

OUR STRATEGY

Malabar recognises the need to transition to a low carbon economy which is why we have developed a unique strategy by employing less intrusive underground mining methods, focusing on metallurgical coal, developing large scale renewable energy, and rehabilitating previously mined areas for sustainable activities including renewables and agriculture.

Malabar is supporting the transition of industries in the Upper Hunter region which have primarily comprised of open cut thermal coal production and coal-fired power generation.

BOARD OF DIRECTORS

Wayne Seabrook

Chairman

Brian Beem

Non-executive Director

Tony Galligan

Independent Non-executive
Director

Lindi-May Lochner

Company Secretary

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QUARTERLY ACTIVITIES REPORT

For the quarter ended
30 June 2021

- ✱ Following NSW Government approval of the Maxwell Underground Mine in late December 2020, Commonwealth Government approval was received in this quarter.
- ✱ Completion of an institutional placement and retail entitlement issue raising \$28 million.
- ✱ Appointing additional key roles for the construction and operation of the Maxwell Mine.

Maxwell Underground Mine

Health and Safety

Malabar is committed to the health and safety of its people and achieving zero harm. No notifiable incidents have been recorded to date for the 2021 calendar year.

Malabar has implemented policies and procedures to address the on-going risks of COVID-19, including implementing the NSW Government QR code check-in system and other recommendations provided by the government. To date, no cases of COVID-19 have been reported on site.

Project activity

Following NSW Government approval of the Maxwell Underground Mine in late December 2020, the Commonwealth Government approved (under the Environment Protection and Biodiversity Conservation (EPBC) Act 1999) the Mine on 10 March 2021.

Construction-related activities during the quarter included inviting tenders for major critical path items comprising, inter alia:

- the access road to mine entry area (MEA);
- civil works at MEA, and;
- construction of the “Drifts” (two parallel tunnels that slope down to the initial coal seam).

People

Our on-site team continues to expand. During the June quarter, new appointments included an experienced Construction Manager and the Health and Safety Coordinator for the Maxwell Mine. We also commenced advertising other roles.

Environment

During the quarter, Malabar continued to rehabilitate substantial portions of the land that had previously been used for open cut coal mining. Rehabilitation is now well advanced on more than 850 hectares of land.

