



ABN 17 124 444 122

**Half-Year Financial Report
31 December 2010**

Corporate Directory

Directors

Warwick Davies	Non-Executive Chairman
John Arbuckle	Non-Executive
Jeff Moore	Non-Executive

Company Secretary

Bernard Crawford

Registered Office

18 Emerald Terrace
West Perth WA 6005
Telephone: (08) 9481 4400
Facsimile: (08) 9481 4404
Email: admin@alchemyresources.com.au
Web: 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

Stock Exchange Listing

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

ASX Code: **ALY**

ALCHEMY RESOURCES LIMITED – HALF YEAR REPORT

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ALCHEMY RESOURCES LIMITED – HALF YEAR REPORT

DIRECTORS' REPORT

Your directors submit their report for the half-year ended 31 December 2010.

DIRECTORS

The names of Alchemy Resources Limited's ("Alchemy" or "Company") directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Warwick Davies

John Arbuckle

Jeff Moore

Michael Hannington

Robert Downey

Appointed 1 December 2010

Resigned 14 February 2011

Resigned 14 February 2011

REVIEW AND RESULTS OF OPERATIONS

The company's activities are reported in announcements to the ASX. Highlights of the half year to 31 December 2010 include:

Magnus Copper Project (Alchemy 100%)

Alchemy continued systematic exploration at the Magnus Copper Project including targeted RC drilling of VTEM (helicopter borne electromagnetic survey) conductors, interpretation of surface geochemistry and geophysical surveys and delineation of additional drill targets. Alchemy is exploring for repeats of copper-gold mineralisation discovered at Sandfire Resources NL's DeGrussa copper-gold deposit.

Following completion of the third RC drilling program in November 2010, a total of 42 RC holes have now been drilled at the Magnus Copper Project.

A number of VTEM targets remain untested. Alchemy will plan follow up drilling based on a re-ranking of the VTEM targets and results from the DHEM survey expected to be completed in the first quarter of 2011.

Alchemy plans to undertake large reconnaissance drilling campaigns over the Magnus Copper Project area during 2011 to follow up on, as yet, untested gold and copper soil anomalies.

Alchemy's drilling program at Magnus has highlighted the difficult nature of targeting repeats of the DeGrussa copper-gold discovery. Nevertheless, Alchemy is committed to thoroughly and systematically exploring the Magnus Copper Project area for both copper mineralisation and for 'gold only' mineralised systems, such as the recent Central Bore gold discovery. Drilling to date has confirmed that the Magnus project area is highly fertile for the discovery of copper and 'gold only' mineralised systems.

It is anticipated that following the detailed review of exploration results including end-of-hole assays etc, a clearer picture of the exploration techniques required at Magnus will be identified. It is hoped that more targeted exploration will occur as a direct result of this review.

Gascoyne Gold Projects (Alchemy 100%)

Hermes – Alchemy completed a diamond drilling program in August 2010 and submitted oxide core material from the Hawkeye and Trapper resource areas to Amdel for metallurgical test-work. The results of the test work, received in January 2011, are being interpreted by a consulting metallurgist to assist in determining the ease of extracting gold from the resource.

ALCHEMY RESOURCES LIMITED – HALF YEAR REPORT

Samples from drilling undertaken in the mid 1990's provided gold recoveries of over 92% and in combination with the results from the metallurgical test-work are expected to provide sufficient information to progress scoping studies on the processing of ore at the nearby Plutonic mill, 65km north-east of Hermes.

Alchemy's drilling programs at Hermes during 2009 and 2010 were successful in discovering new gold zones (Trapper West, Winchester and Blake) outside the existing gold resource at Hawkeye and Trapper. The encouraging results outside the known Indicated Resource of **1.7Mt @ 2.4g/t gold (equivalent to 131,000 ounces of gold)**, in combination with previous significant drilling intersections and metallurgical test-work, will be utilised to re-estimate gold resources at Hermes.

