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EXPLORATION UPDATE FOR
Conrad, Elsmore, Mt Lidster, Volga & Tooloom

HIGHLIGHTS

- **Conrad Silver: Assay results for another three drill holes – more high grade silver-copper-tin as resource drilling continues**
- **Elsmore Tin: Drilling underway– testing Karaula paleo-alluvial deposit**
- **Mt Lidster Copper: Drill results – possible mine emerges**
- **Volga Copper: Drill results and further exploration targets**
- **Tooloom Gold: Drill results and future program**

This report is provided by Malachite Resources NL (ASX: MAR and MAROA) as an update on recent exploration activities at the Company's Conrad Silver, Elsmore Tin, Mt Lidster Copper, Volga Copper and Tooloom Gold Projects. Project locations are shown in Figure 1.

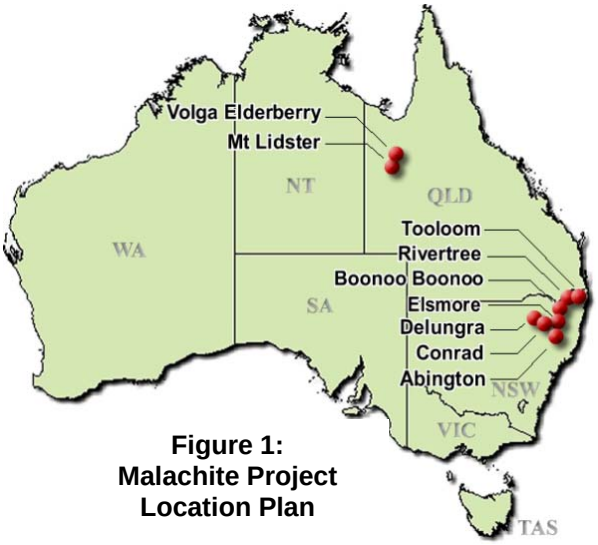

Figure 1: Malachite Project Location Plan

1. Conrad Silver Project, NSW (MAR 100%)

Mineral resource drilling is continuing at Conrad, now with just one rig, which is mainly targeting higher grade zones within the global resource defined by drilling up to June this year (see MAR ASX Release dated 11 August 2008). Meanwhile, assay results have been received for a further three drill holes and the results are set out in Table 1 of the Appendix.

The results for hole CMDD93 (1.02m @ 382g/t Ag, 1.76% Cu, 2.01% Pb, 0.15% Zn, 1.36% Sn and 23g/t In) confirm the existence of a new style of high grade silver-copper-tin mineralization, with significant indium, at the southeastern end of the main Conrad Lode system. Drill hole CMRD90 (reported previously), 100m away from CMDD93, also intersected this style of mineralisation (1.5m @ 467g/t Ag, 1.06% Cu, 1.85% Pb, 0.19% Zn, 1.44% Sn and 30g/t In) and future drill holes will target the intervening area, with a view to blocking out a high grade, near surface resource. Recent drilling has also targeted the near surface part of the Greisen Zone, which may have an important role to play in early mine life at Conrad.

2. Elsmore Tin Project, NSW (MAR 100%)

Air core drilling of the Karaula tin deposit commenced last week. The aims of this program are to test the depth and grade within the known surface extent of this body and to search for extensions of it beneath soil covered areas nearby.

The work is ongoing and the initial results are encouraging, as tin-bearing wash and tin-bearing unconsolidated (weathered) granite has been found to extend to as much as 20 metres below surface, which is much deeper than originally expected. More generally the unconsolidated or semi-consolidated material seems to be averaging about 5m deep.

No assays are yet available from this drilling but panning of small sub-samples of some of the air core drill samples has shown that significant tin is present (as cassiterite) in many of the samples panned. This includes Hole NSAC45, which went to 20m depth and contained visible cassiterite in the panned concentrates all the way from surface to the bottom of the hole.

3. Mt Lidster Copper, Queensland (MAR Option to Purchase 100%)

In May this year the Company conducted a further drilling program at Mt Lidster, located about 60km east of Mount Isa in northwest Queensland. The program involved 6 reverse circulation percussion holes for a total of 625 metres of drilling. These holes were targeting a mineralized structure where earlier drilling by Malachite had intersected some high grade copper mineralization. Targets defined by an electrical geophysical survey conducted last year were also tested.

Some of the new holes intersected additional copper mineralization within the structure similar to but lower in grade than the best of the earlier drilling. Drill hole details and best assay results for the recent drilling at Mt Lidster are included in Table 2 of the Appendix. Several of the new holes intersected the structure in places where it was composed dominantly of quartz, with only a little copper sulphide mineralization.

