

ALCHEMY RESOURCES LIMITED

ABN 17 124 444 122

HALF-YEAR FINANCIAL REPORT

31 December 2022

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CORPORATE DIRECTORY

DIRECTORS & MANAGEMENT

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

COMPANY SECRETARY

Carly Terzanidis

REGISTERED OFFICE

Suite 8, 8 Clive Street
West Perth WA 6005

Telephone: +61 (8) 9481 4400
Facsimile: +61 (8) 9481 4404
Email: admin@alchemyresources.com.au
Web: www.alchemyresources.com.au

AUDITORS

BDO Audit (WA) Pty Ltd
Level 9, Mia Yellagonga Tower 2
5 Spring Street
Perth WA 6000

BANKERS

National Australia Bank
226 Main Street
Osborne Park WA 6017

SHARE REGISTRY

Automic Group
Level 5, 191 St. Georges Terrace
Perth WA 6000

Telephone: +61 (2) 9698 5414

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 2022.

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 Chair
- Liza Carpene 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 2022 summarised below (further details can be found at the Company's website (www.alchemyresources.com.au)).

KARONIE PROJECT (WA) (Alchemy 100%)

The Karonie Project now includes 13 exploration licences and 2 exploration licence applications covering 1,190km² of highly prospective mineralised structures within Kurnalpi Terrain greenstones 100km east of Kalgoorlie. The tenements are located along strike of Silver Lake Resources' (ASX: SLR) ("Silver Lake") Aldiss Mining Centre, are within 50km of Silver Lake's Randalls 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) Lake Roe deposit.

During the half year period, work focussed on mapping, sampling and drilling of the new lithium prospects of Cherry, Hickory, Mesquite and Pecan. This included multiple rounds of detailed mapping, infill soil sampling and rock-chip sampling. In addition, a significant program of first pass regional soil sampling across the Karonie tenure was completed which returned anomalous lithium and pathfinder results at the new Red Oak and Alder prospects. Reverse circulation ("RC") drill testing at the Hickory Prospect was conducted in late 2022 and confirmed the presence of spodumene and lepidolite minerals and demonstrated that the area sits within a fertile lithium-caesium-tantalum ("LCT") pegmatite system.

Native title Heritage Protection Agreements ("HPAs") were signed over Alchemy's 15 exploration licences covering the Karonie and Lake Rebecca tenure¹. The Kakarra Part A & B ("Kakarra") native title claim covers a significant area, and importantly covers the Cherry, Hickory, Mesquite and Pecan lithium pegmatite target areas. The Nyalpa Pirniku native title claim covers several granted exploration licences and licence applications at Alchemy's Lake Rebecca Project. The HPAs pave the way for a productive and collaborative relationship with the Kakarra and Nyalpa Pirniku People. The HPAs ensure that all exploration on the tenement will be undertaken with the Traditional Owners' knowledge and fully informed consent and enables Alchemy to comply with its heritage protection obligations now and in the future.

¹ Refer to ALY ASX announcement dated 7 September 2022

DIRECTORS' REPORT

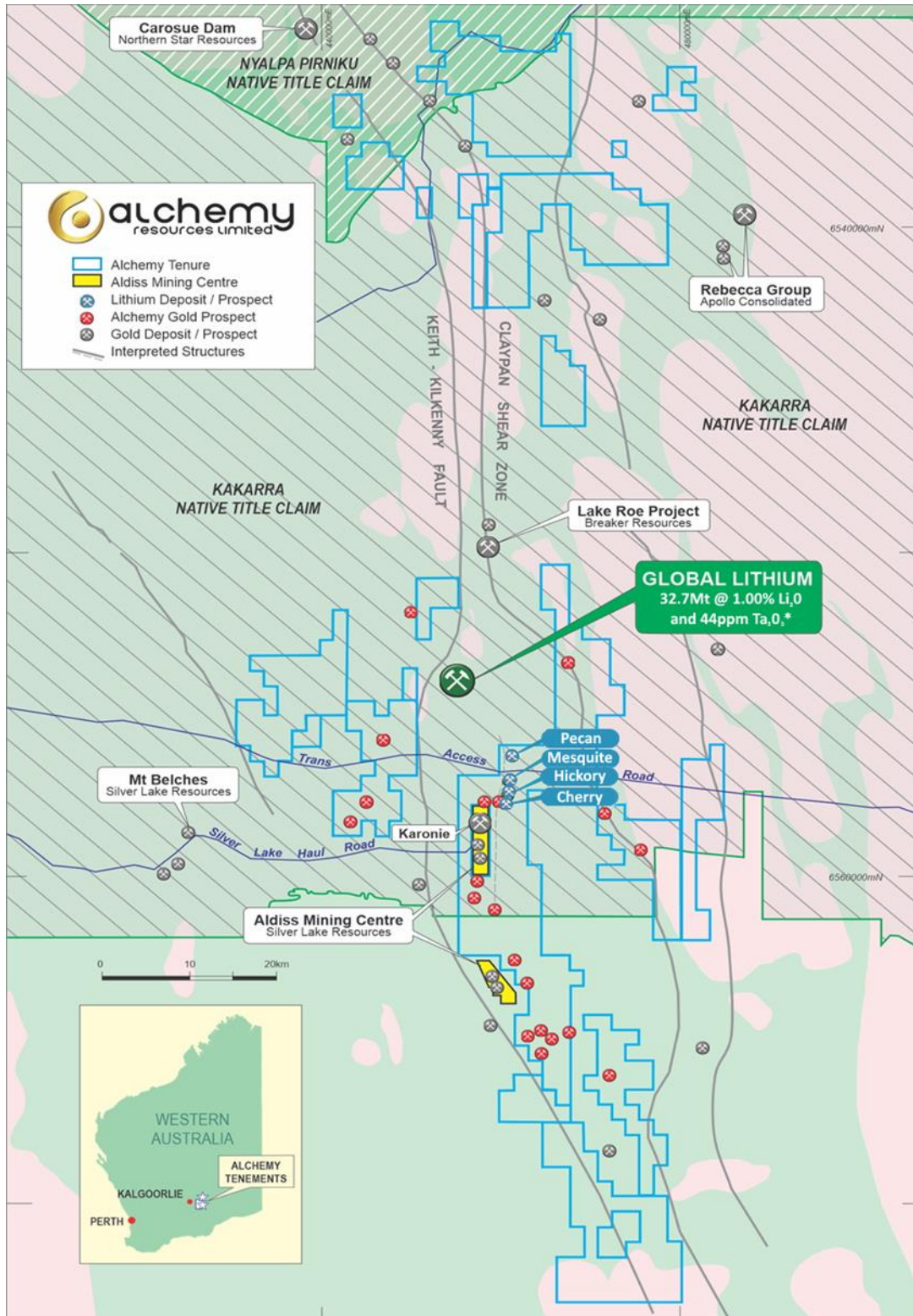


Figure 1: Alchemy Tenements with Kakarra A & B and Nyalpa Pirniku Native Title claim applications

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DIRECTORS' REPORT

Karonie mapping and infill soil sampling: Detailed mapping and rock-chip sampling was completed at the Cherry, Hickory, Mesquite and Pecan prospects. The program targeted a number of objectives including: i) mapping additional pegmatite bodies; ii) identifying zonation within the pegmatites to identify the most prospective zones; iii) obtaining additional surface rock-chip samples; and iv) infilling the existing soil geochemistry on a 100m x 40m pattern. The mapping identified numerous additional pegmatites with the overall mapped dimensions of the zone increasing to 7.3km x 1.5km.

