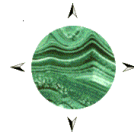


Malachite Resources Limited

ABN 86 075 613 268



ASX Announcement

ASX Code: MAR

29 August 2011

CONVERTIBLE NOTES UPDATE

As announced on 29 July 2011 Malachite Resources Limited ("Malachite" or "the Company") entered into Convertible Note Subscription Agreements with each of Sun Biomedical Limited (ASX: SBN) and Montec International Limited ("Montec" - ASX: MTI) to the total value of \$1,000,000.

Sun Biomedical Limited has already fully subscribed for convertible notes in the amount of \$500,000.

Montec has subsequently advised that it has been unable to obtain the required regulatory approvals to proceed with its subscription for convertible notes and accordingly Montec and Malachite have agreed to terminate the Convertible Note Subscription Agreement that they originally entered into.

As a consequence of the Montec arrangements being terminated Malachite has negotiated similar arrangements with an unrelated arms length third party.

The primary use of the funds being raised through Convertible Notes is to explore for gold on the recently granted mining leases at the Lorena Gold project near Cloncurry and for working capital purposes. As announced by the Company on 25 August 2011 drilling at Lorena has now resumed.

For further information please telephone Andrew J. Cooke on (02) 9411 6033 or email the company at info@malachite.com.au and visit the website: www.malachite.com.au

Andrew J. Cooke
Company Secretary