



High grade Conrad ore, fresh out of the core barrel in hole CMDD40

Malachite also holds prospective ground at Abington and Delungra, in the broader Inverell region. These early stage projects

are being investigated for gold, tin and especially for their Conrad look-alike potential.

STAFF

One of the issues that held us back somewhat in 2007 was lack of geologists to carry out our field programs. In common with the rest of the resources industry in Australia,

we had great difficulty in finding additional staff. That situation has now been remedied and we have a full compliment of very capable people to conduct our programs in 2008.

SUMMARY

Malachite has a lot on its plate this year but we are now well provided for in both financial and human resources and we look forward to a very productive year in 2008.

Conrad will continue to be our primary focus and we hope to have a new resource estimate available around mid year. At the same time, we will be solidly back into gold exploration at Tooloom and should have some further assay results in May or June. From April, after the wet season, we will again be a participant in exploration of the world class Mt Isa Copper Province. Meanwhile, we will endeavour to identify an economic tin deposit at Elsmore that could possibly generate some cash flow while the exploration and evaluation of the company-making discovery at Conrad continues.

G G Lowder
Chairman & Managing Director



Drilling at Conrad on a chilly winter's day



Diamond core drilling at Conrad

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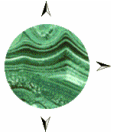
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NEWSLETTER

Malachite Resources NL

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Shareholders' Update

MALACHITE'S PROGRAM FOR 2008

As our exploration programs for 2008 are getting underway I thought it would be appropriate to provide you with an update of the company's current status and an overview of what we can look forward to as this year unfolds.

FINANCIAL POSITION

Firstly, your company is in a very sound financial position. Notwithstanding the current market turmoil brought about by the sub-prime crisis in the United States, we are forging ahead and are very well placed to benefit from the flight to precious metals that is a by-product of the current market uncertainty.

The \$5.7 million in new capital raised in December 2007 has enabled us to start 2008 with over \$7 million in cash resources and no debt. \$7 million is more than enough to cover our planned expenditure for 2008 and beyond. Malachite now has 124,474,208 shares on issue, together with 38,278,589 listed 20c options that expire on 31 August 2008. These options are currently "in the money" and assuming they continue to be so, a further cash inflow of approximately \$7.5 million is anticipated by the end of August this year from the exercise of those options. We see no need to go back to the market until we are ready to build a mine.

CONRAD SILVER

As I am sure you are aware, during 2007 the Conrad Silver Project became our major asset, as drilling successfully delineated a maiden resource containing over 10 million ounces of silver equivalent. That is a very positive outcome, but it is really just the beginning of the potential we see at Conrad, as recent exploration has identified several attractive targets for additional discoveries nearby, within our broad Conrad tenement package. Moreover, drilling is about to resume at Conrad itself, focussing initially on the Davis part of the system, located along strike about 1km from the initial resource in the King Conrad area. We are targeting the Davis area because we believe it offers a good opportunity to delineate a second quantum of relatively shallow resources that, together with

the existing resource, may well provide a large enough metal inventory to support redevelopment of the Conrad Mine.

We will also drill several deep holes beneath the central part of

the Conrad mineralised system to demonstrate that this exciting ore body continues to substantial depth and thus offers the prospect of a long production life once reopened.

targets at Back Creek, where quartz vein-hosted visible gold can be seen in outcrop, Joes Gully, Watsons and Pine Gully, where sampling in an old adit has returned high gold assays.

ELSMORE TIN

Malachite took up the Elsmore tenement, east of Inverell, to investigate a variety of tin occurrences in the district, including Elsmore itself, which was the first commercial tin mine in Australia, and at Newstead, which is another large tin-bearing mineralised system about 5km southeast of Elsmore. To date we have focussed particularly on the Sheep Station Hill Prospect, which represents the eastern

extension of the Elsmore Mine system, and have found significant but very nuggetty and hence highly variable tin values in a series of sub-parallel greisen veins. We are not sure whether Sheep Station Hill would be economically viable to mine, although the historically high tin prices we are seeing at present would certainly help (the Australian spot price of tin is currently quoted at around \$21,000 per tonne).

With this very attractive tin price in mind, we have now shifted our focus to Newstead where we hope to define a resource of easily mineable tin mineralisation, either in greisen or in surface materials, which is where most of the previous mining at Newstead has occurred.

