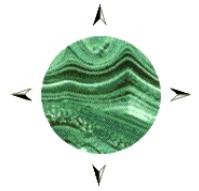


# Malachite Resources NL

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**ASX Announcement**

**Code: MAR**

**4 August 2008**

## **CONRAD SILVER PROJECT: New Drilling Results Continue to Build Resource Inventory**

### **HIGHLIGHTS**

- **Assay results received for six more drill holes, mostly for intersections in the Conrad Lode, adding to the resource base at depth and along strike**
- **Further high grade lode intersections, including CMRD90, which is on the most southeasterly section drilled and intersected a true width of 1.0m @ 467g/t Ag, 1.06% Cu, 1.85% Pb, 0.19% Zn, 1.44% Sn and 30 g/t In**
- **Additional, wide, Greisen Zone intersections in CMRD87, including a true width of 19.2m @ 24g/t Ag, 0.03% Cu, 0.88% Pb, 0.76% Zn and 0.09% Sn**

Malachite Resources (ASX: MAR and MAROA) advises that assay results have been received for an additional six drill holes at the Company's Conrad Silver Project. Conrad is located about 25km south of Inverell in northern NSW and Malachite is well advanced with a 10,000m drilling program aimed at adding substantially to the existing mineral resource at the project.



**Figure 1:  
Conrad Silver Project  
Location Plan**

**Latest Results** – The latest results are mostly for intersections in the Conrad Lode, with one hole (CMRD87) intersecting both the King Conrad Lode and the Greisen Zone. These results are set out in the Appendix, where Table 1 shows collar details and objectives of the new holes and Table 2 lists the assay results for significant intersections in those holes. Figure 2 is a longitudinal section along the Conrad/King Conrad Lodes, with the new holes identified by number.

As previously noted, the southeastern section of the Conrad lode carries higher copper and tin values than the remainder of the lode, and this is confirmed in the intersections from holes CMRD90 and CMRD91 (drilled on the same section) included in this release. Drilling has now been completed on the next drill section 100m further southeast, and similar copper-rich mineralisation has been intersected in the Conrad Lode in both holes (CMRD92 and CMRD93) on this section (assays are awaited).

**Resource Upgrade** – Malachite's mineral resource consultants are currently completing the interim (Stage 2) upgrade to the 2007 (Stage 1) mineral resource estimate for the project. The new upgrade will be available in the next few days and will incorporate drill holes completed up to late June (allowing that 4 to 6 weeks after drilling is required for receipt of assays from the laboratory). Drilling will continue until late August/early September, and it is anticipated that the final (Stage 3) resource estimate for 2008 will be released in October. Resource estimation at Conrad will use a 1.5m minimum horizontal width for each drill hole intersection (including the lode and the mineralised envelope), as 1.5m is considered a likely minimum working width for modern underground mechanised mining equipment.

The resource defined at Conrad in 2007 contains 2.6 million ounces of silver, together with much additional value from the associated copper, lead, zinc and tin. The August resource statement is expected to upgrade that figure substantially, with further enhancement in October. Malachite's economic modelling of the deposit indicates that a resource containing approximately 8-10 million ounces of silver (or around 25 million ounces of silver equivalent) may be sufficient to support reopening of the mine. The Company believes there is a very good chance of achieving that resource goal this year.

For further information please visit the Company's website: [www.malachite.com.au](http://www.malachite.com.au)  
or contact: **Garry Lowder, Managing Director** at (02) 9411 6033  
or by email at: [glowder@malachite.com.au](mailto:glowder@malachite.com.au)



**G. G. LOWDER**  
Managing Director  
4 August 2008

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**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. At the end of June 2008, the Company had \$3.4 million in cash and no debt. 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 over 50 years. Drilling at Conrad by Malachite has intersected narrow high grade, massive sulphide, silver-rich base metal veins, like those mined in the past, and wide zones of lower grade, disseminated and stockwork veined, polymetallic mineralisation. At current prices silver and tin each represent around 30% of total metal value in the Conrad ore. Preliminary economic modelling suggests that a mineral resource containing 8-10 million ounces of silver plus base metals would be sufficient to support reopening of the Conrad Mine. Drilling to establish that resource continues.

Malachite also has excellent exposure to tin, through its **ELSMORE TIN PROJECT**, near Inverell in northern NSW, where the Company is considering the possible development of a palaeo-alluvial tin deposit, known as the Karaula Lead, at the Newstead Prospect. The Karaula Lead appears to have the potential to support a small surface mining operation, which could be developed with low capital and operating costs and generate useful cash flow for the Company. Drilling will commence in August to better quantify the Karaula tin deposit and assess its economics.

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. Previous drilling at Mt Lidster and Volga has produced some encouraging high grade copper intersections. Follow up drilling has recently been completed and assays are awaited.

