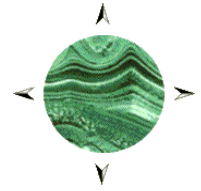


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CONRAD SILVER PROJECT: UPDATE ON PLANS FOR 2011

Malachite Resources Limited (“Malachite” or “the Company”) is pleased to provide an update on its plans for the Conrad Silver Project (“Conrad”) in calendar 2011.

Commenting on recent metal price trends and their significance for Conrad, Managing Director, Garry Lowder, observed:

“Strong increases in metal prices over the past year or so, particularly the prices of silver and tin, have had a materially beneficial impact on the notional economics of mining at Conrad. With silver now over \$US30 per ounce and tin at a remarkable \$US32,595 per tonne, Conrad is essentially a silver-tin deposit, with accessory copper, lead and zinc.”

Excited as we are with the gold potential at our new Lorena Gold Project, we remain very committed to silver and see Conrad as an excellent opportunity to produce two increasingly rare and sought after metals, namely silver and tin.”

Background – Conrad is located approximately 25km south of Inverell in northern NSW. The project comprises the historic Conrad Mine and its surrounding area, held by the Company under three mining leases and adjacent exploration licences. Malachite also owns a 340ha freehold property (“Jadree”) that immediately adjoins the mining leases. Previous work by Malachite at the site has defined a silver-rich mineral resource that also contains tin, copper, lead and zinc. The mineralisation occurs mainly within a narrow, sub-vertical fissure vein – the Conrad Lode – but also in a narrow splay vein known as the King Conrad Lode and in a much wider, lower grade body known as the Greisen Zone. Mineral resource estimates for these bodies have been announced previously¹ and are reproduced in Table 1 below.

Metal Price Changes – The resource estimates listed in Table 1 were undertaken late in 2008 and the metal prices and exchange rates used in the ‘silver equivalent’ calculation were current as at 8 December 2008. Since that time there have been major changes in both metal prices and exchange rates. The magnitude of these changes can be assessed from the information set out in Table 2, where it can be seen that the silver price, in USD terms, has trebled and in AUD terms has doubled. At the same time, the USD tin price has increased nearly threefold, or nearly twofold in AUD terms. Similar increases have occurred in the prices of copper, lead and zinc. While there are no guarantees that these high prices will be sustained in the future, there is a widespread view from commentators that economic growth in China, India and elsewhere will support these historically high metal prices for some years to come.

Implications for Conrad – As noted above, at current prices, Conrad is effectively a silver-tin deposit, with accessory copper, lead and zinc. Silver and tin respectively represent 45-50% and 25-30% of the contained metal value at Conrad. This is especially so for the Princess Shoot at Conrad, little of which is yet in resource but where drill intersections have returned very attractive grades of mineralisation dominated by silver, tin and copper, with subordinate lead but very little zinc.

¹ See MAR ASX Announcement dated 16 December 2008.

Evaluating and comparing polymetallic ore deposits can be more difficult than in the case of a single commodity ore, such as a gold ore body. To address this, it is not unusual to resort to estimation of a 'metal equivalent' grade, such as the 'silver-equivalent' grade previously quoted for Conrad. However, this process requires somewhat arbitrary decisions to be made about metal recoveries and smelter payables. The end result can be to artificially devalue what is otherwise an attractive, multi-commodity asset.

An alternative approach, which avoids these arbitrary decisions, is to look only at the gross, in-ground monetary value of the contained metal. Table 3 shows the results of taking this approach with the resources so far defined at Conrad, utilising current metal prices. On this basis, the high grade resource previously estimated for Conrad alone contains \$230 million in gross metal value, with around \$500 worth of metal in each tonne of ore.

Commenting further Dr Lowder added:

“At \$500 worth of contained metal per tonne, and a gross value of \$230 million, the existing high grade resource at Conrad may well represent a viable project in its own right. Boosting the available tonnes with additional high grade resources from the Princess Shoot can only improve the outlook.”

Future Plans – In 2011, Malachite proposes to focus its program at Conrad on the Princess Shoot, which is so far only partly defined by drilling and very little of it has been included within the previously announced resource figures. However, it is apparent that the shoot comes virtually to surface and has not been mined significantly in the past. As such, it represents an ideal focal point for detailed drilling and the Company proposes to conduct a program of about 4,400m of diamond drilling in 2011, commencing around mid-year. This will target the top 100m of the Princess Shoot, aiming to reduce drill intersection spacing from the current 100m by 50m to 25m by 25m. A new mineral resource estimate will then be undertaken.

The next step, which is not expected until 2012, is likely to be accessing the Princess Shoot underground by means of an exploration decline, which could have its portal on Malachite's Jadree property, adjacent to the Princess Shoot. Underground access would allow bulk sampling to verify the resource grade and provide material for comprehensive metallurgical investigation, as a precursor to pre-feasibility studies.

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



G. G. LOWDER
Managing Director
18 February 2011

COMPETENT PERSON STATEMENT:

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Dr Garry Lowder, who is a full time employee of the Company and is a Fellow of the Australasian Institute of Mining and Metallurgy. Dr Lowder has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activities 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.

