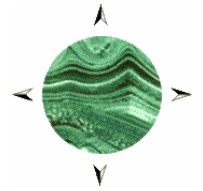


Malachite Resources NL

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ASX Announcement

Code: MAR

17 September 2007

CONRAD SILVER: ROBUST MINING PROJECT EMERGING AS GOOD RESULTS CONTINUE

HIGHLIGHTS

- **High grade lode intersections continue to be achieved as Phase 1 of resource delineation drilling is completed.**
- **Conceptual modelling indicates a reopened Conrad Mine could be economically robust.**
- **Short term focus shifts to mining studies and metallurgical test work.**
- **Phase 2 of resource delineation drilling to commence early in 2008.**
- **Plans for accelerated development being made.**

Malachite Resources NL (ASX: MAR) advises that Phase 1 of resource delineation drilling at the Conrad Silver Project has been completed, with a total of 6,322m in 30 holes having been drilled during the campaign. The latest batch of assay results, reported below, covers holes CMDD46 to CMDD48 and contains further encouraging results, with some good copper and tin values in particular, in addition to high silver. An estimate of mineral resources in the King Conrad area will be reported as soon as possible after receipt of the outstanding assay results (for holes CMDD49 to CMDD55), some of which, based on the visual appearance of the core, should be quite spectacular.

Speaking about the results, Managing Director, Garry Lowder, commented:

“The latest results confirm the pedigree of this exciting project. We have now begun mining studies and metallurgical test work and the initial results of that indicate we have the makings of a very robust mining operation at Conrad.”

The Company’s mining engineering consultant has provided it with a conceptual economic model that, necessarily at this stage, makes assumptions about such variables as reserves, mining methods, mineral processing methods, metal recoveries, metal prices and operating and capital costs. This model will be refined as more data are generated from the studies underway but it is clear already that a mining operation extracting 200,000 tonnes per annum of ore over an average 1.5m mining width, with grades like those being intersected in recent drilling, would generate a strong cash flow, even with metal prices substantially below present levels.

Dr Lowder added:

“Putting today’s metal prices into the economic model generates spectacular returns, so let’s hope the ‘stronger for longer’ pundits are correct.”

Several important implications of the initial mining study are:

- Conrad would be best developed as a low tonnage, high grade underground mine;
- The existing infrastructure, including shafts and underground development from the 1950s, would give the reopened mine a significant head start and substantially lower capital costs;
- Ground conditions look particularly favourable for narrow lode underground mining;
- Drilling up long mine life (10 years plus) resources and converting them to reserves from surface would be expensive and may be unnecessary;
- De-watering the mine and converting resources to reserves from underground looks much more attractive.

In view of these findings it is thought that the optimal development route for Conrad would be to delineate sufficient resources and reserves to get the mine started, pay back capital and establish a stable production platform. The previous production history of the Conrad mine gives high confidence that, once underground access is achieved and the mine is in operation, sufficient resources would be defined to support a mine life in excess of 10 years.

The economic modelling completed so far predicts that the payback period for a 200,000 tonne per annum operation mining average grades of 300g/t Ag, 0.75% Cu, 4% Pb, 2% Zn and 0.75% Sn would range from 1 year to 3 years, depending on metal prices at the time. These grades equate to half the historic production grades and make no allowance for indium credits.

Commenting further, Dr Lowder added:

“It looks like the way forward at Conrad is to drill up a just enough resources from surface that, when converted to reserves, will pay back capital comfortably. This approach would keep capital costs low and substantially accelerate development, allowing us to capture the benefit of high metal prices while the ‘China boom’ continues.

The key thing at this stage is not so much finding more mineral resources, as we believe this will follow with systematic drilling. Rather, we need to demonstrate that we can produce saleable concentrates with adequate metal recoveries and at reasonable operating costs. Hence the short term focus is on evaluating metallurgy and appropriate mining methods and I must say the outlook at this stage is very encouraging.”

To facilitate the metallurgical characterisation, the last hole in the Phase 1 program, CMDD56, was drilled specifically to provide high quality, whole core sample material.

Phase 2 resource delineation drilling is scheduled to commence in early 2008. Until then, in addition to the mining and metallurgical test work underway, the Company will carry out exploration of several sub-parallel structures which have been identified elsewhere within the Conrad tenements. The aim is to assess the potential for repetitions of Conrad style mineralisation on these other structures. The early indications in that regard are quite promising.

