



**Spur Hill Underground Coking Coal Project
Investor Update
July 2014**

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Important notice



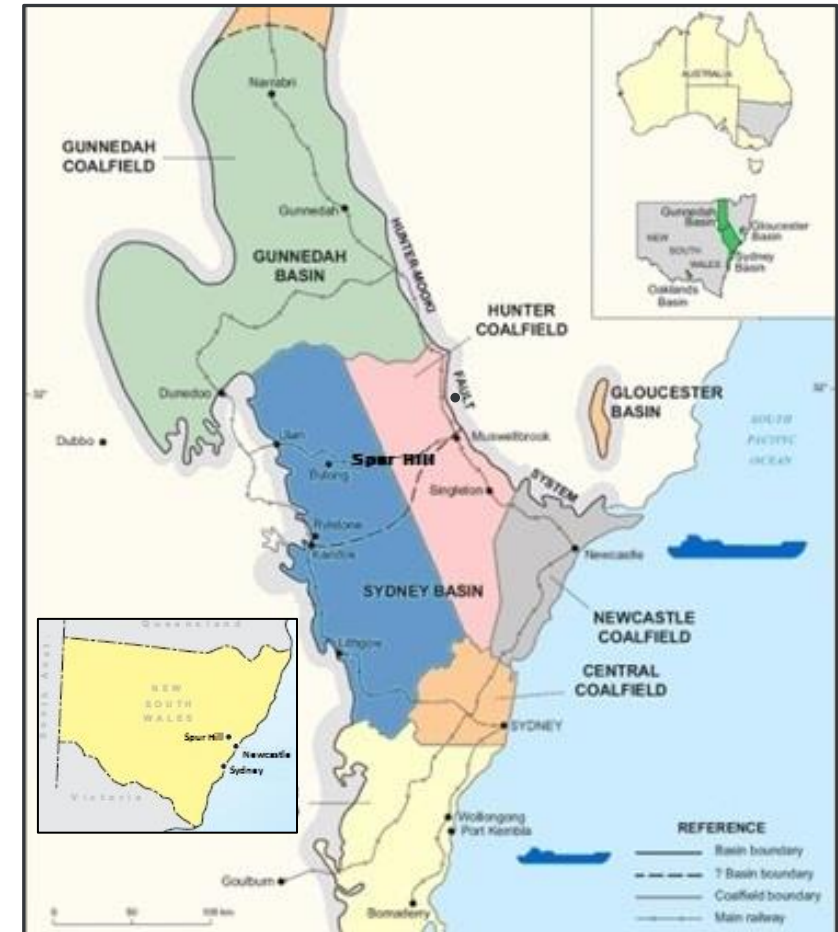
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- The Probable Marketable Coal Reserve of 69 Mt is derived from the Probable Coal Reserve of 91 Mt based on an average yield of 76% from the Whynot seam and 79% from the Bowfield seam. These average yields are derived from laboratory yields ranging from 80% to 85% adjusted for mining dilution and moisture adjustments.

Corporate Overview



Malabar Coal is an ASX-listed coal company focused on the Spur Hill Underground Coking Coal Project located in the World-Class Hunter Valley of NSW.

- ✓ Large deposit of 626 million tonnes.
- ✓ High productivity (6 to 8 million tonnes per annum ROM) underground longwall development.
- ✓ 20yrs+ production of low ash soft coking and export thermal coals.
- ✓ As at 31 March 2014 Malabar Coal had a 35% interest in the Project with the right to increase to 80%.
- ✓ The board and management have extensive experience with a track record of constructing and operating new coal mines globally and in NSW particularly.



ASX Code	MBC
Total shares on issue	85,000,000
Options on issue	1,075,000
Cash as at 31 March 2014	\$7.7 million
Market Cap at 2 July 2014	\$13.6 million

Key Project Parameters



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Key parameters	Details from PFS, JORC Reserve Reports and actual Permitting Progress
Coal Resource	626 million tonnes of which 394 million tonnes are Indicated
Mining method	Longwall
ROM coal production	6 to 8 million tonnes per annum
Clean coal production	4.8 to 6.4 million tonnes per annum of export low ash soft coking coals and thermal coal
Access to market	Existing rail and port <ul style="list-style-type: none"> • <i>provides competitive ex-mine costs of c. A\$10/t FOB</i> • <i>No take or pay contracts have been entered into with either rail or port.</i>
Average LOM operating cost	A\$57/ FOB tonne (excl royalties) US\$53/ FOB tonne (excl royalties) @ 0.93 FX
Capital Cost	A\$800M – A\$920M (Subject to Capex reductions when tendering for construction)
Environmental	Underground mining substantially mitigates the key concerns arising from open cut mines of visual amenity and dust in the Upper Hunter. There are no significant watercourses on the EL.
Permitting	Advancing. 1 st coal project in NSW to receive Gateway Certificate
Land	Small number of landholders. Access agreements in place. Land secured for Mine Infrastructure Area and rail loop.

