

QUARTERLY REPORT 3 Months Ending 31 March 2005

HIGHLIGHTS

Elsmore Tin Project, NSW

- SHEEP STATION HILL
 - A 50-hole program of shallow RC drilling at Sheep Station Hill successfully completed.
 - Tin grades up to 2.37% Sn encountered.
 - Tungsten (up to 1.16% WO₃) and molybdenum (up to 0.14% Mo) also locally well developed.
- NEWSTEAD
 - A 5-hole reconnaissance drilling program at Newstead also produced encouraging results.
 - Significant silver (up to 138 g/t Ag) associated with tin in hard rock.
 - Excellent grade alluvial tin (5kg/m³ Sn) intersected beneath weathered basalt cover.

Tooloom Gold Project, NSW

- PHOENIX
 - Detailed “path-finder” soil geochemistry defines “bulls-eye” targets within broader Phoenix anomaly.
 - “Breccia Zone” defined by gold-antimony-bismuth.
 - “Creek Zone” defined by gold-copper-arsenic.
 - Previous drilling has tested both zones only marginally.

Corporate

- \$370,087 in new capital was raised through a Share Purchase Plan.
 - A further \$307,500 was raised through placements in early April.
 - Exploration expenditure for the Quarter was approximately \$198,000
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Elsmore Tin Project, NSW (Malachite 100%)

A program of 50 shallow reverse circulation percussion (“RC”) drill holes was completed at Sheep Station Hill during the Quarter, together with a brief reconnaissance drilling program of five RC holes at Newstead (see location map, Figure 1). Assay results from the Sheep Station Hill drilling are encouraging, with a number of high grade tin intercepts recorded (maximum 2.37% Sn) and several high values in tungsten (maximum 1.16% WO₃) and, more locally, molybdenum (maximum 0.14% Mo). Significant copper (maximum 0.57% Cu) is also present in most cases. Greisen vein intercept true widths ranged from less than 1m to around 5m. Table 1 lists all significant mineralised greisen intercepts at Sheep Station Hill.

Much of the tin exposed at surface at Sheep Station Hill occurs sporadically as coarse grained aggregates very rich in cassiterite (the ore mineral of tin) that have been the target of mineral specimen collectors for years. At depth, several of the recent drill holes appear to have penetrated such aggregates but their poddy nature and uneven distribution through the greisen host rock means that drilling is likely to understate the true tin grade. Bulk sampling will probably be required in the future for better evaluation of the true grade of mineralisation at this prospect. At the same time, such coarse grained mineralisation is likely to be attractive from the perspective of low cost metallurgical treatment and recovery of tin. Simple gravity concentration should be sufficient to recover both tin in cassiterite and tungsten in wolframite. The addition of a small flotation plant may allow economic recovery of copper (in chalcopyrite) and molybdenite, possibly with silver credits.

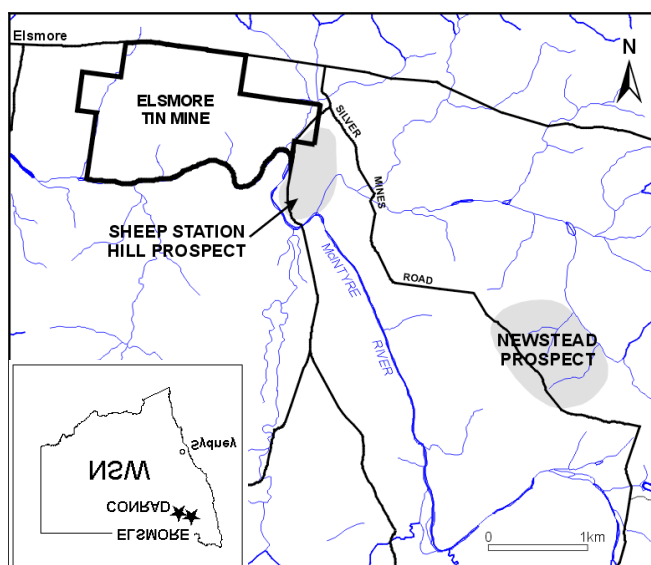


Figure 1: Reference map showing location of Elsmore project and of the Sheep Station Hill and Newstead greisen prospects (on EL 6196) in relation to the Elsmore tin mine (excluded from EL 6196).

