Malachite Resources NL

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QUARTERLY REPORT
3 Months Ending 30 September 2007

KEY RESULTS

Conrad Silver Project, NSW

- **Phase 1 of resource estimation drilling completed.**
- **A total of 6,322 metres drilled this year, in 30 new holes.**
- **Numerous high grade intersections were obtained, many with well mineralised envelopes.**
- **Metallurgical studies of drill core samples have commenced.**
- **An initial estimate of mineral resources in the King Conrad area is due for release in early November.**

Tooloom Gold Project, NSW

- **Newmont withdrew from the Tooloom Joint Venture at the end of July.**
- **Minimal field work undertaken in the Quarter.**
- **Petrological study of Phoenix drill core initiated.**
- **Reinterpretation of earlier results and petrology indicate a major, largely untested breccia target at Phoenix.**

Mt Isa Region Copper Projects, Qld.

- **Electromagnetic surveys at Mt Lidster and Volga Elderberry completed and results interpreted.**
- **Multiple targets identified.**
- **Both properties ready for drilling in December Quarter.**

Other Projects

- **A new exploration licence application has been lodged over the Delungra area, 40km northwest of Conrad.**

Corporate

- **Exploration expenditure during the Quarter was approximately $835,000.**
- **Share Purchase Plan raises $1.2 million.**

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Conrad Silver Project, NSW

Conrad has been very much the main focus of the Company's exploration activity in the past few months and the first phase of drilling to delineate a mineral resource at Conrad was completed in September. This drilling was concentrated in the vicinity of the King Conrad Shaft (Fig. 2), where good grades of mineralisation have been intersected and it appears that a significant resource has been outlined at relatively shallow depth. A total of 6,322m was drilled this year in the Phase 1 program, represented by 30 new drill holes. Most of these holes targeted the King Conrad Lode but several of the more southeasterly holes tested part of the Conrad Lode (Fig. 2). A number of drill holes also penetrated the bulk tonnage Greisen Lode target, which is situated to the north of the King Conrad Lode.

Figure 1: Conrad Silver Project: Location Map

As in any resource drilling program, the results vary quite widely from hole to hole but the Company is very pleased with the lode continuity demonstrated by drilling, especially in the King Conrad Lode, where high to very high grades were reported for many of the holes. Assay results for holes up to and including the spectacular results for CMDD50 have been reported in the following ASX releases:

[Conrad Drilling Report #4; 20 July 2007] - http://www.malachite.com.au/pdf/asx/2007/MAR%20-%20Conrad%20Silver%20Drilling%20Report4%2020July07.pdf

