



ABN 17 124 444 122

**Half-Year Financial Report
31 December 2013**

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

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West Perth WA 6005
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Email: admin@alchemyresources.com.au
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Auditors

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

Bankers

National Australia Bank
226 Main Street
Osborne Park WA 6017

Share Registry

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153
Telephone: (08) 9315 2333
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Stock Exchange Listing

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

ASX Code: **ALY**

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Directors' Report

Your directors submit their report for the half-year ended 31 December 2013.

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
Sofia Bianchi
Lindsay Dudfield
Anthony Ho

REVIEW AND RESULTS OF OPERATIONS

Alchemy's activities are reported in announcements to the ASX, with highlights of the half-year to 31 December 2013 summarised below (further details can be found at the Company's website www.alchemyresources.com.au).

Bryah Basin Project (Alchemy 100-80%)

The Bryah Basin Project comprises a 630km² ground package, located 130km NE of Meekatharra, Western Australia. The Project is located along strike and west of Sandfire Resources' DeGrussa copper-gold mine and southeast of Horseshoe Metals' Horseshoe Lights copper-gold project, and adjacent to Peak Hill where about 1Moz of gold has been mined from several deposits. The Project currently has Indicated Resources of 300,000oz gold (4.7Mt @ 2.0g/t gold) at Hermes and Wilgeena. Alchemy holds 100% in the majority of the landholding with the exception of several tenements held in joint-venture with Jackson Minerals Pty Ltd (20%), a subsidiary of Fe Ltd.

During the half-year ending 31 December 2013, systematic assessment and targeted exploration continued to unlock the broader potential of the Project region for base metal and gold deposits. Following the return of high-grade gold intercepts from initial rotary air-blast (RAB) drilling at the Seaborg gold prospect, the Company is focusing near-term exploration objectives onto the Seaborg prospect and the other gold targets in the Bryah Basin.

First-pass drill testing of copper-gold targets returned encouraging results that extended Sandfire Resources' North Robinson Range multi-element anomaly over 15km into the Magnus volcanogenic massive sulphide (VMS) target zone. Multiple bedrock conductors and geochemistry anomalies associated with prospective VMS horizons along the +45km long prospective corridor remain untested across the project.

Subsequent to end of the half-year, Alchemy signed a Letter Agreement with leading Australian base metal and gold producer Independence Group NL (ASX: IGO) ("IGO") to explore and earn an interest in the Company's landholding that covers the base metal prospective part of the Bryah Basin project.

Alchemy retains the remaining gold prospective landholding, including 100% interest in existing gold resources and significant exploration upside. The agreement enables Alchemy to focus on drill testing high-

Directors' Report

grade gold targets, including Seaborg, as well as commencing to test historic gold intercepts and recently delineated high priority gold targets.

Advanced geological and structural understanding

A reappraisal of the Bryah Basin Project highlighted the potential of the district to host large gold deposits and established a pipeline of advanced to grass roots gold targets requiring further systematic exploration and targeted drilling campaigns. The comprehensive review generated a new geological model and a fresh understanding of the likely source and location of high-grade gold mineralisation within the Project area.

Detailed field mapping and geophysical studies undertaken by Alchemy indicate that 'Peak Hill-style' gold mineralisation predominates in the Project area, with mineralisation mainly hosted in the multiply-deformed Peak Hill Schist and thought to represent an early shear-hosted mineralisation style, and includes the Hermes and Wilgeena deposits and Central Bore prospect. Field mapping and interpretation of aeromagnetic and ground magnetic data has led to these mineralised shear-zones being able to be 'mapped', with mineralisation possibly localised at major lithological contacts, and which are now identifiable as curved or folded mineralised corridors.

Much of the known gold mineralisation (e.g., Hermes, Wilgeena) in the Bryah Basin Project was discovered in 'windows' of outcropping geology. Away from these areas, much of the Project area is effectively untested for gold mineralisation with widespread, typically thin, transported cover concealing potential gold mineralisation corridors that represent priority targets for systematic exploration and drill testing.

Seaborg gold prospect

An initial RAB drilling program at the Seaborg gold prospect returned high-grade gold assay results (51m @ 3.71 g/t Au from surface in CBRB001 and 23m @ 3.16 g/t Au from 16m in CBRB002) that confirm and extend a high-grade gold intersection (27m @ 5.43g/t Au from 15m) in a historic hole drilled by Troy Resources. The one-metre fire and screen fire results indicate a significant level of continuity in gold grade down-hole and that drilling stopped within the gold mineralised zone.

