

Supplementary Prospectus

Malabar Coal Limited ACN 151 691 468

Important information

This supplementary prospectus is dated 20 March 2018 (**Supplementary Prospectus**) and is intended to supplement and amend the information contained in the prospectus of Malabar Coal Limited ACN 151 691 468 (**Malabar**) dated 13 March 2018 (**Prospectus**). Unless otherwise indicated, terms defined and used in the Prospectus have the same meaning in this Supplementary Prospectus.

This Supplementary Prospectus was lodged with ASIC on 20 March 2018. ASIC takes no responsibility for the contents of this Supplementary Prospectus or the merits of the investment to which the Prospectus relates.

This Supplementary Prospectus must be read together with the Prospectus. To the extent of any inconsistency between this Supplementary Prospectus and the Prospectus, this Supplementary Prospectus will prevail. This document is important and should both be read in its entirety. Please consult your legal, financial or other professional adviser if you do not fully understand the contents of these documents.

Malabar has issued both a printed and electronic version of this Supplementary Prospectus and the Prospectus. Electronic versions of both may be accessed at <http://www.malabarcoal.com.au>.

1 Change to the timetable of the Retail Entitlement Offer

As the ASIC exposure period in respect of the Prospectus will end on Tuesday, 20 March 2018, the Board has resolved to open the Retail Entitlement Offer one week early. The revised timetable for the Retail Entitlement Offer is set out below.

Event	Date*
Institutional Entitlement Offer opened	Monday, 12 February 2018
Institutional Entitlement Offer closed and settled	Wednesday, 14 February 2018
Prospectus lodged with ASIC	Tuesday, 13 March 2018
Allotment and issue of New Converting Shares under the Institutional Entitlement Offer	Tuesday, 20 March 2018
Supplementary prospectus lodged with ASIC	Tuesday, 20 March 2018
ASIC exposure period ends	Tuesday, 20 March 2018
Record Date for Retail Entitlement Offer (as at 7.00pm (Sydney time))	Tuesday, 20 March 2018
Prospectus posted to Shareholders	Thursday, 22 March 2018
Retail Entitlement Offer opening date	Thursday, 22 March 2018
Retail Entitlement Offer closing date (acceptances due by 5.00pm (Sydney time))	Thursday, 12 April 2018

Event	Date*
Notify Underwriters of any shortfall from the Retail Entitlement Offer	Tuesday, 17 April 2018
Allotment and issue of New Converting Shares under the Retail Entitlement Offer	Thursday, 19 April 2018
Release of funds to Malabar	Thursday, 19 April 2018
Despatch of share certificates to Shareholders	Monday, 23 April 2018

**Note: All dates and times are subject to change and are indicative only. All time references are to Sydney time.*

All other dates in respect of the Retail Entitlement Offer in the Prospectus, including the closing date for the Retail Entitlement Offer, remain unchanged.

2 Redemption policy – New Converting Shares

As set out in section 1.5 and section 3.3 of the Prospectus, the Directors have elected to issue Converting Shares instead of Ordinary Shares to facilitate a potential return of capital to Malabar shareholders in the event that the Directors introduce a strategic investor in Malabar in the short to medium term. In these circumstances, Malabar may invite the strategic investor to acquire an interest in Malabar's assets and return excess equity capital to Malabar shareholders by redeeming some or all of the Converting Shares.

In the event that this occurs, the Directors intend to redeem the Redeemable Converting Shares on a pro rata basis having regard to the amount sourced from the third party investor as a proportion of the total raising under the Entitlement Offer. For example, if Malabar sources an additional \$40 million from another third party investor in the next 12 months, assuming Malabar raises the entire \$80 million under the Entitlement Offer, Malabar would seek to redeem half of each holder's Redeemable Converting Shares (and return the applicable proceeds accordingly).

3 Redemption risk – New Converting Shares

As set out in section 3.2 of the Prospectus, Malabar may redeem any or all of the Converting Shares at any time prior to their automatic conversion to Ordinary Shares by paying the holder \$0.495 per Converting Share (which redemption rate represents a 10% premium on the issue price of the Converting Share).

However, there can be no assurance that the fixed redemption price, being \$0.495 per New Converting Share, will reflect the market value of Ordinary Shares at the time of the redemption; that is, at the time of the redemption of the New Converting Shares (if such redemption occurs), the fixed redemption price may, in fact, be at a discount to the prevailing market value of Ordinary Shares at that time.

4 Authorisation

This Supplementary Prospectus is issued by Malabar. In accordance with section 720 of the *Corporations Act 2001* (Cth), each Director has consented to the lodgement of this Supplementary Prospectus with ASIC and has not withdrawn that consent prior to lodgement.

Dated 20 March 2018



Wayne Seabrook
Non-Executive Chairman
Malabar Coal Limited