



ASX Announcement

ASX Code: MAR

21 November 2018

Lorena Gold Mine Update

Malachite Resources Limited (ASX Code: MAR) advises operational performance at the Lorena Gold Mine ("Lorena Project") during the course of October 2018 was well below expectations.

The Project is located about 15km east of Cloncurry in northwest Queensland and is a joint venture between Malachite, Cloncurry Gold Recovery Management Pty Ltd ("CGR") and Ore Processing Services (OPS). CGR is the manager of a joint venture between Chinova Resources Pty Ltd (70%) and BIM Gold Pty Ltd (30%). BIM Metals Pty Ltd is the joint venture manager.

Each party's interest in the Open Cut operations at Lorena is as follows:

Joint Venture Participant	Equity Interest in Open Cut - Lorena Gold Project
Malachite	55%
CGR	30%
OPS	15%

The head grade, metallurgical recoveries and plant usage were all lower than forecast over the month of October continuing the trend observed during the September quarter even though the operation has moved into processing of higher grade sulphide ore.

Mining

Ore delivered from the pit above 1 g/t totalled 23,275 tonnes at weighted average grade of 3.39 g/t consisting of Low, Medium and High-Grade ore blocks.

Efforts to mine high grade ore above 5 g/t proved difficult. The variable distribution of grade inside the mineralised zone meant high grade blocks were small or too narrow and those that could be created were difficult to physically mine without introducing medium and low-grade ore from the surrounding boundaries. As a result the overall average grade of ore delivered for processing was lower than anticipated throughout the month.

Processing

The site processed 16,535t of ore at an average rate of 27.0t/hr during the month of October. Plant utilisation was just over target at 91%. The head grade processed through the plant averaged 3.70g/t gold with an average recovery of 72.9%. This was well below forecast.

The site poured 1,134 ounces of gold and sold 1,197 ounces of gold for the month.

Monthly Mining physicals:

Lorena EX-Pit	Jan-18	Feb-18	Mar-18	Apr-18	Aug-18	Sep-18	Oct-18	YTD	PTD
Fresh Ore (BCM)	3,493	10,282	23,880	21,564	633	1,669	8,313	69,834	69,834
Total Ore Tonnes	8,775	25,830	59,991	54,172	1,588	4,188	23,275	177,819	177,819
Weighted Average Ore Grade g/t					10.12	5.28	3.39		-
Mineralised Waste (BCM)	1,155	298	-	-	-	-	-	1,453	3,102
NAF Waste (BCM)	95,662	84,630	98,101	80,532	19,152	41,471	47,438	466,985	713,359
PAF Waste (BCM)	32,688	18,812	7,015	14,148	396	5,240	26,114	104,413	352,436
Oxide (BCM)	-	-	-	-	-	-	-	-	2,680
Total Waste (BCM)	129,505	103,739	105,117	94,680	19,548	46,710	73,552	572,850	839,673
Total Ex Pit Waste & Ore (BCM)	132,998	114,021	128,997	116,244	20,181	48,379	81,864	642,684	909,507
Miscellaneous								-	-
TSF & Construction BCM	796	1,533	-	6,876	-	-	792	9,996	38,285
Rehandle BCM	6,110	72	1,390	-	-	-	396	7,968	10,111
<i>Red Number indicate non reconciled with Survey</i>									

ROM Stocks - 30th Oct 2018	Tonnes Au g/t	
Medium Grade (Oxides)	39,376	3.63
Low Grade (Oxides)	20,888	2.55
Old Heap Leach (Oxides)	19,463	3.20
Med Grade 2-5g/t (Fresh)	2,319	2.36
High Grade 5g/t + (Fresh)	2,653	4.68
Crushed Oxide (2-5g/t)	1,370	3.37
Crushed Med Grade (2-5g/t)	3,816	2.36
Crushed High Grade (5g/t +)	4,089	4.68
Total & Average Grade of Stocks	93,974	3.29
<i>Low Grade 1-2g/t (Separate from ROM)</i>	3,419	1.06

Processing Monthly physicals:

Processing Monthly Physicals Jul-18	Aug-18	Sep-18	Oct-18	YTD	
Crushed Tonnes (dmt)	18,606	14,925	13,768	22,605	69,904
Tonnes Processed (dmt)	15,453	10,225	12,794	16,535	55,007
Feed Rate (dmt/op.hr)	26.8	23.5	27.3	27.0	26.3
Mill Run Time	576	435	469	612	2,093
Mill Utilisation (%)	91%	69%	77%	91%	83%
Gold Head Grade (g/t)	3.21	3.43	3.41	3.86	3.49
Tail Grade (g/t)	0.94	0.83	0.82	1.04%	0.92
Gold Recovery %	71%	76%	76%	73%	74%
Total Gold Production (oz)	1,128	855	1,065	1,499	4,548
Gold Poured (Oz)	799	1,111	563	1,134	3,608
<i>Gold in Circuit @ Month End (Oz)</i>	1,016	760	1,262	1,627	

The weighted average plant head grade since processing sulphide ore has been only 4.73 g/t gold. This was below the expected grade of >6g/t gold.

Early test results indicated higher cyanide dosing was required to achieve target recoveries and increased cyanide dosing has shown improved recoveries. As a result cyanide demand was much higher than anticipated which has added to the processing costs.

Given the current production results and continuing variability in recovery and throughput Malachite anticipates that a detailed independent technical review of the project will be commenced in the short term.

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