PROSPECTUS

For the issue of up to 24,000,000 Shares at 25 cents each to raise up to $6,000,000, with a minimum subscription of 16,000,000 Shares to raise $4,000,000.

Novus Capital

Sponsoring Broker
Novus Capital Limited

This document is important and requires your immediate attention. It should be read in its entirety. If you do not understand its contents or are in doubt as to the course you should follow, you should consult your professional adviser. An investment in the Shares offered by this Prospectus should be considered as speculative.

Alchemy
Resources Limited
ACN 124 444 122

IMPORTANT NOTICE

This Prospectus is dated 18 September 2007 and a copy of this Prospectus was lodged with the ASIC on that date. The ASIC takes no responsibility for the contents of this Prospectus. No securities will be allotted or issued on the basis of this Prospectus later than the expiry date of this Prospectus being the date which is 13 months after the date of this Prospectus. Securities allotted or issued pursuant to this Prospectus will be allotted or issued on the terms and conditions set out in this Prospectus.

Before deciding to invest in the Company, potential investors should read the entire Prospectus and, in particular, in considering the prospects for the Company, investors should consider the risk factors that could affect the financial performance of the Company. Investors should carefully consider these factors in light of personal circumstances (including financial and taxation issues). The Company is an exploration company and the risks are therefore significant. The Shares offered by this Prospectus should be considered speculative. Refer to Section 4 for details relating to risk factors. Investors should seek professional advice from an accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest.

No person is authorised to give any information or to make any representation in connection with the Offer described in this Prospectus which is not contained in this Prospectus. Any information or representation not so contained may not be relied upon as having been authorised by the Company in connection with the Offer.

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Shares or the Offer, or otherwise to permit a public offering of the Shares in any jurisdiction outside Australia.

In accordance with Chapter 6D of the Corporations Act this Prospectus is subject to an Exposure Period of seven days from the date of lodgement with the ASIC. This period may be extended by the ASIC for a further period of up to seven days. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. If this Prospectus is found to be deficient, Applications received during the Exposure Period will be dealt with in accordance with section 724 of the Corporations Act. Applications received prior to the expiration of the Exposure Period will not be processed until after the expiry of the Exposure Period. No preference will be conferred on Applications received during the Exposure Period and all Applications received during the Exposure Period will be treated as if they were simultaneously received on the date on which Applications open.

This Prospectus will be issued in paper form and may be accessed online at the Company's website at www.alchemyresources.com.au The Offer is available to persons receiving an electronic version of this Prospectus in Australia. The Corporations Act prohibits any person from passing onto another person the Application Form unless it is attached to or accompanied by a complete and unaltered version of this Prospectus. During the Offer period, any person may obtain a hard copy of this Prospectus by contacting the Company directly by telephone on +61 8 9322 2711 or by email at admin@alchemyresources.com.au.

DIRECTORS

Warwick Davies
Non Executive Chairman

Michael Hannington
Managing Director

Mark Hill
Technical Director

Robert Downey
Non Executive Director

John Arbuckle
Non Executive Director

COMPANY SECRETARY

John Arbuckle

REGISTERED OFFICE

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36 Ord Street
WEST PERTH WA 6005
Telephone: (08) 9322 2711
Facsimile: (08) 9322 7577
admin@alchemyresources.com.au
www.alchemyresources.com.au

SPONSORING BROKER

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Royal Exchange Building
56 Pitt Street
SYDNEY NSW 2000
Telephone: (02) 9375 0100
Facsimile: (02) 9247 4844
mail@novuscapital.com.au

AUDITORS

PKF Chartered Accountants
Level 7, BGC Centre
28 The Esplanade
PERTH WA 6000

INVESTIGATING ACCOUNTANTS

PKF Corporate Advisory Services (W.A.) Pty Ltd
Level 7, BGC Centre
28 The Esplanade
PERTH WA 6000

INDEPENDENT GEOLOGIST

D W Otterman Exploration Consultant
14 Sellars Way
BULLCREEK WA 6149

SHARE REGISTRY

Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153

INDEPENDENT SOLICITOR

Wright Legal
Level 1
103 Colin Street
WEST PERTH WA 6005

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- **Alchemy represents an opportunity for investors seeking high exposure to the gold sector**
- **Exceptional Board and management team with technical expertise in geology, geophysics and geochemistry**
- **Large and strategic land holding in the Murchison region, an underexplored major gold province with historic production of over 11 million ounces**
- **Alchemy's mineral tenements lie over district scale faults and shear zones that nearby host Big Bell (3 Moz), Cuddingwarra (1 Moz), the Bluebird Goldfield (3 Moz), Meekatharra Goldfield (3 Moz) and Tuckabianna (1 Moz).**
- **Historic exploration over Alchemy's mineral tenements have left gold targets untested with huge scope to explore using modern exploration techniques and an integrated multidisciplinary approach to exploring in areas lacking outcrop**
- **Exploration Manager recognised as an expert in exploring covered terranes.**
- **There are risks associated with investing in exploration companies. There can be no guarantee of exploration success or profitable development of any discovery, and the Company has several pending applications for mining tenements with no guarantee as to whether they will be granted.**

Important Notice

The Shares offered by this Prospectus are of a speculative nature. Prospective investors should carefully consider the risk factor outlined in Section 4 of this Prospectus. The information in this section is a key points summary only and is not intended to provide comprehensive details of the Offer. Prospective investors should read the full text of this Prospectus, and if in any doubt, consult with their professional advisers before deciding whether to apply for Shares.

The Murchison region is located in the most mineralised part of the Archaean Murchison Province which is the largest historical producer of gold in Western Australia outside the Norseman-Wiluna Belt.

Dear Investor,

On behalf of the Directors of Alchemy Resources Limited ("the Company" or "Alchemy"), I am pleased to present this Prospectus for the Company's initial public offering and invite you to become a Shareholder in the Company.

The purpose of the Offer is to raise up to $6,000,000 by the issue of up to 24,000,000 shares at $0.25 per Share to fund our gold exploration programme.

The Company was incorporated to acquire under explored gold tenements in the Murchison region of Western Australia previously held by Jindalee Resources Limited. The Murchison region is located in the most mineralised part of the Archaean Murchison Province which is the largest historical producer of gold in Western Australia outside the Norseman-Wiluna belt.

Despite its highly prospective mineralisation much of the Company's tenement area remains under explored due to the fact that it lies under cover. Modern exploration techniques facilitate investigation of mineralistaion under cover providing Alchemy with an outstanding opportunity for major discoveries.

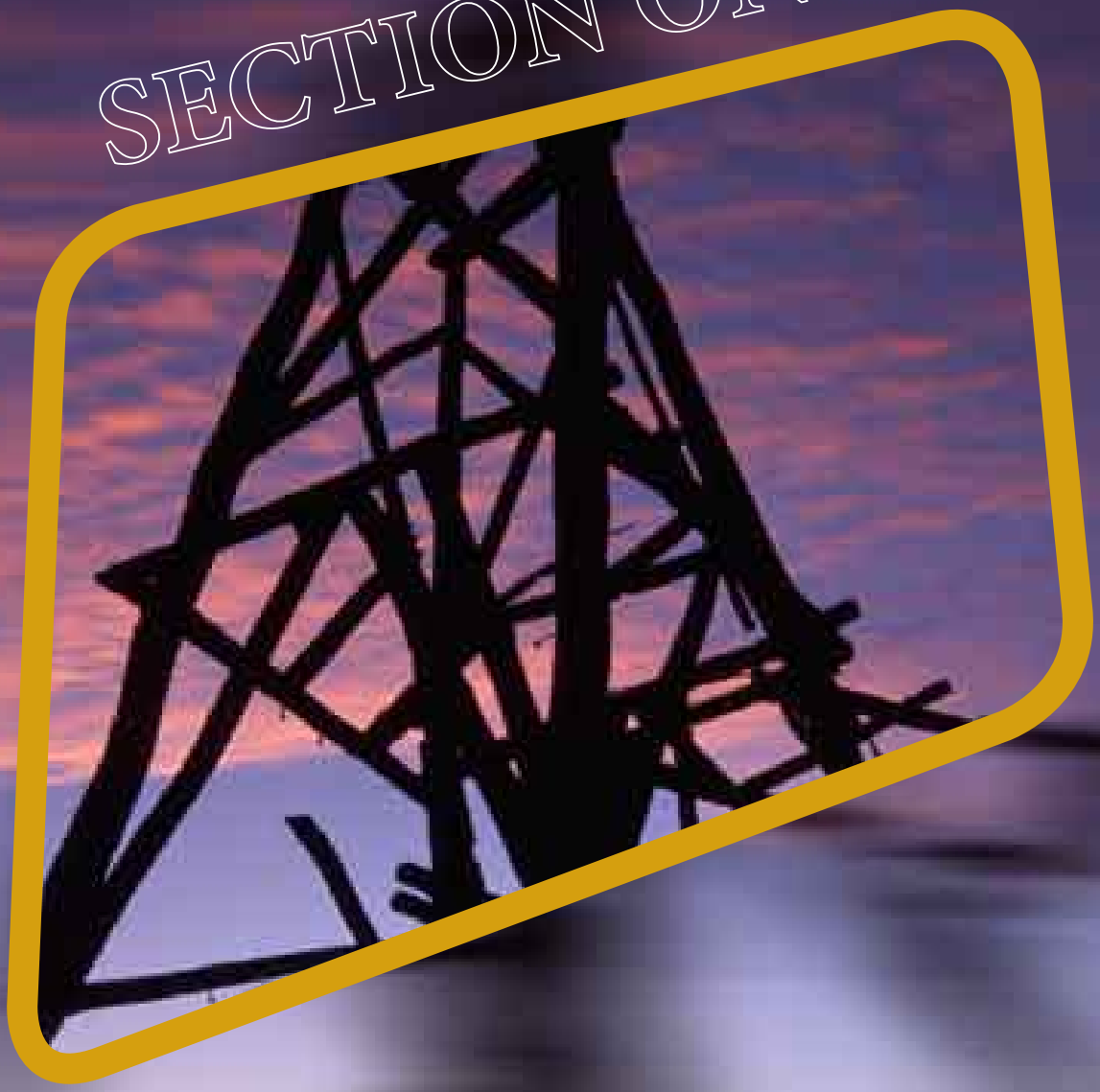
To maximise the chance of success the Company has brought together an exceptional board and management team with proven technical, operational and financial skills, and experience in the discovery and exploration of mineral deposits. This team has developed an exciting and thorough exploration programme which aims to add immediate value for shareholders by focusing on highly prospective drill targets and rapid, yet efficient evaluation of geophysical and geochemical targets.

I invite you to subscribe for Shares in the Company and join us in what we consider to be an exciting future for Alchemy and its Shareholders.

Yours faithfully

Warwick Davies
Chairman
18 September 2007

SECTION ONE



1.1 Indicative Timetable

Prospectus lodged with ASIC	18 September 2007
Public Offer Opening Date	25 September 2007
Priority Offer Opening Date	25 September 2007
Priority Offer Closing Date	19 October 2007
Public Offer Closing Date	26 October 2007
Dispatch of Holding Statements	14 November 2007
Trading of Shares on ASX expected	22 November 2007

These dates are indicative only and may vary. The Company reserves the right to vary the Opening Dates and Closing Dates without prior notice, which may have a consequential effect on subsequent dates. Applicants are therefore encouraged to submit Applications as soon as possible after the Closing Date.

The above are anticipated dates only. The date the Shares are expected to be issued and commence trading on the Official List may vary with any change to the Closing Dates.

1.2 Purpose of the Offer

The purpose of the Offer is to raise up to $6,000,000 for the Company to:

- Undertake the exploration program on the Murchison Projects;
- Identify and evaluate new opportunities;
- Meet the expenses of the Offer; and
- Provide working capital for the first two years.

1.3 Application of Funds

The application of funds raised from the Offer is summarised as follows:

Application of Funds	**$4,000,000** (minimum subscription) $	**$6,000,000** (maximum raising) $
Pre-Offer cash and receivables	545,000	545,000
Total funds raised in the Offer	4,000,000	6,000,000
Total Funds Available	**4,545,000**	**6,545,000**
Exploration expenditure – Year 1	1,655,000	1,670,000
Exploration expenditure - Year 2	955,000	1,770,000
Exploration expenditure – sub total	2,610,000	3,440,000
New project generation	500,000	1,000,000
Working Capital	226,000	805,000
Expenses of the Offer, including broker fees	409,000	500,000
Administration Costs	800,000	800,000
Total Funds Applied	**4,545,000**	**6,545,000**

Notes:

1. Exploration expenditures will be reviewed on an ongoing basis, depending upon the nature of results forthcoming from the respective work programmes.
2. In the event that more than the minimum subscription ($4,000,000) and less than the maximum subscription ($6,000,000) is raised, the Company intends to allocate the funds towards evaluation and exploration of the Murchison Projects, in particular a more expansive drilling budget. However, as at the date of this Prospectus, it is not practical for the Board to speculate as to exactly how these funds may be applied as this will be influenced by the outcome of exploration yet to take place.
3. The above table represents statements of the intended use of the funds raised by the Company as at the date of this Prospectus. It must be recognised that all exploration budgets may change as the conducted programmes provide encouragement or disappointment and new opportunities may be identified elsewhere.
4. Further, it is the Company's intention to increase and accelerate its exploration and drilling programmes to achieve results as soon as practicable and, subject to encouraging results being obtained, to delineate resources. The Company may seek to raise additional funds within two years after being listed on the ASX to the extent required to increase and accelerate the exploration and drilling programmes as determined by the Board.
5. Expenses of the Offer excludes the non-cash share based remuneration payable to Novus Capital Ltd upon Listing of $34,000 and $42,500. Refer to Note 14 of Section 7.

Following the completion of the Offer, the Company will have sufficient working capital to carry out its stated objectives.

Further detail with respect to the application of funds to be raised from the Offer are set out in Section 2.10.

1.4 Capital Structure

After completion of the Offer (and assuming the Company raises the maximum of $6,000,000), the pro forma capital structure of the Company will be as follows:

Shares	**Number**	**%**
Current issued Shares	20,100,000	46
Shares to be issued pursuant to Offer [(a)]	24,000,000	54
Total Shares on issue	**44,100,000**	**100**
Options		
Existing Options [(b)]	7,100,000	45
Directors and Management Options [(c)]	7,250,000	46
Broker Options [(d)]	1,250,000	8
Total Options on issue	**15,600,000**	**100**

Note:

(a) The rights attaching to Shares are described in Section 9.4.

(b) The terms of the Existing Options are summarised in Section 9.5(a).

(c) The terms of the Directors' and Management options are set out in section 9.5(c).

(d) The terms of the Broker Options are summarised in Section 9.5(b).

1.5 Description of the Offer

By this Prospectus, the Company invites investors to subscribe for a total of up to 24,000,000 Shares at an issue price of 25 cents each to raise $6,000,000.

The Offer consists of a:

- Priority Offer to Jindalee Shareholders; and
- Public Offer.

All Shares issued pursuant to this Prospectus will be issued as fully paid and will rank equally in all respects with the shares already on issue.

Applications must be for a minimum of 8,000 Shares ($2,000) and thereafter in multiples of 2,000 Shares ($500), and can only be made by completing the relevant Application Form attached to or accompanying this Prospectus.

(a) Priority Offer to Jindalee Shareholders

The Company is offering Jindalee Shareholders the opportunity to become Shareholders and have set aside as a Priority Offer, a pool of up to 10,000,000 Shares for Jindalee Shareholders. Should demand from Jindalee Shareholders exceed this pool, they will be given priority in the Public Offer, subject to the Company being able to meet the minimum shareholder spread requirements of the Listing Rules.

Jindalee Shareholders who wish to subscribe for Shares pursuant to the Priority Offer must make an application on the green Priority Application Form accompanying this Prospectus.

Further details of the Priority Offer are set out below.

(b) Public Offer

The Public Offer is open to public investors including Jindalee Shareholders. A total of 14,000,000 Shares plus any Shares not subscribed for under the Priority Offer will be available under the Public Offer.

Applications must be made on the Public Offer Application Form accompanying this Prospectus. Further details of the Public Offer are set out below.

1.6 Options Entitlement Issue

The Company proposes to undertake a non-renounceable entitlement issue of Options ("Loyalty Issue") within three to six months after the Shares commence trading on ASX.

All Shareholders registered on the share register of the Company at a date to be announced by the Company to ASX will be entitled to participate in the Loyalty Issue on the basis of 1 Option for every 2 Shares held. The Options will be issued at a price of 1 cent each with an exercise price of 25 cents and an expiry date of 31 August 2010. It is proposed to apply for the Options issued pursuant to the Loyalty Issue to be listed for quotation on ASX.

A disclosure document for the Loyalty Issue of Options will be issued when the securities are offered if required under the Corporations Act. Anyone who wishes to subscribe for the Options will need to complete the application form that will be in or accompany the disclosure document.

1.7 How to Apply

(a) Priority Offer to Jindalee Shareholders

If you are a Jindalee Shareholder in Australia (ie. You are registered as a shareholder of Jindalee as at the Opening Date) and wish to participate in the Priority Offer, you should complete the green Priority Application Form enclosed with this Prospectus.

The Company will endeavour to offer all Jindalee Shareholders this priority. The priority allocation to Jindalee Shareholders will only operate for Applications made on or before 5.00pm WST on 19 October 2007, subject always to the right of the Company to close the Offer early. Shares not applied for by Jindalee Shareholders under the Priority Offer by 5.00pm WST on 19 October 2007 will be offered to the general public pursuant to the Public Offer.

Applicants may apply for a minimum parcel of 8,000 Shares representing a minimum investment of $2,000. Applicants requiring additional Shares must apply for Shares in multiples of 2,000 Shares (equivalent to $500) thereafter.

Applications to the Priority Offer will be considered on a pro rata basis to the number of shares held in Jindalee. The Company in consultation with the Sponsoring Broker retains absolute discretion when deciding

whether or not to accept any particular Application in part or in full and will not be liable to any Jindalee Shareholder that is not allocated Shares.

(b) Public Offer

If you wish to participate in the Public Offer, you should complete the Public Offer Application Form enclosed with the Prospectus.

Applicants may apply for a minimum parcel of 8,000 Shares representing a minimum investment of $2,000. Applicants requiring additional Shares must apply for Shares in multiples of 2,000 Shares (equivalent to $500) thereafter.

Applications for less than the minimum application of 8,000 Shares (equivalent to $2,000) will not be accepted.

(c) General Discretion

The Company in consultation with the Sponsoring Broker retains an absolute discretion in allocating Shares under the Offer and reserves the right to allot to an Applicant a lesser number of Shares than the number for which the Applicant applies or to reject an Application. If the number of Shares allotted is fewer than the number applied for, surplus application money will be refunded without interest. The acceptance of Applications and the allocation of Shares are at the absolute direction of the Directors in consultation with the Sponsoring Broker.

The Company will not be liable to any person (including Jindalee Shareholders) not allocated Shares.

1.8 Lodgement of Application Forms

To apply for Shares offered pursuant to this Prospectus, the appropriate Application Form accompanying this Prospectus must be completed in accordance with the instructions accompanying it and lodged at either of the following addresses, on or before the Closing Date, as relevant:

Delivered to:	**Or by post to:**
Security Transfer Registrars Pty Ltd	Security Transfer Registrars Pty Ltd
770 Canning Highway	PO Box 535
Applecross	Applecross
Western Australia 6153	Western Australia 6953

Applications must be accompanied by payment in full in Australian currency of 25 cents for each Share applied for. Payment must be by way of cheque or bank draft drawn on and payable by an Australian bank and should be made payable to "Alchemy Resources Limited– Float Account" and crossed 'Not Negotiable'.

No brokerage or stamp duty is payable by Applicants in respect of their Applications for Shares under this Prospectus. The amount payable on Application will not vary during the period of the Offer and no further amount is payable on allotment.

A duly completed and lodged Application Form will constitute an offer by the Applicant to subscribe for the number of Shares applied for pursuant to the Application Form as the case may be.

Application Forms must not be circulated to prospective investors unless accompanied by a copy of this Prospectus.

1.9 Minimum Subscription

The minimum subscription is $4,000,000. In accordance with the Corporations Act, no Shares will be issued or granted pursuant to this Prospectus until the minimum subscription has been subscribed.

If the minimum subscription is not reached within four months after the date of this Prospectus, the Company will either repay the Application monies to the Applicants or issue a supplementary or replacement prospectus and allow Applicants one month to withdraw their Application and be repaid their Application monies. Interest will not be paid on Application monies refunded.

1.10 Allotment of Shares

Subject to ASX granting approval for Alchemy to be admitted to the Official List, the allotment of Shares to Applicants will occur as soon as possible after the Offer is closed, following which statements of shareholdings will be dispatched. It is the responsibility of Applicants to determine their allocation prior to trading in Shares. Applicants who sell Shares before they receive their holding statements will do so at their own risk.

The Company retains an absolute discretion in allocating Shares under the Offer and reserves the right to allot to an Applicant a lesser number of Shares than the number for which the Applicant applies or to reject an Application. The Company in consultation with the Sponsoring Broker may reject any Application or allocate fewer Shares than applied for under the Offer.

If an Application is not accepted, or is accepted in part only, the corresponding proportion of the Application monies will be refunded. Interest will not be paid on Application monies refunded. The acceptance of Applications is at the absolute discretion of the Directors. The Company will not be liable to any person not allocated Shares.

1.11 ASX Listing

Application will be made by the Company within seven days after the date of this Prospectus for admission of the Shares offered by this Prospectus to quotation on ASX and for the Company to be admitted to the Official List.

If the Company is not admitted to the Official List and its Shares are not admitted to quotation within three months after the date of this Prospectus, the Company will not allot or issue any Shares, and will repay all Application monies without interest and within the time prescribed by the Corporations Act.

ASX takes no responsibility for the contents of this Prospectus. The fact that ASX may grant quotation of the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares offered pursuant to this Prospectus.

1.12 CHESS

The Company will participate in the Clearing House Electronic Subregister System ("CHESS"), operated by ASX Settlement and Transfer Corporation Pty Ltd ("ASTC"), a wholly owned subsidiary of ASX, in accordance with the Listing Rules and ASTC Settlement Rules.

Under this system, the Company does not issue share certificates to Shareholders. Instead, Shareholders will receive a statement of their holdings in the Company. If an investor is broker sponsored, ASTC will send them a CHESS statement setting out the number of Shares allotted to them under the Prospectus and giving details of their holder identification number.

If you are registered on an Issuer Sponsored Sub register, the statement will contain the number of Shares allotted under the Prospectus and the Shareholder's security holder reference number.

A CHESS statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their holding changes. A Shareholder may request a statement at any other time, however a charge may be incurred for additional statements.

1.13 Application Monies held in Trust

All Application monies will be held in trust in a subscription account until allotment. The subscription account will be established and kept by the Company on behalf of the Applicants.

All interest earned on all Application monies (including those which do not result in allotments of Shares) will be retained by the Company.

1.14 Overseas Investors

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Shares, or the Offer, or otherwise to permit a public offering of the Shares, in any jurisdiction outside Australia.

It is the responsibility of Applicants outside Australia to obtain all necessary approvals for the allotment and issue of Shares pursuant to this Prospectus. The return of a duly completed Application Form will be taken by the Company to constitute a representation and warranty by the Applicant that all relevant approvals have been obtained.

The Offer pursuant to an Electronic Prospectus is only available to persons receiving an electronic version of this Prospectus within Australia.

1.15 Restricted Securities

ASX may classify certain Shares, Existing Options and Directors' and Management Options as being subject to the restricted securities provisions of the Listing Rules. Accordingly, a proportion of such Shares and Options as determined in conjunction with ASX will be required to be held in escrow under the terms of the restriction agreements prescribed by the Listing Rules.

1.16 Sponsoring Broker and Brokerage Fees

Novus Capital Limited ("Novus") has agreed to act as the Sponsoring Broker for the Offer on the terms summarised in Section 9.3(d). Novus will receive a sponsoring broker fee of $30,000, a brokerage fee of 5% and a management fee of 1% on the total amount raised under the Offer as well being granted Broker Options on the basis of one Broker Option for every $4.00 raised.

Brokerage and/or handling fees on applications for Shares will be payable to member firms of ASX or licensed investment advisers on such Application Forms bearing their stamp and being accepted by the Company. Any such brokerage or handling fees will be paid by Novus out of its brokerage fees.

1.17 Privacy Act

The Company collects information about each Applicant from an Application Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's security holding in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information in the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the share registry, the Company's related bodies corporate, agents, contractors and third party service providers (including mailing houses), ASX, the ASIC and other regulatory authorities.

If an Applicant becomes a security holder of the Company, the Corporations Act requires the Company to include information about the security holder (name, address and details of the securities held) in its public register. This information must remain in the register even if that person ceases to be a security holder of the Company. Information contained in the Company's register is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application.

1.18 Financial Forecasts

The Directors have considered the matters set out in ASIC Policy Statement 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate or projection.

1.19 Underwriting

The Offer is not underwritten.

1.20 Enquiries in Relation to the Offer

This Prospectus provides information for potential investors in the Company and should be read in its entirety. If after reading this Prospectus you have any questions about any aspect of an investment in the Company please contact your stockbroker, accountant or independent financial adviser.

Additional copies of the Prospectus or further advice on how to complete the Application Form can be obtained by contacting or visiting:

Novus Capital Limited
Level 24, Royal Exchange Building
56 Pitt Street
Sydney NSW 2000
Telephone: (02) 9375 0100
Facsimile: (02) 9247 4844
Email: mail@novuscapital.com.au or wayne.gooley@novuscapital.com.au

1.21 Electronic Prospectus

This Prospectus is available online at www.alchemyresources.com.au and www.novuscapital.com.au.

1.20 Risk Factors

There are risks associated with investing in the share market generally and in this Company specifically. These risks are more clearly outlined in Section 4 of the Prospectus, however, listed below are in the Directors opinion, the key risks associated with this investment;

- There remains a risk that any application for a mining tenement will not be granted, which could result in the loss of the Company's rights with respect to such tenement;
- Pending applications relate to the Murchison Projects. These tenements are listed in the Tenements Schedule comprising part of the Solicitor's Report in Section 8 of this Prospectus;
- The Company may not be able to find economic resources or exploit successful discoveries;
- The overall share market may negatively impact an investment in the Company;
- Commodity prices may go down;
- Directors and consultants may leave the Company; and
- Government regulation and policy may affect the Company.

SECTION TWO

2.1 Company History and Strategies

Alchemy was incorporated on 16 March 2007 for the purpose of investing in gold exploration and mining projects in the Murchison region of Western Australia.

The Company's objective is to maximise shareholder wealth by innovative and responsible exploration and development. The Company aims to leverage its strong technical skills and the considerable experience and extensive industry contacts of its key personnel to identify and develop high impact growth opportunities.

The initial aim is to list with its potentially highly rewarding Murchison Projects and to explore this vastly under explored tenement position. In addition, the Company has commenced plans to evaluate further exploration opportunities that may result in securing other potentially rewarding assets, either by acquisitions, joint venture or direct or indirect investment.

2.2 Corporate Objectives

The Company is exploring for gold mineralisation in Archaean greenstone belts within the Meekatharra District of the Murchison Mineral Field. It has applied for tenements in its own right and holds tenements through the acquisition of Jindalee's Murchison Project tenements.

Alchemy will continue to secure prospective areas in its own right or through acquisition or joint venture as new opportunities arise with the objective of defining gold resources in excess of one million ounces. High grade, smaller discoveries may be of economic benefit to the Company by generating early cash flow to fund on going exploration.

Only projects demonstrating the potential to substantially increase the value of the Company will be retained.

The Company will optimise opportunities by engaging the services of experienced consultants, applying the latest technologies and exploration methods to advance the projects.

2.3 Project Summary

Alchemy has acquired a number of gold exploration projects within the Meekatharra District of the Murchison Mineral Field, Western Australia. The tenements lie within six project areas that are situated between Cue, Big Bell, and Meekatharra in a gold district that has produced more than 11 million ounces of gold (Figure 1).

The Projects consist of over 300km^2 of granted tenements and over 500km^2 of tenement applications covering a strike length of almost 100km within the highly endowed Meekatharra-Wydgee Greenstone Belt. These Projects are located over areas where regional scale structures, which are regarded as important controls on mineralisation, occur beneath variably thick Cainozoic cover sediments (Figure 2). The Projects have received varying degrees of exploration primarily over the exposed bedrock and adjacent shallow cover environments.

The exploration beneath cover, however, is incomplete and rarely systematic. The widespread use of vacuum and auger drilling to support sampling of the interface between transported cover and the bedrock in areas of cover is regarded as an inconclusive test of a targets' potential.

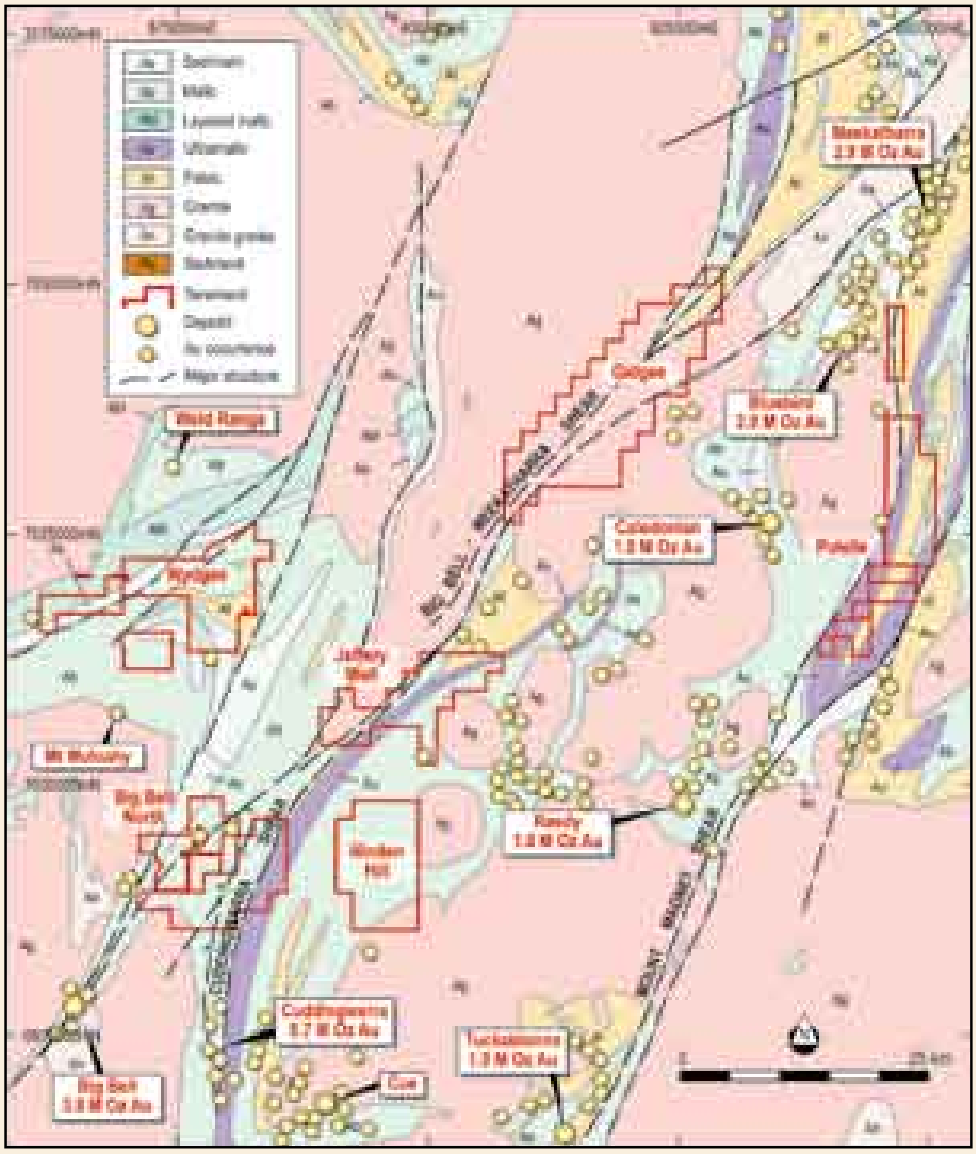


Figure 1: Regional Geology of the Murchison project area

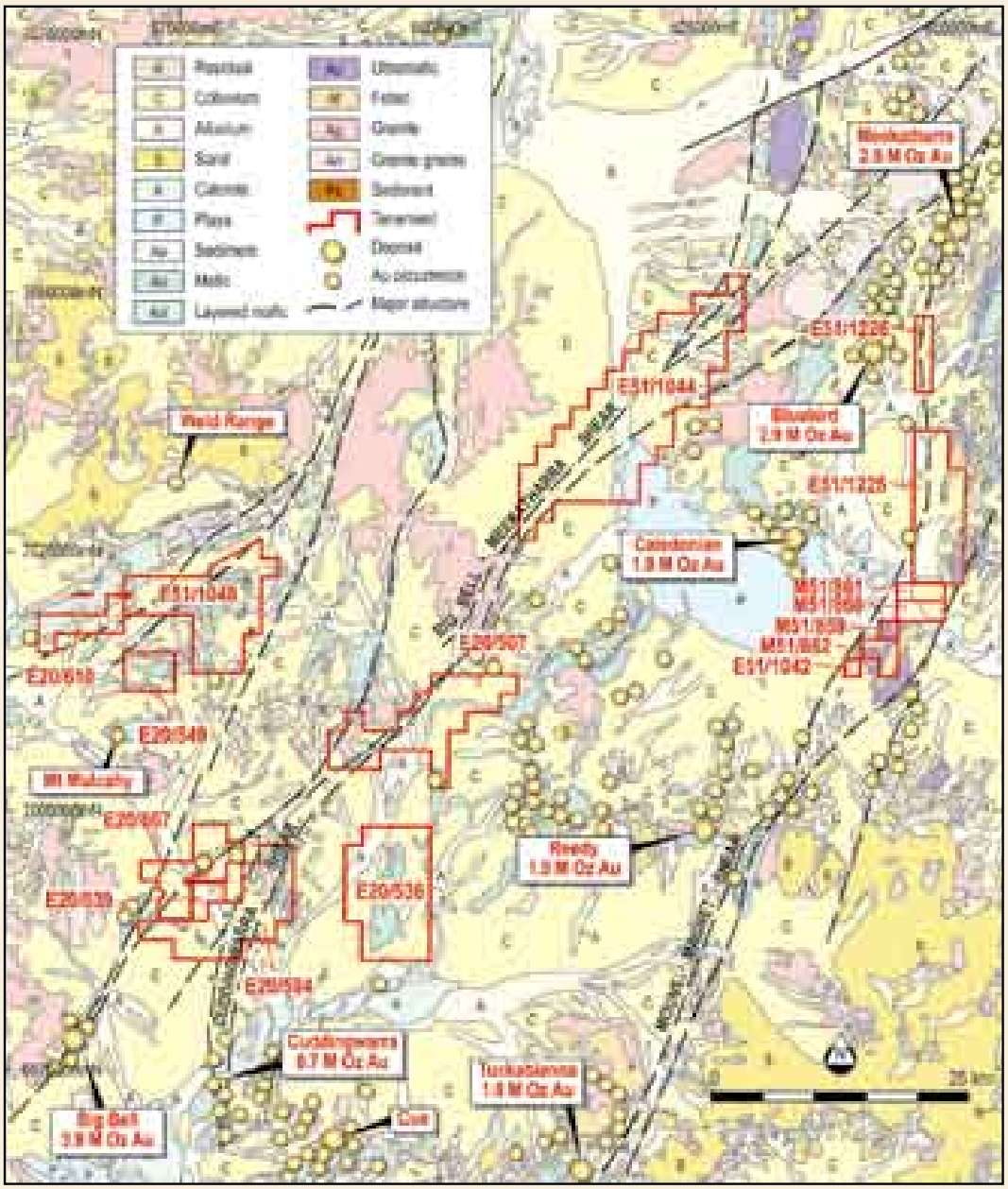


Figure 2: Generalised regolith map of the Murchison project area

2.4 Gidgee Project

Gidgee consists of a single granted exploration licence covering an area of 211.7km², and located about 40km southwest of the Meekatharra Township.

