

Report for Quarter Ended 31 December 2007

Highlights

- Successful listing on the Australian Stock Exchange (“ASX”) on 26 November 2007 after raising \$4.9 million and closing oversubscribed.
- Initial assessment by leading geological consulting firm, Jigsaw Geoscience Pty Ltd confirms the potential for large tonnage gold deposits in Alchemy’s tenements
- Field programs commenced to locate and re-sample previous drilling and confirm drill targets for Alchemy’s drilling program proposed to commence in March 2008.
- Wydgee tenements on the southern flank of the Weld Range identified as prospective for gold and iron ore and will be aggressively explored in 2008
- \$4.4 million cash at hand for evaluation of tenements and assessment of advanced projects in the Murchison.

Details

Assessment of Murchison tenements (Alchemy 80%, Jindalee 20%)

Jigsaw Geoscience Pty Ltd (“Jigsaw”), a firm of consulting structural geologists has been retained to evaluate the district wide potential of the Murchison region to host large tonnage gold deposits, initially focusing on Alchemy Resource Limited’s (“Alchemy”) tenements. Jigsaw has identified a number of features from geophysical and geological data that are similar to other gold deposits in the Eastern Goldfields of Western Australia. This assessment will be field checked in January 2008.

Field Programs to assess previous exploration on Murchison tenements (Alchemy 80%, Jindalee 20%)

A field program to re-sample previous drilling by collecting drill ‘spoils’ left next to historic drill holes has commenced. The program will provide samples to be read by the ASD spectrometer. The results from the spectrometer will provide a rapid tool to identify areas of alteration associated with gold mineralisation that may not have been apparent to previous explorers.

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Assessment of Wydgee tenements (Alchemy 80%, Jindalee 20%)

The Wydgee tenements (E51/1048, E20/610 and E20/549) have been identified as having particular prospectivity to host gold mineralisation. Field checking of structures and alteration will occur in January 2008 to confirm this potential.

The proximity of the Wydgee tenements along strike to Midwest Corporation's Beebyn and Madoonga iron ore deposits also provides scope for Alchemy to explore for iron ore deposits on these tenements. Alchemy will assess this potential in early 2008.

District scale assessment of prospectivity for gold deposits

Alchemy has gained access to historic soil and rock chip samples from the Geological Survey of Western Australia (GSWA) archive. These samples have been recorded by a spectrometer to obtain a spectra for each sample. The spectra will be analysed in early 2008 to determine alteration minerals characteristic of gold mineralisation. The results will be used to target area on Alchemy's tenements that may have been overlooked by previous explorers.

Grant of Tenements

In November 2007, Alchemy was granted EL20/594 and EL20/667 by the Department of Industry and Resources which constitute the tenements in relation to Alchemy's Big Bell North Project.

Corporate activity

The Company successfully listed on the ASX on 26 November 2007, after raising \$4.9 million from the IPO and closing oversubscribed. Prior to the IPO, the Company had raised \$0.5 million from sophisticated and professional investors.

The Company has 39,600,000 fully paid ordinary shares on issue (including 17,920,000 shares escrowed between 12 to 24 months) and 15,568,750 unlisted options on issue, which are all escrowed between 12 to 24 months.

Since listing, Alchemy has approached a number of explorers in the Murchison to evaluate advanced projects that have remained undeveloped due to previous low gold prices and a lack of interest by other explorers in developing small resources in the district. Alchemy believes that we can move from explorer to profitable gold producer in the short term by assisting in the development of advanced projects. Alchemy has a pipeline of advanced projects being assessed and will make a decision on whether to proceed in the 1st quarter of 2008.

At 31 December 2007, Alchemy has approximately \$4.4 million in cash.

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