



ALCHEMY RESOURCES LIMITED

ABN 17 124 444 122

ANNUAL REPORT

For the year ended 30 June 2023

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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 ADDRESS

Level 3, 88 William Street
Perth WA 6000

PRINCIPAL PLACE OF BUSINESS

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

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CHAIR'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 2023.

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

Alchemy successfully completed multiple exploration programs in Western Australia and continued to advance projects in New South Wales towards drill testing, with exploration activities managed to ensure the well-being and safety of our employees, contractors and local communities.

At our 100% owned Karonie Project in Western Australia our maiden drill program to follow up lithium anomalies outlined last year intersected lithium bearing minerals at the Hickory prospect, and recent field mapping has discovered additional lithium potential at Mesquite and Taupo North. Alchemy has now outlined a prospective mineralised corridor extending over 50km which has never been previously explored for lithium, with many of our current targets to be drill tested over the next 12 months.

An important milestone during the year was the execution of two heritage protection agreements ("HPA") over our Karonie and Lake Rebecca tenure, signed with the representatives of the Kakarra and Nyalpa Pirniku People in Western Australia. Alchemy is committed to working with our traditional owner partners across all our projects and through these agreements we have a framework to build strong and long-term relationships.

Our Bryah Basin our Gold and Base Metals Joint Ventures, also in WA, continued to be advanced at no cost to Alchemy by partners Catalyst Metals and Sandfire Resources respectively. Catalyst Metals recently acquired all issued and outstanding common shares in the capital of Superior Gold, Alchemy's former JV partner, and Alchemy looks forward to working with Catalyst on the Joint Venture.

Catalyst continues to evaluate the potential to include the 114,000oz Hermes South deposit (and any additional resources outlined at the Joint Venture) as open pit feed for the Plutonic Mine, 65km to the north-east. Meanwhile, Sandfire continued to explore our ground located along strike of the DeGrussa copper-gold mine.

During the period Alchemy reviewed historic core from the Yellow Mountain and Overflow prospects. Yellow Mountain is a very promising base metal-gold target which has not been explored since 1986 and we look forward to completing access agreements with the traditional owners and commencing drilling at the prospect.

On behalf of the Board, I would like to thank our CEO James Wilson and the rest of the small but dedicated Alchemy team for their efforts during the period. I would also like to thank you, our shareholders for your support, which is critical to the Company's success going forward.

The next 12 months promises to be an exciting time for Alchemy shareholders with follow-up drill testing of lithium and gold targets at Karonie and Lake Rebecca, and drill testing of high impact targets in NSW expected to commence. We look forward to reporting to shareholders on our progress as we continue to build the Company.



Lindsay Dudfield
Chair

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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) – Lithium and Gold

Quality lithium and 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

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 unlisted options were exercised at \$0.02 per option.

On 30 September 2022, 32,698,410 unlisted options exercisable at \$0.03 expired.

On 23 December 2022, after the receipt of shareholder approval, 2,000,000 unlisted options exercisable at \$0.0405 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.

The Company’s registered address was changed on 16 February 2023 to Level 3, 88 William Street, Perth WA 6000.

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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 battery metal 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 Develop Global (ASX: DVP; "Develop") 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 lithium, 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 Ltd (ASX: SFR; "Sandfire"), and Billabong Gold Pty Ltd ("Billabong"), a subsidiary of ASX listed Catalyst Metals Ltd (ASX: CYL) ("Catalyst"), are continuing to advance base metal and gold exploration, respectively (Figure 1).

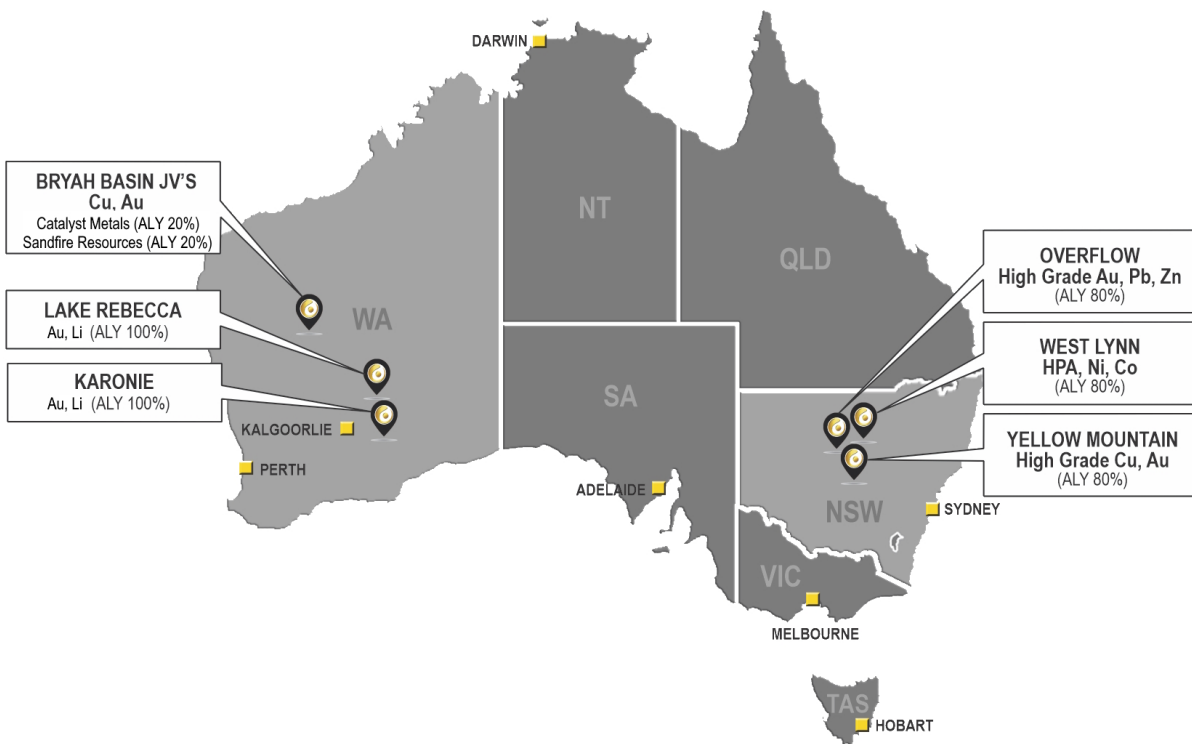


Figure 1: Alchemy Resources' Project Location Map

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REVIEW OF ACTIVITIES

Exploration over the last 12 months focussed on the Karonie and Lake Rebecca Projects in Western Australia and the Yellow Mountain, Melrose and Overflow Projects in New South Wales. The Western Australian work included a continuation of the structural mapping, high resolution magnetics and gravity surveys, soil sampling and reverse circulation (“RC”) drilling at the lithium targets at Cherry, Hickory, Mesquite and Pecan and gold targets at Gilmore and KZ5. In New South Wales, work focussed on a structural and historic drill core review of the Melrose, Yellow Mountain and Overflow Projects. NSW Land Access negotiations continued to progress access into the Yellow Mountain area for future drill programs. Heritage access agreements were completed in late 2022 over the majority of the Karonie and Lake Rebecca tenure, and multiple clearance surveys were conducted to facilitate drill access.

At Karonie, 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, Alder, Roe Hills and Taupo prospects. RC drill testing of the lithium prospects was conducted in late 2022 and again in mid-2023 and confirmed the presence of spodumene and lepidolite minerals at Hickory, Mesquite and most recently Taupo North, demonstrating that the area sits within a fertile lithium-caesium-tantalum (“LCT”) pegmatite system.

At Lake Rebecca, work commenced on a first pass project wide sampling, mapping and targeting review aimed at 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 mapping identified the presence of pegmatites and granite dykes in the region which require additional mapping and further follow-up.

Exploration within the Bryah Basin Joint Venture (“JV”) continued with Sandfire engaging 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 continue to review the data.

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 Catalyst. Catalyst continued with geotechnical work at Hermes South and Central Bore and completion of regional soil sampling campaigns.

In New South Wales, 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. Alchemy geologists reviewed historic core holes at Yellow Mountain and work commenced on a maiden resource calculation for Overflow. Land Access Agreements continue to be progressed for Yellow Mountain to facilitate drilling access in the near term.

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

- Advance the lithium prospectivity at the Karonie Project.
- Undertake targeted drill programs at the Karonie Project with the aim of delineating significant gold and lithium resources.
- Complete ground mapping and structural targeting for lithium and gold in the southern Karonie Tenure as well as the north-western areas at Roe Hills.

REVIEW OF ACTIVITIES

- Unlock the gold, base metal and battery metal potential of the Lachlan/Cobar Projects through systematic exploration and targeted drill campaigns with a focus on Yellow Mountain, Overflow, Melrose and West Lynn Projects.
- Closely monitor exploration and Hermes South activities undertaken by Billabong within the Bryah Basin JV.
- Undertake reviews and detailed reporting of Sandfire funded exploration for gold and base metals deposits within the Bryah Basin JV.
- Continue to enhance the Company's position through strategic investment decisions and evaluation of quality advanced project opportunities throughout Australia.

KARONIE PROJECT (WA) (Alchemy 100%)

The Karonie Project now includes 15 exploration licences 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 Ramelius Resources' (ASX: RMS) Lake Roe deposit.

During the period, work focussed on mapping, sampling and drilling of the new lithium prospects of Cherry, Hickory, Mesquite, Pecan and Taupo North. 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. 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 LCT pegmatite system. A follow-up program of RC drilling was conducted in June 2023 and confirmed the presence of lithium bearing pegmatites at the new Taupo North prospect.

Native title 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 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 'Native Title Agreements Executed - Karonie & Lake Rebecca'

REVIEW OF ACTIVITIES

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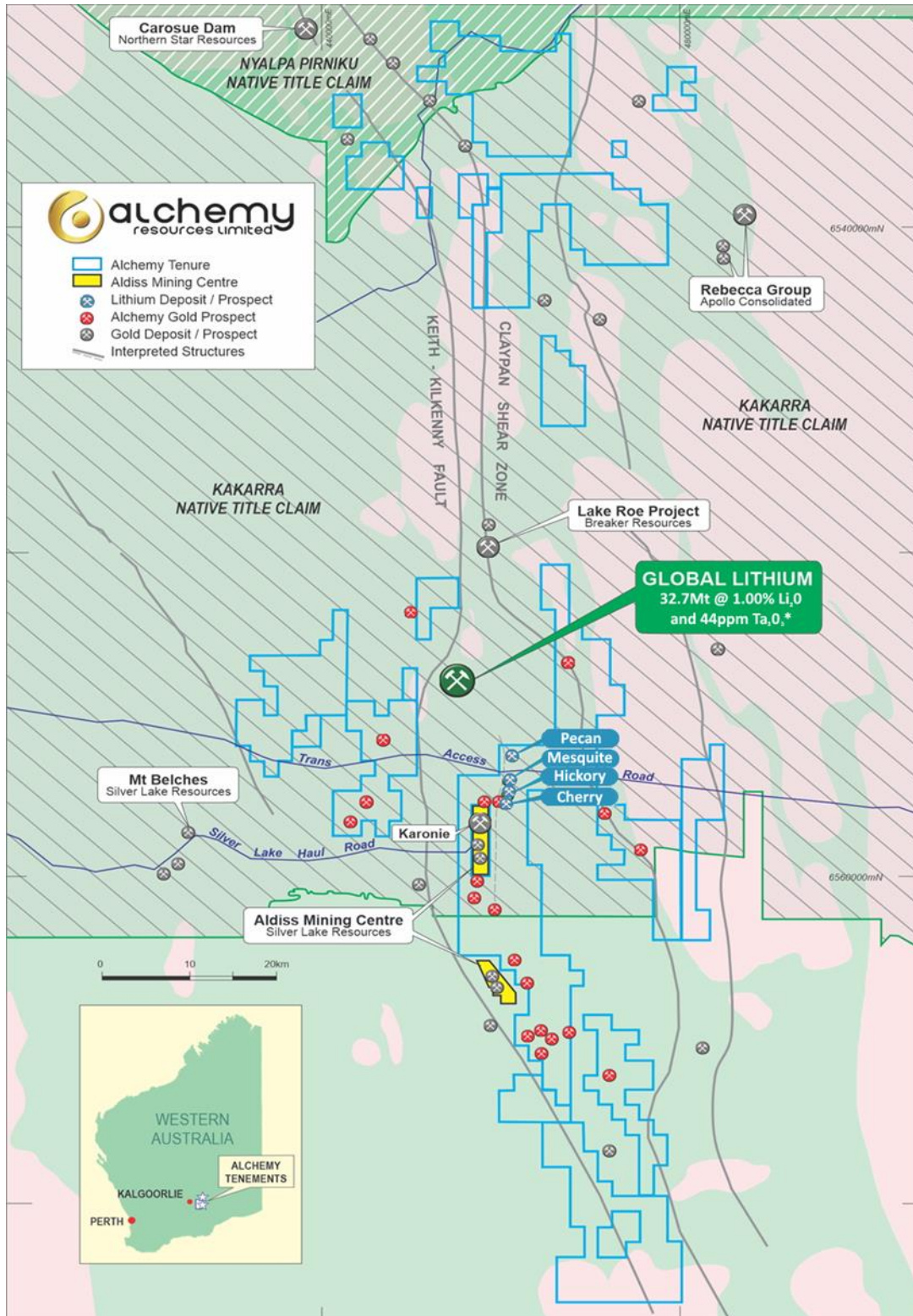


Figure 2: Alchemy Tenements with Kakarra A & B and Nyalpa Pirniku Native Title claim applications

REVIEW OF ACTIVITIES

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.

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.

Additional infill soil sampling and rock chip sampling programs were completed in 2022 and early 2023 over the Cherry, Hickory and Pecan prospects. 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.

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 3.

