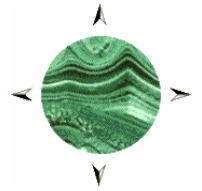


Malachite Resources NL

ABN 86 075 613 268

Suite 1502, Tower B, 799 Pacific Highway, Chatswood NSW 2067
P O Box 5218, West Chatswood NSW 1515
Tel. (02) 9411 6033 Fax (02) 9411 6066



ASX Announcement

Code: MAR

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FIRST RESOURCE ESTIMATE AT THE CONRAD SILVER PROJECT: OVER 10Moz OF SILVER EQUIVALENT DELINEATED

HIGHLIGHTS

- **The initial estimate of mineral resources at Conrad has been completed.**
 - **This estimate extends to a maximum depth of 260m and is made up by resources in**
 - **the KING CONRAD LODGE,**
 - **the GREISEN LODGE,**
 - **ALWELL'S LODGE,**
 - **a small part of the CONRAD LODGE, and**
 - **the various LODGE ENVELOPES ("VEIN ZONES").**
 - **In the area drilled, a mineral resource containing 10.4 million ounces of silver equivalent¹ has been delineated.**
 - **The resource is open along strike and at depth.**
 - **Drilling will resume early in 2008 and is expected to add substantially to the initial resource.**
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Malachite Resources NL (ASX: MAR) advises that the first estimate of mineral resources at the Conrad Silver Project has been completed. This estimate is based on 50 drill holes in the vicinity of the King Conrad Shaft and covers resources delineated in the King Conrad, Alwell's and Greisen Lodes, a small part of the Conrad Lode, and in the various lode envelopes ("Vein Zones"). The estimate, which has been made in accordance with the requirements of the JORC Code, includes Indicated and Inferred Resources of silver, copper, lead, zinc and tin to a maximum depth of 260m. For the time being no allowance has been made for indium, which is present in significant amounts and may be an additional credit at the mining stage.

Commenting on the results, Managing Director, Garry Lowder, said:

"This is an excellent result for the first phase of our resource delineation. We have now outlined about 10.4 million ounces of silver equivalent resource, which is more than a third of what we think will be needed to support reopening of the mine. Looking at how much of the total system remains to be drilled, we are very confident that a robust economic project will emerge at Conrad as drilling continues early next year."

¹ For explanation of the term "silver equivalent" please see the Note on page 3.

The resource delineated is open along strike and at depth, particularly to the southeast, towards the Conrad Shaft, where historic production was concentrated.

Figure 1 is a composite longitudinal section, showing a projection of the mineral resources in relation to the extent of the known Conrad / King Conrad workings and further depth potential. Figure 2 shows the resources in each lode in a three dimensional projection.

Resource Estimation Methodology

The resource estimate has been made for Malachite by the Company's consultants, Cube Consulting Pty. Ltd ("Cube")² and their results are set out in the table on page 4.

Using all drill holes up to and including CMDD55, Cube constructed a 3D wireframe model of each of the three main narrow lodes (King Conrad, Conrad and Allwells), and estimated the resources in each lode using Ordinary Kriging and 2D longitudinal accumulation methodology into panels. To limit the contribution of high grade samples (i.e. outliers in the assay database), all silver values > 1,000g/t Ag in the King Conrad Lode were cut to 1,000g/t Ag, and all silver values > 600g/t Ag in the Conrad Lode were cut to 600g/t Ag. In addition, all zinc values > 6.0% Zn in both lodes were cut to 6.0% Zn. Allowance was made for existing depletion of the lodes by deleting from the estimate the volume of the ore removed by previous mining.

Cube also estimated the resource in the lower grade mineralized envelopes enclosing the lodes and refer to these as "vein zones" in the table.

Due to the more equidimensional shape of the Greisen zones, the 3D block model approach employing Ordinary Kriging was used to estimate the resource.

Based on the average drill hole spacing, where the models were open at depth or along strike, the area of the resource was extended a maximum of 25m beyond the limit of drilling.

Cube employed two cut-off grade protocols. For the three main lodes, due to the sharp grade decrease at the contacts of the high grade cores to the lodes, Cube estimated the resource using geologically constrained domains, rather than using assay defined domains. For the Greisen zones, Cube used the same cut-off protocols as the other domains, i.e. primarily based on logged geology, with the silver grade being plus 10ppm. Lower grade intervals were included to maintain continuity where the interval had been logged as greisen.

Future Drilling

Drilling will resume in January 2008 and a second diamond drill rig will be added a month or so later. Together these rigs should complete the second phase of resource delineation, involving 6,000-7,000m of drilling, by mid year. Most of the new drilling is expected to be concentrated at the southeastern end of the system, near the Davis Shaft, but a number of holes will be drilled beneath the central part of the old workings to confirm depth continuity for long term mine life. In addition, several holes are planned for some of the sub-parallel lodes elsewhere on the Conrad property, where recent investigations in the field have found very promising mineralisation on old dumps over strike lengths of up to 750m.

