



---

**NEWLAND RESOURCES LTD**

**ACN 009 092 068**

---

**NOTICE OF GENERAL MEETING**

**A General Meeting of the Company will be held at Suite 3, Level 1, 127 Cambridge Street, West Leederville WA 6007 on Friday, 8 October 2010 at 10.00am (WST).**

---

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

***Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on (08) 6389 7407.***

---

# NEWLAND RESOURCES LTD

ACN 009 092 068

---

## NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of Shareholders of the Company will be held at Suite 3, Level 1, 127 Cambridge Street, West Leederville WA 6007 on Friday, 8 October 2010 at 10.00am (WST) (**Meeting**).

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

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Wednesday, 6 October 2010 at 5pm (WST).

Terms and abbreviations used in this Notice and the Explanatory Memorandum are defined in Section 7 of the Explanatory Memorandum.

## AGENDA

---

### 1. Resolution 1 – Approval of Acquisition of Coal Tenements

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

*“That for the purposes of and in accordance with:*

- (a) *Listing Rule 11.1 and for all other purposes, Shareholders approve the acquisition by the Company of the Coal Tenements in accordance with the Acquisition Agreement and the performance by the Company of its obligations under the Acquisition Agreement;*
- (b) *Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the prior issue by the Company of 56,000,000 Shares (**Tranche 1 Vendor Shares**) pursuant to the terms of the Acquisition Agreement;*
- (c) *Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 34,000,000 Shares (**Tranche 2 Vendor Shares**) and 65,000,000 Vendor Options (**Vendor Options**) pursuant to the terms of the Acquisition Agreement;*
- (d) *Listing Rule 7.1 and subject to Resolution 2 being passed, Shareholders approve and authorise the issue pursuant to the terms of the Acquisition Agreement of up to:*
  - (i) *25,000,000 A Class Performance Shares; and*
  - (ii) *5,000,000 B Class Performance Shares,*

*convertible into Shares upon the achievement of certain milestones (together the **Vendor Performance Shares**),*

*(together the **Vendor Securities**),*

*on the terms and conditions in the Explanatory Memorandum accompanying this Notice.*

### **Voting Exclusion**

The Company will disregard any votes cast on this resolution by a person (or any associate of such a person) who may participate in the issue of the Vendor Securities (or has participated in the case of the Tranche 1 Vendor Shares) and a person (or any associate of such 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.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the 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 – Approval of Performance Shares**

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

*"That, subject to Resolution 1, being passed, and for the purposes of Section 246B(1) of the Corporations Act and clause 32.5 of the Constitution of the Company and for all other purposes, the Company be authorised to create a new class of share on the terms and conditions in Schedule 4 and in the Explanatory Memorandum accompanying this Notice (**Performance Shares**)."*

---

## **3. Resolution 3 – Approval of Placement**

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

*"That in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 200,000,000 Shares (**Placement Shares**) each at an issue price of not less than 80% of the average market price of Shares for the last five days on which sales of the Shares were recorded before the day on which the issue will be made (**Placement**) for the purposes and on the terms and conditions in the Explanatory Memorandum accompanying this Notice."*

### **Voting Exclusion**

The Company will disregard any votes cast on this resolution by a person (or any associate of such a person) who may participate in the issue of the Placement Shares and a person (or any associate of such 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.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the 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 – Participation in Placement by Tim Sugden, Brett Mitchell and Christian West**

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

*"That, subject to Resolution 3 being passed, and in accordance with Listing Rule 10.11 and for all other purposes, Shareholders approve Tim Sugden, Brett Mitchell and Christian West and/or their associates to participate in the proposed issue of the Shares under the Placement up to 15,000,000 Placement Shares in total on the terms and conditions in the Explanatory Memorandum accompanying this Notice."*

##### **Voting Exclusion**

The Company will disregard any votes cast on this resolution by Tim Sugden, Brett Mitchell or Christian West, their nominees and their associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the 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 – Authority to Issue Argonaut Options**

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

*"That, subject to Resolutions 1 - 4 being passed, and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 10,000,000 Argonaut Options to Argonaut or its nominee on the terms and conditions in the Explanatory Memorandum accompanying this Notice."*

##### **Voting Exclusion**

The Company will disregard any votes cast on this resolution by a person (or any associate of such a person) who may participate in the issue of the Argonaut Options and a person (or any associate of such 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.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the 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 September 2010

**BY ORDER OF THE BOARD**



**LIZA CARPENE**  
**Company Secretary**

---

# NEWLAND RESOURCES LIMITED

ACN 009 092 068

---

## EXPLANATORY MEMORANDUM

---

### 1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders of the Company in connection with the business to be conducted at the Meeting.

This Explanatory Memorandum should be read in conjunction with, and forms part of, the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions in the Notice.

This Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

Section 2:	Action to be taken by Shareholders
Section 3:	Summary of Transaction
Section 4:	Resolution 1 – Approval of Acquisition of Coal Tenements
Section 5:	Resolution 2 – Approval of Performance Shares
Section 6:	Resolution 3 – Approval of Placement
Section 7:	Resolution 4 – Participation in Placement by Tim Sugden, Brett Mitchell and Christian West
Section 8:	Resolution 5 – Authority to Issue Argonaut Options
Section 9:	Definitions
Schedule 1:	Specific Risks in Relation to the Transaction
Schedule 2:	Terms and Conditions of Vendor Options
Schedule 3:	Terms and Conditions of Argonaut Options
Schedule 4:	Terms and Conditions of Performance Shares

A Proxy Form is attached to this Notice.

---

## 2. Action to be taken by Shareholders

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

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

---

## 3. Summary of the Transaction

The Company announced on 28 June 2010 that it had entered into a conditional agreement to acquire a 100% interest in six coal exploration tenements covering approximately 1,900 square kilometres in the world class Bowen Basin region of Central Queensland (**Coal Tenements**) from the Vendors (**Transaction**).

This Meeting has been called by the Board of the Company to seek the necessary approvals required as a result of that announcement.

### 3.1 Overview of the Transaction

The Coal Tenements are located in the Emerald – Blackwater - Rolleston region of the Bowen Basin with two key tenements situated amongst several existing coking and export thermal coal mining operations. These existing mining operations evidence the significant potential of the projects to be acquired pursuant to the Transaction which have easy access to existing rail and port infrastructure (see Figure 1 below).

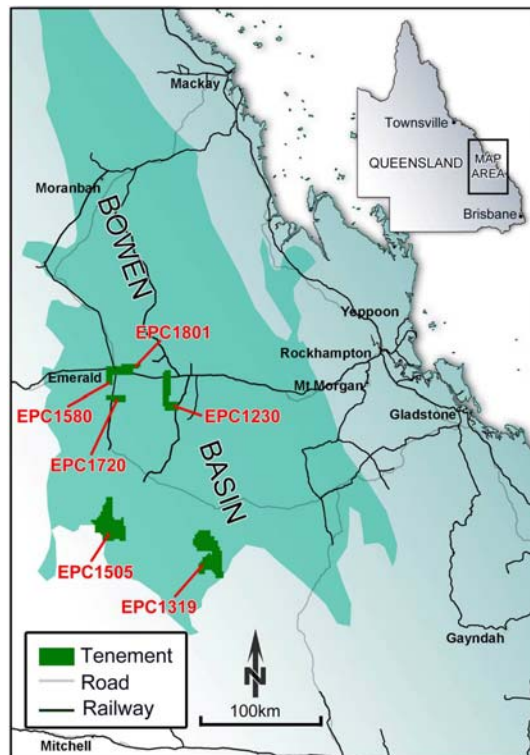


Figure 1: Location of Coal Tenements, coal rail network and coal export terminals

Following settlement of the Transaction, the Company will embark on an aggressive exploration program to identify significant JORC compliant coking and thermal coal resources accessible by surface and underground mining methods.

### 3.2 Coal Tenements

The Coal Tenements comprise of the following exploration permits and applications:

Exploration Permits (Coal) [EPCs]	Application for Exploration Permit (Coal) [EPCAs]
EPC 1230 (Comet) EPC 1580 (Emerald)	EPCA 1319 (Jack Creek) EPCA 1505 (Spring Creek) EPCA 1720 (Cullin La Ringo) EPCA 1801 (Emerald East)

### 3.3 Overview of the Coal Tenements

The Coal Tenements are located in the Bowen Basin coal province in Central Queensland that contains up to five principal coal-bearing stratigraphic sequences (Figure 2).

