

MALABAR COAL LIMITED

SHAREHOLDER UPDATE

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Agenda

1. Maxwell Underground Project
2. Spur Hill Underground Project
3. Maxwell Solar Farm
4. Other Activities
5. Financial Highlights
6. Corporate



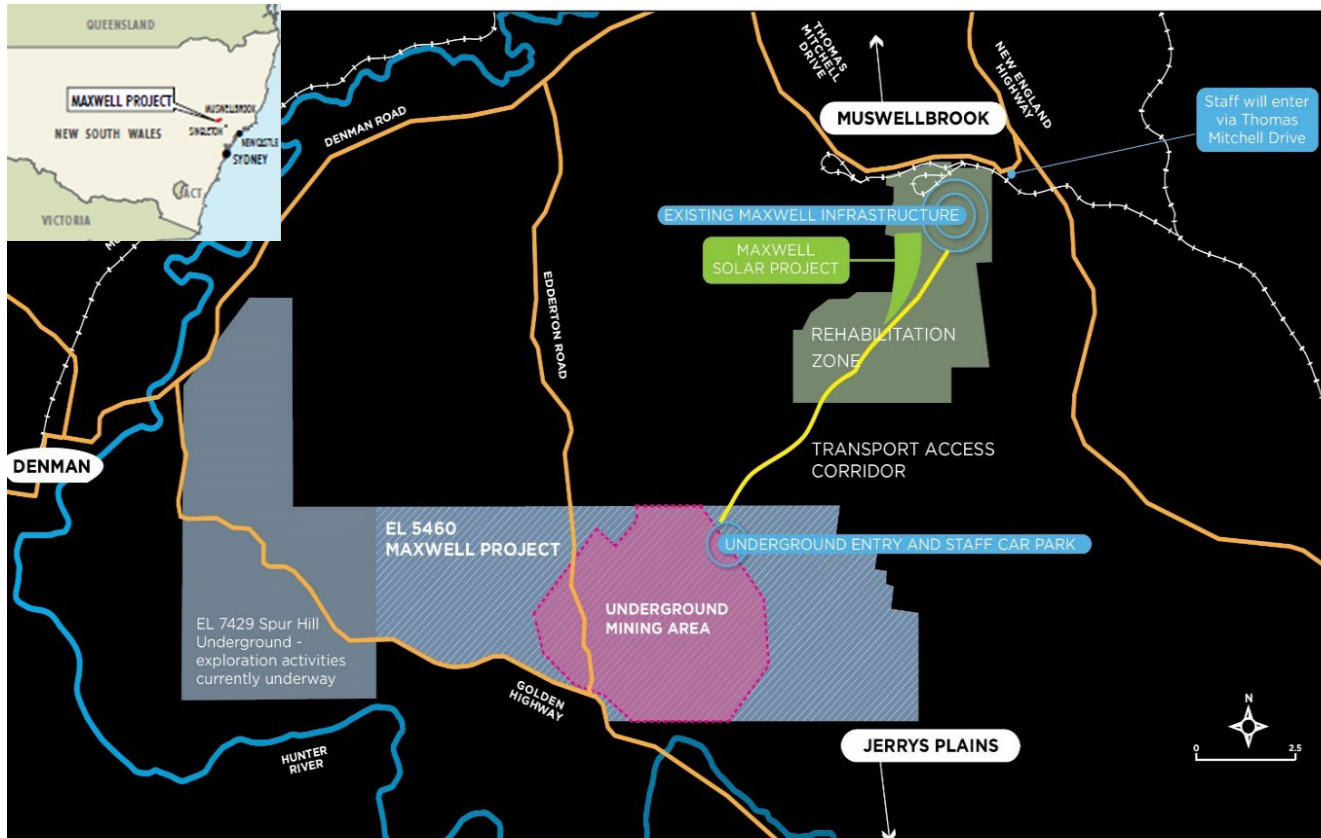
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1. Maxwell Underground Project



Maxwell Underground Project

A long life underground coal mine located east of Denman and south of Muswellbrook.



- Producing high quality coals with the at least 75% of coal produced capable of being used in the steel manufacturing industry.
- The balance would be export thermal coals suitable for the new generation High Efficiency, Low Emission (HELE) power generators.
- We have carefully placed the mine's entry for the underground project in a valley c.5 km north of the Golden Highway. It cannot be seen from the Highway or the local horse studs.

