



## Prospectus

Malabar Resources Limited ACN 151 691 468

Pro rata non-renounceable entitlement offer of 1 New Share for every 10 Shares held at an offer price of \$1.00.

Each New Share includes 3 New Options exercisable at a price of \$1.25 per option.

The offer may raise up to \$2.8 million.

**Last date for acceptance and payment: 5.00pm (Sydney time) on Wednesday, 7 July 2021**

**If you are an Eligible Shareholder, this is an important document that requires your immediate attention. It should be read in its entirety. If, after reading this document, you have any questions about the securities being offered for issue under it or any other matter, you should contact your stockbroker, solicitor, accountant or other professional adviser.**

**This document is a prospectus issued in accordance with section 712 of the Corporations Act. This means that it does not, in and of itself, contain all of the information which is generally required to satisfy the disclosure requirements under the Corporations Act, but refers to other documents, the contents of which are deemed to be incorporated into this document.**

### LEGAL ADVISOR

McCullough Robertson Lawyers



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## IMPORTANT NOTICES

### General

This Prospectus is dated 9 June 2021. A copy of this Prospectus was lodged with ASIC on that date. ASIC takes no responsibility for the contents of this Prospectus or the merits of any investment under this Prospectus. No New Shares or New Options will be allotted or transferred on the basis of this Prospectus after the expiry date. This Prospectus expires on 9 June 2022.

No person may give any information or make a representation about the Entitlement Offer, which is not in this Prospectus. Information or representations not in this Prospectus must not be relied on as authorised by Malabar, or any other person, in connection with the Entitlement Offer.

This Prospectus provides information for investors to decide if they wish to invest in Malabar. Read this document in its entirety. Examine the assumptions underlying the risk factors that could affect the financial performance of Malabar. Consider these factors carefully in light of your personal financial circumstances. Seek professional advice from your accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest. The Entitlement Offer does not take into account the investment objectives, financial situation or needs of particular investors.

### Short form prospectus

This Prospectus is a short form prospectus issued in accordance with section 712 of the Corporations Act. This means that this Prospectus does not contain all of the information which is generally required to satisfy the disclosure requirements under the Corporations Act. Rather, it incorporates all other necessary information by reference to documents which have already been lodged by Malabar with ASIC, including the documents referred to and listed in sections 5.1 and 8.1 of this Prospectus.

### Australian residents only

New Shares to be issued under this Prospectus are only offered to Eligible Shareholders, being Shareholders with a registered address in Australia at 7.00pm (Sydney time) on the Record Date, or Shareholders that Malabar has otherwise determined are eligible to participate.

The offer is available to Australian residents having a registered address in that jurisdiction, as well as those Shareholders that Malabar has otherwise determined are eligible to participate (having regard to regulatory requirements). The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law. Seek advice on and observe any restrictions. This Prospectus is not an offer in any place where, or to any person to whom, it would not be lawful to make the offer.

### Electronic prospectus

This Prospectus is available electronically at [www.malabarresources.com.au](http://www.malabarresources.com.au). The Entitlement and Acceptance Form attached to the electronic version of this Prospectus must be used within Australia. Electronic versions of this Prospectus should be downloaded and read in their entirety. Obtain a paper copy of the Prospectus (free of charge) by telephoning Malabar on +61 2 8036 0785 at any time from 8:30am to 5:00pm (Sydney time) Monday to Friday until the Closing Date. Applications for New Shares may only be made on the Entitlement and Acceptance Form attached to this Prospectus or in its paper copy form downloaded in its entirety from [www.malabarresources.com.au](http://www.malabarresources.com.au).

### Exposure Period

This Prospectus may be circulated during the Exposure Period. The purpose of the Exposure Period is to enable market participants to examine the Prospectus prior to the raising of funds. You should be aware that this examination may result in deficiencies being identified in the Prospectus, in which case any Entitlement and Acceptance Form that has been received may need to be dealt with in accordance with section 724 of the Corporations Act.

Entitlement and Acceptance Forms will not be processed by Malabar until after the expiry of the Exposure Period. Further, no preference will be given to any Entitlement and Acceptance Forms lodged prior to the expiry of the Exposure Period.

### Privacy

Malabar and the share registry collect, hold and use personal information received from you to communicate and provide services to you as a Shareholder. Malabar may disclose information to its agents, service providers (such as the share registry) and government bodies. Malabar's privacy policy sets out how you may access, correct and update the personal information that Malabar holds about you (by contacting the share registry), how you can complain about privacy related matters and how Malabar responds to complaints.

### Defined terms

Capitalised terms used in this Prospectus are defined in the Glossary.

**Currency**

Monetary amounts shown in this Prospectus are expressed in Australian dollars unless otherwise stated.

**Photographs and diagrams**

Photographs used in this Prospectus without descriptions are only for illustration. The people shown are not endorsing this Prospectus or its contents. Diagrams used in this Prospectus may not be drawn to scale. The assets depicted in photographs in this Prospectus are not assets of Malabar unless otherwise stated.

**Forward looking statements**

Statements in this Prospectus may be forward looking statements.

Forward looking statements can be identified by the use of forward looking terminology such as, but not limited to, 'may', 'will', 'expect', 'anticipate', 'estimate', 'would be', 'believe', or 'continue' or the negative or other variations of comparable terminology. These statements are subject to risks and uncertainties that could cause actual results to differ materially from those projected. The Directors' expectations, beliefs and projections are expressed in good faith and are believed to have a reasonable basis. They are based on, among other sources, the examination of historical operating trends, data in Malabar's records and other data available from third parties. There can be no assurance, however, that the Directors' expectations, beliefs or projections will give the results projected in the forward looking statements. Investors should not place undue reliance on these forward looking statements.

Additional risk factors that could cause actual results to differ materially from those indicated in the forward looking statements are discussed in section 6 of this Prospectus.

**THIS DOCUMENT IS IMPORTANT AND SHOULD BE READ IN ITS ENTIRETY**

## Letter from the Chairman

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Wednesday, 9 June 2021

Dear Shareholder

I am pleased to write to you, as a valued Shareholder of Malabar Resources Limited (**Malabar**), and offer you the opportunity to increase your investment in Malabar through participation in a 1 for 10 pro rata non-renounceable issue of ordinary shares in Malabar (**New Shares**) at a price of \$1.00 per New Share (**Entitlement Offer**).

Together with each New Share acquired under the Entitlement Offer, you will also receive three (3) options to acquire fully paid ordinary shares in Malabar (**New Options**). Each New Option will entitle you to subscribe for one fully paid ordinary share in Malabar at an exercise price of \$1.25 per option.

Malabar successfully completed a placement to wholesale and sophisticated investors on Wednesday, 28 April 2021, raising approximately \$25 million (**Institutional Offer**). The Institutional Offer was oversubscribed, being supported by existing Shareholders and a number of new investors joining Malabar's share register.

This prospectus contains details about the Entitlement Offer, instructions on how to participate in the Entitlement Offer, and the effect of the Entitlement Offer on Malabar.

Depending on the level of participation from Eligible Shareholders under the Entitlement Offer, Malabar may raise up to \$2.8 million (before direct Entitlement Offer costs) through the issue of approximately 2,838,140 New Shares under the Entitlement Offer.

Malabar acquired the Exploration Licence 5460 and significant existing infrastructure in February 2018 and commenced the Significant State Development (**SSD**) approval process for the Maxwell Underground Mine (**Maxwell Mine**). Malabar received SSD 9526 approval from the NSW Independent Planning Commission (IPC) on 23 December 2020 and received federal approval under the *Environment Protection and Biodiversity Conservation Act 1999 (Cth)* on 10 March 2021.

The proceeds from the Institutional Offer and Entitlement Offer will be used to finalise key construction contracts, debt and other finance-related documentation, payment of transaction costs of the Entitlement Offer, and working capital and capital expenditure. The proceeds comprise part of the total funding requirements for the Maxwell Mine, with further sources of funding to be secured in the future as the project progresses.

The number of New Shares you are entitled to subscribe for under the Entitlement Offer (**Entitlement**) is set out in your personalised entitlement and acceptance form that is attached to this Prospectus (**Entitlement and Acceptance Form**).

If you take up your Entitlement, you can also apply for additional New Shares under an 'oversubscription' facility (refer to section 3.3 of this Prospectus for more information).

The Entitlement Offer is non-renounceable and therefore your Entitlements will not be transferable.

This Prospectus contains important information, including:

- (a) information on Malabar, the Entitlement Offer, and key risks for you to consider;
- (b) instructions on how to apply, detailing how to participate in the Entitlement Offer if you choose to do so, and a timetable of key dates;

- (c) a personalised Entitlement and Acceptance Form which details your Entitlement, to be completed in accordance with the instructions; and
- (d) instructions on how to take up all or part of your Entitlement via BPAY.

The Entitlement Offer closes at 5.00pm (Sydney time) on Wednesday, 7 July 2021.

An investment in Malabar is subject to specific and general risks, including but not limited to, resource estimations risk, evaluation risk, financing risk, construction risk, regulatory risk, and commodity price risk. Further details of the risks affecting Malabar are set out in section 6 of this Prospectus.

If you wish to participate in the Entitlement Offer, please read in full the details on how to submit your application, which are set out in this Prospectus. For further information about the Entitlement Offer, please call Malabar on +61 2 8036 0785 at any time from 8:30am to 5:00pm (Sydney time) Monday to Friday until the Closing Date, or visit Malabar's website at [www.malabarresources.com.au](http://www.malabarresources.com.au).

You should also consult your stockbroker, solicitor, accountant or other professional adviser to evaluate whether or not to participate in the Entitlement Offer.

On behalf of the Directors, I encourage you to consider this investment opportunity and thank you for your ongoing support.

Yours faithfully



**Wayne Seabrook**  
Chairman  
Malabar Resources Limited

## 1 Investment overview

### 1.1 Summary offer details

Terms of offer	Details
Offer Price per New Share	\$1.00
Ratio	1 New Share for every 10 Existing Ordinary Shares
New Options	3 options will be granted with every New Share acquired. Each option may be exercised to subscribe for one Ordinary Share
Exercise price for New Options	\$1.25 per option
Total number of New Shares offered under this Prospectus (subject to rounding)	2,838,140*
Total number of New Options offered under this Prospectus (subject to rounding)	8,514,420*
Total number of Shares on issue following the Entitlement Offer (subject to rounding)	291,165,335*
Maximum amount that may be raised under the Entitlement Offer (excluding funds raised on exercise of New Options)	\$2,838,140*

\*Figures are approximate, assume full participation under the Entitlement Offer, and may differ due to rounding of Entitlements.

### 1.2 Important dates

Event	Date*
Institutional Entitlement Offer opened	Monday, 26 April 2021
Institutional Entitlement Offer settlement	Monday, 10 May 2021
Prospectus lodged with ASIC	Wednesday, 9 June 2021
ASIC exposure period ends <i>(noting that ASIC may extend the exposure period for up to a further seven days)</i>	Wednesday, 16 June 2021
Record Date for Entitlement Offer <i>(as at 7.00pm (Sydney time))</i>	Friday, 18 June 2021
Prospectus (and letters to shareholders and option holders etc.) posted to shareholders	Wednesday, 23 June 2021
Entitlement Offer opening date	Wednesday, 23 June 2021
Entitlement Offer closing date <i>(acceptances due by 5.00pm (Sydney time))</i>	Wednesday, 7 July 2021
Allotment and issue of New Shares and New Options	Monday 12, July 2021

Release of funds to Malabar

Monday, 12 July 2021

Despatch of share certificates and option certificates to Shareholders

Wednesday, 14 July 2021

### 1.3 Purpose of the Entitlement Offer and use of funds

The purpose of the Entitlement Offer is to raise new funds which in addition to the funds raised under the Institutional Offer will be used for the following purposes:

Use of proceeds	Amount raised
Finalise key construction contracts, debt and other finance-related documentation	\$3.45 million
Transaction costs (legal, share registry and advisor fees)	\$0.13 million
Working capital and capital expenditure	\$24.76 million
<b>Total funds raised*</b>	<b>\$28.34 million</b>

\* Assumes full subscription under the Entitlement Offer.

### 1.4 Capital structure

Subject to the rounding up of fractional Entitlements and assuming no Existing Options are exercised before the Record Date, the following table shows the shareholding structure of Malabar on completion of the Entitlement Offer:

<b>Existing Ordinary Shares on issue (at the date of lodgement of this Prospectus with ASIC)</b>	288,327,195
<b>New Shares to be issued under the Entitlement Offer</b>	2,838,140*
<b>Total number of Ordinary Shares on issue after the Entitlement Offer</b>	291,165,335*
<b>Existing Options on issue (at the date of lodgement of this Prospectus with ASIC)</b>	85,528,191
<b>New Options to be issued under the Entitlement Offer</b>	8,514,420*
<b>Total number of Options on issue after the Entitlement Offer</b>	94,042,611*
<b>Existing Performance Rights on issue (at the date of lodgement of this Prospectus)</b>	1,867,000
<b>Total number of Ordinary Shares on issue assuming all Options are exercised and Performance Rights vest after the Entitlement Offer</b>	387,074,946*

\*Figures are approximate, assume full participation under the Entitlement Offer, and may differ due to rounding of Entitlements.



