CONRAD SILVER MINE

A new dawn for an old mine

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Malachite Resources NL 28 September 2006
Malachite: The Company

Our objective:

Discovery of world class ore deposits in eastern Australia, with emphasis on gold, silver and copper, and tin/tungsten for cash flow

Key projects:

**Tooloom** – a major gold project where Newmont is farming in, includes the large, grass roots **Phoenix** discovery

**Conrad** – a new lease on life for the largest historic silver producer in New England: Ag plus Cu, Pb, Zn, Sn and In

**Mt Lidster** – high grade copper in the Eastern Succession at Mt Isa:

- 6m @ 4.19% Cu and 4m @ 5.29% Cu

**Elsmore** – high grade Sn / W in greisen veins near Inverell:

- 1m @ 7.2% Sn & 4.0% WO₃
The Conrad Silver Project

CONRAD SILVER
Historic high grade silver mine that operated 1891 to 1912 and 1947 to 1957

Third time lucky for Conrad?
The Conrad Silver Mine

- Largest historic producer of silver in New England
- Over 3.5Moz silver produced
- Narrow high grade lode with by-product copper, lead, zinc and tin
- Historic grade: 600 g/t Ag, 1.5% Cu, 8% Pb, 4% Zn and 1.5% Sn
- Two main mines with four main shafts along 1.5km of lode
- 1. Conrad mine with Conrad, Moore and Davis shafts
- 2. King Conrad mine at NW end of structure
- MAR holds 100% interest in mining leases over Conrad mine
- And 100% interest in surrounding exploration ground
The Conrad Silver Mine

The 200-strong workforce at the Conrad Mine ca. 1910
The King Conrad Silver Mine

King Conrad lode

Alwell’s lode

The King Conrad Mine ca. 1907

Main Conrad lode
The Conrad mine ca. 1957
Underground at Conrad ca. 1957
Underground drilling at Conrad ca. 1957
Waiting to go up the Conrad shaft, ca. 1957
The Conrad Mine today

Head frame from last production by Broken Hill South Ltd. in 1957
Conrad lode in outcrop in Borah Creek
The Conrad Silver Mine

Malachite drilling at King Conrad in 2006

Best result: 4.1m (true width) @ 98g/t Ag, 0.58% Cu and 0.55% Sn (350g/t Ag_{eq})
The Conrad Silver Mine

- Responding to 2006 increase in silver price …
- New phase of exploration drilling commenced in March, 2006 and resumed in June/July
- Targeting mainly the King Conrad mine
- Drilling highly successful: multiple, high grade lodes intersected, with true widths of 2 – 5m
- Associated copper, lead, zinc and tin double or even treble total value of intersections
- Rare and highly valuable metal INDIUM now known to be present as well
- Indium price = $US1,000/kg or 3 x silver price
King Conrad Mine – Recent Drilling

57m @120g/t Ag\textsubscript{EQ}
Cross-section through King Conrad and Conrad lode systems.

Note multiple mineralised intercepts in King Conrad case.
Silver histograms for King Conrad lode intersections
Silver histogram for King Conrad lode and “bulk tonnage” intercept.

57m @ 120g/t Ag_{EQ}
LODE INTERSECTIONS AT KING CONRAD

CMRD13

CMRD15
Alwell's lode
Stringer mineralisation in CMRD15
Example Results from 2006 Drilling at King Conrad

Intersections quoted are true widths

**CMRD 08:**
2.9m @ 128g/t Ag or **285g/t Ag\(_{EQ}\)**

Includes 1.5m @ 221g/t Ag or **433g/t Ag\(_{EQ}\)**

**CMRD 12:**
1.1m @ 321g/t Ag, 1.02% Cu, 3.89% Pb, 2.60% Zn, 1.2% Sn & 28g/t In,

or **1,200g/t Ag\(_{EQ}\)**

**CMRD13:**
2.1m @ 278g/t Ag, 0.72% Cu, 2.61% Pb, 0.99% Zn, 0.68% Sn and 13g/t In,

or **767g/t Ag\(_{EQ}\)**

Includes 0.4m @ **1,400g/t Ag** or **3,700g/t Ag\(_{EQ}\)**
### UNDERGROUND SAMPLING AT THE KING CONRAD MINE IN 1904-05

<table>
<thead>
<tr>
<th>Lode Name</th>
<th>Width of Lode</th>
<th>Ag g/t</th>
<th>Cu%</th>
<th>Pb%</th>
<th>Zn%</th>
<th>Sn%</th>
<th>Ag&lt;sub&gt;eq&lt;/sub&gt; g/t</th>
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<tr>
<td>Alwell’s</td>
<td>32cm</td>
<td>2740</td>
<td>6.2</td>
<td>26</td>
<td>N/R</td>
<td>6.1</td>
<td>5900</td>
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<tr>
<td></td>
<td>and 80cm</td>
<td>750</td>
<td>trace</td>
<td>17</td>
<td>3.2</td>
<td>N/R</td>
<td>1490</td>
</tr>
<tr>
<td>North</td>
<td>40cm</td>
<td>530</td>
<td>0.4</td>
<td>12</td>
<td>2.7</td>
<td>0.4</td>
<td>1245</td>
</tr>
<tr>
<td>North East</td>
<td>30cm</td>
<td>750</td>
<td>0.5</td>
<td>10</td>
<td>N/R</td>
<td>1.1</td>
<td>1370</td>
</tr>
<tr>
<td>Main</td>
<td>73cm</td>
<td>545</td>
<td>0.4</td>
<td>14</td>
<td>N/R</td>
<td>0.3</td>
<td>1090</td>
</tr>
</tbody>
</table>

Note: N/R indicates not reported.
VLF-EM surveying is very effective in detecting lodes.
King Conrad Mine – Recent Drilling

VLF-EM Conductor
Regional potential showing NW structures through and parallel to Conrad and interpreted repetition of the Conrad setting.

Interpreted aeromagnetics, Conrad and King Conrad mines, Conrad Silver Mine.

The Steve Collins ore body!
FUTURE PLANS:

• Aiming to resume drilling before the end of 2006
• Resource drilling to continue through 2007
• Targeting 30M oz silver resource by end of 2007
• Plus another 30M oz of silver equivalent in base metals/indium
• 60Moz Ag = 1 Moz Au

Thereafter:

• Joint venture with mining company for development,
• Spin off as new float
• Or
“... a silver moon rises over a silver mine ...”