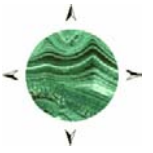


# Malachite Resources NL

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## QUARTERLY REPORT 3 Months ending 31 March 2003

### HIGHLIGHTS

#### Silver Projects, NSW

- Initial drilling program completed at **Rivertree** targeting four historic mines:
  - High grade silver intercepted at Wongabah and Silver King (grades including 755 g/t silver, 291 g/t silver)
  - 4 metre wide lode intercepted at Dunlop
  - Attractive new drill target identified at Spring Gully
  
- Encouraging results from initial field work at **Boonoo Boonoo**:
  - 30 samples collected from dumps and old workings including one assaying 51.8 g/t gold and 345 g/t silver
  - Priority drill targets identified at Specimen Gully and Browns lode
  
- Drilling ready to commence at **Conrad**:
  - 3,000 metre drilling program to commence in April, following environmental approval during March Quarter

#### Corporate

- **AGI Database** project (BHP-Billiton alliance) identifies 14 priority target areas for follow up
  
  - Strategic stake acquired in new gold and silver IPO Tasgold Ltd (Macmin Silver Ltd alliance)
  
  - Exploration expenditure for the Quarter was \$297,000
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## **Rivertree Silver Project, NSW (Malachite 100%)**

An initial drilling program was completed at the Rivertree silver project, 55 km north east of Tenterfield, NSW. Rivertree is the second ranked of Malachite's silver projects (after Conrad) but was drilled first while site access was arranged for the Conrad area.

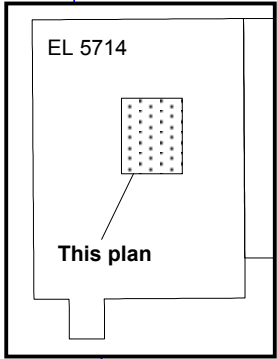
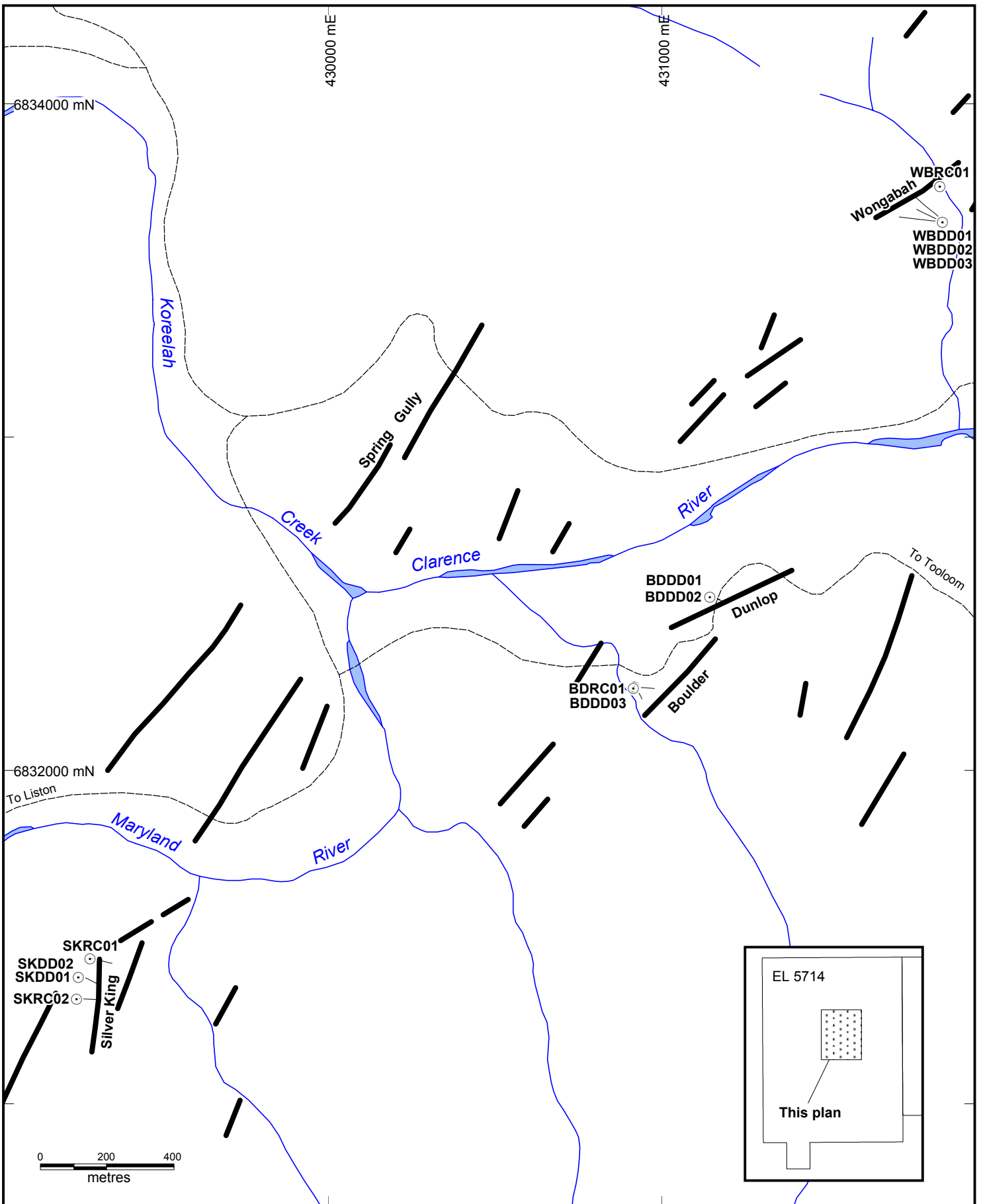
The twelve hole (1346 m) program at Rivertree tested only four of the more than forty identified vein systems and lines of old workings. Most holes intersected mineralised veining and/or alteration in discrete lode structures up to 4 m wide and two holes intersected potentially economic grades of silver mineralisation. The drill hole location plan on p. 3 shows vein systems in part of the Rivertree area and identifies the specific localities described below.

