



**ABN 17 124 444 122**

**ANNUAL REPORT**

For the year ended 30 June 2017

## Corporate Directory

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### Directors

|                  |                        |
|------------------|------------------------|
| Lindsay Dudfield | Non-Executive Chairman |
| Leigh Ryan       | Managing Director      |
| Liza Carpene     | Non-Executive Director |
| Anthony Ho       | Non-Executive Director |

### Company Secretary

Bernard Crawford

### Registered & Principal Office

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Website: [www.alchemyresources.com.au](http://www.alchemyresources.com.au)

### Auditors

BDO Audit (WA) Pty Ltd  
38 Station Street  
Subiaco WA 6008

### Bankers

National Australia Bank  
226 Main Street  
Osborne Park WA 6017

### Share Registry

Security Transfer Registrars Pty Ltd  
770 Canning Highway  
Applecross WA 6153  
Telephone: (08) 9315 2333  
Facsimile: (08) 9315 2233

### Securities Exchange Listing

The Company is listed on the Australian Securities Exchange Ltd ("ASX")  
Home Exchange: Perth, Western Australia

ASX Code: **ALY**

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## Chairman's Letter

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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 2017.

The past year has been a positive period for Alchemy as we prepare for the next stage of the Company's growth. Alchemy now has four key assets, all located in mining friendly parts of Australia, each with the potential to host "company making" deposits. Exploration at two of these projects (Bryah Basin Gold and Bryah Basin Base Metals) is being funded by highly regarded partners with no contribution required from Alchemy until a discovery is delineated or in production, whilst work at the Karonie Project (100% owned) and the Lachlan/Cobar Project (Alchemy earning 80%) is being accelerated following completion of the recent capital raising.

The Karonie Project is located directly along strike from Breaker Resources' exciting Bombora discovery and abutting Silver Lake Resources' 0.5Moz Aldiss project where mining is scheduled to commence next year. Alchemy quadrupled its footprint in this highly prospective area during the year with first pass drilling expected to commence in September 2017.

The Lachlan/Cobar Project is a large landholding in a highly mineralised district proximal to several operating base metal and gold mines. Results from Alchemy's maiden diamond hole drilled at the Overflow prospect during the year were very encouraging and the Company plans to drill test strong EM anomalies at the Overflow and Black Range Tank prospects over the coming months.

Independence Group and Superior Gold continue to explore Alchemy's Bryah Basin tenements. Independence has undertaken geophysical surveys and drill testing along strike from Sandfire Resources' high grade DeGrussa copper-gold mine with early indications suggesting that the chances for the discovery of a large base metal deposit are good. Meanwhile Superior Gold is undertaking an updated resource estimate for the Wilgeena deposit, as well as focussing on high priority targets with the potential to add additional gold ounces to the Bryah Basin resource base.

Importantly, following a successful placement and entitlement offer to shareholders, Alchemy now has sufficient cash to advance the exciting new gold and base metal targets at Karonie and Lachlan/Cobar, with further details set out in the Review of Activities section of this report.

In January 2017 Alchemy announced the appointment of highly experienced and energetic geologist Leigh Ryan as the Company's Managing Director. Also, subsequent to completion of the capital raising, Alchemy accepted the resignation of non-executive Chairman, Mr Oscar Aamodt and we thank Oscar for his guidance and substantial contribution to the Company over the past six years and wish him all the best in his retirement.

Finally, on behalf of the Board I would like to express my appreciation to the Alchemy team for their efforts during the period and thank you, our shareholders, for your ongoing support during what I believe will turn out to be a watershed year for the Company.



**Lindsay Dudfield**  
Chairman

### Key Investment Highlights

- Focussed strategy towards **finding a company maker gold or base metal deposit** through strategic acquisition and systematic exploration using modern geological, geochemical and geophysical exploration techniques on high quality projects.
- Significant discovery potential with **drill-ready gold and base metal targets** at multiple prospects
- **Lachlan/Cobar Basin Projects** – multiple, high-grade gold & base metal targets at Overflow, Eurow and Girilambone
- **Karonie Project** – drill-ready, high-grade gold targets in premier goldfield
- **Bryah Basin Project** – joint-venture funded exploration for high-grade gold and base metals in emerging metallogenic province
- Experienced and proven Board and management team and good financial position

## Review of Activities

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Alchemy Resources Limited (ASX: ALY; “Alchemy”) is an Australian gold and base metal exploration company focused on growth through the discovery and development of gold and base metal resources at its portfolio of quality projects within Australia (*Figure 1*).

Since the acquisition of the Karonie and Lachlan/Cobar Basin projects in 2016, Alchemy’s exploration focus has been on compiling and evaluating historic exploration data, delineating quality drill targets and drilling high priority targets within both these new project areas.

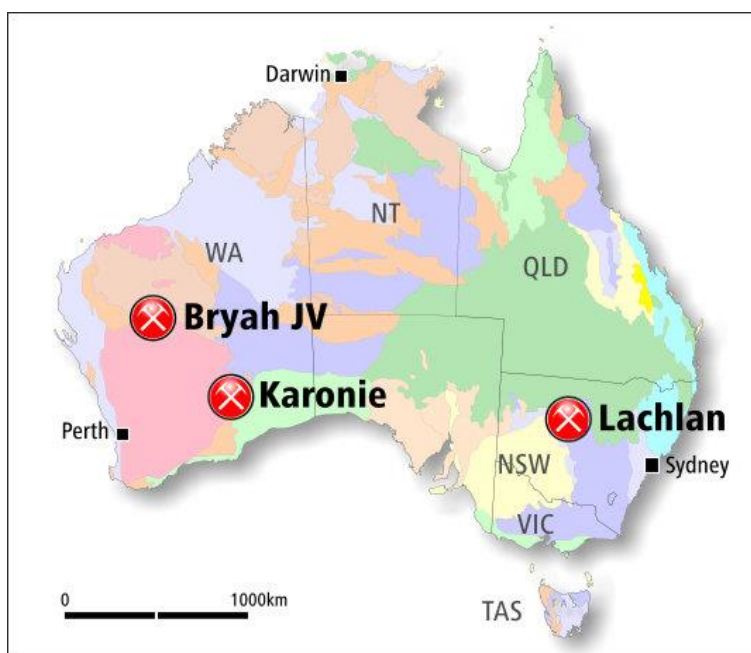
Exploration has commenced at the gold-prospective Karonie Project in the Kurnalpi Greenstone Terrane in the Eastern Goldfields region of Western Australia where Alchemy intends to drill test shallow high-grade gold targets. The Karonie Project is in one of Australia’s premier gold provinces with significant potential to discover additional gold resources.

Drilling within the farm-in and joint venture agreement licences in New South Wales has confirmed the high grade nature of gold and base metal mineralisation at the Overflow Prospect and further drilling at this prospect and at other high priority drill targets is planned in order to define sufficient resources to underpin a profitable near-term development scenario. The projects are in a well-endowed gold and base metal province with significant upside for gold, silver, copper, lead and zinc mineralisation.

Alchemy also maintains its interest in the Bryah Basin Project in the emerging gold and base metal-rich Gascoyne region of Western Australia where our joint venture partners IGO and Billabong Gold continue to fund base metal and gold exploration respectively.

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

- unlock the gold and base metal potential of highly prospective Karonie and Lachlan/Cobar projects through systematic exploration and targeted drilling campaigns;
- create value for shareholders through joint venture-funded exploration for gold and base metal deposits within the Bryah Basin Project; and
- continue to expand the Company’s position through strategic acquisition and exploration of quality advanced project opportunities.



*Figure 1: Alchemy Resources’ Project Location Map.*

## Review of Activities

### Karonie Project (WA)

(Alchemy 100%)

The Karonie Project includes six granted licences and three licence applications covering 782km<sup>2</sup> of Archean greenstones in the Eastern Goldfields of Western Australia (Figure 2). The project, located 100km east of Kalgoorlie in a highly prospective, quality geological setting, located between major regional-scale fault zones. It is strategically located close to existing processing plants and is along strike to the north and south of Silver Lake Resources Ltd's (ASX: SLR) Karonie/Harry's Hill/French Kiss resources and reserves of 560,000oz @ 2.18g/t Au including the Harry's Hill deposit with a Probable Reserve of 1.13Mt at 2.4g/t gold for 86,000 oz gold scheduled for production from FY19. The eastern licences are along strike of Breaker Resources Ltd's (ASX: BRB) Bombora Deposit which lies within an 8km-long zone of gold mineralisation where recent drilling has returned broad, high-grade gold intercepts including 24m @ 7.75g/t from 9m, 19m @ 7.56g/t Au from 49m, 21.3m @ 5.1g/t Au from 46m and 7m @ 61.8g/t Au from 59m with a maiden resource announcement expected at year end (refer to Breaker Resources website).

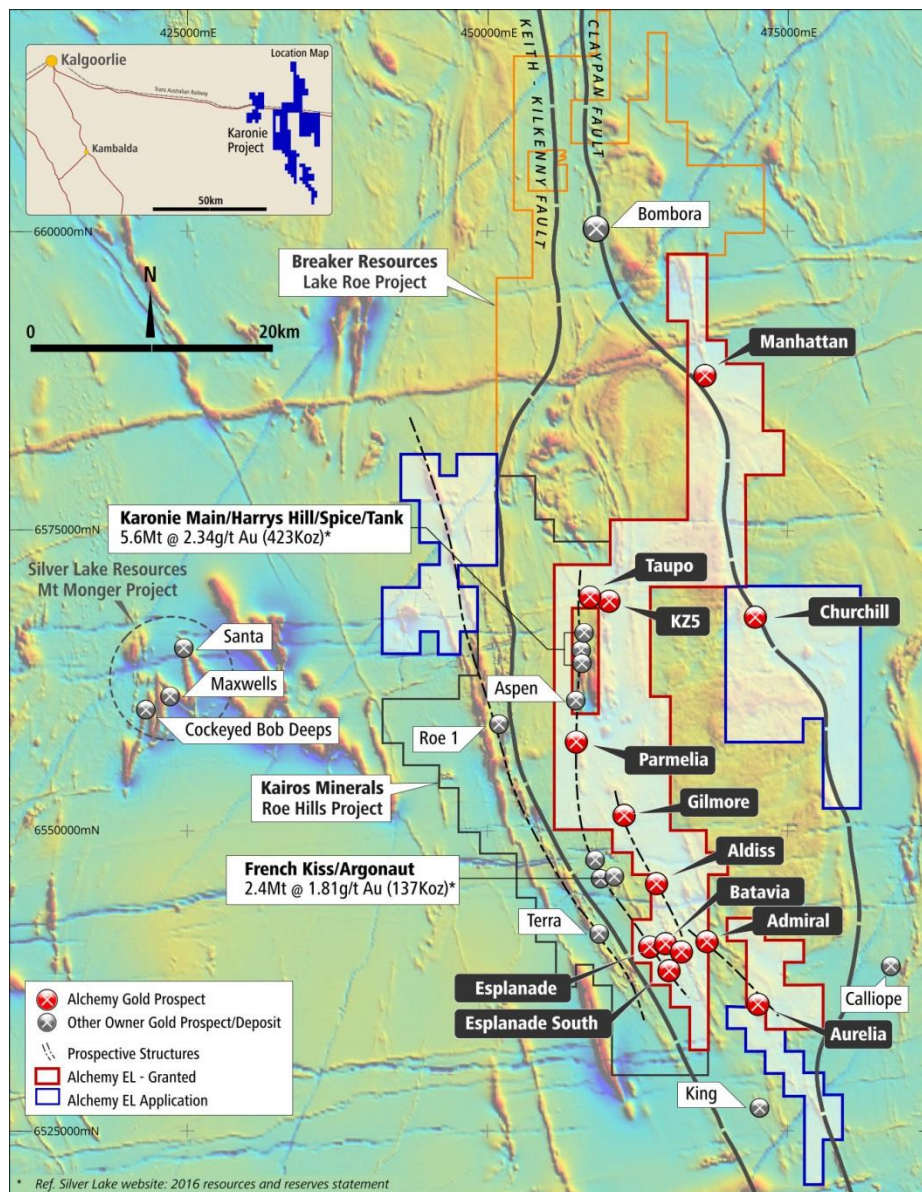


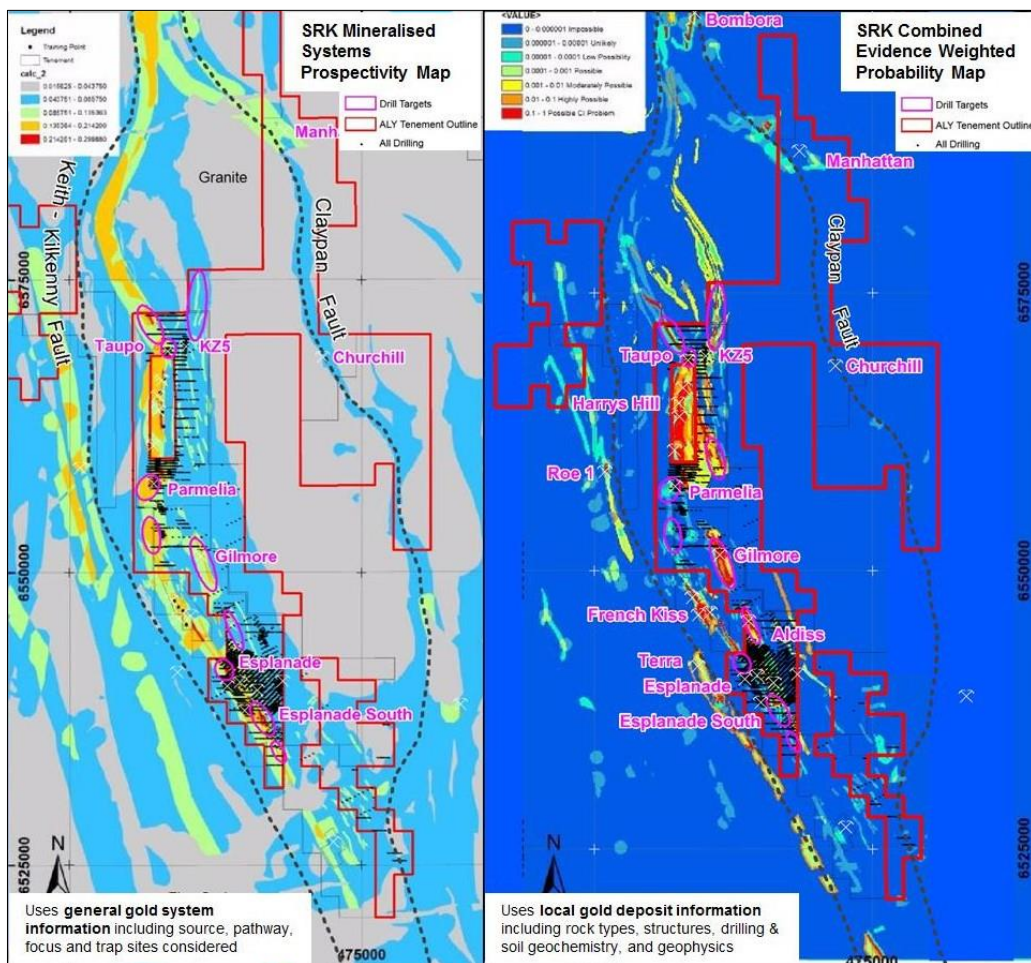
Figure 2: Karonie Project tenements, major deposits, prospects and interpreted major structures over aeromagnetic image



## Review of Activities

Historic rotary air blast and aircore drilling outlined a series of >4km strike length gold anomalous trends, including the Esplanade, Admiral, Batavia and Challenger prospects in the southern half of the Karonie Project. Wide-spaced, first-pass RC drilling undertaken to test some of the targets delineated by the shallow drilling returned numerous high-grade gold intercepts in bedrock at multiple prospects, including 9m @ 3.0g/t Au from 61m, 8m @ 3.4g/t Au from 38m and 5m @ 2.9g/t Au from 101m (Esplanade Prospect), 6m @ 1.94g/t Au from 74m to EOH, 10m @ 2.55g/t Au from 30m and 22m @ 1.06g/t Au from 42m (Taupo Prospect), and 20m @ 1.58g/t Au from 190m and 12m @ 1.37 g/t Au, 0.71% Zn from 42m (KZ5 Prospect). Additional deeper RC drilling is required to adequately test these prospects.

