

Australian Pacific Coal Limited ABN 49 089 206 986

Notice of Annual General Meeting and Explanatory Memorandum

Date of Meeting: Tuesday, 28 November 2017

Time of Meeting: 1.00pm Brisbane time

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

This Notice of Annual General Meeting and Explanatory Memorandum should be read in their entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

Notice of Annual General Meeting

Notice is given that an Annual General Meeting of Shareholders of **Australian Pacific Coal Limited** ABN 49 089 206 986 (**Company**) will be held at the offices of HopgoodGanim Lawyers, Level 7, Waterfront Place, 1 Eagle Street, Brisbane Qld 4000, Australia on Tuesday, 28 November 2017 at 1.00pm Brisbane time.

Terms used in this Notice of Meeting are defined in section 9 of the accompanying Explanatory Memorandum.

The Explanatory Memorandum and the Proxy Form accompanying this Notice of Meeting are incorporated in and comprise part of this Notice of Meeting.

Agenda

The agenda for the meeting is as follows:

1. Opening of meeting.
2. Financial Reports.
3. Resolution 1 – Re-election of Peter Ziegler as a director.
4. Resolution 2 – Re-election of Bruce Munro as a director.
5. Resolution 3 – Remuneration Report.
6. Resolution 4 – Consolidation of shares.
7. Resolution 5 – Approval for issue of securities under Listing Rule 7.1A.
8. Other business.
9. Close of meeting.

Ordinary business

Financial Reports

To receive and consider the Company's Annual Report comprising the Directors' Report and Auditors' Report, Directors' Declaration, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes to and forming part of the financial statements for the Company and its controlled entities for the financial year ended 30 June 2017.

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

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

“That Peter Ziegler, who retires by rotation in accordance with Rule 38.1 of the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director.”

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2. Resolution 2 – Re-election of Bruce Munro as a director

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

“That Bruce Munro, who retires by rotation in accordance with Rule 36.2 of the Company’s Constitution and, being eligible, offers himself for re-election, be re-elected as a Director.”

3. Resolution 3 – Remuneration Report

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

“That, the Remuneration Report for the year ended 30 June 2017 (as set out in the Directors Report) is adopted.”

Notes

The vote on this Resolution 3 is advisory only and does not bind the Directors or the Company.

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

A vote on Resolution 3 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 3 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.

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

4. Resolution 4 – Consolidation of shares

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

“That, pursuant to section 254H(1) of the Corporations Act, and for all other purposes, the issued capital of the Company be consolidated on the basis that every 100 Shares be consolidated into 1 Share to take effect on the Consolidation Date, and otherwise on the terms and conditions as summarised in the Explanatory Memorandum and where this consolidation results in a fraction of a Share being held by a Shareholder, the Directors be authorised to round that fraction up to the nearest whole Share.”

5. Resolution 5: Approval for issue of securities under Listing Rule 7.1A

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

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

Voting Exclusion Statement

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

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

The Company notes that the proposed allottees of any Placement Securities are not as yet known or identified. In these circumstances (and in accordance with the note set out in ASX Listing Rule 14.11.1 relating to Listing Rule 7.1), for a person's vote to be excluded, it must be known that the person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of Resolution 5), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted. In accordance with Listing Rule 14.11.1, there is no reason to exclude the votes, and the votes will not be excluded, of such Shareholders.

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General business

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

By order of the Board



Andrew Roach
Company Secretary
26 October 2017

Explanatory Memorandum

1. Introduction

This Explanatory Memorandum is provided to shareholders of **Australian Pacific Coal Limited** ABN 49 089 206 986 (**Company**) to explain the Resolutions to be put to Shareholders at the Annual General Meeting to be held at the offices of HopgoodGanim Lawyers, Level 7, Waterfront Place, 1 Eagle Street, Brisbane Qld 4000 Australia on Tuesday, 28 November 2017 at 1.00pm Brisbane time.

The Notice of Meeting, which is also **enclosed**, sets out details of proposals concerning the Resolutions to be put to Shareholders.

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.

