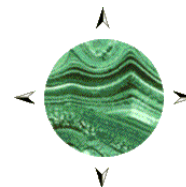


# Malachite Resources NL

ABN 86 075 613 268

Suite 1502, Tower B, 799 Pacific Highway, Chatswood NSW 2067  
P O Box 5218, West Chatswood NSW 1515  
Tel. (02) 9411 6033 Fax (02) 9411 6066



ASX Announcement

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## CONRAD SILVER PROJECT: Resource Drilling Continues As New Results Extend Silver Lodes

### HIGHLIGHTS

- Assay results received for ten more drill holes, mostly for intersections in the Conrad Lode
- Further high grade lode intersections, including CMRD78 which intersected a true width of 1.2m @ 312g/t Ag, 0.27% Cu, 3.47% Pb, 1.27% Zn, 0.27% Sn and 12 g/t In
- An additional, wide, Greisen Zone intersection – CMRD58 which intersected a true width of 29.1m @ 40g/t Ag, 0.01% Cu, 0.59% Pb, 0.43% Zn and 0.14% Sn
- Recent drilling confirms continuity of lodes along strike and down dip
- Deeper drilling confirms Conrad Lode extends at least 250m below deepest underground mine workings (ie. 500m below surface)

Malachite Resources (ASX: MAR and MAROA) advises that assay results have been received for an additional ten drill holes at the Company's Conrad Silver Project. Conrad is located about 25km south of Inverell in northern NSW and Malachite is well advanced with a 10,000m drilling program aimed at adding substantially to the existing mineral resource at the project. Since this year's drilling began in early February, a total of 8,670m has been drilled in 26 core holes utilizing two drill rigs.



Figure 1:  
Conrad Silver Project  
Location Plan

**Latest Results** – The latest results are within the bell curve of expected results and are mostly for intersections in the Conrad Lode, with one hole (CMRD58) intersecting both the King Conrad Lode and the Greisen Zone. These results are set out in the Appendix, where Table 1 shows collar details and objectives of the new holes and Table 2 lists the assay results for significant intersections in those holes. Figure 2 is a longitudinal section along the Conrad/King Conrad Lodes, with the new holes identified by number.

The limited mine records available from the Broken Hill South period of mining at Conrad in the 1950's suggest that the highest grade ore in the mine occurred in discrete shoots plunging to the southeast and commonly having dimensions of 50m along strike by 250m down plunge. Between these shoots lower grade mineralisation was present which added to the resource mined. Our interpretation of drilling results to date suggests that higher grade holes have intersected ore shoots (eg. CMRD78 which intersected a true width of 1.2m @ 312g/t Ag, 0.27% Cu, 3.47% Pb, 1.27% Zn, 0.27% Sn and 12 g/t In), while lower grade holes have drilled through the lode between the ore shoots. Follow-up infill drilling (possibly from underground) will be required to delineate the detailed boundaries of the ore shoots.

Some of the resource drilling currently underway is designed to better define the upper section of the Greisen Zone, where recently assayed hole CMRD58 intersected a true width of 29.1m @ 40g/t Ag, 0.01% Cu, 0.59% Pb, 0.43% Zn, and 0.14% Sn, confirming the bulk mining potential of this mineralised zone.

Executive Director, Russell Meares, commented:

**“We are particularly pleased with the intersection in hole CMRD76, our deepest hole so far, which intersected the Conrad Lode at a depth of 500m below the surface, or 250 below the existing underground workings. Last year I visited some of the world’s biggest silver mines in Mexico and the USA, and in the Silver Valley (Coeur d’Alene) district of Idaho they are mining very similar narrow vein, high grade, silver deposits to Conrad at depths of 2,600m below the surface. This provides strong support for our view that the Conrad lodes extend to significant depth and in that case a long mine life may be anticipated, as most of the lodes remain open along strike and down dip.”**

**Resource Upgrade** – Malachite’s mineral resource consultants are currently working on an interim (Stage 2) upgrade to the 2007 (Stage 1) mineral resource estimate for the project. The new upgrade will be available by early August and will incorporate drill holes completed by late June (allowing that 4 to 6 weeks after drilling is required for receipt of assays from the laboratory). Drilling will continue until late August/early September, and it is anticipated that the final (Stage 3) resource estimate for 2008 will be released in October. Resource estimation at Conrad will use a 1.5m minimum horizontal width for each drill hole intersection (including the lode and the mineralised envelope), as 1.5m is considered the minimum working width for modern underground mechanised mining equipment.

The existing resource defined at Conrad in 2007 contains 2.6 million ounces of silver, or about 10 million ounces of silver equivalent when the value of the associated base metals is added. The August resource statement is expected to upgrade that figure substantially, with further enhancement in October. Malachite’s economic modelling of the deposit indicates that a resource containing approximately 8-10 million ounces of silver (or 25-30 million ounces of silver equivalent) will be sufficient to support reopening of the mine. The Company believes there is a very good chance of achieving that resource goal this year.

For further information please visit the Company’s website: [www.malachite.com.au](http://www.malachite.com.au)  
or contact: **Russell Meares, Executive Director** at (02) 9411 6033  
or by email at: [rmeares@malachite.com.au](mailto:rmeares@malachite.com.au)



R.M.D. MEARES  
Executive Director  
22 July 2008

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**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 end of June 2008, the Company had \$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 and tin each represent around 30% of total metal value in the Conrad ore. Preliminary economic modelling suggests that a 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 TIN 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 has recently been completed and assays are awaited.

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 the Phoenix and Watsons Prospects has recently been completed and assays are awaited.