Cherry and Hickory mapping: Further ground truthing of the lithium soil anomalies has revealed additional outcropping pegmatites at Cherry and Hickory (Figure 2). Numerous additional outcrops have been mapped with a combined strike extent of >1.4km. A broad zonation has been recognised, trending from outer zones of high rubidium anomalism in proximity to the Cherry prospect, to tantalum rich (and lower rubidium) zones at Hickory. In particular, the strongest zones of tantalum mineralisation (122ppm Ta) occur at the northern end of mapped pegmatites at Hickory where these trend under cover.

Infill soil sampling and rock chip sampling: Infill soil sampling and rock chip sampling programs were completed in late mid 2022 over the Cherry, Hickory and Pecan prospects, with 793 soil samples and 68 rock chip samples submitted for multi-element analysis. Results were received in September 2022².

Alchemy completed an infill soil sampling program over the high priority Cherry and Hickory prospects on a 100m x 40m grid spacing. The infill soils were used to gain a better understanding of the high tenor anomalism that was identified in the regional 400m x 400m soil geochemistry earlier in the year. A total of 551 samples were collected at Cherry and Hickory and submitted for 4-acid digest multi-element analysis for 48 elements.

Assay results highlighted a coincident high-level lithium, beryllium, tantalum and tin anomaly in the north end of the Hickory prospect, displaying common pathfinder elements for LCT-pegmatites shown in Figure 2.

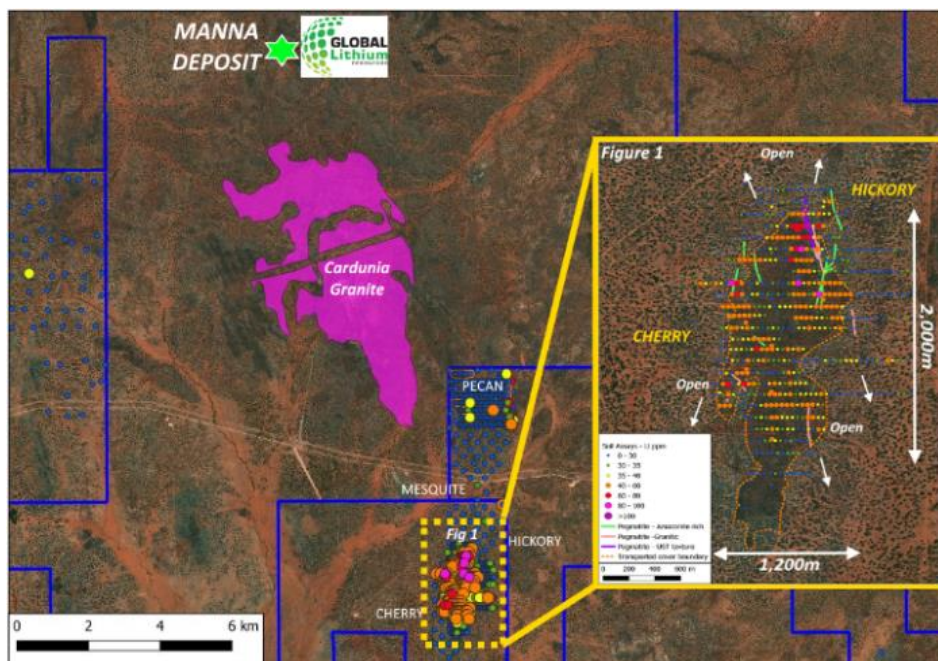


Figure 2: Cherry, Hickory, Pecan and Mesquite prospects in relation to the Cardunia Granite

² Refer to ALY ASX announcement dated 21 September 2022

DIRECTORS' REPORT

Karonie Regional Soil Sampling – New Prospects identified at Red Oak and Alder

A large regional soil sampling program was completed during the half year. The aim was to explore for indications of potential LCT pegmatite mineralisation at Karonie in the southern tenement areas where little or no previous lithium exploration had taken place. The soil sampling involved the collection of 1,471 samples with samples submitted for analysis in late June 2022. Alchemy's Karonie tenure covers over 60km of strike extent along the contact zone of a regional granite. These areas sit within a prospective "Goldilocks Zone", a defined corridor in which LCT pegmatites exist. This zone lies outboard of the granitic terrain and within the greenstone belts and is largely untested for battery minerals and in many cases for gold (Figure 3).

Soil sampling was undertaken over three large areas on a 400m x 400m spaced offset grid sampling pattern. Samples were submitted for 4-acid digest multi-element analysis for 48 elements. Assays were received in September 2022³ showing broad, but coherent and coincident beryllium, rubidium and tin anomalism as well as associated lower-level lithium and tantalum values over two large new prospect areas, which sit in proximity to the larger regional granites as well as adjacent to numerous smaller granite bodies. The new prospects have been designated Red Oak and Alder. Ground truthing of these anomalies is planned to be conducted in the first half of 2023.

