

ASX ANNOUNCEMENT

22 AUGUST 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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Diamond drilling identifies new gold mineralisation at Hermes Gold Deposit

Alchemy Resources Limited ("Alchemy") (**ASX: ALY**) is pleased to advise that it has received assay results from four out of five diamond core holes drilled for geotechnical purposes during 2010. The holes targeted four areas of mineralisation at the Hermes Gold Deposit (Figure 1), part of its Gascoyne Gold Project.

Results include best intersections (applying 1.0 g/t lower cut-off and maximum 2 metres of internal dilution) of:

- **8 metres at 24.75 g/t** gold from 126 metres in hole HRD002
- **4 metres at 16.47 g/t** gold from 90 metres in hole HRD003
- **4 metres at 8.57 g/t** gold from 136 metres in hole HRD003
- **1 metre at 7.17 g/t** gold from 86 metres in hole HRD004
- **1 metre at 5.74 g/t** gold from 97 metres in hole HRD005

Diamond hole HRD003 was drilled into the Hawkeye area approximately 9 metres from RC hole TRC061 and 11 metres from TRC042 (Figure 2). The 4 metres at 16.47 g/t intersection closely correlates with the 4 metres at 9.43 g/t gold from 95 metres previously reported in TRC061 and the 6 metres at 10.11 g/t gold from 65 metres in TRC042.

More significantly, the newly reported intersection of 4 metres at 8.57 g/t gold from 136 metres in HRD003 appears to be a newly defined zone of mineralisation.

Two holes were drilled into the Trapper area. Diamond hole HRD002 was collared about 16 metres from RC hole TRC238 and 14 metres from TRC193. The 8 metres at 24.75 g/t gold correlates with the 9 metres at 10.80 g/t gold from 111 metres previously reported in TRC193 and the 7 metres at 3.10 g/t gold from 136 metres and 6 metres at 3.14 g/t gold from 149 metres in TRC238.

Results from diamond hole HRD001 drilled into the northern part of the Trapper area are pending.

The attached Figure 3 shows the location of the diamond drill holes and Table 1 lists all significant intercepts above 1 g/t gold.

These results are very encouraging and have indicated potential for depth extensions of the gold mineralisation and existing Indicated Mineral Resource of 1.68 million tonnes at 2.39 g/t gold for approximately 130,000 ounces at Hermes.

A revised mineral resource estimate is currently being conducted on Hermes, which will incorporate drilling undertaken by Alchemy during 2009 and 2010 and a more constrained geological model. This re-estimation is scheduled for completion before the end of September 2011.

– ENDS –

For further information, please contact:

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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 1.68Mt @ 2.39g/t gold (equivalent to 130,000 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 Project is based on information compiled by Mr Shaun Hackett, who is a Member of the Australasian Institute of Mining and Metallurgy and is 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 in which it appears.

The information in this report that relates to Mineral Resources at the Wilgeena Gold Project is based on information compiled by Mr Simon Coxhell of Cocksrocks 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.

