

29 November 2018

Shareholder Update

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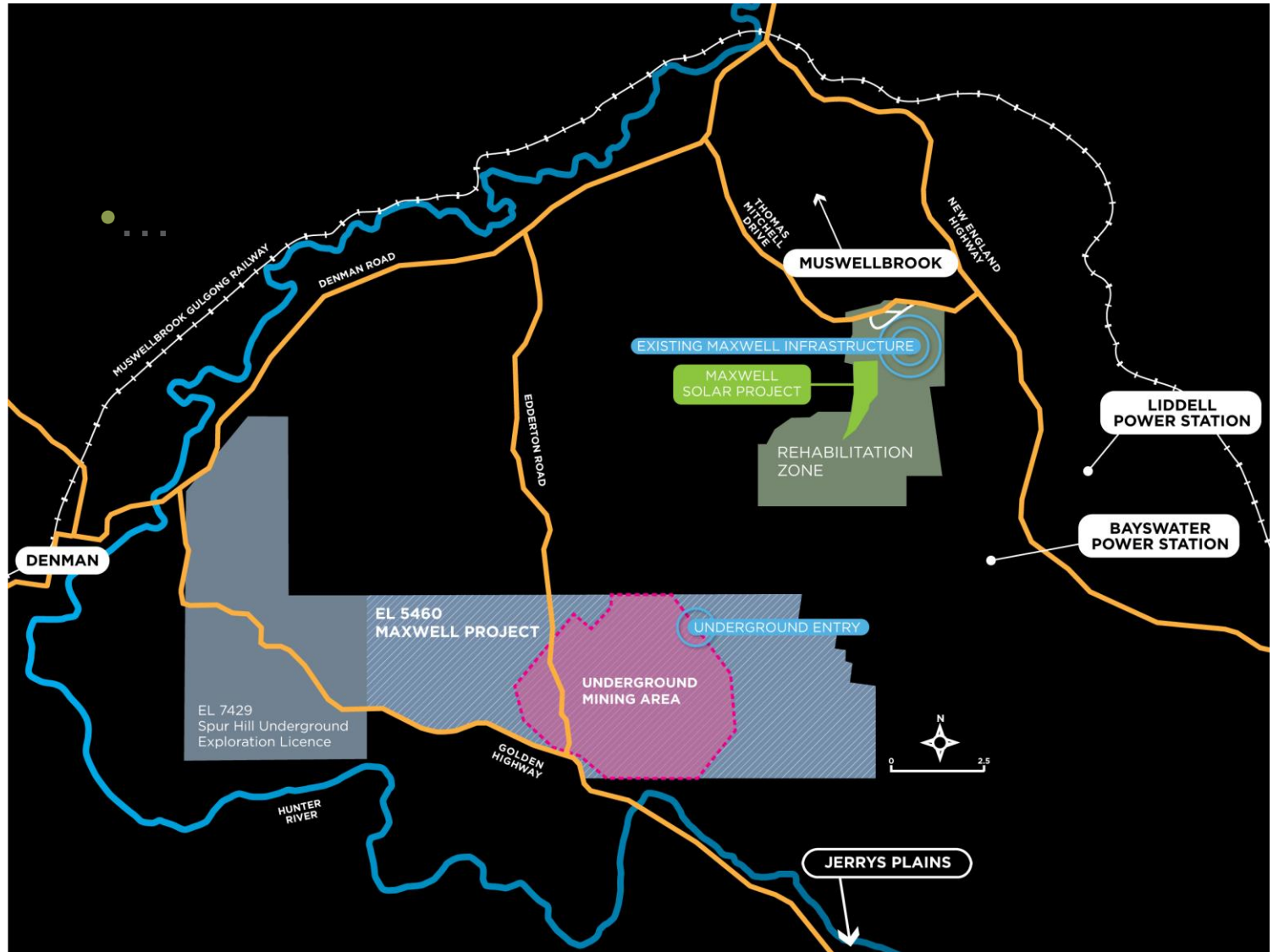
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OUR KEY ASSETS.....

