

18 September 2009

INITIAL RESULTS OF FIELD EXPLORATION PROGRAM AT THREE RIVERS TENEMENTS

HIGHLIGHTS

- Encouraging further prospectivity arising from recent field mapping
- Drilling to commence at Hermes Gold Project within 3 weeks
- Exploration program to commence on Narracoota Formation identified within Alchemy acreage, adjacent to Sandfire Resources NL's tenements
- Exploration program fully funded following completion of \$2.5 million placement
- Native Title extinguished over Three Rivers tenements

Alchemy Resources Limited (ASX Code: ALY) (the "Company" or "Alchemy") is pleased to advise that its geological team, led by Mr Jon Standing, has completed a thorough campaign of field mapping and relogging of diamond core at the Hermes Gold Project. The team concentrated on field mapping mining lease M52/685, enclosing the Hermes Gold Project, to define drill targets near the existing JORC code compliant indicated gold resource

Additionally, the geologists have conducted first pass field mapping over the southern and eastern portions of Alchemy's Three Rivers tenements to gain a better understanding of the extent of the Narracoota Formation, which was identified on Alchemy's acreage.

Hermes Gold Project

Field mapping has highlighted the further prospectivity of areas along strike from the Hawkeye and Trapper deposits. Mapping outside the existing indicated resource has also identified highly deformed and altered outcropping rocks within the mining lease.

Alchemy's management is now defining a drilling program to test prospective targets and drilling is scheduled to commence within the next 3 weeks. It is anticipated that Alchemy will utilise both a RC drilling rig and an air core rig to expedite the drilling program.

Narracoota Formation Mapping

Alchemy's Three Rivers tenements are directly west of, and adjacent to, Sandfire Resources NL's tenements, which contain the recently discovered DeGrussa and Conductor 1 copper-gold deposits (Fig. 1). Sandfire Resources NL has identified that the Narracoota volcanics is the prospective stratigraphy which hosts those deposits.

Historical mapping by the Geological Society of Western Australia ("GSWA") indicates that the Narracoota Formation continues into Alchemy's tenements (Fig. 2).

Initial interpretation of the field mapping recently completed by Alchemy has defined a 10km long strike length of felsic volcanics adjacent to the Narracoota Formation within Alchemy's tenements. Alchemy's geologists will carry out further field mapping over the southern and eastern portions of Alchemys' Three Rivers tenements to fully define the extent of the Narracoota Formation and felsic volcanic contact, which has been interpreted to extend across to the western boundary of Alchemy's tenements. This work is planned for October 2009.

Multi-element soil sampling conducted by historical owners and previously reviewed for only gold will be reassessed in light of the field mapping results and reviewed for indications of base metals. Alchemy will also undertake more detailed exploration at areas considered prospective along the contact between the Narracoota volcanics and felsic volcanics. This may include ground EM surveying, rock chip sampling of outcropping prospective rocks and/or drilling.

Alchemy will provide further information about the intended exploration program to the market next week, once all information obtained during the recent field visit has been analysed.

Alchemy Managing Director, Michael Hannington said, "Our geologists have only just returned and we are still analysing all the data collected by them during their field visit. However, we are extremely encouraged by indications to date and will use these results to plan our accelerated drilling programs, which are expected to continue to the middle of December 2009."

Following its recent share placement of \$2.5 million, Alchemy is well funded and able to quickly drill prospective areas as Native Title has been extinguished over the Three Rivers Project area.

ENDS

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Historical

The Hermes Gold Project contains an existing JORC code compliant indicated resource of **1.7Mt @ 2.4g/t gold** for **131,000 oz** of gold. A RC drill program conducted in May 2009 reported assay results from drilling outside of the existing JORC indicated resource of **8m @ 2.2g/t gold** from 21m, **5m @ 34g/t gold** from 34m, **9m @ 5.1g/t gold** from 108m and **12m @ 7.3g/t gold** from 152m. A follow up air core drilling program discovered shallow gold mineralisation along strike and on both sides of the existing resource and included results of **5m @ 6.4g/t gold** from 3m and **15m @ 3.2g/t gold** from 34m.

