



ABN 17 124 444 122

**Half-Year Financial Report
31 December 2015**

Corporate Directory

Directors

Oscar Aamodt	Non-Executive Chairman
Liza Carpene	Non-Executive
Lindsay Dudfield	Non-Executive
Anthony Ho	Non-Executive

Company Secretary

Bernard Crawford

Registered Office

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West Perth WA 6005
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Facsimile: (08) 9481 4404
Email: admin@alchemyresources.com.au
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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
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Stock Exchange Listing

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

ASX Code: **ALY**

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Directors' Report

Your directors submit their report for the half-year ended 31 December 2015.

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.

Oscar Aamodt
Liza Carpene
Lindsay Dudfield
Anthony Ho
Sofia Bianchi (*Resigned 24 February 2016*)

REVIEW AND RESULTS OF OPERATIONS

Alchemy's activities are reported in announcements to the ASX, with highlights of the half-year to 31 December 2015 summarised below (further details can be found at the Company's website (www.alchemyresources.com.au)).

BRYAH BASIN PROJECT

(100% or 80% Alchemy Resources Ltd)

Alchemy's Bryah Basin Project comprises a 500km² ground package, located 130km NE of Meekatharra, Western Australia. The Project is located along strike and west of Sandfire Resources' DeGrussa copper-gold mine and its discovery of high-grade copper-gold mineralisation at the Monty prospect, and adjacent to Peak Hill where about 1Moz of gold has been mined from several deposits. Alchemy holds 100% interest in the landholding with the exception of several tenements held in joint-venture 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 Independence Group NL ("IGO") and Northern Star Resources Ltd ("Northern Star"). Should a high-value base metal or gold discovery be made by IGO or Northern Star, Alchemy retains the right to participate as a 20% partner, an equity position that may deliver significant value to shareholders.

Base Metals Exploration – IGO earning up to 80%

During the half-year ending 31 December 2015, IGO undertook further on-ground exploration as part of the farm-in and joint-venture covering base metal prospective parts of the Bryah Basin Project ("IGO JV"). Under the terms of the IGO JV, IGO 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.

The IGO JV area contains more than 45km of strike extent of the Narracoota – Karalundi volcano-sedimentary sequence, host to the DeGrussa copper-gold deposit and Monty copper-gold prospect, and prospective for discovery of volcanic massive-sulphide (VMS)-style base metal deposits.

Directors' Report

Since commencement of funding base metal exploration in early 2014, IGO defined a 2.5km long, strike-parallel zone of high-order, multi-element VMS pathfinder anomalism in the Neptune area, localised within the underlying sedimentary-dominated Karalundi Formation and on the basal contact of the mafic-dominated Narracoota Formation. These zones of anomalism are semi-coincident with several linear, moderate to strong electromagnetic (EM) conductors returned from moving-loop EM (MLEM) surveys conducted over the Neptune prospect, along with several potential basin-forming growth faults.

During the reporting period, IGO completed broad-spaced diamond and RC drilling at the Neptune prospect. The drilling program of three diamond (with RC pre-collar) holes and five RC holes, drilled on five sections nominally 500m apart, targeted mineralisation at vertical depths of between 200m and 400m along 2km of strike of the prospective zone. Funds from a successful WA Government Exploration Incentive Scheme Co-funded Drilling Initiative grant were used towards the drilling program.

Anomalous stringer-style to heavy disseminated/blebby, pyrite-dominant sulfide mineralisation is present throughout the Neptune prospect, with mineralisation mainly hosted within three stratigraphic horizons within the Karalundi sedimentary-dominated sequence, close to the contact with the overlying mafic (sub-) volcanic-dominated Narracoota sequence. Zones of strong to intense sericite-chlorite±silica alteration are present.

Diamond core assays from the mineralised horizons and results from 4m-composite samples from the RC holes and RC pre-collars of diamond holes indicate strong copper and/or gold anomalism associated with multiple mineralised horizons within the prospective Narracoota – Karalundi volcano-sedimentary sequence. Moderate copper anomalism in 15BRDD002 (0.9m at 610 ppm Cu from 227.1m) is associated with anomalism of a multi-element (Ag-As-Au-Bi-Mo-Sb-Se-Te-Tl) suite consistent with VMS-style copper-gold deposits. The anomalism is associated with pyrite-dominated sulfide mineralisation within black shales. Further down 15BRDD002, three intervals of moderate- to high-order (>100 ppb) gold anomalism are associated with patchy silica-sericite±carbonate alteration in basalt and sedimentary rocks, and essentially Au-only or Au-As±Bi±W anomalism. One of these intervals is associated with high-order (>500 ppm) zinc anomalism, including 1m at 1,847 ppm Zn from 334m.

