

MALACHITE RESOURCES LIMITED

ABN 86 075 613 268

NOTICE OF GENERAL MEETING

Notice is hereby given of a General Meeting of the Company

**At: Suite 1502, Level 15, Tower B
799 Pacific Highway, Chatswood NSW 2067, Australia**

On: Wednesday 9 November 2011 at 10.00 am

NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of Malachite Resources Limited (*Company*) will be held at Suite 1502, Level 15, Tower B, 799 Pacific Highway, Chatswood, New South Wales at 10.00 am on Wednesday 9 November 2011.

BUSINESS:

A. RESOLUTIONS

To consider and, if thought fit, pass the following Resolutions as ordinary resolutions.

1. Ratification of past issue of Unsecured Convertible Notes

'That for the purposes of ASX Listing Rules 7.1 and 7.4 and for all other purposes, approval be given in respect of the issue of 5 unsecured convertible notes to each of Sun Biomedical Limited and Heavy Duty Superannuation Pty Ltd as trustee for the Heavy Duty Superannuation Fund issued on 5 August 2011 and 1 September 2011 respectively together with the issue of shares upon conversion of these convertible notes on the terms and conditions set out in the Explanatory Notes.'

2. Ratification of past issue of Shares to Convertible Noteholders

'That for the purposes of ASX Listing Rule 7.4 and for all other purposes, approval be given in respect of the issue of 1,250,000 fully paid ordinary shares to each of Sun Biomedical Limited and Heavy Duty Superannuation Pty Ltd as trustee for the Heavy Duty Superannuation Fund issued on 5 August 2011 and 1 September 2011 respectively on the terms and conditions set out in the Explanatory Notes.'

3. Ratification of past issue of Options to Patersons Securities Limited

'That for the purposes of ASX Listing Rule 7.4 and for all other purposes, approval be given in respect of the issue of 81,113,244 options each having an exercise price of \$0.05 and an expiry date of 15 June 2012 (which each carry the right to acquire additional options) to Patersons Securities Limited (or persons nominated by Patersons Securities Limited) on the terms and conditions set out in the Explanatory Notes.'

4. Approval to issue Options pursuant to Underwriting Agreement

'That for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval be given to the issue of 33,856,495 options each having an exercise price of \$0.05 and an expiry date of 15 June 2012 (which each carry the right to acquire additional options) to Patersons Securities Limited (or persons nominated by Patersons Securities Limited) and Company introduced sub-underwriters on the terms and conditions set out in the Explanatory Notes'

5. Approval of prior issue of Options to Chief Executive Officer - Mr Geoff Hiller

'That for the purposes of ASX Listing Rule 7.4 and for all other purposes, approval be given to the issue of 2,000,000 options each having an exercise price of \$0.10 and an expiry date of 21 April 2013 to Mr Geoff Hiller on the terms and conditions set out in the Explanatory Notes.'

6. Approval of prior issue of Shares and free attaching Options to Professional and Sophisticated Investors

'That for the purposes of ASX Listing Rule 7.4 and for all other purposes, approval be given to the issue of 8,765,000 fully paid ordinary shares having an issue price of \$0.075 each and 8,765,000 free attaching options each having an exercise price of \$0.10 and an expiry date of 28 February 2013 to professional and sophisticated investors on the terms and conditions set out in the Explanatory Notes.'

7. Approval of issue of Shares and Options to Directors - Dr Gary Lowder and Mr Roy Randall

'That for the purposes of ASX Listing Rules 7.1 and 10.11 and for all other purposes, approval be given to the issue of:

- (a) 400,000 fully paid ordinary shares having a deemed issue price of \$0.075 each and 400,000 free attaching options each having an exercise price of \$0.10 and an expiry date of 28 February 2013 to Dr Gary Lowder (or nominees); and*
- (b) the issue of 140,000 fully paid ordinary shares having a deemed issue price of \$0.075 each and 140,000 free attaching options each having an exercise price of \$0.10 and an expiry date of 28 February 2013 to Mr Roy Randall (or nominees),*

on the terms and conditions set out in the Explanatory Notes'.

By Order of the Board



Andrew J. Cooke
Company Secretary
30 September 2011

EXPLANATORY NOTES

These Explanatory Notes form part of the Notice of General Meeting dated 30 September 2011 and should be read in conjunction with that Notice as these Explanatory Notes contain important information on the proposed Resolutions.

Background to the Listing Rules that are the subject of this Notice of Meeting

ASX Listing Rule 7

Subject to a number of exceptions, ASX Listing Rule 7.1 limits the number of securities that the Company can issue without shareholder approval in any 12 month period to 15% of its issued securities.

Resolutions 1 and 4 seek Shareholder approval pursuant to ASX Listing Rule 7.1.

ASX Listing Rule 7.4 allows for shareholders to retrospectively approve an issue of securities, provided that the issue was not in breach of ASX Listing Rule 7.1.

Resolutions 1,2,3,5 and 6 seek Shareholder approval pursuant to ASX Listing Rule 7.4.

The issue of the Notes considered by Resolutions 1,2,3,5 and 6 did not breach ASX Listing Rule 7.1.

If the securities the subject of Resolutions 1,2,3,5 and 6 are treated as having been issued with shareholder approval pursuant to ASX Listing Rule 7.4, the Company's capacity to issue further securities is restored. The Company does not presently propose to issue further securities without shareholder approval, however the Directors consider it prudent to retain the capacity to issue further securities and accordingly seek shareholders' approval of the issue of securities as set out in Resolutions 1,2,3,5 and 6.

ASX Listing Rule 10.11

Shareholder approval pursuant to Listing Rule 10.11 is required for the issue of securities to a related party.

An issue of securities that has shareholder approval pursuant to Listing Rule 10.11 is an exception to Listing Rule 7.1. As a result, if approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

Resolutions 7(a) and 7(b) seek shareholder approval in accordance with ASX Listing Rule 10.11.

1. RESOLUTION 1 – RATIFICATION OF PAST ISSUE OF UNSECURED CONVERTIBLE NOTES

Approval is sought pursuant to ASX Listing Rules 7.1 and 7.4 for the past issue of 5 Unsecured Convertible Notes (*Notes*) to each of Sun Biomedical Limited and Heavy Duty Superannuation Limited as trustee for the Heavy Duty Superannuation Fund together with the issue of shares upon conversion of the Notes.

1.1. Issue of Notes

The Company provides the following information in relation to the issue of the Notes:

(a) Number of securities

The number of securities for which shareholder approval is being sought is 10 Notes.

(b) Date of Issue

5 Notes were issued on 5 August 2011 and 5 Notes were issued on 1 September 2011.

(c) Consideration

The Notes were issued at an issue price of \$100,000 each.

(d) Terms of the securities issued

Each Note may be converted into ordinary shares in the capital of the Company at the election of the Noteholder.

Each Note has a conversion price which is the lesser of \$0.05 or a 20% discount to the 30 day volume weighted average price of the Company's shares at the time of conversion.

For each note that is converted, the Noteholder will receive a bonus 250,000 fully paid ordinary shares in the capital of the Company.

Number of Shares issued at a Conversion Price of \$0.05

Should the conversion price of \$0.05 be lower than the 20% discount to the 30 day volume weighted average price of the Company's shares at the time of conversion, each Note may be converted into 2,000,000 shares in the Company.

The table below represents the total number of shares which are to be issued on conversion of a Note for a given number of Notes where the conversion price is \$0.05 together with the number of bonus shares that are to be issued upon conversion of each Note:

Notes	Total Shares to be issued at a Conversion Price of \$0.05	Number of bonus Shares to be issued
1	2,000,000	250,000
2	4,000,000	500,000
3	6,000,000	750,000
4	8,000,000	1,000,000
5	10,000,000	1,250,000

Examples of lower Conversion Price

(a) Conversion price of \$0.04

In the event the 20% discount to the 30 day volume weighted average price of the Company's shares at the time of conversion is \$0.04, each Note may be converted into 2,500,000 shares in the Company.

The table below represents the total number of shares which are to be issued on conversion of a Note for a given number of Notes where the conversion price is \$0.04 together with the number of bonus shares that are to be issued upon conversion of each Note:

Notes	Total Shares to be issued at a Conversion Price of \$0.04	Number of bonus Shares to be issued
1	2,500,000	250,000
2	5,000,000	500,000
3	7,500,000	750,000
4	10,000,000	1,000,000
5	12,500,000	1,250,000

(b) Conversion price of \$0.03

Should the 20% discount to the 30 day volume weighted average price of the Company's shares at the time of conversion is \$0.03, each Note may be converted into 3,333,333 shares in the Company.

