



ABN 17 124 444 122

ANNUAL REPORT

For the year ended 30 June 2014

Corporate Directory

Directors

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

Company Secretary

Bernard Crawford

Registered & Principal Office

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Auditors

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Bankers

National Australia Bank
226 Main Street
Osborne Park WA 6017

Share Registry

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Securities 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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Chairman's Letter

Dear Shareholders

On behalf of the Board of Directors, I am pleased to present the Annual Report of your company for 2013/2014.

OVERVIEW

The year under review has been a period of consolidation for Alchemy and, with market interest in exploration companies being virtually non-existent, we have had to continue to focus on managing our funds and assets to ensure that any expenditure was focused on key areas. The company was able to raise \$700,000 of funds through a rights issue in early 2014.

In order to reduce the high cost of base metal exploration, a farm-out of the base metal prospective areas in the Bryah Basin Project was completed with leading base metal and gold producer Independence Group NL. This allows Alchemy to focus on exploring for high-value gold assets on the remaining Bryah Basin Project area while retaining a strong equity position if a high-value base metal discovery is made.

EXPLORATION FOCUS AND ACTIVITIES

Base Metals

Since commencement of funding base metal exploration in early 2014, Independence has started on-ground exploration and is focusing its broad base metal exploration and discovery experience to target the extensive prospective landholding on the farm-in tenements. An extensive electromagnetic survey and initial Aircore drilling program are testing a number of geochemical and geophysical targets within the farm-in area.

Gold

Alchemy continued its near-term exploration on the remaining landholding of the Bryah Basin Project, which includes the 100% retained Hermes and Wilgeena gold deposits (JORC Resources total 4.7Mt at 2.0 g/t Au) and the Seaborg and Central Bore gold prospects, as well as significant underexplored areas prospective for gold mineralisation.

The Company is targeting high-grade gold to supplement gold mineralisation already identified at Hermes and Wilgeena, with the aim of establishing a high-grade gold operation. There have been encouraging high-grade drilling results at Seaborg and shallow geochemical drilling has established a number of drill-ready target zones along the Seaborg-Central Bore and Hermes-Winchester mineralised corridors. Please read the Review of Activities section of the Annual Report for further details.

The strategies implemented to conserve cash through a reduction of tenement holding costs, ongoing attention to detailed budgeting and reduced overhead expenditure has enabled the company to end the year with funds to carry out on-going low-cost exploration and to seek new opportunities to expand the renewed focus on gold.

Chairman's Letter

Alchemy's immediate future will again depend largely on the results of our activities and the capacity to raise further capital from the market and with the support of our shareholders, as and when this is deemed appropriate.

The Board sincerely appreciates the commitment and focused efforts of the Alchemy team during the year.

We also thank the shareholders for their ongoing support during a very challenging year for all shareholders generally.

A handwritten signature in blue ink, appearing to read 'Oscar Aamodt', with a stylized flourish at the end.

Oscar Aamodt
Chairman

Key Investment Highlights

- Focussed strategy towards unlocking gold and base metal potential across uniquely positioned Bryah Basin Project
- Leading Australian base metal and gold producer Independence Group NL (ASX: **IGO**) entered in an Agreement to explore and earn an interest in the base metal prospective part of the Project
- Independence commenced on-ground exploration including electromagnetic surveys over and initial drill testing of base metal targets along +45km long prospective corridor - multiple geophysical and geochemical copper-gold targets remain untested
- Alchemy focusing on discovery of additional high-grade gold resources - pipeline of gold targets identified through advances in understanding of key controls on mineralisation
- JORC Resource totals 4.7Mt at 2.0g/t gold (equivalent to 300,060 oz gold) at Hermes and Wilgeena gold deposits close to existing mines and infrastructure - potential for growth through depth and strike extent
- Encouraging high-grade gold drilling results at Seaborg and Central Bore gold prospects
- Shallow geochemical drilling along Seaborg - Central Bore and Hermes - Winchester mineralised corridors returns multiple areas with gold anomalism
- Experienced and proven Board and management team in place to enable judicious use of funds towards future exploration success

Review of Activities

Alchemy Resources Limited's vision is to be a successful minerals explorer and subsequently a profitable producer of metals with a portfolio of quality assets with opportunity for further exploration growth.

Alchemy's strategy for the next twelve months is to:

- create value for shareholders through focused, innovative exploration for gold and base metal deposits within its flagship Bryah Basin Project
- unlock the gold potential and grow resources of the Project region through systematic exploration and targeted drilling campaigns, and
- expand the Company's position through strategic acquisition and exploration of quality advanced project opportunities.

BRYAH BASIN PROJECT

(100% or 80% Alchemy Resources Ltd)

Alchemy's Bryah Basin Project comprises a 630km² ground package, located 130km NE of Meekatharra, Western Australia. The Project is uniquely located along strike and west of Sandfire Resources' DeGrussa copper-gold mine and east of Resource and Investment NL's Forrest copper-gold project, and adjacent to Peak Hill where about 1Moz of gold has been mined from several deposits (*Figure 1*). Alchemy holds 100% interest in the landholding with the exception of several tenements held in joint-venture (Alchemy 80%) with Fe Ltd (ASX: FEL).

In early 2014, leading Australian base metal and gold producer Independence Group NL ("**Independence**") entered in an Agreement to explore and earn an interest in the 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 the Project (*Figure 1*) and allows base metal exploration to be accelerated. Should a high-value base metal discovery be made, Alchemy retains the right to participate as a 20% partner, an equity position that should deliver significant value to shareholders.

Alchemy has focused its near-term exploration for high value gold assets on the remaining gold prospective landholding of the Bryah Basin Project (*Figure 1*), including its 100% interest in existing gold resources and significant exploration upside. The Company is targeting high-grade gold to supplement gold mineralisation already identified at Hermes and Wilgeena, with the aim of establishing a high-grade gold operation.

The Company continues to employ innovative geochemical and geophysical methods in conjunction with drill testing of priority targets to unlock the gold potential across the under-explored Bryah Basin Project. Over the past 12 months, our gold exploration focus has continued to advance through:

- comprehensive geological review resulting in delineation of multiple geochemical and geophysical targets;
- systematic shallow geochemical drill testing of interpreted gold mineralised corridors; and
- targeted Rotary Air Blast (RAB), Aircore and Reverse Circulation (RC) drill testing of priority geophysical and geochemical anomalies.

Review of Activities

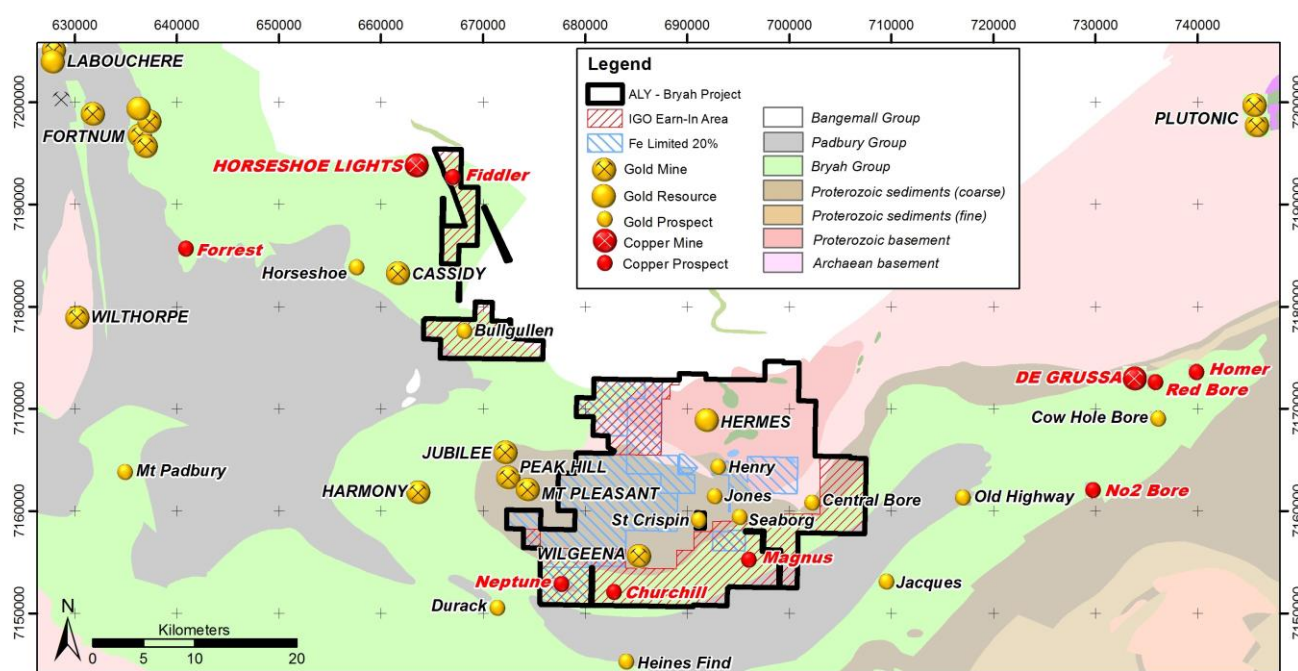


Figure 1. Bryah Basin Project – Alchemy tenements, Independence Joint Venture Area and gold & base metal prospects.

Farm-in Joint Venture with Independence Group

Independence is farming into the base metal prospective parts of the Bryah Basin Project. Under the terms of the Agreement, Independence may earn between 70% and 80% in the tenements by spending \$6.5M on exploration, including a minimum commitment of \$0.5M in the first 12 months before it may withdraw.

The benefits of the Agreement include joining forces with one of Australia's leading base metal and gold mining companies to rapidly advance the exploration for base metals in the Bryah Basin and in the event of a high value base metal discovery Alchemy has the opportunity to enter a production joint venture with an experienced developer and operator in Independence.

Independence has extensive VMS exploration and discovery experience through its Jaguar and Stockman projects and is applying the exploration techniques developed at these projects, together with its in-house geophysical expertise, to comprehensively evaluate the prospective Narracoota stratigraphy on the farm-in tenements in the Bryah Basin Project.

Since commencement of funding base metal exploration in early 2014, Independence has completed a comprehensive review to prioritise base metal target areas and commenced the first phase of ground-based exploration activities at the Bryah Basin Project.

An extensive moving-loop electromagnetic (MLEM) survey covering the Neptune and Churchill prospect areas commenced in July 2014 where previous limited exploration has returned broad base metal anomalism and targets defined from single lines of MLEM.

An initial Aircore drilling program testing a number of geochemical and geophysical targets commenced in August 2014. The program covers the Neptune, Magnus and Moby areas and some regional reconnaissance lines to better define the prospective horizons.

Review of Activities

In the Neptune area, the drilling is testing zones of base metal geochemical anomalism over the Narracoota sequence and its contact position with the Karalundi sedimentary sequence as well as EM conductors defined from limited ground EM surveys. In the Magnus and Moby areas, regional lines of drilling are testing base metal and/or gold anomalies and structural targets along the largely untested prospective Narracoota-Karalundi stratigraphic position.

Interpretation of the results from the EM surveys and the Aircore drilling will be integrated with existing data sets by Independence to identify potential priority exploration targets along the prospective Narracoota volcanic sequence.

Further phases of drilling and/or follow-up EM surveys will be undertaken on identified targets in the following Quarters.

Renewed Focus on Gold in the Bryah Basin

Reappraisal of the Bryah Basin Project has established a pipeline of advanced to grass roots gold targets requiring further systematic exploration and targeted drilling campaigns to unlock the broader gold potential of the Project region.

The Bryah Basin Project currently has Indicated Resources of 300,000 ounces of gold (4.7Mt @ 2.0g/t gold) at Hermes and Wilgeena (*Table 1*), and the immediate area shows the potential of the district to host large gold deposits. The mineralisation at Hermes and Wilgeena is open at depth and further drilling has excellent potential to add to the known resource and expand the area of gold mineralisation outside of the Indicated Resource.

Table 1. Indicated Mineral Resource Estimate (0.5g/t cut-off) – October 2012

Deposit	Indicated		
	Tonnes (Mt)	Au grade (g/t)	Au (oz)
Hermes	3.34	1.98	212,687
Wilgeena	1.36	1.99	87,373
Total	4.71	1.99	300,060

Gold mineralisation at Hermes and Wilgeena is localised within the multiply-deformed Peak Hill Schist and probably represents an early shear-hosted mineralisation style, typically best developed proximal to major lithological contacts. The mineralised shear-zones are themselves strongly deformed by subsequent folding and faulting and can be 'mapped' from field mapping and interpretation of geophysical data as curved or folded mineralised corridors (*Figure 2*). The deformation has likely led to a strong 'thickening'/plunge control of high-grade mineralisation, resulting in excellent potential for 'blind' mineralisation.

