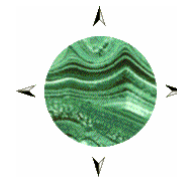


Malachite Resources NL

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Announcement

ASX: MAR

2 March 2006

EXPLORATION UPDATE: NEW SILVER DRILLING

- **Tooloom:** Good progress with formation of gold joint venture
- **Conrad:** Silver lodes at King Conrad mine to be drilled later this month
- **Elsmore:** Large diameter drilling to provide bulk samples of greisen veins containing tin/tungsten/molybdenum/silver/copper at Sheep Station Hill
- **Elsmore:** Deeper drilling of Sheep Station Hill veins will also take place
- Evaluation of new gold projects generated using the “Phoenix” model to commence shortly

Malachite Resources NL (ASX: MAR) advises that Malachite’s 2006 exploration programme is well underway. Key activities for the Company in the next few months will involve:

Tooloom Gold Project (MAR 100%)

At Tooloom in northern NSW (Fig. 1), good progress has been made with the Company’s plans to form a joint venture with a major gold company to fund ongoing exploration, and especially further drilling at Phoenix. Several of the best known names in the Australian and international gold mining business are lined up to make site visits in the second half of March and the Company anticipates successful negotiation of a joint venture during April. A drill rig has been booked for a programme to commence in May.

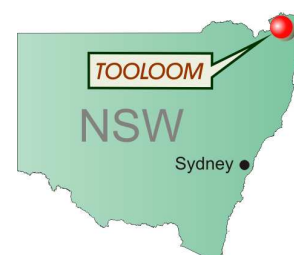


Figure 1:
Tooloom location
map

Conrad Silver Project (MAR 100%)

Malachite has signed an access agreement with the traditional owners and native title claimants at Conrad, 20km south of Inverell in northern NSW (Fig. 2) and approval from the Minister for Mineral Resources for exploration to take place on native title affected land is expected shortly. Meanwhile, Malachite will soon undertake a drilling programme at the King Conrad end of the Conrad structure, within the existing mining leases. This area has not previously been drilled and information from old mine records suggests that the Conrad silver lode splits into three high grade splays in this locality. Malachite will drill up to three holes to test this interpretation later this month.

Elsmore Project (MAR 100%)

Commencing next week the rig to be utilised at Conrad will first undertake drilling at the Sheep Station Hill prospect, part of the Elsmore project, 16km east of Inverell (Fig. 2). Previous shallow reverse circulation percussion (“RC”) drilling by the Company at Sheep Station Hill intersected significant grades of tin/tungsten/molybdenum/silver/copper mineralisation (up to 2.6% Sn, 1.2% WO₃ and 0.2% Mo) in a series of parallel greisen veins up to 5m wide. The new programme will provide bulk samples of this mineralisation from several shallow large diameter RC and diamond core holes. The rig will also test the metal-bearing greisen veins at greater depth with a 300m diamond core hole and one or two deep reverse circulation percussion holes.

