

Quarterly Report for the period ended 31 March 2010

Highlights

- \$5,000,000 raised through share placement to clients of Bell Potter Securities Ltd to accelerate exploration programs at Magnus Copper-Gold Project and Hermes Gold Project
- Major drill program commenced at Hermes Gold Project to in-fill the existing resource area and delineate extensions to mineralisation, with 50 RC drill holes and 5 diamond drill holes completed to date
- Final interpretation of the VTEM survey results identified 33 copper-gold targets at the Magnus Copper-Gold Project
- Subsequent to the end of the March 2010 quarter, a drill program has commenced to test high priority copper-gold targets identified at the Magnus Copper-Gold Project

Details

Hermes Gold Project (Alchemy 100%) - Exploration

During the March 2010 quarter Alchemy Resources Limited ("Alchemy") completed the first phase of a major RC drilling program at its Hermes Gold Project which currently contains an existing JORC code compliant indicated gold resource of **1.7Mt @ 2.4g/t gold** (which equates to **131,000 ounces** of gold).

The current drilling program at the Hermes Gold Project is transitioning the project from exploration drilling to drilling directed toward increasing the gold ounces per vertical metre to enable a re-estimation of the existing JORC resource.

In March 2010 50 RC holes were completed at the Hawkeye and Trapper deposits and the Blake prospect (Fig. 1) for a total of 4037m drilled.

The assaying of the RC drill samples were composited over 4m intervals and any intervals that returned results greater than 0.25g/t gold were re-assayed using 1m interval samples that were collected during drilling over the same interval as the 4m composite samples.

For personal use only

A total of 907 1m interval samples have been submitted for re-assaying based on the initial assay results from the 4m composites. Results from the 1m interval samples are pending and will be reported once all assay results are received.

It is evident from the large number of 1m intervals re-submitted for assaying that there are potential extensions to the gold mineralisation at Hawkeye, Trapper and Blake.

A total of 5 diamond holes were also drilled at Hawkeye, Trapper and Blake with RC pre-collars for a total of 360m RC pre-collar and 303m diamond tails.

Structural logging of the oriented drill core will be undertaken in April 2010 and results from this work will help Alchemy target locations for potential gold mineralisation within an area of 3.5km x 5.5km enclosing the Hermes Gold Project.

Once Alchemy has received all assays these results will be rapidly evaluated to plan the next phase of drilling in the June 2010 quarter.

Hermes Gold Project - Mining Proposal

As reported in the December 2009 quarterly report, Alchemy has completed a flora and fauna study necessary to seek mining approval at the Hermes Gold Project. Coffey Mining has been retained to coordinate and progress additional studies including ore characterisation, waste rock, hydrology and hydrogeology studies to enable Alchemy to submit a mining proposal to the Department of Mines and Petroleum for approval to commence a mining operation.

Wilgeena Gold Project (Alchemy 100%)

During March 2010 Alchemy completed 1 RC drill hole for 95m and 2 diamond drill holes with RC pre-collars for a total of 116m of RC pre-collar and 33m of diamond "tails". It is evident from these drill holes that oxidised and potentially free-digging gold mineralisation extends to at least 100m in depth surrounds these drill hole locations (Fig. 2).

A 31 hole RC drill program will commence in April 2010 to enable Alchemy to estimate a JORC code compliant resource using results from this drilling campaign and drilling undertaken by previous explorers.

Magnus Copper-Gold Project (Alchemy 100%)

At Magnus, Alchemy is pursuing exploration targeting the potential for copper-gold orebodies similar to Sandfire Resources NL's ("Sandfire") DeGrussa, Conductor 1 and Conductor 4 orebodies. Alchemy's tenements adjoin Sandfire's and cover approximately 178km² of the highly prospective Narracoota Formation that hosts the DeGrussa and Conductor 1 & 4 orebodies.

