



ALCHEMY RESOURCES LIMITED

ABN 17 124 444 122

HALF-YEAR FINANCIAL REPORT

31 December 2020

CONTENTS

CORPORATE DIRECTORY.....	2
DIRECTORS' REPORT	3
AUDITOR'S INDEPENDENCE DECLARATION	9
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2020	10
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020	11
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2020	12
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020	13
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020	14
DIRECTORS' DECLARATION.....	19
INDEPENDENT AUDITOR'S REVIEW REPORT.....	20

CORPORATE DIRECTORY

DIRECTORS & MANAGEMENT

Lindsay Dudfield	Non-Executive Chairman
Liza Carpena	Non-Executive
Anthony Ho	Non-Executive
James Wilson	Chief Executive Officer

COMPANY SECRETARY

Jessamyn Lyons

REGISTERED OFFICE

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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

Automic Group
Level 2, 267 St. Georges Terrace
Perth WA 6000

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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

DIRECTORS' REPORT

Your Directors submit their report for the half-year ended 31 December 2020.

DIRECTORS

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

- Lindsay Dudfield
- Leigh Ryan (resigned 31 December 2020)
- Liza Carpena
- 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 2020 summarised below (further details can be found at the Company's website (www.alchemyresources.com.au)).

KARONIE PROJECT, WA (100% ALCHEMY RESOURCES LTD)

The Karonie Project, located 100km east of Kalgoorlie, is comprised of fifteen exploration licences (including four licence applications) covering over 1,142km² of highly prospective Archaean greenstones in the Eastern Goldfields in Western Australia. The Karonie Project is strategically located close to existing processing plants and hosts the immediate strike extensions of over 590,000oz of gold at the Silver Lake Resources Ltd.'s (ASX: SLR) Aldiss Mining Centre¹.

The Karonie Project also includes a 38km long section of the Claypan Shear Zone directly along strike from Breaker Resources NL's (ASX: BRB) Bombora gold deposit which contains a resource of 23.2Mt @ 1.3g/t Au for 1.0Moz². Alchemy is focusing its near-term exploration efforts towards the discovery of additional high-grade gold mineralisation associated with this structure, and other mineralised structures in the district.

During the half year period, Alchemy completed 713m of reverse circulation (RC) drilling at Karonie. The drilling targeted Karonie style gold targets immediately along strike to the north and south of the Aldiss Mining Centre.

Drilling at Karonie commenced in late October 2020, comprising a six-hole RC program (for 731m) at the Parmelia Gold Prospect. Parmelia is located immediately along strike to the south of the Aldiss Mining Centre. The program was designed to expand the known extent of gold mineralisation along strike of previous gold intercepts including 26m @ 1.6g/t Au from 83m and 20m @ 1.0g/t from 32m.

The program extended the zone of mineralisation ~200m to the south and ~120m to the north, increasing the current strike of gold mineralisation to ~500m. The drilling confirmed the presence of a thick, vertical to steeply east dipping, quartz veined silica-albite-pyrite altered dolerite unit hosting broad gold intercepts, including 12m @ 1.2g/t Au from 67m and 16m @ 0.9g/t Au from 87m in PARC010 located ~120m along strike to the south of previous RC drilling. Another broad intercept of 18m @

¹ Refer to Silver Lake Resources Ltd's (ASX: SLR) ASX announcement dated 24 August 2018.

² Refer to Breaker Resources NL's ASX announcement dated 2 September 2019.

DIRECTORS' REPORT

1.0g/t Au from 67m (including 4m @ 1.8g/t Au from 69m) was received from PARC011 located a further 80m south of PARC010. Along strike to the north the dolerite unit appears to thicken prior to being offset to the east and split into two separate mineralised zones. Hole PARC012 returned 3m @ 1.5g/t Au from 100m, however PARC013 appears to have been drilled over the top of the main body of gold mineralisation returning several shallow, low grade intercepts and will be re-tested in future drill programs. Gold mineralisation remains open down dip and along strike to the south, with further drilling being planned for these areas in order to identify high-grade gold shoots, typical of the Karonie-Aldiss region.

The recent RC drilling results confirm the extension of gold mineralisation into the Silver Lake mining lease to the north and confirm the relationship between the mineralised dolerite unit and the linear magnetic high that continues for several kilometres to the south. This magnetic feature is clearly visible in aeromagnetic imagery and remains the target for future drill programs in the area.

