



**malachite**  
**resources**

**ASX Announcement**

**ASX Code: MAR**

**16 July 2015**

## **MALACHITE TO PROCEED WITH THE DEVELOPMENT OF LORENA GOLD PROJECT**

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Malachite Resources Limited (Malachite or the Company) is pleased to announce that it has executed a Letter of Offer with MKS Switzerland (SA) (MKS) which will allow Malachite to proceed with the development of the Lorena Gold Project using the plant and equipment partially constructed by BCD Resources NL (BCD), under the previous agreement which was terminated in May 2015. MKS is the ultimate secured lender to BCD and appointed Receivers and Managers to BCD in January 2015.

Malachite retains its 100% of the Lorena mining leases and will proceed with the development of the project in its own right. Upon successful commissioning of the project by Malachite, in accordance with a Project Development Plan to be agreed with MKS, Malachite will earn 100% ownership of the Lorena plant and equipment which had previously been funded by BCD. It is proposed that Malachite will sell the gold concentrate that it produces from the Stage 1 open cut at Lorena to MKS at the mine gate for 57% of the agreed gold contained in the concentrate. MKS will in turn sell the concentrate to BCD on a separate contractual agreement such that BCD effectively receives 43% of the agreed gold contained in concentrate from the Lorena Stage 1 open cut.

Following completion of the Stage 1 open cut mine plan, Malachite will be entitled to 100% of all gold produced subject only to a royalty in favour of BCD of 3.5% of all gold produced at Lorena capped at 1,250 ozs of gold.

MKS will also provide certain secured finance facilities to Malachite to assist Malachite to complete the development and operation of the Lorena Gold Project. Malachite and MKS will now proceed to formal documentation. Subject to the satisfactory completion of all MKS standard lending conditions precedent, Malachite expects to resume project development work at Lorena at the earliest opportunity.

Malachite will also pursue discussions with other parties who have completed preliminary technical due diligence on Lorena and who may have an interest in working with Malachite to develop Lorena or to participate in the potential expansion of the Project if regional exploration is successful or extensions of the existing resource at depth are confirmed.

Malachite believes that the Lorena Gold Project remains robust given its high gold grade and the gold resource potential at depth. Malachite will also pursue regional exploration potential and other gold processing opportunities which, if successful, will enhance the projects value to the Company.

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](mailto:info@malachite.com.au) or visit the company's website at [www.malachite.com.au](http://www.malachite.com.au)