

Malachite Resources NL

ABN 86 075 613 268

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3 September 2007

Dear Shareholder

INVITATION TO PARTICIPATE IN THE MAR SHARE PURCHASE PLAN

I am pleased to advise that your Board of Directors has decided to invite shareholders once again to participate in the Company's Share Purchase Plan ("the Plan"). The Plan entitles shareholders in the Company, irrespective of the size of their shareholding, to purchase up to \$5,000 worth of MAR shares at \$0.25 per share.

As an incentive to shareholders, the purchase price of the new shares to be offered under the Plan has been set at 25 cents. This represents a discount of approximately 10% to the volume weighted average market price of shares in the Company for the 5 trading days up to and including 31 August 2007.

You should note that the market price of the Shares may rise or fall between the date of this offer and the date when the shares are allotted. This means that the price you pay per share under this offer may exceed the market price of MAR Shares at the time the shares are allotted to you. Accordingly, you should seek your own financial advice in relation to this offer and your participation under the Plan.

This letter and enclosed Terms and Application Form set out the terms and conditions of the offer under the Plan. By accepting the offer to purchase shares under the Plan, you will have agreed to be bound by those terms and conditions. **The offer closes Friday 28 September 2007**

The last offer made under the Plan was completed on 30 June 2006 so all shareholders with a registered address in Australia or New Zealand as at 5.00pm on 31 August 2007 are eligible to participate in the Plan.

REASONS FOR INVITING PARTICIPATION IN THE SHARE PURCHASE PLAN

Malachite Resources has achieved substantial growth since its last capital raising, which was completed in November 2006. The Company's Conrad Silver Project, in particular, has emerged as our flagship project and a potential "company-maker", with the current resource delineation drilling continuing to produce excellent results. An estimate of mineral resources at shallow levels in the King Conrad part of the system, which has been the focus of recent drilling, is expected within about two months.

Your Directors believe that, given the continued success we are having at Conrad, we should push ahead as quickly as possible to establish sufficient resources to support a mining scoping study, leading on to feasibility and mine development if the results continue to be positive. The Conrad mineralisation contains significant levels of silver, copper, lead, zinc, tin and indium. Current prices for these metals are strong and the outlook for each of them is encouraging. Rapid delineation of an economic resource and fast-track development will thus enable the Company to capture the benefits of these high prices while the China-driven resource boom continues.

The Company is currently in a sound financial position, with cash and liquid reserves of approximately \$1.8 million. This Share Purchase Plan Offer is intended to enhance that position and facilitate realisation of our objectives in as short a timeframe as possible. Malachite also has approximately 32 million options that are currently "in the money", so we anticipate further funding for next year's program to arise from the exercise of those options between now and their expiry date of 31 August 2008.

SUMMARY OF MALACHITE'S EXPLORATION PROJECTS: CURRENT RESULTS AND FORWARD PLANS

Conrad – The Conrad mineralisation comprises silver-rich, polymetallic sulphides, with perhaps one third of the total value made up by silver, and the balance by copper, lead, zinc, tin and indium. With high prices for these metals at present, and an encouraging outlook for each of them, your Directors believe that we should broaden the Conrad investigation and demonstrate the value of the project by:

- i) Delineation by drilling of a minimum resource/reserve base required to support a viable mine;
- ii) Undertaking metallurgical studies on drill core samples to determine likely process routes, metal recoveries and product specifications;
- iii) Initiating mining scoping studies that would indicate possible mining methods and capital and operating costs;
- iv) Continuing and extending environmental work, including base line studies and water quality monitoring; and
- v) Providing an indicative picture of potential project economics based on the results of those studies.

These studies have in fact commenced and are expected to continue for some time.