Project status



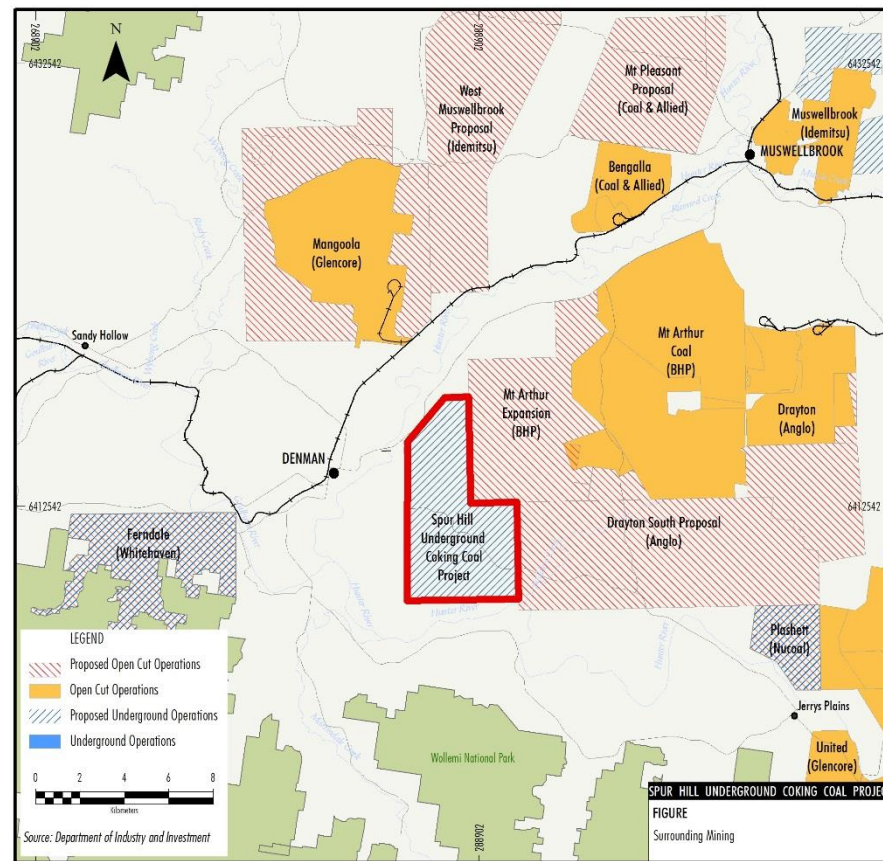
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Key Project Achievements post-IPO

Substantial Resources estimated to JORC (2012) standard	✓
Pre-Feasibility Study completed	✓
Initial/maiden Reserves estimated to JORC (2012)	✓
Planning progress:	✓
<ul style="list-style-type: none"> Gateway Certificate received Preliminary Environmental Assessment and Request for Environmental Assessment Requirements (EAR's) lodged 	✓
Key properties on the Exploration Licence acquired	✓
Community Consultative Committee (CCC) established	✓
Transport corridor options in place	✓

Upcoming Milestones

Receive EAR's	
Submit Mining Lease Application	
Submit EIS and Development Application (DA)	



Resources and Reserves



Resources

- ✓ 626 million tonnes of which 394 million tonnes are Indicated.

Maiden Reserves

- ✓ 91 million tonnes of Probable Reserves (calculated for only the initial Whynot and Bowfield seams).
- ✓ Reserves are expected to increase as more field work and engineering studies are completed.
- ✓ Reserves reported to JORC (2012) requirements (i.e. PFS requirement)

Coal Products

- ✓ Washed Product Coals are: low ash soft coking coal and export thermal coal.

100% basis	Maiden Reserves (JORC 2012) million tonnes		Resources (JORC 2012) Million tonnes				
	Western (Underground) Zone		Western (Underground) Zone			Eastern Zone	
Seam	Probable	Probable Marketable	Indicated	Inferred	Total	Inferred	Total
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 Ck U			0.0	0.0	0.0	3.8	3.8
Redbank Ck M			0.0	0.0	0.0	3.7	3.7
Redbank Ck L			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

In certain locations, the Wambo and Whynot seams merge, providing an opportunity to mine together to optimise coal quality and yield. However, for the purposes of this initial reserve estimate, the mine plan has considered solely the Whynot seam in the Wambo/Whynot zone.

* Probable Reserves include 0.1m of out-of-seam dilution which is removed in the coal washing process.