## 1.5 Potential questions and answers

Question	Answer	Section
<b>Who is the issuer of this Prospectus?</b>	Malabar is the issuer of this Prospectus.	Not applicable
<b>What is Malabar's business?</b>	Malabar is an unlisted public resources company that owns 100% of the Maxwell Mine, Maxwell Solar Farm, Spur Hill Underground Project, Maxwell Infrastructure and agricultural properties including the Merton Vineyard located in the Upper Hunter Valley region of New South Wales.	Sections 2.1, 2.2, 2.3, 2.4 and 2.5
<b>What is the Entitlement Offer?</b>	The Entitlement Offer is a non-renounceable pro rata entitlement offer of one (1) New Share in Malabar for every 10 Existing Ordinary Shares held by an Eligible Shareholder on the Record Date. Eligible Shareholders will receive three (3) New Options for each New Share acquired under the Entitlement Offer.	Section 3.1
<b>What is the Offer Price of the New Shares?</b>	The New Shares are being issued at \$1.00 per New Share.	Section 3.1
<b>What rights and liabilities attach to the New Shares?</b>	The New Shares issued under the Entitlement Offer will be fully paid and will rank equally with Existing Ordinary Shares.	Section 3.9
<b>How much will Malabar raise under the Entitlement Offer?</b>	Malabar may raise gross proceeds of up to approximately \$2.8 million under the Entitlement Offer (excluding any funds raised on exercise of the New Options).	Section 3.1
<b>What will the proceeds of the Entitlement Offer be used for?</b>	The proceeds of the Entitlement Offer will be used to: <ul style="list-style-type: none"> <li>(a) Finalise key construction contracts, debt and other finance-related documentation;</li> <li>(b) Transaction costs (legal, share registry and advisor fees); and</li> <li>(c) Working capital and capital expenditure.</li> </ul> Proceeds will also be applied to pay for the transaction costs of the Entitlement Offer, which include legal, share registry and advisor fees.	Sections 1.3 and 3.2
<b>What risks are involved with an investment in Malabar?</b>	An investment in Malabar is subject to general risks, risks relating to the industry in which Malabar operates, and risks specific to Malabar. You should consider these risks before making a decision to apply for New Shares. Key risks specific to Malabar and the industry that it operates in include: <ul style="list-style-type: none"> <li>(a) financing risk;</li> <li>(b) construction risk;</li> <li>(c) liquidity risk;</li> </ul>	Section 6

Question	Answer	Section
	(d) dilution risk; (e) spur hill joint venture risk; (f) licences and approvals risk; (g) resources and reserves estimations risk ; (h) operational risk; (i) infrastructure access risk; (j) commodity price risk; (k) competition and substitution risk; (l) labour risk; (m) key personnel risk; (n) closure and rehabilitation risk; (o) native title risk; (p) weather risk; (q) climate change risk; (r) environmental risk; (s) insurance risk; (t) change of law risk; and (u) regulatory risk.	
<b>Is the Entitlement Offer underwritten?</b>	The Entitlement Offer is not underwritten.	Not applicable
<b>Am I an Eligible Shareholder?</b>	An Eligible Shareholder is a holder of Existing Ordinary Shares who: <ul style="list-style-type: none"> <li>(a) is registered as a holder of Ordinary Shares as at 7.00pm (Sydney time) on the Record Date;</li> <li>(b) has a registered address in Australia;</li> <li>(c) is not in the United States or otherwise acting for the account or benefit of a person in the United States;</li> <li>(d) is not a Shareholder who participated in the Institutional Offer;</li> <li>(e) is not an Ineligible Shareholder; and</li> <li>(f) the Board determines is otherwise eligible under all applicable laws to receive an offer under the Entitlement Offer.</li> </ul>	Sections 3.5 and 3.6
<b>What happens if I am a Shareholder on the Record Date but not an Eligible Shareholder?</b>	You will not be entitled to subscribe for New Shares under the Entitlement Offer if you are not an Eligible Shareholder. Ineligible Shareholders will have their percentage holding in Malabar (held at the Record Date) diluted as a result of the Entitlement Offer.	Sections 3.5 and 3.6

Question	Answer	Section
<b>How do I participate in the Entitlement Offer?</b>	<p>To participate in the Entitlement Offer, please either:</p> <p>(a) complete the Entitlement and Acceptance Form attached to this Prospectus and return it to Malabar’s share registry with payment of the Application Money before 5.00pm on Wednesday, 7 July 2021; or</p> <p>(b) pay the Application Money via BPAY using the details set out on the Entitlement and Acceptance Form attached to this Prospectus. The payment must be received by Malabar before 5.00pm on Wednesday, 7 July 2021.</p>	<p>Section 4 and Entitlement and Acceptance Form</p>
<b>What is my Entitlement?</b>	<p>Your Entitlement is the right granted to you under the Entitlement Offer to subscribe for one (1) New Share at the Offer Price for every 10 Existing Ordinary Shares you hold as at the Record Date. Three (3) New Options will also be grant with each New Share acquired.</p> <p>If you are an Eligible Shareholder, your Entitlement will be noted on your personalised Entitlement and Acceptance Form.</p>	<p>Section 3.1</p>
<b>How can I deal with my Entitlement?</b>	<p>As an Eligible Shareholder, you may:</p> <p>(a) take up all or part of your Entitlement; or</p> <p>(b) do nothing, in which case your Entitlement will lapse and you will not be issued New Shares.</p> <p>If you do not take up all or part of your Entitlement, your percentage shareholding in Malabar will be diluted and you will not receive any payment or value for the part of your Entitlement which you choose not to take up.</p>	<p>Sections, 4.2, 4.3, 4.4 and 4.5</p>
<b>Can I apply for New Shares in excess of my Entitlement?</b>	<p>Any New Shares not taken up may be made available to those Eligible Shareholders who took up their full Entitlement and applied for additional New Shares under the Oversubscription Facility. Additional New Shares will only be allocated to Eligible Shareholders if available, and will be allocated in a manner determined by the Directors at their discretion (provided that no Eligible Shareholder may be issued a number of additional New Shares which would cause the Eligible Shareholder’s voting power in Malabar to exceed 20%).</p>	<p>Section 3.3</p>

<b>Question</b>	<b>Answer</b>	<b>Section</b>
<b>Is my Entitlement transferrable?</b>	Your Entitlement to participate in the Entitlement Offer is non-renounceable and therefore cannot be transferred or otherwise disposed of. Eligible Shareholders who do not take up their Entitlements in full will not receive any payment or value for the part of their Entitlement which they choose not to take up.	Section 3.7
<b>How do I calculate the Application Money payable if I wish to participate in the Entitlement Offer?</b>	The Application Money is calculated by multiplying the number of New Shares you wish to apply for by the Offer Price of \$1.00 per New Share.	Sections 4.2 and 4.6, and Entitlement and Acceptance Form
<b>Can I withdraw my application?</b>	A completed and lodged Entitlement and Acceptance Form, or a payment made through BPAY, constitutes a binding offer to acquire New Shares on the terms of this Prospectus. To the extent permitted by law, applications are irrevocable and cannot be withdrawn.	Section 4.7
<b>What is Malabar's financial position?</b>	Malabar's financial position is set out in detail in section 5 of this Prospectus.	Section 5
<b>What is the effect of the Entitlement Offer on Malabar?</b>	The effect of the Entitlement Offer on the financial position of Malabar is set out in section 5. The Entitlement Offer is not expected to have any effect on control of Malabar (see section 3.11 for further detail).	Sections 3.12 and 5
<b>Is commission payable to financial advisers or brokers?</b>	No handling fee is payable in connection with the Entitlement Offer.	Section 4.9
<b>Are there any significant benefits payable to Directors or other persons connected with Malabar and the Entitlement Offer?</b>	No benefits are payable to the Directors in connection with the Entitlement Offer.	Section 9.8
<b>What if I have any further questions?</b>	If you have questions about the Entitlement Offer, please call Malabar on +61 2 8036 0785 at any time from 8:30am to 5:00pm (Sydney time) Monday to Friday until the Closing Date.	Section 3.16

## 1.6 Summary of key terms of the New Options

Question	Answer
<b>How many New Options do I receive with every New Share?</b>	Three (3) New Options will be granted for every New Share applied for and issued under the Entitlement Offer. No issue price is payable for the New Options. Each New Option can be exercised to subscribe for one Ordinary Share.
<b>What is the Exercise Price of the New Options?</b>	\$1.25 per New Option.
<b>What is the Exercise Period for the New Options?</b>	A New Option may be exercised at any time during the period commencing on the date of issue of the New Option and ending on the earlier of: (a) 10 June 2022; or (b) 30 days after the option holder is given a notice from Malabar confirming the mine construction financing terms have been agreed on terms reasonably acceptable to Malabar.
<b>What is the Expiry Date of the New Options?</b>	Each New Option will expire at the end of the Exercise Period as set out above.
<b>What other terms apply to the New Options?</b>	The full terms that apply to the New Options are set out in the Annexure to this Prospectus.

## 1.7 Important notice

This section is not intended to provide full details of the investment opportunity. Shareholders must read this Prospectus in full to make an informed investment decision. The New Shares offered under this Prospectus carry no guarantee of return of capital, return on investment or payment of dividends.

## 2 Malabar – Company Update

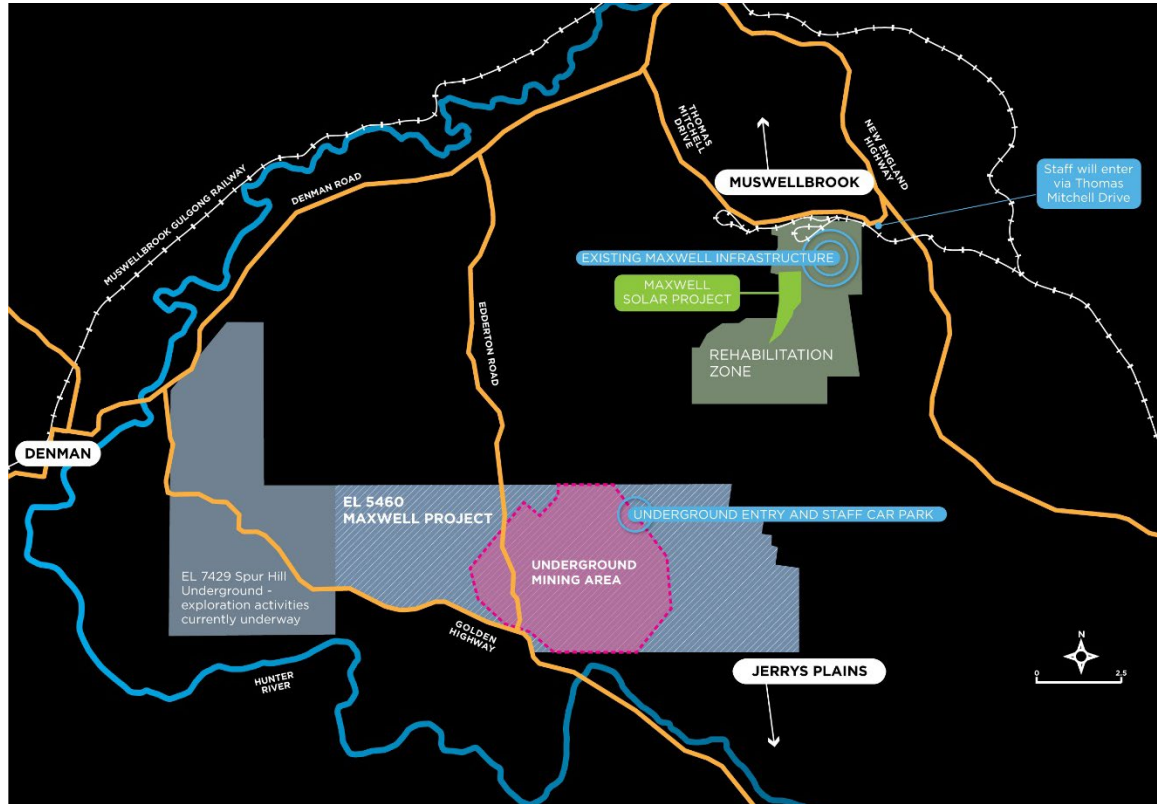
### 2.1 Overview

Malabar is an unlisted public resources company based in the Upper Hunter Valley, New South Wales. Malabar’s assets include:

- The Maxwell Underground Mine exploration licence (EL 5460);
- The Spur Hill Underground Project exploration licence (EL 7429);
- The Maxwell Infrastructure site;
- The Maxwell Solar Farm; and
- Agricultural properties including the Merton Vineyard.

Malabar’s approach to developing its’ assets recognises the need to transition to a low carbon economy. This approach is expressed through, employing less intrusive underground mining methods, focusing on metallurgical products (principally for making steel), developing large scale renewable resources, and rehabilitating previously mined areas for sustainable activities including renewables and agriculture.

**Figure 1:** Location of the Maxwell Underground Mine, Maxwell Infrastructure, Spur Hill Underground Project; and Stage 1 of the Maxwell Solar Farm.



## 2.2 The Maxwell Underground Mine

The Maxwell Underground Mine (**Maxwell Mine**) is located south-southwest of Muswellbrook in the Upper Hunter Valley, NSW. Up to 75% of the production from the mine (by volume) will be used to produce high quality metallurgical products capable of being used in the making of steel.

Based on the understanding that we must co-exist with other local industries and activities, Malabar has committed to developing solely an underground mine. Underground mining ensures, minimal surface disturbance, relatively minimal impacts on the surrounding air quality, minimal noise impacts, and the absence of operational blasting.

Malabar received NSW state government development approval (SSD 9526) on 23 December 2020 and federal approval under the *Environment Protection and Biodiversity Conservation Act 1999* (Cth) on 10 March 2021 to develop the mine. This includes the construction of the mine entry area and surface infrastructure in a location that shields these facilities from rural properties by ridgelines, limiting the mine’s visual impact.

Malabar is now progressing to the financing and construction phase of the mine and has successfully completed the Institutional Offer to assist in these activities. The funds will be utilised for inter alia:

- Finalising key construction contracts, debt and other finance-related documentation;
- payment of transaction costs of the Entitlement Offer (legal, share registry and advisor fees); and
- working capital and capital expenditure.

The Entitlement Offer proceeds will be used to supplement these activities.

### *Coal Resources*

The following resources table is an extract that was included in the report entitled “Competent Person Report, Coal Resources for Maxwell Project EL5460 as at 30 September 2018”. As set out in section 8.1, a summary of this report is included in this Prospectus by reference.

**Table 1:** Coal Resources within EL 5460

Project	Measured (Mt) and indicated	Inferred (Mt)	Total (Mt)
<b>EL5460<sup>1</sup></b>	<b>670</b>	<b>100</b>	<b>770</b>

*Note:* The Resources Estimate has been prepared in accordance with JORC Code 2012 by McElroy Bryan Geological Services (MBGS). Refer to the Competent Persons’ Statement of Karol Patino in section 2.6.

