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Dr Chris Baker
August 2026

Malabar Resources Ltd

(Unlisted. Market value A$1.54bn at A$2.55/share*)

Longwall successfully commissioned.
Maxwell's total resource base doubles to 2.3 billion tonnes

- In mid-April, Malabar announced the commencement of production from the Maxwell longwall, some 3 years after first production from the smaller Whynot bord and pillar mine. The longwall is designed to extract some 6-7Mtpa of saleable coal over an 8-9 year mine life from the Woodlands Hill seam, followed by a 10 year life from the lower Arrowfield and Bowfield seams, based on the current mine plan. Coal is currently washed to a high spec thermal product, but has the ability to produce a quality semi-soft coking coal (SSCC) should pricing allow.
- Total run-of-mine (ROM) production in the June quarter was 500kt, for an annualised rate of 2Mtpa, in line with our forecasts. This is forecast to grow steadily to a ROM rate of just over 3Mtpa in 2026/27.
- The 9km conveyor from mine portal to the coal washery is also functioning, removing the need for truck transport, therefore reducing costs.
- The company announced a change to the Maxwell mine plan, effectively bringing forward an expansion from the current 145m wide panels (panels 1 and 2) to an intermediate width of 250m from mid-2027 (panels 3 and 4) and finally to the full 300m for panel 5 and beyond.
- This plan better balances roadway development rates with longwall mining rates and should accelerate production and improve mine productivity. Roadway development is typically the critical path for longwall mines, especially during ramp-up. This will bring forward the acquisition of additional longwall chocks and ancillary equipment in 2026/27.
- Total coal sales for the June quarter were 243kt, 174kt from the longwall and with the balance from the small Whynot mine. Coal stocks are beginning to build, and at the end of the quarter stood at 183Kt. We are forecasting coal sales of 2.5Mt in 2026/27. At this stage our forecasts provide for 80% of the coal to be sold this year as thermal coal with the balance made up of initial shipments of semisoft coking coal.
- We have not adjusted our production forecasts for the Maxwell longwall, expecting 5.1Mt ROM production in 2027/28 and more than 7Mtpa, the full production rate from 2028/29. Coal sales are estimated at 4.6Mtpa in 2027/28 (70% thermal, 30% SSCC) and 5Mt in 2028/29 (30% thermal, 70% SSCC). We have bumped up our coal price forecasts slightly, largely offset by what we assume will be a strengthening A$/US$.
- As discussed below we have brought forward capital expenditure into the current year, increased our cost estimates a little (inflation in the mining industry hasn't gone away), and have rolled forward our base year to 2026/27. Net impact: **our NPV8 valuation remains largely unchanged at A$5.75/share.**
- **Importantly, Malabar has presented an updated JORC resource estimate for the combined Maxwell, Maxwell North and Maxwell West tenements, which now total an impressive 2.3Bn tonnes (ROM), well above our estimate of 1.65-1.9Bn tonnes. This resource likely to underpin a multi-million product tonne mining operation for many decades with significant changes likely for the long term plans for the Maxwell mine.**

**Malabar Resources is an unlisted public company. It operates a low-volume financial market for its ordinary shares for the purposes of connecting potential buyers and sellers. The last sale prices during 2026 have been in the range of A$2.10-2.55/share with significant volume at A$2.55/share in August.*

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FINANCIAL SUMMARY — Malabar Resources Limited

Share Price	A$/sh	2.55
Shares on Issue	m	602
Market Cap (A$m)	A$m	1,536
Net Cash (A$m as at 6/25)	A$m	(214)
Enterprise Value (A$m)	A$m	1,750

Profit & Loss	Units	Jun-25	Jun-26e	Jun-27e	Jun-28e	Jul-29e
Sales and Other Income	A$m	82	172	457	849	1,202
Expenses	A$m	(83)	(139)	(340)	(497)	(621)
EBITDA	A$m	**(1)**	**33**	**118**	**352**	**581**
D&A	A$m	(15)	(16)	(28)	(44)	(43)
EBIT	A$m	**(16)**	**17**	**89**	**308**	**538**
Interest	A$m	(10)	(23)	(50)	(83)	(63)
Tax	A$m	4	-	-	-	(143)
NPAT	A$m	**(10)**	**(6)**	**40**	**225**	**333**

