



## INVESTMENT HIGHLIGHTS

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

## BOARD OF DIRECTORS

**Wayne Seabrook**  
Chairman

**Graeme Booth**  
Managing Director

**Hans Mende**  
Non-executive Director

**Andy Plummer**  
Non-executive Director

**Simon Keyser**  
Non-executive Director

**Tony Galligan**  
Independent Non-executive Director

**Nicole Hollows**  
Alternate Director

**Malabar Coal Limited**

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ASX : MBC  
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# QUARTERLY ACTIVITIES REPORT

For the quarter ended  
30 September 2015

- ✳ **Malabar increases its stake to 100% of the Spur Hill Underground Coking Coal Project through a restructure of the Spur Hill Joint Venture.**
- ✳ **Malabar raises \$6 million in a successful fully underwritten Entitlement Offer.**



## Acquiring 100% ownership of the Project

- On 15 September 2015 Malabar announced that it had entered into legally binding agreements to increase its stake to 100% (from 38.27% as at 30 June 2015) of the Spur Hill Underground Coking Coal Project (Project).
- The agreements entail an initial \$3m payment to our Joint Venture (JV) partner followed by a series of deferred payments totalling \$13m on defined milestones and a 1.75% royalty on future coal sales from the Project.
- 100% project ownership is advantageous for future project funding and provides clarity of ownership to all stakeholders connected with the Project.
- For further transaction details please see the Investor Presentation released to the ASX on 15 September 2015.

## Successful \$6m Entitlement Offer

- On 15 September 2015 Malabar announced a 15 for 17 fully underwritten non-renounceable entitlement offer (Entitlement Offer) to raise \$6 million.
- The Entitlement Offer was fully underwritten by four shareholders.
- The Entitlement Offer completed on 13 October 2015 with applications received for over 78% of the Entitlement Offer. The balance (or shortfall) was taken up by the underwriters to raise gross proceeds of \$6 million for the company.
- Given the current investment climate for resource stocks, the Malabar management is pleased with the high percentage application rate and the underwriting support shown by key shareholders.
- For further transaction details please see the Investor Presentation released to the ASX on 15 September 2015 and the ASX Market Announcement dated 13 October 2015.



## Project Activities

During the quarter the company focussed on the JV restructure and the Entitlement Offer. Project activities were necessarily reduced during the preparation for these important corporate events.

### ✱ Environmental and Project approvals

EIS studies advanced during the September quarter include:

- Surface and Groundwater assessments;
- Transport assessment; and,
- Aboriginal cultural heritage assessment.

Expenditure for these studies totalled approximately \$32,000 for the quarter.

### ✱ Mine design and infrastructure

Malabar advanced studies to support the EIS, including:

- Review and design of coal handling and preparation facilities;
- Review and design of mine surface infrastructure; and
- Underground mine layout.

Expenditure for the above activities totalled approximately \$7,000 for the quarter.

### ✱ Community

- The Project held its sixth Community Consultative Committee meeting during the quarter.
- Senior executives continually interact with the local community on an informal basis through various activities including the sponsorship and attendance of sporting and community events.
- Contributions to local community organisations totalled approximately \$26,000 for the quarter.



## Financial

Cash on hand was \$0.377 million as at 30 September 2015. The \$6 million raised in the Entitlement Offer was received by the Company in mid-October 2015.

## Mining Tenement

In accordance with the terms of the JV restructure announced on 15 September 2015 Malabar increased its stake in the Project<sup>1</sup> from 38.27% to 100%.

Total Resources for the Spur Hill Project are 625.9 million tonnes including 394.4 million tonnes of Indicated Resources. Please see Table 1 attached in the Annexure for further details.

## 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:  
Graeme Booth (Managing Director)  
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<sup>1</sup> 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.

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## Annexure

✳️ **Table 1: Reserves and Resources**

100% BASIS	RESERVES		RESOURCES				Total
	Western (Underground) Zone		Western (Underground) Zone			Eastern Zone	
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
<b>Total</b>	<b>91</b>	<b>69</b>	<b>394.4</b>	<b>119.2</b>	<b>513.6</b>	<b>112.3</b>	<b>625.9</b>

- 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.
- Further exploration and technical studies are expected to progressively convert an increasing proportion of the remaining Resources to Reserves.

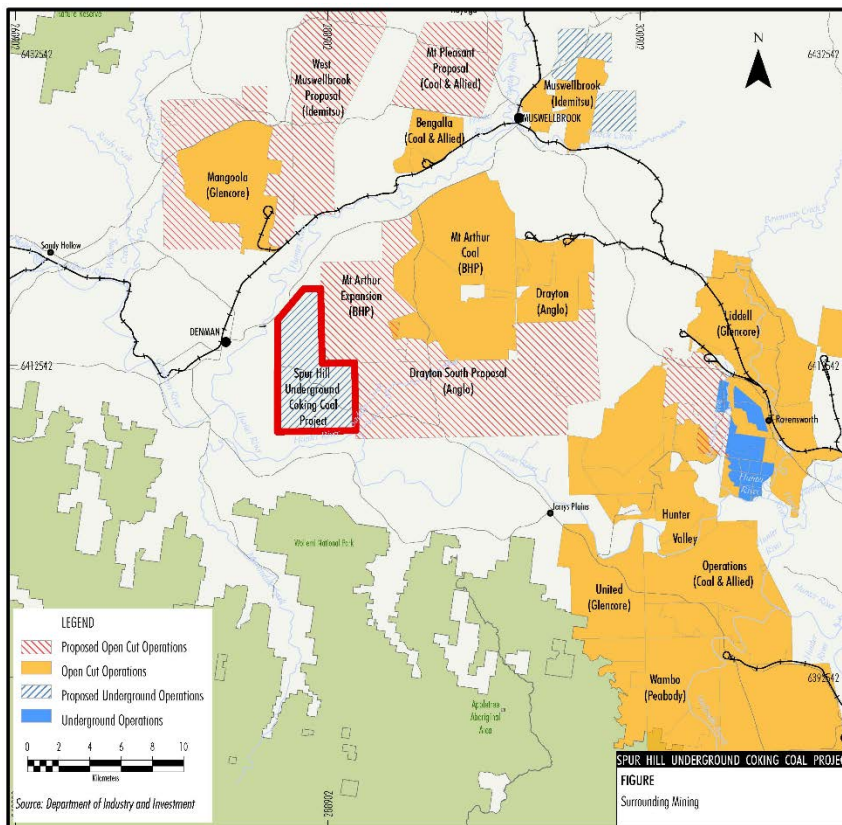
## ✳ About the Spur Hill Underground Coking Coal Project



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 million tpa 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.

The Environmental Assessment Requirements for the Project have been issued by the NSW Department of Planning & Environment. The Environmental Impact Statement and Development Application for the Project are being prepared. Mining Lease Applications for the Underground Mining Area have been submitted.



SPUR HILL UNDERGROUND COKING COAL PROJECT  
FIGURE  
Surrounding Mining

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## ✱ 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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