## 2.3 The Spur Hill Underground Project

The Spur Hill Underground Project is an underground coal development project in the upper Hunter Valley region of New South Wales focusing on the production of soft coking coal and export thermal coal products. Malabar renewed Exploration Licence 7429 (EL 7429) for a further five years in 2020, and is currently undertaking further studies and detailed technical work to determine the next steps in developing this project.

### Coal Resources

The following resources table is an extract that was included in the report entitled "Spur Hill Coal Project Geological Report and Resource Statement EL 7429 dated 8 November 2013". As set out in section 8.1, this report is included in this Prospectus by reference.

**Table 2: Coal Resources within EL 7429**

Project Area	Indicated (Mt)	Inferred (Mt)	Total (Mt)
<b>EL 7429</b>	<b>394</b>	<b>232</b>	<b>626</b>

*Note: The Resources Estimate has been prepared in accordance with JORC Code 2012 by Geological and Mining Services Australia Pty Ltd. Refer to the Competent Persons' Statement of Darryl Stevenson in section 2.6.*

### 2.4 Maxwell Infrastructure

Maxwell Infrastructure includes substantial existing infrastructure including: a coal handling and preparation plant, train load-out facility, administrative buildings, workshops, warehouses, reject emplacement facilities and water storage dams which were previously used to service the Drayton open cut mine. By using the existing infrastructure, Malabar will reduce the impact of its operations on, the local community, our neighbours, and the environment.

Malabar commenced rehabilitation of the Drayton open cut mine within a week of acquisition. Substantial progress has been made in the rehabilitation program having completed over 2,075 acres to date.

### 2.5 Maxwell Solar Farm

The Maxwell Solar Farm received its development consent on 19 August 2020 for a 25-Megawatt (MW) solar farm to be located on the backfilled and rehabilitated open cut at the Maxwell Infrastructure site.

The solar farm is an example of Malabar's commitment to the local area and the transition to a renewable energy economy.

Given the recent announcement of the NSW Government of a Renewable Energy Zone in the Upper Hunter Valley, Malabar will assess increasing its renewable generation.



## 2.6 Competent Persons' Statements

### McElroy Bryan Geological Services Pty Ltd (MBGS) – Resources in EL5460

The Coal Resources for the Maxwell Underground Mine (EL 5460) 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 presentation that relates to Coal Resources is extracted from the report entitled "Competent Person Report, Coal Resources for Maxwell Project EL5460 as at 30 September 2018". 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 prospectus 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.

## 2.7 Board of Directors

### Wayne Seabrook – Chairman



Wayne has more than 35 years of resources sector and corporate finance experience. He is a director of XLX Pty Ltd and Ironstone Capital Partners Pty Ltd. As 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.

Wayne holds a Bachelor of Engineering (Chemical – 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.

Wayne is also a member of Malabar's Environmental, Risk and Occupational Health and Safety Committee and Audit Committee.

### Anthony Galligan – Non-Executive Director



Anthony 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. His most recent position was General Manager Infrastructure with Whitehaven Coal Ltd. He was Chairman of Newcastle Coal Infrastructure Group for more than three years during the feasibility, financing and construction of the new coal terminal and also played a pivotal role in the upgrade of the rail line to the Gunnedah Basin. Previous positions include 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.

Tony is also Chairman of Malabar's Environmental, Risk and Occupational Health and Safety Committee.

### Brian Beem – Non-Executive Director



Brian has more than 16 years of global resources investment and corporate finance experience. Brian worked on numerous transactions in the resources sector while working as investment banker at Merrill Lynch and a principal investor at First Reserve Corporation, a U.S. based energy private equity firm. For the last 14 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 Fitzroy QLD Resources Ltd and AMCI Investments Pty Ltd, amongst others.

Brian holds a Bachelor of Arts (Political Economy) from Princeton University (USA).

Brian is also a member of Malabar's Remuneration Committee and Audit Committee.

### Lindi-May Lochner – Company Secretary



Lindi is a Chartered Accountant and a Graduate of the Australian Institute of Company Directors with over 10 years of experience in resources, assurance, consulting and finance. She is currently also the Group Financial Controller for Malabar.

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

## 2.8 Management

### Paul Verner – Head of Finance



Paul has more than 15 years of accounting, finance, and resources experience. Prior to joining Malabar, he was the Group Treasurer at Whitehaven Coal Limited and was responsible for raising the capital to fund the Narrabri Underground and Maules Creek coal mines. 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 Masters of Applied Finance from Macquarie University.

### James Johnson – General Manager 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.

### 3 Details and effect of the Entitlement Offer

#### 3.1 Overview

The Entitlement Offer is a non-renounceable offer of 2,838,140 New Shares at \$1.00 per New Share to raise up to approximately \$2.8 million (before direct offer costs including fees paid to advisers and to providers of specific services to cover share registry, printing and postage costs).

Eligible Shareholders who are on Malabar’s share register on the Record Date are entitled to acquire one (1) New Share for every 10 Existing Ordinary Shares held on the Record Date (**Entitlement**).

Together with each New Share acquired under the Entitlement Offer, Eligible Shareholders will also receive three (3) New Options for free. Each New Option will entitle the holder to subscribe for one Ordinary Share. The total number of New Options that may be issued under the Entitlement Offer is approximately 8,514,420.

Each New Option will be issued on the same terms as options issued to investors under the Institutional Offer. The terms that apply to the New Options are set out in the Annexure to this Prospectus and a summary of the key terms is set out below:

<b>Exercise Price</b>	\$1.25 per New Option.
<b>Exercise Period</b>	A New Option may be exercised at any time during the period commencing on the date of issue of the New Option and ending on the earlier of: (a) 10 June 2022; or (b) 30 days after the option holder is given a notice from Malabar confirming the mine construction financing terms have been agreed on terms reasonably acceptable to Malabar.
<b>Expiry Date</b>	Each New Option will expire at the end of the Exercise Period.

An Entitlement and Acceptance Form setting out your Entitlement accompanies this Prospectus. Eligible Shareholders may subscribe for all or part of their Entitlement.

Eligible Shareholders who do not take up all of their Entitlements will have their percentage shareholding in Malabar diluted.

Eligible Shareholders should be aware that an investment in Malabar involves risks. The key risks identified by Malabar are set out in section 6 of this Prospectus.

### 3.2 Use of proceeds

The purpose of the Entitlement Offer is to raise new funds which in addition to the funds raised under the Institutional Offer will be used for the following purposes:

Use of proceeds	Amount raised
Finalise key construction contracts, debt and other finance-related documentation	\$3.45 million
Transaction costs (legal, share registry and advisor fees)	\$0.13 million
Working Capital	\$24.76 million
<b>Total funds raised*</b>	<b>\$28.34 million</b>

\* Includes proceeds raised under the Institutional Offer and assumes full subscription under the Entitlement Offer.

### 3.3 Issue of additional New Shares under the Oversubscription Facility

Any New Shares not taken up by the Closing Date may be made available to those Eligible Shareholders who took up their full Entitlement and applied for additional New Shares under the Oversubscription Facility.

There is no guarantee that those Shareholders will receive the number of New Shares applied for under the Oversubscription Facility, or any. The number of New Shares available under the Oversubscription Facility will not exceed the shortfall from the Entitlement Offer.

The Directors propose that New Shares available under the Oversubscription Facility be allocated, allotted and issued in a manner determined by the Directors at their discretion (provided that no Eligible Shareholder may be issued a number of additional New Shares which would cause the Eligible Shareholder's voting power in Malabar to exceed 20%).

Malabar may allocate all, or a lesser number, of New Shares for which an application has been made under the Oversubscription Facility. If applications are scaled back, there may be a different application of the scale-back policy to each Applicant.

Each New Share acquired under the Oversubscription Facility will similarly carry with it the right to receive three (3) New Options.

### 3.4 Shortfall placement

A shortfall may arise if applications received for New Shares under the Entitlement Offer (including after the completion of the Oversubscription Facility (if any) and the Entitlements of Ineligible Shareholders) are less than the number of New Shares offered.

Subject to the requirements of the Corporations Act, the Directors may place Shortfall Shares after the Closing Date to either existing or new Shareholders at their discretion.

If issued, Shortfall Shares will be issued at a price not less than the Issue Price of New Shares under the Entitlement Offer. Shareholders will not receive any payment or value for the Entitlements not taken up under the Entitlement Offer that are subsequently taken up as Shortfall Shares.

### **3.5 Eligible Shareholders**

This Prospectus is only being sent to Eligible Shareholders. Eligible Shareholders are those holders of Ordinary Shares who:

- (a) are registered as holders of Ordinary Shares on the Record Date;
- (b) have registered addresses in Australia;
- (c) are not in the United States or otherwise acting for the account or benefit of a person in the United States;
- (d) are not Shareholders who participated in the Institutional Offer;
- (e) are not Ineligible Shareholders; and
- (f) are otherwise Shareholders that Malabar has otherwise determined are eligible to participate.

This Prospectus does not constitute an offer to issue the New Shares in any place in which, or to any person to whom, it would not be lawful to make that offer.

Malabar is of the view that it is unreasonable to make an offer to issue the New Shares to Ineligible Shareholders having regard to:

- (a) the number of Ineligible Shareholders to whom offers to issue the New Shares would otherwise be made;
- (b) the number and value of the New Shares that would otherwise be offered for issue to Ineligible Shareholders; and
- (c) the cost of complying with the laws, and any requirements of any regulatory authority, of the places where the New Shares would otherwise be offered for issue.

### **3.6 Ineligible Shareholders**

The Entitlement Offer does not, and is not intended to, constitute an offer to:

- (a) Shareholders with a registered address outside of Australia, unless Malabar has determined that other Shareholders are otherwise eligible to participate (in which case Malabar will notify those Shareholders); and
- (b) Shareholders who participated in the Institutional Offer.

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction or to any person to whom it would not be lawful to make such an offer or to issue this Prospectus.

### **3.7 Non-renounceable**

The rights to the New Shares are non-renounceable. Therefore, you cannot transfer or otherwise dispose of your Entitlements.

### **3.8 Fractional Entitlements**

Fractional Entitlements will be rounded up to the nearest whole number of New Shares.

### 3.9 Ranking of New Shares

The New Shares issued under the Entitlement Offer will be fully paid and will rank equally with Ordinary Shares.

### 3.10 Capital structure

Subject to the rounding up of fractional Entitlements and assuming no Existing Options (if any) are exercised before the Record Date, the capital structure of Malabar following the issue of New Shares is expected to be as follows:

<b>Existing Ordinary Shares on issue (at the date of lodgement of this Prospectus with ASIC)</b>	288,327,195
<b>New Shares to be issued under the Entitlement Offer</b>	2,838,140*
<b>Total number of Ordinary Shares on issue after the Entitlement Offer</b>	291,165,335*

The above figures assume that no Existing Options will be exercised prior to the Record Date, as all Existing Options are held by persons that participated in the Institutional Offer and are therefore Ineligible Shareholders under the Entitlement Offer.

<b>Existing Options on issue (at the date of lodgement of this Prospectus with ASIC)</b>	85,528,191
<b>New Options to be issued under the Entitlement Offer</b>	8,514,420*
<b>Total number of Options on issue after the Entitlement Offer</b>	94,042,611*

<b>Existing Performance Rights on issue (at the date of lodgement of this Prospectus)</b>	1,867,000
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<b>Total number of Ordinary Shares on issue assuming all Options are exercised and Performance Rights vest after the Entitlement Offer</b>	387,074,946*
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\*Figures are approximate, assume full participation under the Entitlement Offer, and may differ due to rounding of Entitlements.

Further details of the Existing Securities is set out in section 9.3 of this Prospectus.

### 3.11 Effect on major shareholder voting power

Malabar considers a major shareholder to be any person or entity who, together with their associates, holds 5% or more of the issued capital of Malabar (**Major Shareholder**).

Malabar's Major Shareholders, which are set out in section 9.7 of this Prospectus, participated in the Institutional Offer and are therefore not eligible to participate in the Entitlement Offer. As a result, each Major Shareholder's respective voting power may be diluted upon allotment of New Shares to Eligible Shareholders under the Entitlement Offer. Assuming full participation under

the Entitlement Offer, the holdings of each of the Major Shareholders would be diluted by up to 0.15%.

While the Major Shareholders are not eligible to participate in the Entitlement Offer, they may be eligible to acquire Shortfall Shares (including the attaching New Options) if placed to them by the Directors after the Closing Date. The total number of New Shares that may be issued under the Entitlement Offer, if issued, would represent approximately 1% of the total issued capital of Malabar. To the extent any Shortfall Shares are placed to Major Shareholders, it would not cause a Major Shareholder's voting power in Malabar to exceed 20%, nor does Malabar expect there would be any impact on the control of Malabar.

### **3.12 Financial position**

The effect of the Entitlement Offer on the financial position of Malabar is set out in section 5.

### **3.13 Taxation considerations**

The taxation consequences of an investment in Malabar depend upon your particular circumstances. You should make your own enquiries about the taxation consequences of an investment in Malabar. If you are in doubt about the course you should follow, you should consult your accountant, stockbroker, lawyer or other professional adviser.

### **3.14 Foreign selling restrictions**

No action has been taken to register or qualify the New Shares or the Entitlement Offer in any jurisdiction outside Australia, or otherwise to permit a public offering of the New Shares outside Australia.

The Prospectus does not constitute an offer or invitation in any jurisdiction where, or to any person to whom, the offer or invitation would be unlawful. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of those restrictions. Any failure to comply with the restrictions may constitute a violation of applicable securities laws.

Each Applicant warrants and represents that they:

- (a) are an Australian or resident in Australia;
- (b) are located in Australia at the time of the application and is not acting for the account or benefit of any person in the United States or any other foreign person; and
- (c) will not offer or sell the New Shares in the United States or in any other jurisdiction outside Australia, or to a United States person, except in transactions exempt from registration under the *US Securities Act 1933* as amended, and in compliance with all applicable laws in the jurisdiction in which the New Shares are offered and sold.

