

## **MALACHITE RESOURCES NL**

**ABN 86 075 613 268**

# **NOTICE OF ANNUAL GENERAL MEETING**

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**Notice is hereby given of the eleventh Annual General Meeting of the Company -**

**At: Saville Park Suites,  
10 Brown Street, Chatswood NSW 2067, Australia**

**On: Thursday 22 November 2007 at 10.00 am**

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## **BUSINESS**

### **1. Financial Report – Year Ended 30 June 2007**

To receive and consider the Financial Report of the Company and its controlled entities and the reports of the directors and the auditor for the financial year ended 30 June 2007.

### **2. Advisory/Non-binding Vote on Remuneration Report**

That the Remuneration Report (included in the Company's Financial Report for the year ended 30 June 2007) be adopted.

### **3. Re-election of Mr. Warren J. Staude as a Director**

To re-elect, as a director of the Company, Mr. Warren J. Staude who retires in accordance with the Constitution of the Company, and being eligible, offers himself for re-election.

### **4. Issue of Options to Dr. Garry Lowder (Chairman & Managing Director)**

To consider and, if thought fit, pass the following as an ordinary resolution:

“That, for all purposes under the Corporations Act 2001 (Cth) and the Listing Rules of the Australian Securities Exchange (including Listing Rule 10.11) and all other purposes, the Company be authorised to issue to **Dr. Garry Lowder** a total of three million (3,000,000) options to purchase fully paid ordinary shares in the capital of the Company, on the terms and for the purposes set out in the Explanatory Memorandum annexed to and forming part of this Notice of Meeting.”

The company will disregard any votes cast on Resolution 4 by:

- Dr. Garry Lowder and any associate of Dr. Garry Lowder.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

### **5. Issue of Options to Mr. Russell Meares (Executive Director)**

To consider and, if thought fit, pass the following as an ordinary resolution:

“That, for all purposes under the Corporations Act 2001 (Cth) and the Listing Rules of the Australian Securities Exchange (including Listing Rule 10.11) and all other purposes, the Company be authorised to issue to **Mr. Russell Meares** a total of two million (2,000,000) options to purchase fully paid ordinary shares in the capital of the Company, on the terms and for the purposes set out in the Explanatory Memorandum annexed to and forming part of this Notice of Meeting.”

The company will disregard any votes cast on Resolution 5 by:

- Mr. Russell Meares and any associate of Mr. Russell Meares.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## **6. Issue of Options to Mr. Denis O'Neill (Non-Executive Director)**

To consider and, if thought fit, to pass the following resolution:

“That, for all purposes under the Corporations Act 2001 and the Listing Rules of the Australian Securities Exchange (including Listing Rule 10.11) and all other purposes, the Company be authorised to issue to **Mr. Denis O'Neill** a total of three hundred thousand (300,000) options to purchase fully paid ordinary shares in the capital of the Company for the price, on the terms and for the purposes set out in the Explanatory Memorandum annexed to and forming part of this Notice of Meeting.”

The company will disregard any votes cast on Resolution 6 by:

- Mr. Denis O'Neill and any associate of Mr. Denis O'Neill.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## **7. Issue of Options to Mr. Warren Staude (Non-Executive Director)**

To consider and, if thought fit, to pass the following resolution:

“That, for all purposes under the Corporations Act 2001 and the Listing Rules of the Australian Securities Exchange (including Listing Rule 10.11) and all other purposes, the Company be authorised to issue to **Mr. Warren Staude** a total of three hundred thousand (300,000) options to purchase fully paid ordinary shares in the capital of the Company for the price, on the terms and for the purposes set out in the Explanatory Memorandum annexed to and forming part of this Notice of Meeting.”

The company will disregard any votes cast on Resolution 7 by:

- Mr. Warren Staude and any associate of Mr. Warren Staude.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## **8. Issue of Options to Mr. Roy Randall (Non-Executive Director)**

To consider and, if thought fit, to pass the following resolution:

“That, for all purposes under the Corporations Act 2001 and the Listing Rules of the Australian Securities Exchange (including Listing Rule 10.11) and all other purposes, the Company be authorised to issue to **Mr. Roy Randall** a total of three hundred thousand (300,000) options to purchase fully paid ordinary shares in the capital of the Company for the price, on the terms and for the purposes set out in the Explanatory Memorandum annexed to and forming part of this Notice of Meeting.”

The company will disregard any votes cast on Resolution 8 by:

- Mr. Roy Randall and any associate of Mr. Roy Randall.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## **9. Approval of Previous Issue of Shares & Options**

To consider, and if thought fit, to pass the following resolution:

“That, for all purposes under the Listing Rules of the Australian Securities Exchange (including Listing Rule 7.4) the shares and options issued to the parties as specified in the table incorporated in the Explanatory Memorandum annexed to and forming part of this Notice of Meeting be approved”

The company will disregard any votes cast on Resolution 9 by:

- Any of the shareholders identified in Resolution 9; and
- an associate of any of those persons.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## **10. Approve Issue of Securities under Employee and Contractors Option Plan**

To consider, and if thought fit, to pass the following resolution:

“That approval is given, under the Listing Rules of the Australian Securities Exchange Rule 7.2 – *Exception 9*, to the issue of securities under the Company’s Employee and Contractors Option Plan (the terms of which are summarised in the attached Explanatory Memorandum).”

