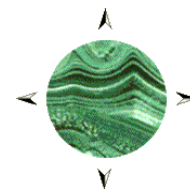


Malachite Resources Limited

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ASX Announcement

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MALACHITE FORMS STRATEGIC ALLIANCE WITH CHINESE INVESTOR GROUP

SUMMARY

Malachite has formed a strategic alliance with a privately owned Chinese/Australian investment group, known as Nanyang Mining Resources Investment Pty. Limited. Nanyang wishes to become a significant participant in the Australian mining industry and has chosen to do so by establishing a strategic alliance with Malachite. Under this alliance, Nanyang will become Malachite's largest shareholder, through an equity injection in the short term, and, subject to documentation and mutual due diligence, will become the Company's joint venture partner at the Conrad Silver Project.

Malachite is pleased to advise that it has formed a strategic alliance with Nanyang Mining Resources Investment Pty. Limited ("Nanyang") that will underpin the Company's future by providing both a short term injection of new capital and long term financial support for the company as it grows through further equity investments and joint ventures, beginning at Conrad.

Commenting on the new alliance, Managing Director, Garry Lowder, noted:

"This is a superb outcome for Malachite and for our existing shareholders. Nanyang has stated its intention of becoming a significant player in the Australian mining industry and has chosen Malachite as the vehicle with which to achieve its aims. We are very happy to have formed this alliance and look forward to a long term, mutually beneficial relationship."

Pursuant to the new alliance, Nanyang will:

- Subscribe for 15 million fully paid shares in Malachite at a price of \$0.0855 each, raising \$1,282,500 in new capital;
- Receive 7.5 million options to purchase additional shares at a price of \$0.111 each at any time over the next three years;
- Nominate a suitably qualified and experienced person to become a director of the Company; and

- Participate in future capital raisings to support the Company and provide a firm basis for strong growth as its projects advance towards production.

JOINT VENTURE AT CONRAD

Nanyang also wishes to become Malachite's joint venture partner at the Conrad Silver Project. Broad commercial terms for a joint venture at Conrad have been tentatively agreed between Malachite and Nanyang. Subject to completion of formal legal documentation and mutual due diligence over the coming weeks, a joint venture between Malachite and Nanyang should soon be established at Conrad. Pursuant to the proposed new joint venture, resource drilling at Conrad is expected to resume by early 2010, fully funded by Nanyang and with the objective of taking the project through to feasibility.

The Placement of 15 million fully paid ordinary shares will be effected by the Board within the 15% capacity afforded by ASX Listing Rule 7.1. The 7.5 million options attaching to the Placement will be issued subject to shareholder approval at the Company's Annual General Meeting which is to be held on Monday 23 November 2009.

ROLE OF NSW GOVERNMENT

Nanyang was first introduced to Malachite by the NSW Department of State and Regional Development and the contribution of officers of that Department is gratefully acknowledged.

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
15 October 2009

ABOUT NANYANG – Nanyang Mining Resources Investment Pty Limited is a private Australian company whose major shareholder is Mr Y.K. Wong, who was born in Guongdong, China but migrated to Australia in 1995. Mr Wong has extensive property development interests in Guongdong and other businesses in China, Hong Kong and Australia. He is a former Vice-Chairman of China Investment Holdings Limited, a company listed on the Hong Kong Stock Exchange, and retains a significant stake in that company. He is also Vice President of the Guongdong Real Estate Association and a Fellow of the Guongdong Foreign Investment Enterprise Association and the Guongdong Business Association.

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. As of 7 September 2009 the Company has approximately \$1.7 million in cash and no debt. The Company's key assets are:

CONRAD: The Conrad Silver Project is located 25km south of Inverell in northern NSW. The Company is evaluating the scope to reopen the old Conrad mine, which 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 50% of total recoverable metal value in the Conrad ore and tin, copper, lead and zinc make up the balance. The currently defined mineral resource at Conrad contains approximately 10Moz of silver, or 19Moz of silver equivalent. This resource remains open along strike and at depth.

Malachite also has excellent exposure to tin, through its **ELSMORE** Project, located 20km east of Inverell, where the Company is considering the possible development of a paleo-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, determine an appropriate processing route and assess the economic viability of mining.

Encouraging tin results have also recently emerged from the Standon Tin Prospect at the Company's **DELUNGRA** Project, located west of Inverell, where an initial drilling program has just been completed.

The **TOOLOOM GOLD PROJECT** also in northeastern NSW, is based on a forgotten goldfield rediscovered by Malachite. 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. Drill-ready targets have been identified at four prospects within the Tooloom project area and a new diamond drilling program will commence shortly.