

MALACHITE SECURES 80% INTEREST IN THE KOLOSORI NICKEL PROJECT

Malachite Resources Limited (Malachite or Company) (**ASX: MAR**) is pleased to advise that it has now executed a Share Purchase Agreement (Agreement) to formalise the acquisition of an 80% interest in Kolosori Nickel (SI) Limited (“KNL”), a company incorporated in the Solomon Islands. The remaining 20% of KNL is held by traditional landowners. KNL currently owns PL 05/19, which comprises the Kolosori Nickel Project located on Santa Isabel Island in the Solomon Islands.

Malachite announced on 1 September 2020 that it had entered into a Term Sheet in respect of this opportunity.

THE KOLOSORI NICKEL PROJECT

The Kolosori Nickel Project is an advanced stage direct shipping ore nickel laterite project with excellent potential for development. The project has a number of positive aspects including its close proximity to the coast, no processing requirements, low capital route to direct shipping ore production and local landowner support. Malachite’s initial objective will be to carry out sufficient work to confirm a 2012 JORC Resource at the earliest opportunity. It is envisaged that mining of the project could potentially commence within 2 years.

KEY TERMS OF THE AGREEMENT TO ACQUIRE KNL

The key terms of the Agreement include:

- a) Payment of \$750,000 by the issue of 9,375,000 fully paid ordinary shares in Malachite at a deemed issue price of \$0.08 (Upfront Consideration Shares);
- b) Payment of \$1,250,000 (less any debts not disclosed to Malachite in the Agreement) by the issue of up to 15,625,000 fully paid ordinary shares in Malachite at a deemed issue price of \$0.08 upon the granting of a mining licence for PL 05-19 by the Mines Department and confirmation of a resource with a minimum of 6 million tonnes @ 1.6%Ni including 3.9 million tonnes @ 1.7% Ni to 2012 JORC (Deferred Consideration Shares);
- c) The Upfront Consideration Shares and the Deferred Consideration Shares are subject to certain clawback or reductions for adjustments; and
- d) All Malachite shares issued to the vendors to be subject to voluntary escrow arrangements as follows:
 - a. For the Upfront Consideration Shares, the earlier of 12 months from their date of issue or 10 business days after the granting of a mining licence for PL 05-19; and
 - b. For the Deferred Consideration Shares, 12 months from their date of issue.

The Agreement is subject to conditions precedent, including:

- a) Malachite entering into an agreement with KNL and the Landholders, on terms satisfactory to Malachite, for the provision of funding by Malachite to the Landholders (to be repaid from KNL’s cash flows and sale proceeds) for their portion of exploration and development costs relating to the Kolosori Nickel Project; and

- b) the shareholders of Malachite approving the transactions contemplated by the Agreement in a general meeting, including a resolution authorising the allotment and issue of the Upfront Consideration Shares and Deferred Consideration Shares to the KNL shareholders in accordance with the ASX Listing Rules and the Corporations Act.

The Agreement is subject to standard warranties and representations for transactions of this nature.

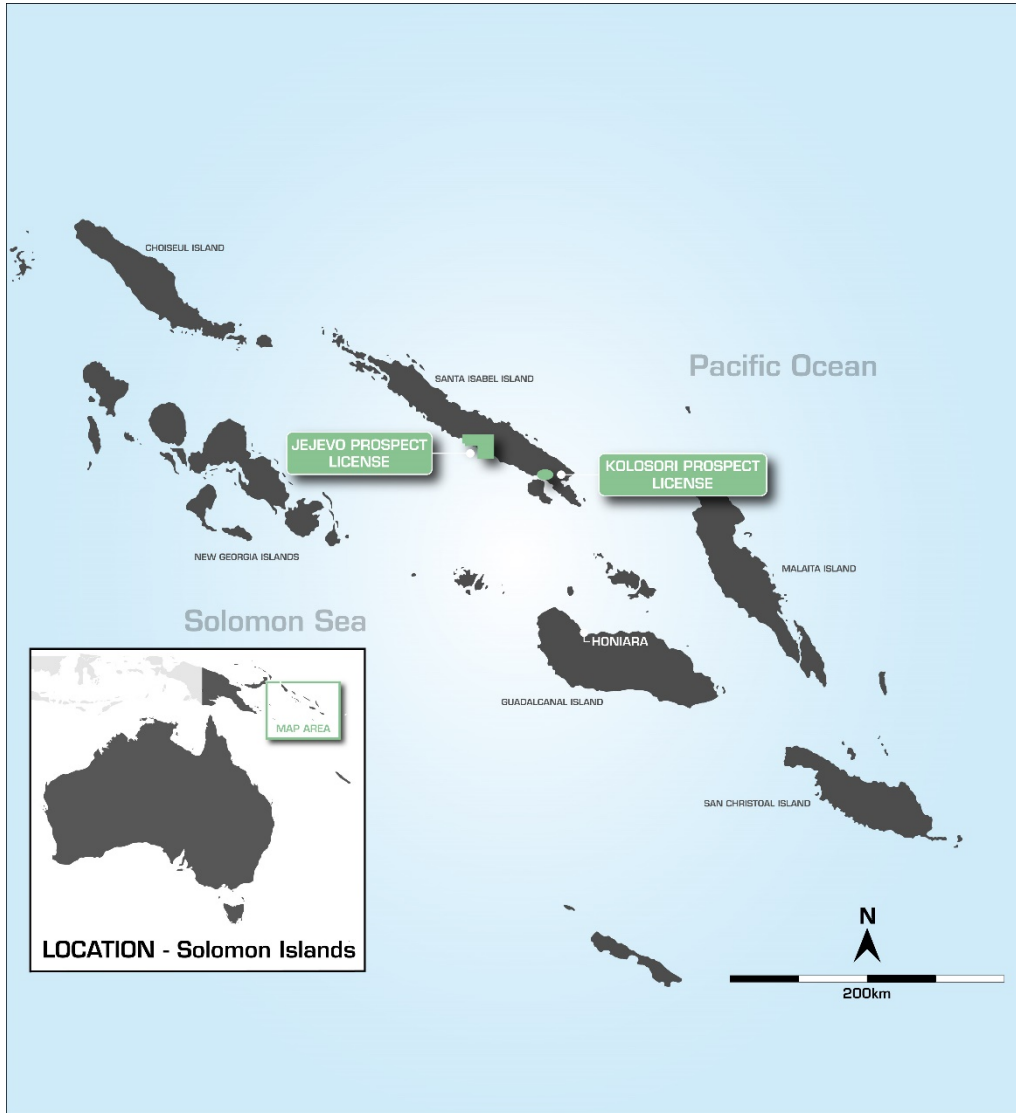


Figure 1 - Jejevo and Kolosori Project Location Map

Authorised by the Board.

For further information please contact:

Mr. Geoff Hiller
Executive Director & CEO

Mr. Andrew J. Cooke
Company Secretary
Email: info@malachite.com.au

Please visit the company's website at www.malachite.com.au