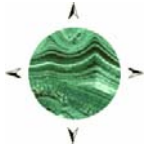


Malachite Resources NL

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QUARTERLY REPORT 3 Months Ending 31 December 2007

KEY RESULTS

Conrad Silver Project, NSW

- An initial resource estimate has been completed for the area drilled near the King Conrad Shaft.
- The resource amounts to approximately 10.4 million ounces of silver equivalent.
- This is a substantial part of what will be required to justify reopening the Conrad Mine.
- Preliminary metallurgical results are encouraging.
- The Greisen Lode contains significant native silver.
- Regional exploration on the Conrad tenements has identified attractive additional targets.
- Good grades of silver, lead and zinc are indicated, while some new prospects contain significant molybdenum, bismuth and/or tin.
- Drilling to expand the mineral resource at Conrad will resume in early February.

Mt Isa Region Copper Projects, Qld.

- A drilling program commenced at Volga was terminated prematurely due to unsatisfactory performance by the drilling contractor.
- Only four holes were completed before suspension of the program.
- Three of those holes intersected interesting copper and/or gold values.

Other Projects

- Evaluation of new gravity concentration technology promises to enhance scope for production at Elsmore and elsewhere.
- Oberon Project converted to a financial interest in a new IPO.

Corporate

- Exploration expenditure during the Quarter was approximately \$715,000.
 - Placement raises \$5.7 million.
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Conrad Silver Project, NSW

Conrad has continued to be the main focus of the Company's exploration activity in the past three months, following completion of the first phase of drilling to delineate a mineral resource that could become the basis of reopening the mine.



Figure 1: Conrad Silver Project: Location Map

All of the 2007 drilling was concentrated in the King Conrad part of the system and an initial resource statement, based on drilling in the King Conrad vicinity, was released in November. [See ASX Release dated 5 November 2007:

<http://www.malachite.com.au/pdf/asx/2007/MAR%20-%20Conrad%20Silver%20Resource%20Statement%2005Nov07.pdf>

The resource estimation was carried out for Malachite by its consultants, Cube Consulting Pty. Ltd¹, whose results, methodology and qualifications are set out in detail in the ASX release referred to above.

In summary, a resource containing 10.4 million ounces of silver equivalent² was reported for resources delineated in the King Conrad, Alwell's and Greisen Lodes, a small part of the Conrad Lode, and in the various lode envelopes ("Vein Zones"). The estimate, which was made in accordance with the requirements of the JORC Code, includes Indicated and Inferred Resources of silver, copper, lead, zinc and tin to a maximum depth of 260m. No allowance has been made for indium at this stage, although this rare metal is present in significant amounts at Conrad and may be an additional credit if mining proceeds.

The initial resource defined at Conrad is an excellent start but it is not sufficient to justify reopening the mine. On present indications, a figure of the order of 20-25 million ounces of contained silver equivalent is a more appropriate target as the minimum economic resource. Malachite believes that this target has a high likelihood of being achieved with further drilling at Conrad and drilling will resume for this purpose in early February, 2008. The new drilling will focus initially on the Davis Shaft part of the system, where it is thought that relatively shallow resources, comparable with those near the King Conrad Shaft, can be defined.

In parallel with the resource estimation work the Company has commenced metallurgical studies to ascertain potential treatment methods, concentrate types, metal recoveries and product qualities. That work is ongoing but the early indications are favourable. The Conrad mineralisation is coarse grained, which greatly facilitates extraction of copper, lead, zinc and tin into separate concentrates. Silver is likely to be a credit in the lead concentrate and possibly in the copper concentrate, while indium is likely to report to the zinc concentrate. Mineralogical work accompanying the metallurgy has identified a number of discrete silver minerals, including tetrahedrite, acanthite, pyrargyrite and native silver; silver may also occur in solid solution in galena. Of particular interest is the observation that the only silver mineral reported for the sample of Greisen Lode tested is native silver, although again, there may be some silver in galena. If this is the case throughout the Greisen Lode it has positive implications for project economics, as it suggests that the low grade Greisen Lode may be amenable to economic production of a saleable product by utilising bulk mining methods and simple, low cost gravity concentration.

