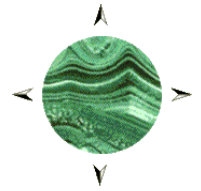


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ASX Announcement

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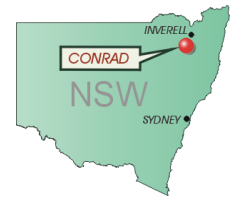
11 August 2008

MAJOR RESOURCE UPGRADE FOR THE CONRAD SILVER PROJECT

HIGHLIGHTS

- Drilling at Conrad to the end of June has more than tripled the contained silver resource to 8.8 million ounces
- After adding the recoverable base metal credits, the resource estimate increases to a contained 17.7 million ounces of silver equivalent (“Ag_{EQ}”)
- Using a cut off grade of 300g/t Ag_{EQ} the global resource includes a higher grade component that contains 2.5 million ounces of silver equivalent
- This material increase in resources exceeds early expectations and augurs well for the future of the project
- Drilling is continuing and a further upgrade to resources is expected later this year

Malachite Resources NL (ASX: MAR & MAROA) advises that resource drilling at its 100% owned Conrad Silver Project, located near Inverell in NSW, has continued very successfully, allowing a new estimate of mineral resources¹ that exceeds early expectations and strongly enhances the prospect of reopening the mine. Details of the resource estimate, which is based on drilling completed up to late June, 2008, are set out in Tables 1 and 2 below, and the Appendix contains a series of diagrams illustrating the resource relationships.



The new resource figures represent a major increase on the previously published results and include 8.8 million ounces of silver or 17.7 million ounces of silver equivalent². Most of the resource (77% based on Ag_{EQ}) is contained within the Conrad Lode, much of which has so far been drilled only at a wide spacing. Thus the contained resource within this lode is mainly in the Inferred category.

The figures for the Conrad and King Conrad Lodes in Table 1 have been prepared on the basis of a minimum mining width of 1.5m, regardless of grade. In addition, if a cut off grade of 300g/t Ag_{EQ} (or roughly 10 oz/t Ag_{EQ}) is also applied and retaining the 1.5m minimum width, a higher grade component emerges, amounting to 177,818 tonnes at 14.0 oz/t Ag_{EQ}, representing 2.5Moz of contained silver equivalent (Table 2). This higher grade resource is within both the King Conrad Lode and the Conrad Lode (see Figures 5 and 6).

Managing Director, Garry Lowder, commented, “**This new estimate is a major increase over the previous Conrad resource but is still only part of the story. Drilling since June has continued to intersect very encouraging mineralisation along strike and at depth, including a new style of silver-copper-tin rich mineralisation (not yet in the resource estimates) that seems to be a feature of the southeastern extremity of the area drilled so far.**”

¹All references to ‘mineral resources’ in this report refer to estimates that have been reported in accordance with the 2004 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves” (JORC Code).

² For an explanation of the term “silver equivalent” please see page 5 of this report.

“We have now outlined plenty of tonnes so the focus of drilling has changed to grade. We expect Conrad to be like most other lode type deposits, where the greater part of metal production comes from discrete shoots within a broader lode structure. Many of our existing holes have hit excellent grades that we interpret as indicative of such high grade shoots.

“For the most part our drilling density has not yet delineated these shoots sufficiently to enable their inclusion in the higher grade resource estimation, although the existing results have identified 178,000 tonnes at 14 oz/t Ag_{EQ}.

“Since so much of the metal at Conrad is contained within lodes less than 1 metre wide we need to look closely at specialised narrow vein mining methods that will optimise mining economics. Such methods are currently being used successfully for narrow vein mining operations in Australia and overseas.

“The next resource estimate, due later this year, should give us a much better feel for the amount and distribution of higher grade material within the global Conrad resource. Once we have that we can advance our plans for reopening the mine.”

FORWARD PLANS – Infill drilling will continue over the coming months and is expected to enhance both the global resource and the higher grade component within it that would be the target for initial production. A revised and further upgraded resource estimate should be completed later this year.