The short drilling program at Newstead, 4km southeast of Sheep Station Hill (Figure 1), was intended only as a very preliminary test of mineralisation in this greisen system, which is similar in size to that at Elsmore itself (including Sheep Station Hill).

Even so, some excellent early results were achieved at Newstead and at

least two types of mineralisation appear to have economic potential, namely bulk tonnage silver-tin and buried alluvial tin.

Probably the most important result was the intersection, in drill hole NSRC04, of a 51m interval from 7 to 58m assaying 20 g/t Ag, 0.05% Sn, 0.16% Pb and 0.23% Zn. Within this zone the highest individual assays (in separate 1m samples) for each of these elements were 41.4 g/t Ag, 0.17% Sn, 0.55% Pb and 0.57% Zn. Drill hole NSRC05, drilled about 150m west of NSRC04, intersected less continuous mineralisation but did record the highest silver value reported from Newstead to date of 138 g/t Ag (over 1m). The discovery of significant silver in association with tin at Newstead is very promising and considerably enhances the economic potential of this prospect.

The other interesting result at Newstead was the intersection in drill hole NSRC01 of paleo-alluvial material of very attractive grade. This hole was drilled vertically to test for an up-slope extension of the Newstead deep lead (old river channel) below its basalt cap. The hole did not intersect deep lead material as such, but from 23 to 24m it did cut tin-bearing

paleo-colluvium¹ that could represent bank material of an old drainage channel. An encouraging tin assay of 0.26% Sn was recorded over this interval. That represents an alluvial tin grade of about 5kg/m³, which would be a very good grade for alluvial tin mining in most circumstances.

The Newstead deep lead is a key target for follow up exploration at Newstead, where a geophysical survey will be conducted before further drilling of the deep lead to help detect any buried channel which may be present, as that is where the best grades and thicknesses of paleo-alluvial tin would be expected.

TABLE 1: SUMMARY OF SIGNIFICANT DRILL INTERCEPTS AT SHEEP STATION HILL, ELSMORE TIN PROJECT

Hole No.	Total Depth m	From m	To m	Intercept Length	Sn ppm or %	WO ₃ ppm or %	Cu ppm or %	Mo ppm or %	Ag g/t	Notes
1	14	4	5	1	0.11%	170	0.19%	33	5	
2	31	7	8	1	0.10%	115	0.16%	17	14	
3	25	5	11	6	337	60	291	19	2	
	And	14	16	2	0.20%	80	0.21%	58	5	
4	10	No significant intercepts								1
5	7	4	5	1	372	750	794	90	4	
6	19	4	5	1	651	75	0.38%	35	2	
		15	16	1	626	60	547	83	9	
7	13	6	7	1	308	570	955	0.14%	8	2
8	22	No significant intercepts								
9	12	No significant intercepts								
10	23	10	13	3	0.73%	650	830	56	4	
	Including	10	11	1	1.22%	0.17%	445	65	5	3
11	13	No significant intercepts								
12	21	17	18	1	458	125	0.35%	47	14	
13	10	3	4	1	977	25	230	37	6	
14	19	14	15	1	776	115	0.17%	21	5	
15	13	8	9	1	224	390	288	24	2	
	And*	10	11	1	879	1.16%	367	57	7	
16	22	19	20	1	0.13%	75	0.10%	32	3	
17	13	No significant intercepts								
18	7	4	5	1	544	65	0.18%	16	11	
19	16	10	12	2	600	450	443	58	1	
20	12	8	9	1	477	40	704	64	6	
21	16	No significant intercepts								
22	13	7	9	2	595	40	973	25	3	
23	14.5	14	14.5	0.5	0.18%	365	0.17%	217	7	4
24	20	10	15	5	0.66%	100	0.20%	46	6	
	Including	11	12	1	2.37%	75	0.14%	9	4	5
25	16	10	11	1	428	50	451	54	1	
	And	13	14	1	205	15	0.15%	21	3	
26	16	No significant intercepts								
27	16	0	2	2	252	850	106	15	1	
28	22	8	9	1	0.45%	50	0.44%	8	11	6
29	10	6	7	1	593	0.92%	784	19	2	7
30	12	No significant intercepts								
31	10	6	8	2	600	30	0.17%	27	5	
32	14	12	14	2	0.88%	90	0.33%	406	10	8
	Including	13	14	1	1.66%	125	0.57%	82	14	
33	9	No significant intercepts								
34	3	Hole abandoned								
35	10	No significant intercepts								
36	8	No significant intercepts								
37	10	6	7	1	725	0.16%	701	37	2	
38	24	7	9	2	0.14%	50	893	20	3	
39	36	16	18	2	568	65	0.25%	12	8	
40	27	20	22	2	717	50	0.30%	38	11	
41	21	10	14	4	0.24%	65	0.22%	75	7	
	Including	11	12	1	0.48%	65	0.16%	124	5	
42	30	No significant intercepts								
43	27	17	18	1	0.35%	40	0.11%	31	3	
	And	24	25	1	813	50	0.19%	375	6	
44	33	6	9	3	543	555	0.14%	32	3	
45	30	22	23	1	0.13%	115	0.20%	0.11%	17	
46	12	No significant intercepts								
47	30	23	26	3	672	80	0.17%	27	5	
	Including	25	26	1	965	115	0.24%	21	6	
48	30	6	7	1	530	25	198	21	3	
49	30	10	11	1	0.47%	25	258	21	<1	
	And	12	13	1	674	845	0.19%	5	6	
50	27	10	11	1	0.58%	40	0.16%	14	6	

