



# Malabar Resources Limited

ABN 29 151 691 468

Interim Financial Report for the half year ended  
31 December 2023

**CONTENTS**

DIRECTORS' REPORT .....3

AUDITOR'S INDEPENDENCE DECLARATION .....7

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME .....8

CONSOLIDATED STATEMENT OF FINANCIAL POSITION .....9

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY .....10

CONSOLIDATED STATEMENT OF CASH FLOWS .....11

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS .....12

DIRECTORS' DECLARATION .....21

INDEPENDENT AUDITOR'S REVIEW REPORT .....22

# DIRECTORS' REPORT

Your directors present their report, together with the consolidated financial statements of Malabar Resources Limited ('the Company' or 'Malabar') and its controlled entities ('the Group') for the half year ended 31 December 2023.

## DIRECTORS

### Board of Directors

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

Wayne Seabrook	Executive Chairman
Brian Beem	Non-Executive Director
Anthony (Tony) Galligan	Non-Executive Director
Anthony (Tony) Haggarty	Non-Executive Director
Allan Davies	Non-Executive Director
Robert (Rob) Bishop	Non-Executive Director
Matthew Hunter	Non-Executive Director
Jim Middleton	Executive Technical Director (appointed 3 July 2023)

## REVIEW OF OPERATIONS

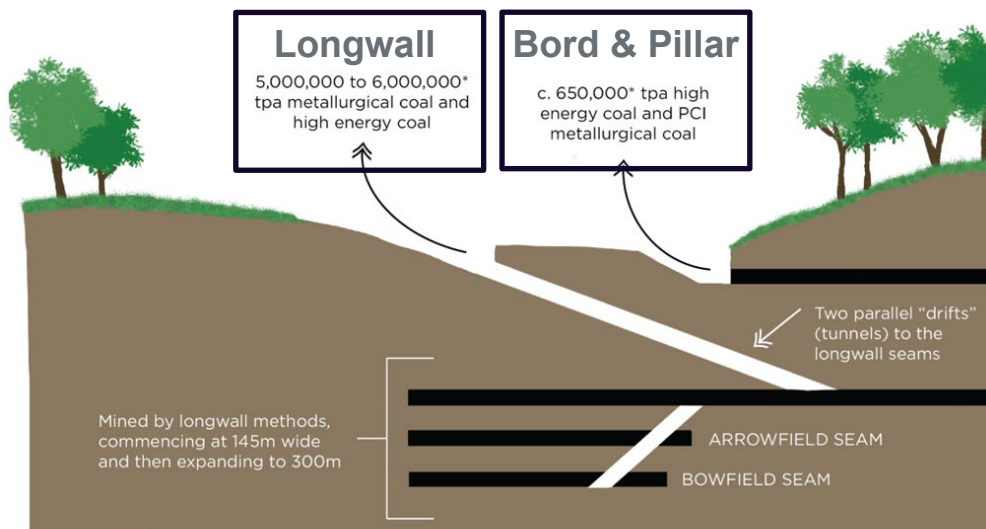
### Health and Safety

Malabar is committed to achieving zero harm to its people. Management continues to strive for continued improvement in safety performance across its operations.

### Maxwell Underground Mine

The Maxwell Underground Mine comprises of:

- A Bord & Pillar operation which is mining the Whynot seam;
- A Longwall operation that will mine the Woodlands Hill, Arrowfield and Bowfield seams; and
- Downstream infrastructure with ample capacity to ensure the mining operations are unconstrained (this includes, ventilation systems, underground conveyors, overland conveyor, intermediate stockpiles, and the washing and product handling facilities).



\*Washed/product coal

## DIRECTORS' REPORT

Progress to date;

- Construction of the two underground mining operations is well advanced.
- Services and utilities progressing well or completed including; 10km access road, permanent power established, water systems and dams substantially complete.
- Downstream CHPP, TLO, & rail loop successfully refurbished (where necessary) and recommissioned.
- Continued ramp up of coal sales with coal shipped through both coal terminal operations at the Port of Newcastle, namely PWCS and NCIG.