- **Maxwell Underground Project** exploration licence (EL 5460);
...carefully placing the mine's entry for the underground project in a valley c.5 km north of the Golden Highway. This means it cannot be seen from the highway or the local horse studs.
- **Spur Hill Underground Project** exploration licence (EL 7429);
- The now-closed Drayton Mine and the associated infrastructure – re-named "**Maxwell Infrastructure**"; and,
- **Maxwell Solar Project.**



...underground mining means significantly lower impacts than an open-cut mine.

Substantial JORC coal resources (as at 8 Oct 2018);

| Lease | JORC Resources (Millions of tonnes) | | |
|--------------------|-------------------------------------|----------|--------------|
| | Measured and Indicated | Inferred | Total |
| EL7429 (Spur Hill) | 394 | 232 | 626 |
| EL5460 (Maxwell) | 670 | 100 | 770 |
| Total | | | 1,396 |

- Our Development Application (DA) in 2019 will be for an underground mine within EL5460 with the underground entry in the north.
 - whilst this DA is being assessed, Malabar will continue to enhance our geological understanding of the zone where EL5460 meets Spur Hill (EL 7429) so that we can optimise the future development of the Spur Hill Underground Project.
- This strategy ensures;
 - the shortest time to full employment and first underground coal, and
 - A long project life as additional reserves are brought into production from Spur Hill.

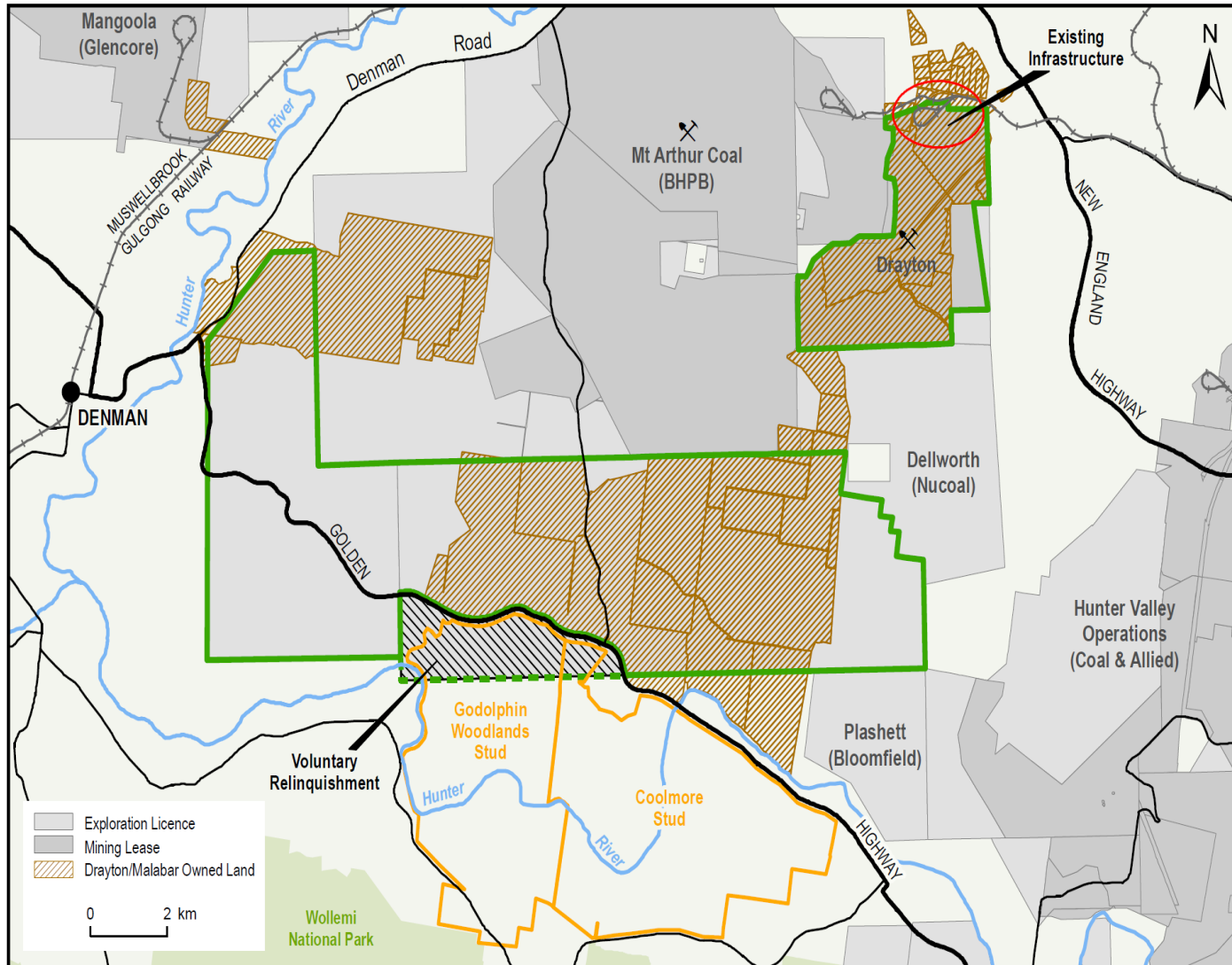
We will utilise the substantial existing Maxwell infrastructure.