The company will disregard any votes cast on Resolution 10 by:

- Any Director of the Company; and
- an associate of any Director of the Company.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## **ENTITLEMENT TO VOTE**

The board has determined that for the purposes of the meeting, shares will be taken to be held by the persons who are the registered holders at 7.00 pm on Tuesday 20 November, 2007. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

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## **VOTING BY PROXY**

- A member entitled to attend and vote is entitled to appoint not more than 2 proxies.
- Where 2 proxies are appointed and the appointment does not specify the proportion or number of the member’s votes each proxy may exercise, each proxy may exercise half of the votes.
- A proxy need not be a member.
- Proxy forms must be signed by a member or the member’s attorney or, if the member is a corporation, must be under its common seal, or if it does not have one, by 2 directors or by a director and a company secretary, or if it is a proprietary company that has a sole director who is also the company secretary (or has no company secretary), by that director, or under hand of its attorney or duly authorised officer. If the proxy form is signed by a person who is not the registered holder of shares in the Company, then the relevant authority must either have been exhibited previously to the Company or be enclosed with the proxy form.

To be effective, duly completed proxy forms must be:

- received by mail at **Malachite Resources NL, PO Box 5218 WEST CHATSWOOD NSW 1515**; or
- deposited at **Malachite Resources NL, Suite 1502, Keycorp Tower B, 799 Pacific Highway, CHATSWOOD**; or
- sent by fax to fax number: **02 9411 6066** (+61 2 9411 6066 from overseas)

by 10.00 am on Tuesday 20 November, 2007.

## **Annual Report**

Malachite Resources NL will now make annual reports available online for shareholders. The Australian Government recently introduced legislation changing the default option for receiving annual reports to be via a company's website rather than in hard copy. You will now be able to access timely, cost effective and *greener* online annual reports unless you have requested a printed version.

The Annual Report for the Year Ending 30 June 2007 may be downloaded from the Company's website from the homepage: [www.malachite.com.au](http://www.malachite.com.au)

or by accessing the following link:

<http://www.malachite.com.au/pdf/annual/MAR2007AnnualReport.pdf>

## **Boardroomradio Link to Annual General Meeting Presentation**

The Chairman and Managing Director – Dr. Garry Lowder has prepared an Annual General Meeting presentation which may be accessed via the following link:

**Preview link** <http://www.brr.com.au/event/MAR/989/32402/wmp/8nlp09teq0>

By Order of the Board



**Andrew J Cooke**  
**Company Secretary**  
**16 October 2007**

# EXPLANATORY MEMORANDUM TO NOTICE OF ANNUAL GENERAL MEETING

## Resolution 1.

### **Financial Report – Year Ended 30 June 2007**

The Corporations Act 2001 (“Corporations Act”) requires the financial report (which includes the financial statements and the directors’ declaration), the directors’ report and the auditor’s report to be laid before the AGM. There is no requirement either in the Corporations Act or in the Constitution of the Company for shareholders to approve the financial report, the directors’ report or the auditor’s report.

This item of business provides shareholders with an opportunity to ask questions concerning the Company’s financial statements and reports for the year ended 30 June 2007 and the Company’s performance generally.

The auditor will be attending the Annual General Meeting.

As a shareholder, you are entitled to submit a written question to the auditor prior to the Annual General Meeting provided that the question relates to:

- the content of the Auditor’s Report; or
- the conduct of the audit in relation to the Financial Report.

All written questions must be received by the Company no later than 15 November 2007. All questions must be sent to the Company and may not be sent direct to the auditor. The Company will then forward all questions to the auditor.

The auditor will answer written questions submitted prior to the Annual General Meeting.

The auditor will also answer questions at the meeting from shareholders relevant to:

- the conduct of the audit;
- the preparation and content of the Auditor’s Report;
- the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- the independence of the auditor in relation to the conduct of the audit.

## Resolution 2.

### **Advisory/Non-binding Vote on Remuneration Report**

The Directors’ Report for the year ended 30 June 2007 contains a Remuneration Report which sets out the policy on remuneration of the directors of the Company and specified executives on the Company.

The Corporations Act requires that a resolution be put to the vote that the Remuneration Report be adopted. The Corporations Act expressly provides that the vote is advisory and does not bind the directors of the Company.

Shareholder attending the AGM will be given a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report.

### **Resolution 3.**

#### **Re-election of Mr. Warren Staude as a Director**

Mr. Warren Staude has over 40 years professional experience in the mining, exploration and resource finance industries. He has worked in Government, in industry, as a private consultant and on the academic staff at Macquarie University. Warren spent a number of years with the AMP Society's resource investment team, where he was involved in evaluating the operational and financial performance of numerous resource operations. He also spent some time in the stockbroking industry, before joining GIO Australia Asset Management, where he managed GIO's listed and direct resource equity investments in Australia and internationally. Currently a non-executive director of Central West Gold NL, Frontier Resources Limited, Eagle Eye Metals Ltd and Stonehenge Metals Ltd, all ASX-listed companies. Graduate of University of Sydney (BSc), Macquarie University (MSc) and holds a Graduate Diploma from the Securities Institute of Australia. A member of the Joint Ore Reserves Committee and the Valmin Committee.

