

**malachite  
resources**



**BCD RESOURCES NL**

**ASX Announcement**

**ASX Code: MAR & BCD**

**30 JULY 2013**

## **JOINT VENTURE AGREEMENTS EXECUTED - LORENA GOLD PROJECT -**

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Malachite Resources Limited (MAR) and BCD Resources NL (BCD) have entered into formal joint venture agreements (Joint Venture) for the development of the Lorena Gold Mine (Lorena) in accordance with the terms of the Heads of Agreement (as previously announced).

The Lorena Gold Project is wholly owned by Malachite and is located about 15km east of Cloncurry in northwest Queensland. MAR and BCD are working towards the target of developing Lorena before the end of this year with commissioning and commercial production forecast during the first quarter of 2014. Both parties believe that this schedule remains achievable subject to the granting of necessary statutory approvals and the amount of rain that may be incurred during the wet season.

The key terms of the Joint Venture are as follows:

- MAR 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.
- 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.
- 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.
- 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.

<p><b>BCD Resources NL</b> <b>ABN 22 057 793 834</b> <b>1 Rifle Range Road</b> <b>Beaconsfield TAS 7270</b> <b>Tel: (03) 6383 6500 Fax: (03) 6383 6590</b> <b>www.bcdresources.com.au</b></p>	<p><b>Malachite Resources Limited</b> <b>ABN 86 075 613 268</b> <b>Suite 2, Level 10, 8-10 Loftus Street,</b> <b>Sydney NSW 2000</b> <b>P O Box R1295, Royal Exchange NSW 1225</b> <b>Tel: (02) 9251 0032 Fax: (02) 9475 0439</b> <b>www.malachite.com.au</b></p>
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## Project Update

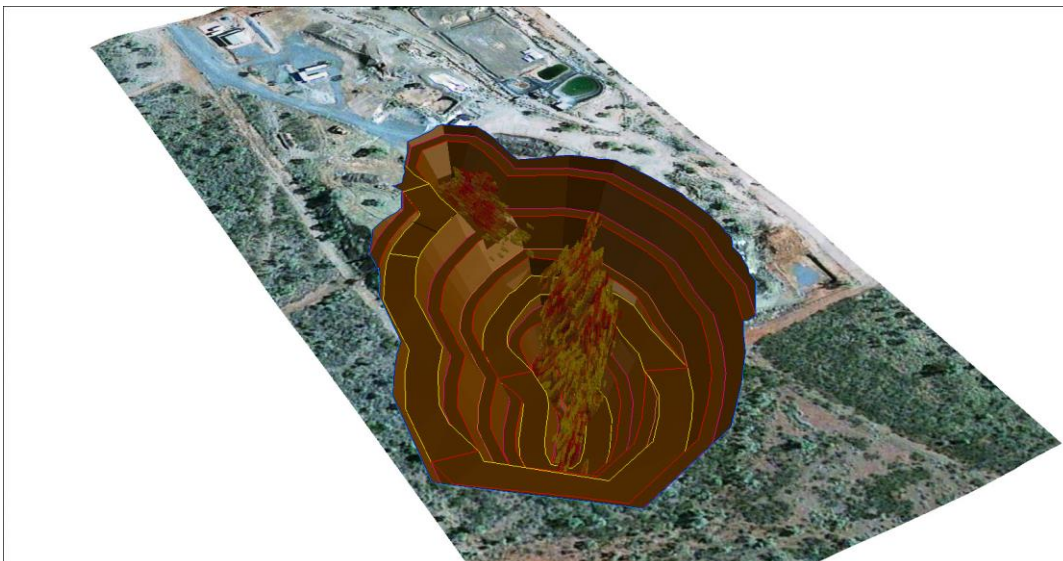
In the last couple of months, the Joint Venture parties have been actively advancing the development of the Project. Key activities to date include the following:

- The order of long lead items which include the primary ball mill and the magnetic separators and the sourcing of required plant and equipment. The flotation circuit has been dismantled at Beaconsfield ready for shipment to Lorena;
- The completion of initial plant engineering construction drawings;
- The submission of the initial environmental advice statement to the Department of Environment and Heritage Protection for the Environmental Authority.
- The waste rock dump and tailings dam designs are in progress.
- The aboriginal cultural heritage clearance has been completed; and
- The pit optimisation has been completed with submissions to mining contractors currently being prepared.

Recent pit optimisation work by Australian Mine Design and Development (AMDAD) has demonstrated that the shape of the pit does not materially change with lower A\$ gold prices which have occurred over the last few months. This is due to the high gold grades at Lorena where increasing the cut-off grade from 2g/t gold to 3.5g/t (to account for an assumed A\$ gold price of A\$1,350/oz) has the effect of only reducing the number of ounces mined in the open pit by some 3,000 ounces of low grade gold. This has the effect of increasing the average grade within the pit to over 10.5g/t Au. The cash operating cost of the project is currently expected to be around A\$850 per ounce of gold produced.

The pit optimisation work has demonstrated the financial robustness of the project at the recently observed A\$ gold prices whereby both Joint Venture parties remain committed to the development of the project.

Both parties consider that there are considerable regional opportunities once the plant is operating at Lorena. Following the open cut operations both Malachite and BCD anticipate that operations may continue based on potential extensions of the current Lorena resource at depth, potential new resources from surrounding prospects, and the toll treatment of third party ores.