Metallurgy

Preliminary metallurgical test work on samples of mineralisation from the delineated resource has been completed and the results are currently under review. First indications are most encouraging as it appears that much of the resource may be amenable to upgrading by gravity

² Cube Consulting Pty Ltd is an Australian owned company providing geological and engineering consulting services, contract staff placements, and software systems to the resources and industrial sectors. The organisation is well resourced with an established office in Perth, Western Australia and has undertaken work for a number of substantial clients. Cube Consulting comprises a team of technical professionals dedicated to providing excellence of services in their field of expertise.

means before flotation processing. This could be of particular value for the lower grade components of the resource, such as the Greisen Lode and the Vein Envelope Zones.

NOTE ON SILVER EQUIVALENTS

The term “silver equivalent” is used to provide a basis for comparison with other silver – base metal deposits that contain different ratios of metals. Malachite determines silver equivalents by calculating the equivalent dollar values of base metal assays, using current metal prices, and dividing the sum of those values by the current price of silver to determine the amount of silver which has the same value as the total of the other metals; this amount is then added to the actual silver assayed to produce a total silver equivalent amount. The calculation is made on the basis of 100% metal recoveries for all metals concerned. The silver equivalent of the mineral resource reported here was calculated in this manner by Malachite using tonnage and grade figures in the table produced by Cube and applying the following metal prices: silver - \$US14.14/oz; copper - \$US7,680/t; lead - \$US3,610/t; zinc - \$US2,745/t; tin - \$US16,600/t. The base metal prices used are official LME 3-months seller prices as at 31 October 2007. Responsibility for the mineral resource estimate resides with Cube, while responsibility for the silver equivalent calculation resides with Malachite.

Malachite Resources NL – Conrad Silver Project

Resource Summary Conrad Silver Project October 2007

Lode zones	Estimated Tonnes		Estimated Grades					Metal				
		(,000)	Silver g/t	Copper %	Lead %	Tin %	Zinc %	Silver (,000 oz)	Copper t	Lead t	Tin t	Zinc t
Conrad	Indicated	76	288	0.6	2.9	0.7	1.9	700	472	2,160	503	1,430
	Inferred	-	-	-	-	-	-	-	-	-	-	-
	Total	76	288	0.6	2.9	0.7	1.9	700	472	2,160	503	1,430
King Conrad	Indicated	80	350	0.7	5.7	0.7	1.7	905	592	4,568	567	1,392
	Inferred	31	130	0.1	2.4	0.2	0.9	131	16	758	77	291
	Total	112	289	0.5	4.8	0.6	1.5	1,036	608	5,326	644	1,683
Allwell	Indicated	-	-	-	-	-	-	-	-	-	-	-
	Inferred	3	296	0.3	6.1	0.3	1.2	31	8	200	10	40
	Total	3	296	0.3	6.1	0.3	1.2	31	8	200	10	40

Vein zones	Estimated Tonnes		Estimated Grades					Metal				
		(,000)	Silver g/t	Copper %	Lead %	Tin %	Zinc %	Silver (,000 oz)	Copper t	Lead t	Tin t	Zinc t
Conrad	Indicated	125	31	0.04	0.6	0.1	0.3	125	53	787	97	420
	Inferred	-	-	-	-	-	-	-	-	-	-	-
	Total	125	31	0.04	0.6	0.1	0.3	125	53	787	97	420
King Conrad	Indicated	148	34	0.03	0.7	0.1	0.5	163	42	1,074	135	807
	Inferred	10	31	0.01	0.6	0.1	0.5	10	1	59	10	47
	Total	158	34	0.03	0.7	0.1	0.5	173	44	1,133	144	854
Allwell	Indicated	-	-	-	-	-	-	-	-	-	-	-
	Inferred	8	19	0.02	0.5	0.1	0.4	5	2	44	7	36
	Total	8	19	0.02	0.5	0.1	0.4	5	2	44	7	36

Greisen zones	Estimated Tonnes		Estimated Grades					Metal				
		(,000)	Silver g/t	Copper %	Lead %	Tin %	Zinc %	Silver (,000 oz)	Copper t	Lead t	Tin t	Zinc t
	Indicated	247	33	0.01	0.7	0.1	0.6	266	32	1,607	307	1,393
	Inferred	314	26	0.02	0.5	0.1	0.6	266	57	1,675	278	1,733
	Total	562	29	0.02	0.6	0.1	0.6	531	89	3,282	585	3,126

COMPETENT PERSON STATEMENT

The information in this report that relates to Mineral Resources is based on information compiled by Rick Adams of Cube Consulting, who is a Member of the Australasian Institute of Mining and Metallurgy. Rick Adams 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 Mineral Resources and Ore Reserves”. Rick Adams consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. Cube Consulting is an independent Perth based resource consulting firm specialising in geological modelling, resource estimation and Information Technology.

The information in this report that relates to Exploration Results, including silver equivalent calculations and pictorial representations of the mineral resources illustrated in Figures 1 and 2, 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.

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. Conrad has had two previous periods of production but has not operated for 50 years. Drilling at Conrad by Malachite has intersected narrow high grade, massive sulphide, silver-rich base metal veins, like those mined in the past, and wide zones of lower grade, disseminated and stockwork veined, polymetallic mineralisation. Preliminary economic modelling suggests that a mineral resource containing 25-30 million ounces of silver equivalent would be sufficient to support reopening of the Conrad Mine.

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 now underway.

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.

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

Garry Lowder, Managing Director or **Russell Meares, Exploration Manager**

at (02) 9411 6033.



G.G. LOWDER
Managing Director
5 November 2007

