



APHRODITE
Gold Limited

HALF-YEAR REPORT

**INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

*This Half-Year Report should be read in conjunction with the Company's
Annual Report for the year ended 30 June 2016*

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Corporate Information

This Report covers the activities of Aphrodite Gold Limited ('the Company') for the half-year ended 31 December 2016. The Company's functional and presentation currency is Australian Dollars (AUD). A review of the Company's principal activities and operations is included in the Directors' Report at Page 3.

The Directors' Report is unaudited and does not form part of this Financial Report.

REGISTERED AND CORPORATE OFFICE

Aphrodite Gold Limited
ABN 61 138 879 928
116 Harrick Road
Melbourne, Victoria, 3042

DIRECTORS

Peter Buttigieg –Executive Chairman & Acting CEO
Roger Mitchell – Non-Executive Director
Paul Buttigieg – Non Executive Director
Angus Middleton – Non Executive Director

ACTING CHIEF EXECUTIVE OFFICER

Peter Buttigieg
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COMPANY SECRETARY

Michael Beer B Bus (Acctcy), FCA, ACIS
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AUDITOR

Grant Thornton Audit Pty Ltd
Chartered Accountants
Level 1, 10 Kings Park Road
West Perth WA 6005

WEBSITE

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Directors' Report

Your Directors are pleased to submit their Report for the half-year ended 31 December 2016.

The following were the Directors of the Company in office during the half-year under review and at the date of this Report:

Peter Buttigieg
Roger Mitchell
Paul Buttigieg
Angus Middleton

PRINCIPAL ACTIVITIES

The Company's principal activity during the half-year was exploration and development of the Aphrodite Gold Project near Kalgoorlie, Western Australia.

REVIEW OF OPERATIONS

The Board is pleased to report continued good progress toward the completion of its Pre-feasibility Study and remains on schedule to complete the study by early April 2017.

The drill program and test work builds upon the report by independent mining consultants Entech Pty Ltd on the potential to develop an initial open pit mining operation based on the oxide/supergene and transition resources of the Aphrodite deposit in addition to the underground resource. These results are being integrated with the earlier scoping study completed in 2012 that had focused on the underground development of the refractory gold mineralization at depth

The drill program has been completed and additional work completed to date includes:

- LeachWell™ test work on the Resource drilling,
- Metallurgical test work,
- Updated Resource Model,
- Environmental baseline surveys.

The Board and management is greatly encouraged by the drill results and metallurgical test work results to date. All drill holes achieved greater than 95% core recovery providing reliable samples for assay and metallurgical test work with particular emphasis on the oxide and transition zones of mineralization. Previous metallurgical test work indicated that acceptable metallurgical recoveries could be achieved and current studies confirm this.

The results to date have given the Board confidence of a positive outcome for the Pre-feasibility Study and the board has begun to lay out plans for updating the underground mine design, production schedules, plant designs and other environmental and government approvals leading to the completion of a Definitive Feasibility Study by December 2017, subject to satisfactory fund raising.

The board also continues to note the further discovery potential along strike and that the resource remains open at depth

FINANCIAL RESULTS

For the half-year the Company recorded a net loss after tax of \$683,469 (2015: profit after tax of \$29,963).

Exploration expenditure capitalised for the half-year period amounted to \$1,921,966 (2015: \$406,573).

Directors' Report (cont.)

CHANGES IN THE STATE OF AFFAIRS

During the half-year under review:

The Company issued 128,973,726 new ordinary shares as part of a Share Purchase Plan which raised \$2,451,500, before costs.

In addition, the Company issued 4,483,874 shares as part compensation to Mr. Ed Eshuys to act as consultant and advisor to the Company and also completed a share placement of 1,700,000 new ordinary shares that raised \$32,300 before costs.

40 million options were approved by a General meeting of shareholders on 18 August 2016 and were issued on 19 August 2016 as part of a brokerage fee package for the share placement in June 2016. The options are exercisable at \$0.04 on or before 19 August 2019.