A prospectivity study completed by SRK Consulting in 2014 has been used to assist the planning of additional first pass aircore drilling across several new high priority target areas. The prospectivity study uses Minerals System Analysis and Weights of Evidence Analysis to identify targets for gold mineralisation. Minerals System Analysis focusses on generalised gold mineralisation system knowledge including source, pathway, focus and trap site criteria (Figure 3 - left). Weights of Evidence Analysis uses local gold deposit information including prospective rock types, structures, drilling geochemistry, soil geochemistry, and geophysics (Figure 3 - right). The study clearly indicates areas of higher prospectivity that warrant future exploration focus. These are represented by the “hot-coloured” areas in Figure 3 below and include the Gilmore and Aldiss target areas which will be the focus of initial aircore drilling by Alchemy.



**Figure 3:** Karonie Project: mineralised systems prospectivity map (left), and combined evidence weighted probability map (right), (modified from open file SRK “Prospectivity Study for the Aldiss Project Area” report dated December 2014 prepared for Silver Lake Resources).



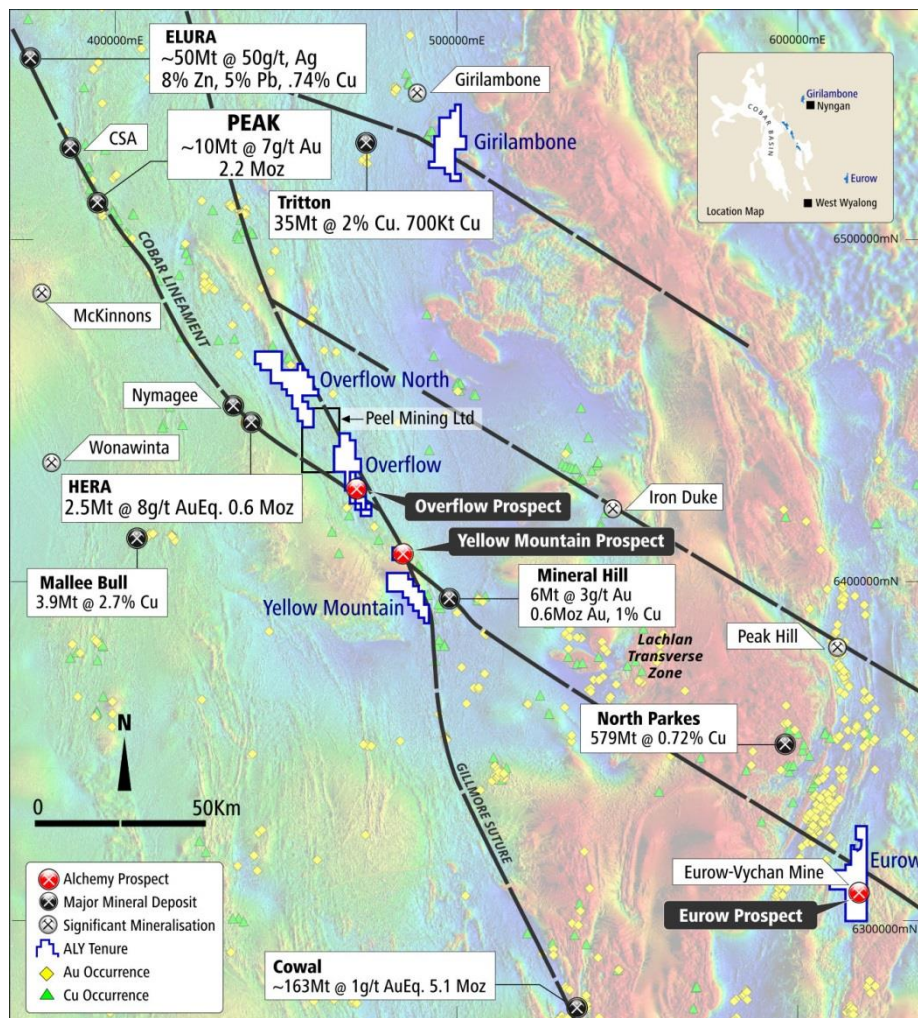
## Review of Activities

### Lachlan/Cobar Projects (NSW)

(Alchemy earning up to 80%)

Alchemy commenced a farm-in and joint venture with Heron Resources Ltd (ASX: HRR; “Heron”) to earn up to an 80% interest in three gold and base metal projects in the highly prospective central Lachlan province (Figure 4). The Lachlan/Cobar Basin Projects consist of the Overflow and Overflow North Gold-Base Metal Projects (“Overflow”), the Eurow Copper-Gold Project (“Eurow”) and the Girilambone Copper Project (“Girilambone”). Each of these projects contains identified gold and / or base metal targets, including drill-ready priority targets at Overflow.

The projects represent a strategic exploration project acquisition for Alchemy, with a large 674km<sup>2</sup> land package in the underexplored central Lachlan province and Cobar Superbasin. The projects are proximal to high profile mining centres including Hera/Nymagee, Mallee Bull, Mineral Hill, Tritton and the Parkes mining centre (Figure 4).



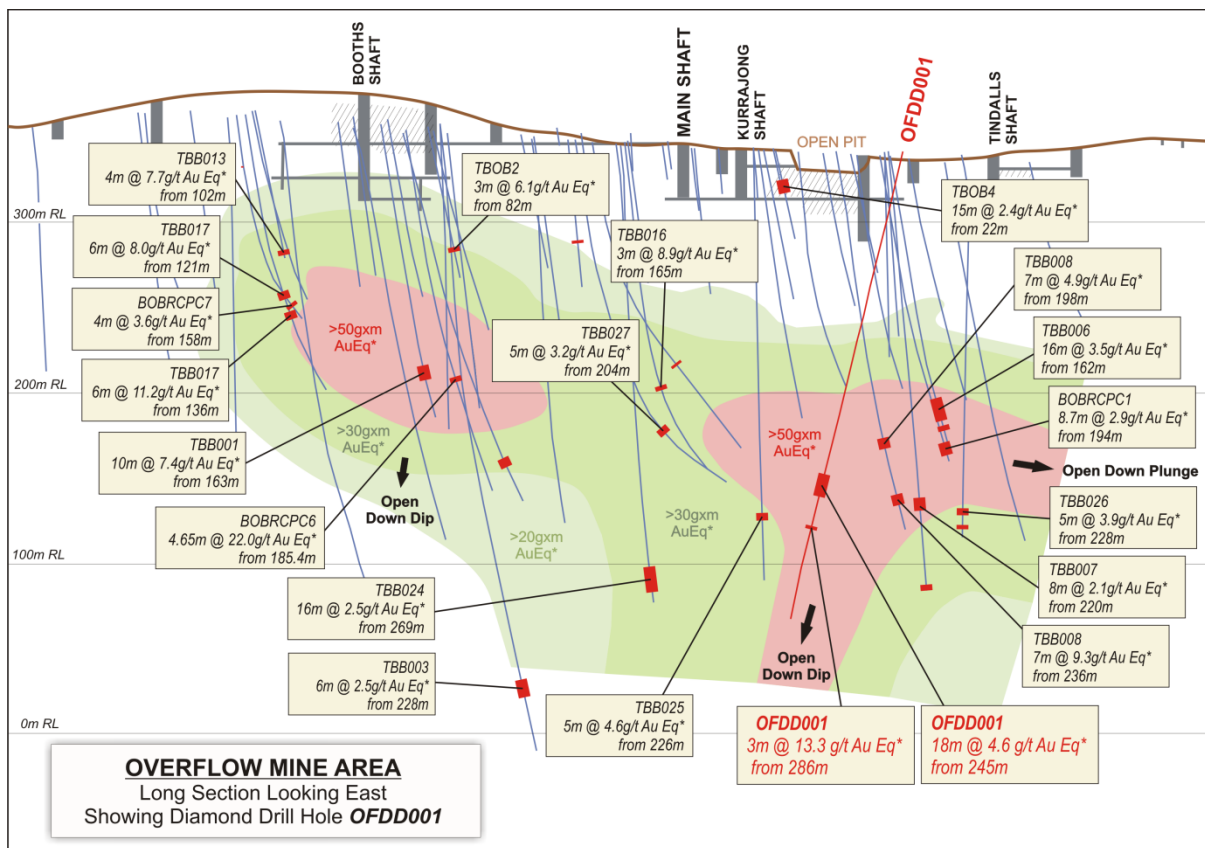
**Figure 4:** Lachlan projects – Overflow, Overflow North, Yellow Mountain, Eurow & Girilambone – Alchemy earning up to 80% interest through farm-in / joint venture with Heron Resources Ltd.

## Review of Activities

### Overflow Gold-Base Metal Project

The Overflow Projects consist of four exploration licences covering 390km<sup>2</sup> located over a 34km long section of the Gilmore Suture approximately 20km east of the high grade Hera/Nymagee deposits (Figure 4). The projects are located on Ordovician-Devonian metasediments and volcanics which are highly prospective for epithermal and Cobar-style gold and base-metal mineralisation.

The Projects are centred on the historic Overflow mining centre, a past producer of gold, silver and lead, and has been the focus of previous exploration in the area since mining ceased in 1942. Historic drilling at the Overflow Mine has returned high-grade gold-silver and base metal intercepts (Figure 5), including 4.7m at 8.5g/t gold, 79g/t silver, 13.5% zinc, 7.1% lead from 185.4m, 10m at 4.4g/t gold, 21g/t silver, 3.0% zinc, 1.3% lead from 163m, and 6m at 7.55g/t gold, 29g/t silver, 3.6% zinc, 1.5% lead from 136m. Mineralisation is structurally-controlled, with known zones having relatively short strike lengths but potentially long in the down-plunge direction, typical of Cobar-style mineralisation.



**Figure 5:** Overflow Prospect long section looking east showing historic workings, drill intercept AuEq grade x metre shells (red = >50gxm AuEq, yellow = >30gxm AuEq, green = >20gxm AuEq), historic drilling (traces coloured by Au g/t (left) and Ag g/t (right)) and completed diamond drill hole (OFDD001 - labelled), (Refer to Alchemy Resources ASX Announcement dated 9 February 2017).

## Review of Activities

During the year Alchemy completed a 360.7m deep diamond drill hole (OFDD001) at the Overflow Prospect. The hole returned some excellent results including 18m @ 2.1g/t Au, 111g/t Ag, (4.6g/t AuEq<sup>1</sup>) from 245m (including 11m @ 3.0g/t Au, 141g/t Ag, (5.8g/t AuEq\*) from 253m), and 3m @ 7.3g/t Au, 43g/t Ag, (13.3g/t AuEq<sup>1</sup>) from 286m. The results expanded the known extent of high grade gold-silver-lead-zinc mineralisation at Overflow, and included one of the best gold intercepts encountered at the prospect (Figures 5 & 6). The diamond core from OFDD001 provided important geological, physical and geophysical properties and some critical structural information.

**Table A:** Drill hole details

| Hole ID | EOH Depth | Grid_ID  | East (MGA) | North (MGA) | RL  | Dip | Azi (MGA) | Azi (Magn) |
|---------|-----------|----------|------------|-------------|-----|-----|-----------|------------|
| OFDD001 | 360.7     | MGA94z55 | 471240     | 6425780     | 341 | -52 | 52        | 41.5       |

**Table B:** Overflow Prospect significant diamond drilling intercepts:

| Hole ID   | From (m) | To (m) | #Width (m) | Au g/t     | Ag g/t       | Cu % | Pb %        | Zn %        | *AuEq g/t   |
|-----------|----------|--------|------------|------------|--------------|------|-------------|-------------|-------------|
| OFDD-001  | 245      | 263    | <b>18</b>  | <b>2.1</b> | <b>111.4</b> | 0.02 | 0.30        | 1.05        | <b>4.6</b>  |
| including | 246      | 256    | <b>11</b>  | <b>3.0</b> | <b>140.6</b> | 0.02 | 0.24        | 0.95        | <b>5.8</b>  |
| and       | 270      | 271    | 1          | 0.57       | 19.0         | 0.01 | 0.15        | 0.56        | 1.3         |
| and       | 286      | 289    | <b>3</b>   | <b>7.3</b> | <b>42.5</b>  | 0.27 | <b>4.16</b> | <b>4.58</b> | <b>13.3</b> |

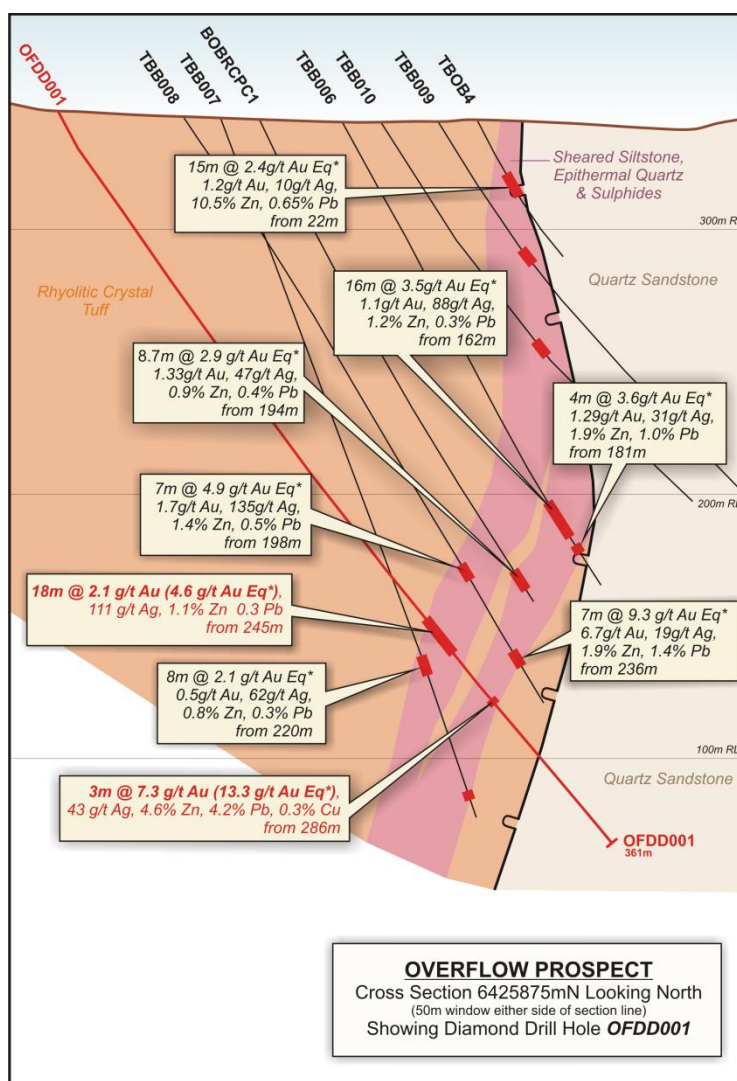
<sup>#</sup> Lower cut-off grade = 0.5g/t Au, no top cut applied, 1m maximum internal waste, all intercepts >0.5g/t Au are reported

\* Gold equivalent (AuEq) values assigned to each drilling intersection refer to the calculated gold equivalent grade (AuEq g/t) based on Au, Ag, Cu, Zn and Pb grades using the following formula:  $AuEq (g/t) = Au (g/t) + Ag * 0.015 (g/t) + Cu * 1.33 (\%) + Pb * 0.5 (\%) + Zn * 0.63 (\%)$ .

