

14 December 2007

The Manager  
Company Announcements Office  
Australian Stock Exchange

by Electronic Lodgement

Dear Sir,

**Assessment of potential for large orebodies in Alchemy tenements**

**Highlights**

- **Initial assessment by leading geological consulting firm, Jigsaw Geoscience, confirms the potential for large tonnage gold deposits in Alchemy's tenements**
- **Wydgee tenements on the southern flank of the Weld Range are prospective for gold and iron ore and will be aggressively explored in 2008**
- **Drilling of gold targets will commence in March 2008**
- **Alchemy continues to assess opportunities to acquire open pitable gold resources**

Alchemy Resources Limited (Alchemy) has completed two field programs. These were to:

- locate and re-sample historic drill holes, and
- map areas of outcrop and soil cover to guide future field activities.

Alchemy, in conjunction with Jigsaw Geoscience Pty Ltd (Jigsaw), a team of leading consulting geologists, have also completed an initial assessment of the potential for large tonnage gold deposits within its Murchison tenements. Jigsaw have identified numerous targets in geophysical data recently released by the Geological Survey of Western Australia, whom are currently re-mapping in the Murchison district.

Jigsaw have been retained to create the 3D geological model of the Murchison district to aid in targeting large tonnage orebodies.

Drill testing of a number of these targets will commence in March 2008.

Alchemy's drilling strategy will condense the timeframe to discovery by using technologies that support rapid field assessment of the prospectivity of any target. These portable technologies include employing a handheld X-ray fluorescence (XRF) tool and a portable spectrometer at the drill rig. Both pieces of equipment assist with evaluating alteration systems associated with gold mineralisation.

Early exploration efforts will focus on the Wydgee Project. Geological assessment has identified that the project has the characteristics necessary to host a large gold deposit. Alchemy will aggressively evaluate this potential by drill testing in March 2008.

The Wydgee project also abuts and separates Midwest Corporation's Beebyn and Madoonga direct shipping ore deposits (50.1Mt @ 59.2% Fe, and 64.3Mt @ 58.4% Fe, respectively). Alchemy will commence an assessment of the iron ore potential of the project in 2008.

In addition Alchemy has identified other structurally complex regions on its Big Bell North tenements which lie along strike from the Big Bell deposit. A sub-audio magnetic (SAM) geophysical survey to highlight potential mineralised structures and determine the thickness of soil cover overlying bedrock, is scheduled for late January.

Alchemy is also assessing a number of potential opportunities to acquire gold resources amenable to open pit mining and processing via a small standalone gold processing operation.

Yours sincerely,

A handwritten signature in blue ink that reads "MAJ Hannington". The signature is written in a cursive style with a long horizontal line extending from the end of the name.

Michael Hannington  
Managing Director

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