

2014 Notice of Annual General Meeting

This document is important and requires your immediate attention. Please read it straight away. If you have any doubts about the action you should take, contact your stockbroker, solicitor, accountant or other professional adviser immediately.

Dear Shareholder,

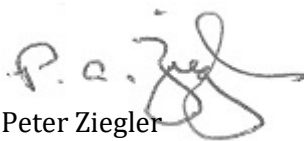
We are pleased to invite you to Australia Pacific Coal Limited's annual general meeting which will be held at 2:00pm (Brisbane time) on Monday 24th November 2014 in The Stanley Room, Stamford Plaza Brisbane, Corner Edward and Margaret Streets, Brisbane, Queensland.

This Notice of Meeting describes the business that will be proposed and sets out the procedures for your participation and voting.

Your Directors are unanimously of the opinion that all of the resolutions to be proposed are in the best interests of you the shareholders and the Company as a whole. Accordingly, they recommend that you vote in favour of the resolutions as they intend to do in respect of their own beneficial holdings.

The Board and I look forward to your participation at the annual general meeting and thank you for your continued support.

Yours faithfully,



Peter Ziegler
Chairman

23 October 2014

Notice of Annual General Meeting and Explanatory Memorandum

Australian Pacific Coal Limited ACN 089 206 986

Date of Meeting: 24 November 2014

Time of Meeting: 2:00pm AEST (Brisbane time)

Place of Meeting: The Stanley Room
Stamford Plaza Brisbane
Corner Edward and Margaret Streets
Brisbane Queensland 4000

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the members of Australian Pacific Coal Limited ACN 089 206 986 (**Company**) will be held on Monday 24 November 2014 at 2:00pm AEST (Brisbane time) at The Stanley Room, Stamford Plaza Brisbane, Corner Edward and Market Streets, Brisbane, Queensland.

The enclosed Explanatory Memorandum accompanies and forms part of this Notice of Meeting.

AGENDA

ORDINARY BUSINESS

1. Financial report for the year ended 30 June 2014

To receive and consider the Company's Annual Report comprising the Directors' Report and Auditors' Report, Directors' Declaration, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes to and forming part of the financial statements of the Company for the financial year ended 30 June 2014.

2. Resolution 1 – Adoption of the Remuneration Report

To consider and, if thought fit, pass the following Advisory Resolution:

“That for the purposes of s 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report for the financial year ended 30 June 2014 (as set out in the Directors Report) is adopted.”

This Resolution 1 is advisory only and does not bind the Directors or the Company.

This Resolution is subject to the following voting exclusions:

VOTING EXCLUSION STATEMENT FOR RESOLUTION 1

The vote on this Resolution 1 is advisory only and does not bind the Directors of the Company.

Voting Restriction Statement pursuant to Section 250R(4) of the Corporations Act

A vote on Resolution 1 must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel (**KMP**) details of whose remuneration is included in the Remuneration Report;
- (b) a Closely Related Party of such a member.

However, the above persons may cast a vote on Resolution 1 if:

- (1) the person does so as a proxy; and
- (2) the vote is not cast on behalf of a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report or a Closely Related Party of such a member; and

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(3) either:

- A. the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution (directed proxy); or
- B. the voter is the Chair of the meeting and the appointment of the chair as proxy: -
 - i. does not specify the way the proxy is to vote on the resolution; and
 - ii. expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company or if the Company is part of a consolidated entity, for the entity.

Voting Intention of Chair

Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chair and counted in favour of the Resolutions the subject of this Meeting, including Resolution 1, subject to compliance with the Corporations Act. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

3. Resolution 2 - Re-election of Paul Ingram as a Director

To consider and, if thought fit, pass the following resolution, as an Ordinary Resolution of the Company:

“That Mr Paul Anthony Ingram, who retires by rotation in accordance with Article 18 of the Company’s Constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company.”

4. Resolution 3 - Ratification of the issue of Shares to the Australian Special Opportunity Fund, L.P.

To consider and, if thought fit, pass the following resolution, as an Ordinary Resolution of the Company:

“That in accordance with the provisions of Listing Rule 7.4 of the Official Listing Rules of the ASX Limited, and for all other purposes, the Shareholders ratify the previous issue of 156,250,000 Shares in the Company (on the terms set out in the Explanatory Memorandum) to The Australian Special Opportunity Fund, L.P. or its nominee.”

NOTES

- The Shares the subject of this Resolution were issued as follows:
 - 17 January 2014: 20,000,000 Shares at \$0.005 per Share;
 - 19 February 2014: 15,000,000 Shares at \$0.005 per Share;
 - 21 March 2014: 15,000,000 Shares at \$0.005 per Share;
 - 22 April 2014: 18,750,000 Shares at \$0.004 per Share;
 - 22 May 2014: 18,750,000 Shares at \$0.004 per Share;
 - 20 June 2014: 18,750,000 Shares at \$0.004 per Share;
 - 22 July 2014: 33,333,333 Shares at \$0.003 per Share; and
 - 21 August 2014: 16,666,667 Shares at \$0.003 per Share.

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- The rights attaching to the Shares issued which the subject of this Resolution are identical in all respects to the existing ordinary shares on issue in the Company.
- Further details of the Shares issued which are the subject of this Resolution are contained within the Explanatory Memorandum.

VOTING EXCLUSION STATEMENT

The Company will disregard any votes cast on Resolution 3 by:

- a person who participated in the issue; and
- an associate of that person (or persons).

However, the Company need not disregard a vote if:

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

5. Resolution 4 - Ratification of Convertible Security

To consider and, if thought fit, pass the following resolution, as an Ordinary Resolution of the Company:

“That in accordance with the provisions of Listing Rule 7.4 of the Listing Rules, and for all other purposes, the Shareholders ratify the allotment and issue of the Convertible Securities (on the terms summarised in the Explanatory Memorandum) in the Company to The Australian Special Opportunity Fund, L.P. or its nominee.”

NOTES

- The Convertible Securities the subject of this Resolution were issued as follows:
 - 16 September 2014: \$50,000 face value (cash consideration \$50,000); and
 - 16 September 2014: \$75,000 face value (cash consideration \$75,000).
- A summary of the terms and conditions of the Convertible Securities is set out in the Explanatory Memorandum.

VOTING EXCLUSION STATEMENT

The Company will disregard any votes cast on Resolution 4 by:

- a person who participated in the issue; and
- an associate of that person (or persons).

