

2013 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 Friday 29 November 2013 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

25 October 2013

Notice of Annual General Meeting and Explanatory Memorandum

Australian Pacific Coal Limited ACN 089 206 986

Date of Meeting: 29 November 2013

Time of Meeting: 2:00pm (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 given that the Annual General Meeting of Shareholders of **Australian Pacific Coal Limited ACN 089 206 986 (Company)** will be held at The Stanley Room, Stamford Plaza Brisbane, Corner Edward and Margaret Streets, Brisbane Queensland 4000, on 29 November 2013 at 2:00pm (Brisbane time).

Agenda

Ordinary business

Financial Reports

To receive and consider the Company's Annual Financial Report comprising the Directors' Report and Auditors' Report, Directors' Declaration, Statement of Financial Performance, Statement of Financial Position, Statement of Cashflows and notes to and forming part of the accounts for the Company and its controlled entities for the financial year ended 30 June 2013.

1. Resolution One – Remuneration report

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

“That, the Remuneration Report for the year ended 30 June 2013 (as set out in the Directors' Report) is adopted.”

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 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 1 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 1, subject to compliance with the Corporations Act.

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2. Resolution Two – Re-election of Peter Ziegler as a Director

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

“That in accordance with Article 18.2 of the Company’s Constitution, Peter Ziegler, who retires in accordance with the Company’s Constitution and, being eligible for re-election offers himself for re-election, be re-elected as a Director of the Company.”

See Explanatory Statement below for further information.

3. Resolution Three – Re-election of Paul Ryan as a Director

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

“That Paul Ryan, 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.”

See Explanatory Statement below for further information.

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

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

“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 39,285,714 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:
 - 3 May 2013: 12,500,000 Shares at \$0.010 per Share;
 - 25 July 2013: 12,500,000 Shares at \$0.008 per Share; and
 - 27 August 2013: 14,285,714 Shares at \$0.007 per Share.
- 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 this Resolution 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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5. Resolution Five – Ratification of Convertible Security

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

“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 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:
 - 5 February 2013: \$110,000 face value (cash consideration \$100,000); and
 - 13 June 2013: \$110,000 face value (cash consideration \$100,000).
- A summary of the terms of the Convertible Securities is set out in the Explanatory Memorandum.

Voting exclusion statement

The Company will disregard any votes cast on this Resolution 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.

6. Resolution Six – Approval or ratification of the issue of Shares

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

“Depending upon whether the proposed issue of Shares has occurred as at the date of the Meeting, that in accordance with the provisions of:

- Listing Rule 7.1 of the Official Listing Rules of the ASX Limited; or*
- Listing Rule 7.4 of the Official Listing Rules of the ASX Limited,*

(as the case may be) and for all other purposes, the Shareholders approve the allotment and issue (in the case where the issue has not occurred as at the date of the Meeting) or the Shareholders ratify (in the case where the issue has occurred as at the date of the Meeting) the issue of 11,111,111 Shares at \$0.009 per Share (on the terms set out in the Explanatory Memorandum).”

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Notes

For the purpose of Listing Rule 7.3 (in the event that the securities are not issued prior to the Meeting):

- the maximum number of securities which may be issued under this Resolution is 11,111,111;
- the Company intends to issue the securities as soon as practicable after the date of the Meeting and in any event within 3 months of the date of the Meeting;
- the issue price will be \$0.009 per Share;
- the securities will be issued to various sophisticated or professional investors that fall within one or more of the classes of exemptions specified in section 708 of the Corporation Act;
- the rights attaching to the Shares will be identical in all respects to the existing ordinary shares on issue in the Company;
- the funds raised from the issue are intended to be used for general working capital and the development of the Company's projects;

For the purposes of Listing Rule 7.5 (in the event that the securities are issued prior to the Meeting):

- the number of securities issued is 11,111,111;
- the issue price was \$0.009 per Share;
- the rights attaching to the Shares are identical in all respects to the existing ordinary shares on issue in the Company;
- the securities will have been issued to various sophisticated or professional investors that fall within one or more of the classes of exemptions specified in section 708 of the Corporation;
- the funds raised from the issue will be used for general working capital and the development of the Company's projects;

Voting exclusion statement

The Company will disregard any votes cast on this Resolution by a person and any associates of that person who:

- may or did participate in the issue; and
- might obtain a benefit if this Resolution is passed, except a benefit solely in their capacity as a holder of Shares if the resolution is passed.

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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7. Resolution Seven – Approval to Adopt Amended “Officers, Executives, Consultants and Employee Share Plan”

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

“That for the purposes of Exception 9 of Listing Rule 7.2 and for all other purposes, the Company be authorised to issue securities under the amended “Officers, Executives, Consultants and Employee Share Plan”, approved by Shareholders on 30 November 2010 as an exception to Listing Rules 7.1 and 7.1A.”

Notes

- A detailed summary of the key terms of the Officers, Executives, Consultants and Employee Share Plan is set out in Schedule 2.
- Since the date the Officers, Executives, Consultants and Employee Share Plan last received Shareholder approval, 32,809,127 shares have been issued under the Officers, Executives, Consultants and Employee Share Plan. All issues under the Officers, Executives, Consultants and Employee Share Plan have received individual Shareholder approval, save as for those issues which took place in 2013.

Voting Exclusion Statement

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

- a director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company); 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.

A vote on Resolutions Seven must not be cast by:

- any member of Key Management Personnel of the Company or if the Company is part of a consolidated entity, of the entity; or
- a Closely Related Party of such a member,

who is appointed as a Shareholder’s proxy, on the basis of that appointment, where the Shareholder does not specify in writing the way the proxy is to vote on the resolution.

However, the Company need not disregard a vote if it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, where the Shareholder does not specify in writing the way the proxy is to vote on the resolution, if the appointment of proxy 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, of the entity.

