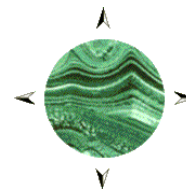


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ASX Announcement

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EXPLORATION UPDATE FOR THE CONRAD SILVER PROJECT

HIGHLIGHTS

- Resource drilling program for 2008 completed with drill hole CMDD107
- Total resource drilling in 2008 now just over 14,000m
- Assay results for seven new drill holes received
- Surprisingly good results for infill holes in Greisen Zone
- Two reconnaissance holes to be drilled at Roses Prospect

Malachite Resources NL (ASX: MAR) advises that the 2008 resource drilling program at the Conrad Silver Project has been completed. The last hole drilled was CMDD107 and with that hole the total of all drilling at Conrad in 2008 reached 14,114m. The only drilling remaining for this year consists of two reconnaissance holes being drilled at Roses Prospect, a sub-parallel mineralised structure located 3km south of the Conrad Mine. Assay results for drill holes for a further seven drill holes have been received and are tabulated in Appendix 1.



Commenting on the latest results Managing Director, Garry Lowder, noted:

“Several of the new holes were targeted at the near-surface part of the Greisen Zone. As expected, we hit wide zones of mineralisation but the pleasant surprise was the very nice grades in several of these holes, a good deal higher than we have seen before. As a potential early mine life open pit, the Greisen Zone is growing in economic importance for the Conrad Project and we think we might find more such zones in the area.”

Key points to note from the results listed in Appendix 1 are as follows:

1. Intersections in the Greisen Zone include some that are significantly better than any previous results for this zone, especially with respect to silver and tin.
2. Drill hole CMRD100 intersected 50m (32m true width) of elevated silver, lead, zinc and tin, with a silver equivalent¹ value of 127g/t Ag_{EQ}.
3. This included a much better than expected zone of 5m averaging 165g/t Ag, 1.76% Pb, 1.49% Zn and 0.44% Sn, for a silver equivalent value of 367g/t Ag_{EQ}.
4. Drill hole CMDD101 intersected 62m (31m true width) averaging 118g/t Ag_{EQ}.

¹ For explanation of silver equivalent calculations please see Appendix 2.

5. This included 2.5m of 234g/t Ag, 0.06% Cu, 2.92% Pb, 2.65% Zn and 0.28% Sn, or 453g/t Ag_{EQ}.
 6. These silver and tin values, in particular, are very encouraging and reinforce the potential economic importance of the Greisen Zone in any future mine development plans.
 7. An open pit developed on the Greisen Zone would also allow extraction of the upper parts of the high grade Conrad and King Conrad Lodes, which are located on the northern and southern flanks of the Greisen Zone, respectively.
 8. Within the Greisen Zone intersections there is a high correlation between metal values and the abundance of sulphur, reflecting the close association of all the metals with sulphide minerals, including galena, sphalerite, pyrite and pyrrhotite.
 9. That association implies that induced polarisation should be an effective geophysical technique to apply in searching for repetitions of the Greisen Zone elsewhere in the Conrad vicinity.
 10. The Conrad and King Conrad Lode intersections reported in Appendix 1 are all within the broad bell curve of previous results.
-

The Conrad Silver Project is located about 25km south of Inverell in northern NSW. The Company holds title to approximately 375km² in the Conrad area, including three exploration licences, one exploration prospecting licence and three mining leases. Most of Malachite's exploration effort on this project to date has been concentrated in the immediate vicinity of the old Conrad Mine itself, where an interim global mineral resource containing 8.8 million ounces of silver, or 17.7 million silver equivalent ounces, has been delineated. The interim resource is based on drilling up to mid June, 2008, and an upgraded resource estimate, based on all results for the 2008 drilling program, is scheduled for completion by the end of 2008. A smaller tonnage of substantially higher grade mineralisation was defined within the interim lode resource (178,000t @ 14 oz/t Ag_{EQ}) and this is expected to grow significantly when the revised estimate is completed. The excellent grades encountered in the Greisen Zone and reported here should also enhance the project economics.

For further information please visit the Company's website: www.malachite.com.au
or contact: **Garry Lowder, Managing Director** at (02) 9411 6033
or by email at: glowder@malachite.com.au



G. G. LOWDER
Managing Director
7 October 2008

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.

ABOUT MALACHITE – Malachite Resources is a Sydney-based resources company that listed on the ASX in November 2002 and is an active explorer for silver, tin, gold, copper and associated base metals in eastern Australia. At the beginning of October, 2008 the Company had over \$2.5 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 continued until the end of September, 2008.

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.

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.

APPENDIX 1

Table 1: Drill Location Hole Details

Hole No.	Collar Details				Objectives	Final Hole Depth (m)
	Northing (m) GDA94	Easting (m) GDA94	Magnetic Azimuth (Degrees)	Inclination (Degrees)		
CMDD94	6685114	309075	212	-69.5	Conrad and King Conrad Lodes 100m NW of CMDD86 at around 330m RL	434.7
CMRD95	6685035	308936	207.5	-59	Shallow infill drilling of greisen zone and King Conrad Lode	96.6
CMRD96	6684981	308901	350	-50	Shallow infill drilling of greisen zone and King Conrad Lode	160.7
CMDD97A	6684979	308905	042	-50	Shallow infill drilling of greisen zone and King Conrad Lode	135.2
CMDD99	6685114	308907	202	-60	Shallow infill drilling of greisen zone and King Conrad Lode	170.7
CMDD100	6685079	308908	208.5	-50	Shallow infill drilling of greisen zone and King Conrad Lode	104.1
CMDD101	6685079	308909	197.5	-62	Shallow infill drilling of greisen zone and King Conrad Lode	121.9