On 1 April 2010, Alchemy received Department of Mines and Petroleum approval to drill test 15 high priority conductors that were identified by a VTEM survey (helicopter borne electromagnetic survey) conducted over the Magnus Copper-Gold Project area which extends from the eastern tenement boundary with Sandfire Resources NL ("Sandfire") westward towards the historic Wilgeena Gold Project (Fig. 3).

Alchemy identified 15 priority 1 (Fig. 4) and a further 18 priority 2 conductors from the VTEM survey that warrant further exploration. Drilling of these conductors commenced in April 2010 and assays are pending.

During the March 2010 quarter Alchemy also completed compilation of a map of surface geology following a campaign of geologic field mapping and aeromagnetic interpretation over the Magnus Copper-Gold Project area.

The geologic mapping has identified a number of areas worthy of follow up where hydrothermally altered rocks within a structurally complex area has caused Alchemy to identify conductors missed on the first pass evaluation of the VTEM data. These areas will be followed up in the June 2010 quarter.

Robinson Range Iron Project (Alchemy 100%)

Alchemy has deferred any activity on its mining lease M52/844 covering a portion of the Robinson Range until later in 2010.

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

Statutory approvals have been received for drilling programs to be undertaken at the Big Bell North, Wydgee and Gidgee Projects. Drilling at Alchemy's Murchison Projects was postponed in the March 2010 quarter to focus on drilling at the Magnus and Hermes Projects. Aircore/RAB drilling at Big Bell North and RC drilling at Gidgee is planned for the June 2010 quarter (Fig. 6).

Capital raising and continued tight control on costs

In March 2010 Alchemy completed a \$5 million capital raising (before costs) with the issue of 7,692,308 shares at an issue price of \$0.65 to clients of Bell Potter Securities Limited.

Alchemy is now fully funded for a concerted exploration effort at its projects in the Gascoyne and Murchison Districts.

Alchemy is focussing expenditure on field based activities as highlighted by its drilling campaign at the Hermes Gold Project and its geologic field mapping at its Magnus Copper-Gold Project. Alchemy's field based activities will further ramp up in the June 2010 quarter.

Corporate activity

Alchemy is actively exploring three key areas; the Magnus Copper-Gold Project, the Hermes Gold Project, and the Murchison Projects (comprising six separate areas in the Murchison District).

Each of these projects is at a different stage in its evaluation. Alchemy is focussing expenditure on field based activities as highlighted by its drilling campaign at the Hermes Gold Project and geologic field mapping of the Magnus Copper-Gold Project.

The Hermes Gold Project is the most advanced with a JORC code compliant resource and an active drilling campaign.

The Magnus Copper-Gold Project is at the beginning of an evaluation that will see rapid drill testing of conductors identified by the VTEM survey and gold in soil anomalies associated with prospective areas identified by recently completed geologic field mapping.

Alchemy will devote significant expenditure to drilling over the next 6 months of 2010.

During the March 2010 quarter Alchemy spent approximately \$500,000 on drilling and evaluation of its tenements. Alchemy also borrowed funds to acquire a mobile field accommodation unit for \$161,000, which will enable the exploration staff to be located closer to the project areas and reduce wasted travelling time.

Also, during the March 2010 quarter, the conversion of 159,000 listed 25 cent options increased cash on hand by \$39,750.