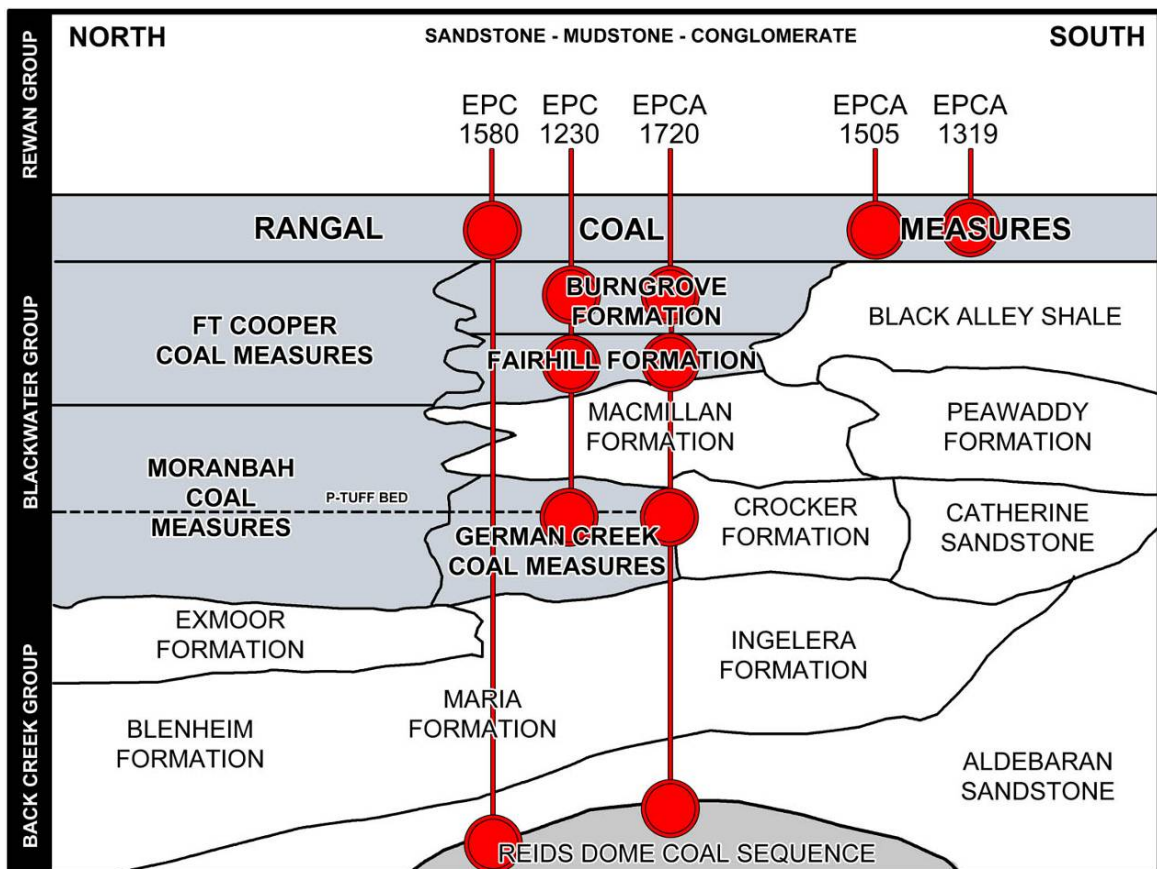


Figure 2. Simplified north-south section of Bowen Basin coal sequences showing target horizons on each tenement

The Coal Tenements are strategically located adjacent to existing coal deposits and mines, and are known to contain coal-bearing sequences with multiple seams at depths that range from surface to several hundred metres. The specific attributes of each tenement are shown in the table below:



	EPC 1230	EPCA 1319	EPCA 1505	EPC1580	EPCA 1720
Location	Comet	Jack Creek	Spring Creek	Emerald	Cullin La Ringo
Area (km <sup>2</sup> )	268.0	684.8	636.8	236.2	86.0
Target Sequences	Burngrove, Fair Hill, German Creek, Crocker-Reids Dome	Bandanna (Rangal)	Bandanna (Rangal), Reids Dome	Rangal, Burngrove, Fair Hill, German Creek, Reids Dome	Burngrove, Fair Hill, German Creek, Crocker-Reids Dome
Target Seams	9	4	3+	3	8
Coal Type	Coking & Thermal	Thermal	Thermal	Thermal	Coking & Thermal
Status	Granted	Application	Application	Granted	Application
Potential	Open Cut & Underground	Underground	Open Cut & Underground	Underground	Open Cut & Underground
Existing Infrastructure	Rail & Road traverse tenement	Roadtraverses tenement, 60km to Rolleston Line	30km to Rolleston line	Rail traverses the tenement	Rail traverses the tenement

(a) **EPC 1230 Comet**

EPC 1230 Comet consists of 86 sub-blocks, and was granted on 10 September 2008. The tenement covers a structural dome within the Comet Anticline interpreted to host coking and thermal coal measures in the Lower Permian Crocker-German Creek, Fair Hill and Burngrove coal sequences within the Bowen Basin (Figure 3). It is a high priority target with the potential for coal resources amenable to surface and underground mining similar to Aquila Resources Washpool Project, Stanmore Coal's McKenzie River Project and the adjacent Ensham, Jellinbah East, Blackwater and Curragh coal mines.

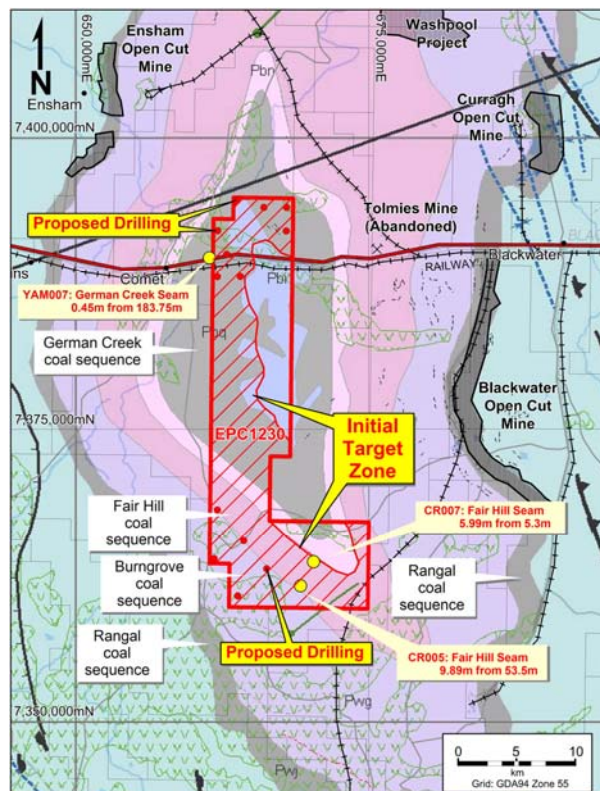


Figure 3: Location of EPC 1230 tenement and initial exploration target in relation to 2008 Queensland Government map of Bowen Basin surface solid geology and major infrastructure. Historical and proposed exploration drilling is shown.

Initial exploration will focus on the outcropping Burngrove and Fair Hill Formation coal sequences in the southern area of the tenement, where previous drilling by Ingwe Australia Pty Ltd (1996) intersected coal seams. The exploration target size is 200 million tonnes of coking and thermal coal.<sup>1</sup>

The secondary focus will be the Crocker-German Creek Coal Measures exposed at shallow depths across the central part of the tenement. Drilling within, and peripheral to, the northern half of the tenement indicates that the Crocker-German Creek Coal Measures has potential for discovery of economic coal seams.

The Blackwater rail system traverses the northern part of the tenement, potentially providing access to the coal export terminals at the Port of Gladstone.

(b) **EPC 1580 & EPCA 1801 Emerald**

EPC 1580 comprises 75 sub-blocks and was granted on 3 July 2009. An application for the easterly adjoining EPCA 1801, comprising 7 sub-blocks, was lodged on 1 July 2009.

Historical exploration results from approximately 53 line kilometres of seismic surveys and 3 cored holes drill on EPC 1580, indicate that the Rangal Coal Measures (Aries Seam) extend over the central and eastern portions of these tenements at shallow to moderate depths.

Seismic results indicate a major geological fault has uplifted the Reids Dome - Minerva Mine coal sequence on the western side of the area to shallow depths forming a substantial underground exploration target (Figure 4). The tenement is surrounded by existing mines (Ensham, Kestrel and Minerva) and coal deposits (Valeria, Cullin la Ringo). Existing rail lines traverse the tenements and the distance to the nearest port (Gladstone) is 340 kilometres.

