



Malachite Resources Limited

Date of Lodgement: 27/4/11

Title: “Company Insight – New Lorena High Grade Gold Zone”

Highlights of Interview

- **First of several new holes at Lorena intersect new high grade gold mineralisation zone containing two high grade gold intersections of 5.3metres at 12.9g/t including 1.4metres at 32.9 g/t) and 0.4 metres at 20.3 g/t**
- **Explains how Lorena’s gold mineralisation has been shown to extend at depth**
- **Discusses the implications for Lorena’s exploration and drilling program**
- **Provides an update on Lorena’s feasibility work and mine development pathway**

Record of interview:

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You announced last week that drilling at Lorena had intersected a new zone of high grade gold mineralisation. What are the basic details?

Chief Executive, Geoff Hiller

The first point is that our drilling intersected a high grade gold intersection of 5.3 metres @ 12.9g/t gold (including 1.4 metres @ 32.9g/t gold) and a further intersection of 0.4 metres at 20.3g/t gold. Secondly, these intersections are down plunge of the A-Lode, indicating a new gold-bearing zone below our existing A Lode resource.

We’ve identified there’s a fault between the current resource and the new zone, but we know that the gold mineralisation keeps extending, and at least to a vertical depth of around 200 metres.

Moreover, the 5.3 metre gold intersection has a gold grade and width amenable to underground mining.

This result, on our first hole in this program, has given us confidence that our proposed Lorena mine, currently targeting the 50,000 ounces of gold in the A-Lode resource, may very well extend beyond an open pit operation.

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Your primary objective in drilling the hole was as a platform for your geophysical work – so was the intersection a complete surprise?

Geoff Hiller

It wasn't a complete surprise to us really. Although the geophysical survey, in support of our mine development work, was our primary objective, we're always targeting mineralisation when our geological interpretation tells us something is likely to be down there. Naturally, we're very pleased that we hit mineralisation with the first drill hole, but mainly because it confirmed our view that the deposit continued at depth.

The outcome also justifies our planned use of down-hole electromagnetic geophysical surveying. This is an underground surveying technique where electromagnetic impulses are transmitted from a wire loop at surface and received via a probe lowered deep down a nearby drill hole. Any electrically conductive bodies within a 100 metre radius of the hole can be detected – such as the massive sulphide ore bodies that we've observed previously in the A Lode and in our recent drilling.

We think this exploration tool is very well-suited to better identifying targets, especially at depth, in an area where we know this type of mineralisation exists.

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What are the broad implications of this drilling result for your understanding of the extent and nature of Lorena's gold mineralisation?

Geoff Hiller

Overall, the most important outcome for us is the confirmation that the gold-hosting structure continues as our geological thinking and modelling had predicted. Now our drilling tells us it extends down to 200 metres, and that the structure remains open at depth beyond.

Secondly, we know that the gold bearing structure has been faulted at around 100 metres vertically and most likely offset, but that the mineralisation structure continues below the faulting. While we're waiting for assays from the two holes drilled into the fault, the circumstances suggest the results from the fault will be weaker than our good recent gold intersection; however the holes drilled in the fault will be invaluable for geophysical surveying of the mineralised zone below.

The other important outcome, I believe, is that the ore intersected in the new zone is typical of the ore in the Lorena A-Lode resource, and that the 12.9g/t gold intersection shows high-gold grade is likely to continue at depth..

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Will last week's recent drilling result affect the targeting and extent of Malachite's overall Lorena drilling program?

Geoff Hiller

Broadly, we can now have much better targeting for our exploration.

Our next step is to use the three deep holes drilled recently for down-hole geophysical surveying. By using the technique I've already described, it will allow us to look for potential

gold ore zones in a 100 metre radius around the drill holes. Then, once the geophysical survey has been completed, we'll have the evidential basis for a better targeted drilling program. This is a much cheaper and more effective way to carry out exploration – much better than drilling blind deep holes.

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Your other recent drilling was related more to Lorena's feasibility and mine development. What work has been involved, and how is the Company's feasibility work progressing?

Geoff Hiller

Progressing Lorena's project and mine development remains our central focus.

We've drilled two holes that provide (broadly) geotechnical data to assist in the design of the open pit (e.g. on rock strength); and two additional holes to provide material for further metallurgical test work. Overall, the project feasibility work for the Lorena open pit progresses positively and is on-track.

But we're not losing sight of the shareholder value that flows from increasing Lorena's gold resource. First, the recent drilling, and our subsequent work, is aimed at investigating the potential for underground mining after an open cut operation, a development that would certainly be beneficial to the economics of the Project. Secondly, we're continuing our investigations at surface because additional open pit resources would also certainly be beneficial.

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Thank you, Geoff.

The information in this interview that relates to Exploration Results and Mineral Resources is based on information compiled by Dr Garry Lowder, who is the non-executive Chairman and a former 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 interview of the matters based on his information in the form and context in which it appears.

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