

ALCHEMY RESOURCES LIMITED

ABN 17 124 444 122

HALF-YEAR FINANCIAL REPORT **31 December 2021**

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CORPORATE DIRECTORY

DIRECTORS & MANAGEMENT

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

COMPANY SECRETARY

Carly Terzanidis

REGISTERED OFFICE

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STOCK EXCHANGE LISTING

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

Home Exchange: Perth, Western Australia
ASX Code: ALY

DIRECTORS' REPORT

Your Directors submit their report for the half-year ended 31 December 2021.

DIRECTORS

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

- Lindsay Dudfield Non-Executive Chairman
- Liza Carpena Non-Executive Director
- Anthony Ho Non-Executive Director

REVIEW AND RESULTS OF OPERATIONS

Alchemy's activities are reported in announcements to the ASX, with highlights of the half-year to 31 December 2021 summarised below (further details can be found at the Company's website (www.alchemyresources.com.au)).

KARONIE PROJECT (WA) (Alchemy 100%)

The Karonie Project, located 100km east of Kalgoorlie, is comprised of fifteen exploration licences (including three licence applications) covering over 1,252km² of highly prospective mineralised structures within Kurnalpi Terrain greenstones 100km east of Kalgoorlie. The Karonie Project is strategically located close to existing processing plants and hosts the immediate strike extensions of over 590,000oz of gold at the Silver Lake Resources Ltd (ASX: SLR) Aldiss Mining Centre¹.

During the half year period, work focussed on the completion of two key Heritage Surveys at the Karonie Project with no areas of significance identified. The comprehensive archaeological and ethnographic surveys were conducted in November and December 2021 with representatives of the Ngadju and the Kakarra Traditional Owners. The surveys were designed to assess areas of proposed exploration at the Karonie East, Western Brown, Gilmore, Esplanade and Challenger targets. Advice from both groups confirms that the areas are clear. Planning was undertaken for drill programs, which commenced in early 2022.

High resolution aerial magnetics were flown over key targets within the Karonie tenement package. The aim of the survey was to refine Alchemy's gold exploration drill targeting in these areas and to generate new targets. The surveys were conducted over structures to the north of the existing Taupo and KZ5 resources at Karonie East, and to the south at the new greenfields Western Brown and Gilmore targets. At the new Karonie East target, the work identified several magnetic and structural features demanding immediate investigation due to their geological similarity to the adjacent Aldiss Mine deposits. Alchemy was also successful in securing a funding grant of up to \$111,300 from the Western Australian Department of Mines, Industry and Regulation ("DMIRS") to co-fund drilling at the Western Brown and Gilmore target areas.

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

DIRECTORS' REPORT

- Karonie High Resolution Magnetics

The geophysical surveys at Karonie (Figure 1) were designed to provide greater detail on the trends of mineralisation observed in recent drilling. Understanding the structural framework of the area has been a key focus over the last nine months that has been supported by recent detailed field mapping. Ground truthing of the historical reconnaissance drilling has shown a significant amount of previous RAB drilling to be ineffective or too wide spaced to target short strike length but high-grade structures. The high-resolution magnetic survey has significantly refined the location of the magnetic dolerite host rock, as well as north-south and north-east trending structural features, which are key elements of the mineralising events at Karonie.

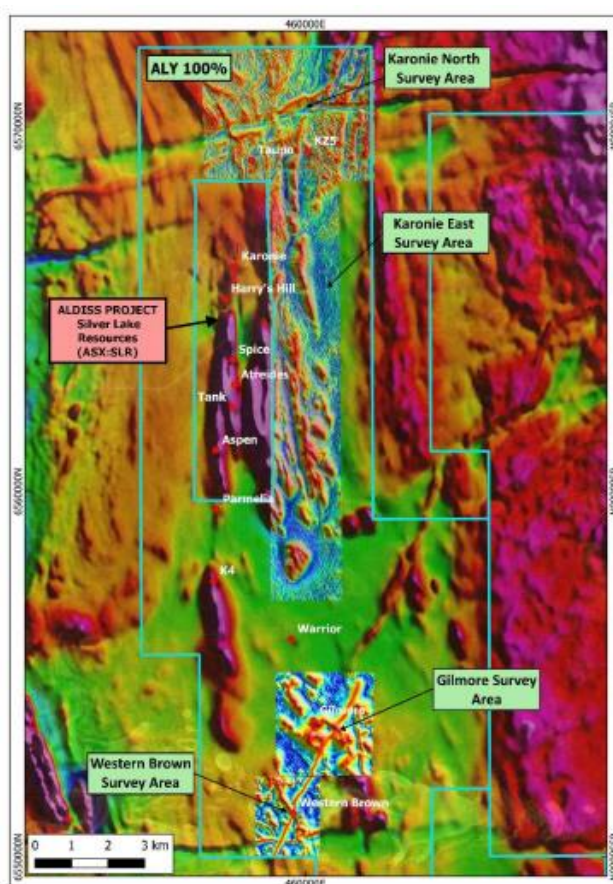


Figure 1: UAV magnetic survey areas at Karonie showing Karonie Resources and targets

- Karonie East

The Karonie East survey area is a newly defined area of interest for Alchemy. The area has wide spaced RAB drilling (generally 150m x 1km line spacing) that was relatively ineffective at testing basement geology (Figure 1). Ground truthing revealed that a large portion of the historic holes in the region failed to reach basement, often terminating in calcrete or younger cover.

