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MALABAR COAL LIMITED
ACN 151 691 468
Entitlement Offer information
booklet

15 for 17 non-renounceable entitlement offer at \$0.08 per Share to raise up to \$6 million.

Fully Underwritten

Last date for acceptance and payment: 5.00pm (AEST) on 8 October 2015

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.

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Legal adviser
Lawyers | **McCullough
Robertson**

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IMPORTANT NOTICES

This Information Booklet is dated 23 September 2015. Capitalised terms in this section have the meaning given to them in this Information Booklet.

The Entitlement Offer is being made without a prospectus under section 708AA Corporations Act (as notionally modified by ASIC Class Order 08/35). This Information Booklet does not contain all of the information which a prospective investor may require to make an informed investment decision. The information in this Information Booklet does not constitute financial product advice and does not take into account your investment objectives, financial situation or particular needs.

This Information Booklet is important and should be read in its entirety before deciding to participate in the Entitlement Offer. This Information Booklet is not a prospectus under the Corporations Act and has not been lodged with ASIC.

Malabar Coal may make additional announcements after the date of this Information Booklet and throughout the period that the Entitlement Offer is open that may be relevant to your consideration about whether you should participate in the Entitlement Offer.

No party other than Malabar Coal has authorised or caused the issue of this Information Booklet, or takes any responsibility for, or makes, any statements, representations or undertakings in this Information Booklet.

By returning an Entitlement and Acceptance Form or otherwise paying for your New Shares or Top Up Shares through BPAY in accordance with the instructions on the Entitlement and Acceptance Form, you acknowledge that you have read this Information Booklet and you have acted in accordance with and agree to the terms of the Entitlement Offer detailed in this Information Booklet.

No overseas offering

This Information Booklet and the accompanying Entitlement and Acceptance Form do not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make that offer or invitation. In particular, this Information Booklet does not constitute an offer to Ineligible Shareholders and may not be distributed in the United States and the New Shares may not be offered or sold, directly or indirectly, to persons in the United States.

This Information Booklet is not to be distributed in, and no offer of New Shares or Top Up Shares is to be made in countries other than Australia, New Zealand. The distribution of this Information Booklet (including an electronic copy) in other jurisdictions may be restricted by law and therefore persons who come into possession of this Information Booklet should seek advice on and observe these restrictions. Any failure to comply with these restrictions may constitute a violation of applicable securities laws.

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

Foreign exchange control restrictions or restrictions on remitting funds from your country to Australia may apply. Your Application for New Shares is subject to all requisite authorities and clearances being obtained for Malabar Coal to lawfully receive your Application Monies.

New Zealand

The New Shares are not being offered or sold to the public within New Zealand other than to existing Malabar Coal shareholders with registered addresses in New Zealand to whom the offer of New Shares is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand).

This document has not been registered, filed with or approved by a New Zealand regulatory authority under the Securities Act 1978 (New Zealand). This document is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

Definitions, currency and time

Defined terms used in this Information Booklet are contained in section 5. All references to currency are to Australian dollars and all references to time are to Australian Eastern Standard Time (AEST), unless otherwise indicated.

Taxation

There may be tax implications associated with participating in the Entitlement Offer. Malabar Coal considers that it is not appropriate to give advice regarding the tax consequences of subscribing for New Shares or dealing with Entitlements under this Information Booklet or the subsequent disposal of any New Shares. Malabar Coal recommends that you consult your professional tax adviser in connection with the Entitlement Offer.

Privacy

Malabar Coal collects information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's shareholding in Malabar Coal.

By submitting an Entitlement and Acceptance Form, you will be providing personal information to Malabar Coal (directly or through the Share Registry). Malabar Coal collects, holds and will use that information to assess your Application. Malabar Coal collects your personal information to process and administer your shareholding in Malabar Coal and to provide related services to you. Malabar Coal may disclose your personal information for purposes related to your shareholding in Malabar Coal, including to the Share Registry, Malabar Coal's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory bodies. You can obtain access to personal information that Malabar Coal holds about you. To make a request for access to your personal information held by (or on behalf of) Malabar Coal, please contact Malabar Coal through the Share Registry.

Governing law

This Information Booklet, the Entitlement Offer and the contracts formed on acceptance of the Applications are governed by the law applicable in New South Wales Australia. Each Applicant submits to the exclusive jurisdiction of the New South Wales courts and courts competent to hear appeals from those courts.

No representations

No person is authorised to give any information or to make any representation in connection with the Entitlement Offer which is not contained in this Information Booklet. Any information or representation in connection with the Entitlement Offer not contained in the Information Booklet may not be relied upon as having been authorised by Malabar Coal or any of its officers.

Past performance

Investors should note that Malabar Coal's past performance, including past share price performance, cannot be relied upon as an indicator of (and provides no guidance as to) Malabar Coal's future performance including Malabar Coal's future financial position or share price performance.

Future performance

This Information Booklet contains certain forward-looking statements with respect to the financial condition, results of operations, projects and business of Malabar Coal and certain plans and objectives of the management of Malabar Coal. These forward-looking statements involve known and unknown risks, uncertainties and other factors which are subject to change without notice, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct.

Forward-looking statements are provided as a general guide only and there can be no assurance that actual outcomes will not differ materially from these statements. Neither Malabar Coal nor any other person, gives any representation, warranty, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statement will actually occur. In particular, those forward-looking statements are subject to significant uncertainties and contingencies, many of which are outside the control of Malabar Coal. A number of important factors could cause actual results or performance to differ materially from the forward looking statements. Investors should consider the forward looking statements contained in this Information Booklet in light of those disclosures.

Risks

Refer to the 'Risk factors' section of the Investor Presentation included in section 2 of this Information Booklet for a summary of general and specific risk factors that may affect Malabar Coal.

Chairman's letter

23 September 2015

Dear Shareholder

I am pleased to write to you, as a valued shareholder of Malabar Coal Limited ACN 151 691 468 (**Malabar Coal**), and offer you the opportunity to participate in Malabar Coal's recently announced 15 to 17 fully underwritten non-renounceable entitlement issue of new ordinary shares in Malabar Coal (**New Shares**) at an issue price of \$0.08 per New Share (**Entitlement Offer**).

The proceeds of the Entitlement Offer will be applied principally to fund the \$3 million payment to our Joint Venture Partner for the Spur Hill Underground Coking Coal Project as part consideration for the restructure of the Spur Hill Joint Venture.

The details about the restructure and benefits that are expected for Malabar Coal and its shareholders, are described in Malabar Coal's investor presentation lodged with the Australian Securities Exchange (**ASX**) on 15 September 2015 (and included in this Information Booklet in section 2). The other funds raised will be used to fund the restructure costs, capital raising costs, work exploration costs in accordance with approved exploration licence work programme, and working capital.

Under the Entitlement Offer, eligible shareholders have the opportunity to invest at the price of \$0.08 per New Share. The issue price of \$0.08 per New Share represents a 23.81% discount to the closing price of Malabar Coal's shares on 11 September (being the last trading day before announcement of the Entitlement Offer), and discount of 14.24% to the Theoretical Ex-Rights Price (**TERP**).¹

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 enclosed in this Information Booklet. If you take up your entitlement in full, you can also apply for additional shares under a 'top-up' facility (refer to section 3 of this Information Booklet for more information).

Three of the Company's major shareholders (being shareholders associated with Simon Keyser and Wayne Seabrook, directors of the Company) have committed to take up entitlements representing 5,625,000 New Shares or 7.5% of the New Shares to be issued under the Entitlement Offer. The Entitlement Offer is also fully underwritten by four existing shareholders, including two associated with the directors, Hans Mende and Andy Plummer, each of whom will also take up their own Entitlement.²

The Entitlement Offer is non-renounceable and therefore your entitlements will not be tradeable on ASX or otherwise transferable.

Other information

This Information Booklet contains important information, including:

¹ The Theoretical Ex-Rights Price (**TERP**) is the theoretical price at which Malabar Coal shares should trade immediately following the ex-date for the Entitlement Offer assuming 100% take up of the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Malabar Coal's shares trade immediately following the ex-date for the Entitlement Offer will depend on many factors and may not approximate TERP.

