



ALLEGIANCE COAL

LIMITED

ACN 149 490 353

Notice of Annual General Meeting

The Annual General Meeting of the Company will be held at the offices of the Company, at Suite 107, 109 Pitt Street Sydney, NSW on Monday, 30 November at 10.30 am (AEDT) via teleconference.

DUE TO THE ONGOING COVID-19 PANDEMIC, SHAREHOLDERS WILL NOT BE ABLE TO ATTEND THE MEETING IN PERSON.

The Notice of Annual General Meeting should be read in its entirety. If Shareholders are in doubt as to how to vote, they should seek advice from their suitably qualified advisor prior to voting.

Should you wish to discuss any matter, please do not hesitate to contact the Company Secretary by email on info@allegiancecoal.com.au.

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

Allegiance Coal Limited
ACN 149 490 353
(Company)

Notice of Annual General Meeting

Notice is hereby given that the annual general meeting of Shareholders of Allegiance Coal Limited will be held at the offices of the Company, at Suite 107, 109 Pitt Street Sydney NSW on Monday, 30 November at 10.30am (AEDT) via teleconference (**Meeting**).

Due to the ongoing COVID-19 pandemic, Shareholders will only be able to attend and participate in the Meeting via teleconference. Please refer to the Explanatory Memorandum attached to the Notice for further details.

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of the 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 Saturday, 28 November at 10.30am (AEDT).

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

Agenda

1 Annual Report

To consider the Annual Report of the Company and its controlled entities for the financial year ended 30 June 2020, which includes the Financial Report, the Directors' Report and the Auditor's Report.

2 Resolutions

Resolution 1 - Remuneration Report

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

'That the Remuneration Report be adopted by Shareholders.'

Resolution 2 - Re-election of Director – Malcolm Carson

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

'That Malcolm Carson, who retires by rotation in accordance with clause 58 of the Constitution, Listing Rule 14.5 and for all other purposes, and, being eligible and offering himself for re-election, is re-elected as a Director on the terms and conditions in the Explanatory Memorandum.'

Resolution 3 - Approval of 10% Placement Facility

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

'That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities totalling 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 and on the terms and conditions in the Explanatory Memorandum.'

Resolution 4 - Approval to issue Tranche 3 Convertible Notes

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 7.1 and for all other purposes, Shareholders approve the issue of up to 6,900,000 Tranche 3 Convertible Notes to Mercer Street Global Opportunity Fund, LLC (or its nominees) on the terms and conditions in the Explanatory Memorandum.'

Resolution 5 - Ratification of prior issue of Consultant 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 Consultant Shares as follows:

(a) 407,020 Shares to Dan Farmer; and

(b) 253,256 Shares to Angela Waterman,

or their respective nominees, on the terms and conditions in the Explanatory Memorandum.'

Resolution 6 - Ratification of prior issue of Debt Repayment Shares

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 7.4 and for all other purposes, Shareholders ratify the issue of 17,662,851 Shares to Cline Mining Corporation (or its nominees) on the terms and conditions in the Explanatory Memorandum.'

Voting exclusions

Pursuant to the Listing Rules, the Company will disregard any votes cast in favour of:

- (a) Resolution 3, if at the time of the Meeting, the Company is proposing to make an issue of Equity Securities under the 10% Placement Facility, by or on behalf of any persons who are expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a Shareholder), or any associate of those persons;

- (b) Resolution 4, by or on behalf of Mercer Street Global Opportunity Fund, LLC (or its nominees) and any person who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a Shareholder) or any of their respective associates;
- (c) Resolution 5(a), by or on behalf of Dan Farmer (or his nominees), or any of their respective associates;
- (d) Resolution 5(b), by or on behalf of Angela Waterman (or her nominees), or any of their respective associates; and
- (h) Resolution 6 by or on behalf of Cline Mining Corporation (or its nominees), or any of their respective associates.

The above voting exclusions do not apply does not apply to a vote cast in favour of a Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting prohibition

Resolution 1: In accordance with sections 250BD and 250R of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report, or a Closely Related Party of such a member.

A vote may be cast by such person if the vote is not cast on behalf of a person who is excluded from voting on this Resolution, and:

- (a) the person is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy does not specify the way the proxy is to vote on this Resolution, but expressly authorises the Chair to exercise the proxy even if this Resolution is connected with the remuneration of a member of the Key Management Personnel.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'Jonathan Reynolds', with a stylized, cursive script.

Jonathan Reynolds
Finance Director & Company Secretary
Allegiance Coal Limited

Dated: 27 October 2020

**Allegiance Coal Limited
ACN 149 490 353
(Company)**

Explanatory Memorandum

1. Introduction

The Explanatory Memorandum 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, at Suite 107, 109 Pitt Street Sydney NSW, on Monday, 30 November at 10.30am via teleconference (AEDT).

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

The Explanatory Memorandum 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	Annual Report
Section 4	Resolution 1- Remuneration Report
Section 5	Resolution 2 - Re-election of Director – Malcolm Carson
Section 6	Resolution 3 - Approval of 10% Placement Facility
Section 7	Resolution 4 - Approval to issue Tranche 3 Convertible Notes
Section 8	Resolution 5(a) and (b) - Ratification of prior issue of Consultant Shares
Section 9	Resolution 6 - Ratification of prior issue of Debt Repayment Shares
Schedule 1	Definitions
Schedule 2	Terms and Conditions of Convertible Notes

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

2. Action to be taken by Shareholders

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

2.1 No voting in person

Given the current COVID-19 circumstances and in the interests of public health and safety of our Shareholders, the Company is not able to allow Shareholders to physically attend the

Meeting. Please refer to the information below on how Shareholders can participate in the Meeting.

2.2 Voting by proxy

Shareholders are encouraged to complete a Proxy Form to provide specific instructions to the Chair on how the Shareholder's vote is to be exercised on each item of business. The Chair must follow your instructions. Shareholders will not be permitted to appoint any other person as their proxy for the purposes of the Meeting.

Lodgement instructions (which include the ability to lodge proxies electronically) are set out in the Proxy Form attached to the Notice of Meeting.

2.3 Remote attendance and voting via poll form

The Meeting will be accessible to all Shareholders via teleconference, which will allow Shareholders to listen to and observe the Meeting. Details of the teleconference are in Section 2.5 below.

Shareholders who do not wish to vote using a Proxy Form and who intend to vote on a poll at the Meeting must contact the Company at info@allegiancecoal.com.au by 28 November 2020 to notify the Company of their intentions and to request a personalised poll form.

The Company will send personalised poll forms following the cut-off time for the return of Proxy Forms (i.e. after 10.30 am on 28 November 2020) to Shareholders who request them prior to this time. Personalised poll forms must be completed and returned to the Company after the poll has been called and prior to the close of polling. During the Meeting, the Chair will notify you how and when you are able to complete and return the personalised poll form.

You may still attend the Meeting via the teleconference facility if you have completed a Proxy Form (but have not notified the Company that you intend to vote using a poll form), but the person you have appointed as proxy will cast your vote on your behalf.

2.4 Submitting questions

Shareholders may submit questions in advance of the Meeting to the Company. Questions must be submitted by emailing the Company Secretary at info@allegiancecoal.com.au by 28 November 2020.

Shareholders will also have the opportunity to submit questions during the Meeting in respect to the formal items of business. In order to ask a question during the Meeting, please follow the instructions from the Chair.

The Chair will attempt to respond to the questions during the Meeting. Shareholders are limited to a maximum of two questions each (including any submitted in advance of the Meeting). The Chair will request prior to a Shareholder asking a question that they identify themselves (including the entity name of their shareholding and the number of Shares they hold).

2.5 Remote attendance via teleconference

The Meeting will be accessible to all Shareholders via a teleconference, which will allow Shareholders to listen and observe the Meeting.

