

Notice of Annual General Meeting and Explanatory Memorandum

MetroCoal Limited ACN 117 763 443

Date of Meeting: Friday, 29 November 2013

Time of Meeting: 11:30am (Brisbane time)

Place of Meeting: BDO

Level 10, 12 Creek Street

Brisbane

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of shareholders of **MetroCoal Limited ACN 117 763 443 (MetroCoal or Company)** will be held at the offices of BDO, Level 10, 12 Creek Street, Brisbane on Friday 29 November 2013, commencing at 11:30am (Brisbane time).

Terms used in this Notice of Meeting are defined in Section 8 of the accompanying Explanatory Memorandum.

The Explanatory Statement and the Proxy Form accompanying this Notice of Meeting are incorporated in and comprise part of this Notice of Meeting.

Agenda

The agenda for the meeting is as follows:

1. Opening of meeting
2. Consideration and discussion of Audited Financial Statements for the year ended 30 June 2013.
3. Consideration of adoption of the Remuneration Report for the year ended 30 June 2013 (see **Resolution 1**)—*advisory resolution*.
4. Re-election of Mr Andrew Gillies as a Director (see **Resolution 2**).
5. Re-election of Mr Lindsay Ward as a Director (see **Resolution 3**).
6. Approval of issued share capital consolidation (see **Resolution 4**).
7. Approval for the Company to issue an additional 10% of the issued capital of the Company over a 12 month period pursuant to Listing Rule 7.1A (see **Resolution 5**) – *special resolution*.
8. Approval of issue of options (**Resolution 6**)
9. Other business.
10. Close of meeting.

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Ordinary business

1. Financial Report

To receive and consider the audited Annual Financial Statements for the Company (**Financial Statements**) for the financial year ended 30 June 2013.

The Financial Statements are being circulated to Shareholders who have elected to receive a paper copy of the Company's reports in the attached Annual Report. Shareholders who have given the Company an election to receive an electronic copy of the Company's reports and Shareholders from whom the Company has not received an election as to how they wish to receive the Company's reports can directly access the Financial Statements on the Company's website at www.metrocoal.com.au and by selecting the link titled "Investors >Financial Reports", which was released to the ASX on 12 September 2013.

2. Resolution 1: Remuneration Report

To consider and, if thought fit, pass the following advisory resolution:

"That the Company be authorised to adopt the Remuneration Report for the year ended 30 June 2013".

Advisory Vote

The vote on this Resolution 1 is advisory only and does not bind the Directors of the Company.

Voting Restriction pursuant to Section 250R(4) of the Corporations Act

A vote on Resolution 1 must not be cast (in any capacity) by or on behalf of either of the following persons:

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

However, the above persons may cast a vote on Resolution 1 as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
- (b) the voter is the Chair and the appointment of the chair as proxy:
 - (i) does not specify the way the proxy is to vote on the resolution; and
 - (ii) expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

3. Resolution 2: Re-election of Andrew Gillies as a Director

To consider and, if thought fit, pass the following resolution, as an Ordinary Resolution of the Company:

"That, in accordance with Listing Rule 14.4 and Article 38.1(c) of the Constitution, Mr Andrew Gillies, having retired by rotation and being eligible offers himself for re-election, be appointed as a Director of the Company."

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4. **Resolution 3: Re-election of Mr Lindsay Wardas a Director**

To consider and, if thought fit, pass the following resolution, as an Ordinary Resolution of the Company:

“That, in accordance with Listing Rule 14.4 and Article 38.1(c) of the Company’s Constitution, Mr Lindsay Ward, having retired by rotation and being eligible offers himself for re-election, be appointed as a Director of the Company.”

Special Business

5. **Resolution 4: Consolidation of Issued Share Capital**

To consider and, if thought fit, pass the following resolution, as an Ordinary Resolution of the Company:

*“That subject to implementation of the Scheme, in accordance with Section 254H of the Corporations Act, Chapter 7 of the Listing Rules and for all other purposes, the Company be authorised to undertake a consolidation of its issued capital on a 1 to 10 basis where the total number of Shares in the Company shall be reduced by a factor of 10 (subject to rounding), and the Options on issue be adjusted in accordance with the Listing Rules, with any fractional entitlements being rounded up to the nearest whole number, with effect from the date specified in the timetable in the Explanatory Memorandum subject to and otherwise upon the terms and conditions in the Explanatory Memorandum (**Capital Consolidation**)”.*

6. **Resolution 5: Approval for the Company to issue an additional 10% of the issued capital of the Company over a 12 month period pursuant to Listing Rule 7.1A**

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

*“That, pursuant to and in accordance with Listing Rule 7.1A, and for all other purposes, the Shareholders approve the issue of securities of up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2, over a 12 month period from the date of this Annual General Meeting, at a price not less than that determined pursuant to Listing Rule 7.1A.3 and otherwise on the terms and conditions in the Explanatory Memorandum (**10% Securities**).”*

Voting Exclusion Statement

The Company will disregard any votes cast on this Special Resolution by a person and any associates of a person who:

- (a) may participate in the issue of the 10% Securities; or
- (b) might obtain a benefit if this Special Resolution is passed, except a benefit solely in their capacity as a holder of Shares if the resolution is passed.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions in 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 the direction on the proxy form to vote as the proxy decides.

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7. **Resolution 6: Approval of issue of options**

To consider and, if thought fit, pass the following resolution, as an Ordinary Resolution of the Company:

“That, subject to and conditional upon implementation of the Scheme, in accordance with Listing Rule 7.1 and for all other purposes, the Company be authorised to issue approximately 16,323,660 options over unissued Shares to Resource Capital Fund IV IP (RCF) in accordance with the Merger Implementation Agreement.”

Voting Exclusion Statement

In accordance with Listing Rule 14.11, the Company will disregard any votes cast on this Resolution by:

- (a) RCF; and
- (b) Any associate of RCF.