### **Resolutions 4, 5, 6, 7 and 8.**

#### **Issue of Options to Executive and Non-Executive Directors**

The issue of options to Dr. Garry Lowder and Mr. Russell Meares (executive directors and related parties of the Company) and to Mr. Denis O'Neill, Mr. Warren Staude and Mr. Roy Randall (non-executive directors and related parties of the Company) is designed to align the interests of these parties with those of the Company and its shareholders and is intended to provide incentive for each of them to further enhance the growth and value of the Company.

#### Corporate Governance

The options to be issued to the executive directors are in addition to the remuneration packages payable by the Company to each of them. The ASX Corporate Governance Council Principles of Good Corporate Governance and Best Practice Recommendations (Box 9.2) recognise that most executive remuneration packages will involve a balance between fixed and incentive pay. The options granted to executive directors constitute equity-based remuneration with performance based thresholds. The Board believes that these options are an effective tool to provide incentive to executive directors and to also promote the interests of the Company and its shareholders.

The options to be issued to the non-executive directors are in addition to the Directors Fees payable by the Company to each of them. The Board acknowledges that the issue of options to non-executive directors is a departure from the ASX Corporate Governance Council Principles of Good Corporate Governance and Best Practice Recommendations (Box 9.3). Nevertheless, the Board considers the issue of the options to non-executive directors to be an effective means to compensate non-executive directors more adequately at no cash cost to the Company, allowing it to constrain the levels of fees otherwise payable to non-executive directors and to attract suitably skilled and qualified persons to become and remain members of the Board, particularly in view of the increased responsibilities that arise as the Company advances its various projects towards potential commercial development.

The Board contemplates that options on identical terms may also be offered to management, senior executives and officers of the Company to also align the interests

of these parties with those of the Company and its shareholders and to provide incentive for each of them to further enhance the growth and value of the Company;

The performance based thresholds applicable to the options to be granted are set out herein.

### Corporations Act

Section 208 of the Corporations Act prohibits a Company from giving a financial benefit to a related party without the prior approval of members.

A “related party” for the purposes of the Corporations Act includes a director of a public company. A “financial benefit” for the purposes of the Corporations Act is widely defined and includes a public company granting options to a related party. The granting of Options to a related party as contemplated by resolutions 4 - 8 may constitute the giving of a financial benefit and accordingly the Company is seeking shareholder approval under section 208 of the Corporations Act to approve the grant of options contemplated by each of these resolutions.

The resolutions are also put pursuant to section 195 of the Corporations Act. This section permits the Directors to seek shareholder approval to a given matter where a majority of Directors have a material personal interest in a matter being considered by the Board and there are insufficient remaining independent Directors to consider the resolution. Since all of the Directors are materially interested in the resolutions as a whole, shareholder approval is also sought for the purposes of section 195 of the Corporations Act.

### The Nature of the Financial Benefits – Terms and Conditions of the Options

- Each option entitles the holder to subscribe for one ordinary share in the Company at a price which shall be calculated as being 20% above the Volume Weighted Average Price (“VWAP”) of MAR shares traded on the ASX in the 5 trading days prior to shareholder approval.
- The options will be issued for no consideration.
- The options will have a grant date of 22 November 2007.
- The options will have an expiry date of 22 November 2012. The Company will not apply to the ASX for official quotation of the options but will apply for granting of official quotation of shares issued pursuant to exercise of the options.
- Shares issued on the exercise of the options will rank equally with the then existing issued ordinary shares in the Company.
- In the event of any reorganisation (including reconstruction, consolidation, subdivision, reduction or return) of the issued capital of the Company, the options will be reorganised as required by the ASX Listing Rules, but in all other respects the terms of exercise will remain the same.
- Holders of options will not be entitled to participate in new issues of capital which may be offered to shareholders during the currency of the options without exercising their options.

- If a takeover bid is made for the shares of the Company then, at any time during the Takeover Period, the option holder may exercise each option at the exercise price, despite the fact that either it is then outside an exercise period specified in the option or a performance hurdle specified in the option has not yet been satisfied. “The Takeover Period” is from the start of the offer period until one month after the end of the offer period.
- If the Company elects to sell the underlying asset or a holding company relating to any of the projects referred to in the table of performance based triggers below, the option holder may exercise each option at the exercise price, despite the fact that either it is then outside an exercise period specified in the option or a performance hurdle specified in the option has not yet been satisfied. The period in which the options holder may exercise options is from the date that the agreement to sell is entered into until one month after the completion of the sale.
- The options shall vest in different tranches upon the achievement of certain performance based triggers as set out below

