

17 December 2009

**INITIAL VTEM RESULTS HIGHLIGHT 13 CONDUCTORS  
AT MAGNUS COPPER/GOLD PROJECT  
PRIORITY DRILLING TO COMMENCE 1<sup>ST</sup> QUARTER 2010**

**HIGHLIGHTS**

- **First pass targeting identifies 13 conductors**
- **Priority drilling to commence in early 2010**
- **Detailed data to be provided may highlight further conductors**
- **Alchemy's VTEM confirms 3 conductors highlighted in Sandfire's VTEM survey**

Alchemy Resources Limited (ASX Code: ALY) ("Alchemy" or the "Company") advises that the initial results of its VTEM survey has provided evidence of 13 discrete conductors at its exciting Magnus Copper/Gold Project (Fig. 1 & 2) in the Gascoyne District of Western Australia.

The 13 conductors will be further evaluated with drill testing in the first quarter of 2010.

These targets were selected after the processing of preliminary data and are based on stand out EM anomalies.

***Magnus VTEM Conductors***

Alchemy has received the initial results of a helicopter borne VTEM survey completed in early December 2009 by Geotech Airborne Pty Ltd over the Company's Magnus Copper/Gold Project covering the Narracoota Formation, which extends from Alchemy tenements to Sandfire Resources NL's ("Sandfire") tenements in the east (Fig. 3).

The 13 conductors identified clearly stand out in the preliminary VTEM data received and are discrete and display an electromagnetic (EM) response that persists at depth.

- **The high quality magnetic and EM information makes initial target selection simple and unambiguous**
- **Alchemy has moved quickly to identify targets and plan drilling programs to test these targets**

Managing Director Michael Hannington said, "We are at an incredibly exciting stage in the Magnus Copper/Gold Project. We have moved quickly to identify targets and plan priority drilling to test these targets."

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The VTEM survey was flown at 100m line spacing along the entire 30km extent of the Magnus Copper/Gold Project. This level of detail has provided a very detailed and precise level of data to provide confidence in choosing the initial conductors.

Managing Director Michael Hannington said, "Once Alchemy has received the final processed data from Geotech Airborne in the next few weeks, we will undertake further processing to generate conductivity depth images (CDI) to highlight the potential for further discrete conductors.

In addition, Alchemy's geologists have now completed field mapping the entire extent of the Magnus Copper/Gold Project area. Drilling programs have been submitted for 3 areas based on field mapping and soil sampling results undertaken by previous explorers, which is in addition to the areas identified by the VTEM survey.

Alchemy will work through January and February 2010 to integrate, with its final processed VTEM data, all field mapping, historic soil sampling and the work of previous explorers who were not aware of the enhanced prospectivity of the Narracoota Formation to host copper mineralisation.

This work will enable Alchemy to prioritise drilling of the identified 13 conductors and any additional conductors identified over the next two months.

Programs of Work will be submitted to the WA Department of Mines and Petroleum over the next 2 weeks for the 13 identified targets.

### ***Sandfire VTEM Conductors***

Sandfire has previously disclosed that its VTEM survey confirmed the presence of 17 conductors in the Narracoota Formation on its tenements, of which 3 of those conductors overlapped onto Alchemy's tenements.

The 3 conductors disclosed by the Sandfire VTEM survey have now been confirmed by the Alchemy VTEM survey.

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 intends to move at maximum speed to evaluate the potential for a similar discovery to Sandfire's Doolgunna Project.

Alchemy's tenements adjoin the Sandfire tenements and contain 165km<sup>2</sup> of the highly prospective Narracoota Volcanics (Fig. 3).

Native Title has been extinguished over the Magnus Copper/Gold Project and this will enable rapid drill testing and development of any potential discovery.

The Magnus Copper/Gold Project is receiving maximum priority and provides an exciting addition to Alchemy's development of the Hermes Gold Project, where recent RC drilling has provided significant gold intersections in 61% of holes drilled with an upgraded drill program currently being planned.

