

Report for Quarter Ended 30 September 2009

Alchemy raises \$2.75 million and commences extensive campaign of drilling at the Hermes Gold Project and over the greater Three Rivers Gold Project tenements

Highlights

- **Prospectivity of 30km strike length of Narracoota Formation directly west of Sandfire tenements evaluated**
- **Drilling at the Hermes Gold Project recommenced in October 2009**
- **Scoping studies to undertake a mining operation at the Hermes Gold Project progressing with flora and fauna surveys to be completed by year end**
- **Share placement and conversion of options raised \$2.75 million during September 2009 Quarter**
- **Extinguishment of native title over Hermes Gold Project tenements enables rapid planning and approvals for drilling in December 2009 Quarter**
- **Alchemy continues to control costs with \$3.85 million cash at hand at 30 September 2009. Further conversion of options in October 2009 has increased cash by \$0.55 million**

Details

Three Rivers Gold Project (Alchemy 100%)

Alchemy Resources Limited ("Alchemy") completed a thorough evaluation of both the Hermes Gold Project and the Narracoota Formation covering Alchemy's tenure (renamed from hereon as the "Magnus Copper/Gold Project") by undertaking a field mapping program that has extended the area of prospectivity surrounding the Hawkeye and Trapper deposits and has also highlighted the prospectivity of a number of stratigraphic horizons within the Narracoota Formation (Fig. 1 & 2).

Alchemy's mapping of the Magnus Copper/Gold Project extends from the eastern tenement boundary with Sandfire Resources NL ("Sandfire") westward towards the historic Wilgeena Mining Centre. Alchemy is carefully considering the best exploration technique to fast track evaluation of the copper and gold potential over the Narracoota Formation.

At the Hermes Gold Project, Alchemy has commenced an extensive drilling campaign comprising 10,000m of aircore. The results from this drilling will determine the size of a follow up reverse circulation ("RC") drilling program.

