



ABN 17 124 444 122

ANNUAL REPORT

For the year ended 30 June 2011

Corporate Directory

Directors

Warwick Davies	Non-Executive Chairman
Robert Brierley	Managing Director
John Arbuckle	Non-Executive Director
Jeffrey Moore	Non-Executive Director

Company Secretary

Bernard Crawford

Registered Office

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West Perth WA 6005
Telephone: (08) 9481 4400
Facsimile: (08) 9481 4404
Email: alchemy@alchemyresources.com.au
Website: www.alchemyresources.com.au

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
Telephone: (08) 9315 2333
Facsimile: (08) 9315 2233

Securities Exchange Listing

The Company is listed on the Australian Securities Exchange Ltd ("ASX")
Home Exchange: Perth, Western Australia

ASX Code: **ALY**

Chairman's Letter

Dear Shareholder

The past 12 months have been particularly challenging for Alchemy with respect to both exploration and corporate activities. On 1 December 2010, Jeffrey Moore a very experienced geologist joined the Alchemy Board to strengthen the technical capacity of the Board.

In April 2011 we were delighted to acquire the services Mr Robert Brierley as Managing Director of the Company, following the resignation of Michael Hannington. Rob, a mining engineer, has had a very diverse but balanced employment experience in operating and exploration roles, in stockbroking as a senior analyst for Patersons and more recently as a Managing Director of a Brazilian focused iron ore explorer. Rob has brought an enviable skill set and personal network to Alchemy.

Rob is leading Alchemy's exploration activities including a fundamental review of work carried out to date particularly on the Magnus Copper Project as well as the gold exploration at the Gascoyne Gold Project. Mixed exploration success at the Gascoyne Gold Project, (ie the Central Bore prospect and Hermes deposit) has been a critical part of the exploration review necessary to set Alchemy for the next stage of exploration in the highly prospective ground the Company holds.

We anticipate that the review, which will include an independent audit as well as an internal review, will highlight those areas of the ground controlled by Alchemy which should be the focus of future exploration. Included is a reassessment of the Magnus exploration area where preliminary indications suggest we should be focusing on deeper exploration targets.

Alchemy holds a significant area of highly prospective ground and 2011/12 will see a more targeted approach to our exploration activities.

With a new leader, the experienced exploration team is set to explore the Alchemy tenement package with a clearer focus in the coming year.

On behalf of the Board and employees, I thank our shareholders for their support and I trust that this support will be rewarded by future exploration success to be delivered by Rob and his team. The efforts of the Alchemy team are recognised and with a focused exploration effort, success for the Company is significantly enhanced.

Yours Sincerely



Warwick Davies
Chairman

Directors' Report

The directors present their report on Alchemy Resources Limited for the period 1 July 2010 to 30 June 2011.

Directors

The names and details of the Company's Directors in office during the financial period and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

Warwick Davies, BA (Economics), Certificate of Chemistry – Non-Executive Chairman

Mr Davies is a Marketing Consultant with forty years' experience in the iron and steel industry including a variety of technical and commercial roles with BHP Steel (Newcastle and Whyalla), Hamersley Iron (Dampier) and Robe River Mining Company Limited (Cape Lambert and Perth). Since 2001, Mr Davies career has developed to include experience in exploration for nickel with Resource Mining Corporation Limited.

During the period 1986 to early 2001, Mr Davies was employed by the Robe River Joint Venture in a variety of management roles culminating in a period of five years as General Manager Marketing. Mr Davies has a broad, in-depth knowledge of the world's iron ore and steel industries with an emphasis on South and East Asia, particularly China. In addition to the technical, commercial and strategic planning aspects of the iron ore business, Mr Davies has a solid background and understanding of the bulk freight market.

As an independent Marketing Consultant, Mr Davies has worked on a variety of assignments associated with the mining industry with particular emphasis on steel making raw materials for China. Since August 2004, Mr Davies has been Executive Director of Resource Mining Corporation developing expertise in the operation of junior exploration companies.

Mr Davies brings to Alchemy a wealth of practical experience, industry contacts and a clear understanding of the mining industry. Mr Davies was appointed as a director on 16 March 2007.

Other current directorships

Executive Director of Resource Mining Corporation Limited

Former directorships in the last 3 years

None

Robert Brierley, B. Eng (Mining), Grad Dip. Finance & Investment, GAICD - Managing Director

Mr Brierley is a mining engineer educated at the Western Australian School of Mines in Kalgoorlie, Western Australia. He has experience across many commodity groups and has been involved in the design, operation and management of several major mining projects in Australia including the Yandi iron ore, Red Dome copper-gold, Huntly bauxite and Fimiston "Super Pit" gold operations.

Mr Brierley has also worked in the stock broking industry as a research analyst, specializing in the resources sector, including four years in the role of Director of Research for an Australian national stock broking and financial services company.

Mr Brierley has particular experience in finance, mining project management and valuation techniques and principles. He is a Member of the Australian Institute of Company Directors. Mr Brierley was appointed as a director on 11 April 2011.

Other current directorships

Non-Executive Chairman of BrazIron Limited

Directors' Report

Former directorships in the last 3 years

Executive Director of BrazIron Limited (Resigned April 2011)

Non-Executive Director of Wavenet International Limited (Resigned October 2010)

Executive Director of Carbine Resources Limited (Resigned July 2009)

John Arbuckle, B.Bus CPA - Non-Executive Director

Mr Arbuckle is an accountant with extensive experience in the resources industry in Australia and overseas. Currently he operates a corporate advisory business that provides corporate and capital financing advice to resource industry companies. His previous positions included Chief Financial Officer and Company Secretary of Mount Gibson Iron Limited and Chief Financial Officer of Perilya Limited, where he guided both companies through difficult operational start up phases.

Prior to this he held senior financial management roles with Rio Tinto Limited, North Limited and Anaconda Nickel Limited. He has considerable experience in developing financial and risk management strategies for mining companies and the implementation of accounting controls and systems. Mr Arbuckle was appointed as a director on 16 March 2007.

Other current directorships

Non-Executive Director of Prosperity Resources Limited

Former directorships in last 3 years

None

Jeffrey Moore, B.Appl.Sc (Geology) - Non-Executive Director

Mr Moore graduated with distinction from the Western Australian Institute of Technology (Curtin University) with a Bachelor of Applied Science (Geology) in 1984. Since that time he has gained extensive technical, managerial and project finance experience in exploration and mining for publicly listed companies.

During his career, Mr Moore has generated and managed projects for commodities including precious metals, base metals, diamonds, nickel and industrial minerals throughout Central and South America, Africa and Asia.

Notably, in Australia Mr Moore generated the regional models and concepts which culminated in the 1994 discovery of the Red October gold deposit below Lake Carey and in the period from 1999 to 2003 he generated and implemented exploration programmes in Africa, resulting in the discovery of previously unknown kimberlite pipes in Namibia and significant zinc-lead-copper Sedex type deposits in Western Botswana.

Mr Moore is a member of the Australasian Institute of Mining and Metallurgy, a member of the Geological Society of Australia, and a Director of several ASX listed companies. Mr Moore was appointed as a director on 1 December 2010.

Other current directorships

Executive Director of Riedel Resources Limited

Non-Executive Director of Cougar Metals NL

Non-Executive Director of Abra Mining Limited

Former directorships in last 3 years

Executive Director of Abra Mining Limited (Resigned April 2011)

Directors' Report

Michael Hannington, B.Sc LL.B

Appointed 1 August 2007, resigned 14 February 2011.

Robert Downey, B.Ed LL.B (Hons)

Appointed 16 March 2007, resigned 14 February 2011.

Company Secretary

Bernard Crawford B.Com, CA, MBA, ACIS

Mr Crawford is a Chartered Accountant with over 20 years experience in the resources industry in Australia and overseas. He has held various positions in finance and management with NYSE, TSX and ASX listed companies. Mr Crawford was appointed as company secretary on 1 December 2010.

Directors' Interests in the Shares and Options of the Company

As at the date of this report, the interests of each director in the shares of Alchemy Resources Limited is as shown below. No directors hold options in the Company.

Director	Ordinary Shares
W Davies	816,500
R Brierley	200,000
J Arbuckle	3,788,000
J Moore	-

Directors' Meetings

The number of meetings of the Company's board of directors and of each board committee held during the year ended 30 June 2011, and the numbers of meetings attended by each director were as follows:

Director	Directors' Meetings		Audit Committee		Nomination Committee	
	A	B	A	B	A	B
W Davies ⁽¹⁾	14	14	1	1	2	2
R Brierley (appointed 11 April, 2011)	3	3	-	-	-	-
J Arbuckle ⁽²⁾	14	14	1	1	2	2
J Moore (appointed 1 December, 2010)	7	8	1	1	-	1
M Hannington (resigned 14 February, 2011)	8	8	-	-	-	-
R Downey (resigned 14 February, 2011)	6	8	-	-	-	1

A = Number of meetings attended

B = Number of meetings held during the time the director held office or was a member of the committee during the year

Directors' Report

- (1) For the year ended 30 June 2011 Mr Davies was the chair of the nomination committee.
- (2) Mr Arbuckle is the chair of the audit committee.

There were no remuneration committee meetings during the year. The functions of the remuneration committee were performed by the full board.

Principal Activities

The principal activity of the Company during the financial year was exploration for copper and gold.

Review and Results of Operations

The Company's activities are reported in announcements to the ASX. Highlights of the year to 30 June 2011 include:

Magnus Copper Project (Alchemy 100%)

The Magnus Copper Project covers over 20 kilometres of strike length of volcanic and sedimentary rocks of the highly prospective Bryah Group, located 130km north-east of Meekatharra, Western Australia. Alchemy is undertaking systematic exploration for VMS-type (base and precious metals) mineralisation at Magnus, which is along strike and to the west of Sandfire Resources' DeGrussa deposit that contains measured, indicated and inferred resources of 14.33Mt @ 4.6% copper and 1.6g/t gold.

With the completion of the third RC drilling program in November 2010, a total of 42 RC holes have been drilled at the Magnus Copper Project. The majority of drill holes tested conductors delineated from an interpretation of the helicopter-borne VTEM survey flown in December 2009 and/or areas of multi-element anomalism identified from soil sampling over the Magnus region. A number of VTEM targets remain untested. Although no massive sulfide accumulations were encountered through RC drilling, exploration has confirmed that the Magnus project area is highly prospective for the discovery of copper-gold mineralised systems and has provided a strong platform for continued systematic exploration.

Prior to further drill testing, a comprehensive review of all geophysical data (electromagnetic, magnetic, gravity) collected over the Magnus Copper Project was undertaken to re-evaluate each of the conductors delineated in the VTEM survey. The review incorporated down-hole geology and EM survey data as well as revisions to interpreted geology across the project. The review resulted in a re-assessment of the targets drill tested to date and delineated additional drill targets across the Magnus Project.

An orientation audio-magnetotelluric (AMT) survey was completed in May 2011 to assess the quality and depth penetration of previous geophysical surveys as well as applicability of the AMT technique to exploration for base and precious metals at Magnus. Magnetotelluric methods can detect conductors linked to base metal mineralisation as well as map variations in resistivity associated with changes in lithology.

AMT data was acquired along two profiles that, in combination, form a continuous profile across the prospective stratigraphic sequence on the eastern side of Magnus. The profiles coincided with profiles from previous VTEM, MLEM and gravity surveys enabling direct comparisons to be made.

Depth conductivity sections for each of the AMT profiles successfully delineated major geological packages and their boundaries, defined conductors that correlate well with the VTEM, MLEM, gravity and known geology, and resolved new features that were not detected in the VTEM and MLEM surveys. In particular, the AMT conductivity depth sections image a number of interesting anomalies including significant conductors at depths over 300m within the Narracoota volcanic sequence.

Directors' Report

Of the geophysical methods applied to date at Magnus, AMT appears to be the only one that has provided good correlation to mapped geology, imaged conductive responses within the resistive Narracoota volcanic sequence and has the deepest depth of penetration to over 600m.

The forward program is to finalise the revised geological interpretation across the Magnus Project area and commence close-spaced ground geophysics, including follow-up AMT surveys, to define additional targets that are expected to be drill tested commencing in late 2011.

Alchemy remains committed to thoroughly and systematically exploring the Magnus Project area for both VMS-type copper mineralisation and for 'gold only' mineralised systems, as the potential reward for success is significant.

Gascoyne Gold Project (Alchemy 100%)

The Gascoyne Gold Project covers over 270km² within the highly-prospective Marymia Inlier and Bryah Basin, located 130km north-east of Meekatharra, Western Australia. The project comprises the Hermes and Wilgeena Gold Deposits, and the Central Bore Prospect.