² The Underwriters can terminate the underwriting agreement if the major shareholders do not apply for their full commitment

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- the investor presentation referred to above, which was released to ASX on 15 September 2015, and provides information on Malabar Coal, the Entitlement Offer and key risks for you to consider;
 - 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;
 - a personalised Entitlement and Acceptance Form which details your Entitlement, to be completed in accordance with the instructions; and
 - instructions on how to take up all or part of your Entitlement via BPAY.

The Entitlement Offer closes at 5.00pm on 8 October 2015.

Please read in full the details on how to submit your application, which are set out in this Information Booklet. For further information regarding the Entitlement Offer, please call +61 2 8248 1272, or visit our website at www.malabarcoal.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 Board of Malabar Coal, I encourage you to consider this investment opportunity and thank you for your ongoing support.

Yours sincerely



Wayne Seabrook
Chairman

Summary of the Entitlement Offer

Entitlement Offer	
Ratio	15 New Shares for every 17 existing Malabar Coal ordinary shares
Issue Price	\$0.08 per New Share
Gross proceeds	\$6 million

Key dates

Activity	Date
Announcement of the Entitlement Offer	15 September 2015
Record Date for Entitlement Offer (7.00pm)	21 September 2015
Information Booklet and Entitlement and Acceptance Form despatched	23 September 2015
Entitlement Offer opens	23 September 2015
Closing date for acceptances under Entitlement Offer (5.00pm)	8 October 2015
New Shares quoted on deferred settlement basis	9 October 2015
Announcement of results of Entitlement Offer and under-subscriptions	9 October 2015
Settlement of New Shares under the Entitlement Offer	12 October 2015
Allotment of New Shares issued under the Entitlement Offer	13 October 2015
Despatch of transaction confirmation statements for New Shares issued under the Entitlement Offer	14 October 2015
Normal ASX trading for New Shares issued under the Entitlement Offer commences	14 October 2015

Note: All times are in Australian Eastern Standard Time (**AEST**)

This timetable is indicative only and subject to change. The Directors may vary these dates, in consultation with the Underwriters, subject to the Listing Rules. An extension of the Closing Date will delay the anticipated date for issue of the New Shares. The Directors also reserve the right not to proceed with the whole or part of the Entitlement Offer any time before the allotment and issue of the New Shares. In that event, the relevant Application Monies (without interest) will be returned in full to Applicants.

Enquiries

For further, information, telephone +61 2 8248 1272 between 8.30am and 5.00pm (AEST). Alternatively, contact your stockbroker, solicitor, accountant or other professional adviser.

Description and effect of the Offer

1.1 Overview

The Entitlement Offer is a non-renounceable offer of about 75,000,000 New Shares at \$0.08 per New Share to raise about \$6 million (before direct offer costs).

The proceeds of the Entitlement Offer will fund the initial payment to the Joint Venture Partner in connection with the restructure of the Spur Hill Joint Venture, the joint venture restructure costs, exploration costs in accordance with approved exploration licence work programme, and working capital. Details about the restructure of the Spur Hill Joint Venture and use of funds are included in the Investor Presentation in section 2 of the Information Booklet.

1.2 Entitlement Offer

The Entitlement Offer constitutes an offer to Eligible Shareholders who are on Malabar Coal's share register on the Record Date to acquire 15 New Shares for every 17 Shares held on the Record Date (**Entitlement**).

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

The issue price of \$0.08 per New Share represents a discount of 23.81% to the closing price of Malabar Coal's shares on 10 September 2015 (being the last trading day before announcement of the Entitlement Offer) and a discount of 14.24% to the TERP.

The Entitlement Offer is non-renounceable. Accordingly, Entitlements do not trade on ASX, nor can they be transferred or otherwise disposed of.

An Entitlement and Acceptance Form setting out your Entitlement accompanies this Information Booklet. 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 Coal diluted.

Eligible Shareholders should be aware that an investment in Malabar Coal involves risks. The key risks identified by Malabar Coal are summarised in the Investor Presentation set out in section 2 of this Information Booklet.

1.3 Issue of additional Shares under the Top Up Facility

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

There is no guarantee that those Shareholders will receive the number of New Shares applied for under the Top Up Facility, or any. The number of New Shares available under the Top Up Facility will not exceed the shortfall from the Entitlement Offer. The Directors intend to allocate the New Shares under the Top Up Facility on a pro rata basis with reference to number of Shares held by the Applicant on the Closing Date, but subject to any restrictions imposed by law.

1.4 Underwriting

The Entitlement Offer will be fully underwritten by entities associated with Hans Mende, Tony Haggarty, Andy Plummer and Fritz Kundrun on the terms set out in the Underwriting Agreement. Customary with these types of arrangements:

- (a) the Underwriting Agreement includes a number of termination events, including:
 - (i) a material adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of Malabar Coal and its controlled entities;
 - (ii) a major shareholder who committed to taking up their Entitlement (or some part of it) not applying for the full commitment; and
 - (iii) a delay in any specified date in the timetable due to the neglect or default of Malabar Coal which is greater than five Business Days, without the prior written consent of the Underwriter, which is not to be unreasonably withheld;
- (b) the Underwriters will receive an underwriting fee of 1% of the Fee Base Amount (being the gross proceeds of the Entitlement Offer less an amount equal to the Entitlement of each Underwriter and their associated entities multiplied by the Issue Price).
- (c) the Underwriters are entitled to reimbursement of certain expenses; and
- (d) Malabar Coal has agreed to indemnify each Underwriter and others against their losses in connection with the Entitlement Offer.

1.5 Placement of short fall

A shortfall may arise if applications received for New Shares under the Entitlement Offer (including after the completion of the Top Up Facility (if any) and the Entitlements of Ineligible Shareholders) are less than the number of New Shares offered and the Underwriter or sub-underwriter does not acquire that shortfall under the Underwriting Agreement.

The Directors reserve the right, subject to the requirements of the Listing Rules and the Corporations Act, to place Shortfall Shares within three months 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.

1.6 Eligibility of Shareholders

The Entitlement Offer is being offered to all Eligible Shareholders.

An Eligible Shareholder is a Shareholder on the Record Date who:

- (a) has a registered address on the Malabar Coal share register in Australia and New Zealand or notwithstanding, items (b) and (c) below is a Shareholder that Malabar Coal has otherwise determined is eligible to participate;
- (b) is not in the United States and is not a person (including nominee or custodian) acting for the account or benefit of a person in the United States; and

- (c) is eligible under all applicable securities laws to receive an offer under the Entitlement Offer without any requirement for a prospectus to be lodged or registered.

The Entitlement Offer is not being extended to the Ineligible Shareholders because of the small number of those Shareholders, the number and value of the Shares they hold and the cost of complying with applicable regulations in jurisdictions outside Australia and New Zealand.

1.7 Ranking of New Shares

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

1.8 Allotment

Malabar Coal will make an application within seven days from the date of this Information Booklet for quotation of the New Shares on ASX. It is expected that allotment of the New Shares under the Entitlement Offer will take place no more than five Business Days after the Closing Date.

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

It is the responsibility of Applicants to determine the number of New Shares allotted and issued to them before trading the New Shares. The sale by an Applicant of New Shares before receiving their transaction confirmation statement is at the Applicant's own risk.

1.9 Capital structure

Subject to the rounding up of fractional Entitlements and depending on the number of Malabar Coal options (if any) that are exercised before the Record Date, the capital structure of Malabar Coal following the issue of New Shares is expected to be as follows:

Existing Shares on issue as at 15 September 2015 (announcement of the Entitlement Offer)	85,000,000
Approximate new Shares issued under the Entitlement Offer	75,000,000
Approximate total number of Shares after the Entitlement Offer	160,000,000

The above figures assume that no existing options over Malabar Coal Shares will be exercised prior to the Record Date. There are 2,025,000 existing options, comprising:

Number	Grant date	Vesting date	Expiry date	Exercise price
150,000	22 March 2013	22 March 2014	22 March 2017	\$1.50
150,000	22 March 2013	22 March 2015	22 March 2017	\$1.50
150,000	22 March 2013	22 March 2016	22 March 2017	\$1.50

Number	Grant date	Vesting date	Expiry date	Exercise price
208,334	31 May 2013	31 May 2014	31 May 2017	\$1.50
208,334	31 May 2013	31 May 2015	31 May 2017	\$1.50
208,334	31 May 2013	31 May 2016	31 May 2017	\$1.50
316,666	28 November 2014	28 November 2015	28 November 2018	\$0.30
316,666	28 November 2014	28 November 2016	28 November 2018	\$0.30
316,667	28 November 2014	28 November 2017	28 November 2018	\$0.30

The board of Directors considers it is unlikely that any existing options will be exercised before the Record Date. In the event that any existing options are exercised, however, any proceeds raised will be applied to the general working capital of Malabar Coal.