Since the early part of 2007 the Company has been conducting a detailed resource drilling program at Conrad, focussed on the King Conrad part of the mine, where three high grade, narrow lodes have been targeted and a fourth wide but low grade lode has been discovered in the process. To date, approximately 6,000 metres have been drilled and the current phase of drilling is expected to be completed by mid September. The objective has been to delineate a mineral resource in this area that meets the requirements of the JORC Code and which could become the initial focus of a reopened Conrad Mine. By mid September approximately 50 holes will have been drilled at King Conrad and the Company is confident that these will be sufficient to achieve that objective. The results of this drilling have been released progressively as they have come to hand and that practice will continue.

Most of the value in the mineralisation that Malachite has discovered at Conrad is contained within three near vertical lodes that are known as the Conrad, King Conrad and Allwell's Lodes. While these three lodes differ from each other in some respects, they are each characterised by a narrow high grade core, generally less than 1m wide, with commonly but variably developed envelopes of lower grade mineralisation on each side, forming a "lode package". These lode packages are mostly 2 to 3m wide but can be up to 6m wide. As the minimum width for practical mechanised underground mining is 1.5m the presence of lode packages rather than just the high grade core zones could be very important for mining economics at Conrad. The separate wide, low grade lode ("Greisen Lode"), which is situated between the Conrad and King Conrad Lodes, may also offer particular economic advantages for mine access and early mine life production. The studies underway at present will address these issues, among many others, and will be very helpful in guiding further drilling and planning for the future of the project.

While drilling continues on targets within the Conrad Mine structure, Malachite will also commence systematic exploration of several sub-parallel structures nearby, some of which are known to be mineralised and have old workings on them. If one or more of these structures is found to contain mineralisation like that at the Conrad Mine there will be great scope to enhance the overall project economics by developing a second mine within the project area.

Much work remains to be done to demonstrate the viability of renewed mining at Conrad but the results to date are certainly encouraging.

Mt Isa Region Copper – Elsewhere Malachite's exploration for copper in the Mount Isa region of northwest Queensland is also proving to be most encouraging. Drilling by Malachite at the Mt Lidster Project in 2006 produced some high grade copper intersections, including several holes with copper mineralisation at grades of around 4-5% Cu over several metres

and one hole intersected 18m of copper mineralisation. An electrical geophysical survey conducted on the ground at Mt Lidster earlier this year picked up anomalies that correspond to those intersections and also identified a distinct and very intriguing blind anomaly to the west of the outcropping mineralised structure. That new anomaly demands testing and more drilling is planned for October or November this year. The Company's aim at Mt Lidster is to delineate a small, high grade copper resource that could be mined by open pit and generate cash flow by selling the ore produced to another operation nearby.

At the much larger Volga Project, 35km north of Mt Lidster, work is at an earlier stage and no drilling has been conducted as yet by Malachite. Drilling was carried out at Volga by the tenement holders prior to Malachite's farm-in and their results included an intersection of 13.8m at 2.9% Cu and 0.5g/t Au (including 2.5m @ 11.9% Cu and 1.9g/t Au) at the Volga Prospect. Earlier this year Malachite carried out an electrical geophysical survey over a wide area at the Volga Project, in conjunction with the Mt Lidster survey, and that work has identified numerous anomalies, which are expressed as electrical conductors. Some of these coincide with known mineralisation, as at the Volga Prospect itself, while others are thought to indicate buried mineralisation and thus represent entirely new targets. An initial drilling program by Malachite has been scheduled for the Volga Project in October-November this year.

The Company sees the two copper properties near Mt Isa as likely to become a major focus for exploration in 2008, beginning around the end of April, after the wet season. The main aim of the work planned for this year is to confirm the presence of high grade copper mineralisation at Volga and to test the new target at Mt Lidster. This will enable effective planning for a substantial follow up program in 2008.