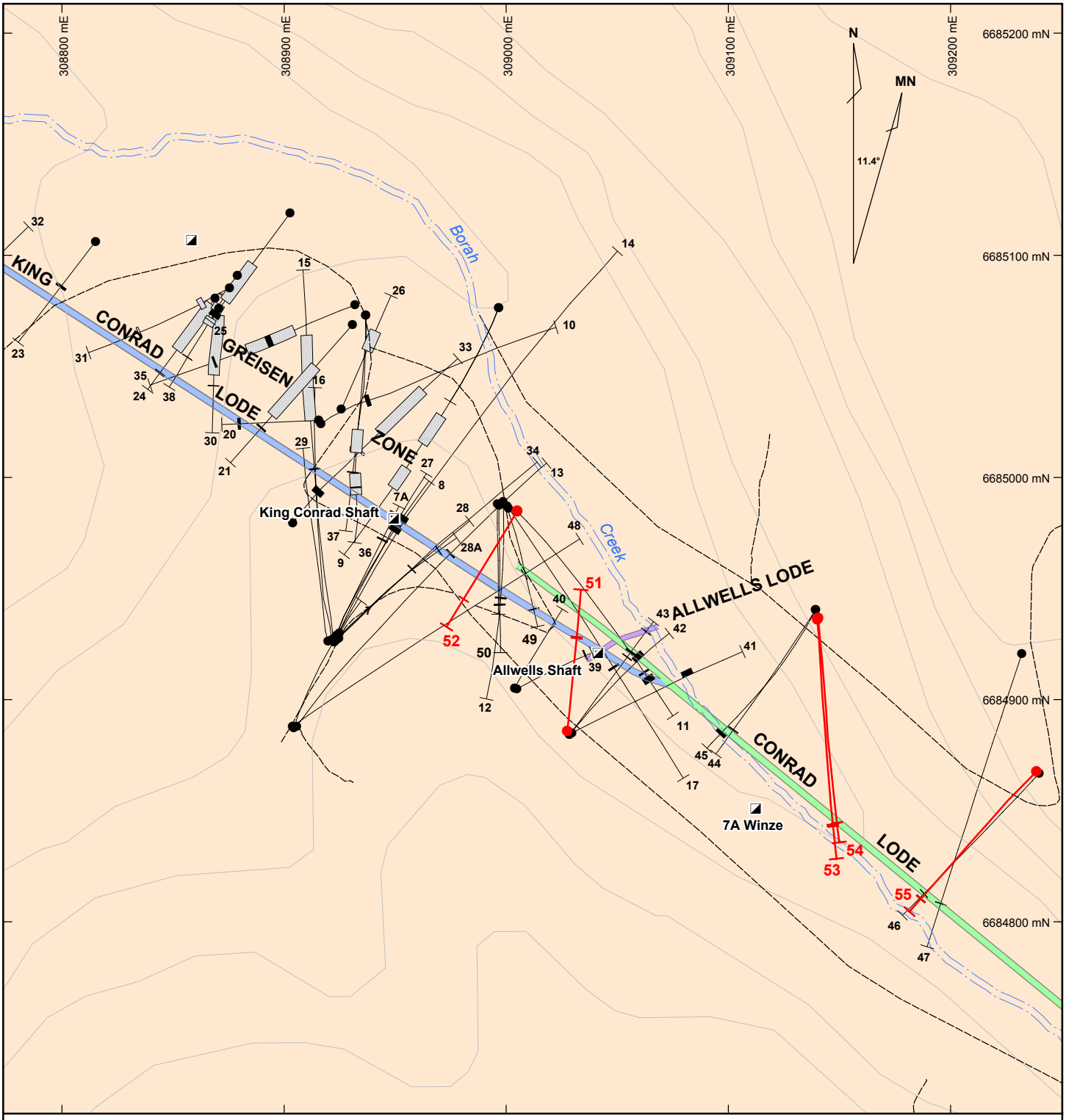
[Conrad Drilling Report #5; 13 August 2007] - http://www.malachite.com.au/pdf/asx/2007/MAR%20-%20Conrad%20Silver%20Drilling%20Report%205%2013August07.pdf

[Conrad Drilling Report #6; 17 September 2007] - http://www.malachite.com.au/pdf/asx/2007/MAR%20-%20Conrad%20Silver%20Drilling%20Report%206%2017Sept07.pdf

[Conrad Drilling Report #7; 8 October 2007] – http://www.malachite.com.au/pdf/asx/2007/MAR%20Conrad%20Silver%20Drilling%20Report%208Oct07.pdf

Assay results for the final five holes in the Phase 1 program have now been received and are set out in Tables 1 and 2 below. Some further good results are reported for the King Conrad Lode, emphasising once again that this lode contains some very rich mineralisation which should make the economics of mining at a reopened Conrad Mine very attractive. The results for the last three holes, targeting the northwestern part of the Conrad Lode (Fig. 2), are generally of lower grade. This is believed to indicate that this part of the Conrad Lode is between or outside of payable ore shoots, at least at shallow depths. There is some suggestion of grade improving with depth in this area, possibly reflecting the southeasterly plunge of shoots outlined in historic underground sampling.

The Company's consultants are now preparing an estimate of the mineral resource outlined by drilling to date at Conrad, based on 50 drill holes (including 20 drilled prior to 2007). This resource estimate should be available for release in the near future. Drilling is scheduled to resume at Conrad next January, initially with one rig but with a second rig due in February or March. At that time drilling will focus on the southeastern end of the Conrad Lode, where it is believed good potential exists to delineate a second mineral resource at relatively shallow depths. During the Phase 2 program a small number of deep holes will also be drilled below the main Conrad workings, in the centre of the system, to confirm continuity of the mineralisation to greater depth in this area.



