



Malabar Resources Limited

ABN 29 151 691 468

Annual Financial Report for year ended
30 June 2024

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DIRECTORS' REPORT

Your directors present their report, together with the consolidated financial statements of Malabar Resources Limited ('the Company' or 'Malabar') and its controlled entities ('the Group') for the year ended 30 June 2024.




1. DIRECTORS AND EXECUTIVES

Directors



The directors of the Company during or since the end of the financial year are:

 <p>WAYNE SEABROOK EXECUTIVE CHAIRMAN</p>	<p>Wayne has more than 40 years of resources sector and corporate finance experience. As Executive Chairman Wayne is responsible for leadership of the Board, for efficient organisation and conduct of the Board's function and the briefing of all Directors in relation to issues arising at Board meetings. As Chairperson, Wayne is also responsible for arranging Board performance evaluation.</p> <p>He is a director of XLX Pty Ltd and Ironstone Capital Partners Pty Ltd.</p> <p>Wayne has resource experience encompassing exploration, feasibility, approvals, construction, operations and finance both internationally and within Australia. Prior roles include directorships of ASX-listed resource and resource services companies. Wayne has advised on major transactions including Coronado (Curragh), Excel Coal, Whitehaven Coal, Cliffs Natural Resources, Felix Resources, Rio Tinto, AMCI, Petroz, Nexus and Arrow Energy.</p> <p>Wayne holds a Bachelor of Engineering (Chemical – 1st Hons) from the University of Canterbury, New Zealand and a Graduate Diploma from FINSIA. He is a fellow of FINSIA and a member of AusIMM.</p> <p>Board Committees: Member of Operations, Health, Safety, Environment & Community Committee, Audit & Risk Committee and Remuneration and Nominations Committee.</p>
 <p>BRIAN BEEM JR NON-EXECUTIVE DIRECTOR</p>	<p>Brian has more than 20 years of global resources investment and corporate finance experience. Brian worked on numerous transactions in the resources sector while working as an investment banker at Merrill Lynch and a principal investor at First Reserve Corporation, a U.S. based energy private equity firm. For the last 13 years Brian has held senior positions at the AMCI Group, a privately held global resources investor. During his time at AMCI Brian has led numerous investments in the Australian coal sector, including Felix Resources, Whitehaven Coal, AMCI Australia and Fitzroy Resources. Brian currently serves on the boards of Conuma Coal Resources Ltd, Fitzroy QLD Resources Ltd and AMCI Investments Pty Ltd, amongst others.</p> <p>Brian holds a Bachelor of Arts (Political Economy) from Princeton University, USA.</p> <p>Board Committees: Member of Audit & Risk Committee</p>
 <p>TONY GALLIGAN NON-EXECUTIVE DIRECTOR</p>	<p>Tony has more than 40 years of experience in the Australian coal industry. He has held senior positions in the areas of geology, project approvals and development, mine safety, and mine-related infrastructure. He was Chairman of NCIG for more than 3 years during the feasibility, financing and construction of the new coal terminal and played a pivotal role in the upgrade of the rail line to the Gunnedah Basin. Previous positions include; General Manager Infrastructure with Whitehaven Coal, Exploration Manager for Agip Coal, Chief Coal Geologist, Director Coal and Director Development with the NSW Government.</p> <p>Tony holds a Bachelor of Science (Geology) from the University of Queensland.</p> <p>Board Committees: Chair of the Operations Health, Safety, Environment & Community Committee.</p>


Directors (continued)

 <p>TONY HAGGARTY NON-EXECUTIVE DIRECTOR</p>	<p>Tony has more than 40 years' experience in the financing, development, and management of coal mining projects. He worked for BP Coal and BP Finance in Sydney and London in various business development and finance positions and for Agipcoal as the Managing Director of its Australian subsidiary. Tony was a founding director of Excel Coal in 1994 and Managing Director from this time, through the ASX-listing of Excel Coal and until the takeover of Excel Coal by Peabody in 2006. After Excel Coal, Tony joined Whitehaven Coal Limited as Managing Director until resigning from that position in March 2013. Other previous board roles include non-executive director of King Island Scheelite Ltd and IMX Resources Ltd. Tony holds a Master of Commerce from the University of NSW and is a fellow of CPA.</p> <p>Board Committees: Tony is a member of the Audit & Risk Committee.</p>
 <p>ALLAN DAVIES (OAM) NON-EXECUTIVE DIRECTOR</p>	<p>Allan has over 50 years of experience in the Australian and international coal industry. Allan commenced work with MIM Ltd at Mt Isa and then Union Corporation in South Africa. Subsequently, he joined BP where he was, in succession, mine manager at the Howick Open Cut and Director Mining, BP Coal Inc (based in Cleveland), Ohio. In 1990 he became General Manager of the Agipcoal United underground mine in the Hunter Valley and then General Manager of the Rio Tinto Hunter Valley No 1 and Howick mines. Allan was a founding executive director of Excel Coal through to the takeover of Excel Coal by Peabody in 2006. Allan was also a non-executive director of Pacific National Pty Ltd, QR National Limited (now Aurizon Limited), QMaster Limited, King Island Scheelite Limited and an executive director of Whitehaven Coal Limited until 2012. Allan is currently Chairman of ASX-listed Qube Holdings Limited. Allan holds a BE Mining (Hons) from the University of Queensland.</p> <p>In June 2023, Allan was awarded the Medal of the Order of Australia (OAM) for service to the community through charitable organisations.</p> <p>Board Committees: Member of Operations Health, Safety, Environment & Community Committee, and chair of the Remuneration and Nominations Committee.</p>
 <p>ROB BISHOP NON-EXECUTIVE DIRECTOR</p>	<p>Rob has over 20 years' experience in finance and executive leadership roles across the resources and manufacturing sectors. This includes senior leadership roles at Vale Australia's coal division, two years as Chief Financial Officer at AMCI prior to joining the New Hope Group as General Manager Corporate Development in 2019. Rob was appointed as the Chief Financial Officer in October 2020 and then the CEO of New Hope in February 2022.</p> <p>Rob holds a Bachelor of Commerce from the University of Queensland, a Bachelor of Business (Marketing) from the Queensland University of Technology and is a CPA.</p> <p>Board Committees: Member of Audit & Risk Committee.</p>


Directors (continued)

 <p>MATTHEW HUNTER NON-EXECUTIVE DIRECTOR</p>	<p>Matthew has over 25 years' experience in investment banking and principal investment. For the past seven years, Matthew has been a consultant to OCP Asia and is also presently a non-executive director of National Group, MP Water, ARI and MediRent, and Chairman of Bothar Australia and Canada, and Asseti.</p> <p>Prior to this, Matthew was a Managing Director of private equity firm, The Carlyle Group based in Sydney, which followed a career in Investment Banking with JPMorgan, Goldman Sachs and Merrill Lynch, focused on mergers and acquisitions in Australia and the UK.</p> <p>Matthew holds a Bachelor of Commerce, Accounting and Finance from the University of NSW.</p>
 <p>JIM MIDDLETON NON-EXECUTIVE DIRECTOR</p>	<p>Jim brings over 40 years of coal experience to his role as Non-Executive Director for Malabar Resources Ltd. In previous roles, Jim has been responsible for multiple underground mines, including as; Executive General Manager for Peabody, Director of Underground Operations for Glencore, and VP of Operations at BHP - Illawarra Coal. Jim was also the MD & CEO of Cokal Ltd.</p> <p>Jim has worked in Africa, Indonesia, USA and Australia, overseeing company strategy, financing, operations, projects, logistics, stakeholder relations and business improvement.</p> <p>Jim holds a Bachelor of Engineering (Mining – Hons) from the University of NSW, is a fellow of AusIMM, a member of the Australian Institute of Company Directors and holds opencut and underground Mine Manager qualifications.</p>


Company Secretary

 <p>LINDI-MAY LOCHNER COMPANY SECRETARY</p>	<p>Lindi has over 20 years' finance experience across a range of industries including mining, manufacturing, not for profit organisations, childcare and professional services. Lindi is a Chartered Accountant and a Graduate of the Australian Institute of Company Directors and is also currently the Group Financial Controller for Malabar. Lindi is currently a Director of Tennis NSW and the Public Officer for The Australian Rhino Project.</p> <p>Lindi holds a Bachelor of Accounting and Honours in Accounting from the University of Stellenbosch, South Africa.</p> <p>Board Committees: Member of Audit & Risk Committee, and Member of Operations Health, Safety, Environment & Community Committee.</p>
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Senior Executives

 <p>JAMES JOHNSON GM DEVELOPMENT AND OPERATIONS</p>	<p>James has over 20 years of experience in the Australian coal mining industry and is highly experienced in underground coal. Starting his career at the coal face James has held several key management positions including Engineering Manager and Production Manager during the construction and production ramp up of Glencore's Ulan West Underground mine. Prior to joining Malabar in 2019, James was the Operations Manager at Glencore's Ulan Underground mine. As General Manager James is committed to developing and leading safe and efficient operations.</p> <p>A fitter by trade, James also holds a Bachelor of Engineering (Mechanical – Honours Class 1) from the University of Newcastle, Australia, and industry-recognised qualifications including Mining Engineering Manager and Mechanical Engineering Manager Certificates of Competency for NSW Coal. James also has a Master of Applied Finance, graduating with distinction, from the University of Newcastle.</p> <p>Board Committees: Member of Operations Health, Safety, Environment & Community Committee.</p>
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Senior Executives (continued)

