

### MALABAR COAL LIMITED

AB 29 151 691 468

Level 26, 259 George Street Sydney NSW 2000

PO Box R864

Royal Exchange NSW 1225

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### NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of members of Malabar Coal Limited ABN 29 151 691 468 **(Company)** will be held in the Card Room, Level 2, Union, University & Schools Club, 25 Bent Street, Sydney NSW 2000, commencing 11.00am AEDT on Thursday 27 November 2014.

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Refer to the Explanatory Notes for further information on the proposed Resolutions.	

Date: 13 October 2014

By order of the Board of Malabar Coal Limited

Ian Morgan

**Company Secretary** 



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### ITEMS OF GENERAL BUSINESS

### 1. FINANCIAL STATEMENTS AND REPORTS

'To receive and consider the financial statements and reports of the Company including the Directors' report and auditor's report, for the year ended 30 June 2014.'

Note: There is no requirement for shareholders to approve these reports.

The statutory annual report is available for members to access and download from <a href="www.malabarcoal.com.au">www.malabarcoal.com.au</a>

If you would like to receive a hard copy of the statutory annual report free of charge you can contact Malabar Coal Limited by telephoning + 61 2 8248 1272.

### 2. ADOPTION OF THE REMUNERATION REPORT

### Resolution 1

To consider and, if thought fit to pass, with or without amendment, the following resolution in accordance with section 250R(2) of the Corporations Act, as a non-binding resolution:

'That the Company adopts the Remuneration Report for the financial year ended 30 June 2014.'

### Notes:

- This Resolution is advisory only and does not bind the Company or the Directors.
- The Directors will consider the outcome of the vote and comments made by shareholders on the Remuneration Report at the meeting when reviewing the Company's remuneration policies.
- The Chairman intends to vote all undirected proxies in favour of adopting the Remuneration Report.
- If 25% or more votes that are cast are voted against the adoption of the Remuneration Report at
  two consecutive AGMs, shareholders will be required to vote at the second of those AGMs on a
  resolution (a "spill resolution") that another meeting be held within 90 days at which all of the
  Company's Directors must go up for re-election.

### 3. RE-ELECTION OF DIRECTOR – ANTHONY GALLIGAN

### **Resolution 2**

To consider and, if thought fit to pass, with or without amendment, the following resolution as an ordinary resolution:

'That Mr Anthony Galligan, a Director retiring from office and eligible to be re-elected, be and is hereby elected as a Director of the Company.'

### Notes:

- Information about the candidate appears in the Explanatory Memorandum.
- Mr Anthony Galligan has consented to be re-elected a Director of the Company.
- The Board (with Mr Galligan abstaining) unanimously support the re-election of Mr Galligan.
- The Chairman intends to vote all undirected proxies in favour of Mr Galligan's re-election.



### ITEM OF SPECIAL BUSINESS

### 4. GRANTING OF OPTIONS TO GRAEME BOOTH

### Resolution 3

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

'That in accordance with Listing Rule 10.11 and Chapter 2E of the Corporations Act, the Company be permitted and authorised to grant 750,000 Options to the Company's Managing Director, Mr Graeme Booth or his nominee for nil cash consideration, as follows:

Number of Options	Vesting Date	Expiry Date	Exercise Price per Option
250,000	12 months after the Grant Date	48 months after the Grant	The price that is the greater of 30 cents and 1.5 times
250,000	24 months after the Grant Date	Date	the closing price of the Company's Shares on ASX
250,000	36 months after the Grant Date		on the Grant Date
750,000	TOTAL		

and otherwise on the terms and conditions set out in the accompanying Explanatory Notes.

### Notes:

- The Board (with Mr Booth abstaining) unanimously support the granting of Options to Mr Graeme Booth or his nominee.
- The Chairman intends to vote all undirected proxies in favour of approving the granting of Options to Mr Booth or his nominee.