Shareholders who wish to participate in the Meeting can do so remotely by joining via teleconference using the following details:

Australia dial-in number: 1300 254 410

International dial-in number: please contact info@allegiancecoal.com.au for details

Meeting ID: 5083271622

Shareholders should note that the teleconference will not provide for a voting mechanism during the Meeting.

2.6 Chair's voting intentions

The Chair intends to exercise all available proxies in favour of all Resolutions, unless the Shareholder has expressly indicated a different voting intention.

If the Chair is appointed as your proxy and you have not specified the way the Chair is to vote on Resolution 1 by signing and returning the Proxy Form, you are considered to have provided the Chair with an express authorisation for the Chair to vote the proxy in accordance with the Chair's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company.

3. Annual Report

In accordance with section 317 of the Corporations Act, Shareholders will be offered the opportunity to discuss the Annual Report, including the Financial Report, the Directors' Report and the Auditor's Report for the financial year ended 30 June 2020.

There is no requirement for Shareholders to approve the Annual Report.

At the Meeting, Shareholders will be offered the opportunity to:

- (a) discuss the Annual Report which is available online at www.allegiancecoal.com.au;
- (b) ask questions about, or comment on, the management of the Company; and
- (c) ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

In addition to taking questions at the Meeting, written questions to the Chair about the management of the Company, or to the Company's auditor about:

- (a) the preparation and content of the Auditor's Report;
- (b) the conduct of the audit;
- (c) accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than five business days before the Meeting to the Company Secretary at the Company's registered office.

4. **Resolution 1- Remuneration Report**

In accordance with subsection 250R(2) of the Corporations Act, the Company must put the Remuneration Report to the vote of Shareholders. The Directors' Report contains the Remuneration Report which sets out the remuneration policy for the Company and the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors.

In accordance with subsection 250R(3) of the Corporations Act, Resolution 1 is advisory only and does not bind the Directors. If Resolution 1 is not passed, the Directors will not be required to alter any of the arrangements in the Remuneration Report.

If the Company's Remuneration Report receives a 'no' vote of 25% or more (**Strike**) at two consecutive annual general meetings, Shareholders will have the opportunity to remove the whole Board, except the managing director (if any).

Where a resolution on the Remuneration Report receives a Strike at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the managing director, if any) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

The Company's Remuneration Report did not receive a Strike at the 2019 annual general meeting. If the Remuneration Report receives a Strike at this Meeting, Shareholders should be aware that if a second Strike is received at the 2021 annual general meeting, this may result in the re-election of the Board.

The Chair will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on the Remuneration Report.

Resolution 1 is an ordinary resolution.

Given the personal interests of all Directors in this Resolution, the Board makes no recommendation to Shareholders regarding this Resolution.

5. **Resolution 2 - Re-election of Director – Malcolm Carson**

5.1 **General**

Clause 58.1 of the Constitution requires that one third of the Directors (excluding the Managing Director) must retire at each annual general meeting (or if that is not a whole number, the whole number nearest to one third, but not more than one third). Pursuant to clause 58.2, the Directors to retire are those who have held their office as Director for the longest period since their last election or appointment to that office. In the event two or more Directors have held office for equal periods of time, the retiring Directors are to be determined by lot, unless otherwise agreed by those Directors.

Clause 58.5 provides that a Director who retires under clause 58.1 is eligible for re-election.

Non-Executive Director, Larry Cook and Finance Director, Jonathan Reynolds were both last elected at the annual general meeting held on 28 November 2019. Mr Carson has served the longest in office since his last election, having been elected at the 2018 annual general meeting held on 28 November 2018.

Accordingly, Mr Carson retires at this Meeting and, being eligible, seeks re-election pursuant to Resolution 2.

The Board considers Mr Carson to be an independent Director.

5.2 **Malcolm Carson**

Malcolm has over 40 years' experience in the resource sector including field exploration geologist and commercial evaluation of resources and project finance. He has held senior positions in exploration and mining companies, the West Australian Government, investment banks and executive roles in ASX and TSX publicly listed companies. He was appointed to the Board on 11 August 2016.

Qualifications: MSc, BSc, MAusIMM, AIG

Other current directorships: Chairman of Dampier Gold Limited (ASX: DAU); and Director of Pacific Wildcat Corp (TSX).

5.3 **Additional information**

Resolution 2 is an ordinary resolution.

The Board (other than Mr Carson) recommends that Shareholders vote in favour of Resolution 2 for the following reasons:

- (a) Mr Carson has extensive experience in the minerals industry and in the coal mining sector as a professional geologist;
- (b) Mr Carson brings insight on strategy and risk through his experience as a director of Australian Securities Exchange listed junior mining companies; and
- (c) Mr Carson brings to bear his experience in the capital markets.

6. **Resolution 3 - Approval of 10% Placement Facility**

6.1 **General**

Listing Rule 7.1A enables an eligible entity to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% annual placement capacity under Listing Rule 7.1.

Resolution 3 seeks Shareholder approval to provide the Company the ability to issue Equity Securities under the 10% Placement Facility during the 10% Placement Period (refer to Section 6.2(f) below). The number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 6.2(c) below).

If Resolution 3 is passed, the Company will be able to issue Equity Securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval.

If Resolution 3 is not passed, the Company will not be able to access the additional 10% capacity to issue Equity Securities without Shareholder approval provided for in

Listing Rule 7.1A and will remain subject to the 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

6.2 Listing Rule 7.1A

(a) Is the Company an eligible entity?

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less.

The Company is an eligible entity as it is not included in the S&P/ASX 300 Index and has a market capitalisation of approximately \$43 million, based on the closing price of Shares (\$0.062) on 26 October 2020.

(b) What Equity Securities can be issued?

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

As at the date of the Notice, the Company has on issue one quoted class of Equity Securities; Shares.

(c) How many Equity Securities can be issued?

Listing Rule 7.1A.2 provides that under the approved 10% Placement Facility, the Company may issue or agree to issue a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

Where:

A is the number of Shares on issue at the commencement of the relevant period:

- (A) plus the number of fully paid Shares issued in the relevant period under an exception in Listing Rule 7.2 other than exception 9, 16 or 17;
- (B) plus the number of fully paid Shares issued in the relevant period on the conversion of convertible securities within Listing Rule 7.2 exception 9 where:
 - (1) the convertible securities were issued or agreed to be issued before the commencement of the relevant period; or
 - (2) the issue of, or agreement to issue, the convertible securities was approved, or taken under the Listing Rules to have been approved, under Listing Rule 7.1 or Listing Rule 7.4;
- (C) plus the number of fully paid Shares issued in the relevant period under an agreement to issue Securities within Listing Rule 7.2 exception 16 where:

- (1) the agreement was entered into before the commencement of the relevant period; or
- (2) the agreement or issue was approved, or taken under the Listing Rules to have been approved, under Listing Rule 7.1 or Listing Rule 7.4;
- (D) plus the number of partly paid Shares that became fully paid in the relevant period;
- (E) plus the number of fully paid Shares issued in the relevant period with approval under Listing Rules 7.1 and 7.4; and
- (F) less the number of fully paid Shares cancelled in the relevant period.

Note that 'A' has the same meaning in Listing Rule 7.1 when calculating the Company's 15% annual placement capacity.

D is 10%.

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 Shareholder approval under Listing Rule 7.1 or 7.4.

(d) **What is the interaction with Listing Rule 7.1?**

The Company's ability to issue Equity Securities under Listing Rule 7.1A will be in addition to its 15% annual placement capacity under Listing Rule 7.1.

(e) **At what price can the Equity Securities be issued?**

Any Equity Securities issued under Listing Rule 7.1A must be issued for a cash consideration per security which is not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed by the Company and the recipient of the Equity Securities; or
- (ii) if the Equity Securities are not issued within 10 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued,

(Minimum Issue Price).

