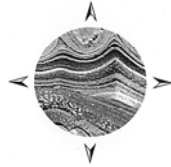


MALACHITE RESOURCES NL

A.B.N. 86 075 613 268



HALF YEAR FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2007

Directors' Report
Auditors' Independence Declaration
Income Statement
Balance Sheet
Statement of Changes in Equity
Statement of Cash Flows
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Directors' Declaration
Independent Review Report to the members

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2007 and any public announcements made by Malachite Resources NL during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

MALACHITE RESOURCES NL

**Interim Consolidated Financial Report
For The Half Year Ended 31 December 2007**

DIRECTORS' REPORT

Your directors submit their report for the half-year ended 31 December 2007.

DIRECTORS

The names of the Company's directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Dr GG Lowder (Executive Chairman)
Mr RM Meares (Executive Director)
Mr WJ Staude (Non-Executive Director)
Mr DM O'Neill (Non-Executive Director)
Mr Roy M. Randall (Non-Executive Director)

REVIEW AND RESULTS OF OPERATIONS

The net result of operations after applicable income tax expense for the half-year was a loss of 952,642 (2006 - \$340,128)

The principal continuing activity of the Company is the acquisition of mineral tenements, mineral exploration and investment principally in eastern Australia. During the half-year Malachite continued to explore its tenements which are located in New South Wales, and Queensland.

FINANCIAL

The company made the following share issues during the half year:

Issue of 4,874,334 Ordinary Shares at 25 cents pursuant to a Share Purchase Plan raising \$1,218,584
Issue of 18,922,753 Ordinary Shares at 30 cents pursuant to a Share Placement raising \$5,676,826
Issue of 100,000 Ordinary Shares at 20 cents upon exercise of Employee Options raising \$20,000
Issue of 334,502 Ordinary Shares at 20 cents upon exercise of MAROA Options raising \$66,900

The funds raised are being used to provide working capital to continue project generation and project enhancement.

SUBSEQUENT EVENTS

Since the end of the financial period, the Company has entered into an agreement to acquire a property in the Conrad Project area for \$400,000. The property will be utilised as a base for the Company's ongoing work at Conrad

No other event has occurred subsequent to 31 December 2007 requiring disclosure in, or amendment to, these financial statements.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is attached at page 3.

Signed at Sydney this 5 March 2008 in accordance with a resolution of the directors.



GG Lowder
Managing Director

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Auditors' independence declaration

As lead auditor for the review of Malachite Resources NL for the half-year ended 31 December 2007, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Malachite Resources NL and the entities it controlled during the period.



Marc Upcroft
Partner
PricewaterhouseCoopers

Sydney
5 March 2008

MALACHITE RESOURCES NL

**CONSOLIDATED INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

	Notes	2007 \$	Half-year 2006 \$
Revenue from operations	2	82,413	67,848
Other income	3	-	78,910
Accounting and audit expense		(16,450)	(22,917)
Corporate expenses		(209,873)	(100,288)
Depreciation and amortisation expense		(20,703)	(8,490)
Employee benefits expense		(696,240)	(232,346)
Exploration expenditure expensed	4	(472)	(5,498)
Occupancy expenses		(56,730)	(57,465)
Other expenses from ordinary activities		(34,587)	(59,882)
Loss before Income Tax Expense		(952,642)	(340,128)
Income tax expense		-	-
Loss for the half year		<u>(952,642)</u>	<u>(340,128)</u>
Basic and diluted (loss) per share (cents per share)		<u>(0.93)</u>	<u>(0.41)</u>

The Consolidated Income Statement is to be read in conjunction with accompanying notes.