### Bord and Pillar Operation

The Bord and Pillar mine entries, drift conveyor and permanent ventilation system have been established with a traditional continuous mining machine. These systems are now in operation. Coal production is increasing with the addition of our first "low height" continuous miner commissioned in November 2023 and the build-up of the underground workforce.

Coal production will continue to ramp up as the number of underground working areas increase and the commissioning of our second "low height" continuous miner.

### Longwall Operation

In July 2023, the mine entries for our Longwall operation were successfully completed allowing contractor, Pybar, to commence drivage of the two surface-to-seam declines. More than 1,100m of drivage has been accomplished with completion of the drifts expected in Q4 CY 2024.

Longwall equipment (Malabar-owned) is being manufactured, and underground roadway construction equipment has been secured via long-term supply agreements.

### Community Engagement

Malabar continues to engage with our community through the Community Consultative Committee (CCC) meetings held on a quarterly basis, events and other occasions.

Malabar supports a wide range of local groups, businesses and charities through sponsorships and involvement of our staff in local activities.

Our contributions during the period included;

- 2NM Power FM Food & Toy Christmas Appeal
- Milbrodale Public School
- Muswellbrook Day View Club
- Westpac Rescue Helicopter
- Denman Sandy Hollow Junior Rugby League Football Club
- Scone Community Pantry at the Scone Community Centre
- Aberdeen Fire & Rescue NSW

### Environment

Malabar continues rehabilitation of the areas previously mined by open cut methods by prior owners:

- To date, we have rehabilitated over 880 hectares.
- We have planted over 160,000 trees with the total trees planted at site now exceeding 350,000.
- Key land management activities such as weed spraying and feral animal management continue.

During the period Malabar also established a Biodiversity Stewardship Site in perpetuity over 1,041 hectares and retired credits generated to meet our consent conditions. This permanent Biodiversity Stewardship Site protects and preserves native habitats, species and ecosystems.

## DIRECTORS' REPORT

### Malabar Renewables

Malabar is continually looking at ways we can lower emissions and minimise our impact on the local environment. We are advancing two solar projects. These are; the 25MW Maxwell solar Farm and the 350MW Edderton Road Solar Farm. Both farms are within the designated Hunter-Central Coast Renewable Energy Zone, established by the NSW Government in late 2020.

### Maxwell Solar Farm

The Maxwell Solar Farm has been approved for 25MW. At full production it will generate up to 60 GWhr annually, equivalent to enough energy to power around 10,000 homes.

It is located on rehabilitated land that was previously an open-cut mine. Electricity generated from the Maxwell Solar Farm will contribute to Malabar's energy needs, helping the business achieve its decarbonisation goals.

### Edderton Solar Farm

Malabar and EDF Renewables Australia have established a joint venture to develop the Edderton Solar Farm, bringing local and global expertise to large-scale solar energy development in the Upper Hunter region. The project will provide diversified investment into the local economy. A large Battery Energy Storage System (BESS) would also be developed as part of the Project.

The Edderton Solar Farm will feed into the existing high voltage NSW transmission network, helping to support NSW's transition to net zero emissions.

The solar farm will produce approximately 800 GWhrs of electricity each year, which is enough to power at least 130,000 homes. This is equivalent to the number of homes in the Muswellbrook, Singleton, Upper Hunter, and Newcastle local government areas.

We are consulting with local councils, surrounding private landholders, business owners, relevant government agencies and held community drop-in sessions in February 2024 to ensure all our stakeholders are adequately consulted.

We have commenced the formal planning process, with the next milestone being the submission of the Scoping Report expected to be lodged with the NSW Department of Planning, Housing and Infrastructure (DPHI) in the first half of 2024.

### Debt Facilities

The Group's debt facilities comprise of a USD \$120 million Senior Debt Facility and, an undrawn USD \$55 million Coal Prepayment Facility. As at 31 December 2023 USD \$24 million was drawn on the Senior Debt Facility.