### 5. VOTING EXCLUSIONS

### Resolution 1

The Company will disregard any votes cast on Resolution 1 (Remuneration Report):

- by or on behalf of a member of the Key Management Personnel whose remuneration is disclosed in the Remuneration Report and any Closely Related Party of such a member; or
- as a proxy by a member of the Key Management Personnel or a Closely Related Party of such a member,

unless the vote is cast as a proxy for a person who is entitled to vote on Resolution 1:

However, the Company need not disregard a vote if:



- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

### **Resolution 3**

In accordance with the notice requirements of ASX Listing Rule 10.13 for approval under ASX Listing Rule 10.11 and ASX Listing Rule 14.11.1 and under section 224(1) of the Corporations Act, the Company will disregard any votes cast on Resolution 3 by:

- (a) Graeme Booth; and
- (b) any of his Associates.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

### 6. VOTING RIGHTS AND PROXIES

- A Shareholder entitled to attend and vote at the meeting has a right to appoint a proxy.
- This appointment may specify the proportion or number of votes that the proxy may exercise.
- The proxy need not be a member of the Company.
- A Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the
  proportion or number of votes that each proxy is appointed to exercise. If the Shareholder appoints two
  proxies and the appointment does not specify the proportion or number of the Shareholder's votes that
  each proxy may exercise, each proxy may exercise half of the votes.
- If you wish to appoint a proxy and are entitled to do so, then complete and return the attached Proxy Form.

### 7. HOW THE CHAIRMAN WILL VOTE UNDIRECTED PROXIES

The Chairman intends to vote all undirected proxies in favour of all of the proposed resolutions.

### 8. LODGING YOUR PROXY

Proxies must be sent by:

- Hand delivery to the Company's registered office at Level 26, 259 George Street Sydney NSW 2000;
- Post to Malabar Coal Limited, PO Box R864 Royal Exchange NSW1225; or
- Facsimile to Malabar Coal Limited on facsimile number + 61 2 8248 1273.

so that it is received not later than 11.00am AEDT, Tuesday 25 November 2014.



### 9. DATE FOR DETERMING HOLDERS OF SHARES

For the purposes of regulation 7.11.37 of the Corporations Act and ASX Settlement Operating Rule 5.6.1, the Directors have set End of Day on Tuesday 25 November 2014 as the time and date to determine holders of the Company's ordinary fully paid shares for the purposes of the Annual General Meeting.

Share transfers registered after that deadline will be disregarded in determining entitlements to attend and vote at the Annual General Meeting.



### **EXPLANATORY NOTES**

### **GENERAL BUSINESS**

### 10. FINANCIAL STATEMENTS AND REPORTS

The Financial Statements, Directors' Report and Auditor's Report for the Company for the year ended 30 June 2014 will be laid before the meeting. There is no requirement for Shareholders to approve these reports. However, the Chairman will allow a reasonable opportunity for Shareholders to ask questions about, or make comments on, the management of the Company.

Shareholders will be given a reasonable opportunity to ask the auditor questions about the conduct of the audit and the content of the Auditor's Report.

In addition to asking questions at the meeting, Shareholders may address written questions to the Chairman or the auditors. Written questions for the auditor must be submitted by no later than 20 November 2014. Please send any written questions to PKF Hacketts Audit to the address listed on the Proxy Form.

### 11. REMUNERATION REPORT

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The Remuneration Report of the Company for the financial year ended 30 June 2014 is set out in the Company's 2014 Annual Report which is available on the Company's website <a href="https://www.malabarcoal.com.au">www.malabarcoal.com.au</a>

The Remuneration Report sets out the Company's remuneration arrangements for Key Management Personnel. The Chairman will allow a reasonable opportunity for Shareholders to ask questions about, or make comments on, the Remuneration Report at the meeting. In addition, Shareholders will be asked to vote on the Remuneration Report.

The resolution is advisory only and does not bind the Company or its Directors. The Board will consider the outcome of the vote and comments made by shareholders on the Remuneration Report at the meeting when reviewing the Company's remuneration policies. Under the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive AGMs, shareholders will be required to vote at the second of those AGMs on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company's Directors must go up for re-election.

