



**ALLEGIANCE COAL  
LIMITED**

ACN 149 490 353

**Notice of Annual General Meeting  
*and*  
Explanatory Memorandum**

*Date of Meeting*

Wednesday, 28 November 2012

*Time of Meeting*

9:30 am EDST

*Place of Meeting*

King Room  
Grace Hotel  
77 York Street  
Sydney NSW 2000

This Notice of Annual General Meeting and Explanatory Memorandum  
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 without delay.

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given of the Annual General Meeting of Allegiance Coal Limited ("**Company**" or "**Allegiance**") to be held in the King Room, Grace Hotel, 77 York Street, Sydney NSW 2000 on Wednesday, 28 November 2012 at 9:30 a.m. EDST, for the purpose of transacting the following business referred to in this Notice of Annual General Meeting.

An Explanatory Memorandum containing information in relation to the following Resolutions accompanies and forms part of this Notice of Annual General Meeting.

### Agenda

#### ACCOUNTS AND REPORTS

To receive and consider the annual financial report of the Company for the year ended 30 June 2012 and accompanying reports of the Directors and auditor of the Company.

#### Resolution 1 – Adoption of Remuneration Report

To consider and put to a non-binding vote the following resolution as an **ordinary resolution**:

*"That the Remuneration Report required by section 300A of the Corporations Act, as disclosed in the report of the Directors for the year ended 30 June 2012, be adopted."*

**Note:** The vote on this resolution is advisory only and does not bind the Directors or the Company.

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#### Voting Prohibition Statement

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

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

However, a person (the **Voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the Voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
  - (b) the Voter is the Chair and the appointment of the Chair as proxy:
    - (i) does not specify the way the proxy is to vote on this Resolution; and
    - (ii) 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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#### Resolution 2 – Re-Election of Mr David Deitz as a Director

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

*"That Mr David Deitz, who retires in accordance with the Constitution and who offers himself for re-election, be re-elected as a Director."*

#### Resolution 3 – Removal of Auditor

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

*"That Grant Thornton Australia Limited, the current auditor of the Company, be removed as the auditor of the Company effective from the date of the Meeting."*

## NOTICE OF ANNUAL GENERAL MEETING

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### **Resolution 4 – Appointment of Auditor**

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

*“That, subject to the passing of Resolution 3 Deloitte Touche Tohmatsu, being qualified to act as auditor of the Company and having consented to act as auditor of the Company, be appointed as the auditor of the Company from the date of the Meeting and the Directors be authorised to agree upon the remuneration payable to Deloitte Touche Tohmatsu.”*

### **OTHER BUSINESS**

To deal with any other business which may be lawfully brought forward.

**By Order of the Board of Directors**



**Anthony Howland-Rose**  
*Chairman*

Dated 24 October 2012

# NOTICE OF ANNUAL GENERAL MEETING

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## PROXIES

- Votes at the Annual General Meeting may be given personally or by proxy, attorney or representative.
- A Shareholder who is entitled to attend and vote at the Meeting has a right to appoint a proxy to attend and vote instead of the Shareholder. A proxy need not be (but may be) a Shareholder and can be either an individual or a body corporate. If a Shareholder appoints a body corporate as a proxy that body corporate will need to ensure that it:
  - appoints an individual as its corporate representative to exercise its powers at the Meeting, in accordance with section 250D of the *Corporations Act*; and
  - provides the Company with satisfactory evidence of the appointment of its corporate representative prior to commencement of the Meeting.
- If such evidence is not received before the Meeting, then the body corporate (through its representative) will not be permitted to act as proxy.
- Proxies given by corporate Shareholders must be executed in accordance with their constitutions, or signed by a duly authorised attorney. A proxy may decide whether to vote on any motion, except where the proxy is required by law or the Constitution to vote, or abstain from voting, in their capacity as proxy.
- A Shareholder entitled to cast two or more votes at the Meeting may appoint not more than two proxies to attend and vote at this Meeting. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Shareholder's voting rights. If no proportion or number is specified, each proxy may exercise half of the Shareholder's votes. Fractions will be disregarded.
- A proxy may, but need not be, a Shareholder.
- The instrument appointing the proxy must be in writing, executed by the appointor or his attorney duly authorised in writing or, if such appointor is a corporation, either under seal or under hand of an officer(s) or his attorney duly authorised.
- The instrument of proxy (and the power of attorney or other authority, if any, under which it is signed or certified copy of the same) must be lodged by person, post, courier or facsimile and reach the Registered Office of the Company at least 48 hours prior to the Meeting.
- Proxies appointing the Chair which do not specify the way in which the proxy is to vote on a particular Resolution will be recorded as voting in favour of the Resolutions (subject to the other provisions of these notes on Proxies and any required voting exclusions including those in the Notice) as this is the Chair's voting intention.
- If the Chair is your nominated proxy, or may be appointed by default, and you have not directed your proxy how to vote by ticking either the 'for', 'against' or 'abstain' box in relation to Resolution 1 (Adoption of the Remuneration Report), you will be authorising the Chair to vote in accordance with the Chair's discretion on Resolution 1 even if Resolution 1 is connected directly or indirectly with the remuneration of the Chair and other Key Management Personnel. The Chair intends to vote all available proxies in favour of Resolutions 1, 2, 3 and 4.
- A proxy form accompanies this Notice and to be effective the proxy form and the power of attorney or other authority (if any) under which it is signed (or a certified copy) must be received by the Company no later than 48 hours before the commencement of the Meeting, at:
  - the Company's registered office, Level 13, 49–51 York Street, Sydney, New South Wales; or
  - by facsimile to the Company on facsimile number (02) 9299 5006; or
  - by post to Allegiance Coal Limited, GPO Box 2703, Sydney NSW 2001Any proxy form received after that time will not be valid for the Meeting.
- The **enclosed** proxy form provides further details on appointing proxies and lodging proxy forms.

