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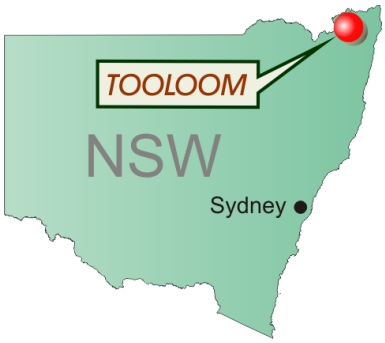
Announcement ***ASX: MAR*** ***15 February 2006***

ENCOURAGING RESULTS FROM INITIAL DRILLING AT CHEVIOT HILLS.

In December 2005 Malachite conducted a preliminary reverse circulation percussion ("RC") drilling programme at Cheviot Hills (part of the Tooloom Gold Project in northern NSW) as a first pass test of six of the dozen or so gold – antimony lodes recorded in the district (Figure 1). 19 holes were drilled to depths ranging from 50 to 100m and 1,232m were drilled in all. Most of the holes were spaced widely along the lodes being tested and were targeted to intersect the lodes below prominent old surface workings. The map in Figure 1 below shows the distribution of lodes at Cheviot Hills and indicates where drilling took place last December.



All of the drill holes at Cheviot Hills intersected the lode position, which was variably expressed as voids or backfill in old workings, quartz or quartz-sulphide lode material, or zones of strong alteration over several metres. No high grade gold or antimony values were intersected in the drilling but results are encouraging as a first pass effort. Several intercepts in the order of 0.5 to 1 g/t Au over 1 to 3 metres were obtained and the maximum antimony value (over 1m) was 0.43% Sb.

Managing Director, Garry Lowder, commented:

"This program was aimed mainly at providing information about the nature of the Cheviot Hills mineralisation at depth, as surface exposure is minimal and old mine dumps may not be representative. Of course, we would like to have hit a high grade shoot with the initial drilling but exploration is not usually that easy.

We are particularly encouraged by the widths of some of the lodes and the strike lengths of the structures that contain them. Lode true widths up to 3m were intersected, with another metre or two of halo mineralisation on each side in some cases. If we can lock onto some "Hillgrove-type" ore shoots within the structures in the next round of drilling we should see some attractive potential mining width and grade combinations."

Several important observations can be made as a result of the drilling completed so far at Cheviot Hills. Firstly, it can be assumed that the holes which penetrated old stopes (now voids or backfill) represent "ore grade" hits, as they must have carried good grade to have been mined out by early miners. These areas should be a focal point for future drilling. Furthermore, Malachite's results show a strong correlation between gold and arsenic values; gold-arsenic soil geochemistry should therefore point to possible ore shoots along the structures. At the same time, there is a strong correlation between gold values and sulphur levels in the drill samples, indicating that pyrite is a close associate of gold and that therefore an induced polarisation geophysical survey should help locate the more pyritic, and by inference more gold-rich, zones within mineralised structures.

Experience at Hillgrove has shown that, while mineralised structures can be traced for long strike lengths, payable grades within them are concentrated into shoots that have quite limited strike length, as little as 30m, but very long extensions at depth, down-plunge. With 50 to 150m spacings for the first set of drill holes at Cheviot Hills there is ample scope for further drilling to delineate ore shoots of such dimensions.

The Victoria lode stands out from the others not only because it produced the highest gold values in dump sampling but also because all four holes drilled into the Victoria structure intersected anomalous gold accompanied by elevated levels of copper, in the range 500 – 3,000 ppm Cu, with a maximum of 3110 ppm Cu (0.31% Cu) over 1m. Elsewhere the Hughes & Jackson lode showed slightly elevated copper values (maximum 400 ppm Cu), while the other lodes were not anomalous in copper. The significance of the copper mineralisation in the Victoria lode samples is uncertain, but it does suggest that there is a "bigger picture" at Cheviot Hills that is yet to be revealed. Several holes intersected a felsic igneous rock that carries sulphide mineralisation and this may be indicative of an intrusion-related origin for the Cheviot Hills gold, analogous to the Phoenix gold discovery, 28km to the north.