There were no other significant changes in the state of affairs of the Company during the half-year.

SUBSEQUENT EVENTS

No matters or circumstances have arisen since the end of the half-year which have significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration is set out on the following pages and forms part of the Directors' Report for the half-year ended 31 December 2016.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS OF APHRODITE GOLD LIMITED



PETER BUTTIGIEG
EXECUTIVE CHAIRMAN

Dated at Melbourne this 16th day of March 2017

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**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF APHRODITE GOLD LIMITED**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Aphrodite Gold Limited for the year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

I also declare that during the current half year review period, Grant Thornton's quality control systems identified a prior period contravention of the auditor's rotation requirements, which had already been rectified. The previous lead auditor for Aphrodite Resources Limited had participated in the review for the half year ended 31 December 2015, and was not eligible to do so.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



P W Warr
Partner - Audit & Assurance

Perth, 16 March 2017

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Statement of Profit or Loss and Other Comprehensive Income

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	31 Dec 2016 \$	31 Dec 2015 \$
REVENUE		
Interest received	1,427	2,844
TOTAL INCOME	1,427	2,844
EXPENSES		
Consultant and professional fees	72,970	123,996
Legal fees	363,112	54,942
Administration service fee	18,000	18,000
Director fees	111,000	18,000
Office rent	4,948	3,776
Filing and listing costs	58,222	11,342
Repairs	10,806	-
Travel and related	11,724	3,605
Depreciation	6,162	11,838
Interest expense	-	273
Other expenses	27,952	22,375
TOTAL EXPENSES	684,896	268,147
NET LOSS BEFORE INCOME TAX	(683,469)	(265,303)
INCOME TAX BENEFIT	-	295,266
PROFIT / (LOSS) AFTER INCOME TAX	(683,469)	29,963
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE PROFIT / (LOSS) FOR THE PERIOD	(683,469)	29,963
Earnings per share attributable to ordinary equity holders:		
Basic and diluted profit / (loss) per share (cents)	(0.10)	0.01

The statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the half-year financial report.

Statement of Financial Position

AS AT 31 DECEMBER 2016

	Note	31 Dec 2016 \$	30 Jun 2016 \$
ASSETS			
Current Assets			
Cash and cash equivalents		2,352,777	1,993,679
Trade and other receivables		234,141	46,462
Other current assets		3,979	3,979
Total Current Assets		2,590,897	2,044,120
Non-Current Assets			
Property, plant and equipment		47,673	53,835
Exploration and evaluation costs	8	26,955,455	25,033,489
Total Non-Current Assets		27,003,128	25,087,324
TOTAL ASSETS		29,594,025	27,131,444
LIABILITIES			
Current Liabilities			
Trade and other payables	11	909,914	277,443
Funds received in advance	11	-	32,300
Borrowings	10	250,000	-
Total Current Liabilities		1,159,914	309,743
Non-Current Liabilities			
Borrowings	10	2,250,000	2,500,000
Total Non-Current Liabilities		2,250,000	2,500,000
TOTAL LIABILITIES		3,409,914	2,809,743
NET ASSETS		26,184,111	24,321,701
EQUITY			
Issued capital	9	29,773,855	27,615,976
Reserves	9	388,000	-
Accumulated losses		(3,977,744)	(3,294,275)
TOTAL EQUITY		26,184,111	24,321,701

The statement of financial position is to be read in conjunction with the notes to the half-year financial report.

Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Note	Ordinary Issued Capital	Share Option Reserve	Accumulated Losses	Total
		\$	\$	\$	\$
Balance at 1 July 2015		25,573,473	-	(3,469,370)	22,104,103
Shares issued during the half-year		74,250	-	-	74,250
Comprehensive income for the half-year		-	-	29,963	29,963
Balance at 31 December 2015		25,647,723	-	(3,439,407)	22,208,316
Balance at 1 July 2016		27,615,976	-	(3,294,275)	24,321,701
Shares issued during the half-year, net of cost		2,545,879	-	-	2,545,879
Cost of capital raising	9	(388,000)	388,000	-	-
Comprehensive income for the half-year		-	-	(683,469)	(683,469)
Balance at 31 December 2016		29,773,855	388,000	(3,977,744)	26,184,111

The statement of changes in equity is to be read in conjunction with the notes to the half-year financial report.

