

INVESTMENT HIGHLIGHTS

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

BOARD OF DIRECTORS & CEO

Wayne Seabrook
Chairman

Tony Galligan
Independent Non-executive
Director

Hans Mende
Non-executive Director

Andy Plummer
Non-executive Director

Simon Keyser
Non-executive Director

Peter Doyle
CEO

Malabar Coal Limited

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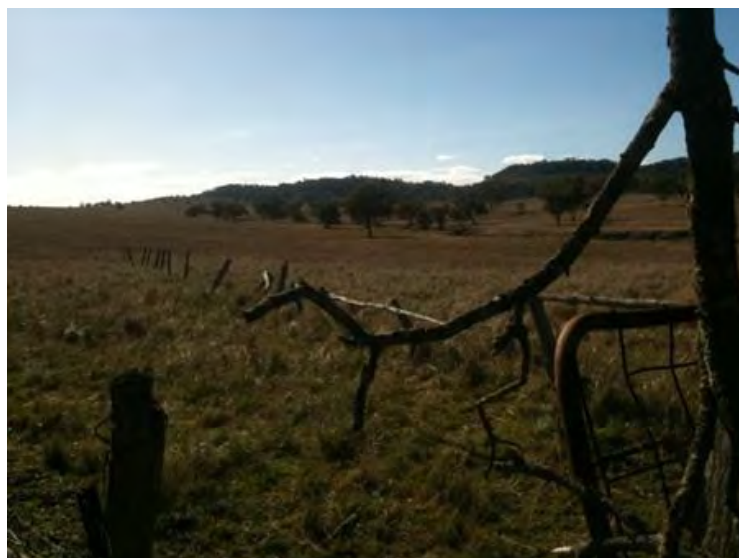
QUARTERLY ACTIVITIES REPORT

For the period ended
30 June 2013

ACHIEVEMENTS FOR THE QUARTER:

- JORC compliant resource update with significant increase in Indicated Resources
- Low ash (high quality) of key seams confirmed
- Senior management appointment
- Engineering and environmental studies progressed

Malabar Coal Limited (“**Malabar**” or the “**Company**”) (ASX: MBC) is pleased to provide its Quarterly Activities Report and Appendix 5B for the 3 month period ended 30 June 2013.



Corporate

✱ Senior Management appointment

Malabar has appointed Graeme Booth as Chief Financial Officer and Commercial Manager.

Graeme is a Chartered Accountant with a broad range of finance, commercial and coal experience over 20 years.

Prior to joining Malabar Graeme was Group CFO of Ambre Energy Limited. Graeme has held senior management positions with Royal Bank of Scotland (RBS), ABN Amro and Deloitte. He has international experience in capital markets, financial risk management, accounting and audit in Australia, Hong Kong, London and South Africa.

Project Activities

✱ Resource definition and data collection

During the quarter, Malabar continued resource definition drilling on the Spur Hill Underground Coking Coal Project (“**Project**”). Data from the first 22 holes of this campaign was used to update the estimate of JORC Compliant Resources which is detailed in the Malabar ASX Release dated 9 July 2013.

Highlights included:

- **Significant increase in JORC compliant Indicated Resources from 117Mt to 334Mt**
- **Total Inferred and Indicated Coal Resources increased from 586Mt to 623Mt**
- **The target seams contain high quality low ash soft coking coal**

The updated JORC Resource statement and coal quality analyses are shown on pages 7 & 8 of this ASX Release. Malabar is currently drilling a further 4 holes as shown in Figure 1 overleaf.

Malabar’s exploration program during the quarter also included

- comprehensive assays of the coal seams;
- down-hole geophysical surveys of all holes;
- testing of aquifers;
- gas sampling; and
- extensive geotechnical assessment of drill core.

During the quarter, an extensive aeromagnetic survey of Exploration Licence No 7429 was undertaken. Interpretation of the data is in progress.