For further information please contact:

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G.G. LOWDER
Managing Director
15 February 2006

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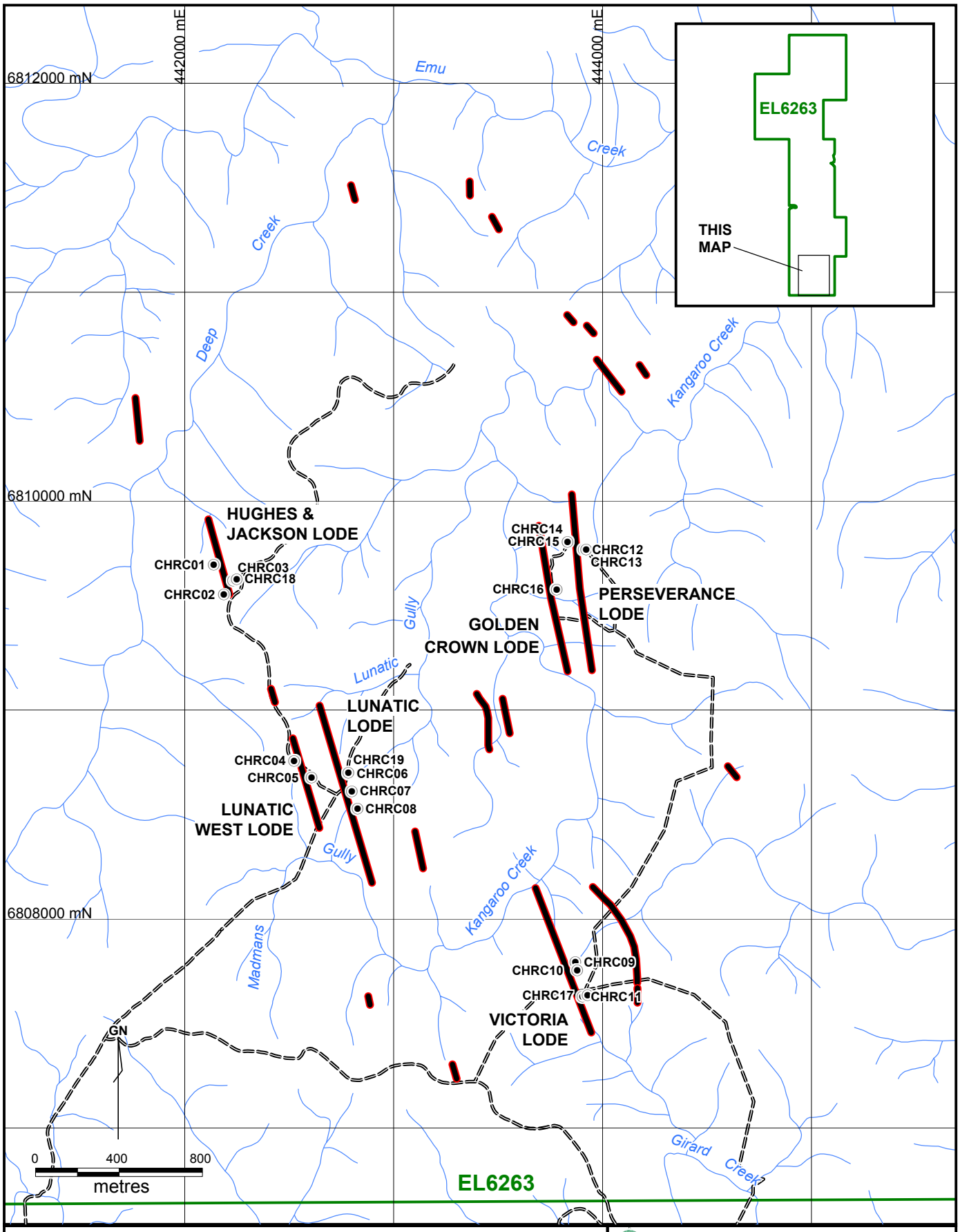
The information in this report that relates to Exploration Results is based on information compiled by Dr Garry Lowder, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Dr Lowder has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' Dr Lowder consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.



LEGEND

- Au-Sb lode
- Drill hole
- creek
- 4WD track
- EL boundary

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TOOLOOM PROJECT
EL6263
Cheviot Hills Prospect
Dril Hole Location Plan
showing Lodes

Scale: 1:25000	Date: February 2006
Projection: MGA56	Figure 1