Table 2: Assay Results for CMDD94 to CMDD97A and CMDD99 to CMDD101

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
CMDD94	367.5	373.33	5.83 [2.8]	46	0.07	0.98	0.81	0.15	7	Conrad Lode (372.22-372.64m) with weakly mineralised envelope (367.5-373.33m)
Including	372.22	372.64	0.42 [0.2]	455	0.79	6.19	2.48	0.88	30	
CMRD95	6	12	6 [3.1]	23	0.00	0.42	0.45	0.03	*	Weak greisen (6-12m; speared RCP samples) and King Conrad Lode (81.02-81.76m) with mineralised envelope (78.53-84.0m)
And	78.53	84.0	5.47 [3.2]	110	0.15	2.24	0.63	0.20	4	
Including	81.02	81.76	0.74 [0.4]	557	0.80	10.93	2.29	0.61	18	
CMRD96	39	44	5 [2.1]	102	0.11	1.86	0.97	0.14	4	King Conrad Lode (40-41m) with mineralised envelope (39-44m; speared RCP samples) plus broad greisen (79.0-139.0m) which includes narrow Conrad Lode (134.78-135.20m)
Including	40	41	1 [0.4]	301	0.45	5.77	2.00	0.28	11	
And	79.0	139.0	60.0 [33.7]	32	0.03	0.91	0.75	0.10	*	
Including	134.78	135.20	0.42 [0.2]	576	0.58	13.00	2.27	0.61	21	
CMDD97A	26.44	31.30	4.86 [3.0]	119	0.10	1.77	0.54	0.18	3	King Conrad Lode (27.5-28.5m) with mineralised envelope (26.44-31.3m)
Including	27.50	28.50	1.0 [0.6]	325	0.34	4.96	0.51	0.54	8	
CMDD99	70.0	110.0	40.0 [26.2]	27	0.02	0.74	0.65	0.09	*	Broad greisen (70.0-110.0m) plus thin King Conrad sulphide-quartz vein at 146.6m with mineralised envelope (144.5-149.0m)
Including	83.0	86.0	3.0 [2.0]	81	0.09	1.53	1.61	0.17	10	
And	144.5	149.0	4.5 [3.2]	49	0.03	1.11	0.96	0.11	4	
Including	146.6	147.1	0.5 [0.4]	178	0.16	5.37	2.66	0.28	16	
CMDD100	31.0	81.0	50.0 [32.1]	49	0.01	0.68	0.71	0.16	*	Broad greisen (31.0-81.0m) plus 0.16m thick King Conrad quartz-sulphide vein (89.32-89.52m) with weak alteration envelope
Including	47.0	52.0	5.0 [3.2]	165	0.02	1.76	1.49	0.44	*	
And	89.32	89.74	0.42 [0.3]	184	0.13	5.86	2.07	0.18	14	

Table 2: ctd.

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
CMDD101	34.0	95.5	61.5 [30.8]	44	0.03	0.87	0.79	0.12	*	Broad greisen (34.0-95.5m) with higher grade zone (49.0-51.45m; 92% core recovery). Thin King Conrad sulphide-quartz vein at 109.3m with weak mineralised envelope (108.52-109.4m)
Including	49.00	51.45	2.45 [1.2]	234	0.06	2.92	2.65	0.28	*	
And	108.52	109.40	0.88 [0.5]	38	0.05	0.65	1.23	0.08	*	
Including	109.00	109.40	0.40 [0.2]	53	0.09	0.80	1.83	0.11	*	

Notes:

1. * indicates indium has not been assayed for this interval
2. Full core recovery for cored intervals unless otherwise specified above
3. RCP is Reverse Circulation Percussion drilling method
4. Results for CMDD98 still pending

APPENDIX 2

Information on Silver Equivalent Calculations

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 below. It should be noted that Silver Equivalent Equation shown below will vary in line with variations in metal prices, smelter returns and mill recoveries.

The parameters used for the Ag equivalent calculation are:

- Exchange rate – \$A1.00 = \$US0.80
- Ag metal price – \$US13.00/oz
- Pb metal price – \$US1,808/t (= \$US0.82/lb)
- Zn metal price – \$US1,653/t (= \$US0.75/lb)
- Cu metal price – \$US6,415/t (= \$US2.91/lb)
- Sn metal price – \$US17,174/t (= \$US7.79/lb)
- In metal price – \$US640/kg
- Estimated Net Smelter Return based on typical smelter terms (except for indium, which is assumed to be similar to silver);
- Process recoveries estimated from preliminary metallurgical testing and previous experience.

Conrad Ag equivalent calculator									
Mineral	Smelter	Metal		Effective metal price (net smelter)	\$/1% metal in 1t ore	Recovered		Ag _{eq} ratio	unit
	Return (%)	Price	Unit			Mill Recovery	(\$/1% metal in 1t ore)		
Ag	86.0%	522	A\$/kg	449	4,493	90.0%	4,044	1.0	g/t
Pb	55.0%	2,260	A\$/t	1,243	12.4	90.0%	11.19	27.7	%
Zn	50.0%	2,067	A\$/t	1,033	10.3	80.0%	8.27	20.4	%
Cu	65.0%	8,019	A\$/t	5,213	52.1	80.0%	41.70	103.1	%
Sn	70.0%	21,467	A\$/t	15,027	150.3	75.0%	112.70	278.7	%
In	85.0%	800	A\$/kg	680	6,800	70.0%	4,760	1.2	g/t

Silver Equivalent equation:

$$Ag_{EQ} \text{ (g/t)} = Ag \text{ (g/t)} + 27.7 * Pb \text{ (\%)} + 20.4 * Zn \text{ (\%)} + 103.1 * Cu \text{ (\%)} + 278.7 * Sn \text{ (\%)} + 1.2 * In \text{ (g/t)}$$