**ENDS**

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*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.*

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Figure 1. - VTEM Conductors over Magnus Copper/Gold Project - VTEM Channel 25

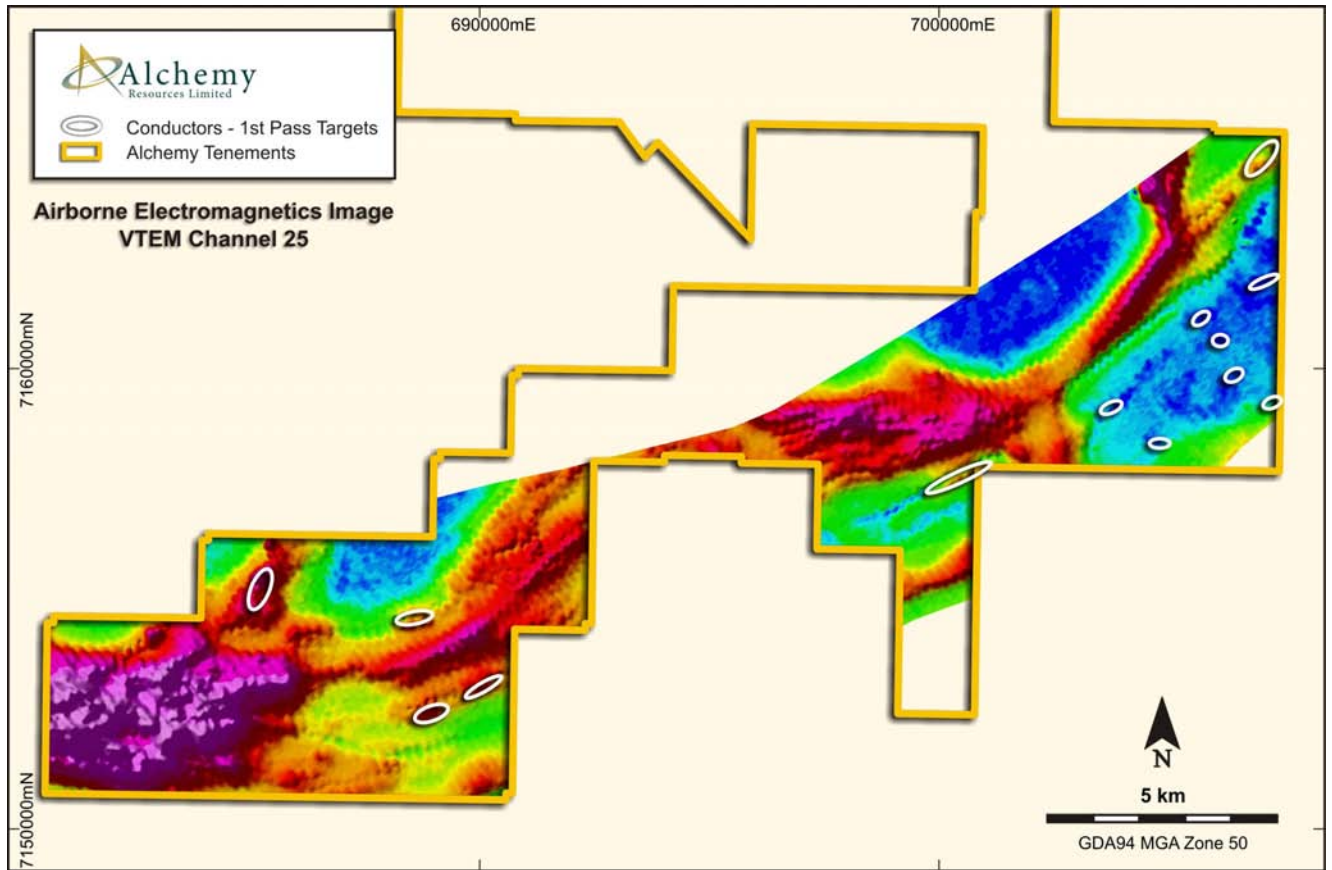
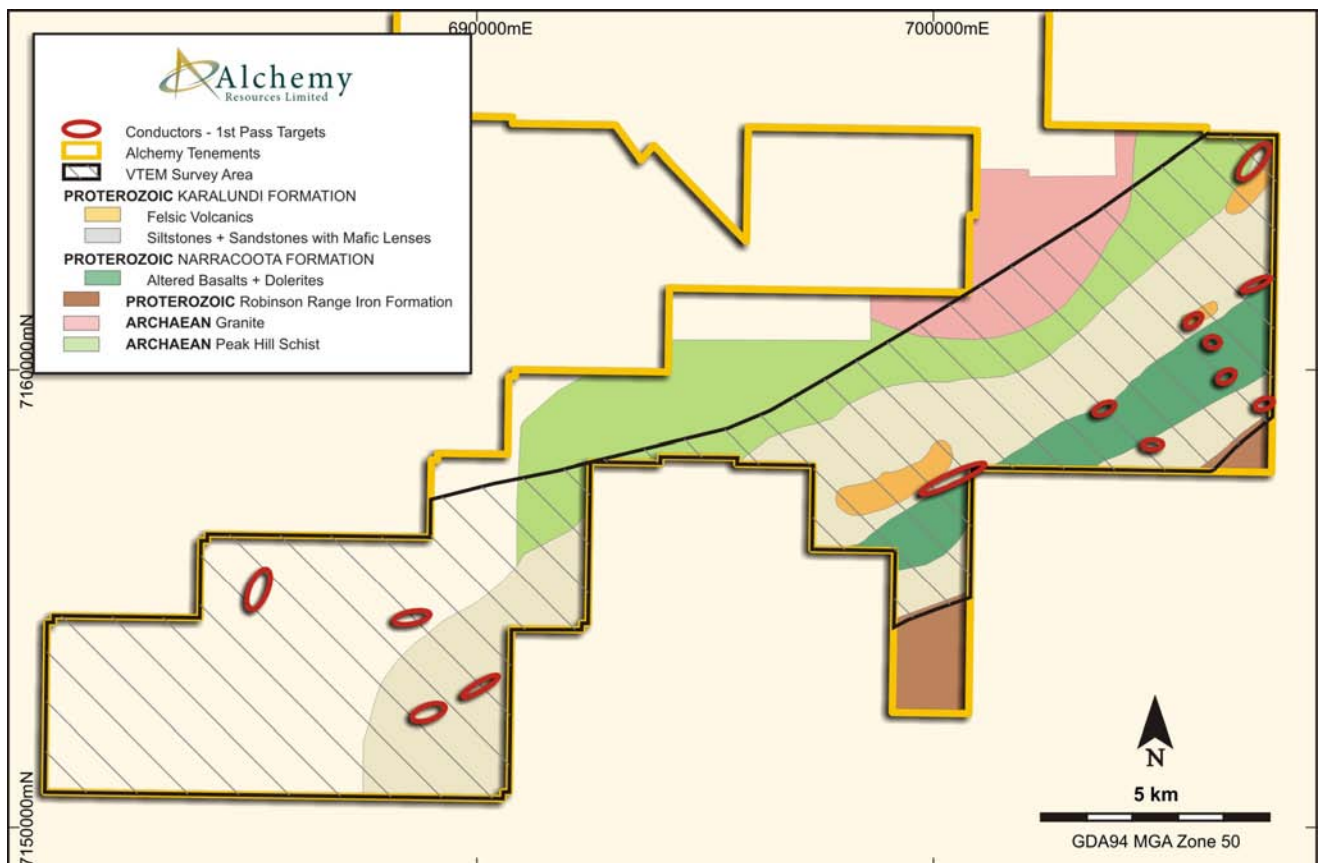
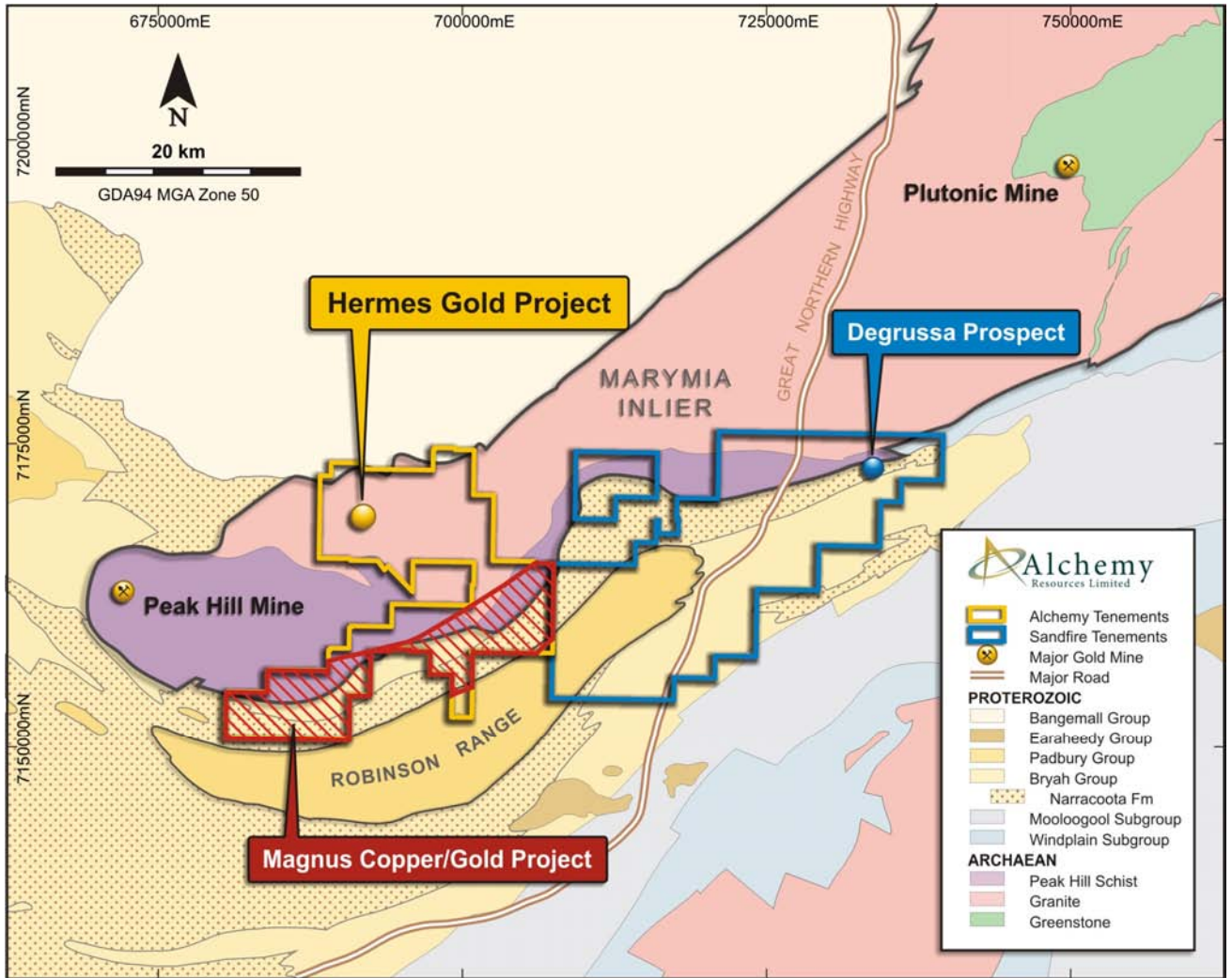