A downhole EM survey was concluded shortly after completing OFDD001. The survey detected a conductivity anomaly that geophysical modelling determined was ~35m north of the main upper ore zone intercepted in OFDD001. This corresponds with a 90cm massive sulphide zone intercepted from 226m to 227m in an historic drill hole (TBB025), the closest hole to the north of OFDD001. Subsequently, Alchemy plans to complete a surface EM survey over the known Overflow mineralisation and over the strong airborne EM conductivity anomaly identified down plunge of the known high grade mineralisation in order to better define this target.

Subject to further geophysical modelling a deep diamond hole is planned to test this conductivity anomaly at approximately 350m below surface (Figure 7). The diamond hole can be drilled as soon as an EAA (Exploration Activity Application) is approved by the NSW Department of Resources and Energy.

<sup>1</sup> Gold equivalent (AuEq) values assigned to each drilling intersection refer to the calculated gold equivalent grade (AuEq g/t) based on Au, Ag, Cu, Zn and Pb grades using the following formula:  $AuEq (g/t) = Au (g/t) + Ag * 0.015 (g/t) + Cu * 1.33 (\%) + Pb * 0.5 (\%) + Zn * 0.63 (\%)$ . The AuEq calculation takes into account the following March 2017 metal prices: Au US\$1200/oz, Ag US\$17.5/oz, Cu US\$2.60/lb = \$0.16/oz, Pb US\$1.00/lb = \$0.06/oz and Zn US\$1.20/lb = \$0.075/oz



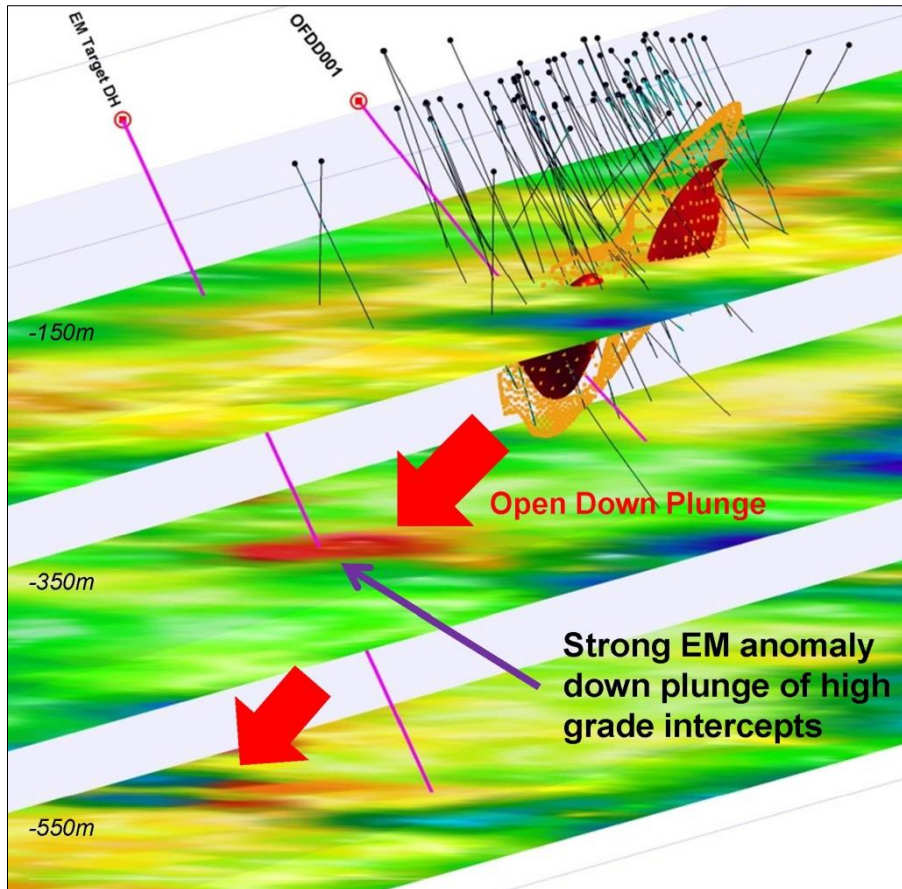
**Figure 6:** Overflow Prospect cross section (6425875N+50m) looking north showing grade x thickness shell outline (>30gxm AuEq), drill hole traces coloured by Au (left) and Ag (right), and historic drilling intercepts & OFDD001 intercepts (labelled), (Refer to Alchemy Resources ASX Announcement dated 14 February 2017).

Outside of the Overflow mine area a number of regional targets have been delineated and warrant further exploration. A significant electromagnetic (EM) anomaly identified in both 2011 airborne EM (VTEM) and 2008 ground EM surveys at the Black Range Tank Prospect has been targeted for follow-up RC drilling. The VTEM / surface EM anomaly coincides with anomalous Au-Cu-Pb-Zn-Ag-in-soil samples (Figure 8), and a gossan outcrop that returned rock chip sample values up to 1.94g/t Au, 45g/t Ag, 1.2% Pb, & 0.1% Cu (Delta Gold Exploration Pty Ltd. 1996). Existing holes (BRR1-4 and BRC-2) drilled by Delta Gold in 1996 returned elevated Cu-Pb-Zn results but did not intercept the gossan and appear to have been drilled in the wrong direction.

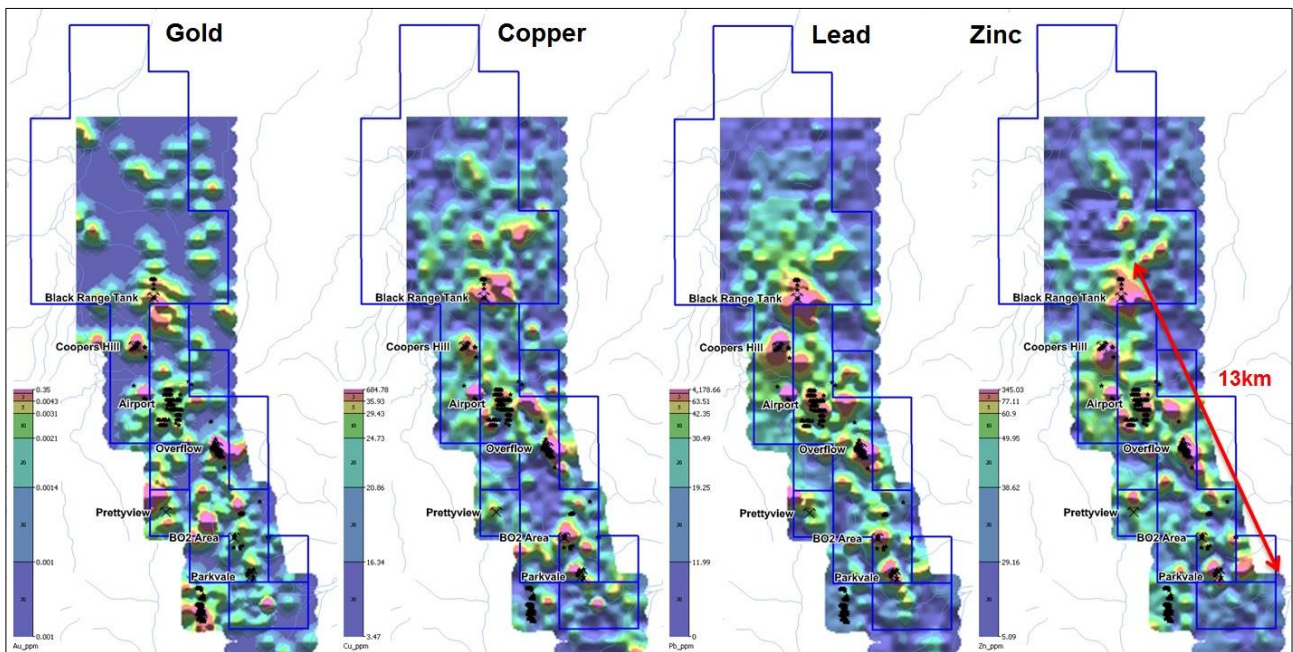
Along strike to the south of the Overflow mine, at BO2 North, a single drill hole (OFTRC005), targeting a very strong IP chargeability anomaly was terminated in weak mineralisation (12m at 0.42g/t gold to end of the hole) with visible chalcopyrite identified. This represents a priority drill target. Other targets include the BO2/Deeves Shaft Prospect and the Parkvale Prospect which have both returned elevated Cu-Pb-Zn values in soil geochemistry and historic drilling.



## Review of Activities



**Figure 7:** Overflow Prospect 3D view showing grade x thickness shells of AuEq intersections (red = >50gxm AuEq, orange dots = >30gxm AuEq), historic drilling (traces coloured by Au and Cu grades), OFDD001 and planned deep diamond drill hole (magenta lines) over VTEM conductivity slices (150m, 350m and 550m below surface).



**Figure 8:** Overflow Project showing tenement outlines, prospects, and historic drilling over soil sampling imagery (left to right Au, Cu, Pb, & Zn).

## Review of Activities

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### ***Eurow Copper-Gold Project***

The Eurow Copper-Gold Project (“Eurow”), located 30km southeast of Parkes (*Figure 4*), covers 167km<sup>2</sup> of Ordovician and Devonian-aged meta-sediments intruded by Silurian and Devonian granites, and proximal to the intersection of the Narramine-Coolac Fault Zone and the Lachlan Transverse Zone. The Project area contains the historic Eurow-Vychan copper-gold workings where historic drilling returned high-grade intercepts of 8m at 2.94% copper and 0.85g/t gold from 47m, 3m at 4.0% copper and 1.25g/t gold from 73m, and 4.4 metres at 1.57% copper and 0.63g/t gold from 212m from below the workings.

Copper-gold mineralisation at Eurow appears to be planar and stratiform and is associated with semi-massive and breccia zones of pyrite-pyrrhotite-chalcopyrite. Heron undertook shallow aircore drilling in late 2013 on targets north and south of the historic workings that returned anomalous copper results. The drilling, which was hampered by thick clay zones, did not reach target depths and warrants further drill testing.

### ***Girilambone Copper Project***

Girilambone comprises one granted tenement covering 129km<sup>2</sup>, located about 20km east of Aeris Resources Ltd’s (ASX: AIS) Tritton copper operation on the eastern edge of the Girilambone Basin (*Figure 4*). Girilambone is prospective for ‘Besshi-type’ volcanic massive sulfide (VMS) copper-gold mineralisation within mafic units of the Ordovician Girilambone Group, and located along an interpreted VMS trend extending south from the Girilambone Copper Mine (*Figure 4*). The Project area is adjacent to copper anomalism along structural and magnetic trends from the historic Kurrajong copper workings. Alchemy has completed a review of historic exploration information from Girilambone with systematic exploration targeting Tritton/Collierina-style copper-gold mineralisation planned.

### **Bryah Basin Project (WA)**

*(100% or 80% Alchemy Resources Ltd)*

Alchemy’s Bryah Basin Project comprises a 527km<sup>2</sup> ground package, located 130km NE of Meekatharra, Western Australia. The Project is located along strike and west of Sandfire Resources NL’s (ASX: SFR) high-grade DeGrussa and Monty copper-gold deposits, and adjacent to Peak Hill where about 1Moz of gold has been mined from several deposits (*Figure 9*). Alchemy holds 100% interest in the project with the exception of several tenements held in joint-venture (Alchemy 80%) with Fe Ltd (ASX: FEL).

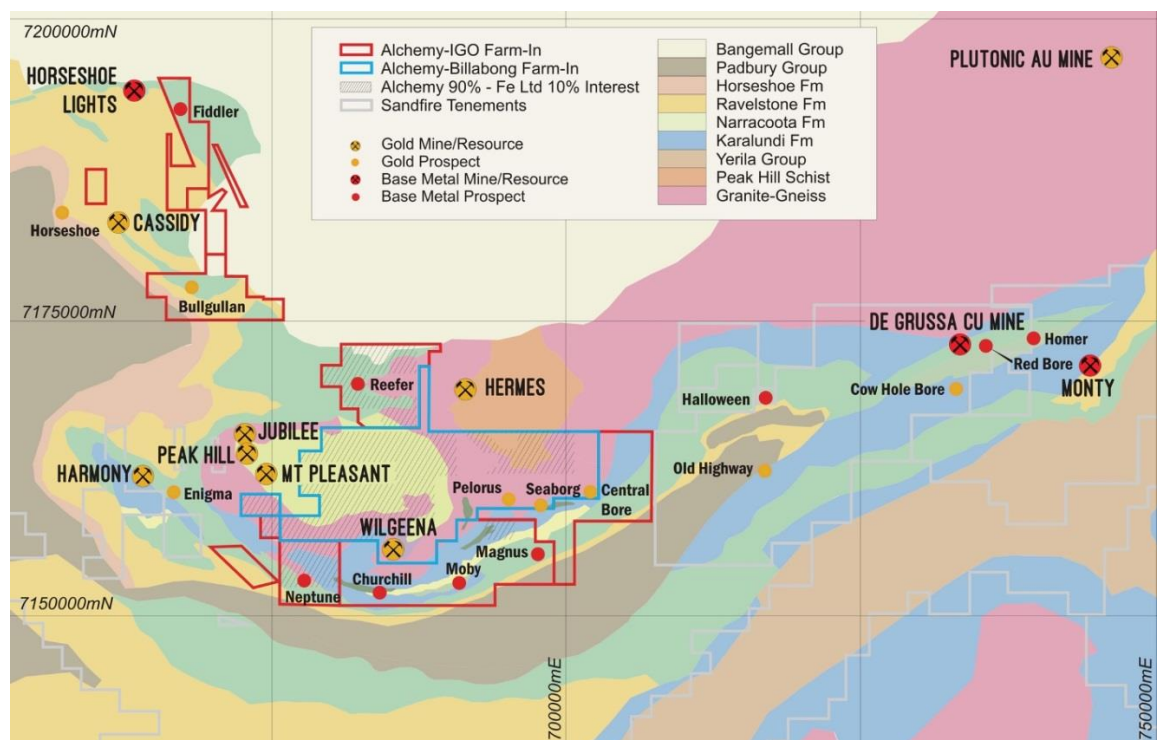
Alchemy retains its interests in the base metal and gold prospective Bryah Basin Project through farm-in and joint venture agreements with leading Australian miners, Independence Group NL (ASX: IGO) and Billabong Gold Pty Ltd. Should a high-value base metal or gold discovery be made, Alchemy retains the right to participate as a 20% partner, an equity position that should deliver significant value to shareholders. Alchemy also has a 1% net-smelter royalty over future production from 50,000 oz to 70,000 oz gold from the Hermes gold deposit (*Figure 9*), where Northern Star previously released a maiden Probable Ore Reserve of 101,000 oz gold (1.565Mt at 2.0g/t gold).

