

**31 August 2016****ASX Market Announcements****Australian Securities Exchange****Entitlement Offer cleansing notice under section 708AA(2)(f) of the Corporations Act**

Malabar Coal Limited ACN 151 691 468 (**Malabar**) announced today that it will undertake an accelerated one for eight pro rata non-renounceable entitlement offer of fully paid ordinary shares in Malabar (**New Shares**) to raise approximately \$2 million (**Entitlement Offer**).

Under the Entitlement Offer, eligible shareholders will be able to subscribe for one New Share for every eight existing shares held 7.00pm (Sydney time) on 2 September 2016 (**Record Date**) at the Offer Price (**Entitlements**).

The Entitlement Offer includes an institutional component (**Institutional Entitlement Offer**) and a retail component (**Retail Entitlement Offer**).

The Entitlement Offer is fully underwritten by seven existing shareholders, including entities associated with current directors of Malabar, being Wayne Seabrook, Hans Mende, Andrew Plummer and Simon Keyser, as well as entities associated with existing Shareholders, being Fritz Kundrun, Anthony Haggarty and Allan Davies (**Underwriters**). In addition, Malabar shareholders holding 71.08% of the share capital currently on issue in Malabar<sup>1</sup> have committed to take up their respective Entitlements (including shareholders associated with Wayne Seabrook, Hans Mende, Andrew Plummer and Simon Keyser, being directors of Malabar).

Malabar will offer the New Shares for issue without disclosure to investors under section 708AA(2)(f) of the *Corporations Act 2001* (Cth) (**Corporations Act**) as notionally modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 (**ASIC Instrument 2016/84**).

Further details of the Entitlement Offer are set out in the investor presentation that has been lodged with ASX today and the information booklet that the Company expects to release on 2 September 2016 and that will be dispatched to eligible shareholders on or about 7 September 2016.

**Details of the securities issued**

<b>Class of securities</b>	Ordinary shares
<b>ASX code of the securities</b>	MBC
<b>Date of the issue or expected issue of the securities</b>	12 September 2016 for shares issued under the Institutional Entitlement Offer 23 September 2016 for shares issued under the Retail Entitlement Offer

<sup>1</sup> On a pre Entitlement Offer basis.

For personal use only

**Total number of securities expected to be issued (subject to rounding of fractional entitlements)**

20 million New Shares

### **Information required under section 708AA(7)**

For the purposes of section 708AA(7) of the Corporations Act, Malabar advises:

- 1 the New Shares will be issued without disclosure under part 6D.2 of the Corporations Act as notionally modified by ASIC Instrument 2016/84;
- 2 this notice is given under section 708AA(2)(f) of the Corporations Act as notionally modified by ASIC Instrument 2016/84;
- 3 as at the date of this notice, Malabar has complied with:
  - (a) the provisions of chapter 2M of the Corporations Act as they apply to Malabar; and
  - (b) section 674 of the Corporations Act;
- 4 as at the date of this notice, there is no excluded information of the type referred to in sections 708AA(8) and 708AA(9) of the Corporations Act as notionally modified by ASIC Instrument 2016/84; and
- 5 information regarding the potential effect of the issue of New Shares pursuant to the Entitlement Offer on the control of Malabar, and the consequences of that effect, is set out below.

### **Effect of the Entitlement Offer on control**

It is not possible to predict with any certainty the effect of the Entitlement Offer on the control of Malabar. There are a number of possible outcomes that may arise, which will largely depend on the extent to which eligible shareholders take by their Entitlements and apply for top-up shares. However, the issue of New Shares under the Entitlement Offer is not expected to have any material effect or consequence on the control of Malabar.

If all eligible shareholders take up their Entitlement, each eligible shareholder's ownership interest (and voting power) in Malabar will remain largely unchanged and the effect on the control of Malabar will be negligible.

To the extent that any eligible shareholder fails to take up their Entitlement, that eligible shareholder's percentage holding in Malabar will be diluted by those other eligible shareholders who take up some, all or more than their Entitlement.

The voting power of ineligible foreign shareholders will be diluted.

If no eligible shareholders other than the Underwriters take up their Entitlement, then the Underwriters will be required to subscribe, or procure subscriptions from others, for the shortfall shares. In these circumstances, the maximum increase in voting power of the Underwriters will be as set out in the table below:

<b>Underwriter</b>	<b>Shareholding % before Entitlement Offer<sup>2</sup></b>	<b>Maximum possible shareholding % after Entitlement Offer<sup>3</sup></b>
Brisbane Investments I Ltd	15.43%	16.13%
Brisbane Investments II Ltd	15.43%	16.13%
Ranamok Pty Ltd as trustee for the Plummer Family Trust	13.23%	13.83%
HFTT Pty Ltd as trustee for the Haggarty Family Trust	15.27%	15.96%
Wayne Seabrook	5.26%	5.50%
Mast Capital Pty Ltd	4.24%	4.43%
Dalara Investments Pty. Limited as trustee for the AJ & LM Davies Family Trust	2.21%	2.31%

The board of directors of Malabar considers that the increase in the voting power of the Underwriters is likely to have a marginal effect on the control of Malabar. This conclusion has been reached as each of those shareholders will have no greater degree of influence when voting on resolutions to be considered at shareholder meetings (albeit that the voting power of those shareholders has increased).

By way of example, Brisbane Investments I Ltd, Brisbane Investments II Pty Ltd, Ranamok Pty Ltd as trustee for the Plummer Family Trust, and HFTT Pty Ltd as trustee for the Haggarty Family Trust, together with their associates, would each still have a shareholding in Malabar of greater than 10%, which would constitute a 'blocking stake' for the purposes of a takeover bid under Chapter 6 of the *Corporations Act 2001* (Cth) (as a bidder needs to acquire 90% of all shares on issue under a takeover bid to be able to compulsorily acquire the remaining shares). As Brisbane Investments I Ltd, Brisbane Investments II Pty Ltd, Ranamok Pty Ltd as trustee for the Plummer Family Trust, and HFTT Pty Ltd as trustee for the Haggarty Family Trust, together with their associates, each already have an interest in more than 10% of Malabar's issued share capital, the board of directors of Malabar considers that there will be no material change to the control of Malabar from this perspective.

The board of directors of Malabar considers the possible minimal effect on control to be acceptable in the circumstances as this would only occur where all eligible shareholders have had an equal opportunity to participate in the Entitlement Offer (including the ability to increase their holding through the top-up facility).

For further comment or other information, please contact:

**Wayne Seabrook – Non-Executive Chairman of Malabar**  
**+61 2 8248 1272**



**Wayne Seabrook**  
 Non-Executive Chairman  
 Malabar Coal Limited

<sup>2</sup> This includes the percentage of shares held before the Entitlement Offer by each Underwriter together with their associated entities.

<sup>3</sup> This includes the maximum possible percentage of shares which may be held following the Entitlement Offer by each Underwriter together with their associated entities.