### **3.15 Withdrawal**

Malabar reserves the right to withdraw all or part of the Entitlement Offer, at any time before the allotment of New Shares. If the Entitlement Offer does not proceed, the Application Money is refunded. No interest is paid on any Application Money refunded because of the withdrawal of the Entitlement Offer.



### 3.16 Enquiries

If you have questions about the Entitlement Offer, please contact Malabar on +61 2 8036 0785 at any time from 8:30am to 5:00pm (Sydney time) Monday to Friday until the Closing Date.

## 4 How to apply

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### 4.1 Shareholder's choices

The number of New Shares to which Eligible Shareholders are entitled under the Entitlement Offer (i.e. their Entitlement) is shown on the attached Entitlement and Acceptance Form.

Eligible Shareholders may:

- (a) take up their Entitlement in full and, if they do so, they may apply for additional New Shares under the Oversubscription Facility (refer to section 4.2);
- (b) take up part of their Entitlement, in which case the balance of their Entitlement lapses (refer to section 4.3); or
- (c) allow their Entitlement to lapse (refer to section 4.4).

Ineligible Shareholders may not participate in the Entitlement Offer.

Malabar may reject any Entitlement and Acceptance Form that is not correctly completed or that is received after the Closing Date.

The Closing Date for acceptance of the Entitlement Offer is **5.00pm (Sydney time) on Wednesday, 7 July 2021** (however, that date may be varied by Malabar).

### 4.2 Taking up all of your Entitlement and participating in the Oversubscription Facility

If you wish to take up your Entitlement in full, follow the instructions set out in the Entitlement and Acceptance Form.

If you have applied to take up all of your Entitlement, you may also apply for additional New Shares under the Oversubscription Facility.

Please return your completed Entitlement and Acceptance Form together with a cheque for your Application Money in accordance with section 4.6 for the amount shown on the Entitlement and Acceptance Form to the share registry so that it is received no later than **5.00pm (Sydney time) on Wednesday, 7 July 2021** at the address set out below:

Malabar Resources Limited  
C/- Link Market Services Limited  
GPO Box 3560  
SYDNEY NSW 2001

Alternatively, you may take up all of your Entitlement by payment of the Application Money through BPAY in accordance with the instructions on the Entitlement and Acceptance Form. If payment is being made through BPAY, you do not need to return the Entitlement and Acceptance Form. Your payment must be received by no later than **5.00pm (Sydney time) on Wednesday, 7 July 2021**.

If you pay through BPAY and do not return the Entitlement and Acceptance Form, amounts received by Malabar in excess of the Offer Price multiplied by your Entitlement (**Excess Amount**) may be treated as an application to apply for as many additional New Shares under the Oversubscription Facility as your Excess Amount will pay for in full.

If you apply for additional New Shares under the Oversubscription Facility and your application is successful (in whole or in part) your New Shares will be issued at the same time that other New Shares are issued under the Entitlement Offer. There is no guarantee you will receive any New Shares under the Oversubscription Facility. The Directors may allot and issue New Shares under the Oversubscription Facility at their discretion.

Refund amounts, if any, will be paid in Australian dollars. You will be paid either by cheque sent by ordinary post to your address as recorded on the share register (the registered address of the first-named in the case of joint holders), or by direct credit to the nominated bank account as noted on the share register as at the Closing Date. If you wish to advise or change your banking instructions with the share registry you may do so by going to **www.linkmarketservices.com.au** and following the instructions.

#### **4.3 Taking up part of your Entitlement and allowing the balance to lapse**

If you wish to take up part of your Entitlement, complete the Entitlement and Acceptance Form for the number of New Shares you wish to take up and follow the other steps required under section 4.2.

Alternatively, you may arrange for payment through BPAY in accordance with the instructions on the Entitlement and Acceptance Form. If you pay through BPAY and Malabar receives an amount that is less than the Offer Price multiplied by your Entitlement (**Reduced Amount**), your payment may be treated as an application for as many New Shares as your Reduced Amount will pay for in full.

#### **4.4 Allow your Entitlement to lapse**

If you do not wish to accept all or any part of your Entitlement, do not take any further action and that part of your Entitlement will lapse.

#### **4.5 Consequences of not accepting your Entitlement**

If you do not accept all or part of your Entitlement in accordance with the instructions set out above, any New Shares that you would have otherwise been entitled to under the Entitlement Offer may be acquired by other Eligible Shareholders under the Oversubscription Facility.

No party is anticipated to acquire a relevant interest in voting Shares exceeding 20% as result of the Entitlement Offer or any Entitlement Offer shortfall.

#### **4.6 Payment**

The consideration for the New Shares (including under the Oversubscription Facility) is payable in full on application by a payment of \$1.00 per New Share. The Entitlement and Acceptance Form must be accompanied by a cheque for the Application Money. Cheques must be drawn in Australian currency on an Australian bank and made payable to **'Malabar Resources Limited – Entitlement Offer'** and crossed 'Not Negotiable'.

Alternatively, you may arrange for payment of the Application Money through BPAY in accordance with the instructions on the Entitlement and Acceptance Form.

Eligible Shareholders must not send cash by mail. Receipts for payment will not be issued.

#### 4.7 Entitlement and Acceptance Form is binding

A completed and lodged Entitlement and Acceptance Form, or a payment made through BPAY, constitutes a binding offer to acquire New Shares and New Options on the terms of this Prospectus and cannot be withdrawn.

If the Entitlement and Acceptance Form is not completed correctly it may still be treated as a valid application for New Shares. The Directors' (or their delegates') decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

By completing and returning your personalised Entitlement and Acceptance Form with the requisite Application Money or making a payment by BPAY, you will also be taken to have acknowledged, represented and warranted on behalf of each person on whose account you are acting that you:

- (a) are an Eligible Shareholder and are not otherwise a person to whom it would be illegal to make an offer or issue New Shares and New Options under the Entitlement Offer; and
- (b) acknowledge that the New Shares and New Options have not been, and will not be, registered under the US *Securities Act of 1933* or under the laws of any other jurisdiction outside Australia.

#### 4.8 Validity of Entitlement and Acceptance Forms

An Entitlement and Acceptance Form may only be distributed with, attached to or accompany a complete and unaltered copy of this Prospectus.

By completing and lodging an Entitlement and Acceptance Form received with this Prospectus, the Applicant represents and warrants that the Applicant has personally received a complete and unaltered copy of this Prospectus before completing the Entitlement and Acceptance Form.

Malabar does not accept a completed Entitlement and Acceptance Form if it has reason to believe the Applicant has not received a complete copy of the Prospectus or it has reason to believe that the Entitlement and Acceptance Form has been altered in any way.

#### 4.9 Brokerage and stamp duty

No brokerage or handling fee is payable by Eligible Shareholders who accept their Entitlement. No stamp duty is payable for subscribing for New Shares under the Entitlement Offer.

#### 4.10 Notice to nominees and custodians

Nominees and custodians may not distribute any part of this Prospectus or any Entitlement and Acceptance Form in any country outside Australia.

#### 4.11 Information Availability

Eligible Shareholders can obtain a copy of this Prospectus from Malabar's website at **[www.malabarresources.com.au](http://www.malabarresources.com.au)** or by calling Malabar on +61 2 8036 0785 at any time from 8:30am to 5:00pm (Sydney time) Monday to Friday until the Closing Date.

Shareholders who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus. The electronic version of this Prospectus will not include an Entitlement and Acceptance Form. A replacement Entitlement and Acceptance Form can be requested by calling Malabar.

## 5 Financial information

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### 5.1 Historical financial information included by reference

The most recent financial statements of Malabar reviewed by Malabar's auditors were for the half year ended 31 December 2020. These interim financial statements were contained in the 31 December 2020 interim financial report authorised by the Directors on 11 March 2021 and lodged with ASIC on 15 March 2021 (**2021 Interim Report**). As set out in section 8.1, the 2021 Interim Report is included in this Prospectus by reference.

The 2021 Interim Report is available free of charge from Malabar upon request before the Closing Date and is also available on Malabar's website. Section 8.2 provides details of the information contained in these documents and their relevance to potential investors or their advisors.

### 5.2 Pro forma consolidated balance sheet as at 31 December 2020

This section contains a pro-forma historical statement of the financial position as at 31 December 2020 (**Pro Forma Historical Financial Information**). The Financial Information has been prepared to illustrate the effect of the Institutional Offer and Entitlement Offer and conversion of shareholder loans.

	Note	31-Dec-20 \$	Adjustments \$	Restated 31-Dec-20 \$
<b>ASSETS</b>				
Current Assets				
Cash and cash equivalents	1	4,471,899	28,347,827	32,819,726
Financial assets		1,632,696		1,632,696
Trade and other receivables		803,380		803,380
Other assets		719,514		719,514
Assets held for sale		2,215,900		2,215,900
<b>Total Current Assets</b>		<b>9,843,389</b>		<b>38,191,216</b>
Non-Current Assets				
Property, plant and equipment		31,104,022		31,104,022
Intangible assets		4,905,869		4,905,869
Capitalised exploration & evaluation costs		63,715,139		63,715,139
Investments		16,088,334		16,088,334
Other assets - non-current		95,686		95,686
<b>Total Non-Current Assets</b>		<b>115,909,050</b>		<b>115,909,050</b>
<b>Total Assets</b>		<b>125,752,439</b>		<b>154,100,266</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Trade and other payables		2,103,529		2,103,529
Provisions - current		1,432,322		1,432,322
Finance lease - current		202,019		202,019
Shareholder loans	2	4,441,559	(2,999,710)	1,441,849
<b>Total Current Liabilities</b>		<b>8,179,429</b>		<b>5,179,719</b>
Non-Current Liabilities				
Provisions - non-current		30,043,750		30,043,750
Deferred Consideration		5,891,000		5,891,000
Finance lease - non-current		192,159		192,159
Borrowings – Non-current		15,628,750		15,628,750
<b>Total Non-Current Liabilities</b>		<b>51,755,659</b>		<b>51,755,659</b>
<b>Total Liabilities</b>		<b>59,935,088</b>		<b>56,935,378</b>
<b>Net Assets</b>		<b>65,817,351</b>		<b>97,164,888</b>
<b>EQUITY</b>				
Share capital	3	93,060,087	31,347,537	124,407,624
Reserves		9,409,946		9,409,946
Retained earnings		(36,652,682)		(36,652,682)
<b>Total Equity</b>		<b>65,817,351</b>		<b>97,164,888</b>

**Notes**

- The adjustment for \$28,347,827 comprises the \$25,509,687 increase in cash relating to the Institutional Offer completed on 10 May 2021 and \$2,838,140 in cash relating to proceeds to be raised under the Entitlement Offer (assuming full participation under the Entitlement Offer).
- Malabar had unsecured shareholder loans, which converted to Ordinary Shares as part of the Institutional Offer.
- The increase in Share Capital relates to the total number of shares issued under the Institutional Offer and the Entitlement Offer.

### **5.3 Basis of preparation of Pro Forma Historical Financial Information**

The stated basis of preparation for the Pro Forma Historical Financial Information is in a manner consistent with the recognition and measurement principles of the Australian Accounting Standards applied to the Historical Financial Information. The events or transactions to which the pro forma adjustments relate, as described in this section of the Prospectus, as if those events or transactions had occurred as at 31 December 2020.

### **5.4 Pro forma adjustments to consolidated balance sheet**

The Pro Forma Historical Financial Information has been derived from the Historical Financial Information and has been prepared on the basis that the following significant transactions occurred as at 31 December 2020:

- (a) The issue of up to 2,838,140 New Shares under the Entitlement Offer may raise gross proceeds of up to \$2.8 million, less estimated transaction costs of \$130,286 (including adviser fees). The transaction costs have been offset against the New Shares.
- (b) The conversion of the unsecured shareholder loan of \$2,999,710 into Ordinary Shares.

Due to the nature of the pro forma adjustments, they do not represent the actual or prospective financial position of Malabar.

## 6 Risk factors

### 6.1 Factors influencing success and risk

This section identifies the major risks the Board believes are associated with an investment in Malabar.

The Malabar business is subject to risk factors specific to Malabar's business activities, risks impacting the industry in which it operates, and risks of a general nature. Individually, or in combination, these might affect the future operating performance of Malabar and the value of an investment in Malabar. There can be no guarantee that Malabar will achieve its stated objectives or that any forward looking statements will eventuate. An investment in Malabar should be considered in light of relevant risks, both general and specific. Each of the risks set out below could, if it eventuates, have a material adverse impact on Malabar's operating performance and profits, and the market price of the New Shares.

Before deciding to invest in Malabar, potential investors should:

- (a) read the entire Prospectus;
- (b) consider the assumptions underlying the risk factors that could affect the financial performance of Malabar;
- (c) review these factors in light of their personal circumstances; and
- (d) seek professional advice from their accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest.

### 6.2 Specific risks

#### *Financing risk*

Malabar will be required to raise equity or debt capital in the future. In particular, Malabar is in the process of putting together the complete funding structure for development of the Maxwell Mine, which will include both debt and equity financing options. Debt financing is being sought from both traditional banking and private lenders. There can be no assurance that any future financing required by Malabar to support development and construction of the Maxwell Mine or other projects will be available on satisfactory terms or at all. If Malabar is unsuccessful in obtaining funds when they are required, Malabar may need to delay construction. The inability to obtain funding could adversely affect Malabar and may also result in a default of existing facility agreements.

#### *Construction risk*

The capital expenditure required to develop the Maxwell Mine may differ from the current expectations of Malabar. In addition, actual operational costs may differ from current estimates. Increases in capital or operating expenditure will adversely affect the profitability of the Maxwell Mine and Malabar's other projects.

#### *Liquidity risk*

Malabar is not a listed company and shares in Malabar are not quoted on an exchange. Malabar is authorised by ASIC to operate a low volume financial market (**LVF Market**), through which Malabar maintains a register of buyers and sellers, where contact details of potential counterparties are provided for registered participants. There are no matching and settlement

services, and a transaction between buyers and sellers is effected between the parties directly without the involvement of Malabar.