However, the Company need not disregard a vote if:

- (a) It is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions in 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 the direction on the proxy form to vote as the proxy decides.

General business

To consider any other business as may be lawfully put forward in accordance with the Constitution.

By order of the board



Theo Psaros
Company Secretary

30 October 2013

Explanatory Memorandum

1. Introduction

The following information is provided to Shareholders of MetroCoal Limited ACN 117 763 443 (**MetroCoal** or **Company**) in connection with the business to be considered at the Annual General Meeting of Shareholders to be held at the offices of BDO, Level 10, 12 Creek Street, Brisbane on Friday 29 November 2013, commencing at 11:30am(Brisbane time).

The Notice of Meeting, which is also enclosed, sets out details of proposals concerning the five (5) Resolutions to be put to Shareholders.

The Directors recommend shareholders read the accompanying Notice of Meeting and this Explanatory Memorandum in full before making any decision in relation to the resolutions.

Terms used in this Explanatory Memorandum are defined in Section 8.

2. Resolution 1: Adoption of Remuneration Report

The Board has submitted its Remuneration Report to Shareholders for consideration and adoption by way of a non-binding Advisory Resolution.

The Remuneration Report is set out in the Directors' Report section of the Annual Report.

The Report:

- explains the Board's policy for determining the nature and amount of remuneration of executive directors and senior executives of the Company;
- explains the relationship between the Board's remuneration policy and the Company's performance;
- sets out remuneration details for each Director and the most highly remunerated senior executive of the Company; and
- details and explains any performance conditions applicable to the remuneration of executive directors and senior executives of the Company.

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

The Board unanimously recommends that Shareholders vote in favour of adopting the Remuneration Report. A vote on this Resolution 1 is advisory only and does not bind the Directors of the Company.

ORDINARY BUSINESS

3. Resolution 2 and 3: Re-election of Directors retiring by rotation

Article 38.1(c) of the Company's Constitution and Listing Rule 14.4 require that at each AGM, one-third of the Directors in office (excluding directors appointed to fill casual vacancies or a Managing Director) must stand for re-election, with Directors required to retire being those longest in office since their election or last re-election.

3.1 Resolution 2: Re-election of Mr Andrew Gillies as a Director

Mr Gillies retires in accordance with the Company's Constitution and Listing Rule 14.4 and, being eligible, offers himself for re-election as a Director.

Mr Gillies was initially appointed as a director of the Company on 6 January 2006.

Mr Gillies is a founding director of MetroCoal Limited. He has been instrumental in the selection and acquisition of all the mineral assets now held by the Metallica group, Cape Alumina Limited and MetroCoal Limited. Mr Gillies' key strength is mineral resource management and strategic planning

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specialising in project generation, selection and acquisition. He has acquired a considerable database and significant knowledge of mineral deposits in Queensland.

Since 1985 he has worked continuously as a geologist in the mining and exploration industry, accruing over 27 years' experience across a range of commodities. Over the last 27 years he gained valuable experience in the exploration, feasibility, development, open pit and underground mining of mineral deposits.

The Directors (with Mr Gillies abstaining) recommend that you vote in favour of this Ordinary Resolution.

3.2 Resolution 3: Re-election of Mr Lindsay Ward as a Director

Mr Ward retires in accordance with the Company's Constitution and Listing Rule 14.4 and, being eligible, offers himself for re-election as a Director.

Mr Ward was appointed as a director (and independent non-executive director) of the Company on 4 October 2011.

Mr Lindsay Ward is an experienced senior executive having worked in a broad range of industries including ports, mining, mineral processing, rail haulage, electricity generation, transport and logistics at both General Manager and CEO level. Mr Ward is currently Managing Director of Dart Mining NL (ASX-DTM), a Victorian based molybdenum-copper-silver explorer. Prior to joining Dart Mining, Mr Ward was General Manager – Patrick Ports and Pacific National Bulk Rail, a business unit of Asciano Ltd. As an integral part of this role, Lindsay was also the CEO of the Port of Geelong. Before joining Patrick, Lindsay was General Manager Production – Yallourn Energy, a Victorian based integrated mine and power generator.

Mr Ward started his career in the Mining Industry, spending 15 years working with various mining companies in WA, Queensland, NSW and Victoria in roles ranging from Mining Engineer through to Mine Manager and he has gained experience in gold and base metals exploration.

The Directors (with Mr Ward abstaining) recommend that you vote in favour of this Ordinary Resolution.

SPECIAL BUSINESS

4. Resolution 4: Approval for consolidation of the Company's issued share capital

4.1 Introduction

The Company announced on 25 September 2013 that it is proposing to merge with Cape Alumina Limited ACN 107 817 694 (**CBX**) via a scheme of arrangement (**Scheme** or **Proposed Transaction**). A merger implementation agreement (**MIA**) in relation to the implementation of the Scheme and transactions arising in relation to the Scheme was signed by MTE and CBX on 24 September 2013.

Subject to and following implementation of the Scheme, the Company proposes to consolidate its issued share capital on a 10:1 basis (**Capital Consolidation**). This is to be effected through the conversion of every ten Shares in the Company into one Share in the Company. Similarly, the number of Options on issue are to be consolidated on the basis of ten Options into one Option and the exercise price of such Options will increase according to the consolidation ratio.

Article 19.1(b) of the Company's Constitution permits it to consolidate its issued share capital. Section 254H of the Corporations Act enables a company to convert all or any of its securities into smaller number of securities by a resolution passed by Shareholders at a general meeting. Chapter 7 of the Listing Rules contains certain requirements that a company must comply with where it seeks to reorganise its issued share capital.

Accordingly, the Company is seeking Shareholder approval for the proposed Capital Consolidation under section 254H of the Corporations Act and in accordance with Article 19.1(b) of the Company's Constitution and Chapter 7 of the Listing Rules (in particular Listing Rules 7.20, 7.22, 7.40 and Appendix 7A).