The project covers recently recognised prospective rocks in the southern end of the Abbotts greenstone belt, obscured by thick alluvium. Gold mineralisation exists in quartz veins within granite at Wanganui immediately east of the tenement and at Weebacarry south of the tenement. Previous exploration has highlighted two 5km long linear zones of greater than 50ppb gold in aircore drilling at Marsh Bore and Cement Well, both remain untested at depth (Figure 3).

Exploration through the variably thick transported regolith that accounts for 90% of the project has hindered previous explorers.

As the tenement underlying this project is granted it will form one of the main areas of initial focus and early drilling.

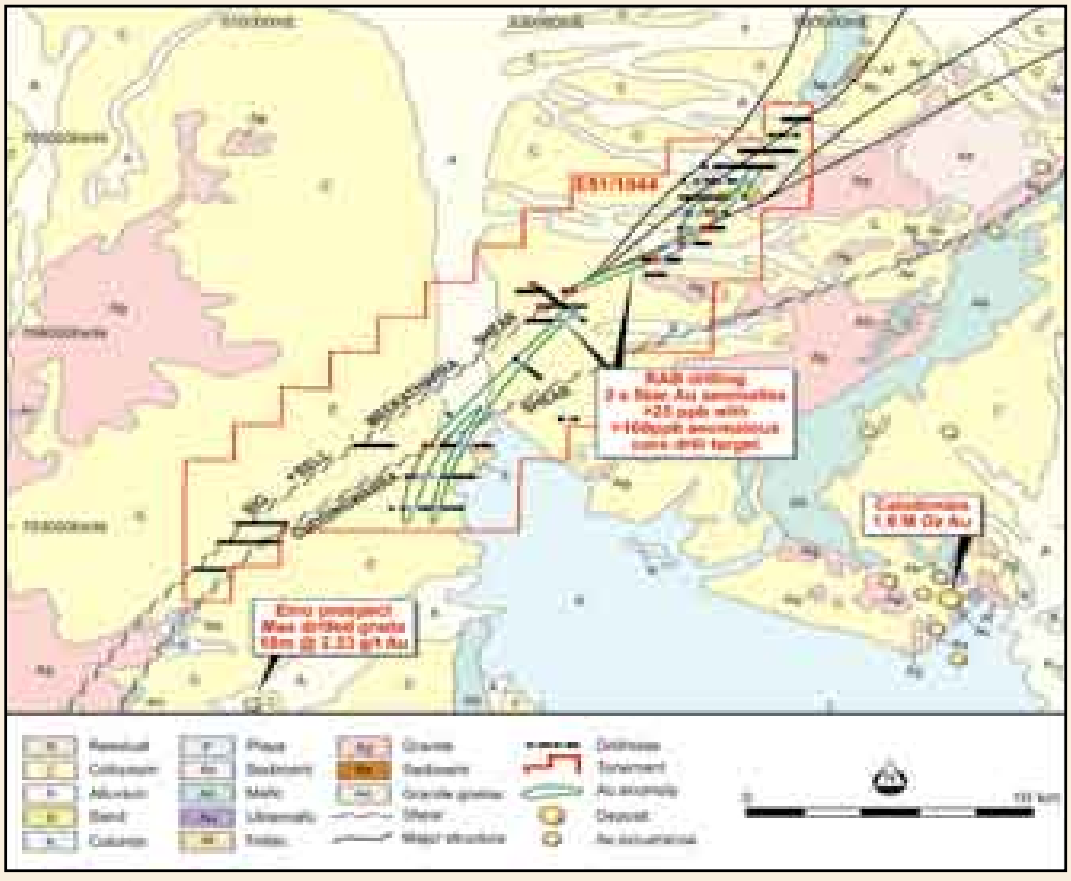


Figure 3: Gidgee project

2.5 Big Bell North Project

The Big Bell North Project comprises 125.5km² of exploration licence applications 26km northwest of Cue. It covers the stratigraphy along strike from the Big Bell Gold mine, including the Big Bell shear.

The project also covers extensions to several regional scale structures including the Cuddingwarra Shear, the Lenlee structure and the BT Shear. Dilational sites associated with closure of the Big Bell Anticline and layer-parallel shearing on the eastern flank and juxtaposition to the Big Bell Gold Mine form priority targets (Figure 4).

Again large areas of prospective stratigraphy obscured by a thick, variable regolith, accounting for over 90% of the project area has hindered previous explorers.

Significant surface gold has been won from the Curtis Find, one of two known small gold deposits within the project without locating any primary source of mineralisation.

Four of the 23 structural targets identified by Jindalee in aeromagnetic data have been drill tested. The best intersection was 5 metres at 154 ppb gold from 25 metres (BBNR02) on the eastern side of the apex closure of the Big Bell Anticline.

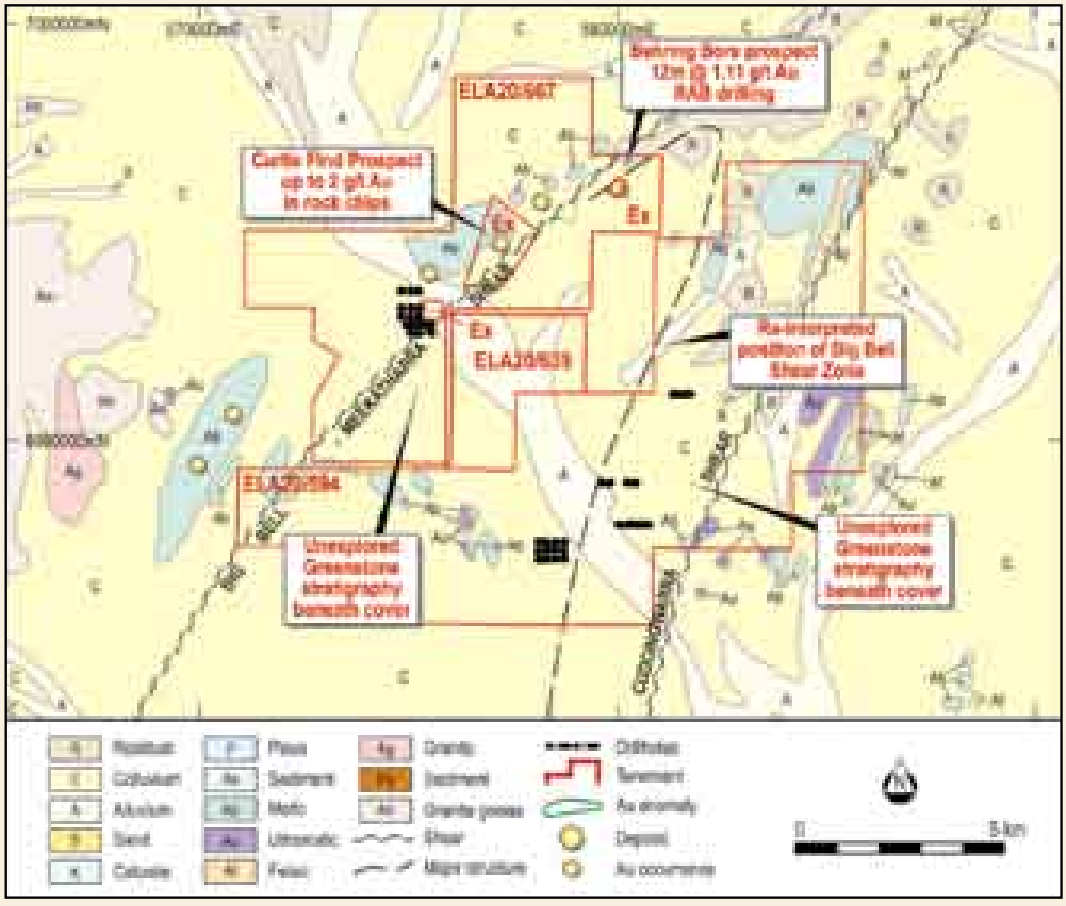


Figure 4: Big Bell North project

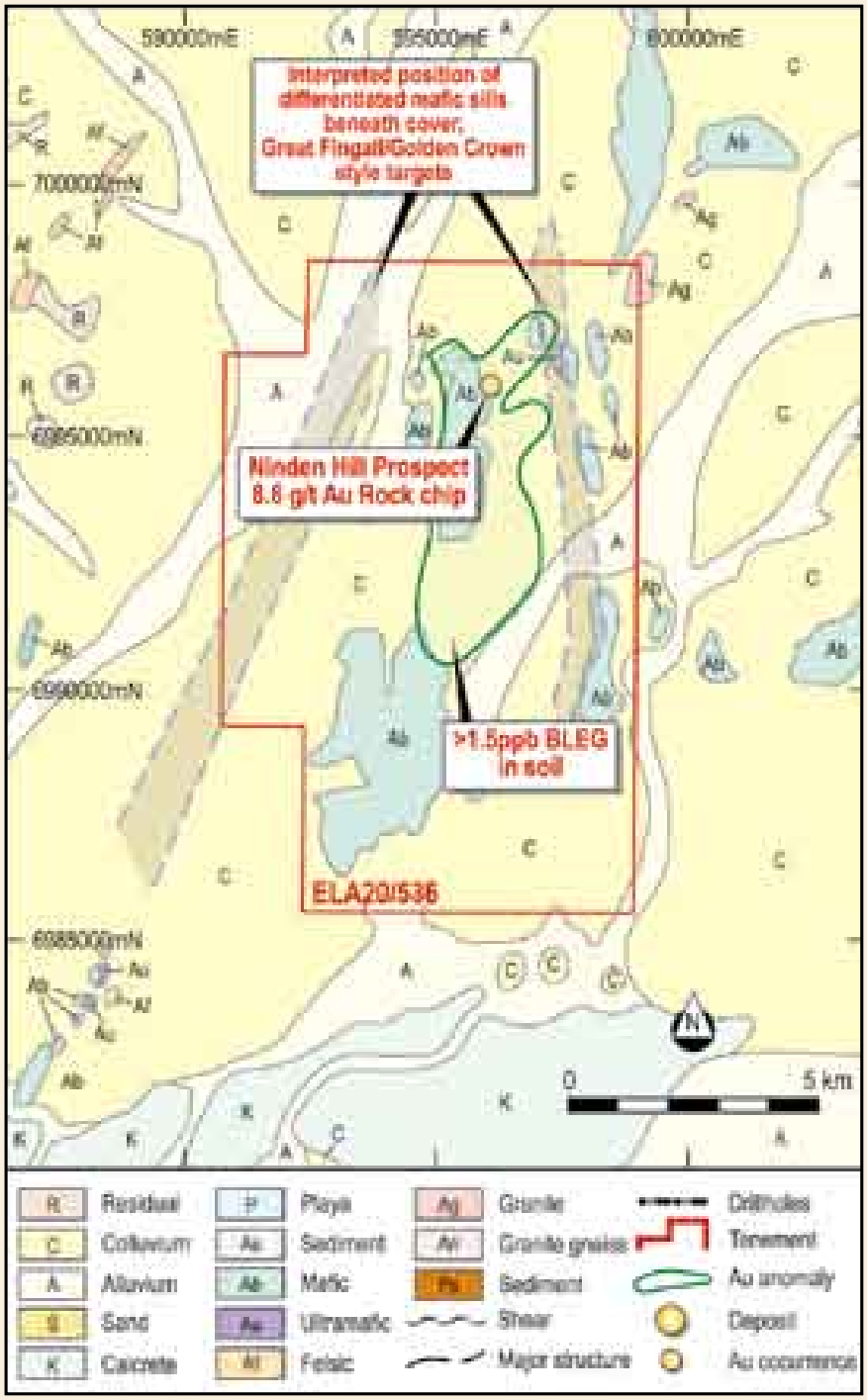


Figure 5: Ninden Hill project

2.6 Ninden Hill Project

The project comprises a single exploration licence application, covering 97.8km², 28km north of the Cue Township.

Lode vein type gold deposits in differentiated mafic sills, similar in style to the Great Fingall and Golden Crown lodes, and shear hosted gold deposits similar to Cuddingwarra are anticipated. Much of the prospective geology is mantled by a variably thick transported regolith that accounts for over 60% of the project area.

A coherent 600 metre long BLEG gold soil anomaly with correlated Copper, Lead and Zinc, is coincident with the trend of the upper part of the dolerite sill. A peak value of 8.6 g/t Au was received from chip sampling of a quartz vein exposed within the anomaly. No drill testing has been undertaken on this anomaly (Figure 5).

Further targets, including magnetic features on the eastern margin of the Cuddingwarra Shear Zone, and northeast-trending structural dislocations in north-trending dolerite sills remain poorly drill tested.

2.7 Polelle Project

The Polelle tenement package covers approximately 71.1km² of which 3km² is granted, and lies between 10 and 45 km south of the Meekatharra Township.

The project straddles the eastern border of the Norrie Pluton and covers the north-eastern part of the prospective Meekatharra – Wydgee greenstone belt. The Mt Magnet Shear traverses north-south through the project area (Figure 6).

Gold mineralisation near Polelle is associated with quartz veins and stockworks hosted by sheared ultramafic rocks, altered mafic rocks and quartz-feldspar porphyry. The blind Mulla Mulla prospect (Mercator Gold Plc) lies on the intervening ground between exploration licence applications 51/1225 and 51/1226. RC drilling intersections include 6 metres at 4.02 g/t Au from 137 metres (MMRC3) and 19 metres at 2.32 g/t Au from 91 metres (MMRC4), 5 metres at 3.82 g/t Au from 124 metres (MMRC15), 31 metres at 2.01 g/t Au from 164 metres (MMRC30) and 16 metres at 2.03 g/t Au from 35 metres (MMRC33). 59 RC holes and 21 aircore holes have been drilled in the prospect.

Several drill holes on Polelle, including one RC fence of holes, have returned significant gold drill intercepts yet have received no systematic follow-up leaving 6km of strike to the north and south of this RC fence of holes untested.

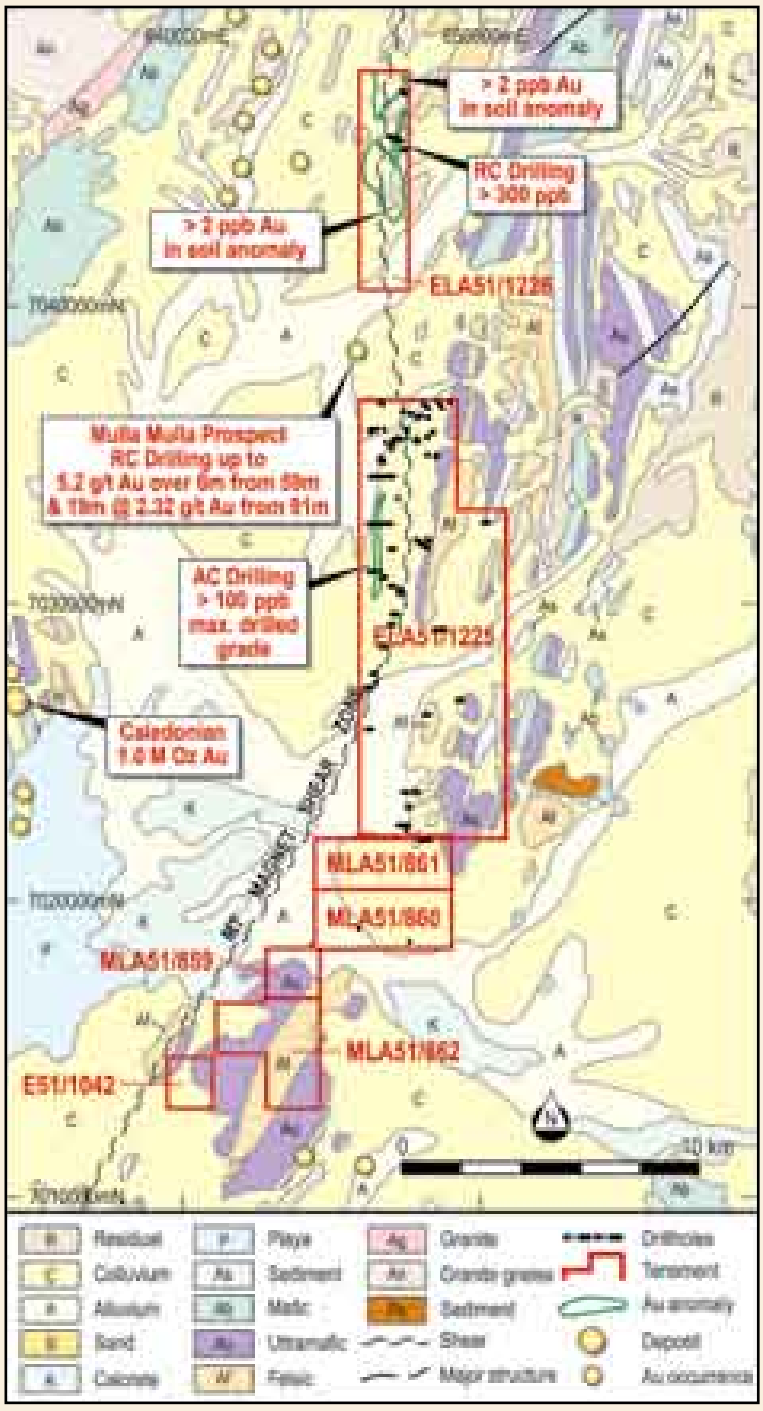


Figure 6: Polelle project

2.8 Jeffery Well Project

Jeffery Well consists of a single exploration licence application for 82.6km² and lies 43km north of the Cue Township.

A variably thick, complex regolith mantles more than 80% of the prospective greenstone stratigraphy, which is exposed mainly in the southwest and southeast parts of the property. The thick regolith has hindered past explorers whom have concentrated efforts on areas of exposed bedrock (Figure 7).

Several gold-copper soil anomalies, including a 600m long anomaly has been inconclusively drill tested by interface vacuum and RAB drilling. Numerous historical gold workings are known at the "Stringer" prospect.

Intensive exploration has concentrated on the exposed bedrock and shallow cover areas in the project; otherwise it remains largely untouched by modern exploration.

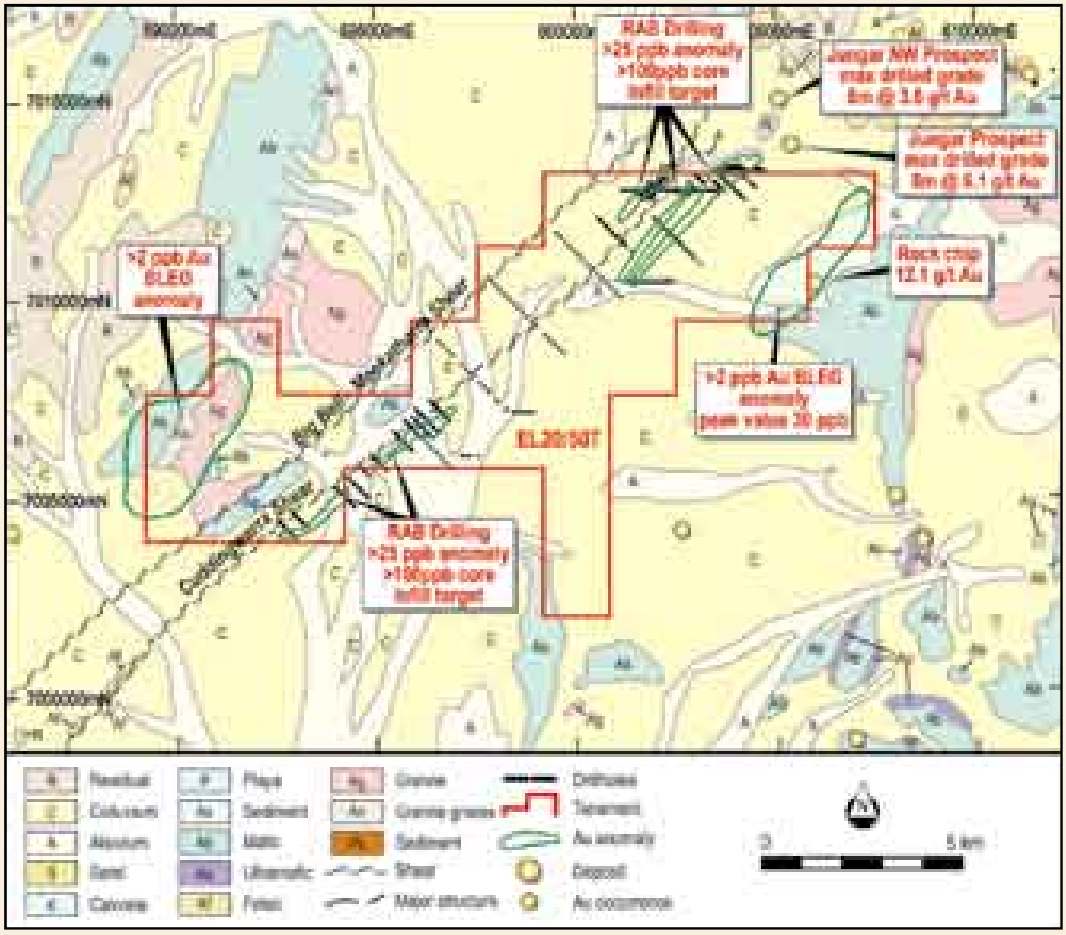


Figure 7: Jeffery Well project

2.9 Wydgee Project

Wydgee comprises an area of 117km² including 105km² of granted exploration licences with the remainder consisting of Prospecting Licence applications and one Exploration Licence application located 45km northwest of Cue.

The tenements are situated on the southern side of the Weld Range and are underlain by a structurally complex stratigraphic sequence with mafic and ultramafic volcanic rocks thrust over a volcanic and sedimentary succession. Outcrop within the property is limited to about 25%, with a further 15% of the property comprising residual laterite (Figure 8).

The area was the site of a major gold rush in the early 1980s with the discovery of large amounts of gold nuggets from the soil plains lying over granite surrounding the Weld Range; sources for which are yet to be located.

Past exploration concentrated on suspect vacuum drilling and interface sampling strategies in shallow covered environments suggests many areas have not been adequately tested.

As several of the tenements underlying this project are granted it will form one of the main areas of initial focus and early drilling.

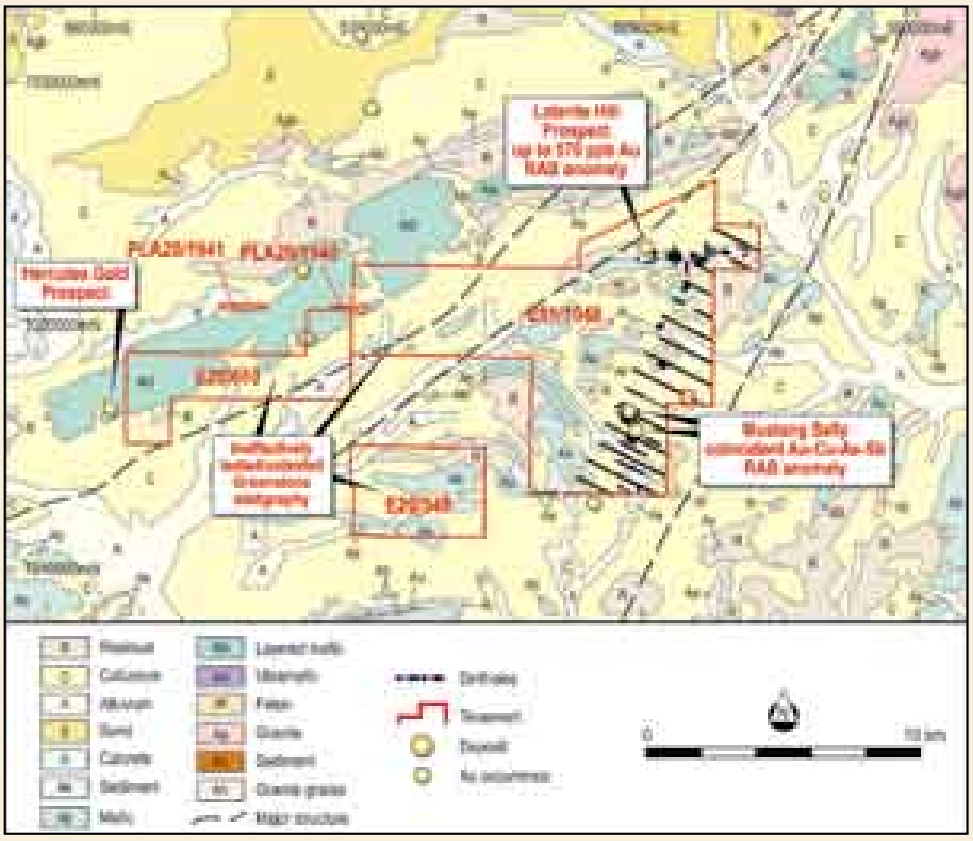


Figure 8: Wydgee project

2.10 Work Programme and Budget

The Company intends to fund its exploration activities of the Murchison Projects from the proceeds of the Offer, as outlined in the table below (assuming a minimum subscription of $4 million). It should be noted that the budgets will be subject to assessment and modification on an ongoing basis depending on results. The Company will be continually reviewing all exploration activities, which may lead to increased or decreased levels of expenditure on certain interests reflecting a change in emphasis.

The exploration program and expenditures are subject to change and are contingent on a variety of circumstances, results and other opportunities which may arise.

Subject to the above, the following expenditure is proposed:

TASK	**Year 1** **$**	**Year 2** **$**
Data compilation/evaluation	55,000	30,000
Aeromagnetic reprocessing and interpretation	70,000	
Regolith interpretation	70,000	
Geochem re-interpretation	60,000	
Geological mapping	125,000	10,000
Geological drafting	65,000	10,000
Geochemical Surveys	280,000	
Geophysical surveys	190,000	15,000
Heritage survey	100,000	100,000
RAB/Aircore drilling	440,000	220,000
RC Drilling	200,000	520,000
Diamond Drilling		50,000
Sub Totals	**1,655,000**	**955,000**
TOTAL		**2,610,000**

Assumptions

- All tenements are granted and accessible within the first year.
- Exploration will be geophysically-driven in areas of deep cover – use of "new" techniques, such as Sub Audio Magnetics (SAM) to assist with subsurface regolith mapping and structural targeting.
- Drilling costs include assay costs, and assumes at least two advanced resources going into the third year.
- Detailed, low level aeromagnetic data may be required on some projects.

SECTION THREE

3.1 Directors

Warwick Davies BA (Economics) Cert.Chemistry Non Executive Chairman

Mr Davies is a Marketing Consultant with forty years experience in the Iron and Steel Industry including a variety of technical and commercial roles with BHP Steel Ltd (Newcastle and Whyalla), Hamersley Iron Pty Ltd (Dampier) and Robe River Mining Co (Cape Lambert and Perth), and Resource Mining Corporation Ltd.

During the period 1986 to early 2001, Mr Davies was employed by the Robe River Joint Venture in a variety of management roles culminating in a period of five years as General Manager Marketing. Mr Davies has a broad, in-depth knowledge of the world's iron ore and steel industries with an emphasis on South and East Asia, particularly China. In addition to the technical, commercial and strategic planning aspects of the iron ore business, Warwick has a solid background and understanding of the bulk freight market.

As an independent Marketing Consultant, Mr Davies has worked on a variety of assignments associated with the mining industry with particular emphasis on steel making raw materials for China. Since August 2004, Mr Davies has been Executive Director of Resource Mining Corporation Ltd developing expertise in the operation of junior exploration companies.

He brings to Alchemy a wealth of practical experience, industry contacts and a clear understanding of the mining industry.

Michael Hannington B.AppSc (Geophysics), LLB Managing Director

Mr Hannington has broad experience in the mining industry including approximately twelve years experience as a geophysicist working throughout Australia and North America and more recently approximately five years experience as a lawyer and contracts manager. Mr Hannington has supervised a diverse range of projects and been involved in all facets of the mining industry from project generation and acquisition through to exploration, evaluation drilling and production.

In recent years Mr Hannington has played key roles in financing and managing operations as a contracts manager with Oxiana Limited, having been approached by Oxiana to undertake a varied role in a growing company.

With his strong technical background and commercial and legal skills, Mr Hannington possesses a rare combination of hands-on technical and management expertise with a strong commercial focus.

Mark Hill B.AppSc (Geol), MSc (Min Economics) MAIG Technical Director

Mr Hill has over seventeen years geological experience in exploration, mining and project development; working in a variety of locations across Australia including the Eastern Goldfields, Boddington Drummond Basin, Tennant Creek, and the Kimberley for a number of companies including Sons of Gwalia, Pancontinental, Goldfields, New Hampton and Normandy.

Mr Hill has broad technical experience as an exploration and mine geologist encompassing a wide range of diverse structural settings as well as a wide variety of mine operations from small scale to world class open cut operations and underground narrow vein operations.

Since 2002 Mr Hill has primarily consulted to the mining industry providing exploration management support for a number of small exploration companies including Wirralie Mines Ltd, Ashburton Minerals Ltd, Jackson Gold Ltd, Resource Mining Corporation Ltd and Shaw River Resources Ltd.

Robert Downey B.Ed LL.B (Hons) Non Executive Director

Mr Downey has practiced law since 1998, and has been admitted to practice as a barrister and solicitor of the Supreme Court of Western Australia and the High Court of Australia. His focus has been with resource companies in the area of corporate law, initial public offerings, other equity raisings, mergers and acquisitions, with extensive experience with listed companies on the ASX, TSX and AIM markets.

Mr Downey is currently a director of Segue Resources Limited, Carpathian Resources Limited and North River Resources plc. Mr Downey was the Company Secretary of AIM and TSXV listed Grove Energy Limited from 2004 until April 2007.

John Arbuckle B.Bus CPA Non Executive Director and Secretary

Mr Arbuckle is a CPA with extensive experience in the mining industry in Australia and overseas. His recent positions have included Chief Financial Officer and Company Secretary of Mount Gibson Iron Limited and Chief Financial Officer of Perilya Limited, where he guided the companies through difficult start up phases. Prior to this he held senior financial management roles with Rio Tinto Limited, North Limited and Anaconda Nickel Limited. He has considerable experience in developing financial and risk management strategies for mining companies and the implementation of accounting controls and systems.

Mr Arbuckle is also an executive director and company secretary of Segue Resources Limited and a non executive director of Prosperity Resources Limited.

3.2 Key Personnel

Jonathan King B.Sc (Geol) (Hons) MAIG Exploration Manager

Mr King is a recognised expert in the geology and geochemistry of the regolith, including its exploitation in general mineral exploration. He was previously a Project Scientist within the Regolith Terrains Group at the CSIRO and a member of the Supergene Ore Genesis Group at the University of Western Australia. He has completed extensive field work in regolith geology and geochemistry at active mining centres which has led to important new ways of understanding regolith evolution, the distribution of metals in the regolith profile, and its application for exploration success. He has assisted numerous companies including Rio Tinto Ltd, Gold Fields Ltd, Harmony Gold Ltd, Placer Dome Ltd, MIM Ltd and Barrick Gold Ltd with the development of appropriate exploration strategies and in-house skills for the environments they encounter.

It is expected that Mr King will make a significant contribution to the exploration of Alchemy's projects and will apply the most recent thinking and methodology to successful exploration.

3.3 Corporate Governance

Prior to admission to the Official List, Alchemy intends to formally adopt comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to ensuring that, once adopted, the policies and procedures will be administered with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs. To the extent they are applicable, the Company intends to adopt the Ten Essential Corporate Governance Principles and Best Practice Recommendations as published by ASX Corporate Governance Council. The Company will make the relevant information regarding its corporate governance policies and procedures available on its website as soon as possible after adoption by the Company.

The Board of Directors

The Company's constitution provides that the number of Directors shall not be less than three and not more than ten. There is no requirement for any shareholding qualification.

If the Company's activities increase in size, nature and scope, the size of the Board will be reviewed periodically and the optimum number of Directors required to adequately supervise the Company's activities will be determined within the limitations imposed by the constitution and as circumstances demand.

The membership of the Board, its activities and composition will be subject to periodic review. The criteria for determining the identification and application of suitable candidates for the Board shall include quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the Company's scope of activities, intellectual ability to contribute to Board duties and physical ability to undertake Board duties and responsibilities.

Directors are initially appointed by the full Board, subject to election by Shareholders at the next general meeting. Under the Company's constitution, the tenure of a Director (other than Managing Director, and only one Managing Director where the position is jointly held) is subject to reappointment by Shareholders not later than the third anniversary following his or her last appointment. Subject to the requirements of the Corporations Act, the Board does not subscribe to the principle of retirement age and there is no maximum period of service as a Director.

Appointments to Other Boards

Directors are required to take into consideration any potential conflicts of interest when accepting appointments to other boards.