With the exception of Central Bore, all of the areas with known gold mineralisation (e.g., Hermes, Wilgeena) were discovered in 'windows' of outcropping geology using surface geochemistry. Away from these areas, the effectiveness of traditional surface soil surveys has been hampered by widespread, typically thin, transported cover. The potential gold mineralisation corridors which extend under the transported cover have been largely untested for gold mineralisation and represent priority targets for systematic exploration and drill testing.

As a result of the advances in understanding of key controls on high-grade mineralisation, multiple, gold targets have been delineated across the Bryah Basin Project (*Figure 2*), which in addition to the previously identified priority targets at Seaborg and Central Bore, are the primary focus of on-going exploration.

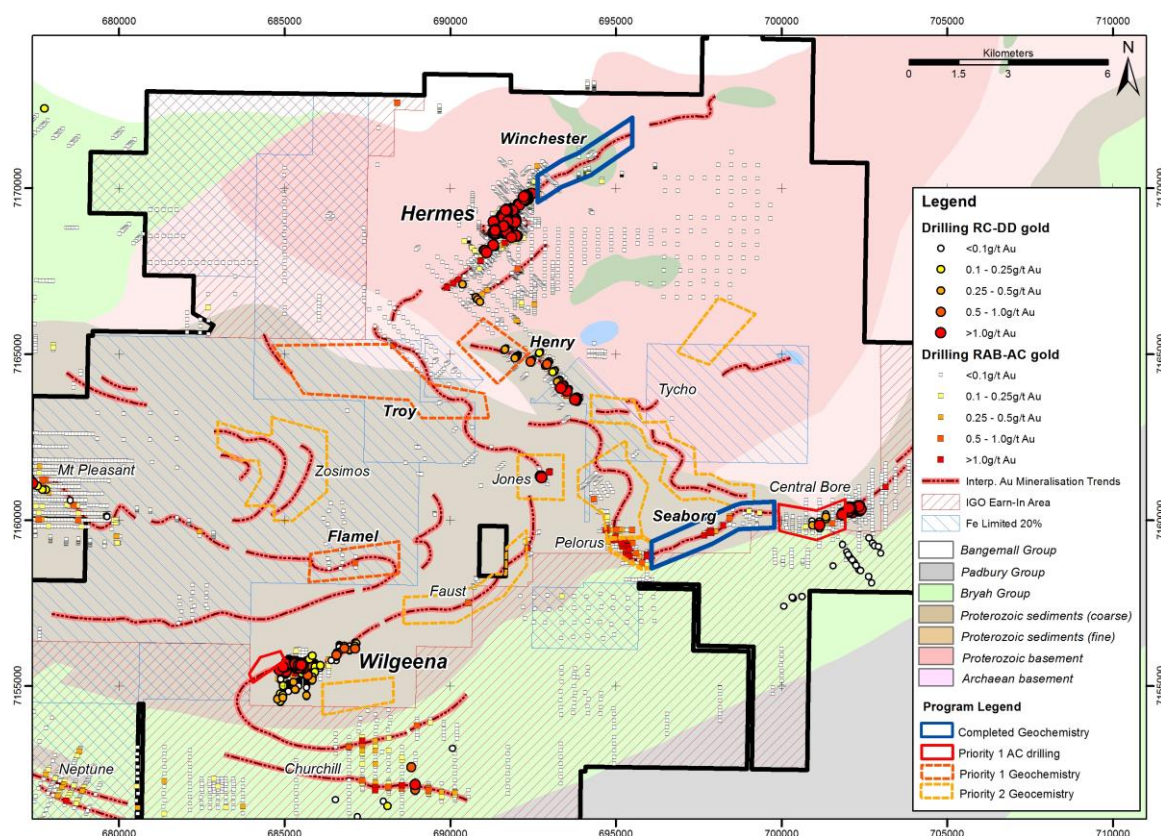


Figure 2. Bryah Basin Project – gold target areas outlined over gold mineralisation corridors.

Seaborg and Central Bore Gold Prospects

The Seaborg and Central Bore gold prospects, located about 15 kilometres to the south-east of the Hermes gold deposit (Figure 2), are two high priority targets that have returned high-grade gold results.

An initial RC drilling program completed in March 2014 returned high-grade gold results at the Seaborg Prospect, including best intersections (applying a 1.0g/t gold lower cut-off) of:

CBRC062	6m @ 4.17g/t from 9m
CBRC063	10m @ 1.49g/t from 38m, and 2m @ 6.23g/t from 65m, including 1m @ 11.05g/t from 65m
CBRC064	2m @ 14.46g/t from 27m, including 1m @ 27.2g/t from 27m

The drilling followed-up high-grade gold assay results (51m @ 3.71g/t from surface in CBRB001 and 23m @ 3.16g/t from 16m in CBRB002) returned from initial RAB drilling in late 2013 that confirmed and extended a high-grade gold intersection (27m @ 5.43g/t from 15m) in a historic drill hole.

Gold mineralisation at Seaborg is in high grade (>5g/t gold) zones within a broad (20-50 metre thick) lower grade gold mineralised envelope (Figure 3), associated with a series of northeast-trending veins and structures in meta-sedimentary rocks. The gold mineralisation occurs from surface, and to date has been intersected by drilling in the 'near-surface' environment, to a vertical depth of approximately 75m, within the oxidised zone.

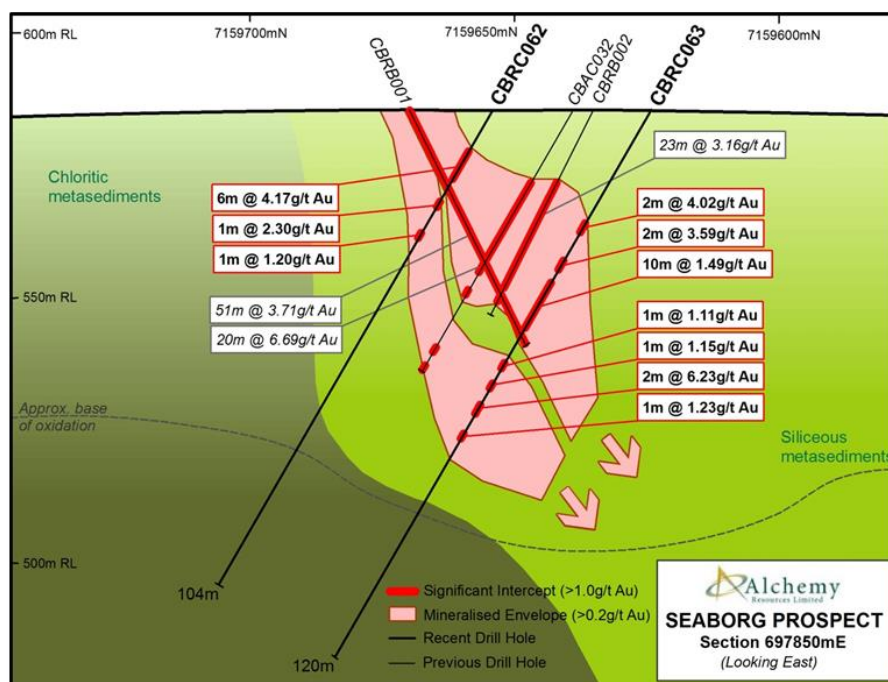


Figure 3. Bryah Basin Project – Seaborg gold prospect – Section 697850mE showing drill hole intercepts (>1.0g/t gold) within the mineralised envelope.

Gold mineralisation at the Central Bore gold prospect (Figure 1) was initially intersected over a strike length of 300 metres by RC and diamond drilling in 2010, with targeted follow-up and extensional drilling in 2012 and 2013. High-grade (>10g/t gold) mineralisation is related to quartz veining within broader (40-60 metre thick) zones of lower grade (<1g/t gold) mineralisation, associated with a series of northeast-trending veins and structures in granite.

The recent and previous drilling at Central Bore indicates that the high-grade intervals appear to have some continuity within the envelope of low grade gold mineralisation. Based on results to date, the high-grade gold mineralisation may form parallel shoots that plunge to the south-east.

Based on results to date, gold mineralisation at the Seaborg and Central Bore gold prospects remain open at depth and potentially along strike. Further targeted RC and diamond drilling has the potential to expand the areas of gold mineralisation outside of the known mineralised areas and is planned.

Seaborg – Central Bore Mineralised Corridor

Exploration to date indicates gold mineralisation at Seaborg and Central Bore may lie within an east-northeast-trending gold mineralised zone (Figure 2). Additional structural targets have been delineated from interpretation of the detailed ground magnetic surveys completed across the Seaborg – Central Bore corridor (Figure 4). Many of these targets have coincident zones of demagnetisation and represent priority targets for shallow geochemical and/or aircore drill testing.

A shallow geochemical drilling program targeting gold mineralisation along the central part of the Seaborg – Central Bore corridor was completed in June 2014. The results of the program outlined multiple, coherent +10ppb gold anomalies in the Seaborg area (Figure 4), with a peak result of 73ppb gold, against background regolith 'noise' of <1.5ppb Au.

At Seaborg, in conjunction with interpretation of magnetic images, the geochemical drilling shows a series of discrete parallel mineralised structures (at >15ppb gold) that may have been offset by NW-SE cross-

Review of Activities

faults. These mineralised structures are coincident with previously identified targets (Targets 1 & 2 particularly), with the Seaborg mineralisation representing only one of three mineralised structures.

Based on results to date, the gold anomalous structures in the Seaborg area remain open along strike to the east as well as potentially to the north (*Figure 2*). Further shallow geochemical drilling to assist delineation of robust drilling targets along concealed sections of the corridor is planned.

Exploration to date on the Central Bore area (*Figure 2*) has shown that the mineralised corridor is also open to the east and west and much of the historic drilling may not have tested below the transported and/or leached regolith profiles. In this area the thickness of the transported cover is variable up to 25m, resulting in the previous shallow drilling (less than 20m depth) being largely ineffective. Additional targeted Aircore drilling along the mineralised corridor is planned to test the major granite-sedimentary contact zone striking approximately east-west.

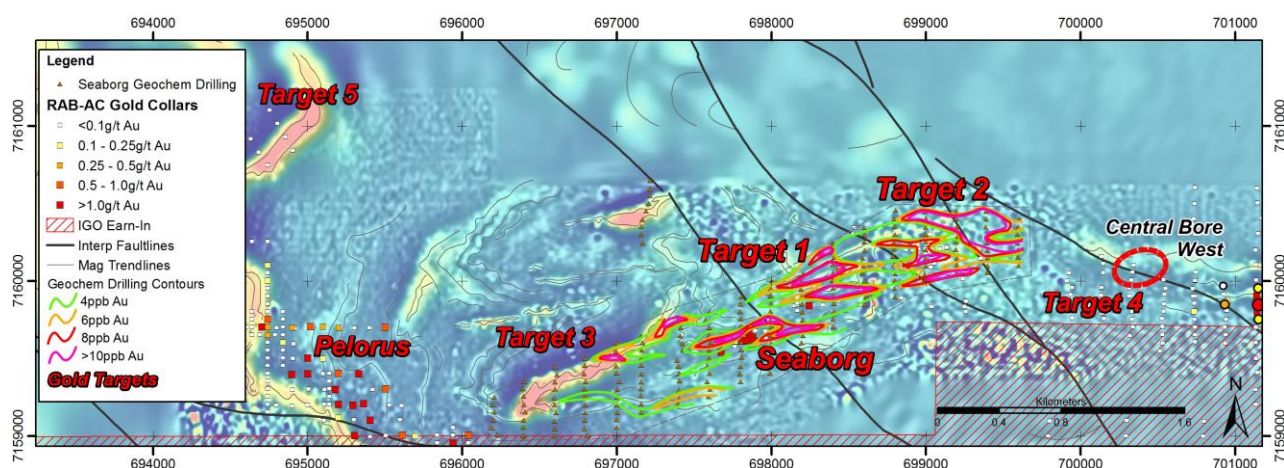


Figure 4. Seaborg – Central Bore mineralisation corridor – Shallow drilling and Aircore targets over magnetic image.

