Malabar Resources Limited

ABN 29 151 691 468

Annual Financial Report for year ended 30 June 2023

MALABAR

CONTENTS

DIRECTORS' REPORT

Your directors present their report, together with the consolidated financial statements of Malabar Resources Limited ('the Company' or 'Malabar') and its controlled entities ('the Group') for the year ended 30 June 2023.

1. DIRECTORS AND EXECUTIVES

Directors

Rob Bishop was appointed to the Board on 11 August 2022 as a representative of New Hope Group following the acquisition of 15% of Malabar in the equity raising completed in July 2022.

Matthew Hunter was appointed to the Board on 21 November 2022 as a representative of OCP Asia following the completion of the senior debt facility in September 2022.

Jim Middleton was appointed on 3 July 2023 as the Executive (Technical) Director.

The directors of the Company during or since the end of the financial year are:

 **WAYNE SEABROOK** EXECUTIVE CHAIRMAN	Wayne has more than 40 years of resources sector and corporate finance experience. As Executive Chairman Wayne is responsible for leadership of the Board, for efficient organisation and conduct of the Board's function and the briefing of all Directors in relation to issues arising at Board meetings. As Chairperson, Wayne is also responsible for arranging Board performance evaluation. He is a director of XLX Pty Ltd and Ironstone Capital Partners Pty Ltd. Wayne holds a Bachelor of Engineering (Chemistry – 1st Hons) from the University of Canterbury, New Zealand and a Graduate Diploma from FINSIA. He is a fellow of FINSIA and a member of AUSIMM. Board Committees: Member of Operations, Health, Safety & Environment Committee, Audit & Risk Committee and Remuneration and Nominations Committee.
 **BRIAN BEEM JR** NON-EXECUTIVE DIRECTOR	Brian has more than 20 years of global resources investment and corporate finance experience. Brian worked on numerous transactions in the resources sector while working as an investment banker at Merrill Lynch and a principal investor at First Reserve Corporation, a U.S. based energy private equity firm. For the last 13 years Brian has held senior positions at the AMCI Group, a privately held global resources investor. During his time at AMCI Brian has led numerous investments in the Australian coal sector, including Felix Resources, Whitehaven Coal, AMCI Australia and Fitzroy Resources. Brian currently serves on the boards of Conuma Coal Resources Ltd, Fitzroy QLD Resources Ltd and AMCI Investments Pty Ltd, amongst others. Brian holds a Bachelor of Arts (Political Economy) from Princeton University, USA. Board Committees: Member of Audit & Risk Committee
 **TONY GALLIGAN** NON-EXECUTIVE DIRECTOR	Tony has more than 40 years of experience in the Australian coal industry. He has held senior positions in the areas of geology, project approvals and development, mine safety, and mine-related infrastructure. He was Chairman of NCIG for more than 3 years during the feasibility, financing and construction of the new coal terminal and played a pivotal role in the upgrade of the rail line to the Gunnedah Basin. Previous positions include; General Manager Infrastructure with Whitehaven Coal, Exploration Manager for Agip Coal, Chief Coal Geologist, Director Coal and Director Development with the NSW Government. Tony holds a Bachelor of Science (Geology) from the University of Queensland. Board Committees: Chair of the Operations Health, Safety & Environment Committee.

Directors (continued)

 **TONY HAGGARTY** NON-EXECUTIVE DIRECTOR	Tony has more than 40 years' experience in the financing, development, and management of coal mining projects. He worked for BP Coal and BP Finance in Sydney and London in various business development and finance positions and for Agipcoal as the Managing Director of its Australian subsidiary. Tony was a founding director of Excel Coal in 1994 and Managing Director from this time, through the ASX-listing of Excel Coal and until the takeover of Excel Coal by Peabody in 2006. After Excel Coal, Tony joined Whitehaven Coal Ltd as Managing Director until resigning from that position in March 2013. Other previous board roles include non-executive director of King Island Scheelite Ltd and IMX Resources Ltd. Tony holds a Master of Commerce from the University of NSW and is a fellow of CPA. Board Committees: Tony is a member of the Audit & Risk Committee.
 **ALLAN DAVIES** NON-EXECUTIVE DIRECTOR	Allan has over 40 years of experience in the Australian and international coal industry and is a registered mine manager in South Africa and Australia. Allan commenced work with MIM Ltd at Mt Isa and then Union Corporation in South Africa. Subsequently, he joined BP where he was, in succession, mine manager at the Howick Open Cut and Director Mining, BP Coal Inc (based in Cleveland), Ohio. In 1990 he became General Manager of the Agipcoal United underground mine in the Hunter Valley and then General Manager of the Rio Tinto Hunter Valley No 1 and Howick mines. Allan was a founding executive director of Excel Coal through to the takeover of Excel Coal by Peabody in 2006. Allan was also a non-executive director of Pacific National Pty Ltd, QR National Limited (now Aurizon Limited), QMastor Limited, King Island Scheelite Limited and an executive director of Whitehaven Coal Limited until 2012. Allan is currently Chairman of ASX-listed Qube Holdings Limited. Allan holds a BE Mining (Hons) from the University of Queensland. Board Committees: Member of Operations Health, Safety & Environment Committee, and chair of the Remuneration and Nominations Committee.
 **ROB BISHOP** NON-EXECUTIVE DIRECTOR	Rob has over 20 years' experience in finance and executive leadership roles across the resources and manufacturing sectors. This includes senior leadership roles at Vale Australia's coal division, two years as Chief Financial Officer at AMCI prior to joining the New Hope Group as General Manager Corporate Development in 2019. Rob was appointed as the Chief Financial Officer in October 2020 and then the CEO of New Hope in February 2022. Rob holds a Bachelor of Commerce from the University of Queensland, a Bachelor of Business (Marketing) from the Queensland University of Technology and is a CPA. Rob was appointed as a director on 11 August 2022. Board Committees: Member of Audit & Risk Committee.

Directors (continued)

MATTHEW HUNTER

NON-EXECUTIVE DIRECTOR

Matthew has over 25 years' experience in investment banking and principal investment. For the past six years, Matthew has been a consultant to OCP Asia. Prior to this, Matthew was a Managing Director of private equity firm, The Carlyle Group based in Sydney, which followed a career in Investment Banking with JPMorgan, Goldman Sachs and Merrill Lynch, focused on mergers and acquisitions in Australia and the UK. Matthew is also presently a non-executive director of National Group, MP Water, MediRent and Chair of Emay.

Qualifications: Bachelor of Commerce, Accounting and Finance from University of NSW.

Matthew was appointed as a director on 21 November 2022.

JIM MIDDLETON

EXECUTIVE DIRECTOR

Jim brings over 40 years of coal experience to his role as Executive (Technical) Director at Malabar Resources Ltd. In previous roles, Jim has been responsible for multiple underground mines, including as; Executive General Manager for Peabody, Director of Underground Operations for Glencore, and VP of Operations at BHP - Illawarra Coal. Jim was also the MD & CEO of Cokal Ltd.

Jim has worked in Africa, Indonesia, USA and Australia, overseeing company strategy, financing, operations, projects, logistics, stakeholder relations and business improvement.

Jim was appointed as a director on 3 July 2023.

Board Committees: Member of Operations Health, Safety & Environment Committee, and the Remuneration and Nominations Committee.

Company Secretary

LINDI-MAY LOCHNER

COMPANY SECRETARY

Lindi has over 15 years' finance experience across a range of industries including mining, manufacturing, not for profit organisations, childcare and professional services. Lindi is a Chartered Accountant and a Graduate of the Australian Institute of Company Directors and is also currently the Group Financial Controller for Malabar. Lindi is currently a Director of Tennis NSW and the Public Officer for The Australian Rhino Project.

Lindi holds a Bachelor of Accounting and Honours in Accounting from the University of Stellenbosch, South Africa.

Senior Executives

 **JAMES JOHNSON** GM DEVELOPMENT AND OPERATIONS	James has over 20 years of experience in the Australian coal mining industry and is highly experienced in underground coal. Starting his career at the coal face James has held several key management positions including Engineering Manager and Production Manager during the construction and production ramp up of Glencore's Ulan West Underground mine. Prior to joining Malabar in 2019, James was the Operations Manager at Glencore's Ulan Underground mine. As General Manager James is committed to developing and leading safe and efficient operations. A fitter by trade, James also holds a Bachelor of Engineering (Mechanical – Honours Class 1) from the University of Newcastle, Australia, and industry-recognised qualifications including Mining Engineering Manager and Mechanical Engineering Manager Certificates of Competency for NSW Coal.
 **PAUL VERNER** CHIEF FINANCIAL OFFICER	Paul has more than 20 years of accounting, finance, and resources experience. Prior to joining Malabar, he was the Group Treasurer at Whitehaven Coal Limited. Paul gained previous accounting and finance experience at Pricewaterhouse Coopers, Allco Financial Group, and Babcock & Brown Limited. Paul holds a Bachelor of Business from the University of Technology Sydney and a Master of Applied Finance from Macquarie University.

