



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

Hans Mende
Non-executive Director

Andy Plummer
Non-executive Director

Simon Keyser
Non-executive Director

Tony Galligan
Independent Non-executive Director

Ian Morgan
Independent Non-executive Director

Brian Clifford
Alternate Director

Malabar Coal Limited

ABN : 29 151 691 468
ASX : MBC
www.malabarcoal.com.au

Level 26, 259 George Street

QUARTERLY ACTIVITIES REPORT

For the quarter ended
30 September 2016

- ✳ **Long term access agreements are now in place with a number of landowners on the exploration licence.**
- ✳ **Malabar undertook a \$2 million fully underwritten equity capital raising via a 1 for 8 non-renounceable entitlement offer.**
- ✳ **Malabar will be seeking approval from its shareholders at the Annual General Meeting on 24 November for the de-listing of Malabar from the ASX.**



Long Term Access Agreements

During the quarter, Malabar secured long term access agreements with a number of landowners on the exploration licence. As a result, approximately 80% of the foot-print of the proposed underground mine is either land owned by the company or is under long term access agreement.

Entitlement Offer

On 31 August 2016, the Company announced an accelerated one for eight pro rata non-renounceable entitlement offer of fully paid ordinary shares to raise approximately \$2 million. The entitlement Offer comprised an accelerated institutional component and a retail component. The entitlement offer was fully underwritten by seven existing Malabar shareholders.

The Institutional Entitlement Offer was completed on 1 September 2016 raising approximately \$1.42 million. Eligible retail shareholders applied for approximately \$1.36 million in New Shares, or 13.6 million New Shares. The Entitlement Offer was limited to raising approximately \$2 million in New Shares. Given the over-subscription received under the top-up facility, approximately \$0.78 million of the \$0.99 million received through the facility were refunded to shareholders.

De-listing From the Official List

As announced on 31 August 2016, the Company will seek approval of Shareholders to de-list the Company from the Official List. Shareholders should note that the proposed de-listing will only proceed if Shareholders approval is obtained at the Annual General Meeting.

The Company's proposed de-listing is considered by Directors to be in the best interest of the Company given the reduced number of shareholders, low level of trading on ASX, lack of interest, and costs associated with maintaining its listing.

Shareholders who are uncertain as to what action to take should seek guidance from their professional advisers. Malabar remains fully committed to progressing the development of the Spur Hill Underground Coking Coal Project. As a public unlisted Company, Malabar will continue to have the support of its major shareholders to advance the Project and continue to assess value enhancing opportunities including potential acquisitions.



Financial

Cash on hand was \$1.891 million as at 30 September 2016.

Mining Tenement

Malabar has 100% ownership of the Spur Hill Project¹.

Corporate

Given the current unique situation whereby many resource companies are selling their coal assets, Malabar is assessing a number for these. However, Malabar is not at an advanced stage of certainty on any potential transactions. The Company will make the appropriate disclosures if and when any assessments or discussions progress to that stage.

Other

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

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.

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

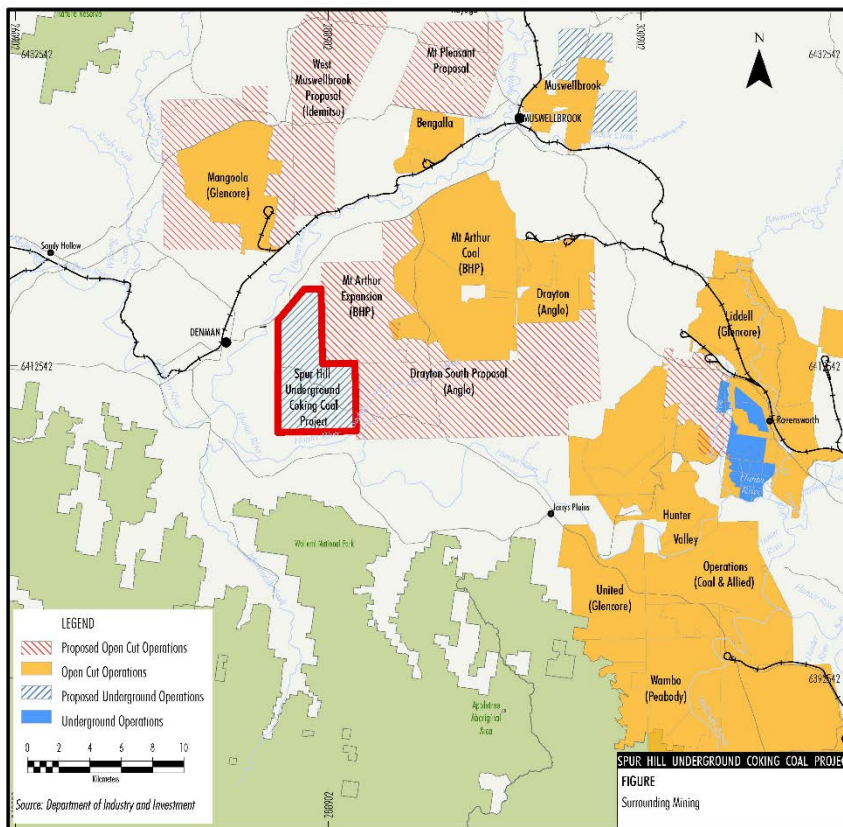
✳ About the Spur Hill Underground Coking Coal Project



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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