

**ASX Announcement**

**ASX Code: MAR**

**27 October 2011**

## **NEW DRILLING RESULTS AT LORENA SUPPORT COMMENCEMENT OF MINING FEASIBILITY STUDY**

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Malachite Resources Limited (“Malachite” or “the Company”) is pleased to advise that assays from recent drilling at the Company’s wholly owned Lorena Gold Project (“Lorena”) near Cloncurry have now been received and collated.

Key new drilling results include:

<u>HOLE No.</u>	<u>GOLD ASSAY</u>
LMRC077:	4m @ 2.9g/t Au
LMRC078:	2m @ 7.0g/t Au
LMRC080:	2m @ 2.9g/t Au
LMRC084:	6m @ 7.9g/t Au
LMRC086:	6m @ 8.6g/t Au
LMRC088:	7m @ 2.5g/t Au

As anticipated, the new results have extended the existing high grade ore body to the southeast along strike, at depths amenable to an open cut mining method (Fig.1). Encouraged by these results, the Company plans to move on immediately to update the resource estimate and commence a mining feasibility study to advance an initial open cut mining operation.

### **COMMENTS ON DRILLING RESULTS**

The latest program comprised 15 reverse circulation percussion (“RC”) drill holes and a total of 1,978m of drilling. Of the 15 holes drilled, 12 holes intersected gold mineralisation and one hole was abandoned, due to broken ground, before it reached the targeted ore zone area. This strike rate reinforces confidence in the geological model developed by the Company for the project. Results for this program are summarised in Table 1.

The recent drilling program successfully extended the gold mineralisation along strike. The Lorena A Lode remains open at depth and additional high grade zones will now be targeted at depth down plunge or down dip, as predicted by the geological model. The current drill program intersected lower grade gold intersections immediately down plunge from the high grade zone. Although these gold grades were lower than desired, the recent drilling confirmed that the A Lode structure continues as expected down plunge and continues to be mineralised with gold. Experience elsewhere has shown that most lode gold deposits consist of discrete high grade zones that are

enclosed within broader low grade envelopes. Lorena seems to be conforming to that pattern and for this reason, further high grade zones will be targeted at deeper levels than so far drilled.

### **MINING FEASIBILITY STUDY**

An updated mineral resource estimate will be undertaken by a recognised geological consulting group over the next couple of months, incorporating the successful results of the two phases of drilling carried out by Malachite this year. The resource so defined will then form the basis of an open pit mining feasibility study to commence in earnest once the resource block model is completed. This study will address, *inter alia*, mining methods and costs, metallurgical and processing technology parameters, environmental issues, capital costs, financing issues and approval processes.

The Company is confident that the resource will continue to grow when drilling resumes but in the meantime, the feasibility study to be undertaken will be sufficiently flexible to be able to be scaled upwards to match a gold production rate appropriate to the resource size and characteristics. The intention of the Company is to fast track the project into production as soon as practicable.

### **ONGOING EXPLORATION**

Since completion of the recent drilling, Malachite has been conducting an ongoing exploration program over part of the newly granted mining leases immediately adjacent to the west of the existing mine. This has involved geological mapping and a detailed soil geochemical survey, on a 100x20m grid basis. This work is intended to reveal new targets for drilling in the first half of 2012, with potential to add to the open pit recoverable gold resources at the Lorena property.

The next phase of drilling is also expected to include diamond drilling of the deeper extensions of the known Lorena A Lode and will include two deep holes that will be drilled utilising already approved funds provided by the Queensland Government's exploration drilling initiative.

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### **ABOUT LORENA**

*The Lorena Gold Project is wholly owned by Malachite and is located about 15km east of Cloncurry in northwest Queensland. Malachite is the holder of an existing mining lease (ML7147), five newly granted mining leases (MLs90192-90196), one EPM (EPM18189) and two EPMA's at Lorena.*

*Lorena has a mineral resource containing 78,000 ozs of gold. It has a measured resource of 177,880t at 9.8g/t Au containing 56,000 ozs ("A Lode") and an inferred resource of 95,000t at 7.2g/t Au containing 22,000 ozs ("B Lode"). The resource is within a potential open pit mine and is open at depth and along strike. The gold bearing ore is principally of massive and stringer sulphide type and copper-gold mineralisation occurs in conjunction with the gold ore body.*