At **Wongabah** a high grade, massive base metal sulphide vein, assaying 755 g/t silver (= 24.3 oz/t Ag) and 3.0 g/t gold, was intercepted in the first hole, although at this point the vein was only 15 cm wide, much narrower than in the near surface old workings; such variation in width was expected. The other three holes at Wongabah did not produce significant assays and it is thought that the Wongabah mineralisation occurs in discontinuous massive sulphide lenses, or may be displaced by faulting.

Four holes were drilled at the **Silver King** mine, each of which intersected the main previously mined lode, up to 3 m in width. The most southerly hole produced a relatively high grade assay: SKRC02: 1.0 m of 291 g/t silver (9.4 oz/t Ag) and 0.17 g/t gold. Two other holes intersected well developed lode but with low silver values.

Given the extent of old workings, the size of the dumps and the fact that a smelter was constructed here in the early days, these intercepts are clearly not representative of the material that was mined historically, and more work is needed to enhance the Company's understanding of the Silver King system. It is possible that the lode structure itself is continuous but that high grade silver mineralisation occurs as a shoot plunging at a shallow angle to the south.

Two holes were drilled beneath old workings at **Dunlop**, both penetrating a 4m wide zone of strong quartz-sericite alteration, pyritic mineralisation and quartz-carbonate veining, correlating well with the overlying workings. However, only minor base metal sulphide, principally sphalerite, was present in this part of the lode and silver and gold values were low. It appears that the Dunlop lode is well developed but that the silver mineralisation may be quite patchy within the lode structure. Neither of the two holes drilled at **Boulder** intersected significant mineralisation.



<p><b>LEGEND</b></p> <p>----- Road</p> <p>~~~~~ River or creek</p> <p>—— Vein system</p> <p>WBDD01  Drill hole with hole trace</p>			<p><b>MALACHITE RESOURCES NL</b></p> <p><b>RIVERTREE SILVER PROJECT</b></p> <p><b>Drill Hole Location Plan</b></p>	
<p>Scale: 1:15,000</p> <p>Proj/Grid: GDA94/MGA56</p>			<p>Date: March 2003</p> <p>Figure</p>	

Encouraging results were also obtained from surface mapping and sampling of the **Spring Gully** workings, not previously examined by Malachite. The Spring Gully prospect consists of three discrete parallel lodes, each of the order of 1 m in width, within a 30-50 m wide alteration zone that is at least 750 m long. Eleven samples of oxidized and sulphide-bearing dump material and oxidized surface outcrops along the Spring Gully structure averaged 302 g/t silver (range 7 to 1370 g/t Ag) and 1.44 g/t gold (range 0.05 to 3.98 g/t Au). The Spring Gully structure is thus an attractive target for follow up in the next program. It also shows the highly variable intensity of silver-gold mineralisation within discrete lode systems at Rivertree.

While it is clear that not all of the old mines at Rivertree will have economic potential in a modern context, the results achieved so far are considered encouraging and do suggest that continued exploration in the area will be well rewarded. As Rivertree had never been drilled before, the Company had limited sub-surface information to target the drilling. Looking ahead, the Company will interpret the initial drill results, examine more closely the other lode structures (like Spring Gully) and apply geophysics to help define and discriminate between the many targets that Rivertree offers.

### ***Boonoo Boonoo Gold/Silver Project, NSW (Malachite 100%)***

A brief surface sampling program was carried out at the Boonoo Boonoo gold-silver field, located about 20 km northeast of Tenterfield, on the way to Rivertree. Approximately 30 samples were collected from dumps and old workings and most were highly anomalous in both gold and silver, with gold values generally within the range of 0.5 to 9.4 g/t Au, and silver values generally in the range of 10 to 185 g/t Ag, although one dump sample assayed 51.8 g/t gold (1.7 oz/t Au) and 345 g/t silver (11 oz/t Ag).