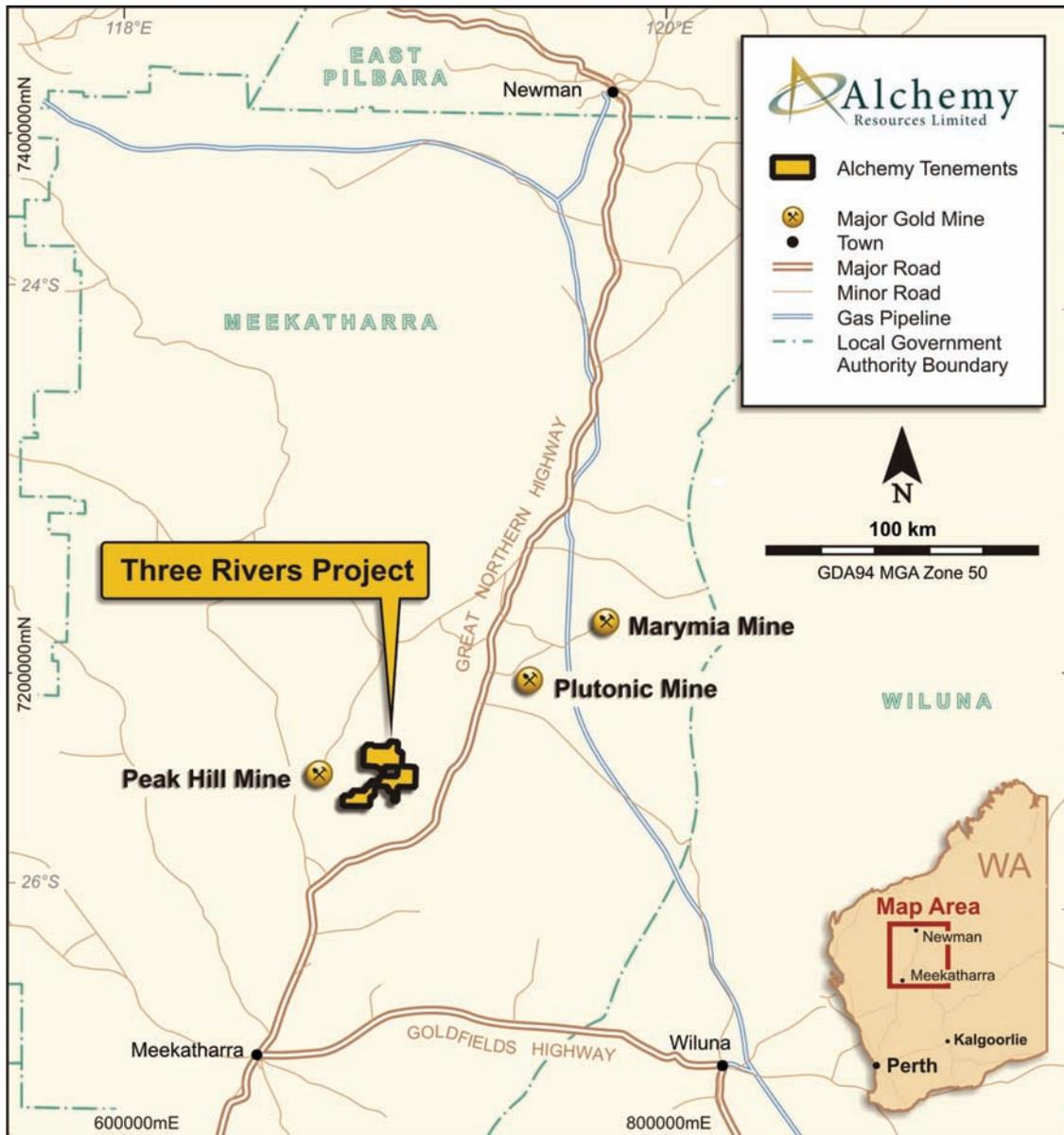


Figure 1. Three Rivers Gold Project Location

Magnus Copper/Gold Project

Alchemy has devoted a significant amount of time during the September 2009 quarter evaluating all private and publicly available information covering the western extension of the Narracoota Formation from Sandfire's tenement E52/1715 into Alchemy's tenure. This included field mapping and rock chip sampling to identify favourable target horizons for copper or gold mineralisation.

There are numerous exposures of outcropping rocks of the Narracoota Formation on Alchemy's tenement E52/2362 and E52/2360 (Fig. 3). However, these rocks extend over an area 30km long by 5.5km wide. Alchemy is committed to thoroughly explore the potential for copper and gold mineralisation over these tenements and will undertake a combination of geophysical surveys and early drilling as soon as possible with the intention of continuing a systematic evaluation of the entire 30km strike extent of the Narracoota Formation in 2010.