### COMPETENT PERSON STATEMENT

*The information in this report that relates to Exploration Results is based on information compiled by Mr Russell Meares, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Meares 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.' Mr Meares 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: Drill Hole Location Details**

Hole No.	Collar Details				Objectives	Final Hole Depth (m)
	Northing (m) GDA94	Easting (m) GDA94	Magnetic Azimuth (Degrees)	Inclination (Degrees)		
<b>CMRD58</b>	6685079	308872	205	-51	Metallurgical sample of greisen and King Conrad lode	78.95
<b>CMRD76</b>	6684923	309234	186.5	-73	Deep test of Conrad lode at 175m RL	561.1
<b>CMDD77</b>	6684150	309641	001	-67	Test Conrad lode 100m NW of CMDD74 intersection	509.9
<b>CMRD78</b>	6684255	309523	024	-70	Test Conrad lode 100m SE of CMDD01 & 100m NW of CMDD77 intersections	456.9
<b>CMRD79</b>	6684921	309234	185	-73.5	Test Conrad lode 100m NW of CMRD63 & 150m above CMRD76 intersection	450.4
<b>CMDD80</b>	6683963	309952	029	-69	Test Conrad Lode 100m SE of CMRD65 intersection	320.6
<b>CMDD81</b>	6684546	309316	001	-50	Test Conrad lode 100m SE of CMRD62 intersection between stope blocks	226.0
<b>CMDD82</b>	6684022	310004	031	-71.5	Test Conrad lode above CMDD05 and CMDD80 intersections	167.7
<b>CMDD83</b>	6685000	309142	178	-72	Test Conrad lode 100m NW of CMRD79 intersection	428.2
<b>CMDD84</b>	6684544	309316	359	-65	Test Conrad lode 100m below CMDD81 intersection	336.4

**Table 2: Assay Results for CMRD58 and CMRD76-CMDD84**

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	
<b>CMRD58</b>	7.0	45.0	38.0 [29.1]	40	0.01	0.59	0.43	0.14	*	Greisen mineralisation over 7.0-45.0m and King Conrad lode over 64.93-65.52m	
	Including	25.0	35.0	10.0 [7.7]	74	0.01	1.31	0.78	0.29		*
	and	63.0	66.0	3.0 [2.5]	80	0.02	0.97	0.91	0.09		*
	Including	65.0	66.0	1.0 [0.8]	204	0.05	2.24	1.90	0.11		*
<b>CMRD76</b>	540.0	546.1	6.1 [1.5]	66	0.10	0.83	0.15	0.13	3	Conrad lode (540.63-544.0m) with low grade mineralised envelope	
	Including	540.63	544.0	3.37 [0.8]	103	0.17	1.26	0.13	0.20		4
<b>CMDD77</b>	482.35	484.79	2.44 [1.0]	73	0.18	0.83	0.33	0.17	5	Conrad Lode (483.39-484.35m) with low grade mineralised envelope	
	Including	483.39	484.35	0.96 [0.4]	164	0.38	1.38	0.12	0.37		6
<b>CMRD78</b>	412.22	414.22	2.00 [1.2]	312	0.27	3.47	1.27	0.27	12	Conrad Lode (413.0-413.74m) with low grade mineralised envelope	
	Including	413.0	413.74	0.74 [0.4]	821	0.70	9.02	3.28	0.65		29
<b>CMRD79</b>	424.6	428.0	3.4 [0.9]	37	0.12	0.84	0.23	0.06	2	Conrad lode over 425.19-427.05m (90% core recovery)	
	Including	425.19	427.05	1.86 [0.5]	60	0.19	1.22	0.21	0.07		3
<b>CMDD80</b>	290.0	295.2	5.20 [2.7]	39	0.02	0.52	0.14	0.05	1	Conrad Lode (293.1-294.18m; 86% core recovery) with low grade mineralised envelope (90% core recovery for 290.0-295.2m)	
	Including	293.1	294.18	1.08 [0.6]	166	0.04	1.58	0.01	0.04		<1
<b>CMDD81</b>	198.0	202.16	4.16 [2.7]	58	0.18	0.56	3.13	0.29	22	Conrad Lode with low grade mineralised envelope (84% core recovery for 198.0-202.16 m & 57% for 200.0-200.99m)	
	Including	200.0	200.99	0.99 [0.6]	211	0.69	0.96	11.80	0.96		82
<b>CMDD82</b>	130.36	134.22	3.86 [1.6]	13	0.05	0.11	0.05	0.06	1	Conrad Lode (130.36-133.0m; 59% core recovery) with low grade mineralised envelope (74% core recovery for 130.36-133.0m)	
	Including	130.36	133.0	2.64 [1.1]	14	0.06	0.06	0.02	0.07		1

**Table 2: Assay Results for CMRD58 and CMRD76-CMDD84 ..... continued**

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
<b>CMDD83</b>	384.0	390.0	6.00 [2.1]	12	0.02	0.59	0.66	0.12	3	Conrad Lode (387.04-390.0m) with mineralised envelope
Including	387.04	390.0	2.96 [1.0]	8	0.02	0.48	0.75	0.08	4	
<b>CMDD84</b>	311.0	313.2	2.20 [0.9]	137	0.03	3.88	0.22	0.06	2	Conrad Lode (312.0-313.06m; 72% core recovery) with low grade mineralised envelope (81% core recovery for 311.0-313.2m)
Including	312.0	313.06	1.06 [0.4]	273	0.04	7.71	0.25	0.07	3	

Note: \* indicate that indium has not been assayed for this interval  
 Half core samples, except for CMRD58 which are quarter core samples  
 Full core recovery unless specified in comments above

NW

SE

