

ALCHEMY RESOURCES LIMITED

ABN 17 124 444 122

ANNUAL REPORT

For the year ended 30 June 2021

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CORPORATE DIRECTORY

DIRECTORS & MANAGEMENT

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

COMPANY SECRETARIES

Jessamyn Lyons – Joint Company Secretary

Carly Terzanidis – Joint Company Secretary

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

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SHARE REGISTRY

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STOCK EXCHANGE LISTING

The Company is listed on the Australian Securities Exchange Ltd ("ASX")

Home Exchange: Perth, Western Australia
ASX Code: ALY

CHAIRMAN'S LETTER

Dear Fellow Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report of Alchemy Resources Limited for the year ended 30 June 2021.

Alchemy holds five main projects covering a range of commodities including gold, base metals, nickel and cobalt, all located in mining friendly parts of Australia and each with the potential to host "company making" deposits.

Despite COVID-19 related travel restrictions, Alchemy successfully completed multiple drill programs across our portfolio of tenements in Western Australia and New South Wales, with exploration activities managed to ensure the well-being and safety of our employees, contractors and local communities.

Several successful drilling programs were undertaken at our 100% owned Karonie Project (WA), with results extending the zones of mineralisation at our Parmelia Prospect and intercepting high grade zones at KZ5 and Taupo Prospects which are located immediately along strike of Silver Lake's Aldiss Mining Centre. Results from drilling at Parmelia, KZ5 and Taupo were collated resulting in the release of a maiden inferred resource estimate of 111,110oz at Karonie on 31 August 2021.

Our Bryah Basin our Gold and Base Metals Joint Ventures, also in WA, continued to be advanced at no cost to Alchemy by partners Superior Gold and Sandfire Resources respectively.

Superior Gold progressed studies and heritage agreements on the Hermes and Hermes South deposits, evaluating the potential to include the 114,000oz Hermes South deposit as a satellite open pit feed source for their Plutonic Mine, 65km to the northeast. Production from Hermes South is currently expected to commence in 2022. Sandfire's aggressive drilling campaign on our ground along strike of their DeGrussa copper-gold mine continued during the year with significant aircore and moving loop electromagnetics completed at the Bulgullan Bore and Horseshoe Lights prospects.

Late 2020 Alchemy completed two deep diamond drill holes designed to test the interpreted extensions of mineralisation down plunge and along strike at Overflow, one of four projects in NSW comprising the Lachlan/Cobar Basin Joint Venture with Heron Resources. The Company also undertook a comprehensive structural and geophysical review of the Melrose Magnetic Anomaly, with drilling planned for late 2021, subject to requisite approvals. Alchemy has now earned an 80% interest in the Lachlan JV tenements.

Late 2020 we farewelled Leigh Ryan as our Managing Director, who left to pursue other opportunities, and in January 2021 we welcomed James Wilson as Alchemy's Chief Executive Officer. James is a geologist with a strong mix of technical and capital markets experience and moved swiftly to appoint key personnel to the team and commence drill programs across the portfolio. On behalf of the Board, I would like to thank Leigh, James and the rest of the Alchemy team for their efforts during the period.

CHAIRMAN'S LETTER

The next 12 months promises to be an exciting period for Alchemy shareholders with drill rigs returning to Karonie, exploration expected to commence in NSW and at our significant Lake Rebecca tenement package and the potential for gold production at Hermes South late in 2022. We look forward to reporting to shareholders on our progress as we continue to build the Company.

A handwritten signature in black ink, appearing to read 'Lindsay Dudfield', with a large loop at the end of the last name.

Lindsay Dudfield
Chairman

KEY INVESTMENT HIGHLIGHTS

Growth strategy focussed on building a portfolio of quality mineral resources through innovative exploration and strategic acquisition, with the aim of realising value to Shareholders through the mining or sale of mineral discoveries.

KARONIE PROJECT (WA) and LAKE REBECCA (WA) – Gold

Quality gold targets close to existing resources and processing infrastructure.

LACHLAN/COBAR BASIN PROJECTS (NSW) – Gold / Base Metals

High grade gold and base metal drill targets within the Overflow and Yellow Mountain Projects.

BRYAH BASIN PROJECT (WA) – Gold / Base Metals

Joint-venture funded exploration for high-grade gold and base metals in a highly prospective metallogenic province.

CORPORATE

Placement and non-renounceable 1 for 10 entitlement offer completed raising a total of \$1,825,787 (before costs).

Appointment of James Wilson as Chief Executive Officer, effective 1 January 2021.

Appointment of Jessamyn Lyons as Company Secretary, effective 3 March 2021.

Appointment of Carly Terzanidis as Joint Company Secretary, effective 23 August 2021.

Enterprise Value of ~\$10M; highly leveraged to success.

Strong major Shareholder support.

REVIEW OF ACTIVITIES

Alchemy Resources Limited (ASX: ALY; “Alchemy” or “the Company”) is an Australian exploration company focused on growth through the discovery and development of gold, base metal and nickel-cobalt resources within Australia. The Company has built a significant land package in the Karonie-Carosue Dam greenstone belt in the Eastern Goldfields region in Western Australia, and has a Joint Venture Agreement with Heron Resources Ltd (ASX: HRR; “Heron”) where Alchemy has earned an 80% interest in the Lachlan/Cobar Basin Projects in New South Wales, both well-endowed metal provinces with significant upside for gold, silver, copper, lead, zinc, nickel and cobalt mineralisation.

The Company also maintains its interest in the Bryah Basin Project in the gold and base metal-rich Gascoyne region of Western Australia, where farm-in and joint venture partners, Sandfire Resources NL (ASX: SFR; “Sandfire”), and Billabong Gold Pty Ltd (“Billabong”), a subsidiary of TSX-V listed Superior Gold Inc. (TSX-V: SGI) (“Superior”), are continuing to advance base metal and gold exploration, respectively (Figure 1).

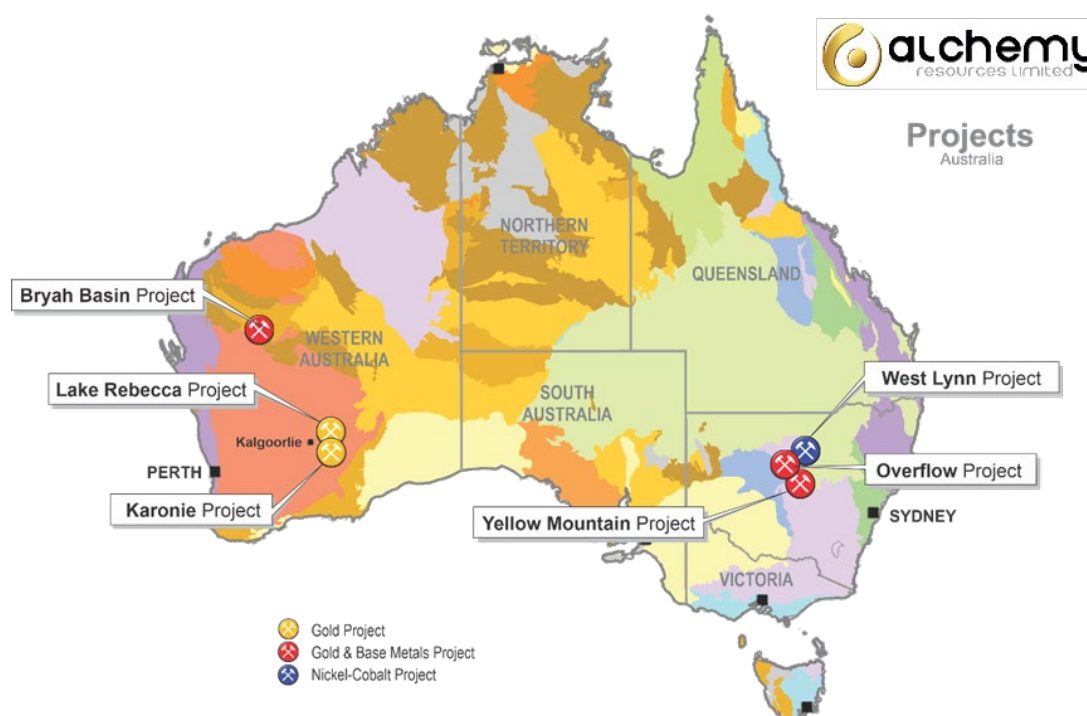


Figure 1: Alchemy Resources' Project Location Map

REVIEW OF ACTIVITIES

Exploration over the past 12 months focussed on the Karonie Gold Project in Western Australia and the Overflow Gold and base metals project in New South Wales. This work included a regional structural mapping review and reverse circulation (RC) drilling at the Taupo, KZ5 and Parmelia prospects along strike of Silver Lake's Aldiss Mining Centre and diamond core drilling (DD) at the Overflow Project in New South Wales.

A significant area of highly prospective greenstones was pegged forming a new project called the Lake Rebecca Project, centred 80km north of Karonie and strategically located near established resources and mining infrastructure.

Exploration at the Karonie Project in Western Australia continued with two drilling campaigns completed during the year. The results highlighted the prospectivity of the Taupo, KZ5 and Parmelia Prospects which returned high grade gold intercepts which remain open at depth and along strike of all three zones.

Exploration within the Bryah Basin Joint Venture continued with Sandfire Resources partially completing an aggressive Aircore (AC) and geophysics campaign along strike of the Horseshoe Lights mine, and Superior Gold commencing heritage clearance work as well as design and scheduling work for the Hermes South resource where mining is expected to commence in the first half of 2022.

In NSW, diamond core drilling was completed on the highly prospective Overflow Gold and Base metals target, confirming the extent of the shear zone and highlighting the structural complexity on the high-grade shoots.

Alchemy's strategy for the next 12 months is to:

- Undertake targeted drill programs at the highly prospective Karonie Gold Project with the aim of delineating significant gold resources.
- Complete ground mapping and structural targeting in the southern and northern Karonie tenements.
- Unlock the gold and base metal potential of the Lachlan/Cobar Projects through systematic exploration and targeted drilling campaigns with a focus on the Overflow, Melrose and Yellow Mountain Mine prospects;
- Closely monitor exploration and Hermes South mining activities undertaken by Billabong within the Bryah Basin Joint Venture;
- Undertake reviews and detailed reporting of Sandfire Resources funded exploration for gold and base metal deposits within the Bryah Basin Joint Venture;
- Continue to enhance the Company's position through strategic investment decisions and evaluation of quality advanced gold and base metal project opportunities throughout Australia.

REVIEW OF ACTIVITIES

KARONIE PROJECT (WA) (Alchemy 100%)

The Karonie Project now includes twelve exploration licences and three exploration licence applications covering 1,252km² of highly prospective mineralised structures within Kurnalpi Terrain greenstones 100km east of Kalgoorlie (Figure 2). The tenements are located along strike of Silver Lake Resources (ASX: SLR) Aldiss Mining Centre (reserves/resources of over 585,000oz @ 1.9g/t Au)¹, are within 50km of Silver Lake's Randall's processing plant, and cover 38km of the under-explored, gold endowed Claypan Shear Zone commencing just 12km along strike to the south of Breaker Resources NL's (ASX: BRB) Bombora deposit (resource of 1.37Moz @ 1.5g/t Au)².

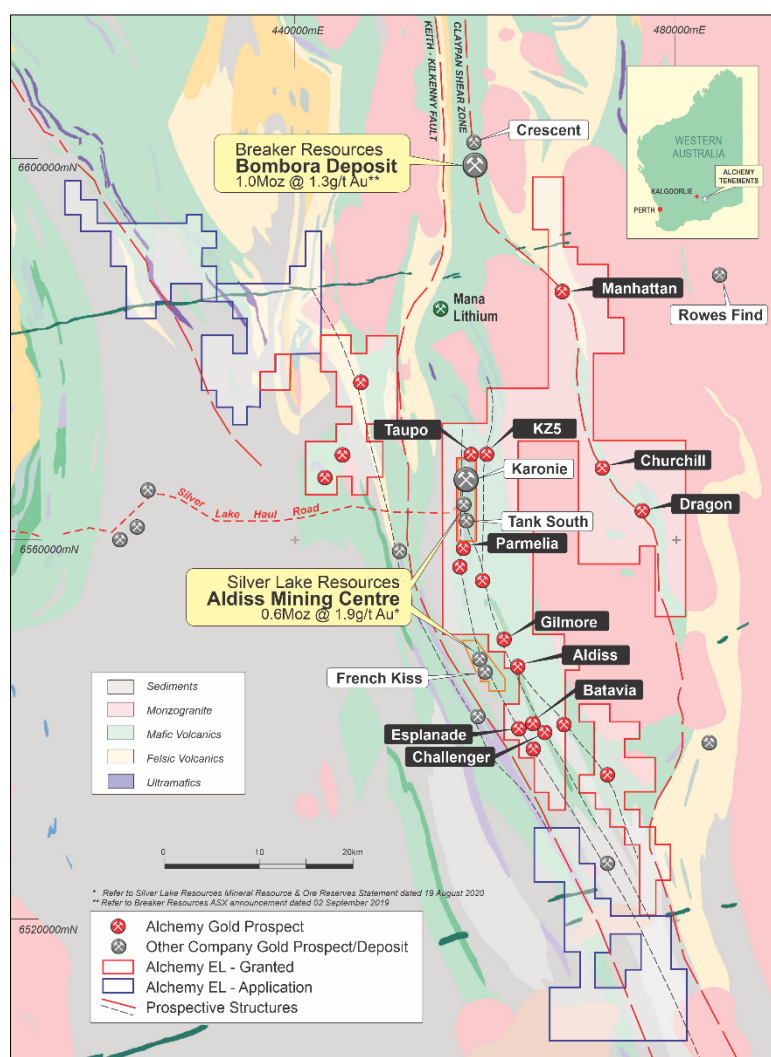


Figure 2: Karonie Project tenements, major deposits, prospects and interpreted major structures over published geology

¹ Refer to Silver Lake Resources Limited's ASX announcement dated 19 August 2020. CP: A. Awan

² Refer to Breaker Resources Limited's ASX announcement dated 29 April 2021. CP's: T. Sanders, A. Barker, N. Fogden.

REVIEW OF ACTIVITIES

During the year, the Company conducted a structural targeting review of the Karonie tenements which was undertaken by Model Earth Pty Ltd (Figure 3). The review focussed on generating “camp scale” prospective areas for follow-up (in addition to existing advanced target areas at Parmelia, KZ5 and Taupo). The outcome of the study highlighted that Karonie is highly prospective, having regional-scale flexures on both the Keith Kilkeny and Claypan shear zones and proximity to nearby large scale >1Moz gold deposits. Five high level targets were identified for further work including Warrior-Gilmore, Challenger-Esplanade, Manhattan and two new conceptual targets at Karonie West and a new target in the southern most extent of the Karonie tenement package. Best historic results from Challenger included 10m at 1.46 g/t gold (from 128m) in ISRC10351³ and previous high-grade intercepts from Esplanade included 1m at 21.35g/t gold (from 133m) in LPRC0181³.

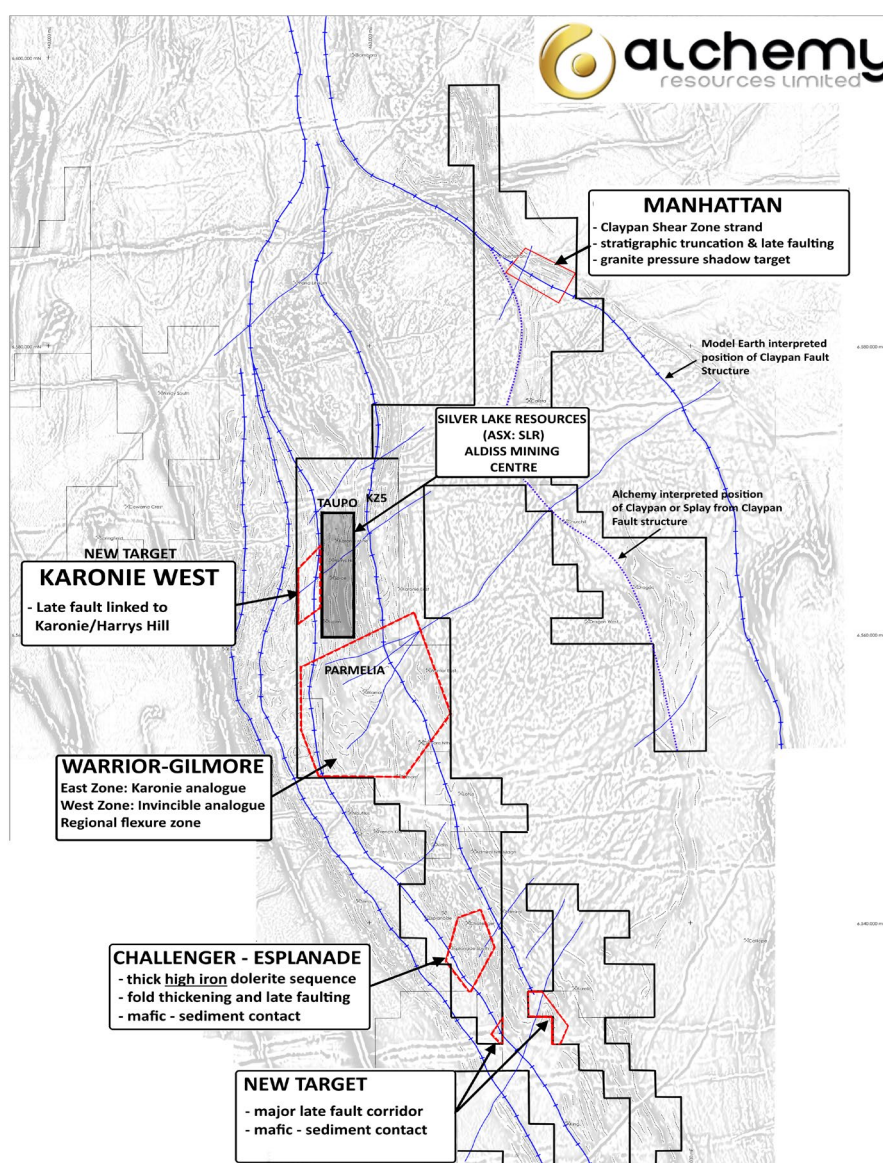


Figure 3: Karonie structural targeting review showing structural review targets

³ Refer Alchemy Resources ASX Announcement 24 May 2016

REVIEW OF ACTIVITIES

Multiple drill programs were conducted during the year at the 100% owned Karonie Gold Project including the Parmelia, Taupo, KZ5 and Warrior Prospects for a total of 33 holes for 3,852m of RC drilling. Two drill programs were completed at Parmelia Prospect for a total of 1,415m and follow-up drill programs were completed at KZ5 for 913m, Taupo for 1,081m and Warrior for 444m.

