

# Notice of Annual General Meeting and Explanatory Memorandum

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Australian Pacific Coal Limited ACN 089 206 986

Date of Meeting: 28 November 2019

Time of Meeting: 10:00am (Brisbane time)

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

# Notice of Annual General Meeting

Notice is given that the Annual General Meeting of Shareholders of Australian Pacific Coal Limited ACN 089 206 986 (**Company**) will be held at HoggoodGanim Lawyers, Level 7, Waterfront Place, 1 Eagle Street, Brisbane QLD 4000, on 28 November 2019 at 10:00am (Brisbane time).

Terms used in this Notice of Meeting are defined in section 7 (Interpretation) of the accompanying Explanatory Statement.

## Agenda

### Ordinary business

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#### 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 for the financial year ended 30 June 2019.

#### 1. Remuneration Report

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

*"That the Remuneration Report for the year ended 30 June 2019 (as set out in the Directors Report) is adopted."*

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

#### **Voting restriction pursuant to section 250R(4) of the Corporations Act**

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

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

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

- the person does so as a proxy;
- the vote is not cast on behalf of a member of the KMP details of whose remuneration are included in the Remuneration Report or a Closely Related Party of such a member; and
- either:
  - the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or

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- the voter is the chair of the meeting and the appointment of the chair as proxy:
  - o does not specify the way the proxy is to vote on the Resolution; and
  - o 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 KMP for the Company or, if the Company is part of a consolidated entity, for the entity.

## **Voting Intention of the Chair**

Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chair and counted in favour of the Resolutions the subject of this Meeting, including Resolution 1, subject to compliance with the Corporations Act. In exceptional circumstances, the Chair may change his/her voting intention on any Resolution, in which case an ASX announcement will be made. Further details, in relation to the ability of the Chair to vote on undirected proxies are set out in the accompanying proxy form.

## **2. Re-election of Bruce Munro as a Non-Executive Director**

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

*“That Bruce Munro, 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 Non-Executive Director.”*

## **Special business**

## **3. Approval to issue an additional 10% of the issued capital of the Company over a 12 month period pursuant to Listing Rule 7.1A**

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

*“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 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 in favour of the Special Resolution by or on behalf of a person and any associates of that person who:

- is expected to participate in the issue of the Placement Securities; or

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- who will obtain a material benefit as a result of the proposed issue of the Placement Securities, 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 the direction on the proxy form to vote as the proxy decides.

## 4. Renewal of Proportional Takeover Provisions in the Constitution

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

*“That in accordance with section 648G of the Corporations Act, the proportional takeover approval provisions in Rule 75 of the Company’s Constitution be renewed for a period of 3 years with immediate effect from this Resolution 4 being passed.”*

## General business

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

### By order of the board

Craig McPherson  
Company Secretary  
25 October 2019

# Explanatory Memorandum

## 1. Introduction

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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 HopgoodGanim Lawyers, Level 7, Waterfront Place, 1 Eagle Street, Brisbane QLD 4000 on 28 November 2019 commencing at 10:00am (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 7.

## 2. Consider the company's annual report

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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 for the financial year ended 30 June 2019 was released to the ASX Limited on 19 August 2019 and subsequently dispatched to shareholders as required.

Shareholders can access a copy of the Company's Annual Report at <http://www.aqcltd.com/site/investors/annual-reports>.

The Company's Annual Report is placed before the Shareholders for discussion. No voting is required for this item.

## 3. Resolution 1 - Remuneration Report

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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 any options or other securities granted as part of remuneration; and
- (d) details and explains any performance conditions applicable to the remuneration of Key Management Personnel of the Company.

The Board believes the Company's remuneration policies and structures as outlined in the Remuneration Report are appropriate relative to the size of the Company, its business and strategic objectives and current and emerging market practices.

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

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The Directors abstain, in the interests of corporate governance, from making a recommendation in relation to this Resolution. In accordance with the Corporations Act, 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 1, details of which are set out in the 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. In exceptional circumstances, the Chair may change his/her voting intention on any Resolution, in which case an ASX announcement will be made.

