



**ABN 17 124 444 122**

**Half-Year Financial Report  
31 December 2011**

## **Corporate Directory**

### **Directors**

Oscar Aamodt	Non-Executive Chairman
Sofia Bianchi	Non-Executive
Lindsay Dudfield	Non-Executive
Anthony Ho	Non-Executive

### **Company Secretary**

Bernard Crawford

### **Registered Office**

Level 2, 72 Kings Park Road  
West Perth WA 6005  
Telephone: (08) 9481 4400  
Facsimile: (08) 9481 4404  
Email: [admin@alchemyresources.com.au](mailto:admin@alchemyresources.com.au)  
Web: [www.alchemyresources.com.au](http://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

### **Stock Exchange Listing**

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

ASX Code: **ALY**

# ALCHEMY RESOURCES LIMITED – HALF YEAR REPORT

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# ALCHEMY RESOURCES LIMITED – HALF YEAR REPORT

## DIRECTORS' REPORT

Your directors submit their report for the half-year ended 31 December 2011.

## DIRECTORS

The names of Alchemy Resources Limited's ("Alchemy" or "Company") directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Oscar Aamodt	<i>Appointed 25 November 2011</i>
Sofia Bianchi	<i>Appointed 1 March 2012</i>
Lindsay Dudfield	<i>Appointed 25 November 2011</i>
Anthony Ho	<i>Appointed 25 November 2011</i>
Warwick Davies	<i>Resigned 25 November 2011</i>
John Arbuckle	<i>Resigned 25 November 2011</i>
Jeffrey Moore	<i>Resigned 25 November 2011</i>
Robert Brierley	<i>Resigned 25 November 2011</i>

## REVIEW AND RESULTS OF OPERATIONS

Alchemy's activities are reported in announcements to the ASX, with highlights of the half year to 31 December 2011 summarised below (further details can be found at the Company's website [www.alchemyresources.com.au](http://www.alchemyresources.com.au)).

### **Bryah Basin Copper Project (Alchemy 100%)**

The Bryah Basin Copper Project covers 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 the Magnus prospect, along strike and to the west of Sandfire Resources' DeGrussa deposit (Measured, Indicated and Inferred Resources of 14.33Mt at 4.6% copper and 1.6g/t gold).

Stage 1 of a comprehensive audio-magnetotelluric (AMT) survey over the East Magnus prospect was completed during the period. The AMT method is capable of 'seeing' deeper into the prospective rock package than the previous helicopter-borne versatile-time EM (VTEM) and ground moving-loop EM (MLEM) surveys. The AMT survey acquired data along 300m spaced lines over the Narracoota volcanic sequence (host to the DeGrussa deposit) for both geological mapping purposes and to directly detect potential massive sulfide conductors.

Results from the AMT survey indicate a number of conductors at depth within the Narracoota volcanic sequence that are potentially massive sulfide lenses. First pass RC and diamond drilling and associated DHEM surveys to follow up these conductors will commence in March 2012.

In December 2011 Alchemy shareholders approved the acquisition of strategically located tenements from Grosvenor Gold for Alchemy shares worth \$3.5 million. Acquisition of these tenements was completed on 1 March 2012 and has increased Alchemy's landholding in the Bryah Basin to over 630km<sup>2</sup> and added a further 25km of strike extent to Alchemy's >20km of outcropping Narracoota volcanic sequence. As part of Alchemy's commitment to the systematic exploration of the prospective landholding, ground geophysical surveys (including AMT surveys) are scheduled to commence in the June 2012 quarter.

# ALCHEMY RESOURCES LIMITED – HALF YEAR REPORT

## Gascoyne Gold Project (Alchemy 100%)

The Gascoyne Gold Project covers over 270km<sup>2</sup> 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.

Indicated Mineral Resources at the Gascoyne Gold Project now total 246,000oz of gold, contained at the Hermes and Wilgeena deposits. Alchemy has a goal of increasing its gold resources whilst also continually evaluating opportunities to commercialize these assets.

