

13 November 2009

## VTEM IDENTIFIES THREE CONDUCTORS ON ALCHEMY'S THREE RIVERS TENEMENTS

### HIGHLIGHTS

- VTEM survey data provided by Sandfire Resources identifies 3 conductors on Alchemy's Three Rivers tenements
- Helicopter-borne VTEM survey to commence immediately on the Narracoota Formation across the southern and eastern portions of Alchemy's Three Rivers tenements to test for more conductors
- Alchemy to drill priority targets identified from field mapping and Sandfire Resource's VTEM survey

Alchemy Resources Limited (ASX Code: ALY) (the "Company" or "Alchemy") advises that data provided by Sandfire Resources NL ("Sandfire") has identified three significant conductors extending from Sandfire's tenement westward onto Alchemy's tenements (Fig. 1). The data was obtained by a Versatile Time-Domain Electromagnetic ("VTEM") survey conducted by Sandfire over the Narracoota Volcanics on its tenement (E52/1715) located directly east of Alchemy's tenements (Fig. 2).

The three conductors appear to be aligned with magnetic highs which extend approximately 7km into Alchemy's tenements. In particular, conductor 1 is co-incident with felsic volcanic rocks mapped in September 2009 by Alchemy (Fig. 3).

In light of this information and the results of field mapping and rock chip sampling conducted by Alchemy's geologists, the Company will today commence a helicopter-borne VTEM survey across the Narracoota Volcanic Formation, which lies across the southern and eastern portions of Alchemy's Three Rivers tenements (Fig. 4).

Alchemy is undertaking the VTEM survey to determine the presence of conductive bodies associated with massive sulphide mineralisation containing primarily copper, but also with the potential to contain gold, silver, zinc and lead.

The survey area spans the entire 30km strike extent of the Narracoota Formation within Alchemy's tenements, known as the Magnus Copper/Gold Project, which includes the recently identified target at the Wilgeena Mining Centre.

Previous field mapping by Alchemy identified a number of discrete felsic volcanic centres that are not continuous across the Narracoota Formation. Alchemy considers the proximity of felsic volcanic rocks with altered mafic volcanic rocks to be potential exploration targets.

For personal use only

It is recognised that the majority of VMS (volcanogenic massive sulphide) deposits are associated with bimodal volcanism where felsic and mafic volcanic rocks occur in close proximity.

Analysis of rock chip sampling, conducted in September 2009, has confirmed the presence of felsic volcanic rocks with anomalously high Barium values and highly altered mafic rocks. Barium is a common element associated with VMS mineralisation.

The VTEM survey will be conducted by Geotech Airborne Pty Ltd at 100m line spacing and a sensor height 30m above ground level. It is estimated that the VTEM survey will cover a total of 1,795 line kilometres. The Company is confident that by flying the VTEM survey at such a low level and at such close spacing it will eliminate the need for follow up ground electromagnetic surveys.

Managing Director Michael Hannington said, "There are over 165km<sup>2</sup> of Narracoota Volcanics within the Magnus Copper/Gold Project alone. The VTEM survey should reveal how far the Narracoota Volcanics extend across the entire southern portion of our Three Rivers tenements and identify priority targets for follow-up drilling."

Alchemy intends to test drill the most prospective targets identified by the Sandfire VTEM survey and its own field mapping as quickly as possible and to test drill targets identified by its own VTEM survey when the results are obtained in the coming months.

