



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

AGM Presentation

26 November 2015

For personal use only

Important notice



- This document has been prepared by Malabar Coal Limited (“Malabar Coal”) for the purpose of providing a company and technical overview to interested analysts/investors. None of Malabar Coal, nor any of its related bodies corporate, their respective directors, partners, employees or advisers or any other person (“Relevant Parties”) makes any representations or warranty to, or takes responsibility for, the accuracy, reliability or completeness of the information contained in this document, to the recipient of this document (“Recipient”), and nothing contained in it is, or may be relied upon as, a promise or representation, whether as to the past or future.
- The information in this document does not purport to be complete nor does it contain all the information that would be required in a disclosure statement or prospectus prepared in accordance with the Corporations Act 2001 (Commonwealth). It should be read in conjunction with Malabar’s other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange, which are available at www.asx.com.au.
- This document is not a recommendation to acquire Malabar Coal shares and has been prepared without taking into account the objectives, financial situation or needs of individuals. Before making an investment decision prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek appropriate advice, including financial, legal and taxation advice appropriate to their jurisdiction. Except to the extent prohibited by law, the Relevant Parties disclaim all liability that may otherwise arise due to any of this information being inaccurate or incomplete. By obtaining this document, the Recipient releases the Relevant Parties from liability to the Recipient for any loss or damage that it may suffer or incur arising directly or indirectly out of or in connection with any use of or reliance on any of this information, whether such liability arises in contract, tort (including negligence) or otherwise.
- This document contains certain “forward-looking statements”. The words “forecast”, “estimate”, “like”, “anticipate”, “project”, “opinion”, “should”, “could”, “may”, “target” and other similar expressions are intended to identify forward looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. You are cautioned not to place undue reliance on forward looking statements. Although due care and attention has been used in the preparation of forward looking statements, such statements, opinions and estimates are based on assumptions and contingencies that are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance.
- Recipients of the document must make their own independent investigations, consideration and evaluation. By accepting this document, the Recipient agrees that if it proceeds further with its investigations, consideration or evaluation of investing in the company it will make and rely solely upon its own investigations and inquiries and will not in any way rely upon this document.
- This document is not and should not be considered to form any offer or an invitation to acquire Malabar Coal shares or any other financial products, and neither this document nor any of its contents will form the basis of any contract or commitment. In particular, this document does not constitute any part of any offer to sell, or the solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of any “US person” as defined in Regulation S under the US Securities Act of 1993 (“Securities Act”). Malabar Coal shares have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold in the United States or to any US person without being so registered or pursuant to an exemption from registration.
- 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



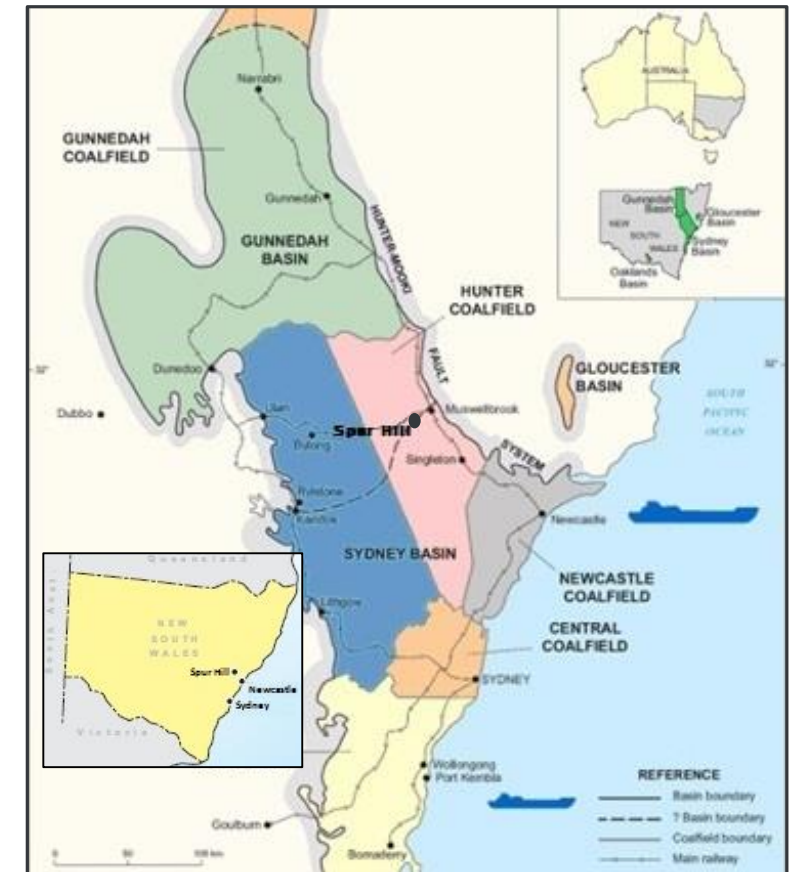
Malabar Coal Ltd is an ASX-listed coal company focused on the Spur Hill Underground Coking Coal Project ('Project') located in the Upper Hunter Valley of NSW.

