

28 February 2013

The Manager  
Company Announcements  
Australian Securities Exchange Limited  
Level 6, 20 Bridge Street  
Sydney NSW 2000

## By e-lodgement

### NOTICE OF GENERAL MEETING

Continental Coal Limited (**ASX:CCC/AIM:COOL**) ("**Continental**" or "**Company**") the South African thermal coal production, development and exploration company, will hold a General Meeting on Thursday 28<sup>th</sup> March 2013.

The attached Notice of Meeting includes resolutions for, amongst other things;

- the approval of an Employee Share Plan;
- the approval of the issue of shares to Directors, at deemed issue price of 10c (being an 82% premium to the closing share price on 28 February 2013), in lieu of cash salaries that were deferred in 2012, to allow the Company to allocate cash reserves to development and exploration activities; and
- the pre-approval of an investment of up to 19.9% of the Company's issued share capital, at a premium to the share price at that time, by one of a number of strategic parties that are considering acquiring a cornerstone position in the Company and who the Company is currently negotiating an acquisition and/or strategic joint venture of specific operating and development projects of the Company.

## Employee Share Plan

The adoption of the Employee Share Plan will reduce cash costs to the Company by allowing senior management and Directors to participate in the future growth of the Company by receiving a portion of their salary or fees as equity. This will assist the Company in reducing future cash outflows, and ensure the greater proportion of the Company's cash reserves are allocated towards the Company's mining, development and exploration projects. It will also align the remuneration of the participating senior management with the success of the Company.

## Issue of shares to Directors in lieu of cash salaries

Directors have also committed to receive up to 100% of their salaries and fees, that were deferred in 2012, through the issue of shares in the Company at a deemed price of 10c, a premium to the current share price. This will further assist the Company reduce its cash outflows and ensure the greater proportion of the Company's cash reserves continue to be allocated towards its projects.

|   |   |
|---|---|
| South Africa  | Australia   |
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| 9th Floor Fredman Towers, 13 Fredman Drive, Sandton 2196  | Ground Floor, 1 Havelock Street, West Perth, WA 6005  |
| PO Box 787646, Sandton 2146   | PO Box 684, West Perth WA 6872  |


**Independent Non-Executive Chairman** Mike Kilbride **Chief Executive Officer** Don Turvey **Executive Director** Jason Brewer  
**Non-Executive Directors:** Johan Bloemsma Peter Landau James Leahy Connie Molusi

**Pre-approval of an investment of up to 19.9% of the Company's issued share capital**

Shareholders have been previously advised that the Company is in advanced negotiations with several parties, including Indian based coal and power utility companies and major global commodity trading groups, on an acquisition of an interest in its South African coal mining business and for the acquisition and/or joint venture of specific operating and development projects. As part of these negotiations, these parties have also confirmed an interest to secure a strategic 19.9% shareholding and cornerstone position in the share capital of the Company. The Company is now seeking approval from Shareholders, to allow the Company to proceed with certainty in its final negotiations, and if completed, secure a strategic cornerstone investor, through a placement to be undertaken at a premium to the then prevailing share price at that time.

The full details of the Employee Share Plan, and resolutions for approval by Shareholders are included and explained in the attached Notice of General Meeting and Explanatory Statement.

For and on behalf of the Board,



Don Turvey  
Chief Executive Officer

For further information please contact:

**Investors/ shareholders**

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Finance Director  
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**About Continental Coal Limited**

Continental Coal Limited (ASX:CCC/AIM: COOL/US-OTCQX:CGFAY) is a South African thermal coal producer with a portfolio of projects located in South Africa's major coal fields including three operating mines, the Vlakvarkfontein, Ferreira and Penumbra Coal Mines, are set to produce at an annualised rate of 2.8Mtpa of thermal coal for the export and domestic markets. The Company's first underground mine, the Penumbra Coal Mine, commenced development in September 2011 and produced first coal in November 2012. In 2011, a Feasibility Study was also completed on a proposed fourth mine, the De Wittekrans Coal Project and further optimisation studies completed in 2012. The Company has further concluded strategic off-take and funding agreements with EDF Trading for its export thermal coal production, signed a joint development agreement with KORES, Korea Resources Corporation and secured debt funding from ABSA Capital to fund its growth.

**Forward Looking Statement**

Certain statements made during or in connection with this communication, including, without limitation, those concerning the economic outlook for the coal mining industry, expectations regarding coal prices, production, cash costs and other operating results, growth prospects and the outlook of Continental's operations including the likely commencement of commercial operations of the Penumbra and De Wittekrans, its liquidity and the capital resources and expenditure, contain or comprise certain forward-looking statements regarding Company's development and exploration operations, economic performance and financial condition.

Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in coal prices and exchange rates and business and operational risk management. For a discussion of such factors, refer to the Company's most recent annual report and half year report. The Company undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events.

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## **CONTINENTAL COAL LIMITED**

**ACN 009 125 651**

### **NOTICE OF GENERAL MEETING**

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**TIME:** 10 am (WST)

**DATE:** 28 March 2013

**PLACE:** The University Club of Western Australia  
Formal Dining Room  
Hackett Drive  
Crawley WA

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

***Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9488 5220.***

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**IMPORTANT INFORMATION**

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**TIME AND PLACE OF MEETING**

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Notice is given that the meeting of the Shareholders to which this Notice of Meeting relates will be held at The University Club of Western Australia, Formal Dining Room, Hackett Drive, Crawley Western Australia (WST) on 28 March 2013 at 10 am

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**YOUR VOTE IS IMPORTANT**

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

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**VOTING ELIGIBILITY**

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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 Shareholders at 10 am (WST) on 26 March 2013.

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**VOTING IN PERSON**

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

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**VOTING BY PROXY**

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

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

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

New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Meeting. Broadly, the changes mean that:

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

Further details on these changes is set out below.

### ***Proxy vote if appointment specifies way to vote***

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

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

### ***Transfer of non-chair proxy to chair in certain circumstances***

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

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

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

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## BUSINESS OF THE MEETING

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### AGENDA

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#### 1. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF SHARES TO ORACLE SECURITIES PTY LTD

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

*"That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of 50,255,531 Shares on the terms and conditions set out in the Explanatory Statement."*

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

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#### 2. RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE OF SHARES AND OPTIONS TO ORACLE SECURITIES PTY LTD AND BAYCREST CAPITAL LLC

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

*"That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of 12,453,698 Shares and 11,000,000 Options on the terms and conditions set out in the Explanatory Statement."*

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

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#### 3. RESOLUTION 3 – PLACEMENT OF 19.9% INTEREST TO CORNERSTONE INVESTOR

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

*"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to allot and issue up to 103,606,156 Shares on the terms and conditions set out in the Explanatory Statement."*

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

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#### 4. RESOLUTION 4 – APPROVAL OF EMPLOYEE SHARE PLAN

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

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

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

**Voting Prohibition Statement:**

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

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

However, the above prohibition does not apply if:

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

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#### 5. RESOLUTION 5 – ISSUE OF 788,011 SHARES TO RELATED PARTY (MR JAMES LEAHY)

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

*“That, for the purposes of section 195(4) of the Corporations Act and Listing Rule 10.11 and for all other purposes, approval is given for the Company to allot and issue up to 788,011 Shares to Mr James Leahy, a director (or his nominee) on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”*

**Voting exclusion:** The Company will disregard any votes cast on this resolution by a Director of the Company (except one who is ineligible to participate in the Employee Share Plan) and any of associate of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.



**Voting Prohibition Statement:**

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

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

However, the above prohibition does not apply if:

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

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**6. RESOLUTION 6 – ISSUE OF 2,750,000 SHARES TO RELATED PARTY (MR JASON BREWER)**

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

*"That, for the purposes of section 195(4) of the Corporations Act and Listing Rule 10.11 and for all other purposes, approval is given for the Company to allot and issue up to 2,750,000 Shares to Mr Jason Brewer, a director (or his nominee) on the terms and conditions set out in the Explanatory Statement accompanying this Notice."*

**Voting exclusion:** The Company will disregard any votes cast on this resolution by a Director of the Company (except one who is ineligible to participate in the Employee Share Plan) and any of associate of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

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

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

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and

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

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**7. RESOLUTION 7 – ISSUE OF 1,225,470 SHARES TO RELATED PARTY (MR MIKE KILBRIDE)**

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

*“That, for the purposes of section 195(4) of the Corporations Act and Listing Rule 10.11 and for all other purposes, approval is given for the Company to allot and issue up to 1,225,470 Shares to Mr Mike Kilbride, a director (or his nominee) on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”*

**Voting exclusion:** The Company will disregard any votes cast on this resolution by a Director of the Company (except one who is ineligible to participate in the Employee Share Plan) and any of associate of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

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

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

However, the above prohibition does not apply if:

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

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**8. RESOLUTION 8 – ISSUE OF 2,796,750 SHARES TO RELATED PARTY (MR PETER LANDAU)**

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

*“That, for the purposes of section 195(4) of the Corporations Act and Listing Rule 10.11 and for all other purposes, approval is given for the Company to allot and issue up to 2,796,750 Shares to Mr Peter Landau, a director (or his nominee) on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”*