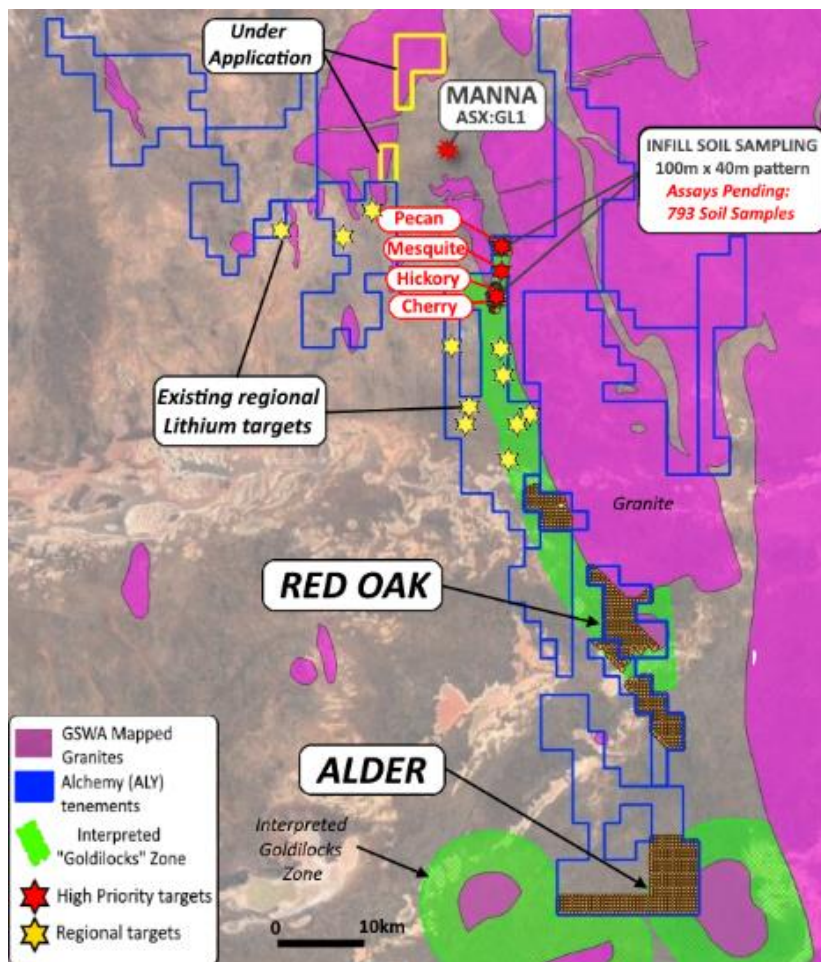


Figure 3: Lithium Anomalism and mapped pegmatites at the new prospects

³ Refer to ALY ASX announcement dated 13 September 2022

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DIRECTORS' REPORT

RED OAK PROSPECT

Red Oak is located approximately 40km south of the current high priority zones at Cherry and Hickory prospects. Soil sampling was designed to test the prospective Goldilocks Zone adjacent to a large regional granite, as well as a smaller granite intrusive.

Red Oak soil sampling results returned a 12km x 5km LCT pathfinder element soil anomaly defined by 400m x 400m offset soil sampling. Soil geochemistry results have confirmed coincident beryllium, tin and rubidium and lower-level tantalum and lithium results over this area. It is unclear at this stage about the relationship between the pathfinders and the lower-level lithium results, however Geological Survey of Western Australia ("GSWA") mapping notes the abundance of salt lakes adjacent to the prospect (with less weathered cover to the east), which may have impacted on near surface weathering and/or possible transported cover in some areas.

ALDER PROSPECT

Alder is located approximately 18km south of Red Oak and 60km south of the current high priority zones at Cherry and Hickory prospects. Soil sampling was designed to test the prospective Goldilocks Zone adjacent to regional granites. Soil geochemistry results have highlighted a coincident low-level lithium and higher-level beryllium, tin and rubidium anomaly over a strike length of 15km x 5km. Lithium values exhibit low level but very broad zones of anomalism (>30ppm Li). GSWA mapping interprets large portions of this area to have residual material with calcrete and siliceous duricrust which could impact on the tenor of the results. Ground truthing will be required to determine the source of the anomalism.

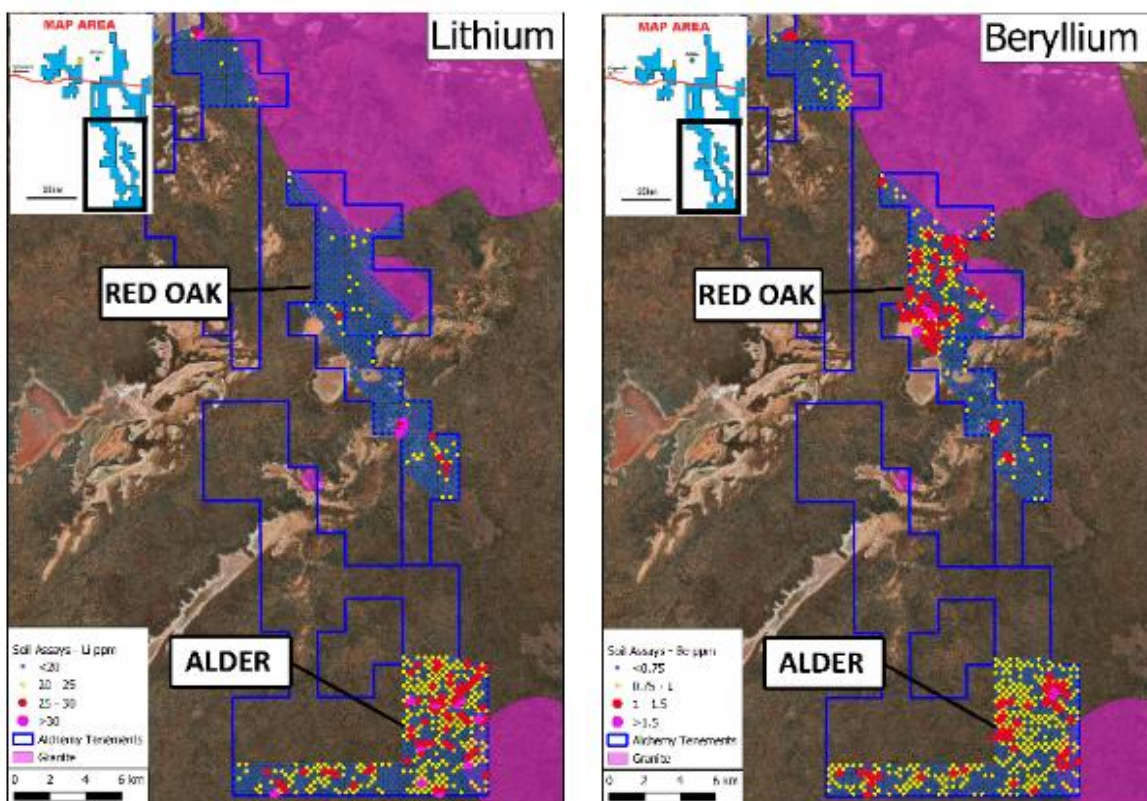


Figure 4: Regional Soil Geochemical Assays for Red Oak and Alder (Li, Be)