Independent Professional Advice

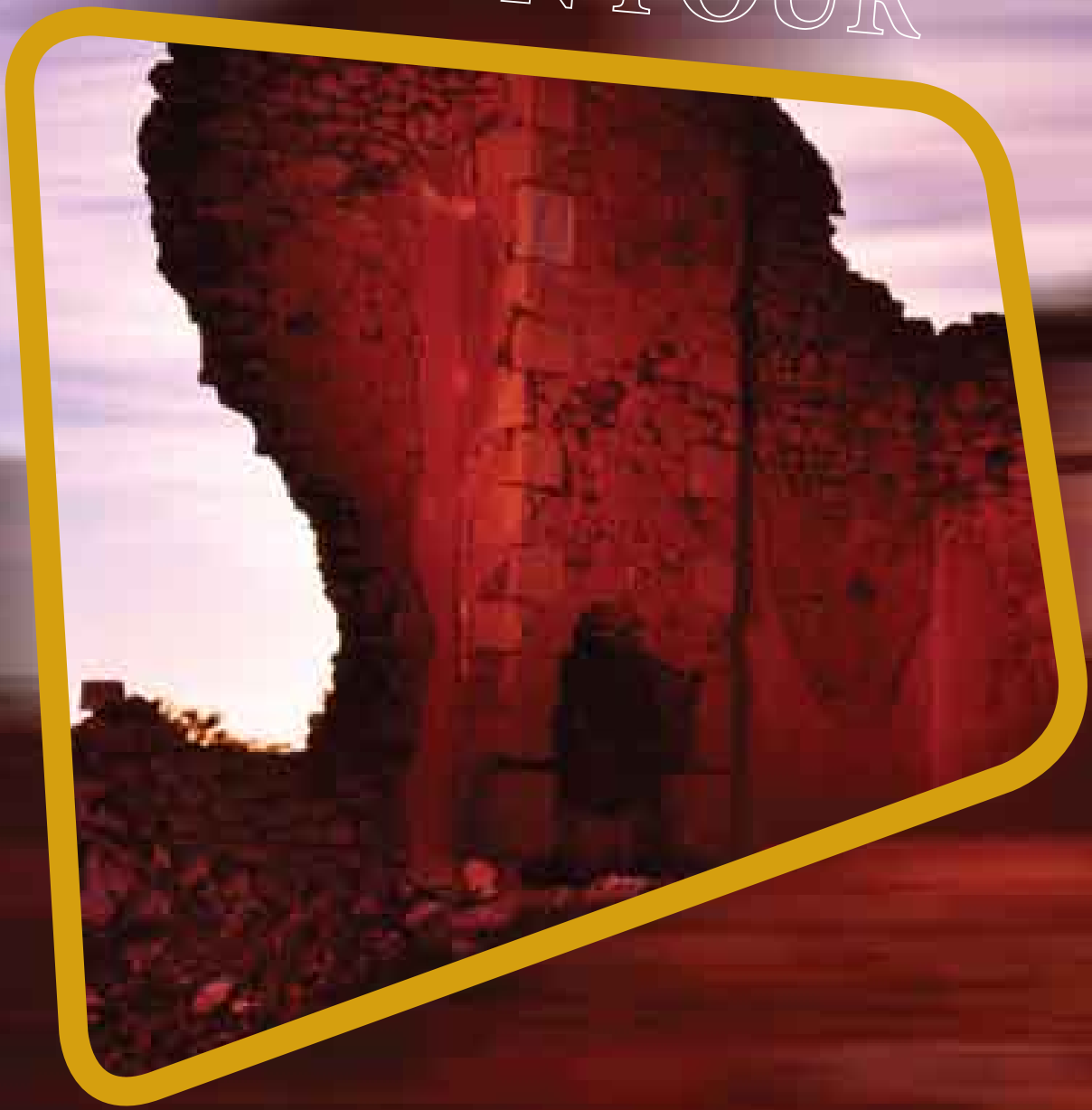
The Board has determined that individual Directors have the right in connection with their duties and responsibilities as Directors, to seek independent professional advice at the Company's expense. With the exception of expenses for legal advice in relation to a Director's rights and duties, the engagement of an outside adviser is subject to prior approval of the Chairman of the Board and this will not be withheld unreasonably.

Continuous Review of Corporate Governance

Directors will consider, on an ongoing basis, how management information is presented to them and whether such information is sufficient to enable them to discharge their duties as Directors. Such information must be sufficient to enable the Directors to determine appropriate operating and financial strategies from time to time in light of changing circumstances and economic conditions. The Directors recognise that gold exploration is a business with inherent risks and that operational strategies adopted should, notwithstanding, be directed towards improving or maintaining the net worth of the Company.

As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of any formal corporate governance committees will be given further consideration.

SECTION FOUR



4.1 Introduction

Investors should be aware that an investment in the Company involves many risks, which may be higher than the risks associated with an investment in other companies. Intending investors should read the whole of this Prospectus in order to fully appreciate such matters and the manner in which the Company intends to operate before any decision is made to apply for Shares.

There are numerous widespread risks associated with investing in any form of business and with investing in the share market generally. There is also a range of specific risks associated with the Company's business of mineral exploration. These risk factors are largely beyond the control of the Company and its Directors because of the nature of the business of the Company.

This Section identifies the areas the Directors regard as the major risks associated with an investment in the Company. The following summary, which is not exhaustive, outlines some of the major risk factors which potential investors need to be aware of.

4.2 Exploration Risk – No certainty of discovery of an economic deposit

The Murchison Projects are at the exploration stage only. There can be no assurance that exploration of the tenements; or any other tenement in which the Company may acquire an interest in the future, will result in the discovery of an economic mineral deposit. Even if any apparent viable mineral deposit it identified, there is no guarantee that it can be profitably exploited.

Exploration may be hampered by mining, heritage and environmental legislation, industrial disputes, cost overruns, land claims and compensation and other unforeseen contingencies.

The success of the Company depends on the delineation of economically mineable reserves, access to required development capital, securing and maintaining title to its exploration and mining tenements and obtaining all consents and approvals necessary for the conduct of its exploration activities.

Exploration on the Murchison Projects may be unsuccessful, resulting in a reduction of the value of the project, diminution in the cash reserves of the Company and possible relinquishment of the exploration tenements.

The exploration industry involves significant risks which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Exploration for, and development of resources is speculative and involves a significant degree of risk.

4.3 Resources Estimates are variable and uncertain

Resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates which were valid when made may change significantly when new information becomes available.

In addition, resource estimates are necessarily imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Should the Company encounter mineralisation or formations different from those predicted by past drilling, sampling and similar examinations, resource estimates may have to be adjusted and mining plans may have to be altered in a way which could adversely affect the Company's operations.

4.4 Legal Risks – No guarantee as to continuity of title or granting of licences

The introduction of new legislation or amendments to existing legislation by governments, developments in existing common law, or the respective interpretation of the legal requirements in any of the legal jurisdictions which govern the Company's operations or contractual obligations, could impact adversely on the assets, operations and ultimately the financial performance of the Company and its securities.

The Company has several mining tenement applications. There remains a risk that any application for a mining tenement will not be granted, which could result in the loss of the Company's rights with respect to such tenement.

4.5 Title – No guarantee of renewal of title

Any tenement in which the Company has or will have an interest will be subject to applications for renewal, the success of which cannot be guaranteed. If a tenement is not renewed, the Company may suffer significant damage through loss of the opportunity to develop and discover any mineral resources on that tenement. For further information on the issue of title, refer to the Solicitor's Report in Section 8.

4.6 Dependence on Key Personnel

The Company has a small management team and the loss of a key individual or the Company's inability to attract suitably qualified personnel in the future could affect the Company's business.

4.7 Additional Requirement for Capital as cashflow negative

The Company is likely to remain cash flow negative for some time and, although the Directors have confidence in the future revenue earning potential of the Company, there can be no certainty that the Company will achieve or sustain profitability or positive cash flow from its operating activities. The Directors are satisfied that the working capital available to the Company will be sufficient for its present requirements. However, it is likely that the Company will need to raise additional capital in the future to acquire new assets and revenues, taxes, transportation costs, capital expenditures and operating expenses and geological success will all be factors which have an impact on the amount of additional capital required. Any additional equity financing may be dilutive to shareholders and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as and when needed, it may be required to reduce the scope of its operations or anticipated expansion.

4.8 Lack of Liquidity of Shares

The share price of publicly traded mineral exploration companies can be highly volatile. The price at which Shares will be traded and the price at which investors may realise their investments will be influenced by a large number of factors, some specific to the Company and its operations and some which may affect small mineral exploration companies or quoted companies generally. The market perception of small mining exploration companies may change which could impact on the value of investors' holdings and impact on the ability of the Company to raise funds by the issue of further Shares in the Company.

A prospective investor should consider carefully whether an investment in the Company is suitable in the light of his or her personal circumstances and the financial resources available.

4.9 Land Access and Native Title may delay exploration

The effect of the Native Title Act is that new tenement applications and existing licences in Australia may be affected by native title claims or procedures. This may preclude or delay granting of exploration and mining leases and considerable expense may be incurred in negotiating and resolving issues.

The possibility that native title may affect the Company's tenements and applications for tenements must be recognised. The Company has not undertaken the legal, historical and anthropological research and investigations at the date of this Prospectus that would be necessary to enable it to form an opinion as to whether any claim for native title could be upheld over any particular parcel of land covered by a tenement.

4.10 Reliance on Third Parties

Various aspects of the Company's future performance and profitability are dependent on the outcome of future negotiations with third parties. These include negotiations on land access arrangements and any native title issues referred to elsewhere in this Prospectus.

4.11 Environmental and Heritage Risks may impede exploration

Weather conditions over a prolonged period can adversely affect exploration, mining and drilling operations and the timing of earning revenues.

It is possible that there will exist on the Company's tenement areas sacred sites or sites of significance to Aboriginal people subject to the provisions of the Aboriginal Heritage Act or areas subject to claim or upon which a claim has been lodged under the Native Title Act. As a result, land within the mining tenement may be subject to exploration, mining or other restrictions as a result of claims of Aboriginal heritage or native title. Should such a claim be lodged in respect to any land in which the Company has an interest, it may have a material adverse effect on the Company's business and its financial condition and performance.

Mining is an industry that has become subject to increasing environmental responsibility and liability. The potential for liability is an ever present risk. The use and disposal of chemicals in the mining industry is under constant legislative scrutiny and regulation.

4.12 Commodity Price Risk

The Company is exploring for gold. The Company's ability to discover ore containing economic quantities of gold will be closely related to the respective price of gold. Commodity prices may fluctuate and are affected by factors beyond the control of the Company. These factors include world supply and demand for gold.

4.13 No Valuation possible of Murchison Projects

No formal valuation has been completed of the Murchison Project or the Shares. The Company makes no representation as to the value of the exploration assets. It is recommended that intending investors and their advisors should make their own assessment as to the value of the exploration projects.

4.14 Further Potential Acquisitions Possible

As part of its business strategy, the Company may make acquisitions of or significant investments in companies, products, technologies or resource projects. Any such future transactions would be accompanied by the risks commonly encountered in making acquisitions of companies, products, technologies or resource projects.

4.15 Other General Risks

The future viability and profitability of the Company is also dependent on a number of other factors that affect the performance of businesses in all industries and not just the mining exploration industries, including, but not limited to, the following:

- The strength of the equity and share markets in Australia and throughout the world.
- Currency fluctuations in particular with respect to the AUD/USD exchange rate.
- General economic conditions in Australia and its major trading partners and, in particular, inflation rates, interest rates, commodity supply and demand factors and industrial disruptions.
- Financial failure or default by a participant in any of the joint ventures or other contractual relationships to which the Company is, or may become, a party.
- Insolvency or other managerial failure by any of the contractors used by the Company in its activities.
- Acts of terrorism causing market instability.

4.16 Share Investment

Applicants should be aware that there are risks associated with any share investment. The prices at which Shares trade after listing on ASX may be above or below the issue price for the Shares under this Prospectus. The trading price of the Shares is likely to be highly volatile and could be subject to wide fluctuations in response to factors such as the results of exploration activity, actual or anticipated variations in the Company's operating result, additions or departures of key personnel, litigation or any press or other media reports issued by the Company or its competitors.

The Shares allotted under this Prospectus carry no guarantee in respect of profitability, dividends, return of capital or the price at which they may trade on ASX.

Certain statements in this Prospectus constitute forward looking statements that are subject to risks and uncertainties which may cause the actual income and expenditure of the Company to be different from expectations both expressed and implied.

4.17 Investment Therefore Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider the investment in the Company to be speculative and should consult their professional advisers before deciding whether to apply for Shares.

SECTION FIVE

D.W. Otterman Exploration Consultant
ABN 14 180 169 435

14 Sellars Way
Bull Creek WA 6149
Australia

Telephone: 61 8 9332 4081
Email: dwotterman@ozemail.com.au

17 September 2007

The Directors
Alchemy Resources Limited
Unit 9, 36 Ord Street
WEST PERTH WA 6005

Dear Sirs,

You have requested that D.W. Otterman Exploration Consultant ("OEC") prepare an Independent Consulting Geologist's Report ("Report") describing mineral exploration properties located in Western Australia in which Alchemy Resources Limited ("Alchemy") has acquired an interest. The report is to be included in a prospectus for the issue of up to 24 million shares in Alchemy at an issue price of 25 cents per share to raise up to $6 million before the costs of the issue ("Prospectus"). Alchemy proposes to lodge the Prospectus with the Australian Securities and Investments Commission on or about 18 September 2007. It is intended that a significant part of the funds raised will be used for the purposes of exploration and evaluation of the mineral properties.

The Report has been prepared by Mr David Otterman, principal of OEC. Mr Otterman holds a Bachelor of Science degree majoring in Geology from McMaster University in Canada and has more than 35 years professional experience, including several years at exploration management level. He has prepared numerous project reviews and information memoranda on behalf of project owners and prospective purchasers, and has worked in all Australian states, Canada and the United States of America, and briefly in other overseas locations. Mr Otterman is a Fellow of the Australasian Institute of Mining and Metallurgy, wherein he is accredited with Chartered Professional status in Geology, and a Member of the Australian Institute of Geoscientists.

The Report has been prepared in accordance with the Code and Guidelines for Technical Assessment and/or Valuation of Mineral and Petroleum Assets and Mineral and Petroleum Securities for Independent Expert Reports ("Valmin Code"). Mr Otterman has the appropriate qualifications and experience, and the independence, to qualify him as an "Expert" according to the definition of the Valmin Code. The locations of the project tenements are shown on maps accompanying the Report.

In preparing the Report, OEC has relied upon information provided to it by the Directors of Alchemy, together with other published and unpublished reports and data. Alchemy has warranted in writing that all material information in its possession has been made available and that, to the best of its knowledge and understanding, such information is complete, accurate and true. The principal sources of information are included in a bibliography at the end of the Report. The Report has been prepared to include information available up to and including June 2007. Alchemy has stated that all information provided by it may be presented in the Report and that none of the information is regarded as confidential.

The legal status of tenements, including Native Title considerations, is the subject of a separate Solicitor's Report which appears in Section 8 of the Prospectus. For this reason, these matters have not been considered in any detail in the Report. It has, however, been assumed that Alchemy will have lawful access to the tenements for the purposes of conducting exploration and evaluation activities. OEC has not been asked to comment on any vendor or promoter considerations to be paid by Alchemy. The potential consequences of exploration and mining on the environment within the project areas have not been assessed.

The mineral properties discussed in the Report are exploration projects, and as such, are inherently speculative in nature. Nonetheless, OEC considers that they have been acquired on the basis of sound technical merit, and are sufficiently prospective, subject to varying degrees of exploration risk, to warrant further exploration and assessment. Alchemy has prepared staged exploration and evaluation programs specific to the potential of each of the projects.

The exploration and evaluation programs summarised in the report anticipate total expenditure of approximately $1.655 million in the first year and $0.995 million in the second year. Alchemy intends to raise up to $6 million, at least half of which is understood to be committed to acquisition, exploration, development and administration of the mineral properties. The proposed exploration budgets also exceed the anticipated minimum annual statutory expenditure commitments for each of the project areas.

The statements and opinions included in the Report are given in good faith and in the belief that they are not false, misleading or incomplete. Copies of the relevant sections of the Report in draft form were provided to Alchemy together with a written request for comment as to errors of fact or misinterpretation, material omissions, or substantive disagreement as to the assumptions contained therein.

Neither OEC nor its principals has any relationship with Alchemy which could reasonably be construed as affecting their independence in the preparation of the Report. Neither OEC or its principals has any interest or entitlement, direct or indirect, in tenements held by Alchemy, or in the securities and assets of Alchemy, its principal shareholders, or any other company believed to be associated with Alchemy. OEC is entitled to receive a fee based upon normal professional hourly rates for the time taken in the preparation of the Report, plus reimbursement of out-of-pocket expenses necessarily incurred in the completion of the Report. This fee is payable regardless of the findings of the Report, or the success of the proposed capital raising.

The terms of OEC's appointment include the provision of an indemnity whereby Alchemy will indemnify and compensate OEC in respect of preparing the Report against any and all losses, claims, damages and liabilities to which OEC might become subject under any applicable law or otherwise arising from the preparation of the Report, and which arises wholly or in part from Alchemy or any of its officers providing OEC with any false or misleading information, or the failure of Alchemy or its officers in providing material information.

OEC has consented to being named as the Independent Geologist reporting on tenements in the form and context in which he is named and the inclusion of its Report in its entirety in the Prospectus in the form and context in which it appears, and has not withdrawn that consent prior to the lodgement of the Prospectus with the Australian Investments and Securities Commission. OEC has only been involved in the preparation of the

attached Report, and has authorised and/or caused issue of only that portion of the Prospectus, other than references to and comments relating to the Report elsewhere in the Prospectus. Neither the whole nor any part of the Report, nor any reference thereto may be included in or with, or attached to, any documents, circular, resolution, letter or statement without the prior written consent of OEC as to the form and context in which it is to appear.

Yours faithfully
D.W. Otterman Exploration Consultant

David Otterman BSc., *FAusIMM (CP), MAIG*
Principal

1 Executive Summary

Alchemy Resources Limited is a Western Australian based exploration company focused on exploring for gold mineralisation in Archaean greenstone belts within the Meekatharra District of the Murchison Mineral Field, Western Australia. Alchemy has applied for tenements in its own right and has acquired a number of gold exploration properties. The tenements lie within six separate project areas situated between Cue, Big Bell and Meekatharra in a gold district that has produced over 8 million ounces of gold.

The projects consist of over 300 square kilometres of granted tenements and over 500 square kilometres of tenement applications covering a strike length of almost 100 kilometres within the highly endowed Meekatharra-Wydgee Greenstone Belt (Figure 1). These projects are located over areas where regional scale structures, which are regarded as important controls on mineralisation, occur beneath variably thick Cainozoic cover sediments (Figure 2). The projects have received varying degrees of exploration particularly over the exposed bedrock and adjacent shallow cover environments. Exploration beneath cover, however, is incomplete and rarely systematic, these issues become more pertinent as the thickness of overburden increases. The widespread use of vacuum and auger drilling by previous explorers to sample the interface between transported cover and weathered bedrock is regarded as a low probability test of a targets' potential.

The Gidgee project consists of a single granted exploration licence, located about 40 kilometres southwest of Meekatharra townsite, and covers an area of 211.7 square kilometres along the western margin of the Meekatharra - Wydgee greenstone belt near its junction with the southern end of the Abbotts greenstone belt. The area, obscured by thick alluvium, contains recently recognized greenstone sequences mostly related to the southern part of the Abbotts greenstone belt. Geology, both from a lithological and structural viewpoint, has been found to be favourable to host gold mineralisation and possibly base metal mineralisation. In effect the Gidgee project has been only lightly explored by previous workers, exploration through the variably thick transported regolith that accounts for 90% of the project having previously been considered to be prohibitive.

Two regional, linear gold anomalies have been outlined in rotary air blast ("RAB") drilling on the property and consist of a southern anomaly about 4 kilometres long in the vicinity of Marsh Bore probably representing the strike extension of gold mineralisation to the south outside of the property, and a northern anomaly striking northeast from Cement Well Tank for 5.5 kilometres. Highest values were 2 metres at 0.38 g/t Au from 76 metres in ARCI147 in the northern anomaly and 2 metres at 0.31g/t Au from 80 metres in ARCI193 in the southern anomaly. Both the Marsh Bore and Cement Bore gold anomalies remain untested considering the 1600 metre and 800 metre by 200 metre aircore drill pattern and linear geometry of the anomalies. Similarly the source of the Gidgee Bore anomaly has not been satisfactorily determined.

As the tenement underlying this project is granted it will form one of the main areas of initial focus and early drilling. Alchemy's proposed program and budget is focused on the Marsh Bore and Cement Bore gold anomalies. Work will consist of aircore and RAB drilling to further define the anomalies and provide specific target areas for reverse circulation percussion ("RCP") drilling.

The Big Bell North Project is located 26 kilometres northwest of Cue and covers 125.5 square kilometres of the stratigraphy, including the Big Bell shear, along strike from the Big Bell Gold mine. It also covers extensions to several regional scale structures that traverse the project including the Cuddingwarra Shear, the Lenlee structure

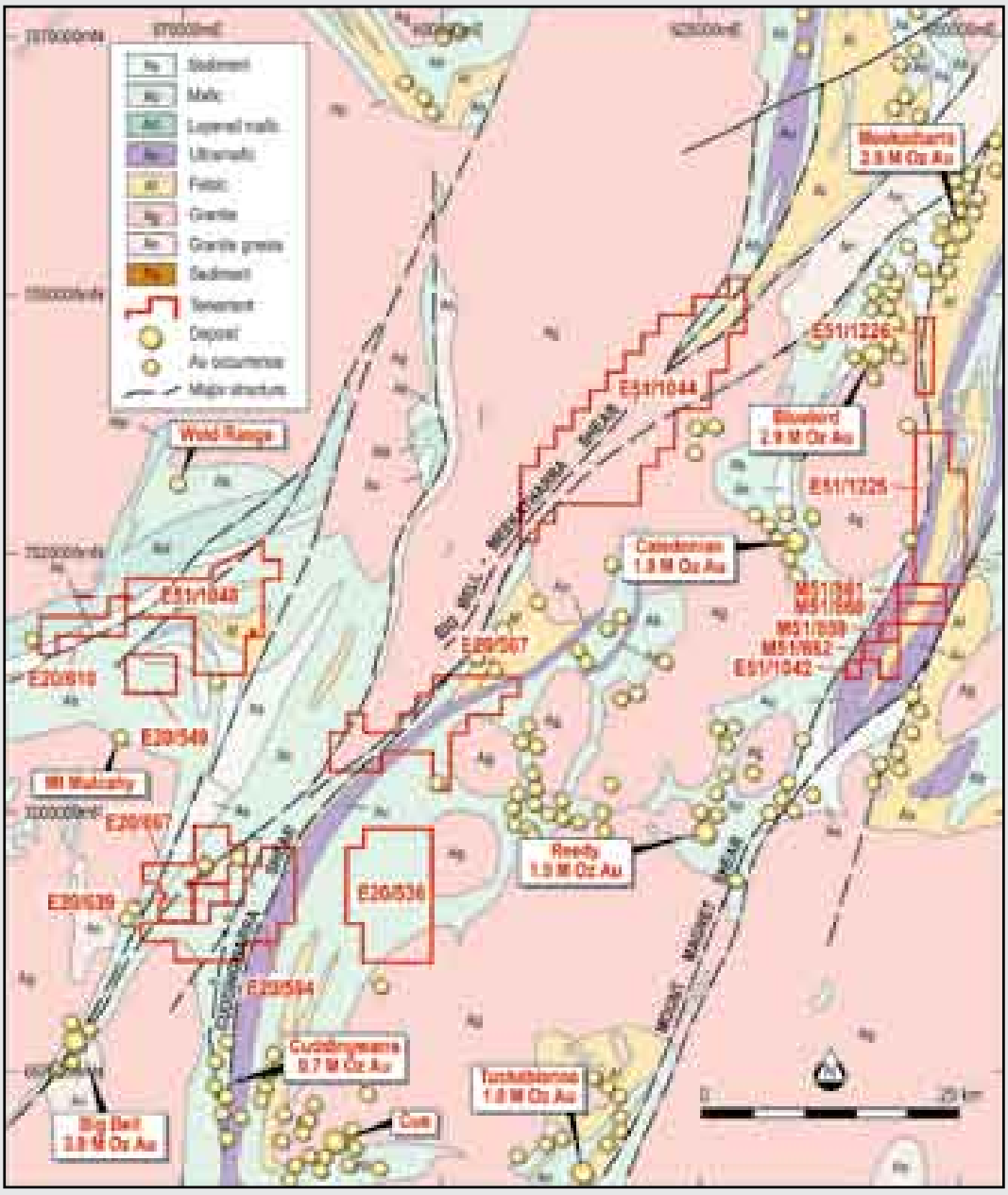


Figure 1: Tenement location and generalised geology of the northern Murchison District

and the BT Shear. Dilational sites associated with the closure of the Big Bell Anticline and layer-parallel shearing on the eastern flank together with the juxtaposition to the Big Bell Gold Mine form priority targets. Over 90% of the prospective stratigraphy in the area is obscured by a thick, variable regolith, prohibitive to historical exploration.

The Big Bell gold deposit is situated on the western limb of a regional north plunging anticlinal structure, the Big Bell Anticline which closes 14 kilometres to the north within Alchemy's exploration licence 20/667. Prior to mining, the Big Bell gold deposit contained resources in all categories totalling 26.5 million tonnes at 2.70 g/t Au for 2.3 million ounces of gold.

The project area has been explored for gold by numerous prospectors and exploration companies since the early 20th century and in particular since 1980. Significant surface gold has been won from one of two known small gold deposits within the project at Curtis Find without locating any primary source of mineralisation.

Proximity to the Big Bell gold mine, the interpreted extension of the Big Bell Shear and several old gold workings and prospects in the project area have inspired exploration over the past 25 years. Early workers concentrated on areas of outcrop and these areas can be considered tested. However, drilling by previous workers along the eastern limb of the anticline confirmed favourable stratigraphy under 146 metres of overburden. An opportunity exists to target this favourable stratigraphy in the vicinity of the fold closure and along the eastern side of the anticline.

The Ninden Hill project comprises, a single exploration licence application covering 97.8 square kilometres and underlain by a north-south striking package of mafic volcanic rocks intruded by dolerite and gabbroic sills. Alchemy intends to explore the property for lode vein type gold deposits in differentiated sills, similar in style to gold bearing lodes at Cue, 28 kilometres to the south. Over 60% of the prospective geology is mantled by a variably thick transported regolith.

Within the dolerite at Cue several crosscutting sigmoidal gold bearing quartz veins or reefs are developed occupying dilational fractures. Total historical production from this field is in excess of 1.4 million ounces of gold, most of the production having come from the Great Fingall and Golden Crown reefs. Gold is largely confined to the quartz reefs with the bulk of the ore confined within a granophyric unit. Although volcanogenic stratigraphy between Ninden Hill and Cue is largely stoped out by post-folding granitoid intrusions, aeromagnetic data suggests that the mafic volcanics and dolerite sills present on the Ninden Hill property are the northern continuation of the mafic volcanic package at Cue which hosts the Great Fingall dolerite sill.

A coherent 1.2 kilometre metre long BLEG soil anomaly (>6 ppb Au with peak values from 16 to 140 ppb Au) centred on an old prospecting pit in the northern part of the property, has not been drilled by previous workers. A peak value of 8.6 g/t Au was received from chip sampling of a quartz vein exposed in the old working within the anomaly.

At the south end of the Ninden Hill property, aeromagnetic data shows an apparent northeast trending structural dislocation in the generally north trending dolerite sills. Consequently the granophyric sections of the dolerite sills may have potential for gold mineralisation in this area. Similarly coarse grained dolerite detected in aircore drilling in the western margin of the tenement adjacent to a major shear zone presents a good target for gold exploration.

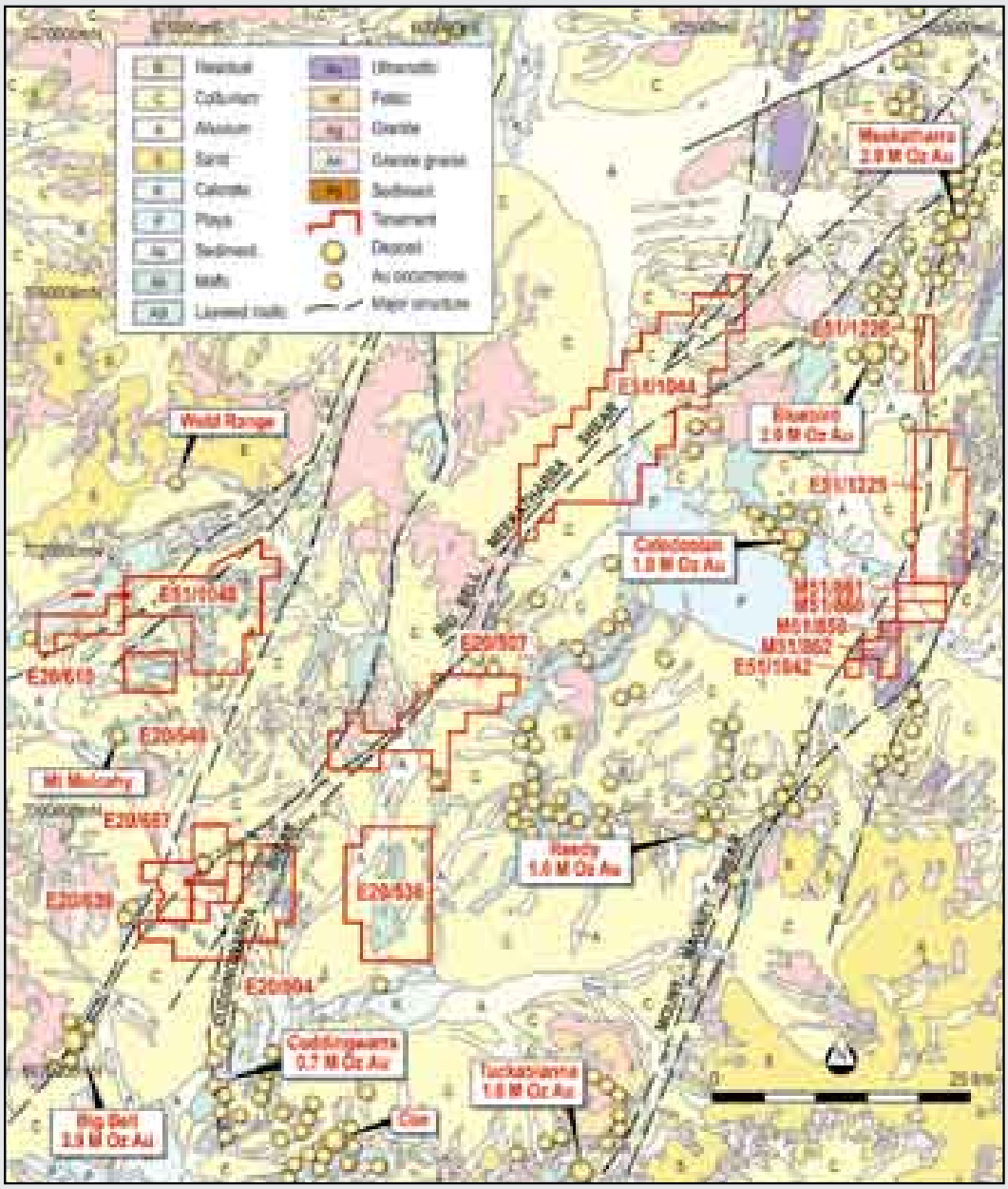


Figure 2: Tenement locations and generalised regolith of the northern Murchison District

The Polelle property covers a 71.1 square kilometre area, 10 to 45 kilometres south of the township of Meekatharra, straddling the eastern border of the Norrie Pluton and the adjacent greenstone succession. The north-south Mt Magnet Shear traverses the central and northern part of the project area. Gold mineralisation in the surrounding region is associated with quartz veins and stockworks hosted by sheared ultramafic rocks, altered mafic rocks and quartz-feldspar porphyry.

The property area was previously held by St Barbara Mines Limited ("SBM") as part of a vast holding of tenements in the Meekatharra area associated with its Meekatharra Mining Operations and a limited amount of exploration work has been carried out within the current tenement area. Further work carried out by Jindalee was orientated principally toward detecting the extensions of gold mineralisation discovered by SBM at Mulla Mulla just outside of the Polelle tenements. The blind Mulla Mulla deposit, now owned by Mercator Gold Plc, lies on the intervening ground between exploration licence applications 51/1225 and 51/1226. RC drilling intersections include 6 metres at 4.02 g/t Au from 137 metres (MMRC3) and 19 metres at 2.32 g/t Au from 91 metres (MMRC4), 5 metres at 3.82 g/t Au from 124 metres (MMRC15), 31 metres at 2.01 g/t Au from 164 metres (MMRC30) and 16 metres at 2.03 g/t Au from 35 metres (MMRC33). Fifty nine RC holes and 21 aircore holes have been drilled in the prospect.

Several drill holes on Polelle, including one line of RC drilling, have returned significant Au drill intercepts yet have received no systematic follow-up, This includes the single line of RC drilling which is open along strike for over 6 kilometres.

The Jeffery Well project is located 43 kilometres north of Cue township. A single exploration licence application of 82.6 square kilometres occupies a portion of the Meekatharra – Wydgee Greenstone Belt. A variably thick, complex regolith mantles more than 80% of the prospective greenstone stratigraphy, which is exposed mainly in the southwest and southeast parts of the property.

The thick regolith has been prohibitive to past explorers and previous exploration work, including RAB and aircore drilling, has concentrated on areas of exposed bedrock and thin cover. Most of the existing drilling remains at a fairly broad spaced pattern of 200 metres by 80 metres or 100 metres by 80 metres. Several gold-copper soil anomalies include a 600 metre long Cu-Au anomaly inadequately tested by interface vacuum and RAB drilling. Numerous historical Au workings are known at the "Stringer" prospect.

Tenements forming the Wydgee project are situated along the south side and to the east of the Weld Range, 45 km northwest of Cue. The project comprises an area of 117 square kilometres of which 105 square kilometres is granted exploration licences and the remainder is Prospecting Licence applications and one Exploration licence application location.

The property is underlain by a structurally complex sequence of felsic volcanic, mafic volcanic, ultramafic and metasedimentary rocks. The area was the site of a major gold rush in the early 1980s with the discovery of large amounts of gold nuggets in the soil plains lying over granite surrounding the Weld Range. The source of this gold has yet to be located.

Exploration has been carried out for gold and base metals over the past 35 years and drilling has been concentrated mainly on two prospects, Mustang Sally and Laterite Hill. There has been little broad regional RAB or aircore drilling traverses over most of the property, and in particular the western part of the tenement package toward

the Weld Range remains untested. Past exploration relied on suspect vacuum drilling and interface sampling techniques in shallow covered environments suggesting many areas have not been adequately tested.

Alchemy has proposed exploration programs and budgets for each of the project areas. Funds allocated to exploration over a two year period amount to $2.61 million in total with $1.655 million being spent in the first year and $0.955 million being spent in the second year. Approximately 55% of budgeted expenditure is allocated to drilling.

2 Regional Geology and Mineralisation

Alchemy's project areas are all located within the Murchison Province in the northwestern portion of the Archaean Yilgarn Craton of Western Australia. The mineral properties cover segments of the Meekatharra – Wydgee greenstone belt (Figure 1) which consists of two supracrustal greenstone sequences, the Luke Creek Group and the overlying Mount Farmer Group, together defined as the Murchison Supergroup. The greenstone rocks occur as arcuate belts lying between and intruded by large regions of granitoid rocks.

The Luke Creek Group consists predominantly of mafic volcanic and intrusive rocks (~70%), felsic and associated volcaniclastic (~20%), ultramafic rocks (~5%) and BIF (~5%). The Mount Farmer Group is also dominated by mafic rocks but differs from the Luke Creek Group in that it has slightly less ultramafic rock (4%) and a greater amount of epiclastic rock types (~6%).

The formations of the Luke Creek Group are laterally extensive and form a layer cake type stratigraphy that is continuous throughout most of the Murchison Province. In contrast the formations of the Mount Farmer Group are broadly contemporaneous and have a limited lateral extent. The Mount Farmer Group is thought to represent individual volcanic centres deposited on an infrastructure of Luke Creek Group rocks.

