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ASX / MEDIA ANNOUNCEMENT FOR IMMEDIATE RELEASE:

Significant Milestone on Path to Commercialisation of Fondaparinux

Brisbane, AUSTRALIA – 16 December, 2008 – Australian drug developer, Alchemia Limited (ASX:ACL), today announced the achievement of a significant milestone towards the commercialisation of its lead product, generic fondaparinux. As a consequence Alchemia will receive payments from its manufacturing and marketing partner Dr Reddy's Limited (DRL) totalling US\$1,625,000 (A\$2,400,000). US\$1 million will be received in December 2008 and a further US\$625,000 upon the earlier of the approval of the Abbreviated New Drug Application (ANDA) and 31 December 2009.

The trigger for the payment, which is subject to confidentiality under the terms of Alchemia's commercialisation agreements with DRL, signals important progress toward the filing of the fondaparinux ANDA with the US Federal Drug Administration (FDA).

US Sales of Arixtra® in the 12 months to September 2008 were US\$172m up 67 % on the corresponding period last year. (source IMS Health).

The receipt of these payments further improves Alchemia's cash position, providing in excess of 2 years operational funding at current expenditure levels.

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About Alchemia Limited – www.alchemia.com.au

Alchemia is a drug discovery and development company founded on its chemistry expertise. The Company's lead program is fondaparinux (a generic version of GlaxoSmithKline's Arixtra®, a synthetic anticoagulant mainly used for the prevention of deep vein thrombosis). Fondaparinux is expected to generate near term revenues for the company commencing in 2009. It is partnered with Dr Reddy's Laboratories Inc. for the U.S. market. Alchemia's pipeline of assets is built on two platform technologies: HyACT® (targeted cancer delivery) and VAST™ (drug discovery).

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