The Company encourages all Shareholders to cast their votes on Resolution 1 (Remuneration Report). Shareholders not attending the meeting may use the enclosed Proxy Form to lodge their vote by appointing a Proxy. Any undirected proxies held by the Chairman, other Directors or other Key Management Personnel or any of their Closely Related Parties will not be voted on Resolution 1 (Remuneration Report), unless the vote is cast by the Chairman pursuant to an express authorisation on the Proxy Form made by a Shareholder who is entitled to vote on Resolution 1.

Key Management Personnel of the Consolidated Entity are the Directors of the Company and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Remuneration Report identifies the Company's Key Management Personnel for the financial year to 30 June 2014. Their Closely Related Parties are defined in the Corporations Act, and include certain of their family members, dependants and companies they control. If you choose to appoint a proxy, you are encouraged to direct your proxy how to vote on Resolution 1 (Remuneration Report) by marking either "For", "Against" or "Abstain" on the Voting Form for that item of business.



### 12. RE-ELECTION OF A DIRECTOR RETIRING BY ROTATION

Under ASX Listing Rule 14.4, a Director must not hold office without re-election past the third annual general meeting following the Director's appointment or three years, whichever is longer. A Director who retires in accordance with these requirements is eligible for re-election.

Clause 13.1 (c) of the Company's constitution requires that subject to the Corporations Act, the Directors may at any time appoint any person to be a Director. That person holds office until the end of the next annual general meeting following their appointment and is eligible for election at that meeting.

Clause 13.3 of the Company's constitution requires that:

- (a) Subject to Clause 16.1, no Director may hold office for a period in excess of 3 years, or beyond the third annual general meeting following the Director's election, whichever is the longer, without submitting himself or herself for re-election.
- (b) There must be an election of Directors at each annual general meeting. The Director or Directors to retire at each annual general meeting are any one or more of the following, as applicable:
  - (i) any Director required to retire under clause 13.3(a) and standing for re-election;
  - (ii) any Director required to submit for election under clause 13.1(c);
  - (iii) a person standing for election as a new Director; or

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- (iv) if no person is standing for election or re-election under clauses 13.3(b)(i) to 13.3(b)(iii); then the Director who has been in office the longest since last being elected. Between Directors who were elected on the same day, the Director to retire will be decided by lot, unless the relevant Directors agree otherwise.
- (c) Clauses 13.3(a) and 13.3(b) do not apply to any Managing Director.

Accordingly, Anthony Galligan is due to retire at the end of the meeting and offers himself for re-election to the Board. Details regarding Mr Galligan's qualifications, role, experience, special responsibilities and interests in the Company are set out below.



Qualification	BSc (Geology)
Role	Non-executive Director
Experience	Tony has more than 40 years of experience in the Australian coal industry. He has held senior positions in the areas of geology, project approvals and development, mine safety, and mine-related infrastructure. His most recent position was General Manager Infrastructure with Whitehaven Coal. He was Chairman of NCIG for more than 3 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.
Special Responsibilities	Chairman of the Company's Environmental, Risk and Occupational Health and Safety Committee.
Interest in Shares and Options (direct and indirect)	Options – 200,000 options over Ordinary Shares.

### **SPECIAL BUSINESS**

### 13. GRANTING OF OPTIONS TO GRAEME BOOTH

### Background

Subject to Shareholder approval, the Company proposes to grant 750,000 Options to Graeme Booth, or his nominee, on terms and conditions as set out in these Explanatory Notes.

The Exercise Price of the proposed grant of Options that would be granted are a cash price that is the greater of 30 cents and 1.5 times the closing price of the Company's Shares on ASX on the Grant Date.

### Remuneration payable to Mr Booth

The cash remuneration payable by the Company to Mr Booth is at the rate of \$350,000 per annum, including statutory superannuation, for Mr Booth to act as Managing Director.<sup>1</sup>

The remuneration received by Graeme Booth, when he was Chief Financial Officer and Commercial Manager during the year ended 30 June 2014 and the period 7 May 2013 to 30 June 2013 are as follows:

<sup>&</sup>lt;sup>1</sup> Mr Booth was appointed Managing Director of the Company on 29 August 2014.



