

**MALACHITE TO ACQUIRE 80% INTEREST IN KOLOSORI
NICKEL (SI) LIMITED
SOLOMON ISLANDS NICKEL**

Earlier this year, Malachite Resources Limited (ASX: MAR) entered into a memorandum of understanding (MOU) with Kolosori Nickel (SI) Limited (“KNL”) to carry out due diligence and consider a transaction with KNL. Malachite is pleased to advise that it has signed a Term Sheet to acquire an 80% interest in KNL.

KNL holds PL 05/19, which holds the main part of the Kolosori Nickel Project which is on Isabel Island in the Solomon Islands. PL 05/19 is to the east of the Jejevo tenement (80% owned by Sunshine Minerals Ltd, which, as recently announced, is being acquired by Malachite) on Isabel Island. The resource at Kolosori is at a similar stage to that at Jejevo and the initial objective would be to carry out sufficient work to confirm a 2012 JORC Resource at the earliest opportunity. The remaining 20% of KNL is held by local landowners.

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. It is envisaged that mining of the project could potentially commence within 2 years.

Key Terms of the Term Sheet to acquire KNL:

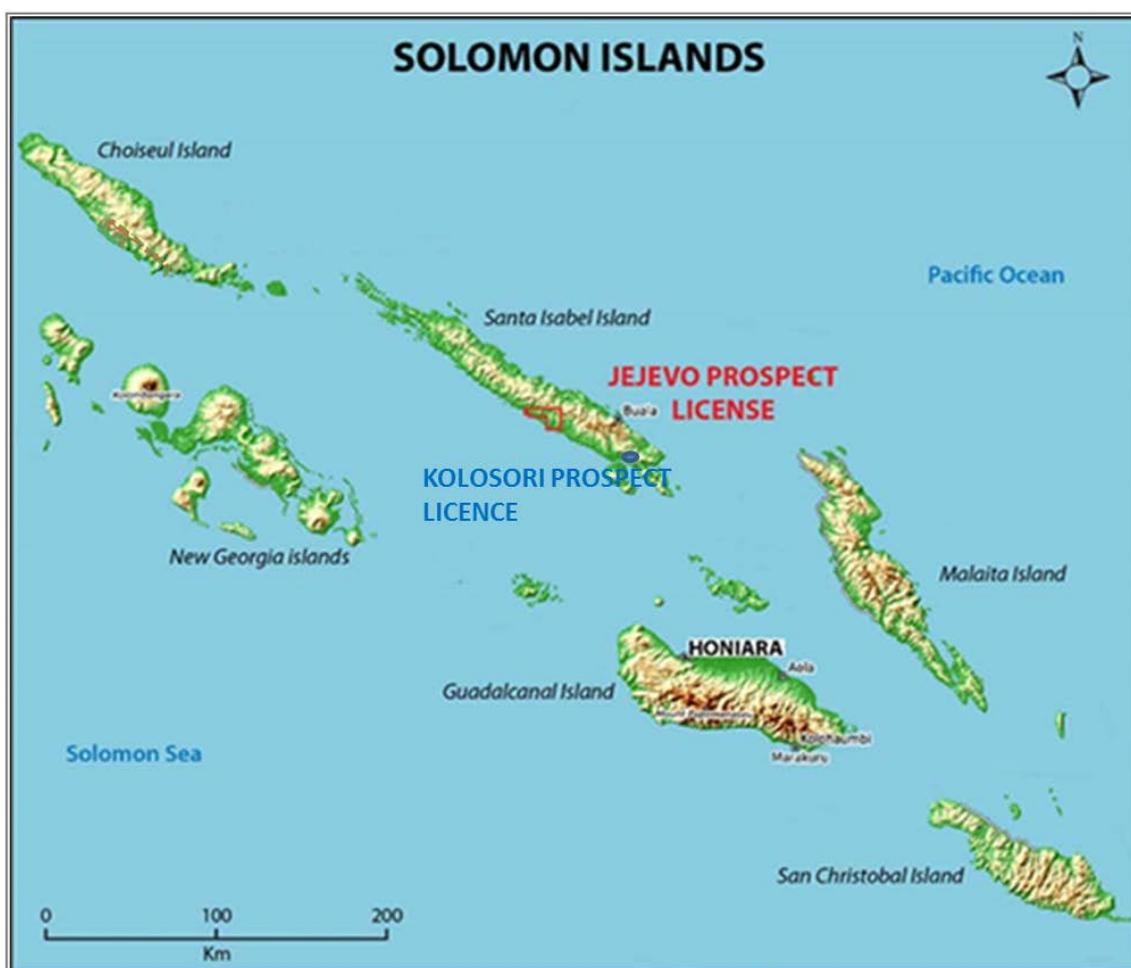
The key terms of the proposed acquisition of KNL are summarised below:

- 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 Term Sheet) by the issue of up to 15,625,000 fully paid ordinary shares in Malachite at a deemed issued 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) The parties entering into a formal share sale agreement;
- b) 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
- c) the shareholders of Malachite approving the transactions contemplated by the Term Sheet 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.

Malachite will seek any necessary ASX and regulatory approvals for the proposed acquisition of KNL.



Authorised by the Board.

For further information please contact:

Email: info@malachite.com.au

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