

16 October 2009

ALCHEMY EXPANDS LENGTH, WIDTH AND DEPTH POTENTIAL AT HERMES GOLD PROJECT

HIGHLIGHTS

- **Field mapping extends Hermes Gold Project gold mineralisation length potential by 5km north-south and width potential by 3.5km east-west**
- **Targets to be drilled before end of December 2009 using both RC and air core**
- **Current RC drilling program has completed 10 holes and samples sent to assay laboratory for analysis**

Alchemy Resources Limited (ASX Code: ALY) (“Alchemy” or the “Company”) is pleased to advise that after analysing all results of the geologic field program conducted at the Hermes Gold Project (“Project”) in September 2009, the Company has expanded the prospectivity of both the strike extent and depth extent of the Project.

The field program, which included diamond core and RC chip re-logging and sampling, field mapping and rock chip sampling, has identified multiple areas outside the existing Hawkeye and Trapper deposits that have been previously untested and has expanded the Project area of interest by approximately 5km north-south and 3.5km east-west.

Alchemy Managing Director, Michael Hannington said, “The field program indicates that the Hermes Gold Project has the potential to significantly expand Alchemy’s existing gold resource both along strike and depth and that the Company will aggressively drill to test the targets in coming months”.

Strike Extent

Detailed field mapping has confirmed that the Hawkeye and Trapper gold deposits are centred on a northeast-southwest trending contact between sediment dominated and volcanic rocks. However, this trend to the mineralisation is abruptly cut by a series of north-south trending faults which has offset the gold bearing northeast-southwest trending contact by up to 700m (Fig 2.).

Field mapping has identified the offset positions of the continuation of the gold bearing contact and drill targets to test these offset positions have been defined. Alchemy expects to drill these targets using RC and air core drilling techniques before the end of 2009. Consequently, the Hermes Gold Project area of interest has expanded to encompass an area approximated 5km north-south and 3.5km east-west. In addition, Alchemy has completed a ground magnetic survey to highlight and track the mineralised contact and the north-south offsets.

Alchemy has also identified an area to the south of the Hermes Gold Project displaying highly altered and deformed sediments. This area is considered to be structurally distinct from the Project mineralised trend and provides a significant new target.

Depth Extent

Re-logging of historical diamond drill core identified a porphyry intersected in diamond drill hole TD004. This diamond drill hole was drilled in 1998 by Troy Resources NL into the northern end of the Trapper Deposit (Fig 2.).

The porphyry is altered and oxidised, contains minor sulphides and is associated with low level gold mineralisation. The porphyry has intruded up along the sediment/volcanic contact and may provide a conduit and mechanism for gold mineralisation to move from depth to its position within the Trapper gold desposit.

Alchemy has submitted portions of the 7.6m length of porphyry intersecting in the drill hole for analysis and intends to further explore the potential for gold mineralisation at depth.

Current Drilling

Alchemy has completed the first 10 RC holes of a planned 34 hole program at the Hermes Gold Project. The assay results of this drilling will be provided to the market as soon as it is received and analysed.

ENDS

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History

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. - Three Rivers Project Location Map

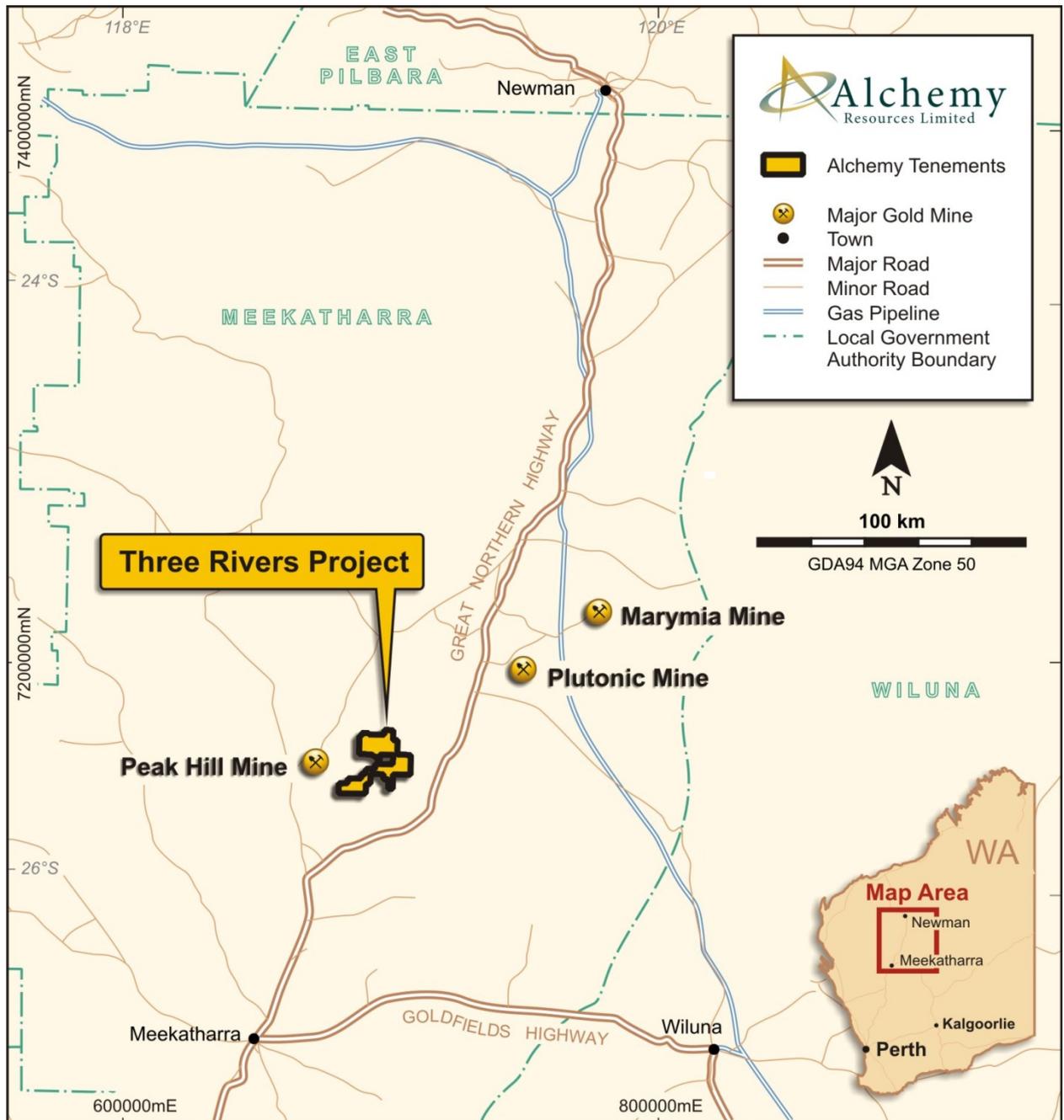


Figure 2. - Hermes Gold Project Trending Contacts