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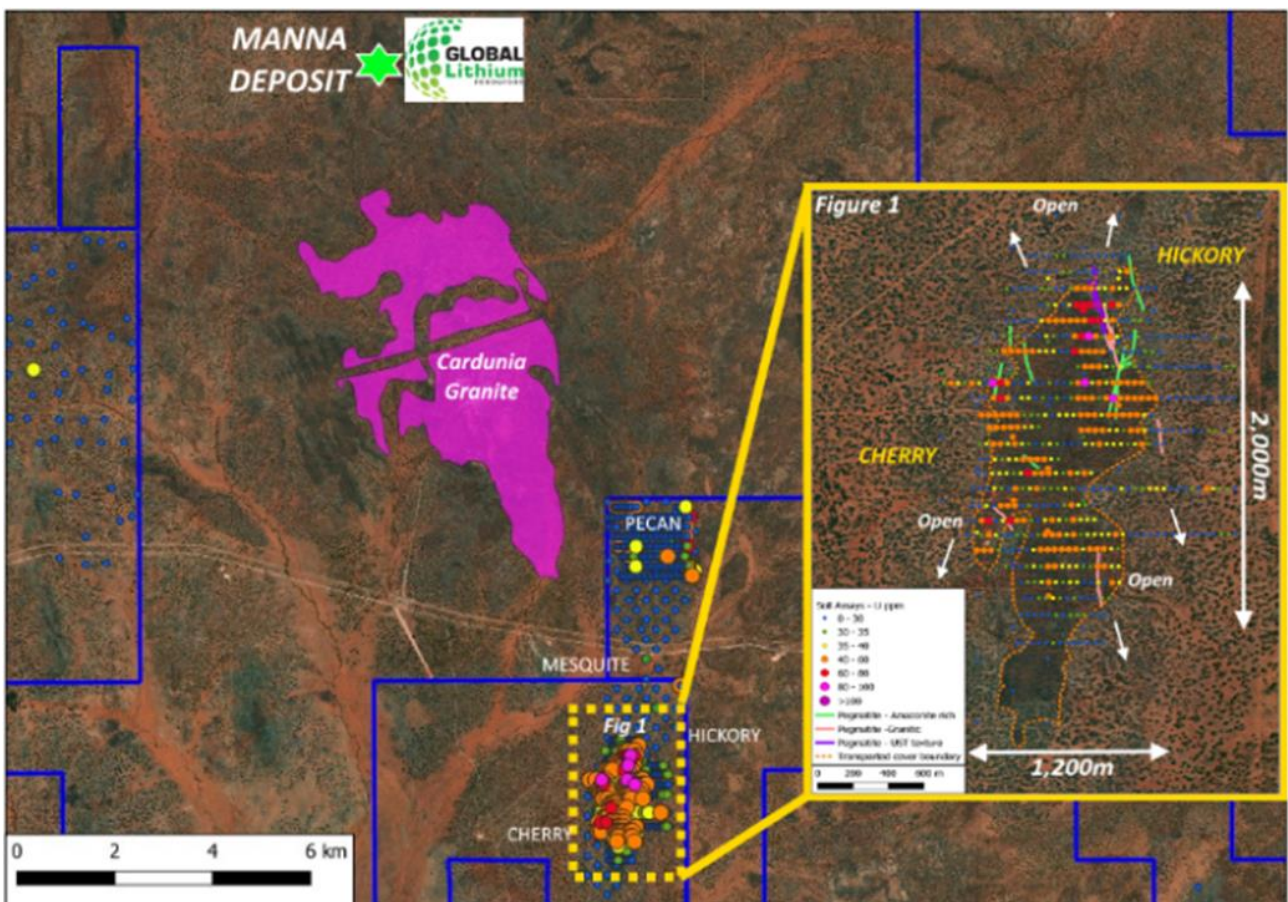


Figure 3: Cherry, Hickory, Pecan and Mesquite prospects in relation to the Cardunia Granite

REVIEW OF ACTIVITIES

Roe Hills and Taupo Soil Sampling: Roe Hills lies along a distinctive structural trend from the pegmatite field that hosts the Manna Lithium deposit 5km to the north-east. Geological Survey of Western Australia ("GSWA") mapping has identified a high density of narrow plagioclase dykes, porphyritic dykes and quartz veins mapped adjacent to the granite contact zone. Multi-element soil sampling conducted by Alchemy in 2018-2020 highlighted multiple areas of low-level lithium anomalism and coincident pathfinder anomalism across a broad strike extent. Mapped dykes appear to have a parallel north-south strike extent, parallel to the greenstone/granite contact, however most of the area around the known mapped dykes are covered by alluvium and it is likely that these areas are far more extensive than the known outcrops. Soil sampling programs were originally targeting gold mineralisation and as a result, coverage of the prospective areas is limited. Follow up soil sampling was completed targeting lithium in 2023 on a 400m x 400m offset grid spacing². Results are outlined in Figure 4 and show multiple large-scale anomalies at Roe Hills within a 12km x 6km zone and second area of 3.5km x 3.5km, and a further 3km x 1.5km zone of anomalism at Taupo. Analysis of the pathfinder elements showed elevated Sn and Ga anomalism in these samples which correlates with the lithium anomalism in soils which was noted to be associated with the spodumene pegmatites at Hickory. Infill sampling will be required to further assess these targets as well as detailed mapping.

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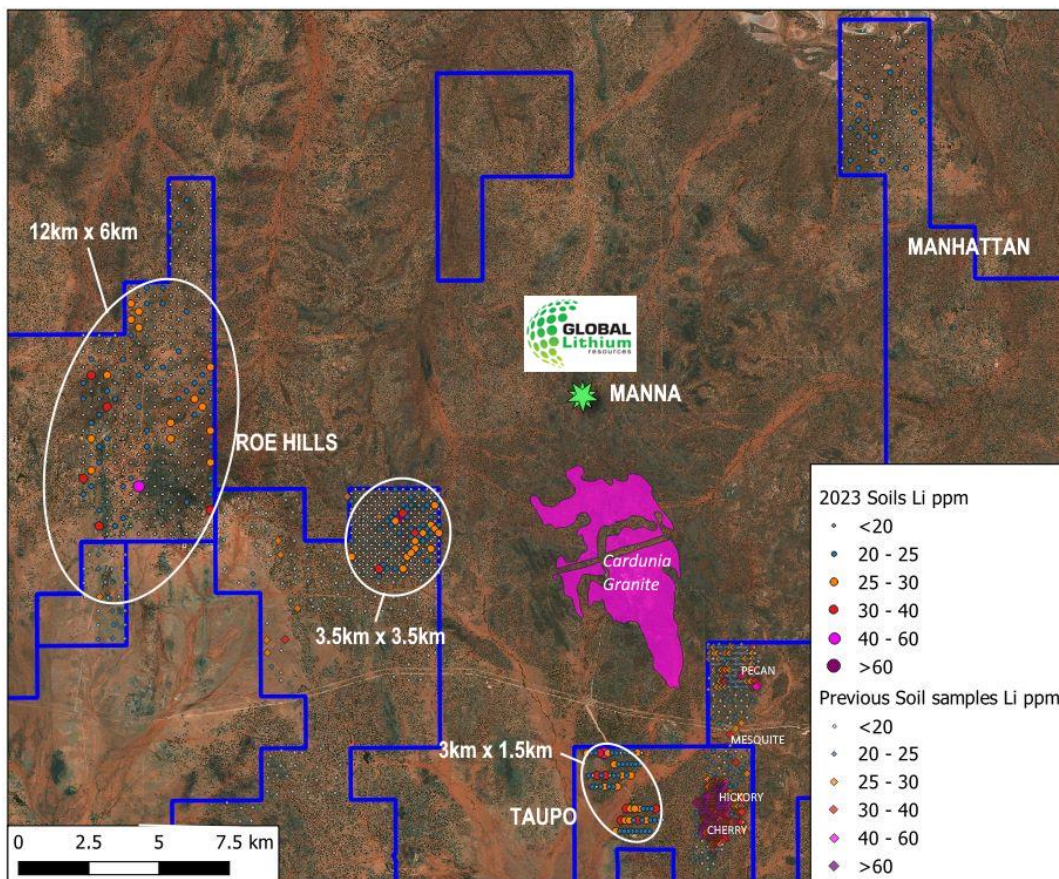


Figure 4: Soil sampling results at Roe Hills and Taupo prospects

² Refer to ALY ASX announcement dated 19 May 2023 'Lepidolite and Spodumene Discovered on New Target Areas'

REVIEW OF ACTIVITIES

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

A large regional soil sampling program was completed in the second half of 2022. 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 5).

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 and adjacent to numerous smaller granite bodies. The new prospects have been designated Red Oak and Alder. Ground truthing of these anomalies was conducted in early 2023 and revealed numerous target areas for detailed follow up.

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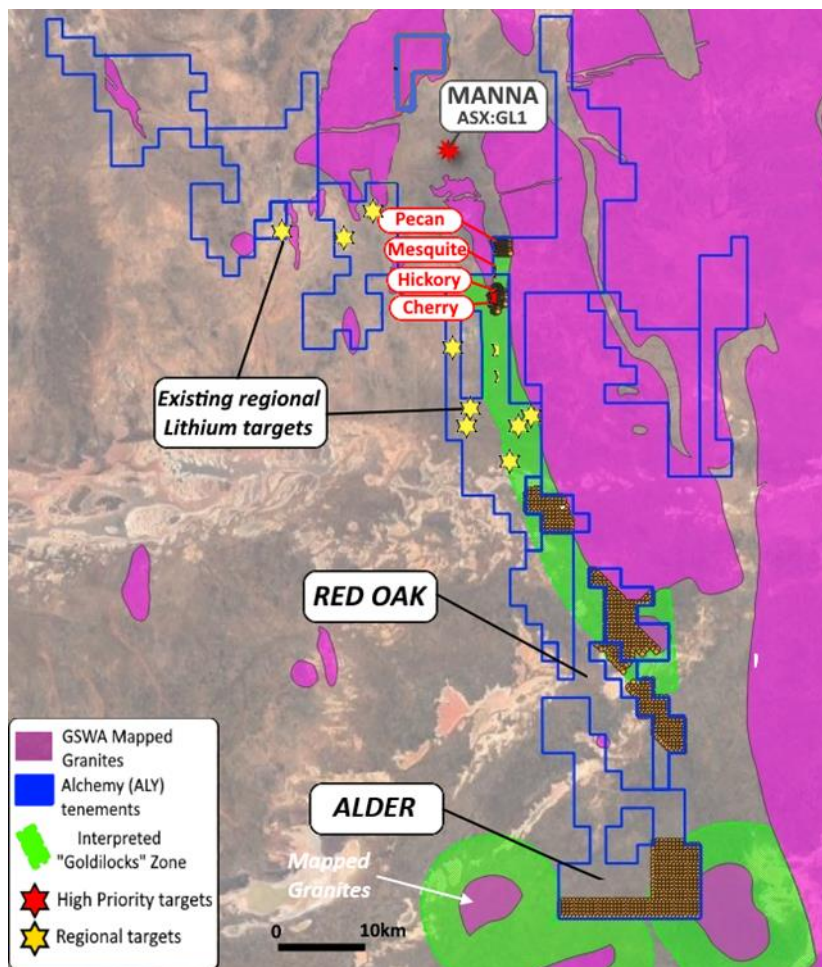


Figure 5: Lithium anomalism and mapped pegmatites at the new prospects

³ Refer to ALY ASX announcement dated 13 September 2022 'Soil Sampling Identifies Belt Scale Lithium Potential'

REVIEW OF ACTIVITIES

RED OAK PROSPECT

Red Oak is located approximately 40km south of the 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. The relationship between the pathfinders and the lower-level lithium results is unclear at this stage, however GSWA mapping notes the abundance of salt lakes adjacent to the prospect (with less weathered cover to the east), which may have resulted in 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 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.

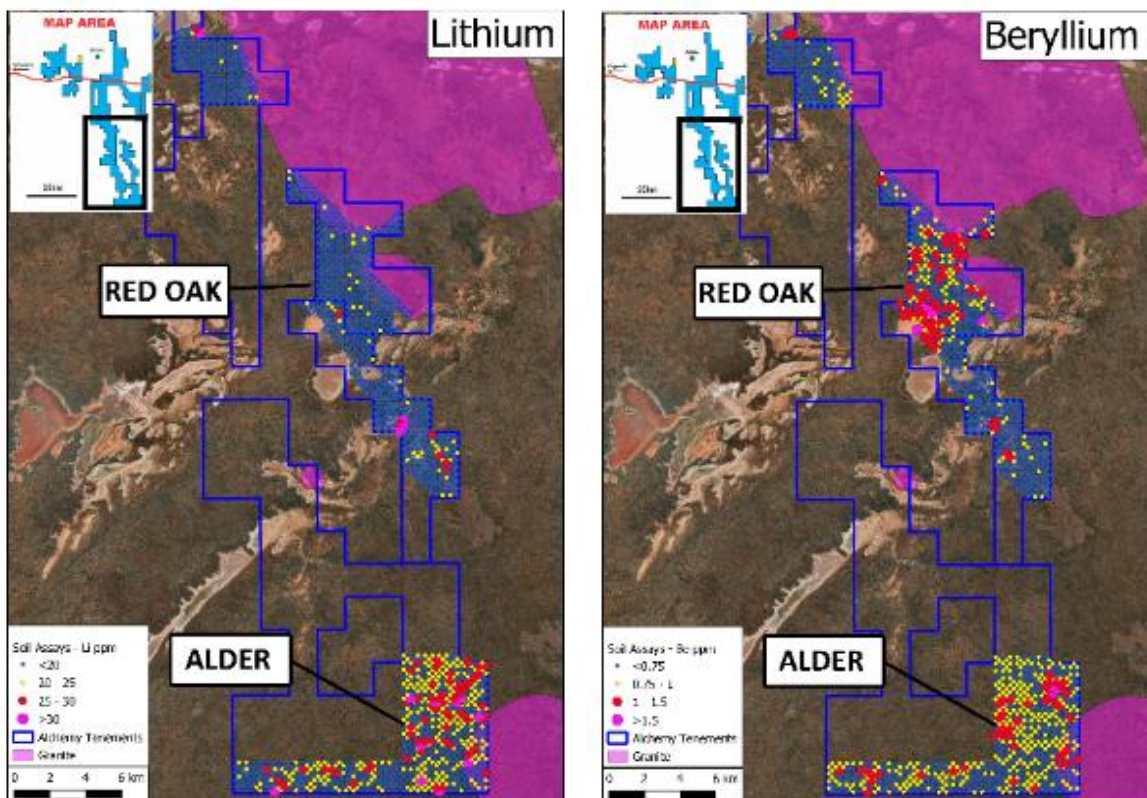


Figure 6: Regional soil geochemical assays for Red Oak and Alder (Li, Be)