(f) **When can Equity Securities be issued?**

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A will be valid from the date of the Meeting and will expire on the earlier to occur of:

- (i) the date that is 12 months after the date of the Meeting;
- (ii) the time and date of the Company's next annual general meeting; or

- (iii) the time and date of Shareholder approval of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

(10% Placement Period).

(g) What is the effect of Resolution 3?

The effect of Resolution 3 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without further Shareholder approval or using the Company's 15% annual placement capacity under Listing Rule 7.1.

6.3 Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, the following information is provided in relation to the 10% Placement Facility:

(a) Final date for issue

The Company will only issue the Equity Securities under the 10% Placement Facility during the 10% Placement Period (refer to Section 6.2(f) above).

(b) Minimum issue price

Where the Company issues Equity Securities under the 10% Placement Facility, it will only do so for cash consideration and the issue price will be not less than the Minimum Issue Price (refer to Section 6.2(e) above).

(c) Purposes of issues under 10% Placement Facility

The Company may seek to issue Equity Securities under the 10% Placement Facility for the purposes of raising funds for continued investment in the Company's current assets, the acquisition of new assets or investments (including expenses associated with such an acquisition), and/or for general working capital.

(d) Risk of economic and voting dilution

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
- (ii) the Equity 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 of the Equity Securities.

If this Resolution is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' economic and voting power in the Company may be diluted as shown in the below table (in the case of Options, only if the Options are converted into Shares).

The below table shows the dilution of existing Shareholders based on the current market price of Shares and the current number of Shares for 'A' calculated in accordance with the formula in Listing Rule 7.1A.2 (see Section 6.2(c)) as at the date of the Notice (**Variable A**), with:

- (iii) two examples where Variable A has increased, by 50% and 100%; and
- (iv) two examples of where the issue price of Shares has decreased by 50% and increased by 100% as against the current market price.

Share on issue (Variable A in Listing Rule 7.1A.2)	Dilution			
	Issue price per Share	\$0.031 50% decrease in Current Market Price	\$0.062 Current Market Price	\$0.124 100% increase in Current Market Price
693,408,348 Shares Variable A	10% Voting Dilution	69,340,834 Shares	69,340,834 Shares	69,340,834 Shares
	Funds raised	\$2,149,566	\$4,299,132	\$8,598,263
1,040,112,522 Shares 50% increase in Variable A	10% Voting Dilution	104,011,252 Shares	104,011,252 Shares	104,011,252 Shares
	Funds raised	\$3,224,349	\$6,448,698	\$12,897,395
1,386,816,696 Shares 100% increase in Variable A	10% Voting Dilution	138,681,669 Shares	138,681,669 Shares	138,681,669 Shares
	Funds raised	\$4,299,132	\$8,598,263	\$19,196,527

Notes:

1. The table has been prepared on the following assumptions:
 - (a) the issue price is the current market price (\$0.062), being the closing price of the Shares on ASX on 26 October 2020, being the last day that the Company's Shares traded on the ASX before this Notice was printed;
 - (b) Variable A comprises of 693,408,348 existing Shares on issue as at the date of this Meeting, assuming the Company has not issued any Shares in the 12 months prior to the Meeting that were not issued under an exception in Listing Rule 7.2 or with Shareholder approval under Listing Rule 7.1 and 7.4 (assuming Resolution 5(a) and (b) and Resolution 6 are passed and the issue of a total of 18,323,127 Shares is ratified at the Meeting);
 - (c) the Company issues the maximum number of Equity Securities available under the 10% Placement Facility;
 - (d) no convertible securities (including any issued under the 10% Placement Facility) are exercised or converted into Shares before the date of the issue of the Equity Securities; and

- (e) the issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Quoted Options, it is assumed that those Quoted Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- 2. The number of Shares on issue (ie Variable A) may increase as a result of issues of Shares that do not require Shareholder approval (for example, a pro rata entitlements issue, scrip issued under a takeover offer or upon exercise of convertible securities) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting.
- 3. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- 4. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.
- 5. The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.

(e) **Allocation policy**

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of the Notice but may include existing substantial Shareholders and/or new investors who are not related parties of or associates of a related party of the Company.

(f) **Issues in the past 12 months**

The Company has previously obtained Shareholder approval under Listing Rule 7.1A at its annual general meeting held on 28 November 2019.

In the 12 months preceding the date of the Meeting and as at the date of this Notice, the Company has not issued or agreed to issue any Equity Securities under Listing Rule 7.1A.

(g) **Voting exclusion statement**

At the date of the Notice, the Company is not proposing to make an issue of Equity Securities under Listing Rule 7.1A and has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in any such issue.

However, in the event that between the date of the Notice and the date of the Meeting, the Company proposes to make an issue of Equity Securities under Listing Rule 7.1A to one or more existing Shareholders, those Shareholders' votes will be excluded under the voting exclusion statement in the Notice.

6.4 **Additional information**

Resolution 3 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

The Board recommends that Shareholders vote in favour of Resolution 3.

7. **Resolution 4 - Approval to issue Tranche 3 Convertible Notes**

7.1 **General**

On 31 July 2020, the Company announced that it had entered into a convertible subscription agreement with Mercer Street Global Opportunity Fund, LLC (**Mercer**) for a placement of convertible notes (**Convertible Notes**) to raise up to \$8 million (before costs) to be undertaken in three tranches as detailed below:

- (a) an initial issue of 772,105 Convertible Notes issued under the Company's Listing Rule 7.1. placement capacity (**Tranche 1 Convertible Notes**) for a total face value of \$772,105, upon the receipt of \$661,804 from Mercer;
- (b) subsequent issue of 1,561,228 Convertible Notes (**Tranche 2 Convertible Notes**) for a total face value of \$1,561,228, upon the receipt of \$1,338,195 from Mercer; and
- (c) subsequent issue of up to 6,900,000 Convertible Notes, which is equal to 115% of the relevant Subsequent Investment Amount so advanced, for a total face value of up to \$6,900,000 to be issued subject to Shareholder approval (the subject of Resolution 4) (**Tranche 3 Convertible Notes**), upon the receipt of up to \$6,000,000 from Mercer.

In consideration for entry into the agreement, the Company agreed to issue Mercer \$200,000 worth of Shares at a deemed issue price of \$0.06768 per Share as follows:

- (a) \$50,000 worth of Establishment Fee Shares upon completion of the issue of the Tranche 1 Convertible Notes (738,770 Shares) (**Tranche 1 Establishment Fee Shares**); and
- (b) \$150,000 worth of Establishment Fee Shares upon completion of the issue of the Tranche 2 Convertible Notes (2,216,313 Shares) (**Tranche 2 Establishment Fee Shares**) subject to Shareholder approval.

The Tranche 1 Convertible Notes and Tranche 1 Establishment Fee Shares were issued under the Company's Listing Rule 7.1 placement capacity on 5 August 2020 and ratified at the Company's general meeting held on 21 September 2020.

The issue of the Tranche 2 Convertible Notes and Tranche 2 Establishment Fee Shares was approved by Shareholders at the Company's general meeting held on 21 September 2020 and were issued on 24 September 2020.

On 21 September 2020, the Company obtained Shareholder approval at its general meeting to issue, amongst other Securities, the Tranche 3 Convertible Notes. The Company does not anticipate issuing all the Tranche 3 Convertible Notes within 3 months of the date of the general meeting. The Company therefore seeks re-approval of Shareholders at this Meeting pursuant to Listing Rule 7.1 to approve the issue of the Tranche 3 Convertible Notes within the 3 month period following the date of this Meeting.

7.2 **Conversion of Tranche 3 Convertible Notes**

The number of Shares issued upon a conversion of the Convertible Notes will be determined by the following formula:

$$\text{Number of Shares} = \text{FV} / \text{Conversion Price}$$

Where:

'FV' means the Face Value of the Convertible Note, being \$1.00 each, multiplied by the number of Convertible Notes to be converted.