Meetings of directors

The number of Directors' meetings (including committees of directors) and number of meetings attended by each of the Directors of the Group during the financial year are:

	Directors' Meetings		Audit & Risk Committee		Remuneration & Nomination Committee		Health & Safety Committee	
	A	B	A	B	A	B	A	B
Wayne Seabrook	12	12	4	4	1	1	3	3
Tony Galligan	12	12	-	-	-	-	3	3
Brian Beem	12	12	4	3	-	-	-	-
Allan Davies	12	11	-	-	1	1	3	3
Tony Haggarty	12	11	4	4	-	-	-	-
Rob Bishop	11	6	4	3	-	-	-	-
Matthew Hunter	8	8	-	-	-	-	-	-
Jim Middleton	-	-	-	-	-	-	-	-

A – Number of meetings held during the time the Director held office during the year

B – Number of meetings the Director attended

2. PRINCIPAL ACTIVITIES

During the year the principal activities of the Group consisted of securing the financing and commencing construction of and production from the Maxwell Underground Mine. Exploration, rehabilitation, and advancing our large-scale renewable energy strategies were also advanced.

Our construction and operations teams increased substantially to over 400 during the year, and thousands more in regional and metropolitan NSW supporting the site activities including suppliers, manufacturers, transport companies, service providers (IT, accounting, finance, logistics, and the like.)

3. FINANCIAL AND OPERATIONAL REVIEW

Financial position

The net assets of the Group have increased by $257,836,974 during the financial year, from $99,774,599 at 30 June 2022 to $357,611,573 at 30 June 2023; and the cash position, which includes financial assets, increased by $123,003,262 during the year from $19,573,717 at 30 June 2022 to $142,576,979 at 30 June 2023. Both these increases related to the equity raising of $250 million and the draw down of USD $24 million of the new senior debt facility; net of the expenditure on capital items in the period.

Borrowings

The Company reached financial close in September 2022 on new debt facilities comprising of a USD $120 million senior debt facility and a USD $55 million subordinated debt facility. At that time an existing revolving bill facility of AUD$15.4 million was fully repaid.

As at 30 June 2023 USD $24 million was drawn on the senior debt facility.

Malabar also has a Bonding Facility for USD $55 million which was extended in July 2022 to November 2025. The purpose of the facility is to provide bonds, guarantees, and financial assurances including the provision of environmental bonding guarantees to the NSW Government. As at 30 June 2023 c. AUD $68 million was drawn.

Securities

Performance rights

186,593 performance rights ("Rights") were awarded to employees during the year as part of employment packages or the 2022 bonus payments. The Performance Rights have been accounted for in accordance with *AASB 2 Share-based Payment*.

Share issue

In August 2022, Malabar completed an equity raising of approximately $250 million. The new shares were issued at $1.25 each from a combination of placements to sophisticated investors and existing option holders exercising their options. As a result, 199,995,139 new shares were issued.

Dividends

There were no dividends paid or declared to shareholders during the year.

Operational activities

The Maxwell Underground Mine

Malabar achieved significant milestones during the year which included;

- securing funding for the construction of the Maxwell mine,
- commencing production from the Whynot seam;
- processing coal through the coal handling plant,
- First coal sales from the underground mine, and,
- that coal being railed to the Port of Newcastle.

The Maxwell Mine is being developed in two stages:

- Stage 1 consists of the "Whynot" Bord & Pillar operation and the "Woodlands Hill" 145m wide longwall operation targeting combined annual sales in excess of 3 million tonnes; and
- Stage 2 is planned to commence in late CY2025 to expand the Woodlands Hill longwall to 300m wide so increasing total sales to more than 5 million tonnes per annum.

Stage 1 activities included:

- Completion of the access road between Maxwell Infrastructure and the Mine Entry Area (MEA);
- Installation of the overhead powerlines to the MEA;
- MEA water management dams and facilities were completed;
- MEA raw stockpile pad was completed;
- Delivery of Whynot mining equipment to site;
- Orders placed for the Woodlands Hill longwall equipment;
- Whynot portal excavation completed, and portal entries installed;
- Woodlands Hill portal excavation completed, and portal entries installed;
- Appointment and commencement of PIMS Mining (PIMS) to provide mining services for the Whynot Seam bord & pillar operation;
- Appointment of PYBAR Mining Services and commencement of the Woodlands Hill drifts (i.e. access tunnels) construction in preparation of our longwall operations;

Production will ramp up over the next two years as we fully develop the underground operations of stage 1 and commence stage 2.

Maxwell JORC Resources

Table 1: Coal resources within ML1822

	Measured (Mt)	Indicated (Mt)	Measured and indicated (Mt)	Inferred (Mt)	Total
Total Underground	**380**	**130**	**510**	**20**	**530**
Note: The Resources Estimate has been prepared in accordance with JORC Code 2012 by McElroy Bryan Geological Services Pty Ltd.					

Spur Hill Underground Project (Exploration Licence (EL) 7429)

Malabar is currently undertaking exploration studies and detailed technical work to determine the next steps in developing the project.

Spur Hill JORC Resources

Table 2: Coal Resources within EL7429 (Spur Hill)

Project Area	Indicated (Mt)	Inferred (Mt)	Total (Mt)
Western Zone (EL 7429)	394	119	**513**
Eastern Zone (EL 7429)	-	112	**112**
Total	**394**	**231**	**625**
Note: The Resources Estimate has been prepared in accordance with JORC Code 2012 by Geological and Mining Services Australia Pty Ltd.			

Malabar has access agreements with landowners covering the majority of the proposed Spur Hill underground mining area.

Renewable Assets

Malabar is continually looking at ways we can reduce our emissions and our impact on the local environment. We are developing two renewables projects which are both located in the NSW Government designated Hunter-Central Coast Renewable Energy Zone:

Maxwell Solar Farm

Malabar is currently completing geotechnical studies to progress the already approved 25MW Solar Farm.

Voltere Solar Farm

In November 2022, Malabar executed formal agreements with global power generation company EDF Renewables (EDF R) to develop large scale renewable energy projects in the Upper Hunter Valley. EDF-R is progressing studies and preparation of documentation for a State Significant Development application.

Agricultural Properties

Malabar continues to enhance and support its agricultural activities by supporting cattle operations, cropping and the Merton Estate Vineyard. We are very proud of the results of the Merton Vineyard which provides grapes to a number of well-known wine-makers in the Hunter Valley, and importantly to the Small Forest winemaker that operates from our on-site winery and cellar door (see www.smallforest.com.au).

Community Consultation

Community Consultative Committees (CCC)

Malabar continues to engage with community stakeholders through the Maxwell CCC meetings held on a quarterly basis. Refer to Malabar's website to view presentations and minutes of these meetings.

Community Contributions

Malabar is an active participant in the local community and continues to support a wide range of local groups, businesses and charities and has donated over $600,000 to date. During the period Malabar contributed to community events including:

- Denman Sandy Hollow Junior Rugby League – Principal sponsor for 2023 Season.
- Muswellbrook Day View Club – Donation to supply back-to-school items.
- Muswellbrook Regional Arts Centre – Mullins Conceptual Photography Prize.
- Muswellbrook Cats AFC
- Bureen Rural Fire Service
- Muswellbrook High School NAIDOC League Tag
- Mt Arthur Wild Dog Association
- Muswellbrook South Public School
- Jerry's Plains Public School
- MCCI - Great Cattle Dog Muster event

Community Support

Malabar also maintains a 24-hour community hotline (1800 653 960) for any issues or enquiries related to our operations or our plans for the local area. To date, no complaints have been registered.

Environmental Update

The Group's operations are subject to significant environmental regulation under the laws of the Commonwealth and the State of NSW. Malabar takes its compliance and environmental obligations very seriously and is committed to assessing and managing the risks associated with its operations.

The Directors are not aware of any environmental law that is not currently being complied with.

During the period, we have continued to work on the rehabilitation of the previous open cut mine at Maxwell Infrastructure.

- Since taking ownership of the site we have planted over 160,000 trees in our woodland corridor with the total trees planted at site exceeding 350,000.
- Key land management activities such as weed spraying and feral animal management continue on site and within our biodiversity offset areas.
- Maxwell continues to successfully graze cattle on pastured mine rehabilitation.

4. OTHER

Indemnification and insurance of officers

Indemnification

The Company has agreed to indemnify, to the fullest extent permitted by law, all current and former directors of the Company against liabilities that may arise from their position as directors of the Company and its controlled entities. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

Insurance premiums

During or since the end of the financial year, the Group paid insurance premiums of $138,713 to insure directors and company officers against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct while acting in the capacity of director of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, PKF Brisbane Audit, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify PKF Brisbane Audit during or since the financial year.

Non-audit services

There were no non-audit services provided by the auditor during the financial year.

Proceedings on behalf of the Company

The Directors are not aware of any current or pending litigation against the Group.

5. EVENTS AFTER THE FINANCIAL YEAR END

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

6. AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under s 307C of the *Corporations Act 2001* is set out on page 13.

This Director's Report is signed in accordance with a resolution of the Board of Directors.

Wayne Seabrook
Director
Dated: 19 September 2023

COMPETENT PERSONS' STATEMENT

MCELROY BRYAN GEOLOGICAL SERVICES PTY LTD (MBGS) – RESOURCES IN ML1822

The Coal Resources for the Maxwell Underground Mine (ML1822) has been reported in accordance with the "Australasian Code for Reporting of Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 Edition" (The JORC Code). The information in this report that relates to Coal Resources is extracted from the report entitled "Competent Person Report, Coal Resources for Maxwell Project ML1822 as at 31 May 2022". The Coal Resource report is based on information compiled under the supervision of, and reviewed by the Competent Person, Karol Patino, who is a full-time employee of McElroy Bryan Geological Services (MBGS), is a Member of the Australasian Institute of Mining and Metallurgy and who has no conflict of interest with Malabar Resources Ltd (Malabar).

