



International Coal Limited

1

Brisbane Office
ANZ Bank Building
Level 15, 324 Queen Street
Brisbane QLD 4000
PO Box 255
Northgate QLD 4013
P 07 3320 2233
F 07 3228 4999

Sydney Office
Unit 7, No.3 Gibbes Street
Chatswood NSW 2067
P 02 9415 0180
F 02 9417 6877

ACN 149 197 651

3 August 2015

Dear Shareholder

You will find attached to this letter a detailed Notice of General Meeting (GM) where Shareholders will be asked to approve a number of important resolutions largely relating to the previously announced acquisition of the Velpic group of companies.

The details of this meeting are as follows:

Date: Thursday 3rd September 2015
Time: 10:00am (Perth Time)
Venue: Velpic Ltd
243 Hay Street
Subiaco WA 6008

As you know, International Coal Limited ("ICX") has agreed to buy Velpic which operates a software as a service ("SaaS") based e-learning platform which has the potential to re-vitalise the company. Modern corporations need to continually update their employees' knowledge and skills to maintain and increase productivity which is one of the main drivers of their profitability. The best companies know that money spent on training and upskilling is one of the best investments they can make. Velpic provides a continuous learning and training regime at one of the lowest costs in the industry.

Velpic has just had the most successful quarter in its existence and is writing ever increasing levels of business. The additional funding that ICX will be able to provide will be directed towards sales and marketing allowing Velpic to expand out of its home base of Perth and into other Australian cities and then into world markets.

ICX recently announced that Ms Leanne Graham had agreed to join the board of the new Velpic. That is an enormous vote of confidence in the platform and most particularly in the CEO Russell Francis. Leanne is famous as one of the major players in the success of Xero, the New Zealand based accounting SaaS company now capitalised at over \$2 billion. Her knowledge and expertise will be of huge



International Coal Limited

benefit to Velpic, helping it to focus on the most effective and profitable strategies for growth.

It is tempting for a company to simply follow fashion and pursue the latest market fad. ICX has not done this. We have chosen carefully and most strongly believe that Velpic will provide our shareholders with a solid foundation for growth into the future.

This note accompanies the formal notice of meeting and we invite you to consider and approve all the resolutions to allow ICX/Velpic to commence this journey.

If you are able to attend the GM, please bring the enclosed Shareholder Voting Form to facilitate registration at the meeting.

If you do not plan on attending the GM, you are encouraged to appoint a proxy to attend and vote on your behalf by lodging your proxy appointment by completing the enclosed Shareholder Voting Form and returning it to the following address:

International Coal Limited,
ANZ Bank Building,
Level 15, 324 Queen Street,
Brisbane QLD 4000

Instructions on how to appoint a proxy are detailed on the back of the Shareholder Voting Form. Proxies must be received no later than 10:00am (Perth Time) on Tuesday, 1st September 2015 to be valid.

Please let us know of any questions you may have before the GM with details of how to lodge those questions at the rear of the Notice of Meeting.

Your board most strongly encourages you to vote for all the resolutions to allow International Coal Ltd to metamorphose into Velpic and enter one of the world's greatest growth industries.

We look forward to seeing you at the GM.

Yours sincerely

John Lester

Chairman

Brisbane Office
ANZ Bank Building
Level 15, 324 Queen Street
Brisbane QLD 4000
PO Box 255
Northgate QLD 4013
P 07 3320 2233
F 07 3228 4999

Sydney Office
Unit 7, No.3 Gibbes Street
Chatswood NSW 2067
P 02 9415 0180
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ACN 149 197 651

INTERNATIONAL COAL LTD
(TO BE RENAMED “VELPIC LIMITED”)
ACN 149 197 651
NOTICE OF GENERAL MEETING

TIME: 10am (WST)
DATE: Thursday, 3 September 2015
PLACE: 243 Hay Street, Subiaco,
Western Australia 6008

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 0) 409 374 893

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IMPORTANT INFORMATION

TIME AND PLACE OF MEETING

Notice is given that the General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 10am (WST) on Thursday, 3 September 2015 at 243 Hay Street, Subiaco, Western Australia 6008.

YOUR VOTE IS IMPORTANT

The business of the General Meeting affects your shareholding and your vote is important.

VOTING ELIGIBILITY

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders at 5:00pm (WST) on Tuesday, 1 September 2015.

VOTING IN PERSON

To vote in person, attend the General Meeting at the time, date and place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return it by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes is set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting;
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – CHANGE TO NATURE AND SCALE OF ACTIVITIES

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

“That, subject to and conditional upon the passing of the Acquisition Resolutions, for the purpose of ASX Listing Rules 11.1.2 and 11.1.3 and for all other purposes, approval is given for the Company to:

- (a) make a significant change in the nature and scale of its activities;*
- (b) to issue Shares at an issue price of not less than \$0.02 per Share; and*
- (c) to have Options on issue with an exercise price less than \$0.20 at the time its Shares are reinstated to trading on the ASX,*

as described in the Explanatory Statement accompanying this Notice.”

Short Explanation: If successful, the Acquisition will result in the Company changing the nature and scale of its activities. ASX Listing Rule 11.1.2 requires the Company to seek Shareholder approval where it proposes to make a significant change to the nature and scale of its activities. ASX has also advised the Company that it will be required to re-comply with the requirements of Chapters 1 and 2 of the ASX Listing Rules in conjunction with the Acquisition, in accordance with ASX Listing Rule 11.1.3. Please refer to the Explanatory Statement for details.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

2. RESOLUTION 2 – ISSUE OF CONSIDERATION SHARES TO VENDORS

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

“That, subject to and conditional upon the passing of the Acquisition Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 76,628,900 Shares to the Vendors (or their nominees) on the terms and conditions set out in the Explanatory Statement.”

Short Explanation: The Company has entered into a conditional binding agreement with Dash, Inductor, the Dash Unit Trust, the Inductor Trust and the Vendors, pursuant to which the Company has been granted an option to acquire all of the respective Shares and Units on issue in the Vendor Entities as described in the Explanatory Statement. The Company seeks Shareholder approval for the issue of the Consideration Shares pursuant to this Resolution.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need

not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

3. RESOLUTION 3 – ISSUE OF DEBT REPAYMENT SHARES TO VENDORS

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

"That, subject to and conditional upon the passing of the Acquisition Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 48,371,100 Shares to the Vendors (or their nominees) on the terms and conditions set out in the Explanatory Statement."

Short Explanation: The Company has entered into a conditional binding agreement with Dash, Inductor, the Dash Unit Trust, the Inductor Trust and the Vendors, pursuant to which the Company has been granted an option to acquire all of the respective Shares and Units on issue in the Vendor Entities as described in the Explanatory Statement. The Company seeks Shareholder approval for the issue of the Debt Repayment Shares pursuant to this Resolution.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

4. RESOLUTION 4 – ISSUE OF MILESTONE SHARES TO VENDORS

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

"That, subject to and conditional upon the passing of the Acquisition Resolutions, for the purposes of ASX Listing Rule 7.1 for all other purposes approval is given for the Company to issue:

- (a) 50,000,000 Milestone Shares upon satisfaction of Milestone 1;*
- (b) 50,000,000 Milestone Shares upon satisfaction of Milestone 2; and*
- (c) 25,000,000 Milestone Shares upon satisfaction of Milestone 3,*

to the Vendors (or their nominees) on the terms and conditions set out in the Explanatory Statement."

Short Explanation: The Company has entered into a conditional binding agreement with Dash, Inductor, the Dash Unit Trust, the Inductor Trust and the Vendors, pursuant to which the Company has been granted an option to acquire all of the respective Shares and Units on issue in the Vendor Entities as described in the Explanatory Statement. The Company seeks Shareholder approval for the issue of the Milestone Shares pursuant to this Resolution.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need

not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. RESOLUTION 5 – ISSUE OF SHARES – CAPITAL RAISING

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

“That, subject to and conditional upon the passing of the Acquisition Resolutions, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to that number of Shares that, when multiplied by the issue price, will raise up to \$5,000,000 on the terms and conditions set out in the Explanatory Statement.”

Short Explanation: The Company must issue a Prospectus in order to satisfy one of the requirements of Chapters 1 and 2 of the ASX Listing Rules and for the purpose of the Company seeking to have its securities reinstated to trading on the ASX following the Acquisition (which reinstatement remains subject to ASX’s discretion). Please refer to the Explanatory Statement for details.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

6. RESOLUTION 6 – ELECTION OF DIRECTOR - GLEN JOHN MOORA

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

“That, subject to and conditional upon the passing of the Acquisition Resolutions and for all purposes, Glen John Moora, having been nominated and given his consent to act, be elected as a director of the Company with effect from Completion of the Acquisition.”

7. RESOLUTION 7 – ELECTION OF DIRECTOR - PATRICK MARTIN JOSHUA CONNELL

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

“That, subject to and conditional upon the passing of the Acquisition Resolutions and for all purposes, Patrick Martin Joshua Connell, having been nominated and given his consent to act, be elected as a director of the Company with effect from Completion of the Acquisition.”

8. RESOLUTION 8 – ELECTION OF DIRECTOR - RUSSELL JOHN FRANCIS

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

“That, subject to and conditional upon the passing of the Acquisition Resolutions and for all purposes, Russell John Francis, having been nominated

and given his consent to act, be elected as a director of the Company with effect from Completion of the Acquisition."

9. RESOLUTION 9 – ELECTION OF DIRECTOR – LEANNE GRAHAM

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

"That, subject to and conditional upon the passing of the Acquisition Resolutions and for all purposes, Leanne Graham, having been nominated and given her consent to act, be elected as a director of the Company with effect from Completion of the Acquisition."

10. RESOLUTION 10 – CHANGE OF COMPANY NAME

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

"That, subject to and conditional upon the passing of the Acquisition Resolutions, for the purposes of section 157(1)(a) of the Corporations Act and for all other purposes, approval is given for the name of the Company to be changed to Velpic Limited."

11. RESOLUTION 11 – ISSUE OF OPTIONS TO DIRECTOR - HARRY KARELIS

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

"That, for the purpose of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 2,000,000 Options to Harry Karelis (or his nominee) on the terms and conditions set out in the Explanatory Statement."

ASX Voting Exclusion: The Company will disregard any votes cast on this Resolution by Harry Karelis (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a **person** as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

12. RESOLUTION 12 – ISSUE OF OPTIONS TO PROPOSED DIRECTOR – LEANNE GRAHAM

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

“That, subject to and conditional upon the passing of the Acquisition Resolutions and for the purpose of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 2,000,000 Options to Leanne Graham (or her nominee) on the terms and conditions set out in the Explanatory Statement.”