Hermes – Winchester Mineralised Corridor

Near-resource gold targets have been identified along the interpreted Hermes – Winchester mineralised corridor (*Figure 2*). At Winchester a shallow geochemical drilling program successfully identified the continuation of geochemically anomalous host-structures continuing under blanket cover to the northeast of the Hermes deposits. The program returned a weak but cohesive gold anomaly passing the length of the drilling area, peaking at 10.1ppb gold.

The results of the program are consistent with geological mapping indicating that the interpreted structural corridor is overlain by transported cover, with the shallow drilling showing up to 8m of transported material in places.

Alchemy is planning Aircore drilling over the gold anomalies at the Winchester prospect to test for gold and pathfinder elements in the bedrock below the currently defined footprint, with anomalies identified in the Aircore program to be followed up with RC drilling.

Future Work Programs

A pipeline of gold targets requiring further systematic exploration and targeted drilling has been identified in Alchemy's retained gold prospective parts of the Bryah Basin Project.

The results of the shallow geochemical drilling programs along the Seaborg – Central Bore and Hermes – Winchester corridors indicate that it is an effective technique to delineate robust drill targets in areas with

Review of Activities

thin transported cover. Alchemy plans to undertake additional geochemical drilling programs along interpreted mineralised structures throughout the Project (*Figure 4*).

The interpreted trend of the Seaborg – Central Bore mineralised corridor effectively links the Pelorus mineralisation in the west across to the Central Bore area straddling the known Seaborg gold mineralisation (*Figure 4*). Towards the Central Bore West area the transported cover becomes deeper, with historic shallow (<12m) drilling largely ineffective. This area contains two targets identified from interpretation of magnetic images and requires Aircore drilling to test the targets effectively.

A regional, curved structure linking the Hermes and Central Bore 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 (*Figure 2*). The majority of the historic drilling did not test the structural corridor, with areas to the northwest (towards the south-west end of the Hermes mineralised trend) increasingly affected by transported cover. Further targeted multi-element surface geochemistry and shallow drilling is being planned to test these target zones.

Additional structural corridors linking the Wilgeena deposit with the Seaborg mineralised trend in the east and the Mt Pleasant – Peak Hill deposits in the west are also apparent from geophysical images. Limited previous exploration has been undertaken along these interpreted corridors and targeted surface geochemistry and shallow geochemical drilling is planned.

Competent Person's Statement

The information in this report that relates to Exploration Results is based on information compiled by Dr Kevin Cassidy, who is a Fellow of the Australian Institute of Geoscientists and is an 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 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.

Alchemy confirms that 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.

Directors' Report

The directors present their report on the consolidated entity consisting of Alchemy Resources Limited and the entities it controlled at the end of, or during, the year ended 30 June 2014. Throughout the report, the consolidated entity is referred to as the Group.

Directors

The following persons were directors of Alchemy Resources Limited during the whole of the financial year and up to the date of this report unless noted otherwise:

Oscar Aamodt
Sofia Bianchi
Lindsay Dudfield
Anthony Ho

Principal activities

The principal activity of the Group during the financial year was exploration for copper and gold. During the year there was no change in the nature of this activity.

Financial results

The consolidated loss of the Group after providing for income tax for the year ended 30 June 2014 was \$1,673,690 (2013: \$2,132,950).

Dividends

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

Significant changes in the state of affairs

During the year contributed equity increased by \$702,436 (from \$27,932,586 to \$28,635,022) as a result of a non-renounceable offer, completed in February 2014, to eligible shareholders of 1 new share for every 2 existing shares held at an issue price of \$0.025 per share. Details of the changes in equity are disclosed in note 15 to the financial statements.

There were no other significant changes in the state of affairs of the Group during the financial year.

Operations and financial review

A detailed review of the operations of the Group and its prospects is set out in the "Review of Activities" section in this Annual Report.

Exploration and evaluation costs totalling \$1,047,926 (2013: \$1,571,675) were expensed during the year in accordance with the Group's accounting policy. The expensed exploration and evaluation costs primarily comprise previously capitalised costs in relation to a number of tenements in the Group's Murchison Project area.

Directors' Report

The Group has continued to reduce its corporate, employee and administration expenses to \$696,277 (2013: \$1,032,214) mainly due to a reduction in staff through natural attrition, a reduction in non-executive directors' fees and the re-negotiation of contract services.

As at 30 June 2014 the Group had net assets of \$18,380,744 (2013: \$19,351,998) including cash and cash equivalents of \$553,173 (2013: \$1,641,578).

The Directors note that the auditors of the Group have included an emphasis of matter in their audit opinion with regard to the going concern assumption. Refer also to Note 2(b).

Matters subsequent to the end of the financial year

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations, the results of those operations, or the state of affairs of the Group in future financial years.

Likely developments and expected results of operations

The Directors are not aware of any developments that might have a significant effect on the operations of the Group in subsequent financial years not already disclosed in this report.

Environmental regulation

The Group is subject to significant environmental regulation in respect of its exploration activities. Tenements in Western Australia are granted subject to adherence to environmental conditions with strict controls on clearing, including a prohibition on the use of mechanised equipment or development without the approval of the relevant government agencies, and with rehabilitation required on completion of exploration activities. These regulations are controlled by the Department of Mines and Petroleum.

Alchemy Resources Limited conducts its exploration activities in an environmentally sensitive manner and the Group is not aware of any breach of statutory conditions or obligations.

Greenhouse gas and energy data reporting requirements

The Directors have considered compliance with both the *Energy Efficiency Opportunity Act 2006* and the -
**National Greenhouse and Energy Reporting Act 2007* which requires entities to report annual greenhouse gas emissions and energy use. The Directors have assessed that there are no current reporting requirements for the year ended 30 June 2014, however reporting requirements may change in the future.

Directors' Report

Information on directors

O Aamodt Chair – non-executive (appointed 25 November, 2011)		
Experience and expertise	<p>Mr Aamodt is a member of the Governance Institute of Australia and has more than 30 years' experience in the administration and management of mining and exploration companies in Australia and overseas.</p> <p>Mr Aamodt was a Director of the highly successful ASX-listed mining house Independence Group from August 2005 until his resignation in July 2011. He had been Chairman since March 2009 until his resignation.</p> <p>Mr Aamodt also served as a Non-Executive Director and Chairman of Energy Metals from July 2005 until the completion of a friendly proportional cash takeover by China Guangdong Nuclear Power Corporation in December 2009.</p>	
Other current directorships	None	
Former directorships in last 3 years	Independence Group NL (appointed 3 August 2005, resigned 29 July 2011)	
Special responsibilities	<p>Chair of the Board</p> <p>Chair of the Remuneration Committee</p> <p>Chair of the Nomination Committee</p> <p>Member of the Audit Committee</p>	
Interests in shares and options	Ordinary Shares – Alchemy Resources Limited	4,420,201

S Bianchi BA, MBA Non-executive director (appointed 1 March, 2012)		
Experience and expertise	<p>Ms Bianchi is Portfolio Manager at BlueCrest Capital Management. Ms Bianchi served as Deputy Managing Director of the Emerging Africa Infrastructure Fund with Standard Bank London from 2002 to 2007. She has previously held a senior position with the European Bank for Reconstruction & Development.</p> <p>Ms Bianchi has extensive experience in banking, fund management and mergers & acquisitions. She holds a BA in Economics from George Washington University, Washington, DC and an MBA from Wharton School, University of Pennsylvania.</p>	
Other current directorships	None	
Former directorships in last 3 years	None	
Special responsibilities	None	
Interests in shares and options	Ordinary Shares – Alchemy Resources Limited	Nil

Directors' Report

L Dudfield BSc. Non-executive director (appointed 25 November, 2011)		
Experience and expertise	Mr Dudfield is a qualified geologist with over 32 years' experience exploring for gold and base metals in Australia and abroad, including close involvement with a number of greenfields discoveries. He was a founding director of Jindalee Resources, Alchemy's second largest shareholder, and is currently the Managing Director of Jindalee. Mr Dudfield is a member of the Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists, the Geological Society of Australia and the Society of Economic Geologists.	
Other current directorships	Managing director of Jindalee Resources Limited (director since 1996) Non-executive director of Energy Metals Limited (director since 2004)	
Former directorships in last 3 years	Extract Resources Limited (appointed 16 March 2012, resigned 25 June 2012)	
Special responsibilities	Member of the Remuneration Committee Member of the Nomination Committee Member of the Audit Committee	
Interests in shares and options	Ordinary Shares – Jindalee Resources Limited Options over ordinary shares	28,687,482

A Ho Non-executive director (appointed 25 November, 2011)		
Experience and expertise	Mr Ho is a Chartered Accountant and a partner in a consulting practice focused principally on corporate and financial services to listed companies. He has significant experience in the resource industry, having served as director and secretary of companies listed on ASX.	
Other current directorships	Executive director of Newfield Resources Limited (director since 2011) Non-executive director of Siburan Resources Limited (director since 2009) Non-executive director of Australian Agricultural Projects Australia Limited (director since 2003)	
Former directorships in last 3 years	Dragon Energy Limited (appointed 18 December 2008, resigned 13 June 2012) Audalia Resources Limited (appointed 27 August 2010, resigned 17 August 2011)	
Special responsibilities	Chair of the Audit Committee Member of the Remuneration Committee Member of the Nomination Committee	
Interests in shares and options	Ordinary Shares – Alchemy Resources Limited	Nil

Company secretary

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

Directors' Report

Meetings of directors

The number of meetings of the Company's board of directors and of each board committee held during the year ended 30 June 2014, and the numbers of meetings attended by each director were:

	Board of Directors		Audit Committee		Nomination Committee		Remuneration Committee	
	A	B	A	B	A	A	A	B
O Aamodt	5	5	2	2	1	1	1	1
S Bianchi	4	5	*	*	*	*	*	*
L Dudfield	5	5	2	2	1	1	1	1
A Ho	4	5	2	2	1	1	1	1

A = Number of meetings attended

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

* = Not a member of the relevant committee

Retirement, election and continuation in office of directors

Mr Ho is the director retiring by rotation who, being eligible, may offer himself for re-election at the Annual General Meeting.

REMUNERATION REPORT (Audited)

The directors are pleased to present Alchemy Resources Limited's 2014 remuneration report which sets out remuneration information for the Company's non-executive directors, executive directors and other key management personnel.

The report contains the following sections:

- (a) Key management personnel disclosed in this report
- (b) Remuneration governance and the use of remuneration consultants
- (c) Executive remuneration policy and framework
- (d) Relationship between remuneration and the Group's performance
- (e) Non-executive director remuneration policy
- (f) Voting and comments made at the Company's 2013 Annual General Meeting
- (g) Details of remuneration
- (h) Service agreements
- (i) Details of share-based compensation and bonuses
- (j) Equity instruments held by key management personnel
- (k) Loans to key management personnel
- (l) Other transactions with key management personnel

Directors' Report

(a) Key management personnel disclosed in this report

<i>Non-executive and executive directors</i>	
O Aamodt	Chair – Non-executive
S Bianchi	Non-executive director
L Dudfield	Non-executive director
A Ho	Non-executive director

Other key management personnel

Name	Position
K Cassidy	Chief Executive Officer
B Crawford	Company Secretary and Chief Financial Officer

(b) Remuneration governance and the use of remuneration consultants

The Remuneration Committee is a committee of the Board. It is primarily responsible for making recommendations to the Board on:

- the over-arching executive remuneration framework;
- operation of the incentive plans which apply to executive directors and senior executives (the executive team), including key performance indicators and performance hurdles;
- remuneration levels of executives; and
- non-executive director fees.

Their objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the company.

In addition, all matters of remuneration will continue to be in accordance with the Corporations Act requirements, especially with regard to related party transactions. That is, none of the directors participate in any deliberations regarding their own remuneration or related issues.

Independent external advice is sought from remuneration consultants when required, however no advice has been sought during the period ended 30 June 2014.

The Corporate Governance Statement provides further information on the role of this committee.

(c) Executive remuneration policy and framework

In determining executive remuneration, the board aims to ensure that remuneration practices are:

- competitive and reasonable, enabling the Company to attract and retain key talent;
- aligned to the Company's strategic and business objectives and the creation of shareholder value;
- transparent and easily understood; and
- acceptable to shareholders.

Directors' Report

All executives receive consulting fees or a salary, part of which may be taken as superannuation, and from time to time, options. Options issued to directors are subject to approval by Shareholders. The Board reviews executive packages annually by reference to the executive's performance and comparable information from industry sectors and other listed companies in similar industries.