Wilgeena – A maiden Indicated Resource of **659,480t @ 2.34g/t gold (equivalent to 49,536 ounces of gold)** was estimated at the Wilgeena gold deposit and a Mining Lease (M52/1049) granted over the deposit in September 2010.

Diamond drilling was completed at Wilgeena and oxide core material from each of the three discrete ore zones was submitted to Amdel for metallurgical test-work. The results of the test work were received in January 2011 and are being interpreted by a consulting metallurgist to assist in determining the ease of extracting gold from the resource.

A RC drilling program completed in December 2010 intersected wide zones of gold mineralisation outside of the known resource, including **12m @ 7.21g/t gold** in WGRC035 and **17m @ 3.26g/t gold** in WGRC034.

Programs of work have been approved to drill a combination of diamond and aircore holes in the first quarter of 2011 at Wilgeena to provide key geological information on the nature, orientation and continuity of the high-grade intervals, as well as drill test targets outside the known mineralisation.

The results from the drilling programs and metallurgical test-work will be used to complete a scoping study to determine the economic viability of the gold resource and to establish a timetable for bringing Wilgeena into production.

Central Bore – High-grade gold mineralisation has been intersected by RC drilling at the Central Bore gold prospect. Phase One drilling was co-funded through a grant by the WA Government under the Exploration Incentive Scheme. The best results from two phases of RC drilling in August and November 2010 included:

9m @ 7.19g/t gold (from 35m) and **9m @ 7.82g/t gold** (49m) in CBRC004,
13m @ 2.58g/t gold (32m), **3m @ 10.27g/t gold** (80m) and **4m @ 5.75g/t gold** (86m) in CBRC005,
15m @ 4.89g/t gold (84m) in CBRC011, and
16m @ 2.48g/t gold (86m) in CBRC018.

Programs of work have been approved to drill a combination of diamond and aircore holes in the first quarter of 2011 at the Central Bore gold prospect. This work will provide key geological information on the nature, orientation and continuity of the high-grade intervals and the broad mineralised envelope, as well as drill test targets outside the known mineralisation.

Murchison Projects (Alchemy 100% or Alchemy 80%-Jindalee 20%)

Assessment of the Alchemy's Murchison tenements continued with aircore drilling programs at Big Bell North (Alchemy 100%) and Jeffery Well (Alchemy 80%-Jindalee 20%) in October 2010. Aircore drilling at Big Bell North in-filled a 2.5 km long zone of gold and pathfinder anomalism and returned a number of significant intersections, including **21m @ 0.76g/t gold** in BBNAC092. A first-phase aircore drill program at Jeffery Well returned high-grade intersections, including **2m @ 15.27g/t gold** in JWAC023, providing a number of additional drill targets.

ALCHEMY RESOURCES LIMITED – HALF YEAR REPORT

Programs of work have been approved by the Department of Minerals and Petroleum to drill test targets using a combination of RC and aircore holes in the second quarter of 2011 at Big Bell North and Jeffery Well.

Alchemy acquired the Gidgee South Project and plans to undertake surface geochemistry and first-phase drilling in the first quarter of 2011. The project hosts a high priority gold target identified during regional targeting undertaken following development of Alchemy's three dimensional geological model covering the Murchison District. The acquisition of the project provides further highly prospective exploration ground over the Big Bell – Meekatharra shear, which hosts the Big Bell gold deposit (3.9 Moz) to the south.

Corporate activity

Alchemy continues to control costs while actively exploring its project areas. At 31 December 2010, Alchemy had \$6.7 million in cash.

The conversion of 20.4 million listed options during the half year increased cash on hand by \$5.1 million.

Alchemy continues to seek 'value creating' acquisitions in the Murchison and Gascoyne Districts of both early stage exploration projects and more advanced projects with resources able to be developed in the near-term.

On 26 July 2010, Alchemy announced an action commenced in the Western Australian Warden's Court to seek forfeiture over fifteen tenements adjacent to Alchemy's tenements that are held by Grosvenor Gold Pty Ltd. Alchemy considers the Grosvenor tenements to be highly prospective for mineralisation similar to Alchemy's Hermes Gold Project and Sandfire Resources NL's DeGrussa copper-gold deposit. If this action is successful, and Alchemy acquires Grosvenor's ground, it will triple Alchemy's exploration tenure in the Gascoyne District.