Since the completion of Phase 1 resource drilling at Conrad, field work at site has involved regional prospecting and assessment of mineral occurrences and old workings within the Conrad tenement area but separate from Conrad itself. The first results of that work were

¹ Cube Consulting Pty Ltd ("Cube") is an Australian owned company providing geological and engineering consulting services, contract staff placements, and software systems to the resources and industrial sectors. The organisation is well resourced with an established office in Perth, Western Australia and has undertaken work for a number of substantial clients. Cube Consulting comprises a team of technical professionals dedicated to providing excellence of services in their field of expertise.

² For explanation of the term "silver equivalent" please see the Note on page 5.

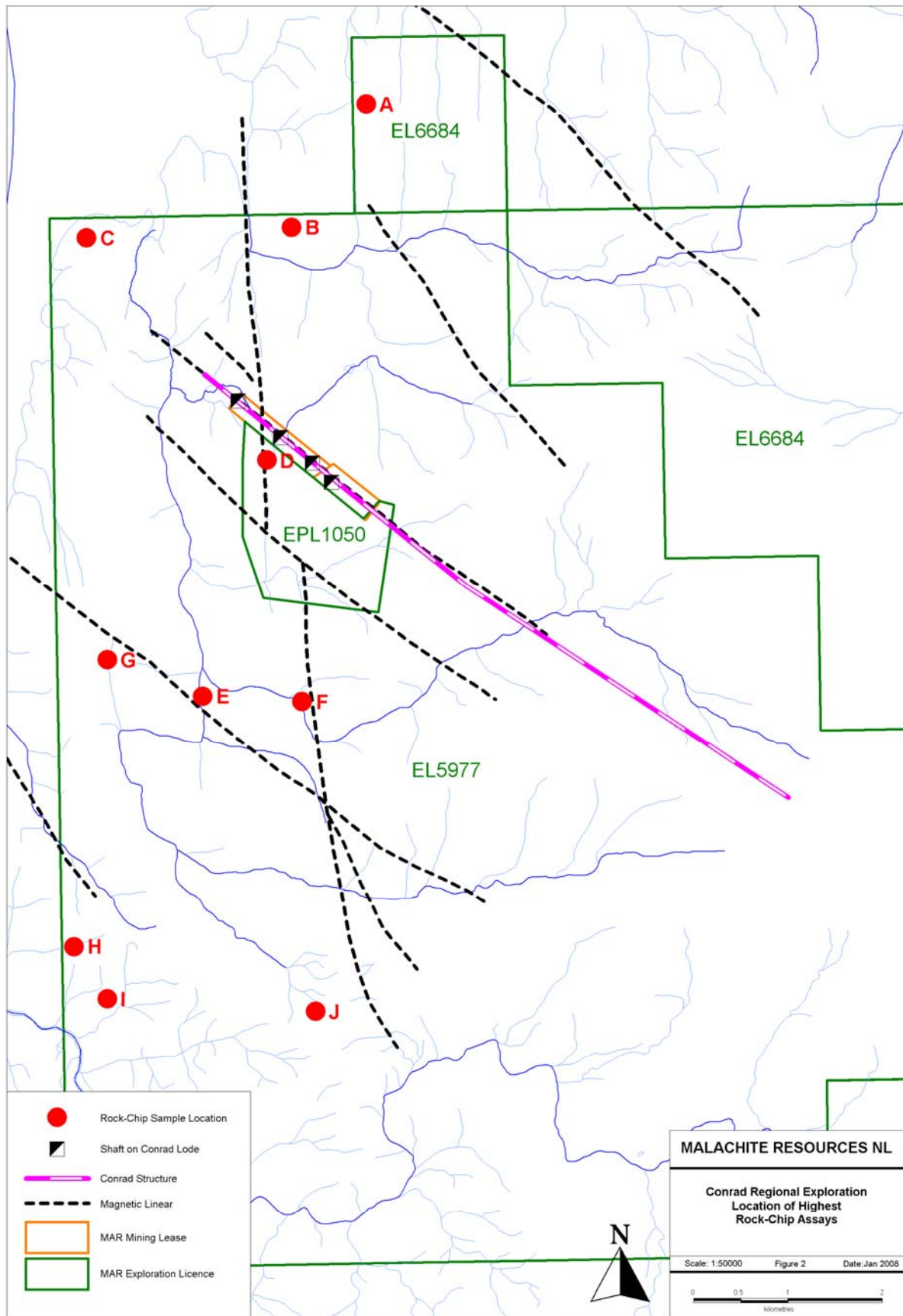
reported in an ASX Release dated 16 January 2008, which can be accessed at the following link:

<http://www.malachite.com.au/pdf/asx/2008/MAR%20Conrad%20Regional%20Potential%2016%20Jan%202008.pdf>

