



**Malabar Coal Limited
Spur Hill Underground Coking Coal**

Restructuring the Project

15 September 2015

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- The Probable Marketable Coal Reserve of 69 Mt is derived from the Probable Coal Reserve of 91 Mt based on an average yield of 76% from the Whynot seam and 79% from the Bowfield seam. These average yields are derived from laboratory yields ranging from 80% to 85% adjusted for mining dilution and moisture adjustments.



- **Corporate Overview**
- **Restructure of JV Agreement**
- **Capital Raising**
- **Project Details**
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- **Competent Persons' Statements**

Corporate Overview



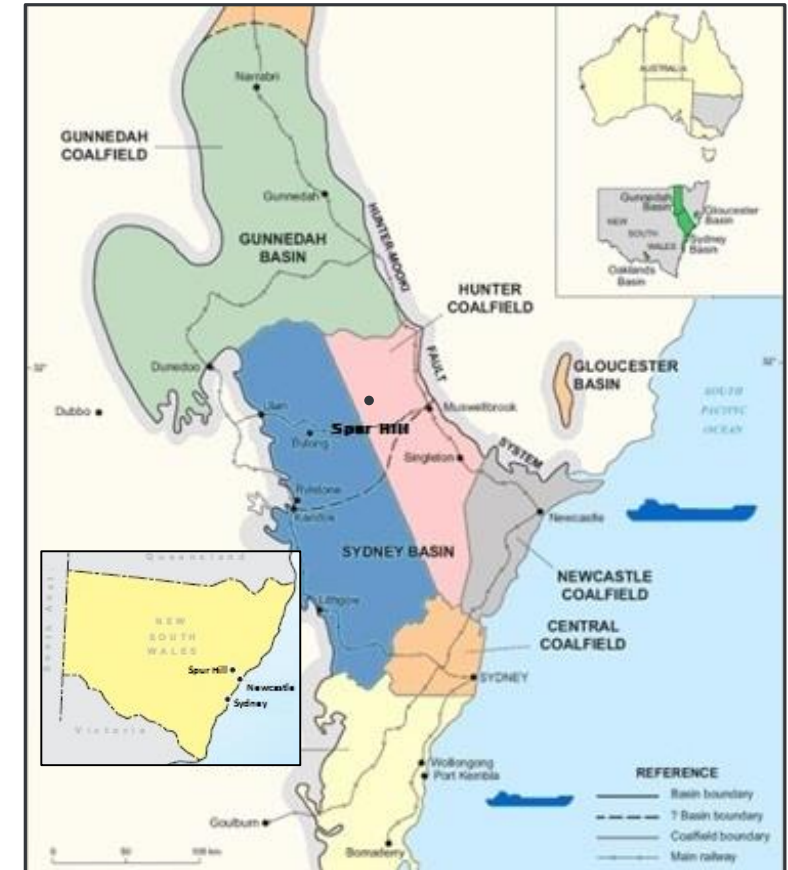
Malabar Coal Ltd is an ASX-listed coal company focused on the Spur Hill Underground Coking Coal Project ('Project') located in the Upper Hunter Valley of NSW.

Project highlights:

- ✓ 20yrs+ planned production of low ash soft coking and low ash export thermal coals.
- ✓ Planned high productivity (6 to 8 million tonnes per annum ROM) underground longwall development.
- ✓ Total JORC mineral resources of approximately 626 million tonnes of which 394 million tonnes are in the Indicated category.
- ✓ Standalone transport corridor arrangements in place.
- ✓ Available access to rail and port with no take or pay arrangements in place.

Malabar Coal Ltd Capital Structure (current)

Shares currently on issue	85,000,000
Share price (11 September 2015)	10.5c
Market Capitalisation	\$8.925 million



Malabar has reached agreement with its Joint Venture (JV) Partner to acquire 100% of the Project. This restructure aligns the Project ownership economics with market conditions. The transaction and the associated capital raising are described overleaf.

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Restructuring the Joint Venture



New JV arrangement – Malabar moves to 100% ownership

- On paying \$3m to our JV partner, Malabar will increase its stake in the Project from 38.27% (as at 30 June 2015) to 100%.
- Malabar will also make a series of deferred payments totalling \$13m on defined milestones and grant a 1.75% royalty on coal sales to our JV partner.
- 100% ownership is advantageous for project funding.

