

ALCHEMIST MINING INC.

Financial Statements

Six Months Ended October 31, 2016

Expressed in Canadian Dollars

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor Smythe Ratcliffe LLP has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

December 28, 2016

ALCHEMIST MINING INC.
Condensed Interim Statements of Financial Position
(Unaudited – Expressed in Canadian Dollars)

	October 31, 2016	April 30, 2016
Assets		
Current		
Cash	\$ 8,278	\$ 1,121
Amounts receivable	4,054	2,452
	12,332	3,573
Equipment (note 6)	730	846
Exploration and Evaluation Assets (note 7)	80,000	21,000
	\$ 93,062	\$ 25,419
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 98,254	\$ 129,181
Notes payable (notes 8 and 10)	84,053	126,711
	182,307	255,892
Shareholders' Equity (Deficit)		
Share Capital (note 9)	1,738,633	1,453,133
Reserves	165,475	124,000
Deficit	(1,993,353)	(1,807,606)
	(89,245)	(230,473)
	\$ 93,062	\$ 25,419

Approved on behalf of the Board:

"Keith Anderson"

..... Director
 Keith Anderson

"Dal Brynelsen"

..... Director
 Dal Brynelsen

The accompanying notes are an integral part of these financial statements

ALCHEMIST MINING INC.
Condensed Interim Statements of Operations and Comprehensive Loss
(Unaudited – Expressed in Canadian Dollars)

	Three Months Ended		Six Months Ended	
	October 31, 2016	October 31, 2015	October 31, 2016	October 31, 2015
Expenses				
Accounting, legal and audit (note 10)	\$ 700	\$ 2,491	\$ 5,408	\$ 2,732
Administration fees (recovery) (note 10)	(9,850)	-	(29,850)	-
Amortization	58	96	116	193
Consulting fees	62,500	15,500	73,000	26,000
Filing fees and shareholder information	5,937	7,331	7,942	15,432
Management fees (note 10)	31,500	31,500	51,000	63,000
Office and general	125	54	173	142
Pre-exploration costs	53,983	-	53,983	-
Share-based payments (note 9)	82,547	-	82,547	-
Net Loss Before Other Item	227,500	56,972	244,319	107,499
Other Item				
Gain on settlement of accounts payable (note 9)	17,500	-	17,500	-
Net Loss and Comprehensive Loss for the Period	\$ 210,000	\$ 56,972	\$ 226,819	\$ 107,499
Basic and Diluted Loss Per Share	\$ (0.01)	\$ (0.00)	\$ (0.01)	\$ (0.01)
Weighted Average Number of Common Shares Outstanding – Basic and Diluted	20,124,078	14,449,154	18,290,111	14,449,154

The accompanying notes are an integral part of these financial statements

ALCHEMIST MINING INC.
Condensed Interim Statements of Changes in Shareholders' Equity (Deficit)
(Unaudited – Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Reserves		Deficit	Total
			Share-based Payments	Warrants		
Balance, April 30, 2015	14,389,100	\$ 1,493,873	\$ 101,081	\$ 24,016	\$ (1,577,408)	\$ 41,562
Exercise of warrants	650,000	42,250	-	-	-	42,250
Expiry of warrants	-	-	-	(1,097)	1,097	-
Plan of arrangement (note 9)	-	(132,000)	-	-	-	(132,000)
Net loss and comprehensive loss for the period	-	-	-	-	(107,499)	(107,499)
Balance, October 31, 2015	15,039,100	1,404,123	101,081	22,919	(1,683,810)	(155,687)
Exercise of warrants	754,000	49,010	-	-	-	49,010
Net loss and comprehensive loss for the period	-	-	-	-	(123,796)	(123,796)
Balance, April 30, 2016	15,793,100	1,453,133	101,081	22,919	(1,807,606)	(230,473)
Private placement	1,900,000	95,000	-	-	-	95,000
Shares issued for exploration and evaluation assets (note 7)	600,000	49,000	-	-	-	49,000
Exercise of warrants	1,100,000	71,500	-	-	-	71,500
Shares issued for settlement of accounts payable	1,750,000	70,000	-	-	-	70,000
Share-based compensation	-	-	82,547	-	-	82,547
Expiry of share options	-	-	(21,487)	-	21,487	-
Expiry of warrants	-	-	-	(19,585)	19,585	-
Net loss and comprehensive loss for the period	-	-	-	-	(226,819)	(226,819)
Balance, October 31, 2016	21,143,100	\$ 1,738,633	\$ 162,141	\$ 3,334	\$ (1,993,353)	\$ (89,245)

