

SPUR HILL

UNDERGROUND COKING COAL

SPUR HILL UNDERGROUND COKING COAL PROJECT COMMUNITY NEWSLETTER

JUNE 2014 | No. 2

INTRODUCING THE SPUR HILL UNDERGROUND COKING COAL PROJECT

The Spur Hill Underground Coking Coal Project (Project) is a proposed underground mine near Denman in the Upper Hunter Valley. This newsletter provides an overview of the current status of the Project and its approval process.

The Project has a proposed mine life of up to 25 years, and involves mining up to 8 Mtpa of run-of-mine (ROM or pre-processed) coal. The proposed underground mining area is located entirely within Exploration Licence (EL) 7429.

If approved, the Project will create around 300 permanent job opportunities, and bring a range of economic benefits to the local area.

The Project is exclusively an underground mining operation, allowing the impacts on the environment and the community to be significantly reduced. The Project does not include any open cut mining.

Our management team is committed to providing regular and accurate information about the Project to the community. We welcome your feedback and questions.

We are also actively contributing to the local community, and have provided donations and sponsorships to many local organisations and events.

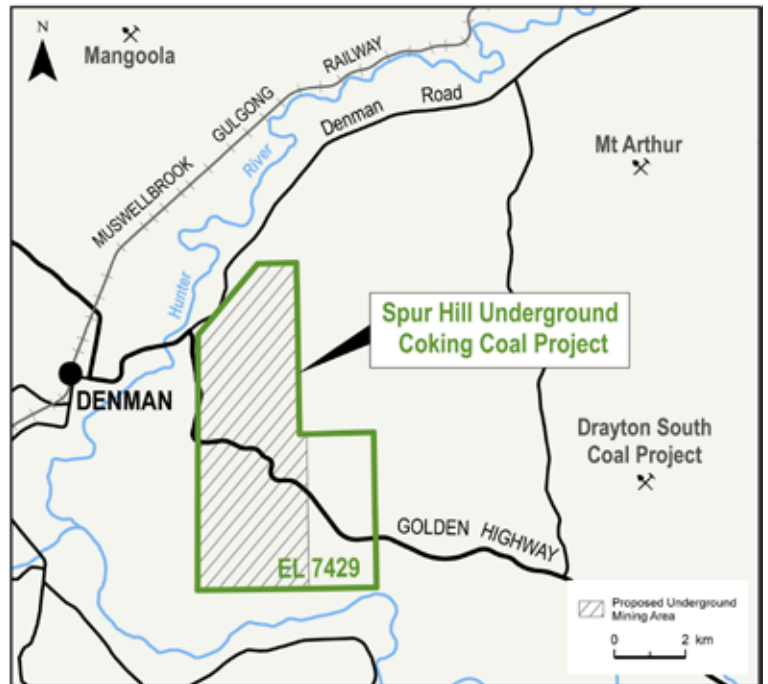
WHAT IS THE GATEWAY CERTIFICATE?

As outlined in our March 2014 newsletter, we lodged an application for a Gateway Certificate to the NSW Government late last year.

The Gateway Application was assessed by the Gateway Panel for potential impacts on prime agricultural land, or biophysical strategic agricultural land (known as "BSAL"), the equine industry and the viticulture industry. In March 2014, the Gateway Panel issued our Gateway Certificate (accessible at www.mpgp.nsw.gov.au).

The Gateway Panel of experts concluded "that in general terms, the panel believes that the likely impacts on BSAL and CIC [critical industry clusters] within the Project area should be tolerable and manageable."

The Certificate is conditional and specifies certain recommendations. The purpose of the Gateway process is to provide an early and targeted assessment of agricultural and water impacts so that by the time a proposal reaches the development application stage, these impacts have been clearly identified and comprehensively addressed. We are comfortable with the recommendations contained in our Gateway Certificate and we will ensure the conditions are comprehensively addressed in the Environmental Impact Statement (EIS).



WHERE TO FROM HERE?

We have now lodged a request to the NSW Department of Planning & Environment for Environmental Assessment Requirements (EARs) (the request for EARs is accessible on the Project website). The EARs (incorporating the recommendations in the Gateway Certificate) will set out the matters to be addressed in the EIS. When released, the EARs will also be accessible on the Project website. The conditions of the Gateway Certificate will therefore be fully addressed in the EIS, including further and more detailed water modelling and impact assessment.