At the same time, plans are being drawn up for de-watering of the mine to allow underground access for detailed reserve drilling in 2009, as well as more comprehensive metallurgical and mining studies.

Over the next few months scoping studies will take place, based on the current and future upgraded resource figures. These studies will be undertaken by the Company's consultants and will assess the economic impact of various grade cut offs, mining widths, mining methods and metallurgical test results. This work will provide guidelines for the possible redevelopment of the mine and, if it continues to go as well as it has to date, a Definitive Feasibility Study to that end could commence in the second half of 2009.

RESOURCE ESTIMATION METHODOLOGY – The resource estimate has been made for Malachite by the Company's consultants, Hellman and Schofield Pty Ltd (“Hellman & Schofield”) and their results are set out in Tables 1 and 2 on pages 4 and 5.

The resource estimate has been produced from 80 drill holes (all drilled by Malachite), mainly diamond drilling of variable spacing, covering nearly 2km of strike. Sampling has dominantly been geologically controlled sawn half core with the samples analysed by appropriate techniques at a commercial laboratory.

Drill hole collars have been located by a competent surveyor and all data have been compiled into an Access database. Malachite has a QA/QC programme, including documented procedures, that monitors both the sampling quality and the assay results. Density data are based on over 640 individual determinations for single pieces of whole core covering a range of rock and mineralisation types.

A series of 3D geological shapes have been interpreted from drill hole geological and assay data to constrain the source data for the estimate modelling. A minimum width of 1.5m, irrespective of grade, has been used for the lode shape designs. Resource estimation has used a combination of 2D and 3D composited drill hole data to model the nature of the mineralisation. Ordinary Kriging was the preferred modelling method with a series of different search ellipses, again reflecting the mineralisation style.

Resource classification has included Indicated and Inferred Resources as tabulated below. The classification of Indicated Resource for the two lodes is based on the assumption that the whole of the designed 1.5m wide lode shape will be extracted from an underground operation and hence no cut off grade has been applied to the global lode resources. The Greisen Zone is intended to be a small open pit operation, which will capture a small amount of the near surface lode material. A cut off grade of 60g/t Ag Equivalent has been applied to the Greisen Zone mineralisation, whose resources at this stage do not include any lode material.

COMPETENT PERSON STATEMENT

The data in this report that relates to Exploration Results, the accuracy and quality of data forming the basis of all resource estimates, and the interpretation of mineralisation for the Conrad Deposit, are based on information compiled by Mr Russell Meares who is a Fellow of The Australasian Institute of Mining and Metallurgy (FAusIMM) and who has sufficient experience 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 (the "JORC Code"). Mr Meares is a full-time employee of Malachite Resources NL and he consents to the inclusion in the report of the Exploration Results in the form and context in which they appear.

The data in this report that relates to Mineral Resources for the Conrad Deposit is based on information evaluated by Mr Simon Tear who is a Member of The Australasian Institute of Mining and Metallurgy (MAusIMM) and who has sufficient experience 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 (the "JORC Code"). Mr Tear is a full-time employee of Hellman & Schofield Pty Ltd and he consents to the inclusion in the report of the Mineral Resource in the form and context in which it appears.

The data in this report that relates to silver equivalent grades, cut off grades and likely mining style for the Conrad Deposit is based on information evaluated by Mr Declan Franzmann who is a Member of The Australasian Institute of Mining and Metallurgy (MAusIMM) and who has sufficient experience 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 (the "JORC Code"). Mr Franzmann is a full-time employee of Citraen Pty Ltd and he consents to the inclusion in the report of the Mineral Resource in the form and context in which it appears.

