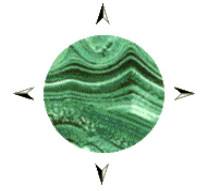


# Malachite Resources Limited

ABN 86 075 613 268



Suite 1502, Tower B, 799 Pacific Highway, Chatswood NSW 2067  
P O Box 5218, West Chatswood NSW 1515  
Tel. (02) 9411 6033 Fax (02) 9411 6066

ASX Announcement

Code: MAR

1 July 2010

---

## NANYANG SEEKS DELAY OF FUNDING COMMITMENT, CITING UNCERTAINTY DUE TO PROPOSED RESOURCES SUPER PROFITS TAX

---

### SUMMARY

- On 13 April 2010 the Company announced that new funding arrangements had been agreed with the Company's largest shareholder, Nanyang Mining Resources Investment Pty. Ltd. ("Nanyang").
- Pursuant to that agreement, funds were to be provided by the issue to Nanyang of two convertible notes, the first to the value of \$1 million, and the second, which was subject to shareholder approval, to the value of \$3 million, due to be subscribed in full by 30 June 2010.
- Nanyang duly subscribed \$1 million for the first convertible note but has asked for a delay on its commitment to provide funds for the second convertible note, citing uncertainty due to the proposed Resources Super Profits Tax.

---

Malachite Resources Limited (ASX: MAR) advises that the Company's largest shareholder, Nanyang Mining Resources Investment Pty. Limited ("Nanyang") has not yet met its commitment to provide subscription monies due for a convertible note to the value of \$3 million.

The funds from Nanyang were due in full by 30 June 2010, subject to the Company obtaining shareholder approval for the issue of this note. That shareholder approval was obtained at an Extraordinary General Meeting held on 26 May 2010.

Nanyang has requested a postponement of the \$3,000,000 convertible note until the detail of the proposed Resources Super Profits Tax becomes more visible. Malachite is prepared to consider Nanyang's request, especially as it now appears that negotiations between the Australian Government and representatives of the mining industry will resolve the mining super profits tax matter very soon. Nevertheless, the Company believes that if Nanyang does not provide the funding in due course it will be in default of its convertible note subscription agreement.

The failure by Nanyang to provide these funds on time will delay completion of the infill drilling program which has commenced at the Company's Conrad Silver Project, at least until the subscription monies are received or other funding arrangements can be put in place.

For further information please telephone Garry Lowder on 02 9411 6033 or email the company at [info@malachite.com.au](mailto:info@malachite.com.au) and visit the website: [www.malachite.com.au](http://www.malachite.com.au)



G. G. LOWDER  
Managing Director  
1 July 2010

---

**ABOUT MALACHITE** – Malachite Resources is a Sydney-based resources company that listed on the ASX in November 2002 and is an active explorer for gold, silver, tin, copper and associated base metals in eastern Australia. The Company's key assets are:

**CONRAD:** The Conrad Silver Project is located 25km south of Inverell in northern NSW. The Company is evaluating the scope to reopen the old Conrad mine, which has had two previous periods of production but has not operated for over 50 years. Drilling at Conrad by Malachite has intersected narrow high grade, massive sulphide, silver-rich base metal veins, like those mined in the past, and wide zones of lower grade, disseminated and stockwork veined, polymetallic mineralisation. At current prices, silver represents 50% of total recoverable metal value in the Conrad ore and tin, copper, lead and zinc make up the balance. The currently defined mineral resource at Conrad contains approximately 10Moz of silver, or 19Moz of silver equivalent. This resource remains open along strike and at depth.

Malachite also has excellent exposure to tin, through its **ELSMORE** Project, located 20km east of Inverell, where the Company is considering the possible development of a paleo-alluvial tin deposit, known as the **Karaula Lead**, at the Newstead Prospect. The Karaula Lead appears to have the potential to support a small surface mining operation, which could be developed with low capital and operating costs and generate useful cash flow for the Company. Work is now underway to better quantify the Karaula Lead deposit, determine an appropriate processing route and assess the economic viability of mining.

The **TOOLOOM GOLD PROJECT** also in northeastern NSW, is based on a forgotten goldfield rediscovered by Malachite. Numerous prospects have been identified, including a significant greenfields discovery called **Phoenix**. The company is systematically exploring Phoenix and the other prospects at Tooloom, which are intrusion-related and have major ore potential. Current focus is on the **Joes Gully** prospect, where recent drilling has produced encouraging results, with gold assays up to 28g/t Au within quartz vein stockwork systems that are thought to contain coarse grained free gold.