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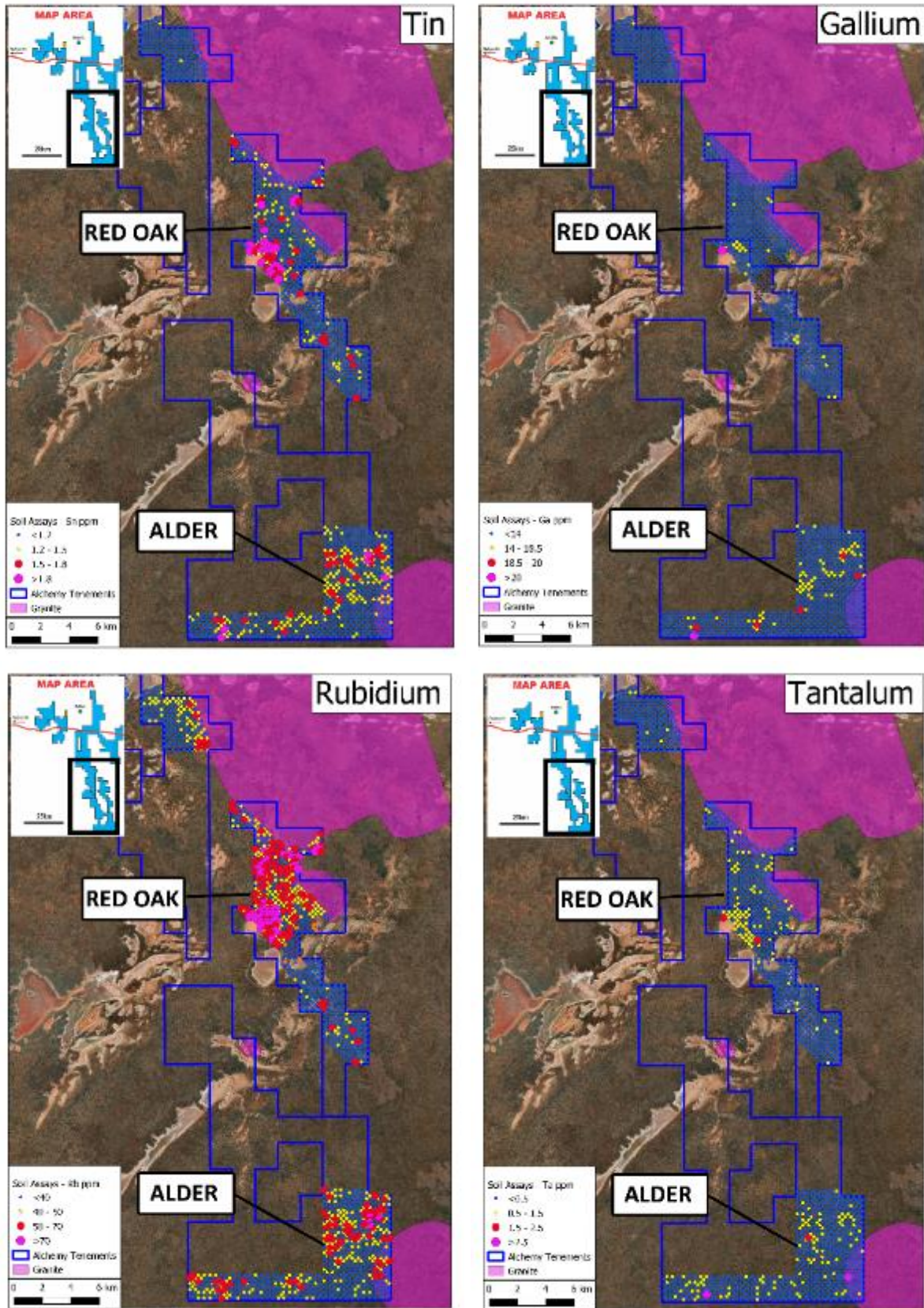


Figure 5: Regional Soil Geochemical Assays for Red Oak and Alder (Sn, Rb, Ga, Ta)

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KARONIE RC DRILL PROGRAM

First pass RC drill testing of multiple high priority lithium targets was completed in November 2022⁴. The program consisted of 30 holes for 4,092m to test the outcropping pegmatites at depth at Hickory. Drilling targeted a significant zone of outcropping pegmatites that had been identified previously by field mapping and sampling.

In addition, zones were targeted under thin alluvial cover to the north. Geological logging defined multiple zones of pegmatites in drillholes, with these zones up to 700m strike extent within the northern part of the prospect. The pegmatites are interpreted to extend at least 150m from surface and remain open with varying widths from 1m up to 27m downhole. The zone remains open along strike and to the west. Assay results were received after the end of the quarter⁵.

Best results included:

HYRC006:

- 67-68m - 1m @ 0.12% Li₂O
- 72-74m - 2m @ 0.11% Li₂O
- 161-164m - 3m @ 0.27% Li₂O, 53.2ppm Ta₂O₅
Including 1m @ 0.47% Li₂O, 70.3ppm Ta₂O₅ (162-163m)
- 174-175m - 1m @ 0.12% Li₂O, 23.7ppm Ta₂O₅
- 178-179m - 1m @ 0.18% Li₂O, 23.1ppm Ta₂O₅

HYRC001:

- 39-40m - 1m @ 0.17% Li₂O, 37.1ppm Ta₂O₅

HYRC016:

- 63-64m - 1m @ 0.12% Li₂O, 34.7ppm Ta₂O₅

HYRC034:

- 111-112m - 1m @ 0.1% Li₂O, 33.0ppm Ta₂O₅

HYRC037:

- 70-71m - 1m @ 0.1% Li₂O, 37.1ppm Ta₂O₅

Geology

The geology consisted of Archean volcanic basalts, intrusive pyroxene phyric dolerites, younger granitic pegmatites and feldspar porphyries which crosscut the older stratigraphy. The dolerites thicken toward the north as they approach a NE striking shear zone. The pegmatites, which are the target host rock for

⁴ Refer to ALY ASX announcement dated 14 November 2022

⁵ Refer to ALY ASX announcement dated 13 January 2023

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LCT mineralisation, appear to thicken when they intersect the coarser grain dolerites and are fractionated internally.

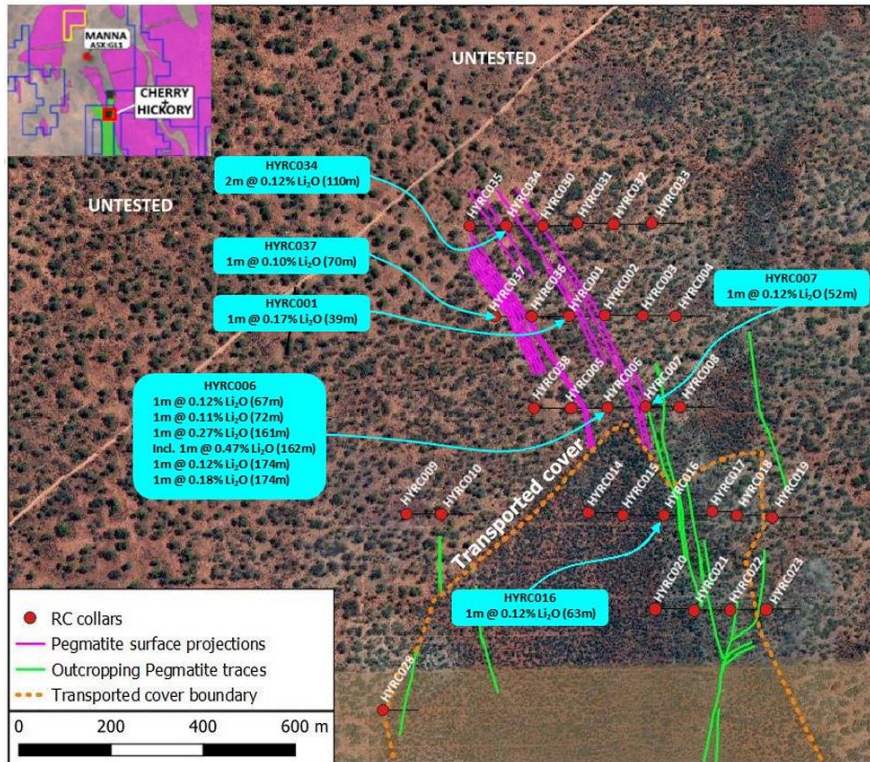


Figure 6: Completed RC Drilling at the Hickory Prospect with Li₂O intercepts >0.1%

