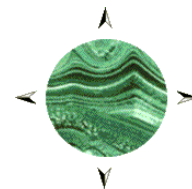


Malachite Resources Limited

ABN 86 075 613 268



ASX Announcement Code: MAR 26 SEPTEMBER 2012

CAPITAL RAISING AND CONVERTIBLE NOTES EXTENDED

- **Placement raising \$1,049,140;**
- **Rights Issue to raise \$893,712;**
- **Convertible Notes Extended;**
- **Funding enables Company to continue feasibility work and target resource extensions at the Lorena Gold Project; and**
- **Significant third party interest in funding the development of Lorena.**

Malachite Resources Limited (ASX Code: "MAR") is pleased to announce a private placement and a rights issue to raise approximately \$1.94 million and the extension of existing convertible notes.

PLACEMENT

The Board of Directors has resolved to effect a Placement of 1,049,140 fully paid ordinary shares in the Company at 1.0 cents per share, with one option attached to each two shares applied for, to raise \$1,049,140 ("Share Placement").

The issue of these shares will fall within the 15% capacity afforded by ASX Listing Rule 7.1. The options will be issued subject to shareholder approval at the Company's upcoming Annual General Meeting, which is to be held on Wednesday 28 November 2012. The options will be exercisable at 1.5 cents at any time until 31 March 2015.

RIGHTS ISSUE

The Board has also resolved to undertake a non-renounceable pro-rata rights issue ("Rights Issue") that will be structured as follows:

- A non-renounceable rights issue offer to acquire one new share for every nine shares (1 for 9) held in the Company to raise up to \$893,712.
- The new shares will be offered at 1.0 cents per share.
- Shareholders who subscribe for their rights will also be issued one option for every 2 new shares subscribed for. The options are exercisable at 1.5 cents per share at any time until 31 March 2015. These options will be listed for quotation on the ASX.
- The Rights Issue will be underwritten by Patersons Securities Limited. For each two shares underwritten the Company will issue one option to the Underwriter ("Underwriter Options"). These Underwriter Options will be issued subject to shareholder approval at the Company's upcoming Annual General Meeting. The Underwriter Options will also be exercisable at 1.5 cents at any time until 31 March 2015.

Documentation will be lodged with the ASX at the earliest opportunity.

CONVERTIBLE NOTES EXTENDED

The Company has reached agreement with its existing Convertible Noteholders to extend the maturity date of existing Convertible Notes ("Notes").

The Notes are held by Sun Biomedical Limited (ASX: SBN) and Heavy Duty Superannuation Pty Ltd for a total face value of \$1,000,000. The original Notes matured on 5 August 2012 and 6 September 2012 respectively.

The Company has entered into a Deed of Extension and Variation to Convertible Note Subscription Agreement (Deed of Extension and Variation) with each of the Noteholders. The key terms of original Notes have now been varied as follows:

- The maturity date of the Notes is extended by 7 months from the original maturity date;
- The Noteholders have an option to further extend the maturity date by two additional period of 3 months each; and
- Interest payable on the notes has been increased from 12% to 15% per annum for the initial 7 month extension and to 18% for each of the additional 3 month terms.

The remaining key terms of the Notes remain unchanged. The Notes have 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.

Rollover fees are also payable to the Noteholders as follows:

- \$18,750 to each Noteholder on the date being 3 months from the original maturity date; and
- \$8,750 to each Noteholder each time the Noteholder extends the Notes for an additional 3 months.

The Rollover fees are to be satisfied by the issue of shares in the Company at a deemed issue price that is the lower of the price at which the Placement is effected or a 20% discount to the volume weighted average price of the Company's shares on the 30 days on which trades occur immediately prior to the issue of the shares.

The Noteholders have a right of first refusal to participate (on a priority basis) in any new debt securities or new equity issues that are made by the Company.

The Company will seek shareholder approval at its upcoming Annual General Meeting to the issue of shares upon conversion of the Notes and any other shares that the Company may be required to issue to the Noteholders.

