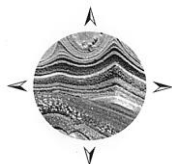


# **MALACHITE RESOURCES LIMITED**

**A.B.N. 86 075 613 268**



## **HALF YEAR FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

Directors' Report  
Auditors' Independence Declaration  
Income Statement  
Balance Sheet  
Statement of Changes in Equity  
Statement of Cash Flows  
Notes to the Financial Statements  
Directors' Declaration  
Independent Review Report to the members

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2008 and any public announcements made by Malachite Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

**MALACHITE RESOURCES LIMITED**

**Interim Consolidated Financial Report  
For The Half Year Ended 31 December 2008**

**DIRECTORS' REPORT**

Your directors submit their report for the half-year ended 31 December 2008.

**DIRECTORS**

The names of the Company's directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Dr GG Lowder (Executive Chairman)  
Mr RM Meares (Executive Director)  
Mr WJ Staude (Non-Executive Director)  
Mr DM O'Neill (Non-Executive Director)  
Mr Roy M. Randall (Non-Executive Director)

**REVIEW AND RESULTS OF OPERATIONS**

The net result of operations after applicable income tax expense for the half-year was a loss of \$671,564 (2007 - \$952,642)

The principal continuing activity of the Company is the acquisition of mineral tenements, mineral exploration and investment principally in eastern Australia. During the half-year Malachite continued to explore its tenements which are located in New South Wales, and Queensland.

**FINANCIAL**

The company made the following share issues during the half year:

Issue of 8,765,250 Ordinary Shares at 20 cents upon exercise of MAROA Options raising \$1,753,050

The funds raised are being used to provide working capital to continue project generation and project enhancement.

**SUBSEQUENT EVENTS**

Since the end of the financial period, the Company has undertaken a Share Purchase Plan which closed on 23 February 2009. As a result of the Share Purchase Plan the Company issued 2,110,200 ordinary fully paid shares at 8 cents raising \$168,816.

No other event has occurred subsequent to 31 December 2008 requiring disclosure in, or amendment to, these financial statements.

**AUDITOR'S INDEPENDENCE DECLARATION**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is attached at page 3.

Signed at Sydney this 2 March 2009 in accordance with a resolution of the directors.



GG Lowder  
Managing Director

PricewaterhouseCoopers  
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### Auditor's Independence Declaration

As lead auditor for the review of Malachite Resources Ltd for the half year ended 31 December 2008, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Malachite Resources Ltd during the period.



Marc Upcroft  
Partner  
PricewaterhouseCoopers

Sydney  
2 March 2009

**MALACHITE RESOURCES LIMITED**

**CONSOLIDATED INCOME STATEMENT  
FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

	Notes	2008 \$	Half-year 2007 \$
Revenue from operations	2	71,384	82,413
Other income	2	-	-
Accounting and audit expense		(17,852)	(16,450)
Corporate expenses		(132,956)	(209,873)
Depreciation and amortisation expense		(24,112)	(20,703)
Employee benefits expense		(391,001)	(696,240)
Exploration expenditure expensed	3	(73,296)	(472)
Occupancy expenses		(58,231)	(56,730)
Other expenses from ordinary activities		(45,500)	(34,587)
<b>Loss before Income Tax Expense</b>		(671,564)	(952,642)
Income tax expense		<u>-</u>	<u>-</u>
<b>Loss for the half year</b>		<u>(671,564)</u>	<u>(952,642)</u>
Basic and diluted (loss) per share (cents per share)		<u>(0.63)</u>	<u>(0.93)</u>

The Consolidated Income Statement is to be read in conjunction with accompanying notes.

**MALACHITE RESOURCES LIMITED**

**CONSOLIDATED BALANCE SHEET  
AS AT 31 DECEMBER 2008**

	Notes	31-Dec-08 \$	30-Jun-08 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		1,479,961	3,432,989
Receivables		75,324	130,983
Investments at fair value through profit or loss		-	45,500
<b>TOTAL CURRENT ASSETS</b>		<b>1,555,285</b>	<b>3,609,472</b>
<b>NON-CURRENT ASSETS</b>			
Receivables		234,673	244,673
Plant and equipment		613,589	633,222
Exploration and evaluation expenditure	3	15,874,450	13,739,681
<b>TOTAL NON-CURRENT ASSETS</b>		<b>16,722,712</b>	<b>14,617,576</b>
<b>TOTAL ASSETS</b>		<b>18,277,997</b>	<b>18,227,048</b>
<b>CURRENT LIABILITIES</b>			
Payables		407,036	1,546,130
<b>TOTAL CURRENT LIABILITIES</b>		<b>407,036</b>	<b>1,546,130</b>
<b>TOTAL LIABILITIES</b>		<b>407,036</b>	<b>1,546,130</b>
<b>NET ASSETS</b>		<b>17,870,961</b>	<b>16,680,918</b>
<b>EQUITY</b>			
Contributed equity	4	24,668,228	22,915,178
Option Expense Reserve		767,574	659,017
Accumulated Losses		(7,564,841)	(6,893,277)
<b>TOTAL EQUITY</b>		<b>17,870,961</b>	<b>16,680,918</b>

The consolidated Balance Sheet is to be read in conjunction with accompanying notes.

