



malachite
resources

ASX Announcement

ASX Code: MAR

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LORENA GOLD PROJECT UPDATE: BINDING HEADS OF AGREEMENT WITH OPS

Malachite Resources Limited (ASX Code: MAR) (“Malachite” or the “Company”) is pleased to provide the following update in respect of the Lorena Gold Project which is located about 15km east of Cloncurry in northwest Queensland.

To date the ongoing development of the Lorena Gold Project has been advanced pursuant to a non-binding heads of agreement previously entered into with Ore Processing Services Pty Ltd (“OPS”).

The Company is now pleased to report that it has entered into a binding Heads of Agreement with OPS following recent confirmation from OPS that they had agreed a financing arrangement.

The terms of the binding Heads of Agreement are essentially the same as the previous non-binding heads of agreement with minor variations agreed to by the parties in conjunction with their respective financiers.

As contemplated in the Heads of Agreement, OPS will take responsibility for the supply, commissioning and operation of the whole mineral processing plant to produce gold doré on site. OPS will receive fees for the provision of the processing plant, a management fee in relation to the operation of the ore processing plant and earn a 30% equity interest in the Lorena Gold Project.

The parties are preparing formal joint venture documentation, which is expected to be completed as soon as practicable. This, however, will not delay the development of the project as OPS is now proceeding with the supply, fabrication and construction of the CIL circuit. The binding Heads of Agreement provides OPS with the certainty that they and their financiers require to commit to funding of plant equipment.

As previously advised, Malachite has received an amendment to its Environmental Authority that permits a CIL plant on site. Further to this, in late March, Malachite submitted the plan of operations to the Department of Environment Heritage and Protection.

Malachite and OPS are aiming to bring Lorena into production around September 2017.

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 at an operating cost of around A\$1,000 per gold ounce (including plant lease fees and state royalties).

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

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