MALACHITE RESOURCES NL
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2007

	Notes	31-Dec-07 \$	30-Jun-07 \$
CURRENT ASSETS			
Cash and cash equivalents		7,080,977	2,258,948
Receivables		88,658	146,598
Investments at fair value through profit or loss		<u>107,500</u>	<u>140,000</u>
TOTAL CURRENT ASSETS		<u>7,277,135</u>	<u>2,545,546</u>
NON-CURRENT ASSETS			
Receivables		244,673	247,173
Plant and equipment		195,365	163,043
Exploration and evaluation expenditure	4	<u>9,587,832</u>	<u>8,218,492</u>
TOTAL NON-CURRENT ASSETS		<u>10,027,870</u>	<u>8,628,708</u>
TOTAL ASSETS		<u>17,305,005</u>	<u>11,174,254</u>
CURRENT LIABILITIES			
Payables		<u>360,646</u>	<u>513,284</u>
TOTAL CURRENT LIABILITIES		<u>360,646</u>	<u>513,284</u>
TOTAL LIABILITIES		<u>360,646</u>	<u>513,284</u>
NET ASSETS		<u>16,944,359</u>	<u>10,660,970</u>
EQUITY			
Contributed equity	5	22,835,106	16,051,078
Option Expense Reserve		757,983	305,979
Accumulated Losses		<u>(6,648,730)</u>	<u>(5,696,087)</u>
TOTAL EQUITY		<u>16,944,359</u>	<u>10,660,970</u>

The consolidated Balance Sheet is to be read in conjunction with accompanying notes.

MALACHITE RESOURCES NL

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

	Notes	2007 \$	Half-year 2006 \$
Total equity at the beginning of the half-year		10,660,970	6,704,274
Changes in the fair value of available-for-sale financial assets, net of tax		-	12,775
Net income recognised directly in equity		-	12,775
Loss for the half-year		(952,642)	(340,128)
Total recognised income and expense for the half year		(952,642)	(327,353)
Transactions with equity holders in their capacity as equity holders:			
Contributions of equity, net of transaction costs		6,784,027	4,481,326
Employee share options		452,004	40,873
		<u>7,236,031</u>	<u>4,522,199</u>
Total equity at the end of the half-year		<u>16,944,359</u>	<u>10,899,120</u>
Total recognised income and expense for the half year is attributable to:			
Members of Malachite Resources NL		<u>(952,642)</u>	<u>(327,353)</u>

The Statement of Changes in Equity is to be read in conjunction with accompanying notes.

MALACHITE RESOURCES NL

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

	2007	Half-year
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees (inclusive of GST)	(665,391)	(530,284)
Exploration and evaluation expenditure (inclusive of GST)	(1,392,673)	(1,156,580)
Interest received	72,164	36,060
Sundry receipts (inclusive of GST)	54,476	24,940
Exploration expenditure refunded	<u>22,861</u>	<u>316,721</u>
Net cash outflow from operating activities	<u>(1,908,563)</u>	<u>(1,309,144)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for plant and equipment	(55,936)	(25,677)
Proceeds from sale of investments	-	52,410
Tenement security deposits	2,500	(30,000)
Net cash used in investing activities	<u>(53,436)</u>	<u>(3,267)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issues	6,982,310	4,577,525
Equity raising expenses	<u>(198,282)</u>	<u>(96,199)</u>
Net cash provided by (used in) financing activities	<u>6,784,028</u>	<u>4,481,326</u>
NET INCREASE/(DECREASE) IN CASH HELD	4,822,029	3,168,915
CASH AT THE BEGINNING OF THE HALF YEAR	<u>2,258,948</u>	<u>1,062,900</u>
CASH AT THE END OF THE HALF YEAR	<u><u>7,080,977</u></u>	<u><u>4,231,815</u></u>

The Consolidated Cash Flow Statement is to be read in conjunction with accompanying notes.