Hermes Gold Deposit

During the year, Alchemy completed the compilation and review of all previous exploration, assessment of uncore assays received for mineralised intervals from selected historic and Alchemy drill holes and the cutting and assaying of diamond core derived from the 2010 and 2011 drilling programs. This was completed and a resource re-estimation for Hermes was announced in September 2011.

Metallurgical test work undertaken by Amdel on oxide core material, obtained from a diamond drilling program in August 2010, was received in January 2011 and reviewed by an independent metallurgist. The test work indicates that the ore is amenable to treatment in a conventional crush, grind and CIL plant with good recoveries across all size fractions.

At both Hermes and Wilgeena, a high proportion of gold is contained in the coarse fraction. Gravity test work indicates that a large percentage (40-60%) of the free gold could be recovered by gravity concentration. No technical issues were identified that would result in a poor recovery or extenuating cost issues.

Wilgeena Gold Deposit

A maiden Indicated Resource of **659,480t @ 2.34g/t gold (equivalent to 49,536 ounces of gold)** was estimated at the Wilgeena Gold Deposit and a Mining Lease (M52/1049) was granted over the deposit in September 2010.

Diamond drilling was completed at Wilgeena in August 2010 and oxide core material from each of the three discrete ore zones was submitted to Amdel for metallurgical test work. The results of the test work were received in January 2011 with those from the Hermes Gold Deposit. The test work indicates a large percentage of the free gold could be recovered by gravity concentration and that the ore could be treated through conventional methods with no known cost imposts.

A RC drilling program completed in December 2010 intersected wide zones of gold mineralisation outside of the known resource, including **12m @ 7.21g/t** gold in WGRC035 and **17m @ 3.26g/t** gold in WGRC034.

An aircore drilling program conducted in March and April 2011 targeted areas outside the gold resource area at Wilgeena as well as a gold-in-soil anomaly at Moby NE, located 5 km south-east of Wilgeena. No significant gold mineralisation was detected.

Directors' Report

Central Bore Gold Prospect

In late 2010, two phases of RC drilling over a strike length of 300 metres in the central part of the Central Bore area resulted in the discovery of high-grade gold mineralisation related to quartz veining in granite. The majority of the high-grade intervals include single metre intercepts of around an ounce-per-tonne, and appear to have some continuity within broader zones of low-grade (<1g/t Au) mineralisation.

A targeted diamond drilling program of two holes was completed in April 2011 to obtain technical information on the nature, orientation and continuity of the high-grade intervals and the broad mineralised envelopes. High-grade gold mineralisation was returned, and includes best intersections (applying a 1.0g/t lower cut-off and maximum 2 metres of internal dilution) of:

- 4 metres at 25.8 g/t gold from 125 metres, including **1 metre at 99.3 g/t** gold from 125 metres, in hole CBDD002
- **1 metre at 12.1 g/t** gold from 222 metres in hole CBDD002
- **1 metre at 6.51 g/t** gold from 119 metres in hole CBDD001.

These results are very encouraging and, combined with detailed structural orientation and logging of the core, have enhanced the Company's understanding of the gold mineralisation at Central Bore. Structural studies indicate that gold mineralisation plunges gently-moderately towards the south-east. Further drilling targeting down-plunge positions is planned.

An aircore drilling program was completed in April 2011, testing the interpreted contact between the host granite body at Central Bore and the package of sedimentary and mafic volcanic rocks that extends to the south. Significant results include 3m @ 5.94g/t in CBAC090 and 1m @ 9.60g/t in CBAC091. Both of these drill holes are located about 1 kilometre west of the main zone of mineralisation at Central Bore and represent a discrete target that requires additional drilling.

Murchison Projects (Alchemy 100% or Alchemy 80%-Jindalee 20%)

Assessment of the Alchemy Murchison tenements continued with aircore drilling programs at Big Bell North (Alchemy 100%) and Jeffery Well (Alchemy 80%-Jindalee 20%) in October 2010. Aircore drilling at Big Bell North in-filled a 2.5 km long zone of gold and pathfinder anomalism and returned a number of significant intersections, including **21m @ 0.76g/t** gold in BBNAC092. A first-phase aircore drilling program at Jeffery Well returned high-grade intersections, including **2m @ 15.27g/t** gold in JWAC023, providing a number of additional drill targets.

Alchemy acquired the Gidgee South Project in November 2010 and has recently commenced first-phase aircore drilling in August 2011. The project hosts a high priority gold target identified during regional targeting undertaken following development of Alchemy's three-dimensional geological model covering the Murchison District. The acquisition of the project provides additional highly prospective exploration ground over the Big Bell - Meekatharra shear, which hosts the Big Bell gold deposit (3.9 Moz) to the south.

In-fill aircore drilling is planned for September 2011 at Jeffery Well after completion of the program at Gidgee South.

Re-assessment of the Murchison Projects during the year has highlighted the base metal prospectivity of these project areas. Mapping by the Geological Survey of Western Australia, in combination with the discovery of base metal mineralisation by Silver Swan Group at Austin, Reed Resources at Chunderloo and Silver Lake Resources at Eelya, indicates that the northern Murchison district hosts volcanic sequences with significant base metal potential.

Directors' Report

Field assessment of Ninden Hill and central part of the Wydgee Projects was completed in June 2011 and indicates the possible continuation of prospective volcanic sequences into these project areas.

At Wydgee, field mapping on E51/1048 shows a number of north-south structural corridors associated with silica-carbonate alteration of volcanic and sedimentary rock units. Mafic volcanic breccias containing basalt and dolerite clasts appear to be associated with these corridors. The corridors are likely to reflect zones of high fluid flow and are the focus of further exploration. Assessment of historic exploration data over E51/1048 indicates base metal anomalism, including 0.25% Cu in a bottom-of-hole sample in shallow RAB hole JB0137, associated with felsic volcanic and sedimentary rock units.

Corporate Activity

Alchemy continues to control costs while actively exploring its project areas. At 30 June 2011, Alchemy had \$4.7 million in cash.

The conversion of 20.4 million listed options in August 2010 increased cash on hand by \$5.1 million.

Alchemy continues to seek 'value creating' acquisitions in the Murchison and Gascoyne Districts of both early stage exploration projects and more advanced projects with resources able to be developed in the near-term.

On 26 July 2010, Alchemy announced an action had commenced in the Western Australian Warden's Court to seek forfeiture over fifteen tenements adjacent to Alchemy's tenements that are held by Grosvenor Gold Pty Ltd. Since then one tenement has been withdrawn from the action. Alchemy considers the Grosvenor tenements to be prospective for mineralisation similar to Alchemy's Gascoyne Gold Project and Sandfire Resources NL's DeGrussa copper-gold deposit. If this action is successful, and Alchemy acquires Grosvenor's ground, it will significantly increase Alchemy's exploration tenure in the Gascoyne District.

Operating Results

The operating loss of the Consolidated Entity was \$1,481,134 (2010:\$1,558,124).

Financial Position

During the period, the company's net assets have increased by \$3,539,208 to \$15,312,036. This is largely due to a combination of the conversion of options and the capitalisation of exploration expenditure.

Significant Changes in the State of Affairs

The Company's issued capital has increased to \$20,422,910 from \$15,208,016, an increase of \$5,214,894. The movement was primarily due to the conversion of 20.4 million listed options during the reporting period.

In the opinion of the directors there were no other significant changes in the state of affairs of the Company other than those referred to in this financial report.

Significant Events After Balance Date

There has been no matter or event that has occurred subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future years.

Likely Developments and Expected Results

The Company will continue to pursue and further the exploration of its tenements in Western Australia. Further comments on likely developments in the operations of the Company are included in this report under

Directors' Report

"Review and Results of Operations". Disclosure of any further information regarding likely developments in the operations of the Company in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Company. Accordingly, this information has not been disclosed in this report.

Environmental Regulation and Performance

The Company's environmental obligations are regulated under both State and Federal legislation. Performance with respect to environmental obligations is monitored by the board of directors and may be subject to government agency audits and site inspections. No environmental breaches have been notified by any government agency during the year ended 30 June 2011.

Dividends

No dividends have been paid or declared since the start of the financial year. No recommendation for the payment of a dividend has been made.

Proceedings on Behalf of the Consolidated Entity

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Options over Unissued Capital

At the date of this report, the following options were on issue:

Expiry Date	Exercise Price	Number
30 June 2012	\$0.37	1,000,000
30 September 2012	\$0.25	750,000
30 June 2013	\$0.50	1,050,000
		<hr/>
		2,800,000
		<hr/>

Indemnification and Insurance of Directors and Officers

During the financial year, the Company paid a premium of \$8,433 (2010: \$5,994) to insure the directors and officers of the Company against any liability incurred as a director or officer to the extent permitted by the Corporations Act 2001.

The liabilities insured include the costs that may be incurred in defending proceedings that may be brought against the directors and officers but does not include liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position, or of information, to gain advantage for themselves or someone else or to cause detriment to the Company.

The Company has not entered into any agreement with its current auditors indemnifying them against claims by a third party arising from their position as auditor.

Non-Audit Services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or group are important.

Directors' Report

Details of the amounts paid or payable to the auditor (BDO Audit (WA) Pty Ltd) for the audit and non-audit services provided during the year are set out in note 19. \$23,080 was paid to the auditor for audit services and \$10,600 paid to related practices of the auditor for taxation services.

The board of directors has considered the position and, in accordance with the advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

Auditor's Independence Declaration

The copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 17.

Directors' Report

Remuneration Report (Audited)

This remuneration report, which forms part of the directors' report, sets out remuneration information for Alchemy Resources Limited's non-executive directors, executive directors and key management personnel for the financial year ended 30 June 2011. The information in the remuneration report has been audited as required by Section 308(3C) of the Corporations Act.

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company, including directors of the Company and other executives. Key management personnel comprise the directors of the Company and senior executives for the group including the five most highly remunerated Company executives.

The key management personnel of the Company for 2011 were:

Warwick Davies	Chairman
Robert Brierley	Managing Director (appointed 11 April 2011)
John Arbuckle	Non-executive Director and Company Secretary (resigned as Company Secretary 1 December 2010)
Jeffrey Moore	Non-executive Director (appointed 1 December 2010)
Michael Hannington	Managing Director (resigned 14 February 2011)
Robert Downey	Non-executive Director (resigned 14 February 2011)
Kevin Cassidy	Exploration Manager
Lyndon Hopkins	Project Development Manager (resigned 30 June 2011)
Bernard Crawford	Company Secretary (appointed 1 December 2010)

Compensation levels for directors and key management personnel of the Company are competitively set to attract and retain appropriately qualified and experienced directors and executives. The board is responsible for compensation policies and practices. The board, where appropriate, seeks independent advice on remuneration policies and practices, including compensation packages and terms of employment.

There is no direct link between remuneration paid to any non-executive and executive directors and corporate performance. There are no termination or retirement benefits for non-executive directors (other than statutory superannuation).

Non-Executive Directors

The non-executive directors receive a fixed fee for their services of \$40,000 per annum. The Chairman receives \$50,000 per annum.

Fixed Compensation for Executives

Fixed compensation consists of base salary plus statutory superannuation. Compensation levels are reviewed annually by the board where applicable.

Remuneration levels for directors, secretaries, senior managers of the Company are competitively set to attract and retain appropriately qualified and experienced directors and senior executives.

The compensation structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. The remuneration structures take into account:

- the capability and experience of the directors and senior executives;
- the directors and senior executives ability to control the relevant segments performance;

Directors' Report

- the group's performance including:
 - the group's operational and financial performance
 - the scale and complexity of operations
 - the growth in share price and returns on shareholder wealth; and
 - the amount of incentives within each directors and senior executives remuneration

Remuneration packages may include a mix of fixed and variable remuneration, short and long-term performance-based incentives and are reviewed on an annual basis.

Service Contracts

Remuneration and other terms of employment for the Managing Director and other key management personnel are formalised in service agreements.

R Brierley, *Managing Director*

- base salary, currently \$300,000 per annum (exclusive of superannuation entitlements);
- five year employment contract commencing 11 April 2011;
- notice period of six month's written notice;
- in the event of a redundancy situation, the Company will pay an amount equivalent to 12 month's salary; and
- Mr Brierley will be granted, subject to shareholder approval, 3,000,000 Performance Rights.

K Cassidy, *Exploration Manager*

- base salary, currently \$201,835 per annum (exclusive of superannuation entitlements);
- employment contract is ongoing; and
- notice period of one month's written notice.

L Hopkins, *Project Development Manager (Part-time, resigned 30 June 2011)*

- base salary, \$148,000 per annum (exclusive of superannuation entitlements); and
- notice period of one month's written notice.

