

22 December 2009

HERMES GOLD PROJECT PROJECT DEVELOPMENT UPDATE

DISCOVERS THREE NEW MINERALISED GOLD PROSPECTS

Alchemy Resources Limited (ASX Code: ALY) (“Alchemy” or the “Company”) has completed the 2009 drilling program at its Hermes Gold Project, which consisted of 30 reverse circulation (RC) holes for 4,475 metres and 214 aircore (AC) holes for 8,830 metres.

The drilling to date has confirmed that the mineralisation at the Hermes Gold Project is similar to the quartz vein hosted gold mineralisation at the Plutonic Gold Mine, located 60kms to the northeast of Hermes.

The Hermes Gold Project was originally acquired from Troy Resources NL in June 2008. Alchemy was attracted to the project by the existing JORC code compliant indicated gold resource of **1.7Mt @ 2.4g/t gold** (equivalent to **131,000 ounces** of gold), which the Company believed could be developed quickly to fund future exploration expenditure.

- **Significant increases in the both the world demand and price of gold has proved the strategic benefit of this acquisition**
- **Identification of Wilgeena Mining Centre in tenement package further enhances Alchemy’s fortunes and shareholders value**

Alchemy was initially restricted by native title agreements from drilling the ground until May 2009.

Since that time the Company has achieved considerable success by having 17 of 30 RC holes (57%) return significant gold intersections which has improved the potential to increase the existing gold resource.

- **Alchemy now has a better understanding of the existing resource and will utilise this knowledge in targeting potential extensions for drilling in 2010.**

Following the initial successful drilling campaign, Alchemy contracted an outstanding geological team, led by highly experienced geologist Jon Standing, to extensively map and survey the Hermes Gold Project tenement area. That field mapping exercise significantly expanded the area of exploration at the Hermes Gold Project by 5 km North-South and 3.5km East-West.

The field mapping exercise identified a number of zones that could potentially host mineralisation outside the existing JORC code compliant gold resource.

The primary purpose of this drilling program, undertaken in the 4th quarter of 2009, was to find new and extended zones of gold mineralisation and increase the existing gold resource.

- **Alchemy’s drilling program at the Hermes Gold Project was successful in discovering 3 new gold zones (Trapper West, Winchester and Blake) outside the existing gold resource at Hawkeye and Trapper (Fig. 1)**

The Wilgeena Mining Centre, which has an exploration target with the potential to host 40,000 to 50,000 ounces of gold, was also identified within Alchemy's Three Rivers tenements, 15 km southwest of the Hermes Gold Project (Fig. 3).

Hawkeye and Trapper Deposits – Existing Gold Resource

The Hawkeye and Trapper deposits contain the existing JORC code compliant indicated gold resource of **1.7Mt @ 2.4g/t gold** (equivalent to **131,000 ounces** of gold).

Prior to Alchemy's drilling, only 13 holes had extended beyond 150m. RC drilling by Alchemy has intersected gold mineralisation below this depth.

Best results from drilling at Hawkeye and Trapper included

- **8m @ 10.30g/t gold from 156m (including 1m @ 64.9g/t gold)**

Re-examination of historical diamond core identified the existence of a narrow zone of porphyry in a hole at the northern end of the Trapper deposit.

Alchemy will investigate the potential for this porphyry to provide a conduit and mechanism for gold mineralisation to move from depth to its position within the Trapper gold deposit.

In 2010, Alchemy intends to complete a staged drill out of the Trapper deposit and further reduce the drill spacing in the central and western portion of the Trapper deposit to 20m x 20m spacing to improve confidence in an updated resource estimate.

In addition, Alchemy will further test depth extensions at both the Hawkeye and Trapper deposits.

Trapper West Prospect – New Gold Zone

The Trapper West Prospect is located directly west of the Trapper deposit and indications from drilling are that it is a new zone of gold mineralisation.