Amount Vesting	Vesting Trigger
<p><b>Tranche 1:</b> 30%</p> <p>increasing to 40% if two of the Tranche 1 triggers are met before any of the Tranche 2 triggers are met</p>	<p><b>The first to occur of:</b> The definition and release to ASX of a JORC-compliant resource (at least 50% in the indicated category) ...</p> <p>(a) in the case of Conrad, containing 15 million ounces of silver equivalent, <b>OR</b> (b) in the case of Tooloom, containing 250,000 ounces of gold equivalent, <b>OR</b> (c) in the case of Mt Lidster and/or Volga containing not less than 25,000 tonnes of copper equivalent, <b>OR</b> (d) in any other case, containing an in-ground metal value of at least \$100 million.</p>
<p><b>Tranche 2:</b> 45%</p> <p>increasing to 50% if two of the Tranche 2 triggers are met before any of the Tranche 3 triggers are met</p>	<p><b>The first to occur of:</b> The definition and release to ASX of a JORC-compliant resource (at least 50% in the indicated category) which ...</p> <p>(a) in the case of Conrad, increases the total contained silver equivalent to 30 million ounces, <b>OR</b> (b) in the case of Tooloom, increases the total contained gold equivalent to 500,000 ounces, <b>OR</b> (c) in the case of Mt Lidster and/or Volga, increases the total contained copper equivalent to 50,000 tonnes, <b>OR</b> (d) in any other case, increases the total contained in-ground metal value to at least \$200 million.</p>
<p><b>Tranche 3:</b> Any outstanding balance</p>	<p>Completion of a bankable feasibility study which demonstrates the economic viability of any mine (including Conrad, Tooloom, Mt Lidster/Volga, Elsmore, or an as yet unidentified project) in which Malachite has an interest that generates a cash flow to Malachite of at least \$5 million p.a. for at least 5 years.</p>

## Directors Interests and Recommendations

Each of the Directors named in resolutions 4 - 8 has an interest in the outcome of the resolution in which they are named by reason of the benefit that they will receive if each relevant resolution is passed, and therefore declines to make a recommendation to shareholders in relation to that resolution.

Your Directors (other than Dr. Lowder) recommend that members vote in favour of Resolution 4.

Your Directors (other than Mr. Meares) recommend that members vote in favour of Resolution 5.

Your Directors (other than Mr. O'Neill) recommend that members vote in favour of Resolution 6.

Your Directors (other than Mr. Staude) recommend that members vote in favour of Resolution 7.

Your Directors (other than Mr. Randall) recommend that members vote in favour of Resolution 8.

## Other Information that is reasonably required by the shareholders to make a decision and that is known to the Company or any of its Directors

If all of the Options to be issued under Resolutions 4 - 8 are exercised and no further shares are issued by the Company in the meantime, the total number of ordinary fully paid shares issued would increase by 5,900,000 to 111,091,953 and the newly issued shares would comprise 5.3% of the issued shares at that time. The effect will be to dilute the shareholding of existing shareholders by approximately 5.6% on an undiluted basis (based on 105,191,953 shares currently on issue).

The following table sets out the current entitlement (both directly and indirectly) of the Directors to ordinary fully paid shares in the Company and their entitlement if they exercised all of the Options referred to in Resolutions 4 - 8, and no other shares are issued by the Company. The final column shows the % interest of Directors assuming that all of the listed MAROA options (with an exercise price of 20 cents) have also been exercised.

<b>Director</b>	<b>No. of Shares (current)</b>	<b>No. of Shares (post resolutions and post exercise)</b>	<b>% of Issued Capital (post resolutions and post exercise)</b>	<b>% of Issued Capital (post resolutions and post exercise) + Post exercise of all listed MAROA Options</b>
Dr. Garry Lowder	5,099,997	8,099,997	7.29	6.07
Mr. Russell Meares	688,750	2,688,750	2.42	1.98
Mr. Denis O'Neill	0	300,000	0.27	0.21
Mr. Warren Staude	90,000	390,000	0.35	0.30
Mr. Roy Randall	1,921,753	2,221,753	2.00	1.64

In addition, the following table sets out the current entitlement (both direct and indirect) of the Directors to existing options (both listed and unlisted) over fully paid shares in the Company.

<b>Director</b>	<b>No. of Options (current)</b>
Dr. Garry Lowder	1,837,497
Mr. Russell Meares	1,140,000
Mr. Denis O'Neill	250,000
Mr. Warren Staude	290,000
Mr. Roy Randall	380,000

Details of other remuneration received by the Directors during the financial year ended 30 June 2007 and disclosed in the 2007 Annual Report are as follows:

	<b>Cash Salary and Fees</b>	<b>Cash Bonus</b>	<b>Superannuation Contributions</b>	<b>Long Service Leave</b>	<b>Options</b>	<b>Total</b>
	\$	\$	\$	\$	\$	\$
Dr GG Lowder	179,110	-	16,120	10,155	31,193	236,578
Mr RD Meares	167,900	8,000	15,831	12,171	24,954	228,856
Mr D O'Neill	13,740	-	1,237	-	6,238	21,215
Mr W Staude	13,740	-	1,237	-	6,238	21,215
Mr RM Randall	12,709	-	-	-	6,238	18,947

The lowest and highest price of shares in the Company in the past 12 months on the ASX was 19 cents on 28 February, 5, 6 and 30 March and 2 April 2007 and 43.0 cents on the 12 day of June 2007 respectively.

The closing price of shares in the Company on 4 October 2007, the last trading day before lodgement of the Notice of Annual General Meeting and Explanatory Statement with the ASIC was 27 cents.

The assumed exercise price of 32.4 cents represents a 20% premium over the closing price of shares in the Company on 4 October 2007. It should be noted that the closing price on 12 October 2007 was 37 cents and if this is the VWAP share price at the date of grant then the option exercise price will be 44.40 cents.