Comparison between New and Previous JV Arrangement

	New JV Arrangement ⁽¹⁾	Previous JV Arrangement
Malabar ownership of the Project (currently 38.27%)	100% immediately	Up to 80% over time ⁽²⁾
Remaining payments to the owners of the JV Partner	\$13m ⁽³⁾	\$40m
Required incremental expenditure on Project to complete Farm-In	-	\$30m
Royalty on coal sales payable to owners of JV Partner	1.75%	-

(1) - Key Commercial Terms of New JV Arrangement expanded overleaf

(2) - Remaining 20% Project interest held by our JV Partner was to be subject to a “funded carry” through to production

(3) - After payment of the upfront \$3m

Key terms of new agreement



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Term	
Acquisition of 100% of the Spur Hill Project	On payment of \$3m to the owners of the JV partner “SHUT”, Malabar will acquire SHUT and hence will obtain 100% of the Spur Hill Project.
Deferred Payments (from Malabar to the owners of SHUT) totalling \$13m	<ol style="list-style-type: none"> 1. \$1m on the later of: <ul style="list-style-type: none"> • 80Mt Proven Reserves; or • September 2017 2. \$0.5m on the later of: <ul style="list-style-type: none"> • EIS/DA submission; or • September 2016 3. \$0.5m on receipt of Environmental Approval 4. \$1m on the grant of the Mining Lease; and 5. On Financial Close (unconditional financing arrangements in place for Project construction), \$13m less any payments already made under 1-4 above.
Royalty	1.75% royalty on all coal sales from the Project.
Minimum Spend	<ul style="list-style-type: none"> • If, by 31 July 2022, Malabar has not either <ol style="list-style-type: none"> 1. Spent a total of \$70m on the Project (including expenditure to-date) (‘Minimum Spend’); or 2. Achieved Financial Close on the Project, then the owners of SHUT have the right to exercise an option to obtain a ‘Participating Interest %’ of the Project (‘Option’) (whereupon the Royalty would terminate). • This Option terminates immediately if either the Minimum Spend or Financial Close is achieved prior to 31 July 2022. Prior to the Option terminating the owners of the JV Partner retain certain rights under the JV Deed as if they held a 20% interest in the Project. These rights also terminate when the Option terminates. • ‘Participating Interest %’ = $100 - ((\text{actual cumulative expenditure on Project as at 31 July 2022}) / \\$70\text{m}) \times 80\%$. • Note: After payment of the \$3m to SHUT at transaction completion, Malabar’s cumulative spend on the Project will be in excess of \$53m; hence less than \$17m incremental expenditure is required prior to 31 July 2022 to satisfy the Minimum Spend.
Conditions Precedent	Completion is contingent on raising the capital to make the upfront payment, and regulatory approval.



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Offer Overview



Malabar is undertaking a \$6m fully underwritten equity capital raising via a 15 for 17 non-renounceable entitlement offer

Fully Underwritten Non-renounceable Entitlement Offer	
Offer Details	Fully Underwritten 15 for 17 Non-renounceable Entitlement Offer to raise \$6 million.
Pricing	The Offer Price of 8c per share represents: <ul style="list-style-type: none"> • 23.39% discount to the 10 business day Volume Weighted Average Price up to and including 11 September 2015 of \$0.1044 per share • 23.81% discount to the closing price on 11 September 2015 of \$0.105 per share • 14.24% discount to TERP* of \$0.093 per share
Size	75,000,000 New shares
Top Up Facility	Yes
Underwriters	The Entitlement Offer is fully underwritten by: <ol style="list-style-type: none"> 1. Brisbane Investments I Ltd¹; 2. Brisbane Investments II Ltd²; 3. HFTT Pty Ltd as trustee for the Haggarty Family Trust³; and 4. Ranamok Pty Ltd as trustee for the Plummer Family Trust⁴.

Use of Funds	\$m
Initial payment to JV partner in connection with the restructure of the JV.	3.0
JV restructure and capital raising costs	0.2
Exploration in accordance with approved Exploration Licence Work Programme	0.5
Working Capital	2.3
Total	6.0

1. Entity associated with director Hans Mende
2. Entity associated with substantial shareholder Fritz Kundrun
3. Entity associated with substantial shareholder Tony Haggarty and MEM Consultants Pty Ltd
4. Entity associated with director Andy Plummer

(*) - The Theoretical Ex-Rights Price (**TERP**) is the theoretical price at which Malabar Coal shares should trade immediately following the ex-date for the Entitlement Offer assuming 100% take up of the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Malabar Coal's shares trade immediately following the ex-date for the Entitlement Offer will depend on many factors and may not approximate TERP.

