

Notice of Annual General Meeting and Explanatory Memorandum

Australian Pacific Coal Limited ACN 089 206 986

Date of Meeting: 13 January 2017

Time of Meeting: 10am (Brisbane time)

Place of Meeting: Level 7, Waterfront Place, 1 Eagle Street, Brisbane QLD 4000

Notice of Annual General Meeting

Notice is given that the Annual General Meeting of shareholders of **Australian Pacific Coal Limited ACN 089 206 986 (Company)** will be held at Level 7, Waterfront Place, 1 Eagle Street, Brisbane QLD 4000, on 13 January 2017 at 10am (Brisbane time).

Agenda

Ordinary business

Financial Reports

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 for the Company and its controlled entities for the financial year ended 30 June 2016.

1. Resolution 1 – Re-election of Peter Ziegler as a director

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

“That Peter Ziegler, who retires by rotation in accordance with Rule 18.1 of the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director.”

2. Resolution 2 – Re-election of Paul Byrne as a director

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

“That Paul Byrne, who retires by rotation in accordance with Rule 18.1 of the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director.”

3. Resolution 3 – Re-election of Shane Stone as a director

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

“That Shane Stone, who retires in accordance with Rule 15.4 of the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director.”

4. Resolution 4 – Remuneration Report

To consider and, if thought fit, pass the following Advisory Resolution, with or without amendment:

“That, the Remuneration Report for the year ended 30 June 2016 (as set out in the Directors Report) is adopted.”

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Notes

Terms used in this Notice of Meeting are defined in the "Interpretation" section of the accompanying Explanatory Memorandum.

The vote on this Resolution 4 is advisory only and does not bind the Directors or the Company.

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

A vote on Resolution 4 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 details of whose remuneration are included in the Remuneration Report;
- (b) a Closely Related Party of such a member.

However, the above persons may cast a vote on Resolution 4 if:

- (a) the person does so as a proxy; and
- (b) 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
- (c) either:
 - (1) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
 - (2) the voter is the chair of the meeting and the appointment of the chair as proxy:
 - (A) does not specify the way the proxy is to vote on the resolution; and
 - (B) 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 4, subject to compliance with the Corporations Act. In exceptional circumstances, the Chair of the Meeting may change his voting intention on any resolution, in which case an ASX announcement will be made.

5. Resolution 5 – Adoption of Constitution

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

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“That pursuant to and in accordance with section 136(2) of the Corporations Act, and for all other purposes, the constitution comprising the document tabled at the meeting and signed by the Chairman of the meeting for the purposes of identification, be approved and adopted as the constitution of the Company in substitution for and to the exclusion of the existing constitution which is repealed in its entirety.”

6. Resolution 6: Approval for issue of securities under Listing Rule 7.1A

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

*“That, pursuant to and in accordance with Listing Rule 7.1A, and for all other purposes, the Shareholders approve the issue of Equity 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 Meeting, 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**).”*

Voting Exclusion Statement

The Company will disregard any votes cast on this Special Resolution by:

- (a) any person who may participate in the issue of the Placement Securities and any associate of that person (or those persons); and
- (b) any person who might obtain a benefit, except a benefit solely in the capacity of a shareholder of the Company, if the resolution is passed, and any associate of that person (or those persons).

The Company notes that 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 Listing Rule 7.1), for a person's vote to be excluded, it must be known that the 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 Resolution 6), 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.

7. Resolution 7 – Approval to Issue Future Placement Shares

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

*“That in accordance with the provisions of Listing Rule 7.1, and for all other purposes, the Company is authorised to issue up to \$50,000,000 worth of fully paid ordinary shares (**Future Placement Shares**) at an issue price per Future Placement Share of not less than 80% of the volume weighted average market price of the Company's shares calculated over the last 5 days on which sales in the shares of the Company were recorded before the day on which the share placement is made, to various sophisticated, professional or other investors that fall within one or more of the classes of exemptions specified in section 708 of the Corporations Act 2001 (Cth) and otherwise on the terms and conditions set out in the Explanatory Memorandum.”*

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Voting Exclusion Statement

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

- (a) any person who may participate in the proposed issue of the Future Placement Shares, and any associate of that person (or those persons); and
- (b) any person who might obtain a benefit, except a benefit solely in the capacity of a shareholder of the Company, if the resolution is passed, and any associate of that person (or those persons).

The Company notes that the proposed allottees of any Shares 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 Listing Rule 7.1), for a person's vote to be excluded, it must be known that the 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 Resolution 7), 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.

General business

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

By order of the board

Kevin Mischewski

Company Secretary

9 December 2016

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 Level 7, Waterfront Place, 1 Eagle Street, Brisbane QLD 4000 on 13 January 2017 commencing at 10am (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 11.

2. Consider the company's annual report

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 for the Company and its controlled entities for the financial year ended 30 June 2016 were despatched to Shareholders and released to the ASX Limited on 1 November 2016. The Company's Annual Report is placed before the shareholders for discussion. No voting is required for this item.

3. Resolution 1 – Re-election of Peter Ziegler as a director

Peter Ziegler retires in accordance with Rule 18.1 of the Company's Constitution and, being eligible, offers himself for re-election as a Director.

Mr Ziegler was appointed on 29 November 2005. Mr Ziegler is the Non-executive Chairman of the Company and Chairman of the Audit Committee.

Mr. Ziegler is an experienced company director. He was a partner of one of the major international accounting firms, specialising in taxation and corporate structuring. He is also a Chartered Accountant and a solicitor of the Supreme Court of Victoria. Mr Ziegler is currently the principal of Ziegler Asset Partners, an asset management firm specialising in investments in listed and unlisted equities and special opportunities.