LACHLAN FOLD BELT/COBAR BASIN PROJECTS, NSW (51% ALCHEMY RESOURCES LTD - EARNING UP TO 80%)

Alchemy has recently earned a 51% interest in eight NSW licences that are subject to a farm-in and joint venture agreement with Heron Resources Ltd (ASX: HRR). Alchemy can earn an 80% interest by spending an additional \$0.1M before 30 May 2021. The licences cover 1,055km² of the highly prospective, under-explored, Cobar Basin and the Lachlan Fold Belt in NSW, and include the Overflow Gold-Base Metal Project, the Eurow Copper-Gold Project, the Girilambone Copper Project and the West Lynn and Woodsreef Nickel-Cobalt Projects, each containing multiple gold and/or base metal and/or nickel-cobalt targets, including drill-ready targets at Overflow, Yellow Mountain, and West Lynn.

Overflow Project

During the half-year, two deep diamond holes (OFDD003 & 004) totalling 698.6m were drilled in order to expand the known extent of gold and base metal mineralisation located down plunge to the south of previous high-grade gold intercepts including 7m @ 6.7g/t Au, 19g/t Ag, 1.9% Zn, 1.4% Pb, 0.3% Cu from 236m (TBB008); and 18m @ 2.1g/t Au, 111g/t Ag, 1.1% Zn from 245m; and 3m @ 7.3g/t Au, 43g/t Ag, 4.6% Zn, 4.2% Pb, 0.3% Cu from 286m (OFDD001).

The first hole (OFDD003) intercepted strong shearing, faulting, quartz-carbonate veining, and pyrite-sphalerite-galena mineralisation within altered sediments. Assays from this zone returned 15.8m @ 0.8g/t Au, 30g/t Ag, 1.4% Zn, 0.7% Pb from 266m, including 1m @ 2.7g/t Au, 22g/t Ag, 1.1% Zn, 0.7% Pb from 271m, and 1.1m @ 4.2g/t Au, 23g/t Ag, 2.5% Zn, 1.5% Pb from 280.7m. The second hole (OFDD004), located ~100m down plunge to the south of OFDD003, intercepted a wide zone of intense shearing, fracturing and fault breccia within altered sediments from 260 - 287m, however only minor quartz veining and sulphides were observed. Assays returned a best intercept of 2m @ 0.7g/t Au, 5g/t Ag, 0.9% Zn, 0.4% Pb from 284m. The drilling confirmed the extent and significance of the Overflow shear zone, whilst highlighting the complexity of structural controls on high grade shoots at the prospect. Detailed re-logging of both Alchemy and other historic drill core is planned in order to determine the structural controls and identify additional drill targets at depth and along strike to the north and south. A more detailed analysis of the down hole electromagnetic (EM) survey conducted within OFDD004 highlighted a weak conductive response from ~260m – 280m corresponding to the Overflow shear zone but has discounted a weak conductive response at the end of the hole as a possible

DIRECTORS' REPORT

early to mid-channel IP effect. The survey confirmed that the sphalerite at Overflow is not conductive and does not activate an EM response.

Yellow Mountain Project

During the half-year, all Yellow Mountain Project exploration data was provided to geological consultant Phil Jones in order to evaluate the potential for porphyry Cu-Au mineralisation within the Melrose hydrothermal magnetite anomaly, evaluate the potential for VMS mineralisation at Yellow Mountain Mine, and assist with drill targeting at both prospects. Both targets are located adjacent to the Gilmour Suture, a crustal scale structure associated with several gold deposits in the district, including the Cowal gold mine (current resources 8.6Moz) owned by Evolution Mining Limited (ASX: EVN). The geological consultant's report outlined that historic drilling was shallow, with depths averaging around 60m. A significant portion of historic drilling intersected transported material, prior to intersecting basement lithologies. Additionally, the lack of diamond drilling has hampered the understanding of various targets and their potential. The report also highlighted the lack of detailed geophysics over Yellow Mountain with only regional gravity and magnetics being historically interpreted. The report recommends a combination of deeper diamond drilling at Yellow Mountain, and broad spaced aircore drilling and detailed gravity over the Melrose anomaly. These recommendations will be integrated into Alchemy's NSW exploration strategy which is expected to commence in early 2021.