'Conversion Price' in respect of the Tranche 3 Convertible Notes means the lower of:

- (a) \$0.15; or
- (b) 90% of the lowest daily VWAP of the Shares during the preceding 10 trading days immediately before the holder giving a conversion notice,

subject to the Conversion Price being not less than \$0.03 (**Floor Price**).

The Tranche 3 Convertible Notes are convertible into a maximum of 230,000,000 Shares based on the Floor Price.

Refer to Schedule 2 for a summary of the circumstances where the Floor Price may be adjusted. In the event the Floor Price is adjusted, the maximum referred to in the preceding paragraph may not apply.

7.3 **Dilution and effect on capital structure**

For illustrative purposes, a number of examples are contained below, which show the potential effect of the conversion of the Tranche 3 Convertible Notes into Shares at a range of Conversion Prices. These examples are based on the following additional assumptions:

- (a) the Tranche 3 Convertible Notes are all converted in full; and
- (b) no other Shares are issued.

Conversion Price	Number of Shares issued on conversion	Dilution to Shareholders
\$0.15 ¹	46,000,000	5.63%
\$0.0558 ²	123,655,914	13.82%
\$0.0837 ³	82,437,276	9.66%
\$0.030 ⁴	230,000,000	22.97%
\$0.030 ⁵	230,000,000	22.97%

Notes:

1. Conversion price of \$0.15 being the highest conversion price.
2. Based on 90% of the current market price (\$0.062), being the closing price of the Shares on ASX on 26 October 2020, being the latest practicable date before the finalisation of this Notice (**Current Market Price**)).
3. Based on 90% of a 50% increase of the Current Market Price.
4. Based on 90% of a 50% decrease of the Current Market Price.
5. Based on the Floor Price.

Resolution 4 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of the Tranche 3 Convertible Notes.

7.4 Listing Rule 7.1

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The proposed issue of the Tranche 3 Convertible Notes does not fit within any of the exceptions to Listing Rule 7.1 and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

In addition, Shareholder approval will not be required under Listing Rule 7.1 for the issue of the Shares to Mercer on conversion of the Tranche 3 Convertible Notes pursuant to exception 9 of Listing Rule 7.2 and the issue of those Shares will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

The effect of Shareholders passing Resolution 4 will be to allow the Company to issue the Tranche 3 Convertible Notes during the period of three months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity under Listing Rule 7.1.

If Resolution 4 is not passed, the Company may not be able to proceed to issue the Tranche 3 Convertible Notes in which case Mercer would have no obligation to advance \$6,000,000 to the Company and the Company would have no obligation to issue the Tranche 3 Convertible Notes.

7.5 **Specific information required by Listing Rule 7.3**

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the proposed issue of the Tranche 3 Convertible Notes:

- (a) The Tranche 3 Convertible Notes will be issued to Mercer (or its nominee), whom is not a related party of the Company and is not considered to be a Material Investor.
- (b) A maximum of 6,900,000 Convertible Notes are to be issued as Tranche 3 Convertible Notes.
- (c) The material terms and conditions of the Tranche 3 Convertible Notes are in Schedule 2. The Shares issued on conversion of the Tranche 3 Convertible Notes 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.
- (d) The Tranche 3 Convertible Notes are intended to be issued no later than three months after the date of the Meeting.
- (e) The Tranche 3 Convertible Notes will be issued with a face value of \$1.00 each.
- (f) Proceeds from the issue of the Tranche 3 Convertible Notes are intended to be used primarily towards general corporate expenses, as well as for costs of the placement of the Convertible Notes and general working capital.
- (g) The Tranche 3 Convertible Notes will be issued under a subscription agreement, to which Mercer provided binding commitments to subscribe for the Tranche 3 Convertible Notes on the material terms summarised in this Notice (see Schedule 2) and otherwise on terms considered standard for agreements of this nature.
- (h) A voting exclusion statement is included in the Notice.

7.6 **Additional information**

Resolution 4 is an ordinary resolution.

The Board recommends that Shareholders vote in favour of Resolution 4.

8. **Resolution 5(a) and (b) - Ratification of prior issue of Consultant Shares**

8.1 **General**

On 24 September 2020, the Company issued 660,276 Shares to the Chief Operating Officer, Dan Farmer and the manager of Environment and Government Relations, Angela Waterman in lieu of cash entitlements for consultancy fees and salary for consultancy services provided to the Company (**Consultant Shares**).

Mr Farmer joined Telkwa Coal in mid-2015 and provides project planning consultancy services in relation to how projects will be built and operated. Ms Waterman joined the Company in late 2016 and provides consultancy services in relation to managing the technical work going into the environmental assessment and mine permit as well as community relations activities.

The Consultant Shares were issued within the 15% annual limit permitted under Listing Rule 7.1, without the need for Shareholder approval.

Resolution 5(a) and (b) seeks the approval of Shareholders pursuant to Listing Rule 7.4 to ratify the issue of the Consultant Shares.

8.2 **Listing Rules 7.1 and 7.4**

A summary of Listing Rule 7.1 is in Section 7.4.

The issue of the Consultant Shares does not fit within any of the exceptions to Listing Rule 7.1 and, as it has not yet been approved by Shareholders, effectively uses up part of the Company's 15% placement capacity under Listing Rule 7.1. This reduces the Company's capacity to issue further Equity Securities without Shareholder approval under that Listing Rule for the 12 month period following the issue of the Consultant Shares.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of Equity Securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the Company's capacity to issue further Equity Securities without shareholder approval under Listing Rules 7.1.

The Company wishes to retain as much flexibility as possible to issue additional Equity Securities into the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1.

If Resolution 5(a) and (b) are passed, the issue will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of Equity Securities it can issue without Shareholder approval over the 12 month period following the issue date.

If Resolution 5(a) and (b) is not passed, the Company's ongoing capacity to issue or agreed to issue Equity Securities under Listing Rule 7.1 without obtaining prior Shareholder approval will continue to be reduced to the extent of 660,276 Equity Securities for the 12 month period following the issue of the Consultant Shares.

8.3 **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 Consultant Shares:

- (a) The Consultant Shares were issued to Dan Farmer and Angela Waterman (or their respective nominees), none of whom is a related party or a Material Investor.
- (b) 660,276 Consultant Shares were issued in the following proportions:
 - (i) 407,020 Shares to Dan Farmer; and
 - (ii) 253,256 Shares to Angela Waterman.
- (c) The Consultant Shares are 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 Consultant Shares were issued on 24 September 2020.
- (e) The Consultant Shares were issued for nil cash consideration, calculated at a deemed issue price of \$0.06 per Share.
- (f) The Consultant Shares were issued in lieu of cash entitlements for consultancy fees and salary for consultancy services. No funds were raised by the issue.

- (g) There are no other material terms pursuant to any agreement under which the Consultant Shares were issued.
- (h) A voting exclusion statement is included in the Notice.

8.4 **Additional information**

Resolution 5(a) and (b) is an ordinary resolution.

The Board recommends that Shareholders vote in favour of Resolution 5(a) and (b).

9. **Resolution 6 - Ratification of prior issue of Debt Repayment Shares**

9.1 **General**

The Company obtained Shareholder approval at its annual general meeting held on 28 November 2019 (**2019 AGM**) for the acquisition of New Elk Coal Company, LLC (**NECC**). NECC owns 100% of the New Elk hard coking coal mine. Cline Mining Corporation (**Cline**) was the sole shareholder of NECC.

The Company's notice of the 2019 AGM dated 30 October 2019 contains a comprehensive summary of the transaction.

On 12 October 2020, the Company announced that it had agreed with Cline to amend the original terms of the transaction as follows:

- (a) The condition to achieve commercial mining by 31 March 2021 was removed. Instead, the Company would issue US\$4 million worth of Shares on completion of the acquisition, comprised of:
 - (i) US\$3 million worth of Shares as previously approved by Shareholders at its general meeting held on 21 September 2020; and
 - (ii) an additional US\$1 million worth of Shares, the subject of Resolution 6 (**Debt Repayment Shares**).