Capital Structure



Capital Structure	Current	Entitlement Issue	Post Entitlement Issue
Ordinary Shares	85,000,000	75,000,000	160,000,000
Employee Share Options @\$1.50 ⁽¹⁾	1,075,000		1,075,000
Employee Share Options @\$0.30 ⁽²⁾	950,000		950,000

- (1) In accordance with the rules of Malabar Coal Limited Executive Share Option Plan the exercise price of these options will be adjusted from \$1.50 per share to \$1.49 per share as a result of the entitlement offer.
- (2) In accordance with the rules of Malabar Coal Limited Executive Share Option Plan the exercise price of these options will be adjusted from \$0.30 per share to \$0.29 per share as a result of the entitlement offer.

Maximum increase in shareholding of each Underwriter as a result of the Offer

Underwriter	Shares before Offer	Shareholding % before Offer	Pro-rata Entitlement Shares	Underwriting Proportion	Shares after Offer	Shareholding % after Offer
Brisbane Investments I Ltd ¹	10,859,789	12.78%	9,582,167	25.99%	28,890,924	18.06%
Brisbane Investments II Ltd ²	10,859,789	12.78%	9,582,167	25.99%	28,890,924	18.06%
HFTT Pty Ltd as trustee for the Haggarty Family Trust ³	10,748,660	12.65%	9,484,112	25.73%	28,597,218	17.87%
Ranamok Pty Ltd as trustee for the Plummer Family Trust ⁴	9,313,757	10.96%	8,218,021	22.29%	24,777,930	15.49%

The table above shows the impact of the entitlement offer on the voting power of each underwriter. The table assumes each underwriter takes up their full pro-rata entitlement, other major shareholder take up the number of shares as per their commitment letters, no other shareholders take up their entitlement and no shareholders apply for shares under the top-up facility. The remaining shortfall shares are then allocated between each of the four underwriters in accordance with their respective Underwriting Proportion.

1. Entity associated with director Hans Mende
2. Entity associated with substantial shareholder Fritz Kundrun
3. Entity associated with substantial shareholder Tony Haggarty and MEM Consultants Pty Ltd
4. Entity associated with director Andy Plummer

Indicative Timetable



Event	Date
Announcement of the Offer	15 September 2015
Ex Date	17 September 2015
Record Date for determining rights (7:00pm AEST)	21 September 2015
Opening Date - Despatch of Information Booklet and Acceptance Form	23 September 2015
Closing Date (last date for acceptance and payment applications) (5.00pm AEST)	8 October 2015
Shortfall Notice Deadline Date - Company notifies the Underwriters and ASX of under subscriptions	9 October 2015
Shortfall Settlement Date	12 October 2015
Allotment and issue of New Shares	13 October 2015
Despatch of holding statements in respect of New Shares	14 October 2015
Normal trading of New Shares expected to commence on ASX	14 October 2015

These dates are indicative only and subject to change. The Company, in conjunction with the Underwriters, reserves the right, subject to the Corporations Act and the ASX Listing Rules, to vary the above dates.