Notice of Annual General Meeting

8. Resolution Eight – Removal of Sothertons Chartered Accountants and Business Advisors (Brisbane) as Company auditor

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

*“That, for the purpose of section 329(1) of the Corporations Act and for all other purposes, Sothertons Chartered Accountants and Business Advisors (Brisbane) (**Sothertons (Brisbane)**) be removed as the Company’s auditor, as proposed by the Notice of intention to remove signed by the Chairman of Australian Pacific Coal Limited and provided to the Company in accordance with section 329(1A) of the Corporations Act, and circulated to Sothertons (Brisbane) and ASIC in accordance with section 329(2).”*

Special business

9. Resolution Nine – Appointment of Sothertons Chartered Accountants and Business Advisors (Melbourne) as Company auditor

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

“That, subject to Resolution 8 receiving shareholder approval, in accordance with of section 327D of the Corporations Act and for all other purposes, Sothertons Chartered Accountants and Business Advisors (Melbourne) be appointed as auditor of the Company.”

10. Resolution Ten – Approval 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, pass the following resolution with or without amendment, as a Special Resolution:

“That, pursuant to and in accordance with ASX 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 ASX Listing Rule 7.1A.2, over a 12 month period from the date of the 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 person and an associate of that person (or persons) who:

- may participate in the issue of the Placement Securities; and
- 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.

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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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 and there is no reason to exclude their votes.

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
28 October 2013

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, Corner Edward and Margaret Streets, Brisbane Queensland 4000 on 29 November 2013 commencing at 2:00pm (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 18.

2. Consider the company's annual financial report

The Company's Annual Financial Report comprising the Directors' Report and Auditors' Report, Directors' Declaration, Statement of Financial Performance, Statement of Financial Position, Statement of Cashflows and notes to and forming part of the accounts for the Company and its controlled entities for the financial year ended 30 June 2013 was released to the ASX on 30 September 2013. The Company's Annual Financial Report is placed before Shareholders for discussion. No voting is required for this item.

3. Resolution One – 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 Financial Report. The report:

- explains the Board's policy for determining the nature and amount of remuneration of Key Management Personnel of the Company;
- explains the relationship between the Board's remuneration policy and the Company's performance;
- sets out remuneration details for each Key Management Personnel of the Company including details of performance related remuneration and options granted as part of remuneration; and
- 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 of the Company.

There are restrictions on members of the Key Management Personnel and their Closely Related Parties and their proxies voting on Resolution 1, details of which are set out in the (in any capacity) (in any capacity) Voting Restriction Statement included in Resolution 1 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 1 subject to compliance with the Corporations Act.

Explanatory Memorandum

4. Resolution Two – Retirement of Directors by Rotation

Mr Peter Ziegler was last appointed as a Director of the Company on 30 November 2011. Mr Ziegler is currently an Executive Director of the Company, and brings a wealth of experience and expertise to the Board particularly in relation to the strategic development of the Company's overall project and commercial objectives.

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

Further details regarding Mr Ziegler's qualifications and experience are set out in the 2013 Annual Report.

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

5. Resolution Three – Re-election of Paul Ryan as a Director

Rule 15.4 of the Constitution provides that any Director who has been appointed by the other Directors only holds office to the end of the next annual general meeting and is then eligible to stand for re-election at the next annual general meeting.

Mr Paul Ryan was appointed as a Director to the Board on 29 November 2012 by the other Directors. Accordingly, Mr Ryan retires as a Director at the end of the forthcoming AGM, however, being eligible, offers himself for re-election as a Director of the Company.

Mr Ryan holds a Diploma of Business and Management and a MAICD. Further details regarding Mr Ryan's qualifications and experience are set out in the 2013 Annual Report.

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

11. Resolution Four – Ratification of the issue of Shares to The Australian Special Opportunity Fund, L.P. (ASOF)

11.1 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 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:

- (a) 3 May 2013: 12,500,000 Shares at an issue price of \$0.010 per Share;
 - (b) 25 July 2013: 12,500,000 Shares at an issue price of \$0.008 per Share; and
 - (c) 27 August 2013: 14,285,714 Shares at an issue price of \$0.007 per Share,
- (being a total of 39,285,714 Shares in total).

Explanatory Memorandum

By passing Resolution Four, the issue of the 39,285,714 Shares to ASOF will have the subsequent ratification of Shareholders which will mean that these 39,285,714 Shares will no longer count towards the 15% limit in Listing Rule 7.1.

11.2 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 39,285,714 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:

	Shares issued on 3 May 2013	Shares issued on 25 July 2013	Shares issued on 27 August 2013
Total number of Shares	12,500,000	12,500,000	14,285,714
Issue Price per Share (A\$)	\$0.010	\$0.008	\$0.007
Terms of Shares	Pari Passu to all existing Shares on issue	Pari Passu to all existing Shares on issue	Pari Passu to all existing Shares on issue
Name of Allottee	ASOF	ASOF	ASOF
Use of Funds	General working capital and development of the Company's projects.	General working capital and development of the Company's projects.	General working capital and development of the Company's projects.

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

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

12. Resolution Five - Ratification of Convertible Security

12.1 Background

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

1. 5 February 2013: \$110,000 face value – cash consideration: \$100,000; and
2. 13 June 2013: \$110,000 face value – cash consideration: \$100,000.

The Convertible Securities represent the second and third convertible securities issued to ASOF under the Facility.

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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 per Share over 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 VWAPS per Share over 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 \$220,000 (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

$$\frac{\$220,000}{\$0.010^*} = 22,000,000 \text{ Shares}$$

*Assumes and average 3 day VWAP of \$0.0112

Example B

$$\frac{\$220,000}{\$0.015^*} = 14,666,667 \text{ Shares}$$

*Assumes and average 3 day VWAP of \$0.0167

Example C

$$\frac{\$220,000}{\$0.020^*} = 11,000,000 \text{ Shares}$$

* Assumes an average 3 day VWAP of \$0.0223

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.

Explanatory Memorandum

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.

12.2 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 \$110,000.
- (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 3 daily VWAP over 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; and
 - (2) provide further working capital.