1.10 Effect on Malabar Coal's financial position

Set out below is the pro-forma balance sheet assuming the total funds raised under the Entitlement Offer is \$6 million as at 30 June 2015.

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

	30 June 2015 Management Accounts ¹	Rights Issue	30 June 2015 Pro Forma Management Accounts ²
	\$ 000's	\$ 000's	\$ 000's
ASSETS			
Current Assets			
Cash and cash equivalents	1,502	5,940	7,442
Trade and other receivables	109	-	109
Other assets	91	-	91
Total Current Assets	1,702	5,940	7,642
Non-Current Assets			
Property, plant and equipment	10,528	-	10,528
Capitalised exploration and evaluation costs	21,428	-	21,428
Intangible assets	2,966	-	2,966
Other assets	37	-	37

Total Non-Current Assets	34,959	-	34,959
Total Assets	36,661	5,940	42,601
LIABILITIES			
Current Liabilities			
Trade and other payables	299	-	299
Total Current Liabilities	299	-	299
Non-Current Liabilities			
Trade and other payables	12,290	-	12,290
Borrowings	6,200	-	6,200
Total Non-Current Liabilities	18,490	-	18,490
Total Liabilities	18,789	-	18,789
Net Assets	17,872	5,940	23,812
EQUITY			
Share capital	54,318	5,940	60,258
Reserves	255	-	255
Retained earnings (accumulated losses)	(34,194)	-	(34,194)
Parent interest	20,379	5,940	26,319
Non-controlling interest	(2,507)	-	(2,507)
Total Equity	17,872	5,940	23,812

Notes:

- 1 The balance sheet as at 30 June 2015 is based on management accounts and has not been audited
- 2 The pro forma has been prepared using the recognition and measurement principles contained in the Australian Accounting Standards and on the basis the Entitlement Offer occurred as at 30 June 2015.

1.11 Information Availability

Eligible Shareholders can obtain a copy of this Information Booklet from the Malabar Coal website at www.malabarcoal.com.au or by calling +61 2 8248 1272 (within Australia) at any time from 8.30am to 5.00pm (AEST) during the Entitlement Offer period. Persons who access the electronic version of this Information Booklet should ensure that they download and read the entire Information Booklet. The electronic version of this Information Booklet will not include an Entitlement and Acceptance Form. A replacement Entitlement and Acceptance Form can be requested by calling the Share Registry.

2 ASX announcements and investor presentation

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15 September 2015

ASX Market Announcements

Australian Securities Exchange

Joint venture restructure and non-renounceable entitlement offer

Malabar Coal Limited (**Malabar** or **Company**) announces that it has entered into binding agreements for the restructure of the joint venture for the Spur Hill Underground Coal Coking Project. As a result of the restructure, Malabar will increase its stake in the project from 38.27%¹ to 100%, on paying \$3 million to the joint venture partner. Malabar will also make a series of deferred payments totalling \$13 million on defined milestones and grant a 1.75% royalty on coal sales to the joint venture partner.

Under the previous arrangement Malabar had the right to obtain up to 80% of the project (from the current 38.27% stake) via incremental farm-in expenditure of circa \$30 million and payments totalling \$40 million to the joint venture partner. Further details regarding the restructure are set out in the investor presentation lodged with the ASX today.

To assist in funding the initial payment and the costs of the restructure Malabar today announced that it will proceed with a non-renounceable entitlement offer of, subject to rounding, 75,000,000 fully paid ordinary shares to raise up to \$6 million (**Entitlement Offer**). The proceeds raised will also be used to fund the planned exploration program and contribute to working capital.

Under the Entitlement Offer, eligible shareholders will be able to subscribe for 15 new ordinary shares in the Company for every 17 existing shares (**New Shares**) held at 7.00pm (AEST) on 21 September 2015 (**Record Date**) at an offer price of \$0.08 (**Offer Price**).

The Offer Price represents a 23.81% discount to the closing price of Malabar shares on 11 September 2015 (the trading day before this announcement), and a discount of 14.24% to the theoretical ex-rights price.²

Three of the Company's major shareholders (being shareholders associated with Simon Keyser and Wayne Seabrook, directors of the Company) have committed to take up entitlements representing 5,625,000 New Shares or 7.5% of the New Shares to be issued under the Entitlement Offer. The Entitlement Offer is also fully underwritten by four existing shareholders, including two associated with the directors, Hans Mende and Andy Plummer, each of whom will also take up their own Entitlement.³ The underwriters will receive an aggregate fee of 1% of the proceeds raised from the Entitlement Offer not including the proceeds raised from the underwriters taking up their Entitlement.

¹ As at 30 June 2015

² The Theoretical Ex-Rights Price (**TERP**) is the theoretical price at which Malabar Coal shares should trade immediately following the ex-date for the Entitlement Offer assuming 100% take up of the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Malabar Coal's shares trade immediately following the ex-date for the Entitlement Offer will depend on many factors and may not approximate TERP.

³ The underwriters can terminate the underwriting agreement if the major shareholders do not apply for their full commitment

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The Entitlement Offer is expected to open on 23 September 2015 and close on 8 October 2015. Further details of the Entitlement Offer are contained in the investor presentation and information and entitlement offer booklet which will be released to the market platform today as a separate market announcement.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'W. Seabrook', is enclosed in a thin black rectangular border.

Wayne Seabrook
Chairman
Malabar Coal Limited

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**Malabar Coal Limited
Spur Hill Underground Coking Coal**

Restructuring the Project

15 September 2015

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Important notice



- This document has been prepared by Malabar Coal Limited (“Malabar Coal”) for the purpose of providing a company and technical overview to interested analysts/investors. None of Malabar Coal, nor any of its related bodies corporate, their respective directors, partners, employees or advisers or any other person (“Relevant Parties”) makes any representations or warranty to, or takes responsibility for, the accuracy, reliability or completeness of the information contained in this document, to the recipient of this document (“Recipient”), and nothing contained in it is, or may be relied upon as, a promise or representation, whether as to the past or future.
- The information in this document does not purport to be complete nor does it contain all the information that would be required in a disclosure statement or prospectus prepared in accordance with the Corporations Act 2001 (Commonwealth). It should be read in conjunction with Malabar’s other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange, which are available at www.asx.com.au.
- This document is not a recommendation to acquire Malabar Coal shares and has been prepared without taking into account the objectives, financial situation or needs of individuals. Before making an investment decision prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek appropriate advice, including financial, legal and taxation advice appropriate to their jurisdiction. Except to the extent prohibited by law, the Relevant Parties disclaim all liability that may otherwise arise due to any of this information being inaccurate or incomplete. By obtaining this document, the Recipient releases the Relevant Parties from liability to the Recipient for any loss or damage that it may suffer or incur arising directly or indirectly out of or in connection with any use of or reliance on any of this information, whether such liability arises in contract, tort (including negligence) or otherwise.
- This document contains certain “forward-looking statements”. The words “forecast”, “estimate”, “like”, “anticipate”, “project”, “opinion”, “should”, “could”, “may”, “target” and other similar expressions are intended to identify forward looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. You are cautioned not to place undue reliance on forward looking statements. Although due care and attention has been used in the preparation of forward looking statements, such statements, opinions and estimates are based on assumptions and contingencies that are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance.
- Recipients of the document must make their own independent investigations, consideration and evaluation. By accepting this document, the Recipient agrees that if it proceeds further with its investigations, consideration or evaluation of investing in the company it will make and rely solely upon its own investigations and inquiries and will not in any way rely upon this document.
- This document is not and should not be considered to form any offer or an invitation to acquire Malabar Coal shares or any other financial products, and neither this document nor any of its contents will form the basis of any contract or commitment. In particular, this document does not constitute any part of any offer to sell, or the solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of any “US person” as defined in Regulation S under the US Securities Act of 1993 (“Securities Act”). Malabar Coal shares have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold in the United States or to any US person without being so registered or pursuant to an exemption from registration.
- The Probable Marketable Coal Reserve of 69 Mt is derived from the Probable Coal Reserve of 91 Mt based on an average yield of 76% from the Whynot seam and 79% from the Bowfield seam. These average yields are derived from laboratory yields ranging from 80% to 85% adjusted for mining dilution and moisture adjustments.