Karol Patino has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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".

Malabar confirms that it is not aware of any new information or data that materially affects the information included in the original resource report and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed. Malabar confirms that the form and context in which the Competent Person's findings are presented, have not been materially modified from the original resource report.

MBGS is an independent consultancy that has provided geological support to the mining industry for more than 50 years.

GEOLOGICAL AND MINING SERVICES AUSTRALIA PTY LTD – RESOURCES IN EL7429

The Coal Resources for the Spur Hill Underground Coking Coal Project (EL 7429) has been reported in accordance with the "Australasian Code for Reporting of Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 Edition" (The JORC Code). The information in this report that relates to Coal Resources is extracted from the report entitled "Spur Hill Coal Project Geological Report and Resource Statement EL 7429 dated 8 November 2013". The Coal Resource report is based on information compiled under the supervision of, and reviewed by the Competent Person, Darryl Stevenson who was the Principal Geologist and employee of Geological and Mining Services Australia Pty Ltd when this review was performed. Darryl is a Member of the Australasian Institute of Mining and Metallurgy and has no conflict of interest with Malabar.

Darryl Stevenson has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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".

Malabar confirms that it is not aware of any new information or data that materially affects the information included in the original resource report and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed. Malabar confirms that the form and context in which the Competent Person's findings are presented, have not been materially modified from the original resource report.

Geological and Mining Services Australia Pty Ltd is an independent consultancy group specialising in mineral resource estimation, evaluation and exploration.

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AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF MALABAR RESOURCES LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2023, there have been no contraventions of:

(a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Malabar Resources Limited and the entities it controlled during the year.

PKF

PKF BRISBANE AUDIT

CAMERON BRADLEY
PARTNER

BRISBANE
19 SEPTEMBER 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023	2022
		$	$
Revenue from continuing operations			
Share in profits of associates	24(c)	2,852,410	2,710,432
Other income	4	2,449,588	2,348,408
Coal sales		1,669,542	-
Foreign exchange gain		326,330	-
Total income		**7,297,870**	**5,058,840**
Expenses			
Operating expenses		(1,471,891)	-
Selling & distribution expenses		(62,271)	-
Royalty expenses		(119,639)	-
Other expenses		(910,447)	(1,687,929)
Depreciation & amortisation		(959,866)	(881,351)
Total expenses		**(3,524,114)**	**(2,569,280)**
Profit before financial income & expenses		**3,773,756**	**2,489,560**
Interest income		5,934,621	63,795
Finance costs	4	(2,816,038)	(3,163,535)
Profit/(loss) before income tax		**6,892,339**	**(610,180)**
Income tax benefit	7	9,132,673	-
Profit/(loss) for the year attributable to owners of the Company		**16,025,012**	**(610,180)**
Other comprehensive income			
Net loss on cash flow hedges		(3,084,635)	-
Total comprehensive income/ (loss) for the year attributable to owners of the Company		**12,940,377**	**(610,180)**
Earnings per share			
From continuing operations:			
Basic earnings per share (cents)	22	3.31	(0.21)
Diluted earnings per share (cents)	22	3.31	(0.21)

The above statement should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	Note	2023	2022
ASSETS		**$**	**$**
Current Assets			
Cash and cash equivalents	8	117,576,979	9,374,995
Financial assets	9	25,000,000	10,198,722
Trade and other receivables	11	3,200,300	1,177,565
Other financial assets		74,494	-
Other assets	12	9,555,571	1,366,984
Inventory	13	6,637,427	86,816
Total Current Assets		**162,044,771**	**22,205,082**
Non-Current Assets			
Property, plant and equipment	14	251,711,731	30,006,849
Capitalised exploration and evaluation costs	15	44,814,179	107,657,827
Investments in associates	24(c)	16,093,726	16,093,716
Intangible assets		4,800,869	4,800,869
Other financial assets		669,193	-
Other assets	12	115,686	95,686
Deferred tax assets	7	12,107,722	-
Total Non-Current Assets		**330,313,106**	**158,654,947**
Total Assets		**492,357,877**	**180,860,029**
LIABILITIES			
Current Liabilities			
Trade and other payables	16	17,092,409	5,647,144
Provisions	18	1,403,045	741,698
Lease liabilities	17	136,097	96,769
Borrowings	19	2,209,518	15,355,000
Other financial liabilities		1,592,743	-
Total Current Liabilities		**22,433,812**	**21,840,611**
Non-Current Liabilities			
Trade and other payables	16	950,000	-
Provisions	18	59,652,656	59,244,819
Lease liabilities	17	448,274	-
Borrowings	19	49,347,771	-
Other financial liabilities		1,913,791	-
Total Non-Current Liabilities		**112,312,492**	**59,244,819**
Total Liabilities		**134,746,304**	**81,085,430**
Net Assets		**357,611,573**	**99,774,599**
EQUITY			
Share capital	20	368,363,492	124,210,079
Reserves	23	8,728,507	12,124,073
Hedge reserve	23	(3,084,635)	-
Retained earnings (accumulated losses)		(16,395,791)	(36,559,553)
Total Equity		**357,611,573**	**99,774,599**

The above statement should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2023

	Note	Share Capital	Reserves	Hedge Reserve	Retained Earnings (Accumulated Losses)	Total
		$	$	$	$	$
Balance as at 1 July 2021		**121,467,738**	**10,087,183**	**-**	**(35,949,373)**	**95,605,548**
Total comprehensive loss for the period		**-**	**-**	-	(610,180)	**(610,180)**
Transactions with owners in their capacity as owners:						
Share based payment expense	21,23	-	2,036,890	-	-	**2,036,890**
Issue of shares		2,838,140	-	-	-	**2,838,140**
Share issue costs		(95,799)	-	-	-	**(95,799)**
Balance at 30 June 2022		**124,210,079**	**12,124,073**	**-**	**(36,559,553)**	**99,774,599**
Balance as at 1 July 2022		**124,210,079**	**12,124,073**	**-**	**(36,559,553)**	**99,774,599**
Profit for the period		-	-	-	16,025,012	**16,025,012**
Other comprehensive loss		-	-	(3,084,635)	-	**(3,084,635)**
Total comprehensive income for the period		**-**	**-**	**(3,084,635)**	**16,025,012**	**12,940,377**
Transactions with owners in their capacity as owners:						
Issue of shares	20	249,993,924	-	-	-	**249,993,924**
Share issue costs net of tax	20	(5,840,511)	-	-	-	**(5,840,511)**
Share based payments	21,23	-	743,184	-	-	**743,184**
Transfer on issue of share-based payments	21,23	-	(4,138,750)	-	4,183,750	**-**
Balance at 30 June 2023		**368,363,492**	**8,728,507**	**(3,084,635)**	**(16,395,791)**	**357,611,573**

The above statement should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023	2022
		$	$
Cash flows from operating activities			
Receipts from customers		4,334,656	3,277,681
Payment to suppliers and employees		(2,631,936)	(1,587,221)
Interest received		5,390,404	48,022
Interest paid		(1,542,350)	(1,208,336)
Net cash provided by/ (used in) operating activities	10	**5,550,774**	**530,146**
Cash flows from investing activities			
Proceeds from / (payments to) investment in short term deposits		(14,801,278)	4,136,423
Payments for property, plant and equipment		(135,512,407)	(291,470)
Payments for exploration expenditure	15	(735,191)	(13,427,680)
Dividend received from investment in associate	24(c)	2,852,400	2,704,600
Net cash used in investing activities		**(148,196,476)**	**(6,878,127)**
Cash flows from financing activities			
Proceeds from borrowings	19	36,917,398	-
Repayment of borrowings	19	(15,355,000)	-
Repayment of lease liabilities	17	(163,390)	(202,144)
Payments for insurance funding		(13,286,830)	-
Proceeds from issue of shares	20	249,993,924	2,838,140
Payment of share issue costs	20	(7,787,347)	(95,799)
Net cash provided by financing activities		**250,318,755**	**2,540,197**
Net increase/ (decrease) in cash held		107,673,053	(3,807,784)
Net foreign exchange difference on cash held		528,930	-
Cash and cash equivalents at beginning of financial period		9,374,996	13,182,779
Cash and cash equivalents at the end of financial period	8	**117,576,979**	**9,374,995**

The above statement should be read in conjunction with the accompanying notes

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements and notes represent those of Malabar Resources Limited (the "Company") and its controlled entities (the "Group").

The separate financial statements of the parent entity, Malabar Resources Limited, have not been presented within this financial report as permitted by the *Corporations Act 2001*.

The financial statements were authorised for issue on 19 September 2023 by the Directors of the Company.

1. Summary of Significant Accounting Policies

a. Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards, and Interpretations of the Australian Accounting Standards Board (AASB) and comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB). The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Material accounting policies adopted in the preparation of these financial statements are presented in the notes and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

b. Foreign currency translation

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date. Foreign exchange differences arising on translation are recognised in the consolidated statement of profit or loss and other comprehensive income.

c. Significant accounting estimates and judgements

The preparation of the financial statements is in conformity with Australian Accounting Standards and requires the use of certain significant accounting estimates and judgements. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. These estimates and associated assumptions are based on historic experience and various other factors, including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgement about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and assumptions are reviewed and evaluated on an ongoing basis.