Table 1: Global Mineral Resources at the Conrad Silver Project, NSW

King Conrad Lode – Global Resource: 1.5m minimum width								
Category	Tonnes	Ag g/t	Cu %	Pb %	Zn %	Sn %	Ag Equiv g/t	Ag Equiv Oz/t
Indicated	235,798	122.8	0.21	1.97	0.97	0.25	254.7	8.2
Inferred	166,815	70.3	0.06	0.98	0.72	0.13	136.2	4.4
Total	402,612	101.0	0.15	1.56	0.87	0.20	205.6	6.6
Contained silver = 1.3 Moz				Contained silver equivalent = 2.7 Moz				

Conrad Lode – Global Resource: 1.5m minimum width								
Category	Tonnes	Ag g/t	Cu %	Pb %	Zn %	Sn %	Ag Equiv g/t	Ag Equiv Oz/t
Indicated	547,181	78.1	0.15	0.88	0.48	0.18	156.3	5.0
Inferred	2,173,258	80.3	0.16	0.91	0.47	0.17	157.7	5.1
Total	2,720,440	79.9	0.16	0.90	0.47	0.17	157.4	5.1
Contained silver = 7.0 Moz				Contained silver equivalent = 13.8 Moz				

Combined Global Lode Resource: 1.5m minimum width								
Category	Tonnes	Ag g/t	Cu %	Pb %	Zn %	Sn %	Ag Equiv g/t	Ag Equiv Oz/t
Indicated	782,979	91.6	0.17	1.21	0.63	0.21	185.9	6.0
Inferred	2,340,073	79.6	0.15	0.92	0.48	0.17	156.2	5.0
Total	3,123,052	82.6	0.16	0.99	0.52	0.18	163.6	5.3
Contained silver = 8.3 Moz				Contained silver equivalent = 16.6 Moz				

Greisen Zone – Global Resource								
Category	Tonnes	Ag g/t	Cu %	Pb %	Zn %	Sn %	Ag Equiv g/t	Ag Equiv Oz/t
Indicated	132,678	33.5	0.02	0.83	0.65	0.12	89.0	2.9
Inferred	270,409	40.8	0.02	0.94	0.65	0.13	101.4	3.3
Total	403,086	38.4	0.02	0.90	0.65	0.13	97.3	3.1
Contained silver = 0.5 Moz				Contained silver equivalent = 1.2 Moz				

TOTAL COMBINED MINERAL RESOURCES (Conrad, King Conrad & Greisen)								
Category	Tonnes	Ag g/t	Cu %	Pb %	Zn %	Sn %	Ag Equiv g/t	Ag Equiv Oz/t
Indicated	915,657	83.1	0.15	1.15	0.63	0.19	171.9	5.5
Inferred	2,610,482	75.6	0.14	0.92	0.50	0.17	150.5	4.8
Total	3,526,139	77.6	0.14	0.98	0.53	0.17	156.0	5.0
Contained silver = 8.8 Moz				Contained silver equivalent = 17.7 Moz				

Notes:

1. Indium is present in significant quantities in the Conrad and King Conrad Lodes but until more is known about its occurrence and potential for economic recovery indium has not been included in silver equivalent calculations or resource estimates.
2. Cut offs applied are 0g/t Ag equivalent for the lodes and 60g/t Ag equivalent for the Greisen Zone.
3. Approximately 36% of the global lode resources lie above the 180g/t Ag Equiv cut off which is approximately the underground cut off grade.
4. Totals include minor rounding errors.

Table 2: Higher Grade Resources Within Global Resource, Conrad Silver Project, NSW

King Conrad Lode – 300 g/t Ag _{EQ} Cut Off & 1.5m Vein Width								
Category	Tonnes	Ag g/t	Cu %	Pb %	Zn %	Sn %	Ag Equiv g/t	Ag Equiv Oz/t
Indicated	60,668	246.0	0.55	3.03	1.31	0.57	502.3	16.4
Inferred	4,481	166.3	0.41	1.58	0.96	0.41	335.7	10.9
Total	65,149	240.5	0.54	2.93	1.29	0.56	490.9	15.8
Contained silver = 0.5 Moz				Contained silver equivalent = 1.0 Moz				

Conrad Lode – 300g/t Ag _{EQ} Cut Off & 1.5m Vein Width								
Category	Tonnes	Ag g/t	Cu %	Pb %	Zn %	Sn %	Ag Equiv g/t	Ag Equiv Oz/t
Indicated	74,105	246.1	0.32	2.53	0.69	0.41	426.3	13.9
Inferred	38,564	204.1	0.31	1.84	0.49	0.38	358.4	11.7
Total	112,669	231.7	0.32	2.29	0.62	0.40	403.1	13.0
Contained silver = 0.8 Moz				Contained silver equivalent = 1.5 Moz				

