



ALLEGIANCE COAL LIMITED

**ALLEGIANCE COAL LIMITED
ACN 149 490 353**

NOTICE OF GENERAL MEETING AND EXPLANATORY STATEMENT

**The General Meeting of the Company will be held at the
offices of the Company, Suite 107, 109 Pitt Street, Sydney,
NSW on Tuesday, 22 May 2018
at 10.30am (AEST).**

The Notice of General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Shareholders are urged to attend or vote by lodging the proxy form attached to the Notice

ALLEGIANCE COAL LIMITED

ACN 149 490 353

NOTICE OF GENERAL MEETING

Notice is hereby given that the General Meeting of Shareholders of Allegiance Coal Limited (**Company**) will be held at the offices of the Company, Suite 107, 109 Pitt Street, Sydney, NSW, on Tuesday, 22 May 2018 at 10.30am (AEST) (**Meeting**).

The Explanatory Statement to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Statement and the Proxy Form comprise part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Monday, 21 May 2018 at 10.30am (AEST).

Terms and abbreviations used in this Notice and the Explanatory Statement are defined in Schedule 1.

AGENDA

1. Resolution 1 - Ratification of issue of Placement Shares

To consider and, if thought fit, to pass with or without amendment, each as a **separate** ordinary resolution the following:

"That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the following issues of Shares on the terms and conditions in the Explanatory Statement:

- (a) 57,870,773 Placement Shares issued under Listing Rule 7.1 and;
- (b) 20,519,227 Placement Shares issued under Listing Rule 7.1A."

Voting Exclusion

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of this Resolution by or on behalf of a person (or any associate or nominee of such a person) who participated in the issue of the Placement Shares.

However, the Company need not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

2. Resolution 2 - Approval of issue of Placement Shares to Mr Mark Gray

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That pursuant to and in accordance with Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to 1,000,000 Shares at \$0.05 per Share to Mr Mark Gray (or his nominees) on the terms and conditions in the Explanatory Statement."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by Mr Mark Gray (and his nominees) or any associates of those persons.

The Company will not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

BY ORDER OF THE BOARD



Jonathan Reynolds
Company Secretary

Dated: 24 April 2018

ALLEGIANCE COAL LIMITED

ACN 149 490 353

EXPLANATORY STATEMENT

1. Introduction

The Explanatory Statement has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at the offices of the Company, Suite 107, 109 Pitt Street, Sydney, NSW on Tuesday, 22 May 2018 at 10.30 (AEST).

The Explanatory Statement forms part of the Notice which should be read in its entirety. The Explanatory Statement contains the terms and conditions on which the Resolutions will be voted.

The Explanatory Statement includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

Section 2	Action to be taken by Shareholders
Section 3	Resolution 1 - Ratification of issue of Placement Shares
Section 4	Resolution 2 - Approval of issue of Placement Shares to Mr Mark Gray
Schedule 1	Definitions

A Proxy Form is located at the end of the Explanatory Statement.

2. Action to be taken by Shareholders

Shareholders should read the Notice including the Explanatory Statement carefully before deciding how to vote on the Resolutions.

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is

appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

3. Resolution 1 - Ratification of issue of Placement Shares

3.1 Background

On 5 April 2018, the Company completed a capital raising, pursuant to which the Company raised \$3,919,500 (before costs) by the issue of 78,390,000 Shares (**Placement Shares**) at an issue price of \$0.05 each (**Placement**).

The funds raised are intended to be applied by the Company towards the development of the Tenas coal deposit within the larger Telkwa metallurgical coal project (**Project**) and in particular, as follows:

- (a) completion of the Project environmental baseline studies;
- (b) completion of the Project feasibility study;
- (c) undertaking a Project effects assessment in preparation of permitting; and
- (d) general working capital.

Subject to Resolution 2 being passed, the Company's Managing Director and a substantial shareholder, Mr Mark Gray, via his interest in Telkwa Holdings Limited, intends to support the Placement by subscribing for 1,000,000 additional Shares, at the same price as the Placement Shares.

Resolutions 1(a) and (b) seek the ratification of Shareholders pursuant to Listing Rule 7.4 of the issue of the Placement Shares.

3.2 Listing Rules 7.1 and 7.1A

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more Equity Securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.1A provides that an eligible entity may seek shareholder approval at its annual general meeting to allow it to issue Equity Securities comprising up to 10% of its issued capital. The Company obtained this approval at its annual general meeting held on 29 November 2017.

3.3 Listing Rule 7.4

Listing Rule 7.4 provides an exception to Listing Rules 7.1 and 7.1A. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to Listing Rules 7.1 and 7.1A (and provided that the previous issue did not breach Listing Rules 7.1 and 7.1A), those securities will be deemed to have been made with shareholder approval for the purpose of Listing Rules 7.1 and 7.1A, as applicable.

The effect of Resolution 1 will be to allow the Company to retain the flexibility to issue Equity Securities in the future up to the 15% annual placement capacity set out in

Listing Rule 7.1 and the additional 10% annual placement capacity set out in Listing Rule 7.1A without the requirement to obtain prior Shareholder approval.

