

10 December 2009

**ALCHEMY HITS MORE SIGNIFICANT GOLD  
INTERSECTIONS AT HERMES GOLD PROJECT  
MAGNUS COPPER/GOLD VTEM SURVEY FLY OVER COMPLETED**

**HIGHLIGHTS**

- **2 of 4 RC drill holes return significant gold intersections**
- **Best results include:**
  - **9m @ 6.54g/t gold from 126m (including 4m @ 14.07g/t gold from 126m)**
  - **12m @ 8.35g/t gold from 74m (including 1m @ 84.2g/t gold from 82m)**
- **Drilling confirms potential for increase of JORC compliant resource base at Hermes**
- **61% of total 18 RC drill program hits significant gold intersections**

Alchemy Resources Limited (ASX Code: ALY) (“Alchemy” or the “Company”) has completed its 2009 drilling program at its Hermes Gold Project and assay results received from 2 reverse circulation (RC) holes drilled at Trapper West (Fig. 1) have intersected zones of significant gold mineralisation outside of the existing JORC code compliant indicated gold resource of **1.7Mt @ 2.4g/t gold** (which equates to **131,000 ounces** of gold).

During the recent drilling program, which commenced in October 2009, Alchemy drilled 18 RC drill holes of which 11 holes returned significant gold intersections. This represents a 61% success rate with regards to the current drilling program.

A series of new and existing targets have been identified for further drilling planned in the first quarter of 2010. The aim of this drilling is to increase the size of the existing indicated gold resource.

- **Aircore drilling results due within the week**

Alchemy is awaiting final assay results from the 172 aircore drillholes (6000m) that were completed after the recent RC drilling program.

Within the next week the Company intends to provide the market with a detailed summary of all drilling conducted in 2009 plus an outline of the exploration and possible development strategies for Hermes in 2010.

Managing Director Michael Hannington said, “Alchemy conducted three RC drilling campaigns at Hermes in 2009 and each campaign returned significant high-grade gold intercepts. These latest results confirm the Hermes Gold Project hosts a number of mineralised zones that appear significantly larger than the known JORC code compliant resource of 131,000 ounces of gold.”

- **Further drilling will test these new zones at depth**

Mr Hannington added, "Throughout 2009 I have been assembling a first-class team of experienced exploration geologists to drive the Hermes project forward. With the team in place, we shall review results of our recent drilling campaigns at Hermes to understand the potential of the area. We plan to develop a clear exploration strategy for the purpose of determining viable development options in 2010 to continue delivering results for shareholders.

"Eighteen months ago Alchemy paid A\$10 per resource ounce for the Three Rivers Project, when the gold price was under US\$900 per ounce. The gold price is now over US\$1,100 per ounce. Just last week the largest commodities trader on Wall Street, Goldman Sachs, forecast gold would reach US\$1,350 per ounce in 2010. Such bullish market sentiment makes it an exciting time to be developing a new gold mining project."

- **World demand remains very strong for gold and new large discoveries are falling**

The excellent results received from the drilling program just completed, plus intensive field mapping has allowed Alchemy a much greater and increased understanding of the structural controls over the gold mineralisation at Hermes.

The geological team has reassessed the drilling program and re-prioritised the various types of drilling required.

A new comprehensive drilling program will now include the balance of funding and prior planned drilling.

### ***Magnus Copper/Gold Project***

The preliminary results for the helicopter-borne VTEM survey over the exciting Magnus Copper/Gold Project will be announced within the next few weeks.

On 13 November 2009, Alchemy announced the presence of 3 conductors near the eastern boundary of its tenements with Sandfire Resources NL ("Sandfire").

These conductors were identified using data supplied by Sandfire.

Sandfire's Doolgunna project has been described as "the most significant copper-gold discovery, ever, in Western Australia." (Source: *Sipa Resources Ltd Announcement - 1 December 2009*)

Alchemy's tenements adjoin the Sandfire tenements and contain 165km<sup>2</sup> of the highly prospective Narracoota Volcanics.

The comprehensive VTEM survey covers the entire southern portion of Alchemy's tenements.

The Magnus Copper/Gold Project is receiving adequate funding and maximum priority by the recently increased geological team led by Managing Director Michael Hannington, a highly experienced geophysicist.