The results indicate gold mineralisation is associated with quartz veins in sheared and fuchsite-pyrite altered wall-rock and is possibly a high grade shoot that plunges steeply to the east and may lie within an east-northeast-trending gold mineralised zone. The Seaborg prospect is localised in a zone of demagnetisation, interpreted from recently completed ground magnetic surveys, which is attributed to the destruction of magnetic minerals during hydrothermal alteration associated with gold mineralisation.

Targeted RC drilling is planned to determine the orientation and plunge of the interpreted high-grade shoot as well as the strike and depth extent of mineralisation and is scheduled to commence in early 2014.

Gold targets along mineralised corridors

A number of the priority targets along interpreted gold mineralised corridors have been delineated from field mapping and interpretation of magnetic surveys.

Target areas to the east of the Seaborg Prospect include a large gold-in-soil anomaly, identified in an area where the regolith environment is likely more amenable to surface sampling, that has only been tested with very limited historic shallow drilling. To the west of the Seaborg Prospect, regolith mapping indicates that previous surface geochemistry along the interpreted mineralised corridor was likely ineffective. These target areas have coincident zones of demagnetisation and can be effectively tested with either aircore

Directors' Report

drilling or with shallow geochemical drilling, which is planned to commence in the first Quarter of 2014. Additional targeted aircore drilling along the Seaborg – Central Bore mineralised corridor is planned to test the major granite-sedimentary contact zone striking approximately east-west in an area where previous shallow drilling (less than 20m depth) may not have tested below the transported and/or leached regolith profiles and was largely ineffective.

Previous, broad-spaced Aircore and RC drill testing of gold targets at Central Bore West prospect returned high-grade gold intercepts, including 2m @ 8.75 g/t Au from 68m in CBAC090 and 1m @ 11.5 g/t Au from 62m and 1m @ 4.62 g/t Au from 78m in CBRC054. Follow-up RC drilling is planned to incrementally 'step-out' from known mineralisation to delineate mineralised shoots.

Additional gold targets have been identified along the Hermes – Winchester mineralised corridor to the north-east and south-west of the Hermes resource area. The Hermes deposits are effectively exposed at surface, with a strong soil anomaly over the deposits, whereas geological mapping indicates that the host structural corridor to the north-east and south-west is overlain by transported cover, which may have inhibited the surface geochemistry response. Shallow geochemical drilling is planned along the corridor to obtain gold and multi-element geochemistry to identify zones for follow-up aircore drilling.

A number of additional target zones have been delineated within the Peak Hill Schist, and these represent key areas for further exploration. A regional, curved structure linking the Central Bore and Hermes mineralised trends is apparent from geological mapping and geophysical images. Historic gold exploration along this structure is limited, with best results returned from the Jones and Henry prospects, including 3m @ 250 g/t Au from OPAC126, and 3m @ 41 g/t Au from OPAC246.

The majority of the historic drilling did not test the structural corridor, with areas to the north-west (towards the south-west end of the Hermes mineralised trend) and to the south-east (towards the Central Bore – Seaborg mineralised corridor) increasingly affected by transported cover. Aircore drilling testing a historic gold-in-soil anomaly at Henry North and shallow geochemical drilling over a 5 km long section of the Tycho Prospect is planned.

Shallow drill testing of copper-gold targets

Broad-spaced, reconnaissance RAB drilling returned encouraging results that extended Sandfire Resources' North Robinson Range multi-element anomaly over 15km into the Magnus VMS target zone. The approximately 10,000m shallow drilling program tested priority areas within the prospective Narracoota volcano-sedimentary sequence and its contact with the overlying Ravelstone sequence.

Interpretation of systematic 4m-composite gold and bottom-of-hole (BOH) multi-element assays in conjunction with readings from a portable XRF analyser on drill spoil from 1m samples delineate a number of strike-extensive horizons with geochemical anomalies that require follow-up work. The anomalies form four strike-extensive zones associated with mafic volcanics and associated volcanoclastics and sediments within the Narracoota sequence as well as and its' contact positions with the underlying Karalundi and overlying Ravelstone sequences.

The anomalous results are associated with volcanogenic sedimentary rocks, basalt and dolerite over a strike length exceeding 15km. In combination, the BOH multi-element and gold assays and portable XRF readings independently delineate strike-extensive anomalism in, at least, four stratiform positions. These positions are interpreted to represent horizons developed during episodic VMS-style base metal mineralising events. Importantly, two of these positions are interpreted to represent the stratigraphic positions of the DeGrussa and Horseshoe Lights copper-gold mineralisation.