## 4. Resolution 2 – Re-election of Bruce Munro as a Non-Executive Director

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Bruce Munro retires in accordance with rule 38.1 of the Company's Constitution and, being eligible, offers himself for re-election as a Non-Executive Director.

Mr Munro was appointed as a Non-Executive Director on 19 May 2017.

Mr Munro has a strong management and operational background and considerable experience in dealing with matters pertaining to the mining industry. Mr Munro is able to 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 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 - Approval to issue an additional 10% of the issued capital of the Company over a 12 month period pursuant to Listing Rule 7.1A

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### 5.1 Introduction

Resolution 3 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**).

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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 Directors of the Company unanimously recommend that shareholders vote in favour of Resolution 3.

## 5.2 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.

The Company has a market capitalisation of less than \$300 million and is not included in the S&P/ASX300 Index, and is therefore eligible to undertake an Additional 10% Placement under Listing Rule 7.1A.

In the event that the Company for any reason ceases to be eligible to utilise Listing Rule 7.1A after the Company has already obtained shareholders' approval pursuant to this Resolution 3, 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 3 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.

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

See section 5.3(c) below for details on the period during which Placement Securities may be issued if Resolution 3 is approved.

### (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;

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- (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) **Information to be given to ASX - Listing Rule 7.1A.4**

If Resolution 3 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.

(e) **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.

The Company will have the capacity to issue the following shares on the date of the Meeting:

- (1) 7,572,721 shares under Listing Rule 7.1; and
- (2) subject to shareholder approval being obtained under Resolution 3, 5,058,481 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).

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## 5.3 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 3 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 50,484,810 shares. The Company could issue 5,048,481 shares on and from the date of the meeting if Resolution 3 is passed (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 \$0.10		Current Market Price \$0.20		100% increase in Market Price \$0.40	
	10% Voting Dilution	Capital Raised	10% Voting Dilution	Capital Raised	10% Voting Dilution	Capital Raised
Present Issued Share Capital = 50,484,810 shares	5,048,481	\$504,848	5,048,481	\$1,009,696	5,048,481	\$2,019,392
50% Increase in Share Capital = 75,727,215 shares	7,572,722	\$757,272	7,572,722	\$1,514,544	7,572,722	\$3,029,089
100% Increase in Share Capital = 100,969,620 shares	10,096,962	\$1,009,696	10,096,962	\$2,019,392	10,096,962	\$4,038,785

The above table is based on the following assumptions:

- The Market Price is \$0.20, based on the closing price of the Shares on ASX on 14 October 2019.
- 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.
- The issued share capital has been calculated in accordance with the formula in Listing Rule 7.1A(2) as at 14 October 2019.
- 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 7.1A.1, 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 2020. The approval under Resolution 3 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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(d) **Purpose - Listing Rule 7.3A.4**

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 the acquisition of new assets or investments (including expenses associated with such acquisitions) and continued exploration, feasibility studies and developmental expenditure on the Company's current assets and/or general working capital.

(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 or as 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.

(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) **Previous 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 date 12 months before date of notice).

Information per Listing Rule 7.3A.6(a)	Equity Securities
Number of Equity Securities on issue at commencement of 12 month period	50,484,810
Equity Securities issued in prior 12 month period	1 Convertible Note

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Information per Listing Rule 7.3A.6(a)	Equity Securities
Percentage previous issues represent of total number of Equity Securities on issue at commencement of 12 month period	0.00% of Shares on issue (see further details below)