Figure 1. Past Exploration and current drilling campaign at the Spur Hill Underground Coking Coal Project

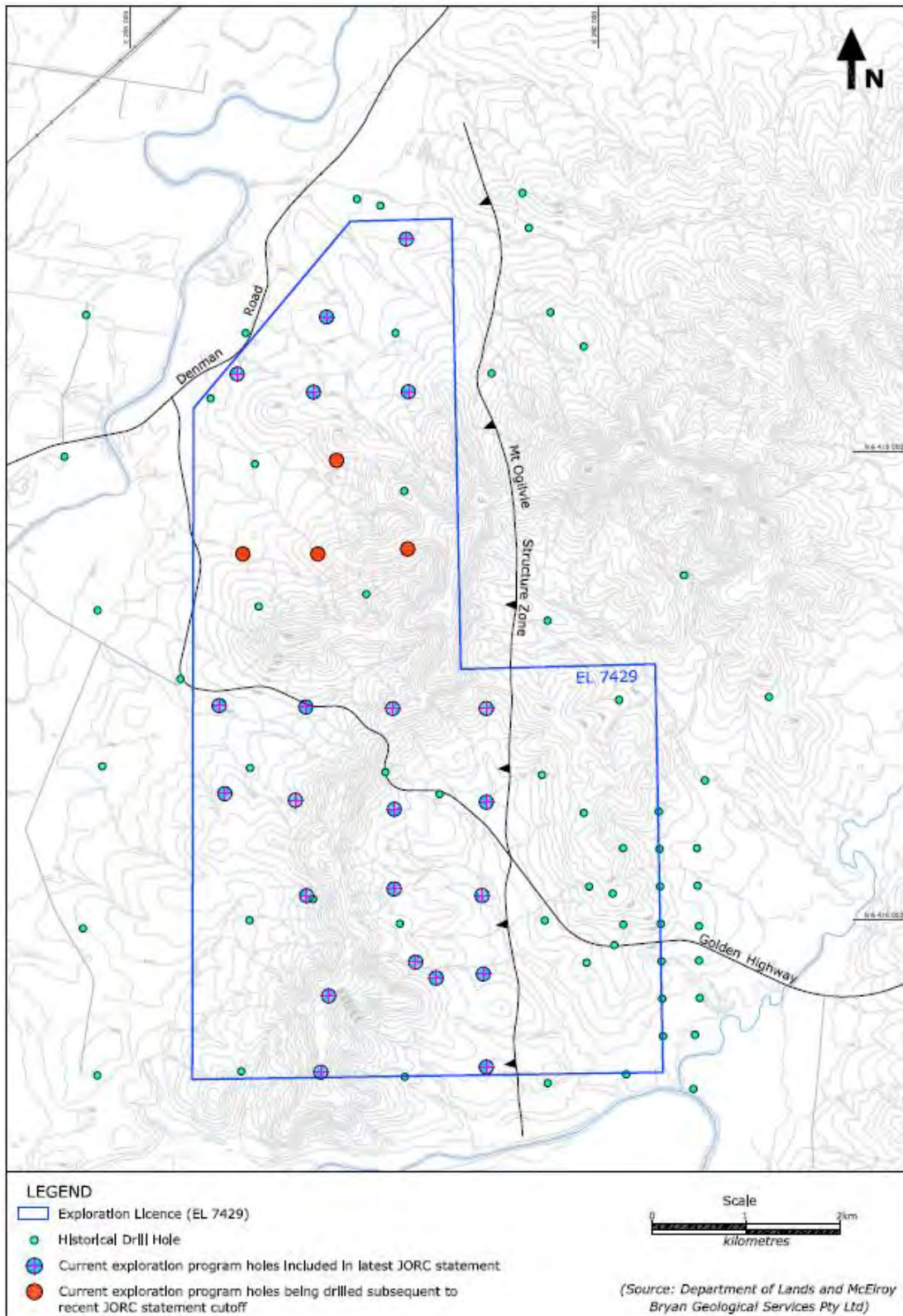
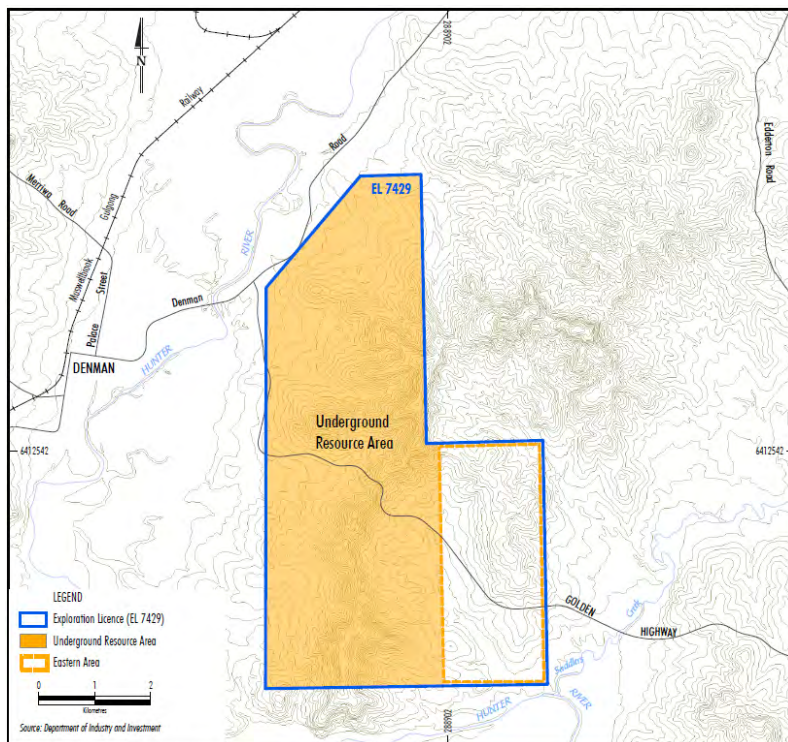