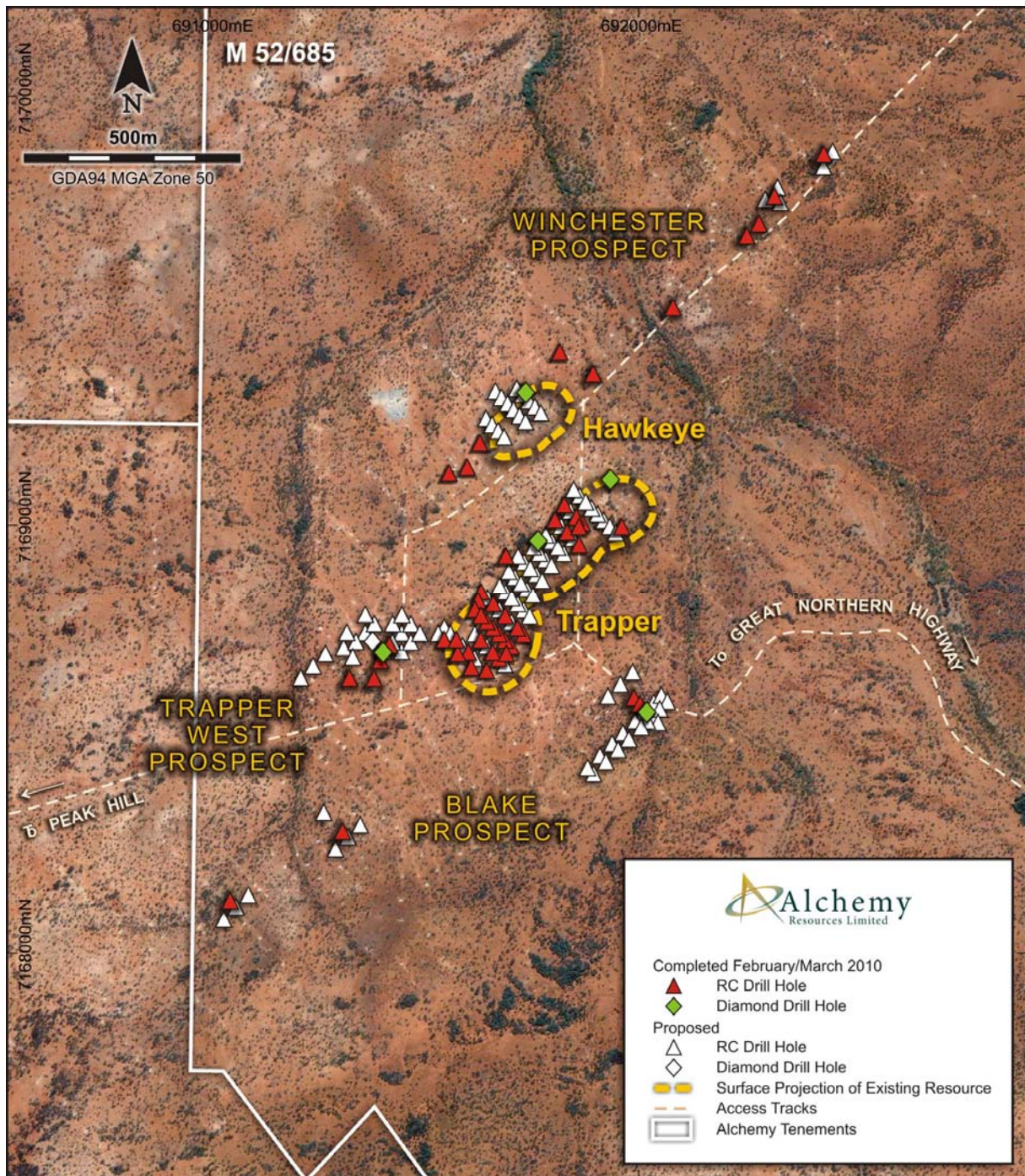
At 31 March 2010, Alchemy had approximately \$7.34 million in cash.

Contact Details: Mr Michael Hannington
 Telephone: 61 8 9481 4400

The information in this report that relates to Exploration Results is based on information compiled by Dr Kevin Cassidy, who is a Fellow of the Australian Institute of Geoscientists and is a fulltime employee of Alchemy Resources Limited. Dr Cassidy has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration, Results, Mineral Resource and Ore Reserves'. Dr Cassidy consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resources is based on information compiled by Mr Shaun Hackett, who is a Member of the Australasian Institute of Mining and Metallurgy and a full-time employee of Snowden Mining Industry Consultants Pty Ltd. Mr Hackett has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration, Results, Mineral Resource and Ore Reserves'. Mr Hackett consents to the inclusion in this report of the matters based on his information in the form and context that the information appears.