Figure 2. VTEM Conductors over Magnus Copper/Gold Project - mapped geology



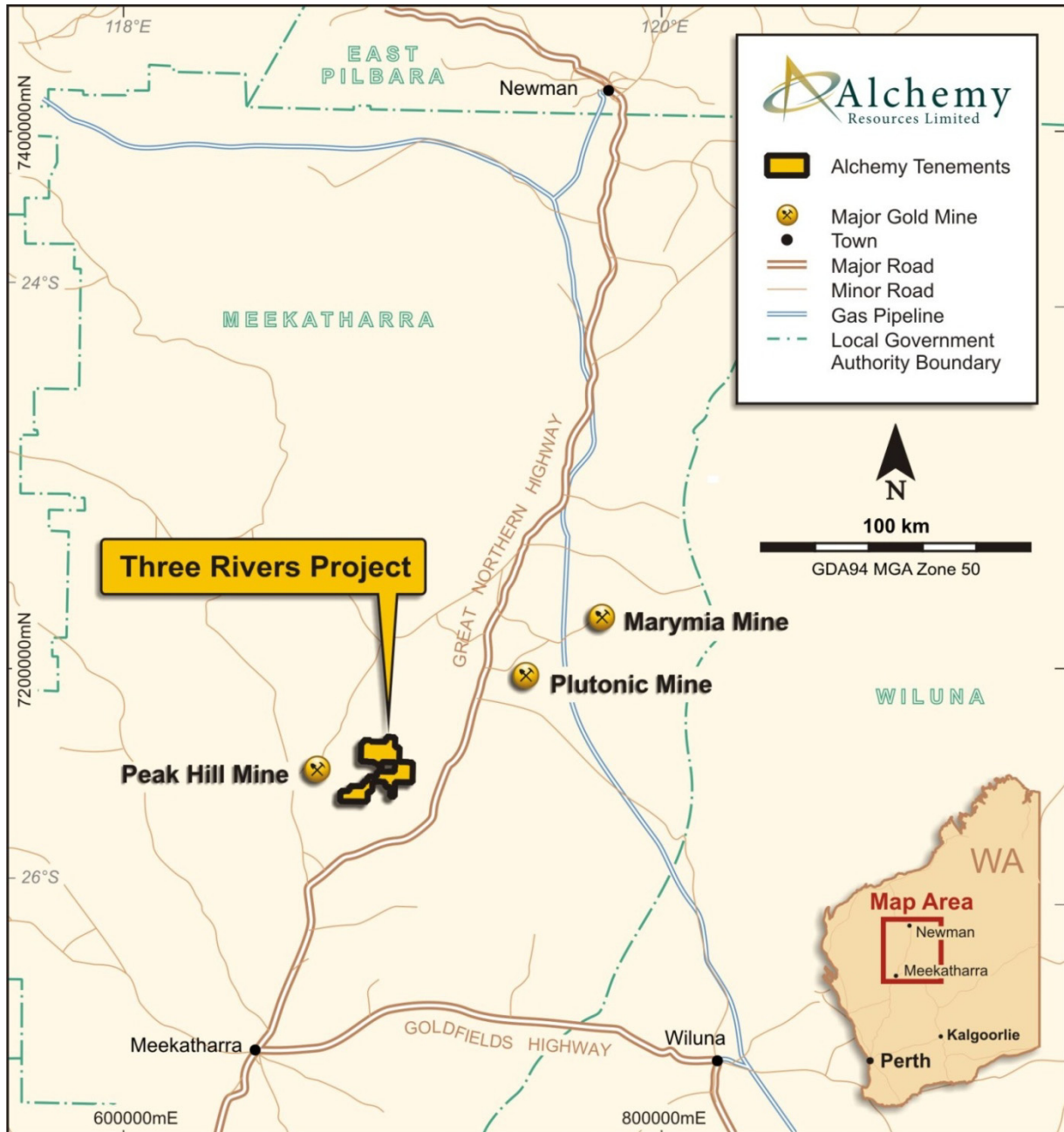
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Figure 3. Location of Magnus Copper/Gold Project within Three Rivers Project



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Figure 4. - Three Rivers Project Location Map



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