Four granitoid suites are present. Pegmatite and banded gneiss, ranging in composition from granodiorite to monzogranite, is interpreted to intrude only the Luke Creek Group, whereas extensive foliated monzogranite and compositionally diverse post-folding granitoid intrude both the Groups. Later granitoid typically forms circular intrusions internal to the greenstone around which the greenstone succession is deformed. Porphyry dykes and masses are widely distributed throughout the greenstone rocks. East-northeast trending Proterozoic mafic dykes occur throughout the area.

The greenstone succession is predominantly metamorphosed to greenschist or lower amphibolite facies, although locally to granulite facies. A complex deformation history with at least five major phases of deformation is recognised. Early recumbent folding, and possible thrusting, was followed by two phases of upright folding forming fold-interface patterns. A final extensive system of shear zones and faults, cutting all earlier structures, is intimately associated with Au mineralisation.

Watkins & Hickman 1990, presented an overview of regional and local metallogenic controls on gold mineralisation in the Murchison Province as follows:

- Most deposits are located on, or within 1 kilometre of regional faults and shear zones, some of which extend more than 200 kilometres.
- Almost all the deposits are situated in greenstone belts despite the fact that these occupy less than 20% of the province's total area.

- Deposits generally occur within 2 kilometres of granite-greenstone contacts and most are located close to post-folding granitoid intrusions.
- Deposits are concentrated in the upper three formations of the Luke Creek Group.

Gold mineralisation was not a single event but occurred in stages over about 400 million years. The close spatial association with faults and shear zones strongly supports the view that these acted as conduits for gold bearing hydrothermal fluids. The most important factors controlling the precise location and form of epigenetic gold deposits are ore-fluid composition, depositional pressure - temperature conditions, local structure and wallrock lithology. Local structure provided access for ore-fluids and space for deposition, whereas wallrock - ore-fluid reactions largely controlled gold precipitation. Most deposits are hosted either by mafic rocks, ultramafic rocks, BIF or chert, with a lesser number of deposits occurring in felsic volcanic, clastic metasedimantary and granitoid rocks.

Mafic rocks, principally tholeiitic basalt and less commonly dolerite, generally host gold deposits in single quartz veins or simple quartz- carbonate vein systems. Ore shoots are narrow (generally 0.5 - 2 metres), long (horizontally) and of moderate though relatively constant grade. Economic gold mineralisation is generally confined to the veins, and wallrock alteration (chiefly carbonation, chloritization, potassium metasomatism and pyritization) is typically restricted to narrow (about 1 metre) zones.

Gold deposits in ultramafic rocks, ranging from peridotite to komatiitic basalt normally occur in shear zones and consist of numerous lenticular and discontinuous quartz veins and stringers in talc-chlorite and talc-carbonate schist. In many areas sills of quartz-feldspar porphyry intrude these units, and are accompanied by marginal carbonation, silicification and fuchsite development. Quartz veins at porphyry-schist contacts, and sulphidic quartz veinlets within the porphyry bodies locally contain medium to high gold values. Extensive low-grade gold mineralisation in the ultramafic schists permits large-scale bulk mining.

BIF and chert host two main categories of deposit: stratabound gold bearing sulphide-rich lenses, and erratic high-grade shoots at intersections with faults and quartz veins. Stratabound orebodies are commonly wide, long and extend to depths of several hundred metres, whereas the narrow shoots are typically short, isolated and sub-economic below the zone of supergene enrichment.

Other types of epigenetic gold mineralisation such as deposits in felsic volcanic, granitoid and clastic metasedimentary rocks, are far less common and relatively small, the only exception being Big Bell. Containing more than 100 tonnes of mineable gold, the Big Bell deposit is a stratabound, pyritic quartz- muscovite-k feldspar schist lode within high grade metamorphic rocks, probably representing metasomatized volcanogenic sediments. The deposit is located on a shear zone close to a granite-greenstone contact, and probably occupies a local dilation structure.

3 Gidgee Project

The Gidgee project consists of a single granted exploration licence 51/1044 located on Annean pastoral station about 40 kilometres southwest of Meekatharra townsite and covering an area of 211.7 square kilometres. Access to the property is by way of the Great Northern Highway and by numerous station tracks within the property.

Exploration licence 51/1044 has been acquired by Alchemy through a purchase and sale agreement. Details of the tenement and the agreement are provided in the Solicitor's report Section 8 of the Prospectus.

3.1 Geological Setting

The Gidgee licence covers part of the covered western margin of the Meekatharra - Wydgee greenstone belt near its junction with the southern end of the Abbotts greenstone belt the central portion of which is located 15 kilometres west of Meekatharra townsite. The area, previously interpreted to be entirely underlain by granite, has subsequently been interpreted from aeromagnetic data to contain greenstone sequences mostly related to the southern part of the Abbotts greenstone belt.

The main part of the Abbotts belt is roughly triangular in shape extending over 40 kilometres north-south and about 20 kilometres at its maximum width. North from Cement Tank Well within E51/1044 the belt is essentially a canoe-shaped synform with the deepest part of the keel near Big Gum Well to the north of the tenement area. In the better exposed western part of the belt a synclinal axis has been proved by facings in sediments and differentiated mafic sills.

The lowest stratigraphic units in the Abbotts belt are komatiitic and tholeiitic mafic volcanics and pillow lavas with minor interflow sediments. These extrusive rocks pass abruptly upwards into a distinct coarse volcaniclastic unit of probable dacitic composition. Textures in this unit suggest they are reworked volcanic debris flows from a contemporaneous subaqueous volcanic eruption. The volcanics pass upwards into a thick sequence of finer grained epiclastic volcanic rocks, sandstone and argillite that occupy the core of the regional fold. Many horizons of sulphide-rich black shale are present within the argillite units.

A suite of ultramafic-mafic sills intrude both the mafic and felsic volcanic stratigraphy. Most of the sills are differentiated with peridotitic bases passing up through pyroxenite to gabbro. In the upper parts of the stratigraphy the sills are commonly spatially associated with the sulphidic shale. The central and eastern parts of the Abbotts belt are extensively weathered and outcrop on the tenements is generally poor. In this area, the weathering of sulphidic shale produces distinctive dark gossans anomalous in base metals.

The Abbotts belt has a marked structural asymmetry about the north-south trending synclinal axis. On the western limb the stratigraphy is approximately 9 to 10 kilometres thick. On the eastern limb the stratigraphy has been flattened and is only 3 to 4 kilometres thick. A major northeast trending deformation zone, which passes through the length of E51/1044, generally marks the eastern contact of the greenstone belt with an external granitoid. The zone is a major regional feature and the aeromagnetic data indicates it can be traced to the southwest for at least 100 kilometres. Several strike-parallel faults are also present within the stratigraphy some of which may represent reactivated low angle normal faults.

Within E51/1044, the stratigraphy has been interpreted to consist of a northeast trending central core of intermediate and felsic volcaniclastic rocks, shale and wacke, occupying the central part of the syncline. These

rocks are flanked by mafic and ultramafic rocks, the contact between the volcaniclatic and the mafic-ultramafic assemblage on the east side of the belt represented by the major northeast trending structure referred to previously. Granitoid intrusions occur on the eastern side of the syncline only and in the south have intruded the mafic-ultramafic assemblage.

There are no known old workings or mineral showings within E51/1044. However showings of gold mineralisation occur at Weebacarry to the south of the tenement and gold has been mined from quartz veins within granite at Wanganui, 1.5 kilometres east of the eastern boundary of E51/1044.

3.2 Exploration History

Recorded exploration within what is now E51/1044 commenced in 1992 with Western Mining Corporation's ("WMC") Arcadia Project. The area was perceived by WMC to be of interest for gold mineralisation of a style similar to that at Big Bell hosted in a previously unrecognized portion of greenstone belt covered by thick alluvium.

In 1994 WMC commissioned Kevron Geophysics to fly an aeromagnetic survey of 7404.4 line kilometres at a line spacing of 50 metres and a sensor height of 50 metres. Geology was interpreted from the aeromagnetic data. Six zones of interest were identified and eventually examined by WMC. Within E51/1044 these included, Gidgee Bore (an unusual magnetic anomaly 2 kilometres long in the centre of the licence), Wanganui (the southern extension of a major fault), Marsh Bore (the strike continuation of known gold mineralisation to the south at Weebacarry Bore) and Cement Well (the convergence of mafic- ultramafic stratigraphy and the mineralised Abernathy shear zone).

Subsequently 348 aircore drill holes were completed for 21,014 metres drilled in the Arcadia project area of which 229 holes are located within E51/1044. Within E51/1044 the holes were generally drilled at 200 metre intervals on lines 1600 metres and 800 metres apart. Two linear gold anomalies (greater than 50ppb Au) were outlined: a southern anomaly extending from 2 Mile Bore to Marsh bore (4.25 kilometres), probably the strike extension of gold mineralisation to the south at Weebacarry Bore, and a northern anomaly extending northeast from Cement Well Tank for 5.5 kilometres. Highest values were 2 metres at 0.38 g/t Au from 76 metres in ARCI147 in the northern anomaly and 2 metres at 310ppb Au from 80 metres in ARCI193 in the southern anomaly.

A more spurious group of isolated anomalous gold values was intersected in the vicinity of Gidgee Bore with a best result of 2 metres at 190ppb Au from 43 metres in a possible 10 to 20 metre wide supergene zone in ARCC4. In ARCC24 a 1 metre intersection of 1.36 g/t Au in alluvium from 34 metres remains unexplained. The intersection occurs within a 10 metre wide zone of elevated gold at the 5 to 100 ppb level and as such may be a supergene zone. However the lack of elevated gold values in adjacent holes does not support this supposition.

At Gidgee Bore drill traverses located both margins of the greenstone belt. The western contact with external granite was obscured by deep alluvium. The greenstone belt lithologies consisted of metabasalt, komatiitic basalt, mafic schist and carbonaceous and sulphidic metasedimentary rocks. The sulphide present was predominantly pyrrhotite.

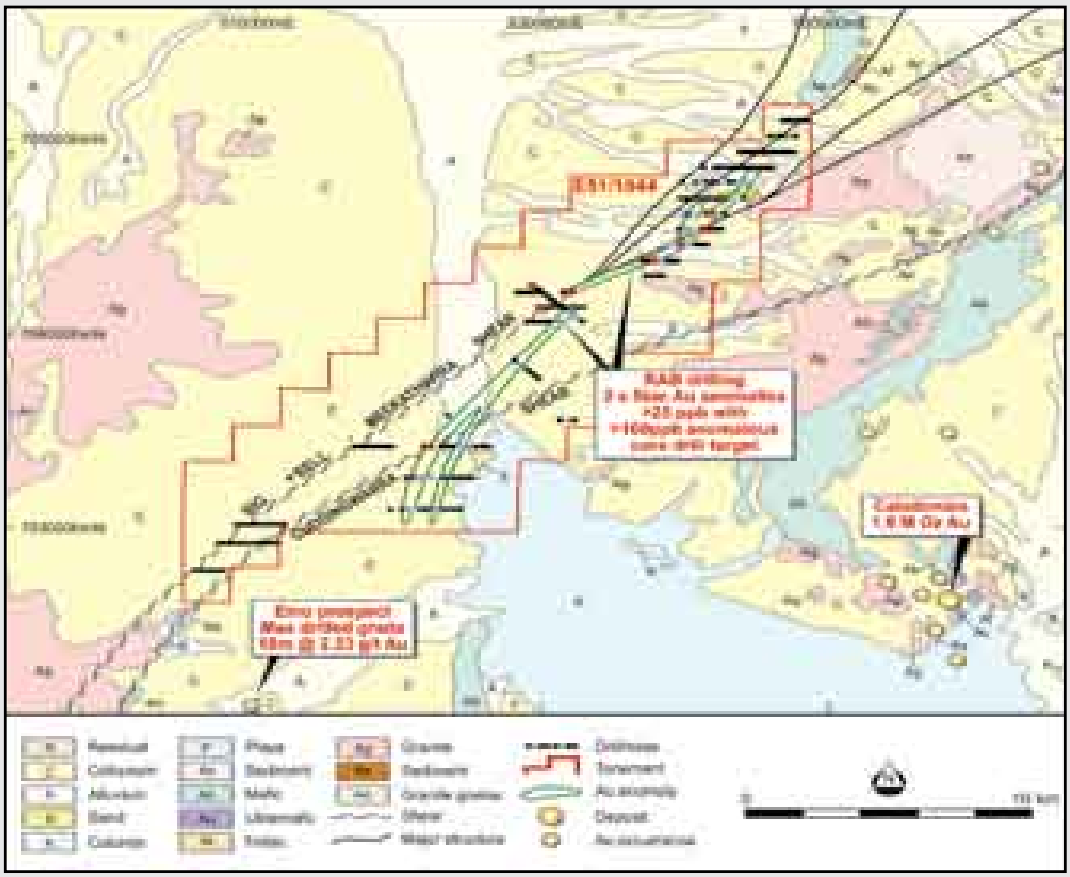


Figure 3: Gidgee project

Two distinct lithologies were encountered at Wanganui. Metasedimentary schist consisting of quartz, chlorite (amphibole) and feldspar and possibly derived from epiclastic felsic volcanic rocks; and feldspar-porphyritic bearing metabasalt. The basalts are variably schistose.

At Marsh Bore lithologies intersected included basalt, dolerite, ultramafic, granite and gneiss. Cover conditions varied from 10 metres to 108 metres, with deep channel clays interested in several holes. A thick, hard blanket of silcrete was encountered near surface in several holes, overlying channel clays. Some gold anomalism was reported from this clearly non-residual material.

The most northern traverses at Cement Well encountered basalt and dolerite with minor quartz veining, and shallow oxidation. Transported alluvial cover was present in all holes to depths of 4 to 10 metres. Little alteration was present, and no significant cross¬cutting mineralising structures were intersected. The basalt intersected was often schistose, and contained copper values of 10 to 250 ppb, but lacked gold and arsenic anomalism, the only gold value of significance reported being 2 metres at 34 ppb from a foliated basalt in ARCI48.

WMC relinquished the project in 1998. During 2001 an 2002, Australasian Gold Mines NL reviewed the WMC data and completed regolith interpretation from Landsat imagery. Although AGM concluded that the Cement Well prospect warranted further exploration, no ground work was carried out. No further work has been reported since 2002.

3.3 Exploration Potential and Strategy

The Gidgee project has been only lightly explored by previous workers. Geology, both from a lithological and structural viewpoint, has been found to be favourable to host gold mineralisation and possibly base metal mineralisation. Both the Marsh Bore and Cement Bore gold anomalies remain untested considering the 1600 metre and 800 metre by 200 metre aircore drill pattern and linear geometry of the anomalies (Figure 3). Similarly the source of the Gidgee Bore anomaly has not been satisfactorily tested.

Alchemy has proposed a program and budget to explore for gold and base metals with initial focus on the Marsh Bore and Cement Bore gold anomalies. Work will consist of aircore and rotary airblast ("RAB") drilling to further define the anomalies and provide specific target areas for reverse circulation percussion ("RCP") drilling.

Budgeted expenditure for the first two years is $525,000 of which $130,000 will be spent on drilling in the first year, with provision of a further $180,000 for follow-up RC and diamond drilling. The proposed budget and program are considered to be consistent with the exploration model and the potential for discovery of gold deposits. Budgeted expenditure is adequate to complete the proposed program and to meet statutory expenditure commitments.

Gidgee – Exploration Program	**Yr 1 $**	**Yr 2 $**	**Total $**
Data compilation/evaluation	10,000	30,000	40,000
Mag reprocess and interp	15,000		15,000
Regolith interp	10,000		10,000
Geochem re-interp	5,000		5,000
Geological mapping	20,000	10,000	30,000
Geological drafting	10,000	10,000	20,000
Geochemical surveys		15,000	15,000
Geophysical surveys	40,000		40,000
Heritage survey	20,000	20,000	40,000
RAB/Aircore Drilling	50,000	30,000	80,000
RC Drilling	80,000	100,000	180,000
Diamond Drilling		50,000	50,000
Total	**260,000**	**265,000**	**525,000**

4 Big Bell North

The Big Bell North Project is located 26 kilometres northwest of Cue and covers the stratigraphy along strike from the Big Bell Gold mine, including the Big Bell shear (Figure 4). The project consists of three exploration licence applications (20/594, 20/639 and 20/667) covering 125.5 square kilometres.

The tenements have been acquired by Alchemy through a purchase and sale agreement. Details of the tenements and the agreement are provided in the Solicitor's report Section 8 of the Prospectus

Access to the project is via the Great Northern Highway to Cue, then along the Big Bell mine and Glen Station roads. Numerous station tracks provide good access to all areas of the tenement holding.

The Big Bell gold deposit has been used as a type example for exploration for similar gold deposits in the region. It is situated on the western limb of a regional north plunging anticlinal structure, the Big Bell Anticline. The anticline closes 14 kilometres to the north within exploration licence 20/667. An earlier isoclinal or thrust structure, the Big Bell Shear, represented by an intense schistosity, is folded by the regional anticline. The ore zone lies between intermediate schist and chloritic schist within a locally overturned part of the west limb of the anticline and is confined to a quartz muscovite potassium feldspar rock with a biotite schist hanging wall and a felsic volcanic schist footwall. Resources in all categories prior to mining totalled 26.5 million tonnes at 2.70 g/t Au for 2.3 million ounces of gold.

4.1 Geological Setting

The project area contains rocks of the Luke Creek Group, which comprises the Golconda, Gabanintha and Windaning Formations. Units of the Golconda Formation (interlayered mafics, ultramafics and BIF's) are folded around the nose of the Big Bell Antiform, formed around a biotite monzogranite, and are overlain by the Gabanintha Formation (mafics, ultramafics and volcaniclastics). Moderate to strong regional deformation has resulted in a dominant northeast - southwest trend.

Approximately 90% of the surface area is covered by laterite, colluvial scree and alluvial sheetwash. Exposed rocks consist of foliated dolerite, talc-chlorite schist, high-Mg basalt (komatiitic), carbonate altered basalt and minor ultramafic units.

The northern portion of the north plunging (30° to 40°) Big Bell Anticline is exposed in the southwestern part of the project area. Here folded units of the Golconda Formation comprise dolerite, amphibolite and gabbroic rocks intruded by thin quartz-albite ± biotite porphyry dykes. These units dip at approximately 20° to 40° and plunge to the north beneath colluvial cover.

Mafic units of the Gabanintha Formation (dolerite, basalt) dominate the major part of the project area. These units dip steeply (sub-vertical) to the west and trend to the north east. The basalt units have patchy carbonate-chlorite-magnetite alteration.

Minor units of the Windaning Formation (sediments and volcaniclastics) are found in the north western portions of the tenement area.

Interpretation of aeromagnetic data suggests most of the project area is located between a large drag fold to the northeast and the Big Bell Anticline to the southwest. The northeast trending Big Bell Shear is interpreted to transect the western and northwestern sections of E20/667 and the north-northwest trending Cuddingwarra shear is interpreted to traverse the project area from the centre of the southern boundary of E20/639 diagonally through E20/667. Several other north-south structures, notably the Lenlee structure and the BT Shear, are also interpreted to traverse the project area.

4.2 Exploration History

The project area has been explored for gold by numerous prospectors and exploration companies since the early 20th century and in particular since 1980. Proximity to the Big Bell gold mine, the interpreted extension of the Big Bell Shear through the project area and several old gold workings and prospects has inspired exploration over the past 25 years. In 1980, a prospector outlined a strong gold geochemical anomaly from pisolite sampling in the vicinity of Behring Bore (Karbar Station) and subsequently optioned two mineral claims containing the anomaly to Metana Minerals NL ("Metana"). During 1983, Getty Oil and Development Company ("Getty") entered into a joint venture with Metana and explored the two mineral claims and a surrounding exploration licence. Getty undertook soil sampling, RAB and RC drilling and delineated a small deposit of gold mineralisation 600 metres north of Behring Bore. Anomalous gold was also detected in RAB drill holes to the west of this mineralisation.

In 1984, Little River Resources Pty Ltd ("LRR") purchased Getty's interests in the project and entered into a joint venture with Metana. Their work included extensive soil sampling and RAB drilling. Further RC drilling on the gold mineralisation near Behring Bore increased the extent of mineralisation present, but average grade was lowered. This prospect is currently held by Murchison Mining Co Pty Ltd under M20/455 and is excised from Alchemy's holdings. Gold occurs in a dolerite intruded into felsic metasediments. A similar dolerite occurs further west towards the Curtis Find area.

At Curtis Bore gold mineralisation was found to be associated with quartz veining in a felsic schist sequence also containing pyrite and pyrrhotite as disseminations, blebs and thin stringers. The felsic schist sequence at Curtis Find and Behring Bore was more clearly defined by diamond and RC drilling and interpreted to represent interflow sediments between basalt. Intruded along this zone is a dolerite sill that shows evidence of gold mineralisation (up to 2 g/t Au in rock chips and soil anomalism) over 3 kilometres on the dolerite-metasediment contact.

In 1987 and 1988 Kestral Mining collected thirteen stream sediment samples and one rock sample from the central part of what is now E20/639. No anomalous results were recorded and no further work was undertaken.

In 1988 the joint venture between LRR and Metana was dissolved and the area was taken up by Placer (Western Australia) Limited ("Placer"). At the same time Getty carried out geological mapping and RC and diamond drilling (11 holes) in the vicinity of Curtis Find, where numerous alluvial workings and shallow pits occur and dryblowing and metal detecting had won significant gold. Getty's work failed to locate significant gold mineralisation.

Placer's work, in joint venture with Wirralie Gold, between 1989 and 1992 consisted of BLEG sampling and a ground magnetic survey. Spatial frequency noise associated with alluvial ferruginous material rendered the

magnetic data unsuitable for interpretation. Drilling targeted northwest-southeast structures interpreted from aeromagnetics and supported by soil anomalism, but no significant mineralisation was intersected and no further work was carried out.

Between 1985 and 1989 Australmin Holdings Ltd and Freeport Australia Incorporated drilled 451 RAB holes and collected 157 rock chip samples from an area in the southwest of the tenement interpreted from aeromagnetic data to have a similar structural setting to that of the Big Bell gold deposit. No gold anomalies were detected. Further RAB drilling was carried out over the northern continuation of the Big Bell structure, interpreted to extend along the western margin of the tenement holding. Drilling results were low, the highest values reported being 0.6 ppm gold and 11.5 ppm silver.

In 1990, Homestake Australia Ltd reviewed drilling data from previous explorers work for Curtis Find and carried out geological mapping. Homestake concluded that the thick overburden made systematic drilling prohibitive

From 1993 to 1995 Posgold Pty Ltd carried out exploration on its Behring Bore Project and reinterpreted multiclient aeromagnetic data, completed a BLEG soil sampling programme on 25 metre by 500 metre centres and carried out RAB and aircore drilling on several combined soil anomaly/structural targets. Ground magnetic surveying and regolith mapping were also carried out. Eight RC holes were drilled on the Piston Anomaly for 728 metres. A minus 80 mesh subsample of the BLEG samples was analysed for Au, Bi, Mo, Sb, Cu, Zn, Ag, As, Fe, Mn and Ag. Peak gold value from the BLEG analysis was 64.5 ppb in a broad linear zone of anomalous results. The multi element analysis returned a peak value of 110ppb Au.

At the Bonnet Workings (a series of shallow shafts and pits), RAB drilling intersected 12 metres at 1.21 g/t Au in a steeply dipping north-northeast trending axial plane structure and anomalous gold results in less consistent flat lying zones. The broad linear anomalous zone with a peak BLEG value of 64.5 ppb Au, named the Piston anomaly, returned a RAB drill intersection of 12 metres at 1.11 g/t Au and RAB drilling beneath shallow workings on the Clutch Vein and Brake Vein gave best results of 8 metres at 0.82 g/t Au and 2 metres at 1.25 g/t Au respectively.

Several other target areas, including Central Yardarino, Old Shaft and Areas 1, 2 and 3, were tested by RAB drilling. Results were generally disappointing with a best value of 2.85 g/t Au within 6 metres at 1.49 g/t Au from 62 metres (RAB hole BB43RB) in ironstone within foliated and sheared fine grained basalt in Area 2. A zone of As anomalism with assays up to 500 ppm As was outlined in Areas 2 and 3 and was thought to be related to an interpreted north-northeast trending structure extending south from the Piston area. In general RAB drilling results suggested mineralisation was associated with zones of strong foliation and /or with contacts between mafic rocks and sedimentary rocks.

A total of eight RC holes (BPRC001-008) were drilled to test the down dip potential of structures at the Piston Anomaly, following encouraging results from the RAB program. Holes were drilled on two fences away from existing RAB lines. Rock types intersected consisted of sheared dolerite in contact with a sedimentary unit to the east. The dolerite showed local variations of shearing, silicification and sulphidisation. Talc-chlorite alteration was also observed along shear planes. The RC drilling also showed a more restricted anomalous Au dispersion halo (up to 1.2 metres at 1.41 g/t Au from 16 metres, BPRC004) in the clayey oxidised upper saprolite zone.

Fresher samples showed the anomalous results to be confined predominantly to weakly to strongly silicified and pyritic zones within the dolerite. These intercepts were patchy, poorly constrained and generally disappointing. Best results were BPRC003 (6 metres at 0.86 g/t Au from 4 metres), BPRC004 (12 metres at 0.77 g/t Au from 38 metres), BPRC006 (4 metres at 0.47 g/t Au from 58 metres and BPRC007 (2 metres at 1.1 g/t Au from 54 metres). No further work was recommended.

From 1994 to 1997, Posgold with Yardarino Mining NL explored the southern part of the current project tenement area in what was called the Big Bell East Joint Venture. This project covered a portion of the area originally held by Posgold and described above. It was considered that previously reported gold anomalies indicated the mineralised extension of the Big Bell shear in the area and exploration focused on the interpreted shear extensions to the Big Bell and Cuddingwarra shear zones and other structures in the tenement holding. Prospects targeted with RAB and aircore drilling included Central Yardarino, Southwest Yardarino, Silicified Dyke, East Yardarino and Curtis Find. In general results were disappointing with no intercepts greater than 200ppb Au. RAB and aircore drilling of other low to moderate tenor gold-in-soil anomalies along structural targets returned intercepts of up to 200ppb Au.

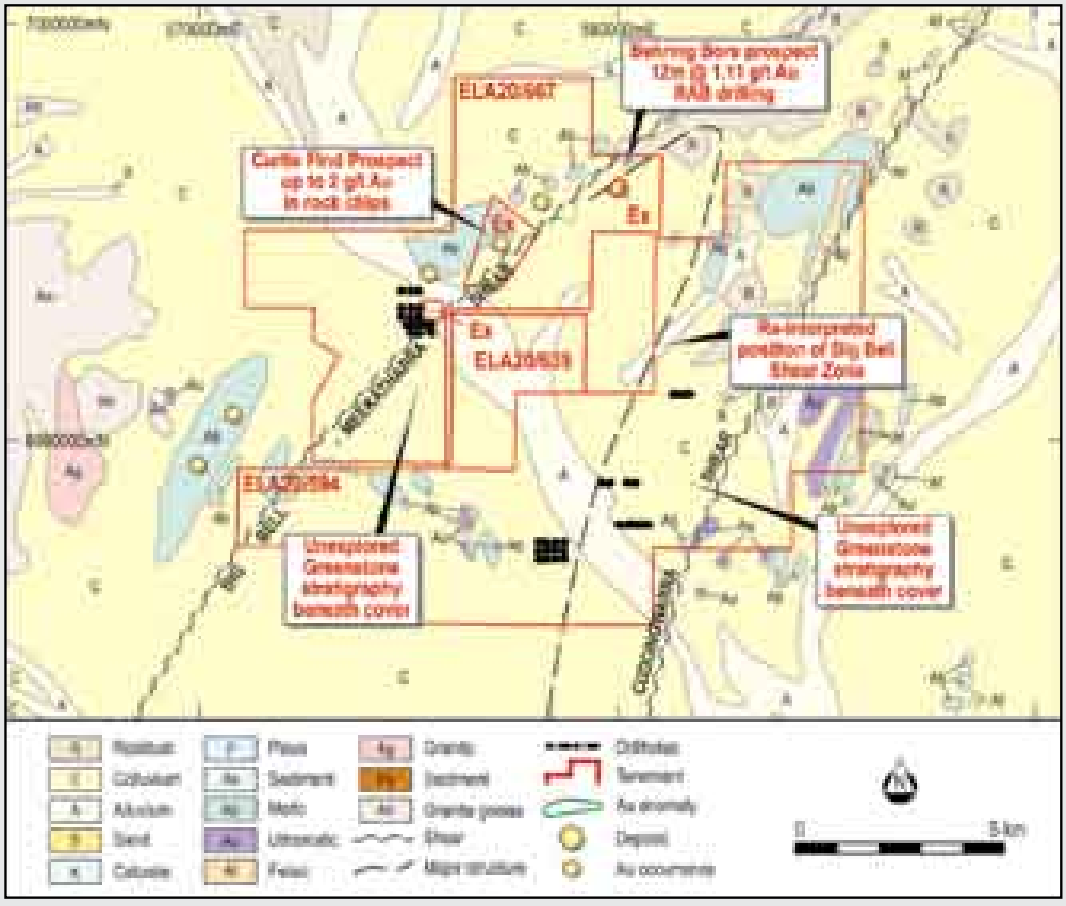


Figure 4: Big Bell North project

In 1996 Posgold drilled three RC holes targeting the Big Bell Shear 1 kilometre south of its interpreted intersection with the Cuddingwarra Shear. Two holes intersected supergene gold values (BRC403: 7 metres at 0.90 g/t Au from 73 metres and BRC404: 7 metres at 0.54 g/t Au from 47 metres) associated with the shear zone. It was suggested that the Big Bell – Cuddingwarra Shear intersection to the north was a possible source area but had never been drilled due to the presence of more than 100 metres of Tertiary paleochannel sedimentary cover at this location.

In 1997, under joint venture with Yardarino Mining NL and Croesus Mining NL, Perilya Mines NL drilled 49 aircore holes for 4252 metres in the vicinity of the Big Bell Shear – Cuddingwarra Shear intersection in the western part of E20/667. A series of traverses investigated the possibility that previously reported anomalous gold values in RC holes indicated the presence of a significantly mineralised extension of the Big Bell Shear in this area. Difficult drilling conditions were encountered due to the depth of transported cover in the area (36 metres to greater than 100 metres) and many holes were stopped before blade refusal was reached. Sections of some traverse lines were considered too difficult to attempt. Results were disappointing with no values greater than 200ppb Au intersected. No further work was carried out.

Jindalee Resources Limited acquired the current tenement package in 2000. Following target identification from interpretation of aeromagnetic data, 23 RAB holes and 26 aircore holes were drilled. Best value intersected to date was 5 metres at 154ppb Au from 25 metres (hole BBNR02) on the eastern side of the apex closure of the Big bell Anticline in E20/667 . Only 4 of the 23 structural targets identified have been tested.

4.3 Exploration Potential and Strategy

The timing of mineralisation at Big Bell is variously postulated to be early pre-and syn-amphibolite metamorphism (D2 folding) or post peak metamorphism. However, there is some agreement that the Big Bell Shear is probably an early D1 structure. This is significant because the Big Bell stratigraphy is folded, so the Big Bell shear would be folded around the anticline and would not continue to the NE as many previous explorers have interpreted. Similarly the Cuddingwarra Shear has now been interpreted to trend northeast through the tenement area rather than north-northwest, possibly replacing the position of the Linlee Structure. The two structures most likely intersect on the eastern limb of the anticline rather than further northwest near the apex of the fold. This represents the possibility of a significant mineralised plumbing system, which has been inadequately tested.

Early workers concentrated on areas of outcrop. However, in the mid 1980s, Getty drilled the eastern limb of the anticline and confirmed the continuation of the felsic volcanics under 146 metres of overburden. Homestake in the early 1990s approached the area with the same idea, but after reviewing previous exploration concluded the overburden was prohibitive. An opportunity exists to target favourable stratigraphy under cover not previously tested due to high water flows and deep cover. The main areas of interest would be the fold closure and eastern side of the anticline covered by alluvial material within and surrounding Behring Creek.

Other areas to the north where there is known mineralisation (Curtis Find) have probably been adequately tested and a thorough review of previous work would be required before any further work is undertaken.

Alchemy has proposed an initial phase of work consisting of a complete review of historical data followed by infill geological mapping prior to carrying out drilling. Some remote sensing data including Landsat imagery and detailed aeromagnetic data would need to be acquired. Specific target areas sought include:

- favourable stratigraphy (felsic volcanic rocks)
- felsic intrusions and/or favourable alteration
- the Big Bell Shear and the Cuddingwarra Shear and their intersection.
- anomalous Au values in soil sampling surveys and RAB drilling

Reconnaissance drilling based on the data review, consisting of aircore holes to an average depth of 75 metres or RAB drilling in areas of low water flow is proposed to be carried out on 800 metre spaced lines with drill holes 100 metres apart.

A two year budget of $430,000 has been drafted and includes $260,000 for RAB/Aircore and RC percussion drilling and associated costs. OEC believes the proposed exploration concept and program to be consistent with the mineral potential of the project area and the type of gold deposit sought.

Big Bell North – Exploration Program	**Yr 1**	**Yr 2**	**Total**
	$	**$**	**$**
Data compilation/evaluation	10,000		10,000
Mag reprocess and interp	10,000		10,000
Regolith interp	15,000		15,000
Geochem re-interp	15,000		15,000
Geological mapping	20,000		20,000
Geological drafting	10,000		10,000
Geophysical surveys	30,000		30,000
Geochemistry	30,000		30,000
Heritage survey	15,000	15,000	30,000
RAB/Aircore drilling	50,000	30,000	80,000
RC Drilling	80,000	100,000	180,000
Total	**285,000**	**145,000**	**430,000**

Budgeted expenditure is adequate to cover the costs of the proposed exploration program and to meet annual expenditure commitments set by the Department of Industry and Resources, Western Australia.

5 Ninden Hill

On the Ninden Hill property, Alchemy is exploring for lode vein type gold deposits in differentiated sills, similar in style to the Great Fingall and Golden Crown lodes at Cue 25 kilometres to the south. The property consists of a single exploration licence application 20/536, covering 97.8 square kilometres. The tenement is located on Nallan and Karbar pastoral stations and is accessed via the Great Northern Highway which passes to the east of the licence. Numerous station tracks provide access within the licence area. Topography is subdued with a variation of about 10 to 30 metres above the base level of 425 metres above sea level. Pirgan Hill to the east of the property rises to 498 metres above sea level.

E20/536 has been vended into Alchemy through a sale and purchase agreement. Particulars of the tenement and the agreement are provided in the Solicitor's report Section 8 of the Prospectus.

5.1 Geological Setting

The tenement is underlain by a north-south striking package of mafic volcanic rocks intruded by dolerite and gabbroic sills (Figure 5). Small oval to circular post-folding granitoid bodies occupy the northeast and southwest corners of the licence and at least three Proterozoic dolerite dykes striking east-northeast traverse the area.