Liquidity on the LVF Market cannot be guaranteed, therefore an investment in Malabar should be treated as an illiquid investment. No representation, warranty or guarantee is given that any application for listing in a public securities market will be made.

#### *Dilution risk*

The Entitlement Offer will result in the issue of New Shares. If you do not participate in the Entitlement Offer or you do not take up your full Entitlement, your percentage holding in Malabar (held at the Record Date) will be diluted.

#### *Spur Hill joint venture risk (not relevant to the Maxwell Underground Mine)*

Under the restructured Spur Hill joint venture agreement, the previous beneficial owners of the Spur Hill Unit Trust (i.e. the joint venture partner) will retain certain rights in the Spur Hill joint venture as if they held a 20% interest in the joint venture until their option to acquire a participating interest in the joint venture is terminated. As such, the Spur Hill Project joint venture will remain operational and subject to various counterparty risks including failure by Malabar, or Malabar's Spur Hill Project joint venture partner, to act in the best interests of the joint venture which may or may not give the counterparties contractual remedies and even if such remedies are available, they may be costly and time consuming to pursue. Given that Malabar's effective voting interest in the joint venture is 80% under the restructured joint venture agreement, this counterparty risk has been mitigated to a certain extent as compared to the circumstances which existed prior to the restructure of the joint venture agreement.

### **6.3 Industry risks**

#### *Licences and approvals risk*

Malabar's exploration, development and appraisal activities are dependent upon the retention of appropriate licences, permits, and approvals, often from various governmental agencies and regulatory bodies, which may not be granted, be withdrawn or delayed, or be made subject to limitations or material changes by the relevant granting authority, including dilution of Malabar's interest in, or even loss of, the relevant licence or consent. Further, Malabar may be unable to renew permits and licences necessary for its exploration, development or mining of specific coal deposits, or obtain modifications to existing permits and licences. Renewal of the term of a granted tenement is also subject to the government's discretion, and renewal conditions may necessitate increased expenditure, amongst other things. The imposition of new conditions (and potentially the inability to meet those conditions) may adversely affect Malabar's operations, performance, and overall financial position.

#### *Resources and reserves estimations risk*

Estimating the quantity and quality of Coal Resources and Reserves are inherently uncertain processes and the Coal Resources and Reserves stated in this Prospectus and any Coal Resources or Reserves that Malabar states in the future are, and will be, estimates and may not prove to be an accurate indication of the quantity and/or quality of coal that Malabar has identified or that it will be able to extract.

Resources and Reserves estimates are expressions of judgment based on knowledge, experience, industry practice and resource and reserve modelling. As such, estimates are inherently imprecise, and depend upon many factors including interpretations, geological assumptions, the application of sampling techniques, estimates of coal prices, cost assumptions, and statistical inferences which may ultimately prove to have been unreliable. Despite employing qualified



professionals to prepare Resources and Reserves estimates, such estimates may nevertheless prove to be inaccurate. There are also risks that any coal ultimately mined may be of a different or inferior grade, quality, or volume from the Resources and Reserves estimates.

The inclusion of Coal Resources and Reserves estimates in this Prospectus should not be regarded as a representation that these amounts can be economically exploited, and investors are cautioned not to place undue reliance on the estimates, particularly Inferred Coal Resources estimates, which are highly uncertain. As a result, Resources and Reserves estimates are regularly revised based on actual production experience or new data and are therefore expected to change over time as new information becomes available. If Malabar encounters formations which are not consistent with those predicted by past drilling, sampling and similar examinations, Malabar's Coal Resources and Reserves estimates may have to be adjusted. Moreover, a decline in the price of coal, increases in production costs, decreases in recovery rates or changes in applicable laws and regulations, including environmental, permitting, title or tax regulations, that are adverse to Malabar, may mean the volumes of coal that Malabar can reasonably extract may be significantly lower than the Coal Reserves and Resources estimates presented.

### *Operational risk*

The Maxwell Mine is exposed to material operating risks including potential risk of sub-standard coal quality specifications, outbursts or spontaneous combustion from gas within the coal seam, mining and processing technical difficulties encountered in commissioning and operating plant and equipment, mechanical failure, adverse weather conditions, industrial and environmental accidents, industrial disputes, and unexpected shortages or increases in the costs of consumables, spare parts, plant or equipment.

These risks and hazards may result in delays and other business interruptions, increased costs, personal injury, damage to or destruction of properties or production facilities, environmental damage, possible legal liability, damage to Malabar's business reputation and corporate image, and, in severe cases, fatalities.

### *Infrastructure access risk*

A number of factors could potentially disrupt the services used to transport the coal produced from Malabar's mining operations, including any failure of the rail or port infrastructure providers to provide capacity in order to meet future export requirements, key equipment and infrastructure failures, weather-related problems, and industrial action, thereby impairing Malabar's ability to supply coal to customers.

### *Commodity price risk*

Commodity prices fluctuate and are affected by a number of factors beyond Malabar's control, including world demand and consumption for coal, forward selling by producers, speculation by financial investors, production costs in major coal-producing regions, changes in global coal mining capacity and output, and macro-economic factors such as expectations regarding inflation, interest rates, and global and regional demand for, and supply of, coal as well as general global economic conditions. These factors may have an adverse effect on Malabar's exploration, development and production activities, as well as on its ability to fund those activities.

### *Competition and substitution risk*

Competition in the coal industry is based on many factors, including but not limited to price, production, capacity, coal quality and characteristics, transport capability, costs, and brand name. Malabar faces competition from other Australian and international producers of coal. Increases in production or a reduction in the price of competing coals from both Australia and overseas may

adversely impact Malabar's ability to sell its coal products at prices desirable to Malabar. Increased competition in the future, including from new competitors, may emerge.

#### *Labour risk*

There is a risk that Malabar may be unable to attract the skilled labour force necessary for the Maxwell Mine, and this may adversely impact Malabar's financial performance. In particular, Malabar is seeking to employ key construction and mine management employees for its Maxwell Mine. Malabar may incur costs and liabilities resulting from claims by employees for work-related injuries, and Malabar must make adequate provision for its workers' compensation liabilities.

#### *Key personnel risk*

Malabar may be adversely affected if any of its Directors or management leaves Malabar. Malabar might not be able to replace them with persons of equivalent expertise and experience within a reasonable period of time or at all and Malabar may incur additional expenses to recruit, train and retain personnel. Additionally, any key personnel of Malabar who leave to work for a competitor may adversely impact Malabar. Malabar's ability to attract and retain personnel will have a direct impact on its ability to deliver its project commitments. Additionally, increases in recruitment, wages and contractor costs may adversely impact upon the financial performance of Malabar.

#### *Closure and rehabilitation risk*

At completion of mining operations, Malabar is required to rehabilitate and otherwise close that operation in accordance with relevant laws and an approved plan. There is a risk that the cost of, or time taken to, rehabilitate or otherwise close any mining operation may be more expensive or take longer than originally planned with a consequential effect on the Malabar's financial performance.

#### *Native Title risk*

The *Native Title Act 1993* (Cth) (**NTA**) recognises and protects the rights and interests of Aboriginal and Torres Strait Islander people in land and waters, according to their traditional laws and customs. Native title may impact on Malabar's operations and future plans. Native title is not generally extinguished by the grant of exploration and mining tenements, as they are not generally considered to be grants of exclusive possession. However, a valid exploration or mining tenement prevails over native title to the extent of any inconsistency for the duration of the title. If invalid because of native title, tenements granted prior to 1 January 1994 have been validated by the NTA. Tenements granted between 1 January 1994 and 23 December 1996, if invalid because of native title, are also likely to have been validated subject to satisfying criteria established in the NTA. For tenements that may still be subject to native title to be validly granted (or renewed) after 23 December 1996 the "right to negotiate" regime established by the NTA must be followed resulting in an agreement with relevant native title parties or a determination by an independent tribunal as to whether the tenement can be granted from a native title perspective. Alternatively an Indigenous Land Use Agreement may be entered into between Malabar and relevant native title parties. The NTA provides that there is a compensation liability for certain acts, including the grant of a tenement, and the *Mining Act 1992* (NSW) transfers liability for some native title compensation matters from the State to tenement holders. An expedited regime not requiring agreement or determination by an independent tribunal may apply to some exploration tenements subject to satisfying criteria established in the NTA. Malabar must also comply with Aboriginal cultural heritage legislation requirements which will generally require cultural heritage survey work to be undertaken ahead of the commencement of mining and exploration operations.

The NTA, where applicable, would be complied with in relation to the renewal of any necessary mining tenements for the Maxwell Underground Mine.

#### *Weather risk*

The current and future operations of Malabar operations, may be affected by restrictions on activities due to seasonal weather patterns, flooding and cyclonic activity.

#### *Climate change risk*

The operations and activities of Malabar are subject to changes to local or international compliance regulations related to climate change mitigation efforts, specific taxation or penalties for carbon emissions or environmental damage, and other possible restraints on industry that may further impact Malabar and its profitability. While Malabar will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that Malabar will not be impacted by these occurrences. Climate change may also cause certain physical and environmental risk that cannot be predicted by Malabar, including events such as increased severity of weather patterns, incidence of extreme weather events and longer-term physical risk such as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which Malabar operates.

#### *Environmental risk*

The coal mining sector operates under Australian State and Federal environmental laws. Malabar's operations may use hazardous materials and produce hazardous waste which may have an adverse impact on the environment or cause exposure to hazardous materials. Despite efforts to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws, there is a risk of an adverse environmental event occurring which could delay the Maxwell Underground Mine construction timetables and may subject Malabar to substantial penalties including fines, damages, clean-up costs or other penalties.

In addition, Malabar may be subject to the investigation and clean-up of contaminated soil, surface water, groundwater and other media. This may delay the Maxwell Mine construction timetables and may subject Malabar to substantial penalties. Malabar is also subject to environmental protection legislation, which may affect Malabar's access to certain areas of its properties and could result in unforeseen expenses and areas of moratorium.

#### *Insurance risk*

Although insurance is maintained by Malabar, no assurance can be given that adequate insurance will continue to be available to Malabar in the future on commercially acceptable terms. In addition, Malabar may incur liabilities to third parties (in excess of any insurance cover or statutory reserves) arising from negative environmental impacts or other damages or injury. There is a risk of an occurrence of a significant event leading to losses that are not fully covered by insurance.

#### *Change of law risk*

Government regulations and policies may adversely affect the financial performance and/or the current and proposed operations of Malabar. New legislation and/or new regulations may be adopted that adversely affect Malabar's current and proposed mining operations, cost structure and/or the ability of its customers to use coal.

New legislation or administrative regulations (or new judicial interpretations or administrative enforcement of existing laws and regulations), including proposals related to the protection of the

environment that further regulate and tax the Australia coal industry, may also require Malabar or its customers to change operations significantly or incur increased costs.

### *Regulatory risk*

Extensive government regulations impose significant costs on Malabar's mining operations, and future additional regulations could increase those costs or limit Malabar's ability to produce and sell coal. The Australian coal industry is subject to strict regulation by Australian law with respect to such matters as limitations on land use, employee health and safety, mine permitting and licensing requirements, reclamation and restoration of mining properties, air quality standards, water pollution, protection of human health, plant life and wildlife, discharge of materials into the environment, surface subsidence from underground mining and the effects of mining on groundwater.

Australian health and safety regulation in the coal mining industry is a comprehensive and pervasive system designed for protection of employee safety and health. Complying with existing or new regulations may delay commencement or continuation of exploration or production operations or adversely affect Malabar's mining operations or cost structure, any of which could harm its future results.

## **6.4 General investment risk**

### *Debtors' risk*

There is a risk that the Malabar may be unable to recover amounts owed to it (or which may be owed to it in the future) by debtors, which may have an adverse effect on the financial performance of the Malabar.

### *Accounting risk*

Australian accounting standards are set by the AASB and are outside the Directors' and Malabar's control. Changes to accounting standards issued by AASB could materially adversely affect the financial performance and position reported in Malabar's financial statements.

### *Tax risk*

Changes to the rate of taxes imposed on Malabar (including in overseas jurisdictions in which Malabar operates now or in the future) or tax legislation generally may affect Malabar and its Shareholders. In addition, an interpretation of Australian tax laws by the Australian Taxation Office that differs to Malabar's interpretation may lead to an increase in Malabar's tax liabilities and a reduction in Shareholder returns. Personal tax liabilities are the responsibility of each individual investor. Malabar is not responsible either for tax or tax penalties incurred by investors, who should seek their own independent advice as appropriate.

### *Economic risk*

Malabar's operating and financial performance is influenced by a variety of general economic and business conditions, both domestic and international, including the level of inflation, interest rates and government fiscal, monetary and regulatory policies. Prolonged deterioration in general economic conditions, including an increase in interest rates, could be expected to have a corresponding adverse impact on Malabar's operating and financial performance.

### *COVID-19 risk*

The global pandemic arising from the outbreak and spread of coronavirus ("COVID-19") has had a material effect on global economic markets and the operation of a wide variety of businesses,

including those in the mining industry. The global economic outlook is facing unprecedented uncertainty due to the pandemic, which has had and may continue to have a significant impact on the industry dynamics to which Malabar is subject, the macro-economic environment in which it operates, and capital markets generally.

Further, any measures to limit the transmission of the virus implemented by national, state and local governments around the world (such as travel bans and quarantining) or deemed necessary by Malabar to protect the health of its workforce may adversely impact Malabar's financial position and its operations.

#### *Litigation risk*

There is a risk that Malabar may in future be the subject of or required to commence litigation. There is, however, no litigation, mediation, conciliation or administrative proceeding taking place, pending or threatened against Malabar.

#### *War and terrorist attacks risk*

War or terrorist attacks anywhere in the world could result in a decline in economic conditions worldwide or in a particular region. There could also be a consequential effect on the Malabar's financial performance.

## **7 Material agreements**

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### **7.1 Key documents**

The Board considers that certain agreements relating to Malabar are significant to the Entitlement Offer, the operations of Malabar or may be relevant to investors. A description of material agreements or arrangements, together with a summary of the more important details of each of these agreements is set out below.

