



malachite
resources

Ms. Melissa Lim
Adviser, Listings Compliance (Sydney)
Australian Securities Exchange

11 February 2020

By Email

Dear Melissa

Appendix 5B Query

We refer to your Appendix 5B Query letter dated 6 February 2020 in relation to the Appendix 5B Quarterly Statement of Cashflows lodged with the ASX by Malachite on 31 January 2020 regarding the quarter ended 31 December 2019.

Malachite Resources Limited ("MAR" or the "Company") responses are set out below:

1. Does MAR expect that it will continue to have negative operating cash flows for the time being and, if not, why not?

Yes, MAR expects that it will continue to have negative operating cash flows for the time being while it continues to fund its ongoing operating costs associated with:

- a) The Company's acquisition of an interest in the Jejevo Nickel Project in the Solomon Islands;
- b) The Company's interest in the Lorena Gold Project.

2. Has MAR taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

The Company has initiated actions to reconstruct the capital of the Company and a capital raising primarily to fund the Company's investment in the Jejevo Nickel Project and to fund working capital. The Company believes that these actions are likely to be supported by key stakeholders including potential new investors and accordingly are likely to be successful.

3. Does MAR expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

The Company expects that it will be able to continue its operations and to meet its business objectives as it has materially reduced its operating costs and commenced actions referred to in item 2 above.

The Company is currently in negotiations with the Lorena JV partners to resolve the ongoing dispute in respect of that project.

4. Please confirm that MAR is complying with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that rule that has not already been released to the market.

The Company confirms that it is complying with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that rule that has not already been released to the market.

5. Please confirm that MAR's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of MAR with delegated authority from the board to respond to ASX on disclosure matters.

The Company's responses above have been authorised by the Board of Directors.

Kind Regards

Andrew J. Cooke
Company Secretary



6 February 2020

Reference: 13593

Mr Andrew Cooke
Company Secretary
Malachite Resources Limited
Level 4 283 George Street
Sydney NSW 2000

By email

Dear Mr Cooke

Malachite Resources Limited ('MAR'): Appendix 5B Query

ASX refers to MAR's Appendix 5B quarterly report for the period ended 31 December 2019 lodged with ASX Market Announcements Platform on 31 January 2020 (the 'Appendix 5B').

ASX notes that MAR has reported:

- negative net operating cash flows for the quarter of \$114,000;
- cash at the end of the quarter of \$142,000; and
- estimated cash outflows for the next quarter of \$75,000.

It is possible to conclude, based on the information in the Appendix 5B that if MAR were to continue to expend cash at the rate indicated by the Appendix 5B, MAR may not have sufficient cash to continue funding its operations.

In view of that, ASX asks MAR to respond separately to each of the following questions and requests for information:

1. Does MAR expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has MAR taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does MAR expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that MAR is complying with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that rule that has not already been released to the market.
5. Please confirm that MAR's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of MAR with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9:00 AM AEST Tuesday, 11 February 2020**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in MAR's securities under Listing Rule 17.3. You should note that if the information requested by this letter is information required to be given to ASX

under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, MAR's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at ListingsComplianceSydney@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1 and Listing Rule 3.1A

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A. In responding to this letter, you should have regard to MAR's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that MAR's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in MAR's securities under Listing Rule 17.1. If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Enquiries

If you have any queries or concerns about any of the above, please contact me immediately.

Kind regards

Melissa Lim
Adviser, Listings Compliance (Sydney)