Best results from drilling at the Trapper West Prospect included:

- **5m @ 6.40g/t gold from 3m (including 1m @ 23.4g/t gold)**
- **15m @ 3.20g/t gold from 34m (including 1m @ 7.5g/t gold & 1m @ 10.8g/t gold)**
- **5m @ 34.0g/t gold from 34m (including 1m @ 118.2g/t gold & 1m @ 16.1g/t gold)**
- **7m @ 5.50g/t gold from 113m (including 1m @ 15.4g/t gold)**
- **9m @ 6.54g/t gold from 126m (including 4m @ 14.1 g/t gold from 126m)**
- **12m @ 8.35g/t gold from 74m (including 1m @ 84.2 g/t gold from 82m)**

These are significant high grade gold intersections, some of which are at shallow depth.

This prospect has the potential to increase the size of the existing gold resource.

Step out RC drilling and diamond drilling will be conducted in 2010 to fast track a resource estimate for Trapper West.

Winchester Prospect – New Gold Zone

The Winchester Prospect is located approximately 700m northeast of the Hawkeye Deposit.

Best results from drilling at the Winchester Prospect included:

- **29m @ 2.26g/t gold from 72m (including 5m @ 10.70g/t gold)**

In 2010, Alchemy intends to conduct a step out RC drilling program to test for gold at depth and diamond drilling to determine the orientation and plunge component of the gold mineralisation.

Blake Prospect - New Gold Zone

The Blake Prospect is located directly south of the existing gold resource and represents a significantly underexplored area warranting further exploration.

Best results from drilling at the Blake Prospect included:

- **19m @ 10.78g/t gold from 84m (including 14m @ 14.54g/t gold)**
- **4m @ 2.14g/t gold from 12m (4m composite sample)**
- **12m @ 0.53g/t gold from 16m (4m composite sample)**

This prospect has significant potential for additional gold mineralisation and step out RC drilling will be undertaken in 2010 to test the depth potential.

AC and RC drilling conducted at the Blake prospect has provided important information for follow up drilling in 2010, which will concentrate on the potential at depth (ie. below 40m). The shallow reconnaissance AC drilling that was recently conducted has shown that the gold mineralisation in this prospect may occur at depth.

In addition to assaying for gold in the soil profile during AC drilling, Alchemy has collected end of hole samples in bedrock for multi-element analysis. These results are yet to be analysed and will provide a better understanding for potential gold mineralisation at depth.

Mine Development - Transition to Gold Miner

In anticipation of making a decision on development of the Hermes Gold Project in 2010, Alchemy has:

- **Entered into a Memorandum of Understanding with Barrick (Plutonic) Limited, the operator of the Plutonic gold mine, to provide a framework for a toll treatment or ore sales agreement**
- **Planned a number of diamond drill holes to collect samples for metallurgical test work to determine the optimum process for gold recovery**
- **Completed flora and fauna surveys to satisfy the West Australian Department of Environment and Conservation requirements**
- **Retained Coffey Mining Pty Ltd to undertake scoping studies relating to re-estimation of the gold resource, geotechnical work relating to pit design, hydrology and hydrogeology, metallurgy and process engineering and studies relating to tailings storage facilities**
- **Conducted a review of mill processing options including the use of a mini-mill with capacity to process 500,000 tonnes of ore per annum**
- **Lodged miscellaneous licence applications for haulroads to haul gold ore to the Plutonic processing plant**
- **Commenced work on a mining proposal to be submitted to the West Australian Department of Mines and Petroleum**

The confirmation of the extinguishment of native title over the Hermes Gold Project by the West Australian Department of Mines and Petroleum in June 2009 has enabled Alchemy to expedite its drilling program and progression to mine development.

Managing Director Michael Hannington said, "Alchemy's drilling campaign at Hermes which commenced in May this year was well thought out and strategically targeted new zones of gold mineralisation. The drilling results this year have developed our understanding of both the grade and extent of gold mineralisation at Hermes."

"Whereas 2009 was a year of assessing the potential for new zones of gold mineralisation at Hermes, 2010 will be a year of more intensive drilling to define the extents of gold mineralisation at the Winchester, Trapper West and Blake prospects and re-optimize a gold resource based on all Alchemy's drilling using a current gold price."

The JORC code compliant gold resource was last defined by Snowdens in 1998 and studies were completed using a gold price of A\$550 per ounce.