Remuneration of Key Management Personnel

2011 Name	Short-term Benefits			Post-employment benefits	Share-based Payment	% of Remuneration to total from		
	Salary and Fees \$	Cash Bonus \$	Non-Monetary Benefit \$	Super-annuation \$	Options \$	Total \$	Options %	Bonus %
<i>Directors</i>								
W Davies	50,000	-	-	-	-	50,000	-	-
R Brierley	66,667	-	-	6,600	-	73,267	-	-
J Arbuckle (a)	80,603	-	-	-	-	80,603	-	-
J Moore	21,407	-	-	1,927	-	23,334	-	-
M Hannington	244,196	-	-	21,978	-	266,174	-	-
R Downey (b)	94,718	-	-	-	-	94,718	-	-
<i>Executives</i>								
K Cassidy	196,139	-	-	17,653	(28,084)	185,708	-	-
L Hopkins	147,765	-	-	12,338	(22,467)	137,636	-	-
B Crawford	23,290	-	-	-	-	23,290	-	-
Totals	924,785	-	-	60,496	(50,551)	934,730		

Directors' Report

- (a) Mr Arbuckle received \$40,003 for directors' fees and \$40,600 for services rendered outside of his duties as a director.
- (b) Mr Downey received \$24,998 for directors' fees and \$69,720 for services rendered outside of his duties as a director.

2010 Name	Short-term Benefits			Post-employment benefits	Share-based Payment	% of Remuneration to total from		
	Salary and Fees \$	Cash Bonus \$	Non-Monetary Benefit \$	Super-annuation \$	Options \$	Total \$	Options %	Bonus %
<i>Directors</i>								
W Davies	44,998	-	-	-	-	44,998	-	-
M Hannington	248,463	-	-	22,361	518	271,342	0.2	-
R Downey (a)	218,442	-	-	-	-	218,442	-	-
J Arbuckle (b)	119,500	-	-	-	-	119,500	-	-
<i>Executives</i>								
L Hopkins	120,167	-	-	10,815	22,467	153,449	14.6	-
K Cassidy	83,243	-	-	7,492	28,084	118,819	23.6	-
Totals	834,813	-	-	40,668	51,609	926,550		

- (a) Mr Downey received \$32,500 for directors' fees and \$185,942 for services rendered outside of his duties as a director.
- (b) Mr Arbuckle received \$32,500 for directors' fees and \$87,000 for services rendered outside of his duties as a director.

Share-based payment option plan

The following share-based payment arrangements for key management personnel were in existence during the current and comparative reporting period.

Issue	Grant Date	Expiry Date	Fair value per option	Exercise Price	Vesting Date	No. Of Options
1	1 August 2007	30 June 2011	\$0.044	\$0.25	1 July 2007	3,500,000
2	1 August 2007	30 June 2012	\$0.041	\$0.37	1 July 2008	1,000,000
3	1 August 2007	30 June 2013	\$0.050	\$0.50	1 July 2009	1,000,000
4a	10 July 2009	30 June 2012	\$0.061	\$0.37	31 March 2010	50,000
4b	10 July 2009	30 June 2012	\$0.061	\$0.37	31 March 2011	50,000
5a	10 July 2009	30 June 2013	\$0.066	\$0.50	31 March 2010	50,000
5b	10 July 2009	30 June 2013	\$0.066	\$0.50	31 March 2011	50,000
6	14 September 2009	30 September 2012	\$0.132	\$0.25	14 September 2010	750,000
7a	5 February 2010	31 March 2012	\$0.185	\$1.30	5 February 2011	225,000
7b	5 February 2010	31 March 2012	\$0.185	\$1.30	5 February 2012	225,000
8a	5 February 2010	31 March 2013	\$0.192	\$2.10	5 February 2011	225,000
8b	5 February 2010	31 March 2013	\$0.192	\$2.10	5 February 2012	225,000

Directors' Report

There are no performance criteria that need to be met in relation to options granted under issue 1-3, 4a, 5a & 6 before the beneficial interest vests in the recipient. However, key management personnel receiving options under issues 4b, 5b, 7 and 8 are only entitled to receive the beneficial interest under the option if they continue to be employed with the Company at the time the option vests.

The options under issues 7a, 7b, 8a and 8b were cancelled during the financial year.

During the year, no key management personnel exercised options that were granted to them as part of their compensation in that year.

The table below summarises the value of options exercised or lapsed to directors and executives during the reporting period. No options were granted as compensation to directors and executives during the reporting period.

Name	Number	Value of options exercised at the	Value of options lapsed at the
		exercise date	date of lapse
		\$	\$
W Davies	400,000	13,600	-
W Davies	1,154,750	-	(39,262)
J Arbuckle	750,000	-	(33,000)
M Hannington	1,000,000	-	(44,000)
R Downey	750,000	-	(33,000)

The value of options exercised or lapsed during the reporting period reflects the fair value determined at issue date.

Signed in accordance with a resolution of the Directors



Warwick Davies
Chairman

Perth, 29 September 2011

Directors' Report

Competent Person's Statement

The information in this report that relates to Exploration Results is based on information compiled by Dr Kevin Cassidy, who is a Fellow of the Australian Institute of Geoscientists and is a full-time employee of Alchemy Resources Limited. Dr Cassidy has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration, Results, Mineral Resource and Ore Reserves'. Dr Cassidy 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 Gold Project is based on information compiled by Mr Shaun Hackett, who is a Member of the Australasian Institute of Mining and Metallurgy and is a full-time employee of Snowden Mining Industry Consultants Pty Ltd. Mr Hackett has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration, Results, Mineral Resource and Ore Reserves'. Mr Hackett 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 Project is based on information compiled by Mr Simon Coxhell of Cocksrocks Pty Ltd, who is a Member of the Australian Institute of Geoscientists and a Member of the Australasian Institute of Mining and Metallurgy and is a consultant to Alchemy Resources Limited. Mr Coxhell has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration, Results, Mineral Resource and Ore Reserves'. 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.

29 September 2011

Alchemy Resources Limited
The Board of Directors
Level 2, 72 Kings Park Road
West Perth, WA 6005

Dear Sirs,

DECLARATION OF INDEPENDENCE BY CHRIS BURTON TO THE DIRECTORS OF
ALCHEMY RESOURCES LIMITED

As lead auditor of Alchemy Resources Limited for the year ended 30 June 2011, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

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



Chris Burton
Director



BDO Audit (WA) Pty Ltd
Perth, Western Australia

Corporate Governance Statement

Alchemy Resources Limited has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this statement. Commensurate with the spirit of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations ("**Principles & Recommendations**"), the Company has followed each recommendation where the board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the board has made appropriate statements reporting on the adoption of the recommendation. Where, after due consideration, the Company's corporate governance practices depart from a recommendation, the board has offered full disclosure and reason for the adoption of its own practice, in compliance with the "if not, why not" regime.

Website Disclosures

Further information about the Company's charters, policies and procedures may be found at the Company's website (www.alchemyresources.com.au) under the section marked Corporate Governance. A list of the charters, policies and procedures which are referred to in this Corporate Governance Statement, together with the Recommendations to which they relate, are set out below.

Charters	Recommendation(s)
Board	1.3
Audit Committee	4.4
Nomination Committee	2.6
Remuneration Committee	8.1
Policies and Procedures	
Policy and Procedure for Selection and (Re)Appointment of Directors	2.6
Process for Performance Evaluation	1.2, 2.5
Policy on Assessing the Independence of Directors	2.6
Code of Conduct	3.1, 3.5
Policy on Continuous Disclosure	5.1, 5.2
Procedure for the Selection, Appointment and Rotation of External Auditor	4.4
Shareholder Communication Policy	6.1, 6.2
Risk Management Policy (Summary)	7.1, 7.4
Diversity Policy	3.2, 3.5

Disclosure - Principles & Recommendations

The Company reports below on how it has followed (or otherwise departed from) each of the Principles & Recommendations during the reporting period 1 July 2010 to 30 June 2011.

Principle 1 - Lay solid foundations for management and oversight

Recommendation 1.1:

Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.

Disclosure:

The Company has established the functions reserved to the board and has set out these functions in its Board Charter. The board is collectively responsible for promoting the success of the Company through its key functions of overseeing the management of the Company, providing overall corporate governance of the Company, monitoring the financial performance of the Company, engaging appropriate management commensurate with the Company's structure and objectives, involvement in the development of corporate

Corporate Governance Statement

strategy and performance objectives and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

The Company has established the functions delegated to senior executives and has set out these functions in its Board Charter. Senior executives are responsible for supporting the managing director and assisting the managing director in implementing the running of the general operations and financial business of the Company, in accordance with the delegated authority of the board.

Senior executives are responsible for reporting all matters which fall within the Company's materiality thresholds at first instance to the managing director or, if the matter concerns the managing director, then directly to the Chair or the lead independent director, as appropriate.

Recommendation 1.2:

Companies should disclose the process for evaluating the performance of senior executives.

Disclosure:

The nomination committee is charged with the periodic review of the managing director according to agreed performance parameters. The managing director is responsible for evaluating the performance of senior executives. This is based on a formal process which has been established by the Company and comprises an interview between the managing director and each senior executive. During the interview the senior executive's performance is reviewed having regard to the written statement of responsibilities and key performance indicators for each senior executive.

Recommendation 1.3:

Companies should provide the information indicated in the *Guide to reporting on Principle 1*.

Disclosure:

During the reporting period an evaluation of senior executives took place in accordance with the process disclosed.

Principle 2 – Structure the board to add value

Recommendation 2.1:

A majority of the board should be independent directors.

Notification of Departure:

The board does not have a majority of independent directors. The independent directors are Warwick Davies and Jeffrey Moore. The non-independent directors are Robert Brierley and John Arbuckle.

Explanation for Departure:

The board believes that the current composition of the board is most appropriate for the Company having regard to its size, its current level of operations, its strategy of minimising operating costs and includes an appropriate mix of relevant skills and expertise. The board recognises the importance of a majority of independent directors and as the Company grows and/or its circumstances change, the board may make further appointments of independent directors if considered appropriate.

Corporate Governance Statement

Recommendation 2.2:

The chair should be an independent director.

Disclosure:

The independent chair of the board is Warwick Davies.

Recommendation 2.3:

The roles of the chair and chief executive officer should not be exercised by the same individual.

Disclosure:

The managing director is Robert Brierley who is not chair of the board.

Recommendation 2.4:

The board should establish a nomination committee.

Disclosure:

The board has established a nomination committee.

Recommendation 2.5:

Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.

Disclosure:

The chair is responsible for evaluating the performance of the board, board committees, individual directors and the managing director. The Company has adopted policies and procedures concerning the evaluation and development of its directors, executives and board committees. Procedures include an annual internal board performance assessment and ongoing discussions with regard to the performance of the board and its directors.

Recommendation 2.6:

Companies should provide the information indicated in the *Guide to reporting on Principle 2*.

Disclosure:

Skills, Experience, Expertise and term of office of each Director

A profile of each director containing their skills, experience, expertise and term of office is set out in the Directors' Report.

Identification of Independent Directors

The independent directors of the Company are Warwick Davies and Jeffrey Moore. These directors are independent as they are non-executive directors who are not members of management and are free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgment.

Corporate Governance Statement

Independence is measured having regard to the relationships listed in Box 2.1 of the Principles & Recommendations and the Company's materiality thresholds. The materiality thresholds are set out below.

Company's Materiality Thresholds

The board has agreed on the following guidelines for assessing the materiality of matters, as set out in the Company's Board Charter:

Statement of financial position items are material if they have a value of more than 5% of pro-forma net assets. Statement of comprehensive income items are material if they have an impact on the current year operating result of 5% or more.

Items are also material if they impact on the reputation of the Company, involve a breach of legislation, are outside the ordinary course of business, they could affect the Company's rights to its assets, if accumulated they would trigger the quantitative tests, involve a contingent liability that would have a probable effect of 5% or more on the statement of financial position or statement of comprehensive income, or they will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 5%.

Contracts will be considered material if they are outside the ordinary course of business, contain exceptionally onerous provisions in the opinion of the board, impact on income or distribution in excess of the quantitative tests, there is a likelihood that either party will default, and the default may trigger any of the quantitative or qualitative tests, are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost of such a quantum, triggering any of the quantitative tests, contain or trigger change of control provisions, they are between or for the benefit of related parties, or otherwise trigger the quantitative tests.

Statement concerning availability of Independent Professional Advice

To assist directors with independent judgement, it is the board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval for incurring such expense from the chair, the Company will pay the reasonable expenses associated with obtaining such advice.

Nomination Matters

The nomination committee held two meetings during the reporting period.

Performance Evaluation

During the reporting period an evaluation of the board, its committees, and individual directors took place in accordance with the process disclosed at Recommendation 2.5.

Selection and (Re) Appointment of Directors

In determining candidates for the board, the nomination committee (or equivalent) follows a prescribed procedure whereby it considers the balance of independent directors on the board as well as the particular skills and qualifications of potential candidates that will best enhance the board's effectiveness.

