



For personal use only



Malabar Coal Limited Spur Hill Underground Coking Coal

AGM Presentation

24 November 2016

Important notice



- This document has been prepared by Malabar Coal Limited (**Malabar or Company**) for the purpose of providing a Company and technical overview to interested analysts/investors. None of Malabar, nor any of its related bodies corporate, their respective directors, partners, employees or advisers or any other person (**Relevant Parties**) makes any representation 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* (Cth). 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 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 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 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.

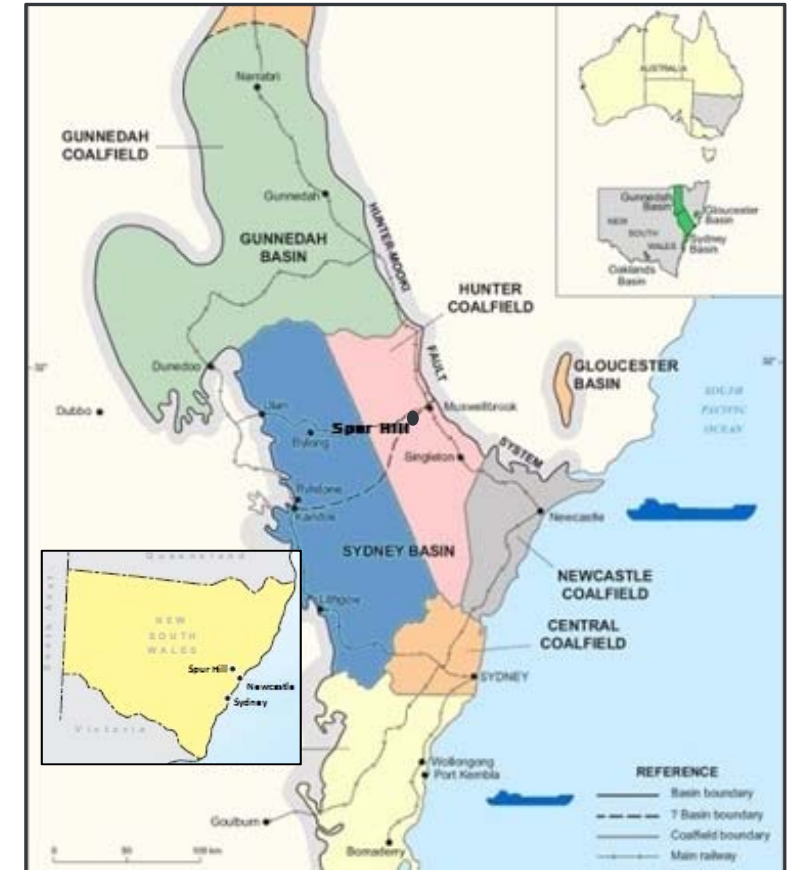


1. **Corporate Overview**
2. **Removal from the official list of ASX**
3. **Spur Hill Underground Coking Coal Project**

1. Corporate Overview



- ❑ The Spur Hill Underground Coking Coal Project is a large, high quality coking coal deposit in the Hunter Valley region of New South Wales that will be developed as an **underground** mine producing low ash soft coking coal and low ash export thermal coals for 20 years +
- ❑ Malabar owns 100% of the Spur Hill Underground Coking Coal Project
- ❑ The development of the project will be progressed to meet the demand for the high quality coals of the Spur Hill Underground Coking Coal Project
- ❑ Other acquisition opportunities are also being considered
- ❑ Malabar's board and management team have extensive experience with a track record of constructing and operating new coal mines globally and in New South Wales in particular



Malabar Coal Ltd Capital Structure	
Shares on issue	180,000,000
Share price (24 November 2015)	23.0c
Market Capitalisation	\$41.4 million

For personal use only



1. **Corporate Overview**
2. **Removal from the official list of ASX**
3. **Spur Hill Underground Coking Coal Project**

2. Removal from the official list



Following due consideration, the directors of Malabar have resolved that the continued listing of the Company on ASX is no longer in the best interests of our shareholders.