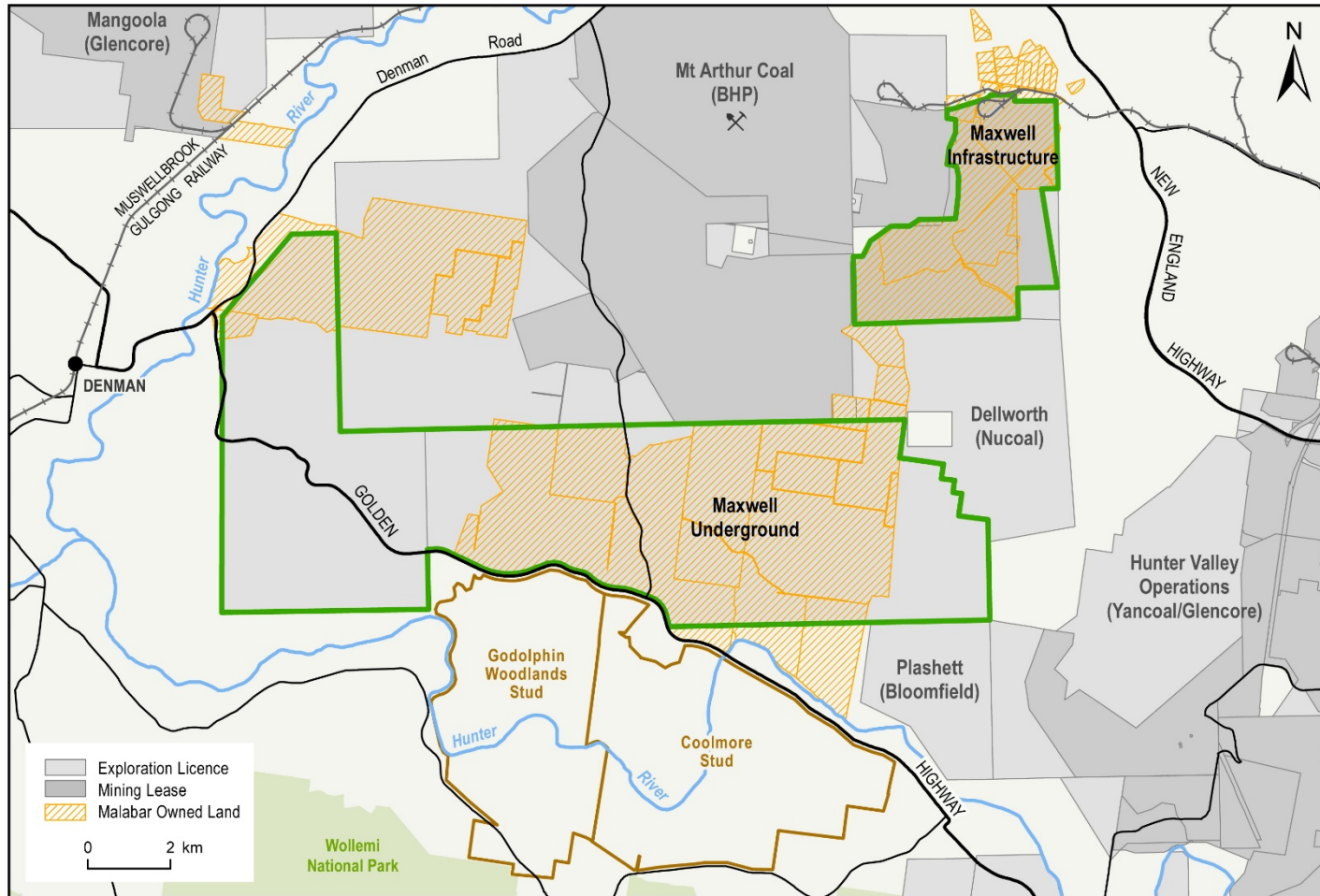
We believe this very different approach addresses concerns that were raised in relation to past proposals for the area.