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REVIEW OF ACTIVITIES

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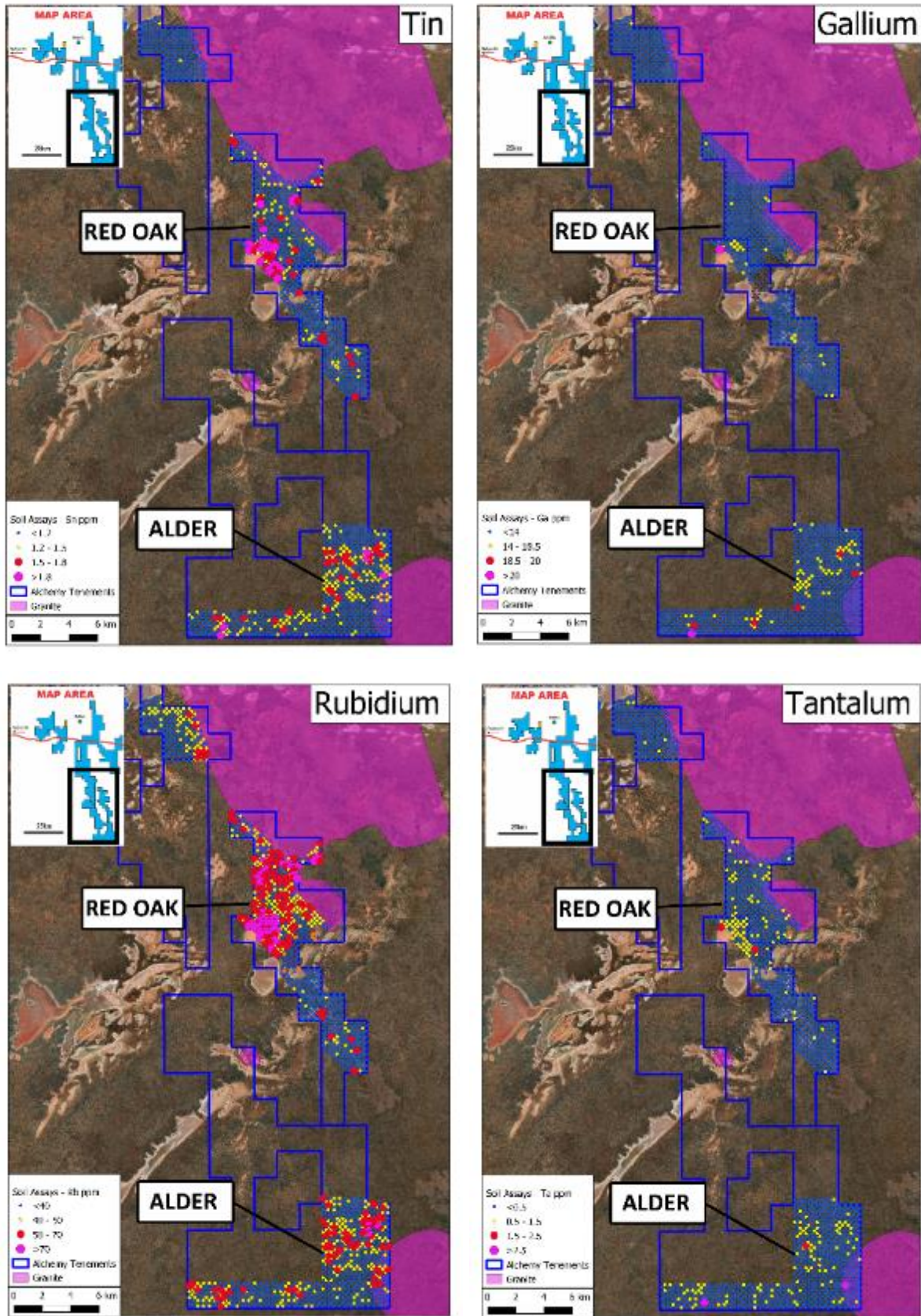


Figure 7: Regional soil geochemical assays for Red Oak and Alder (Sn, Rb, Ga, Ta)

REVIEW OF ACTIVITIES

Karonie Gravity Survey

A large and detailed gravity survey aimed at better defining lithium targets at Karonie was conducted in early 2023. At Hickory the lower density pegmatites intrude into higher density mafics as shown in the customised processed gravity image in Figure 8⁴. Pegmatites are interpreted as the gravity lows that trend towards the north from the existing pegmatite drill intercepts. Known pegmatite locations from drilling and mapping were used to interpret the extensions. Multiple previously unknown pegmatite targets have been generated as well as numerous large gravity lows which have been flagged as priority target areas for testing. Importantly, known outcropping pegmatites occur at both Hickory and Pecan, trending north-south and north-east/south-west respectively. The gravity survey data shows analogous targets trending under the alluvial channel linking the two prospect areas over a 5.4km strike extent.

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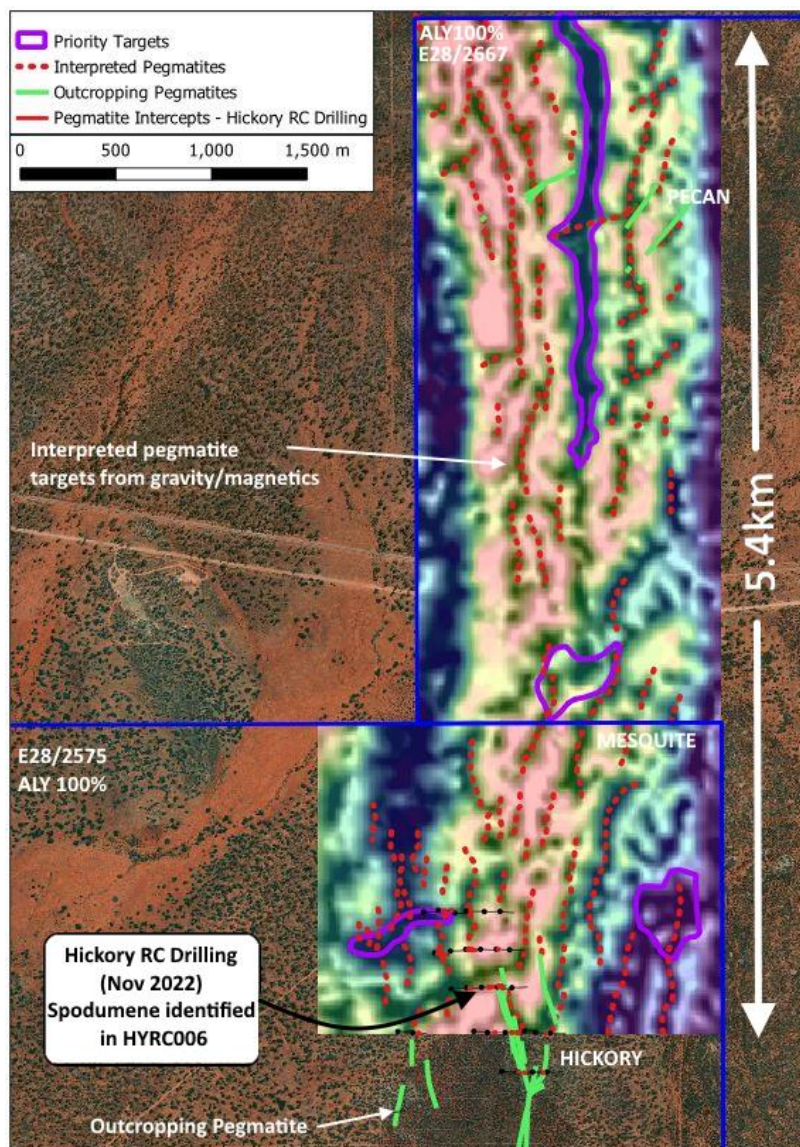


Figure 8: Karonie Project detailed gravity survey area

⁴ Refer to ALY ASX announcement dated 26 April 2023 'Gravity Survey Reveals High Priority Drill Targets'

REVIEW OF ACTIVITIES

KARONIE RC DRILL PROGRAM

First pass RC drill testing of multiple high priority lithium targets was completed in November 2022⁵. The program consisted of 30 holes for 4,092m to test the outcropping pegmatites at Hickory 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. Best results included HYRC006 which intercepted visual spodumene and lepidolite.

Best results included⁶:

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 north-east striking shear zone. The pegmatites, which are the target host rock for LCT mineralisation, appear to thicken when they intersect the coarser grain dolerites and are fractionated internally.

⁵ Refer to ALY ASX announcement dated 14 November 2022 'RC Drilling Completed on Karonie Lithium Targets'

⁶ Refer to ALY ASX announcement dated 13 January 2023 'Spodumene and Lepidolite Identified in Pegmatites at Karonie'

REVIEW OF ACTIVITIES

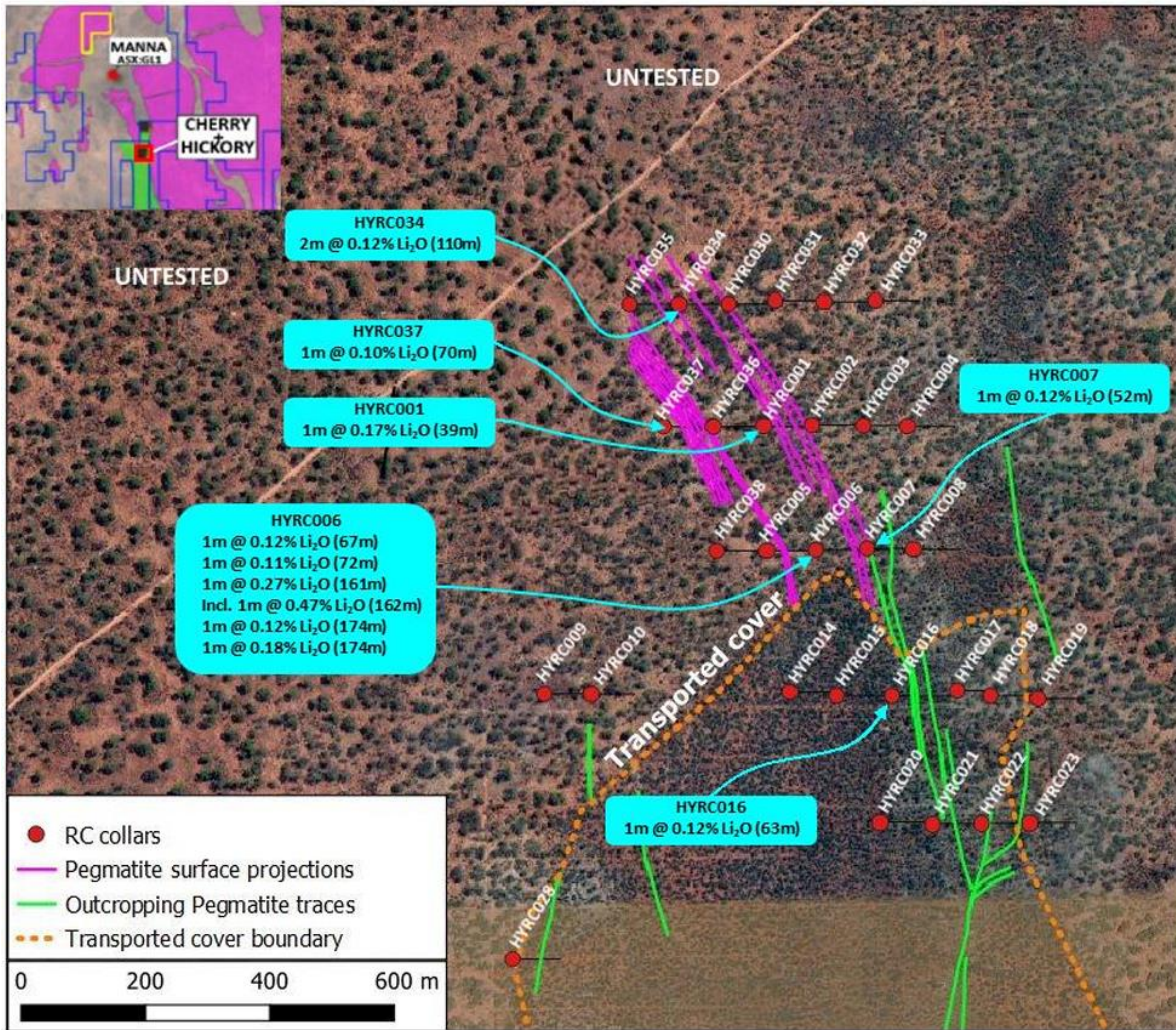


Figure 9: Completed RC drilling at the Hickory Prospect with Li₂O intercepts >0.1%

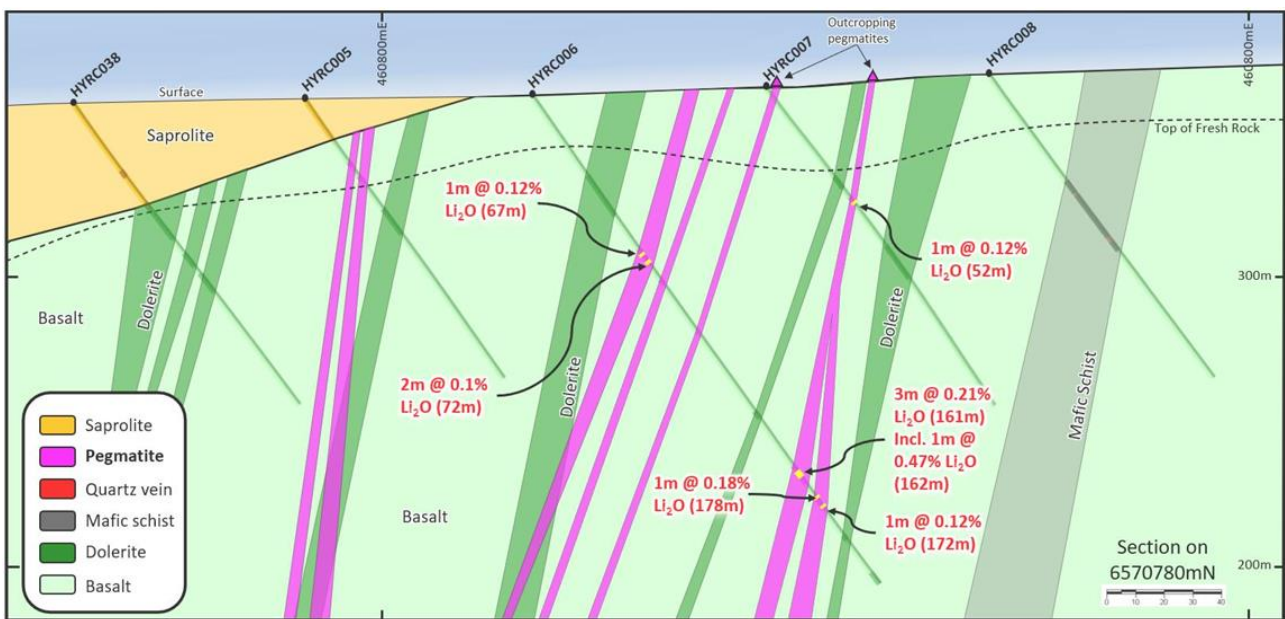


Figure 10: Hickory Cross Section 6570780mN

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REVIEW OF ACTIVITIES

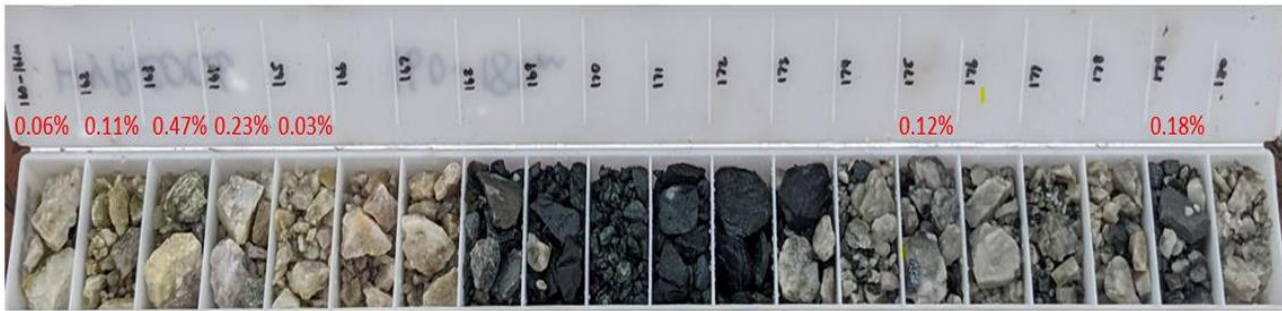


Figure 11: RC chips for 140-160m in HYRC006 with significant Li₂O assays labelled in red

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 12), with lepidolite noted in drill samples as dark purple crystals.