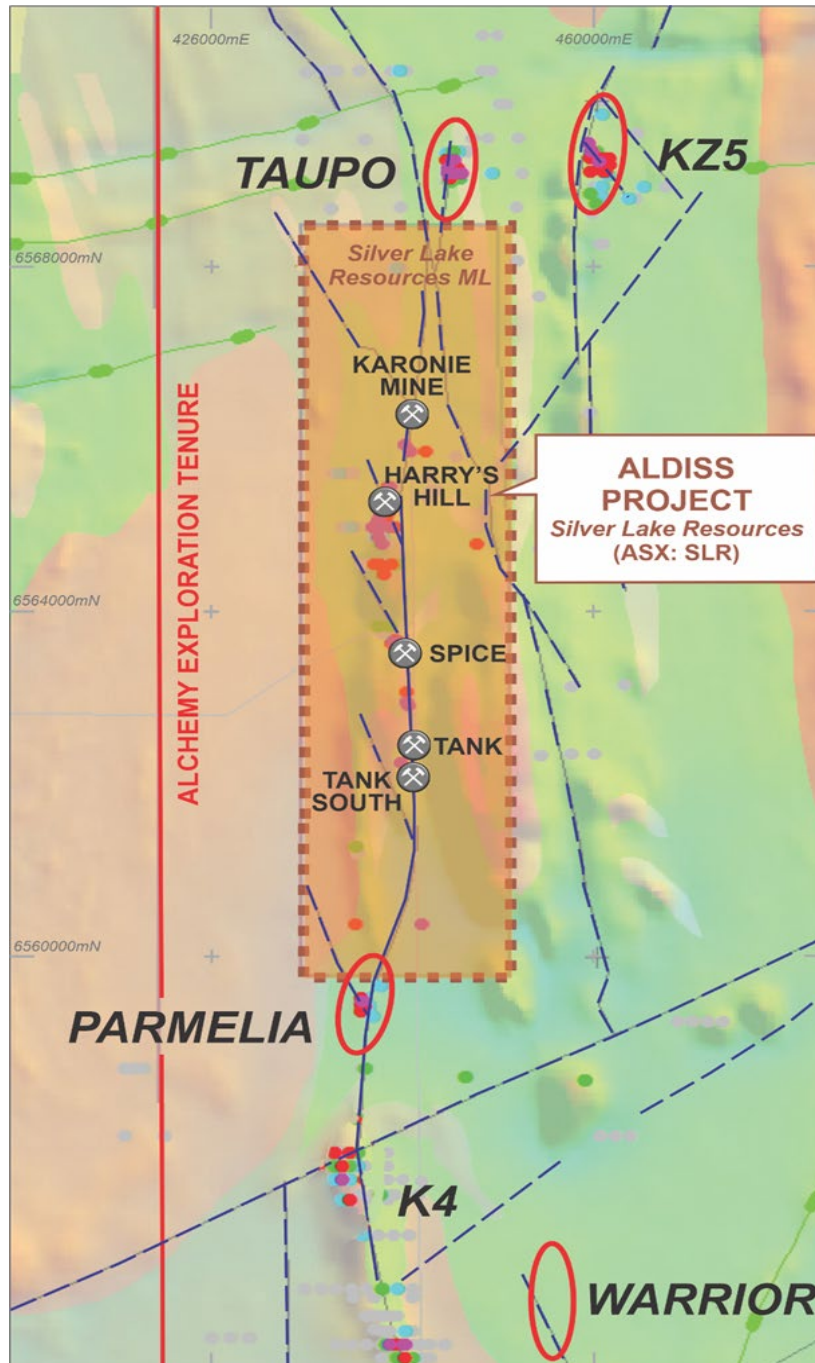


Figure 4: Karonie Project Prospects location

REVIEW OF ACTIVITIES

Drilling at the KZ5 Prospect included 9 holes for 913m, targeting the up/down dip and along strike extension of the zones of existing mineralisation including 26m @ 1.30g/t Au from 125m⁴. Drilling intersected variably altered dolerites with zones of sulphides and quartz veining close to the interpreted strike extension locations. Assay results received from KZ5 indicate the continuity of mineralisation along strike and at depth. Importantly, mineralisation was intercepted in KZRC104 with assays returning 1m @ 15.30g/t Au from 57m⁵. This hole targeted the up-dip extent of the deep mineralisation observed in KZD009. In the northern area, mineralisation observed in KZRC103 indicates a potential flexure or offset towards the north-west beyond historic drill hole KZRC041, which returned 1m @ 6.67g/t Au from 24m⁵. Alchemy believes there is significant opportunity to test the structure to the north-west where historic drilling is both wide spaced and shallow, with most hole depths 10m or less.

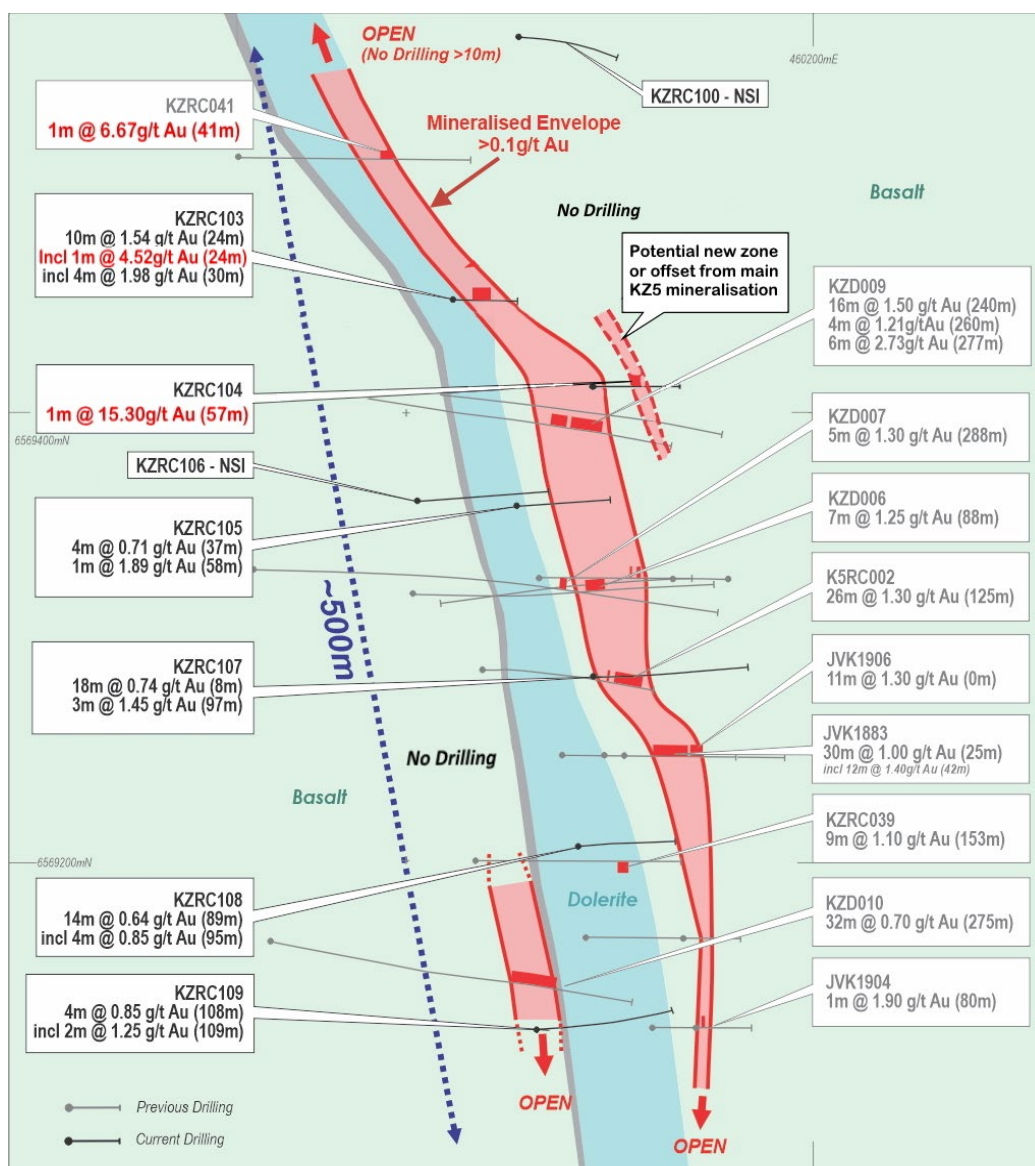


Figure 5: KZ5 Prospect Drill Plan

⁴ Refer to Integra Mining Limited ASX announcement "KZ5 Exploration Update" dated 16 January 2007. CP: C. Cairns

⁵ Refer Alchemy Resources ASX Announcement 10 August 2021

REVIEW OF ACTIVITIES

Taupo Prospect is located 2km along strike to the north of the Karonie Main open cut mine. Drilling at the Taupo included 9 RC holes for 1,081m, targeting infill and extension of the two primary lodes of mineralisation along strike from previous results including 10m @ 1.8g/t Au (from 68m). Drilling intercepted zones of altered dolerites, quartz veining and sulphides in proximity to the interpreted strike extension locations.

RC drilling at Taupo was designed to infill previous drilling and test strike extensions of the existing mineralisation envelope. Results have confirmed the continuity of the mineralised structure in the central zone where TARC013 recorded a strong intercept of 4m @ 1.72g/t Au from 123m, including 1m @ 5.73g/t⁶ Au from 123m. Mineralisation in the central zone displays a gentle westerly 45° dip and can be traced up to 150m down dip, based on the limited drill density. Both zones remain open at depth and along strike to the north. The drilling confirmed two sub-parallel zones of gold mineralisation still open down dip and along strike to the north and south. Previous drilling along strike is limited to shallow, wide spaced, vertical AC holes that are not adequate to identify the plunging high-grade gold shoots that are common in the Aldiss area. Further drilling targeting potential high-grade shoots at depth is being planned.

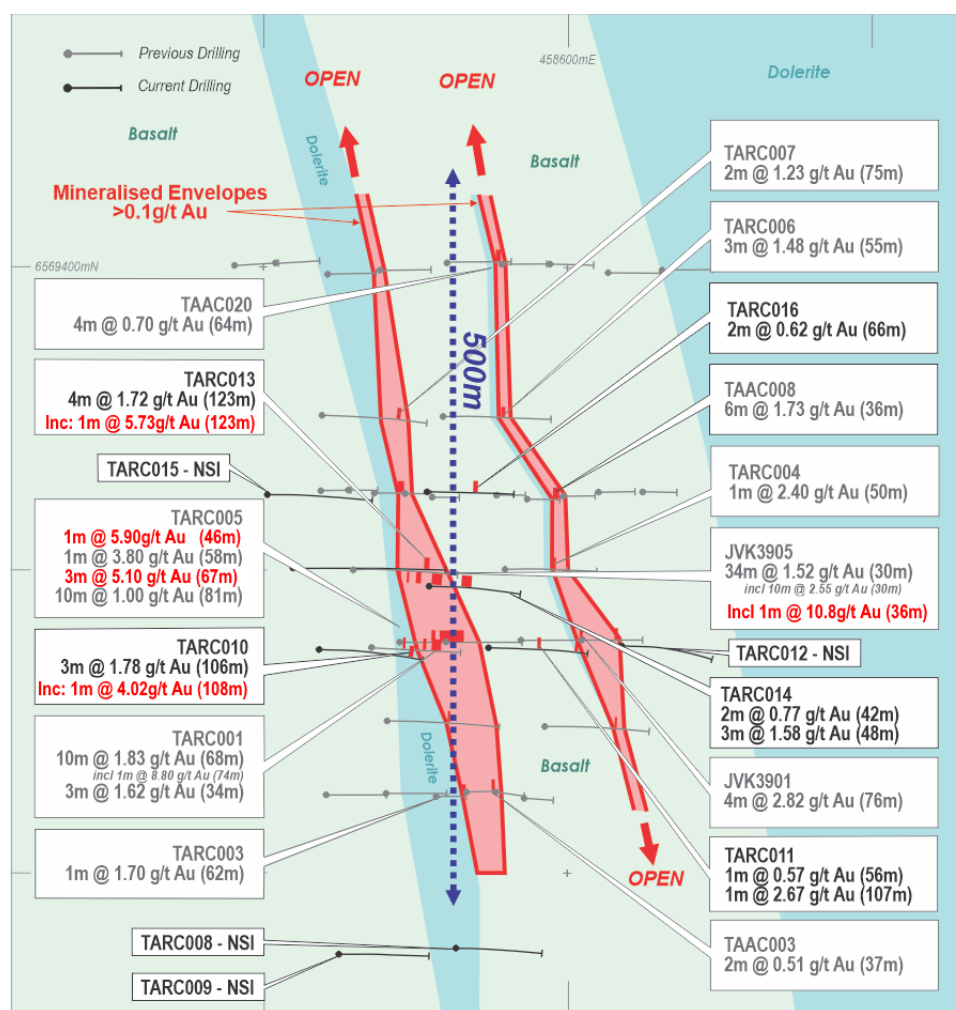


Figure 6: Taupo Prospect: Significant intercepts from recent and historic drilling

⁶ Refer Alchemy Resources ASX Announcement 10 August 2021

⁷ Refer Alchemy Resources ASX Announcement 9 December 2019

REVIEW OF ACTIVITIES

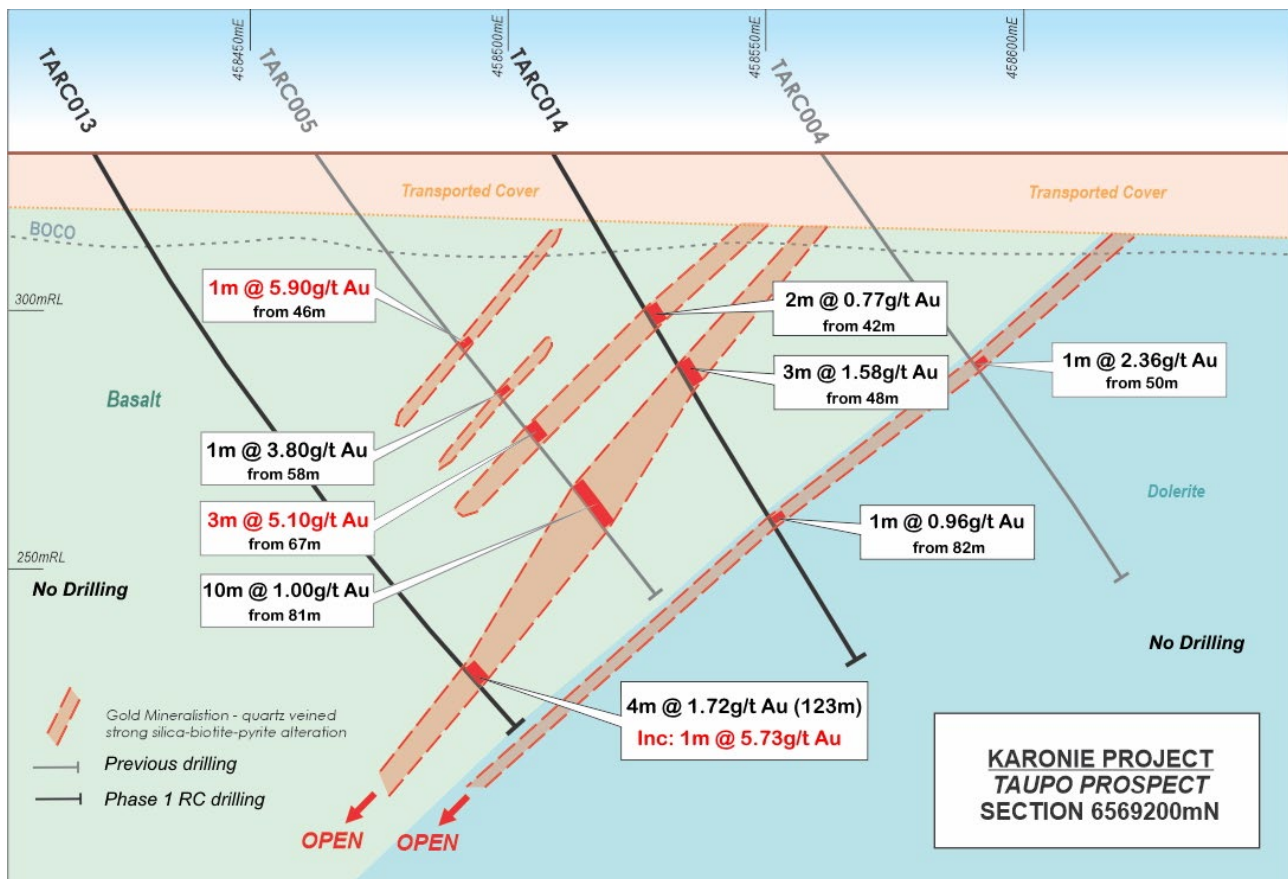


Figure 7: Taupo Prospect cross section 6569200mN

RC drilling at Parmelia was planned to infill previous drilling and test strike extensions of the existing mineralisation envelope. Results from the RC drilling has confirmed the mineralised structure extends both down dip and along strike to the south with assays ranging from 0.3g/t Au to 0.83g/t Au over widths from 4m to 20m. PARC015, the southernmost RC hole at Parmelia, has confirmed the mineralised system extends a further 100m south from the previous intercept of 17m @ 1.05g/t Au observed in PARC011⁷. Alchemy believes the Parmelia mineralisation may occur as a series of steeply south plunging shoots over a strike length which now exceeds 500m in length and this will be tested in follow-up drill programs.

Two intercepts were received from Warrior, 4m @ 0.66g/t Au from WARC001 and 4m @ 0.38g/t Au⁸ which were in the transported clays that overlay the basement rock. There were no other significant assay results to report from basement geology from the four wide spaced RC holes that were drilled to test the coincident gravity and magnetic highs at the Warrior Prospect. This program is the first program that has succeeded in penetrating and testing basement geology. The drilling intersected favourable gold host geology: black shales and fractionated dolerites with silica alteration and sulphide minerals, which gives reason to pursue with follow up drill programs after more in depth interpretation of the geology along strike of the recent drilling.