DIRECTORS' REPORT

- Western Brown and Gilmore

Western Brown is a newly defined 2km² greenfields target that was identified during recent field work (Figure 2). The target is defined by a magnetic dolerite that is disrupted by a major north-east striking fault corridor; these north-east fault corridors commonly control mineralisation throughout the Karonie province. The intersection point of the fault corridor and the magnetic dolerite is interpreted to be situated in the middle of a large salt lake and has never been drill tested. The same north-east striking fault corridor that intersects the dolerites at Western Brown also disrupts fractionated magnetic dolerites at the Gilmore prospect. Both targets have seen very little effective drilling, with most of the RAB drilling at Gilmore unable to penetrate transported cover to test basement geology.

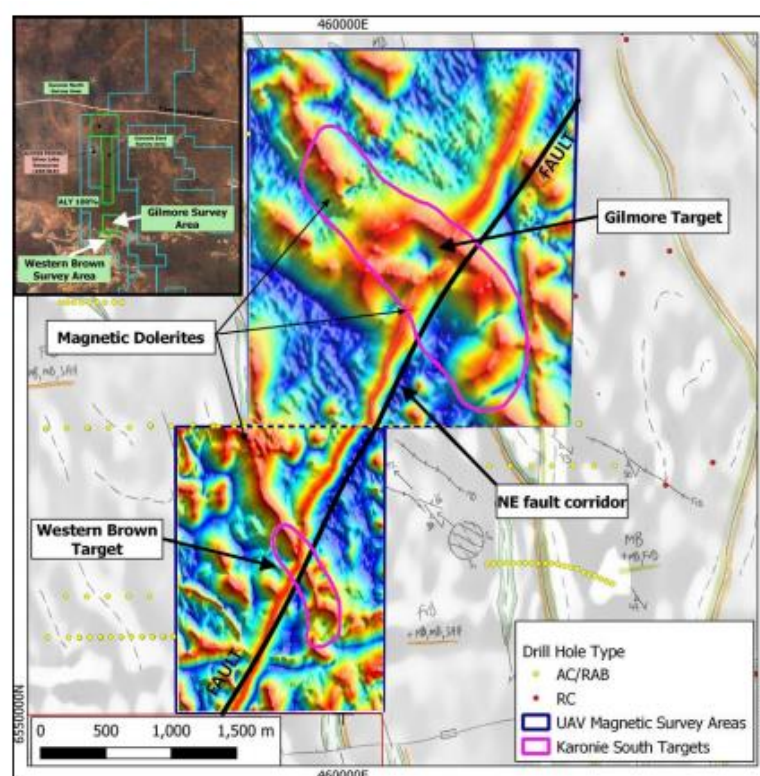


Figure 2: UAV magnetic survey areas for the newly defined Western Brown and Gilmore targets

- EIS Co-Funding grant awarded

Alchemy has been notified by the DMIRS that it has been successful in its proposal for an Exploration Incentive Scheme ("EIS") funding grant of up to \$111,300 for its Western Brown and Gilmore target areas. The aim of the grant is to stimulate innovative exploration drilling in greenfield and under-explored parts of the State, and the awarding of the EIS grant validates Alchemy's belief that the potential for short strike length but high-grade structures in the area has not been adequately tested. Alchemy acknowledges this significant support from the DMIRS.

DIRECTORS' REPORT

- Karonie Heritage Surveys

Alchemy completed two key Aboriginal Cultural Heritage Surveys for the Karonie Project. The surveys focussed on clearing three main areas at 1) Karonie East, adjacent to the SLR Mining Operations; 2) Western Brown and Gilmore structural and magnetic anomaly targets identified earlier this year; and 3) the Challenger and Esplanade targets. Comprehensive archaeological and ethnographic surveys were conducted from November-December 2021 with representatives of the Ngadju and the Kakarra Traditional Owners. Advice from both groups confirms that Alchemy is cleared to proceed with planned activities.