### **7.2 XLX advisory agreement**

On 5 November 2019, Malabar entered into an arrangement with XLX Pty Ltd (**XLX**) to assist Malabar with the implementation and processing of the Maxwell Mine and other ancillary projects. Malabar's Chairman Wayne Seabrook is a director of XLX. The shareholders of XLX are entities connected to Wayne Seabrook, Tony Haggarty, Simon Keyser, Allan Davies and Andy Plummer. They are all minority shareholders in XLX and are also shareholders in Malabar. As consideration for the services provided by XLX, Malabar has agreed to issue 10,000,000 fully paid ordinary shares to XLX (**Completion Fee Shares**), payable on the Maxwell Mine being approved and proceeding or earlier on a change of control or other similar event occurring. In certain circumstances, Malabar may elect to substitute the issue of all or part of the Completion Fee Shares with a cash amount equivalent to \$5 per Completion Fee Share.

Details of the advisory agreement between Malabar and XLX are disclosed in Malabar's Annual Report for the financial year ended 30 June 2020 authorised by the Directors on 24 September 2020 and lodged with ASIC on 29 September 2020 (**2020 Annual Report**). As set out in section 8.1, the 2020 Annual Report is included in this Prospectus by reference.

### **7.3 Loan facility agreements**

Malabar has non-revolving cash advance facilities with a major Australian bank for funding of the Malabar Mine and Spur Hill Underground Project; the facilities have an aggregate commitment of \$15,355,000 and expire on 30 April 2022. These facilities are expected to be incorporated into the financing package for the construction of the Maxwell Mine prior to expiry.

The facility agreements provide for representations, warranties and undertakings that are customary for facilities of that type.

Details of Malabar's loan facilities are disclosed in the 2021 Interim Report. As set out in section 8.1, the 2020 Annual Report is included in this Prospectus by reference.

#### **7.4 Corporate facility agreement**

On 5 September 2018, Malabar entered into a facility agreement with a global utility-backed seaborne energy trader for US\$55 million (approx. AU\$80 million) expiring in November 2021. The purpose of the facility is to provide bonds, guarantees, and financial assurances including the provision of guarantees to the NSW Government. The facility is expected to be replaced when the financing for construction of the Maxwell Mine is arranged. Malabar and certain of its subsidiaries have also entered into a corporate guarantee with the lender to guarantee Malabar's obligations under the facility.

The facility agreement and corresponding guarantee provide for representations, warranties and undertakings that are customary for an arrangement of this type.

Details of the corporate facility agreement are disclosed in the 2020 Annual Report. As set out in section 8.1, the 2020 Annual Report is included in this Prospectus by reference.

#### **7.5 Reimbursement agreement**

Luxembourg Investment Company 273 S.à r.l. (formerly AMCI Euro Holdings B.V.) (**AMCI**) is an entity which has common significant shareholders to those in Malabar. On 5 September 2018, AMCI agreed to provide a corporate guarantee to the lender under the facility referred to in section 7.4 of this Prospectus, to guarantee the performance of Malabar's obligation under the facility.

AMCI and Malabar entered into a separate agreement on 5 September 2018, under which Malabar granted a general security in favour of AMCI over all the assets of Malabar and its subsidiaries, mortgages over all real property holdings, water licences and project accounts.

The agreement between Malabar and AMCI is a related party transaction. Malabar has undertaken an assessment of the terms of the agreement and has concluded that the terms are arm's length and reasonable in terms of similar arrangements in the market.

Details of the reimbursement agreement between Malabar and AMCI are disclosed in the 2020 Annual Report. As set out in section 8.1, the 2020 Annual Report is included in this Prospectus by reference.

#### **7.6 Long-term offtake agreement**

On 5 September 2018, Malabar entered into a long-term off-take agreement with a global utility-backed seaborne energy trader for 12.5% of the coal production from the Maxwell Mine. The agreement is for a period of approximately 20 years. Only thermal coal will be sold under the long-term offtake agreement, with pricing of the thermal coal to be determined by reference to the monthly NEWC Index, which is consistent with standard industry practices in the Asia-Pacific region.

The terms of the agreement are based on the Standard Coal Trading Agreement general terms and conditions as published and amended by Global Coal Limited from time to time, and subject to special conditions agreed between Malabar and the buyer.

## 7.7 Spur Hill joint venture agreement

On 24 December 2015, Malabar entered into an amended and restated joint venture agreement in respect of the Spur Hill Underground Project with Rasturn Pty Ltd and M N Super Spur Pty Limited (**Spur Hill JV Partners**).

On 24 December 2015, Malabar acquired the balance of the joint venture interests not controlled by Malabar from an entity controlled by the Spur Hill JV Partners. At the date of this Prospectus, entities controlled by Malabar are the only participants in the joint venture.

The Spur Hill JV Partners have entered into a call option with Malabar to acquire 20% of the joint venture interests from Malabar's controlled entities, exercisable if certain milestones regarding the Spur Hill Underground Project are not achieved before 31 July 2022, which include:

- (a) a minimum spend requirement of \$70 million on the Spur Hill Underground Project, of which approximately \$50.7 million had already been satisfied as at 1 July 2015; and
- (b) entry into all agreements reasonably required for funding of the Spur Hill Underground Project, and receipt of all authorisations and third party consents reasonably required for operation of the mine.

If these milestones are achieved, then the call option will terminate. The Spur Hill JV Partners retain certain joint venture participant rights under the terms of the joint venture agreement, but do not have any obligations for contributing to the costs or expenses of the joint venture. These participant rights would end if the call option is not exercised or terminates.

The joint venture agreement contains usual commercial terms that would be included in an arrangement of this type, such as rights in respect of joint venture assets, funding obligations and processes for making decisions impacting the joint venture.

## 7.8 Drayton and Spur Hill Royalty Deed

On 26 February 2018, Malabar entered into a royalty deed with the Drayton South Joint Venture Party Royalty Holders (**Drayton South JVP Royalty Holders**) in connection with Malabar's acquisition of the Drayton Mine. Under the deed, Malabar is required to pay a royalty to the Drayton South JVP Royalty Holders equal to \$0.50 per tonne on the first 50 million tonnes of coal produced from the Spur Hill Underground Project and/or the Maxwell Mine.

Details of Malabar's contingent liabilities arising under the royalty deed are set out in the 2020 Annual Report. As set out in section 8.1, the 2020 Annual Report are included in this Prospectus by reference.

# 8 Information deemed to be incorporated in this Prospectus

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## 8.1 Short form prospectus

This Prospectus is a short form prospectus issued in accordance with section 712 of the Corporations Act. This means that this Prospectus does not, in and of itself, contain all of the information which is generally required to satisfy the disclosure requirements under the Corporations Act. Rather, it incorporates all other necessary information by reference to documents which have already been lodged by Malabar with ASIC (**Incorporated Documents**).

The information incorporated by reference in the Incorporated Documents will primarily be of interest to investors and their professional advisors.

The Incorporated Documents in respect of this Prospectus include:

- (a) the Constitution;
- (b) the 2021 Interim Report referred to in section 5;
- (c) the 2020 Annual Report referred to in sections 7.5 and 7.8;
- (d) the Coal Resources Report for the Maxwell Mine referred to in section 2.2; and
- (e) the Coal Resources Report for the Spur Hill Underground Project referred to in section 2.3.

You can obtain copies of Incorporated Documents by emailing Malabar at [admin@malabarresources.com.au](mailto:admin@malabarresources.com.au). The Incorporated Documents are also available on Malabar's website at [www.malabarresources.com.au](http://www.malabarresources.com.au).

The information to be incorporated by reference into this Prospectus is summarised in section 8.2 below.

## 8.2 Summary of information deemed to be incorporated into this Prospectus

This section is provided to allow a person to whom an offer is made under the Entitlement Offer to decide whether to obtain a copy of the Incorporated Documents.

The Incorporated Documents contain information that will assist investors and their professional advisors in making an informed assessment of, in particular, the assets and liabilities, finance position and performance, and profits and losses, of Malabar.

### *Constitution*

**Rule 3 (Alteration of capital):** This rule addresses Malabar's ability to alter capital and buy-back Shares.

**Rule 5 (Transfer of Shares):** This rule sets out the restrictions imposed on a transfer of Shares.

**Rule 6 (Transmission of Shares):** This rule addresses the process for transmission of Shares on death or by operation of law.

**Rule 7 (Calls on Shares):** This rule addresses Malabar's ability to make calls on a Shareholder in respect of unpaid money on the Shareholder's Shares.

**Rule 8 (Lien on Shares):** This rule includes provisions in relation to Malabar's exclusive first lien on every Share.

**Rule 9 (Forfeiture and surrender of Shares):** This rule addresses the process by which Malabar may forfeit a Shareholder's Shares.

**Rule 10 (Sale of small holdings of Shares):** This rule sets out Malabar's ability to sell Shares which are a 'small holding' for the purposes of the Constitution.

**Rule 12 (General meetings):** This rule sets out the procedures in relation to the calling and holding of general meetings of Malabar.



**Rule 20.1 (Power to pay dividends):** This rule provides the ability for the Directors to resolve to pay dividends to Shareholders.

**Rule 25.2 (Where assets sufficient to repay paid up capital):** This rule provides for the distribution of excess assets amongst Shareholders in the event of a winding up of Malabar.

#### *Interim Financial Report for the half year ending 31 December 2020*

**Pages 3 to 7:** This section provides an overview of Malabar's principal activities and a review of its operations including information on project approvals.

**Pages 7:** This section provides a summary of events after the half year ended 31 December 2020, for Malabar.

**Page 10:** A consolidated statement of comprehensive income for the half year ended 31 December 2020 is included.

**Page 11:** A consolidated statement of financial position as at 31 December 2020 is included.

**Page 12:** A consolidated statement of changes in equity for the half year ended 31 December 2020 is included.

**Page 13:** A consolidated statement of cash flows for the half year ended 31 December 2020 is included.

**Pages 14 to 25:** This section includes notes to the consolidated financial statements for the half year ended 31 December 2020.

#### *Annual Report for the financial year ending 30 June 2020*

**Page 4:** This section contains details of the advisory agreement between Malabar and XLX.

**Pages 41 to 43:** This section provides a summary of related party transactions that have been entered into by Malabar.

**Page 48:** Section 27.1 includes details of Malabar's facilities and guarantees.

**Page 48:** Section 27.2 includes a summary of deferred consideration owed by Malabar in respect of the acquisitions of the Spur Hill Underground Project and the Maxwell Mine.

#### *Coal Resources Report for the Maxwell Mine*

**Page 7:** Resource estimate for the Maxwell Mine (table 3).

#### *Coal Resources Report for the Spur Hill Underground Project*

**Pages 23 to 25:** Resource estimate for Spur Hill Underground Project (tables 7, 8 and 9).

### **8.3 Documents available for inspection**

Copies of the Incorporated Documents listed in section 8.1 above, as well as the consents to the issue of this Prospectus, are available for inspection during normal office hours at the registered

office of Malabar until the Closing Date. Malabar will also give, free of charge to any person who requests it before the Closing Date, a copy of the 2021 Interim Report.

Copies of the documents listed in section 8.1 above will also be available by searching ASIC's records in relation to Malabar and placing a document order, or by visiting Malabar's website at [www.malabarresources.com.au](http://www.malabarresources.com.au).

## 9 Additional information

### 9.1 Disclosure obligations

Malabar is subject to regular reporting and disclosure obligations because it is a 'disclosing entity' for the purposes of the Corporations Act. Copies of documents lodged with ASIC in relation to Malabar may be obtained from, or inspected at, an office of ASIC.

The Directors rely upon section 712(3) Corporations Act with the inclusion by reference of material referred to above for full disclosure of relevant information to Shareholders for the purposes of section 711 Corporations Act, including the nature and extent of any Directors' interests or of persons identified in section 711(4) Corporations Act.

As set out in section 8.3, Malabar will give free of charge, to any person who requests it during the application period under this Prospectus, a copy of the Incorporated Documents. The information in the Incorporated Documents may be of interest to investors and their financial advisers.

### 9.2 Corporate governance policies

Malabar also has a number of corporate governance policies that govern its operations, including a corporate governance statement, corporate governance principles, a corporate governance committee charter, and a corporate ethics policy.

All such policies are published, and can be viewed, on Malabar's website at [www.malabarresources.com.au](http://www.malabarresources.com.au).

### 9.3 Existing Securities

Security	Number of Securities	Exercise price	Expiry date
Ordinary Shares	288,327,195	-	-
Completion Fee Shares**	10,000,000	-	-
Performance Rights	1,867,000	-	10 years from vesting date
Existing Options*	85,528,191	\$1.25	10 June 2022

\* Existing Options were issued under the Institutional Offer. The terms of the Existing Options are the same as the New Options described in the Annexure to this Prospectus.

\*\* The Shares have not been issued, but it has been agreed they will be issued to XLX in certain circumstances – see section 7.2.

The Board considers it is unlikely that any Existing Options will be exercised before the Record Date. However, if any Existing Options are exercised before the Record Date, any proceeds raised will be applied to the general working capital of Malabar.

#### 9.4 Litigation

To the best of the Directors' knowledge and belief, no litigation, mediation, conciliation or administrative proceeding is taking place, pending or threatened against Malabar.

#### 9.5 Consents and disclaimers of responsibility

None of the parties referred to below has made any statement that is included in this Prospectus or any statement on which a statement made in this Prospectus is based, except as specified below. Each of the parties referred to below, to the maximum extent permitted by law, expressly disclaims, and takes no responsibility for, any part of this Prospectus, other than the reference to its name and the statement included in this Prospectus with the consent of that party, as specified below.

McCullough Robertson has given, and has not withdrawn, its written consent to be named as lawyers to Malabar in the form and context in which it is named.

PKF Brisbane Audit has given, and has not withdrawn, its written consent to be named as auditor in the form and context in which it is named.

Link Market Services Limited has given, and not withdrawn, its written consent to be named as share registry in the form and context in which it is named.