These Shares were issued on 27 October 2020.

- (b) The Company's obligation to pay US\$3 million in cash to Cline on completion of the acquisition will instead be paid once the US\$5.2M cash reclamation bond held by the Colorado Division of Reclamation, Mining and Safety (**DRMS**) is released to NECC after the Company posts the insurance reclamation bond.

The Debt Repayment Shares were issued within the 15% annual limit permitted under Listing Rule 7.1, without the need for Shareholder approval.

Resolution 6 seeks the approval of Shareholders pursuant to Listing Rule 7.4 to ratify the issue of the Debt Repayment Shares.

9.2 **Listing Rules 7.1 and 7.4**

A summary of Listing Rule 7.1 is in Section 7.4.

The issue of the Debt Repayment Shares does not fit within any of the exceptions to Listing Rule 7.1 and, as it has not yet been approved by Shareholders, effectively uses up part of the Company's 15% placement capacity under Listing Rule 7.1. This reduces the Company's capacity to issue further Equity Securities without Shareholder approval under that Listing Rule for the 12 month period following the issue of the Debt Repayment Shares.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of Equity Securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the Company's capacity to issue further Equity Securities without shareholder approval under Listing Rules 7.1.

The Company wishes to retain as much flexibility as possible to issue additional Equity Securities into the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1.

If Resolution 6 is passed, the issue will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of Equity Securities it can issue without Shareholder approval over the 12 month period following the issue date.

If Resolution 6 is not passed, the Company's ongoing capacity to issue or agreed to issue Equity Securities under Listing Rule 7.1 without obtaining prior Shareholder approval will continue to be reduced to the extent of 17,662,851 Equity Securities for the 12 month period following the issue of the Debt Repayment Shares.

9.3 **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 Debt Repayment Shares:

- (a) The Debt Repayment Shares were issued to Cline (or its nominees), whom is not a Material Investor.
- (b) 17,662,851 Debt Repayment Shares were issued.
- (c) The Debt Repayment Shares are 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 Debt Repayment Shares were issued on 27 October 2020.
- (e) The Debt Repayment Shares were issued for nil cash consideration, calculated at a deemed issue price of AUD\$0.08 per Share.
- (f) The Debt Repayment Shares were issued for nil cash consideration as part consideration for the acquisition of NECC. Accordingly, no funds were raised.
- (g) Refer to Sections 9.1 and 9.4, and the comprehensive summary of the terms of the acquisition of NECC in the notice of the 2019 AGM dated 30 October 2019 for a comprehensive summary of the transaction.
- (h) A voting exclusion statement is included in the Notice.

9.4 Summary of the Acquisition Agreement

On 5 June 2020, the Company announced that it had agreed with Cline to accelerate completion of the acquisition of the New Elk hard coking coal project and amend the Acquisition Agreement. The terms were subsequently amended as announced by the Company on 12 October 2020.

A comprehensive summary of the terms of the acquisition of NECC in the notice of the 2019 AGM dated 30 October 2019 and a summary of the amended terms is set out below:

(a) Capital raising

Pursuant to the Acquisition Agreement, the Company was required to raise sufficient capital to complete the acquisition and provide start-up working capital for the New Elk hard coking coal project.

Cline has agreed to waive this condition to enable Allegiance to proceed to completion and commence the works required to return the Mine to production using existing funding, and seek to undertake appropriate capital raisings as and when required and when conditions are favourable.

(b) Debt Repayment Shares

Pursuant to the Acquisition Agreement, the Company was required to achieve commercial mining by 31 March 2021. As described in Section 9.1 above, the parties agreed to remove this condition and instead, the Company issued US\$4 million worth of Shares to Cline on completion of the acquisition.

(c) Settlement of Cline Debt

Instead of making a payment of US\$5,060,258 to replace reclamation bonds in place with NECC with the State of Colorado, the Company will replace the reclamation bonds with an insurance reclamation bond. The cash payment to be made by the Company on completion as part of the settlement of the C\$55 million debt due and payable by NECC to Cline (**Cline Debt**) will therefore be reduced by approximately US\$5M and will be funded through the release of funds presently held as security for the reclamation bond.

As consideration for Cline waiving the US\$5M cash settlement of the reclamation bonds, the Company must make a US\$6M cash payment towards the settlement of the Cline Debt by no later than the commencement of the commercial production of coal (defined as the operation of one production unit on at least a five day and night schedule) and 1 December 2021; whichever occurs first.

This means that US\$5M of cash previously payable on completion has been delayed until the commencement of mining (or 1 December 2021) and increased to US\$6M, whilst continuing to be applied to reduce the Cline Debt. The balance of the Cline Debt will be settled on a quarterly basis from net cash flow of NECC after making prudent provision for working and sustaining capital and scheduled repayments of preferred debt (being any debt raised prior to the commencement of production up to a maximum of US\$40M), but prior to any cash distributions to the shareholders of NECC.

(d) Cash payment

In addition to the US\$1.00 cash paid to Cline for 100% of the equity in NECC, the Company was to have paid US\$3M in cash to Cline as part reduction of the Cline debt on completion. It was subsequently agreed that the US\$3M cash payment will instead be paid to Cline once the US\$5.2M cash reclamation bond held by DRMS is released to NECC after the Company posts the insurance reclamation bond.

The material terms of the Acquisition Agreement otherwise remain unchanged.

9.5 **Additional information**

Resolution 6 is an ordinary resolution.

The Board recommends that Shareholders vote in favour of Resolution 6.

Schedule 1 Definitions

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

\$ or A\$	means Australian Dollars.
10% Placement Facility	has the meaning given in Section 6.1.
10% Placement Period	has the meaning given in Section 6.2(f).
Acquisition Agreement	means the binding and conditional terms sheet between the Company and Cline Mining Corporation to acquire 100% of the issued capital of New Elk Coal Company, LLC.
AEDT	means Australian Eastern Daylight Time being the time in Sydney NSW.
Annual Report	means the Directors' Report, the Financial Report, and Auditor's Report, in respect to the year ended 30 June 2020.
ASX	means the ASX Limited (ABN 98 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited.
Auditor's Report	means the auditor's report on the Financial Report.
Board	means the board of Directors.
Chair	means the person appointed to chair the Meeting of the Company convened by the Notice.
Closely Related Party	means: <ul style="list-style-type: none">(a) a spouse or child of the member; or(b) has the meaning given in section 9 of the Corporations Act.
Company	means Allegiance Coal Limited ACN 149 490 353.
Constitution	means the constitution of the Company as at the date of the Meeting.
Consultant Shares	means 660,276 Shares issued to Dan Farmer and Angela Waterman (or their respective nominees), the subject of Resolution 5(a) and (b).
Conversion Price	has the meaning given in Section 7.2.
Convertible Note	has the meaning given in Section 7.1.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Debt Repayment Shares	means 17,662,851 Shares issued to Cline Mining Corporation (or its nominees), the subject of Resolution 6.
Director	means a director of the Company.

Directors' Report	means the annual directors' report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.
Equity Security	has the same meaning as in the Listing Rules.
Explanatory Memorandum	means the explanatory memorandum which forms part of the Notice.
Financial Report	means the annual financial report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.
Floor Price	means \$0.03.
Key Management Personnel	has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any Director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.
Listing Rules	means the listing rules of ASX.
Material Investor	<p>means, in relation to the Company:</p> <ul style="list-style-type: none"> (a) a related party; (b) Key Management Personnel; (c) a substantial Shareholder; (d) an adviser; or (e) an associate of the above, <p>who received or will receive (as applicable) Securities in the Company which constitute or constituted (as applicable) more than 1% of the Company's anticipated capital structure at the time of issue.</p>
Meeting	has the meaning given in the introductory paragraph of the Notice.
Mercer	means Mercer Street Global Opportunity Fund, LLC.
Minimum Issue Price	has the meaning given in Section 6.2(e).
Notice	means this notice of annual general meeting.
Option	means an option to acquire a Share.
Proxy Form	means the proxy form attached to the Notice.
Remuneration Report	means the remuneration report of the Company contained in the Directors' Report.
Resolution	means a resolution referred to in the Notice.