**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 aircore 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 Lyndon Hopkins, who is a Member of the Australasian Institute of Geoscientists and a Member of the Australasian Institute of Mining & Metallurgy, is a part-time employee of Alchemy Resources Limited. Mr Hopkins 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 Hopkins 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. - December RC drilling - significant gold assay results

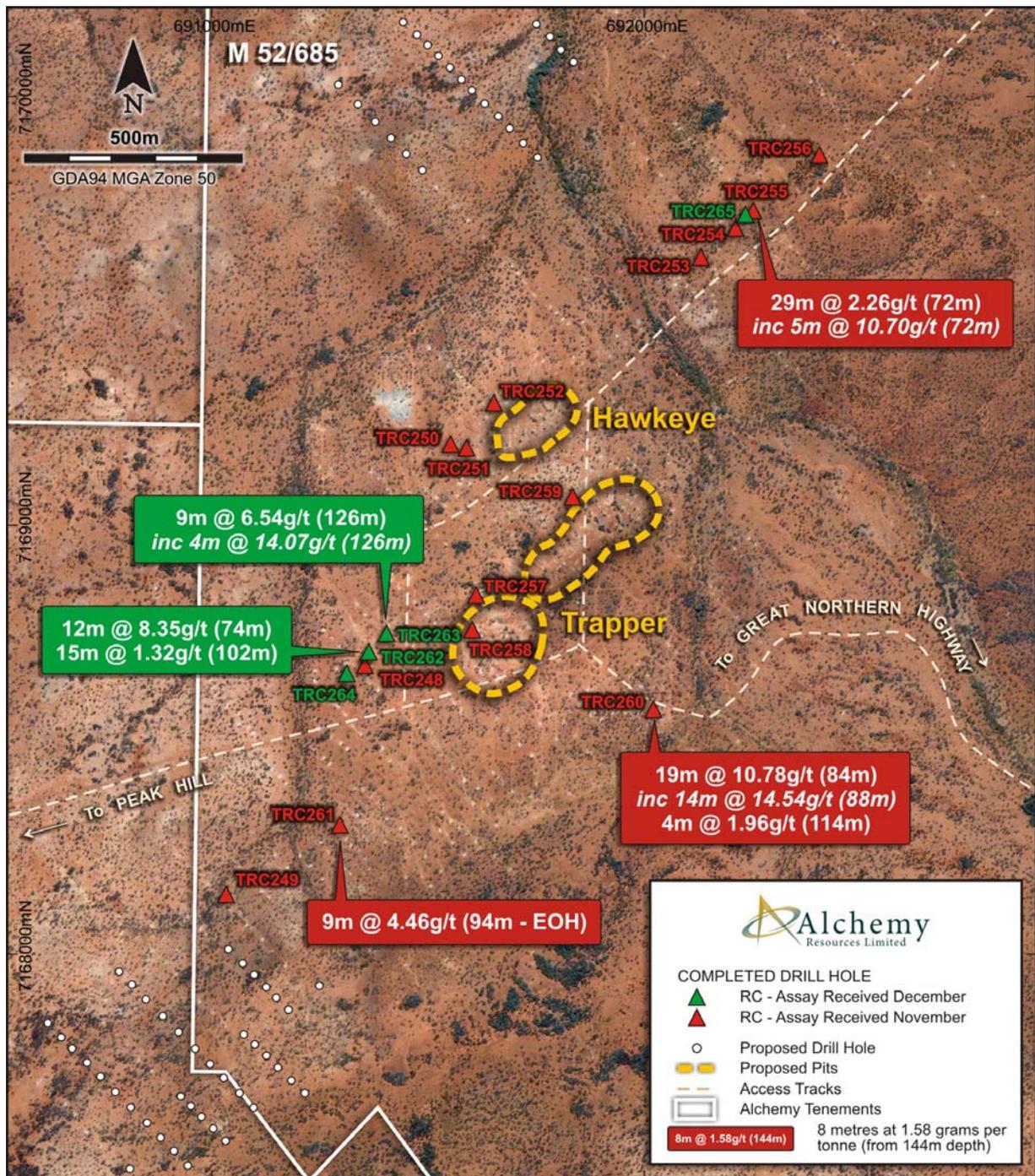
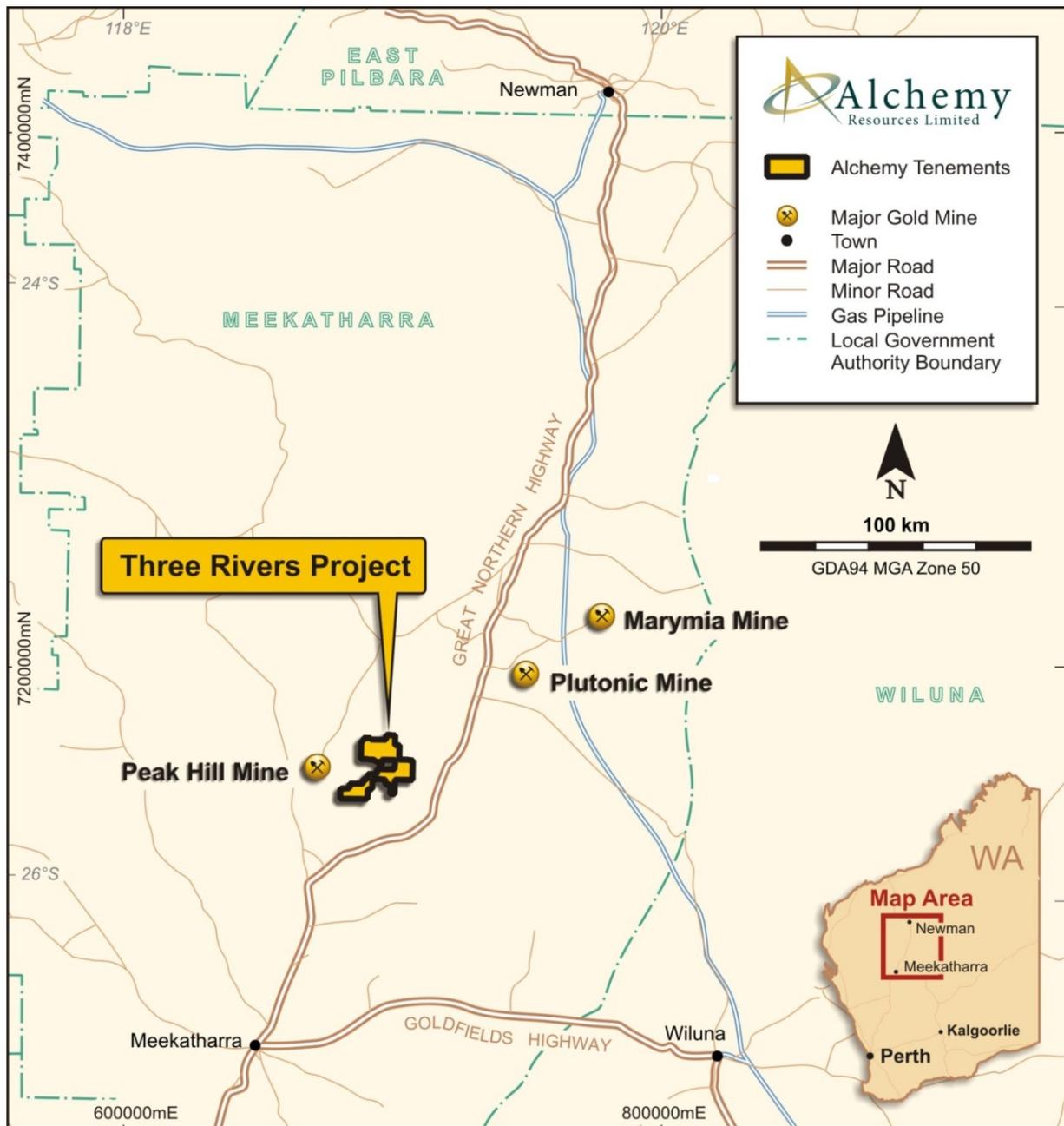


Figure 2. - Three Rivers Project Location Map



**Table 1. - Significant RC Drilling Results from Hermes Gold Project**

<b>RC Hole ID</b>	<b>East (MGA94)</b>	<b>North (MGA94)</b>	<b>From (m)</b>	<b>To (m)</b>	<b>Interval (m)</b>	<b>Grade (g/t Au)</b>	<b>Including (g/t Au)</b>
TRC262	691363	7168700	5	19	14	0.72	
			34	37	3	0.79	
			74	86	12	8.35	1m @ 84.2g/t
			102	117	15	1.32	
			137	147	10	0.58	
			151	162	11	0.54	
TRC263	691404	7168743	30	54	24	0.42	
			126	135	9	6.54	4m @ 14.09g/t
			144	152	8	0.82	

All assay results reported using Aqua Regia digest. Asterisk (\*) indicates results from 4 m composite sampling. Fire Assay method assays have been completed on all assays that graded > 0.5 g/t Au. Results calculated using 0.2 g/t cutoff with maximum 3 m internal dilution.