High-order copper anomalism in 15BRRC002 (28m at 1,193 ppm Cu from 88m) is associated with anomalism of a multi-element (Ag-Au-Bi-Mo-Sb-Se-Tl) suite. The anomalism is associated with pyrite-dominated sulfide mineralisation and patchy hematite alteration within the Karalundi sedimentary sequence. Projected down-dip, this copper-rich zone remains untested at depth.

Zones of moderate- to high-order (>100 ppb) gold anomalism extend for over a 1km strike proximal to the Narracoota – Karalundi contact. These zones are within broader (10-90m) zones of low-order (>50 ppb) gold anomalism associated with strongly silica-sericite±hematite altered and sulfide (pyrrhotite-pyrite)-mineralised, intercalated shale and siltstone within the upper 50-75m of the Karalundi sedimentary sequence.

Follow-up down-hole EM (DHEM) surveys undertaken on diamond and RC holes returned a number of conductors that can be explained by the presence of graphitic shales down-hole. The most significant response, however, is an off-hole response that is interpreted to be of high conductance (3000 Siemens) and modelled to lie between drill sections containing 15BRDD001 and 15BRDD002. Its source may be carbonaceous shales that are of higher conductance to those intersected down-hole or may represent an accumulation of mineralised sulfides. This represents a priority target that requires follow-up exploration.

Directors' Report

IGO completed a review of all data relating to the broad spaced diamond/RC drilling program at Neptune and highlighted five target areas, comprising a combination of geochemical, geophysical and structural features that require follow-up drilling.

The majority of exploration on the tenements to date has focussed on the Karalundi-Narracoota contact zone. There is increasing evidence to suggest that other zones within the Bryah Basin Project area, particularly those stratigraphically deeper within the Karalundi sequence, are also highly prospective for VMS-style mineralisation. IGO will assess these areas further in the first half of 2016.

Gold Exploration – Northern Star earning up to 80%

During the reporting period, Northern Star commenced the initial phase of on-ground exploration as part of a farm-in and joint venture (“Northern Star JV”). The Northern Star JV is to explore and earn up to 80% of Alchemy’s interests in the whole and part tenements that cover the gold prospective part of the Bryah Basin Project, including existing gold resources at the Wilgeena gold deposit (Indicated Resource of 1.36Mt at 1.99g/t gold, equivalent to 87,373 ounces of gold).

Under the terms of the Northern Star JV, Northern Star can earn up to 80% in Alchemy’s interests through Earn-In Expenditure of \$1.2M within three years. Upon Northern Star fulfilling its Earn-In Expenditure, Alchemy’s interest is carried on an interest-free deferred basis to production, with Alchemy to repay Northern Star the deferred amount at the rate of 50% of its share of free cash flow from production following commencement of mining.

The Northern Star 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. These include high-grade gold targets at the Wilgeena, Central Bore and Seaborg areas, historic gold intercepts and gold-in-soil anomalies along strike from these prospects and other high priority targets.

During the half-year ending 31 December 2015, Northern Star completed a regional geophysical survey and auger geochemical drilling on selected target areas. New high-resolution aeromagnetic and radiometric data were acquired over parts of the Northern Star JV area to complement existing datasets of similar detail covering part of the western Bryah Basin Project. In addition, high-resolution satellite imagery was acquired covering the entire Northern Star JV area.

Auger geochemical drilling programs were completed on selected target areas in the Border, Flamel, Henry, Jones, Pelorus, Troy and Zosimos prospects. Previous studies have shown that auger geochemical drilling is an effective method to obtain a meaningful geochemical response in areas of the Project area with widespread hardpanised colluvium. Results of the geochemical drilling returned multiple areas with low-order (+6ppb Au) gold anomalism in the Flamel, Henry, Jones, Pelorus and Troy areas, with a peak result of 60.2ppb Au returned from the Pelorus prospect.

Northern Star advised that results of work undertaken during the reporting period are being used to plan further in-fill and extension auger geochemical drilling in the coming months as well as possible aircore/RC drilling traverses to test identified trends.

Operating Results

The half-year report to 31 December 2015 shows an operating loss of \$235,870 compared with an operating loss of \$4,073,213 for the half-year ended 31 December 2014.

Directors' Report

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 page 5.

Signed in accordance with a resolution of the directors.