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4.2 Timetable for consolidation

If Resolution 4 is passed, the Capital Consolidation will take effect, subject to and conditional upon the Scheme being implemented, 28 days after the implementation date of the Scheme (**Scheme Implementation Date**) and otherwise in accordance with the following timetable (based on the timetable and timeframes prescribed by Appendix 7A in the Listing Rules).

The Company currently anticipates that the Scheme Implementation Date will be **31 December 2013**. However, this date may change in accordance with the MIA. The Capital Consolidation timetable (as set out below) will change in line with any change to the Scheme Implementation Date, and will be adjusted in accordance with the ASX prescribed timeframes in the manner set out in the table below.

Table 1

Event	ASX Listing Rule Appendix 7A timeframe (Relative to DAY 0)	Anticipated Date*
Company announces Capital Consolidation and despatches Notice of AGM	Before Day 0	30 October 2013
Company notifies ASX that Shareholder have approved the Capital Consolidation		29 November 2013
Scheme Implementation Date		31 December 2013
DAY 0		16 January 2014
Last day for trading in pre-Capital Consolidation securities	+1 Business Day	17 January 2014
Trading of post-Capital Consolidation securities on a deferred settlement basis starts	+2 Business Days	20 January 2014
Last day to register transfers on a pre-capital consolidation basis	+6 Business Days (4 Business Days after trading in the post-Capital Consolidation securities on a deferred settlement basis)	24 January 2014
First day to register transfers on a post-capital consolidation basis and first day to issue holding statements.	+7 Business Days (5 Business Days after trading in the post-Capital Consolidation securities on a deferred settlement basis)	28 January 2014
Latest date for Company to send notice to each security holder of pre and post capital consolidation holdings	+11 Business Days (9 Business Days after trading in the post-Capital Consolidation securities on a deferred settlement basis)	3 February 2014

* 27 January 2014 is a non-ASX Business Day. The dates are indicative only and are subject to change.

4.3 Effect of the Capital Consolidation

The Capital Consolidation will not result in any change to the substantive rights and obligations of Shareholders. As the Capital Consolidation applies equally to all of the Shareholders, individual shareholdings will be reduced in the same ratio as the total number of the Company's Shares (subject only to the rounding of fractions). It follows that the Capital Consolidation will have no material effect on the

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percentage interest of each individual Shareholder. However, the price per Share can be expected to increase to reflect the reduced number of Shares on issue.

The purpose of the Capital Consolidation of the existing issued capital of the Company is to reduce the number of existing securities on issue. For example, a Shareholder currently holding 500,000 Shares will hold 50,000 as a result of the Capital Consolidation.

The Consolidation will not affect the Company's balance sheet and tax position.

Assuming the Scheme is implemented and all of the Shares and Options contemplated by the Proposed Transaction are issued, if Resolution 4 is passed, when the Capital Consolidation is effected:

- (a) the number of Shares on issue will reduce from 464,185,918¹ to (approximately - depending on rounding) 46,418,592².
- (b) the number of unlisted Options (with various expiry dates) on issue will reduce from 31,070,457 to 3,107,046 (subject to rounding) and the exercise price of the unlisted Options will be adjusted in accordance with Listing Rule 7.22.1.

4.4 Reasons for the Capital Consolidation

(a) Scheme of Arrangement

A requirement of the MIA is that as a consequence of the Proposed Transaction, there will be a large number of shares on issue in the Company. The proposed capital Consolidation will enable the Company to appropriately reorganise its capital following implementation of the Scheme. Further, the Company is required, under the MIA to seek Shareholder approval to consolidate its share capital on a 1 for 10 basis.

(b) Share Liquidity Improvement

The closing price of the Shares on ASX on 7 October 2013 was \$0.036. This is quite a low share price and given the large number of shares on issue makes it difficult for Shareholders to trade at small price increments relative to the Share price. The Capital Consolidation would improve the Company's Share liquidity by increasing the Share Price and enabling the Shares to trade at smaller price increments relative to the prevailing Share price.

(c) Funding Options

The Company wants the ability to price any future pro-rata entitlement offer to Shareholders at a price that is a discount to the price that the Shares that are traded on the ASX, should that be the best funding alternative available for the Shareholders.

Given the low prevailing share price, to raise funds, the Company will need to issue a large number of Shares, which may potentially have a significant dilutionary impact on non-participating shareholders.

The Capital Consolidation would enable the Company to raise funds (if required) while protecting the investment of existing Shareholders.

4.5 Tax implications for Shareholders

Shareholders are encouraged to seek and rely only on their own professional advice in relation to their tax position. Neither the Company or any of its officers, employees or advisors assumes any liability or

¹ This number is approximate and does not take into account any additional MTE shares which may be issued to RCF upon implementation of the Scheme, to compensate RCF for any additional CBX shares which RCF may be issued by CBX prior to implementation of the Scheme for payment of interest on a convertible note on issue by CBX.

² See footnote 1 above.

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responsibility for advising Shareholders about the tax consequences for them from the proposed Capital Consolidation.

4.6 Other information

Where the Capital Consolidation of a Shareholder's holding results in an entitlement to a fraction of a Share or Option, the fraction will be rounded up to the nearest whole number of Shares or Options (as appropriate). If the Company reasonably believes that a Shareholder has been a party to the division of a shareholding in an attempt to obtain an advantage from this treatment of fractions, the Company may take appropriate action, having regard as appropriate to the terms of the Constitution and the Listing Rules. In particular, the Company reserves the right to disregard the division of the Shareholder for the purposes of dealing with fractions so as to round up any fraction to the nearest whole number of Shares that would have been received but for the division.

Other than as set out in the Notice of Meeting, and other than information previously disclosed to the Shareholders, there is no other information that is known to the Directors which may reasonably be expected to be material to the making of a decision by the Shareholders whether or not to vote in favour of the Capital Consolidation.

4.7 Directors' recommendation

The Directors unanimously recommends that Shareholders vote in favour of Resolution 4.