Board members are allocated superannuation guarantee contributions as required by law, and do not receive any other retirement benefits. From time to time, some individuals may choose to sacrifice their salary or consulting fees to increase payments towards superannuation.

All remuneration paid to directors and specified executives is valued at the cost to the Group and expensed. Options are valued using the Black-Scholes methodology.

(d) Relationship between remuneration and the Group's performance

The following table shows key performance indicators for the group over the last five years

	30 June 2014	30 June 2013	30 June 2012	30 June 2011	30 June 2010
Comprehensive loss attributable to owners of the Company	(1,673,690)	(2,132,950)	(1,405,336)	(1,481,134)	(1,558,124)
Basic loss per share (cents)	1.00	1.36	1.19	1.58	2.79
Change in share price	(\$0.02)	(\$0.05)	(\$0.06)	(\$0.25)	\$0.20

Emoluments of Directors are set by reference to payments made by other companies of similar size and industry, and by reference to the skills and experience of directors. Fees paid to directors are not linked to the performance of the Group. This policy may change once the exploration phase is complete and the Company is generating revenue. At present the existing remuneration policy is not impacted by the Group's performance including earnings and changes in shareholder wealth (e.g. changes in share price).

The Board has not set short term performance indicators, such as movements in the Company's share price, for the determination of director emoluments as the Board believes this may encourage performance which is not in the long term interests of the Company and its shareholders. The Board has structured its remuneration arrangements in such a way it believes is in the best interests of building shareholder wealth in the longer term. The Board believes participation in the Company's Incentive Option Scheme motivates key management and executives with the long term interests of shareholders.

(e) Non-executive director remuneration policy

On appointment to the Board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including remuneration, relevant to the office of director.

The Board policy is to remunerate non-executive directors at commercial market rates for comparable companies for their time, commitment and responsibilities. Non-executive directors receive a Board fee but do not receive fees for chairing or participating on Board committees.

The maximum annual aggregate director's fee pool limit is \$ 250,000 and was approved by shareholders at the Annual General Meeting held on 22 July 2008.

Directors' Report

Fees for non-executive directors are not linked to the performance of the Group. Non-executive directors' remuneration may also include an incentive portion consisting of options, subject to approval by Shareholders.

(f) Voting and comments made at the Company's 2013 Annual General Meeting

Alchemy Resources Limited received more than 90% of "yes" votes on its remuneration report for the 2013 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

(g) Details of remuneration

The following tables show details of the remuneration received by the Group's key management personnel for the current and previous financial year.

2014	Short-term benefits			Post-employment benefits	Share-based payment	% of Remuneration to total from		
Name	Salary and Fees \$	Cash Bonus \$	Non-Monetary Benefit \$	Super-annuation \$	Options \$	Total \$	Options %	Bonus %
Directors								
O Aamodt	25,000	-	-	-	-	25,000	-	-
S Bianchi ⁽¹⁾	-	-	-	-	-	-	-	-
L Dudfield ⁽¹⁾	-	-	-	-	-	-	-	-
A Ho	19,998	-	-	-	-	19,998	-	-
Executives								
K Cassidy	192,000	-	-	17,760	-	209,760	-	-
B Crawford	100,800	-	-	-	-	100,800	-	-
Totals	337,798	-	-	17,760	-	355,558		

(1) At the Remuneration Committee meeting held on 23 April 2013 S Bianchi and L Dudfield agreed to waive their director's fees.

2013	Short-term benefits			Post-employment benefits	Share-based payment	% of Remuneration to total from		
Name	Salary and Fees \$	Cash Bonus \$	Non-Monetary Benefit \$	Super-annuation \$	Options \$	Total \$	Options %	Bonus %
Directors								
O Aamodt	43,750	-	-	-	-	43,750	-	-
S Bianchi	29,997	-	-	-	-	29,997	-	-
L Dudfield	30,000	-	-	-	-	30,000	-	-
A Ho	34,997	-	-	-	-	34,997	-	-
Executives								
K Cassidy	240,000	-	-	21,600	-	261,600	-	-
B Crawford	126,000	-	-	-	-	126,000	-	-
Totals	504,744	-	-	21,600	-	526,344		

Directors' Report

(h) Service agreements

On appointment to the Board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms of appointment, including compensation relevant to the office of director. Remuneration and other terms of employment for other members of key management personnel are formalised in service agreements as summarised below.

K Cassidy, Chief Executive Officer

Dr Cassidy was appointed as Chief Executive Officer on 1 April, 2012, is remunerated pursuant to an ongoing Executive Employment Agreement and paid a base salary of \$240,000 (exclusive of superannuation). Due to reduced hours during the financial year Dr Cassidy was paid a salary and superannuation of \$209,760 for the year ended 30 June 2014. The notice period (other than for gross misconduct) is three months.

B Crawford, Chief Financial Officer and Company Secretary

Mr Crawford is remunerated pursuant to the terms of a Consultancy Agreement to fulfil the duties of the Company Secretarial and Chief Financial Officer. Fees paid during the year totalled \$100,800 and were charged at usual commercial rates on a daily basis. The agreement may be terminated by either party on three months' written notice.

(i) Details of share-based compensation and bonuses

Options

The terms and conditions of each grant of options affecting remuneration in the current or a future reporting period are as follows:

Grant date	Vesting date	Expiry date	Exercise price	Value per option at grant date	% Vested
29 March 2012	29 March 2012	30 April 2015	\$0.40	\$0.04	100%

Options over shares in Alchemy Resources Limited are granted under the Incentive Option Scheme. Participation in the plan and any vesting criteria are at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. Any options issued to directors of the Company are subject to shareholder approval.

No options over ordinary shares in the Company were provided as remuneration to any member of the key management personnel in the current or previous financial year.

The fair value of options at grant date are independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

Directors' Report

(j) Equity instruments held by key management personnel

The following tables detail the number of fully paid ordinary shares and options over ordinary shares in the Company that were held during the financial year and the previous financial year by key management personnel of the Group, including their close family members and entities related to them.

Options

	Opening Balance 1 July	Granted as remuneration	Options exercised	Net change other	Balance at 30 June	Vested but not exercisable	Vested and exercisable	Vested during the year
2014								
Executives								
K Cassidy	400,000	-	-	-	400,000	-	400,000	-
B Crawford	200,000	-	-	-	200,000	-	200,000	-
	<u>600,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>600,000</u>	<u>-</u>	<u>600,000</u>	<u>-</u>
2013								
Executives								
K Cassidy	400,000	-	-	-	400,000	-	400,000	-
B Crawford	200,000	-	-	-	200,000	-	200,000	-
	<u>600,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>600,000</u>	<u>-</u>	<u>600,000</u>	<u>-</u>

During the year, no ordinary shares in the Company were provided as a result of the exercise of remuneration options.

Shareholdings

	Opening Balance 1 July	Granted as remuneration	Options exercised	Net change other	Balance at 30 June
2014					
Directors					
O Aamodt	280,134	-	-	4,140,067	4,420,201
L Dudfield	18,114,907	-	-	10,572,575	28,687,482
Executives					
K Cassidy	100,000	-	-	400,000	500,000
B Crawford	600,000	-	-	300,000	900,000
	<u>19,095,041</u>	<u>-</u>	<u>-</u>	<u>15,412,642</u>	<u>34,507,683</u>
2013					
Directors					
O Aamodt	133,334	-	-	146,800	280,134
L Dudfield	18,114,907	-	-	-	18,114,907
Executives					
K Cassidy	-	-	-	100,000	100,000
B Crawford	400,000	-	-	200,000	600,000
	<u>18,648,241</u>	<u>-</u>	<u>-</u>	<u>446,800</u>	<u>19,095,041</u>

As at the date of this report the shareholdings of key management personnel were the same as at 30 June 2014.

Directors' Report

(k) Loans to key management personnel

There were no loans to individuals or members of key management personnel during the financial year or the previous financial year.

(l) Other transactions with key management personnel

Cardinal Management Services Pty Ltd, an entity controlled by Oscar Aamodt (the Company's chairman) and Lindsay Dudfield and Yvonne Dudfield as trustees of the LG Dudfield Pension Fund, an entity controlled by Lindsay Dudfield (non-executive Director) partially underwrote the non-renounceable offer completed in February 2014 for \$100,000 and \$250,000 respectively. The underwriting was subject to conditions ordinarily found in underwriting arrangements. The underwriters were not paid a fee.

Cardinal Management Services Pty Ltd and the LG Dudfield Pension Fund took up their obligations of 4,000,000 and 10,000,000 shortfall shares respectively under the terms of their underwriting agreements.

There were no other transactions with key management personnel during the financial year or the previous financial year.

End of Remuneration Report (Audited)

Shares under option

Unissued ordinary shares of the Company under option at the date of this report are as follows:

Date options granted	Expiry Date	Issue price of shares	Number under option
29 March 2012	30 April 2015	\$0.40	975,000
			<u>975,000</u>

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

Shares issued on the exercise of options

There were no shares issued on the exercise of options during the year and up to the date of this report.

Proceedings on Behalf of the Consolidated Entity

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

Indemnification and Insurance of Directors and Officers

During the financial year, the Company paid a premium to insure the directors and officers of the consolidated entity against any liability incurred as a director or officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits the disclosure of the nature of the liabilities covered or the amount of the premium paid.

Directors' Report

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

Non-Audit Services

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

Details of the amounts paid or payable to the auditor (BDO Audit (WA) Pty Ltd) for audit and non-audit services provided during the year are set out in Note 19. During the year ended 30 June 2014 no fees were paid or were payable for non-audit services provided by the auditor of the consolidated entity (2013: \$Nil). The board of directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

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

Auditor's Independence Declaration

The copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 24.

Signed in accordance with a resolution of the Directors



Oscar Aamodt
Chairman

Perth, 19 September 2014

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

As lead auditor of Alchemy Resources Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

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

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



Chris Burton

Director

BDO Audit (WA) Pty Ltd

Perth, 19 September 2014

Corporate Governance Statement

Alchemy Resources Limited (“the Company”) has adopted systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this statement.

Commensurate with the spirit of the ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations (“Principles & Recommendations”), the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company’s corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the “if not, why not” regime, where, after due consideration, the Company’s corporate governance practices depart from a recommendation, the Board has offered full disclosure and an explanation for the adoption of its own practice.

Further information about the Company’s charters, policies and procedures may be found at the Company’s website (www.alchemyresources.com.au) under the section marked Corporate Governance. The Company’s corporate governance practices were in place throughout the reporting period ended 30 June 2014, unless noted otherwise.

BOARD FUNCTIONS

The Company has established the functions reserved to the Board, and those delegated to senior executives and has set out these functions in its Board Charter.

The Board is collectively responsible for promoting the success of the Company through its key functions of overseeing the management of the Company, providing overall corporate governance of the Company, monitoring the financial performance of the Company, engaging appropriate management commensurate with the Company’s structure and objectives, involvement in the development of corporate strategy and performance objectives, and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

Senior executives are responsible for supporting the Managing Director (or equivalent) and assisting the Managing Director (or equivalent) in implementing the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board. Senior executives are responsible for reporting all matters which fall within the Company’s materiality thresholds at first instance to the Managing Director (or equivalent) or, if the matter concerns the Managing Director (or equivalent), directly to the Chair or the lead independent director, as appropriate.

The Company’s Board Charter is available on the Company’s website.

STRUCTURE OF THE BOARD

A profile of each Director in office at the date of the financial report setting out their skills, experience, expertise and period of office is set out in the Directors’ Report.

Directors of the Company are considered to be independent when they are not a member of management and are free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgement.

Corporate Governance Statement

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

- Statement of financial position items are material if they have a value of more than 5% of pro-forma net assets. Statement of profit or loss and other comprehensive income items are material if they have an impact on the current year operating result of 5% or more.
- Items are also material if they impact on the reputation of the Company, involve a breach of legislation, are outside the ordinary course of business, they could affect the Company's rights to its assets, if accumulated they would trigger the quantitative tests, involve a contingent liability that would have a probable effect of 5% or more on the statement of financial position or statement of profit or loss and other comprehensive income, or they will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 5%.
- Contracts will be considered material if they are outside the ordinary course of business, contain exceptionally onerous provisions in the opinion of the Board, impact on income or distribution in excess of the quantitative tests, there is a likelihood that either party will default, and the default may trigger any of the quantitative or qualitative tests, are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost of such a quantum, triggering any of the quantitative tests, contain or trigger change of control provisions, they are between or for the benefit of related parties, or otherwise trigger the quantitative tests.