Directors' Report

Geophysical and geochemical copper – gold targets

As previously reported, a number of widespread multi-element geochemical anomalies and geophysical bedrock conductors associated with VMS prospective horizons within the +45km long Narracoota sequence corridor remain untested across the Bryah Basin Project.

Eight distinct conductors, including the MT-36 conductor in the Magnus target area, defined from the EM surveys remain untested. Two strong conductors identified in the Neptune area may be related to sulphide-bearing black shale horizons adjacent to the basal contact of the overlying Narracoota sequence. The stratigraphic position of the surface rocks and the associated bedrock conductors place the remaining six targets at or close to the contact of sulphide-bearing black shale horizons with the lower-most Narracoota sequence, interpreted to be a prospective VMS mineralised horizon.

Widespread, anomalous base metal, gold and pathfinder assay results from shallow drilling have previously defined multiple coherent broadly anomalous horizons in the Neptune, Churchill and Fiddler areas, and these are also interpreted to be related to VMS-style base metal mineralising processes at the DeGrussa and Horseshoe Lights positions.

The agreement with IGO provides an opportunity for the base metal exploration of the Bryah Basin Project to be accelerated. IGO intends to apply its proprietary state-of-the-art geophysical tools and renowned in-house geological team to comprehensively evaluate the prospective Narracoota stratigraphy on the farm-in tenements.

Murchison Projects (Alchemy 100-80%)

Assessment of the Company's Murchison tenements continued with evaluation of the Big Bell North and Jeffery Well projects. Jindalee Resources Limited is a 20% JV partner in a number of Alchemy's Murchison Projects.

Aircore drilling programs at Jeffery Well and Big Bell North and Gidgee South in 2010 and 2011 delineated zones of gold anomalism localised in a structural corridor at the regional lithological contact between basaltic and felsic-intermediate volcanoclastic rocks. Exploration results to date indicate that the Murchison District is prospective 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.

The Big Bell North area hosts volcanic sequences with significant base metal potential. Historic exploration north and south of the eastern side of the Big Bell North project indicates base metal anomalism associated with felsic and mafic volcanic sequences in the Wattagee Hill area. Further interpretation is being undertaken prior to further exploration.

The Company is seeking joint venture partners to fund exploration of the prospective gold and base metal prospects and untested targets within the Murchison Project.

Operating Results

The half-year report to 31 December 2013 shows an operating loss of \$349,455 compared with an operating loss of \$156,676 for the half-year ended 31 December 2012.

Directors' Report

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 fulltime employee and security holder 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 2012 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 CoxsRocks 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.

Alchemy confirms that the Exploration Results and the Indicated Mineral Resource at the Hermes Gold Deposit and Wilgeena Gold Deposit were prepared and first disclosed under JORC 2004. These have not been updated since to comply with the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ('JORC 2012') on the basis that the information has not materially changed since it was last reported. Alchemy further confirms that since announcing the Indicated Mineral Resource at the Hermes Gold Deposit and Wilgeena Gold Deposit on 22 October 2012, it is not aware of any new information or data that materially affects the information included in that announcement and that all material assumptions and technical parameters underpinning the estimates in that announcement continue to apply and have not materially changed.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

Signed in accordance with a resolution of the directors.



Oscar Aamodt
Chairman

Perth, 28 February 2014

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 2013, 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.



Chris Burton

Director

Perth, 28 February 2014

Consolidated Statement of Profit or Loss and Other Comprehensive Income For the Half-Year Ended 31 December 2013

	Notes	Consolidated	
		31 December 2013 \$	31 December 2012 \$
Revenue from continuing operations			
Other income	4	25,929	430,044
Corporate expense		(103,206)	(147,865)
Exploration expense		1,517	(5,176)
Employee expense		(100,236)	(236,857)
Administration expense		(169,983)	(191,756)
Finance costs		(3,476)	(5,066)
Loss from continuing operations		(349,455)	(156,676)
Income tax expense		-	-
Loss for the half-year attributable to the owners of Alchemy Resources Limited		(349,455)	(156,676)
Other comprehensive income			
Items that will not be reclassified to profit or loss		-	-
Items that will be reclassified to profit or loss		-	-
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive loss for the half-year attributable to the owners of Alchemy Resources Limited		(349,455)	(156,676)
Loss per share attributable to the owners of Alchemy Resources Limited			
Basic loss per share (cents per share)		(0.22)	(0.10)

This Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the notes to these half-year accounts