The board recognises that board renewal is critical to performance and the impact of board tenure on succession planning. Subject to Clause 13.39 of the Company's Constitution, at the Annual General Meeting in every year one-third of the directors for the time being, or, if their number is not 3 nor a multiple of 3, then the number nearest one-third, and any other director not in such one-third who has held office for 3 years or more (except the managing director), must retire from office. Re-appointment of directors is not automatic.

Corporate Governance Statement

Principle 3 – Promote ethical and responsible decision-making

Recommendation 3.1:

Companies should establish a code of conduct and disclose the code or a summary of the code as to:

- the practices necessary to maintain confidence in the Company's integrity;
- the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and
- the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Disclosure:

The Company has established a code of conduct as to the practices necessary to maintain confidence in the Company's integrity, practices necessary to take into account their legal obligations and the expectations of their stakeholders and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Recommendation 3.2:

Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.

Disclosure:

The Company has established a policy concerning diversity.

Recommendation 3.3:

Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.

Explanation for Departure:

The board has in place policies for the recruitment of the most suitable person for roles within the Company providing diversity of employment opportunities for, but not limited to, gender, age, ethnicity and cultural background. In respect of gender diversity, the Company has not yet determined a target proportion of appointments but relies on the requirement of “the most suitable person for the role” as the overarching selection criteria for personnel.

Recommendation 3.4:

Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.

Disclosure:

As at the reporting date, 40% of employees of the Company were women. As at the reporting date no women were in senior executive positions or were on the Company's board.

Corporate Governance Statement

Recommendation 3.5:

Companies should provide the information indicated in the *Guide to reporting on Principle 3*.

Disclosure:

Please refer to the section above marked Website Disclosures.

Principle 4 – Safeguard integrity in financial reporting

Recommendation 4.1:

The board should establish an audit committee.

Disclosure:

The Company has established an audit committee.

Recommendation 4.2:

The audit committee should be structured so that it:

- consists only of non-executive directors;
- consists of a majority of independent directors;
- is chaired by an independent chair, who is not chair of the board; and
- has at least three members.

Notification of Departure:

The audit committee does not meet the structural requirements of Recommendation 4.2.

The audit committee comprises three non-executive directors being John Arbuckle (non-independent chair), Warwick Davies (independent director) and Jeffrey Moore (independent director).

Explanation for Departure:

Given the size and composition of the board, the Company is unable to comply with Recommendation 4.2. John Arbuckle, an experienced accountant who is not chair of the board, is the non-independent chair of the committee. Warwick Davies and Jeffrey Moore are the two independent non-executive directors on the committee. Accordingly, the audit committee meets all of the structural requirements of Recommendation 4.2 except that it does not have an independent chair.

Recommendation 4.3

The audit committee should have a formal charter.

Disclosure:

The Company has adopted an Audit Committee Charter.

Recommendation 4.4:

Companies should provide the information indicated in the *Guide to reporting on Principle 4*.

Corporate Governance Statement

Disclosure:

Details of the audit committee meetings held during the reporting period and of each member's attendance are set out in the Director's Report.

Details of each of the director's qualifications are set out in the Directors' Report.

Principle 5 - Make timely and balanced disclosure

Recommendation 5.1:

Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

Disclosure:

The Company has established written policies designed to ensure compliance with ASX Listing Rule disclosure and accountability at a senior executive level for that compliance.

Recommendation 5.2:

Companies should provide the information indicated in the *Guide to reporting on Principle 5*.

Disclosure:

Please refer to the section above marked Website Disclosures.

Principle 6 - Respect the rights of shareholders

Recommendation 6.1:

Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

Disclosure:

The Company has designed a communications policy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings.

Recommendation 6.2:

Companies should provide the information indicated in the *Guide to reporting on Principle 6*.

Disclosure:

Please refer to the section above marked Website Disclosures.

Corporate Governance Statement

Principle 7 - Recognise and manage risk

Recommendation 7.1:

Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

Disclosure:

The board has adopted a risk management policy, which sets out the Company's risk profile. Under the policy, the board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Under the policy, the board delegates day-to-day management of risk to the managing director (with the assistance of senior executives), who is responsible for identifying, assessing, monitoring and managing risks. The managing director (with the assistance of senior executives) is also responsible for updating the Company's material business risks to reflect any material changes, with the approval of the board.

In fulfilling the duties of risk management, the managing director may have unrestricted access to Company employees, contractors and records and may obtain independent expert advice on any matter they believe appropriate, with the prior approval of the board.

The audit committee also monitors and reviews the integrity of financial reporting and the Company's internal financial control systems and risk management systems and reports to the board.

In addition, the following risk management measures have been adopted by the board to manage the Company's material business risks:

- the board has established authority limits for management which, if exceeded, will require prior board approval;
- the board has adopted a compliance procedure for the purpose of ensuring compliance with the Company's continuous disclosure obligations; and
- the board has adopted a corporate governance manual which contains other policies to assist the Company to establish and maintain its governance practices.

The Company is currently finalising the establishment of systems to identify, categorise and manage the Company's material business risks. The Company will use a risk matrix to identify the Company's material business risks, assess the severity and likelihood of each risk and promote a risk management strategy. The risk matrix will be regularly reviewed by the board to identify any changes that need to be made.

Recommendation 7.2:

The board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.

Disclosure:

The board has required management to design, implement and maintain risk management and internal control systems to manage the Company's material business risks. The board also requires management to report to it confirming that those risks are being managed effectively. Further, the board has received a report from management as to the effectiveness of the Company's management of its material business risks.

Corporate Governance Statement

Recommendation 7.3:

The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Disclosure:

The Managing Director and the Chief Financial Officer (or equivalent) have provided a declaration to the board in accordance with section 295A of the Corporations Act and have assured the board that such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial risk.

Recommendation 7.4:

Companies should provide the information indicated in the *Guide to reporting on Principle 7*.

Disclosure:

The board has received the report from management under Recommendation 7.2.

The board has received the assurance from the Managing Director and the Chief Financial Officer (or equivalent) under Recommendation 7.3.

Please refer to the section above marked Website Disclosures.

Principle 8 – Remunerate fairly and responsibly

Recommendation 8.1:

The board should establish a remuneration committee.

Disclosure:

The Company has established a remuneration committee.

Recommendation 8.2:

The remuneration committee should be structured so that it:

- consists of a majority of independent directors;
- is chaired by an independent chair; and
- has at least three members.

Disclosure:

The remuneration committee comprises all directors of the company. The independent chair of the remuneration committee is Warwick Davies. The remuneration committee did not meet during the reporting period.

Recommendation 8.3:

Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

Corporate Governance Statement

Disclosure:

Non-executive directors are remunerated at a market rates (for comparable companies) for time, commitment and responsibilities. Remuneration for non-executive directors is not linked to performance of the Company.

Pay and rewards for executive directors and senior executives consists of a base salary and performance incentives. Long term performance incentives may include options granted at the discretion of the board and subject to obtaining the relevant approvals. Executives are offered a competitive level of base pay at market rates and this is reviewed when necessary to ensure market competitiveness.

Recommendation 8.4:

Companies should provide the information indicated in the *Guide to reporting on Principle 8*.

Disclosure:

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms of part of the Directors' Report.

To assist the board to fulfil its function as the remuneration committee, it has adopted a Remuneration Committee Charter.

There are no termination or retirement benefits for non-executive directors (other than superannuation).

The Company's Remuneration Committee Charter includes a statement of the Company's policy on prohibiting transactions in associated products which limit the risk of participating in unvested entitlements under any equity based remuneration schemes.

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2011

	Notes	Consolidated	
		2011 \$	2010 \$
Other income	3	443,261	157,365
Corporate expense	3	(557,016)	(563,536)
Exploration expense	3	(49,727)	(465,461)
Employee expense	3	(1,064,354)	(597,851)
Administration expense	3	(362,917)	(322,767)
Finance costs		(21,886)	(4,835)
Loss before income tax		(1,612,639)	(1,797,085)
Income tax benefit	5	131,505	238,961
Loss for the period		(1,481,134)	(1,558,124)
Other comprehensive income		-	-
Other comprehensive income for the period, net of tax		-	-
Total comprehensive loss for the period		(1,481,134)	(1,558,124)
		Cents per share	Cents per share
Earnings per share			
- basic loss per share	18	(1.58)	(2.79)
- diluted loss per share	18	n/a	n/a

The above statement of comprehensive income should be read in conjunction with the accompanying notes

Consolidated Statement of Financial Position

At 30 June 2011

		Consolidated	
	Notes	2011 \$	2010 \$
ASSETS			
Current Assets			
Cash and cash equivalents	6	4,673,511	5,827,817
Trade and other receivables	7	375,829	303,752
Other current assets	8	20,817	14,746
Total Current Assets		5,070,157	6,146,315
Non-Current Assets			
Exploration and evaluation	9	10,547,710	6,398,131
Property, plant and equipment	10	380,826	343,553
Total Non-Current Assets		10,928,536	6,741,684
TOTAL ASSETS		15,998,693	12,887,999
LIABILITIES			
Current Liabilities			
Trade and other payables	12	411,442	813,345
Provisions	13	90,058	79,017
Interest bearing liabilities	14	41,554	34,837
Total Current Liabilities		543,054	927,199
Non-Current Liabilities			
Provisions	13	-	2,815
Interest bearing liabilities	14	143,603	185,157
Total Non-Current Liabilities		143,603	187,972
TOTAL LIABILITIES		686,657	1,115,171
NET ASSETS		15,312,036	11,772,828
EQUITY			
Contributed equity	15	20,422,910	15,208,016
Reserves	16	350,884	545,436
Accumulated losses	17	(5,461,758)	(3,980,624)
TOTAL EQUITY		15,312,036	11,772,828

The above statement of financial position should be read in conjunction with the accompanying notes

Consolidated Statement of Changes in Equity

For the year ended 30 June 2011

	Attributable to equity holders of the entity			
	Issued Capital	Option Reserves	Accumulated Losses	Total Equity
	\$	\$	\$	\$
At 1 July 2009	5,912,102	578,573	(2,422,500)	4,067,175
Loss for the period	-	-	(1,558,124)	(1,558,124)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period net of tax	-	-	(1,558,124)	(1,558,124)
Transactions with owners in their capacity as owners				
Issue of shares	10,062,366	-	-	10,062,366
Transactions costs of issuing shares	(766,452)	-	-	(766,452)
Share -based payments	-	(33,137)	-	(33,137)
At 30 June 2010	15,208,016	545,436	(3,980,624)	11,772,828
	Attributable to equity holders of the entity			
	Issued Capital	Option Reserves	Accumulated Losses	Total Equity
	\$	\$	\$	\$
At 1 July 2010	15,208,016	545,436	(3,980,624)	11,772,828
Loss for the period	-	-	(1,481,134)	(1,481,134)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period net of tax	-	-	(1,481,134)	(1,481,134)
Transactions with owners in their capacity as owners				
Issue of shares	5,461,273	-	-	5,461,273
Transactions costs of issuing shares	(246,379)	-	-	(246,379)
Share -based payments	-	(194,552)	-	(194,552)
At 30 June 2011	20,422,910	350,884	(5,461,758)	15,312,036

The above statement of changes in equity should be read in conjunction with the accompanying notes

Consolidated Statement of Cash Flows

For the year ended 30 June 2011

		Consolidated	
	Notes	2011 \$	2010 \$
Cash flows from operating activities			
Payments to suppliers and employees		(1,792,857)	(911,096)
Interest income		335,147	114,763
Interest expense		(22,288)	(4,835)
Net cash flows from/(used in) operating activities	26	(1,479,998)	(801,168)
Cash flows from investing activities			
Purchase of property, plant & equipment		(153,545)	(349,361)
Proceeds from sale of plant & equipment		21,818	-
Payment for exploration assets		(4,578,638)	(3,840,463)
Net cash flows from/(used in) investing activities		(4,710,365)	(4,189,824)
Cash flows from financing activities			
Proceeds from issue of shares		-	7,500,000
Proceeds from issue of options		5,317,272	2,072,227
Payments for capital raising		(246,379)	(370,452)
Proceeds from finance lease		-	236,204
Payment of finance lease		(34,836)	(16,210)
Net cash flows from/(used in) financing activities		5,036,057	9,421,769
Net increase / (decrease) in cash and cash equivalents		(1,154,306)	4,430,777
Cash and cash equivalents at beginning of period		5,827,817	1,397,040
Cash and cash equivalents at end of period	6	4,673,511	5,827,817

The above statement of cash flows should be read in conjunction with the accompanying notes

Notes to the Financial Statements

For the year ended 30 June 2011

1. Corporate Information

The financial report of Alchemy Resources Limited for the year ended 30 June 2011 was authorised for issue in accordance with a resolution of the directors on 29 September 2011.

Alchemy Resources Limited is a company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange. The nature of the operation and principal activities of the Company are described in the attached Directors' Report.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below and have been applied consistently to all periods presented in the consolidated financial statements and by all entities in the consolidated entity.