Other estimates and judgements material to this report can be found in the following notes:

7. Taxes
13. Inventory
14. Property, plant and equipment
15. Exploration and evaluation
18. Provisions
21. Share-based payments

d. Goods and Services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

2. Adoption of new and revised standards

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

3. Accounting standards and interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ended 30 June 2023 are not material to the disclosure in these accounts.

4. Profit for the year

	2023	2022
	$	$
Profit before income tax from continuing operations includes the following:		
Wayleave income	1,736,710	1,513,718
Other revenue	712,878	834,690
Other income	**2,449,588**	**2,438,408**
Auditors' remuneration	98,000	85,000
Share based payments (1)	-	-
Facility fees	74,898	2,213,426
Interest expense - borrowings	1,493,805	943,032
Interest expense - leases	15,188	7,077
Interest expense – unwinding of provision	1,232,147	-
Finance costs	**2,816,038**	**3,163,535**

(1) The total share-based payment expense for the year was $743,184. This balance was capitalised to Mine Development.

RECOGNITION & MEASUREMENT

Revenue

The core principle of AASB 15, *Revenue from Contracts with Customers* is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognised as control is passed, either over time or at a point in time.

Coal Sales

The Group recognises sales revenue related to the transfer of promised goods or services when control of the goods or services is transferred to the customer. The amount of revenue recognised reflects the consideration to which the Group is or expects to be entitled to in exchange for those goods or services.

Coal sales revenue is recognised on individual sales when control transfers to the customer. The title, risks and rewards, and fulfilment of performance obligation occurs when the product is loaded onto the vessel for delivery to the customer. The Group sells its products on Free on-Board terms where the Group has no responsibility for freight or insurance once control of the goods has passed at the loading port. Under these terms there is only one performance obligation: the provision of goods at the point when control passes to the customer.

The Group's products are sold to customers under contracts that vary in tenure and pricing mechanisms, primarily being monthly or quarterly indexes. Certain sales may be provisionally priced at the date revenue is recognised; however, substantially all coal sales are reflected at final prices by the end of the reporting period. The final selling price is based on the price for the quotational period stipulated in the contract.

Wayleave income (Over time)

The Group leases out a section of the Antiene rail spur on a per tonne hauled basis. Revenue and a contra receivable are recognised as the service is provided. The Group's right to consideration is deemed unconditional at this time as only the passage of time is required before payment of that consideration is due. There is no significant financing component to this transaction, normal credit terms for this transaction are 10 days.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

5. Operating Segments

The Group operates solely within one segment, being the mineral exploration and production industry in Australia.

6. Dividends Paid

No dividends have been paid or proposed during the period (2022: $nil).

7. Income Tax

	2023	2022
	$	$
a) Income tax (expense)/ benefit		
Current tax (expense)/ benefit		
Current period	-	-
Adjustment for prior periods	-	-
Deferred tax expense		
Origination and reversal of temporary differences	(1,382,427)	-
Recognition of tax losses	10,515,100	-
Adjust for prior periods	-	-
Income tax benefit report in the consolidated statement of comprehensive income	**9,132,673**	-
Reconciliation between tax expense and profit before tax		
Profit / (loss) before tax	6,892,339	(610,180)
Income tax (expense)/benefit using Company's domestic tax rate of 25%	(1,723,085)	152,545
Non-deductible expenses	(881,799)	(45,945)
Non-assessable income	1,222,457	1,159,114
Recognition of tax losses	10,515,100	(1,265,714)
Over / (under) provided in prior periods	-	-
Total income tax (expense) / benefit	**9,132,673**	-
b) Income tax recognised directly in equity		
Deferred income tax related to items charged directly to equity		
Capital raising costs	1,946,836	-
Derivatives	1,028,213	-
Income tax benefit recorded in equity	**2,975,049**	-

7. Income Tax (continued)

c) Recognised tax assets and liabilities	2023	2023	2022	2022
	$	$	$	$
	Current income tax payable	Deferred income tax	Current income tax payable	Deferred income tax
Opening balance	-	-	-	-
Charged to income – corporate tax	-	(1,382,427)	-	-
Charged to equity		2,975,049	-	-
Recognition of tax losses	-	10,515,100	-	-
Adjustment for prior periods	-	-	-	-
Payments / (refunds)	-	-	-	-
Closing balance	**-**	**12,107,722**	-	-

	Assets		Liabilities	
	2023	2022	2023	2022
	$	$	$	$
Deferred income tax assets and liabilities are attributable to the following:				
Property, Plant and equipment	-	-	(35,442,664)	(349,317)
Exploration and evaluation	-	-	(8,237,838)	(21,820,118)
Intangible assets	-	-	(1,091,467)	(1,091,467)
Financial arrangements	767,943	-	-	-
Right of use assets and lease liabilities (net)	5,045	6,506	-	-
Provisions	6,589,336	6,255,132	-	-
Tax losses	48,441,292	16,610,820	-	-
Other items	1,978,852	734,133	(902,777)	(345,689)
Tax assets / (liabilities)	**57,782,468**	**23,606,591**	**(45,674,746)**	**(23,606,591)**
Set-off of tax (liabilities) / assets	(45,674,746)	(23,606,591)	45,674,746	23,606,591
Net tax assets	**12,107,722**	**-**	**-**	**-**

d) Tax assets and liabilities not recognised

	2023	2022
	$	$
Unused tax losses for which no deferred tax asset has been recognised	-	42,060,399
Unused capital losses for which no deferred tax asset has been recognised	419,420	419,420
Potential tax effect at 25%	104,855	10,619,955

7. Income Tax (continued)

ACCOUNTING POLICY

Current tax

The income tax expense (benefit) for the year comprises current income tax expense (benefit) and deferred tax expense (benefit). Current income tax expense charged to profit, or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses. Current and deferred income tax expense (benefit) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Deferred tax assets, including those arising from unrecouped tax losses, capital losses and temporary differences, are recognised only where it is considered probable that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These rely on estimates of future production and sales volumes, operating costs, rehabilitation costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and liabilities recognised on the consolidated statement of financial position. Other tax losses and temporary differences not yet recognised may also require adjustment, resulting in a corresponding credit or charge to the consolidated statement of comprehensive income.

8. Cash and Cash Equivalents

	2023	2022
	$	$
Cash at bank and on hand	**117,576,979**	**9,374,995**

Cash was invested in term deposits, yielding an average return of approximately 3.79% (2022: 2.93%).

RECOGNITION & MEASUREMENT

Cash and cash equivalents include cash on hand, deposits available on demand with banks and other short-term highly liquid investments with original maturities of less than 3 months.

9. Financial Assets

	2023	2022
	$	$
Short term deposits	**25,000,000**	**10,198,722**

RECOGNITION & MEASUREMENT

Financial assets are recognised when the Group becomes a party to the contractual provisions to the instrument (i.e. trade date accounting is adopted).

10. Cash Flow Information

	2023	2022
	$	**$**
Reconciliation of Cash Flow from Operations with Profit/(loss) after Income Tax		
Profit/(loss) after income tax	16,025,012	(610,180)
Cash flows excluded from profit attributable to operating activities:		
Interest on unwinding of provision	1,232,147	-
Deferred tax	(9,132,673)	-
Depreciation and amortisation	959,866	-
Net foreign exchange	(1,036,387)	881,351
Changes in assets and liabilities:		
Share in profits of associates	(2,852,410)	(2,710,432)
(Increase) / decrease in trade and other receivables	(1,351,181)	(11,032)
(Increase) / decrease in other assets	6,614,208	(681,754)
(Increase) / decrease in inventory	(6,550,611)	-
Increase in trade and other payables	2,206,007	4,831,354
Decrease in provisions	(563,204)	(1,169,161)
Cash flow from operations	**5,550,774**	**530,146**

11. Trade and Other Receivables

	2023	2022
	$	$
CURRENT:		
Trade receivables	564,976	410,795
Port and rail costs recoverable	790,183	607,121
Other receivables	1,300,924	143,876
Interest receivable	544,217	15,773
	3,200,300	**1,177,565**

The average credit period on trade receivables is 30 days. No interest is charged on overdue amounts. The Group has reviewed receivables based on the simplified approach and does not believe an assessed loss needs to be recorded.

The aging of receivables and allowance for expected credit losses are as follows:

	Expected credit loss	Carrying amount 30 June 2023	Allowance for expected credit loss
		$	$
Not overdue	0%	3,200,300	-

RECOGNITION & MEASUREMENT

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

12. Other Assets

	2023	2022
	$	$
CURRENT:		
Prepayments	**9,555,571**	**1,366,984**
NON-CURRENT:		
Security bond	**115,686**	**95,686**

The prepayments amount in 2023 includes construction insurance and Whynot operational insurance which expires on 30 June 2024 and 30 September 2024 respectively.

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13. Inventory

	2023	2022
	$	$
Coal Stocks	5,572,626	-
Stores & Consumables	1,064,801	86,816
	6,637,427	**86,816**

RECOGNITION AND MEASUREMENT

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of coal inventories is determined using a weighted average basis. Cost includes direct material, mining, processing, labour, mine rehabilitation costs incurred in the extraction process and other fixed and variable overhead costs directly related to mining activities.

SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Stockpile tonnages are calculated by surveys and adjusted for estimated recovery percentages.