ASX Voting Exclusion: The Company will disregard any votes cast on this Resolution by Leanne Graham (or her nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a **person** as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

13. RESOLUTION 13 – ISSUE OF SHARES TO RELATED PARTY IN PART PAYMENT OF OUTSTANDING FEES – JOHN LESTER

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

“That, for the purposes of section 195(4) of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 3,979,167 Shares to John Lester (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by John Lester (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

14. **RESOLUTION 14 – ISSUE OF SHARES TO RELATED PARTY IN PART PAYMENT OF OUTSTANDING FEES – CARIANTO PTY LTD**

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

"That, for the purposes of section 195(4) of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 1,501,500 Shares to Carianto Pty Ltd on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Carianto Pty Ltd and any of its associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (iii) a member of the Key Management Personnel; or
 - (iv) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

15. **RESOLUTION 15 – ISSUE OF SHARES TO RELATED PARTY IN PART PAYMENT OF OUTSTANDING FEES – HUGH DAI**

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

"That, for the purposes of section 195(4) of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 4,739,575 Shares to Hugh Dai (or his nominee) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Hugh Dai (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (v) a member of the Key Management Personnel; or
 - (vi) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

16. RESOLUTION 16 – ADOPTION OF EMPLOYEE OPTION SCHEME

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

"That, for the purposes of ASX Listing Rule 7.2 (Exception 9(b)) and for all other purposes, approval is given for the Company to adopt an employee incentive scheme titled 'Employee Option Scheme' and for the issue of securities under that Plan, on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any Director, other than any Directors who are ineligible to participate in any employee incentive scheme in relation to the Company, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or

- (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

17. RESOLUTION 17 – ISSUE OF SHARES TO CONSULTANTS

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

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 1,040,500 Shares on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

18. RESOLUTION 18 – RATIFICATION OF PRIOR ISSUE

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

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 23,500,000 Shares on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

19. RESOLUTION 19 – RATIFICATION OF PRIOR ISSUE

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

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 459,500 Shares on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person

chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

DATED: 3 AUGUST 2015
BY ORDER OF THE BOARD

Piers Lewis
Company Secretary

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the Meeting.

1. OVERVIEW OF CHANGE OF ACTIVITIES

1.1 Existing Activities of International Coal Ltd

International Coal Ltd (**ICX** or the **Company**) is a public company listed on the official list of ASX (ASX code: ICX) with its principal focus being coal exploration and mining. The Company was incorporated in February 2011 and was admitted to the official list of the ASX on 28 July 2011.

In addition to its principal business activities, the Company has been actively investigating and assessing new opportunities as announced to the ASX Market Announcements Platform.

1.2 Change in the Nature and Scale of Activities

As announced on 17 May 2015, the Company has entered into a binding terms sheet (**Acquisition Agreement**) with Dash Digital Pty Ltd (ACN 120 899 747) (**Dash**) as trustee for the Dash Unit Trust (ABN 56 293 448 491) (**Dash Unit Trust**), Inductor Pty Ltd (ACN 159 196 120) (**Inductor**) as trustee for the Inductor Trust (ABN 33 885 280 391) (**Inductor Trust**) and the Vendors for the option to acquire 100% of the:

- (a) shares in Dash and Inductor; and
- (b) units in the Dash Unit Trust and the Inductor Trust,

free from encumbrances, on the terms and conditions set out in the Acquisition Agreement (**Option**).

In consideration for a non-refundable \$200,000 fee paid by the Company on execution of the Acquisition Agreement (**Option Fee**) ICX has been granted the Option. The Option commenced on the date of payment of the Option Fee and, unless exercised prior, will end on 27 September 2015.

Dash holds the business trading as Dash Digital, a brand technology agency and Inductor holds the business trading as 'Velpic', a cloud-based e-learning platform (**Velpic**), (together the **Business**). As this is not in the same business as the existing business operations of ICX, Resolution 1 seeks approval from Shareholders for a change in the nature and scale of the activities of the Company.

The Directors consider that in the current depressed climate for the mining sector in general and coal in particular that the Company's current assets do not provide a strong opportunity for growth in Shareholder value in the short to medium term and, should the Acquisition proceed, will shift the Company's focus to the Business. Accordingly, if the Resolutions the subject of this Notice are approved by Shareholders, the Company's current assets will be kept on care and maintenance until the Company finds a suitable buyer for the assets.

The Company proposes, subject to Shareholders' approval of the Acquisition Resolutions and the terms of the Acquisition Agreement, including satisfaction or waiver of the conditions precedent summarised in Section 1.4(b) below, to:

- (a) Proceed to Completion of the Acquisition Agreement by which the Company will issue up to 125,000,000 Shares to the Vendors (the total of the Consideration Shares and the Debt Repayment Shares) in the amounts set out in Resolutions 2 and 3.

The Company also proposes to issue up to 125,000,000 Milestone Shares to the Vendors upon satisfaction of the Milestones in the amounts and on the terms and conditions set out in Resolution 4.

- (b) Raise a maximum of \$5,000,000 via a prospectus offer (**Prospectus**) by the offer of that number of ICX Shares at not less than \$0.02 per Share (**Capital Raising**), the subject of Resolution 5.
- (c) Upon Completion of the Acquisition Agreement, elect Messrs Glen John Moora, Patrick Martin Joshua Connell and Russell John Francis to the Board (Resolutions 6 to 8).
- (d) Change the Company's name to Velpic Limited with effect from when ASIC alters the details of the Company's registration following Completion (Resolution 10).

Other information considered material to the Shareholders' decision on whether to pass Resolution 1 (and the other resolutions) is set out in this Explanatory Statement, and Shareholders are advised to read this information carefully.

1.3 Details on Dash Digital and Velpic

- (a) **About Velpic – SaaS Video-Based Elearning Platform in the Cloud**

Velpic allows companies to create their own highly engaging video lessons and distribute them online to their staff and contractors. They can also track, manage and schedule all their company's training and learning. No specialist technical skills are required and the platform has been designed for ease of use.

Companies can quickly build and edit compelling, effective, professional video-based lessons in-house, all managed and delivered in the cloud.

The Velpic platform has potential for training and presentations across all industries. Velpic is already delivering training to its clients in a number of areas including occupational health & safety induction, product sales training, professional development training and compliance activities.

Velpic is designed for all businesses to improve skills and productivity, onboard new staff and find engaging and efficient ways to inform, educate and empower their workforce.

1.4 Key Terms of the Acquisition Agreement

In accordance with the terms of the Acquisition Agreement, the Company will acquire all of the issued shares and units in the Vendor Entities on the terms and conditions set out below.

The key terms of the Acquisition Agreement are as follows:

- (a) **Acquisition**

Upon exercise of the Option, the Company will be deemed to have entered into an agreement to acquire 100% of the shares and units in the Vendor Entities.

(b) **Conditions Precedent**

Completion of the Acquisition is subject to the satisfaction or waiver by the parties of the following outstanding conditions:

- (i) unless waived by the Vendors, the Vendors being satisfied, in their sole discretion, with the completion of its due diligence investigations on the Company within 2 months of execution of the Acquisition Agreement;
- (ii) unless waived by the Company, the Company being satisfied, in its sole discretion, with the completion of its due diligence investigations on the Vendors and the Business within 2 months of execution of the Acquisition Agreement (**Due Diligence Period**);
- (iii) the Company raising sufficient funds under the Prospectus to meet ASX requirements, including holding a minimum of \$3,000,000 cash (net of fees and expenses) being held by the Company following reinstatement (Resolution 5);
- (iv) the Company entering into service agreements with key personnel of the Vendor Entities, satisfactory to the Company in its sole discretion;
- (v) the Company changing its name to Velpic Limited (Resolution 10);
- (vi) the Company obtaining all necessary regulatory and shareholder approvals or waivers under the ASX Listing Rules, *Corporations Act 2001* (Cth) (**Corporations Act**) or any other law or regulation to allow the Company to lawfully complete the Acquisition and issue the Prospectus, including but not limited to:
 - (A) conditional ASX approval to reinstatement to official quotation on ASX on conditions satisfactory to the Company;
 - (B) approval for the purposes of section 611(7) of the Corporations Act for the issue of the Consideration Shares; and
 - (C) approval for the purpose of ASX Listing Rule 11.1.3;
- (vii) if required, the Company obtaining an independent expert's report to discharge its obligations under section 611(7) of the Corporations Act (**Independent Expert's Report**);
- (viii) all other securities on issue in the Vendor Entities are dealt with to the sole satisfaction of the Company;
- (ix) unless waived by the Company in its sole discretion, the Company being unconditionally entitled to acquire 100% of the respective units and shares on issue in the Vendor Entities,

whether by entering into Sale Agreements (**Sale Agreement**) or otherwise; and

(together the **Conditions Precedent**).

(c) **Consideration**

In consideration for the Acquisition, in addition to the Option Fee, the Company will issue the following to the Vendors pro-rata to their holdings in the Vendor Entities:

- (i) 76,628,900 Consideration Shares upon Completion;
- (ii) 48,371,100 Debt Repayment Shares upon Completion; and
- (iii) up to 125,000,000 Milestone Shares upon satisfaction of the Milestones.

Approval for the issue of the Consideration Shares to the Vendors is the subject of Resolution 2, approval for the issue of the Debt Repayment Shares is the subject of Resolution 3 and approval for the issue of the Milestone Shares to the Vendors is the subject of Resolution 4.

Under the Acquisition Agreement, the Company has acknowledged that the Vendors are owed approximately \$1,500,000 by the Vendor Entities (**Vendor Entity Debt**). The Company will issue to the relevant parties that number of Shares equal to the Vendor Entity Debt divided by a Share price of \$0.02 per Share up to a maximum of 125,000,000 Shares (**Debt Repayment Shares**). The Company has agreed to repay the Vendor Entity Debt and the Vendors have agreed to accept the repayment of the entire Vendor Entity Debt by the issue of the Debt Repayment Shares.

The Consideration Shares consist of 125,000,000 Shares less the 48,371,100 Debt Repayment Shares, being a total of 76,628,900 Shares. At Completion, the Company will issue the Debt Repayment Shares and the Consideration Shares to the Vendors pro-rata to their holdings in the Vendor Entities.

(d) **Board of directors of ICX**

At or following Completion, the Company must:

- (i) use its reasonable endeavours to procure that each of the then current directors of the Company, except for two to be decided on by the then current Company board resign; and
- (ii) appoint the following parties to the board of directors of the Company:
 - (A) Glen John Moora;
 - (B) Patrick Martin Joshua Connell; and
 - (C) Russell John Francis.