However, the Company need not disregard a vote if:

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

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6. Resolution 5 – Share Consolidation

To consider and, if thought fit, pass the following resolution without amendment, as an Ordinary Resolution of the Company:

*“That in accordance with section 254H of the Corporations Act and for all other purposes, the Company convert all of the issued fully paid ordinary shares in the capital of the Company as at 24 November 2014, being the date of the AGM, into a smaller number on the basis that every 5 Shares be consolidated into 1 Share with effect from 5pm (Brisbane time) on the date that this Resolution is approved by the Shareholders (**Record Date**) and otherwise on the terms and conditions set out in the Explanatory Memorandum.”*

Note

In accordance with Section 254H(4) of the Corporations Act, a copy of this Resolution, if passed, shall be lodged with the Australian Securities & Investments Commission within one (1) month of the meeting.

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SPECIAL BUSINESS

Resolution 6 - Approval for the Company to issue an additional 10% of the issued capital of the Company over a 12 month period pursuant to Listing Rule 7.1A

To consider and, if thought fit, to pass the following resolution with or without amendment, as a Special Resolution:

*“That, pursuant to and in accordance with Listing Rule 7.1A, and for all other purposes, the Shareholders approve the issue of securities of up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2, over a 12 month period from the date of this AGM, at a price not less than that determined pursuant to Listing Rule 7.1A.3 and otherwise on the terms and conditions in the Explanatory Memorandum (**Placement Securities**).”*

Terms used in this Notice of Meeting are defined in Section 9 “Interpretation” of the accompanying Explanatory Memorandum.

VOTING EXCLUSION STATEMENT

The Company will disregard any votes cast on Resolution 6 by:

- a person who may participate in the issue of the Placement Securities and a person who might obtain a benefit if this Special Resolution is passed, except a benefit solely in their capacity as a holder of Shares if the resolution is passed; and
- an associate of that person (or those persons).

However, the Company need not disregard a vote if:

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

IMPORTANT NOTE

The proposed allottees of any Placement Securities are not as yet known or identified. In these circumstances (and in accordance with the note set out in ASX Listing Rule 14.11.1 relating to ASX Listing Rules 7.1 and 7.1A), for a person’s vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of the Placement Securities), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted. In accordance with Listing Rule 14.11.1, there is no reason to exclude the votes, and the votes will not be excluded, of such Shareholders.

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GENERAL BUSINESS

To consider any other business as may be lawfully put forward in accordance with the Constitution of the Company.

Specific comments relating to the Resolutions are set out in the Explanatory Memorandum.

By order of the Board



Kevin Mischewski
Company Secretary
23 October 2014

Notice of Annual General Meeting – Explanatory Memorandum

1. Introduction

This Explanatory Memorandum is provided to shareholders of Australian Pacific Coal Limited ACN 089 206 986 (**Company**) to explain the Resolutions to be put to Shareholders at the Annual General Meeting to be held at The Stanley Room, Stamford Plaza Brisbane, Queensland on 24 November 2014 commencing at 2:00pm AEST (Brisbane time).

The Directors recommend Shareholders read the accompanying Notice of Meeting and this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

Terms used in this Explanatory Memorandum are defined in section 5.

2. Financial Report for the Year ended 30 June 2014

In accordance with the requirements of the Company's Constitution and the Corporations Act, the 2014 Annual Report will be tabled at the Annual General Meeting.

The Company's Annual Report is comprised of the Directors' Report and Auditors' Report, Directors' Declaration, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes to and forming part of the financial statements for the Company and its controlled entities for the financial year ended 30 June 2014.

Shareholders will have the opportunity to discuss the Annual Report and make comments and raise queries in relation to the Report. No voting is required on this item.

Representatives from the Company's auditors, Sothertons Chartered Accountants and Business Advisors (Melbourne), will be available to take Shareholders' questions and comments about the conduct of the audit and the preparation and content of the Audit Report.

Shareholders may obtain a copy of the Company's 2014 Annual Report by sending a request to the Company. Alternatively, the 2014 Annual Report is available on the Company's website (www.aqcltd.com) for you to download or read online.

3. Resolution 1 - Adoption of the Remuneration Report

3.1 Remuneration Report

In accordance with Section 250R of the Corporations Act, the Board has submitted its Remuneration Report to Shareholders for consideration and adoption by way of a non-binding advisory Resolution.

The Remuneration Report is set out in the Directors' Report section of the Annual Report for the period ending 30 June 2014.

The Report:

- explains the Board's policy for determining the nature and amount of remuneration of executive Directors and senior executives of the Company;
- explains the relationship between the Board's remuneration policy and the Company's performance;

Notice of Annual General Meeting – Explanatory Memorandum

- sets out remuneration details for each Director and the most highly remunerated senior executives of the Company; and
- details and explains any performance conditions applicable to the remuneration of executive Directors and senior executives of the Company.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting.

3.2 Recommendation

The Board unanimously recommends that Shareholders vote in favour of adopting the Remuneration Report.

A vote on this Resolution is advisory only and does not bind the Directors or the Company.

3.3 Voting restrictions on Key Management Personnel and their Closely Related Parties and their proxies

Members of the Key Management Personnel (**KMP**) and their Closely Related Parties (**CRP**) (**Restricted Voters**) and proxies of Restricted Voters are restricted from voting on a resolution which is connected directly or indirectly with the remuneration of a member of the Key Management Personnel (**Voting Restriction**).

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

The Voting Restriction applies to Resolution 1. However, it does not apply where:

- (a) the member of the Key Management Personnel is appointed in writing (by a Shareholder who is not a Restricted Voter) as a proxy where the appointment specifies the way the proxy is to vote on the resolution; or
- (b) the Chairperson is appointed in writing (by a Shareholder who is not a Restricted Voter) as a proxy where the appointment does not specify the way the proxy is to vote on the resolution and expressly authorises the Chairperson to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Shareholders should be aware that any undirected proxies given to the Chairperson will be cast by the Chairperson and counted in favour of the resolutions the subject of this Meeting (including Resolution 1) subject to compliance with the Corporations Act.

The Proxy Form attached to this Notice has been prepared on this basis.

4. Resolution 2 - Re-election of Paul Anthony Ingram

Article 18 of the Company's Constitution and Listing Rule 14.4 requires that at each AGM, one-third of the Directors in office (excluding directors appointed to fill casual vacancies or a Managing Director) must stand for re-election, with Directors required to retire based upon length of tenure.

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Mr Ingram was appointed as a director of the Company on 17 March 2011. Mr Ingram retires in accordance with the Company's Constitution and Listing Rule 14.4 and, being eligible, offers himself for re-election as a Director.

