

INVESTMENT HIGHLIGHTS

- Large underground coking coal project
- Gateway Certificate received
- High quality products, from well-known coal seams
- Proximity to infrastructure
- Competitive operating costs
- Experienced board and management

BOARD OF DIRECTORS

Wayne Seabrook
Executive Chairman

Hans Mende
Non-executive Director

Andy Plummer
Non-executive Director

Simon Keyser
Non-executive Director

Tony Galligan
Independent Non-executive Director

Grant Polwarth
Alternate Director

Malabar Coal Limited

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Sydney NSW 2000



QUARTERLY ACTIVITIES REPORT

For the quarter ended
31 March 2014

SPUR HILL RECEIVES FIRST GATEWAY CERTIFICATE

- ✳ **On 20 March 2014 the Spur Hill Project received its Gateway Certificate within the 90 day assessment period set by the NSW Government**
- ✳ **This is the first Gateway Certificate issued in NSW.**
- ✳ **Preparation of the Development Application and the Environmental Impact Statement are well under way**

Malabar Coal Limited (“**Malabar**” or the “**Company**”) is pleased to provide its Quarterly Activities Report for the three month period ended 31 March 2014.



Project Activities

✳ Environmental and Project approvals

- The Gateway Certificate (accessible at www.mpgp.nsw.gov.au) for the Spur Hill Underground Coking Coal Project ('Project') was issued on 20th March 2014 by the NSW Mining & Petroleum Gateway Panel (Please see ASX Release dated 20th March 2014).
- Malabar are comfortable with the conditions of the Certificate.
- Importantly the Certificate allows the Project to proceed to the Development Application stage on the proviso that the conditions are addressed.
- The Project is the first new coal project in NSW to receive a Gateway Certificate, demonstrating that Malabar is progressing the Project's approvals as quickly as the applicable regulatory framework will allow.

A Development Application ('DA') and Environmental Impact Statement ('EIS') submission are currently being prepared.

Environmental baseline studies advanced during the quarter include:

- Surface water monitoring;
- Ambient noise monitoring;
- Ground water monitoring;
- Aboriginal and non-Aboriginal cultural heritage surveys;
- Aquatic surveys;
- Flora and fauna surveys;
- Transport surveys; and
- Soils and agricultural land capability studies.

Environmental expenditure for these baseline studies and EIS preparation totalled approximately \$260,000 for the quarter.



✱ Resource definition

Exploration expenditure connected with geological consulting, gas evaluation studies and aeromagnetic survey analysis totalled \$56,000 for the quarter.

✱ Mine design and infrastructure

During the quarter, Malabar advanced further studies to support the EIS and DA, including:

- Transport option analysis and design;
- Design of coal handling and preparation facilities; and
- Design of mine surface infrastructure.

Financial

Cash on hand was \$7.71 million as at 31 March 2014.

Mining Tenement

In accordance with the Project Farm-In Agreement, Malabar earned an additional 0.57% interest in the Project¹ through the expenditure of \$998,000. Hence, as at 31st March 2014 Malabar has a 34.96% interest in the Project and the right to increase its stake to 80%.

Other

In connection with Listing Rule 5.3.2 there have been no activities relating to mining production and development.

Contact details

For media inquiries please call:
Wayne Seabrook (Chairman)
Malabar Coal Limited
T: +61 2 8248 1272

¹ Means Malabar's coal development Project (the 'Spur Hill Underground Coking Coal Project') in the Hunter Valley, New South Wales, based on Exploration Licence 7429.

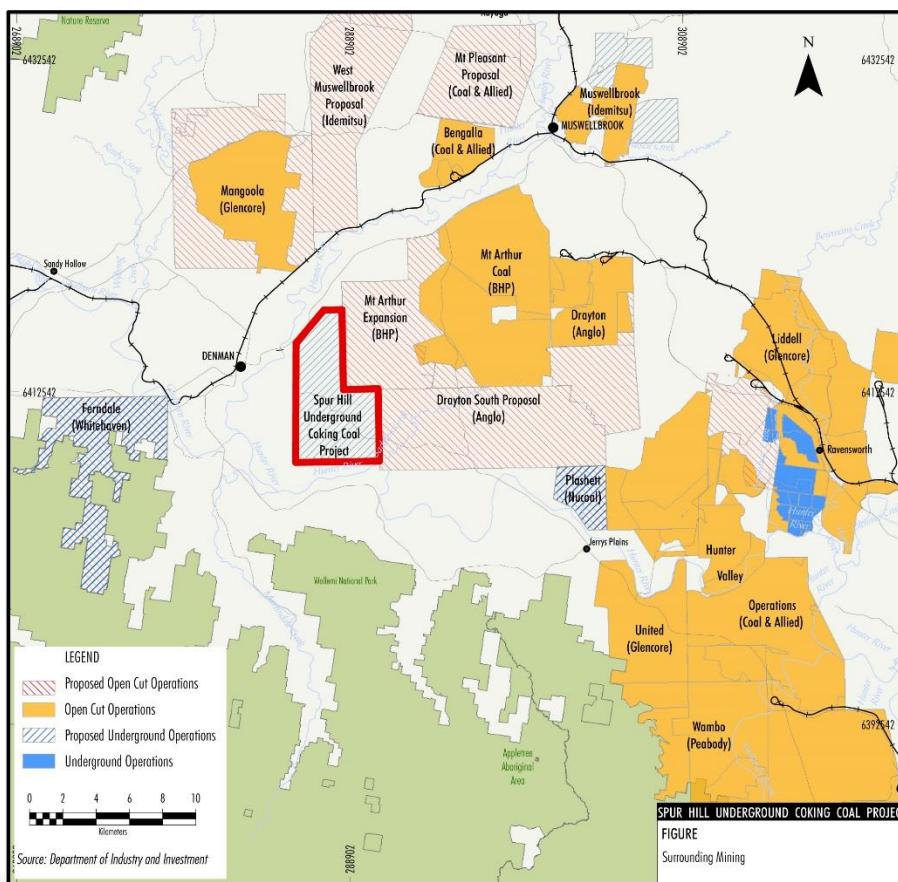
✳ About the Spur Hill Underground Coking Coal Project