Notes:

- 1 No significant intercepts means below 400 ppm Sn.
- 2 Duplicate assay gave 0.20% Mo
- 3 Duplicate assay gave 1.25% Sn and 0.13% WO₃
- 4 This hole abandoned in a cavity.
- 5 Duplicate assay gave 2.68% Sn
- 6 Duplicate assay gave 0.46% Sn and 0.38% Cu
- 7 Duplicate assay gave 540 ppm Sn and 0.99% WO₃
- 8 This hole also abandoned in a cavity.

True widths are generally of the order of two thirds of the intercept length

¹ Colluvium is unconsolidated surface material that has not yet been transported into a discrete drainage channel. Alluvium is unconsolidated surface material that has been transported into and along a stream bed.

Tooloom Gold Project, NSW (Malachite 100%)

Further results were received for the program of detailed soil geochemical sampling which commenced at the **Phoenix** prospect in November, 2004. These indicated a need for a limited amount of in-fill sampling, which was carried out during the Quarter. In combination the soil results for Phoenix have indicated two main anomalous areas that have been called the "Breccia Zone" and the "Creek Zone".

The "Breccia Zone" is approximately 350m in diameter and is characterised by a strong gold-antimony-bismuth association, with the bismuth maximum located within the Phoenix breccia pipe and the antimony maximum centred just to the north of it. These "path-finder" elements (i.e. bismuth and antimony) are commonly very closely associated with gold in deposits of this type and represent clear targets for further drilling. In previous drilling at Phoenix the best drill intercept (79m of 0.72 g/t Au and 0.25% Sb) was in PHRC02, which is the hole closest to the newly defined antimony-bismuth anomaly although it does not penetrate into the peak anomaly.

The second newly defined soil anomaly is characterised by a strong gold-copper-arsenic association and is located 400 to 500m southwest of the Breccia Zone, along the steep eastern side of Kangaroo Creek (hence the name "Creek Zone"). It covers an area of 300m x 150m and the metal association here suggests a different style of mineralisation to that at the Breccia Zone, although as it is 50-60m lower in elevation than the Breccia Zone it could simply reflect vertical zoning within a larger mineralised system.

A third zone ("Rory's Gully Zone") was identified in the recent soil geochemistry program and is characterised by a discrete gold anomaly, with no real support from the path-finder metals, arsenic, copper, antimony and bismuth. The significance of this anomaly is not yet well understood.

Conrad Silver Project, NSW (Malachite 100%)

Negotiations continued with native title parties having an interest in prospective land to the southeast of the main Conrad old workings. An access agreement has now been tentatively agreed to by the Claimants' solicitor and the Company. A further meeting now needs to occur in Tingha to obtain the Claimants' consent to enter into this agreement. Once that has been received, and the agreement has been signed by all seven Claimants and the Company, it must be submitted to the Minister for his consent under Section 31 of the Native Title Act. Only when that is received can Malachite undertake field work on land affected by the Nucoorilma Native Title Claim.

Mt Ramsay Project, Tasmania (Malachite farming-in)

Preparations continued for an initial drilling program to comprise at least 800m of diamond core drilling in three holes. The Company's farm-in partner, TasGold Ltd., will sub-contract to the joint venture for the drilling and the supply of a crawler tracked vehicle which will be used in tandem with a helicopter for the mobilisation and demobilisation of the drill rig and crew, as well as moving between drill sites. Drilling is scheduled to commence in May.