## Corporations

A corporation may elect to appoint a representative in accordance with the *Corporations Act* in which case the Company will require written proof of the representative's appointment which must be lodged with, or presented to the Company before the commencement of the Meeting.

## Notes

For the purpose of regulation 7.11.37 of the Corporations Regulations 2001 (Cth), the Directors have determined that Shares held at 9.30am EDST on 26 November 2012 will be taken, for the purposes of the Annual General Meeting, to be held by the persons who held them at that time. The entitlement of Shareholders to vote at the Meeting will be determined by reference to that time.

# EXPLANATORY MEMORANDUM

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This Explanatory Memorandum is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of Annual General Meeting.

The Directors recommend Shareholders read this Explanatory Memorandum in conjunction with the Notice of Meeting (of which this Explanatory Memorandum forms a part) in full before making any decision in relation to the Resolutions.

## ORDINARY BUSINESS

### ANNUAL REPORT

As required under section 317 of the *Corporations Act*, the Annual Report (which includes the financial report, Directors' report and auditor's report) will be laid before the Annual General Meeting.

Shareholders at the Meeting will be given a reasonable opportunity to ask questions and make comments about the Annual Report or the Company generally, but there will be no formal resolution submitted to the Meeting.

Reasonable opportunity will also be given to Shareholders at the Meeting to ask the Company's auditor questions relevant to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

### RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT (Non-binding vote)

#### *Requirements of Corporations Act*

Section 298 of the *Corporations Act* requires that the annual Directors' Report contain a Remuneration Report prepared in accordance with section 300A of the *Corporations Act*.

By way of summary, the Remuneration Report:

- (a) discusses the Company's policy and the process for determining the remuneration of its executive officers (there are no executives other than the Directors); and
- (b) sets out remuneration details for each Director named in the Remuneration Report for the financial year ended 30 June 2012.

Section 250R(2) of the *Corporations Act* requires companies to put a resolution to their members that the Remuneration Report be adopted. Pursuant to section 250R(3) of the *Corporations Act*, the vote on this resolution is advisory only and does not bind the Board or the Company.

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

#### *Voting consequences*

Under changes to the *Corporations Act* that came into effect on 1 July 2011, if at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report in two consecutive annual general meetings, a company will be required to put to its shareholders a resolution proposing the calling of a general meeting to consider the appointment of directors of the company (**Spill Resolution**) at the second annual general meeting.

If more than 50% of shareholders vote in favour of the Spill Resolution, the company must convene the general meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the financial year ended immediately before the second annual general meeting) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for election or re-election at the Spill Meeting. Following the Spill Meeting those persons whose election or re-election as directors is approved will be the directors of the company.

At the time of the Company's previous annual general meeting, the Company was not listed on the ASX. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

#### *Directors' Recommendation*

The Board unanimously recommends that Shareholders adopt the Remuneration Report.

## EXPLANATORY MEMORANDUM

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### **RESOLUTION 2 – RE-ELECTION OF MR DAVID DEITZ AS A DIRECTOR**

#### ***Mr David Deitz***

Resolution 2 seeks approval for the re-election of Mr David Deitz as a Director with effect from the end of the Meeting.

The Constitution provides that at each annual general meeting of the Company one-third of the Directors or, if their number is not a multiple of three, then such number as is appropriate to ensure that no Director holds office for more than three years, shall retire from office.

Mr Deitz retires from office in accordance with this requirement, being eligible, and submits himself for re-election. His profile is contained in the Annual Report.

#### ***Directors' Recommendation***

The Directors (other than Mr David Deitz) recommend the re-election of Mr David Deitz.