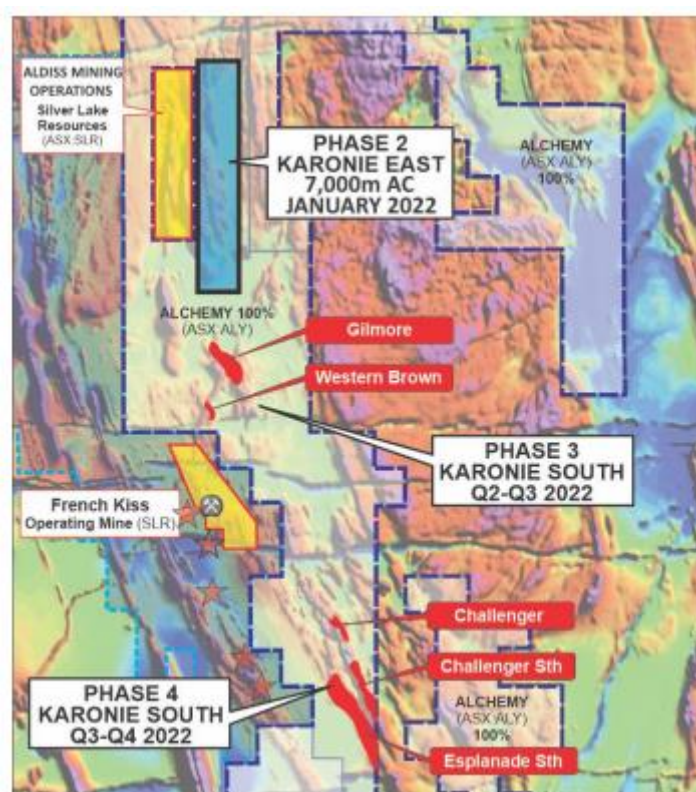


Figure 3: Karonie heritage survey areas and drill targets

LAKE REBECCA Project (WA) (Alchemy 100%)

The newly formed Lake Rebecca Project includes 11 highly prospective, exploration licence applications covering 562km² of prospective greenstones, internal granites and known gold bearing structures to the southeast of Northern Star Resources' (ASX: NST) 4.3Moz Carosue Dam gold deposit, along strike to the north of Breaker Resources' (ASX: BRB) 1.7Moz Bombora gold deposit, and immediately west of Ramelius Resources' (ASX: RMS) Rebecca, Duchess and Duke deposits in the Eastern Goldfields, Western Australia (Figure 4).

During the period, Alchemy won ballots for three key exploration licence applications (E28/3048, E28/3053 and E28/3058). The new licences cover an area of 51km², are located 140km to the east of Kalgoorlie and are contiguous with both BRB to the south and St Barbara (ASX: SBM) to the north (Figure 4) in a highly strategic geological position along the Claypan Shear. Most of these applications

DIRECTORS' REPORT

are located only 30km south-east of NST's Carosue Dam operations, and 20km north of BRB's Lake Roe project.

The area is highly prospective, and Alchemy's applications were competing with multiple applications from other companies. As a result, priority to the ground was determined by ballots conducted by the Mining Warden in Kalgoorlie, with Alchemy drawn first in all three ballots. The applications will now progress through statutory process with title expected to be granted in 2022.

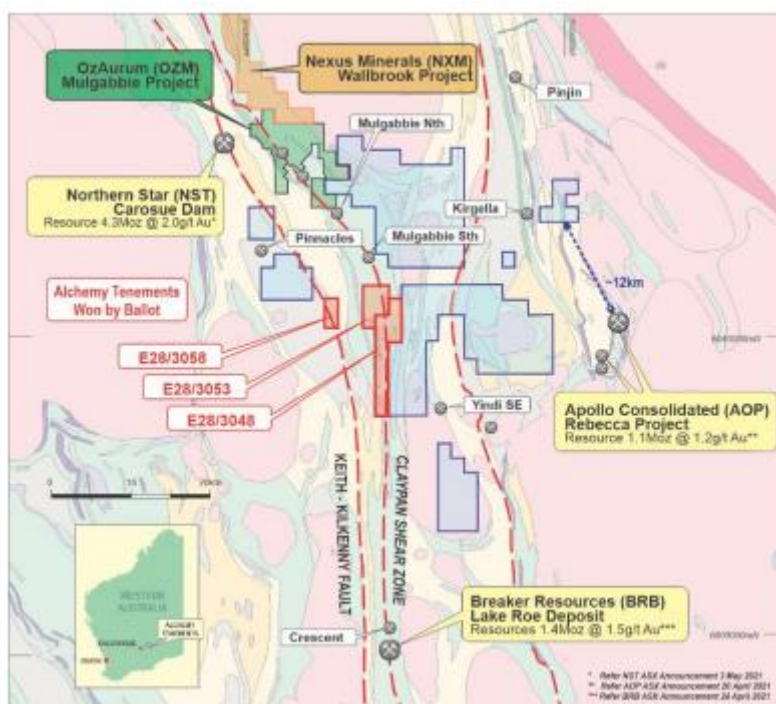


Figure 4: Lake Rebecca tenements (under application in blue) and recent tenements won by ballot (in red)

LACHLAN FOLD BELT/COBAR BASIN PROJECTS (NSW) (Alchemy 80%)

The Lachlan Projects cover an area of 674km² of the Central Lachlan Orogen in New South Wales and comprise three project areas prospective for Cobar-style epithermal gold and base metals and copper-gold porphyry mineralisation. The Lachlan / Cobar Basin Projects consist of the Overflow Gold-Base Metal Project, the Yellow Mountain Copper-Gold Project, the West Lynn Nickel-Cobalt-Alumina Project, and the Eurow Copper-Gold Project, each containing multiple drill ready gold and/or base metal and/or nickel cobalt targets. The projects form part of a farm-in and joint venture ("JV") with Heron Resources (ASX: HRR).

