



# **ALCHEMY RESOURCES LIMITED**

ABN 17 124 444 122

## **HALF-YEAR FINANCIAL REPORT**

**31 December 2018**

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## CORPORATE DIRECTORY

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### DIRECTORS

Lindsay Dudfield Non-Executive Chairman  
Leigh Ryan Managing Director  
Liza Carpena Non-Executive  
Anthony Ho Non-Executive

### COMPANY SECRETARY

Bernard Crawford

### REGISTERED OFFICE

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West Perth WA 6005

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### AUDITORS

BDO Audit (WA) Pty Ltd  
38 Station Street  
Subiaco WA 6008

### BANKERS

National Australia Bank  
226 Main Street  
Osborne Park WA 6017

### SHARE REGISTRY

Security Transfer Registrars Pty Ltd  
770 Canning Highway  
Applecross WA 6153

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Facsimile: +61 (8) 9315 2233

### STOCK EXCHANGE LISTING

The Company is listed on the Australian Securities Exchange Ltd ("ASX")

Home Exchange: Perth, Western Australia  
ASX Code: ALY

## DIRECTORS' REPORT

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Your Directors submit their report for the half-year ended 31 December 2018.

### DIRECTORS

The names of Alchemy Resources Limited's ("Alchemy" or "Company") directors in office during the half-year and until the date of this report are as below.

- Lindsay Dudfield
- Leigh Ryan
- Liza Carpene
- Anthony Ho

### REVIEW AND RESULTS OF OPERATIONS

Alchemy's activities are reported in announcements to the ASX, with highlights of the half-year to 31 December 2018 summarised below (further details can be found at the Company's website ([www.alchemyresources.com.au](http://www.alchemyresources.com.au))).

#### **Lachlan Fold Belt/Cobar Basin Projects, NSW (51% Alchemy Resources Ltd - earning up to 80%)**

Alchemy has recently earned a 51% interest in eight NSW licences that are subject to a farm-in and joint venture agreement with Heron Resources Ltd (ASX: HRR). Alchemy can earn an 80% interest by spending an additional \$1M before 30 May 2021. The licences cover 1,055km<sup>2</sup> of the highly prospective, under-explored, Cobar Basin and Lachlan Fold Belt in NSW, and include the Overflow Gold-Base Metal Project, the Eurow Copper-Gold Project, the Girilambone Copper Project and the West Lynn and Woodsreef Nickel-Cobalt Projects, each containing multiple gold and/or base metal and/or nickel-cobalt targets, including drill-ready targets at Overflow, Yellow Mountain, and West Lynn.

During the half-year period Alchemy completed three phases of resource drilling (175 holes for 8,456m) and three diamond core drill holes (totalling 189m) at the West Lynn Nickel-Cobalt Project. Results identified broad nickel (Ni) - cobalt (Co) mineralisation within the laterite and saprolite profiles at both West Lynn and Summervale, and confirmed broad zones of alumina (Al<sub>2</sub>O<sub>3</sub>) immediately above the Ni-Co mineralised zone. Best drill Ni-Co intercepts included:

- 34m @ 0.97 % Ni, 0.05% Co from 38m
- 40m @ 0.71% Ni, 0.04% Co from 30m
- 25m @ 0.99% Ni, 0.06% Co from 36m
- 25m @ 0.81% Ni, 0.05% Co from 33m
- 20m @ 0.97% Ni, 0.10% Co from 38m
- 15m @ 1.29% Ni, 0.10% Co from 39m
- 18m @ 1.02% Ni, 0.06% Co from 36m

Best drill Al<sub>2</sub>O<sub>3</sub> intercepts included:

- 54m @ 19.1% Al<sub>2</sub>O<sub>3</sub> from 16m
- 51m @ 19.1% Al<sub>2</sub>O<sub>3</sub> from 15m
- 31m @ 20.1% Al<sub>2</sub>O<sub>3</sub> from 13m

## DIRECTORS' REPORT

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- 30m @ 20.5% Al<sub>2</sub>O<sub>3</sub> from 21m
- 24m @ 20.9% Al<sub>2</sub>O<sub>3</sub> from 18m
- 19m @ 23.7% Al<sub>2</sub>O<sub>3</sub> from 25m