4.1 Mr Ingram's qualifications and experience

Mr Ingram (B.AppSc.(Geology), AusIMM) is a geologist with over thirty five years of experience in mineral exploration and mine development.

Mr Ingram has been involved in several start-up public companies, mostly focussed in the Asian region. He has extensive experience in corporate M&A, and has been focussed on coal projects in Asia and Australia for the past eight years. Mr Ingram brings to the Board of AQC an extensive network of professional contacts, which, combined with close ties to the Chinese resource industry, will be of significant benefit to the Group as an emerging coal company in Queensland.

Mr Ingram is currently a director of Consolidated Global Investments Limited, A-Cap Resources Ltd and Impact Minerals Limited.

The Directors (with Mr Ingram abstaining) recommend that you vote in favour of this Ordinary Resolution.

5. Resolution 3 - Ratification of the issue of Shares to the Australian Special Opportunity Fund, L.P. (ASOF)

5.1 Background

As announced to the market on 1 October 2012 the Company entered into a Share Purchase and Convertible Security Agreement (**Facility**) with the Australian Special Opportunity Fund, L.P. (**ASOF**). Pursuant to the Facility, the Company had secured funding of up to \$5,575,000. Under the terms of the Facility Agreement the Company will receive a total of \$5,525,000 (**Facility Amount**) which will be made available to the Company over a 24 month period. The Facility Amount will provide the Company by way of multiple tranches (each one a **Tranche**) in the range of a minimum Tranche amount of \$75,000 to a maximum Tranche amount of \$225,000 through no more than 24 separate Tranches.

Upon execution of the Facility, ASOF provided a total of \$400,000 to the Company, with \$325,000 being provided in exchange for the issue of a convertible security and \$75,000 being advanced as an initial Tranche amount.

In accordance with the terms of the Facility, numerous issues of Shares to ASOF have occurred. Details of the issues of Shares the subject of this Resolutions and for which Shareholder approval is sought is as follows:

- 17 January 2014: 20,000,000 Shares at an issue price of \$0.005 per Share;
- 19 February 2014: 15,000,000 Shares at an issue price of \$0.005 per Share;
- 21 March 2014: 15,000,000 Shares at an issue price of \$0.005 per Share;
- 22 April 2014: 18,750,000 Shares at an issue price of \$0.004 per Share;
- 22 May 2014: 18,750,000 Shares at an issue price of \$0.004 per Share;
- 20 June 2014: 18,750,000 Shares at an issue price of \$0.004 per Share;
- 22 July 2014: 33,333,333 Shares at an issue price of \$0.003 per Share; and
- 21 August 2014: 16,666,667 Shares at an issue price of \$0.003 per Share.

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(being 156,250,000 Shares in total).

By passing Resolution 3, the issue of the 156,250,000 Shares to ASOF from 17 January 2014 to 21 August 2014 will have the subsequent ratification of Shareholders, which will mean that these 156,250,000 Shares will no longer count towards the 15% limit in Listing Rule 7.1.

5.2 Listing Rule 7.4

Listing Rule 7.1 prohibits a company, except in certain cases, from issuing new equity securities equivalent in number to more than 15% of its capital in any 12 month period without the prior approval of its shareholders. Securities issued with shareholder approval under Listing Rule 7.1 do not count towards the 15% limit.

Listing Rule 7.4 provides that an issue of securities made without prior approval under Listing Rule 7.1 can be treated as having been made with that approval if shareholders subsequently approve it.

In accordance with Listing Rule 7.4, Shareholder approval is sought to ratify the issue of 156,250,000 Shares in the Company to ASOF, being issues of Shares made by the Company for which Shareholder approval has not already been obtained.

For the purposes of Listing Rule 7.5, the Company advises:

- (a) On 17 January 2014 the Company issued 20,000,000 Shares at an issue price of \$0.005 per share to ASOF. The shares rank Pari Passu to all existing Shares on issue. The capital raised has been applied to progress the Company's exploration program including: geological analysis and interpretation, field work and drilling on key projects and in accordance with the Company's exploration expenditure commitments on granted tenements; and provide further working capital;
- (b) On 19 February 2014 the Company issued 15,000,000 Shares at an issue price of \$0.005 per share to ASOF. The shares rank Pari Passu to all existing Shares on issue. The capital raised has been applied to progress the Company's exploration program including: geological analysis and interpretation, field work and drilling on key projects and in accordance with the Company's exploration expenditure commitments on granted tenements; and provide further working capital;
- (c) On 21 March 2014 the Company issued 15,000,000 Shares at an issue price of \$0.005 per share to ASOF. The shares rank Pari Passu to all existing Shares on issue. The capital raised has been applied to progress the Company's exploration program including: geological analysis and interpretation, field work and drilling on key projects and in accordance with the Company's exploration expenditure commitments on granted tenements; and provide further working capital;
- (d) On 22 April 2014 the Company issued 18,750,000 Shares at an issue price of \$0.004 per share to ASOF. The shares rank Pari Passu to all existing Shares on issue. The capital raised has been applied to progress the Company's exploration program including: geological analysis and interpretation, field work and drilling on key projects and in accordance with the Company's exploration

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expenditure commitments on granted tenements; and provide further working capital;

- (e) On 22 May 2014 the Company issued 18,750,000 Shares at an issue price of \$0.004 per share to ASOF. The shares rank Pari Passu to all existing Shares on issue. The capital raised has been applied to progress the Company's exploration program including: geological analysis and interpretation, field work and drilling on key projects and in accordance with the Company's exploration expenditure commitments on granted tenements; and provide further working capital;
- (f) On 20 June 2014 the Company issued 18,750,000 Shares at an issue price of \$0.004 per share to ASOF. The shares rank Pari Passu to all existing Shares on issue. The capital raised has been applied to progress the Company's exploration program including: geological analysis and interpretation, field work and drilling on key projects and in accordance with the Company's exploration expenditure commitments on granted tenements; and provide further working capital;
- (g) On 22 July 2014 the Company issued 33,333,333 Shares at an issue price of \$0.003 per share to ASOF. The shares rank Pari Passu to all existing Shares on issue. The capital raised has been applied to progress the Company's exploration program including: geological analysis and interpretation, field work and drilling on key projects and in accordance with the Company's exploration expenditure commitments on granted tenements; and provide further working capital; and
- (h) On 21 August 2014 the Company issued 16,666,667 Shares at an issue price of \$0.003 per share to ASOF. The shares rank Pari Passu to all existing Shares on issue. The capital raised has been applied to progress the Company's exploration program including: geological analysis and interpretation, field work and drilling on key projects and in accordance with the Company's exploration expenditure commitments on granted tenements; and provide further working capital.

