



## QUARTERLY ACTIVITIES REPORT

For the quarter ended  
31 December 2014

### PERMITTING SPUR HILL PROJECT

- ✳ **Following on from the receipt of the Environmental Assessment Requirements ('EARs') from the NSW Government in July 2014 the Project activities during the quarter were focussed on preparing the Environmental Impact Statement (EIS) and Development Application (DA).**

#### 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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## Project Activities

### ✳ Environmental and Project approvals

- Preparation of the EIS and DA continued during the quarter with the scope of the EIS determined by the EAR's.

EIS studies advanced during the quarter include:

- Surface and Groundwater assessments;
- Noise assessment;
- Air quality assessment;
- Subsidence assessment;
- Aboriginal cultural heritage assessment;
- Non-Aboriginal cultural heritage assessment;
- Aquatic fauna assessment;
- Terrestrial flora and fauna assessments;
- Geomorphology assessment;
- Transport assessment;
- Soils and agricultural impact assessments; and,
- Social Impact assessment.

Expenditure for these studies totalled approximately \$665,000 for the quarter.

### ✳ Resource definition

During the quarter two further boreholes were drilled to gather geological and groundwater data. Exploration expenditure connected with these boreholes, geological consulting and field mapping totalled \$171,000 for the quarter.

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 for further details.



## ✱ Mine design and infrastructure

Malabar advanced further studies to support the EIS and DA, including:

- Analyses of transport options and design;
- Design of coal handling and preparation facilities;
- Design of mine surface infrastructure; and
- Geotechnical assessment of the mine infrastructure area.

Engineering expenditure for these studies totalled approximately \$74,000 for the quarter.

## ✱ Community

The Project held a Community Information Session on the Exploration Licence and, in addition, its third Community Consultative Committee meeting during the quarter. The Community Information Session was well attended by the local community with a number of subject specialists and senior company executives on hand to answer questions.

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.

## Corporate

Given the current negative general coal market environment which is reflected in a sustained depressed Malabar share price, the Company is carrying out a comprehensive review of impairment across its assets. This review is ongoing, however we currently anticipate that non-cash impairment charges will be recognised for the half year ending December 2014. Any potential impairments are subject to the finalisation of the half year financial statements, Board review and the conclusion of the half year end audit.

## Financial

Cash on hand was \$3.151 million as at 31 December 2014.

## Mining Tenement

In accordance with the Project Farm-In Agreement, Malabar earned an additional 0.81% interest in the Project<sup>1</sup> through the expenditure of \$1,425,000. Hence, as at 31<sup>st</sup> December 2014 Malabar has a 37.39% interest in the Project and the right to increase its stake to 80%.

## 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)  
**Malabar Coal Limited**  
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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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✱ **Table 1: Reserves and Resources**

100% BASIS	RESERVES		RESOURCES				
	Western (Underground) Zone		Western (Underground) Zone			Eastern Zone	Total
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.

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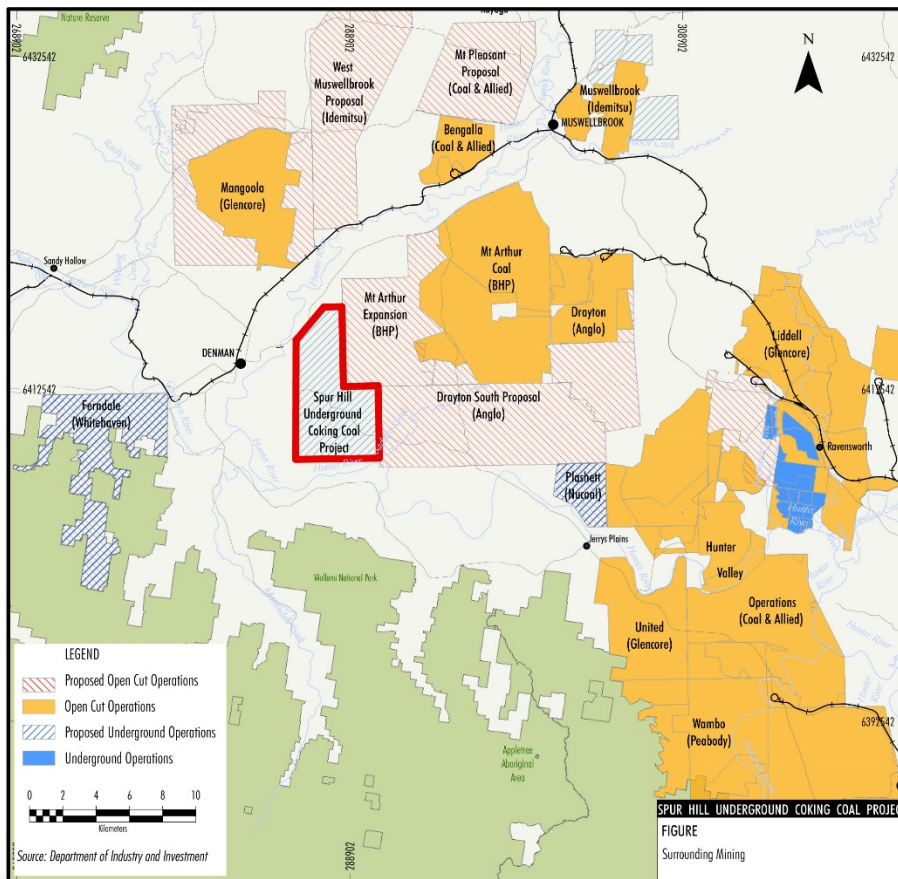
## ✳ About the Spur Hill Underground Coking Coal Project



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 Environmental Impact Application for the Project are being prepared. Mining Lease Applications for the Underground Mining Area have been submitted.



## ✱ 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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