



malachite  
resources

**ASX Announcement**

**ASX Code: MAR**

**28 July 2020**

## **Agreement to Resolve Lorena Gold Dispute**

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Malachite Resources Limited (ASX Code: MAR) (“Malachite”) is pleased to advise that it has entered into a Deed of Release to resolve the long running dispute in respect of the Lorena Gold Project (“Lorena” or “Lorena Project”) on commercial terms satisfactory to Malachite.

### **Background**

The Mining Licence and some exploration prospects in respect of the Lorena Project have been held by a wholly-owned subsidiary, Volga Elderberry Pty Ltd (“Volga”).

As previously reported operational performance at the Lorena Project has been well below expectations and, in February 2019, Volga issued a Dispute Notice to the other joint venture parties in accordance with the terms of the Joint Venture Deed dealing with numerous matters, which principally related to achieving a reconciliation of historical joint venture expenditure, the conduct of the joint venture and Malachite’s contribution to certain joint venture expenditure.

Also as previously reported, Malachite had received notice on behalf of OPS requiring payment of an outstanding loan amount (being \$574,342.49 as at 20 February 2019).

### **Resolution of Dispute**

Key elements of the dispute resolution agreement include:

- Malachite has entered into a Share Sale Agreement (Agreement) with Lorena Gold Mine Pty Ltd and Ore Processing Services Pty Ltd (OPS). Under the Agreement Lorena Gold Mine Pty Ltd will acquire 100% of the issued capital of Volga. The Deed of Release is conditional on the Share Sale Agreement completing;
- Malachite has received an initial payment of \$50,000 and will receive a further \$130,000 within 90 days subject to agreed adjustments;
- Conditions precedent include Malachite entering into an agreement to receive a 2% Net Smelter Return on gold produced from future underground operations at Lorena;
- The Lorena joint venture parties have entered into a Deed of Release in respect of obligations and liabilities arising out of the Lorena Gold Project; and
- Malachite has also entered into a Deed of Debt Forgiveness with Ore Processing Services Pty Ltd pursuant to which outstanding loan liabilities to OPS have been forgiven. The loan amount that was forgiven by OPS is \$637,342.47 at the time the Deed of Debt Forgiveness was entered.

Malachite will seek shareholder and any necessary regulatory approvals for the proposed sale of Volga.

Malachite will retain 100% of EPM 18908 which holds the Bloodwood copper/gold and Lady Mary gold prospects where encouraging exploration was previously undertaken by the Company. The Company is now able to focus on this tenement given an agreement has been entered to resolve the dispute.

Malachite's Executive Director and CEO Mr. Geoff Hiller said: "Entering an agreement to resolve this long running dispute in relation to the Lorena Gold Project allows Malachite to focus on other opportunities, such as nickel in the Solomon Islands, while retaining an appropriate ongoing royalty interest and maintaining exploration upside at its two remaining gold prospects in the region."

Authorised by the Board.

For further information please contact:

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