

29 April 2013

ASX CODE: MBC

QUARTERLY ACTIVITIES REPORT

For the period ended 31 March 2013

Highlights:

- ◆ Successful completion of IPO to raise \$20 million
- ◆ Senior management appointment
- ◆ Resource definition drilling program continues
- ◆ 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 31 March 2013.

Corporate

Successful listing on the ASX

Malabar successfully listed on the ASX on 28 March 2013, raising a total of \$20 million, before capital raising costs, from institutional and retail investors. Malabar is now in a strong position to continue with the development and approval activities of the Spur Hill Underground Coal Project (“**Spur Hill Underground**” or the “**Project**”). The Project is targeting well-known coal seams in the Upper Hunter region of NSW with production of mostly soft coking coals expected in the first 10-12 years of the Project’s life.

Senior Management appointment

Malabar has appointed Bill Dean as Engineering Manager. His primary role is to identify the optimal location and arrangements of the Project’s surface facilities.

Bill is a Chartered Professional Civil Engineer, a member of the Australian Institute of Mining and Metallurgy, and, has mine manager’s certificates of competency in NSW, WA, and Victoria.

Bill has over 35 years of experience in the mining industry in senior site management roles. His previous positions include a senior project role at the neighbouring BHP Mount Arthur Coal Mine,

Group Manager Surface Operations for UGM Engineers, General Manager at the Wambo Coal Mine, Manager of Projects for Coal & Allied (Rio Tinto), and Chief Mining Engineer for BP Coal (Aust).

Project Activities

Resource definition and data collection

At the outset, Malabar has benefited from a large data base of historical data from previous drilling campaigns that provided a Mineral Resource of 586Mt.

During the quarter, Malabar continued resource definition drilling. To date, Malabar has completed 20 holes of the c.30-hole drilling program. This program focuses on;

- migrating Inferred resources to the Indicated category under the JORC code,
- gathering data for environmental studies and modelling, and
- gathering data for underground mine design purposes.

Figure 1. Past Exploration and current drilling campaign

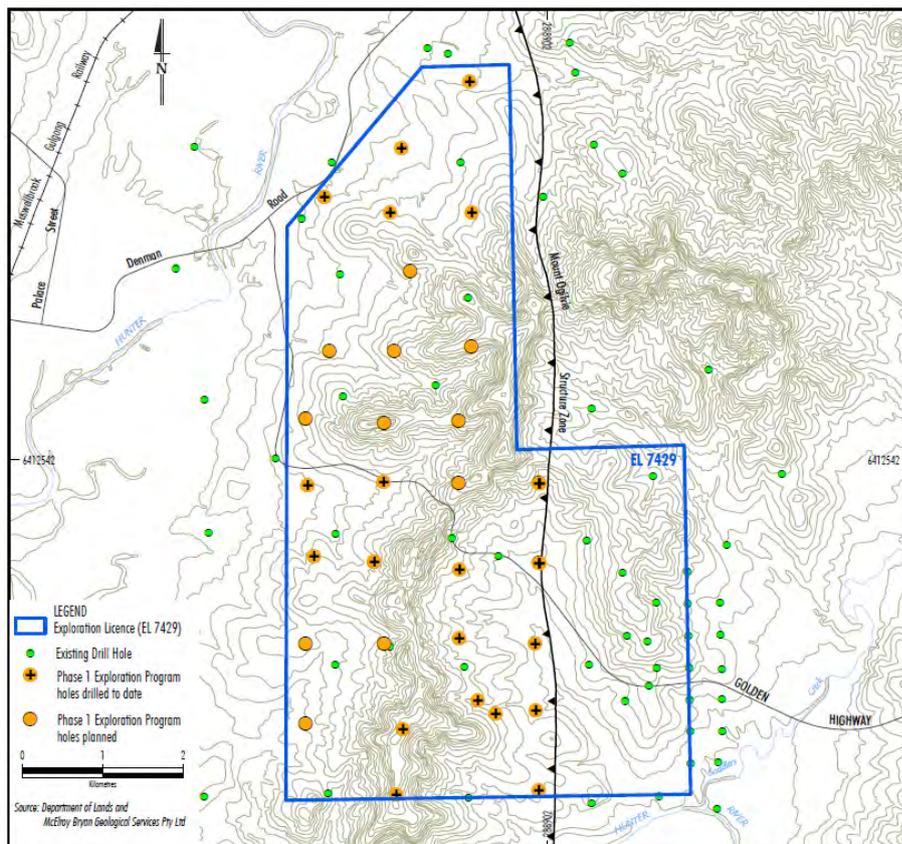
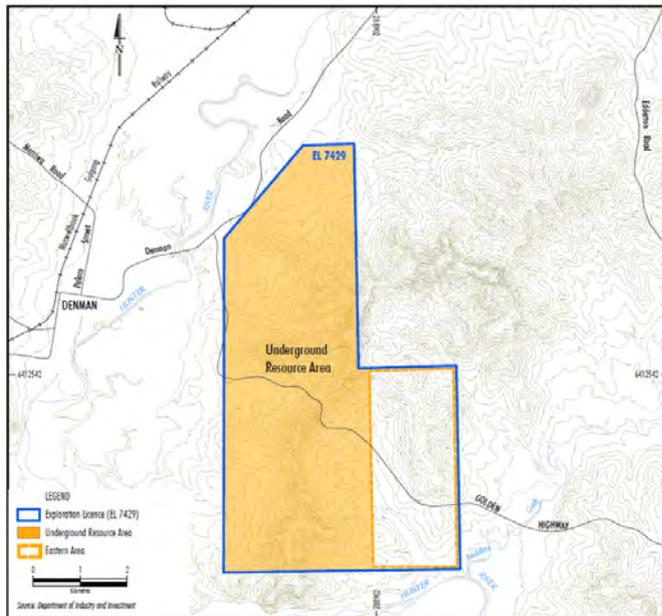