Tooloom – For the balance of 2007 the Tooloom Gold Project has been given low priority, following the withdrawal of Newmont from the farm-in and the encouraging results flowing from Conrad and Volga/Mt Lidster. That does not mean, however, that Tooloom is not important for the Company's future. Indeed, much exploration remains to be done at Tooloom, especially on targets that Newmont considered to be too small for them but which would be very material to Malachite. Prospects such as Joes Gully, Pine Gully and Back Creek have languished while the focus was on "Newmont-sized" targets, such as Phoenix. Even at Phoenix, Newmont completed only about 700m of drilling, leaving, in Malachite's view, much gold potential untested.

Over the next several months the Company will carry out structural and petrological research on the controls on mineralisation at Phoenix, with a view to guiding future drilling at this prospect. Follow up field work at Phoenix and some of the other key prospects at Tooloom is scheduled to take place early in 2008, while the tropical wet season precludes field work near Mt Isa. This is likely to include further drilling at Phoenix and elsewhere within the project area.

Elsmore – The continuing strong price of tin means that the Company remains attracted to the possibility of developing a small tin mine in the Elsmore district to generate cash flow. Such a mine could have low capital and operating costs and as such could represent a low risk entry into mining for Malachite. As time and opportunity allow, some funding will be allocated to the ongoing evaluation of tin mineralisation at Elsmore, particularly the large tin-bearing greisen body at Newstead.

Other Projects – Exploration at Malachite's Rivertree and Boonoo Boonoo silver projects continues and is being conducted by our joint venture partner, Macmin Silver Ltd. Malachite retains a 25% contributing interest in these two properties.

The Company's Abington and Oberon projects remain at the very early exploration stage and have low priority while so much is being done at the more advanced properties. Some reconnaissance field work is expected to be carried out in each case in the next six months.

APPLICATION OF FUNDS

The funds sought through this Share Purchase Plan will supplement the Company's current working capital and will be applied principally to implement the programmes referenced above.

Total proposed exploration and evaluation expenditure over the next twelve months is expected to be in the order of \$3 million. Beyond that, the level of expenditure and need for funds will be determined by the results achieved. Further joint ventures and capital raisings are anticipated as part of that funding and growth process.

PARTICIPATION IN THE PLAN IS ENTIRELY OPTIONAL. HOWEVER, SHAREHOLDERS ARE ENCOURAGED TO SUPPORT THEIR COMPANY BY SUBSCRIBING FOR NEW SHARES UNDER THIS SHARE PURCHASE PLAN.

HOW TO PARTICIPATE

If you would like to participate in the Plan, please read the attached Terms and return your completed Application Form, together with your cheque representing the purchase price for the number of shares applied for. Your Form must be received **on or before 5.00 pm on the closing date of Friday, 28 September 2007.**

Eligible shareholders may apply for any number of shares up to a **maximum** of 20,000 shares, at a cost of \$5,000. No stamp duty or brokerage will apply to shares purchased under the Plan on application. If the exact amount of money for the shares applied for is not tendered with the Application Form, MAR reserves the right to disregard your application and not to allot any shares.

The Company may conduct a Share Purchase Plan in the future, but is not obliged to do so.

The Company reserves the right to issue fewer Shares than an Eligible Member applied for under the Plan (or none at all) if it believes that the allotment of those Shares would contravene any law or rules of the Australian Stock Exchange, on which the Shares are listed.

Before deciding whether to accept the offer, please consider the price at which the Company's shares have been trading on the stock exchange and read the enclosed Terms carefully, including Clause 3.2.

The Company will apply for quotation of the shares to be issued under the Plan on the Australian Stock Exchange on 3 September 2007. The shares subscribed for will be allotted by 5 October 2007. Shareholders will be issued with a holding statement or confirmation shortly after the allotment of the shares.

Please act now if you wish to take advantage of this offer and see our web site www.malachite.com.au for further updates.

Yours faithfully



Garry G Lowder
Chairman

TERMS OF THE MAR SHARE PURCHASE PLAN

1. DEFINITIONS

In this Plan, unless the context otherwise indicates:

ASX means Australian Stock Exchange Limited.

