

**ASX
ANNOUNCEMENT**

13 SEPTEMBER 2011

CODE: ALY

BOARD OF DIRECTORS

Mr Warwick Davies
Non-Executive Chairman

Mr Robert Brierley
Managing Director

Mr John Arbuckle
Non-Executive Director

Mr Jeffrey Moore
Non-Executive Director

ISSUED CAPITAL

SHARES 97,447,408

OPTIONS 2,800,000 (Unlisted)

PROJECTS

MAGNUS COPPER (100%)

GASCOYNE GOLD (100%)

MURCHISON (80-100%)

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Significant Increase of Indicated Resource at Hermes Gold Deposit

Alchemy Resources Limited ("Alchemy") (ASX: ALY) is pleased to advise that a revised JORC Indicated Resource of **2.79 Mt @ 2.19g/t gold** (equivalent to **196,650 oz of gold**) has been estimated for the Hermes Gold Deposit (Table 1).

Hermes is part of Alchemy's Gascoyne Gold Project located 25km east of Peak Hill in Western Australia (Figure 1).

This revised resource, which was estimated by Mr Simon Coxhell of Coxsrocks Pty Ltd using a 0.5g/t gold lower cut-off grade, has greatly enhanced the value of the Hermes Gold Deposit. The resource consists of five areas of gold mineralisation – Trapper, Trapper West, Hawkeye, Winchester and Blake (Figure 2). Gold mineralisation is associated with stacked zones of quartz veining and/or sulphides within metasedimentary units and amphibolites contacts.

The revised Mineral Resource for the Hermes Deposit represents an approximate 50% increase from the previous estimate quoted (1.68Mt @ 2.39g/t gold for 130,000oz of gold) by Snowden & Associates based on drilling up to 1998.

Since Alchemy acquired the project from Troy Resources in 2008, significant work programmes including systematic data validation and review, geological mapping, aircore and RC drilling, diamond drilling and metallurgical testwork have greatly improved the understanding of the Hermes deposit to a vertical depth of 150 metres.

Assay results from recent diamond drilling into four areas of gold mineralisation (see ASX announcement of 22 August 2011) confirmed the grade and width of mineralisation at Hermes and highlighted the presence of robust high-grade zones, including **8 metres at 24.75 g/t gold** from 126 metres in hole HRD002 and **4 metres at 16.47 g/t gold** from 90 metres and **4 metres at 8.57 g/t gold** from 136 metres in hole HRD003.

The mineralisation is open at depth and further drilling has excellent potential to add to the known resource and expand the area of gold mineralisation outside of the Indicated Resource.

Total Indicated Mineral Resources at the Gascoyne Gold Project now total 246,000oz of gold, contained at the Hermes and Wilgeena deposits. Alchemy has a goal of increasing its gold resources whilst also continually evaluating commercialisation opportunities.

Achievements to date include the grant of Miscellaneous Licenses overlapping a proposed route to a nearby gold processing plant, completion of metallurgical testwork on diamond core samples that confirmed that the ore is amenable to

conventional crush, grind and CIL treatment with a gravity recovery rate of 40-60%, and commencement of preliminary economic analysis of the deposit to determine the viability of a gold mining operation at current gold prices.

Planning of follow-up resource definition drilling programmes at Hermes and at the Central Bore Prospect is well advanced.

– ENDS –

For further information, please contact:

Mr Robert Brierley

Managing Director

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ABOUT ALCHEMY RESOURCES

Alchemy is actively exploring three key areas; the Magnus Copper Project, the Gascoyne Gold Project, and the Murchison Project.

The Magnus Copper Project contains more than 20 kilometres of strike extent of the Narracoota Volcanic Sequence, host to Sandfire's DeGrussa copper deposit. Significant geophysical and geochemical data has been acquired over the project. Alchemy is part way through its evaluation and it believes Magnus is prospective for the discovery of VMS-style copper deposits.

The Gascoyne Gold Project includes the Hermes and Wilgeena gold deposits and the Central Bore gold prospect. Hermes has an Indicated Resource of 2.79Mt @ 2.19g/t gold (equivalent to 196,650 ounces of gold) and Wilgeena, located 15 kilometres south of Hermes, hosts an Indicated Resource of 659,480t @ 2.34g/t (equivalent to 49,500 ounces of gold).

The Murchison Project consists of more than 700 square kilometres of tenements located in the vicinity of several large (>1Moz) gold deposits. The project is being explored for gold and base metals.

