

**Introduction**

This Corporate Governance Statement is current as at 18 September 2018 and has been approved by the Board of the Company on that date.

This Corporate Governance Statement discloses the extent to which the Company has followed the recommendations set by the ASX Corporate Governance Council in its publication Corporate Governance Principles and Recommendations (**Recommendations**). The Recommendations are not mandatory, however the Recommendations that have not been followed have been identified and reasons provided for not following them along with what (if any) alternative governance practices the Company has adopted in lieu of the recommendation.

This Corporate Governance Statement and further information about the Company's governance practices is set out on the Company's website at <http://www.alchemyresources.com.au/corporate-governance>.

Due to the current size and nature of the existing Board and the magnitude of the Company's operations, the Board does not consider that the Company will gain any benefit from a Nomination Committee or a Remuneration Committee and that its resources would be better utilised in other areas as the Board is of the strong view that at this stage the experience and skill set of the current Board is sufficient to perform these roles. Under the Company's Board Charter, the duties that would ordinarily be assigned to these committees are currently carried out by the full Board under the written terms of reference for those committees.

Principle	Comment
<p><b>1. Lay solid foundations for management and oversight</b></p>	
<p>1.1 A listed entity should disclose:</p> <ul style="list-style-type: none"> <li>(a) the respective roles and responsibilities of its board and management; and</li> <li>(b) those matters expressly reserved to the board and those delegated to management.</li> </ul>	<p>The Company's Board Charter (available on the Company's website) sets out the responsibilities of the Board, and those delegated to senior management.</p> <p>The Board is collectively responsible for promoting the success of the Company through its key functions of overseeing the management of the Company, providing overall corporate governance, monitoring the financial performance of the Company, engaging appropriate management and Directors commensurate with the Company's structure and objectives, and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.</p> <p>The Managing Director, supported by other members of senior management, is responsible for managing the day to day activities of the Company in accordance with the delegated authority of the Board and advancing the strategic direction of the Company as set by the Board.</p>
<p>1.2 A listed entity should:</p> <ul style="list-style-type: none"> <li>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</li> <li>(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect</li> </ul>	<p>Prior to the appointment of any new Director appropriate checks are undertaken and may include checks such as the person's character, experience, education, criminal record and bankruptcy history.</p> <p>A profile of each Director is included in the Annual Report and in any notice of meeting where a Director is standing for election or re-election.</p>

Principle	Comment								
or re-elect a director.									
1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	The Company has a written agreement in place with each Director and Senior Executive which sets out the terms of their appointment. Any material variations to written agreements with Directors are disclosed to the ASX.								
1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	The Company Secretary has a direct line of communication with the Chairman and all Directors, and is responsible for supporting the proper functioning of the Board which includes, but is not limited to, providing advice on governance and procedural issues, and the preparation of Board papers and minutes.								
<p>1.5 A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>The Company is committed to supporting and managing diversity as a means of enhancing the Company's performance by recognising and utilising the contribution of the diverse skills and talents of its Directors, officers and employees. Accordingly the Company has established a Diversity Policy, a copy of which is available on the Company's website.</p> <p>The Company has not fully complied with Recommendation 1.5 in that it has not set measurable objectives for achieving gender diversity. The Board monitors diversity across the Company and is satisfied with the current level of gender diversity. Due to the small size of the Company and its small number of employees, the Board does not consider it appropriate to formally set measurable objectives for gender diversity at this time.</p> <p>As at the reporting date, the proportion of women employees across the organisation was as follows:</p> <table border="1" data-bbox="920 778 1809 922"> <thead> <tr> <th></th> <th style="text-align: right;">Percentage</th> </tr> </thead> <tbody> <tr> <td>Proportion of women employees in the whole organisation</td> <td style="text-align: right;">43%</td> </tr> <tr> <td>Proportion of women in senior executive positions</td> <td style="text-align: right;">0%</td> </tr> <tr> <td>Proportion of women on the Board</td> <td style="text-align: right;">25%</td> </tr> </tbody> </table> <p>The Company is not a "relevant employer" under the Workplace Gender Equality Act.</p>		Percentage	Proportion of women employees in the whole organisation	43%	Proportion of women in senior executive positions	0%	Proportion of women on the Board	25%
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<p>1.6 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>The Company has a Process for Performance Evaluation (disclosed on the Company's website) which details the performance review process of the Board, committees, individual Directors and senior executives.</p> <p>The Chairman is responsible for the evaluation of the Board and its members, as well as the various Committees. The Chairman and the Board regularly discussed the performance and composition of the Board during the last reporting period, considering issues or concerns as they arose. This ongoing process has remained in-house and informal throughout the year, relying on regular discussion.</p> <p>A formal performance review of the Board, Directors and Committees was not undertaken during the reporting period. The Company intends to conduct formal reviews in the coming reporting period.</p>								
<p>1.7 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a</p>	<p>The Company has a Process for Performance Evaluation (disclosed on the Company's website).</p> <p>The Chairman and the Board regularly met with the Managing Director to discuss any issues or concerns as they arose. This ongoing process has remained in-house and informal throughout the year, relying on regular discussion. A formal</p>								