(e) **Termination**

The Acquisition Agreement will terminate in the event that:

- (i) the Company does not hold the necessary shareholder's meeting by the later of 27 September 2015 or the expiry of the Option Period, or such other date as agreed by the Parties (**End Date**);
- (ii) the Option is not exercised prior to the End Date;
- (iii) a party enters into some form of external administration;
- (iv) a party fails to comply with any material term of the Acquisition Agreement that is capable of remedy and following written notice from either party fail to remedy the non-compliance within 14 days of such notice;
- (v) a party fails to comply with any material term of the Acquisition Agreement and the non-compliance is incapable of remedy; or
- (vi) a party becomes aware that any of the warranties given were untrue, inaccurate or misleading when given, or when deemed repeated by reference to the facts and circumstances subsisting from time to time until completion of the Acquisition Agreement.

Upon termination:

- (i) the Acquisition Agreement shall be at an end and apart from paragraph (ii) below each party will be released from its obligations under the Acquisition Agreement; and
- (ii) should termination occur during the Due Diligence Period due to any materially misleading information by the Vendors the Company will be issued with \$200,000 worth of shares in the Vendor Entity of its choice, calculated using the same issue price as per the next capital raise by the relevant Vendor Entity following the End Date.

1.5 Issue of Shares under Capital Raising and Options on issue at less than \$0.20

As set out in Section 1.4(b)(iii) above, one of the conditions precedent to Settlement of the Acquisition is the completion of the Capital Raising (the subject of Resolution 5). The Company also currently has Options on issue with an exercise price of less than \$0.20.

The Company has applied to ASX for a waiver from ASX Listing Rule 2.1 condition 2 to the extent necessary for the issue price of the Shares the subject of Resolution 5 not to be at least 20 cents and to have Options on issue with an exercise price of less than \$0.20 at the time its Shares are reinstated to trading on the ASX.

Please refer to Section 2.3 for further details on the "20 cent rule" ASX's policy in relation to the application of the "20 cent rule" to re-compliance listings.

1.6 Pro forma balance sheet

A pro forma balance sheet of the Company following completion of the Acquisition contemplated by this Notice of Meeting is set out in Schedule 1.

1.7 Pro forma capital structure

The estimated capital structure of the Company following completion of the matters contemplated by the Resolutions is set out below:

		Proposed minimum Capital Raising (\$3,000,000)		Proposed maximum Capital Raising (\$5,000,000)	
Securities	ICX Shares	ICX Options	ICX Shares	ICX Options	
Existing issued securities	183,689,503 ¹	31,200,000 ²	183,689,503 ¹	31,200,000 ²	
Consideration Shares	76,628,900		76,628,900		
Debt Repayment Shares	48,371,100		48,371,100		
Related Party Shares (part payment of fees)	10,220,242		10,220,242		
Capital Raising	150,000,000 ³		250,000,000 ³		
Milestone Shares	125,000,000		125,000,000		
Related Party Options		4,000,000 ⁴		4,000,000 ⁴	
Consultant Shares	1,040,500		1,040,500		
TOTAL SECURITIES POST-COMPLETION	594,950,245	35,200,000	694,950,245	33,200,000	

Notes

1. Assumes no further securities are issued or Options converted prior to completion of the Acquisition, other than as set out in the table.
2. 4,500,000 unlisted Options each exercisable at \$0.30 on or before 31/12/2015; 3,500,000 unlisted Options each exercisable at \$0.50 on or before 31/12/2015; 2,000,000 unlisted Options each exercisable at \$0.35 on or before 21/11/2015; 1,000,000 unlisted Options each exercisable at \$0.40 on or before 21/11/2015; 1,000,000 unlisted Options each exercisable at \$0.20 on or before 01/02/2016; 3,200,000 unlisted Options each exercisable at \$0.35 on or before 12/01/2017; 1,000,000 unlisted Options each exercisable at \$0.30 on or before 31/12/2015; 1,000,000 unlisted Options each exercisable at \$0.50 on or before 31/12/2015; 2,750,000 unlisted Options each exercisable at \$0.20 on or before 10/10/2018; 7,250,000 unlisted Options each exercisable at \$0.20 on or before 18/06/2019 and 4,000,000 unlisted Options each exercisable at \$0.06 on or before 31/01/2018.
3. Assumes an issue price of \$0.02 per Share under the Capital Raising.
4. Unlisted Options each exercisable at \$0.06 on or before 31 January 2018.

This is a statement of current intentions as at the date of this Notice. Intervening events may alter the Company's proposed capital structure.

1.8 Proposed Budget

The Company has current cash reserves of approximately \$834,000 as at the date of this Notice of Meeting.

The Company intends to apply the current cash reserves as follows over the next two years, when combined with the proposed minimum or maximum Capital Raising funds, which when aggregated with existing cash reserves respectively would give a total of \$3,834,000 and \$5,834,000 funds available respectively:

Item	Proposed minimum Capital Raising (\$3,000,000) plus existing cash	Proposed maximum Capital Raising (\$5,000,000) plus existing cash
Development of the Company's existing assets	\$50,000	\$50,000
Estimated costs of the Acquisition	\$75,000	\$75,000
Velpic / Dash Digital Product Development	\$730,900	\$1,170,900
Sales and Marketing	\$1,048,500	\$2,202,000
Compliance and Management	\$590,000	\$724,000
Expenses of the Prospectus offer	\$370,000	\$540,000
Working capital and corporate administration	\$969,600	\$1,072,100
TOTAL	\$3,834,000	\$5,834,000

Please note the Board reserves the discretion to modify the proposed Capital Raising and the table above.

The above table is a statement of current intentions as at the date of this Notice. Intervening events may alter the way funds are ultimately applied by the Company.

1.9 Anticipated timetable for the key business the subject of the Resolutions

Event	Indicative Timing*
Dispatch of Notice of Meeting	3 August 2015
Lodgement of Prospectus and Prospectus offers anticipated to open	17 August 2015
Company's quoted Shares are suspended from official ASX quotation General Meeting of Shareholders ASX notified whether Shareholders' approval has been granted for the Resolutions	3 September 2015
Prospectus offers close	10 September 2015
Completion of the Acquisition including issue of the Shares pursuant to this Notice.	10 September 2015
Anticipated date for reinstatement of the Company's Shares.	25 September 2015

*** The Directors reserve the right to change the above indicative timetable without requiring any disclosure to Shareholders or Option holders.**

1.10 Board intentions if Completion occurs

In the event that Completion occurs and the minimum subscription is obtained, it is intended that the funds raised from the Capital Raising, together with the Company's existing cash reserves will be used as set out in Section 1.8.

1.11 Advantages of the proposed Acquisition

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on each Resolution concerning the Acquisition:

- (a) the Acquisition represents a significant opportunity for the Company to increase the scale of its activities which should increase the number and size of the investor pool that may invest in the Company's Shares;
- (b) the Acquisition provides an opportunity for the Company to diversify its interests to include Velpic which is engaged in the business of providing scalable, cloud-based training, education, instruction and video content platforms;
- (c) the Acquisition will provide the Company with the opportunity to increase the value of the Company;
- (d) the Company may be able to raise further funds at higher prices by way of share equity as a result of the Acquisition; and
- (e) the proposed executive team have a significant equity stake ensuring alignment with Shareholders.

1.12 Disadvantages of the proposed Acquisition

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on each Resolution:

- (a) the Company will be changing the nature and scale of its activities to become a company focused on eLearning and the Business, as referred to above, which may not be consistent with the objectives of all Shareholders;
- (b) the Acquisition and the Capital Raising will result in the issue of Shares to the Vendors and new investors, which will have a dilutionary effect on the holdings of Shareholders;
- (c) there are inherent risks associated with the change in nature of the Company's activities. Some of these risks are summarised in Section 1.13 below; and

1.13 Composition of the Board of Directors and other key personnel

The Company's Board of Directors currently comprises:

- (a) Mr John Lester (Non-Executive Chairman);
- (b) Mr Hugh Dai (Chief Executive Officer, Executive Director);

- (c) Mr Noel Halgreen (Non-Executive Director); and
- (d) Mr Harry Karelis (Non-Executive Director).

It is intended that Mr John Lester and Mr Harry Karelis will remain on the Board of the Company following Completion of the Acquisition and that Mr Hugh Dai and Mr Noel Halgreen will step down from the Board. Pursuant to the Acquisition Agreement, it is intended that Messrs Glen John Moora, Patrick Martin Joshua Connell and Russell John Francis will join the Board following Completion of the Acquisition. It is also proposed that Ms Leanne Graham join the Board following Completion of the Acquisition. Please refer to Section 5 below for further information on Messrs Moora, Connell and Francis and Ms Graham.

1.14 Risk factors

Shareholders should be aware that if the proposed Acquisition is approved, the Company will be changing the nature and scale of its activities. Based on the information available, a non-exhaustive list of risk factors are as follows:

Risks relating to the Change in Nature and Scale of Activities

(a) Re-Quotation of Shares on ASX

The acquisition of the Vendor Entities constitutes a significant change in the nature and scale of the Company's activities and the Company needs to re-comply with Chapters 1 and 2 of the ASX Listing Rules as if it were seeking admission to the official list of ASX.

There is a risk that the Company may not be able to meet the requirements of the ASX for re-quotation of its Shares on the ASX. Should this occur, the Shares will not be able to be traded on the ASX until such time as those requirements can be met, if at all. Shareholders may be prevented from trading their Shares should the Company be suspended until such time as it does re-comply with the ASX Listing Rules.

(b) Dilution Risk

The Company currently has 183,689,503 Shares on issue. On completion of the Acquisition, the Company proposes to issue the relevant number of Shares under the Acquisition and issue a minimum of 150,000,000 Shares to raise up to \$3,000,000 as part of the Capital Raising. On issue of the Shares under the Acquisition and the minimum subscription of the Shares under the Capital Raising (assuming no exercise of Options), the existing Shareholders will retain approximately 30.87% of the issued capital of the Company, with the Vendors holding 42.02%, and the investors under the Capital Raising holding 25.21% of the issued capital of the Company respectively.

Upon issue of the consideration under the Acquisition and the maximum subscription of the Shares under the Capital Raising, being 250,000,000 Shares to raise up to \$5,000,000, (assuming no exercise of Options), the existing Shareholders will retain approximately 26.43% of the issued capital of the Company, with the Vendors holding 35.97%, and the investors under the Capital Raising holding 35.97% of the issued capital of the Company respectively.

There is also a risk that the interests of Shareholders will be further diluted as a result of exercise of Options and future capital raisings required in

order to seek to fund the development of the Company's proposed businesses after completion of the Acquisition.