The table below represents the total number of shares which are to be issued on conversion of a Note for a given number of Notes where the conversion price is \$0.03 together with the number of bonus shares that are to be issued upon conversion of each Note:

Notes	Total Shares to be issued at a Conversion Price of \$0.03	Number of bonus Shares to be issued
1	3,333,333	250,000
2	6,666,666	500,000
3	9,999,999	750,000
4	13,333,332	1,000,000
5	16,666,665	1,250,000

The maturity date for the Notes is 12 months from the date of each Convertible Note Subscription Agreement and the Noteholder is restricted from converting the Notes into shares for the first 6 months of the term of the Agreement (unless there is an event of default or a takeover event). If the Notes are not converted by the maturity date, then the Company is required to repay the issue price of the Notes to the Noteholder within 3 months of the date of receiving the notice from the Noteholder to redeem the notes.

Noteholders are entitled to interest at 12% per annum, payable quarterly in arrears on the last day of each quarter.

If the Notes are converted into ordinary shares in the capital of the Company, the resulting ordinary shares will rank equally in all respects with the Company's then existing fully paid ordinary shares.

(e) Names of the allottees

The Notes were issued to the entities as set out in the table below:

Name of Noteholder	Number of Notes issued
Sun Biomedical Limited	5
Heavy Duty Superannuation Pty Limited as trustee for the Heavy Duty Superannuation Fund	5
Total Notes issued:	10

(f) Use of Funds Raised

The primary use of funds raised from the issue of the Notes is to explore for gold on the recently granted mining leases at the Lorena Gold project near Cloncurry, Queensland and for working capital purposes.

(g) Recommendation

The Board recommends that shareholders approve the past issue of Notes as proposed by Resolution 1.

(h) Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 1 by:

- a) a person who participated in the issue; and
- b) an associate of that person (or those persons).

However, the Company need not disregard a vote if:

- c) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- d) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy for to vote as the proxy decides.

2. RESOLUTION 2 – RATIFICATION OF PAST ISSUE OF SHARES TO CONVERTIBLE NOTEHOLDERS

Approval is sought pursuant to ASX Listing Rule 7.4 for the past issue of 1,250,000 fully paid ordinary shares (*Shares*) issued to each of Sun Biomedical Limited and Heavy Duty Superannuation Pty Ltd as trustee for the Heavy Duty Superannuation Fund.

2.1. Issue of Shares

The Company provides the following information in relation to the issue of the Shares:

(a) Number of securities

The number of securities for which shareholder approval is being sought is 2,500,000 Shares.

(b) Date of Issue

1,250,000 Shares were issued on 5 August 2011 and 1,250,000 Shares were issued on 1 September 2011.

(c) Consideration

The Shares were issued in consideration for the Noteholders subscribing for convertible notes in the Company.

(d) Terms of the securities issued

The Shares are fully paid ordinary shares ranking equally in all respects with the Company's existing fully paid ordinary shares.

(e) Names of the allottees

The Shares were issued to the entities as set out in the table below:

Name of Entity	Number of Shares issued
Sun Biomedical Limited	1,250,000
Heavy Duty Superannuation Pty Limited as trustee for the Heavy Duty Superannuation Fund	1,250,000
Total Notes issued:	2,500,000

(f) Use of Funds Raised

As the Shares were issued as consideration for the Noteholders subscribing for convertible notes in the Company, no funds were raised from the issue of the Shares.

The primary use of funds raised from the issue of the convertible notes is to explore for gold on the recently granted mining leases at the Lorena Gold project near Cloncurry, Queensland and for working capital purposes.

(g) Recommendation

The Board recommends that shareholders approve the past issue of Shares as proposed by Resolution 2.

(h) Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 2 by:

- a) a person who participated in the issue; and
- b) an associate of that person (or those persons).

However, the Company need not disregard a vote if:

- c) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- d) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy for to vote as the proxy decides.

BACKGROUND TO RESOLUTIONS 3 AND 4

On 2 September 2011, the Company announced a Renounceable Rights Issue (*the Rights Issue*) providing an opportunity to its Eligible Shareholders to subscribe for 1 new share and 1 free attaching option for every 4 shares held to raise approximately \$3.5 million (before costs).

On 6 September, the Company and Patersons Securities Limited (*Patersons*) entered into an underwriting agreement whereby Patersons agreed to underwrite the shortfall shares and options under the Rights Issue. In accordance with the terms of the underwriting agreement Patersons is entitled to be issued 114,969,739 options (less 19,313,000 options to be issued to Company introduced sub-underwriters) each having an exercise price of \$0.05 and an expiry date of 15 June 2012 (*Underwriter Options*). It was agreed that upon completion of the Rights Issue (scheduled for 14 October 2011), 81,113,244 of these Underwriter Options would be issued by the Company within its 15% placement capacity and the Company would

then use its best endeavours to, as soon as practicable after the completion of the Rights Issue, obtain shareholder approval for the issue of the remaining 33,856,495 Underwriter Options.

It has been agreed that if shareholder approval to the issue of the 33,856,495 Underwriter Options is not obtained by 30 November 2011, the Company will pay Patersons a cash payment of \$236,995 no later than 7 December 2011.

As a result Resolution 3 seeks the approval of shareholders to the past issue of 81,113,244 Underwriter Options (these Underwriter Options are scheduled to be issued after the date of the Notice of Meeting (but prior to the date of the General Meeting), on 14 October 2011) pursuant to ASX Listing Rule 7.4 and Resolution 4 seeks the approval of shareholders to the issue of 33,856,495 Underwriter Options pursuant to ASX Listing Rule 7.1.

3. RESOLUTION 3 – RATIFICATION OF PAST ISSUE OF OPTIONS TO PATERSONS SECURITIES LIMITED

- 3.1.** Approval is sought pursuant to ASX Listing Rule 7.4 for the past issue of 81,113,244 Underwriter Options to Patersons (or persons nominated by Patersons). The issue of these Underwriter Options is scheduled to occur on 14 October 2011.

The Company provides the following information in relation to the issue of Underwriter Options:

(a) Number of securities

The number of securities for which shareholder approval is being sought is 81,113,244 Underwriter Options.

(b) Date of Issue

81,113,244 Underwriter Options are to be issued on or about 14 October 2011.

(c) Consideration

The Underwriter Options are to be issued as a condition of and in consideration for Patersons underwriting the Rights Issue.

(d) Terms of the securities issued

The Underwriter Options will each have an exercise price of \$0.05 and an expiry date of 15 June 2012. For every Underwriter Option that is exercised the holder will receive in addition to one new fully paid ordinary share, 1 free attaching option to subscribe for 1 fully paid share in the Company, exercisable at \$0.10 on or before 31 December 2014 (Long Options).

The terms and conditions of the Underwriter Options and Long Options are set out within Annexure A.

(e) Names of the allottees

The Underwriter Options are to be issued to Patersons (or persons nominated by Patersons) prior to the date of the General Meeting.

(f) Use of Funds Raised

As the Underwriter Options are to be issued in consideration for Patersons underwriting the Rights Issue, no funds will be raised from the issue of the Underwriter Options.

The funds raised from the Rights Issue will principally be used to fund further exploration and evaluation of the Company's key projects and working capital requirements, with the majority of funds raised to be applied towards the Lorena Gold Project.

(g) Recommendation

The Board recommends that shareholders approve the issue of Underwriter Options as proposed by Resolution 3.

(h) Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 3 by:

- a) a person who participated in the issue; and
- b) an associate of that person (or those persons).

However, the Company need not disregard a vote if:

- c) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- d) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy for to vote as the proxy decides.

4. RESOLUTION 4- APPROVAL TO ISSUE OPTIONS PURSUANT TO UNDERWRITING AGREEMENT

4.1. Resolution 4 seeks shareholder approval to the issue of Underwriter Options in accordance with ASX Listing Rule 7.1.

The following information is provided in accordance with ASX Listing Rule 7.3:

(a) Number of Securities

The number of securities for which shareholder approval is being sought is 33,856,495 Underwriter Options.

(b) Date of Issue

The Underwriter Options will be issued within 3 months of the date of this General Meeting.

(c) Consideration

The Underwriter Options are to be issued as a condition of and in consideration for Patersons underwriting the Rights Issue.