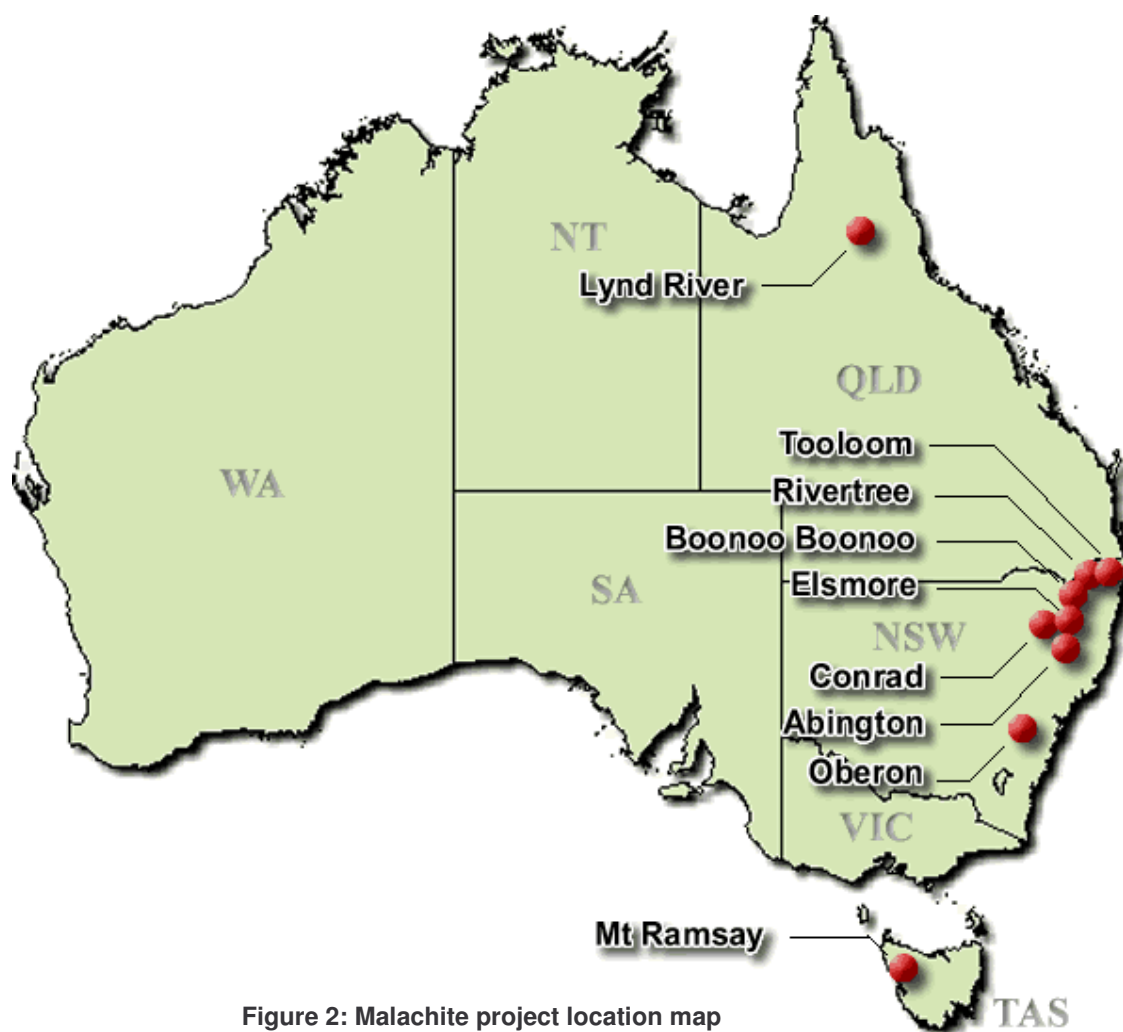


Figure 2: Malachite project location map

New Gold Projects

Research conducted by Malachite using Phoenix as the model for intrusion related gold (“IRG”) deposits in NSW has led to applications for two new tenements. The first, named **Oberon**, is located within the Lachlan Fold Belt in the NSW Central West (Fig. 2). The Oberon area exhibits a number of features characteristic of the IRG setting and also contains the **Duckmaloi** prospect, where previous drilling by other explorers intersected significant tungsten mineralisation, including 8.6m @ 0.49% WO₃ and 10m @ 0.28% WO₃; at current tungsten prices (ca. \$US23,000 per tonne of WO₃) those are attractive grades. The tenement is expected to be granted in the near future and field work will begin shortly afterwards.

The second new tenement application, named **Abington**, is located in the New England region, west of Guyra (Fig. 2), where once again features characteristic of the IRG setting have been identified. The Abington area also includes the **Baxters** mine, where small scale production of gold-antimony ore took place in the past. Old drilling indicates that a lode up to 3.8m wide may exist at shallow depth. Baxters is only 110km from the Hillgrove gold-antimony mine¹ and if an economic resource can be defined at Baxters it may be feasible to process that ore on a toll basis at Hillgrove when that mine resumes production, expected to occur late in 2006.

¹ Owned by Straits Resources Limited.

Background

Malachite Resources NL is an Australian junior exploration company, based in Sydney. The Company is focussed on exploration for gold and silver in intrusion related settings in eastern Australia and has made a significant “greenfields” discovery of that type at Tooloom in northeastern NSW (Fig. 1 above). The new discovery has been named “Phoenix” and is characterised by gold with accessory antimony, silver and copper. To date, the best mineralisation encountered in drilling occurs within a breccia pipe, where it forms a zone at least 250m long and from 20 to 40m wide. This zone has been drilled to 220m depth and the most important intersection so far is 48m @ 2.21 g/t Au and 0.19% Sb in PHRD24. The Company is currently seeking a joint venture partner to fund further drilling at Phoenix and also exploration elsewhere at Tooloom, where many other prospects remain to be tested.

As an adjunct to the intrusion related gold search the Company is also paying attention to the cash flow potential of the tin/tungsten/molybdenum/antimony mineralisation that so often is associated with gold in this setting. Good scope for early production in that regard exists at Cheviot Hills (part of the Tooloom project) and at Sheep Station Hill (part of the Elsmore project) and these are being investigated in parallel with the primary gold search.

For further information please visit the Company’s website: www.malachite.com.au

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G.G. LOWDER
Managing Director
2 March 2006

www.malachite.com.au

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.