

MALACHITE RESOURCES LIMITED

A.B.N. 86 075 613 268



INTERIM REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2009

Directors' Report	
Interim financial report	2
Auditors' Independence Declaration	3
Consolidated statement of comprehensive income	4
Consolidated statement of financial position	5
Consolidated statement of changes in equity	6
Consolidated statement of cash flows	7
Notes to the consolidated financial statements	8
Directors' Declaration	10
Independent auditor's 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 2009 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 2009**

DIRECTORS' REPORT

Your directors present their report on the consolidated entity Malachite Resources Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2009.

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 \$670,651 (2008 - \$671,564)

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.

FINANCIAL

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

Issue of 16,969,006 Ordinary Shares at 5.5 cents per share placement plan raising \$933,295
Issue of 15,000,000 Ordinary Shares at 8.55 cents per share pursuant to placement raising \$1,282,500
Issue of 3,508,770 Ordinary Shares at 8.55 cents per share pursuant to placement raising \$300,000

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

SUBSEQUENT EVENTS

No event has occurred subsequent to 31 December 2009 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 11 March 2009 in accordance with a resolution of the directors.



GG Lowder
Managing Director

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Auditor's Independence Declaration

As lead auditor for the review of Malachite Resources Limited for the half year ended 31 December 2009, 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 Limited and the entities it controlled during the period.



Brett Entwistle
Partner
PricewaterhouseCoopers

Sydney
11 March 2010

MALACHITE RESOURCES LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	Notes	2009 \$	Half-year 2008 \$
Other revenue	2	27,229	71,384
Accounting and audit expense		(18,031)	(17,852)
Corporate expenses		(156,909)	(132,956)
Depreciation and amortisation expense		(18,639)	(24,112)
Employee benefits expense		(439,202)	(391,001)
Exploration expenditure expensed	3	(5,958)	(73,296)
Occupancy expenses		(59,141)	(58,231)
Other expenses from ordinary activities		-	(45,500)
Loss before Income Tax Expense		(670,651)	(671,564)
Income tax expense		-	-
Loss for the half year		<u>(670,651)</u>	<u>(671,564)</u>
Other comprehensive income		-	-
Total comprehensive income for half year		(670,651)	(671,564)
Profit is attributable to:			
Owners of Malachite Resources Limited		(670,651)	(671,564)
Non-controlling interest		-	-
		<u>(670,651)</u>	<u>(671,564)</u>
Basic and diluted (loss) per share (cents per share)		<u>(0.43)</u>	<u>(0.63)</u>

The above consolidated statement of comprehensive Income should be read in conjunction with the accompanying notes.

MALACHITE RESOURCES LIMITED

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009**

	Notes	31 December 2009 \$	30 June 2009 \$
CURRENT ASSETS			
Cash and cash equivalents		2,130,625	952,978
Receivables		66,212	43,356
TOTAL CURRENT ASSETS		2,196,837	996,334
NON-CURRENT ASSETS			
Receivables		199,673	199,673
Plant and equipment		575,770	589,409
Exploration and evaluation expenditure	3	15,135,744	14,212,610
TOTAL NON-CURRENT ASSETS		15,911,187	15,001,692
TOTAL ASSETS		18,108,024	15,998,026
CURRENT LIABILITIES			
Payables		438,725	181,925
TOTAL CURRENT LIABILITIES		438,725	181,925
TOTAL LIABILITIES		438,725	181,925
NET ASSETS		17,669,299	15,816,101
EQUITY			
Contributed equity	4	27,530,823	25,099,153
Option Expense Reserve		1,132,134	1,039,955
Accumulated Losses		(10,993,658)	(10,323,007)
TOTAL EQUITY		17,669,299	15,816,101