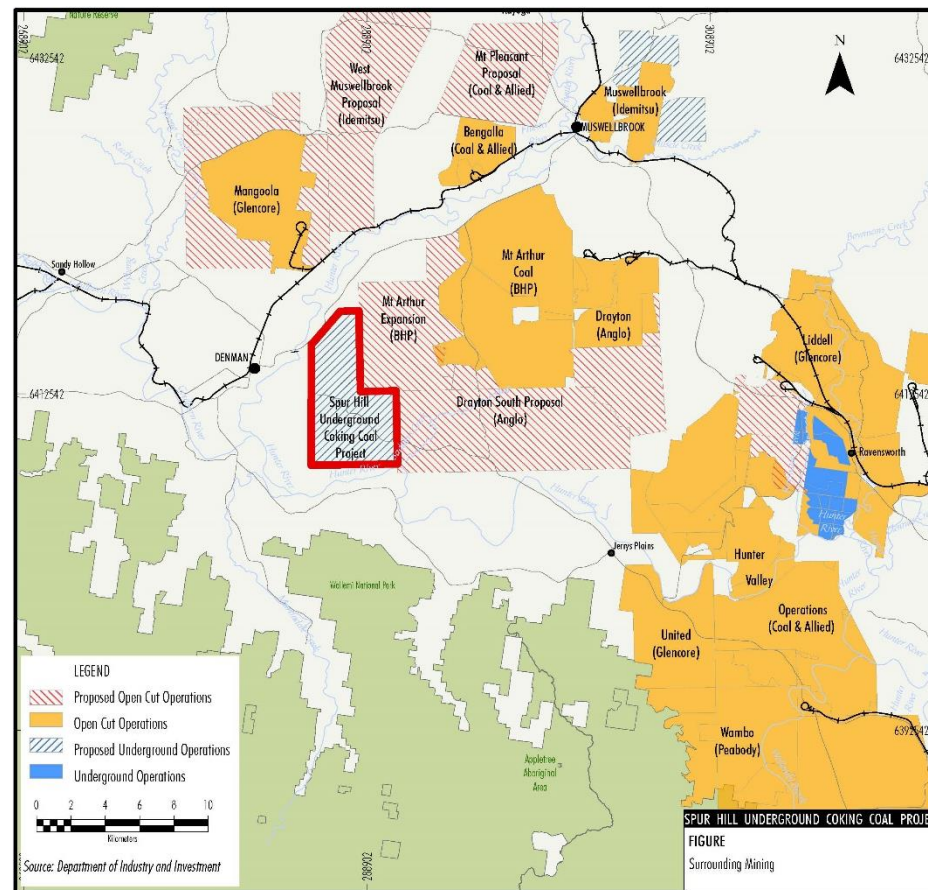
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Project status



Key Project Achievements post-IPO

20yrs+ planned production of low ash soft coking and low ash export thermal coals	✓
Substantial Resources estimated to JORC (2012) standard	✓
Pre-Feasibility Study completed	✓
Initial/maiden Reserves estimated to JORC (2012)	✓
Permitting progress: <ul style="list-style-type: none"> • Gateway Certificate received • Preliminary Environmental Assessment and Request for Environmental Assessment Requirements (EAR's) lodged • EAR's received 	✓ ✓ ✓
Key properties on the Exploration Licence acquired	✓
Community Consultative Committee (CCC) established	✓
Transport corridor options in place	✓
Mining Lease Applications submitted	✓



Resources and Reserves



Resources

- ✓ 626 million tonnes of which 394 million tonnes are Indicated.

Maiden Reserves

- ✓ 91 million tonnes of Probable Reserves (calculated for only the initial Whynot and Bowfield seams).
- ✓ Reserves are expected to increase as more field work and engineering studies are completed.
- ✓ Reserves reported to JORC (2012) requirements (i.e. PFS requirement)

Coal Products

- ✓ Washed Product Coals are: low ash soft coking coal and low ash export thermal coal.
- ✓ Average Product Ash % <6% for Whynot seam and Sulphur is circa 0.42%.

100% basis	Maiden Reserves (JORC 2012) million tonnes		Resources (JORC 2012) Million tonnes				
	Western (Underground) Zone		Western (Underground) Zone			Eastern Zone	
Seam	Probable	Probable Marketable	Indicated	Inferred	Total	Inferred	Total
WL2			0.0	46.8	46.8	0.0	46.8
WL1			0.0	22.0	22.0	0.0	22.0
Whybrow			58.5	1.2	59.7	1.8	61.5
Redbank Ck U			0.0	0.0	0.0	3.8	3.8
Redbank Ck M			0.0	0.0	0.0	3.7	3.7
Redbank Ck L			51.3	0.7	52.0	6.2	58.2
Wambo			38.1	4.3	42.4	16.0	58.4
Whynot	78	59	104.5	5.3	109.8	23.0	132.8
Glen Munro			14.7	0.5	15.2	1.6	16.8
Arrowfield			14.6	0.0	14.6	0.0	14.6
Bowfield	13	10	34.0	2.5	36.5	21.7	58.2
Warkworth			78.7	26.6	105.3	23.4	128.7
Mount Arthur			0.0	9.3	9.3	11.1	20.4
Total	91*	69	394.4	119.2	513.6	112.3	625.9

In certain locations, the Wambo and Whynot seams merge, providing an opportunity to mine together to optimise coal quality and yield. However, for the purposes of this initial reserve estimate, the mine plan has considered solely the Whynot seam in the Wambo/Whynot zone.

