



# Malachite Resources Limited

ABN 86 075 613 268

Dear Optionholder

6 September 2011

## Renounceable Rights Issue – Information for Optionholders

On 2 September, Malachite Resources Limited (the Company) announced to ASX that it was to undertake a renounceable Rights Issue of New Ordinary Shares to Eligible Shareholders.

### Renounceable Rights Issue

Eligible shareholders will be entitled to apply for new shares at an issue price of 2.5 cents on the basis of 1 new share for every 4 shares held at the Record Date of 15 September 2011.

Participants in the Rights Issue will also receive 1 New Option for every new share applied for. These New Options will have an exercise price of 5.0 cents and may be exercised at any time prior to 15 June 2012.

For every New Option that is exercised the holder will also receive (in addition to 1 new fully paid share) a further free attaching option to subscribe for 1 fully paid share at 10.0 cents on or before 31 December 2014.

This Offer is fully underwritten by Patersons Securities Limited.

This Rights Issue is being undertaken principally to fund further exploration and evaluation of the Company's key projects, with first priority to be given to the Lorena Gold Project.

### Applications

Optionholders will not be given an entitlement to participate in the Rights Issue unless they exercise their Options in sufficient time so as to appear on the Share Register prior to the Record Date of 15 September 2011.

In the event this Rights Issue is not fully subscribed, the Directors have determined to offer Eligible Shareholders the right to apply for Shortfall Securities arising out of any shortfall.

The Entitlement and Acceptance Form will be dispatched together with a Prospectus. Eligible Shareholders must complete the Entitlement and Acceptance Form in order to take up their Entitlements and to apply for Shortfall Securities. Entitlement and Acceptance Forms must be properly completed and received by the Company's Share Registry no later than 5.00pm (AEST) on 6 October 2011 in order for Applicants to be issued New Shares, New Options and any Shortfall Securities.

### Quotation

New Shares issued under Prospectus will rank equally with the Company's existing Shares.

The Company has applied to ASX for quotation of the New Shares on the Official List of the ASX. The Company will also use its best endeavours to obtain quotation of the New Options on the Official List of ASX. If approval is not granted by ASX within 3 months after the date of the Prospectus, the Company will not issue any securities and will repay all Application monies without interest.

### **Enquiries**

If you have any questions regarding this renounceable Rights Issue, please telephone the Company's Share Registry, Computershare Investor Services Pty Limited, on 1 300 556 161 (within Australia) or +61 8 8236 2300 (outside Australia).

The Directors recommend this renounceable Rights Issue to you.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Geoff Hiller', written in a cursive style.

**Geoff Hiller**  
**Chief Executive Officer**

## Malachite Resources Limited Renounceable Rights Issue - Information sheet

The following information is provided to Optionholders in accordance with the ASX Listing Rules. Full details of the Offer are contained in the Prospectus which will be sent to Eligible Shareholders on or about 21 September 2011.

Shareholders whose registered address is outside Australia, New Zealand or Singapore may not apply for New Shares or New Options under the Rights Issue. The rights to which they would have been entitled will be allocated to the Underwriter and sold if a viable market can be found for them, otherwise they will lapse. This information has been provided to International Shareholders for informational purposes only.

Is security holder approval required?	No.
Is the issue renounceable or non-renounceable?	Renounceable.
Ratio in which the securities will be offered	1 New Ordinary Share for every 4 Shares held at 7.00pm AEST time on the Record Date.
Class of securities issued or to be issued	Ordinary Shares  15 June 2012 Options
Number of securities issued or to be issued (if known) or maximum number which may be issued	Up to 139,777,339 Ordinary Fully Paid Shares AND Up to 139,777,339 15 June 2012 Options
Do the securities rank equally in all respects from the date of allotment with an existing class of securities	Fully Paid Ordinary Shares – Yes  15 June 2012 Options – No:  The options will not rank equally. When exercised the shares issued will rank equally with existing Fully Paid Ordinary Shares;
Record date to determine entitlements	7.00pm AEST time on 15 September 2011.
Policy for deciding entitlements in relation to fractions	N/A

Names of countries in which the entity has security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	South Africa; Switzerland; United Kingdom; Sweden; United States of America; Germany; Denmark; Hong Kong; Belgium; Canada; Costa Rica; India; Ireland; Iceland; Malta; Netherlands; Norway; Portugal; Swaziland; and Taiwan Province of China.
Closing date for receipt of acceptances or renunciations	5.00pm AEST time on 6 October 2011.
Name of any underwriters	Patersons Securities Limited.
Amount of any underwriting fee or commission	The Underwriter will be paid an underwriting commission of 5% of the Underwritten Amount, a management fee of 1% of the Underwritten amount plus \$60,000 and up to 114,969,739 15 June 2012 Options exercisable at 5.0 cents.
Names of any brokers to the issue	Not applicable.
Fee or commission payable to the broker to the issue	Not applicable.
Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	Not applicable.
Date entitlement and acceptance form and Prospectus will be sent to persons entitled	21 September 2011.
If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	6 September 2011.
Despatch date	14 October 2011.