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

4. Resolution 2 – Re-election of Paul Byrne as a director

Paul Byrne retires in accordance with Rule 18.1 of the Company's Constitution and, being eligible, offers himself for re-election as a Director.

Mr Byrne was appointed on 29 November 2005 and is an Executive Director of the Company.

Mr Byrne joined the Company as Executive Director, following the acquisition of the Ipoh group of companies. Mr. Byrne was a founder of the Ipoh group and has initiated environmental remediation projects in conjunction with CSIRO, University of South Australia and the Queensland Department of Primary industries. He has also been involved in the resources sector since 1985 in exploration and mining and has been a director of several Australian public listed companies.

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

5. Resolution 3 – Re-election of Shane Stone as a director

Shane Stone retires in accordance with Rule 15.4 of the Company's Constitution and, being eligible, offers himself for re-election as a Director.

Mr Stone was appointed on 1 August 2016 by the Board.

Mr Stone has a strong commercial and legal background and considerable experience in dealing with Commonwealth and State governments. Mr Stone has at various times acted as an independent director to various public and private companies. Mr Stone is currently Deputy Chairman UK listed Impellam plc, Chairman of ASX listed Regalpoint Resources Limited and Chairman of Mayfair Limited (Anne Street Partners and QNV Constructions). Mr Stone is the former Chief Minister of the Northern Territory and Federal President of the Liberal Party of Australia. Formerly a barrister, Mr Stone is a graduate of Australian National University, Sturt, Adelaide and Melbourne Universities. He is a Fellow of the Australian Institute of Management, Australian College of Education and Australian Institute of Company Directors. He was made a Companion of the Order of Australia in 2006. He has also been conferred national awards from Indonesia and Malaysia.

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

6. Resolution 4 - Remuneration Report

The Board has submitted its Remuneration Report to Shareholders for consideration and adoption by way of a non-binding Advisory Resolution in accordance with section 250R of the *Corporations Act*.

The Remuneration Report is set out in the Directors' Report section of the Annual Report. The Report, amongst other things:

- (a) explains the Board's policy for determining the nature and amount of remuneration of Key Management Personnel of the consolidated entity;
- (b) explains the relationship between the Board's remuneration policy and the Company's performance;
- (c) sets out remuneration details for each Key Management Personnel of the consolidated entity including details of performance related remuneration and options granted as part of remuneration; and
- (d) details and explains any performance conditions applicable to the remuneration of Key Management Personnel of the Company.

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

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.

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There are restrictions on members of the Key Management Personnel and their Closely Related Parties and their proxies voting (in any capacity) on Resolution 4, details of which are set out in the Voting Restriction Statement included in Resolution 4 of the Notice of Meeting.

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 4 subject to compliance with the Corporations Act. In exceptional circumstances, the Chairman of the Meeting may change his voting intention on any resolution, in which case an ASX announcement will be made.

7. Resolution 5 – Adoption of Constitution

The Existing Constitution was drafted and adopted in 1999. Since the adoption of the constitution, the applicable law and the ASX listing rules have changed significantly. In particular:

- the *Corporations Law* (referred to in the existing Constitution) has been replaced with the *Corporations Act 2001* (Cth);
- the SCH Rules have been replaced with the ASX Settlement Operating Rules; and
- the ASX listing rules have been amended over time.

Further, general corporate governance practice and procedure has evolved significantly since 1999.

Accordingly, the Company seeks to repeal the Existing Constitution and replace it with an updated constitution that is consistent with current applicable laws, regulations and the listing rules, as well as reflecting current corporate governance standards and practices.

A copy of the proposed New Constitution will be provided to any Shareholder on written request made to:

Kevin Mischewski
Level 7, 10 Felix St, Brisbane Qld 4000
PO Box 16330, City East Qld 4002
T: +61 7 3221 0679 F: +61 7 3229 9323
E: cosec@aqcltd.com

A copy will also be available for inspection at the meeting.

A summary of the rights and liabilities attached to shares and other material provisions of the New Constitution, including the key practical differences with respect to the rights and liabilities attached to shares between the Existing Constitution and the New Constitution are set out in Schedule 1 to this Notice of Meeting.

Pursuant to section 136(2) of the Corporations Act, a special resolution of Shareholders is required to approve an amendment to the Constitution. As such Resolution 5 will only be passed if 75% or more of votes cast by shareholders entitled to vote are cast in favour of Resolution 5.

The Directors unanimously recommend that the Shareholders vote in favour of Resolution 5.

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8. Resolution 6: Approval for issue of securities under Listing Rule 7.1A

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 pursuant to Listing Rule 7.1A. If passed, this resolution will allow the Company to allot and issue up to the number of new Equity Securities calculated in accordance with Listing Rule 7.1A.2 (**Placement Securities**) each at an issue price of at least 75% of the volume weighted average price (**VWAP**) for the Company's Equity Securities in that class (calculated over the last 15 days on which trades in the Equity Securities are recorded immediately before the date on which the price at which the Placement Securities are to be issued is agreed, or if the Placement Securities are not issued within five 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. 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 annual general meeting, are permitted to issue an additional 10% of issued capital over a 12 month period from the date of the annual general meeting (**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:

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

The Directors of the Company unanimously recommend that shareholders vote in favour of Resolution 6.

8.2 Listing Rule 7.1A

(a) General

(1) Eligibility

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

For illustrative purposes only, on 29 November 2016, the Company's market capitalisation was \$86,868,685 based on the closing trading price on that date. The calculation of market capitalisation will be based on the closing price of the shares, on the last trading day on which trades in the shares were recorded before the date of the AGM, multiplied by the number of shares on issue (excluding restricted securities and securities quoted on a deferred settlement basis).