Figure 1. - Hermes Gold Project - Surface expression JORC resource and Prospects



For personal use only

Figure 2. - Wilgeena Gold Project - Completed & Proposed RC and Diamond Drilling



Figure 3. - Location of Magnus Copper/Gold Project within Three Rivers Project

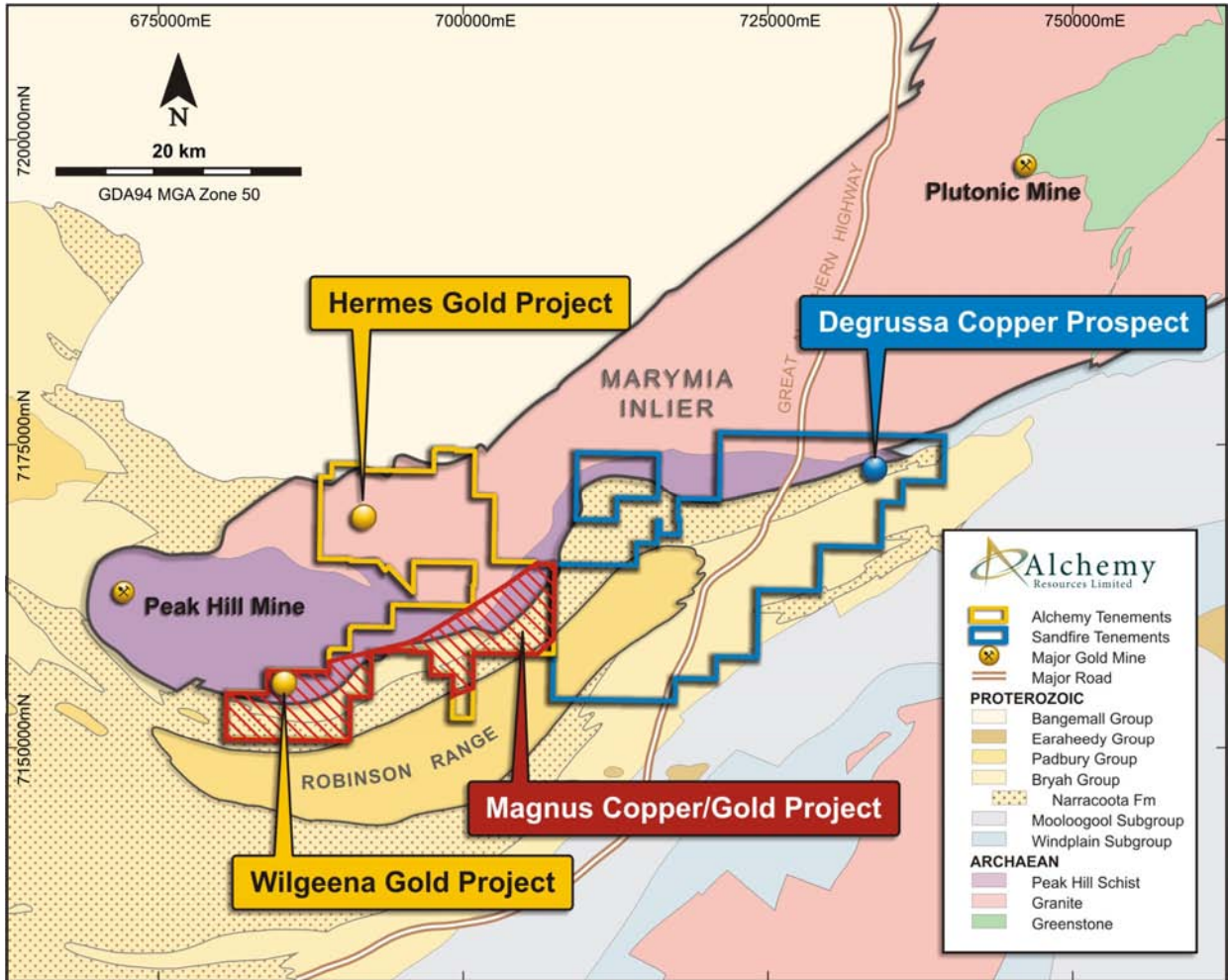
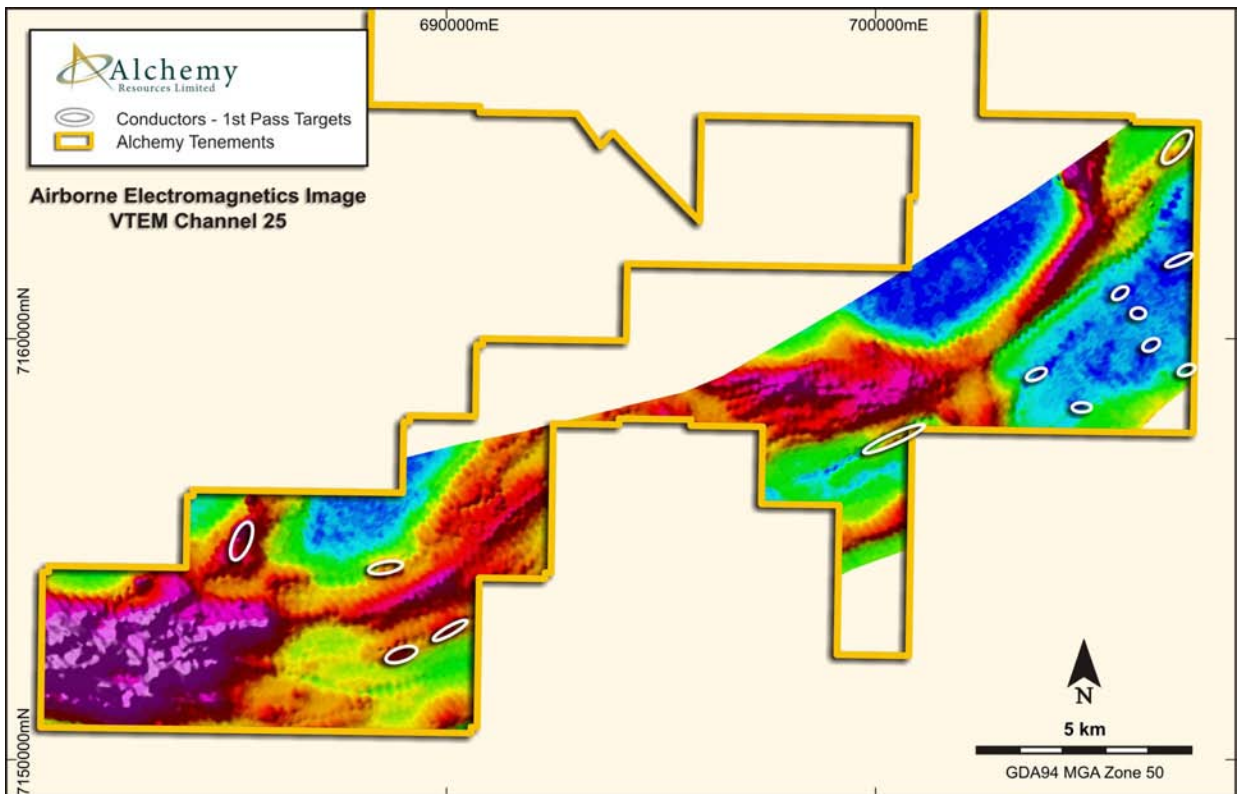
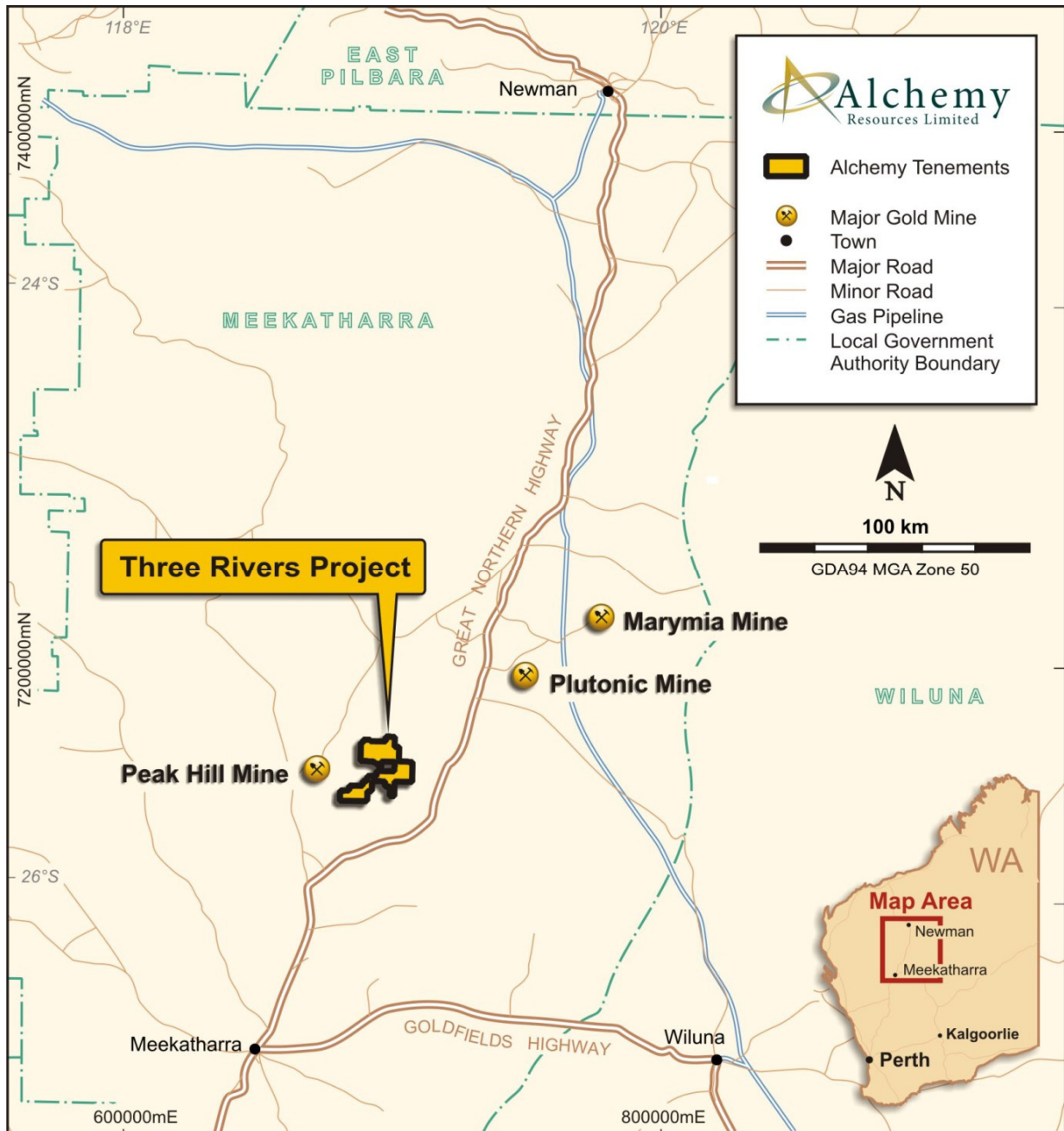


Figure 4. - VTEM Conductors over Magnus Copper/Gold Project - VTEM Channel 25



For personal use only

Figure 5. - Three Rivers Gold Project Location



For personal use only

Figure 6. - Murchison Gold Projects Location