Cashflow	Units	Jun-25	Jun-26e	Jun-27e	Jun-28e	Jul-29e
Cash From Operations	A$m	53	33	118	352	581
Interest	A$m	3	(14)	(35)	(60)	(42)
Tax	A$m	-	-	-	-	(143)
Working Capital	A$m	(0)	(50)	(40)	(40)	-
Net Cash From Operations	A$m	**56**	**(31)**	**43**	**251**	**397**
Capex	A$m	(325)	(200)	(228)	(63)	(23)
Exploration	A$m	(1)	(1)	(1)	(1)	-
Acquisitions / Investments	A$m	3	-	-	-	-
Free Cash Flow	A$m	**(266)**	**(231)**	**(186)**	**187**	**373**
Borrowings	A$m	156	200	180	(83)	(156)
Equity	A$m	-	-	-	-	-
Dividend	A$m	-	-	-	(30)	(120)
Other	A$m	-	33	-	-	-
Net Increase / (Decrease) in Cash	A$m	**(111)**	**2**	**(6)**	**75**	**97**

Balance Sheet	Units	Jun-25	Jun-26e	Jun-27e	Jun-28e	Jul-29e
Cash	A$m	58	59	54	128	225
Receivables	A$m	4	14	37	69	98
Inventory	A$m	15	17	45	84	120
PP&E	A$m	887	1,072	1,272	1,292	1,272
Other	A$m	48	87	121	121	121
Assets	A$m	**1,012**	**1,249**	**1,529**	**1,695**	**1,836**
Creditors	A$m	45	14	37	69	98
Borrowings	A$m	230	404	559	476	319
Other	A$m	212	212	212	172	172
Liabilities	A$m	**486**	**629**	**807**	**717**	**589**
Net Assets	A$m	**526**	**619**	**721**	**978**	**1,247**

Liquidity & Leverage	Units	Jun-25	Jun-26e	Jun-27e	Jun-28e	Jul-29e
Borrowings	A$m	230	404	559	476	319
Net Debt / (Cash)	A$m	173	344	505	347	94
Gearing: Net Debt / Equity	%	33%	56%	70%	36%	8%
Net Debt / EBITDA	x	(180.9)x	10.5x	4.3x	1.0x	0.2x
EBIT Interest Cover	x	5.0x	1.2x	2.6x	5.1x	12.8x

Per Share Data	Jun-25	Jun-26e	Jun-27e	Jun-28e	Jun-29e
Shares Out (m)	602	602	602	602	602
EPS (¢)	(1.7¢)	(1.1¢)	6.6¢	37.3¢	55.3¢
Dividend (¢)	-	-	-	5.0¢	20.0¢
Payout Ratio (%)	0%	0%	0%	13%	36%
Book Value (A$/share)	0.87	1.03	1.20	1.62	2.07
Operating Cash Flow (A$/sha	0.09	(0.05)	0.07	0.42	0.66
Free Cash Flow (A$/share)	(0.44)	(0.38)	(0.31)	0.31	0.62
EBITDA (A$/share)	(0.00)	0.05	0.20	0.58	0.97

Valuation Metrics	Jun-25	Jun-26e	Jun-27e	Jun-28e	Jun-29e
P/E (x)	-	-	38.6x	6.8x	4.6x
Dividend Yield (%)	0.0%	0.0%	0.0%	2.0%	7.8%
EV / Sales	-	10.2x	3.8x	2.1x	1.5x
EV / EBITDA	-	53.1x	14.9x	5.0x	3.0x
EV / EBIT	-	103.3x	19.6x	5.7x	3.3x
FCF Yield (%)	-	-15.1%	-12.1%	12.2%	24.3%