Ni-Co mineralisation at West Lynn is associated with variably limonitic and ferruginous clay, saprolite and weathered serpentinite units, and shows good continuity between adjacent drill holes. Three diamond core drill holes were completed to allow for density measurements to be conducted on the mineralised host rocks. A JORC Code 2012 Edition compliant inferred resource estimate of 21.3Mt @ 0.84% Ni, 0.05% Co, 2.4% Al, 20.0% Fe, 12.9% MgO was announced for the Ni-Co zone at West Lynn in Q1 2019. Metallurgical sampling and recovery test work using the DNi Process™ was also conducted returning good leach recoveries for nickel and cobalt in both laterite and saprolite ore types. The DNi Process™ is regarded as most efficient at extracting nickel and cobalt from laterites and is the first process to treat the entire profile of a laterite deposit (limonite and saprolite), leading to much better economic use of the resource. Alchemy completed one 457.3m deep diamond drill hole (OFDD002) at the Overflow gold and base metal prospect during the period. The hole returned an intercept of 14m @ 0.4g/t Au, 0.4% Zn from 368m (including 1m @ 2.1g/t Au, 12g/t Ag, 2.0% Zn, 1.0% Pb, 0.19% Cu from 379m) from an area located approximately 120m below the Company's first diamond drill hole (OFDD001). The results have helped define the known extent of mineralisation, confirmed the interpreted shallow southern plunge to the high grade gold-base metal mineralisation, and suggest an increase in copper grade with depth confirming the previously interpreted vertical metal zonation at Overflow. The Overflow Prospect includes structurally-controlled high-grade Au-Ag mineralisation with base metal credits, and extensive down-plunge potential, similar to the Hera Deposit just 30km to the northwest. Additional targeted drilling has been planned.

### **Bryah Basin Project, WA**

Alchemy's Bryah Basin Project comprises a 488km<sup>2</sup> ground package, located 130km northeast of Meekatharra, in the highly prospective Bryah Basin region, Western Australia. The Project is located just 30km along strike to the south-west of Sandfire Resources NL's (ASX: SFR) high-grade DeGrussa and Monty copper-gold deposits, and adjacent to Peak Hill where about 1Moz of gold has been mined from several deposits. Alchemy retains its interests in the base metal and gold prospective Bryah Basin Project through farm-in and joint venture agreements with leading Australian base metal producer Sandfire Resources NL (ASX: SFR) ("Sandfire") and Billabong Gold Pty Ltd ("Billabong").

Alchemy also retains a 1% Net Smelter Royalty over 20,000oz of gold recovered from the Hermes Deposit (4.7Mt @ 2.0g/t for 303,000oz Au) once production reaches 70,000oz (see Alchemy ASX announcement dated 24 February 2015).

### **Base Metals Exploration – Sandfire Resources NL earning up to 80%**

During the six month period Alchemy signed a Deed of Covenant - Letter Agreement ("Agreement") allowing Sandfire to explore and earn an interest in the Bryah Basin Project, WA by acquiring Independence Group NL's (ASX: IGO) Bryah Basin Project Farm-in Rights.

Under the terms of the Sandfire Agreement, Sandfire can earn up to 80% in Alchemy's interests (excluding iron ore rights) through Earn-In Expenditure of \$3.1M prior to 28 October 2019, 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.

## DIRECTORS' REPORT

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During the quarter Sandfire received approvals for eight out of ten Programs of Work (PoW) covering extensive aircore drilling programs and follow-up reverse circulation and diamond drilling. First pass aircore drilling will consist of an 800 x 100m spaced grid across the prospective Karalundi and Narracoota Formation stratigraphy, with infill drilling planned down to 400m. Drilling is expected to commence in Q1 2019 subsequent to the completion of Aboriginal cultural and heritage clearance surveys that are currently underway.

A high resolution gravity survey has been planned in order to decrease the existing gravity reading separation from 400m x 100m down to 100m x 50m. The program has been approved and is due to commence Q1 2019. Inversion of the existing airborne electromagnetic data (AEM) is complete and has been used to aid the planning of the gravity survey. The historic surface and downhole EM datasets remain to be reprocessed and interpreted.

### **Gold Exploration (20% Alchemy Resources Ltd)**

Exploration of Alchemy's tenements that cover the gold prospective part of the Bryah Basin Project continued under a farm-in and joint venture arrangement with Billabong Gold Pty Ltd ("Billabong Gold JV"), a subsidiary of Superior Gold Inc (TSX-V: SGI) with Billabong now having earned a 70-80% interest. Under the terms of the Billabong Gold JV, Alchemy's interest is carried on an interest-free deferred basis to production, with Alchemy to repay the deferred amount from 50% of its share of free cash flow from production following commencement of mining.