⁷ Refer Alchemy Resources ASX Announcement 9 December 2020

⁸ Refer Alchemy Resources ASX Announcement 5 July 2021

REVIEW OF ACTIVITIES

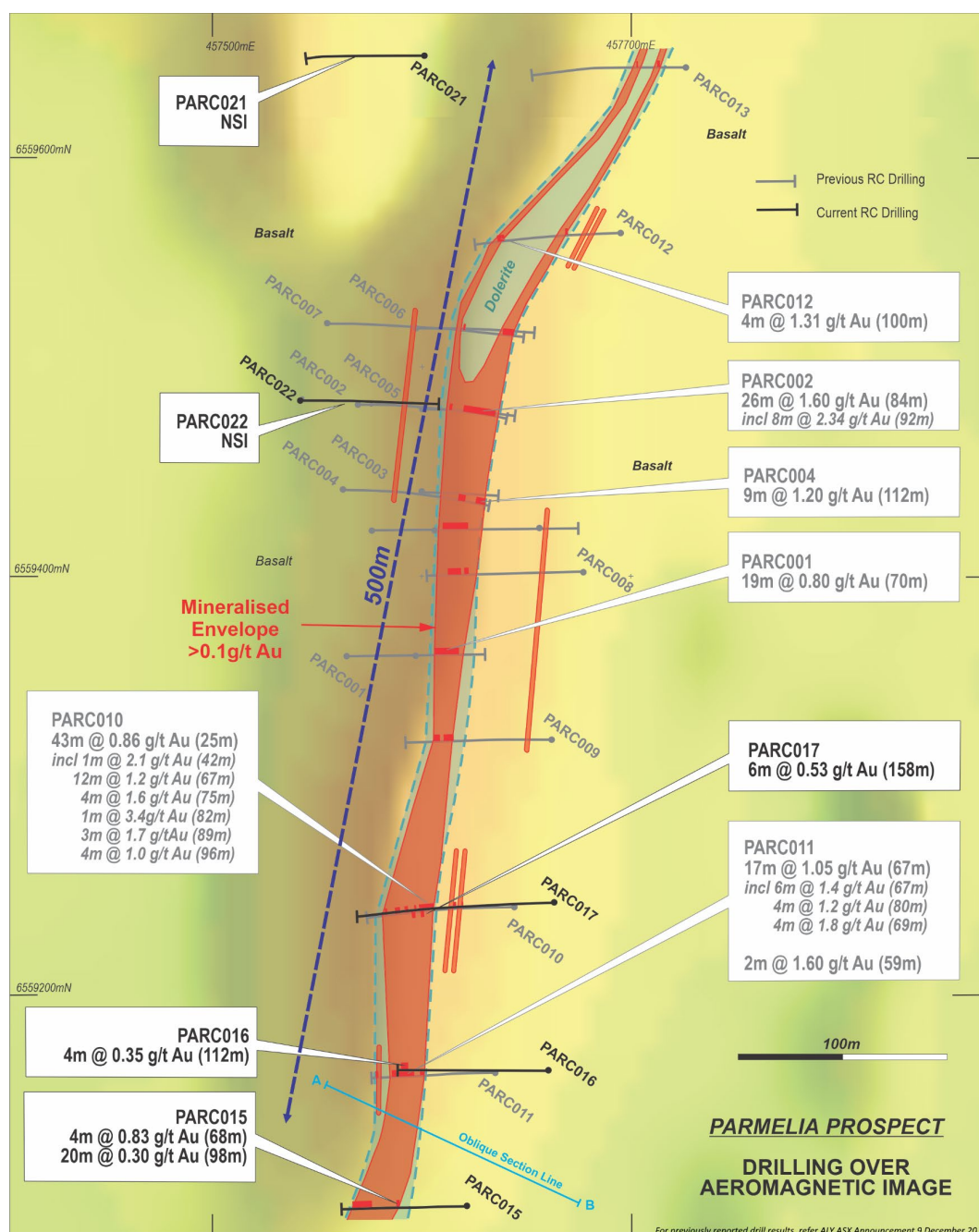


Figure 8: Parmelia Prospect Drill Plan

The commencement of RAB drilling along the Claypan Shear Zone at Manhattan, Dragon, and Churchill prospects was delayed due to the restrictions and market uncertainty imposed by the COVID-19 pandemic. The RAB drilling is designed to test folded and/or converging dolerite units interpreted from detailed aeromagnetic imagery. Drilling is now expected to commence later part of 2021.

REVIEW OF ACTIVITIES

LAKE REBECCA PROJECT (WA) (Alchemy 100%)

The Lake Rebecca Project includes 11 new exploration licence applications covering 494km² of Archean greenstones in the Eastern Goldfields of Western Australia. The Project is located 100km east of Kalgoorlie in a highly prospective geological setting, covering greenstones, numerous internal granites and known gold bearing structures (Figure 9). It is located just 10km southeast of Northern Star Resources' (ASX: NST) Carosue Dam deposit which hosts resources of 4.6Moz @ 2.0g/t Au⁹, and 6km west of Apollo Consolidated Limited's (ASX: AOP) Rebecca, Duchess and Duke deposits which contain a combined resource of 1.1Moz @ 1.2g/t Au¹⁰

During the year Alchemy successfully won the ballot for two key exploration licence applications (E28/3035 and E28/3039) which will form part of Alchemy's Lake Rebecca Project. The applications sit along strike from Apollo Consolidated (ASX: AOP) and to the east of Northern Star Resources (ASX: NST) Carosue Dam operations.

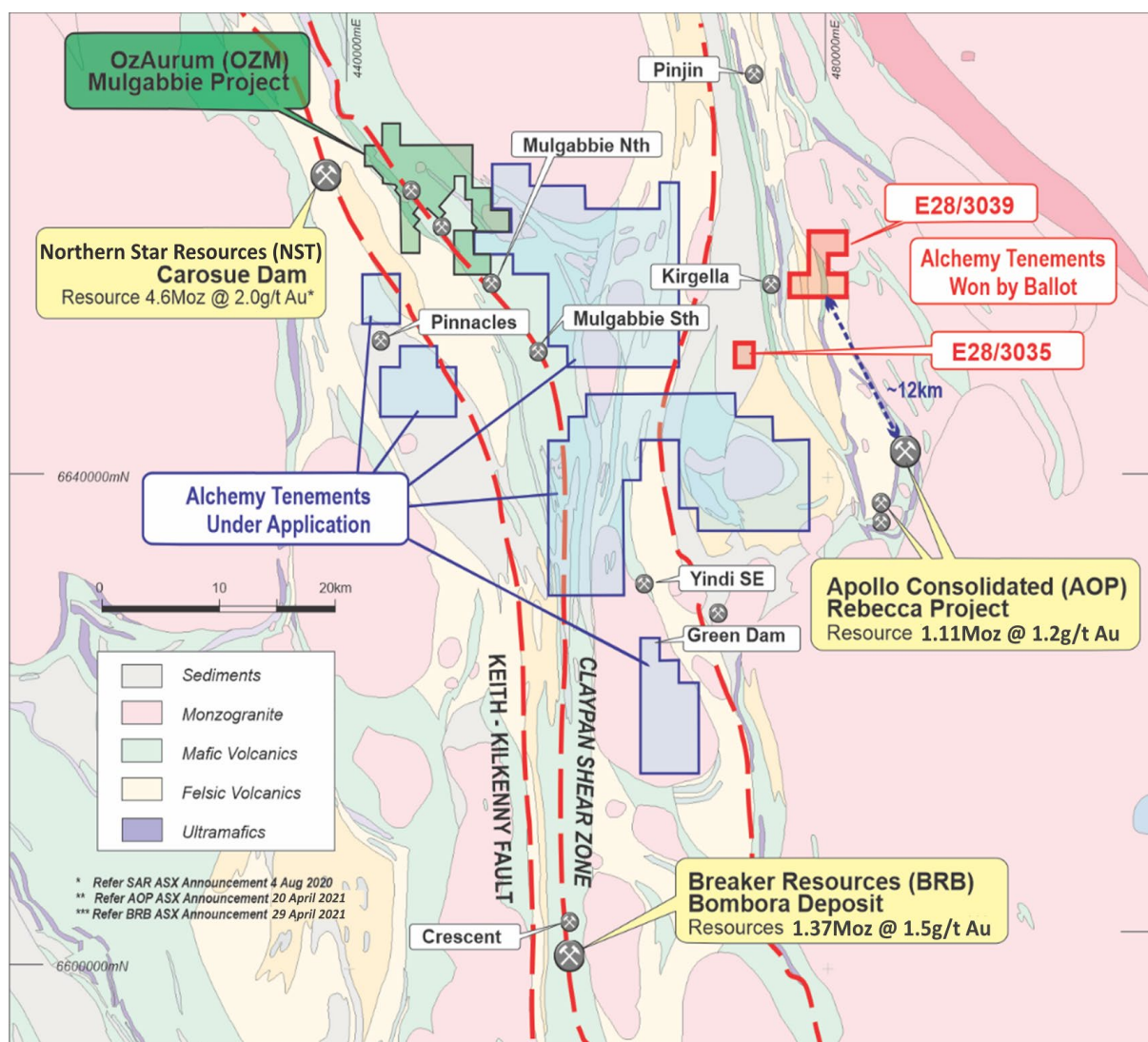


Figure 9: Lake Rebecca Project tenements, major deposits, prospects and major structures over published geology

⁹ Refer to Saracen Mineral Holdings Limited ASX announcement dated 4 August 2020

¹⁰ Refer to Apollo Consolidated Limited ASX announcement dated 20 April 2020

REVIEW OF ACTIVITIES

Native Title Heritage Agreement negotiations and exploration data compilations are underway. The licences are expected to be granted late-2021.

LACHLAN/COBAR BASIN PROJECTS (NSW) (ALCHEMY 51% - EARNING UP TO 80%)

The Lachlan/Cobar Basin Projects consist of the Overflow and Yellow Mountain Gold-Base Metal Projects, the Eurow Copper-Gold Project, the Girilambone Copper Project, and the West Lynn and Woodsreef Nickel-Cobalt Projects, each containing multiple gold and/or base metal and/or nickel-cobalt-alumina targets, including drill-ready targets at Overflow, Yellow Mountain, and West Lynn.

The Projects represent a strategic exploration project acquisition for Alchemy, with a large (1,055km²) land package in the underexplored central Lachlan province and Cobar Superbasin. The Projects are proximal to high profile mining centres including Cobar, Hera/Nymagee, Mineral Hill, Tritton and Parkes (Figure 10).

During the year Alchemy completed the spending requirement to earn an 80% interest in the Lachlan/Cobar Basin Projects. Under the terms of the Farm-in agreement Alchemy could earn 80% interest by spending \$2m before 30 May 2021.

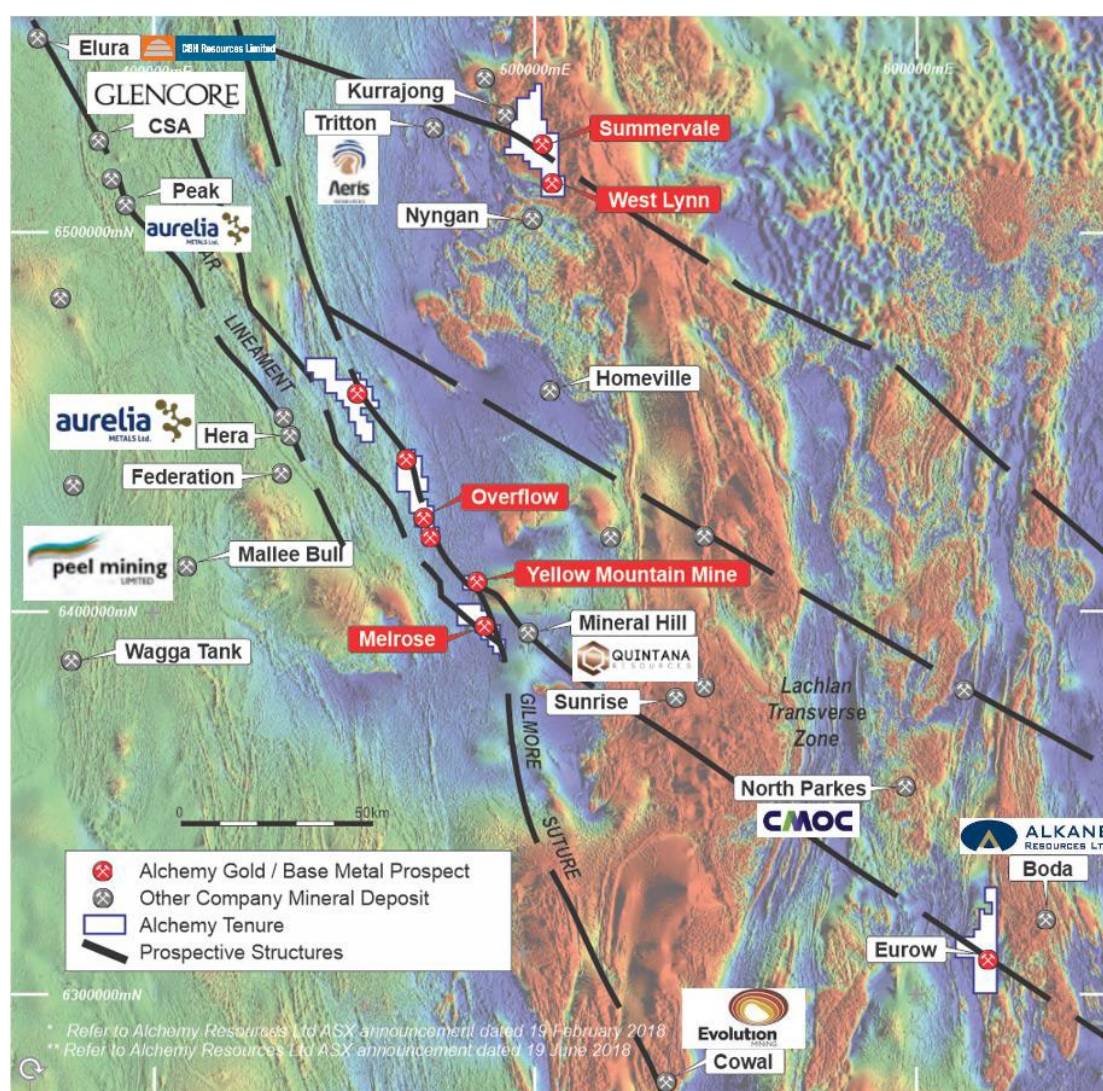


Figure 10: Alchemy prospects and other mineral deposits over regional TMI aeromagnetic image

REVIEW OF ACTIVITIES

Overflow Gold-Base Metal Project

The Overflow Project consists of three exploration licences covering 285km² located over a 34km long section of the Gilmore Suture ~20km east of the high-grade Hera/Nymagee deposits (Figure 10). The licences are located on Ordovician-Devonian metasediments and volcanics which are highly prospective for epithermal gold and Cobar-style gold and base-metal mineralisation.

The Project is centred on the historic Overflow mining centre, a past producer of gold, silver and lead, which has been the focus of exploration in the area since mining ceased in 1942. Previous drilling at the Overflow Mine has returned numerous high-grade gold-silver and base metal intercepts including **18m @ 2.1g/t Au, 111g/t Ag, 1.1% Zn** from 245m, and **3m @ 7.3g/t Au, 43g/t Ag, 4.6% Zn, 4.2% Pb, 0.3% Cu** from 286m from Alchemy's first diamond drill hole (OFDD001)¹¹ (Figure 12). Mineralisation at Overflow is shear hosted, shows a vertical polymetallic zonation, and displays chlorite-silica alteration typical of Hera / Cobar-style mineralisation.

During the year Alchemy completed two deep diamond holes (QFDD003 & QFDD004) totalling 698.6m. The holes targeted mineralisation down plunge and south of the previous high-grade intercepts and historic workings.

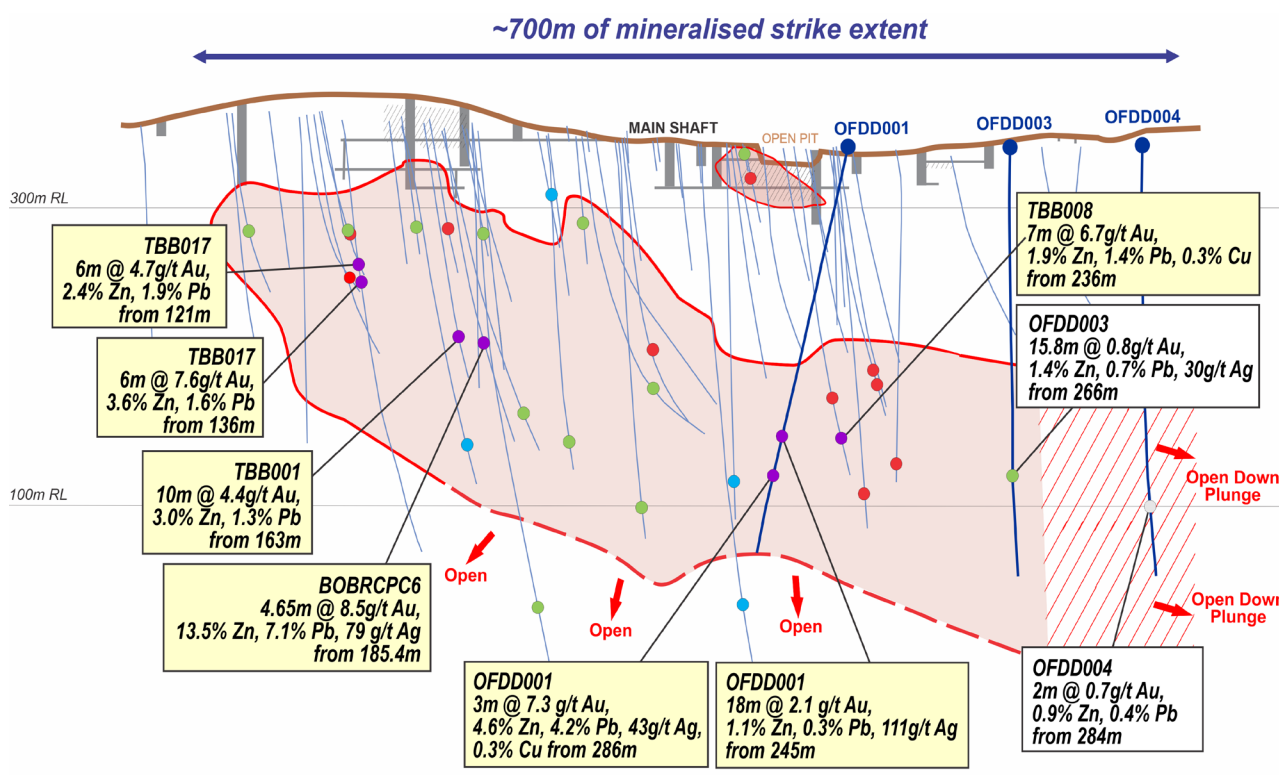


Figure 11: Overflow long section looking east showing the two completed diamond holes (QFDD003 & 004) in 2020

¹¹ Refer to Alchemy Resources ASX Announcement dated 29 March 2017

REVIEW OF ACTIVITIES

The two-hole diamond drill program aimed to expand the known extent of gold and base metal mineralisation down plunge to the south of previous high-grade gold intercepts. The first hole (OFDD003) intercepted strong shearing, faulting, quartz carbonate veining, and pyrite-sphalerite-galena mineralisation within altered sediments. Assays from this zone returned 15.8m @ 0.8g/t Au, 30g/t Ag, 1.4% Zn, 0.7% Pb from 266m, including 1m @ 2.7g/t Au, 22g/t Ag, 1.1% Zn, 0.7% Pb from 271m, and 1.1m @ 4.2g/t Au, 23g/t Ag, 2.5% Zn, 1.5% Pb from 280.7m¹² (Figure 11).