Principle	Comment
<p>performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>performance review of the Managing Director and other senior executives was not undertaken during the reporting period due to the comparatively small size of the Company. The Company intends to conduct formal reviews in the coming reporting period.</p>
<p><b>2. Structure the board to add value</b></p>	
<p>2.1 The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>The Company currently does not have a Nomination Committee. The Company's Nomination Committee Charter provides for the creation of a Nomination Committee (if it is considered it will benefit the Company), with at least three members, a majority of whom are independent Directors, and which must be chaired by an independent Director.</p> <p>The Company does not have a Nomination Committee as the Board considers the Company will not currently benefit from its establishment. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Nomination Committee under the Nomination Committee Charter, including the following processes to address succession issues and to ensure the Board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively:</p> <ul style="list-style-type: none"> <li>• Devoting time at least annually to discuss Board succession issues; and</li> <li>• All Board members being involved in the Company's nomination process, to the maximum extent permitted under the Corporations Act and ASX Listing Rules.</li> </ul>
<p>2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>The Board has identified that the appropriate mix of skills and diversity required of its members on the Board to operate effectively and efficiently is achieved by personnel having substantial skills and experience in operational management, exploration and geology, corporate law, finance, listed resource companies, equity markets and global funds management. Each of these areas is currently well represented on the Board.</p> <p>A profile of each Director setting out their skills, experience, expertise and period of office is set out in the Directors' Report in the Annual Report.</p>
<p>2.3 A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<p>a) The Board has four Directors, one of which is considered to be independent, namely Mr Anthony Ho.</p> <p>b) There are no independent Directors who fall into this category.</p> <p>c) The length of service of each Director as at the end of financial year is as follows: Mr Lindsay Dudfield 6.6 years, Mr Leigh Ryan 1.5 years, Ms Liza Carpene 3.3 years, Mr Anthony Ho 6.6 years.</p>
<p>2.4 A majority of the board of a listed entity should be independent</p>	<p>The Board does not have a majority of independent Directors.</p>