It is a requirement of ASIC that a dollar value be placed on the Options to be issued in these circumstances. The Binomial option price calculation method has been used to value the Options based on the assumed exercise price of 32.4 cents. In determining the value of the Options, the following inputs have been assumed:

- a) options are granted for no consideration have a five year life vesting in 3 tranches subject to a performance triggers (see above);
- b) exercise price: \$0.324 (20% more than share price at grant date);
- c) grant date: 22/11/07
- d) expiry date: 22/11/12
- e) share price at grant date: 22/11/07 estimated \$0.27
- f) expected price volatility of the company's shares: 80%
- g) expected dividend yield: 0.00%
- h) risk-free interest rate: 6.10%
- i) probability rate Tranche 1: 50% Tranche 2 : 25% Tranche 3 : 10%

Based on the above, the value of the Options to be issued is 5.06 cents each. Accordingly the total balance sheet impact attributable to the granting of these options is \$298,540 over the 5 year term of the options.

From an economic and commercial point of view the Board considers that the potential cost and detriment to the Company resulting from the granting of these Options is nominal given that the Options are out of the money at the date of the issue and only vest upon the achievement of significant milestones in the Company's ongoing development. Furthermore, the Board considers it important to adequately compensate Executive Directors and non-executive directors in order to attract and retain such people with appropriate qualifications and skills to be able to contribute to the success of the Company.

In determining the number and terms of the options to be issued to each Director, consideration was given to the relevant experience and role of each Director, each Director's overall remuneration terms, the current market price of shares in the Company and the terms of the recent option packages granted to directors of other companies within the sector in which the Company operates.

### ASX Listing Rules

ASX Listing Rule 10.11 provides that a company must not issue equity securities to a related party of the company, such as a director, without the company obtaining the approval by ordinary resolution of its shareholders. The Company is seeking approval of shareholders under ASX Listing Rule 10.11 to allow the Company to issue these options (up to a maximum of 5,900,000 options in aggregate) to Dr. Garry Lowder, Mr. Russell Meares, Mr. Denis O'Neill, Mr. Warren Staude and Mr. Roy Randall. If shareholders approve the issue of options under ASX Listing Rule 10.11, approval is not required under ASX Listing Rule 7.1.

The Options will be issued for no cost and no funds will be raised from the issue of the options unless and until they are exercised. The amount of funds raised from the exercise of all of the options the subject of Resolutions 4 – 8 will amount to a total of approximately \$1.9 million. If such options are exercised these funds will form part of the working capital of the Company.

No other shares or options have been issued to directors of the Company pursuant to any share or option incentive scheme in the past 12 months (with the exception of options issued pursuant to the approval of shareholders at the Company's 2006 Annual General Meeting which was held on 23 November 2006).

Subject to the approval of resolutions 4 - 8 the issue of a maximum of five million nine hundred thousand (5,900,000) options, as referred to in these resolutions, will be issued to the Directors (effective as at the date of this meeting) as soon as practicable after the date of the meeting and in any event within one month.

## **Resolution 9.**

### **Approval of Previous Issue of Shares & Options**

The Company has issued the following securities:

- 100,000 fully paid ordinary shares;
- 2,250,000 listed MAROA options; and

to the persons and on the terms as set out in the table below.

<b>Date of Issue</b>	<b>Party to whom shares have been Issued</b>	<b>Number and Type of Securities Issued</b>	<b>Issue Price/Consideration per Security Issued</b>
4 June 2007	Volga Elderberry Pty Ltd	2,250,000 MAROA Options @ 20 cents	Issued as consideration for Volga Elderberry Farm-In
14 June 2007	Tooloom Gold Pty Ltd	100,000 Ordinary Fully Paid Shares	Issued as consideration for services provided

ASX Listing Rule 7.1 limits the number of equity securities that a company may issue without member approval to 15% of the issued capital of the company in any 12 month period (subject to certain exceptions).

ASX Listing Rule 7.4 allows an issue of securities to be subsequently approved by shareholders and treated as having been made with approval of shareholders for the purpose of ASX Listing Rule 7.1. The Company is seeking subsequent shareholder approval for the issue of shares under ASX Listing Rule 7.4 to refresh the Company's capacity to issue up to 15% of its issued shares, if required, in the next 12 months without the need to obtain shareholder approval.

All of the shares being the subject of this resolution are ordinary fully paid shares which rank equally with all of the Company's existing ordinary fully paid up shares and are quoted on the ASX.

The listed MAROA options have an exercise price of 20 cents and are exercisable on or before 31 August 2008.

No funds were raised from the issue of these securities. Funds raised upon the exercise of options (if exercised) will be used to advance the Company's various exploration projects and for working capital.

## **Resolution 10.**

### **Approve Issue under Employee and Contractors Option Plan**

This item of business deals with an approval, for the purposes of the Australian Stock Exchange Listing Rule 7.2 – *Exception 9*, to the issue of securities under the Company’s Employee and Contractors Option Plan.

The terms of the Company’s Employee and Contractors Option Plan (“**Plan**”) are summarised below.

The Plan was previously approved by shareholders at an Extraordinary General Meeting held on 15 September 2004. The Company is seeking further approval in order to maintain compliance with Listing Rule 7.2 – *Exception 9*.

Since the Plan was last approved on 15 September 2004 a total of 1,495,000 options have been issued to employees and contractors in accordance with the terms of the Plan. Of these options issued 150,000 have been exercised by the option holders and 225,000 have lapsed by reason of the option holders ceasing employment with the Company. There are 1,120,000 options currently issued under the plan.