Melrose Project

During the half-year, all historic multi-element aircore geochemistry data from the Melrose magnetic anomaly was supplied to consulting geochemist Scott Halley. The data review identified significant near surface Pb enrichment and Cu-Zn depletion across the anomaly, however it was concluded that the historic analytical technique was not ideal and there was an insufficient number of elements in the analysis to undergo a proper geochemical review. Alchemy is subsequently attempting to locate the aircore sample pulps and/or bottom of hole chip trays in order to resubmit the samples for a full multi-element suite using a 4-acid digest ICP-MS analysis.

BRYAH BASIN PROJECT, WA

Alchemy's Bryah Basin Project comprises a 488km² ground package, located 130km northeast of Meekatharra, in the highly prospective Bryah Basin region of Western Australia. The Project is located just 30km along strike to the southwest of leading Australian base metal producer Sandfire Resources NL's (ASX: SFR) ("Sandfire") high-grade DeGrussa and Monty copper-gold deposits, and adjacent to Peak Hill where about 1Moz of gold has been mined from several deposits. Alchemy retains a 10% to 20% interest in the base metal and gold prospective Bryah Basin Project through farm-in and joint venture agreements with Sandfire and Billabong Gold Pty Ltd ("Billabong").

Alchemy also retains a 1% Net Smelter Royalty over 20,000oz of gold recovered from the Hermes Deposit (4.7Mt @ 2.0g/t for 303,000oz Au) once production reaches 70,000oz³.

³ Refer Alchemy Resource Limited's ASX announcement dated 24 February 2015.

Base Metals Exploration – Sandfire Resources NL 80%

Sandfire has earned an 80% interest in Alchemy's 100% owned tenements and a 70% interest in the tenements jointly owned by Alchemy and Jackson Minerals Pty Ltd (a wholly owned subsidiary of Fe Ltd (ASX: FEL)). Alchemy remains free-carried on further exploration to completion of a Pre-Feasibility Study, and then carried on an interest-free deferred basis for a further \$5M of Definitive Feasibility Study expenditure, with the deferred amount to be repaid from 50% of Alchemy's share of free cash flow earned through production.

Heritage Surveys and drill rig access clearing for the proposed aircore drilling within the Fiddler and Bulgullan licences were completed during the half-year. The drilling will target copper-gold mineralisation within the Narracoota volcanics and the Ravelstone Formation sediments to the south of the Horseshoe Lights copper mine at an 800m x 100m spacing.

115 aircore holes were completed during the half-year for a total of 8,843m. Drilling targeted copper-gold mineralisation within the Narracoota volcanics and the Ravelstone Formation sediments to the south of the Horseshoe Lights copper mine. The holes were part of an initial 800x100m pattern with a further 250 holes within the Bulgullan Bore prospect area likely to commence in 2021. No significant assay results were returned from the drilling completed during the period. A program of Moving Loop Electro Magnetics (MLEM) commenced at Bulgullan Bore during the half. This program will continue into the next reporting period.

Gold Exploration (20% Alchemy Resources Ltd)

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

The Billabong Gold JV includes the Hermes South inferred resource estimate of 2.2Mt @ 1.6g/t for 114,000oz Au (0.6g/t Au lower cut-off)⁴ (reported in accordance with the JORC Code (2012 Edition)). Hermes South is located approximately 20km south-southwest of the Hermes mining operation, and 65km southwest of the Plutonic gold mine. The mineralisation remains open at depth and has excellent potential for further drilling to expand the area of gold mineralisation and add to the known resource.

Alchemy is confident that the Hermes South deposit will become part of the production profile for the Plutonic Gold Operation with design and scheduling work for Hermes South continuing and mining expected to commence in the first half of 2021.

No field work was completed during the half as a result of COVID-19 related disruptions. Detailed work is ongoing to optimise several potential open pit sources, including the Hermes and Hermes South Pits, and to finalise resources and scheduling. It is expected that Heritage Surveys and Permitting will be undertaken on the Hermes South deposit in H1CY2021 as Superior Gold looks to include this deposit in its pipeline of near-term development activities.

⁴ Refer to Alchemy Resources Limited's ASX Announcement dated 8 May 2019.