Combined Lodes – 300g/t Ag _{EQ} Cut Off & 1.5m Vein Width								
Category	Tonnes	Ag g/t	Cu %	Pb %	Zn %	Sn %	Ag Equiv g/t	Ag Equiv Oz/t
Indicated	134,773	246.0	0.42	2.75	0.97	0.48	460.5	14.8
Inferred	43,045	200.1	0.32	1.81	0.54	0.38	356.1	11.5
Total	177,818	234.9	0.40	2.53	0.86	0.46	435.2	14.0
Contained silver = 1.3 Moz				Contained silver equivalent = 2.5 Moz				

Notes:

1. The resources set out in Table 2 are part of the Global Resources set out in Table 1.
2. Resources based on 300g/t Ag_{EQ} cut off and and minimum 1.5m width.
3. Totals include minor rounding errors.

NOTE ON SILVER EQUIVALENTS –

The term “silver equivalent” is used to provide a basis for comparison with other silver – base metal deposits that contain different ratios of metals. Details of the parameters used and the assumptions made for calculation of the silver equivalent grades are set out in Table 3. It should be noted that silver equivalent grades vary in line with the metal prices, smelter returns and mill recoveries applied to the calculation.

Table 3: Calculation of Ag Equivalents

Conrad Ag equivalent calculator									
Metal	Smelter Return (%)	Metal		Effective metal price (net smelter)	\$/1% metal in 1t ore	Recovered		Ag _{EQ} ratio	unit
		Price	Unit			Mill Recovery	(\$/1% metal in 1t ore)		
Ag	86%	589	A\$/kg	507	5,069	90%	4,562	1.0	g/t
Pb	55%	2,222	A\$/t	1,222	12.2	90%	11.00	24.1	%
Zn	50%	1,944	A\$/t	972	9.7	80%	7.78	17.0	%
Cu	65%	8,444	A\$/t	5,489	54.9	80%	43.91	96.3	%
Sn	70%	22,222	A\$/t	15,556	155.6	55%	85.56	187.5	%

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Silver Equivalent equation:

$$Ag_{EQ} = Ag (g/t) + 24.1 * Pb (%) + 17.0 * Zn (%) + 96.3 * Cu (%) + 187.5 * Sn (%)$$

The parameters used for the Ag equivalent calculation are:

- Exchange rate – \$A1.00 = \$US0.90
- Ag metal price – \$US16.50/oz
- Pb metal price – \$US2,000/t (= \$US0.91/lb)
- Zn metal price – \$US1,750/t (= \$US0.79/lb)
- Cu metal price – \$US7,600/t (= \$US3.45/lb)
- Sn metal price – \$US20,000/t (= \$US9.07/lb)
- Estimated Net Smelter Return based on typical smelter terms ;
- Process recoveries estimated from preliminary metallurgical testing and previous experience.

For further information please visit the Company's website: www.malachite.com.au
or 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 August 2008

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 beginning of July, 2008 the Company had over \$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 represents 40-50% of total recoverable metal value in the Conrad ore. Preliminary economic modelling suggests that a high grade 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** 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. Work is now underway to better quantify the Karaula Lead 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 was recently conducted.

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 Phoenix and elsewhere at Tooloom was completed recently and more will follow in the coming months.

APPENDIX

Figures Extracted from Conrad Mineral Resource Report by
Hellman & Schofield dated 11 August 2008