A voting exclusion statement in respect of this Resolution 3 is contained in the Notice of Meeting.

The Directors recommend that you vote in favour of this Ordinary Resolution.

6. Resolution 4 – Ratification of Convertible Security

6.1 Background

In accordance with the Facility, ASOF has been issued the following Convertible Securities:

- (a) 16 September 2014: \$50,000 face value – cash consideration: \$50,000; and
- (b) 16 September 2014: \$75,000 face value – cash consideration: \$75,000.

The Convertible Securities represent the fourth and fifth convertible securities issued to ASOF under the Facility.

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6.2 Conversion

The Convertible Security may be converted at any time from the date of the Facility. ASOF may elect to convert the Convertible Security at any time during the term of the Facility but must convert a minimum of \$50,000 at any one time (**Conversion Amount**). The Convertible Security may be converted through:

- (a) The issue of Shares (**Conversion Shares**); or
- (b) By offsetting the Conversion Amount against the Collateral Shares,

Conversion Price

The conversion price of the Conversion Shares shall be determined by 90% of the average of 3 daily VWAP's per Share, as selected by ASOF, during the twenty (20) consecutive Trading Days immediately prior to the relevant date of the Conversion Notice (**Conversion Price**). The number of Conversion Shares issued will be determined by dividing the Conversion Amount by the Conversion Price.

Takeover Prohibition

Under the terms of the Facility, ASOF and its associates cannot acquire a relevant interest which causes ASOF (or its associates) to increase their voting power to 19.99% or more of the total voting power of the Company.

Conversion Example

The Conversion Price is a fluctuating price calculated on the VWAP during the period prior to a conversion notice. As noted above, the Conversion Price shall be determined by 90% of the average of 3 daily VWAP's per Share, as selected by ASOF, during the twenty (20) consecutive Trading Days immediately prior to the relevant date of the Conversion Notice. The formula below provides an overview of how the Conversion Price will be calculated:

The following examples are provided as to the number of Shares that may be issued upon conversion of the Convertible Security. In each example, it has been assumed the Conversion Amount is \$125,000 (being the maximum amount that may be converted).

$$\frac{\text{Conversion Amount}}{90\% \text{ of average 3 daily VWAP}} = \text{Number of shares}$$

Example A

$$\frac{\$125,000}{\$0.003^*} = 41,666,667 \text{ Shares}$$

*Assumes an average 3 day VWAP of \$0.0033

Example B

$$\frac{\$125,000}{\$0.004^*} = 31,250,000 \text{ Shares}$$

*Assumes an average 3 day VWAP of \$0.0044

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Example C

$$\frac{\$125,000}{\$0.005^*} = 25,000,000 \text{ Shares}$$

* Assumes an average 3 day VWAP of \$0.0056

The example calculations provided above are by way of example only and Shareholders should note that the Conversion Price will fluctuate in line with the market price for the Shares.

Convertible Securities

The Convertible Securities are uncertificated and constitute direct, general, subordinated unsecured and unconditional obligations of the Company which rank pari passu among themselves and with other unsecured subordinated obligations of the Company.

Interest

No interest is payable on the Convertible Security.

Voting/Dividend Rights

The Convertible Securities do not confer on ASOF any entitlement to receive dividends or vote at a general meeting of Shareholders of the Company.

The Facility contains other commercial terms that are common to a transaction of this nature including but not limited to warranties and indemnities.

6.3 Listing Rule 7.4

As set out above, Listing Rule 7.1 prohibits a company, except in certain cases, from issuing new equity securities equivalent in number to more than 15% of its capital in any 12 month period without the prior approval of its shareholders.

Listing Rule 7.4 provides that an issue of securities made without prior approval under Listing Rule 7.1 can be treated as having been made with that approval if shareholders subsequently approve it.

In accordance with Listing Rule 7.4, Shareholder approval is sought to ratify the issue of the Convertible Security in the Company to ASOF, being an issue made by the Company during the previous 12 months for which shareholder approval has not already been obtained.

If this Resolution Five is approved it will have the effect of refreshing the Company's ability to issue up to a further 15% of its capital during the next 12 months without the need to obtain further Shareholder approval.

For the purposes of Listing Rule 7.5, the Company advises:

- (a) Two Convertible Securities which have been issued to ASOF are the subject of this Resolution.
- (b) Each Convertible Security was issued with a face value of \$50,000 and \$75,000 respectively.

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- (c) The Convertible Security can be converted into Shares in the Company. The Convertible Security is convertible, unsecured and unlisted. It is not subject to a coupon and does not have any associated fees. Upon receiving the Conversion Notice from ASOF, the dollar amount to be converted will be divided by the Conversion Price which is calculated as 90% of the average of 3 daily VWAP's per Share, as selected by ASOF, during the twenty (20) consecutive Trading Days leading up to the date of the Conversion Notice. The Convertible Security was issued to the Australian Special Opportunity Fund, LP.
- (d) The Total Funds Provided will be used to:
 - (1) progress the Company's exploration program including: geological analysis and interpretation, field work and drilling on key projects and in accordance with the Company's exploration expenditure commitments on granted tenements; and
 - (2) provide further working capital.

The Directors of the Company recommend that Shareholders approve Resolution 4.

7. Resolution 5 – Share Consolidation

Section 254(H) of the Corporations Act enables the Company by ordinary resolution to convert all or any of its shares into a smaller number.

7.1 Effect of Share Consolidation

Under Resolution 5, it is proposed that the Company consolidate all of its existing Share capital on issue as at 5.00pm (Brisbane time) on 24 November 2014 on the basis that every five Shares be consolidated into one Share. Fractions of a Share will be rounded up to the next whole Share.

If the share consolidation is approved by Shareholders, each Shareholder will still (subject only to the rounding up of fractions) hold the same proportion of the Company's issued Share capital as held prior to the share consolidation. All existing rights attaching to the ordinary shares held by Shareholders set out in Constitution of the Company will not be affected.

Having regard to the existing share capital of 1,064,991,683 Shares in the Company, the share consolidation will result in the total number of issued shares decreasing to approximately 212,998,336 Shares.

However it is noted that these calculations do not take into consideration any additional Shares issued after the date of this Notice of Meeting and as such, are subject to change.

7.2 Reason for Share Consolidation

The Company has a large number of Shares on issue relative to its current market capitalisation.

The Directors believe that a share consolidation will establish a lower number of shares at a share price which is more appropriate for a listed company of the current size of the Company.