Principle	Comment																		
directors.	The Board believes that the current composition of the Board is most appropriate for the Company having regard to its size, its current level of operations and its strategy and includes an appropriate mix of relevant skills and expertise. The Board recognises the ASX Corporate Governance Council's recommendation that the majority of the Board should be comprised of independent Directors and as the Company grows and/or its circumstances change, the Board may make further appointments of independent Directors if considered appropriate.																		
2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	The non-executive Chair of the Board, Mr Lindsay Dudfield, is not an independent Director.																		
2.6 A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	The Company has established a program for the induction of new Directors. The induction program covers all aspects of the Company's activities, operations and policies and procedures.  In order to develop and maintain the skills and knowledge required to perform their role, all Directors are encouraged to undergo continual professional development. Subject to approval, the Company will pay reasonable expenses to enable Directors to seek independent professional advice if required to properly discharge their responsibilities.																		
<b>3. Act ethically and responsibly</b>																			
3.1 A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	The Company has established a Code of Conduct (available on the Company's website) as a framework for decisions and actions promoting ethical conduct in employment to maintain confidence in the Company's integrity, the practices necessary to take into account its legal obligations and the reasonable expectations of its stakeholders, and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.																		
<b>4. Safeguard integrity in corporate reporting</b>																			
4.1 The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the	<p>The Board has established an Audit Committee which operates under a Charter (available on the Company's website) approved by the Board.</p> <p>The Audit Committee is chaired by Mr Anthony Ho (an independent Director) and has three members. At this time the majority of members of the Committee are not independent. All members of the Audit Committee are financially literate and have significant understanding of the industry in which the Company operates. The qualifications and experience of the Audit Committee members are outlined in the profiles in the Directors' Report contained within the Annual Report.</p> <p>The members of the Audit Committee and the details of each members attendance at its meetings during the last reporting period are as shown below:</p> <table border="1"> <thead> <tr> <th rowspan="2">Director</th> <th rowspan="2">Position</th> <th colspan="2">Committee Meetings</th> </tr> <tr> <th>Attended</th> <th>Held</th> </tr> </thead> <tbody> <tr> <td>Anthony Ho</td> <td>Committee Chairman (Independent)</td> <td>1</td> <td>1</td> </tr> <tr> <td>Lindsay Dudfield</td> <td>Non-Executive Chairman</td> <td>1</td> <td>1</td> </tr> <tr> <td>Liza Carpena</td> <td>Non-Executive Director</td> <td>1</td> <td>1</td> </tr> </tbody> </table>	Director	Position	Committee Meetings		Attended	Held	Anthony Ho	Committee Chairman (Independent)	1	1	Lindsay Dudfield	Non-Executive Chairman	1	1	Liza Carpena	Non-Executive Director	1	1
Director	Position			Committee Meetings															
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Anthony Ho	Committee Chairman (Independent)	1	1																
Lindsay Dudfield	Non-Executive Chairman	1	1																
Liza Carpena	Non-Executive Director	1	1																

Principle	Comment
external auditor and the rotation of the audit engagement partner.	
4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	The Company's Managing Director and Chief Financial Officer have provided the Board with the appropriate declarations in accordance with section 295A of the Corporations Act and this Recommendation 4.2 in relation to the full year and half year statutory financial reports as well as the quarterly cash flow reports.
4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	The Company's external auditor is invited to, and attends, the Annual General Meeting. The auditor's presence is made known to Shareholders during the meeting and Shareholders are provided with an opportunity to address questions to the Auditor.
<b>5. Make timely and balanced disclosure</b>	
5.1 A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	The Company's Policy on Continuous Disclosure (available on the Company's website) is designed to ensure compliance with ASX Listing Rule disclosure requirements and accountability at a senior executive level for that compliance.
<b>6. Respect the rights of security holders</b>	
6.1 A listed entity should provide information about itself and its governance to investors via its website.	The Company's website ( <a href="http://www.alchemyresources.com.au">www.alchemyresources.com.au</a> ) provides information on the Company including its background, objectives, projects and contact details. The Corporate Governance page provides access to key policies, procedures and charters of the Company, such as the Board and Committee charters, securities trading policy, diversity policy and the latest Corporate Governance Statement. ASX announcements, Company reports and presentations are uploaded to the website following release to the ASX.
6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Due to the size of the Company and its current stage of development the Company does not have a formal investor relations program. The Company's Board and management do however engage with Shareholders at the Annual General Meeting. The Company will meet with investors upon request and respond to any enquiries they may make from time to time.
6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	The Board encourages the attendance and participation of Shareholders at Shareholders' meetings and sets the time and location of each meeting to promote maximum attendance by Shareholders. The Company encourages Shareholders to submit questions in advance of a general meeting, and for the responses to these questions to be addressed through disclosure relating to that meeting. The Company's Shareholder Communication Policy is available on the Company's website.