Figure 2. Underground Resource Area of the Spur Hill Underground Coking Coal Project



✱ Mine design and infrastructure

During the quarter Malabar advanced the following engineering studies:

- Mine plans for a longwall mine in the target seams
- Coal quality assessment
- Coal handling and preparation facility design
- Options for train loading
- Mine infrastructure facilities design

✱ Environmental and project approvals

Malabar continues to progress environmental studies for the Project with the aim of lodging an application for a Gateway Certificate by end of 3rd quarter of 2013 and an Environmental Impact Statement (“EIS”) by mid-2014.

Malabar is anticipating that the terms of reference for the Gateway will be released in the near term by the NSW Government.

Financial

During the quarter, Malabar's expenditure on the Project was \$2.19 million. Cash on hand was \$17.83 million as at 30 June 2013.

In accordance with the Project farm in agreement Malabar has earned an additional 1.59% interest in the Project during the quarter. As at 30 June 2013 Malabar has a 29.84% interest in the Project.

Contact details

For media inquiries please call:

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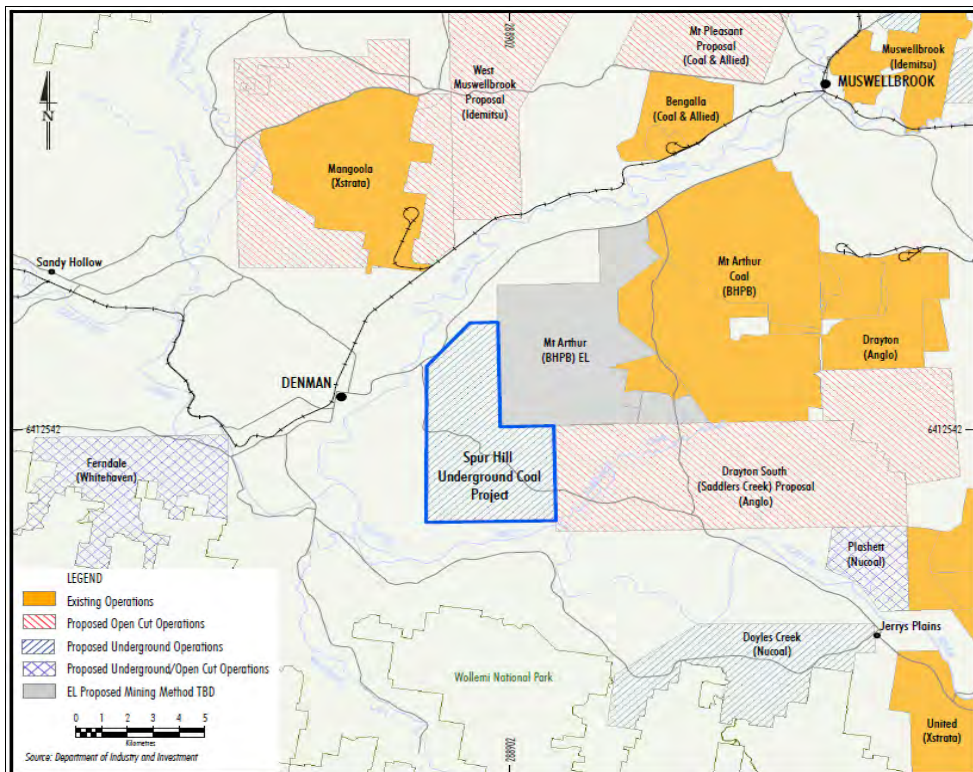
✳ About the Spur Hill Underground Coking Coal Project



SHUCCP is located in the Upper Hunter Valley coal corridor in NSW and has the potential to become a major underground coking coal mine.