JORC resources:

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

JORC reserves within the Maxwell EIS mine plan:

	JORC Reserves (Millions of tonnes)		
	Proved	Probable	Total
Maxwell Project	131	13	144



- Area hatched in orange shows land owned by Malabar.
- Total of 8,800 ha.
- All major infrastructure on land owned by Malabar.
- All freehold land above the Maxwell workings is owned by Malabar.

Our Philosophy

- Developing a sustainable long-term enterprise.
- Being aware of our neighbours' points of view.
- Significantly improving the agricultural activities on our land.
- Supporting local employment (particularly the younger generations) and businesses.

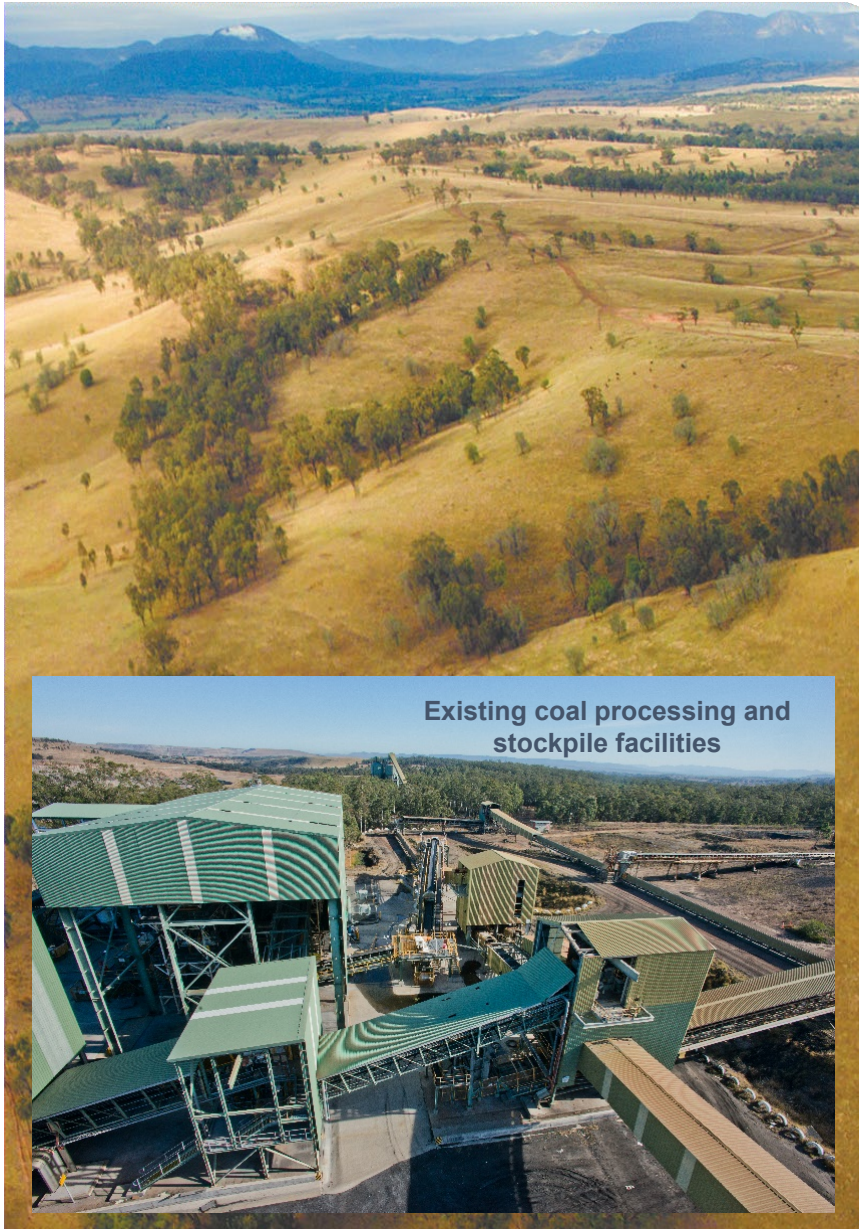
Our philosophy has driven key design decisions for the Maxwell Project:

- Commitment to underground only.
- Minimising additional surface infrastructure (use of substantial existing Maxwell Infrastructure).
- Locating underground mine entry in an area shielded by ridgelines.
- Access point from Thomas Mitchell Drive in the north (purposely constructed for access to mines).
- No direct subsidence on Hunter River or Saddlers Creek.
- Transport of longwall coal via conveyor to existing CHPP.
- Sealing access road.