- **Corporate Overview**
- **Restructure of JV Agreement**
- **Capital Raising**
- **Project Details**
- **Risk Factors**
- **Competent Persons' Statements**

Corporate Overview



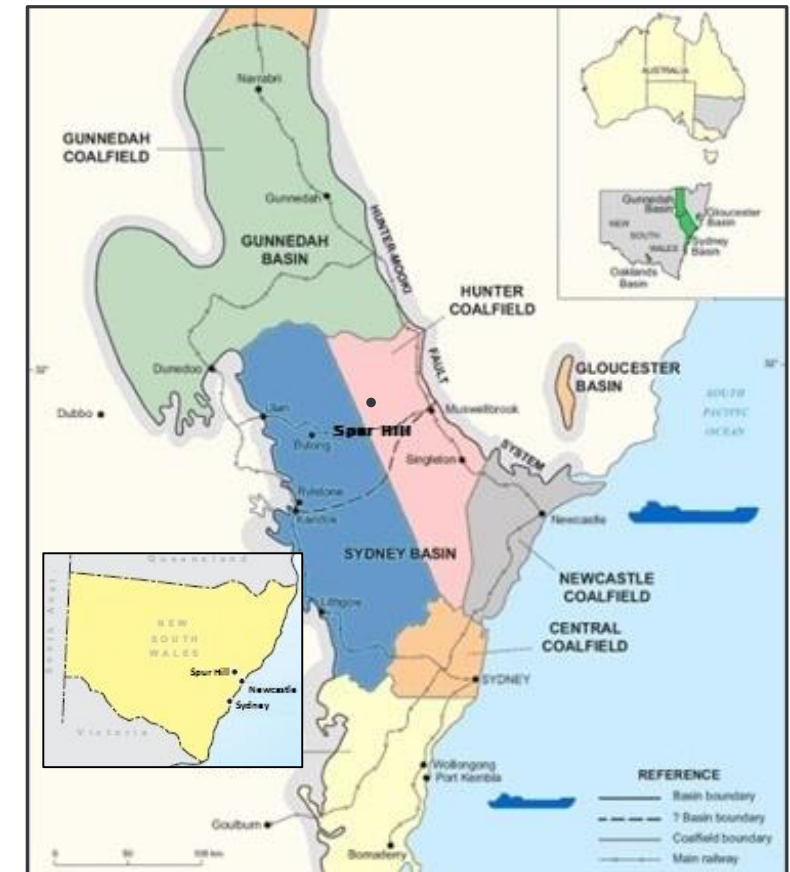
Malabar Coal Ltd is an ASX-listed coal company focused on the Spur Hill Underground Coking Coal Project ('Project') located in the Upper Hunter Valley of NSW.

Project highlights:

- ✓ 20yrs+ planned production of low ash soft coking and low ash export thermal coals.
- ✓ Planned high productivity (6 to 8 million tonnes per annum ROM) underground longwall development.
- ✓ Total JORC mineral resources of approximately 626 million tonnes of which 394 million tonnes are in the Indicated category.
- ✓ Standalone transport corridor arrangements in place.
- ✓ Available access to rail and port with no take or pay arrangements in place.

Malabar Coal Ltd Capital Structure (current)

Shares currently on issue	85,000,000
Share price (11 September 2015)	10.5c
Market Capitalisation	\$8.925 million



Malabar has reached agreement with its Joint Venture (JV) Partner to acquire 100% of the Project. This restructure aligns the Project ownership economics with market conditions. The transaction and the associated capital raising are described overleaf.

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- **Corporate Overview**
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Restructuring the Joint Venture



New JV arrangement – Malabar moves to 100% ownership

- On paying \$3m to our JV partner, Malabar will increase its stake in the Project from 38.27% (as at 30 June 2015) to 100%.
- Malabar will also make a series of deferred payments totalling \$13m on defined milestones and grant a 1.75% royalty on coal sales to our JV partner.
- 100% ownership is advantageous for project funding.

Comparison between New and Previous JV Arrangement

	New JV Arrangement ⁽¹⁾	Previous JV Arrangement
Malabar ownership of the Project (currently 38.27%)	100% immediately	Up to 80% over time ⁽²⁾
Remaining payments to the owners of the JV Partner	\$13m ⁽³⁾	\$40m
Required incremental expenditure on Project to complete Farm-In	-	\$30m
Royalty on coal sales payable to owners of JV Partner	1.75%	-

(1) - Key Commercial Terms of New JV Arrangement expanded overleaf

(2) - Remaining 20% Project interest held by our JV Partner was to be subject to a “funded carry” through to production

(3) - After payment of the upfront \$3m

Key terms of new agreement



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Term	
Acquisition of 100% of the Spur Hill Project	On payment of \$3m to the owners of the JV partner “SHUT”, Malabar will acquire SHUT and hence will obtain 100% of the Spur Hill Project.
Deferred Payments (from Malabar to the owners of SHUT) totalling \$13m	<ol style="list-style-type: none"> 1. \$1m on the later of: <ul style="list-style-type: none"> • 80Mt Proven Reserves; or • September 2017 2. \$0.5m on the later of: <ul style="list-style-type: none"> • EIS/DA submission; or • September 2016 3. \$0.5m on receipt of Environmental Approval 4. \$1m on the grant of the Mining Lease; and 5. On Financial Close (unconditional financing arrangements in place for Project construction), \$13m less any payments already made under 1-4 above.
Royalty	1.75% royalty on all coal sales from the Project.
Minimum Spend	<ul style="list-style-type: none"> • If, by 31 July 2022, Malabar has not either <ol style="list-style-type: none"> 1. Spent a total of \$70m on the Project (including expenditure to-date) (‘Minimum Spend’); or 2. Achieved Financial Close on the Project, then the owners of SHUT have the right to exercise an option to obtain a ‘Participating Interest %’ of the Project (‘Option’) (whereupon the Royalty would terminate). • This Option terminates immediately if either the Minimum Spend or Financial Close is achieved prior to 31 July 2022. Prior to the Option terminating the owners of the JV Partner retain certain rights under the JV Deed as if they held a 20% interest in the Project. These rights also terminate when the Option terminates. • ‘Participating Interest %’ = $100 - ((\text{actual cumulative expenditure on Project as at 31 July 2022}) / \\$70\text{m}) \times 80\%$. • Note: After payment of the \$3m to SHUT at transaction completion, Malabar’s cumulative spend on the Project will be in excess of \$53m; hence less than \$17m incremental expenditure is required prior to 31 July 2022 to satisfy the Minimum Spend.
Conditions Precedent	Completion is contingent on raising the capital to make the upfront payment, and regulatory approval.



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Offer Overview



Malabar is undertaking a \$6m fully underwritten equity capital raising via a 15 for 17 non-renounceable entitlement offer

Fully Underwritten Non-renounceable Entitlement Offer	
Offer Details	Fully Underwritten 15 for 17 Non-renounceable Entitlement Offer to raise \$6 million.
Pricing	The Offer Price of 8c per share represents: <ul style="list-style-type: none"> • 23.39% discount to the 10 business day Volume Weighted Average Price up to and including 11 September 2015 of \$0.1044 per share • 23.81% discount to the closing price on 11 September 2015 of \$0.105 per share • 14.24% discount to TERP* of \$0.093 per share
Size	75,000,000 New shares
Top Up Facility	Yes
Underwriters	The Entitlement Offer is fully underwritten by: <ol style="list-style-type: none"> 1. Brisbane Investments I Ltd¹; 2. Brisbane Investments II Ltd²; 3. HFTT Pty Ltd as trustee for the Haggarty Family Trust³; and 4. Ranamok Pty Ltd as trustee for the Plummer Family Trust⁴.