Board means the Board of Directors of the Company.

Closing Date means 28 September 2007 or such later date as may be determined by the Board.

Company/MAR means Malachite Resources NL ABN 86 075 613 268.

Eligible Members means members of the Company eligible to participate in the Offer as determined under Clause 2.

Offer means a non-renounceable offer of ordinary fully paid shares in the Company to Eligible Members under the Plan.

Plan means the MAR Share Purchase Plan approved by the Board from time to time.

Purchase Price means 25 cents (\$0.25) per share.

Record Date means 31 August 2007.

Shares means fully paid ordinary shares in the Company.

2. ELIGIBILITY TO PARTICIPATE

2.1 Those members of the Company who will be eligible to apply for Shares under the Offer ("the Eligible Members") are those who, subject to Clause 2.2

- Are recorded in the Company's register of members at 5.00pm on the Record Date; and
- Have an address (as recorded in the Company's register of members) in Australia or New Zealand.

2.2 Where a member is expressly noted on the Company's register of members as a trustee or nominee on account of another person ("Beneficiary"), the Beneficiary will be deemed to be the Eligible Member and an acceptance of the Offer and subsequent issue of Shares will be deemed to be made by or to the Beneficiary.

2.3 An Offer does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer.

2.4 Eligible Members may apply for up to a maximum of five thousand dollars (\$5,000) worth of Shares in any consecutive twelve (12) month period. This maximum amount applies even if an Eligible Member receives more than one Offer or receives the Offer as a joint holder of Shares. If an Offer is received by a member who is expressly noted on the Company's register of members as a trustee or nominee on account of a Beneficiary, then any Shares issued in relation to that Offer will not be included in calculating the maximum number of Shares that may be applied for by that member, but will be included in calculating the maximum number of Shares that can be applied for by the Beneficiary.

2.5 Offers made under the Plan are not renounceable. This means that members cannot transfer their right to purchase Shares under this Offer to another person.

3 PURCHASE PRICE

3.1 Purchase Price is 25 cents (\$0.25) per Share, which represents a discount of approximately 10% to the volume weighted average market price of shares in the Company for the last 5 days on which Shares were traded, ending on 31 August 2007.

3.2 By accepting an Offer and applying for Shares under the Plan, each Eligible Member acknowledges that the Shares are a speculative investment and the price of the Shares quoted on ASX may change between the date of the Offer and the date of issue of the Shares and that the value of Shares received under the Plan may rise or fall accordingly. Accordingly you should seek your own financial advice in relation to this offer and your participation in the Plan.

4 TERMS OF ISSUE OF SHARES

4.1 The Board reserves the right to refuse an application if it considers that the applicant is not an Eligible Member or has not otherwise complied with the terms of the Plan or for any other reason. If an application is refused, the application monies received will be refunded without interest.

4.2 Subject to clause 4.1, Shares to be issued under the Plan will be allotted by 5 October 2007 or within 6 business days of the Closing Date. Shareholders will be issued with a holding statement or confirmation shortly after the allotment of the shares.

- 4.3 Shares allotted under the Plan will rank equally in all respects with all other fully paid ordinary shares in the Company on the date of issue.
- 4.4 The Company will apply to ASX for quotation of the Shares issued under the Plan on 3 September 2007.
- 4.5 In accordance with Australian Stock Exchange Listing Rule 7.1 *Exception 15*, no more than 30% of the number of fully paid ordinary shares already on issue may be issued under the Plan.
- 4.6 Eligible shareholders may choose any level of acceptance up to a **maximum** of 20,000 shares, at a cost of \$5,000.