14. Property, Plant and Equipment

	Freehold Land	Buildings	Subtotal Land & Buildings	Plant and Equipment	Mine Development	Right-of-use Assets	Total
Consolidated Group:	$	$	$	$	$	$	$
At Cost							
Cost	25,683,265	1,518,572	**27,201,837**	13,331,625	-	410,367	**40,943,829**
Impairment	(5,769,833)	(692,189)	**(6,462,022)**	-	-	-	**(6,462,022)**
Accumulated depreciation	-	(220,781)	**(220,781)**	(3,914,549)	-	(339,629)	**(4,474,958)**
Balance at 30/06/2022	**19,913,432**	**605,602**	**20,519,034**	**9,417,076**	**-**	**70,739**	**30,006,849**
Cost	25,683,265	4,133,445	**29,816,710**	41,825,206	190,905,302	1,061,359	**263,608,577**
Impairment	(5,769,833)	(692,189)	**(6,462,022)**	-	-	-	**(6,462,022)**
Accumulated depreciation	-	(302,621)	**(302,621)**	(4,634,068)	(969)	(497,166)	**(5,434,824)**
Balance at 30/06/2023	**19,913,432**	**3,138,635**	**23,052,067**	**37,191,138**	**190,904,333**	**564,193**	**251,711,731**

During the period Malabar moved from exploration to development for the Maxwell Underground Mine and transferred related costs.

14. Property, Plant and Equipment (continued)

Movements in Carrying Amounts

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Freehold Land	Buildings	Subtotal Land & Buildings	Plant and Equipment	Mine Development	Right-of-use Assets	Total
	$	$	$	$	$	$	$
Consolidated Group:							
Balance at 01/07/2021	**19,913,432**	**609,722**	**20,523,154**	**9,833,023**	**-**	**240,553**	**30,596,730**
Additions	-	-	**-**	330,979	-	-	**330,979**
Depreciation expense	-	(4,120)	**(4,120)**	(746,926)	-	(169,814)	**(920,860)**
Balance at 30/06/2022	**19,913,432**	**605,602**	**20,519,034**	**9,417,076**	**-**	**70,739**	**30,006,849**
Balance at 01/07/2022	**19,913,432**	**605,602**	**20,519,034**	**9,417,076**	**-**	**70,739**	**30,006,849**
Additions	-	-	**-**	2,350,789	156,084,128	650,992	**159,085,909**
Transfer from Exploration Expenditure	-	-	-	-	63,578,839	-	63,578,839
Transfer between classes	-	2,599,481	2,599,481	26,158,185	(28,757,666)	-	-
Depreciation expense	-	(66,448)	**(66,448)**	(734,911)	(969)	(157,538)	**(959,866)**
Balance at 30/06/2023	**19,913,432**	**3,138,635**	**23,052,067**	**37,191,139**	**190,904,332**	**564,193**	**251,711,731**

In FY23 depreciation of $39,510 was capitalised against Capitalised Exploration in relation to the Spur Hill Project.

RECOGNITION & MEASUREMENT

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and Equipment

Plant and equipment is measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

14. Property, Plant and Equipment (continued)

RECOGNITION & MEASUREMENT (continued)

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis or on a diminishing value basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Depreciation rates:

Freehold land	Not depreciated
Buildings and improvements	2.5% - 5%
Plant & equipment	10% - 40%
Right-of-use assets	20%
Mine development	Units of production method

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

Mining property and development

Mine property and development assets include costs transferred from exploration and evaluation assets once technical feasibility and commercial viability of an area of interest are demonstrable. After transfer, all subsequent mine development expenditure is similarly capitalised, to the extent that commercial viability conditions continue to be satisfied.

The costs of dismantling and site rehabilitation are capitalised, if the recognition criteria is met and included within mining property and development.

The cost of the land is capitalised as a mining property and development asset which is subsequently depreciated via the units of production method.

Leased plant and equipment

The Group has lease contracts for various items of plant, machinery and other equipment used in its operations. At the inception of a contract, the Group assesses whether a contract is, or contains, a lease based on the right to use or control an identified asset for a period of time, in exchange for consideration.

At the commencement date of the lease, the Group recognises a lease liability and a corresponding right-of use asset. The lease liability is initially recognised for the present value of non-cancellable lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset.

Impairment

The carrying amounts of the Group's non-financial assets are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use, and which are largely independent of the cash inflows of other assets or groups of assets – the CGU. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal ('FVLCD'). In assessing FVLCD, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised whenever the carrying amount of an asset or its CGU exceeds its recoverable amount. In accordance with AASB 136 Impairment of Assets, impairment losses have been allocated such that the carrying value of individual assets within the Group's CGU were not reduced below their recoverable amount.

14. Property, Plant and Equipment (continued)

SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Recoverable amount of assets

At the end of each period, the Group assesses whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset.

The recoverable amount of the CGU and individual assets are determined based on value-in-use calculations. These calculations require the use of estimates and assumptions.

Expected future cash flows used to determine the recoverable value of tangible assets are inherently uncertain and could materially change over time. They are affected by a number of factors including reserves and expected production and sales volumes together with economic factors, such as spot and future coal prices, discount rates, foreign currency exchange rates, estimates of costs to produce reserves, production rates and future capital expenditure. It is possible that these assumptions may change, which could impact the estimated life of a mine and result in a material adjustment to the carrying value of tangible assets.

The recoverable amount of the CGU is sensitive to the below key assumptions:

Demand for fossil fuels/coal price

The recoverable value of the Group's Coal Reserves and of its plant and equipment is most sensitive to future USD coal prices and the AUD: USD foreign exchange rate, which together impact the AUD price that the company receives for the sale of its products in the global energy and steel manufacturing complexes.

In assessing coal prices, we considered our latest internal forecasts and coal pricing assumptions from recognised commodity consultants. In determining their coal price forecasts, the commodity consultants considered scenarios from the International Energy Agency (IEA).

Operating costs and capital expenditure

Operating costs and capital expenditure are based on the latest budgets and forecasts and longer-term life of mine plans. These projections can include expected operating performance improvements reflecting management experience and expectations.

Discount rate

The discount rate is derived using the weighted average cost of capital methodology adjusted for any risks that are not reflected in the underlying cash flows. A real post-tax discount rate is applied to post-tax cash flows.

Mineral reserves and resources

The estimated quantities of economically recoverable Reserves and Resources are based on interpretations of geological and geophysical models, which require assumptions to be made of factors such as estimates of future operating performance, future capital requirements and short and long-term coal prices. The Group is required to determine and report Reserves and Resources under the Australian Code for Reporting

Mineral Resources and Ore Reserves December 2012 (the JORC Code).

The JORC Code requires the use of reasonable investment assumptions to calculate reserves and resources. Changes in reported Reserves and Resources can impact the carrying value of property, plant and equipment, as well as provisions for rehabilitation and the amount charged for amortisation and depreciation.

15. Capitalised Exploration and Evaluation Costs

For Spur Hill and Maxwell Projects	**2023**	**2022**
	$	**$**
Capitalised exploration and evaluation cost consist of:		
Mining information	963,848	1,732,848
Exploration licences	36,774,905	37,543,905
Exploration & evaluation expenditures	26,021,063	87,326,711
Reserves & resources acquired	4,486,000	4,486,000
Impairment	(21,401,846)	(21,401,846)
R&D tax incentive	(2,029,791)	(2,029,791)
	44,814,179	**107,657,827**
For Spur Hill and Maxwell Projects		
Opening balance	107,657,827	67,670,675
Exploration & evaluation expenditures incurred during the year	735,191	39,987,152
Transfer to Mine Development during the year	(63,578,839)	-
	44,814,179	**107,657,827**

During the period Malabar moved from exploration to development for the Maxwell Underground Mine and transferred related costs.

ACCOUNTING POLICY

Exploration and evaluation expenditure

Exploration and evaluation expenditure is accumulated separately for each area of interest until such time as the area is abandoned or sold. The realisation of the value of the expenditure carried forward depends on any commercial results that may be obtained through successful development and exploitation of the area of interest or alternatively by its sale.

If an area of interest is abandoned or is considered to be of no further commercial interest, the accumulated exploration costs relating to the area are written off against income in the year of abandonment. Some exploration expenditure may also be written off where areas of interest are partly relinquished. In cases where uncertainty exists as to the value, provisions for possible diminution in value are established.

R&D tax incentive

The Group has adopted the capital approach to accounting for R&D tax incentives received or receivable, pursuant to AASB 120 Accounting for Government Grants and Disclosure of Government Assistance. Under this approach, the incentive, net of associated fees, is recorded directly in the statement of financial position against the underlying asset to which the incentive relates.

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15. Capitalised Exploration and Evaluation Costs (continued)

KEY ESTIMATES AND JUDGEMENTS

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement in determining whether future economic benefits are likely, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalised, information becomes available indicating that the recovery of expenditure is unlikely, the amount capitalised is written off in the consolidated statement of comprehensive income in the period when the new information becomes available. The recoverability of the carrying amount of exploration and evaluation assets is dependent on the successful development and commercial exploitation or sale of the respective areas of interest.

The recoverable amount of capitalised exploration and evaluation expenditure was determined using life-of-mine value in use calculations, which was appropriately discounted to reflect the current stage of Maxwell Underground Mine and Spur Hill Project development and prevailing risk factors.

Life-of-mine value in use calculations are based on capital and operating cost estimates utilising mine plans and JORC resource statements. Key assumptions contained in cash flow projections are based on external sources of information where available or reflect past experience and include forecast semi-soft coking and export thermal coal prices and foreign exchange rates (based on external economic forecasters), discount rates, JORC resource statements and operating and capital cost estimates.