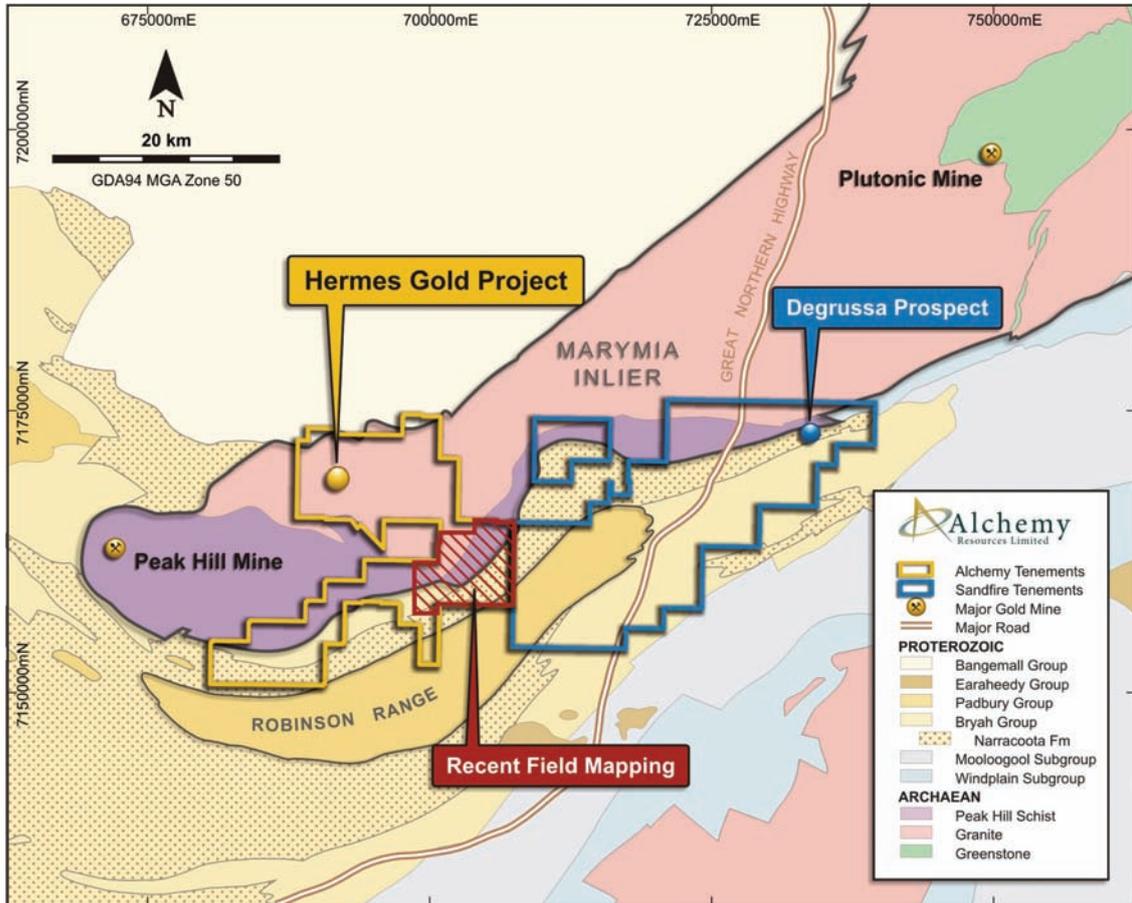


Figure 2. Location of Field Mapping at Magnus Copper/Gold Project

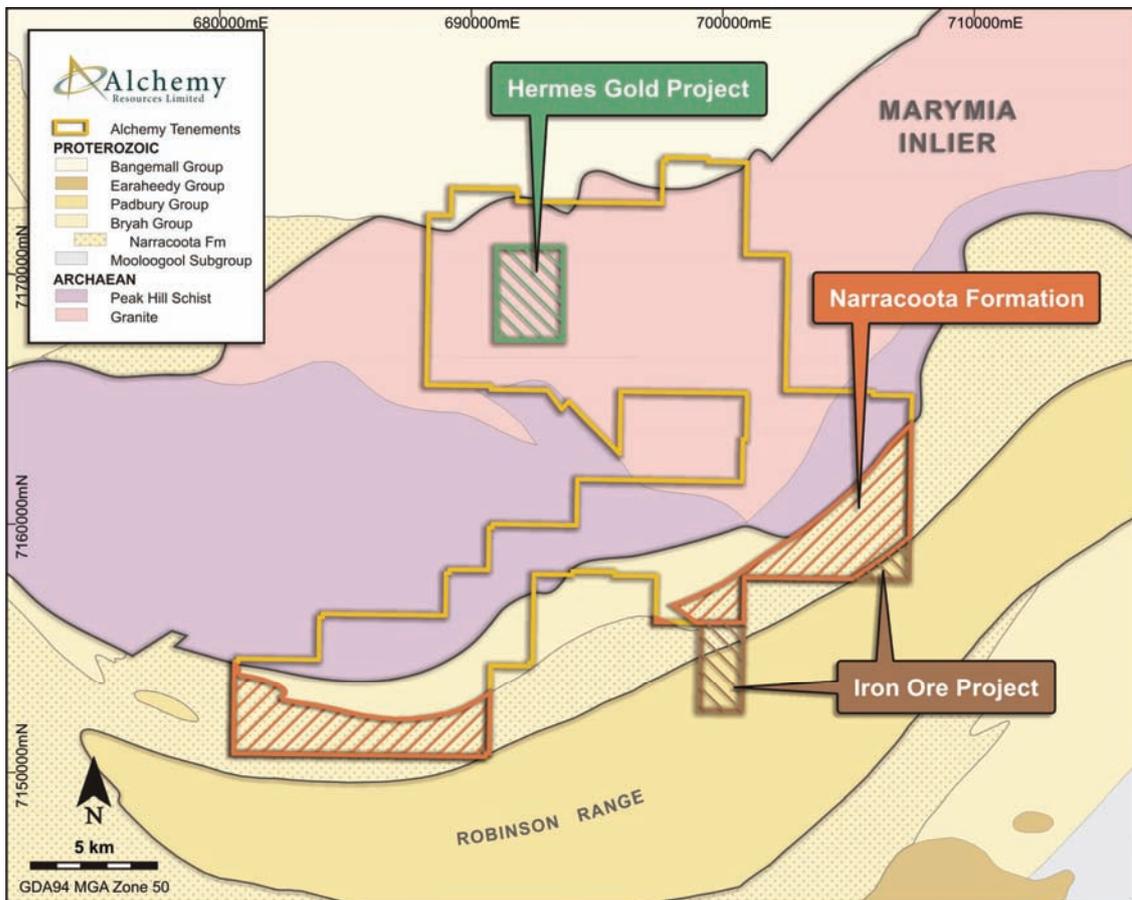


Figure 3. Location of Narracoota Formation on Three Rivers Tenements

Hermes Gold Project - Gold Processing

In the June 2009 quarter, Alchemy reported it had entered into a non-binding Memorandum of Understanding with Barrick (Plutonic) Limited, the operator of the Plutonic Gold Mine to provide a framework for a future binding toll treatment or ore sale agreement between the two companies.

Alchemy is planning to develop an excavate, load and haul operation to mine gold ore and transport it via a haul road for treatment at the Plutonic processing plant. In conjunction with this plan, Alchemy is also considering the merits of a small processing plant to enhance the economics of recovering not only Hermes gold but also any additional gold resources that may be discovered in the near future.

Hermes Gold Project - Mining Proposal

Alchemy has completed the first of a series of studies necessary to gain mining approval at the Hermes Gold Project. Flora studies have been completed and fauna studies will be completed during the December 2009 quarter. Ore characterisation studies, waste rock studies, hydrology and hydrogeology studies will be progressed during the December 2009 quarter. Engineering investigations to determine the optimum haul road design are ongoing.

Robinson Range Iron Project

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

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

Drilling programs to be undertaken at the Big Bell North, Wydgee and Gidgee Projects (Fig.4) have been approved by the Department of Minerals and Petroleum and heritage surveys have been planned in the December 2009 quarter to ensure that the drilling does not disturb any Aboriginal sites of significance.

A wide-spaced (1km x 250m) soil sampling program planned over the recently granted Polelle Project tenements (E51/1225 and E51/1226) was completed in October 2009.

Alchemy's 3D geological model covering the Murchison District has been refined to highlight gold targets at the Big Bell North and Wydgee Project.

Tight control on costs

Alchemy continues to maintain a tight control on costs.

In April 2009, Alchemy made an application to AusIndustry for a research and development tax concession reflecting its investment in the 3D model of the Murchison District. On 22 July 2009, Alchemy received a refund cheque for \$233,343 from the Australian Tax Office.

Alchemy is focussing expenditure on field based activities as highlighted by its drilling campaign at the Hermes Gold Project and its mapping at the Magnus Copper/Gold Project.