Statement of Cash Flows

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	31 Dec 2016 \$	31 Dec 2015 \$
Cash flows from operating activities		
Research and development tax offset received	-	295,266
Interest received	1,427	2,844
Payments to suppliers and employees	(213,942)	(132,207)
Cash flows provided by / (used in) operating activities	(212,515)	165,903
Cash flows from investing activities		
Exploration and evaluation costs	(1,861,966)	(252,323)
Cash flows (used in) investing activities	(1,861,966)	(252,323)
Cash flows from financing activities		
Proceeds from share issues (net of costs)	2,433,579	-
Proceeds from borrowings	-	100,000
Cash flows from financing activities	2,433,579	100,000
Net increase in cash and cash equivalents	359,098	13,580
Cash and cash equivalents at the beginning of the half-year	1,993,679	104,351
Cash and cash equivalents at the end of the half-year	2,352,777	117,931

The statement of cashflows is to be read in conjunction with the notes to the half-year financial report.

Notes to the Financial Report

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

1. BASIS OF PREPARATION

These general purpose financial statements for the interim half-year reporting period ended 31 December 2016 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities as full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the public announcements made by Aphrodite Gold Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements except for the adoption of the following new and revised Accounting Standards as disclosed below.

Adoption of new and revised accounting standards

In the half year ended 31 December 2016, the Company 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 January 2016.

There are no new and revised Standards and Interpretations that are not yet effective and that are expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions and therefore no change is necessary to the Company's accounting policies.

The Group has not early adopted any standards, interpretations or amendments 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 new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Company accounting policies.

No retrospective change in accounting policy or material reclassification has occurred requiring the inclusion of a third Statement of Financial Position as at the beginning of the comparative financial period, as required under AASB 101.

The half-year financial statements were approved by the Board of Directors on 16 March 2017.

Estimates

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Company's annual financial statements for the year ended 30 June 2016.

Notes to the Financial Report (cont.)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

2. GOING CONCERN

These interim financial statements for the half-year period have been prepared on the basis of going concern, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. During the half-year, the Company incurred an operating loss of \$683,469 (2015: profit after tax of \$29,963). Net cash outflow from operating activities were \$212,515 (2015: inflow of \$165,903). At reporting date the Company had current assets exceeding current liabilities by \$1,430,983 (30 June 2016: \$1,734,377).

The Company is evaluating its Aphrodite Gold Project resource. The ability of the Company to continue to evaluate and/or develop the Aphrodite Gold Project is dependent upon the Company's ability to obtain further debt or equity funding. The Directors are confident that the Company will be able to continue its operations into the foreseeable future for the following reasons:

- The Company has had two recent capital raisings. The first a share placement that raised \$1,993,459 before costs in June 2016 and the second a Share Purchase Plan for existing shareholders that raised \$2,451,500 before costs post year end (refer to Note 9). These funds are sufficient to cover the current Pre-Feasibility Study and drilling program expected to cost \$2.2 million and the remaining cash balance is more than sufficient to cover ongoing expenditure commitments beyond the current financial year.
- The Company continues to be eligible for Research & Development grants including those in respect of the expenditure incurred in the year ended 30 June 2016 and for the current Pre-Feasibility Study and drilling program. As at the date of this report the 2016 claim cannot be quantified as the work has not yet commenced.
- The exploration expenditure commitments are discretionary in nature and will be dependent upon the Company's ability to raise further funds.

Should the Company be unable to raise sufficient funding, there is a material uncertainty whether the Company will be able to continue as a going concern, and therefore, whether it will be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different from these stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary should the Company be unable to continue as a going concern.

