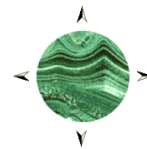


Malachite Resources NL

ABN 86 075 613 268



QUARTERLY REPORT

3 Months ending 31 December 2002

OVERVIEW

- Initial Public Offer and ASX Listing successfully completed
- \$3,057,000 raised
- Trading on the ASX commenced on 26 November 2002 (ASX Code: MAR)
- Planning and preparation for drilling at Rivertree in January 2003
- Review of Environmental Factors completed for drilling planned for Conrad in Q2, 2003
- AGI Database project initiated
- Transfer of balance of interest in Tooloom underway
- Exploration expenditure for the Quarter was \$35,460

ASX Listing

The last three months of 2002 saw the Company move from unlisted to listed status, following the lodgement of a prospectus on 2 September 2002, aimed at raising \$4 million (minimum \$3 million) pursuant to an Initial Public Offer.

The offer in the prospectus closed on 15 November 2002, after an intense period of marketing the issue at a time when the broader stock market was very volatile and interest in resource stocks was quite weak. The success of Malachite's issue, albeit at the lower end of its expectations, was due to the hard work of the individuals involved in the float process and, in large measure, to the special opportunity Malachite represented for exposure to silver as a commodity.

Rivertree

Immediately after the Company's ASX listing on 26 November 2002, detailed planning of the first of the drill programs described in the prospectus commenced. This comprises a program of both diamond core and reverse circulation percussion drilling, totalling around 1700 m, 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 site visit was also made to the Conrad silver project, near Inverell in northern NSW, as part of the process required for environmental approval to construct access tracks, drill pads and undertake drilling in the area. A similar process had previously been completed for Rivertree. It is expected that approval to proceed at Conrad will be received by the end of February 2003 and that drilling will follow a few weeks later.

A public meeting, attended by about 50 people, was held in Inverell in November to inform the community of Malachite's plans for exploration around the old Conrad mine, located approximately 20 km south of the town. Strong interest and support for Malachite's program was expressed by many of the people present at the meeting.

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. Consultants have been engaged, including one who was instrumental in building the database in the first case, to assist Malachite identify new exploration opportunities hidden within the huge dataset. Initial results are encouraging, with indications of previously unrecognised gold, silver and copper targets emerging.

Tooloom

Having successfully listed on the ASX, acquisition of the interest in the Tooloom gold project not already owned by the Company can now proceed. 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. Once that approval has been given, Malachite will complete the acquisition by the issuance of 2 million vendor shares and 3 million vendor options to Tooloom Gold, together with the payment of \$70,000 cash. This transaction is expected to occur during the first Quarter of 2003. Further field work will follow, aimed at better definition of drill targets, particularly in the northern part of the property. Drilling aimed at testing 5 or 6 of the best targets is expected to take place around the middle of 2003.

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. No field work has yet been undertaken. Historical records indicate that the Boonoo Boonoo field contains relatively small but high grade gold and silver lodes. These will be investigated during 2003 to assess their potential to add to the Company's inventory of gold-silver mineralisation in New England.

East Moonmera

No activity took place during the period under review. Field work to investigate the potential for porphyry copper-gold mineralisation will commence in the second Quarter of 2003, after the northern wet season.

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 \$35,460. 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.

Further Information

For further information please contact Garry Lowder on (02) 9416 0642 or 0417 212 099.



G.G. LOWDER
Managing Director
21 January 2003