The Project is located in the Upper Hunter Valley coal corridor in NSW. The Project has the potential to become a major underground coking coal mine producing up to 8 Mtpa of Run-of-Mine coal for more than 20 years.

The target seams are likely to produce: soft coking coal, semi-soft coking coal, PCI and export thermal coal.

A Gateway Certificate for the Project has been issued by the NSW Mining & Petroleum Gateway Panel. The Environmental Impact Statement and Development Application for the Project are being prepared.



SPUR HILL UNDERGROUND COKING COAL PROJECT
FIGURE
Surrounding Mining

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* Reserves and Resources as at November 2013

100% BASIS	RESERVES		RESOURCES				
	Western (Underground) Zone		Western (Underground) Zone			Eastern Zone	Total
Seam	Probable Coal Reserve (Mt)	Probable Marketable Coal Reserve (Mt)	Indicated (Mt)	Inferred (Mt)	Total (Mt)	Inferred (Mt)	Mt
WL2			0.0	46.8	46.8	0.0	46.8
WL1			0.0	22.0	22.0	0.0	22.0
Whybrow			58.5	1.2	59.7	1.8	61.5
Redbank Creek Upper			0.0	0.0	0.0	3.8	3.8
Redbank Creek Middle			0.0	0.0	0.0	3.7	3.7
Redbank Creek Lower			51.3	0.7	52.0	6.2	58.2
Wambo			38.1	4.3	42.4	16.0	58.4
Whynot	78	59	104.5	5.3	109.8	23.0	132.8
Glen Munro			14.7	0.5	15.2	1.6	16.8
Arrowfield			14.6	0.0	14.6	0.0	14.6
Bowfield	13	10	34.0	2.5	36.5	21.7	58.2
Warkworth			78.7	26.6	105.3	23.4	128.7
Mount Arthur			0.0	9.3	9.3	11.1	20.4
Total	91	69	394.4	119.2	513.6	112.3	625.9

- The Resources and Reserves Estimates have been prepared in accord with the JORC Code 2012
- The Reserves Estimate has been prepared by MineCraft Consulting Pty Ltd.
- The Resources Estimate has been prepared by Geological and Mining Services Australia Pty Ltd.
- The Resources in the above Table are inclusive of Reserves
- The Probable Marketable Coal Reserve is derived from the Probable Coal Reserve based on an average yield of 76% from the Whynot seam and 79% from the Bowfield seam. These average yields are derived from laboratory yields ranging from 80% to 85% adjusted for mining dilution and moisture adjustments.

✱ Competent Persons Statements

The information in this ASX Release that relates to JORC Mineral Resources for the Spur Hill Underground Coking Coal Project is based on information compiled by Mr Darryl Stevenson. Mr Darryl Stevenson is the Principal Geologist and employee of Geological and Mining Services Australia Pty Ltd, an independent consultancy group specialising in mineral resource estimation, evaluation and exploration. Mr Darryl Stevenson is a Member of The Australasian Institute of Mining and Metallurgy. He has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". The relationship between the Estimator and the Project owner is that of independent consultant. Mr Darryl Stevenson consents to the inclusion in ASX Release of the matters based on his information in the form and context in which it appears.

The information in this ASX Release that relates to JORC Mineral Reserves for the Spur Hill Underground Coking Coal Project is based on a Reserves Estimate that has been prepared by Mr Jeremy Busfield, Principal Mining Consultant of MineCraft Consulting Pty Ltd. Mr Busfield holds a Bachelor of Mining Engineering degree from the University of Queensland, is a Chartered Professional Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and is a Registered Professional Engineer of Queensland (Mining) (RPEQ 10285). Mr Busfield has worked in various planning, operational and consulting roles for the underground coal industry for 27 years and as such qualifies as Competent Person under the JORC Code 2012. The relationship between the Estimator and the Project owner is that of independent consultant. Mr Busfield consents to the inclusion in this report of the matters based on his information and in the form and context in which it appears.

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