## ENDS

For further information contact:

Michael Hannington  
Managing Director  
Ph: (08) 9481 4400

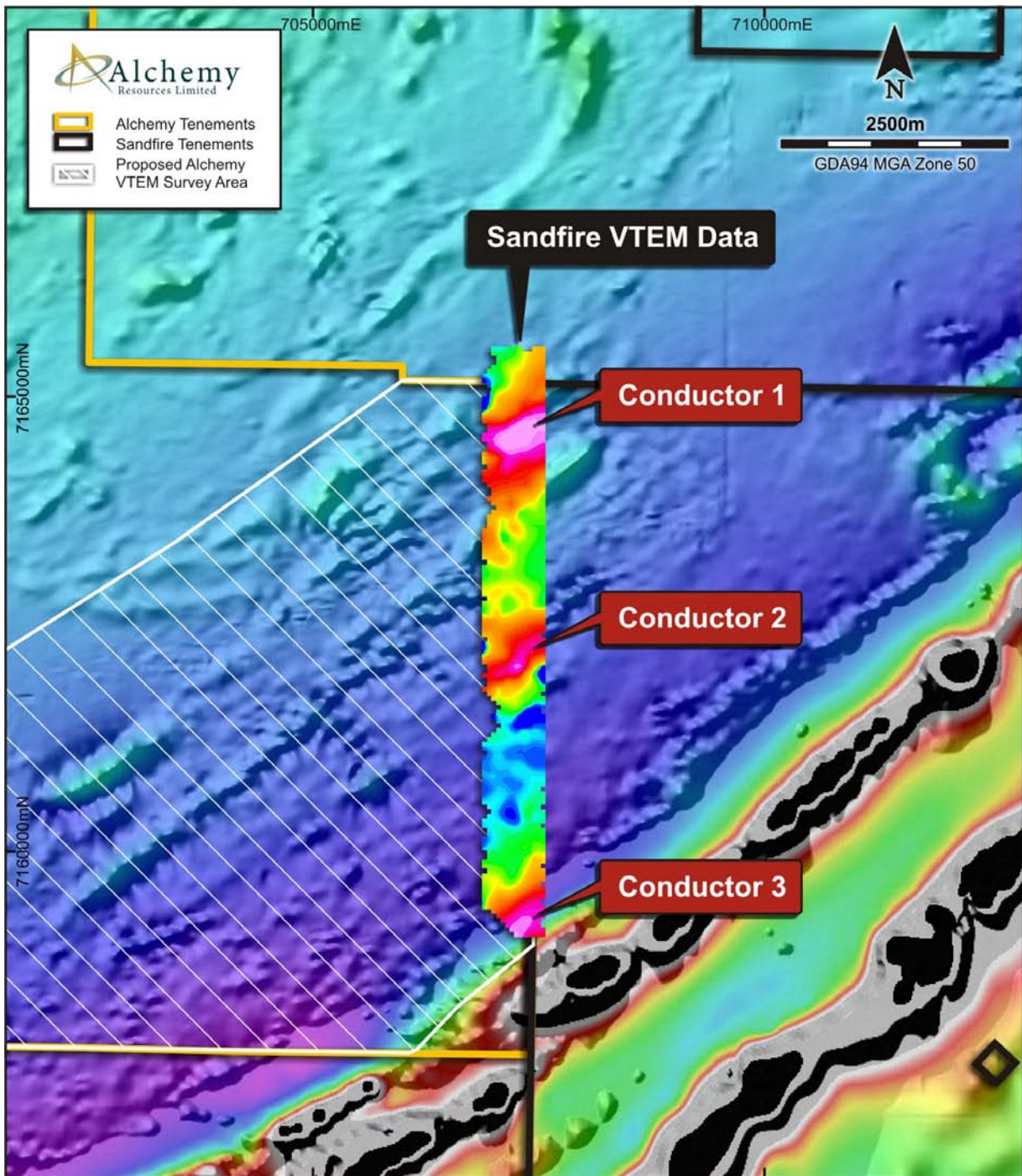
Media: Tony Dawe - 0413 322 110

## *History*

Alchemy's Three Rivers tenements are directly west of, and adjacent to, Sandfire Resources NL's tenements, which contain the DeGrussa and Conductor 1 copper-gold prospects. Sandfire Resources NL has identified that the Narracoota volcanics is the prospective stratigraphy which hosts those deposits. Historical mapping by the Geological Survey of Western Australia ("GSWA") indicates that the Narracoota Formation continues into Alchemy's tenements.