DIRECTORS' REPORT

CORPORATE

The Company completed a placement of 66,666,667 ordinary fully paid shares ("Placement Shares") and 16,666,667 free attaching unlisted options ("Placement Options") in August 2020 raising \$1,000,000 (before costs). The Placement Shares were issued at \$0.015 per Share along with a 1 for 4 free attaching Placement Option exercisable at \$0.03 and expiring on 30 September 2022. The Company also issued 3,000,000 Broker Options on the same terms and conditions as the Placement Options.

A pro-rata non-renounceable 1 for 10 Rights Issue of 55,052,435 ordinary fully paid shares at a price of \$0.015 per share with a 1 for 4 free attaching option exercisable at \$0.03 and expiring on 30 September 2022 was successfully completed in September 2020, raising \$825,787 (before costs).

Mr Leigh Ryan resigned as Managing Director of the Company effective 31 December 2020. Mr Ryan joined the Company in January 2017 and played a key role in advancing Alchemy's projects in both WA and NSW.

In December 2020 the Company announced that it had appointed Mr James Wilson as Chief Executive Officer effective 1 January 2021. Mr Wilson is a geologist with more than 15 years hands on experience in exploration and operational roles, both in Australia and overseas, covering a wide range of resources including gold, copper, nickel and uranium.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not significantly impacted the entity up to 31 December 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Operating Results

The half-year report to 31 December 2020 shows an operating loss of \$266,468 compared with an operating loss of \$238,156 for the half-year ended 31 December 2019.

AUDITOR'S DECLARATION

A copy of the auditor's Independence Declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 9.

Signed in accordance with a resolution of the Directors.

A handwritten signature in black ink that reads 'Lindsay Dudfield'.

Lindsay Dudfield

Chairman

Perth, 4 March 2021

DIRECTORS' REPORT

Competent Person's Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr Lindsay Dudfield, who is the Non-Executive Chairman of Alchemy Resources Limited and holds shares and options in the Company. Mr Dudfield is a Member of the Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists and has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ('JORC Code 2012'). Mr Dudfield consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resources at the Hermes South Gold Deposit is based on information compiled by Mr Stephen Hyland, a geological consultant working for Superior Gold Inc. Mr Hyland is a Fellow of The Australasian Institute of Mining and Metallurgy, and has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ('JORC Code 2012'). Mr Hyland consents to the inclusion in this report of the matters based on his information in the form and context in which it appears."

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

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

As lead auditor for the review of Alchemy Resources Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

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

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



Glyn O'Brien

Director

BDO Audit (WA) Pty Ltd

Perth, 4 March 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Notes	CONSOLIDATED	
		31 Dec 2020 \$	31 Dec 2019 \$
Other income	4	16,094	5,233
Corporate expense		(99,422)	(89,648)
Exploration expenditure written off		(5,835)	-
Employee expense		(124,164)	(95,806)
Administration expense		(53,141)	(57,935)
Loss from continuing operations		(266,468)	(238,156)
Income tax benefit		-	-
Loss for the half-year attributable to the owners of Alchemy Resources Limited		(266,468)	(238,156)
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		(266,468)	(238,156)
		Cents per share	Cents per share
Loss per share attributable to the owners of Alchemy Resources Limited			
Basic and diluted loss per share		(0.04)	(0.05)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Notes	CONSOLIDATED	
		31 Dec 2020 \$	30 Jun 2020 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5	1,689,472	873,397
Trade and other receivables		43,789	54,637
Other current assets		14,113	12,088
Total Current Assets		1,747,374	940,122
Non-Current Assets			
Exploration and evaluation	6	6,248,588	5,687,452
Property, plant and equipment		2,755	3,521
Total Non-Current Assets		6,251,343	5,690,973
TOTAL ASSETS		7,998,717	6,631,095
LIABILITIES			
Current Liabilities			
Trade and other payables		86,090	205,082
Provisions		50,901	26,205
Total Current Liabilities		136,991	231,287
TOTAL LIABILITIES		136,991	231,287
NET ASSETS		7,861,726	6,399,808
EQUITY			
Contributed equity	8	35,394,645	33,690,859
Reserves	8	196,200	171,600
Accumulated losses		(27,729,119)	(27,462,651)
TOTAL EQUITY		7,861,726	6,399,808

