Malachite Resources Limited

ABN 86 075 613 268

ASX Announcement ***ASX Code: MAR*** ***29 July 2011***

$1 MILLION INVESTMENT VIA CONVERTIBLE NOTES

Malachite Resources Limited ("Malachite" or "the Company") is pleased to advise that it has entered into Convertible Note Agreements with Sun Biomedical Limited (ASX: SBN) and Montec International Limited (ASX: MTI) to the total value of $1,000,000.

Each Convertible Note Agreement was executed on 29 July 2011 and contains the following terms:

- The holder is to be issued with 5 notes each having a face value of $100,000. 2 notes were subscribed for by SBN upon execution of the agreement and MTI intends to subscribe for its first 2 notes upon acquiring all requisite regulatory and shareholder approvals. The remaining 3 notes are to be subscribed by each of SBN and MTI within 3 months of the execution of the agreement;
- The convertible notes will have a conversion price which is the lesser of $0.05 or a 20% discount to the 30 day volume weighted average price of the Company's shares at the time of conversion;
- Interest is payable on the notes at a rate of 12% per annum (payable quarterly in arrears on the last day of each quarter); the maturity date of the notes is 12 months from the date of the agreement. The holder is restricted from converting or redeeming the notes within the first 6 months of the agreement (unless there is an event of default or a takeover event);
- Each time the holder subscribes for a convertible note, the Company will issue the holder with 250,000 fully paid ordinary shares. An additional 250,000 fully paid ordinary shares will be issued upon the holder converting the notes into ordinary shares of the Company; and
- The agreements are subject to obtaining all requisite regulatory and shareholder approvals including approvals required under the ASX Listing Rules and the Corporations Act (if any) that are required for it to comply with its obligations under the agreement.

The Company will not be seeking prior shareholder approval to the issue of the convertible notes.

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The terms of each Convertible Note Agreement entitles the holder to appoint a director to the Company's board and also requires the parties to enter into good faith discussions regarding terms and conditions for the holders to potentially invest in or acquire one or more projects currently owned by Malachite, with the exception of the Lorena Gold Project.

The primary use of the funds raised under the Convertible Note Agreements is to explore for gold on the recently granted mining leases at the Lorena Gold project near Cloncurry. As previously announced by the Company, the prime target for this exploration is drilling the down plunge extension of the existing gold resources at Lorena. The initial drilling program to carry this out is some 2,500 metres of reverse circulation percussion drilling which will have an all up cost (including overheads, sampling and assaying) of approximately $150 per metre. The remainder of funds raised will be used for additional exploration work at Lorena and for working capital purposes. Malachite remains confident that the first phase of new drilling should commence around the end of August as previously indicated.

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

G. HILLER
Chief Executive Officer
29 July 2011