced, with drilling to commence as soon as statutory and Native Title permissions have been received, and drill site access has been prepared.

The open file data compilation and review also confirmed that no drilling has been completed over the strip of greenstones hosting the Claypan Fault within the north-eastern part of the Project area; however a moderate amount of historic shallow auger drilling and soil sampling has been completed. The effectiveness of this geochemical sampling appears to be poor, but this will be evaluated via ground checks during the next quarter.



## Lachlan / Cobar Basin Projects (NSW) (Alchemy earning up to 80%)

The Lachlan / Cobar Basin Projects consist of the Overflow Gold-Base Metal Project, the Eurow Copper-Gold Project and the Girilambone Copper Project each containing multiple gold and/or base metal targets, including drill-ready targets at Overflow and Yellow Mountain. The projects, which are a joint venture with Heron Resources (ASX: HRR), are proximal to high profile mining centres in the central Lachlan, including Hera/Nymagee (Aurelia Metals Ltd), Mallee Bull (Peel Mining Ltd), Tritton (Aeris Resources Ltd) and the Parkes mining centre (Figure 3).

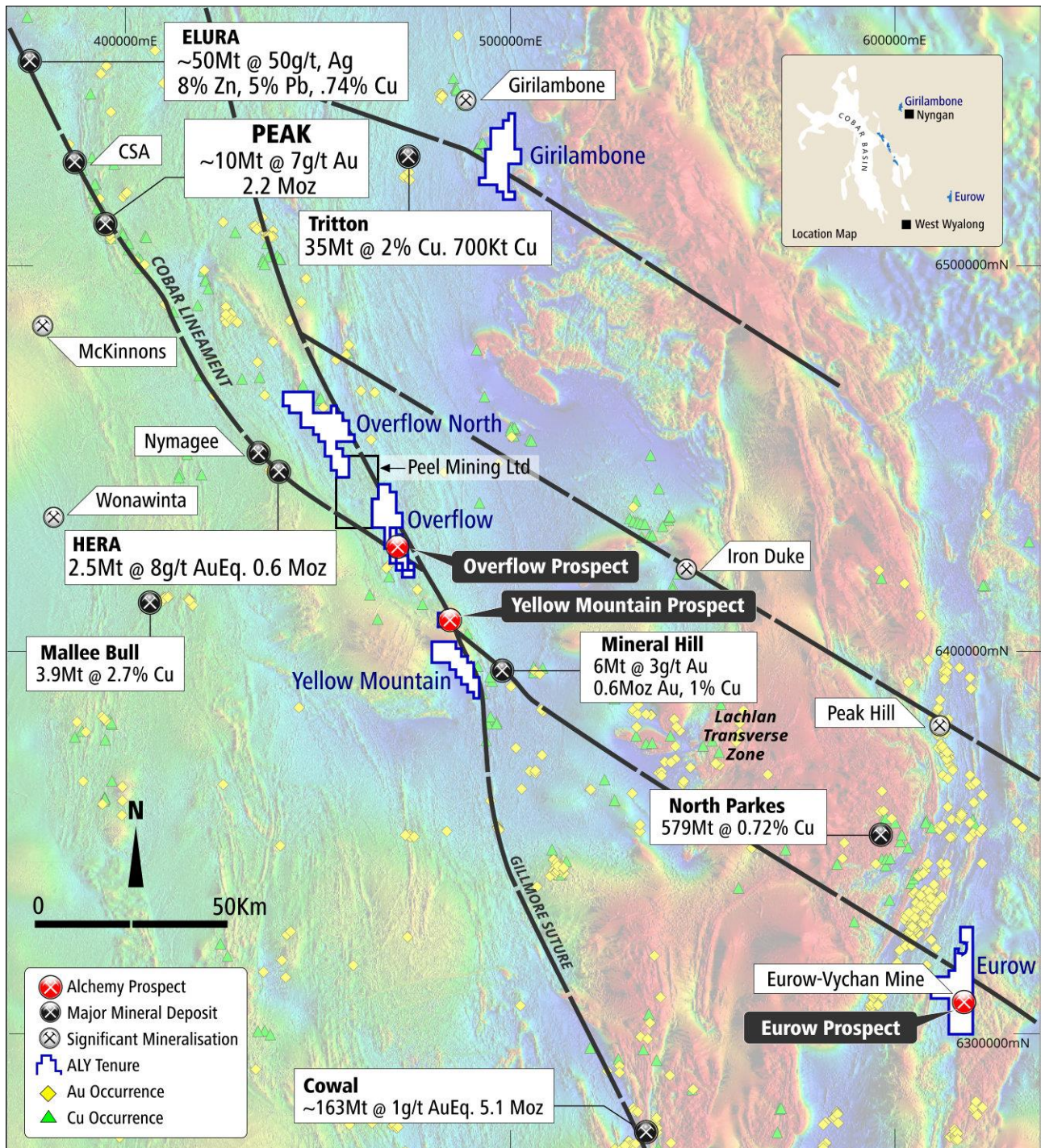
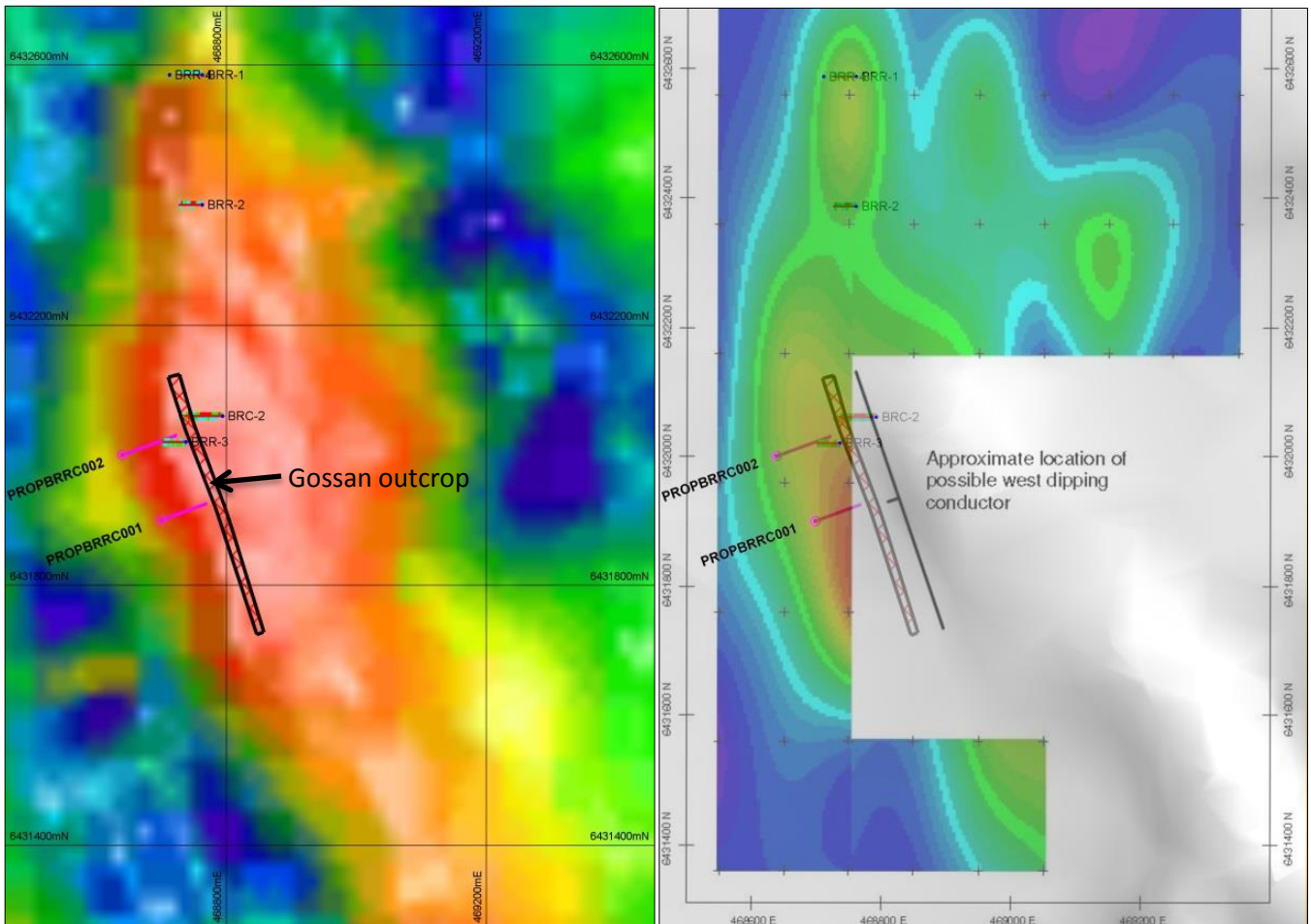


Figure 3: Lachlan projects – Overflow, Eurow & Girilambone – Farm-in / Joint Venture Agreement with Heron Resources.