Oscar Aamodt
Chairman

Perth, 4 March 2016

Competent Person's Statement

The information in this report that relates to Exploration Results is based on information compiled by Dr Kevin Cassidy, who is an employee and security holder of Alchemy Resources Limited. Dr Cassidy is a Fellow 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'). 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 Wilgeena Gold Deposit is based on information compiled by Simon Coxhell, who is an employee of CoxsRocks Pty Ltd, a consultant to Alchemy Resources Limited. 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 his information in the form and context in which it appears.

Alchemy confirms that 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. Alchemy 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.

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

As lead auditor for the review of Alchemy Resources Limited for the half-year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Alchemy Resources Limited and the entities it controlled during the period.



Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 4 March 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income For the Half-Year Ended 31 December 2015

	Notes	Consolidated	
		31 December 2015 \$	31 December 2014 \$
Revenue from continuing operations			
Other income	4	33,989	189,529
Corporate expense		(89,325)	(108,310)
Exploration expense		(2,859)	(2,522)
Employee expense		(93,864)	(59,687)
Administration expense		(83,811)	(131,169)
Impairment expense	5	-	(3,958,878)
Finance costs		-	(2,176)
Loss from continuing operations		(235,870)	(4,073,213)
Income tax benefit		-	-
Loss for the half-year attributable to the owners of Alchemy Resources Limited		(235,870)	(4,073,213)
Other comprehensive income			
Items that will not be reclassified to profit or loss		-	-
Items that will be reclassified to profit or loss		-	-
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive loss for the half-year attributable to the owners of Alchemy Resources Limited		(235,870)	(4,073,213)
Loss per share attributable to the owners of Alchemy Resources Limited			
Basic loss per share (cents per share)		(0.10)	(2.20)

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

Consolidated Statement of Financial Position

As at 31 December 2015

		Consolidated	
		31 December 2015	30 June 2015
	Notes	\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	6	1,524,956	1,821,765
Trade and other receivables		23,830	42,620
Other current assets		19,696	5,744
Total Current Assets		1,568,482	1,870,129
Non-Current Assets			
Exploration and evaluation	7	12,534,343	12,453,879
Property, plant and equipment		33,931	52,590
Total Non-Current Assets		12,568,274	12,506,469
TOTAL ASSETS		14,136,756	14,376,598
LIABILITIES			
Current Liabilities			
Trade and other payables		73,339	71,434
Provisions		19,438	25,315
Total Current Liabilities		92,777	96,749
TOTAL LIABILITIES		92,777	96,749
NET ASSETS		14,043,979	14,279,849
EQUITY			
Contributed equity	9	29,285,022	29,285,022
Reserves		444,647	444,647
Accumulated losses		(15,685,690)	(15,449,820)
TOTAL EQUITY		14,043,979	14,279,849

This Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity For the Half-Year Ended 31 December 2015

<i>Attributable to equity holders of the entity</i>				
Notes	Contributed Equity \$	Reserves \$	Accumulated Losses \$	Total Equity \$
At 1 July 2014	28,635,022	419,456	(10,673,734)	18,380,744
Loss for the half-year	-	-	(4,073,213)	(4,073,213)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the half-year net of tax	-	-	(4,073,213)	(4,073,213)
Transactions with owners in their capacity as owners				
Share based payments	10	-	25,191	-
At 31 December 2014		28,635,022	444,647	(14,746,947)
At 1 July 2015		29,285,022	444,647	(15,449,820)
Loss for the half-year		-	-	(235,870)
Other comprehensive income		-	-	-
Total comprehensive loss for the half-year net of tax		-	-	(235,870)
Transactions with owners in their capacity as owners				
At 31 December 2015		29,285,022	444,647	(15,685,690)

This Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the Half-Year Ended 31 December 2015

	Notes	Consolidated	
		31 December 2015 \$	31 December 2014 \$
Cash flows from operating activities			
Payments to suppliers and employees		(262,779)	(230,958)
Interest received		24,345	5,880
Interest paid		-	(2,176)
Research and development tax offset received		-	36,110
Net cash flows from/(used in) operating activities		(238,434)	(191,144)
Cash flows from investing activities			
Purchase of property, plant and equipment		(3,186)	-
Proceeds from sale of property, plant and equipment		-	60,000
Payment for exploration expenditure		(55,189)	(274,167)
Net cash flows from/(used in) investing activities		(58,375)	(214,167)
Cash flows from financing activities			
Payment of finance lease		-	(28,475)
Net cash flows from/(used in) financing activities		-	(28,475)
Net increase/(decrease) in cash and cash equivalents		(296,809)	(433,786)
Cash and cash equivalents at beginning of half-year		1,821,765	553,173
Cash and cash equivalents at end of half-year	6	1,524,956	119,387

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

Notes to the Consolidated Financial Statements

For the Half-Year Ended 31 December 2015

1. CORPORATE INFORMATION

The financial report of Alchemy Resources Limited (“the Company”) for the half-year ended 31 December 2015 was authorised for issue in accordance with a resolution of the directors on 4 March 2016.