The Archaean volcanogenic package from west to east consists of:

- intermediate volcanic rocks, dolerite (600 metres thick);
- basalt (1 to 5 kilometres thick);
- amphibolitized basalt (500 metres thick);
- dolerite (600 metres thick);
- granophyric gabbro (500 metres to 2 kilometres thick);
- dunite and pyroxenite (200 metres thick);
- amphibolite (1 kilometre to 2 kilometres thick) containing a strike extent restricted, 400 metre thick lens of dolerite in the northeastern part of the tenement; and
- granite

Although volcanogenic stratigraphy between Ninden Hill and Cue is largely stoped out by post-folding granitoid intrusions, there is some suggestion from aeromagnetic data that the mafic volcanics and dolerite sills present on the Ninden Hill property are the northern continuation of the mafic volcanic package at Cue which hosts the Great Fingall dolerite sill.

The Great Fingall dolerite sill is a large poorly differentiated sill with a maximum thickness of 600 metres. Near Cue the dolerite is truncated by the Cue granodiorite to the north but it can be traced for at least 10 kilometres to the south where it disappears beneath Lake Austin.

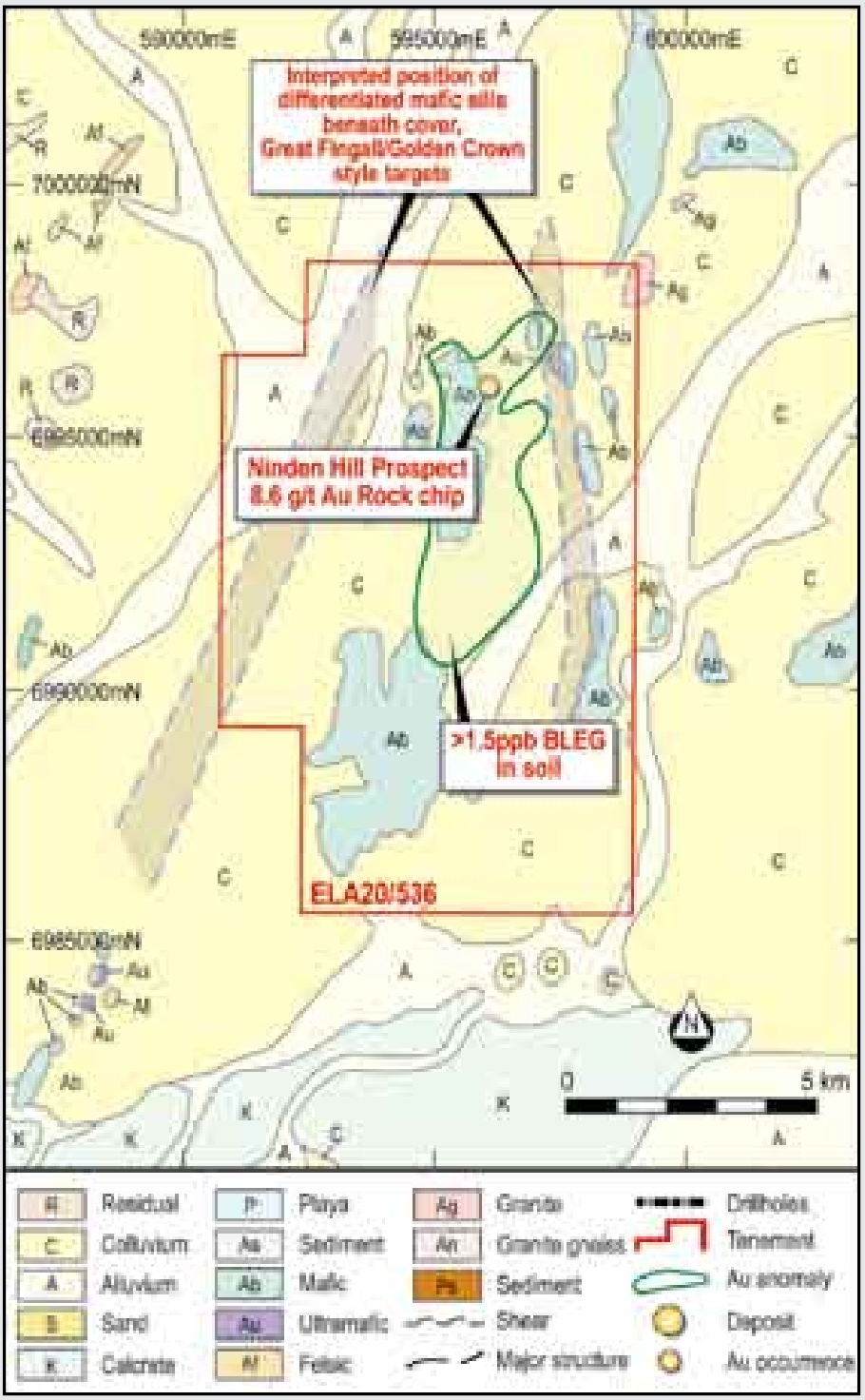


Figure 5: Ninden Hill project

Macroscopically, the sill can be divided into 5 major lithological sub-divisions. From top downward they are:

- a 20 metre thick chilled margin
- a 60m thick medium grained granophyric metadolerite;
- a 250m thick coarse grained granophyric metadolerite displaying a regional strike parallel pervasive foliation;
- a 180m thick equigranular metadolerite;
- a 50m thick basal talc-tremolite ultramafic.

Within the dolerite at Cue several crosscutting sigmoidal gold bearing quartz veins or reefs are developed occupying dilational fractures involving a substantial degree of riedel shearing. In general the reefs strike southeast and dip at about 60° to the southwest. The largest reefs are the Great Fingall and Golden Crown. Total historical production from this field is in excess of 1.4 million ounces of gold. The gold is associated with sulphides and largely confined to the quartz reefs with the bulk of the ore confined to the granophyric unit.

5.2 Exploration History

Little is known about the early history of prospecting in the tenement area. One old prospect, Ninden Hill, located in the central northern part of the licence, contains gold in quartz veins on the sheared hanging wall of a west dipping felsic sill. There is no recorded production from this working.

Recorded exploration commences in the late 1960s and early 1970s with several companies exploring for base metals in the region. In particular in 1974 Shell Minerals Limited ("Shell") explored the current tenement area for massive Cu-Zn mineralisation. Aeromagnetic surveying, mapping, ground magnetic surveys and percussion drilling (41 holes for 1850m) were conducted on six aerial photo controlled grids. Shell reported that almost without exception the geochemistry of the drill holes was low and no anomalous areas were located. It was recommended that the property be relinquished.

During 1989 and 1990 Homestake Australia Ltd ("Homestake") in joint venture with Yorath Pty Ltd conducted an aeromagnetic survey, geological mapping, and RAB drilling on the Harris Project immediately south of E20/536. RAB drilling consisted of 73 holes for a total of 1,728 metres. One hole intersected minor sulphide mineralisation, with the best result for the programme being 97ppb Au over 10 metres from 20 metres depth in lateritic clays.

In 1990 Homestake undertook an aeromagnetic survey, geological mapping, soil sampling pisolite sampling, and RAB drilling on the Lake Nallan Project. The peak value returned was 4 ppb Au with most results being below detection limit. RAB drilling totalled 178 holes for 1,234 metres and intersected mostly fresh bedrock at shallow depths. Only the ends of the holes were sampled and the maximum value was 25ppb gold with most results reflecting very low gold values.

Between 1994 and 1997 Mining Projects Investors Pty Ltd ("MPI") in joint venture with Yardarino Mining NL explored for Great Fingall style reef deposits in differentiated dolerite sills centrally within the tenement. Shear hosted gold deposits in the margins of the Cuddingwarra Shear Zone interpreted to pass near the western boundary of the tenement were also targeted.

A thick differentiated sill, varying from ultramafic cumulate (dunite, websterite) at base to mafic cumulate (gabbro, granophyre) at top, was mapped. The upper part of this sill was recognised as having good potential for hosting auriferous quartz veining associated with dilational brittle fracturing of the granophyric horizon. MPI conducted BLEG soil sampling on 200 x 500 metre centres over the sill and located a 1.2 kilometres long anomaly (>6ppb Au) centred on an old prospecting pit on Ninden Hill in the northern part of the property. Two small areas were chosen for 25 x 100 metre follow up with conventional soil sampling. Peak soil values ranged from 16 ppb to 140 ppb Au.

Peak gold anomalism was located in the BLEG sampling around the small prospecting pit on Ninden Hill. Elevated BLEG Au values were also delineated along the strike trend of the upper part of the dolerite sill and overlying mafics. Reconnaissance rock chip sampling gave a best result of 8.6 g/t Au from a thin quartz vein on the margin of a felsic porphyry within the Ninden Hill prospecting pit (Figure 5).

Detailed soil sampling and minor rock chip sampling indicated elevated Cu, Pb and Zn (maximum 0.23% Zn) values over or adjacent to a silicified, ferruginous shale horizon interbedded with dolerite stratigraphically above the differentiated sill. MPI concluded that the soil anomalies detected were all lithologically controlled and did not reflect Great Fingall style gold mineralisation in the differentiated sill. Consequently no drill testing was undertaken in this area.

A total of seventeen aircore holes were drilled for 1,065m in the west of the tenement to examine a magnetic feature interpreted to define the eastern margin of the Cuddingwarra Shear Zone. The drilling intersected coarse and medium grained dolerite beneath a linear magnetic high. Intermediate volcanics and sheared basalt were intersected west of the dolerite. Although an ultramafic base to the dolerite was not encountered in this limited drilling, the intensity of the magnetic response led MPI to speculate that an ultramafic base was likely to be present.

Geochemical values in the drilling were low except for weak gold values recorded from the sheared basalt. Despite the low values MPI concluded that the presence of a coarse grained dolerite adjacent to a major shear zone presented a good target for gold exploration. As the alteration halos associated with Great Fingall style orebodies are small to non-existent MPI postulated that drilling to intersect a supergene leakage signature would not be effective unless very close spaced. Consequently MPI recommended a low level aeromagnetic survey to detect structural breaks along which mineralised quartz veins would have been emplaced. MPI subsequently withdrew from the joint venture before implementing this recommendation.

No exploration work has been reported within the tenement area since that time.

5.3 Exploration Potential and Strategy

At the south end of the Ninden Hill property, aeromagnetic imagery in detail shows an apparent northeast trending structural dislocation in the generally north trending dolerite sills, developed on a discordant granite-greenstone contact This magnetic kink zone suggests the presence of a sinistral shear. Consequently the granophyric sections of the dolerite sills may have potential for gold mineralisation in this area. As well the coarse grained dolerite detected in aircore drilling in the western margin of the tenement adjacent to a major shear zone presents a good target for gold exploration.

At Tuckanarra, 10 kilometres northeast of Ninden Hill gold mineralisation is stratabound within BIF. The Tuckanarra area is a dilational zone between two internal granitoids where increased fluid flow could be expected to have occurred. Northeast trending accommodation fractures associated with the granitoid bodies provide the final localising structural control. A similar area of possible dilational tectonics can be identified from the aeromagnetic image within the Ninden Hill tenement adjacent to the southwest margin of the same granitoid. Although there are no BIFs present here brittle deformation associated with granitoid intrusion in a regionally dilational zone could provide localising structures for gold mineralisation.

Alchemy plans to conduct a low level detailed aeromagnetic survey for interpreting the structural elements of the project area particularly those attendant on the various dolerite units within the licence. It is anticipated that targets will be generated from the aeromagnetic data and its interpretation which can be directly followed-up by RAB and RC drilling. Budgeted expenditure over a two year period is $400,000 and contains provision for $190,000 of drilling.

Ninden Hill – Exploration Program	**Yr 1 $**	**Yr 2 $**	**Total $**
Data compilation/evaluation	5,000		5,000
Mag reprocess and interp	10,000		10,000
Regolith interp	10,000		10,000
Geochem re-interp	5,000		5,000
Geological mapping	20,000		20,000
Geological drafting	10,000		10,000
Geophysical surveys	100,000		100,000
Geochemistry	20,000		20,000
Heritage survey	15,000	15,000	30,000
RAB/Aircore drilling	80,000	30,000	110,000
RC Drilling		80,000	80,000
Total	**275,000**	**125,000**	**400,000**

The proposed conceptual models of gold mineralisation associated with Great Fingall style quartz reefs crosscutting dolerite host rocks and gold mineralisation in other structurally prepared locations within the volcanogenic stratigraphy are believed to be consistent with the geology and mineral potential of the project area. The exploration program is considered to be applicable to the types of deposits sought and the program and budgeted expenditure are sufficient to complete the work program and meet all statutory annual expenditure commitments for the tenement.

6 Polelle

The Polelle property consists of granted exploration licence 51/1042 exploration licence applications 51/1225 and 51/1226 and mining lease applications 51/859, 51/860, 51/861 and 51/862 located from 10 to 45 kilometres south of the township of Meekatharra. The north-south trending tenement area is not entirely contiguous, E51/1226 and E51/1225 consisting of northern and southern sections approximately 6 kilometres apart and the mining leases separated from the southern end of E51/1225 by a gap of about 600 metres (Figure 6). The tenement package covers a 71.1 square kilometre area in total.

Access to the area is from the Great Northern Highway and the Nannine - Polelle Road or via the Meekatharra - Sandstone Road and the Nannine - Polelle Road. The tenement area is traversed by numerous station tracks servicing water wells and bores. Topography is subdued with maximum relief above the surrounding area being about 50 metres. Mt Yagahong, an outlier of Proterozoic lithic arenite 15 kilometres to the east of E51/1225, rises to a height of 671 metre above sea level or about 100 metres above the surrounding plain and is the most distinctive topographical feature in the area.

The tenements have been vended into Alchemy through a sale and purchase agreement. Particulars of the tenements and the agreement are provided in the Solicitor's report Section 8 of the Prospectus.

6.1 Geological Setting

The tenements straddle the eastern border of the Norrie Pluton and cover a portion of the western limb of a synform that outlines the northeastern portion of the Meekatharra – Wydgee greenstone belt. East of the central part of the pluton, the syncline is splits into two by a local antiformal structure. The north-south Mt Magnet Shear traverses the project area entering E51/1225 midway along the western boundary of the southern section passing through the centre of the northern section from south to north (Figure 6). Stratigraphy overlying the granite of the Norrie Pluton comprises high magnesium basalt of the Lordy Basalt, interlayered tholeiitic basalt and high magnesium basalt of the Stockyard Basalt and felsic volcanogenic sediment and felsic lava of the Woolgra Formation of the Mount Farmer group. An intrusive body of Murrouli Basalt occurs in the northern section of E51/1226. Northeast trending faults, most likely offshoots of the Mt Magnet Shear sinistrally displace the stratigraphy of the syncline. In the vicinity of the local anticline within the eastern part of E51/1225, one of these faults terminates the northern end of the anticline and adjacent syncline to the west giving the two synclines the appearance of being en-echelon.

Gold mineralisation in the surrounding region is associated with quartz veins and stockworks hosted by sheared ultramafic rocks, altered mafic rocks and quartz-feldspar porphyry.

6.2 Exploration History

The property area was previously held by St Barbara Mines Limited ("SBM") forming a small part of a vast holding of tenements in the Meekatharra area associated with SBM's Meekatharra Mining Operations. Between 1997 and 1999 SBM carried out exploration work consisting of geological mapping, aeromagnetic interpretation, soil, rock and stream sample collection and analysis and RAB and RC drilling within the current tenement area.

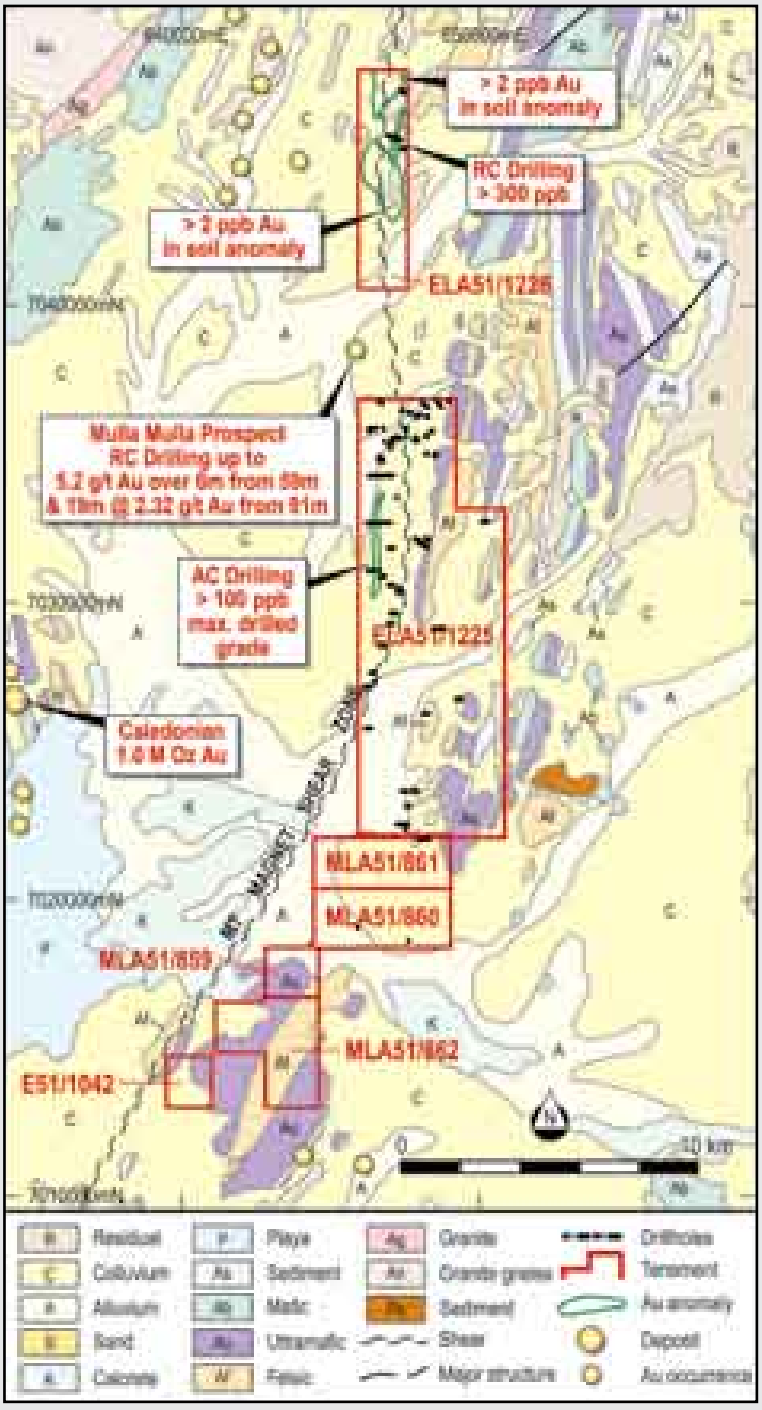


Figure 6: Polelle project

A blind mineralised system was discovered under cover at the Mulla Mulla prospect in the intervening ground between E51/1225 and E51/1226. RC drilling intersections include 6 metres at 4.02 g/t Au from 137 metres (MMRC3) and 19 metres at 2.32 g/t Au from 91 metres (MMRC4), 5 metres at 3.82 g/t Au from 124 metres (MMRC15), 31 metres at 2.01 g/t Au from 164 metres (MMRC30) and 16 metres at 2.03 g/t Au from 35 metres (MMRC33). Fifty nine RC holes and 21 aircore holes have been drilled in the prospect. Resource figures for the prospect have not been published.

A total of 11 RC holes were completed in the northern section of E51/1226, 2 aircore drill holes, 21 RAB drill holes and 111 RC drill holes in the southern Section of E51/1225, 10 RAB drill holes in MLA 51/861 and 1 RAB drill hole and 1 RC hole in MLA 51/860.

No values above 1 g/t Au were recorded. However, several values in the range of 0.1 to 1 g/t Au were intersected. In the northern section of E51/1226, a single line traverse of RC holes crossing the eastern boundary of the tenement returned intersections in three adjacent holes 20 metres apart from west to east as follows: MSER44 – 1 metre at 0.30 g/t Au from 14 metres; MSER43 – 1 metre at 0.25 g/t Au from 41 metres (EOH); and MSER42 – 1 metre at 0.46 g/t Au from 19 metres. There is no drilling along strike to the north or south along the entire 6 kilometre length of this section of tenement.

In E51/1225, a single RC drill intersection of 6 metres at 0.62 g/t Au from 12 metres in hole BSR5 in the northern end of the tenement section has been followed up with no supporting values reported.

Drilling in MLA 51/860 and MLA 51/861 failed to intersect any values greater than 0.03 g/t Au.

In 2002, Jindalee collected soil and lag samples on a 400 metre by 100 metre centres over E51/1226. Results showed a broad weak (+2 ppb) anomaly in the western part of the tenement area. A spot high maximum value of 13 ppb was recorded 1.2 kilometres south near the centre of the licence.

In 2004 Jindalee drilled 30 vertical RAB holes in the northwestern part of E51/1225 in an attempt to detect the southern extension of mineralisation at Mulla Mulla. The 4 lines of holes were drilled at 1600 metre by 100 metre spacings. Highest values from this drilling program were 1 metre at 0.14 g/t Au from 54 metres (hole PR017) and 1 metre at 0.14 g/t Au from 40 metres (hole PR028). These results are roughly aligned along strike on two lines 1600 metres apart.

6.3 Exploration Potential and Strategy

Although the area has received a considerable amount of reconnaissance exploration work during the past ten years, scope remains for further regional programmes. Alchemy plans to follow on from Jindalee's work with further reconnaissance RAB drilling and infill drilling around the anomalous values noted.

Budgeted expenditure for the first two years is $365,000 of which $200,000 will be spent on drilling. Funding is adequate to complete the proposed program and to meet statutory expenditure commitments.

Polelle – Exploration Program	Yr 1 $	Yr 2 $	Total $
Data compilation/evaluation	5,000		5,000
Mag reprocess and interp	10,000		10,000
Regolith interp	15,000		15,000
Geochem re-interp	5,000		5,000
Geological mapping	20,000		20,000
Geological drafting	10,000		10,000
Geophysical surveys	50,000		50,000
Geochemistry	20,000		20,000
Heritage survey	15,000	15,000	30,000
RAB/Aircore drilling	80,000	40,000	120,000
RC Drilling		80,000	80,000
Total	**230,000**	**135,000**	**365,000**

7 Jeffery Well

Jeffery Well is located 70 kilometres southwest of Meekatharra and consists of a single exploration licence application 20/507. The licence covering 82.6 square kilometers and lies on the Karbar Pastoral lease. Access is from the Great Northern Highway at Tuckanarra, via the Karbar – Beebyn unsealed road. Several tracks servicing windmills provide access within the licence area. The landscape mainly consists of a low-lying flood plain around Jungar Creek. Minor rocky hills and ridges occur in the southwest corner of the area. Vegetation consists of open mulga shrubland.

The tenement has been vended into Alchemy through a sale and purchase agreement. Particulars of the tenements and the agreement are provided in the Solicitor's report Section 8 of the Prospectus.

7.1 Geological Setting

Exploration licence 20/507 covers part of the Meekatharra – Wydgee Greenstone Belt. Outcrop is confined to the southwestern portion of the property and to minor occurrences in the southeast corner. The remaining area is covered by colluvium and remnant laterite usually in the form of reworked pisolites and by transported material, ranging from 5 to 50 metres thick near Jungar Creek (Figure 7).

In general the stratigraphy, determined mainly from bedrock drilling, is dominated by northeast-southwest trending units of basalt, dolerite and intermediate volcanic rocks with minor felsic volcanic and volcaniclastic sedimentary rocks and banded iron formation. Amphibolitzed basalt and BIF are usually the only outcropping rocks. A foliated equigranular biotite granite, bounded by amphibolite, outcrops in the southwest corner of the property.

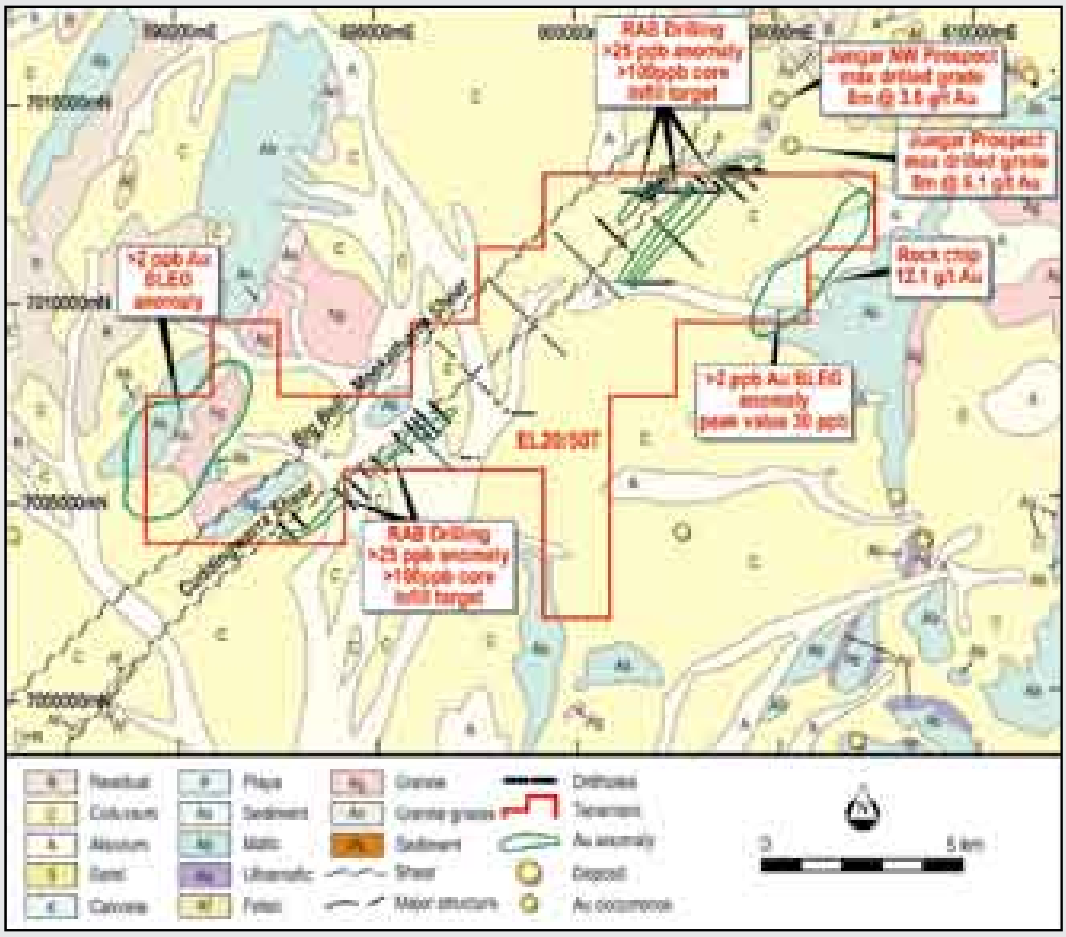


Figure 7: Jeffery Well project

7.2 Exploration History

Recorded exploration consists mainly of work carried out by a variety of companies exploring for gold since the mid 1980s.

Between 1987 and 1991, North West Exploration Plc carried out aeromagnetic, Landsat image processing, soil sampling, vacuum and minor RAB drilling around Karbar Homestead in the southeast corner of E20/507. No significant results were encountered.

From 1988 to 1990 Homestake Australia Limited ("Homestake") held the central portion the current tenement. Homestake acquired aeromagnetics and targeted an area looking for "Big Bell" type sheared felsic volcanics. RAB drilling encountered deep cover and heavy water flows and failed to reach recognisable bedrock. No significant results were obtained.

In 1989 Pancontinental Mining Limited ("Pancontinental") explored the "Stringer" prospect in the northern part of E20/507. The Stringer prospect consists of high magnesium basalt sheared towards its contact with talc carbonate schist. The talc carbonate schist contains numerous large quartz veins, rare porphyry dykes and a lenticular dolerite sill. Two minor groups of old workings occur in this area.

Pancontinental carried out soil sampling (-7 millimetre fraction) over the prospect at 100 metre x 25 metre spacings and assayed for Au, As and Cu. The geochemical survey defined one 600 metre long gold-copper anomaly, one open ended gold-copper anomaly and a number of smaller zones of elevated gold values. There was some doubt to the effectiveness of the sampling program particularly toward the southern end of the area sampled and consequently Pancontinental undertook a 40 hole shallow interface soil RAB drilling programme in this area. The surface soils were found to be inadequate in this area due to alluvial cover. Results from the shallow RAB drilling were of low order with a peak value 38 ppb Au associated with a north trending swarm of narrow porphyry dykes.

In spite of these conclusions, Pancontinental carried out a 79 hole angled RAB drilling programme to test the soil anomalies. Mineralisation was intersected including 10 metres at 2.47 g/t Au and 6 metres at 1.38 g/t Au. The best results are associated with two small zones of quartz veining previously mined by prospectors. The western cluster of pits occur at the contact between ultramafic and high magnesium basalt and mineralisation is associated with silicification and a porphyry intrusive. The eastern cluster of workings are associated with thin quartz veins within high magnesium basalt.

Five RC holes were drilled to follow up anomalous RAB intersections. Mineralisation was intersected but it was concluded that it was not significant enough to warrant further work.

Between 1985 and 1989 Chevron Exploration Corporation completed an aeromagnetic survey followed by a grid controlled ground electromagnetic ("EM") survey over the western part of E20/507. Six angled RC percussion holes, drilled on three fences to test targets generated by the EM survey, intersected black shale and sericite schist adjacent to sheared basalt and returned only low gold and base metal values.

A consortium of companies led by Poseidon Exploration Limited explored the western part of E20/507 as the Yalgowrie Project. They reported data from aeromagnetic and grid controlled ground magnetic surveying, RAB drilling and stratigraphic RC drilling. The best intercept, from 5 metre composite sampling of the RAB holes, was 42 ppb Au in hole YRB-5. Sampling of the RC holes (2 metre composites) produced disappointing results with only one hole YRC-28 (2 metres at 3.59 g/t Au from 22 metres) returning gold values greater than 0.01 g/t Au. Repeat assaying of individual 1 metre samples downgraded this intercept recording a best intercept of 1 metre at 0.13 g/t Au from 23 metres.

In 1992 Dalrymple Resources NL purchased and interpreted multiclient aeromagnetic images identifying several structural targets prospective for gold. A program of 71 scout RAB drill holes (1938 metres) was completed on six lines 1000 metres to 1500 metres apart, with holes 100 metres apart along the lines. Samples were assayed for gold, copper, lead, zinc, nickel and chromium. Only low level gold anomalism was reported.

Newcrest Mining Limited ("Newcrest") farmed into the project in October 1992 and focused work on the Stringer prospect. Newcrest targeted extensions to gold mineralisation identified by Pancontinental and drilled 339 vacuum holes for 1523 metres. Maximum gold value intersected was 173 ppb. Newcrest withdrew from the joint venture at the end of 1993.

In 1995 MPI entered the project with Dalrymple and between then and 1997 carried out gridding, prospect scale mapping, rock chip sampling, BLEG sampling and aircore, RAB and RC drilling. BLEG sampling on a 200 metre by 50 metre grid covered an interpreted differentiated dolerite sill and a mafic/ultramafic package wrapped around a post tectonic granite. Seven hundred and sixty five samples were taken and produced two anomalous zones, one at Stringer and one south of the Karbar homestead.

An aircore program consisting of 42 holes for 3186 metres on six traverses tested the southern BLEG anomaly and selected structural targets interpreted from the aeromagnetic images. The Stringer prospect was considered to have been sufficiently tested. Four metre composite aircore samples were assayed for gold, arsenic, copper, lead and zinc. The best gold value was 470 ppb in hole 95-LWAC-22.

Fifty rock chip samples were assayed for gold, arsenic, copper, lead and zinc with a best result of 100 ppb gold coming from a ferruginous quartz sample in a sheared carbonate altered mafic rock near Limestone Well. Sixty aircore holes for 5266 metres, 31 RAB holes for 1433 metres and 3 RC holes (Sarus Prospect) for 366 metres were drilled on the project. The best reported gold intersection was 3 metres at 11.3 g/t (96 LWAC 56). Follow-up drilling of this intersection was reported as disappointing.

In 1997 Homestake Gold of Australia Limited replaced MPI as Dalrymple's co-venturer. A further 85 BLEG samples and 91 rock chip samples were taken on the Karbar and Jungar Prospects ahead of a planned drilling program. Two hundred and six RAB holes for 9,623 metres, 39 aircore holes for 3,490 metres and 8.6 kilometres of gridding were completed during this phase of work. On the Karbar grid an initial campaign of RAB drilling comprising 82 holes for 3,425 metres on a 2 kilometre by 160 metre grid was carried out. A second campaign of RAB drilling infilled the drill pattern to 400 metres x 80 metres. This area became known as the Limestone Well Prospect.

A third campaign of RAB (14 holes for 769 metres) and aircore drilling (17 holes for 1,468 metres) infilled part of the Limestone Well (Karbar grid) to 200 metre by 80 metre drill hole spacing. Drilling intersected a package of basalt, quartz dolerite and felsic schist. Aircore drilling also indicated that the stratigraphy dips steeply to the east not to the west as previously thought prompting a change of drill direction mid-program. Although an anomalous zone, containing intersections of 6 metres at 300ppb Au (KRB054 from 68 metres) and 4 metres at 660ppb Au (KAC0005 from 68 metres and including 1 metre at 2.39 g/t Au) on adjacent lines, was detected at Limestone Well, no further work was carried out.

On the Jungar grid, due to the presence of transported cover up to fifty metres deep, a combination of RAB and aircore drilling was employed. Thirty seven holes for 1718 metres of RAB and 8 holes for 771 metres of aircore were completed. The best intersection was 3 metres at 670ppb Au from 60 metres in hole JAC0007. This intersection included 1 metre at 1.57 g/t Au.

Jindalee Resources Limited applied for the current exploration licence on 19 February 2001. The tenement has as yet not been granted due to a Native Title Claimant objection lodged against the application and therefore no work has been undertaken by Jindalee.

7.3 Exploration Potential and Strategy

Most of the RAB and aircore drilling completed by previous explorers remains at a fairly broad spaced pattern of 200 metres by 80 metres or more and scope exists for some infill work to either enhance or downgrade previously detected anomalous gold values and intersections greater than 1 g/t Au. Alchemy plans to outline RC drilling targets through a program of infill RAB drilling on the various anomalies reported by the previous workers.

Jeffery Well – Exploration Program	**Yr 1 $**	**Yr 2 $**	**Total $**
Data compilation/evaluation	15,000		15,000
Mag reprocess and interp	15,000		15,000
Regolith interp	5,000		5,000
Geochem re-interp	15,000		15,000
Geological mapping	20,000		20,000
Geological drafting	10,000		10,000
Geophysical surveys	60,000		60,000
Geochemistry	30,000		30,000
Heritage survey	20,000	20,000	40,000
RAB/Aircore drilling	100,000	50,000	150,000
RC Drilling	40,000	90,000	130,000
Total	**330,000**	**160,000**	**490,000**

Budgeted expenditure for the first two years is $490,000 of which $150,000 will be spent on RAB drilling with provision of a further $130,000 for follow-up RC drilling. Funding is adequate to complete the proposed program and to meet statutory expenditure commitments. The proposed budget and program have been examined and are believed to be consistent with the exploration model, work completed by previous explorers and the potential for discovery of a gold deposit.