## Listing Rule 7.3A.6(b): Details of equity securities issued in previous 12 months

Date of issue:	29 November 2019
Number issued:	1
Class/Type of equity security:	Convertible Note
Summary of terms:	Unlisted Convertible Note, issued in accordance with shareholder approval granted at the Company's Annual General Meeting held on 29 November 2018. Conversion Price \$0.80. Maturity Date of 1 February 2021. Face Value of \$7,445,649. Principal and interest may be converted into fully paid ordinary shares (shareholder approval previously obtained to issue a maximum of 9,309,592 shares on conversion of the face value of the Convertible Note, as well as interest shares as per the Company's notice of meeting dated 29 October 2018, to Trepang Services Pty Ltd).
Names of persons who received securities or basis on which those persons was determined:	Trepang Services Pty Ltd
Price at which equity securities were issued:	Face value of the convertible note was \$7,445,649. Conversion Price of \$0.80
Discount to market price (if any) at issue date:	Nil (market price at time of issue of convertible note was \$0.695)
<b>For cash issues</b>	n/a
Total cash consideration received:	n/a
Amount of cash consideration spent:	n/a
Use of cash consideration:	n/a
Intended use for remaining amount of cash (if any):	n/a
<b>For non-cash issues</b>	
Non-cash consideration paid:	Issued in satisfaction of debt in the amount of \$7,445,649
Current value of that non-cash consideration:	Face value of the convertible note remains at \$7,445,649.

## 5.4 Voting Exclusion Statement

A voting exclusion statement is included in the notice of meeting.

# Explanatory Memorandum

## **6. Resolution 4- Renewal of Proportional Takeover Provisions in the Constitution**

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### **6.1 Introduction**

Rule 75 of the Company's Constitution contains provisions dealing with proportional takeover bids for the Company's Shares that are made in accordance with the Corporations Act. The current Constitution was adopted on 13 January 2017.

Under section 648G of the Corporations Act, the provisions must be renewed every 3 years or they will cease to have effect. The Company is now seeking to renew the proportional takeover approval provisions in its Constitution.

If Resolution 4 is approved, the current provisions will have effect for 3 years from the date the Resolution is passed.

In accordance with the Corporations Act, the Company provides the following information to shareholders when considering the inclusion of the proportional takeover approval provisions the Company's constitution.

### **6.2 What is a proportional takeover bid, and why do we need the proportional takeover approval provisions?**

A proportional takeover bid includes the bidder offering to buy a proportion only of each Shareholder's Shares in the Company. This means that control of the Company may pass without members having the chance to sell all their Shares to the bidder. It also means the bidder may take control of the Company without paying an adequate amount for gaining control.

In order to deal with this possibility, the Company may provide in its constitution that:

- (a) in the event of a proportional takeover bid being made for shares in the Company, members are required to vote by ordinary resolution and collectively decide whether to accept or reject the offer; and
- (b) the majority decision of the Company's members will be binding on all individual members.

The Directors consider that members should be able to vote on whether a proportional takeover bid ought to proceed given such a bid might otherwise allow control of the Company to change without members being given the opportunity to dispose of all of their shares for a satisfactory control premium. The directors also believe that the right to vote on a proportional takeover bid may avoid members feeling pressure to accept the bid even if they do not want it to succeed.

### **6.3 What is the effect of the proportional takeover approval provisions?**

If a proportional takeover bid is made, the directors must ensure that members vote on a resolution to approve the bid not less than 15 days before the bid period closes.

The vote is decided on a simple majority. Each person who, as at the end of the day on which the first offer under the bid was made, held bid class securities, is entitled to vote. However, the bidder and its associates are not allowed to vote.

If the resolution is not passed, transfers which would have resulted from the acceptance of a bid will not be registered and the bid will be taken to have been withdrawn. If the bid is approved (or taken to have been approved), the transfers must be registered if they comply with the Corporations Act and the Company's Constitution.

The bid will be taken to have been approved if the resolution is not voted on within the deadline specified under the Corporations Act.

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The proportional takeover approval provisions do not apply to full takeover bids, and only apply for 3 years after the date they are adopted as part of the Company's constitution. As noted above, the provisions may be renewed or reinserted upon the expiry of the initial 3 year period, but only by a special resolution passed by Shareholders.