The **TOOLOOM GOLD PROJECT** also in northeast NSW. Tooloom is a forgotten goldfield rediscovered by Malachite where numerous prospects have been identified, including a significant greenfields discovery called **Phoenix**. The company is systematically exploring Phoenix and the other prospects at Tooloom, which are intrusion-related and have major ore potential. Further drilling at the Phoenix and Watsons Prospects has recently been completed and assays are awaited.

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#### COMPETENT PERSON STATEMENT

*The information in this report that relates to Exploration Results is based on information compiled by Mr Russell Meares, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Meares 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.' Mr Meares consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.*

## APPENDIX

**Table 1: Drill Hole Location Details**

Hole No.	Collar Details				Objectives	Final Hole Depth (m)
	Northing (m) GDA94	Easting (m) GDA94	Magnetic Azimuth (Degrees)	Inclination (Degrees)		
CMRD85	6684540	309316	357	-68.5	Test Conrad Lode at 330m RL, 100m SE of CMRD63 intersection.	338.7
CMDD86	6685000	309142	219.5	-72	Test Conrad Lode 300m NW of CMRD63 intersection	392.5
CMRD87	6685073	308934	210	-70	Infill hole to intersect King Conrad Lode and greisen zone	183.2
CMDD89	6685000	309142	165	-65	Test Conrad Lode laterally between and 100m above the CMRD79 and CMDD83 intersections	377.3
CMRD90	6683897	310314	207.5	-56	Shallow test of Conrad Lode 100m SE of CMRD68 and CMRD69 intersections	114.7
CMRD91	6683942	310352	206.5	-61	Test Conrad Lode 100m below CMRD90 intersection	218.5

**Table 2: Assay Results for CMRD85-CMRD87 and CMDD89-CMRD91**

HOLE NO.	FROM (m)	TO (m)	DOWN-HOLE LENGTH [& EST. TRUE WIDTH] (m)	SILVER g/t Ag	COPPER % Cu	LEAD % Pb	ZINC % Zn	TIN % Sn	INDIUM g/t In	MINERALISATION ENCOUNTERED
CMRD85	332.5	334.55	2.05 [0.9]	79	0.09	0.98	0.75	0.24	7	Conrad Lode (86% core recovery)
CMDD86	331.49	334.0	2.51 [1.0]	181	0.52	4.87	0.55	0.54	20	Conrad Lode (332.44-333.2m) with low grade mineralised envelope
Including	332.44	333.2	0.76 [0.3]	572	1.66	15.30	1.38	1.64	61	
CMRD87	21.0	25.0	4.0 [1.9]	57	0.01	1.03	0.91	0.24	*	Greisen Zone to 142m and King Conrad Lode (152.0-154.0m) with mineralised envelope (149.0-161.0m)
And	77.0	89.0	12.0 [5.6]	17	0.01	0.31	0.50	0.06	*	
And	101.0	142.0	41.0 [19.2]	24	0.03	0.88	0.76	0.09	*	
Including	120.0	132.0	12.0 [5.6]	47	0.06	1.82	1.22	0.15	*	
And	149.0	161.0	12.0 [6.5]	50	0.04	1.27	0.76	0.11	*	
Including	152.0	154.0	2.0 [1.1]	195	0.15	4.77	2.26	0.23	17	

**Table 2: Assay Results for CMRD85-CMRD87 and CMDD89-CMRD91 (cont'd)**

HOLE NO.	FROM (m)	TO (m)	DOWN-HOLE LENGTH [ & EST. TRUE WIDTH] (m)	SILVER g/t Ag	COPPER % Cu	LEAD % Pb	ZINC % Zn	TIN % Sn	INDIUM g/t In	MINERALISATION ENCOUNTERED
CMDD89	327.88	333.0	5.12 [2.1]	61	0.10	1.42	0.73	0.12	4	Conrad Lode (329.41-330.56m) with low grade mineralised envelope
Including	329.41	330.56	1.15 [0.5]	225	0.39	4.92	2.08	0.24	14	
CMRD90	72.75	83.0	10.25 [6.5]	123	0.39	0.51	0.16	0.44	9	Conrad Lode (73.55-75.05m; 94% core recovery) with mineralised envelope (89% core recovery for 72.72-83.0m)
Including	73.55	75.05	1.50 [0.9]	467	1.06	1.85	0.19	1.44	30	
CMRD91	188.0	190.65	2.65 [1.5]	75	0.16	0.548	0.06	0.10	2	Conrad Lode (189.4-190.65m) with low grade mineralised envelope
Including	189.4	190.65	1.25 [0.7]	131	0.24	1.06	0.05	0.09	2	

Note: \* indicates indium has not been assayed for this interval  
 Full core recovery unless specified in comments above