Consolidated Statement of Financial Position
As at 31 December 2013

	Notes	Consolidated	
		31 December 2013 \$	30 June 2013 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5	579,458	1,641,578
Trade and other receivables		32,113	81,484
Other current assets		28,021	9,749
Total Current Assets		639,592	1,732,811
Non-Current Assets			
Exploration and evaluation	6	18,538,054	17,650,082
Property, plant and equipment		199,274	246,507
Total Non-Current Assets		18,737,328	17,896,589
TOTAL ASSETS		19,376,920	19,629,400
LIABILITIES			
Current Liabilities			
Trade and other payables		276,942	138,354
Provisions		24,470	42,899
Interest bearing liabilities		49,566	47,434
Total Current Liabilities		350,978	228,687
Non-Current Liabilities			
Interest bearing liabilities		23,399	48,715
Total Non-Current Liabilities		23,399	48,715
TOTAL LIABILITIES		374,377	277,402
NET ASSETS		19,002,543	19,351,998
EQUITY			
Contributed equity	9	27,932,586	27,932,586
Reserves		419,456	419,456
Accumulated losses		(9,349,499)	(9,000,044)
TOTAL EQUITY		19,002,543	19,351,998

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

**Consolidated Statement of Changes in Equity
For the Half-Year Ended 31 December 2013**

	<i>Attributable to equity holders of the entity</i>			
	Contributed Equity \$	Reserves \$	Accumulated Losses \$	Total Equity \$
At 1 July 2012	27,932,586	419,456	(6,867,094)	21,484,948
Loss for the half-year	-	-	(156,676)	(156,676)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the half-year net of tax	-	-	(156,676)	(156,676)
Transactions with owners in their capacity as owners	-	-	-	-
Cancellation of unlisted options	-	(11,755)	-	(11,755)
At 31 December 2012	27,932,586	407,701	(7,023,770)	21,316,517
At 1 July 2013	27,932,586	419,456	(9,000,044)	19,351,998
Loss for the half-year	-	-	(349,455)	(349,455)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the half-year net of tax	-	-	(349,455)	(349,455)
Transactions with owners in their capacity as owners	-	-	-	-
At 31 December 2013	27,932,586	419,456	(9,349,499)	19,002,543

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

Consolidated Statement of Cash Flows

For the Half-Year Ended 31 December 2013

	Notes	Consolidated	
		31 December 2013 \$	31 December 2012 \$
Cash flows from operating activities			
Payments to suppliers and employees		(344,865)	(525,736)
Interest received		35,034	95,349
Interest paid		(3,476)	(5,066)
Net cash flows from/(used in) operating activities		(313,307)	(435,453)
Cash flows from investing activities			
Payment for exploration expenditure		(725,629)	(1,101,750)
Net cash flows from/(used in) investing activities		(725,629)	(1,101,750)
Cash flows from financing activities			
Repayment of borrowings		(23,184)	(23,296)
Net cash flows from/(used in) financing activities		(23,184)	(23,296)
Net increase/(decrease) in cash and cash equivalents		(1,062,120)	(1,560,499)
Cash and cash equivalents at beginning of half-year		1,641,578	4,037,224
Cash and cash equivalents at end of half-year	5	579,458	2,476,725

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

Notes to the Consolidated Financial Statements

For the Half-Year Ended 31 December 2013

1. CORPORATE INFORMATION

The financial report of Alchemy Resources Limited (“the Company”) for the half-year ended 31 December 2013 was authorised for issue in accordance with a resolution of the directors on 28 February 2014.

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

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2013 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

This condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2013 and any public announcements made by Alchemy Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the ASX Listing Rules.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

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

(b) Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2013, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2013.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2013. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

Notes to the Consolidated Financial Statements For the Half-Year Ended 31 December 2013

(c) Going Concern

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

The Group incurred an operating loss after income tax for the half-year ended 31 December 2013 of \$349,455 (2012: \$156,676) and experienced net cash outflows from operating and investing activities of \$1,038,936 (2012: \$1,537,203). As at 31 December 2013 the Group had cash and cash equivalents of \$579,458 (2012: \$2,476,725).

On 11 December 2013 the Company announced a 1 for 2 pro-rata non-renounceable entitlement issue (the Issue) at a price of \$0.025. The Issue closed on 14 February 2014 with the acceptance of 14,601,746 entitlement and shortfall shares. The total capital raised from the Issue, including underwriting, was \$715,044 (before costs). The Company is actively seeking to place the remaining shortfall shares.