LEGEND

- Drill hole referred to in this ASX release showing projected hole trace and lode intersection
- Previous drill hole showing projected hole trace and lode intersection
- Interpreted position of King Conrad lode
- Interpreted position of Conrad lode
- Interpreted position of Allwells lode
- Greisen Zone intersection
- Shaft, winze
- Creek
- Track
- Contour (10m interval)
- Gilgai Granite

0 50 100
metres

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CONRAD PROJECT

KING CONRAD AREA
Drillhole Plan

Scale: 1:2500	Date: 26 October 2007
Proj/Grid: GDA94/MGA56	Figure 1

Meanwhile, the Company has engaged the services of a metallurgical consultant to design and supervise a program of test work on samples of drill core from Conrad. This will examine the crushing, grinding and liberation characteristics of the sulphide mineralisation and will also assess the potential for gravity-based upgrading of run-of-mine ore before treatment in a sulphide flotation mill.

Since completion of Phase 1 drilling the Company has begun regional exploration of the Conrad tenements with a view to assessing the potential for repetitions of Conrad style mineralisation in sub-parallel structures interpreted from the regional aeromagnetics. Old workings have been found to exist along some of these structures, with evidence of attractive mineralisation on dumps beside old shafts. While none of these old workings compares with Conrad in size, there would appear to be good scope to find additional shallow mineralisation in these locations and some could develop into major targets as exploration continues.

Table 1: Drill Location Hole Details

Hole No.	Collar Details				Lodes Targeted	Final Hole Depth (m)
	Northing (m) GDA94	Easting (m) GDA94	Magnetic Azimuth	Inclination		
CMDD51	6684885	309027	355 deg	-56 deg	King Conrad	113.4
CMDD52	6684988	308999	199 deg	-46 deg	King Conrad	88.2
CMDD53	6684932	309147	163 deg	-62 deg	Conrad	227.5
CMDD54	6684932	309147	163 deg	-67 deg	Conrad	246.0
CMDD55	6684863	309235	213 deg	-66 deg	Conrad	201.0

Table 2: Key Assay Results for CMDD51 to CMDD55

HOLE NO.	FROM (m)	TO (m)	DOWN-HOLE LENGTH [& ESTIMATED TRUE WIDTH] (m)	SILVER g/t Ag	COPPER % Cu	LEAD % Pb	ZINC % Zn	TIN % Sn	INDIUM g/t In	SILVER EQUIV-ALENT g/t Ag_{EQ} (Note 1)	MINERALISATION TYPE
CMDD51	74.4	77	2.6 [1.3]	213	0.4	2.4	1.1	0.4	11	707	King Conrad Lode "package"
Including	75.37	76.1	0.73 [0.4]	720	1.4	7.7	1.3	1.3	37	2,193	King Conrad Lode
CMDD52	66.91	67.9	0.99 [0.7]	119	0.2	3.1	0.3	0.3	5	538	King Conrad Lode
CMDD53	195.1	197.6	2.5 [0.9]	95	0.2	0.3	1.2	0.2	15	327	Conrad Lode "Package"
Including	197	197.6	0.6 [0.2]	203	0.5	0.4	1.4	0.7	28	711	Conrad Lode
CMDD54	224.16	227.4	3.24 [1.1]	14	0.03	0.2	0.2	0.05	2	69	Conrad Lode "Package"
Including	225.36	226.59	1.23 [0.4]	26	0.04	0.08	0.06	0.05	2	65	Conrad Lode
CMDD55	182	185	3 [1.2]	17	0.03	0.3	0.2	0.05	1	79	Conrad Lode "Package"
Including	182.73	184.4	1.67 [0.7]	24	0.05	0.3	0.04	0.04	1	75	Conrad Lode

Notes:

1. 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 and indium 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 values in Table 2 were calculated in this manner using the following metal prices: silver - $US13.97/oz; copper - $US7,761/t; lead - $US3,590/t; zinc - $US2,858/t; tin - $16,300/t; indium - $US0.75/g. The base metal prices used are official LME 3-months seller prices as of 25 October 2007.

Tooloom Gold Project, NSW

Exploration activity at Tooloom has been subdued in the September Quarter, reflecting the withdrawal of Newmont from the joint venture and Malachite's focus on Conrad in that period.