Figure 12: Spodumene crystals in HYRC006 (162-163m) under 250nm ultraviolet light (1m @ 0.47% Li₂O)

Taupo North RC drilling – new zones of pegmatites discovered: A second program of RC drilling was undertaken in mid-2023 with 19 holes drilled for 2,562m with additional narrow pegmatites intercepted at depths up to 75m downhole.

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REVIEW OF ACTIVITIES

Taupo North sits along the structural trend which hosts the Karonie gold deposits to the north of the Aldiss Mining Operations owned by Silver Lake. Most of the area to the north of Alchemy's Taupo prospect is covered by a thin cover of alluvium with no history of lithium exploration. Multi-element soil sampling conducted by Alchemy in early 2023 showed a broad zone of lithium in soils anomalism which extends for approximately 3km x 1.5km⁸. In addition, recent re-logging of drill samples has recognised amazonite pegmatites in two historic drillholes in the north of the Taupo prospect.

Assay results from the drill program show multiple holes with elevated lithium and pathfinder anomalism across holes TNRC001, TNRC005 and TNRC007. Best intercepts included TNRC007 1m @ 0.1% Li₂O, 13ppm Ta₂O₅, 56ppm Cs, 2970ppm Rb and 180ppm Sn. Assay results are shown in Figure 13.

The pegmatites coincide with recent rock chips and soil sampling with anomalous zones extending for a further 3.5km to the south towards Taupo. The zones occur adjacent to a gabbro body to the west, which the Company believes may hold additional exploration upside as the pegmatites are observed to thicken in the high pyroxene dolerite and gabbro units, similar to Hickory Prospect. Soil sampling has commenced to the south and east of this area aiming to infill and extend the geochemical footprint with the aim of better defining future drill targets.

Further drilling will be required to explore for additional pegmatites under cover to the north of Hickory toward Pecan, due to the presence of a significant alluvial channel, approximately 3km in strike which masks any geochemical signature.

LCT Pegmatites discovered north of Mesquite and Taupo North: Pegmatites are interpreted as the gravity lows that trend towards the north from the existing pegmatite drill intercepts shown in Figure 13. Known pegmatite locations from drilling and mapping were used to interpret the extensions. Multiple previously unknown pegmatite targets have been generated as well as numerous large gravity lows which have been flagged as priority target areas for testing. Importantly, known outcropping pegmatites occur at both Hickory and Pecan, trending north-south and north-east/south-west respectively. The gravity survey data shows analogous targets trending under the alluvial channel with a total strike extent of around 5.4km.

Mesquite Prospect: Field checking of the gravity targets was completed in early May 2023 and 12 rock-chip samples were taken from various locations around the high priority target areas. A previously unmapped pegmatite was discovered and was found to contain coarse lepidolite and traces of spodumene which are shown in Figure 14. Assay results returned peak results of 2,723ppm Li₂O, 167ppm Cs, 2,930ppm Rb and 62.8ppm Ta₂O₅⁷.

⁸ Refer ALY ASX Announcement dated 19 May 2023 'Lepidolite and Spodumene Discovered on New Target Areas'

⁷ Refer ALY ASX Announcement dated 19 May 2023 'Lepidolite and Spodumene Discovered on New Target Areas'

REVIEW OF ACTIVITIES

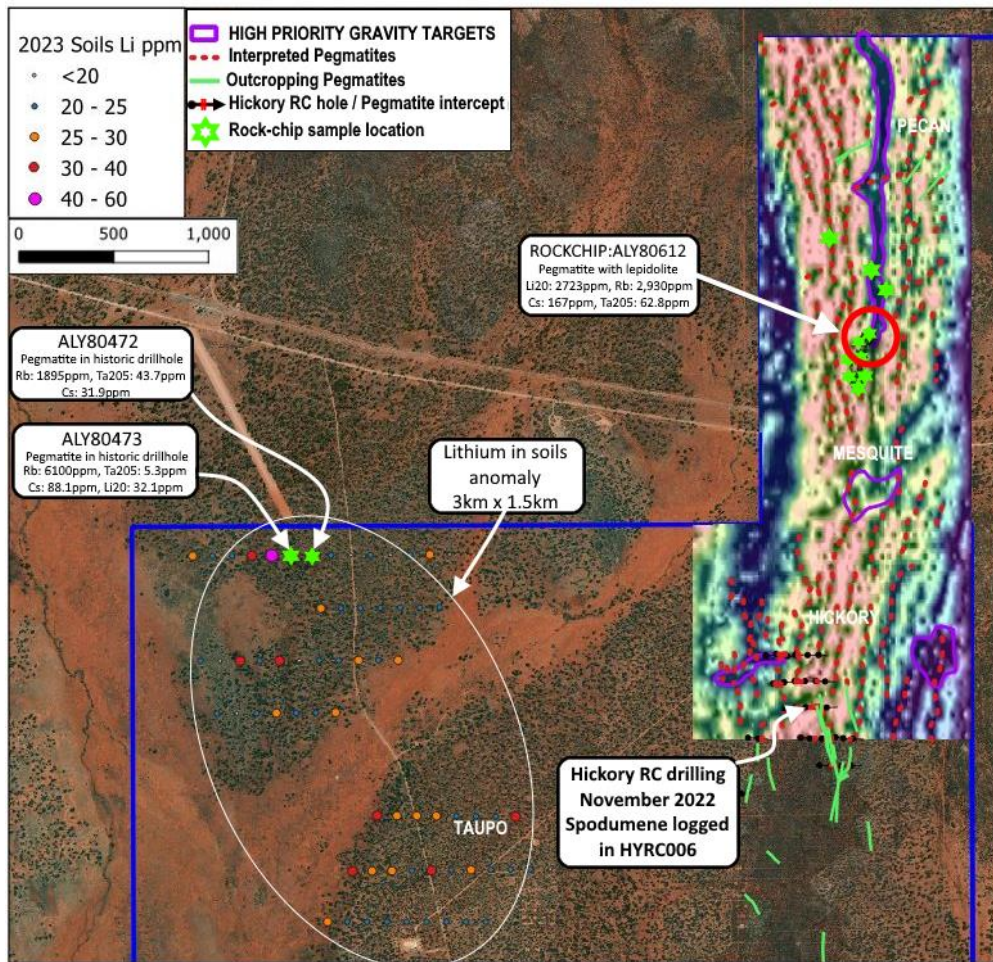


Figure 13: Karonie lithium prospects with detailed gravity survey and selected rock-chip assay results

Taupo North Prospect: This prospect sits along the structural trend which hosts the Karonie gold deposits to the north of the Aldiss Mining Operations owned by Silver Lake. Most of the area to the north of Alchemy's Taupo prospect is covered by a thin cover of alluvium with no history of lithium exploration. Multi-element soil sampling conducted by Alchemy in early 2023 showed a broad zone of lithium in soils anomalism which extends for approximately 3km x 1.5km. In addition, recent re-logging of drill samples has recognised amazonite pegmatites in two historic drillholes in the north of Taupo. Rock chips returned highly elevated pathfinder anomalism shown in Figure 14.

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Figure 14: Rock chip⁹ showing lepidolite crystals (LHS), Pegmatite at its field location (RHS)

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.

Alchemy commenced first pass Project wide regional reconnaissance sampling, mapping and targeting review in late 2022⁸. 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.

⁸ Refer to ALY ASX announcement dated 19 May 2023 'Lepidolite and Spodumene Discovered on New Target Areas'

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REVIEW OF ACTIVITIES

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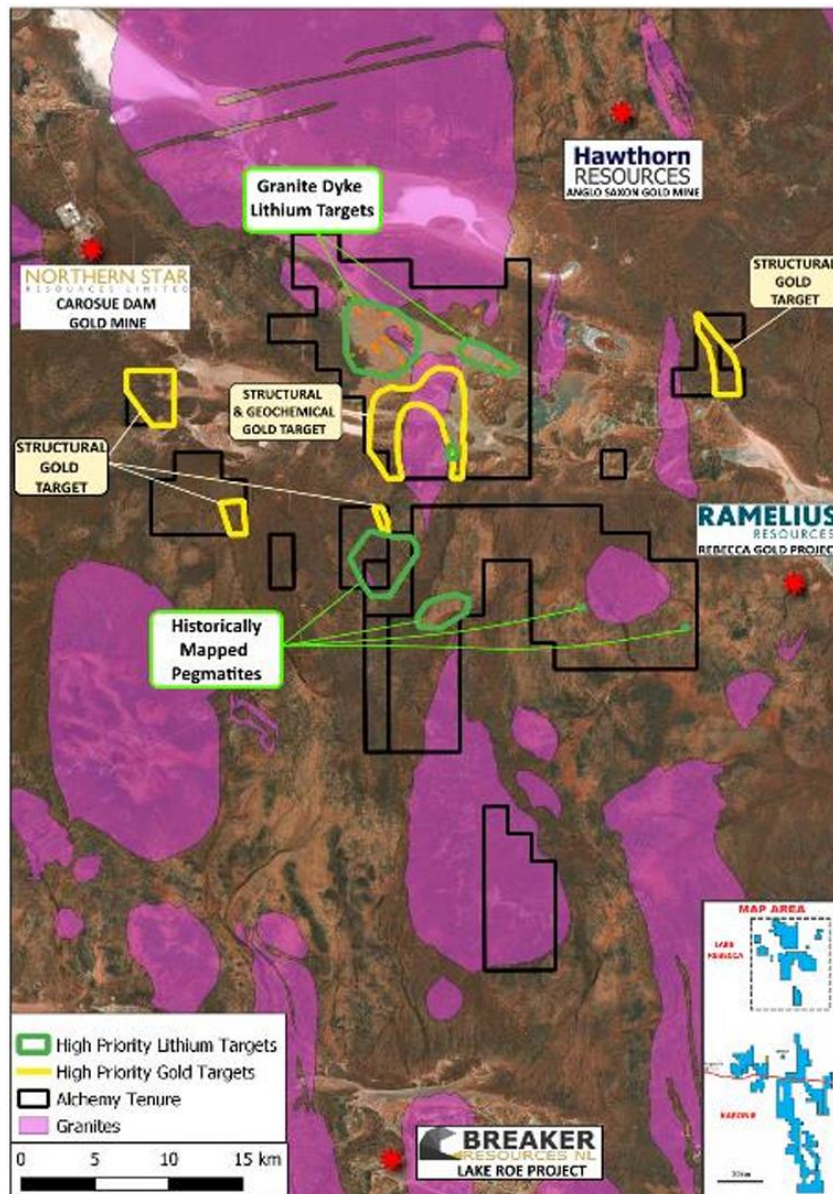


Figure 15: Lake Rebecca tenements showing current lithium and gold targets

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 15.

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. Several hand specimen samples are shown in Figure 16 below. Two samples exhibited elevated pathfinder elements which will be followed up in the next reconnaissance program.



Figure 16: Pegmatites and granite dykes recently mapped at Lake Rebecca

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

The Lachlan/Cobar Basin Projects cover an area of 674km² of the Central Lachlan Orogen in New South Wales and comprise four project areas prospective for Cobar-style epithermal gold and base metals and copper-gold porphyry mineralisation, and nickel-cobalt-alumina 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 JV with Develop Global (ASX: DVP).

Yellow Mountain

During the year, 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. A review of historic core was accessed at the Londonderry Core Library in NSW to further enhance the geological understanding of the area. Land Access Agreements continue to be progressed.

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REVIEW OF ACTIVITIES

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 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 (Figure 17) 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 Ltd (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.

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 Ltd (ASX: KSN).