5. Resolution 5: Approval for the Company to issue an additional 10% of the issued capital of the Company over a 12 month period

5.1 Introduction

Pursuant to Resolution 5, the Company is seeking shareholder approval to issue an additional 10% of issued capital over a 12 month period in accordance with Listing Rule 7.1A. If passed, this resolution will allow the Company to issue and allot up to 20,888,366³ Shares (**10% Securities**) each at an issue price of at least 75% of the volume weighted average price (**VWAP**) for the Company's quoted class of Securities (calculated over the last 15 days on which trades in the quoted Securities are recorded, and immediately before the date on which the price at which the Shares are to be issued is agreed, or if not within 5 trading days of that date, the date on which the Shares are issued) (**Issue Price**).

This approval is sought pursuant to Listing Rule 7.1A which came into effect on 1 August 2012. Under this new Listing Rule 7.1A, small and mid cap listed entities that meet the eligibility threshold and have obtained the approval of their ordinary Shareholders by special resolution at the annual general meeting (**AGM**), are permitted to issue an additional 10% of issued capital over a 12 month period from the date of the AGM (**Additional 10% Issue**). The Additional 10% Issue under Listing Rule 7.1A is in addition to the ability of the Company to issue 15% of its issued capital without Shareholder approval over a 12 month period pursuant to Listing Rule 7.1. The Company may issue the 10% Securities to raise funds for the Company and for non-cash consideration (further details of which are set out below).

If funds are raised from the issue of 10% Securities, those funds are intended to be used as follows:

- working capital; and
- additional exploration activities at the Company's projects.

5.2 Listing Rule 7.1A – Further Information

(a) General

³This number, and the share numbers and share prices referred to in relation to this resolution 5 are based on the Company's issued Share capital and Share price prior to the Scheme being implemented (as the Scheme is still conditional) and prior to the Capital Consolidation being effected (for which Shareholder approval is sought under Resolution 4).

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(1) Eligibility

An entity is eligible to undertake an Additional 10% Issue if at the time of its AGM it has a market capitalisation of \$300 million or less and it is not included in the S&P/ASX300 Index (**Eligibility Criteria**).

As required by the Listing Rules, the Company's market capitalisation will be based on the closing price on the Trading Day before the AGM, and will be released by the Company to the ASX at that time. The calculation of market capitalisation will be based on the Closing Price of the Shares in the main class of Shares of the Company, on the last Trading Day on which trades in the Shares were recorded before the date of the AGM, multiplied by the number of Shares on issue (in that main class, but excluding restricted securities and securities quoted on a deferred settlement basis).

For illustrative purposes only, on 7 October 2013 the Company's market capitalisation was \$7,519,991.87 based on the Closing Trading Price on that date. The Company is not included in the S&P/ASX300 Index as at the time of issue of this Notice of Meeting and the Company does not expect that it will be included in the S&P/ASX300 Index at the date of the AGM.

The Company is therefore an eligible entity and, subject to Shareholder approval, able to undertake an Additional 10% Issue under Listing Rule 7.1A.

In the event that the Company no longer satisfies the Eligibility Criteria after the Company has already obtained Shareholder approval, the approval obtained will not lapse and the Company will still be entitled to undertake the Additional 10% Issue during the Issue Period (see below).

(2) Shareholder approval

The ability to issue the 10% Securities under the Additional 10% Issue is conditional upon and subject to the Company obtaining Shareholder approval by way of a Special Resolution at the AGM. Pursuant to Listing Rule 7.1A, no Shares will be issued in reliance on Listing Rule 7.1A until and unless this Special Resolution is passed at Annual General Meeting.

(b) Issue Period – Listing Rule 7.1A.1

Shareholder approval of the Additional 10% Issue under Listing Rule 7.1A is valid from the date of the AGM at which the approval is obtained and expires on the earlier to occur of:

- (1) the date that is 12 months after the date of the AGM at which the approval is obtained; or
- (2) the date of the approval by shareholders of a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking) (**Prescribed Occurrence**),

or such longer period if allowed by ASX.

If approval is given for the Additional 10% Issue at the AGM on 29 November 2013 then the approval will expire, unless there is a Prescribed Occurrence, on 29 November 2014. As noted above, the Company is proposing to merge with Cape Alumina Limited ACN 107 817 694 (**CBX**) via a scheme of arrangement (**Scheme or Proposed Transaction**). ASX has determined and advised the Company that the Scheme does not require shareholder approval under Listing Rule 11.1.2 and therefore the Scheme, if it is implemented, will not be a Prescribed Occurrence.

(c) Calculation for Additional 10% Issue – Listing Rule 7.1A.2

Listing Rule 7.1A.2 provides that eligible entities which have obtained Shareholder approval at AGM may issue or agree to issue, during the 12 month period after the date of the AGM, a number of Equity Securities calculated in accordance with the following formula:

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(A x D) – E

A is the number of Shares on issue 12 months before the date of issue or agreement:

- (1) plus the number of fully paid ordinary shares in the Company issued in the 12 months under an exception in Listing Rule 7.2;
- (2) plus the number of partly paid ordinary shares in the Company that became fully paid in the 12 months;
- (3) plus the number of fully paid ordinary shares in the Company issued in the 12 months with approval of holders of Shares under Listing Rule 7.1 or rule 7.4. This does not include an issue of fully paid ordinary shares in the Company under the entity's 15% placement capacity without Shareholder approval;
- (4) less the number of fully paid ordinary shares in the Company cancelled in the 12 months.

D is 10 percent.

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of Shareholders under Listing Rule 7.1 or 7.4

(d) Listing Rule 7.1A.3

(1) Shares

Equity Securities issued under the Additional 10% Issue must be in the same class as an existing quoted class of Equity Securities of the Company.

As at the date of this notice, the Company has **208,883,663** quoted Shares on issue (and no other Equity Securities which are quoted). Accordingly, the Company is only seeking approval to issue ordinary Shares (and no other class of Equity Securities) under the Additional 10% Issue in addition to its 15% capacity permitted under Listing Rule 7.1.