(c) **Liquidity Risk**

On completion of the Acquisition, the Company proposes to issue a total of 76,628,900 Consideration Shares, 48,371,100 Debt Repayment Shares and 125,000,000 Milestone Shares to the Vendors. These securities will be subject to escrow restrictions in accordance with Chapter 9 of the ASX Listing Rules. Based on the post-offer capital structure (and assuming no further Shares are issued or Options exercised), these Shares will equate to approximately 42.02% of the post-Offer issued Share capital (assuming minimum subscription under the Capital Raising). This could be considered an increased liquidity risk as a large portion of issued capital may not be able to be traded freely for a period of time.

(d) **Contractual Risk**

Pursuant to the Acquisition Agreement the Company has agreed to acquire 100% of the issued shares and units of the Vendor Entities subject to the fulfilment of certain conditions precedent set out in Section 1.4(b).

The ability of the Company to achieve its stated objectives will depend on the performance by the parties of their obligations under the Acquisition Agreement. If any party defaults in the performance of their obligations, it may be necessary for the Company to approach a court to seek a legal remedy, which can be costly.

Risks specific to the Company

There are a number of specific risks involved for the Company, and consequently its Security holders, in the acquisition of the Vendor Entities including risks specific to the businesses and assets of each of the Vendor Entities which include the following non-exhaustive list

(e) **Technology Risk**

Upon completion of the Acquisition, the Company will be reliant upon certain technologies and upon the successful commercialisation of the technologies as currently held by the Vendor Entities. There is a risk that as marketable technologies continue to develop there may be certain product developments that supersede, and render obsolete, the products and services of the Company, this would adversely affect the profitability of the Company and likely the value of the Shares.

(f) **New Market Entrants and Technology Risk**

The emergence of new competitors in the market, or any technological developments providing an alternative to the Vendor Entities' product offerings could impact the market share that the Company is able to acquire and cause downward price pressure on consumer software and services platforms, thus reducing the Company's margins and revenue. Further, existing providers of similar consumer services may also respond aggressively to the Vendor Entities' market growth to retain or regain market share, which could also impact the Company's margins and revenue.

(g) **Failure to Deal with Growth**

The Business has the potential to grow rapidly. If that occurs and the Company fails to properly manage that growth, then that failure could harm its business. Any failure to meet customer demand properly could adversely affect the business.

(h) **Availability of IT Staff in the Market**

The Vendor Entities are reliant upon employees with specialist IT skills in order to develop and maintain its projects. Any shortage of availability of these skills in the IT employment market could impair the development of the products and business and the rate of such development. Such shortage could also cause wage inflation, which may impact on the Company's profitability.

(i) **Security Breaches and Hacker Attacks**

A malicious attack on the Vendor Entities' systems, processes or people from external or internal sources could put the integrity and privacy of customers' data and business systems used at risk. The impact of loss or leakage of customer or business data could include costs for rebates, potential service disruption, litigation, and brand damage resulting in reduced or failing revenues. The Vendor Entities follow best practice in relation to security policies, procedures, automated and manual protection, encryption systems and staff screening to minimise this risk.

(j) **Customer Service Risk**

The Vendor Entities' business model is based on recurring revenue arising from usage. Poor customer service experiences may result if the Company loses key customer service personnel, fails to provide adequate training and resources for customer service personnel or there is a disruption to monitoring and account management systems utilised by customer service personnel. Poor experiences may result in the loss of customers, adverse publicity, litigation, regulatory enquiries and customers reducing the use of products or services. If any of these occur, it may adversely impact the Company's revenues.

(k) **Exploration Risks**

As set out in Section 1.2, if the Acquisition Resolutions are approved by Shareholders the Company will keep its current assets until it finds a suitable buyer for the assets. Exploration is a high risk activity that requires large amounts of expenditure over extended periods of time. The Company's exploration activities are subject to all the hazards and risks normally encountered in the exploration of minerals, including climatic conditions, hazards of operating vehicles and plant, risks associated with operating in remote areas and other similar considerations. Conclusions drawn during mineral exploration are subject to the uncertainties associated with all sampling techniques and to the risk of incorrect interpretation of geological, geochemical, geophysical, drilling and other data.

Further, the costs of the Company's exploration activities may materially differ from its estimates and assumptions. No assurance can be given that the Company's cost estimates and the underlying assumptions will be

realised in practice, which may materially and adversely affect the Company's viability.

(l) **Mining Risks**

In relation to the Company's current interests, the business of coal mining involves many risks and may be impacted by factors including ore tonnes, grade and metallurgical recovery, input prices (some of which are unpredictable and outside the control of the Company), overall availability of free cash to fund continuing development activities, labour force disruptions, cost overruns, changes in the regulatory environment and other unforeseen contingencies. Other risks also exist such as environmental hazards (including discharge of pollutants or hazardous chemicals), industrial accidents, occupational and health hazards, cave-ins and rock bursts. Such occurrences could result in damage to, or destruction of, production facilities, personal injury or death, environmental damage, delays in mining, increased production costs and other monetary losses and possible legal liability to the owner or operator of the mine. The Company may become subject to liability for pollution or other hazards against which it has not insured or cannot insure, including those in respect of past mining activities for which it was not responsible.

In addition, the Company's profitability could be adversely affected if for any reason its production or mine development is unexpectedly interrupted or slowed. Examples of events which could have such an impact include unscheduled plant shutdowns or other processing problems, mechanical failures, the unavailability of materials and equipment, pit slope failures, unusual or unexpected rock formations, poor or unexpected geological or metallurgical conditions, poor or inadequate ventilation, failure of mine communications systems, poor water condition, interruptions to gas and electricity supplies, human error and adverse weather conditions.

Industry specific risks

(a) **Competition**

New suppliers and traditional suppliers in the global Learning and Development market produce similar technology or platform solutions.. If the Company is unable to compete successfully, it may be unable to generate, grow and sustain its revenue.

(b) **Intellectual Property**

Securing rights to intellectual property, and in particular patents, is not an integral part of securing potential product value with SaaS products entering traditional markets. Competition in retaining and sustaining protection of intellectual property and the complex nature of intellectual property can lead to expensive and lengthy patents disputes for which there can be no guaranteed outcome.

The granting of a patent does not guarantee that the rights of others are not infringed nor that competitors will not develop competing intellectual property that circumvents such patents. The Company's success depends, in part, on its ability to obtain patents, maintain trade secret protection and operate without infringing the proprietary rights of third parties.

Although the Company is not aware of any third party interests in relation to the intellectual property rights of the intellectual property, and has taken steps to protect and confirm its interest in these rights, there is always a risk of third parties claiming involvement in technological and medical discoveries, and if any disputes arise, they could adversely affect the Company.

Although the Company will implement all reasonable endeavours to protect its intellectual property, there can be no assurance that these measures have been, or will be sufficient

(c) **Unforeseen expenditure risk**

Expenditure may need to be incurred that has not been taken into account in the estimates summarised in Section 1.7 above. Although the Company is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company.

(d) **Maintaining First Mover Advantage risk**

In lieu of patents and more traditional forms of protection of intellectual property, SaaS firms employ a strategy of constant innovation to stay ahead of the competition especially when entering existing markets where the solution is novel but the problem being solved is not. This is called First Mover Advantage. If innovation is stifled through lack of creativity or funds then this may adversely affect the Company.

General risks

(a) **Additional requirements for capital**

The funds raised under the Capital Raising are considered sufficient to meet the immediate objectives of the Company. Additional funding may be required in the event costs exceed the Company's estimates and to effectively implement its business and operations plans in the future (including in relation to the Vendor Entities) to take advantage of opportunities for acquisitions, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which the Company may incur. If such events occur, additional financing will be required.

The Company may seek to raise further funds through equity or debt financing, joint ventures, licensing arrangements, production sharing arrangements or other means. Failure to obtain sufficient financing for the Company's and the Vendor Entities' activities and future projects may result in delay and indefinite postponement of their activities and potential research and development programmes. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company or one or more of the Vendor Entities and might involve substantial dilution to Shareholders.

(b) **Economic**

General economic conditions, introduction of tax reform, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's and the Vendor Entities'

business activities and potential research and development programmes, as well as on their ability to fund those activities.

(c) **Dependence on outside parties**

The Company may pursue a strategy that forms strategic business relationships with other organisations for the in relation to potential products and services. There can be no assurance that the Company will be able to attract such prospective organisations and to negotiate appropriate terms and conditions with these organisations or that any potential agreements with such organisations will be complied with.

(d) **Market conditions**

Share market conditions may affect the value of the Company's quoted Securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and biotechnology stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return to Security holders arising from the transactions the subject of this Notice or otherwise.

(e) **Market acceptance**

The global marketplace for most products is ever changing due to new technologies, new products, changes in preferences, changes in regulation and other factors influencing market acceptance or market rejection. This market volatility and risk exists despite the best endeavours of market research, promotion and sales and licensing campaigns.

Accordingly, there is a risk that the Company may not be able to commercialise its products, which could adversely impact the Company's operations.

(f) **Reliance on key personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company and the Vendor Entities depend substantially on their senior management and key personnel. There can be no assurance given that there will be no detrimental impact on the Company or Vendor Entities if one or more of these employees cease their employment or if one or more of the Directors leaves the Board.

1.15 Plans for the Company if the Resolutions are not passed

If the Resolutions are not passed and the Acquisition is not completed, the Company will continue to develop its existing activities and assets and look for alternative projects in order to continue to take the Company forward.

1.16 Directors' interests in the Agreements

None of the Company's existing Directors have any interest in the proposed Acquisition, other than as disclosed in this Notice.

1.17 Vendors

None of the Vendors or their associates are related parties of the Company.

JBO Assets Pty Ltd (**JBO**) holds 5,500,001 Shares and 1,000,000 unlisted Options exercisable at \$0.35 on or before 12/01/2017 and TWW Assets Pty Ltd (**TWW**) hold 5,500,001 Shares and 1,000,000 unlisted Options exercisable at \$0.35 on or before 12/01/2017. TWW and JBO are associated companies of Subiaco Capital Pty Ltd, which is one of the Vendors. Additionally, Subiaco Capital Pty Ltd holds 4,000,000 unlisted Options exercisable at \$0.06 on or before 31/01/2018.

1.18 Conditional Resolutions

The Acquisition Resolutions are inter-conditional, meaning that each of them will only take effect if all of them are approved by the requisite majority of Shareholders' votes at the Meeting. If any one of the Acquisition Resolutions are not approved at the Meeting, none of them will take effect and the Acquisition Agreement and other matters contemplated by the Resolutions will not be completed pursuant to this Notice.