The Company is also not included in the S&P/ASX300 Index as at the time of this AGM, however, it should be noted that the S&P/ASX300 Index is rebalanced twice a year in March and September.

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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 for any reason ceases to be an Eligible Entity after the Company has already obtained shareholders' approval pursuant to this Resolution 6, the approval obtained will not lapse and the Company will still be entitled to issue the Placement Securities.

(2) **Special Resolution**

Listing Rule 7.1A requires this Resolution 6 to be passed as a Special Resolution, which means that 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 Placement Securities will be issued until and unless this Special Resolution is passed at the meeting.

(3) **Shareholder approval**

The ability to issue the Placement Securities is conditional upon the Company obtaining shareholder approval by way of a Special Resolution at the meeting.

(b) **10% Placement Period - Listing Rule 7.1A.1**

Assuming Resolution 6 is passed, Shareholder approval of the Additional 10% Placement under Listing Rule 7.1A is valid from the date of the AGM and expires on the earlier to occur of:

- (1) the date that is 12 months after the date of the AGM; or
- (2) 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 issue of the Placement Securities then the approval will expire, on 13 January 2018, unless Shareholder approval is granted pursuant to Listing Rules 11.1.2 or 11.2 prior to that date.

(c) **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 an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

Where:

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

- (1) plus the number of fully paid ordinary securities issued in the 12 months under an exception in Listing Rule 7.2;
- (2) plus the number of partly paid ordinary securities that became fully paid in the 12 months;

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- (3) plus the number of fully paid ordinary securities issued in the 12 months with approval of holders of ordinary securities under Listing Rules 7.1 or 7.4 (but note that this does not include an issue of fully paid ordinary securities under the entity's 15% placement capacity without shareholder approval); and
- (4) less the number of fully paid ordinary securities cancelled in the 12 months.

D is 10 percent.

E is the number of Equity Securities 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 Rules 7.1 or 7.4.

(d) **Listing Rule 7.1A.3**

(1) **Equity Securities**

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

As at the date of this notice of meeting, the classes of Equity Securities in the Company quoted on the ASX are Shares. The Company presently has 4,343,434,264 Shares on issue at the date of this Notice of Meeting.

(2) **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 Equity Securities in the same class calculated over the 15 trading days immediately before:

- (A) the date on which the price at which the relevant Placement Securities are to be issued is agreed; or
- (B) if the relevant Placement Securities are not issued within five trading days of the date in paragraph (A) above, the date on which the relevant Placement Securities are issued.

(e) **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:

- (1) 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
- (2) the following information required by rule 3.10.5A, which will be released to the market on the date of issue:
 - (A) details of the dilution to the existing holders of Equity Securities caused by the issue;
 - (B) where the Equity Securities are issued for cash consideration, a statement of the reasons why the Company issued the Equity Securities 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;

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- (C) details of any underwriting arrangements, including any fees payable to the underwriter; and
- (D) any other fees or costs incurred in connection with the issue.

(f) **Listing Rules 7.1 and 7.1A**

The ability of an entity to issue Equity Securities 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 of Meeting, the Company has on issue 4,343,434,264 Shares. The Company will have the capacity to issue the following shares on the date of the Meeting:

- (1) 651,515,139 Shares under Listing Rule 7.1; and
- (2) subject to shareholder approval being obtained under Resolution 6, 434,343,426 Shares under Listing Rule 7.1A.

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

8.3 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 7.1A.3, the Placement Securities issued pursuant to approval under Listing Rule 7.1A must have an issue price of not less than 75% of the VWAP for the Equity Securities 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 five trading days of the date in paragraph (1) above, the date on which the Placement Securities are issued.

The Company will disclose to the ASX the issue price on the date of issue of the Placement Securities.

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

As provided by Listing Rule 7.3A.2, if Resolution 6 is passed and the Company issues the Placement Securities, there is a risk of economic and voting dilution to the existing Shareholders. The Company currently has on issue 4,343,434,264 Shares. The Company could issue 434,343,426 Shares on the date of the meeting (however, it is important to note that the exact number of Equity Securities which may be issued will be calculated in accordance with the formula contained in Listing Rule 7.1A.2 details of which are 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 Equity Securities may be significantly lower on the date of the issue of any Placement Securities than it is on the date of the meeting; and

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- (2) the Placement Securities may be issued at a price that is at a discount to the Market Price for the Company's Equity Securities on the issue date,

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

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

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

Table 1

Issued Share Capital	50% decrease in Market Price \$0.010		Current Market Price \$0.020		100% increase in Market Price \$0.040	
	Full 10 % Voting Dilution	Capital Raised	Full 10 % Voting Dilution	Capital Raised	Full 10 % Voting Dilution	Capital Raised
Present Issued Share Capital = 4,343,434,264 shares	434,343,426	\$4,343,434	434,343,426	\$8,686,868	434,343,426	\$17,373,737
50% Increase in Share Capital = 6,515,151,396 shares	651,515,139	\$6,515,151	651,515,139	\$13,030,302	651,515,139	\$26,060,605
100% Increase in Share Capital = 8,686,868,528 shares	868,686,852	\$8,686,868	868,686,852	\$17,373,737	868,686,852	\$34,747,474

Assumptions and explanations

- *The Market Price is \$0.020 based on the closing price of the Shares on ASX on 29 November 2016.*
- *The above table only shows the dilutionary effect based on the issue of the Placement Securities (assuming only shares are issued), and not any shares issued under the 15% placement capacity available 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.*

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- *The issued share capital has been calculated in accordance with the formula in Listing Rule 7.1A(2) as at 29 November 2016.*
- *The issue price of the Placement Securities used in the table is the same as the Market Price and 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 Meeting which the Company anticipates will end on 13 January 2018. 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 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). Funds raised from the issue of Placement Securities, if undertaken, would be applied towards:

- (1) general working capital;
- (2) acquisition of new assets or investments (including expense associated with such acquisition); and
- (3) continued exploration, feasibility study and development 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 or payment for services. If the Company issues Placement Securities 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 Placement Securities 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 the Placement Securities. The identity of the allottees of Placement Securities will be determined on a case-by-case basis having regard to a number of factors 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 issue or other issue 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).