- Yellow Mountain Mine Prospect

In late November 2021, Alchemy hosted representatives of the Condobolin Aboriginal Land Council to the Yellow Mountain Mine Prospect. Unfortunately, due to significant rain in the region, part of the access to the Prospect was cut-off, so the remainder of the survey was completed in early 2022 when the weather was more favourable. A final report is being compiled.

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No drilling has taken place on this prospect since 1986, despite significant occurrences of high-grade copper and lead mineralisation. The Yellow Mountain Mine was worked from the mid-1800s. Accurate production records do not exist for the mine; however, the mine reportedly produced 2.74t of lead, 360kg of copper and 6.2kg of silver from an open pit. The Yellow Mountain Mine Prospect was last drilled in 1986, most of the historic drilling was shallow and many of the drill holes were not assayed for gold.

Historic drilling and sampling at the Yellow Mountain Mine Prospect (Figure 5) returned broad zones of copper and gold mineralisation including:

- Mullock dump stockpile sample assay of 7.15% Cu, 6.4% Pb and 1.08g/t Au
- 24.4m @ 1.12% Cu, 1.19% Pb and 1.02% Zn from surface (YP05A)
- 52m @ 0.54g/t Au, 0.31% Cu, 35g/t Ag, 1.15% Pb and 1.28% Zn from 14m (PYM011)
- 16.5m @ 1.08g/t Au, 0.48% Cu, 52g/t Ag, 2.04% Pb and 3.48% Zn from 198m (YD13)

Sampling of mullock dumps undertaken in 2001 by Golden Cross Resources (ASX: GCR) returned assays of 7.15% Cu, 6.4% Pb and 1.08g/t Au. These samples are in the area around the historic Yellow Mountain Mine shaft which was operated in the early-mid 1930s. Alchemy sees this as significant, showing the potential for high grade mineralisation at the Prospect. This sample site sits adjacent to previously reported results including 24.4m @ 1.12% Cu, 1.19% Pb and 1.02% Zn from surface in historic drilling.

The Yellow Mountain Project is an important strategic landholding for Alchemy with a contiguous land position along strike from the Mineral Hill Mine, recently acquired by Kingston Resources (ASX: KSN).

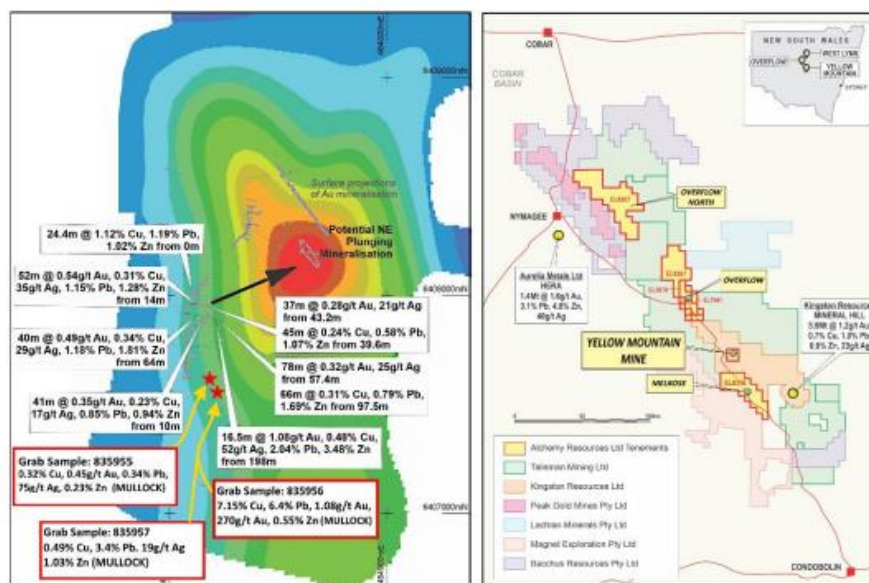


Figure 5: Yellow Mountain Mine Prospect location maps

DIRECTORS' REPORT

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

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

Alchemy also retains a 1% Net Smelter Royalty over 20,000oz of gold recovered from the Hermes Deposit (4.7Mt @ 2.0g/t for 303,000oz Au) once production reaches 70,000oz².

Alchemy remains free-carried on further exploration to completion of a Pre-Feasibility Study, and then carried on an interest-free deferred basis for a further \$5M of Definitive Feasibility Study expenditure, with the deferred amount to be repaid from 50% of Alchemy's share of free cash flow earned through production.

During the period, 244 aircore ("AC") holes (PHAC1791 – PHAC2034) were drilled for a total of 13,893m at the Peak Hill North Prospect. These holes were designed as an initial 800 x 100m pattern to provide high quality litho-geochemical data, as well as key geological information to delineate the stratigraphy at Peak Hill North.

Drilling intersected the chemogenic sediments, quartz arenites and carbonaceous shales of the Bangemall Formation in the north, and quartzite, psammite, quartz-muscovite schist, biotite schist of the Peak Hill Metamorphic Suite followed by strongly foliated basalt of the Narracoota Formation in the south. Geological interpretation is currently ongoing to define the Bangemall, Peak Hill and Narracoota Formation contacts. No further AC drilling is planned for the Peak Hill North program; reverse circulation ("RC") drilling will be designed to follow-up on any geochemical anomalism returned from the AC program.