To facilitate early development of any tin resource we can define, we are looking closely at suitable processing technology and are particularly attracted to a device known as a Wave Table, which may offer a low cost but effective means of producing a saleable tin concentrate from Newstead or elsewhere at Elsmore. The great advantage of this approach is that we could start

very small to prove the process and then scale up to commercial levels once we have demonstrated economic viability. This is particularly appropriate for dealing with the tin mineralisation we are seeing at Newstead and Sheep Station Hill, as the coarse grained and nuggetty nature of the mineralisation makes it very difficult to estimate grade by conventional drilling. Bulk sampling and trial mining is a much better way to assess the economic potential of such mineralisation and the Wave Table may offer us the opportunity to do that at very modest cost.

Drilling the Phoenix breccia pipe



A new round of drilling is planned for Phoenix, starting in April this year. This work will target newly recognised extensions and repetitions of the breccia that hosts the gold within the currently defined breccia pipe, as well as other structures and geochemical anomalies that have not yet been adequately tested by drilling. We also plan to conduct drilling elsewhere at Tooloom, including

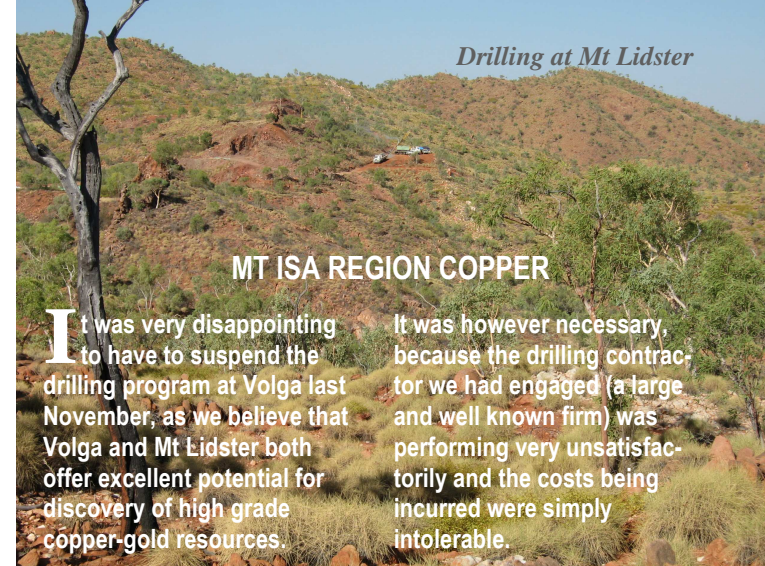
TOOLOOM GOLD

This project has been “on the back burner” for the past several months, as we have committed most of our resources to Conrad. That does not mean that we consider Tooloom to be unimportant. On the contrary, we believe that this project has very

significant gold potential, both at the very large Phoenix Prospect and at several other prospects within the region where exploration languished while the focus was on Phoenix during the Newmont Joint Venture.

At today’s gold prices the low grade gold mineralisation discovered so far in the breccia pipe at Phoenix may well be economic. Accordingly, we plan to proceed with a resource estimate for this target area, based on the existing drilling, as soon as possible.

Drilling at Mt Lidster



MT ISA REGION COPPER

It was very disappointing to have to suspend the drilling program at Volga last November, as we believe that Volga and Mt Lidster both offer excellent potential for discovery of high grade copper-gold resources.

It was however necessary, because the drilling contractor we had engaged (a large and well known firm) was performing very unsatisfactorily and the costs being incurred were simply intolerable.

Field work in the Mt Isa region is impractical during the tropical wet season, which this year has been especially pronounced. Normally the rains ease off by April and on this basis we are planning to commence field work in April and to resume drilling in May, when another contractor has been engaged to continue with drilling at both Volga and Mt Lidster.

At Volga we will be testing the depth extent of known mineralisation at the Volga Prospect itself, as well as geophysical and geochemical anomalies we have identified elsewhere within the large Volga Elderberry tenement package. At the smaller Mt Lidster tenement the target is much more constrained but we are encouraged by several intersections of

high grade copper that we have already achieved and we are keen to test a significant blind geophysical anomaly that adjoins the outcropping Mt Lidster structure obliquely. We also need to take a closer look at the interesting cobalt values we have obtained at Mt Lidster to date, especially in light of the current very high cobalt price, which is in excess of \$100/kg.

OTHER PROJECTS

In addition to the four key projects above, Malachite has silver/base metal interests at Rivertree and Boonoo Boonoo near Tenterfield in northern

NSW, where Macmin Silver Ltd is the operating joint venture partner. New targets are being defined by Macmin and further drilling is anticipated this year.