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The allottees of the Placement Securities have not been determined as at the date of this Notice but may include existing substantial Shareholders and 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 for which Placement Securities are issued as consideration, it is likely that the allottees of some of the Placement Securities will be the vendors of the new assets or investments.

(e) **Company has previously obtained shareholder approval under listing rule 7.1A**

As the Company has previously obtained Shareholder approval under Listing Rule 7.1A, the following information is provided to Shareholders, in accordance with Listing Rule 7.3A.6 regarding the Equity Securities issued in the previous 12 months preceding the date of the AGM (that is, since 13 January 2016).

Listing Rule 7.3A.6(a): Total Equity Securities issued in previous 12 months

Listing Rule 7.3A.6(a)	Equity Securities
Number of Equity Securities on issue at commencement of 12 month period	4,318,434,264 Shares 100,000,000 \$0.008 unlisted incentive Options
Equity Securities issued in prior 12 month period	25,000,000 Shares (on exercise of unlisted incentive Options)
Percentage previous issues represent of total number of Equity Securities on issue at commencement of 12 month period	0.579% of Shares on issue

Listing Rule 7.3A.6(b): Details of Equity Securities issued in the 12 months prior to the date of the Meeting are set out in Schedule 4.

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

- 12,500,000 Shares following the exercise of 12,500,000 unlisted options on 11 August 2016 for a total of \$100,000 (at an issue price of \$0.008 per share); and
- 12,500,000 Shares following the exercise of 12,500,000 unlisted options on 19 October 2016 for a total of \$100,000 (at an issue price of \$0.008 per share).

Accordingly, the total cash consideration for these issues was \$200,000. The Company has not presently spent any of this cash consideration and intends to use the consideration for general working capital.

8.4 Directors recommendations

The Directors of the Company unanimously recommend that shareholders vote in favour of Resolution 6.

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9. Resolution 7 – Approval to issue Future Placement Shares

9.1 Introduction

Resolution 7 seeks shareholder approval to issue up to \$50,000,000 worth of new Shares (**Future Placement Shares**) at an issue price per Share of not less than 80% of the volume weighted average market price of the Shares calculated over the last 5 days on which sales in the Shares were recorded before the day on which the Future Placement Shares are issued to various unrelated sophisticated, professional or other investors that fall within one or more of the classes of exemptions specified in section 708 of the Corporations Act.

The funds raised by the issue of the Future Placement Shares will be used by the Company to provide working and investment capital to the Company and further development of the Company's assets.

At this stage the Company has not committed to undertaking the issue of the Future Placement Shares, nor the price at which the Future Placement Shares will be issued. However, pursuant to Resolution 7 the Company is seeking the approval of Shareholders to provide it with flexibility to undertake the placement within three (3) months following the Meeting.

9.2 ASX Listing Rule 7.1

In accordance with Listing Rule 7.1, Shareholder approval is sought for the issue of the Future Placement Shares to one or more unrelated sophisticated, professional or other investors that fall within one or more of the classes of exemptions specified in section 708 of the Corporations Act.

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. Equity securities issued with shareholder approval under Listing Rules 7.1 or 7.4 do not count towards the 15% limit under Listing Rule 7.1 or the 10% limit under Listing Rule 7.1A.

By passing Resolution 7, the Company will be permitted to issue the Future Placement Shares during the 3 months after the meeting without using the Company's placement capacity pursuant to Listing Rule 7.1.

For the purposes of Listing Rule 7.3, the Company provides the following information:

Maximum Number of securities to be issued	Up to \$50,000,000 worth of Future Placement Shares may be issued within three months after the date of the Meeting. The number of Future Placement Shares to be issued will be determined by dividing the value of the placement by the issue price of the Future Placement Shares (as determined by the Directors subject to the parameters set out below).
Date by which the Company will issue the securities	The Future Placement Shares will be issued within three months after the date of the Meeting. Future Placement Shares will be issued progressively.
Issue price of the securities	The Future Placement Shares will be issued for an issue price per Future Placement Share to be determined by the Directors, which shall be not less than 80% of the volume weighted average market price of the Shares calculated over the last 5 days on which sales in the Shares were recorded before the day on which the Future Placement Shares are issued.
Recipients of the	The Future Placement Shares will be issued to one or more unrelated

Explanatory Memorandum

securities	sophisticated, professional or other investors that fall within one or more of the classes of exemptions specified in section 708 of the Corporations Act. The Future Placement Shares will not be issued to any recipient who, upon such issue, and in combination with that recipient's associates, would have a Relevant Interest in excess of 19.99% of the Shares in the Company, unless further Shareholder approval is obtained or the issue of Future Placement Shares to that recipient otherwise complies with Chapter 6 of the Corporations Act.
Terms of the securities to be issued	The Future Placement Shares issued will be fully paid ordinary shares and rank equally with all other existing Shares presently on issue.
Intended use of funds	The funds raised from the issue of the Future Placement Shares (up to \$50,000,000) are intended to be used for working and investment capital and further development of the Company's assets.