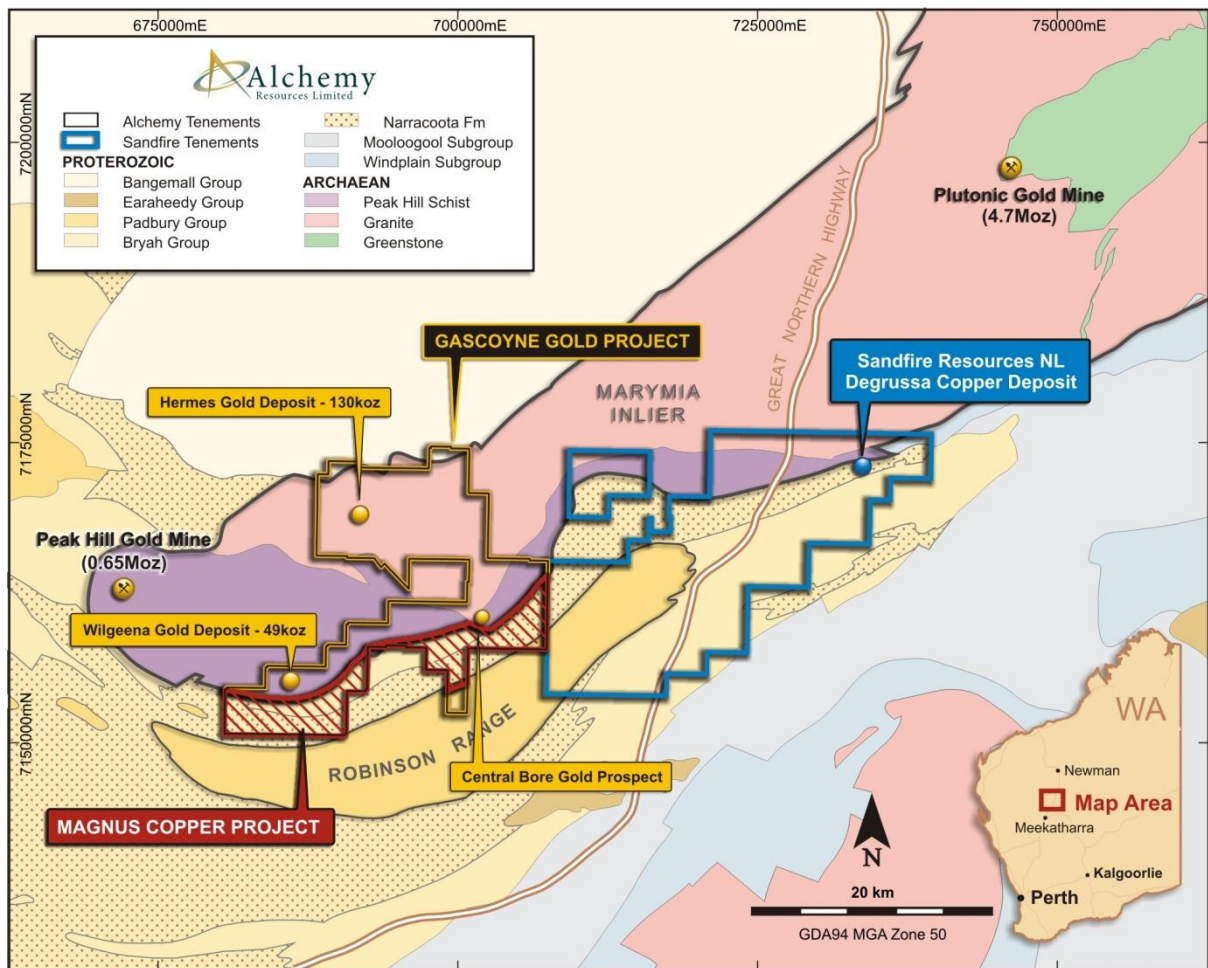


Figure 1: Location of Gascoyne Gold Project and Hermes Gold Deposit

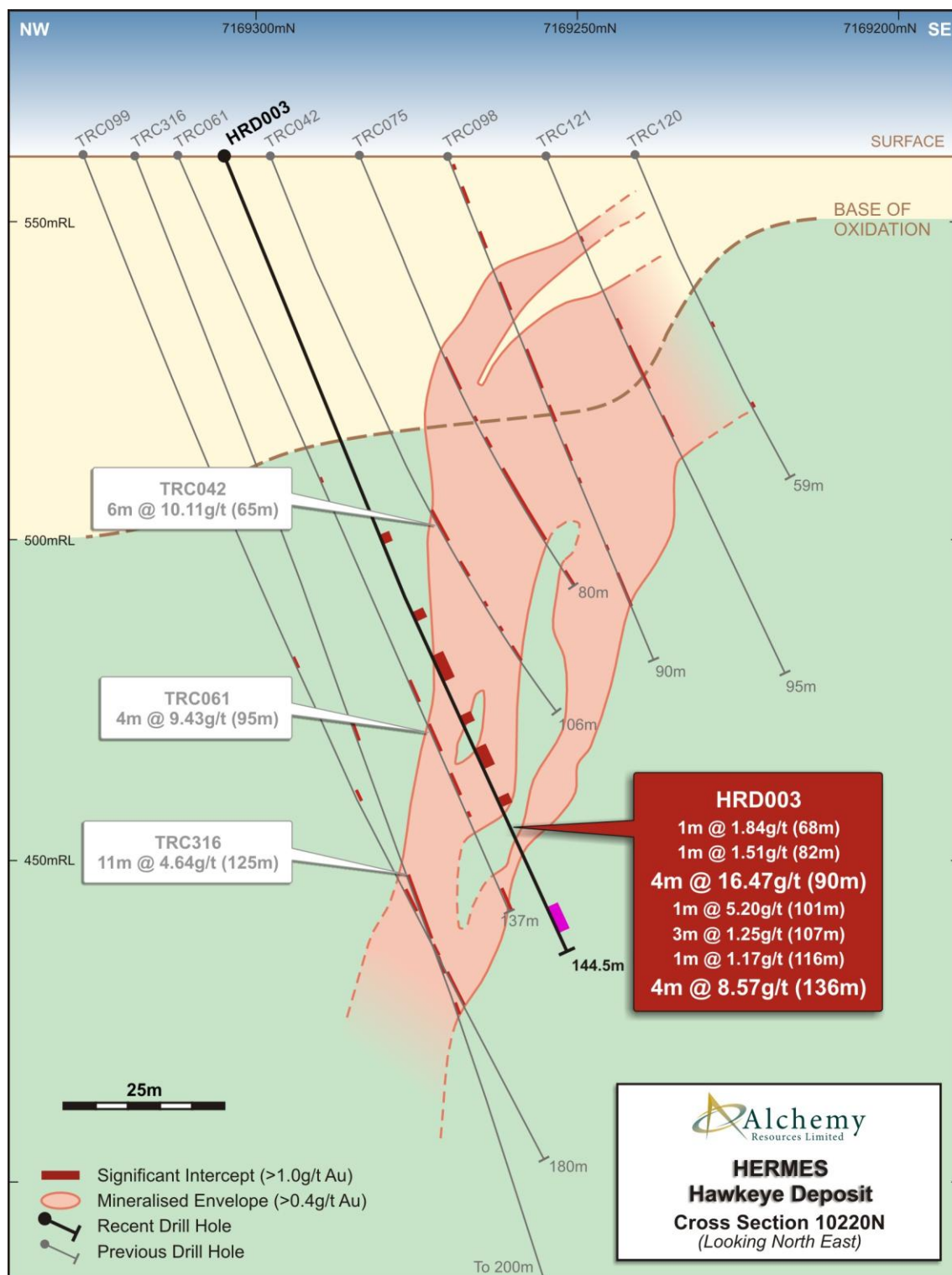


Figure 2: Hermes Gold Deposit – Significant intervals (>1.0g/t gold) from Diamond hole HRD003 and previously reported RC drilling, Hawkeye area. Note significant interval outside known mineralised envelope.

