

Notice of annual general meeting

Malabar Coal Limited ACN 151 691 468 (**Company**)

Notice is given that the Company's 2019 annual general meeting will be held at:

Location	The Lindsay Room, Level 2, Amora Hotel, 11 Jamison St, Sydney NSW
Date	21 November 2019
Time	10:00am

General business

1. Financial Report

To receive and consider the financial statements and reports of the Company for the year ended 30 June 2019.

Notes:

- There is no requirement for shareholders of the Company to approve these reports.
- The Company's 2019 annual report is available for shareholders of the Company to access and download from www.malabarcoal.com.au
- If you would like to receive a hard copy of the Company's 2019 annual report free of charge you can contact the Company on +61 2 8248 1272 during business hours in Sydney.

2. Re-election of director – Mr Anthony (Tony) Galligan – Resolution 1

To consider and, if in favour, pass the following resolution as an ordinary resolution:

That Mr Galligan a director of the Company retiring from office by rotation under rule 13.3(a) of the Company's constitution, and being eligible, be re-elected as a director of the Company.

Notes:

- Mr Galligan consents to his re-election as a director of the Company.
- The non-candidate directors of the Company unanimously support the re-election of Mr Galligan as a director of the Company.
- The Chairman of the annual general meeting intends to vote all available proxies in favour of Mr Galligan's re-election.

Special business

3. Grant of Performance Rights to Mr Tony Galligan – Resolution 2

To consider and, if in favour, pass the following resolution as a general resolution:

That, in accordance with Chapter 2E of the Corporations Act, the Company be permitted and authorised to grant 50,000 Performance Rights to Mr Galligan, a Director of Malabar Coal Limited, for nil cash consideration, vesting subject to grant of the Mining Lease for the Maxwell Underground Project and his continued employment as a Director of Malabar Coal Limited until the vesting date. Other terms and conditions are set out in the accompanying Explanatory Notes.

Notes:

- Mr Galligan will be excluded from voting on this resolution.
- The Board (excluding Mr Galligan) unanimously support the granting of Performance Rights to Mr Galligan.
- The Chairman of the annual general meeting intends to vote all available proxies in favour of granting Performance Rights to Mr Galligan.

Voting rights and proxies

- A member who is entitled to attend and cast a vote at the meeting is entitled to appoint a proxy.
- The proxy need not be a member of the Company. A member who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.
- If you wish to appoint a proxy and are entitled to do so, then complete and return the **attached** proxy form.
- A corporation may elect to appoint a representative in accordance with the *Corporations Act 2001* (Cth) in which case the Company will require written proof of the representative's appointment which must be lodged with or presented to the Company before the meeting.
- If you have any queries on how to cast your votes then call the Company on +61 2 8248 1272 during business hours in Sydney.

Administrative

Please update your contact details on Malabar's share register to ensure we have all relevant information to contact you. This can be done on the LINK Market Services website:

<https://investorcentre.linkmarketservices.com.au/Login/Login>

Please contact Malabar on +61 2 8248 1272 or admin@malabarcoal.com.au if you have any questions.

Dated 16 October 2019

By order of the Board



Wayne Seabrook
Chairman
Malabar Coal Limited

Explanatory memorandum

Malabar Coal Limited ACN 151 691 468 (**Company**)

1 Financial report

Background

- 1.1 The Company's financial report (which includes the financial statements), directors' report and auditor's report for the year ended 30 June 2019 will be laid before the annual general meeting, in accordance with the requirement under the Corporations Act. There is no requirement either in the Corporations Act or in the Company's constitution for shareholders of the Company to approve these reports. However, the Chairman of the annual general meeting will allow a reasonable opportunity for shareholders of the Company to ask questions about, or make comments on, these reports and the management of the Company more generally.
- 1.2 Shareholders of the Company will be given a reasonable opportunity to ask the Company's auditor questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company in relation to the preparation of the Company's financial statements, and the independence of the auditor in relation to the conduct of the audit.

2 Re-election of a director – Resolution 1

Background

- 2.1 Rule 13.3 of the Company's constitution states that, excluding any managing director of the Company:
- (a) *no director of the Company may hold office for a period in excess of three years, or beyond the third annual general meeting following the election of that director of the Company, whichever is the longer, without submitting himself or herself for re-election; and*
 - (b) *there must be an election of directors of the Company at each annual general meeting, with the director(s) of the Company to retire at each annual general meeting being any one or more of the following, as applicable:*
 - (i) *any director of the Company required to retire under rule 13.3(a) of the Company's constitution and standing for re-election;*
 - (ii) *any director of the Company required to submit for election under rule 13.1(c) of the Company's constitution;*
 - (iii) *a person standing for election as a new director of the Company; or*
 - (iv) *if no person is standing for election or re-election, then the director of the Company who has been in office the longest since last being elected (noting that between directors of the Company who were elected on the same day, the director of the Company to retire will be decided by lot, unless the relevant directors of the Company agree otherwise).*
- 2.2 Accordingly, Mr Galligan is due to retire by rotation under rule 13.3(a) of the Company's constitution and offers himself for re-election as a director of the Company. Mr Galligan's qualifications, role, experience and special responsibilities are listed below.