Competent Persons Statement

The information in this report that relates to Exploration Results is based on information compiled by Dr Kevin Cassidy, who is a Fellow of the Australian Institute of Geoscientists and is a full-time employee of Alchemy Resources Limited. Dr Cassidy 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'. Dr Cassidy 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 at the Hermes Gold Deposit and Wilgeena Gold Deposit is based on information compiled by Mr Simon Coxhell of Coxsrocks Pty Ltd, who is a Member of the Australian Institute of Geoscientists and a Member of the Australasian Institute of Mining and Metallurgy and is a consultant to Alchemy Resources Limited. Mr Coxhell 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 Coxhell consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

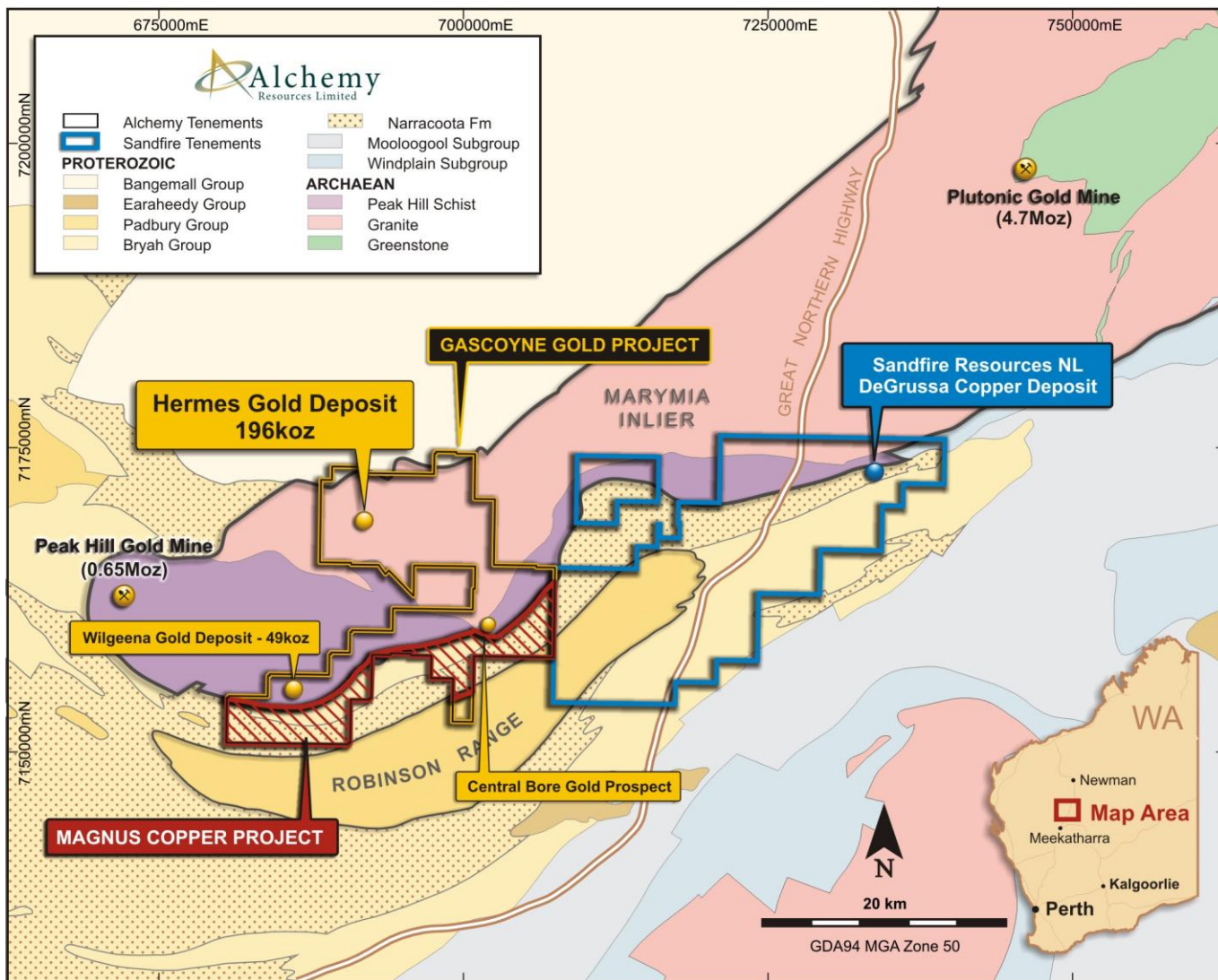


Figure 1: Location of Gascoyne Gold Project including the Hermes Gold Deposit

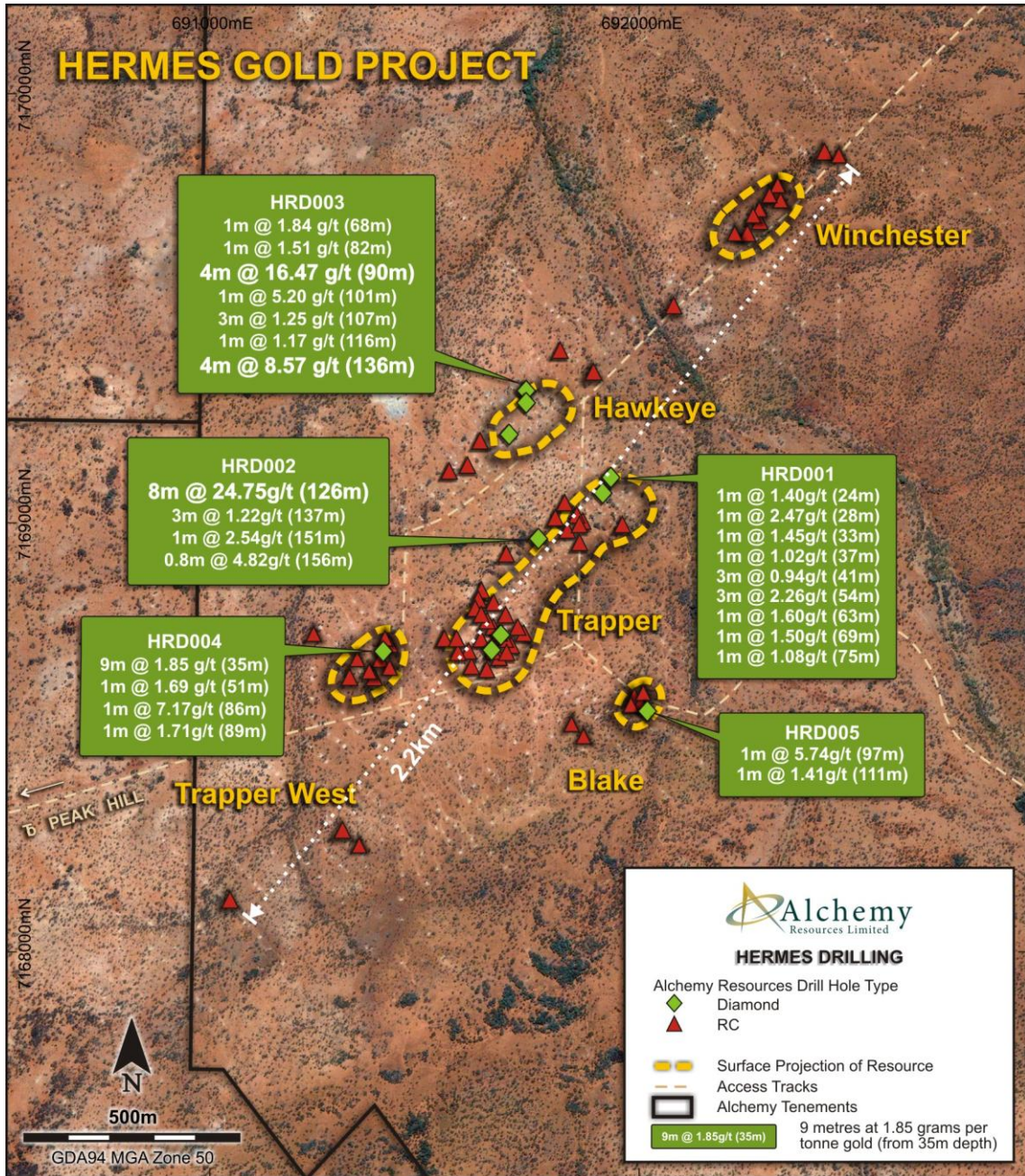


Figure 2: Hermes Gold Deposit – Plan showing location of areas of gold mineralisation and results from diamond drill holes (previously reported)