Figure 3: Tooloom Gold Project: Location Map

The withdrawal of Newmont, while disappointing in itself, has left Malachite with an enhanced data base and an opportunity to identify and test targets of smaller size that were not of interest to Newmont. At the same time, even large targets like Phoenix have not, in Malachite's view, been adequately tested by drilling. Phoenix is such a large mineralised system that if as little as 10% of the sulphide mineralised body carries gold grades like those in the breccia pipe (which is a small part of the total system), a resource of 5 million ounces of gold is possible. Of the 28 holes drilled at Phoenix itself, 20 have been directed at the breccia pipe. Only 8 have tested other parts of the system and of those, only 2 have been drilled to considerable depth. More drilling is clearly needed but before undertaking further drilling at Phoenix the Company has taken the opportunity represented by the lull in field activity to re-interpret all available data. In parallel with that, a petrological study of drill core from existing holes at Phoenix has commenced, with the objective of gaining a better understanding of the controls on gold mineralisation in the system.

While this analysis is continuing, it is apparent that breccia like that in the breccia pipe is much more widely developed at Phoenix than at first thought. The lower half of the 400m deep PHRC01, for example, is now recognised to consist very largely of breccia, much of which has significant sulphide mineralisation in the breccia interstices, although gold values are low. As breccia comprises a very favourable environment for the deposition of gold, but even in the breccia pipe is not uniformly mineralised, the breccia in PHRC01 represents a new opportunity to identify a significant body of mineralisation that has not yet been adequately drilled.

Elsewhere at Tooloom prospects such as Watsons, Back Creek, Joes Gully and Pine Gully have been identified for follow up work and future drilling.

Mt Lidster & Volga Elderberry Copper Projects, Queensland

No field work was carried out at **Volga Elderberry** or **Mt Lidster.** Follow up of targets identified from earlier geological mapping and an electromagnetic geophysical survey at each site awaits the availability of a drill rig to test some of the targets identified.

The rig, originally expected in September, arrived on site in October and drilling is underway. A total of about 2,000m of diamond core drilling is expected to be completed before the end of the year, split roughly 50/50 between Volga and Mt Lidster.

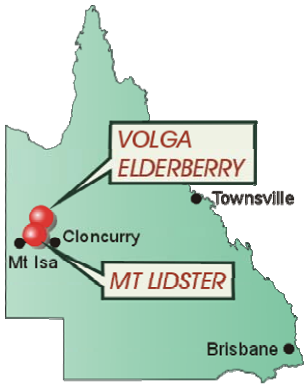

Figure 4: Location map for Malachite copper projects in NW Qld., showing Mt Lidster and Volga Elderberry

Elsmore Tin Project, NSW (Malachite 100%)

No new work was carried out in the Quarter under review.

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

Macmin Silver Ltd. has earned a 75% interest in these two properties. No new results were generated in the past Quarter but field work by Macmin is scheduled for the December Quarter.

Oberon Project, NSW (Malachite 100%)

No new activities were undertaken during the past Quarter.

Abington Project, NSW (Malachite 100%)

No new work has been undertaken since the last report.

Delungra Project (Malachite 100%)

The Company has recently lodged an application for an exploration licence near Delungra, approximately 40km northwest of Conrad, where it is believed that local geology and exploration potential are analogous to those at Conrad. Once the tenement is granted field work will involve examination of known prospects in the district and an evaluation of the similarity between the granite exposed at Delungra and the Gilgai Granite that hosts the Conrad mineralisation.

Corporate

Exploration expenditure in the period was approximately $835,000.

In late September the Company conducted a Share Purchase Plan in which 24% of shareholders participated and which raised a total of $1,218,583.50.

Forward Plans

During the December Quarter the main field activity will be the drilling program currently under way at Volga and Mt Lidster. It is hoped to have the first assay results from that drilling by the end of November, subject to laboratory work loads.

Mineralisation in sub-parallel structures at Conrad will continue to be evaluated and targets will be selected for drilling in early 2008 where appropriate.

Early stage field work will also be undertaken on the Company's other properties in the region, including Abington, Delungra (if granted in the period) and some additional work on the Newstead greisen at Elsmore.

In November the Managing Director will meet investors in London and then participate in a "Silver Summit" seminar in Paris, followed by presentations on the Company in Brussels, Zurich and Singapore. There is significant interest in Malachite in these places and investor support is growing.

Malachite's Annual General Meeting will be held on 22 November 2007 at Saville Park Suites, 10 Brown Street, Chatswood NSW 2067.

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
29 October 2007

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.