The Company has also recently lodged an application for an exploration licence near Delungra, approximately 40km northwest of Conrad, where it is believed that local geology and exploration potential are analogous to those at Conrad.

Results for the latest batch of assays from the recent drilling program are presented below. Further good silver and base metal values are reported, continuing the encouraging outcomes of earlier drilling. Figure 1 below shows the location of the new holes in relation to existing drilling.

For further information please visit the Company's website: www.malachite.com.au or contact: **Garry Lowder, Managing Director** at (02) 9411 6033 or 0417 212 099, or by email at: glowder@malachite.com.au



G.G. LOWDER
Managing Director
 17 September 2007

Table 1: Drill Location Hole Details

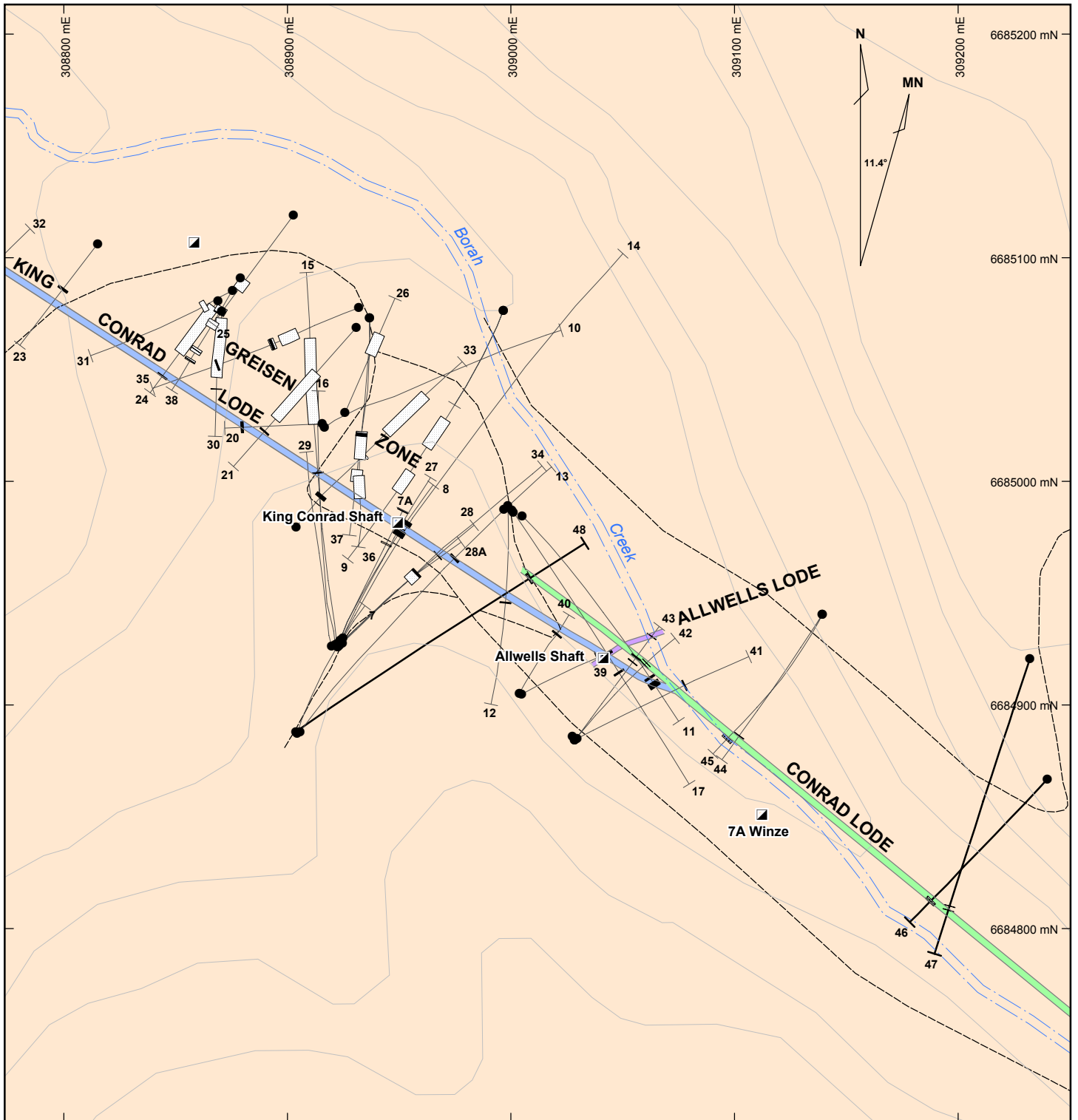
Hole No.	Collar Details				Lodes Targeted	Final Hole Depth (m)
	Northing (m) GDA94	Easting (m) GDA94	Magnetic Azimuth	Inclination		
CMDD46	6684867	309240	211	-72	Conrad	260.8
CMDD47	6684921	309234	187	-67	Conrad	343.9
CMDD48	6684888	308905	043	-64	Conrad	351.0