TABLE 1: Previously Announced² Mineral Resource Estimates for Conrad**Conrad Lode: Global Resource Estimate**

Category	Tonnes	Ag g/t	Cu %	Pb %	Zn %	Sn %	In g/t	Ag _{EQ} g/t
Indicated	447,250	123.8	0.26	1.30	0.46	0.28	7.7	239.1
Inferred	1,807,476	101.9	0.21	1.22	0.46	0.22	6.4	197.6
Total	2,254,726	106.2	0.22	1.24	0.46	0.23	6.7	205.8

Based on a 1.2m wide vein, with no cut off and allowing for historical depletion

Conrad Lode: High Grade Resource Estimate

Category	Tonnes	Ag g/t	Cu %	Pb %	Zn %	Sn %	In g/t	Ag _{EQ} g/t
Indicated	76,982	211.8	0.39	2.62	1.02	0.46	14.2	413.1
Inferred	317,040	235.3	0.37	2.46	0.48	0.42	11.2	413.1
Total	394,022	230.7	0.37	2.49	0.58	0.43	11.8	413.1

Based on a 1.2m wide vein, with a 300g/t Ag_{EQ} cut off and allowing for historical depletion

King Conrad Lode: Global Resource Estimate

Category	Tonnes	Ag g/t	Cu %	Pb %	Zn %	Sn %	In g/t	Ag _{EQ} g/t
Indicated	210,573	139.5	0.20	2.50	1.16	0.26	9.7	286.2
Inferred	186,459	55.8	0.05	1.09	0.66	0.11	5.0	118.7
Total	397,032	100.2	0.13	1.84	0.93	0.19	7.5	207.5

Based on a 1.2m wide vein, with no cut off and allowing for historical depletion

King Conrad Lode: High Grade Resource Estimate

Category	Tonnes	Ag g/t	Cu %	Pb %	Zn %	Sn %	In g/t	Ag _{EQ} g/t
Indicated	64,278	245.4	0.46	3.81	1.54	0.47	15.2	491.8
Total	64,278	245.4	0.46	3.81	1.54	0.47	15.2	491.8

Based on a 1.2m wide vein, with a 300g/t Ag_{EQ} cut off, a Defined Shape and allowing for historical depletion

Combined Conrad and King Conrad Lodes: Global Resource Estimate

Category	Tonnes	Ag g/t	Cu %	Pb %	Zn %	Sn %	In g/t	Ag _{EQ} g/t
Indicated	657,823	128.8	0.24	1.69	0.68	0.28	8.3	254.2
Inferred	1,993,935	97.6	0.19	1.21	0.48	0.21	6.3	190.2
Total	2,651,758	105.3	0.20	1.33	0.53	0.22	6.8	206.1

Based on a 1.2m wide vein, with no cut off and allowing for historical depletion

Combined Conrad and King Conrad Lodes: High Grade Resource Estimate

Category	Tonnes	Ag g/t	Cu %	Pb %	Zn %	Sn %	In g/t	Ag _{EQ} g/t
Indicated	141,260	227.1	0.42	3.16	1.25	0.47	14.7	448.9
Inferred	317,040	235.3	0.37	2.46	0.48	0.42	11.2	413.1
Total	458,300	232.8	0.39	2.68	0.72	0.44	12.3	424.1

² Please see MAR ASX announcement dated 16 December 2008.

Based on a 1.2m wide vein, with a 300g/t Ag_{EQ} cut off, Defined Shapes and allowing for historical depletion

TABLE 1 ctd.**Greisen Zone: Resource Estimate**

Category	Tonnes	Ag g/t	Cu %	Pb %	Zn %	Sn %	Ag _{EQ} g/t
Indicated	293,041	40.7	0.02	0.81	0.71	0.13	101.1
Inferred	185,602	40.5	0.03	0.98	0.82	0.13	106.5
Total	478,643	40.6	0.02	0.88	0.75	0.13	103.2

Based on a 74g/t Ag_{EQ} cut off within a wireframe at a notional 10g/t silver cut off

TABLE 2: Metal and Exchange Rate Changes since 8 December 2008.

As at 8 December 2008:

	Silver Per Ounce	Tin Per Tonne	Copper Per Tonne	Lead Per Tonne	Zinc Per Tonne	Exchange Rate
USD	\$9.50	\$11,600	\$3,100	\$1,000	\$1,100	\$A1.00 =
AUD	\$14.62	\$17,846	\$4,769	\$1,538	\$1,692	\$US0.65

As at 15 February 2011:

	Silver Per Ounce	Tin Per Tonne	Copper Per Tonne	Lead Per Tonne	Zinc Per Tonne	Exchange Rate
USD	\$30.70	\$32,595	\$10,110	\$2,649	\$2,518	\$A1.00 =
AUD	\$30.70	\$32,595	\$10,110	\$2,649	\$2,518	\$US1.00

Note: 15 February 2011 prices: Sources are: for base metals – LME 3-month Seller quotes; for silver – www.kitcosilver.com

TABLE 3: In-Ground Gross Metal Value of Conrad Resources

RESOURCE CATEGORY (Table 1)	RESOURCE QUANTUM (Table 1)	GROSS CONTAINED METAL VALUE PER TONNE	GROSS CONTAINED METAL VALUE OF RESOURCE
Combined Conrad and King Conrad Lodes: Global Resource	2,651,758 tonnes	\$A244.45	\$A648,226,908
Combined Conrad and King Conrad Lodes: High Grade Resource (Included in above)	458,300 tonnes	\$A501.78	\$A229,964,752
Greisen Zone Resource	478,643 tonnes	\$A132.49	\$A60,629,476

Note: Calculated using previously announced resource estimates (Table 1) and metal prices as at 15 February 2011 (Table 2).