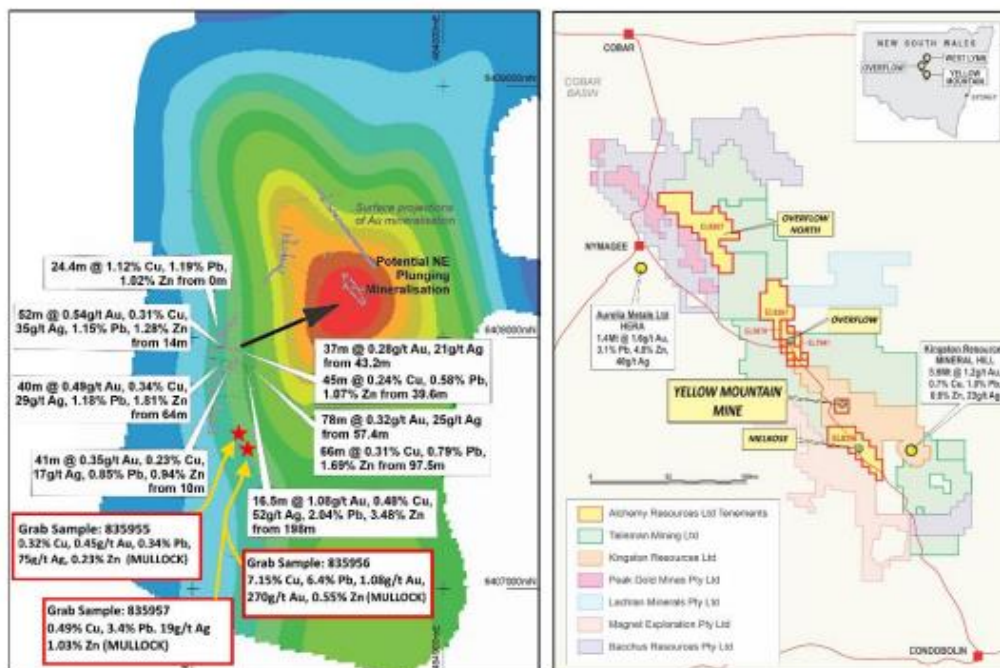


Figure 17: Yellow Mountain Mine Prospect location maps

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

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's 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.

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 70,000oz⁹.

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 first half of the financial 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 2023 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 the Billabong Gold JV farm-in and JV arrangement, with Billabong now having earned a 70-80% interest. Catalyst recently acquired all of the issued and outstanding common shares in the capital of Superior Gold by way of a court-approved plan of arrangement under the Business Corporations Act (Ontario). The plan was completed on 30 June 2023.

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

⁹ Refer to ALY ASX announcement dated 24 February 2015 'Purchase of Reserve Payment from Troy'

REVIEW OF ACTIVITIES

- 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
- 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

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 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 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 information in this report that relates to Karonie Mineral Resources is based on information compiled by Richard Maddocks, a Competent Person who is a Fellow of The Australasian Institute of Mining and Metallurgy. Richard Maddocks is an employee of Auranmore Consulting. Richard 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'. Richard Maddocks consents to the inclusion in the 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 2023.

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 Chair

Liza Carpena, Non-Executive Director

Anthony Ho, Non-Executive Director

PRINCIPAL ACTIVITIES

During the year, the principal activity of the Group was exploration for gold, lithium, 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 2023 was \$712,569 (2022: \$806,117).

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.

MATERIAL BUSINESS RISKS

The Company operates in an environment where it is exposed to a range of business risks that have the potential to impact on the Company's business plans and strategy, and financial position.

The Board and management make every effort to identify material risks. The Company aims to manage the exposure to these risks by carefully planning its activities and implementing risk control measures. Some of the risks are, however, highly unpredictable and the extent to which the Board can effectively manage them is limited.

Tenure and access risk

Applications

While the Company does not anticipate there to be any issues with the grant of its tenement applications (see Tenement Schedule), there can be no assurance that the application (or any future applications) will be granted. While the Company considers the risk to be low, there can also be no assurance that when the relevant tenement is granted, it will be granted in its entirety. Some of the tenement areas applied for may be excluded.

DIRECTOR'S REPORT

Renewal

Mining and exploration tenements are subject to periodic renewal. The renewal of the term of granted tenements is subject to the discretion of the relevant authority. Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the tenements. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Company.

Access

A number of the tenements overlap certain third party interests that may limit the Company's ability to conduct exploration and mining activities, including private land, Crown Reserves, areas on which native title is yet to be determined and other forms of tenure for railways, pipelines and similar third party interests. Where the Company's projects overlap private land, exploration and mining activity on the projects may require authorisation or consent from the owners of that land. The Company may be required to enter into land access agreements and carry out heritage clearance surveys before implementing its proposed exploration program. The Company's current proposed exploration program is not impacted by the known sites of registered aboriginal heritage significance.

Exploration risk

Potential investors should understand that mineral exploration and development are high-risk undertakings. There can be no assurance that exploration of the Company's projects, or any other tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited. The success of the Company will also depend upon the Company having access to sufficient development capital, being able to maintain title to its projects and obtaining all required approvals for its activities. In the event that exploration programs prove to be unsuccessful this could lead to a diminution in the value of the tenements, a reduction in the cash reserves of the Company and possible relinquishment of its projects.

Climate change risk

The operations and activities of the Company are subject to changes to local or international compliance regulations related to climate change mitigation efforts, specific taxation or penalties for carbon emissions or environmental damage and other possible restraints on industry that may further impact the Company. While the Company will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Company will not be impacted by these occurrences. Climate change may also cause certain physical and environmental risks that cannot be predicted by the Company, including events such as increased severity of weather patterns, incidence of extreme weather events and longer-term physical risks such as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which the Company operates.

Reliance on key personnel risk

The Company's future depends, in part, on its ability to attract and retain key personnel. It may not be able to hire and retain such personnel at compensation levels consistent with its existing compensation and salary structure. Its future also depends on the continued contributions of its key management and technical personnel, the loss of whose services would be difficult to replace. In addition, the inability to continue to attract appropriately qualified personnel could have a material adverse effect on the Company's business.

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Environmental risk

The operations and proposed activities of the Company are subject to Australian laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws. The disposal of mining and process waste and mine water discharge are under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations become more onerous making the Company's operations more expensive. Approvals are required for land clearing and for ground disturbing activities. Delays in obtaining such approvals can result in the delay to anticipated exploration programmes or mining activities.

Native title risk

The *Native Title Act 1993* recognises and protects the rights and interests in Australia of Aboriginal and Torres Strait Islander people in land and waters, according to their traditional laws and customs. There is significant uncertainty associated with Native Title in Australia and this may impact on the Company's operations and future plans. The Company may be required to enter into land access agreements to undertake its proposed exploration program on the tenements and heritage clearance surveys before implementing its proposed exploration program. The Company's current proposed exploration program is not impacted by the known sites of registered aboriginal heritage significance.

Economic risk

General economic conditions, introduction of tax reform, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company, as well as on its ability to fund its operations.

Additional requirements for capital risk

The Group has considered its ability to continue as a going concern for at least the next 12 months from the approval of these financial statements, taking into consideration an estimation of the expected cash flows based on the needs of the business. This assessment assumes the Group will be able to realise assets and discharge liabilities in the ordinary course of business beyond this period. The Board does recognise that future capital requirements depend on numerous factors, with additional equity financing causing a dilution of shareholdings and debt financing, if available, potentially involving restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

FINANCIAL

Exploration and evaluation costs totalling \$304,042 (2022: \$249,238) were written off during the year in accordance with the Group's accounting policy.

As at 30 June 2023, the Group had net assets of \$14,621,911 (2022: \$9,944,794) including cash and cash equivalents of \$5,005,228 (2022: \$2,008,082).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

EVENTS SINCE THE END OF THE FINANCIAL YEAR

There has not arisen in the interval between the end of the financial year and the date of this report any 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 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 2023, however reporting requirements may change in the future.

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INFORMATION ON DIRECTORS & MANAGEMENT

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

| L Dudfield, Non-Executive Chair (appointed Director 25 November 2011, Chair 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 Limited (ASX: JRL) and is currently Executive Director of JRL. 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 (appointed 1996) Non-Executive Director of Energy Metals Limited (ASX: EME) (appointed 2004) Non-Executive Director of Dynamic Metals Limited (ASX: DYM) (appointed 2022) | |
| 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 | 60,880,611 2,000,000 |

| L Carpene, Non-Executive Director (appointed 18 March 2015) | | |
|---|---|------------------------|
| Experience and expertise | Ms Carpene 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 Carpene spent five years on the Executive Team of Northern Star Resources Limited (ASX: NST) as Company Secretary and Head of Environment and Social Responsibility ceasing in February 2018. Prior to NST, Ms Carpene 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 2018) Non-Executive Director of RLF Agtech Limited (ASX: RLF) (appointed 2021) | |
| 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 | 2,916,666 2,000,000 |

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DIRECTOR'S REPORT

| 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 | Non-Executive Director of Australian Agricultural Projects Limited (ASX: AAP) (appointed 2003) Non-Executive Director of Mustera Property Group Limited (ASX: MPX) (appointed 2014) | |
| Former directorships in last 3 years | Executive Director of Newfield Resources Limited (ASX: NWF) (from 2011 to 16 April 2021) | |
| Special responsibilities | Chair of the Audit Committee | |
| Interests in shares and options | Ordinary Shares – Alchemy Resources Limited Unlisted Options – Alchemy Resources Limited | Nil 2,000,000 |

CHIEF EXECUTIVE OFFICER

Mr Wilson was appointed Chief Executive Officer on 1 January 2021. Mr Wilson is a geologist with more than 16 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. Mr Wilson spent the previous fourteen years working as a metals and mining analyst, with the last five of those years as Senior Research Analyst – Resources for Argonaut Securities.

Mr Wilson 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 SECRETARY

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. Ms Terzanidis is Company Secretary of Jindalee Resources Limited (ASX: JRL) and Joint Company Secretary of Viridis Mining and Minerals Limited (ASX: VMM).

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 2023, and the numbers of meetings attended by each Director were:

| Director | Board of Directors | | Audit Committee | |
|------------|--------------------|---|-----------------|---|
| | A | B | A | B |
| L Dudfield | 7 | 7 | 2 | 2 |
| L Carpene | 7 | 7 | 2 | 2 |
| A Ho | 7 | 7 | 2 | 2 |

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

REMUNERATION REPORT (AUDITED)

The Directors present the Alchemy Resources Limited 2023 remuneration report, outlining key aspects of the Company's remuneration policy and framework, and remuneration awarded this year.

The report contains the following sections:

- a) Key management personnel covered in this report
- b) Remuneration governance and the use of remuneration consultants
- c) Executive remuneration policy and framework
- d) Relationship between remuneration and the Group's performance
- e) Non-Executive Director remuneration policy
- f) Voting and comments made at the Company's 2022 Annual General Meeting
- g) Statutory Performance Indicators
- h) Details of remuneration
- i) Service agreements
- j) Details of share-based compensation and bonuses
- k) Equity instruments held by key management personnel
- l) Loans to key management personnel
- m) Other transactions with key management personnel

a) Key management personnel covered in this report

Alchemy's key management personnel are defined as:

| Name | Position |
|------------|-------------------------|
| L Dudfield | Non-Executive Chair |
| L Carpene | Non-Executive Director |
| A Ho | Non-Executive Director |
| J Wilson | Chief Executive Officer |

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;
- 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 2023.

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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 a salary or consulting fees, which is inclusive of superannuation, and from time to time, equity incentives. 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 and that it is fit for purpose at this time. The Board believes participation in the Company's Employee Securities Incentive Plan motivates key management and executives with the long-term interests of shareholders. Refer note 22 for more details.

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.

DIRECTOR'S REPORT

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) Statutory performance indicators

The Board aims to align executive remuneration to Alchemy's strategic and business objectives and the creation of shareholder wealth. The table below shows measures of the Group's financial performance over the last five years as required by the Corporations Act 2001. However, these are not necessarily consistent with the measures used in determining the variable amounts of remuneration to be awarded to key management personnel. As a consequence, there may not always be a direct correlation between the statutory key performance measures and the variable remuneration awarded.

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|---------------------------------------|-----------|-----------|-----------|-----------|--------------|
| Total comprehensive loss for the year | \$712,569 | \$806,117 | \$524,830 | \$390,897 | \$10,282,167 |
| Loss per share (cents) | 0.06 | 0.09 | 0.08 | 0.07 | 2.36 |
| Share price at year end | \$0.016 | \$0.013 | \$0.014 | \$0.019 | \$0.010 |

g) Voting and comments made at the Company's 2022 Annual General Meeting

Alchemy Resources Limited received 99.43% of "yes" votes on its remuneration report for the 2022 financial year. The Company did not receive any specific feedback at the Annual General Meeting or throughout the year on its remuneration practices.

h) 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 | | |
| | \$ | \$ | \$ | \$ | \$ | | |
| 2023 | | | | | | | |
| Directors and CEO | | | | | | | |
| L Dudfield | 20,000 | - | - | - | 23,342 | 43,342 | 53.9% |
| J Wilson | 240,000 | - | 29,021 | 25,200 | 37,775 | 331,996 | 11.4% |
| L Carpene | 20,000 | - | - | - | 23,342 | 43,342 | 53.9% |
| A Ho | 19,998 | - | - | - | 23,342 | 43,340 | 53.9% |
| Totals | 299,998 | - | 29,021 | 25,200 | 107,802 | 462,021 | |

| 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 \$ | | |
| 2022 Directors and CEO | | | | | | | |
| L Dudfield | 20,000 | - | - | - | - | 20,000 | - |
| J Wilson | 200,000 | - | - | 20,000 | 64,509 | 284,509 | 22.7% |
| L Carpené | 20,000 | - | - | - | - | 20,000 | - |
| A Ho | 19,998 | - | - | - | - | 19,998 | - |
| Totals | 259,998 | - | - | 20,000 | 64,509 | 344,507 | |

i) 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.

Mr J Wilson, Chief Executive Officer

Mr Wilson is remunerated pursuant his Executive Services Agreement (Original Agreement) and a variation to the Original Agreement dated 14 November 2022 (together CEO Agreement). The key terms of the CEO Agreement are:

- a) Remuneration package of \$260,000 per annum plus statutory superannuation (capped at \$27,500 per annum) on a full-time basis.
- b) Either party may terminate the CEO Agreement by providing the other party with three months written notice or payment in lieu of notice.
- c) 7,000,000 unlisted sign-on options, 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 – exercise price is \$0.0252. 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).
- 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

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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).

j) Details of share-based compensation and bonuses

Options

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

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

| Grant date | Vesting date | Expiry date | Number of options | Exercise price | Value per option at grant date | Total Value | % Vested |
|------------|--------------|-------------|-------------------|----------------|--------------------------------|-------------|----------|
| 29-Nov-22 | 29-Nov-23 | 23-Dec-25 | 2,000,000 | \$0.04 | \$0.02 | \$40,000 | 0% |
| 29-Nov-22 | 29-Nov-23 | 23-Dec-25 | 2,000,000 | \$0.04 | \$0.02 | \$40,000 | 0% |
| 29-Nov-22 | 29-Nov-23 | 23-Dec-25 | 2,000,000 | \$0.04 | \$0.02 | \$40,000 | 0% |

¹ On 29 November 2022, 6,000,000 unlisted options exercisable at \$0.0405 were granted to the directors (2,000,000 each to L Dudfield, L Carpena and A Ho) as remuneration. The options become exercisable and vest twelve months after the issue date, being 29 November 2023.