A 3-line IP survey was completed at Peak Hill over an area of geological interest, with results pending. A Moving Loop EM program was also completed at West Orient, with no anomaly detected. A Moving Loop EM program was completed at Beatty Pool and identified an anomaly on line 39300. The anomaly has been explained by a graphite intercept in an historic RC hole with no further geophysical work planned.

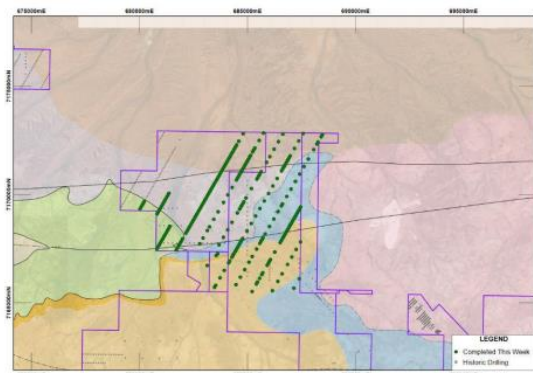


Figure 6: Map of the 250 AC holes drilled within the Sandfire JV tenements during the period

² Refer Alchemy Resource Limited's ASX announcement dated 24 February 2015.

DIRECTORS' REPORT

| Hole ID | Prospect | From | To | Width (m) | Cu (ppm) | Au (ppb) | Zn (ppm) | Pb (ppm) |
|----------|-----------------|------|----|-----------|----------|----------|----------|----------|
| HSAC0644 | Windalah Bore | 60 | 65 | 5 | 9.0 | -1.0 | 93.0 | 260.0 |
| PHAC1784 | Peak Hill North | 30 | 35 | 5 | 227.0 | 612.0 | 72.0 | -0.5 |
| PHAC1792 | Peak Hill North | 15 | 20 | 5 | 1230.0 | 6.0 | 60.0 | 2.5 |
| PHAC1792 | Peak Hill North | 20 | 25 | 5 | 1160.0 | 10.0 | 78.0 | 2.0 |
| PHAC1831 | Peak Hill North | 35 | 40 | 5 | 320.0 | -1.0 | 560.0 | 62.0 |
| PHAC1831 | Peak Hill North | 40 | 45 | 5 | 257.0 | -1.0 | 658.0 | 4.0 |
| PHAC1832 | Peak Hill North | 60 | 65 | 5 | 232.0 | -1.0 | 664.0 | 9.0 |
| PHAC1832 | Peak Hill North | 65 | 70 | 5 | 173.0 | -1.0 | 1040.0 | 5.0 |
| PHAC1887 | Peak Hill North | 45 | 50 | 5 | 114.0 | -1.0 | 286.0 | 318.0 |
| PHAC1938 | Peak Hill North | 0 | 5 | 5 | 121.0 | -1.0 | 677.0 | 232.0 |
| PHAC1938 | Peak Hill North | 5 | 10 | 5 | 108.0 | -1.0 | 560.0 | 377.0 |
| PHAC1975 | Peak Hill North | 25 | 26 | 1 | 103.0 | -1.0 | 531.0 | 9.5 |

Table 1: AC Drilling completed in the Windalah Bore and Peak Hill Prospects (ALY/SFR JV)

- Gold Exploration (Alchemy 20%)

Exploration of Alchemy's tenements that cover the gold prospective part of the Bryah Basin Project continued under a farm-in and JV arrangement with Billabong ("Billabong Gold JV"), a subsidiary of Superior Gold Inc (TSX-V: SGI) with Billabong now having earned a 70-80% interest.

Under the terms of the Billabong Gold JV, Alchemy's interest is carried on an interest-free deferred basis to production, with Alchemy to repay the deferred amount from 50% of its share of free cash flow from production following commencement of mining.

Work completed during the period included:

- Demarcation and signage of Heritage Sites identified during the survey of the Wilgeena to Hermes proposed haul road and Wilgeena mining footprint to ensure there is no disturbance to the sites.
- Flora and fauna surveys of the Wilgeena mining footprint and proposed Hermes to Wilgeena haul road.
- Drilling of RC holes at Wilgeena with a view to extending the resource to the southeast.
- Establishment of four water monitoring bores at Wilgeena.
- RC drilling at Wilgeena to sterilise ground for mining infrastructure (2,532m).
- Heritage surveys for drilling at Central Bore, Pelorus and Seaborg.
- Analysis of soil and waste characterisation samples for Wilgeena.
- Hydrogeological and pit lake assessments for the Wilgeena Project.

CORPORATE

The Company completed a placement of 168,060,862 ordinary fully paid shares ("Placement Shares") in October 2021 raising \$1,848,669 (before costs). The Placement Shares were issued at \$0.011 per Share. The Company also completed a heavily oversubscribed pro rata non-renounceable 1 for 6 Entitlement Offer raising a total of \$1,232,448 (before costs), with 112,040,575 ordinary fully paid shares issued at \$0.011 per share under the Entitlement Offer.

