



ABN 17 124 444 122

**Half-Year Financial Report
31 December 2016**

Corporate Directory

Directors

Oscar Aamodt	Non-Executive Chairman
Leigh Ryan	Managing Director
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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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**

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Directors' Report

Your directors submit their report for the half-year ended 31 December 2016.

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
Leigh Ryan (appointed 9 January 2017)
Liza Carpene
Lindsay Dudfield
Anthony Ho

REVIEW AND RESULTS OF OPERATIONS

Alchemy's activities are reported in announcements to the ASX, with highlights of the half-year to 31 December 2016 summarised below (further details can be found at the Company's website (www.alchemyresources.com.au)).

LACHLAN FOLD BELT / COBAR BASIN PROJECTS (NSW)

(Alchemy Resources Ltd earning 80%)

In May 2016 Alchemy entered into a farm-in and joint venture agreement with Heron Resources Ltd (ASX: HRR) to earn up to an 80% interest in gold and base metal projects covering 674km² in the highly prospective, under-explored, central Lachlan Fold Belt (LFB) in NSW. The LFB projects consist of the Overflow Gold-Base Metal Project (within the Cobar Basin), the Eurow Copper-Gold Project and the Girilambone Copper Project each containing multiple gold and/or base metal targets, including drill-ready targets at the historic Overflow mine.

Mineralisation at the Overflow mine is structurally-controlled high-grade Au-Ag with base metal credits, and extensive down-plunge potential, typical of Cobar-style mineralisation. A review of the historic drilling and 3D modelling of mineralisation at Overflow suggests the mineralisation dips steeply to the WSW, plunges to the south, is associated with distal chlorite-sericite and proximal silica alteration, and displays a significant metal zonation. An initial targeted drilling program has been planned to confirm the continuity of high grade gold-silver-lead-zinc mineralisation, and subject to further modelling, test a VTEM conductivity anomaly at depth (350m below surface), down plunge of the high grade mineralisation.

Outside of the Overflow mine area a number of regional prospects have been delineated by multi-element anomalism identified in soil sampling analysis, and positive geophysical responses. Further exploration and drilling of these areas surrounding the Overflow mine is warranted.

The Eurow Copper-Gold Project, located 30km southeast of Parkes, covers meta-sediments and granite intrusives within the Lachlan Transverse Zone. The Project area contains the historic Eurow-Vychan Cu-Au workings where drilling by previous companies returned high-grade intercepts that require follow-up drilling.

The Girilambone Copper Project ("Girilambone") is located 20km east of Aeris' Tritton copper operation and along strike of the Murrawombie / Girilambone Copper Mine. The area is prospective for 'Besshi-type' volcanic massive sulfide (VMS) copper-gold mineralisation within mafic units of the Ordovician Girilambone Group. An historic exploration data compilation and evaluation is underway.

Directors' Report

KARONIE PROJECT (WA)

(100% Alchemy Resources Ltd)

The Karonie Project, located 100km east of Kalgoorlie, comprises eight exploration licences (5 applications and 3 granted) covering over 670km² of highly prospective Archaean greenstones in the Eastern Goldfields in Western Australia. Karonie is strategically located close to existing processing plants, and given the already substantial gold endowment in the area (>370,000 oz. gold), Alchemy is focusing its near-term exploration efforts towards the discovery of additional high-grade gold mineralisation.

The Karonie Project is located between regional-scale Keith-Kilkenny and Claypan fault zones directly along strike from Breaker Resources' (ASX: BRB) Lake Roe Project. The Project also surrounds Silver Lake Resources' (ASX: SLR) Harry's Hill deposit with a Probable Reserve of 1.05Mt at 2.2g/t gold for 75,000oz. gold (see *Silver Lake Resources ASX announcement dated 26 August 2016*).

Historic shallow RC, RAB and aircore drilling has outlined the Esplanade/Esplanade South, Batavia, Challenger and Admiral prospects and gold trends in the southern half of the Karonie Project. Follow-up RC drilling is planned for these areas.

BRYAH BASIN PROJECT (WA)

(100% or 80% Alchemy Resources Ltd)

Alchemy's Bryah Basin Project comprises a 527km² ground package, located 130km NE of Meekatharra, highly prospective Bryah Basin region, 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. 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 Independence Group NL (ASX: IGO) ("IGO") and Billabong Gold Pty Ltd ("Billabong Gold").

Alchemy retains a 1% Net Smelter Royalty over 20,000oz of gold recovered from the Hermes Deposit (3.3Mt @ 2.0g/t for 212,000oz Au) once production reaches 70,000oz (see *Alchemy ASX announcement dated 24 February 2015*).

Base Metals Exploration – IGO earning up to 80%

During the half-year ending 31 December 2016, 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").