Figure 1: Geology for the Conrad Deposit

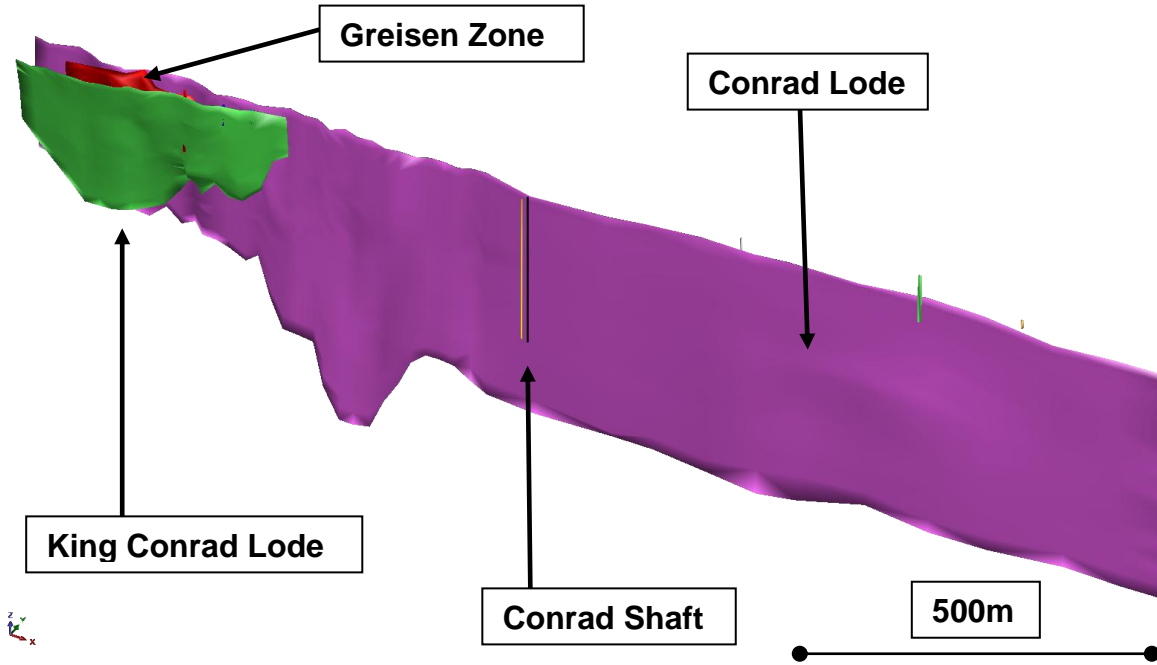


Figure 2: Geology for the King Conrad Lode and Greisen Zone