Operating Metrics (%)	Jun-25	Jun-26e	Jun-27e	Jun-28e	Jun-29e
EBITDA Margin	-1%	19%	26%	41%	48%
EBIT Margin	-20%	10%	20%	36%	45%
Net Profit Margin	-13%	-4%	9%	26%	28%
ROIC	-2%	2%	7%	23%	40%
Return on Assets	-1%	-1%	3%	13%	18%
Return on Equity	-2%	-1%	6%	23%	27%
Effective Tax Rate	16%	0%	0%	0%	30%

Key Assumptions	Jun-25	Jun-26e	Jun-27e	Jun-28e	Jun-29e
Semi-Soft Coking Coal (US$/t	150	156	156	156	156
Thermal Coal (US$/t)	97	132	131	126	126
AUDUSD	0.65	0.68	0.75	0.75	0.75
Coal Sold (mt)	0.5	0.8	2.4	4.4	6.1

Valuation	A$m	Equity	Risk	A$m	A$/share
Maxwell Mine	3,522	100%	100%	3,522	5.83
Mt Arthur (MAC)	1,153	100%	25%	288	0.48
Spur Hill	-	100%	100%	-	-
Other Assets	138	100%	100%	138	0.23
Corporate Costs	(88)	100%	100%	(88)	(0.14)
Net Cash (Debt) as at 6/25	(386)	100%	100%	(386)	(0.64)
Total	**4,339**			**3,474**	**5.75**
WACC					**8.0%**
FPO Shares					602
Options					-
Performance Rights					2
Fully Diluted SOI					**605**

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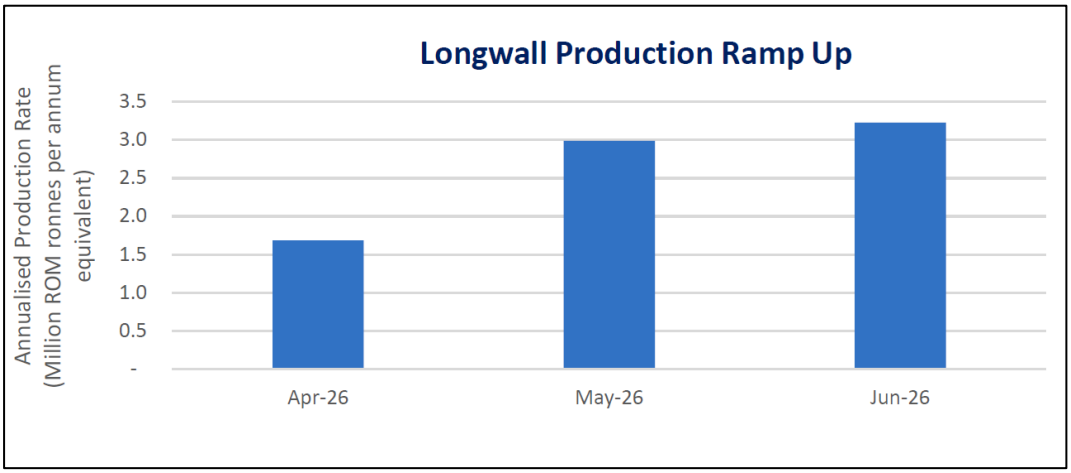
INVESTMENT VIEW