2. Statement of Compliance

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

Compliance with IFRS

The consolidated financial statements of Alchemy Resources Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

New and amended accounting standards and interpretations adopted by the group

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 July 2010:

New or amended accounting standard or interpretation	Application date	Impact on Group
AASB 2009-5: <i>Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project.</i>	Financial year beginning 1 July 2010	No impact on the current or any prior period
AASB 2009-8: <i>Amendments to Australian Accounting Standards - Group Cash-settled Share-based Payment Transactions.</i>	Financial year beginning 1 July 2010	No impact on the current or any prior period
AASB 2009-10: <i>Amendments to Australian Accounting Standards - Classification of Rights Issues.</i>	Financial year beginning 1 July 2010	No impact on the current or any prior period
AASB Interpretation 19: <i>Extinguishing Financial Liabilities with Equity Instruments</i> and AASB 2009-13: <i>Amendments to Australian Accounting Standards arising from Interpretation 19.</i>	Financial year beginning 1 July 2010	No impact on the current or any prior period
AASB 2010-3: <i>Amendments to Australian Accounting Standards arising from the Annual Improvements Project.</i>	Financial year beginning 1 July 2010	No impact on the current or any prior period

Notes to the Financial Statements

For the year ended 30 June 2011

New accounting standards and interpretations

The following new accounting standards and interpretations have been published but are not mandatory for the financial year beginning 1 July 2010. The group's assessment of the impact of these new standards and interpretations is set out below:

New or revised requirement	Effective for annual reporting periods beginning on or after	Impact on Group
<p>AASB 9: <i>Financial Instruments</i>, AASB 2009-11: <i>Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)</i>.</p> <p>AASB 9: <i>Financial Instruments</i> addresses the classification, measurement and de-recognition of financial assets and financial liabilities. This will be adopted for the year ending 30 June 2014.</p>	1 January 2013.	Management does not anticipate any impact on adoption.
<p>Revised AASB 124: <i>Related Party Disclosures</i> and AASB 2009-12: <i>Amendments to Australian Accounting Standards</i>.</p> <p>In December 2009 the AASB issued a revised AASB 124: <i>Related Party Disclosures</i>. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. When the amendments are applied, the group will need to disclose any transactions between its subsidiaries and its associates. However, there will be no impact on any of the amounts recognised in the financial statements. This will be adopted for the year ending 30 June 2012.</p>	1 January 2011.	Management does not anticipate any impact on adoption.
<p>AASB 2009-14: <i>Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement</i>.</p> <p>In December 2009, the AASB made an amendment to Interpretation 14 <i>The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>. The amendment removes an unintended consequence of the interpretation related to voluntary prepayments when there is a minimum funding requirement in regard to the entity's defined benefit scheme. It permits entities to recognise an asset for a prepayment of contributions made to cover minimum funding requirements. The group does not make any such prepayments. The amendment is therefore not expected to have any impact on the group's financial statements. This will be adopted for the year ending 30 June 2012.</p>	1 January 2011.	Management does not anticipate any impact on adoption.

Notes to the Financial Statements

For the year ended 30 June 2011

New or revised requirement	Effective for annual reporting periods beginning on or after	Impact on Group
<p>AASB 1053: <i>Application of Tiers of Australian Accounting Standards</i> and AASB 2010-2: <i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements</i>.</p> <p>On 30 June 2010 the AASB officially introduced a revised differential reporting framework in Australia. Under this framework, a two-tier differential reporting regime applies to all entities that prepare general purpose financial statements. Alchemy Resources Limited is listed on the ASX and is not eligible to adopt the new Australian Accounting Standards - Reduced Disclosure Requirements.</p> <p>The two standards will therefore have no impact on the financial statements of the entity.</p>	1 July 2013	Management does not anticipate any impact on adoption.
<p>AASB 2010-6: <i>Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets</i>.</p> <p>Amendments made to AASB 7: <i>Financial Instruments: Disclosures</i> in November 2010 introduce additional disclosures in respect of risk exposures arising from transferred financial assets. The amendments will affect particularly entities that sell, factor, securitise, lend or otherwise transfer financial assets to other parties. They are not expected to have any significant impact on the group's disclosures. This will be adopted for the year ending 30 June 2012.</p>	1 July 2011	Management does not anticipate any impact on adoption.
<p>AASB 2010-8 <i>Amendments to Australian Accounting Standards - Deferred Tax: Recovery of Underlying Assets</i>.</p> <p>In December 2010, the AASB amended AASB 112: <i>Income Taxes</i> to provide a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model. AASB 112 requires the measurement of deferred tax assets or liabilities to reflect the tax consequences that would follow from the way management expects to recover or settle the carrying amount of the relevant assets or liabilities, that is through use or through sale. This amendment is not expected to have any significant impact on the group's disclosures. This will be adopted for the year ending 30 June 2013.</p>	1 July 2012	Management does not anticipate any impact on adoption.

Notes to the Financial Statements

For the year ended 30 June 2011

(a) Basis of measurement

Historical Cost Convention

These consolidated financial statements have been prepared under the historical cost convention, except where stated.

Critical Accounting Estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed where appropriate.

(b) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2011 and the results of all subsidiaries for the year then ended. The Company and its subsidiaries together are referred to in this financial report as the group or the consolidated entity.

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases

The acquisition method of accounting is used to account for business combinations by the group.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

Joint Ventures

The proportionate interests in the assets, liabilities and expenses of a joint venture activity have been incorporated in the financial statements under the appropriate headings.

(c) Functional and presentation of currency

The consolidated financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the

Notes to the Financial Statements

For the year ended 30 June 2011

settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the statement of comprehensive income on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(d) Revenue recognition

Revenue is measured at fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. Interest income is recognised as it accrues.

(e) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Alchemy Resources Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Notes to the Financial Statements

For the year ended 30 June 2011

(f) Leases

Leases of property, plant and equipment where the group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases (note 14). Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(g) Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(h) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(i) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. A provision for doubtful receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows,

Notes to the Financial Statements

For the year ended 30 June 2011

discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the profit or loss.

(j) Exploration and evaluation expenditure

Exploration and evaluation expenditure, including the costs of acquiring licences and permits are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the group has obtained the legal rights to explore an area are recognised in the statement of comprehensive income.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

- (i) the expenditures are expected to be recouped through successful development and exploitation or from sale of the area of interest; or
- (ii) activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of minerals in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mineral property and development assets within property, plant and equipment.

When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated costs in respect of that area are written off in the financial period the decision is made.

(k) Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Notes to the Financial Statements

For the year ended 30 June 2011

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives, or in the case of certain leased plant and equipment, the shorter lease term as follows:

- Motor vehicles 5 - 7 years
- Office and computer equipment 3 - 5 years
- Furniture, fittings and equipment 3 - 5 years

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

(l) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

(m) Employee benefits

Short-term Obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable. All other short-term employee benefit obligations are presented as payables.

Other Long-term Obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share-Based Payments

The Company provides benefits to employees of the Company in the form of share options. The fair value of options granted is recognised as an employee benefits expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using a

Notes to the Financial Statements

For the year ended 30 June 2011

Black Scholes valuation model, taking into account the terms and conditions upon which the options were granted.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, on a straight line basis over the vesting period. The amount recognised as an expense is adjusted to reflect the actual number that vest.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Termination Benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(n) Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(o) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(p) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Notes to the Financial Statements

For the year ended 30 June 2011

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(q) Financial assets

Financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Company determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end. All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Company commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

Available for sale investments

Available for sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

Notes to the Financial Statements

For the year ended 30 June 2011

	Consolidated	
	2011	2010
	\$	\$
3. Revenue and Expenses		
Other income		
Finance income - banks	376,465	157,267
Other	66,796	98
Total other income	443,261	157,365
Expenses		
<i>Corporate expense</i>		
Consultancy (Australia)	102,720	195,542
Company secretary fees	23,290	77,400
Related-party consultancy	110,320	213,585
<i>Exploration expense</i>		
Exploration expense	49,727	70,234
Research & development direct expense	-	395,227
Total exploration expense	49,727	465,461
<i>Employee expense</i>		
Employee benefit and director compensation expense	932,902	488,536
Expense of share based payments	(50,552)	61,002
Training & development costs	50,470	36,798
Other employee costs	131,534	11,515
Total employee expense	1,064,354	597,851
<i>Administration expense</i>		
Depreciation		
- Property, plant and equipment	82,727	31,182
Total depreciation	82,727	31,182
Loss on sale of vehicles	11,727	-
Loss on sale of other assets	-	247
Total loss/(gain) on sale of assets	11,727	247
Occupancy	50,287	49,690
Provision for bad & doubtful debts	-	-

Government grants of \$155,200 were received under the Exploration Incentive Scheme with a further \$38,800 due in July 2011. The grant is directly offset against the drilling costs incurred under the conditions of the grant.

Notes to the Financial Statements

For the year ended 30 June 2011

4. Segment information

2011

	Mineral Exploration \$	Unallocated \$	Consolidation \$
<i>Segment income</i>			
Other income	69,701	373,560	443,261
Total income	69,701	373,560	443,261
<i>Segment expense</i>			
Exploration expense	(49,727)	-	(49,727)
Net other costs	(3,128)	(1,920,318)	(1,923,446)
Profit (loss) before amortisation and depreciation	16,846	(1,546,758)	(1,529,912)
Amortisation and depreciation	-	(82,727)	(82,727)
Profit (loss) before income tax benefits	16,846	(1,629,485)	(1,612,639)
R&D concession	131,505	-	131,505
Total comprehensive income for the period	148,351	(1,629,485)	(1,481,134)
<i>Segment assets and liabilities</i>			
Assets	10,722,600	5,276,093	15,998,693
Liabilities	90,825	595,832	686,657
Net assets	10,631,775	4,680,261	15,312,036

2010

	Mineral Exploration \$	Unallocated \$	Consolidation \$
<i>Segment income</i>			
Other income	1,194	156,171	157,365
Total income	1,194	156,171	157,365
<i>Segment expense</i>			
Exploration expense	(465,461)	-	(465,461)
Net other costs	(1,876)	(1,455,931)	(1,457,807)
Profit (loss) before amortisation and depreciation	(466,143)	(1,299,760)	(1,765,903)
Amortisation and depreciation	-	(31,182)	(31,182)
Profit (loss) before income tax benefits	(466,143)	(1,330,942)	(1,797,085)
R&D concession	238,961	-	238,961
Total comprehensive income for the period	(227,182)	(1,330,942)	(1,558,124)
<i>Segment assets and liabilities</i>			
Assets	6,632,035	6,255,964	12,887,999
Liabilities	499,576	615,595	1,115,171
Net assets	6,132,459	5,640,369	11,772,828

Notes to the Financial Statements

For the year ended 30 June 2011

	Consolidated	
	2011	2010
	\$	\$
5. Income Tax Expense		
Major components of income tax expense are as follows:		
Statement of Comprehensive Income		
<i>Current income tax</i>		
- Current income tax charge	(131,505)	-
- Adjustments in respect of previous current income tax	-	(238,961)
 <i>Deferred income tax</i>		
- Relating to origination and reversal of temporary differences	-	-
Income tax expense reported in the statement of comprehensive income	(131,505)	(238,961)
 A reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the Company's effective income tax rate for the years ended 30 June 2011 and 2010 is as follows:		
Accounting loss from continuing operations before income tax	(1,612,639)	(1,797,085)
At the statutory income tax rate of 30% (2010: 30%)	(483,792)	(539,125)
<i>Add</i>		
- Non-deductible expenses	10,560	154,782
- Tax loss not brought to account as a deferred tax asset	563,527	465,387
- Capital raising costs	(90,295)	(82,544)
- Adjustments in respect of previous current income tax	(131,505)	(238,961)
Income tax benefit reported in the statement of comprehensive income	(131,505)	(238,961)

Tax Consolidation

The company and its 100% owned controlled entities have formed a tax consolidated group. The head entity of the tax consolidated group is Alchemy Resources Limited.

Notes to the Financial Statements

For the year ended 30 June 2011

	Consolidated	
	2011	2010
	\$	\$
5. Income Tax Expense (continued)		
Deferred income tax		
Recognised on the statement of financial position		
Deferred income tax at the end of the reporting period relates to the following:		
<i>Deferred income tax liabilities</i>		
- Capitalised expenditure deductible for tax purposes	3,165,758	1,919,542
- Trade and other receivables	24,846	12,911
	3,190,604	1,932,453
<i>Deferred income tax assets</i>		
- Loans	(45,000)	(45,000)
- Trade and other payables	(10,706)	(5,405)
- Employee benefits	(27,017)	(23,705)
- Provisions	-	(845)
- Business related costs	-	(3,099)
- Capitalised expenditure	(258)	(516)
- Tax losses	(3,107,622)	(1,853,883)
	-	-
<i>Net deferred tax asset / (liability)</i>	-	-
Deferred tax assets have not been recognised in respect of the following items:		
- Capital raising costs	176,087	258,659
- Tax losses	1,426,028	1,082,354
	1,602,115	1,341,013
Potential unrecognised tax benefit at 30%	1,602,115	1,341,013

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise benefits.