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

Explanatory Memorandum

13. Resolution Six – Approval of the issue of Shares

13.1 Background

At the date of this Notice of Meeting, the Company is progressing with a capital raising by way of a share placement. **(Raising)**. Whilst it is possible that the Raising may be completed before the Meeting, in the event that it has not been completed, in accordance with Listing Rule 7.1 the Company is seeking Shareholder approval to issue up to 11,111,111 Shares at an issue price of \$0.009 per share (**Placement Shares**). Further details on Listing Rule 7.1 are set out below.

However if the Raising is completed before the Meeting, then in accordance with Listing Rule 7.4 the Company is seeking Shareholder approval to ratify the issue of the Placement Shares that were issued before the Meeting. Further details on Listing Rule 7.4 are set out below.

13.2 Listing Rule 7.1

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.

For the purposes of Listing Rule 7.3, the Company advises:

- The maximum number of Shares is 11,111,111 (**Placement Shares**).
- The Placement Shares will be progressively issued and allotted within three months of the date of this Meeting.
- The Company will issue the Placement Shares to sophisticated and professional investors who fall within one or more of the classes of exemptions specified in section 708 of the Corporations Act.
- The issue price of the Placement Shares will be \$0.009 per Placement Share.
- The Placement Shares issued shall rank pari passu with all other existing Shares on issue in the Company.
- The total funds that will be raised from the issue of the Placement Shares will be used for tenement maintenance and exploration and general working capital.

13.3 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 the Placement Shares in issued before the Meeting.

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

- The maximum number of Shares allotted is 11,111,111.
- The Company will have issued the Placement Shares to sophisticated and professional investors who fall within one or more of the classes of exemptions specified in section 708 of the Corporations Act.
- The issue price of the Placement Shares will be \$0.009 per Placement Share.
- The Placement Shares issued shall rank pari passu with all other existing Shares on issue in the Company.

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- The total funds that will be raised from the issue of the Placement Shares will be used for tenement maintenance and exploration and general working capital.

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

14. **Resolution Seven – Approval to Adopt Amended “Officers, Executives, Consultants and Employee Share Plan”**

Pursuant to Resolution Seven the Company is seeking Shareholder approval for the potential future issue of securities under the Company’s amended Officers, Executives, Consultants and Employee (**Share Plan**) as an exception to Listing Rule 7.1.

As noted above, Listing Rule 7.1 allows the Company to issue up to 15% of its total issued capital without shareholder approval in any 12 month period. Listing Rule 7.2 exception 9 excludes any securities issued under an employee incentive scheme which meets the requirements of the rule and which has received shareholder approval within three years before the issue date.

The Board last sought and obtained Shareholder approval for the issue of securities under the previous share plan at the 2010 AGM and has approved the adoption of a new Share Plan on 14 October 2013.

The purpose of the Share Plan is to motivate and incentivise officers, executives, employees and consultants by providing them with the opportunity to participate in the growth of the Company via holding shares in the Company.

For the purpose of Listing Rule 7.2 exception 9(b):

- a summary of the terms of the Share Plan is set out in Schedule 1;
- since the date the previous share plan last received Shareholder approval, 32,809,127 Shares have been issued under the existing share plan. All Share issues made under the existing share plan have received Shareholder approval, save for those made in 2013; and
- a voting exclusion statement is contained in the Notice of Meeting in respect of this Resolution Seven.

15. **Resolution Eight – Removal of Sothertons Chartered Accounts and Business Advisors (Brisbane) as Company auditor**

Pursuant to section 329(1A) of the Corporations Act, on or about 14 October 2013, the Company Chairman (Mr Peter Ziegler) served on the Company a notice of intention to move a resolution to remove Sothertons (Brisbane) as the Company auditor (**Notice of Intention**). As required by section 329(2), the Notice of Intention was served on Sothertons (Brisbane) and ASIC on 15 October 2013.

Sothertons Chartered Accountants and Business Advisors (Brisbane) (**Sothertons (Brisbane)**) have been the auditors for the Company for many years and have assisted the Company in its progress to date. The Board sought a review other accounting firms with the capability to conduct the audit and as a result of that review the Board recommends the removal of Sothertons (Brisbane) as the Company auditor.

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

16. **Resolution Nine – Appointment of Sothertons Chartered Accountants and Business Advisors (Melbourne) as Company auditor**

Subject to Resolution Eight obtaining Shareholder approval, the Directors propose for Sothertons Chartered Accountants and Business Advisors (Melbourne) (Sothertons (Melbourne)) be appointed as Company auditor, in accordance with section 327 of the Corporations Act.

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On 18 September 2013, the Company received a written nomination for the appointment of Sothertons (Melbourne) as Company auditor (Nomination). In accordance with section 328B(3) of the Corporations Act, a copy of the Nomination is enclosed and has also been sent to Sothertons (Melbourne), Sothertons (Brisbane).

Resolution Nine is a Special Resolution and as such, must be approved by 75% of the votes cast in respect of the Resolution.

The Directors recommend you vote in favour of this Special Resolution.

17. Resolution Ten – Approval to issue an additional 10% of the issued capital of the Company over a 12 month period pursuant to Listing Rule 7.1A

17.1 Introduction

Pursuant to Resolution Ten, 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**).

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 the issue of Placement Securities, if undertaken, would be applied towards an acquisition of new assets or investments (including expense associated with such acquisition), continued exploration and feasibility study expenditure on the Company's current assets and general working capital.

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

17.2 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 15 October 2013 the Company's market capitalisation was \$9,407,031.49 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 Ten, 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 Ten 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 Ten 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 29 November 2014 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;
- (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

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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 only class of Equity Securities in the Company quoted on the ASX are Shares. The Company presently has 783,919,291 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 Ten 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;
- (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.

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(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 783,919,291 Shares. Assuming Shareholder approval is obtained for Resolutions Four - Six and no other securities are issued prior to the date of the Meeting, the Company will have the capacity to issue the following shares on the date of the Meeting:

- (1) 119,254,560 Shares under Listing Rule 7.1; and
- (2) subject to shareholder approval being obtained under Resolution Ten, 79,503,040 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).