The issue price of the Future Placement Shares is not set and may vary depending on the date of issue of such Shares. The potential impact on the Company's issued capital from the Future Placement Shares in a number of different scenarios is set out below. There is no guarantee as to the issue price of the Future Placement Shares and it may be higher or lower than that set out below:

	Lowest Market Price in previous 12 months	Current Market Price as at 29 November 2016	Highest Market Price in previous 12 months
	\$0.009	\$0.020	\$0.031
Number of shares to be issued (up to \$50,000,000)	5,555,555,555	2,500,000,000	1,612,903,225
% of current issued capital	128%	58%	37%

9.3 Director Recommendation

The Board recommends that Shareholders vote in favour of this Resolution 7.

10. 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 7pm (Sydney time) on 11 January 2017. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

11. Interpretation

The following terms used in the Notice of Meeting and the Explanatory Memorandum are defined as follows:

\$ means Australian dollars, unless otherwise stated;

AGM means annual general meeting;

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ASIC means the Australian Securities and Investments Commission;

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

Associates has the meaning given to that term in the Corporations Act, and **Associated** has a corresponding meaning;

Business Day means a day on which all banks are open for business generally in Brisbane;

Board means the board of directors of the Company;

Chair means the person chairing the Meeting;

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 ABN 49 089 206 986 (ASX: AQC);

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

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

Director means a director of the Company;

Existing Constitution means the Constitution dated on or about 29 November 1999;

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

Future Placement Shares has the meaning given to that term in section 7 of the Explanatory Memorandum;

Key Management Personnel or **KMP** 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 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 13 January 2017 as convened by the accompanying Notice of Meeting;

New Constitution has the meaning given to that term in section 5 of the Explanatory Memorandum;

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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;

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:

- (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.

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

Level 7, 10 Felix Street, Brisbane QLD 4000

+61 7 3221 0679

Explanatory Memorandum

Schedule 1 – Proposed New Constitution

The key practical differences with respect to the rights and liabilities attached to shares between the Existing Constitution and the New Constitution to be adopted are outlined below. Capitalised terms that are not defined within this Explanatory Memorandum are as defined in the New Constitution.

1. Rule 1 provides that all of the replaceable rules found in the Corporations Act do not apply to the Company. The current position excludes all replaceable rules except section 249X, which addresses who can appoint a proxy.
2. Rule 3 provides for the Directors of the Company to determine the Registered Office of the Company at all times.
3. Rule 4 provides for the issue of Shares.
4. Rule 5 specifically provides for the issue of preference shares of the Company as well as shares with deferred or qualified rights to Dividends or in the distribution of assets of the Company. The rule goes on to provide for the rights of preference shareholders of the Company.
5. Rule 6 provides for the Directors of the Company to create and issue Equity Securities or Debt Securities.
6. Rule 7 provides for the participation of Directors and their associates in a share issue only with rights of conversion to equity as permitted by the Listing Rules.
7. Rule 8 provides that a person who becomes a Member of the Company agrees to observe and perform the provisions of the Constitution or by-laws made under the Constitution.
8. Rule 9 changes the quorum for a Class Meeting of shareholders to be persons holding or representing 25% of the issued Shares of the class whereas the Existing Constitution merely applied the provisions relating to general meetings (i.e. a quorum of two persons).
9. Rule 11 imposes additional obligations upon the Company with respect to share certificates including the issue, renewal, cancellation and replacement of share certificates.
10. Rule 12 results in any transferor of a Share with a lien imposed on such Share remaining liable to the Company for all money which was payable to the Company in respect of the Share despite the Share being transferred.
11. Rule 13 changes the time period required for notice to the holder of Shares over which the company has a lien from 10 business days to 14 days, and imposes an obligation upon the holder of a Share to produce the share certificate to the Directors where their shareholding, which was the subject of a lien, has been sold and that should the holder fail to produce the certificate, the Directors may cancel the Share certificate.
12. Rule 14 specifies the information that is to be included in a notice to members for any call made on Shares by Directors. This rule also reduces the interest rate being imposed upon late payment to be limited to 1% per annum in excess of the Prime Rate.
13. Rule 15 reduces the interest rate being imposed upon late payment to be limited to 1% per annum in excess of the Prime Rate. The rule also provides that payment of the residue of sale proceeds from sale of forfeited Shares should be paid to the relevant Member within 5 days of the receipt of the relevant share certificate.
14. Rule 16 provides a specific form for Share transfers that are not by way of ASTC Regulated Transfer. The rule also provides that if transfer or stamp duty is payable on the transfer of Shares, instruments of transfer shall be duly stamped or certified and the Directors may