Use of Funds	\$m
Initial payment to JV partner in connection with the restructure of the JV.	3.0
JV restructure and capital raising costs	0.2
Exploration in accordance with approved Exploration Licence Work Programme	0.5
Working Capital	2.3
Total	6.0

1. Entity associated with director Hans Mende
2. Entity associated with substantial shareholder Fritz Kundrun
3. Entity associated with substantial shareholder Tony Haggarty and MEM Consultants Pty Ltd
4. Entity associated with director Andy Plummer

(*) - The Theoretical Ex-Rights Price (**TERP**) is the theoretical price at which Malabar Coal shares should trade immediately following the ex-date for the Entitlement Offer assuming 100% take up of the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Malabar Coal's shares trade immediately following the ex-date for the Entitlement Offer will depend on many factors and may not approximate TERP.

Capital Structure



Capital Structure	Current	Entitlement Issue	Post Entitlement Issue
Ordinary Shares	85,000,000	75,000,000	160,000,000
Employee Share Options @\$1.50 ⁽¹⁾	1,075,000		1,075,000
Employee Share Options @\$0.30 ⁽²⁾	950,000		950,000

- (1) In accordance with the rules of Malabar Coal Limited Executive Share Option Plan the exercise price of these options will be adjusted from \$1.50 per share to \$1.49 per share as a result of the entitlement offer.
- (2) In accordance with the rules of Malabar Coal Limited Executive Share Option Plan the exercise price of these options will be adjusted from \$0.30 per share to \$0.29 per share as a result of the entitlement offer.

Maximum increase in shareholding of each Underwriter as a result of the Offer

Underwriter	Shares before Offer	Shareholding % before Offer	Pro-rata Entitlement Shares	Underwriting Proportion	Shares after Offer	Shareholding % after Offer
Brisbane Investments I Ltd ¹	10,859,789	12.78%	9,582,167	25.99%	28,890,924	18.06%
Brisbane Investments II Ltd ²	10,859,789	12.78%	9,582,167	25.99%	28,890,924	18.06%
HFTT Pty Ltd as trustee for the Haggarty Family Trust ³	10,748,660	12.65%	9,484,112	25.73%	28,597,218	17.87%
Ranamok Pty Ltd as trustee for the Plummer Family Trust ⁴	9,313,757	10.96%	8,218,021	22.29%	24,777,930	15.49%

The table above shows the impact of the entitlement offer on the voting power of each underwriter. The table assumes each underwriter takes up their full pro-rata entitlement, other major shareholder take up the number of shares as per their commitment letters, no other shareholders take up their entitlement and no shareholders apply for shares under the top-up facility. The remaining shortfall shares are then allocated between each of the four underwriters in accordance with their respective Underwriting Proportion.

1. Entity associated with director Hans Mende
2. Entity associated with substantial shareholder Fritz Kundrun
3. Entity associated with substantial shareholder Tony Haggarty and MEM Consultants Pty Ltd
4. Entity associated with director Andy Plummer

Indicative Timetable



Event	Date
Announcement of the Offer	15 September 2015
Ex Date	17 September 2015
Record Date for determining rights (7:00pm AEST)	21 September 2015
Opening Date - Despatch of Information Booklet and Acceptance Form	23 September 2015
Closing Date (last date for acceptance and payment applications) (5.00pm AEST)	8 October 2015
Shortfall Notice Deadline Date - Company notifies the Underwriters and ASX of under subscriptions	9 October 2015
Shortfall Settlement Date	12 October 2015
Allotment and issue of New Shares	13 October 2015
Despatch of holding statements in respect of New Shares	14 October 2015
Normal trading of New Shares expected to commence on ASX	14 October 2015

These dates are indicative only and subject to change. The Company, in conjunction with the Underwriters, reserves the right, subject to the Corporations Act and the ASX Listing Rules, to vary the above dates.



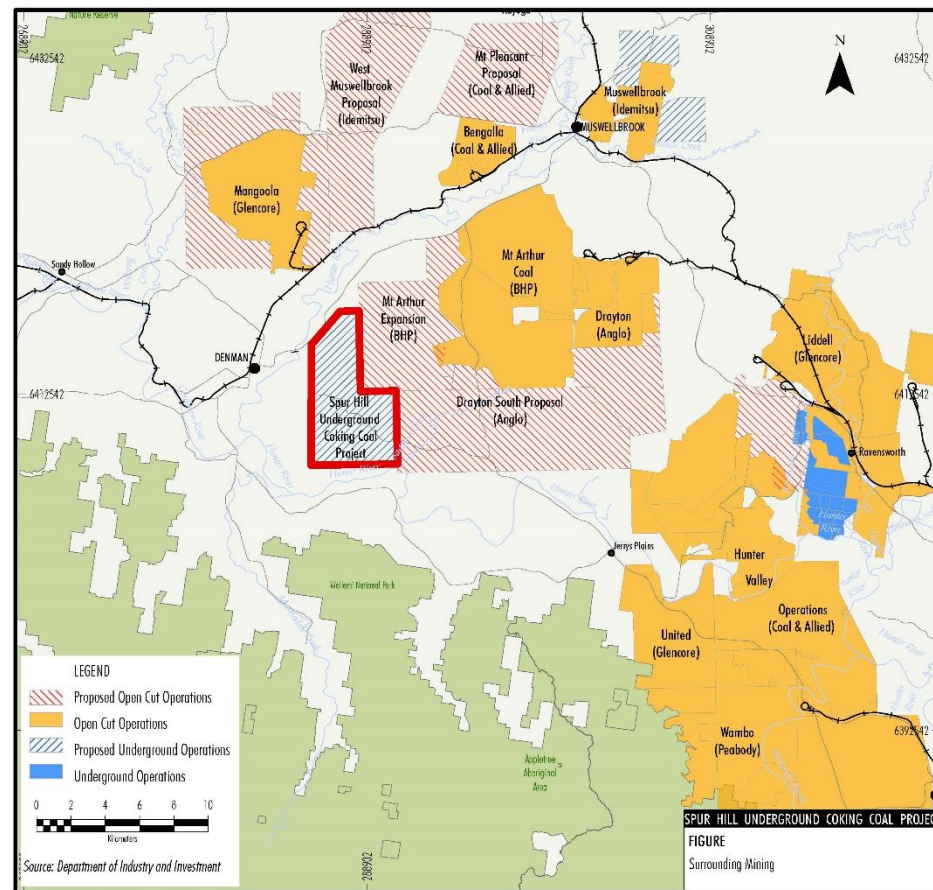
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Project status



Key Project Achievements post-IPO

20yrs+ planned production of low ash soft coking and low ash export thermal coals	✓
Substantial Resources estimated to JORC (2012) standard	✓
Pre-Feasibility Study completed	✓
Initial/maiden Reserves estimated to JORC (2012)	✓
Permitting progress: <ul style="list-style-type: none"> • Gateway Certificate received • Preliminary Environmental Assessment and Request for Environmental Assessment Requirements (EAR's) lodged • EAR's received 	✓ ✓ ✓
Key properties on the Exploration Licence acquired	✓
Community Consultative Committee (CCC) established	✓
Transport corridor options in place	✓
Mining Lease Applications submitted	✓



Resources and Reserves



Resources

- ✓ 626 million tonnes of which 394 million tonnes are Indicated.

Maiden Reserves

- ✓ 91 million tonnes of Probable Reserves (calculated for only the initial Whynot and Bowfield seams).
- ✓ Reserves are expected to increase as more field work and engineering studies are completed.
- ✓ Reserves reported to JORC (2012) requirements (i.e. PFS requirement)

Coal Products

- ✓ Washed Product Coals are: low ash soft coking coal and low ash export thermal coal.
- ✓ Average Product Ash % <6% for Whynot seam and Sulphur is circa 0.42%.