During the period a JORC Code 2012 Edition compliant uncut inferred resource estimate of 1.37Mt @ 2.0g/t for 87,000oz Au (0.6g/t Au lower cut-off) was completed for the Hermes South deposit (formerly referred to as the Wilgeena deposit). Hermes South is located approximately 20km south-southwest of the Hermes mining operation, and 65km southwest of the Plutonic gold mine. The mineralisation remains open at depth and has excellent potential for further drilling to expand the area of gold mineralisation and add to the known resource.

Billabong also completed 51 Reverse Circulation (RC) drill holes for a total of 7,308m at Hermes South. The program aimed to further define a newly discovered shallow parallel lode 150m to the south of the main Hermes South ore zone and to extend the existing resource down-plunge to the ESE.

Significant intercepts from Billabong's Hermes South drilling included:

- 16m @ 3.0g/t Au from 137m
- 14m @ 3.0g/t Au from 81m
- 9m @ 4.4g/t Au from 98m
- 10m @ 3.8g/t Au from 151m
- 11m @ 3.3g/t Au from 123m
- 3m @ 10.9g/t Au from 85m
- 10m @ 3.2g/t Au from 23m

Results from the drilling have highlighted the potential to increase the Hermes South resource down-plunge of currently defined mineralisation. Additional drilling will be required in order to further define this mineralisation and determine the potential for Hermes South to become a second open pit and part of the production profile for the Plutonic Gold Operation. An updated resource estimate for Hermes South is planned for Q1 2019.

### **Karonie Project, WA (100% Alchemy Resources Ltd)**

The Karonie Project, located 100km east of Kalgoorlie, is comprised of fourteen exploration licences (including six licence applications) covering over 829km<sup>2</sup> of highly prospective Archaean greenstones in the Eastern Goldfields in Western Australia. The Karonie Project is strategically located close to existing processing plants and hosts the immediate strike extensions of over 590,000oz of gold (refer to Silver Lake Resources Ltd's (ASX: SLR) ASX announcement dated 24 August 2018).

The Project also includes a 35km long section of the Claypan Shear Zone directly along strike from Breaker Resources NL's (ASX: BRB) Bombora gold deposit which contains a resource of 24.6Mt @ 1.4g/t Au for 1.1Moz (refer to Breaker Resources NL's) ASX announcement dated 6 September 2018). Alchemy is focusing its near-term exploration efforts towards the discovery of additional high-grade gold mineralisation associated with this structure, and other mineralised structures in the district.

No ground work was completed during the half year period.

### **Operating Results**

The half-year report to 31 December 2018 shows an operating loss of \$170,049 compared with an operating loss of \$213,634 for the half-year ended 31 December 2017.

## DIRECTORS' REPORT

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### AUDITOR'S DECLARATION

A copy of the auditor's Independence Declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 8.

Signed in accordance with a resolution of the Directors.

A handwritten signature in black ink that reads 'Lindsay Dudfield' followed by a period.

Lindsay Dudfield

**Chairman**

Perth, 13 March 2019

### Competent Person's Statement

The information in this report that relates to Exploration Targets and Exploration Results is based on information compiled by Mr Leigh Ryan, who is the Managing Director of Alchemy Resources Limited and holds shares and options in the Company. 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 Hermes South Gold Deposit is based on information compiled by Stephen Godfrey, who is an employee of Resource Evaluation Services Pty Ltd, a consultant to Alchemy Resources Limited. Mr Godfrey 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 2012 Edition of the Joint Ore Reserves Committee 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ('JORC Code 2012'). Mr Godfrey consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

This report may include forward looking statements. Forward looking statements are only predictions and are subject to risks, uncertainties and assumptions which are outside the control of Alchemy. Actual values, results or events may be materially different to those expressed or implied in this report. Given these uncertainties, recipients are cautioned not to place reliance on forward looking statements. Any forward looking statements in this presentation speak only at the date of issue of this presentation. Subject to any continuing obligations under any applicable law and the ASX Listing Rules, Alchemy does not undertake any obligation to update or revise any information or any of the forward looking statements in this presentation of any changes in events, conditions or circumstances on which any such forward looking statement is based.



**DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF ALCHEMY RESOURCES LIMITED**

As lead auditor for the review of Alchemy Resources Limited for the half-year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Alchemy Resources Limited and the entities it controlled during the period.