Angus-Charolais cross steers on rehabilitation

Maxwell Underground Detail



- Up to 8Mtpa Run-of-Mine (ROM) coal yielding 7Mtpa of product coal.
- Applying for c.26 years of mining in initial Development Application (DA).
- Will utilise the substantial existing Maxwell infrastructure
- All freehold land above the Maxwell underground workings is owned by Malabar.
- Minimal effects to existing agricultural activities within the underground extent.
- Project will have negligible impact on ground or surface water resources.



Orthophoto Mosaic: 2018, 2016, 2011

Entry to the Maxwell Underground mine will not be visible to the south.

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 MAXWELL PROJECT
 Aerial Simulation of Project Infrastructure
 (During Operations)

Figure ES-5



Substantial existing facilities at “Maxwell Infrastructure” located around 10km to the north of the Maxwell Underground mine entry.

Project Timeline



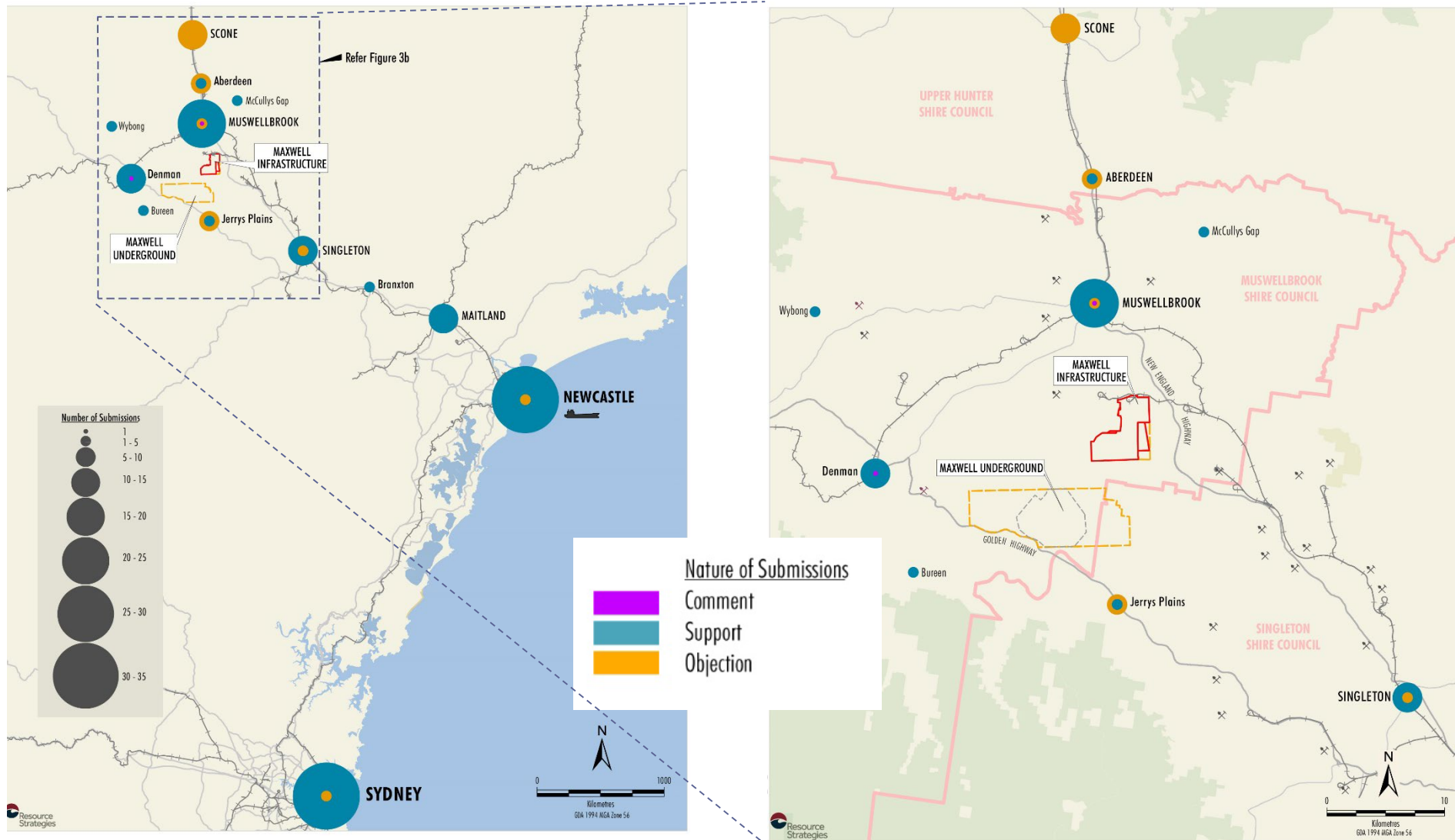
The public exhibition concluded on 24 September 2019.

