

14 June 2018

Dear Shareholder,

Notice to Eligible Shareholders of Non-Renounceable Entitlement Offer

Alchemy Resources Limited (ASX: **ALY**) (**Company**) announced to the ASX on 12 June 2018 a 1 for 4 pro-rata non-renounceable Entitlement Offer (**Entitlement Offer**) of up to 88,083,896 new fully paid ordinary shares (**New Shares**) at an issue price of \$0.015 per New Share to raise up to \$1,321,258 (before costs). The Entitlement Offer is partially underwritten by L Dudfield & Y Dudfield acting as trustees for the LG Dudfield Pension Fund to the extent of \$200,000.

The Entitlement Offer is being made to all shareholders of the Company (**Shareholders**) named on the register at 5.00pm (WST) on 18 June 2018 (**Record Date**), whose registered address is in Australia or New Zealand (**Eligible Shareholders**). For the purposes of calculating each Eligible Shareholder's entitlement, fractions of entitlements have been rounded up to the nearest whole number of New Shares. In addition, the Directors, subject to the allocation policy set out in the Prospectus, reserve the right to issue any New Shares to Eligible Shareholders not applied for under the Entitlement Offer.

The funds raised will be primarily used to advance the recently acquired West Lynn Nickel-Cobalt Project (including reporting a maiden resource estimate in accordance with the JORC Code (2012 Edition) and undertaking initial metallurgical test work) and to fund ground geophysics and further drilling at the Overflow Project to follow up encouraging gold and base metal intercepts, as well as for general working capital and the costs of the Entitlement Offer.

On 12 June 2018 the Company lodged a prospectus for the Entitlement Offer with the ASIC and the ASX (**Prospectus**). The Prospectus is available on the ASX website <http://www.asx.com.au> and the Company's website at www.alchemyresources.com.au. A copy of the Prospectus is intended to be mailed to Eligible Shareholders together with a personalised Entitlement and Acceptance Application Form (**Application Form**) on 21 June 2018.

The important dates of the Entitlement Offer

The New Shares will be offered in accordance with the following indicative timetable:

| | |
|------------------------------------------------------------------------------------------------------------------------------|--------------|
| Announcement of Entitlement Offer and Lodgement of Prospectus with ASX | 12 June 2018 |
| Shares quoted on an "EX" basis | 15 June 2018 |
| Record Date for determining Entitlements | 18 June 2018 |
| Prospectus and Entitlement and Acceptance Form dispatched to Eligible Shareholders. Offer opens for receipt of Applications. | 21 June 2018 |
| Closing Date of Entitlement Offer (5pm WST)* | 9 July 2018 |

| | |
|-----------------------------------------------------------------------------|--------------|
| Shares quoted on a deferred settlement basis | 10 July 2018 |
| Notification of Shortfall | 12 July 2018 |
| Anticipated date for issue of Securities. Deferred settlement trading ends. | 16 July 2018 |
| Trading of New Shares expected to commence | 17 July 2018 |

The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date, subject to the Corporations Act. As such the date the New Shares are expected to commence trading on ASX may vary.

Effect on Capital Structure

The table below sets out the impact of the Entitlement Offer on the capital structure of the Company:

| Detail | Number of Shares | Number of options |
|-------------------------------------------------------------------|------------------|-------------------|
| Balance at date of announcement of the Entitlement Offer | 352,335,585 | 29,500,000 |
| Maximum Number of New Shares offered under the Entitlement Offer* | 88,083,896 | Nil |
| Total at completion of the Entitlement Offer | 440,419,481 | 29,500,000 |

*Assuming no options are exercised prior to the Record Date.

There are a number of actions Eligible Shareholders may take:

- take up all or some of your entitlements;
- take up all of your entitlements and apply for Shortfall Shares; and
- not participate in the Entitlement Offer.

The Directors urge you to read the Prospectus and seek advice from your financial advisor if you have any queries. You are not required to do anything in respect to this letter.

If you have any queries concerning the Entitlement Offer, please contact the Company Secretary on +61 (08) 9481 4400.

Yours sincerely



Lindsay Dudfield

Non-Executive Chairman