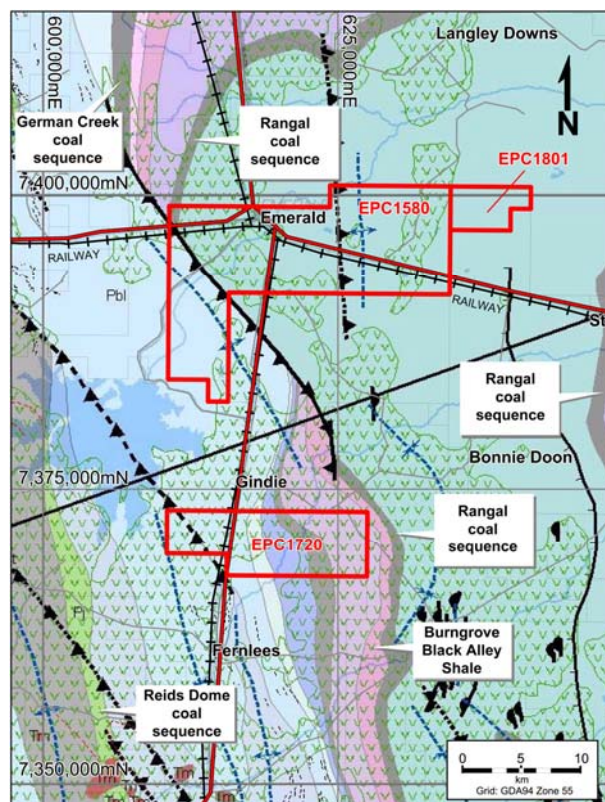


Figure 4: Location of EPC 1580, EPCA 1801 and EPCA 1720 tenements in relation to 2008 Queensland Government map of Bowen Basin showing surface solid geology and major infrastructure.

<sup>1</sup> The exploration target is conceptual in nature and there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a mineral resource under the JORC Code.

(c) **EPCA 1720 Cullin La Ringo**

EPCA 1720 comprises 27 sub-blocks overlying thermal coal targets in the Burngrove and Fair Hill Formations, Crocker-German Creek and Reids Dome sequences which host the Minerva and Cullin la Ringo coal deposits (Figures 3 and 4).

Historic coal exploration in the area comprising mapping, seismic and drilling indicates a number of shallow, easterly dipping coal sequences are present.

The Burngrove-Fair Hill Formation coal sequences appear to sub-crop over substantial areas of the tenement and form a significant exploration target.

A second significant exploration target exists where a deep thrust fault is interpreted to have uplifted the stratigraphically lower Reids Dome (Minerva) coal sequence across the west part of the tenement.

Up to eight seams of thermal coal may exist in the exploration tenement area with a coal quality inferred to be analogous to that of the Minerva Mine and Cullin la Ringo deposits. The Minerva Mine coal rail line traverses the tenement.

(d) **EPCA 1505 Spring Creek**

EPCA 1505 comprises 199 sub-blocks located some 35 kilometres south west of Xstrata's Rolleston Coal Mine. It is a future high priority exploration target.

The tenement is situated immediately south of MacArthur Coal's Freitag Creek (Buckland) Deposit, located on the Springsure Shelf, west of the Springsure Anticline (Figure 5). The Freitag Creek thermal coal seams occur within the Bandanna coal sequence and are interpreted to dip south directly into and across EPCA 1505.

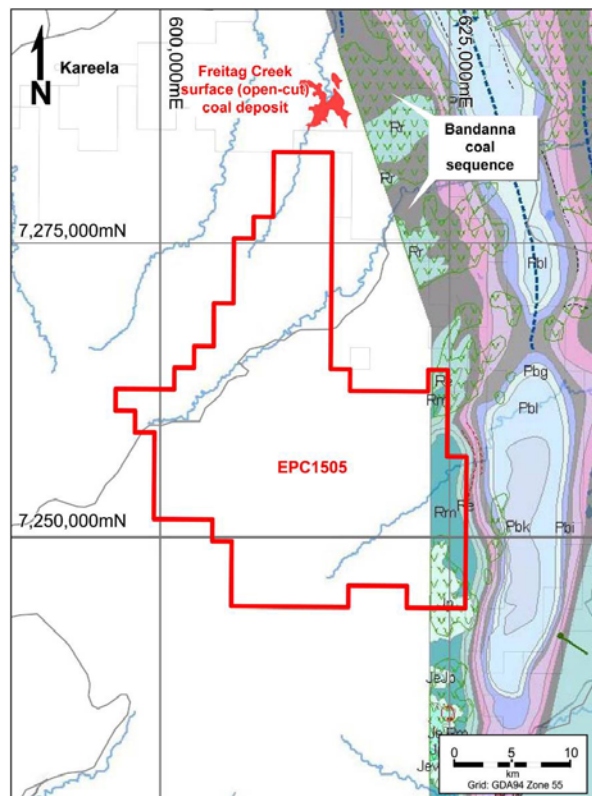


Figure 5: Location of EPCA 1505 tenement in relation to 2008 Queensland Government map of Bowen Basin surface solid geology and drainage. Regional exploration broadly shows the Bandanna coal sequence underlies the entire tenement area.

The principal exploration target is the flat-lying to gently dipping Late Permian Bandanna coal sequence west of the Springsure Anticline, along whose western flank is thought to be the surface expression of the Merivale Fault, traditionally regarded as the western edge of the Denison Trough and the Southern Bowen Basin.

Drilling at Freitag Creek has defined 4 seams (A, B, C, and D seams) with typically 7.5 metres of coal occurring over a 13.7 metre interval. The B, C and D seams approach near-coalescence in the east where the cumulative coal can be 10 metres over a 14 metre interval. Published coal quality information indicates the Freitag Creek deposit coal is similar to the Rolleston export thermal coal. A raw coal blend appears ideally suited to domestic power with a washed B, C, and D seam product suitable for export.

Parts of the tenement are covered by a veneer of Tertiary Basalt mesas underlain by the Triassic Rewan Formation and the Permian Bandanna coal sequence, which are expected to be closest to surface in heavily dissected valleys that traverse the tenement area.

EPCA 1505 is considered to have excellent potential for the discovery of large thermal coal resource which is ideally located approximately 30 kilometres from the existing Rolleston rail line.

(e) **EPCA 1319 Jack Creek**

EPCA 1319 comprises 214 sub-blocks located southeast of Rolleston Mine and is interpreted to overlie the Bandanna (Rangal) Coal Measures (Figure 6) with similar seam characteristics. A number of historic gas exploration wells in the area confirm the presence of the coal sequence across the tenement with a shallowest depth to target of approximately 900+ metres.

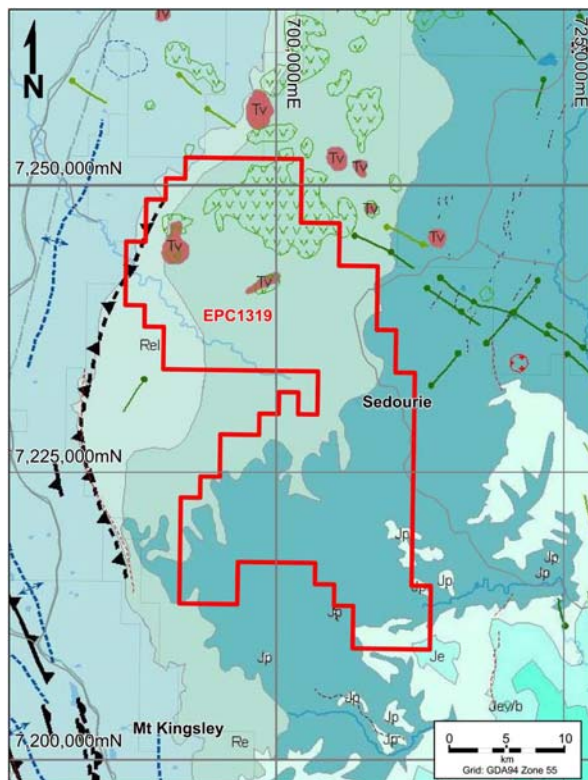


Figure 6: Location of EPCA 1319 tenement in relation to 2008 Queensland Government map of Bowen Basin surface solid geology and structure. The Bandanna coal sequence occurs at depth across the entire area.

### 3.4 Commercial Terms

The Company has entered into an acquisition agreement with the Vendor (**Acquisition Agreement**) to acquire a 100% interest in the Coal Tenements and the related mining information for consideration as follows:

- (a) A non refundable deposit (already paid) of:
  - (i) \$2.5 million cash; and
  - (ii) 56,000,000 fully paid ordinary shares in the Company (being the Tranche 1 Vendor Shares).
- (b) At Settlement:
  - (i) \$2.5 million cash;
  - (ii) 34,000,000 fully paid ordinary shares in the Company (being the Tranche 2 Vendor Shares);
  - (iii) 65,000,000 Vendor Options to acquire fully paid shares in the Company at an exercise price of \$0.05 per share and expiring on the date that is 59 months after 23 July 2010 (with the right of exercise being subject to certain milestone related vesting conditions);
- (c) 25,000,000 A Class Performance Shares (see Section 5 of the Explanatory Memorandum and Schedule 4 for terms and conditions); and
- (d) 5,000,000 B Class Performance Shares (see Section 5 of the Explanatory Memorandum and Schedule 4 for terms and conditions).

Resolution 1 seeks Shareholder approval for the:

- (a) ratification by Shareholders of the issue of the Tranche 1 Vendor Shares;
- (b) issue of the Tranche 2 Vendor Shares;
- (c) issue of the Vendor Options;
- (d) issue of the Vendor Performance Shares.

(refer to section 4 for further details).

