

malachite
resources

ASX Announcement

ASX Code: BCD & MAR

8 April 2013

LORENA GOLD MINE TO PROCEED

BCD Resources NL (BCD) and Malachite Resources Ltd (MAR) have formally agreed to enter into a joint venture for the development of the Lorena Gold Mine (Lorena) under the terms of the Heads of Agreement (refer ASX announcement dated 27 November 2012) following the successful completion of due diligence by both parties. This decision keeps on track the target of commencing production from Lorena before the end of this year, subject to the necessary statutory approvals.

During the due diligence period BCD has completed metallurgical test work and engineering feasibility work and is satisfied that it can successfully recover gold from gold concentrate produced at Lorena at its Beaconsfield facility in Tasmania. The overall recovery of gold from ore mined at Lorena to doré is expected to be between 75% and 80% based on the test work carried out to date. With further metallurgical optimisation it is expected that the higher end of this range should be achieved.

BCD has completed project engineering studies for the installation of a 150,000 tonne per annum flotation production facility at Lorena capable of producing approximately 50,000 ounces of contained gold in concentrate over an initial 16 month processing period (Stage One open cut). This work has confirmed the robust project economics of the Stage One open cut Lorena project. Based on the work to date, and prior to finalising detailed engineering drawings and pit optimisation work, the cash operating cost of the project is expected to be in the range A\$800/oz to A\$900/oz of gold produced based on current project parameters and assumptions.

Malachite has completed its due diligence of BCD and is satisfied with both the feasibility work carried out by BCD to date and BCD's ability to fund the development of the Lorena gold mine (estimated at around A\$5 million which does not include the cost of plant and equipment already owned by BCD).

<p>BCD Resources NL ABN 22 057 793 834 1 Rifle Range Road Beaconsfield TAS 7270 Tel: (03) 6383 6500 Fax: (03) 6383 6590 www.bcdresources.com.au</p>	<p>Malachite Resources Limited ABN 86 075 613 268 Suite 2, Level 10, 8-10 Loftus Street, Sydney NSW 2000 P O Box R1295, Royal Exchange NSW 1225 Tel: (02) 9251 0032 Fax: (02) 9475 0439 www.malachite.com.au</p>
--	---

Both BCD and Malachite believe that there are considerable regional opportunities once the plant is operating at Lorena. Following the Stage One open cut operations both Malachite and BCD anticipate that operations may continue beyond the initial 16 month term based on potential extensions of the current Lorena resource at depth, potential new resources from surrounding prospects, and the toll treatment of third party ores.

As previously announced, BCD has already commenced the refurbishment of its flotation cells at Beaconsfield in preparation for their being relocated to the Lorena site (refer Photo 1). This is part of ongoing work being carried out by BCD in order to ensure the delivery of the project by the end of 2013 as previously forecast.

The key terms of the Joint Venture (as previously announced) are as follows:

- Malachite and BCD propose to establish an unincorporated joint venture to develop and operate the project and to transport the concentrate produced at Lorena to BCD's processing facility situated at Beaconsfield in Tasmania for final treatment and production of gold doré.
- BCD will be the manager of the joint venture and be responsible for all development, operating and management functions.
- The joint venture will operate on the existing granted mining leases at Lorena (MLs 7147 and 90192 – 96) and will apply to all open cut and underground resources within the mining lease area (Refer Figure 1: Lorena Gold Project – Tenement Plan).
- In order to earn its initial equal share, BCD is required to solely fund the development of the project to the point of commercial production, including construction and commissioning of a flotation facility, capable of efficiently processing a minimum of 120,000 tonnes of ore per annum, and related infrastructure by 31st December 2013.
- Initially the net proceeds will be shared 50/50, but once production exceeds 80,000 ounces of saleable gold equivalent, Malachite's share of proceeds will increase to 65% and after 120,000 ounces of saleable gold equivalent have been produced from Lorena, Malachite and BCD will share the product 75% MAR and 25% BCD.

Joint venture documentation will be completed as soon as practicable alongside the commencement of detailed engineering drawings, pit optimisation work, and the finalisation and submission of documentation required for regulatory approval to develop the project. Further information on the project will be released once the detailed engineering design work and pit optimisation work have been completed.