Year	Salary Superannuation benefits		Share based payments	Total
	\$	\$	\$	\$
2014	247,140	22,860	23,895	293,895
2013 <sup>2</sup>	39,023	3,382	2,056	44,461

### **Trading History**

On 13 October 2014, the Company's share price was 17 cents (\$0.17). Since 1st September 2013, the Company's lowest and highest share price trade on ASX and monthly turnover are as follows:

Month		Monthly share price		Monthly Trading
World		range (cents)		Volume
September 2013		28.0 to 35.0		204,380
October 2013		22.0 to 29.0		707,923
November 2013		23.0 to 23.0		2,271,945
December 2013		20.5 to 24.0		642,652
January 2014		27.5 to 41.0		1,179,850
February 2014		31.0 to 39.0		62,965
March 2014		22.0 to 31.0		300,836
April 2014		20.0 to 29.5		321,909
May 2014		18.0 to 20.0		233,403
June 2014		12.0 to 18.0		439,257
July 2014		12.5 to 16.0		233,881
August 2014		14.0 to 16.0		258,459
	Total Range	12.0 to 41.0	Monthly Average	571,455

Since 30 August 2014 the Share price ranged between 15.0 cents and 19.0 cents per Share, with 192,436 Shares being traded in September 2014.

<sup>&</sup>lt;sup>2</sup> Mr Booth's employment as the Company's Chief Financial Officer and Commercial Manager commenced on 7 May 2013.



### Dilution effects on existing members interests

If the Options to be granted to Mr Booth pursuant to Resolution 3 are exercised, the effect will be to dilute the interests of existing Shareholders.

The table below sets out the impact of passing Resolution 3, on the number of Shares and Options on a diluted basis.

	Undiluted Shares	Fully diluted Shares	Potential dilution of issued capital
	Number	Number	%
Shares on issue at the date of the Notice	85,000,000	85,000,000	-
Options on issue with an exercise price of \$1.50 and expiring 22 March 2017	-	450,000	0.5
Options on issue with an exercise price of \$1.50 and expiring 31 May 2017	-	625,000	0.7
Equity Securities on issue at the date of the Notice	85,000,000	86,075,000	1.2
Proposed granting of Options to Graeme Booth or his nominee	-	750,000	0.9
New potential issued capital	85,000,000	86,825,000	2.1

### Opportunity costs and taxation consequences to the Company

It is not considered that from an economic and commercial point of view that there are any costs or detriments, including opportunity costs or taxation consequences for the Company or benefits foregone by the Company resulting from the granting of Options pursuant to Resolution 3.

Australian Accounting Standards (AASBs) may require the Company to expense the 750,000 Options proposed to be granted to Mr Booth or his nominee, with the expense being transferred to an Option Reserve being estimated at between \$51,825 and \$61,050 depending on volatility, (as set out below).

These amounts are expected to be transferred from the Option Reserve to Issued Capital when (and if) the Options are exercised. If the Options lapse, the amounts will remain in the Option Reserve.

### Director's Interests in Equity Securities

The table below sets out the Equity Securities held in the Company by Mr Booth and his related entities both on the date of his appointment as Managing Director and at the date of this Notice.



Equity Securities

Number held 29 August

2014<sup>3</sup>

Number held at the date of
the Notice

Ordinary fully paid shares 50,000 **50,000** 

500,000 unlisted options, each providing the right to be issued with one Share as follows:

Exercise Price per Share	Vesting Date	Expiry Date	Number
\$1.50	31 May 2014	31 May 2017	166,667
\$1.50	31 May 2015	31 May 2017	166,667
\$1.50	31 May 2016	31 May 2017	166,666
		TOTAL	500,000

### **Listing Rules**

Pursuant to Listing Rule 10.13, the following information is provided regarding Listing Rule 10.11 approval:

Rule 10.13.1: Name of person:

Graeme Booth

Rule 10.13.2: Number of securities to be issued to the person:

750,000 Options

Rule 10.13.3: Date by which the securities are to be issued:

If Shareholders approve Resolution 3, the issue and allotment of the Options to Mr Booth, or his nominee, will occur on a date which is up to one month after the date of this AGM.