- The DPIE received 245 submissions – 187 from the community, 44 from organisations, and 14 from government agencies.
- Malabar was pleased with the strong endorsement of our Project, with c. 75% of submissions in support.
- Community confidence in the Project recognises the many and real benefits the Maxwell Underground Project offers and the long-term engagement we have had with our communities.
- We will continue engaging and listening to the community through the DA process and through the life of the Maxwell Underground Project.

Our “Response to Submissions (RTS)” reports was lodged on 20 November 2019.

Analysis of Submissions

The majority of submissions received from organisations and members of the public in Muswellbrook, Denman and Singleton were supportive of the Project.



Benefits of the Maxwell Underground Project

350 
new, direct jobs and many more indirect jobs

\$55m 
annual wages


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


better rehabilitation outcomes

\$500 to 700m
annual export income for NSW



\$1 to 1.2bn
royalties to NSW over initial 26 years



On-going support for local businesses

Community groups we have supported include:



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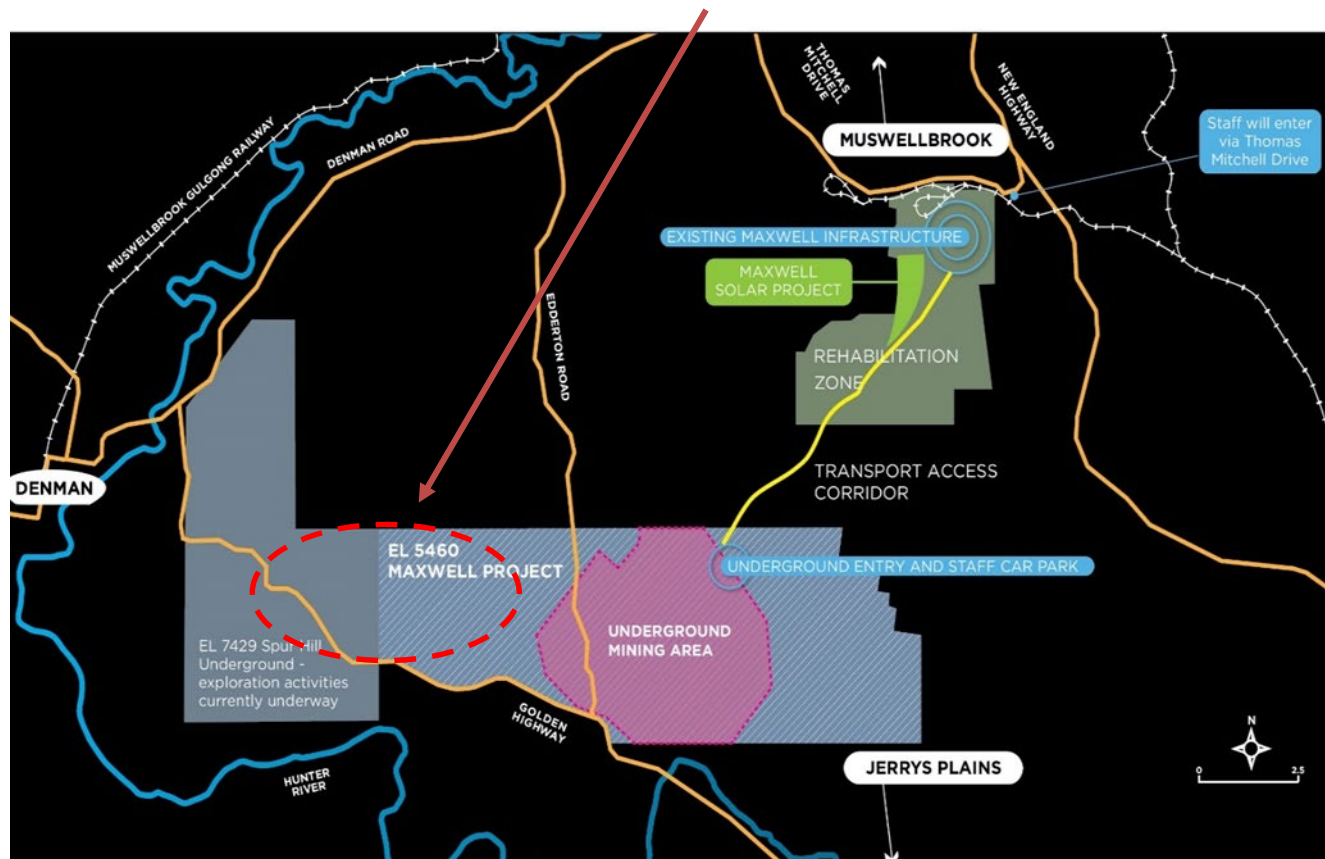
2. Spur Hill Underground Project