### **Overflow Gold-Base Metal Project (285km<sup>2</sup>)**

Alchemy continued to compile open file data and evaluate the previous exploration completed across the project during the quarter. A significant electromagnetic (EM) anomaly identified in both 2011 airborne EM (VTEM) and 2008 ground EM surveys at the Black Range Tank Prospect has been targeted for follow-up RC drilling (*Figure 4*). The VTEM / surface EM anomaly coincides with anomalous Au-Cu-Pb-Zn-Ag-in-soil samples, and a gossan outcrop that returned rock chip sample values up to 1.94g/t Au, 45g/t Ag, 1.2% Pb, & 0.1% Cu (Delta Gold Exploration Pty Ltd. 1996). Existing holes (BRR1-4 and BRC-2) drilled by Delta Gold in 1996 returned elevated Cu-Pb-Zn results but appear to have been drilled in the wrong direction and did not intercept the gossan.



**Figure 4:** Black Range Tank Prospect - VTEM anomaly (-350m), gossan outcrop, proposed drilling (pink lines) and existing drilling (left) and ground EM anomaly, gossan outcrop, proposed drilling (pink lines) and existing drilling (right).

The ground EM survey planned over the strong airborne EM conductivity anomaly located down plunge of the known high grade mineralisation at the Overflow Prospect will be conducted during the next quarter.

Renewals for both EL8267 and EL7941 were submitted during the quarter.

### **Yellow Mountain Copper-Gold Project (93km<sup>2</sup>)**

No work was conducted on the Yellow Mountain Project during the quarter.

### ***Eurow Copper-Gold Project (167km<sup>2</sup>)***

During the quarter EL8192 was granted a 5 year renewal. No other work was conducted on the project.

### ***Girilambone Copper Project (129km<sup>2</sup>)***

No work was completed on the project during the quarter.

## **Bryah Basin Project (WA) (Alchemy 80-100%)**

### ***Base Metals Exploration (IGO earning up to 80%)***

Leading Australian base metal and gold producer IGO is exploring and earning an interest (“**IGO JV**”) in the whole and part tenements that cover the base metal prospective area of the Bryah Basin Project (*Figure 5*). Under the terms of the IGO JV, IGO can earn up to 80% in Alchemy’s interests (excluding iron ore rights) through Earn-In Expenditure of \$6M within five years, with Alchemy free-carried on further exploration to completion of a Pre-Feasibility Study and then carried on an interest-free deferred basis for a further \$5M of Definitive Feasibility Study expenditure. Expenditure by IGO to the end of June 2017 is approximately \$3.4M.

During the quarter IGO commenced a 142 line km moving loop EM (MLEM) survey over three key target areas; Neptune North, Magnus West and Central Bore. The Neptune North survey (~18 line km) covers an area of possible interleaved Karalundi Formation and Naracoota formation, and adjoins previous surveys to the south. The Magnus West survey (~56 line km) covers an area of the stratigraphy where gravity data indicate a possible major early transverse fault in the basin. The Central Bore survey (~66 line km) covers an area where magnetic data indicate early basement structures and a cluster of mafic sills, suggesting an area of increased heat flow.

Work proposed by IGO for the September 2017 quarter will be dependent on MLEM results but may include RC drill testing at Neptune, Magnus, Central Bore, Churchill, Moby and/or Bullgullan Bore.

### ***Gold Exploration (Billabong Gold earning up to 80%)***

Exploration of Alchemy’s tenements that cover the gold prospective part of the Bryah Basin Project (*Figure 5*) continued under a farm-in and joint venture arrangement with Billabong Gold (“**Billabong Gold JV**”). Under the terms of the Billabong Gold JV up to 80% in Alchemy’s interests in the gold prospective tenements can be earned through earn-in exploration expenditure of \$1.2M within three years. Upon fulfilment of the earn-in expenditure, Alchemy’s interest is carried on an interest-free deferred basis to production, with Alchemy to repay the deferred amount at the rate of 50% of its share of free cash flow from production following commencement of mining. Expenditure to date by Billabong (and its predecessors) totals \$0.86M.