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

MALACHITE RESOURCES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

Attributable to owners of
Malachite Resources Limited

Notes	Contributed Equity	Reserves	Retained Earnings	Total	Non- controlling interest	Total Equity
	\$	\$	\$	\$	\$	\$
Balance as 1 July 2008	22,915,178	659,017	(6,893,277)	16,680,918	-	16,680,918
Loss for the half-year	-	-	(671,564)	(671,564)	-	(671,564)
Total comprehensive income for the half-year	22,915,178	659,017	(7,564,841)	16,009,354	-	16,009,354
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs	1,753,050	-	-	1,753,050	-	1,753,050
Employee share options	-	108,557	-	108,557	-	108,557
Balance as 31 December 2008	24,668,228	767,574	(7,564,841)	17,870,961	-	17,870,961
Balance as 1 July 2009	25,099,153	1,039,955	(10,323,007)	15,816,101	-	15,816,101
Loss for the half-year	-	-	(670,651)	(670,651)	-	(670,651)
Total comprehensive income for the half-year	25,099,153	1,039,955	(10,993,658)	15,145,450	-	15,145,450
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs	2,431,670	-	-	2,431,670	-	2,431,670
Employee share options	-	92,179	-	92,179	-	92,179
Balance as 31 December 2009	27,530,823	1,132,134	(10,993,658)	17,669,299	-	17,669,299

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

MALACHITE RESOURCES LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

	2009	Half-year
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees (inclusive of GST)	(392,229)	(508,501)
Exploration and evaluation expenditure (inclusive of GST)	(884,023)	(3,274,482)
Interest received	26,865	71,384
Sundry receipts (inclusive of GST)	<u>364</u>	<u>-</u>
Net cash outflow from operating activities	<u>(1,249,023)</u>	<u>(3,711,599)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for plant and equipment	(5,000)	(4,479)
Proceeds from sale of investments	-	-
Tenement security deposits	-	10,000
Net cash used in investing activities	<u>(5,000)</u>	<u>5,521</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issues	2,515,795	1,753,050
Equity raising expenses	<u>(84,125)</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>2,431,670</u>	<u>1,753,050</u>
NET INCREASE/(DECREASE) IN CASH HELD	1,177,647	(1,953,028)
CASH AT THE BEGINNING OF THE HALF YEAR	<u>952,978</u>	<u>3,432,989</u>
CASH AT THE END OF THE HALF YEAR	<u><u>2,130,625</u></u>	<u><u>1,479,961</u></u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

MALACHITE RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

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 2009 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 2009 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.

2 REVENUE	31 December 2009	31 December 2008
From continuing Operations	\$	\$
<i>Other Revenue</i>		
Interest	26,865	71,384
Other income	364	-
	<u>27,229</u>	<u>71,384</u>

3 EXPLORATION AND EVALUATION EXPENDITURE	31 December 2009	30 June 2009
	\$	\$
Costs carried forward in respect of areas of interest in exploration and evaluation phases	<u>15,135,744</u>	<u>14,212,610</u>
Movement for period		
Balance brought forward at beginning of period	14,212,610	13,739,681
Expenditure during period	929,092	2,870,917
Amounts written off	(5,958)	(2,397,988)
Balance at end of period	<u>15,135,744</u>	<u>14,212,610</u>

4 ISSUED CAPITAL	31 December 2009	30 June 2009
CONTRIBUTED EQUITY	\$	\$
176,196,439 fully paid ordinary shares	27,530,823	25,099,153
(June 2009: 140,718,663)		
	<u>27,530,823</u>	<u>25,099,153</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 period	25,099,153
Shares issued during period	
16,969,006 Ordinary Shares at 5.5 cents per share placement plan	933,295
15,000,000 Ordinary Shares at 8.55 cents per share pursuant to placement	1,282,500
3,508,770 Ordinary Shares at 8.55 cents per share pursuant to placement	300,000
Transaction costs relating to share issues	(84,125)
Balance at end of period	<u>27,530,823</u>

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 2009**

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

No event has occurred subsequent to 31 December 2009 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 9 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 2009 and of its performance for the half-year ended on that date, and

- (b) there are reasonable grounds to believe that 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 .



GG Lowder
Managing Director

Sydney,
11 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 statements of Malachite Resources Limited, which comprise the statement of financial position as at 31 December 2009, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the Malachite Resources Limited Group (the consolidated entity). The consolidated entity comprises both Malachite Resources Limited (the company) 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 2009 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.

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

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

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 2009 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



Brett Entwistle
Partner

Sydney
11 March 2010