DIRECTORS' REPORT

The funds raised are to be used primarily to fund exploration drilling at the Karonie Gold Project (Western Australia), AC drilling and targeted geophysics at Lake Rebecca and RC and Diamond Core drilling at Yellow Mountain and Overflow Gold/Base Metals Projects (New South Wales), as well as for general working capital and the costs of the raising.

In December 2021 the Company announced that Ms Jessamyn Lyons had resigned from the role as Joint Company Secretary. Ms Carly Terzanidis remains in the role of Company Secretary to the Company and its subsidiaries.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not significantly impacted the entity up to 31 December 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.

Operating Results

The half-year report to 31 December 2021 shows an operating loss of \$524,292 compared with an operating loss of \$266,468 for the half-year ended 31 December 2020.

Subsequent Events

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

AUDITOR'S DECLARATION

A copy of the auditor's Independence Declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 13.

Signed in accordance with a resolution of the Directors.



Lindsay Dudfield

Chairman

Perth, 16 March 2022

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

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



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Australia

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

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

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

A handwritten signature in black ink, appearing to read 'Glyn O'Brien', with a long, sweeping horizontal stroke extending to the right.

Glyn O'Brien

Director

BDO Audit (WA) Pty Ltd

Perth, 16 March 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

| | Notes | CONSOLIDATED | |
|---|-------|--------------------|--------------------|
| | | 31 Dec 2021 \$ | 31 Dec 2020 \$ |
| Other income | | 8,474 | 16,094 |
| Corporate expense | | (125,020) | (99,422) |
| Exploration expenditure written off | 5 | (230,339) | (5,835) |
| Employee expense | | (117,925) | (124,164) |
| Administration expense | | (59,483) | (53,141) |
| Loss from continuing operations | | (524,292) | (266,468) |
| Income tax benefit | | - | - |
| Loss for the half-year attributable to the owners of Alchemy Resources Limited | | (524,292) | (266,468) |
| Other comprehensive income | | | |
| Items that will not be reclassified to profit or loss | | - | - |
| Items that will be reclassified to profit or loss | | - | - |
| Other comprehensive income for the half-year (net of tax) | | - | - |
| Total comprehensive loss for the half-year attributable to the owners of Alchemy Resources Limited | | (524,292) | (266,468) |
| | | Cents per share | Cents per share |
| Loss per share attributable to the owners of Alchemy Resources Limited | | | |
| Basic and diluted loss per share | | (0.07) | (0.04) |

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

| | Notes | CONSOLIDATED | |
|----------------------------------|-------|-------------------|-------------------|
| | | 31 Dec 2021 \$ | 30 Jun 2021 \$ |
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 4 | 3,002,605 | 924,376 |
| Trade and other receivables | | 48,440 | 47,113 |
| Other current assets | | 48,508 | 14,861 |
| Total Current Assets | | 3,099,552 | 986,350 |
| Non-Current Assets | | | |
| Exploration and evaluation | 5 | 7,148,446 | 6,822,841 |
| Total Non-Current Assets | | 7,148,446 | 6,822,841 |
| TOTAL ASSETS | | 10,247,998 | 7,809,191 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade and other payables | | 80,934 | 129,794 |
| Provisions | | 26,553 | 25,548 |
| Total Current Liabilities | | 107,487 | 155,342 |
| TOTAL LIABILITIES | | 107,487 | 155,342 |
| NET ASSETS | | 10,140,511 | 7,653,849 |
| EQUITY | | | |
| Contributed equity | 7 | 38,314,458 | 35,394,645 |
| Reserves | 8 | 167,976 | 76,835 |
| Accumulated losses | | (28,341,923) | (27,817,631) |
| TOTAL EQUITY | | 10,140,511 | 7,653,849 |

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

| | ATTRIBUTABLE TO EQUITY HOLDERS OF THE EQUITY | | | |
|--|--|----------------|-----------------------------|-----------------------|
| | Contributed Equity \$ | Reserves \$ | Accumulated Losses \$ | Total Equity \$ |
| At 1 July 2020 | 33,690,859 | 171,600 | (27,462,651) | 6,399,808 |
| Loss for the half-year | - | - | (266,468) | (266,468) |
| Other comprehensive income | - | - | - | - |
| Total comprehensive loss for the half-year (net of tax) | - | - | (266,468) | (266,468) |
| Transactions with owners in their capacity as owners | | | | |
| Issue of shares | 1,825,787 | - | - | 1,825,787 |
| Share issue costs | (97,401) | - | - | (97,401) |
| Fair value of options issued | (24,600) | 24,600 | - | - |
| At 31 December 2020 | 35,394,645 | 196,200 | (27,729,119) | 7,861,726 |
| At 1 July 2021 | 35,394,645 | 76,835 | (27,817,631) | 7,653,849 |
| Loss for the half-year | - | - | (524,292) | (524,292) |
| Other comprehensive income | - | - | - | - |
| Total comprehensive loss for the half-year (net of tax) | - | - | (524,292) | (524,292) |
| Transactions with owners in their capacity as owners | | | | |
| Issue of shares and options | 3,081,117 | 52,471 | - | 3,133,588 |
| Share issue costs | (161,304) | 38,670 | - | (122,634) |
| At 31 December 2021 | 38,314,458 | 167,976 | (28,341,923) | 10,140,511 |

