



malachite
resources

ASX Announcement

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MALACHITE ENTERS INTO DISCUSSIONS WITH OTHER PARTIES TO DEVELOP THE LORENA GOLD PROJECT

Malachite Resources Limited (Malachite or the Company) provides the following update in respect of recent discussions with BCD Resources NL (BCD) and the future of the Lorena Gold Project (Lorena).

Malachite has now commenced discussions with a number of other parties who have expressed interest in working with the Company to develop the Lorena Gold Project to ensure that production can be achieved at the earliest opportunity.

Malachite will now actively pursue these discussions with other parties and also continue to investigate its own funding requirements and alternatives. As part of these discussions, Malachite is considering a processing plant to produce gold on site. Malachite is pleased that a number of parties have identified Lorena as an attractive Australian gold asset with near term production.

Malachite has an agreement with BCD for BCD to sole fund the development of Lorena to earn a 50% interest in Lorena.

As previously advised, in January 2015, BCD advised Malachite that MKS Precious Metals had appointed Messrs Chris Palmer and Bryan Collis of O'Brien Palmer as Receiver and Manager of BCD.

At that time, site work at Lorena was put on hold so that BCD could review the development costs and sort out its funding requirements and arrangements to complete the development and commissioning of Lorena. The remaining works at Lorena relate mainly to electrical installation, piping installation, construction of the tailings dam and commissioning.



Subsequent to BCD's review of the cost and timing to complete the development of Lorena, Malachite has been discussions with BCD regarding a potential restructure of the agreement to assist BCD with its additional funding requirements. Unfortunately, Malachite has been unable to date to reach an agreement with BCD or its Receiver and Manager to resolve a satisfactory way forward with Lorena that is in the best interests of Malachite and its shareholders.

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Malachite has now advised BCD and its Receiver and Manager that BCD has not met its obligations to develop the Lorena Gold Project and that Malachite has a right to terminate the agreement with BCD. Notwithstanding this, Malachite remains in discussions with the Receiver and Manager and is awaiting information from them to consider their latest proposal.

Malachite confirms that it currently holds 100% unencumbered ownership of the Mining Licences relating to the Lorena Gold Project and that the project remains robust given its high gold grade.

In addition the Lorena Gold Project has gold resource potential at depth, regional exploration potential, and gold processing opportunities, all of which enhance its development.

Malachite will keep the market informed of all material developments at the earliest opportunity.

About the Lorena Project

The Lorena Gold Project is located about 15km east of Cloncurry in northwest Queensland. 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 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