- **Current gold price is A\$1,250 per ounce**

Wilgeena Mining Centre

Alchemy has submitted a program of work to the West Australian Department of Mines and Petroleum for approval to drill a combination of RC, Diamond and AC holes in the 1st quarter of 2010 at the Wilgeena Mining Centre (Fig. 4).

This program is intended to both confirm the in-house gold resource estimate undertaken by Plutonic Operations Ltd in 1997 and allow Alchemy to estimate a JORC code compliant resource for this advanced prospect.

Alchemy believes that Wilgeena represents an exploration target with the potential to host 40,000 to 50,000 ounces of gold.

Alchemy intends to rapidly integrate the development of the Wilgeena Project with the Hermes Gold Project and Wilgeena may even precede the commencement of mining operations at Hermes.

The Company believes that the combined development of both projects will significantly enhance the economy of scale of a stand alone gold operation.

Managing Director Michael Hannington said, "Alchemy has a clear strategy to systematically drill out the Wilgeena and Hermes Gold Projects. We have put in place the right people to take Wilgeena to a gold resource and Hermes from a dormant gold resource with native title and tenure issues to a decision to mine with all studies and permitting for development occurring to a clear timeline".

"We have had a very busy and successful year and I wish to express my appreciation to the Alchemy team for their dedication and we look forward to 2010 and significantly enhancing shareholder value."

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Figure 1. - Hermes Gold Project - Existing Deposits and Prospects with significant gold assay results