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



G. HILLER

Chief Executive Officer

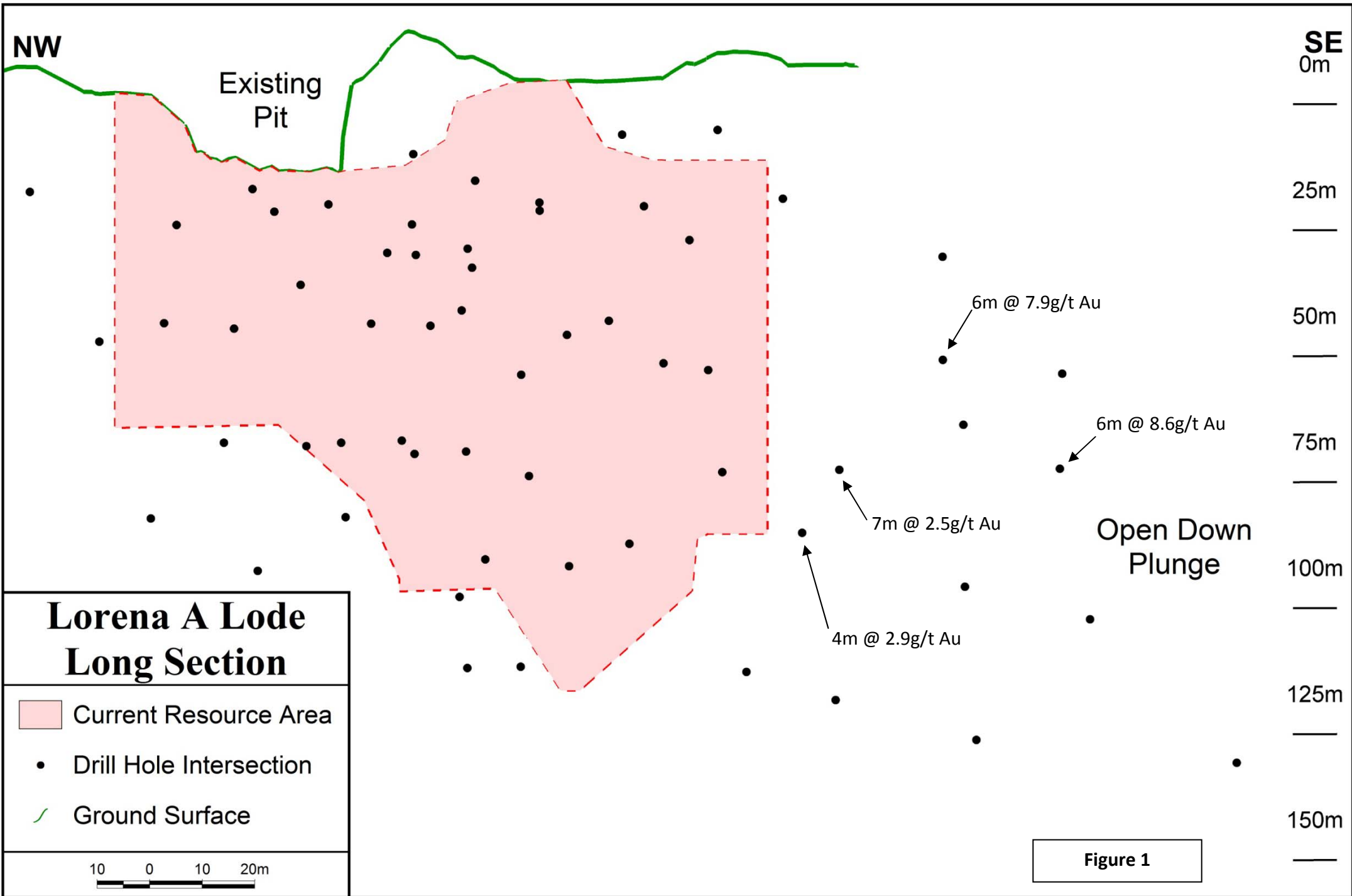
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**COMPETENT PERSON STATEMENT:**

*The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Dr Garry Lowder, who is a full time employee of the Company and is a Fellow of the Australasian Institute of Mining and Metallurgy. Dr Lowder has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activities which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' Dr Lowder consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.*

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NW

Existing Pit

SE  
0m

25m

50m

75m

100m

125m

150m

6m @ 7.9g/t Au

6m @ 8.6g/t Au

7m @ 2.5g/t Au

4m @ 2.9g/t Au

Open Down Plunge

**Table 1: Results of Drilling at Lorena : August – September, 2011**

Hole No. LMRC-	Total Depth (m)	Azimuth (deg MGA)	Dip (deg)	Collar Coordinates MGA (UTM Zone 54)		From (m)	To (m)	Intercept Length (m) [Approx. True Width]	Grade g/t Au	Comments
				Easting	Northing					
076	175	66	-70	463394	7708883	108	111	3 [2.7]	1.5	A Lode
077	133	48	-57.5	463429	7708841	92	95	4 [4]	2.9	A Lode
						105	106	1 [1]	1.2	
						108	109	1 [1]	2.0	
078	140	22	-57.5	463428	7708840	108	110	2 [2]	7.0	A Lode
079	135	46	-62	463454	7708826	96	97	1 [1]	1.1	A Lode
						104	105	1 [1]	4.1	
080	169	44	-59.5	463402	7708840	122	124	2 [2]	2.9	A Lode
081	152	42	-60	463421	7708821	125	127	2 [2]	0.7	Also 0.7% Cu
082	169	42.5	-60	463435	7708801	135	136	1 [1]	0.5	A Lode structure
083	161	49	-61	463410	7708772					Did not reach target depth due to broken ground
084	100	2	-72	463500	7708851	48	54	6 [4]	7.9	A Lode
085	109	47	-60	463495	7708829					No significant intersection
086	100	45	-70	463493	7708827	68	74	6 [4.5]	8.6	A Lode
						76	77	1 [0.7]	2.3	
087	70	11.5	-60	463502	7708854					No significant intersection
088	94	350	-72	463497	7708839	55	56	1 [0.5]	1.2	A Lode
						58	64	7 [4.5]	2.5	
089a	120	22	-66	463490	7708802	105	107	2 [1.5]	1.1	A Lode Structure
090	151	47	-69	463492	7708793	132	133	1 [0.5]	0.6	A Lode Structure