Unless otherwise defined, terms used in this Explanatory Memorandum are defined in Section 9.

2. Consider the Company's annual report

The Company's Annual Report comprising the Directors' Report and Auditors' Report, Directors' Declaration, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes to and forming part of the financial statements for the Company and its controlled entities for the financial year ended 30 June 2017 were released to the ASX Limited on 26 October 2017 and subsequently dispatched to Shareholders. The Company's Annual Report is placed before the shareholders for discussion. No voting is required for this item.

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

Mr Ziegler retires in accordance with Rule 38.1 of the Company's Constitution and, being eligible, offers himself for re-election as a Director.

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

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

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

4. Resolution 2 – Re-election of Bruce Munro as a director

Mr Munro retires in accordance with Rule 36.2 of the Company's Constitution and, being eligible, offers himself for re-election as a Director.

Mr Munro was appointed on 19 May 2017 and is a Non-executive Director of the Company.

Mr Munro has a strong management and operational background and considerable experience in dealing with matters pertaining to the mining industry. Mr Munro can provide valuable insights in connection with the Company's current and future developments. Mr Munro is an Honours graduate from the University of New South Wales School of Civil Engineering. He has more than 40 years' experience as an engineer and manager with major construction and

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mining contractors in a number of countries including Australia, Asia, India and southern Africa. From 2011 until his retirement in 2015 Mr Munro was the Managing Director of Thiess Pty Ltd, which during this period had around 20,000 employees and annual revenues up to A\$7 billion. He has been involved as a contractor in the development and/or operation of numerous mines for clients such as BHP, Glencore, Rio Tinto, BP, Peabody, Bumi Resources, Inco, Wesfarmers, Vale and Fortescue. Whilst Bruce held the role of CEO, Thiess was mining in excess of 50 million tonnes per annum of coal. Mr Munro is a Fellow of the Institution of Engineers Australia and a previous non-executive Director of then ASX listed Sedgman Ltd. During his career, he served as a Director on a number of industry bodies, international business councils and diversity groups.

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

5. Resolution 3 - Remuneration Report

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

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

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

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

The Board unanimously recommends that Shareholders vote in favour of adopting the Remuneration Report. A vote on this resolution is advisory only and does not bind the Directors or the Company.

There are restrictions on members of the Key Management Personnel and their Closely Related Parties and their proxies voting (in any capacity) on Resolution 3, details of which are set out in the Voting Restriction Statement included in Resolution 3 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 this Resolution 3, subject to compliance with the *Corporations Act*. In exceptional circumstances, the Chairman of the Meeting may change his voting intention on any resolution, in which case an ASX announcement will be made.

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6. Resolution 4 – Consolidation of shares

6.1 Section 254H of the Corporations Act

Section 254H of the Corporations Act provides that a company may convert all or any of its shares into a larger or smaller number of shares by resolution passed at a general meeting. In accordance with section 254H(2) of the Corporations Act and Appendix 7A of the ASX Listing Rules, the Consolidation will take effect on the Consolidation Date. If Resolution 4 is passed, the Company will lodge a copy of the resolution with ASIC within 1 month of it being passed in accordance with section 254H(4) of the Corporations Act.

6.2 Effect of Share Consolidation

Subject to Resolution 4 being passed, the number of Shares on issue will be reduced from 4,923,434,264 Shares to approximately 49,234,343 Shares (depending on the number of Shares issued as a result of rounding). On the Consolidation Date, all holding statements for Shares will cease to have any effect, except as evidence of an entitlement to a certain number of post-consolidation Shares. After the Share Consolidation becomes effective, the Company will arrange for new holding statements to be issued to Shareholders.

Where the Consolidation results in a fraction of a Share being held by a Shareholder, that fraction of a Share will be rounded up to the nearest whole Share.

The Share Consolidation will not result in any change to the substantive rights and obligations of existing Shareholders.