Notes to the Financial Statements

For the year ended 30 June 2011

	Consolidated	
	2011	2010
	\$	\$
6. Cash and cash equivalents		
Cash at bank and on hand	283,036	1,382,340
Deposits at call	4,390,475	4,445,477
	<u>4,673,511</u>	<u>5,827,817</u>
<p>The weighted average interest rate for the year was 4.59% (2010: 3.94%).</p>		
7. Trade and other receivables		
Current		
GST receivable	120,356	240,510
R&D concession	131,505	-
Other	123,968	62,242
	<u>375,829</u>	<u>303,752</u>
8. Other current assets		
Prepayments	20,817	14,746
	<u>20,817</u>	<u>14,746</u>
9. Exploration and evaluation		
Opening balance	6,398,131	2,527,668
Exploration expenditure during the year	4,149,579	3,870,463
	<u>10,547,710</u>	<u>6,398,131</u>

The recoverability of the carrying amount of deferred exploration and evaluation expenditure is dependent on the successful development and commercial exploitation, or alternatively the sale, of the respective areas of interest.

Notes to the Financial Statements

For the year ended 30 June 2011

10. Property, plant and equipment	Consolidated	
	2011 \$	2010 \$
Motor vehicle		
- At cost	191,381	121,532
- Accumulated depreciation	(18,243)	(8,361)
Total motor vehicle	173,138	113,171
Mobile accommodation		
- At cost	164,296	164,296
- Accumulated depreciation	(30,737)	(7,266)
Total mobile accommodation	133,559	157,030
Office equipment		
- At cost	25,450	20,683
- Accumulated depreciation	(9,125)	(4,623)
Total office equipment	16,325	16,060
Computer equipment		
- At cost	73,892	66,467
- Accumulated depreciation	(38,748)	(18,032)
Total computer equipment	35,144	48,435
Field equipment		
- At cost	31,883	9,911
- Accumulated depreciation	(9,223)	(1,054)
Total field equipment	22,660	8,857
Total property, plant and equipment	380,826	343,553

Movement in carrying amounts

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current period:

	Motor Vehicles	Mobile Accomm.	Office Equipment	Computer Equipment	Field Equipment	Total
Consolidated:						
Balance at the beginning of the year	113,171	157,030	16,060	48,435	8,857	343,553
Acquisitions	119,380	-	4,767	7,426	21,973	153,546
Depreciation expense	(25,867)	(23,471)	(4,502)	(20,717)	(8,170)	(82,727)
Disposals	(33,546)	-	-	-	-	(33,546)
Carrying amount at the end of the year	173,138	133,559	16,325	35,144	22,660	380,826

Notes to the Financial Statements

For the year ended 30 June 2011

11. Subsidiaries

Details of the Company's subsidiaries are as follows:

Subsidiaries	Principle Activity	Country of Incorporation	Proportion of Ownership	
			2011	2010
Alchemy Resources (Murchison) Pty Ltd	Exploration	Australia	100%	100%
Alchemy Resources (Three Rivers) Pty Ltd	Exploration	Australia	100%	100%
Goldtribe Corporation Pty Ltd	Exploration	Australia	100%	100%

Alchemy Resources Limited is the head entity of the tax-consolidated group to which all controlled entities are a party.

	Consolidated	
	2011 \$	2010 \$
12. Trade and other payables		
Trade creditors and accruals	<u>411,442</u>	<u>813,345</u>

Trade creditors are non-interest bearing and are normally settled on 30 day terms

13. Provisions

Current

Employee benefits	<u>90,058</u>	<u>79,017</u>
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Non-Current

Employee benefits	<u>-</u>	<u>2,815</u>
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14. Interest bearing liabilities

Current

Secured

Lease liabilities	<u>41,554</u>	<u>34,837</u>
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Non-current

Secured

Lease liabilities	<u>143,603</u>	<u>185,157</u>
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Notes to the Financial Statements

For the year ended 30 June 2011

14. Interest bearing liabilities (continued)

a) Assets pledged as security

Lease liabilities are effectively secured as the rights to hire purchase assets, recognised in the financial statements revert to the lessor in the event of default.

The carrying amounts of assets pledged as security for current and non-current borrowings are:

	2011 \$	2010 \$
Hire purchase		
Motor vehicle (Note 10)	57,556	67,337
Term Deposit (Note 6)	161,000	161,000
	<hr/>	<hr/>
Total assets pledged as security	218,556	228,337

b) Fair value

The carrying amounts and fair values of borrowings at balance date.

On statement of financial position

Non-traded financial liabilities

Lease liabilities	185,157	219,994
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None of the classes are readily traded on an organised market in standardised form. Fair value is inclusive of costs which would be incurred on settlement of a liability.

c) Interest rate risk exposure

The following table sets out the group's exposure to interest rate risk, including the contractual repricing dates and the effective weighted average interest rate by maturity periods. Exposures are predominantly from liabilities bearing variable interest rates as the group intends to hold fixed rate liabilities to maturity.

2011	Fixed Interest rates			
	1 Year or Less	Over 1 Yr to 2 Yrs	Over 2Yr to 3 Yrs	Over 3 Yr to 4 Yrs
Lease				
Lease liabilities	15,169	8,475	3,814	659
	<hr/>	<hr/>	<hr/>	<hr/>
	9.37%	9.37%	9.50%	9.50%
2010	Fixed Interest rates			
	1 Year or Less	Over 1 Yr to 2 Yrs	Over 2Yr to 3 Yrs	Over 3 Yr to 4 Yrs
Lease				
Lease liabilities	21,886	15,169	8,475	3,814
	<hr/>	<hr/>	<hr/>	<hr/>
	9.37%	9.37%	9.37%	9.50%

The group has provided bank guarantees amounting to \$78,723, secured by term deposits for the same amounts. The bank guarantees are:

- \$15,406 to the landlord for the rental bond of the current premises;
- \$10,000 to the Minister responsible for the Mining Act 1978 ("Minister") for a performance bond on tenement E20/667;
- \$22,000 to the Minister for a performance bond on tenement E51/859;
- \$21,317 to the Minister for a performance bond on tenement E51/1044; and
- \$10,000 to the Minister for a performance bond on tenement M52/685;

No liability was recognised by the group in relation to the guarantees, as the fair value of the guarantees is immaterial.

Notes to the Financial Statements

For the year ended 30 June 2011

	Consolidated	
	2011	2010
	\$	\$
15. Issued capital		
a) Share capital		
Ordinary shares fully paid	20,422,910	15,208,016

	Consolidated	
	Number	\$
b) Movements in ordinary shares on issue		
Balance at 1 July 2009	46,346,100	5,912,102
Issued 30 July 2009	6,875,000	1,100,000
Issued 21 September 2009	7,000,000	1,400,000
Issued 31 March 2010	7,692,308	5,000,000
Costs incurred in capital raising	-	(753,115)
Option conversion	8,288,908	2,562,366
Costs incurred in option conversion	-	(13,337)

Balance at 30 June 2010	76,202,316	15,208,016
Option conversion	21,245,092	5,317,272
Amounts transferred from option reserve	-	144,001
Costs incurred in option conversion	-	(246,379)

Balance at 30 June 2011	97,447,408	20,422,910

Ordinary shares have the right to receive dividends as declared, and in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid upon on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

	Consolidated	
	2011	2010
	Number	Number
c) Movements in options on issue		
Balance at beginning of period	28,545,092	32,734,000
Options granted	-	4,100,000
Options converted	(21,245,092)	(8,288,908)
Options cancelled	(1,000,000)	-
Options expired	(3,500,000)	-

Balance at end of the period	2,800,000	28,545,092

Notes to the Financial Statements

For the year ended 30 June 2011

16. Reserves	Consolidated	
	2011 \$	2010 \$
Opening balance	545,436	578,573
Options issued	-	456,484
Options cancelled	(50,551)	-
Non-vested options amortisation raising	-	518
Options converted	(144,001)	(490,139)
	<hr/>	<hr/>
Balance at the end of the financial year	350,884	545,436

The purpose of the reserve is to record share based payment transactions. The \$144,001 in issued capital represents amounts transferred from the option reserve on the conversion of options.

17. Accumulated losses

Balance at the beginning of the financial year	(3,980,624)	(2,422,500)
Net loss attributable to members	(1,481,134)	(1,558,124)
	<hr/>	<hr/>
Balance at the end of the financial year	(5,461,758)	(3,980,624)

18. Earnings per share

- basic earnings per share	(1.58)	(2.79)
- diluted earnings per share	n/a	n/a

The following reflects the income and share data used in the calculations of basic and diluted earnings per share:

Losses used in calculating basic and diluted earnings per share	1,481,134	1,558,124
	<hr/>	<hr/>
	2011 Number	2010 Number
Weighted average number of ordinary shares used in calculating basic and diluted earnings per shares	93,877,854	64,484,441

Notes to the Financial Statements

For the year ended 30 June 2011

	Consolidated	
	2011	2010
	\$	\$
19. Auditor's remuneration		
Audit services		
BDO Audit (WA) Pty Ltd		
- Audit and review of the financial reports	23,080	-
Other Auditors		
- Audit and review of the financial reports	-	28,876
Other services		
BDO Audit (WA) Pty Ltd related practices		
- Taxation services	10,600	-
Other Auditors		
- Other services	6,124	13,671
Total remuneration	39,804	42,547

20. Contingent assets and liabilities

The group had contingent liabilities at 30 June 2011 in respect of :

Credit Cards

Business card facilities held with a limit of \$50,000. As at 30 June 2011 \$9,484 (2010: \$1,588) was advanced.

Guarantees

For information about guarantees given by the group and the parent entity, please refer to note 14.

Future success and royalty payments

On 31 July 2008, Alchemy Resources, pursuant to the sales agreement with, Troy Resources NL agreed:

- contingent future payments of \$690,000 upon Alchemy Resources Limited either making an announcement that it has delineated gold reserves of not less than 50,000 ounces on the mining tenements or the lodgement of a notice of intent to mine, whichever is earlier;
- a royalty of 1% NSR (net smelter return) royalty to be paid after production exceeds 50,000 ounces up to production of 70,000 ounces; and
- an iron ore royalty of \$0.75 per tonne of iron ore produced.

There are no other material contingent assets or liabilities as at 30 June 2011.

21. Subsequent Events

There have been no events subsequent to balance date which are sufficiently material to warrant disclosure.

Notes to the Financial Statements

For the year ended 30 June 2011

22. Commitments

In order to maintain an interest in the exploration tenements in which the Company is involved, the Company is committed to meet the conditions under which the tenements were granted. The timing and amount of exploration expenditure commitments and obligations of the group are subject to the minimum expenditure commitments required as per the Mining Act, as amended, and may vary significantly from the forecast based upon the results of the work performed which will determine the prospectivity of the relevant area of interest. Currently, the minimum expenditure commitments for the granted tenements are \$995,835 (2010: \$1,090,980) per annum.

The Company's lease commitment for its office premises at 18 Emerald Terrace expired in May 2011. As at 30 June 2011 the lease agreement for the Company's new office premises as Level 2, 72 Kings Park Road had not been signed.

Commitments in relation to the lease of premises are payable as follows:

	Consolidated	
	2011	2010
	\$	\$
Within 1 year	-	45,687
Later than one year but not later than five years	-	-
Later than five years	-	-
	-	45,867

Commitments in relation to lease liabilities are payable as follows:

Within 1 Year	57,001	57,001
Later than one year but not later than five years	156,986	213,987
Later than five years	-	-
Less: Unexpired hire purchase charges	28,830	50,994
Recognised as a liability	185,157	219,994
Representing hire purchase liabilities:		
Current	41,554	34,837
Non-current	143,603	185,157
	185,157	219,994

23. Financial risk management objectives and policies

Financial Risk Management

Overview

The group has exposure to the following risks from their use of financial instruments:

- Interest rate risk
- Credit risk
- Liquidity risk
- Commodity risk

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

Notes to the Financial Statements

For the year ended 30 June 2011

23. Financial risk management objectives and policies (continued)

The board of directors has overall responsibility for the establishment and oversight of the risk management framework.

Risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit Committee oversees how management monitors compliance with the group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

The group's principal financial instruments are cash, short-term deposits, receivables and payables.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument of cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from fluctuations in interest bearing financial assets and liabilities that the group uses.

Interest bearing assets comprise cash and cash equivalents which are considered to be short-term liquid assets. It is the group's policy to settle trade payables within the credit terms allowed and therefore not incur interest on overdue balances.