In summary, the Company is very encouraged by what has been found and the Conrad Silver Project has evolved from a single prospect base to a “district play”. Figure 2 shows the sample and prospect locations for recent exploration in the Conrad district. As evident in Table 1 below, some excellent silver, lead and zinc grades were reported for old mine dump samples from several localities, such as 138g/t Ag, 10.35% Pb and 10.65% Zn in a sample from Roses Prospect (Location E in Figure 2) and 310g/t Ag, 3.58% Pb and 4.81% Zn in a sample from Stone Hut Prospect (Location F in Figure 2). A few of the newly identified prospects reported elevated tin or molybdenum and bismuth values. Clearly, the Conrad area is highly mineralised and there is very good scope to enhance the Conrad project substantially by the discovery and development of additional satellite ore deposits in the district. Field work to investigate the additional prospects will continue in parallel with the new round of resource drilling that is soon to commence. Some of the district targets are likely to be drilled at least at a reconnaissance level before the middle of this year.

Prospect Name	Map Ref.	Sample No.	Ag g/t	Pb %	Zn %	Cu %	Sn %	Mo %	Bi %	Comment
Silver Valley Lode	A	58078	42	3.00	1.58	3.39	0.02	0.00	0.00	Selected high grade dump sample of quartz veined granite with secondary copper minerals
		58079	62	8.73	7.23	0.08	0.02	0.00	0.00	Selected high grade dump sample of quartz-sulphide veins
Litchfields Silver	B	58204	25	0.97	0.48	0.57	0.62	0.00	0.00	Dump sample of chlorite altered
Rodda & Winters	C	58107	284	0.07	0.00	0.01	0.00	0.00	0.00	Dump sample of quartz veined
IN0498	D	58141	7	0.00	0.00	0.00	0.00	0.60	0.25	Subcrop grab sample of <0.2m thick vein quartz with disseminated molybdenite
		58211	11	0.03	0.01	0.00	0.00	0.27	0.06	Dump sample of quartz veined granite with molybdenite
		58212	10	0.01	0.00	0.00	0.00	0.12	0.11	0.5m wide continuous chip sample of 0.3m thick quartz vein and host granite
Roses	E	58084	65	3.08	3.49	0.00	0.01	0.00	0.01	Dump sample of chlorite-quartz-epidote altered granite with disseminated and vein galena and sphalerite
		58085	64	3.63	4.04	0.01	0.01	0.00	0.01	Dump sample of vein quartz with accessory epidote, chlorite sphalerite and galena
		58086	138	10.35	10.65	0.00	0.01	0.00	0.03	Selected high grade dump sample of semi-massive galena and sphalerite with quartz, epidote and chlorite
Stone Hut	F	58098	98	8.73	7.31	0.01	0.04	0.00	0.02	Selected high grade dump sample of quartz-galena-sphalerite veined granite
		58099	310	3.58	4.81	0.00	0.03	0.00	0.07	Selected high grade dump sample of chlorite altered granite with disseminated sulphides
McDonald & Wattings	G	58100	24	3.73	2.75	0.00	0.01	0.00	0.00	Dump sample of chlorite altered granite with disseminated galena and sphalerite
		58101	23	3.58	2.42	0.01	0.01	0.00	0.00	Dump sample of chlorite altered granite with disseminated galena and sphalerite
Rohrlachs	H	58095	87	1.14	0.04	0.01	0.00	0.00	0.01	Dump sample of vein quartz with minor galena
Kalang 1	I	58096	23	5.05	7.87	0.01	0.00	0.00	0.00	Selected high grade dump sample of quartz-sphalerite-galena veins
		58097	23	5.06	7.12	0.01	0.00	0.00	0.00	Selected high grade dump sample of quartz-sphalerite-galena veined granite
MA0090	J	58091	<1	0.00	0.00	0.01	0.54	0.00	0.00	Dump sample of sericite altered granite

Figure 2: Conrad Regional Exploration Map



NOTE ON SILVER EQUIVALENTS

The term “silver equivalent” is used to provide a basis for comparison with other silver – base metal deposits that contain different ratios of metals. Malachite determines silver equivalents by calculating the equivalent dollar values of base metal assays, using current metal prices, and dividing the sum of those values by the current price of silver to determine the amount of silver which has the same value as the total of the other metals; this amount is then added to the actual silver assayed to produce a total silver equivalent amount. The calculation is made on the basis of 100% metal recoveries for all metals concerned. The silver equivalent of the mineral resource reported by the Company in November, 2007, was calculated in this manner by Malachite, using tonnage and grade figures in the table produced by Cube and applying the following metal prices: silver - \$US14.14/oz; copper - \$US7,680/t; lead - \$US3,610/t; zinc - \$US2,745/t; tin - \$US16,600/t. The base metal prices used are official LME 3-months seller prices as at 31 October 2007. The calculated silver equivalent resource will vary somewhat as metal prices vary. Responsibility for the mineral resource estimate resides with Cube, while responsibility for the silver equivalent calculation resides with Malachite.