Spur Hill Underground Update

Malabar remains committed to the Spur Hill Underground Coking Coal Project.

- Using the existing Maxwell Infrastructure, Malabar will reduce the impact of its operations on the local community, neighbours and the environment.
- Exploration at Spur Hill will focus on the interface between EL7429 & EL5460.

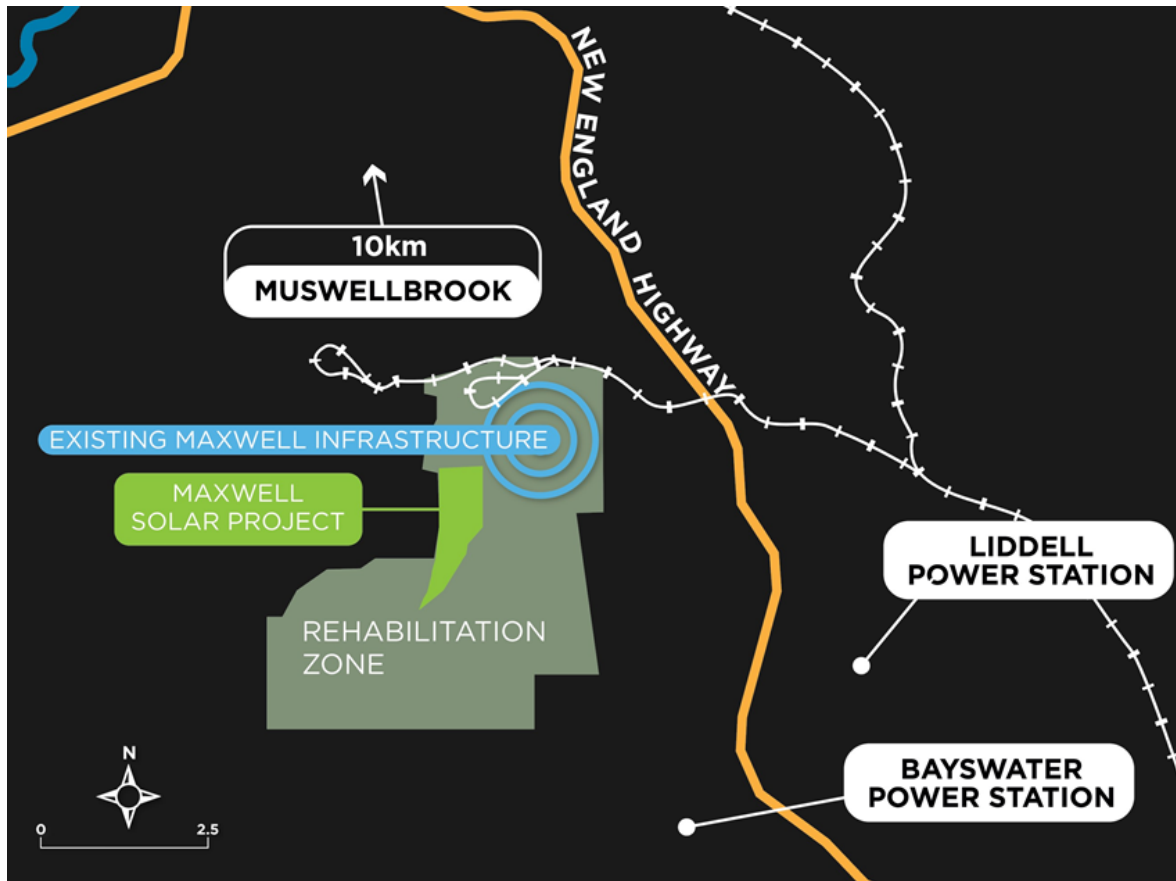


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3. Maxwell Solar Farm



The Maxwell Solar Project



Malabar will soon be submitting a DA for the “Maxwell Solar Project”.

- Solar PV panels would be located on areas of previous open cut mining disturbance. And since rehabilitated.
- 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.

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4. Other Activities



We take our rehabilitation responsibilities very seriously.

Malabar has made great progress with the rehabilitation of the old Drayton open-cut mine.

- Malabar commenced rehabilitation within a week of taking control of the Drayton Mine.
- Today, there are more than 30 people working on site to progress the rehabilitation and there are 640 hectares of rehabilitated pasture and woodland. In July 2019 we planted over 8000 saplings.



Malabar has developed specific techniques to rehabilitate this site.

- Development of techniques to design, place and monitor overburden capping layers.
- Development of fit-for-purpose drainage landforms on final low-wall rehabilitation.
- Deep ripping to maximise water infiltration and lessen the need for drainage.
- Use of Biosolids and recycled gypsum to improve soils.