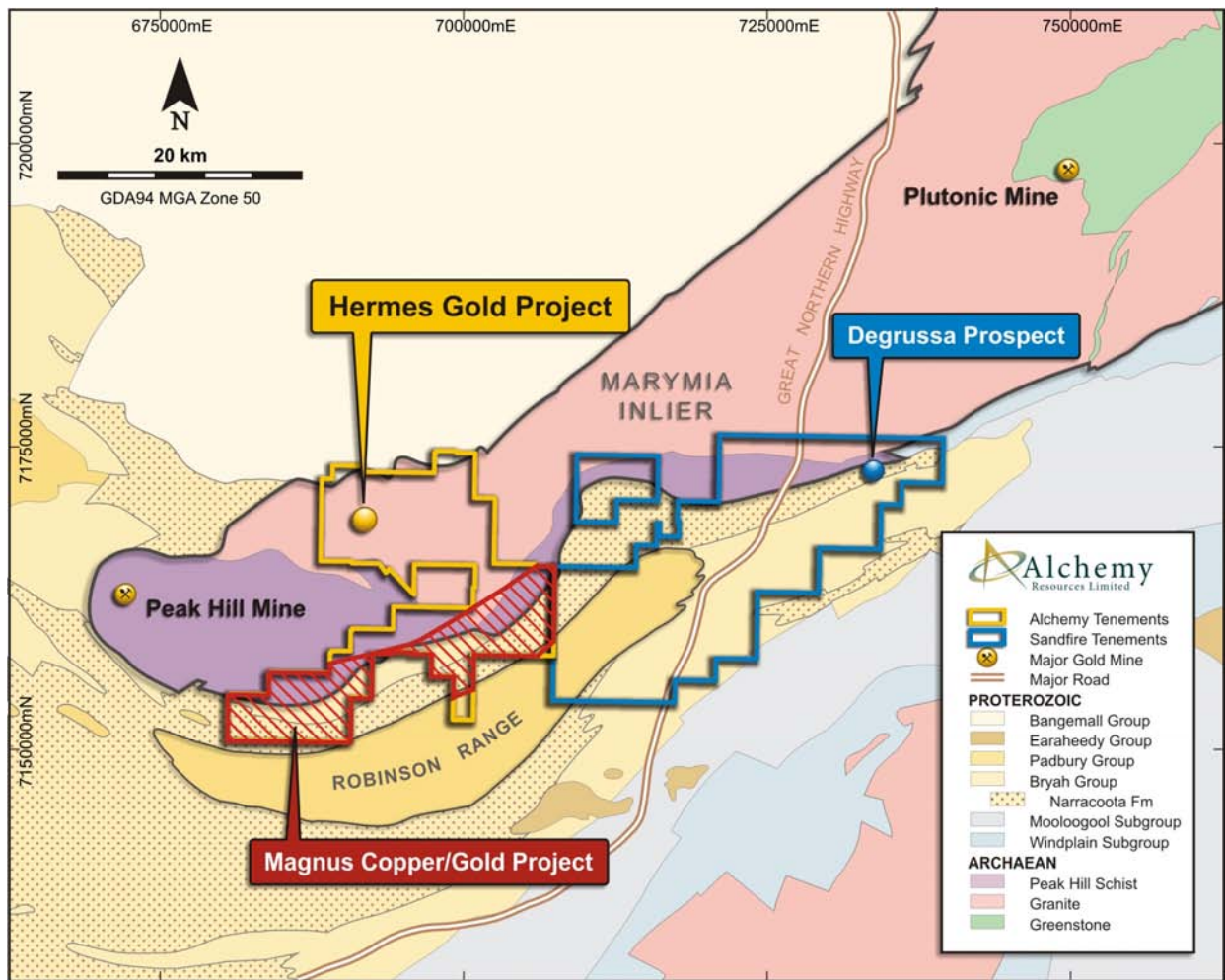
*The information in this report that relates to Exploration Results is based on information compiled by Mr Michael Cowin, who is a Member of the Australasian Institute of Geoscientists and is an employee of Cowin Holdings Pty Ltd which consults to Alchemy Resources Limited. Mr Cowin has sufficient experience 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.*