The second hole (OFDD004), located a further ~100m down plunge to the south of OFDD003, intercepted a wide zone of intense shearing, fracturing and fault breccia within altered sediments from 260 - 287m, however only minor quartz veining and sulphides were observed. Assays returned a best intercept of 2m @ 0.7g/t Au, 5g/t Ag, 0.9% Zn, 0.4% Pb from 284m¹² (Figure 11).

The diamond drilling confirmed the extent and significance of the Overflow shear zone, whilst highlighting the complexity of structural controls on high grade shoots at the prospect. Detailed relogging of both Alchemy and historic drill core is planned to determine the structural controls and identify additional drill targets at depth and along strike to the north and south.

Yellow Mountain Gold-Base Metal Project

The Yellow Mountain Project consists of one 93km² exploration licence located ~10km west of the historic Mineral Hill deposits. The licence covers a 20km long section of the Gilmore Suture, a crustal scale structure associated with several gold deposits in the district, including the Cowal gold mine (current resources 8.6Moz¹³) owned by Evolution Mining Limited (ASX: EVN) (Figure 10). The Project is located on Ordovician-Silurian granites, Ordovician metasediments, and Devonian volcanics which are prospective for VMS, porphyry copper-gold and Cobar-style gold and base-metal mineralisation.

A recent review of the Yellow Mountain open file data identified two highly prospective exploration targets (Yellow Mountain Mine and Melrose prospects), both structurally connected to the Gilmore Suture.

Melrose Porphyry Cu-Au Target

Previous specialised analysis completed on magnetite and molybdenite samples from the 12km long Melrose Magnetite Anomaly (MMA) (Figure 13), confirmed chemical signatures similar to porphyry Cu-Au mineralisation. Al/Ti and V/Ti ratios within the Melrose magnetite samples are typical of lower temperature hydrothermal magnetite, similar to those from porphyry Cu-Au systems elsewhere in Australia and overseas including the Cadia-Ridgeway system and are indicative of an oxidised mineralising fluid with the potential to develop significant copper-gold mineralisation⁴.

The rhenium (Re) content of a molybdenite sample from within the MMA was very high (939 ppm Re)⁵, which is also a characteristic of molybdenites analysed from numerous other porphyry Cu-Au systems.

¹² Refer alchemy resources ASX Announcement 14 December 2020

¹³ Refer to Evolution Mining Limited's ASX announcement "Annual Mineral Resources and Ore Reserves Statement" dated 12 February 2020

REVIEW OF ACTIVITIES

Rhenium–osmium (Re–Os) age dating completed on the Melrose magnetic anomaly molybdenite sample returned a model age of $424.7 \pm 1.5 \text{ Ma}^{14}$ which is similar to igneous rocks associated with the Mineral Hill mineralisation just 10km to the east, and similar to Pb model age on sulphides from the Mineral Hill mine. This implies that the Melrose hydrothermal alteration was formed at a similar time to the mineralisation at Mineral Hill where past production and current resources and reserves total 460,000oz Au, 36,000t Cu, 1.1Moz Ag, 16,000t Pb and 15,000t Zn¹⁴.

Previous drilling within the Melrose alteration zone has focussed on the Fountaindale prospect, a prominent northeast plunging, 800m wide granodiorite intrusion (plug) modelled as a magnetic low within the larger Melrose magnetic anomaly (Figures 13 & 14). Six diamond holes and five RC holes all <190m deep, except for a 458m diamond hole completed in 1968, have been drilled into the Fountaindale intrusive returning gold intercepts associated with quartz veined sericite altered granodiorite including¹⁴:

- 2m @ 3.1g/t Au from 56m
- 2.5m @ 3.1g/t Au, 1.54% As from 70m
- 1m @ 5.5g/t Au from 150m
- 1m @ 4.5g/t Au from 44m
- 3.3m @ 3.1g/t Au from 73m
- 1m @ 5.0g/t Au from 135m

¹⁴ Refer to Alchemy Resources Limited's ASX announcement "Significant Copper–Gold Targets Identified at Yellow Mountain, NSW" dated 9 June 2020. CP: L. Ryan

REVIEW OF ACTIVITIES

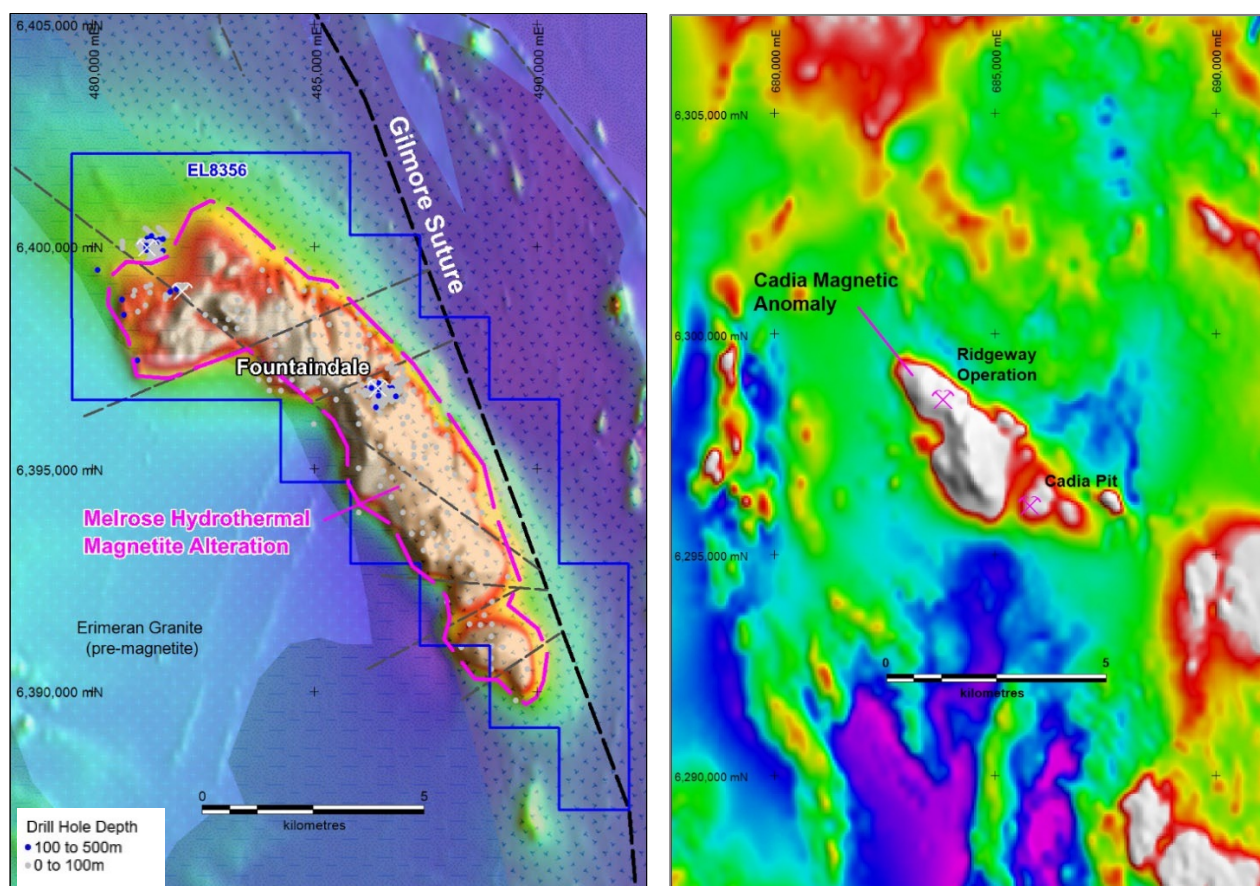


Figure 12: Melrose (left) and Cadia-Ridgeway (right) magnetic anomalies (same scale).

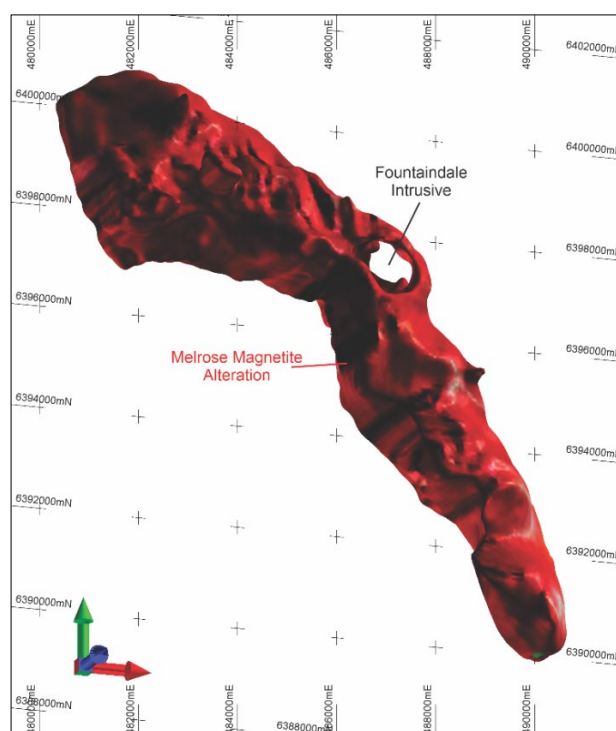


Figure 13: 3D model of the Melrose alteration anomaly showing the intrusive as a distinct hole in the alteration zone.

REVIEW OF ACTIVITIES

Alchemy considers the Fountaindale intrusive to be an apophysis off a related potentially mineralised intrusive at depth, with this deeper intrusive the likely cause of the 12km long magnetite alteration zone. The Fountaindale intrusive is surrounded by chlorite-epidote-albite-magnetite altered and brecciated sediments and volcanoclastic rocks that form the Melrose magnetic high and probably represent hydrothermal recrystallisation associated with buried oxidised I-type intrusions.

Porphyry copper-gold and geochemistry experts are also being consulted to help define drill targets within this large highly prospective alteration zone.

Yellow Mountain Mine

The open file data research also identified a poorly tested, strong chargeability high centred over the depth extensions of the Yellow Mountain Mine gold-copper-silver-lead-zinc mineralisation (Figures 15 & 16).

The Yellow Mountain Mine prospect contains strong silica-sericite-pyrite alteration associated with gold-copper-silver-lead-zinc mineralisation within fine grained clastic sediments and siltstones, located stratigraphically beneath a highly resistive dacitic volcanic unit.

Historic drilling at the Yellow Mountain Mine Prospect (Figure 14) returned broad zones of gold and base metal mineralisation including¹⁵:

- 52m @ 0.54g/t Au, 0.31% Cu, 35g/t Ag, 1.15% Pb, 1.28% Zn from 14m (PYM011)
- 40m @ 0.49g/t Au, 0.34% Cu, 29g/t Ag, 1.18% Pb, 1.81% Zn from 64m (PYM012)
- 41m @ 0.35g/t Au, 0.23% Cu, 17g/t Ag, 0.85% Pb, 0.94% Zn from 10m (PYM013)
- 78m @ 0.32g/t Au, 25g/t Ag from 57.4m (YD02)
- 66m @ 0.31% Cu, 0.79% Pb, 1.69% Zn from 97.5m (YD02)
- 37m @ 0.28g/t Au, 21g/t Ag from 43.2m (YD05)
- 45m @ 0.24% Cu, 0.58% Pb, 1.07% Zn from 39.6m (YD05)
- 16.5m @ 1.08g/t Au, 0.48% Cu, 52g/t Ag, 2.04% Pb, 3.48% Zn from 198m (YD13)
- 24.4m @ 1.12% Cu, 1.19% Pb, 1.02% Zn from surface (YP05A) (no Au or Ag assays)

Drilling includes massive sulphide intercepts up to 2m thick (YD13), and gold and base metal mineralisation is interpreted as an exhalative, stratabound VMS system with a structurally controlled gold mineralisation overprint associated with quartz veins in high strain zones. 3D analysis of the historic drilling results and the IP data suggest the chargeability high could represent a concentration of sulphides related to a VMS feeder zone located down plunge of the shallow gold and base metal drill intercepts (Figure 14).

One deep diamond hole has been designed to test the chargeability high, and one RC hole is planned to test the down plunge component of the interpreted northeast-plunging gold and base metal

¹⁵ Refer to Alchemy Resources Limited's ASX announcement "Significant Copper-Gold Targets Identified at Yellow Mountain (NSW)" dated 9 June 2020. CP: L. Ryan

REVIEW OF ACTIVITIES

mineralisation (Figure 14 & 15). Drilling is due to commence as soon as possible, subject to Native Title and statutory approvals.

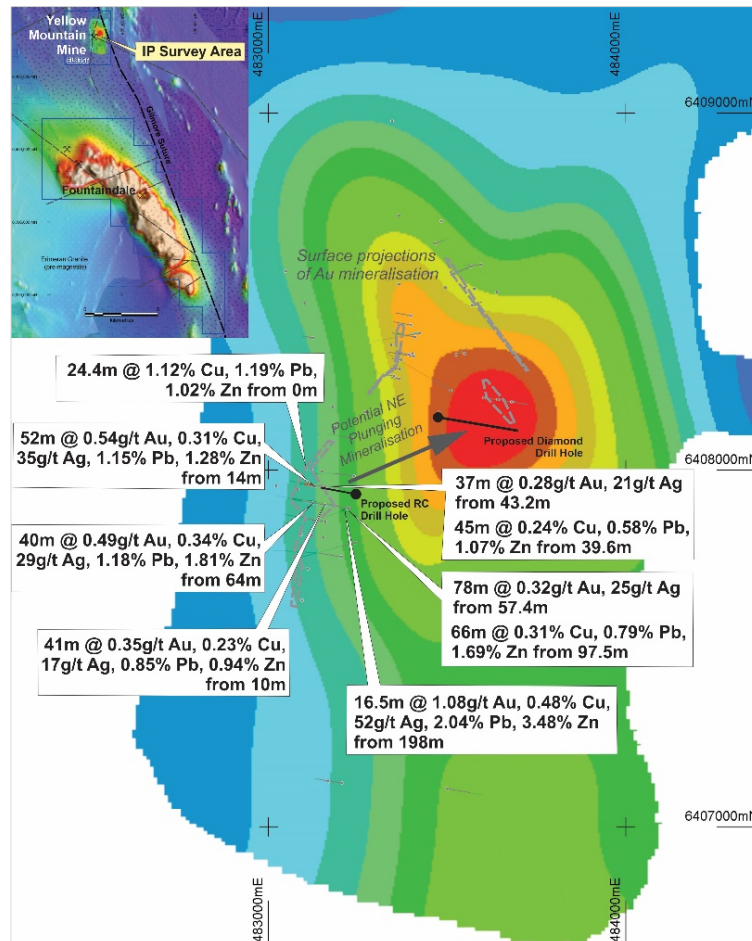


Figure 14: Yellow Mountain Mine prospect IP chargeability plan (300m RL)

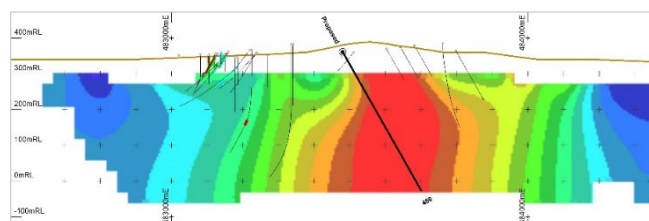


Figure 15: Yellow Mountain Mine IP chargeability cross section (6408200N)

REVIEW OF ACTIVITIES

West Lynn Nickel-Cobalt-Alumina Project

EL8631 (West Lynn) is centred 17km northwest of Nyngan, NSW. The Project, which covers an area of 100km², is contiguous with EL8318 (Girilambone) and forms part of the Alchemy/Heron NSW Farm-In and Joint Venture Agreement. The licence is located within a belt of ultramafic/mafic rocks that cut through central NSW, extending from the ACT to the Queensland border and host numerous Ni-Co (+Sc+Al) deposits such as Sunrise/Syerston (Sunrise Energy Metals Limited – ASX: SRL), Homeville (Alpha HPA Limited – ASX: A4N), and the Nyngan Scandium deposit (Scandium International Mining Corp. – TSX: SCY), just 11km southwest of West Lynn (Figure 17).

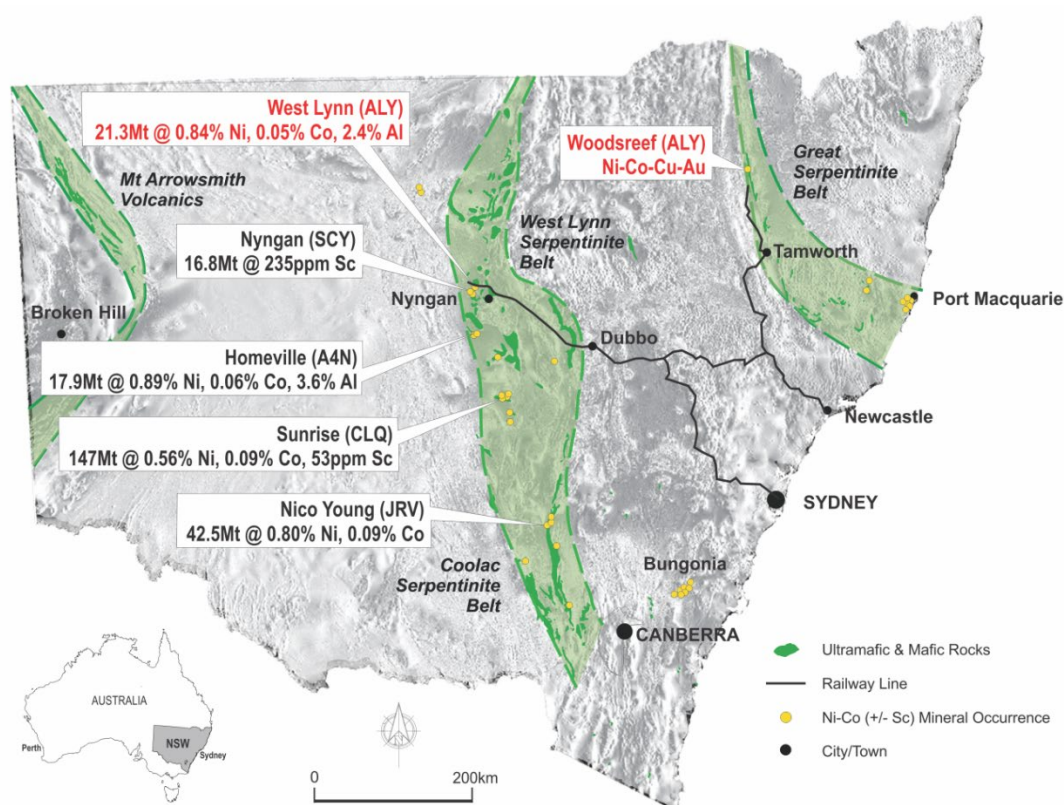


Figure 16: West Lynn Ni-Co Project, Ni-Co+Sc occurrences, and NSW Serpentine Belts over state-wide greyscale TMI aeromagnetic image

No ground work was completed by Alchemy during the year.