Tooloom Gold Project, NSW

No exploration was carried out at Tooloom during the period. Field work at Tooloom will resume in January, 2008 with an on-site review of untested targets and planning for a new drilling program, currently scheduled for April, 2008.



Figure 3: Tooloom Gold Project: Location Map

Mt Lidster & Volga Elderberry Copper Projects, Queensland

Malachite holds an option to purchase a 100% interest in the Mt Lidster Project and is farming in to earn a 50% interest at Volga Elderberry.

A drilling program aimed at testing copper targets at the **Volga Elderberry** and **Mt Lidster** Projects commenced in October, 2007, but was terminated prematurely in November due to the unsatisfactory performance of the drilling contractor. Only four holes were completed at Volga before the program was suspended.

Three of the four new holes intersected copper mineralisation, with minor associated gold. One of the holes also intersected a narrow interval of significant gold mineralisation, without associated copper. The results are regarded as interesting but essentially neutral with respect to the copper-gold potential at Volga, as most of the planned drilling was not completed and key targets remain to be tested. The best results from the very limited program are set out in Table 2 below.

The Company has arranged for a new drilling contractor to resume the program at Volga (and to move on to nearby Mt Lidster) once the northern wet season is over, with drilling currently scheduled to start in early May, 2008.

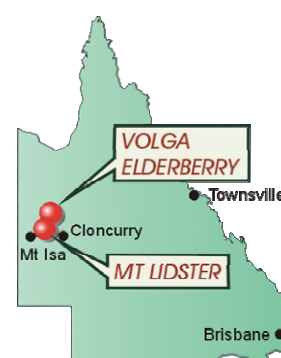


Figure 4: Location map for Malachite copper projects in NW Qld, showing Mt Lidster and Volga

TABLE 2: RESULTS FROM DRILLING PROGRAM AT VOLGA, OCT/NOV 2007

HOLE No.	FROM (m)	TO (m)	ESTIMATED TRUE WIDTH (m)	COPPER % Cu	GOLD g/t Au
VEL 02 (Deepening of a pre-existing hole)	282.75	284.04	0.4	1.74	1.06
	297.30	303.37	1.8	1.40	0.28
	304.50	309.50	1.5	0.51	0.28
	388.95	391.00	0.6	0.48	0.60
	430.75	432.83	0.6	0.57	0.12
	436.85	439.70	0.8	0.69	0.05
VEDD 17	No significant assays				
VEDD 18	37.00	38.00	0.5	1.28	0.28
VEDD 19	35.00	36.00	0.6	<0.01	9.00
	36.00	52.00	3.2	<0.01	0.28
	48.00	49.00	0.6	<0.01	0.83
	54.60	56.65	2.0	<0.01	0.84
	65.15	67.10	1.3	1.69	<0.05
	68.20	71.75	2.3	0.91	<0.05

Elsmore Tin Project, NSW (Malachite 100%)

No new field work was carried out in the Quarter but some interesting results have emerged from preliminary metallurgical work on samples from Sheep Station Hill.

The Company's metallurgical consultant has been commissioned to investigate a new gravity concentration technology, known as a Wave Table, that has the potential to offer low cost beneficiation of tin-bearing greisen, such as that drilled by Malachite at Sheep Station Hill. Preliminary results from the Wave Table test work are encouraging and further evaluation is planned. Of particular interest is the potential of the Wave Table to produce a tin concentrate from the substantial tin-bearing greisen bodies that occur at surface within the Newstead Prospect, located on Malachite's Elsmore tenement, about 5km from Sheep Station Hill. A field program to map and sample the Newstead greisens will begin in January and it is expected that several more bulk samples will be tested with the Wave Table technology.

This technology could also be applicable to treating the tin- and native silver-bearing greisen mineralisation at Conrad.