- The Maxwell longwall is now in production, significantly derisking the project for Malabar. All indications are that production levels are now matching forecasts during the ramp-up period.
- Bringing forward wider longwall panels is an important decision, an approach which balances the pull-forward of capital spend against improved production levels over the next two years. We sense that our production forecasts are a little conservative given what seems to have been a smooth commissioning of the longwall.
- An increased capital spend contributes to quite high gearing levels for the short term with net debt to equity at around 70%. However, this will be supported by increasing cashflows this year. Interest cover increases from 1.2x in 2025/26e to 2.6x in 2026/27e.
- Our forward estimates, using what we think are quite realistic commodity price and currency assumptions, generate an attractive P/E of 4.6x and EV/EBITDA of 3x for 2028/29e, as the mine achieves a full year of production.
- At this point we have Malabar paying out a 20c dividend (likely unfranked) representing a 7.8% yield. (All metrics are based on the last share sale of $2.55). The following year our estimates suggest cashflows could support a dividend over twice this level.
- Our valuation of $5.75/share does not capture significant future value from the recent acquisition of several of BHP's Mt Arthur leases to the north of the Maxwell mine. This to us is a remarkable transaction, and one which may lead to the doubling of production from Maxwell over the next 5-6 years.
- Furthermore, we include only nominal valuations for Malabar's renewable energy initiatives, which include the development of a 100MW solar farm and battery energy storage system (BESS). The project is ideally located, in close proximity to major energy transmission lines into urban Sydney.
- We also note a partnership has been established to develop a Data Centre and associated mega-scale BESS on Malabar freehold land.
- The Malabar executive and board have done an excellent job in pulling together a strong site management team, and having gained solid support from the local community.
- The ability to execute a low-cost consolidation strategy has been impressive, acquiring unutilised assets first from Anglo American and recently from BHP.

Production summary and development outlook

- The Maxwell/Woodlands Hill seam longwall operation commenced in April and will ramp up to full production from 2026/27e. The annualised production rate from the June quarter was 2Mtpa, with the longwall operating at three or four days per week, largely driven by development rates for the longwall panels.
- The company states that longwall performance progressively improved over the quarter. We are forecasting production of around 2.6Mt (ROM) from the longwall in the current year. This is forecast to yield around 2Mt of saleable thermal product this year.
- Monthly production data suggests that our estimates may be conservative, with an annualised rate of over 3Mtpa already being achieved by the longwall in June.