Malabar has a Bonding Facility for USD \$55 million. The purpose of this facility is to provide bonds, guarantees, and financial assurances including the provision of environmental bonding guarantees to the NSW Government. As at 31 December 2023 c. AUD \$69 million was utilised.

## FINANCIAL OVERVIEW

### Financial Performance

The Group's consolidated profit after tax for the period ended 31 December 2023 was \$1.8 million (31 December 2022: \$5.0 million).

The net assets of the Group have increased by \$3.8 million during the period, from \$357.6 million as at 30 June 2023 to \$361.4 million at 31 December 2023. Malabar's cash position, which includes financial assets, decreased from \$142.6 million as at 30 June 2023 to \$47.3 million as at 31 December 2023 as construction of the Maxwell Underground Mine continued.

### Dividends

There were no dividends paid to members during the current or prior financial years.

## DIRECTORS' REPORT

### EVENTS SUBSEQUENT TO REPORTING DATE

In February 2024, Malabar completed an equity raise of approx. \$180 million at a price of \$1.80 per Ordinary Share.

The Company will use these proceeds alongside existing funding sources, including cash on balance sheet and undrawn debt facilities, for the development of the Maxwell Underground Mine. As announced in November 2023, Malabar is committed to developing the Maxwell Underground Mine as a 300m longwall (vs 145m longwall) to realise the mine's full potential. The 300m longwall is expected to generate greater sales with lower operating costs, creating a stronger business best placed to deliver consistent returns.

### PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

### AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under s 307C of the *Corporations Act 2001* is set out on page 7. This Directors' Report is signed in accordance with a resolution of the Board of Directors.



**Wayne Seabrook**  
**Chairman**

Dated: 14 March 2024

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

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2023, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

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



PKF BRISBANE AUDIT



CAMERON BRADLEY  
PARTNER

14 MARCH 2024  
BRISBANE

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

## FOR THE HALF YEAR ENDED 31 DECEMBER 2023

	Note	31 Dec 2023	31 Dec 2022
		\$'000	\$'000
<b>Revenue from continuing operations</b>			
Coal sales revenue		6,670	-
Share in profits of associates		1,478	1,374
Other income	2	803	992
Foreign exchange gain		1,152	1,796
<b>Total income</b>		<b>10,103</b>	<b>4,162</b>
<b>Expenses</b>			
Operating expenses		(5,332)	-
Selling and distribution expenses		(375)	-
Royalty expenses		(463)	-
Other expenses		(667)	(459)
Depreciation and amortisation		(2,012)	(457)
<b>Total expenses</b>		<b>(8,849)</b>	<b>(916)</b>
<b>Profit before financial income and expenses</b>		<b>1,254</b>	<b>3,246</b>
Interest income		2,323	2,458
Finance costs	2	(1,215)	(698)
<b>Profit before income tax</b>		<b>2,362</b>	<b>5,006</b>
Income tax expense		(590)	-
<b>Profit for the period</b>		<b>1,772</b>	<b>5,006</b>
<b>Other comprehensive income</b>			
Net gain/(loss) on cash flow hedges		2,013	(1,499)
<b>Total comprehensive income for the period</b>		<b>3,785</b>	<b>3,507</b>
<b>Total comprehensive profit attributable to members of the parent entity</b>		<b>3,785</b>	<b>3,507</b>

The accompanying notes form part of these financial statements.