Schedule	means a schedule to the Notice.
Section	means a section of the Explanatory Memorandum.
Securities	means any Equity Securities of the Company (including Shares, Options and/or Performance Rights).
Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means the holder of a Share.
Strike	means a 'no' vote of 25% or more on the resolution approving the Remuneration Report.
Subsequent Investment Amount	means, the amounts to be agreed in writing by the Company and Mercer (including the proposed use of the additional funds) of between \$500,000 and not more than \$6,000,000 in total across all Subsequent Investment Amounts.
Trading Day	has the meaning given in the Listing Rules.
Tranche 1 Convertible Notes	has the meaning given in Section 7.1.
Tranche 2 Convertible Notes	has the meaning given in Section 7.1.
Tranche 3 Convertible Notes	has the meaning given in Section 7.1.
VWAP	means volume weighted average market price.

Schedule 2 Terms and Conditions of Convertible Notes

1. Interpretation and definitions

Unless the context otherwise requires, in these conditions (**Note Conditions**):

Business Day	has the meaning given to that term in the Listing Rules.
Cleansing Notice	means a written notice by the Company to ASX pursuant to section 708A(12)(C) of the Corporations Act, in a form and containing the information required by ASIC Corporations (<i>Sale Offers: Securities Issued on Conversion of Convertible Notes</i>) Instrument 2016/82, that is sufficient to permit secondary trading on the ASX of the Shares to which it relates on Conversion of the Convertible Notes or any of them.
Cleansing Statement	means a written notice by the Company to ASX pursuant to section 708A(5) of the Corporations Act meeting the requirements of section 708A(6) of the Corporations Act, in a form, and containing the information, that is sufficient to permit secondary trading on the ASX of the Shares to which it relates.
Closing	means: <ul style="list-style-type: none">(a) Mercer undertaking its obligations pursuant to the Agreement to advance funds in respect of each Convertible Note (including payment of the relevant investment amount subject to deductions as provided for in this Agreement); or(b) the Company undertaking its obligations pursuant to the Agreement to issue each Convertible Note.
Conversion	means the conversion of the Convertible Notes into Shares pursuant to the Note Conditions.
Conversion Date	means the Convertible Notes the subject of a Conversion Notice will Convert within 5 Business Days of receipt of a Conversion Notice by the Company.
Conversion Price	means: <ul style="list-style-type: none">(a) in respect of the Tranche 1 Convertible Notes and Tranche 2 Convertible Notes, \$0.10 for the first 2 months following issue of the Convertible Note and thereafter the lower of:<ul style="list-style-type: none">(i) \$0.10; or(ii) 92% of the lowest daily VWAP of the Shares during the preceding 10 trading days immediately before the holder giving a conversion notice; and

- (b) in respect of the Tranche 3 Convertible Notes, the lower of:
 - (i) \$0.15; or
 - (ii) 90% of the lowest daily VWAP of the Shares during the preceding 10 trading days immediately before the holder giving a conversion notice,

subject to the Conversion Price being not less than \$0.03.

Conversion Shares means the Shares issued pursuant to a Conversion.

Convertible Notes means the Tranche 1 Convertible Notes, Tranche 2 Convertible Notes and Tranche 3 Convertible Notes.

Event of Default includes the following key events:

- (a) a representation or warranty of the Company being untrue or misleading in any material respect;
- (b) the Company fails to perform or comply with any obligation under the Agreement and the default is not capable of remedy or the default is capable of remedy and the default remains un-remedied within a certain time period;
- (c) the Company fails to pay an amount when due and payable under the Agreement and that failure is not remedied within a certain time period;
- (d) the Company fails to issue Conversion Shares within 3 Business Days of Conversion or are not quoted on the ASX within 3 Business Days immediately following the date of their issue;
- (e) the Company suffers an Insolvency Event or a takeover bid or scheme of arrangement occurs;
- (f) the Company ceases, or suspends the conduct of all its business or dispose of, or threaten to dispose of, a substantial part of its assets;
- (g) the Company does not comply with the requirement to issue a Cleansing Notice or Cleansing Statement;
- (h) a stop order, suspension of trading, cessation of quotation, or removal of the Company or the Shares from the ASX Official List has been requested by the Company or imposed by ASIC, the ASX, or any other government body with respect to public trading in the Shares on the ASX or a fact of circumstances causes the Company to request or the ASX or any other governmental authority or regulatory body to impose a stop order;
- (i) trading in securities generally in Australia or the United States has been suspended or limited;

- (j) the conditions in the Agreement has not been met;
- (k) the Company challenges or denies the right of Mercer to receive any Securities or otherwise dishonours or rejects any action taken or document delivered;
- (l) the Agreement becomes partly void, voidable or unenforceable;
- (m) a change in an interpretation or administration of the law or proposed law introduced into the Parliament of Australia or any State or Territory of Australia is more likely than not to have a direct or indirect effect on the duties and obligations of the Company and Mercer;
- (n) any person has commenced an action, claim, proceeding or investigation against any other person which seeks to restrain, challenge, deny, limit or delay the right of Mercer or the Company to enter into the Agreement and any associated documents;
- (o) the transactions to be undertaken as a consequence of the Agreement, including the issue of Securities, would result in the Company breaching Listing Rule 7.1 or Listing Rule 7.1A;
- (p) Mercer has not received all items required to be delivered to it in connection with a Closing or Conversion;
- (q) any litigation or proceedings of which the Company is a party to has commenced and may result in a Material Adverse Effect;
- (r) any present or future liabilities of the Company for an amount totalling more than \$500,000 have not been satisfied on time;
- (s) a judgement of an amount of \$500,000 or greater is entered against the Company; and
- (t) an event occurs which in the opinion of the Holder has or is reasonably likely to have a Material Adverse Effect.

The Agreement also contains additional events of defaults, which are considered standard for agreements of this nature.

Floor Price means \$0.03 per Share.

Insolvency Event means:

- (a) in relation to any corporation:
 - (i) winding up or liquidation (whether voluntary or involuntary), provisional liquidation, dissolution, bankruptcy or other analogous proceeding;
 - (ii) an external administrator is appointed in respect of the corporation or any of its property;

	<ul style="list-style-type: none"> (iii) the corporation ceases or threatens to cease to carry on its business; (iv) the corporation being deemed to be, or stating that it is, unable to pay its debts when they fall due; (v) any other ground for liquidation or the appointment of an external administrator occurs in relation to the corporation; (vi) the corporation resolves to enter into liquidation; or (vii) an application being made which is not dismissed or withdrawn within ten Business Days for an order, resolution being passed or proposed, a meeting being convened or any other action being taken to cause or consider anything described above;
	(b) in relation to an individual, that person becoming an insolvent under administration as defined in section 9 of the Corporations Act; and
	(c) in relation to any person, anything analogous to or having a similar effect to anything described above in this definition under the law of any relevant jurisdiction.
Material Adverse Effect	<p>means, one or more occurrences or matters individually or in aggregate that:</p> <ul style="list-style-type: none"> (a) have or could reasonably be expected to have a material adverse effect on the business, assets, condition (financial or otherwise), prospects or results of operations of the Company taken as a whole; (a) prevent or could reasonably be expected to prevent the Company from performing its obligations under the Agreement; or (b) have or could reasonably be expected to have a material adverse effect on the validity or enforceability of all or a material part of the Agreement.
Maturity Date	means in respect of the Convertible Notes, 12 months from the relevant issue date.
Mercer	means Mercer Street Global Opportunity Fund, LLC.
Repayment	means the repayment of a Convertible Note (other than in connection with its Conversion) by payment of the Repayment Amount in accordance with the Agreement.
Repayment Amount	equals the Face Value of the Convertible Notes or any of them (as the context requires).