 <p>PAUL VERNER CHIEF FINANCIAL OFFICER</p>	<p>Paul has more than 20 years of accounting, finance, and resources experience. Prior to joining Malabar, he was the Group Treasurer at Whitehaven Coal Limited and was responsible for raising the capital to fund the Narrabri Underground and Maules Creek coal mines. Paul gained previous accounting and finance experience at Pricewaterhouse Coopers, Allco Financial Group, and Babcock & Brown Limited.</p> <p>Paul holds a Bachelor of Business from the University of Technology Sydney and a Master of Applied Finance from Macquarie University.</p> <p>Board Committees: Member of Audit & Risk Committee</p>
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Meetings of directors

The number of Directors' meetings (including committees of directors) and number of meetings attended by each of the Directors of the Group during the financial year are:

	Directors' Meetings		Audit & Risk Committee		Remuneration & Nomination Committee		Operations, Health, Safety, Environment & Community Committee	
	A	B	A	B	A	B	A	B
Wayne Seabrook	12	11	4	4	2	2	4	4
Tony Galligan	12	11	-	-	-	-	4	4
Brian Beem	12	10	4	2	-	-	-	-
Allan Davies	12	11	-	-	2	2	4	4
Tony Haggarty	12	11	4	3	-	-	-	-
Rob Bishop	12	12	4	4	-	-	-	-
Matthew Hunter	12	10	-	-	-	-	-	-
Jim Middleton	12	12	-	-	-	-	2	2

A – Number of meetings held during the time the Director held office during the year/ or was a member of the committee

B – Number of meetings the Director attended

2. PRINCIPAL ACTIVITIES

During the year the principal activities of the Group comprised the construction of and production from the Maxwell Underground Mine. Exploration, rehabilitation, and large-scale renewable energy strategies were also advanced.

3. FINANCIAL AND OPERATIONAL REVIEW

Financial position

The net assets of the Group have increased by \$177.4 million during the financial year, from \$357.6 million at 30 June 2023 to \$535.0 million at 30 June 2024; and the cash position, which includes financial assets, increased by \$41.5 million during the year from \$142.6 million at 30 June 2023 to \$184.1 million at 30 June 2024. These increases largely related to the equity raising of \$180 million that was completed during the year, net of the expenditure on capital items in the period.

Coal Prepayment

The Company holds a USD \$55 million coal prepayment facility. During the year, the Company received the full USD \$55 million coal prepayment amount from the customer. The amount is included within Unearned Revenue in the Consolidated Statement of Financial Position. Revenue will be recognised from Unearned Revenue as coal is delivered to the customer over the term of the agreement.

Borrowings

The Company holds a USD \$120 million senior debt facility. As at 30 June 2024 USD \$24 million was drawn on the senior debt facility (2023: USD \$24 million). Malabar also has a Bonding Facility for USD \$55 million. The purpose of the facility is to provide bonds, guarantees, and financial assurances including the provision of environmental bonding guarantees to the NSW Government. As at 30 June 2024, AUD \$68.8 million of the facility was drawn.

Securities

Performance rights

In July 2023 a revised Employee Remuneration Strategy was implemented. The objectives of this remuneration strategy are to:

- attract, retain and reward employees;
- provide alignment with shareholder's interests and expectations; and
- be straightforward to communicate to employees and external stakeholders.

Under the Employee Remuneration Strategy, Senior Management are entitled to participate in a Long-Term Incentive Scheme awarded in performance rights ("Rights"). These Rights are subject to vesting conditions over specified performance periods to encourage sustainable, long-term value creation and alignment to long-term interests of shareholders.

A total of 953,870 Rights were granted to employees during the year and have been accounted for in accordance with *AASB 2 Share-based Payment*.

Share issue

In February 2024, Malabar completed an equity raise of approximately \$180 million, with the issue of approximately 100 million new shares at a price of \$1.80 per Ordinary Share.

The Company will use these proceeds alongside existing funding sources, including cash on balance sheet, undrawn debt facilities and cash generated through operations, principally for the development of the Maxwell Underground Mine.

Dividends

There were no dividends paid or declared to shareholders during the year.

Operational activities

The Maxwell Underground Mine

The development and operational activities of the Maxwell Underground Mine continue to advance at both the Longwall and Bord & Pillar (B&P) operations.

Longwall Operation

The Longwall Operation is Malabar's flagship asset which is comprised of:

- A 300m longwall mining high quality coal; and
- Ample downstream infrastructure capacity to ensure the longwall is unconstrained including; underground conveyors, overland conveyor, intermediate stockpiles, and the washing and product handling facilities.

The Longwall operation accounts for ~95% of planned Maxwell Underground Mine coal production and Net Present Value.

As announced in November 2023, Malabar is committed to developing the mine as a 300m longwall to realise Maxwell's full potential. The 300m longwall will generate greater sales at lower operating costs creating a resilient and profitable business best placed to deliver consistent returns. Following this decision being made, the mine development and capital expenditure program has been modified to eliminate "regret" capital which would have been incurred by developing infrastructure solely for a 145m longwall operation. The first four longwall panels will be mined at 145m then expanded to 300m.

Longwall Operation (continued)

Significant milestones achieved in FY2024 included:

- Longwall Operation mine entry portal fully complete including ramp concrete and sump;
- Surface to seam “declines” drivage commenced with over 2,100m (80%) now completed – Declines expected to be completed in Q4 CY2024;
- First longwall roof supports delivered to site with the next delivery sufficient for 145m panels to land in Australia in Q3 CY2024;
- Continued construction and sealing of the permanent access road between Maxwell Infrastructure and the Mine Entry Area (MEA) with completion expected in Q4 CY2024;
- Launch of a major recruitment drive in readiness to fill over 200 roles required for the Longwall Operation;
- “New-to-Industry” employment program commenced;
- Development of the longwall drift conveyor progressing well with initial commissioning occurring in August 2024;
- Progressing civil works for the c. 9km overland conveyor that will transport raw coal from the underground operations to the coal processing facility.



Longwall drift conveyor



Longwall roof supports following completion of line build in China; expected to land in Australia September 2024



Longwall drift conveyor



Sealed permanent access road (shown on left) overland conveyor trace (shown on right)

Longwall Coal Production and Coal Sales

First coal from the Longwall Operation is expected to be mined by continuous miner development units in Q4 CY2024 with the longwall scheduled to be commissioned in Q4 CY2025.

Malabar has had strong engagement with leading international steel mills looking to secure long-term metallurgical coal supplies.

Bord & Pillar (B&P) Operation

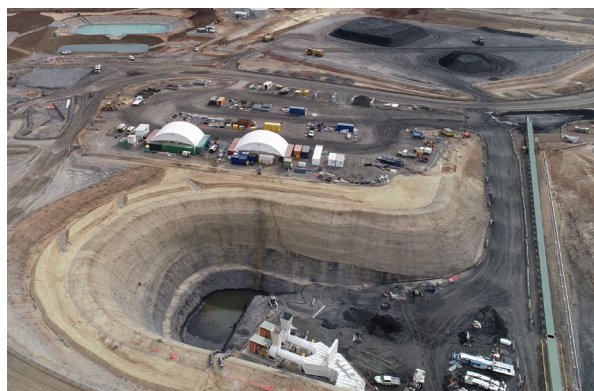
The B&P Operation is located next to the Longwall Operation and was constructed within a short development timeframe at a low capital cost. Operations commenced in March 2023 with first coal sales in June 2023. Construction of the B&P Operation has now been broadly completed with the majority of equipment now in operation.

Significant milestones achieved in FY2024 included:

- Mine entry conveyor installed and commissioned;
- “New to Industry” program launched to address labour supply shortages in the market – operation is now fully manned;
- B&P Operation main ventilation system commissioned;
- Two place change continuous mining units are now fully operational with production continuing to ramp up as the underground working areas expand.



B&P portal showing permanent ventilation system



B&P Mine entry conveyor

B&P Coal Production and Coal Sales

ROM coal production for the year was approximately 140,000 tonnes with coal sales of 77,000 tonnes. The majority of coal was sold into the Japanese market receiving a premium of 8% (average) compared to the Globalcoal NEWC index.

Outlook for Metallurgical and Thermal Coal

Demand for metallurgical and high energy thermal coal remains robust in Asia’s mature and emerging energy markets. As a result of underinvestment in new supply and the depletion of existing supply, the structural shortfall for high quality coal is expected grow. Malabar is of the view that this will support long-term coal prices.

Maxwell JORC Resources

Table 1: Coal Resources within ML1822

	Measured (Mt)	Indicated (Mt)	Measured and indicated (Mt)	Inferred (Mt)	Total
Total Underground	380	130	510	20	530

Note: The Resources estimate has been prepared in accordance with JORC Code 2012 by McElroy Bryan Geological Services Pty Ltd.

Spur Hill Underground Project (Exploration Licence (EL) 7429)

A seismic program to better define a geological feature called the “Eastern Boundary Fault” which separates the Maxwell resources from those in Spur Hill EL 7429 was completed in 2023. Processing of the data was completed during FY2024 and indicated the location of the fault, and that the majority of the area appears free of major structures. This work provides confidence for the FY2025 program and the determination of the next steps in developing the project.