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## AS AT 31 DECEMBER 2023

	Note	31 Dec 2023	30 Jun 2023
		\$'000	\$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		16,796	117,577
Financial assets		30,509	25,000
Trade and other receivables	3	2,947	3,200
Other financial assets	9	616	74
Other assets		6,232	9,556
Inventory		7,296	6,637
<b>Total Current Assets</b>		<b>64,396</b>	<b>162,044</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	4	370,109	251,712
Intangible assets		4,801	4,801
Capitalised exploration and evaluation costs	5	45,395	44,814
Investments in associates		16,094	16,094
Other financial assets	9	-	669
Other assets		3,946	116
Deferred tax assets		10,847	12,108
<b>Total Non-Current Assets</b>		<b>451,192</b>	<b>330,314</b>
<b>Total Assets</b>		<b>515,588</b>	<b>492,358</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	6	29,897	17,092
Provisions	7	1,589	1,403
Lease liabilities		947	136
Borrowings	8	-	2,210
Other financial liabilities	9	1,096	1,593
<b>Total Current Liabilities</b>		<b>33,529</b>	<b>22,434</b>
<b>Non-Current Liabilities</b>			
Other payables	6	-	950
Provisions	7	59,785	59,653
Lease liabilities		2,850	448
Borrowings	8	57,986	49,348
Other financial liabilities	9	-	1,914
<b>Total Non-Current Liabilities</b>		<b>120,621</b>	<b>112,313</b>
<b>Total Liabilities</b>		<b>154,150</b>	<b>134,747</b>
<b>Net Assets</b>		<b>361,438</b>	<b>357,611</b>
<b>EQUITY</b>			
Share capital	10	368,363	368,363
Other reserves		8,771	8,729
Hedge reserve		(1,072)	(3,085)
Retained earnings (accumulated losses)		(14,624)	(16,396)
<b>Total Equity</b>		<b>361,438</b>	<b>357,611</b>

The accompanying notes form part of these financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

	Note	Share Capital \$'000	Other reserves \$'000	Hedge reserve \$'000	Retained Earnings / (Accumulated Losses) \$'000	Total \$'000
<b>Balance at 1 July 2022</b>		<b>124,210</b>	<b>12,124</b>	-	<b>(36,560)</b>	<b>99,774</b>
Profit for the period		-	-	-	5,006	<b>5,006</b>
Other comprehensive income for the period		-	-	(1,499)	-	(1,499)
<b>Total comprehensive income for the period</b>		-	-	(1,499)	5,006	3,507
<b>Transactions with owners in their capacity as owners:</b>						
Share based payment expense		-	677	-	-	<b>677</b>
Transfer on issue of share-based payments		-	(4,139)	-	4,139	-
Issues of shares	10	249,994	-	-	-	249,994
Share issue costs	10	(7,787)	-	-	-	(7,787)
<b>Balance at 31 December 2022</b>		<b>366,417</b>	<b>8,662</b>	<b>(1,499)</b>	<b>(27,415)</b>	<b>346,165</b>
<b>Balance at 1 July 2023</b>						
<b>Balance at 1 July 2023</b>		<b>368,363</b>	<b>8,729</b>	<b>(3,085)</b>	<b>(16,396)</b>	<b>357,611</b>
Profit for the period		-	-	-	1,772	<b>1,772</b>
Other comprehensive income for the period		-	-	2,013	-	<b>2,013</b>
<b>Total comprehensive income for the period</b>		-	-	<b>2,013</b>	<b>1,772</b>	<b>3,785</b>
<b>Transactions with owners in their capacity as owners:</b>						
Share based payment expense		-	42	-	-	<b>42</b>
<b>Balance at 31 December 2023</b>		<b>368,363</b>	<b>8,771</b>	<b>(1,072)</b>	<b>(14,624)</b>	<b>361,438</b>

The accompanying notes form part of these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