(2) Minimum Issue Price

The issue price for the 10% Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Shares in the same class calculated over the 15 Trading Days immediately before:

- (A) the date on which the price at which the 10% Securities are to be issued is agreed; or
- (B) if the 10% Securities are not issued within 5 Trading Days of the date in paragraph (A) above, the date on which the 10% Securities are issued.

As required by the Listing Rules, MTE's market capitalisation based on the closing price on the Trading Day before the AGM will be released by MTE to the ASX at that time.

(e) Information to be given to ASX – Listing Rule 7.1A.4

If Resolution 5 is passed and the Company issues any 10% Securities under Listing Rule 7.1A, the Company will give to ASX:

- (1) a list of allottees of the 10% Securities and the number of 10% Securities allotted to each (this list will not be released to the market); and

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- (2) the following information required by rule 3.10.5A, will be released to the market on the date of issue:
 - (A) details of the dilution to the existing holders of Shares caused by the issue;
 - (B) where the Shares are issued for cash consideration, a statement of the reasons why the Company issued the Shares as a placement under rule 7.1A and not as (or in addition to) a pro rata issue or other type of issue in which existing Shareholders would have been eligible to participate;
 - (C) details of any underwriting arrangements, including any fees payable to the underwriter; and
 - (D) any other fees or costs incurred in connection with the issue.
- (f) **Listing Rule 7.1 and 7.1A**

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice, the Company has on issue 208,883,663 Shares, and therefore has the capacity to issue:

- (1) 31,332,549 Equity Securities under Listing Rule 7.1; and
- (2) 20,888,366 Shares under Listing Rule 7.1A. [*Refer to 5.2(d)(1) above*].

The actual number of Shares that the Company will have the capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Shares in accordance with the formula prescribed in Listing Rule 7.1A.2 (as above). In general terms, the number of Shares that the Company will have the capacity to issue under Listing Rule 7.1A at any particular time during the 12 month issue period is approximately 10% of the Shares on issue at that time (excluding and Shares issued without shareholder approval under Listing Rule 7.1 or 7.1A), less any shares that have already been issued since the AGM under Listing Rule 7.1A. This means that the capacity under Listing Rule 7.1A will be a function of the number of Shares on issue on the issue date. Therefore the numbers above will increase if the Scheme is implemented and decrease if the Capital Consolidation is effected.

5.3 Specific Information required by Listing Rule 7.3A

(a) **Minimum Price of securities issued under Listing Rule 7.1A – Listing Rule 7.3A.1**

Pursuant to and in accordance with Listing Rule 7.3A.1, the 10% Securities issued pursuant to approval under Listing Rule 7.1A must be not less than 75% of the VWAP for the Company's Shares over the 15 Trading Days immediately before:

- (1) the date on which the price at which the 10% Securities are to be issued is agreed; or
- (2) if the 10% Securities are not issued within 5 Trading Days of the date in paragraph (1) above, the date on which the 10% Securities are issued.

The Company will disclose to the ASX the issue price on the date of issue of any 10% Securities.

(b) **Risk of economic and voting dilution – Listing Rule 7.3A.2**

As provided by Listing Rule 7.3A.2, if Resolution 5 is passed by Shareholders and the Company issues any 10% Securities, there is a risk of economic and voting dilution to the existing ordinary Share holders of the Company. The Company currently has on issue 208,883,663 Shares. Upon the Additional 10% Issue, the Company will have approval to issue an additional 20,888,366 Shares. (The exact number of additional Shares to be issued under the Additional 10% Issue will be calculated in accordance with the formula contained in

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Listing Rule 7.1A.2 and set out above). Any issue of 10% Securities will have a dilutive effect on existing Shareholders. There is a specific risk that:

- (1) the market price for the Company's Shares may be significantly lower on the date of the Issue than it is on the date of the AGM; and
- (2) the 10% Securities may be issued at a price that is at a discount to the market price for the Company's Shares on the issue date,

which may have an effect on the amount of funds raised by the issue of any 10% Securities.

As required by Listing Rule 7.3A.2, Table 2 below shows the potential economic and voting dilution effect, in circumstances where Variable A (on the basis that it is the current issued capital) has doubled and the Market Price of the Shares has halved. Table 2 also shows additional scenarios in which the number of issued Shares have increased and the Market Price of the Shares has decreased.

Table 2

Issued Capital (Variable A)	50% decrease in Market Price 1.8 cents		Current Market Price 3.6 cents		100% increase in Market Price 7.2 cents	
	10 % Voting Dilution	Capital Raised	10 % Voting Dilution	Capital Raised	10 % Voting Dilution	Capital Raised
Present Issued Capital = 208,883,663 Shares	20,888,366 Shares	\$375,990.66	20,888,366 Shares	\$751,981.32	20,888,366 Shares	\$1,503,962.64
50% Increase in Capital = 313,325,495	31,332,550 Shares	\$563,985.90	31,332,550 Shares	\$1,127,971.81	31,332,550 Shares	\$2,255,943.60
100% Increase in Capital = 417,767,326 Shares	41,776,733	\$751,981.14	41,776,733 Shares	\$1,503,962.28	41,776,733 Shares	\$3,007,924.56

Assumptions and explanations

- The above is based on the Company's issued Share capital and Share price prior to the Scheme being implemented and prior to the Capital Consolidation being effected (refer to Resolution 4).
- The Market Price is 3.6 cents based on the closing price of the Shares on ASX on 7 October 2013.
- The above table only shows the dilutionary effect based on the Additional 10% Issue and not the 15% under Listing Rule 7.1
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue.
- The Company issues the maximum number of 10% Securities available to it under the Additional 10% Issue.
- The Issued Capital has been calculated in accordance with the formula in Listing Rule 7.1A(2) as at 7 October 2013. As noted above in section 5.2(f), the Company's issued capital will change during the 12 month period following the AGM if the Scheme is implemented and if the Capital Consolidation is effected. The market price is also expected to change as a result of the Capital Consolidation.