### ***Hermes Gold Deposit***

In August 2011 Alchemy announced assay results from a targeted diamond drilling program at Hermes with several high grade gold intercepts recorded, including:

- **8m @ 24.75 g/t** from 126m in hole HRD002
- **4m @ 16.47 g/t** from 90m and **4m @ 8.57 g/t** in HRD003

In September 2011 the Company announced a revised Indicated Resource of **2.79 Mt at 2.19 g/t gold** (equivalent to **196,650 oz of gold**) had been estimated for Hermes. This revised resource estimate, which was undertaken by Simon Coxhell of Coxsrocks Pty Ltd using a 0.5g/t gold lower cut-off grade, represents an approximate 50% increase from the previous resource (1.68Mt @ 2.39g/t gold for 130,000oz of gold) estimated by Snowden & Associates and based on drilling to 1998.

A 12-hole extensional RC drilling program was completed in December 2011. Assay results received to date (4m composite samples and a limited number of 1m split samples) highlight the depth continuity of many of the high-grade ore zones with the best gold intercepts including:

- **12m @ 6.12 g/t** from 108m and **4m @ 5.93 g/t** from 172m in TRC351
- **12m @ 2.55 g/t** from 151m, including **5m @ 5.57 g/t** from 166m, in TRC352, and
- **8m @ 3.09 g/t** from 136m and **29m @ 1.22 g/t** from 164m in TRC343.

The results indicate that mineralisation is open at depth and further drilling has good potential to add to the known resource and expand the area of gold mineralisation outside of the current Indicated Resource.

### ***Central Bore Gold Prospect***

Previous drilling by Alchemy in the central part of the Central Bore area has resulted in the discovery of high-grade gold mineralisation related to quartz veining in granite. The majority of the high-grade intervals of up to an ounce-per-tonne appear to have some continuity within broader zones of low-grade (<1g/t Au) mineralisation.

Results from the diamond drilling undertaken in 2011 include best gold intersections of:

- **4m @ 25.8 g/t** from 125m, including **1m @ 99.3 g/t** from 125m, and **1m @ 12.1 g/t** from 222m in hole CBDD002
- **1m @ 6.51 g/t** from 119m in hole CBDD001

Detailed structural orientation and logging of the drillcore have enhanced the Company's understanding of the gold mineralisation at Central Bore, with further resource definition drilling scheduled to commence in March 2012.

# ALCHEMY RESOURCES LIMITED – HALF YEAR REPORT

## Murchison Projects

Assessment of the Company's Murchison tenements continued with completion of aircore drilling programs at Jeffery Well and Gidgee South, and evaluation of the Wydgee and Ninden Hill projects. Jindalee Resources Limited (ASX: JRL) is a 20% JV partner in a number of Alchemy's Murchison Projects. Jindalee's interest is noted where relevant.

### ***Jeffery Well (Alchemy 80%, Jindalee 20%)***

In-fill aircore drilling was completed at Jeffery Well in September 2011 to follow up encouraging results from Alchemy's initial drilling program in late 2010 and test for high-grade, vein-style gold mineralisation within a regional gold corridor.

Significant gold intercepts delineated from 1m samples include:

- **5m @ 5.00 g/t** from 60m, including **2 m @ 10.16 g/t** from 60m, in JWAC058,
- **6m @ 2.06 g/t** from 83m in JWAC071,
- **6m @ 1.92 g/t** from 79m and **2m @ 5.63 g/t** from 89m in JWAC082
- **1m @ 5.32 g/t** from 50m in JWAC086.

The results extend the zone of gold anomalism localised in a structural corridor at the contact between mafic and ultramafic rocks to over 1km and highlight the potential in the Murchison district for not only large lode gold systems but also for narrow high grade gold systems, similar to the gold mineralisation identified north of Meekatharra at Andy Well by Doray Minerals Limited.