Explanatory Memorandum

- require the production of evidence that other Commonwealth or State taxes or duty on transfer have been complied with.
15. Rule 17 clarifies the process for the transmission of Shares in the event of the death or bankruptcy of a Member, including that the transmission will be subject to the operation of the ASX Settlement Operating Rules. The rule also provides that, in the event of the death of a Joint Holder, nothing in the Rules shall release their estate from any liability in respect of any Share which had been jointly held by the Member with other persons.
 16. Rule 18 provides for the Company to maintain transfer books and a Register of Members as well as notify the ASX of any record date fixed by the Directors.
 17. Rule 19 provides that the Company may in a Meeting resolve to increase the Share capital, consolidate the Share capital, subdivide the Share capital or cancel Shares that have been forfeited and not taken up by any other person.
 18. Rule 20 provides that the Company may, in accordance with the Corporations Act, decrease its Share capital.
 19. Rule 21 does not require the Company to state in the AGM materials that the AGM includes the declaration of a Dividend, consideration of Financial Statements and the reports of the Directors and Auditors, the election of Directors in the place of those retiring by rotation or the appointment and fixing of the remuneration of the Auditors of the Company.
 20. Rule 22 alters the number of Members required for a quorum, from two to three. The rule also alters the impact of the Company failing to achieve a quorum at a Meeting of its Members by requiring an adjourned Meeting to be held on the same day at the same time and place in the following week, with the current position being at the discretion of the Directors. Rule 24 further alters the consequences of failing to achieve a quorum at a Meeting of its Members by allowing the adjourned Meeting to proceed with those Members present if a quorum is not met within the first 30 minutes of the adjourned Meeting. The current position requires the adjourned Meeting to be dissolved unless at least 2 Members are present.
 21. Rule 24 provides the Chairman of a Meeting of the Members of the Company with additional powers and responsibility with respect to the Meeting.
 22. Rule 25 alters the notice requirements for any adjourned Meeting of the Members of the Company. Any Meeting of the Members of the Company adjourned for 14 days or more requires seven days' notice of the new date, time and place for the Meeting.
 23. Rule 26 provides for the voting rights of Members. Unless otherwise provided in this Constitution, every Member present in person or by proxy or by attorney or (in the case of a body corporate) by Corporate Representative shall be entitled on a show of hands, to one vote and on a on a poll, to one vote for each Share of which the Member is the holder. Rule 26 goes on to make further provision for joint holders and holders of partly paid Shares.
 24. Rule 27 provides that the demand of a poll shall not prevent the continuance of a Meeting for any business other than the question on which the poll has been demanded, and that the demand for a poll may be withdrawn at any time.
 25. Rule 28 provides that the person in the chair at a Meeting shall not, in the case of equality of votes on show of hands or poll, have a second or casting vote.
 26. Rule 29 provides for the appointment of proxies. In particular, the rule provides that where a Member has appointed two proxies neither proxy will be entitled to participate in a vote by a show of hands. The rule also provides that where a Member and their proxy both attend a Meeting, if the proxy was appointed to represent the whole of the Member's voting rights the Member will not be entitled to vote. Where the proxy was appointed to represent only part of the Member's rights, the Member will be entitled to vote in respect of their remaining rights,

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- provided that in this case the proxy shall not be entitled to vote on a show of hands. The rule also provides a form for the appointment of a proxy
27. Rule 30 permits Members to appoint an attorney to attend, act and vote at any of the Meetings of the Members of the Company on behalf of that Member. The rule stipulates the requirements for the appointment, certain powers of the attorney, and the priority of a power of attorney given for value.
 28. Rule 31 provides for a Corporate Representative to be appointed, and the need to deposit proxy forms and any power of attorney with the Company.
 29. Rule 32 provides for the revocation and invalidity of instruments appointing a proxy, attorney or Corporate Representative.
 30. Rule 33 increases the maximum number of Directors of the Company to nine from seven.
 31. Rule 35 provides for the vacation of office of a Director, including the removal of a Director of the Company who is also a shareholder of the Company, should that Director fail to pay any call within four weeks from the date such call is made payable.
 32. Rule 36 ensures that where a person has been appointed to the position of Director to fill a casual vacancy or as an addition to the Board, the appointment shall only hold office until the next following annual general meeting. The rule also ensures that where a person has been appointed to replace a removed Director, that person so appointed shall only hold office as Director until such time as the removed Director would have continued to hold office had they not been removed.
 33. Rule 37 permits Directors of the Company to hold any other office or place of profit other than that of Auditor of the Company. No partner, employer or employee of the Auditor of the Company is eligible to be appointed or elected as Director or Alternate Director.
 34. Rule 38 provides for the term of office of a Director, including retirement by rotation. Rule 38 prevents a single resolution appointing two or more persons to be Directors unless a separate resolution allowing that single resolution to be made has been passed and nominations for election to the office of Director will be accepted up to 30 Business Days prior to the date of a general Meeting at which the Directors will be elected or re-elected.
 35. Rule 39 contemplates the potential for the Company and any subsidiaries of the Company to pay Directors' fees. It also provides that the Directors are prohibited from fixing or paying a salary or allowance to non-executive Directors that would exceed the total amount of non-executive Directors' fees payable, that the remuneration of Executive Directors must not include a commission on or percentage of operating revenue, and any provision for payment to a retiring Director is to be disclosed to the Company at a meeting prior to the retirement.
 36. Rule 40 allows for Directors to hold directorships in other companies except those companies in active competition with the Company.
 37. Rule 41 removes Alternate Directors should the Director appointing them be removed, provides that Alternate Directors are responsible to the Company for their own acts and defaults and provides for the notice to be used for appointment of an Alternate Director.
 38. Rule 42 permits Directors to appoint Associate Directors and provides for further operative provisions with respect to the powers and obligations of any Associate Directors that are appointed.
 39. Rule 43 provides for the appointment of Managing Directors or Assistant Managing Director. The rule provides that where there is more than one Managing Director, they will be subject to retirement by rotation. The rule is subject to any contract between the Managing Director and