Operating Results

The half-yearly report to 31 December 2010 shows an operating loss of \$738,613 compared with an operating loss of \$555,928 for the half-year ended 31 December 2009.

AUDITOR'S INDEPENDENCE DECLARATION

Alchemy has obtained an independence declaration from our auditor's, BDO Audit (WA) Pty Ltd, which is included on page 7.

Signed in accordance with a resolution of the directors.



Warwick Davies
Chairman

Perth, 14 March 2011

ALCHEMY RESOURCES LIMITED – HALF YEAR REPORT

Competent Person Statements

The information in this report that relates to Exploration Results is based on information compiled by Dr Kevin Cassidy, who is a Fellow of the Australian Institute of Geoscientists, and a full-time employee of Alchemy Resources Limited. Dr Cassidy has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration, Results, Mineral Resource and Ore Reserves'. Dr Cassidy consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resources at the Hermes Gold Project is based on information compiled by Mr Shaun Hackett, who is a Member of the Australasian Institute of Mining and Metallurgy and is a full-time employee of Snowden Mining Industry Consultants Pty Ltd. Mr Hackett has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration, Results, Mineral Resource and Ore Reserves'. Mr Hackett consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resources at the Wilgeena gold deposit is based on information compiled by Mr Simon Coxhell of Cocksrocks Pty Ltd, who is a Member of the Australian Institute of Geoscientists and a Member of the Australasian Institute of Mining and Metallurgy and is a consultant to Alchemy Resources Limited. Mr Coxhell has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration, Results, Mineral Resource and Ore Reserves'. Mr Coxhell consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

14 March 2011

Alchemy Resources Limited
The Board of Directors
18 Emerald Terrace
WEST PERTH WA 6005

Dear Sirs,

DECLARATION OF INDEPENDENCE BY CHRIS BURTON TO THE DIRECTORS
OF ALCHEMY RESOURCES LIMITED

As lead auditor of Alchemy Resources Limited for the half-year ended 31 December 2010, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- 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.



Chris Burton
Director



BDO Audit (WA) Pty Ltd
Perth, Western Australia

ALCHEMY RESOURCES LIMITED – HALF YEAR REPORT

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Notes	Consolidated 31 December 2010 \$	31 December 2009 \$
Continuing Operations			
Other income	5	272,832	49,052
Other expenses	5	(999,662)	(604,980)
Finance costs		(11,783)	-
		<u>(738,613)</u>	<u>(555,928)</u>
Loss from continuing operations before income tax			
Income tax expense		-	-
		<u>(738,613)</u>	<u>(555,928)</u>
Loss for the period			
Other comprehensive income		-	-
		<u>-</u>	<u>-</u>
Other comprehensive income for the period, net of tax			
		<u>-</u>	<u>-</u>
Total comprehensive income for the period		<u>(738,613)</u>	<u>(555,928)</u>
Earnings per share (cents per share)			
- basic; for loss for the half-year		(0.8)	(0.001)
- diluted; for loss for the half-year		(0.8)	(0.001)

This Consolidated Statement of Comprehensive Income should be read in conjunction with the notes to these half year accounts