For further information, please contact:

BCD Resources NL – Brian Coulter (Joint Company Secretary) on 0408 223 157 or by email at brian.coulter@bcdresources.com.au

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

About Lorena:

The Lorena Gold Project is wholly owned by Malachite and is located about 15km east of Cloncurry in northwest Queensland. Malachite is the holder of six mining leases (ML7147, MLs 90192-90196), two exploration permits (EPM18189 and EPM18908) and one EPM application at Lorena. The mining leases are the subject of a Heads of Agreement with BCD Resources NL to jointly develop the Lorena gold mine.

Lorena has a total JORC Mineral Resource in the Measured and Indicated categories containing approximately 56,000ozs of gold at a grade of 8.7g/t Au using a 2g/t Au cut-off grade. This is made up by a resource of 179,500t at 8.8g/t Au containing 50,700ozs of gold in the A Lode, and a resource of 23,700t at 7.8g/t Au containing 5,900ozs of gold in the B Lode (refer Malachite ASX announcement dated 27 January 2012). These resources are within a potential open pit mine and are open at depth. The gold-bearing ore is principally of massive and stringer sulphide type and copper-gold mineralisation occurs in conjunction with the gold ore body. Subsequent drill intersections including 5.9m @ 12.9g/t Au (located 100m down-plunge from the defined resources) demonstrate the potential for increasing the Lorena resource estimate.

COMPETENT PERSON STATEMENT:

The information in this report that relates to Mineral Resources is based on information compiled by Mr Russell Meares, who is a non-executive Director of Malachite and a former full time employee. Mr Meares is a Fellow of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activities which he is 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.' Mr Meares holds shares and options in the Company. Mr Meares consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Figure 1: Lorena Gold Project – Tenement Plan

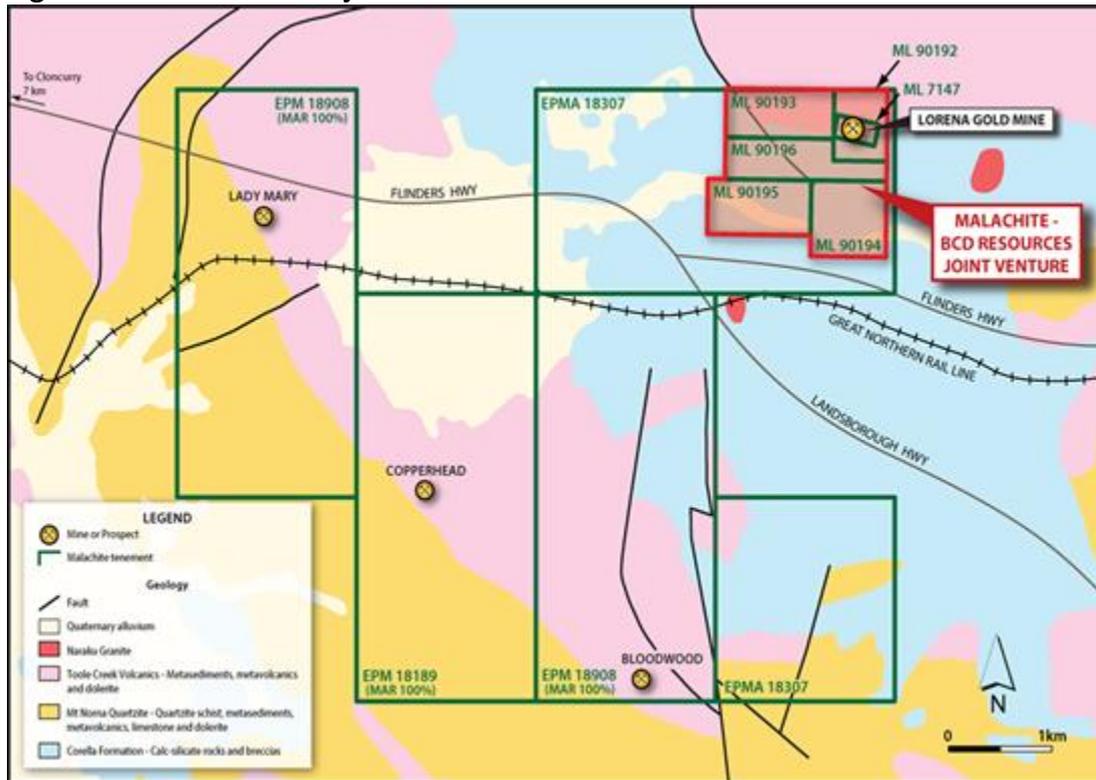


Photo 1: Flotation cells removed from Beaconsfield Plant for transportation to Lorena