Table 1: Hermes Gold Deposit – Indicated Resource Estimate, September 2011

Deposit	Cut-off (g/t Au)	Oxide			Transitional			Fresh			Total		
		Tonnes (kt)	Grade (g/t Au)	20 cut grade (g/t Au)	Tonnes (kt)	Grade (g/t Au)	20 cut grade (g/t Au)	Tonnes (kt)	Grade (g/t Au)	20 cut grade (g/t Au)	Tonnes (kt)	Grade (g/t Au)	20 cut grade (g/t Au)
Trapper	1.0	262	2.57	2.30	181	2.23	2.05	704	3.45	2.71	1,147	3.05	2.51
	0.5	353	2.07	1.87	251	1.79	1.66	1,131	2.39	1.93	1,735	2.24	1.88
Trapper West	1.0	26	5.05	3.75	41	2.94	2.53	122	4.17	2.99	189	4.02	2.99
	0.5	43	3.26	2.47	69	1.97	1.72	159	3.32	2.41	271	2.96	2.24
Hawkeye	1.0	41	2.26	2.05	55	2.11	1.96	349	2.39	2.00	445	2.35	2.00
	0.5	70	1.59	1.46	82	1.64	1.54	534	1.81	1.55	686	1.77	1.54
Winchester	1.0	5	3.02	3.02	17	2.15	2.15	33	2.79	2.28	55	2.61	2.31
	0.5	10	1.85	1.85	26	1.55	1.55	47	2.06	1.72	83	1.88	1.68
Blake	1.0	3	2.87	2.87	5	3.68	3.04	10	5.48	4.28	18	4.52	3.68
	0.5	3	2.80	2.80	5	3.52	2.91	10	5.46	4.26	18	4.45	3.63
Hermes	1.0	337	2.73	2.40	299	2.32	2.12	1,218	3.21	2.53	1,854	2.98	2.44
	0.5	479	2.11	1.87	433	1.79	1.65	1,881	2.31	1.87	2,793	2.19	1.84

Note: Rounding errors may occur

Mr Simon Coxhell of Coxsrocks Pty Ltd has completed a resource estimate for Hermes (Table 1). Five main mineralised zones have been defined by drilling. Each zone comprises stacked subvertical to moderately dipping mineralised zones with a variable weathering profile superimposed on the gold mineralisation. Gold mineralisation is associated with quartz veining and/or sulphides within metasedimentary rocks and amphibolite contacts.

Notes to accompany Resource Statement for Hermes

- Drill hole data used in the Hermes Resource Estimation is comprised predominantly of RC and diamond holes. RAB holes have been used to assist in the interpretation, but only RC and diamond used for grade estimation.
- Total drilling used for the resource estimate totals 211 RC and diamond holes for 23,517 metres.
- Drill hole spacing ranges from 40m X 20m to 20m X 10m.
- All drill hole collar locations were surveyed by DGPS with expected accuracy (XYZ) of +/- 0.05 metre.
- All drill holes were routinely surveyed downhole using appropriate techniques.
- Drill core and chips was logged (lithology, alteration, structure, mineralization, veining) in detail then stored and validated in electronic databases.
- Gold analysis of the samples was undertaken by reputable laboratories using fire assay techniques.
- Only the assay results from RC or diamond drilling was used for the grade estimation. RAB holes were used to check and confirm the interpretation.
- Industry standard reference material and duplicates were utilised to check on laboratory assay quality control with no issues identified.
- Assays were composited to 1 metre lengths and grades were estimated with and without an appropriate upper cut (20g/t Au).
- A bulk density of 2.70g/cm³ was applied to all fresh material, a bulk density of 2.10 g/cm³ was applied to any transitional material and a bulk density of 1.80g/cm³ was applied to any oxide mineralisation. These numbers were based on ISBD data from Alchemy and other operators derived from tests on diamond core.
- Oxidation profiles based on detailed geological logging has been used for the determination of the various oxide boundaries.
- The grade estimation method was Inverse Distance Cubed (ID3) of values lying within validated wireframes (solids) with only the numbers from the individual wireframes/solids used for the interpolation.

- Parent block sizes were set at 2m (x), 5m (y) and 2.5m (z), with the sub-cell size down to half of the parent cell size.
- The resource estimate has been classified based on data density, data quality, confidence in the geological interpretation and confidence in the estimation. The resource extends to a maximum of approximately 150 metres below natural surface.
- Results show close agreement with previous resource estimates with an allowance for the additional work, including significant drilling completed by Alchemy.