ALCHEMY RESOURCES LIMITED – HALF YEAR REPORT

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010

	Notes	Consolidated	
		31 December 2010 \$	30 June 2010 \$
ASSETS			
Current Assets			
Cash and cash equivalents		6,706,004	5,827,817
Trade and other receivables		700,569	303,752
Other current assets		28,087	14,746
Total Current Assets		7,434,660	6,146,315
Non-Current Assets			
Exploration and evaluation		8,960,778	6,398,131
Property, plant and equipment		340,712	343,553
Total Non-Current assets		9,301,490	6,741,684
TOTAL ASSETS		16,736,150	12,887,999
LIABILITIES			
Current liabilities			
Trade and other payables		287,636	813,345
Provisions		140,019	79,017
Interest bearing liabilities		38,166	34,837
Total Current Liabilities		465,821	927,199
Non-Current Liabilities			
Provisions		-	2,815
Interest bearing liabilities		165,220	185,157
Total Non-Current Liabilities		165,220	187,972
TOTAL LIABILITIES		631,041	1,115,171
NET ASSETS		16,105,109	11,772,828
EQUITY			
Issued capital	9	20,422,910	15,208,016
Reserves		401,436	545,436
Accumulated losses		(4,719,237)	(3,980,624)
TOTAL EQUITY		16,105,109	11,772,828

This Consolidated Statement of Financial Position should be read in conjunction with the notes to these half year accounts

ALCHEMY RESOURCES LIMITED – HALF YEAR REPORT

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Notes	Consolidated	
		31 December 2010	31 December 2009
		\$	\$
Cash flows from operating activities			
Payments to suppliers and employees		(1,043,993)	(392,556)
Interest received		149,307	48,445
Interest paid		(11,783)	-
Receipts from customers		66,031	-
Net cash flows from/(used in) operating activities		(840,438)	(344,111)
Cash flows from investing activities			
Purchase of property, plant and equipment		(35,868)	(118,463)
Payment for exploration expenditure		(3,299,792)	(1,722,059)
Purchase of subsidiary		-	(2,087)
Net cash flows from/(used in) investing activities		(3,335,660)	(1,842,609)
Cash flows from financing activities			
Proceeds from issue of shares		-	2,500,000
Proceeds from option conversion		5,317,273	1,639,977
Payments for capital raisings		(246,380)	(15,568)
Repayment of borrowings		(16,608)	(33,413)
Net cash flows from/(used in) financing activities		5,054,285	4,090,996
Net increase/(decrease) in cash and cash equivalents		878,187	1,904,276
Cash and cash equivalents at beginning of period		5,827,817	1,397,040
Cash and cash equivalents at end of period	6	6,706,004	3,301,316

This Consolidated Statement of Cash Flows should be read in conjunction with the notes to these half year accounts

ALCHEMY RESOURCES LIMITED – HALF YEAR REPORT

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

Consolidated

	<i>Attributable to equity holders of the entity</i>			<i>Total equity</i>
	Contributed Equity \$	Reserves \$	Accumulated Losses \$	\$
At 1 July 2009	5,912,102	578,573	(2,422,500)	4,068,175
Loss for the period	-	-	(555,928)	(555,928)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period net of tax	-	-	(555,928)	(555,928)
Transactions with owners in their capacity as owners				
Issue of shares	2,500,000	-	-	2,500,000
Transaction costs of issuing shares	(411,568)	-	-	(411,568)
Exercise of options	1,960,326	(320,349)	-	1,639,977
Share-based payments	-	399,605	-	399,605
At 31 December 2009	9,960,860	657,829	(2,978,428)	7,640,261
At 1 July 2010	15,208,016	545,436	(3,980,624)	11,772,828
Loss for the period	-	-	(738,613)	(738,613)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period net of tax	-	-	(738,613)	(738,613)
Transactions with owners in their capacity as owners				
Exercise of options	5,461,274	(144,000)	-	5,317,274
Transaction costs of issuing options	(246,380)	-	-	(246,380)
At 31 December 2010	20,422,910	401,436	(4,719,237)	16,105,109

This Consolidated Statement of Changes in Equity should be read in conjunction with the notes to these half year accounts

ALCHEMY RESOURCES LIMITED – HALF YEAR REPORT

NOTES TO THE HALF-YEAR ACCOUNTS

1. CORPORATE INFORMATION

The financial report of Alchemy Resources Limited (“the Company”) for the half-year ended 31 December 2010 was authorised for issue in accordance with a resolution of the directors on 14 March 2011.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The half-year financial report does not include all of the notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the annual Financial Report of Alchemy Resources as at 30 June 2010.