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. The drilling comprised 113 aircore holes and focussed on the Karalundi sequence and the Karalundi-Narracoota contact zone. Assay results returned from 4m composite sampling of the aircore holes were not significant and deemed not material to Alchemy. One metre resampling of selected composite samples was been recommended.

IGO also completed a moving loop electromagnetic (MLEM) survey over selected targets including the Moby Prospect during the period. The survey defined three large moderate strength conductors interpreted to be related to stratigraphy. A geological interpretation, including updated cross sections, geochemical contouring and prospectivity update was also completed utilising drill logs and assays from the latest drilling program.

Directors' Report

An independent geological review of the IGO JV area was completed by R. Osborne during the period. No additional base metal targets were identified however orogenic gold targets were identified at Bullgullan Bore and the Moby area. Additional drilling is being considered.

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 continued during the period under a farm-in and joint venture arrangement initially with Northern Star Resources Ltd, and subsequently with Billabong Gold ("Billabong Gold JV"). Under the same terms, the Billabong Gold can earn up to 80% in Alchemy's interests through earn-in exploration expenditure of \$1.2M within three years on the gold prospective tenements.

The Billabong Gold JV currently has a JORC 2004 Indicated Resource of 87,373 ounces of gold (1.36Mt @ 1.99g/t Au) at the Wilgeena Prospect. 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.

No on-ground exploration activity was conducted by Billabong Gold on the Joint Venture tenements during the period, however resource wireframes and proposed drill programs were reviewed in preparation for upcoming resource drilling work at Wilgeena, and an aerial topographic survey of the Wilgeena and Central Bore prospect areas was completed.

Billabong Gold advises that they intend to undertake further infill and extension geochemical auger drilling together with RC drilling over the Wilgeena area during the March 2017 quarter.

Operating Results

The half-year report to 31 December 2016 shows an operating loss of \$379,178 compared with an operating loss of \$235,870 for the half-year ended 31 December 2015.

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, 7 March 2017

Competent Person's Statement

Directors' Report

The information in this report that relates to Exploration Results is based on information compiled by Leigh Ryan, who is the Managing Director of Alchemy Resources Limited. Mr Ryan 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'). Mr Ryan 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 2016, 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, 7 March 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income For the Half-Year Ended 31 December 2016

	Notes	Consolidated	
		31 December 2016 \$	31 December 2015 \$
Revenue from continuing operations			
Other income	4	11,032	33,989
Corporate expense		(83,978)	(89,325)
Exploration expense		(175,193)	(2,859)
Employee expense		(46,590)	(93,864)
Administration expense		(84,449)	(83,811)
Loss from continuing operations		(379,178)	(235,870)
Income tax benefit		-	-
Loss for the half-year attributable to the owners of Alchemy Resources Limited		(379,178)	(235,870)
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		(379,178)	(235,870)
Loss per share attributable to the owners of Alchemy Resources Limited			
Basic loss per share (cents per share)		(0.17)	(0.10)

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 2016

		Consolidated	
		31 December 2016	30 June 2016
	Notes	\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	5	856,979	1,255,305
Trade and other receivables		11,751	16,484
Other current assets		6,738	4,122
Total Current Assets		875,468	1,275,911
Non-Current Assets			
Exploration and evaluation	6	12,634,414	12,627,711
Property, plant and equipment		5,967	18,329
Total Non-Current Assets		12,640,381	12,646,040
TOTAL ASSETS		13,515,849	13,921,951
LIABILITIES			
Current Liabilities			
Trade and other payables		84,663	96,630
Provisions		4,751	19,708
Total Current Liabilities		89,414	116,338
TOTAL LIABILITIES		89,414	116,338
NET ASSETS		13,426,435	13,805,613
EQUITY			
Contributed equity	8	29,313,022	29,313,022
Reserves		503,907	503,907
Accumulated losses		(16,390,494)	(16,011,316)
TOTAL EQUITY		13,426,435	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 Half-Year Ended 31 December 2016

<i>Attributable to equity holders of the entity</i>				
Notes	Contributed Equity \$	Reserves \$	Accumulated Losses \$	Total Equity \$
At 1 July 2015	29,285,022	444,647	(15,449,820)	14,279,849
Loss for the half-year	-	-	(235,870)	(235,870)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the half-year net of tax	-	-	(235,870)	(235,870)
Transactions with owners in their capacity as owners	-	-	-	-
At 31 December 2015	29,285,022	444,647	(15,685,690)	14,043,979
At 1 July 2016	29,313,022	503,907	(16,011,316)	13,805,613
Loss for the half-year	-	-	(379,178)	(379,178)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the half-year net of tax	-	-	(379,178)	(379,178)
Transactions with owners in their capacity as owners	-	-	-	-
At 31 December 2016	29,313,022	503,907	(16,390,494)	13,426,435