### **Commencement**

- The Plan commenced on the day that approval for introduction of the Plan was first given by the Directors, such date being 9 August 2004.

### **Eligible Persons**

- Only “Eligible Persons” (and their “Associates”, as that term is defined in the rules of the Plan) may be invited to participate in the Plan. “Eligible Persons” include:
  - (a) a full-time employee of the Company Group;
  - (b) a permanent part-time employee of the Company Group;
  - (c) a Qualifying Contractor;
  - (d) a full-time, or permanent part-time, employee of a Qualifying Contractor;
  - (e) a person who is a director, alternate director or company secretary of the Company or any entity in the Company Group.
- An Eligible Person to whom an invitation to participate in the Plan has been issued may, in accepting such invitation, nominate a person who is an Associate of the Eligible Person to be the grantee of the Options offered.
- The Directors of the Company have an absolute discretion as to:
  - (a) which Eligible Persons will be invited to participate in the Plan; and
  - (b) the number of Options to be made available to each such Eligible Person.
- After acceptance of an invitation, the Directors of the Company may in their absolute discretion determine:
  - (a) not to grant the Options specified in the invitation; or
  - (b) grant Options which differ in number or their terms from that specified in the invitation.

### **Limitation to size of Plan**

- At any particular point of time the total of:
  - a) the number of Shares the subject of Options which are both unexercised and unexpired; and
  - b) the number of Shares issued as a result of the exercise of Options,must not exceed 5% of the number of Shares on issue at that time.

### **Consideration for grant**

- No consideration is payable by any person in respect of the grant by the Company of an Option under the Plan.

### **Exercise price**

- At the time of issuing an invitation to participate in the Plan, the Directors will specify the proposed Exercise Price of each Option.

### **Requirements**

- The Directors may also specify:
  - (a) the days on which, or periods during which, the Options are exercisable; and
  - (b) the performance hurdles, if any, that must be satisfied before any Option is exercisable; and
  - (c) any other requirements that must be satisfied before any Option is exercisable.

### **Takeover**

- If a takeover bid is made for the Company then, at any time during the Takeover Period (that is, from the start of the offer period until one month after the end of the offer period):
  - (a) the Company may give the Option Holder not less than 21 days written notice of the intention of the Company to cancel one or more of the Options with effect from the expiry of the Takeover Period;
  - (b) the Company may, at any time after expiry of that notice and during the Takeover Period, cancel the number of Options in respect of which it gave notice under paragraph (a) by giving the Option Holder a written notice to that effect;
  - (c) the Option Holder may exercise each Option at the exercise price, despite the fact that either it is then outside an exercise period specified in the Option Certificate or a performance hurdle specified in the Option Certificate has not yet been satisfied.

### **Rules binding**

- Each Eligible Person or Associate who accepts an invitation to take up Options under the Plan, and each Option Holder, is bound by the Rules of the Plan and each Option Holder who exercises an option and is allotted a Share is bound by the Constitution of the Company in the same way as any other holder of Shares.

## **Powers of Directors**

- The Plan will be administered by the Directors of the Company who have power at any time to:
  - (a) determine the exercise price of Options and the manner in which the exercise price is specified;
  - (b) determine appropriate procedures for administration of the Plan;
  - (c) resolve all questions of fact or interpretation arising in connection with the Plan;
  - (d) subject to any restrictions imposed by the Corporations Act 2001 or the Listing Rules, add to, delete or otherwise vary the Plan Rules.

## **Exercise**

- An Option may only be exercised if it has not yet lapsed, has not been cancelled, and the performance hurdles and other requirements in the Option Certificate have been satisfied.

## **Shares**

- Each Share allotted as a result of the exercise of an Option will rank pari passu with all other Shares which comprise the main class of Shares quoted on the ASX. Following allotment of a Share as a result of the exercise of an Option, the Company will make application, within the period specified in the Listing Rules, for the new Share to be quoted on the ASX.

## **No listing of Options**

- The Options will not be listed or quoted on any stock exchange.

## **No transfer**

The Option Holder must not sell, transfer, mortgage, pledge or otherwise encumber an Option at any time (although Options may be transferred to an Associate in certain circumstances with the prior written consent of the Directors).

## **Lapsing of Options**

- Each Option will lapse on the earliest to occur of:
  - (a) the end of the date, if any, specified in the Option Certificate as the date on which the Option expires or lapses;
  - (b) if when the Option was granted the Option Holder was an Eligible Person, the date 90 days after the Option Holder ceases to be an Eligible Person, regardless of the reasons or causes for the Option Holder ceasing to be an Eligible Person;
  - (c) if when the Option was granted the Option Holder was an Associate of an Eligible Person, the earlier to occur of:
    - (i) the date 90 days after the Eligible Person ceases to be an Eligible Person;
    - (ii) the date on which the Option Holder ceases to be an Associate of the Eligible Person.

## Participation in dividends and new issues

- Each Option does not give any right to participate in dividends declared or paid on existing Shares. However, a Share allotted pursuant to the exercise of the Option is entitled to participate in those dividends where the record date for the dividend is after the date the Share is allotted.

## Bonus issues

- If at any time after the date an Option is granted and before it is exercised there is a bonus issue to the holders of Shares, the number of Shares over which the Option is exercisable will be increased by the number of Shares which the Option Holder would have received if the Option had been exercised before the record date for the bonus issue.

