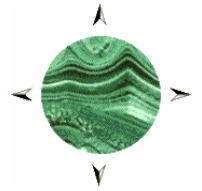


# Malachite Resources NL

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**Announcement**

**ASX: MAR**

**14 September 2006**

## **COPPER-GOLD PROJECT IN MT ISA DISTRICT TO BE EXPLORED BY MALACHITE**

- **Mt Lidster is a promising copper-gold project located about half way between Mt Isa and Cloncurry in northwest Queensland.**
- **Malachite has acquired an option to purchase a 100% interest in Mt Lidster.**
- **The privately owned prospect is close to the old Mary Kathleen uranium mine and has not previously been drilled.**
- **The target is a mineralised shear zone 5-10m wide and 650m long, with much oxide copper in outcrop and gold values up to 2.6g/t Au.**
- **Results of an initial drilling programme will be available soon.**

Malachite Resources NL (ASX: MAR) advises that it has entered into an option to purchase agreement with Volga Elderberry Pty. Ltd. ("VEPL") that provides Malachite with the opportunity to acquire a 100% interest in the Mt Lidster copper-gold project. Mt Lidster lies within EPM14132, located about half way between Mt Isa and Cloncurry, roughly 10km north of the Barkly Highway (Fig. 1). It is also only a few kilometres northwest of the old Mary Kathleen uranium mine and can be accessed along the old Mary Kathleen mine road. The Company has been attracted to Mt Lidster by its excellent access, its immediate drill target status and its potential to generate cash flow within a short timeframe if an economic copper-gold deposit is discovered.



**Figure 1: Mt Lidster Cu-Au project location map**

The Mt Lidster prospect comprises a shear zone 5 to 10m wide that is expressed as three main pods over about 650m along strike within the EPM. The shear zone outcrops well and displays abundant gossan and gossanous quartz, much of it with



**Figure 2: Oxide copper mineralisation (mainly malachite) on an outcrop of the Mt Lidster structure**

prominent oxide copper mineralisation (Fig. 2). The prospect has not previously been drilled and has been held by associates of the present owner for many years. Small quantities of oxide copper ore have been mined in the past for sale in Mt Isa. Limited surface sampling by Malachite returned anomalous gold values, mostly below 1g/t Au, but with one sample reporting 2.6g/t Au, and copper values ranging up to 0.77% Cu, although strongly mineralised (copper-stained) rock was deliberately avoided in sampling, as such material would clearly assay very well.

Results of a preliminary reverse circulation percussion drilling programme at Mt Lidster should be available around the end of September, 2006. If the initial programme proves successful the Company anticipates further drilling at Mt Lidster before the end of 2006 and a more intensive drilling programme to follow in 2007.

**Figure 3: The Mt Lidster mineralised structure viewed from the southwest.**



**Acquisition Terms** – the Mt Lidster Sale & Purchase Agreement provides for a three-stage acquisition process that allows Malachite to withdraw from the acquisition at the end of Stage 1 or during Stage 2 if exploration results do not come up to expectations.

Stage 1 – To enter Stage 1 of the agreement Malachite has paid \$20,000 and issued to VEPL 150,000 Malachite share options, exercisable at 24c on or before 13 September 2008. The Company has until 13 June 2007 to decide whether to proceed to Stage 2.

Stage 2 – If Malachite proceeds to Stage 2 it will pay \$50,000 in cash and issue to VEPL 250,000 Malachite shares and 1,000,000 Malachite share options, exercisable at 28c on or before 13 September 2009. The Company would then have until 13 March 2008 to decide whether to proceed to Stage 3.

Stage 3 – If Malachite proceeds to Stage 3 VEPL will deliver to Malachite a 100% interest in a granted mining lease over Mt Lidster and Malachite will pay VEPL \$1,000,000 in cash and issue VEPL with 4,000,000 Malachite share options exercisable at 32c on or before 13 September 2010. Malachite would also become liable to pay to VEPL a production royalty of 2% or 2.5% of payable metal value, depending on whether the copper price is respectively below or above \$US3,500 per tonne.

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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.

Elsewhere in northern NSW the Company is evaluating the scope to reopen the old **Conrad** silver-base metals mine near Inverell. Recent drilling at Conrad by Malachite produced some outstanding results 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.

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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)

Additional photographs of Mt Lidster and its copper mineralisation can be found at: [http://www.malachite.com.au/html/media\\_photos.htm](http://www.malachite.com.au/html/media_photos.htm)



G.G. LOWDER  
Managing Director  
14 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.*