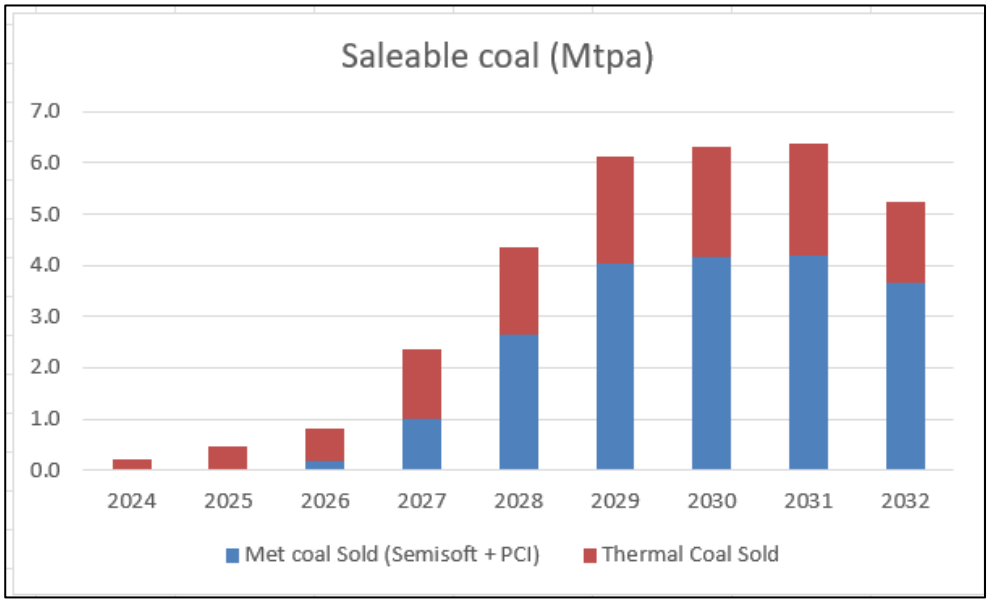


Source: Malabar June 2026 quarterly

- Underground development rates associated with the longwall panels are progressively increasing from around 3,000–3,500m per quarter towards 4,000m this quarter and with a target of 6,000m/quarter at steady state.
- A change to the Maxwell mine plan in early 2024, which involved an accelerated development of a 300m-wide longwall face, has been further modified to a staged ramp up involving two 250m panels from mid-2027, followed by an expansion to the full 300m panels from 2028/29e.
- As discussed in our March 2026 report, project capex from its commencement to the first 300m longwall panel was estimated at around A$850m, with incremental capex funded by an increased credit facility and small coal prepay (US$55m). We have now increased our capex estimate by A$50m and brought forward capital from 2027/28e to fund the expansion to 250m panels.
- As reported earlier in the year, production from the smaller Whynot bord and pillar mine, originally targeting 600ktpa, has been scaled back to around 500ktpa to address cost issues. Production from the June quarter was 132Kt (~500ktpa annualised) with record performance from the development crew.

Coal sales

- Currently all coal from the Maxwell operations is being washed to a high-quality thermal coal product, priced off Newcastle benchmark prices (NEWC6000). The high energy coal from the small Whynot underground has achieved +10% premiums over NEWC6000. This is being progressively diluted with increasing longwall tonnage from the lower energy Woodlands Hill seam. The average premium achieved for the June quarter had fallen to 5%, in line with our forecasts.
- We assume that a semi-soft coking coal product will rise to around 66% of sales from 2028/29, with the balance sold into the thermal coal market. The company notes that a proportion of Whynot coal may also be sold as PCI coal, also at a premium to thermal prices. We have not incorporated this into our estimates.



Source: BSCP estimates

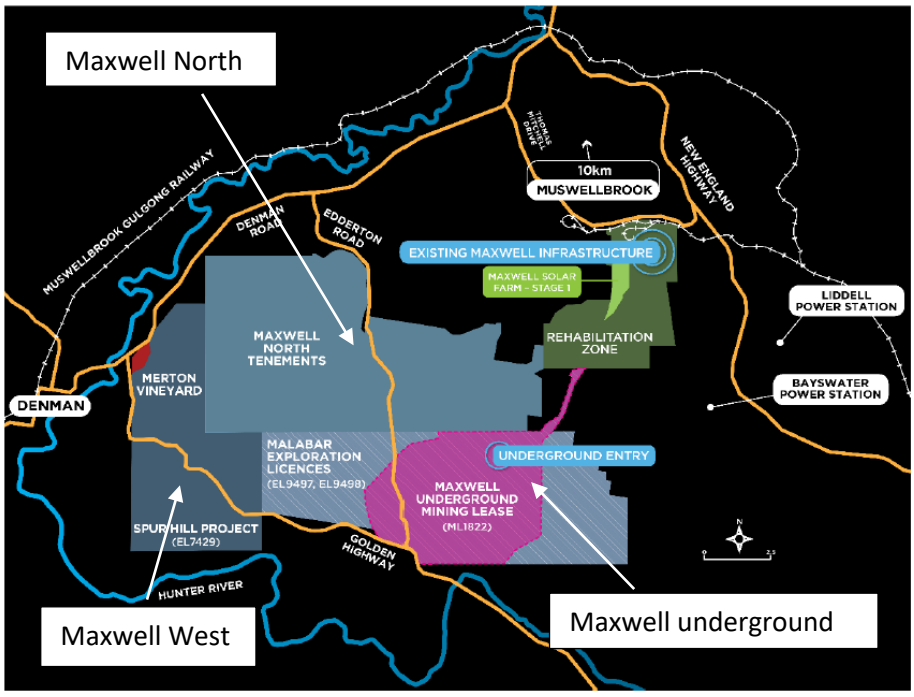
Commodity price assumptions.

We have made modest increases to our commodity price forecasts, offset with a lift in our A$/US$ rate from 70c to 75c, reflecting the potential for US$ weakness going forward. Previously we had been forecasting NEWC6000 at US$110/t (FOB) for the long term, now US$120/t. At a roughly 30% premium, semi-soft coking coal is now estimated at US$156/t longer term.