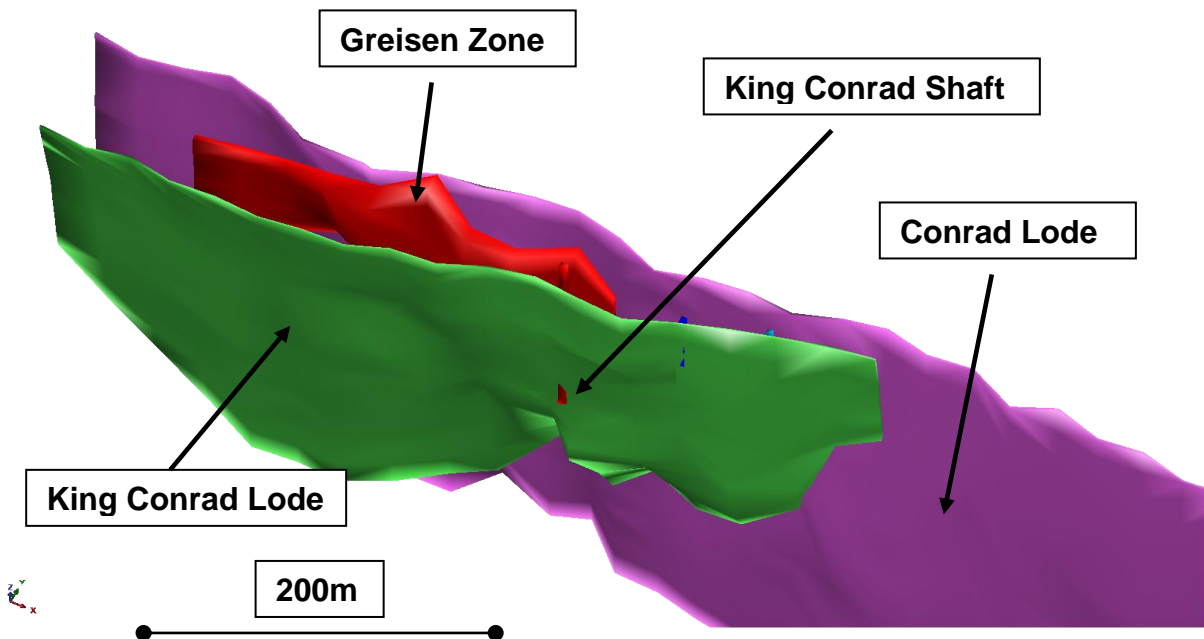
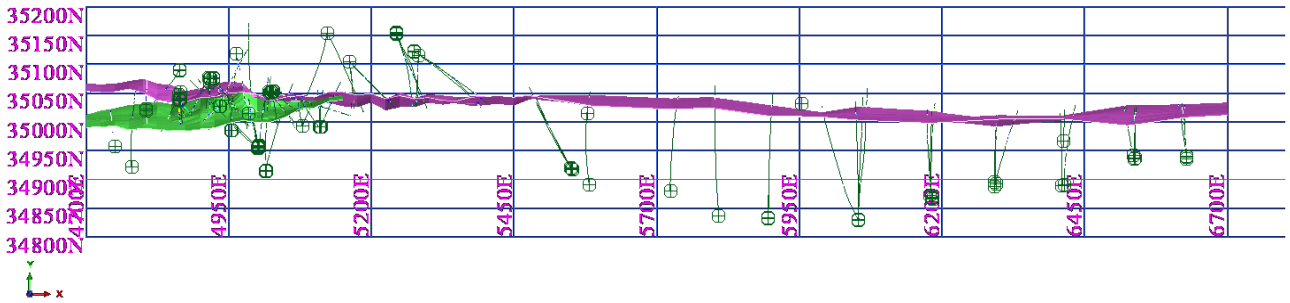
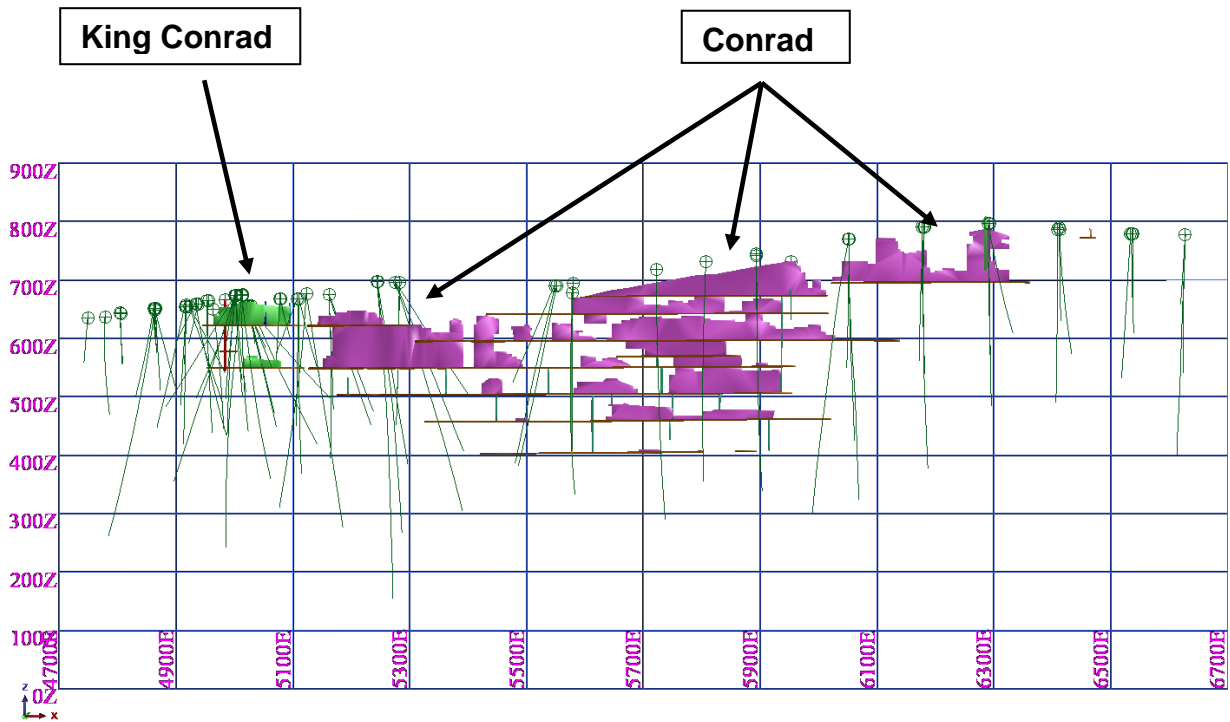