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

Shares on issue	160,000,000
Share price (24 November 2015)	10.0c
Market Capitalisation	\$16 million



As announced on 15 September 2015, Malabar has acquired 100% of the Project from its Joint Venture (JV) Partner. Key terms of the JV restructure are presented overleaf.

Key Terms of the Joint Venture restructure



On 15 September 2015 Malabar entered into legally binding agreements to acquire 100% ownership of the Spur Hill Project

Key Terms(*)

- Malabar increases its stake in the Project from 38.27% (as at 30 June 2015) to 100% on paying \$3m to our JV partner.
- 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 longer term project funding.

Comparison between New and Previous JV Arrangement

	New JV Arrangement ⁽¹⁾	Previous JV Arrangement
Malabar ownership of the Project	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

(*) – Please refer to the Investor Presentation dated 15 September 2015 for detailed terms.

Funding



Completed Entitlement Offer

- ✓ Malabar successfully completed a \$6m entitlement offer on 13 October 2015.
- ✓ The entitlement offer was fully underwritten by 4 of Malabar's key shareholders.
- ✓ The take-up of the entitlement offer was relatively high. Applications were received for circa 78% of the offer. The balance of the offer was taken up by the underwriters to deliver gross proceeds of \$6m to the company. The company is pleased with the strong financial support provided by shareholders.
- ✓ Costs including underwriting, legal, share registry and ASX fees were less than 1.5% of the \$6m offer proceeds indicating an efficient capital raising on the part of the company.

Use of Funds

- ✓ \$3m of the entitlement offer proceeds are funding the upfront payment to our JV partner in connection with the JV restructure. The balance of the proceeds provide ongoing capital to Malabar to fund:
 - ✓ Completion and submission of the EIS and DA
 - ✓ Ongoing exploration and engineering studies
- ✓ In addition, the company continues to assess:
 - ✓ Longer term project funding opportunities
 - ✓ Growth opportunities arising out of this period of lower coal prices