### **RESOLUTIONS 3 & 4 – REMOVAL OF AUDITOR AND APPOINTMENT OF NEW AUDITOR**

Under section 329 of the *Corporations Act*, an auditor of a company may be removed from office by resolution at a general meeting of which two months notice of intention to move the resolution has been given. It should be noted that under section 329, if a company calls a meeting after the notice of intention has been given, the meeting may pass the resolution even though the meeting is held less than two months after the notice of intention is given.

A copy of the notice of intention to remove Grant Thornton Australia Limited as auditor to the Company is annexed to this Notice as Annexure A.

Under section 327D of the *Corporations Act*, the Company in a general meeting may appoint an auditor to replace an auditor removed under section 329 of the *Corporations Act*.

If Grant Thornton Australia Limited is removed under Resolution 3, the Directors propose that Deloitte Touche Tohmatsu be appointed as the Company's auditor effective from the end of the Meeting. The nomination of Deloitte Touche Tohmatsu as auditor to the Company is annexed to this Notice as Annexure A. Deloitte Touche Tohmatsu has given its consent to act as auditor to the Company in accordance with section 328A(1) of the *Corporations Act*.

If both Resolutions 3 and 4 are passed, the appointment of Deloitte Touche Tohmatsu as the Company's auditor will take effect at the close of this Meeting.

Resolution 4 is a special resolution. Accordingly 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 4 for it to be passed.

## GLOSSARY

In the Notice of Meeting and the proxy form which accompanies this Notice of Meeting, the following terms have the following meanings unless the context otherwise requires:

<b>Annual Report</b>	means the Company's annual report including the reports of the Directors and auditor of the Company and the financial statements of the Company for the year ended 30 June 2012.
<b>ASIC</b>	means the Australian Securities and Investments Commission.
<b>ASX</b>	means ASX Limited (ACN 008 624 691) and the market operated by it, as the context requires.
<b>Board</b>	means the board of Directors.
<b>Chair</b>	means the chairperson of the Meeting.
<b>Closely Related Party</b>	is defined in respect of a member of Key Management Personnel as: <ul style="list-style-type: none"> <li>• a spouse or child of the member;</li> <li>• a child of the member's spouse;</li> <li>• a dependent of the member or the member's spouse;</li> <li>• 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 Company;</li> <li>• a company the member controls; or</li> <li>• a person prescribed by the <i>Corporations Regulations 2001</i> (Cth) that may be made for this purpose.</li> </ul>
<b>Company or Allegiance</b>	means Allegiance Coal Limited (ACN 149 490 353).
<b>Constitution</b>	means the constitution of the Company.
<b>Corporations Act</b>	means the <i>Corporations Act 2001</i> (Cth).
<b>Director</b>	means a director of the Company.
<b>EDST</b>	means Eastern Daylight Savings Time.
<b>Key Management Personnel</b>	has the meaning given in the accounting standards and broadly means those persons with the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and includes any Director (whether executive or otherwise).
<b>Listing Rules</b>	means the Listing Rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the official list of ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.
<b>Meeting or Annual General Meeting</b>	means the annual general meeting of the Company to be held on 28 November 2012 at 9.30 am (EDST), convened by this Notice.
<b>Notice of Meeting or Notice</b>	means the notice of annual general meeting which accompanies and includes this Explanatory Memorandum.
<b>Remuneration Report</b>	means that section of the Directors' report under the heading "Remuneration Report" set out in the Annual Report.
<b>Resolution</b>	means a resolution proposed pursuant to the Notice.
<b>Share</b>	means a fully paid ordinary share in the capital of the Company.
<b>Shareholder</b>	means a holder of a Share.

## ANNEXURE A – NOMINATION OF AUDITOR

**C.Randall &  
Associates Pty Ltd**

First Floor, 42 King St  
PO Box 683  
Newcastle NSW 2300  
Australia

Phone: +61 2 49252644  
Fax: +61 2 49263871  
Email: colin@colinrandall.com.au  
Website: www.colinrandall.com.au

12 October, 2012

The Board of Directors  
Allegiance Coal Limited  
Level 13  
49–51 York Street  
SYDNEY NSW 2000

Dear Sirs

I, Colin Randall on behalf of C. Randall & Associates Pty Ltd, being a member of Allegiance Coal Limited (**Company**), request that a general meeting of the Company be held at the first available time, and in any event no later than two months from the date of this notice, to consider and, if thought fit, to pass resolutions that:

- (a) Grant Thornton Australia Limited be removed as auditor to the Company; and
- (b) Deloitte Touche Tohmatsu be appointed as the new auditor to the Company.

For the purposes of section 328B(1) of the *Corporations Act 2001* (Cth), I hereby nominate Deloitte Touche Tohmatsu of Grosvenor Place, 225 George Street, Sydney NSW 2000, as auditor to the Company.