Factors that the directors have considered include the following:

- ❑ **Reduced number of shareholders** – The Company listed on 26 March 2013. Since that time, the number of shareholders has fallen to 243.
- ❑ **Low level of trading on ASX** – The low trading volume and liquidity of Malabar shares on ASX is such that any significant trading leads to increased daily volatility. This volatility may prevent investors from making an accurate assessment of the actual value of the Company.
- ❑ **Lack of interest** – Brokers no longer publish research on the Company and the monthly volume of shares traded has diminished significantly.
- ❑ **Costs** – Given the low level of trading of the Company's shares on ASX, the directors consider that the costs of the Company remaining listed outweigh the benefits of maintaining its listing.

Malabar applied for the removal from the official list of ASX under Listing Rule 17.11.

Proxy votes received from shareholders by 22 November 2016 totalled around 137 million, with 100% in favour of the resolution, which show the underlying support to pursue Malabar's de-listing from the ASX.

2. Removal from the official list



Malabar remains fully committed to progressing the development of the Spur Hill Underground Coking Coal Project.

As a public unlisted Company, Malabar will continue to have the support of its major shareholders to advance the Project and continue to assess value enhancing opportunities including potential acquisitions.

Shareholders are not compelled to sell their shares, they can remain shareholders of an un-listed Malabar Coal. Shareholders who are uncertain as to what action to take, should seek guidance from their financial adviser.



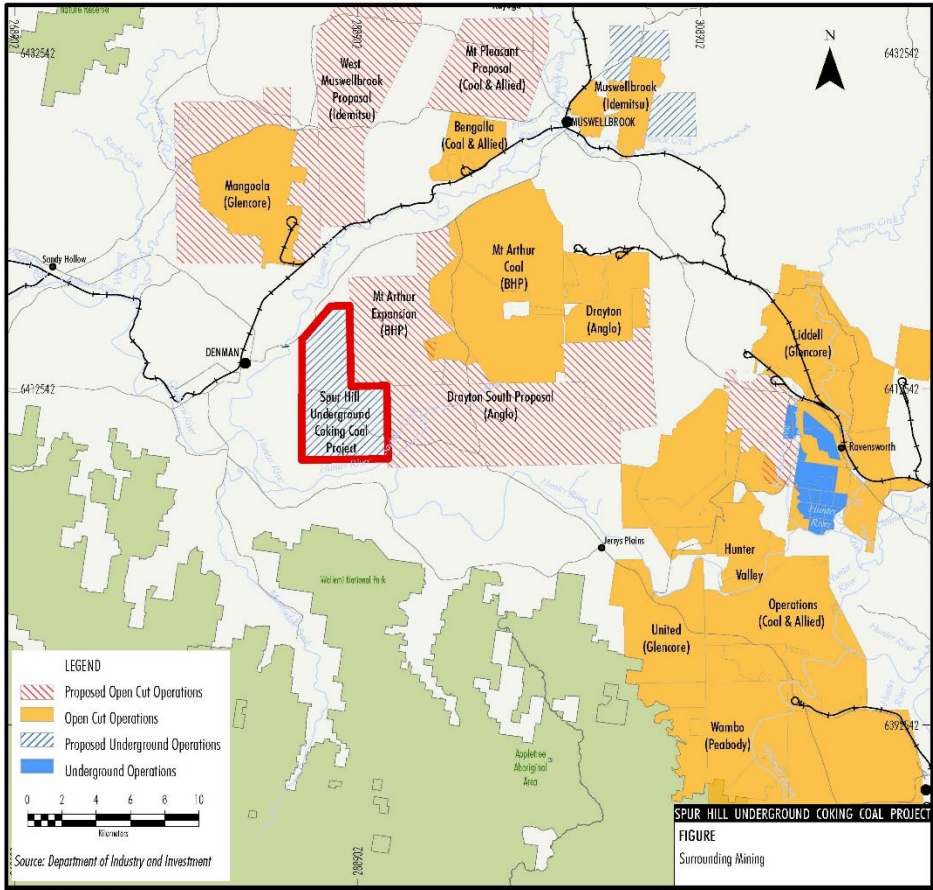
1. **Corporate Overview**
2. **Removal from the official list of ASX**
3. **Spur Hill Underground Coking Coal Project**