The copper mineralization at Mt Lidster seems to be developed mainly as discrete sulphide-rich pods within an otherwise siliceous (i.e. quartz-rich) structure. As such it would be difficult to delineate a copper resource without a lot of drilling. Importantly, however, the Mt Lidster mineralized structure may become an economic proposition to mine regardless of the uneven copper distribution because it appears that the low copper grade quartz lode material is suitable for use as silica flux in copper smelting. In that regard, it is encouraging that a small amount of production from Mt Lidster has previously been sold in Mount Isa as smelter flux.

Malachite is now investigating an alternative plan for development of the project as a small open pit mine, producing mainly cupriferous quartz (silica) as smelter flux but also producing limited quantities of high grade copper sulphide ore. Such ore would be exposed as the pit to access the smelter flux grade material in the lode is opened up and should be saleable separately for extra value.

Malachite's option to purchase the Mt Lidster tenement was due to expire on 13 August 2008 but was extended for a further six months (to 13 February 2009) by an option variation agreement signed by the parties on 12 August 2008.

4. Volga Copper Project, Queensland (MAR Farming In to Earn a 50% Interest)

The Volga Copper Project is located about 70km northeast of Mount Isa, or about 35km north of Mt Lidster. Malachite is earning a 50% interest in a group of tenements at Volga pursuant to a joint venture signed in early 2007.

A program of 1,192 metres of reverse circulation percussion drilling took place at Volga in June, just after the Mt Lidster drilling. In all, 10 holes were drilled, mainly testing targets at the Volga Prospect itself. Several holes intersected interesting copper mineralization, with some gold, and the best results of this drilling are set out in Table 3 of the Appendix. No resource can yet be delineated at Volga.

The Volga Prospect represents a small part of the 215km^2 Volga tenement package and Malachite is aware of other copper targets elsewhere on the property. The Company plans to conduct soil geochemical surveys over some of these other target areas in the near future, prior to proposed drilling programs. However, before that can happen, cultural heritage clearance must be obtained and the Company is currently seeking to reach agreement with the native title claimants over this matter.

5. Tooloom Gold Project, NSW (MAR 100%)

A limited drilling program (totalling 1,880 metres in 8 holes) was carried out at Tooloom in the period April to July this year, aimed at further testing the Phoenix and Watsons Prospects. Best assay results are listed in Table 4 of the Appendix.

At Phoenix five holes targeted extensions or repetitions of the mineralised breccia previously encountered at this prospect, while one additional hole tested a blind conceptual target, based on interpretation of aeromagnetics and regional structural controls, further north. A substantial zone of altered and sulphide mineralised breccia was intersected in Hole PHRC31 at Phoenix, although gold assays are generally low (Table 4). Other holes intersected only minor breccia zones and the hole into the blind target did not intersect any mineralisation.

At Watsons two drill holes were aimed at the under-cover extension of a body of quartz feldspar porphyry that carries some interesting gold-copper mineralisation where it outcrops. Drill hole WADD2 intersected extensive but very low grade copper mineralisation (values around 200ppm Cu), with minor or trace gold values. WADD3 intersected weaker mineralisation. While the values in the latest drilling at Watsons are not economic, they are nevertheless quite interesting as the style of the mineralisation and felsic porphyry host rock are reminiscent of typical porphyry copper-gold deposits, like those found in the Lachlan Fold Belt of NSW. Potential for such deposits may well exist at Tooloom.

Several important targets remain to be tested by drilling at Tooloom, including Pine Gully, Joes Gully and Back Creek. These were not drilled in the recent program because difficult topography prevented the large reverse circulation rig from gaining site access. The Company intends to drill test these additional prospects later this year by relocating the small footprint, track-mounted diamond drilling rig, currently drilling at Conrad, to Tooloom, where it should be able to access the additional target areas satisfactorily.

At Pine Gully the target is a well defined linear structure (which has analogies with the main lode at Gympie in Queensland) where sampling of old workings produced some high grade gold results. At Joes Gully the rig will test a prominent quartz stockwork system that may be the source of the gold nuggets commonly found in alluvial deposits in Joes Gully. At Back Creek the rig will test a quartz vein stockwork system that contains visible gold in outcrop.

For further information please visit the Company's website: www.malachite.com.au
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G. G. LOWDER
Managing Director
20 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. An interim mineral resource containing 8.8Moz of silver, or 17.7Moz of silver equivalent, has been delineated at Conrad and drilling to add to and upgrade that resource is continuing.

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

COMPETENT PERSON STATEMENT

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 is a full time employee of Malachite Resources and 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.