6.3 Reasons for the Share Consolidation

The Company has a very large number of Shares on issue (4,923,434,264 at the date of this Notice) due to historical equity-based capital raisings and corporate transactions. This large number of Shares may create a negative perception associated with a low Share price. The Share Consolidation will result in a more appropriate and effective capital structure for the Company and, potentially, a Share price that is more appealing to a wider range of investors within Australia and globally.

6.4 Taxation consequences of Share Consolidation

It is not expected that any taxation consequences will arise for Shareholders arising from the Share Consolidation. However, Shareholders are advised to seek their own tax advice on the effect of the Share Consolidation, and neither the Company, nor the Directors (or the Company's advisers) accept any responsibility for the individual taxation consequences arising from the Share Consolidation.

6.5 Reorganisation of Convertible Securities

At the time of the Consolidation, the Company will have the Convertible Notes on issue. Under the terms of each Convertible Note, if the Company reorganises its share capital in any way (including a consolidation) while a Convertible Note is on issue, the number of Shares issued on conversion will be adjusted to reflect the re-organised capital, such that the holders of the Convertible Notes will not receive a benefit that the holders of Shares do not receive, and vice versa.

6.6 Key dates

If approved by Shareholders, the proposed Share Consolidation will take effect on the Consolidation Date (or such other subsequent date that is notified to the ASX by the Company). The following is an indicative timetable (subject to change) of the key events:

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Key Event	Indicative Date
AGM	Tuesday, 28 November 2017
Notification to ASX that Share Consolidation is approved	Tuesday, 28 November 2017
Last day for trading in pre-consolidated securities	Wednesday, 29 November 2017
Trading in the consolidated securities on a deferred settlement basis commences	Thursday, 30 November 2017
Last day to register transfers on a pre-consolidation basis	Friday, 1 December 2017
Share consolidation effective Registration of securities on a post-consolidation basis Deferred settlement trading ends	Friday, 8 December 2017
Despatch of new holding statements Normal trading starts	Monday, 11 December 2017

6.7 Recommendation of Directors

The Directors unanimously recommend that Shareholders vote in favour of Resolution 4.

7. Resolution 5: Approval for issue of securities under Listing Rule 7.1A

7.1 Introduction

Resolution 5 seeks 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 VWAP for the Company's Equity Securities in that class (calculated over the last 15 days on which trades in the Equity Securities are recorded immediately before the date on which the price at which the Placement Securities are to be issued is agreed, or if the Placement Securities are not issued within five trading days of that date, the date on which the Placement Securities are issued) (**Issue Price**).

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

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

- (a) general working capital;
- (b) acquisition of new assets or investments (including expense associated with such acquisition); and

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- (c) continued exploration, feasibility study and development expenditure on the Company's current assets.

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

7.2 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 23 October 2017, the Company's market capitalisation was \$54,157,777 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.

The Company is therefore an Eligible Entity (under Listing Rule 7.1A) 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 5, 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 5 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 5 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),

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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 28 November 2018 unless Shareholder approval is granted pursuant to Listing Rules 11.1.2 or 11.2 prior to that date.

(c) **Calculation for Additional 10% Placement - Listing Rule 7.1A.2**

Listing Rule 7.1A.2 provides that Eligible Entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$(A \times D) - E$

Where:

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

- (1) plus the number of fully paid ordinary securities issued in the 12 months under an exception in Listing Rule 7.2;
- (2) plus the number of partly paid ordinary securities that became fully paid in the 12 months;
- (3) plus the number of fully paid ordinary securities issued in the 12 months with approval of holders of ordinary securities under Listing Rules 7.1 or 7.4 (but note that this does not include an issue of fully paid ordinary securities under the entity's 15% placement capacity without shareholder approval); and
- (4) less the number of fully paid ordinary securities cancelled in the 12 months.

D is 10 percent.

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

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

(1) **Equity Securities**

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

As at the date of this notice of meeting, the classes of Equity Securities in the Company quoted on the ASX are Shares. The Company presently has 4,923,434,264 Shares on issue at the date of this Notice of Meeting.

(2) **Minimum Issue Price**

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

- (A) the date on which the price at which the relevant Placement Securities are to be issued is agreed; or

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- (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 5 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.

