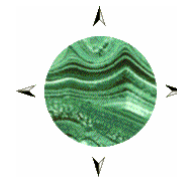


# Malachite Resources NL

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**Announcement**

**ASX: MAR**

**7 June 2006**

## **DRILLING RESUMES AT CONRAD SILVER PROJECT, NSW**

- **Drilling has resumed at the Conrad Silver Project in northern NSW;**
- **Initial targets are high grade lodes at King Conrad, where recent surface sampling yielded some spectacular results, such as:**  
**947 g/t Ag, 2.28% Cu, 3.84% Pb, 0.16% Zn and 3.16% Sn over 0.69m;**
- **Drilling will later move to the southeast extension of the Conrad lode.**

Malachite Resources NL (ASX: MAR) advises that drilling has resumed at the Company's Conrad Silver Project (MAR 100%). Drilling earlier in 2006 intersected multiple lodes with excellent silver and base metal grades over widths up to about 5m. Since then, sampling of surface exposures of the Conrad and Alwell's lodes has produced some very high grade results that auger well for the current drilling.

**"We have now constructed access that will allow us to drill right into the heart of the King Conrad lode system, where historic underground sampling recorded bonanza grades that are validated by the results of our sampling of lode exposures at surface,"** commented Managing Director, Garry Lowder.

**Background** – The Conrad project is located in northern NSW, about 20km south of Inverell (Fig. 1) and is centred on the old Conrad mine at Howell, which last operated in 1957 and historically was the largest silver producer in New England. There are four principal old shafts at Conrad, spread over about 1.5km of strike extent of the Conrad lode; from northwest to southeast they are respectively the King Conrad, Conrad Main, Moore and Davis shafts (Fig. 2). Previous drilling by Malachite has tested the main Conrad shaft area, where two holes intersected the Conrad lode over narrow widths at considerable depth, the Davis shaft area, where four holes intersected several wider parallel splits of the Conrad lode, and the King Conrad area, where multiple lodes were intersected over widths up to about 5m.



**Figure 1:  
Conrad Silver Project  
Location Map**

**Recent Surface Sampling** – The main Conrad lode and Alwell's lode are both exposed in Borah Creek, near the King Conrad shaft. Sampling of these lodes since the last drilling programme has produced some spectacular grades, as can be seen from the results tabulated below. In addition to the high silver grades of up to 1,045 g/t Ag there are excellent values of copper (up to 2.28% Cu), lead (up to 16.95% Pb) and tin (up to 3.18% Sn). All of the samples also contain quite elevated values of bismuth, up to 0.12% Bi in sample 95505. The very good base metal grades mean that on a silver equivalent basis, calculated at current metal prices, the assays are quite spectacular. Sample 95505 for example (Table 1), which contains 947 g/t Ag, 2.28% Cu, 3.84% Pb, 0.16% Zn and 3.16% Sn, can be expressed as 2,235 g/t Ag<sub>eq</sub>, or 71.9 oz/t Ag<sub>eq</sub>.

Creek exposures show that the main Conrad lode has cut and slightly displaced Alwell's lode, which is oriented obliquely to the Conrad lode. The assays listed in Table 1 represent sampling across the exposed width of Alwell's lode to the northwest (sample 95501) and southeast (samples 95502-95504) of the Conrad lode and across the main Conrad lode itself (samples 95505 – 95507). The King Conrad lode does not appear to be exposed at surface.

**Current Drilling** – The previous drilling at King Conrad intersected extensions of the lodes in the vicinity of the King Conrad shaft, with lode widths much greater than expected. Better drill site access has now been constructed and the drilling presently underway should be able to reach the down-dip extensions of the high grade lodes exposed and recently sampled at surface (Table 1). It is expected that the first assay results from the current drilling will be available in early July.

TABLE 1: RECENT SURFACE SAMPLING NEAR THE KING CONRAD MINE

Sample No.	Lode Name	Width of Lode Sampled (m)	Ag g/t	Cu %	Pb %	Zn %	Sn %	Ag Eq g/t (note 1)
95501	Alwell's	0.20	1045	0.70	16.95	0.10	0.79	1,842
95502	Alwell's	0.36	655	1.73	4.06	0.13	3.18	1,836
95503	Alwell's	0.96	13	0.03	0.31	0.01	0.07	44
95504	Alwell's	0.33	196	0.46	5.29	0.05	1.21	708
95502 to 95504	Alwell's (note 2)	Weighted average across 1.65m	115	0.29	1.29	0.03	0.59	343
95505	Conrad	0.69	947	2.28	3.84	0.16	3.16	2,235
95506	Conrad	0.23	470	1.62	1.26	0.07	2.31	1,354
95507	Conrad	0.35	600	1.92	14.25	0.06	2.49	1,944

Note 1: Silver equivalent grades calculated on the basis of the following metal prices: Cu - \$US7,854/t; Pb - \$US1,045/t; Zn - \$US3,675/t; Sn - \$US8,275/t and Ag - \$US11.79/oz

Note 2: Samples 95502, 95503 and 95504 are contiguous samples taken across a 1.65m wide lode, which is highly mineralised on its margins and weakly mineralised in the centre.

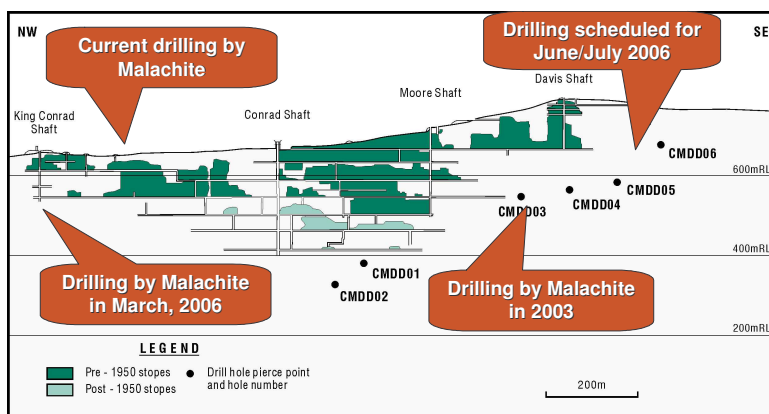


Figure 2: Composite longitudinal section of the Conrad mine area, showing locations of past, current and future drilling by Malachite.

**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 a very significant green fields gold discovery, called **Phoenix**, at Tooloom, in northeast NSW and is currently negotiating a joint venture with a major gold mining company for further exploration at Tooloom. In addition to Conrad the

Company 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](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)

G.G. LOWDER  
 Managing Director  
 7 June 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.*