MALACHITE RESOURCES NL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2007

1 BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

This general purpose financial report for the interim half year reporting period ended 31 December 2007 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2007 and any public announcements made by Malachite Resources NL during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

	2007	Half-year	2006
	\$		\$
2 REVENUE			
From continuing Operations			
Other Revenue			
Interest	72,164		36,922
Other income	10,249		30,926
	<u>82,413</u>		<u>67,848</u>
3 Other Income			
Profit from disposal of other financial assets at fair value through profit and loss	-		38,910
Gain on revaluation of investments	-		40,000
	<u>-</u>		<u>78,910</u>
4 EXPLORATION AND EVALUATION EXPENDITURE			
Costs carried forward in respect of areas of interest in exploration and evaluation phases	<u>9,587,832</u>		<u>6,431,095</u>
Movement for half year			
Balance brought forward at 1 July	8,218,492		5,548,454
Expenditure during half year	1,392,673		1,156,580
Expenditure reimbursed during half year	(22,861)		(268,441)
Amounts written off	<u>(472)</u>		<u>(5,498)</u>
Balance at end of half year	<u>9,587,832</u>		<u>6,431,095</u>

MALACHITE RESOURCES NL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2007

	2007	Half-year 2006
5 ISSUED CAPITAL		
CONTRIBUTED EQUITY		
124,474,208 fully paid ordinary shares (2006: 99,449,065)	22,835,106	15,942,368
	22,835,106	15,942,368
Fully paid ordinary shares carry one vote per share and carry the right to dividends and have no par value.		
Movement in ordinary share capital		
Balance at beginning of year	16,051,078	11,461,042
Shares issued during year		
1,625,000 Ordinary Shares at 16 cents pursuant to a Share Placement		260,000
19,189,000 Ordinary Shares at 22.5 cents pursuant to a Share Placement		4,317,525
4,874,334 Ordinary Shares at 25 cents pursuant to a Share Purchase Plan	1,218,584	
18,922,753 Ordinary Shares at 30 cents pursuant to a Share Placement	5,676,826	
250,000 Ordinary Shares at nil value issued as consideration for extension of Option to acquire Mt Lidster	-	
100,000 Ordinary Shares at 20 cents upon exercise of Employee Options	20,000	
334,502 Ordinary Shares at 20 cents upon exercise of MAROA Options	66,900	
Transaction costs relating to share issues	(198,282)	(96,199)
Balance at end of year	22,835,106	15,942,368

This brings the total shares on issue at 31 December 2007 to 124,474,208 (2006: 99,449,065) shares.

The funds raised are being used to provide working capital to continue project generation and project enhancement.

6 CONTINGENT ASSETS AND LIABILITIES

Since the last annual reporting date, there has been no change of any contingent liabilities or contingent assets.

7 SEGMENT INFORMATION

The Company operates predominantly in the one business segment and in one geographical area, namely Australian mineral exploration and evaluation.

8 SUBSEQUENT EVENTS

Since the end of the financial period, the Company has entered into an agreement to acquire a property in the Conrad Project area for \$400,000. The property will be utilised as a base for the Company's ongoing work at Conrad

No other event has occurred subsequent to 31 December 2007 requiring disclosure in, or amendment to, these financial statements.

MALACHITE RESOURCES NL

DIRECTORS' DECLARATION

In the directors' opinion:

- (a) the financial statements and notes, set out on pages 4 to 8 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting standards; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and the performance, as represented by the results of its operations, changes in equity and its cash flows, for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that the Malachite Resources NL will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors .

On behalf of the Directors



GG Lowder
Managing Director

Sydney, 5 March 2008

INDEPENDENT AUDITOR'S REVIEW REPORT

to the members of Malachite Resources NL

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Malachite Resources NL, which comprises the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the Malachite Resources NL Group (the consolidated entity). The consolidated entity comprises both Malachite Resources NL (the company) and the entities it controlled during that half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Malachite Resources NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

For further explanation of a review, visit our website
<http://www.pwc.com/au/financialstatementaudit>.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Malachite Resources NL is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



PricewaterhouseCoopers



Marc Upcroft
Partner

Sydney
5 March 2008