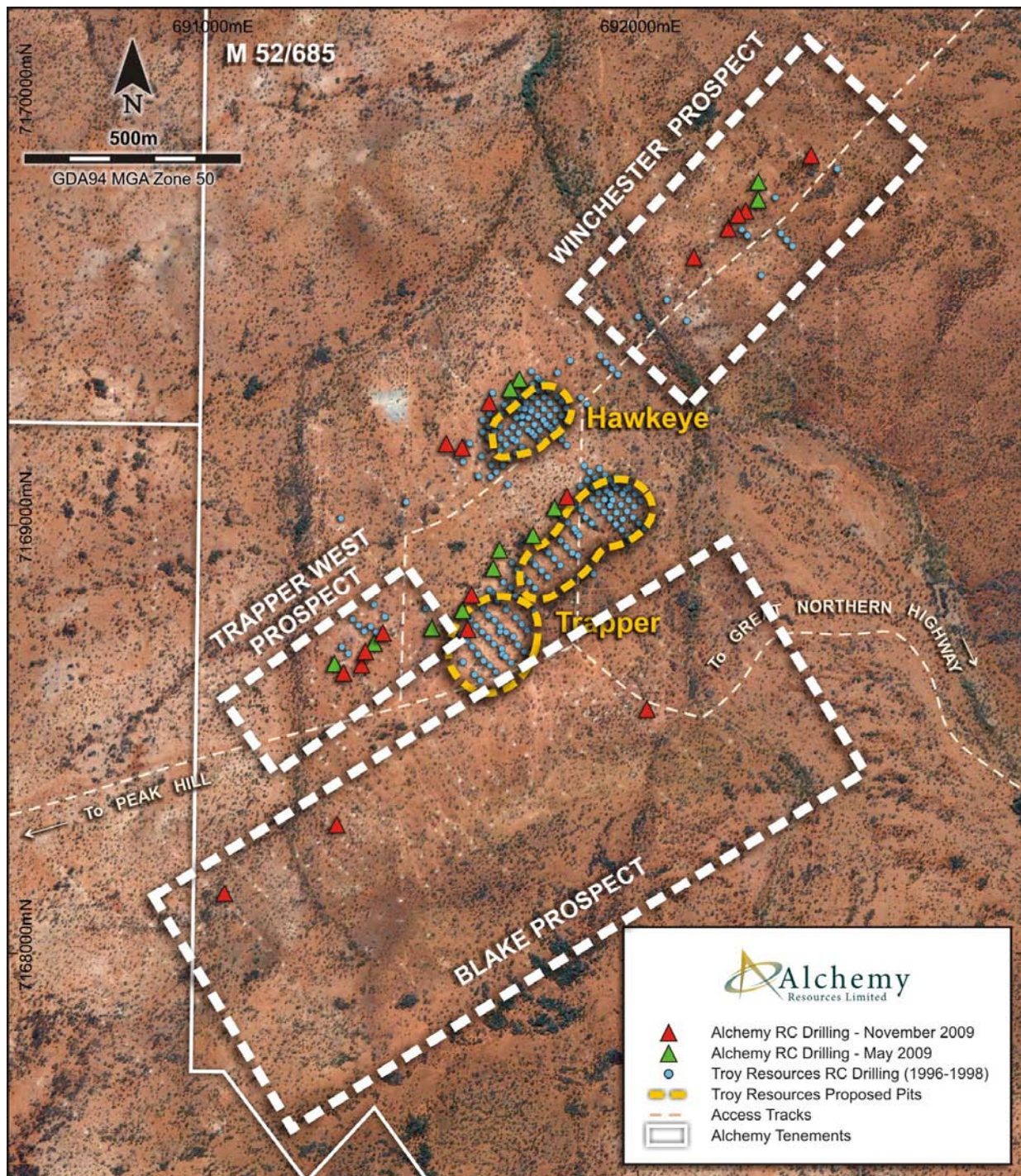


Figure 2. – Hermes Gold Project – Aircore Drilling November & December 2009