During the period Billabong Gold and its parent entity (2525908 Ontario Inc) completed the purchase of the Plutonic gold operations from Northern Star Resources Ltd (ASX: NST), which included NST’s interest in the Bryah Basin farm-in and joint venture agreement with Alchemy, as well as Alchemy’s gold royalty over the Hermes gold deposit. Billabong Gold is now a wholly owned subsidiary of Superior Gold Inc. (TSX.V: SGI).

Alchemy also has a 1% net-smelter royalty over future production from 50,000 oz to 70,000 oz gold from the Hermes gold deposit (*Figure 9*), where a maiden Probable Ore Reserve of 101,000 oz gold (1.565Mt at 2.0g/t Au) has been released.



## Review of Activities



**Figure 9:** Bryah Basin Project – IGO JV and Billabong Gold JV areas and gold and base metal prospects.

### **Base Metals Exploration** (Independence earning up to 80%)

Australian base metal and gold producer Independence continues to explore and earn an interest (“IGO JV”) in the whole and part tenements that cover the base metal prospective part of the Bryah Basin Project. Under the terms of the IGO JV, Independence can earn up to 80% in Alchemy’s interests (excluding iron ore rights) through earn-in expenditure of \$6M within five years, with Alchemy 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. Expenditure by IGO to the end of June 2017 was approximately \$3.4M.

The IGO JV area contains more than 40km of strike extent of the Karalundi – Narracoota volcano-sedimentary sequence, host to Sandfire Resources’ DeGrussa and Monty copper-gold deposits (Figure 9), and is prospective for discovery of high-value VMS-style copper-gold deposits.

Since commencement of funding base metal exploration in 2014, Independence has completed aircore, RC and diamond drilling programs, ground and down-hole electromagnetic (DHEM) surveys as well as targeted aeromagnetic and ground gravity surveys.

During the previous 12 months IGO completed aircore drilling of selected regional targets across the Bryah Basin Project area, including targets to the east and west of the Neptune prospect as well as targets at Churchill, Moby, Magnus and east of Central Bore (Figure 9). The drilling comprised 122 aircore holes for 8,705 metres and focussed on zones within the Karalundi sequence, as well as along the Karalundi-Narracoota contact zone. Results from 4m composite sampling were not significant and deemed not material to Alchemy. One metre resampling of selected composite samples has been recommended.

IGO completed a moving loop electromagnetic (MLEM) survey over selected targets including the Moby Prospect. The survey defined three large moderate strength conductors interpreted to be related to stratigraphy. Subsequent to this survey IGO commenced a 142 line kilometre moving loop EM (MLEM)

## Review of Activities

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survey over three key target areas; Neptune North, Magnus West and Central Bore. The Neptune North survey (~18 line km) covers an area of possible interleaved Karalundi Formation and Naracoota formation, and adjoins previous surveys to the south. The Magnus West survey (~56 line km) covers an area of the stratigraphy where a major possible early transverse fault in the basin is indicated by gravity data. The Central Bore survey (~66 line km) covers an area where magnetic data indicates early basement structures, a cluster of mafic sills, and possible increased heat flow. The survey will be completed early in the new financial year.

A geological interpretation and an independent geological review of the IGO JV area was completed. No additional base metal targets were identified, however orogenic gold targets were identified at Bullgullan Bore and the Moby area. Additional drilling at these prospects is being considered.

Work proposed by IGO for the subsequent year will be dependent on MLEM results but may include RC drill testing at Neptune, Magnus, Central Bore, Churchill, Moby and/or Bullgullan Bore.

### **Gold Exploration** (*Billabong Gold earning up to 80%*)

Exploration of Alchemy's whole and part tenements that cover the gold prospective part of the Bryah Basin Project (Figure 9) continued under a farm-in and joint venture arrangement initially with Northern Star Resources Ltd, and subsequently with Billabong Gold Pty Ltd ("Billabong Gold JV").

Under the terms of the Billabong Gold JV up to 80% in Alchemy's interests can be earned through earn-in exploration expenditure of \$1.2M within three years on the gold prospective tenements. Upon fulfilment of the earn-in expenditure, Alchemy's interest is carried on an interest-free deferred basis to production, with Alchemy to repay the deferred amount at the rate of 50% of its share of free cash flow from production following commencement of mining.

The Bryah Basin Billabong Gold JV is enabling near-term exploration of a number of advanced to grass roots gold targets identified over the gold prospective landholding in the Bryah Basin Project. The Wilgeena prospect currently has Indicated Resources of 87,373 ounces of gold (1.36Mt @ 1.99g/t gold using a 0.5g/t lower cut). The mineralisation is open at depth and further drilling has excellent potential to expand the area of gold mineralisation and add to the known resource.

The Seaborg and Central Bore gold prospects are two high priority targets that have previously returned high-grade gold results. Based on drilling results to date, gold mineralisation at Seaborg and Central Bore remains open at depth and potentially along strike, and targeted deeper drilling is required.

During the year Billabong Gold consultants completed a draft 2012 JORC compliant resource report for the Wilgeena deposit. The draft resource report was subsequent to validation of the database and re-alignment of drill hole collar RLs against the newly acquired DEM. The gold mineralisation was then re-wireframed in Vulcan before undertaking the block modelling and resource estimate. The updated resource figure is expected to be released early in the next financial year.

A reinterpretation of the previous geological mapping, and a new geophysical and regolith interpretation utilising the magspec and radiometric data acquired in 2015 was also completed during the year, culminating in 44 exploration targets being identified and ranked for additional exploration work.

## Review of Activities

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A total of 1320 sample pulps from shallow RAB drilling drilled across the central and eastern project areas were sent for multi-element analysis to enhance the previous gold only analysis. The analysis aims to assist target delineation and provide vectors towards deeply buried targets across the Bryah Basin JV area. All results are pending.

The surveying of 10 mining leases within the project area was also completed.

Work proposed by Billabong over the next 12 months includes the interpretation of multi-element geochemistry, and the re-evaluation, planning and prioritisation of proposed exploration geochemistry and RAB/RC drilling programs.

### Competent Person's Statement

*The information in this report that relates to Exploration Results is based on information compiled by Leigh Ryan, who is the Managing Director and security holder of Alchemy Resources Limited and fairly represents this information. Mr Ryan 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 Ryan consents to the inclusion in this report of the matters based on information in the form and context in which it appears.*

*The information in this report that relates to Mineral Resources at the Wilgeena Gold Deposit is based on information compiled by Simon Coxhell, who is an employee of CocksRocks Pty Ltd, a consultant to Alchemy Resources Limited, and fairly represents this information. Mr Coxhell is a Member of the Australian Institute of Geoscientists and 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 2004 Edition of the Joint Ore Reserves Committee 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ('JORC Code 2004'). Mr Coxhell consents to the inclusion in this report of the matters based on information in the form and context in which it appears.*

*Alchemy confirms that the Exploration Results and the Indicated Mineral Resource at the Wilgeena Gold Deposit were prepared and first disclosed under JORC Code 2004. These have not been updated since to comply with JORC Code 2012 on the basis that the information has not materially changed since last reported on 22 October 2012, and is not aware of any new information or data that materially affects the information included in that announcement and that all material assumptions and technical parameters underpinning the estimates in that announcement continue to apply and have not materially changed.*

## Directors' Report

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Your directors present their report on the consolidated entity consisting of Alchemy Resources Limited and the entities it controlled at the end of, or during, the year ended 30 June 2017. Throughout the report, the consolidated entity is referred to as the Group.

### Directors

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

Lindsay Dudfield  
Leigh Ryan (appointed 9 January 2017)  
Liza Carpene  
Anthony Ho  
Oscar Aamodt (resigned 1 June 2017)

### Principal activities

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

### Financial results

The consolidated loss of the Group after providing for income tax for the year ended 30 June 2017 was \$753,348 (2016: \$561,496).

### 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.

Exploration and evaluation costs totalling \$311,778 (2016: \$47,695) were expensed during the year in accordance with the Group's accounting policy. The expensed exploration and evaluation costs primarily comprise previously capitalised costs in relation to relinquished tenements.

As at 30 June 2017 the Group had net assets of \$14,675,228 (2016: \$13,805,613) including cash and cash equivalents of \$1,996,679 (2016: \$1,255,305).

## Directors' Report

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### Significant changes in the state of affairs

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

In October 2016 Northern Star Resources Limited completed the sale of its Plutonic gold operations, which included its interest in the Farm-in and Joint Venture with Alchemy over the whole and part tenements in the gold prospective part of the Bryah Basin Project ("Bryah Basin JV"), as a going concern to Billabong Gold Pty Ltd and its parent entity 2525908 Ontario Inc. Following a review of the terms of the sale and purchase agreement for the Bryah Basin JV assets, Alchemy waived its right of first refusal. Alchemy maintains a royalty over future gold production from 50,000 oz to 70,000 oz from the Hermes gold deposit.

On 2 May 2017 the Company completed the placement of 34,618,205 new fully paid ordinary shares ("Shares") at an issue price of \$0.015 to sophisticated investors raising \$519,273 before costs.

On 2 June the Company completed the issue of 40,586,179 new Shares pursuant to a pro-rata non-renounceable entitlement and shortfall offer ("Issue") to eligible shareholders of 1 new Share for every 3 existing Shares held at an issue price of \$0.015 per share. The remaining 36,413,166 shortfall Shares from the Issue were placed to sophisticated investors at \$0.015 on 16 June 2017 raising \$545,147 before costs.

Details of the changes in equity are disclosed in note 13 to the financial statements.

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

### Events since the end of the financial year

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 are granted subject to adherence to environmental conditions with strict controls on clearing, including a prohibition on the use of mechanised equipment or development without the approval of the relevant Government agencies, and with rehabilitation required on completion of exploration activities. These regulations are controlled by the Department of Mines and Petroleum.

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

### Greenhouse gas and energy data reporting requirements

The Directors have considered compliance with both the *Energy Efficiency Opportunity Act 2006* and the *National Greenhouse and Energy Reporting Act 2007* which requires entities to report annual greenhouse

## Directors' Report

gas emissions and energy use. The Directors have assessed that there are no current reporting requirements for the year ended 30 June 2017, however reporting requirements may change in the future.

### Information on directors

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

| <b>L Dudfield BSc. Chair - non-executive (appointed director 25 November 2011, Chair since 1 June 2017)</b> |   |            |
|---|---|------------|
| Experience and expertise  | Mr Dudfield is a qualified geologist with over 35 years' experience exploring for gold and base metals in Australia and abroad, including close involvement with a number of greenfields discoveries. He was a founding director of Jindalee Resources, Alchemy's third largest shareholder, and is currently the Managing Director of Jindalee. Mr Dudfield is a member of the Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists, the Geological Society of Australia and the Society of Economic Geologists. |            |
| Other current directorships   | Managing director of Jindalee Resources Limited (director since 1996)<br>Non-executive director of Energy Metals Limited (director since 2004)  |            |
| Former directorships in last 3 years  | None  |            |
| Special responsibilities  | Member of the Remuneration Committee<br>Member of the Nomination Committee<br>Member of the Audit Committee   |            |
| Interests in shares and options   | Ordinary Shares – Alchemy Resources Limited   | 37,756,795 |

| <b>L Ryan Managing director (appointed 9 January 2017)</b> |   |         |
|--|---|---------|
| Experience and expertise                                   | Mr Ryan is a qualified geologist with 29 years of experience in the exploration and resource industry, specifically focused on project evaluation, exploration management and executive management roles throughout Australia and Africa. He has been involved in the discovery and resource definition of numerous gold and base metal deposits and has successfully negotiated many joint venture agreements, purchase option agreements and other corporate transactions.<br><br>Mr Ryan was previously the Managing Director of Chrysalis Resources Limited and Boss Resources Limited, and prior to that was Resolute Mining Limited's Group Exploration Manager for Africa and Australia. He has worked extensively in WA, Queensland, NSW, Zambia, Tanzania, Burkina Faso, Mali, and Cote d'Ivoire and is a member of the Australian Institute of Geoscientists. |         |
| Other current directorships                                | Non-executive director of Peppermint Innovation Limited (formerly Chrysalis Resources Limited) (director since 2014)  |         |
| Former directorships in last 3 years                       | None  |         |
| Special responsibilities                                   | Managing director   |         |
| Interests in shares and options                            | Ordinary Shares – Alchemy Resources Limited   | 500,000 |



## Directors' Report

| <b>L Carpene</b> <i>Non-executive director (appointed 18 March 2015)</i> |  |     |
|--|--|-----|
| Experience and expertise   | <p>Ms Carpene has worked in the resources industry for more than 20 years and is currently Company Secretary and Head of Environment and Social Responsibility for Northern Star Resources Ltd. Ms Carpene is part of the executive team, and has significant experience in acquisitions, corporate administration, HR, legal, IT and stakeholder relations.</p> <p>Prior to Northern Star Resources Ltd., 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.</p> |     |
| Other current directorships  | None   |     |
| Former directorships in last 3 years                                     | None   |     |
| Special responsibilities   | None   |     |
| Interests in shares and options  | Ordinary Shares – Alchemy Resources Limited  | Nil |

| <b>A Ho</b> <i>Independent non-executive director (appointed 25 November 2011)</i> |  |     |
|--|--|-----|
| Experience and expertise   | <p>Mr Ho is a Chartered Accountant and a partner in a consulting practice focused principally on corporate and financial services to listed companies. He has significant experience in the resource industry, having served as director and secretary of companies listed on ASX.</p>   |     |
| Other current directorships  | <p>Executive director of Newfield Resources Limited (director since 2011)</p> <p>Non-executive director of Australian Agricultural Projects Australia Limited (director since 2003)</p> <p>Non-executive director of Mustera Property Group Limited (director since 2014)</p> <p>Non-executive director of Glory Resources Limited (now de-listed) (director since 2014)</p> |     |
| Former directorships in last 3 years   | Non-executive director of Siburan Resources Limited (appointed 12 November 2009, resigned 25 November 2014)  |     |
| Special responsibilities   | <p>Chair of the Audit Committee</p> <p>Member of the Remuneration Committee</p> <p>Member of the Nomination Committee</p>  |     |
| Interests in shares and options  | Ordinary Shares – Alchemy Resources Limited  | Nil |

## Directors' Report

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### Company secretary

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

### 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 2017, and the numbers of meetings attended by each director were:

|                                      | Board of Directors |   | Audit Committee |   | Nomination Committee |   | Remuneration Committee |   |
|--------------------------------------|--------------------|---|-----------------|---|----------------------|---|------------------------|---|
|                                      | A                  | B | A               | B | A                    | A | A                      | B |
| L Dudfield                           | 4                  | 4 | 1               | 1 | -                    | - | -                      | - |
| L Ryan<br>(appointed 9 January 2017) | 2                  | 2 | *               | * | *                    | * | *                      | * |
| L Carpene                            | 4                  | 4 | *               | * | *                    | * | *                      | * |
| A Ho                                 | 4                  | 4 | 1               | 1 | -                    | - | -                      | - |
| O Aamodt<br>(resigned 1 June 2017)   | 3                  | 3 | 1               | 1 | -                    | - | -                      | - |

A = Number of meetings attended

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

\* = Not a member of the relevant committee

During the reporting period the Nomination and Remuneration Committee's did not meet, their functions were performed by the full Board.