The Competent Persons Statements in connection for the Resources and Reserves Statement are located on pg 22

* Probable Reserves include 0.1m of out-of-seam dilution which is removed in the coal washing process.

Rail



- ✓ Project ideally located within 5km of the Hunter Valley Rail Network
- ✓ Spur Hill to Newcastle 130km
- ✓ Rail capacity available for Spur Hill's production.
- ✓ Standalone rail loop option
- ✓ No take or pay rail contracts in place



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Port



The Port of Newcastle has two operators with combined capacity of 211 million tonnes per year;

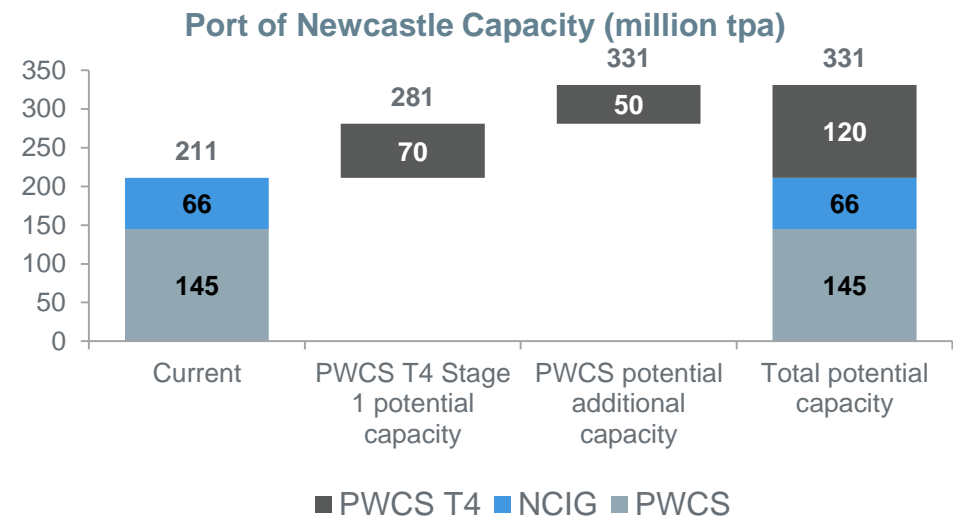
- ✓ Port Waratah Coal Services (PWCS), and
- ✓ Newcastle Coal Infrastructure Group (NCIG)
- ✓ Spur Hill has no Port take or pay contracts in place

Current PWCS capacity

- ✓ There is sufficient current port capacity at PWCS available for Spur Hill production.

Future PWCS capacity

- ✓ Under the “Long Term Commercial Framework Agreement” that governs PWCS operations, PWCS must provide capacity even if that requires a terminal expansion.
- ✓ PWCS is expecting a Planning Assessment Commission decision on the T4 Development Application in the near future.



Permitting progress



Gateway certificate

- ✓ Spur Hill was the 1st new coal project to receive a Gateway Certificate in NSW.
- ✓ The Gateway Certificate concluded; "...that in general terms, the panel believes that the likely impacts on BSAL (Bio-Strategic Agricultural Land) and CIC (Critical Industry Clusters i.e. Viticulture and Equine) within the [Spur Hill] Project area should be **tolerable and manageable**."
- ✓ Malabar are comfortable with the conditions of the Certificate.

Environmental Protection and Biodiversity Conservation (EPBC ACT)

- ✓ Spur Hill submitted an EPBC Referral on 6 June 2014.
- ✓ The Federal Department of the Environment determined that the proposed action is a controlled action with respect to water in relation to a large coal mining development.
- ✓ This determination was expected by Malabar and will be appropriately addressed in the EIS.

Preliminary Environmental Assessment (PEA)

- ✓ Spur Hill submitted its PEA and request for Environmental Assessment Requirements (EAR's) on 24 April 2014.
- ✓ The NSW Department of Planning issued the EAR's for Spur Hill on 23 July 2014.

Mining Lease Applications (MLAs)

- ✓ The MLAs were submitted to the NSW DRE in August 2014 and advertised, as required by legislation, on 12 September 2014.
- ✓ The mining leases can only be granted by the Minister for Resources & Energy after the Development Consent for the project is issued. Nonetheless the MLA's represents another key milestone in the development of the Spur Hill underground mine.

Development Application and EIS

- ✓ The timing of the submission of the Development Application and EIS is currently under assessment while the restructure of the Joint Venture is being implemented. Malabar will update the market with expected submission timing in due course.