Spur Hill JORC Resources

Table 2: Coal Resources within EL7429 (Spur Hill)

Project Area	Indicated (Mt)	Inferred (Mt)	Total (Mt)
Western Zone (EL 7429)	394	119	513
Eastern Zone (EL 7429)	-	112	112
Total	394	231	625

Note: The Resources estimate has been prepared in accordance with JORC Code 2012 by Geological and Mining Services Australia Pty Ltd.

Malabar has access agreements with landowners covering the majority of the proposed Spur Hill underground mining area.

Renewable Assets

Malabar is continually looking at ways to reduce the Group's emissions and impact on the local environment. Malabar is developing two renewables projects which are both located in the NSW Government designated Hunter-Central Coast Renewable Energy Zone:

Maxwell Solar Farm

The Maxwell Solar Farm is an approved solar farm, to be constructed on land we have rehabilitated from past open cut mining operations. Malabar is considering a proposal from a power supplier to provide a whole-of-mine solution involving the Maxwell Solar Farm "behind-the-meter" supplemented with grid supply. The preferred supplier is undertaking technical work and firming their proposal.

Edderton Solar Farm

Malabar is exploring multiple options for the development of the Edderton Solar Farm, which will include a large-scale Battery Energy Storage System (BESS) within the Hunter-Central Coast Renewable Energy Zone (REZ).

Agricultural Properties

Malabar continues to enhance its agricultural assets of; cattle operations, cropping and our Merton Estate Vineyard. Malabar is very proud of the results of the Merton Vineyard which provides grapes to a number of well-known wine-makers in the Hunter Valley, and importantly to the Small Forest winemaker that operates from our on-site winery and cellar door (see www.smallforest.com.au).

Community Consultation

Community Consultative Committees (CCC)

Malabar continues to engage with community stakeholders through the Maxwell CCC meetings held on a quarterly basis. Refer to Malabar's website to view presentations and minutes of these meetings.

Community Contributions

Malabar is an active participant in the local community and continues to support a wide range of local groups, businesses and charities and has donated over \$650,000 to date. During the year Malabar community contributions included:

- The Australian Photographic Society
- Milbrodale Public School
- Singleton RSL Bowling Club
- Upper Hunter Youth Services
- Muswellbrook Day View Club
- Westpac Rescue Helicopter
- Denman Sandy Hollow JRLFC – Club Sponsor 2024
- Scone Community Pantry
- Aberdeen Fire & Rescue NSW
- Open Door at the Singleton Neighbourhood Centre
- Roohaven Wildlife Rescue
- Martindale Public School
- Warrior Disability Services

Community Support

Malabar also maintains a 24-hour community hotline (1800 653 960) for any issues or enquiries related to our operations or our plans for the local area. To date, no complaints have been registered.

Environmental Update

The Group's operations are subject to significant environmental regulation under the laws of the Commonwealth and the State of NSW. Malabar takes its compliance and environmental obligations very seriously and is committed to assessing and managing the risks associated with its operations.

The Directors are not aware of any environmental law that is not currently being complied with.

In December 2023, Malabar received approval for the establishment of a biodiversity stewardship site which is a permanent conservation site that protects the habitat for native species and ecosystems. This is another indication of Malabar's commitment to being a responsible custodian of the land and environment that we operate within.

Activities included;

- Continued rehabilitation of the prior open cut mine.
- planting over 170,000 trees in a woodland corridor since taking ownership of the land associated with the Maxwell Mine, with the total trees planted exceeding 360,000.
- weed spraying and feral animal management generally and within our biodiversity offset areas.
- successfully grazing cattle on rehabilitated mine pastures.

4. OTHER

Indemnification and insurance of officers

Indemnification

The Company has agreed to indemnify, to the fullest extent permitted by law, all current and former directors of the Company against liabilities that may arise from their position as directors of the Company and its controlled entities. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

Insurance premiums

During or since the end of the financial year, the Group paid insurance premiums to insure directors and company officers against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct while acting in the capacity of director of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, PKF Brisbane Audit, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify PKF Brisbane Audit during or since the end of the financial year.

Non-audit services

There were no non-audit services provided by the auditor during the financial year.

Proceedings on behalf of the Company

The Directors are not aware of any current or pending litigation against the Group.

5. EVENTS AFTER THE FINANCIAL YEAR END

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

6. AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under s 307C of the *Corporations Act 2001* is set out on page 14.

This Director's Report is signed in accordance with a resolution of the Board of Directors.



Wayne Seabrook

Director

Dated: 25 September 2024

COMPETENT PERSONS' STATEMENT

MCELROY BRYAN GEOLOGICAL SERVICES PTY LTD (MBGS) – RESOURCES IN ML1822

The Coal Resources for the Maxwell Underground Mine (ML1822) has been reported in accordance with the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 Edition” (The JORC Code). The information in this report that relates to Coal Resources is extracted from the report entitled “Competent Person Report, Coal Resources for Maxwell Project ML1822 as at 31 May 2022”. The Coal Resource report is based on information compiled under the supervision of, and reviewed by the Competent Person, Karol Patino, who is a full-time employee of McElroy Bryan Geological Services (MBGS), is a Member of the Australasian Institute of Mining and Metallurgy and who has no conflict of interest with Malabar Resources Ltd (Malabar).

Karol Patino has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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”.

Malabar confirms that it is not aware of any new information or data that materially affects the information included in the original resource report and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed. Malabar confirms that the form and context in which the Competent Person’s findings are presented, have not been materially modified from the original resource report.

MBGS is an independent consultancy that has provided geological support to the mining industry for more than 50 years.

GEOLOGICAL AND MINING SERVICES AUSTRALIA PTY LTD – RESOURCES IN EL7429

The Coal Resources for the Spur Hill Underground Coking Coal Project (EL 7429) has been reported in accordance with the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 Edition” (The JORC Code). The information in this report that relates to Coal Resources is extracted from the report entitled “Spur Hill Coal Project Geological Report and Resource Statement EL 7429 dated 8 November 2013”. The Coal Resource report is based on information compiled under the supervision of, and reviewed by the Competent Person, Darryl Stevenson who was the Principal Geologist and employee of Geological and Mining Services Australia Pty Ltd when this review was performed. Darryl is a Member of the Australasian Institute of Mining and Metallurgy and has no conflict of interest with Malabar.

Darryl Stevenson has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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”.

Malabar confirms that it is not aware of any new information or data that materially affects the information included in the original resource report and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed. Malabar confirms that the form and context in which the Competent Person’s findings are presented, have not been materially modified from the original resource report.

Geological and Mining Services Australia Pty Ltd is an independent consultancy group specialising in mineral resource estimation, evaluation and exploration.



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**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF MALABAR RESOURCES LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2024, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Malabar Resources Limited and the entities it controlled during the year.

A handwritten signature in blue ink that reads 'PKF'.

PKF BRISBANE AUDIT

A handwritten signature in blue ink that reads 'C. Bradley'.

CAMERON BRADLEY
PARTNER

BRISBANE, 25 SEPTEMBER 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 \$'000	2023 \$'000
Revenue from continuing operations			
Coal sales revenue		17,051	1,670
Share in profits of associates	25(c)	3,030	2,852
Other income		2,104	2,450
Foreign exchange gain		-	326
Total income		22,185	7,298
Expenses			
Operating expenses		(13,738)	(1,472)
Coal purchases		(123)	-
Selling & distribution expenses		(1,102)	(62)
Royalty expenses		(1,193)	(120)
Other expenses		(1,402)	(910)
Foreign exchange loss		(1,809)	-
Depreciation & amortisation		(4,568)	(960)
Total expenses		(23,935)	(3,524)
(Loss)/profit before financial income & expenses		(1,750)	3,774
Interest income		5,611	5,934
Finance costs	4	(3,739)	(2,816)
Profit before income tax		122	6,892
Income tax benefit	7	1,196	9,133
Profit for the year attributable to owners of the Company		1,318	16,025
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net gain/(loss) on cash flow hedges		1,089	(3,085)
Total comprehensive income for the year attributable to owners of the Company		2,407	12,940
Earnings per share			
From continuing operations:			
Basic earnings per share (cents)	23	0.25	3.31
Diluted earnings per share (cents)	23	0.25	3.31

The above statement should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

	Note	2024 \$'000	2023 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	8	93,932	117,577
Financial assets	9	90,131	25,000
Trade and other receivables	11	6,838	3,200
Other financial assets		138	74
Other assets	12	2,591	9,556
Inventory	13	10,882	6,637
Total Current Assets		204,512	162,044
Non-Current Assets			
Property, plant and equipment	14	502,704	251,712
Intangible assets		4,801	4,801
Capitalised exploration and evaluation costs	15	45,747	44,814
Investments in associates	25(c)	16,094	16,094
Other financial assets		-	669
Other assets	12	3,946	116
Deferred tax assets	7	14,703	12,108
Total Non-Current Assets		587,995	330,314
Total Assets		792,507	492,358
LIABILITIES			
Current Liabilities			
Trade and other payables	16	33,357	17,092
Provisions	18	1,547	1,403
Lease liabilities	17	1,414	136
Unearned revenue	19	2,277	-
Borrowings	20	-	2,210
Other financial liabilities		1,849	1,593
Total Current Liabilities		40,444	22,434
Non-Current Liabilities			
Trade and other payables	16	-	950
Provisions	18	60,691	59,653
Lease liabilities	17	3,875	448
Unearned revenue	19	80,230	-
Borrowings	20	72,283	49,348
Other financial liabilities		-	1,914
Total Non-Current Liabilities		217,079	112,313
Total Liabilities		257,523	134,747
Net Assets		534,984	357,611
EQUITY			
Share capital	21	543,283	368,363
Reserves	24	8,775	8,729
Hedge reserve	24	(1,996)	(3,085)
Retained earnings (accumulated losses)		(15,078)	(16,396)
Total Equity		534,984	357,611