Rule 10.13.4: Nature of relationship:

Graeme Booth is the Managing Director of the Company.

<sup>&</sup>lt;sup>3</sup> Mr Booth commenced as Managing Director on 29 August 2014.



Rule 10.13.5: Issue price of the securities and a statement of terms of issue:

The Options will be granted to Graeme Booth or his nominee for nil consideration.

Number of Options	Vesting Date	Expiry Date	Exercise Price per Option
250,000	12 months after the Grant Date	48 months after the	The price that is the greater of 30 cents and 1.5 times
250,000	24 months after the Grant Date	Grant Date	the closing price of the Company's Shares on the
250,000	36 months after the Grant Date		Grant Date
750,000	TOTAL		

The Options are subject to the following salient terms and conditions:

- the Options will be granted at no cost;
- each Option entitles the holder thereof to subscribe for one ordinary fully paid share in the Company;
- the Options may be exercised in whole or in part by notice in writing being delivered to the Company at any time prior to or on the Expiry Date;
- the exercise price for the Options is the price that is the greater of 30 cents and 1.5 times the closing price of the Company's Shares on ASX on the Grant Date;
- any Option not exercised on or before each Expiry Date will expire and cease to carry any rights or benefits;
- a statement will be issued for the Options. A new holding statement will be issued when a change takes place in the number of Options held;
- the holder of Options will not have the right to participate in new issues of capital
  which may be offered to Shareholders during the currency of the Options. Any change
  to the Exercise Price or the number of underlying securities must be made in
  accordance with Listing Rules 6.21 and 6.22;
- the rights of the holders of Options will change to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation;
- Shares issued pursuant to the exercise of the Options will be allotted following receipt
  of all relevant documents and payments in respect thereto and will rank for dividends
  pro rata with the existing issued Shares, as at the date of exercise of the Options.
   Subject to any ASX ruling regarding Restricted Securities, Shares so issued will rank
  pari passu with the then issued Shares of the Company; and



 the Options will not be listed on the ASX. The Company will make application for any Shares issued upon the exercise of any Option to be granted Official Quotation by the ASX.

Rule 10.13.6A: Intended use of the funds:

No funds will be raised from the grant of Options. On an exercise of an Option, the Option holder will subscribe the Exercise Price per Share. The Company intends to allocate these funds towards additional working capital while the Company progresses development funding for the Spur Hill Project.

Rule 10.13.6: A voting exclusion statement:

A Voting Exclusion Statement is included at paragraph 5 of the Notice.

Rule 7.2, Exception 14: Approval not required under Rule 7.1:

As approval for the grant of the Options referred to in Resolution 3 is being sought under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

### Chapter 2E of the Corporations Act

In addition to Listing Rule 10.11, approval of Shareholders for the granting of Options to Graeme Booth is being sought pursuant to Section 208(1)(a) of the Corporations Act. Section 208(1) provides that a public company must not, without the approval of its shareholders give a financial benefit to a related party, subject to certain exceptions. A related party includes directors of the Company and a financial benefit includes issuing securities or granting options to a Director. In accordance with Section 219, the Company discloses the following information:

The related party to whom the proposed resolution would permit a financial benefit to be given:

Graeme Booth or his nominee: Graeme Booth is Managing Director of the Company.

The nature of the financial benefits:

750,000 Options

Directors' recommendations:

Each of Messrs Galligan, Keyser, Mende, Plummer and Seabrook recommend that Shareholders vote in favour of Resolution 3. Graeme Booth makes no recommendation regarding Resolution 3 because he has an interest in it.

Directors' interests in resolutions:

None of Messrs Galligan, Keyser, Mende, Plummer and Seabrook has an interest in Resolution 3. Graeme Booth has an interest in Resolution 3, as set out above.



All other relevant information:

The proposed granting of Options to Graeme Booth, or his nominee, is in consideration of the provision of his services to the Company as Managing Director in the future and to incentivise Mr Booth's contribution to efforts to lift the Company's share price.

