



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

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ASX : MBC
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QUARTERLY ACTIVITIES REPORT

For the quarter ended
31 March 2016

✳ **Approval of the Groundwater Modelling and Management Plan.**

✳ **Project Optimisation review underway focussing on the mine design and associated capital and operating cost minimisation.**



Project Activities

During the quarter the company continued a review of the project design and associated capex and opex for optimisation opportunities.

✱ Resource definition

- The Department of Industry has granted conditional approval on the Groundwater Modelling and Management Plan (GMMP).
- Approval of the GMMP allowed drilling for the Project to commence on 28 April 2016.
- 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 in the Annexure for further details.

✱ Environmental and Project approvals

EIS studies advanced during the March quarter include:

- Surface and Groundwater assessments; and
- Aboriginal cultural heritage assessment.

Expenditure for these studies totalled approximately \$20,000 for the quarter.

✱ Mine design and infrastructure

Malabar advanced studies in relation to the review and design of mine surface infrastructure and underground mine layouts. Expenditure for these activities totalled approximately \$13,000 for the quarter.



✱ Community

- 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.
- Contributions to local community organisations totalled \$16,000 for the quarter.

Financial

Cash on hand was \$2.145 million as at 31 March 2016.

Mining Tenement

Malabar has 100% ownership of the Spur Hill Project¹.

Other

As outlined in the ASX announcement on 15 March 2016 relating to Mr Graeme Booth's resignation as Managing Director, the responsibilities of the Managing Director will temporarily be undertaken by the board members and management until a replacement is appointed. Mr Simon Keyser, a Non Executive Director has agreed to assist with these responsibilities on a temporary part time basis. In consideration for these services Mr Keyser's consulting entity will be paid a fee the equivalent of \$2,500 per day. The agreement will be reviewed each month and can be terminated at any time by the board for no additional cost.

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.

Annexure

✳️ **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
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.

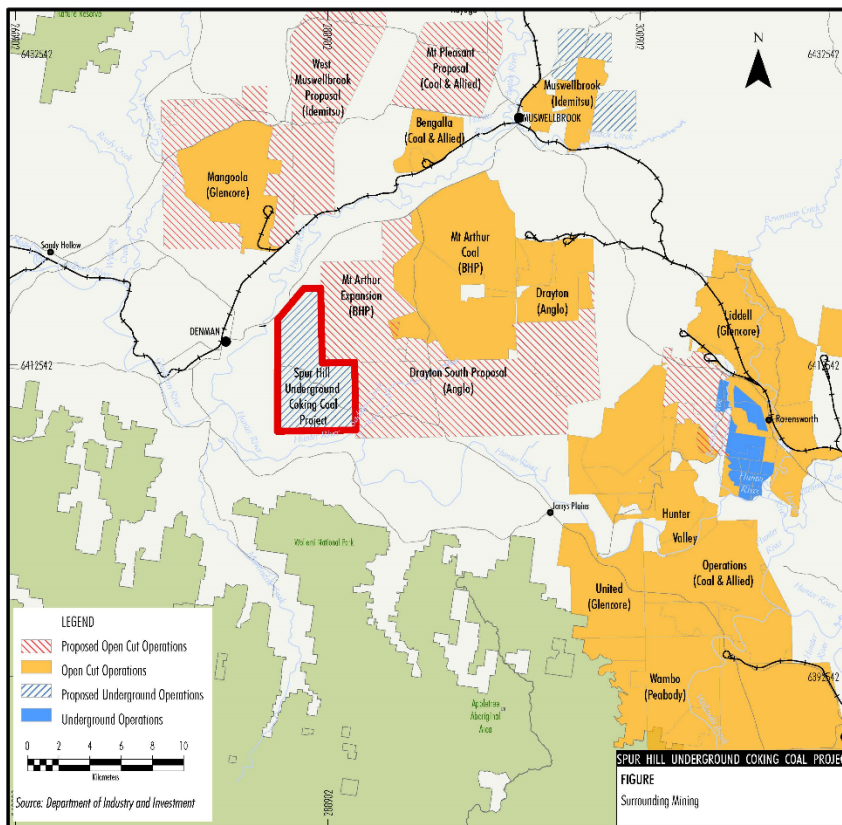
✱ About the Spur Hill Underground Coking Coal Project



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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