



malachite
resources

ASX Announcement

ASX Code: MAR

20 September 2016

UPDATE ON LORENA GOLD PROJECT

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.

LORENA CONCENTRATOR PLANT

Malachite has been advised by Ore Processing Services Pty Ltd (“OPS”) that it has entered into a binding Heads of Agreement (the “MKS Heads of Agreement”) with MKS Precious Metals (Australia) Pty Ltd (“MKS”) to acquire their interest in the plant and equipment constructed by BCD Resources NL on the Lorena Gold Project site (“Lorena Concentrator Plant”). MKS is the secured creditor to BCD Resources NL which consents to this acquisition. The acquisition is conditional on completion of financing amongst other conditions precedent.

When the acquisition by OPS is completed, Malachite and OPS will then have an unfettered opportunity to proceed with the development of the Lorena Gold Project using the Lorena Concentrator Plant. In this scenario Malachite and OPS expect that utilisation of the Lorena Concentrator Plant will facilitate a speedier and more cost effective development of the project.



Lorena Concentrator Plant

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OPS HEADS OF AGREEMENT WITH MALACHITE

In March of this year Malachite announced that it had entered into a heads of agreement with OPS (“Malachite Heads of Agreement”) to establish and operate a modular mineral processing plant at the Company’s Lorena Gold Project.

Under the Malachite Heads of Agreement OPS is responsible for the supply, commissioning and operation of the whole mineral processing plant, which was to have been constructed as modular units. The terms of the Malachite Heads of Agreement with OPS are essentially unchanged by the arrangements between OPS and MKS. When OPS completes the acquisition from MKS as referred to above OPS will then be required to both complete the Lorena Concentrate Plant and supply a modular CIL circuit to provide a complete mineral processing plant capable of producing gold dore on site.

The total cost of the whole mineral processing plant and the timeframe within which it will be available are both expected to be reduced, which will benefit Malachite through both reduced lease costs and earlier gold production. OPS have also advised that they now expect to be able to finalise arrangements in the short term for their necessary funding to complete the Lorena processing plant.

MALACHITE FINANCING

Pursuant to the Malachite Heads of Agreement, Malachite is required to provide project funding of around A\$2.5m for preparatory works, which includes necessary environmental bonds, tailings dam construction, initial mining costs, water supply and preparatory ground works for the OPS module. As greater project certainty has been achieved as a result of the MKS Heads of Agreement, Malachite is now in an improved position to finalise its own funding requirements, which are well advanced, and will provide further details when these arrangements have been confirmed.

For further information, please contact Malachite Resources Limited on (02) 9251 0032 or by email at info@malachite.com.au or visit the company’s website at www.malachite.com.au