100% basis	Maiden Reserves (JORC 2012) million tonnes		Resources (JORC 2012) Million tonnes				
	Western (Underground) Zone		Western (Underground) Zone			Eastern Zone	
Seam	Probable	Probable Marketable	Indicated	Inferred	Total	Inferred	Total
WL2			0.0	46.8	46.8	0.0	46.8
WL1			0.0	22.0	22.0	0.0	22.0
Whybrow			58.5	1.2	59.7	1.8	61.5
Redbank Ck U			0.0	0.0	0.0	3.8	3.8
Redbank Ck M			0.0	0.0	0.0	3.7	3.7
Redbank Ck L			51.3	0.7	52.0	6.2	58.2
Wambo			38.1	4.3	42.4	16.0	58.4
Whynot	78	59	104.5	5.3	109.8	23.0	132.8
Glen Munro			14.7	0.5	15.2	1.6	16.8
Arrowfield			14.6	0.0	14.6	0.0	14.6
Bowfield	13	10	34.0	2.5	36.5	21.7	58.2
Warkworth			78.7	26.6	105.3	23.4	128.7
Mount Arthur			0.0	9.3	9.3	11.1	20.4
Total	91*	69	394.4	119.2	513.6	112.3	625.9

In certain locations, the Wambo and Whynot seams merge, providing an opportunity to mine together to optimise coal quality and yield. However, for the purposes of this initial reserve estimate, the mine plan has considered solely the Whynot seam in the Wambo/Whynot zone.

The Competent Persons Statements in connection for the Resources and Reserves Statement are located on pg 22

* Probable Reserves include 0.1m of out-of-seam dilution which is removed in the coal washing process.

Rail



- ✓ Project ideally located within 5km of the Hunter Valley Rail Network
- ✓ Spur Hill to Newcastle 130km
- ✓ Rail capacity available for Spur Hill's production.
- ✓ Standalone rail loop option
- ✓ No take or pay rail contracts in place



Port



The Port of Newcastle has two operators with combined capacity of 211 million tonnes per year;

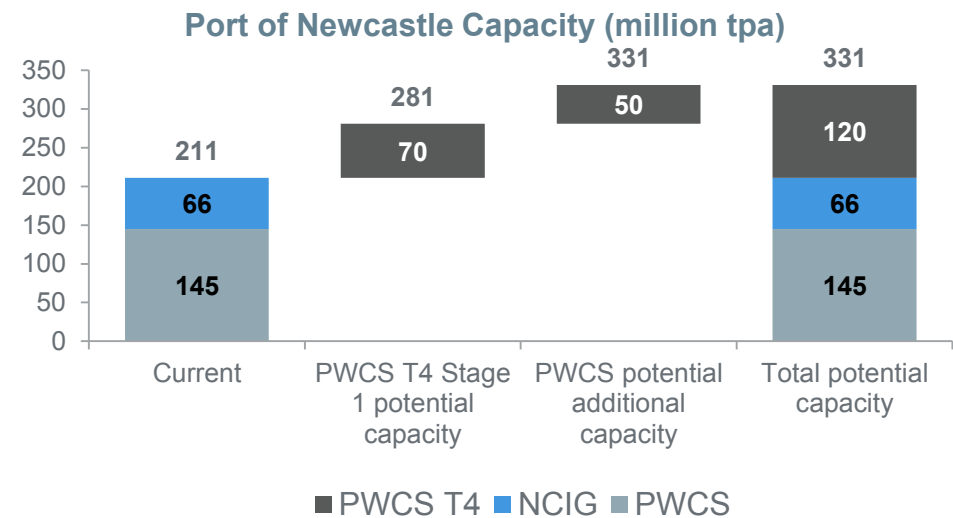
- ✓ Port Waratah Coal Services (PWCS), and
- ✓ Newcastle Coal Infrastructure Group (NCIG)
- ✓ Spur Hill has no Port take or pay contracts in place

Current PWCS capacity

- ✓ There is sufficient current port capacity at PWCS available for Spur Hill production.

Future PWCS capacity

- ✓ Under the “Long Term Commercial Framework Agreement” that governs PWCS operations, PWCS must provide capacity even if that requires a terminal expansion.
- ✓ PWCS is expecting a Planning Assessment Commission decision on the T4 Development Application in the near future.



Permitting progress



Gateway certificate

- ✓ Spur Hill was the 1st new coal project to receive a Gateway Certificate in NSW.
- ✓ The Gateway Certificate concluded; "...that in general terms, the panel believes that the likely impacts on BSAL (Bio-Strategic Agricultural Land) and CIC (Critical Industry Clusters i.e. Viticulture and Equine) within the [Spur Hill] Project area should be **tolerable and manageable**."
- ✓ Malabar are comfortable with the conditions of the Certificate.

Environmental Protection and Biodiversity Conservation (EPBC ACT)

- ✓ Spur Hill submitted an EPBC Referral on 6 June 2014.
- ✓ The Federal Department of the Environment determined that the proposed action is a controlled action with respect to water in relation to a large coal mining development.
- ✓ This determination was expected by Malabar and will be appropriately addressed in the EIS.

Preliminary Environmental Assessment (PEA)

- ✓ Spur Hill submitted its PEA and request for Environmental Assessment Requirements (EAR's) on 24 April 2014.
- ✓ The NSW Department of Planning issued the EAR's for Spur Hill on 23 July 2014.

Mining Lease Applications (MLAs)

- ✓ The MLAs were submitted to the NSW DRE in August 2014 and advertised, as required by legislation, on 12 September 2014.
- ✓ The mining leases can only be granted by the Minister for Resources & Energy after the Development Consent for the project is issued. Nonetheless the MLA's represents another key milestone in the development of the Spur Hill underground mine.

Development Application and EIS

- ✓ The timing of the submission of the Development Application and EIS is currently under assessment while the restructure of the Joint Venture is being implemented. Malabar will update the market with expected submission timing in due course.



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Risk Factors



Details of the risk factors of which investors should be aware are:

- **Exploration and development risk:** Exploration and development of coal is a high risk endeavour, the success of which depends on the discovery and delineation of a significant mineral resource. The Company's Spur Hill Underground Coking Coal Project has total JORC mineral resources of 626Mt, including indicated and inferred mineral resources, which have a low to medium level of confidence. There can be no assurance that the Company's exploration activities will result in the upgrade of all the Company's inferred resources to indicated resources or indicated resources to measured resources. Even if that occurs, there are a number of factors that influence the successful development of coal deposits into economically viable mining operations. Therefore, even if a significant coal resource is identified, there can be no guarantee that it can be economically exploited.
- **Resource estimations:** Resource estimates are expressions of judgment based on knowledge, experience and resource modelling. As such estimates are inherently imprecise and rely to some extent on interpretations and assumption. Despite employing qualified professionals to prepare resource estimates, such estimates may nevertheless prove to be inaccurate. Furthermore, resource estimates may change over time as new information becomes available.
- **Coal industry specific risks:** Coal quality is known to vary. As such, there is a risk that any coal identified by the Company may not be of sufficient quality to develop commercial mining operations, which could have an adverse impact on the Company. Actual coal qualities produced during the life of the mine may vary from those expected currently, which are based on resource drilling to date. Substantial changes to or on going conditions in coal markets, coal prices and other macroeconomic factors including foreign exchange rates could have an adverse impact on the commercial viability of exploiting coal reserves. At completion of construction of any projects the market price of the coal could be less than the cost of production. The Company may be forced to defer or suspend some or all of its planned exploration and/or mining activities.
- **Licences and approvals:** The Company must obtain a number of permits issued by various governmental agencies and regulatory bodies to carry out its planned operations. The Company may be unable to obtain and renew permits and licences necessary for its exploration, development or mining of specific coal deposits. In particular, the Company has lodged two mining lease applications for the underground mining area at the Spur Hill Underground Coking Coal Project. The first application is over land which the Company believes to be exclusive land and therefore does not require a native title process to proceed to grant. The second application is over crown land and the Company must proceed through the 'right to negotiate process' under Native Title Act 1993 (Cth) in order to proceed to grant. There is no guarantee that either mining lease will be granted. The Directors are not aware of any issues that would compromise the likelihood of the mining lease being granted, nor have they received any notification of a failure to comply with any of the mining lease application criteria. However, the grant of the mining leases must be accompanied by various other permits and approvals in order for the Company to proceed with its planned operations. The Company has still to complete and lodge its Environmental Impact Statement (EIS) and Development Application for the Spur Hill Underground Coking Coal Project. The Company is assessing optimisation opportunities in relation to the mine plan and infrastructure requirements which, may necessitate changes to the EIS. The Federal Department of the Environment has also determined that the Spur Hill Underground Coking Coal Project is a controlled action for the purposes of the Environmental Protection and Biodiversity Conservation Act 1989 (Cth). Therefore, the Federal Environment Minister can override a decision made by the New South Wales government in relation to the EIS. The New South Wales government may also place conditions on the grant of an environmental approval; which may affect the viability of the project. As a result the relevant approvals may be delayed or not approved.