(d) Allottees

The Underwriter Options will be issued to Patersons (or persons nominated by Patersons) and Company introduced sub-underwriters as follows:

Name of Entity	Number of Underwriter Options issued
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Patersons (or persons nominated by Patersons)	14,543,495
Company introduced sub-underwriters	19,313,000
Total Notes issued:	33,856,495

(e) Terms of securities

The Underwriter Options will each have an exercise price of \$0.05 and an expiry date of 15 June 2012. For every Underwriter Option that is exercised the holder will receive in addition to one new fully paid ordinary share, 1 free attaching option to subscribe for 1 fully paid share in the Company, exercisable at \$0.10 on or before 31 December 2014 (Long Option).

The terms and conditions of the Underwriter Options and Long Options are set out within Annexure A.

(f) Use of Funds Raised

As the Underwriter Options were issued in consideration for Patersons underwriting the Rights Issue, no funds were raised from the issue of the Underwriter Options.

The funds raised from the Rights Issue will principally be used to fund further exploration and evaluation of the Company's key projects and working capital requirements, with the majority of funds raised to be applied towards the Lorena Gold Project.

(g) Recommendation

The Board recommends that shareholders approve the issue of Underwriter Options as proposed by Resolution 4.

(h) Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 4 by:

- a) a person who may participate in the proposed issue;
- b) a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if the Resolution is passed; or
- c) an associate of those persons.

However, the Company need not disregard a vote if:

- d) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- e) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy for to vote as the proxy decides.

5. RESOLUTION 5- APPROVAL OF PRIOR ISSUE OF OPTIONS TO CHIEF EXECUTIVE OFFICER - MR GEOFF HILLER

5.1. ASX Listing Rule 7

Approval is sought pursuant to ASX Listing Rule 7.4 for the past issue of 2,000,000 options to the Company's Chief Executive Officer, Mr Geoff Hiller.

5.2. Issue of Options

The Company provides the following information in relation to the issue of the Options:

(a) Number of securities

The number of securities for which shareholder approval is being sought is 2,000,000 Options.

(b) Date of Issue

2,000,000 Options were issued on 21 March 2011.

(c) Consideration

The Options were issued for nil consideration in accordance with the terms of Mr Hiller's terms of engagement.

(d) Terms of the securities issued

The Options each have an exercise price of \$0.10 and an expiry date of 21 April 2013.

The Options vest as follows:

- 1,000,000 vest on 21 March 2012; and
- 1,000,000 vest on 21 March 2013.

The terms and conditions of the Options are set out in Annexure B.

(e) Names of the allottees

The Options were issued to the Company's Chief Executive Officer, Mr Geoff Hiller.

(f) Use of Funds Raised

No funds were raised by the issue of the Options. Any funds raised from the exercise of the Options will be applied towards the Company's working capital requirements.

(g) Recommendation

The Board recommends that shareholders approve the past issue of Options as proposed by Resolution 5.

(h) Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 5 by:

- a) a person who participated in the issue; and
- b) an associate of that person (or those persons)

However, the Company need not disregard a vote if:

- c) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or

- d) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy for to vote as the proxy decides.

BACKGROUND TO RESOLUTIONS 6 AND 7 (a) and 7(b)

In March 2011 the Company announced the completion of a two stage capital raising which raised \$675,375. The funds raised enabled the Company to commence a comprehensive drilling program at its Lorena Gold Project.

During this time the Company issued 8,765,000 fully paid ordinary shares at an issue price of \$0.075 each (*Placement Shares*) together with 8,765,000 free attaching options each having an exercise price of \$0.10 and an expiry date of 28 February 2013 (*Placement Options*) to professional and sophisticated investors.

At this time, entities associated with two directors of the Company, Dr Garry Lowder and Mr Roy Randall advanced a further \$40,500 to the Company by way of unsecured interest free loans. It was agreed that the loans would be satisfied through the issue of 540,000 of Placement Shares and 540,000 Placement Options.

Resolution 6 seeks the approval of shareholders to the prior issue of 8,765,000 Placement Shares and 8,765,000 Placement Options pursuant to ASX Listing Rule 7.4 and Resolutions 7(a) and 7(b) respectively seek the approval of shareholders to the issue of 400,000 Placement Shares and 400,000 Placement Options to Dr Gary Lowder and 140,000 Placement Shares and 140,000 Placement Options to Mr Roy Randall in accordance with ASX Listing Rule 10.11.

RESOLUTION 6 – APPROVAL OF PRIOR ISSUE OF SHARES AND FREE ATTACHING OPTIONS TO PROFESSIONAL AND SOPHISTICATED INVESTORS

5.3. ASX Listing Rule 7

Approval is sought pursuant to ASX Listing Rule 7.4 for the past issue of 8,765,000 Placement Shares and 8,765,000 Placement Options to sophisticated and professional investors. These investors are not related parties of the Company.

5.4. Issue of Shares

The Company provides the following information in relation to the issue of the Placement Shares and Placement Options:

(a) Number of securities

The number of securities for which shareholder approval is being sought is 8,765,000 Placement Shares and 8,765,000 Placement Options.

(b) Date of Issue

6,900,000 of Placement Shares and 6,900,000 of Placement Options were issued on 4 March 2011.

1,865,000 of Placement Shares and 1,865,000 of Placement Options were issued on 16 March 2011.

(c) Consideration

The Placement Shares were issued for at an issue price of \$0.075 each and the Placement Options were issued as a free attaching options for each Placement Share.

(d) Terms of the securities issued

The Placement Shares are fully paid ordinary shares ranking equally in all respects with the Company's existing fully paid ordinary shares.

The Placement Options each have an exercise price of \$0.10 and an expiry date of 28 February 2013.

The terms and conditions attaching to the Placement Options are set out in Annexure C.

(e) Names of the allottees

The Placement Shares and Placement Options were issued to the following sophisticated and professional investors:

Name of Investor	Number of Placement Shares Issued	Number of Placement Options Issued
Niclyn Investments Pty Ltd <Barnsdall Super Fund>	800,000	1,333,333
Simon Earl Wilkinson	500,000	500,000
Kent Fraser	325,000	325,000
Bettine Lucienne Donnelly	100,000	100,000
Lisa Quick	40,000	40,000
Joh Richard Blyth and Linda Blyth	100,000	100,000
Ceres Pacific Pty Ltd <Ceres Super Fund A/C>	160,000	160,000
Tregaskis Investments Pty Ltd	2,666,667	2,666,667
Lina Maria Gonzalez Lagares	333,333	333,333
Brontham Pty Limited	140,000	140,000
Biotech Ventures Limited	2,666,667	2,666,667
John Kenafake	400,000	400,000
TOTAL	8,765,000	8,765,000

(f) Use of Funds Raised

The funds raised were applied towards the commencement of a comprehensive drilling program at the Company's Lorena Gold Project. Any funds raised from the exercise of the Options will be applied towards the Company's working capital requirements.

(g) Recommendation

The Board recommends that shareholders approve the past issue of Placement Shares and Placement Options as proposed by Resolution 6.

(h) Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 6 by:

- a) a person who participated in the issue; and
- b) an associate of that person (or those persons).

However, the Company need not disregard a vote if:

- c) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- d) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy for to vote as the proxy decides.

6. RESOLUTIONS 7(a) and 7(b)- APPROVAL OF ISSUE OF OPTIONS TO DR GARY LOWDER AND MR ROY RANDALL

- 6.1.** Approval is sought pursuant to ASX Listing Rule 10.11 for the issue of 400,000 Placement Shares and 400,000 Placement Options to Dr Gary Lowder (Resolution 7(a) and 140,000 Placement Shares and 140,000 Placement Options Mr Roy Randall (Resolution 7(b)).

The following information is provided for both Resolutions 7(a) and 7(b) in accordance with ASX Listing Rule 10.13:

(a) Name of the person

The Placement Shares and Placement Options will be issued to the existing Directors of the Company being Dr Gary Lowder and Mr Roy Randall (or their nominees).

(b) Number of securities to be issued

- i. 400,000 Placement Shares and 400,000 Placement Options are to be issued to Dr Gary Lowder (or nominees); and
- ii. 140,000 Placement Shares and 140,000 Placement Options are to be issued Mr Roy Randall (or nominees).

(c) Maximum number of securities to be issued upon exercise of Options

Upon exercise, the Placement Options to be issued to Dr Gary Lowder (or nominees) may be converted into a maximum of 400,000 fully paid ordinary shares ranking equally in all respects with the existing fully paid ordinary shares in the Company.