## FOR THE HALF YEAR ENDED 31 DECEMBER 2023

	Note	31 Dec 2023	31 Dec 2022
		\$'000	\$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		7,521	912
Payments to suppliers and employees		(923)	(3,284)
Interest received		2,528	1,809
Interest paid		(490)	(423)
<b>Net cash from/ (used in) operating activities</b>		<b>8,636</b>	<b>(986)</b>
<b>Cash flows from investing activities</b>			
Payments for investment in short term deposits		(5,509)	(49,932)
Payments for property, plant and equipment		(102,399)	(55,250)
Payments for exploration expenditure	5	(581)	(418)
Dividends received from associate		1,478	1,374
<b>Net cash used in investing activities</b>		<b>(107,011)</b>	<b>(104,226)</b>
<b>Cash flows from financing activities</b>			
Payments for lease liabilities		(115)	(105)
Payments for short-term funding facilities		(2,210)	(7,330)
Proceeds from shares issued	10	-	249,994
Payment of share issue costs	10	-	(7,787)
Proceeds from borrowings		-	36,917
Repayment of borrowings		-	(15,355)
<b>Net cash (used in)/provided by financing activities</b>		<b>(2,325)</b>	<b>256,334</b>
Net (decrease)/ increase in cash held		(100,700)	151,122
Net foreign exchange difference		(81)	447
Cash and cash equivalents at beginning of financial period		117,577	9,375
<b>Cash and cash equivalents at the end of financial period <sup>1</sup></b>		<b>16,796</b>	<b>160,944</b>

<sup>1</sup> "Cash and cash equivalents" does not include "Financial assets" (term deposits with original maturities greater than three months).

The accompanying notes form part of these financial statements.

# NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## FOR THE HALF YEAR ENDED 31 DECEMBER 2023

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

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

The interim financial statements were authorised for issue on 14 March 2024 by the Directors of the company.

### 1. Summary of material accounting policies

#### 1.1. Basis of preparation

The half-year financial report is a general-purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Malabar Resources Limited and its controlled entities (referred to as the “Consolidated Group” or “Group”). As such, it does not contain information that represents relatively insignificant changes occurring during the year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2023 together with any public announcements made during the interim reporting period.

All financial information has been presented in Australian dollars and rounded to the nearest thousand dollars unless otherwise stated.

#### 1.2. Material accounting policies, critical estimates and judgements

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements. No new or amended standards were adopted by the Group.

#### 1.3. New or amended Accounting Standards and Interpretations adopted

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

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

# NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## FOR THE HALF YEAR ENDED 31 DECEMBER 2023

### 2. Profit for the period

	31 Dec 2023	31 Dec 2022
	\$'000	\$'000
Profit before income tax from continuing operations includes the following:		
Wayleave income	549	660
Other revenue	254	332
<b>Other income</b>	<b>803</b>	<b>992</b>
Auditors' remuneration	50	44
Share-based payments <sup>1</sup>	-	-
Facility fees	515	275
Interest expense – borrowings	71	419
Interest expense – lease liabilities	29	4
Interest expense – unwinding of provision	600	-
<b>Total Finance costs</b>	<b>1,215</b>	<b>698</b>
<sup>1</sup> Share-based payment expenses of \$42,000 were capitalised to mine development costs during the period (2022: \$677,000)		

### 3. Trade and other receivables

	31 Dec 2023	30 Jun 2023
	\$'000	\$'000
CURRENT:		
Trade receivables	186	565
Port and rail costs recoverable	872	790
Other receivables	1,550	1,301
Interest receivable	339	544
	<b>2,947</b>	<b>3,200</b>

# NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

## 4. Property, Plant and Equipment

	Freehold Land	Buildings	Subtotal Land & Buildings	Plant & Equipment	Mining Property & Development	Right-of-use Asset	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>At Cost</b>							
Cost	25,683	4,134	29,817	41,825	190,905	1,062	263,609
Impairment	(5,770)	(692)	(6,462)	-	-	-	(6,462)
Accumulated depreciation	-	(303)	(303)	(4,634)	(1)	(497)	(5,435)
<b>Balance at 30 June 2023</b>	<b>19,913</b>	<b>3,139</b>	<b>23,052</b>	<b>37,191</b>	<b>190,904</b>	<b>565</b>	<b>251,712</b>
Cost	25,683	4,134	29,817	44,296	310,847	4,389	389,349
Impairment	(5,770)	(692)	(6,462)	-	-	-	(6,462)
Accumulated depreciation	-	(442)	(442)	(6,296)	(5,478)	(562)	(12,778)
<b>Balance at 31 December 2023</b>	<b>19,913</b>	<b>3,000</b>	<b>22,913</b>	<b>38,000</b>	<b>305,369</b>	<b>3,827</b>	<b>370,109</b>