The accompanying notes are an integral part of these financial statements

ALCHEMIST MINING INC.
Condensed Interim Statements of Cash Flows
For the Six Months Ended October 31,
(Unaudited – Expressed in Canadian Dollars)

	2016	2015
Operating Activities		
Net loss	\$ (226,819)	\$ (107,499)
Items not involving cash		
Amortization	116	193
Share-based payments	82,547	-
Gain on settlement of accounts payable	(17,500)	-
	(161,656)	(107,306)
Changes in non-cash working capital		
Amounts receivable	(1,602)	(2,588)
Accounts payable and accrued liabilities	56,573	19,479
Cash Used in Operating Activities	(106,685)	(90,415)
Investing Activity		
Exploration and evaluation asset expenditures	(10,000)	-
Cash Used in Investing Activity	(10,000)	-
Financing Activities		
Repayment of notes payable	(42,658)	(1,589)
Proceeds from exercise of warrants	71,500	42,250
Proceeds from private placement	95,000	-
Share subscriptions received	-	25,000
Cash Provided by Financing Activities	123,842	65,661
Increase (Decrease) in Cash	7,157	(34,754)
Cash, Beginning of Period	1,121	39,731
Cash, End of Period	\$ 8,278	\$ 4,977

SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	2016	2015
Income tax paid	\$ -	\$ -
Interest paid	\$ -	\$ -
Shares issued for exploration and evaluation assets	\$ 49,000	\$ -
Expiry of warrants	\$ 19,585	\$ 1,097
Expiry of options	\$ 21,487	\$ -
Fair value of shares issued for settlement of accounts payable	\$ 70,000	\$ -

The accompanying notes are an integral part of these financial statements

ALCHEMIST MINING INC.

Notes to the Condensed Interim Financial Statements

For the Six Months Ended October 31, 2016

(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

1. NATURE OF OPERATIONS

Alchemist Mining Inc. (the “Company”) was incorporated as NY85 Capital Inc. under the *Business Corporations Act* on October 22, 2010 in the province of British Columbia. On October 1, 2012, the shareholders of the Company approved the name change from NY85 Capital Inc. to Alchemist Mining Inc. at the Annual General and Special Meeting of the Company. On August 20, 2014, the Company de-listed from the TSX-V and commenced trading on the Canadian Securities Exchange (“CSE”). The common shares of the Company are listed for trading on the CSE under the symbol AMS. The Company operates in a single business segment focusing on mineral exploration in Canada.

The principal business office of the Company is located at 1288 Steeple Drive, Coquitlam, British Columbia, V3E 1K2.

2. GOING CONCERN UNCERTAINTY

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

Several adverse conditions cast significant doubt on the validity of this assumption. For the six months ended October 31, 2016, the Company incurred a net loss of \$226,819 (2015 - \$107,499), and as at October 31, 2016, has an accumulated deficit of \$1,993,353 (April 30, 2016 - \$1,807,606), has limited resources, no sources of operating cash flow and no assurances that sufficient funding will be available to continue operations for an extended period of time. The Company is in the exploration stage, and accordingly, has not yet commenced revenue-producing operations.