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- the Company provided the terms of the contract have been approved by the Company in a general meeting.
40. Rule 44 provides for Director's Meetings. The rule contemplates Directors acting, where a vacancy has reduced their numbers below that necessary for a quorum, in an emergency. The rule contemplates the Directors adopting a code of conduct. The rule provides for the Chairman of Directors to have a casting vote in the case of an equality of votes, when more than 2 Directors, including the Chairman, are present at the Directors meeting.
 41. Rule 45 provides for the appointment of a Chairman of Directors/Chairman at the discretion of the Directors. The rule does not include the ability to appoint a deputy Chairman. The rule provides for the exercise of all powers by the Chairman being subject to regulations and restrictions imposed by the Directors, and the Chairman being removed by resolution of the Directors.
 42. Rule 47 removes the requirement for a committee established by the Directors to consist of a Director or Directors.
 43. Rule 49 provides for the general powers of the Directors and that the Directors shall manage and control the business and affairs of the Company. Rule 49 prohibits the Company from making any regulation which would have the effect of invalidating any prior act of the Directors validly made.
 44. Rule 50 provides for the borrowing powers of the Directors.
 45. Rule 54 allows Directors to make provision for management and transaction of the Company and its affairs in any place in Australia or elsewhere and to establish local boards, managers, branches or agencies for this purpose. There are a number of operative provisions detailed in the remainder of the Rule.
 46. Rule 55 contemplates the Directors appointing local directors or agents by facsimile, email or other form of visible communication in cases of urgency to act for or on behalf of the Company.
 - 46.1 Rule 56 provides for the execution of a document by the Company. The rule contemplates the execution of a document by two Directors, a Director and the Secretary, or a Director and another authorised signatory appointed for that purpose by the Directors.
 47. Rule 58 provides for the possibility of an assistant Company Secretary.
 48. Rule 59 allows the Company to appoint a public officer, as well as removal of that person and appointment of another to the position.
 49. Rule 61 provides for Dividends, and contemplates the payment of Dividends by electronic funds transfer or in such other manner as the Directors determine from time to time.
 50. Rule 62 requires the Company to provide Members with a copy of any Dividend Reinvestment Plan and Summary of its Terms. The rule also provides for a Notice of Election to forego any cash Dividend as part of the Dividend Reinvestment Plan. Finally, the Directors are unable to adopt a Dividend Reinvestment Plan unless the Company passes a resolution at a Meeting of its Members to approve the adoption of the Dividend Reinvestment Plan.
 51. Rule 63 provides for Dividends to be made by way of an in-specie distribution of assets.
 52. Rule 64 provides for bonuses for Directors, officers, executives, consultants and employees that may be reserved out of the profits of the Company, and that the Directors may at their discretion introduce a scheme under which the Company may issue Securities to the Directors, officers, executives, consultants and employees.

Explanatory Memorandum

53. Rule 65 imposes a requirement upon the Company to pass a resolution at a Meeting of its Members prior to the capitalisation of any profit. The Directors must perform the capitalisation in accordance with the resolution passed by the Members and any results of payment or distribution by the Company are binding upon the Members of the Company. The Rule also provides for a Capital redemption fund.
54. Rule 66 provides for the keeping of accounting records as correctly record and explain the transactions of the Company, in such a manner as will enable the true and fair accounts to be prepare from time to time and conveniently and properly audited in accordance with the Corporations Act.
55. Rule 67 requires the Company to attach to every Financial Report a Directors' Report.
56. Rule 68 requires the Company to send the Financial Report and such other material that comprises the Annual Report of the Company either 21 days prior to the date of the Annual General Meeting of the Company for that year or four months after the end of the relevant financial year. Rule 68 provides that the Annual Report may be provided in any manner permitted by the Corporations Act including, without limitation, section 314. It also subjects the Company to all reporting obligations found in the ASX Listing Rules.
57. Rule 69 provides for where the records and accounts must be kept by the Company and when a Member of the Company shall be entitled to inspect the records and accounts being, if they are a Director, as provided by the Corporations Act, as authorised by Directors, or by a resolution of the Company at a Meeting of its Members.
58. Rule 70 provides that every account of the Company when audited and approved by a Meeting shall be conclusive.
59. Rule 71 imposes a requirement upon the Auditor of the Company to report to the Members of the Company at a Meeting and prohibits a Director, Officer, partner, employee, employer of a Director or Officer and others from being an Auditor of the Company.
60. Rule 72 permits the Company to undertake a buy-back of the Company's securities to the extent permitted by the Corporations Act and in accordance with the ASX Listing Rules.
61. Rule 73 provides for the sale of Securities held that are less than a Marketable Parcel, by the giving of a Continuing Member Notice to applicable holders.
62. Rule 74 allows the Board to determine the manner in which fractional entitlements or any difficulties relating to distribution and adjustment of the rights of Members are to be dealt with.
63. Rule 75 provides for a process in the event that proportional offers have been made for shares in the Company under a Takeover Bid, requiring the Directors to convene a Meeting of the Company at which the Members vote on a resolution approving the proportional takeover bid.
64. Rule 76 allows Members of the Company to request a suspension of full notice rights and alternatively request for full notice rights in relation to notices of the Company.
65. Rule 77 prohibits any Member who is not a Director from being entitled to receive any information concerning the business, trading or customers of the Company or any trade secret or secret process of the Company. The rule also contemplates the need for Directors, managers, trustee or Members to sign a declaration pledging strict secrecy with respect to any and all confidential information of the Company. The rule contains further operative provisions in this regard.
66. Rule 78 provides notice requirements, and in particular shortens the time period in which receipt of Notices by Members is deemed to have occurred if posted to the day after posting from the current position of three days after posting. The rule also changes the way in which Notice periods are calculated so as to include the day for which Notice is given.

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67. Rule 79 provides for Overseas Shareholders, permitting the Directors to take steps as they see fit to provide equitably for overseas shareholders. The rule also allows documents for Overseas Shareholders to be forwarded in any way that ensures they will be received quickly.
68. Rule 80 permits the Company to pay insurance premiums for indemnity insurance for its Officers and Auditors.
69. Rule 82 provides operative provisions should the Company wish to distribute surplus assets of the Company in a winding up of the Company. The distribution to Members is to be made after all Liabilities have been satisfied and if it is not possible to distribute all Paid Up Capital to all Members, then the surplus assets are to be distributed proportionally to all Members. The rule also provides for the ability for a distribution in specie of certain assets to Directors and liquidators.
70. Rule 84 provides that any sale of the Company's main undertaking shall be conditional on approval by shareholders in a Meeting.
71. Rule 85 provides that the Constitution is to be read as subject to the ASX Listing Rules and the ASX Settlement Operating Rules.
72. Rule 86 provides that should the Company be listed in a foreign jurisdiction, the Company will comply with all rules and regulations of the foreign jurisdiction and its stock exchange, except to any extent that the foreign stock exchange rules are contrary or inconsistent with the ASX Listing Rules.

