

malachite resources

QUARTERLY REPORT for the period ending 31 March 2015

OVERVIEW

ASX Code: MAR

Issued Shares: 1,013

ABN: 86 075 613 268

Directors

Terry Cuthbertson

James Dean

Andrew McMillan

Top Shareholders

Mr Lindsay Jones

Olhoc Pty Ltd

Morrison Charity Trustee Ltd

Head Office

Malachite Resources Limited

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29 April 2015

- Malachite Resources Limited (Malachite) has an agreement with BCD Resources NL (BCD) for BCD to sole fund and manage the development of the Lorena Gold Project (Lorena).
- On 22 January 2015, BCD appointed a receiver and manager to BCD. BCD has not yet earned its 50% interest in Lorena as it has not met its earn-in obligations.
- Malachite has been in discussions with BCD and the Receiver regarding a restructure of the joint venture agreement, which to date is unresolved.
- Malachite has given notice to BCD that it has the right to terminate the agreement.
- Malachite is in discussions with a number of parties who are currently carrying out technical due diligence on Lorena as part of Malachite's funding alternatives.
- Lorena remains an attractive Australian high grade gold project with near term production.
- On 7 April 2015, Malachite announced a shareholder purchase plan which closes on **Tuesday 12 May 2015**.





Lorena Gold Project

MLs 7147, 90192 – 90196

In January 2015, 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 the Lorena Gold Project (Lorena). The remaining works at Lorena relate mainly to electrical installation, piping installation, construction of the tailings dam and commissioning. The site works have remained on hold.

During the quarter, Malachite has had numerous discussions with BCD regarding a potential restructure of the agreement to assist BCD with its funding requirements. Unfortunately, Malachite has been unable to date to reach an agreement with BCD or its Receiver and Manager (appointed January 2015) to resolve a satisfactory way forward with Lorena that is in the best interests of Malachite and its shareholders.

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.

As an alternative to BCD, Malachite has commenced discussions with a number of 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. These parties are currently conducting technical due diligence on the Lorena Gold Project. Malachite is pleased that these parties have identified Lorena as an attractive Australian gold asset with near term production.

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



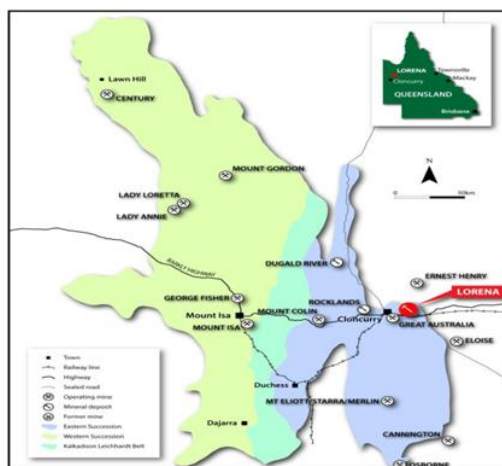
The Company confirms the following key points in respect of the Lorena Gold Project:

- Malachite currently holds 100% unencumbered ownership of the Mining Licences relating to the Lorena Gold Project.
- 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.
- The Lorena gold project has additional gold resource potential at depth; and
- Malachite has not forward sold any gold production.



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.



Lorena Gold project located 15km east of Cloncurry, Qld

Corporate

New Convertible Notes issued during the quarter.

During the quarter the Company issued one new Convertible Note with a total face value of \$50,000 and entered into a subscription agreement for one new Convertible note (has not yet been issued but is expected to be issued to a Company associated with the Company's Chairman subject to shareholder approval at the next general meeting of the Company). The terms of the new Convertible Notes are identical to the existing Convertible Notes. The total face value of Convertible Notes at the end of the quarter is \$1.9 million (this total includes the one convertible note which has not been issued and is subject to shareholder approval).

Extension of Existing Convertible Notes

Post quarter end, the Company successfully negotiated with the majority (with a total face value of \$1.75 million) of the existing Convertible Noteholders to extend the term of these Convertible Notes to 5 October 2015. The Company will pay each Convertible Noteholder a Rollover Fee of 1.75% of the Issue Price to be satisfied by the issue of Ordinary Shares at a 20% discount to the 30 day VWAP to 5 April 2015.

Convertible Notes Post Quarter End

Post quarter end, the Company has also received subscription agreements for new Convertible Notes with a face value of \$300,000. The terms of the new Convertible Notes are identical to the existing Convertible Notes except that no Rollover Fee is payable.

Directors of the Company have participated in this issue and any accordingly Convertible notes to be issued to them will be treated as a loan until approved by shareholders.



One Convertible Note was redeemed post quarter end.

Shareholder Purchase Plan

On 7 April 2015, Malachite Resources Limited (Malachite or Company) announced an offer to eligible shareholders to participate in a Share Purchase Plan (SPP).

The SPP gives eligible shareholders the opportunity to purchase up to \$15,000 of new Malachite fully paid ordinary shares (New Shares) without incurring brokerage or transaction costs.

Participation in the SPP is voluntary and is available exclusively to shareholders who are registered as holders of Malachite Fully Paid Ordinary Shares (Shares) at 7pm (AEST) on the Record Date of 2 April 2015 and whose registered address is in Australia, New Zealand or Singapore (Eligible Shareholders).

The SPP entitles Eligible Shareholders to purchase parcels of Shares valued at \$1,000, \$2,500, \$5,000, \$10,000 or \$15,000, irrespective of the size of their shareholding.

The New Shares will be issued at \$0.005 per share, which is a 16.7% discount to the last traded Company's share price prior to 2 April 2015 (record date).

The closing date of the SPP is Tuesday 12 May 2015.