5. GENERAL

- 5.1 The Plan will be administered by the Board or a committee of the Board that will have absolute discretion to:
- (a) determine appropriate procedures for administration of the Plan consistent with these Terms;
 - (b) resolve conclusively all questions of fact or interpretation arising in connection with the Plan or these Terms; and
 - (c) delegate to any one or more persons, for such period and on such conditions as they may determine, the exercise of their powers or discretions under the Plan or these Terms.
- 5.2 The Plan and these Terms may be suspended, terminated or amended at any time by the Board. In particular the Board may waive compliance with any provision of these terms and conditions, or vary these terms and conditions if required to comply with the ASX Listing Rules;
- 5.3 The Company reserves the right to issue fewer Shares than an Eligible Member applied for under the Plan (or none at all) if it believes that the allotment of those Shares would contravene any law or rules of the stock exchange on which the Shares are listed.
- 5.4 These Terms are governed by and construed in accordance with the laws for the time being in force in the State of New South Wales.
- 5.5 The Directors of the Company are eligible to participate in the Plan and to the extent that they do so, the Company will rely upon the exemption afforded by ASX Listing Rule 10.11 *Exception 8*.

6 DECLARATION AND ACKNOWLEDGEMENT

- 6.1 By forwarding and completing the application form, each member;
- (a) acknowledges that they have read and understood the terms and conditions of the Plan and they agree to be bound by those terms and conditions and by the Constitution of the Company;
 - (b) acknowledges that MAR has reserved the right to scale back applications under the Plan and as such the aggregate number of shares which may be allotted to them under the Plan may be fewer shares than the number applied for under the Plan;
 - (c) certifies that (except where Shares are held as trustee or nominee on account of a beneficiary which is expressly noted on the Company's register of members) the aggregate of the application price for
 - (i) the Shares or interests the subject of the application; and
 - (ii) any other Shares or interests in the class applied for by, or on behalf of, the shareholder under the Plan or any similar plan operated by the Company in the 12 months prior to the application, does not exceed A\$5,000; and
 - (d) certifies that (where Shares are held as trustee or nominee on account of a beneficiary which is expressly noted on the Company's register of members ("Beneficiary")) the aggregate of the application price for:
 - (i) the Shares or interests the subject of the application; and
 - (ii) any other Shares or interests in the class applied for by, or on behalf of, the Beneficiary under the Plan or any similar plan operated by the Company in the 12 months prior to the application, does not exceed A\$5,000.

MAR may settle in any manner it thinks fit, any dispute or anomalies which may arise in connection with or by reason of the operation of the Plan, whether generally or in relation to any applicant or application for shares. The decision of MAR will be conclusive and binding on all persons to whom the determination relates. MAR reserves the right to waive compliance with any provision of the Plan terms and conditions, or to vary those terms and conditions if required to comply with the ASX Listing Rules.

MALACHITE RESOURCES NL ABN 86 075 613 268 ("MAR")

SHARE PURCHASE PLAN APPLICATION FORM

PLAN TO ALLOW EXISTING MAR SHAREHOLDERS TO PURCHASE
UP TO 20,000 FULLY PAID SHARES AT 25 CENTS EACH (UP TO \$5,000 WORTH)
PAYABLE IN FULL ON ACCEPTANCE OF THIS OFFER

ACCEPTANCES must be received by: 5.00 pm on Friday, 28 September 2007.

Name: _____
(Must be exactly the same as shareholder's existing registered name)

Address: _____

I/We, the abovementioned, being registered as ordinary shareholder(s) in the Company do hereby apply for the number of fully paid shares stated below at an issue price of 25 cents per share issued in accordance with the MAR Share Purchase Plan ("the Plan") and the Constitution of the Company.

- The **maximum** number of shares you can apply for is 20,000, which will cost \$5,000

As a guide,
5,000 shares will cost \$1,250,
10,000 shares will cost \$2,500,
15,000 shares will cost \$3,750, and
20,000 shares will cost \$5,000.

Please complete details of application in table below.

No. OF SHARES APPLIED FOR (‘A’) Maximum 20,000	APPLICATION PRICE (‘B’) \$0.25	FUNDS REMITTED (‘A x B’) \$

I/We enclose my/our cheque for the amount indicated above.

