

ASX Announcement

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SIGNIFICANT NEW GOLD TARGETS IDENTIFIED BENEATH EXISTING LORENA GOLD RESOURCE

HIGHLIGHTS:

- Two large, strong conductors identified by geophysics, supporting the targeting of depth extensions to existing gold resources
 - New targets in close proximity to recent high grade intersections beneath the known resource
 - High grade assay results received from recent drilling confirms the geological model
 - New targets to be included in next drilling program, testing extensions to the existing resources.
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Malachite Resources Limited (ASX: MAR) is pleased to provide the following exploration update in respect of its Lorena Gold Project at Cloncurry, QLD.

Malachite recently completed a program of **Down-hole Electromagnetics (DHEM)** geophysics at the Lorena deposit. The geophysical survey was designed primarily to detect extensions, down plunge from the known resource, as well as provide new targets for exploration beneath the existing Lorena deposit.

The survey identified two large, strong electromagnetic conductors, suggesting possible depth extensions to the existing known gold lodes.

The Company is very encouraged that the Lorena DHEM survey generated these new targets in such close proximity to the recent drilling success of hole LMRD092, which intersected **5.3m @ 12.9 g/t Au** from 224 metres down hole. The positions of these two conductor plates, relative to the existing Lorena resource and previous drilling, are presented in the long section diagram below (Figure 1). Importantly, the dimensions of each of these two DHEM conductors are similar to the area of the defined gold resource at Lorena.

These two DHEM conductors, combined with extensions around the gold intersection in hole LMRD092, will be the priority for the Company's next drilling programme at Lorena which is designed to target an increase in the Resource estimate.

Commenting on the results, Malachite's CEO, Geoff Hiller said:

"The results of the down-hole geophysics in conjunction with the previously reported 5.3 metres @ 12.9 g/t gold certainly give us confidence that further drilling will add to the current Resource estimate."