Coal Quality



Washed Product Coal Quality

WESTERN (UNDERGROUND) AREA	Raw (average) air dried		F1.60 (average) air dried								Mt
	Ash %	Moist %	Ash %	Moist %	Yield %	Energy (MJ/kg)	FC %	Vol %	CSN	Sulphur %	

Whybrow

Indicated Resource

30.0	4.9	10.9	4.4	65.4	28.6	51.0	33.8	3.6	0.50	58.5
29.4	5.2	10.1	4.4	65.8	28.8	52.1	33.7	2.7	0.50	1.2

Inferred Resource

Wambo

Indicated Resource

12.1	3.8	5.7	4.1	86.8	30.9	54.8	35.8	4.3	0.42	38.1
14.7	3.9	6.8	4.0	81.9	30.9	55.3	35.2	4.0	0.43	4.3

Inferred Resource

Whynot

Indicated Resource

16.3	4.4	5.2	4.2	81.8	31.0	55.3	35.3	4.5	0.42	104.5
17.0	4.3	5.7	4.2	81.1	30.7	55.7	34.3	3.9	0.40	5.3

Inferred Resource

Bowfield

Indicated Resource

15.5	2.9	8.3	2.9	85.1	30.6	59.3	29.6	4.6	0.43	34.0
17.3	2.6	8.2	2.6	81.9	30.7	67.0	22.3	3.2	0.43	2.5

Inferred Resource

Warkworth

Indicated Resource

22.2	2.4	10.4	2.6	77.3	30.3	62.1	25.2	4.4	0.44	78.7
20.7	2.4	10.2	2.6	79.2	30.5	64.8	22.6	4.0	0.44	26.6

Inferred Resource

✓ Low ash is a key quality characteristic of the Whynot seam.

✓ Highly desired by customers with ash disposal constraints.

Rail



- ✓ Project ideally located within 5km of the Hunter Valley Rail Network
- ✓ Spur Hill to Newcastle 130km
- ✓ Rail capacity available for Spur Hill's production.
- ✓ Standalone rail loop
- ✓ No take or pay rail contracts in place



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Port



The Port of Newcastle has two operators with combined capacity of 211 million tonnes per year;

- Port Waratah Coal Services (PWCS), and
- Newcastle Coal Infrastructure Group (NCIG)
- Spur Hill has no Port take or pay contracts in place

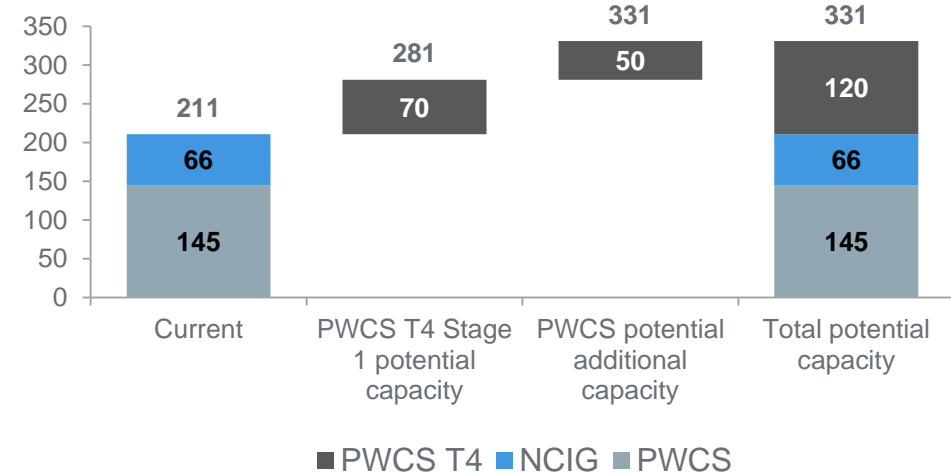
Current PWCS capacity

- There is sufficient current port capacity at PWCS available for Spur Hill production.
- Very favourable PWCS port charge of \$2.80/t.
- PWCS port charges lowest of all 3rd party access coal export terminals globally.

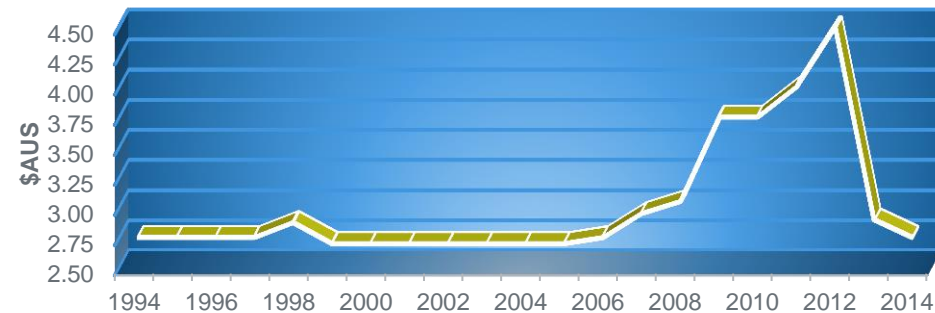
Future PWCS capacity

- Under the “Long Term Commercial Framework Agreement” that governs PWCS operations, PWCS must provide capacity even if that requires a terminal expansion.
- PWCS is seeking development approval for T4 should extra port capacity be required in the future.