The above statement should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2024

Note	Share Capital	Reserves	Hedge Reserve	Retained Earnings (Accumulated Losses)	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2022	124,210	12,124	-	(36,559)	99,775
Profit for the period	-	-	-	16,025	16,025
Other comprehensive loss	-	-	(3,085)	-	(3,085)
Total comprehensive income/(loss) for the period	-	-	(3,085)	16,025	12,940
Transactions with owners in their capacity as owners:					
Issue of shares	249,994	-	-	-	249,994
Share issue costs net of tax	(5,841)	-	-	-	(5,841)
Share based payment expense 22,24	-	743	-	-	743
Transfer on issue of share-based payments	-	(4,138)	-	4,138	-
Balance at 30 June 2023	368,363	8,729	(3,085)	(16,396)	357,611
Balance as at 1 July 2023	368,363	8,729	(3,085)	(16,396)	357,611
Profit for the period	-	-	-	1,318	1,318
Other comprehensive income	-	-	1,089	-	1,089
Total comprehensive income for the period	-	-	1,089	1,318	2,407
Transactions with owners in their capacity as owners:					
Issue of shares 21	180,206	-	-	-	180,206
Share issue costs net of tax 21	(5,286)	-	-	-	(5,286)
Share based payments 22,24	-	46	-	-	46
Balance at 30 June 2024	543,283	8,775	(1,996)	(15,078)	534,984

The above statement should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024	2023
		\$'000	\$'000
Cash flows from operating activities			
Receipts from customers		16,938	4,335
Payment to suppliers and employees		(16,596)	(2,632)
Interest received		4,558	5,390
Interest paid		(1,151)	(1,542)
Net cash provided by operating activities	10	3,749	5,551
Cash flows from investing activities			
Payments to investment in short term deposits		(65,131)	(14,801)
Payments for property, plant and equipment		(219,599)	(135,513)
Payments for exploration expenditure	15	(933)	(734)
Dividend received from investment in associate	25(c)	3,030	2,852
Net cash used in investing activities		(282,633)	(148,196)
Cash flows from financing activities			
Payments for lease liabilities		(470)	(163)
Payments for short-term funding facilities		(2,210)	(13,287)
Proceeds from shares issued		180,206	249,994
Payment of share issue costs		(7,047)	(7,787)
Proceeds from borrowings		-	36,917
Proceeds from coal prepayment facility		85,590	-
Repayment of borrowings		-	(15,355)
Net cash provided by financing activities		256,069	250,319
Net (decrease) / increase in cash held		(22,815)	107,674
Net foreign exchange difference on cash held		(830)	528
Cash and cash equivalents at beginning of financial period		117,577	9,375
Cash and cash equivalents at the end of financial period	8	93,932	117,577

The above statement should be read in conjunction with the accompanying notes

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements and notes represent those of Malabar Resources Limited (the “Company”) and its controlled entities (the “Group”).

The separate financial statements of the parent entity, Malabar Resources Limited, have not been presented within this financial report as permitted by the *Corporations Act 2001*.

The financial statements were authorised for issue on 25 September 2024 by the Directors of the Company.

1. Material Accounting Policy Information

a. Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards, and Interpretations of the Australian Accounting Standards Board (AASB) and comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB). The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Material accounting policies adopted in the preparation of these financial statements are presented in the notes and have been consistently applied unless stated otherwise.

All financial information has been presented in Australian dollars and rounded to the nearest thousand dollars unless otherwise stated.

b. Foreign currency translation

Transactions in foreign currencies are initially recorded in the functional currency (Australian dollars) by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date. Foreign exchange differences arising on translation are recognised in the consolidated statement of profit or loss and other comprehensive income.

c. Significant accounting estimates and judgements

The preparation of the financial statements is in conformity with Australian Accounting Standards and requires the use of certain significant accounting estimates and judgements. These estimates and associated assumptions are based on historic experience and various other factors, including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgement about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and assumptions are reviewed and evaluated on an ongoing basis.

Estimates and judgements material to this report can be found in the following notes:

- 7. Income Tax
- 13. Inventory
- 14. Property, Plant and Equipment
- 15. Capitalised Exploration and Evaluation Costs
- 18. Provisions

d. Goods and Services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

2. Adoption of new and revised standards

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (‘AASB’) that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

3. Accounting standards and interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ended 30 June 2024 are not material to the disclosure in these accounts.

4. Profit for the year

	2024	2023
	\$'000	\$'000
Auditors' remuneration	100	98
Share based payments ⁽¹⁾	-	-
Facility fees	1,836	961
Interest expense - borrowings	69	608
Interest expense - leases	212	15
Interest expense – unwinding of provision	1,622	1,232
Finance costs	3,739	2,816

(1) The total share-based payment expense for the year was \$46,000. This balance was capitalised to Mine Development.

RECOGNITION AND MEASUREMENT

Revenue

The core principle of AASB 15 *Revenue from Contracts with Customers* is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognised as control is passed, either over time or at a point in time.

Coal Sales

The Group recognises sales revenue related to the transfer of promised goods or services when control of the goods or services is transferred to the customer. The amount of revenue recognised reflects the consideration to which the Group is or expects to be entitled to in exchange for those goods or services.

Coal sales revenue is recognised on individual sales when control transfers to the customer. The title, risks and rewards, and fulfilment of performance obligation occurs when the product is loaded onto the vessel for delivery to the customer. The Group sells its products on Free on-Board terms where the Group has no responsibility for freight or insurance once control of the goods has passed at the loading port. Under these terms there is only one performance obligation: the provision of goods at the point when control passes to the customer.

The Group's products are sold to customers under contracts that vary in tenure and pricing mechanisms, primarily being monthly or quarterly indexes. Certain sales may be provisionally priced at the date revenue is recognised; however, substantially all coal sales are reflected at final prices by the end of the reporting period. The final selling price is based on the price for the quotational period stipulated in the contract.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

5. Operating Segments

The Group operates solely within one segment, being the mineral exploration and production industry in Australia.

6. Dividends Paid

No dividends have been paid or proposed during the period (2023: \$nil).

7. Income Tax

	2024	2023
	\$'000	\$'000
a) Income tax (expense)/ benefit		
Current tax (expense)/ benefit		
Current period	-	-
Adjustment for prior periods	-	-
Deferred tax expense		
Origination and reversal of temporary differences	882	(1,382)
Recognition of tax losses	-	10,515
Adjust for prior periods	314	-
Income tax benefit reported in the consolidated statement of comprehensive income	1,196	9,133
Reconciliation between tax expense and profit before tax		
Profit / (loss) before tax	122	6,892
Income tax (expense)/benefit using Company's domestic tax rate of 25%	(30)	(1,723)
Non-deductible expenses	(141)	(882)
Non-assessable income	1,053	1,223
Recognition of tax losses	-	10,515
Over / (under) provided in prior periods	314	-
Total income tax (expense) / benefit	1,196	9,133
b) Income tax recognised directly in equity		
<i>Deferred income tax related to items charged directly to equity</i>		
Capital raising costs	1,762	1,947
Derivatives	(363)	1,028
Income tax benefit recorded in equity	1,399	2,975

7. Income Tax (continued)

c) Recognised tax assets and liabilities	2024	2024	2023	2023
	\$'000	\$'000	\$'000	\$'000
	Current income tax payable	Deferred income tax	Current income tax payable	Deferred income tax
Opening balance	-	12,108	-	-
Charged to income – corporate tax	-	882	-	(1,382)
Charged to equity	-	1,399	-	2,975
Recognition of tax losses	-	-	-	10,515
Adjustment for prior periods	-	314	-	-
Payments / (refunds)	-	-	-	-
Closing balance	-	14,703	-	12,108

	Assets		Liabilities	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Deferred income tax assets and liabilities are attributable to the following:				
Property, Plant and equipment	-	-	(44,791)	(35,443)
Exploration and evaluation	-	-	(8,904)	(8,238)
Intangible assets	-	-	(1,091)	(1,091)
Inventory	-	-	(1,256)	-
Financial arrangements	428	768	-	-
Right of use assets and lease liabilities (net)	-	5	(81)	-
Provisions	7,370	6,590	-	-
Tax losses	61,025	48,441	-	-
Other items	3,798	1,979	(1,795)	(903)
Tax assets / (liabilities)	72,621	57,783	(57,918)	(45,675)
Set-off of tax (liabilities) / assets	(57,918)	(45,675)	57,918	45,675
Net tax assets	14,703	12,108	-	-

d) Tax assets and liabilities not recognised

	2024	2023
	\$'000	\$'000
Unused tax losses for which no deferred tax asset has been recognised	-	-
Unused capital losses for which no deferred tax asset has been recognised	419	419
Potential tax effect at 25%	105	105

7. Income Tax (continued)

RECOGNITION AND MEASUREMENT

Current tax

The income tax expense (benefit) for the year comprises current income tax expense (benefit) and deferred tax expense (benefit). Current income tax expense charged to profit, or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses. Current and deferred income tax expense (benefit) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Deferred tax assets, including those arising from unrecouped tax losses, capital losses and temporary differences, are recognised only where it is considered probable that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These rely on estimates of future production and sales volumes, operating costs, rehabilitation costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and liabilities recognised on the consolidated statement of financial position. Other tax losses and temporary differences not yet recognised may also require adjustment, resulting in a corresponding credit or charge to the consolidated statement of comprehensive income.