Table 2: Key Assay Results for CMDD46 to CMDD48

HOLE NO.	FROM (m)	TO (m)	DOWN-HOLE LENGTH [& EST. TRUE WIDTH] (m)	SILVER g/t Ag	COPPER % Cu	LEAD % Pb	ZINC % Zn	TIN % Sn	INDIUM g/t In	MINERALISATION TYPE
CMDD46	222	223	1 [0.4]	48	0.03	0.9	0.6	0.07	N/A Note 1	Conrad Lode Note 2
CMDD47	117	119	2 [0.8]	47	0.03	0.6	0.8	0.07	N/A	Vein
And	289.7	290.0	0.3 [0.15]	835	0.7	3.7	0.2	0.2	11	Sulphide vein
And	294.37	295.5	1.13 [0.5]	124	0.9	0.2	0.1	0.7	N/A Note 3	Conrad Lode
Including	294.37	294.84	0.47 [0.2]	205	1.6	0.2	0.2	1.2	23	
CMDD48	284.67	286.0	1.33 [0.6]	377	1.1	3.7	0.7	1.4	N/A Note 4	Conrad Lode
Including	285.21	286.0	0.79 [0.4]	419	1.1	4.8	0.7	1.7	29	

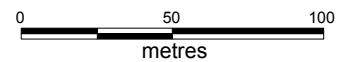
Notes for Table 2:

1. N/A in indium column indicates that this element was not analysed or not analysed for the entire interval.
2. Conrad Lode comprises mostly quartz and carbonate in this intersection.
3. Indium not assayed for 294.84 to 295.5m interval.
4. Indium not assayed for 284.67 to 285.21m interval.



LEGEND

- Drill hole referred to in this ASX release showing projected hole trace and lode intersection
- Previous drill hole showing projected hole trace and lode intersection
- Interpreted position of King Conrad lode
- Interpreted position of Conrad lode
- Interpreted position of Allwells lode
- Greisen Zone intersection
- Shaft, winze
- Creek
- Track
- Contour (10m interval)
- Gilgai Granite



MALACHITE RESOURCES NL	
CONRAD PROJECT KING CONRAD AREA Drillhole Plan	
Scale: 1:2500	Date: 13 September 2007
Proj/Grid: GDA94/MGA56	Figure 1

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's key assets are:

The **CONRAD SILVER PROJECT** located in northern NSW, where the Company is evaluating the scope to reopen the old **Conrad** Silver Mine near Inverell. Drilling at Conrad by Malachite has intersected narrow high grade, massive sulphide, silver-rich base metal veins and wide zones of lower grade, disseminated, polymetallic mineralisation. The outlook for the project is very promising and the first phase of detailed drilling for resource estimation purposes has been completed.

The **VOLGA COPPER PROJECT** in northwest Queensland, east and northeast of Mt Isa, where the Company is exploring for copper-gold at the **Mt Lidster** and **Volga Elderberry** properties. Drilling by Malachite at Mt Lidster and by the current holders at Volga has produced some superb high grade copper intersections and follow up drilling is planned for October-November 2007.

The **TOOLOOM GOLD PROJECT** also in northeast NSW. Tooloom is a forgotten goldfield rediscovered by Malachite where numerous prospects have been identified, including a significant greenfields discovery called **Phoenix**. The company is systematically exploring Phoenix and the other prospects at Tooloom, which are intrusion-related and have major ore potential.

Malachite also has excellent exposure to tin, through its **ELSMORE** Project, near Inverell in northern NSW. The Company is considering the possible development of a small open pit tin-tungsten mine at one or more of several prospects known in the district.

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.