1.19 Directors' Recommendation

The Directors of the Company unanimously recommend the Acquisition (and the proposed change in the nature and scale of the Company's activities) and that Shareholders vote in favour of all of the Acquisition Resolutions.

2. RESOLUTION 1 – APPROVAL TO CHANGE THE NATURE AND SCALE OF ACTIVITIES

2.1 General

This Resolution seeks the approval of Shareholders for a change in the nature and scale of the Company's activities by the Acquisition.

A detailed description of the Acquisition is outlined in Section 1 above.

2.2 ASX Listing Rule 11.1

ASX Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the nature and scale of its activities, it must provide full details to ASX as soon as practicable and comply with the following:

- (a) provide to ASX information regarding the change and its effect on future potential earnings, and any information that ASX asks for;
- (b) if ASX requires, obtain the approval of holders of its shares and any requirements of ASX in relation to the notice of meeting; and

- (c) if ASX requires, meet the requirements of Chapters 1 and 2 of the ASX Listing Rules as if the company were applying for admission to the official list of ASX.

ASX has confirmed to the Company that given the significant change in the nature and scale of the activities of the Company upon completion of the Acquisition, it requires the Company to:

- (d) obtain the approval of its Shareholders for the proposed change of activities; and
- (e) re-comply with the admission requirements set out in Chapters 1 and 2 of the ASX Listing Rules.

For this reason, the Company is seeking Shareholder approval for the Company to change the nature and scale of its activities under ASX Listing Rule 11.1.2 and pursuant to ASX Listing Rule 11.1.3 in order to re-comply with Chapters 1 and 2 of the ASX Listing Rules.

Accordingly, the Company's securities will be subjected to suspension and thereby cease trading on ASX's Official List prior to market open on the day of the Meeting. If Acquisition Resolutions are approved at the Meeting, it is expected that the Company's securities will remain suspended from quotation until the Company has re-complied with Chapters 1 and 2 of the Listing Rules, including by satisfaction of ASX's conditions precedent to reinstatement.

If the Acquisition Resolutions are not approved at the Meeting, it is expected that the Company's securities will be reinstated to quotation on ASX's Official List after the Company announces the results of the Meeting in accordance with the Listing Rules and Corporations Act. However the Company is likely to continue to investigate new opportunities outside of its current coal exploration and mining industry.

Details of the assets to be acquired by the Company and the proposed changes to the structure and operations of the Company are set out throughout this Explanatory Statement.

2.3 Guidance Note 12

Recent changes to Guidance Note 12 alter ASX's policy in relation to the application of the "20 cent rule" to re-compliance listings. Previously a company had to re-comply to the Official List of the ASX at an issue price of 20 cents per share as part of compliance with Chapters 1 and 2 of the ASX Listing Rules. Guidance Note 12 states that this issue price can now be below 20 cents when an entity's securities have been trading on ASX at less than 20 cents. ASX will consider a request not to apply the 20 cent rule provided the issue price, sale price or exercise price for any securities being issued or sold as part of, or in conjunction with, the transaction:

- (a) is not less than two cents each; and
- (b) is specifically approved by security holders as part of the approval obtained under Listing Rule 11.1.2; and
- (c) ASX is otherwise satisfied that the entity's proposed capital structure after the transaction will satisfy Listing Rules 1.1 condition 1 and 12.5 (appropriate structure for a listed entity).

For this reason, the Company is seeking Shareholder approval for the Company to issue Shares at an issue price of not less than 2 cents and to have Options on issue with an exercise price of less than \$0.20 at the time its Shares are reinstated to trading on the ASX as part of the approvals sought under ASX Listing Rule 11.1.2.

3. RESOLUTIONS 2, 3 AND 4 – ISSUE OF CONSIDERATION SHARES, DEBT REPAYMENT SHARES AND MILESTONE SHARES TO VENDORS

3.1 General

Resolution 2 seeks Shareholder approval for the issue of up to 76,628,900 Consideration Shares to the Vendors (or their nominees), Resolution 3 seeks Shareholder approval for the issue of up to 48,371,100 Debt Repayment Shares and Resolution 4 seeks Shareholder approval for the issue of up to 125,000,000 Milestone Shares to the Vendors (or their nominees).

The issue of the Consideration Shares, Debt Repayment Shares and Milestone Shares, along with payment of the Option Fee, form the consideration for the Acquisition. Refer to Section 1.4(c) for further discussion of the consideration for the Acquisition.

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

The effect of Resolutions 2, 3 and 4 will be to allow the Company to issue the Consideration Shares, Debt Repayment Shares and the Milestone Shares during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

The Directors understand that ASX will treat the Consideration Shares and Debt Repayment Shares the subject of Resolutions 2 and 3 as restricted securities for the purpose of the ASX Listing Rules.

3.2 Chapter 2E of the Corporations Act – Glen Moora, Patrick Connell and Russell Francis

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

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

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

The Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of Consideration Shares, Debt Repayment Shares and Milestone Shares to Messrs Glen Moora, Patrick Connell and Russell Francis (proposed Directors of ICX), because the agreement to issue the Consideration Shares, Debt Repayment Shares and Milestone Shares reached as part of the Acquisition Agreement is considered reasonable consideration for each of Messrs Moora, Connell and Francis' holdings in the Vendor Entities and was negotiated on an arm's length basis.

3.3 Technical information required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the proposed issue of the Consideration Shares:

- (a) the maximum number of Consideration Shares to be issued is 76,628,900;
- (b) the maximum number of Debt Repayment Shares to be issued is 48,371,100;
- (c) upon satisfaction of the respective Milestones, the maximum number of Shares to be issued is 125,000,000 made up of the following:
 - (i) 50,000,000 Shares (**Milestone 1 Shares**) to be issued subject to the Company obtaining a total of 100,000 pay per views from its interactive training lessons within 3 years from the date of Completion (**Milestone 1**);
 - (ii) 50,000,000 Shares (**Milestone 2 Shares**) to be issued subject to the Company obtaining total cumulative revenue of \$10,000,000 within 3 years from the date of Completion (**Milestone 2**); and
 - (iii) 25,000,000 Shares (**Milestone 3 Shares**) to be issued subject to the Company achieving annual revenue of \$50,000,000 in any of the first 5 financial years following the date of Completion (**Milestone 3**);
- (d) the Consideration Shares and Debt Repayment Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of all those Shares and Options will occur on the same date;
- (e) the Milestone Shares may be issued at any time up to 3 years and 5 years depending on the milestone as described in Section 3.3(c) and it is intended that issue of the Milestone Shares will occur progressively in accordance with the relevant Milestones. The Company has applied for a waiver from Listing Rule 7.3.2 to allow the Milestone Shares to be issued later than 3 months after the date of the Meeting. Should the Milestone Shares be issued within 12 months following the date of Completion, the Shares issued will be escrowed until the date 12 months later than Completion;
- (f) the Consideration Shares and Debt Repayment Shares will be issued to the Vendors (or their nominees), who are not related parties of the Company, except for Glen Moora, Patrick Connell and Russell Francis who are related parties solely because of the Acquisition and do not require Shareholder approval under Listing Rule 10.11 as they fall within exception 6 in Listing Rule 10.12, pro rata to their holdings in the Vendor Entities as set out in Schedule 2;
- (g) the Milestone Shares will be issued to the Vendors (or their nominees), who are not related parties of the Company, except for Glen Moora, Patrick Connell and Russell Francis who are related parties solely because of the Acquisition and do not require Shareholder approval under Listing Rule 10.11 as they fall within exception 6 in Listing Rule 10.12, pro rata to their holdings in the Vendor Entities as set out in Schedule 2;
- (h) the Consideration Shares, Debt Repayment Shares and Milestone Shares proposed to be issued will be fully paid ordinary shares in the capital of

the Company issued on the same terms and conditions as the Company's existing Shares;

- (i) no cash consideration and no funds will be raised from the proposed issue of the Consideration Shares, Debt Repayment Shares or the Milestone Shares as the Consideration Shares, Debt Repayment Shares and the Milestone Shares are proposed to be issued as part of the consideration for the Acquisition.

4. RESOLUTION 5 – ISSUE OF SHARES – CAPITAL RAISING

4.1 General

This Resolution seeks Shareholder approval for the issue of up to that number of Shares, when multiplied by the issue price, will raise up to \$5,000,000.

A summary of ASX Listing Rule 7.1 is set out in Section 3.1 above.

The effect of Resolution 5 will be to allow the Company to issue the Shares pursuant to the Capital Raising during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

4.2 Technical information required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Capital Raising:

- (a) the maximum number of Shares to be issued is up to that number of Shares which, when multiplied by the issue price, equals a maximum of \$5,000,000 (with \$3,000,000 being the proposed minimum amount to be raised under the Capital Raising);
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of all the Shares pursuant to the Capital Raising will occur on the same date;
- (c) the issue price will be not less than \$0.02 per Share;
- (d) the Shares are proposed to be issued to the public pursuant to a public offer by way of a Prospectus for the purpose of ASX Listing Rule 1.1 condition 3. None of the subscribers for the Capital Raising will be related parties of the Company;
- (e) the Shares proposed to be issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the Company intends to use the funds raised from the Capital Raising towards the budgeted expenditure described at Section 1.7.

5. RESOLUTIONS 6, 7 AND 8 AND 9 – ELECTION OF DIRECTORS – GLEN JOHN MOORA, PATRICK MARTIN JOSHUA CONNELL, RUSSELL JOHN FRANCIS AND LEANNE GRAHAM

Pursuant to the Acquisition Agreement, at or following Completion it is proposed that Messrs Glen John Moora, Patrick Martin Joshua Connell and Russell John Francis, each be appointed as a director of the Company. It is also proposed that Ms Leanne Graham join the Board following Completion of the Acquisition.

Resolution 6 seeks approval for the election of Glen John Moora as a director of the Company on and from Completion if all Acquisition Resolutions are approved by Shareholders.

Resolution 7 seeks approval for the election of Patrick Martin Joshua Connell as a director of the Company on and from Completion if all Acquisition Resolutions are approved by Shareholders.

Resolution 8 seeks approval for the election of Russell John Francis as a director of the Company on and from Completion if all Acquisition Resolutions are approved by Shareholders.

Resolution 9 seeks approval for the election of Leanne Graham as a director of the Company post-Completion if all Acquisition Resolutions are approved by Shareholders.

Information on the qualifications, skills and experience of Messrs Moora, Connell and Francis and Ms Graham is set out below.

Glen Moora

Glen brings his entrepreneurial skills to the company and he is well renowned having built several successful businesses prior to becoming a partner and director. It is this business experience that he continually applies to Velpic, Dash Digital and its clients.