In accordance with the above definition of independence, and the Company's materiality thresholds the following directors of the Company are considered to be independent:

Name	Position
Oscar Aamodt	Non-Executive Chairman
Anthony Ho	Non-Executive Director

The Board does not have a majority of independent directors. The Board believes that the current composition of the Board is most appropriate for the Company having regard to its size, its current level of operations, its strategy of minimising operating costs and includes an appropriate mix of relevant skills and expertise. The Board recognises the ASX Corporate Governance Council's recommendation that the majority of the Board should be comprised of independent directors and as the Company grows and/or its circumstances change, the Board may make further appointments of independent directors if considered appropriate.

Directors may, should they consider it necessary to properly discharge their responsibilities as a director, obtain independent professional advice at the Company's expense subject to first obtaining approval from the Board.

PERFORMANCE

The Chair is responsible for evaluating the performance of the Board, Board Committees, individual directors and the Managing Director (or equivalent). The Managing Director (or equivalent) is responsible for evaluating the performance of senior executives.

The Company has a formal process for the performance evaluation of the Board and its committees. Procedures include an annual internal Board performance assessment and ongoing discussions with regard to the performance of the Board and its directors. The performance review process for senior executives

Corporate Governance Statement

comprises an interview between the Managing Director (or equivalent) and each senior executive during which the senior executive's performance is reviewed against the written statement of their responsibilities and key performance indicators. Performance reviews for senior executives were conducted during the reporting period in accordance with this process.

The Company's Process for Performance Evaluation is available on the Company's website.

AUDIT COMMITTEE

The Board has established an Audit Committee which operates under a Charter approved by the Board. The Audit Committee Charter describes the role, composition, functions and responsibilities of the Audit Committee. The members of the Audit Committee during the year were:

Name	Position
Anthony Ho	Committee Chairman, Non-Executive Director (Independent)
Oscar Aamodt	Non-Executive Chairman (Independent)
Lindsay Dudfield	Non-Executive Director

Details of each of the current director's qualifications, the number of Audit Committee meetings held during the reporting period and of each committee member's attendance are set out in the Directors' Report.

The Company's Audit Committee Charter and the Company's Procedure for the Selection, Appointment and Rotation of External Auditor are available on the Company's website.

CONTINUOUS DISCLOSURE

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

The Company's Policy on Continuous Disclosure is available on the Company's website.

SHAREHOLDER COMMUNICATION

The Board of the Company endeavours to ensure that shareholders are informed of all of the activities affecting the Company.

Alchemy Resources Limited is committed to:

- Ensuring that shareholders and the financial markets are provided with full and timely information about the Company's activities in a clear and balanced way.
- Complying with its ASX and Corporations Act continuous disclosure obligations.
- Communicating effectively with its shareholders and making it easier for shareholders to communicate with the Company.

Corporate Governance Statement

To promote effective communication with shareholders and encourage effective participation at general meetings, information is communicated to shareholders:

- Through the release of information to the market via the ASX.
- Through the distribution of the annual report and notices of annual general meeting.
- Through shareholder meetings and investor relations presentations.
- Through letters and other forms of communications directly to shareholders.
- By posting relevant information on the Company's website: www.alchemyresources.com.au

Information is conveyed to shareholders via the annual report, quarterly reports and other announcements which are delivered to the ASX and posted on the Company's website.

Shareholders with access to the internet are encouraged to submit their email addresses to receive electronic copies of information distributed by the Company. Hard copies of this information are available on request.

The Board encourages the attendance and participation of shareholders at the Annual General Meeting and specifically convened General Meetings.

The Company has designed a communications policy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings. The Company's Shareholder Communication Policy is available on the Company's website.

NOMINATION COMMITTEE

The Board has established a Nomination Committee which operates under a Charter approved by the Board. The members of the Nomination Committee during the year were:

Name	Position
Oscar Aamodt	Committee Chairman (Independent)
Anthony Ho	Non-Executive Director (Independent)
Lindsay Dudfield	Non-Executive Director

The number of Nomination Committee meetings held during the reporting period and details of each committee member's attendance are set out in the Directors' Report.

The Company's Nomination Committee Charter is available on the Company's website.

In determining candidates for the Board, the Nomination Committee follows a procedure whereby it evaluates the mix of skills, experience and expertise of the existing Board, the balance of independent directors on the Board as well as the particular skills and qualifications of potential candidates that will best enhance the Board's effectiveness.

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

Corporate Governance Statement

years or more (except the Managing Director), must retire from office. Re-appointment of directors is not automatic.

The Company's Policy and Procedure for the Selection and (Re)Appointment of Directors is available on the Company's website.

REMUNERATION COMMITTEE

The Board has established a Remuneration Committee which operates under a Charter approved by the Board. The members of the Remuneration Committee during the year were:

Name	Position
Oscar Aamodt	Committee Chairman (Independent)
Anthony Ho	Non-Executive Director (Independent)
Lindsay Dudfield	Non-Executive Director

The number of Remuneration Committee meetings held during the reporting period and details of each committee member's attendance are set out in the Directors' Report.

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms of part of the Directors' Report. Non-Executive directors are remunerated at market rates (for comparable companies) for their time, commitment and responsibilities. Remuneration for non-executive directors is not linked to the performance of the Company. There are no termination or retirement benefits for non-executive directors (other than for superannuation).

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

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

CODE OF CONDUCT

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

The Company's Code of Conduct is available on the Company's website.

Corporate Governance Statement

DIVERSITY

The Company is committed to supporting and managing diversity as a means of enhancing the Company's performance by recognising and utilising the contribution of the diverse skills and talents of its directors, officers and employees.

Diversity involves recognising and valuing the unique contribution people can make because of their individual background, skills, experiences and perspectives. Diversity may result from a range of factors including age, gender, ethnicity, cultural background or other personal factors. The Company values the differences between its people and the contribution these differences make to the Company.

The Company has not complied with Recommendation 3.3 of the ASX's Corporate Governance Principles and Recommendations in that it has not set measurable objectives for achieving gender diversity. The Board monitors diversity across the Company and is satisfied with the current level of gender diversity. Due to the small size of the Company and its small number of employees, the Board does not consider it appropriate to formally set measurable objectives for gender diversity at this time.

As at the reporting date, the proportion of women employees across the organisation was as follows:

	Percentage
Proportion of women employees in the whole organisation	38%
Proportion of women in senior executive positions	0%
Proportion of women on the Board	25%

The Company's Diversity Policy is available on the Company's website.

SECURITIES TRADING POLICY

The Company has implemented a Policy for Trading in Company Securities designed to ensure that all directors, officers and employees of the Company act ethically and do not use confidential inside information for personal gain.

The policy states acceptable and unacceptable times for trading in the Company's securities and outlines the responsibility of directors, officers and employees to ensure that trading complies with the *Corporations Act 2001*, the ASX Listing Rules and Company Policy. As required by the ASX Listing Rules, the Company notifies the ASX of any transaction entered into by directors in the securities of the Company.

The Company's Policy for Trading in Company Securities is available on the Company's website.

RISK MANAGEMENT

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

Under the policy, the Board delegates day-to-day management of risk to the Managing Director (or equivalent) who, with the assistance of senior executives, is responsible for identifying, assessing, monitoring and managing risks. The Managing Director (with the assistance of senior executives) is also

Corporate Governance Statement

responsible for updating the Company's material business risks to reflect any material changes, with the approval of the Board.

In fulfilling the duties of risk management, the Managing Director (or equivalent) may have unrestricted access to Company employees, contractors and records and may obtain independent expert advice on any matter they believe appropriate, with the prior approval of the Board.

The Audit Committee also monitors and reviews the integrity of financial reporting and the Company's internal financial control systems and risk management systems and reports to the Board.

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

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

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2014

		Consolidated	
	Notes	2014 \$	2013 \$
Continuing operations			
Other income	3	40,289	135,553
Corporate expense	3	(195,519)	(258,234)
Exploration expense	3	(1,047,926)	(1,571,675)
Employee expense	3	(163,525)	(405,586)
Administration expense	3	(337,233)	(368,394)
Finance costs		(5,886)	(8,687)
Loss from continuing operations before income tax		(1,709,800)	(2,477,023)
Income tax benefit	5	36,110	344,073
Loss after income tax for the period attributable to the owners of Alchemy Resources Limited		(1,673,690)	(2,132,950)
Other comprehensive income		-	-
Other comprehensive income for the period, net of tax		-	-
Total comprehensive loss for the period attributable to the owners of Alchemy Resources Limited		(1,673,690)	(2,132,950)
		Cents per share	Cents per share
Loss per share attributable to the owners of Alchemy Resources Limited			
- basic loss per share	18	1.00	1.36
- diluted loss per share	18	n/a	n/a

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

At 30 June 2014

		Consolidated	
	Notes	2014 \$	2013 \$
ASSETS			
Current Assets			
Cash and cash equivalents	6	553,173	1,641,578
Trade and other receivables	7	61,270	81,484
Other current assets	8	5,757	9,749
Total Current Assets		620,200	1,732,811
Non-Current Assets			
Exploration and evaluation	9	17,809,030	17,650,082
Property, plant and equipment	10	150,906	246,507
Total Non-Current Assets		17,959,936	17,896,589
TOTAL ASSETS		18,580,136	19,629,400
LIABILITIES			
Current Liabilities			
Trade and other payables	12	117,877	138,354
Provisions	13	32,800	42,899
Interest bearing liabilities	14	38,077	47,434
Total Current Liabilities		188,754	228,687
Non-Current Liabilities			
Interest bearing liabilities	14	10,638	48,715
Total Non-Current Liabilities		10,638	48,715
TOTAL LIABILITIES		199,392	277,402
NET ASSETS		18,380,744	19,351,998
EQUITY			
Contributed equity	15	28,635,022	27,932,586
Reserves	16	419,456	419,456
Accumulated losses	17	(10,673,734)	(9,000,044)
TOTAL EQUITY		18,380,744	19,351,998

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2014

	Attributable to equity holders of the entity			
	Issued Capital	Option Reserves	Accumulated Losses	Total Equity
	\$	\$	\$	\$
At 1 July 2012	27,932,586	419,456	(6,867,094)	21,484,948
Loss for the period	-	-	(2,132,950)	(2,132,950)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period net of tax	-	-	(2,132,950)	(2,132,950)
Transactions with owners in their capacity as owners				
Issue of shares	-	-	-	-
Transaction costs of issuing shares	-	-	-	-
Share based payments	-	-	-	-
At 30 June 2013	27,932,586	419,456	(9,000,044)	19,351,998
	Attributable to equity holders of the entity			
	Issued Capital	Option Reserves	Accumulated Losses	Total Equity
	\$	\$	\$	\$
At 1 July 2013	27,932,586	419,456	(9,000,044)	19,351,998
Loss for the period	-	-	(1,673,690)	(1,673,690)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period net of tax	-	-	(1,673,690)	(1,673,690)
Transactions with owners in their capacity as owners				
Issue of shares	715,044	-	-	715,044
Transaction costs of issuing shares	(12,608)	-	-	(12,608)
Share based payments	-	-	-	-
At 30 June 2014	28,635,022	419,456	(10,673,734)	18,380,744

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2014

		Consolidated	
	Notes	2014 \$	2013 \$
Cash flows from operating activities			
Payments to suppliers and employees		(544,613)	(923,064)
Interest income		45,144	154,698
Interest expense		(5,886)	(8,687)
Research and development tax rebate received		-	482,347
Net cash flows from/(used in) operating activities	26	(505,355)	(294,706)
Cash flows from investing activities			
Purchase of property, plant & equipment		-	(1,836)
Proceeds from sale of plant & equipment		908	-
Exploration incentive scheme grant received		-	74,176
Payment for exploration assets		(1,238,960)	(2,125,826)
Net cash flows from/(used in) investing activities		(1,238,052)	(2,053,486)
Cash flows from financing activities			
Proceeds from issue of shares		715,044	-
Payments for capital raising		(12,608)	-
Proceeds from finance lease		-	35,680
Payment of finance lease		(47,434)	(83,134)
Net cash flows from/(used in) financing activities		655,002	(47,454)
Net increase / (decrease) in cash and cash equivalents		(1,088,405)	(2,395,646)
Cash and cash equivalents at beginning of period		1,641,578	4,037,224
Cash and cash equivalents at end of period	6	553,173	1,641,578

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

1. Corporate Information

The consolidated financial report of Alchemy Resources Limited for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of the directors on 19 September 2014.