- **Project Details**

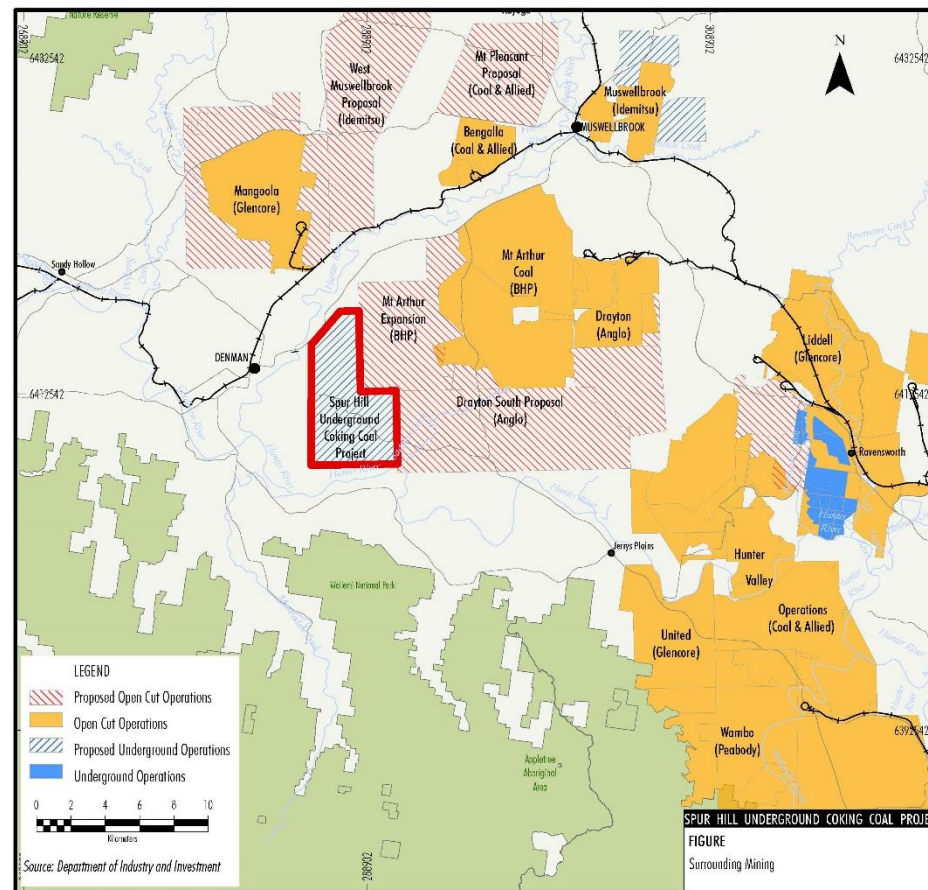
Project status



For personal use only

Key Project Achievements post-IPO

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) operational	✓
Transport corridor options secured	✓
Mining Lease Applications submitted	✓
Exploration Licence renewed until December 2019	✓
100% ownership of Project secured	✓



Community engagement



For personal use only.

Malabar maintains strong ties with the local community through ongoing engagement with residents, employment of local contractors and regular meetings with key community stakeholders. Six Community Consultative Committee meetings have been held thus far for the Spur Hill Project.



Upper Hunter Education Fund



UPPER HUNTER Wine & Food Affair

Denman Rugby League Football Club



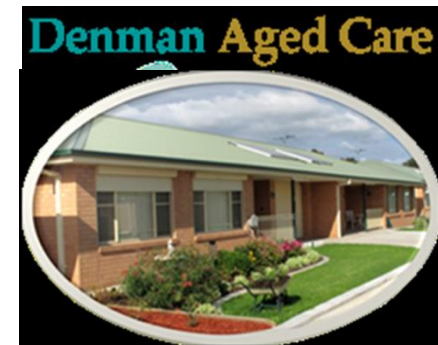
Australian Men's Shed Association
SHOULDER TO SHOULDER

NSWMC Envirosmart Grant
St Joseph's School Denman

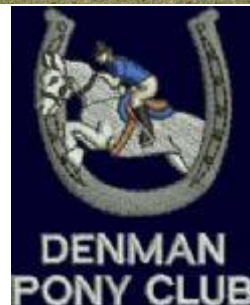


Denman & District Development Association **Denman News**

Upper Hunter Show Inc.



Denman Aged Care
SPUR HILL UNDERGROUND COKING COAL



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



Port



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

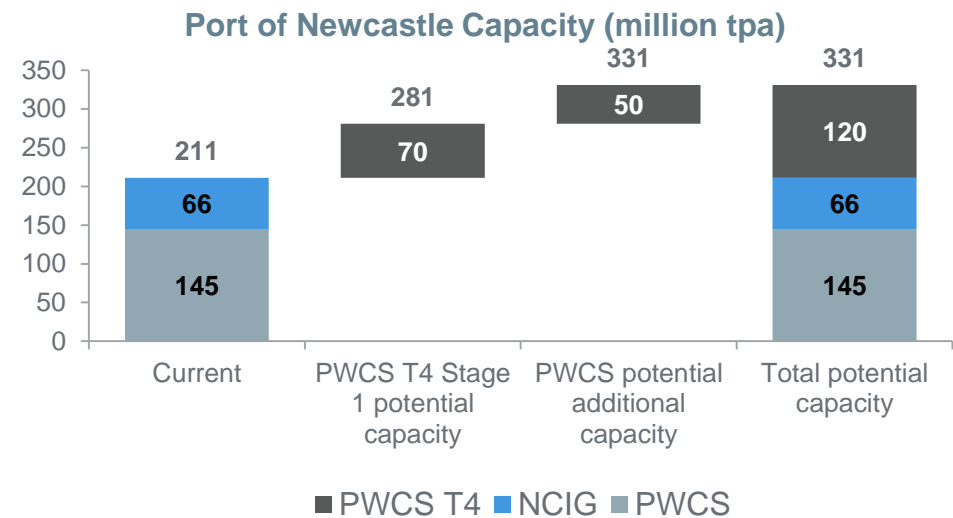
- ✓ Port Waratah Coal Services (PWCS), and
- ✓ Newcastle Coal Infrastructure Group (NCIG)
- ✓ Spur Hill has no Port take or pay contracts in place

Current PWCS capacity

- ✓ There is sufficient current port capacity at PWCS available for Spur Hill production.
- ✓ PWCS is Australia's lowest cost coal export port.

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 has received Planning Assessment Commission approval on the T4 Development Application.



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 11

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

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.