		2025	2026	2027	2028	2029	2030
Semi-Soft Coking Coal	US$/t, FOB	150	156	156	156	156	156
Thermal Coal (Benchmark NEWC6000)	US$/t, FOB	88	120	125	120	120	120
Thermal Coal (Realised)	US$/t, FOB	96.8	132	131.25	126	126	126
AUDUSD	:	0.65	0.68	0.75	0.75	0.75	0.75

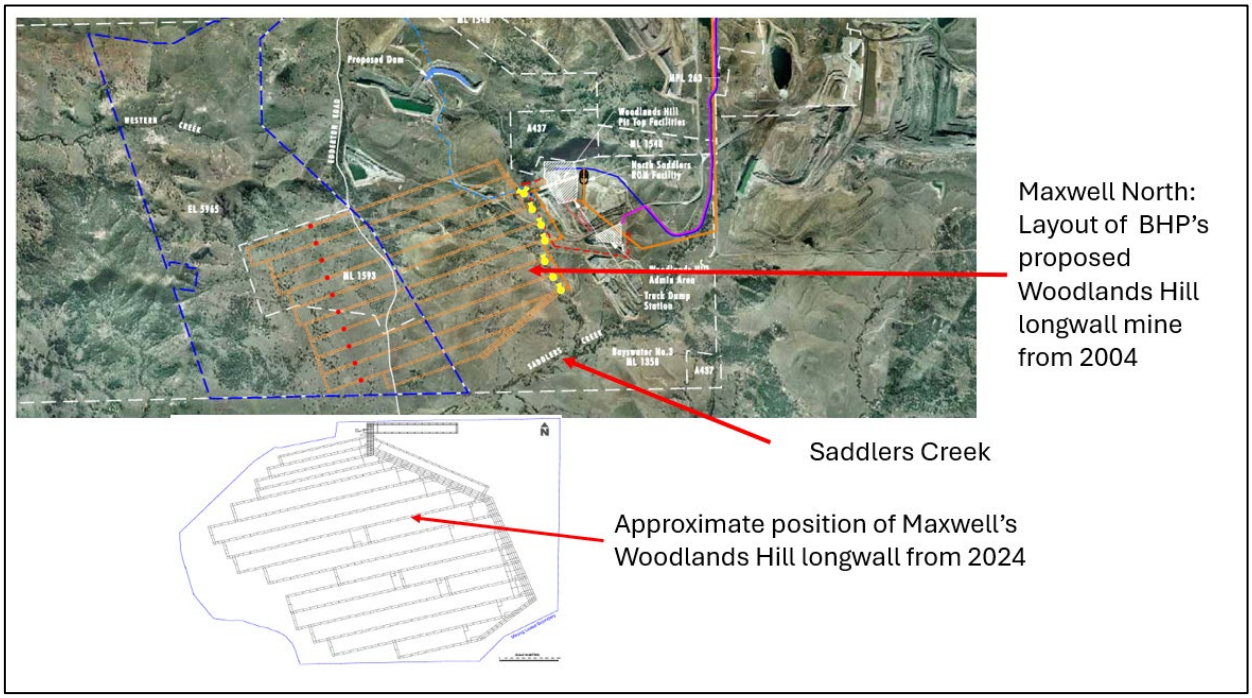
CONSOLIDATION OF NEIGHBOURING TENEMENTS AND THE POTENTIAL IMPACT ON THE MAXWELL MINE

- In our March 2026 report we discussed at length Malabar's acquisition of several exploration and mining tenements together with associated freehold land from BHP's neighbouring Mt Arthur Coal (MAC) project.
- We saw this 'nil cost' acquisition as a win-win for both groups. The current Mt Arthur open-cut operation is scheduled for closure in 2030 and will now be able to access one of Malabar's old open cut voids for tailings disposal. Some 6.6Mt of MAC's washery tailings are to be placed in the existing "East Void", reducing the need to expand its existing tailings dam, which would have required a significant capital investment. Together the outcome improves the rehabilitation outcomes for both mine sites.
- In return Malabar obtains ownership of several of BHP's adjoining mining leases and exploration licences. As a result, Malabar and its Maxwell underground mines may have the opportunity to grow coal sales beyond the proposed 6-7Mtpa capacity.
- The expansion project has been christened Maxwell North, aptly named as it encompasses immediate extensions to the economic coal seams from Maxwell itself. The project formerly known as Spur Hill, has been renamed Maxwell West.