The information in this report that relates to Exploration Results is based on information compiled by Mr Michael Cowin, who is a Member of the Australasian Institute of Geoscientists and is an employee of Cowin Holdings Pty Ltd which consults to Alchemy Resources Limited. Mr Cowin 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'. Mr Cowin consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Figure 1. - Recent Field Mapping in Eastern region of Three Rivers Tenements

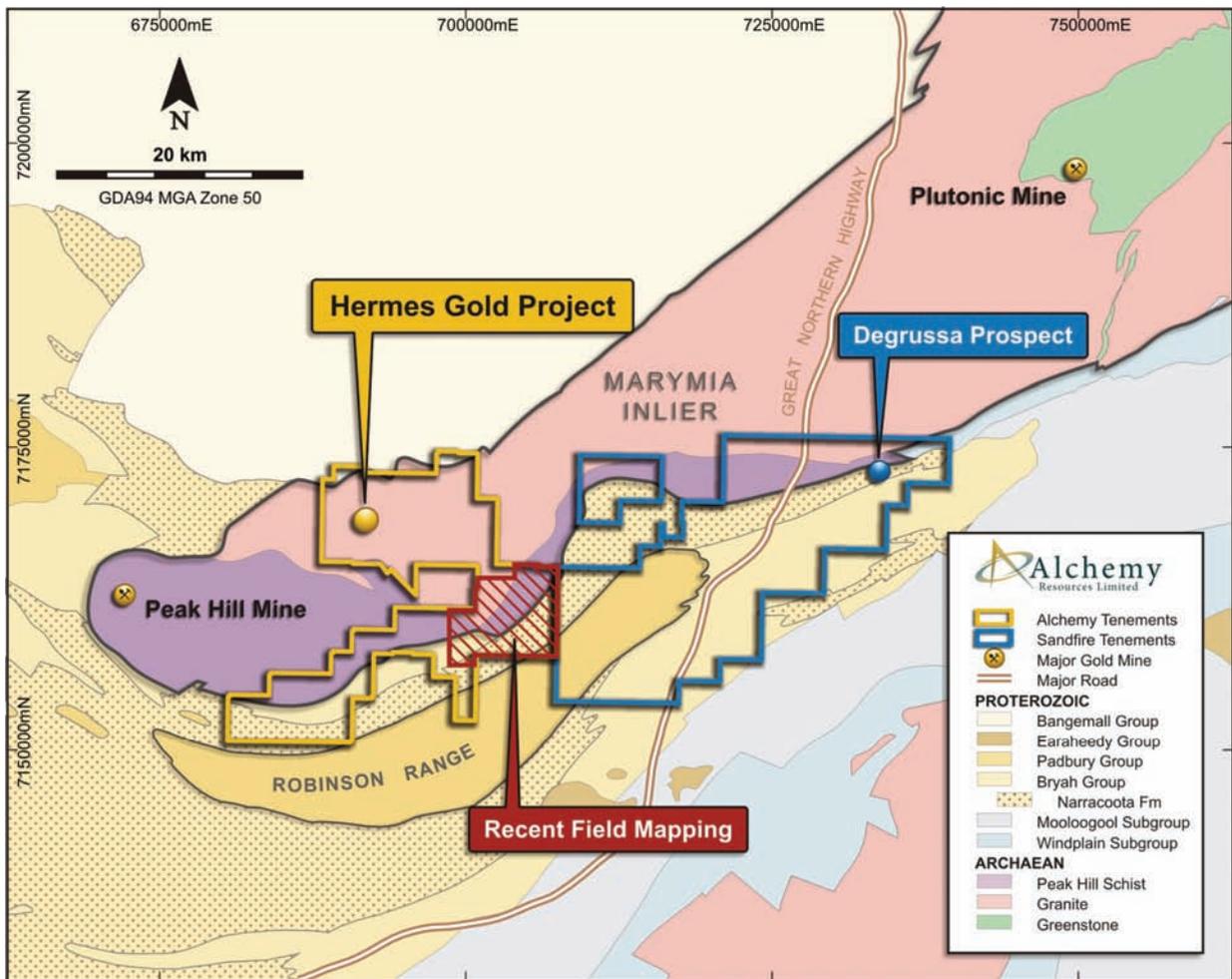


Figure 2. - Location of Narracoota Formation on Three Rivers Tenements

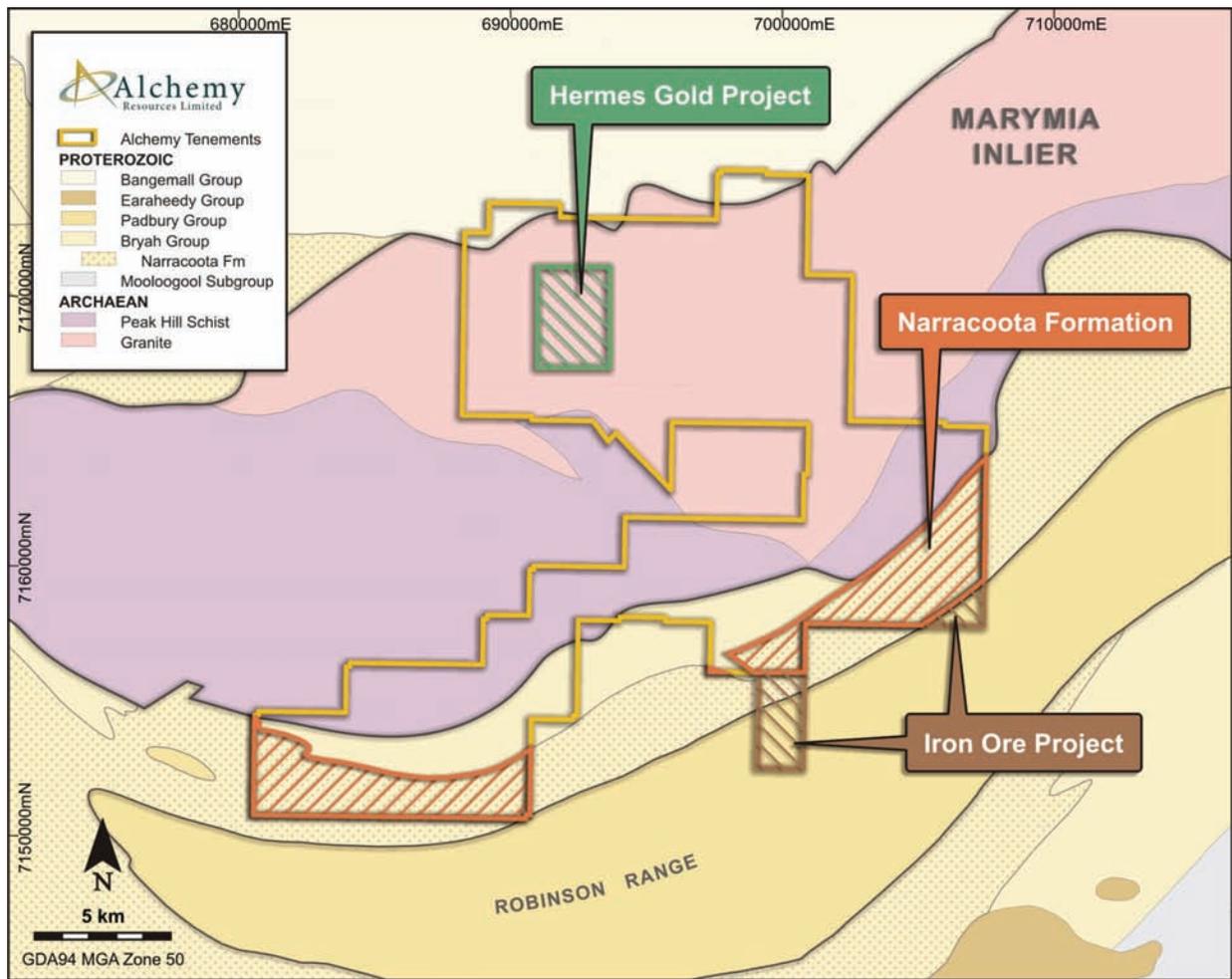


Figure 3. - Three Rivers Project Location Map