## 6.4 Potential advantages and disadvantages

The renewal of the proportional takeover provisions approval will allow the Directors to ascertain members' views on a proportional takeover bid, it does not otherwise offer any advantage or disadvantage to the Directors who remain free to make their own recommendation as to whether the bid should be accepted.

The proportional takeover approval provisions in rule 75 of the Constitution will ensure that all members have an opportunity to study a proportional bid proposal and vote on the bid at a general meeting. This is likely to ensure a potential bidder structures its offer in a way which is attractive to a majority of members, including by using appropriate pricing. Similarly, knowing the view of the majority of members may help individual members assess the likely outcome of the proportional takeover when determining whether to accept or reject the offer.

However, it is also possible that the inclusion of such provisions in the Constitution may discourage proportional takeover bids and may reduce any speculative element in the market price of the Company's shares arising from the possibility of a takeover offer being made. The inclusion of the provisions may also be considered to constitute an unwarranted additional restriction of the ability of members to freely deal with their Shares.

The Board considers that the potential advantages for members of the proportional takeover approval provisions outweigh the potential disadvantages.

## 6.5 Existing proposals

As at the date on which this statement was prepared, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

## 7. Interpretation

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**Advisory Resolution** means a Resolution which, the result of voting by Shareholders, does not bind the Company.

**AEST** means Australian Eastern Standard Time.

**ASIC** means the Australian Securities and Investments Commission.

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

**Board** means the board of directors of the Company.

**Chair** means the person who chairs the Meeting.

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

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependant of the member or the member's spouse;

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- (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 ACN 089 206 986.

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

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

**Director** means a director of the Company.

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

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

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

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

**Meeting** or **Annual General Meeting** or **AGM** means the annual general meeting to be held at HopgoodGanim Lawyers, Level 7, Waterfront Place, 1 Eagle Street, Brisbane QLD 4000 on 28 November 2019 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, accompanying this Explanatory Memorandum.

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

**Remuneration Report** means the remuneration report as contained in the annual Directors Report of the Company for the financial year ending 30 June 2019.

**Resolution** means a resolution as set out in the Notice of Meeting.

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

**Shareholder** means a holder of Shares in the Company.

**Special Resolution** means a resolution:

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

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

Level 15, 344 Queen St  
Brisbane QLD 4000  
+61 7 3221 0679

# Proxy Form

## Proxy, representative and voting entitlement instructions

### Proxies and representatives

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

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

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

The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be **deposited at, posted to, or sent by facsimile transmission to the address listed below, or the Share Registry, Link Market Services limited, 1A Homebush Bay Drive, Rhode NSW 2138** not less than 48 hours before the time for holding the Meeting, or the 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 (Sydney time) on 26 November 2019. 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.

# Proxy Form

**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



# 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

## 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 **10:00am (Brisbane time) on Thursday, 28 November 2019 at HopgoodGanim Lawyers, Level 7, Waterfront Place, 1 Eagle Street, Brisbane QLD 4000 (the Meeting)** and at any postponement or adjournment of the Meeting.

**Important for Resolution 1:** 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 1, 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*
1 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Bruce Munro as a Non-Executive Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Approval to issue an additional 10% of the issued capital pursuant to Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Renewal of Proportional Takeover Provisions in the Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**i** \* 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 SECURITYHOLDERS – THIS MUST BE COMPLETED

Securityholder 1 (Individual)

Joint Securityholder 2 (Individual)

Joint Securityholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

STEP 3

This form should be signed by the securityholder. If a joint holding, all securityholders must sign. If signed by the securityholder'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).

## HOW TO COMPLETE THIS SECURITYHOLDER PROXY FORM

### YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's security register. If this information is incorrect, please make the correction on the form. Securityholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your securities 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 securityholder 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 securities 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 securities 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 security 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 securities 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, all securityholders must 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" must be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's security registry or online at [www.linkmarketservices.com.au](http://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 **10:00am (Brisbane time) on Tuesday, 26 November 2019**, 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](http://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.**