- Employing an experienced ecologist to monitor performance, adjust rehabilitation techniques and manage quality control.
- Seed mixes optimised by an agronomist and the ecologist.
- Introduction of cattle to improve rehabilitation outcomes.



Malabar is developing a landform that mitigates erosion

- Incorporating natural landscapes into landform design.
- Reshaping areas to integrate seamlessly with adjacent landforms.
- Creating undulating landforms and a post-mining landscape capable of sustaining productive land use.



- Introduced cattle onto rehabilitated pasture in Nov 2018.
- Grazing allows us to manage introduced grass species and promote diversity.

The Importance of Coexistence

The value of coexistence;

- Co-existence means we can continue to reap the benefits of many different strong local industries that have worked side by side for over a century.
- To continue to be a vibrant community, we need a wide range of jobs, for a wide range of people.



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5. Financial Highlights



Profit and loss	FY19 \$'000	FY18 \$'000
Revenue	6,291	3,079
Operating expenses	(4,254)	(3,857)
Net profit after tax	2,037	(778)

Cash and financial assets as at 30 June 2019: \$25m

Capitalised expenditure of \$23.6m in regard to:

- Exploration
- Engineering and evaluation
- Development Applications (Maxwell Underground & Maxwell Solar Farm)
- Rehabilitation

Significant transactions over last period:

- Malabar entered into a 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.
- Selective capital reduction of \$50m