The following table set out the carrying amount, by maturity, of the financial instruments that are exposed to interest rate risk:

Consolidated - 2011	Fixed interest rate maturing in					Total \$
	Floating interest rate \$	1 Year or less \$	Over 1 to 5 years \$	More than 5 years \$	Non interest bearing \$	
Financial assets						
Cash and cash equivalents	223,749	4,390,475	-	-	59,287	4,673,511
Trade and other receivables	-	-	-	-	375,831	375,831
	<u>223,749</u>	<u>4,390,475</u>	<u>-</u>	<u>-</u>	<u>435,118</u>	<u>5,049,342</u>
Weighted average interest rate	4.59%	5.99%	-	-	-	-
Financial liabilities						
Trade and other payables	-	-	-	-	411,442	411,442
Interest bearing liabilities	-	41,554	143,603	-	-	185,157
	<u>-</u>	<u>42,554</u>	<u>143,603</u>	<u>-</u>	<u>-</u>	<u>596,599</u>
Weighted average interest rate	-	9.37%	9.41%	-	-	-

Notes to the Financial Statements

For the year ended 30 June 2011

23. Financial risk management objectives and policies (continued)

Consolidated - 2010	Fixed interest rate maturing in					Total
	Floating interest rate	1 Year or less	Over 1 to 5 years	More than 5 years	Non interest bearing	
	\$	\$	\$	\$	\$	\$
Financial assets						
Cash and cash equivalents	1,253,788	4,206,516	-	-	367,513	5,827,817
Trade and other receivables	-	-	-	-	303,752	303,752
	<u>1,253,788</u>	<u>4,206,516</u>	<u>-</u>	<u>-</u>	<u>671,265</u>	<u>6,131,569</u>
Weighted average interest rate	3.57%	5.36%	-	-	-	-
Financial liabilities						
Trade and other payables	-	-	-	-	813,345	813,345
Interest bearing liabilities	-	34,837	185,157	-	-	219,994
	<u>-</u>	<u>34,837</u>	<u>185,157</u>	<u>-</u>	<u>813,345</u>	<u>1,033,339</u>
Weighted average interest rate	-	9.37%	9.39%	-	-	-

Fair value sensitivity analysis for fixed rate instruments

The group does not account for any fixed rate financial assets or liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below:

Consolidated - 2011	Carrying value at period end	Profit or loss		Equity	
		100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	\$	\$	\$	\$	\$
Financial assets					
Cash and cash equivalents	4,673,511	60,581	(60,581)	60,581	(60,581)
Cash flow sensitivity (net)		<u>60,581</u>	<u>(60,581)</u>	<u>60,581</u>	<u>(60,581)</u>
Consolidated - 2010	Carrying value at period end	Profit or loss		Equity	
		100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	\$	\$	\$	\$	\$
Financial assets					
Cash and cash equivalents	5,827,817	39,911	(39,911)	39,911	(39,911)
Cash flow sensitivity (net)		<u>39,911</u>	<u>(39,911)</u>	<u>39,911</u>	<u>(39,911)</u>

Notes to the Financial Statements

For the year ended 30 June 2011

23. Financial risk management objectives and policies (continued)

Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's receivables from customers and investment securities. The group trades only with recognised, creditworthy third parties. It is the group policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the group's exposure to bad debts is not significant. The maximum exposure to credit risk is the carry value of the receivable, net of any provision for doubtful debts.

With respect to credit risk arising from the other financial assets of the group, which comprise cash and cash equivalents, the group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. This risk is minimised by reviewing term deposit accounts from time to time with approved banks of a sufficient credit rating which is AA and above. The group does not place funds on terms longer than 30 days and has the facility to place the deposit funds with more than one bank.

Exposure to credit risk

The carrying amount of the group's financial assets represents the maximum credit exposure. The group's maximum exposure to credit risk at the reporting date was:

	Consolidated	
	2011	2010
	\$	\$
Cash and cash equivalents	4,673,511	5,827,817
Trade & other receivables	375,829	303,752
	<hr/>	<hr/>
	5,049,340	6,131,569

Foreign currency risk

The group's exposure to foreign currency risk is minimal at this stage of its operations.

Commodity price risk

The group's exposure to commodity price risk is minimal at this state of its operations.

Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

The group's objective is to maintain a balance between continuity of funding and flexibility. The following are the contractual maturities of financial liabilities:

Notes to the Financial Statements

For the year ended 30 June 2011

23. Financial risk management objectives and policies (continued)

Consolidated - 2011	Carrying amount \$	Contractual cash flows \$	6 months or less \$
Trade and other payables	411,442	-	411,442
Interest bearing liabilities	185,157	185,157	20,777
	596,599	185,157	432,219
Receivables	375,829	375,829	375,829
	375,829	375,829	375,829
Consolidated - 2010	Carrying amount \$	Contractual cash flows \$	6 months or less \$
Trade and other payables	813,345	-	813,345
Interest bearing liabilities	219,994	219,994	17,419
	1,033,339	219,994	830,764
Receivables	303,752	303,752	303,752
	303,752	303,752	303,752

Fair value of financial assets and liabilities

The fair value of cash and cash equivalents and non-interest bearing financial assets and financial liabilities of the group is equal to their carrying value.

Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The management of the group's capital is performed by the board.

The capital structure of the group consists of net debt (trade payables and provisions detailed in notes 12, 13, & 14 offset by cash and bank balances) and equity of the group (comprising issued capital, reserves, offset by accumulated losses detailed in notes 15, 16 & 17).

The group is not subject to any externally imposed capital requirements. The management of the group's capital is performed by the board. To date the board has ensured that sufficient funds are available to meet its projected 18 months commitments. None of the group's entities are subject to externally imposed capital requirements.

Notes to the Financial Statements

For the year ended 30 June 2011

24. Key management personnel disclosures

- (a) **The following were key management personnel of the Company at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:**

Directors

Warwick Davies

Robert Brierley (appointed 11 April 2011)

John Arbuckle

Jeffrey Moore (appointed 1 December 2010)

Michael Hannington (resigned 14 February 2011)

Robert Downey (resigned 14 February 2011)

Executives

Kevin Cassidy (Exploration Manager)

Lyndon Hopkins (Project Development Manager) (resigned 30 June 2011)

Bernard Crawford (Company Secretary) (appointed 1 December 2010)

- (b) **Key management personnel compensation**
Key management personnel compensation and disclosures are provided in the Remuneration Report on pages 12 to 15 which forms part of the Directors Report and has been audited.
- (c) **Individual directors and executives compensation disclosures**
Apart from details disclosed in this note, no director has entered into a material contract with the group since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end.
- (d) **Other key management personnel transactions with the Company**
A number of key management persons, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

A number of these entities transacted with the group in the reporting period. The terms and conditions of the transactions with management persons and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions on an arms-length basis.

Notes to the Financial Statements

For the year ended 30 June 2011

24. Key management personnel disclosures (continued)

(e) Options holdings 2011

	Balance 1 July 2010	Granted as remuneration	Options exercised	Net change other	Balance 30 June 2011	Vested but not exercisable	Vested and exercisable	Vested during the year
<i>Direct Interest</i>								
Directors								
W Davies	1,554,750	-	(400,000)	(1,154,750)	-	-	-	-
J Arbuckle	750,000	-	-	(750,000)	-	-	-	-
M Hannington	3,000,000	-	-	(1,000,000)	2,000,000	-	2,000,000	-
R Downey	750,000	-	-	(750,000)	-	-	-	-
Executives								
K Cassidy	500,000	-	-	(500,000)	-	-	-	-
L Hopkins	400,000	-	-	(400,000)	-	-	-	-
	6,954,750	-	(400,000)	(4,554,750)	2,000,000	-	2,000,000	-
<i>Indirect Interest</i>								
Directors								
W Davies	10,000	-	-	(10,000)	-	-	-	-
J Arbuckle	4,586,500	-	(1,000,000)	(3,586,500)	-	-	-	-
M Hannington	1,225,971	-	(1,140,000)	(85,971)	-	-	-	-
R Downey	4,264,000	-	(677,500)	(3,586,500)	-	-	-	-
	10,086,471	-	(2,817,500)	(7,268,971)	-	-	-	-

Notes to the Financial Statements

For the year ended 30 June 2011

24. Key management personnel disclosures (continued)

(e) Options holdings 2010

	Balance 1 July 2009	Granted as remuneration	Options Exercised	Net change other	Balance 30 June 2010	Vested but not exercisable	Vested and exercisable	Vested during the year
<i>Direct Interest</i>								
Directors								
W Davies	1,554,750	-	-	-	1,554,750	-	1,554,750	-
J Arbuckle	750,000	-	-	-	750,000	-	750,000	-
M Hannington	3,155,000	-	(155,000)	-	3,000,000	-	3,000,000	1,000,000
R Downey	750,000	-	-	-	750,000	-	750,000	-
Executives								
K Cassidy	-	500,000	-	-	500,000	-	-	-
L Hopkins	-	400,000	-	-	400,000	-	-	-
	6,209,750	900,000	(155,000)	-	6,954,750	-	6,054,750	1,000,000
<i>Indirect Interest</i>								
Directors								
W Davies	10,000	-	-	-	10,000	-	10,000	-
J Arbuckle	4,586,500	-	-	-	4,586,500	-	4,586,500	-
M Hannington	1,225,971	-	-	-	1,225,971	-	1,225,971	-
R Downey	4,264,000	-	-	-	4,264,000	-	4,264,000	-
	10,086,471	-	-	-	10,086,471	-	10,086,471	-

Notes to the Financial Statements

For the year ended 30 June 2011

24. Key management personnel disclosures (continued)

(f) Shareholdings

2011	Balance 1 July 2010	Granted as remuneration	Options exercised	Net change other	Balance 30 June 2011
<i>Direct Interest</i>					
Directors					
W Davies	396,500	-	400,000	-	796,500
R Brierley	-	-	-	100,000	100,000
M Hannington	602,661	-	-	-	602,661
	999,161	-	400,000	100,000	1,499,161
<i>Indirect Interest</i>					
Directors					
W Davies	20,000	-	-	-	20,000
R Brierley	-	-	-	100,000	100,000
J Arbuckle	5,576,000	-	1,000,000	(2,788,000)	3,788,000
M Hannington	335,000	-	1,140,000	(51,000)	1,424,000
R Downey	4,896,000	-	677,500	(2,785,500)	2,788,000
Executives					
B Crawford	-	-	-	90,000	90,000
	10,827,000	-	2,817,500	(5,434,500)	8,210,000
2010	Balance 1 July 2009	Granted as remuneration	Options exercised	Net change other	Balance 30 June 2010
<i>Direct Interest</i>					
Directors					
W Davies	396,500	-	-	-	396,500
M Hannington	447,661	-	155,000	-	602,661
	844,161	-	155,000	-	999,161
<i>Indirect Interest</i>					
Directors					
W Davies	20,000	-	-	-	20,000
J Arbuckle	5,576,000	-	-	-	5,576,000
M Hannington	335,000	-	-	-	335,000
R Downey	4,896,000	-	-	-	4,896,000
	10,827,000	-	-	-	10,827,000

25. Share based payments

Share option plan

Share based payments are provided to directors, consultants and other advisors. The issue to each individual director, consultant or advisor is controlled by the board and the ASX Listing Rules. Terms and conditions of the payments, including the grant date, vesting date, exercise price and expiry date are determined by the board, subject to shareholder approval where required.

Each employee share option converts into one ordinary share of Alchemy Resources Limited on exercise. No amounts are paid or are payable by the recipient on receipt of the option. The options carry neither rights of dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

Notes to the Financial Statements

For the year ended 30 June 2011

25. Share based payments (continued)

Details of share-based payment arrangements in existence during the reporting period are disclosed in the Remuneration Report which forms part of the Directors Report and has been audited.

Fair value of share options granted in the year

No share options were granted during the year. The weighted average fair value of the share options granted during the previous financial year was \$0.40.

