

LORENA GOLD PROJECT UPDATE

On 15 January 2015, Malachite Resources Limited (Malachite or the Company) entered into a trading halt and on 19 January 2015 the Company requested a voluntary suspension of trading. These actions were taken in response to a trading halt and suspension granted to BCD Resources NL (BCD) to enable BCD to finalise and consider their project capital and commissioning funding requirements for the Lorena Gold Project.

Malachite is currently reviewing its own funding options should BCD not be in a position to meet its funding obligations in accordance with the terms of the joint venture agreement.

The Company confirms the following key points in respect of the Lorena Gold Project:

- Malachite currently holds 100% of the Mining Leases relating to the Lorena Gold Project. Malachite and BCD have a 50/50 joint venture to develop and operate the Lorena Gold Project.
- In accordance with the terms of the joint venture agreement between the parties BCD will not earn its 50% interest in the project until it has funded project development through to the completion of construction and commissioning of a plant to produce a gold concentrate for transport and processing at BCD's facility in Tasmania.
- Amongst other things, BCD has requested that the joint venture agreement be restructured and that Malachite offer some or all of its 100% interest in the Mining Licences as security to assist it to raise additional funding it may require to meet its earn-in obligations. In accordance with the joint venture agreement BCD cannot offer security over the Lorena tenements without Malachite's agreement other than for working capital purposes.
- In accordance with the current joint venture agreement BCD is the project manager and is responsible for managing the development and operations of the project.
- BCD has already completed the majority of the construction of the plant with all key pieces of equipment on site. Recently the electrical motor control centre (MCC) was installed alongside the three 600kVA generators.
- The project remains robust with key operating parameters improved from the initial feasibility work. This includes a strong A\$ gold price and a lower diesel price.
- BCD has previously completed an independent positive technical review of the process plant flow sheet and metallurgical recoveries.
- The Lorena gold project has additional gold resource potential at depth.
- A number of regional opportunities are being actively reviewed which will potentially add to the value of a gold processing plant at Lorena.

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Following Malachite’s own site inspection this week and receipt of advices from BCD the Company understands that BCD has yet to complete a number of key items before plant commissioning can commence. These include the completion of electrical and piping installations for the plant and construction of the tailings dam. Malachite believes that commissioning of the plant is now unlikely to commence until at least March 2015 subject to BCD completing their own review of capital expenditure and funding requirements.

Malachite is waiting on further details from BCD (which BCD advise is currently underway) in relation to the Lorena Gold Project’s ongoing development and will provide a further update to the market at the earliest opportunity.

Below are a number of recent photos of joint venture site activities at the Lorena Gold Project reflecting plant installed by BCD in accordance with the current joint venture agreement:



MCC installed



Generators on site



Process plant – equipment installed



Electrical cabling in progress



Preparation of waste rock dump in background



Tailings dam area grubbed in background

About the Lorena Project

Malachite Resources Limited (Malachite) and BCD Resources NL (BCD) are jointly developing (50/50 Joint Venture) the Lorena Gold Project, located about 15km east of Cloncurry in northwest Queensland (refer Figure 1).

Malachite currently retains a 100% interest in the Lorena Gold Project until BCD has funded development through to commissioning of the project to earn its 50% economic share.

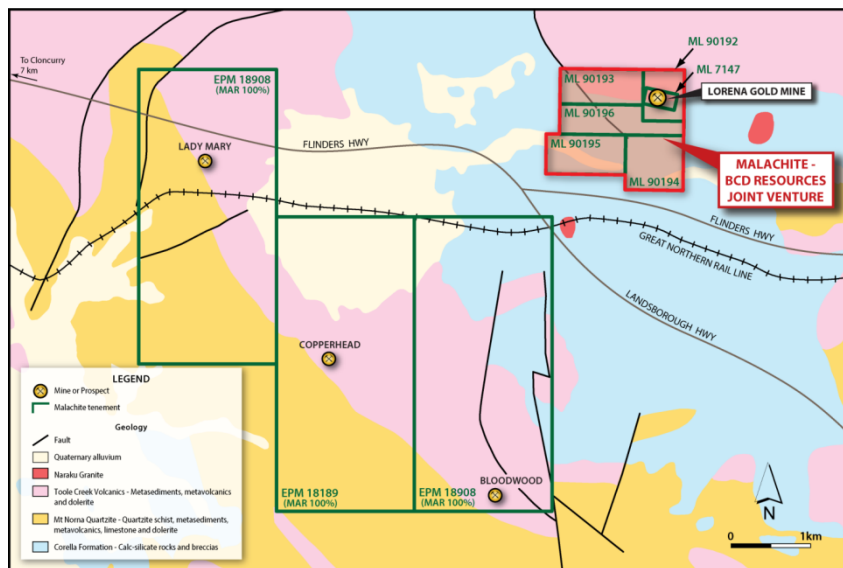
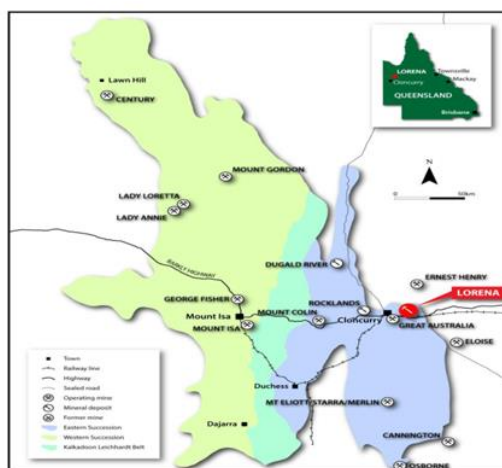


Figure 1: Lorena Gold Project – Tenement Plan

A flotation production facility at Lorena to process 120,000 tonnes per annum of ore is currently being constructed to produce a gold concentrate for shipment to Beaconsfield for processing into gold doré.



Lorena Gold project located 15km east of Cloncurry, Qld

It is expected that in the first year of production the Lorena project will produce around 30,000 ozs of recovered gold from an open cut operation at an all in cash cost of around A\$900/oz. The Lorena gold project has potential for resource extensions at depth; which requires confirmation by drilling which is expected to occur as soon as funding allows.

For further information, please contact:

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