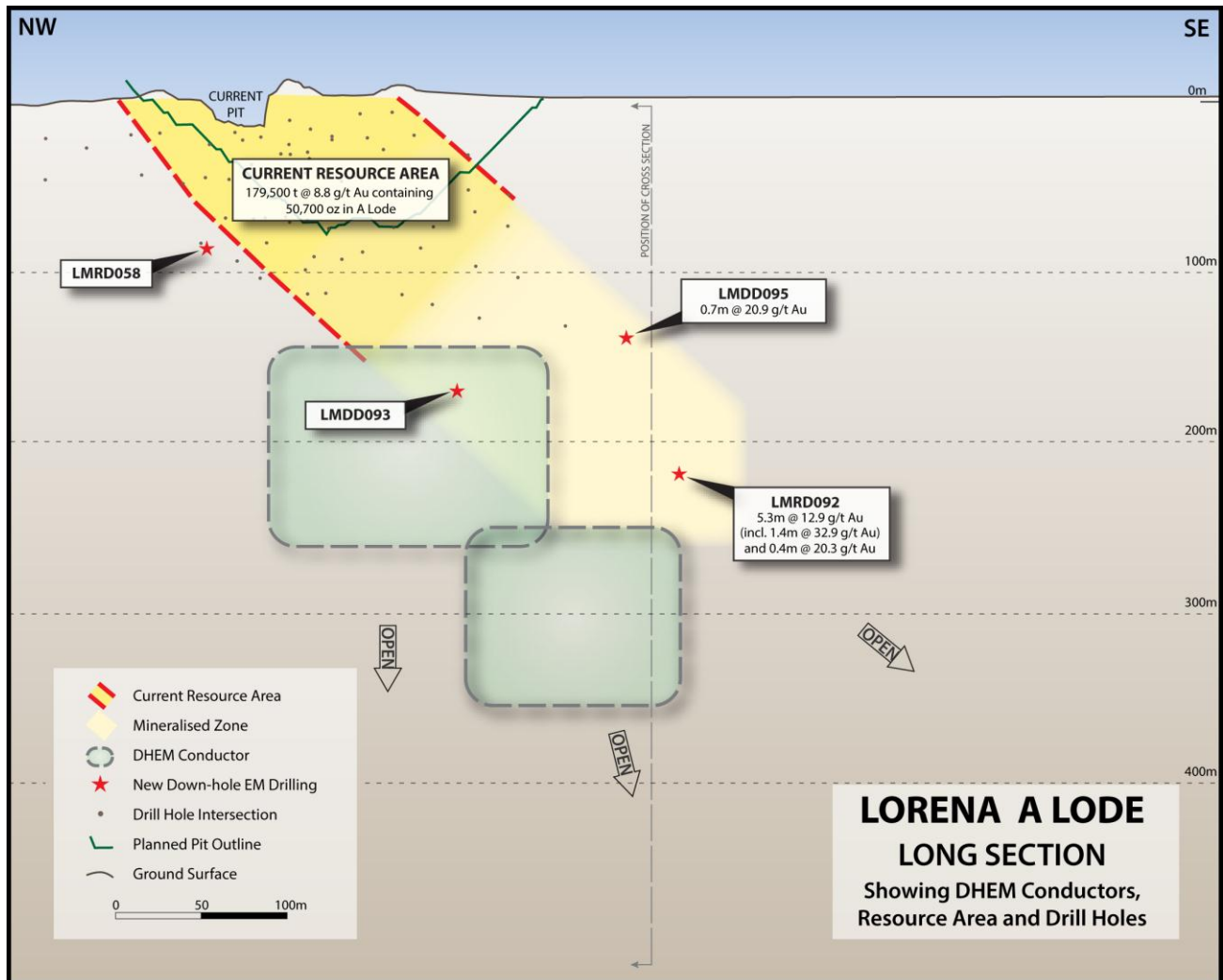


Figure 1: Long Section of the A Lode at Lorena showing DHEM Conductors and recent drill holes

Malachite has received the assay results for holes LMDD093 and LMDD095 (see Table 1 below). The latter hole intersected **0.7m @ 20.9g/t Au** from 145.7m at the interpreted position of the A Lode. This intersection has been interpreted to be near the top of the lode and, as such, further drilling will be targeting mineralisation beneath this location. Hole LMDD093 exhibited weak mineralisation within the interpreted position of the A Lode, which due to the poddy nature of the gold mineralisation in this deposit, does not discount the potential for high grade gold mineralisation nearby.

Down-hole Electromagnetics

The results and interpretation have now been received from the recent DHEM surveys conducted in four drill holes at the Lorena Gold Project (LMRC058, LMRD092, LMDD093 and LMDD095). These surveys were designed to identify extensions to the known mineralised lodes as well as locate new targets.

The DHEM surveys detected two large, strong EM conductors associated with holes LMRD092 and LMDD093.

Parts of the Lorena gold mineralisation are extremely conductive due to the presence of pyrrhotite (iron sulphide mineral), which explains why electromagnetics was very successful in locating these zones. The DHEM did not respond as well as expected to mineralisation associated with the known intersections of arsenopyrite, which tend to carry the high grade gold mineralisation. Nevertheless, the pyrrhotite is closely associated with arsenopyrite in the mineralised zones and so these conductors remain strong exploration targets.

All four holes were drilled previously to test for extensions to the A Lode and as recently reported, hole LMRD092 intersected 5.3m @ 12.9g/t Au from 224.0m, 200m southeast of the existing open pit at a depth of over 200m vertically below the surface.

The DHEM survey conducted in hole LMRD092 detected a very strong, large off-hole conductor below and to the west of the hole, centred at about 255m downhole. The hole had intersected a narrow gold-bearing zone from 254.8m to 255.2m (0.4m) which assayed 20.3g/t Au, suggesting that further testing of this conductor should be a high priority. The strength of this conductor was sufficient for it to be detected from the DHEM survey in hole LMDD095, located 85m above hole LMRD092 (Figure 2).