FORWARD PLANS

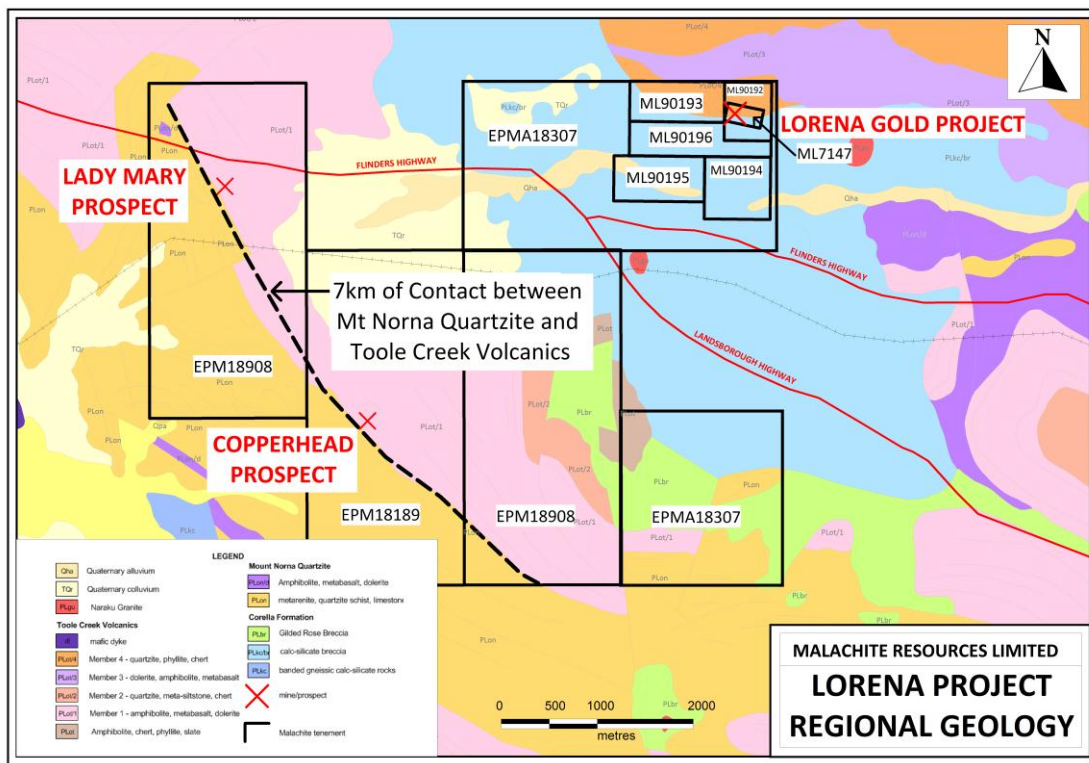
Following the capital raising, the Company will be in a strong position to continue with the development of the Lorena Gold Project, where feasibility study work for an initial mining operation is on track and progressing well.

The aim is to develop an open cut operation with an initial 2 year life, producing 20,000 to 25,000 ounces of gold per annum, commencing late 2013. Subject to resource additions expected to flow on from recent successful geophysical work and drilling below the proposed open cut (LMRD092 intersected 5.3 metres at 12.9g/t gold at a depth of 220m) the plan is to extend mine life by moving on to an underground operation from the bottom of an open pit.

Recent metallurgical test work has continued to produce positive results and confirms our initial views on the appropriate process route and overall feasibility of the project.

The priorities for the Company's next drilling program include two new gold targets identified at Lorena by Down-hole Electromagnetics (DHEM) and the high grade gold intersection obtained in drill hole LMRD092. The drilling program, to commence as soon as practicable following the completion of the capital raisings referred to above, is designed specifically to target an increase in the Lorena Gold Resource estimate in order to extend the life of the mining project and its attendant cash flow.

In addition the Company will carry out further exploration at the Lady Mary prospect at Lorena where follow up assays of samples recently confirmed that this is a very promising new, gold-rich, copper-gold find, with some very high gold assays in surface samples, including one of 102g/t Au and another of 38.9g/t Au. The next phase of field work will map out the prospective Mt Norna Quartzite/Toole Creek Volcanics contact on the Company's tenements and provide further sampling and assays of the mineralisation observed along it. Plans include trenching to be undertaken at the most promising targets, including Lady Mary, (for better exposure and more quantitative sampling), followed by drilling where warranted.



The Company has commenced discussions with a number of parties interested in funding the development of the Lorena Gold Project which would enable the Company to be in production by the end of 2013. This may involve production of a bulk gold-bearing sulphide concentrate only, such that capital expenditure would only be in the order of \$8 million, construction time would be significantly shorter than development of a full treatment plant and environmental requirements would be reduced.

COMPETENT PERSON STATEMENT:

The information in this report that relates to Exploration Results is based on information compiled by Dr Garry Lowder, who is non-executive Chairman of the Company and a former full time employee. Dr Lowder 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.' 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.

For further information please contact:

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