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE EQUITY			
	Contributed Equity \$	Reserves \$	Accumulated Losses \$	Total Equity \$
At 1 July 2019	32,404,105	134,452	(27,071,754)	5,466,803
Loss for the half-year	-	-	(238,156)	(238,156)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the half-year (net of tax)	-	-	(238,156)	(238,156)
Transactions with owners in their capacity as owners				
Issue of shares	1,321,258	-	-	1,321,258
Share issue costs	(34,504)	-	-	(34,504)
Fair value of options issued	-	9,948	-	9,948
At 31 December 2019	33,690,859	144,400	(27,309,910)	6,525,349
At 1 July 2020	33,690,859	171,600	(27,462,651)	6,399,808
Loss for the half-year	-	-	(266,468)	(266,468)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the half-year (net of tax)	-	-	(266,468)	(266,468)
Transactions with owners in their capacity as owners				
Issue of shares	1,825,787	-	-	1,825,787
Share issue costs	(97,401)	-	-	(97,401)
Issue of broker options	(24,600)	24,600	-	-
At 31 December 2020	35,394,645	196,200	(27,729,119)	7,861,726

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

		CONSOLIDATED	
		31 Dec 2020	31 Dec 2019
		\$	\$
	Notes		
CASH FLOWS FROM OPERATING ACTIVITIES			
		(263,614)	(280,740)
		36,062	-
		3,120	1,619
CASH FLOWS USED IN OPERATING ACTIVITIES		(224,432)	(279,121)
CASH FLOWS FROM INVESTING ACTIVITIES			
		-	(2,307)
		(687,879)	(354,783)
CASH FLOWS USED IN INVESTING ACTIVITIES		(687,879)	(357,090)
CASH FLOWS FROM FINANCING ACTIVITIES			
	8	1,825,787	1,321,258
		(97,401)	(34,504)
NET CASH FLOWS FROM FINANCING ACTIVITIES		1,728,386	1,286,754
		816,075	650,543
		873,397	533,886
CASH AT END OF THE PERIOD		1,689,472	1,184,429
	5		

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 1: CORPORATE INFORMATION

This general purpose interim financial report of Alchemy Resources Limited (“the Company” or “the Group”) for the half-year ended 31 December 2020 was authorised for issue in accordance with a resolution of the Directors on 4 March 2021.

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

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

This general purpose interim financial report for the half-year reporting period ended 31 December 2020 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by Alchemy Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the ASX Listing Rules.

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

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

b) New accounting standards and interpretations

In the half-year ended 31 December 2020, the Company 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 2020.

The adoption of the new and revised Standards and Interpretations have not had a material impact on this half-year financial report.

c) Going concern

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

For the six-month period ended 31 December 2020 the Group made a loss of \$266,468 and had cash outflows from operating activities of \$224,432. As at 31 December 2020, the Group had a cash balance of \$1,689,472 (30 June 2020 \$873,397).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

The directors have prepared a cash flow forecast which indicates that the Group will have sufficient cash flows to meet all commitments and working capital requirements for the 12-month period from the date of signing this financial report.

d) Critical accounting estimates and judgements

The preparation of financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing the interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those that applied to the annual financial statements for the year ended 30 June 2020.

NOTE 3: SEGMENT INFORMATION

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

NOTE 4: OTHER INCOME

	CONSOLIDATED	
	31 Dec 2020	31 Dec 2019
	\$	\$
Interest	4,190	5,233
Other income	11,904	-
Total other income	16,094	5,233

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 5: CASH AND CASH EQUIVALENTS

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

	CONSOLIDATED	
	31 Dec 2020 \$	30 Jun 2020 \$
Cash at bank and on hand	272,972	256,897
Short-term deposits	1,416,500	616,500
	1,689,472	873,397

NOTE 6: EXPLORATION AND EVALUATION

	CONSOLIDATED	
	31 Dec 2020 \$	30 Jun 2020 \$
Exploration and evaluation assets	6,248,588	5,687,452

	Half-Year Ended 31 Dec 2020 \$	Year Ended 30 Jun 2020 \$
	Consolidated Group	
Opening balance	5,687,452	5,105,234
Exploration expenditure incurred during the period	566,971	594,451
Exploration expenditure written off	(5,835)	(12,233)
Closing balance	6,248,588	5,687,452

During the half-year ended 31 December 2020, \$5,835 (half-year ended 31 December 2019: \$Nil) was written down against the consolidated Group's exploration and evaluation assets.