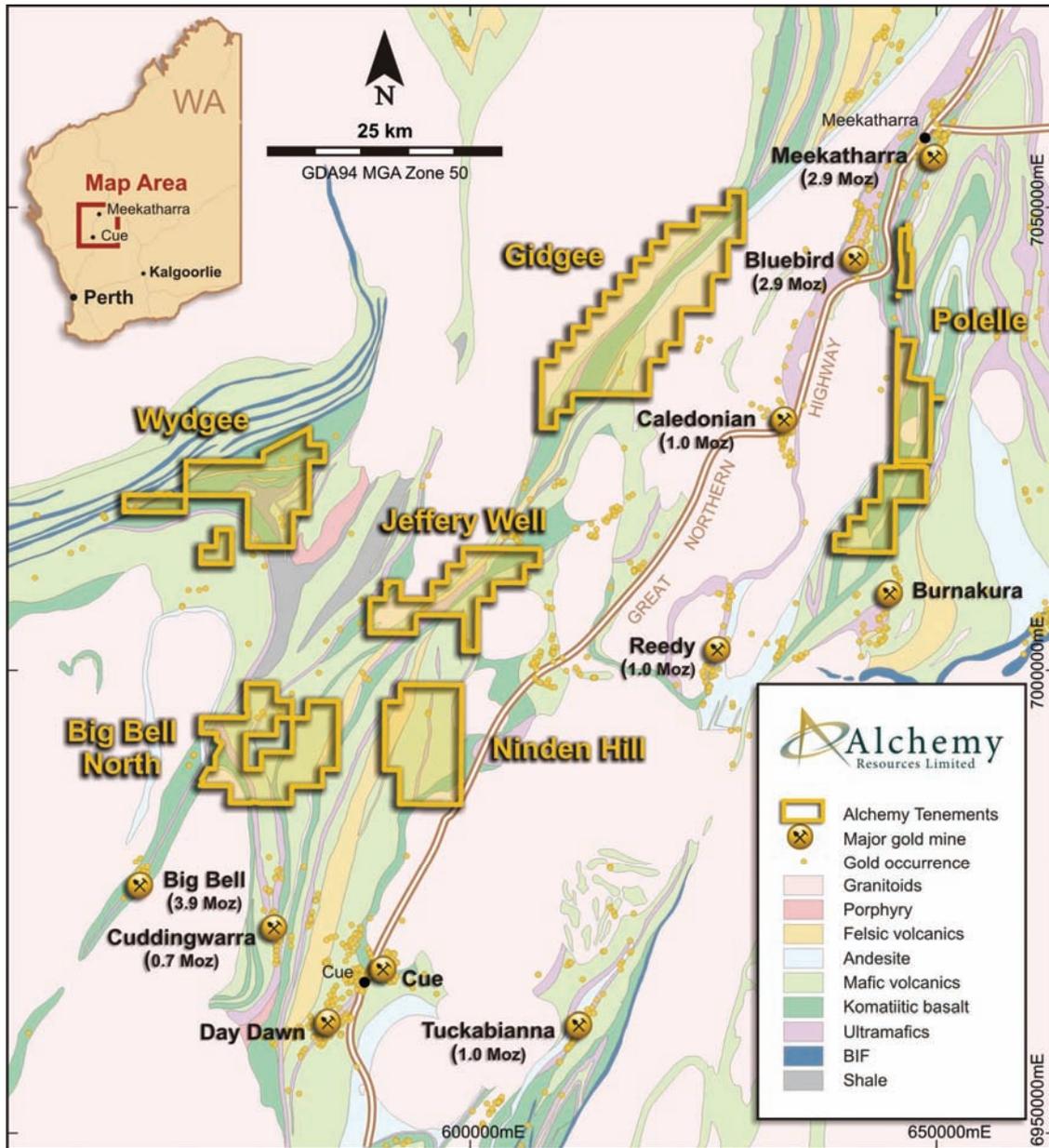


Figure 4. Murchison Gold Projects Location

Corporate activity

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

In less than two years, Alchemy has grown to explore on three separate and highly prospective areas. Alchemy has received a number of offers to evaluate opportunities near these areas and as it builds its exploration presence will carefully consider the merits of expanding its exploration efforts outside its current tenement holding versus evaluation of its numerous exploration targets within its tenements.

During the September 2009 quarter Alchemy spent approximately \$297,000 on drilling and evaluation of its tenements.

In September 2009, Alchemy raised \$2.50 million via two tranches of placements to sophisticated investors and a further \$0.25 million was received by the conversion of unlisted options.

At 30 September 2009, Alchemy had approximately \$3.85 million in cash.

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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.