**Glyn O'Brien**

Director

**BDO Audit (WA) Pty Ltd**

Perth, 13<sup>th</sup> March 2019

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Notes	CONSOLIDATED	
		31 Dec 2018 \$	31 Dec 2017 \$
Other income	4	11,212	26,496
Corporate expense		(50,821)	(75,396)
Exploration expenditure written off		(8,573)	(24,295)
Employee expense		(69,699)	(93,626)
Administration expense		(52,168)	(46,813)
<b>Loss from continuing operations</b>		<b>(170,049)</b>	<b>(213,634)</b>
<b>Income tax benefit</b>		<b>-</b>	<b>-</b>
Loss for the half-year attributable to the owners of Alchemy Resources Limited		(170,049)	(213,634)
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss		-	-
Items that will be reclassified to profit or loss		-	-
<b>Other comprehensive income for the half-year (net of tax)</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive loss for the half-year attributable to the owners of Alchemy Resources Limited</b>		<b>(170,049)</b>	<b>(213,634)</b>
		Cents per share	Cents per share
<b>Loss per share attributable to the owners of Alchemy Resources Limited</b>			
Basic and diluted loss per share		(0.04)	(0.06)

This Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

		CONSOLIDATED	
		31 Dec 2018	30 Jun 2018
		\$	\$
	Notes		
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5	1,020,537	742,854
Trade and other receivables		70,103	18,392
Other current assets		28,013	4,745
<b>Total Current Assets</b>		<b>1,118,653</b>	<b>765,991</b>
<b>Non-Current Assets</b>			
Exploration and evaluation	6	14,801,146	13,824,978
Property, plant and equipment		2,963	3,496
<b>Total Non-Current Assets</b>		<b>14,804,109</b>	<b>13,828,474</b>
<b>TOTAL ASSETS</b>		<b>15,922,762</b>	<b>14,594,465</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		317,251	135,440
Provisions		29,607	21,383
<b>Total Current Liabilities</b>		<b>346,858</b>	<b>156,823</b>
<b>TOTAL LIABILITIES</b>		<b>346,858</b>	<b>156,823</b>
<b>NET ASSETS</b>		<b>15,575,904</b>	<b>14,437,642</b>
<b>EQUITY</b>			
Contributed equity	8	32,404,105	31,104,072
Reserves	8	190,695	182,417
Accumulated losses		(17,018,896)	(16,848,847)
<b>TOTAL EQUITY</b>		<b>15,575,904</b>	<b>14,437,642</b>

This Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE EQUITY			
	Contributed Equity \$	Reserves \$	Accumulated Losses \$	Total Equity \$
<b>At 1 July 2017</b>	30,914,072	525,820	(16,764,664)	14,675,228
Loss for the half-year	-	-	(213,634)	(213,634)
Other comprehensive income	-	-	-	-
<b>Total comprehensive loss for the half-year (net of tax)</b>	-	-	(213,634)	(213,634)
<b>Transactions with owners in their capacity as owners</b>				
Transfer from option reserve to accumulated losses	-	(444,647)	444,647	-
Share-based payment	-	23,443	-	23,443
<b>At 31 December 2017</b>	30,914,072	104,616	(16,533,651)	14,485,037
<b>At 1 July 2018</b>	31,104,072	182,417	(16,848,847)	14,437,642
Loss for the half-year	-	-	(170,049)	(170,049)
Other comprehensive income	-	-	-	-
<b>Total comprehensive loss for the half-year (net of tax)</b>	-	-	(170,049)	(170,049)
<b>Transactions with owners in their capacity as owners</b>				
Issue of shares	1,321,258	-	-	1,321,258
Share issue costs	(21,225)	-	-	(21,225)
Far value of options issued	-	8,278	-	8,278
<b>At 31 December 2018</b>	32,404,105	190,695	(17,018,896)	15,575,904

This Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Notes	CONSOLIDATED	
		31 Dec 2018 \$	31 Dec 2017 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Payments to suppliers and employees		(244,776)	(237,379)
Interest received		11,212	15,151
<b>Net cash flows from/(used in) operating activities</b>		<b>(233,564)</b>	<b>(222,228)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for property, plant and equipment		-	(3,773)
Payments for exploration expenditure		(788,786)	(361,801)
<b>Net cash flows from/(used in) investing activities</b>		<b>(788,786)</b>	<b>(365,574)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		1,321,258	-
Share issue costs		(21,225)	-
<b>Net cash flows from/(used in) financing activities</b>		<b>1,300,033</b>	<b>-</b>
Net increase/(decrease) in cash and cash equivalents		277,683	(587,802)
Cash and cash equivalents at beginning of the period		742,854	1,996,679
<b>Cash and cash equivalents at end of the period</b>	5	<b>1,020,537</b>	<b>1,408,877</b>

This Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

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### NOTE 1: CORPORATE INFORMATION

This general purpose interim financial report of Alchemy Resources Limited (“the Company” or “the Group”) for the half-year ended 31 December 2018 was authorised for issue in accordance with a resolution of the directors on 13 March 2019.

Alchemy Resources Limited is a company incorporated in Australia and limited by shares which are quoted on the Australian Securities Exchange.

### NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### a) Basis of preparation

This general purpose interim financial report for the half-year reporting period ended 31 December 2018 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by Alchemy Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the ASX Listing Rules.

Except for Note 2(b) the accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

The half-year financial report has been prepared on a historical cost basis, except where stated. For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

#### b) New accounting standards and interpretations

Adoption of new and amended accounting standards

A number of new or amended standards became applicable for the current reporting period and the Group has changed its accounting policies as a result of the adoption of the following standards:

- AASB 9 *Financial Instruments*, and
- AASB 15 *Revenue from Contracts with Customers*.

The impact of the adoption of these standards and the new accounting policies are disclosed below. The impact of these standards, and the other new and amended standards adopted by the Group, has not had a material impact on the amounts presented in the Group’s financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

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### AASB 9 Financial Instruments – Impact of Adoption

AASB 9 replaces the provisions of AASB 139 *Financial Instruments* that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of AASB 9 from 1 July 2018 resulted in no material changes in accounting policies and adjustments to the amounts recognised in the financial statements. The Group assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate AASB 9 categories.

There was no impact on the amounts recognised in the financial statements as a result of adoption.

### AASB 15 Revenue from Contracts with Customers - Impact of Adoption

The Group has adopted AASB 15 from 1 July 2018 which has no material impact to the amounts recognised in the financial statements.

## c) **Going concern**

These consolidated financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

For the six-month period ended 31 December 2018 the Group made a loss of \$170,049 and had cash outflows from operating activities of \$233,564. As at 31 December 2018, the Group had a cash balance of \$1,020,537 (30 June 2018 \$742,854).

These conditions indicate a material uncertainty that may cast a significant doubt about the consolidated entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Group has successfully raised equity capital in the past, most recently in July 2018 when Alchemy completed a pro-rata non-renounceable entitlement and shortfall offer raising \$1,321,258 (before costs). The directors are of the opinion that its Lachlan, Karonie and Bryah Basin gold and base metal projects are very prospective and that the ongoing potential of these projects will enable the Group to secure fresh capital as and when required.

The Directors are satisfied that the going concern assumption has been appropriately applied in preparing the financial statements and the historical financial information has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets or liabilities that might be necessary should the Group not continue as a going concern.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

**d) Critical accounting estimates and judgements**

The preparation of financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing the interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those that applied to the annual financial statements for the year ended 30 June 2018.

**NOTE 3: SEGMENT INFORMATION**

The Company operates in one business and geographical segment being mineral exploration and prospecting for minerals in Australia.

**NOTE 4: OTHER INCOME**

	CONSOLIDATED	
	31 Dec 2018 \$	31 Dec 2017 \$
Bank interest receivable	11,212	17,046
Other income	-	9,450
<b>Total other income</b>	<b>11,212</b>	<b>26,496</b>

**NOTE 5: CASH AND CASH EQUIVALENTS**

For the purposes of the half-year cash flow statement, cash and cash equivalents are comprised of the following:

	CONSOLIDATED	
	31 Dec 2018 \$	30 Jun 2018 \$
Cash at bank and on hand	1,004,037	126,354
Short-term deposits	16,500	616,500
<b>Total</b>	<b>1,020,537</b>	<b>742,854</b>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

**NOTE 6: EXPLORATION AND EVALUATION**

	CONSOLIDATED	
	31 Dec 2018 \$	30 Jun 2018 \$
Exploration and evaluation assets	14,801,146	13,824,978
<b>Consolidated Group</b>	<b>31 Dec 2018 \$</b>	<b>30 Jun 2018 \$</b>
Balance at 1 July 2018	13,824,978	12,759,016
Exploration expenditure incurred during the period	984,741	1,131,490
Exploration expenditure written off	(8,573)	(65,528)
Balance at 31 December 2018	14,801,146	13,824,978

During the half-year ended 31 December 2018, a total of \$8,573 (2017: \$24,295) has been written down against the consolidated Group's exploration and evaluation assets.