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Shareholders should note that whilst theoretically a consolidation of the number of shares on issue should increase the market price per share traded on ASX having regard to the current prevailing market price, the market price for the Company's shares following consolidation may be higher or lower than the theoretical post-consolidated share price.

7.3 Effective date of the proposal

Under the Corporations Act, the Company can act on the Resolution as at 5.00pm (Brisbane time) on the 24th day of November.

7.4 Taxation considerations

It is generally expected that there will not be any Australian income tax consequences for Shareholders arising from the share consolidation.

However Shareholders as a matter of prudence ought to seek their own independent expert taxation advice in respect of their own taxation position in relation to the proposed share consolidation.

The Directors consider that the proposed share consolidation will not affect the Company's taxation position.

7.5 Impact on Creditors

The Directors of the Company consider that the proposed share consolidation will not prejudice the Company's ability to pay its creditors.

7.6 Indicative Timetable

Event	Date
Date of Company's Annual General Meeting	24 November 2014
Company notifies ASX of approval of Share consolidation	
Trading commences in consolidated Shares on a deferred settlement basis	26 November 2014
Last day for registration of transfers on a pre-consolidation basis - Share consolidation effective 5.00pm (Brisbane time)	28 November 2014
First day for Company to register Shares on a post-Share consolidation basis	1 December 2014
Holding statements dispatched to Shareholders notifying them of the number of Shares held post-Share consolidation. End of deferred settlement trading	5 December 2014
Normal settlement trading in Shares commences	8 December 2014

Please note that the above timetable is indicative only and subject to compliance with ASX Listing Rules, may be changed by the Company. Any such change will be announced to ASX.

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7.7 Directors Recommendations

Each of the Directors recommend that Shareholders vote in favour of the Share consolidation.

8. Resolution 6 – Approval for the Company to issue an additional 10% of the issued capital of the Company over a 12 month period

8.1 Introduction

Pursuant to Resolution 6, the Company is seeking Shareholder approval to issue an additional 10% of issued capital over a 12 month period in accordance with Listing Rule 7.1A. If passed, and provided the number of Shares issued by the Company remains the same as at the time of issue of this Notice of Meeting, this resolution will allow the Company to issue and allot up to 106,499,168 Shares (**Placement Securities**) each at an issue price of at least 75% of the volume weighted average price (**VWAP**) for the Company's quoted class of Securities (calculated over the last 15 days on which trades in the quoted Securities are recorded, and immediately before the date on which the price at which the Placement Securities are to be issued is agreed, or if not within 5 trading days of that date, the date on which the Placement Securities are issued) (**Issue Price**).

This approval is sought pursuant to Listing Rule 7.1A which came into effect in 2012. Under Listing Rule 7.1A, small and mid-cap listed entities that meet the eligibility threshold and have obtained the approval of their ordinary Shareholders by Special Resolution at the AGM, are permitted to issue an additional 10% of issued capital over a 12 month period from the date of the AGM (**Additional 10% Placement**). The Additional 10% Placement under Listing Rule 7.1A is in addition to the ability of the Company to issue 15% of its issued capital without Shareholder approval over a 12 month period pursuant to Listing Rule 7.1. The Company may issue the Placement Securities to raise funds for the Company and as non-cash consideration (further details of which are set out below).

Funds raised from any issue of the Placement Securities are intended to be used as follows:

- general working capital;
- acquisition of new assets or investments (including expense associated with such acquisition); and
- continued exploration and feasibility study expenditure on the Company's current assets.

8.2 Listing Rule 7.1A General Eligibility

An entity is eligible to undertake an Additional 10% Placement if at the time of its AGM it has a market capitalisation of \$300 million or less and it is not included in the S&P/ASX300 Index.

As required by the Listing Rules, the Company's market capitalisation will be based on the closing price on the Trading Day before the AGM, and will be released by the Company to the ASX at that time. The calculation of market capitalisation will be based on the Closing Price of the Shares in the main class of Shares of the Company, on the last Trading Day on which trades in the Shares were recorded before the date

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of the AGM, multiplied by the number of Shares on issue (in that main class, but excluding restricted securities and securities quoted on a deferred settlement basis).

For illustrative purposes only, on 14 October 2014 the Company's market capitalisation was \$3,194,975 based on the closing trading price on that date.

The Company is not included in the S&P/ASX300 Index as at the time of issue of this Notice of Meeting and the Company does not expect that it will be included in the S&P/ASX300 Index at the date of the AGM.

The Company is therefore an eligible entity and able to undertake an Additional 10% Placement under Listing Rule 7.1A.

In the event that the Company is no longer an eligible entity to undertake an Additional 10% Placement after the Company has already obtained Shareholder approval, the approval obtained will not lapse and the Company will still be entitled to undertake the Additional 10% Placement.

8.3 Shareholder approval

The ability to issue the Placement Securities under the Additional 10% Placement is conditional upon the Company obtaining Shareholder approval by way of a Special Resolution at the AGM, meaning it must be passed by at least 75% of the votes cast by members entitled to vote on the resolution. Pursuant to Listing Rule 7.1A, no Shares will be issued until and unless this Special Resolution is passed at AGM.

8.4 Issue Period – Listing Rule 7.1A.1

Shareholder approval of the Additional 10% Placement under Listing Rule 7.1A is valid from the date of the AGM at which the approval is obtained and expires on the earlier to occur of:

- (a) the date that is 12 months after the date of the AGM at which the approval is obtained; or
- (b) the date of the approval by shareholders of a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

or such longer period if allowed by ASX.

If approval is given for the Additional 10% Placement at the AGM on 24 November 2014 then the approval will expire, unless there is a significant change to the Company's Business, on 24 November 2015.

8.5 Calculation for Additional 10% Placement – Listing Rule 7.1A.2

Listing Rule 7.1A.2 provides that eligible entities which have obtained Shareholder approval at AGM may issue or agree to issue, during the 12 month period after the date of the AGM, a number of Shares calculated in accordance with the following formula:

(A x D) – E

A is the number of Shares on issue 12 months before the date of issue or agreement:

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- (a) plus the number of fully paid Shares issued in the 12 months under an exception in Listing Rule 7.2;
- (b) plus the number of partly paid Shares that became fully paid in the 12 months;
- (c) plus the number of fully paid Shares issued in the 12 months with approval of holders of Shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid Shares under the entity's 15% placement capacity without Shareholder approval;
- (d) less the number of fully paid Shares cancelled in the 12 months.

D is 10 percent.

E is the number of Shares issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of Shareholders under Listing Rule 7.1 or 7.4.

8.6 Listing Rule 7.1A.3

(a) Shares

Shares issued under the Additional 10% Placement must be in the same class as an existing quoted class of Shares of the Company.