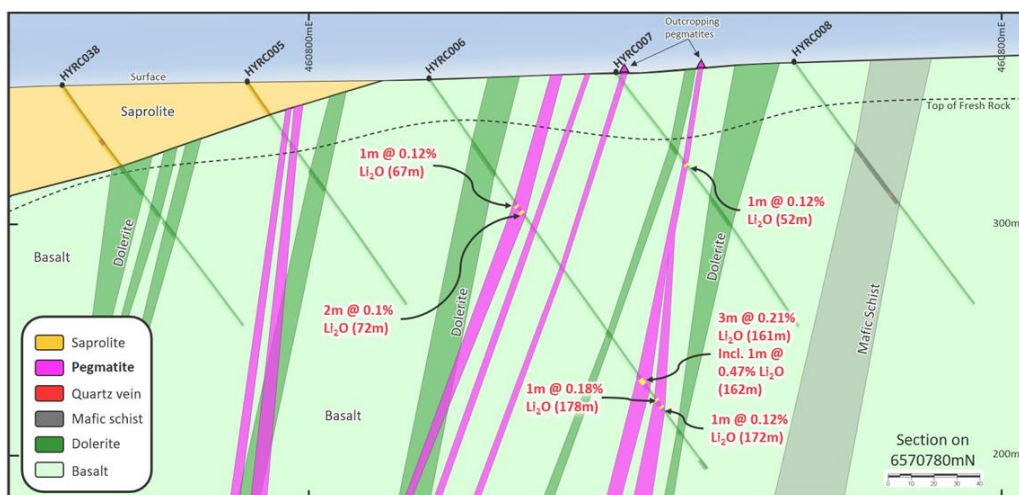


Figure 7: Hickory Cross Section 6570780mN

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Figure 8: RC chips for 140-160m in HYRC006 with significant Li₂O assays labelled in red

Mineralisation

Spodumene and lepidolite mineralisation was identified visually in hole HYRC006 and confirmed via chemical assays, ultraviolet response, and LIBS (laser ablation) analysis⁵. The spodumene occurs as white coloured fine acicular crystals from 5-10mm length (Figure 9), with lepidolite noted in drill samples as dark purple crystals.



Figure 9: Spodumene crystals in HYRC006 (162-163m) under 250nm ultraviolet light (1m @ 0.47% Li₂O)

Gravity Survey

A significant alluvial channel, approximately 3km in strike, occurs to the north of Hickory towards Pecan (Figure 10). The recent drilling at Hickory showed that the pegmatites continue under cover to the north and Alchemy is investigating the use of geophysics as a rapid way to define targets for drill testing in this area.

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A detailed gravity survey aimed at determining the applicability of mapping the pegmatites under cover to the north of Hickory was completed in December 2022. The survey was focussed on providing evidence of possible extensions to the mineralised pegmatites at Hickory. Results were obtained subsequent to the end of the half year⁶ and successfully mapped out numerous interpreted pegmatite structures under cover, suggesting extensions to the north may be probable.

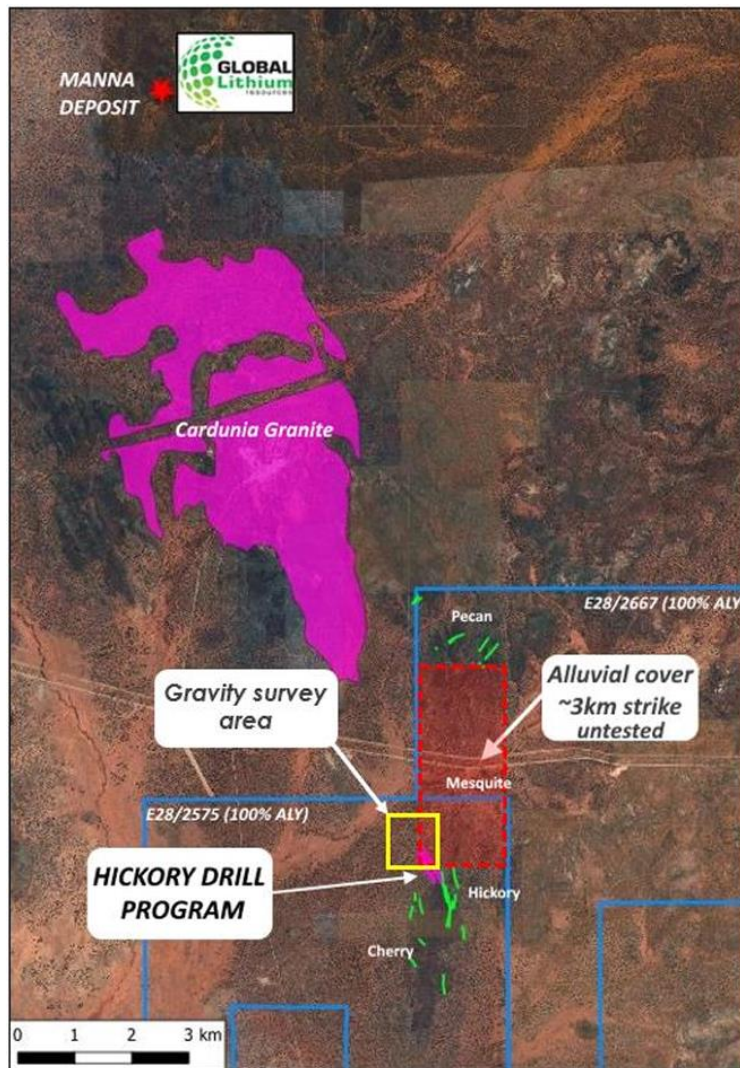


Figure 10: Karonie tenement map showing recent drilling, gravity survey and location of alluvial channel

⁶ Refer to ALY ASX announcement dated 2 February 2023

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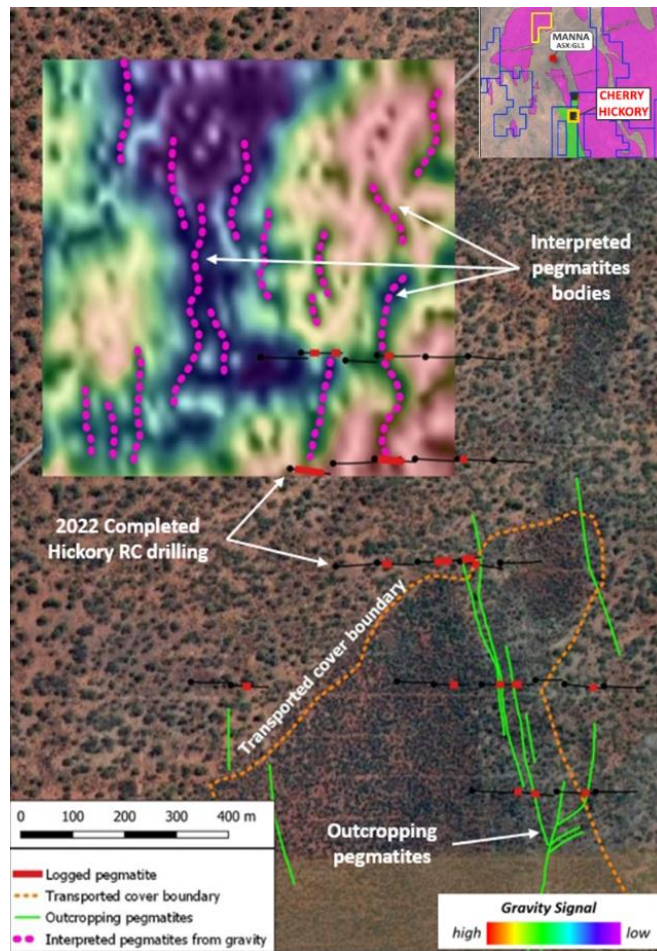