Share options exercised during the year

The following share-based payment options to directors, consultants and advisors were exercised during the year:

Issue	No. exercised	Exercise date	Share prices at exercise price
4a	50,000	26 July 2010	\$0.49
1	400,000	31 August 2010	\$0.39

Notes to the Financial Statements

For the year ended 30 June 2011

25. Share based payments (continued)

Movements in share options during the period

Movement in number of share options held by directors, consultants and advisors:

	2011		2010	
	No. of options	Weighted average exercise price	No. of options	Weighted average exercise price
Outstanding at the beginning of the period	7,350,000	\$0.48	7,250,000	\$0.30
Granted during the year	-	-	4,100,000	\$0.58
Cancelled during the year	(1,000,000)	\$1.56	-	-
Exercised during the year	(50,000)	\$0.37	(4,000,000)	\$0.25
Expired during the year	(3,500,000)	\$0.25	-	-
Outstanding at the end of the period	2,800,000	\$0.38	7,350,000	\$0.48
Exercisable at the end of the period	2,800,000	\$0.38	6,350,000	\$0.31

Share options outstanding at the end of the year

Share options issued and outstanding at the end of the year have the following exercise prices:

Expiry date	Exercise price	2011 No.	2010 No.
30 June 2011	0.25	-	3,500,000
5 February 2012	1.30	-	450,000
30 June 2012	0.37	1,000,000	1,100,000
30 September 2012	0.25	750,000	750,000
5 February 2013	2.10	-	450,000
30 June 2013	0.50	1,050,000	1,100,000
		2,800,000	7,350,000

Notes to the Financial Statements

For the year ended 30 June 2011

	Consolidated	
	2011	2010
		\$
26. Reconciliation of cash flows from operating activities		
Cash flows from operating activities		
Loss for the period	(1,481,134)	(1,558,124)
Non-cash flows in profit/(loss):		
- Depreciation	82,727	31,182
- Loss on sale of assets	11,727	247
- Share based remuneration	(50,551)	61,002
- Exploration expenditure write-off	49,727	-
Changes in assets and liabilities		
- Decrease/(increase) in trade receivables	(101,498)	25,857
- Decrease/(increase) in prepayments	(6,071)	(10,624)
- Increase/(decrease) in trade creditors and accrual	6,850	580,778
- Increase/(decrease) in provisions	8,225	68,514
Net cash used in operating activities	<u>(1,479,998)</u>	<u>(801,168)</u>

27. Joint ventures

The Company has an interest in the following joint venture:

Project	Activities	Equity Interest		Carrying Value	
		2011	2010	2011	2010
		%	%	\$	\$
Murchison Project JV	Gold Exploration	80	80	1,310,314	699,557

The Company's aggregate interests in the assets and liabilities of this joint venture are reflected in the following asset and liability categories in the financial statements. The contingent liabilities and commitments in respect thereto are referred to in notes 20 and 22 respectively.

	Carrying Value	
	2011	2010
	\$	\$
Non-Current Assets		
Exploration and evaluation	<u>1,310,314</u>	<u>699,557</u>
Share of net assets employed in joint ventures	<u>1,310,314</u>	<u>699,557</u>

Notes to the Financial Statements

For the year ended 30 June 2011

28. Business Combinations

There were no business combinations in the 2011 financial year.

On 13 July 2009 Alchemy Resources Limited acquired 100% of the issued shares in Goldtribe Corporation Pty Ltd ("Goldtribe"), an exploration company, for consideration of \$2,087.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

Purchase consideration		
- Cash paid		2,087
Total purchase consideration		<u>2,087</u>
	Recognised on acquisition	Carrying value
	\$	\$
Receivable	2,446	2,446
Mineral Tenement	33,054	33,054
Loan	(33,413)	(33,413)
Net identifiable assets acquired	<u>2,087</u>	<u>2,087</u>

The cash outflow on acquisitions is as follows:

Cash paid	<u>2,087</u>
Net cash outflow	<u>2,087</u>

29. Related party disclosure

The consolidated entity has the following investments in subsidiaries:

	Class	Country of incorporation	Investment at cost 2011	Investment at cost 2010
			\$	\$
Parent Entity				
Alchemy Resources Limited	Ord	Australia	-	-
Controlled Entity				
Alchemy Resources (Murchison) Pty Ltd	Ord	Australia	100	100
Alchemy Resources (Three Rivers) Pty Ltd	Ord	Australia	100	100
Goldtribe Corporation Pty Ltd	Ord	Australia	1	1

On 16 March 2007, Alchemy Resources (Murchison) Pty Ltd was incorporated. At incorporation Alchemy Resources Limited was allotted 100% of the issued capital being 100 shares at \$1.00 each.

On 27 May 2008, Alchemy Resources (Three Rivers) Pty Ltd was incorporated. At incorporation Alchemy Resources Limited was allotted 100% of the issued capital being 100 shares at \$1.00 each.

On 13 July 2009, Alchemy Resources Limited purchased Goldtribe Corporation Pty Ltd and was allotted 100% of the issued capital being 1 share at \$1.00.

Notes to the Financial Statements

For the year ended 30 June 2011

30. Parent entity disclosure

Financial Position	2011	2010
	\$	\$
ASSETS		
Current Assets		
Cash and cash equivalents	4,594,963	5,780,043
Trade and other receivables	257,792	96,280
Other current assets	20,817	14,392
Total Current Assets	4,873,572	5,890,715
Non-Current Assets		
Exploration and evaluation	-	-
Property, plant and equipment	380,826	343,553
Financial asset	2,287	2,287
Total Non-Current Assets	383,113	345,840
TOTAL ASSETS	5,256,685	6,236,555
LIABILITIES		
Current Liabilities		
Trade and other payables	320,617	313,768
Provisions	90,058	79,017
Interest bearing liabilities	41,554	34,837
Total Current Liabilities	452,229	427,622
Non-Current Liabilities		
Provisions	-	2,815
Interest bearing liabilities	143,603	185,157
Total Non-Current Liabilities	143,603	187,972
TOTAL LIABILITIES	595,832	615,594
NET ASSETS	4,660,853	5,620,961
EQUITY		
Issued capital	20,422,910	15,208,016
Reserves	350,884	545,436
Accumulated losses	(16,112,941)	(10,132,491)
TOTAL EQUITY	4,660,853	5,620,961

Notes to the Financial Statements

For the year ended 30 June 2011

30. Parent entity disclosure (continued)

Financial Performance	Consolidated	
	2011	2010
	\$	\$
Profit / (loss) for the year	(5,980,450)	(5,110,116)
Other comprehensive income		-
	<hr/>	<hr/>
Total comprehensive profit / (loss)	(5,980,450)	(5,110,116)

Directors' Declaration

The directors of Alchemy Resources Limited declare that:

- (a) in the directors' opinion the financial statements and notes and the Remuneration Report in the Directors Report set out on pages 12 to 15, are in accordance with the Corporations Act 2001, including :
 - (i) giving a true and fair view of the company's and the consolidated entity's financial position as at 30 June 2011 and of their performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2; and
- (c) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by Section 295A of the Corporations Act 2001 by the managing director and chief financial officer for the financial year ended 30 June 2011.

Signed in accordance with a resolution of the directors.



Warwick Davies
Chairman

Perth, Western Australia
29 September 2011

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALCHEMY RESOURCES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Alchemy Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the group are responsible for the preparation of the 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 financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, 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 Alchemy Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.



Opinion

In our opinion:

- (a) the financial report of Alchemy Resources Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.


Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Alchemy Resources Limited for the year ended 30 June 2011 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO Audit


Chris Burton
Director

Perth, Western Australia
Dated this 29th day of September 2011

Shareholders Information

As at 22 September 2011

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 22 September 2011.

1. Distribution of Equity Securities

Analysis of number of equity security holders by size of holding:

	Shares
1 - 1,000	95
1,001 - 5,000	337
5,001 - 10,000	307
10,001 - 100,000	796
100,001 and over	149
Total	<u>1,684</u>

The number of holders of less than a marketable parcel of ordinary fully paid shares is 279.

2. Substantial Shareholders

Substantial shareholders (ie. shareholders who hold 5% or more of the issued capital):

	Number of Shares	Percentage Held
Jindalee Resources Limited	9,800,000	10.06
Mrs Stella Emily Downey	4,919,750	5.05

3. Voting Rights

(a) Ordinary Shares

Each shareholder is entitled to receive notice of and attend and vote at general meetings of the Company. At a general meeting, every shareholder present in person or by proxy, representative of attorney will have one vote on a show of hands and on a poll, one vote for each share held.

(b) Options

No voting rights

4. Quoted Securities on Issue

The Company has 97,447,408 quoted shares on issue. No options on issue by the Company are quoted.

5. On-Market Buy Back

There is no current on-market buy back.

6. Unquoted Equity Securities

	Number on issue	Number of holders
Options exercisable at \$0.37 on or before 30 June 2012	1,000,000	1
Options exercisable at \$0.25 on or before 30 September 2012	750,000	1
Options exercisable at \$0.50 on or before 30 June 2013	1,050,000	2

Shareholders Information

As at 22 September 2011

7. Top 20 Quoted Shareholders

Shareholder	Number of shares	Percentage held
Jindalee Resources Limited	9,800,000	10.06
Mrs Stella Emily Downey	4,919,750	5.05
Mr Richard Barry	3,021,364	3.10
Canaccord Capital (Australia) Pty Ltd	2,785,500	2.86
UBS Wealth Management Australia Nominees Pty Ltd	1,237,077	1.27
Novus Capital Limited	1,218,750	1.25
Denton Pty Ltd	1,200,000	1.23
Ms Frances Johanna Schwarzbach	1,129,000	1.16
Mrs Claire Elizabeth Arbuckle	1,002,500	1.03
KE & PW Holdings Pty Ltd	975,000	1.00
Prodigy Management Pty Ltd	950,000	0.97
Mr Timothy Ian Douglas	941,202	0.97
Grandor Pty Ltd	829,300	0.85
Prince Family Pty Ltd	770,407	0.79
Mr Peter Cunningham & Mrs Christine Cunningham	765,075	0.79
Mr Warwick Davies	736,500	0.76
Bouta Pty Limited	703,440	0.72
National Nominees Limited	669,241	0.69
Avanteos Investments Limited	667,236	0.68
Fronton Australia Pty Ltd	663,800	0.68
	<hr/>	
	34,985,142	35.91

Shareholders Information

As at 22 September 2011

8. Tenements

Project	Tenement	Holder	JV Partner	Equity %
Magnus Copper	E52/2360	Goldtribe Corporation Pty Ltd		100
	E52/2362	Goldtribe Corporation Pty Ltd		100
	P52/1317	Goldtribe Corporation Pty Ltd		100
	P52/1320	Goldtribe Corporation Pty Ltd		100
	P52/1323	Goldtribe Corporation Pty Ltd		100
Gascoyne Gold	E52/2361	Goldtribe Corporation Pty Ltd		100
	L52/116	Goldtribe Corporation Pty Ltd		100
	L52/117	Goldtribe Corporation Pty Ltd		100
	L52/118	Goldtribe Corporation Pty Ltd		100
	M52/685	Alchemy Resources (Three Rivers) Pty Ltd		100
	M52/722	Alchemy Resources (Three Rivers) Pty Ltd		100
	M52/723	Alchemy Resources (Three Rivers) Pty Ltd		100
	M52/737	Alchemy Resources (Three Rivers) Pty Ltd		100
	M52/753	Alchemy Resources (Three Rivers) Pty Ltd		100
	M52/795	Alchemy Resources (Three Rivers) Pty Ltd		100
	M52/796	Alchemy Resources (Three Rivers) Pty Ltd		100
	M52/797	Alchemy Resources (Three Rivers) Pty Ltd		100
	M52/844-I	Alchemy Resources (Three Rivers) Pty Ltd		100
	M52/1049	Goldtribe Corporation Pty Ltd		100
	P52/1314	Goldtribe Corporation Pty Ltd		100
	P52/1315	Goldtribe Corporation Pty Ltd		100
	P52/1316	Goldtribe Corporation Pty Ltd		100
	P52/1318	Goldtribe Corporation Pty Ltd		100
	P52/1321	Goldtribe Corporation Pty Ltd		100
	P52/1322	Goldtribe Corporation Pty Ltd		100
	P52/1327	Alchemy Resources (Three Rivers) Pty Ltd		100
	P52/1365	Alchemy Resources (Three Rivers) Pty Ltd		100
	Murchison	E20/507	Alchemy Resources (Murchison) Pty Ltd	Jindalee Resources Ltd
E20/536		Alchemy Resources (Murchison) Pty Ltd	Jindalee Resources Ltd	80
E20/549		Alchemy Resources (Murchison) Pty Ltd	Jindalee Resources Ltd	80
E20/594		Alchemy Resources (Murchison) Pty Ltd	Jindalee Resources Ltd	80
E20/667		Alchemy Resources (Murchison) Pty Ltd		100
E51/859		Alchemy Resources (Murchison) Pty Ltd		100
E51/1042		Alchemy Resources (Murchison) Pty Ltd	Jindalee Resources Ltd	80
E51/1044		Alchemy Resources (Murchison) Pty Ltd	Jindalee Resources Ltd	80
E51/1048		Alchemy Resources (Murchison) Pty Ltd	Jindalee Resources Ltd	80
E51/1225		Alchemy Resources (Murchison) Pty Ltd		100
E51/1226		Alchemy Resources (Murchison) Pty Ltd		100
E51/1326		Alchemy Resources (Murchison) Pty Ltd		100
P51/2623		Alchemy Resources (Murchison) Pty Ltd		100
P51/2632		Alchemy Resources (Murchison) Pty Ltd		100