The application of the going concern concept is dependent upon the Company’s ability to satisfy its liabilities as they become due and to obtain the necessary financing to complete the exploration and development of its mineral property interests, the attainment of profitable mining operations or the receipt of proceeds from the disposition of its mineral property interests. Management is actively engaged in the review and due diligence on opportunities of merit in the mining sector and will require and is seeking to raise the necessary capital to meet its funding requirements. There can be no assurance that management’s plan will be successful. If the going concern assumption were not appropriate for these consolidated financial statements then adjustments may be necessary in the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used. Such adjustments could be material.

3. BASIS OF PRESENTATION

Approval of the financial statements

The financial statements of the Company for the six months ended October 31, 2016, were reviewed by the Audit Committee and approved and authorized for issue on December 28, 2016 by the Board of Directors of the Company.

ALCHEMIST MINING INC.
Notes to the Condensed Interim Financial Statements
For the Six Months Ended October 31, 2016
(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

3. BASIS OF PRESENTATION (Continued)

Statement of compliance

The condensed interim financial statements of the Company have been prepared in accordance with IAS 34 Interim Financial Reporting.

The condensed interim financial statements of the Company should be read in conjunction with the Company's 2016 annual financial statements, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Basis of preparation

The financial statements are presented in Canadian dollars, which is also the Company's functional currency. The financial statements of the Company have been prepared on an accrual basis except for cash flow information, and are based on historical costs, except for certain financial instruments, which are stated at their fair values.

4. SIGNIFICANT ACCOUNTING POLICIES

The condensed interim financial statements have been prepared, for all periods presented, following the same accounting policies and methods of computation as described in Note 4 to the audited financial statements for the year ended April 30, 2016.

5. FINANCIAL INSTRUMENTS

Financial instruments are agreements between two parties that result in promises to pay or receive cash or equity instruments. The Company classifies its financial instruments as follows: cash is classified as financial assets at FVTPL; and accounts payable and accrued liabilities and notes payable, as other financial liabilities, which are measured at amortized cost. The carrying values of these instruments approximate their fair values due to their short term to maturity.

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company manages credit risk, in respect of cash, by placing cash at major Canadian financial institutions. The Company has minimal credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The contractual financial liabilities of the Company as of October 31, 2016 equal \$182,307 (April 30, 2016 - \$255,892). All of the liabilities presented as accounts payable are due within 90 days of October 31, 2016.

ALCHEMIST MINING INC.
Notes to the Condensed Interim Financial Statements
For the Six Months Ended October 31, 2016
(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

5. FINANCIAL INSTRUMENTS (Continued)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on capital.

As at October 31, 2016, the Company is not exposed to significant market risk.

6. EQUIPMENT

	Computer Equipment	Furniture & Fixtures	Total
Cost			
Balance, April 30, 2015 and 2016 and October 31, 2016	\$ 2,724	\$ 2,032	\$ 4,756
Amortization			
Balance, April 30, 2015	\$ 2,324	\$ 1,200	\$ 3,524
Amortization	220	166	386
Balance, April 30, 2016	2,544	1,366	3,910
Amortization	49	67	116
Balance, October 31, 2016	\$ 2,593	\$ 1,433	\$ 4,026
Net Book Value			
April 30, 2016	\$ 180	\$ 666	\$ 846
October 31, 2016	\$ 131	\$ 599	\$ 730

7. EXPLORATION AND EVALUATION ASSETS

Tchentlo Lake Property

On June 24, 2014, the Company entered into an option agreement to acquire up to an 80% interest in the Tchentlo Lake Property ("Tchentlo"), consisting of six mineral claims in British Columbia. Payment terms of the agreement were amended on August 6, 2015, August 25, 2015 and August 7, 2016.

In consideration for earning a 51% interest in Tchentlo, the Company must make payments and issue common shares as follows:

ALCHEMIST MINING INC.