Figure 11: Gravity survey with interpreted structures

LAKE REBECCA PROJECT (WA) (Alchemy 100%)

The Lake Rebecca Project includes 10 exploration licences covering 570km² 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. It is located just 10km southeast of Northern Star Resources' (ASX: NST) Carosue Dam deposit and 6km west of Ramelius Resources' (ASX: RMS) Rebecca deposit.

During the quarter, work commenced on a first pass, Project wide regional reconnaissance sampling, mapping, and targeting review⁷. The review focussed on generating "camp scale" prospective areas for follow-up based on structural and lithological criteria. The study outlined seven target areas for lithium exploration and five target areas for gold exploration. Reconnaissance and desktop mapping identified the presence of pegmatites and granite dykes in the region which require additional mapping and further follow-up. No lithium exploration has been undertaken historically on these tenements.

⁷ Refer to ALY ASX announcement dated 6 December 2022

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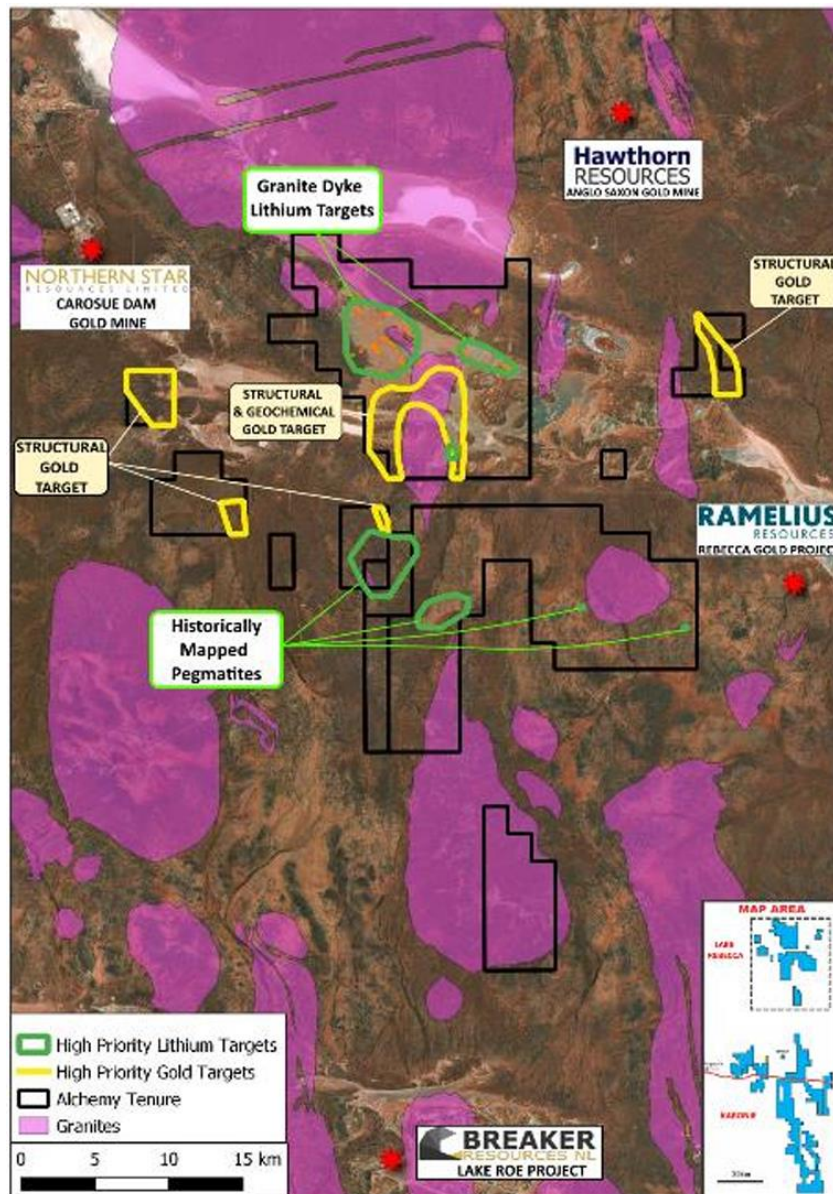


Figure 12: Lake Rebecca tenements showing current lithium and gold targets

Lake Rebecca targeting review and reconnaissance field work

Alchemy has completed a targeting review on the Lake Rebecca tenement package. The study confirmed the presence of regional scale flexures on both the Keith Kilkenny and Claypan Shear Zones, and proximity to nearby large scale >1Moz gold deposits. Targets generated from this review are shown in Figure 12.

Alchemy geologists conducted a reconnaissance visit to Lake Rebecca in late November 2022. Multiple feldspar rich granite dykes were mapped throughout the tenement package adjacent to the small regional granite intrusions within the interpreted Goldilocks Zone for pegmatite formation, and a coarse-grained quartz-feldspar pegmatite was noted during the recent field reconnaissance visit.

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Several hand specimen samples are shown in Figure 13 below. Two samples exhibited elevated pathfinder elements which will be followed up in the next reconnaissance program.



Figure 13: Pegmatites and granite dykes recently mapped at Lake Rebecca

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 Develop Global (ASX: DVP).

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Yellow Mountain Mine Prospect

During the period, remodelling of the structural controls of the Yellow Mountain Mine workings was undertaken with the aim of updating the geological model to assist with targeting. Land Access Agreements continue to be progressed.

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 14) 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).