The terms of granting of the Options to Graeme Booth, the subject of Resolution 3, has been approved by the independent Board.

**Valuation**: In view of the small trading range in the Company's share price and low monthly average turnover on the ASX, it is difficult to provide a definitive valuation of the Options the subject of Resolution 3. To provide a valuation, the Company has adopted a Black Scholes valuation method.

Black Scholes: the Black Scholes option pricing model has also been applied. Based on the market price of Shares on 13 October 2014 of 17.0 cents and assuming:

- an Exercise Price of 30 cents each Share;
- an interest rate of 2.93% per annum; and
- volatility of 70%,

the 750,000 Options proposed to be granted to Mr Booth or his nominee are valued at \$51,825.

Assuming a volatility of 80% the Options are valued at \$61,050.

The Black Scholes model is critically dependent upon the volatility of the relevant share price. In this case, the use of the Black Scholes model is seen to be subjective for the following reasons:

- (a) trading in the Shares of the Company has been thin, with only a turnover on the ASX of 6,857,460 Shares between 1 September 2013 and 31 August 2014, or 12% of issued Shares not escrowed.<sup>4</sup>
- (b) Shares in the Company are rarely traded; and
- (c) the Black Scholes model assumes that there is a liquid market for options. The proposed Options will not be listed and, accordingly, a marketability discount would generally be applicable.

### 14. INTERPRETATION

For the purposes of interpreting the Explanatory Notes and the Notice:

- (a) the singular includes the plural and vice versa;
- (b) words importing any gender include the other genders;

<sup>&</sup>lt;sup>4</sup> At the date of this report, 57,089,273 Shares are on issue and not subject to voluntary or mandatory ASX escrow.



- (c) reference to any statute, ordinance, regulation, rule or other law includes all regulations and other instruments and all consolidations, amendments, re-enactments or replacements for the time being in force;
- (d) all headings, bold typing and italics (if any) have been inserted for convenience of reference only and do not define limit or affect the meaning or interpretation of the Explanatory Notes and the Notice;
- (e) reference to persons includes bodies corporate and government authorities and in each and every case, includes a reference to the person's executors, administrators, successors, substitutes (including without limitation persons taking by novation and assignment); and
- (f) reference to **cents**, **\$**, **A\$**, **Australian Dollars** or **dollars** is a reference to the lawful tender for the time being and from time to time of the Commonwealth of Australia.

### 15. GLOSSARY

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**AEDT** means Australian Eastern Daylight Saving Time.

**AGM** or **Annual General Meeting** means the annual general meeting to commence 11.00am AEDT on Thursday 27 November 2014 and notified to the Company's Shareholders by this Notice.

Associate has the meaning given to that term in Part 1.2, Division 2 of the Corporations Act.

ASX means ASX Limited ABN 98 008 624 691.

**ASX Listing Rules** means the official listing rules issued and enforced by the ASX, as amended from time to time, and **Listing Rules** has a corresponding meaning.

**Board** means the board of Directors of the Company.

Chairman means chairman of the Meeting as determined under the Constitution

**Closely Related Party** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001* (Cth).

Company means Malabar Coal Limited ABN 29 151 691 468.

**Consolidated Entity** means the Company together with all the entities it is required by the accounting standards to include in consolidated financial statements.



**Constitution** means the constitution of the Company, as amended from time to time.

Corporations Act means the *Corporations Act 2001* (Cth) as amended from time to time.

**Director** means a director of the Company.

**End of Day** means on any Trading Day, 7.00pm Sydney time or such other time as ASX Settlement may from time to time determine.

**Equity Securities** has the same meaning as in the ASX Listing Rules.

**Exercise Price** means a cash price that is the greater of 30 cents and 1.5 times the closing price of the Company's Shares on the Grant Date.

**Expiry Date** means 48 months after the Grant Date.

**Explanatory Notes** means the notes included in the Notice that convened this meeting.

**Grant Date** means the date the Options that, subject to Shareholders' approval, are to be granted to Graeme Booth or his nominee, a date within one calendar month of Thursday 27 November 2014.

**Key Management Personnel** has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Consolidated Entity, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Meeting means the AGM.