Tranche 1 Establishment Fee Shares	means 738,770 Shares issued on 5 August 2020 in settlement of a \$50,000 fee in connection with the subscription of Convertible Notes.
Tranche 2 Establishment Fee Shares	means 2,216,313 Shares issued on 24 September 2020 in settlement of a \$150,000 fee in connection with the subscription of Convertible Notes.

2. Face Value

Each Convertible Note has a face value of \$1.00 (**Face Value**).

3. Terms of issue

- (a) Each Convertible Note:
 - (i) is non-interest bearing unless an Event of Default occurs;
 - (ii) is issued as a secured debt security evidencing the Company's indebtedness to Mercer on the terms set out in the Agreement;
 - (iii) is not proposed to be quoted on any securities exchange;
 - (iv) may be Converted at Mercer's election at any time prior to the Maturity Date in accordance with Note Condition 7;
 - (v) may be satisfied by being repaid by the Company in accordance with Note Condition 8;
 - (vi) may be satisfied by being repurchased by the Company in accordance with Note Condition 9; and
 - (vii) are non-transferrable except to other sophisticated investors or professional investors (as defined in the Corporations Act).
- (b) If a Convertible Note is Converted then such Convertible Note will be automatically cancelled and may not be re-issued.
- (c) On the Conversion of a Convertible Note, the outstanding Face Value of the Convertible Notes which has been Converted will be deemed satisfied.

4. Investments

Subject to the satisfaction or waiver of the relevant closing conditions, Mercer will subscribe for the Notes as follows:

- (a) on the date that is 5 business days after satisfaction or waiver of the closing conditions in respect of the Tranche 1 Convertible Notes, Mercer advance the sum of approximately \$661,804.19 to the Company (**First Investment Amount**). In consideration, the Company will issue Mercer 772,104 Tranche 1 Convertible Notes;
- (b) on the date that is 5 business days after satisfaction or waiver of the closing conditions in respect of the Tranche 2 Convertible Notes, Mercer advance the sum of approximately \$1.34 million to the Company (**Second Investment Amount**). In

consideration, the Company will issue Mercer 1,561,228 Tranche 2 Convertible Notes; and

- (c) on the date that is 5 business days after satisfaction or waiver of the conditions in respect of the Tranche 3 Convertible Notes, Mercer will advance a sum to be agreed between the parties ranging between \$500,000 and \$6,000,000 (**Subsequent Investment Amount**) to the Company. In consideration, the Company will issue Mercer such number of certificated Convertible Notes with an aggregate face value equal to 115% of the relevant Subsequent Investment Amount so advanced (i.e. up to 6,900,000 Tranche 3 Convertible Notes).

5. Exclusivity

- (a) During the term of the Agreement, the Company must not enter into any agreement with a third party:
 - (i) for the issue or sale of any debt or equity securities that are convertible into Shares; or
 - (ii) any securities in a capital or debt raising transaction or series of related transactions which grant to an investor the right to receive additional securities based upon future transactions of the Company.
- (b) However the Company is not restricted from undertaking a rights issue, share purchase plan, raising money through placements of Shares or security issues at a fixed price per Share not in the nature of an on-going equity line arrangement.
- (c) In addition, the Company must not undertake any capital raising (including rights issue, share purchase plan or placement), at a fixed price per Share which is lower than the lowest Conversion Price that could be selected by Mercer at that time (assuming the date of announcing the capital raising is deemed to be the date of issue of the relevant Conversion Notice for the purpose of calculating the Conversion Price), without the prior written approval of Mercer.

6. Closing conditions

- (a) In summary, the payment of the investments are subject to the satisfaction of the following conditions:
 - (i) the Company to ensure the issue of the Notes would not cause the voting power in the Company of Mercer and its associates (**Relevant Interest**) to exceed 4.99%, unless Mercer gives its written consent to the Company that Mercer's Relevant Interest may exceed 4.99% but will not exceed 9.99%;
 - (ii) Mercer will not acquire a relevant interest in Shares which causes the voting power to exceed 19.99%;
 - (iii) the Company to obtain Shareholder approval to issue the Tranche 2 Convertible Notes and Tranche 2 Establishment Fee Shares;
 - (iv) the Company to deliver a general security deed executed by the Company and a priority deed in relation to the Tranche 1 Convertible Notes;

- (v) the payment of the Second Investment Amount and issue of the Tranche 2 Convertible Notes is conditional on the completion of the payment of the First Investment Amount and the issue of the Tranche 1 Convertible Notes and Tranche 1 Establishment Fee Shares;
 - (vi) the Company's representation and warranties made in the Agreement is true and correct;
 - (vii) the Company to obtain all authorisations, consents, permits and approvals as necessary;
 - (viii) the Company to deliver a copy of the resolutions duly adopted by the board of directors of the Company and all relevant and additional documents, certificates and payments to Mercer;
 - (ix) no Event of Default has occurred and any offer for sale by Mercer does not and will not need disclosure under Part 6D.2 of the Corporations Act, and will not result in a breach of the Listing Rules or other relevant and applicable law;
 - (x) the Company has performed and complied in all respects with all the agreements and covenants required by the Agreement;
 - (xi) ASX has not indicated that quotation of the Shares on ASX will not be granted; and
 - (xii) the Company lodges a Cleansing Notice and Cleansing Statement in relation to the Tranche 1 and Tranche 2 Convertible Notes and Tranche 1 and Tranche 2 Establishment Fee Shares.
- (b) The closing conditions are for the benefit of Mercer and may be waived by Mercer in its absolute and sole discretion by providing written notice to the Company.
- (c) If, in respect of the completion of the payment of the First Investment Amount and issue of the Tranche 1 Convertible Notes, a closing condition is not satisfied or becomes incapable of being satisfied, Mercer may terminate the Agreement by giving notice to the Company. In addition, the Company is not permitted to issue any securities to Mercer if any of the closing conditions have not been fulfilled (unless the Company has obtained written consent from Mercer).

7. Conversion at Holder's election

- (a) Subject to the other provisions of this Note Condition 7, Mercer may elect to Convert all or some of the Convertible Notes by delivering a conversion notice to the Company at any time prior to the Maturity Date.
- (b) Subject to the other provisions of this Note Condition 7, if Mercer delivers a conversion notice to the Company in accordance with Note Condition 7(a), the Convertible Notes will be Converted into such number of Shares as is determined by dividing the sum of the total of the Face Value of those Convertible Notes by the Conversion Price (provided that if the resultant number contains a fraction, such number shall be rounded to the nearest whole number).
- (c) Each conversion notice must specify how many Convertible Notes Mercer elects to Convert and must be at least for a Face Value in an amount equal to or greater than

\$25,000 (unless the remaining Face Value of the Convertible Notes on issue is less than \$25,000).

- (d) For the avoidance of doubt, the Company has no right to require Mercer to Convert any Convertible Notes at any time.
- (e) Note Condition 10 will apply in respect to any issue of Shares pursuant to a Conversion in accordance with this Note Condition 7.

8. Repayment

If:

- (a) Mercer has not notified the Company in writing by 5.00pm on the day that is 10 Business Days prior to the relevant Maturity Date that it will be Converting the relevant Convertible Notes (in whole or in part), to the extent not already Converted or repurchased (in accordance with Note Condition 7) prior to the relevant Maturity Date, the Company is to pay the Face Value of the Convertible Notes, within 20 Business Days of the Maturity Date;
- (b) an Event of Default occurs after the Company has received 10 Business Days written notice (**Notice of Default**) from Mercer setting out the details of the Event of Default and requiring repayment of the Convertible Notes, the Company must repay the outstanding Convertible Notes held by Mercer together with any accrued by unpaid interest at the date of such Repayment as from the date of service of the Notice of Default, within 10 Business Days after the Notice of Default; or
- (c) a takeover bid or scheme of arrangement occurs, or the Company's Shares are no longer quoted on ASX or are suspended for a period of 20 consecutive business days, the Company must immediately give Mercer written notice of the occurrence of that event. In such circumstances, Mercer may require repayment by the Company of some or all of the Convertible Notes by giving written notice to the Company (**Holder Repayment Notice**) no later than 20 Business Days after the date of the notice issued by the Company. Repayment of the outstanding Convertible Notes must occur 5 Business Days after the date of the Holder Repayment Notice is given by Mercer to the Company.