APPENDIX

Table 1: Location Details and Assay Results for Holes CMRD88, CMRD92 and CMRD93 at Conrad

Hole No.	Collar Details				Objectives	Final Hole Depth (m)
	Northing GDA94	Easting GDA94	Magnetic Azimuth	Inclination		
CMRD88	6685074	308935	208^0	-80^0	Infill to intersect King Conrad Lode 60m below CMRD87 and 60m above CMRD16. Also greisen zone	242.3
CMRD92	6683894	310430	206^0	-50^0	Conrad Lode 100m SE of CMRD90 & 91; 120m below surface	177.2
CMRD93	6683896	310432	205^0	-67^0	Conrad Lode 100m below CMRD92 intersection	255.6

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
CMRD88	112.0	168.0	56.0 [23.7]	38	0.04	0.89	1.06	0.10	*	Greisen Zone (112-168m) and King Conrad Lode (178.92-179.41m) with mineralised envelope (177.45-180.0m)
And	177.45	180.0	2.55 [0.8]	92	0.07	1.74	1.19	0.15	6	
Including	178.92	179.41	0.49 [0.2]	387	0.33	7.61	4.78	0.49	31	
CMRD92	158.46	160.0	1.54 [1.2]	16	0.07	0.11	0.06	0.09	2	Weakly mineralised Conrad Lode and alteration envelope
CMRD93	220.31	225.17	4.86 [2.9]	84	0.38	0.58	0.16	0.31	6	Conrad Lode (222.80-223.82m) with weakly mineralised envelope (95% core recovery for 220.31-225.17m)
Including	222.8	223.82	1.02 [0.6]	382	1.76	2.01	0.15	1.36	23	

Notes: * indicates indium has not been assayed for this interval;
Full core recovery unless otherwise specified above

APPENDIX (ctd)

Table 2: Location Details and Best Assay Results for Recent Mt Lidster Drill Holes

Hole No.	Collar Details				Final Hole Depth
	Northing GDA94	Easting GDA94	Magnetic Azimuth	Inclination	
MLRC18	7709907	393555	044^0	-63^0	160m
MLRC19	7709990	393630	243^0	-60^0	160m
MLRC20	7710066	393869	264^0	-55^0	105m
MLRC21	7710119	393883	264^0	-55^0	90m
MLRC22	7709746	393528	309^0	-55^0	61m
MLRC23	7709712	393481	309^0	-55^0	49m

Hole No.	From (m)	To (m)	Down Hole (m)	Copper % Cu	Gold g/t Au	Cobalt ppm Co
MLRC20	0	3	3	0.78	0.05	98
And	45	69	24	0.67	0.08	216
Including	60	63	3	1.46	0.25	1,100
MLRC21	27	30	3	1.79	0.15	64
MLRC22	51	57	6	0.28	0.05	26

Table 3: Location Details and Best Assay Results for Recent Volga Drill Holes

Hole No.	Collar Details				Final Hole Depth
	Northing GDA94	Easting GDA94	Magnetic Azimuth	Inclination	
VERC20	402628	7742640	070^0	-55^0	115m
VERC21	402685	7742759	250^0	-55^0	103m
VERC22	402646	7742863	070^0	-55^0	151m
VERC23	402646	7742863	250^0	-60^0	115m
VERC24	402581	7742814	070^0	-55^0	103m
VERC25	402546	7742875	060^0	-55^0	97m
VERC26	402574	7742684	250^0	-65^0	145m
VERC27	402580	7742635	070^0	-60^0	139m
VERC28	402580	7742635	250^0	-55^0	121m
VERC29	402589	7742545	070^0	-55^0	103m

Hole No.	From (m)	To (m)	Down Hole (m)	Copper % Cu	Gold g/t Au	Cobalt ppm Co
VERC21	81	84	3	0.41	0.02	15
and	84	87	3	0.25	0.06	18
VERC24	0	3	3	1.20	0.33	56
and	48	51	3	0.26	<0.01	38
VERC26	63	69	6	<0.01	1.01	4
VERC28	69	72	3	2.09	0.44	84

APPENDIX (ctd)

Table 4: Location Details and Best Assay Results for Recent Tooloom Drill Holes

Hole No.	Collar Details				Final Hole Depth
	Northing GDA94	Easting GDA94	Magnetic Azimuth	Inclination	
PHDD31	443175	6836995	158.5^0	-50^0	359.7
PHDD32	443461	6837000	319^0	-50^0	284.0
PHDD33	443461	6837000	169^0	-50^0	207.0
PHRD34	444196	6838105	124^0	-50^0	291.3
PHDD35	442636	6836715	161^0	-50^0	156.5
PHDD36	442636	6836715	342^0	-50^0	126.1
WADD2	437457	6836055	300^0	-50^0	219.2
WADD3	437394	6835973	299^0	-50^0	236.0

Hole No.	From (m)	To (m)	Down Hole (m)	Gold g/t Au
PHDD31	15	16	1	1.30
	56	57	1	1.06
	86	87	1	1.12
	202	203	1	1.56
	238	239	1	1.39
PHDD32	48	49	1	1.90