Upon exercise, the Placement Options to be issued to Mr Roy Randall (or nominees) may be converted into a maximum of 140,000 fully paid ordinary shares ranking equally in all respects with the existing fully paid ordinary shares in the Company.

(d) Date of issue and allotment

Subject to obtaining shareholder approval, the Company will issue and allot the Placement Shares and Placement Options within one month of the date of this Meeting.

(e) Issue price and terms of issue

The Placement Shares will be issued at a deemed issue price of \$0.075 each and the Placement Options are to be issued as a free attaching option for each Placement Share. The

Placement Shares rank equally in all respects with the existing fully paid ordinary shares in the Company.

The Placement Options are exercisable at \$0.10 by 28 February 2013. Full terms and conditions of the Placement Options are detailed at Annexure C.

(f) Intended use of the funds raised

The Placement Shares and Placement Options will be issued to satisfy loans that were advanced by Dr Gary Lowder and Mr Roy Randall to the Company at the time of the Company undertaking the Share and Option placement the subject of Resolution 6. The funds raised from these loans were applied towards the commencement of a comprehensive drilling program at the Company's Lorena Gold Project. Any funds raised from the exercise of the Options will be applied towards the Company's working capital requirements.

(g) Voting exclusion statement

The Company will disregard any votes cast on Resolution 7 by:

- a) a person who is to receive securities in relation to the Company; and
- b) an associate of that person (or those persons).

However, the Company need not disregard a vote if:

- c) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- d) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy for to vote as the proxy decides.

Chapter 2E of the Corporations Act 2001

The proposed grant of Placement Shares and Placement Options under Resolution 7 to Dr Gary Lowder and Mr Roy Randall involves giving a financial benefit to related parties for the purposes of Chapter 2E of the *Corporations Act 2001*. Chapter 2E prohibits the Company from giving a financial benefit to a related party of the Company unless either:

- a) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or
- b) prior shareholder approval is obtained for the giving of the financial benefit.

The Directors of the Company believe that the grant of options is appropriate and reasonable in all circumstances, as the Placement Shares and Placement Options are being issued on the same terms and conditions as those that were issued to third party sophisticated and professional investors (refer Resolution 6). Therefore the Company considers that the grant of the Placement Shares and Placement Options comes within one of the exceptions to Chapter 2E, and shareholder approval is not required for that purpose.

The following information is provided to shareholders to allow them to assess the proposed grant of the Placement Shares and Placement Options:

- a) the proposed Resolution 7 will permit financial benefits being given to Dr Gary Lowder and Mr Roy Randall, who are each Directors of the Company;

- b) the nature of the financial benefit to be given to the Dr Gary Lowder and Mr Roy Randall is the issuing of Placement Shares and Placement Options in the Company;
- c) the Directors, other than Dr Gary Lowder and Mr Roy Randall (the Non-Recipient Directors) support the passing of Resolution 7; and
- d) none of the Non-Recipient Directors hold an interest in the financial benefit to be given to Dr Gary Lowder and Mr Roy Randall.

GENERAL NOTES

Entitlement to Vote

The Company has determined in accordance with Part 7.11 of the Corporations Regulations that for the purpose of voting at the meeting, shares will be taken to be held by those persons recorded on the Company's register as at 10:00am on 7 November 2011.

Corporate Representatives

For a corporate representative to vote, they will require a Certificate of Appointment of Corporate Representative executed in accordance with the *Corporations Act*.

Voting

On a show of hands, every member present in person or by proxy or by attorney or, in the case of a corporation, by duly appointed representative, shall have one vote and on a poll one vote for every share held provided that if a member appoints two proxies or two attorneys, neither proxy nor attorney shall be entitled to vote on a show of hands.

Proxies

A member entitled to attend and vote at the Annual General Meeting may appoint one or two persons to attend and vote at the meeting as the member's proxy. If you wish to appoint a second proxy you will need to complete a second form. Computershare Investor Services Pty Limited will provide additional proxy forms upon request.

A proxy need not be a member. If two proxies are appointed, each proxy must be appointed to represent a specified proportion of the member's voting rights. If the vote split is not specified, it is deemed to be equally divided between the two proxies.

The Proxy Form must be:

- received by mail at: **Malachite Resources Limited
PO Box 5218
West Chatswood NSW 1515;** or
- sent by facsimile to: **(02) 9411 6066** (+61 2 9411 6066 from overseas) by no later than 10.00 am/pm on Monday 7 November 2011.

Shareholders and their proxies should note that new sections 250BB and 250BC of the Corporations Act apply to voting by proxy. In particular:

- (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote as directed;
- (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- (c) if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll and must vote as directed; and
- (d) if the proxy is not the chair, the proxy need not vote on a poll, but if the proxy does so, the proxy must vote as directed.

If a proxy is also a member, this subsection does not affect the way that the person can cast any votes they hold as a member.

If an appointment of a proxy specifies the way the proxy is to vote on a particular resolution and

- (a)** the appointed proxy is not the chair of the meeting;
- (b)** at the meeting, a poll is duly demanded on the resolution and either of the following applies:
 - (i)** the proxy is not recorded as attending the meeting;
 - (ii)** the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

ANNEXURE A
TERMS OF UNDERWRITER OPTIONS

PART A – UNDERWRITER OPTIONS

1. Interpretation

- (a) ASX means ASX Limited (ACN 008 624 691);
- (b) Board means the board of directors of the Company;
- (c) Business Day means a day not being a Saturday, Sunday or public holiday, on which banks are generally open for business in Victoria;
- (d) Corporations Act means the Corporations Act 2001 (Cth) as amended from time;
- (e) Listing Rules means the official listing rules of the ASX;
- (f) Long Option means an option granted upon the exercise of each Underwriter Option to subscribe for one fully paid ordinary share in the Company, exercisable at 10 cents on or before 31 December 2014;
- (g) Underwriter Option and Underwriter Options means the options to be issued to the Option holder on the terms detailed in these Terms of Options;
- (h) Official List has the meaning given to that term in the Listing Rules;
- (i) Quotation has the meaning given to that term in the Listing Rules;
- (j) Shareholder and Shareholders means a person who owns Shares in the capital of the Company, notwithstanding that those Shares may not be fully paid; and
- (k) Shares means fully paid ordinary shares in the capital of the Company.

2. Entitlement

- 2.1.** Each Underwriter Option entitles the Option holder to subscribe for, and be allotted, one ordinary Share and one Long Option in the capital of the Company.
- 2.2.** Shares issued on the exercise of Underwriter Options will rank equally with all existing Shares on issue, as at the exercise date, and will be subject to the provisions of the Constitution of the Company and any escrow restrictions imposed on them by the ASX.

3. Exercise of Underwriter Option

- 3.1.** The Underwriter Options are exercisable at any time from the date of issue.
- 3.2.** The final date and time for exercise of the Underwriter Options is 5pm (Australian Eastern Standard Time) on 15 June 2012. If such date falls on a day that is not a Business Day, the final date will be the next Business Day.
- 3.3.** The exercise price of each Underwriter Option is \$0.05.

- 3.4.** Each Underwriter Option is exercisable by the Option holder signing and delivering a notice of exercise of Underwriter Option together with the exercise price in full for each Share to be issued upon exercise of each Underwriter Option to the Company's Share Registry.
- 3.5.** Remittances must be made payable to 'Malachite Resources Limited' and cheques should be crossed 'Not Negotiable'.
- 3.6.** All Underwriter Options will lapse on the earlier of the:
- (a) receipt by the Company of notice from the Option holder that the Option holder has elected to surrender the Underwriter Option; and
 - (b) expiry of the final date and time for exercise of the Underwriter Option as set out in paragraph 3.2.
- 3.7.** In the event of liquidation of the Company, all unexercised Underwriter Options will lapse.

4. Quotation

- 4.1.** Subject to the requirements of the Listing Rules, the Company intends to apply to the ASX for Official Quotation of the Underwriter Options, Shares and Long Options. Application to the ASX for Official Quotation of the Long Options will not be made until such time as all Underwriter Options have either been exercised or expired.
- 4.2.** If the Shares of the Company are quoted on the ASX, the Company will apply to the ASX for, and will use its best endeavours to obtain, quotation of all Shares issued on the exercise of any Underwriter Options within 10 Business Days (as defined in the Listing Rules) of issue. The Company gives no assurance that such quotation will be granted.