Eurow Copper-Gold Project

The Eurow Copper-Gold Project ("Eurow"), located 30km southeast of Parkes (Figure 10), covers 167km² of Ordovician and Devonian-aged meta-sediments intruded by Silurian and Devonian granites, and proximal to the intersection of the Narromine-Coolac Fault Zone and the Lachlan Transverse Zone. The Project area contains the historic Eurow-Vychan copper-gold workings where historic drilling returned high-grade intercepts of 8m @ 2.94% Cu and 0.85g/t Au from 47m, 3m @ 4.0% Cu and 1.25g/t Au from 73m, and 4.4m @ 1.57% Cu and 0.63g/t Au from 212m below the old workings.

REVIEW OF ACTIVITIES

Copper-gold mineralisation at Eurow appears to be planar and stratiform with a distinct steep south plunge, and is associated with semi-massive and breccia zones of pyrite-pyrrhotite-chalcopyrite. Previous shallow aircore drilling across targets north and south of the historic copper workings was hampered by thick clay zones and did not reach target depths; this area and the down plunge position of mineralisation warrant further drill testing.

No ground work was completed by Alchemy during the year.

Girilambone Copper Project

Girilambone comprises one granted tenement covering 129km², located about 20km east of Aeris Resources Ltd's (ASX: AIS) Tritton copper operation on the eastern edge of the Girilambone Basin (Figure 10). Girilambone is prospective for 'Besshi-type' VMS copper-gold mineralisation within mafic units of the Ordovician Girilambone Group, located along an interpreted VMS trend extending south from the Girilambone Copper Mine. The Project area is adjacent to copper anomalism along structural and magnetic trends from the historic Kurradjong copper workings where mineralisation dips east beneath the Girilambone tenement. Recent drilling beneath the Kurradjong workings has returned high grade copper and gold intercepts including 17m @ 2.6% Cu, 0.3g/t Au from 753m, 19m @ 2.2% Cu, 0.3g/t Au from 677m and 4.6m @ 5.1% Cu, 0.8g/t Au from 403m¹⁶.

No ground work was completed by Alchemy during the year.

Woodsreef Ni-Co Project

Exploration Licence 8711 is located 35km north of Tamworth, NSW, and covers an area of 281km² within the New England Fold Belt. The licence encompasses a 34km long section of the Peel Fault, which is recognised as a regional thrust system that hosts intrusive serpentinites and separates the Woolomin Beds and Permian granites to the east from the Tamworth Belt to the west. The principal targets in the region are vein hosted orogenic copper-gold deposits within silica-carbonate altered serpentinites located on or adjacent to the Peel Fault, and cobalt, chromite, platinoid and nickel sulphide targets associated with composite/layered ultramafic intrusives within the licence.

No ground work was completed by Alchemy during the year.

BRYAH BASIN PROJECT (WA) (10-20% ALCHEMY)

Alchemy's base metal and gold prospective Bryah Basin Project comprises a 488km² tenement package, located 130km northeast of Meekatharra, Western Australia. The Project is located along strike and south-west of Sandfire Resources NL's (ASX: SFR) high-grade DeGrussa and Monty copper-gold deposits, and adjacent to Peak Hill where about 1Moz of gold has been mined from several deposits (Figure 17). Alchemy retains its interests in the Bryah Basin Project through farm-in and joint venture agreements over the base metal prospective part of the project with Sandfire Resources and over the gold prospective part of the project with Plutonic gold mine operator Billabong Gold, a wholly-owned subsidiary of Superior Gold Inc. (TSX-V: SGI). Should an economic base metal or gold discovery be made by Sandfire or Billabong, Alchemy retains the right to participate as a 20% partner with all costs repaid from 50% of production profits, an equity position that could deliver significant value to Shareholders.

¹⁶ Refer to Aeris Resources Ltd ASX Announcements dated 12 June 2018 and 21 August 2018

REVIEW OF ACTIVITIES

Alchemy also retains a 1% net smelter royalty over future production from 70,000oz to 90,000oz gold from the Hermes gold deposit (Figure 18). Hermes has produced ~53,500oz since mining commenced in 2017¹⁶ and Superior Gold currently reports a Measured and Indicated Resource (inclusive of Reserves) of 90,000oz gold (2.0Mt @ 1.4g/t Au), and an Inferred Resource of 160,000oz gold (3.9Mt @ 1.3g/t Au) at Hermes¹⁷.

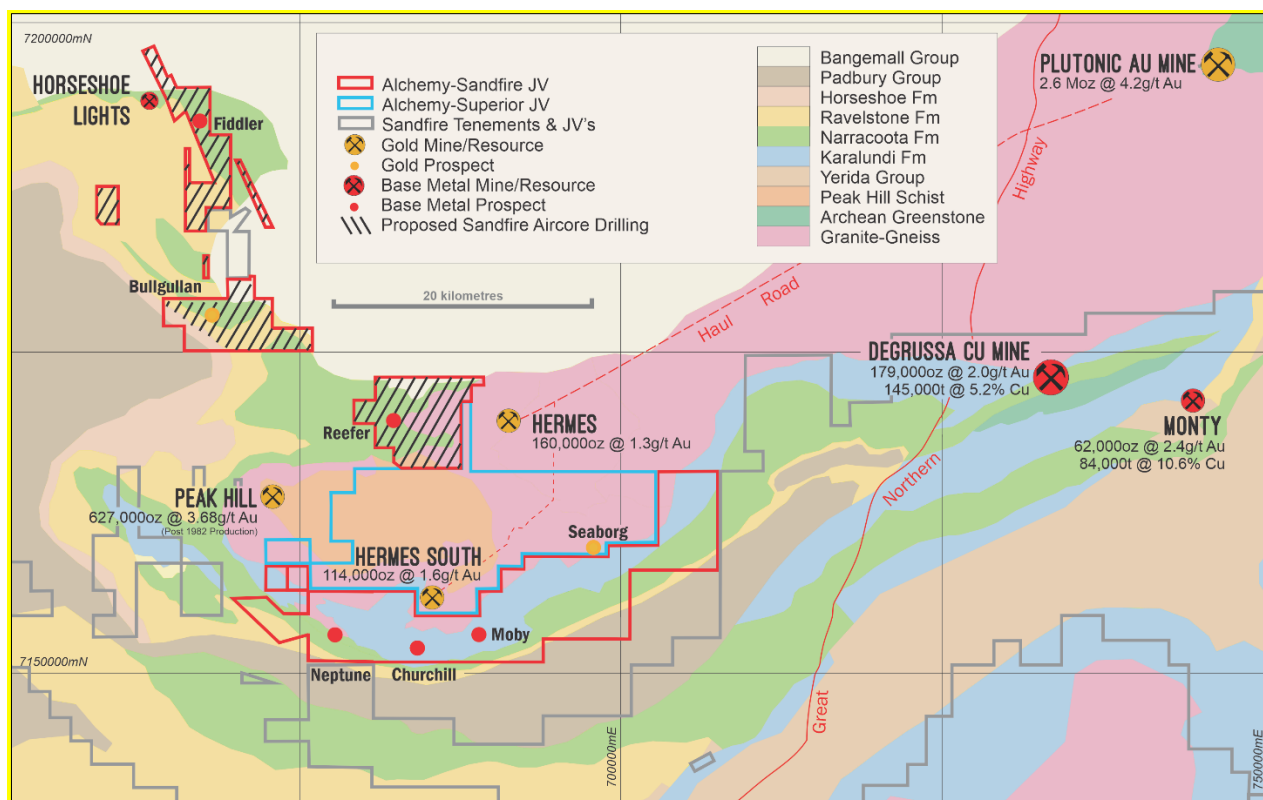


Figure 17: Bryah Basin Project – Sandfire Resources JV and Billabong Gold JV areas and gold and base metal prospects

Base Metals Exploration (Sandfire 70-80%)

Sandfire acquired Independence Group NL's (ASX: IGO) Bryah Basin Project Farm-In Rights in August 2018, including whole and part tenements that cover the base metal prospective areas of Alchemy's Bryah Basin Project (red outlines in Figure 17)¹⁸. Subsequent to completing almost 130,000m of drilling and spending over \$6M on the Bryah Basin base metal tenements in 2019, Sandfire has earned an 80% interest in Alchemy's 100% owned tenements and a 70% interest in the tenements jointly owned by Alchemy and Jackson Minerals Pty Ltd (a wholly owned subsidiary of Fe Ltd (ASX: FEL)). Alchemy remains free-carried on further exploration to completion of a Pre-Feasibility Study, and then carried on an interest-free deferred basis for a further \$5M of Definitive Feasibility Study expenditure, with the deferred amount to be repaid from 50% of Alchemy's share of profits earned through production.

¹⁶ Refer to Superior Gold Inc. Interactive Analyst Centre (company website) accessed 26 August 2020

¹⁷ Refer to Superior Gold Inc. TSX-V Announcement dated 7 August 2020

¹⁸ Refer to Alchemy Resources ASX Announcement dated 6 August 2018

REVIEW OF ACTIVITIES

During the year Sandfire completed 365 first-pass AC holes (29,167m) drilled along strike to the southeast of the Horseshoe Lights copper-gold deposit at the Bulgullan Bore Prospect as part of a first pass 800x100m aircore drill program. Drilling of the initial 800m x 100m AC programme has intersected interbedded quartz-feldspar-lithic arenites and siltstones interpreted to be of the "Ravelstone" Formation though the central to southern sections of the drill lines. Central sections of the drill pattern have intersected variably foliated High-Mg basalts of the Narracoota formation, currently interpreted to be part of a thrust block. Copper values of up to 1,170ppm were recorded from Bulgullan¹⁹. Drilling is currently limited though the northern section of the drill pattern, however, current understanding suggests these could be sediments of the Bangemall Group. Geological interpretation through the project area is currently ongoing. Approximately 400 AC holes remain to be drilled as part of the initial 800x100m spaced program. Following this drilling an RC drilling will be designed to follow-up on any geochemical anomalism observed in the first pass program. A moving loop Electro Magnetic (MLEM) survey was also completed at Bulgullan Bore during the year.

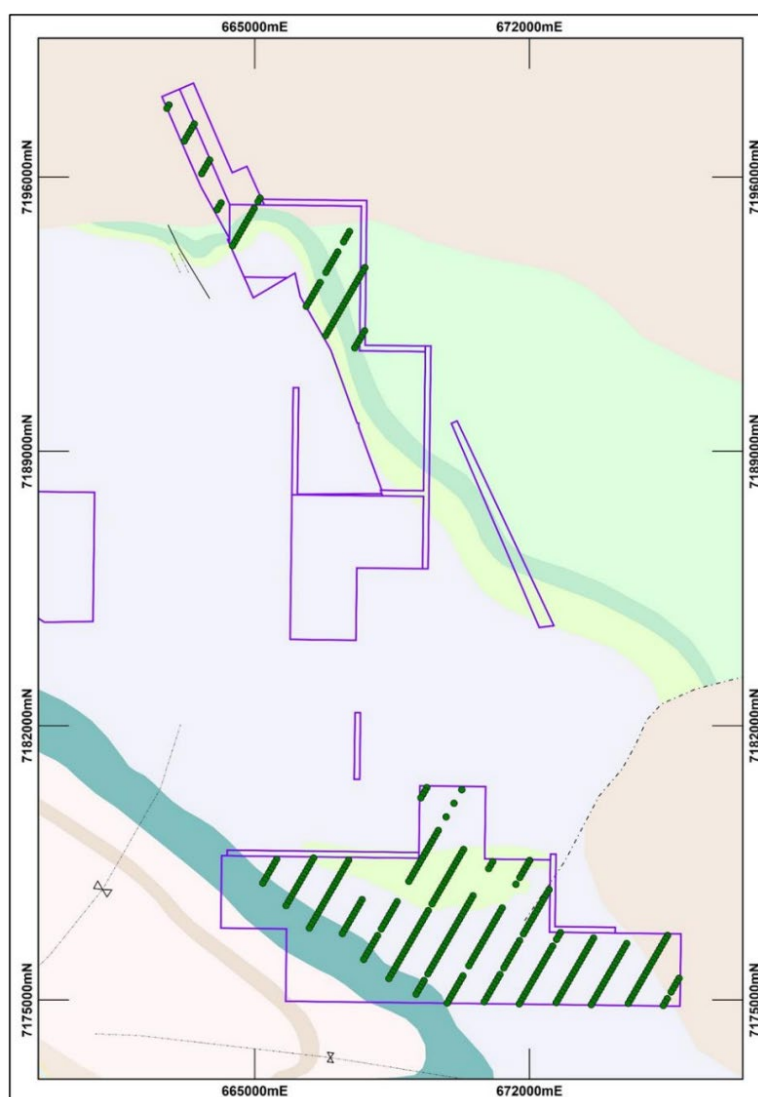


Figure 18: Sandfire Aircore drilling on Bulgullan Bore Prospect

¹⁹ Refer to Alchemy Resources June Quarterly Report - ASX Announcement dated 30 July 2021

REVIEW OF ACTIVITIES

Gold Exploration (Billabong Gold 70-80%)

Exploration of Alchemy's tenements that cover the gold prospective part of the Bryah Basin Project (blue outline in Figure 17) continued under the farm-in and joint venture agreement with Superior Gold's subsidiary Billabong Gold. Billabong has now earned 70–80% of Alchemy's interests in the gold prospective tenements. Alchemy's remaining interest is carried on an interest-free deferred basis to production, with Alchemy to repay the deferred amount at the rate of 50% of its share of free cash flow from production following commencement of mining.

The Billabong Gold JV contains a mineral resource of **2.2Mt @ 1.6g/t for 114,000oz Au** reported in accordance with the JORC guidelines (2012 Edition) at the Hermes South deposit²⁰. Hermes South is located approximately 20km south-southwest of the Hermes mining operation, and 65km southwest of the Plutonic gold mine (Figure 17). The mineralisation remains open at depth and there is excellent potential for further drilling to expand the area of gold mineralisation and add to the known resource.

Detailed work is ongoing to optimise several potential open pit sources, including the Hermes and Hermes South Pits, and to finalise resources and scheduling.

The Heritage Survey of the Wilgeena to Hermes proposed haul road was completed during the year. An additional survey area to the west of the currently proposed haul road was heritage-surveyed to facilitate re-routing of the proposed haul road around identified Aboriginal Heritage Sites. In addition, a heritage survey of the Wilgeena mining footprint was carried out. Preliminary Infrastructure design work has been carried out to provide a footprint for the required heritage surveys, flora and fauna surveys and potential drilling.

CORPORATE

Entitlement Issue

The Company completed a placement of 66,666,667 ordinary fully paid shares ("Placement Shares") and 16,666,667 free attaching unlisted options ("Placement Options") ("Placement") in August 2020 raising \$1,000,000 (before costs).

The Placement Shares were issued at \$0.015 per Share along with a 1 for 4 free attaching Placement Option exercisable at \$0.03 and expiring on 30 September 2022.

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

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

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

²⁰ Refer to Alchemy Resources Limited's ASX Announcement dated 8 May 2019 "Hermes South Resource Upgrade Bryah Basin, WA" CP: L. Ryan, P. Blampain

REVIEW OF ACTIVITIES

Mr Bernard Crawford resigned as Company Secretary and Chief Financial Officer of the Company effective 3 March 2021. Ms Jessamyn Lyons was appointed as Company Secretary effective 3 March 2021. Carly Terzanidis joined Jessamyn Lyons as Joint Company Secretary on 23 August 2021.

Competent Person's Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr James Wilson, who is the Chief Executive Officer of Alchemy Resources Limited and holds shares and options in the Company. Mr Wilson is a Member of the Australian Institute of Geoscientists and has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ('JORC Code 2012'). Mr Wilson 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 West Lynn/Summervale Nickel-Cobalt and Summervale-Alumina Deposit is based on information compiled by Stephen Godfrey, who is an employee of Resource Evaluation Services Pty Ltd, a consultant to Alchemy Resources Limited. Mr Godfrey is a Fellow of the Australasian Institute of Mining and Metallurgy and a member of the Australian Institute of Geoscientists, and has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ('JORC Code 2012'). Mr Godfrey consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

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

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of Mineral Resources and Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

Forward Looking Statements

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

DIRECTOR'S REPORT

Your Directors present their report on the consolidated entity consisting of Alchemy Resources Limited ("the Company") and its subsidiaries ("the Group" or "the Consolidated Entity") at the end of the year ended 30 June 2021.

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:

Lindsay Dudfield, Non-Executive Chairman

Liza Carpena, Non-Executive Director

Anthony Ho, Non-Executive Director

Leigh Ryan, Managing Director (resigned on 31 December 2020)*

* James Wilson, Chief Executive Officer (appointed on 1 January 2021)

PRINCIPAL ACTIVITIES

During the year, the principal activity of the Group was exploration for gold, base metals and cobalt. 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 2021 was \$524,830 (2020: \$390,897).

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.

OPERATIONS AND FINANCIAL REVIEW

Information on the operations of the Group and its prospects is set out in the "Review of Activities" section of this Annual Report.

FINANCIAL

Exploration and evaluation costs totalling \$15,040 (2020: \$12,333) were written off during the year in accordance with the Group's accounting policy.

As at 30 June 2021, the Group had net assets of \$7,653,849 (2020: \$6,399,808) including cash and cash equivalents of \$924,376 (2020: \$873,397).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the Group during the financial year were as follows:

The Company completed a placement of 66,666,667 ordinary fully paid shares ("Placement Shares") and 16,666,667 free attaching unlisted options ("Placement Options") ("Placement") in August 2020 raising \$1,000,000 (before costs).

DIRECTOR'S REPORT

The Placement Shares were issued at \$0.015 per Share along with a 1 for 4 free attaching Placement Option exercisable at \$0.03 and expiring on 30 September 2022.

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

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

EVENTS SINCE THE END OF THE FINANCIAL YEAR

Carly Terzanidis joined Jessamyn Lyons as Joint Company Secretary on 23 August 2021.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not significantly impacted the Group up to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

There has not arisen in the interval between the end of the financial year and the date of this report any other 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 and New South Wales 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, Industry Regulation and Safety (*Western Australia*) and the Department of Planning, Industry and Environment (*New South Wales*).

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 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 2021, however reporting requirements may change in the future.

DIRECTOR'S REPORT

INFORMATION ON DIRECTORS & MANAGEMENT

The following information is current as at the date of this report.