### ***Gidgee South (Alchemy 100%)***

Reconnaissance aircore drilling was completed at Gidgee South in September 2011 to drill test for gold mineralisation in the north-eastern part of the project area. Sampling (4m composite and follow up 1m samples) of these holes outlined a zone of weak gold anomalism extending over 4km in length and localised in a bend along a major structural corridor at the contact between mafic and sedimentary rocks. The bottom-of-hole multi-element assays will be interpreted in conjunction with the aeromagnetic and geological data prior to further exploration.

The drilling investigated a structural target identified during regional targeting following development of Alchemy's proprietary three-dimensional geologic model of the Murchison Projects and may represent the northern continuation of the highly-mineralised Big Bell – Meekatharra shear zone, which hosts the Big Bell gold deposit (3.9 Moz).

### ***Wydgee and Ninden Hill (Alchemy 80%, Jindalee 20%)***

Re-assessment of the Wydgee and Ninden Hill projects during 2011 has highlighted the base metal prospectivity of these project areas. Mapping by the Geological Survey of Western Australia, in combination with 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.

Field mapping, rock chip sampling and surface geochemistry programs over the Wydgee and Ninden Hill projects has delineated several areas of gold and/or base metal anomalism that will be the subject of further exploration and drill testing in 2012.

## Corporate

Alchemy's AGM was held on 25 November 2011, with the three directors up for re-election (John Arbuckle, Jeffrey Moore and Robert Brierley) deciding to resign prior to the meeting and the remaining Board member (Warwick Davies), resigning immediately thereafter. Experienced resource director Oscar Aamodt was appointed Non-executive Chairman and Lindsay Dudfield and Anthony Ho were appointed Non-executive Directors of the Company.

## **ALCHEMY RESOURCES LIMITED – HALF YEAR REPORT**

On 16 December 2011 Alchemy shareholders approved the issue of \$3.5 million worth of shares to Grosvenor Gold Pty Ltd (Grosvenor) (or its nominee) to acquire various exploration assets adjacent to the Company's tenements in the Bryah Basin and settle litigation.

On 24 February 2012 Alchemy completed a pro-rata non-renounceable offer to eligible shareholders of 1 ordinary fully paid share for every 3 shares held (the Issue) at a price of \$0.13 per share to raise approximately \$4.2 million (before costs). The Issue, which was underwritten by Jindalee Resources Ltd and Grandor Pty Ltd, satisfied a condition of the acquisition and settlement, being a capital raising of a minimum of \$4.0 million.

On 1 March 2012 Alchemy issued 26,923,077 shares (worth \$3.5 million at \$0.13 per share) to Grosvenor's nominee (Bluecrest Mercantile Master Fund Limited) to complete the acquisition of Grosvenor's Bryah Basin exploration assets. Alchemy has a significant exploration program proposed for its tenement holding in the region.

On 1 March 2012 Sofia Bianchi was appointed Non-executive Director of the Company. This appointment satisfied a condition of the Grosvenor asset acquisition whereby a nominee of Grosvenor was to be appointed to the Company's Board on completion of the acquisition.

The Company is currently defending proceedings brought by Robert Brierley, the Company's former Managing Director. Mr Brierley has filed an application in the Industrial Relations Commission for the payment of a total of \$163,500, being 6 months' salary plus superannuation he claims should be paid to him in lieu of notice of termination following his resignation from the Company in November 2011. The Company considers the application has no merit and will defend the proceeding.

### **Operating Results**

The half-yearly report to 31 December 2011 shows an operating loss of \$862,739 compared with an operating loss of \$738,613 for the half-year ended 31 December 2010.

### **AUDITOR'S INDEPENDENCE DECLARATION**

Alchemy has obtained an independence declaration from our auditor's, BDO Audit (WA) Pty Ltd, which is included on page 8.

Signed in accordance with a resolution of the directors.