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6. Corporate

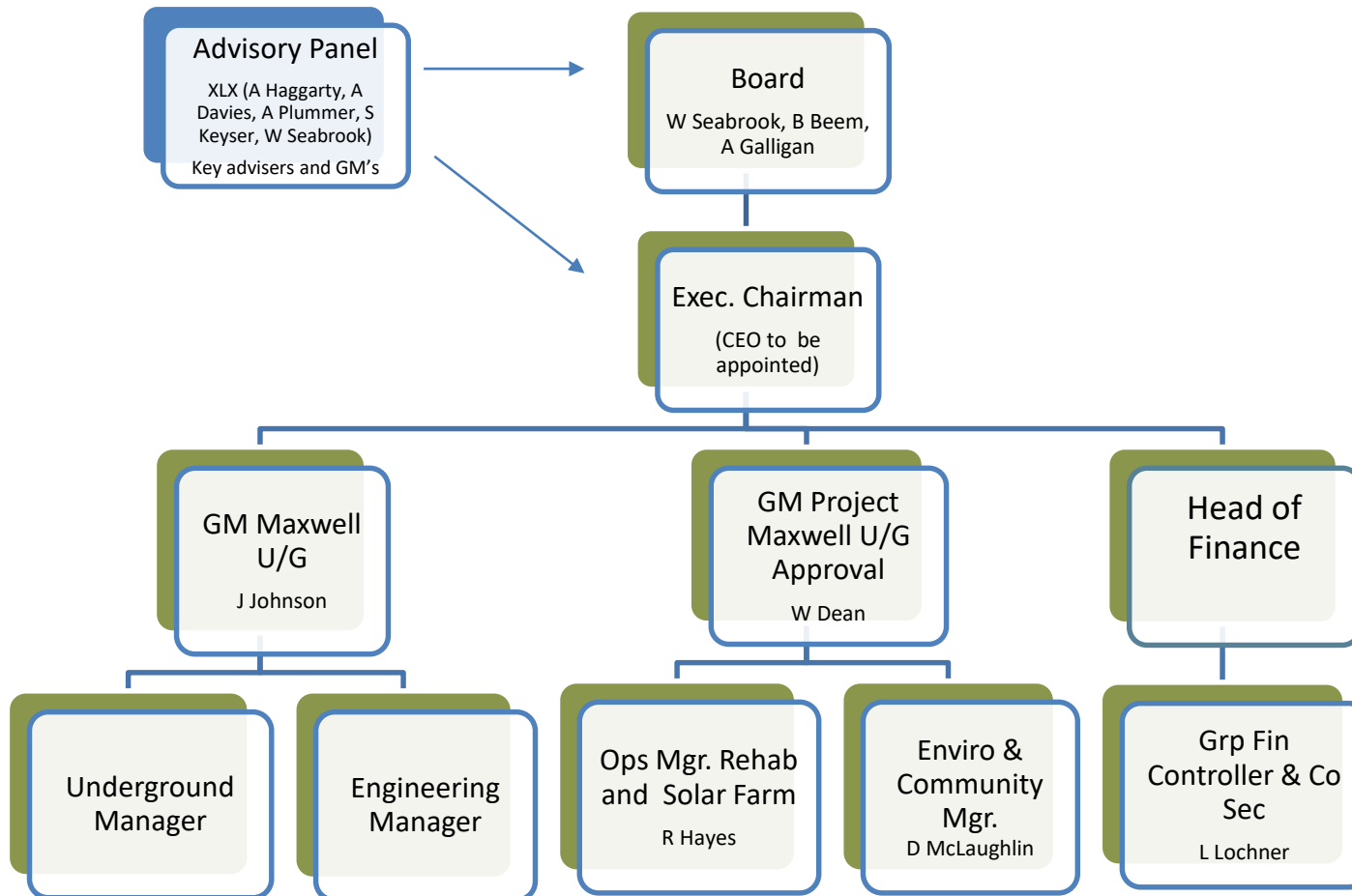


Core activities/milestones for the next 12 months:

- Maxwell Underground Project
 - Obtain development consent,
 - Build the development and operations team,
 - Scope/tender construction and equipment supply.
- Maxwell Solar Farm
 - Obtain development consent,
 - Scope/tender construction and equipment supply.
- Rehabilitation continues of the old open cut
- Funding
 - Arrange optimal funding for Maxwell Underground Project and Maxwell Solar Farm.

Corporate Structure for 2020

The corporate structure of Malabar is evolving to meet the challenges.



Compensation - Incentives

Malabar provides compensation that is typical for a development company including equity incentives solely contingent on major milestones.

- Equity and share incentives
 - 11,300,000 (or 4.3% of issued capital) subject to hurdles below.
- Depending on the responsibilities of the recipients, the milestones include
 - Development Consent achieved and Mining Lease (ML) granted for the Maxwell Underground Project
 - Capital raised to fund the construction and development of the Maxwell Underground through to positive cashflow from longwall operations
 - Construction of the Underground Project commences.
- As part of the above Malabar has agreed to issue XLX Pty Ltd 10 million shares for assisting the Company through; Development Consent, ML grant, mine design & planning, and funding. These shares will only be awarded once all approvals and finance are in place so that underground mine construction can commence. The decision to proceed with construction will be made by the independent directors.



THANK YOU