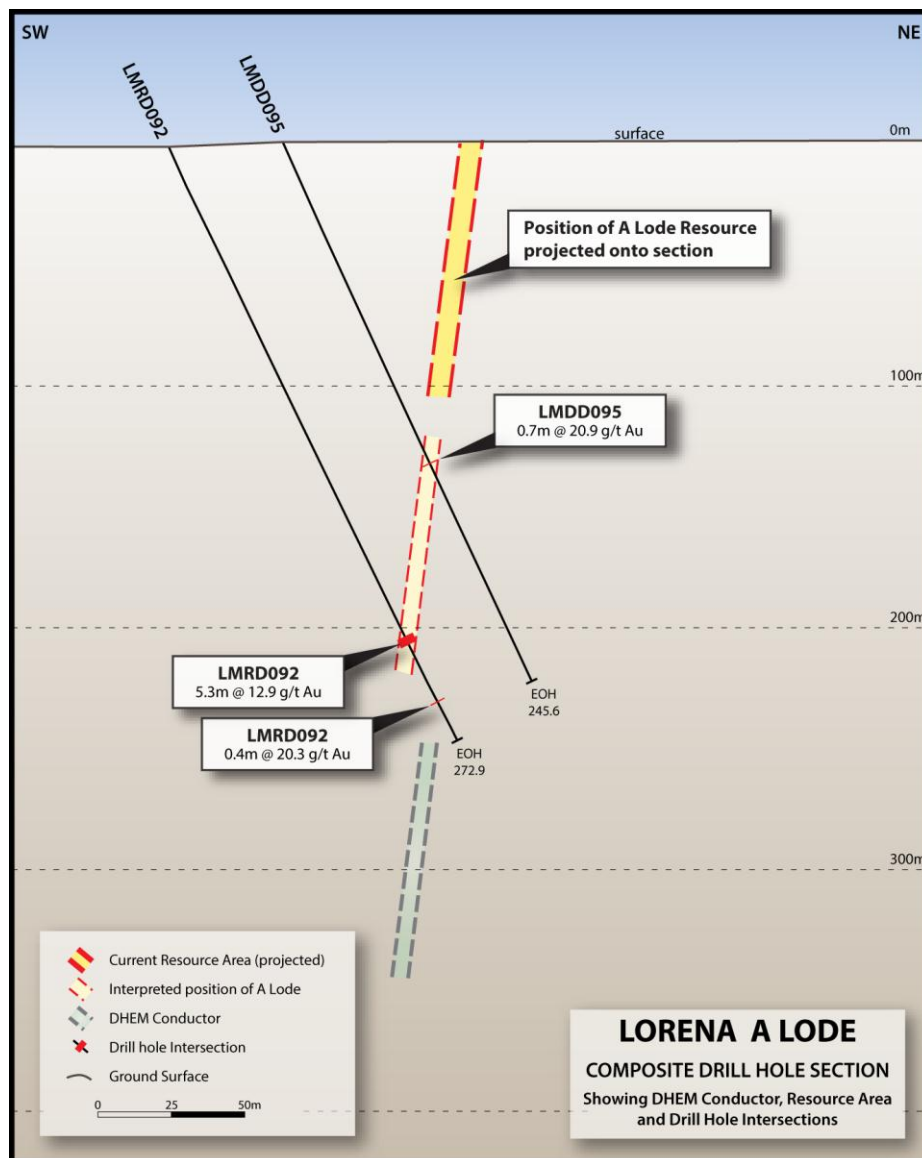


Figure 2: Composite Drill Hole Section for Lorena A Lode

Hole LMDD093 had previously intersected the Lorena A Lode structure from 168.85m to 171.7m, and although gold was only weakly anomalous in this section of the structure, the DHEM survey detected a large strong conductor at 168m down hole, extending beyond the hole for up to 100m to the west. Testing of this conductor is also a high priority.

The DHEM results reinforce the Company's confidence that the Lorena project will deliver substantially more gold than currently in the resource estimate and this encourages the Company to continue with its pre-feasibility work already underway.

Malachite wishes to acknowledge that funding of \$66,000 provided by the Queensland Government Department of Employment, Economic Development and Innovation's Collaborative Drilling Initiative was used to assist with drilling costs for holes LMRD092 and LMDD093.

Table 1: Lorena Drilling

Hole No.	Total Depth (m)	Azimuth (deg MGA)	Dip (deg)	RL (m)	Collar Coordinates MGA (UTM Zone 54)		Interval		Assay
					Easting	Northing	From (m)	To (m)	
LMRD092	272.9	42	-66	203	463512	7708703	224.0	229.3	5.3m @ 12.9g/t Au
							254.8	255.2	0.4m @ 20.3 g/t Au
LMDD093	278.6	46	-61	205	463401	7708780	168.8	171.7	Weak mineralisation
LMDD095	245.6	42	-66	205	463522	7708757	145.7	146.4	0.7m @ 20.9 g/t Au

NB. True widths are uncertain but are thought to be about 70% of interval length.

-ENDS-

Malachite Resources Ltd

For further information, please contact the Company on (02) 9411 6033, via email at info@malachite.com.au or visit the Company's website at www.malachite.com.au

COMPETENT PERSON STATEMENT:

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Russell Meares, who is a non-executive Director of the Company and a former full time employee. Mr Meares is a Fellow of the Australasian Institute of Mining and Metallurgy and 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.' Mr Meares consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

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 six mining leases (ML7147, MLs 90192-90196), and two EPMs (EPM18189 and EPM18908) at Lorena.

Lorena has a total mineral resource containing approximately 56,000 ozs of gold at a 2g/t cut-off grade. It has a resource of 179,500t at 8.8g/t Au containing 50,700 ozs ("A Lode") and a resource of 23,700t at 7.8g/t Au containing 5,900 ozs ("B Lode"). The resource is within a potential open pit mine and is open at depth. The gold bearing ore is principally of massive and stringer sulphide type and copper-gold mineralisation occurs in conjunction with the gold ore body. The Company is currently carrying out a feasibility study on the resource within a potential open cut.

About Malachite:

Malachite Resources Limited is an emerging Australian resources company focused on gold, silver, copper and tin commodities in the Mount Isa region of north-west Queensland and the New England region of northern NSW/southern Queensland. The Company has two advanced projects that are progressing towards operational mining in the next few years – the Lorena Gold Project, based near Cloncurry QLD; and the Conrad Silver Project, located near Inverell NSW. Malachite also has a variety of earlier stage exploration projects.

Malachite is listed on the Australian Securities Exchange (ASX: MAR) and also trades in Frankfurt (Code: MUW.F) and Berlin (Code: MUW.BE).