**Oscar Aamodt**  
**Chairman**

Perth, 9 March 2012

# ALCHEMY RESOURCES LIMITED – HALF YEAR REPORT

## Competent Person Statements

*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 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 which 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 Deposit and Wilgeena Gold Deposit 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.*



9 March 2012

The Board of Directors  
Alchemy Resources Limited  
18 Emerald Terrace  
West Perth WA 6005

Dear Sirs,

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

As lead auditor for the review of Alchemy Resources Limited for the half-year ended 31 December 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 review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

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

BDO  


**Chris Burton**  
Director

**BDO Audit (WA) Pty Ltd**  
Perth, Western Australia

# ALCHEMY RESOURCES LIMITED – HALF YEAR REPORT

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Notes	Consolidated	
		31 December 2011	31 December 2010
		\$	\$
<b>Continuing operations</b>			
Other income	5	105,047	272,832
Other expenses	5	(959,362)	(999,662)
Finance costs		(8,424)	(11,783)
<b>Loss from continuing operations before income tax</b>		<b>(862,739)</b>	<b>(738,613)</b>
Income tax expense		-	-
<b>Loss for the period</b>		<b>(862,739)</b>	<b>(738,613)</b>
Other comprehensive income		-	-
<b>Other comprehensive income for the period, net of tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period attributable to the owners of Alchemy Resources Limited</b>		<b>(862,739)</b>	<b>(738,613)</b>
Earnings per share (cents per share)			
- basic; for loss for the half-year		(0.9)	(0.8)

This Consolidated Statement of Comprehensive Income should be read in conjunction with the notes to these half year accounts

# ALCHEMY RESOURCES LIMITED – HALF YEAR REPORT

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2011

	Notes	Consolidated	
		31 December 2011 \$	30 June 2011 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6	2,411,053	4,673,511
Trade and other receivables		129,411	375,829
Other current assets		35,448	20,817
<b>Total Current Assets</b>		<b>2,575,912</b>	<b>5,070,157</b>
<b>Non-Current Assets</b>			
Exploration and evaluation		12,085,111	10,547,710
Property, plant and equipment		353,948	380,826
<b>Total Non-Current Assets</b>		<b>12,439,059</b>	<b>10,928,536</b>
<b>TOTAL ASSETS</b>		<b>15,014,971</b>	<b>15,998,693</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		343,919	411,442
Provisions		56,535	90,058
Interest bearing liabilities		44,912	41,554
<b>Total Current Liabilities</b>		<b>445,366</b>	<b>543,054</b>
<b>Non-Current Liabilities</b>			
Interest bearing liabilities		120,308	143,603
<b>Total Non-Current Liabilities</b>		<b>120,308</b>	<b>143,603</b>
<b>TOTAL LIABILITIES</b>		<b>565,674</b>	<b>686,657</b>
<b>NET ASSETS</b>		<b>14,449,297</b>	<b>15,312,036</b>
<b>EQUITY</b>			
Contributed equity	9	20,422,910	20,422,910
Reserves		350,884	350,884
Accumulated losses		(6,324,497)	(5,461,758)
<b>TOTAL EQUITY</b>		<b>14,449,297</b>	<b>15,312,036</b>

This Consolidated Statement of Financial Position should be read in conjunction with the notes to these half year accounts

# ALCHEMY RESOURCES LIMITED – HALF YEAR REPORT

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Notes	Consolidated	
		31 December 2011 \$	31 December 2010 \$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(828,421)	(1,043,993)
Interest received		149,013	149,307
Interest paid		(8,434)	(11,783)
Receipts from customers		-	66,031
<b>Net cash flows from/(used in) operating activities</b>		<b>(687,842)</b>	<b>(840,438)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(23,952)	(35,868)
Payment for exploration expenditure		(1,522,163)	(3,299,792)
<b>Net cash flows from/(used in) investing activities</b>		<b>(1,546,115)</b>	<b>(3,335,660)</b>
<b>Cash flows from financing activities</b>			
Proceeds from option conversion		-	5,317,273
Payments for capital raisings		-	(246,380)
Repayment of borrowings		(28,501)	(16,608)
<b>Net cash flows from/(used in) financing activities</b>		<b>(28,501)</b>	<b>5,054,285</b>
Net increase/(decrease) in cash and cash equivalents		(2,262,458)	878,187
Cash and cash equivalents at beginning of period		4,673,511	5,827,817
<b>Cash and cash equivalents at end of period</b>	6	<b>2,411,053</b>	<b>6,706,004</b>

