



malachite
resources

ASX Announcement

ASX Code: MAR

7 March 2016

LORENA GOLD PROJECT - AGREEMENT TO ESTABLISH AND OPERATE MINERAL PROCESSING PLANT

Malachite Resources Limited (ASX Code: MAR) ("Malachite" or the "Company") is pleased to announce that it has entered into a heads of agreement with Ore Processing Services Pty Ltd (OPS) to establish and operate a mobile mineral processing plant at the Company's Lorena Gold Project which is located about 15km east of Cloncurry in northwest Queensland.

OPS will take responsibility for the supply, commissioning and operation of the whole mineral processing plant, which will be constructed as mobile units. The main advantage of this approach is a lower construction cost as these units can be constructed off-site and transported to site fully commissioned. Given the short life of the initial campaign from the open cut, the mobile plant provides flexibility to remain on site if more resources are identified, or to relocate the mobile processing capability to other regional opportunities or other projects within Australia. OPS and Malachite will be working together to take advantage of these mobile processing units as part of a longer term strategy. OPS and Malachite are currently reviewing another project in Queensland which could potentially use the concentrator module once the Lorena open cut campaign has been completed.

OPS is associated with ammjohn Pty Ltd, a contract Engineering Company which has extensive experience in project management, project construction and engineering for mining and industrial projects. This association provides OPS with the expertise and technical backing to provide a complete solution for the mineral processing requirements for the Lorena Gold Project.

OPS has completed a technical review of the project and carried out site inspections. The non-binding heads of agreement is subject to a number of conditions precedent including:

- Completion of appropriate environmental approvals to allow a CIL plant on site;
- Completion of confirmatory design test work on the CIL circuit;
- Malachite raising working capital for preparatory work to commence mining;
- OPS raising funding for their OPS plant modules;
- Completion of formal documentation.

It is intended that a mining contractor will be engaged to deliver ore to a mobile crushing system for processing through the OPS plant modules.

OPS will receive lease fees for provision of the mobile processing plant modules, a management fee in relation to the operation of the ore processing plant and earn a 30% equity interest in the Lorena Gold Project once operations commence.

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Malachite Chairman, Mr. Terry Cuthbertson said:

“The Malachite Board is delighted to have reached agreement with Ore Processing Services which establishes a sound platform for development of the Lorena Gold Project and achieving gold production at the earliest opportunity.

Following protracted but ultimately unsuccessful efforts to reach an appropriate commercial agreement with BCD Resources NL (BCD), the Malachite Board is now excited at the prospect of moving ahead with the development of the Lorena Gold Project entirely independently of BCD.”

The Company will provide further project development details at the earliest opportunity.

About the Lorena Gold Project

It is expected that the Lorena Gold Project will produce around 30,000 to 35,000 ozs of recovered gold in the eighteen months of production from an open cut operation.

Malachite believes that the Lorena Gold Project has potential for resource extensions at depth. Proving up these additional resources will require confirmation by drilling which Malachite proposes to undertake at the earliest opportunity subject to sufficient funding being available. The Company also believes that there are considerable regional opportunities which it will be able to pursue once the plant is operating to enhance the commercial return from project.

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