The Directors believe that the assumptions used in the determination of the recoverable value of exploration and evaluation expenditure are conservative and supported by the life-of-mine value in use calculations for the Maxwell Underground Mine and the Spur Hill Project. Accordingly, the Directors are of the opinion that the exploration and evaluation expenditure is recoverable for the amount stated in the financial report.

16. Trade And Other Payables

	2023	2022
	$	$
CURRENT:		
Trade creditors	4,252,927	899,385
Other creditors	12,797,941	2,793,657
Interest payable	41,541	91,602
Amounts received in advance for capital raising	-	1,862,500
	17,092,409	**5,647,144**
NON-CURRENT:		
Other creditors	**950,000**	**-**
Total trade and other payables	**18,042,409**	**-**

The average credit period on trade purchases is 14 days. The Company has financial risk management policies in place to ensure all payables are paid within agreed credit terms.

RECOGNITION & MEASUREMENT

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

17. Lease Liabilities

	2023	2022
	$	$
Lease liabilities included in Statement of Financial Position:		
Current	136,097	96,769
Non-current	448,274	-
Total	**584,371**	**96,769**

18. Provisions

CURRENT:	**Employee entitlements**	**Mine rehabilitation**	**Deferred consideration**	**Total**
	$	$	$	$
Opening balance 1 July 2021	**336,867**	**1,173,538**	**-**	**1,510,405**
Additional provisions recognised	318,026	-	100,454	418,480
Payments during the year	(313,051)	(1,174,136)	-	(1,487,187)
Reallocation from non-current	-	300,000	-	300,000
Closing as at 30 June 2022	**341,842**	**299,402**	**100,454**	**741,698**
Opening balance 1 July 2022	**341,842**	**299,402**	**100,454**	**741,698**
Additional provisions recognised	400,241	-	-	400,241
Payments during the year	(265,374)	(293,653)	(4,177)	(563,204)
Reallocation from non-current	-	601,904	222,406	824,310
Closing as at 30 June 2023	**476,709**	**607,653**	**318,683**	**1,403,045**

NON-CURRENT:	**Employee entitlements**	**Mine rehabilitation**	**Deferred consideration**	**Total**
	$	$	$	$
Opening balance 1 July 2021	**-**	**29,231,691**	**5,891,000**	**35,122,691**
Additional provisions recognised	-	6,203,953	18,418,175	24,622,128
Provisions released during the year			(200,000)	(200,000)
Payments during the year	-	-	-	-
Reallocation to current	-	(300,000)	-	(300,000)
Closing 30 June 2022	**-**	**35,135,644**	**24,109,175**	**59,244,819**
Opening balance 1 July 2022	**-**	**35,135,644**	**24,109,175**	**59,244,819**
Additional provisions recognised		1,232,147		1,232,147
Payments during the year	-	-	-	-
Reallocation to current	-	(601,904)	(222,406)	(824,310)
Closing 30 June 2023	**-**	**35,765,887**	**23,886,769**	**59,652,656**

18. Provisions (continued)

RECOGNITION & MEASUREMENT

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

KEY ESTIMATES AND JUDGEMENTS

Deferred consideration

Significant estimates and assumptions are made in determining the provision for deferred consideration. These factors include estimates of the production profile and changes in discount rates. The provisions at balance date represent management's best estimate of the present value of the deferred consideration.

Mine rehabilitation

Provisions are made for the estimated cost of rehabilitation relating to areas disturbed during the mine's operation up to reporting date but not yet rehabilitated. The nature of rehabilitation activities includes dismantling and removing operating facilities, re-contouring and top soiling the mine, and restoration, reclamation and revegetation of affected areas. Provision has been made for all disturbed areas at the reporting date based on current estimates of costs to rehabilitate such areas, discounted to their present value based on expected future cash flows.

The obligation to rehabilitate arises at the commencement of the mining project and/or when the environment is disturbed at the mining location. At this point, the provision is recognised as a liability with a corresponding asset included in mining property and development assets. Additional disturbances or changes in the rehabilitation costs are reflected in the present value of the rehabilitation provision, with a corresponding change in the cost of the associated asset. In the event the restoration provision is reduced, the cost of the related asset is reduced by an amount not exceeding its carrying value.

The unwinding of the effect of discounting the provision is recorded as a finance cost in the consolidated statement of comprehensive income.

The amount of the provision relating to rehabilitation of environmental disturbance caused by on-going production and extraction activities will be recognised in the consolidated statement of comprehensive income as incurred.

Significant estimates and assumptions are made in determining the provision for mine rehabilitation as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases, and changes in discount rates. Those uncertainties may result in future actual expenditure differing from the amounts currently provided. The provisions at balance date represent management's best estimate of the present value of the future rehabilitation costs required to rehabilitate Maxwell Infrastructure and the Maxwell Underground Mine.

19. Borrowings

	2023	2022
CURRENT:	$	$
Insurance premium funding facility	2,209,518	-
Revolving debt facility	-	15,355,000
Total current borrowings	**2,209,518**	**15,355,000**
NON-CURRENT:		
Senior debt facility	**49,347,771**	**-**

During the period the revolving bill facility of $15.4 million was repaid; and the Company entered into a USD $120 million senior debt facility and a USD $55 million subordinated debt facility. As at 30 June 2023 USD $24 million was drawn on the senior debt facility. Interest is currently being capitalised.

RECOGNITION & MEASUREMENT

Borrowings are recognised when the Group becomes a party to the contractual provisions of the instrument. These are initially measured at fair value, net of transaction costs and subsequently measured at amortised cost using the effective interest method.

19. Borrowings (continued)

KEY ESTIMATES AND JUDGEMENTS

Management has reviewed the terms and conditions of its credit facilities. Where a facility is classified as non-current, management has determined that the Group is in compliance with the relevant terms and conditions of the facility. Where the agreement contains terms that give the bank an element of discretion to review and change the terms and conditions of the agreement, management is of the opinion that, based on conditions existing at balance date and up to the date of the directors' declaration, in all material aspects it retains a right to defer settlement of the liability for at least twelve months after the reporting period.

20. Issued Capital

	2023	2022
	$	$
Issued share capital consists out of the following:		
502,012,142 fully paid ordinary shares (2022: 291,492,003)	**368,363,492**	**124,210,079**

Movements in ordinary share capital during the year:

Date	Details	Number	Issue Price	$
1 July 2022	Opening balance	**291,492,003**		**124,210,079**
29 July 2022	Exercise of options	20,551,116	1.25	25,688,895
2 August 2022	Issue of new shares [1]	179,444,023	1.25	224,305,029
2 August 2022	Issue of new shares – XLX completion fee [2]	10,000,000	-	-
23 August	Performance rights exercised [3]	525,000	-	-
	Share issue costs net of tax	-	-	(5,840,511)
30 June 2023	Closing balance	**502,012,142**		**368,363,492**

[1] Share placement

In August 2022, the Group settled an equity raising of $249,993,924. The equity was issued at $1.25 per share from a combination of placements to sophisticated investors and existing option holders exercising their options. A total of 199,995,139 new shares were issued as a result of the capital raising.

[2] XLX Completion Fee

Malabar issued XLX Pty Ltd 10,000,000 shares on completion of the approvals and financing on the Maxwell Underground Mine. This was in accordance with the Advisory Agreement executed between the parties in November 2019. Wayne Seabrook, Tony Haggarty and Allan Davies are minority shareholders in XLX Pty Ltd and Directors of Malabar Resources Limited. The completion fee shares have been accounted for in accordance with AASB 2 Share based Payment.

[3] Performance Rights

Performance Rights are awarded to employees under the terms of their respective employment agreements. The holders of Performance Rights are allocated one ordinary share for each Right when exercised. Performance Rights have been accounted for in accordance with AASB 2 Share-based Payment.

Capital Management

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the Group can fund its operations and continue as a going concern.
The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.
The Group is required to maintain liquidity above $10 million in relation to capital requirements with respect to the facility agreements.
Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

21. Share Based Payments

Malabar awarded 86,593 Performance Rights ("Bonus Rights") to employees in lieu of cash bonuses in September 2022 and 100,000 were awarded to other employees under the respective employment agreements ("Employment Rights"). The Bonus Rights were granted at zero cost and vested on acceptance of the Rights awarded. The Employment Rights were granted at zero cost and vest on achievement of specific hurdles unique to each Grantee. The holders will be allocated one ordinary share for each Right when exercised. The Performance Rights have been accounted for in accordance with *AASB 2 Share-based Payment*.

a. Summary of Securities on offer

Performance Rights	Number	Grant Date	Expiry Date	Exercise Price	Fair Value at Grant Date
Performance Rights type 1	500,000	29/07/2019	29/07/2029	$ -	$0.35
Performance Rights type 2	50,000	2/09/2019	2/09/2029	$ -	$0.38
Performance Rights type 3	350,000	16/04/2020	16/04/2030	$ -	$0.38
Performance Rights type 3	50,000	01/09/2021	01/09/2031	$ -	$0.66
Performance Rights type 4	200,000	19/02/2022	19/02/2032	$ -	$0.66
Performance Rights type 5	100,000	19/03/2023	19/03/2032	$ -	$0.87
Bonus PR 04092020	147,000	04/09/2020	04/09/2030	$ -	$0.45
Bonus PR 03092021	222,366	03/09/2021	03/09/2031	$ -	$0.66
Bonus PR 07092022	86,593	07/09/2022	07/09/2032	$ -	$0.87
	1,705,959				

b. Movement of Rights during the year

	2023		2022	
	Securities	Average weighted price	Securities	Average weighted price
Opening balance	**12,044,366**	$0.52	11,867,000	$0.38
Granted	186,593	$0.87	504,034	$0.66
Forfeited	-	-	-	-
Exercised	(10,525,000)	-	(326,668)	-
Expired	-	-	-	-
Closing balance	**1,705,959**	**$0.56**	**12,044,366**	**$0.52**

21. Share Based Payments (continued)

c. Valuation model

The fair value of the securities is estimated using the Black-Scholes option pricing model incorporating the probability of the performance obligations being met and a discount for reduced liquidity of the underlying ordinary shares.

