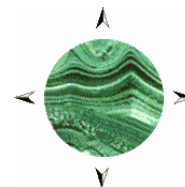


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ASX Announcement

Code: MAR

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DRILLING COMMENCES AT MALACHITE'S COPPER PROJECTS NEAR MT ISA

HIGHLIGHTS

- Drilling has commenced at the Company's copper projects near Mt Isa in northwest Queensland.
- High grade massive sulphide lodes and coarse grained, disseminated copper mineralisation are being targeted.
- Initial drilling is at the Volga Prospect.
- The rig will move on to drill at Mt Lidster next month.

Malachite Resources NL (ASX: MAR) advises that drilling has commenced at its copper projects located northeast of Mount Isa in northwest Queensland (Fig. 1). At least 2,000m of diamond drilling is scheduled to take place at Volga Elderberry and Mt Lidster before the end of 2007.

The initial target comprises high grade, massive sulphide lodes at the Volga Prospect, where the best intersection in earlier drilling was 13.8m @ 2.9% Cu and 0.5g/t Au (including 2.5m @ 11.9% Cu and 1.9g/t Au) and a recent geophysical survey has identified a series of anomalous electrical conductors. Separate, coarse to very coarse grained, disseminated chalcopyrite mineralisation in calc-silicate host rock (Fig. 2) will also be targeted. The geological setting at Volga is thought to be analogous to that of Ernest Henry and other iron-oxide copper-gold deposits in the region.

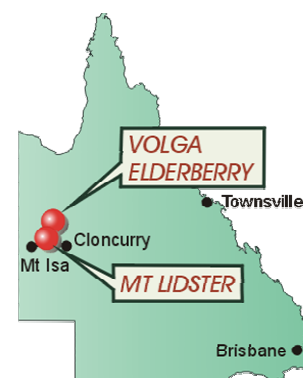


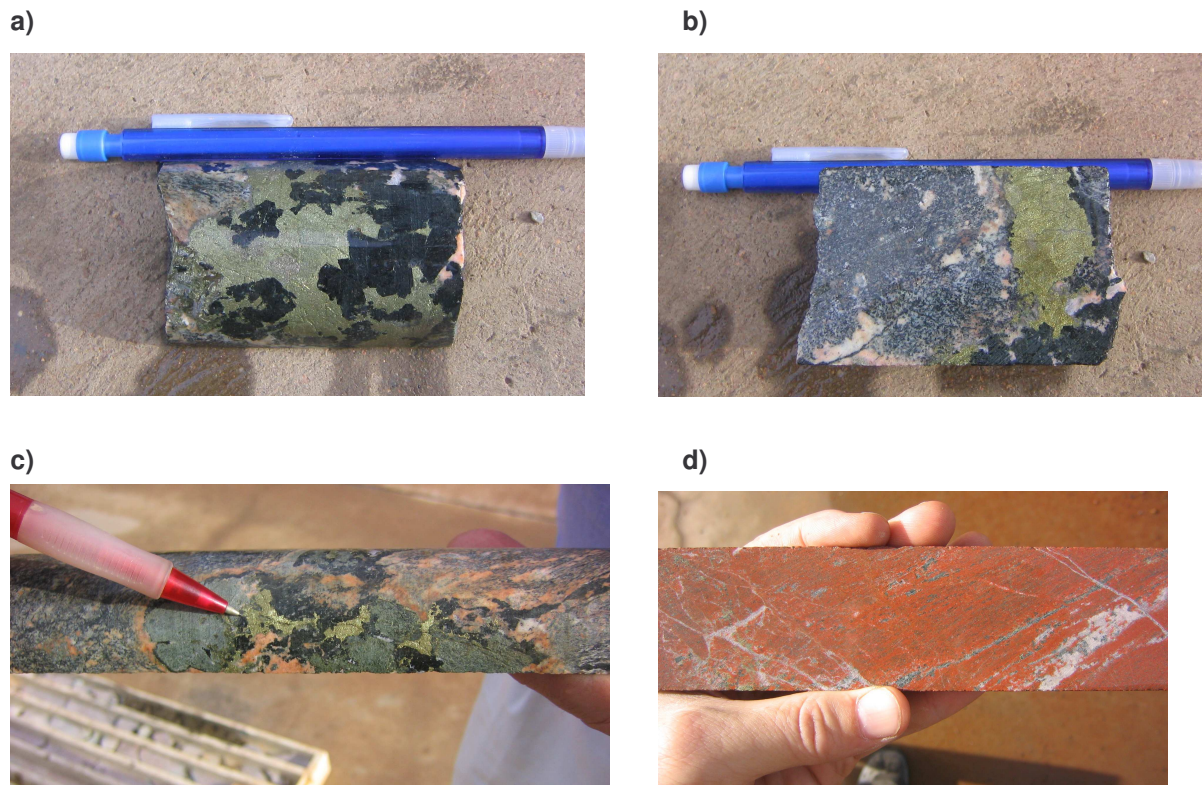
Figure 1: Malachite's copper projects in the Mt Isa region

Next month the rig will relocate to Mt Lidster, where previous drilling by the Company has intersected very encouraging copper mineralisation, including 18m @ 2.4% Cu (including 2m @ 9.8% Cu). This mineralisation is associated with a well defined linear structure which is variably mineralised with massive copper sulphide and copper-bearing quartz. Recent geophysical surveying has outlined several discrete electrical conductors both within and outside of this structure and these will also be targeted in the forthcoming drilling.

For further information please 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
11 October 2007

Figure 2: Examples of coarse grained, disseminated copper mineralisation from Volga (a,b,c) and associated “red-rock” alteration (d).



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, 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 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 green fields 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.