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Risk Factors



Details of the risk factors of which investors should be aware are:

- **Exploration and development risk:** Exploration and development of coal is a high risk endeavour, the success of which depends on the discovery and delineation of a significant mineral resource. The Company's Spur Hill Underground Coking Coal Project has total JORC mineral resources of 626Mt, including indicated and inferred mineral resources, which have a low to medium level of confidence. There can be no assurance that the Company's exploration activities will result in the upgrade of all the Company's inferred resources to indicated resources or indicated resources to measured resources. Even if that occurs, there are a number of factors that influence the successful development of coal deposits into economically viable mining operations. Therefore, even if a significant coal resource is identified, there can be no guarantee that it can be economically exploited.
- **Resource estimations:** Resource estimates are expressions of judgment based on knowledge, experience and resource modelling. As such estimates are inherently imprecise and rely to some extent on interpretations and assumption. Despite employing qualified professionals to prepare resource estimates, such estimates may nevertheless prove to be inaccurate. Furthermore, resource estimates may change over time as new information becomes available.
- **Coal industry specific risks:** Coal quality is known to vary. As such, there is a risk that any coal identified by the Company may not be of sufficient quality to develop commercial mining operations, which could have an adverse impact on the Company. Actual coal qualities produced during the life of the mine may vary from those expected currently, which are based on resource drilling to date. Substantial changes to or on going conditions in coal markets, coal prices and other macroeconomic factors including foreign exchange rates could have an adverse impact on the commercial viability of exploiting coal reserves. At completion of construction of any projects the market price of the coal could be less than the cost of production. The Company may be forced to defer or suspend some or all of its planned exploration and/or mining activities.
- **Licences and approvals:** The Company must obtain a number of permits issued by various governmental agencies and regulatory bodies to carry out its planned operations. The Company may be unable to obtain and renew permits and licences necessary for its exploration, development or mining of specific coal deposits. In particular, the Company has lodged two mining lease applications for the underground mining area at the Spur Hill Underground Coking Coal Project. The first application is over land which the Company believes to be exclusive land and therefore does not require a native title process to proceed to grant. The second application is over crown land and the Company must proceed through the 'right to negotiate process' under Native Title Act 1993 (Cth) in order to proceed to grant. There is no guarantee that either mining lease will be granted. The Directors are not aware of any issues that would compromise the likelihood of the mining lease being granted, nor have they received any notification of a failure to comply with any of the mining lease application criteria. However, the grant of the mining leases must be accompanied by various other permits and approvals in order for the Company to proceed with its planned operations. The Company has still to complete and lodge its Environmental Impact Statement (EIS) and Development Application for the Spur Hill Underground Coking Coal Project. The Company is assessing optimisation opportunities in relation to the mine plan and infrastructure requirements which, may necessitate changes to the EIS. The Federal Department of the Environment has also determined that the Spur Hill Underground Coking Coal Project is a controlled action for the purposes of the Environmental Protection and Biodiversity Conservation Act 1989 (Cth). Therefore, the Federal Environment Minister can override a decision made by the New South Wales government in relation to the EIS. The New South Wales government may also place conditions on the grant of an environmental approval; which may affect the viability of the project. As a result the relevant approvals may be delayed or not approved.

Risk Factors (cont.)



