



BCD RESOURCES NL

ASX Announcement

ASX Code: MAR & BCD

27th November 2012

MALACHITE AND BCD RESOURCES ENTER HEADS OF AGREEMENT TO DEVELOP GOLD MINE AT LORENA

- **BCD Resources to fully fund and develop a flotation processing facility at Malachite's Lorena gold mine to commence commercial gold operations by fourth quarter 2013;**
 - **BCD to earn an initial 50% economic interest in the Joint Venture;**
 - **Once production exceeds 80,000 ounces of saleable gold equivalent, Malachite's economic interest in the Joint Venture increases.**
 - **Gold-bearing concentrate from Lorena to be transported to BCD's processing plant in Tasmania to produce gold doré;**
 - **Very robust project economics - low capital and operating costs - high grade open cut stage one deposit with underground potential;**
 - **Malachite to retain 100% ownership of the surrounding exploration tenements.**
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Malachite Resources Limited ("Malachite" or "MAR") and BCD Resources NL ("BCD") are pleased to advise that they have entered a legally binding Heads of Agreement to develop a gold operation on Malachite's Mining Leases at the Lorena high grade gold deposit, near Cloncurry, Queensland.

To date, Lorena has a total JORC Mineral Resource in the Measured and Indicated categories containing approximately 56,000ozs of gold at a 2g/t cut-off grade. This is made up by a resource of 179,500t at 8.8g/t Au containing 50,700ozs of gold in the A Lode, and a resource of 23,700t at 7.8g/t Au containing 5,900ozs of gold in the B Lode. These resources are within a potential open pit mine and are open at depth.

Malachite and BCD propose to establish an unincorporated joint venture to develop and operate the project and to transport the concentrate produced at Lorena to BCD's processing facility situated at Beaconsfield in Tasmania for final treatment and production of gold doré.

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BCD will be the manager of the joint venture and be responsible for all development, operating and management functions.

The joint venture will operate on the existing granted mining leases at Lorena (MLs 7147 and 90192 – 96) and will apply to all open cut and underground resources within the mining lease area (Refer Figure 1: Lorena Gold Project – Tenement Plan).

In order to earn its initial equal share, BCD is required to solely fund the development of the project to the point of commercial production, including construction and commissioning of a flotation facility, capable of efficiently processing a minimum of 120,000 tonnes of ore per annum, and related infrastructure by 31st December 2013.

Initially the net proceeds will be shared 50/50, but once production exceeds 80,000 ounces of saleable gold equivalent, Malachite's share of proceeds will increase to 65% and after 120,000 ounces of saleable gold equivalent have been produced from Lorena, Malachite and BCD will share the product 75% MAR and 25% BCD.

The Heads of Agreement is subject to completion of due diligence by both parties by the end of February 2013. BCD will immediately commence the process of obtaining all necessary project approvals at its own cost.

Malachite Chairman, Dr. Garry Lowder observed:

“We have always regarded Lorena as a very appropriate project with which Malachite could become established as a miner. Our belief in the value of Lorena has been confirmed by the level of interest shown by several potential joint venture partners, culminating in this joint venture with BCD Resources.

The joint venture with BCD will see Lorena come into production before the end of next year, generating a healthy cash flow for each partner. For Malachite, this will happen without us having to invest any further capital in the project, or in a plant, as BCD will fund the entire development of the mine.

We are pleased to work with BCD given their operating experience and their proven ability to contribute to the development of the project.

Importantly, Malachite retains considerable upside, both with respect to an increase in the resource at depth and in respect of the surrounding exploration areas, which are held under EPMs in which BCD will not participate at this stage.”

BCD Resources Chairman, Mr Clive Carroll said:

“This agreement provides BCD resources with a wonderful opportunity to partner with MAR in the development of their Lorena Gold Deposit and processing opportunities from the prospective surrounding areas. The project should deliver strong net cash flows for BCD.

BCD will commence relocation of its flotation circuits and ancillary plant to Lorena in the New Year.

BCD will also be able to maintain much of its existing operational expertise and workforce and to profitably redeploy existing plant and equipment following the recent closure of our Tasmania underground mine.

We look forward to a long and profitable relationship with Malachite at the Lorena Project.”

COMPETENT PERSON STATEMENT:

The information in this report that relates to Mineral Resources and Exploration Results is based on information compiled by Mr Russell Meares, who is a non-executive Director of Malachite 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 holds shares and options in the Company. 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.

For further information, please contact:

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BCD Resources NL on (03) 6383 6500 or by email at enquiries@bcdresources.com.au or visit the company’s website at www.bcdresources.com.au

About Malachite Resources:

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 the Lorena Gold Project near Cloncurry QLD, which is at the feasibility stage of development, and the Conrad Silver-Tin Project, which is an advanced exploration project located near Inverell NSW. Malachite also has as a number of earlier stage exploration prospects.

Malachite is listed on the Australian Securities Exchange (ASX: MAR).

About BCD Resources:

BCD Resources is an ASX listed resources company now in transition, following the closure of the historic Tasmania underground mine in July 2012. The Company has expanded its major asset at Beaconsfield, namely its BACOX treatment facility and is currently building up a pipeline of mining, processing and other contractual agreements either in its own right or in partnership with resource owners both within Tasmania and elsewhere in Australia.

Figure 1: Lorena Gold Project – Tenement Plan