3. SEGMENT REPORTING

The Company has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

4. EXPENDITURE COMMITMENTS

The Company has certain obligations to perform minimum exploration work and to expend minimum amounts of money on such work on mining tenements. These obligations may be varied from time to time subject to approval and are expected to be fulfilled in the normal course of the operations of the Company. The minimum expenditure required has been fully disclosed in the Annual Financial Report for the year ended 30 June 2016.

Notes to the Financial Report (cont.)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

The Company is managed on the basis that it is a mineral exploration company operating in the geographical region of Australia. The mineral assets held via outright ownership are considered one business segment, and the metal currently being targeted is gold in Western Australia.

5. EVENTS SUBSEQUENT TO REPORTING DATE

No other matter or circumstances of significance have arisen since the balance sheet date.

6. RELATED PARTIES

Transactions between related parties are on normal commercial terms and conditions, no more favorable than those available to other parties unless otherwise stated. Transactions with related parties for the half-year were:

- i) Administration fees totaling \$18,000 for the half year were expensed to RMS (Aust) Pty Ltd, a related entity of the Executive Chairman Peter Buttigieg. At 31 December 2016 a total of \$18,000 (30 June 2016: \$18,000) is accrued as payable to RMS (Aust) Pty Ltd; and
- ii) Directors fees were paid as follows:
 - \$50,000 paid to the Executive Chairman and Acting CEO Peter Buttigieg.
 - \$25,000 paid to Independent Director Roger Mitchell.
 - \$18,000 paid to Independent Director Paul Buttigieg.
 - \$18,000 paid to Independent Director Angus Middleton.
 - \$30,000 paid to Company Secretary Michael Beer.
 - \$60,000 paid and \$80,000 in shares issued to Technical consultant Eduard Eshuys

7. CONTINGENT LIABILITIES

The Board of Directors ceased the employment of Directors Wayne Ryder and Leon Reisgys on 19th July 2013. On 20th September 2013, Wayne Ryder and Leon Reisgys filed proceedings in the Supreme Court of Western Australia for additional payments following the cessation of their employment. The Supreme Court proceedings took place in November 2016 and the Company is awaiting the judgement. The Company's solicitors have advised that no further payments are owed beyond those already provided for in the financial books of the Company and the proceedings. The Company has received a letter dated 12 March 2014 from the above parties requesting an apology for certain public statements. No liability is anticipated from this event by the Board.

At the end of the financial period the Company had no other contingent liabilities.

Notes to the Financial Report (cont.)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

8. EXPLORATION AND EVALUATION

	31 December 2016 \$	30 June 2016 \$
Exploration and evaluation asset - opening	25,033,489	24,381,310
Additions for the year	1,921,966	652,320
Balance	26,955,455	25,033,489

The Directors' assessment of the carrying amount for the Company's Aphrodite Gold Project exploration and evaluation was after consideration of prevailing market conditions; previous expenditure for exploration work carried out on the tenements; and the potential for mineralisation based on the Company's and independent geological reports. The ultimate value of these assets is dependent upon recoupment by commercial development or the sale of the whole or part of the Company's interests in these exploration properties for an amount at least equal to the carrying value. Should this or any other exploration properties be established as non-viable commercially, the Company will then either on sell or abandon them and write off the expenditure incurred thereon to profit and loss. There may exist on the Company's exploration properties areas subject to claim under Native Title or containing sacred sites or sites of significance to Aboriginal people. As a result, the Company's exploration properties or areas within the tenements may be subject to exploration and mining restrictions.

During the reporting period the Company has added \$1,921,966 as part of its exploration program.

