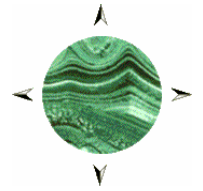


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ASX Announcement

Code: MAR

28 September 2006

HIGH GRADE COPPER INTERSECTED AT MT LIDSTER

Malachite has received very encouraging results from an initial drilling program at its recently optioned Mt Lidster copper prospect in NW Queensland.

- High grades of copper were intersected, including 6m @ 4.19% Cu and 4m @ 5.29% Cu.
- The target is a mineralised structure that outcrops in three main pods over about 650m of strike length.
- Follow up drilling is planned for November.

Malachite Resources NL (ASX: MAR) advises that it has received assay results for samples from a preliminary, five hole reverse circulation percussion drilling program at its new Mt Lidster copper prospect, located between Mt Isa and Cloncurry in northwest Queensland (Fig. 1).

Excellent grades of copper mineralisation were intersected, with gold and cobalt as potential credits. Results include:

**MLRC02: 6m @ 4.19% Cu, 0.37g/t Au and 0.10% Co; and
MLRC04: 4m @ 5.29% Cu, 0.23g/t Au and 0.07% Co.**

Drilling and assay details are set out below in Tables 1 and 2 respectively. The high grade intercepts in MLRC02 and MLRC04 are enclosed within broader envelopes of lower grade mineralisation (Table 2). The depth of oxidation was surprisingly shallow (Table 1) and consequently all of the copper intersections were as sulphides, including primary chalcopyrite in the case of MLRC02 and both chalcopyrite and supergene chalcocite in MLRC04.

These results are very encouraging, given the preliminary nature of the first phase of drilling. The Mt Lidster mineralised structure occurs as three discrete outcropping bodies whose plunge direction is not yet known. Two of the initial holes appear to have successfully intersected the mineralisation down-plunge, while the other three holes, which hit narrower zones of low grade copper mineralisation, may have intersected the structure off-plunge from the mineralised outcrops.

The Company plans to conduct further drilling at Mt Lidster in November, after completion of earthworks to improve drill site access. As additional holes are drilled the plunge direction will become more apparent and it should be possible to outline the size and shape of the mineralised bodies quite quickly.

Malachite is expanding its exploration activities in the Mt Isa region and is currently reviewing further possible copper acquisitions. Mt Lidster is seen as a first and highly promising step, where the objective is to delineate sufficient ore to support a small mining operation as soon as possible, with a view to generating cash flow by toll milling or sale of ore in nearby Mt Isa or Cloncurry.



Figure 1: Mt Lidster Cu-Au project location map

Table 1: Mt Lidster Drill Hole Details

Hole No.	Collar Details				Final Hole Depth	Depth to Water Table	Depth of Oxidation
	Northing GDA94	Easting GDA94	Magnetic Azimuth	Inclination			
MLRC01	7710022	393761	143 ⁰	-59 ⁰	41m	18m	6m
MLRC02	7709948	393662	135 ⁰	-50 ⁰	46m	-	29m
MLRC03	7709949	393662	135 ⁰	-70 ⁰	119m	54m	33m
MLRC04	7709669	393460	302 ⁰	-60 ⁰	53m	35m	25m
MLRC05	7709672	393465	303 ⁰	-65 ⁰	83m	19m	30m

Table 2: Mt Lidster Drilling Assay Results

Hole No.	From (m)	To (m)	True Width (m)	Copper % Cu	Gold g/t Au	Cobalt % Co
MLRC01	26	27	0.5	<0.01	0.12	0.22
and	30	31	0.5	0.82	<0.01	<0.01
MLRC02	30	41	7.1	2.48	0.22	0.08
including	32	38	3.9	4.19	0.37	0.10
MLRC03	55	57	0.7	0.53	0.04	0.02
MLRC04	32	42	5	2.32	0.10	0.04
Including	35	39	2	5.29	0.23	0.07
MLRC05	59	62	1.3	0.39	0.02	0.03

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.

Elsewhere in northern NSW the Company is evaluating the scope to reopen the old **Conrad** silver mine near Inverell. Recent drilling at Conrad by Malachite intersected high grade silver-base metal mineralisation over true widths of 2 – 5m and the outlook for the project is very promising. 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 north Queensland and in western Tasmania.

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

or contact: **Garry Lowder, Managing Director** at (02) 9411 6033 or by email at: glowder@malachite.com.au

Photographs of Mt Lidster and its copper mineralisation can be found at: http://www.malachite.com.au/html/media_photos.htm

G.G. LOWDER
 Managing Director
 28 September 2006

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.