It is also recommended that the half-year financial report be considered together with any public announcements made by Alchemy Resources Limited and its controlled entities during the half-year ended 31 December 2010 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

(a) Basis of Preparation

The half-year consolidated financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards, including AASB 134 “Interim Financial Reporting” and other mandatory professional reporting requirements. The half-year financial report has been prepared on a historical cost basis, except where stated.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

(b) Changes in accounting policies and disclosures

There are no new or revised Standards and Interpretations issued by the Australian Accounting Standards Board that impact the half-year financial report.

(c) Significant accounting policies

The half-year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2010.

(d) Basis of Consolidation

Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are carried at their cost of acquisition in the Company’s financial statements.

ALCHEMY RESOURCES LIMITED – HALF YEAR REPORT

Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Interests in joint venture operations

The Consolidated Entity's interest in joint venture operations is accounted for by recognising the Consolidated Entity's share of assets and liabilities from the joint venture, as well as expenses incurred by the Consolidated Entity and the Consolidated Entity's share of net income earned from the joint venture, in the consolidated financial statements.

3. FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with that disclosed in the consolidated financial report as at and for the year ended 30 June 2010.

4. SEGMENT INFORMATION

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

	Consolidated	
	31 December 2010	31 December 2009
	\$	\$

5. REVENUE, INCOME AND EXPENSES FROM CONTINUING OPERATIONS

Other income

Finance income	206,801	48,446
Other income	66,031	606
Total other income	272,832	49,052

Included in Other expenses:

Depreciation	38,710	7,937
Related party consultancy	137,120	52,866
Share based remuneration	-	3,605
Employee benefits	382,285	191,135

6. CASH AND CASH EQUIVALENTS

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

Cash at bank and in hand	1,489,488	3,266,928
Short term deposits	5,216,516	34,388
	6,706,004	3,301,316

ALCHEMY RESOURCES LIMITED – HALF YEAR REPORT

7. COMMITMENTS AND CONTINGENCIES

There has been no material change in the commitments and contingencies since 30 June 2010.

8. EVENTS AFTER THE BALANCE SHEET DATE

No matters or circumstances have arisen since the end of the half year which have significantly affected or may significantly affect the operations or the state of affairs of the consolidated entity in the future financial years.

9. CONTRIBUTED EQUITY

Share Capital

Ordinary shares

Consolidated	
31 December 2010	30 June 2010
\$	\$

Movement in ordinary shares on issue

At 1 July 2009

Issued from capital raising

Options converted to shares

Transaction costs on share issue

At 31 December 2009

At 1 July 2010

Options converted to shares

- Listed 25 cent options

- Unlisted 37 cent options

Transaction costs on option conversion

At 31 December 2010

20,422,910 15,208,016

Number \$

46,346,100 5,912,102

13,875,000 2,500,000

6,559,908 1,960,326

- (411,568)

66,781,008 9,960,860

76,202,316 15,208,016

21,195,092 5,439,724

50,000 21,550

- (246,380)

97,447,408 20,422,910

10. DIVIDENDS

No Dividends have been declared or paid during the period.

11. KEY MANAGEMENT PERSONNEL

On 1 December 2010 Mr Jeff Moore was appointed as a non-executive director of the Company. The appointment of Mr Moore was made in accordance with the Company's Constitution and is not for a fixed term. Mr Moore's remuneration is \$40,000 per annum (inclusive of superannuation contributions).

ALCHEMY RESOURCES LIMITED – HALF YEAR REPORT

DIRECTORS' DECLARATION

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

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
 - i. give a true and fair view of the financial position as at the 31 December 2010 and the performance for the half-year ended on that date of the consolidated entity; and
 - ii. comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Warwick Davies
Chairman

Perth, 14 March 2011

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ALCHEMY RESOURCES LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Alchemy Resources Limited, which comprises the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Alchemy Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Alchemy Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Alchemy Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO Audit WA Pty Ltd

Bdo Audit


Chris Burton
Director

Perth, Western Australia,
Dated this 14th day of March 2011