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

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2015 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2015 and any public announcements made by Alchemy Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the ASX Listing Rules.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

The half-year financial report has been prepared on a historical cost basis, except where stated. For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

(b) Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2015, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2015.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2015. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

Notes to the Consolidated Financial Statements For the Half-Year Ended 31 December 2015

(c) 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.

(d) Critical accounting estimates and judgements

The preparation of financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing the interim consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those that applied to the annual consolidated financial statements as at and for the year ended 30 June 2015.

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".

3. SEGMENT INFORMATION

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

4. OTHER INCOME

	Consolidated	
	31 December 2015	31 December 2014
	\$	\$
Bank interest receivable	24,239	4,302
Gain on sale of fixed assets	-	19,550
Research and development tax offset	-	147,722
Other income	9,750	17,955
Total other income	33,989	189,529

5. IMPAIRMENT EXPENSE

Impairment expense	-	3,958,878
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The impairment expense for 31 December 2014 represents the write-down of the Hermes gold resource and adjacent tenements from their carrying amount to their recoverable value. These tenements were, at that time, the subject of a sale agreement with Northern Star Resources Limited. The sale was completed in March 2015.

Notes to the Consolidated Financial Statements For the Half-Year Ended 31 December 2015

6. CASH AND CASH EQUIVALENTS

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

	Consolidated	
	31 December	30 June
	2015	2015
	\$	\$
Cash at bank and in hand	8,456	306,965
Short term deposits	1,516,500	1,514,800
	1,524,956	1,821,765

7. EXPLORATION AND EVALUATION

	Consolidated	
	31 December	30 June
	2015	2015
	\$	\$
Opening balance	12,453,879	17,809,030
Carrying value of tenements sold	-	(1,450,000)
Impairment expense	-	(3,958,878)
Exploration expenditure incurred during the period	83,323	548,674
Exploration expenditure written off	(2,859)	(494,947)
Closing balance	12,534,343	12,453,879

8. COMMITMENTS AND CONTINGENCIES

As at the reporting date there has been no material change in the commitments and contingencies since 30 June 2015.

Notes to the Consolidated Financial Statements For the Half-Year Ended 31 December 2015

9. CONTRIBUTED EQUITY

	Consolidated	
	31 December 2015 \$	30 June 2015 \$
Share Capital		
Ordinary shares	29,285,022	29,285,022
Movement in ordinary shares on issue	Number	\$
At 1 July 2014	185,454,701	28,635,022
At 31 December 2014	185,454,701	28,635,022
At 1 July 2015	228,788,035	29,285,022
At 31 December 2015	228,788,035	29,285,022

10. SHARE BASED PAYMENTS

There were no share based payments for the six months to 31 December 2015 (2014: \$25,191).

In September 2014, 3,000,000 options were granted to employees and contractors. The fair value of options granted was determined using a Black Scholes pricing model. The following table lists the inputs to the model for options granted during the six months ended 31 December 2014:

Inputs	Issue 10	Issue 11
Exercise Price	\$0.10	\$0.20
Grant date	23 September 2014	23 September 2014
Expiry date	31 October 2017	31 October 2017
Share price at grant	\$0.023	\$0.023
Expected volatility (%)	124.9%	124.9%
Risk-free interest rate (%)	2.67%	2.67%

11. DIVIDENDS

No dividends have been declared or paid during the half-year.

12. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Due to their short term nature, the carrying amounts of current receivables and current payables are assumed to approximate their fair value.

Notes to the Consolidated Financial Statements For the Half-Year Ended 31 December 2015

13. RELATED PARTY TRANSACTIONS

There were no related party transactions during the half-year.

14. EVENTS SUBSEQUENT TO THE REPORTING DATE

There have been no material events subsequent to the reporting date.

Directors' Declaration

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

In the opinion of the directors:

- (a) the financial statements and notes of the Consolidated Entity are in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the financial position as at the 31 December 2015 and the performance for the half-year ended on that date of the Consolidated Entity; and
 - ii. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

- (b) there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Oscar Aamodt
Chairman

Perth, 4 March 2016

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 consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company 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 company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that 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 half-year 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 2015 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 review 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 2015 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

A handwritten signature in blue ink, appearing to read 'Dean Just', written over a faint, larger 'BDO' watermark.

Dean Just

Director

Perth, 4 March 2016