



ALLEGIANCE COAL LIMITED

**ALLEGIANCE COAL LIMITED
ACN 149 490 353**

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY STATEMENT

**The Annual General Meeting of the Company will be held at
Suite 107, 109 Pitt Street, Sydney, NSW, on Wednesday 23
November 2016 at 10.30am AEDT.**

The Notice of Annual 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.

ALLEGIANCE COAL LIMITED

ACN 149 490 353

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders (**AGM** or **Meeting**) of Allegiance Coal Limited (**Company**) will be held at Suite 107, 109 Pitt Street, Sydney, NSW, on Wednesday 23 November 2016 at 10.30am AEDT (**Meeting**).

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form 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 21 November 2016 at 10.30am AEDT.

ORDINARY BUSINESS

Accounts and Reports

To receive and consider the annual financial report of the Company for the year ended 30 June 2016 and accompanying reports of the Directors and auditor of the Company.

Please note that there is no vote on this item.

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 2016, be adopted."

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

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.

Resolution 2 - Re-election of director

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

“That Malcolm Carson, having been appointed to fill a casual vacancy, retires as required in accordance with clause 57.2 of the Company's constitution and, being eligible, having offered himself for re-election, be re-elected a director of the Company.”

Resolution 3 - Re-election of director

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

“That Jonathan Reynolds, having been appointed to fill a casual vacancy, retires as required in accordance with clause 57.2 of the Company's constitution and, being eligible, having offered himself for re-election, be re-elected a director of the Company.”

BY ORDER OF THE BOARD



David Deitz
Company Secretary

Dated: 24 October 2016

ALLEGIANCE COAL LIMITED

ACN 149 490 353

EXPLANATORY MEMORANDUM

Introduction

This Explanatory Statement forms part of the Notice of Meeting convening the Annual General Meeting (**AGM** or **Meeting**) of Shareholders to be held on 23 November 2016 and is to assist Shareholders in understanding the background to 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.

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

Financial Statements and Reports

The Corporations Act requires the Financial Report (which includes the Financial Statements and Directors' Declaration), the Directors' Report and the Auditor's Report to be laid before the AGM.

There is no requirement either in the Corporations Act or in the Company's Constitution for members to approve the Financial Report, the Directors' Report or the Auditor's Report.

Members will have a reasonable opportunity at the meeting to ask questions and make comments on these Reports and on the business and operations of the Company. Members will also be given a reasonable opportunity to ask the auditor questions about the Auditor's Report and the conduct of the audit of the Financial Report.

Resolution 1 - Adoption of Remuneration Report (Non-binding vote)

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 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 2016.

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 of 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.

The Directors unanimously recommend that Shareholders vote in favour of the resolution.

Resolution 2 - Re-election of director

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

Mr Carson was appointed as director of the Company on 11 August 2016. Under the Company' Constitution, a director appointed to fill a casual vacancy holds office only until the next general meeting. In accordance with this requirement, Mr Carson now retires from the Board and offers himself for re-election.

The Directors (other than Mr Carson) unanimously recommend that Shareholders vote in favour of the resolution.

Resolution 3 - Re-election of director

Resolution 3 seeks approval for the re-election of Mr Jonathan Reynolds as a Director with effect from the end of the Meeting.

Mr Reynolds was appointed as director of the Company on 11 August 2016. Under the Company' Constitution, a director appointed to fill a casual vacancy holds office only until the next general meeting. In accordance with this requirement, Mr Reynolds now retires from the Board and offers himself for re-election.

The Directors (other than Mr Reynolds) unanimously recommend that Shareholders vote in favour of the resolution.



ABN 47 149 490 353

Lodge your vote:

By Mail:

Suite 1, Level 2, 49-51 York Street
Sydney NSW 2000 Australia

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

For all enquiries call:

+61 2 9397 7555

Proxy Form

For your vote to be effective it must be received by 10:30am (AEDT) on Monday, 21 November 2016.

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 Wednesday, 23 November 2016 at 10:30am (AEDT) and at any adjournment of that meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Item 1 (except where I/we have indicated a different voting intention below) even though Item 1 is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

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. Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Re-election of Malcolm Carson as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Re-election of Jonathan Reynolds as a Director	<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 ____ / ____ / ____