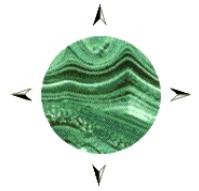


# Malachite Resources NL

ABN 86 075 613 268

Suite 1502, 799 Pacific Highway (P O Box 5218) Chatswood NSW 2067  
Tel. (02) 9411 6033 Fax (02) 9411 6066



## Media Release

29 August 2006

## EXCITING SILVER DISCOVERY AT MALACHITE'S CONRAD PROJECT

- High grades of silver and associated base metals have been intersected in recent drilling at the Conrad Silver Project;
- Mineralisation is expressed as multiple high grade sulphide lodes; and
- As broad lower grade zones with much larger tonnage potential;
- Aeromagnetic interpretation indicates three more Conrad-like structures nearby on Malachite ground.

Malachite Resources NL (ASX: MAR) has today released details of recent drilling at the Conrad Silver Project in northern NSW (Figure 1), where it holds a 100% interest.

Multiple, high grade, massive to semi-massive sulphide lodes have been intersected in most holes at King Conrad, where one hole also hit 57m of lower grade mineralisation, implying a much bigger tonnage potential than previously suspected.

**“Conrad is an exciting silver discovery, combining spectacular grades in the lodes with the bulk tonnage potential of disseminated and stockwork mineralisation,”** commented Malachite managing director, Garry Lowder, who added: **“The chances of Conrad becoming a viable mine for the third time in its 120 year history look very good.”**

The lodes typically consist of a high to very high grade narrow core zone 0.4 to 1m wide, with silver values up to 1,400g/t Ag, within a lower grade disseminated and stringer or stockwork zone 2 to 5m wide. One hole intersected the high grade King Conrad lode then subsequently penetrated 57m of lower grade material with no central high grade core. This unexpected result seems to represent a second, previously unseen style of silver mineralisation at Conrad, with very positive implications for tonnage potential.

The silver is accompanied by copper, lead, zinc, tin and indium, with these metals doubling or even trebling the overall value on a silver equivalent basis, to as much as 3,700g/t silver equivalent.

Most of the recent drilling was near the King Conrad shaft but two holes drilled on the main structure near the Davis shaft, 1.4km to the southeast, also produced encouraging results. Mineralisation is open along strike to the northwest and to the southeast. The Company plans to resume drilling as soon as possible with a view to defining a resource of 30 million ounces of silver, or more than 60 million ounces of silver equivalent, over the next year or so.

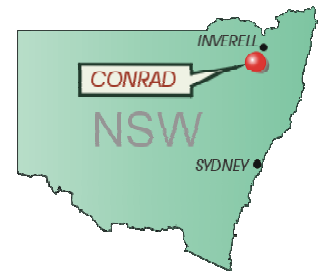


Figure 1:  
Conrad Silver Project  
location map

The Conrad lodes lie within a structure that is expressed as a prominent linear in the regional airborne magnetics. Three similar linear features can be recognised parallel to the Conrad structure, two in the south and one to the north; all three are contained very largely within ground controlled by Malachite. It is possible that additional silver lodes remain to be found in the vicinity of these other magnetic linears, offering great scope to expand the Conrad Silver Project even further.

Full details of the Conrad silver drilling are contained in an ASX Release of today's date, a copy of which can be found at the Company's website: <http://www.malachite.com.au/>

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**About Conrad** – The Conrad Silver Project is located about 20km south of Inverell in northern NSW (Fig. 1). The project is centred on the old Conrad mine, which was discovered in 1888 and first developed in 1891. It last operated as a high grade, underground silver-base metal mine in 1957. Four main shafts were sunk into the lodes at Conrad, including (from northwest to southeast) the King Conrad, Conrad, Moore and Davis shafts. MAR holds a 100% interest in tenements, rights to tenements and a tenement application covering the Conrad mine area and potential lode repetitions nearby. Previous drilling by Malachite has confirmed continuity at depth of the main Conrad lode and has identified multiple lodes over widths much wider than historic mining indicated for the King Conrad part of the system. In total the Conrad and King Conrad lode groups have potential for at least 30 million ounces of silver in high grade mineralisation where associated copper, lead, zinc and tin could double or even treble overall values, and the presence of the rare and highly valuable metal, indium, could also add important extra value.

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**About Malachite** – Malachite Resources is a Sydney-based resources company that listed on the ASX in November 2002 and is an active explorer for gold, silver and base metals in Eastern Australia. The Company has made significant green fields gold discovery, called **Phoenix**, at Tooloom, in northeast NSW and has recently entered into a farm in agreement with Newmont Australia Ltd., whereby Newmont may earn a 51% interest in the project by spending \$5 million on exploration over the next five years.

The Company also has several other properties in the New England region of NSW that offer excellent potential for the discovery of economic gold, silver, copper, tin, tungsten and antimony deposits, with most prospects being polymetallic in nature. Malachite is also active in Queensland and Tasmania.

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For further information please visit the Company's website: [www.malachite.com.au](http://www.malachite.com.au)

or contact: **Garry Lowder, Managing Director**

at (02) 9411 6033 or by email at: [glowder@malachite.com.au](mailto:glowder@malachite.com.au)

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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 a Competent Person 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.*