

malachite
resources

ASX Announcement

ASX Code: MAR

21 August 2020

MALACHITE FORMALISES ACQUISITION OF SUNSHINE MINERALS SOLOMON ISLANDS NICKEL

Malachite Resources Limited (ASX: MAR) (Malachite) is pleased to advise that it has executed a Share Purchase Agreement (Agreement) to formalise its acquisition of the remaining 85% interest in Sunshine Minerals Limited (Sunshine) that it does not already own.

Malachite previously acquired 15% of Sunshine, a private company incorporated in the Solomon Islands. Sunshine owns 80% of Sunshine Nickel Limited (SNL) which holds prospecting licence tenement PL 01/18 located on the south coast of Santa Isabel Island in the Solomon Islands. The remaining 20% of SNL is owned by local landowners (Landholders). The Jejevo Nickel Project is located within the PL 01/18 project area.

The Jejevo Nickel Project:

The Jejevo Nickel Project is an advanced stage direct shipping ore nickel laterite project. The project was previously drilled in 2013 and the initial objective is to do sufficient work to confirm a 2012 JORC Resource at the earliest opportunity.

The Jejevo Nickel Project has a number of positive aspects including its close proximity to the coast, no processing requirements, low capital route to direct shipping, ore production and local landowner support. It is envisaged that mining of the project could potentially commence within 2 years.

Key Terms of the Share Purchase Agreement to acquire Sunshine

The key terms of the Agreement include:

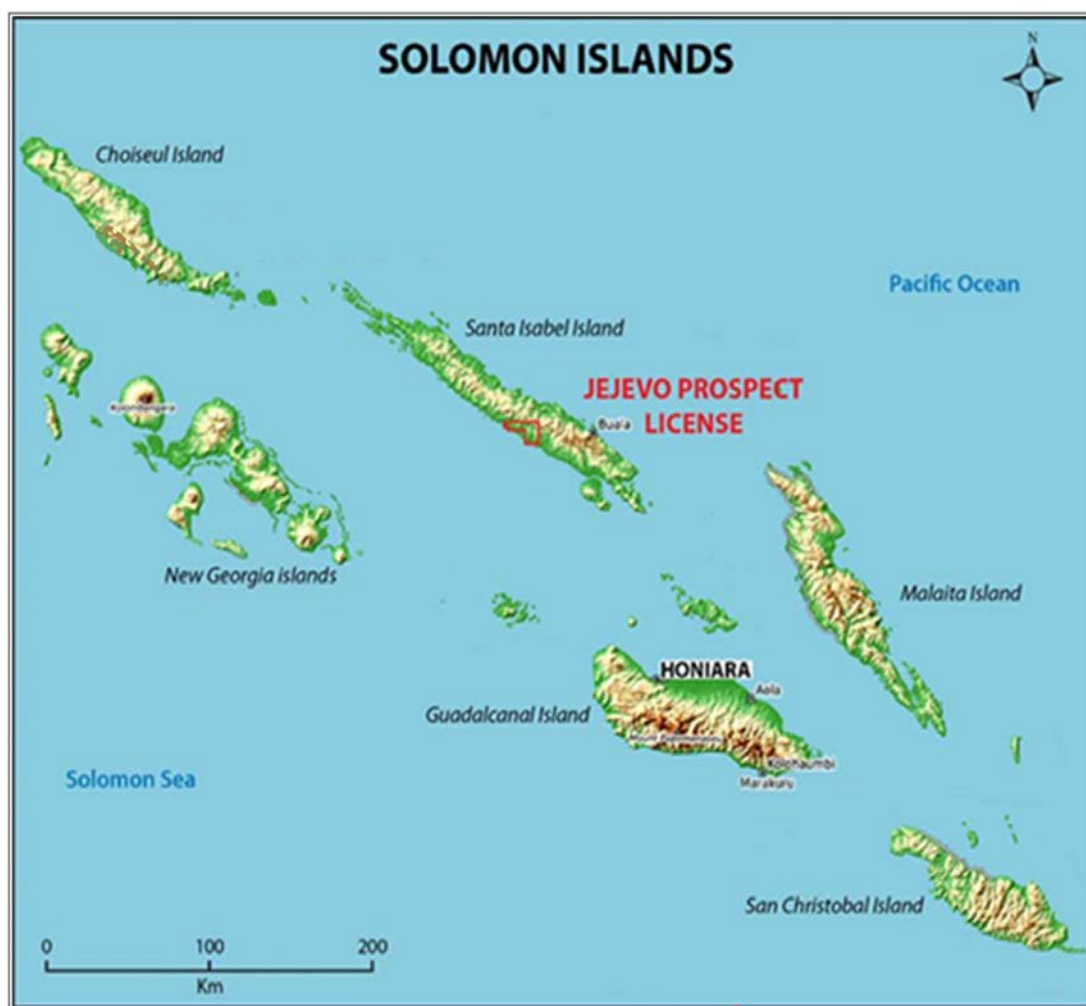
- a) An initial payment of \$850,000 to the remaining 85% shareholders in Sunshine by the issue of up to 10,617,954 fully paid ordinary shares in Malachite at a deemed issue price of \$0.08 (Upfront Consideration Shares);
- b) A further payment of \$1,105,000 to the remaining 85% shareholders in Sunshine by the issue of up to 13,803,340 fully paid ordinary shares in Malachite at a deemed issued price of \$0.08 (Deferred Consideration Shares) (less any clawback or reduction for adjustments) upon the valid application for a mining lease for PL 01-18 being submitted to the Mines Department ; and
- c) All Malachite shares issued to the vendors are subject to voluntary escrow arrangements as follows:
 - i. For the Upfront Consideration Shares, an escrow period applies from completion until the earlier of: (a) the date 12 months from completion; or (b) the date 10 business days after the Mines Department grants SNL a mining lease for PL 01-18; and
 - ii. For the Deferred Consideration Shares, an escrow period applies from the date the Deferred Consideration Shares are issued until the earlier of: (a) the date 12 months from the Deferred Consideration issue date; or (b) to the date 10 business days after the Mines Department grants SNL a mining lease for PL 01-18.

The Agreement is subject to conditions precedent, including:

- a) Sunshine entering into an agreement with SNL and the Landholders, on terms satisfactory to Malachite, for the provision of funding by Malachite to the Landholders (to be repaid from SNL's cash flows and sale proceeds) for their portion of exploration and development costs relating to the Jejevo Nickel Project; and
- b) the shareholders of Malachite approving the transactions contemplated by the Agreement in a general meeting, including a resolution authorising the allotment and issue of the Upfront Consideration Shares and Deferred Consideration Shares to the Vendors in accordance with the ASX Listing Rules and the Corporations Act.

The Agreement is subject to standard warranties and representations for transactions of this nature.

Below is a map indicating where prospecting licence tenement PL 01/18 is located:



Authorised by the Board.

For further information please contact:

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Please visit the company's website at www.malachite.com.au