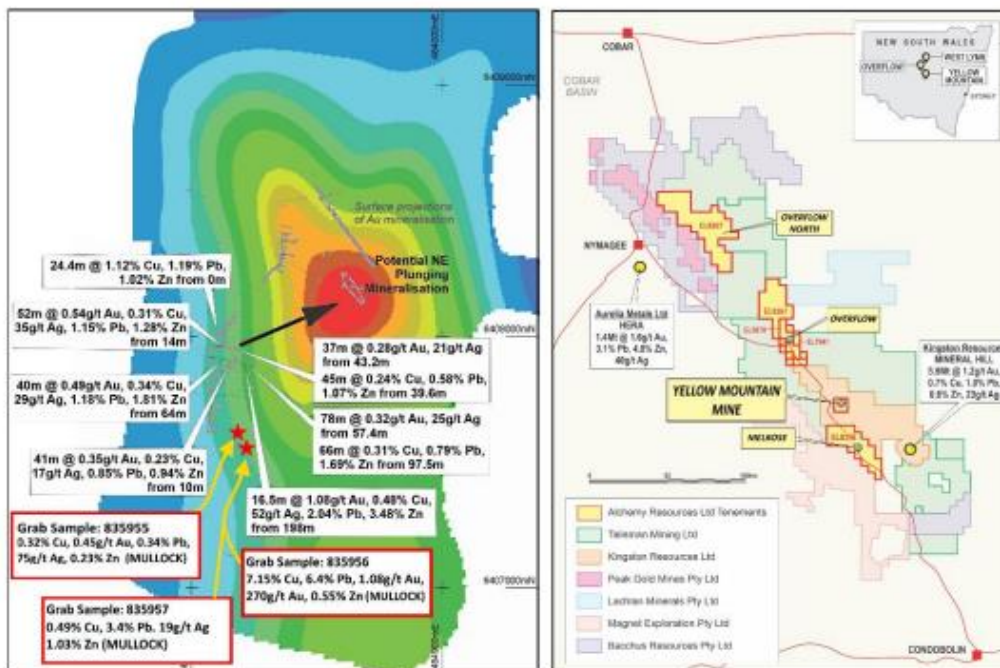


Figure 14: Yellow Mountain Mine Prospect location maps

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 70,000oz⁸.

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.

Sandfire conducted no field exploration during the half year. Sandfire has engaged external consultants to complete a basin wide study over the JV tenure. The work included the construction of a 3D basin scale model and the engagement of geochemical and structural geologists. This work was completed earlier in the year and Sandfire geologists are now reviewing the data.

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 by the Billabong Gold JV during the period included:

- Geotechnical drilling at Hermes South and Central Bore
- Completion of soil sampling (2,582 soil samples) across eight tenements - Exploration Licences 52/1668, E52/1678, E52/1723, E52/1730, E52/1731, E52/1852, E52/3408, and Prospecting Licence P52/1577
- An Extension of Term application for Exploration Licences 52/1723-1 and 52/1730
- Completion of Central Bore flora study by Mattiske Consulting
- Completion of Central Bore desktop fauna study by Biologic
- Completion of Central Bore desktop short range endemic invertebrate survey by Bennelongia Environmental Consultants
- Completion of Central Bore desktop subfauna study by Bennelongia Environmental Consultants
- Completion of Central Bore soils and landform study by MBS Environmental
- Completion of Central Bore waste rock study by MBS Environmental

⁸ Refer Alchemy Resource Limited's ASX announcement dated 24 February 2015

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- Completion of Hermes South supplementary flora study by Native Vegetation Solutions
- Progressing of Hermes South Mining Proposal and Mine Closure Plan
- Approval of Hermes South Native Vegetation Clearing Permit granted 23 December 2022

CORPORATE

The Company completed a placement of 220,000,000 ordinary fully paid shares ("Placement Shares") in October 2022 raising \$5,500,000 (before costs). The Placement Shares were issued at \$0.025 per Share. The funds raised are to be used primarily for drilling and soil sampling at the Karonie Lithium and Gold Projects, exploration programs at the Lake Rebecca Project, drilling at the Overflow and Yellow Mountain Gold/Base Metals Projects, and general working capital requirements.

On 7 September 2022 and 4 October 2022, a total of 2,199 unlisted options were exercised at \$0.03 per option.

On 17 October 2022, the Company issued 10,000,000 unlisted options to the joint lead managers of the Placement exercisable at \$0.05 expiring three years from issue.

On 18 November 2022, 5,000,000 options were exercised at \$0.02 per option. On 30 September 2022, 32,698,410 options exercisable at \$0.03 expired.

On 23 December 2022, after the receipt of shareholder approval, 2,000,000 unlisted options exercisable at \$0.04 per option expiring three years from issue, were issued to each of the non-executive directors Lindsay Dudfield, Liza Carpena and Anthony Ho.

Shareholders approved the adoption of a new Employee Securities Incentive Plan and an amended Constitution at the Annual General Meeting held on 29 November 2022.

Operating Results

The half-year report to 31 December 2022 shows an operating loss of \$518,858 compared with an operating loss of \$524,292 for the half-year ended 31 December 2021.

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 20.

Signed in accordance with a resolution of the Directors.



Lindsay Dudfield
Chair

Perth, 14 March 2023

DIRECTORS' REPORT

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."

The West Lynn and Summervale estimates were completed by Mr Stephen Godfrey of Resource Evaluation Services. 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 Karonie Mineral Resources is based on information compiled by Mr Richard Maddocks, a Competent Person who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Maddocks is an employee of Auranmore Consulting. Mr Maddocks has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Maddocks consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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

DECLARATION OF INDEPENDENCE BY MELISSA REID TO THE DIRECTORS OF ALCHEMY RESOURCES LIMITED

As lead auditor for the review of Alchemy Resources Limited for the half-year ended 31 December 2022, 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.



Melissa Reid
Director

BDO Audit (WA) Pty Ltd
Perth
14 March 2023

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

		CONSOLIDATED	
		31 Dec 2022	31 Dec 2021
		\$	\$
	Notes		
Other income		71,043	8,474
Corporate expense		(110,481)	(125,020)
Exploration expenditure written off	5	(307,226)	(249,239)
Employee expense	9	(119,680)	(117,925)
Administration expense		(52,514)	(59,483)
Loss from continuing operations		(518,858)	(524,292)
Income tax benefit		-	-
Loss for the half-year attributable to the owners of Alchemy Resources Limited		(518,858)	(524,292)
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		(518,858)	(524,292)
		Cents per share	Cents per share
Loss per share attributable to the owners of Alchemy Resources Limited			
Basic and diluted loss per share		(0.05)	(0.07)

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 2022

		CONSOLIDATED	
		31 Dec 2022	30 Jun 2022
		\$	\$
	Notes		
ASSETS			
Current Assets			
Cash and cash equivalents	4	5,958,847	2,008,082
Trade and other receivables		134,271	46,431
Other current assets		62,355	41,800
Total Current Assets		6,155,473	2,096,313
Non-Current Assets			
Exploration and evaluation	5	8,765,946	8,095,770
Property, Plant & Equipment		1,885	-
Total Non-Current Assets		8,767,831	8,095,770
TOTAL ASSETS		14,923,304	10,192,083
LIABILITIES			
Current Liabilities			
Trade and other payables		137,877	206,836
Provisions		75,880	40,453
Total Current Liabilities		213,757	247,289
TOTAL LIABILITIES		213,757	247,289
NET ASSETS		14,709,547	9,944,794
EQUITY			
Contributed equity	7	43,417,654	38,375,003
Reserves	8	394,829	193,539
Accumulated losses		(29,102,936)	(28,623,748)
TOTAL EQUITY		14,709,547	9,944,794