The Tranche 1 Vendor Shares, Tranche 2 Vendor Shares and Vendor Options will be voluntarily escrowed for 12 months.

The sale and purchase of the Coal Tenements pursuant to the terms of the Acquisition Agreement is conditional upon and subject to a number of conditions. These conditions have either been satisfied or substantially satisfied, with the exception of the following conditions which remain outstanding at the date of this Notice:

- (i) Approval of the Transaction by Shareholders; and
- (ii) approval by any statutory regulatory authorities with respect to the Transaction.

There are normal commercial warranties associated with the Transaction.

The Vendors will have the right to appoint a director to the Board with effect from completion of the Transaction.

### **3.5 Risk Factors**

The Company has undertaken a due diligence process (including title, legal, technical and other risks) with respect to the Transaction. However it should be noted that the usual risks associated with start up companies undertaking exploration and development activities of large scale projects in the resources sector will remain at completion of the Transaction.

Further information regarding the risks associated with the Transaction are outlined in Schedule 1.

### **3.6 Geological Information**

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Dr Guy Le Blanc Smith, BSc, PhD who is a member of the Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the JORC Code. Dr Le Blanc Smith consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

---

## **4. Resolution 1 – Approval of Acquisition of Coal Tenements**

### **4.1 General**

Resolution 1 seeks:

- (a) Shareholder approval under chapter 11 of the Listing Rules to change the scale of its activities;
- (b) Shareholder approval under Listing Rule 7.1 to the issue of:
  - (i) the Tranche 2 Vendor Shares;
  - (ii) the Vendor Options; and
  - (iii) the Vendor Performance Shares; and
- (c) Shareholder ratification under Listing Rule 7.4 of the issue of the Tranche 1 Vendor Shares.

### **4.2 Chapter 11 Approval**

Chapter 11 of the Listing Rules requires Shareholder approval to approve any significant change in the nature or scale of a Company's activities. The acquisition of the Coal Tenements by the Company will have the effect of increasing the scale of the Company's activities.

Resolution 1 seeks Shareholder approval to allow the Company to purchase the Coal Tenements thereby increasing the scale of its activities (not its nature).

See section 3 of this Explanatory Memorandum for further information on the acquisition of the Coal Tenements and the likely effect that the Transaction will have on the Company.

A voting exclusion is included in the Notice.

### **4.3 Listing Rule 7.1 and 7.4**

Listing Rule 7.1 requires Shareholder approval for the issue of the Tranche 2 Vendor Shares, the Vendor Options and the Performance Shares. Listing Rule 7.1 provides that, subject to certain exceptions, Shareholder approval is required for any issue of securities by a listed company, where the securities proposed to be issued represent more than 15% of the Company's securities then on issue.

Given the Tranche 2 Vendor Shares, Vendor Options and Vendor Performance Shares to be issued under Resolution 1 will exceed the balance of the 15% threshold and none of the exceptions contained in Listing Rule 7.2 apply, Shareholder approval is required in accordance with Listing Rule 7.3.

The Tranche 1 Vendor Shares were issued within the 15% annual limit permitted under Listing Rule 7.1, without the need for Shareholder approval. Pursuant to Listing Rule 7.4, if the Shareholders ratify the issue of the Tranche 1 Vendor Shares, the effect will be to restore the Company's ability to issue further capital to the maximum 15% limit during the next 12 months.

Resolution 1 is an ordinary resolution.

#### **Specific Information Required by ASX Listing Rules 7.3 and 7.5**

For the purposes of Shareholder approval of the issue of the Vendor Securities, and the requirements of Listing Rules 7.3 and 7.5, information is provided as follows:

- (a) the maximum number of Vendor Securities the Company can issue under Resolution 1, or has issued are:
  - (i) 56,000,000 Tranche 1 Vendor Shares;
  - (ii) 34,000,000 Tranche 2 Vendor Shares;
  - (iii) 65,000,000 Vendor Options;
  - (iv) 25,000,000 A Class Performance Shares (see Schedule 4 for terms and conditions) which convert into 25,000,000 Shares upon the satisfaction of the A Class Milestone prior to 23 June 2014; and
  - (v) 5,000,000 B Class Performance Shares (see Schedule 4 for terms and conditions) which convert into up to 312,500,000 Shares upon the satisfaction of the B Class Milestone prior to 23 June 2014 (the maximum number of Shares in this paragraph assumes that the floor conversion price of \$0.016 is used to determine the number of Shares issued on satisfaction of the B Class Milestone. The Company expects that the Shares in the Company will be significantly more than the floor Share price as the satisfaction of the B Class Milestone will create significant Shareholder value. For example, if the Share price was \$0.10, 50,000,000 Shares would be issued on conversion of the B Class Performance Shares.

- (b) the Company will issue and allot the Vendor Securities (except the Tranche 1 Vendor Shares that have already been issued) no later than 3 months after the date of the Meeting (or such longer period of time as ASX may in its discretion allow);
- (c) the Vendor Securities will be issued (or have been issued in the case of the Tranche 1 Vendor Shares) to the Vendors, as part of the consideration for the Transaction and as such, no funds will be raised from the issue;
- (d) the terms of the Vendor Securities to be issued pursuant to Resolution 1 are as follows:
  - (i) the Tranche 1 and Tranche 2 Vendor Shares are fully paid ordinary shares and will rank equally in all respects with the Company's existing Shares on issue;
  - (ii) the Vendor Option are Options to acquire fully paid ordinary shares in the Company at an exercise price of \$0.05 each, expiring on the date that is 59 months after 23 July 2010 (being 23 June 2015). Further terms and conditions of the Vendor Options are in Schedule 2;
  - (iii) the A Class Performance Shares (see Schedule 4 for terms and conditions) convert into fully paid ordinary shares upon the satisfaction of the A Class Milestone prior to the date that is 47 months after 23 July 2010 (being 23 June 2014); and
  - (iv) the B Class Performance Shares (see Schedule 4 for terms and conditions) convert into fully paid ordinary shares upon the satisfaction of the B Class Milestone prior to the date that is 47 months after 23 July 2010 (being 23 June 2014).
- (e) the Vendor Securities (except the Tranche 1 Vendor Shares which have already been issued) will be allotted progressively and the conversion of the Vendor Performance Shares will occur progressively;
- (f) a voting exclusion statement is included in the Notice.

---

## 5. Resolution 2 – Approval of Performance Shares

The Company seeks Shareholder approval to create the Performance Shares as a new class of shares on the terms and conditions in Schedule 4.

The key terms are as follows:

### **Conversion**

Each A Class Performance Share converts into one Share upon the satisfaction, prior to the relevant expiry date, of the relevant milestone.

The total B Class Performance Shares convert upon the satisfaction, prior to the relevant expiry date, of the relevant milestone into the total number of Shares determined by dividing 5,000,000 by the greater of \$0.016 (being the floor conversion price) and the 10 day volume-weighted average price of the Company's shares on the ASX prior to the B Class Milestone being satisfied.



If prior to the relevant expiry date the relevant milestone is not satisfied, then the total number of the relevant class of Performance Shares will be converted into one Share.

### **Expiry Dates**

The relevant expiry date is the date that is 47 months after 23 July 2010 (being 23 June 2014).

### **Milestones**

The milestones for each class of Performance Shares are as follows:

- (d) The milestone for the A Class Performance Shares is the formal grant by the Queensland Department of Mines and Energy of at least two of EPA 1319, EPA 1505 and EPA 1720.
- (e) The milestone for the B Class Performance Shares is the Company successfully defining a JORC Code compliant Mineral Resource in excess of 200 million tonnes of coal with a minimum quality of specification equivalent to the quality of an exported coal from the Bowen Basin on the Coal Tenements (the JORC compliant resource and the confirmation that the coal is a minimum quality of specification equivalent to the quality of an exported coal from the Bowen Basin must be prepared or reviewed, confirmed and signed off by an independent consultant with appropriate experience as agreed by the Company and the holder of the B Class Performance Shares).

### **Shares to be issued upon satisfaction of the milestones**

- (a) Upon satisfaction of the A Class Milestone, each A Class Performance Share will convert into one Share.
- (b) Upon satisfaction of the B Class Milestone, the B Class Performance Shares will convert into the number of shares equal to \$5,000,000. The total number of shares will be determined by dividing 5,000,000 by the greater of \$0.016 (being the floor conversion price) and the 10 day volume-weighted average price of the Company's shares on the ASX prior to the B Class Milestone being satisfied.

### **Milestone not achieved by expiry date**

If a milestone for any class of Performance Shares is not satisfied by the relevant expiry date, then all of the Performance Shares in that class will be consolidated and convert into one Share.

Resolution 2 is a special resolution.

Under clause 32.5 of the Constitution and, subject to the Corporations Act, the ASX Listing Rules and the Constitution, the Directors may at any time issue such number of shares either as ordinary shares or shares of a named class or classes (being either an existing class or a new class) at the issue price that the Directors determine and with such preferred, deferred, or other special rights or such restrictions, whether with regard to dividend, voting, return of capital or otherwise, as the Directors shall, in their absolute discretion, determine.