Notes to the Condensed Interim Financial Statements

For the Six Months Ended October 31, 2016

(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

7. EXPLORATION AND EVALUATION ASSETS (Continued)

Tchentlo Lake Property (continued)

- \$5,500 in cash (paid) and 100,000 common shares of the Company (issued and valued at \$5,500);
- \$10,000 in cash on or before September 8, 2015 (paid);
- \$5,000 in cash (paid) and 100,000 common shares of the Company on or before August 20, 2016 (issued and valued at \$4,000); and
- \$25,000 in cash on or before August 20, 2017.

The Company must also incur \$175,000 in exploration expenditures on or before August 20, 2017.

The vendor will retain a 2% net smelter royalty on Tchentlo of which the Company can buy back 1% on or before August 20, 2021 for \$500,000.

The Company can earn an additional 29% interest in Tchentlo (total of 80%) by making the following payments and issuing common shares as follows:

- \$25,000 in cash and 250,000 common shares of the Company on or before August 20, 2018; and
- \$50,000 in cash and 250,000 common shares of the Company on or before August 20, 2019.

Nemaska Lake Property

On September 8, 2016, the Company entered into an option agreement to acquire up to a 70% in the Nemaska Lake Property (“Nemaska”) located in Quebec.

In consideration for earning a 51% interest in Nemaska, the Company must make payments and issue common shares as follows:

- \$5,000 in cash upon signing of the agreement (paid);
- 500,000 common shares of the Company within five business days of September 28, 2016 (issued and valued at \$45,000);
- \$10,000 in cash on or before January 3, 2017;
- \$20,000 in cash and 700,000 common shares on or before September 28, 2017.

The Company must also incur \$50,000 in exploration expenditures by September 28, 2017 and an additional \$200,000 in exploration expenditures by September 28, 2018.

In consideration for earning an additional 19% interest in Nemaska, the Company must pay an additional \$30,000 and issue an additional 1,000,000 common shares by September 28, 2018 and incur an additional \$200,000 in exploration expenditures by September 28, 2019.

Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

ALCHEMIST MINING INC.
Notes to the Condensed Interim Financial Statements
For the Six Months Ended October 31, 2016
(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

7. EXPLORATION AND EVALUATION ASSETS (Continued)

Environmental (continued)

Environmental legislation is becoming increasingly stringent and the expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions.

If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the property may be diminished or negated.

Title to exploration and evaluation interests

Although the Company has taken steps to verify the title to mineral property interests in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and may be affected by undetected defects.

	Tchentlo	Nemaska	Total
Balance, April 30, 2015	\$ 11,000	\$ -	\$ 11,000
Acquisition Costs			
Cash	10,000	-	10,000
Balance, April 30, 2016	21,000	-	21,000
Acquisition Costs			
Cash	5,000	5,000	10,000
Shares	4,000	45,000	49,000
Balance, October 31, 2016	\$ 30,000	\$ 50,000	\$ 80,000

8. PLANS OF ARRANGEMENT

December 30, 2014

Effective December 30, 2014, the Company entered into a Plan of Arrangement (the "Arrangement"). Pursuant to the Arrangement, the Company exchanged all of its issued and outstanding common shares for one new common share, one Class 1 reorganization share and one Class 2 reorganization share of the Company.

All of the Class 1 reorganization shares were transferred by shareholders to a wholly-owned subsidiary of the Company, Boomer Financial Inc. ("Spinco1"), a private British Columbia company, in exchange for 2,200,000 common shares of Spinco1 issued to shareholders on a pro rata basis. The Company redeemed all of the Class 1 reorganization shares by the transfer to Spinco1 of \$22,000 of working capital and a promissory note in the principal amount of \$22,000.

Further, all of the Class 2 reorganization shares were transferred by shareholders to a wholly-owned subsidiary of the Company, Vanrocco Financial Inc. ("Spinco2"), in exchange for 2,200,000 shares of Spinco2 issued to shareholders on a pro rata basis. The Company redeemed all of the Class 2 reorganization shares by the transfer to Spinco2 of \$22,000 of working capital and a promissory note in the principal amount of \$22,000.