5. Participation in Securities Issues

- 5.1.** Subject to paragraph 6 below, the holder is not entitled to participate in new issues of securities without exercising the Underwriter Options.

6. Participation in a Reorganisation of Capital

- 6.1.** In the event of any reconstruction or reorganisation (including consolidation, sub-division, reduction or return of the capital of the Company), the rights of an Option holder will be changed in accordance with the Listing Rules of the ASX applying to a restructure or reorganisation of the capital at the time of that restructure or reorganisation, provided always that the changes to the terms of the Underwriter Options do not result in any benefit being conferred on the Option holder which is not conferred on Shareholders of the Company.
- 6.2.** In any reorganisation as referred to in paragraph 6.1, Underwriter Options will be treated in the following manner:
- (a) in the event of a consolidation of the share capital of the Company, the number of Underwriter Options will be consolidated in the same ratio as the ordinary share capital of the Company and the exercise price will be amended in inverse proportion to that ratio;
 - (b) in the event of a subdivision of the share capital of the Company, the number of Underwriter Options will be subdivided in the same ratio as the ordinary share capital of the Company and the exercise price will be amended in inverse proportion to that ratio;

- (c) in the event of a return of the share capital of the Company, the number of Underwriter Options will remain the same and the exercise price will be reduced by the same amount as the amount returned in relation to each ordinary share;
- (d) in the event of a reduction of the share capital of the Company by a cancellation of paid up capital that is lost or not represented by available assets where no securities are cancelled the number of Underwriter Options and the exercise price of each Underwriter Option will remain unaltered;
- (e) in the event of a pro-rata cancellation of shares in the Company, the number of Underwriter Options will be reduced in the same ratio as the ordinary share capital of the Company and the exercise price of each Underwriter Option will be amended in inverse proportion to that ratio; and
- (f) in the event of any other reorganisation of the issued capital of the Company, the number of Underwriter Options or the exercise price or both will be reorganised (as appropriate) in a manner which will not result in any benefits being conferred on the Option holder which are not conferred on shareholders.

7. Adjustments to Underwriter Options and Exercise Price

7.1. Adjustments to the number of Shares over which Underwriter Options exist and/or the exercise price may be made as described in paragraph 6.1 to take account of changes to the capital structure of the Company by way of pro-rata bonus and cash issues.

7.2. The method of adjustment for the purpose of paragraph 7.1 shall be in accordance with the Listing Rules of the ASX from time to time, which, under Listing Rules 6.22.2 and 6.22.3, currently provide:

(a) Pro Rata Cash Issues

Where a pro-rata issue is made (except a bonus issue) to the holders of underlying securities, the exercise price of an Underwriter Option may be reduced according to the following formula:

$$O' = \frac{O - E[P - (S + D)]}{N + 1}$$

where:

- O' = the new exercise price of the Underwriter Option.
- O = the old exercise price of the Underwriter Option.
- E = the number of underlying securities into which one Underwriter Option is Exercisable.
- P = the average market price per security (weighted by reference to volume) of the underlying securities during the 5 trading days ending on the day before the ex rights date or ex entitlements date.
- S = the subscription price for a security under the pro-rata issue.
- D = the dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro-rata issue).
- N = the number of securities with rights or entitlements that must be held to receive a right to one new security.

(b) Pro-Rata Bonus Issues

If there is a bonus issue to the holders of the underlying securities, on the exercise of any Underwriter Options, the number of Shares received will include the number of bonus Shares that would have been issued if the Underwriter Options had been

exercised prior to the record date for bonus issues. The exercise price will not change.

8. Takeovers and Schemes of Arrangement

- 8.1.** If during the currency of any Underwriter Options and prior to their exercise a takeover offer or a takeover announcement (within the meaning of the Corporations Act) is made to holders of Shares then within 10 Business Days after the Company becomes aware of the offer, the Company must forward a notice notifying the Option holder of the offer and from the date of such notification, the Option holder has 60 days within which to exercise the Underwriter Options notwithstanding any other terms and conditions applicable to the Underwriter Options or arrangement. If the Underwriter Options are not exercised within 60 days after notification of the offer, the Underwriter Options may be exercised at any other time according to their terms of issue.
- 8.2.** If an offer for shares in the Company is made to Shareholders pursuant to a scheme of arrangement which has been approved in accordance with the Corporations Act, the Option holder will be entitled to exercise Underwriter Options held by it within the period notified by the Company.

9. Transfers

The Underwriter Options are freely transferable.

10. Notices

Notices may be given by the Company to the Option holder in the manner prescribed by the Constitution of the Company for the giving of notices to Shareholders and the relevant provisions of the Constitution of the Company will apply with all necessary modification to notices to be given to the Option holder.

11. Rights to Accounts

The Option holder will be sent all reports and accounts required to be laid before Shareholders in general meeting and all notices of general meeting of Shareholders, however, if the Option holder is not a Shareholder, it will not have any right to attend or vote at these meetings.

PART B- FREE ATTACHING LONG OPTIONS

TERMS OF LONG OPTIONS

12. Interpretation

- (a) ASX means ASX Limited (ACN 008 624 691);
- (b) Board means the board of directors of the Company;
- (c) Business Day means a day not being a Saturday, Sunday or public holiday, on which banks are generally open for business in Victoria;
- (d) Corporations Act means the Corporations Act 2001 (Cth) as amended from time;
- (e) Listing Rules means the official listing rules of the ASX;
- (f) Long Option and Long Options means the options to be issued to the Option holder on the terms detailed in these Terms of Options;
- (g) Underwriter Options means options in the Company having an exercise price of \$0.05 and an expiry date of 15 June 2012 each;
- (h) Official List has the meaning given to that term in the Listing Rules;
- (i) Quotation has the meaning given to that term in the Listing Rules;
- (j) Shareholder and Shareholders means a person who owns Shares in the capital of the Company, notwithstanding that those Shares may not be fully paid; and
- (k) Shares means fully paid ordinary shares in the capital of the Company.

13. Entitlement

- 13.1.** Each Long Option entitles the Option holder to subscribe for, and be allotted, one ordinary Share in the capital of the Company.
- 13.2.** Shares issued on the exercise of Long Options will rank equally with all existing Shares on issue, as at the exercise date, and will be subject to the provisions of the Constitution of the Company and any escrow restrictions imposed on them by the ASX.

14. Exercise of Long Option

- 14.1.** The Long Options are exercisable at any time from the date of issue.
- 14.2.** The final date and time for exercise of the Long Options is 5pm (Australian Eastern Standard Time) on 31 December 2014. If such date falls on a day that is not a Business Day, the final date will be the next Business Day.
- 14.3.** The exercise price of each Long Option is \$0.10.
- 14.4.** Each Long Option is exercisable by the Option holder signing and delivering a notice of exercise of Long Option together with the exercise price in full for each Share to be issued upon exercise of each Long Option to the Company's Share Registry.

- 14.5.** Remittances must be made payable to 'Malachite Resources Limited' and cheques should be crossed 'Not Negotiable'.
- 14.6.** All Long Options will lapse on the earlier of the:
- (a) receipt by the Company of notice from the Option holder that the Option holder has elected to surrender the Long Option; and
 - (b) expiry of the final date and time for exercise of the Long Option as set out in paragraph 14.2.
- 14.7.** In the event of liquidation of the Company, all unexercised Long Options will lapse.

15. Quotation

- 15.1.** Subject to the requirements of the Listing Rules, application will be made to ASX for official quotation of the Long Options after all Underwriter Options have either been exercised or expire. In addition, application will be made to ASX for official quotation of all Shares issued upon exercise of the Long Options.
- 15.2.** If the Shares of the Company are quoted on the ASX, the Company will apply to the ASX for, and will use its best endeavours to obtain, quotation of all Shares issued on the exercise of any Long Options within 10 Business Days (as defined in the Listing Rules) of issue. The Company gives no assurance that such quotation will be granted.

16. Participation in Securities Issues

- 16.1.** Subject to paragraph 5 below, the holder is not entitled to participate in new issues of securities without exercising the Long Options.