NOTE 7: COMMITMENTS AND CONTINGENCIES

As at the reporting date, there has been no material change in the commitments and contingencies since 30 June 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 8: ISSUED CAPITAL

	CONSOLIDATED	
	31 Dec 2020 \$	30 Jun 2020 \$
Share capital		
Ordinary shares	35,394,645	33,690,859

a) Movements in ordinary shares on issue

	HALF-YEAR ENDED 31 DEC 2020		YEAR ENDED 30 JUN 2020	
	Number	\$	Number	\$
Opening balance	550,524,351	33,690,859	440,419,481	32,404,105
Non-renounceable rights issue ⁽¹⁾	-	-	110,104,870	1,321,258
Placement ⁽²⁾	66,666,667	1,000,000	-	-
Non-renounceable rights issue ⁽³⁾	55,052,435	825,787	-	-
Share issue costs	-	(122,001)	-	(34,504)
Closing balance	672,243,453	35,394,645	550,524,351	33,690,859

(1) In September 2019 the Company completed the issue of 110,104,870 new Shares pursuant to a pro-rata non-renounceable entitlement and shortfall offer of 1 new Share for every 4 existing Shares held at an issue price of \$0.012 per share.

(2) In August 2020 the Company completed a Placement with the issue of 66,666,667 new Shares at an issue price of \$0.015 per share; the issue of 16,666,667 free attaching options (on the basis of one option for every four shares subscribed) exercisable at \$0.03 and expiring on 30 September 2022 (Placement Options) and the issue of 3,000,000 Broker Options on the same terms and conditions as the Placement Options.

(3) In September 2020 the Company completed the issue of 55,052,435 new Shares pursuant to a pro-rata non-renounceable entitlement and shortfall offer of 1 new Share for every 10 existing Shares held at an issue price of \$0.015 per share together with the issue of 13,763,109 free attaching options (on the basis of one option for every four shares subscribed) exercisable at \$0.03 and expiring on 30 September 2022.

b) Movements in options on issue

	HALF-YEAR ENDED 31 DEC 2020		YEAR ENDED 30 JUN 2020	
	Number	\$	Number	\$
Opening balance	27,000,000	171,600	22,000,000	134,452
Options issued ⁽¹⁾	33,429,776	24,600	5,000,00	37,148
Closing balance	60,429,776	196,200	27,000,000	171,600

(1) Options issued pursuant to the Placement and pro-rata non-renounceable entitlement and shortfall offer (refer Note 8 a).

NOTE 9: FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 10: RELATED PARTY TRANSACTIONS

The wife of Mr Ryan, the former Managing Director, provided geological drafting and database management services to the Company to the value of \$9,075 (year ended 30 June 2020: \$7,485). The services were provided on normal commercial terms and conditions. There were no other related party transactions during the half-year.

NOTE 11: EVENTS SUBSEQUENT TO THE REPORTING DATE

In December 2020 the Company announced that it had appointed Mr James Wilson as Chief Executive Officer effective 1 January 2021.

Mr Bernard Crawford resigned as Company Secretary and Chief Financial Officer of the Company effective 3 March 2021. Ms Jessamyn Lyons was appointed as Company Secretary effective 3 March 2021.

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

DIRECTORS' DECLARATION

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

In the opinion of the Directors:

- a) the financial statements and notes of the Consolidated Entity are in accordance with the *Corporations Act 2001*, including:
 - i) giving a true and fair view of the financial position as at 31 December 2020 and the performance for the half-year ended on that date of the Consolidated Entity; and
 - ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- b) there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

On behalf of the Board

A handwritten signature in black ink that reads 'Lindsay Dudfield' followed by a period. The signature is written in a cursive, flowing style.

Lindsay Dudfield

Chairman

Perth, Western Australia

4 March 2021

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Alchemy Resources Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Alchemy Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, 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, a summary of statement of accounting policies and other explanatory information, and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.



Responsibility of the directors for the 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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.

BDO Audit (WA) Pty Ltd

BDO


Glyn O'Brien

Director

Perth, 4 March 2021