9. Repurchase

- (a) The Company may elect to repurchase all of the outstanding Convertible Notes on issue at any time by delivering a repurchase notice to Mercer (**Repurchase Notice**) provided that:
 - (i) the Company is at all times in compliance with its obligations under the Agreement;
 - (ii) there is no existing Event of Default; and
 - (iii) Mercer has not issued a Conversion Notice in respect of the Convertible Notes.
- (b) If the Company delivers a Repurchase Notice to Mercer in accordance with Note Condition 9(a), the Repurchase Notice must specify how many Convertible Notes the Company has elected to repurchase (**Repurchased Securities**) and the repurchase

price as determined by multiplying the Face Value of the repurchased Convertible Notes by 1.03.

- (c) Upon receipt of a Repurchase Notice, Mercer has the ability to elect to convert up to 30% of the Repurchased Securities set out in the Repurchase Notice by delivering a Conversion Notice to the Company setting out the number of Repurchased Securities its wishes to Convert (**Noteholder Further Conversion Securities**), within 4 Business Days of receipt by Mercer of the Repurchase Notice.
- (d) If Mercer elects to convert the Repurchased Securities in accordance with Note Condition 9(c), the Repurchase Notice issued by the Company is automatically amended to reduce the Repurchased Securities by the number of Noteholder Further Conversion Securities.
- (e) Note Condition 10 will apply in respect to any issue of Shares pursuant to a Conversion in accordance with this Note Condition 7.

10. Issue of Conversion Shares

- (a) Subject to Note Conditions 10(b) and 10(f), within 5 Business Days after the receipt of a conversion notice which satisfies the requirements of Note Condition 7, the Company must:
 - (i) allot and issue the Shares required to be issued to Mercer pursuant to the Conversion;
 - (ii) cause the Convertible Notes the subject of the Conversion Notice to be cancelled; and
 - (iii) record Mercer as the holder of the Conversion Shares in the Register.
- (b) If the Company is not able to comply with the requirements of ASIC Corporations (Sale Offers: Securities Issued On Conversion Of Convertible Notes) Instrument 2016/82, the Company must either:
 - (i) within 5 Business Days of the Conversion Date, provide ASX with a Cleansing Statement; or
 - (ii) where unable to issue a Cleansing Statement, as soon as is reasonably practicable and in any event within 10 Business Days of issue of the resultant shares of the Company, issue a prospectus or other form of disclosure document to enable the Shares issued upon Conversion to be freely on-sold.
- (c) The Company must, no later than 5 Business Days after the issue of the Conversion Shares to Mercer:
 - (i) apply for official quotation on ASX of such Conversion Shares issued pursuant to the Conversion; and
 - (ii) deliver or cause to be delivered to Mercer a holding statement in respect of the Conversion Shares.
- (d) Upon the issue of the Conversion Shares, Mercer agrees to be bound by the constitution of the Company.

- (e) The Conversion Shares must rank equally with all other fully paid Shares other than in respect of any dividend or other entitlement for which the applicable record date falls prior to the Conversion Date.
- (f) Notwithstanding any other provision of these Note Conditions:
 - (i) Mercer shall not acquire a relevant interest in the Shares which causes the voting power in the Company of Mercer and its associates (as defined in the Corporations Act) to exceed 19.99%;
 - (ii) Mercer shall not be required by the Company to:
 - (A) accept or be issued any Convertible Notes pursuant to this Agreement; or
 - (B) otherwise acquire a relevant interest in the Shares,

which causes the voting power in the Company of Mercer and its associates (as defined in the Corporations Act) (**Relevant Interest**) to exceed 4.99%, unless Mercer gives its written consent to the Company from time to time in respect of a Closing or Conversion that Mercer's Relevant Interest may exceed 4.99% but will not exceed 9.99%;
 - (iii) Mercer shall, confirm verbally and in writing to the Company its Relevant Interest as of the date of the request within one Business Day; and
 - (iv) in the event that the issue of Mercer's Shares in respect of a Closing would result in a breach of this Note Condition 10, the Investment Amount the subject of the relevant Closing will, on notice by Mercer to the Company, be deemed to be decreased to the extent necessary.

11. Bonus issues or rights issue

- (a) If there is a pro rata issue (except a bonus issue), the Conversion Price of a Convertible Note may be reduced according to the following formula:

$$C_n = \frac{C_o - E [P - (S + D)]}{N + 1}$$

Where:

C_n = the new conversion price of the Convertible Note;

C_o = the old conversion price of the Convertible Note;

E = the number of underlying securities into which one Convertible Note is exercisable;

P = the average market price per security (weighted by reference to volume) of the underlying securities during the 5 trading days ending on the day before the ex right date or the ex entitlements date;

S = the subscription price for a security under the pro rata issue;

D= dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue);

N= the number of securities with rights or entitlements that must be held to receive a right to one new security.

However this does not apply to Shares issued as part of a bonus share plan, share top up plan, share purchase plan, dividend reinvestment plan, an employee or executive share plan or executive option plan, or any Shares issued as part of the co-equity investment.

- (b) If there is a bonus issue to the holders of Shares in the Company, the number of Shares over which the Convertible Note is exercisable may be increased by the number of Shares which Mercer would have received if the Convertible Note had been exercised before the record date for the bonus issue.
- (c) For the purpose of this Note Condition, an issue will be regarded as a pro rata issue notwithstanding that the Company does not make offers to some or all holders of Shares with registered addresses outside Australia.

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 email:

info@allegiancecoal.com.au

Proxy Form

For your vote to be effective it must be received by 10.30 am (AEDT) on Saturday, 28 November 2020.

How to Vote on Items of Business

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

You may vote online or by proxy only.

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 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.

To vote by proxy, please complete and sign the Proxy Form and send:

- (a) By post to the Company at GPO Box 2703, Sydney NSW 2001 Australia; or
- (b) By facsimile to the Company on +61 2 9233 1349; or
- (c) By email to the Company at info@allegiancecoal.com.au.

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

Due to the ongoing COVID-19 pandemic, Shareholders will only be able to attend the Meeting via teleconference.

All voting will be conducted by poll using the proxy instructions on this form. Shareholders who do not wish to vote by proxy using this form must contact the Company at info@allegiancecoal.com.au by 28 November 2020 to notify the Company of their intentions and to request a personalised poll form. The Company will send personalised poll forms following the cut-off time for the return of Proxy Forms (i.e. after 10.30 am on 28 November 2020) to Shareholders who request them prior to this time. Personalised poll forms must be completed and returned to the Company after the poll has been called and prior to the close of polling. During the Meeting, the Chair will notify you how and when you are able to complete and return the personalised poll form.

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



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 Annual General Meeting of Allegiance Coal Limited to be held at Suite 107, 109 Pitt Street Sydney NSW via teleconference on Monday, 30 November at 10.30 am (AEDT) and at any adjournment of that meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolution: 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 Resolution 1 (except where I/we have indicated a different voting intention below) even though Resolution 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.

Resolutions

	For	Against	Abstain
1. Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Re-election of Director – Malcolm Carson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	For	Against	Abstain
4. Approval to issue Tranche 3 Convertible Notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5(a) Ratification of prior issue of Consultant Shares to Dan Farmer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5(b) Ratification of prior issue of Consultant Shares to Angela Waterman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Ratification of prior issue of Debt Repayment Shares	<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 ____/____/____