

ASX RELEASE

9 JULY 2013



#### INVESTMENT HIGHLIGHTS

- *Large underground coking coal project in Upper Hunter Valley*
- *High quality, well-known coking coal seams*
- *Proximity to infrastructure*
- *Competitive operating costs*
- *Experienced Board and management team*

#### 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*

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## UPGRADE OF THE SPUR HILL UNDERGROUND COKING COAL RESOURCES

#### Highlights:

- **Significant increase in JORC compliant Indicated Resources from 117Mt to 334Mt**
- **Total Inferred and Indicated Coal Resources increased from 586Mt to 623Mt**
- **Coal analyses confirm that the target seams contain high quality low ash (CF 1.60 <5.5% ash) soft coking coal**



Malabar Coal Limited (“**Malabar**” or “**Company**”) (ASX: **MBC**) is pleased to announce an upgrade of coal resources reported by the Malabar IPO Prospectus dated 1<sup>st</sup> March 2013 at the Spur Hill Underground Coking Coal Project (“SHUCCP”). Importantly the JORC Indicated Resources have increased almost three-fold to 334Mt.

Commenting on the upgrade, Chairman Wayne Seabrook said: “*This update confirms that the resource at SHUCCP will support a low-impact underground coking coal project with favourable economics. Our recent program of fully-cored drilling, comprehensive assays, down-hole geophysical surveys, gas sampling and other studies provides Malabar with sufficient data to advance mine design and project planning activities*”.

**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 <sup>A</sup>	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	
<b>Total</b>	<b>333.5</b>	<b>180.2</b>	<b>513.7</b>	<b>108.9</b>	<b>622.6</b>	<b>80.0</b>

**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
<b>Whybrow</b>											
<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
<b>Wambo</b>											
<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
<b>Whynot</b>											
<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
<b>Bowfield</b>											
<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
<b>Warkworth</b>											
<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

For additional information, please contact:

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Chairman

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### Competent Persons Statement

The information in this ASX Release 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". 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.

## 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.