17. Participation in a Reorganisation of Capital

- 17.1.** In the event of any reconstruction or reorganisation (including consolidation, sub-division, reduction or return of the capital of the Company), the rights of an Option holder will be changed in accordance with the Listing Rules of the ASX applying to a restructure or reorganisation of the capital at the time of that restructure or reorganisation, provided always that the changes to the terms of the Long Options do not result in any benefit being conferred on the Option holder which is not conferred on Shareholders of the Company.
- 17.2.** In any reorganisation as referred to in paragraph 17, Long Options will be treated in the following manner:
- (a) in the event of a consolidation of the share capital of the Company, the number of Long Options will be consolidated in the same ratio as the ordinary share capital of the Company and the exercise price will be amended in inverse proportion to that ratio;
 - (b) in the event of a subdivision of the share capital of the Company, the number of Long Options will be subdivided in the same ratio as the ordinary share capital of the Company and the exercise price will be amended in inverse proportion to that ratio;
 - (c) in the event of a return of the share capital of the Company, the number of Long Options will remain the same and the exercise price will be reduced by the same amount as the amount returned in relation to each ordinary share;
 - (d) in the event of a reduction of the share capital of the Company by a cancellation of paid up capital that is lost or not represented by available assets where no securities are cancelled the number of Long Options and the exercise price of each Long Option will remain unaltered;

- (e) in the event of a pro-rata cancellation of shares in the Company, the number of Long Options will be reduced in the same ratio as the ordinary share capital of the Company and the exercise price of each Long Option will be amended in inverse proportion to that ratio; and
- (f) in the event of any other reorganisation of the issued capital of the Company, the number of Long Options or the exercise price or both will be reorganised (as appropriate) in a manner which will not result in any benefits being conferred on the Option holder which are not conferred on shareholders.

18. Adjustments to Long Options and Exercise Price

18.1. Adjustments to the number of Shares over which Long Options exist and/or the exercise price may be made as described in paragraph 6.2 to take account of changes to the capital structure of the Company by way of pro-rata bonus and cash issues.

18.2. The method of adjustment for the purpose of paragraph 6.1 shall be in accordance with the Listing Rules of the ASX from time to time, which, under Listing Rules 6.22.2 and 6.22.3, currently provide:

(a) Pro Rata Cash Issues

Where a pro-rata issue is made (except a bonus issue) to the holders of underlying securities, the exercise price of a Long Option will be reduced according to the following formula:

$$\frac{O' = O - E[P - (S + D)]}{N + 1}$$

where:

- O' = the new exercise price of the Long Option.
- O = the old exercise price of the Long Option.
- E = the number of underlying securities into which one Long Option is Exercisable.
- P = the average market price per security (weighted by reference to volume) of the underlying securities during the 5 trading days ending on the day before the ex rights date or ex entitlements date.
- S = the subscription price for a security under the pro-rata issue.
- D = the dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro-rata issue).
- N = the number of securities with rights or entitlements that must be held to receive a right to one new security.

(b) Pro-Rata Bonus Issues

If there is a bonus issue to the holders of the underlying securities, on the exercise of any Long Options, the number of Shares received will include the number of bonus Shares that would have been issued if the Long Options had been exercised prior to the record date for bonus issues. The exercise price will not change.

19. Takeovers and Schemes of Arrangement

19.1. If during the currency of any Long Options and prior to their exercise a takeover offer or a takeover announcement (within the meaning of the Corporations Act) is made to holders of Shares then within 10 Business Days after the Company becomes aware of the offer, the

Company must forward a notice notifying the Option holder of the offer and from the date of such notification, the Option holder has 60 days within which to exercise the Long Options notwithstanding any other terms and conditions applicable to the Long Options or arrangement. If the Long Options are not exercised within 60 days after notification of the offer, the Long Options may be exercised at any other time according to their terms of issue.

- 19.2.** If an offer for shares in the Company is made to Shareholders pursuant to a scheme of arrangement which has been approved in accordance with the Corporations Act, the Long Option holder will be entitled to exercise Long Options held by it within the period notified by the Company.

20. Transfers

The Long Options are freely transferable.

21. Notices

Notices may be given by the Company to the Long Option holder in the manner prescribed by the Constitution of the Company for the giving of notices to Shareholders and the relevant provisions of the Constitution of the Company will apply with all necessary modification to notices to be given to the Long Option holder.

22. Rights to Accounts

The Option holder will be sent all reports and accounts required to be laid before Shareholders in general meeting and all notices of general meeting of Shareholders, however, if the Option holder is not a Shareholder, it will not have any right to attend or vote at these meetings.

ANNEXURE B
OPTIONS ISSUED TO MR GEOFF HILLER

1. Definitions

In these terms and conditions:

ASX means Australian Securities Exchange Limited ABN 98 008 624 691.

Board means the Board of directors of Malachite.

Bonus Date means any date after the Grant Date and before exercise or expiry of the Options, on which entitlements are determined for holders of Shares to participate in any bonus issue.

Business Day means a day on which banks are open for business in Sydney.

CHESS means "Clearing House Electronic Subregister System" which has the meaning given in chapter 21 of the SCH Business Rules.

Exercise Notice means a notice in writing to be lodged at the registered office of Malachite and specifying the number of Shares to be subscribed for, substantially in the form set out in the schedule or any other form approved by the Board of Malachite from time to time;

Grant Date means 21 March 2011;

Holding Statement means a statement issued by SCH or Malachite in accordance with clause 6(b) .

Issuer Sponsored Sub-Register has the meaning given by the Listing Rules.

Listing Rules means the listing rules of ASX and any other rules of ASX which are applicable should Malachite be admitted to the Official List of ASX, each as amended or replaced from time to time except to the extent of any express written waiver by ASX.

Malachite means Malachite Resources Limited ABN 86 075 613 268.

Official List has the meaning given by the Listing Rules.

Option means an option to purchase one Share in Malachite.

Optionholder means a person registered in Malachite's option register as the holder of Options.

Quotation has the meaning given by the Listing Rules.

Restricted Securities has the meaning given by the Listing Rules.

SCH has the meaning given in the SCH Business Rules.

SCH Business Rules means the business rules of ASX Settlement and Transfer Corporation Pty Limited ABN 49 008 504 532.

Shareholder means a holder of Shares who is listed on the shareholder register of Malachite.

Share means one fully paid ordinary share in the capital of Malachite.

\$ means Australian dollars.

2. Interpretation

In these terms and conditions, unless the context otherwise requires:

- (a)** headings and underlinings are for convenience only and do not affect the interpretation of these terms and conditions;
- (b)** words importing the singular include the plural and vice versa;
- (c)** words importing a gender include any gender;
- (d)** an expression importing a natural person includes any partnership, joint venture, association, corporation or other body corporate;
- (e)** a reference to any thing includes a part of that thing;
- (f)** a reference to a clause or schedule is a reference to a clause of, and a schedule to, these terms and conditions;
- (g)** a reference to any statute, regulation, proclamation, ordinance or by-law includes all statutes, regulations, proclamations, ordinances or by-laws varying, consolidating or replacing them, and a reference to a statute includes all regulations, proclamations, ordinances and by-laws issued under that statute;
- (h)** a reference to a document includes an amendment or supplement to, or replacement or novation of, that document;
- (i)** a reference to a party to a document includes that party's successors and permitted assigns;
- (j)** where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the following Business Day.

3. Options

3.1. Exercise of Options

Subject to the Optionholder continuing in the employment of Malachite the options shall vest in favour of the Optionholder as follows:

- as to 50% on 21 March 2012; and
- as to the remaining 50% on 21 March 2013.

Options which have vested will be exercisable:

- (i)** at the exercise price of \$0.10 per Option; and
 - (ii)** at any time before 5.00pm on 21 April 2013.
- (b)** A holder of Options can exercise such options which have vested from time to time, in whole or part, by lodging with Malachite at its registered office:
- (i)** a duly completed and signed Exercise Notice;
 - (ii)** the subscription monies for the relevant Shares, being the number of Options specified in the Exercise Notice multiplied by the Exercise Price; and

(iii) the Option Certificate in respect of the Options exercised.

- (c) Malachite must allot to the Optionholder on the date upon which the Optionholder validly exercises the Options, and issue to the Optionholder within 10 Business Days after that date, the number of Shares which corresponds with the number of Options being exercised as specified in the Exercise Notice.

4. No ASX Quotation of Options

Malachite will not apply for Quotation of the Options. Malachite will apply for Quotation of Shares issued upon the exercise of Options.

5. Inconsistency

To the extent of any inconsistency between these terms and conditions and the Listing Rules, the Listing Rules prevail.