17.3 **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 Ten 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 783,919,291 shares. Assuming Shareholder approval is obtained for Resolutions 4 - 6, the Company could issue 79,503,040 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
- (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

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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 \$0.006		Current Market Price \$0.012		100% increase in Market Price \$0.024	
	10 % Voting Dilution	Capital Raised	10 % Voting Dilution	Capital Raised	10 % Voting Dilution	Capital Raised
Present Issued Share Capital = 783,919,291 Shares	78,391,929	\$470,351	78,391,929	\$940,703	78,391,929	\$1,881,406
50% Increase in Share Capital = 1,175,878,937 Shares	117,587,894	\$705,527	117,587,894	\$1,411,054	117,587,894	\$2,822,109
100% Increase in Share Capital = 1,567,838,582 Shares	156,783,858	\$940,703	156,783,858	\$1,881,406	156,783,858	\$3,762,813

Assumptions and explanations

- The Market Price is \$0.012 based on the closing price of the shares on ASX on 15 October 2013.
- 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% 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.
- The issued share capital has been calculated in accordance with the formula in Listing Rule 7.1A(2) as at 15 October 2013.
- 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).

(c) 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 29 November 2014. The approval under Resolution Ten 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.

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

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(e) **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 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.

(f) **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).

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.

(g) **Equity Issues Over Last 12 Months – Listing Rule 7.3A.6**

As this is the Company's second year seeking approval for the additional placement capacity under Listing Rule 7.1A, and specifically pursuant to the requirements of Listing Rule 7.3A.6(b), all of the cash and non-cash equity issues made by the Company since the date of the last AGM are detailed in Schedule 3.

For the purpose of Listing Rule 7.3A.6(a), the Company advises as follows:

Number of equity securities on issue on at commencement of 12 month period	587,250,804
Equity securities issued in prior 12 month period*	196,668.487
Percentage previous issues represent of total number of equity securities on issue at commencement of 12 month period	33.5%

*Of the equity securities made by the Company within the past 12 months 97,592,460 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). For full details of the issues of equity securities made by the Company since the date of the last AGM, see Schedule 3.

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17.4 Voting Exclusion Statement

A voting exclusion statement is included in the Notice of Meeting. At the date of the notice of Meeting, 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.

18. Interpretation

Additional 10% Placement has the meaning given to that term in the Explanatory Memorandum in respect of Resolution Ten.

AGM means the annual general meeting of the Company to be held on 29 November 2012.

ASIC means the Australian Securities and Investments Commission.

ASOF means the Australian Special Opportunity Fund LP.

ASOF Facility means the convertible loan agreement with ASOF to provide secured funding of up to AUD\$5.575million as announced to the market on 1 October 2012.

ASX means the ASX Limited ACN 008 624 69.

ASX Market Rules means the market rules of the ASX as amended from time to time.

Board means the board of directors of the Company.

Closely Related Party (as defined in section 9 of the Corporations Act) of a member of the Key Management Personnel for an entity means:

- (a) a spouse or child of the member; or
- (b) a child of the member's spouse; or
- (c) a dependant of the member or the member's spouse; or
- (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; or
- (e) a company the member controls; or
- (f) a person prescribed by the regulations for the purposes of the definition of closely related party.

Company means Australian Pacific Coal Limited ACN 089 206 986.

Corporations Act means the *Corporations Act 2001* (Cth).

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

Explanatory Memorandum means the explanatory statement accompanying this Notice.

Issue Price has the meaning given to that term in the Explanatory Memorandum in respect of Resolution Ten.

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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 Rules means the listing rules of the ASX.

Market Price has the meaning given to that term in the Listing Rules.

Meeting means the AGM of the Company to be held on 29 November 2013.

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

Placement Securities has the meaning given to that term in the Explanatory Memorandum in respect of Resolution Ten.

Placement Shares has the meaning given to that term in Resolution 6.

Resolution means a resolution to be proposed at the Meeting.

Shares means ordinary fully paid shares in the issued capital of the Company.

Shareholder means a shareholder of 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.

Trading Day has the meaning given to this term in the Listing Rules.

VWAP means the average of the daily volume weighted average price of all sales of Shares recorded on ASX during a prescribed pricing period not including:

- (a) any transaction classified under the ASX Market Rules as a "Special Crossing";
- (b) crossings prior to the commencement of normal trading or during the closing phase and after hours adjust phase;
- (c) any overseas trades or trades pursuant to the exercise of options over Shares; or
- (d) any overnight crossings.

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SCHEDULE 1 – SUMMARY OF TERMS AND CONDITIONS OF THE PLAN

General

The Share Plan allows Eligible Participants to participate, at the invitation of the Company, in a scheme for the acquisition of Shares in the Company. Shares provided to Eligible Participants under the Share Plan will be new Shares.

New Shares to be provided

Where new Shares are issued to an Eligible Participant under the Share Plan, the Company will issue the Shares at the Market Price of Shares over a 5 day period on ASX prior to the issue.

Loan

The Company will provide by way of loan, the subscription moneys required by the Eligible Participant to subscribe for the Shares under the Plan. The intention is that repayment of the Loan and interest thereon, will be effected from future dividends.

Participation in the Plan

The Plan will be conducted as a non-discriminatory officers, executives, consultants and employees share scheme open to:

- officers and executives of the Company;
- consultants to the Company selected by the Company; and
- those permanent full-time and part-time employees selected by the Company.

Performance Criteria

The Company may also have regard in the implementation of the Plan, and the offer of subscription for Shares thereunder, to performance criteria which applies to remuneration entitlements of Eligible Participants.

Security

The Company will have the right to require security to be given for repayment of any loan made to an Eligible Participant.

Limited Recourse

The liability of an Eligible Participant is limited, with the rights of the Company in respect of repayment of any loan made limited to security held and the Shares held whilst under the Plan by an Eligible Participant.