9. ISSUED CAPITAL

Movements in ordinary shares on issue	31 December 2016		30 June 2016	
	Number	\$	Number	\$
Balance at beginning of period	573,617,712	27,615,976	451,394,170	25,573,473
Share issue to KMP at \$0.0099 per share	-	-	7,500,000	74,250
Share issue to KMP at \$0.008 per share	-	-	9,804,663	80,000
Share Placement during period at \$0.019 per share	1,700,000	30,362	104,918,879	1,888,253
Share Purchase Plan during period at \$0.019 per share	128,973,726	2,435,517	104,918,879	1,888,253
Share issue to KMP at \$0.0178 per share	4,483,874	80,000	-	-
Balance at end of period	708,775,312	30,161,855	573,617,712	27,615,976

Movements in options on issue	31 December 2016		30 June 2016	
	Number	\$	Number	\$
Balance at beginning of period	35,000,000	-	35,000,000	-
Issued during period	40,000,000	388,000	-	-
Expiring during the period	-	-	-	-
Balance at end of period	75,000,000	388,000	35,000,000	-

On 22 August 2016, the Company issued 128,973,726 new ordinary shares as part of a Share Purchase Plan which raised \$2,451,500, before costs.

Notes to the Financial Report (cont.)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

In addition, the Company issued 4,483,874 ordinary shares as part compensation to Mr Eshuys to act as consultant and advisor to the Company and also completed a share placement of 1,700,000 new ordinary shares at \$0.019 per share which raised \$32,300, before costs.

40 million options were approved by a General meeting of shareholders on 18 August 2016 and were issued on 19 August 2016 as part of a brokerage fee package for the share placement in June 2016. The options are exercisable at \$0.04 on or before 19 August 2019 and were valued at 112% volatility.

10. BORROWINGS

	Note	31 December 2016 \$	30 June 2016 \$
CURRENT			
Fair value of interest-free advance	(a)	250,000	-
		250,000	-
NON-CURRENT			
Fair value of interest-free advance	(a)	2,250,000	2,500,000
		2,250,000	2,500,000
Total Borrowings		2,500,000	2,500,000

- (a) In 2012, the Company received \$2,500,000 by way of an interest-free royalty advance from Franco-Nevada. The advance has been treated as a financial liability measured initially at its fair value. The advance requires no repayments for 5 years, and which, provided production at the Company's project commences within that time, automatically converts to a 2.5% Royalty. Should production not commence within 5 years, then the Company will make annual payments of \$250,000 per annum with such payments to be fully offset against Royalties when the project does commence production.

11. TRADE AND OTHER PAYABLES

	Note	31 December 2016 \$	30 June 2016 \$
Trade payables		863,759	177,597
Accrued non-trade payable	(a)	-	39,846
Accrued share compensation	(a)	40,000	60,000
Funds received in advance		-	32,300
PAYG		6,155	-
		909,914	309,743

- (a) Included in accruals at period end are amounts owing to RMS (Aust) Pty Ltd for administration and secretarial fees, as well as \$80,000 to a consultant of the Company. The \$80,000 has been settled by the issuing of shares post year end. Refer to Note 9.

Directors' Declaration

In the opinion of the Directors of Aphrodite Gold Limited:

1. the financial statements and notes, as set out on pages 6 to 14, are in accordance with the Corporations Act 2001 including:
 - (a) giving a true and fair view of the financial position of the Company as at 31 December 2016 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporation Regulations 2001; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a Resolution of the Directors.



PETER BUTTIGIEG
EXECUTIVE CHAIRMAN

Dated at Melbourne this 16th day of March 2017

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF APHRODITE GOLD LIMITED

We have reviewed the accompanying half-year financial report of Aphrodite Gold Limited (the Company), which comprises the statement of financial position as at 31 December 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a description of accounting policies, other explanatory information and the directors' declaration.

Directors' Responsibility for the Half-year Financial Report

The Directors of Aphrodite Gold Limited 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 controls 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 the 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 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 Aphrodite Gold Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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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.

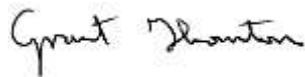
Independence

In conducting our review, we complied with the independence requirements of the *Corporations Act 2001*.

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 Aphrodite Gold Limited is not in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the Company's financial position as at 31 December 2016 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*.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



P W Warr
Partner - Audit & Assurance

Perth, 16 March 2017