The fair value of options at grant date are determined using a Black-Scholes option pricing model that takes into account the exercise price (\$0.0405), the term of the option (3 years), the share price at grant date (\$0.027) and expected price volatility of the underlying share (121%), the expected dividend yield (0%) and the risk-free interest rate (3.24%) for the term of the option.

Performance Rights

Performance rights in Alchemy Resources Limited are granted under the Plan. Participation in the Plan and any vesting criteria are at the Board's discretion and no individual has a contractual right to participate in the Plan or to receive any guaranteed benefits. Any 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.

On 1 January 2021, the Company granted 10,000,000 performance rights to Mr Wilson under the Incentive Option Plan ("the Plan"). The performance rights have a nil exercise price and are subject to the following vesting conditions:

- Tranche 1: Up to 4,000,000 of the performance rights may vest related to the Company's Market Capitalisation ("Capitalisation") on 31 December 2023 ("Measurement Date") as follows:

Where the Capitalisation is:

- greater than or equal to \$50 million then 4,000,000 of the Tranche 1 Performance Rights will vest on the Measurement Date; or

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DIRECTOR'S REPORT

- 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 the Measurement Date; or
- less than \$25 million then no Tranche 1 Performance Rights will vest on the Measurement Date.

- Tranche 2: Up to 4,000,000 of the performance rights may vest based on the 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 ("Measurement Period"). The base measure for AXSRD and the Company's share price being closing prices as at 31 December 2020 (being AXSRD 2,995.33 and ALY \$0.018 respectively). Where the relative performance of the Company's share price to the AXSRD is:

- greater than or equal to 100% outperformance then 4,000,000 of the Tranche 2 Performance Rights will vest on the Measurement Date; 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 the Measurement Date; or
- less than 50% outperformance then no Tranche 2 Performance Rights will vest on the Measurement Date.

- Tranche 3: Up to 2,000,000 of the performance rights will vest if the Company's share price is greater than or equal to \$0.10 at the Measurement Date.

The above performance rights continue to be expensed over the vesting period.

| Rights series | Grant date | Number of rights | Measurement Date for Vesting | Expiry and vesting date | Exercise price | Value per right at grant date | Total value | % Vested |
|---------------|------------|------------------|------------------------------|-------------------------|----------------|-------------------------------|-------------|----------|
| 1 | 1 Jan 2021 | 4,000,000 | 31 Dec 2023 | 31 Dec 2023 | Nil | \$0.0089 | \$35,620 | 0% |
| 2 | 1 Jan 2021 | 4,000,000 | 31 Dec 2023 | 31 Dec 2023 | Nil | \$0.0161 | \$64,509 | 0% |
| 3 | 1 Jan 2021 | 2,000,000 | 31 Dec 2023 | 31 Dec 2023 | Nil | \$0.0066 | \$13,196 | 0% |

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

k) 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.

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DIRECTOR'S REPORT

Options

| 2023 | Opening balance (1 July) | Granted as remuneration | Expired | Balance at 30 June | Vested but not exercisable | Vested and exercisable | Unvested | Max value yet to vest |
|------------------|--------------------------|-------------------------|--------------------|--------------------|----------------------------|------------------------|------------------|-----------------------|
| Directors | | | | | | | | |
| L Dudfield | 1,185,983 | 2,000,000 | (1,185,983) | 2,000,000 | - | - | 2,000,000 | \$40,000 |
| L Carpene | 25,000 | 2,000,000 | (25,000) | 2,000,000 | - | - | 2,000,000 | \$40,000 |
| A Ho CEO | - | 2,000,000 | - | 2,000,000 | - | - | 2,000,000 | \$40,000 |
| J Wilson | 7,000,000 | - | - | 7,000,000 | - | 7,000,000 | - | - |
| Total | 8,210,983 | 6,000,000 | (1,210,983) | 13,000,000 | - | 7,000,000 | 6,000,000 | \$120,000 |

Performance Rights

| 2023 | Opening balance (1 July) | Granted as remuneration | Performance Rights/Options exercised | Net change other | Balance at 30 June | Vested but not exercisable | Vested and exercisable | Unvested | Max value yet to vest |
|------------------|--------------------------|-------------------------|--------------------------------------|------------------|--------------------|----------------------------|------------------------|-------------------|-----------------------|
| Directors | | | | | | | | | |
| L Dudfield | - | - | - | - | - | - | - | - | - |
| L Carpene | - | - | - | - | - | - | - | - | - |
| A Ho CEO | - | - | - | - | - | - | - | - | - |
| J Wilson | 10,000,000 | - | - | - | 10,000,000 | - | - | 10,000,000 | \$113,325 |
| Total | 10,000,000 | - | - | - | 10,000,000 | - | - | 10,000,000 | \$113,325 |

Shareholdings

| 2023 | Opening balance (1 July) | On appointment | Participation in placement or entitlement issue | On market acquisition or disposal | On resignation | Balance at 30 June |
|------------------|--------------------------|----------------|---|-----------------------------------|----------------|--------------------|
| Directors | | | | | | |
| L Dudfield | 60,880,611 | - | - | - | - | 60,880,611 |
| L Carpene | 2,916,666 | - | - | - | - | 2,916,666 |
| A Ho CEO | - | - | - | - | - | - |
| J Wilson | 6,655,399 | - | - | - | - | 6,655,399 |
| Total | 70,452,676 | - | - | - | - | 70,452,676 |

l) 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.

m) 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)

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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 December 2019 | 31 December 2023 | \$0.025 | 250,000 |
| 1 January 2021 | 31 December 2023 | \$0.0252 | 7,000,000 |
| 8 November 2021 | 8 November 2024 | \$0.025 | 1,000,000 |
| 8 November 2021 | 8 November 2024 | \$0.035 | 1,000,000 |
| 20 December 2021 | 22 November 2023 | \$0.022 | 5,000,000 |
| 20 June 2022 | 22 June 2025 | \$0.034 | 2,000,000 |
| 21 June 2022 | 22 June 2025 | \$0.034 | 1,300,000 |
| 17 October 2022 | 17 October 2025 | \$0.05 | 10,000,000 |
| 29 November 2022 | 23 December 2025 | \$0.0405 | 6,000,000 |
| | | | 33,550,000 |

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

The following ordinary shares of the Company were issued during the year ended 30 June 2023 and up to the date of this report on the exercise of options granted:

| Date options granted | Exercise price | Number under option |
|----------------------|----------------|---------------------|
| 18 November 2021 | \$0.02 | 5,000,000 |
| 12 November 2020 | \$0.03 | 2,199 |
| | | 5,002,199 |

CORPORATE GOVERNANCE STATEMENT

The Company's 2023 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 2023 no fees were paid or were payable for non-audit services provided by the auditor of the consolidated entity (2022: \$Nil).

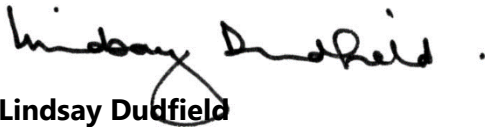
ROUNDING OF AMOUNTS

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

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.



Lindsay Dudfield
Chair

Perth, 28 September 2023

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DECLARATION OF INDEPENDENCE BY NEIL SMITH TO THE DIRECTORS OF ALCHEMY RESOURCES LIMITED

As lead auditor of Alchemy Resources Limited for the year ended 30 June 2023, 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.



Neil Smith
Director

BDO Audit (WA) Pty Ltd

Perth

28 September 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2023

| | | CONSOLIDATED | |
|---|-------|------------------------|------------------------|
| | | 2023 | 2022 |
| | | \$ | \$ |
| | Notes | | |
| Continuing operations | | | |
| Other income | | 187,565 | 16,851 |
| Exploration expenditure written off | 9 | (305,660) | (249,238) |
| Employee expense | 3 | (270,538) | (238,705) |
| Corporate expense | | (227,880) | (238,669) |
| Administration expense | 3 | (96,056) | (96,356) |
| Loss from continuing operations before income tax | | (712,569) | (806,117) |
| Income tax benefit | 5 | - | - |
| Loss after income tax for the year attributable to the owners of Alchemy Resources Limited | | (712,569) | (806,117) |
| 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 | | (712,569) | (806,117) |
| | | Cents per share | Cents per share |
| Loss per share attributable to the owners of Alchemy Resources Limited | | | |
| Basic loss per share | 16 | 0.06 | 0.09 |
| 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 2023

| | | CONSOLIDATED | |
|----------------------------------|-------|-------------------|-------------------|
| | | 2023 | 2022 |
| | | \$ | \$ |
| | Notes | | |
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 6 | 5,005,228 | 2,008,082 |
| Trade and other receivables | 7 | 79,540 | 46,431 |
| Other current assets | 8 | 43,026 | 41,800 |
| Total Current Assets | | 5,127,794 | 2,096,313 |
| Non-Current Assets | | | |
| Exploration and evaluation | 9 | 9,845,999 | 8,095,770 |
| Property, plant and equipment | | 1,432 | - |
| Total Non-Current Assets | | 9,847,431 | 8,095,770 |
| TOTAL ASSETS | | 14,975,225 | 10,192,083 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade and other payables | 11 | 267,078 | 206,836 |
| Provisions | 12 | 86,236 | 40,453 |
| Total Current Liabilities | | 353,314 | 247,289 |
| TOTAL LIABILITIES | | 353,314 | 247,289 |
| NET ASSETS | | 14,621,911 | 9,944,794 |
| EQUITY | | | |
| Contributed equity | 13 | 43,417,654 | 38,375,003 |
| Reserves | 14 | 500,904 | 193,539 |
| Accumulated losses | 15 | (29,296,647) | (28,623,748) |
| TOTAL EQUITY | | 14,621,911 | 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 YEAR ENDED 30 JUNE 2023

| | ATTRIBUTABLE TO EQUITY HOLDERS OF THE ENTITY | | | |
|---|--|--------------------|-----------------------|-------------------|
| | Contributed Equity | Option reserves | Accumulated losses | Total equity |
| | \$ | \$ | \$ | \$ |
| At 1 July 2021 | 35,394,645 | 76,835 | (27,817,631) | 7,653,849 |
| Loss for the year | - | - | (806,117) | (806,117) |
| Other comprehensive income | - | - | - | - |
| Total comprehensive loss for the year, net of tax | - | - | (806,117) | (806,117) |
| Transactions with owners in their capacity as owners | | | | |
| Issue of shares | 3,081,117 | - | - | 3,081,117 |
| Issue of broker options | 21,875 | - | - | 21,875 |
| Share issue costs | (122,634) | - | - | (122,634) |
| Performance rights expense | - | 78,929 | - | 78,929 |
| Expiry of options | - | 37,775 | - | 37,775 |
| At 30 June 2022 | 38,375,003 | 193,539 | (28,623,748) | 9,944,794 |
| At 1 July 2022 | 38,375,003 | 193,539 | (28,623,748) | 9,944,794 |
| Loss for the year | - | - | (712,569) | (712,569) |
| Other comprehensive income | - | - | - | - |
| Total comprehensive loss for the year, net of tax | - | - | (712,569) | (712,569) |
| Transactions with owners in their capacity as owners | | | | |
| Issue of shares | 5,500,000 | - | - | 5,500,000 |
| Issue of options | 100,066 | - | - | 100,066 |
| Share issue costs | (557,415) | - | - | (557,415) |
| Options exercised and expired | - | (39,670) | 39,670 | - |
| Options expense | - | 309,259 | - | 309,259 |
| Performance rights expense | - | 37,776 | - | 37,776 |
| At 30 June 2023 | 43,417,654 | 500,904 | (29,296,647) | 14,621,911 |

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 2023

| | | CONSOLIDATED | |
|---|-------|--------------------|--------------------|
| | | 2023 | 2022 |
| | | \$ | \$ |
| | Notes | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Payments to suppliers and employees | | (296,566) | (461,541) |
| Interest received | | 83,671 | 8,108 |
| NET CASH FLOWS USED IN OPERATING ACTIVITIES | 23 | (212,895) | (453,433) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of property, plant and equipment | | (1,885) | - |
| Payments for exploration assets | | (2,010,725) | (1,443,219) |
| NET CASH FLOWS USED IN INVESTING ACTIVITIES | | (2,012,610) | (1,443,219) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from issue of shares | 13 | 5,500,000 | 3,081,117 |
| Proceeds from exercise of options | 13 | 100,066 | 21,875 |
| Share issue costs | 13 | (377,415) | (122,634) |
| NET CASH FLOWS FROM FINANCING ACTIVITIES | | 5,222,651 | 2,980,358 |
| Net increase in cash and cash equivalents | | 2,997,146 | 1,083,706 |
| Cash and cash equivalents at beginning of the year | | 2,008,082 | 924,376 |
| CASH AND CASH EQUIVALENTS AT END OF THE YEAR | 6 | 5,005,228 | 2,008,082 |

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 1: CORPORATE INFORMATION

The consolidated financial report of Alchemy Resources Limited for the year ended 30 June 2023 was authorised for issue in accordance with a resolution of the Directors on 28 September 2023.

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 accounting standards and interpretations relevant to the operations of the Group are consistent with those of the previous financial year. There are some amendments and interpretations effective for the first time from 1 July 2022, though they did not have any impact on the current period or any prior period and are not likely to affect future periods.

A number of new standards, amendments to standards and interpretations issued by the AASB which are not yet mandatorily applicable to the Group have not been applied in preparing these consolidated financial statements and none are expected to be relevant to the Group. The Group does not plan to adopt these standards early.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed where appropriate.

b) Going Concern

The financial statements for the year ended 30 June 2023 have been prepared on the basis that the group is a going concern and therefore, contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business.

