



**malachite**  
**resources**

**ASX Announcement**

**ASX Code: MAR**

**2 March 2017**

## **LORENA GOLD PROJECT UPDATE**

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Malachite Resources Limited (ASX Code: MAR) (“Malachite” or the “Company”) is pleased to provide the following update in respect of the Lorena Gold Project which is located about 15km east of Cloncurry in northwest Queensland.

The Company is proceeding with the development of the Lorena Gold Project on the basis of a non-binding heads of agreement previously entered into with Ore Processing Services Pty Ltd (“OPS”) (the “Heads of Agreement”). Malachite and OPS are currently in the process of finalising documentation to formalise the relationship between the parties in accordance with the terms of the Heads of Agreement.

As contemplated in the Heads of Agreement, OPS will take responsibility for the supply, commissioning and operation of the whole mineral processing plant to produce gold doré on site.

During February OPS continued with engineering on the CIL plant and optimisation of the metallurgical flowsheet. The latest test results for the leaching of the gold concentrate were consistent with the expected recovery of gold from the propose CIL circuit. The addition of a CIL circuit allows gold doré to be produced on site.

In late February, Malachite received an amendment to its Environmental Authority (EA) from the Queensland Department of Environment and Heritage Protection which permits the development of the proposed end to end mineral processing plant capable of producing gold doré on site.

The positive concentrate leaching results and the EA amendment were important steps in securing the financing for the Lorena project. As such Malachite and OPS have now further advanced finance facilities to fund their respective project commitments for the development of the Lorena Gold Project.

Malachite and OPS are aiming to bring Lorena into production around September 2017.

As previously announced, OPS entered into a binding agreement to acquire plant and equipment from MKS Precious Metals (Australia) Pty Ltd that had previously been constructed on the Lorena Gold Project site (“Lorena Concentrator Plant”). When OPS finalises this acquisition it will then be required to both complete the Lorena Concentrator Plant and to supply a modular CIL circuit to provide an end to end mineral processing plant capable of producing gold doré on site.

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*Lorena Concentrator Plant*

### **About the Lorena Gold Project**

It is expected that the Lorena Gold Project will produce around 30,000 to 35,000 ozs of recovered gold in the eighteen months of production from an open cut operation.

Malachite believes that the Lorena Gold Project has potential for resource extensions at depth. Proving up these additional resources will require confirmation by drilling which Malachite proposes to undertake at the earliest opportunity subject to sufficient funding being available. The Company also believes that there are considerable regional opportunities which it will be able to pursue once the plant is operating to enhance the commercial return from project.

For further information, please contact Malachite Resources Limited on (02) 9251 0032 or by email at [info@malachite.com.au](mailto:info@malachite.com.au) or visit the company's website at [www.malachite.com.au](http://www.malachite.com.au)