Explanatory Memorandum

- The issue price of the 10% Securities used in the table does not take into account the discount to the Market Price (if any).

(c) **Final date for issue – Listing Rule 7.3A.3**

As required by Listing Rule 7.3A.3, the Company will only issue and allot the 10% Securities during the 12 months after the date of this AGM. The approval under Resolution 5 for the issue of the 10% Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities of the Company) or Listing Rule 11.2 (the disposal of the main undertaking of the Company) before the anniversary of the AGM.

(d) **Purpose – Listing Rule 7.3A.4**

As noted above, the purpose for which the 10% Securities may be issued include to raise funds for the Company and for non-cash consideration (further details of which are set out below). It is intended that any funds raised from the issue of 10% Securities are to be used as follows:

- working capital; and
- additional exploration activities at the Company's projects.

(e) **Shares Issued for Non-cash consideration – Listing Rule 7.3A.4**

The Listing Rules permit the Company to issue 10% Securities for non-cash consideration, such as the acquisition of new assets or investments. If the Company issues Shares for non-cash consideration, the Company will release to the market a valuation of the non-cash consideration that demonstrates that the issue price of the Shares complies with Listing Rule 7.1A.3.

(f) **Company's Allocation Policy – Listing Rule 7.3A.5**

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

- (1) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing Shareholders can participate;
- (2) the effect of the issue of the 10% Securities on the control of the Company;
- (3) the financial situation and solvency of the Company; and
- (4) advice from corporate, financial and broking advisers (if applicable).

The allottees of the 10% Securities under the Additional 10% Issue have not been determined as at the date of this Notice but may include existing substantial shareholders and/or new Shareholder who are not Related Parties or associates of a Related Party of the Company.

Further, if the Company is successful in acquiring new assets or investments, it is likely that the allottees under the Additional 10% Issue will be the vendors of the new assets or investments.

(g) **Company has previously obtained shareholder approval under listing rule 7.1A – Listing Rule 7.3A.6**

The Company previously obtained Shareholder approval under Listing Rule 7.1A at the 2012 Annual General Meeting but has not issued shares under this authority.

Explanatory Memorandum

As the Company has previously obtained Shareholder approval under Listing Rule 7.1A, the following information is provided to Shareholders, in accordance with Listing Rule 7.3A.6, regarding the equity securities issued in the previous 12 months preceding the date of the AGM (that is, since 20 November 2012):

Listing Rule 7.3A.6(a): Total equity securities issued in previous 12 months

Number of equity securities on issue on at commencement of 12 month period	208,883,663
Equity securities issued in prior 12 month period*	0
Percentage previous issues represent of total number of equity securities on issue at commencement of 12 month period	0%

Listing Rule 7.3A.6(b): Details of equity securities issued in previous 12 months

As no Equity Securities were issued by the Company since the 2012 AGM, no details are required by Listing Rule 7.3A.6(b).

(h) **Voting Exclusion Statement**

A voting exclusion statement is included in this Notice. At the date of the Notice, the proposed allottees of any 10% Securities are not as yet known or identified. In these circumstances (and in accordance with the note set out in Listing Rule 14.11.1 relating to Listing Rules 7.1 and 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue.

Where it is not known who will participate in the proposed issue (as is the case in respect of the 10% Securities), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted and there is no reason to exclude their votes.

5.4 **Director Recommendation**

The Board recommends that Shareholders vote in favour of this Special Resolution.

6. Resolution 6: Issue of Options to RCF

6.1 **Introduction**

Resolution 6 seeks Shareholder authorisation to issue approximately 16,323,660 options over unissued Shares (**RCF Options**) to RCF.

Pursuant to and prior to the implementation of the Scheme, RCF will receive options over 14,706,000 unissued Cape Alumina Limited shares (**CBX Options**). In order for the Scheme to be effected in accordance with the Merger Implementation Agreement, the Company will be required to issue the RCF Options to RCF in exchange for RCF selling the CBX Options to the Company.

This Resolution 6 seeks Shareholder approval under Listing Rule 7.1 for the issue of the RCF Options, which is subject to and conditional upon implementation of the Scheme.

The agreement between the Company and RCF to issue the RCF Options will not be subject to or conditional upon shareholder approval. Accordingly, ASX Listing Rule 7.1B.2 does not apply to the agreement and if shareholders do not approve resolution 6, the Company may utilise (and will reduce) its capacity under Listing Rule 7.1 and/or 7.1A (if applicable) to issue the RCF Options.

6.2 **Option Terms**

Explanatory Memorandum

A summary of the terms of the RCF Options are set out in Schedule 1 to this Explanatory **Memorandum**.

6.3 **ASX Listing Rule 7.1 - Issues exceeding 15% of capital**

Listing Rule 7.1 prohibits a listed company, except in certain cases, from issuing in any 12 month period new Equity Securities equivalent in number to more than 15% of the total number of ordinary securities on issue at the beginning of the twelve month period (**15% Capacity**) without either the prior approval of a majority of disinterested shareholders, or the issue otherwise falls within one of the prescribed exceptions to Listing Rule 7.1 (**15% Rule**).

Equity Securities issued with shareholder approval under ASX Listing Rule 7.1 do not count towards the 15% Capacity.

Options are Equity Securities under the Listing Rules.

Therefore the Company is seeking Shareholder approval in accordance with Listing Rule 7.1 to issue the RCF Options, so that the RCF Options and any Equity Securities issued upon conversion of the RCF Options do not count towards the Company's 15% Capacity.

Explanatory Memorandum

For the purposes of ASX Listing Rule 7.3, the Company advises:

(a) **7.3.1: Maximum number of Securities to be issued**

The number of RCF Options to be issued will be equal to 14,706,000 (the number of CBX Options) multiplied by "n" (as defined in the Merger Implementation Agreement) being the number of Company shares issued for each CBX share on the Implementation Date pursuant to the Scheme.