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

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

At the date of this Notice of Meeting, the Company has on issue 4,923,434,264 Shares. The Company will have the capacity to issue the following shares on the date of the Meeting:

- (1) 738,515,139 Shares under Listing Rule 7.1; and
- (2) subject to shareholder approval being obtained under Resolution 5, 492,343,426 Shares under Listing Rule 7.1A.

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

7.3 **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

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- (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 5 is passed and the Company issues the Placement Securities, there is a risk of economic and voting dilution to the existing Shareholders. The Company currently has on issue 4,923,434,264 Shares. The Company could issue 4,923,434,264 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, the table 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. The table below also shows additional scenarios in which the issued share capital has increased (by both 50% and 100%) and the Market Price of the shares has:

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

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Issued Share Capital	50% decrease in Market Price \$0.0055		Current Market Price \$0.0110		100% increase in Market Price \$0.0220	
	Full 10 % Voting Dilution	Capital Raised	Full 10 % Voting Dilution	Capital Raised	Full 10 % Voting Dilution	Capital Raised
Present Issued Share Capital = 4,923,434,264 shares	492,343,427	2,707,889	492,343,427	5,415,778	492,343,427	10,831,555
50% Increase in Share Capital = 7,385,151,396 shares	738,515,141	4,061,833	738,515,141	8,123,667	738,515,141	16,247,333
100% Increase in Share Capital = 9,846,868,528 shares	984,686,854	5,415,778	984,686,854	10,831,555	984,686,854	21,663,111

Assumptions and explanations

- *The Market Price is \$0.0110 based on the closing price of the Shares on ASX on 23 October 2017.*
- *The above table only shows the dilutionary effect based on the issue of the Placement Securities (assuming only shares are issued), and not any shares issued under the 15% placement capacity available under Listing Rule 7.1.*
- *The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue.*
- *The Company issues the maximum number of Placement Securities, and no consolidation (as anticipated by Resolution 4 occurs).*
- *The issued share capital has been calculated in accordance with the formula in Listing Rule 7.1A(2) as at 23 October 2017.*
- *The issue price of the Placement Securities used in the table is the same as the Market Price and does not take into account the discount to the Market Price (if any).*

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

As required by Listing Rule 7.3A.3, the Company will only issue and allot the Placement Securities during the 12 months after the date of this Meeting which the Company anticipates will end on 28 November 2018. The approval under Resolution 5 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.

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(b) **Purpose - Listing Rule 7.3A.4**

As noted above, the purpose for which the Placement Securities may be issued include to raise funds for the Company and as non-cash consideration (further details of which are set out below). Funds raised from the issue of Placement Securities, if undertaken, would be applied towards:

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

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

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

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

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

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

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

Further, if the Company is successful in acquiring new assets or investments for which Placement Securities are issued as consideration, it is likely that the allottees of some of the Placement Securities will be the vendors of the new assets or investments.

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

As the Company has previously obtained Shareholder approval under Listing Rule 7.1A, the following information is provided to Shareholders, in accordance with Listing Rule 7.3A.6 regarding the Equity Securities issued in the previous 12 months preceding the date of the AGM (that is, since 28 November 2016).

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

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Listing Rule 7.3A.6(a)	Equity Securities
Number of Equity Securities on issue at commencement of 12 month period	4,343,434,246 Shares
Equity Securities issued in prior 12 month period	580,000,000 Shares (75,000,000 on exercise of unlisted incentive options)
Percentage previous issues represent of total number of Equity Securities on issue at commencement of 12 month period	13.35% of Shares on issue

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

Pursuant to Listing Rule 7.3A.6(b), details of the Equity Securities issued in the 12 months preceding the AGM are set out in Schedule 1.

7.4 Directors recommendations

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

8. 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 26 November 2017. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

9. Interpretation

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

\$ means Australian dollars, unless otherwise stated.

Additional 10% Placement has the meaning given in section 7.1.

AGM means annual general meeting.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited ABN 98 008 624 691 or the Australian Securities Exchange (as applicable).