The following table lists the inputs used in the valuation of rights granted during the period.

Securities	Performance Right 5	Bonus PR 07092022
Performance obligation	(1)	n/a
Grant date	19/3/23	7/09/22
Vesting date	(2)	7/09/22
Fair value at grant date	$0.87	$0.87
Share price	$1.25	$1.25
Exercise price	$ -	$ -
Expected volatility	74%	74%
Risk-free interest rate	3.07%	3.07%
Performance Right Life	10 years	10 years

(1) As per individual contract

(2) When contractual vesting conditions are met

RECOGNITION & MEASUREMENT

Equity-settled compensation

The Group operates an employee share plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share-based payment reserve. The fair value of options is determined using the Black-Scholes pricing model. The number of shares expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

22. Earnings per share

Basic earnings per share (EPS)		2023	2022
Net Income attributable to ordinary shareholders			
Net Income/(loss) attributable to ordinary shareholders	($)	**16,025,012**	**(610,180)**
Weighted average number of ordinary shares			
Issued ordinary shares at 1 July	#	291,492,003	288,327,195
Effect of share issues during the period		192,058,082	2,911,573
Weighted average number of ordinary shares at 30 June		**483,550,085**	**291,238,768**
Basic EPS attributable to ordinary shareholders	**(cents)**	**3.31**	**(0.21)**

Diluted earnings per share (EPS)		2023	2022
Net Income attributable to ordinary shareholders (diluted)			
Net Income/(loss) attributable to ordinary shareholders (diluted)	($)	**16,025,012**	**(610,180)**
Weighted average number of ordinary shares (diluted)			
Weighted average number of ordinary shares (basic)	#	483,550,085	291,238,768
Effect of Rights issued during the period		98,443	-
Weighted average number of ordinary shares at 30 June (diluted)		**483,648,528**	**291,238,768**
Diluted EPS attributable to ordinary shareholders	**(cents)**	**3.31**	**(0.21)**

23. Reserves

	2023	2022
	$	**$**
Share based payments reserve		
Opening Balance	4,235,614	2,198,724
Share based payments	743,184	2,036,890
Reserves transferred to issued capital upon exercise of options	(4,138,750)	-
Closing Balance Share based payments	**840,048**	**4,235,614**
Capital Reserves	7,888,459	7,888,459
Total Share based payments & Capital Reserves	**8,728,507**	**12,124,073**
Hedge Reserve	**(3,084,635)**	**-**

24. Group Structure

a. Controlled entities

Listed below are companies which are subsidiaries of Malabar Resources Limited. All of the subsidiaries are incorporated in Australia and the investments are in ordinary shares.

	Owned directly or indirectly	
	2023	**2022**
Spur Hill No. 2 Pty Ltd (SH2)	100%	100%
Spur Hill Management Pty Ltd (SHMgt)	100%	100%
Spur Hill Agricultural Pty Ltd (SHA)	100%	100%
Spur Hill Marketing Pty Ltd (SHMkt)	100%	100%
Maxwell Ventures Pty Ltd	100%	100%
Maxwell Ventures (Management) Pty Ltd	100%	100%
Maxwell Coal (Sales) Pty Ltd	100%	100%
Maxwell Solar Pty Ltd	100%	100%
Drayton Coal Shipping Pty Ltd	100%	100%
Malabar Finance Pty Ltd	100%	-

b. Parent entity information

	2023	**2022**
	$	**$**
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current assets	402,198,619	98,756,568
Non-current assets	34,538,763	16,702,530
TOTAL ASSETS	**436,737,382**	**115,459,098**
LIABILITIES		
Current liabilities	3,959,629	12,873,165
Non-current liabilities	76,546,605	5,891,000
TOTAL LIABILITIES	**80,506,234**	**18,764,165**
EQUITY		
Issued capital	368,363,450	124,210,036
Reserves	(2,244,587)	4,235,614
Accumulated losses	(9,887,715)	(31,750,717)
TOTAL EQUITY	**356,231,148**	**96,694,933**
STATEMENT OF COMPREHENSIVE INCOME		
Total profit / (loss)	**12,910,890**	**(6,008,851)**
Total comprehensive loss	**9,826,254**	**(6,008,851)**

24. Group Structure (continued)

Guarantees

Refer to Note 26: Contingent liabilities and contingencies

Contingent liabilities

Malabar Resources Limited has certain contingent liabilities as at 30 June 2023. Refer to Note 26.

ACCOUNTING POLICY

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Malabar Resources Limited) and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation.

c. Investments in Associates

Name of associate	Principal activity	Place of incorporation	Proportion of ownership interest 2023	Proportion of ownership interest 2022
Newcastle Coal Shippers Pty Ltd ('NCS')	Investment in Port Waratah Coal Services ('PWCS')	Australia	20%	20%

	2023 $	2022 $
Opening balance	16,093,716	16,087,884
Profits attributable post-acquisition	2,852,410	2,710,432
Less dividends received	(2,852,400)	(2,704,600)
Carrying amount of investment	**16,093,726**	**16,093,716**

RECOGNITION & MEASUREMENT

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with AASB 5.

Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture less dividends received.

24. Group Structure (continued)

d. Related party transactions

The Group's main related parties are as follows:

Entities exercising control over the Group

The parent entity within the Group is Malabar Resources Limited.

Entities subject to significant influence by the Group

An entity which has power to participate in the financial and operating policy decisions of an entity, but does not have control over the policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, are considered key management personnel.

Other related parties

Other related parties include entities controlled by the ultimate holding company and entities over which key management personnel have joint control.

Transactions with related parties

Transactions between related parties are on normal commercial terms and on conditions no more favourable than those available to other parties unless otherwise stated.

Related Parties

Wayne Seabrook (Executive Chairman)

Ironstone Capital Partners Pty Ltd (Ironstone) is a corporate advisory business partially owned by Wayne Seabrook. Ironstone provides consulting services to the Group in connection with project development and other corporate activities. Ironstone is paid at market related rates or less for work conducted by its executives. Amount paid in 2023: $697,050 (2022: $665,874).

Key Management Personnel (KMP)	2023	2022
	$	$
Short-term employee benefits	1,935,265	1,590,214
Post-employment benefits	73,151	59,657
Share-based payments	64,400	167,009
Total key management personnel	**2,072,816**	**1,816,880**

25. Financial Assets and Financial Liabilities

Financial Risk Management Policies

The Audit Committee has been delegated responsibility by the Board of Directors for, among other issues, monitoring and managing financial risk exposures of the Group. The Audit Committee monitors the Group's financial risk management policies and exposures and approves financial transactions within the scope of its authority. It also reviews the effectiveness of internal controls relating to counterparty market risk, credit risk and liquidity risk.

The Group's overall risk management strategy seeks to meet its financial requirements, while minimising potential adverse effects on financial performance. It includes the review of the use of credit risk policies and future cash flow requirements. The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of foreign exchange risk, interest rate and commodity risk.

Market Risk

Foreign currency risk

The Group is exposed to currency risk on sales, purchases and draw-down of senior debt facilities that are denominated in a currency other than the respective functional currency of the Group, the Australian dollar (AUD). The currency in which these transactions primarily are denominated is US dollars (USD).

The Group may use forward exchange contracts (FECs) to hedge its currency risk in relation to contracted sales where both volume and US dollar price are fixed.

In respect of the senior debt facility which is denominated in US Dollars, FECs and option contracts have been executed to hedge against foreign currency risk.

During the current year ended 30 June 2023, a net foreign exchange gain of $0.3 million was recognised.

The Group designates its forward exchange contracts in cash flow hedges and measures them at fair value.

The fair value of forward exchange contracts used as hedges at 30 June 2023 was a $3.5 million liability that was in the consolidated statement of financial position.

At 30 June 2023, the Group had the following financial instruments that were not designated in cash flow hedges that were exposed to foreign currency risk:

	2023	2022
	$	$
Cash and cash equivalents	2,287,368	-
Borrowings	(49,347,771)	-
Net Statement of Financial Position exposure	**(47,060,403)**	**-**

The following exchange rates applied during the year (no foreign currency exposure in 2022).

	Average rate	Spot rate at reporting date
USD	0.6696	0.6614

25. Financial Assets and Financial Liabilities (continued)

Sensitivity analysis

A change of 10% in the Australian dollar against the following currencies at 30 June 2023 would have increased/(decreased) equity and pre-tax profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant.

	Equity	Profit or loss
	$	$
AUD: USD strengthening by 10%	8,718,025	4,278,218
AUD: USD weakening by 10%	(9,859,449)	(5,228,934)

Interest rate risk

Management analyses interest rate exposure on an ongoing basis.