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SCHEDULE 2 – NOTICE OF NOMINATION OF AUDITOR

To: The Company Secretary
Australian Pacific Coal Limited
Level 7, 10 Felix Street
Brisbane Qld 4000

**Re: Notice of Nomination of Auditor in accordance with Section 328B
of the Corporations Act 2001 (Cwlth)**

Wellton Holdings Pty Ltd of 36 Billyard Avenue, Elizabeth Bay NSW 2011 being a member of Australian Pacific Coal Limited nominates Sothertons L.L.P of Level 6, 468 St Kilda Road, Melbourne Vic 3004 for appointment to the position of Auditors of the Company at the next Annual General Meeting.

Dated: 18 October 2013



Peter Ziegler
Director
Wellton Holdings Pty Ltd

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SCHEDULE 3 – EQUITY ALLOTMENTS SINCE THE 2012 7.1A APPROVAL

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; and
- Provide further working capital.

Date of issue	Number issued	Price at which equity securities were issued Cents	Market Price (Ten day volume weighted average share price) Cents	Discount to the Market Price %	Cash consideration received \$	Amount of cash consideration spent \$
29/11/2012	4,687,500	1.6	2.5	36.0	75,000	75,000
29/11/2012	6,250,000	1.6	2.5	36.0	100,000	100,000
31/12/2012	5,000,000	1.5	1.8	16.7	75,000	75,000
31/1/2013	6,250,000	1.2	1.5	20.0	75,000	75,000
1/3/2013	9,090,909	1.1	1.5	26.7	100,000	100,000
3/4/2013	10,000,000	1.0	1.2	16.7	100,000	100,000
26/4/2013	13,333,333	0.9	1.8	50.0	120,000	120,000
3/5/2013	12,500,000	1.0	1.5	33.3	150,000	150,000
4/6/2013	8,333,333	1.2	1.6	25.0	100,000	100,000
25/7/2013	12,500,000	0.8	1.0	20.0	100,000	-
27/8/2013	14,285,714	0.7	1.1	36.4	100,000	-
12/9/2013	21,428,571	0.7	1.3	46.2	150,000	150,000
18/9/2013	10,000,000	1.0	1.2	16.7	100,000	-

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2. Fully paid ordinary shares

Issued to eligible shareholders who participated in the Company's Share Purchase Plan announced to the ASX on 27 June 2013.

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; and
- Provide further working capital.

Date of issue	Number issued	Price at which equity securities were issued Cents	Market Price (Ten day volume weighted average share price) Cents	Discount to the Market Price %	Cash consideration received \$	Amount of cash consideration spent \$
22/07/2013	57,525,000	1.0	1.1	9.1	575,250	-

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.

Date of issue	Number issued	Price at which equity securities were issued Cents	Market Price (Ten day volume weighted average share price) Cents	Discount to the Market Price %	Non-cash consideration paid \$	Current value of non-cash consideration paid \$
2/8/2013	3,500,000	0.9	1.0	10.0	31,500	31,500
16/9/2013	992,064	1.26	1.2	-	12,500	12,500
14/10/2013	992,063	1.26	1.2	-	12,500	12,500

Explanatory Memorandum

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

AUSTRALIAN PACIFIC COAL LIMITED OFFICERS, EXECUTIVES, CONSULTANTS AND EMPLOYEE SHARE PLAN

PLAN RULES

1. INTRODUCTION

1.1. Overview

The purpose of the Australian Pacific Coal Limited (**Company**) Officers, Executives, Consultants and Employee Share Plan ("**the Share Plan**") is to motivate and incentivise officers, executives, employees and consultants (**Eligible Participants**) by providing them with the opportunity to participate in the growth of the Company via a holding of shares in the Company.

1.2. Share Plan

General

The Share Plan allows Eligible Participants to participate, at the invitation of the Company, in a scheme for the acquisition of Shares in the Company. Shares provided to Eligible Participants under the Share Plan will be new Shares.

New Shares to be provided

Where new Shares are issued to an Eligible Participant under the Share Plan, the Company will issue the Shares at the Market Price of Shares over a 5 day period on ASX prior to the issue.

Loan

The Company will provide by way of loan, the subscription moneys required by the Eligible Participant to subscribe for the Shares under the Plan. The intention is that repayment of the Loan and interest thereon, will be effected from future dividends.

Participation in the Plan

The Plan will be conducted as a non-discriminatory offices, executives, consultants and employees share scheme open to:

- officers and executives of the Company;
- consultants to the Company selected by the Company; and
- those permanent full-time and part-time employees selected by the Company.

Performance Criteria

The Company may also have regard in the implementation of the Plan and the offer of subscription for Shares thereunder, to performance criteria which applies to remuneration entitlements of Eligible Participants.

Security

The Company will have the right to require security to be given for repayment of any loan made to an Eligible Participant.

Limited Recourse

The liability of an Eligible Participant is limited, with the rights of the Company in respect of repayment of any loan made limited to security held and the Shares held whilst under the Plan by an Eligible Participant.

2. DEFINITIONS AND INTERPRETATION

2.1. Definitions

In these Rules:

ASX means the ASX Limited.

Board means the board of directors of the Company or a committee appointed by the Board.

Consultant means a person who consistently provides services to a Group.

Control has the meaning ascribed to that term in s 9 of the Corporations Act and references to **Controlled** shall have a corresponding meaning.

Company means Australian Pacific Coal Limited ABN 49 089 206 986.

Corporations Act means the *Corporations Act 2001 (Cwlth)* as may be amended or replaced from time to time.

Director means a member of the Board.

Dividend means;

- a) Franked Dividends; and/or
- b) Unfranked Dividends.

Dispose has the meaning ascribed to it in the Listing Rules and **Disposed** shall have a corresponding meaning.

Employee means a person employed, whether on a full or part time basis, by a Group Company or other person the Board in its absolute discretion determines to be an Employee for the purposes of the Plan.

Executive means an executive or other senior manager of the Company.

Franked Dividends means dividends the whole or part of which have been franked in accordance with Division 202 of the Tax Act.

Group Company means the Company and each Subsidiary of the Company.

Holding Lock has the meaning given to the term "holding lock" in the Listing Rules.

Interest means the interest to be paid by an Eligible Participant on any Loan made to an Eligible Participant.