Risk Factors (cont.)



- **Construction and operational cost risks:** The capital expenditure required to develop the Spur Hill Underground Coking Coal Project may differ from the current expectations of the Company. In addition, actual operational costs may differ from current estimates. Increases in capital or operating expenditure will adversely affect the profitability of the project.
- **Operational risks:** The Spur Hill Underground Coking Coal Project 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 and industrial and environmental accidents.
- **Labour risks:** There is a risk that the Spur Hill Underground Coking Coal Project is unable to attract the skilled labour force necessary for an underground coal project of this nature.
- **Infrastructure risk:** There is no guarantee that suitable and affordable rail and port capacity will be available to commercially export coal.
- **Joint Venture risks:** Under the restructured joint venture agreement the previous beneficial owners of the Spur Hill Unit Trust (ie the joint venture partner) will retain certain rights in the 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 Underground Coking Coal Project joint venture will remain operational and subject to various counterparty risks including failure by the Company, or the Company's Spur Hill Underground Coking Coal 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 the Company'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.
- **Future financing:** There can be no assurance that any future financing required by the Company to support proposed development plans will be available on satisfactory terms or at all. The inability to obtain funding could adversely affect the Company and result in a default in tenement obligations and forfeiture of permits or licences if not remedied.
- **Key personnel:** The Company may be adversely affected if any of the Directors or management leaves the Company. The Company might not be able to replace them with persons of equivalent expertise and experience within a reasonable period of time or at all and the Company may incur additional expenses to recruit, train and retain personnel.

Risk Factors (cont.)



- **Significant Shareholders:** Two directors (Hans Mende and Andy Plummer) and two significant shareholders (Tony Haggarty and Fritz Kundrun) intend to underwrite the Entitlement Offer. Each underwriter is a substantial holder of the Company. An illustration of effect of the underwriting on each underwriter's respective voting power in the Company based on certain assumptions is set out on slide 9. The concentration of the ownership among existing shareholders means that applicants may have limited ability to influence the management, control, operation and control of the Company and the ownership structure will likely limit control transaction to those sanctioned by those shareholders.
- **Environmental risks:** 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 Spur Hill Underground Coking Coal Project development timetable and may subject the Company to substantial penalties including fines, damages, clean-up costs or other penalties.
- **Political and regulatory:** New legislation and/or new regulations may be adopted that adversely affect the Company's current and proposed mining operations, cost structure and/or the ability of its customers to use coal.
- **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 the Company (held at the Record Date) will be reduced.
- **General risks:** Other than the specific risks identified above, the price at which the Company's shares trade on the ASX may be determined by a range of factors, including inflation, interest rates and exchange rates, changes to government policy, coal market investment sentiment, legislation or regulation, the nature of competition in the markets in which the Company operates, inclusion or removal from major market indices and other general operational and business risks. The market for the Company's shares may also be affected by a wide variety of events and a factor, including variations in the Company's operating results, recommendations by securities analysts, and the operating and trading price performance of other comparable listed entities. Some of these factors could affect the Company's share price regardless of the Company's underlying operating performance.



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Competent Persons' Statements



- **RESOURCES ESTIMATE COMPETENT PERSON STATEMENT** The information in this Presentation that relates to Exploration Results and JORC Mineral Resources for the Spur Hill Coal Project is based on information compiled by Mr Darryl Stevenson. Mr Darryl Stevenson is the Principal Geologist and employee of Geological and Mining Services Australia Pty Ltd, an independent consultancy group specialising in mineral resource estimation, evaluation and exploration. Mr Darryl Stevenson is a Member of The Australasian Institute of Mining and Metallurgy. He has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking 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". The relationship between the Estimator and the Project owner is that of independent consultant. Mr Darryl Stevenson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.
- **RESERVES ESTIMATE COMPETENT PERSON STATEMENT** The information in this Presentation that relates to JORC Ore Reserves for the Spur Hill Underground Coking Coal Project is based on a Reserves Estimate that has been prepared by Mr Jeremy Busfield, Principal Mining Consultant of MineCraft Consulting Pty Ltd. Mr Busfield holds a Bachelor of Mining Engineering degree from the University of Queensland, is a Chartered Professional Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and is a Registered Professional Engineer of Queensland (Mining). Mr Busfield has worked in various planning, operational and consulting roles for the underground coal industry for 27 years and as such qualifies as Competent Person under the JORC Code 2012. The relationship between the Estimator and the Project owner is that of independent consultant. Mr Busfield consents to the inclusion in this report of the matters based on his information and in the form and context in which it appears.

3 How to apply

3.1 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 accompanying 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 Top Up Facility (refer to section 3.2);
- (b) take up part of their Entitlement, in which case the balance of the Entitlement lapses (refer to section 3.3);
- (c) allow their Entitlement to lapse (refer to section 3.4).

Ineligible Shareholders may not take up any of their Entitlements.

Malabar Coal reserves the right to 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 (AEST) on 8 October 2015** however that date may be varied by Malabar Coal in accordance with the Listing Rules and the Underwriting Agreement.

3.2 Taking up all of your Entitlement and participating in the Top Up 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 Top Up Facility.

Please return your completed Entitlement and Acceptance Form together with your Application Monies in accordance with section 3.6 for the amount shown on the Entitlement and Acceptance Form to the Share Registry so that it is received no later than **5.00pm (AEST) on 8 October 2015** at the address set out below:

Mailing address	Hand delivery
C/- Link Market Services Limited GPO Box 3560 Sydney NSW 2001	C/- Link Market Services Limited 1A Homebush Bay Drive Rhodes NSW 2138 (<i>Please do not use this address for mailing purposes</i>)

You may also take up all of your Entitlement by payment of the Application Monies 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 (AEST) on 8 October 2015**.

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

If you apply for additional New Shares under the Top Up 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 Top Up Facility.

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 of the offer. If you wish to advise or change your banking instructions with the Share Registry you may do so by going to <https://investorcentre.linkmarketservices.com.au/Login.aspx/Login> and following the instructions.

3.3 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 3.2.

You may arrange for payment through BPAY in accordance with the instructions on the Entitlement and Acceptance Form. If payment is made through BPAY and Malabar Coal receives an amount that is less than the Issue 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 and the difference is not refunded to you.

3.4 Allow your Entitlement to lapse

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

3.5 Consequences of not accepting your Entitlement

If you do not accept all 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 (or New Shares that relate to the portion of your Entitlement that has not been accepted) may be acquired under the Top Up Facility or by the Underwriters.

3.6 Payment

The consideration for the New Shares (including under the Top Up Facility) is payable in full on application by a payment of \$0.08 per New Share. The Entitlement and Acceptance Form must be accompanied by a cheque for the Application Monies. Cheques must be drawn in Australian currency on an Australian bank and made payable to '**PCPL - ITF - Malabar Coal Limited**' and crossed 'Not Negotiable'.

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

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

3.7 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 on the terms of this Information Booklet and, once lodged or paid, 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 Monies or making a payment by BPAY, you will also be deemed to have acknowledged, represented and warranted on behalf of each person on whose account you are acting that:

- (a) you are an Eligible Shareholder and are not in the United States and are not a person (including nominees or custodians) acting for the account or benefit of a person in the United States and are not otherwise a person to whom it would be illegal to make an offer or issue New Shares under the Entitlement Offer;
- (b) you acknowledge that the New Shares have not been, and will not be, registered under the US Securities Act of 1933, as amended, or under the laws of any other jurisdiction outside Australia or New Zealand and
- (c) you have not and will not send any materials relating to the Entitlement Offer to any person in the United States or to any person (including nominees or custodians) acting for the account or benefit of a person in the United States.