The Billabong Gold JV currently has a JORC 2004 Indicated Resource of 87,373 ounces of gold (1.36Mt @ 1.99g/t Au) at the Wilgeena Prospect. The mineralisation is open at depth and further drilling has excellent potential to expand the area of gold mineralisation and add to the known resource.

Billabong Gold advises that during the quarter consultants completed a draft 2012 JORC compliant resource report for the Wilgeena deposit. The draft resource report was subsequent to validation of the database and re-alignment of drill hole collar RLs against the new DEM. The gold mineralisation was then re-wireframed in Vulcan before undertaking the block modelling and resource estimate. The updated resource figure is expected to be released during the next quarter.

A reinterpretation of the previous geological mapping, and a new geophysical and regolith interpretation utilising the magspec and radiometric data acquired in 2015, were completed during the quarter, culminating in 44 exploration targets being identified and ranked for additional exploration work.

A total of 1,320 sample pulps from shallow RAB drilling drilled across the central and eastern project areas were sent for multi-element analysis to enhance the previous gold only analysis. The analysis aims to assist target delineation and provide vectors towards deeply buried targets across the Bryah Basin JV area. All results are pending.

The surveying of 10 mining leases within the project area was completed during the quarter.

Work proposed by Billabong for the September 2017 quarter includes the interpretation of multi-element geochemistry, and the re-evaluation and prioritisation of proposed exploration geochemistry and RAB/RC drilling programs.

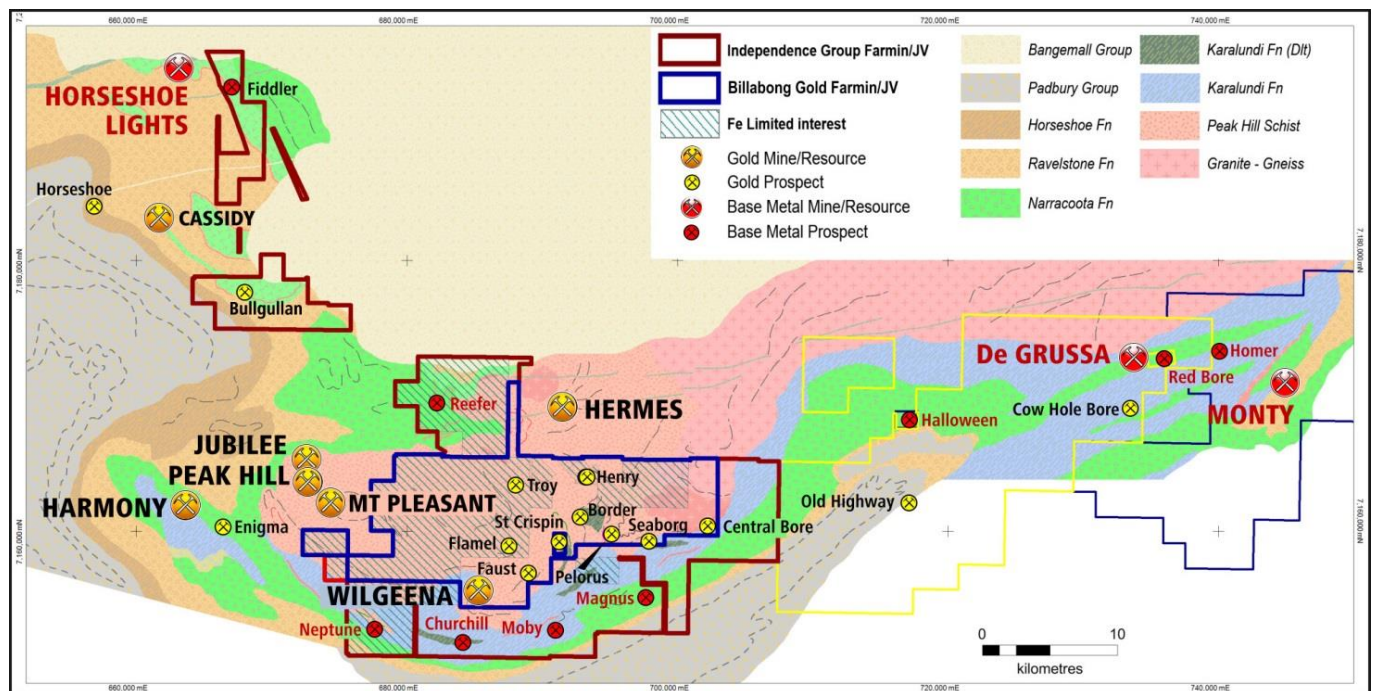


Figure 5: Bryah Basin Project – IGO JV and Billabong Gold JV areas and gold and base metal prospects.