L Dudfield, Non-Executive Chairman (appointed Director 25 November 2011, Chairman since 1 June 2017)		
Experience and expertise	Mr Dudfield is a qualified geologist with over 40 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 third largest shareholder, and is currently an Executive 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	Executive Director of Jindalee Resources Limited (director since 1996) Non-Executive Director of Energy Metals Limited (director since 2004)	
Former directorships in last 3 years	None	
Special responsibilities	Member of the Audit Committee	
Interests in shares and options	Ordinary Shares – Alchemy Resources Limited Unlisted Options – Alchemy Resources Limited	69,653,142 1,185,983

L Carpena, Non-Executive Director (appointed 18 March 2015)		
Experience and expertise	Ms Carpena has worked in the resources industry for more than 20 years and has significant experience in acquisitions, corporate administration, HR, legal, IT and stakeholder relations. Ms Carpena spent five years on the Executive Team of Northern Star Resources Limited as Company Secretary and Head of Environment and Social Responsibility ceasing in February 2018. Prior to Northern Star, Ms Carpena was Company Secretary/CFO for listed explorers Venturex Resources and Newland Resources, and previously held various site and Perth based management roles with Great Central Mines, Normandy Mining, Newmont Australia, Agincourt Resources and Oxiana.	
Other current directorships	Non-Executive Director of Mincor Resources NL (appointed 16 April 2018)	
Former directorships in last 3 years	None	
Special responsibilities	Member of the Audit Committee	
Interests in shares and options	Ordinary Shares – Alchemy Resources Limited Unlisted Options – Alchemy Resources Limited	2,500,000 25,000

A Ho, Non-Executive Director (appointed 25 November 2011)		
Experience and expertise	Mr Ho is a Chartered Accountant and a partner in a consulting firm focused principally on corporate and financial services to listed companies. He has significant experience in the resource industry, having served as director and company secretary of companies listed on ASX.	
Other current directorships	Executive Director of Newfield Resources Limited (from 2011 to 16 April 2021) Non-Executive Director of Australian Agricultural Projects Australia Limited (director since 2003) Non-Executive Director of Mustera Property Group Limited (director since 2014)	
Former directorships in last 3 years	None	
Special responsibilities	Chair of the Audit Committee	
Interests in shares and options	Ordinary Shares – Alchemy Resources Limited	Nil

DIRECTOR'S REPORT

L Ryan, Managing Director (appointed 9 January 2017, resigned on 31 December 2020)		
Experience and expertise	Mr Ryan is a qualified geologist with over 30 years of experience in the exploration and resource industry, specifically focused on project evaluation, exploration management and executive management roles throughout Australia and Africa. He has been involved in the discovery and resource definition of numerous gold and base metal deposits and has successfully negotiated numerous exploration related corporate transactions. Mr Ryan was previously the Managing Director of Chrysalis Resources Limited and Boss Resources Limited, and prior to that was Resolute Mining Limited's Group Exploration Manager for Africa and Australia. He has worked extensively in WA, Queensland, NSW, Zambia, Tanzania, Burkina Faso, Mali, and Cote d'Ivoire. He is also a member of the Australian Institute of Geoscientists and has recently completed a graduate certificate in Mineral Economics at the Curtin School of Business, Western Australia.	
Other current directorships	None	
Former directorships in last 3 years	Non-Executive Director of Peppermint Innovation Limited (formerly Chrysalis Resources Limited) (September 2014 to July 2020)	
Special responsibilities	Managing Director	
Interests in shares and options	Ordinary Shares – Alchemy Resources Limited	1,375,000
	Unlisted Options – Alchemy Resources Limited	16,031,250

CHIEF EXECUTIVE OFFICER

Mr James Wilson was appointed Chief Executive Officer on 1 January 2021. James is a geologist with more than 15 years hands on experience in exploration and operational roles, both in Australia and overseas, covering a wide range of resources including gold, copper, nickel and uranium. James has spent the past fourteen years working as a metals and mining analyst, with the last five of those years as Senior Research Analyst - Resources for Argonaut Securities.

James has a Bachelor of Applied Science – Geology and a Graduate Diploma in Financial Analysis and Valuation and is a Graduate of the Australian Institute of Company Directors.

COMPANY SECRETARIES

Ms Jessamyn Lyons was appointed effective 3 March 2021. She holds a Graduate Diploma in Applied Corporate Governance and is an Associate Member of Chartered Secretaries Australia. Jessamyn also holds a Bachelor of Commerce from the University of Western Australia with majors in investment finance, corporate finance and marketing. Over the past 15 years Jessamyn has held various positions with Macquarie Bank, UBS Investment Bank (London) and more recently Patersons Securities.

Carly Terzanidis, Corporate Advisor at Everest Corporate Pty Limited, joined Jessamyn Lyons as Joint Company Secretary on 23 August 2021. Ms Terzanidis is a Chartered Secretary, an Associate of the Governance Institute of Australia and holds a Bachelor of Commerce from Curtin University with majors in Accounting and Corporate & Resources Administration.

Mr Bernard Crawford was appointed Company Secretary on 1 December 2010. Mr Crawford is a Chartered Accountant with over 25 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. He resigned on 3 March 2021.

DIRECTOR'S 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 2021, and the numbers of meetings attended by each Director were:

Director	Board of Directors		Audit Committee	
	A	B	A	B
L Dudfield	5	5	2	2
L Carpena	5	5	2	2
A Ho	4	5	2	2
L Ryan ¹	3	3	*	*

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

¹ Resigned on 31 December 2020

REMUNERATION REPORT (AUDITED)

The Directors present the Alchemy Resources Limited 2021 remuneration report, outlining key aspects of the Company's remuneration policy and framework, and remuneration awarded this year.

The report contains the following sections:

- Key management personnel covered in this report
- Remuneration governance and the use of remuneration consultants
- Executive remuneration policy and framework
- Relationship between remuneration and the Group's performance
- Non-executive director remuneration policy
- Voting and comments made at the Company's 2020 Annual General Meeting
- Details of remuneration
- Service agreements
- Details of share-based compensation and bonuses
- Equity instruments held by key management personnel
- Loans to key management personnel
- Other transactions with key management personnel

a) Key management personnel covered in this report

Non-executive and executive directors:

Name	Position
L Dudfield	Non-Executive Chairman
L Carpena	Non-Executive Director
A Ho	Non-Executive Director
J Wilson	Chief Executive Officer (appointed 1 January 2021)
L Ryan	Managing Director (resigned on 31 December 2020)

b) Remuneration governance and the use of remuneration consultants

The Company does not have a Remuneration Committee. Remuneration matters are handled by the full Board of the Company. In this respect the Board is responsible for:

- the over-arching executive remuneration framework;

DIRECTOR'S REPORT

- the 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.

The objective of the Board 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 are handled in accordance with the *Corporations Act 2001* 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 was sought during the year ended 30 June 2021.

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.

All executives receive consulting fees or a salary, part of which may be taken as superannuation, and from time to time, options. 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.

All remuneration paid to specified executives is valued at the cost to the Group and expensed. Options and Performance Rights are valued using a Black-Scholes option pricing model and Monte Carlo simulations model.

d) Relationship between remuneration and the Group's performance

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 Non-Executive Directors are not linked to the performance of the Group. This policy may change once the exploration phase is complete and the Group 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 set performance indicators, such as movements in the Company's share price, for the determination of the Chief Executive Officer emolument as the Board believes this may encourage performance which is 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 Employee Incentive Scheme motivates key management and executives with the long-term interests of shareholders. Refer note 22 for more details.

DIRECTOR'S REPORT

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 the 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. 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.

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

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 2020 Annual General Meeting

Alchemy Resources Limited received more than 99.75% of "yes" votes on its remuneration report for the 2020 financial year. The Company did not receive any specific feedback at the Annual General Meeting or throughout the year on its remuneration practices.

g) Details of remuneration

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

Name	Short-term benefits			Post-employment benefits	Share-based payment	Total \$	Performance related %
	Salary and fees \$	Cash bonus \$	Non-monetary benefit \$	Super-annuation \$	Options and Performance Rights \$		
2021 Directors and CEO							
L Dudfield	20,000	-	-	-	-	20,000	-
J Wilson ¹	100,000	-	-	9,500	50,485	159,985	31.6
L Ryan ²	124,309	-	-	9,446	-	133,755	-
L Carpena	20,000	-	-	-	-	20,000	-
A Ho	19,998	-	-	-	-	19,998	-
Totals	284,307	-	-	18,946	50,485	353,738	

¹ Appointed on 1 January 2021 ² Resigned on 31 December 2020

DIRECTOR'S REPORT

Name	Short-term benefits			Post-employment benefits	Share-based payment	Total \$	Performance related %
	Salary and fees \$	Cash bonus \$	Non-monetary benefit \$	Super-annuation \$	Options and Performance Rights \$		
2020 Directors *							
L Dudfield	15,000	-	-	-	-	15,000	-
L Ryan	156,000	-	-	14,820	30,148	200,968	15.0
L Carpene	10,000	-	-	-	-	10,000	-
A Ho	14,999	-	-	-	-	14,999	-
Totals	195,999	-	-	14,820	30,148	240,967	

* As announced to the ASX in April 2020, and in response to the uncertainty surrounding the impact of COVID-19, the Company implemented various health and safety measures and cost saving initiatives. One cost saving initiative being a 20% cut in salaries and the suspension of non-executive Directors fees from 1 April 2020. Salaries and non-executive Directors fees were restored with effective 1 July 2020

h) Service agreements

On appointment to the Board, all 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 remuneration 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.

J Wilson, Chief Executive Officer

Mr Wilson is remunerated pursuant to Mr Wilson's Executive Services Agreement (CEO Agreement).

The key terms of the CEO Agreement are:

- Mr Wilson will be paid remuneration package of \$200,000 per annum plus statutory superannuation (capped at \$25,000 per annum) on a full-time basis.
- Either party may terminate the CEO Agreement by providing the other party with three months written notice or payment in lieu of notice.
- 7,000,000 unlisted sign-on options, to be issued with an exercise price that is 150% of the volume weighted average price of the Company's shares for the five trading days prior to the commencement date with an expiry date of 31 December 2023. The sign-on options will become exercisable (vest) twelve months after the commencement date and will otherwise be issued on terms and conditions in accordance with the Incentive Plan Rules (including that the sign-on options will lapse if the Executive ceases to be an 'Eligible Participant' under the Incentive Plan Rules).

DIRECTOR'S REPORT

- d) 10,000,000 unlisted Performance Rights, issued in three tranches (20%, 40%, 40%) with vesting dependent upon the satisfaction of specific performance hurdles, including increasing the Company's share price and market capitalisation and outperforming peer companies, with a three-year measurement period ending 31 December 2023. The Performance Rights will otherwise be issued on terms and conditions in accordance with the Incentive Plan Rules (including that the Performance Rights will lapse if the Executive ceases to be an 'Eligible Participant' under the Incentive Plan Rules).

i) Details of share-based compensation and bonuses

Options

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

The terms and conditions of each grant of options affecting remuneration in the current or future reporting periods are set out below.

Option series	Grant date	Vesting and exercise date	Expiry date	Exercise price	Value per option at grant date	Total value	% Vested
18	1 Jan 2021	31 Dec 2021	31 Dec 2023	\$0.0252	\$0.009	\$63,718	0%

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 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.

Further information on the fair value of share options and assumptions is set out in note 22 to the financial statements.

Performance Rights

Performance rights in Alchemy Resources Limited are granted under the Employee Incentive Scheme ("Scheme"). Participation in the Scheme and any vesting criteria are at the Board's discretion and no individual has a contractual right to participate in the Scheme or to receive any guaranteed benefits. Any performance rights issued to Directors of the Company are subject to shareholder approval.

The terms and conditions of each grant of performance rights affecting remuneration in the current or future reporting periods are set out below.

Rights series	Grant date	Vesting and exercise date	Expiry date	Exercise price	Value per right at grant date	Total value	% Vested
1	1 Jan 2021	Various	31 Dec 2023	Nil	\$0.009	\$35,620	0%
2	1 Jan 2021	Various	31 Dec 2023	Nil	\$0.016	\$64,509	0%
3	1 Jan 2021	Various	31 Dec 2023	Nil	\$0.007	\$13,196	0%

The fair value of performance rights at grant date are independently determined using a Monte Carlo stimulation pricing model that takes into account the vesting conditions, the term of the

DIRECTOR'S REPORT

performance rights, 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 performance right.

Further information on the fair value of performance rights and assumptions is set out in note 22 to the financial statements.

j) Equity instruments held by key management personnel

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

Options

2021	Opening balance (1 July)	Granted as remuneration	Participation in entitlement issue	On resignation	Balance at 30 June	Vested but not exercisable	Vested and exercisable	Unvested	Max value yet to vest
Directors									
L Dudfield	-	-	1,185,983		1,185,983	-	1,185,983	-	-
L Carpine	-	-	25,000		25,000	-	25,000	-	-
L Ryan	16,000,000	-	31,250	(16,031,250)	-	-	-	-	-
CEO									
J Wilson	-	7,000,000	-	-	7,000,000	-	-	7,000,000	\$63,712
	16,000,000	7,000,000	1,242,233	(16,031,250)	8,210,983	-	1,210,983	7,000,000	\$63,712

Performance Rights

2021	Opening balance (1 July)	Granted as remuneration	Performance Rights exercised	Net change other	Balance at 30 June	Vested but not exercisable	Vested and exercisable	Unvested	Max value yet to vest
CEO									
J Wilson	-	10,000,000	-	-	10,000,000	-	-	10,000,000	\$113,325
	-	10,000,000	-	-	10,000,000	-	-	10,000,000	\$113,325

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

Shareholdings

2021	Opening balance (1 July)	On appointment	Participation in entitlement issue	On market acquisition	On resignation	Balance at 30 June
Directors						
L Dudfield	64,909,200	-	4,743,942	-	-	69,653,142
L Carpine	1,000,000	-	100,000	1,400,000	-	2,500,000
L Ryan	1,250,000	-	125,000	-	(1,375,000)	-
CEO						
J Wilson	-	1,200,853	-	-	-	1,200,853
	67,159,200	1,200,853	4,968,942	1,400,000	(1,375,000)	73,353,995

DIRECTOR'S 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

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	Exercise price	Number under option
11 September 2020	30 September 2022	\$0.03	33,429,776
11 December 2019	31 December 2023	\$0.025	250,000
1 January 2021	31 December 2023	\$0.0252	7,000,000
			40,679,776

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.

CORPORATE GOVERNANCE STATEMENT

The Company's 2021 Corporate Governance Statement has been released as a separate document and is located on the Company's website at <http://alchemyresources.com.au/corporate-governance>.

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 Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group 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.

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.

DIRECTOR'S REPORT

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 17. During the year ended 30 June 2021 no fees were paid or were payable for non-audit services provided by the auditor of the consolidated entity (2020: \$Nil).

AUDITOR'S INDEPENDENCE DECLARATION

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

Signed in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to read 'Lindsay Dudfield'.

Lindsay Dudfield
Chairman

Perth, 14 September 2021

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

As lead auditor of Alchemy Resources Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. 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.



Glyn O'Brien

Director

BDO Audit (WA) Pty Ltd

Perth, 14 September 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

	Notes	CONSOLIDATED	
		2021 \$	2020 \$
Continuing operations			
Other income	3	21,889	67,885
Corporate expense		(196,604)	(166,681)
Employee expense	3	(224,098)	(176,202)
Administration expense	3	(110,977)	(103,666)
Exploration expenditure written off	9	(15,040)	(12,233)
Loss from continuing operations before income tax		(524,830)	(390,897)
Income tax benefit	5	-	-
Loss after income tax for the year attributable to the owners of Alchemy Resources Limited		(524,830)	(390,897)
Other comprehensive income		-	-
Other comprehensive income for the year (net of tax)		-	-
Total comprehensive loss for the year attributable to the owners of Alchemy Resources Limited		(524,830)	(390,897)
		Cents per share	Cents per share
Loss per share attributable to the owners of Alchemy Resources Limited			
Basic loss per share	16	0.08	0.07
Diluted loss per share	16	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 AS AT 30 JUNE 2021

	Notes	CONSOLIDATED	
		2021 \$	2020 \$
ASSETS			
Current Assets			
Cash and cash equivalents	6	924,376	873,397
Trade and other receivables	7	47,113	54,637
Other current assets	8	14,861	12,088
Total Current Assets		986,350	940,122
Non-Current Assets			
Exploration and evaluation	9	6,822,841	5,687,452
Property, plant and equipment		-	3,521
Total Non-Current Assets		6,822,841	5,690,973
TOTAL ASSETS		7,809,191	6,631,095
LIABILITIES			
Current Liabilities			
Trade and other payables	11	129,794	205,082
Provisions	12	25,548	26,205
Total Current Liabilities		155,342	231,287
TOTAL LIABILITIES		155,342	231,287
NET ASSETS		7,653,849	6,399,808
EQUITY			
Contributed equity	13	35,394,645	33,690,859
Reserves	14	76,835	171,600
Accumulated losses	15	(27,817,631)	(27,462,651)
TOTAL EQUITY		7,653,849	6,399,808

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE ENTITY			
	Issued capital \$	Option reserves \$	Accumulated losses \$	Total equity \$
At 1 July 2019	32,404,105	134,452	(27,071,754)	5,466,803
Loss for the year	-	-	(390,897)	(390,897)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year, net of tax	-	-	(390,897)	(390,897)
Transactions with owners in their capacity as owners				
Issue of shares	1,321,258	-	-	1,321,258
Share issue costs	(34,504)	-	-	(34,504)
Fair value of options issued	-	37,148	-	37,148
At 30 June 2020	33,690,859	171,600	(27,462,651)	6,399,808
At 1 July 2020	33,690,859	171,600	(27,462,651)	6,399,808
Loss for the year	-	-	(524,830)	(524,830)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year, net of tax	-	-	(524,830)	(524,830)
Transactions with owners in their capacity as owners				
Issue of shares	1,825,787	-	-	1,825,787
Share issue costs	(97,401)	-	-	(97,401)
Issue of broker options	(24,600)	24,600	-	-
Share-based payments	-	50,485	-	50,485
Expiry of options	-	(169,850)	169,850	-
At 30 June 2021	35,394,645	76,835	(27,817,631)	7,653,849

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 2021

	Notes	CONSOLIDATED	
		2021 \$	2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(471,356)	(432,856)
Interest received		6,778	9,907
Government grant received		36,062	23,855
NET CASH FLOWS USED IN OPERATING ACTIVITIES	23	(428,516)	(399,094)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(4,527)	(2,307)
Payments for exploration assets		(1,244,364)	(545,842)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(1,248,891)	(548,149)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	13	1,825,787	1,321,258
Share issue costs	13	(97,401)	(34,504)
NET CASH FLOWS FROM FINANCING ACTIVITIES		1,728,386	1,286,754
Net increase in cash and cash equivalents		50,979	339,511
Cash and cash equivalents at beginning of the year		873,397	533,886
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	6	924,376	873,397

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

PAGENOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: CORPORATE INFORMATION

The consolidated financial report of Alchemy Resources Limited for the year ended 30 June 2021 was authorised for issue in accordance with a resolution of the Directors on 14 September 2021.