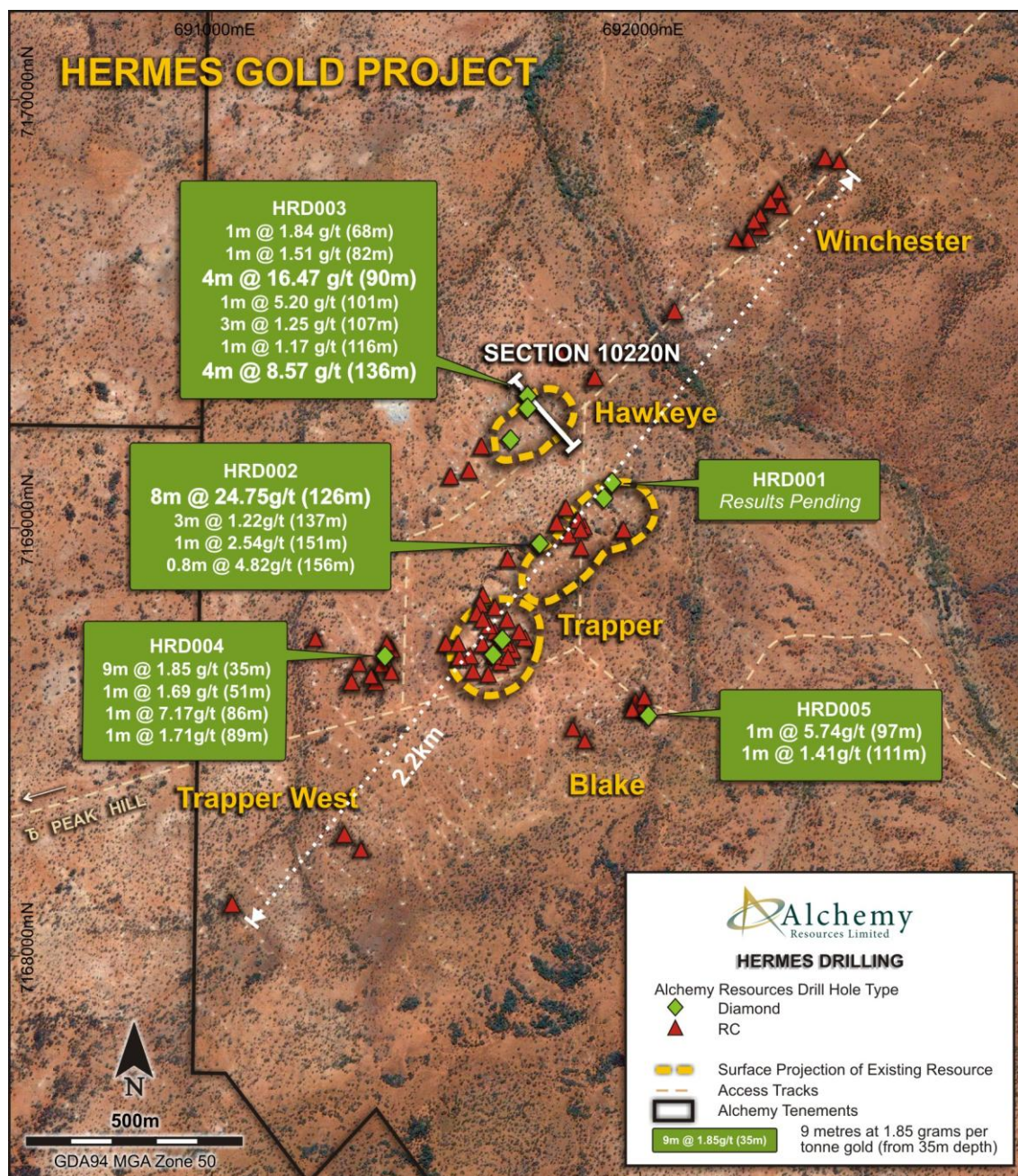


Figure 3: Hermes Gold Deposit – Plan showing location of significant intervals (>1.0g/t gold) from Diamond drilling.

Table 1: Hermes Gold Deposit – Significant intervals from Diamond Drilling, >1.0g/t gold

Hole ID	Area	Easting (m)	Northing (m)	Dip/ Azimuth	From (m)	To (m)	Interval (m)	Gold (g/t)	Comment
HRD001	Trapper	691956	7169082	-60/135					<i>assays pending</i>
HRD002	Trapper	691766	7168963	-60/135	126	134	8	24.75	
					137	140	3	1.22	
					151	152	1	2.54	
					156	156.8	0.8	4.82	
HRD003	Hawkeye	691734	7169305	-60/135	68	69	1	1.84	
					82	83	1	1.51	
					90	94	4	16.47	
					101	102	1	5.20	
					107	110	3	1.25	
					116	117	1	1.17	
					136	140	4	8.57	
HRD004	Trapper West	691404	7168698	-60/135	35	44	9	1.85	<i>RC pre-collar</i>
					51	52	1	1.69	<i>RC pre-collar</i>
					86	87	1	7.17	
					89	90	1	1.71	
HRD005	Blake	692024	7168560	-60/315	97	98	1	5.74	
					111	112	1	1.41	

Calculation of Assay Results:

Quoted drill intersections are based on a lower cut-off of 1.0g/t gold with a maximum of 2 metres of internal dilution (i.e., samples with less than 1.0g/t gold). Assay results were obtained from geochemical analysis of 1 metre samples of half NQ2 core. All samples were analysed at ALS Global Laboratories in Perth. Samples are prepared using single stage pulverization of the entire sample. Gold assays are obtained using a 30g fire assay and atomic absorption spectrometry analysis technique. Full analytical quality assurance - quality control is achieved using a suite of certified standards, laboratory standards, field duplicates, laboratory duplicates, repeats, blanks and grind size analysis.

The location of drill holes is determined using a differential GPS achieving less than 2m accuracy and using the MGA datum (Zone 50). Drill holes were drilled at -60 degrees to 135 degrees MGA azimuth, with the exception of HRD005 that was drilled at -60 degrees to 315 degrees MGA azimuth.