Yours faithfully



Colin Randall  
**Director**



# PROXY FORM

The Company Secretary  
 Allegiance Coal Limited  
 Registered Office Address: Level 13, 49–51 York Street, SYDNEY NSW 2000  
 Facsimile: (02) 9299 5006



I/We (name of shareholder) .....  
 of (address) .....  
 being a member/members of Allegiance Coal Limited HEREBY APPOINT  
 (name) .....  
 of (address) .....  
 and/or failing him (name) .....  
 of (address) .....

or failing the person named, or if no person is named, the Chair or the Chair's nominee as my/our proxy to act generally at the Annual General Meeting and my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and subject to the relevant laws, as the proxy sees fit) at the Annual General Meeting of the Company to be held at the **Grace Hotel, (King Room), 77 York Street, Sydney NSW 2000** on **Wednesday 28 November, 2012** at **9.30 am EDST** and at any adjournment of that Meeting.

**I/We acknowledge that the Chair intends to vote in favour of each of Resolutions 1, 2, 3 and 4 in relation to all available proxies.**

I/We direct my/our proxy to vote in the following manner on the business of the Annual General Meeting:

	For	Against	Abstain*
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-Election of Mr David Deitz as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Removal of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Appointment of New Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

\* **Please note:** 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.

**Important for Resolution 1**

Where I/we have appointed the Chair as my/our proxy or the Chair becomes my/our proxy by default, I/we expressly authorise the Chair to exercise my/our proxy in respect of Resolution 1 (except where I/we have indicated a different voting intention above) and acknowledge that the Chair may exercise my/our proxy even though Resolution 1 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

**If two proxies are being appointed, the proportion or number of voting rights this proxy represents is \_\_\_\_\_**

*If the shareholder(s) is an individual:*

Name: .....

*If the shareholder is a company:* Affix common seal (if required by Constitution)

.....  
 Director/Sole Director and Secretary Director/Secretary

Dated: .....

In addition to signing the Proxy Form above please provide the information below in case we need to contact you.

.....  
 Contact Name Contact Daytime Telephone

# INSTRUCTIONS FOR APPOINTMENT OF PROXY

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1. A Shareholder entitled to attend and vote is entitled to appoint a proxy to attend and vote at this Annual General Meeting as the Shareholder's proxy. A proxy need not be a Shareholder.
2. A Shareholder entitled to attend and cast two or more votes at this Annual General Meeting is entitled to appoint not more than two proxies to attend and vote at this Annual General Meeting. Where more than one proxy is appointed, each proxy must be appointed to represent a specific proportion of the Shareholder's voting rights. If such appointment is not made then each proxy may exercise half of the Shareholder's voting rights. Fractions shall be disregarded. The appointment of a second proxy must be done on a separate copy of the proxy form. 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.
3. If a proxy is executed by an attorney of a Shareholder, then the original of the relevant power of attorney or a certified copy of the relevant power of attorney, if it has not already been noted by the Company, must accompany the proxy form.
4. A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
5. Sections 250BB and 250BC of the *Corporations Act* broadly provide that:
  - (a) if proxy holders vote, they must cast all directed proxies as directed; and
  - (b) any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.Further details on these changes are set out below.
6. Section 250BB(1) of the *Corporations Act* provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:
  - (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
  - (b) if the proxy has two or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
  - (c) if the proxy is the Chair – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
  - (d) if the proxy is not the Chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).If a proxy is also a Shareholder, the proxy can cast any votes the proxy holds as a Shareholder in any way that the proxy sees fit.
7. Section 250BC of the *Corporations Act* provides that, if:
  - (a) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
  - (b) the appointed proxy is not the Chair; and
  - (c) at the meeting, a poll is duly demanded on the resolution; and
  - (d) either of the following applies:
    - (i) the proxy is not recorded as attending the meeting;
    - (ii) the proxy does not vote on the resolution,the Chair is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.
8. Signing Instructions:
  - Where the holding is in one name, the Shareholder must sign.
  - Where the holding is in more than one name, all of the Shareholders should sign.
  - If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this form when you return it.
  - Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the *Corporations Act*) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.
9. Completion of a proxy form will not prevent individual members from attending the Annual General Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Annual General Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Annual General Meeting.
10. To vote by proxy, please complete and sign the Proxy Form enclosed and either:
  - deliver the proxy form by hand to the Company's registered office at Level 13, 49–51 York Street, Sydney NSW 2000
  - send the proxy form by post to Allegiance Coal Limited, GPO Box 2703, Sydney NSW 2001 or
  - send the proxy form by facsimile to the Company on facsimile number (02) 9299 5006,so that it is received not later than 9.30 am EDST on 26 November 2012.

**Proxy forms received later than this time will be invalid.**