### Retirement, election and continuation in office of directors

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

### REMUNERATION REPORT (Audited)

The directors present the Alchemy Resources Limited 2017 remuneration report, outlining key aspects of our 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 2016 Annual General Meeting
- (g) Details of remuneration
- (h) Service agreements
- (i) Details of share-based compensation and bonuses
- (j) Equity instruments held by key management personnel
- (k) Loans to key management personnel
- (l) Other transactions with key management personnel

## Directors' Report

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### (a) Key management personnel covered in this report

| <i>Non-executive and executive directors (see pages 18 to 19 for details about each director)</i> |  |
|---|--|
| L Dudfield  | Chair – Non-executive                        |
| L Ryan  | Managing director (appointed 9 January 2017) |
| L Carpena   | Non-executive director                       |
| A Ho  | Non-executive director                       |
| O Aamodt  | Chair – Non-executive (resigned 1 June 2017) |

### *Other key management personnel*

| <b>Name</b> | <b>Position</b>                                     |
|-------------|---|
| K Cassidy   | Chief Executive Officer (resigned 22 December 2016) |
| B Crawford  | Company Secretary and Chief Financial Officer       |

### (b) Remuneration governance and the use of remuneration consultants

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

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

Their objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the company. In addition, all matters of remuneration will continue to be in accordance with the Corporations Act requirements, especially with regard to related party transactions. That is, none of the directors participate in any deliberations regarding their own remuneration or related issues.

Independent external advice is sought from remuneration consultants when required, however no advice has been sought during the period ended 30 June 2017.

The Corporate Governance Statement provides further information on the role of the Remuneration Committee.

### (c) Executive remuneration policy and framework

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

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

## Directors' Report

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

All remuneration paid to specified executives is valued at the cost to the Group and expensed. Options are valued using a Black-Scholes option pricing 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 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 not set short term performance indicators, such as movements in the Company's share price, for the determination of director emoluments as the Board believes this may encourage performance which is not in the long term interests of the Company and its shareholders. The Board has structured its remuneration arrangements in such a way it believes is in the best interests of building shareholder wealth in the longer term. The Board believes participation in the Company's Incentive Option Scheme motivates key management and executives with the long term interests of shareholders.

### **(e) Non-executive director remuneration policy**

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

The Board policy is to remunerate non-executive directors at commercial market rates for comparable companies for their time, commitment and responsibilities. Non-executive directors receive a Board fee but do not receive fees for chairing or participating on Board committees. Board members are allocated superannuation guarantee contributions as required by law, and do not receive any other retirement benefits. From time to time, some individuals may choose to sacrifice their salary or consulting fees to increase payments towards superannuation.

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

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

### **(f) Voting and comments made at the Company's 2016 Annual General Meeting**

Alchemy Resources Limited received more than 92% of "yes" votes on its remuneration report for the 2016 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

## Directors' Report

### (g) Details of remuneration

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

| 2017                     | Short-term benefits |            |                      | Post-employment benefits | Share-based payment | Total   | Perf. related % |
|--------------------------|---------------------|------------|----------------------|--------------------------|---------------------|---------|-----------------|
|                          | Salary and Fees     | Cash Bonus | Non-Monetary Benefit | Super-annuation          | Options             |         |                 |
| Name                     | \$                  | \$         | \$                   | \$                       | \$                  | \$      |                 |
| <b>Directors</b>         |                     |            |                      |                          |                     |         |                 |
| L Dudfield               | -                   | -          | -                    | -                        | -                   | -       | -               |
| L Ryan <sup>(1)</sup>    | 72,260              | -          | -                    | 6,865                    | 21,913              | 101,038 | 21.7            |
| L Carpene                | -                   | -          | -                    | -                        | -                   | -       | -               |
| A Ho                     | 19,998              | -          | -                    | -                        | -                   | 19,998  | -               |
| O Aamodt <sup>(2)</sup>  | 22,916              | -          | -                    | -                        | -                   | 22,916  | -               |
| <b>Executives</b>        |                     |            |                      |                          |                     |         |                 |
| K Cassidy <sup>(3)</sup> | 85,440              | -          | -                    | 8,117                    | -                   | 93,557  | -               |
| B Crawford               | 80,400              | -          | -                    | -                        | -                   | 80,400  | -               |
| Totals                   | 281,014             | -          | -                    | 14,982                   | 21,913              | 317,909 |                 |

(1) Appointed 9 January 2017

(2) Resigned 1 June 2017

(3) Resigned 22 December 2016

| 2016                     | Short-term benefits |            |                      | Post-employment benefits | Share-based payment | Total   | Perf. related % |
|--------------------------|---------------------|------------|----------------------|--------------------------|---------------------|---------|-----------------|
|                          | Salary and Fees     | Cash Bonus | Non-Monetary Benefit | Super-annuation          | Options             |         |                 |
| Name                     | \$                  | \$         | \$                   | \$                       | \$                  | \$      |                 |
| <b>Directors</b>         |                     |            |                      |                          |                     |         |                 |
| O Aamodt                 | 25,000              | -          | -                    | -                        | -                   | 25,000  | -               |
| L Carpene                | -                   | -          | -                    | -                        | -                   | -       | -               |
| L Dudfield               | -                   | -          | -                    | -                        | -                   | -       | -               |
| A Ho                     | 19,998              | -          | -                    | -                        | -                   | 19,998  | -               |
| S Bianchi <sup>(1)</sup> | -                   | -          | -                    | -                        | -                   | -       | -               |
| <b>Executives</b>        |                     |            |                      |                          |                     |         |                 |
| K Cassidy                | 159,708             | -          | -                    | 15,172                   | -                   | 174,880 | -               |
| B Crawford               | 84,900              | -          | -                    | -                        | -                   | 84,900  | -               |
| Totals                   | 289,606             | -          | -                    | 15,172                   | -                   | 304,778 |                 |

(1) Resigned 24 February 2016

## Directors' Report

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### (h) Service agreements

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

*L Ryan, Managing Director (appointed 9 January 2017)*

Mr Ryan is remunerated pursuant to an ongoing Executive Service Agreement under which he is paid a base salary of \$150,000 plus superannuation. Mr Ryan will be paid a bonus of \$50,000 upon satisfactory completion of twelve months service. The Executive Service Agreement has no fixed term and either party can terminate the Agreement (without cause) with three months' notice.

Subject to shareholder approval, which will be sought at the 2017 Annual General Meeting, Mr Ryan will also be issued 12,000,000 unlisted options (refer to section (i) of the remuneration report below).

*K Cassidy, Chief Executive Officer*

Dr Cassidy was remunerated pursuant to an ongoing Executive Employment Agreement. Dr Cassidy was paid salary and superannuation of \$93,557 for the year ended 30 June 2017. Dr Cassidy resigned effective 22 December 2016.

*B Crawford, Chief Financial Officer and Company Secretary*

Mr Crawford is remunerated pursuant to the terms of a Consultancy Agreement to fulfil the duties of the Company Secretary and Chief Financial Officer. Fees paid during the year totalled \$80,400 and were charged at usual commercial rates on a daily basis. The agreement may be terminated by either party on three months' written notice.

### (i) Details of share-based compensation and bonuses

#### *Options*

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

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



## Directors' Report

| Option series     | Grant date  | Vesting and exercise date | Expiry date | Exercise price | Value per option at grant date | % Vested |
|-------------------|-------------|---------------------------|-------------|----------------|--------------------------------|----------|
| 10                | 23 Sep 2014 | 23 Sep 2014               | 31 Oct 2017 | \$0.10         | \$0.009458                     | 100%     |
| 11                | 23 Sep 2014 | 23 Sep 2014               | 31 Oct 2017 | \$0.20         | \$0.007336                     | 100%     |
| 12 <sup>(1)</sup> | 9 Jan 2017  | 8 Jan 2018                | 8 Jan 2021  | \$0.04         | \$0.0075                       | 0%       |
| 13 <sup>(1)</sup> | 9 Jan 2017  | 8 Jan 2019                | 8 Jan 2021  | \$0.08         | \$0.0054                       | 0%       |
| 14 <sup>(1)</sup> | 9 Jan 2017  | 8 Jan 2020                | 8 Jan 2021  | \$0.12         | \$0.0042                       | 0%       |

(1) Options to be issued to Mr Ryan, subject to shareholder approval at the Company's 2017 Annual General Meeting.

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

The fair value of options granted is recognised as an employee benefits expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options.

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

### (j) Equity instruments held by key management personnel

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

#### Options

|                   | Opening Balance<br>1 July | Granted as remuneration   | Options exercised | Net change other | Balance at 30 June | Vested but not exercisable | Vested and exercisable | Unvested          |
|-------------------|---------------------------|---------------------------|-------------------|------------------|--------------------|----------------------------|------------------------|-------------------|
| <b>2017</b>       |                           |                           |                   |                  |                    |                            |                        |                   |
| <b>Executives</b> |                           |                           |                   |                  |                    |                            |                        |                   |
| L Ryan            | -                         | 12,000,000 <sup>(1)</sup> | -                 | -                | 12,000,000         | -                          | -                      | 12,000,000        |
| K Cassidy         | 2,000,000                 | -                         | -                 | -                | n/a                | -                          | n/a                    | -                 |
| B Crawford        | 300,000                   | -                         | -                 | -                | 300,000            | -                          | 300,000                | -                 |
|                   | <u>2,300,000</u>          | <u>12,000,000</u>         | <u>-</u>          | <u>-</u>         | <u>12,300,000</u>  | <u>-</u>                   | <u>300,000</u>         | <u>12,000,000</u> |

(1) Subject to shareholder approval at the 2017 Annual General Meeting

n/a – ceased employment during the year

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

## Directors' Report

### Shareholdings

|                   | Opening Balance<br>1 July | Granted as<br>remuneration | Options<br>exercised | Net change<br>other | Balance<br>at 30 June |
|-------------------|---------------------------|----------------------------|----------------------|---------------------|-----------------------|
| <b>2017</b>       |                           |                            |                      |                     |                       |
| <b>Directors</b>  |                           |                            |                      |                     |                       |
| O Aamodt          | 4,420,201                 | -                          | -                    | n/a                 | n/a                   |
| L Dudfield        | 28,985,706                | -                          | -                    | 7,755,484           | 36,741,190            |
| L Ryan            | -                         | -                          | -                    | 500,000             | 500,000               |
| <b>Executives</b> |                           |                            |                      |                     |                       |
| K Cassidy         | 500,000                   | -                          | -                    | n/a                 | n/a                   |
| B Crawford        | 900,000                   | -                          | -                    | 100,000             | 1,000,000             |
|                   | <u>34,805,907</u>         | <u>-</u>                   | <u>-</u>             | <u>8,355,484</u>    | <u>38,241,190</u>     |

n/a – ceased employment during the year

### (k) Loans to key management personnel

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

### (l) Other transactions with key management personnel

The wife of Mr L Ryan, the Managing Director, provided geological drafting and data mapping services to the Company to the value of \$495 (2016: \$Nil). The services were provided on normal commercial terms and conditions.

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

### End of Remuneration Report (Audited)

#### Shares under option

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

| Date options granted | Expiry Date     | Issue price of shares | Number under option |
|----------------------|-----------------|-----------------------|---------------------|
| 23 September 2014    | 31 October 2017 | \$0.10                | 1,500,000           |
| 23 September 2014    | 31 October 2017 | \$0.20                | 1,500,000           |
| 1 June 2016          | 31 May 2019     | \$0.10                | 2,500,000           |
| 28 June 2016         | 31 May 2019     | \$0.10                | 5,000,000           |
|                      |                 |                       | <u>10,500,000</u>   |

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

#### Shares issued on the exercise of options

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

## Directors' Report

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### Corporate Governance Statement

The Company's 2017 Corporate Governance Statement has been released as a separate document and is located on the Company's website at <http://www.alchemyresources.com.au/index.php/corporate-list?id=25>

### Proceedings on Behalf of the Consolidated Entity

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

### Indemnification and Insurance of Directors and Officers

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

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

### Non-Audit Services

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

Details of the amounts paid or payable to the auditor (BDO Audit (WA) Pty Ltd) for audit and non-audit services provided during the year are set out in note 17. During the year ended 30 June 2017 no fees were paid or were payable for non-audit services provided by the auditor of the consolidated entity (2016: \$Nil).

The Board of Directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

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

## Directors' Report

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### Auditor's Independence Declaration

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

Signed in accordance with a resolution of the Directors

A handwritten signature in black ink that reads "Lindsay Dudfield". The signature is written in a cursive style with a large loop at the end of the name.

**Lindsay Dudfield**  
**Chairman**  
Perth, 18 August 2017

## DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF ALCHEMY RESOURCES LIMITED

As lead auditor of Alchemy Resources Limited for the year ended 30 June 2017, 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.



Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 18 August 2017

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2017

|  | Notes | Consolidated               |                            |
|--|-------|----------------------------|----------------------------|
|  |       | 2017<br>\$                 | 2016<br>\$                 |
| <b>Continuing operations</b>   |       |                            |                            |
| Other income   | 3     | 17,421                     | 72,678                     |
| Corporate expense  | 3     | (169,064)                  | (262,943)                  |
| Employee expense   | 3     | (155,862)                  | (173,398)                  |
| Administration expense   | 3     | (134,065)                  | (150,138)                  |
| Exploration expense  | 9     | (311,778)                  | (47,695)                   |
| Finance costs  |       | -                          | -                          |
| <b>Loss from continuing operations before income tax</b>   |       | <b>(753,348)</b>           | <b>(561,496)</b>           |
| Income tax benefit   | 5     | -                          | -                          |
| <b>Loss after income tax for the period attributable to the owners of Alchemy Resources Limited</b>    |       | <b>(753,348)</b>           | <b>(561,496)</b>           |
| Other comprehensive income   |       | -                          | -                          |
| <b>Other comprehensive income for the period, net of tax</b>   |       | <b>-</b>                   | <b>-</b>                   |
| <b>Total comprehensive loss for the period attributable to the owners of Alchemy Resources Limited</b> |       | <b>(753,348)</b>           | <b>(561,496)</b>           |
|  |       | <b>Cents<br/>per share</b> | <b>Cents<br/>per share</b> |
| <b>Loss per share attributable to the owners of Alchemy Resources Limited</b>                          |       |                            |                            |
| - basic loss per share   | 16    | <b>0.31</b>                | 0.25                       |
| - diluted loss per share   | 16    | <b>n/a</b>                 | n/a                        |