#### 9.6 Interests of experts and advisers

Except as set out in this Prospectus:

- (a) no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus has any interest or has had any interest during the last two years:
  - (i) in the formation or promotion of Malabar;
  - (ii) in property acquired or proposed to be acquired by Malabar in connection with its formation or promotion, or
  - (iii) the offer of the New Shares; and
- (b) no amount has been paid or agreed to be paid, and no benefit has been given, or agreed to be given, to any person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus in connection with the services provided by the person in connection with the:
  - (i) formation or promotion of Malabar, or
  - (ii) offer of the New Shares.

McCullough Robertson has acted as legal adviser to Malabar for the Entitlement Offer and has undertaken due diligence enquiries and provided legal advice on the Entitlement Offer. McCullough Robertson will be paid an estimated fee of \$45,000 (GST exclusive) for these services. Further amounts may be paid to McCullough Robertson in accordance with their normal time-based charges.

## 9.7 Major Shareholders

The following Shareholders had a substantial holding in Malabar, being 5% or more of the issued capital, as at the date of this Prospectus:

Shareholder	Ordinary Shares		Existing Options
Brisbane Investments I Limited	43,721,993	15.2%	5,335,350
Brisbane Investments II Limited	43,721,993	15.2%	5,335,350
HFTT Pty Ltd as trustee for the Haggarty Family Trust, and MEM Consultants Pty Ltd	41,013,108	14.2%	4,841,010
Westbrook Coal Pty Ltd, Ranamok Pty Ltd as trustee for the Plummer Family Trust, Ranamok Pty Ltd as trustee for the Yuanmi Super Fund, and Vesade Pty Ltd	36,327,062	12.6%	2,853,030

The table above shows the current shareholding of each substantial Shareholder as at the date of this Prospectus, and reflects their position following completion of the Institutional Offer.

## 9.8 Interests of Directors

Other than as set out above or elsewhere in this Prospectus:

- (a) no Director or proposed Director of Malabar has, or has had in the two years before lodgement of this Prospectus, any interest in:
  - (i) the formation or promotion of Malabar,
  - (ii) the offer of the New Shares, or
  - (iii) any property proposed to be acquired by Malabar in connection with the formation or promotion of the offer of the New Shares; and
- (b) no amounts have been paid or agreed to be paid and no benefit has been given or agreed to be given, to any Director or proposed Director of Malabar either:
  - (i) to induce him or her to become, or to qualify him or her as, a Director, or
  - (ii) otherwise for services rendered by him or her in connection with the formation or promotion of Malabar or the offer of the New Shares.

### *Shareholdings*

Those of the Directors who are Shareholders (or control Shareholders) applied for Ordinary Shares under the Institutional Offer. Following completion of the Institutional Offer (and as at the date of this Prospectus), the Directors or their associates had a beneficial interest in the following Shares and Options:

<b>Director</b>	<b>Shareholder</b>	<b>Existing Ordinary Shares</b>	<b>Shares under Institutional Offer</b>	<b>Existing Options</b>	<b>Performance Rights</b>
Wayne Ronald Seabrook	Wayne Ronald Seabrook; Westmark Investments Pty Ltd; Westmark Investments Pty Ltd ATF Westbrook Investment Trust; Westbrook Consultants No2 Pty Ltd	12,040,667	487,550	1,462,650	Nil
Brian Douglas Beem JR	Brian Douglas Beem JR	101,521	Nil	Nil	Nil
Anthony Grove Galligan	-	Nil	Nil	Nil	50,000

Mr. Seabrook also holds an interest in Completion Fee shares as described in sections 7.2, 9.3 and in the following section ('Payments to Directors').

### *Payments to Directors*

Rule 13.4 of the constitution of Malabar provides that the Directors may be paid, as remuneration for their services, a sum set from time to time by the Shareholders in general meeting, with that sum to be divided among the Directors as they agree (or if they cannot agree, equally among them).

The current non-executive Director fees are \$2,500 per month for each Director. The independent non-executive Director fees are \$4,583 per month for each Director.

Ironstone Capital Partners Pty Ltd (**Ironstone**), a related entity to Wayne Seabrook, is also paid for ongoing consulting work that it undertakes for Malabar. Ironstone did not participate in the Institutional Offer and is not an eligible shareholder to participate in the Entitlement Offer.

XLX Pty Ltd (**XLX**), a related entity to Wayne Seabrook, has been engaged to provide advisory services to Malabar. As consideration for the services provided by XLX; Malabar has agreed to issue 10,000,000 fully paid ordinary shares to XLX (**Completion Fee Shares**), payable on the Maxwell Mine being approved and proceeding or earlier on a change of control or other similar event occurring. In certain circumstances, Malabar may elect to substitute the issue of all or part of the Completion Fee Shares with a cash amount of \$5 per Completion Fee Share.

### 9.9 Shareholder loans

Unsecured shareholder loans to the value of \$2,999,710 were converted into Ordinary Shares as part of the Institutional Offer. Each Ordinary Share that was issued included the grant of (3) three options to acquire Ordinary Shares.

### 9.10 Expenses of the Entitlement Offer

The total estimated expenses of the Entitlement Offer payable by Malabar including ASIC fees, accounting fees, legal fees, share registry fees, printing costs, public relations costs and other miscellaneous expenses are estimated to be \$130,286.

### 9.11 Allotment

It is expected that allotment of the New Shares and grant of the New Options under the Entitlement Offer will take place no more than five Business Days after the close of the Entitlement Offer.

Application Money will be held by Malabar on trust for Applicants until the New Shares are allotted. No interest will be paid on Application Money.

### 9.12 Electronic Prospectus

This Prospectus is available in electronic form at [www.malabarresources.com.au](http://www.malabarresources.com.au). Any person receiving this Prospectus electronically will, on request, be sent a paper copy of the Prospectus by Malabar free of charge until the Closing Date.

The Entitlement and Acceptance Form may only be distributed attached to a complete and unaltered copy of the Prospectus. The Entitlement and Acceptance Form included with this Prospectus contains a declaration that the investor has personally received the complete and unaltered Prospectus before completing the Entitlement and Acceptance Form.

Malabar will not accept a completed Entitlement and Acceptance Form if it has reason to believe that the Applicant has not received a complete paper copy or electronic copy of the Prospectus or if it has reason to believe that the Entitlement and Acceptance Form or electronic copy of the Prospectus has been altered in any way.

While Malabar believes that it is extremely unlikely that during the period of the Entitlement Offer the electronic version of the Prospectus will be altered in any way, Malabar can not give any absolute assurance that this will not occur. Any investor in doubt about the validity or integrity of an electronic copy of the Prospectus should immediately request a paper copy of the Prospectus directly from Malabar or a financial adviser.

### 9.13 Privacy

Eligible Shareholders may be asked to give personal information to Malabar directly, and through the share registry, such as name, address, telephone and fax numbers, tax file number and account details. Malabar and the share registry collect, hold and use that personal information to provide facilities and services to Eligible Shareholders and undertake administration. Access to information may be disclosed by Malabar to its agents and service providers on the basis that they deal with the information under the *Privacy Act 1988* (Cth). Malabar's privacy policy sets out how Shareholders may request access to and correction of their personal information held by or on behalf of Malabar (by contacting the share registry), how Shareholders can complain about privacy related matters and how Malabar responds to complaints.

#### 9.14 Authorisation

This Prospectus is issued by Malabar. Each Director has consented to the lodgement of the Prospectus with ASIC.

Wednesday, 9 June 2021



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**Wayne Seabrook**

Chairman

Malabar Resources Limited

## 10 Glossary

In this Prospectus:

<b>2020 Annual Report</b>	means the annual report of Malabar for the financial year ended 30 June 2020 which includes audited financial statements for the financial year ended 30 June 2020 and the auditor's report, which was lodged with ASIC on 29 September 2020 as defined in section 7.2.
<b>2021 Interim Report</b>	means the interim financial report of Malabar for the half-year ended 31 December 2020 which includes reviewed financial statements for the half-year ended 31 December 2020 and the independent auditor's review report, which was lodged with ASIC on 15 March 2021 as defined in section 5.
<b>AASB</b>	means Australian Accounting Standards Board.
<b>Applicant</b>	means a person or entity who submits an Entitlement and Acceptance Form.
<b>Application Money</b>	means the money received by Malabar under the Entitlement Offer, being the Offer Price multiplied by the number of New Shares applied for by an Eligible Shareholder.
<b>ASIC</b>	means the Australian Securities and Investments Commission.
<b>Board</b>	means the board of directors of Malabar.
<b>Business Day</b>	means a day that is not a Saturday, Sunday or public holiday in Sydney, New South Wales.
<b>Business</b>	means the business carried on by Malabar in respect of operating the Maxwell Mine, Maxwell Solar Project, Spur Hill Underground Project, Maxwell Infrastructure and agricultural properties including the Merton Vineyard located in the upper Hunter Valley region of New South Wales.
<b>Closing Date</b>	means the date on which the Entitlement Offer closes, being Wednesday, 7 July 2021, or another date nominated by Malabar, in consultation with the Underwriters.
<b>Corporations Act</b>	means <i>Corporations Act 2001</i> (Cth).
<b>DA</b>	means development approval.
<b>Directors</b>	means the directors of Malabar.
<b>Drayton Mine</b>	means the open cut export coal mine in the Hunter Valley, New South Wales referred to in section 2.4.
<b>Drayton South JVP Royalty Holders</b>	means each of following entities: (a) Anglo American Metallurgical Coal Assets Pty Ltd ACN 081 022 246; (b) NCE Australia Pty Ltd ACN 001 799 444; (c) Mitsui Coal Holdings Pty Ltd ACN 002 373 588; (d) Hyundai Australia Pty Ltd ACN 002 008 657; and (e) Daesung Australia Pty Ltd ACN 002 011 967.



<b>EIS</b>	means environmental impact statement.
<b>EL</b>	means exploration licence.
<b>Eligible Shareholder</b>	means a Shareholder as at the Record Date who is not an Ineligible Shareholder.
<b>Entitlement</b>	means the right to subscribe for New Shares under the Entitlement Offer as defined in section 3.1.
<b>Entitlement and Acceptance Form</b>	means a Shareholder’s personalised entitlement and acceptance form accompanying this Prospectus.
<b>Entitlement Offer</b>	means the non-renounceable pro rata entitlement offer to Eligible Shareholders to subscribe for 1 New Share for every 10 Existing Ordinary Shares of which the Shareholder is the registered holder on the Record Date, at the Offer Price, under this Prospectus.
<b>Excess Amount</b>	has the meaning given to that term in section 4.2.
<b>Existing Options</b>	means the options already on issue in Malabar and referred to in section 9.3.
<b>Existing Securities</b>	means the securities on issue in the capital of Malabar set out in section 9.3 .
<b>Existing Shareholders</b>	means the holders of Shares before the date of this Prospectus.
<b>Existing Ordinary Shares</b>	means the Ordinary Shares already on issue in Malabar.
<b>Exposure Period</b>	means the period of seven days after the date of lodgement of this Prospectus with ASIC, which period may be extended by ASIC by up to seven days in accordance with section 727(3) of the Corporations Act.
<b>Incorporated Documents</b>	means documents which have already been lodged by Malabar with ASIC as defined in section 8.1.
<b>Ineligible Shareholder</b>	means a Shareholder: (a) with an address in Malabar’s register of Shareholders outside Australia; and (b) a Shareholder that participated in the Institutional Offer.
<b>LVF Market</b>	means Malabar’s low volume financial market.
<b>Major Shareholder</b>	means the persons and entities set out in section 9.7, each being a Shareholder that, together with their associates, hold 5% or more of the issued capital of Malabar.
<b>Malabar</b>	means Malabar Resources Limited ACN 151 691 468.
<b>ML</b>	means mining lease.
<b>MLA</b>	means mining lease application.
<b>Mt</b>	Million tonnes
<b>NEWC Index</b>	means the benchmark price for seaborne thermal coal in the Asia-Pacific region, as published by Global Coal Limited.

<b>New Shares</b>	means the Ordinary Shares to be issued by Malabar under this Prospectus, including (as the context requires) the shortfall from the Entitlement Offer issued as Oversubscription Shares or Shortfall Shares.
<b>Offer Price</b>	means \$1.00 per New Share.
<b>Ordinary Shares</b>	means fully paid ordinary shares in Malabar.
<b>Oversubscription Facility</b>	means the facility described in section 3.3 under which certain Eligible Shareholders may apply for New Shares in excess of their Entitlement.
<b>Oversubscription Shares</b>	means extra New Shares a Shareholder may apply for in excess of their Entitlement under the Oversubscription Facility.
<b>Pro Forma Historical Financial Information</b>	has the meaning given to that term in section 5.2.
<b>Prospectus</b>	means this prospectus.
<b>Record Date</b>	means 7.00pm (Sydney time) on Friday, 18 June 2021.
<b>Reduced Amount</b>	has the meaning given to that term in section 4.3.
<b>Entitlement Offer</b>	means the offer of New Shares made under this Prospectus.
<b>Shareholders</b>	means shareholders in Malabar.
<b>Shares</b>	means issued shares irrespective of their class in the capital of Malabar, and <b>Share</b> means one issued share in the capital of Malabar.
<b>Shortfall Shares</b>	means those New Shares not taken up by Eligible Shareholders under the Entitlement Offer, together with those New Shares to which any Ineligible Shareholders would otherwise have been entitled.
<b>Spur Hill Underground Project</b>	means the Spur Hill Underground Project as described in section 2.3.
<b>State</b>	means New South Wales.
<b>You</b>	means the investors under this Prospectus.