The interest rate profile of the Groups interest-bearing financial instruments at the reporting date was:

	2023	2022
	$	$
Fixed rate instruments		
Short-term loan	(2,209,518)	-
Lease liabilities	(584,371)	(96,769)
Senior debt	(49,347,771)	(15,355,000)
	(52,141,660)	**(15,451,769)**
Variable rate instruments		
Financial assets	**142,576,979**	**19,573,717**

Sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Equity	Profit or loss
	$	$
30 June 2023		
100bp increase	-	1,425,770
100bp decrease	-	(1,425,770)
30 June 2022		
100bp increase	-	195,737
100bp decrease	-	(195,737)

Commodity price risk

The Group's major commodity price exposure is to the price of coal. The Group has chosen not to hedge against the movement in coal prices.

25. Financial Assets and Financial Liabilities (continued)

Credit Risk

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position. Credit risk also arises through the provision of financial guarantees, as approved at board level, given the parties securing the liabilities of certain subsidiaries.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality.

Credit risk related to balances with banks and other financial institutions is managed by the Group in accordance with the policy of only investing surplus cash with major financial institutions.

Such policy requires that surplus funds are only invested with counterparties with a Standard & Poor's rating of at least A-. The following table provides information regarding the credit risk relating to cash and money market securities based on Standard & Poor's counterparty credit ratings.

	Note	2023	2022
		$	$
Cash and cash equivalents	8	117,576,979	9,374,995
Financial assets (short term deposits)	9	25,000,000	10,198,722
Trade and other receivables	11	3,200,300	1,177,565
Total credit risk		**145,777,279**	**20,751,282**

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically, the Group ensures that it has sufficient cash on demand to meet all expected operational expenses as and when due, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the contractual undiscounted maturities of financial liabilities, including estimated interest payments:

	Carrying amount	< 12 months	Between 1 – 2 years	2 – 5 years	More than 5 years
2023					
Financial Liabilities					
Trade and other payables	18,042,409	17,092,409	950,000	-	-
Lease liabilities	584,371	136,097	448,274	-	-
Borrowings	51,557,289	2,209,518	-	49,347,771	-
Deferred Consideration	24,205,452	318,683	1,084,288	8,999,538	13,802,943
Forward exchange contracts					
Outflow	84,668,884	41,578,470	43,090,414	-	-
Inflow	(81,162,350)	(39,985,727)	(41,176,623)	-	-
	97,896,055	**21,349,450**	**4,396,353**	**58,347,309**	**13,802,943**

25. Financial Assets and Financial Liabilities (continued)

Liquidity Risk

	Carrying amount	< 12 months	Between 1 – 2 years	2 – 5 years	More than 5 years
2022					
Financial Liabilities					
Trade and other payables	5,647,144	5,647,144	-	-	-
Lease liabilities	96,769	96,769	-	-	-
Borrowings	15,355,000	15,355,000	-	-	-
Deferred Consideration	24,209,629	100,454	196,742	7,053,857	16,858,576
	45,308,542	**21,199,367**	**196,742**	**7,053,857**	**16,858,576**

Fair value hierarchy

The Group complies with AASB 7 Financial Instruments Disclosures which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group's financial instruments consist mainly of cash at bank, financial assets, accounts receivable and payable, derivatives, deferred consideration and borrowings. All financial instruments currently held are measured using a Level 2 or Level 3 fair value measurement. The fair values of the financial assets and financial liabilities recorded in the financial statements materially approximates their respective fair values, determined in accordance with the accounting policies noted in these financial statements.

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2023	2022	
		$	$	**Measurement**
Financial assets				
Cash and cash equivalents	8	117,576,979	9,374,995	Amortised cost
Financial assets	9	25,000,000	10,198,722	Amortised cost
Trade and other receivables	11	3,200,300	1,177,565	Amortised cost
Foreign exchange option contracts – receivable		743,687	-	Fair value
Total financial assets		**146,520,966**	**20,751,282**	

	Note	2023	2022	
		$	$	**Measurement**
Financial liabilities				
Trade and other payables	16	18,042,409	5,647,144	Amortised cost
Deferred Consideration	18	24,205,452	24,209,629	FVTPL
Borrowings	19	51,557,289	15,355,000	Amortised cost
Lease liabilities	**17**	584,371	96,769	Amortised cost
Foreign exchange forward contracts – payable		3,506,534	-	Fair value
Total financial liabilities		**97,896,055**	**45,308,542**	

25. Financial Assets and Financial Liabilities (continued)

Valuation techniques used to measure Level 3 Fair values

Deferred consideration in relation to the SHUT acquisition which concluded in 2015 includes milestone payments, participating option payments for land purchases and royalties on the coal sales. The fair value is calculated using a discounted cashflow model and included the milestone payments and participating option payments discounted at the Group's weighted average cost of capital. The fair value related to the Drayton acquisition is calculated using a discounted cashflow model, the forecast coal production which commences in 2023 and discounted at the risk-free return of 3.61%.

The Group held the following financial instruments carried at fair value in the consolidated statement of financial position:

	30 June 2023	Level 1	Level 2	Level 3
	$	$	$	$
Assets measured at fair value				
Foreign exchange option contracts – receivable	743,687	-	743,687	-
	743,687	**-**	**743.687**	**-**
Liabilities measured at fair value				
Foreign exchange forward contracts – payable	(3,506,534)	-	(3,506,534)	-
Deferred consideration	(24,205,452)	-	-	(24,205,452)
	(27,711,986)	**-**	**(3,506,534)**	**(24,205,452)**

The fair value of derivative financial instruments are derived using valuation techniques based on observable market inputs, such as forward currency rates, at the end of the reporting period. The amounts disclosed in the consolidated statement of financial position are the fair values and are classified under level 2 in the fair value measurement hierarchy. During the period the Group entered into forward exchange contracts and options to hedge foreign exchange risk. A number of these contracts remained open as at 30 June 2023.

RECOGNITION & MEASUREMENT

Initial measurement of financial instruments

All financial instruments are initially measured at fair value net of transaction costs.

Subsequent measurement

Financial assets

Financial assets are subsequently measured at fair value (either through OCI, or profit or loss) or amortised cost. Classification depends on the business model for managing the financial assets and the contractual terms of the cash flows.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Impairment

The Group recognises a loss allowance for expected credit losses (ECL) on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

The Group uses the simplified approach for assessing impairment. The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

This approach is applicable to: trade receivables that result from transactions within the scope of AASB 15: *Revenue from Contracts with Customers* and that contain a significant financing component; and lease receivables.

25. Financial Assets and Financial Liabilities (continued)

RECOGNITION & MEASUREMENT

Recognition of expected credit losses in financial statements

At each reporting date, the Group recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value, with changes in fair value recognised in other comprehensive income. Amounts in relation to change in credit risk are transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (e.g. loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

26. Contingent Liabilities and Contingencies

a. Facilities and guarantees

The Group has an US$55m (AUD$82,956,259, converted at AUD$1 = US$0.6630) facility in place to provide bonds, guarantees, and financial assurances including the provision of guarantees to the NSW Government. As at 30 June 2023, AUD $68,179,528 of the facility has been utilised for these purposes.

b. Deferred consideration

Spur Hill Project (EL 7249)

Deferred consideration in relation to the SHUT acquisition which concluded in 2015 includes milestone payments, participating option payments for land purchases and royalties on the coal sales.

The fair value is calculated using a discounted cashflow model of the milestone payments discounted at the companies weighted average cost of capital. The royalties on coal sales were not included in the calculation as the timing of actual coal production could not be reasonably assessed at this point.

c. Litigation

The Directors are not aware of any on-going or future litigation that would adversely affect the operations of the Group.

27. Events After the Reporting Period

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

28. Company details

The registered office and principal place of business of the Company as at 30 June 2023 was:

Level 26, 259 George Street

Sydney, NSW, 2000

Tel.: 02 8248 1272

Website: https://malabarresources.com.au/

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Malabar Resources Limited, in the opinion of the Directors of the company:

1. the financial statements and notes, as set out on pages 15 to 46, are in accordance with the *Corporations Act 2001* including:
   a. complying with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS) and the *Corporations Regulations 2001*; and
   b. giving a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the year ended on that date;
2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by s295A of the *Corporations Act 2001* from the Chief Executive Officer.

Wayne Seabrook

Director

Dated: 19 September 2023

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MALABAR RESOURCES LIMITED

Opinion

We have audited the accompanying financial report of Malabar Resources Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

In our opinion the financial report of Malabar Resources Limited is in accordance with the *Corporations Act 2001*, including:

a) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the year ended on that date; and
b) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the consolidated entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the consolidated entity's Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for the Financial Report

The Directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the consolidated entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individual or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at http://www.auasb.gov.au/ Home.aspx. This description forms part of our auditor's report.

PKF

PKF BRISBANE AUDIT

C Bradley

CAMERON BRADLEY
PARTNER

BRISBANE
19 September 2023

CORPORATE DIRECTORY

Company

Malabar Resources Limited
Level 26, 259 George Street
SYDNEY NSW 2000
+61 2 8248 1272
www.malabarresources.com.au

Directors

Wayne Seabrook (Chairman)
Anthony Galligan (Non-Executive Independent Director)
Allan Davies (Non-Executive Director)
Brian Beem (Non-Executive Director)
Tony Haggarty (Non-Executive Director)
Rob Bishop (Non-Executive Director)
Matthew Hunter (Non-Executive Director)
Jim Middleton (Executive Director)

Company Secretary

Lindi-May Lochner
+61 2 8036 0785

Share Registry

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Auditor

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