Board means the board of directors of the Company.

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

Chair means the person chairing the Meeting.

CEO means Chief Executive Officer.

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

Explanatory Memorandum

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

Company means Australian Pacific Coal Limited ABN 49 089 206 986 (ASX: AQC).

Consolidation or Share Consolidation means the consolidation of the Company's Shares on the basis that every 100 shares are consolidated into 1 Share, with fractional entitlements rounded up, pursuant to Resolution 4.

Consolidation Date means 8 December 2017.

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

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

Directors or Board means the board of directors of the Company from time to time.

Explanatory Memorandum means the explanatory memorandum accompanying the Notice.

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 official listing rules of the ASX as amended from time to time.

Market Price means the closing price of Shares in the Company on the ASX Market on a particular day.

Meeting means the Annual General Meeting to be held on 28 November 2017 as convened by the accompanying Notice of Meeting.

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

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

Placement Securities has the meaning given in section 7.1.

Proxy Form means the proxy form accompanying the Notice.

Resolutions means a resolution set out in the Notice of Meeting.

Shareholder means a holder of Shares in the Company.

Shares means fully paid ordinary shares in the Company from time to time.

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

Explanatory Memorandum

VWAP means, in relation to a Trading Day, the volume weighted average price of the Shares traded in the ordinary course of business on the ASX on that Trading Day, excluding crossings executed outside the open session state, special crossings, overseas trades and trades pursuant to exercise of options over Shares.

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

*Level 4, 10 Felix Street, Brisbane Qld 4000
+61 7 3221 0679
cosec@aqcltd.com*

Explanatory Memorandum

Schedule 1 Details of Equity Securities issued in previous 12 months

Date of Issue:	Number Issued:	Class/Type of equity security:	Summary of terms:	Names of persons who received securities or basis on which those persons was determined:	Price at which equity securities were issued:	Discount to market price (if any):	For cash issues:				For non-cash issues:	
							Total cash consideration received:	Amount of cash consideration spent:	Use of cash consideration:	Intended use for remaining amount of cash (if any):	Non-cash consideration paid:	Current value of that non-cash consideration: @ \$.01
20/12/16	6,250,000	Fully paid ordinary shares issued on exercise of existing options	Shares rank pari passu with all other fully paid ordinary shares on issue in the Company	Shane Cranswick as the holder of \$0.008 options expiring on 31/03/17	\$0.008	N/A as option exercise	\$50,000	\$50,000	Dartbrook transaction costs	N/A	N/A	N/A
01/02/17	12,500,000	Fully paid ordinary shares issued on exercise of existing options	Shares rank pari passu with all other fully paid ordinary shares on issue in the Company	Shane Cranswick as the holder of \$0.008 options expiring on 31/03/17	\$0.008	N/A as option exercise	\$100,000	\$100,000	Dartbrook transaction costs	N/A	N/A	N/A
02/03/17	12,500,000	Fully paid ordinary shares issued on exercise of existing options	Shares rank pari passu with all other fully paid ordinary shares on issue in the Company	Shane Cranswick as the holder of \$0.008 options expiring on 31/03/17	\$0.008	N/A as option exercise	\$100,000	\$100,000	Dartbrook transaction costs	N/A	N/A	N/A

Explanatory Memorandum

Date of Issue:	Number Issued:	Class/Type of equity security:	Summary of terms:	Names of persons who received securities or basis on which those persons was determined:	Price at which equity securities were issued:	Discount to market price (if any):	For cash issues:				For non-cash issues:	
							Total cash consideration received:	Amount of cash consideration spent:	Use of cash consideration:	Intended use for remaining amount of cash (if any):	Non-cash consideration paid:	Current value of that non-cash consideration: @ \$.01
15/03/17	6,250,000	Fully paid ordinary shares issued on exercise of existing options	Shares rank pari passu with all other fully paid ordinary shares on issue in the Company	Shane Cranswick as the holder of \$0.008 options expiring on 31/03/17	\$0.008	N/A as option exercise	\$50,000	\$50,000	Dartbrook transaction costs	N/A	N/A	N/A
22/03/17	12,500,000	Fully paid ordinary shares issued on exercise of existing options	Shares rank pari passu with all other fully paid ordinary shares on issue in the Company	Shane Cranswick as the holder of \$0.008 options expiring on 31/03/17	\$0.008	N/A as option exercise	\$100,000	\$100,000	Dartbrook transaction costs	N/A	N/A	N/A
31/03/17	500,000,000	Fully paid ordinary shares	Shares rank pari passu with all other fully paid ordinary shares on issue in the Company	Jet Arm Limited	\$0.010	9% (based on a closing price of \$0.011)	\$5,000,000	\$nil	N/A	General working capital	N/A	N/A