## Corporate

On 26 April 2017 Alchemy announced a pro-rata non-renounceable Entitlement Offer (**Offer**) to all eligible shareholders to raise up to \$1,153,940 (before costs). The Offer was conducted on the basis of 1 new fully paid ordinary share for every three 3 shares held by eligible shareholders at an issue price of \$0.015 per share. The Company simultaneously received commitments for a placement to sophisticated investors to raise \$519,273 (before costs) by the issue of 34,618,205 shares at an issue price of \$0.015 per share (**Placement**) (*refer to Alchemy ASX Announcement dated 26 April 2017*).

The 1 for 3 Offer closed at 5.00 pm (WST) on Friday 26 May 2017 raising \$608,793 (before costs). Applications for 29,968,462 new shares and 10,617,717 shortfall shares were received representing a take up of 52.8%. The Company subsequently placed the remaining shortfall of 36,343,166 shares to sophisticated investors at the issue price of \$0.015 per share, raising \$545,147 before costs.

All directors and their associates who were entitled to participate in the Issue applied for their entitlements in full. Alchemy also secured the support of Northern Star Resources Limited (ASX: **NST**), the Company's largest shareholder, who subscribed for \$250,000 in aggregate under the Offer and the Placement.

The funds raised from the rights issue and placement will be used to undertake drilling of high priority gold targets at Karonie in Western Australia, and high grade gold-silver targets at Overflow in the Cobar Basin, NSW, with drilling to commence as soon as statutory and Native Title permissions have been received and drill site access has been prepared.

On 1 June 2017 Mr Oscar Aamodt retired and Alchemy appointed Mr Lindsay Dudfield as non-executive Chairman.

At 30 June 2017, the Company held a cash balance of \$2.0M.

Please direct enquiries to:

Mr Leigh Ryan – Managing Director

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## APPENDIX 1

## Schedule of Mining Tenements as at 30 June 2017

Project/Tenement	State	Status	Interest start Qtr	Interest end Qtr	Co-holder	Notes
<b>Bryah Basin Project</b>						
E52/1668	WA	Granted	80%	80%	Jackson Minerals Pty Ltd	1, 2, 3
E52/1678	WA	Granted	80%	80%	Jackson Minerals Pty Ltd	1, 2, 3
E52/1722	WA	Granted	80%	80%	Jackson Minerals Pty Ltd	1, 2
E52/1723	WA	Granted	100%	100%		2, 4, 5
E52/1730	WA	Granted	80%	80%	Jackson Minerals Pty Ltd	1, 2, 3
E52/1731	WA	Granted	100%	100%		2, 4
E52/1810	WA	Granted	100%	100%		2
E52/1852	WA	Granted	100%	100%		4
E52/2360	WA	Granted	100%	100%		2, 7
E52/2362	WA	Granted	100%	100%		2, 4, 6
E52/3292	WA	Granted	100%	100%		2
E52/3405	WA	Granted	100%	100%		2, 4, 6
E52/3406	WA	Granted	100%	100%		2, 4, 6
E52/3407	WA	Granted	100%	100%		2, 6
E52/3408	WA	Granted	100%	100%		2, 4, 6
E52/3409	WA	Granted	100%	100%		2, 6
E52/3472	WA	Granted	100%	100%		
E52/3475	WA	Granted	100%	100%		
M52/722	WA	Granted	100%	100%		2, 4, 6
M52/723	WA	Granted	100%	100%		2, 4, 6
M52/737	WA	Granted	100%	100%		4, 6
M52/795	WA	Granted	100%	100%		2, 4, 6
M52/844	WA	Granted	100%	100%		2, 6
M52/1049	WA	Granted	100%	100%		4, 6
P52/1314	WA	Transferred	100%	0%		4
P52/1315	WA	Transferred	100%	0%		4
P52/1316	WA	Granted	100%	100%		4, 6
P52/1317	WA	Granted	100%	100%		2, 6
P52/1318	WA	Granted	100%	100%		2, 6
P52/1320	WA	Granted	100%	100%		2, 6
P52/1321	WA	Granted	100%	100%		4, 6
P52/1322	WA	Granted	100%	100%		4, 6
P52/1323	WA	Granted	100%	100%		2, 6
P52/1327	WA	Granted	100%	100%		4, 6
P52/1365	WA	Granted	100%	100%		4, 6
P52/1425	WA	Granted	100%	100%		2
P52/1427	WA	Granted	100%	100%		2
P52/1428	WA	Granted	100%	100%		2
P52/1429	WA	Granted	100%	100%		4
P52/1467	WA	Granted	100%	100%		2
P52/1468	WA	Granted	100%	100%		2
P52/1469	WA	Granted	100%	100%		2
P52/1470	WA	Granted	100%	100%		2
P52/1531	WA	Granted	0%	100%		
P52/1532	WA	Granted	0%	100%		
P52/1533	WA	Granted	0%	100%		
P52/1534	WA	Granted	0%	100%		
P52/1535	WA	Granted	0%	100%		