8 Wydgee

The Wydgee property consists of two Prospecting Licence applications (20/1940 and 20/1941), one Exploration licence application (20/610) and one granted Exploration licence (51/1048) covering in total an area of 117 square kilometres. The tenements are located 45 kilometres northwest of Cue on Beebyn Pastoral Lease and are accessible from the great Northern Highway via the Tuckannarra - Beebyn Station homestead road (Figure 8).

8.1 Geological Setting

The tenements are situated along the south side and to the south of the Weld Range Greenstone Belt. The property is underlain by the structurally complex sequence of acid volcanics and metasediments correlated to the Windaning Formation of the Luke Creek Group which is overlain by mafic volcanic rocks and intrusives of the Mindoola Formation of the Mt Farmer Group. Mafic and ultramafic rocks belonging to the Gabanintha Formation are located on the east of E51/1048.

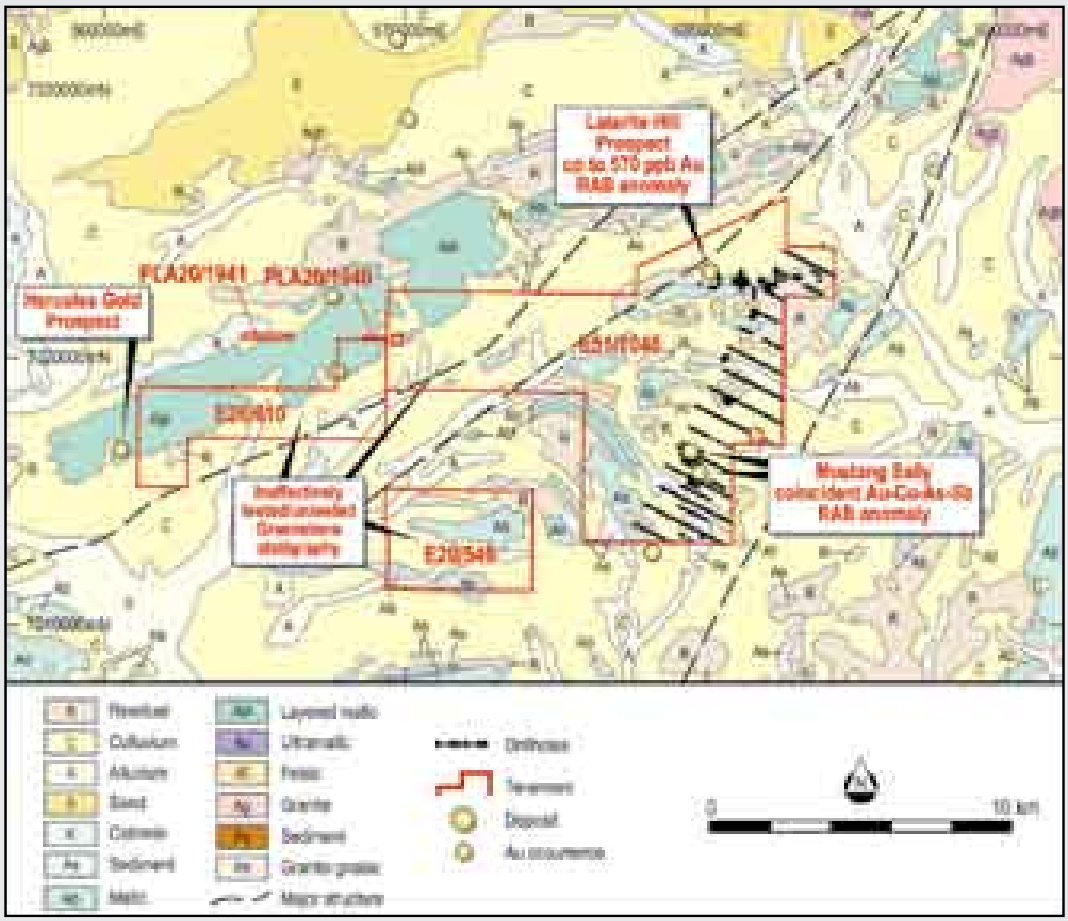


Figure 8: Wydgee project

A tight east-west trending syncline has been mapped to the southwest of the tenement area, whereas stratigraphy further east trends towards the northeast. A major structure is located between the two domains and has been interpreted to be a regional thrust resulting in mafic and ultramafic volcanic rocks overlying the volcanic and sedimentary succession in the west.

Outcrop within the property is limited to about 25%, with a further 15% of the property comprising residual laterite. The Laterite Hill Prospect, located in the northeast part of E51/1048, consists of an east-west trending ridge of iron oxide rich lateritic material covering saprolitic meta-sediment and dolerite and a thick sequence of relatively fresh basalt to the south. Bedding within the metasedimentary rocks trends approximately east-west and is cross-cut by cleavage striking 010° to 040°. In the remainder of the tenement this pervasive and dominant foliation is oriented at between 350-010°.

An area of old workings, comprising a shallow vertical shaft and dry blowing area is located at Laterite Hill. The shaft is located on a north-south trending quartz vein, hosted in strongly foliated saprolitic basalt. Foliations in the immediate area trend north-south.

A quartz-phyric felsic tuff, kaolinised at surface, outcrops south of the Laterite Hill Prospect. This is overlain by a thick sequence of basaltic rocks with pillow structures indicating a younging to the south. Again, this sequence is weakly foliated with foliations striking at 360°.

A thick (up to 500m), east-west trending sequence of meta-sediments occurs in the southern portion of E51/1048. Outcrop is generally poor, and comprises saprolite after shale, minor amounts of mafic rocks and a quartz-feldspar porphyry.

Near the Mustang Sally prospect, located in the south central part of the tenement, outcrop is poor and comprises saprolite after shale, minor mafic lithologies and a quartz-feldspar porphyry. The area is also dominated by a moderate to strongly developed cleavage trending at 350° to 010° with stratigraphy trending at about 010°. A major discontinuity, exhibited by convergence of lithological trends forming an east west striking sequence observed in aeromagnetic data, exists in the central part of the area. Minor ultramafic and gabbroic rocks, representative of a layered sill, are exposed in the extreme south of the tenement. This sequence of mafic-ultramafic rocks is folded about a north-northeast trending fold axis.

Exploration licence 20/610 straddles the contact between the east-northeast trending banded iron formation and dolerite of the Weld Range, part of the Windanning Formation of the Luke Creek Group and the Mindoola Basalt of the Mt Farmer Group to the south.

The Weld Hercules gold mine, located in the Weld Range (about 29 kilometres west of the Beebyn Homestead), produced 88 kilograms of gold from 4,273 tonnes of ore in the early 1900s. Mineralisation occurs near the edges of circular bodies of high level granite porphyry that intrude along the edges of the Weld Range Greenstone Belt. Gold is hosted by quartz vein sets within porphyry cross-cutting BIF. At the western end of the Weld Range, gold has also been produced at Mindoolah from a quartz stockwork within a circular granite porphyry. A major gold rush occurred in the early 1980s with the discovery of large amounts of gold nuggets from the soils and quartz plains that overlie granite surrounding the Weld Range.

8.2 Exploration History

Recorded exploration in and immediately surrounding the Wydgee tenements commenced in 1970 when Shell Minerals Exploration NL commissioned a low level aeromagnetic and radiometric survey over a block of 26 mineral claims extending from the centre of E51/1048 to beyond the southern boundary of the tenement area. Radiometric data was recorded concurrently with the magnetic survey. A number of strong aeromagnetic features were detected in the northern half of the claims, four of which were arcuate and sub-parallel to a gabbroic sill outcrop.

Ground magnetic traverses were conducted over each aeromagnetic feature to define their magnetic characteristics within the local geological setting.

A total of 76 ironstone and gossan samples were collected form limonitic cap rock and syngenetic units associated with metasedimentary units. The samples were analysed for Cu, Pb, Zn, Ni, and Mn. Anomalous gossans contained values of 390-1380 ppm Ni, 300-440 ppm Cu, 56-215 ppm Pb, 390-2300 ppm Zn, and 68-5400 ppm Mn.

One of the gossans which had anomalous Cu and Pb (MCB21) was selected for drilling due to its close proximately to acid volcanics and its geochemistry.

A total of 208 shallow holes (average depth 3 metres) for a total of 774 metres were drilled to penetrate alluvium or laterite capping. Sample assay values ranged from 20 to 115 ppm Cu, 5 to 115 ppm Pb, and 10 to 310 ppm Zn. No consistent highly anomalous geochemical zones were identified in the auger drilling programme and it was concluded that no further work was warranted within the central grid.

On the North Grid, 45 vertical holes were drilled to depths of 3 to 4.7 metres at 50 metre intervals on 200 metre line spacings. A sample was collected from the bottom of each hole and assayed for Cu, Ni, Pb, and Zn. Follow-up drilling (to 4 metres) of anomalous areas comprised 42 holes at 25 metre spacings.

A weak Cu anomaly (max 500 ppm) related to a black shale horizon was identified over three grid lines. Copper distribution in the ultramafic and sedimentary rocks was irregular with a mean background level of 180-200 ppm Cu. Lead values were of a low order and high copper values were associated with black shales. Nickel values were of background levels only.

Seven percussion holes for 299 metres were drilled to test anomalous geochemical results from the auger sampling. Hole depths ranged from 36 to 54 metres. Locations for these drill holes have not been found. Eight percussion holes for 539 metres were drilled to identify the magnetic source of seven aeromagnetic anomalies. The source on 4 anomalies was determined to be concentrations of magnetite in gabbro or chlorite schist.

One hole to 59 metres depth was drilled to test the most encouraging gossanous ironstone (MCB2I). Drilling indicated that the ironstone is hosted in gabbro. No sulphides were intersected and it was determined that the ironstone was the surface expression of a fault or shear zone in gabbro, or a thin band of sediment.

Shell concluded that no significant geochemical anomalies exist within the acid volcanics, the apparent anomalous geochemistry associated with lithological variations. Ironstones outcropping in the area were not considered to be associated with economic mineralisation and the broad geological environment encompassed in the Beebyn block was not considered prospective for economic base metal mineralisation. Aeromagnetic anomalies were considered in most cases to reflect the presence of magnetite and this was confirmed by drilling. No pyrrhotite mineralisation was encountered. It was recommended that the claims should be relinquished.

Between 1974 and 1977 a joint venture comprising Samin Ltd, ICI Australia and Newmont Pty Ltd. completed geological mapping and a gossan search, mineralogical and petrological studies, ground magnetic surveying, and bedrock geochemical surveys over claim blocks between Jamie's Bore and the central part of E51/1048 and west of Five Mile Well in the southern limits of E51/1048.

Geological mapping determined local stratigraphy to be dominated by an acid tuff, agglomerate and tuffaceous sedimentary sequence containing thin banded chert and BIF towards the top of the sequence and gabbroic and ultramafic sills intruded at the base of the sequence. A basic dyke swarm also intrudes the Jamie's Bore claim block. The base of the sequence is a well-exposed leucocratic gabbro overlain by a thick, poorly outcropping quartz diorite-microgranite intrusive. Numerous quartz gossans are present in this intrusive. A large open syncline plunges to the southwest and a steeply dipping northeast – southwest cleavage may be in the aerial plane of this fold. A major northeast – southwest trending fault truncates the stratigraphy on the eastern side of the claim block.

Assays from extensive rock chip sampling of ironstone and mineralised horizons in the Jamie's Bore claim block were of moderate levels only (up to 670 ppm Cu and 1000 ppm Zn). Samples from the Wilgie Mia Claim Block were generally higher, with values up to 1500 ppm Cu and 4800 pm Zn. Lead assays were generally less than 50 ppm.

Bedrock drilling comprised holes drilled at 40 metre spacings on lines 400 metres apart, closed down to 20 metre spacings in areas of interest. Generally, holes were drilled into recognisable weathered bedrock and duplicate geochemical samples were taken from the last half metre of each hole. Drilling covered two northwest trending soil and laterite-covered aeromagnetic anomalies (Northern and Southern Anomalies) and a steeply dipping sequence of acid tuff and agglomerate. Both of the aeromagnetic anomalies are just outside of the western boundary of the southern part of E51/1048. The source of the Southern Anomaly was identified as a serpentinite body 400 metres wide and 800 metres long. Fine disseminated magnetite in serpentinite and talc was identified in a number of holes. The source of the Northern Anomaly was not positively identified, however, the anomaly occurs within and towards the base of a quartz diorite intrusive.

Particular attention was paid when drilling the contact of the acid sequence with the quartz diorite intrusive containing the Northern magnetic anomaly. A number of holes contained quartz chips which may have represented previously mapped quartz-sulphide mineralised joint fillings.

Although pyrite mineralisation was noted in outcrop, no significant sulphide mineralisation or primary alteration was noted in the drill holes which tested the acid volcanic sequence.

Generally, the geochemical results were of a low order. Nickel results, although defining the ultrabasic body, were low (max 1050 ppm Ni). Copper and zinc values over the fine-grained acid tuff unit and the interbedded acid tuff-agglomerate unit were uniformly low. Two holes drilled into the quartz diorite unit contained anomalous Cu-Zn values (450 ppm Cu, 320 to 510 ppm Zn) which may represent mineralised, quartz joint fillings.

The original objectives of defining geological targets for detailed surveys and defining areas of anomalous bedrock geochemistry and aeromagnetic anomalies for drilling were achieved with no success and it was decided to terminate the joint venture.

During 1988 and 1989 King Mining Corporation Limited held an area covering the northern part of E51/1048. It was considered highly prospective for gold mineralisation similar to that at the Weld Hercules mine located along the western boundary of E20/610 toward the south end of the tenement. No effective exploration work was completed by the company.

Between 1988 to 1990, BHP Minerals Pty Ltd and Hallmark Gold NL held a large group of tenements west of the Beebyn Homestead covering the projected extensions to the Big Bell Shear. The tenements included the eastern part of E51/1048. An aeromagnetic survey was completed and a regional vertical RAB drilling program on 800 x 100 metre spacings was completed over an area within E51/1048. Holes were drilled to recognisable bedrock, sampled in 6 metre composites and assayed for Au (to 5ppb), As, Ni, Cu, Zn, Pb. A number of gold and arsenic anomalies were defined including an anomaly defined by a 50ppb Au contour in the central southern part of E51/1048.

During 1987 and 1988 Dalkeith Holdings Pty Ltd and Nord Resources Pacific Pty Ltd completed soil sampling, aeromagnetic interpretation, and limited RAB drilling within the southern and western portions of E51/1048. Several old gold workings, comprising mainly vertical shafts located in the southwest corner of E51/1048, were targeted. A total of 14 vertical reconnaissance RAB holes for 132 metres were drilled around and beneath the old workings. Results were generally low, ranging from 0.1 to 1.9 g/t Au, the best intersection being 1 metre at 1.92 g/t Au (17 to 18 metres). Follow-up RAB drilling, comprised 7 angle (-60°) holes for 187 metres in the same area. Results from this programme were not reported. Mineralisation in this area is associated with quartz veinlets and stringers at the contact between chlorite schist and quartzose metasediments. A geological appraisal considered the area to be structurally prospective for significant gold mineralisation given its location on a major shear and the presence of cross-cutting faults and shears.

From 1983 to 1986, CRA Exploration Pty Ltd explored an area west of the southern end of E51/1048 for base metals. Exploration included interpretation of open-file aeromagnetic data, ground magnetic surveys rock-chip sampling, and RC drilling. One RC hole (83WMRC1) was drilled to test the source of aeromagnetic Anomaly 1 located just west of the southern end of E51/1048. The hole was drilled at -70° (azimuth 360°) to a depth of 111 metres. Talc chlorite schist was encountered throughout the hole, with the base of oxidation logged at 44 metres. Samples were taken at 2 metre intervals and returned only background base metal values.

Between 1992 and 1994 Newcrest Mining Limited ("Newcrest") held the northern and eastern portions and part of the southern portion of what is now E51/1048 in their Limestone Well Project. Newcrest resampled previous vacuum drill holes, completed RAB and vacuum drilling and identified two anomalies, Mustang Sally and Laterite Hill. A total of 215 samples were collected from vertical RAB holes drilled by previous explorers in the southern part of the current exploration licence. All samples were assayed for low level gold and 136 samples were assayed for Cu, As, Mo, Ag, Sb, Bi, and the remaining 79 samples assayed for Cu, As, Ni, Zn, Pb, Sb, Bi.

Several anomalies were identified including: 2 single-point anomalies of 21 ppb Au; 120 ppm As and 12 ppb Au; 300 ppm As, a small cluster of anomalous Au values (up to 24 ppb Au) in the centre of the licence, a large area of coincident anomalous Au-Cu-As-Sb in the central southern part of the exploration licence about 1.5km x 500m wide with a peak value of 235 ppb Au coincident with a BHP anomaly and named Mustang Sally.

Shallow (1 to 14 metre) vacuum and RAB drilling for base of hardpan sampling was completed through the south central and eastern part of the licence area. Holes were drilled on 200 metre lines at 50 metre spacings, broadened to 400 metres by 50 metres at the northern end. A total of 331 holes were drilled for 964 metres. Bottom of hole samples assayed for Au (low level carbon rod), and 300 samples for Cu, Zn, Pb, Ni, As, Sb, Bi and 31 samples assayed for Cu, Zn, Pb, Ag, Ni, As, Sb, Cr (AAS).

Anomalies identified included a peak of 96 ppb Au at Laterite Hill and the Mustang Sally Anomaly as well as several point and cluster anomalies ranging from 24 ppb Au to 136 ppb Au.

A further 137 vacuum holes were drilled for 442 metres on 200 metre spaced lines and 50 metre spacings. Close to the Mustang Sally anomaly drilling was conducted on 50 x 50m spacings to test for the possibility of east-west structures controlling mineralisation. Samples were assayed for Au, Cu, Zn, Pb, Ni, As, Bi, Sb, Ag and Cr. Results were generally of low order, except around the Mustang Sally anomaly (up to 168 ppb Au). It was concluded that the east-west controlling structures was valid.

A total of 60 coarse fraction sieved lag samples were collected over the area of subcropping felsic volcanics and residual laterite in the north central part of the exploration licence at 150 to 350 metre centres. Samples were assayed for Au, Cu, Zn, Pb, As, Ag, and Cr. One small anomaly was identified with peak values of 101 ppb Au (750 ppm As) and 32 ppb Au (560 ppm As).

At Mustang Sally a total of 98 RAB holes, declined at 60° toward grid east were drilled for 6760 metres on 100 metre lines at 35 metre spacings to cover the Au-As-Cu-Sb base-of-hardpan anomaly. Composite samples (4 metres) were collected and analysed for Au and As. And samples assaying greater than 0.01 ppm Au were re-assayed at 1 metre intervals. Best intersections were: 5 metres at 1.38 g/t Au from 53 metres (MS264-5); 2 metres at 2.46 g/t Au from 89 metres (MS256-4); and 1 metre at 3.50 g/t Au from 49 metres (MS255-3).

A major sediment-basalt contact trends through the area, with sediments (shale, siltstone, graphitic shale) to the east and variably sheared basalt to the west. A weathered chlorite-feldspar porphyry was intersected in the southeast part of the prospect.

A total of 45 RAB holes declined at 60° toward grid east were drilled for 3141 metres at 50 metre intervals on lines spaced at 100 metres to cover four base-of-hardpan Au anomalies defined by vacuum drilling at the Limestone Well prospect east of Laterite Hill. Sampling and assaying was the same as at Mustang Sally. Results were generally low, with the best intersections, associated with cherty sediments and mafic contacts, being: 1 metre at 1.35 g/t Au from 29 metres (LWN330-4); and 1 metre at 1.18 g/t Au from 43 metres (LWN329-3).

A total of 34 RAB holes for a total of 1781 metres were drilled across a zone of anomalous laterite with gold values up to 570 ppb at the Laterite Hill prospect. The laterite caps various lithologies including greywacke, shale, dolerite, high-Mg basalt, and ultramafic rocks. Drilling results repeated laterite values at surface (130 - 680ppb Au), with the best intersection down hole being 4 metres at 1.36 g/t Au from 28 metres (LWL100-4).

Subsequently, Equinox Resources NL farmed into the Limestone Well Project to evaluate the gold potential of several major structures in the area identified from interpretation of detailed multiclient aeromagnetic data. During 1994 regional exploration of the project area and detailed exploration of the Laterite Hill Prospect were undertaken. Laterite geochemical sampling of areas not previously tested by Newcrest was conducted and infill sampling completed at Laterite Hill. The second phase of the program evaluated geochemical anomalies by RAB drilling.

Regional work included the establishment of ground control for aerial photography, flying of colour aerial photography at 1:25,000 scale by Kevron Aerial Surveys, reconnaissance geological mapping at 1:25,000 scale, and regional ironstone deflation lag sampling of residual laterite outcrops. At Laterite Hill gridding, detailed geological mapping at 1:5,000 scale, detailed ironstone deflation lag, rock chip sampling, and RAB drilling were completed.

Erratic anomalism was recorded from regional lag sampling, with infill and repeat sampling of three main anomalous areas failing to reproduce or extend the anomalism outlined during regional sampling. Detailed lag sampling over the Laterite Hill grid identified two discrete and adjacent gold – arsenic anomalies roughly coincident with those defined by Newcrest using base-of-hardpan sampling.

RAB drilling of the eastern-most anomaly returned low level results, with a maximum of only 4 metres at 100ppb Au from 4 metres (LWRAB2). Most intercepts were below 30ppb Au over 4 metres.

Following the disappointing lag sampling and RAB drilling results which were believed to have adequately evaluated the priority targets, Equinox Resources decided to withdraw from the joint venture.

Australian Goldfields NL through its wholly owned subsidiary Consolidated Gold Mines Limited farmed-into the project in 1995 and in 1996 carried out regional stream sediment sampling and RAB drilling at the Laterite Hill and Mustang Sally prospects. From the eleven BLEG stream sediments samples collected, the highest value was 4.3 ppb Au located in the southern part of E51/1048. At Laterite Hill, 32 vertical RAB drill holes were completed for a total of 864 metres. Maximum hole depth was 43 metres. Samples were submitted in 6 metre composites and analysed for Au, Cu, As, Pb, Zn, Ni and Cr. Several samples with elevated Cu (up to 570 ppm), Ni (up to 1800 ppm) and Cr (up to 2600 ppm) were analysed for Pt and Pd. The best results were 73 ppb Au, 65 ppb Pt and 50 ppb Pd. Thirty two vertical RAB holes for a total of 880 metres were also drilled on the Mustang Sally Prospect. Maximum hole depth was 45 metres. Holes were sampled and analysed as for Laterite Hill. The best gold value was 18 ppb.

During 1997 a six hole RC drilling program totaling 887 metres was completed over the Mustang Sally and Laterite Hill prospects. All holes were drilled at a declination of 60° with 4 holes drilled towards grid east at Mustang Sally and two hole drilled toward grid south at Laterite Hill. Maximum hole depth was 152 metres. A total of 148 six metre composite samples were submitted for analysis. Maximum values recorded were Au (425 ppb), Pt (100 ppb), Pd (140 ppb), As (425 ppm), Ag (<1), Cu (373 ppm), Pb (150 ppm), Zn (698 ppm), Ni (561 ppm), Co (268 ppm), Mn (7500 ppm), Fe (15.4%), Sb (11.4 ppm) and Mo (3.2 ppm). Other interesting results included values of 70 ppb Pt and 120 ppb Pd from 114 to 120 metres in hole 97MSRC002, 48 metres at 3.14 ppm Sb from 42 to 90 metres in 97MSRC002 and 120 metres at 4.91 ppm Sb from 0 to 120 metres in 97MSRC003 in quartz veined mafic sediments.

It was concluded that no significant primary mineralisation existed at depth in the areas tested at the Mustang Sally and Laterite Hill prospects.

8.3 Exploration Potential and Strategy

Exploration work carried out for gold and base metals on E51/1048 over the past 35 years has included RAB and limited RC drilling concentrated mainly on the Mustang Sally and Laterite Hill prospects. There has been little broad regional RAB or aircore drilling traverses over most of the property, and in particular exploration licence 20/610, remains untested. Alchemy plans to re-process aeromagnetic data and identify major structural zones with potential to host gold mineralisation. A regional RAB drilling program will then be carried out to detect anomalous areas for further RAB and RC drilling.

Budgeted expenditure for the first two years is $400,000 of which $120,000 will be spent on RAB drilling with provision of a further $70,000 for follow-up RC drilling. The proposed budget and program are considered to be consistent with the exploration model and the potential for discovery of gold deposits. Budgeted expenditure is adequate to complete the proposed program and to meet statutory expenditure commitments.

Wydgee – Exploration Program	**Yr 1** **$**	**Yr 2** **$**	**Total** **$**
Data compilation/evaluation	10,000		10,000
Mag reprocess and interp	10,000		10,000
Regolith interp	15,000		15,000
Geochem re-interp	15,000		15,000
Geological mapping	25,000		25,000
Geological drafting	15,000		15,000
Geophysical surveys	40,000		40,000
Geochemistry	50,000		50,000
Heritage survey	15,000	15,000	30,000
RAB/Aircore drilling	80,000	40,000	120,000
RC Drilling		70,000	70,000
Total	**275,000**	**125,000**	**400,000**

9 Principal Sources of Information

Information for this report was drawn from several sources including published technical reports, public domain corporate information and an extensive number of unpublished open file company reports. The list below contains references to the principal published technical reports consulted. It also contains reference to unpublished open file company reports considered to be relevant to each project area.

Handley, G.A. and Cary, R., 1990. Big Bell Gold Deposit, in Geology of the Mineral deposits of Australia and papua New Guinea (Ed. F.E. Hughes), pp211-216 (The Australasian Institute of Mining and Metallurgy: Melbourne).

Hicks, J.D.,1990. Golden Crown gold deposit, in Geology of the Mineral deposits of Australia and Papua New Guinea (Ed. F.E. Hughes), pp217-220 (The Australasian Institute of Mining and Metallurgy: Melbourne).

Watkins, K.P., 1990. Murchison Province in Geology and Mineral Resources of Western Australia. Western Australia geological Survey Memoir 3, p 32 – 60.

Watkins K P & Hickman A H., 1990. Geological Evolution and Mineralisation of the Murchison Province, Western Australia.

Gidgee

Western Mining Corporation, 1999. Partial surrender report, E51/361. DOIRWA Wamex a59652

Australasian Gold Mines NL., 2002. Arcadia project annual report, E51/898. DOIRWA Wamex a65923

Big Bell North

Placer Exploration Limited, 1991. Behring Bore project WA, first annual report on exploration. DOIRWA Wamex a32467

Posgold (Big Bell) Pty Ltd., 1994. Relinquishment report, E20/136 "Behring Bore". DOIRWA Wamex a42013

Posgold (Murchison) Pty Ltd., 1995. Annual report E20/212, Ms20/279 to 282, Behring Bore project area. DOIRWA Wamex a45258

Posgold (Big Bell) Pty Ltd., 1995. Annual report, E20/192 Big Bell East joint venture. DOIRWA Wamex a44269

Yardarino Mining NL., 1997. Big Bell East project, E20/192, annual report. DOIRWA Wamex a49959

Perilya Mines NL., 1997. Annual report for the Big Bell Shear project E20/192. DOIRWA Wamex a53116

Ninden Hill

Yardarino Mining NL., 1995. Trig Well project, E20/249, interim report. DOIRWA Wamex a44120

MPI Gold Pty Ltd., 1995. Annual technical report, E20/249 Trig Well project. DOIRWA Wamex a46254

Yardarino Mining NL., 1997. Trig Well project, E20/249, annual report. DOIRWA Wamex a52998

Polelle

St Barbara Mines Limited, 1998. Annual report, Bluebird project area. DOIRWA Wamex a55347

St Barbara Mines Limited, 1999. Final report, Bluebird project area. DOIRWA Wamex a58813

Jeffery Well

Dalrymple Resources NL., 2001. Karbar project, E20/190, E20/207, E20/219 relinquishment/final report. DOIRWA Wamex a62345

Homestake Gold of Australia Limited, 1999. Karbar joint venture, E20/219, E20/207, E20/190, annual report. DOIR Wamex a57490

Dalrymple Resources NL.,1994. Karbar project, combined tenement status, E20/190, E20/207, E20/219 annual report. DOIRWA Wamex a43900

Wydgee

Equinox Resources NL., 1995. Annual report, Limestone Well E51/320. DOIRWA Wamex a43716

Australian Gold Fields NL., 1997. Annual report, Limestone Well, E51/320. DOIRWA Wamex a50053

Consolidated Gold Mines Ltd., 1998. Annual report, Limestone Well project, E51/320. DOIRWA Wamex a54260

Term	Definition
adamellite	A granitoid rock contain quartz and both plagioclase and alkali feldspar.
aeromagnetic survey	Measurement of the earth's magnetic field from a surveying aircraft, for the purpose of recording magnetic characteristics of rocks.
Ag	The chemical symbol for silver.
aircore drilling	A method of rotary drilling whereby rock chips are recovered by air flow returning inside the rods.
alluvium	Unconsolidated detrital material deposited by a stream or river.
alteration	A change in mineralogical composition of a rock commonly brought about by reactions with hydrothermal fluids or weathering.
amphibolite	A metamorphic rock composed predominantly of amphibole and plagioclase.
anomaly/anomalous	A value or group of values higher than the expected norm.
Archaean	The oldest rocks of the Precambrian era, older than about 2,500 million years.
As	The chemical symbol for arsenic.
assay	A laboratory procedure for determining the presence or quantity of a component.
Au	The chemical symbol for gold.
auriferous	Containing gold.
auger sampling	A drilling process using a spiral auger to drill and sample generally unconsolidated sediments.
basalt	A volcanic rock of low silica (<55%) and high iron and magnesium composition, composed primarily of plagioclase and pyroxene.
basemetal	Referring to the transition elements, including iron, copper, zinc, lead and nickel.
basement	The igneous and metamorphic crust of the earth, underlying sedimentary deposits.
basin	A depressed area of basement rocks in which cover sediments have accumulated.
bedrock	Solid rock underlying surficial deposits.
Bi	The chemical symbol for bismuth.
billion	1,000 million.
biotite	A dark brown to black platy mineral of the mica group
BLEG sample	A bulk sample collected for extraction of gold by leaching and subsequent analysis of the extract.
carbonate	A compound containing the radical CO3; commonly calcium carbonate or calcium-magnesium carbonate.
channel	The bed where surface water may flow, an abandoned or buried watercourse, represented by stream deposits of sand or gravel.
chert	Fine grained sedimentary rock composed of cryptocrystalline silica.
clastic	Components of a sedimentary rock that were deposited by erosion and transportation of mineral and rock fragments.
Co	The chemical symbol for cobalt.
colluvium	Loose soil or rock fragments accumulated by slow down-slope creep or rain-wash, as found at the base of slopes or hills.
Cr	The chemical symbol for chromium.
craton	Large, and usually ancient, stable mass of the earth's crust.
Cu	The chemical symbol for copper.
dacite	The extrusive igneous rock equivalent of granodiorite.
deformation	A general term for the process of folding, faulting, shearing, compression or extension of rocks as a result of stress.
diamond drilling	A method of obtaining a cylindrical core of rock by drilling with a diamond impregnated bit.

diorite	A plutonic rock of intermediate composition.
dolerite	A medium grained mafic intrusive rock composed mostly of pyroxene and plagioclase
dunite	An igneous mafic rock almost entirely composed of the mineral olivine, a magnesium-iron silicate mineral.
dyke	Thin, sheet-like intrusion of magmatic rock
EM survey	Electromagnetic geophysical technique in which the magnetic or electrical fields associated with artificially generated subsurface currents are measured
epiclastic rock	A sedimentary rock formed by consolidation of eroded fragments of other rocks.
epigenetic	A deposit of origin later than that of the enclosing rocks.
facies	The aspect belonging to a geologic unit of sedimentation, including mineral composition, type of bedding, fossil content, etc.; rocks of any origin formed within certain pressure-temperature conditions.
fault	A fracture in the rock along which there has been relative displacement of the two sides either vertically or horizontally.
felsic	Descriptive of light coloured rocks containing an abundance of feldspars and quartz.
ferruginous	Having a high content of iron oxide.
fold	A bend in strata or any planar structure
fuchsite	A bright-green chromium-rich variety of muscovite
g/t	grams per tonne
gabbro	A coarse grained intrusive rock, which is low in silica and has relatively high levels or iron and magnesium minerals.
geochemistry	The study of the abundance and distribution of elements in rocks, or their weathering products, by chemical methods.
geophysical	Pertaining to the physical properties of rocks such as magnetism, conductivity and density.
granite	A coarse-grained igneous rock containing mainly quartz and feldspar minerals and subordinate micas.
granitoid	A field term for a coarse grained felsic rock resembling granite
granodiorite	A plutonic rock of composition between diorite and adamellite containing quartz, plagioclase and potassium feldspar and mafic minerals
granophyric	An igneous texture characterized by the microscopic intergrowth of quartz and alkali feldspar.
greenschist facies	A group of weakly metamorphosed rocks
greenstone	A term commonly applied to low metamorphic grade rocks of basic composition and comprised of the minerals chlorite and amphibole. Commonly applied to Archean rock sequences dominated by these rock types.
hydrothermal	Pertaining to hot aqueous solutions having temperatures up to 400°C. The solutions transport and deposit metals and chemicals in solution.
igneous	Rocks that have solidified from molten rock (magma).
IP survey	Induced Polarisation survey; an electro-geophysical survey technique where potential fields are measured under the influence of an applied current.
komatiite	An ultramafic rock of volcanic origin with high magnesium content.
laterite	A strongly leached iron and aluminium rock, formed at the surface by weathering.
intrusive	A mass of rock formed by magma cooling beneath the earth's surface.
lithology	The physical character of a rock; rock type.
lode	A tabular or vein like deposit of valuable mineral between well defined walls.
mafic	Descriptive of rocks composed dominantly of magnesium, iron and calcium-rich rock-forming silicates.

magnetic anomalies	Zones where the magnitude and orientation of the earth's magnetic field differs from adjacent areas.
meta (prefix)	Indicating the rock has undergone metamorphism.
metamorphic	Descriptive of a rock that has been modified by the effects of pressure, heat and fluids within the crust.
metasomatic	Descriptive of a process relating to the chemical alteration of a rock.
mineralisation	The concentration of metals and their chemical compounds within a body of rock.
Mo	The chemical symbol for molybdenum.
monzogranite	A variety of granite in which alkali feldspar and plagioclase are in approximately equal proportions
muscovite	A pale colourless to pale brown platy mineral of the mica group.
Ni	The chemical symbol for nickel
ore	Mineral-bearing rock that may be mined and treated at a profit.
outcrop	An exposure of bedrock at surface.
Pb	The chemical symbol for lead.
pegmatite	A very coarse grained igneous rock usually found as dykes associated with a large mass of intrusive rocks
percussion drilling	A form of drilling carried out by the hammering action of a drill bit.
peridotite	A general term for intrusive ultramafic igneous rocks predominantly consisting of olivine and lacking feldspar.
pillow	A pillow shaped structure in lava.
plunge	Inclination of a fold axis or other structure.
pluton	An intrusive mass of igneous rock.
porphyry	An igneous rock that contains phenocrysts in a fine grained ground mass
ppb	Parts per billion
ppm	Parts per million
prospect	An area of a tenement which has demonstrated potential to host an ore body.
prospective	A general term for the perceived potential for the discovery of an ore body based on the knowledge of factors such as favourable geological setting, structures, alteration, geochemical and/or geophysical responses, and the occurrence of mineralisation.
Proterozoic	The younger part of the Precambrian Era between 2,500 million to 570 million years ago.
pyroxenite	A coarse grained igneous intrusive rock dominated by the mineral pyroxene.
pyrrhotite	An iron sulphide mineral.
quartz	A mineral composed of silicon dioxide.
radiometric survey	The systematic survey of readings of radiogenic emissions as a result of radioactive processes.
recumbent	An overturned fold in which the axial plane is horizontal or nearly so
reconnaissance	A general examination or survey of a region with reference to its main features, usually preliminary to a more detailed survey.
resource	In-situ mineral occurrence from which valuable or useful minerals may be recovered.
RAB drilling	Rotary airblast drilling; a rotary drilling technique in which sample is returned to surface outside of the rod string by compressed air.
RC drilling	Reverse circulation drilling; A method of drilling whereby rock chips are recovered by airflow returning inside the drill rods rather than outside, thereby providing usually reliable samples.
sandstone	A medium-grained clastic sedimentary rock composed of rounded or angular fragments.
Sb	The chemical symbol for antimony.

sedimentary	Formed by the deposition of solids from water.
sericite	A fine grained variety of muscovite (potassium mica) (an alteration product).
shale	A fine grained sedimentary rock.
shear	A planar zone of dislocation in rock similar to a fault.
siliceous	Containing the mineral silica
sill	A tabular igneous intrusion that parallels bedding or foliation of the country rock into which it is intruded.
siltstone	A very fine grained consolidated clastic rock composed predominantly of silt.
soil sampling	Systematic collection of samples of soil at a series of locations in order to study the distribution of geochemical values in the soil.
stratabound	Confined to a single stratigraphic unit.
stratigraphy	Composition, sequence and correlation of stratified rock in the earth's crust.
strike	The horizontal extent direction of a bed, layer of rock or geological structure.
stringer	A mineral veinlet or filament, usually one of a number, occurring in a discontinuous subparallel pattern in host rock
structure	Refers to the deformation of rocks by folding, fracturing, faulting and shearing and the features created by those processes.
structural	Pertaining to geological structure.
sulphide	A mineral compound characterised by the linkage of sulphur and metal and commonly associated with mineralisation.
supergene	A term to describe a mineral deposit or enrichment formed near the surface generally by descending ground water.
syncline	A fold in rocks in which strata dip inward from both sides toward the central axis of the fold.
tectonic	Of, pertaining to or designating the rock structure and external forms resulting from the deformation of the earth's crust
Tertiary	A subdivision of geological time covering the period from 65 to 1.6 million years ago
tholeiite	A mafic rock of volcanic origin containing a higher proportion of silica than a normal basalt.
thrust	A low angle (shallowly inclined) fault or shear on which the rocks on the top have moved up and over the rocks on the bottom.
ultramafic	Igneous rocks consisting essentially of ferromagnesium minerals with trace quartz and feldspar.
vein	A thin sheet-like intrusion into a fissure or crack, commonly bearing quartz.
volcanic	Descriptive of rocks originating from extrusive igneous activity.
weathering	The group of processes that change the character and composition of rocks by decay.
Zn	The chemical symbol for zinc.