**NOTE 7: COMMITMENTS AND CONTINGENCIES**

As at the reporting date, there has been no material change in the commitments and contingencies since 30 June 2018.

**NOTE 8: ISSUED CAPITAL**

	CONSOLIDATED	
	31 Dec 2018 \$	30 Jun 2018 \$
Share capital		
Ordinary shares	32,404,105	31,104,072

**a) Movements in ordinary shares on issue**

	HALF-YEAR ENDED 31 DEC 2018		YEAR ENDED 30 Jun 2018	
	Number	\$	Number	\$
Opening balance	352,335,585	31,104,072	342,335,585	30,914,072
Issue to Heron Resources Ltd <sup>(1)</sup>	-	-	10,000,000	190,000
Non-renounceable rights issue <sup>(2)</sup>	88,083,896	1,321,258	-	-
Share issue costs	-	(21,225)	-	-
Closing balance	440,419,481	32,404,105	352,335,585	31,104,072

(1) In April 2018 the Company issued 10,000,000 shares and 10,000,000 unlisted options to Heron Resources Limited ("Heron") as consideration for the inclusion of two exploration licences into an existing Joint Venture Agreement with Heron.

(2) On 23 July 2018 the Company completed the issue of 88,083,896 new Shares pursuant to a pro-rata non-renounceable entitlement and shortfall offer ("Issue") to eligible shareholders of 1 new Share for every 4 existing Shares held at an issue price of \$0.015 per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

**NOTE 8: ISSUED CAPITAL (Continued)**

**b) Movements in options on issue**

	HALF-YEAR ENDED 31 DEC 2018		YEAR ENDED 30 JUN 2018	
	Number	\$	Number	\$
Opening balance	29,500,000	182,417	10,500,000	525,820
Options granted	-	-	22,000,000	101,244
Options expired	-	-	(3,000,000)	(25,191)
Transfer of historical lapsed options to accumulated losses	-	-	-	(419,456)
Share based payment expense <sup>(1)</sup>	-	8,278	-	-
Closing balance	29,500,000	190,695	29,500,000	182,417

(1) No options were issued during the reporting period. The fair value of options is determined at grant date and is expensed over the vesting period of the options.

**NOTE 9: DIVIDENDS**

No dividends have been declared or paid during the half-year.

**NOTE 10: FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS**

Due to their short-term nature, the carrying amounts of current receivables and current payables are assumed to approximate their fair value.

**NOTE 11: RELATED PARTY TRANSACTIONS**

The wife of Mr Ryan, the Managing Director, provided geological drafting and data mapping services to the Company to the value of \$4,350 (year ended 30 June 2018: \$1,995). The services were provided on normal commercial terms and conditions. There were no other related party transactions during the half-year.

**NOTE 12: EVENTS SUBSEQUENT TO THE REPORTING DATE**

No other matters or circumstances have arisen since the end of the half-year which significantly affect or may significantly affect the operations of the Group, the results of those operations, or the state of affairs in future years.

## DIRECTORS' DECLARATION

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In accordance with a resolution of the Directors of Alchemy Resources Limited, I state that:

In the opinion of the Directors:

- a) the financial statements and notes of the Consolidated Entity are in accordance with the *Corporations Act 2001*, including:
  - i) giving a true and fair view of the financial position as at 31 December 2018 and the performance for the half-year ended on that date of the Consolidated Entity; and
  - ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- b) there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

On behalf of the Board

A handwritten signature in black ink that reads 'Lindsay Dudfield' with a period at the end. The signature is written in a cursive, flowing style.

Lindsay Dudfield

**Chairman**

Perth, Western Australia

13 March 2019

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Alchemy Resources Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Alchemy Resources Limited and its subsidiaries, which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the Corporations Act 2001 including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2018 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

#### Emphasis of matter - Material uncertainty relating to going concern

We draw attention to Note 2(c) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

#### Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

#### Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2018 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.



A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit (WA) Pty Ltd

BDO  


Glyn O'Brien

Director

Perth, 13 March 2019