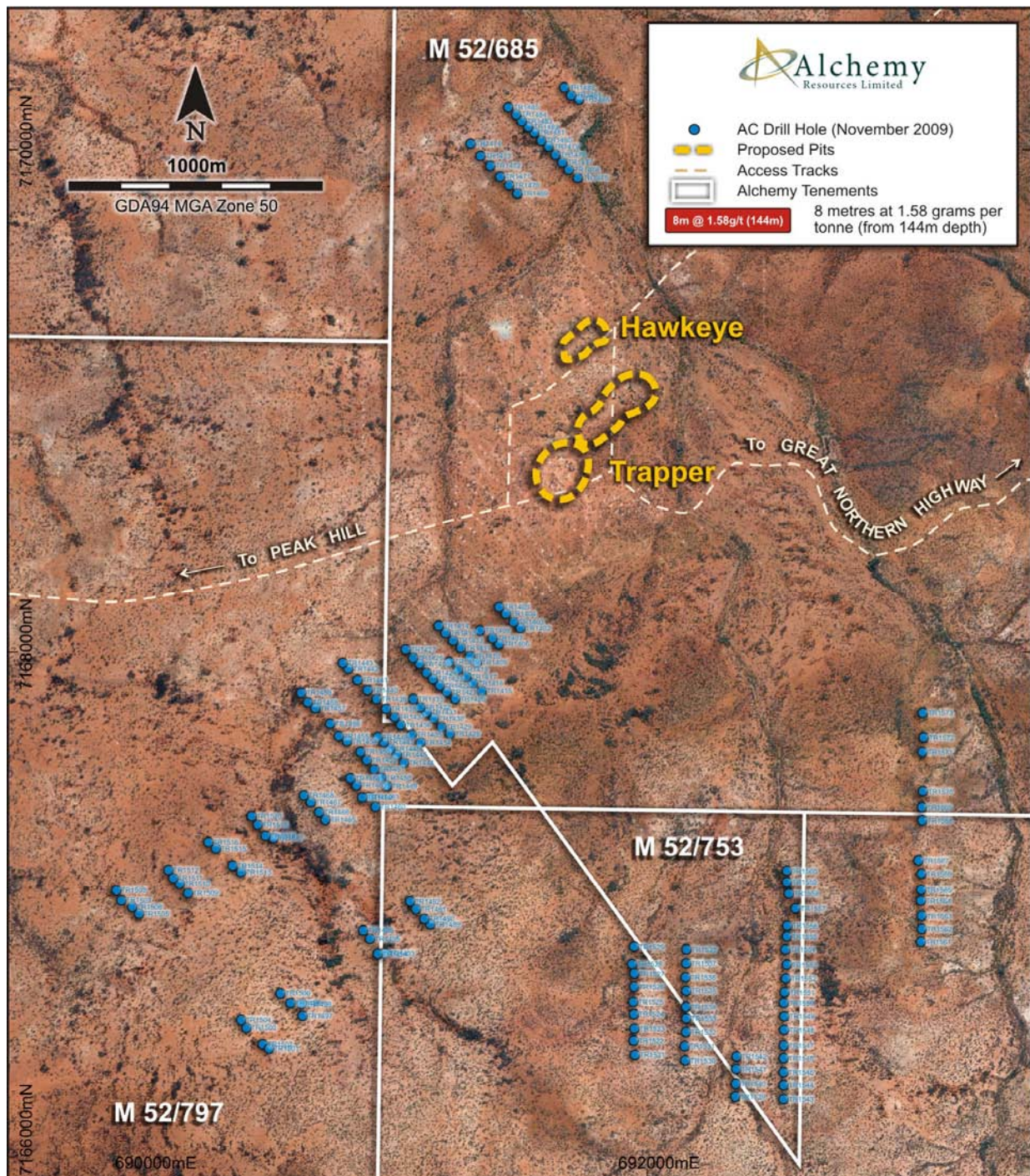


Figure 3. – Location of Wilgeena Mining Centre at Alchemy’s Three Rivers Tenements