Port of Newcastle Capacity (million tpa)



PWCS Coal Handling Charge \$A/t



Permitting progress



Gateway certificate

- Spur Hill was the 1st new coal project to receive a Gateway Certificate in NSW.
- The Gateway Certificate concluded; “...that in general terms, the panel believes that the likely impacts on BSAL (Bio-Strategic Agricultural Land) and CIC (Critical Industry Clusters i.e. Viticulture and Equine) within the [Spur Hill] Project area should be **tolerable and manageable**.”
- Malabar are comfortable with the conditions of the Certificate.

Preliminary Environmental Assessment (PEA)

- Spur Hill has submitted its PEA and request for Environmental Assessment Requirements (EAR's).
- The NSW Department of Planning will shortly issue the EAR's that need to be addressed in the EIS.

Development Application and EIS

- Preparation of the Development Application and the EIS are under way for expected submission late in 2014 or early 2015.

Project timeline



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Calendar Years	2014	2015		2016		2017		2018	
Ongoing and Future Project Activities	H2	H1	H2	H1	H2	H1	H2	H1	H2
Environmental studies and approval management	█	█	█	█					
EIS and DA submission	✱	✱							
Feasibility studies and planning	█	█	█	█					
Ongoing infill drilling and resource definition		█	█	█					
Mining Lease approval				✱	✱				
Construction					█	█	█	█	
Development Mining						█	█	█	█
First coal shipped								✱	
Longwall coal									█

An experienced team



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Board

Wayne Seabrook – Executive Chairman



- More than 30 years of resources sector experience across all facets including; exploration, mine approvals, project construction, operations, project funding, and corporate finance.

Hans Mende – Non-Executive Director



- President and founder of AMCI
- Extensive experience as a director of resources companies

Andy Plummer – Non-Executive Director



- Over 35 years experience in the investment banking and mining industries
- Previously executive director of Whitehaven Coal and Excel Coal

Simon Keyser – Non-Executive Director



- Over 20 years of finance sector experience, specialising in the resources and energy sectors

Tony Galligan – Non-Executive Director



- Over 40 years experience in the Australian coal industry
- Previously Chairman of NCIG and General Manager Infrastructure at Whitehaven Coal

An experienced team



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Management

Graeme Booth – CFO & Commercial Manager



- Chartered Accountant with a broad range of finance, commercial and coal experience over 20 years
- Most recently Group CFO of Ambre Energy Limited

Ian Morgan – Company Secretary



- Chartered Accountant and Chartered Company Secretary, with over 30 years of experience
- Company Secretary of a number of other publicly listed companies

Bill Dean – Engineering Manager



- Over 35 years of experience in the mining industry in senior site management roles

Peter Doyle – Manager Special Projects



- Over 25 years experience in the coal sector
- Specific experience in project approvals and pre-development activities for coal projects in NSW

Community contribution and engagement



Denman Children's Centre



Denman & Sandy Hollow Junior Rugby League



Upper Hunter Education Fund



UPPER HUNTER Wine & Food Affair

Denman Rugby League Football Club



Australian Men's Shed Association
SHOULDER TO SHOULDER



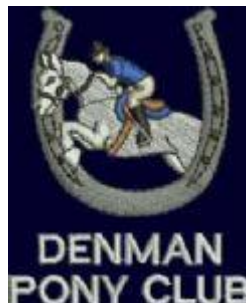
NSWMC EnviroSMART Grant
St Joseph's School Denman



Denman Aged Care



Dalswinton Rural Fire Service



DENMAN PONY CLUB

Denman & District Development Association **Denman News**

Upper Hunter Show Inc.

Project Summary



- ✓ Experienced team
- ✓ Strategic Upper Hunter location
- ✓ As an underground project, Spur Hill overcomes many of the approval challenges faced by open cut mines
- ✓ PFS completed
- ✓ Confidence in Resource
- ✓ High quality product specification
- ✓ Rail and port capacity available
- ✓ Competitive ex mine costs
- ✓ No current take or pay commitments
- ✓ First longwall coal in 2018

Competent Persons' Statements



- **RESOURCES ESTIMATE COMPETENT PERSON STATEMENT** The information in this Presentation that relates to Exploration Results and JORC Mineral Resources for the Spur Hill 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 the report of the matters based on his information in the form and context in which it appears.
- **RESERVES ESTIMATE COMPETENT PERSON STATEMENT** The information in this Presentation that relates to JORC Ore 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.