3. Project status



For personal use only

Key project achievements	
20 years + 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:	
<input type="checkbox"/> Gateway Certificate received <input type="checkbox"/> Preliminary Environmental Assessment and Request for Environmental Assessment Requirements (EARs) lodged <input type="checkbox"/> EARs received	✓ ✓ ✓
Key properties on the Exploration Licence acquired	✓
Community Consultative Committee established	✓
Transport corridor options in place	✓
Mining lease applications (MLAs) submitted	✓
Future milestones	
Submit Environmental Impact Statement (EIS) and Development Application (DA)	



3. 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.

3. 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



3. Port



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

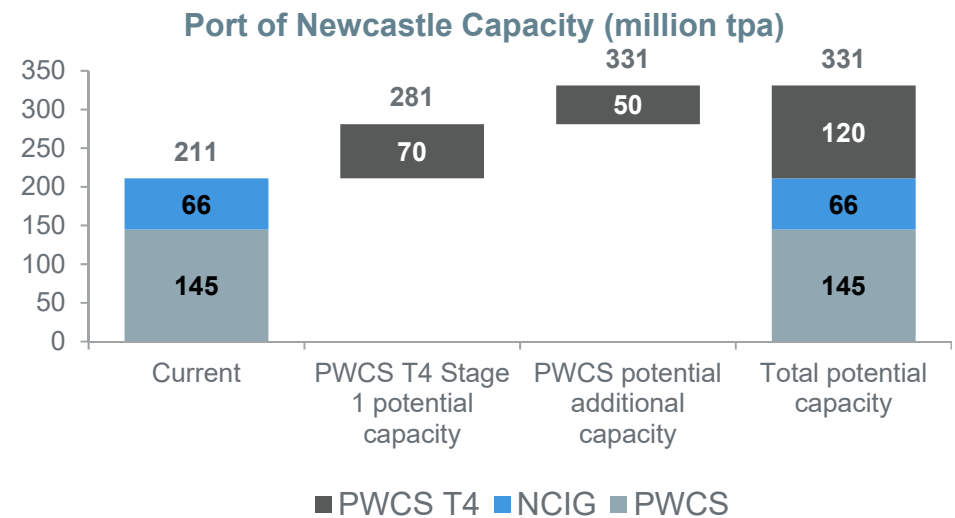
- ❑ Port Waratah Coal Services (PWCS), and
- ❑ Newcastle Coal Infrastructure Group (NCIG)
- ❑ Spur Hill has no Port take or pay contracts in place

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



3. Community engagement



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



Denman Rugby League Football Club



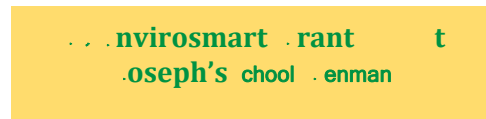
Upper Hunter Education Fund



UPPER HUNTER Wine & Food Affair

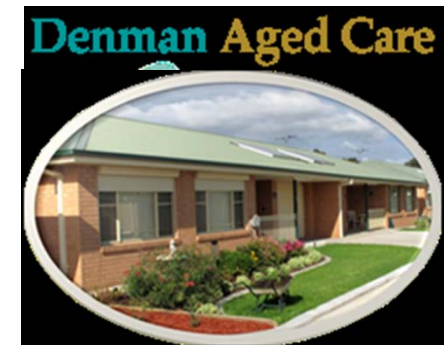


Australian Men's Shed Association
SHOULDER TO SHOULDER



Denman & District Development Association **Denman News**

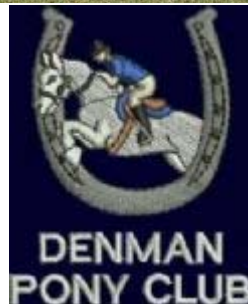
Upper Hunter Show Inc.



Denman Aged Care
SPUR HILL UNDERGROUND COAL



Dalwinton Rural Fire Service



DENMAN PONY CLUB

For personal use only

3. 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.