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 2022

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE EQUITY			
	Contributed Equity \$	Reserves \$	Accumulated Losses \$	Total Equity \$
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
At 1 July 2022	38,375,003	193,539	(28,623,748)	9,944,794
Loss for the half-year	-	-	(518,858)	(518,858)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the half-year (net of tax)	-	-	(518,858)	(518,858)
Transactions with owners in their capacity as owners				
Issue of shares	5,500,000	-	-	5,500,000
Issue of options	100,066	-	-	100,066
Options exercised and expired	-	(39,670)	39,670	-
Options expense	-	41,917	-	41,917
Performance rights expense	-	19,043	-	19,043
Share issue costs	(557,415)	180,000	-	(377,415)
At 31 December 2022	43,417,654	394,829	(29,102,936)	14,709,547

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 2022

		CONSOLIDATED	
		31 Dec 2022	31 Dec 2021
		\$	\$
	Notes		
CASH FLOWS FROM OPERATING ACTIVITIES			
		(222,793)	(301,856)
		-	-
		5,852	5,059
CASH FLOWS USED IN OPERATING ACTIVITIES		(216,941)	(296,797)
CASH FLOWS FROM INVESTING ACTIVITIES			
	5	(1,053,060)	(583,457)
		(1,885)	-
CASH FLOWS USED IN INVESTING ACTIVITIES		(1,054,945)	(583,457)
CASH FLOWS FROM FINANCING ACTIVITIES			
	7	5,500,000	3,081,117
		100,066	-
	7	(337,415)	(122,634)
NET CASH FLOWS FROM FINANCING ACTIVITIES		5,222,651	2,958,483
		3,950,765	2,078,229
		2,008,082	924,376
CASH AT END OF THE PERIOD		5,958,847	3,002,605

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

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 2022 was authorised for issue in accordance with a resolution of the Directors on 14 March 2023.

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 2022 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 2022 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 2022, 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 2022.

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 2022.

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 2022 \$	30 Jun 2022 \$
Cash at bank and on hand	942,347	1,991,582
Short-term deposits	5,016,500	16,500
	5,958,847	2,008,082

NOTE 5: EXPLORATION AND EVALUATION

	CONSOLIDATED	
	31 Dec 2022 \$	30 Jun 2022 \$
Exploration and evaluation assets	8,765,946	8,095,770

	Half-Year Ended 31 Dec 2022 \$	Year Ended 30 Jun 2022 \$
	Consolidated Group	
Opening balance	8,095,770	6,822,841
Exploration expenditure incurred during the period	977,402	1,522,168
Exploration expenditure written off	(307,226)	(249,239)
Closing balance	8,765,946	8,095,770

During the half-year ended 31 December 2022, \$307,226 (year ended 30 June 2022: \$249,239) 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 2022.

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NOTE 7: CONTRIBUTED EQUITY

Share capital
Ordinary shares

CONSOLIDATED	
31 Dec 2022	30 Jun 2022
\$	\$
43,417,654	38,375,003

Movements in ordinary shares on issue

	HALF-YEAR ENDED 31 DEC 2022		YEAR ENDED 30 Jun 2022	
	Number	\$	Number	\$
Opening balance	953,074,057	38,375,003	672,243,453	35,394,645
Placement ⁽¹⁾	220,000,000	5,500,000	168,060,862	1,848,669
Non-renounceable issue to shareholders	-	-	112,040,575	1,232,448
Options exercises ⁽²⁾	5,002,199	100,066	729,167	21,875
Share issue costs	-	(337,415)	-	(122,634)
Closing balance	1,178,076,256	43,417,654	953,074,057	38,375,003

(1) On 17 October 2022 the Company completed a Placement with the issue of 220,000,000 new Shares at an issue price of \$0.025 per share.

(2) In September and October 2022 a total of 2,199 options were exercised at a price of \$0.03 per option. In November 2022 5,000,000 options were exercised at a price of \$0.02 per option.

NOTE 8: RESERVES

	HALF-YEAR ENDED 31 DEC 2022		YEAR ENDED 30 JUN 2022	
	Number	\$	Number	\$
Opening balance	65,250,609	193,539	50,679,776	76,835
Options issued ⁽¹⁾	6,000,000	10,521	10,000,000	38,670
Share issue costs ⁽²⁾	10,000,000	180,000		
Options granted	-	31,396	5,300,000	40,259
Performance rights granted	-	19,043	-	37,775
Options expired or exercised ⁽³⁾	(37,700,609)	(39,670)	(729,167)	-
Closing balance	43,550,000	394,829	65,250,609	193,539

(1) On 23 December 2022, after the receipt of shareholder approval, 2,000,000 unlisted options exercisable at \$0.04 per option expiring 3 years from issue, were issued to each of the non-executive directors. Refer to Note 9 for further details.

(2) On 17 October 2022, 10,000,000 unlisted options were issued to the joint lead managers of a Placement exercisable at \$0.05 and expiring on that date that is 3 years after completion of the Placement.

(3) On 7 September 2022 and 4 October 2022, a total of 2,199 unlisted options were exercised at \$0.03 per option. On 18 November 2022, 5,000,000 options were exercised at \$0.02 per option. On 30 September 2022, 32,698,410 options exercisable at \$0.03 expired.

NOTE 9: SHARE-BASED PAYMENTS

The following share-based payments were granted for the half-year ended 31 December 2022.

On 17 October 2022, the Company issued 10,000,000 unlisted options to the Joint Lead Managers of a Placement, the fair value of which was estimated as at the grant date using the Black Scholes model, considering the terms and conditions below and volatility of 114%:

Number granted	Grant date	Exercise price (\$)	Risk-free interest rate	Expiry date	Fair value at grant date (\$)	Total fair value (\$)	% vested
10,000,000	17 October 2022	0.05	3.53%	17 October 2025	0.018	180,000	100%

Share-based payment expense of \$180,000 was recognised in the half year ended 31 December 2022 as share issue costs.

On 23 December 2022, after the receipt of shareholder approval, 2,000,000 unlisted options exercisable at \$0.04 per option expiring three years from issue, were issued to each of the non-executive directors, Lindsay Dudfield, Liza Carpena and Anthony Ho. The fair value of the options was estimated as at the grant date using the Black Scholes model, considering the terms and conditions below and volatility of 121%:

Number granted	Grant date	Exercise price (\$)	Risk-free interest rate	Expiry date	Fair value at grant date (\$)	Total fair value (\$)	% vested
6,000,000	29 November 2022	0.04	3.24%	23 December 2025	0.02	120,000	0%

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, apart from the options issued to directors – please refer to Note 9 Share Based Payments for further detail.

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 2022 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

Chair

Perth, Western Australia

14 March 2023

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 2022, 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 2022 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.

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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 2022 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

BDO Audit (WA) Pty Ltd

BDO

A handwritten signature in black ink, appearing to read 'Melissa Reid', is written over a faint, large watermark that says 'For personal use only'.

Melissa Reid

Director

Perth

14 March 2023