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Notice means this notice of Annual General Meeting.

**Options** means 750,000 options to acquire shares each exercisable with payment of the Exercise Price for the issue of one Share to be granted to Graeme Booth or his nominee, subject to shareholders approving Resolution 3 and otherwise on the terms and conditions set out in the accompanying Explanatory Notes.

**Remuneration Report** means the remuneration report that forms part of the Directors' Report of the Company for the financial year ended 30 June 2014 and which is set out in the 2014 Annual Report.

**Share** means a fully paid ordinary share in the issued capital of the Company and **Shares** has a corresponding meaning.

Shareholder means shareholder of the Company and Shareholders has a corresponding meaning.

Tax Act means the *Income Tax Assessment Act 1997* (Cth) as amended from time to time.

**Trading Day** means a day determined by the ASX to be a trading day, notified to market participants, and otherwise as defined by the ASX Listing Rules.



### 16. REGISTERED OFFICE

Malabar Coal Limited ABN 29 151 691 468

Level 26, 259 George Street Sydney NSW 2000

Telephone: + 61 2 8248 1272

Facsimile: + 61 2 8248 1273

www.malabarcoal.com.au



### MALABAR COAL LIMITED

AB 29 151 691 468

Level 26, 259 George Street Sydney NSW 2000

PO Box R864 Royal Exchange NSW 1225

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PROXY FORM
STEP 1 APPOINT A PROXY
I/We,(insert name(s) / address)
being a member/s of Malabar Coal Limited (Company) and entitled to attend and vote hereby appoint: the Chairman (mark box)
OR if you are NOT appointing the Chairman as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy below
or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman as my/our proxy at the General Meeting of Malabar Coal Limited to be held at the Card Room, Level 2, Unior University & Schools Club, 25 Bent Street, Sydney NSW 2000 commencing 11.00am AEDT on Thursday 2 November 2014 and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.  The Chairman intends to vote undirected proxies in favour of each of the items of business.  The Chairman is authorised to exercise proxies on the Remuneration Report (Resolution 1): If I/we have appointed the Chairman as my/our proxy or the Chairman becomes my/our proxy by default, by signing and submitting this form I/we expressly authorise the Chairman to exercise my/our proxy in respect of Resolution 1 (except where I/we have indicated a different voting intention below), even though Resolution 1 is connected directly or indirectly with the remuneration of members of Key Management Personnel of the Consolidated Entity.  If you have appointed the Chairman as your proxy (or the Chairman becomes your proxy by default), and you wish to give the Chairman specific voting directions on an item, you should mark the appropriate box/es opposite those items in step is below (directing the Chairman to vote for, against or to abstain from voting). If you mark the Abstain box for a particular
item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in computing the required majority on a poll.



## PROXY FORM ANNUAL GENERAL MEETING Thursday 27 November 2014

STEP 2	VOTING DIRECTIONS  * If you mark the Abstain box for a pay will not be counted in calculating the	articular item, you are direct required majority if a poll is	ting your proxy not to vs called.	ote on your behalf	on a show of hands o	r on a poll and your vote
This proxy is to be used in respect of all /% (number) of the Ordinary Shares I / we hold.						
I/We instruct my/our proxy to vote as follows (the resolutions are numbered as in the Notice of Annual General Meeting):						
	er and, if thought fit, to pass, ng resolutions:	with or without ame	endment,	For	Against	Abstain
Resolution	<b>1</b> To adopt the Remunera	tion Report.				
Resolution	<b>2</b> To re-elect Mr Anthony Company.	Galligan as a Direct	or of the			
Resolution	<b>n 3</b> To grant 750,000 Option	s to Mr Graeme Bo	oth.			
STEP 3	SIGNATURE OF SHAREH This form must be signed to enable y		nented.			
(insert name	e(s) / address)					
5		0044				
Dated:		<u>.</u> 2014				
Individuals a	and joint holders		Companies (a	affix common	seal if appropria	ite)
Signature			Director			
Signature			Director/Compa	any Secretary		