## Rights issues

- If at any time after the date an Option is granted and before it is exercised there is a pro rata issue (other than a bonus issue) to the holders of Shares, the exercise price of each unexercised Option will be reduced such that the new exercise price of the Option is equal to the old exercise price of the Option less a value attributed to the right as calculated in accordance with the following formula;

$$\frac{E[P - (S + D)]}{N + 1}$$

where:

“E” = the number of Shares into which one Option is exercisable;

“P” = the average market price per Share (weighted by reference to volume) during the 5 trading days ending on the day before the ex rights date or ex entitlements date (calculated in accordance with Listing Rule 6.2.2.2);

“S” = the subscription price for a security under the pro rata issue;

“D” = the dividend due but not yet paid on existing Shares (except those to be issued under the pro rata issue);

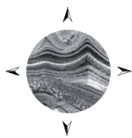
“N” = the number of Shares with rights or entitlements that must be held to receive a right to one new security.

## Reorganisation of share capital

- The rights of an Option Holder will be changed to the extent necessary to comply with the Listing Rules applying to any reorganisation of the capital of the Company (at any time after the Options are granted) at the time of the reorganisation.

## **ASX events**

- If any of the following events occurs:
    - (a) a trading halt, suspension of quotation of Shares on the ASX, reinstatement of such quotation, or ending of such quotation; or
    - (b) the removal of the Company from the official list of the ASX,
- then:
- (i) any unexercised Options do not, by reason of that event alone, lapse; and
  - (ii) the terms of each Option Certificate remain unaltered in their application (with no extension of time being granted) even though this may mean that either the Company or the Option Holder is thereby prevented from satisfying, effecting or complying with a provision of the Option Certificate; and
  - (iii) the Option Holder has no claim for damages against the Company, regardless of the reason or cause of such event occurring.



# **Malachite Resources NL**

**ABN 86 075 613 268**

Suite 1502, Keycorp Tower B  
799 Pacific Highway  
CHATSWOOD NSW 2067  
Tel. (02) 9411 6033 Fax (02) 9411 6066  
**[www.malachite.com.au](http://www.malachite.com.au)**



**All correspondence to:**

Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia  
Enquiries (within Australia) 1300 556 161  
(outside Australia) 61 3 9415 4000  
Facsimile 61 8 8236 2305  
www.computershare.com

Mark this box with an 'X' if you have made any changes to your address details (see reverse)



000001 000 MAR  
MR JOHN SMITH 1  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

Securityholder Reference Number (SRN)

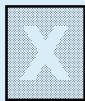


I 1234567890

I N D

**Appointment of Proxy**

I/We being a member/s of Malachite Resources NL and entitled to attend and vote hereby appoint



the Chairman  
of the Meeting  
(mark with an 'X')

OR



If you are not appointing the Chairman of the Meeting as your proxy please write here the full name of the individual or body corporate (excluding the registered Securityholder) you are appointing as your proxy.

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Malachite Resources NL to be held at Saville Park Suites, 10 Brown Street, Chatswood, NSW, 2067, Australia on Thursday 22 November 2007 at 10.00 am and at any adjournment of that meeting.



**IMPORTANT: FOR ITEMS 4 AND 10 BELOW**

If the Chairman of the Meeting is your nominated proxy, or may be appointed by default, and you have not directed your proxy how to vote on Items 4 and 10 below, please place a mark in this box. By marking this box you acknowledge that the Chairman of the Meeting may exercise your proxy even if he has an interest in the outcome of those items and that votes cast by him, other than as proxy holder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Items 4 and 10 and your votes will not be counted in computing the required majority if a poll is called on these items. The Chairman of the Meeting intends to vote undirected proxies in favour of each of these items.

**Voting directions to your proxy - please mark to indicate your directions**

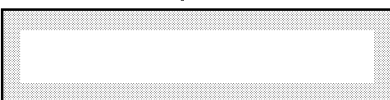
	For	Against	Abstain*		For	Against	Abstain*
2. Adopt the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7. Issue of Options to Mr. Staude	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Re-elect Mr. Staude	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8. Issue of Options to Mr. Randall	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Issue of Options to Dr. Lowder	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9. Previous Issue of Shares and Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Issue of Options to Mr. Meares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10. Approve Issue of Securities under Employee and Contractors Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Issue of Options to Mr. O'Neill	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

In addition to the intention advised above, the Chairman of the Meeting intends to vote undirected proxies in favour of each of the other items of business.

\* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

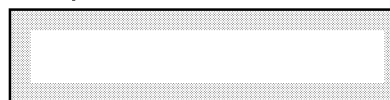
**PLEASE SIGN HERE** This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Securityholder 1



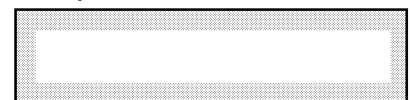
Sole Director and  
Sole Company Secretary

Securityholder 2



Director

Securityholder 3



Director/Company Secretary

In addition to signing the Proxy Form in the above box(es) please provide the information below in case we need to contact you.