ALCHEMIST MINING INC.
Notes to the Condensed Interim Financial Statements
For the Six Months Ended October 31, 2016
(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

8. PLANS OF ARRANGEMENT (Continued)

December 30, 2014 (continued)

The promissory notes are without interest or stated terms of repayment. During the six months ended October 31, 2016, \$nil (year ended April 30, 2016 - \$1,589) was repaid on the notes payable.

Subsequent to the closing of the Arrangement, the shareholders of the Company owned shares of both Spinco1 and Spinco2 directly.

July 16, 2015

Effective July 16, 2015, the Company entered into a second Plan of Arrangement (the "Second Arrangement"). Pursuant to the Second Arrangement, the Company exchanged all of its issued and outstanding common shares for one new common share, one Class 1 reorganization share, one Class 2 reorganization share and one Class 3 reorganization share of the Company.

All of the Class 1 reorganization shares were transferred by shareholders to a wholly-owned subsidiary of the Company, Alexis Financial Inc. ("Spinco3"), a private British Columbia company, in exchange for 2,200,000 common shares of Spinco3 issued to shareholders on a pro rata basis. The Company redeemed all of the Class 1 reorganization shares by the transfer to Spinco3 of \$15,000 of cash and a promissory note in the principal amount of \$29,000.

Further, all of the Class 2 reorganization shares were transferred by shareholders to a wholly-owned subsidiary of the Company, ChiChi Financial Inc. ("Spinco4"), in exchange for 2,200,000 shares of Spinco4 issued to shareholders on a pro rata basis. The Company redeemed all of the Class 2 reorganization shares by the transfer to Spinco4 of \$15,000 of cash and a promissory note in the principal amount of \$29,000.

Further, all of the Class 3 reorganization shares were transferred by shareholders to a wholly-owned subsidiary of the Company, SYD Financial Inc. ("Spinco5"), in exchange for 2,200,000 shares of Spinco5 issued to shareholders on a pro rata basis. The Company redeemed all of the Class 3 reorganization shares by the transfer to Spinco5 of \$15,000 of cash and a promissory note in the principal amount of \$29,000.

The promissory notes are without interest or stated terms of repayment. During the six months ended October 31, 2016, \$42,658 (year ended April 30, 2016 - \$nil) was repaid on the notes payable.

Subsequent to the closing of the Second Arrangement, the shareholders of the Company owned shares of Spinco3, Spinco4 and Spinco5.

9. SHARE CAPITAL

Authorized

Unlimited number of common shares without par value

ALCHEMIST MINING INC.
Notes to the Condensed Interim Financial Statements
For the Six Months Ended October 31, 2016
(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

9. SHARE CAPITAL (Continued)

Issued

For the Six Months Ended October 31, 2016:

On August 15, 2016, the Company closed a non-brokered private placement and raised \$95,000 through the issuance of 1,900,000 units at a price of \$0.05 per unit. Each unit consists of one common share and one share purchase warrant. Each whole warrant is exercisable by the holder to acquire an additional common share of the Company for a period of one year from issuance at an exercise price of \$0.075 per share.

On August 15, 2016, the Company issued 1,750,000 common shares as settlement of \$87,500 in accounts payable. The fair value of the common shares issued according to the trading price was \$70,000. Accordingly, the Company realized a gain on settlement of debt of \$17,500.

On August 20, 2016, the Company issued 100,000 common shares valued at \$4,000 as payment on the Tchentlo Lake Property (note 7).

On September 28, 2016, the Company issued 500,000 common shares valued at \$45,000 as payment on the Nemaska Lake Property (note 7).

The Company received \$71,500 on the exercise of 1,100,000 warrants.

For the Year Ended April 30, 2016:

Share subscriptions receivable of \$25,000 were collected.