Figure 1. - Aeromagnetic image with 750m strip of Sandfire VTEM survey superimposed



For personal use only

Figure 2. - Location of Magnus Copper/Gold Project at Three Rivers tenements



For personal use only

Figure 3. - Geologic mapping completed in September 2009 within Alchemy's Three Rivers tenements with felsic volcanic rocks highlighted in yellow

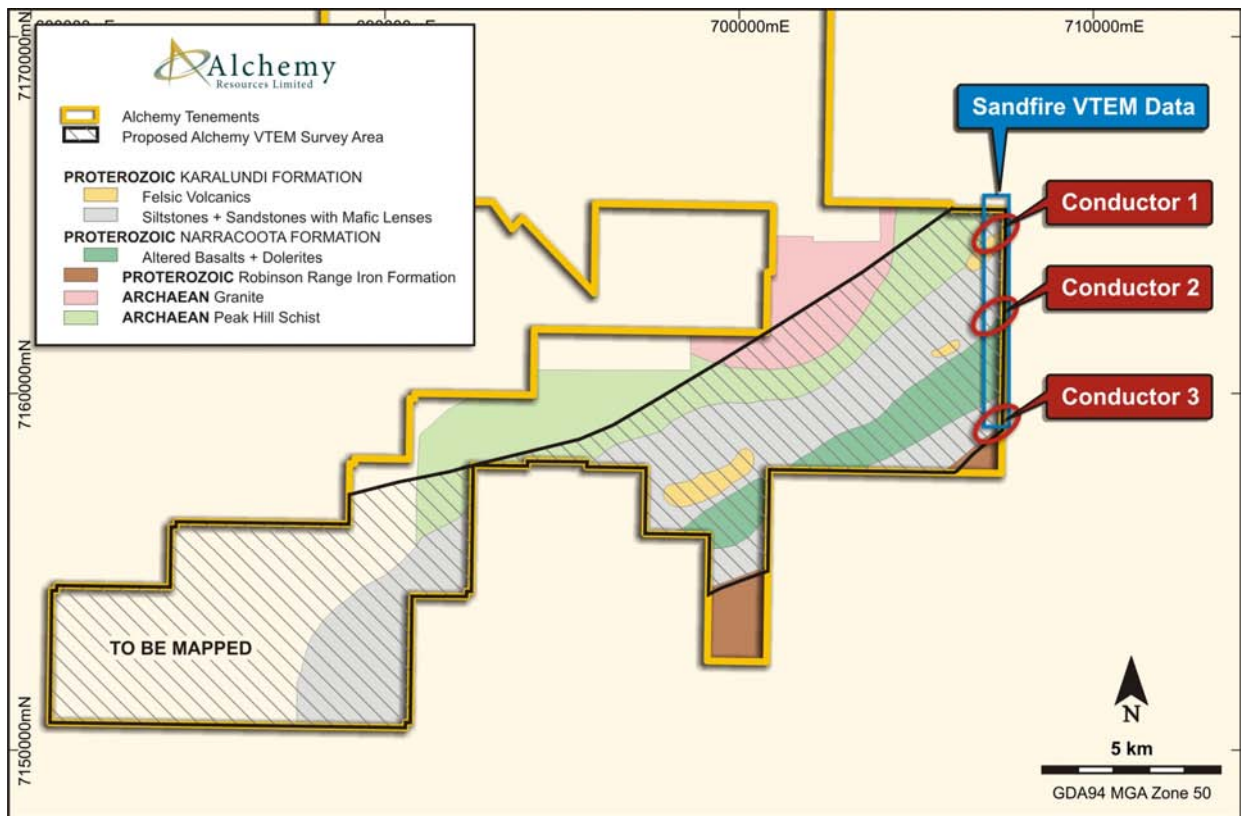


Figure 4. - Aeromagnetic image showing area of VTEM survey to be flown on Alchemy's Three Rivers tenements