The Directors of Malabar believe that an underground mine can produce approximately 6 to 8 Mtpa 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.



✱ JORC Compliant Resources

Table 1: July 2013 JORC report

Seam	Western Zone			Eastern Zone	Total	Exploration Target
	Indicated Mt	Inferred Mt	Total Mt	Inferred Mt	Indicated + Inferred Mt	Mt
WL2	0.0	43.9	43.9	0.0	43.9	
WL1	0.0	20.0	20.0	0.0	20.0	
Whybrow	45.2	16.4	61.6	1.8	63.4	
Redbank Creek Upper	0.0	0.0	0.0	3.0	3.0	
Redbank Creek Middle	0.0	0.0	0.0	3.3	3.3	
Redbank Creek Lower	39.9	12.0	51.9	6.0	57.9	
Wambo	38.8	5.6	44.4	14.6	59.0	
Whynot	98.5	13.6	112.1	22.2	134.3	
Glen Munro	5.9	7.6	13.5	1.7	15.2	
Woodlands Hill ^A	0.0	0.0	0.0	0.0	0.0	80
Arrowfield	14.5	0.0	14.5	0.0	14.5	
Bowfield	28.0	8.4	36.4	19.8	56.2	
Warkworth	62.7	40.4	103.1	22.7	125.8	
Mount Arthur	0.0	12.3	12.3	13.8	26.1	
Total	333.5	180.2	513.7	108.9	622.6	80.0

Note A - Woodlands Hill:

Woodlands Hill is a higher ash seam with raw ash averaging c. 42%. Washing at CF1.60 produces coal of c. 12% ash at a yield of c. 52%. Until further drilling and investigation is carried out, these characteristics mean that the Woodlands Hill seam will remain an Exploration Target.

✱ Coal quality

As outlined in the Malabar IPO prospectus there are five underground seams in the Western Underground Zone of the project that will be considered as development targets (namely, Whybrow, Wambo, Whynot, Bowfield and Warkworth) with the best of these being the Wambo, Whynot and Bowfield seams.

Table 2: Coal quality of target underground coal seams in Western Zone

WESTERN ZONE	Raw (average) air dried		F1.60 (average) air dried								
Seam	Ash %	Moist %	Ash %	Moist %	Yield %	Energy (Mj/kg)	FC %	Vol %	CSN	Sulphur %	Mt
Whybrow											
<i>Indicated</i>	30.1	4.5	10.9	4.3	64.5	28.6	51.1	33.8	3.6	0.49	45.2
<i>Inferred</i>	29.5	4.8	9.7	4.4	64.6	28.9	51.9	34.1	3.1	0.51	16.4
Wambo											
<i>Indicated</i>	11.6	3.8	5.3	4.2	87.8	30.8	55.0	35.4	4.2	0.41	38.8
<i>Inferred</i>	12.7	4.0	5.4	4.3	85.8	30.8	55.6	34.8	3.7	0.43	5.6
Whynot											
<i>Indicated</i>	16.7	4.3	5.3	4.3	81.6	30.8	55.3	35.1	4.4	0.41	98.5
<i>Inferred</i>	16.8	4.3	5.2	4.3	80.7	30.8	55.7	34.9	4.4	0.40	13.6
Bowfield											
<i>Indicated</i>	14.8	3.0	8.2	2.9	86.2	30.6	58.7	30.2	4.7	0.43	28.0
<i>Inferred</i>	16.2	2.8	8.2	2.8	82.3	30.6	61.5	27.5	4.5	0.44	8.4
Warkworth											
<i>Indicated</i>	20.3	2.4	9.8	2.7	79.2	30.3	62.3	25.3	4.7	0.42	62.7
<i>Inferred</i>	23.1	2.4	10.2	2.6	75.4	30.2	64.4	22.7	4.2	0.44	40.4

✱ Competent Persons Statement

The information in this ASX Release that relates to Exploration Results and 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". Mr Darryl Stevenson consents to the inclusion in this ASX Release of the matters based on his information in the form and context in which it appears.