The project is located in the Meredith Range Regional Reserve, which allows multiple land use, including exploration and mining but not logging. The area is of interest to various environmental stakeholders, so clearing of drill sites and camp sites will require careful management to minimise its impact upon the forest. As part of the environmental management process, a visit was made by Malachite personnel to Hobart and to the project site in early March to (1) present the proposed work program to Mineral Resources Tasmania, (2) hold briefing meetings with the two main environmental groups interested in the area, (3) walk in to the project site to assess a range of access and logistical issues,

and (4) meet with local operators and contractors regarding helicopters, assay labs, etc. The visit was successful and in-principle approval for the program has been received from all parties.

Copperfield, Queensland (Malachite 100%)

No field work was carried out at Copperfield during the Quarter, as access to the area is severely restricted during the tropical "wet season". However, planning continued for an initial reverse circulation percussion drilling program of at least 750m of drilling. Tenders were called for this work from various drilling companies and a contract was let at the end of the Quarter.

The Copperfield tenement was reduced in size by 50%, as field work in 2004 had shown that the outlying parts of EPM 14134 are not of exploration interest. This has resulted in a commensurate saving for the Company in rent payable to the Queensland Government.

Lynd River, Queensland (Malachite 100%)

No field work has yet been undertaken at Lynd River, as the tenement was only granted in December, during the tropical "wet season". Compilation of previous exploration data for the area continued, in preparation for field work which is expected to begin in mid 2005.

Boonoo Boonoo Gold-Silver Project, NSW (Malachite 40%);

Rivertree Silver Project, NSW (Malachite 40%)

These two properties have been farmed out to Macmin Silver Ltd., which has not yet commenced further exploration on the ground.

AGI Database Project

No activity in the past Quarter.

Forward Plans

Three drilling programs are expected to be completed during the next Quarter. The first of these will be a program of at least 2000m of reverse circulation percussion drilling at the Phoenix prospect (Toooloom Gold Project) in northern NSW, scheduled to begin on 4 April 2005. Between 10 and 15 holes to a maximum depth of 200m each are planned, most of them to be directed at the "Breccia Zone" near the best of the previous drilling. A couple of holes will test the "Creek Zone" and one or two may be drilled into the "Rory's Gully Zone". The program is expected to take 4-5 weeks to complete and the first drill assay results are likely to be on hand around the end of April.

The second drilling program in the June Quarter is scheduled to commence on 21 April 2005 and will consist of 750-1000m of RC percussion drilling at the Copperfield prospect in north Queensland. Up to seven holes to a maximum depth of 150m each are planned, testing the southern part of the outcropping Copperfield lode, as well as nearby mineralisation in granite and a geophysical (IP) anomaly interpreted from work carried out by a previous explorer but not drilled by them at that time. This program should take about two weeks to complete.

The third drilling program for the next Quarter will be the 800m of diamond drilling planned to begin at Mt Ramsay in late May. One drill hole will be directed at each of the northern and southern groups of airborne EM anomalies, and a possible third hole will test an intermediate zone, where field work has produced surface rock samples anomalous in copper and tin.

No drilling is anticipated at the Elsmore Tin Project in the June Quarter, but it is expected that further surface work will be conducted at Newstead and elsewhere on EL 6196, with a view to further drilling after June.

Corporate

During the past Quarter \$370,087 in new capital was raised by the issuance of 2.96 million new shares at 12.5 cents, pursuant to the Company's Share Purchase Plan. A total of 105 shareholders participated in the Plan. Following the closure of the Share Purchase Plan, a further \$307,500 was raised in early April through the placement of 2.46 million shares at the same issue price to a number of private investors. The Company now has 52,384,765 shares on issue.

Exploration expenditure during the period under review amounted to \$198,000.

Further Information

For further information please contact Garry Lowder on (02) 9415 6833 or by email at glowder@malachite.com.au.



G.G. LOWDER
Managing Director
21 April 2005

The information in this report that relates to Exploration Results is based on information compiled by Dr Garry Lowder and Mr Russell Meares, both of whom are Fellows of the Australasian Institute of Mining and Metallurgy. Dr Lowder and Mr Meares each have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are 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 and Mr Meares each consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.