Section 246C(5) of the Corporations Act provides that if a company has one class of share and seeks to issue a new class of share, such issue is taken to vary the rights attached to the shares already issued.

Under section 246B(1) of the Corporations Act, if a company has a constitution which sets out the procedure for varying or cancelling (in the case of a company with share capital) rights attached to shares in a class of shares, those rights may be varied or cancelled only in accordance with the procedure.

In accordance with clause 32.5 of the Constitution, if the Company issues different classes of shares, or divides issued shares into different classes, the rights attached to shares in any class may be varied or cancelled only:

- (a) with the written consent of the holders of 75% of the issued shares of the affected class; or
- (b) by special resolution passed at a separate meeting of the holders of the issued shares of the affected class.

Accordingly, the Company seeks approval from Shareholders for the issue of the Performance Shares as a new class of shares on the terms set out in Schedule 4 of this Explanatory Memorandum.

The Company is seeking approval in Resolution 1 from Shareholders to issue Vendor Performance Shares to the Vendors.

---

## **6. Resolution 3 – Approval of Placement**

### **6.1 General**

Resolution 3 seeks Shareholder approval pursuant to Listing Rule 7.1 for the allotment and issue of up to 200,000,000 Shares each at an issue price of not less than 80% of the average market price of Shares for the last five days on which sales of the Shares were recorded before the day on which the issue will be made.

Under the Placement, the Company proposes to raise approximately \$5,000,000 by the issue of up to 200,000,000 Shares. The Placement is being used to fund the Transaction, repay the Argonaut loan facility, and to provide for immediate exploration and working capital requirements.

Shareholder approval of the issue of the Placement Shares means that this issue will not reduce the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 3 is an ordinary resolution.

### **6.2 Specific information required by Listing Rule 7.3**

For the purposes of Listing Rule 7.3 information regarding the issue of the Placement Shares is provided as follows:

- (a) the maximum number of Shares the Company intends to issue under Resolution 3 is 200,000,000;
- (b) the Company will issue and allot the Placement Shares no later than 3 months after the date of the Meeting (or such longer period of time as ASX may in its discretion allow);
- (c) the Placement Shares will be issued at an issue price of not less than 80% of the average market price of Shares for the last five days on which sales of the Shares were recorded before the day on which the issue will be made;

- (d) the Placement Shares will be issued to sophisticated and professional investors who are not related parties of the Company and the Directors participating in accordance with Resolution 4;
- (e) the Shares to be issued are fully paid ordinary shares and will rank equally in all respects with the Company's existing Shares on issue;
- (f) the funds raised from the Placement will be used for to fund the Transaction, repay the Argonaut loan facility, and to provide for immediate exploration and working capital requirements;
- (g) the Placement Shares will be allotted progressively; and
- (h) a voting exclusion statement is included in the Notice.

---

## **7. Resolution 4 – Participation in Placement by Tim Sugden, Brett Mitchell and Christian West**

### **7.1 General**

Subject to Resolution 3 being passed, Tim Sugden, Brett Mitchell and Christian West and/or their associates, are seeking Shareholder approval to participate in the Placement the subject of Resolution 3 for up to a maximum of 15,000,000 Placement Shares in total an at an issue price of not less than 80% of the average market price of Shares for the last five days on which sales of the Shares were recorded before the day on which the issue will be made.

Subject to obtaining the approval of Shareholder, it is the intention of Tim Sugden, Brett Mitchell and Christian West and/or their associates to subscribe for up to 15,000,000 Shares (on the same terms and conditions as offered to other subscribers under the Placement).

Resolution 4 is an ordinary resolution. However, it will not take effect unless Resolution 3 is also passed.

### **7.2 Specific information required by Listing Rule 10.11**

For the purposes of Listing Rule 10.11 information regarding the participation in the Placement by Tim Sugden, Brett Mitchell and Christian West and/or their associates is provided as follows:

- (a) the number of Shares that Tim Sugden, Brett Mitchell and Christian West is seeking to obtain Shareholder approval to be issued with is a maximum of 15,000,000 Shares as follows
  - (i) Tim Sugden – 5,000,000 Shares;
  - (ii) Brett Mitchell - – 5,000,0000 Shares; and
  - (iii) Christian West – 5,000,000 Shares.
- (b) the Company will issue and allot the Shares to Tim Sugden, Brett Mitchell and Christian West no later than 1 month after the date of the Meeting (or such longer period of time as ASX may in its discretion allow);

- (c) the parties are Directors of the Company;
- (d) the Shares will be issued at not less than 80% of the average market price of Shares for the last five days on which sales of the Shares were recorded before the day on which the issue will be made per Share;
- (e) a voting exclusion statement is included in the Notice; and
- (f) funds raised will be used to part fund to fund the Transaction, repay the Argonaut loan facility, and to provide for immediate exploration and working capital requirements.

---

## **8. Resolution 5 – Authority to Issue Argonaut Options**

### **8.1 General**

Resolution 5 seeks Shareholder approval pursuant to Listing Rule 7.1 of the issue of a total of up to 10,000,000 Argonaut Options at Settlement to Argonaut or its nominee.

The Company announced on 28 June 2010 that Argonaut has been appointed as corporate advisor and financier to the Company in relation to the Transaction. In recognition of this role, Argonaut are entitled to subscribe for an allocation of the Argonaut Options as a success fee upon Settlement.

Shareholder approval of the issue of the Argonaut Options means that this issue will not reduce the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 5 will not take effect unless Resolutions 1-4 are also passed.

Resolution 5 is an ordinary resolution.

### **8.2 Specific information required by Listing Rule 7.3**

For the purposes of Listing Rule 7.3 information regarding the issue of the Argonaut Options is provided as follows:

- (a) the maximum number of Argonaut Options the Company intends to issue under Resolution 5 is up to 10,000,000 Options;
- (b) the Company will issue and allot the Argonaut Options no later than 3 months after the date of the Meeting (or such longer period of time as ASX may in its discretion allow);
- (c) the Argonaut Options will be issued to Argonaut (8,000,000 Options) and Argonaut's Nominee Michael Mulroney (2,000,000 Options) in consideration for corporate advisory and financing services in relation to the Transaction upon receipt of a subscription advice and will be issued at \$0.001 per Argonaut Option, raising up to \$10,000;
- (d) the Argonaut Options to be issued pursuant to Resolution 5 are Argonaut Options to acquire fully paid ordinary shares in the Company at an exercise price of \$0.05 each expiring four years from the date of Settlement. Further terms and conditions of the Argonaut Options are in Schedule 3;
- (e) the Argonaut Options will be allotted progressively; and
- (f) a voting exclusion statement is included in the Notice.

---

## 9. Definitions

In this Explanatory Memorandum and Notice:

**A Class Milestone** means the formal grant by the Department of Mines and Energy of at least 2 of EPCA 1319, EPCA 1505 and EPCA 1720.

**A Class Performance Share** means an A class performance share issued as part consideration for the Transaction on the terms and conditions in Schedule 4.

**Acquisition Agreement** has the meaning given in section 3.4 of the Explanatory Memorandum.

**Argonaut** means Argonaut Capital Limited ACN 099 761 547.

**Argonaut Options** means the Options to be issued to Argonaut in accordance with Resolution 5 and on the terms and conditions in Schedule 3.

**ASIC** means Australian Securities and Investments Commission.

**ASX** means ASX Limited ACN 009 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

**B Class Performance Share** means a B class performance share issued as part consideration for the Transaction on the terms and conditions in Schedule 4.

**B Class Milestone** means the Company successfully defining a JORC Code compliant Mineral Resource in excess of 200 million tonnes of coal with a minimum quality of specification equivalent to the quality of an exported coal from the Bowen Basin on the Coal Tenements (the JORC Code compliant Mineral Resource and the confirmation that the coal is a minimum quality of specification equivalent to the quality of an exported coal from the Bowen Basin must be prepared or reviewed, confirmed and signed off by an independent consultant with appropriate experience as agreed by the Company and the Vendors).

**Board** means the board of Directors.

**Coal Tenements** has the meaning given in Section 3 of the Explanatory Memorandum.

**Company** means Newland Resources Ltd ACN 009 092 068.

**Constitution** means the Constitution of the Company.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Director** means a director of the Company.

**Dollar** or **\$** means Australian dollar.

**EPC** means Exploration Permit (Coal).

**EPCA** means an Application for an Exploration Permit (Coal).

**Explanatory Memorandum** means the explanatory memorandum attached to the Notice.

**Listing Rules** means the listing rules of ASX.

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

**Mineral Resource** means an Inferred, Indicated or Measured Mineral Resource (or combination thereof) reported in accordance with the JORC Code.

**Notice** means this notice of meeting.

**Option** means an option to acquire fully paid shares in the Company.

**Performance Shares** means an A Class Performance Share or a B Class Performance Share issued on the terms and conditions in Schedule 4.