The Company currently anticipates that the value of "n" will be 1.11. On that basis the number of RCF Options to be issued would be 16,323,660.

(b) **7.3.2: Date by which the Company will issue the Securities**

The RCF Options will be issued on the implementation date of the Scheme and no later than three months after the date of the Meeting.

(c) **7.3.3: Issue price of Equity Securities**

The RCF Options will be issued in consideration for the CBX Options and do not have an issue price.

(d) **7.3.4: Allottees of Equity Securities**

The RCF Options will be issued to RCF.

(e) **7.3.5: Terms of the Equity Securities**

A summary of the terms of the RCF Options are set out in Schedule 1 to this Explanatory Memorandum.

(f) **7.3.6: Use of funds raised**

No funds will be raised from the issue of the RCF Options.

(g) **7.6.7: Dates of allotment**

This is not applicable for the issue of the RCF Options.

(h) **7.6.8: Voting Exclusion Statement**

A voting exclusion statement is included in the Notice of Meeting for Resolution 6.

6.4 Director Recommendation

The Board recommends that Shareholders vote in favour of this Ordinary Resolution.

7. Voting entitlement

For the purposes of determining voting entitlements at the Meeting, shares will be taken to be held by the persons who are registered as holding the shares at 7.00pm (Sydney Time) on Tuesday, 27 November 2013. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

8. Interpretation

The following terms used in the Notice of Meeting and the Explanatory Memorandum are defined as follows:

AGM means annual general meeting;

Explanatory Memorandum

ASIC means the Australian Securities & Investments Commission;

Associated Entity has the meaning given to that term in the Corporations Act;

ASX means the ASX Limited;

Business Day means a day on which all banks are open for business generally in Brisbane;

CBX or Cape Alumina means Cape Alumina Limited ACN 107 817 694;

CBX Options means options over 14,706,000 unissued Cape Alumina Limited shares issued to RCF.

Chair means the person chairing the Meeting.

Closely Related Party (as defined in the Corporations Act) of a member of the Key Management Personnel for an entity means:

- (a) a spouse or child of the member; or
- (b) a child of the member's spouse; or
- (c) a dependant of the member or the member's spouse; or
- (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 dealings with the entity; or
- (e) a company the member controls; or
- (f) a person prescribed by the regulations for the purposes of the definition of closely related party;

Company means MetroCoal Limited ACN 117 763 443(ASX: MTE);

Constitution means the constitution of the Company from time to time;

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

Directors means the board of directors of the Company as at the date of the Notice of Meeting;

Eligible Entity has the meaning given to that term in the Listing Rules;

Equity Securities has the meaning given to that term in the Listing Rules;

Explanatory Memorandum means the explanatory statement accompanying this Notice;

Key Management Personnel has the definition given in the Accounting Standard AASB 124 *Related Party Disclosure* as 'those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of that entity';

Listing Rules means the official listing rules of the ASX as amended from time to time;

Market Price has the meaning given to that term in the Listing Rules;

Meeting means the Annual General Meeting to be held on 29 November 2013as convened by the accompanying Notice of Meeting;

Merger Implementation Agreement or MIA means the merger implementation agreement between the Company and CBX dated 24 September 2013, in relation to the Proposed Transaction.

Explanatory Memorandum

Notice of Meeting or **Notice** means the notice of meeting giving notice to shareholders of the Meeting, accompanying this Explanatory Memorandum;

Options means options to acquire Shares;

Ordinary Resolution means a resolution passed by more than 50% of the votes at a general meeting of shareholders;

RCF means Resource Capital Fund IV IP of 1400, 16th Street, Suite 200, Denver, CO8020, USA (which is an existing CBX security holder);

Related Party has the meaning in section 228 of the Corporations Act.

Resolutions means the resolutions set out in the Notice of Meeting;

Scheme or Proposed Transaction means the proposed merger (and related transactions) of the Company with CBX via a scheme of arrangement pursuant to the Merger Implementation Agreement as announced to the market on 25 September 2013;

Shares means fully paid ordinary shares in the Company from time to time;

Shareholder means a shareholder of the Company;

Special Resolution means a resolution:

- (a) of which notice has been given as set out in paragraph 249L(1)(c) of the Corporations Act; and
- (b) that has been passed by at least 75% of the votes cast by members entitled to vote on the resolution.

Subsidiaries has the meaning given to that term in the Corporations Act;

Trading Day has the meaning given to that term in the Listing Rules.

Any inquiries in relation to the Resolutions or the Explanatory Memorandum should be directed to:

Theo Psaros (Company Secretary):