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 2016

	Notes	Consolidated	
		31 December 2016 \$	31 December 2015 \$
Cash flows from operating activities			
Payments to suppliers and employees		(246,348)	(262,779)
Interest received		11,644	24,345
Interest paid		-	-
Research and development tax offset received		-	-
Net cash flows from/(used in) operating activities		(234,704)	(238,434)
Cash flows from investing activities			
Purchase of property, plant and equipment		-	(3,186)
Payment for exploration expenditure		(163,622)	(55,189)
Net cash flows from/(used in) investing activities		(163,622)	(58,375)
Net increase/(decrease) in cash and cash equivalents		(398,326)	(296,809)
Cash and cash equivalents at beginning of half-year		1,255,305	1,821,765
Cash and cash equivalents at end of half-year	5	856,979	1,524,956

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 2016

1. CORPORATE INFORMATION

The financial report of Alchemy Resources Limited (“the Company”) for the half-year ended 31 December 2016 was authorised for issue in accordance with a resolution of the directors on 7 March 2017.

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 2016 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 2016 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 2016, 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 2016.

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 2016. 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 2016

(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.

The Group incurred an operating loss after income tax for the half-year ended 31 December 2016 of \$379,178 and experienced net cash outflows from operating and investing activities of \$234,704. As at 31 December 2016 the Group had cash and cash equivalents of \$856,979.

The Directors believe there are sufficient funds to meet the entity's working capital requirements as at the date of this report. The Group has the ability to defer or reduce its operating expenditure and commitments, or to dispose of assets. However, it remains likely that it will be necessary for the Group to raise additional equity capital during the next twelve months.

These conditions indicate a material uncertainty that may cast a significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Group has successfully raised equity capital in the past, most recently in March 2015 when Alchemy completed a placement to Northern Star Resources Limited (ASX:NST) raising \$500,000. The directors are of the opinion that its Lachlan, Karonie and Bryah Basin gold and base metal projects are very prospective and that the ongoing potential of these projects will enable the Group to secure fresh capital as and when required. The directors have reviewed the Group's financial position and are of the opinion that the going concern basis of accounting is appropriate having regard to the matters outlined above.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Group not continue as a going concern.

(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 2016.

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 Half-Year Ended 31 December 2016

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 2016	31 December 2015
	\$	\$
Bank interest receivable	11,032	24,239
Other income	-	9,750
Total other income	<u>11,032</u>	<u>33,989</u>

5. 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 2016	30 June 2016
	\$	\$
Cash at bank and in hand	140,479	338,805
Short term deposits	716,500	916,500
	<u>856,979</u>	<u>1,255,305</u>

6. EXPLORATION AND EVALUATION

	Consolidated	
	31 December 2016	30 June 2016
	\$	\$
Opening balance	12,627,711	12,453,879
Exploration expenditure incurred during the period	181,896	221,527
Exploration expenditure written off *	(175,193)	(47,695)
Closing balance	<u>12,634,414</u>	<u>12,627,711</u>

*During the half year ended 31 December 2016, a total of \$175,193 (2015: \$47,695) has been written down against the consolidated Group's exploration and evaluation assets. The charge is primarily due to the write-down of the carrying value of surrendered tenements.

Notes to the Consolidated Financial Statements For the Half-Year Ended 31 December 2016

7. COMMITMENTS AND CONTINGENCIES

As at the reporting date there has been no material change in the commitments and contingencies since 30 June 2016.

8. CONTRIBUTED EQUITY

	Consolidated	
	31 December 2016 \$	30 June 2016 \$
Share Capital		
Ordinary shares	<u>29,313,022</u>	<u>29,313,022</u>
Movement in ordinary shares on issue	Number	\$
At 1 July 2015	<u>228,788,035</u>	29,285,022
At 31 December 2015	<u>228,788,035</u>	29,285,022
At 1 July 2016	<u>230,788,035</u>	29,313,022
At 31 December 2016	<u>230,788,035</u>	29,313,022

9. DIVIDENDS

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

10. 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.

11. RELATED PARTY TRANSACTIONS

There were no related party transactions during the half-year. Refer to note 12 below for details of the options to be issued to Mr Ryan, subsequent to the reporting date.

Notes to the Consolidated Financial Statements For the Half-Year Ended 31 December 2016

12. EVENTS SUBSEQUENT TO THE REPORTING DATE

On 9 January 2017 the Company appointed Mr Leigh Ryan as Managing Director. As part of the terms of Mr Ryan's appointment shareholder approval will be sought for the issue of the following unlisted options:

Number	4,000,000	4,000,000	4,000,000
Exercise price	\$0.04	\$0.08	\$0.12
Vesting date	8 Jan 2018	8 Jan 2019	8 Jan 2020
Expiry date	8 Jan 2021	8 Jan 2021	8 Jan 2021

There have been no other 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 2016 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, 7 March 2017

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 2016, 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 2016 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:

- (i) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of matter - Material uncertainty relating to going concern

We draw attention to Note 2(c) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

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, 7 March 2017