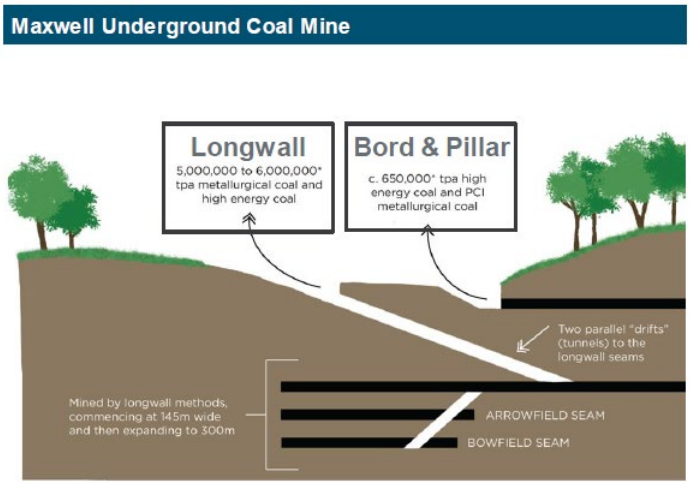
Source: modified from Malabar Resources, 2026

- The current Maxwell longwall mine is based on the Woodlands Hill seam where mining is limited to the north by the tenement boundary with MAC (and also Saddlers Creek) and to the west by a narrowing seam thickness. Consolidation of the tenements is logical, and potentially highly value-accretive for Malabar and we see the likelihood that, subject to permitting, a longwall mine of comparable capacity (6–7Mtpa of saleable coal) could potentially be integrated with the current Maxwell mine, as illustrated below.



Source: Compiled from BHP Environmental Assessment Proposed Mt Arthur Underground Project (2006) and Malabar AGM presentation 2024.

- It's possible that the extension of the 8-9 year mine life of the existing Woodlands Hill seam longwall could be extended to the north into the newly acquired leases, potentially doubling the current known reserves of the Woodlands Hill seam at the current mining rate.
- The longer term mine plan for the Maxwell mine was to move the longwall panel to lower seams as the Woodlands Hill reserves become depleted, extending the mine life to the mid-2040s. Should the existing Woodlands Hill mine extend to say 15-20 years with the incorporation of Maxwell North resources, it's possible that a second longwall face could be established in the lower Arrowfield and Bowfield seams. This could potentially supply a further 6-7Mt of semi-soft coking coal and thermal coal benefiting from significant economic synergies with the existing mining operation.



Source: Malabar AGM presentation 2024.
Note: bord-and-pillar mining rates are now planned at around 500ktpa

Maxwell resource base now over 2 billion tonnes

- Since the acquisition of the seven MAC tenements Malabar geologists have been busy aggregating data from some 2,400 drillholes. This has generated a combined resource of an impressive 2.3 billion tonnes (ROM) in total, significantly above our previous estimates of 1.65-1.9Bn tonnes.

Depth (m)	Measured (Mt)	Indicated (Mt)	Measured + Indicated (Mt)	Inferred (Mt)	Total (Mt)
0 – 100	153.5	108.6	262.1	72.6	334.7
100 – 200	142.3	354.6	496.9	123.6	620.5
200 – 300	112.3	194.7	307.0	146.6	453.6
300 – 400	143.3	194.4	337.7	188.0	525.7
400 – 500	50.6	143.9	194.5	191.5	386.0
Total	**602.0**	**996.2**	**1,598.2**	**722.3**	**2,320.5**
Total (rounded)	**600**	**1,000**	**1,600**	**700**	**2,300**