**Placement Shares** has the meaning given in Resolution 3.

**Placement** has the meaning given in Resolution 3.

**Proxy Form** means the proxy form attached to the Notice.

**Resolution** means a resolution contained in this Notice.

**Schedule** means a schedule to this Notice.

**Settlement** means the settlement of the Transaction in accordance with the Acquisition Agreement.

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

**Shareholder** means a shareholder of the Company.

**Tranche 1 Vendor Shares** has the meaning given in Resolution 1.

**Tranche 2 Vendor Shares** has the meaning given in Resolution 1.

**Transaction** has the meaning given in Section 3 of the Explanatory Memorandum.

**Vendors** mean the following:

- (a) QLD Coal Aust No. 1 Pty Ltd ACN 135 731 154;
- (b) Queensland Coking Coal Pty Ltd ACN 129 600 004;
- (c) WGC Aust Pty Ltd ACN 125 518 676; and
- (d) Queensland Coal Corporation Pty Ltd ACN 130 691 904.

**Vendor Options** means the Options to be issued to the Vendors in accordance with Resolution 1 and on the terms and conditions in Schedule 2.

**Vendor Performance Shares** has the meaning given in Resolution 1.

**Vendor Securities** has the meaning given in Resolution 1.

**WST** means Western Standard Time, being the time in Perth, Western Australia.

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

## Schedule 1 – Specific Risks in Relation to the Transaction

---

The following are some of the risk factors associated with the Transaction. This list should not be taken as exhaustive of the risks faced by the Company or by Shareholders if the Company completes the Transaction.

(a) **Changes in Coal Price**

Coal prices fluctuate and are affected by numerous industry factors including demand for coal, forward selling by producers, production cost levels in major producing regions and macroeconomic factors, e.g. inflation, interest rates, currency exchange rates and global and regional demand for, and supply of, coal. If the market price of coal sold by the Company were to fall below the costs of production and remain at such a level for any sustained period, the Company would experience losses and could have to curtail or suspend some or all of its proposed mining activities. However, the Company considers that the long term outlook for coal demand appears strong.

(b) **Exploration and Evaluation Risk**

The Coal Tenements are at various stages of exploration and Shareholders should understand that coal exploration and development are high risk undertakings. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

There can be no assurance that the Company's planned exploration and appraisal activities will be successful. However, the location of the Coal Tenements, in a world class coal province, mitigates the exploration risk.

(c) **Land Access**

Land access is critical for exploration and evaluation to succeed. Access to land for exploration purposes can be affected by land ownership, including private (freehold) land, pastoral lease and native title land or claims under the Native Title Act 1993 (Commonwealth).

While land access has not yet been obtained, negotiations with landowners and occupiers are well advanced. However, failure to obtain, or delays in obtaining, land access may have a significant effect on the Company.

(d) **Grant of Applications**

The Company's exploration and appraisal activities are dependent upon the grant of EPCAs 1319, 1505, 1720. While the Company is not aware of any reason why these applications will not be granted, the grant involves the exercise of administrative functions (including discretion), which are beyond the control of the Company. Any failure of these applications to be granted may have a material adverse effect on the ability of the Company to explore for minerals on the areas comprised in those applications. However if less than two of these applications are granted, the A Class Milestone will not be met and consequently the A Class Performance Shares will not convert into Shares.

(e) **Resource and Reserves Risk**

The future success of the Company will depend on its ability to find or acquire coal reserves that are economically recoverable. There can be no assurance that the Company's planned exploration activities will result in significant resources or reserves or that it will have success

mining coal. In addition, the Company will seek resources that are amenable to open cast mining or shallow underground development.

(f) **Financing**

The Company's ability to complete the Transaction is dependent on the Company's ability to raise sufficient funds. There can be no assurance that any such equity or debt funding will be available to the Company on favourable terms or at all.

If the Company is unable to raise the funds to pay the consideration required at Settlement as a result of a matter beyond the control of the Company, EPC 1580 will be transferred to the Company, but the Vendor will have the right to acquire it back within 12 months of transfer for the sum of \$2,000,000.

If the Company is unable to raise the funds to pay the consideration required at Settlement, and this is not the result of a matter beyond the control of the Company, the Company will forfeit the money already paid and shares already issued and will not have right to claim against the Vendor with respect to this payment.

If the Company raises additional funds through the issue of equity securities, this will dilute the existing shareholders.

(g) **Reliance on Key Personnel**

The Company currently has a limited number of executives and senior personnel and is in the process of actively pursuing additional personnel with appropriate experience in the exploration and development of coal assets. Its progress in pursuing its exploration and evaluation programs within the time frames and within the costs structure as currently envisaged could be dramatically influenced by the loss of existing key personnel or a failure to secure and retain additional key personnel as the Company's exploration program develops.

(h) **Environmental Risk and Regulation**

The Company's operations and projects are subject to State and Federal laws and regulation regarding environmental hazards. These laws and regulations set various standards regulating certain aspects of health and environmental quality and provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to remediate current and former facilities and locations where operations are or were conducted. Significant liability could be imposed on the Company for damages, clean up costs, or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of property acquired by the Company or its subsidiaries, or non compliance with environmental laws or regulations. The Company proposes to minimise these risks by conducting its activities in an environmentally responsible manner, in accordance with applicable laws and regulations and where possible, by carrying appropriate insurance coverage.

(i) **Carbon Pollution Reduction Scheme**

The Federal Government has been considering and is still in the process of considering, a carbon pollution reduction scheme. It is unclear what the Federal Government will implement. However, if a tax on carbon or some other form of scheme relating to carbon emission is introduced, this will have a negative effect on the business of the Company.



(j) **Transport and Port Capacity**

There is currently very high demand for rail and port services for coal export in Queensland, which is further constrained by limited capacity. If the Company were to rely upon existing infrastructure, in the event that the Company progresses to production, there is no guarantee that suitable capacity will be available to the Company if and when the Company requires such capacity on commercially acceptable terms. Any failure by the Company to secure appropriate capacity on available infrastructure should the Company progress to production could have a material adverse effect on the Company's business, financial condition and results of operations.

(k) **Mining Resource Rent Tax**

The Australian Government has announced that a new Mining Resource Rent Tax (MRRT) will be introduced on 1 July 2012 at a rate of 40 cents on profits made from the exploitation of Australia's non-renewable resources. The MRRT will apply to all existing and future resource projects.

The introduction of the MRRT may affect the viability and profitability of the Company's operations.

(l) **Shareholder Approval**

Settlement of the Transaction is conditional on the Company obtaining Shareholder approval pursuant to this Notice of Meeting. If Shareholders do not approve the Transaction, the Transaction will not proceed and time and expense incurred by the Company in relation to the Transaction may not be recuperated.

## Schedule 2 – Terms and Conditions of Vendor Options

---

The following terms and conditions apply to each of the Vendor Options:

1. The exercise price of each Vendor Option is \$0.05 (**Exercise Price**).
2. Subject to item 3 below, the Vendor Options are exercisable at any time on or before the date that is 59 months after 23 July 2010 (being 23 June 2015) (**Expiry Date**).
3. The Vendor Options will vest upon the earlier of:
  - (a) the Company successfully defining a JORC Code compliant Mineral Resource in excess of 500 million tonnes of coal with a minimum specification equivalent to the quality of an exported coal from the Bowen Basin on the Coal Tenements (the JORC Code compliant Mineral Resource and the confirmation that the coal is a minimum quality of specification equivalent to the quality of an exported coal from the Bowen Basin must be prepared or reviewed, confirmed and signed off by an independent consultant with appropriate experience as agreed by the Company and the Vendors); or
  - (b) the successful completion of one or more corporate transactions (including joint ventures) that derives or implies a valuation of at least \$150,000,000 for the Coal Tenements. For the avoidance of doubt, implying a value does not mean that the value of one Coal Tenement can be determined by taking the value from other Coal Tenements that have been the subject of a transaction.