8. Cash and Cash Equivalents

	2024	2023
	\$'000	\$'000
Cash at bank and on hand	93,932	117,577

Cash was invested in term deposits, yielding an average return of approximately 5.02% (2023: 3.79%).

RECOGNITION AND MEASUREMENT

Cash and cash equivalents include cash on hand, deposits available on demand with banks and other short-term highly liquid investments with original maturities of less than 3 months.

9. Financial Assets

	2024	2023
	\$'000	\$'000
Short term deposits	90,131	25,000

RECOGNITION AND MEASUREMENT

Financial assets are recognised when the Group becomes a party to the contractual provisions to the instrument.

10. Cash Flow Information

	2024	2023
	\$'000	\$'000
Reconciliation of Cash Flow from Operations with Profit after Income Tax		
Profit after income tax	1,318	16,025
Cash flows excluded from profit attributable to operating activities:		
Interest on unwinding of provision	1,622	1,232
Deferred tax	(1,196)	(9,133)
Depreciation and amortisation	4,568	960
Amortisation of deferred costs	12,290	-
Non-cash interest receivables/accruals	(890)	-
Net foreign exchange	(1,954)	(1,036)
Share in profits of associates	(3,030)	(2,852)
Changes in assets and liabilities:		
Increase in trade and other receivables	(1,412)	(1,351)
(Increase) / decrease in other assets	(5,336)	6,614
Increase in inventory	(4,245)	(6,551)
Increase in trade and other payables	3,142	2,206
Decrease in provisions	(1,128)	(563)
Cash flow from operations	3,749	5,551

11. Trade and Other Receivables

	2024	2023
	\$'000	\$'000
CURRENT:		
Trade receivables	832	565
Other receivables	4,409	2,091
Interest receivable	1,597	544
	6,838	3,200

The average credit period on trade receivables is 30 days. The Group has reviewed receivables based on the simplified approach and does not believe an assessed loss needs to be recorded.

12. Other Assets

	2024	2023
	\$'000	\$'000
CURRENT:		
Prepayments	2,591	9,556
NON-CURRENT:		
Security bond	116	116
Prepayments	3,830	-
	3,946	116

13. Inventory

	2024	2023
	\$'000	\$'000
Coal stocks	5,860	5,573
Stores and consumables	5,022	1,064
	10,882	6,637

RECOGNITION AND MEASUREMENT

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of coal inventories is determined using a weighted average basis. Cost includes direct material, mining, processing, labour, mine rehabilitation costs incurred in the extraction process and other fixed and variable overhead costs directly related to mining activities.

SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Stockpile tonnages are calculated by surveys and adjusted for estimated recovery percentages.

14. Property, Plant and Equipment

	Freehold Land	Buildings	Subtotal Land & Buildings	Plant and Equipment	Mine Development	Right-of-use Assets	Total
Consolidated Group:	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At Cost							
Cost	25,683	4,134	29,817	41,825	190,905	1,062	263,609
Impairment	(5,770)	(692)	(6,462)	-	-	-	(6,462)
Accumulated depreciation	-	(303)	(303)	(4,634)	(1)	(497)	(5,435)
Balance at 30 June 2023	19,913	3,139	23,052	37,191	190,904	565	251,712
Cost	25,683	4,134	29,817	68,738	426,426	6,478	531,459
Impairment	(5,770)	(692)	(6,462)	-	-	-	(6,462)
Accumulated depreciation	-	(581)	(581)	(7,971)	(12,876)	(865)	(22,293)
Balance at 30 June 2024	19,913	2,861	22,774	60,767	413,550	5,613	502,704

RECOGNITION AND MEASUREMENT

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and Equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. The cost of fixed assets constructed within the consolidated Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

14. Property, Plant and Equipment (continued)

Movements in Carrying Amounts

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Freehold Land	Buildings	Subtotal Land & Buildings	Plant and Equipment	Mine Development	Right-of-use Assets	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Consolidated Group:							
Balance at 1 July 2022	19,913	606	20,519	9,417	-	71	30,007
Additions	-	-	-	2,351	156,084	652	159,087
Transfer from Exploration Expenditure	-	-	-	-	63,578	-	63,578
Transfer between classes	-	2,599	2,599	26,158	(28,757)	-	-
Depreciation expense	-	(66)	(66)	(735)	(1)	(158)	(960)
Balance at 30 June 2023	19,913	3,139	23,052	37,191	190,904	565	251,712
Balance at 1 July 2023	19,913	3,139	23,052	37,191	190,904	565	251,712
Additions	-	-	-	14,951	247,483	5,416	267,850
Transfer between classes	-	-	-	11,962	(11,962)	-	-
Depreciation expense	-	(278)	(278)	(3,337)	(12,875)	(368)	(16,858)
Balance at 30 June 2024	19,913	2,861	22,774	60,767	413,550	5,613	502,704

RECOGNITION AND MEASUREMENT (continued)

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis or on a units of production basis over the asset's useful life to the Group commencing from the time the asset is held ready for use.

Depreciation rates:

Freehold land	Not depreciated
Buildings and improvements	2.5% - 10%
Plant & equipment	5% - 50%
Right-of-use assets	7% - 20%
Mine development	Units of production method

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income.

Mining property and development

Mine property and development assets include costs transferred from exploration and evaluation assets once technical feasibility and commercial viability of an area of interest are demonstrable. After transfer, all subsequent mine development expenditure is similarly capitalised, to the extent that commercial viability conditions continue to be satisfied. The costs of dismantling and site rehabilitation are capitalised, if the recognition criteria are met and included within mining property and development.

14. Property, Plant and Equipment (continued)

RECOGNITION AND MEASUREMENT (continued)

Impairment

The carrying amounts of the Group's non-financial assets are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use, and which are largely independent of the cash inflows of other assets or groups of assets – the CGU. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal ('FVLCD'). In assessing FVLCD, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised whenever the carrying amount of an asset or its CGU exceeds its recoverable amount. In accordance with AASB 136 Impairment of Assets, impairment losses have been allocated such that the carrying value of individual assets within the Group's CGU were not reduced below their recoverable amount.

SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Recoverable amount of assets

The recoverable amount of the CGU and individual assets are determined based on value-in-use calculations. These calculations require the use of estimates and assumptions.

Expected future cash flows used to determine the recoverable value of tangible assets are inherently uncertain and could materially change over time. They are affected by a number of factors including reserves and expected production and sales volumes together with economic factors, such as spot and future coal prices, discount rates, foreign currency exchange rates, estimates of costs to produce reserves, production rates and future capital expenditure. It is possible that these assumptions may change, which could impact the estimated life of a mine and result in a material adjustment to the carrying value of tangible assets.

The recoverable amount of the CGU is sensitive to the below key assumptions:

Demand for fossil fuels/coal price

The recoverable value of the Group's Coal Reserves and of its plant and equipment is most sensitive to future USD coal prices and the AUD: USD foreign exchange rate, which together impact the AUD price that the company receives for the sale of its products in the global energy and steel manufacturing complexes.

In assessing coal prices, latest internal forecasts and coal pricing assumptions from recognised commodity consultants are considered.

Operating costs and capital expenditure

Operating costs and capital expenditure are based on the latest budgets and forecasts and longer-term life of mine plans. These projections can include expected operating performance improvements reflecting management experience and expectations.

Discount rate

The discount rate is derived using the weighted average cost of capital methodology adjusted for any risks that are not reflected in the underlying cash flows. A real post-tax discount rate is applied to post-tax cash flows.

Mineral reserves and resources

The estimated quantities of economically recoverable Reserves and Resources are based on interpretations of geological and geophysical models, which require assumptions to be made of factors such as estimates of future operating performance, future capital requirements and short and long-term coal prices. The Group is required to determine and report Reserves and Resources under the Australian Code for Reporting Mineral Resources and Ore Reserves December 2012 (the JORC Code).

The JORC Code requires the use of reasonable investment assumptions to calculate reserves and resources. Changes in reported Reserves and Resources can impact the carrying value of property, plant and equipment, as well as provisions for rehabilitation and the amount charged for amortisation and depreciation.

15. Capitalised Exploration and Evaluation Costs

	2024	2023
	\$'000	\$'000
For Spur Hill and Maxwell Projects		
Balance at 1 July	44,814	107,658
Exploration & evaluation expenditures incurred during the year	933	734
Transfer to Mine Development during the year	-	(63,578)
Balance at 30 June	45,747	44,814

During the prior year Malabar moved from exploration to development for the Maxwell Underground Mine and transferred related costs.

