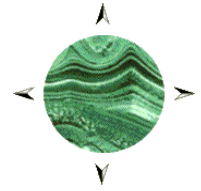


Malachite Resources Limited

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

Code: MAR

8 December 2010

LORENA GOLD PROJECT UPDATE

Malachite Resources Limited (ASX: MAR) advises that a compensation agreement has been signed between Cloncurry Shire Council and Volga Elderberry Pty. Limited ("VEPL"). VEPL is the holder of mining lease ("ML") 7147, which contains the Lorena gold deposit, located 15km east of Cloncurry in northwest Queensland. Malachite has agreed to acquire VEPL (and thereby acquire the Lorena Gold Project) upon satisfaction of several Conditions Precedent, the key outstanding one being grant of five additional mining lease applications that adjoin ML7147.

The agreement signed with Cloncurry Shire Council sets out the terms and conditions on which VEPL is permitted to use a 1.5km section of Shire Road 0130 (commonly known as "Fishers Creek Road") for access to, and haulage from, the Lorena mine site and the road upgrade / annual maintenance contributions payable by VEPL for continuing use of Fisher Creek Road.

The signing of this agreement and its lodgement with the Queensland Department of Employment, Economic Development and Innovation, Mines and Energy Division, completes the last of the prerequisites for grant of the five outstanding mining lease applications. Grant of those leases will provide both additional ground for mine site infrastructure and further exploration potential for expansion of the Lorena gold resource.

The new mining leases are now expected to be granted in January, 2011, and Completion of the acquisition of VEPL by MAR will follow very soon thereafter.

Malachite Managing Director, Garry Lowder, commented:

"We continue to be very excited about the economic potential of Lorena. The existing gold resource is of unusually high grade and we see great scope to expand that resource very quickly once we start drilling at the site."

Planning for further resource drilling at Lorena, and drilling to convert existing resources to mining reserves, is underway and it is hoped to commence that drilling in March, 2011.

For further information please telephone Garry Lowder on 02 9411 6033 or email the company at info@malachite.com.au and visit the website: www.malachite.com.au

A handwritten signature in blue ink, appearing to read 'G. G. Lowder', is positioned above the typed name.

G. G. LOWDER
Managing Director
8 December 2010

COMPETENT PERSON STATEMENT:

The information in this report that relates to Exploration Results is based on information compiled by Dr Garry Lowder and Mr Michael Donnelly, who are full time employees of the Company and are respectively a Fellow and a Member of the Australasian Institute of Mining and Metallurgy. Dr Lowder and Mr Donnelly have sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activities which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' Dr Lowder and Mr Donnelly consent to the inclusion in this report of the matters based on their 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 gold, silver, copper and tin in eastern Australia. 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 makes up about 25%; 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. Further resource drilling is planned for the third Quarter of 2011.

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. Current focus is on the **Joels Gully** prospect, where drilling in 2010 produced encouraging results, with gold assays up to 28g/t Au within quartz vein stockwork systems that are thought to contain coarse grained free gold.

At **PIKEDALE** in southern Queensland, Malachite has identified an attractive base metal target, defined by highly anomalous surface rock chip geochemistry and a strong sub-surface IP chargeability anomaly. Drilling is planned for the first Quarter of 2011.

Malachite has also signed a conditional Share Sale Agreement with Volga Elderberry Pty Limited ("VEPL"), pursuant to which Malachite can acquire all of the issued capital of VEPL and thereby obtain 100% ownership of the **LORENA GOLD PROJECT**, located near Cloncurry in northwest Queensland. Acquisition of VEPL and Lorena is subject to a number of Conditions Precedent, including the approval of Malachite's shareholders, which was given at the Company's AGM on 23 November 2010, and the grant of key additional mining lease applications. Grant of those applications is imminent.