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

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

2. Statement of Compliance

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

Compliance with IFRS

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

New and amended accounting standards and interpretations adopted by the Group

The following standards and interpretations relevant to the operations of the Group and effective from 1 July 2013 have been adopted. The adoption of these standards did not have any impact on the current period, any prior period nor is their adoption likely to affect future periods.

- ***AASB 10: Consolidated Financial Statements.*** AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 *Consolidated and Separate Financial Statements* dealing with the accounting for consolidated financial statements and UIG-112 *Consolidation - Special Purpose Entities*.
- ***AASB 11: Joint Arrangements.*** AASB 11 replaces AASB 131 *Interests in Joint Ventures* and UIG-113 *Jointly- controlled Entities - Non-monetary Contributions by Ventures*. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change.
- ***AASB 12: Disclosure of Interests in Other Entities.*** AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates, structured entities and subsidiaries with non-controlling interests.
- ***AASB 13: Fair Value Measurement.*** AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted.
- ***AASB 119: Employee Benefits.*** The main change introduced by this standard is to revise the accounting for defined benefit plans. The amendment removes the options for accounting for the

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

liability, and requires that the liabilities arising from such plans is recognised in full with actuarial gains and losses being recognised in other comprehensive income.

- *AASB 2011-4: Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]*. This amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies. It also removes the individual KMP disclosure requirements for all disclosing entities in relation to equity holdings, loans and other related party transactions.
- *AASB 2012-2: Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities*. AASB 2012-2 principally amends AASB 7 *Financial Instruments: Disclosures* to require disclosure of the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position, when all the offsetting criteria of AASB 132 are not met.
- *AASB 2012-5: Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle*. AASB 2012-5 makes amendments resulting from the 2009-2011 Annual Improvements Cycle.
- *AASB 2012-9: Amendment to AASB 1048 arising from the withdrawal of Australian Interpretation 1039*

New accounting standards and interpretations

The following new and amended accounting standards and interpretations have been published but are not mandatory for the current financial year. The Group has decided against early adoption of these standards, and has not yet determined the potential impact on the financial statements from the adoption of these standards and interpretations.

New or revised requirement	Application date of standard	Application date for Group
<p><i>AASB 9: Financial Instruments</i></p> <p>AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities.</p> <p>These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139.</p>	1 Jan 2018	1 Jul 2018
<p><i>AASB 2013-3: Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets</i></p> <p>AASB 2013-3 amends the disclosure requirements in AASB 136 <i>Impairment of Assets</i>. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.</p>	1 Jan 2014	1 Jul 2014

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

New or revised requirement	Application date of standard	Application date for Group
<p><i>AASB 2013-4: Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting [AASB 139]</i></p> <p>AASB 2013-4 amends AASB 139 to permit the continuation of hedge accounting in specified circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations.</p>	1 Jan 2014	1 Jul 2014
<p><i>AASB 1031: Materiality</i></p> <p>The revised AASB 1031 is an interim standard that cross-references to other Standards and the <i>Framework</i> (issued December 2013) that contain guidance on materiality.</p>	1 Jan 2014	1 Jul 2014
<p><i>AASB 2013-9: Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments</i></p> <p>The Standard contains three main parts and makes amendments to a number Standards and Interpretations. Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1. Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards. Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 Hedge Accounting into AASB 9 <i>Financial Instruments</i>.</p>	1 Jan 2015	1 Jul 2015
<p><i>IFRS 15: Revenue from Contracts with Customers</i></p> <p>IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers.</p>	1 Jan 2017	1 Jul 2017

(a) Basis of measurement

Historical Cost Convention

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

Critical Accounting Estimates

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

(b) 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 year ended 30 June 2014 of \$1,673,690 (2013: \$2,132,950) and experienced net cash outflows from operating and investing activities of \$1,743,407 (2013: \$2,348,192). As at 30 June 2014 the Group had cash and cash equivalents of \$553,173 (2013: \$1,641,578).

During the year ended 30 June 2014 the directors have taken steps to ensure that the Group continues as a going concern. These steps have included significantly reducing the Group's corporate, employee and administration expenses through the reduction in staff, a reduction in non-executive directors' fees and the re-negotiation of contract services.

During the year the Group also entered into an agreement with Independence Group NL (IGO) whereby IGO will explore and earn an interest in the Bryah Basin Project. This agreement reduces the Group's expenditure commitments on the tenements covered by the agreement whilst retaining a right to participate as a partner should a discovery be made. The Group will continue to review opportunities to seek farm-in joint venture partners for its projects.

The Group has the ability to defer or reduce its operating expenditure and commitments, or to dispose of assets. However, it will be necessary for the Group to raise additional equity capital during the next twelve months.

The Group has successfully raised equity capital in the past, most recently in February 2014 when Alchemy completed a pro-rata non-renounceable offer to eligible shareholders which raised \$702,436 net of costs. Whilst the present market conditions for raising equity capital by junior exploration companies are challenging, the directors are of the opinion that the Bryah Basin Project is still very prospective and that the ongoing gold potential of this project may enable the Group 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 Group be unsuccessful in raising equity there is a 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.

(c) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2014 and the results of all subsidiaries for the year then ended. The Company and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its investment with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

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

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

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

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

Joint Ventures

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

(d) Critical accounting judgements and key sources of estimation uncertainty

The application of accounting policies requires the use of judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black & Scholes option pricing model.

Exploration and evaluation costs carried forward

The recoverability of the carrying amount of exploration and evaluation costs carried forward has been reviewed by the directors. In conducting the review, after impairment indicators are identified, the recoverable amount has been assessed by reference to the higher of "fair value less costs to sell" and, if applicable, "value in use".

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

In determining value in use, future cash flows are based on estimates of ore reserves and mineral resources for which there is a high degree of confidence of economic extraction, production and sales levels, future commodity prices, future capital and production costs and future exchange rates.

Variations to any of these estimates, and timing thereof, could result in significant changes to the expected future cash flows which in turn could result in significant changes to the impairment test results, which in turn could impact future financial results.

(e) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Alchemy Resources Limited.

(f) Functional and presentation of currency

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

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

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

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

(g) Revenue recognition

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

(h) Income tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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

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

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

Alchemy Resources Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) Leases

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

(j) Impairment of assets

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

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

(k) Cash and cash equivalents

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

(l) Trade and other receivables

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

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

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

(m) Exploration and evaluation expenditure

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

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

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

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

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

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

(n) Property, plant and equipment

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

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

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

(o) Trade and other payables

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

(p) Employee benefits

Short-term Obligations

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

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

Other Long-term Obligations

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

Share-Based Payments

The Group provides benefits to employees of the Company in the form of share options. The fair value of options granted is recognised as an employee benefits expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using a Black Scholes valuation model, taking into account the terms and conditions upon which the options were granted.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

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

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

Termination Benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value. No termination benefits, other than accrued benefits and entitlements, were paid during the period.

(q) Equity

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

(r) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

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

Diluted earnings per share

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

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

(s) Goods and Services Tax (GST)

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

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

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

(t) Financial assets

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

	Consolidated	
	2014	2013
	\$	\$
3. Revenue and Expenses		
Other income		
Finance income – banks	28,016	124,412
Other	12,273	11,141
Total other income	40,289	135,553
Expenses		
<i>Corporate expense</i>		
Company secretary fees	101,209	126,000
Other corporate expenses	94,310	132,234
Total corporate expense	195,519	258,234
<i>Exploration expense</i>		
Exploration expense (note 9)	1,047,926	1,571,675
Total exploration expense	1,047,926	1,571,675
<i>Employee expense</i>		
Employee benefit and director compensation expense	136,695	363,519
Training & development costs	989	22,156
Other employee expenses	25,841	19,911
Total employee expense	163,525	405,586
<i>Administration expense</i>		
Depreciation	91,782	106,243
Occupancy	125,140	121,477
Loss on sale of assets	2,911	-
Other administration expenses	117,400	140,674
Total administration expense	337,233	368,394

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

4. Segment information

The Group operates in one geographical segment, being Western Australia and in one operating category, being mineral exploration. Therefore, information reported to the chief operating decision maker (the Board of Alchemy Resources Limited) for the purposes of resource allocation and performance assessment is focused on mineral exploration within Western Australia.

	Mineral Exploration	Unallocated	Consolidation
	\$	\$	\$
2014			
<i>Segment income</i>			
Other income	14,282	26,007	40,289
Total income	14,282	26,007	40,289
<i>Segment expense</i>			
Exploration expense	(1,047,926)	-	(1,047,926)
Net other costs	(5,017)	(605,364)	(610,381)
Profit / (loss) before amortisation and depreciation	(1,038,661)	(579,357)	(1,618,018)
Amortisation and depreciation	-	(91,782)	(91,782)
Profit / (loss) before income tax benefits	(1,038,661)	(671,139)	(1,709,800)
R&D concession	36,110	-	36,110
Total comprehensive income / (loss) for the period	(1,002,551)	(671,139)	(1,673,690)
<i>Segment assets and liabilities</i>			
Assets	17,860,348	719,788	18,580,136
Liabilities	16,718	182,674	199,392
Net assets	17,843,630	537,114	18,380,744
2013			
<i>Segment income</i>			
Other income	8,327	127,226	135,553
Total income	8,327	127,226	135,553
<i>Segment expense</i>			
Exploration expense	(1,571,675)	-	(1,571,675)
Net other costs	(3,115)	(931,543)	(934,658)
Profit / (loss) before amortisation and depreciation	(1,566,463)	(804,317)	(2,370,780)
Amortisation and depreciation	-	(106,243)	(106,243)
Profit / (loss) before income tax benefits	(1,566,463)	(910,560)	(2,477,023)
R&D concession	344,073	-	344,073
Total comprehensive income / (loss) for the period	(1,222,390)	(910,560)	(2,132,950)
<i>Segment assets and liabilities</i>			
Assets	17,847,700	1,781,700	19,629,400
Liabilities	32,307	245,095	277,402
Net assets	17,815,393	1,536,605	19,351,998

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

	Consolidated	
	2014	2013
	\$	\$
5. Income Tax		
Major components of income tax expense are as follows:		
Consolidated Statement of Profit or Loss and Other Comprehensive Income		
Current income tax		
- R&D tax concession	(36,110)	(344,073)
Deferred income tax		
- Relating to origination and reversal of temporary differences		
Income tax expense / (benefit) reported in the consolidated statement of profit or loss and other comprehensive income	(36,110)	(344,073)
A reconciliation of income tax expense / (benefit) applicable to accounting profit / (loss) before income tax at the statutory income tax rate to income tax expense / (benefit) at the Company's effective income tax is as follows:		
Accounting loss from continuing operations before income tax	(1,709,800)	(2,477,023)
At the statutory income tax rate of 30% (2013: 30%)	(512,940)	(743,107)
<i>Add</i>		
- Non-deductible expenses	61	1,762
- Tax loss not brought to account as a deferred tax asset	576,099	806,599
- Capital raising costs	(63,220)	(65,254)
- R&D tax concession	(36,110)	(344,073)
Income tax expense / (benefit) reported in the consolidated statement of profit or loss and other comprehensive income	(36,110)	(344,073)

Tax Consolidation

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

	Consolidated	
	2014	2013
	\$	\$
5. Income Tax (continued)		
Deferred income tax		
Recognised on the statement of financial position		
Deferred income tax at the end of the reporting period relates to the following:		
<i>Deferred income tax liabilities</i>		
- Capitalised expenditure deductible for tax purposes	5,342,709	5,295,025
- Trade and other receivables	2,562	15,574
	5,345,271	5,310,599
<i>Deferred income tax assets</i>		
- Trade and other payables	(5,778)	(7,965)
- Employee benefits	(9,840)	(12,870)
- capitalised expenditure non-deductible for tax purposes	(1,335)	-
- Tax losses	(5,328,318)	(5,289,764)
<i>Net deferred tax asset / (liability)</i>	-	-
Deferred tax assets have not been recognised in respect of the following items:		
- Capital raising costs	38,627	98,045
- Tax losses	3,092,251	2,540,225
Potential unrecognised tax benefit at 30%	3,130,878	2,638,270

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

The utilisation of tax losses is dependent on the Group satisfying the continuity of ownership test or the same business test at the time the tax losses are applied against taxable income.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

	Consolidated	
	2014	2013
	\$	\$
6. Cash and cash equivalents		
Cash at bank and on hand	405,273	338,174
Deposits at call	147,900	1,303,404
	553,173	1,641,578

The weighted average interest rate for the year was 2.97% (2013: 4.38%).