The Group has considered its ability to continue as a going concern for at least the next 12 months from the approval of these financial statements, taking into consideration an estimation of the expected cash flows based on the needs of the business. This assessment assumes the Group will be able to realise assets and discharge liabilities in the ordinary course of business beyond this period.

c) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2023 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.

d) Critical accounting judgements and key sources of estimation uncertainty

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

e) **Functional and presentation currency**

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

f) **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.

g) **Rounding of amounts**

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

h) **Property, plant and equipment**

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

| | |
|---------------------|---------|
| Plant and equipment | 3 years |
|---------------------|---------|

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3: REVENUE AND EXPENSES

| | CONSOLIDATED | |
|--|----------------|----------------|
| | 2023 \$ | 2022 \$ |
| Expenses | | |
| <i>Employee expense</i> | | |
| Employee benefit and director compensation expense | 89,708 | 110,707 |
| Expense of share-based payments (note 22) | 167,035 | 116,704 |
| Other employee expenses | 13,795 | 11,294 |
| Total employee expense | 270,538 | 238,705 |
| <i>Administration expense</i> | | |
| Depreciation | 453 | - |
| Occupancy and occupancy outgoings | 40,066 | 41,237 |
| Insurance | 31,451 | 25,908 |
| Other administration expenses | 25,704 | 29,211 |
| Total administration expense | 97,674 | 96,356 |

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 accrual basis.

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

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:

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

| | CONSOLIDATED | |
|---|--------------|------------|
| | 2023 \$ | 2022 \$ |
| Accounting loss from continuing operations before income tax | (712,569) | (806,117) |
| At the statutory income tax rate of 25% (2022: 30%) | (178,142) | (241,835) |
| <i>Add:</i> | | |
| - Non-assessable income | - | 30 |
| - Non-deductible expenses | 466 | 579 |
| - Capital raising costs | (9,970) | (11,964) |
| - Other deductible expenses | (5,584) | (6,758) |
| - Share-based payment | 41,759 | 35,011 |
| - Tax loss not brought to account as a deferred tax asset | 151,471 | 224,937 |
| 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

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
- Prepayments
- Property, plant and equipment
- 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 | |
|------------------|------------------|
| 2023 | 2022 |
| \$ | \$ |
| | |
| | |
| 2,384,812 | 2,336,705 |
| 10,756 | 12,540 |
| 358 | - |
| 2,342 | - |
| 2,398,268 | 2,349,245 |
| | |
| (5,825) | (12,299) |
| (21,559) | (12,136) |
| (27,845) | (47,623) |
| (2,343,039) | (2,277,187) |
| - | - |

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 2023, Alchemy Resources Limited had \$37,775,946 (2022: \$35,415,054) 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 | |
|--------------------------|------------------|------------|
| | 2023 \$ | 2022 \$ |
| Cash at bank and on hand | 238,728 | 1,991,582 |
| Deposits at call | 4,766,500 | 16,500 |
| | 5,005,228 | 2,008,082 |

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 2.21% (2022: 0.86%).

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 | |
|----------------|---------------|------------|
| | 2023 \$ | 2022 \$ |
| Current | | |
| GST receivable | 65,542 | 45,705 |
| Other | 13,998 | 726 |
| | 79,540 | 46,431 |

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 | |
|-------------|---------------|---------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Prepayments | 43,026 | 41,800 |
| | 43,026 | 41,800 |

NOTE 9: EXPLORATION AND EVALUATION

| | CONSOLIDATED | |
|--|------------------|-----------|
| | 2023 | 2022 |
| | \$ | \$ |
| Opening balance | 8,095,770 | 6,822,841 |
| Exploration expenditure incurred during the year | 2,055,889 | 1,522,168 |
| Exploration expenditure written off | (305,660) | (249,239) |
| Closing balance | 9,845,999 | 8,095,770 |

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:

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

Exploration and evaluation assets are assessed for impairment if 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

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 | |
|--|--------------------|--------------------------|-------------------------|------|
| | | | 2023 | 2022 |
| 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

| | CONSOLIDATED | |
|------------------------------|----------------|----------------|
| | 2023 \$ | 2022 \$ |
| Trade creditors | 214,306 | 152,804 |
| Other creditors and accruals | 52,772 | 54,032 |
| | 267,078 | 206,836 |

NOTE 12: PROVISIONS

| | CONSOLIDATED | |
|-------------------|--------------|------------|
| | 2023 \$ | 2022 \$ |
| Current | | |
| Employee benefits | 86,236 | 40,453 |

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 | |
|----------------------------|--------------|------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Ordinary shares fully paid | 43,417,654 | 38,375,003 |

b) Movements in ordinary shares on issue

| | CONSOLIDATED | |
|---|----------------------|------------|
| | Number | \$ |
| Balance at 1 July 2021 | 672,243,453 | 35,394,645 |
| Placement ⁽¹⁾ | 168,060,862 | 1,848,669 |
| Non-renounceable issue to shareholders ⁽²⁾ | 112,040,575 | 1,232,448 |
| Exercise of options ⁽³⁾ | 729,167 | 21,875 |
| Share issue costs | - | (122,634) |
| Balance at 30 June 2022 | 953,074,057 | 38,375,003 |
| Placement ⁽⁴⁾ | 220,000,000 | 5,500,000 |
| Non-renounceable issue to shareholders | | |
| Exercise of options ⁽⁵⁾ | 5,002,199 | 100,066 |
| Share issue costs | - | (557,415) |
| Balance at 30 June 2023 | 1,178,076,256 | 43,417,654 |

- (1) In October 2021 the Company completed a Placement via 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.
- (3) In May 2022 the Company issued 729,167 shares as a result of the exercise of unquoted options at \$0.03 per option.
- (4) In October 2022 the Company completed a Placement via the issue of 220,000,000 new Shares at an issue price of \$0.025 per share.
- (5) The Company issued a total of 5,002,199 shares during the financial year due to the exercise of unquoted options. Out of the 5,002,199 options exercised during the period, 2,199 options were exercised at \$0.03 per option, and the remaining 5,000,000 options were exercised at \$0.02 per option.

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

c) Movements in options on issue

| | CONSOLIDATED | |
|---|-------------------|----------------|
| | 2023 Number | 2022 Number |
| Balance at beginning of the financial year | 55,250,609 | 40,679,776 |
| Options issued ⁽¹⁾ | 16,000,000 | 10,000,000 |
| Options granted | - | 5,300,000 |
| Options expired or exercised ⁽²⁾ | (37,700,609) | (729,167) |
| Balance at end of the financial year | 33,550,000 | 55,250,609 |

⁽¹⁾ On 29 November 2022, the shareholders approved the issue of a total of 6,000,000 unlisted options to the directors of Alchemy exercisable at \$0.0405 and expiring 3 years from the date of issue, 23 December 2025. On 17 October 2022 the Company issued 10,000,000 unlisted options exercisable at \$0.05 and expiring 17 October 2025 to the joint lead managers of the Company's placement.

⁽²⁾ During the financial year, the Company issued 5,002,199 shares as a result of the exercise of unquoted options. 5,000,000 unquoted options were exercised at \$0.02 and 2,199 unquoted options were exercised at \$0.03. 32,698,410 unquoted options expired on 30 September 2022.

d) Movements in performance rights on issue

| | CONSOLIDATED | |
|---|-------------------|----------------|
| | 2023 Number | 2022 Number |
| Balance at beginning of the financial year | 10,000,000 | 10,000,000 |
| Performance rights granted | - | - |
| Balance at end of the financial year | 10,000,000 | 10,000,000 |

NOTE 14: RESERVES

| | CONSOLIDATED | |
|---|----------------|------------|
| | 2023 \$ | 2022 \$ |
| Opening balance | 193,539 | 76,835 |
| Option expense | 309,259 | 66,116 |
| Performance rights expense | 37,776 | 50,588 |
| Options exercised | (15,070) | - |
| Expiry of options | (24,600) | - |
| Balance at the end of the financial year | 500,904 | 193,539 |

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 | |
|--|--------------|--------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Balance at the beginning of the financial year | (28,623,748) | (27,817,631) |
| Net loss attributable to members | (712,569) | (806,117) |
| Lapsed and exercised options transferred from option reserve (note 14) | 39,670 | - |
| Balance at the end of the financial year | (29,296,647) | (28,623,748) |

NOTE 16: LOSS PER SHARE

| | CONSOLIDATED | |
|------------------------|--------------|-------|
| | 2023 | 2022 |
| | Cents | Cents |
| Basic loss per share | 0.06 | 0.09 |
| 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 | |
|---|--------------|-----------|
| | 2023 | 2022 |
| | \$ | \$ |
| Losses used in calculating basic and diluted loss per share | (712,569) | (806,117) |

| | CONSOLIDATED | |
|---|---------------|-------------|
| | 2023 | 2022 |
| | Number | Number |
| Weighted average number of ordinary shares used in calculating basic and diluted loss per share | 1,110,445,681 | 870,041,869 |

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 | |
|--------------|--------|
| 2023 | 2022 |
| \$ | \$ |
| 59,112 | 50,665 |
| 59,112 | 50,665 |

NOTE 18: CONTINGENT ASSETS AND LIABILITIES

The Group had contingent assets at 30 June 2023 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 2023.

NOTE 19: EVENTS OCCURRING AFTER THE REPORTING PERIOD

There have been no 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 \$2,703,520 (2022: \$2,542,742) per annum.

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:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 | |
|-----------------------------|------------------|------------------|
| | 2023 \$ | 2022 \$ |
| Financial assets | | |
| <i>Current</i> | | |
| Cash and cash equivalents | 5,005,228 | 2,008,082 |
| Trade and other receivables | 79,540 | 46,431 |
| | 5,084,768 | 2,054,513 |
| Financial liabilities | | |
| <i>Current</i> | | |
| Trade and other payables | 267,078 | 206,836 |
| | 267,078 | 206,836 |

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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

| | 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 2023 | | | | | | |
| Financial assets | | | | | | |
| Cash and cash equivalents | 237,226 | 4,766,500 | - | - | 1,502 | 5,005,228 |
| Trade and other receivables | - | - | - | - | 79,540 | 79,540 |
| | 237,226 | 4,766,500 | - | - | 81,042 | 5,084,768 |
| Weighted average interest rate | 2.21% | 3.42% | - | - | - | - |
| Financial liabilities | | | | | | |
| Trade and other payables | - | - | - | - | 267,078 | 267,078 |
| | - | - | - | - | 267,078 | 206,836 |
| Weighted average interest rate | - | - | - | - | - | - |
| Consolidated 2022 | | | | | | |
| Financial assets | | | | | | |
| Cash and cash equivalents | 1,990,289 | 16,500 | - | - | 1,293 | 2,008,082 |
| Trade and other receivables | - | - | - | - | 46,431 | 46,431 |
| | 1,990,289 | 16,500 | - | - | 47,724 | 2,054,513 |
| Weighted average interest rate | 0.87% | 0.4% | - | - | - | - |
| Financial liabilities | | | | | | |
| Trade and other payables | - | - | - | - | 206,836 | 206,836 |
| | - | - | - | - | 206,836 | 206,836 |
| 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:

| | 2023 \$ | 2022 \$ |
|------------------------------------|------------|------------|
| Impact on profit/(loss) and equity | | |
| Increase of 100 basis points | 119,164 | 6,522 |
| Decrease of 100 basis points | (119,164) | (6,522) |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 | |
|---------------------------|--------------|-----------|
| | 2023 | 2022 |
| | \$ | \$ |
| Cash and cash equivalents | 5,005,228 | 2,008,082 |
| | 5,005,228 | 2,008,082 |

Liquidity risk

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

| | Less than 6 months \$ | Contractual cash flows \$ | Carrying amount \$ |
|----------------------------|--------------------------|------------------------------|-----------------------|
| Consolidated - 2023 | | | |
| Trade and other payables | 267,077 | 267,077 | 267,077 |
| | <u>267,077</u> | <u>267,077</u> | <u>267,077</u> |
| Consolidated - 2022 | | | |
| Trade and other payables | 206,836 | 206,836 | 206,836 |
| | <u>206,836</u> | <u>206,836</u> | <u>206,836</u> |

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.

NOTE 22: SHARE-BASED PAYMENTS

a) Share option and performance right plan

The Group has an Employee Securities Incentive Plan ("Plan") for executives and employees of the Group. In accordance with the provisions of the Plan, 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 subject to approval by shareholders.

The share-based payments expense for the period was \$167,035. The following share-based payment arrangements under incentive plans were in existence during the reporting period:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

| Number of Options | Grant date | Expiry date | Vesting date | Exercise price | Fair value at grant date |
|-------------------------|-------------|-------------|--------------|----------------|--------------------------|
| 250,000 ¹ | 11 Dec 2019 | 31 Dec 2023 | 11 Dec 2019 | \$0.025 | \$0.0070 |
| 7,000,000 ² | 1 Jan 2021 | 31 Dec 2023 | 31 Dec 2021 | \$0.0252 | \$0.0090 |
| 1,000,000 ¹ | 8 Nov 2021 | 8 Nov 2024 | 14 Sep 2022 | \$0.025 | \$0.0066 |
| 1,000,000 ¹ | 8 Nov 2021 | 8 Nov 2024 | 14 Sep 2023 | \$0.035 | \$0.0057 |
| 5,000,000 ¹ | 18 Nov 2021 | 22 Nov 2022 | 18 Nov 2021 | \$0.02 | \$0.003 |
| 5,000,000 ¹ | 18 Nov 2021 | 22 Nov 2023 | 18 Nov 2021 | \$0.022 | \$0.0047 |
| 2,000,000 ¹ | 20 Jun 2022 | 22 Jun 2025 | 22 Jun 2023 | \$0.034 | \$0.0150 |
| 1,300,000 ¹ | 21 Jun 2022 | 22 Jun 2025 | 22 Jun 2023 | \$0.034 | \$0.0200 |
| 10,000,000 ¹ | 17 Oct 2022 | 17 Oct 2025 | 17 Oct 2022 | \$0.05 | \$0.018 |
| 6,000,000 ³ | 29 Nov 2022 | 23 Dec 2025 | 23 Dec 2023 | \$0.0405 | \$0.02 |

¹The Company notes that the options were issued to employees and consultants under the previous incentive plan or agreements between the Company and placement lead managers.

²On 1 January 2021, 7,000,000 unlisted options were granted to CEO, James Wilson as a sign-on bonus. The sign-on options vested on 31 December 2021.