Alchemy Resources Limited is a for-profit company incorporated in Australia and limited by shares which are publicly quoted 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.

NOTE 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 standard and interpretation relevant to the operations of the Group and effective from 1 July 2020. The below did not have any impact on the current period or any prior period but may impact future periods.

New or revised requirement	Application date of standard	Application date for Group
AASB 2018-6: <i>Amendments to Australian Accounting Standards – Definition of a Business</i> The Standard amends the definition of a business in AASB 3 <i>Business Combinations</i>. The amendments clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.	1 Jan 2020	1 Jul 2020

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2: STATEMENT OF COMPLIANCE (continued)

New or revised requirement	Application date of standard	Application date for Group
AASB 1018-7: Amendments to Australian Accounting Standards – Definition of Material This Standard amends AASB 101 <i>Presentation of Financial Statements</i> and AAS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The amendments clarify that materiality will depend on the nature or magnitude of information. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.	1 Jan 2020	1 Jul 2020

New accounting standards and interpretations

The following new and amended accounting standards and interpretations relevant to the operations of the Group have been published but are not mandatory for the current financial year.

The following amendments are effective for the period beginning 1 January 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS F41); and
- References to Conceptual Framework (Amendments to IFRS 3).

In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that 'settlement' includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments were originally effective for annual reporting periods beginning on or after 1 January 2022. However, in May 2020, the effective date was deferred to annual reporting periods beginning on or after 1 January 2023.

The Group is currently assessing the impact of these new accounting standards and amendments. The Group does not believe that the amendments to IAS 1 will have a significant impact on the classification of its liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 consolidated 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 consolidated financial statements, are disclosed where appropriate.

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.

At 30 June 2021, the Group had a cash position of \$924,376 (2020: \$873,397) and a working capital balance of \$831,008 (2020: \$708,835). For the year ended 30 June 2021, the Group recorded a loss of \$524,830 (2020: \$390,897) and had net cash outflows from operating and investing activities of \$1,677,407 (2020: \$947,243).

The Group's cash flow forecast to 30 September 2022 indicates that the Group will need to raise additional funds to meet expenditure commitments, its business plan and its current level of corporate overheads to continue as a going concern. As a result there exists a material uncertainty as to whether the Group will be able to continue as a going concern.

To address the future funding requirements of the Group, the Directors have:

- developed a business plan that provides encouragement for investors to invest; and
- continued their focus on maintaining an appropriate level of corporate overheads in line with the Group's available cash resources.

The Directors are confident that the Company will be able to complete a fund raising and Rights Issue to meet the Group's funding requirements for the forecast period ending 30 September 2022. The Directors therefore believe that it is appropriate to prepare the 30 June 2021 financial statements on a going concern basis.

In the event that the Company is not able to successfully complete the fund raising referred to above, it may need to realise their assets and extinguish their liabilities other than in the normal course of business and at the amounts different to those stated in the financial statements. The financial statements do not include adjustments relating to the recoverability and classification of recorded asset amounts, nor to the amounts and classification of liabilities that might be necessary should the Company and the Group not continue as a going concern.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

c) COVID-19

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has impacted the exploration activities in New South Wales up to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

d) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2021 and the results of all subsidiaries for the year then ended. The Company and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all entities (including 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.

e) 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.

f) Functional and presentation currency

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

g) Leases

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 as incurred over the period of the lease.

Leases in which a significant portion of the risks and rewards of ownership are transferred to the Group as lessee are classified as finance leases. At the commencement date of a lease, the Group recognises a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). The Group separately recognises the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

NOTE 3: REVENUE AND EXPENSES

	CONSOLIDATED	
	2021	2020
	\$	\$
Other income		
Interest	8,918	10,089
Government grant	-	55,848
Other	12,971	1,948
Total other income	21,889	67,885
Expenses		
<i>Employee expense</i>		
Employee benefit and director compensation expense	161,756	135,917
Expense of share-based payments (note 22)	50,485	37,148
Other employee expenses	11,858	3,137
Total employee expense	224,098	176,202
<i>Administration expense</i>		
Depreciation	8,048	1,378
Occupancy and occupancy outgoings	46,140	53,527
Insurance	23,113	27,871
Other administration expenses	33,676	20,890
Total administration expense	110,977	103,666

Revenue is recognised at an amount that reflects the consideration to which the Group expects to be entitled to in exchange for transferring services to a customer. Revenue and expenses are recognised on an accruals basis.

Interest income is recognised on a time proportion basis using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4: SEGMENT INFORMATION

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.

The Group operates in one geographical segment, being 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 Australia.

NOTE 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

At the rate of 30% (2020: 30%)

Current income tax charge

Deferred income tax

Relating to origination and reversal of temporary differences

Utilisation of prior year tax losses

Income tax expense/(benefit) reported in the Consolidated Statement of Profit or Loss and Other Comprehensive Income

CONSOLIDATED	
2021	2020
\$	\$
-	-
-	-
-	-
-	-
-	-
-	-

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:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5: INCOME TAX (Continued)

	CONSOLIDATED	
	2021 \$	2020 \$
Accounting loss from continuing operations before income tax	(524,830)	(390,897)
At the statutory income tax rate of 30% (2020: 30%)	(157,449)	(117,269)
<i>Add:</i>		
- Non-assessable income	-	(16,754)
- Non-deductible expenses	1,645	1,478
- Capital raising costs	(9,646)	(5,431)
- Other deductible expenses	(8,147)	(2,013)
- Share-based payment	15,146	11,144
- Tax loss not brought to account as a deferred tax asset	158,451	128,845
Income tax expense/(benefit) reported in the Consolidated Statement of Profit or Loss and Other Comprehensive Income	-	-

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, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5: INCOME TAX (Continued)

Deferred income tax

Recognised on the Consolidated Statement of Financial Position

Deferred income tax at the end of the reporting period relates to the following:

Deferred income tax liabilities

- Capitalised expenditure deductible for tax purposes
- Trade and other receivables

Deferred income tax assets

- Trade and other payables
- Employee benefits
- Capitalised expenditure non-deductible for tax purposes
- Tax losses available to offset DTL

Net deferred tax asset/(liability)

CONSOLIDATED	
2021	2020
\$	\$
1,954,826	1,614,210
4,834	3,681
1,959,660	1,617,891
(6,804)	(7,569)
(7,664)	(7,809)
(23,837)	(13,830)
(1,921,355)	(1,588,683)
-	-

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.

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.

At 30 June 2021, Alchemy Resources Limited had \$32,845,550 (2020: \$31,746,581) of tax losses that are available indefinitely for offset against future taxable profits subject to satisfaction of the loss tests. No deferred tax asset has been recognised in the Consolidated Statement of Financial Position in respect of the amount of either these losses or other deferred tax expenses. Should the Company not satisfy the Continuity of Ownership Test, the Company will be able to utilise the losses to the extent that it satisfies the Same Business Test.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6: CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	2021 \$	2020 \$
Cash at bank and on hand	907,876	256,897
Deposits at call	16,500	616,500
	924,376	873,397

Cash and cash equivalents include 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.

The weighted average interest rate for the year was 0.51% (2020: 0.85%).

The Group's exposure to interest rate risk is set out in note 21. 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.

NOTE 7: TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	2021 \$	2020 \$
Current		
GST receivable	45,033	16,327
Other	2,080	38,310
	47,113	54,637

Trade receivables are normally 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.

Trade and other receivables are recognised at amortised cost using the effective interest rate method, less any allowance for expected credit losses.

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. For trade and other receivables, the Group applies the simplified approach permitted by AASB 9 to determine any allowances for expected credit losses, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience. 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 the amounts will be received when due.

The Group's financial risk management objectives and policies are set out in note 21.

Due to the short-term nature of these receivables their carrying value is assumed to approximate their fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8: OTHER CURRENT ASSETS

	CONSOLIDATED	
	2021 \$	2020 \$
Prepayments	14,861	12,088
	14,861	12,088

NOTE 9: EXPLORATION AND EVALUATION

	CONSOLIDATED	
	2021 \$	2020 \$
Opening balance	5,678,452	5,105,234
Exploration expenditure incurred during the year	1,159,429	594,451
Exploration expenditure written off	(15,040)	(12,233)
Closing balance	6,822,841	5,687,452

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 Consolidated 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:

- the expenditures are expected to be recouped through successful development and exploitation or from sale of the area of interest; or
- 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 sufficient data exists to determine technical feasibility and commercial viability, and 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9: EXPLORATION AND EVALUATION (Continued)

Significant estimate and judgement

There is some subjectivity involved in the carry forward of capitalised exploration and evaluation expenditure or, where appropriate, the write off to the Consolidated Statement of Profit or Loss and Other Comprehensive Income, however management give due consideration to areas of interest on a regular basis and are confident that decisions to either write off or carry forward such expenditure fairly reflect the prevailing situation.

NOTE 10: SUBSIDIARIES

Details of the Company's subsidiaries are as follows:

Subsidiary	Principal activity	Country of incorporation	Proportion of ownership	
			2021	2020
Alchemy Resources (Murchison) Pty Ltd	Exploration	Australia	100%	100%
Alchemy Resources (Three Rivers) Pty Ltd	Exploration	Australia	100%	100%
Goldtribe Corporation Pty Ltd	Exploration	Australia	100%	100%
Alchemy Resources (NSW) Pty Ltd	Exploration	Australia	100%	100%

NOTE 11: TRADE AND OTHER PAYABLES

Trade creditors

Other creditors and accruals

CONSOLIDATED	
2021	2020
\$	\$
73,493	165,049
56,301	40,033
129,794	205,082

NOTE 12: PROVISIONS

Current

Employee benefits

CONSOLIDATED	
2021	2020
\$	\$
25,548	26,205

Short-term obligations

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

The obligations are presented as current liabilities in the Consolidated Statement of Financial Position of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 13: CONTRIBUTED EQUITY

a) Share capital

	CONSOLIDATED	
	2021	2020
	\$	\$
Ordinary shares fully paid	35,394,645	33,690,859

b) Movements in ordinary shares on issue

	CONSOLIDATED	
	Number	\$
Balance at 1 July 2019	440,419,481	32,404,105
Non-renounceable issue to shareholders ⁽¹⁾	110,104,870	1,321,258
Share issue costs	-	(34,504)
Balance at 30 June 2020	550,524,351	33,690,859
Placement ⁽²⁾	66,666,667	1,000,000
Non-renounceable issue to shareholders ⁽³⁾	55,052,435	825,787
Share issue costs	-	(122,001)
Balance at 30 June 2021	672,243,453	35,394,645

(1) On 16 September 2019 the Company completed the issue of 110,104,870 new Shares pursuant to a pro-rata non-renounceable entitlement and shortfall offer ("Issue") to eligible shareholders of 1 new Share for every 4 existing Shares held at an issue price of \$0.012 per share.

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

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

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. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 13: CONTRIBUTED EQUITY (continued)

c) Movements in options on issue

	CONSOLIDATED	
	2021 Number	2020 Number
Balance at beginning of the financial year	27,000,000	22,000,000
Options issued ⁽¹⁾	33,429,776	-
Options granted ⁽²⁾	7,000,000	5,000,000
Options expired	(26,750,000)	-
Balance at end of the financial year	40,679,776	27,000,000

⁽¹⁾ Options issued pursuant to the Placement and pro-rata non-renounceable entitlement and shortfall offer, exercisable at \$0.03 and expiring on 30 September 2022.

⁽²⁾ Options granted to CEO, James Wilson as sign-on bonus, exercisable at \$0.0252 and expiring on 31 December 2023. The options vest on 31 December 2021.

d) Movements in performance rights on issue

	CONSOLIDATED	
	2021 Number	2020 Number
Balance at beginning of the financial year	-	-
Performance rights granted ⁽¹⁾	10,000,000	-
Balance at end of the financial year	10,000,000	-

⁽¹⁾ Performance Rights granted to CEO, James Wilson as Long-Term Incentives.

NOTE 14: RESERVES

	CONSOLIDATED	
	2021 \$	2020 \$
Options reserve		
Opening balance	171,600	134,452
Option expense	56,456	37,148
Performance rights expense	18,629	-
Expiry of options (note 15)	(169,850)	-
Balance at the end of the financial year	76,835	171,600

The options reserve is used to recognise the fair value of options and performance rights issued to directors, employees and contractors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 15: ACCUMULATED LOSSES

	CONSOLIDATED	
	2021	2020
	\$	\$
Balance at the beginning of the financial year	(27,462,651)	(27,071,754)
Net loss attributable to members	(524,830)	(390,897)
Lapsed options transferred from option reserve (note 14)	169,850	-
Balance at the end of the financial year	(27,817,631)	(27,462,651)

NOTE 16: LOSS PER SHARE

	CONSOLIDATED	
	2021	2020
	Cents	Cents
Basic loss per share	0.08	0.07
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:

	CONSOLIDATED	
	2021	2020
	\$	\$
Losses used in calculating basic and diluted loss per share	(524,830)	(390,897)

	CONSOLIDATED	
	2021	2020
	Number	Number
Weighted average number of ordinary shares used in calculating basic and diluted loss per share	672,243,453	527,059,379

Basic loss per share

Basic loss per share is calculated by dividing the loss 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.

Diluted loss per share

Diluted loss 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 17: AUDITOR'S REMUNERATION

Audit services
BDO Audit (WA) Pty Ltd
- Audit and review of the financial reports
Total remuneration

CONSOLIDATED	
2021 \$	2020 \$
32,900	28,000
32,900	28,000

NOTE 18: CONTINGENT ASSETS AND LIABILITIES

The Group had contingent assets at 30 June 2021 in respect of:

Future royalty payments

In March 2015, Alchemy completed a Sale and Purchase Agreement with Northern Star Resources Limited ("Northern Star") whereby the tenement containing the Hermes gold resource and adjacent tenements were acquired by Northern Star ("Hermes Tenements").

In October 2016, Northern Star completed the sale of its Plutonic gold operations, which included the Hermes Tenements to Billabong Gold Pty Ltd.

Alchemy retains a 1% of Net Smelter Return Royalty payable on refined gold recovered from the Hermes Tenements in excess of 70,000oz and up to 90,000oz.

There are no other material contingent assets or liabilities as at 30 June 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 19: EVENTS OCCURRING AFTER THE REPORTING PERIOD

Carly Terzanidis joined Jessamyn Lyons as Joint Company Secretary on 23 August 2021.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not significantly impacted the entity up to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

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

NOTE 20: 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 1978*, as amended, and may vary significantly from the forecast based upon the results of the work performed which will determine the prospectively of the relevant area of interest. Currently, the minimum expenditure commitments for the granted tenements are \$728,670 (2020: \$957,000) per annum.

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

	CONSOLIDATED	
	2021 \$	2020 \$
Within one year	6,957	6,957
Later than one year but not later than five years	-	-
Later than five years	-	-
	6,957	6,957

NOTE 21: 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

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.

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 tabled below.

	CONSOLIDATED	
	2021	2020
	\$	\$
Financial assets		
<i>Current</i>		
Cash and cash equivalents	924,376	873,397
Trade and other receivables	47,113	54,637
	971,489	928,034
Financial liabilities		
<i>Current</i>		
Trade and other payables	129,794	208,282
	129,794	208,282

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 21: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

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

	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 \$		
Consolidated 2021						
Financial assets						
Cash and cash equivalents	907,876	16,500	-	-	-	924,376
Trade and other receivables	-	-	-	-	47,113	47,113
	907,876	16,500	-	-	47,113	971,489
Weighted average interest rate	0.51%	0.6%	-	-	-	-
Financial liabilities						
Trade and other payables	-	-	-	-	129,794	129,794
	-	-	-	-	129,794	129,794
Weighted average interest rate	-	-	-	-	-	-
Consolidated 2020						
Financial assets						
Cash and cash equivalents	234,207	616,500	-	-	22,690	873,397
Trade and other receivables	-	-	-	-	54,637	54,637
	234,207	616,500	-	-	77,327	928,034
Weighted average interest rate	0.09%	1.34%	-	-	-	-
Financial liabilities						
Trade and other payables	-	-	-	-	208,282	208,282
	-	-	-	-	208,282	208,282
Weighted average interest rate	-	-	-	-	-	-

Sensitivity analysis for interest rate exposure

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:

	2021 \$	2020 \$
Impact on profit/(loss) and equity		
Increase of 100 basis points	17,486	11,890
Decrease of 100 basis points	(17,486)	(11,890)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 21: 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 carrying value of the receivable, net of any expected credit losses.

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 is tabled below:

	CONSOLIDATED	
	2021 \$	2020 \$
Cash and cash equivalents	924,376	873,397
	924,376	873,397

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 21: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

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

	Less than 6 months \$	Contractual cash flows \$	Carrying amount \$
Consolidated - 2021			
Trade and other payables	129,794	129,794	129,794
	129,794	129,794	129,794
Consolidated - 2020			
Trade and other payables	208,282	208,282	208,282
	208,282	208,282	208,282

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 and other payables and provisions detailed in notes 11 and 12 offset by cash and bank balances) and equity of the Group (comprising issued capital, reserves, offset by accumulated losses detailed in notes 13, 14 and 15).

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

NOTE 22: SHARE-BASED PAYMENTS

a) Share option and performance right plan

The Group has an Employee Incentive 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 and performance rights at the discretion of the Directors.

Each share option and performance right 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 and performance rights issued to Directors are not issued under the Scheme but are subject to approval by shareholders.

The following share-based payment arrangements under share option and performance right plan were in existence during the reporting period:

Option series	Number	Grant date	Expiry date	Vesting date	Exercise price	Fair value at grant date
12	4,000,000	9 Jan 2017	8 Jan 2021	8 Jan 2018	\$0.04	\$0.0075
13	4,000,000	9 Jan 2017	8 Jan 2021	8 Jan 2019	\$0.08	\$0.0054
14	4,000,000	9 Jan 2017	8 Jan 2021	8 Jan 2020	\$0.12	\$0.0042
15	10,000,000	16 Apr 2018	15 Apr 2021	Immediate	\$0.05	\$0.0069
16	1,000,000	11 Dec 2019	31 Dec 2023	Immediate	\$0.025	\$0.0070
17	4,000,000	7 Feb 2020	31 Dec 2023	Immediate	\$0.025	\$0.0070
18	7,000,000	1 Jan 2021	31 Dec 2021	31 Dec 2023	\$0.0252	\$0.0090

Rights series	Grant date	Vesting and exercise date	Expiry date	Exercise price	Value per right at grant date	% Vested
1	1 Jan 2021	Various	31 Dec 2023	Nil	\$0.009	0%
2	1 Jan 2021	Various	31 Dec 2023	Nil	\$0.0016	0%
3	1 Jan 2021	Various	31 Dec 2023	Nil	\$0.007	0%

Fair value of share options and performance rights granted during the year

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

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.