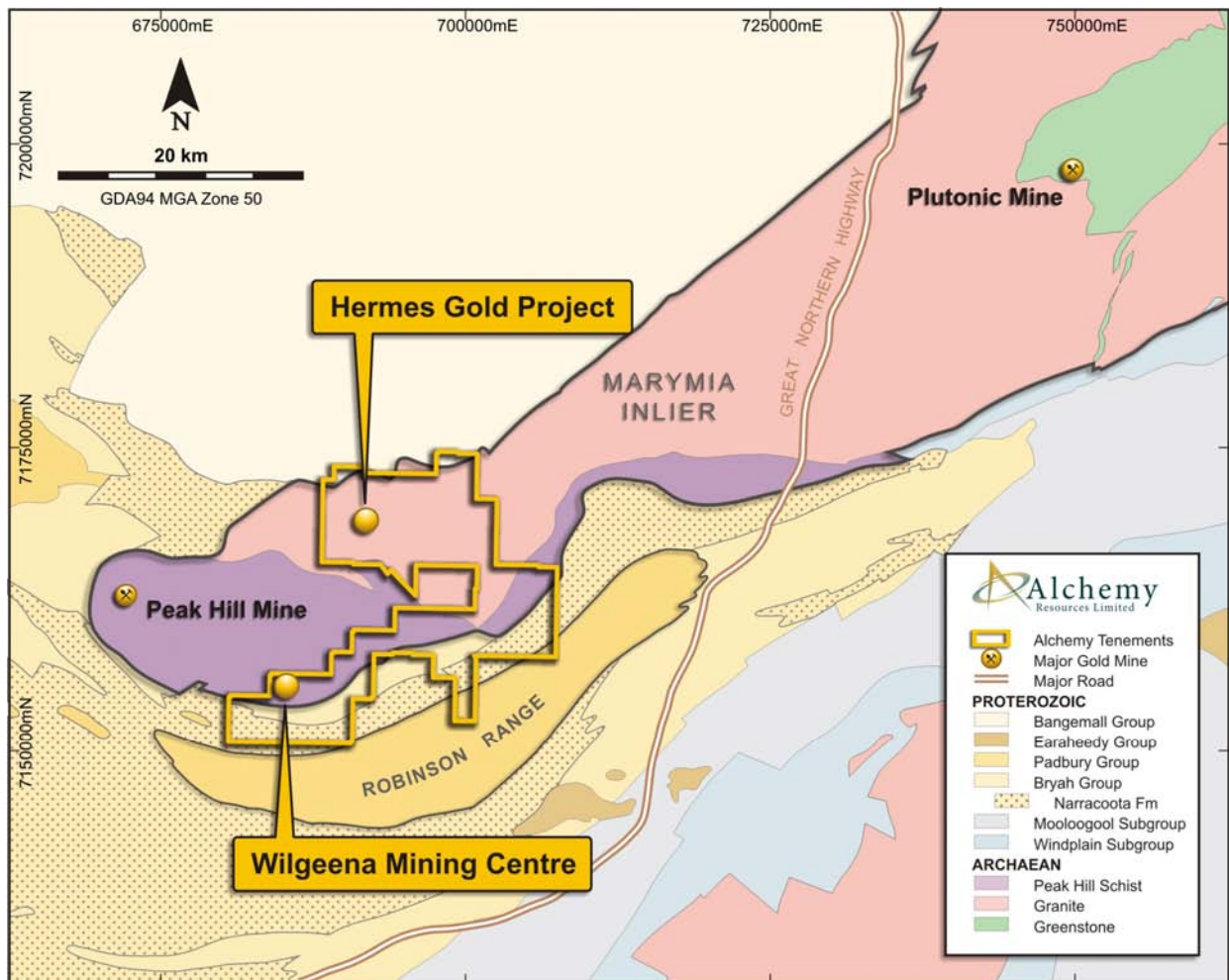


Figure 4. – Aerial Photograph of the Wilgeena Mining Centre

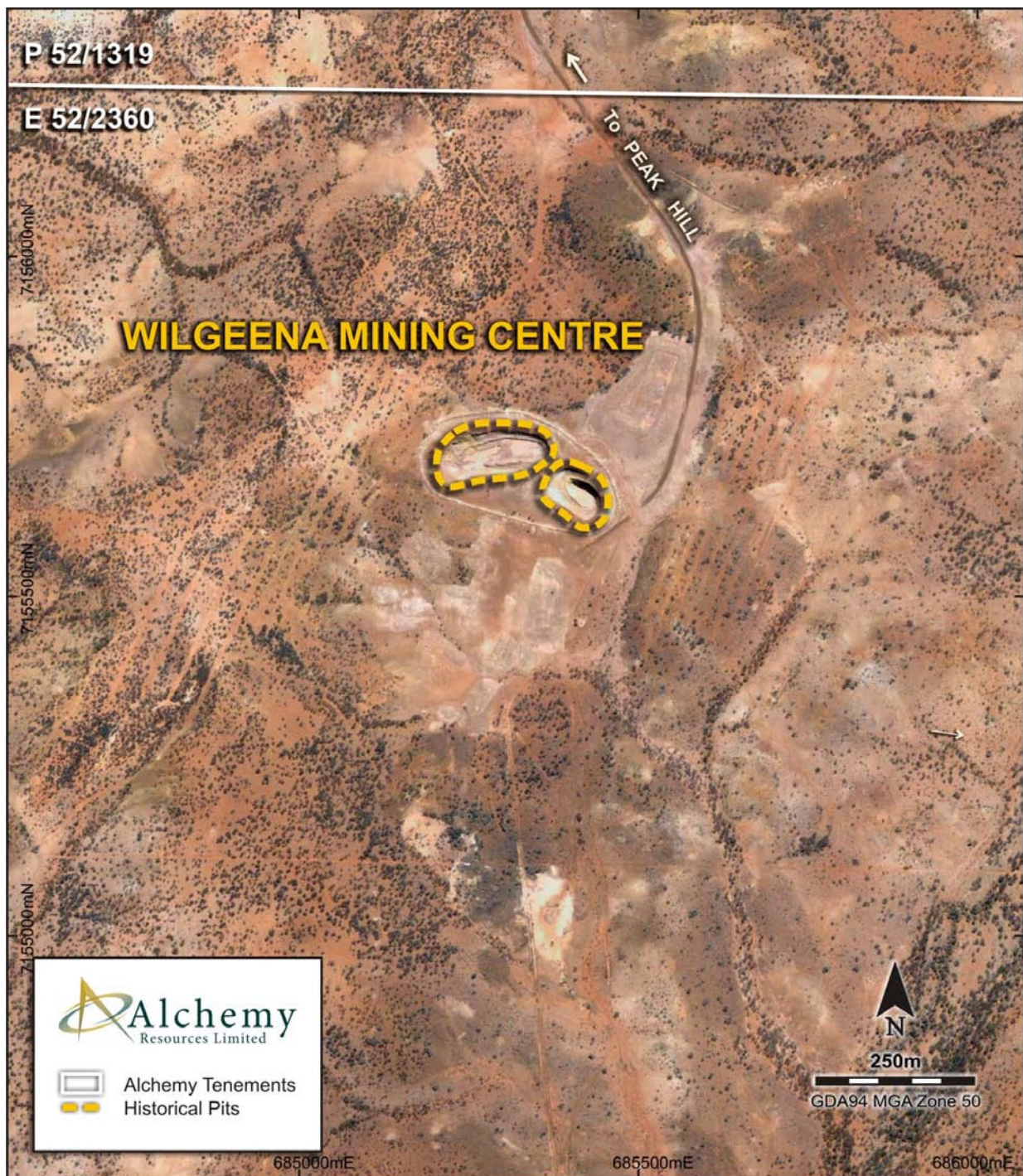


Figure 5. – Three Rivers Project Location Map

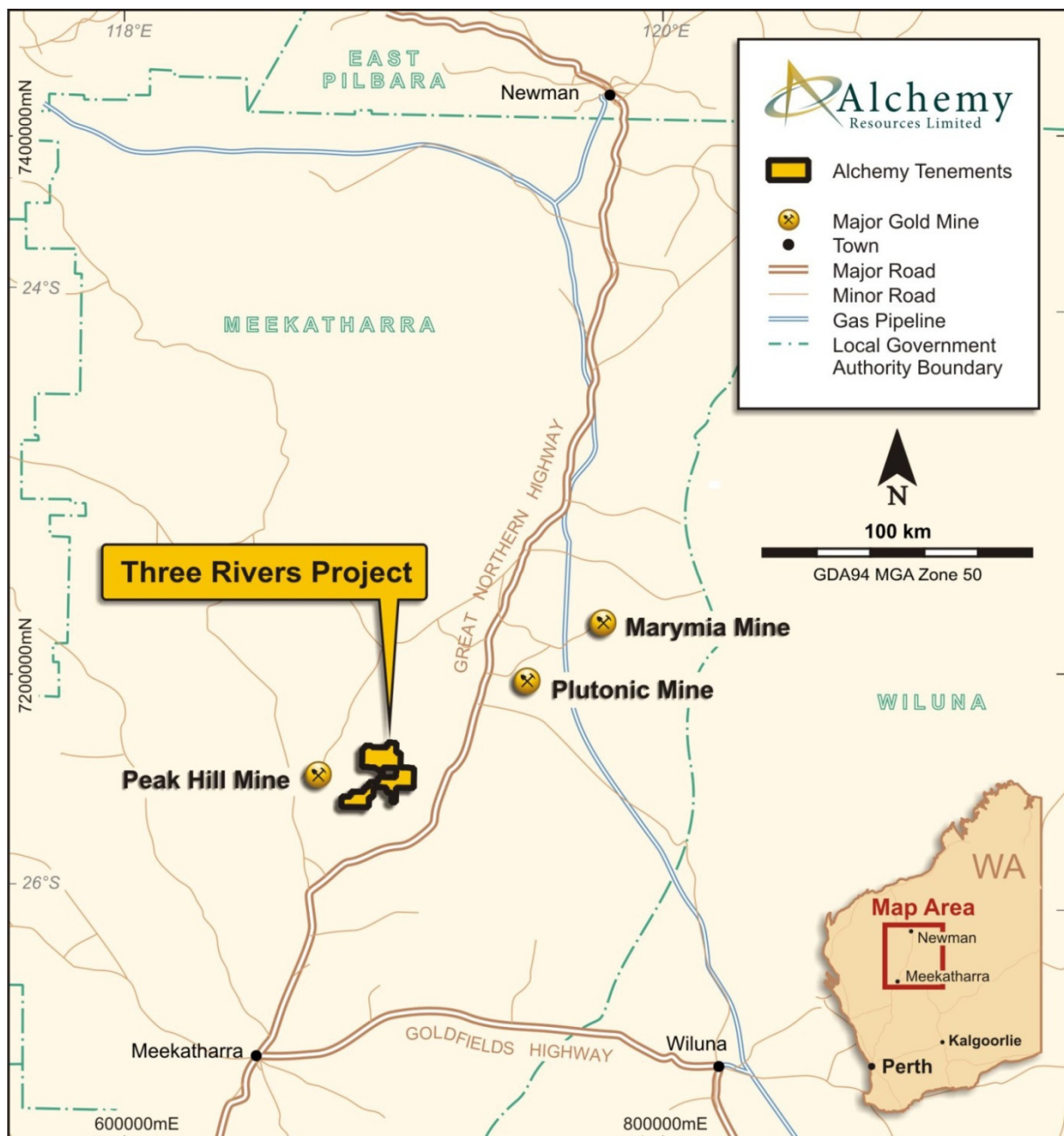


Table 1. - Significant RC Drilling Results from Hermes Gold Project 2009

RC Hole ID	East (MGA94)	North MGA94)	From (m)	To (m)	Interval (m)	Grade (g/t Au)	Including (g/t Au)
TRC236	691383	7168721	21	29	8	2.0	1m @ 5.6
			34	39	5	34.0	1m @ 118.2
			104	112	4	3.2	4m composite
			113	120	7	5.5	1m @ 15.4
TRC237	691284	7168679	86	88	2	18.7	1m @ 22.7
TRC238	691756	7168972	138	143	5	3.8	1m @ 11.8
TRC243	691723	7169335	128	131	3	3.1	1m @ 5.4
			159	162	3	6.5	1m @ 9.9
TRC244	691701	7169314	132	136	4	12.2	1m @ 31.7
TRC247	691805	7169036	156	164	8	10.3	1m @ 64.9
TRC248	691354	7168668	8	10	2	2.02	
			47	55	8	1.41	
			68	73	5	1.39	
			88	97	9	2.74	
TRC249	691033	7168134	97	110	13	1.11	
TRC251	691589	7169175	60	72	12	0.92	4m composite