The Company received \$91,260 on the exercise of 1,404,000 warrants.

Escrow Shares

On October 22, 2010, the Company issued 400,000 common shares at \$0.25 per share for total proceeds of \$100,000. These common shares are to be held in escrow. Upon issuance of the Final Exchange Bulletin pursuant to the completion of the qualifying transaction ("QT"), 10% of the common shares were released from escrow and an additional 15% is to be released every six months thereafter. While in escrow, the escrow shares may not be sold, assigned, hypothecated, transferred within escrow or otherwise dealt with in any manner without the consent of the regulatory authorities.

During the year ended April 30, 2013, the QT was completed and the first 10% and an additional 15% of the common shares were released from escrow. During the year ended April 30, 2014, 30% of the common shares were released from escrow. During the year ended April 30, 2015, 30% of the common shares were released from escrow. During the year ended April 30, 2016 the remaining 15% was released from escrow and as at October 31, 2016, the balance of escrow shares was nil (April 30, 2016 - nil).

ALCHEMIST MINING INC.
Notes to the Condensed Interim Financial Statements
For the Six Months Ended October 31, 2016
(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

9. SHARE CAPITAL (Continued)

Share Options

The Company has adopted a share option plan pursuant to which the Board of Directors of the Company may, from time to time, in its discretion, and in accordance with the CSE requirements, grant to directors, officers, employees and consultants of the Company non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares at the time of grant and exercisable for a period of up to ten years from the date of grant. The number of common shares reserved for issuance to any individual director or officer will not exceed 5% of the issued and outstanding common shares and the number of common shares reserved for issuance to all consultants will not exceed 2% of the issued and outstanding common shares. Options may be exercised within 90 days following cessation of the optionee's position with the Company, provided that if the cessation of office, directorship, employment or consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option.

The changes in share options during the six months ended October 31, 2016 and the year ended April 30, 2016 are summarized as follows:

	October 31, 2016		April 30, 2016	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period	188,000	\$ 0.10	188,000	\$ 0.10
Granted	1,850,000	\$ 0.05	-	-
Expired	(36,000)	\$ 0.10	-	-
Outstanding, end of period	2,002,000	\$ 0.05	188,000	\$ 0.10

The following table summarizes information about share options outstanding at October 31, 2016:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	Options Outstanding	Options Exercisable
July 9, 2017	0.69	\$ 0.10	168,000	168,000
September 15, 2018	1.87	\$ 0.05	1,850,000	1,850,000
	1.78	\$ 0.05	2,002,000	2,002,000

The fair value of share options granted was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

ALCHEMIST MINING INC.
Notes to the Condensed Interim Financial Statements
For the Six Months Ended October 31, 2016
(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

9. SHARE CAPITAL (Continued)

Share Options (continued)

	Six Months Ended October 31, 2016	Year Ended April 30, 2016
Expected life (years)	2.00	N/A
Risk-free interest rate	0.57%	N/A
Volatility	227%	N/A
Dividend yield	N/A	N/A
Weighted average grant date fair value	\$0.04	N/A

Option pricing models require the input of highly subjective assumptions regarding volatility. The Company has used historical volatility to estimate the volatility of the share price for share options with expected lives greater than one year.

Warrants

The changes in warrants during the six months ended October 31, 2016 and the year ended April 30, 2016 are summarized as follows:

	October 31, 2016		April 30, 2016	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of year	6,729,000	\$ 0.12	8,453,000	\$ 0.12
Granted	1,900,000	\$ 0.08	-	-
Exercised	(1,100,000)	\$ 0.07	(1,404,000)	\$ 0.07
Expired	(3,501,000)	\$ 0.08	(320,000)	\$ 0.50
Outstanding, end of year	4,028,000	\$ 0.07	6,729,000	\$ 0.07 **

** On July 24, 2015, the Company amended the terms of 7,730,000 share purchase warrants by reducing the exercise price to \$0.065.