3.8 Brokerage and Stamp Duty

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

5 Definitions

These definitions are provided to assist the understanding some of the expressions used in this Information Booklet.

Term	Definition
\$	means Australian dollars.
AEST	means Australian Eastern Standard Time.
Applicant	means an Eligible Shareholder who has applied to subscribe for New Shares by submitting an Entitlement and Acceptance Form or has arranged for payment through BPAY in accordance with the instructions on the Entitlement and Acceptance Form.
Application	means the submission of an Entitlement and Acceptance Form accompanied by the relevant Application Monies or arranging for payment of the relevant Application Monies through BPAY in accordance with the instructions on the Entitlement and Acceptance Form.
Application Monies	means the aggregate amount of money payable for the New Shares applied for in a duly completed Entitlement and Acceptance Form or through BPAY.
ASIC	means the Australian Securities and Investments Commission.
ASX	means ASX Limited ACN 008 624 691 or the securities exchange operated by it (as the case requires).
Business Day	means a business day as defined in the Listing Rules.
Closing Date	means 8 October 2015, the day the Entitlement Offer closes, or any other date that the Directors in their absolute discretion determine, subject to the Listing Rules.
Corporations Act	means <i>Corporations Act 2001</i> (Cth).
Directors	means the directors of Malabar Coal.
Eligible Shareholder	means a Shareholder who satisfies the eligibility criteria described in section 1.6 of this Information Booklet.
Entitlement	means the right to subscribe for New Shares under the Entitlement Offer.
Entitlement and Acceptance Form	means the Entitlement and Acceptance Form accompanying this Information Booklet.
Entitlement Offer	means the non-renounceable entitlement offer to Eligible Shareholders to subscribe for 15 New Shares for every 17 Shares of which the Shareholder is the registered holder on the Record Date, at the Issue Price pursuant to this Information Booklet.
Existing Shares	means the Shares already on issue in Malabar Coal as at the Record Date.
Ineligible Shareholder	means a Shareholder as at the Record Date who is not

Term	Definition
	in Eligible Shareholder.
Information Booklet	means this document.
Investor Presentation	means the presentation to investors, in section 2 of this Information Booklet.
Issue Price	means \$0.08 per New Share.
Joint Venture Partner	means Spur Hill Unit Trust Pty Ltd ACN 139 090 814 as trustee for the Spur Hill Unit Trust.
Listing Rules	means the official listing rules of ASX.
Malabar Coal	means Malabar Coal Limited ACN 151 691 468.
New Shares	means Shares to be allotted and issued under the Entitlement Offer, including (as the context requires) the shortfall from the Entitlement Offer issued under the Top Up Facility or to the Underwriter or sub-underwriter.
Record Date	means 7.00pm on 21 September 2015.
Shareholders	mean holders of Shares.
Shares	means fully paid ordinary shares in the capital of Malabar Coal.
Share Registry	means Link Market Services Limited
Shortfall Shares	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.
Spur Hill Joint Venture	means the unincorporated joint venture for the purposes of the Spur Hill Underground Coking Coal Project.
Spur Hill Underground Coking Coal Project	means the proposed coal mine development in the Hunter Valley in New South Wales and based on the Exploration Licence 7429.
TERP	means the theoretical price at which the Shares should trade immediately after the ex-date of the Entitlement Offer assuming 100% take up of the Entitlement Offer.
Top Up Facility	means the facility described in section 1.3 under which certain Eligible Shareholders may apply for New Shares in excess of their Entitlement.
Top Up Shares	means extra Shares a Shareholder may apply for in excess of their Entitlement under the Top Up Facility.
Underwriters	means Brisbane Investments I Ltd, Brisbane Investments II Ltd, Ranamok Pty Ltd ACN 079 167 829 as trustee for the Plummer Family Trust and HFTT Pty Ltd ACN 100 848 842 as trustee for the Haggarty Family Trust.
Underwriting Agreement	means the underwriting agreement dated 15 September 2015 between Malabar Coal and the Underwriters.

6 Corporate information

Company

Malabar Coal Limited
ACN 151 691 468
Level 26, 259 George Street
Sydney, New South Wales, 2000
Tel: +61 8248 1272
www.malabarcoal.com.au

Directors

Wayne Seabrook	Chairman
Graeme Booth	Managing Director
Simon Keyser	Non Executive Director
Tony Galligan	Non Executive Director
Hans Mende	Non Executive Director
Andy Plummer	Non Executive Director
Ian Morgan	Company Secretary

Lawyers

McCullough Robertson Lawyers
Level 11, 66 Eagle Street
BRISBANE QLD 4000
Tel: 07 3233 8888
www.mccullough.com.au

Principal Share Register

Link Market Services Limited
Level 15, 324 Queen Street
Brisbane QLD 4000
Tel: +61 1300 554 474
www.linkmarketservices.com.au

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SRN/HIN:

Entitlement Number:

Number of Eligible Shares held as
at the Record Date, 7:00pm (AEST)
on 21 September 2015:

Entitlement to New Shares
(on a 15 New Shares for 17 basis):

Amount payable on full acceptance
at A\$0.08 per Share:

Offer Closes 5:00pm (AEST):	8 October 2015
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ENTITLEMENT AND ACCEPTANCE FORM

As an Eligible Shareholder you are entitled to acquire 15 New Shares for every 17 Existing Shares that you hold on the Record Date, at an Offer Price of A\$0.08 per New Share. You may also apply for New Shares in excess of your Entitlement, at the Offer Price under the Top Up Facility. 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 Entitlement Offer Information Booklet dated 23 September 2015. The Entitlement Offer Information Booklet contains information about investing in the New Shares. Before applying for New Shares, you should carefully read the Entitlement Offer Information Booklet. This Entitlement and Acceptance Form should be read in conjunction with the Entitlement Offer Information Booklet.

If you do not have a paper copy of the Entitlement Offer Information Booklet, you can obtain a copy at no charge, by calling Malabar Coal Limited on +61 2 8248 1272 between 8:30 am and 5:30pm (AEST) Monday to Friday during the offer period.

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 (AEST) on 8 October 2015. 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 (AEST) on 8 October 2015.

	Billers Code: 747642
	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



SRN/HIN:

Entitlement Number:

A Number of New Shares accepted (being not more than your Entitlement shown above)	B Number of additional New Shares	C Total number of New Shares accepted (add Boxes A and B)
<input type="text"/>	+ <input type="text"/>	= <input type="text"/>

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 Coal Limited” and crossed “Not Negotiable”.

Drawer	Cheque Number	BSB Number	Account Number	Amount of Cheque
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	A\$ <input type="text"/>

E CONTACT DETAILS – Telephone Number	Telephone Number – After Hours	Contact Name
<input type="text"/>	<input type="text"/>	<input type="text"/>

MALABAR COAL LIMITED

The Entitlement Offer to which this Entitlement and Acceptance Form relates is not being made to investors located or resident outside of Australia and New Zealand. In particular the Entitlement Offer is not being made to any person in the U.S. or to a U.S. person. The Entitlement Offer Information Booklet 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 Entitlement Offer Information Booklet 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 Coal Limited.

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

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\$0.08.

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 under the Top Up Facility

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 Coal 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 Coal 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 Coal 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.

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 Entitlement Offer Information Booklet electronically, your completed Entitlement and Acceptance Form with the payment for New Shares may be mailed to the postal address, or delivered by hand to the delivery 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 Coal Limited
C/- Link Market Services Limited
GPO Box 3560
Sydney NSW 2001

Hand Delivery

Malabar Coal Limited
C/- Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138 **(Please do not use this address for mailing purposes)**

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 (AEST) on 8 October 2015. Please ensure sufficient cleared funds are held in your account, as your cheque will be banked as soon as it is received. Malabar Coal 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 Malabar Coal Limited on +61 2 8248 1272 between 8:30 am and 5:30 pm (AEST) Monday to Friday during the offer period.