The Company presently has 1,064,991,683 Shares as at the date of this notice. The Company is only seeking approval to issue ordinary Shares under the Additional 10% Placement in addition to its 15% capacity permitted under Listing Rule 7.1.

(b) Minimum Issue Price

The issue price for the Placement Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Shares in the same class calculated over the 15 Trading Days immediately before:

- (1) the date on which the price at which the Placement Securities are to be issued is agreed; or
- (2) if the Placement Securities are not issued within 5 Trading Days of the date in paragraph 5.1 above, the date on which the Placement Securities are issued.

As required by the Listing Rules, the Company's market capitalisation based on the closing price on the Trading Day before the AGM will be released by the Company to the ASX at that time.

8.7 Information to be given to ASX – Listing Rule 7.1A.4

If Resolution 6 is passed and the Company issues any Placement Securities under Listing Rule 7.1A, the Company will give to ASX:

- (a) a list of allottees of the Placement Securities and the number of Placement Securities allotted to each (this list will not be released to the market); and

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- (b) the following information required by rule 3.10.5A, will be released to the market on the date of issue:
 - (1) details of the dilution to the existing holders of Shares caused by the issue;
 - (2) where the Shares are issued for cash consideration, a statement of the reasons why the Company issued the Shares as a placement under rule 7.1A and not as (or in addition to) a pro rata issue or other type of issue in which existing Shareholders would have been eligible to participate;
 - (3) details of any underwriting arrangements, including any fees payable to the underwriter; and
 - (4) any other fees or costs incurred in connection with the issue.

8.8 Listing Rule 7.1 and 7.1A

The ability of an entity to issue Shares under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice, the Company has on issue 1,064,991,683 Shares, and therefore has the capacity to issue:

- (a) 159,748,753 Shares under Listing Rule 7.1; and
- (b) [106,499,168 Shares under Listing Rule 7.1A.

The actual number of Shares that the Company will have the capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Shares in accordance with the formula prescribed in Listing Rule 7.1A.2 (as above).

8.9 Specific Information required by Listing Rule 7.3A

- (a) **Minimum Price of securities issued under Listing Rule 7.1A – Listing Rule 7.3A.1**

Pursuant to and in accordance with Listing Rule 7.3A.1, the Placement Securities issued pursuant to approval under Listing Rule 7.1A must be not less than 75% of the VWAP for the Company's Shares over the 15 Trading Days immediately before:

- (1) the date on which the price at which the Placement Securities are to be issued is agreed; or
- (2) if the Placement Securities are not issued within 5 Trading Days of the date in paragraph 5.1 above, the date on which the Placement Securities are issued.

The Company intends to issue the Shares within 5 Trading Days of approval of the Additional 10% Placement and will disclose to the ASX the Issue Price on the date of issue of the Placement Securities.

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(b) **Risk of economic and voting dilution – Listing Rule 7.3A.2**

As provided by Listing Rule 7.3A.2, if the Additional 10% Placement is passed by Shareholders and the Company issues the Placement Securities, there is a risk of economic and voting dilution to the existing ordinary security holders of the Company. The Company currently has on issue 1,064,991,683 Shares.¹ Upon the Additional 10% Placement, the Company will have approval to issue an additional 106,499,168 Shares. (The exact number of additional Shares to be issued under the Additional 10% Placement will be calculated in accordance with the formula contained in Listing Rule 7.1A.2 and set out above). Any issue of Placement Securities will have a dilutive effect on existing Shareholders.

There is a specific risk that:

- (1) the market price for the Company's Shares may be significantly lower on the date of the Issue than it is on the date of the AGM; and
- (2) the Placement Securities may be issued at a price that is at a discount to the market price for the Company's Shares on the issue date,

which may have an effect on the amount of funds raised by the issue of the Placement Securities.

As required by Listing Rule 7.3A.2, Table 1 below shows the economic and voting dilution effect, in circumstances where the issued capital has doubled and the Market Price of the Shares has halved. Table 1 also shows additional scenarios in which the number of issued capital has increased (by both 50% and 100%) and the Market Price of the Shares has:

- decreased by 50%; and
- increased by 100%.

¹ This figure is as at the date of this Notice of Meeting and does not take into consideration any securities issued after this date.

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Table 1

Listing Rule 7.1A.2		Dilution		
		\$0.0015 50% decrease in Market Price	\$0.003 Market Price	\$0.006 100% increase in Market Price
Current Issued Capital 1,064,991,683 Shares	10% Voting Dilution	106,499,168 Shares	106,499,168 Shares	106,499,168 Shares
	Funds raised	\$159,749	\$319,498	\$638,995
50% increase in current Issued Capital 1,597,487,525 Shares	10% Voting Dilution	159,748,752 Shares	159,748,752 Shares	159,748,752 Shares
	Funds raised	\$239,623	\$479,246	\$958,493
100% increase in current Issued Capital 2,129,983,366 Shares	10% Voting Dilution	212,998,337 Shares	212,998,337 Shares	212,998,337 Shares
	Funds raised	\$319,498	\$638,995	\$1,277,990

Assumptions and explanations

- The Market Price is 0.3 cents based on the closing price of the Shares on ASX on 14 October 2014;
- The above table only shows the dilutionary effect based on the Additional 10% Placement and not the 15% under Listing Rule 7.1;
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue;
- The Company issues the maximum number of Placement Securities available to it under the Additional 10% Placement;
- The Issued Capital has been calculated in accordance with the formula in Listing Rule 7.1A(2) as at 15 October 2014; and
- The issue price of the Placement Securities used in the table does not take into account the discount to the Market Price (if any).

(a) Final date for issue – Listing Rule 7.3A.3

As required by Listing Rule 7.3A.3, the Company will only issue and allot the Placement Securities during the 12 months after the date of this AGM which the Company anticipates will be 24 November 2014. The approval under Resolution 6 for the issue of the Placement Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities of the Company) or Listing

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Rule 11.2 (the disposal of the main undertaking of the Company) before the anniversary of the AGM.

(b) **Purpose – Listing Rule 7.3A.4**

As noted above, the purpose for which the Placement Securities may be issued include to raise funds for the Company and as non-cash consideration (further details of which are set out below). Any funds raised from the issue of the Placement Securities are intended to be used as follows:

- general working capital;
- acquisition of new assets or investments (including expense associated with such acquisition); and
- continued exploration and feasibility study expenditure on the Company's current assets.