The Group's exposure to interest rate risk is set out in note 23. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

7. Trade and other receivables

Current

GST receivable	17,623	20,775
Other	43,647	60,709
	61,270	81,484

The amounts held in trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these trade and other receivables, it is expected that these amounts will be received when due. The Group's financial risk management objectives and policies are set out in note 23.

8. Other current assets

Prepayments	5,757	9,749
	5,757	9,749

9. Exploration and evaluation

Opening balance	17,650,082	17,385,087
Exploration expenditure incurred during the year	1,206,874	1,836,670
Exploration expenditure written off	(1,047,926)	(1,571,675)
Closing balance	17,809,030	17,650,082

The exploration expenditure written off primarily comprised previously capitalised costs in relation to a number of tenements in the Group's Murchison Project area. The recoverability of the carrying amount of deferred exploration and evaluation expenditure is dependent on the successful development and commercial exploitation, or alternatively the sale, of the respective areas of interest.

Government grants of \$Nil (2013: \$74,176) were received under the Exploration Incentive Scheme. Under the conditions of the grant it is directly offset against the drilling costs.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

	Consolidated	
	2014	2013
	\$	\$
10. Property, plant and equipment		
Motor vehicle		
- At cost	192,559	192,559
- Accumulated depreciation	(119,837)	(85,884)
Total motor vehicle	72,722	106,675
Mobile accommodation		
- At cost	164,296	164,296
- Accumulated depreciation	(101,214)	(77,743)
Total mobile accommodation	63,082	86,553
Office equipment		
- At cost	6,968	29,936
- Accumulated depreciation	(6,045)	(20,755)
Total office equipment	923	9,181
Computer equipment		
- At cost	83,581	83,581
- Accumulated depreciation	(80,627)	(69,823)
Total computer equipment	2,954	13,758
Field equipment		
- At cost	82,138	82,138
- Accumulated depreciation	(70,913)	(51,798)
Total field equipment	11,225	30,340
Total property, plant and equipment	150,906	246,507

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

10. Property, plant and equipment (continued)

Movement in carrying amounts

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

	Motor Vehicles \$	Mobile Accomm. \$	Office Equipment \$	Computer Equipment \$	Field Equipment \$	Total \$
2014						
Consolidated:						
Balance at the beginning of the year	106,675	86,553	9,181	13,758	30,340	246,507
Acquisitions	-	-	-	-	-	-
Depreciation expense	(33,953)	(23,471)	(4,439)	(10,804)	(19,115)	(91,782)
Disposals	-	-	(3,819)	-	-	(3,819)
Carrying amount at the end of the year	72,722	63,082	923	2,954	11,225	150,906

	Motor Vehicles \$	Mobile Accomm. \$	Office Equipment \$	Computer Equipment \$	Field Equipment \$	Total \$
2013						
Consolidated:						
Balance at the beginning of the year	140,535	110,024	14,920	29,180	56,255	350,914
Acquisitions	-	-	-	1,836	-	1,836
Depreciation expense	(33,860)	(23,471)	(5,739)	(17,258)	(25,915)	(106,243)
Disposals	-	-	-	-	-	-
Carrying amount at the end of the year	106,675	86,553	9,181	13,758	30,340	246,507

11. Subsidiaries

Details of the Company's subsidiaries are as follows:

Subsidiary	Principal Activity	Country of Incorporation	Proportion of Ownership	
			2014	2013
Alchemy Resources (Murchison) Pty Ltd	Exploration	Australia	100%	100%
Alchemy Resources (Three Rivers) Pty Ltd	Exploration	Australia	100%	100%
Goldtribe Corporation Pty Ltd	Exploration	Australia	100%	100%

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

	Consolidated	
	2014	2013
	\$	\$
12. Trade and other payables		
Trade creditors and accruals	<u>117,877</u>	138,354

Trade creditors are non-interest bearing and are normally settled on 30 day terms. The Group's financial risk management objectives and policies are set out in note 23.

13. Provisions

Current

Employee benefits	<u>32,800</u>	42,899
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14. Interest bearing liabilities

Current

Secured

Lease liabilities	<u>38,077</u>	47,434
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Non-current

Secured

Lease liabilities	<u>10,638</u>	48,715
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Details of the Group's exposure to risk arising from current and non-current borrowings are set out in note 23.

a) Assets pledged as security

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

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

Hire purchase

Motor vehicle (note 10)	28,239	38,020
Term deposit (note 6)	<u>61,000</u>	161,000

Total assets pledged as security	<u>89,239</u>	199,020
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b) Fair value

The carrying amounts and fair values of borrowings at reporting date

On statement of financial position

Non-traded financial liabilities

Lease liabilities	<u>48,715</u>	96,149
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None of the classes are readily traded on an organised market in standardised form. Fair value is inclusive of costs which would be incurred on settlement of a liability.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

14. Interest bearing liabilities (continued)

c) Interest rate risk exposure

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

2014

Lease	Fixed Interest rates			
	1 Year or Less	Over 1 Yr to 2 Yrs	Over 2Yrs to 3 Yrs	Over 3 Yrs to 4 Yrs
Lease liabilities	1,859	333	-	-
	7.96%	7.12%	-	-

2013

Lease	Fixed Interest rates			
	1 Year or Less	Over 1 Yr to 2 Yrs	Over 2Yrs to 3 Yrs	Over 3 Yrs to 4 Yrs
Lease liabilities	5,886	1,859	333	-
	9.35%	9.35%	9.50%	-

The Group has provided bank guarantees amounting to \$85,900, secured by term deposits.

The bank guarantees are to the Minister responsible for the Mining Act 1978 for Performance Bonds on various Group tenements as well as a guarantee to the landlord for the rental of the Company's office premises.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

	Consolidated	
	2014	2013
	\$	\$
15. Contributed equity		
a) Share capital		
Ordinary shares fully paid	28,635,022	27,932,586
	Consolidated	
	Number	\$
b) Movements in ordinary shares on issue		
Balance at 1 July 2012	156,852,955	27,932,586
Balance at 30 June 2013	156,852,955	27,932,586
Non-renounceable issue to shareholders	28,601,746	715,044
Share issue costs	-	(12,608)
Balance at 30 June 2014	185,454,701	28,635,022

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

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

	Consolidated	
	2014	2013
	Number	Number
c) Movements in options on issue		
Balance at beginning of the financial year	975,000	3,200,000
Options granted	-	-
Options converted	-	-
Options cancelled	-	(425,000)
Options expired	-	(1,800,000)
Balance at end of the financial year	975,000	975,000

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

	Consolidated	
	2014	2013
	\$	\$
16. Reserves		
Options Reserve		
Opening balance	419,456	419,456
Options issued	-	-
Balance at the end of the financial year	419,456	419,456
17. Accumulated losses		
Balance at the beginning of the financial year	(9,000,044)	(6,867,094)
Net loss attributable to members	(1,673,690)	(2,132,950)
Balance at the end of the financial year	(10,673,734)	(9,000,044)
18. Earnings per share		
- basic loss per share (cents per share)	(1.00)	(1.36)
- diluted loss per share	n/a	n/a
The following reflects the income and share data used in the calculations of basic and diluted loss per share:		
	\$	\$
Profits / (losses) used in calculating basic and diluted earnings per share	(1,673,690)	(2,132,950)
	2014	2013
	Number	Number
Weighted average number of ordinary shares used in calculating basic and diluted loss per share	166,726,434	156,852,955
19. Auditor's remuneration		
Audit services		
BDO Audit (WA) Pty Ltd		
- Audit and review of the financial reports	22,215	26,827
Total remuneration	22,215	26,827

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

20. Contingent assets and liabilities

The Group had contingent liabilities at 30 June 2014 in respect of :

Guarantees

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

Future success and royalty payments

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

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

There are no other material contingent assets or liabilities as at 30 June 2014.

21. Events occurring after the reporting period

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

22. Commitments

In order to maintain an interest in the exploration tenements in which the Group is involved, the Group is committed to meet the conditions under which the tenements were granted. The timing and amount of exploration expenditure commitments and obligations of the Group are subject to the minimum expenditure commitments required as per the Mining Act, as amended, and may vary significantly from the forecast based upon the results of the work performed which will determine the prospectivity of the relevant area of interest. Currently, the minimum expenditure commitments for the granted tenements are \$1,184,740 (2013: \$1,914,607) per annum.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

22. Commitments (continued)

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

	Consolidated	
	2014	2013
	\$	\$
Within 1 year	12,137	145,642
Later than one year but not later than five years	-	12,137
Later than five years	-	-
	12,137	157,779

Commitments in relation to lease liabilities are payable as follows:

Within 1 Year	40,004	53,423
Later than one year but not later than five years	10,971	50,975
Later than five years	-	-
Less: Unexpired hire purchase charges	2,260	8,249
Recognised as a liability	48,715	96,149
Representing hire purchase liabilities:		
Current	38,077	47,434
Non-current	10,638	48,715
	48,715	96,149

23. Financial risk management objectives and policies

Financial Risk Management

Overview

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

23. Financial risk management objectives and policies (continued)

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

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

Interest rate risk

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

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

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

Consolidated – 2014	Floating interest rate \$	Fixed interest rate maturing in			Non interest bearing \$	Total \$
		1 Year or less \$	Over 1 to 5 years \$	More than 5 years \$		
Financial assets						
Cash and cash equivalents	400,318	147,900	-	-	4,955	553,173
Trade and other receivables	-	-	-	-	61,270	61,270
	400,318	147,900	-	-	66,225	614,443
Weighted average interest rate	2.37%	3.53%	-	-	-	-
Financial liabilities						
Trade and other payables	-	-	-	-	117,877	117,877
Interest bearing liabilities	-	38,077	10,638	-	-	48,715
	-	38,077	10,638	-	117,877	166,592
Weighted average interest rate	-	8.75%	7.12%	-	-	-

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

23. Financial risk management objectives and policies (continued)

Consolidated – 2013	Floating interest rate \$	Fixed interest rate maturing in			Non interest bearing \$	Total \$
		1 Year or less \$	Over 1 to 5 years \$	More than 5 years \$		
Financial assets						
Cash and cash equivalents	242,163	1,303,404	-	-	96,011	1,641,578
Trade and other receivables	-	-	-	-	81,484	81,484
	242,163	1,303,404	-	-	177,495	1,723,062
Weighted average interest rate	3.05%	4.82%	-	-	-	-
Financial liabilities						
Trade and other payables	-	-	-	-	138,354	138,354
Interest bearing liabilities	-	47,434	48,715	-	-	96,149
	-	47,434	48,715	-	138,354	234,503
Weighted average interest rate	-	8.58%	8.26%	-	-	-

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

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

Consolidated - 2014	Carrying value at period end \$	Profit or loss		Equity	
		100 bp increase \$	100 bp decrease \$	100 bp increase \$	100 bp decrease \$
Financial assets					
Cash and cash equivalents	553,173	9,437	(9,437)	9,437	(9,437)
Cash flow sensitivity (net)		9,437	(9,437)	9,437	(9,437)
Consolidated - 2013	Carrying value at period end \$	Profit or loss		Equity	
		100 bp increase \$	100 bp decrease \$	100 bp increase \$	100 bp decrease \$
Financial assets					
Cash and cash equivalents	1,641,578	28,397	(28,397)	28,397	(28,397)
Cash flow sensitivity (net)		28,397	(28,397)	28,397	(28,397)

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

23. Financial risk management objectives and policies (continued)

Credit risk

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

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, the Group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. This risk is minimised by reviewing term deposit accounts from time to time with approved banks of a sufficient credit rating which is AA and above.