Of particular interest is the **Specimen Gully** prospect, which has the most extensive old workings and consists of several parallel quartz reefs and zones of sheeted quartz veining within a broad band 30-50 m wide and 700 m long. All but one of the samples from Specimen Gully were distinctly anomalous in gold (up to 2.23 g/t Au) and silver (up to 119 g/t Ag). Furthermore, the very rich sample referred to above came from a dump on **Browns** lode, which merges obliquely with Specimen Gully, and together these two systems form an attractive potential drill target.

The company plans to apply geochemical and geophysical techniques to better define the targets at Boonoo Boonoo and to undertake reconnaissance drilling in conjunction with the next drilling program at Rivertree.

### ***Conrad Silver Project, NSW (Malachite 100%)***

Conrad is located 20 km south of Inverell in NSW and is Malachite's main silver project. The Company's Review of Environmental Factors was approved in February, 2003, allowing construction where necessary of access tracks and drill pads for Malachite's first drilling program at Conrad, to

commence by mid April. Approximately 3,000 m of drilling will be undertaken, in ten pre-collared diamond holes.

Mining at Conrad ceased in 1957, due to a collapse in the lead price at the time. Up till then the mine had produced at least 3.5 million ounces of silver at an average grade of around 620 g/t Ag (20 oz/t Ag), together with an average of 8% lead, 4% zinc, 1.5% copper and 1.5% tin. Old mine data show that the mineralisation at Conrad was very continuous and consistent along strike (up to 1.4 km) and down dip (up to 267 m).

Malachite's drill program will target extensions of the Conrad lode at depth immediately below the main old workings.

### ***AGI Database Project***

Good progress has been made on the AGI Database project, which is an outcome of the Company's alliance with BHP Billiton Ltd. The work has involved analysis and interrogation of a large volume of geochemical information contained in a proprietary database made available exclusively to Malachite by BHP Billiton.

Data for 170 high priority geochemically anomalous areas have been examined and from that total, 14 targets have been selected for more detailed follow up. A further 105 lower priority areas have been identified for future analysis. Emphasis is being given to large targets that may be of interest to BHP Billiton for joint venture, as well as to silver and gold targets that Malachite can pursue alone.

### ***Tooloom Gold Project, NSW (Malachite 50%, earning to 80%)***

The Tooloom gold project is located in northeastern NSW, immediately to the east of the Rivertree silver project. Progress has been made with seeking the Minister's approval for transfer to Malachite of the interest held at Tooloom by Tooloom Gold Pty. Ltd., pursuant to a sale & purchase agreement signed in August, 2002. That transaction is expected to be completed in April, whereupon Malachite will hold a 100% interest in the Tooloom property. At that time, Malachite will issue Tooloom Gold with 2 million vendor shares and 3 million vendor options and make a payment to them of \$70,000 in cash. Field work at Tooloom is scheduled to start in May.

### ***East Moonmera Copper-Gold Project, Qld (Malachite 100%)***

No activity took place at East Moonmera, located 20 km south southwest of Rockhampton in Queensland, during the period under review. Field work to investigate the potential for porphyry copper-gold mineralisation will commence in May or June, after the northern wet season.

## **Corporate - New Opportunities**

Malachite has a strategic alliance with Macmin Silver Ltd., which owns a significant silver resource at Texas, in southern Queensland, not far from Malachite's own Rivertree and Conrad silver projects. Macmin also has a significant investment in Malachite, taken up when the Company floated late in 2002. More recently, Macmin has made a public offer of its subsidiary, Tasgold Ltd., a company with highly attractive gold and silver projects in Tasmania. Tasgold is expected to list on the Australian Stock Exchange on 9 April, 2003.

Building on its alliance with Macmin, Malachite has invested \$300,000 for 1,500,000 shares and 1,500,000 options in Tasgold. This investment is seen as offering Malachite excellent exposure to further gold and silver opportunities within the same geographic region on which the Company has focussed since its inception.

The Macmin alliance has thus effectively become the Macmin-Malachite-Tasgold alliance and Malachite Managing Director, Garry Lowder has been appointed to the board of Macmin, while Malachite Director Warren Staude has been appointed to the board of Tasgold. It is anticipated that a representative of Macmin may join the Malachite board in the near future.

All three companies see substantial benefits in cooperating in this way, adding value through the sharing of logistics, information and expertise, especially silver expertise, and providing prospective partners for joint ventures or other forms of joint business activity where that is appropriate.

## **Expenditure**

Exploration expenditure during the period under review amounted to \$297,000. A further \$7,500 was expended in completion of the acquisition of ML 525 at Tooloom and \$300,000 was invested in the Tasgold public offer.

## **Further Information**

For further information please contact Garry Lowder on (02) 9415 6833 or 0417 212 099, or by email at [glowder@malachite.com.au](mailto:glowder@malachite.com.au).



G.G. LOWDER  
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8 April 2003