(c) **Shares Issued for Non-cash consideration – Listing Rule 7.3A.4**

The Company may issue Placement Securities for non-cash consideration, such as the acquisition of new assets or investments. If the Company issues Shares for non-cash consideration, the Company will release to the market a valuation of the non-cash consideration that demonstrates that the issue price of the Shares complies with Listing Rule 7.1A.3.

(d) **Company's Allocation Policy – Listing Rule 7.3A.5**

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue of Placement Securities pursuant to the Additional 10% Placement. The identity of the allottees of Shares will be determined on a case-by-case basis having regard to the factor including but not limited to the following:

- (1) the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing Shareholders can participate;
- (2) the effect of the issue of the Placement Securities on the control of the Company;
- (3) the financial situation and solvency of the Company; and
- (4) advice from corporate, financial and broking advisers (if applicable).

The allottees of the Placement Securities under the Additional 10% Placement have not been determined as at the date of this Notice but may include existing substantial shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

Further, if the Company is successful in acquiring new assets or investments, it is likely that the allottees under the Additional 10% Placement will be the vendors of the new assets or investments.

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(e) **Shareholder Approval previously obtained under listing rule 7.1A**

The Company obtained Shareholder approval under Listing Rule 7.1A at the 2013 AGM.

(f) **Equity Securities Issued in the previous 12 months**

Pursuant to Listing Rule 7.3A.6(a), the only Equity Securities issued by the Company in the 12 months preceding the date of this AGM are Shares. The total number of equity securities issued in the 12 months preceding this AGM and the percentage they represent of the total number of Equity Securities on issue at the commencement of that 12 month period are as follows:

Number of Equity Securities on issue on at commencement of 12 month period	795,030,402 Shares
Equity Securities issued in prior 12 month period*	269,961,281 Shares ²
Percentage previous issues represent of total number of Equity Securities on issue at commencement of 12 month period	33.96%

*Of the Equity Securities issue by the Company within the past 12 months from the date of the AGM, 99,425,567 were issued pursuant to an exception to Listing Rule 7.1 (or 7.1A) and therefore were not issued under (and did not reduce) the Company’s 15% Capacity (or additional 10% Capacity).

Pursuant to Listing Rule 7.3A.6(b), details of the Equity Securities issued in 12 months preceding the AGM are as follows:

² This figure has been calculated as at the date of this Notice of Meeting and does not take into consideration any issue of Equity Securities after this date.

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1. Fully paid ordinary shares

Issued to The Australian Special Opportunity Fund, L.P., being sophisticated or professional investors that fall within one or more of the classes of exemptions specified in section 708 of the Corporations Act.

Shares rank pari passu with all other fully paid ordinary shares on issue in the Company.

Use of cash consideration: all funds were or are intended to be applied to:

- progress the Company's exploration program, including: geological analysis and interpretation, field work and drilling on key projects and in accordance with the Company's exploration expenditure commitments on granted tenements; and
- provide further working capital.

Date of issue	Number issued	Price at which equity securities were issued Cents	Market Price Cents	Discount to the Market Price %	Cash consideration received \$	Amount of cash consideration spent \$
26/11/2013	14,285,714	0.7	1.0	30.0	100,000	100,000
17/01/2014	20,000,000	0.5	0.6	16.7	100,000	100,000
19/02/2014	15,000,000	0.5	0.6	16.7	75,000	75,000
21/03/2014	15,000,000	0.5	0.6	16.7	75,000	75,000
22/04/2014	18,750,000	0.4	0.5	20.0	75,000	75,000
22/05/2014	18,750,000	0.4	0.5	20.0	75,000	-
20/06/2014	18,750,000	0.4	0.5	20.0	75,000	-
22/07/2014	33,333,333	0.3	0.5	40.0	100,000	-
21/08/2014	16,666,667	0.3	0.5	40.0	50,000	-
10/10/2014	25,000,000	0.2	0.3	33.3	50,000	50,000

2. Fully paid ordinary shares

Issued to eligible shareholders who participated in the Company's Share Purchase Plan announced to the ASX on 11 September 2014.

Shares rank pari passu with all other fully paid ordinary shares on issue in the Company.

Use of cash consideration: all funds were or are intended to be applied to:

- progress the Company's exploration program, including: geological analysis and interpretation, field work and drilling on key projects and in accordance with the Company's exploration expenditure commitments on granted tenements; and
- provide further working capital.

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Date of issue	Number issued	Price at which equity securities were issued	Market Price	Discount to the Market Price	Cash consideration received	Amount of cash consideration spent
		Cents	Cents	%	\$	\$
9/10/2014	58,879,650	0.32	0.3	-	188,414.88	-

3. Fully paid ordinary shares

Issued as remuneration for services provided to the Company by consultants eligible to participate in the Company's Officers, Executives, Consultants and Employee Share Plan.

Shares rank pari passu with all other fully paid ordinary shares on issue in the Company.

Use of cash consideration: all funds were or are intended to be applied to:

- progress the Company's exploration program, including: geological analysis and interpretation, field work and drilling on key projects and in accordance with the Company's exploration expenditure commitments on granted tenements; and
- provide further working capital.

Date of issue	Number issued	Price at which equity securities were issued	Market Price	Discount to the Market Price	Non-cash consideration paid	Current value of non-cash consideration paid
		Cents	Cents	%	\$	\$
20/06/2014	5,331,632	0.49	0.5	2.0	26,125	26,125
18/09/2014	10,214,285	0.49	0.3	-	50,050	50,050

8.10 Voting Exclusion Statement

A voting exclusion statement is included in this Notice. At the date of the Notice, the proposed allottees of any Placement Securities are not as yet known or identified. In these circumstances (and in accordance with the note set out in Listing Rule 14.11.1 relating to Listing Rules 7.1 and 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of the Placement Securities), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted and there is no reason to exclude their votes.

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9. Interpretation

Advisory Resolution means that a vote on that resolution is advisory only and does not bind the Directors or the Company.

Annual Report means the financial report for the Company for the year ended 31 December 2013.

ASIC means the Australian Securities and Investments Commission.

ASOF means Australian Special Opportunity Fund, L.P.

ASX means ASX Limited ACN 008 624 691 or the Australian Securities Exchange.

Auditor's Report means that section of the Financial report under the heading "Auditor's Report" set out in the Annual Report.

Board means the board of directors of the Company.

Child Entity has the meaning given to that term in the Listing Rules.

Closely Related Party (as defined in the Corporations Act) of a member of the Key Management Personnel for an entity means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependant of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the regulations for the purposes of this definition.

Company means Australian Pacific Coal Limited.

Constitution means the constitution of the Company from time to time.

