



Funding Update – Series D Secured Convertible Notes

Malachite Resources Limited (ASX Code: MAR) (“Malachite” or the “Company”) is pleased to advise that it has now issued a total of 52.5 new Series D Secured Convertible Notes (“Notes”) raising a total of \$2,625,000.

These funds will be applied by the Company as follows:

- Predominantly, to bring forward the extraction of sulphide ore from the open pit at the Lorena Gold Project;
- Repayment of some Series B Convertible Notes which have reached maturity;
- Lorena Gold Project: Lorena Deeps Drilling to test for extensions of the Lorena deposit at depth; and
- General working capital.

The Company provides the following information in relation to the issue of the Notes and the issue of shares upon conversion of the Notes:

- (a) The maximum number of shares to be issued upon the conversion of these Notes

The maximum number of shares that these 52.5 Notes may convert into is 875,000,000.

- (b) The price at which the shares will be issued upon conversion of the Notes

The shares will be issued at 80% of the 30 day Volume Weighted Average Price on the date of conversion but not less than \$0.003 per share.

- (c) Allottees

The Notes were issued to sophisticated investors identified by the Board and the shares to be issued upon conversion will issue to these same parties.

- (d) The key terms of the Notes

- Notes were issued at an issue price of \$50,000 each
- Notes are Convertible into ordinary shares in the capital of the Company at the election of the Noteholder at any time after 4 months from their respective issue dates
- The interest rate payable on Notes 12.00% increasing to 17.5% if issue of notes and convertibility not approved by shareholders within 3 months of date of issue;
- Noteholders can elect to be paid interest in cash or Shares. If the payment of interest is satisfied by the issue of Shares, the issue price of such Shares shall be an amount equal to 80% of the 30 Day VWAP for the Shares, for the last 30 cumulative trading days immediately prior to the date the interest is payable;
- Notes are to be secured against gold produced from Lorena Gold Project
- Noteholders have agreed that the security is to be shared with Series A Convertible noteholders until they are converted or redeemed;
- The Company has no obligation to convert any Notes into shares or to otherwise issue shares, until all requisite regulatory and shareholder approvals (including, without

limitation, approvals required under the ASX Listing Rules and the Corporations Act) are obtained.

- Notes have a Maturity Date of 30 September 2019.
- (e) The Company has agreed that, provided Noteholders have subscribed for Notes having an aggregate value of not less than \$3,000,000 then a majority of Noteholders shall be entitled to nominate up to two persons as Directors of the Company and the Board of Directors of the Company shall appoint such nominees as Directors as casual appointees in accordance with the terms of the Constitution of the Company subject to such nominees having appropriate expertise and being of good fame and character in the opinion of the then current Board of Directors.

The 52.5 Notes issued to date were issued on the following dates:

Date of Issue	Number of Notes Issued
27 September 2018	40
3 October 2018	10
11 October 2018	1.5
19 October 2018	1.0

Subject to market conditions and investor appetite, the Company proposes to issue further Notes to sophisticated investors who have not yet to be identified by the Board to facilitate the repayment of the balance of the Series A and Series B convertible notes and for ongoing working capital purposes.

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