3.4 Specific information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to the ratification of the issue of the Placement Shares:

- (a) a total of 78,390,000 Placement Shares were issued on 6 April 2018 as follows:
 - (i) 57,870,773 Placement Shares were issued within the 15% annual limit permitted under Listing Rule 7.1, without the need for Shareholder approval; and
 - (ii) 20,519,227 Placement Shares were issued within the 10% limit permitted under Listing Rule 7.1A, without the need for Shareholder approval;
- (b) the Placement Shares were issued at \$0.05 per Share;
- (c) the Placement Shares were fully paid ordinary shares in the capital of the Company and rank equally in all respects with the Company's existing Shares on issue;
- (d) the Placement Shares were issued to the participants in the Placement, none of whom is a related party of the Company;
- (e) the proceeds from the issue of the Placement Shares will be directed towards the development of the Tenas coal deposit within the larger Telkwa metallurgical coal project and in accordance with the summary in Section 3.1; and
- (f) a voting exclusion statement is included in the Notice.

3.5 Additional information

The Board recommends that Shareholders vote in favour of each of the resolutions which form part of Resolution 1.

Each of the resolutions which form part of Resolution 1 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of each of the resolutions which form part of Resolution 1.

4. Resolution 2 - Approval of issue of Placement Shares to Mr Mark Gray

4.1 General

A summary of the background to the proposed issue of the Shares to Mr Mark Gray (via Telkwa Holdings Limited) is in Section 3.1 above.

4.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

Mr Mark Gray is a related party of the Company by virtue of his position as a Director.

The Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Shares to Mr Mark Gray pursuant to Resolution 2 because the Shares would be issued on the same terms as other Shares issued pursuant to the Placement to non-related party participants. As such, the giving of the financial benefit is considered to be on arm's length terms.

4.3 Listing Rule 10.11

In accordance with Listing Rule 10.11, the Company must not issue Equity Securities to a related party of the Company unless it obtains Shareholder approval.

As noted above, Mr Mark Gray is a related party of the Company by virtue of his position as a Director.

The effect of passing Resolution 2 will be to allow the Company to issue Placement Shares to Mr Mark Gray (or his nominees) in accordance with Listing Rule 10.11.

As Shareholder approval is sought under Listing Rule 10.11, approval under Listing Rule 7.1 is not required.

4.4 Specific information required by Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to the issue of the Shares:

- (a) the Shares are proposed to be issued to Mr Mark Gray (or his nominees);
- (b) the maximum number of Shares to be issued is 1,000,000;
- (c) the Company intends to issue the Placement Shares as soon as practicable after the date of the Meeting and in any event, no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules);
- (d) Mr Mark Gray is a Director;
- (e) the issue price of the Shares will be \$0.05 per Share;
- (f) the Shares will be fully paid ordinary shares in the capital of the Company and will rank equally in all respects with the Company's existing Shares on issue;
- (g) the proceeds from the issue of the Shares are intended to be applied towards development of the Tenas coal deposit within the larger Telkwa metallurgical coal project and in accordance with the summary in Section 3.1; and
- (h) a voting exclusion statement is included in the Notice.

4.5 Additional information

Mr Mark Gray, who has a personal interest in Resolution 2, declines to make a recommendation to Shareholders due to his interest in Resolution 2.

The remaining and non-conflicted Directors recommend Shareholders vote in favour of Resolution 2.

Resolution 2 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 2.

Schedule 1 - Definitions

In the Notice, words importing the singular include the plural and vice versa.

\$ means Australian Dollars.

AEST means Australian Eastern Standard Time, being the time in Sydney, New South Wales.

ASX means the ASX Limited ABN 98 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited.

Board means the board of Directors of the Company.

Chairman means the person appointed to chair the Meeting of the Company convened by the Notice.

Company means Allegiance Coal Limited (ACN 149 490 353).

Corporations Act means the Corporations Act 2001 (Cth).

Director means a director of the Company.

Equity Security has the same meaning as in the Listing Rules.

Explanatory Statement means the explanatory statement which forms part of the Notice.

Listing Rules means the listing rules of ASX.

Meeting has the meaning given in the introductory paragraph of the Notice.

Notice means this notice of General Meeting.

Placement has the meaning given in Section 3.1.

Placement Shares has the meaning given in Section 3.1.

Project means the Tenas coal deposit within the larger Telkwa metallurgical coal project.

Proxy Form means the proxy form attached to the Notice.

Resolution means a resolution referred to in the Notice.

Schedule means a schedule to the Notice.

Section means a section of the Explanatory Statement.

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

Shareholder means a shareholder of the Company.



ABN 47 149 490 353

Lodge your vote:

By Mail:

GPO Box 2703
Sydney NSW 2001 Australia

Alternatively you can fax your form to:
+61 2 9233 1349

For all enquiries call:

+61 2 9233 5579

Proxy Form

For your vote to be effective it must be received by 10.30am (AEST) on Monday, 21 May 2018.

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

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

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

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, 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 sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form



ALLEGIANCE COAL
LIMITED

ABN 47 149 490 353

Proxy Form

I/We _____

of _____

being the holder of _____ ordinary shares of Allegiance Coal Limited hereby appoint

the Chairman OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the General Meeting of Allegiance Coal Limited to be held at Suite 107, 109 Pitt Street, Sydney, NSW 2000 on Tuesday, 22 May 2018 at 10.30am (AEST) and at any adjournment of that meeting.

Items of Business

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

Ordinary Resolutions

	For	Against	Abstain
1(a). Ratification of issue of Placement Shares issued under Listing Rule 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1(b) Ratification of issue of Placement Shares issued under Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Approval of issue of Placement Shares to Mr Mark Gray	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Contact Name _____

SRN/HIN _____

Securityholder 2

Director

Contact Daytime Telephone _____

Securityholder 3

Director/Company Secretary

Date ____/____/____