Conversion Price has the meaning given to it in paragraph 6.2 above, in relation to Resolution 4.

Convertible Security has the meaning given to it in paragraph 6.2 above, in relation to Resolution 4.

Conversion Shares means Shares issued to ASOF to convert the Convertible Security under the Facility.

Conversion Amount means the minimum amount of Convertible Security which ASOF may elect to convert at any one time, being \$50,000.

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Corporations Act means the *Corporations Act 2001* (Cth) as amended, varied or replaced from time to time.

Director means a director of the Company.

Directors' Report means the annual directors' report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

Equity Securities has the meaning given to that term in the Listing Rules.

Explanatory Memorandum means this explanatory memorandum accompanying the Notice of Meeting.

Facility means the Share Purchase and Convertible Security Agreement entered into between the Company and ASOF dated 1 October 2012.

Facility Amount means \$5,525,000.

Financial Report means the annual financial report of the Company prepared under Chapter 2M of the Corporations Act.

Key Management Personnel has the definition given in the accounting standards as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of that entity.

Listing Rule or **ASX Listing Rule** means the official listing rules of the ASX as amended from time to time.

Meeting or **Annual General Meeting** means the annual general meeting to be held on 24 November 2014.

Notice of Meeting or **Notice** means the notice of meeting giving notice to shareholders of the Meeting, accompanying this Explanatory Memorandum.

Ordinary Resolution means a resolution passed by more than 50% of the votes cast at a general meeting of shareholders.

Remuneration Report means that section of the Directors' Report under the heading "Remuneration Report" set out in the Annual Report.

Resolution means a resolution proposed at the Meeting.

Share means an ordinary fully paid share in the issued capital of the Company.

Shareholder means a holder of Shares in the Company.

Special Resolution means a Resolution:

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- (a) of which notice has been given as set out in paragraph 249L(1)(c) of the Corporations Act; and
- (b) that has been passed by at least 75% of the votes cast by members entitled to vote on the Resolution.

Trading Days has the meaning given to it in the ASX Listing Rules.

VWAP means the volume weighted average price of the Shares.

Any inquiries in relation to the Resolutions or the Explanatory Memorandum should be directed to Kevin Mischewski (Company Secretary):

Australian Pacific Coal Limited
Level 7, 10 Felix Street, Brisbane, Qld, 4000

Phone: 07 3221 0679

Email: cosec@aqcltd.com

Proxy Form

PROXY, REPRESENTATIVE AND VOTING ENTITLEMENT INSTRUCTIONS

Proxies and representatives

Shareholders are entitled to appoint a proxy to attend and vote on their behalf. Where a shareholder is entitled to cast two or more votes at the meeting, they may appoint two proxies. Where more than one proxy is appointed, each proxy may be appointed to represent a specific proportion or number of votes the shareholder may exercise. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes. The proxy may, but need not, be a shareholder of the Company.

Shareholders who are a body corporate are able to appoint representatives to attend and vote at the meeting under section 250D of the *Corporations Act 2001* (Cth).

The proxy form must be signed by the shareholder or his/her attorney duly authorised in writing or, if the shareholder is a corporation, in a manner permitted by the *Corporations Act*.

The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be **deposited at, posted to, or sent by facsimile transmission to the address listed below**, 48 hours before the time for holding the meeting, or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote.

Australian Pacific Coal Limited
PO Box 16330, City East, QLD, Australia, 4002

Telephone No: (07) 3221 0679

Facsimile No: (07) 3229 9323

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's share registry.

A proxy form is attached to this notice.

Voting entitlement

For the purposes of determining voting entitlements at the Meeting, shares will be taken to be held by the persons who are registered as holding the shares at 7:00pm AEDT (Sydney time) on Thursday 20 November 2014. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

Signing instructions

You must sign the proxy form as follows in the spaces provided:

Individual: Where the holding is in one name, the holder must sign.

Joint Holding: Where the holding is in more than one name, all of the security holders should sign.

Power of Attorney: To sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone.

Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary.

Please indicate the office held by signing in the appropriate place.

Proxy Form

I / We:

of:

being shareholder(s) of Australian Pacific Coal Limited (Company)

hereby appoint:

of:

or failing him/her:

of:

or failing him/her the Chairman as my/our proxy to vote for me/us and on my/our behalf at the annual general meeting of the Company to be held at The Stanley Room, Stamford Plaza Brisbane, Corner Edward and Margaret Streets, Brisbane Queensland 4000, on 29 November 2013 at 2:00pm AEST (Brisbane time) and at any adjournment thereof in respect of all of my/our shares in the Company unless otherwise specified below.

USE OF PROXY

Direction on how to vote

If you wish to direct the Proxy how to vote, **please place a mark in the appropriate boxes below.**

Please note: If you mark the Abstain box for a resolution, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

I/we direct my/our proxy to vote as indicated below:

Resolution	For	Against	Abstain
Resolution 1 – Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Re-election of Paul Ingram	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Ratification of ASOF Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Ratification of Convertible Security	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 – Share Consolidation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 – Approval to issue an additional 10% of the issued capital of the Company over a 12 month period pursuant to Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

No direction on how to vote - Chair as Proxy (Remuneration Resolutions)

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolution 1 (**Remuneration Resolution/s**) (except where I/we have indicated a different voting intention below) even though the Remuneration Resolution/s are connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company (which includes the Chairman), or if the Company is part of a consolidated entity, that entity.

Proxy Form

Chairman's Voting intention

The Chair intends on voting all undirected proxies in favour of all Resolutions (including the Remuneration Resolutions).

In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

No Direction on how to vote - General

If you do **not** direct your proxy on how to vote as your proxy in respect of the resolution/s, the Proxy may cast your vote as the Proxy thinks fit or may abstain from voting. By signing this appointment you acknowledge that, subject to the *Corporations Act 2001* (Cth), the Proxy may exercise your proxy even if he/she has an interest in the outcome of the resolution/s and even if votes cast by him/her other than as proxy holder will be disregarded because of that interest (subject to the section above in relation to voting on Remuneration Resolutions by the Chair of the meeting).

Apportionment - Multiple Proxies

If two proxies are appointed, the proportion of voting rights this proxy is authorised to exercise is %. (An additional proxy form will be supplied by the Company on request)

Apportionment - Multiple Shares

If you wish to appoint the proxy to exercise voting power over only some of your shares, the number of shares in respect of which this proxy is to operate is shares. (Note: proxy will be over all shares if left blank)

Individual or Security holder 1

**Sole Director and
Sole Company Secretary (If
appointed)**

Security holder 2

Director

Security holder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date