MAXWELL UNDERGROUND PROJECT

Underground-only, producing high quality coals with at least 75% capable of being used in the making of steel (coking coals). The balance (c. 25%) would be export thermal coals suitable for the new generation High Efficiency, Low Emissions (“HELE”) power generators.

- Up to 7 million tonnes per annum of product coal.
- Will be applying for c.26 years of mining in DA.
- Carefully placing the underground entry in a valley c.5 km north of the Golden Highway. This means it cannot be seen from the highway or the local horse studs.
- Site access via existing Thomas Mitchell road, which has been purposely constructed for access to mines.
- Limited new infrastructure at the underground entry.
- Freehold land above the underground mining operations is entirely Malabar-owned.
- Minimal effects to existing agricultural.
- Project will have negligible impact on ground or surface water.
- Project will have no direct or subsidence impacts on any land used by Equine or Viticulture CIC’s, nor the Golden Highway.



- Area hatched in brown shows land owned by Malabar
- Total of 8,800 ha
- All infrastructure on land owned by Malabar
- All freehold land above the Maxwell Underground workings is owned by Malabar
- 80% of land on the Spur Hill EL is owned or covered by long term (LOM) access arrangements

Malabar has taken responsibility for the rehabilitation of the Maxwell Infrastructure area. (ex Drayton Mine).

Malabar was keen to commence rehabilitation as quickly as possible and within a week of taking control of the site, we had commenced rehabilitation.

These initial efforts were accelerated with the appointment of a rehabilitation contractor, there are now more than 30 people on site.