TRC252	691652	7169280	144	152	8	1.58	4m composite
TRC255	692252	7169728	72	101	29	2.26	5m @ 10.70
TRC257	691611	7168832	122	133	11	2.82	7m @ 4.25
TRC258	691602	7168751	81	98	17	0.54	4m composite
TRC260	692021	7168565	84	103	19	10.78	14m @ 14.54
			114	118	4	1.96	
TRC261	691296	7168296	94	103	9	4.46	
TRC262	691363	7168700	5	19	14	0.72	
			34	37	3	0.79	
			74	86	12	8.35	1m @ 84.2
			102	117	15	1.32	
			137	147	10	0.58	
			151	162	11	0.54	
TRC263	691404	7168743	30	54	24	0.42	

Table 2. - Significant AC Drilling Results surrounding Hermes Gold Project - November & December 2009

AC Hole ID	East (MGA94)	North MGA94)	From (m)	To (m)	Interval (m)	Grade (g/t Au)
TR1414	691171	7168104	12	16	4	2.14
TR1426	691069	7167977	12	16	4	0.141
TR1427	691040	718010	28	32	4	0.195
TR1439	690924	7167813	16	20	4	0.67
			20	24	4	0.356
			24	28	4	0.56
TR1452	690885	7167571	32	36	4	0.105
TR1490	691114	7166940	24	28	4	0.147
TR1493	690956	7166804	16	20	4	0.138
TR1507	689910	7167013	20	24	4	0.497
			24	28	4	0.306
TR1512	690097	7167134	12	16	4	0.688
			16	20	4	0.271
TR1516	690256	7167245	24	28	4	0.131
TR1532	692154	7166492	36	40	4	0.101
TR1533	692155	7166546	36	40	4	0.11
TR1548	692544	7166501	28	32	4	0.113

All assay results reported using Aqua Regia digest. Fire Assay method assays have been completed on all assays that graded > 0.5 g/t Au. Results calculated using 0.2 g/t Au cutoff with maximum 3m internal dilution.

Competent Persons Statement

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.

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.

Alchemy Resources Limited has not yet reported resources from the Wilgeena Mining Centre Project. While the company remains optimistic it will report resources in the future, any discussion in relation to targets, resources, reserves or 'ore' is only conceptual in nature, there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.