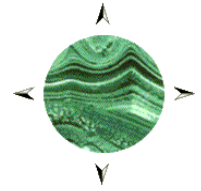


# Malachite Resources Limited

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ASX Announcement

Code: MAR

30 August 2010

## MALACHITE TERMINATES FUNDING AGREEMENT WITH NANYANG MINING RESOURCES INVESTMENT PTY LTD.

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Malachite Resources Limited (ASX: MAR) advises that the Company's largest shareholder, Nanyang Mining Resources Investment Pty. Limited ("Nanyang") has failed to meet its obligation 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, pursuant to a subscription agreement dated 13 April 2010. Despite offers from Malachite to negotiate on the matter, Nanyang has elected not to remedy its breach of the subscription agreement.

The Company has advised Nanyang that, due to its failure to remedy the breach, the offer to subscribe by way of a convertible note has been withdrawn and the Company has reserved its legal rights.

Meanwhile, Malachite Managing Director, Garry Lowder, commented:

***"Shareholders and investors should be aware that the reason given by Nanyang for its failure to honour the agreement is the increase in uncertainty, and the decrease in attractiveness, of investing in Australian resources as a result of the Federal Government's proposed mineral resources rent tax. This demonstrates that the loss of confidence in Australia on the part of overseas investors is not confined to the major players in the resource industry. Malachite, like so many other small Australian mining companies that would not be subject to the MRRT, has suffered significant damage nevertheless as a result of the Government's ill-considered changes to the resource taxation regime."***

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)

A handwritten signature in blue ink, appearing to read 'G. G. Lowder', is written over a light blue horizontal line.

G. G. LOWDER  
Managing Director  
30 August 2010

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**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.