- **Construction and operational cost risks:** The capital expenditure required to develop the Spur Hill Underground Coking Coal Project may differ from the current expectations of the Company. In addition, actual operational costs may differ from current estimates. Increases in capital or operating expenditure will adversely affect the profitability of the project.
- **Operational risks:** The Spur Hill Underground Coking Coal Project is exposed to material operating risks including potential risk of sub-standard coal quality specifications, outbursts or spontaneous combustion from gas within the coal seam, mining and processing technical difficulties encountered in commissioning and operating plant and equipment, mechanical failure and industrial and environmental accidents.
- **Labour risks:** There is a risk that the Spur Hill Underground Coking Coal Project is unable to attract the skilled labour force necessary for an underground coal project of this nature.
- **Infrastructure risk:** There is no guarantee that suitable and affordable rail and port capacity will be available to commercially export coal.
- **Joint Venture risks:** Under the restructured joint venture agreement the previous beneficial owners of the Spur Hill Unit Trust (ie the joint venture partner) will retain certain rights in the Joint Venture as if they held a 20% interest in the joint venture until their option to acquire a participating interest in the joint venture is terminated. As such the Spur Hill Underground Coking Coal Project joint venture will remain operational and subject to various counterparty risks including failure by the Company, or the Company's Spur Hill Underground Coking Coal joint venture partner to act in the best interests of the joint venture which may or may not give the counterparties contractual remedies and even if such remedies are available, they may be costly and time consuming to pursue. Given that the Company's effective voting interest in the joint venture is 80% under the restructured joint venture agreement this counterparty risk has been mitigated to a certain extent as compared to the circumstances which existed prior to the restructure of the joint venture agreement.
- **Future financing:** There can be no assurance that any future financing required by the Company to support proposed development plans will be available on satisfactory terms or at all. The inability to obtain funding could adversely affect the Company and result in a default in tenement obligations and forfeiture of permits or licences if not remedied.
- **Key personnel:** The Company may be adversely affected if any of the Directors or management leaves the Company. The Company might not be able to replace them with persons of equivalent expertise and experience within a reasonable period of time or at all and the Company may incur additional expenses to recruit, train and retain personnel.

Risk Factors (cont.)



- **Significant Shareholders:** Two directors (Hans Mende and Andy Plummer) and two significant shareholders (Tony Haggarty and Fritz Kundrun) intend to underwrite the Entitlement Offer. Each underwriter is a substantial holder of the Company. An illustration of effect of the underwriting on each underwriter's respective voting power in the Company based on certain assumptions is set out on slide 9. The concentration of the ownership among existing shareholders means that applicants may have limited ability to influence the management, control, operation and control of the Company and the ownership structure will likely limit control transaction to those sanctioned by those shareholders.
- **Environmental risks:** Despite efforts to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws, there is a risk of an adverse environmental event occurring which could delay the Spur Hill Underground Coking Coal Project development timetable and may subject the Company to substantial penalties including fines, damages, clean-up costs or other penalties.
- **Political and regulatory:** New legislation and/or new regulations may be adopted that adversely affect the Company's current and proposed mining operations, cost structure and/or the ability of its customers to use coal.
- **Dilution risk:** The Entitlement Offer will result in the issue of New Shares. If you do not participate in the Entitlement Offer or you do not take up your full Entitlement, your percentage holding in the Company (held at the Record Date) will be reduced.
- **General risks:** Other than the specific risks identified above, the price at which the Company's shares trade on the ASX may be determined by a range of factors, including inflation, interest rates and exchange rates, changes to government policy, coal market investment sentiment, legislation or regulation, the nature of competition in the markets in which the Company operates, inclusion or removal from major market indices and other general operational and business risks. The market for the Company's shares may also be affected by a wide variety of events and a factor, including variations in the Company's operating results, recommendations by securities analysts, and the operating and trading price performance of other comparable listed entities. Some of these factors could affect the Company's share price regardless of the Company's underlying operating performance.



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Competent Persons' Statements



- **RESOURCES ESTIMATE COMPETENT PERSON STATEMENT** The information in this Presentation that relates to Exploration Results and JORC Mineral Resources for the Spur Hill Coal Project is based on information compiled by Mr Darryl Stevenson. Mr Darryl Stevenson is the Principal Geologist and employee of Geological and Mining Services Australia Pty Ltd, an independent consultancy group specialising in mineral resource estimation, evaluation and exploration. Mr Darryl Stevenson is a Member of The Australasian Institute of Mining and Metallurgy. He has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking 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". The relationship between the Estimator and the Project owner is that of independent consultant. Mr Darryl Stevenson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.
- **RESERVES ESTIMATE COMPETENT PERSON STATEMENT** The information in this Presentation that relates to JORC Ore Reserves for the Spur Hill Underground Coking Coal Project is based on a Reserves Estimate that has been prepared by Mr Jeremy Busfield, Principal Mining Consultant of MineCraft Consulting Pty Ltd. Mr Busfield holds a Bachelor of Mining Engineering degree from the University of Queensland, is a Chartered Professional Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and is a Registered Professional Engineer of Queensland (Mining). Mr Busfield has worked in various planning, operational and consulting roles for the underground coal industry for 27 years and as such qualifies as Competent Person under the JORC Code 2012. The relationship between the Estimator and the Project owner is that of independent consultant. Mr Busfield consents to the inclusion in this report of the matters based on his information and in the form and context in which it appears.