Project/Tenement	State	Status	Interest start Qtr	Interest end Qtr	Co-holder	Notes
<b>Karonie Project</b>						
E28/2575	WA	Granted	100%	100%		7
E28/2576	WA	Granted	100%	100%		7
E28/2601	WA	Granted	100%	100%		7
E28/2619	WA	Granted	100%	100%		7
E28/2643	WA	Granted	0%	100%		7
E28/2657	WA	Application (ballot won)	-	-		7
E28/2667	WA	Granted	0%	100%		7
E28/2668	WA	Application	-	-		7
E28/2681	WA	Application	-	-		7
<b>Lachlan Projects</b>						
EL5878 - Overflow	NSW	Granted	0%	0%	ALY earning up to 80%	8
EL7941 - Overflow	NSW	Granted	0%	0%	ALY earning up to 80%	8
EL8267 - Overflow	NSW	Granted	0%	0%	ALY earning up to 80%	8
EL8356 - Overflow	NSW	Granted	0%	0%	ALY earning up to 80%	8
EL8192 - Eurow	NSW	Granted	0%	0%	ALY earning up to 80%	8
EL8318 - Girilambone	NSW	Granted	0%	0%	ALY earning up to 80%	8

**Notes:**

- Jackson Minerals Pty Ltd, a subsidiary of Fe Ltd (ASX: FEL), retains a 20% interest free-carried to a decision to mine.
- Independence Group NL (ASX: IGO) has a right to explore and earn a 70-80% interest (excludes iron ore) in whole or part tenements by sole funding a total of \$6,000,000 of exploration expenditure, with Alchemy free-carried up to completion of a pre-feasibility study.
- Billabong Gold Pty Ltd has a right to explore and earn a 70% interest in whole or part tenement by sole funding a total \$1,200,000 on exploration expenditure over tenements or parts of tenements marked (3) & (4).
- Billabong Gold Pty Ltd has a right to explore and earn an 80% interest in whole or part tenement by sole funding a total \$1,200,000 on exploration expenditure over tenements or parts of tenements marked (3) & (4).
- PepinNini Robinson Range Pty Ltd retains a 1% NSR on iron ore.
- 100% minerals rights for all minerals, excluding iron ore; Carey Mining Iron Ore JV – Alchemy Resources 50%, Carey Mining 50% iron ore.
- Goldtribe Corporation Pty Ltd, a subsidiary of Alchemy Resources Ltd, has 100% interest in the tenement.
- Alchemy Resources (NSW) Pty Ltd, a subsidiary of Alchemy Resources Ltd, has a right to explore and earn up to an 80% interest in tenements by sole funding a total of \$2,000,000 on exploration expenditure.

*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.*

*The information in this report that relates to Mineral Resources at the Wilgeena Gold Deposit is based on information compiled by Simon Coxhell, who is an employee of CoxsRocks Pty Ltd, a consultant to Alchemy Resources Limited. Mr Coxhell is a Member of the Australian Institute of Geoscientists and the Australasian Institute of Mining and Metallurgy 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 2004 Edition of the Joint Ore Reserves Committee 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ('JORC Code 2004'). Mr Coxhell consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.*

*Alchemy confirms that the Indicated Mineral Resource at the Wilgeena Gold Deposit were prepared and first disclosed under JORC Code 2004. These have not been updated since to comply with JORC Code 2012 on the basis that the information has not materially changed since last reported on 22 October 2012. Alchemy is not aware of any new information or data that materially affects the information included in that announcement and that all material assumptions and technical parameters underpinning the estimates in that announcement continue to apply and have not materially changed.*