## Annexure

Set out below are the terms on which New Options are issued under this Prospectus:

<b>Entitlement</b>	Three (3) New Options will be granted for every New Share applied for and issued under the Entitlement Offer. No issue price is payable for the New Options.
<b>New Option</b>	Each New Option can be exercised to subscribe for one fully paid ordinary share in Malabar ( <b>Share</b> ) on the terms set out in this Annexure.
<b>Exercise Price</b>	\$1.25 per option.
<b>Exercise Period</b>	A New Option may be exercised at any time during the period commencing on the date of issue of the New Option and ending on the earlier of: (a) 10 June 2022; or (b) 30 days after the option holder is given a notice from Malabar confirming the mine construction financing terms have been agreed on terms reasonably acceptable to Malabar.
<b>Expiry Date</b>	Each New Option will expire at the end of the Exercise Period as set out above.
<b>Method of exercise</b>	An option holder may exercise a New Option at any time during the Exercise Period by: (a) delivering to Malabar a completed notice of exercise notice provided by Malabar; and (b) paying in cleared funds the Exercise Price for each New Option exercised by the Holder to the bank account nominated by Malabar. For the avoidance of doubt, the exercise notice and cleared funds must be received by Malabar on or before the Expiry Date. On the exercise of a New Option in this manner Malabar will as soon as is reasonably possible issue Shares in Malabar.
<b>Exercise conditions</b>	Option holders may only exercise a minimum of 10,000 New Options, unless the holder has, in total less than 10,000 New Options in which case the option holder must exercise all of their New Options The exercise of any New Option (and issue of Shares on exercise) is subject to compliance with the <i>Corporations Act 2001</i> (Cth) (in particular, the requirements of Chapter 6 of the Corporations Act) and any other regulatory requirements that apply to the holder (including approval by the Foreign Investment Review Board, if required).
<b>Shares issued on exercise</b>	Shares issued on exercise of the New Options rank equally with the then issued fully paid ordinary shares of Malabar.
<b>Transferability and security interests</b>	Unless the board of Malabar decides otherwise: (a) options are not transferable and holders must not transfer, assign, dispose or otherwise deal with the options or any interest in the options; and (b) option holders must not create a security interest in the options or any interest in the option

<b>Option register</b>	Options will be registered in the name of the subscriber for New Shares under the Entitlement Offer in an option register maintained by Malabar or its share registry. Option certificates evidencing the number of options held will be issued.
<b>Reconstruction of capital</b>	<p>The number of New Options or the Exercise Price of the New Options (or both) will be adjusted in the event of a reconstruction of the issued capital of Malabar as follows:</p> <ul style="list-style-type: none"> <li>(a) <b>For a consolidation of capital</b> – the number of New Options will be consolidated in the same ratio as Ordinary Shares and the Exercise Price will be amended in inverse proportion to that ratio;</li> <li>(b) <b>For a sub-division of capital</b> – the number of New Options will be sub-divided in the same ratio as Shares and the Exercise Price will be amended in inverse proportion to that ratio;</li> <li>(c) <b>For a return of capital</b> – the number of New Options will remain the same, and the Exercise Price of each New Options will be reduced by the same amount as the amount returned in relation to each Share;</li> <li>(d) <b>For a reduction of capital by a cancellation of paid up capital that is lost or not represented by available assets where no securities are cancelled</b> – the number of New Options and the Exercise Price of each option will remain unaltered;</li> <li>(e) <b>For a pro rata cancellation of capital</b> – the number of New Options will be reduced in the same ratio as Shares and the Exercise Price of each New Options will be amended in inverse proportion to that ratio; and</li> <li>(f) <b>In any other case</b> – the number of New Options or the Exercise Price, or both, will be reorganised so that the holder of the New Option will not receive a benefit that holders of Shares do not receive. This does not prevent a rounding up of the number of Shares to be received on exercise if the rounding up is approved at the shareholders’ meeting which approves the reorganisation.</li> </ul>
<b>Adjustment for pro rata issues</b>	If there is a pro rata issue of Shares, no adjustment will be made to the Exercise Price or number of New Options.
<b>Adjustment for bonus issue</b>	If there is a bonus issue of Shares, the number of New Options held by each option holder will be increased to reflect the economic effect of the bonus issue in a manner determined by the board of Malabar to ensure the holder of the New Options is not materially economically disadvantaged.
<b>New issues of Shares</b>	The New Options do not confer a right to participate in new issues of Shares unless they are capable of exercise and have been validly exercised on or before the record date for determining entitlements to the issue (where relevant).
<b>Dividend rights</b>	While they remain unexercised, the New Options will not give a holder an entitlement to receive any dividend declared or paid by Malabar on Shares.
<b>Applicable law</b>	<p>The terms of the New Options will be governed by the law of New South Wales and the Commonwealth.</p> <p>Each New Option is granted subject to:</p> <ul style="list-style-type: none"> <li>(a) the Corporations Act;</li> <li>(b) Malabar’s constitution; and</li> <li>(c) any other applicable law.</li> </ul>

## Corporate directory

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### Company

Malabar Resources Limited  
Level 26, 259 George Street  
SYDNEY NSW 2000  
+61 2 8036 0785  
[www.malabarresources.com.au](http://www.malabarresources.com.au)

### Directors

Wayne Seabrook (Chairman)  
Anthony Galligan (Non-Executive Independent Director)  
Brian Beem (Non-Executive Director)

### Company Secretary

Lindi-May Lochner  
+61 2 8036 0785

### Lawyers to the Entitlement Offer

McCullough Robertson  
Level 11, Central Plaza Two  
66 Eagle Street  
BRISBANE QLD 4000  
[www.mccullough.com.au](http://www.mccullough.com.au)

### Share Registry

Link Market Services Limited  
Level 12, 680 George Street  
SYDNEY NSW 2000  
1300 554 474 (within Australia)  
+61 2 8280 7100 (outside Australia)  
[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

### Auditor

PKF Brisbane Audit  
Level 6, 10 Eagle Street  
BRISBANE QLD 4000  
+61 7 3839 9733  
[www.pkf.com.au](http://www.pkf.com.au)



MALABAR RESOURCES LIMITED

ACN 151 691 468

All Registry communications to:
Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia
Telephone: 1300 554 474
From outside Australia: +61 1300 554 474
Issuer Code: MBCU
Website: www.linkmarketservices.com.au

IID:
SRN/HIN:
Entitlement Number:
Number of Eligible Shares held as
at the Record Date, 7:00pm (Sydney time)
on 18 June 2021:
Entitlement to New Shares
(on a 1 New Share for 10 basis):
Amount payable on full acceptance
at A\$1.00 per Share:

Offer Closes
5:00pm (Sydney time): Wednesday, 7 July 2021

ENTITLEMENT AND ACCEPTANCE FORM

As an Eligible Shareholder you are entitled to acquire 1 New Share for every 10 Existing Shares that you hold on the Record Date, at an Offer Price of A\$1.00 per New Share. Together with each New Share acquired under the Entitlement Offer, you will also receive three (3) options to acquire fully paid ordinary shares in Malabar (New Options). Each New Option will entitle you to subscribe for one fully paid ordinary share in Malabar at an exercise price of \$1.25 per option. You may also apply for New Shares in excess of your Entitlement, at the Offer Price. This is an important document and requires your immediate attention. If you do not understand it or you are in doubt as how to deal with it, you should contact your accountant, stockbroker, solicitor or other professional adviser.

IMPORTANT: The Offer is being made under the Prospectus dated 9 June 2021. The Prospectus contains information about investing in the New Shares. Before applying for New Shares, you should carefully read the Prospectus. This Entitlement and Acceptance Form should be read in conjunction with the Prospectus.

If you do not have a paper copy of the Prospectus, you can obtain a paper copy at no charge, by calling the Malabar Resources Limited Offer Information Line on 02 8036 0785 (within Australia) or +61 2 8036 0785 (from outside Australia).

PAYMENT OPTIONS

If you wish to take up all or part of your Entitlement (as shown above), or take up all of your Entitlement and apply for additional New Shares, you have two payment options detailed below.

OPTION 1: PAYING BY BPAY®

If paying by BPAY®, refer to the instructions overleaf. You do NOT need to return the acceptance slip below if you elect to make payment by BPAY®. Payment must be received via BPAY® before 5:00pm (Sydney time) on Wednesday, 7 July 2021. You should check the processing cut off-time for BPAY® transactions with your bank, credit union or building society to ensure your payment will be received by the Registry in time. By paying by BPAY® you will be deemed to have completed an Application Form for the number of Shares subject of your application payment.

OPTION 2: PAYING BY CHEQUE, BANK DRAFT OR MONEY ORDER

If paying by cheque, bank draft or money order, complete and return the acceptance slip below with your Application Monies. No signature is required on the acceptance slip. The acceptance slip with your Application Monies must be received by the Registry before 5:00pm (Sydney time) on Wednesday, 7 July 2021.



Billers Code: 350736
Ref:

Telephone & Internet Banking – BPAY®

Contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. More info: www.bpay.com.au
Registered to BPAY Pty Ltd ABN 69 079 137 518

See overleaf for details and further instructions on how to complete and lodge this Entitlement and Acceptance Form.

THIS IS A PERSONALISED FORM FOR THE SOLE USE OF THE SHAREHOLDER AND HOLDING RECORDED ABOVE.



Please detach and enclose with payment



IID:
SRN/HIN:
Entitlement Number:

Form with boxes A, B, and C for calculating the number of New Shares accepted. Box A: Number of New Shares accepted (being not more than your Entitlement shown above). Box B: Number of additional New Shares. Box C: Total number of New Shares accepted (add Boxes A and B).

D PLEASE INSERT CHEQUE, BANK DRAFT OR MONEY ORDER DETAILS – Cheques, bank drafts or money orders must be drawn on an Australian branch of a financial institution in Australian currency, made payable to “Malabar Resources Limited” and crossed “Not Negotiable”.

Form for cheque details with fields for Drawer, Cheque Number, BSB Number, Account Number, and Amount of Cheque (A\$).

Form for contact details with fields for Telephone Number, Telephone Number – After Hours, and Contact Name.

# MALABAR RESOURCES LIMITED

The Entitlement Offer to which this Entitlement and Acceptance Form relates is not being made to investors located or resident outside of Australia. In particular the Entitlement Offer is not being made to any person in the U.S. or to a U.S. person. The Prospectus and Entitlement and Acceptance Form do not constitute an offer or invitation to acquire Shares in any place in which, or to any person to whom, it would be unlawful to make such an offer or invitation.

## ACCEPTANCE OF ENTITLEMENT OFFER

By either returning the Entitlement and Acceptance Form with payment to the Registry, or making payment received by BPAY®:

- you represent and warrant that you have read and understood the Prospectus and that you acknowledge the matters, and make the warranties and representations;
- you provide authorisation to be registered as the holder of New Shares acquired by you and agree to be bound by the Constitution of Malabar Resources Limited;
- you provide authorisation to be registered as the holder of New Options acquired by you and agree to be bound by the terms of the New Options set out in the Prospectus.

## HOW TO APPLY FOR NEW SHARES

### 1. IF PAYING BY BPAY® (AVAILABLE TO SHAREHOLDERS WITH AN AUSTRALIAN BANK ACCOUNT ONLY)

If you elect to make payment using BPAY® you must contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. For more information on paying by BPAY®: [www.bpay.com.au](http://www.bpay.com.au)

Work out the total amount payable by you. To calculate the total amount, multiply the number of New Shares you wish to apply for by A\$1.00.

Refer overleaf for the Biller Code and Reference Number. The Reference Number is used to identify your holding. If you have multiple holdings you will have multiple Reference Numbers. You must use the Reference Number shown on each personalised Entitlement and Acceptance Form when paying for any New Shares that you wish to apply for in respect of that holding.

### 2. IF PAYING BY CHEQUE, BANK DRAFT OR MONEY ORDER

Complete all relevant sections of the Entitlement and Acceptance Form USING BLOCK LETTERS. These instructions are cross referenced to each section of the Entitlement and Acceptance Form.

#### A. Acceptance of New Shares

Enter into section A the number of New Shares you wish to apply for. The number of New Shares must be equal to or less than your Entitlement, which is set out overleaf.

#### B. Application for Additional New Shares

You can apply for more New Shares than your Entitlement. Please enter the number of **additional** New Shares above your Entitlement for which you wish to apply into Box B. Your Application for additional New Shares may not be successful (wholly or partially). The decision of Malabar Resources Limited on the number of New Shares to be allocated to you will be final. No interest will be paid on any Application Monies received or returned.

#### C. Total Number of New Shares Subscribed for

To calculate total number of New Shares subscribed for, add Box A and Box B and enter this in Box C.

#### D. Cheque, bank draft or money order details

Enter your cheque, bank draft or money order details in section D. Cheques, bank drafts or money orders must be drawn on an Australian branch of a financial institution in Australian currency, made payable to "Malabar Resources Limited" and crossed "Not Negotiable". Please ensure sufficient cleared funds are held in your account, as your cheque will be banked as soon as it is received. If you provide a cheque or money order for the incorrect amount, Malabar Resources Limited may treat you as applying for as many New Shares and Additional New Shares as your cheque, bank draft or money order will pay for.

#### E. Contact details

Enter your contact telephone number where we may contact you regarding your acceptance of New Shares, if necessary.

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## 3. HOW TO LODGE YOUR ENTITLEMENT AND ACCEPTANCE FORM

A reply paid envelope is enclosed for your use. No postage stamp is required if it is posted in Australia. Alternatively, if you have lost the reply paid envelope, or you have obtained the Prospectus electronically, your completed Entitlement and Acceptance Form with the payment for New Shares may be mailed to the postal address set out below. **If paying by BPAY® you do not need to complete or return the Entitlement and Acceptance Form.** You should check the processing cut off-time for BPAY® transactions with your bank, credit union or building society to ensure your payment will be received by the Registry by the close of the offer.

### Mailing Address

Malabar Resources Limited  
C/- Link Market Services Limited  
GPO Box 3560  
Sydney NSW 2001

Make sure you send your Acceptance Slip and application payment allowing enough time for mail delivery, so Link Market Services Limited receives them no later than 5:00pm (Sydney time) on Wednesday, 7 July 2021. Please ensure sufficient cleared funds are held in your account, as your cheque will be banked as soon as it is received. Malabar Resources Limited reserves the right not to process any Acceptance Slips and cheques received after the Closing Date.

**If you require further information on how to complete this Entitlement and Acceptance Form, please contact the Malabar Resources Limited Offer Information Line on 02 8036 0785 (within Australia) or +61 2 8036 0785 (from outside Australia) between 8:30am and 5:30pm (AEST) Monday**