This Consolidated Statement of Cash Flows should be read in conjunction with the notes to these half year accounts

# ALCHEMY RESOURCES LIMITED – HALF YEAR REPORT

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

### Consolidated

*Attributable to equity holders of the entity*

	Contributed Equity \$	Reserves \$	Accumulated Losses \$	Total Equity \$
<b>At 1 July 2010</b>	<b>15,208,016</b>	<b>545,436</b>	<b>(3,980,624)</b>	<b>11,772,828</b>
Loss for the period	-	-	(738,613)	(738,613)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period net of tax</b>	<b>-</b>	<b>-</b>	<b>(738,613)</b>	<b>(738,613)</b>
<b>Transactions with owners in their capacity as owners</b>				
Exercise of options	5,461,274	(144,000)	-	5,317,274
Transaction costs of issuing options	(246,380)	-	-	(246,380)
<b>At 31 December 2010</b>	<b>20,422,910</b>	<b>401,436</b>	<b>(4,719,237)</b>	<b>16,105,109</b>
<b>At 1 July 2011</b>	<b>20,422,910</b>	<b>350,884</b>	<b>(5,461,758)</b>	<b>15,312,036</b>
Loss for the period	-	-	(862,739)	(862,739)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period net of tax</b>	<b>-</b>	<b>-</b>	<b>(862,739)</b>	<b>(862,739)</b>
<b>Transactions with owners in their capacity as owners</b>				
Exercise of options	-	-	-	-
Transaction costs of issuing options	-	-	-	-
<b>At 31 December 2011</b>	<b>20,422,910</b>	<b>350,884</b>	<b>(6,324,497)</b>	<b>14,449,297</b>

This Consolidated Statement of Changes in Equity should be read in conjunction with the notes to these half year accounts

# ALCHEMY RESOURCES LIMITED – HALF YEAR REPORT

## NOTES TO THE HALF-YEAR ACCOUNTS

### 1. CORPORATE INFORMATION

The financial report of Alchemy Resources Limited (“the Company”) for the half-year ended 31 December 2011 was authorised for issue in accordance with a resolution of the directors on 9 March 2011.

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

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The half-year financial report does not include all of the notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the annual Financial Report of Alchemy Resources as at 30 June 2011.

It is also recommended that the half-year financial report be considered together with any public announcements made by Alchemy Resources Limited and its controlled entities during the half-year ended 31 December 2011 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

#### (a) Basis of Preparation

The half-year consolidated financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards, including AASB 134 “Interim Financial Reporting” and other mandatory professional reporting requirements. The half-year financial report has been prepared on a historical cost basis, except where stated.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

#### (b) Changes in accounting policies and disclosures

There are no new or revised Standards and Interpretations issued by the Australian Accounting Standards Board that impact the half-year financial report.

#### (c) Significant accounting policies

The half-year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2011.

#### (d) Basis of Consolidation

##### *Subsidiaries*

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are carried at their cost of acquisition in the Company’s financial statements.

# ALCHEMY RESOURCES LIMITED – HALF YEAR REPORT

## *Transactions eliminated on consolidation*

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

## *Interests in joint venture operations*

The Consolidated Entity's interest in joint venture operations is accounted for by recognising the Consolidated Entity's share of assets and liabilities from the joint venture, as well as expenses incurred by the Consolidated Entity and the Consolidated Entity's share of net income earned from the joint venture, in the consolidated financial statements.

### 3. FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with that disclosed in the consolidated financial report as at and for the year ended 30 June 2011.