Explanatory Memorandum

Date of Issue:	Number Issued:	Class/Type of equity security:	Summary of terms:	Names of persons who received securities or basis on which those persons was determined:	Price at which equity securities were issued:	Discount to market price (if any):	For cash issues:				For non-cash issues:	
							Total cash consideration received:	Amount of cash consideration spent:	Use of cash consideration:	Intended use for remaining amount of cash (if any):	Non-cash consideration paid:	Current value of that non-cash consideration: @ \$.01
31/03/17	25,000,000	Fully paid ordinary shares issued on exercise of existing options	Shares rank pari passu with all other fully paid ordinary shares on issue in the Company	Shane Cranswick as the holder of \$0.008 options expiring on 31/03/17	\$0.008	N/A as option exercise	\$200,000	\$200,000	Dartbrook transaction costs	N/A	N/A	N/A
01/06/17	5,000,000	Fully paid ordinary shares	Shares rank pari passu with all other fully paid ordinary shares on issue in the Company	Sophisticated investors	\$0.010	No discount, premium of 25% (based on a closing price of \$0.008).	\$50,000	\$nil	N/A	General working capital	N/A	N/A

Proxies and representatives

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

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

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

The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be **deposited at, posted to, or sent by facsimile transmission to the address listed below, or by hand to the Share Registry, Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138** 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
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia
Telephone Phone: 1300 554 474 (Overseas: +61 1300 554 474)
Facsimile No: +61 2 9287 0309

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

A proxy form is **attached** to this Notice.

Voting entitlement

For the purposes of determining voting entitlements at the Meeting, Shares will be taken to be held by the persons who are registered as holding the Shares at 7.00pm on 26 November 2017. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

Signing instructions

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

- | | |
|--------------------|---|
| Individual: | Where the holding is in one name, the Holder must sign. |
| Joint Holding: | Where the holding is in more than one name, all of the security holders should sign. |
| Power of Attorney: | To sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it. |
| Companies: | Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the <i>Corporations Act 2001</i>) 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.



Australian Pacific Coal

ABN 49 089 206 986

LODGE YOUR VOTE

ONLINE
www.linkmarketservices.com.au

BY MAIL
Australian Pacific Coal Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

BY FAX
+61 2 9287 0309

BY HAND
Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138

ALL ENQUIRIES TO
Telephone: +61 1300 554 474



X99999999999

PROXY FORM

I/We being a member(s) of Australian Pacific Coal Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY

the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

STEP 1

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **1:00pm (Brisbane time) on Tuesday, 28 November 2017 at Level 7, Waterfront Place, 1 Eagle Street, Brisbane Qld 4000 Australia** (the Meeting) and at any postponement or adjournment of the Meeting.

Important for Resolution 3: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolution 3, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an

STEP 2

Resolutions

	For	Against	Abstain*		For	Against	Abstain*
1 Re-election of Peter Ziegler as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	4 Consolidation of shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Bruce Munro as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5 Approval for issue of securities under Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

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

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

STEP 3

AQC PRX1703C



HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolution is connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

SIGNING INSTRUCTIONS

You must sign this 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, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney 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.

CORPORATE REPRESENTATIVES

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 in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **1:00pm (Brisbane time) on Sunday, 26 November 2017**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



BY MAIL

Australian Pacific Coal Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138

* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**