



# Malachite Resources NL

ABN 86 075 613 268

## LETTER TO MALACHITE OPTIONHOLDERS

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As Chairman of Malachite I am writing to you, a Holder of Malachite's ASX-listed Options (ASX: MAROA), to encourage you to exercise your Options by the due date and in doing so, support the Company as it continues to grow. If all of our existing MAROA Options are exercised new capital in the amount of approximately \$8 million will be injected into the Company. This capital will be very timely, as the new results at our flagship Conrad Silver Project mean that we wish to accelerate the work program and realise the company-making potential we have discovered at Conrad as soon as possible. By exercising your Option entitlement you will help make that happen.

Earlier this week Malachite announced a major resource upgrade at Conrad, which now has an indicated and inferred mineral resource totalling 8.8 million ounces of contained silver, or 17.6 million ounces of silver equivalent (when the recoverable copper, lead, zinc and tin credits are added). Please see our ASX Release dated 11 August 2008 (or our website) for details. This is a very encouraging interim result and a further upgrade to the Conrad resource is scheduled for completion towards the end of this year. After that, we envisage moving on to pre-development activities, including dewatering the old mine, underground sampling and drilling, scoping studies and then a Definitive Feasibility Study, leading to development and mining at Conrad.

Conrad is not the only potential new mine in the pipeline for Malachite. The Karaula tin deposit at our wholly owned Elsmore Tin Project, just 25km to the northeast of Conrad, has also recently emerged as a promising opportunity to generate short term cash flow. We believe the Karaula deposit could be developed at very low capital cost, funded from the new capital generated by the exercise of our Options, and could produce over \$5 million per annum in cash flow for several years. The economics of developing Karaula will be driven mainly by the average grade of the deposit and to establish this we are keen to develop a trial mining operation at Elsmore. That could then be scaled up to commercial levels once the economics have been proven at pilot scale.

You were recently provided with the required statutory notice in regard to the exercise of your Options and for your convenience I enclose here another copy of the Exercise Form. I emphasise that if you do wish to exercise your Options you must take action promptly so that your new subscription is received by Malachite not later than 29 August 2008.

The Malachite Directors intend to exercise their Options and we look forward to sharing an exciting and rewarding future for Malachite with you.

Yours faithfully,

G.G. LOWDER  
Chairman & Managing Director  
15 August 2008

[www.malachite.com.au](http://www.malachite.com.au)

Suite 1502, Keycorp Tower B, 799 Pacific Highway, CHATSWOOD NSW 2067  
P O Box 5218, WEST CHATSWOOD NSW 1515  
Tel. (02) 9411 6033 Fax (02) 9411 6066