### MOVEMENTS IN CARRYING AMOUNTS

	Freehold Land	Buildings	Subtotal Land & Buildings	Plant & Equipment	Mining Property & Development	Right-of-use Asset	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Consolidated Group:</b>							
<b>Balance at 1 July 2022</b>	<b>19,913</b>	<b>606</b>	<b>20,519</b>	<b>9,417</b>	<b>-</b>	<b>71</b>	<b>30,007</b>
Additions	-	-	-	2,351	156,083	651	159,085
Transfer from exploration and evaluation	-	-	-	-	63,579	-	63,579
Transfer between classes	-	2,599	2,599	26,158	(28,757)	-	-
Depreciation expense	-	(66)	(66)	(735)	(1)	(157)	(959)
<b>Balance at 30 June 2023</b>	<b>19,913</b>	<b>3,139</b>	<b>23,052</b>	<b>37,191</b>	<b>190,904</b>	<b>565</b>	<b>251,712</b>
<b>Balance at 1 July 2023</b>	<b>19,913</b>	<b>3,139</b>	<b>23,052</b>	<b>37,191</b>	<b>190,904</b>	<b>565</b>	<b>251,712</b>
Additions	-	-	-	352	122,061	3,327	125,740
Transfer between classes	-	-	-	2,119	(2,119)	-	-
Depreciation expense	-	(139)	(139)	(1,662)	(5,477)	(65)	(7,343)
<b>Balance at 31 December 2023</b>	<b>19,913</b>	<b>3,000</b>	<b>22,913</b>	<b>38,000</b>	<b>305,369</b>	<b>3,827</b>	<b>370,109</b>

# NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## FOR THE HALF YEAR ENDED 31 DECEMBER 2023

### 5. Capitalised exploration and evaluation costs

For Spur Hill and Maxwell Projects	31 Dec 2023	30 Jun 2023
	\$'000	\$'000
Capitalised exploration and evaluation costs consist of:		
Mining information	964	964
Exploration licences	36,775	36,775
Exploration & evaluation expenditures	26,602	26,021
Reserves & resources acquired	4,486	4,486
Impairment	(21,402)	(21,402)
R&D tax incentive	(2,030)	(2,030)
	<b>45,395</b>	<b>44,814</b>

The capitalised exploration and evaluation expenditure carried forward above has been determined as follows:

Opening balance	44,814	107,658
Exploration & evaluation expenditures incurred during the year	581	735
Transfer to property, plant and equipment	-	(63,579)
	<b>45,395</b>	<b>44,814</b>

### 6. Trade and other payables

	31 Dec 2023	30 Jun 2023
	\$'000	\$'000
<b>CURRENT:</b>		
Trade creditors	5,199	4,253
Other creditors	24,698	12,797
Interest Payable	-	42
	<b>29,897</b>	<b>17,092</b>
<b>NON-CURRENT:</b>		
Other creditors	-	950
<b>Total trade and other payables</b>	<b>29,897</b>	<b>18,042</b>

# NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

## 7. Provisions

CURRENT:	Employee entitlements \$'000	Other provisions \$'000	Deferred consideration \$'000	Total \$'000
<b>Balance at 1 July 2022</b>	<b>342</b>	<b>299</b>	<b>100</b>	<b>741</b>
Additional provisions recognised	400	-	-	400
Payments during the year	(265)	(293)	(4)	(562)
Reallocation from non-current	-	602	222	824
<b>Balance at 30 June 2023</b>	<b>477</b>	<b>608</b>	<b>318</b>	<b>1,403</b>
<b>Balance at 1 July 2023</b>	<b>477</b>	<b>608</b>	<b>318</b>	<b>1,403</b>
Additional provisions recognised	327	-	-	327
Payments during the year	(183)	(413)	(13)	(609)
Reallocation from non-current	-	468	-	468
<b>Balance at 31 December 2023</b>	<b>621</b>	<b>663</b>	<b>305</b>	<b>1,589</b>