Contact Name

Contact Daytime Telephone

Date

/ /



# How to complete the Proxy Form

## 1 Your Address

This is your address as it appears on the company's Securities register. If this information is incorrect, please mark the box and make the correction on the form. Securityholders sponsored by a broker (in which case your reference number overleaf will commence with an 'X') should advise your broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

## 2 Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the individual or body corporate you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the full name of that individual or body corporate in the space provided. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

## 3 Votes on Items of Business

You may direct your proxy how to vote by placing a mark in one of the three boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

## 4 Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's Securities registry or you may copy this form.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

## 5 Signing Instructions

You must sign this form as follows in the spaces provided:

- Individual: where the holding is in one name, the holder must sign.
- Joint Holding: where the holding is in more than one name, all of the securityholders should sign.
- Power of Attorney: to sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.
- Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

If a representative of a corporate Securityholder or proxy is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the company's Securities registry or at [www.computershare.com](http://www.computershare.com).

## Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below no later than 48 hours before the commencement of the meeting at 10.00 am on Thursday 22 November 2007. Any Proxy Form received after that time will not be valid for the scheduled meeting.

### Documents may be lodged:

IN PERSON Malachite Resources NL, Suite 1502, Keycorp Tower B, 799, Pacific Highway, Chatswood, NSW, 1515, Australia  
BY MAIL Malachite Resources NL, PO Box 5218, West Chatswood, NSW, 1515, Australia  
BY FAX +61 2 9411 6066

IF UNDELIVERABLE PLEASE RETURN TO:  
GPO Box 1903  
Adelaide South Australia 5001  
Australia

POSTAGE  
PAID  
AUSTRALIA



000002 000 MARRM  
MR JOHN SMITH 1  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030





# Malachite Resources NL

ABN 86 075 613 268

## Computershare

**All correspondence to:**

Computershare Investor Services Pty Limited  
GPO Box 1903 Adelaide  
South Australia 5001 Australia  
Enquiries (within Australia) 1300 556 161  
(outside Australia) 61 3 9415 4000  
Facsimile 61 8 8236 2305  
web.queries@computershare.com.au  
www.computershare.com



000002 000 MARRM  
MR JOHN SMITH 1  
FLAT 123  
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THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

Dear Securityholder,

We have been trying to contact you in connection with matters arising from your securityholding in Malachite Resources NL. Unfortunately, our correspondence has been returned to us marked "Unknown at the current address". For security reasons we have flagged this against your securityholding which will exclude you from future mailings of items such as our annual report. However, we are required by law to continue mailing notices of meetings to you.

We value you as a securityholder and request that you supply your current address so that we can keep you informed about Malachite Resources NL. Where correspondence has been returned to us in error, please let us know so we may correct our records. Upon notification of your new address, or receipt of your advice that an error has occurred, we will remove the flag against your securityholding, thus ensuring you receive all future mailings.

You are requested to include the following;

- Securityholder Reference Number (SRN) or Holder Identification Number (HIN);
- ASX trading code;
- Name of company in which security is held;
- Old address; and
- New address.

Please ensure that the notification is signed by all holders and forwarded to our Share Registry at:

Computershare Investor Services Pty Limited  
GPO Box 1903  
Adelaide South Australia 5001  
Australia

In addition, if your holding is sponsored within the CHESS environment you need to advise your sponsoring participant (in most cases this would be your broker) of your change of address so that your records with CHESS are also updated.

Yours sincerely

Andrew J Cooke  
Company Secretary  
Malachite Resources NL





**All correspondence to:**

Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia  
Enquiries (within Australia) 1300 556 161  
(outside Australia) 61 3 9415 4000  
Facsimile 61 8 8236 2305  
www.computershare.com

Mark this box with an 'X' if you have made any changes to your address details (see reverse)



000002 000 MARRM  
MR JOHN SMITH 1  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

Securityholder Reference Number (SRN)



**Appointment of Proxy**

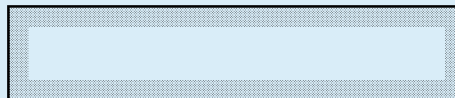
I N D

I/We being a member/s of Malachite Resources NL and entitled to attend and vote hereby appoint



the Chairman  
of the Meeting  
(mark with an 'X')

OR



If you are not appointing the Chairman of the Meeting as your proxy please write here the full name of the individual or body corporate (excluding the registered Securityholder) you are appointing as your proxy.

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Malachite Resources NL to be held at Saville Park Suites, 10 Brown Street, Chatswood, NSW, 2067, Australia on Thursday 22 November 2007 at 10.00 am and at any adjournment of that meeting.



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**Voting directions to your proxy - please mark to indicate your directions**

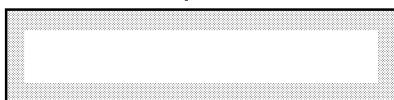
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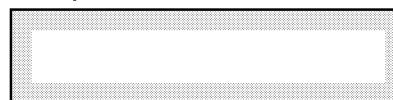
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Individual or Securityholder 1



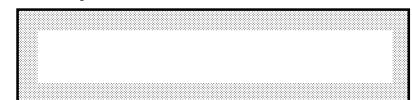
Sole Director and  
Sole Company Secretary

Securityholder 2



Director

Securityholder 3



Director/Company Secretary

In addition to signing the Proxy Form in the above box(es) please provide the information below in case we need to contact you.

Contact Name

Contact Daytime Telephone

Date

/ /



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BY MAIL Malachite Resources NL, PO Box 5218, West Chatswood, NSW, 1515, Australia  
BY FAX +61 2 9411 6066