³On 23 December 2022, after the receipt of shareholder approval, 2,000,000 unlisted options exercisable at \$0.0405 per option expiring three years from issue, were issued to each of the non-executive directors, Lindsay Dudfield, Liza Carpeno and Anthony Ho.

| Number of Rights ⁴ | Grant date | Vesting date and conditions | Expiry date | Exercise price | Value per right at grant date | % Vested |
|-------------------------------|------------|-----------------------------|-------------|----------------|-------------------------------|----------|
| 4,000,000 | 1 Jan 2021 | Various | 31 Dec 2023 | Nil | \$0.0089 | 0% |
| 4,000,000 | 1 Jan 2021 | Various | 31 Dec 2023 | Nil | \$0.0161 | 0% |
| 2,000,000 | 1 Jan 2021 | Various | 31 Dec 2023 | Nil | \$0.0066 | 0% |

⁴10,000,000 performance rights were granted to CEO, James Wilson as a long-term incentive.

b) Movements in options and performance rights during the year

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

| | 2023 | | 2022 | |
|--|---------------------------------------|--------------------------------------|---------------------------------------|--------------------------------------|
| | No. of options and performance rights | Weighted average exercise price (\$) | No. of options and performance rights | Weighted average exercise price (\$) |
| Outstanding at the beginning of the year | 35,550,000 | 0.018 | 20,250,000 | 0.013 |
| Granted during the year | 16,000,000 | 0.026 | 15,300,000 | 0.025 |
| Expired/exercised during the year | (8,000,000) | 0.0231 | - | - |
| Outstanding at the end of the year | 43,550,000 | 0.020 | 35,550,000 | 0.18 |
| Exercisable at the end of the year | 26,550,000 | 0.023 | 17,250,000 | 0.023 |

The weighted average remaining contractual life of share options outstanding at the end of the year was 1.21 years (2022: 1.54 years).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The weighted average remaining contractual life of performance rights outstanding at the end of the year was 0.5 years (2022: 1.54 years).

c) Options outstanding at the end of the year

Set out below are the options exercisable at the end of the financial year:

| Expiry date | Exercise price (\$) | 2023 (number) | 2022 (number) |
|-------------------|---------------------|---------------|---------------|
| 30 September 2022 | 0.03 | 0 | 32,700,609 |
| 31 December 2023 | 0.025 | 250,000 | 250,000 |
| 31 December 2023 | 0.0252 | 7,000,000 | 7,000,000 |
| 8 November 2024 | 0.025 | 1,000,000 | 1,000,000 |
| 8 November 2024 | 0.035 | 1,000,000 | 1,000,000 |
| 22 November 2022 | 0.02 | 0 | 5,000,000 |
| 22 November 2023 | 0.022 | 5,000,000 | 5,000,000 |
| 22 June 2025 | 0.034 | 3,300,000 | 3,300,000 |
| 17 October 2025 | 0.05 | 10,000,000 | 0 |
| 23 December 2025 | 0.0405 | 6,000,000 | 0 |
| | | 38,550,000 | 55,250,609 |

NOTE 23: RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

| | CONSOLIDATED | |
|---|--------------|------------|
| | 2023 \$ | 2022 \$ |
| Cash flows from operating activities | | |
| Loss for the period | (712,569) | (806,117) |
| <i>Non-cash flows in profit/(loss):</i> | | |
| - Depreciation | 453 | - |
| - Share-based remuneration | 167,035 | 116,704 |
| - Exploration expenditure write-off | 305,660 | 249,239 |
| - Other non-cash flows | 1,763 | - |
| <i>Change in assets and liabilities:</i> | | |
| - Decrease/(increase) in trade receivables | (17,881) | (1,930) |
| - Decrease/(increase) in prepayments | (1,226) | (26,939) |
| - Increase/(decrease) in trade creditors and accruals | (1,913) | 705 |
| - Increase/(decrease) in provisions | 45,783 | 14,905 |
| Net cash used in operating activities | (212,895) | (453,433) |

Non-cash investing and financing activities

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 24: RELATED PARTY DISCLOSURE

a) Parent entity

| | Class | Country of incorporation | Investment at cost | |
|---------------------------|----------|--------------------------|--------------------|-----------|
| | | | 2023 (\$) | 2022 (\$) |
| Alchemy Resources Limited | Ordinary | Australia | - | - |

b) Subsidiaries

| | Class | Country of incorporation | Investment at cost | |
|--|----------|--------------------------|--------------------|-----------|
| | | | 2023 (\$) | 2022 (\$) |
| 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 | |
|------------------------------|----------------|------------|
| | 2023 \$ | 2022 \$ |
| Short-term employee benefits | 329,019 | 259,998 |
| Post-employment benefits | 25,200 | 20,000 |
| Share-based payments | 107,802 | 69,631 |
| | 462,021 | 349,629 |

There were no new related party transactions during the year ended 30 June 2023 and 30 June 2022.

Detailed remuneration disclosures are provided in the remuneration report on pages 32 to 38.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 25: PARENT ENTITY DISCLOSURE

| | CONSOLIDATED | |
|---------------------------------|------------------|------------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Financial Performance | | |
| Loss for the year | 2,416,482 | 1,998,424 |
| Other comprehensive income | - | - |
| Total comprehensive loss | 2,416,482 | 1,998,424 |
| Financial Position | | |
| ASSETS | | |
| Current assets | 5,075,128 | 2,058,745 |
| Non-current assets | 3,720 | 2,288 |
| TOTAL ASSETS | 5,078,848 | 2,061,033 |
| LIABILITIES | | |
| Current liabilities | 162,039 | 117,429 |
| TOTAL LIABILITIES | 162,039 | 117,429 |
| NET ASSETS | 4,916,809 | 1,943,604 |
| EQUITY | | |
| Issued equity | 43,417,654 | 38,375,002 |
| Reserves | 500,904 | 193,539 |
| Accumulated losses | (39,001,748) | (36,624,937) |
| TOTAL EQUITY | 4,916,809 | 1,943,604 |

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 2023.

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 66 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 2023 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 2023.

Signed in accordance with a resolution of the Directors.



Lindsay Dudfield
Chair

Perth, Western Australia

28 September 2023

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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 2023, 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 2023 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.

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> |
|--|---|
| <p>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.</p> <p>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.</p> <p>In accordance with AASB 6 Exploration for and Evaluation of Mineral Resources (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.</p> | <p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • 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 2023, 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 32 to 38 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Alchemy Resources Limited, for the year ended 30 June 2023, 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 'Neil Smith', written over a small, faint BDO logo.

Neil Smith

Director

Perth

28 September 2023

ADDITIONAL SHAREHOLDER INFORMATION AS AT 22 SEPTEMBER 2023

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 | Percentage of issued capital (%) |
|-------------------|--------------|----------------------------------|
| 1 to 1,000 | 170 | 0.00 |
| 1,001 to 5,000 | 150 | 0.04 |
| 5,001 to 10,000 | 120 | 0.08 |
| 10,001 to 100,000 | 1,160 | 4.69 |
| 100,001 and over | 975 | 95.19 |
| Total | 2,575 | 100.00 |

The number of holders of less than a marketable parcel of ordinary fully paid shares is 986 (1.24% of issued capital).

Substantial Shareholders

Substantial shareholders (i.e. shareholders who hold 5% or more of the issued capital as disclosed in the most recent substantial shareholder notices given to the Company):

| Holder / Group name | Shares held | Percentage of issued capital (%) |
|---------------------------------|-------------|----------------------------------|
| Northern Star Resources Limited | 78,125,000 | 6.63% |
| Mr Neil Kenneth Watson | 79,345,819 | 6.76% |
| Mr Lindsay George Dudfield | 60,880,611 | 5.17% |

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 1,178,076,256 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.

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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 \$0.025 on or before 8 November 2024 | 1,000,000 | 1 |
| Options exercisable at \$0.035 on or before 8 November 2024 | 1,000,000 | 1 |
| Options exercisable at \$0.022 on or before 22 November 2023 | 5,000,000 | 1 |
| Options exercisable at \$0.034 on or before 22 June 2025 | 3,300,000 | 6 |
| Options exercisable at \$0.050 on or before 17 October 2025 | 10,000,000 | 2 |
| Options exercisable at \$0.0405 on or before 23 December 2025 | 6,000,000 | 3 |

Twenty Largest Holders of Quoted Ordinary Shares

| Shareholder / Group name | Number of shares | Percentage held (%) |
|---|------------------|---------------------|
| Northern Star Resources Limited | 78,125,000 | 6.63% |
| Mr Lindsay George Dudfield and associated entities | 60,880,611 | 5.17% |
| Mr Neil Kenneth Watson and associated entities | 59,345,819 | 5.04% |
| Moryton Pty Ltd | 50,000,000 | 4.24% |
| Equity Trustees Limited <Lowell Resources Fund A/C> | 45,818,182 | 3.89% |
| Netwealth Investments Limited <Wrap Services A/C> | 28,564,407 | 2.42% |
| JP Morgan Nominees Australia Pty Limited | 40,000,002 | 3.40% |
| Alexander Angelopoulos and associated entities | 17,802,159 | 1.51% |
| Troca Enterprises Pty Ltd <Coulson Super Fund A/C> | 16,950,000 | 1.44% |
| BNP Paribas Nominees Pty Ltd ACF Clearstream | 12,686,519 | 1.08% |
| Mr Christopher Paul Lewis | 12,314,506 | 1.05% |
| Heron Resources Limited | 12,000,000 | 1.02% |
| Citicorp Nominees Pty Limited | 10,944,947 | 0.93% |
| Kingarth Pty Ltd | 10,000,000 | 0.85% |
| BNP Paribas Nominees Pty Ltd <DRP> | 9,958,700 | 0.85% |
| Mr Lee Lindsay Burkett <Lee Burkett Family A/C> | 8,700,000 | 0.74% |
| Ms Zhen Chen | 7,451,110 | 0.63% |
| Mr Eric Anthony Frederick Bennik | 7,445,092 | 0.63% |
| Bluestar Management Pty Ltd | 7,000,000 | 0.59% |
| Mr James Michael Wilson | 6,655,399 | 0.56% |
| Potski Pty Ltd <Potski Super Fund A/C> | 6,222,220 | 0.53% |
| | 468,864,671 | 39.80% |

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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 |
| E52/2362 | WA | Granted | 20% | Billabong / Sandfire | 2, 4, 6 |
| E52/3292-I | 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 |
| E52/3408 | WA | Granted | 20% | Billabong / Sandfire | 2, 4 |
| E52/4086 | WA | Application | 20% | Sandfire | 2 |
| E52/4087 | WA | Application | 20% | Sandfire | 2 |
| E52/4088 | WA | Application | 20% | Sandfire | 2 |
| E52/4089 | WA | Application | 20% | Sandfire | 2 |
| E52/4090 | WA | Application | 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 |
| P52/1617 | WA | Granted | 20% | Sandfire | 2 |
| P52/1618 | WA | Granted | 20% | Sandfire | 2 |
| P52/1619 | WA | Granted | 20% | Sandfire | 2 |
| P52/1644 | WA | Granted | 20% | Sandfire | 2 |
| P52/1645 | WA | Granted | 20% | Sandfire | 2 |
| P52/1646 | WA | Granted | 20% | Sandfire | 2 |
| P52/1647 | 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 |

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TENEMENT SCHEDULE

| Project/Tenement | State | Status | Interest | Co-holder | Notes |
|-----------------------|-------------------|----------------------|----------|------------------------|-------|
| Karonie Project | Western Australia | | | | |
| E28/2575 | WA | WA | 100% | | 7 |
| E28/2576-1 | WA | WA | 100% | | 7 |
| E28/2601 | WA | WA | 100% | | 7 |
| E28/2619 | WA | WA | 100% | | 7 |
| E28/2643 | WA | WA | 100% | | 7 |
| E28/2657 | WA | WA | 100% | | 7 |
| E28/2667 | WA | WA | 100% | | 7 |
| E28/2668 | WA | WA | 100% | | 7 |
| E28/2681 | WA | WA | 100% | | 7 |
| E28/2752 | WA | WA | 100% | | 7 |
| E28/2880 | WA | WA | 100% | | 7 |
| E28/2940 | WA | WA | 100% | | 7 |
| E28/2976 | WA | WA | 100% | | 7 |
| E28/3098 | WA | WA | 100% | | 7 |
| E28/3207 | WA | WA | 100% | | 7 |
| E28/3335 | WA | Application – Ballot | | | 7 |
| Lake Rebecca Project | Western Australia | | | | |
| E28/3006 | WA | Granted | 100% | | 7 |
| E28/3008 | WA | Granted | 100% | | 7 |
| E28/3035 | WA | Granted | 100% | | 7 |
| E28/3039 | WA | Granted | 100% | | 7 |
| E28/3048 | WA | Granted | 100% | | 7 |
| E28/3053 | WA | Granted | 100% | | 7 |
| E28/3058 | WA | Granted | 100% | | 7 |
| E28/3059 | WA | Granted | 100% | | 7 |
| E28/3063 | WA | Granted | 100% | | 7 |
| E28/3064 | WA | Granted | 100% | | 7 |
| E28/3006 | WA | Granted | 100% | | 7 |
| E28/3008 | WA | Granted | 100% | | 7 |
| Lachlan Projects | New South Wales | | | | |
| EL5878 - Overflow | NSW | Granted | 80% | Develop Global Limited | 8 |
| EL7941 - Overflow | NSW | Granted | 80% | Develop Global Limited | 8 |
| EL8267 - Overflow Nth | NSW | Granted | 80% | Develop Global Limited | 8 |
| EL8356 - Yellow Mtn | NSW | Granted | 80% | Develop Global Limited | 8 |
| EL8192 - Eurow | NSW | Granted | 80% | Develop Global Limited | 8 |
| EL8318 - Girilambone | NSW | Granted | 80% | Develop Global Limited | 8 |
| EL8631 - West Lynn | NSW | Granted | 80% | Develop Global Limited | 8 |
| EL8711 - Woodsreef | NSW | Granted | 80% | Develop Global Limited | 8 |

Notes:

- Jackson Minerals Pty Ltd, a subsidiary of Fe Ltd (ASX: FEL), retains a 20% interest free-carried to a decision to mine.
- 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.
- Billabong Gold Pty Ltd holds a 70% interest in whole or part of tenement.
- Billabong Gold Pty Ltd holds an 80% interest in whole or part of tenement.
- PepinNini Robinson Range Pty Ltd retains a 1% NSR on iron ore.
- Carey Mining Iron Ore JV: Alchemy has 100% mineral rights for all minerals, excluding iron ore where ownership is Alchemy 50% / Carey Mining 50%.
- Goldtribe Corporation Pty Ltd, a subsidiary of Alchemy Resources Ltd, holds a 100% interest in the tenement.
- Alchemy Resources (NSW) Pty Ltd, a subsidiary of Alchemy Resources Ltd, holds a 80% interest with Develop Global owning the remaining 20%.