6. Option Certificate

- (a) An Option Certificate will be forwarded to the Optionholder by the Company.
- (b) A Holding Statement (in respect of Optionholders holding of Shares) will be forwarded to Optionholders who have been allotted Shares pursuant to the exercise of an Option in accordance with the time limits set out in the Listing Rules (in the case of Shares held on the Issuer Sponsored Sub-Register) or SCH Business Rules (in the case of Shares held on CHESS).

7. Adjustments upon reconstruction

Subject to clause 12(a), if at any time or times prior to the exercise by the Optionholder of any Options, Malachite implements a reconstruction of its share capital, then the Options must be treated in the following manner:

- (a) in the event of a consolidation of the Shares, the number of Options must be consolidated in the same ratio as the Shares and the Exercise Price must be amended in inverse proportion to that ratio;
- (b) in the event of a subdivision of the Shares, the number of Options must be sub-divided in the same ratio as the Shares and the Exercise Price must be amended in inverse proportion to that ratio;
- (c) in the event of a return of capital on the Shares, the number of Options must remain the same and the exercise price of each Option must be reduced by the same amount as the amount returned in relation to each Share;
- (d) in the event of a reduction of capital by cancellation of paid up capital on the Shares that is lost or not represented by available assets where no Shares are cancelled, the number of Options and the Exercise Price of each must remain unaltered;

- (e) in the event of a pro-rata cancellation of Shares, the number of Options must be reduced in the same ratio as the Shares and the Exercise Price must be amended in inverse proportion to that ratio;
- (f) in the event of any other reconstruction of the Shares, the number of Options or the Exercise Price or both must be reconstructed (as appropriate) in a manner which will not result in any benefits being conferred on the Optionholder which are not conferred on Shareholders; and
- (g) in each case all adjustments shall be rounded down to the nearest whole number and fractions shall be disregarded.

8. Bonus issues

- (a) Subject to clause 12, on each Bonus Date each Option will immediately confer on the Optionholder the right:
 - (i) to receive upon exercise of those Options, not only an allotment of one Share for each Option exercised but also an allotment of such additional shares and/or other securities as the Optionholder would have received had he or she exercised the Option immediately before that Bonus Date; and
 - (ii) to have profits or reserves, as the case may be, applied in paying up in full those additional shares and/or other securities.
- (b) Notice of any adjustment made in accordance with clause 99(a) must be given to each Optionholder by the Directors within 1 month after the record date for determining entitlements to the issue in question.

9. Cash Issues

- (a) The Options do not confer any entitlement to participate in any pro-rata cash issue made by Malachite.
- (b) If Malachite makes a pro-rata issue to shareholders (other than a Bonus Issue as contemplated in clause 9) to subscribe for or purchase Shares, options or other securities of Malachite for cash prior to the expiration or exercise of an Option, the Exercise Price of each Option will not be adjusted.
- (c) Malachite shall give 5 days notice to Optionholders of any proposed pro-rata issue to shareholders.

10. Pari passu ranking

- (a) Subject to the provisions of clause 111(b), any Shares allotted pursuant to any exercise of the Options shall rank pari passu in all respects with other Shares on issue at the date of such allotment.
- (b) Where any Shares are allotted during a period in respect of which a dividend is declared, the holder of such Shares shall only be entitled to receive a dividend where the Option pursuant to which such Shares were issued was exercised on or before the relevant dividend entitlement date.

11. Calculations

- (a) If the Board in its absolute discretion determines that an adjustment prescribed by clause 8 or 9 (or the fact that no adjustment is prescribed in respect of a particular reconstruction) would not be fair and equitable to all of the Optionholders and the holders of Shares having regard to the circumstances of the particular capital reconstruction or bonus issue and the capital structure of Malachite at that time, then the Board may substitute another adjustment, provided that the Board reasonably considers that the substitute adjustment is fair and equitable.
- (b) Any calculations or adjustments which are required to be made for the purposes of these Options will be made by the auditors of Malachite for the time being and will, in the absence of manifest error, be final and conclusive and binding on the Optionholder.
- (c) Malachite must notify each Optionholder of any adjustments made to the Exercise Price or the number of Options within 10 Business Days of the date of the adjustment (but failure to notify does not invalidate any adjustment made under clauses 8 or 9).
- (d) Save as expressly provided herein and subject to the Listing Rules, the Options shall not restrict Malachite from issuing Shares and other securities in such number and with such rights as the Directors of Malachite think fit and without adjustment.

12. Notices

Any notice regarding the Options will be sent to the registered address of the Optionholder as recorded in the register of options maintained by the Malachite.

13. Governing law

The Options are governed by and construed in accordance with the laws of New South Wales.

14. Duties and taxes

Malachite is not responsible for any duties or taxes which may become payable in connection with the issue and allotment of Shares pursuant to an exercise of the Options or any other dealing with the Options.

15. Assignment of Options

The Options are not assignable by the Optionholder.

ANNEXURE C
PLACEMENT OPTION TERMS

1. Definitions

In these terms and conditions:

ASX means Australian Stock Exchange Limited ABN 98 008 624 691.

Board means the Board of directors of Malachite.

Bonus Date means any date after the Grant Date and before exercise or expiry of the Options, on which entitlements are determined for holders of Shares to participate in any bonus issue.

Business Day means a day on which banks are open for business in Sydney.

CHESS means "Clearing House Electronic Subregister System" which has the meaning given in chapter 21 of the SCH Business Rules.

Exercise Notice means a notice in writing to be lodged at the registered office of Malachite and specifying the number of Shares to be subscribed for, substantially in the form set out in the schedule or any other form approved by the Board of Malachite from time to time;

Grant Date means the date an Option is granted;

Holding Statement means a statement issued by SCH or Malachite in accordance with clause 7.

Issuer Sponsored Sub-Register has the meaning given by the Listing Rules.

Listing Rules means the listing rules of ASX and any other rules of ASX which are applicable should Malachite be admitted to the Official List of ASX, each as amended or replaced from time to time except to the extent of any express written waiver by ASX.

Malachite means Malachite Resources Limited ABN 86 075 613 268.

Official List has the meaning given by the Listing Rules.

Option means an option to purchase one Share in Malachite.

Optionholder means a person registered in Malachite's option register as the holder of Options.

Quotation has the meaning given by the Listing Rules.

Restricted Securities has the meaning given by the Listing Rules.

SCH has the meaning given in the SCH Business Rules.

SCH Business Rules means the business rules of ASX Settlement and Transfer Corporation Pty Limited ABN 49 008 504 532.

Shareholder means a shareholder who is listed on the shareholder register of Malachite.

Shares means fully paid ordinary shares in the capital of Malachite.

\$ means Australian dollars.

2. Interpretation

In these terms and conditions, unless the context otherwise requires:

- (a) headings and underlinings are for convenience only and do not affect the interpretation of these terms and conditions;
- (b) words importing the singular include the plural and vice versa;
- (c) words importing a gender include any gender;
- (d) an expression importing a natural person includes any partnership, joint venture, association, corporation or other body corporate;
- (e) a reference to any thing includes a part of that thing;
- (f) a reference to a clause or schedule is a reference to a clause of, and a schedule to, these terms and conditions;
- (g) a reference to any statute, regulation, proclamation, ordinance or by-law includes all statutes, regulations, proclamations, ordinances or by-laws varying, consolidating or replacing them, and a reference to a statute includes all regulations, proclamations, ordinances and by-laws issued under that statute;

- (h) a reference to a document includes an amendment or supplement to, or replacement or novation of, that document;
 - (i) a reference to a party to a document includes that party's successors and permitted assigns;
 - (j) where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the following Business Day.
-

3. Options

3.1. Exercise of Options

- (a) Options will be exercisable (subject to clause 5):
 - (i) at the exercise price of \$0.10 per Option; and
 - (ii) at any time before 5.00pm on 28 February 2013.
 - (b) A holder of Options can exercise such options from time to time, in whole or part, by lodging with Malachite at its registered office:
 - (i) a duly completed and signed Exercise Notice; and
 - (ii) the subscription monies for the relevant Shares, being the number of Options specified in the Exercise Notice multiplied by the Exercise Price.
 - (c) Malachite must allot to the Optionholder on the date upon which the Optionholder validly exercises the Options, and issue to the Optionholder within 10 Business Days after that date, the number of Shares which corresponds with the number of Options being exercised as specified in the Exercise Notice.
-

4. Quotation

Malachite will not apply for Quotation of the Options. Malachite will apply for Quotation of Shares issued upon the exercise of the Options as soon as practicable.

5. Restricted Securities

Some or all of the Options may be designated as Restricted Securities by the ASX. Options which are classified as Restricted Securities by the ASX may be held in escrow for a period and on terms to be determined by the ASX.