Source: Malabar June 2026 quarterly

- Malabar does not provide a breakdown of the resouce, but we think it's likely that this resource will be based on between 5 and 10 individual seams. Those of specific interest are likely to include the Woodlands Hill, Arrowfield, Bowfield, Warkworth, Blakefield, Piercefield and Edinglassie seams all of which have the potential to produce a high value coking coal product (together with high energy thermal coal) from longwall operations.
- Not all the contained coal will be economic – this is yet to be determined by future mining studies – but we think it's safe to conclude that Malabar will be operating underground coal mines, producing thermal and semi-soft coking coal for many decades to come.
- Importantly around 80% of the 955Mt aggregated resource shallower than 200m report to the Measured and Indicated categories. This will allow the completion of one or more bankable feasibility studies within the tenements and will likely establish a reserve for one or more extensions to Malabar's Maxwell mine.
- We consider this to be an excellent deal for Malabar with the opportunity to potentially double production at relatively low capital intensity and therefore to add significant value to the current Maxwell project.
- It is likely that an additional +2 billion tonnes of coal resources could be very attractive to New Hope already a 26% shareholder of Malabar. But equally it could move the dial for Yancoal or Glencore both major coal miners in the Hunter. In our view, none of these parties should be ruled out as potential acquirers of Malabar following this highly value-accretive deal. See our March 2026 report for further thoughts on this issue.

CASHFLOW AND VALUATION

- We have made adjustments to our Malabar valuation model to incorporate the widening of two of the longwall panels to 250m. This has pulled forward capital into the current year with the acquisition of additional longwall chocks and ancillary mining equipment. We now expect capex of around A$220m in 2026/27e and a further A$50m in 2027/28e.

- Our valuation for the Maxwell longwall mine has been based on an 18–19-year reserve life on three seams, the Woodlands Hill, Arrowfield and Bowfield seams, all with the ability to produce semi-soft coking coal and thermal coal products at a rate of around 6-7Mt product coal per year.
- We have assumed that a capital spend of A$200m for each new-seam development will be required for mine development as the longwall is moved to lower seams. Based on our estimates the first move is expected to start in 2033/34e and the second in 2038/39e.
- As shown in our estimates presented on Page 2, we believe the current Maxwell mine will become modestly cashflow positive in the current year. However, free cashflow remains negative as the mine continues to invest capital. This is to be funded by a US$240m in debt facilities, coal pre-payments and asset finance. Our estimates suggest that Malabar will finish 2026/27e and 2027/28e with around A$50–60m in cash.
- The Malabar balance sheet remains heavily geared with net debt/equity peaking at around 70% in the current year, forecast to decline rapidly as the mine ramps up to full production.
- As we discussed in our earlier report it is too early to confidently place a valuation around the Maxwell North deposits. However, as a first pass approach we have assumed that Malabar will look to replicate the current Woodlands Hill longwall within Maxwell North as follows:
    - A comparable production rate delivering around 6-7Mt in sales per year from the Maxwell North Woodlands Hill seam.
    - A comparable product mix, around two-thirds semi-soft coking coal, one third high energy thermal coal
    - Pre-production capital of A$750m (including working capital), from 2032, around 65–70% of the capital associated with the current development.
    - Cash operating costs of A$80/t FOB (real terms), a premium to our forecast costs for the current Woodlands Hill longwall.
- Practically it could make more sense to allow the existing longwall within the Woodlands Hill seam to be relocated north of Saddlers Creek into the Maxwell North tenement. A second longwall mine could then be developed on the Arrowfield and Bowfield seams, both of which we believe extend into Maxwell North.
- So, conceptually, we have the Maxwell/Maxwell North mine complex producing at a rate of around 12-13Mtpa of sales from the mid-2030s, subject to successful permitting. Increased coal volumes will be handled by an expanded wash plant and existing rail loading facilities. Port capacity in Newcastle should not be an issue within this timeframe.
- These assumptions generate a post-tax NPV_8 of A$1.15bn. Given the risks still attached to the project's development, we have discounted the valuation by what we consider to be a conservative 75%.
- **Our valuation for Malabar now stands at A$5.75/share.**

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