Tony Galligan	Bachelor of Science (Geology)
Role	Director
Experience	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. was. He was Chairman of NCIG for more than 3 years during the feasibility, financing and construction of the new coal terminal and also 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. Tony holds a Bachelor of Science (Geology) from the University of Queensland.
Special responsibilities	Chairman of the Occupational Health, Safety & Environment Committee.

Recommendation

- 2.3 The non-candidate directors of the Company, with Mr Galligan abstaining, unanimously recommend that shareholders of the Company approve the re-election of Mr Galligan as a director of the Company.

3 Grant of Performance Rights to Mr Tony Galligan - Resolution 2

Background

- 3.1 Subject to shareholder approval, the Company proposes to grant 50,000 Performance Rights to Mr Tony Galligan on terms and conditions as set out in these Explanatory Notes.

Terms and Conditions of offer

- 3.2 The Performance Rights are subject to the following salient terms and conditions:
- (a) The Rights will be granted at no cost;
 - (b) The Rights will Vest in full at the Vesting Date subject to:
 - (i) The grant of a Mining Lease for the Maxwell Underground Project by the Vesting Date; and
 - (ii) Mr Galligan's continued employment as a Director of Malabar.
 - (c) Each Right entitles the holder thereof to be allocated one fully paid Ordinary Share for each Right that is exercised;
 - (d) Key dates

Grant date: 2 September 2019

Vesting date: The date on which a Mining Lease is granted for the Maxwell Underground Project, provided that date occurs before the Expiry Date.

Expiry Date: The tenth (10th) anniversary of the Grant Date (2 September 2029)

Exercise Period: A period commencing on the Vesting Date and ending on the Expiry Date

Dilution effects on existing members interests

- 3.3 If the Rights to be granted to Mr Galligan pursuant to Resolution 2 are exercised, the effect will be to dilute the interests of existing shareholders.
- 3.4 The table below sets out the impact of passing Resolution 2, on the number of Shares and Rights on a diluted basis:

	Undiluted shares	Fully diluted shares	Potential dilution of issued capital
	Number	Number	%
Shares on issue at date of Notice	259,817,798	259,817,798	-
Rights on issue expiring 29 July 2029	-	500,000	0.19
Rights on issue expiring 2 September 2029	-	750,000	0.29
Equity securities on issue at the date of Notice	259,817,798	261,067,798	0.48
Proposed granting of Rights to Mr Galligan	-	50,000	0.02
New potential issued capital	259,817,798	261,117,798	0.50

Opportunity costs and taxation consequences to the Company

- 3.5 It is not considered that from an economic and commercial point of view that there are any costs or detriments, including opportunity costs or taxation consequences for the Company or benefits foregone by the Company resulting from the granting of Rights pursuant to Resolution 2.
- 3.6 Australian Accounting Standards (AASBs) may require the Company to expense the 50,000 Rights proposed to be granted to Mr Galligan, with the expense being transferred to a Reserve account being estimated at \$10,313 using the Black Scholes valuation method. This valuation was performed by an independent entity.
- 3.7 These amounts are expected to be transferred from the Reserve account to Issued Capital when (and if) the Rights are exercised. If the Rights lapse, the amount will remain in the Reserve account.
- 3.8 No amounts remain unpaid on any of the shares in the Company.

Chapter 2E of the Corporations Act

- 3.9 Approval of Shareholders for the granting of Rights to Mr Tony Galligan is being sought pursuant to Section 208(1)(a) of the Corporations Act. Section 208(1) provides that a public company must not, without approval of its shareholder's give financial benefit to a related party, subject to certain exceptions. A related party includes directors of the Company and financial benefit including issuing or granting Rights to a Director.
- 3.10 In accordance with Section 219, the Company discloses the following information:
- The related party to whom the proposed resolution would permit financial benefit to be given is Mr Tony Galligan, a Director of Malabar Coal Limited;
 - The nature of the financial benefit is 50,000 Rights at no cost;
 - The Director's recommendations include Mr Wayne Seabrook and Mr Brian Beem recommend that the Shareholders vote in favour of Resolution 2. Mr Tony Galligan makes no recommendation regarding Resolution 2 because he has an interest in it;

- (d) The following Directors have interests in Resolution 2: Mr Tony Galligan.
- (e) Any other relevant information related to the granting of these Rights has been listed in section 3 of the Explanatory Memorandum.

4 Registered Office

Malabar Coal Limited

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