

31 August 2016

ASX Market Announcements

Australian Securities Exchange

Accelerated non-renounceable Entitlement Offer to raise approximately \$2 million

Malabar Coal Limited ACN 151 691 468 (**Malabar**) announces that it intends to undertake an accelerated one for eight pro rata non-renounceable entitlement offer of fully paid ordinary shares in Malabar (**New Shares**) to raise approximately \$2 million (**Entitlement Offer**).

The offer price of the Entitlement Offer will be \$0.10 per New Share (**Offer Price**). The Entitlement Offer represents:

- a 28.57% discount to the closing price of Malabar shares on 30 August 2016 (the last trading day before this announcement); and
- a 26.47% discount to the theoretical ex-rights price (**TERP**).¹

Under the Entitlement Offer, eligible shareholders will be able to subscribe for one New Share for every eight existing shares held 7.00pm (Sydney time) on 2 September 2016 (**Record Date**) at the Offer Price (**Entitlements**).

The Entitlement Offer is fully underwritten by seven existing shareholders, including entities associated with current directors of Malabar, being Wayne Seabrook, Hans Mende, Andrew Plummer and Simon Keyser, as well as entities associated with existing Shareholders, being Fritz Kundrun, Anthony Haggarty and Allan Davies (**Underwriters**). The Underwriters will also take up their own Entitlements. The Underwriters will receive an aggregate fee of 1% of the proceeds raised from the Entitlement Offer, excluding the cumulative proceeds raised from the Underwriters and their associated entities taking up their Entitlements.

In addition, Malabar shareholders holding 71.08% of the share capital currently on issue in Malabar² have committed to take up their respective Entitlements (including shareholders associated with Wayne Seabrook, Hans Mende, Andrew Plummer and Simon Keyser, being directors of Malabar).

The proceeds of the Entitlement Offer will be applied principally to fund the ongoing development of the Spur Hill Underground Coking Coal Project.

Malabar has also announced today an intention to apply to ASX for the removal of Malabar from the official list of ASX, subject to shareholder approval. Malabar will consult with ASX on what other

¹ The TERP is the theoretical price at which Malabar 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's shares trade immediately following the ex-date for the Entitlement Offer will depend on many factors and may not approximate TERP.

² On a pre Entitlement Offer basis.

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steps will be taken to effect the de-listing. It is expected the shareholder vote on this matter will occur at Malabar's Annual General Meeting in November. The decision to de-list has been made by the Malabar board of directors having regard to the limited liquidity of Malabar (with approximately 134 shareholders), the lack of interest in Malabar from brokers (largely due to conditions in the coal industry) and the costs of maintaining Malabar's listing.

The Entitlements are non-renounceable and will not be tradeable on ASX or otherwise transferable. Shareholders who do not take up their Entitlements will not receive any value for those Entitlements that they do not take up. Shareholders who are not eligible to receive Entitlements will not receive any value for the Entitlements they would have received had they been eligible.

It is expected that approximately 20 million New Shares will be issued as part of the Entitlement Offer. New Shares issued under the Entitlement Offer will rank equally with existing shares.

The Entitlement Offer includes an institutional component (**Institutional Entitlement Offer**) and a retail component (**Retail Entitlement Offer**).

Under the Institutional Entitlement Offer, eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer which will take place from today, 31 August 2016 to 1 September 2016.

Eligible retail shareholders in Australia and New Zealand will be invited to participate in the Retail Entitlement Offer at the same Offer Price and offer ratio as the Institutional Entitlement Offer. The Retail Entitlement Offer will open on 7 September 2016 and close at 5.00pm (Sydney time) on 16 September 2016. The Retail Entitlement Offer will include a top-up facility under which eligible retail shareholders who take up their full Entitlement will be invited to apply for additional shares in the Retail Entitlement Offer from a pool of those not taken up by other eligible retail shareholders. There is no guarantee that applicants under this top-up facility will receive all or any of the shares they apply for under the facility.

Malabar will notify shareholders as to whether they are eligible to participate in the Entitlement Offer. Eligible shareholders will be sent, on or around 7 September 2016, an information booklet including a personalised entitlement and acceptance form which will provide further details of how to participate in the Entitlement Offer. A copy of the Information Booklet will also be lodged with the ASX on or about 2 September 2016. Those shareholders who Malabar determines to be ineligible shareholders will also be notified.

A presentation on the Entitlement Offer has been lodged with ASX today and is able to be downloaded from the ASX website (www.asx.com.au).

Proposed timetable *

Malabar expects that the Entitlement Offer will be conducted according to the following timetable:

Activity	Date
Trading halt (before market open)	31 August 2016
Announcement of the Entitlement Offer and Appendix 3B and cleansing notice lodged	31 August 2016
Institutional Entitlement Offer opens	31 August 2016
Institutional Entitlement Offer closes	1 September 2016
Announcement of results of Institutional Entitlement Offer and release of the Retail Entitlement Offer documentation to ASX (before commencement of trading following the trading halt)	2 September 2016

Activity	Date
Trading halt is lifted, and existing shares resume trading on an ex-entitlement basis	2 September 2016
Record Date for Entitlement Offer (7.00pm (Sydney time))	2 September 2016
Information Booklet and Entitlement and Acceptance Form despatched, and announcement of despatch	7 September 2016
Retail Entitlement Offer opens	7 September 2016
Settlement of the Institutional Entitlement Offer	9 September 2016
Updated Appendix 3B for New Shares issued under the Institutional Entitlement Offer lodged (if required)	9 September 2016 (before 12.00pm (Sydney time))
Expected issue and quotation of New Shares issued under the Institutional Entitlement Offer	12 September 2016
Closing date for acceptances under the Retail Entitlement Offer (5.00pm (Sydney time))	16 September 2016
Announcement of results of the Retail Entitlement Offer and under-subscriptions	21 September 2016
Settlement of the Retail Entitlement Offer	22 September 2016 (before 12.00pm (Sydney time))
Expected issue of New Shares under the Retail Entitlement Offer	23 September 2016
Updated Appendix 3B for New Shares issued under the Retail Entitlement Offer lodged (if required), along with other required information (e.g. distribution schedule)	23 September 2016
Expected quotation of New Shares under the Retail Entitlement Offer	26 September 2016
Despatch of holding statements for New Shares issued under the Retail Entitlement Offer	27 September 2016

** This timetable is indicative only. The directors may vary these dates subject to the ASX Listing Rules. An extension of the closing date will delay the anticipated date for issue of the New Shares. The directors of Malabar also reserve the right not to proceed with the whole or part of the Entitlement Offer any time prior to the issue of the New Shares under the Entitlement Offer. In that event, the relevant application monies (without interest) will be returned in full to applicants.*

For further comment or other information, please contact:

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Important information

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