In these terms and conditions, **Coal Tenements** means:

- (c) Exploration Permit (Coal) 1230 (Comet),
  - (d) Exploration Permit (Coal) 1580 (Emerald)
  - (e) Application for Exploration Permit (Coal) 319 (Jack Creek),
  - (f) Application for Exploration Permit (Coal) 1505 (Spring Creek),
  - (g) Application for Exploration Permit (Coal) 1720 (Cullin La Ringo),
  - (h) Application for Exploration Permit (Coal) 1801 (Emerald East).
4. Each Vendor Option exercised will entitle the holder to one fully paid ordinary Share in the capital of the Company.
  5. The notice attached to the certificate has to be completed when exercising the Vendor Options (**Notice of Exercise**).
  6. Options that have vested (if applicable) may be exercised by the holder completing and forwarding to the Company a Notice of Exercise and payment of the Exercise Price for each Vendor Option being exercised prior to the Expiry Date.
  7. Shares issued on the exercise of a Vendor Option will not be offered for sale by the holder unless:

- (m) the offer is made under circumstances that do not require disclosure to investors under Part 6D.2 of the Corporations Act; or
  - (a) one of the following occurs:
    - (i) the Company gives ASX a notice that complies with section 708A(5)(e) of the Corporations Act;
    - (ii) the Company lodges a prospectus with ASIC that qualifies the Shares for resale under section 708A(11) of the Corporations Act; or
    - (iii) expiry of 12 months after issue of the Shares.
- 8. Unless prohibited under the Corporations Act, in relation to each Share that is issued on the exercise of each Vendor Option, the Company will:
  - (n) give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; or
  - (o) lodge a prospectus with ASIC that qualifies the Shares for resale under section 708A(11) of the Corporations Act.
- 9. All Shares issued upon exercise of the Vendor Options will rank pari passu in all respects with the Company's then existing Shares.
- 10. Shares allotted and issued pursuant to the exercise of Vendor Options will be allotted and issued not more than 15 business days after the receipt of a properly executed Notice of Exercise and payment for the Exercise Price of each Vendor Option being exercised. The Company will apply for official quotation on ASX of Shares issued pursuant to the exercise of Vendor Options.
- 11. The holder of Vendor Options cannot participate in new issues of securities to holders of Shares unless the Vendor Options have been exercised and the Shares have been allotted and registered in respect of the Vendor Options before the record date for determining entitlements to the issue. The Company must give notice to the holder of the Vendor Options of any new issue before the record date for determining entitlements to the issue in accordance with the ASX Listing Rules. Vendor Options can only be exercised in accordance with these terms and conditions.
- 12. If the Company makes a pro rata bonus issue of Shares to holders of Shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Shares have been allotted and registered in respect of the exercise of Vendor Options before the record date for determining entitlements to the bonus issue, then the number of Shares or other securities for which the holder of the Vendor Options is entitled to subscribe on exercise of the Vendor Options is increased by the number of Shares or other securities that the holder of the Vendor Options would have received if the Vendor Options had been exercised before the record date for the bonus issue. No change will be made to the Exercise Price.
- 13. If the Company makes a pro rata issue of securities (except a bonus issue) to the holders of Shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the exercise price of a Vendor Option shall be reduced according to the following formula:

$$\text{New Exercise Price} = O - \frac{E [P - (S + D)]}{N + 1}$$

N+1

O = the old Exercise Price of the Vendor Option.

E = the number of underlying Shares into which one Vendor Option is exercisable.

P = average market price per Share weighted by reference to volume of the underlying Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.

S = the subscription price of a Share under the pro rata issue.

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

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

14. In the event of any reorganisation of the issued ordinary capital of the Company (including consolidation, subdivision, reduction or return) the number of Shares attaching to each Vendor Option or the Exercise Price of a Vendor Option or both will be reorganised in the manner as specified in the ASX Listing Rules at the time of the reorganisation.
15. Subject to paragraphs 12, 13 and 14, the Exercise Price and the number of Shares to be issued on the exercise of Vendor Options will not change in the event of a new issue of securities by the Company.
16. The Company will give notice to each holder of the Vendor Options of any adjustment to the number of Shares which the holder of the Vendor Options is entitled to subscribe for or be issued on exercise of an Vendor Option or the Exercise Price of an Vendor Option in accordance with the ASX Listing Rules at that time.
17. Vendor Options will be non-transferrable.
18. Application will not be made for the official quotation on ASX of the Vendor Options.

## Schedule 3 – Terms and Conditions of Argonaut Options

---

The following terms and conditions apply to each of the Argonaut Options:

1. The issue price (which is payable on grant) of each Argonaut Option is \$0.001.
2. The exercise price of each Argonaut Option is \$0.05 (**Exercise Price**).
3. The Argonaut Options are exercisable at any time on or before four years from the date of issue (**Expiry Date**).
4. The Argonaut Options will vest when issued.
5. Each Argonaut Option exercised will entitle the holder to one fully paid ordinary Share in the capital of the Company.
6. The notice attached to the certificate has to be completed when exercising the Argonaut Options (**Notice of Exercise**).
7. Options that have vested (if applicable) may be exercised by the holder completing and forwarding to the Company a Notice of Exercise and payment of the Exercise Price for each Argonaut Option being exercised prior to the Expiry Date.
8. Shares issued on the exercise of a Argonaut Option will not be offered for sale by the holder unless:
  - (p) the offer is made under circumstances that do not require disclosure to investors under Part 6D.2 of the Corporations Act; or
  - (b) one of the following occurs:
    - (i) the Company gives ASX a notice that complies with section 708A(5)(e) of the Corporations Act;
    - (ii) the Company lodges a prospectus with ASIC that qualifies the Shares for resale under section 708A(11) of the Corporations Act; or
    - (iii) expiry of 12 months after issue of the Shares.
9. Unless prohibited under the Corporations Act, in relation to each Share that is issued on the exercise of each Argonaut Option, the Company will:
  - (q) give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; or
  - (r) lodge a prospectus with ASIC that qualifies the Shares for resale under section 708A(11) of the Corporations Act.
10. All Shares issued upon exercise of the Argonaut Options will rank pari passu in all respects with the Company's then existing Shares.
11. Shares allotted and issued pursuant to the exercise of Argonaut Options will be allotted and issued not more than 15 business days after the receipt of a properly executed Notice of Exercise and payment for the Exercise Price of each Argonaut Option being exercised.

The Company will apply for official quotation on ASX of Shares issued pursuant to the exercise of Argonaut Options.

12. The holder of Argonaut Options cannot participate in new issues of securities to holders of Shares unless the Argonaut Options have been exercised and the Shares have been allotted and registered in respect of the Argonaut Options before the record date for determining entitlements to the issue. The Company must give notice to the holder of the Argonaut Options of any new issue before the record date for determining entitlements to the issue in accordance with the ASX Listing Rules. Argonaut Options can only be exercised in accordance with these terms and conditions.
13. If the Company makes a pro rata bonus issue of Shares to holders of Shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Shares have been allotted and registered in respect of the exercise of Argonaut Options before the record date for determining entitlements to the bonus issue, then the number of Shares or other securities for which the holder of the Argonaut Options is entitled to subscribe on exercise of the Argonaut Options is increased by the number of Shares or other securities that the holder of the Argonaut Options would have received if the Argonaut Options had been exercised before the record date for the bonus issue. No change will be made to the Exercise Price.
14. If the Company makes a pro rata issue of securities (except a bonus issue) to the holders of Shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the exercise price of a Argonaut Option shall be reduced according to the following formula:

$$\text{New Exercise Price} = O - \frac{E [P - (S + D)]}{N + 1}$$

O = the old Exercise Price of the Argonaut Option.

E = the number of underlying Shares into which one Argonaut Option is exercisable.

P = average market price per Share weighted by reference to volume of the underlying Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.

S = the subscription price of a Share under the pro rata issue.

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

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

15. In the event of any reorganisation of the issued ordinary capital of the Company (including consolidation, subdivision, reduction or return) the number of Shares attaching to each Argonaut Option or the Exercise Price of a Argonaut Option or both will be reorganised in the manner as specified in the ASX Listing Rules at the time of the reorganisation.
16. Subject to paragraphs 13, 14 and 15, the Exercise Price and the number of Shares to be issued on the exercise of Argonaut Options will not change in the event of a new issue of securities by the Company.

17. The Company will give notice to each holder of the Argonaut Options of any adjustment to the number of Shares which the holder of the Argonaut Options is entitled to subscribe for or be issued on exercise of an Argonaut Option or the Exercise Price of an Argonaut Option in accordance with the ASX Listing Rules at that time.
18. Subject to compliance with the Corporations Act, the Argonaut Options are transferrable.
19. Application will not be made for the official quotation on ASX of the Argonaut Options.

## Schedule 4 – Terms and Conditions of Performance Shares

---

### 1. Definitions

In these terms and conditions, unless the context otherwise requires:

**Acquisition Agreement** means the acquisition agreement dated 22 August 2010 under which the Company acquired the Coal Tenements.

**ASX** means ASX Limited ABN 98 009 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

**A Class Milestone** means the formal grant by the Queensland Department of Mines and Energy of at least two of EPA 1319, EPA 1505 and EPA 1720.

**A Class Performance Share** means an A Class Performance Share issued as part consideration under the Acquisition Agreement.

**B Class Milestone** means the Company successfully defining a JORC Code compliant Mineral Resource in excess of 200 million tonnes of coal with a minimum quality of specification equivalent to the quality of an exported coal from the Bowen Basin on the Coal Tenements (the JORC compliant resource and the confirmation that the coal is a minimum quality of specification equivalent to the quality of an exported coal from the Bowen Basin must be prepared or reviewed, confirmed and signed off by an independent consultant with appropriate experience as agreed by the Company and the Performance Shareholder).

**B Class Performance Share** means a B Class Performance Share issued as part consideration under the Acquisition Agreement.

