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Company Announcements Office
Australian Securities Exchange
20 Bridge Street
SYDNEY NSW 2000

ALCHEMY RECEIVES GOVERNMENT GRANT TO FUND MURCHISON EXPLORATION

Alchemy Resources Limited (ASX Code: ALY) ("Alchemy") is pleased to announce that its wholly owned subsidiary, Alchemy Resources (Murchison) Pty Ltd, was a successful applicant under the West Australian Department of Mines and Petroleum's ("DMP") Co-funded Government - Industry Drilling Program. Under the terms of the grant, Alchemy will receive \$148,750 for a planned drilling program at its Murchison Projects (Fig. 1).

Alchemy's 2009-2010 Drilling Proposal for the Murchison Projects was judged by the DMP and a panel of industry experts to be an innovative and advanced strategy for gold exploration in greenfields areas and was 1 of only 35 projects (out of more than 160 applications) statewide to receive funding from the West Australian Government.

The Murchison Projects lie within the "Golden Triangle" between Big Bell Gold Mine, Cue and Meekatharra in Western Australia. The Murchison Projects straddle district scale structures that host major gold deposits with total historic gold production of over 11 million ounces including the Big Bell, Cue, Bluebird, Caledonian, Meekatharra, and Cuddingwarra gold deposits.

A large portion of the Murchison Projects lie under cover and historic exploration in the area has left gold targets untested with huge scope to effectively explore using modern exploration techniques and an integrated multidisciplinary approach. Since listing in November 2007, Alchemy has focussed on developing such techniques including creation of a 3D geologic model of the entire Murchison area and the collection and evaluation of multi-element geochemistry and mineral spectral data.

Alchemy has used these innovative techniques to generate a number of gold targets that will be drill tested in the coming year. Drilling is scheduled to commence in the last quarter of 2009.

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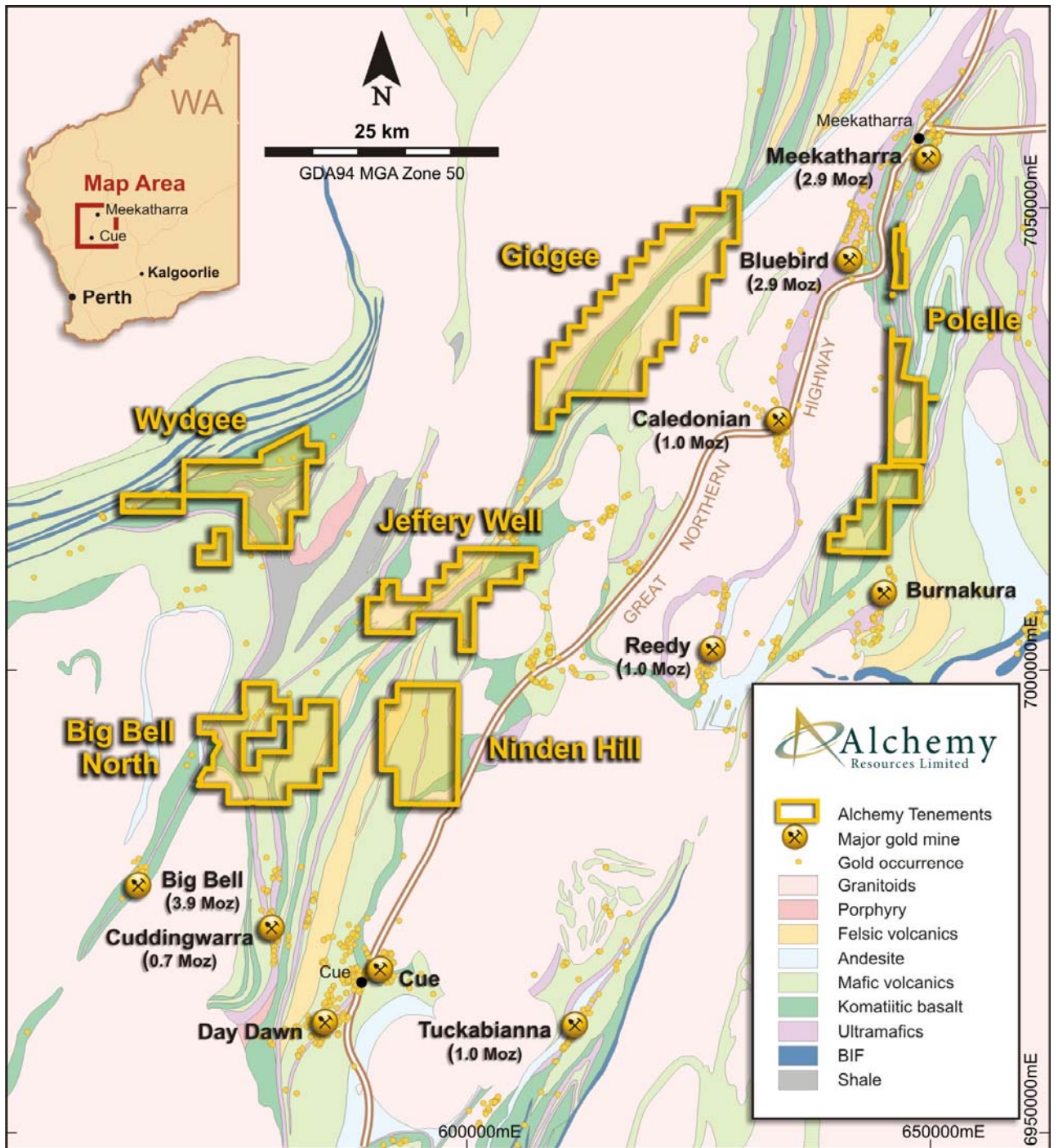
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Figure 1. - Murchison Projects



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