Interest Rate means the benchmark interest rate as defined in s. 109N(2) of the Tax Act, from time to time;

Issue Price means the issue price payable for a Share;

Performance Criteria means such criteria as may be determined by the Board in its absolute discretion to apply to any Services provided or to be provided by an Eligible Participant and which may include matters of the kind set forth in Schedule 1.

Listing Rules means the official listing rules of the ASX from time to time in force as they apply to the Company

Loan means the provision of financial accommodation by the Company to an Eligible Participant for the purposes of paying the Subscription Price for Shares by the Eligible Participant.

Officer has the meaning ascribed to that term in s 9 of the Corporations Act.

Market Value of Shares means the volume weighted average trading price of Shares on ASX for five (5) trading day period up to and including the day upon which the Market Value is to be determined.

Participant means an Officer, Executive, Employee or Consultant who acquires Shares under the Plan.

Plan means the Australian Pacific Coal Limited Officers, Executives, Consultants and Employee Share Plan as set out in these Rules as altered or added to under these Rules from time to time.

Performance Based Shares means Shares that are to be issued to Officers, Executives, Consultants and Employees pursuant to contractual agreements entered into by the Company with parties providing Performance Based Remuneration.

Performance Based Remuneration means so much of the remuneration of a Company, Officer, Executive, Consultant or Employee that is determined by reference to the achievement of Key Performance Indicators.

Restriction Period has the meaning ascribed to that term in Rule 7.2.

Restricted Share means a Share acquired under the Plan subject to restrictions under Rule 7.

Services means employment, consulting or other services provided from time to time by an Eligible Participant.

Services Agreement means an agreement, whether in writing or otherwise in relation to the provision of Services and which may contain Performance Criteria.

Share means a fully paid ordinary share in the capital of the Company and **Shares** shall have a corresponding meaning.

Subscription Price means the aggregate of the number of Shares multiplied by the Issue Price.

Subscription and Restriction Deed means a deed to be prepared by the Company to give effect to participation by an Eligible Participant in the Plan and to contain all such terms as the Company may in its absolute discretion require.

Security means a first ranking share mortgage.

Subsidiary has the meaning ascribed to that term in the Corporations Act.

Tax Act means the *Income Tax Assessment Act 1936* (as amended) and/or the *Income Tax Assessment Act 1997* (as amended) as the case requires or permits.

Termination Date means the first to occur of;

- a) 5 years from the Commencement Date;
- b) the Grantee retires or resigns; or
- c) the Grantee ceases to be employed by the Company or the Group for any reason whatsoever.

2.2. Interpretation

In these Rules:

- a) Terms not defined in these Rules which are defined in the Corporations Act, shall have the meanings ascribed to those terms in the Corporations Act.
- b) headings are only for convenience and do not affect interpretation;
- c) The singular number includes the plural and vice versa;
- d) Words of one gender include the other genders;
- e) A reference to any legislation includes any amendment to that legislation, any consolidation or replacement of it, and any subordinate legislation made under it;
- f) A reference to a provision in any legislation includes a reference to a provision in any amendment, consolidation or replacement of that legislation which, in the opinion of the Board, corresponds with the first mentioned provision;

- g) If any provision in these Rules is invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions is not affected or impaired; and
- h) If the day on or by which something must be done is not a business day in the place where it must be done, it may be done on the next business day.

3. ELIGIBILITY

3.1. Who is eligible?

Subject to Rule 3.2, a person is only eligible to acquire Shares under the Plan if he or she is:

- a) An Officer, Executive, Employee or Consultant at the date of allotment of those Shares; and
- b) Has satisfied the criteria the Board from time to time and in its sole discretion decides for participation in the Plan, including satisfaction of any Performance Criteria.

3.2. Changing eligibility status

The determination by the Board of the eligibility of a particular Employee or group of Employees for participation in the Plan, may be revoked or amended at any time and in any event, lapses after the acquisition of Shares by the Employee under this Plan. The Board may change the eligibility status of any individual Employee or group of Employees for the purposes of this Plan.

3.3. Board Discretion

Subject to Rule 3.4 participation in the Plan is in the Board's sole discretion. The Company reserves the right to refuse participation in the Plan in whole or in part for any particular Officer, Executive, Employee or Consultant or group of Officers, Executives, Employees or Consultants, even if the eligibility criteria and other steps have been satisfied for participation.

3.4. Share Plan Application to Performance Based Remuneration

The Plan shall also be utilised for the provision of performance based remuneration to any Eligible Participant pursuant to a Services Agreement.

4. INVITATION AND APPLICATION

4.1. Invitation

Subject to any agreement entered into by the Company with a particular Officer, Executive, Employee or Consultant or group of Officers, Executives, Employees or Consultants, which shall prevail over any provision of this Rule 4.1, an invitation to participate in the Plan may:

- a) be made by the Company at any time;
- b) be in any form including under a Services Agreement;
- c) be based on the obtainment or satisfaction of Performance Criteria applying to the provision of Services;
- d) provide the Issue Price for the Shares ;
- e) provide the Subscription Price payable for the Shares;
- f) relate to a specified number or specified value of Shares;
- g) provide for the terms and conditions upon which the Company will provide a Loan to finance the Subscription Price;
- h) specify the amount of the Loan;
- i) specify the Termination Date for the Loan;
- j) specify the Interest to be paid on any Loan and the manner in which it shall be paid;
- k) specify whether the Company requires Security over the Shares to secure repayment of the Loan;
- l) require the establishment of a account into which Dividends in respect of the Shares shall be paid and applied to payment of Interest and repayment of the Loan;
- m) require execution of a Subscription and Restriction Deed;
- n) impose events which must arise in respect of Shares before they may be Dispose of ;
- o) place restrictions on the right to Dispose of the Shares by the Participant and any other person who may control the Participant; and
- p) be on any conditions (including performance conditions) or subject to any restrictions, as the Board decides.

4.2. Application

An application to join the Plan must be made in accordance with the instructions which accompany the invitation or in any other way the Board decides.