Figure 2. Underground Resource Area of the Spur Hill Underground Project



Mine design and infrastructure

Malabar continues to evaluate alternative mine plans and infrastructure options for transporting coal to the port of Newcastle. The Hunter Valley Rail Network lies within 5km of the Project area.

Malabar has commenced discussions with various infrastructure groups including the Hunter Valley Coal Chain Coordinator (“HVCCC”), Australian Rail Track Corporation (“ARTC”) and Port Waratah Coal Services (“PWCS”) with regard to securing adequate infrastructure capacity for the export of product coal from Spur Hill Underground.

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 mid-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 \$1.28 million. Cash on hand was \$20.66 million as at 31 March 2013.

Contact details

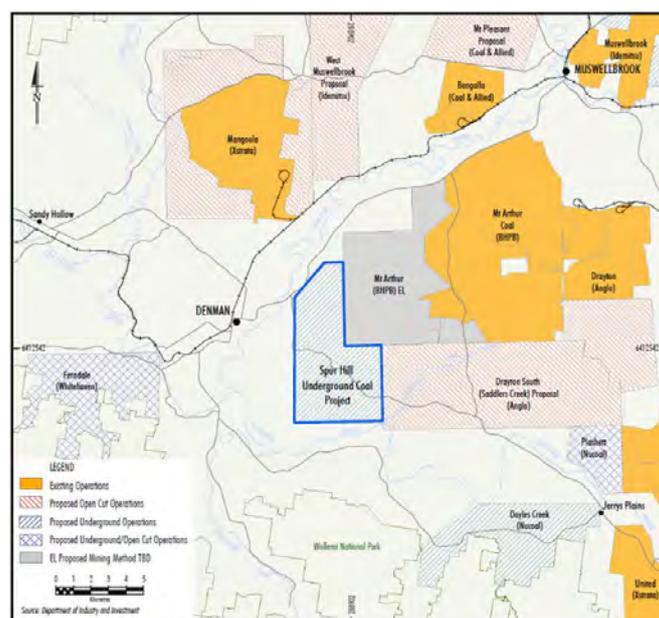
For media inquiries please call:
Wayne Seabrook (Chairman)
Malabar Coal Limited: 02 8248 1272

Information on Malabar Coal and the Spur Hill Underground Coal Project

Malabar has the right to earn up to 80% of the Spur Hill Exploration Licence (EL 7429). Spur Hill is located in the Upper Hunter Valley coal corridor in NSW and has the potential to become a major underground coal mine.



Malabar’s directors believe that an underground mining operation can be developed to produce approximately 6 – 8 Mtpa Run of Mine coal over a mine life of greater than 20 years. The target seams are likely to produce soft coking coal, semi-soft coking coal and export thermal coal.



The coal resources as at 3 September 2012 were;

Area	Indicated Mineral Resources (Mt)	Inferred Mineral Resources (Mt)	Total Mineral Resources (Mt)
Underground Area (100% basis)	117.1	371.5	488.6
Eastern Area (100% basis)	-	97.1	97.1
Total	117.1	468.6	585.7

Competent Person's Statement

The information in this report that relates to exploration results and mineral resources relating to the Project is based on information compiled by Darryl Stevenson, who is a member of The Australasian Institute of Mining and Metallurgy. Darryl Stevenson is employed by and is Managing Director/Principal Geologist at Geological and Mining Services Australia Pty Ltd.

Darryl Stevenson has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity to 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'. Darryl Stevenson has consented in writing to the inclusion in this report of the matters based on his information in the form and context in which it appears.