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Announcement

1 June 2004

TOOLOOM DRILLING UPDATE

Malachite Resources NL (ASX: MAR) is currently conducting a follow up drilling program at its **TOOLOOM GOLD PROJECT**, located 70 km northeast of Tenterfield in northern NSW, where the Company has a 100% interest.

Two drill rigs have been utilised: one to test the main target, which has been re-named "PHOENIX" (drilling underway), and the second rig to test several other prospects elsewhere within the northern part of Malachite's Tooloom property (drilling completed).

The main objectives and current status of this program are:

PROSPECT NAME	NATURE OF TARGET	RESULTS AND CURRENT STATUS
PHOENIX (Previously called PHELPS)	Large IP anomaly cut by a 1.2 km zone of hydrothermally altered and mineralised breccia	5 RC holes drilled in Dec. 2003 were all anomalous in gold; PHRD06 just completed as diamond core hole with 174m RC pre- collar; hole terminated at 340m in hard, partly brecciated hornfels with disseminated pyrite, pyrrhotite and arsenopyrite; assays for RC pre-collar only received to date: anomalous gold to a maximum of about 1 g/t Au
JOES GULLY (and vicinity)	Altered and mineralised porphyry outcrop in Joes Gully; stockwork quartz veined sedimentary rocks at Pioneer and Rise and Shine; lode structure at Wakey Wakey	6 new RC holes completed: 2 at Joes Gully, 2 at Pioneer and 1 each at Rise and Shine and Wakey Wakey; mineralised porphyry intercepted at Joes Gully and mineralised lode at Wakey Wakey; assays awaited
CULLENS	Hydrothermally altered breccia with gossan matrix in outcrop	2 new RC holes completed; both intercepted altered breccia with abundant pyrite in matrix; assays awaited
WATSONS	Shear zone in felsic porphyry with stockwork quartz veins in outcrop	1 new RC hole completed; weakly mineralised porphyry intercepted; assays awaited

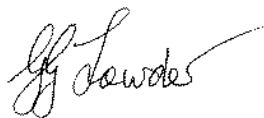
Note: "RC" refers to a drill hole drilled using the reverse circulation percussion technique

The main objective of the current program is to test the large geophysical (IP) anomaly and breccia zone at the Phoenix prospect. That drilling is behind schedule due to the late arrival of the drill rig and a slow drilling rate in very hard hornfels. The rig has now moved to the second drill site, where one RC hole will be completed before the rig moves to the other side of Kangaroo Creek (where the December 2003 drilling was conducted) and tests the best developed part of the breccia body at greater depth.

Managing Director, Garry Lowder, commented:

"For logistical reasons we decided to test the southern part of the prospect, on the western side of Kangaroo Creek, first. In this area the breccia zone is wider but less intensely developed than to the northeast, where we drilled last December. The rig should move to the eastern side of the creek later this week and begin drilling the most promising part of the breccia zone and IP anomaly. With the only assays received to date being from the pre-collar to PHRD06 it is too soon to draw any new conclusions about the nature of the Phoenix mineralisation."

For further information please contact Garry Lowder on (02) 9415 6833 or by email at glowder@malachite.com.au.



G.G. LOWDER
Managing Director
1 June 2004

This report was prepared by Garry Lowder, managing director of Malachite Resources NL and a Fellow of the AusIMM. Dr Lowder is a competent person as defined in Appendix 5A of the ASX Listing Rules.