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



## Consolidated Statement of Financial Position

At 30 June 2017

|                                  |       | Consolidated      |              |
|----------------------------------|-------|-------------------|--------------|
|                                  | Notes | 2017<br>\$        | 2016<br>\$   |
| <b>ASSETS</b>                    |       |                   |              |
| <b>Current Assets</b>            |       |                   |              |
| Cash and cash equivalents        | 6     | 1,996,679         | 1,255,305    |
| Trade and other receivables      | 7     | 19,575            | 16,484       |
| Other current assets             | 8     | -                 | 4,122        |
| <b>Total Current Assets</b>      |       | <b>2,016,254</b>  | 1,275,911    |
| <b>Non-Current Assets</b>        |       |                   |              |
| Exploration and evaluation       | 9     | 12,759,016        | 12,627,711   |
| Property, plant and equipment    |       | 1,201             | 18,329       |
| <b>Total Non-Current Assets</b>  |       | <b>12,760,217</b> | 12,646,040   |
| <b>TOTAL ASSETS</b>              |       | <b>14,776,471</b> | 13,921,951   |
| <b>LIABILITIES</b>               |       |                   |              |
| <b>Current Liabilities</b>       |       |                   |              |
| Trade and other payables         | 11    | 93,261            | 96,630       |
| Provisions                       | 12    | 7,982             | 19,708       |
| <b>Total Current Liabilities</b> |       | <b>101,243</b>    | 116,338      |
| <b>TOTAL LIABILITIES</b>         |       | <b>101,243</b>    | 116,338      |
| <b>NET ASSETS</b>                |       | <b>14,675,228</b> | 13,805,613   |
| <b>EQUITY</b>                    |       |                   |              |
| Contributed equity               | 13    | 30,914,072        | 29,313,022   |
| Reserves                         | 14    | 525,820           | 503,907      |
| Accumulated losses               | 15    | (16,764,664)      | (16,011,316) |
| <b>TOTAL EQUITY</b>              |       | <b>14,675,228</b> | 13,805,613   |

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 2017

|   | Attributable to equity holders<br>of the entity |                    |                       |                   |
|---|---|--------------------|-----------------------|-------------------|
|   | Issued Capital                                  | Option<br>Reserves | Accumulated<br>Losses | Total Equity      |
|   | \$  | \$                 | \$                    | \$                |
| <b>At 1 July 2015</b>   | <b>29,285,022</b>                               | <b>444,647</b>     | <b>(15,449,820)</b>   | <b>14,279,849</b> |
| Loss for the period   | -   | -                  | (561,496)             | (561,496)         |
| Other comprehensive income                                      | -   | -                  | -                     | -                 |
| <b>Total comprehensive loss for the<br/>period net of tax</b>   | <b>-</b>  | <b>-</b>           | <b>(561,496)</b>      | <b>(561,496)</b>  |
| <b>Transactions with owners in their<br/>capacity as owners</b> |   |                    |                       |                   |
| Issue of shares   | 28,000  | -                  | -                     | 28,000            |
| Issue of options  | -   | 59,260             | -                     | 59,260            |
| <b>At 30 June 2016</b>  | <b>29,313,022</b>                               | <b>503,907</b>     | <b>(16,011,316)</b>   | <b>13,805,613</b> |
|   | Attributable to equity holders<br>of the entity |                    |                       |                   |
|   | Issued Capital                                  | Option<br>Reserves | Accumulated<br>Losses | Total Equity      |
|   | \$  | \$                 | \$                    | \$                |
| <b>At 1 July 2016</b>   | <b>29,313,022</b>                               | <b>503,907</b>     | <b>(16,011,316)</b>   | <b>13,805,613</b> |
| Loss for the period   | -   | -                  | (753,348)             | (753,348)         |
| Other comprehensive income                                      | -   | -                  | -                     | -                 |
| <b>Total comprehensive loss for the<br/>period net of tax</b>   | <b>-</b>  | <b>-</b>           | <b>(753,348)</b>      | <b>(753,348)</b>  |
| <b>Transactions with owners in their<br/>capacity as owners</b> |   |                    |                       |                   |
| Issue of options  |   | 21,913             |                       | 21,913            |
| Issue of shares   | 1,673,213                                       | -                  | -                     | 1,673,213         |
| Transaction costs of issuing shares                             | (72,163)  | -                  | -                     | (72,163)          |
| <b>At 30 June 2017</b>  | <b>30,914,072</b>                               | <b>525,820</b>     | <b>(16,764,664)</b>   | <b>14,675,228</b> |

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 2017

|   | Notes | Consolidated     |                  |
|---|-------|------------------|------------------|
|   |       | 2017<br>\$       | 2016<br>\$       |
| <b>Cash flows from operating activities</b>                   |       |                  |                  |
| Payments to suppliers and employees                           |       | (424,628)        | (490,026)        |
| Interest income   |       | 17,832           | 53,658           |
| <b>Net cash flows from/(used in)<br/>operating activities</b> | 23    | <b>(406,796)</b> | <b>(436,368)</b> |
| <b>Cash flows from investing activities</b>                   |       |                  |                  |
| Purchase of property, plant & equipment                       |       | -                | (3,187)          |
| Payment for exploration assets                                |       | (452,880)        | (126,905)        |
| <b>Net cash flows from/(used in)<br/>investing activities</b> |       | <b>(452,880)</b> | <b>(130,092)</b> |
| <b>Cash flows from financing activities</b>                   |       |                  |                  |
| Proceeds from issue of shares                                 |       | 1,673,213        | -                |
| Share issue costs   |       | (72,163)         | -                |
| <b>Net cash flows from<br/>financing activities</b>           |       | <b>1,601,050</b> | <b>-</b>         |
| Net increase / (decrease) in cash and cash equivalents        |       | 741,374          | (566,460)        |
| Cash and cash equivalents<br>at beginning of period           |       | 1,255,305        | 1,821,765        |
| <b>Cash and cash equivalents<br/>at end of period</b>         | 6     | <b>1,996,679</b> | <b>1,255,305</b> |

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 2017

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## 1. Corporate Information

The consolidated financial report of Alchemy Resources Limited for the year ended 30 June 2017 was authorised for issue in accordance with a resolution of the directors on 18 August 2017.

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

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

## 2. Statement of Compliance

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

### **Compliance with IFRS**

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

### **New and amended accounting standards and interpretations adopted by the Group**

The following standards and interpretations relevant to the operations of the Group and effective from 1 July 2016 have been adopted. The adoption of these standards did not have any impact on the current period or any prior period and is not likely to affect future periods.

- *AASB 2014-9: Amendments to Australian Accounting Standards Amendments to – Equity Method in Separate Financial Statements*
- *AASB 2015-1: Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012 – 2014*
- *AASB 2015-2: Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101*

### **New accounting standards and interpretations**

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

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2017

| New or revised requirement   | Application date of standard | Application date for Group |
|--|------------------------------|----------------------------|
| <p><i>AASB 9: Financial Instruments</i></p> <p>AASB 9 replaces AASB 139: <i>Financial Instruments: Recognition and Measurement</i>. The objective of this Standard is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.</p>   | 1 Jan 2018                   | 1 Jul 2018                 |
| <p><i>AASB 15: Revenue from Contracts with Customers</i></p> <p>The objective of this Standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.</p>   | 1 Jan 2018                   | 1 Jul 2018                 |
| <p><i>AASB 2016-5: Amendments to Australian Accounting Standards - Classification and Measurement of Share-based Payment Transactions</i></p> <p>This Standard amends AASB 2: <i>Share-based Payment</i>, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for:</p> <ul style="list-style-type: none"> <li>• The effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments</li> <li>• Share-based payment transactions with a net settlement feature for withholding tax obligations</li> <li>• A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.</li> </ul> | 1 Jan 2018                   | 1 Jul 2018                 |
| <p><i>AASB 16: Leases</i></p> <p>This Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.</p>   | 1 Jan 2019                   | 1 Jul 2019                 |

The Group will make a more detailed assessment of the impact of these standards over the next twelve months.

### (a) Basis of measurement

#### *Historical Cost Convention*

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

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2017

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### *Critical Accounting Estimates*

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

### **(b) Going Concern**

These consolidated financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

### **(c) Principles of consolidation**

#### *Subsidiaries*

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2017 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.

#### *Joint arrangements*

Under AASB 11: *Joint Arrangements* investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2017

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Those parties are called joint operators. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Those parties are called joint venturers.

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

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

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

### (e) Functional and presentation of currency

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

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

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

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

### (f) Leases

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

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

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2017

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

### **(g) Impairment of assets**

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

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

### **(h) Financial assets**

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



## Notes to the Consolidated Financial Statements

For the year ended 30 June 2017

|  | Consolidated   |                |
|--|----------------|----------------|
|  | 2017           | 2016           |
|  | \$             | \$             |
| <b>3. Revenue and Expenses</b>                     |                |                |
| <b>Other income</b>                                |                |                |
| Interest   | 17,421         | 43,064         |
| Other  | -              | 29,614         |
| <b>Total other income</b>                          | <b>17,421</b>  | <b>72,678</b>  |
| <b>Expenses</b>                                    |                |                |
| <i>Corporate expense</i>                           |                |                |
| Company secretary fees                             | 80,400         | 84,900         |
| Other corporate expenses                           | 88,664         | 178,043        |
| <b>Total corporate expense</b>                     | <b>169,064</b> | <b>262,943</b> |
| <i>Employee expense</i>                            |                |                |
| Employee benefit and director compensation expense | 108,006        | 169,705        |
| Expense of share based payments                    | 21,913         | -              |
| Other employee expenses                            | 25,943         | 3,693          |
| <b>Total employee expense</b>                      | <b>155,862</b> | <b>173,398</b> |
| <i>Administration expense</i>                      |                |                |
| Depreciation                                       | 17,128         | 34,377         |
| Occupancy  | 35,770         | 42,857         |
| Loss / (gain) on sale of assets                    | -              | -              |
| Other administration expenses                      | 81,167         | 72,904         |
| <b>Total administration expense</b>                | <b>134,065</b> | <b>150,138</b> |

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

### 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.

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2017

|   | Consolidated     |           |
|---|------------------|-----------|
|   | 2017             | 2016      |
|   | \$               | \$        |
| <b>5. Income Tax</b>  |                  |           |
| Major components of income tax expense are as follows:  |                  |           |
| <b>Consolidated Statement of Profit or Loss and Other Comprehensive Income</b>  |                  |           |
| <b>Current income tax</b>   |                  |           |
| - At the rate of 27.5% (2016: 28.5%)  | -                | -         |
| - Current income tax charge   | -                | -         |
| <b>Deferred income tax</b>  |                  |           |
| - Relating to origination and reversal of temporary differences   | -                | -         |
| - Utilisation of prior year tax losses  | -                | -         |
| Income tax expense / (benefit) reported in the Consolidated Statement of Profit or Loss and Other Comprehensive Income  | -                | -         |
| A reconciliation of income tax expense / (benefit) applicable to accounting profit / (loss) before income tax at the statutory income tax rate to income tax expense / (benefit) at the Company's effective income tax is as follows: |                  |           |
| Accounting loss from continuing operations before income tax  | <b>(753,348)</b> | (561,496) |
| At the statutory income tax rate of 27.5% (2016: 28.5%)   | <b>(207,171)</b> | (160,026) |
| <i>Add</i>  |                  |           |
| - Non-deductible expenses   | <b>117</b>       | -         |
| - Share based payment   | <b>6,026</b>     | 11,259    |
| - Tax loss not brought to account as a deferred tax asset   | <b>207,770</b>   | 166,392   |
| - Capital raising costs   | <b>(6,742)</b>   | (17,625)  |
| 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

For the year ended 30 June 2017

|  | Consolidated |             |
|--|--------------|-------------|
|  | 2017         | 2016        |
|  | \$           | \$          |
| <b>5. Income Tax (continued)</b>   |              |             |
| <b>Deferred income tax</b>   |              |             |
| Recognised on the statement of financial position                                |              |             |
| Deferred income tax at the end of the reporting period relates to the following: |              |             |
| <i>Deferred income tax liabilities</i>   |              |             |
| - Capitalised expenditure deductible for tax purposes                            | 3,495,597    | 3,585,288   |
| - Trade and other receivables  | 55           | 1,349       |
|  | 3,495,652    | 3,586,637   |
| <i>Deferred income tax assets</i>  |              |             |
| - Trade and other payables   | (5,334)      | (5,620)     |
| - Employee benefits  | (2,195)      | (5,617)     |
| - Capitalised expenditure non-deductible for tax purposes                        | (14,802)     | (2,078)     |
| - Tax losses available to offset DTL   | (3,473,321)  | (3,573,322) |
|  | -            | -           |
| <i>Net deferred tax asset / (liability)</i>                                      | -            | -           |

### *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.

On 30 June 2017, Alchemy Resources Ltd had \$28,962,024 (2016: \$28,066,569) 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.

In 2017, the Government enacted a change in the income tax rate for small business entities from 28.5% to 27.5%. Alchemy Resources Limited satisfies the criteria to be a small business entity.

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

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2017

|                                     | Consolidated     |                  |
|-------------------------------------|------------------|------------------|
|                                     | 2017             | 2016             |
|                                     | \$               | \$               |
| <b>6. Cash and cash equivalents</b> |                  |                  |
| Cash at bank and on hand            | 480,179          | 338,805          |
| Deposits at call                    | 1,516,500        | 916,500          |
|                                     | <u>1,996,679</u> | <u>1,255,305</u> |

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

The weighted average interest rate for the year was 1.87% (2016: 2.73%).

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.

### 7. Trade and other receivables

#### Current

|                |               |               |
|----------------|---------------|---------------|
| GST receivable | 18,413        | 15,872        |
| Other          | 1,162         | 612           |
|                | <u>19,575</u> | <u>16,484</u> |

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.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

The amounts held in trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these trade and other receivables, it is expected that these amounts will be received when due. The Group's financial risk management objectives and policies are set out in note 21.

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

### 8. Other current assets

|             |          |              |
|-------------|----------|--------------|
| Prepayments | -        | 4,122        |
|             | <u>-</u> | <u>4,122</u> |

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2017

|  | Consolidated      |            |
|--|-------------------|------------|
|  | 2017              | 2016       |
|  | \$                | \$         |
| <b>9. Exploration and evaluation</b>             |                   |            |
| Opening balance                                  | <b>12,627,711</b> | 12,453,879 |
| Exploration expenditure incurred during the year | <b>443,083</b>    | 221,527    |
| Exploration expenditure written off              | <b>(311,778)</b>  | (47,695)   |
| Closing balance                                  | <b>12,759,016</b> | 12,627,711 |

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

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

- (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.

### *Exploration and evaluation costs carried forward*

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

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2017

### 9. Exploration and evaluation (continued)

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

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

### 10. Subsidiaries

Details of the Company's subsidiaries are as follows:

| Subsidiary                               | Principal Activity | Country of Incorporation | Proportion of Ownership |             |
|--|--------------------|--------------------------|-------------------------|-------------|
|  |                    |                          | 2017                    | 2016        |
| 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%        |
|  |                    |                          | <b>Consolidated</b>     |             |
|  |                    |                          | <b>2017</b>             | <b>2016</b> |
|  |                    |                          | \$                      | \$          |

### 11. Trade and other payables

|                              |               |        |
|------------------------------|---------------|--------|
| Trade creditors and accruals | <b>93,261</b> | 96,630 |
|------------------------------|---------------|--------|

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Trade creditors are unsecured, non-interest bearing and are normally settled on 30 day terms. The Group's financial risk management objectives and policies are set out in note 21. Due to the short term nature of these payables their carrying value is assumed to approximate their fair value.