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

| | Notes | CONSOLIDATED | |
|--|-------|-------------------|-------------------|
| | | 31 Dec 2021 \$ | 31 Dec 2020 \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Payments to suppliers and employees | | (301,856) | (263,614) |
| Government grants received | | - | 36,062 |
| Interest received | | 5,059 | 3,120 |
| CASH FLOWS USED IN OPERATING ACTIVITIES | | (296,797) | (224,432) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Payments for exploration expenditure | 5 | (583,457) | (687,879) |
| CASH FLOWS USED IN INVESTING ACTIVITIES | | (583,457) | (687,879) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from issue of shares | 7 | 3,081,117 | 1,825,787 |
| Share issue costs | 7 | (122,634) | (97,401) |
| NET CASH FLOWS FROM FINANCING ACTIVITIES | | 2,958,483 | 1,728,386 |
| Net increase in cash and cash equivalents | | 2,078,229 | 816,075 |
| Cash and cash equivalents at beginning of the period | | 924,376 | 873,397 |
| CASH AT END OF THE PERIOD | 4 | 3,002,605 | 1,689,472 |

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 1: CORPORATE INFORMATION

This general purpose interim financial report of Alchemy Resources Limited ("the Company" or "the Group") for the half-year ended 31 December 2021 was authorised for issue in accordance with a resolution of the Directors on 15 March 2022.

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

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

This general purpose interim financial report for the half-year reporting period ended 31 December 2021 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by Alchemy Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the ASX Listing Rules.

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

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

b) New accounting standards and interpretations

In the half-year ended 31 December 2021, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2021.

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

c) Critical accounting estimates and judgements

The preparation of financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing the interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those that applied to the annual financial statements for the year ended 30 June 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 3: SEGMENT INFORMATION

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

NOTE 4: CASH AND CASH EQUIVALENTS

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

| | CONSOLIDATED | |
|--------------------------|-------------------|-------------------|
| | 31 Dec 2021 \$ | 30 Jun 2021 \$ |
| Cash at bank and on hand | 2,986,105 | 907,876 |
| Short-term deposits | 16,500 | 16,500 |
| | 3,002,605 | 924,376 |

NOTE 5: EXPLORATION AND EVALUATION

| | CONSOLIDATED | |
|-----------------------------------|-------------------|-------------------|
| | 31 Dec 2021 \$ | 30 Jun 2021 \$ |
| Exploration and evaluation assets | 7,148,446 | 6,822,841 |

| | Half-Year Ended 31 Dec 2021 \$ | Year Ended 30 Jun 2021 \$ |
|--|---|------------------------------------|
| Consolidated Group | | |
| Opening balance | 6,822,841 | 5,678,452 |
| Exploration expenditure incurred during the period | 556,004 | 1,159,429 |
| Exploration expenditure written off | (230,399) | (15,040) |
| Closing balance | 7,148,446 | 6,822,841 |

During the half-year ended 31 December 2021, \$230,399 (year ended 30 June 2021: \$15,040) was written down against the consolidated Group's exploration and evaluation assets. The assets were written down due to the expiry of the rights of exploration for these assets.

NOTE 6: COMMITMENTS AND CONTINGENCIES

As at the reporting date, there has been no material change in the commitments and contingencies since 30 June 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 7: Contributed Equity

| | CONSOLIDATED | |
|-----------------|-------------------|-------------------|
| | 31 Dec 2021 \$ | 30 Jun 2021 \$ |
| Share capital | | |
| Ordinary shares | 38,314,458 | 35,394,645 |

Movements in ordinary shares on issue

| | HALF-YEAR ENDED 31 DEC 2021 | | YEAR ENDED 30 Jun 2021 | |
|--|-----------------------------|------------|------------------------|------------|
| | Number | \$ | Number | \$ |
| Opening balance | 672,243,453 | 35,394,645 | 550,524,351 | 33,690,859 |
| Placement ⁽¹⁾ | 168,060,862 | 1,848,669 | 66,666,667 | 1,000,000 |
| Non-renounceable rights issue ⁽²⁾ | 112,040,575 | 1,232,448 | 55,052,435 | 825,787 |
| Share issue costs | - | (161,304) | - | (122,001) |
| Closing balance | 952,344,890 | 38,314,458 | 672,243,453 | 35,394,645 |

(1) On 19 October 2021 the Company completed a Placement with the issue of 168,060,862 new Shares at an issue price of \$0.011 per share.

(2) In November 2021 the Company completed the issue of 112,040,575 new Shares pursuant to a pro-rata non-renounceable entitlement and shortfall offer of 1 new Share for every 6 existing Shares held at an issue price of \$0.011 per share.