Figure 3: Location of Drill holes for the Conrad Deposit



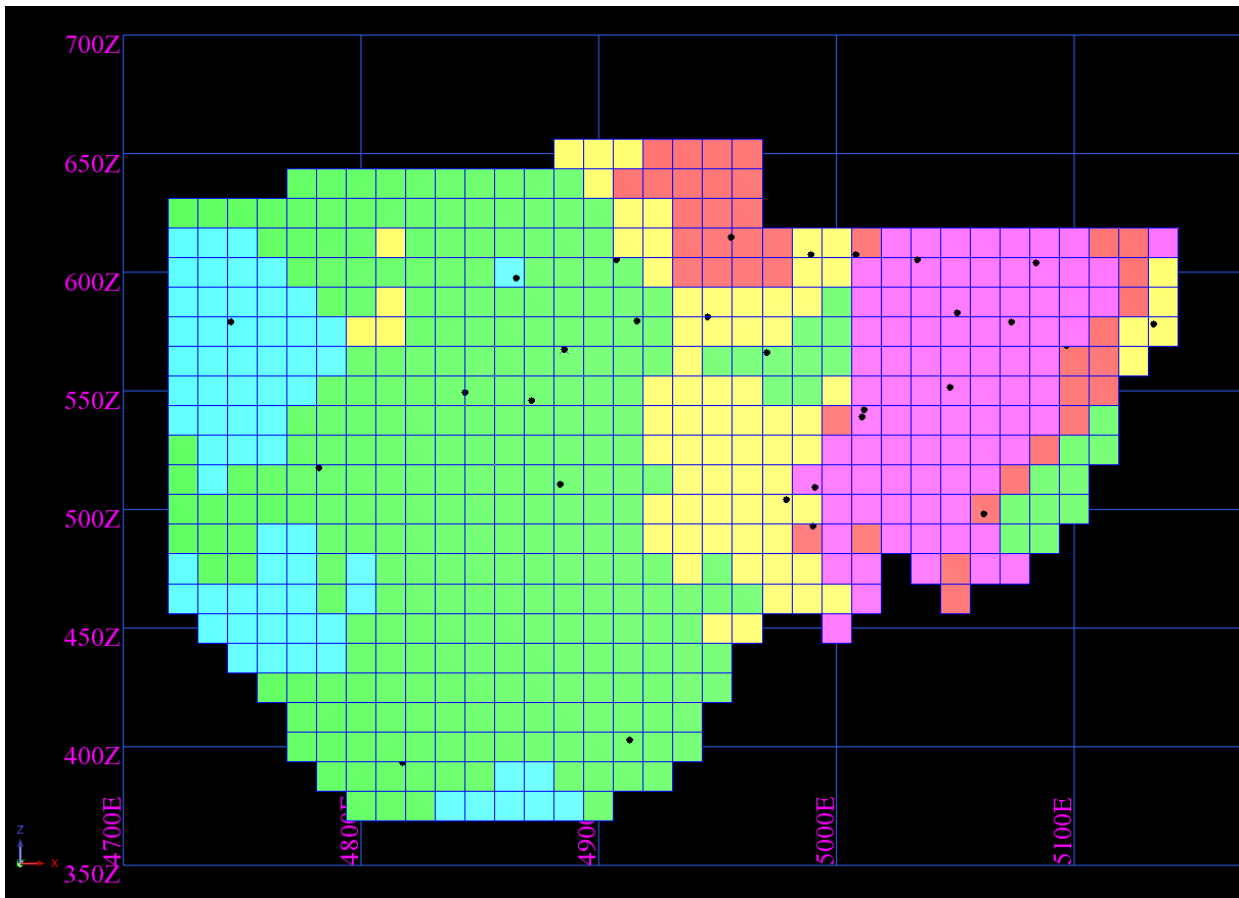
(plan view) (Green = King Conrad Lode; Purple = Conrad Lode)