### Instructions for Completing Proxy Form

- 1. A member entitled to attend and vote at a Meeting is entitled to appoint a proxy to attend and vote on behalf of that member.
- 2. You should direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on one item, your vote on that item will be invalid.
- 3. Any undirected proxies held by the Chairman, other Directors or other Key Management Personnel or any of their Closely Related Parties will not be voted on Resolution 1 (Remuneration Report), unless the vote is cast by the Chairman pursuant to an express authorisation on the Proxy Form made by a Shareholder who is entitled to vote on Resolution 1.
- 4. Key management personnel of the Consolidated Entity are the directors of the Company and those other persons having authority and responsibility for planning, directing and controlling the activities of the Consolidated Entity, directly or indirectly. The Remuneration Report identifies the Consolidated Entity's Key Management Personnel for the financial year to 30 June 2014. Their Closely Related Parties are defined in the *Corporations Act*, and include certain of their family members, dependants and companies they control.
- 5. A duly appointed proxy need not be a member of the Company. This form should be signed by the member. If a joint holding, either member may sign. If signed by the member's attorney, the power of attorney must have been previously noted by the Company or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the member's constitution and the *Corporations Act*.
- 6. Corporate shareholders should comply with the execution requirements set out on the proxy form or otherwise with the provisions of Section 127 of the *Corporations Act*. Section 127 of the *Corporations Act* provides that a company may execute a document without using its common seal if the document is signed by:
  - directors of the company;

- a director and a company secretary of the company; or
- for a proprietary company that has a sole director who is also the sole company secretary that director.
- 7. For the Company to rely on the assumptions set out in Section 129(5) and (6) of the *Corporations Act*, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.
- 8. Completion of a proxy form will not prevent individual shareholders from attending the meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the meeting.
- 9. Where a proxy form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.
- 10. To vote by proxy, please complete and sign the proxy form enclosed and send the proxy form by:
  - Hand delivery to the Company's registered office at Level 26, 259 George Street Sydney NSW 2000
  - Post to Malabar Coal Limited, PO Box R864 Royal Exchange NSW1225; or
  - Facsimile to Malabar Coal Limited on facsimile number + 61 2 8248 1273.

so that it is received not later than 11.00am AEDT, Tuesday 25 November 2014.

Proxy forms received later than this time will be invalid.

11. Chapter 2C of the Corporations Act requires information about you as a member (including your name, address and details of the shares you hold) to be included in the public register of the entity in which you hold securities. Information is collected to administer your shareholding and if some or all of the information is not collected then it might not be possible to administer your shareholding. You can access your personal information by contacting the Company at the address or telephone number shown on this form.



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### MALABAR COAL LIMITED

AB 29 151 691 468 Level 26, 259 George Street

Sydney NSW 2000

PO Box R864 Royal Exchange NSW 1225

**Ph:** +61 2 8248 1272 **Fax:** +61 2 8248 1273

### APPOINTMENT OF CORPORATE REPRESENTATIVE

Pursuant to Section 250D of the <i>Corporations Act</i>				
		(ABN/ACN/ARBN)		
(Insert name	e of Shareholder/Body Corporate & ACN/AR	BN)		
Hereby Autl	horises			
(Insert name	e of appointee)			
(*) 1. To	o act as the Company's representative at all	General Meetings of Malabar Coal Limited ABN 29 151 691 468.		
	o act as the Company's Representative at the n Thursday 27 November 2014 and any adjo	e Annual General Meeting to be held commencing 11.00am AEDT urnment thereof.		
Dated this _	day of	2014		
Executed b	by the corporation in accordance with its Con	stitution/Section 127 of the		
Corporation	as Act in the presence of:			
(*) Director	(*) Sole Director & Sole Secretary			
(*) Director/	Secretary			
Affix Comm	on Seal here (optional)			
(*) Delete if	not applicable			
This authori	ity may be sent to the registered office or sha	are registry office of the Company in advance of the meeting as set		

out in the Notice of Annual General Meeting which this appointment accompanies or handed in at the Annual General Meeting when registering as a company representative. In either case, the authority will be retained by the Company.



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