Exposure to credit risk

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

	Consolidated	
	2014	2013
	\$	\$
Cash and cash equivalents	553,173	1,641,578
Trade & other receivables	61,270	81,484
	614,443	1,723,062

Foreign currency risk

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

Commodity price risk

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

Liquidity risk

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

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

23. Financial risk management objectives and policies (continued)

Consolidated - 2014	Carrying amount \$	Contractual cash flows \$	6 months or less \$
Trade and other payables	117,877	-	117,877
Interest bearing liabilities	48,715	50,975	19,038
	166,592	50,975	136,915
Receivables	61,270	61,270	61,270
	61,270	61,270	61,270
Consolidated - 2013	Carrying amount \$	Contractual cash flows \$	6 months or less \$
Trade and other payables	138,354	-	138,354
Interest bearing liabilities	96,149	104,398	23,717
	234,503	104,398	162,071
Receivables	81,484	81,484	81,484
	81,484	81,484	81,484

Fair value of financial assets and liabilities

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

Capital risk management

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

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

The Group is not subject to any externally imposed capital requirements. None of the Group's entities are subject to externally imposed capital requirements.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

24. Share based payments

Share option plan

The Group has an Incentive Option Scheme ("Scheme") for executives and employees of the Group. In accordance with the provisions of the Scheme, as approved by shareholders at a previous annual general meeting, executives and employees may be granted options at the discretion of the directors.

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

Options issued to directors are not issued under the Scheme but are subject to approval by shareholders.

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

Fair value of share options granted during the year

No share options were granted during the year.

Movements in share options during the year

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

	2014		2013	
	No. of options	Weighted average exercise price \$	No. of options	Weighted average exercise price \$
Outstanding at the beginning of the year	975,000	0.40	3,200,000	0.40
Granted and vested during the year	-	-	-	-
Cancelled during the year	-	-	(425,000)	0.40
Exercised during the year	-	-	-	-
Expired during the year	-	-	(1,800,000)	0.40
Outstanding at the end of the year	975,000	0.40	975,000	0.40
Exercisable at the end of the year	975,000	0.40	975,000	0.40

The weighted average remaining contractual life of share options outstanding at the end of the year was 0.83 years (2013: 1.83 years).

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

24. Share based payments (continued)

Share options outstanding at the end of the year

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

Expiry Date	Exercise price \$	2014 No.	2013 No.
30 April 2015	0.40	975,000	975,000
		975,000	975,000
Consolidated			
		2014	2013
		\$	\$

25. Reconciliation of cash flows from operating activities

Cash flows from operating activities

Loss for the period	(1,673,690)	(2,132,950)
Non-cash flows in profit/(loss):		
- Depreciation	91,782	106,243
- Loss on sale of assets	2,911	-
- Share based remuneration	-	-
- Exploration expenditure write-off	1,047,926	1,571,675
Changes in assets and liabilities		
- Decrease/(increase) in trade receivables	18,291	171,469
- Decrease/(increase) in prepayments	3,992	3,379
- Increase/(decrease) in trade creditors and accruals	5,958	(6,646)
- Increase/(decrease) in provisions	(2,525)	(7,876)
Net cash used in operating activities	(505,355)	(294,706)

Non-cash investing and financing activities

There were no non-cash investing and financing activities during the year.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

26. Joint ventures

The Group has an interest in the following joint ventures:

		Equity Interest		Carrying Value	
		2014	2013	2014	2013
		%	%	\$	\$
Murchison Project JV	Gold Exploration	-	80	-	589,768
Bryah Basin Project JV	Copper Gold Exploration	80	80	3,127,862	2,831,240

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

		Carrying Value	
		2014	2013
		\$	\$
Non-Current Assets			
Exploration and evaluation		3,127,862	3,421,008
Share of net assets employed in joint ventures		3,127,862	3,421,008

27. Related party disclosure

	Class	Country of incorporation	Investment at cost 2014	Investment at cost 2013
			\$	\$
a) Parent entity				
Alchemy Resources Limited	Ord	Australia	-	-
b) Subsidiaries				
Alchemy Resources (Murchison) Pty Ltd	Ord	Australia	100	100
Alchemy Resources (Three Rivers) Pty Ltd	Ord	Australia	100	100
Goldtribe Corporation Pty Ltd	Ord	Australia	1	1
			2014	2013
			\$	\$
c) Key management personnel compensation				
Short-term employee benefits			337,798	504,744
Post-employment benefits			17,760	21,600
			355,558	526,344

Detailed remuneration disclosures are provided in the remuneration report on pages 16 to 22.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

27. Related party disclosure (continued)

d) Transactions with other related parties

Cardinal Management Services Pty Ltd, an entity controlled by Oscar Aamodt (the Company's chairman) and Lindsay Dudfield and Yvonne Dudfield as trustees of the LG Dudfield Pension Fund, an entity controlled by Lindsay Dudfield (non-executive Director) partially underwrote the non-renounceable offer completed in February 2014 for \$100,000 and \$250,000 respectively. The underwriting was subject to conditions ordinarily found in underwriting arrangements. The underwriters were not paid a fee.

Cardinal Management Services Pty Ltd and the LG Dudfield Pension Fund took up their obligations of 4,000,000 and 10,000,000 shortfall shares respectively under the terms of their underwriting agreements.

There were no other transactions with related parties.

28. Parent entity disclosure

	2014 \$	2013 \$
Financial Performance		
Profit / (loss) for the year	(1,701,927)	(2,693,361)
Other comprehensive income		
Total comprehensive profit / (loss)	(1,701,927)	(2,693,361)

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

28. Parent entity disclosure (continued)

Financial Position	2014 \$	2013 \$
ASSETS		
Current Assets		
Cash and cash equivalents	493,134	1,451,230
Trade and other receivables	48,295	52,518
Other current assets	5,757	9,749
Total Current Assets	547,186	1,513,497
Non-Current Assets		
Property, plant and equipment	150,906	246,507
Financial asset	2,287	2,287
Total Non-Current Assets	153,193	248,794
TOTAL ASSETS	700,379	1,762,291
LIABILITIES		
Current Liabilities		
Trade and other payables	101,159	106,047
Provisions	32,800	42,899
Interest bearing liabilities	38,077	47,434
Total Current Liabilities	172,036	196,380
Non-Current Liabilities		
Interest bearing liabilities	10,638	48,715
Total Non-Current Liabilities	10,638	48,715
TOTAL LIABILITIES	182,674	245,095
NET ASSETS	517,705	1,517,196
EQUITY		
Issued capital	28,635,022	27,932,586
Reserves	419,456	419,456
Accumulated losses	(28,536,773)	(26,834,846)
TOTAL EQUITY	517,705	1,517,196

Directors' Declaration

The directors of Alchemy Resources Limited declare that:

- (a) in the directors' opinion the financial statements and notes set out on pages 32 to 69 and the Remuneration Report in the Directors' Report are in accordance with the *Corporations Act 2001*, including :
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), *Corporations Regulations 2001* and mandatory professional reporting requirements.
- (b) the financial statements also comply with International Financial Reporting Standards as disclosed in note 2; and
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by Section 295A of the *Corporations Act 2001* by the chief executive officer and chief financial officer for the financial year ended 30 June 2014.

Signed in accordance with a resolution of the directors.



Oscar Aamodt
Chairman

Perth, Western Australia
19 September 2014

INDEPENDENT AUDITOR'S REPORT

To the members of Alchemy Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of Alchemy Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2014, 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 year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

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

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

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

Independence

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



Opinion

In our opinion:

- (a) the financial report of Alchemy Resources Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 2(b) in the financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon raising additional equity capital during the next 12 months. This condition, along with other matters as set out in Note 2(b), 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 financial statements.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Alchemy Resources Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO
A handwritten signature in dark ink, appearing to read 'C Burton', is written over the printed name.

Chris Burton

Director

Perth, 19 September 2014

Additional Shareholders Information

As at 2 September 2014

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows.

1. Distribution of Holders of Equity Securities

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

Shares Held	Shareholders
1 - 1,000	132
1,001 - 5,000	223
5,001 - 10,000	201
10,001 - 100,000	615
100,001 and over	199
Total	1,370

The number of holders of less than a marketable parcel of ordinary fully paid shares is 768.

2. Substantial Shareholders

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

	Number of shares	Percentage held
Citicorp Nominees Pty Limited	26,974,077	14.54
Jindalee Resources Limited	17,469,759	9.42
LG Dudfield Pension Fund	10,259,721	5.53

3. Voting Rights

(a) Ordinary Shares

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

(b) Options

No voting rights

4. Quoted Securities on Issue

The Company has 185,454,701 quoted shares on issue. No options on issue by the Company are quoted.

5. On-Market Buy Back

There is no current on-market buy back.

6. Unquoted Equity Securities

	Number on issue	Number of holders
Options exercisable at \$0.40 on or before 30 April 2015	975,000	6

Additional Shareholders Information

As at 2 September 2014

7. Twenty Largest Holders of Quoted Ordinary Shares

Shareholder	Number of shares	Percentage held
Citicorp Nominees Pty Ltd	26,974,077	14.54
Jindalee Resources Limited	17,469,759	9.42
LG Dudfield Pension Fund	10,259,721	5.53
Grandor Pty Ltd	7,394,213	3.99
Mrs Stella Emily Downey	4,592,750	2.48
Cardinal Management Services Pty Ltd	4,420,201	2.38
Dr Colin Rose	3,035,027	1.64
Mr Richard Barry	3,000,000	1.62
Wythenshawe Pty Ltd	3,000,000	1.62
Canaccord Capital (Australia) Pty Ltd	2,785,500	1.5
Kale Capital Corporation Ltd	2,512,650	1.35
Bouta Pty Ltd	2,480,360	1.34
Wavet Fund No 2 Pty Ltd	2,265,000	1.22
Mr Christopher Paul Lewis	2,245,359	1.21
Tbb Nsw Pty Ltd	2,236,000	1.21
KE & PW Holdings Pty Ltd	2,000,000	1.08
Warramboos Holdings Pty Ltd	2,000,000	1.08
Prodigy Management Pty Ltd	1,900,000	1.02
Novus Capital Limited	1,218,750	0.66
Rossdale Superannuation Pty Ltd	1,010,000	0.54
	102,799,367	55.43

Tenement Schedule

Project / Tenement	Location	Interest	Co-Holder	Notes
Bryah Basin Project	Western Australia			
E52/1668		80%	Jackson Minerals Pty Ltd	1, 2
E52/1678		80%	Jackson Minerals Pty Ltd	1, 2
E52/1722		80%	Jackson Minerals Pty Ltd	1, 2
E52/1723-I		100%*	PepinNini Robinson Range Pty Ltd	2, 3
E52/1730		80%	Jackson Minerals Pty Ltd	1, 2
E52/1731		100%		2
E52/1810		100%		2
E52/1852		100%		
E52/1881		100%		2
E52/2360		100%		2, 4
E52/2361		100%		4
E52/2362		100%		2, 4
L52/116		100%		
L52/117		100%		
L52/118		100%		
M52/685		100%		4
M52/722		100%		2, 4
M52/723		100%		2, 4
M52/737		100%		4
M52/753		100%		4
M52/795		100%		2, 4
M52/796		100%		4
M52/797		100%		4
M52/844-I		100%		2, 4
M52/1049		100%		4
P52/1167		80%	Jackson Minerals Pty Ltd	1
P52/1168		80%	Jackson Minerals Pty Ltd	1
P52/1195		80%	Jackson Minerals Pty Ltd	1
P52/1196		80%	Jackson Minerals Pty Ltd	1
P52/1199		100%		2
P52/1200		100%		2
P52/1314		100%		4
P52/1315		100%		4
P52/1316		100%		4
P52/1317		100%		2, 4
P52/1318		100%		2, 4
P52/1320		100%		2, 4
P52/1321		100%		4
P52/1322		100%		4
P52/1323		100%		2, 4
P52/1327		100%		4
P52/1365		100%		4
P52/1425		100%		2
P52/1427		100%		2
P52/1428		100%		2
P52/1429		100%		

Tenement Schedule

Project / Tenement	Location	Interest	Co-Holder	Notes
P52/1467		100%		2
P52/1468		100%		2
P52/1469		100%		2
P52/1470		100%	Jackson Minerals Pty Ltd	2
Murchison Project	Western Australia			
E20/610		80%	Jindalee Resources Ltd	5
E51/1476		100%		

Notes:

- 1) Jackson Minerals Pty Ltd, a subsidiary of Fe Ltd (ASX: FEL), retains a 20% interest free-carried to a decision to mine.
- 2) Independence Group NL (ASX: IGO) has a right to explore and earn a 70-80% interest (excludes iron ore) free-carried to a pre-feasibility study.
- 3) 100% "Other" mineral rights (excludes iron ore); Robinson Range Iron Ore JV – 100% iron ore.
- 4) 100% minerals rights for all minerals, excluding iron ore; Carey Mining Iron Ore JV – Alchemy Resources 50%, Carey Mining 50% iron ore.
- 5) Alchemy Resources 80% legal and beneficial interest; in process of being transferred.