



Malachite Resources N.L.

A.B.N. 86 075 613 268

Financial Report

Half-Year Ended 31 December, 2002

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DIRECTORS' REPORT

Your directors submit the financial report of the company for the half-year ended 31 December 2002.

Directors

The following persons were directors of the company during the whole of the financial year and up to the date of this report:

Dr Garry G Lowder
Mr Russell M D Meares
Mr Peter W Hopkins

Mr Warren J Staude was appointed a director on 9 July 2002 and continues in office at the date of this report.

Review of Operations

ASX Listing

During the latter part of 2002 the Company successfully completed an Initial Public Offer and was listed on the Australian Stock Exchange on 26 November 2002.

Rivertree

Immediately after the Company's ASX listing, detailed planning of the first of the drill programs described in the prospectus commenced. This program comprises approximately 1700m of both diamond core and reverse circulation percussion drilling, to be conducted at the Rivertree silver project, in northern NSW, from mid January. That drilling is currently underway and the first results are expected to be available by the end of the first Quarter, 2003.

Conrad

A Review of Environmental Factors was completed at the Conrad silver project, near Inverell in northern NSW, in December. Notification of Government approval of this Review has since been received, allowing the drilling program proposed for Conrad to proceed at the end of March, 2003, as planned.

AGI Database

Work has commenced on the AGI Database project. This involves analysis and interrogation of a large volume of geochemical information contained in a proprietary database made available to Malachite by BHP Billiton Ltd, pursuant to Malachite's alliance with that company. The objective is to identify new exploration opportunities hidden within the huge dataset. New acquisition opportunities can also be evaluated against information contained in the AGI database.

Tooloom

Applications have been lodged with the Minister for Mineral Resources seeking the Minister's approval for the transfer of the interest held by Tooloom Gold Pty. Ltd. to Malachite, pursuant to a Sale and Purchase Agreement signed on 5 August 2002. That approval is expected in the first Quarter of 2003, whereupon Malachite will complete the acquisition of the outstanding interest in this exciting gold property by the issuance of 2 million vendor shares and 3 million vendor options to Tooloom Gold, together with the payment of \$70,000 cash.

Boonoo Boonoo

The Company's application for an exploration licence over the Boonoo Boonoo silver field, located between Tenterfield and Rivertree, was granted as EL 6032 on 20 December 2002. Field work at Boonoo Boonoo commenced in February, 2003.

East Moonmera

No activity took place during the period under review.

New Opportunities

In keeping with the Company's focus on the New England region, several additional silver prospects in the region will be investigated in early 2003.

Expenditure

Due to the focus of manpower on the IPO and ASX listing, the Company's exploration expenditure during the period under review was minimal, amounting to \$72,129. A further \$7,500 was expended in partial acquisition of ML 525 at Tooloom; an additional \$7,500 will be paid upon completion of this acquisition.

This report is signed in accordance with a resolution of the Board of Directors.



Dr. Garry G. Lowder, Director

Sydney

Dated this 12th day of March 2003

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE HALF-YEAR ENDED 31 DECEMBER 2002**

	31 December 2002 \$	31 December 2001 \$
Revenues from operating activities	19,624	6,983
Employee benefits expense	(193,062)	(6,000)
Depreciation and amortisation expenses	(1,211)	-
Listing and other regulatory expenses	(29,110)	(960)
Other expenses from ordinary activities	(29,807)	(86,732)
Loss from ordinary activities before income tax expense	(233,566)	(86,709)
Income tax expense	-	-
Net loss from ordinary activities after income tax expense	(233,566)	(86,709)
Total changes in equity other than those resulting from transactions with owners as owners	(233,566)	(86,709)
Basic earnings per share (cents per share)	(0.9)	(0.5)
Diluted earnings per share (cents per share)	(0.9)	(0.5)

The above statement of financial performance should be read in conjunction with the accompanying notes.

**STATEMENT OF FINANCIAL POSITION
FOR THE HALF-YEAR ENDED 31 DECEMBER 2002**

	31 December 2002 \$	30 June 2002 \$
CURRENT ASSETS		
Cash assets	2,518,956	130,212
Receivables	24,450	3,039
Other	11,196	113
TOTAL CURRENT ASSETS	<u>2,554,602</u>	<u>133,364</u>
NON-CURRENT ASSETS		
Receivables	37,500	35,000
Property, plant and equipment	45,571	3,582
Exploration expenditure	1,321,229	1,249,100
TOTAL NON-CURRENT ASSETS	<u>1,404,300</u>	<u>1,287,682</u>
TOTAL ASSETS	<u>3,958,902</u>	<u>1,421,046</u>
CURRENT LIABILITIES		
Payables	32,367	42,644
Provisions	65,760	45,191
TOTAL CURRENT LIABILITIES	<u>98,127</u>	<u>87,835</u>
TOTAL LIABILITIES	<u>98,127</u>	<u>87,835</u>
NET ASSETS	<u>3,860,775</u>	<u>1,333,211</u>
EQUITY		
Contributed equity	6,002,093	3,240,963
Retained profits	(2,141,318)	(1,907,752)
TOTAL EQUITY	<u>3,860,775</u>	<u>1,333,211</u>

The above statement of financial position should be read in conjunction with the accompanying notes.

**STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2002**

	Notes	31 December 2002 \$	31 December 2001 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of goods and services tax)		-	15
Payments to suppliers and employees (inclusive of goods and services tax)		(274,181)	(25,923)
Interest received		19,624	658
Refund of Rental Bond		-	2,600
Payment for exploration expenditure		(72,129)	-
Payment for security deposits		(2,500)	-
Net cash (outflow) from operating activities		<u>(329,186)</u>	<u>(22,650)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant & equipment		-	17,500
Purchase of property, plant and equipment		(43,200)	-
Net cash (outflow) / inflow from investing activities		<u>(43,200)</u>	<u>17,500</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	3	3,203,726	30,000
Capital Raising Costs		(442,596)	-
Net cash inflow from financing activities		<u>2,761,130</u>	<u>30,000</u>
Net increase in cash held		2,388,744	24,850
Cash at the begining of the reporitng period		130,212	18,742
Cash at the end of the reporting period		<u>2,518,956</u>	<u>43,592</u>

The above statement of cash flows should be read in conjunction with the accompanying notes.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE
HALF-YEAR ENDED 31 DECEMBER 2002**

NOTE 1: BASIS OF PREPARATION OF HALF-YEAR FINANCIAL REPORT

This general purpose financial report for the interim half-year reporting period ended 31 December 2002 has been prepared in accordance with Accounting Standard AASB 1029 *Interim Financial Reporting*, other mandatory professional reporting requirements (Urgent Issues Group Consensus Views), other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2002 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Unless otherwise stated, the accounting policies adopted are consistent with those of the previous financial year.

NOTE 2: SEGMENT INFORMATION

The Company operates predominantly in the one industry and in one geographical area, namely mineral exploration and evaluation in Australia.

NOTE 3: EQUITY SECURITIES ISSUED

During the half-year ended 31 December 2002, 1,390,800 ordinary shares were issued and consolidated into 695,400 ordinary shares on 6 August 2002. 15,285,000 ordinary shares were issued at an initial public offering on 4 December 2002 (2,035,300 shares were issued during the year ended 30 June 2002).

NOTE 4: CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

NOTE 5: EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

DIRECTORS' DECLARATION

The directors of the company declare that the financial statements and notes set out on page 3 to 6:

- a. comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
- b. give a true and fair view of the company's financial position as at 31 December 2002 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date.

In the directors' opinion:

- a. the financial statements and notes are in accordance with the Corporations Act 2001; and
- b. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



Dr Garry G. Lowder, Director
Sydney

Dated this 12th day March 2003

Independent review report to the members of Malachite Resources NL

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report, set out on pages 2 to 6 is not presented in accordance with:

- the Corporations Act 2001 in Australia, including giving a true and fair view of the financial position of Malachite Resources NL as at 31 December 2002 and of its performance for the half-year ended on that date
- Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory professional reporting requirements in Australia, and the Corporations Regulations 2001.

This statement must be read in conjunction with the following explanation of the scope and summary of our role as auditor.

Scope and summary of our role

The financial report – responsibility and content

The preparation of the financial report for the half-year ended 31 December 2002 is the responsibility of the directors of Malachite Resources NL. It includes the financial statements for Malachite Resources NL during the half-year ended 31 December 2002.

The auditor's role and work

We conducted an independent review of the financial report in order for the Company to lodge the financial report with the Australian Securities & Investments Commission. Our role was to conduct the review in accordance with Australian Auditing Standards applicable to review engagements. Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

This review was performed in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report does not present fairly a view in accordance with the Corporations Act 2001, Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory professional reporting requirements in Australia, and the Corporations Regulations 2001, which is consistent with our understanding of the Company's financial position, and its performance as represented by the results of its operations and cash flows.

The review procedures performed were limited primarily to:

- inquiries of company personnel regarding certain internal controls, transactions and individual items
- analytical procedures applied to financial data.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

Independence

As auditor, we are required to be independent of the company and free of interests which could be incompatible with integrity and objectivity. In respect of this engagement, we followed the independence requirements set out by The Institute of Chartered Accountants in Australia, the Corporations Act 2001 and the Auditing and Assurance Standards Board.

PricewaterhouseCoopers

SJD Humphries
Partner

Sydney
March 2003