Rivertree & Boonoo Boonoo Silver Projects, NSW (Malachite 25%)

Macmin Silver Ltd. has earned a 75% interest in these two properties and is the Operator of an ongoing joint venture in which Malachite has a 25% participating interest.

During the December Quarter Macmin received the assay results from a regional soil sampling program at Boonoo Boonoo. Assessment of these results indicates that a number of previously unrecognized lodes may have been detected, while several previously mapped but unsampled lodes have reported elevated assays in a number of elements. Interpretation of the results in continuing.

At Rivertree, Macmin completed a stream sediment sampling program in conjunction with general prospecting and rock chip geochemical sampling. Analytical results from this work are awaited.

Oberon Project, NSW (Malachite 100%)

In late November, 2007, an agreement was signed between Malachite and Nerriga Mining Group Pty. Limited (“Nerriga”). This agreement provides for Malachite to consent to an application for an exploration licence by Nerriga that overlaps Malachite’s Oberon exploration licence (EL6545). In return, Malachite will receive shares in Nerriga to the value of \$50,000 (or \$100,000 if the shares are escrowed) when that company proceeds with a planned Initial Public Offer (“IPO”). Malachite will also be entitled to a 2% net smelter return royalty on any future production by Nerriga or its successors from land formerly part of EL6545. Should Nerriga fail to complete an IPO by 30 June 2008 Malachite will be entitled to acquire Nerriga’s Oberon tenement for \$1.00.

Malachite has agreed to surrender its Oberon licence in favour of its rights under the agreement with Nerriga once Nerriga’s new EL application is registered. That condition has now been met so the Company will shortly proceed to relinquish EL6545.

The Malachite Board considers these arrangements to be preferable to the Company maintaining its direct exposure at Oberon, given Malachite’s high level of activity in northern NSW and recognising that the Oberon EL was the Company’s only tenement in this part of the state.

Abington Project, NSW (Malachite 100%)

Reconnaissance prospecting was carried out on this tenement in the period. This involved visiting and examining some of the known old workings and mineral occurrences and assessing them for their economic potential. Several samples of both rock and stream sediments were collected and analytical results are awaited. Similar work is expected to continue in early 2008 as the tenement’s potential for intrusion-related gold deposits is assessed.

Delungra Project (Malachite 100%)

Malachite has lodged an application for an exploration licence over an area near Delungra, some 40km northwest of Conrad. The Delungra area appears to have geological similarities with the Conrad district and the Company intends to examine the potential for Conrad-style mineralisation at Delungra once the new EL is granted.

Corporate

Exploration expenditure in the period was approximately \$715,000.

In December, 2007, the Company conducted a further capital raising that generated approximately \$5.7 million in new capital through the placement of approximately 19 million shares at 30 cents (with free options attached on a 1 for 3 basis) to sophisticated and overseas investors. As a result, the Company has started 2008 in a very strong financial position, with over \$7 million in cash, which is more than enough to cover all planned expenditure for 2008 and beyond.

Malachite now has 124,474,208 shares on issue, together with 38,278,589 listed 20c options that expire on 31 August 2008. These options are currently “in the money” and assuming they continue to be so, a further cash inflow of approximately \$7.5 million is anticipated by the end of August this year due to the exercise of those options.

Forward Plans

During the first Quarter of 2008 drilling will resume at Conrad, with the primary aim of adding to the existing resource sufficiently to provide a basis to move the project beyond the exploration stage and into feasibility and development. At the same time, continuing regional exploration at Conrad is expected to identify additional targets for drill testing at the earliest opportunity.

Exploration will also continue at Elsmore, where the objective is to identify a small, economically viable tin resource that could be brought into production quickly and at low cost, possibly utilising the Wave Table technology currently being investigated.

Reconnaissance exploration will continue at the Company's other tenements in the Inverell region, including Abington and, once granted, Delungra.

A new field program will be initiated at the Tooloom Gold Project around the end of January, with drilling expected to follow in the June Quarter.

No new work is expected at Volga and Mt Lidster in the March Quarter, as the Mount Isa region is currently experiencing a well developed tropical wet season and access to site is severely restricted until the rain stops and the ground dries out. Nevertheless, drilling is scheduled to resume in May.

Further Information

For further information please contact Garry Lowder on (02) 9411 6033 or by email at glowder@malachite.com.au, or visit the Company's website: www.malachite.com.au



G.G. LOWDER
Managing Director
21 January 2008

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.