Timetable

<i>SPP Record Date</i>	<i>Thursday 2 April 2015</i>
<i>Announcement of Share Purchase Plan</i>	<i>Tuesday 7 April 2015</i>
<i>Share Purchase Plan Opens</i>	<i>Thursday 16 April 2015</i>
<i>Offer Document Dispatched</i>	<i>Thursday 16 April 2015</i>
<i>Share Purchase Plan Offer Closes</i>	<i>Tuesday 12 May 2015</i>

Expiry of MAROA options

The 141,816,550 MAROA listed options expired on 31 March 2015.

Tenements

Project	Tenement Number
QUEENSLAND	ML 7147
<i>Lorena</i>	ML 90192
	ML 90193
	ML 90194
	ML 90195
	ML 90196
	EPM 18189
	EPM 18908
NEW SOUTH WALES	ML 5992
<i>Conrad</i>	ML 6040
	ML 6041
	EPL 1050
	EL 5977
<i>Tooloom</i>	ML 1237
	ML 1238
	ML 1385
	EL 6263

**Exploration/Mining Tenements Acquired/Disposed of during the Quarter**

Project	Location	Tenement	MAR Interest
NIL			

Beneficial Interest in Farm-In or Farm-Out Acquired/Disposed of during the Quarter

Project	Location	Tenement	MAR Interest
NIL			

Further Information

For further information, please contact the Company on (02) 9251 0032 or by email at info@malachite.com.au or visit the Company's website at www.malachite.com.au

Malachite Resources Limited
Appendix 5B
31 March 2015

	Current quarter \$A'000	Year to date (9 months) \$A'000
1.13 Total operating and investing cash flows (brought forward)	(163)	(702)
Cash flows related to financing activities		
1.14 Proceeds from issues of shares	-	
1.15 Proceeds from sale of forfeited shares		
1.16 Proceeds from borrowings	175	625
1.17 Repayment of borrowings	(6)	(18)
1.18 Dividends paid		
1.19 Other (provide details if material)- Borrowing costs	(3)	(9)
- Capital raising costs	-	
Net financing cash flows	166	598
Net increase (decrease) in cash held	3	(104)
1.20 Cash at beginning of quarter/year to date	59	166
1.21 Exchange rate adjustments to item 1.20		
1.22 Cash at end of quarter	62	62

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

1.23 Aggregate amount of payments to the parties included in item 1.2	-
1.24 Aggregate amount of loans to the parties included in item 1.10	
1.25 Explanation necessary for an understanding of the transactions	
Salaries, Directors fees and consultancy fees at normal commercial rates.	

Non-cash financing and investing activities

	\$A'000
2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows	Nil
2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest	Nil

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	125	125
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter *

	\$A'000
4.1 Exploration and evaluation	25
4.2 Development	
4.3 Production	
4.4 Administration	125
Total	150

* Since quarter end the Company has:

- received subscriptions for 6 new Convertible Notes in the amount of \$300,000 (5 of the subscriptions for these new Convertible Notes are from Directors or their associates and require shareholder approval);
- redeemed 1 convertible Note in the amount of \$50,000;
- commenced a Share Purchase Plan to raise additional funds.

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	62	59
Deposits at call	-	-
Bank overdraft	-	-
Other - 30 day bank bills	-	-
Total: cash at end of quarter (item 1.22)	62	59

Changes in interests in mining tenements

- 6.1 Interests in mining tenements
relinquished, reduced or lapsed
- 6.2 Interests in mining tenements
acquired or increased

Tenement reference	Nature of interest	Interest at beginning of quarter	Interest at end of of quarter

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security see note 3) (cents)
7.1 Preference +securities (description)				
7.2 Changes during quarter				
(a) Increases through issues				
(b) Decreases through returns of capital, buy-backs, redemptions				
7.3 Ordinary securities	1,013,237,794	1,013,237,794		
7.4 Changes during quarter				
(a) Increases through issues- Rights Issue Share Purchase Plan Share Placement Exercise of Options Repayment Convertible note Consideration for Convertible Notes				
(b) Decreases through returns of capital, buy-backs, redemptions				

Malachite Resources Limited
Appendix 5B
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7.5 Convertible debt securities (description)

Convertible Note each has a face value of \$50,000 convertible at 20% discount to a 30 day VWAP; term to 5 April 2015; Interest rate - 15% per annum to 5 April 2015.

7.6 Changes during quarter

- (a) Increases through issues
- (b) Decreases through returns of capital, buy-backs, redemptions

Total number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3)
		\$	\$
37.0	-	-	-
1.0	-	-	-
-	-	-	-

7.7 Options

Description and conversion factor		Total Number	Number Quoted	Exercise price	Expiry Date
25 May 2015 Options	1 share for 1 option	5,500,000	-	5 cents	25-May-15
25 May 2015 Options	1 share for 1 option	5,500,000	-	7.5 cents	25-May-15
25 May 2015 Options	1 share for 1 option	8,300,000	-	5 cents	25-May-15
25 May 2015 Options	1 share for 1 option	8,300,000	-	7.5 cents	25-May-15
7.8 Issued during quarter					
7.9 Exercised during quarter					
7.10 Expired during quarter					
31 March 2015 Options	1 share for 1 option	141,816,550	141,816,550	1.5 cents	31-Mar-15
7.11 Lapsed during quarter					
7.12 Debentures					
7.13 Unsecured notes (totals only)					

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



(Company Secretary)

Print name:

Andrew J Cooke

29-Apr-15

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, AASB 1022: Accounting for Extractive Industries and AASB 1026: Statement of Cash Flows apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.