

malachite
resources

ASX Announcement

ASX Code: MAR

17 April 2013

MALACHITE TO PROGRESS CONRAD SILVER PROJECT FOLLOWING MANCALA DECISION NOT TO EXERCISE OPTION

Malachite Resources Limited (“Malachite” or “the Company”) advises that it has received formal notice from Mancala Resources Pty Ltd (“Mancala”) that it is not exercising the option to earn an equity interest in respect of the Company’s Conrad Silver Project (“Conrad” or “Project”) near Inverell, NSW. Malachite therefore retains 100% of the Project.

Mancala has completed its assessment of Project economics, at its own cost, based on a number of development options and using a mix of conventional mining with their own mechanical vertical mining technology.

Mancala has indicated that their willingness to participate in the project on an equity basis has been severely impacted by weak capital markets, adverse market sentiment and a decline in the silver price. Mancala has assessed that in the current market further exploration is required prior to commencing a feasibility study of the Project in order to have more confidence in the silver grade distribution (particularly the high grade areas) within the current resource of some 10 million ounces of silver. Since Mancala is a mining contractor, it has decided not to participate in any future exploration work, and has decided to not exercise its option over the Project.

Malachite’s CEO, Geoff Hiller, commented:

“Mancala’s work has provided the Company with a detailed mining study that now allows us to target exploration to increase the confidence level of the 10 million ounce silver resource, which is mainly in the inferred category. The main focus of that initial exploration would be shallow drilling (to coincide where mining would commence at either end of the deposit) at a close enough spacing to better define the silver grade distribution in and around the high silver grade areas discovered to date. In the short term, the Company is focused on the development of its Lorena Gold project which can provide cashflow to advance the Conrad Project in due course”.

Mancala has agreed to provide the Company with their internal project data and confirmed their willingness to work on the Project as an arms-length contractor. Both Mancala and the Company consider that Mancala’s mechanical vertical mining technology remains likely to be one of the mining methods for developing the Conrad resource.

Based on Mancala’s review of the Project, the Company believes that the next step is to consider an RC drilling program at the Princess shoot end of the field to test for near surface mineralisation to initially support a mining operation (refer Figure 1). This program would also be designed to establish greater confidence in the grade distribution in the Princess shoot area where there is otherwise little evidence of historical mining and previous drilling by the Company had confirmed mineralisation at depth.

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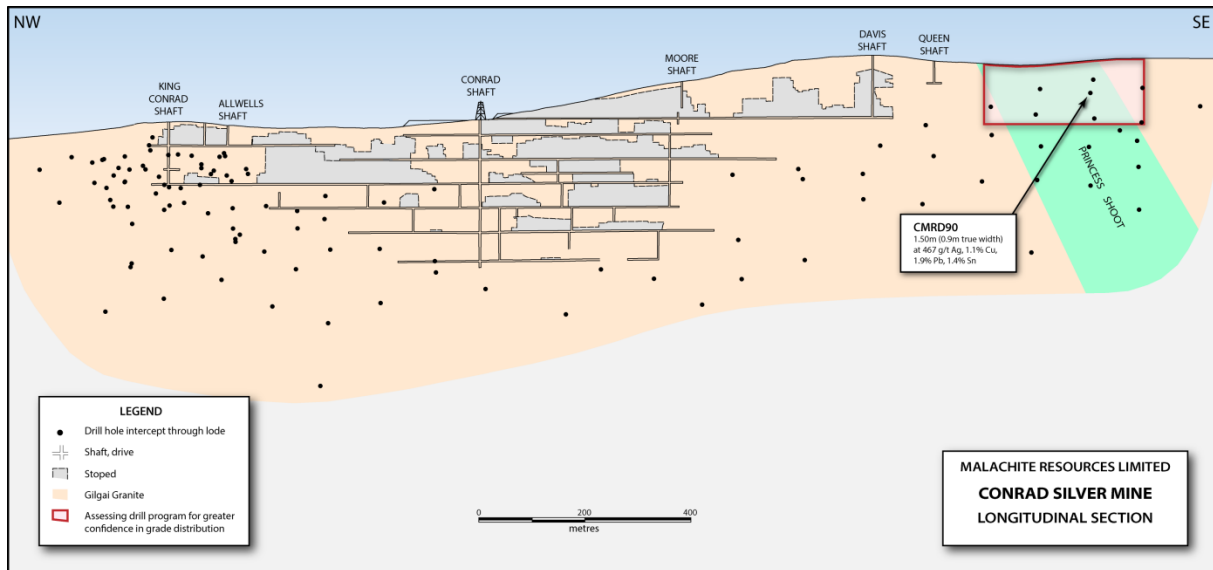


Figure 1.

Successful development of the Company's flagship asset at Lorena in Queensland is expected to generate cashflow which would assist the Company in terms of funding exploration and the potential development at Conrad without the need to revert to shareholders for further equity funding.

For further information, please contact:

Malachite Resources Limited on (02) 9251 0032 or by 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 Mineral Resources 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.

About Conrad:

The Conrad Silver Project is located 25km south of Inverell in northern NSW. Drilling at Conrad by Malachite has intersected narrow high grade, massive sulphide, silver-rich base metal veins, like those mined in the past, and wide zones of lower grade, disseminated and stockwork veined, polymetallic mineralisation. The currently defined mineral resource at Conrad contains approximately 10 million ounces of silver, plus significant base metal credits. At current prices, silver represents 60% of total recoverable metal value in the Conrad resource and tin, copper, lead and zinc make up the balance. The resource remains open at depth.

About Malachite Resources Limited:

Malachite Resources 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. 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 a number of earlier stage exploration prospects.

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