The EIS will be prepared by recognised experts to provide a comprehensive understanding of the environmental, social and economic effects of the Project. The EIS will be prepared in consultation with the community, relevant State, Federal and Local government agencies and other relevant stakeholders and will go on public exhibition when it has been submitted. Studies commenced to date include flora, fauna, aquatic, soils, cultural heritage, groundwater, surface water and road transport studies.

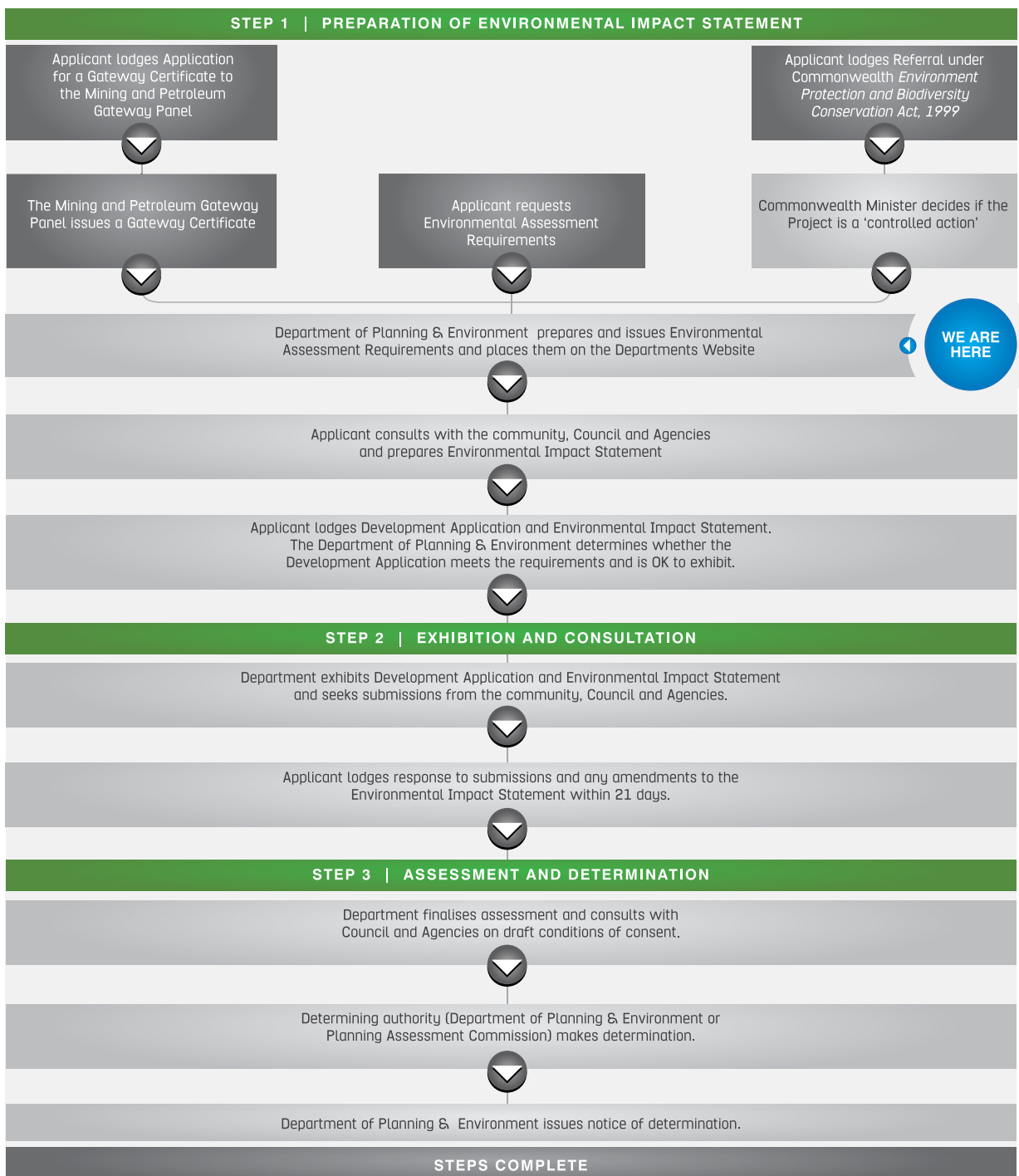
ABOUT US

The Project is a joint venture between Malabar Coal Limited (Malabar), an ASX listed company, and Spur Hill U.T. Pty Ltd. Malabar manages the Project via Spur Hill Management Pty Ltd (SHM).

HOW THE PROJECT WILL BE ASSESSED

The Project is classified as a State Significant Development, meaning that the NSW Minister for Planning, or the Planning Assessment Commission (under delegation) will assess the Project and make a determination.