Glen has developed an in-depth understanding of all facets of the sales, marketing and strategic process. Glen has a proven ability to build new business relationships and new territories and has experience in developing business opportunities and global partners.

The Board has considered Mr Moora's independence and considers that he is not an independent Director.

The Directors support the election of Mr Moora and recommend that Shareholders vote in favour of Resolution 6.

Patrick Connell

Patrick is an expert in corporate identities, marketing strategies and plays an integral role in the strategic development, brand image and message of Dash Digital, its key clients and Velpic.

Patrick achieved his Bachelor of Arts degree from Curtin University where he also studied Fine Art. He has been a member of the Australian Institute of Graphic Arts for the last 20 years and a Gold Member of Tourism South West since 1987.

Patrick has 28 years experience as a design professional in Western Australia and was the founding director of Chameleon Creative for more than 20 years. During that time, he has been involved with government, public and private companies which have covered a wide range of industries.

The Board has considered Mr Connell's independence and considers that he is not an independent Director.

The Directors support the election of Mr Connell and recommend that Shareholders vote in favour of Resolution 7.

Russell Francis

Russell Francis is an entrepreneur and Internet Pioneer with more than 23 years international experience running successful businesses that build enterprise scale applications, web apps and mobile apps for the likes of Citibank, ABN AMRO, P&O, Lloyds TSB, Dixons Stores Group, ASDA, Bankwest, Western Power and JB Were.

He holds a B.Sc with Double Major in Computer Science & Information Technology and Anatomy & Human Biology from the University of Western Australia.

In 1995 Russell built his first web site and by 1998 he successfully negotiated the sale of his London based software development firm to a Silicon Valley based IT consulting firm and then lead his new firm into the Internet revolution building some of the biggest websites and online applications in Europe.

Russell founded Reignite in Perth in 2005 and in March 2012 Russell, Pat and Glen agreed to set up a joint venture to develop Velpic which in July 2013 lead to the merger of Reignite with Pat and Glen's two other long established Perth based businesses, Dash Digital and Chameleon Creative.

The Board has considered Mr Francis' independence and considers that he is not an independent Director.

The Directors support the election of Mr Francis and recommend that Shareholders vote in favour of Resolution 8.

Leanne Graham

Leanne Graham is an outstanding IT entrepreneur with over 28 years' experience at the highest levels in the software sector. As one New Zealand's few female IT entrepreneurs and chief executives of a listed company on the NZX, she has built a name for herself by enabling multiple companies to embrace the global opportunity of Cloud, Mobility and SaaS.

Since transitioning from her role as CEO at GeoOp to now Executive Director of the NZAX listed company, Leanne has spread her wings internationally by becoming the co-founder and Director of iExecute SaaS Ltd, with offices in the technology hub of San Francisco, CA and in New Zealand. Here, Leanne is able to use her years of experience and specialist expertise to advise emerging and established SaaS companies in areas like business strategy and execution.

Leanne was the General Manager of Sales at the globally successful SaaS accounting software company Xero and was the architect of the Xero Global Sales Strategy around 'recruit, educate and grow'; a key channel strategy used to build Xero's customer base in New Zealand then in Australia, UK and the US when Xero entered these markets. Leanne's strategy took Xero's New Zealand partner base to close to 100% of the country's accounting industry and grew revenues by 500%.

Leanne remains deeply passionate about employing technology to disrupt industries. Through her strategic investment company Cloud Rainmakers Ltd, she assists technology companies to identify how they can develop strategic partnerships and disrupt an industry to become export successes.

The Board has considered Ms Graham's independence and considers that she is an independent Director.

The Directors support the election of Ms Graham and recommend that Shareholders vote in favour of Resolution 9.

6. RESOLUTION 10 – CHANGE OF COMPANY NAME

Section 157(1)(a) of the Corporations Act provides that a company may change its name if the company passes a special resolution adopting a new name.

Resolution 10 seeks the approval of Shareholders for the Company to change its name to Velpic Limited.

If Resolution 10 is passed the change of name will take effect when ASIC alters the details of the Company's registration post-Completion of the Acquisition.

The proposed name has been reserved by the Company and if all of the Acquisition Resolutions are passed, the Company will lodge a copy of the special resolution with ASIC following the Meeting in order to effect the change.

The Board proposes this change of name on the basis that it more accurately reflects the proposed future operations of the Company.

7. RESOLUTIONS 11 AND 12 – ISSUE OF OPTIONS TO DIRECTOR AND PROPOSED DIRECTOR – HARRY KARELIS AND LEANNE GRAHAM

7.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue a total of 4,000,000 Options (**Related Party Options**) to Mr Harry Karelis and Ms Leanne Graham (**Related Parties**) on the terms and conditions set out below.

Resolutions 11 and 12 seek Shareholder approval for the grant of the Related Party Options to the Related Parties.

7.2 Chapter 2E of the Corporations Act

A summary of Chapter 2E of the Corporations Act is set out in Section 3.2 above.

The grant of the Related Party Options constitutes giving a financial benefit, Harry Karelis is a related party of the Company by virtue of being a Director and Leanne Graham is a related party of the Company by virtue of being a proposed Director.

The Directors (other than Harry Karelis who has a material personal interest in Resolution 11) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of Related Party Options because the agreement to grant the Related Party Options, reached as part of the remuneration package for each of Harry Karelis and Leanne Graham, is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

7.3 ASX Listing Rule 10.11

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

It is the view of the Company that the exceptions set out in sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of Related Party Options to the Related Parties.

7.4 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with the requirements of ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of the Related Party Options:

- (a) the Related Party Options will be granted to Harry Karelis (or his nominee) and Leanne Graham (or her nominee);
- (b) the maximum number of Related Party Options (being the nature of the financial benefit being provided) to be granted is:
 - (i) 2,000,000 Related Party Options to Harry Karelis (or his nominee); and
 - (ii) 2,000,000 Related Party Options to Leanne Graham (or her nominee);
- (c) the Related Party Options will be granted to Mr Karelis and Ms Graham no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Related Party Options will be issued on the same date;
- (d) the Related Party Options will be granted for nil cash consideration, accordingly no funds will be raised; and
- (e) the terms and conditions of the Related Party Options are set out in Schedule 3.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Related Party Options to the Related Parties as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Related Party Options to the Related Parties will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

8. RESOLUTIONS 13 TO 15 – ISSUE OF SHARES TO RELATED PARTIES IN PART PAYMENT OF OUTSTANDING FEES - JOHN LESTER, CARIANTO PTY LTD AND HUGH DAI

8.1 General

The Directors of the Company have not drawn any cash from the Company for payment of fees owing to them (or entities controlled by them) for approximately 15 months in order to preserve the cash reserves of the Company. Subject to Shareholder approval, it is proposed that the outstanding fees owed to Directors be paid half in cash and half in Shares at a deemed issue price of \$0.02 per Share.

Subject to obtaining Shareholder approval, it is proposed that the Company issue the following maximum number of Shares to John Lester, a Director of the Company (or his nominee), Carianto Pty Ltd, a company controlled by Director Noel Halgreen, and Hugh Dai, a current Director of the Company (**Related Parties**):

- (a) up to:

- (i) 541,667 Shares to John Lester in part payment of unpaid salary and Director fees owed to Mr Lester for the period from 1 September 2013 to 30 June 2014 and 1 July 2014 to 31 October 2014 to the value of \$10,833.34;
- (ii) 3,437,500 Shares to John Lester Management Pty Ltd (a company controlled by Director, John Lester), of which
 - (A) 1,787,500 Shares are in part payment of consulting fees for the period from 1 September 2013 to 31 October 2014 to the value of \$35,750;
 - (B) 1,650,000 Shares are in part payment of the contractual cash payment due to John Lester Management Pty Ltd due to termination of the consultancy agreement contract in November 2014 to the value of \$33,000;
- (b) up to 1,501,500 Shares to Carianto Pty Ltd (a company controlled by Director, Noel Halgreen) in part payment of unpaid salary and Director fees owed to Carianto Pty Ltd for the period from 1 September 2013 to 31 October 2014 to the value of \$30,030; and
- (c) up to 4,739,575 Shares to Hugh Dai in part payment of unpaid salary and Director fees owed to Mr Dai for the period from 1 September 2013 to 30 June 2014 and 1 July 2014 to 31 October 2014 to the value of \$94,791.50;

(together the **Related Party Shares**).

Resolutions 13 to 15 seek Shareholder approval for the issue of the Related Party Shares.

8.2 Chapter 2E of the Corporations Act

A summary of Chapter 2E of the Corporations Act is set out in Section 3.2 above.

The issue of the Related Party Shares constitutes giving a financial benefit and the Related Parties are related parties of the Company by virtue of being Directors or entities controlled by Directors.

Each Director considers that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of Related Party Shares to each of the other Directors because the agreement to grant Related Party Shares in satisfaction of Director fees and/or salary is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

8.3 ASX Listing Rule 10.11

A summary of ASX Listing Rule 10.11 is set out in Section 7.3 above.

As the grant of the Related Party Shares involves the issue of securities to related parties of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

8.4 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolutions 13 to 15:

- (a) the Shares will be issued to John Lester (or his nominee), Cariano Pty Ltd and Hugh Dai;
- (b) the number of Shares to be issued is as follows:
 - (i) 541,667 Shares to John Lester;
 - (ii) 3,437,500 Shares to John Lester Management Pty Ltd (a company controlled by Director, John Lester);
 - (iii) 1,501,500 Shares to Cariano Pty Ltd (a company controlled by Director, Noel Halgreen); and
 - (iv) 4,739,575 Shares to Hugh Dai;
- (c) the deemed issue price will be \$0.02 per Share;
- (d) the Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur on the same date;
- (e) the Shares will be issued for nil cash consideration, accordingly no funds will be raised; and
- (f) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.

Approval pursuant to ASX Listing Rule 7.1 is not required for the issue of the Shares the subject of Resolutions 13 to 15 as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of the Shares to John Lester (or his nominee), Cariano Pty Ltd and Hugh Dai will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

9. RESOLUTION 16 – APPROVAL OF EMPLOYEE OPTION SCHEME

This Resolution seeks Shareholders approval for the adoption of the employee incentive scheme titled 'Employee Option Scheme' (**Scheme**) in accordance with ASX Listing Rule 7.2 (Exception 9(b)).

A summary of ASX Listing Rule 7.1 is contained in Section 3.1 above.

If Resolution 16 is passed, the Company will be able to issue Options under the Scheme to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period.

Shareholders should note that no Options have previously been issued under the Scheme.

The objective of the Scheme is to attract, motivate and retain key employees and it is considered by the Company that the adoption of the Scheme and the future

issue of Shares under the Scheme will provide selected employees with the opportunity to participate in the future growth of the Company.