The Company has the ability to defer or reduce its operating expenditure and commitments, or to dispose of assets. However, it remains likely that it will be necessary for the Company to raise additional equity capital during the next twelve months. Whilst the present market conditions for raising equity capital by junior exploration companies are challenging, the directors believe that the Bryah Basin Project is still very prospective and that the ongoing gold and copper/gold potential of this project will enable the Company to secure fresh capital as and when required.

The directors have reviewed the Group's financial position and are of the opinion that the going concern basis of accounting is appropriate having regard to the matters outlined above. Should the Company be unsuccessful in raising additional equity there will be material uncertainty as to whether the Group will be able to continue as a going concern and therefore whether it will be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

3. SEGMENT INFORMATION

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

4. OTHER INCOME

	Consolidated	
	31 December 2013	31 December 2012
	\$	\$
Bank interest receivable	19,160	83,444
R & D tax incentive claim receivable	-	344,073
Other income	6,769	2,527
Total other income	25,929	430,044

Notes to the Consolidated Financial Statements For the Half-Year Ended 31 December 2013

5. CASH AND CASH EQUIVALENTS

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

	Consolidated	
	31 December 2013	30 June 2013
	\$	\$
Cash at bank and in hand	354,054	217,004
Short term deposits	225,404	2,259,721
	579,458	2,476,725

6. EXPLORATION AND EVALUATION

Opening balance	17,650,082	17,385,087
Exploration expenditure incurred during the period	886,455	1,836,670
Exploration expenditure written off	1,517	(1,571,675)
Closing balance	18,538,054	17,650,082

7. COMMITMENTS AND CONTINGENCIES

There has been no material change in the commitments and contingencies since 30 June 2013.

8. EVENTS SUBSEQUENT TO THE REPORTING DATE

On 11 December 2013 the Company announced a 1 for 2 pro-rata non-renounceable entitlement issue of up to 78,426,477 ordinary fully paid shares (the Issue) at a price of \$0.025. The Issue was partially underwritten by Cardinal Management Services Pty Ltd, an entity controlled by Mr Oscar Aamodt (the Company's chairman) and Mr Lindsay Dudfield and Mrs Yvonne Dudfield as trustees of the LG Dudfield Pension Fund, an entity controlled by Mr Lindsay Dudfield (non-executive Director).

The Issue closed on 14 February 2014 with the acceptance of 14,601,746 entitlement and shortfall shares. The total capital raised from the Issue, including underwriting, was \$715,044 (before costs).

On 30 January 2014 the Company announced to the ASX that it had signed a Letter Agreement (Agreement) with Independence Group NL (ASX:IGO) to explore and to earn an interest in the Company's Bryah Basin Project. The Agreement covers all commodities, excluding iron ore, and relates to whole and part tenements that cover the base metal prospective part of Alchemy's Bryah Basin Project. Alchemy retains the remaining gold prospective part of the Bryah Basin Project.

Notes to the Consolidated Financial Statements For the Half-Year Ended 31 December 2013

9. CONTRIBUTED EQUITY

	Consolidated	
	31 December 2013 \$	30 June 2013 \$
Share Capital		
Ordinary shares	27,932,586	27,932,586
Movement in ordinary shares on issue	Number	\$
At 1 July 2012	156,852,955	27,932,586
At 31 December 2012	156,852,955	27,932,586
At 1 July 2013	156,852,955	27,932,586
At 31 December 2013	156,852,955	27,932,586

10. DIVIDENDS

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

11. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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

12. RELATED PARTY TRANSACTIONS

There has been no change in the nature of related party transactions to those disclosed in the annual report for the year ended 30 June 2013 other than the partial underwriting agreements (agreements) disclosed in Note 8. The terms and conditions of the agreements are as disclosed in the prospectus for the 1 for 2 pro-rata non-renounceable entitlement issue dated 11 December 2013.

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. giving a true and fair view of the financial position as at the 31 December 2013 and the performance for the half-year ended on that date of the Consolidated Entity; and
 - ii. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Oscar Aamodt
Chairman

Perth, 28 February 2014

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 2013, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company 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 company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 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 review 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 2013 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*

Emphasis of matter

Without modifying our conclusion, we draw attention to Note 1 in the half-year financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the consolidated entity's ability to defer or reduce its operating expenditure and commitments, or to dispose of assets. However, it remains likely that it will be necessary for the consolidated entity's to raise additional equity capital during the next twelve months. These conditions, along with other matters as set out in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business at amounts stated in the half-year financial statements.

BDO Audit (WA) Pty Ltd

BDO


Chris Burton

Partner

Perth, 28 February 2014