

Report for Quarter Ended 31 March 2008

Highlights

- Review of advanced exploration projects in the Murchison as Alchemy seeks to acquire gold resource
- Campaign to assess previous exploration on Murchison tenements and re-sample previous drilling complete, Geological Survey of Western Australia provides its entire Murchison sample database to include in district scale analysis of samples. Results due in early May
- Jigsaw Geoscience Pty Ltd confirms the potential for large tonnage gold deposits in Alchemy's tenements and provides first cut of field checked 3D model
- Alchemy secures access to drilling rig to be based out of Cue
- Tight control on expenditure during the March quarter
- \$4.0 million cash at hand for evaluation of tenements and assessment of advanced projects in the Murchison.

Details

Review of advanced exploration projects

Alchemy Resources Limited ("Alchemy") re-commenced field work in the Murchison district on 4 January 2008. Since listing on 26 November 2007, Alchemy has quickly sought to form an exploration presence in the district and has established an exploration base in Cue. Alchemy has reviewed a number of advanced exploration projects in the district with the view to quickly convert any standout exploration projects to mineable reserves and bring into production in the shortest possible time frame.

Alchemy is reviewing a pipeline of such projects and will continue to be opportunistic in acquiring projects in the district.

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Field Programs to assess previous exploration on Murchison tenements (Alchemy 80%, Jindalee 20%)

The field program to re-sample previous drilling by collecting drill 'spoils' left next to historic drill holes has been completed. In addition, all historic samples collected by the Geological Survey of Western Australia ("GSWA") over the Murchison district have been provided to Alchemy. The combined Alchemy and GSWA samples have all been read by the ASD spectrometer. The results from the spectrometer will be available in May 2008 and will provide a rapid tool to identify areas of alteration associated with gold mineralisation that may not have been apparent to previous explorers. Drilling programs have been delayed to assess this data.

Assessment of Murchison tenements (Alchemy 80%, Jindalee 20%)

Jigsaw Geoscience Pty Ltd ("Jigsaw"), a firm of consulting structural geologists has conducted field checking to validate data used to compile the initial district scale 3D model. This model has highlighted the geologic conditions required to host large gold deposits in the Murchison district. This information is considered key to Alchemy's success in discovering gold deposits on its tenements.

Alchemy secures access to drilling rig

Alchemy has entered into a fixed price contract with Alliance Drilling Pty Ltd ("Alliance Drilling") to undertake drilling in the Murchison district for Alchemy up to 30 June 2009. Alliance Drilling is a new drilling contractor which will base its operations out of Cue. Under the agreement, Alliance Drilling will provide Alchemy with both reverse circulation (RC) and diamond drilling.

Alchemy defers drilling

Alchemy has deferred the planned commencement of its drilling program to June 2008, in an effort to gain maximum value from the analysis of previous exploration conducted over its tenements and to minimise inefficient drilling expenditure. In addition, Alchemy is seeking to negotiate native title agreements that allow Alchemy maximum flexibility in its future exploration drilling programs.

Tight control on expenditure

Alchemy has sought to maximise the amount of field work undertaken whilst minimising corporate overheads. Alchemy has retained contractors to undertake work wherever possible. Alchemy is mindful that even with a gold price that has appreciated more than 40% since listing, diligent use of its cash will allow Alchemy to execute its strategy to discover gold deposits in the Murchison district.

Assessment of Wydgee tenements (Alchemy 80%, Jindalee 20%)

The Wydgee tenements (E51/1048, E20/610 and E20/549) previously identified as having particular prospectivity to host gold mineralisation have been field checked and their prospectivity is confirmed. Due to the tenements' proximity to the Wilgie Mia Aboriginal reserve, native title agreements for these tenements have been delayed by negotiations on variations to the standard agreements and will not be concluded until the June quarter.

The proximity of the Wydgee tenements along strike to Midwest Corporation's Beebyn and Madoonga iron ore deposits, identified in the December 2007 quarterly report, provides scope for Alchemy to explore for iron ore deposits on these tenements. Alchemy will seek to discuss this with Midwest Corporation in the June 2008 quarter.

Corporate activity

In February 2008, Alchemy relocated offices to 1186 Hay Street, West Perth, Western Australia to secure lower cost rental premises.

On 28 March 2008, Alchemy became aware that 1,239,757 Alchemy shares, comprising approximately 3% of Alchemy's issued shares were transferred from Opes Prime to ANZ following the appointment of a receiver to Opes Prime. Alchemy is aware that all these shares were sold on market in the first week of April 2008.

Alchemy remains focussed on implementing its strategy to acquire advanced gold exploration projects with near term potential to develop a mining operation and to explore its tenements for large tonnage gold deposits.

At 31 March 2008, Alchemy has approximately \$4.0 million in cash.

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