**MALACHITE RESOURCES LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

	Notes	2008 \$	Half-year	2007 \$
<b>Total equity at the beginning of the half-year</b>		<u>16,680,918</u>		<u>10,660,970</u>
<b>Loss for the half-year</b>		<u>(671,564)</u>		<u>(952,642)</u>
<b>Total recognised income and expense for the half year</b>		<u>(671,564)</u>		<u>(952,642)</u>
Transactions with equity holders in their capacity as equity holders:				
Contributions of equity, net of transaction costs		1,753,050		6,784,027
Employee share options		<u>108,557</u>		<u>452,004</u>
		<u>1,861,607</u>		<u>7,236,031</u>
<b>Total equity at the end of the half-year</b>		<u><u>17,870,961</u></u>		<u><u>16,944,359</u></u>
Total recognised income and expense for the half year is attributable to:				
Members of Malachite Resources Limited		<u>(671,564)</u>		<u>(952,642)</u>

The Statement of Changes in Equity is to be read in conjunction with accompanying notes.

**MALACHITE RESOURCES LIMITED**

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

	<b>2008</b>	<b>Half-year</b>
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers and employees (inclusive of GST)	(508,501)	(665,391)
Exploration and evaluation expenditure (inclusive of GST)	(3,274,482)	(1,392,673)
Interest received	71,384	72,164
Sundry receipts (inclusive of GST)	-	54,476
Exploration expenditure refunded	-	22,861
	<u>(3,711,599)</u>	<u>(1,908,563)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for plant and equipment	(4,479)	(55,936)
Proceeds from sale of investments	-	-
Tenement security deposits	10,000	2,500
	<u>5,521</u>	<u>(53,436)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from share issues	1,753,050	6,982,310
Equity raising expenses	-	(198,282)
	<u>1,753,050</u>	<u>6,784,028</u>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>(1,953,028)</b>	<b>4,822,029</b>
<b>CASH AT THE BEGINNING OF THE HALF YEAR</b>	<b><u>3,432,989</u></b>	<b><u>2,258,948</u></b>
<b>CASH AT THE END OF THE HALF YEAR</b>	<b><u><u>1,479,961</u></u></b>	<b><u><u>7,080,977</u></u></b>

The Consolidated Cash Flow Statement is to be read in conjunction with accompanying notes.

**MALACHITE RESOURCES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

**1 BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT**

This general purpose financial report for the interim half year reporting period ended 31 December 2008 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2008 and any public announcements made by Malachite Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

	<b>2008</b>	<b>Half-year</b>	<b>2007</b>
	\$		\$
<b>2 REVENUE</b>			
<b>From continuing Operations</b>			
<b>Other Revenue</b>			
Interest	71,384		72,164
Other income	-		10,249
	<u>71,384</u>		<u>82,413</u>

**3 EXPLORATION AND EVALUATION EXPENDITURE**

Costs carried forward in respect of areas of interest in exploration and evaluation phases	<u>15,874,450</u>	<u>9,587,832</u>
Movement for half year		
Balance brought forward at 1 July	13,739,681	8,218,492
Expenditure during half year	2,208,065	1,392,673
Expenditure reimbursed during half year	-	(22,861)
Amounts written off	(73,296)	(472)
Balance at end of half year	<u>15,874,450</u>	<u>9,587,832</u>

**4 ISSUED CAPITAL**

**CONTRIBUTED EQUITY**

133,406,128 fully paid ordinary shares (2007: 124,474,208)	<u>24,668,228</u>	<u>22,835,106</u>
	<u>24,668,228</u>	<u>22,835,106</u>

Fully paid ordinary shares carry one vote per share and carry the right to dividends and have no par value.

**Movement in ordinary share capital**

Balance at beginning of year	22,915,178	16,051,078
Shares issued during year		
8,165,250 Ordinary Shares at 20 cents upon exercise of MAROA Options	1,753,050	-
4,874,334 Ordinary Shares at 25 cents pursuant to a Share Purchase Plan	-	1,218,584
18,922,753 Ordinary Shares at 30 cents pursuant to a Share Placement	-	5,676,826
	-	20,000
334,502 Ordinary Shares at 20 cents upon exercise of MAROA Options	-	66,900
Transaction costs relating to share issues	-	(198,282)
Balance at end of year	<u>24,668,228</u>	<u>22,835,106</u>

This brings the total shares on issue at 31 December 2008 to 133,406,128 (2007:124,474,208 ) shares.

The funds raised are being used to provide working capital to continue project generation and project enhancement.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

**5 CONTINGENT ASSETS AND LIABILITIES**

Since the last annual reporting date, there has been no change of any contingent liabilities or contingent assets.

**6 SEGMENT INFORMATION**

The Company operates predominantly in the one business segment and in one geographical area, namely Australian mineral exploration and evaluation.

**7 SUBSEQUENT EVENTS**

Since the end of the financial period, the Company has undertaken a Share Purchase Plan which closed on 23 February 2009. As a result of the Share Purchase Plan the Company issued 2,110,200 ordinary fully paid shares at 8 cents raising \$168,816.

No other event has occurred subsequent to 31 December 2008 requiring disclosure in, or amendment to, these financial statements.

## MALACHITE RESOURCES LIMITED

### DIRECTORS' DECLARATION

In the directors' opinion:

- (a) the financial statements and notes, set out on pages 4 to 8 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting standards; and
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and the performance, as represented by the results of its operations, changes in equity and its cash flows, for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that the Malachite Resources Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors .

On behalf of the Directors



GG Lowder  
Managing Director

Sydney, 2 March 2009

## Independent auditor's review report to the members of Malachite Resources Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Malachite Resources Limited, which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the Malachite Resources Limited and the entities it controlled during that half-year.

#### *Directors' responsibility for the half-year financial report*

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Malachite Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

For further explanation of a review, visit our website <http://www.pwc.com/au/financialstatementaudit>.

While we considered the effectiveness of management's internal controls over financial reporting

**Independent auditor's review report to the members of  
Malachite Resources Limited (continued)**

when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Malachite Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

  
PricewaterhouseCoopers

  
Marc Upcroft  
Partner

Sydney  
2 March 2009