NSW legislation provides that this assessment process for the Project is done in accordance with the *Environmental Planning and Assessment Act 1979*. The flow chart below provides a summary of the key steps involved in the process.



WHAT IS INVOLVED IN THE PROJECT PROPOSAL?

The Project would include the following key components:

- underground longwall mining from a number of seams;
- development of a mine infrastructure area and a coal handling and preparation plant;
- development of ventilation and gas drainage infrastructure to maintain a safe working environment;
- construction and operation of transportation infrastructure, including a train load-out facility, rail spur and loop; and
- other associated facilities including, plant and equipment for surface monitoring, water management infrastructure, plus rehabilitation.

COMMUNITY CONTRIBUTIONS

We are committed to positively contributing to the local community and have provided donations and sponsorships to many local organisations and events.

Our long-term community contributions plan will expand as the Project develops. Community groups focussed on providing benefits to the community or environment in the Upper Hunter can contact us for further details.

COMMUNITY CONSULTATIVE COMMITTEE

A Community Consultative Committee (CCC) with an independent chairperson appointed by the NSW Minister for Resources and Energy has been established for the Project.

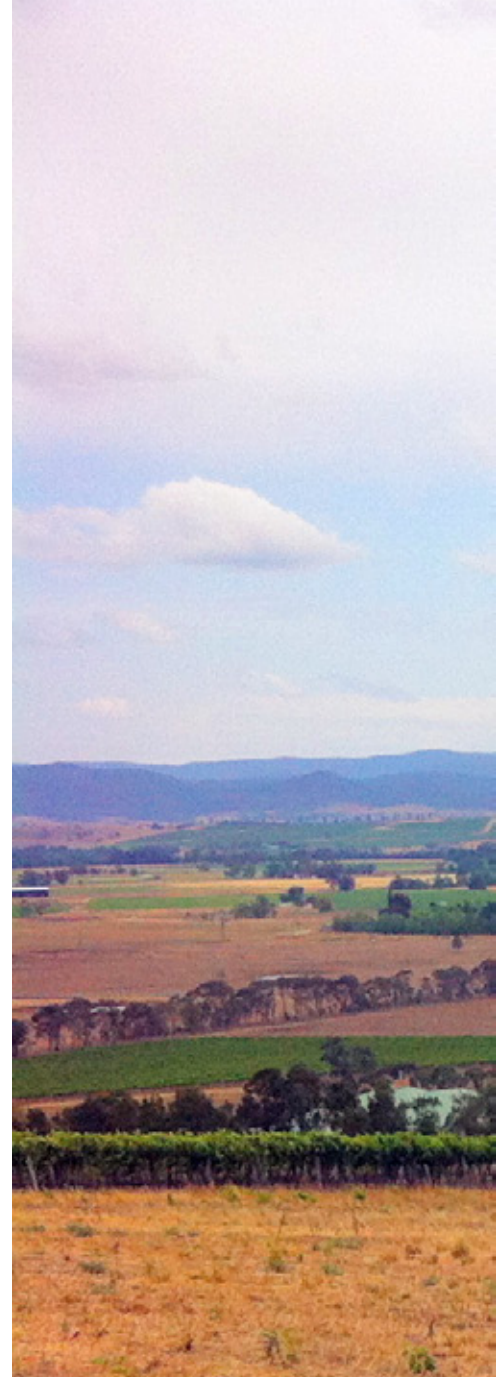
The members of the CCC have recently been endorsed by the NSW Minister for Resources and Energy, based on the nominations received by the Independent Chair for the Committee in February and March 2014. The first CCC meeting is expected to be held in the near future and the minutes from the meeting will be made publicly available.

MERTON VINEYARD

Spur Hill recently purchased the Cruickshank Callatoota Estate. The vineyard has been renamed as 'Merton Vineyard'.

We have undertaken significant improvements at the vineyard and winery, such as establishing a comprehensive vineyard management program aimed at returning the existing vines to full productivity and upgrades within the winery.

Furthermore, we have licenced the winery and cellar door to Atsuko Radcliffe, a well regarded winemaker who has been working in local wineries for many years. Atsuko will produce wine under her own label, Small Forest. Atsuko is currently refurbishing the cellar door which is expected to reopen in July 2014. We expect that Small Forest will provide a boutique cellar door experience which will contribute positively to the Upper Hunter wine region.



HAVE YOUR SAY

We are committed to undertaking extensive consultation with the community, local landholders and other stakeholders to address environmental, economic and social concerns.

For further information please contact:

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