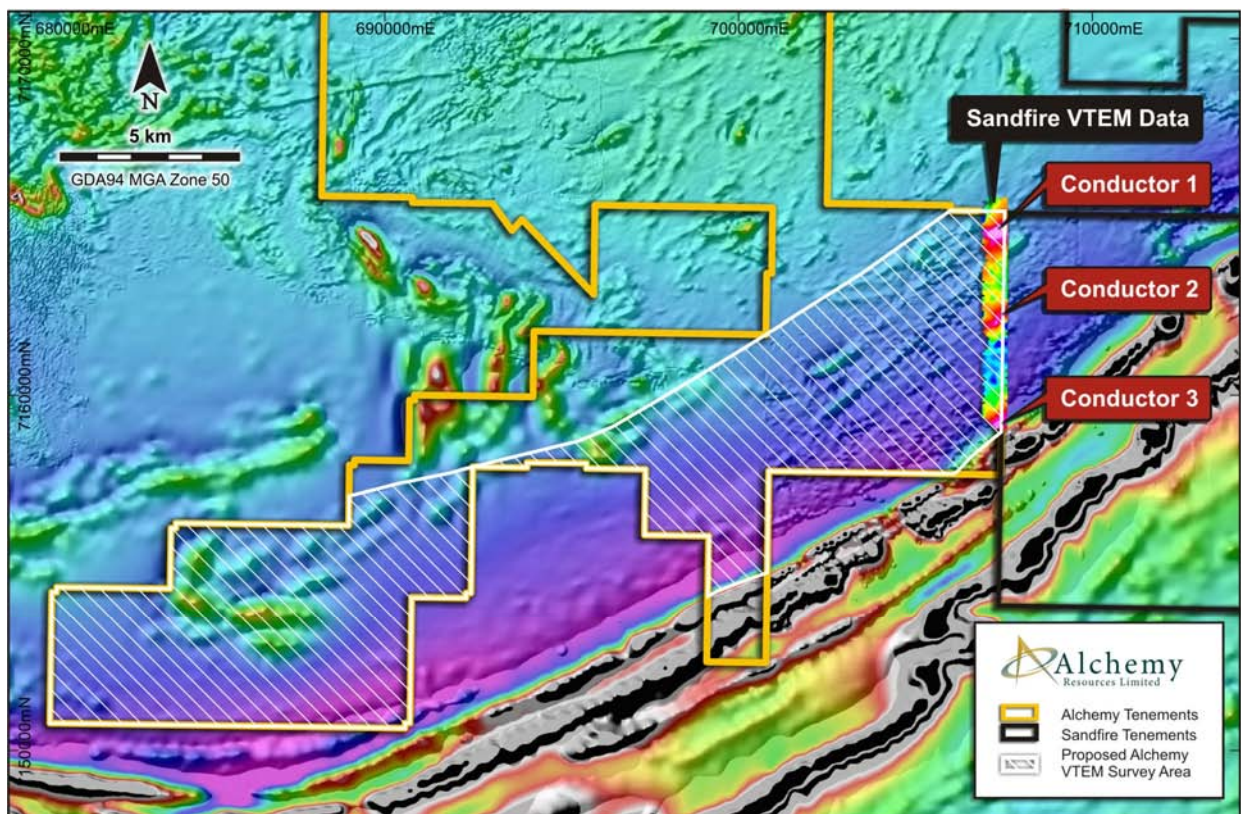
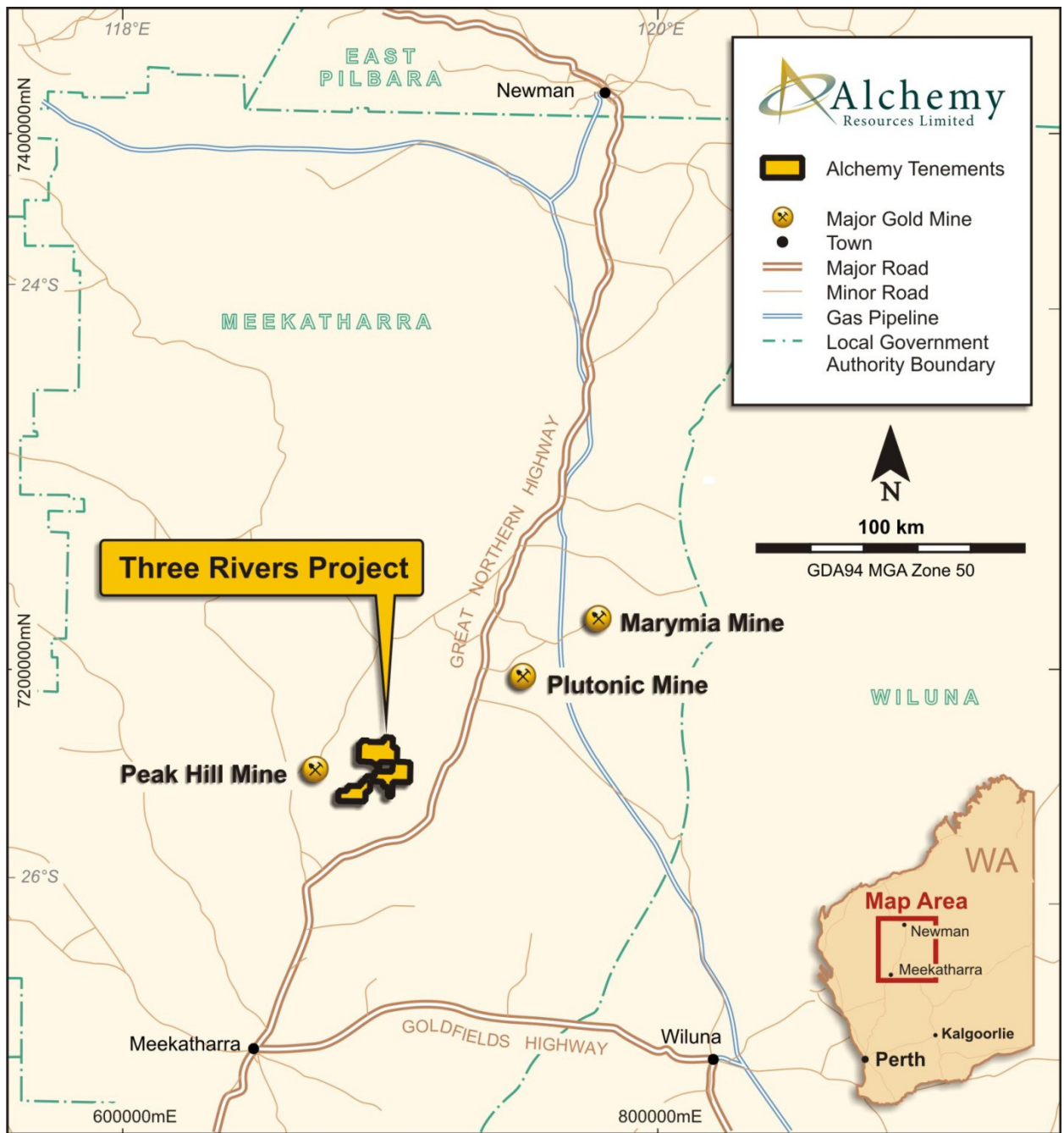


Figure 5. - Three Rivers Project Location Map



For personal use only