**Coal Tenements** means:

- (a) EPC 1230 (Comet),
- (b) EPC 1580 (Emerald)
- (c) EPCA 1319 (Jack Creek),
- (d) EPCA 1505 (Spring Creek),
- (e) EPCA 1720 (Cullin La Ringo),
- (f) EPCA 1801 (Emerald East).

**Company** means Newland Resources Ltd ACN 009 092 068.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** mean the directors from time to time of the Company.

**EPC** means Exploration Permit (Coal).

**EPCA** means an Application for an Exploration Permit (Coal).

**Expiry Date** means the date that is 47 months after 23 July 2010 (being 23 June 2014).



**JORC Code** means the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves as amended from time to time.

**Listing Rules** means the official listing rules of ASX, as amended, added to or replaced from time to time.

**Mineral Resource** means an inferred, indicated or measured mineral resource (or combination thereof) reported in accordance with the JORC Code.

**Performance Share** means an A Class Performance Share or a B Class Performance Share.

**Performance Shareholder** means the holder of a Performance Share.

**Price Per Share** means the greater of \$0.016 per Share and the 10 day VWAP of the Company's Shares on the ASX immediately prior to the B Class Milestone being satisfied.

**Section 606(1)** means section 606(1) of the Corporations Act.

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

**Shareholder** means a holder of Shares.

**VWAP** means the volume-weighted average price.

## 2. **Dividend**

Performance Shareholders are not entitled to a dividend.

## 3. **Conversion**

### (a) Conversion

The Performance Shares will convert into Shares in accordance with this clause 3.

### (b) Conversion of A Class Performance Shares

Subject to clause 3(e), each A Class Performance Share will convert into one Share upon the satisfaction, prior to the Expiry Date, of the A Class Milestone.

### (c) Conversion of B Class Performance Shares

Upon the satisfaction, prior to the Expiry Date, of the B Class Milestone and subject to clause 3(e), the B Class Performance Shares will convert into the number of Shares equal to \$5,000,000. The total number of shares will be determined by dividing 5,000,000 by the Price Per Share.

### (d) Conversion after Expiry Date

If the A Class Milestone is not met by 5.00pm (Perth time) on the Expiry Date the Company will, as soon as reasonably practical and in any event no later than 90 days after the Expiry Date, convert the total number of A Class Performance Shares on issue into one Share.

If the B Class Milestone is not met by 5.00pm (Perth time) on the Expiry Date the Company will, as soon as reasonably practical and in any event no later than 90

days after the Expiry Date, convert the total number of B Class Performance Shares on issue into one Share.

(e) Takeover Provisions

If the conversion of Performance Shares (or part thereof) under clauses 3(b) - 3(d) would result in any person being in contravention of Section 606(1) then the conversion of each Performance Share that would cause the contravention shall be deferred until such time or times thereafter that the conversion would not result in a contravention of Section 606(1).

The Performance Shareholders shall give notification to the Company in writing if they consider that the conversion of Performance Shares (or part thereof) under clauses 3(b) - 3(d) may result in the contravention of Section 606(1) failing which the Company shall assume that the conversion of Performance Shares (or part thereof) under clauses 3(b) - 3(d) will not result in any person being in contravention of Section 606(1).

The Company will (but is not obliged to) by written notice request the Performance Shareholders to give notification to the Company in writing within seven (7) days if they consider that the conversion of Performance Shares (or part thereof) under clauses 3(b) - 3(d) may result in the contravention of Section 606(1). If the Performance Shareholders do not give notification to the Company within seven (7) days that they consider the conversion of Performance Shares (or part thereof) under clauses 3(b) - 3(d) may result in the contravention of Section 606(1) then the Company shall assume that the conversion of Performance Shares (or part thereof) under clauses 3(b) - 3(d) will not result in any person being in contravention of Section 606(1).

(f) After Conversion

The Shares issued on conversion of any Performance Share will as and from 5.00pm (WST) on the date of allotment rank equally with and confer rights identical with all other Shares then on issue and application will be made by the Company to ASX for official quotation of the Shares upon the date of conversion. Shares issued on conversion of the Performance Shares must be free from all encumbrances, securities and third party interests. The Company must ensure that Shares issued on conversion of the Performance Shares are freely tradeable, without being subject to on-sale restrictions under section 707 of the Corporations Act, on and from their date of issue.

**4. Issue of Shares for No Consideration**

The Company shall allot and issue Shares immediately upon conversion of the Performance Shares for no consideration and shall record the allotment and issue in the manner required by the Corporations Act.

**5. Reconstruction**

In the event of any reconstruction, consolidation or division into (respectively) a lesser or greater number of securities of the Shares, the Performance Shares shall be reconstructed, consolidated or divided in the same proportion as the Shares are reconstructed, consolidated or divided and, in any event, in a manner which will not result in any additional benefits being conferred on the Performance Shareholders which are not conferred on the Shareholders.

**6. Winding Up**

If the Company is wound up prior to conversion of all of the Performance Shares into Shares then the Performance Shareholders will have no right to participate in surplus assets or profits of the Company on winding up.

7. **Non-transferable**

The Performance Shares are not transferable.

8. **Copies of Notices and Reports**

The Performance Shareholders (in that capacity) shall have no right to receive notices, reports and audited accounts and to attend general meetings of the Company.

9. **Voting Rights**

The Performance Shareholders shall have no right to vote, subject to the Corporations Act.

10. **Participation in new issues**

There are no participation rights or entitlements inherent in the Performance Shares and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Performance Shares.

11. **Quotation**

The Performance Shares are unquoted. No application for quotation of the Performance Shares will be made by the Company

# NEWLAND RESOURCES LTD

**ACN 009 092 068**

---

## PROXY FORM

The Company Secretary  
Newland Resources Ltd

**By delivery:**  
Suite 3, Level 1  
127 Cambridge Street  
WEST LEEDERVILLE WA 6007

**By post:**  
PO Box 1444  
WEST LEEDERVILLE WA 6901

**By facsimile:**  
+61 8 9463 7812

I/We <sup>1</sup> \_\_\_\_\_  
of \_\_\_\_\_  
being a Shareholder/Shareholders of the Company and entitled to \_\_\_\_\_  
votes in the Company, hereby appoint <sup>2</sup> \_\_\_\_\_

or failing such appointment the Chairman of the general meeting as my/our proxy to vote for me/us on my/our behalf at the general meeting of the Company to be held at 10.00am on Friday, 8 October 2010 at 10.00am (WST) at Suite 3, Level 1, 127 Cambridge Street, West Leederville WA 6007 and at any adjournment thereof in the manner indicated below or, in the absence of indication, as he thinks fit. If 2 proxies are appointed, the proportion or number of votes that this proxy is authorised to exercise is \* [ ]% of the Shareholder's votes\*/ [ ] of the Shareholder's votes. (An additional Proxy Form will be supplied by the Company, on request).

**Instructions as to Voting on Resolutions**

**Important:**

The Chairman of the meeting intends to vote undirected proxies in favour of all of the Resolutions.

The proxy is to vote for or against the Resolutions referred to in the Notice as follows:

		<b>For</b>	<b>Against</b>	<b>Abstain</b>
Resolution 1	Approval of Acquisition of Coal Tenements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Approval of Performance Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval of Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Participation in Placement by Tim Sugden, Brett Mitchell and Christian West	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Authority to Issue Argonaut Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Authorised signature/s** This section **must** be signed in accordance with the instructions overleaf to enable your voting instructions to be implemented.

Individual or Shareholder 1 <div style="border: 1px solid black; height: 20px; width: 100%; margin-bottom: 5px;"></div> Sole Director and Sole Company Secretary	Shareholder 2 <div style="border: 1px solid black; height: 20px; width: 100%; margin-bottom: 5px;"></div> Director	Shareholder 3 <div style="border: 1px solid black; height: 20px; width: 100%; margin-bottom: 5px;"></div> Director/Company Secretary
---	---	---

Contact Name	Contact Daytime Telephone	Date
--------------	---------------------------	------

---

<sup>1</sup>Insert name and address of Shareholder      <sup>2</sup>Insert name and address of proxy      \*Omit if not applicable

**Proxy Notes:**

A Shareholder entitled to attend and vote at the general meeting may appoint a natural person as the Shareholder's proxy to attend and vote for the Shareholder at that general meeting. If the Shareholder is entitled to cast 2 or more votes at the general meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at that general meeting, the representative of the body corporate to attend the general meeting must produce the Certificate of Appointment of Representative prior to admission. A form of the certificate may be obtained from the Company's share registry.

You must sign this form as follows in the spaces provided:

Joint Holding: where the holding is in more than one name all of the holders must sign.

Power of Attorney: if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.

Companies: a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the general meeting the appropriate 'Certificate of Appointment of Representative' should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received by facsimile transmission at the Perth office of the Company (Suite 3, Level 1, 127 Cambridge Street, West Leederville WA 6007) if faxed from within Australia or +618 9463 7812 if faxed from outside Australia) not less than 48 hours prior to the time of commencement of the Meeting (WST).