2016 Proxy Form

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, or the Share Registry, Level 15, ANZ Building, 324 Queen Street, Brisbane QLD 4000** not less than 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
Level 7, 10 Felix Street, Brisbane QLD 4000

Telephone Phone: +61 7 3221 0679 Facsimile No: +61 7 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 on 11 January 2017. 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 |

2016 Proxy Form

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.

2016 Annual General Meeting - Proxy Form

I / We _____

of: _____

being Shareholder(s) of Australian Pacific Coal Limited ("Company")

hereby appoint: _____

of: _____

of 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 extraordinary general meeting of the Company to be held at Level 7, Waterfront Place, 1 Eagle Street, Brisbane QLD 4000, on 13 January 2017 at 10am (Brisbane time) and at any adjournment thereof in respect of all of my/our shares in the Company unless otherwise specified below.

If you wish to indicate how your proxy is to vote, please tick the appropriate places below. **The Chairman advises that it is his intention to vote in favour of all resolutions in respect of any undirected proxies which may be granted in favour of the Chairman.**

If the Chairman is appointed as your proxy, or may be appointed by default, and you do **not** direct your proxy how to vote, you authorise the Chairman to exercise your proxy even if: (a) he/she has an interest in the outcome of the resolution; and, (b) votes cast by him other than as proxy holder, in respect of any resolution in which he has interest in the outcome, will be disregarded because of that interest. If you have directed your proxy how to vote on a Resolution and your named proxy either does not attend the Meeting or attends the Meeting but does not vote on a poll on the Resolution, the Chairman is taken to be your proxy in respect of that Resolution. If you do not wish to authorise the Chairman to vote in favour of a resolution where he is appointed as your proxy, or may be appointed by default, you should direct your vote by marking the appropriate box below.

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.)

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)

If no directions are given, the Proxy may vote as the Proxy thinks fit or may abstain. By signing this appointment you acknowledge that the Proxy (whether voting in accordance with your directions or voting in their discretion under an undirected Proxy) may exercise your proxy even if he/she has an interest in the outcome of the resolution and even if votes cast by him/her other than as proxy holder will be disregarded because of that interest.

Exercise of undirected proxies by Key Management Personnel

If a member of the Company's Key Management Personnel (other than the Chairman) or their Closely Related Party is your proxy and you have not directed the proxy how to vote, that person will not vote your shares on Resolution 4 (being a resolution connected directly or indirectly with the remuneration of members of the Company's Key Management Personnel).

If the Chairman is (or becomes) your proxy, you can direct the Chairman to vote for or against or abstain from voting on any Resolution by marking the appropriate box below. Unless you indicate otherwise by ticking either the 'For', 'Against' or 'Abstain' box, you will be authorising the Chairman to vote in accordance with the Chairman's voting intention. In particular, if the Chairman is appointed your proxy (or becomes your proxy by default), and you have not directed the proxy how to vote, you authorise the Chairman to exercise your proxy on Resolution 4 even though Resolutions 4 are connected directly or indirectly with the remuneration of a member of Key Management Personnel (and the Chairman is a member of Key Management Personnel).

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

Resolution 1	For	Against	Abstain
<i>"That Peter Ziegler, who retires by rotation in accordance with Rule 18.1 of the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director."</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolution 2	For	Against	Abstain
<i>"That Paul Byrne, who retires by rotation in accordance with Rule 18.1 of the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director."</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolution 3	For	Against	Abstain
<i>"That Shane Stone, who retires in accordance with Rule 15.4 of the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director."</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolution 4	For	Against	Abstain
<i>"That, the Remuneration Report for the year ended 30 June 2016 (as set out in the Directors Report) is adopted."</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolution 5	For	Against	Abstain
<i>"That pursuant to and in accordance with section 136(2) of the Corporations Act, and for all other purposes, the constitution comprising the document tabled at the meeting and signed by the Chairman of the meeting for the purposes identification, be approved and adopted as the constitution of the Company in substitution for and to the exclusion of the existing constitution which is repealed in its entirety."</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolution 6	For	Against	Abstain
<i>"That, pursuant to and in accordance with Listing Rule 7.1A, and for all other purposes, the Shareholders approve the issue of Equity 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 Meeting, 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)."</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolution 7	For	Against	Abstain
<i>"That in accordance with the provisions of Listing Rule 7.1, and for all other purposes, the Company is authorised to issue up to \$50,000,000 worth of fully paid ordinary shares (Future Placement Shares) at an issue price per Future Placement Share of not less than 80% of the volume weighted average market price of the Company's shares calculated over the last 5 days on which sales in the shares of the Company were recorded before the day on which the share placement is made, to various sophisticated, professional or other investors that fall within one or more of the classes of exemptions specified in section 708 of the Corporations Act 2001 (Cth) and otherwise on the terms and conditions set out in the Explanatory Memorandum."</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Individual or Security holder 1

Sole Director and sole Company Secretary (If appointed)

_____ **Contact Name**

Security holder 2

Director

_____ **Contact daytime telephone**

Security holder 3

Director/Company Secretary

_____ **Date**