NON-CURRENT:	Employee entitlements \$'000	Other provisions \$'000	Deferred consideration \$'000	Total \$'000
<b>Balance at 1 July 2022</b>	<b>-</b>	<b>35,136</b>	<b>24,109</b>	<b>59,245</b>
Additional provisions recognised	-	1,232	-	1,232
Reallocation to current	-	(602)	(222)	(824)
<b>Balance at 30 June 2023</b>	<b>-</b>	<b>35,766</b>	<b>23,887</b>	<b>59,653</b>
<b>Balance at 1 July 2023</b>	<b>-</b>	<b>35,766</b>	<b>23,887</b>	<b>59,653</b>
Additional provisions recognised	-	600	-	600
Reallocation to current	-	(468)	-	(468)
<b>Balance at 31 December 2023</b>	<b>-</b>	<b>35,898</b>	<b>23,887</b>	<b>59,785</b>



# NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## FOR THE HALF YEAR ENDED 31 DECEMBER 2023

### 8. Borrowings

	31 Dec 2023	30 Jun 2023
	\$'000	\$'000
CURRENT:		
Insurance premium funding facility	-	2,210
NON-CURRENT:		
Senior debt facility	57,986	49,348
Total Borrowings	57,986	51,558

The Group has a USD\$120 million senior debt facility. As at 31 December 2023 USD\$24 million was drawn on the senior debt facility. The liability presented above includes interest capitalised on the outstanding principal amount of the debt converted at USD\$0.68/AUD\$1.00. The senior debt facility is secured via a fixed and floating charge over the majority of the Group's assets.

### 9. Financial Instruments

#### Fair value hierarchy

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

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

# NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## FOR THE HALF YEAR ENDED 31 DECEMBER 2023

### 9. Financial Instruments (continued)

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

	30 Jun 2023 \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>Assets measured at fair value</b>				
Foreign exchange option contracts – receivable	743	-	743	-
	<b>743</b>	<b>-</b>	<b>743</b>	<b>-</b>
<b>Liabilities measured at fair value</b>				
Foreign exchange forward contracts – payable	(3,507)	-	(3,507)	-
Deferred consideration	(24,205)	-	-	(24,205)
	<b>(27,712)</b>	<b>-</b>	<b>(3,507)</b>	<b>(24,205)</b>

	31 Dec 2023 \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>Assets measured at fair value</b>				
Foreign exchange option contracts – receivable	616	-	616	-
	<b>616</b>	<b>-</b>	<b>616</b>	<b>-</b>
<b>Liabilities measured at fair value</b>				
Foreign exchange forward contracts – payable	(1,096)	-	(1,096)	-
Deferred consideration	(24,192)	-	-	(24,192)
	<b>(25,288)</b>	<b>-</b>	<b>(1,096)</b>	<b>(24,192)</b>

The fair value of derivative financial instruments are derived using valuation techniques based on observable market inputs, such as forward currency rates, at the end of the reporting period. The amounts disclosed in the consolidated statement of financial position are the fair values and are classified under level 2 in the fair value measurement hierarchy. The Group enters into forward exchange contracts and options to hedge foreign exchange risk. A number of these contracts remained open as at 31 December 2023.

#### Valuation techniques used to measure Level 3 Fair values

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

The carrying values of financial assets and financial liabilities recorded in the financial statements materially approximates their respective net fair values.

# NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## FOR THE HALF YEAR ENDED 31 DECEMBER 2023

### 10. Issued Capital

	31 Dec 2023	30 Jun 2023
	\$'000	\$'000
<b>Issued share capital consists of the following:</b>		
502,087,142 fully paid ordinary shares (30 June 2023: 502,012,142)	<b>368,363</b>	<b>368,363</b>

Details	31 Dec 2023		31 Dec 2022	
	Number	\$'000	Number	\$'000
Opening balance at 1 July	<b>502,012,142</b>	<b>368,363</b>	<b>291,492,003</b>	<b>124,210</b>
Exercise of share options <sup>1</sup>	-	-	20,551,116	25,689
Share placement <sup>1</sup>	-	-	179,444,023	224,305
Shares issued – XLX completion fee <sup>2</sup>	-	-	10,000,000	-
Exercise of performance rights <sup>3</sup>	75,000	-	525,000	-
Share issue costs	-	-	-	(7,787)
Closing balance at 31 December	<b>502,087,142</b>	<b>368,363</b>	<b>502,012,142</b>	<b>366,417</b>

#### <sup>1</sup> Share placement

In August 2022, the Group settled an equity raising of approximately \$250 million. The equity was issued at \$1.25 per share from a combination of placements to sophisticated investors and existing option holders exercising their options. A total of 199,995,139 new shares were issued as a result of the capital raising.

#### <sup>2</sup> XLX Completion Fee

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

#### <sup>3</sup> Performance Rights

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

# NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## FOR THE HALF YEAR ENDED 31 DECEMBER 2023

### 11. Contingent liabilities

#### Bank Guarantees

The Group has a USD\$55m facility in place to provide bank guarantees including the provision of environmental bonding guarantees to the NSW Government and infrastructure suppliers. As at 31 December 2023, AUD \$68.7 million of the facility has been utilised for these purposes.

#### Deferred Consideration

Spur Hill Project (EL 7249)

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

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

#### Litigation

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

### 12. Events after the interim reporting period

In February 2024, Malabar completed an equity raise of approx. \$180 million at a price of \$1.80 per Ordinary Share.

The Company will use these proceeds alongside existing funding sources, including cash on balance sheet and undrawn debt facilities, for the development of the Maxwell Underground Mine. As announced in November 2023, Malabar is committed to developing the Maxwell Underground Mine as a 300m longwall (vs 145m longwall) to realise the mine's full potential. The 300m longwall is expected to generate greater sales with lower operating costs, creating a stronger business best placed to deliver consistent returns.

### 13. Company details

The registered office and principal place of business of the Company as at 31 December 2023 was:

Level 26, 259 George Street  
Sydney, NSW, 2000  
Tel.: 02 8248 1272

<https://malabarresources.com.au/>

## DIRECTORS' DECLARATION

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

1. the financial statements and notes, as set out on pages 8 to 20, are in accordance with the *Corporations Act 2001* including:
  - a. complying with Australian Accounting Standard AASB 134: *Interim Financial Reporting*; and
  - b. giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date;
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



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**Wayne Seabrook**  
**Director**

Date: 14 March 2024

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF MALABAR RESOURCES LIMITED

### Conclusion

We have reviewed the accompanying half-year financial report of Malabar Resources Limited ("the company"), which comprises the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the half-year's end or from time to time during the financial half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Malabar Resources Limited is not in accordance with the *Corporations Act 2001* including:-

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2023, and of its financial performance for the half-year ended on that date; and
- (b) complying with the Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the consolidated entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

### Independence

In conducting our review, we have complied with the auditor independence requirements of the *Corporations Act 2001*. In accordance with the *Corporations Act 2001*, we have given the directors of the company a written Auditor's Independence Declaration.

### **Responsibility of the Directors for the Financial Report**

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

### **Auditor's Responsibilities for the Review of the Financial Report**

Our responsibility is to express a conclusion on the half year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



PKF BRISBANE AUDIT



CAMERON BRADLEY  
PARTNER

14 MARCH 2024  
BRISBANE

# CORPORATE DIRECTORY

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## Company

Malabar Resources Limited  
Level 26, 259 George Street  
SYDNEY NSW 2000  
+61 2 8248 1272

[www.malabarresources.com.au](http://www.malabarresources.com.au)

## Directors

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

## Company Secretary

Lindi-May Lochner  
+61 2 8036 0785

## Share Registry

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

## Auditor

PKF Brisbane Audit  
Level 6, 10 Eagle Street  
BRISBANE QLD 4000