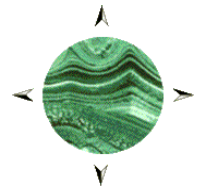


Malachite Resources Limited

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

Dear Securityholder

31 May 2011

NON-RENOUNCEABLE RIGHTS ISSUE

This notice is provided to inform you that on 31 May 2011, Malachite Resources Limited ("MAR" or the "Company") lodged an Offer Document with the Australian Securities Exchange ("ASX") in respect of a pro-rata non-renounceable rights issue of shares at an issue price of 5.0 cents per share (Rights Issue).

A copy of the Offer Document together with an Entitlement and Acceptance Form will be mailed to eligible shareholders on 15 June 2011.

Under the Rights Issue, shareholders with a registered address in Australia, New Zealand or Singapore ("Eligible Shareholders") are being invited to subscribe for one New Share for every eight existing shares held as at the Record Date.

The Rights Issue will raise up to \$3.5 million before costs. The Issue is not underwritten. Eligible Shareholders will have the opportunity to apply for additional New Shares and Directors reserve the right, at their discretion, to place any New Shares not taken up by Eligible Shareholders.

The proceeds of the Rights Issue will primarily be applied to the advancement of the Company's Lorena Gold Project. Following the recent grant of five new mining leases at Lorena, the Company is now in a position to move ahead with its plans to make Lorena Malachite's first operating mine. The aim is to expand the identified mineral resources sufficiently to allow definition of a mineable reserve on which to base a final feasibility study, with a view to commencing gold production in 2013 at the rate of 50,000 ounces of gold per annum.

Eligible Shareholders' entitlements pursuant to this Rights Issue are non-renounceable and accordingly Eligible Shareholders may:

- take up their Rights in full or in part;
- do nothing in which case their Rights will lapse; or
- take up their Rights in full and apply for additional New Shares.

If you intend to take up your Rights in full or in part, or apply for additional New Shares, then you should take appropriate action when you receive a copy of the Offer Document together with an Entitlement and Acceptance Form which will be mailed to Eligible Shareholders on 15 June 2011.

Shareholders with a registered address outside of Australia, New Zealand or Singapore are not eligible to participate in the Rights Issue.

Further details of the courses of action available to Eligible Shareholders are set out in the Offer Document.

Key information and indicative dates in respect of the Rights Issue are as follows:

| | |
|---|---------------------|
| Offer Document lodged with ASX | 31 May 2011 |
| Existing Shares are quoted on an "Ex" basis | 2 June 2011 |
| Record Date (date for determining entitlements of Eligible Shareholders to participate in the Offer) | 8 June 2011 |
| Offer Document Despatched to Eligible Shareholders (expected date of despatch of Offer Document and Entitlement and Acceptance Forms) | 15 June 2011 |
| Opening Date | 15 June 2011 |
| Closing Date* | 29 June 2011 |
| Securities quoted on a deferred settlement basis** | 30 June 2011 |
| Company to notify ASX of undersubscriptions (if any) ** | 4 July 2011 |
| Allotment Date and deferred settlement trading ends** | 7 July 2011 |
| Trading commences for New Shares on ASX** | 8 July 2011 |
| Anticipated despatch date of holding statements for New Shares | 12 July 2011 |

Further details on the Rights Issue are contained in the Offer Document.

For further information please contact the undersigned.

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Company Secretary
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