A summary of warrants outstanding at October 31, 2016 is as follows:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	Warrants Outstanding
April 2, 2017	0.42	\$ 0.065	2,065,000
April 2, 2017	0.42	\$ 0.10	63,000
August 15, 2017	0.79	\$ 0.075	1,900,000
	0.59	\$ 0.07	4,028,000

For the Six Months Ended October 31, 2016:

On August 20, 2016, 3,161,000 share purchase warrants expired unexercised. An additional 340,000 agent warrants expired unexercised for which the Company transferred \$19,585 to deficit from warrants reserve.

ALCHEMIST MINING INC.
Notes to the Condensed Interim Financial Statements
For the Six Months Ended October 31, 2016
(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

9. SHARE CAPITAL (Continued)

Warrants (continued)

For the Year Ended April 30, 2016:

On June 7, 2015, 260,000 share purchase warrants expired unexercised. An additional 20,000 agent warrants expired unexercised for which the Company transferred \$1,097 to deficit from warrants reserve.

On July 24, 2015, the Company amended the terms of 7,730,000 share purchase warrants by reducing the exercise price to \$0.065. The share purchase warrants amended were the 5,500,000 share purchase warrants granted August 20, 2014 to subscribers and the 2,230,000 share purchase warrants granted April 2, 2015 to subscribers. The terms of the agent warrants granted on the same dates were not amended.

On July 29, 2015, 40,000 share purchase warrants expired unexercised.

On August 20, 2015, the exercise price of 340,000 agent warrants increased from \$0.10 to \$0.20 as per the original terms.

10. RELATED PARTY TRANSACTIONS

Key management personnel compensation for the six months ended October 31, 2016 and 2015 is as follows:

	October 31, 2016	October 31, 2015
Short-term compensation	\$ 54,000	\$ 66,000

Of the \$54,000 recorded as short-term compensation for the six months ended October 31, 2016 (2015 - \$66,000), \$3,000 was recorded as accounting, legal and audit fees (2015 - \$3,000) and \$51,000 was recorded as management fees (2015 - \$63,000).

At October 31, 2016, \$65,085 of unpaid management fees and expense reimbursements was included in accounts payable and accrued liabilities (April 30, 2016 - \$70,885).

At October 31, 2016, notes payable of \$84,053 (April 30, 2016 - \$126,711) from the plans of arrangement are held by companies with common directors (note 8).

During the six months ended October 31, 2016, the Company recovered \$29,850 (2015 - \$nil) of shared administration costs from companies with common directors.

11. CAPITAL MANAGEMENT

The Company considers its capital to be comprised of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares. Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will continue this method of financing due to the current difficult market conditions.

ALCHEMIST MINING INC.**Notes to the Condensed Interim Financial Statements****For the Six Months Ended October 31, 2016****(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)**

11. CAPITAL MANAGEMENT (Continued)

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

Management reviews the capital structure on a regular basis to ensure that the above objectives are met. There have been no changes to the Company's approach to capital management during the six months ended October 31, 2016. The Company is not subject to external restrictions on its capital.

12. SEGMENTED INFORMATION

The Company operates in a single reportable operating segment, mineral exploration and development, and all of its operations are in Canada.

13. EVENTS AFTER THE REPORTING DATE

- a) On November 3, 2016, the Company closed a non-brokered private placement and raised \$140,000 through the issuance of 2,000,000 units at a price of \$0.07 per unit. Each unit consists of one common share and one share purchase warrant. Each whole warrant is exercisable by the holder to acquire an additional common share of the Company for a period of two years from issuance at an exercise price of \$0.10 per share. The Company paid finder's fees of \$5,250 and issued 75,000 finder's warrants exercisable for a period of two years from issuance at an exercise price of \$0.10 per share.
- b) Subsequent to October 31, 2016, the Company received \$10,000 on the exercise of 200,000 share options.