RECOGNITION AND MEASUREMENT

Exploration and evaluation expenditure

Exploration and evaluation expenditure is accumulated separately for each area of interest until such time as the area is abandoned or sold. The realisation of the value of the expenditure carried forward depends on any commercial results that may be obtained through successful development and exploitation of the area of interest or alternatively by its sale.

If an area of interest is abandoned or is considered to be of no further commercial interest, the accumulated exploration costs relating to the area are written off against income in the year of abandonment. Some exploration expenditure may also be written off where areas of interest are partly relinquished.

SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement in determining whether future economic benefits are likely, which may be based on assumptions about future events or circumstances.

The recoverable amount of capitalised exploration and evaluation expenditure is determined using life-of-mine value in use calculations, which are appropriately discounted to reflect the current stage of Maxwell Underground Mine and Spur Hill Project development and prevailing risk factors.

Life-of-mine value in use calculations are based on capital and operating cost estimates utilising mine plans and JORC resource statements. Key assumptions contained in cash flow projections are based on external sources of information where available or reflect past experience and include forecast semi-soft coking and export thermal coal prices and foreign exchange rates (based on external economic forecasters), discount rates, JORC resource statements and operating and capital cost estimates.

16. Trade And Other Payables

	2024	2023
	\$'000	\$'000
CURRENT:		
Trade creditors	5,468	4,253
Other creditors	27,866	12,797
Interest payable	23	42
	33,357	17,092
NON-CURRENT:		
Other creditors	-	950

The average credit period on trade purchases is 14 days.

17. Lease Liabilities

	2024	2023
	\$'000	\$'000
Current	1,414	136
Non-current	3,875	448
Total	5,289	584

18. Provisions

CURRENT:	Employee entitlements	Mine rehabilitation	Deferred consideration	Total
	\$'000	\$'000	\$'000	\$'000
Opening balance 1 July 2022	342	299	101	742
Additional provisions recognised	400	-	-	400
Payments during the year	(265)	(294)	(4)	(563)
Reallocation from non-current	-	602	222	824
Closing as at 30 June 2023	477	607	319	1,403
Opening balance 1 July 2023	477	607	319	1,403
Additional provisions recognised	688	-	-	688
Payments during the year	(370)	(719)	(38)	(1,127)
Reallocation from non-current	-	521	62	583
Closing as at 30 June 2024	795	409	343	1,547

NON-CURRENT:	Employee entitlements	Mine rehabilitation	Deferred consideration	Total
	\$'000	\$'000	\$'000	\$'000
Opening balance 1 July 2022	-	35,136	24,109	59,245
Additional provisions recognised	-	1,232	-	1,232
Payments during the year	-	-	-	-
Reallocation to current	-	(602)	(222)	(824)
Closing as at 30 June 2023	-	35,766	23,887	59,653
Opening balance 1 July 2023	-	35,766	23,887	59,653
Additional provisions recognised	-	1,254	367	1,621
Payments during the year	-	-	-	-
Reallocation to current	-	(521)	(62)	(583)
Closing 30 June 2024	-	36,499	24,192	60,691

18. Provisions (continued)

RECOGNITION AND MEASUREMENT

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Mine rehabilitation

Provisions are made for the estimated cost of rehabilitation relating to areas disturbed during the mine's operation up to reporting date but not yet rehabilitated. The nature of rehabilitation activities includes dismantling and removing operating facilities, re-contouring and top soiling the mine, and restoration, reclamation and revegetation of affected areas. Provision has been made for all disturbed areas at the reporting date based on current estimates of costs to rehabilitate such areas, discounted to their present value based on expected future cash flows.

The obligation to rehabilitate arises at the commencement of the mining project and/or when the environment is disturbed at the mining location. At this point, the provision is recognised as a liability with a corresponding asset included in mining property and development assets. Additional disturbances or changes in the rehabilitation costs are reflected in the present value of the rehabilitation provision, with a corresponding change in the cost of the associated asset. In the event the restoration provision is reduced, the cost of the related asset is reduced by an amount not exceeding its carrying value.

The unwinding of the effect of discounting the provision is recorded as a finance cost in the consolidated statement of comprehensive income.

The amount of the provision relating to rehabilitation of environmental disturbance caused by on-going production and extraction activities will be recognised in the consolidated statement of comprehensive income as incurred.

SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Deferred consideration

Significant estimates and assumptions are made in determining the provision for deferred consideration. These factors include estimates of the production profile and changes in discount rates. The provisions at balance date represent management's best estimate of the present value of the deferred consideration.

Mine rehabilitation

Significant estimates and assumptions are made in determining the provision for mine rehabilitation as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases, and changes in discount rates. Those uncertainties may result in future actual expenditure differing from the amounts currently provided. The provisions at balance date represent management's best estimate of the present value of the future rehabilitation costs required to rehabilitate Maxwell Infrastructure and the Maxwell Underground Mine.

19. Unearned Revenue

	2024	2023
CURRENT:	\$'000	\$'000
Coal prepayment facility	2,277	-
NON-CURRENT:		
Coal prepayment facility	80,230	-

The Company holds a USD \$55 million coal prepayment facility. During the year, the Company received the full USD \$55 million coal prepayment amount from the customer.

RECOGNITION AND MEASUREMENT

Unearned revenue includes coal prepayments received for the sale and delivery of coal in future periods. The performance obligation is satisfied when the product is loaded onto the vessel for delivery to the customer. Revenue will be recognised from Unearned Revenue as coal is delivered to the customer over the term of the agreement.

20. Borrowings

	2024	2023
CURRENT:	\$'000	\$'000
Insurance premium funding facility	-	2,210
NON-CURRENT:		
Senior debt facility	72,283	49,348

The Company holds a USD \$120 million senior debt facility. As at 30 June 2024 USD \$24 million was drawn on the senior debt facility (2023: USD \$24 million). The increase in borrowings during the year reflects the interest and facility fees that are currently being capitalised to the outstanding principal amount of the debt.

RECOGNITION AND MEASUREMENT

Borrowings are recognised when the Group becomes a party to the contractual provisions of the instrument. These are initially measured at fair value, net of transaction costs and subsequently measured at amortised cost using the effective interest method.

KEY ESTIMATES AND JUDGEMENTS

Management has reviewed the terms and conditions of its credit facilities. Where a facility is classified as non-current, management has determined that the Group is in compliance with the relevant terms and conditions of the facility. Where the agreement contains terms that give the bank an element of discretion to review and change the terms and conditions of the agreement, management is of the opinion that, based on conditions existing at balance date and up to the date of the directors' declaration, in all material aspects it retains a right to defer settlement of the liability for at least twelve months after the reporting period.

21. Issued Capital

	2024	2023
	\$'000	\$'000
Issued share capital consists of the following:		
602,201,614 fully paid ordinary shares (30 June 2023: 502,012,142)	543,283	368,363

Movements in ordinary share capital during the year:

Details	Number	Issue Price	\$'000
Opening balance as at 1 July 2023	502,012,142		368,363
Issue of new shares ¹	100,114,472	1.80	180,206
Exercise of performance rights ²	75,000		-
Share issue costs net of tax	-		(5,286)
Closing balance as at 30 June 2024	602,201,614		543,283

¹ Share placement

In February 2024, the Group completed an equity raising of c.\$180 million. The equity was issued at \$1.80 per share with a total of 100,114,472 new shares being issued.

² Performance Rights

The holders of Performance Rights are allocated one ordinary share for each Right when exercised. Performance Rights have been accounted for in accordance with AASB 2 Share-based Payment.

22. Share Based Payments

Malabar awarded 803,870 Performance Rights (“LTI Performance Rights”) to employees as part of the Malabar Long Term Incentive Scheme and 150,000 Performance Rights were awarded to other employees under the respective employment agreements (“Employment Rights”). The LTI Performance Rights were granted at zero cost and vest over three years based on the Company achieving certain operational performance hurdles. The Employment Rights were granted at zero cost and vest on achievement of specific hurdles unique to each Grantee. The holders will be allocated one ordinary share for each Right when exercised. The Performance Rights have been accounted for in accordance with AASB 2 *Share-based Payment*.

a. Summary of Securities on offer

Performance Rights	Number	Grant Date	Expiry Date	Exercise Price	Fair Value at Grant Date
Performance Rights type 1	425,000	29/07/2019	29/07/2029	\$ -	\$0.35
Performance Rights type 2	50,000	02/09/2019	02/09/2029	\$ -	\$0.38
Performance Rights type 3	350,000	16/04/2020	16/04/2030	\$ -	\$0.38
Performance Rights type 3	50,000	01/09/2021	01/09/2031	\$ -	\$0.66
Performance Rights type 5	100,000	19/03/2023	19/03/2032	\$ -	\$0.87
Performance Rights type 6	150,000	01/07/2023	01/07/2033	\$-	\$1.44
LTI FY24	803,870	01/07/2023	01/07/2038	\$-	\$1.44
Bonus PR 04092020	147,000	04/09/2020	04/09/2030	\$ -	\$0.45
Bonus PR 03092021	222,366	03/09/2021	03/09/2031	\$ -	\$0.66
Bonus PR 07092022	86,593	07/09/2022	07/09/2032	\$ -	\$0.87
	2,384,829				

b. Movement of Rights during the year

	2024		2023	
	Securities	Average weighted price	Securities	Average weighted price
Opening balance	1,705,959	\$0.56	12,044,366	\$0.52
Granted	953,870	\$1.44	186,593	\$0.87
Forfeited	(200,000)	-	-	-
Exercised	(75,000)	-	(10,525,000)	-
Expired	-	-	-	-
Closing balance	2,384,829	\$0.75	1,705,959	\$0.56

22. Share Based Payments (continued)

c. Valuation model

The fair value of the securities is estimated using the Black-Scholes option pricing model incorporating the probability of the performance obligations being met and a discount for reduced liquidity of the underlying ordinary shares.