4.3. Nominees

An Eligible Participant may be entitled to nominate that the Shares be held by another person (**Nominee**) so long as that person is an associate of the Eligible Participant and the Nominee agrees to be bound by the Plan.

4.4. Legal constraints

Despite any other Rule, the Board may exclude a person from acquiring Shares under the Plan if it appears to the Board that doing so would contravene:

- a) these Rules;

- b) the Listing Rules; or
 - c) any law of a jurisdiction in which an Employee resides at the time of the issue of an invitation to participate in the Plan
- or would give rise to unreasonable regulatory or administrative requirements for the Company determined by the Board in its sole discretion.

5. ALLOCATIONS OF SHARES

5.1. Shares acquired by a Participant

- a) Shares will be acquired by the Company issuing Shares.
- b) Shares acquired by the Participant under the Plan will be ordinary shares;
- c) be acquired as fully paid;
- d) be registered on the register nominated by the Company;
- e) rank equally with all existing Shares from the date of acquisition in respect of all rights issues, bonus share issues and dividends
- f) have such other rights and entitlements as may be determined by the Board; and
- g) be subject to any restrictions or other conditions as determined by the Board.

5.2. Transaction costs

The Company is authorised, but not required to bear all brokerage, commission, stamp duty or other transaction costs payable in relation to the acquisition of Shares under the Plan.

5.3. Listing

The Company must, at its expense, apply for official quotation on the ASX of any Shares acquired under the Plan which are not already quoted on the ASX within the time required by the Listing Rules.

6. SHARES - HOLDING LOCK

6.1. Restrictions

The Company may implement any procedure it considers appropriate to restrict the Participant from dealing with any Shares acquired by a Participant for as long as those Shares are Restricted Shares.

6.2. Holding Lock

Without limiting Rule 6.1, for as long as a Share is a Restricted Share, each Participant:

- a) Agrees that the Share will be subject to a Holding Lock; and
- b) Undertakes not to request (or allow another person to request) removal of the Holding Lock.

7. RESTRICTION ON DISPOSAL OF SHARES

7.1. No disposal

A Participant must not dispose of any Shares acquired under the Plan while they are Restricted Shares.

7.2. Restriction Period

Subject to the provisions of any Services Agreement, a Share acquired by a Participant under the Plan will be a Restricted Share until the end of the such period as the Board decides, having regard to the implications of such restrictions under the Tax Act and otherwise, commencing at the time the Participant acquires the Share (Restriction Period).

7.3. Takeovers

Despite anything else in this Rule 7, if a takeover bid is made or other formal scheme is proposed for the acquisition of some or all of the Shares in the Company, a Participant may, if:

- a) Acceptance of the take-over bid or scheme is recommended by the directors of the Company; and
- b) The directors of the Company resolve to end the restriction on sale of the Shares under the Plan for the purpose of transfer to the bidder,

and the Board consents to the same, accept the offer on such terms the Participant decides in respect of some or all of the Shares registered in his or her name.

8. APPLICATION OF DIVIDENDS AND SALES PROCEEDS

8.1. Subject to any provision in any Services Agreement, the Board may determine;

- a) When Interest is payable;
- b) How Interest will be paid from Dividends received in respect of the Shares;
- c) Whether unpaid Interest shall be capitalized.

8.2. Subject to any provision in any Services Agreement, the Board may determine;

- a) The term of the Loan;

- b) When repayments of the Loan shall be made;
- c) How repayments of the Loan shall be paid from Dividends received in respect of the Shares;
- d) How repayments of the Loan shall be paid from the sale proceeds arising from the sale of Shares and/or Restricted Shares;
- e) Whether the liability of a Participant in respect of repayment of the Loan shall be limited in recourse in any way;
- f) The rights of the Company to Dispose of Restricted Shares for the purposes of repayment of the Loan.

9. PARTICIPANTS BOUND BY RULES

Participants who purchase Shares under the Plan are bound by these Rules.

10. ADMINISTRATION OF THE PLAN

10.1. Board administration

The Board will administer the Plan.

10.2. Board powers

Subject to any provision in any Services Agreement the Board may:

- a) Delegate to any person for the period and on the terms it decides the exercise of any of its powers or discretions under the Plan;
- b) Decide on appropriate procedures for administering the Plan, including the form of application forms and other forms and notices to be issued under the Plan;
- c) Resolve conclusively all questions of fact or interpretation concerning the Plan and these Rules and any dispute of any kind that arises under the Plan;
- d) Subject to the Listing Rules and Rule 10.4, amend, add to or waive any provision of the Plan (including this Rule 10.2), or any restriction or other condition relating to any Shares allocated under the Plan; and
- e) Waive any breach of a provision of the Plan.

10.3. Non-residents of Australia

The Board may adopt additional rules of the Plan applicable in any jurisdiction outside Australia under which Shares allocated under the Plan may be subject to additional or modified terms, having regard to any securities, exchange control or taxation laws or regulations or similar factors which may apply to the Participant or to the Group in relation to the Shares.

10.4. Limitation on amendments

The Board must not make any amendment to the provisions of the Plan, or to any restriction or other condition relating to any Shares allocated under the Plan, which reduces the rights of Participants in respect of Shares allocated to them before the date of the amendment.

However, this Rule 10.4 does not apply to an amendment made primarily:

- a) To comply with present or future State or Commonwealth legislation governing or regulating the maintenance or operation of the Plan or similar plans;
- b) To comply with the Listing Rules;
- c) To correct any manifest error; or
- d) To take into consideration possible adverse tax implications in respect of the Plan arising from, among other things:
 - e) adverse rulings from the Commissioner of Taxation;
 - f) changes to tax legislation (including an official announcement by the Commonwealth of Australia); or
 - g) changes in the interpretation of tax legislation by a court or tribunal of competent jurisdiction.

10.5. Board's Discretion

Subject to any provision in any Services Agreement the Board has absolute and unfettered discretion:

- a) To act or refrain from acting under these Rules or concerning the Plan or any Shares allocated under the Plan; and
- b) In exercising any power or discretion concerning the Plan or any Shares allocated under the Plan.