SECTION SIX

PKF

Chartered Accountants
& Business Advisers

18 September 2007

The Directors
Alchemy Resources Limited
Suite 9, 36 Ord Street
WEST PERTH WA 6005

Dear Sirs

Investigating Accountant's Report

1 INTRODUCTION

The Directors of Alchemy Resources Limited ("Alchemy" or "the Company") have requested PKF Corporate Advisory Services (WA) Pty Ltd ("PKF") to prepare an Investigating Accountant's Report ("the Report") for inclusion in a Prospectus to be dated on or around 17 September 2007, relating to the offer of 24,000,000 ordinary fully paid shares at $0.25 each, to raise up to a total of $6,000,000 with a minimum subscription of 16,000,000 ordinary fully paid ordinary shares at $0.25 each, to raise $4,000,000 ("the Offer") .

All the terms used in this Report have the same meaning as the terms used and defined in the Prospectus unless otherwise defined in this Report.

2 BACKGROUND

The Company was incorporated in Western Australia on the 16th March 2007 as Alchemy Resources Limited for the purposes of investing in gold mining exploration projects in the Murchison region of Western Australia.

3 FINANCIAL INFORMATION

3.1 Historical Balance Sheet

The Historical Balance Sheet comprises the reviewed consolidated balance sheet and accompanying notes of Alchemy as at 17 August 2007 ("the Historical Balance Sheet").

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PO Box Z5066 | St Georges Terrace | Perth | Western Australia 6831

3.2 Pro-Forma Balance Sheet

The Pro-Forma Balance Sheet includes the reviewed consolidated Pro-Forma Balance Sheet and accompanying notes as at 17 August 2007, which assumes completion of the transactions detailed in Note 2 of the Financial Information included the Prospectus ("the Pro-Forma Balance Sheet").

The Historical and Pro-Forma Balance Sheets are collectively referred to as the Financial Information throughout this Report. The Financial Information is presented in Section 7 of the Prospectus.

4 SCOPE

We have been requested to prepare a Report considering the Financial Information noted above. Our Report only covers the Sections of the Prospectus noted in this Report. The Financial Information has been prepared subject to the recognition and measurement requirements (but not the disclosure requirements) of Australian Accounting Standards ("Accounting Standards"), as currently interpreted.

The Directors of Alchemy are responsible for the preparation and presentation of the Financial Information. The Financial Information has been prepared for inclusion in the Prospectus. We disclaim any responsibility for any reliance on this Report or the Financial Information to which it relates for any purpose other than for which it was prepared.

4.1 Review of Historical Balance Sheet

We have performed a review of the Historical Balance Sheet as at 17 August 2007 as detailed in Section 7 of the Prospectus.

We have performed our review in order to state whether on the basis of the procedures described, anything has come to our attention that would cause us to believe that the Historical Balance Sheet is not presented fairly in accordance with the recognition and measurement requirements (but not the disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia.

Our review was performed in accordance with Australian Auditing Standard AUS 902 "Review of Financial Reports". Our review was limited to enquiries of Alchemy's Directors and consultants, review of the Directors' minutes, review of the material documents, analytical procedures applied to the financial data, the performance of limited verification procedures and comparison for consistency in application of the Accounting Standards.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and accordingly do not express an audit opinion on the Historical Balance Sheet of Alchemy.

4.2 Review of Pro-Forma Balance Sheet

We have performed a review of the Pro-Forma Balance Sheet of Alchemy as set out in Section 7 of the Prospectus. The purpose of the Pro-Forma Balance Sheet is to demonstrate the financial effect of the Pro-Forma transactions disclosed in Note 2 of the Financial Information included in the Prospectus, assuming they had taken place on 17 August 2007.

We have performed our review in order to state whether on the basis of the procedures described, anything has come to our attention that would cause us to believe that the Pro-Forma Balance Sheet is not presented fairly in accordance with the recognition and measurement requirements (but not the disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia, assuming the Pro-Forma transactions had taken place on 17 August 2007.

Our review was performed in accordance with Australian Auditing Standard AUS 902 "Review of Financial Reports". Our review was limited to enquiries of Alchemy's Directors and consultants, review of the Directors' minutes, review of the material documents, review of the Pro-Forma transactions, analytical procedures applied to the financial data, the performance of limited verification procedures and comparison for consistency in application of the Accounting Standards.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and accordingly do not provide an audit opinion on the Pro-Forma Balance Sheet of Alchemy.

5 STATEMENTS

5.1 Historical Balance Sheet

Based on the scope of our review, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Balance Sheet as set out in Section 7 of the Prospectus is not presented fairly in accordance with the recognition and measurement requirements (but not the disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia.

5.2 Pro-forma Balance Sheet

Based on the scope of our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro-Forma Balance Sheet as set out in Section 7 of the Prospectus, assuming the Pro-Forma transactions had taken place on 17 August 2007, is not presented fairly in accordance with the recognition and measurement requirements (but not the disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia.

6 SUBSEQUENT EVENTS

To the best of our knowledge and belief, and based on the work we have performed in relation to the scope of work set out in Section 4 of this Report, there have been no material transactions or events, other than those included in Section 7 of the Prospectus, which would require a comment on, or adjustment to, the Financial Information referred to in our Report or that would cause the Financial Information included in this Prospectus to be misleading.

7 DECLARATION

PKF Corporate Advisory Services (WA) Pty Ltd is responsible for this Report. The Financial Information presented in Section 7 of the Prospectus has been prepared by the Company, and is the responsibility of the Directors of Alchemy. This Report is strictly limited to the matters contained herein and is not to be read as extending by implication or otherwise to any other matter.

PKF Corporate Advisory Services (WA) Pty Ltd does not have any interest that could reasonably be regarded as being capable of affecting its ability to give an unbiased opinion in relation to this matter.

Except for fees relating to this Report, which are based on normal commercial terms, PKF Corporate Advisory Services (WA) Pty Ltd does not have any interest in Alchemy nor in the outcome of the Offer. The partners of PKF Chartered Accountants and Business Advisers are the owners of PKF Corporate Advisory Services (WA) Pty Ltd.

PKF Corporate Advisory Services (WA) Pty Ltd has not made, and will not make, any recommendation through the issue of the Report to potential investors of Alchemy as to the merits of the investment.

The nature of this Report is such that it should be given by an entity which holds an Australian Financial Services licence under the Financial Services Reform Act 2001. PKF Corporate Advisory Services (WA) Pty Ltd holds an appropriate Australian Financial Services Licence.

Consent for the inclusion of this Report in the Prospectus in the form and context in which it appears has been given. At the date of this Report, this consent has not been withdrawn.

Yours faithfully

Neil Smith
Director

SECTION SEVEN

Overview

This section contains historical financial information, provided on both an actual and pro-forma basis, for Alchemy Resources Limited.

The actual historical financial information comprises:

- The consolidated balance sheet of Alchemy Resources Limited as at 17 August 2007; and
- The notes to the financial information.

The pro-forma historical information comprises:

- The consolidated balance sheet of Alchemy Resources Limited as at 17 August 2007, prepared on the basis that the issue of shares and net proceeds raised under this Offer, and the subsequent utilisation of net proceeds raised had occurred on that date.
- The notes to the financial information.

Basis of Preparation of Historical Financial Information

Alchemy Resources Limited was incorporated on 16 March 2007. The actual financial performance Alchemy Resources Limited will report in its 2007 Annual Report will cover the period from 16 March 2007, being the date of incorporation, to 30 June 2007.

As Alchemy Resources Limited was incorporated after the adoption date of International Financial Reporting Standards ("IFRS"), being 1 January 2005, the Company will be required to adopt IFRS. Therefore, Alchemy Resources Limited's first IFRS compliant financial report will be for the period 30 June 2007. As a consequence of this, no Australian Generally Accepted Accounting Principles (AGAAP) basis financial information has been presented in the Prospectus.

The pro-forma balance sheet as at 17 August 2007 presents the actual balance sheet as at 17 August 2007, as reviewed by PKF, adjusted for the impact of this Offer as at 17 August 2007.

The financial information is presented in an abbreviated form and does not comply with all the presentation and disclosure requirements of Australian Accounting Standards applicable to annual reports prepared in accordance with the Corporations Act.

Financial Information

Set out below is the actual consolidated balance sheet of Alchemy Resources Ltd as at 17 August 2007 and the pro-forma consolidated balance sheet as at 17 August 2007.

	Notes	Consolidated Actual Reviewed IFRS Basis 17 August 2007 $	Consolidated Pro-forma Reviewed IFRS Basis 17 August 2007 $
Current Assets			
Cash and cash equivalents	3	99,456	6,046,281
Other	4	1,878	1,878
Total Current Assets		101,334	6,048,159
Non-Current Assets			
Exploration & evaluation	5	111,210	111,210
Total Non-Current Assets		111,210	111,210
Total Assets		212,544	6,159,369
Current Liabilities			
Payables	6	114,530	114,530
Other	7	33,000	-
Total Current Liabilities		147,530	114,530
Total Liabilities		147,530	114,530
Net Assets		65,014	6,044,839
Equity			
Contributed equity	8	115,175	6,052,500
Reserves	9	233,893	276,393
Accumulated losses	10	(284,054)	(284,054)
Total Equity		65,014	6,044,839

Notes to the Financial Statements

1. Summary of significant accounting policies

The reviewed actual and pro-forma balance sheets have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

As Alchemy Resources Limited was incorporated after the adoption date of IFRS, being 1 January 2005, the Company will be required to adopt IFRS. Therefore, Alchemy Resources Limited's first IFRS compliant financial report will be for the period 30 June 2007. As a consequence of this, no Australian Generally Accepted Accounting Principles (AGAAP) basis financial information has been presented in the Prospectus.

(A) Basis of Accounting

The balance sheets have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, where applicable.

The preparation of the balance sheets in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the balance sheets are disclosed where appropriate.

(B) Changes to Australian Accounting Standards

Australian Accounting Standards that have recently been amended but are not yet required to be mandatorily adopted have not been applied for the reporting period ended 17 August 2007. The application of these revised accounting standards would not have a material effect on the company's current accounting policies adopted.

(C) Going Concern Basis of Accounting

The financial information has been prepared on the basis of a going concern. The Company's ability to continue as a going concern is contingent upon raising additional capital to fund exploration commitments, other principal activities and for use as working capital. If additional capital is not raised, the going concern basis may not be appropriate with the result that the Company may have to realise its assets and extinguish its liabilities other than in the ordinary course of business and at amounts different from those stated in the financial information. No allowance for such circumstances has been made in the financial information.

(D) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of the subsidiary of Alchemy Resources Limited ("company" or "parent entity") as at 17 August 2007. Alchemy Resources Limited and its subsidiary together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing

whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Minority interests in the results and equity of subsidiaries are shown separately in the consolidated income statement and balance sheet respectively.

(E) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(F) Revenue Recognition

Revenue is measured at fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. The following specific recognition criteria must also be met before revenue is recognised:

- Interest income is recognised as it accrues.

(G) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the notional income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of asses and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction.

The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount

and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(H) Acquisitions of Assets

The purchase method of accounting is used to account for all acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is the published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Company's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(I) Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(J) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure, including the costs of acquiring the licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the Company has obtained the legal rights to explore an area are recognised in the income statement.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

(i) the expenditures are expected to be recouped through successful development and exploitation of from sale of the area of interest; or

(ii) activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amounts exceeds the recoverable amount (see impairment accounting policy). For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

(K) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(L) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(M) Employee Benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the sick leave is taken and measured at the rates paid or payable.

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(N) Contributed Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

(O) Goods and Service Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on the purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivable and payable are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of the payables in the Balance Sheet.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

(P) Share Based Payments

Share based payments are provided to directors, employees, consultants, and other advisors.

The fair value of options granted is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees or others become unconditionally entitled to the options. The fair value of the options granted is measured using a black scholes valuation model, taking into account the terms and conditions upon which the options were granted.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, on the date on which the relevant employees or others become fully entitled to the award ("vesting date"). The amount recognised as an expense is adjusted to reflect the actual number that vest.

The dilutive effect, if any, of outstanding options, is reflected as additional share dilution in the computation of earnings per share.

(Q) Joint Ventures

The proportionate interests in the assets, liabilities and expenses of a joint venture activity have been incorporated in the financial statements under the appropriate headings.

2. Actual and Proposed Transactions to Arrive at Pro-Forma Balance Sheet

The pro-forma balance sheet has been included for illustrative purposes to reflect the position of Alchemy Resources Limited on the assumption that the following transactions had occurred as at 17 August 2007:

(a) Issue of 6,000,000 fully paid ordinary shares at $0.05 per share to seed investors and issue of 1,100,000 fully paid ordinary shares at $0.15 per share to mezzanine investors.

(b) The payment of an estimated $527,675 in costs incurred by the Company in relation to the capital raising. This amount includes an estimated $42,500 in share based remuneration for approximately 1,250,000 options exercisable at $0.25 each on or before 31 August 2010 to the Sponsoring Broker.

(c) The issue pursuant to this Prospectus of 24,000,000 ordinary shares at $0.25 each, raising $6,000,000 cash.

	Consolidated Actual Reviewed IFRS Basis 17 August 2007	Consolidated Pro-forma Reviewed IFRS Basis 17 August 2007
	$	$
3. Cash		
Cash at bank and on hand	99,456	6,046,281
Adjustments arising in the preparation of the pro-forma cash balance are summarised as follows:		
Actual balance as at 17 August 2007		99,456
Cash raised from seed and mezzanine investors		432,000
Issue of 24,000,000 fully paid shares at $0.25 per share		6,000,000
Estimated costs of Issue Remaining		(485,175)
		6,046,281

The pro-forma cash balance has been prepared on the basis that the minimum subscription of $4,000,000 is raised plus the over subscription of $2,000,000. In the event the over subscription is not received the cash balance would be reduced by a net amount of $1,909,000. This is the $2,000,000 not received being offset by a reduction of $91,000 costs for the capital raising.

	Consolidated Actual Reviewed IFRS Basis 17 August 2007 $	Consolidated Pro-forma Reviewed IFRS Basis 17 August 2007 $
4. Receivables - Current		
GST receivable	1,878	1,878
5. Exploration & Evaluation – Non-Current		
Exploration and evaluation expenditure	111,210	111,210
6. Payables - Current		
Trade creditors and accruals	114,530	114,530
7. Other – Current		
Loans from seed and mezzanine investors	33,000	0
The monies received from seed and mezzanine investors prior to 17 August 2007 was treated as a short-term loan until the shares were issued to those investors.		
8. Contributed Equity		
13,000,000 / 44,100,000 ordinary shares fully paid	115,175	6,052,200
Movements during the period:		
Ordinary issued and paid up share capital		
Opening balance as at 17 August 2007	130,000	130,000
Issue of 6,000,000 paid ordinary shares to seed investors		300,000
Issue of 1,100,000 fully paid ordinary shares to mezzanine investors		165,000
Issue of 24,000,000 fully paid ordinary shares pursuant to the prospectus		6,000,000
Transaction costs relating to share issue	(14,825)	(542,500)
At reporting date	115,175	6,052,500

8. Contributed Equity (continued)

	Consolidated Actual Reviewed IFRS Basis 17 August 2007 Number	Consolidated Pro-forma Reviewed IFRS Basis 17 August 2007 Number
In addition the Company has on issue unlisted options, to subscribe for ordinary shares, the details of which are disclosed elsewhere in this prospectus. The reconciliation for the issue of these options is as follows:		
Opening balance as at 17 August 2007	7,250,000	7,250,000
Issue to seed investors with an exercise price of $0.25 and an expiry date of 31 August 2011		6,000,000
Issue to mezzanine investors with an exercise price of $0.25 and an expiry date of 31 August 2011		1,100,000
Issue to participating broker with an exercise price of $0.25 and an expiry date of 31 August 2011		1,250,000
At reporting date	7,250,000	15,600,000

	Consolidated Actual Reviewed IFRS Basis 17 August 2007 $	Consolidated Pro-forma Reviewed IFRS Basis 17 August 2007 $
9. Reserves		
Option Reserve	233,893	276,393

The purpose of the reserve is to record share based payment transactions.

10. Accumulated Losses		
Accumulated losses from incorporation date to 17 August 2007	284,054	284,054

11. Related Parties

Directors

The Directors in office as at the date of this Prospectus are:

Mr Warwick Davies

Mr Michael Hannington

Mr Mark Hill

Mr John Arbuckle

Mr Robert Downey

Directors' Interests in Shares and Options

The aggregate number of ordinary shares and options of the Company held by Directors and their related entities at 17 August 2007:

	Number of Shares	Number of Options
Mr Warwick Davies	-	1,000,000
Mr Michael Hannington	-	3,000,000
Mr Mark Hill	-	1,000,000
Mr John Arbuckle (refer below)	3,000,000	750,000
Mr Robert Downey (refer below)	3,000,000	750,000

Transactions with Directors

During the period the Company issued 3,000,000 shares at $0.01 each to Canaccord Capital (Australia) Pty Ltd to which Messrs Arbuckle and Downey are directors. A loan of $15,000 existed between the Company and Canaccord Capital (Australia) Pty Ltd at 30 June 2007, which had been fully repaid by the reporting date.

At the reporting date, Canaccord Capital (Australia) Pty Ltd had loaned $33,000 to Alchemy Resources Limited to fund the acquisition of seed capital (refer Note 7).

Upon listing, the Company will pay $50,000 in corporate advisory fees to Westwind Capital Pty Ltd of which Messrs Arbuckle and Downey are directors.

Director's Remuneration

The Chairman will receive $40,000 per annum (including statutory superannuation) and Non-Executive Directors will receive $25,000 per annum (including statutory superannuation) in their role as directors of the Company. At reporting date, the Company had accrued $34,113 for directors' fees.

Mr Hannington as Managing Director will receive a salary of $250,000 (including statutory superannuation). Mr Hill as Technical Director will receive $120,000 per annum pro-rated for working 10 days per month. At reporting date, the Company had accrued $11,425 for Mr Hannington's salary.

11. Related Parties (continued)

Wholly Owned Group

The wholly-owned group consists of Alchemy Resources Limited, the parent entity, and the wholly owned controlled entity Alchemy Resources (Murchison) Pty Ltd. The controlled entity was incorporated on 16 March 2007 and had not traded in its own right at 17 August 2007. Transactions between Alchemy Resources Limited and its controlled entities consist of the transfer of funds for day-to-day financing. Inter-company loans are unsecured, do not bear interest and have no repayment terms.

During the financial period Alchemy Resources Limited provided loans totalling $111,110 to Alchemy Resources (Murchison) Pty Ltd.

12. Commitments

In order to maintain an interest in the exploration tenements in which the Company is involved, the Company is committed to meet the conditions under which the tenements were granted. The timing and amount of exploration expenditure commitments and obligations of the Company are subject to the minimum expenditure commitments required as per the Mining Act, as amended, and may vary significantly from the forecast based upon the results of the work performed which will determine the prospectivity of the relevant area of interest. Currently, the minimum expenditure commitments for the granted tenements are $102,000 per annum.

13. Contingent Assets and Liabilities

There are no material contingent assets or liabilities existing at 17 August 2007 or at the date of completion of these financial statements.

14. Equity Based Remuneration

The directors (Messrs Davies, Arbuckle, Downey and Hill) have been issued 3,500,000 options with an exercise price of $0.25 on or before 30 June 2011.

The Group has entered into an employment agreement with Mr Hannington as Managing Director and Mr Jonathan King as Exploration Manager. As part of his package Mr Hannington will be provided with: 1,000,000 options exercisable at $0.25 on or before 30 June 2011; 1,000,000 options exercisable at $0.37 on or before 30 June 2012; and 1,000,000 options exercisable at $0.50 on or before 30 June 2013. As per Mr Hannington's employment agreement the first tranche of options vest immediately, the second tranche vest from 1 July 2008 and the third tranche vest from 1 July 2009.

As part of his package Mr King will be provided with 750,000 options exercisable at $0.25 on or before 30 June 2011.

It has been assumed that Novus Capital Pty Ltd will receive 1,250,000 options exercisable at $0.25 on or before 31 August 2010 in accordance with the Sponsoring Broker agreement.

Using the Black Scholes option valuation methodology, the fair value of the options were calculated, taking into account discounts for escrow provisions and the risk that the company may not list on the ASX. The following inputs were used:

Input	Director Options @ $0.25	Director Options @ $0.37	Director Options @ $0.50	Broker Options @ $0.25
Share price	$0.15	$0.15	$0.15	$0.15
Exercise price	$0.25	$0.37	$0.50	$0.25
Expected volatility	60%	60%	60%	60%
Expiry date	30 June 2011	30 June 2012	30 June 2013	31 August 2010
Expected dividends	Nil	Nil	Nil	Nil
Risk free interest rate	5.90%	5.90%	5.90%	5.90%
Value per option	$0.044	$0.041	$0.050	$0.034
Number of options	5,250,000	1,000,000	1,000,000	1,250,000
Value of options	$231,000	$1,797	$1,096	$42,500

The value of the director and management options ($233,893) has been expensed in the actual financial statements as at 17 August 2007, whereas the value of the broker options ($42,500) is included as a transaction cost of the issue in issued capital in the pro forma financial statements.

SECTION EIGHT

WRIGHT
LEGAL

Phone: +61 8 9327 0800
Email: stuart@wrightlegal.com.au

The Directors
Alchemy Resources Limited
Unit 9, 36 Ord Street
West Perth WA 6005

Dear Sirs

Solicitor's Report

This report is prepared for inclusion in a prospectus (Prospectus) to be dated on or about 18 September 2007 for issue by Alchemy Resources Limited ACN 124 444 122 (Company) of up to 24,000,000 Shares at an issue price of 25 cents ($0.25) per share.

Capitalised terms used in this Solicitor's Report have, unless otherwise defined, the meaning given in the Prospectus.

This Report relates to various mining tenements in Western Australia (Tenements) held by the Company listed in the Tenements Schedule (Schedule) at the end of this Report.

1 Searches

We have conducted the following searches and enquiries on 11 September 2007:

(a) searches of the Tenements in the register maintained by the Department of Industry and Resources of Western Australia (DOIR) pursuant to the Mining Act 1978 (WA) (Mining Act);

(b) quick appraisal searches of the Tenements obtained on-line from the Tengraph system maintained by the DOIR; and

(c) searches of the native title application summaries maintained by the National Native Title Tribunal (NNTT) in relation to those native title claims which affect the Tenements.

Based on our searches and enquiries and subject to the statements set out below, we confirm at the date of the searches:

(a) the details of the Tenements referred to in this Report are accurate as to the status and registered holders of those tenements;

(b) where title to a Tenement has not been granted that fact is disclosed in the Schedule;

(c) all applicable rents due in respect of the Tenements under the Mining Act have been paid; and

(d) none of the Tenements are subject to any unusual conditions of a material nature other than as disclosed in the Schedule.

2 Assumptions and qualifications

In preparing this Report:

(a) we have relied on the information provided as a result of the searches which we have made or caused to be made of the register and the Tengraph system maintained by DOIR and the register maintained by the NNTT being accurate and complete;

(b) where compliance with requirements necessary to maintain a Tenement in good standing or a possible claim in respect of a Tenement is not disclosed on the face of the searches referred to above, we express no opinion on that compliance or claim;

(c) where any agreement, dealing or act (including disturbing the land for exploration or mining) in a Tenement requires an authorisation, approval, permission or consent (Authorisation) under the Mining Act, any regulations made thereunder or any other relevant legislation, we have assumed that Authorisation has been or will be granted in due course;

(d) where any dealing in a Tenement has been lodged for registration but is not yet registered, we express no opinion as to whether the registration will be effected, or the consequences of non-registration;

(e) we express no opinion as to whether an application for a Tenement will ultimately be granted;

(f) we have assumed that the Company has complied with all applicable provisions of the Mining Act and all other legislation relating to the Tenements and the Agreements;

(g) we have not researched the underlying land tenure in respect of the Tenements to determine if native title rights have or have not been extinguished, or the extent of any extinguishment;

(h) we have not undertaken the extensive research necessary to establish if native title claims may be made in the future over the area of the Tenements;

(i) we have not researched the area of the Tenements to determine if there are any registered or unregistered sites of significance to aboriginal people within the area;

(j) other than as noted in the Schedule, we are instructed by the Company that there are no plaints or legal proceedings of any nature commenced or threatened in respect of the Tenements; and

(k) this Report relates solely to the laws of Western Australia at the date of this letter and we have made no investigations of the laws of any other jurisdiction.

3 Tenements

The Tenements comprise exploration licences, prospecting licences and mining leases granted or applied for under the Mining Act.

Significant amendments to the Mining Act (Amendments) came into operation on 10 and 11 February 2006. The Amendments fundamentally affect the administration of mining tenements in Western Australia.

Those exploration licences listed in the Schedule granted or applied for prior to the Amendments have an initial term of 5 years from the date of grant, and may on application, be extended for two further periods of 1 or 2 years. Beyond those extensions, additional 1 year extensions are available under exceptional

circumstances. At the expiry of the 3rd and 4th years of the term of an existing exploration licence, not less than half of the area of the exploration licences must be relinquished unless relief from that requirement is granted. The applications for exploration licences applied for after 11 February 2006 will, if granted, be granted for 5 year terms, however the Amendments provide for longer extensions of the licence's term. The Amendments also provide for a once only 40% compulsory reduction of the area at the end of the 5th year of the term of the exploration licence.

Ministerial consent is required under the Mining Act before any legal or equitable interest in an exploration licence can be created or dealt with during the first year of the term of the licence.

The Mining Act gives the holder of an exploration licence the right to apply for a mining lease (or mining leases) over the area the subject of the exploration licence. The grant of any mining lease is subject to compliance with the Mining Act. Since the Amendments, a mining lease may only be applied for over land where, at minimum, a mineral resource (not to a standard set out in the Joint Code for Reporting of Mineral Resources and Ore Reserves published by the Australian Joint Ore Reserves Committee (JORC) exists.

Prospecting licences are granted for a period of 4 years. The prospecting licences listed in the Schedule (being granted or applied for prior to the Amendments) are not renewable. The Amendments permit the renewal of prospecting licences applied for and granted after the commencement of the Amendments for a further 4 years.

The holder of a prospecting licence may apply to convert the prospecting licence to a mining lease subject to compliance with the Mining Act. The ability to convert a prospecting licence to a mining lease will be limited by the requirement to, at minimum, demonstrate a mineral resource (not to JORC standard) exists.

Mining leases are granted for a period of 21 years, renewable for a further 21 years. Ministerial consent is required under the Mining Act prior to assigning an interest in a mining lease

The Schedule sets out a brief description of the Tenements and a summary of any encumbrances and material conditions.

In relation to the Schedule, we make the following comments:

(a) references to the areas of the Tenements are taken from the details shown on the searches, it is not possible to verify those areas without conducting a survey which has not been undertaken;

(b) exploration licences are measured by one minute by one minute graticular blocks which, depending on where the licence is located, range in area from approximately 2.8 km2 to 3.3km2; and

(c) the rights of a holder of the Tenements is subject to compliance by that holder with the terms and conditions under the Mining Act and regulations made thereunder and the conditions specifically set out in the grant of the relevant Tenement.

4 Native Title

In Mabo v Queensland (No 2) (1992 175 CLR 1) the Australian common law recognised a form of native title giving Aboriginal people certain rights to their traditional lands. The rights recognised in native title may vary from place to place and from people to people but in each case will originate in customary rights and the Aboriginal group claiming the rights must have maintained a traditional connection with the land.

Native title rights may be extinguished voluntarily or by legislative or executive action inconsistent with the native title such as the grant of a freehold interest in land. Native title may also be partially extinguished by the grant of rights over native title land not wholly inconsistent with native title rights. Where native title has been partially extinguished, it will co-exist with other rights to the land.

The Native Title Act 1993 (Cth) (Native Title Act) was enacted in response to the common law recognition of native title. Among other things, the Native Title Act:

(a) provides a procedure for the recognition of native title claims in the Federal Court;

(b) confirms the validity of titles granted by the Federal Government prior to the commencement of the Native Title Act and provides for the States and Territories to validate such titles; and

(c) specifies the procedure for the grant of mining tenements which may affect native title rights.

The Native Title Act was amended in 1998 by the Native Title Amendment Act 1998. The amendments included the validation of any titles that may have been invalidly granted over pastoral leases and certain other leasehold interests during the period 1 January 1994 to 23 December 1996. The Western Australian Parliament has enacted the Titles (Validation) and Native Title (Effect of Past Acts) Act 1995 which adopts the Native Title Act in Western Australia.

5 Native Title Claims

A person claiming to hold native title may lodge an application for determination of native title with the Federal Court. If the claim satisfies the registration test set out in the Native Title Act (Registration Test) it will be entered on the Register of Native Title Claims maintained by the NNTT. Registered claimants are afforded certain procedural rights, including the "right to negotiate". Claims which fail the Registration Test are, nevertheless heard by the Federal Court.

Claims affecting the Tenements have been noted in the Schedule.

The fact a claim has been lodged does not necessarily mean that native title exists over the area claimed, nor does the absence of a claim necessarily indicate that no native title exists over that area. The existence of native title will be established in due course as the claims are determined by the Federal Court.

6 Validity of titles

Under the Titles (Validation) and Native Title (Effect of Past Acts) Act 1995, the State validated mining tenements granted prior to 1 January 1994.

Under the Native Title Act, and subject to certain exceptions, the grant of a mining tenement on or after 1 January 1994 that affects native title is a "future act". The State passed the Titles Validation Amendment Act 1999 to confirm the validity of mining tenements granted between 1 January 1994 and 23 December 1996 provided that certain requirements of the Native Title Act were complied with.

Mining tenements granted after 23 December 1996 that affect native title will be valid only if the applicable processes of the Native Title Act have been complied with. We understand that such processes have been complied with but have not undertaken independent enquiries to confirm this is the case.

7 Future Grant of Mining Tenements

The Federal Court must determine that native title exists before the extent the grant of a mining tenement impacts on native title can be established. Few such determinations have been made, however the valid grant of a mining tenement can be achieved if the processes of the Native Title Act and applicable State procedures are complied with. In most instances (other than the grant of certain low impact or infrastructure titles) the primary procedure is the "right to negotiate" process. The right to negotiate process need not be complied with if an indigenous land use agreement (ILUA) is negotiated with the relevant Aboriginal body. In such cases, the procedure for the grant of a mining tenement will be set out in the ILUA.

The right to negotiate process involves the notification and advertising of a proposed grant and negotiation between the native title claimants, tenement applicant and the State. If agreement on the tenement application cannot be reached, the NNTT may determine the tenement application.

Some of the Tenements are applications. The State has implemented a procedure to facilitate the grant of exploration and prospecting licences outside of the right to negotiate procedure if the tenement applicant is willing to enter into a standard heritage protection agreement. The procedure is not available in all areas of the State. Applicants for exploration or prospecting licences that do not fall within the State's standard heritage protection agreement areas, and applicants for mining leases must comply with the right to negotiate process to achieve the grant of those tenements.

8 Aboriginal Heritage

Sites that may be of spiritual, cultural or heritage significance to Aboriginal persons may be protected by the Aboriginal Heritage Act 1972 (Heritage Act).

The Heritage Act makes it an offence to alter or damage a site of significance to Aboriginal people. The Heritage Act provides for but does not compel the registration of such sites. It is an obligation of a party disturbing any area of the state to ensure it does not disturb such a site.