Figure 4: Drill holes and Historical Workings



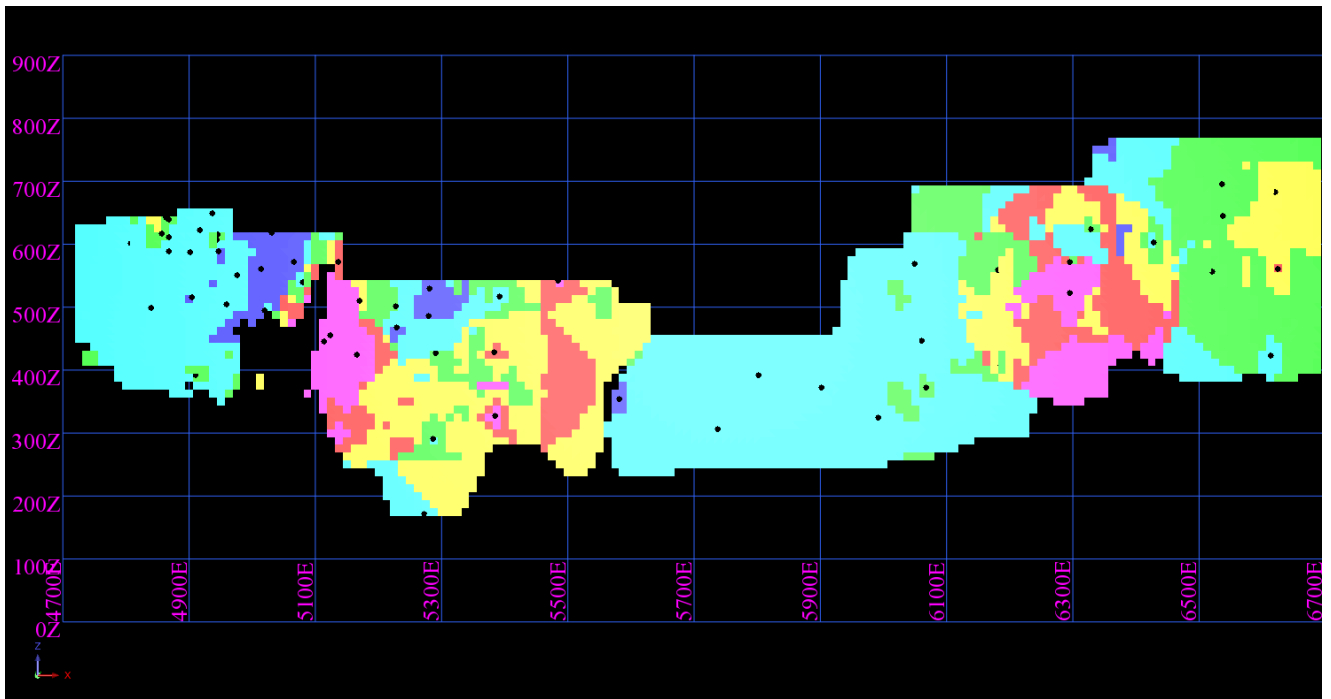
(Long section view)

Figure 5: King Conrad Lode - Block Grade Distribution : Silver Equivalent



(cyan = 60-120ppm Ag Equiv; green = 120-180; yellow = 180-240; red =240-300; magenta = >300ppm Ag Equiv (long section view; black dots = drillhole pierce points)

Figure 6: Conrad Lode - Block Grade Distribution : Silver Equivalent



(blue = 0-60ppm; cyan = 60-120; green = 120-180; yellow = 180-240; red =240-300; magenta = >300ppm Ag equiv) (long section view; black dots = drillhole pierce points)