The following table lists the inputs used in the valuation of rights granted during the period.

Securities	Performance Right 6	LTI FY24
Performance obligation	(1)	(3)
Grant date	01/07/2023	01/07/2023
Vesting date	(2)	(2)
Fair value at grant date	\$1.44	\$1.44
Share price	\$1.80	\$1.80
Exercise price	\$ -	\$ -
Expected volatility	80%	80%
Risk-free interest rate	3.92%	3.92%
Performance Right Life	10 years	15 years
Number of rights	150,000	803,870

(1) As per individual contract

(2) When contractual vesting conditions are met

(3) Malabar's FY24 LTI Performance Measures

RECOGNITION AND MEASUREMENT

Equity-settled compensation

The Group operates an employee share plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share-based payment reserve. The fair value of options is determined using the Black-Scholes pricing model. The number of shares expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

23. Earnings Per Share

Basic earnings per share (EPS)		2024	2023
Net Income attributable to ordinary shareholders			
Net Income attributable to ordinary shareholders	\$'000s	1,318	16,025
Weighted average number of ordinary shares			
Issued ordinary shares at 1 July	'000s	502,012	291,492
Effect of share issues during the period	'000s	32,449	192,058
Weighted average number of ordinary shares at 30 June	'000s	534,461	483,550
Basic EPS attributable to ordinary shareholders	(cents)	0.25	3.31

Diluted earnings per share (EPS)		2024	2023
Net Income attributable to ordinary shareholders (diluted)			
Net Income attributable to ordinary shareholders (diluted)	\$'000s	1,318	16,025
Weighted average number of ordinary shares (diluted)			
Weighted average number of ordinary shares (basic)	'000s	534,461	483,550
Effect of Rights issued during the period	'000s	2,552	98
Weighted average number of ordinary shares at 30 June (diluted)	'000s	537,013	483,648
Diluted EPS attributable to ordinary shareholders	(cents)	0.25	3.31

24. Reserves

	2024	2023
	\$'000	\$'000
Share based payments reserve		
Opening Balance	840	4,236
Share based payments	46	743
Reserves transferred to issued capital upon exercise of options	-	(4,139)
Closing Balance Share based payments	886	840
Capital Reserves	7,889	7,889
Total Share based payments & Capital Reserves	8,775	8,729
Hedge Reserve	(1,996)	(3,085)

25. Group Structure

a. Controlled entities

Listed below are companies which are subsidiaries of Malabar Resources Limited. All of the subsidiaries are incorporated in Australia and the investments are in ordinary shares.

	Owned directly or indirectly	
	2024	2023
Spur Hill No. 2 Pty Ltd	100%	100%
Spur Hill Management Pty Ltd	100%	100%
Spur Hill Agricultural Pty Ltd	100%	100%
Spur Hill Marketing Pty Ltd	100%	100%
Maxwell Ventures Pty Ltd	100%	100%
Maxwell Ventures (Management) Pty Ltd	100%	100%
Maxwell Coal (Sales) Pty Ltd	100%	100%
Maxwell Solar Pty Ltd	100%	100%
Drayton Coal Shipping Pty Ltd	100%	100%
Malabar Finance Pty Ltd	100%	100%

b. Parent entity information

	2024	2023
	\$'000	\$'000
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current assets	553,364	402,198
Non-current assets	61,224	34,539
TOTAL ASSETS	614,588	436,737
LIABILITIES		
Current liabilities	5,651	3,960
Non-current liabilities	78,317	76,547
TOTAL LIABILITIES	83,968	80,507
EQUITY		
Issued capital	543,283	368,363
Reserves	(1,110)	(2,245)
Accumulated losses	(11,553)	(9,888)
TOTAL EQUITY	530,620	356,230
STATEMENT OF COMPREHENSIVE INCOME		
Total (loss) / profit	(1,665)	12,911
Total comprehensive (loss) / profit	(576)	9,826

25. Group Structure (continued)

c. Investments in Associates

Name of associate	Principal activity	Place of incorporation	Proportion of ownership interest	
			2024	2023
Newcastle Coal Shippers Pty Ltd ('NCS')	Investment in Port Waratah Coal Services ('PWCS')	Australia	20%	20%

	2024	2023
	\$'000	\$'000
Opening Balance	16,094	16,094
Profits attributable post-acquisition	3,030	2,852
Less dividends received	(3,030)	(2,852)
Carrying amount of investment	16,094	16,094

d. Related party transactions

Wayne Seabrook (Executive Chairman)

Ironstone Capital Partners Pty Ltd (Ironstone) is a corporate advisory business partially owned by Wayne Seabrook. Ironstone provides consulting services to the Group in connection with project development and other corporate activities. Ironstone is paid at market related rates or less for work conducted by its executives. Amount paid in 2024: \$906,469 (2023: \$697,050).

Key Management Personnel (KMP)

KMP are those persons who, directly or indirectly, have authority and responsibility for planning, directing and controlling the major activities of the Group. The KMP for the Malabar Resources Limited Group are the Non-executive directors, Executive directors and senior executives.

Compensation of KMP of the Group	2024	2023
	\$'000	\$'000
Short-term employee benefits	2,760	1,935
Post-employment benefits	83	73
Share-based payments	218	64
Total compensation	3,061	2,072

26. Financial Assets and Financial Liabilities

Financial Risk Management Policies

The Group's overall risk management strategy seeks to meet its financial requirements, while minimising potential adverse effects on financial performance. It includes the review of the use of credit risk policies and future cash flow requirements. The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of foreign exchange risk, interest rate and commodity risk.

Capital Management

Management controls the capital of the Group to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

Market Risk

Foreign currency risk

The Group is exposed to currency risk on sales, purchases and draw-down of senior debt facilities that are denominated in a currency other than the respective functional currency of the Group, the Australian dollar (AUD). The currency in which these transactions primarily are denominated is US dollars (USD).

The Group may use forward exchange contracts (FECs) to hedge its currency risk in relation to contracted sales where both volume and US dollar price are fixed.

In respect of the senior debt facility which is denominated in US Dollars, FECs and option contracts have been executed to hedge against foreign currency risk.

During the current year ended 30 June 2024, a net foreign exchange loss of \$1.8 million was recognised (2023: gain of \$0.3 million).

The Group designates its forward exchange contracts in cash flow hedges and measures them at fair value.

The fair value of forward exchange contracts used as hedges at 30 June 2024 was a \$1.8 million liability (2023: \$3.5 million liability) that was in the consolidated statement of financial position.

At 30 June 2024, the Group had the following financial instruments that were not designated in cash flow hedges that were exposed to foreign currency risk:

	2024	2023
	\$'000	\$'000
Cash and cash equivalents	6,392	2,287
Unearned revenue	(82,507)	-
Borrowings	(72,283)	(49,348)
Net Statement of Financial Position exposure	(148,398)	(47,061)

The following exchange rates applied during the year:

	Average rate		Spot rate at reporting date	
	2024	2023	2024	2023
USD	0.6556	0.6696	0.6624	0.6614

26. Financial Assets and Financial Liabilities (continued)

Sensitivity analysis

A change of 10% in the Australian dollar against the following currencies at 30 June 2024 would have increased/(decreased) equity and pre-tax profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant.

	Equity	Profit or loss
	\$'000	\$'000
30 June 2024		
AUD: USD strengthening by 10%	4,428	13,491
AUD: USD weakening by 10%	(4,908)	(16,489)
30 June 2023		
AUD: USD strengthening by 10%	8,718	4,278
AUD: USD weakening by 10%	(9,859)	(5,229)

Interest rate risk

Management analyses interest rate exposure on an ongoing basis.

The interest rate profile of the Group's interest-bearing financial instruments at the reporting date was:

	2024	2023
	\$'000	\$'000
Fixed rate instruments		
Short-term loan	-	(2,210)
Lease liabilities	(5,289)	(584)
Senior debt	(72,283)	(49,348)
	(77,572)	(52,142)
Variable rate instruments		
Financial assets	184,063	142,577

Sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Equity	Profit or loss
	\$'000	\$'000
30 June 2024		
100bp increase	-	1,841
100bp decrease	-	(1,841)
30 June 2023		
100bp increase	-	1,426
100bp decrease	-	(1,426)

26. Financial Assets and Financial Liabilities (continued)

Commodity price risk

The Group's major commodity price exposure is to the price of coal. The Group has chosen not to hedge against the movement in coal prices.

Credit Risk

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position. Credit risk also arises through the provision of financial guarantees, as approved at board level, given the parties securing the liabilities of certain subsidiaries.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality.

Credit risk related to balances with banks and other financial institutions is managed by the Group in accordance with the policy of only investing surplus cash with major financial institutions.

Such policy requires that surplus funds are only invested with counterparties with a Standard & Poor's rating of at least A-. The following table provides information regarding the credit risk relating to cash and money market securities based on Standard & Poor's counterparty credit ratings.