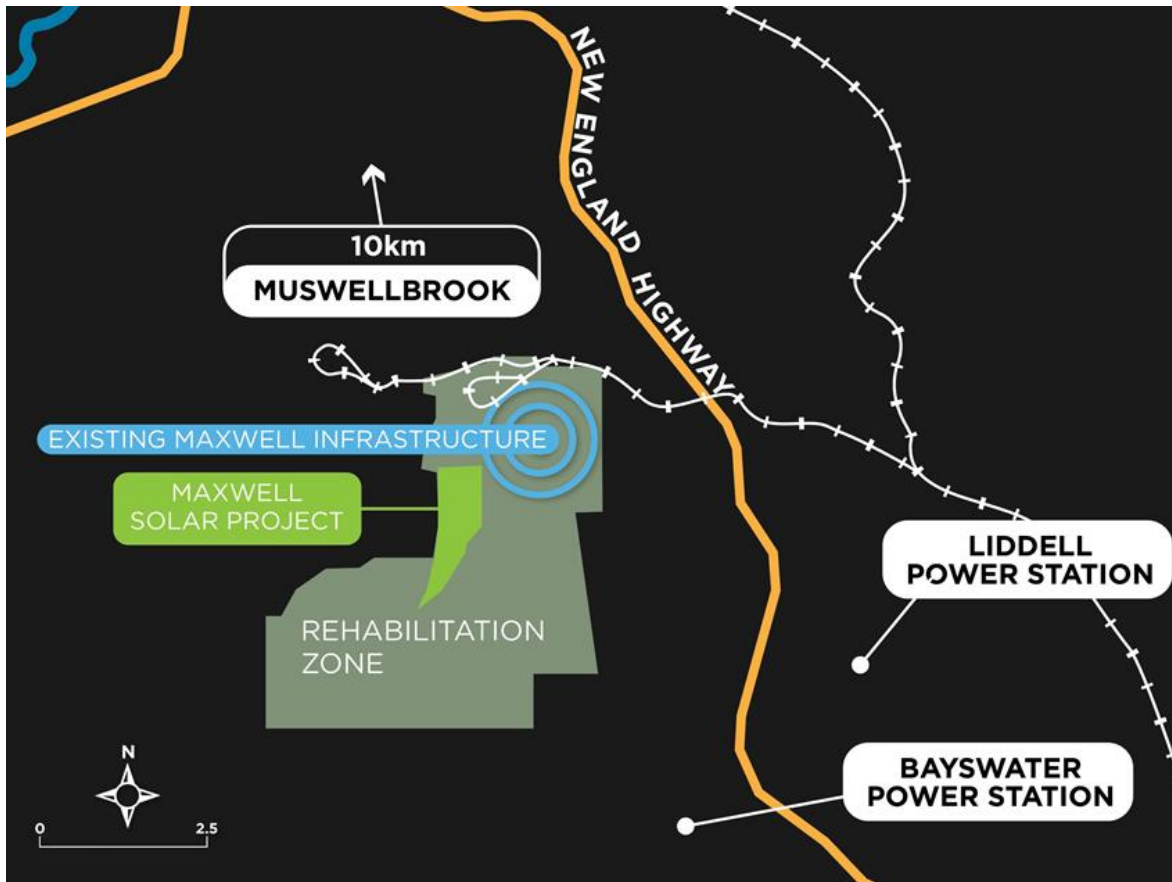
By early November 2018 we had achieved;

- 108 ha shaped
- 79 ha seeded



THE MAXWELL SOLAR PROJECT

As a separate project Malabar intends to submit a development application for a solar farm, “Maxwell Solar Project”.



- Solar EV panels would be located on areas of previous open cut mining disturbance.
- Installed capacity of c.25 MW.
- Adjacent to the major electricity generating hub in NSW (Liddell and Bayswater Power Stations) and in proximity to high voltage power lines.
- The solar farm would generate enough energy to power about 10,000 local homes.

MALABAR  COAL

**MAXWELL
UNDERGROUND
PROJECT: DETAIL**



Malabar owns substantial workshops, warehouses, laydown areas, washdown facilities, training facilities, and, offices that are currently un-used.



Bathhouse

- Large presentation area
- First Aid station
- 8 offices
- Muster Area
- Male & female changing areas

Training Centre

- Two story
- Lower story - 3 training rooms and 4 offices (current configuration)

Workshop

- 11 bay workshop
- 2 bay fabrication shop

Administration

- Boardroom
- 11 offices
- Lunch , printing and storage rooms
- Computer server room
- Tech services
- 9 offices
- Large meeting room
- Kitchen facilities

Main Store

Fuel Storage

- 850,000 lts
- West Fuel Storage
- 2 x 110,000 lts

Heli Pad

Storage Buildings

Main Sub Station

Milestones

Malabar lodged Application for a Gateway Certificate to the Mining and Petroleum Gateway Panel



Malabar has requested SEARs from the NSW Department of Planning and Environment



WE ARE HERE

Malabar has lodged a Referral under the Commonwealth EPBC Act



Malabar obtains Gateway Certificate from the Gateway Panel



Malabar seeks feedback from the community to inform the EIS



Malabar's EIS is prepared



NSW Department of Planning and Environment (DP&E) place Malabar's EIS on public display for about four weeks



Malabar responds to submissions



The DP&E assesses Malabar's submission, including any issues or concerns raised in the submission process



The DP&E or Independent Planning Commission (if applicable) announce its decision



Opportunities for feedback

Donna McLaughlin

Email: info@malabarcoal.com.au **Phone:** (02) 6542 0283

Web: www.malabarcoal.com.au

We will engage with the local community during the preparation of the EIS to ensure community feedback is gathered, considered in our future plans, and concerns are addressed.

