

MEDIA COVERAGE



Ferret's Stock to watch

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MALACHITE RESOURCES LTD (ASX:MAR) has the right ingredients to meet its objectives of becoming a profitable, dividend-paying, mid-tier mining company.

The company's key commodities are gold, silver, tin and copper and its principal target areas currently are the New England region of northern NSW and southern Queensland, and the Mount Isa region of northwest Queensland.

Directors have their fingers crossed that the Conrad silver project, located about 25 kms south of Inverell in northern NSW, might be the one to push Malachite into market recognition that it has serious prospect.

The company also has exposure to gold, silver, tin and base metals on many of its properties. "Excited as we are with the gold potential at our new Lorena gold project, we remain very committed to silver and see Conrad as an excellent opportunity to produce two increasingly rare and sought-after metals," managing director Dr Garry Lowder declared.

Meanwhile the company emphasises that its geographic focus and financial strength come from diversity, by targeting a limited range of high-value metals in eastern Australia.

The Conrad silver project comprises the historic Conrad mine and its surrounding area, held by the company under three mining leases and adjacent exploration licences.

Malachite also owns a 340ha freehold property that immediately adjoins the mining leases. Previous work by Malachite at the site has defined a silver-rich mineral resource that also contains tin, copper, lead and zinc.

The mineralisation occurs mainly within a narrow, sub-vertical fissure vein - the Conrad Lode - but also in a narrow splay vein known as the King Conrad Lode and in a much wider, lower grade body known as the Greisen Zone.

Mineral resource estimates for these bodies have been announced previously.

The resource estimates were undertaken in December 2008, but since that time there have been major changes in both metal prices and exchange rates.

The magnitude of these changes can be assessed from the trebling of the silver price, in USD terms, in AUD terms it has doubled.

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At the same time, the USD tin price has increased nearly threefold, or nearly twofold in AUD terms.

Similar increases have occurred in the prices of copper, lead and zinc.

While there are no guarantees that these high prices will be sustained in the future, there is a widespread view from commentators that economic growth in China, India and elsewhere will support these historically high metal prices for some years to come.

Conrad is effectively a silver-tin deposit, with accessory copper, lead and zinc. Silver and tin respectively represent 45-50 per cent and 25-30 per cent of the contained metal value at Conrad.

This is especially so for the Princess Shoot at Conrad, little of which is yet in resource but where drill intersections have returned very attractive grades of mineralisation dominated by silver, tin and copper, with subordinate lead but very little zinc.

Evaluating and comparing polymetallic ore deposits can be more difficult than in the case of a single commodity ore, such as a gold ore body.

To address this, it is not unusual to resort to estimation of a 'metal equivalent' grade, such as the 'silver-equivalent' grade previously quoted for Conrad.

However, this process requires somewhat arbitrary decisions to be made about metal recoveries and smelter payables.

The end result can be to artificially devalue what is otherwise an attractive, multi-commodity asset.

An alternative approach, which avoids these arbitrary decisions, is to look only at the gross, in-ground monetary value of the contained metal.

On this basis, the high-grade resource previously estimated for Conrad alone contains \$230 million in gross metal value, with around \$500 worth of metal in each tonne of ore.

"At \$500 worth of contained metal per tonne, and a gross value of \$230 million, the existing high-grade resource at Conrad may well represent a viable project in its own right," Dr Lowder said.

"Boosting the available tonnes with additional high-grade resources from the Princess Shoot can only improve the outlook," he added.

In 2011 Malachite proposes to focus its program at Conrad on the Princess Shoot, which is so far only partly defined by drilling and very little of it has been included within the previously announced resource figures.

However, it is apparent that the shoot comes virtually to surface and has not been mined

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significantly in the past.

As such, it represents an ideal focal point for detailed drilling and the company proposes to conduct a program of about 4,400m of diamond drilling in 2011, commencing around mid-year. This will target the top 100m of the Princess Shoot, aiming to reduce drill intersection spacing from the current 100m by 50m to 25m by 25m.

A new mineral resource estimate will then be undertaken.

The next step, which is not expected until 2012, is likely to be accessing the Princess Shoot underground by means of an exploration decline, which could have its portal on Malachite's Jadree property, adjacent to the Princess Shoot.

Underground access would allow bulk sampling to verify the resource grade and provide material for comprehensive metallurgical investigation, as a precursor to pre-feasibility studies.

SHARE PRICE MOVEMENTS

Shares of Malachite Resources on Monday gained 1.4c to 8.2c Rolling high for the year is 11c and low 3.3c. The company has 531.4 million shares on issue with a market cap of \$43.5 million.

Malachite Resources said last week that the acquisition of the Lorena gold project has been completed.

The purchase of Lorena was completed by acquiring all of the shares of Volga Elderberry Pty Ltd (VEPL), pursuant to a share sale agreement (SSA) signed in September.

VEPL owns all of the Lorena assets, including tenements and plant and equipment on site. The consideration for the transaction was the issue of 350 million MAR shares to the former shareholders of VEPL, which now becomes a wholly owned subsidiary of Malachite.

Dr Lowder said the transaction marks the beginning of an exciting new chapter of Malachite's growth story and will greatly enhance its transition from junior explorer to emerging miner.

"Our geologists are highly motivated to get on the ground and turn Lorena into a company-maker for Malachite," he declared.

The Lorena gold project is located about 15 kms east of Cloncurry in northwest Queensland and the project's tenements comprise one granted mining lease (ML1747), five mining lease applications (MLAs) whose grant is believed to be imminent, one Exploration Permit for Minerals (EPM18189) and two EPM Applications (EPMAs)

There is a competing application for one of the EPMAs (EPMA18307).

Now that completion has occurred the company plans to proceed with a comprehensive drilling program at Lorena, to commence by the end of March, initially within ML7147 and later on adjoining ground, once the MLAs are granted.

The program is aimed at upgrading the mineral resource to a level where, upon conversion of resources to reserves, the contained gold will amount to at least 150,000 ounces.

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At the same time, economic models for the development of Lorena as a 50,000 ounce per annum open pit gold mine will be prepared, leading it is hoped to the commencement of a final feasibility study before year end.

While the drilling is underway, exploration elsewhere within the Lorena tenements will be conducted and the newly recognised copper-gold potential identified within ML7147 will be followed up.

The regional exploration will begin on EPM18189, which has already been granted, and will be extended to the other EPMA's and MLAs once they have also