	Note	2024	2023
		\$'000	\$'000
Cash and cash equivalents	8	93,932	117,577
Financial assets (short term deposits)	9	90,131	25,000
Trade and other receivables	11	6,838	3,200
Total credit risk		190,901	145,777

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically, the Group ensures that it has sufficient cash on demand to meet all expected operational expenses as and when due, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following table summarises the maturity profile of the Group's financial liabilities:

	Carrying amount	< 12 months	Between 1 – 2 years	2 – 5 years	More than 5 years
2024	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Liabilities					
Trade and other payables	33,357	33,357	-	-	-
Lease liabilities	5,289	1,414	1,455	2,420	-
Unearned income	82,507	2,277	5,180	29,752	45,298
Borrowings	72,283	-	-	72,283	-
Deferred Consideration	24,535	342	1,104	7,566	15,523
Forward exchange contracts					
Outflow	43,025	43,025	-	-	-
Inflow	(41,176)	(41,176)	-	-	-
	219,820	39,239	7,739	112,021	60,821

26. Financial Assets and Financial Liabilities (continued)

Liquidity Risk (continued)

	Carrying amount	< 12 months	Between 1 – 2 years	2 – 5 years	More than 5 years
2023	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Liabilities					
Trade and other payables	18,042	17,092	950	-	-
Lease liabilities	584	136	448	-	-
Borrowings	51,558	2,210	-	49,348	-
Deferred Consideration	24,206	319	1,084	9,000	13,803
Forward exchange contracts					
Outflow	84,669	41,579	43,090	-	-
Inflow	(81,162)	(39,986)	(41,176)	-	-
	97,897	21,350	4,396	58,348	13,803

Fair value hierarchy

The Group complies with AASB 7 Financial Instruments Disclosures which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group's financial instruments consist mainly of cash at bank, financial assets, accounts receivable and payable, derivatives, deferred consideration, unearned income and borrowings. All financial instruments currently held are measured using a Level 2 or Level 3 fair value measurement. The fair values of the financial assets and financial liabilities recorded in the financial statements materially approximates their respective fair values, determined in accordance with the accounting policies noted in these financial statements.

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2024	2023	
		\$'000	\$'000	Measurement
Financial assets				
Cash and cash equivalents	8	93,932	117,577	Amortised cost
Financial assets	9	90,131	25,000	Amortised cost
Trade and other receivables	11	6,838	3,200	Amortised cost
Foreign exchange option contracts – receivable		138	743	Fair value
Total financial assets		191,039	146,520	

RECOGNITION AND MEASUREMENT

Initial measurement of financial instruments

All financial instruments are initially measured at fair value net of transaction costs.

Subsequent measurement

Financial assets

Financial assets are subsequently measured at fair value (either through OCI, or profit or loss) or amortised cost. Classification depends on the business model for managing the financial assets and the contractual terms of the cash flows.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

26. Financial Assets and Financial Liabilities (continued)

Fair value hierarchy (continued)

	Note	2024	2023	
		\$'000	\$'000	Measurement
Financial liabilities				
Trade and other payables	16	33,357	18,042	Amortised cost
Deferred Consideration	18	24,535	24,206	FVTPL
Unearned income	19	82,507	-	Amortised cost
Borrowings	20	72,283	51,558	Amortised cost
Lease liabilities	17	5,289	584	Amortised cost
Foreign exchange forward contracts – payable		1,849	3,507	Fair value
Total financial liabilities		219,820	97,897	

Valuation techniques used to measure Level 3 Fair values

Deferred consideration in relation to the SHUT acquisition which concluded in 2015 includes milestone payments, participating option payments for land purchases and royalties on the coal sales. The fair value is calculated using a discounted cashflow model and included the milestone payments and participating option payments discounted at the Group's weighted average cost of capital.

The fair value related to the Drayton acquisition is calculated using a discounted cashflow model, the forecast coal production and is discounted at a risk-free rate.

The Group held the following financial instruments carried at fair value in the consolidated statement of financial position:

	30 June 2024	Level 1	Level 2	Level 3
	\$'000	\$'000	\$'000	\$'000
Assets measured at fair value				
Foreign exchange option contracts – receivable	138	-	138	-
	138	-	138	-
Liabilities measured at fair value				
Foreign exchange forward contracts – payable	(1,849)	-	(1,849)	-
Deferred consideration	(24,535)	-	-	(24,535)
	(26,384)	-	(1,849)	(24,535)

	30 June 2023	Level 1	Level 2	Level 3
	\$'000	\$'000	\$'000	\$'000
Assets measured at fair value				
Foreign exchange option contracts – receivable	743	-	743	-
	743	-	743	-
Liabilities measured at fair value				
Foreign exchange forward contracts – payable	(3,507)	-	(3,507)	-
Deferred consideration	(24,206)	-	-	(24,206)
	(27,713)	-	(3,507)	(24,206)

The fair value of derivative financial instruments are derived using valuation techniques based on observable market inputs, such as forward currency rates, at the end of the reporting period. The amounts disclosed in the consolidated statement of financial position are the fair values and are classified under level 2 in the fair value measurement hierarchy. During the current and prior year, the Group entered into forward exchange contracts and options to hedge foreign exchange risk. A number of these contracts remained open as at 30 June 2024.

27. Contingent Liabilities and Contingencies

a. Facilities and guarantees

The Group has an US\$55.0 million (AUD\$83.0 million, converted at AUD\$1 = US\$0.6624) facility in place to provide bonds, guarantees, and financial assurances including the provision of guarantees to the NSW Government. As at 30 June 2024, AUD \$68.8 million of the facility has been utilised for these purposes.

b. Deferred consideration

Spur Hill Project (EL 7249)

Deferred consideration in relation to the SHUT acquisition which concluded in 2015 includes milestone payments, participating option payments for land purchases and royalties on the coal sales.

The fair value is calculated using a discounted cashflow model of the milestone payments discounted at the Group's weighted average cost of capital. The royalties on coal sales were not included in the calculation as the timing of actual coal production could not be reasonably assessed at this point.

c. Litigation

The Directors are not aware of any on-going or future litigation that would adversely affect the operations of the Group.

28. Events After the Reporting Period

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

29. Company details

The registered office and principal place of business of the Company as at 30 June 2024 was:

Level 26, 259 George Street

Sydney, NSW, 2000

Tel.: 02 8248 1272

Website: <https://malabarresources.com.au/>

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

AS AT 30 JUNE 2024

Name of entity	Type of entity	Trustee, partner or participant in a JV	% of share capital	Place of business/ Country of Incorporation	Australian resident or foreign resident	Foreign jurisdictions of foreign residents
Malabar Resources Limited	Body Corporate	n/a	n/a	Australia	Australian	n/a
Maxwell Ventures Pty Ltd	Body Corporate	n/a	100%	Australia	Australian	n/a
Maxwell Ventures (Management) Pty Ltd	Body Corporate	n/a	100%	Australia	Australian	n/a
Maxwell Coal (Sales) Pty Ltd	Body Corporate	n/a	100%	Australia	Australian	n/a
Maxwell Solar Pty Ltd	Body Corporate	n/a	100%	Australia	Australian	n/a
Drayton Coal Shipping Pty Ltd	Body Corporate	n/a	100%	Australia	Australian	n/a
Malabar Finance Pty Ltd	Body Corporate	n/a	100%	Australia	Australian	n/a
Spur Hill U.T. Pty Ltd	Body Corporate	Trustee	100%	Australia	Australian	n/a
Spur Hill No. 2 Pty Ltd	Body Corporate	n/a	100%	Australia	Australian	n/a
Spur Hill Management Pty Ltd	Body Corporate	n/a	100%	Australia	Australian	n/a
Spur Hill Agricultural Pty Ltd	Body Corporate	n/a	100%	Australia	Australian	n/a
Spur Hill Marketing Pty Ltd	Body Corporate	n/a	100%	Australia	Australian	n/a

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Malabar Resources Limited, in the opinion of the Directors of the company:

1. the financial statements and notes, as set out on pages 16 to 44, are in accordance with the *Corporations Act 2001* including:
 - a. complying with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS) and the *Corporations Regulations 2001*; and
 - b. giving a true and fair view of the consolidated entity's financial position as at 30 June 2024 and of its performance for the year ended on that date;
2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
3. the consolidated entity disclosure statement on page 44 is true and correct.

The Directors have been given the declarations required by s295A of the *Corporations Act 2001* from the Chief Executive Officer.



Wayne Seabrook

Director

Dated: 25 September 2024

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MALABAR RESOURCES LIMITED

Opinion

We have audited the accompanying financial report of Malabar Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the financial report of Malabar Resources Limited is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of:

- a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

- i. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii. the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

[A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.]



PKF BRISBANE AUDIT



CAMERON BRADLEY

PARTNER

BRISBANE, 25 September 2024

CORPORATE DIRECTORY

Company

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www.malabarresources.com.au

Directors

Wayne Seabrook (Chairman)
Anthony Galligan (Non-Executive Director)
Allan Davies (Non-Executive Director)
Brian Beem (Non-Executive Director)
Tony Haggarty (Non-Executive Director)
Rob Bishop (Non-Executive Director)
Matthew Hunter (Non-Executive Director)
Jim Middleton (Non- Executive Director)

Company Secretary

Lindi-May Lochner
+61 2 8036 0785

Share Registry

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Auditor

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