Post: Attn: Theo Psaros
GPO Box 122
Brisbane QLD 4001

Tel: +617 3249 3040

Fax +617 3249 3041

Email: tpsaros@metrocoal.com.au

Explanatory Memorandum

Schedule 1 – RCF Options - terms and conditions summary

1. The Options shall be issued in consideration for the transfer of the CBX Options;
2. The exercise price of each Option is equal to the number of CBX Options multiplied by \$0.17, divided by the number of RCF Options to be granted (**Exercise Price**);
3. The Options will expire on the date that is two years after the date of issue (**Expiry Date**) unless earlier exercised;
4. The Options will not be transferable in whole or in part and may not be exercised by any other person (except, in the case of the Option holder's death, by his or her legal personal representative);
5. The Options may be exercised at any time wholly or in part by delivering a duly completed form of notice of exercise together with a cheque for the Exercise Price per Option to MetroCoal Limited at any time on or after the date of issue of the Options and on or before the Expiry Date;
6. The number of Options that may be exercised at one time must be not less than 1,000.
7. Upon the valid exercise of the Options and payment of the Exercise Price, MetroCoal Limited will issue fully paid ordinary shares ranking paripassu with the then issued ordinary shares;
8. Option holders do not have any right to participate in new issues of securities in MetroCoal Limited made to shareholders generally. MetroCoal Limited will, where required pursuant to the ASX Listing Rules, provide Option holders with notice prior to the books record date (to determine entitlements to any new issue of securities made to shareholders generally) to exercise the Options, in accordance with the requirements of the Listing Rules;
9. Option holders do not participate in any dividends unless the Options are exercised and the resultant shares of MetroCoal Limited are issued prior to the record date to determine entitlements to the dividend;
10. In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of MetroCoal Limited:
 - a) the number of Options, the Exercise Price of the Options, or both will be reconstructed (as appropriate) in a manner consistent with the ASX Listing Rules as applicable at the time of reconstruction, but with the intention that such reconstruction will not result in any benefits being conferred on the holders of the Options which are not conferred on shareholders; and
 - b) subject to the provisions with respect to rounding of entitlements as sanctioned by a meeting of shareholders approving a reconstruction of capital, in all other respects the terms for the exercise of the Options will remain unchanged;
11. If there is a pro rata issue (except a bonus issue), the Exercise Price of an Option may be reduced according to the following formula:

$$O^n = O - \frac{E [P - (S + D)]}{N + 1}$$

Where:

- | | | |
|-------|---|--|
| O^n | = | the new exercise price of the Option; |
| O | = | the old exercise price of the Option; |
| E | = | the number of underlying securities into which one Option is exercisable; |
| P | = | the average market price per security (weighted by reference to volume) of the underlying securities during the 5 trading days ending on the day before the ex right date or the ex entitlements date; |
| S | = | the subscription price for a security under the pro rata issue; |
| D | = | dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue); |

Explanatory Memorandum

- N = the number of securities with rights or entitlements that must be held to receive a right to one new security.
12. If there is a bonus issue to the holders of shares in MetroCoal Limited, the number of shares over which the Option is exercisable may be increased by the number of shares which the Option holder would have received if the Option had been exercised before the record date for the bonus issue;
 13. The terms of the Options shall only be changed if holders (whose votes are not to be disregarded) of ordinary shares in MetroCoal Limited approve of such a change. However, the terms of the Options shall not be changed to reduce the Exercise Price, increase the number of Options or change any period for exercise of the Options;
 14. MetroCoal Limited does not intend to apply for listing of the Options on the ASX; and
 15. MetroCoal Limited shall apply for listing of the resultant shares of MetroCoal Limited issued upon exercise of any Option.



By mail:
MetroCoal Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



By fax: +61 2 9287 0309



All enquiries to: Telephone: 1300 554 474 **Overseas:** +61 1300 554 474



X99999999999

SHAREHOLDER PROXY FORM

I/We being a member(s) of MetroCoal Limited and entitled to attend and vote hereby appoint:

STEP 1

APPOINT A PROXY

the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy. I/we appoint the Chairman of the Meeting as an alternate proxy to the person named.

If no person/body corporate is named, the Chairman of the Meeting, is appointed as my/our proxy and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at **11:30am (Brisbane time) on Friday, 29 November 2013, at BDO, Level 10, 12 Creek Street, Brisbane** and at any adjournment or postponement of the meeting.

Chairman to vote undirected proxies in favour: I/We acknowledge that the Chairman of the meeting intends to vote undirected proxies in favour of all items of business.

Chairman authorised to exercise proxies on remuneration related matters: If I/we have appointed the Chairman of the meeting as my/our proxy (or the Chairman of the meeting becomes my/our proxy by default), I/we expressly authorise the Chairman of the meeting to exercise my/our proxy respect of Resolution 1 even though Resolution 1 is connected directly or indirectly with the remuneration of a member of MetroCoal Limited key management personnel, which includes the Chairman. I/we acknowledge that if the Chairman of the meeting is my/our proxy and I/we have not marked the box opposite Resolution 1, the Chairman of the meeting intends to vote my/our proxy in favour of Resolutions 1.

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the meeting.

Please read the voting instructions overleaf before marking any boxes with an

STEP 2

VOTING DIRECTIONS

	For	Against	Abstain*		For	Against	Abstain*
Resolution 1 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 4 Consolidation of Issued Share Capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Re-election of Mr Andrew Gillies as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 5 Approval for the Company to issue an additional 10% of the issued capital of the Company over a 12 month period pursuant to Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Re-election of Mr Lindsay Ward as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 6 Approval of issue of Options to RCF	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Board recommendations and undirected proxies: The Board recommends shareholders vote in favour of all resolutions. The Chairman of the meeting intends to vote undirected proxies vote in favour of all resolutions. If you do not wish to authorise the Chairman to vote your proxy in this way, you should direct your proxy in accordance with the instructions in this proxy form.

i * If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3

SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

MTE PRX301R



HOW TO COMPLETE THIS PROXY FORM

Your Name and Address

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you appoint someone other than the Chairman of the Meeting as your proxy, you will also be appointing the Chairman of the Meeting as your alternate proxy to act as your proxy in the event the named proxy does not attend the meeting.

A proxy need not be a Shareholder of the Company.

Votes on Items of Business - Proxy Appointment

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

Exercise of undirected proxies by Key Management Personnel

If a member of the Company's key management personnel (other than the Chairman) or their closely related parties is your proxy and you have not directed the proxy how to vote, that person will not vote your shares on Resolutions 1 (being a resolution which is connected directly or indirectly with the remuneration of members of the Company's key management personnel).

Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

The appointment of the Chairman of the Meeting as your alternate proxy also applies to the appointment of the second proxy.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

Signing Instructions

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

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

Corporate Representatives

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry.

Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **11:30am (Brisbane time) on Wednesday, 27 November 2013**, being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE  www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the proxy form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the proxy form).



by mail:

MetroCoal Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



by fax:

+61 2 9287 0309



by hand:

delivering it to Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138.

**If you would like to attend and vote at the Annual General Meeting, please bring this form with you.
This will assist in registering your attendance.**