

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

ALCHEMY RESOURCES LIMITED

ABN

17 124 444 122

Quarter ended ("current quarter")

30 September 2010

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(581)	(581)
(b) development	-	-
(c) production	-	-
(d) administration	(530)	(530)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	89	89
1.5 Interest and other costs of finance paid	(6)	(6)
1.6 Income taxes paid	-	-
1.7 Other - R&D Tax Offset	-	-
Net Operating Cash Flows	(1,028)	(1,028)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(15)	(15)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other: Exploration & Evaluation Expenditure	(943)	(943)
Net investing cash flows	(958)	(958)
1.13 Total operating and investing cash flows (carried forward)	(1,986)	(1,986)

+ See chapter 19 for defined terms.

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1.13	Total operating and investing cash flows (brought forward)	(1,986)	(1,986)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	5,317	5,317
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(14)	(14)
1.18	Dividends paid	-	-
1.19	Other – Transaction costs from issuing shares	(246)	(246)
	Net financing cash flows	5,057	5,057
	Net increase (decrease) in cash held	3,071	3,071
1.20	Cash at beginning of quarter/year to date	5,827	5,827
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	8,898	8,898

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	351
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Item 1.23 includes aggregate amounts paid to directors including salary, directors' fees, consulting fees, superannuation and office services. This amount is unusually high this quarter as Messrs Downey and Arbuckle had deferred being paid their consulting fees for almost 2 years to assist the cash position of the Company.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	212	212
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,500
4.2 Development	-
4.3 Production	-
4.4 Administration	300
Total	1,800

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	182	1,620
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details) – Term Deposit	8,716	4,207
Total: cash at end of quarter (item 1.22)	8,898	5,827

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	-	-	-	-
6.2 Interests in mining tenements acquired or increased	E20/748	Application	-	100%
	M52/1049	Granted	Application	100%
	L52/116	Granted	Application	100%
	L52/117	Granted	Application	100%
	L52/118	Granted	Application	100%
	P51/2632	Granted	Application	100%

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Issued and quoted securities at end of current quarter

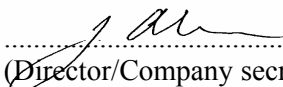
Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference ⁺securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	97,447,408	97,447,408		
7.4 Changes during quarter (a) Increases through issues: - Conversion of options - Underwritten options (b) Decreases through returns of capital, buy-backs	20,448,575 796,517 -	20,448,575 796,517 -		
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options			<i>Exercise price</i>	<i>Expiry date</i>
- Unlisted (1)	3,500,000	-	\$0.25	30 June 2011
- Unlisted (2)	1,000,000	-	\$0.37	30 June 2012
- Unlisted (3)	1,050,000	-	\$0.50	30 June 2013
- Unlisted (4)	750,000	-	\$0.25	30 September 2012
- Unlisted (5)	450,000	-	\$1.30	31 March 2012
- Unlisted (6)	450,000	-	\$2.10	31 March 2013
7.8 Issued during quarter	-	-	-	-
7.9 Exercised during quarter				
- Listed	20,398,575	20,398,575	\$0.25	31 August 2010
- Unlisted (2)	50,000	-	\$0.37	30 June 2012
7.10 Expired during quarter				
- Listed	796,517	796,517	\$0.25	31 August 2010
- Unlisted (2)	50,000	-	\$0.37	30 June 2012
- Unlisted (3)	50,000	-	\$0.50	30 June 2013
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  Date: 29 October 2010
(Director/Company secretary)

Print name: John Arbuckle

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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