Any future issues of Shares under the Scheme to a related party or a person whose relation with the Company or the related party is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time.

A summary of the key terms and conditions of the Scheme is set out in Schedule 4. In addition, a copy of the Scheme is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Scheme can also be sent to Shareholders upon request to the Company Secretary (Piers Lewis). Shareholders are invited to contact the Company if they have any queries or concerns.

10. RESOLUTION 17 – ISSUE OF SHARES TO CONSULTANTS

10.1 General

This Resolution seeks Shareholder approval for the issue of up to 1,040,500 Shares in consideration for consultancy services provided by consultants to the Company (**Placement**).

A summary of ASX Listing Rule 7.1 is contained in Section 3.1 above.

The effect of this Resolution will be to allow the Company to issue the Shares pursuant to the Placement during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

10.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Placement:

- (a) the maximum number of Shares to be issued is 1,040,500 Shares;
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur on the same date;
- (c) the Shares will be issued for nil cash consideration in satisfaction of consultancy services provided by consultants to the Company;
- (d) the Shares will be issued to S3 Consortium Pty Ltd (or nominee), who are not related parties of the Company;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) no funds will be raised from the Placement as the Shares are being issued in consideration for consultancy services provided by consultants to the Company.

11. RESOLUTIONS 18 AND 19 – RATIFICATION OF PREVIOUS SHARE ISSUES

11.1 General

On 17 March 2015, the Company issued 23,500,000 Shares at an issue price of \$0.02 per Share to raise \$470,000.

On 31 July 2015, the Company issued 459,500 Shares to consultants in satisfaction of consultancy services provided to the Company.

Resolutions 18 and 19 seek Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of these Shares (**Ratification**).

A summary of ASX Listing Rule 7.1 is contained in Section 3.1 above.

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

By ratifying these issues, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

11.2 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (a) 23,500,000 Shares were issued on 17 March 2015 and 459,500 Shares were issued on 31 July 2015;
- (b) the issue price for the Shares issued on 17 March 2015 was \$0.02 per Share;
- (c) the Shares issued on 31 July 2015 were issued for nil cash consideration in satisfaction of consultancy services provided to the Company;
- (d) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (e) the 23,500,000 Shares issued on 17 March 2015 were issued to various clients of Subiaco Capital Pty Ltd. None of these subscribers are related parties of the Company;
- (f) the 459,500 Shares issued on 31 July 2015 were issued to S3 Consortium Pty Ltd (or nominee), who are not related parties of the Company;
- (g) the funds raised from the issue of the 23,500,000 Shares were used for general working capital requirements; and
- (h) no funds were raised from the issue of the 459,500 Shares as the Shares were issued in consideration for consultancy services provided by consultants to the Company.

12. ENQUIRIES

Shareholders may contact Piers Lewis on (+ 61 0) 409 374 893 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

\$ means Australian dollars.

Acquisition means the acquisition of the Vendor Entities in accordance with the Acquisition Agreement.

Acquisition Agreement means the binding terms sheet dated 7 May 2015 between the Company, Dash, the Dash Unit Trust, Inductor, the Inductor Trust and the Vendors for option to acquire 100% of the shares of the Vendor Entities by the Company.

Acquisition Resolutions means Resolutions 1 to 10 and 12 of this Notice.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

ASX Listing Rules or **Listing Rules** means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Capital Raising means the Company's proposal under Resolution 5 to raise at least \$3,000,000 and up to \$5,000,000 via a public Prospectus offer of Shares at an issue price of at least \$0.02 per Share.

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company or ICX means International Coal Ltd (ACN 149 197 651).

Completion means completion under the Acquisition Agreement of the sale by the Vendors and purchase by the Company of 100% of the shares and units in the Vendor Entities.

Consideration Shares means up to 76,628,900 Shares to be issued to the Vendors pursuant to Resolution 2, as part of the consideration for the acquisition by the Company of 100% of the shares and units in the Vendor Entities.

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Dash means Dash Digital Pty Ltd (ACN 120 899 747).

Dash Unit Trust means The Dash Unit Trust (ABN 56 293 448 491).

Debt Repayment Shares means up to 48,371,100 Shares to be issued to the Vendors pursuant to Resolution 3, as part of the consideration for the acquisition by the Company of 100% of the shares and units in the Vendor Entities.

Directors mean the current directors of the Company.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or **Meeting** means the meeting convened by this Notice.

Inductor means Inductor Pty Ltd (ACN 159 196 120).

Inductor Trust means The Inductor Trust (ABN 33 885 280 391).

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.

Milestone means any one of Milestone 1, Milestone 2 or Milestone 3.

Milestone 1 means the Company obtaining a total of 100,000 pay per view from its interactive training lessons within 3 years from the date of Completion

Milestone 2 means the Company obtaining total cumulative revenue of \$10,000,000 within 3 years from the date of Completion

Milestone 3 means the Company achieving annual revenue of \$50,000,000 in any of the first 5 financial years following the date of Completion

Milestone Shares means up to 125,000,000 Shares (consisting of 50,000,000 Milestone 1 Shares, 50,000,000 Milestone 2 Shares and 25,000,000 Milestone 3 Shares) to be issued to the Vendors upon satisfaction of the Milestones and pursuant to Resolution 4, as part of the consideration for the acquisition by the Company of 100% of the shares and units in the Vendor Entities.

Notice or **Notice of Meeting** or **Notice of General Meeting** means this notice of General meeting including the Explanatory Statement, the Schedules and the Proxy Form.

Option means an option to acquire a Share.

Optionholder means the holder of an Option.

ordinary securities has the meaning set out in the ASX Listing Rules.

Prospectus means the prospectus proposed to be issued by the Company in relation to the Capital Raising.

Proxy Form means the proxy form accompanying the Notice.

Resolution or **Resolutions** means the resolutions set out in the Notice, or any one of them, as the context requires.

Scheme means the employee option scheme the subject of Resolution 16 and as summarised in Schedule 4.

Section means a section of the Explanatory Statement unless otherwise specified.

Securities means all Equity Securities of the Company, including a Share and an Option.

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

Shareholder means a holder of a Share.

Vendor Entities means Dash, the Dash Unit Trust, Inductor and the Inductor Trust.

Vendors means the entities listed in Schedule 2.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – PRO FORMA STATEMENT OF FINANCIAL POSITION

PRO FORMA HISTORICAL STATEMENT OF FINANCIAL POSITION

INTERNATIONAL COAL LIMITED

\$3M CAPITAL RAISE

	Notes	International Coal Limited 30 April 2015 \$	Dash Digital 30 April 2015 \$	Velpic 30 April 2015 \$	Pro Forma Adjustments \$	Pro Forma Post Transaction 30 April 2015 \$
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	1	1,256,798	19,096	26,235	2,745,000	4,047,129
Trade and other receivables		10,411	228,196	9,298	(45,758)	202,147
Work in progress		-	71,552	2,100	-	73,652
Other current assets		6,863	-	-	-	6,863
TOTAL CURRENT ASSETS		1,274,072	318,844	37,633	2,699,242	4,329,791
NON-CURRENT ASSETS						
Plant and equipment		-	73,069	-	-	73,069
Exploration and evaluation assets		275,477	-	-	-	275,477
Minerals assets		924,602	-	-	-	924,602
Intangible assets	2, 3	-	853,189	-	2,828,196	3,681,385
Financial assets		-	104,604	-	-	104,604
TOTAL NON-CURRENT ASSETS		1,200,079	1,030,862	-	2,828,196	5,059,137
TOTAL ASSETS		2,474,151	1,349,706	37,633	5,527,438	9,388,928
LIABILITIES						
CURRENT LIABILITIES						
Trade and other payables		474,216	461,682	103,316	-	1,039,214
Provisions		35,035	92,405	12,374	-	139,814
TOTAL CURRENT LIABILITIES		509,251	554,087	115,690	-	1,179,028
NON-CURRENT LIABILITIES						
Borrowings		-	1,026,268	45,758	(1,072,026)	-
TOTAL NON-CURRENT LIABILITIES		-	1,026,268	45,758	(1,072,026)	-
TOTAL LIABILITIES		509,251	1,580,355	161,448	(1,072,026)	1,179,028
NET ASSETS		1,964,900	(230,649)	(123,815)	6,599,464	8,209,900
EQUITY						
Contributed equity	1, 2, 3	16,144,904	30	105	6,244,865	22,389,904
Reserves		2,052,850	-	-	-	2,052,850
Accumulated losses		(16,232,854)	(230,679)	(123,920)	354,599	(16,232,854)
TOTAL EQUITY		1,964,900	(230,649)	(123,815)	6,599,464	8,209,900

¹ Funds received less corporate advisory fees for the transaction.

(150,000,000 shares at \$0.02 cents per share to raise \$3,000,000 with capital raising costs of \$255,000).

² Consideration shares issued to the vendors (less the debt repayment shares).

(125,000,000 shares at \$0.02 cents per share for total consideration of \$2,500,000 less debt of \$1,026,267).

³ Consideration shares issued upon satisfaction of the company obtaining a total of 100,000 pay per views from its interactive training lessons within 3 years from the date of completion.

(50,000,000 shares at \$0.02 cents per share for total consideration of \$1,000,000).

The figures of Velpic and Dash Digital have been audited by BDO Audit (WA) Pty Ltd .