Principle	Comment
<p>6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	<p>The Company welcomes electronic communication from its Shareholders via website. In addition, ASX announcements and Company reports are distributed to Shareholders and interested parties by email (registration is via the Company's website) as well as being uploaded to the Company's website.</p> <p>The Company's share registry also engages with Shareholders electronically and makes available a range of relevant forms on its website. Shareholders can register with the share registry to access their personal information and shareholdings via the internet.</p>
<p><b>7. Recognise and manage risk</b></p>	
<p>7.1 The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings;</p> <p>or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>The Company has not established a separate Risk Committee, however the Audit Committee and the Board assume responsibility for overseeing and approving risk management strategy and policies, internal compliance and non-financial internal control.</p> <p>The Board has adopted a Risk Management Policy, which sets out the Company's approach to risk. Under the policy, the Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.</p> <p>Under the policy, the Board delegates day-to-day management of risk to the Managing Director who, with the assistance of management, is responsible for identifying, assessing, monitoring and managing risks. During the reporting period senior management reviewed and reported to the Board on critical material business risks.</p> <p>The Audit Committee also monitors and reviews the integrity of financial reporting and the Company's internal financial control systems and risk management systems and reports to the Board.</p>
<p>7.2 The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>In accordance with the Company's Risk Management Policy, the Board will review at least annually the Company's risk management framework of material business risks and satisfy itself that the risk management system is operating effectively in all material respects.</p> <p>The risk management framework was reviewed by the Board during the reporting period.</p>
<p>7.3 A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>Due to the size of the Company and its current level of activity and operations, the Company does not have an internal audit function.</p> <p>The Company periodically conducts reviews of the Company's financial systems, documents and processes, and any recommendations for improvement are reported to the Board as part of the Company's risk management processes.</p>
<p>7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those</p>	<p>The Company does not have any material exposure to economic, environmental or social sustainability risks.</p>

Principle	Comment
risks.	
<b>8. Remunerate fairly and responsibly</b>	
<p>8.1 The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <ol style="list-style-type: none"> <li>(1) has at least three members, a majority of whom are independent directors; and</li> <li>(2) is chaired by an independent director, and disclose:</li> <li>(3) the charter of the committee;</li> <li>(4) the members of the committee; and</li> <li>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings;</li> </ol> <p>or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>The Company currently does not have a Remuneration Committee. The Company's Remuneration Committee Charter provides for the creation of a Remuneration Committee (if it is considered it will benefit the Company), with at least three members, a majority of whom are independent Directors, and which must be chaired by an independent Director.</p> <p>The Company does not have a Remuneration Committee as the Board considers the Company will not currently benefit from its establishment. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Remuneration Committee under the Remuneration Committee Charter including the following processes to set the level and composition of remuneration for Directors and senior executives and to ensure that such remuneration is appropriate and not excessive:</p> <ul style="list-style-type: none"> <li>• Devoting time at least annually to discuss a) the on-going appropriateness and relevance of Director and executive remuneration and other executive benefit programs and b) ensuring that remuneration policies fairly and responsibly reward executives having regard to the performance of the Company, the performance of the executive and prevailing remuneration expectations in the market; and</li> <li>• All Board members being involved in the Company's remuneration process, to the maximum extent permitted under the Corporations Act and ASX Listing Rules.</li> </ul>
<p>8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>The structure of Non-Executive Director remuneration is clearly distinguishable from that of senior executives.</p> <p>Non-executive directors are remunerated on a fixed fee basis for their time, commitment and responsibilities as part of an aggregate remuneration pool approved by Shareholders. These fees are not linked to the performance of the Company. Non-executive directors' remuneration may also include options, subject to approval by Shareholders.</p> <p>The Company's non-executive directors receive a Board fee but do not receive fees for chairing or participating on Board committees.</p> <p>Executive Directors and senior executives are remunerated either by way of annual salary (i.e. cash and superannuation components) or by consulting fees. Senior executives may also, at the Board's discretion, receive incentive options.</p> <p>Further details on the Company's remuneration practices with regard to Directors and senior executives are contained within the Remuneration Report which forms part of the Directors' Report in the Annual Report.</p>
<p>8.3 A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>The Company has an Employee Incentive Scheme (Incentive Scheme), which was approved by Shareholders at the 2017 Annual General Meeting. A summary of the Incentive Scheme was included in the Company's 2017 Notice of General Meeting, a copy of which is available on the Company's website.</p> <p>The Company's Policy for Trading in Company Securities (available on the Company's website) prohibits Directors, officers and employees from entering into transactions or arrangements which operate to limit the economic risk of their security holding in the Company without first seeking and obtaining written acknowledgement from the Chairman.</p>