NOTE 8: RESERVES

| | HALF-YEAR ENDED 31 DEC 2021 | | YEAR ENDED 30 JUN 2021 | |
|---|-----------------------------|---------|------------------------|-----------|
| | Number | \$ | Number | \$ |
| Opening balance | 40,679,776 | 76,835 | 27,000,000 | 171,600 |
| Options issued ⁽¹⁾ | 10,000,000 | 38,670 | 33,429,776 | 56,456 |
| Options granted ⁽²⁾ | - | 31,856 | 7,000,000 | - |
| Performance rights granted ⁽³⁾ | - | 19,043 | 10,000,000 | 18,629 |
| Options granted ⁽⁴⁾ | 2,000,000 | 1,572 | - | - |
| Options expired | - | - | (26,750,000) | (169,850) |
| Closing balance | 52,679,776 | 167,976 | 50,679,776 | 76,835 |

(1) On 18 November 2021, the shareholders approved the issue of a total of 10,000,000 unlisted options to the lead manager of a Placement with 5,000,000 exercisable at \$0.02 and expiring on that date that is 1 year after completion of the Entitlement Offer (Tranche 1) and with 5,000,000 exercisable at \$0.022 and expiring on that date that is 2 years after completion of the Entitlement Offer (Tranche 2). Refer to Note 9 for further details.

(2) On 1 January 2021, 7,000,000 unlisted options exercisable at \$0.0252 were granted to CEO, James Wilson as sign-on bonus. The sign-on options will become exercisable (vest) twelve months after the commencement date.

(3) On 19 January 2021, 10,000,000 performance rights were granted to CEO, James Wilson as a long-term incentive, vesting on 31 December 2023.

(4) Options granted to an employee with 1,000,000 exercisable at \$0.025 vesting on 14 September 2022 and 1,000,000 exercisable at \$0.035 vesting on 14 September 2023 expiring on 8 November 2024. Refer to Note 9 for further details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 9: SHARE-BASED PAYMENTS

The following share-based payments were granted for the half-year ended 31 December 2021.

On 8 November 2021, the Company granted 2,000,000 unlisted options to an employee with 1,000,000 exercisable at \$0.025 vesting on 14 September 2022 and 1,000,000 exercisable at \$0.035 vesting on 14 September 2023 expiring on 8 November 2024.

Share-based payment expense of \$1,572 was recognised in the half year ended 31 December 2021 in the Consolidated Statement of Profit of Loss and Other Comprehensive Income.

The options are valued based on the Black & Scholes pricing model based on the following assumptions:

| Employee Options | | |
|---------------------------------|-----------------|-----------------|
| Valuation date | 8 November 2021 | 8 November 2021 |
| Market price of shares | \$0.013 | \$0.013 |
| Exercise price | \$0.025 | \$0.035 |
| Expiry date | 8 Nov 2024 | 8 Nov 2024 |
| Risk free interest rate | 0.89% | 0.89% |
| Expected future volatility | 103% | 103% |
| Value per Unlisted Option | \$0.0066 | \$0.0057 |
| Number of options | 1,000,000 | 1,000,000 |
| Total Value of Unlisted Options | \$6,576 | \$5,701 |

On 18 November 2021, the Company issued 10,000,000 unlisted options to the Lead Manager of a Placement with 5,000,000 exercisable at \$0.02 and expiring on 22 November 2022 and with 5,000,000 exercisable at \$0.022 and expiring on 22 November 2023.

Share-based payment expense of \$38,670 was recognised in the half year ended 31 December 2021 as share issue costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

The options are valued based on the Black & Scholes pricing model based on the following assumptions:

| Advisor Options | | |
|---------------------------------|------------------|------------------|
| Valuation date | 18 November 2021 | 18 November 2021 |
| Market price of shares | \$0.013 | \$0.013 |
| Exercise price | \$0.020 | \$0.022 |
| Expiry date | 22 Nov 2022 | 22 Nov 2023 |
| Risk free interest rate | 0.58% | 0.58% |
| Expected future volatility | 93% | 103% |
| Value per Unlisted Option | \$0.0030 | \$0.0047 |
| Number of options | 5,000,000 | 5,000,000 |
| Total Value of Unlisted Options | \$15,070 | \$23,600 |

NOTE 10: FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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

NOTE 11: RELATED PARTY TRANSACTIONS

There were no new related party transactions during the half-year.

NOTE 12: EVENTS SUBSEQUENT TO THE REPORTING DATE

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

DIRECTORS' DECLARATION

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

In the opinion of the Directors:

- a) the financial statements and notes of the Consolidated Entity are in accordance with the *Corporations Act 2001*, including:
 - i) giving a true and fair view of the financial position as at 31 December 2021 and the performance for the half-year ended on that date of the Consolidated Entity; and
 - ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- b) there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Lindsay Dudfield

Chairman

Perth, Western Australia

16 March 2022

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Alchemy Resources Limited

Report on the Half-Year Financial Report

Conclusion

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

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

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

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

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

Responsibility of the directors for the financial report

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



Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'Glyn O'Brien', is written over the printed name. Above the signature, the letters 'BDO' are handwritten in a simple, blocky font.

Glyn O'Brien

Director

Perth, 16 March 2022