On 1 January 2021, 7,000,000 unlisted options were granted to CEO, James Wilson as sign-on bonus. The sign-on options will become exercisable (vest) twelve months after the commencement date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 22: SHARE-BASED PAYMENTS (Continued)

a) Share option and performance right plan (continued)

Share-based payment expense of \$31,856 was recognised in the current year in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. The model inputs for the 7,000,000 options granted during the year ended 30 June 2021 are as follows:

Inputs	Series 18
Exercise Price	\$0.0252
Grant date	1 January 2021
Vesting date	31 December 2021
Expiry date	31 December 2023
Share price at grant date	\$0.018
Expected price volatility	102.60%
Risk-free interest rate	0.10%
Expected dividend yield	0%
Value per option	\$0.009

On 1 January 2021, CEO, James Wilson was granted 10,000,000 unlisted performance rights, issued in three tranches (20%, 40%, 40%) with vesting dependent upon the satisfaction of the following performance hurdles:

- Up to 4,000,000 Tranche 1 of the performance rights will vest where the Company's Market Capitalisation on 31 December 2021 is:
 - Greater than or equal to \$50 Million then 4,000,000 of the Tranche 1 Performance Rights will vest on 31 December 2023; or
 - Greater than or equal to \$25 Million but less than \$50 Million then 2,000,000 of the Tranche 1 Performance Rights will vest on 31 December 2023; or
 - Less than \$25 Million then no Tranche 1 Performance Rights will vest on 31 December 2023.
- Up to 4,000,000 Tranche 2 of the performance rights will vest if the Company's relative performance of the Company's share price compared to that of the S&P/ASX Small Ordinaries Resources Index (AXSRD) over the period 1 January 2021 to 31 December 2023 is:
 - Greater than or equal to 100% outperformance then 4,000,000 of the Tranche 2 Performance Rights will vest on 31 December 2023; or
 - Greater than or equal to 50% outperformance but less than 100% outperformance then 2,000,000 of the Tranche 2 Performance Rights will vest on 31 December 2023; or
 - Less than 50% outperformance then no Tranche 2 Performance Rights will vest on the 31 December 2023.
- Up to 2,000,000 Tranche 3 of the performance rights will vest if the Company's share price is greater than or equal to \$0.10 at 31 December 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 22: SHARE-BASED PAYMENTS (Continued)

a) Share option and performance right plan (continued)

The total fair value of the Tranche 1, 2 and 3 performance rights were estimated as at the grant date using the Monte Carlo simulations taking into account the terms and conditions below and the risk-free interest rate of 0.10% and volatility of 102.60%:

Number granted	Grant date	Exercise price	Expiry date	Fair value at grant date	Total fair value	% vested
4,000,000	1 January 21	Nil	31 Dec 2023	\$0.009	\$35,620	0%
4,000,000	1 January 21	Nil	31 Dec 2023	\$0.016	\$64,509	0%
2,000,000	1 January 21	Nil	31 Dec 2023	\$0.007	\$13,196	0%

The fair value of performance rights expensed during the year was \$18,629.

b) Share options granted to a broker

In August 2020, the Company issued 3,000,000 unlisted options exercisable at \$0.03 on or before 30 September 2022 to a broker pursuant to a Placement (refer note 13). The options were valued based on the Black and Scholes option pricing model with the share-based payment expense of \$24,600 recognised in the current year in equity as capital raising costs. The key inputs to the models used were as follows.

Inputs	Series 19
Exercise Price	\$0.03
Grant date	18 August 2020
Vesting date	Immediate
Expiry date	30 September 2022
Share price at grant date	\$0.017
Expected price volatility	116%
Risk-free interest rate	0.27%
Expected dividend yield	0%
Value per option	\$0.0082

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 23: SHARE-BASED PAYMENTS (Continued)

c) Movements in options and performance rights during the year

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

	2021		2020	
	No. of options	Weighted average exercise price (\$)	No. of options	Weighted average exercise price (\$)
Outstanding at the beginning of the year	27,000,000	0.06	22,000,000	0.07
Granted during the year	10,000,000	0.0266	5,000,000	0.025
Expired during the year	(26,750,000)	0.06	-	-
Outstanding at the end of the year	10,250,000	0.0266	27,000,000	0.06
Exercisable at the end of the year	3,250,000	0.03	27,000,000	0.06

The weighted average remaining contractual life of share options outstanding at the end of the year was 2.14 years (2020: 1.18 years).

The weighted average remaining contractual life of performance rights outstanding at the end of the year was 2.5 years.

d) 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 (\$)	2021 (number)	2020 (number)
30 September 2022	0.03	33,429,776	-
31 December 2023	0.025	250,000	5,000,000
31 December 2023	0.0252	7,000,000	-
		40,679,776	5,000,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 24: RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	CONSOLIDATED	
	2021 \$	2020 \$
Cash flows from operating activities		
Loss for the period	(524,830)	(390,897)
<i>Non-cash flows in profit/(loss):</i>		
- Depreciation	8,048	1,378
- Share-based remuneration	50,485	37,148
- Exploration expenditure write-off	15,040	12,233
<i>Change in assets and liabilities:</i>		
- Decrease/(increase) in trade receivables	19,996	(33,787)
- Decrease/(increase) in prepayments	(2,773)	(5,847)
- Increase/(decrease) in trade creditors and accruals	6,175	(9,528)
- Increase/(decrease) in provisions	(657)	(9,794)
Net cash used in operating activities	(428,516)	(399,094)

Non-cash investing and financing activities

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

During the year, 3,000,000 unlisted options valued at \$24,600 were issued to the brokers as capital raising costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 25: RELATED PARTY DISCLOSURE

a) Parent entity

	Class	Country of incorporation	Investment at cost	
			2021 (\$)	2020 (\$)
Alchemy Resources Limited	Ordinary	Australia	-	-

b) Subsidiaries

	Class	Country of incorporation	Investment at cost	
			2021 (\$)	2020 (\$)
Alchemy Resources (Murchison) Pty Ltd	Ordinary	Australia	100	100
Alchemy Resources (Three Rivers) Pty Ltd	Ordinary	Australia	100	100
Goldtribe Corporation Pty Ltd	Ordinary	Australia	1	1
Alchemy Resources (NSW) Pty Ltd	Ordinary	Australia	1	1

c) Key management personnel compensation

	CONSOLIDATED	
	2021 \$	2020 \$
Short-term employee benefits	284,307	195,999
Post-employment benefits	18,946	14,820
Share-based payments	50,485	30,148
	353,738	240,967

There were no related party transactions during the year ended 30 June 2021.

The wife of Mr Ryan, former Managing Director, provided geological drafting and database services to the Company to the value of \$7,485 in the year ended 30 June 2020. The services were provided on normal commercial terms and conditions.

Detailed remuneration disclosures are provided in the remuneration report on pages 33 to 39.

On 1 January 2021, 7,000,000 unlisted options 10,000,000 unlisted performance rights were granted to CEO, James Wilson. Refer note 22 for details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 26: PARENT ENTITY DISCLOSURE

	CONSOLIDATED	
	2021 \$	2020 \$
Financial Performance		
Loss for the year	1,754,089	938,878
Other comprehensive income	-	-
Total comprehensive loss	1,754,089	938,878
Financial Position		
ASSETS		
Current assets	946,281	913,865
Non-current assets	2,288	5,809
TOTAL ASSETS	948,569	919,674
LIABILITIES		
Current liabilities	103,334	99,220
TOTAL LIABILITIES	103,334	99,220
NET ASSETS	845,235	820,454
EQUITY		
Issued equity	35,394,645	33,690,859
Reserves	76,835	171,600
Accumulated losses	(34,626,245)	(33,042,005)
TOTAL EQUITY	845,235	820,454

No guarantees have been entered into by Alchemy Resources Limited in relation to the debts of its subsidiaries. Alchemy Resources Limited had no expenditure commitments as at 30 June 2021 other than the commitment in relation to the lease of office premises as disclosed in note 20.

DIRECTORS' DECLARATION

The Directors of Alchemy Resources Limited declare that:

- a) in the Directors' opinion, the financial statements and notes set out on pages 42 to 72 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 2021 and 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 consolidated entity 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 2021.

Signed in accordance with a resolution of the Directors.



Lindsay Dudfield
Chairman

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Perth, Western Australia

14 September 2021

INDEPENDENT AUDITOR'S REPORT

To the members of Alchemy Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Alchemy Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, 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, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Material uncertainty related to going concern

We draw attention to Note 2(b) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of exploration and evaluation expenditure

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
As disclosed in Note 9 to the Financial Report, the carrying value of capitalised exploration and evaluation expenditure represents a significant asset of the Group. Refer to Note 9 of the Financial Report for a description of the accounting policy and significant judgements applied to capitalised exploration and evaluation expenditure. In accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i> (AASB 6), the recoverability of exploration and evaluation expenditure requires significant judgment by management in determining whether there are any facts or circumstances that exist to suggest that the carrying amount of this asset may exceed its recoverable amount. As a result, this is considered a key audit matter.	Our procedures included, but were not limited to: • Obtaining a schedule of the areas of interest held by the Group and assessing whether the rights to tenure of those areas of interest remained current at balance date; • Considering the status of the ongoing exploration programmes in the respective areas of interest by holding discussions with management, and reviewing the Group's exploration budgets, ASX announcements and directors' minutes; • Considering whether any such areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed; • Considering whether any facts or circumstances existed to suggest impairment testing was required; and • Assessing the adequacy of the related disclosures in Note 9 to the Financial Report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors 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 preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.



Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 33 to 39 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Alchemy Resources Limited, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'Glyn O'Brien', is written over a faint, stylized 'BDO' logo.

Glyn O'Brien

Director

Perth, 14 September 2021

ADDITIONAL SHAREHOLDER INFORMATION AS AT 5 SEPTEMBER 2021

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

Distribution of Holders of Equity Securities

Shares held	Shareholders
1 to 1,000	146
1,001 to 5,000	158
5,001 to 10,000	128
10,001 to 100,000	552
100,001 and over	439
Total	1,423

The number of holders of less than a marketable parcel of ordinary fully paid shares is 664.

Substantial Shareholders

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

	Number of shares	Percentage held (%)
Northern Star Resources Limited	78,125,000	11.62
Mr Lindsay George Dudfield & Mrs Yvonne Sheila Doling Dudfield <LG Dudfield Pension Fund A/C>	40,842,067	6.08

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.

Quoted Securities on Issue

The Company has 672,243,453 quoted shares on issue. No options on issue by the Company are quoted.

On-Market Buy Back

There is no current on-market buy back.

ADDITIONAL SHAREHOLDERS INFORMATION

Unquoted Equity Securities

	Number on issue	Number of holders
Options exercisable at \$0.025 on or before 31 December 2023	250,000	1
Options exercisable at \$0.0252 on or before 31 December 2023	7,000,000	1
Options exercisable at \$0.03 on or before 30 September 2022	33,429,776	276

Twenty Largest Holders of Quoted Ordinary Shares

Shareholder	Number of shares	Percentage held (%)
Northern Star Resources Limited	78,125,000	11.62
Mr Lindsay George Dudfield & Mrs Yvonne Sheila Doling Dudfield <LG Dudfield Pension Fund A/C>	40,842,067	6.08
Rossdale Superannuation Pty Ltd <Rossdale SF A/C>	27,250,001	4.05
TBB Nsw Pty Ltd <The Watson No 1 A/C>	25,674,166	3.82
Netwealth Investments Limited <Wrap Services A/C>	22,387,503	3.33
Jindalee Resources Limited	17,469,759	2.60
Mr Christopher Paul Lewis	16,118,592	2.40
Heron Resources Limited	12,000,000	1.79
Jetosea Pty Ltd	11,870,955	1.77
Rosdale Super Pty Ltd <Rosdale Super A/C>	11,000,000	1.64
Kale Capital Corporation Ltd	9,587,750	1.43
Eric Anthony Frederick Bennik	8,729,300	1.30
Moryton Pty Ltd	7,500,000	1.12
Grandor Pty Limited <Mark Scott Family P/F A/C>	7,398,099	1.10
Bluestar Management Pty Ltd	7,000,000	1.04
Bora Bora Resources Limited	7,000,000	1.04
BNP Paribas Nominees Pty Ltd Six Sis Ltd <DRP A/C>	6,993,347	1.04
Ms Zhen Chen	6,386,666	0.95
Radrob Pty Ltd	6,000,000	0.89
Wilgus Investments Pty Ltd	6,000,000	0.89
Foster Capital NZ Limited <Colt Emerging Comp Micro A/C>	6,000,000	0.89
	352,166,537	52.39

TENEMENT SCHEDULE

Project/Tenement	State	Status	Interest	Co-holder	Notes
Bryah Basin Project	Western Australia				
E52/1668	WA	Granted	10%	Jackson / Billabong / Sandfire	1, 2, 3
E52/1678	WA	Granted	10%	Jackson / Billabong / Sandfire	1, 2, 3
E52/1722	WA	Granted	10%	Jackson / Sandfire	1, 2
E52/1723-I	WA	Granted	20%	Billabong / Sandfire	2, 4, 5
E52/1730	WA	Granted	10%	Jackson / Billabong / Sandfire	1, 2, 3
E52/1731	WA	Granted	20%	Billabong / Sandfire	2, 4
E52/1810	WA	Granted	20%	Sandfire	2
E52/1852	WA	Granted	20%	Billabong	4
E52/2360	WA	Granted	20%	Sandfire	2, 6
E52/2362	WA	Granted	20%	Billabong / Sandfire	2, 4, 6
E52/3292	WA	Granted	20%	Sandfire	2
E52/3358	WA	Granted	20%	Sandfire	2
E52/3359	WA	Granted	20%	Sandfire	2
E52/3405	WA	Granted	20%	Billabong / Sandfire	2, 4
E52/3406	WA	Granted	20%	Billabong / Sandfire	2, 4
E52/3407	WA	Granted	20%	Sandfire	2
E52/3408	WA	Granted	20%	Billabong / Sandfire	2, 4
E52/3409	WA	Granted	20%	Sandfire	2
E52/3472	WA	Granted	20%	Sandfire	2
E52/3475	WA	Granted	20%	Sandfire	2
M52/722	WA	Granted	20%	Billabong / Sandfire	2, 4, 6
M52/723	WA	Granted	20%	Billabong / Sandfire	2, 4, 6
M52/737	WA	Granted	20%	Billabong	4, 6
M52/795	WA	Granted	20%	Billabong / Sandfire	2, 4, 6
M52/844-I	WA	Granted	20%	Sandfire	2, 6
M52/1049	WA	Granted	20%	Billabong	4, 6
P52/1425	WA	Granted	20%	Sandfire	2
P52/1427	WA	Granted	20%	Sandfire	2
P52/1428	WA	Granted	20%	Sandfire	2
P52/1429	WA	Granted	20%	Billabong	4
P52/1467	WA	Granted	20%	Sandfire	2
P52/1468	WA	Granted	20%	Sandfire	2
P52/1469	WA	Granted	20%	Sandfire	2
P52/1470	WA	Granted	20%	Sandfire	2
P52/1531	WA	Granted	20%	Sandfire	2
P52/1532	WA	Granted	20%	Sandfire	2
P52/1533	WA	Granted	20%	Sandfire	2
P52/1534	WA	Granted	20%	Sandfire	2
P52/1535	WA	Granted	20%	Sandfire	2
P52/1538	WA	Granted	10%	Jackson / Billabong	1, 4
P52/1539	WA	Granted	10%	Jackson / Billabong	1, 4
P52/1540	WA	Granted	20%	Sandfire	2
P52/1541	WA	Granted	20%	Sandfire	2
P52/1565	WA	Granted	20%	Sandfire	2
P52/1566	WA	Granted	20%	Sandfire	2
P52/1567	WA	Granted	20%	Sandfire	2
P52/1568	WA	Granted	20%	Sandfire	2
P52/1572	WA	Granted	20%	Sandfire	2, 6
P52/1577	WA	Granted	20%	Billabong	4, 6

TENEMENT SCHEDULE

Project/Tenement	State	Status	Interest	Co-holder	Notes
Karonie Project	Western Australia				
E28/2575	WA	Granted	100%		7
E28/2576	WA	Granted	100%		7
E28/2601	WA	Granted	100%		7
E28/2619	WA	Granted	100%		7
E28/2643	WA	Granted	100%		7
E28/2657	WA	Granted	100%		7
E28/2667	WA	Granted	100%		7
E28/2668	WA	Granted	100%		7
E28/2681	WA	Granted	100%		7
E28/2752	WA	Granted	100%		7
E28/2880	WA	Granted	100%		7
E28/2940	WA	Granted	100%		7
E28/2976	WA	Appl.	-		7
E28/3032	WA	Appl. (contest)	-		7
E28/3069	WA	Appl.	-		7
E28/3098	WA	Appl. (contest)	-		7
Lake Rebecca Project	Western Australia				
E28/3006	WA	Appl.	-		7
E28/3008	WA	Appl.	-		7
E28/3010	WA	Appl.	-		7
E28/3012	WA	Appl.	-		7
E28/3035	WA	Appl. (contest)	-		7
E28/3039	WA	Appl. (contest)	-		7
E28/3048	WA	Appl. (contest)	-		7
E28/3053	WA	Appl.	-		7
E28/3058	WA	Appl.	-		7
E28/3059	WA	Appl.	-		7
E28/3063	WA	Appl.	-		7
E28/3064	WA	Appl.	-		7
Lachlan Projects	New South Wales				
EL5878 - Overflow	NSW	Granted	80%	Heron Resources	8
EL7941 - Overflow	NSW	Granted	80%	Heron Resources	8
EL8267 - Overflow Nth	NSW	Granted	80%	Heron Resources	8
EL8356 - Yellow Mtn	NSW	Granted	80%	Heron Resources	8
EL8192 - Eurow	NSW	Granted	80%	Heron Resources	8
EL8318 - Girilambone	NSW	Granted	80%	Heron Resources	8
EL8631 - West Lynn	NSW	Granted	80%	Heron Resources	8
EL8711 - Woodsreef	NSW	Granted	80%	Heron Resources	8

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. Sandfire Resources NL (ASX: SFR) holds a 70-80% interest (excludes iron ore) in whole or part tenements, with Alchemy free-carried up to completion of a pre-feasibility study.
3. Billabong Gold Pty Ltd holds a 70% interest in whole or part of tenement.
4. Billabong Gold Pty Ltd holds an 80% interest in whole or part of tenement.
5. PepinNini Robinson Range Pty Ltd retains a 1% NSR on iron ore.
6. Carey Mining Iron Ore JV: Alchemy has 100% mineral rights for all minerals, excluding iron ore where ownership is Alchemy 50% / Carey Mining 50%.
7. Goldtribe Corporation Pty Ltd, a subsidiary of Alchemy Resources Ltd, holds a 100% interest in the tenement.
8. Alchemy Resources (NSW) Pty Ltd, a subsidiary of Alchemy Resources Ltd, holds a 80% interest with Heron Resources owning the remaining 20%.