The figures for International Coal have been reviewed by BDO Audit (WA) Pty Ltd

PRO FORMA HISTORICAL STATEMENT OF FINANCIAL POSITION
INTERNATIONAL COAL LIMITED
\$5M CAPITAL RAISE

	Notes	International Coal Limited 30 April 2015	Dash Digital 30 April 2015	Velpic 30 April 2015	Pro Forma Adjustments	Pro Forma Post Transaction 30 April 2015
		\$	\$	\$	\$	\$
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	1	1,256,798	19,096	26,235	2,625,000	3,927,129
Trade and other receivables		10,411	228,196	9,298	(45,758)	202,147
Work in progress		-	71,552	2,100	-	73,652
Other current assets		6,863	-	-	-	6,863
TOTAL CURRENT ASSETS		1,274,072	318,844	37,633	2,579,242	4,209,791
NON-CURRENT ASSETS						
Plant and equipment		-	73,069	-	-	73,069
Exploration and evaluation assets		275,477	-	-	-	275,477
Minerals assets		924,602	-	-	-	924,602
Intangible assets	2, 3	-	853,189	-	4,828,196	5,681,385
Financial assets		-	104,604	-	-	104,604
TOTAL NON-CURRENT ASSETS		1,200,079	1,030,862	-	4,828,196	7,059,137
TOTAL ASSETS		2,474,151	1,349,706	37,633	7,407,438	11,268,928
LIABILITIES						
CURRENT LIABILITIES						
Trade and other payables		474,216	461,682	103,316	-	1,039,214
Provisions		35,035	92,405	12,374	-	139,814
TOTAL CURRENT LIABILITIES		509,251	554,087	115,690	-	1,179,028
NON-CURRENT LIABILITIES						
Borrowings		-	1,026,268	45,758	(1,072,026)	-
TOTAL NON-CURRENT LIABILITIES		-	1,026,268	45,758	(1,072,026)	-
TOTAL LIABILITIES		509,251	1,580,355	161,448	(1,072,026)	1,179,028
NET ASSETS		1,964,900	(230,649)	(123,815)	8,479,464	10,089,900
EQUITY						
Contributed equity	1, 2, 3	16,144,904	30	105	8,124,865	24,269,904
Reserves		2,052,850	-	-	-	2,052,850
Accumulated losses		(16,232,854)	(230,679)	(123,920)	354,599	(16,232,854)
TOTAL EQUITY		1,964,900	(230,649)	(123,815)	8,479,464	10,089,900

¹ Funds received less corporate advisory fees for the transaction.
(250,000,000 shares at \$0.02 cents per share to raise \$5,000,000 with capital raising costs of \$375,000).

² Consideration shares issued to the vendors (less the debt repayment shares).
(125,000,000 shares at \$0.02 cents per share for total consideration of \$2,500,000 less debt of \$1,026,267).

³ Consideration shares issued upon satisfaction of the company obtaining a total of 100,000 pay per views from its interactive training lessons within 3 years from the date of completion.
(50,000,000 shares at \$0.02 cents per share for total consideration of \$1,000,000).

The figures of Velpic and Dash Digital have been audited by BDO Audit (WA) Pty Ltd .
The figures for International Coal have been reviewed by BDO Audit (WA) Pty Ltd

SCHEDULE 2 – VENDORS AND NOMINEES

Dash Digital Pty Ltd (Corporate Trustee)

Shareholder	Dash Digital shares	Consideration Shares	Debt Repayment Shares	Milestone Shares
Russell Francis	35	0	0	0
Glen Moora	35	0	0	0
Pat Connell	35	0	0	0
TOTAL	105	0	0	0

The Dash Unit Trust

Unitholder	Dash Unit Trust units	Consideration Shares	Debt Repayment Shares	Milestone Shares
Chameleon Creative Pty Ltd as trustee for The G&A Trust	10	11,494,336	14,511,330	18,750,000
Chameleon Creative Pty Ltd as trustee for The P&S Trust	10	11,494,336	14,511,330	18,750,000
Russell John Francis as trustee for The RJF Family Trust	10	11,494,336	14,511,330	18,750,000
TOTAL	30	34,483,008	43,533,990	56,250,000

The Inductor Pty Ltd (Corporate Trustee)

Shareholder	Inductor shares	Consideration Shares	Debt Repayment Shares	Milestone Shares
Russell Francis	35	0	0	0
Glen Moora	35	0	0	0
Pat Connell	35	0	0	0
TOTAL	105	0	0	0

The Inductor Trust

Unitholder	Inductor Trust units	Consideration Shares	Debt Repayment Shares	Milestone Shares
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Glen John Moora as trustee for The City Trust	35	11,494,336	0	18,750,000
Patrick Martin Joshua Connell as trustee for The April Trust	35	11,494,336	0	18,750,000
Russell John Francis as trustee for The RJF Family Trust	35	11,494,336	0	18,750,000
TOTAL	105	34,483,008	0	56,250,000

Entity	Consideration Shares	Milestone Shares
Subiaco Capital Pty Ltd (ACN 129 705 308) or its nominees	8,333,333	8,333,332
Bearnick Pty Ltd (ACN 087 592 354) as trustee for the DR Family Trust	4,166,667	4,166,668
TOTAL	12,500,000	12,500,000

Note: The Vendor Entities, under an existing facilitation agreement, are to issue 10% of the total consideration received by the Vendor Entities (12,500,000) to Subiaco Capital Pty Ltd (ACN 129 705 308) (or its nominees) and Bearnick Pty Ltd (ACN 087 592 354) as trustee for the DR Family Trust.

SCHEDULE 3 – TERMS AND CONDITIONS OF RELATED PARTY OPTIONS

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (j), the amount payable upon exercise of each Option will be \$0.06 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on 31 January 2018 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Quotation of Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

(j) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(l) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(m) **Unquoted**

The Company will not apply for quotation of the Options on ASX.

(n) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

SCHEDULE 4 – SUMMARY OF EMPLOYEE OPTION SCHEME

The key terms of the Employee Option Scheme are as follows:

- (a) **Eligibility:** Participants in the Scheme may be:
- (i) a Director (whether executive or non-executive) of the Company, its subsidiaries and any other related body corporate of the Company (**Group Company**);
 - (ii) a full or part time employee of any Group Company;
 - (iii) a casual employee or contractor of a Group Company to the extent permitted by ASIC Class Order 14/1000 (or any amendment to or replacement of that Class Order) (**Class Order**); or
 - (iv) a prospective participant, being a person to whom the offer is made but who can only accept the offer if an arrangement has been entered into that will result in the person becoming a Participant under clauses (a), (b) or (c) above,
- who is declared by the Board to be eligible to receive grants of Options under the Scheme (**Participants**).
- (b) **Administration of Plan:** The Board is responsible for the operation of the Scheme and has a broad discretion to determine which Participants will be offered Options under the Scheme.
- (c) **Offer:** The Board may issue an offer to a Participant to participate in the Scheme. The offer:
- (i) Set out the number of Options offered under the Scheme;
 - (ii) will specify the exercise price and expiry date of the Options;
 - (iii) will specify any exercise conditions and restriction periods applying to the Options;
 - (iv) will specify an acceptance period; and
 - (v) specify any other terms and conditions attaching to the Options.
- (d) **Issue price:** unless the Options are quoted on the ASX, Options issued under the Scheme will be issued for no more than nominal cash consideration.
- (e) **Exercise Conditions:** An Option may be made subject to exercise conditions as determined by the Board in its discretion and as specified in the offer for the Option.
- (f) **Restriction Periods:** a Share issued on exercise of an Option may be made subject to a restriction period as determined by the Board in with the Scheme and as specified in the Offer for the Option.
- (g) **Lapse of Options:** Subject to this Scheme, a Participant's unexercised Option will lapse immediately and all rights in respect of that Option will be lost if, in respect of the Option:

- (i) the relevant person ceases to be a Participant for any reason whatsoever (including without limitation resignation or termination for cause) and:
 - (A) any exercise conditions have not been met by the date the relevant person ceases to be a Participant (**Ceasing Date**); or
 - (B) where any exercise conditions have been met by the Ceasing Date or the Option is not subject to any exercise conditions, the Participant does not exercise the Option within a period of three (3) months after the Ceasing Date (or a further date as determined by the Board after the Ceasing Date);
 - (ii) any exercise conditions are unable to be met; or
 - (iii) the expiry date has passed,

whichever is earlier.
- (h) **Power of attorney:** Each Participant, in consideration of an offer, irrevocably appoints the Company and any person nominated from time to time by the Company (each an "attorney"), severally, as the Participant's attorney to complete and execute any documents including applications for Shares and Share transfers and to do all acts or things on behalf of and in the name of the Participant which may be convenient or necessary for the purpose of giving effect to the provisions of the Scheme.
- (i) **Scheme limit:** The Company must have reasonable grounds to believe, when making an offer, that the number of Shares to be received on exercise of Options offered under an offer, when aggregated with the number of Shares issued or that may be issued as a result of offers made in reliance on the Class Order at any time during the previous 3 year period under an employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the offer.
- (j) **Restriction on transfer:** Options will not be transferable except to the extent provided for by the Scheme or unless the Offer provides otherwise.
- (k) **Quotation on ASX:** Options will not be quoted on the ASX, except to the extent provided for by the Scheme or unless the Offer provides otherwise.
- (l) **Rights attaching to Shares:** Each Share issued on exercise of an Option will have the same terms and conditions as the Company's issued Shares (other than in respect of transfer restrictions imposed by the Scheme) and it will rank equally with all other issued Shares from the issue date except for entitlements which have a record date before the issue date.

PROXY FORM

INTERNATIONAL COAL LIMITED
ACN 149 197 651

GENERAL MEETING

I/We

of:

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name:

OR: ☐ the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 243 Hay Street, Subiaco, Western Australia 6008, on Thursday 3 September 2015 at 10am WST, and at any adjournment thereof.

AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolution 9 (except where I/we have indicated a different voting intention below) even though Resolution 9 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

The Chair intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

Voting on business of the Meeting		FOR	AGAINST	ABSTAIN
Resolution 1	Change to Nature and Scale of Activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Issue of Consideration Shares to Vendors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Issue of Debt Repayment Shares to Vendors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Issue of Milestone Shares to Vendors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Issue of Shares – Capital Raising	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Election of Director – Glen John Moora	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Election of Director – Patrick Martin Joshua Connell	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Election of Director – Russell John Francis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Election of Director – Leanne Graham	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10	Change of Company Name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11	Issue of Options to Director – Harry Karelis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 12	Issue of Options to Proposed Director – Leanne Graham	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 13	Issue of Shares to Related Party in Part Payment of Outstanding Fees – John Lester	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 14	Issue of Shares to Related Party in Part Payment of Outstanding Fees – Carianto Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 15	Issue of Shares to Related Party in Part Payment of Outstanding Fees – Hugh Dai	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 16	Adoption of Employee Option Scheme	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 17	Issue of Shares to Consultants	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 18	Ratification of Prior Issue	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Voting on business of the Meeting

Resolution 19 Ratification of Prior Issue

FOR**AGAINST****ABSTAIN**☐☐☐

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is: _____ %

Signature of Shareholder(s):**Individual or Shareholder 1**

Sole Director/Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Date:**Contact name:****Contact ph (daytime):****E-mail address:****Consent for contact by e-mail****in relation to this Proxy Form:**YES ☐ NO ☐

Instructions for completing Proxy Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
 - **(Individual):** Where the holding is in one name, the Shareholder must sign.
 - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
 - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
 - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (b) post to International Coal Limited, ANZ Bank Building, Level 15, 324 Queen Street, Brisbane QLD 4000; or
 - (c) facsimile to the Company on facsimile number +61 7 3228 4999; or
 - (d) email to the Company at piers@smallcapcorporate.com.au,

so that it is received not less than 48 hours prior to commencement of the Meeting.

Proxy Forms received later than this time will be invalid.