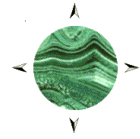


Malachite Resources Limited

ABN 86 075 613 268



Dear Shareholder

8 October 2012

NON-RENOUNCEABLE RIGHTS ISSUE – APPENDIX 3B NOTICE

Malachite Resources Limited (Company) announced on 26 September 2012 a capital raising by way of 1 for 9 pro-rata non-renounceable rights issue that does not require shareholder approval, with 1 attaching option (with the options to be quoted on ASX) being issued for every 2 new shares issued. Funds raised from the Rights Issue will be used working capital purposes and to continue with the development of the Lorena Gold Project.

Each shareholder registered on the Company's register of members at 7.00 pm (Sydney time) on 15 October 2012 (Record Date) will be entitled to subscribe for 1 new fully paid ordinary share in the Company for every 9 ordinary shares held as at the Record Date at a price of \$0.01 per new share. Fractions of shares will be rounded up to the nearest whole number. In addition to being able to apply for new shares under the rights issue, eligible shareholders who take up their full entitlement under the rights issue will also have the opportunity to apply for additional new shares that are not subscribed for under the rights issue.

Please note that the Company's shares will be quoted on an 'ex' basis from 9 October 2012, and therefore any of the Company's shares bought on market on and after this date will not be entitled to participate in the rights issue.

The maximum number of new shares to be issued (excluding the exercise of any unlisted options) is 89,371,189 new shares, which would raise up to approximately \$893,712 and result in total issued shares in the Company of 893,711,889. It is intended that new shares issued as a result of entitlements taken up will be quoted on Australian Securities Exchange (ASX) and will rank equally with existing issued ordinary shares of the Company.

Each attaching option will have an exercise price of \$0.015 and an expiry date of 31 March 2015. The Company will apply for the attaching options to be quoted on ASX. The maximum number of new options to be issued is 44,685,595.

Before making a decision whether to subscribe for any of these shares, please carefully read the Prospectus when you receive it. The offer opens on 18 October 2012 and closes at 5.00 pm (Sydney time) on 1 November 2012.

The Rights Issue is underwritten by Patersons Securities Limited who will receive: a) an underwriting commission of 5%; b) a management fee of 1%; and c) 44,685,595 options having an exercise price of \$0.015 and an expiry date of 31 March 2015.

From 5 October 2012, the Prospectus will be available to download from the Company's website (at www.malachite.com.au), and will subsequently be mailed to eligible shareholders on or around 18 October 2012.

The Rights Issue is extended to Shareholders with registered addresses in Australia, New Zealand or Singapore. Shareholders in the following countries will not be sent the Prospectus: South Africa, Switzerland, United Kingdom, Sweden, United States of America, Germany, Denmark, Hong Kong, Belgium, Canada, Costa Rica, India, Ireland, Iceland, Malta, Netherlands, Norway, Portugal, Swaziland and Taiwan Province of China.

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The indicative timetable for the rights issue is as follows:

Event	Date
ASX Announcement	26 September 2012
Prospectus lodged with ASIC and ASX	5 October 2012
Appendix 3B lodged with ASX	5 October 2012
Appendix 3B Notice sent to Shareholders	8 October 2012
Shares quoted on 'ex' basis	9 October 2012
Record Date for Offer participation	15 October 2012
Prospectus and Entitlement and Acceptance Form despatched to Eligible Shareholders and Opening Date of the Offer	18 October 2012
Proposed Closing Date of the Offer (5.00 pm Sydney time)	1 November 2012
New Shares and Attaching Options quoted on a 'deferred settlement' basis	2 November 2012
ASX advised of any Shortfall	6 November 2012
Proposed date for the allotment of New Shares and Attaching Options	9 November 2012
Deferred settlement trading ends	9 November 2012
Proposed date for quotation of New Shares and Attaching Options	12 November 2012

The timetable is indicative only and the Company reserves the right to vary it at any time without prior notice subject to the Listing Rules and the Corporations Act 2001 (Cth).

The Directors recommend this non- renounceable Rights Issue to you.

If you have any queries, please contact the Company on (02) 9411 6033.

Yours sincerely



Geoff Hiller
Chief Executive Officer

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