Cheques should be made payable to: "Malachite Resources NL".

DRAWER	BANK	BSB-A/C No.	AMOUNT OF CHEQUE

YOUR CONTACT DETAILS IN CASE OF ENQUIRIES:

CONTACT NAME	TELEPHONE (DAY)	TELEPHONE (A/H)

EMAIL ADDRESS

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**RETURN OF THIS FORM WITH YOUR CHEQUE FOR PAYMENT WILL CONSTITUTE
YOUR ACCEPTANCE OF THE OFFER AND APPLICATION FOR SHARES
UNDER THE TERMS OF THE PLAN**

**YOUR DECLARATION AND ACKNOWLEDGEMENT AND INSTRUCTIONS ON HOW TO
COMPLETE THIS FORM ARE ON THE REVERSE SIDE OF THIS PAGE**

MALACHITE RESOURCES NL
ABN 86 075 613 268

INSTRUCTIONS TO APPLICANTS
Please read these instructions carefully

PAYMENT

The amount of your cheque should be equal to the total number of shares for which you apply multiplied by 25 cents. Payment must be made in Australian currency only.

Cheques should be made payable to “Malachite Resources NL – SPP Account” and crossed “Not Negotiable”. Sufficient cleared funds should be held in your account, as your application will be rejected if your cheque is dishonoured. Receipts for payment will **not** be issued. Cash payment will not be accepted.

How to Lodge your Application

The completed form should be forwarded with your payment by post or by hand delivery to the address set out below and **must reach that address by 5.00 pm on Friday, 28 September 2007.**

Postal Address

Malachite Resources NL
P O Box 5218
WEST CHATSWOOD NSW 1515
AUSTRALIA

Hand Delivery

Malachite Resources NL
Suite 1502, Keycorp Tower B
799 Pacific Highway
CHATSWOOD NSW 2067

**IF YOU ARE UNSURE HOW TO COMPLETE THIS APPLICATION FORM PLEASE
CONTACT MALACHITE RESOURCES NL ON:
PH: (02) 9411 6033 or FAX: (02) 9411 6066
or EMAIL: info@malachite.com.au**

DECLARATION AND ACKNOWLEDGEMENT

By forwarding and completing this application form, each member;

- (a) acknowledges that they have read and understood the terms and conditions of the Plan and they agree to be bound by those terms and conditions and by the Constitution of the Company;
- (b) acknowledges that MAR has reserved the right to scale back applications under the Plan and as such the aggregate number of shares which may be allotted to them under the Plan may be fewer shares than the number applied for under the Plan;
- (c) certifies that (except where Shares are held as trustee or nominee on account of a beneficiary which is expressly noted on the Company's register of members) the aggregate of the application price for
 - (i) the Shares or interests the subject of the application; and
 - (ii) any other Shares or interests in the class applied for by, or on behalf of, the shareholder under the Plan or any similar plan operated by the Company in the 12 months prior to the application,does not exceed A\$5,000; and
- (d) certifies that (where Shares are held as trustee or nominee on account of a beneficiary which is expressly noted on the Company's register of members (“Beneficiary”)) the aggregate of the application price for:
 - (i) the Shares or interests the subject of the application; and
 - (ii) any other Shares or interests in the class applied for by, or on behalf of, the Beneficiary under the Plan or any similar plan operated by the Company in the 12 months prior to the application,does not exceed A\$5,000.

MAR may settle in any manner it thinks fit, any dispute or anomalies which may arise in connection with or by reason of the operation of the SPP, whether generally or in relation to any applicant or application for shares. The decision of MAR will be conclusive and binding on all persons to whom the determination relates. MAR reserves the right to waive compliance with any provision of the SPP terms and conditions, or to vary those terms and conditions if required to comply with the ASX Listing Rules.