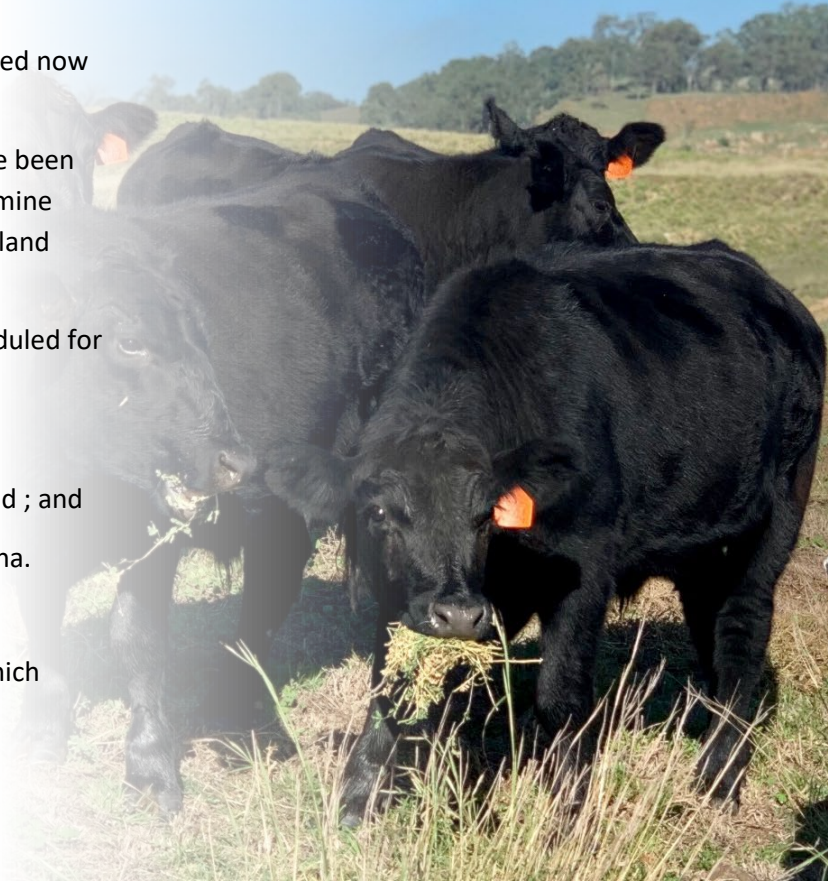


Wetlands created on land rehabilitated at the Maxwell Mine

Activities over the last quarter included:

- 10,000 trees were planted in March;
 - The total number of trees planted now exceed 170,000
 - More than 70,000 of these have been planted since 2019 on existing mine rehabilitation to improve woodland connectivity
 - Additional tree planting is scheduled for September 2021
- Targeted weed control;
- Feral animal management on buffer land ; and
- Installation of nest boxes for native fauna.

Our cattle grazing trial on rehabilitated land, which began in 2018 continues to exceed targets.



Community Engagement

Malabar is an active participant in the local community and is always looking for opportunities to support a wide range of local groups, businesses and charities.

Activities over the last quarter included:

- Partnering with Muswellbrook Race Club to host the Jerrys Plain Cup which was run for the first time in nearly half a decade;
- Supporting the Upper Hunter Education Fund (UHEF) to provide inspiring local youth the opportunity to study at some of Australia’s leading universities;
- Preparing and serving meals at the “Food, Friends and Conversations” event at Muswellbrook Senior Citizens Hall; and
- Sponsoring events at St Heliers Heavy Horse Field Day.

Malabar has received approval to combine its Maxwell Infrastructure and Underground Mine Community Consultative Committee (CCC) and Spur Hill CCC into a single CCC.

Benefits of this include streamlining the information provided to the community and allowing the enlarged community representatives to hear questions and issues raised by other community members



Photo Credit: Muswellbrook Race Club & Katrina Partridge Photography.



Red Door Community Sponsorship.

Maxwell Renewables

Maxwell Solar Farm

The Maxwell Solar Farm is an approved 25 Megawatt (MW) solar farm to be located on rehabilitated land within the Maxwell Infrastructure site south of Muswellbrook.

The unique location of our land holding (c. 8700 ha) – adjacent to the generating hub of NSW and within a NSW Government Renewable Energy Zone – is attracting interest from reputable renewable developers for large scale solar and battery storage.

We are considering partnering to realise the opportunity (i.e. up to c. 400MW +/-).



Proposed sight for Maxwell Solar Stage 1.

Spur Hill Underground Project

Malabar holds Exploration Licence (EL) 7429. Malabar is currently undertaking exploration studies and detailed technical work to determine the next steps in developing the project.

Corporate Activities

Capital raising

During the quarter Malabar completed “Stage 1” of its capital raising process, raising c. \$28 million.

The funds will be used to finalise key construction contracts, debt and other finance-related documentation, pay the transaction costs of the capital raising, recruit key construction and mine management employees, and support working capital and capital expenditure.

The raising was oversubscribed, being supported by existing shareholders and a number of new investors joining the Company’s share register.

The proceeds comprise part of the total funding for the Maxwell Mine, with further funding to be secured as the project progresses.

“Stage 2” of this process is due to commence in the last quarter of calendar year 2021 and will include providing the shareholders who participated in Stage 1 notice to exercise their options.

Sustainability Report

Malabar has published its *2020 Sustainability Report* which demonstrates our commitment to transparency and showcases our unique approach to sustainable practices across our entire business – including environmental practices, health and safety, and people and culture. To read the full report, visit our website at www.malabarresources.com.au.