11. DUTIES AND TAXES

11.1. The Company:

- a) Is not responsible for any duties or taxes which are or may become payable on the transfer, allotment or issue of Shares under the Plan or any other dealing with the Shares (except to the degree it accepts those costs in accordance with Rule 5.3); and

- b) May make any withholding or payment which it is required by law to make in connection with the Plan or the Shares.

12. NO COMPENSATION OR DAMAGES

12.1. Terms of employment not affected

- a) The rights and obligations of a Participant under the terms of his or her appointment, employment or engagement by a Group Company are not affected by his or her participation in the Plan save to the extent that the Participant's Services Agreement may provide for the offer of subscription for Shares thereunder, subject to Performance Criteria being satisfied or obtained.
- b) These Rules do not form part of, and will not be incorporated into, any Services Agreement save to the extent that the Participant's Services Agreement may provide for the offer of subscription for Shares thereunder, subject to Performance Criteria being satisfied or obtained.

12.2. No right to compensation

No Participant has any right to compensation or damages as a result of the termination of his or her employment by a Group Company for any reason, so far as those rights arise or may arise from the Participant ceasing to have rights under the Plan as a result of the termination.

13. MAXIMUM NUMBER OF SHARES

13.1. Total maximum number of shares

The aggregate number of Shares provided to Participants under this Plan must not exceed 5.0% of the issued Shares of all classes of the Company.

13.2 Individual's maximum number of Shares

The total number of Shares acquired by a Participant under this Plan together with other holdings of Shares of all other Participants and Employees and Executives under any other employee or executive share or option plan of the Company must not exceed 5% of the issued share capital of the Company.

14. NOTICES

A notice or other communication under or concerning the Plan is validly given:

- a) By an employer to a Participant, if delivered personally to the addressee or sent by prepaid post to his or her last known residential address, or sent to him or her by facsimile at his or her place of work or sent electronically to the addressee's nominated email

address; and

- b) By a Participant to his or her employer if delivered or sent by prepaid post addressed to the company secretary at the employer's registered office (or any other address the Board specifies).

A notice or other communication sent by post from within Australia will be treated as received 48 hours after it was posted. A notice or other communication sent by post from outside Australia will be treated as received 7 days after it was posted.

15. GOVERNING LAW

The Plan is governed by the laws of Queensland and the Commonwealth of Australia.

Schedule 1

The Plan may include the following Performance Criteria:

1. Existing Projects (applies to geology consultants and project teams):

- a) Discovery of high grade mineralisation in a significant resource.
- b) Delivery of positive Pre-feasibility Study on a significant project
- c) Delivery of positive Bankable Feasibility Study on a significant project.

2. Share Price Appreciation (applies to Directors and Executive Officers):

Financial year increase in the Company's end of financial year market capitalisation.

Calculation of market capitalisation to be based on the 20 day VWAP measured at the end of the financial year.

3. New Project Delivery & Acquisition (applies to Directors, Executive Officers, Consultants and Employees):

- a) Being instrumental in delivering a significant new project.
- b) Make significant new discovery.
- c) Identify, plan and deliver compelling value accretive acquisition.

4. Entering & Managing Joint Ventures (applies to Directors, Executive Officers, Consultants and Employees):

- a) Delivering a significant new joint venture project.
- b) Successful and effective management of existing Joint Venture producing significant project value increase for the company.

5. Implementing Financing or Off-take Arrangements (applies to Directors, Executive Officers, Consultants and Employees):

- a) Overseeing a significant debt or equity based project financing for the company.
- b) Being instrumental in securing a new cornerstone and/or strategic investor in the company or a project.
- c) Being instrumental in securing and off-take agreement for a project.

6. Sales, Mergers and Acquisitions (applies to Directors, Executive Officers, Consultants and Employees):

- a) Being instrumental in securing the sale of a significant project.
- b) Being instrumental in securing a meaningful offer for the Company.
- c) Being instrumental in securing the acquisition of a new project for the company.
- d) Being instrumental in securing a target and successful acquisition by the Company.

7. Financial, Operational and Secretarial (applies to Financial Officers and Company Secretary)

- a) Timely preparation of Board meeting materials
- b) Distribution of Board meeting (and other sub-committee) minutes in a timely manner
- c) Meeting ASX reporting deadlines for Quarterly Reports, Half-Yearly and Full Year Accounts
- d) Maintenance and preparation of presentable (monthly) management accounts
- e) Effective liaison with the Company's auditors (for Half-Year Review and Full Year Audit)
- f) Effective management of ASIC, ASX and share registry issues
- g) Effective management of any corporate actions.

Proxy Form Instructions

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** 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
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 (Sydney time) on 27 November 2012. 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 (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.**

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 Peter Ziegler	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Re-election of Paul Ryan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 - Ratification of ASOF Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 – Ratification of Convertible Security	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 – Approval and/or ratification of issue of 10,000,000 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 – Approval to adopt new Officers, Executives, Consultants and Employee Share Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8 – Removal of Sothertons (Brisbane) as Company auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9 - Appointment of Sothertons (Melbourne) as Company auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10 – 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 - Chairman as Proxy (Excluded Resolutions)

If the Chair of the meeting is appointed as your proxy, or may be appointed by default, and you do **NOT** wish to direct your proxy how to vote as your proxy in respect of the resolution/s, **please place a mark in the box opposite.**

By marking this box, you acknowledge that the Chair of the meeting may exercise your proxy even if he has an interest in the outcome of resolution/s (**Relevant Resolution/s**) and that votes cast by the Chair of the meeting for the Relevant Resolution/s other than as proxy holder will be disregarded because of that interest.

If the Chair of the meeting is your proxy and you do not mark this box or direct the Chair of the meeting how to vote above, the Chair of the meeting will not cast your votes on the Relevant Resolution/s and your votes will not be counted in calculating the required majority if a poll is called on the Relevant Resolution/s.

The Chair intends on voting all undirected proxies in favour of all Relevant Resolutions.

Proxy Form

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 Relevant 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**