We have not undertaken any searches or investigations as to whether there are or may be any sites protected by the Heritage Act within the area of the Tenements. It is common practice for an explorer to undertake surveys of any area that may host such sites prior to carrying out any ground disturbing activity.

9 Consent

This report is given on the date set out at the commencement and unless specified to the contrary, speaks only to the laws in force on that date.

Wright Legal have consented to the inclusion of this Report in the Prospectus in the form and context in which it is included and have not withdrawn that consent before the lodgement of the Prospectus with ASIC.

Yours faithfully

Wright Legal

Tenement	Holder/ Applicant	Shares Held	Status	Area	Application Date	Grant Date	Expiry Date	Required Expenditure	Notes
Gidgee Project									
E51/1044	JRL	100/100ths	Live	70 blocks	24/04/2003	28/08/2006	27/08/2011	$70,000	1, 7, 10
Wydgee Project									
E20/549	JRL	100/100ths	Live	6 blocks	26/08/2003	21/12/2004	20/12/2009	$20,000	7, 10
E20/610	JRL	100/100ths	Pending	7 blocks	03/11/2005	N/A	N/A	N/A	2, 7, 11
E51/1048	JRL	100/100ths	Live	32 blocks	26/08/2003	28/08/2006	27/08/2011	$32,000	3, 7, 10
P20/1940	JRL	100/100ths	Pending	11 ha	03/11/2005	N/A	N/A	N/A	4, 7, 11
P20/1941	JRL	100/100ths	Pending	23 ha	03/11/2005	N/A	N/A	N/A	5, 7, 11
Jeffery Well Project									
E20/507	JRL	100/100ths	Pending	27 blocks	19/02/2001	N/A	N/A	N/A	6, 7, 8, 11
Big Bell North Project									
E20/594	JRL	100/100ths	Pending	25 blocks	18/04/2005	N/A	N/A	N/A	6, 7, 11
E20/639	JRL	100/100ths	Pending	28 blocks	24/03/2006	N/A	N/A	N/A	6, 7, 9
E20/667	ARM	100/100ths	Pending	14 blocks	03/04/2007	N/A	N/A	N/A	6, 7
Ninden Hill Project									
E20/536	JRL	100/100ths	Pending	32 blocks	05/03/2002	N/A	N/A	N/A	6, 7, 8, 11
Polelle Project									
E51/1042	JRL	100/100ths	Live	1 block	26/03/2003	28/08/2006	27/08/2011	$10,000	8, 10
E51/1225	ARM	100/100ths	Pending	22 blocks	03/04/2007	N/A	N/A	N/A	6, 8
E51/1226	ARM	100/100ths	Pending	4 blocks	03/04/2007	N/A	N/A	N/A	6, 8
M51/859	JRL	100/100ths	Pending	308 ha	14/12/2005	N/A	N/A	N/A	6, 8, 11
M51/860	JRL	100/100ths	Pending	927 ha	14/12/2005	N/A	N/A	N/A	6, 8, 11
M51/861	JRL	100/100ths	Pending	813 ha	14/12/2005	N/A	N/A	N/A	6, 8, 11
M51/862	JRL	100/100ths	Pending	952 ha	14/12/2005	N/A	N/A	N/A	6, 8, 11

Key

ARM = Alchemy Resources (Murchison) Pty Ltd ACN 124 455 465

JRL = Jindalee Resources Limited ACN 064 121 133

Notes

Each granted tenement is subject to standard conditions including conditions requiring the holder to obtain the consent of the relevant officer of the Department of Industry and Resources ("DOIR") prior to conducting any ground disturbing work, basic environmental and rehabilitation conditions for minor disturbances, and prohibitions or restrictions on disturbing existing infrastructure. The following specific conditions attach to tenements as indicated.

1. A portion of this tenement (less than 5%) encroaches on Lake Annean. Special conditions apply protecting that wetland and an additional level of approvals from the Waters and Rivers Commission is required prior to work being done on the area affected by the wetland.
2. An objection was lodged on 21/11/2005 by the Wajarri Elders to the grant of this application. A portion of the tenement (5.4%) encroaches on Use & Benefit of Aborigines Reserve CR16670.
3. A portion of the tenement (21.9%) encroaches on Use & Benefit of Aborigines Reserve CR16670. Consent of the Minister for State Development is required prior to mining on that reserve.
4. An objection was lodged on 21/11/2005 by the Wajarri Elders to the grant of this application. The tenement is situated within Use & Benefit of Aborigines Reserve CR16670.
5. An objection was lodged on 21/11/2005 by the Wajarri Elders to the grant of this application.
6. Application recommended for grant.
7. This tenement is subject to the Wajarri Yamatji (WAD6033/98; WC04/10) registered native title claim.
8. This tenement is subject to the Yugunga-Nya People (WAD6132/98; WC99/46) registered native title claim.
9. 25 of the 28 blocks comprising this tenement are identical to the area of E20/594. The remaining 3 blocks overly a tenement application made by a third party. Should E20/594 and the third party tenement applications be granted, this tenement application will be either refused or withdrawn.
10. A transfer form transferring 80% of this tenement from JRL to ARM has been lodged with, but not registered by, the DOIR.
11. ARM holds a fully executed and stamped transfer form for 80% of this tenement for lodgement upon grant of the tenement.

SECTION NINE

9.1 Registration, Tax Status and Financial Year

The Company was registered on 16 March 2007. The Directors expect the Company will be taxed in Australia as a public company.

The financial year of the Company ends on 30 June annually.

9.2 Legal Proceedings

The Directors are not aware of any litigation of a material nature pending or threatened which may significantly affect the Company.

9.3 Material Contracts

Set out below is a brief summary of certain contracts which have been entered into by the Company and which have also been identified as material and relevant to potential investors.

(a) Sale and Purchase Agreement

Pursuant to a sale and joint venture agreement ("Sale Agreement") dated 21 May 2007, Alchemy Resources (Murchison) Pty Ltd ("Alchemy Murchison"), a wholly owned subsidiary of Alchemy, agreed to purchase from Jindalee Resources Limited ("Jindalee") an 80% interest in mining tenements E20/594, E20/536, E20/507, E20/549, E51/1048, E20/610, P20/1940, P20/1941, E51/1042, E51/1044, M51/859, M51/860, M51/861 and M51/862 ("Tenements").

Pursuant to the Sale Agreement Jindalee agreed to sell and Alchemy Murchison agreed to purchase the Tenements in consideration for the issue of 5,000,000 Shares. Completion of the sale and purchase of the Tenements took place on 9 July 2007. Alchemy Murchison has lodged the transfers of the granted tenements with the DOIR for registration.

On completion of the sale and purchase, Alchemy Murchison and Jindalee agreed to enter into the Joint Venture Agreement summarised below in relation to the Tenements. The participating interests of the parties are Alchemy Murchison 80% and Jindalee 20%.

(b) Joint Venture Agreement

Pursuant to a Joint Venture Agreement dated 21 May 2007 between Alchemy Murchison and Jindalee, the parties agreed to associate themselves into an unincorporated joint venture to be known as the Murchison Project Joint Venture to explore and, if warranted, develop and mine the Tenements.

The joint venture interests of the parties is Alchemy Murchison 80% and Jindalee 20%. Each party has the right to take in kind and separately dispose of its share of, in proportion to its joint venture interest, all minerals produced by the joint venture operations from the Tenements.

Alchemy Murchison agrees to carry Jindalee's share of joint venture expenditure from the completion date under the Sale and Purchase Agreement until a decision to mine. Alchemy Murchison will manage and control all exploration on the Tenements.

A decision to mine may only be made based on a feasibility study and must be approved by a majority vote

of 65% of those parties then forming the joint venture at a meeting of joint venturers to be convened by the manager. After a decision to mine is made, the parties must form and maintain a management committee. Each party's voting entitlement is proportional to its joint venture interest.

A joint venturer may not assign an interest in the joint venture unless the assigning party first offers the interest pro rata to the other joint venturers upon the same terms and conditions as the proposed terms and conditions to the third party.

(c) Managing Director's Employment Agreement

Pursuant to an employment agreement dated 25 June 2007 ("Employment Agreement") the Company has agreed to employ Mr Michael Hannington as Managing Director from 1 August 2007.

Mr Hannington's duties include the strategic direction and general control and management of Alchemy, and such other duties as shall be assigned to him by the Board. Mr Hannington has been granted 3,000,000 Director's and Management Options and will also be entitled in future to receive performance options in the Company, on terms and conditions to be determined by the Company's remuneration committee and approved by the Board.

Mr Hannington will be entitled to an annual remuneration package of $250,000 which will be reviewed annually. The Company must also reimburse Mr Hannington for all reasonable expenses incurred carrying out his role as Managing Director of the Company.

Mr Hannington's appointment may be terminated in certain circumstances including 3 months' written notice of termination given by him or 3 months' written notice of termination given by the Company.

The Company may also terminate the Employment Agreement and make Mr Hannington redundant in a specified number of situations.

(d) Sponsoring Broker Agreement

The Company has agreed to appoint Novus Capital Limited as Sponsoring Broker to the Offer.

The following is a summary of the material terms and conditions of the mandate:

Novus' role as Sponsoring Broker to the Offer will involve assisting the Company on a best endeavours basis in the following areas:

(i) the marketing and administration of the Offer; and

(ii) assisting with providing sufficient applications from potential shareholders for the Company to meet listing requirements.

The Company has agreed to pay the following fees (excluding GST) in consideration for Novus providing these services:

(i) a $30,000 Sponsoring Broker fee;

(ii) a 5% brokerage fee based upon the total funds raised pursuant to the Offer;

(iii) a 1% management fee based upon the total funds from subscriptions for Shares under the Offer;

(iv) the Company granting to Novus one Broker Option for every $4.00 raised; and

(v) reimbursement of reasonable out of pocket expenses.

The Company has agreed to indemnify and keep indemnified Novus and its directors, officers, partners, employees and agents ("Indemnified Persons") against all losses, damages, liabilities and claims arising from, or in connection with, the provision of services under the agreement or any act or omission of the Company or its subsidiaries, associates, directors, employees, representatives or agents in connection with the agreement and not arising from negligence or default of any Indemnified Persons.

The Company has also agreed to engage Novus as exclusive broker with respect to all capital raising initiatives during the twelve month period after the allotment of Shares pursuant to the Offer.

The Company has also agreed to pay to Novus a monthly fee of $6,000 for a period of 12 months in consideration for Novus providing investor relation advice and services.

(e) Deeds of Indemnity, Insurance and Access

The Company has entered into deeds of access, indemnity and insurance with each of the Directors.

The Company has undertaken, subject to the restrictions in the Corporations Act, to indemnify each Director in certain circumstances and to maintain Directors' and Officers' insurance cover (if available) in favour of each Director whilst a Director and for seven years after the Director has ceased to be a Director.

The Company has undertaken with each Director to provide access to any Company records which are either prepared or provided to the Director during the period which he was a Director and for a period of seven years after the Director has ceased to be a Director.

9.4 Rights Attaching to Shares

The rights attaching to Shares are:

(a) set out in the constitution of the Company; and

(b) in certain circumstances, regulated by the Corporations Act, the Listing Rules, the SCH Business Rules and the general law.

The following is a broad summary of the rights, privileges and restrictions attaching to all Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders.

All Shares issued pursuant to this Prospectus will from the time they are issued, rank pari passu with all of the Company's existing Shares.

Voting

Every holder of Shares present in person or by proxy, attorney or representative at a meeting of Shareholders has one vote on a vote taken by a show of hands, and, on a poll every holder of Shares who is present in person or by proxy, attorney or representative has one vote for every Share held by him or her, and a proportionate vote for every partly paid Share, registered in such Shareholders' name on the Company's share register.

A poll may be demanded by the chairperson of the meeting, by at least five Shareholders present in person or by proxy, attorney or representative, or by any one or more Shareholders who are together entitled to not less than 5% of the total voting rights of all those Shareholders having the right to vote on the resolution.

Dividends

Dividends are payable out of the Company's profits and are declared by the Directors.

Transfer of Shares

A Shareholder may transfer Shares by a market transfer in accordance with any computerised or electronic system established or recognised by ASX or the Corporations Act for the purpose of facilitating transfers in Shares or by an instrument in writing in a form approved by ASX or in any other usual form or in any form approved by the Directors.

The Directors may refuse to register any transfer of Shares, other than a market transfer, where permitted by the Listing Rules or the SCH Business Rules. The Company must not refuse to register or give effect to or delay or in any way interfere with a proper SCH transfer of shares or other securities.

Meetings and Notice

Each Shareholder is entitled to receive notice of and to attend general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the constitution of the Company, the Corporations Act or the Listing Rules.

Liquidation Rights

The Company has only issued one class of shares, which all rank equally in the event of liquidation. A liquidator may, with the authority of a special resolution of Shareholders divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders. The liquidator can with the sanction of a special resolution of the Company's Shareholders vest the whole or any part of the assets in trust for the benefit of Shareholders as the liquidator thinks fit, but no Shareholder of the Company can be compelled to accept any Shares or other shares in respect of which there is any liability.

Shareholder Liability

As the Shares under the Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

Alteration to the Constitution

The constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. At least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

ASX Listing Rules

If the Company is admitted to the Official List, then despite anything in the constitution of the Company, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the constitution to contain a provision or not to contain a provision, the constitution is deemed to

contain that provision or not to contain that provision (as the case may be). If a provision of the constitution is or becomes inconsistent with the Listing Rules, the constitution is deemed not to contain that provision to the extent of the inconsistency.

9.5 Rights Attaching to Existing Options, Broker Options and Directors and Management Options

Set out below are a summary of the principal terms of the various classes of Options granted (or to be granted) by the Company.

(a) Existing Options ("Existing Options")

(i) The exercise price of each Existing Option is 25 cents ("Exercise Price") and each Existing Option entitles the holder to one Share.

(ii) The Existing Options expire at 5pm on 31 August 2010 ("Expiry Date").

(iii) The Company shall apply to have the Existing Options listed for official quotation.

(iv) The option holder may exercise Existing Options at any time prior to the Expiry Date, in whole or in part, upon payment of the Exercise Price per option.

(v) The Existing Option shall be freely transferable.

(vi) The Company will apply to have Shares allotted pursuant to an exercise of Existing Options listed for official quotation, in accordance with the Listing Rules.

(vii) In the event of any re-organisation of the issued capital of the Company (including consolidation, subdivisions, reduction or return), the rights of an option holder will be reorganised in accordance with the Listing Rules.

(viii) The Existing Options will not give any right to participate in dividends, bonus issues or entitlement issues until Shares are allotted pursuant to the exercise of the options. The option holder will be provided written notice of the terms of the issue to shareholders and afforded that period of time as required by the Listing Rules before the record date to determine entitlements to the issue to exercise their options.

(b) Rights Attaching to Broker Options

The terms of the Broker Options are the same as the Existing Options.

(c) Rights Attaching to Directors' and Management Options

The terms of the Directors' and Management Options are the same as the Existing Options except that the Company will not apply to have the Directors' and Management Options listed for official quotation and they have an expiry date of 30 June 2011. In addition, of the 3,000,000 options granted to Michael Hannington:

(i) 1,000,000 have vested and have an exercise price of $0.25 and an expiry date of 30 June 2011;

(ii) 1,000,000 options vest on 1 July 2008 and have an exercise price of $0.37 and an expiry date of 30 June 2012; and

(iii) 1,000,000 options vest on 1 July 2009 and have an exercise price of $0.50 and an expiry date of 30 June 2013.

9.6 Directors' Interests

Except as disclosed in this Prospectus, no Director holds, or during the last two years has held, any interest in:

(a) the formation or promotion of the Company;

(b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or

(c) the Offer,

and no amounts of any kind (whether in cash, Shares or otherwise) have been paid or agreed to be paid to any Director to induce him to become, or to qualify as, a Director, or otherwise for services rendered by him in connection with the formation or promotion of the Company or the Offer.

***Shareholding Qualification*s**

The Directors are not required to hold any Shares under the constitution of the Company.

Directors' Holdings

The Directors may subscribe for Shares under this Prospectus.

Set out in the table below are details of Directors' relevant interests in the securities of the Company as at the date of this Prospectus:

Director	No. of Shares Held Directly	No. of Shares Held Indirectly	No. of Options Held Directly	No. of Options Held Indirectly
Warwick Davies	356,500	Nil	1,356,500	Nil
Michael Hannington	Nil	Nil	3,000,000	Nil
Mark Hill [1]	Nil	556,500	1,000,000	556,500
Robert Downey [2]	Nil	4,816,000	750,000	1,816,000 [2]
John Arbuckle [2]	Nil	4,816,000	750,000	1,816,000 [2]

1 Mark Hill is a director and shareholder of Hillben Investments Pty Ltd, the holder of 556,500 Shares and 556,500 Existing Options.

2 Messrs Downey and Arbuckle are director's of Canaccord Capital (Australia) Pty Ltd, the holder of 4,816,000 Shares and 1,816,000 Existing Options.

Remuneration of Directors

The constitution of the Company provides that the Directors may collectively be paid as remuneration for their services a fixed sum not exceeding the aggregate maximum sum per annum from time to time determined by the Directors prior to the first annual general meeting and thereafter by the Company in general meeting. The Directors have determined the aggregate maximum sum to be $250,000. In accordance with the constitution, a resolution will be put to shareholders at the Company's first AGM to set the level of remuneration in future years.

For the current financial year ending 30 June 2008 each of the Non-Executive Directors has agreed to provide the services of the director for a fee of $25,000 per annum. Mr Davies has agreed to provide his services as Chairman for a fee of $40,000 per annum.

A Director may be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

9.7 Interests of Named Persons

Except as disclosed in this Prospectus, no promoter or other person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus holds, or during the last two years has held, any interest in:

(a) the formation or promotion of the Company; or

(b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or

(c) the Offer,

and no amounts of any kind (whether in cash, Shares or otherwise) have been paid or agreed to be paid to a promoter or any person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus for services rendered by that person in connection with the formation or promotion of the Company or the Offer.

PKF Corporate Advisory Services (W.A.) Pty Ltd has prepared the Investigating Accountant's Report included in Section 6. In respect of this work the Company will pay approximately $6,000.

D.W. Otterman Exploration Consultants has prepared the Independent Geologist's Report included in Section 5. In respect of this work the Company has agreed to pay approximately $15,000.

Wright Legal has prepared the Solicitor's Report in Section 8. In respect of this work the Company has agreed to pay $10,000.

Novus Capital Limited has acted as the Sponsoring Broker to the Offer. For these services Novus Capital Limited will be paid the fees set out in Section 9.3(d) and granted the Broker Options.

Westwind Capital Pty Ltd has provided corporate advisory and due diligence and general assistance with the preparation of this Prospectus. For these services Westwind Capital Pty Ltd will be paid $50,000. John Arbuckle and Robert Downey are directors of Westwind Capital Pty Ltd.

The amounts disclosed above are exclusive of any amount of GST payable by the Company in respect of those amounts.

9.8 Consents

Each of the parties referred to in this Section 9.8:

(a) does not make, or purport to make, any statement in this Prospectus or on which a statement made in the Prospectus is based other than as specified in this Section;

(b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section; and

(c) has not authorised or caused the issue of this Prospectus.

PKF Corporate Advisory Services (W.A.) Pty Ltd has given its written consent to the inclusion in this Prospectus of its Investigating Accountant's Report and all statements referring to that report in the form and context in which they are included and has not withdrawn such consent before lodgement of this Prospectus with the ASIC.

D W Otterman Exploration Consultants has given its written consent to the inclusion in this Prospectus of its Independent Geologist's Report and all statements referring to the report in the form and context in which they are included and has not withdrawn such consent before lodgement of this Prospectus with the ASIC.

Wright Legal has given its written consent to the inclusion in this Prospectus of his Independent Solicitor's Report and all statements referring to the report in the form and context in which they are included and has not withdrawn such consent before lodgement of this Prospectus with the ASIC.

Each of the following has consented to being named in the Prospectus in the capacity as noted below and have not withdrawn such consent prior to the lodgement of this Prospectus with the ASIC:

(a) Security Transfer Registrars as share registry for the Company;

(b) PKF Chartered Accountants as auditor to the Company;

(c) PKF Corporate Advisory Services (W.A.) Pty Ltd as Investigating Accountant;

(d) D.W. Otterman Consultants as Independent Geologist;

(e) Wright Legal as Independent Solicitor; and

(f) Novus Capital Limited as the Sponsoring Broker of the Offer.

There are a number of persons referred to elsewhere in this Prospectus who are not experts and who have not made statements included in this Prospectus. There are no statements made in this Prospectus on the basis of any statements made by those persons. These persons did not consent to being named in the Prospectus and did not authorise or cause the issue of the Prospectus.

9.9 Costs of the Offer

The total estimated costs of the Offer, assuming the minimum subscription of $4,000,000 including professional fees incurred, registration fees, brokerage and commission, fees for other advisers, Prospectus design, printing and advertising expenses and other miscellaneous expenses, will be approximately $409,000 comprising the following:

	$
Brokerage	240,000
Sponsoring Broker's Fee	30,000
Independent Expert's Fees	31,000
Corporate Advisory Fee	50,000
ASX and ASIC fees	28,000
Printing and ancillary costs	30,000
TOTAL	**409,000**

Some of the above amounts are inclusive of GST which must be absorbed by the Company. These costs exclude the non-cash share based remuneration payable to Novus Capital Limited upon listing of $34,000 (refer Note 14, Section 7).

9.10 Electronic Prospectus

Pursuant to Class Order 00/44 the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an Electronic Prospectus on the basis of a paper prospectus lodged with the ASIC and the issue of Shares in response to an electronic Application Form, subject to compliance with certain provisions.

If you have received this Prospectus as an Electronic Prospectus please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company at email admin@alchemyresources.com.au or telephone +61 (08) 9322 2711 and the Company will send to you free, either a hard copy or a further electronic copy of the Prospectus or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the Electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered. In such a case, the Application monies received will be dealt with in accordance with section 722 of the Corporations Act.

The Directors state that they have made all reasonable enquiries and on that basis have reasonable grounds to believe that no statements made by the Directors in this Prospectus are misleading or deceptive and that in respect of any other statements made in this Prospectus by persons other than Directors, the Directors have made reasonable enquiries and on that basis have reasonable grounds to believe that the persons making the statement or statements were competent to make such statements, those persons have given their consent to the statements being included in this Prospectus in the form and context in which they are included and have not withdrawn that consent before lodgement of this Prospectus with the ASIC.

The Prospectus is prepared on the basis that certain matters may be reasonably expected to be known to likely investors or their professional advisers.

Each Director has consented to the lodgement of this Prospectus with the ASIC and has not withdrawn that consent.

Dated: 18 September 2007

Warwick Davies
Non Executive Chairman

Applicant(s)	Person(s) who submit a valid Priority Offer Application Form or Public Offer Application Form pursuant to this Prospectus.
Application(s)	A valid application made to subscribe for a specified number of Shares pursuant to this Prospectus.
Application Form	An Priority Offer Application Form or a Public Offer Application Form attached to this Prospectus.
ASIC	Australian Securities and Investments Commission.
ASTC	ASX Settlement and Transfer Corporation Pty Ltd ACN 008 504 532.
ASX	Australian Stock Exchange Limited ACN 008 624 691.
Board	The board of Directors.
Broker Options	Options to acquire Shares at an exercise price of $0.25 cents on or before 31 August 2010 granted to Novus Capital Limited pursuant to the Sponsoring Broker agreement summarised in Section 9.3(d).
Business Day	A day on which ASX is open for trading in securities.
CHESS	Clearing House Electronic Subregister System.
Closing Date	5.00pm WST on 26 October 2007.
Company	Alchemy Resources Limited ACN 124 444 122.
Corporations Act	Corporations Act 2001 (Cth).
Directors	The directors of the Company.
Directors' and Management Options	Options granted on the terms and conditions summarised in Sections 9.5(c) and 9.5(a).
Electronic Prospectus	An electronic version of this Prospectus.
Existing Options	Seed Options and Mezzanine Options granted on the terms and conditions summarised in Section 9.5(a).
Exposure Period	The period of seven days after lodgement of this Prospectus which may be extended by the ASIC by not more than seven days pursuant to section 727(3) of the Corporations Act.
g/t	Means grams per tonne.
GST	Goods and services tax.
Independent Geologist	D W Otterman Exploration Consultants.
Independent Geologist's Report	The Independent Geologist's Report in Section 6.
Investigating Accountant	PKF Corporate Advisory Services (W.A.) Pty Ltd.
Investigating Accountant's Report	The Investigating Accountant's Report in Section 6.
Issuer Sponsored	The shares issued by an issuer that are held in uncertificated form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHESS.
Jindalee Shareholders	Means holders of shares in the capital of Jindalee Resources Limited ACN 064 121 133 with a registered address in Australia.
Joint Venture	The joint venture created under the Farmin Agreement and the Joint Venture Agreement summarised in Section 9.3(b).

Joint Venture Agreement	Means the Joint Venture Agreement summarised in Section 9.3(b).
Listing Rules	The official listing rules of ASX.
Mezzanine Options	Options to acquire Shares at an exercise price of $0.25 cents on or before 31 August 2010 granted to mezzanine investors and summarised in Section 9.5(a).
Moz	Means million ounces.
Murchison Projects	Means the Gidgee, Big Bell North, Ninden Hill, Polelle, Jeffery Well and Wydgee Projects summarised in Section 2.
Offer	The Public offer and Priority Offer of up to a total of 24,000,000 Shares at an issue price of $0.25 cents pursuant to this Prospectus.
Official List	The official list of ASX.
Opening Date	9.00am WST on 25 September 2007.
Options	Options to acquire shares including Seed Options, Mezzanine Options Broker Options and Directors' and Management Options.
ppb	Means parts per billion.
Priority Offer Application Form	Means the green loose leaf form so described, which accompanies this Prospectus.
Priority Offer	Means the priority offer to Jindalee Shareholders referred to in Section 1.5(a).
Priority Offer Closing Date	Means 19 October 2007.
Prospectus	This Prospectus.
Public Offer	Means an offer to the Public described in Section 1.5(b).
Public Offer Application Form	Means the form so described which is attached to or accompanies this Prospectus.
Public Offer Closing Date	Means 26 October 2007.
RAB	Means rotary air blast drilling.
RC	Means reverse circulation drilling.
SCH Business Rules	The operating rules of ASTC or any relevant organisation which is an alternative to, or successor to or replacement of, ASIC or any other applicable clearing and settlement facility licensee.
Section	A section of this Prospectus.
Seed Options	Options to acquire Shares at an exercise price of $0.25 cents on or before 31 August 2010 granted to seed investors summarised in Section 9.5(a).
Share(s)	Fully paid ordinary share(s) in the Company.
Shareholder	A holder of Shares.
Tenements	Means the tenements referred to in the Solicitor's Report.
WST	Western Standard Time.

Alchemy Resources Limited

Share Registrars use only

Broker reference – stamp only

Broker code | Adviser Code

Please read all instructions on reverse of this form

A Number of Shares applied for
(minimum 8,000 and then multiples of 2,000 Shares.)

at $0.25 per Share =

B Total amount payable
cheque(s) to equal this amount

You may be allocated all of the Shares above or a lesser number

C Full name details title, given name(s) (no initials) and surname or company name

Name of Applicant 1

Name of Joint Applicant 2 or <account name>

Name of Joint Applicant 3 or <account name>

D Tax file number(s)
Or exemption category

Applicant 1/company

Joint Applicant 2/ trust

Joint Applicant 3/exemption

E Full postal address

Number/street

Suburb/town

F Contact details

Contact name

Contact daytime telephone number

( )

Contact email address

G CHESS HIN (if applicable)

H Cheque payment details please fill out your cheque details and make your cheque payable to **"Alchemy Resources Limited –Float Account"**

Drawer	Cheque number	BSB number	Account number	Total amount of cheque

I Return of this Application Form with your cheque for the Application monies will constitute your offer to subscribe for Shares. I/We declare that:

(a) this Application is completed according to the declaration/appropriate statements on the reverse of this form and agree to be bound by the constitution of the Company; and

(b) I/we have personally received a copy of this Prospectus accompanied by or attached to this Application Form or a copy of this Application Form or a direct derivative of this Application Form, before applying for Shares.

No signature is required.

You should read the Prospectus dated 18 September 2007 carefully before completing this Application Form. The Corporations Act prohibits any person from passing on this Application Form (whether in paper or electronic form) unless it is attached to or accompanies a complete and unaltered copy of the Prospectus and any relevant supplementary prospectus (whether in paper or electronic form).

GUIDE TO THE ALCHEMY RESOURCES LIMITED APPLICATION FORM

This Application Form relates to the Offer of up to 24,000,000 Shares in Alchemy Resources Limited at 25 cents per Share pursuant to the Prospectus dated 18 September 2007. The expiry date of the Prospectus is the date which is 13 months after the date of the Prospectus. The Prospectus contains information about investing in the Shares of the Company and it is advisable to read all of this document carefully before applying for Shares. A person who gives another person access to this Application Form must at the same time and by the same means give the other person access to the Prospectus, and any supplementary prospectus (if applicable). While the Prospectus is current, the Company will send paper copies of the Prospectus, and a supplementary prospectus (if applicable), and am Application Form, on request and without charge.

Please complete all relevant sections of this Application Form using BLOCK LETTERS. These instructions are cross referenced to each section of this Application Form. Further particulars and the correct forms of registrable titles to use on this Application Form are contained below.

A Insert the number of Shares you wish to apply for. The Application must be for a minimum of 8,000 Shares and thereafter in multiples of 2000 Shares.

B Insert the relevant amount of Application monies. To calculate your Application monies, multiply the number of Shares applied for by the sum of 25 cents.

C Write the full name you wish to appear on the statement of shareholdings. This must be either your own name or the name of a company. Up to three joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applicants using the wrong form of title may be rejected. Clearing House Electronic Sub-Register System (CHESS) participants should complete their name and address in the same format as that are presently registered in the CHESS system.

D Enter your Tax File Number (TFN) or exemption category. Where applicable, please enter the TFN for each joint Applicant. Collection of TFN(s) is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application.

E Please enter your postal address for all correspondence. All communications to you from the share registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

F Please enter your telephone number(s), area code, email address and contact name in case we need to contact you in relation to your Application.

G The Company will apply to ASX to participate in CHESS, operated by ASTC, a wholly owned subsidiary of ASX. In CHESS, the Company will operate an electronic CHESS subregister of securities holdings and an electronic Issuer Sponsored subregister of securities holdings. Together the two subregisters will make up the Company's principal register of securities. The Company will not be issuing share certificates to Applicants in respect of securities allotted.

If you are a CHESS participant (or are sponsored by a CHESS participant) and you wish to hold securities allotted to you under this Application in uncertified form on the CHESS subregister, complete Section G or forward your Application Form to your sponsoring participant for completion of this section prior to lodgement. Otherwise, leave Section G blank and on allotment, you will be sponsored by the Company and an SRN will be allocated to you. For further information refer to the relevant section of the Prospectus.

H Please complete cheque details as requested:

Make your cheque payable to **"Alchemy Resources Limited – Float Account"** in Australian currency and cross it "Not Negotiable". Your cheque must be drawn on an Australian bank. The amount should equal the amount shown in Section B. Sufficient cleared funds should be held in your account, as cheques returned unpaid are likely to result in your Application being rejected.

I Before completing this Application Form the Applicant(s) should read the Prospectus to which the Application relates. By lodging this Application Form, the Applicant(s) agrees that this Application is for Shares upon and subject to the terms of this Prospectus, agrees to take any number of Shares equal to or less than the number of Shares indicated in Section A that may be allotted to the Applicant(s) pursuant to the Prospectus and declares that all details and statements inserted in the Application Form are complete and accurate. It is not necessary to sign this Application Form.

Correct form of Registrable Title

Note that only legal entities are allowed to hold Shares. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non registrable title may be included by way of an account designation if completed exactly as described in the example of correct forms of registrable title below:

Type of investor	Correct form of Registrable Title	Incorrect form of Registrable Title
Individual	Mr John Alfred Smith	JA Smith
Use names in full, no initials		
Minor (a person under the age of 18)	John Alfred Smith	Peter Smith
Use the name of a responsible adult, do not use the name of a minor.	<Peter Smith>	
Company	ABC Pty Ltd	ABC P/L
Use company name, not abbreviations		ABC Co
Trust	Mrs Sue Smith	Sue Smith Family Trust
Use name of trustee(s), do not use the name of the trust	<Sue Smith Family A/C>	
Deceased Estate	Ms Jane Smith	Estate of late John Smith
Use name of executor(s), do not use the name of the deceased	<Est John Smith A/C>	
Partnership	Mr John Smith and Mr Michael Smith	
Use partners personal names, do not use the name of the partnership	<John Smith and Son A/C>	John Smith and Son

Lodgement of Applications

Forward your Application Form with cheque(s) attached to:

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross
Western Australia 6153

Security Transfer Registrars Pty Ltd
PO Box 535
Applecross WA 6953
Australia

Application Forms must be received no later than 5.00pm WST time on 26 October 2007.

Alchemy Resources Limited

Share Registrars use only

Broker reference – stamp only

Broker code | Adviser Code

Please read all instructions on reverse of this form

A Number of Shares applied for
(minimum 8,000 and then multiples of 2,000 Shares.)

at $0.25 per Share =

B Total amount payable
cheque(s) to equal this amount

You may be allocated all of the Shares above or a lesser number

C Full name details title, given name(s) (no initials) and surname or company name

Name of Applicant 1

Name of Joint Applicant 2 or <account name>

Name of Joint Applicant 3 or <account name>

D Tax file number(s)
Or exemption category

Applicant 1/company

Joint Applicant 2/ trust

Joint Applicant 3/exemption

E Full postal address

Number/street

Suburb/town

F Contact details

Contact name

Contact daytime telephone number

( )

Contact email address

G CHESS HIN (if applicable)

H Cheque payment details please fill out your cheque details and make your cheque payable to **"Alchemy Resources Limited –Float Account"**

Drawer	Cheque number	BSB number	Account number	Total amount of cheque

I Return of this Application Form with your cheque for the Application monies will constitute your offer to subscribe for Shares. I/We declare that:

(a) this Application is completed according to the declaration/appropriate statements on the reverse of this form and agree to be bound by the constitution of the Company; and

(b) I/we have personally received a copy of this Prospectus accompanied by or attached to this Application Form or a copy of this Application Form or a direct derivative of this Application Form, before applying for Shares.

No signature is required.

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H Please complete cheque details as requested:

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Correct form of Registrable Title

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Company	ABC Pty Ltd	ABC P/L
Use company name, not abbreviations		ABC Co
Trust	Mrs Sue Smith	Sue Smith Family Trust
Use name of trustee(s), do not use the name of the trust	<Sue Smith Family A/C>	
Deceased Estate	Ms Jane Smith	Estate of late John Smith
Use name of executor(s), do not use the name of the deceased	<Est John Smith A/C>	
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Unit 9
36 Ord Street
WEST PERTH WA 6005
Telephone: (+61 8) 9322 2711
Facsimile: (+61 8) 9322 7577
Email: admin@alchemyresources.com.au
Website: www.alchemyresources.com.au

Alchemy
Resources Limited