### 12. Provisions

#### Current

|                   |              |        |
|-------------------|--------------|--------|
| Employee benefits | <b>7,982</b> | 19,708 |
|-------------------|--------------|--------|

#### Short-term Obligations

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

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2017

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### 12. Provisions (continued)

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

#### *Other Long-term Obligations*

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

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2017

|  | Consolidated           |                   |
|--|------------------------|-------------------|
|  | 2017<br>\$             | 2016<br>\$        |
| <b>13. Contributed equity</b>                        |                        |                   |
| <b>a) Share capital</b>                              |                        |                   |
| Ordinary shares fully paid                           | <b>30,914,072</b>      | 29,313,022        |
|  |                        |                   |
|  | Consolidated<br>Number | \$                |
| <b>b) Movements in ordinary shares on issue</b>      |                        |                   |
| Balance at 1 July 2015                               | 228,788,035            | 29,285,022        |
| Issue of shares to Heron Resources                   | 2,000,000              | 28,000            |
|  |                        |                   |
| <b>Balance at 30 June 2016</b>                       | <b>230,788,035</b>     | <b>29,313,022</b> |
|  |                        |                   |
| Placement  | 34,618,205             | 519,273           |
| Non-renounceable issue to shareholders               | 40,586,179             | 608,793           |
| Placement of non-renounceable issue shortfall shares | 36,343,166             | 545,147           |
| Share issue costs                                    | -                      | (72,163)          |
|  |                        |                   |
| <b>Balance at 30 June 2017</b>                       | <b>342,335,585</b>     | <b>30,914,072</b> |

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.

|   | Consolidated      |                |
|---|-------------------|----------------|
|   | 2017<br>Number    | 2016<br>Number |
| <b>c) Movements in options on issue</b>     |                   |                |
| Balance at beginning of the financial year  | <b>10,500,000</b> | 3,000,000      |
| Options granted <sup>(1)</sup>              | -                 | 7,500,000      |
|   |                   |                |
| <b>Balance at end of the financial year</b> | <b>10,500,000</b> | 10,500,000     |

(1) Does not include the 12,000,000 options to be issued to Mr Ryan, subject to shareholder approval at the 2017 Annual General Meeting.



## Notes to the Consolidated Financial Statements

For the year ended 30 June 2017

|  | Consolidated        |                     |
|--|---------------------|---------------------|
|  | 2017                | 2016                |
|  | \$                  | \$                  |
| <b>14. Reserves</b>  |                     |                     |
| <b>Options Reserve</b>   |                     |                     |
| Opening balance  | 503,907             | 444,647             |
| Options issued   | 21,913              | 59,260              |
| Balance at the end of the financial year   | <u>525,820</u>      | <u>503,907</u>      |
| The options reserve is used to recognise the fair value of options issued to directors, employees and contractors. |                     |                     |
| <b>15. Accumulated losses</b>  |                     |                     |
| Balance at the beginning of the financial year   | (16,011,316)        | (15,449,820)        |
| Net loss attributable to members   | (753,348)           | (561,496)           |
| Balance at the end of the financial year   | <u>(16,764,664)</u> | <u>(16,011,316)</u> |
|  | 2017                | 2016                |
|  | Cents               | cents               |
| <b>16. Earnings per share</b>  |                     |                     |
| - basic loss per share   | 0.31                | 0.25                |
| - diluted loss per share   | n/a                 | n/a                 |
| The following reflects the income and share data used in the calculations of basic and diluted loss per share:     |                     |                     |
|  | \$                  | \$                  |
| Profits / (losses) used in calculating basic and diluted earnings per share  | <u>(753,348)</u>    | <u>(561,496)</u>    |
|  | 2017                | 2016                |
|  | Number              | Number              |
| Weighted average number of ordinary shares used in calculating basic and diluted loss per share                    | <u>240,891,298</u>  | <u>228,946,505</u>  |

### *Basic earnings per share*

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

### *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2017

|   | Consolidated  |               |
|---|---------------|---------------|
|   | 2017          | 2016          |
|   | \$            | \$            |
| <b>17. Auditor's remuneration</b>           |               |               |
| <b>Audit services</b>                       |               |               |
| BDO Audit (WA) Pty Ltd                      |               |               |
| - Audit and review of the financial reports | <u>23,226</u> | <u>25,365</u> |
| Total remuneration                          | <u>23,226</u> | <u>25,365</u> |

### 18. Contingent assets and liabilities

The Group had contingent liabilities at 30 June 2017 in respect of :

#### *Future success and royalty payments*

In 2008 Alchemy Resources Limited ("Alchemy") and Troy Resources Limited ("Troy") entered into an Asset Sale Agreement whereby Alchemy acquired Troy's interest in the Three Rivers Gold Project ("Three Rivers").

Troy retains a 1% Net Smelter Return Royalty on gold production from 50,000 ounces to 70,000 ounces from Three Rivers and a \$0.75 per tonne royalty on iron ore produced from the landholding.

The Group had contingent assets at 30 June 2017 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 70,000 ounces and up to 90,000 ounces.

There are no other material contingent assets or liabilities as at 30 June 2017.

### 19. Events occurring after the reporting period

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

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2017

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### 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 prospectivity of the relevant area of interest. Currently, the minimum expenditure commitments for the granted tenements are \$2,070,580 (2016: \$1,945,820) per annum. Of this amount \$1,593,840 will be met by the Company's joint venture partners as part of their earn-in obligations.

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

|   | Consolidated |        |
|---|--------------|--------|
|   | 2017         | 2016   |
|   | \$           | \$     |
| Within 1 year                                     | 33,246       | 11,363 |
| Later than one year but not later than five years | 7,707        | -      |
| Later than five years                             | -            | -      |
|   | <hr/>        | <hr/>  |
|   | 40,953       | 11,363 |

### 21. Financial risk management objectives and policies

#### Financial Risk Management

##### Overview

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

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

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

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

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

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

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

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2017

### 21. Financial risk management objectives and policies (continued)

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

| Consolidated – 2017            | Floating interest rate<br>\$ | Fixed interest rate maturing in |                         |                         | Non interest bearing<br>\$ | Total<br>\$ |
|--------------------------------|------------------------------|---------------------------------|-------------------------|-------------------------|----------------------------|-------------|
|                                |                              | 1 Year or less<br>\$            | Over 1 to 5 years<br>\$ | More than 5 years<br>\$ |                            |             |
| <b>Financial assets</b>        |                              |                                 |                         |                         |                            |             |
| Cash and cash equivalents      | 479,157                      | 1,516,500                       | -                       | -                       | 1,022                      | 1,996,679   |
| Trade and other receivables    | -                            | -                               | -                       | -                       | 18,734                     | 18,734      |
|                                | 479,157                      | 1,516,500                       | -                       | -                       | 19,756                     | 2,015,413   |
| Weighted average interest rate | 0.63%                        | 2.50%                           | -                       | -                       | -                          | -           |
| <b>Financial liabilities</b>   |                              |                                 |                         |                         |                            |             |
| Trade and other payables       | -                            | -                               | -                       | -                       | 92,420                     | 93,420      |
|                                | -                            | -                               | -                       | -                       | 92,420                     | 92,420      |
| Weighted average interest rate | -                            | -                               | -                       | -                       | -                          | -           |
|                                |                              |                                 |                         |                         |                            |             |
| Consolidated – 2016            | Floating interest rate<br>\$ | Fixed interest rate maturing in |                         |                         | Non interest bearing<br>\$ | Total<br>\$ |
|                                |                              | 1 Year or less<br>\$            | Over 1 to 5 years<br>\$ | More than 5 years<br>\$ |                            |             |
| <b>Financial assets</b>        |                              |                                 |                         |                         |                            |             |
| Cash and cash equivalents      | 293,604                      | 916,500                         | -                       | -                       | 45,201                     | 1,255,305   |
| Trade and other receivables    | -                            | -                               | -                       | -                       | 16,484                     | 16,484      |
|                                | 293,604                      | 916,500                         | -                       | -                       | 61,685                     | 1,271,789   |
| Weighted average interest rate | 1.29%                        | 3.02%                           | -                       | -                       | -                          | -           |
| <b>Financial liabilities</b>   |                              |                                 |                         |                         |                            |             |
| Trade and other payables       | -                            | -                               | -                       | -                       | 96,630                     | 96,630      |
|                                | -                            | -                               | -                       | -                       | 96,630                     | 96,630      |
| Weighted average interest rate | -                            | -                               | -                       | -                       | -                          | -           |

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2017

### 21. Financial risk management objectives and policies (continued)

#### *Fair value sensitivity analysis for fixed rate instruments*

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

#### *Cash flow sensitivity analysis for variable rate instruments*

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

|                             | Carrying<br>value at<br>period end | Profit or loss     |                    | Equity             |                    |
|-----------------------------|------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                             |                                    | 100 bp<br>increase | 100 bp<br>decrease | 100 bp<br>increase | 100 bp<br>decrease |
| <b>Consolidated - 2017</b>  | \$                                 | \$                 | \$                 | \$                 | \$                 |
| <b>Financial assets</b>     | 1,996,679                          | 9,325              | (9,325)            | 9,325              | (9,325)            |
| Cash and cash equivalents   |                                    |                    |                    |                    |                    |
| Cash flow sensitivity (net) |                                    | 9,325              | (9,325)            | 9,325              | (9,325)            |

|                             | Carrying<br>value at<br>period end | Profit or loss     |                    | Equity             |                    |
|-----------------------------|------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                             |                                    | 100 bp<br>increase | 100 bp<br>decrease | 100 bp<br>increase | 100 bp<br>decrease |
| <b>Consolidated - 2016</b>  | \$                                 | \$                 | \$                 | \$                 | \$                 |
| <b>Financial assets</b>     | 1,255,305                          | 15,785             | (15,785)           | 15,785             | (15,785)           |
| Cash and cash equivalents   |                                    |                    |                    |                    |                    |
| Cash flow sensitivity (net) |                                    | 15,785             | (15,785)           | 15,785             | (15,785)           |

#### *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 provision for doubtful debts.

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

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2017

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### 21. Financial risk management objectives and policies (continued)

#### *Exposure to credit risk*

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

|                           | Consolidated |           |
|---------------------------|--------------|-----------|
|                           | 2017         | 2016      |
|                           | \$           | \$        |
| Cash and cash equivalents | 1,996,679    | 1,255,305 |
| Trade & other receivables | 18,734       | 16,484    |
|                           | <hr/>        | <hr/>     |
|                           | 2,015,413    | 1,271,789 |
|                           | <hr/>        | <hr/>     |

#### *Foreign currency risk*

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

#### *Commodity price risk*

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

#### *Liquidity risk*

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

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

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2017

### 21. Financial risk management objectives and policies (continued)

| Consolidated – 2017      | Contractual cash flows |                  |
|--------------------------|------------------------|------------------|
|                          | Carrying amount        | 6 months or less |
|                          | \$                     | \$               |
| Trade and other payables | 92,420                 | 96,630           |
|                          | <b>92,420</b>          | <b>96,630</b>    |
| Receivables              | 18,734                 | 16,484           |
|                          | <b>18,734</b>          | <b>16,484</b>    |

| Consolidated – 2016      | Contractual cash flows |                  |
|--------------------------|------------------------|------------------|
|                          | Carrying amount        | 6 months or less |
|                          | \$                     | \$               |
| Trade and other payables | 96,630                 | 96,630           |
|                          | <b>96,630</b>          | <b>96,630</b>    |
| Receivables              | 16,484                 | 16,484           |
|                          | <b>16,484</b>          | <b>16,484</b>    |

#### ***Fair value of financial assets and liabilities***

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

#### ***Capital risk management***

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

The capital structure of the Group consists of net debt (trade payables and provisions detailed in notes 11 & 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, & 15).

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

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2017

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### 22. Share based payments

#### a) *Share option plan*

The Group has an Incentive Option Scheme (“Scheme”) for executives and employees of the Group. In accordance with the provisions of the Scheme, as approved by shareholders at a previous annual general meeting, executives and employees may be granted options at the discretion of the directors. No Scheme options were granted during the year ended 30 June 2017.

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

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

The following share-based payment arrangements were in existence during the reporting period:

| Option series     | Number    | Grant date  | Expiry date | Vesting date | Exercise price | Fair value at grant date |
|-------------------|-----------|-------------|-------------|--------------|----------------|--------------------------|
| 10                | 1,500,000 | 23 Sep 2014 | 31 Oct 2017 | Immediate    | \$0.10         | \$0.009458               |
| 11                | 1,500,000 | 23 Sep 2014 | 31 Oct 2017 | Immediate    | \$0.20         | \$0.007336               |
| 12 <sup>(1)</sup> | 4,000,000 | 9 Jan 2017  | 8 Jan 2021  | 8 Jan 2018   | \$0.04         | \$0.0075                 |
| 13 <sup>(1)</sup> | 4,000,000 | 9 Jan 2017  | 8 Jan 2021  | 8 Jan 2019   | \$0.08         | \$0.0054                 |
| 14 <sup>(1)</sup> | 4,000,000 | 9 Jan 2017  | 8 Jan 2021  | 8 Jan 2020   | \$0.12         | \$0.0042                 |

(1) Options to be issued to Mr Ryan, subject to shareholder approval at the 2017 Annual General Meeting.

#### *Fair value of share options granted during the year*

The fair value of share options at grant date are determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date, the expected price volatility of the underlying share and the risk free rate for the term of the option. The fair value of share options issued during the year was \$21,913 (2016: \$Nil)

The fair value of options granted is recognised as an employee benefits expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options.



## Notes to the Consolidated Financial Statements

For the year ended 30 June 2017

### 22. Share based payments (continued)

#### b) Movements in share options during the year

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

|   | 2017           |                                    | 2016           |                                    |
|---|----------------|------------------------------------|----------------|------------------------------------|
|   | No. of options | Weighted average exercise price \$ | No. of options | Weighted average exercise price \$ |
| Outstanding at the beginning of the year          | 10,500,000     | 0.11                               | 3,000,000      | 0.15                               |
| Granted and vested during the year <sup>(1)</sup> | -              | -                                  | 7,500,000      | 0.10                               |
| Outstanding at the end of the year                | 10,500,000     | 0.11                               | 10,500,000     | 0.11                               |
| Exercisable at the end of the year                | 10,500,000     | 0.11                               | 10,500,000     | 0.11                               |

(1) Does not include the 12,000,000 options to be issued to Mr Ryan, subject to shareholder approval at the 2017 Annual General Meeting.

The weighted average remaining contractual life of share options outstanding at the end of the year was 1.47 years (2016: 2.47 years).