### 4. SEGMENT INFORMATION

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

### 5. REVENUE, INCOME AND EXPENSES FROM CONTINUING OPERATIONS

	Consolidated	
	31 December 2011	31 December 2010
	\$	\$
<i>Other income</i>		
Finance income	105,047	206,801
Other income	-	66,031
Total other income	<b>105,047</b>	<b>272,832</b>

#### *Included in Other expenses:*

Corporate expense	270,247	214,533
Related party consultancy	-	137,120
Exploration expense	45,594	44,908
Employee benefits	396,148	382,285
Rent and occupancy	124,032	51,769
Depreciation	50,829	38,710

### 6. CASH AND CASH EQUIVALENTS

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

Cash at bank and in hand	151,836	1,489,488
Short term deposits	2,259,217	5,216,516
	<b>2,411,053</b>	<b>6,706,004</b>

# ALCHEMY RESOURCES LIMITED – HALF YEAR REPORT

## 7. COMMITMENTS AND CONTINGENCIES

There has been no material change in the commitments and contingencies since 30 June 2011.

## 8. EVENTS AFTER THE BALANCE SHEET DATE

On 16 December 2011 Alchemy shareholders approved the issue of \$3.5 million worth of shares to Grosvenor Gold Pty Ltd (or its nominee) to acquire various exploration assets adjacent to the Company's tenements in the Bryah Basin and settle litigation (the Acquisition).

On 24 February 2012 Alchemy completed a pro-rata non-renounceable offer to eligible shareholders of 1 ordinary fully paid share for every 3 shares held (the Issue) at a price of \$0.13 per share to raise approximately \$4.2 million (before costs). The Issue, which was underwritten by Jindalee Resources Ltd and Grandor Pty Ltd, satisfied a condition of the Acquisition, being a capital raising of a minimum of \$4.0 million.

On 1 March 2012 Alchemy issued 26,923,077 shares (worth \$3.5 million at \$0.13 per share) to Grosvenor Gold's nominee to complete the acquisition of Grosvenor's Bryah Basin exploration assets.

## 9. CONTRIBUTED EQUITY

	Consolidated	
	31 December 2011 \$	30 June 2011 \$
<b>Share Capital</b>		
Ordinary shares	20,422,910	20,422,910
<b>Movement in ordinary shares on issue</b>	<b>Number</b>	<b>\$</b>
<b>At 1 July 2010</b>	<b>76,202,316</b>	<b>15,208,016</b>
Options converted to shares		
- Listed 25 cent options	21,195,092	5,439,724
- Unlisted 37 cent options	50,000	21,550
Transaction costs on option conversion		(246,380)
<b>At 31 December 2010</b>	<b>97,447,408</b>	<b>20,422,910</b>
<b>At 1 July 2011</b>	<b>97,447,408</b>	<b>20,422,910</b>
<b>At 31 December 2011</b>	<b>97,447,408</b>	<b>20,422,910</b>

## 10. DIVIDENDS

No dividends have been declared or paid during the period.

## 11. LITIGATION

Robert Brierley, the Company's former Managing Director, has filed an application in the Industrial Relations Commission for the payment of a total of \$163,500 being 6 months' salary plus superannuation he claims should be paid to him in lieu of notice of termination following his resignation from the Company in November 2011. The Company considers the application has no merit and will defend the proceeding.



# ALCHEMY RESOURCES LIMITED – HALF YEAR REPORT

## DIRECTORS' DECLARATION

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

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
  - i. give a true and fair view of the financial position as at the 31 December 2011 and the performance for the half-year ended on that date of the consolidated entity; and
  - ii. comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001, other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Oscar Aamodt  
Chairman

Perth, 9 March 2012

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

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Alchemy Resources Limited, which comprises the consolidated statement of financial position as at 31 December 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year's end or from time to time during the half-year.

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

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

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Alchemy Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

### Independence

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



## Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

**BDO Audit (WA) Pty Ltd**

BDO  


**Chris Burton**  
Director

Perth, Western Australia  
Dated this 9<sup>th</sup> day of March 2012