**View of proposed open cut (with ore blocks shown) superimposed on the satellite image of the Lorena site**

Over the next couple of months the Joint Venture parties will be concentrating on:

- Finalising plant engineering drawings to award a construction contract;
- Finalising the purchase of plant and equipment;
- Selecting the preferred mining contractor;
- Completing the plan of operations;
- Submitting the final documentation for the Environmental Authority (expected in early August); and
- Preparing the site for initial civil works for the processing plant.



**Photo of Lorena Gold Project site**

For further information, please contact:

Malachite Resources Limited on (02) 9251 0032 or by email at [info@malachite.com.au](mailto:info@malachite.com.au) or visit the company's website at [www.malachite.com.au](http://www.malachite.com.au)

BCD Resources NL on (03) 6383 6500 or by email at [info@bcdresources.com.au](mailto:info@bcdresources.com.au)

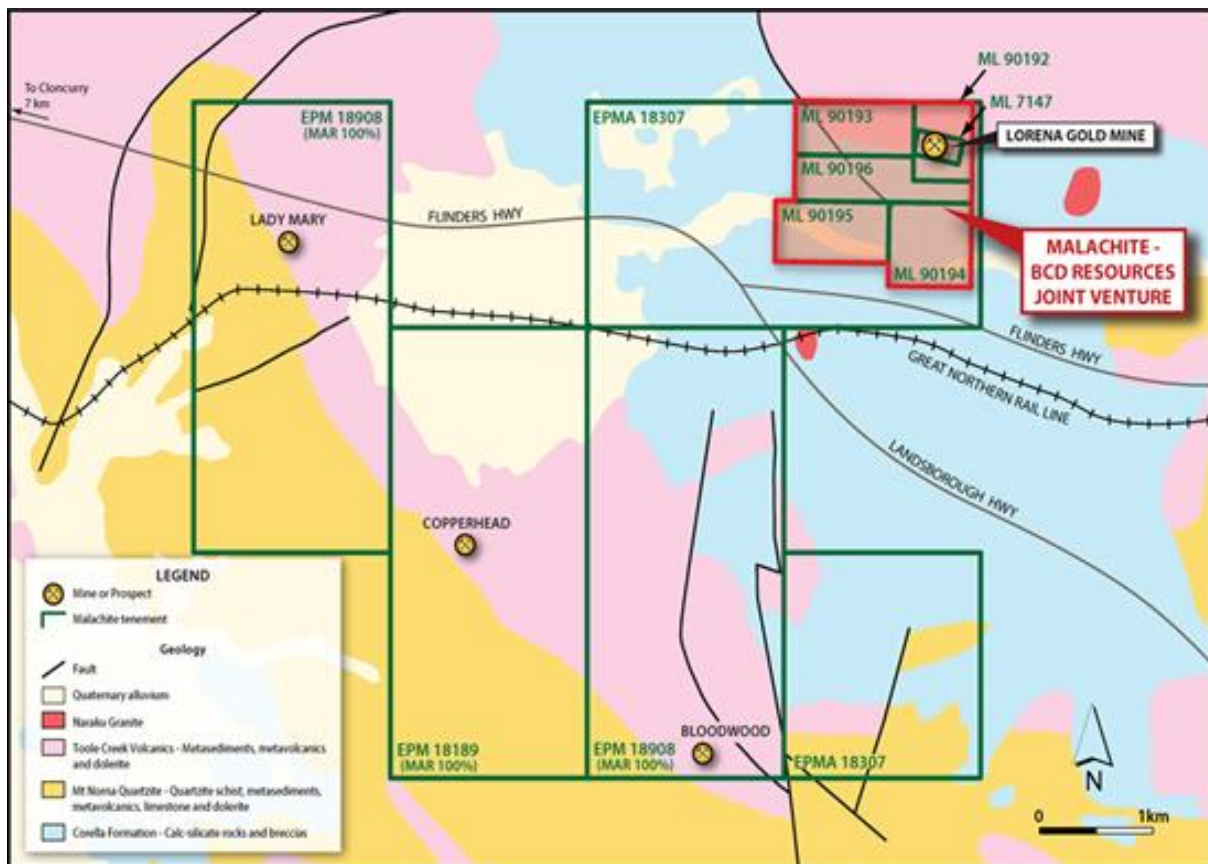
### About Lorena:

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), two exploration permits (EPM18189 and EPM18908) and one EPM application at Lorena. The mining leases are the subject of a Heads of Agreement with BCD Resources NL to jointly develop the Lorena gold mine.

Lorena has a total JORC Mineral Resource in the Measured, Indicated and Inferred categories containing approximately 56,000ozs of gold at a grade of 8.7g/t Au using a 2g/t Au 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 (16,700 ozs of gold in the Measured category and 34,000 ozs of gold in the Indicated category), and a resource of 23,700t at 7.8g/t Au containing 5,900ozs of gold (800ozs of gold in the Indicated category and 5,100 ozs of gold in the Inferred category) in the B Lode (refer Malachite ASX announcement dated 27 January 2012). These resources are within a potential open pit mine and are 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. Subsequent drill intersections including 5.9m @ 12.9g/t Au (located 100m down-plunge from the defined resources) demonstrate the potential for increasing the Lorena resource estimate.

### 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.



Lorena Gold Project – Tenement Plan