#### c) Share options outstanding at the end of the year

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

| Expiry Date     | Exercise price \$ | 2017 No.   | 2016 No.   |
|-----------------|-------------------|------------|------------|
| 31 October 2017 | 0.10              | 1,500,000  | 1,500,000  |
| 31 October 2017 | 0.20              | 1,500,000  | 1,500,000  |
| 31 May 2019     | 0.10              | 7,500,000  | 7,500,000  |
|                 |                   | 10,500,000 | 10,500,000 |

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2017

|   | Consolidated     |                  |
|---|------------------|------------------|
|   | 2017             | 2016             |
|   | \$               | \$               |
| <b>23. Reconciliation of cash flows from operating activities</b> |                  |                  |
| <b>Cash flows from operating activities</b>                       |                  |                  |
| Loss for the period   | (753,348)        | (561,496)        |
| Non-cash flows in profit/(loss):                                  |                  |                  |
| - Depreciation  | 17,128           | 34,377           |
| - Loss / (gain) on sale of assets                                 | -                | 3,071            |
| - Share based remuneration  | 21,913           | -                |
| - Exploration expenditure write-off                               | 311,778          | 47,695           |
| Changes in assets and liabilities                                 |                  |                  |
| - Decrease/(increase) in trade receivables                        | (5,985)          | 10,110           |
| - Decrease/(increase) in prepayments                              | 4,122            | 1,621            |
| - Increase/(decrease) in trade creditors and accruals             | (2,404)          | 28,254           |
| Net cash used in operating activities                             | <u>(406,796)</u> | <u>(436,368)</u> |

## 24. Related party disclosure

|   | Class | Country of<br>incorporation | Investment<br>at cost<br>2017<br>\$ | Investment<br>at cost<br>2016<br>\$ |
|---|-------|-----------------------------|-------------------------------------|-------------------------------------|
| <b>a) Parent entity</b>                         |       |                             |                                     |                                     |
| Alchemy Resources Limited                       | Ord   | Australia                   | -                                   | -                                   |
| <b>b) Subsidiaries</b>                          |       |                             |                                     |                                     |
| Alchemy Resources (Murchison) Pty Ltd           | Ord   | Australia                   | 100                                 | 100                                 |
| Alchemy Resources (Three Rivers) Pty Ltd        | Ord   | Australia                   | 100                                 | 100                                 |
| Goldtribe Corporation Pty Ltd                   | Ord   | Australia                   | 1                                   | 1                                   |
| Alchemy Resources (NSW) Pty Ltd                 | Ord   | Australia                   | 1                                   | 1                                   |
|   |       |                             | <b>2017</b>                         | <b>2016</b>                         |
|   |       |                             | \$                                  | \$                                  |
| <b>c) Key management personnel compensation</b> |       |                             |                                     |                                     |
| Short-term employee benefits                    |       |                             | 281,014                             | 289,606                             |
| Post-employment benefits                        |       |                             | 14,982                              | 15,172                              |
| Share based payments                            |       |                             | 21,913                              | -                                   |
|   |       |                             | <u>317,909</u>                      | <u>304,778</u>                      |

Detailed remuneration disclosures are provided in the remuneration report on pages 20 to 26.

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2017

### 25. Parent entity disclosure

| <b>Financial Performance</b>    | <b>2017</b>         | <b>2016</b>      |
|---------------------------------|---------------------|------------------|
|                                 | <b>\$</b>           | <b>\$</b>        |
| Loss for the year               | <b>881,452</b>      | 718,855          |
| Other comprehensive income      | -                   | -                |
| <b>Total comprehensive loss</b> | <b>881,452</b>      | <b>718,855</b>   |
| <b>Financial Position</b>       |                     |                  |
| <b>ASSETS</b>                   |                     |                  |
| Current assets                  | <b>2,010,390</b>    | 1,267,230        |
| Non-current assets              | <b>3,489</b>        | 20,616           |
| <b>TOTAL ASSETS</b>             | <b>2,013,879</b>    | <b>1,287,846</b> |
| <b>LIABILITIES</b>              |                     |                  |
| Current liabilities             | <b>100,597</b>      | 116,075          |
| <b>TOTAL LIABILITIES</b>        | <b>100,597</b>      | <b>116,075</b>   |
| <b>NET ASSETS</b>               | <b>1,913,282</b>    | <b>1,171,771</b> |
| <b>EQUITY</b>                   |                     |                  |
| Issued capital                  | <b>30,914,072</b>   | 29,313,022       |
| Reserves                        | <b>525,820</b>      | 503,907          |
| Accumulated losses              | <b>(29,526,610)</b> | (28,645,158)     |
| <b>TOTAL EQUITY</b>             | <b>1,913,282</b>    | <b>1,171,771</b> |

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 2017 other than the commitment in relation to the lease of office premises as disclosed in note 20.

## Directors' Declaration

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The directors of Alchemy Resources Limited declare that:

- (a) in the directors' opinion the financial statements and notes set out on pages 30 to 57 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 2017 and of its performance, for the financial year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), *Corporations Regulations 2001* and mandatory professional reporting requirements.
- (b) the financial statements also comply with International Financial Reporting Standards as disclosed in note 2; and
- (c) there are reasonable grounds to believe that the 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 2017.

Signed in accordance with a resolution of the directors.



**Lindsay Dudfield**  
Chairman

Perth, Western Australia  
18 August 2017

## 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 2017, 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 2017 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* (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.

## Carrying Value of Exploration and Evaluation Asset

| <i>Key audit matter</i>   | <i>How the matter was addressed in our audit</i>  |
|---|---|
| <p>Refer to note 9 in the financial report.</p> <p>The Group carries exploration and evaluation expenditure totalling \$12,759,016 in terms of the application of the Group's accounting policy for exploration and evaluation expenditure, as set out in Note 9.</p> <p>This is a key audit matter due to:</p> <ul style="list-style-type: none"> <li>The significance of the total balance;</li> </ul> <p>The level of procedures undertaken to evaluate managements application of the requirements of AASB 6 Exploration for and Evaluation of Mineral Resources ('AASB 6') in light of any indicators of impairment that may be present.</p> | <p>We have evaluated management's assessment of each impairment trigger per AASB 6 Exploration and Evaluation of Mineral Resources, including but not limited to:</p> <ul style="list-style-type: none"> <li>Obtaining from management a schedule of areas of interest held by the Group and selected a sample of tenements, and assessed as to whether the Group had rights to tenure over the relevant exploration areas by obtaining external confirmation from the relevant government agency and also considered whether the Group maintains the tenements in good standing;</li> <li>Reviewing budgets to ensure that substantive expenditure on further exploration for and evaluation of the mineral resources in the areas of interest were planned;</li> <li>Considering whether any areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed; and</li> <li>Considering whether there are any other facts or circumstances that existed to indicate impairment testing was required.</li> </ul> <p>We have also assessed the adequacy of the related disclosures in Note 9 of the financial statements.</p> |

### 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 2017, 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:

[http://www.auasb.gov.au/auditors\\_files/ar2.pdf](http://www.auasb.gov.au/auditors_files/ar2.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 21 to 27 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Alchemy Resources Limited, for the year ended 30 June 2017, 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 purple ink, appearing to read 'Dean Just', is written over a faint, light blue BDO logo watermark.

**Dean Just**

**Director**

Perth, 18 August 2017



## Additional Shareholders Information

As at 11 August 2017

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

### 1. Distribution of Holders of Equity Securities

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

| Shares Held      | Shareholders |
|------------------|--------------|
| 1 - 1,000        | 133          |
| 1,001 - 5,000    | 187          |
| 5,001 - 10,000   | 167          |
| 10,001 - 100,000 | 533          |
| 100,001 and over | 321          |
| Total            | <u>1,341</u> |

The number of holders of less than a marketable parcel of ordinary fully paid shares is 691.

### 2. Substantial Shareholders

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

|                                 | Number of shares | Percentage Held |
|---------------------------------|------------------|-----------------|
| Northern Star Resources Limited | 50,000,000       | 14.61           |
| LG Dudfield Pension Fund        | 18,612,067       | 5.44            |
| Jindalee Resources Limited      | 17,469,759       | 5.10            |

### 3. Voting Rights

#### (a) Ordinary Shares

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

#### (b) Options

No voting rights.

### 4. Quoted Securities on Issue

The Company has 342,335,585 quoted shares on issue. No options on issue by the Company are quoted.

### 5. On-Market Buy Back

There is no current on-market buy back.

### 6. Unquoted Equity Securities

|  | Number on issue | Number of holders |
|--|-----------------|-------------------|
| Options exercisable at \$0.10 on or before 31 October 2017 | 1,500,000       | 4                 |
| Options exercisable at \$0.20 on or before 31 October 2017 | 1,500,000       | 4                 |
| Options exercisable at \$0.10 on or before 31 May 2019     | 7,500,000       | 2                 |

## Additional Shareholders Information

As at 11 August 2017

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### 7. Twenty Largest Holders of Quoted Ordinary Shares

| Shareholder                               | Number of shares | Percentage held |
|---|------------------|-----------------|
| Northern Star Resources Limited           | 50,000,000       | 14.61           |
| LG Dudfield Pension Fund                  | 18,612,067       | 5.44            |
| Jindalee Resources Limited                | 17,469,759       | 5.10            |
| Troy Resources Limited                    | 10,000,000       | 2.92            |
| Grandor Pty Limited                       | 9,858,951        | 2.88            |
| Rossdale Superannuation Pty Ltd           | 8,666,667        | 2.53            |
| TBB NSW Pty Ltd                           | 7,246,000        | 2.12            |
| Cardinal Management Services Pty Ltd      | 5,893,602        | 1.72            |
| Mr Christopher Paul Lewis                 | 4,770,616        | 1.39            |
| Mr Cossimo Russo and Mrs Susan Russo      | 4,000,000        | 1.17            |
| Mr Denis John Reynolds                    | 3,800,000        | 1.11            |
| Swancave Pty Ltd                          | 3,800,000        | 1.11            |
| Mrs Stella Emily Downey                   | 3,467,750        | 1.01            |
| Dr Colin Rose                             | 3,465,399        | 1.01            |
| Kale Capital Corporation Ltd              | 3,350,200        | 0.98            |
| Cheriton Holdings Pty Ltd                 | 3,000,000        | 0.88            |
| Jorlyn Investments Pty Ltd                | 3,000,000        | 0.88            |
| Mr Eric Anthony Bennik                    | 2,835,475        | 0.83            |
| Mr Lynn Robert Brown                      | 2,803,138        | 0.82            |
| Canaccord Capital (Australia) Pty Limited | 2,785,500        | 0.81            |
|   | <hr/>            |                 |
|   | 168,825,124      | 49.32           |

## Tenement Schedule

| Project / Tenement  | Location / Status | Interest | Co-Holder                | Notes   |
|---------------------|-------------------|----------|--------------------------|---------|
| Bryah Basin Project | Western Australia |          |                          |         |
| E52/1668            | Granted           | 80%      | Jackson Minerals Pty Ltd | 1, 2, 3 |
| E52/1678            | Granted           | 80%      | Jackson Minerals Pty Ltd | 1, 2, 3 |
| E52/1722            | Granted           | 80%      | Jackson Minerals Pty Ltd | 1, 2    |
| E52/1723            | Granted           | 100%     |                          | 2, 4, 5 |
| E52/1730            | Granted           | 80%      | Jackson Minerals Pty Ltd | 1, 2, 3 |
| E52/1731            | Granted           | 100%     |                          | 2, 4    |
| E52/1810            | Granted           | 100%     |                          | 2       |
| E52/1852            | Granted           | 100%     |                          | 4       |
| E52/2360            | Granted           | 100%     |                          | 2, 7    |
| E52/2362            | Granted           | 100%     |                          | 2, 4, 6 |
| E52/3292            | Granted           | 100%     |                          | 2       |
| E52/3405            | Granted           | 100%     |                          | 2, 4, 6 |
| E52/3406            | Granted           | 100%     |                          | 2, 4, 6 |
| E52/3407            | Granted           | 100%     |                          | 2, 6    |
| E52/3408            | Granted           | 100%     |                          | 2, 4, 6 |
| E52/3409            | Granted           | 100%     |                          | 2, 6    |
| E52/3472            | Granted           | 100%     |                          |         |
| E52/3475            | Granted           | 100%     |                          |         |
| M52/722             | Granted           | 100%     |                          | 2, 4, 6 |
| M52/723             | Granted           | 100%     |                          | 2, 4, 6 |
| M52/737             | Granted           | 100%     |                          | 4, 6    |
| M52/795             | Granted           | 100%     |                          | 2, 4, 6 |
| M52/844             | Granted           | 100%     |                          | 2, 6    |
| M52/1049            | Granted           | 100%     |                          | 4, 6    |
| P52/1316            | Granted           | 100%     |                          | 4, 6    |
| P52/1317            | Granted           | 100%     |                          | 2, 6    |
| P52/1318            | Granted           | 100%     |                          | 2, 6    |
| P52/1320            | Granted           | 100%     |                          | 2, 6    |
| P52/1321            | Granted           | 100%     |                          | 4, 6    |
| P52/1322            | Granted           | 100%     |                          | 4, 6    |
| P52/1323            | Granted           | 100%     |                          | 2, 6    |
| P52/1327            | Granted           | 100%     |                          | 4, 6    |
| P52/1365            | Granted           | 100%     |                          | 4, 6    |
| P52/1425            | Granted           | 100%     |                          | 2       |
| P52/1427            | Granted           | 100%     |                          | 2       |
| P52/1428            | Granted           | 100%     |                          | 2       |
| P52/1429            | Granted           | 100%     |                          | 4       |
| P52/1467            | Granted           | 100%     |                          | 2       |
| P52/1468            | Granted           | 100%     |                          | 2       |
| P52/1469            | Granted           | 100%     |                          | 2       |
| P52/1470            | Granted           | 100%     |                          | 2       |
| P52/1531            | Granted           | 100%     |                          |         |
| P52/1532            | Granted           | 100%     |                          |         |
| P52/1533            | Granted           | 100%     |                          |         |
| P52/1534            | Granted           | 100%     |                          |         |
| P52/1535            | Granted           | 100%     |                          |         |

## Tenement Schedule

| Project / Tenement   | Location / Status | Interest | Co-Holder             | Notes |
|----------------------|-------------------|----------|-----------------------|-------|
| Karonie Project      | Western Australia |          |                       |       |
| E28/2575             | Granted           | 100%     |                       | 7     |
| E28/2576             | Granted           | 100%     |                       | 7     |
| E28/2601             | Granted           | 100%     |                       | 7     |
| E28/2619             | Granted           | 100%     |                       | 7     |
| E28/2643             | Granted           | 100%     |                       | 7     |
| E28/2667             | Granted           | 100%     |                       | 7     |
| Lachlan Projects     | New South Wales   |          |                       |       |
| EL5878 – Overflow    | Granted           | 0%       | ALY earning up to 80% | 8     |
| EL7941 – Overflow    | Granted           | 0%       | ALY earning up to 80% | 8     |
| EL8267 – Overflow    | Granted           | 0%       | ALY earning up to 80% | 8     |
| EL8356 – Overflow    | Granted           | 0%       | ALY earning up to 80% | 8     |
| EL8192 – Eurow       | Granted           | 0%       | ALY earning up to 80% | 8     |
| EL8318 - Girilambone | Granted           | 0%       | ALY earning up to 80% | 8     |

### Notes:

1. Jackson Minerals Pty Ltd, a subsidiary of Fe Ltd (ASX: FEL), retains a 20% interest free-carried to a decision to mine.
2. Independence Group NL (ASX: IGO) has a right to explore and earn a 70-80% interest (excludes iron ore) in whole or part tenements by sole funding a total of \$6,000,000 of exploration expenditure, with Alchemy free-carried up to completion of a pre-feasibility study.
3. Billabong Gold Pty Ltd has a right to explore and earn a 70% interest in whole or part tenement by sole funding a total \$1,200,000 on exploration expenditure over tenements or parts of tenements marked (3) & (4).
4. Billabong Gold Pty Ltd has a right to explore and earn an 80% interest in whole or part tenement by sole funding a total \$1,200,000 on exploration expenditure over tenements or parts of tenements marked (3) & (4).
5. PepinNini Robinson Range Pty Ltd retains a 1% NSR on iron ore.
6. 100% minerals rights for all minerals, excluding iron ore; Carey Mining Iron Ore JV – Alchemy Resources 50%, Carey Mining 50% iron ore.
7. Goldtribe Corporation Pty Ltd, a subsidiary of Alchemy Resources Ltd, has 100% interest in the tenement.
8. Alchemy Resources (NSW) Pty Ltd, a subsidiary of Alchemy Resources Ltd, has a right to explore and earn up to an 80% interest in tenements by sole funding a total of \$2,000,000 on exploration expenditure.