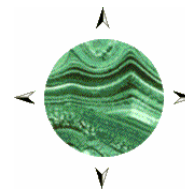


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ASX Announcement

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NEW COPPER PROJECT FOR MALACHITE AT MT ISA: URANIUM POTENTIAL ALSO RECOGNISED

Malachite has given its Mt Isa region copper exploration program a major boost by farming-in to the very promising Volga Elderberry Copper Project, which also has uranium potential.

Key Points:

- **Prior drilling at Volga Elderberry has intersected multiple copper lodes, including some very high grade primary copper sulphide mineralisation.**
- **Numerous copper prospects exist within the large, 215 km² project, only a few of which have been drilled so far.**
- **Both high grade lode and “Ernest Henry” Type iron oxide-copper-gold deposits will be targeted.**
- **The area is also prospective for Mary Kathleen Type uranium deposits.**
- **Malachite can earn a 50% interest by spending \$3 million on exploration over three years.**

Malachite Resources NL (**ASX: MAR**) (“**Malachite**”) advises that it has entered into a farm-in agreement with Volga Elderberry Pty. Ltd. (“**VEL**”) in terms of which Malachite may explore a large group of very prospective tenements known as Volga Elderberry, located about 50km northeast of Mt Isa in northwest Queensland (Fig. 1). Recent drilling by VEL has produced highly encouraging copper intersections at Volga, one of many copper prospects identified within the property. VEL’s results include:

**VEDD01: 13.8m¹ @ 2.92% Cu and 0.49g/t Au,
Including: 2.5m @ 11.85% Cu and 1.86g/t Au;**

VEL04: 2m @ 1.92% Cu;

VEL08: 4m @ 1.66% Cu.

The Volga Elderberry Project lies roughly 35km north of **Mt Lidster**, another copper project over which Malachite recently acquired an option to purchase. The Company has intersected excellent copper grades in recent drilling at Mt Lidster, such as 18m @ 2.4% Cu, including 2m @ 9.8% Cu (see MAR ASX Release dated 30 January 2007).



Figure 1: Location map for Malachite copper projects in NW Qld., showing Mt Lidster and the new Volga Elderberry property

Malachite was attracted to Volga Elderberry by its obvious potential for multiple copper lodes like those already intersected in the holes drilled by VEL, as well as by its high prospectivity for iron oxide-copper-gold deposits of “Ernest Henry” Type. Some of the key tenements have been in private hands for about 50 years and have seen minimal modern exploration. The new project covers about 215km² and, together with Mt Lidster, will give Malachite significant critical mass in its plans to become a prominent participant in the Mt Isa Copper Province.

¹ From 128.7m to 142.5m down-hole; true widths are approx. 50% of down-hole length.

An earlier geological study commissioned by VEL identified potential for uranium mineralisation at Volga Elderberry, analogous to that found at Mary Kathleen, an old uranium mine located 40km to the south. Malachite intends to investigate this potential further, although it is emphasised that no uranium prospects are presently known on the Volga Elderberry tenements.

A full review of all prior exploration at Volga Elderberry will be carried out over the coming weeks, in preparation for a major field exploration and drilling program to commence following the current wet season. That program will target the high grade lodes discovered by VEL and also investigate the regional potential for iron oxide-copper-gold and uranium deposits, commencing with follow up of large, untested geochemical and magnetic anomalies. Details of the farm-in arrangements are set out below.

Farm In Arrangements – Malachite may earn 50% of VEL's interests in the Volga Elderberry property by spending \$3 million on exploration of the property over three years, with a minimum commitment of \$1 million in not more than 18 months. The interest earned will represent 50% of ML 2446, EPM 14133, EPM(A) 15510 and EPM(A) 15640, where VEL currently holds a 100% interest, 50% of EPM(A) 16065, where Malachite currently holds a 100% interest, and 33% of ML 90018, ML 90019, MLA 90130, MLA 90131 and MLA 90132, where VEL currently holds a 66% interest.

In addition, Malachite will reimburse VEL for part of its prior exploration costs by payment of \$225,000 in cash. Malachite will also issue 2,250,000 MAROA listed options to VEL as part of the consideration for entering into the farm-in agreement. The Company will issue a further 1,000,000 options on each of 30/6/2008 and 30/6/2009, unless it withdraws from the farm-in prior to that time. Those options will be unlisted and will have a two-year term, with an exercise price of 25 cents.

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 significant greenfields gold discovery, called **Phoenix**, at Tooloom, in northeast NSW and in mid 2006 entered into a farm-in agreement with Newmont Australia Ltd., whereby Newmont may earn a 51% interest in the Tooloom Gold Project by spending \$5 million on exploration over five years.

Elsewhere in northern NSW the Company is evaluating the scope to reopen the old **Conrad** silver mine near Inverell. Drilling at Conrad by Malachite has intersected both high grade, polymetallic silver-base metal mineralisation and lower grade disseminated polymetallic mineralisation with open pit potential. The outlook for the project is very promising and detailed drilling for resource estimation purposes has just commenced.

In northwest Queensland the Company's **Mt Lidster** Copper Project has produced some superb high grade copper intersections in recent drilling by Malachite and more work is planned after the current wet season.

About VEL – Volga Elderberry Pty. Ltd. is a private company that holds rights to the Volga Elderberry tenements. Mr John Walton, a director of VEL, is the grandson of Clem Walton, one of the two men who made the original discovery of uranium at Mary Kathleen.

For further information please visit the Company's website: www.malachite.com.au
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G.G. LOWDER
Managing Director
5 February 2007

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.