The studies that support the EIS are prepared by recognised experts and include assessments of potential impacts on agriculture and agribusiness, water, biodiversity, heritage, air quality, amenity and the road network.

The EIS will be accompanied by a social impact assessment and an economic assessment.

The community has the opportunity to submit feedback directly to the DP&E.


Malabar will engage with the community to address any concerns raised.

In addition, Malabar must formally respond to any issues raised in submissions.

An approved application may include conditions that address any outstanding concerns raised by the community.

350 
new, direct jobs and many more indirect jobs

\$55m 
per year in wages


Certainty that there will never be an open-cut mine within EL 5460


Better rehabilitation outcomes

\$700m 
per year in export income for NSW

\$1.3bn 
in royalties over initial 26 years

ON-GOING SUPPORT FOR LOCAL BUSINESSES

Community groups we have supported include:



Merton Living
Australian Men's Shed Association
RDA AUSTRALIA
ST JOSEPH'S DENMAN
Dalswinton Rural Fire Service
Upper Hunter Education Fund
DENMAN PUBLIC SCHOOL
DENMAN PONY CLUB
Denman and Sandy Hollow Junior Rugby League Football Club
NSWMC Envirosmart Grant St Joseph's School Denman
UPPER HUNTER Wine & Food Affair
Denman Children's Centre
Denman & District Development Association Denman News
MUSWELLBROOK EXCELSIOR
DENMAN RUGBY LEAGUE FOOTBALL CLUB

MALABAR  COAL

FINANCIAL



| Profit and loss | FY17 \$'000 | FY18 \$'000 | Comment |
|----------------------|----------------|----------------|-----------------------------|
| Revenue | 246 | 3,079 | Revenue from Maxwell assets |
| Expenses | 2,059 | 3,857 | |
| EBITDA | (1,569) | (399) | |
| Net profit after tax | (1,813) | (778) | |

| Balance Sheet | FY17 \$'000 | FY18 \$'000 | Comment |
|-------------------------|----------------|----------------|-------------------------------|
| Cash & financial assets | 1,974 | 86,446 | Capital raising |
| Interest bearing debt | 9,456 | 7,140 | |
| Net assets | 30,326 | 110,114 | Acquisition of Maxwell assets |
| Gearing ratio | 31% | 6% | |

Matters post FY 2018

- In September 2018 Malabar entered into a Facility for USD 55m for the next 3 years. This Facility provides bonds, guarantees, and financial assurances including the provision of guarantees to the NSW Government. The Facility is expected to be replaced when the financing for construction of the Maxwell Project is arranged..
- Malabar has commenced securing long-term coal off-take arrangements for up to 25% of production on market-based terms. These arrangements include pre-payments to Malabar of USD 80 million when the mining lease is granted for the Maxwell Project.

Competent Person's Statement

The information in this Report that relates to JORC Mineral Resources for the **Spur Hill Underground Coking 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 this Report of the matters based on his information in the form and context in which it appears.

The information in this Report that relates to JORC Mineral Resources for the **Maxwell Project** is based on information compiled by Ms Karol Patino. Ms Karol Patino is a geologist and employee of McElroy Bryan Geological Services (MBGS), an independent entity providing specialist consulting and contracting services to the global mining industry, specialising in geology of stratified deposits, mainly coal. Ms Karol Patino is a Member of The Australasian Institute of Mining and Metallurgy. She has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which she 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. Ms Karol Patino consents to the inclusion in this Report of the matters based on her information in the form and context in which it appears.