6. Inconsistency

To the extent of any inconsistency between these terms and conditions and the Listing Rules, the Listing Rules prevail.

7. Holding Statement

- (a) A Holding Statement will be forwarded to the Optionholder as soon as practicable.
 - (b) A Holding Statement (in respect of Optionholders holding of Shares) will be forwarded to Optionholders who have been allotted Shares pursuant to the exercise of an Option in accordance with the time limits set out in the Listing Rules (in the case of Shares held on the Issuer Sponsored Sub-Register) or SCH Business Rules (in the case of Shares held on CHESS).
-

8. Adjustments upon reconstruction

Subject to clause 12(a), if at any time or times prior to the exercise by the Optionholder of any Options, Malachite implements a reconstruction of its share capital, then the Options must be treated in the following manner:

- (a) in the event of a consolidation of the share capital of Malachite, the number of Options must be consolidated in the same ratio as the Ordinary Share

- capital and the Exercise Price must be amended in inverse proportion to that ratio;
- (b) in the event of a subdivision of the share capital of Malachite, the number of Options must be sub-divided in the same ratio as the Share capital and the Exercise Price must be amended in inverse proportion to that ratio;
 - (c) in the event of a return of capital, the number of Options must remain the same and the exercise price of each Option must be reduced by the same amount as the amount returned in relation to each Share;
 - (d) in the event of a reduction of capital by cancellation of paid up capital that is lost or not represented by available assets where no Shares are cancelled, the number of Options and the Exercise Price of each must remain unaltered;
 - (e) in the event of a pro-rata cancellation of shares, the number of Options must be reduced in the same ratio as the ordinary share capital and the Exercise Price must be amended in inverse proportion to that ratio;
 - (f) in the event of any other reconstruction of the issued capital of Malachite, the number of Options or the Exercise Price or both must be reconstructed (as appropriate) in a manner which will not result in any benefits being conferred on the Optionholder which are not conferred on shareholders; and
 - (g) in each case all adjustments shall be rounded down to the nearest whole number and fractions shall be disregarded.
-

9. Bonus issues

- (a) Subject to clause 12, on each Bonus Date each Option will immediately confer on the Optionholder the right:
 - (i) to receive upon exercise of those Options, not only an allotment of one Share for each Option exercised but also an allotment of such additional shares and/or other securities as the Optionholder would have received had he or she exercised the Option immediately before that Bonus Date; and
 - (ii) to have profits or reserves, as the case may be, applied in paying up in full those additional shares.
 - (b) Notice of any adjustment made in accordance with clause 9(a) must be given to each Optionholder by the Directors within 1 month after the record date for determining entitlements to the issue in question.
-

10. Cash Issues

- (a) The Options do not confer any entitlement to participate in any pro-rata cash issue made by Malachite.
 - (b) If Malachite makes a pro-rata issue to shareholders (other than a Bonus Issue as contemplated in clause 9) to subscribe for or purchase shares, options or other securities of Malachite for cash prior to the expiration or exercise of an Option, the Exercise Price of each Option will not be adjusted.
 - (c) Malachite shall give 5 days notice to Optionholders of any proposed pro-rata issue to shareholders.
-

11. Pari passu ranking

- (a) Subject to the provisions of clause 11(b), any Shares allotted pursuant to any exercise of the Options shall rank pari passu in all respects with other Shares of Malachite on issue at the date of such allotment.
- (b) Where any Shares are allotted during a period in respect of which a dividend is declared, the holder of such shares shall only be entitled to receive a dividend where the Option pursuant to which such shares were issued was exercised on or before the relevant dividend entitlement date.

12. Calculations

- (a) If the Board in its absolute discretion determines that an adjustment prescribed by clause 8 or 9 (or the fact that no adjustment is prescribed in respect of a particular reconstruction) would not be fair and equitable to all of the Optionholders and the holders of Shares having regard to the circumstances of the particular capital reconstruction or bonus issue and the capital structure of Malachite at that time, then the Board may substitute another adjustment, provided that the Board reasonably considers that the substitute adjustment is fair and equitable.
- (b) Any calculations or adjustments which are required to be made for the purposes of these Options will be made by the auditors of Malachite for the time being and will, in the absence of manifest error, be final and conclusive and binding on the Optionholder.
- (c) Malachite must notify each Optionholder of any adjustments made to the Exercise Price or the number of Options within 10 Business Days of the date of the adjustment (but failure to notify does not invalidate any adjustment made under clauses 8 or 9).
- (d) Save as expressly provided herein and subject to the Listing Rules, the Options shall not restrict Malachite from issuing shares and other securities in such number and with such rights as the Directors of Malachite think fit and without adjustment.

13. Notices

Any notice regarding the Options will be sent to the registered address of the Optionholder as recorded in the register of options maintained by the Malachite.

14. Governing law

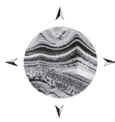
The Options are governed by and construed in accordance with the laws of New South Wales.

15. Duties and taxes

Malachite is not responsible for any duties or taxes which may become payable in connection with the issue and allotment of Shares pursuant to an exercise of the Options or any other dealing with the Options.

16. Assignment of Options

The Options are assignable by the Optionholder.



Malachite Resources Limited

ABN 86 075 613 268

Lodge your vote:



By Mail:

Malachite Resources Limited
PO Box 5218
West Chatswood NSW 1515 Australia

Alternatively you can fax your form to:
+61 2 9411 6066

000001 000 MAR
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

For all enquiries call:

(within Australia) 1300 556 161
(outside Australia) +61 3 9415 4000

Proxy Form

For your vote to be effective it must be received by 10:00am (Sydney time) Monday 7th November 2011

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form →



View your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com

Review your securityholding

Update your securityholding

Your secure access information is:

SRN/HIN: I9999999999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
 FLAT 123
 123 SAMPLE STREET
 THE SAMPLE HILL
 SAMPLE ESTATE
 SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Malachite Resources Limited hereby appoint

XX

the Chairman of the Meeting OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the General Meeting of Malachite Resources Limited to be held at Suite 1502, Level 15, Tower B, 799 Pacific Highway, Chatswood NSW 2067 at 10:00am (Sydney time) on Wednesday 9th November 2011 and at any adjournment of that meeting.

STEP 2

Important for Items 5, 7(a) & 7(b) - If the Chairman of the Meeting is your proxy or is appointed as your proxy by default

By marking this box, you are directing the Chairman of the Meeting to vote in accordance with the Chairman's voting intentions on Items 5, 7(a) & 7(b) as set out below and in the Notice of Meeting. If you do not mark this box, and you have not directed your proxy how to vote on Items 5, 7(a) & 7(b), the Chairman of the Meeting will not cast your votes on Items 5, 7(a) & 7(b) and your votes will not be counted in computing the required majority if a poll is called on these items. If you appoint the Chairman of the Meeting as your proxy you can direct the Chairman how to vote by either marking the boxes in Step 3 below (for example if you wish to vote against or abstain from voting) or by marking this box (in which case the Chairman of the Meeting will vote in favour of Items 5, 7(a) & 7(b)).

The Chairman of the Meeting intends to vote all available proxies in favour of Items 5, 7(a) & 7(b) of business.

I/We direct the Chairman of the Meeting to vote in accordance with the Chairman's voting intentions on Items 5, 7(a) & 7(b) (except where I/we have indicated a different voting intention below) and acknowledge that the Chairman of the Meeting may exercise my proxy even though Items 5, 7(a) & 7(b) are connected directly or indirectly with the remuneration of a member of key management personnel and/or even if the Chairman of the Meeting has an interest in the outcome of these items and that votes cast by the Chairman, other than as proxy holder, would be disregarded because of that interest.

STEP 3

Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

ORDINARY BUSINESS

	For	Against	Abstain
Item 1 Ratification of past issue of Unsecured Convertible Notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 2 Ratification of past issue of Shares to Convertible Noteholders	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3 Ratification of past issue of Options to Patersons Securities Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4 Approval to issue Options pursuant to Underwriting Agreement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5 Approval of prior issue of Options to Mr Geoff Hiller	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 6 Approval of prior issue of Shares and free attaching Options to Professional and Sophisticated Investors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 7 (a) Approval of issue of Shares and Options to Dr Gary Lowder	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 7 (b) Approval of issue of Shares and Options to Mr Roy Randall	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

SIGN

Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____

Date / / _____