**Voting exclusion:** The Company will disregard any votes cast on this resolution by a Director of the Company (except one who is ineligible to participate in the Employee Share Plan) and any of associate of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in

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

**Voting Prohibition Statement:**

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

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

However, the above prohibition does not apply if:

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

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**9. RESOLUTION 9 – ISSUE OF 410,551 SHARES TO RELATED PARTY (MR DON TURVEY)**

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

*"That, for the purposes of section 195(4) of the Corporations Act and Listing Rule 10.11 and for all other purposes, approval is given for the Company to allot and issue up to 410,551 Shares to Mr Don Turvey, a director (or his nominee) on the terms and conditions set out in the Explanatory Statement accompanying this Notice."*

**Voting exclusion:** The Company will disregard any votes cast on this resolution by a Director of the Company (except one who is ineligible to participate in the Employee Share Plan) and any of associate of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

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

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

However, the above prohibition does not apply if:

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

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#### 10. RESOLUTION 10 - APPROVAL FOR THE ISSUE OF NEW LISTED OPTIONS

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

*"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 76,853,740 New Listed Options exercisable at \$0.50 each on or before 30 June 2014 and otherwise on the terms and conditions set out in the Explanatory Statement."*

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

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#### 11. RESOLUTION 11 – DIRECTOR'S REMUNERATION

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

*"That, for the purposes of clause 13.8 of the Constitution, ASX Listing Rule 10.17 and for all other purposes, Shareholders approve the maximum total aggregate fixed sum per annum to be paid to Directors be set at \$500,000 to be paid in accordance with the terms and conditions set out in the Explanatory Statement."*

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

##### **Voting Prohibition Statement**

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

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

However, the above prohibition does not apply if:

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

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**DATED: 26 FEBRUARY 2013**

**BY ORDER OF THE BOARD**

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

**JANE FLEGG  
COMPANY SECRETARY**

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## EXPLANATORY STATEMENT

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

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### 1. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF SHARES TO ORACLE SECURITIES PTY LTD

#### 1.1 General

On 21 August 2012, the Company entered into a Convertible Note Deed with Oracle Securities Pty Limited (ACN 131 060 761) (**Oracle**) for a convertible note with a face value of \$1,800,000 pursuant to a convertible note facility (**Oracle Convertible Note**).

The material terms of the Oracle Convertible Note are as follows:

- (i) a total of 1,800,000 convertible notes were issued at a face value of \$1.00 each to raise \$1,800,000;
- (ii) the redemption date was 30 June 2014;
- (iii) no interest was payable on the convertible notes;
- (iv) the convertible notes were convertible at the election of Oracle at any time prior to the redemption date. On conversion, Oracle was entitled to be issued Shares at an issue price being equal to 80% of the lowest daily volume weighted average price (**VWAP**) on ASX for the Shares 10 trading days prior to the conversion date;
- (v) the Company was prohibited from repaying the Oracle Convertible Note prior to the redemption date without the consent of Oracle; and
- (vi) the Oracle Convertible Note was unsecured.

On full conversion of the Oracle Convertible Note by Oracle, the Company issued a total of 50,255,531 Shares to Oracle.

Resolution 1 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares (**Oracle Ratification**).

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

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

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

## 1.2 Technical information required by ASX Listing Rule 7.4

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

- (i) 50,255,531 Shares were allotted;
- (ii) the average deemed issue price of the Shares (being the conversion price pursuant to the Oracle Convertible Note) was 80% of the lowest daily VWAP of the Shares 10 days before the conversion date under the Oracle Convertible Note, being \$0.036 per Share;
- (iii) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (iv) the Shares were allotted and issued to Oracle, who is not a related party of the Company; and
- (v) no funds were raised from this issue as the Shares were issued on conversion of the Oracle Convertible Note.

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## 2. RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE OF SHARES AND OPTIONS TO ORACLE SECURITIES PTY LTD AND BAYCREST CAPITAL LLC

### 2.1 General

On 10 December 2012, the Company entered into a second Convertible Note Deed with Oracle Securities Pty Limited (ACN 131 060 761) (**Oracle**) for convertible notes with a total combined face value of \$350,000 pursuant to a convertible note facility (**Second Oracle Convertible Note**) and on 30 November 2012, the Company entered into a Note Agreement with Baycrest Capital LLC (**Baycrest**) for a note with a face value of \$850,000 (**Baycrest Note Agreement**).

The material terms of the Second Oracle Convertible Note were as follows:

- (i) a total of 350,000 convertible notes were issued at a face value of \$1.00 each to raise \$350,000;
- (ii) the redemption date was 9 May 2013;
- (iii) a coupon of an amount equal to \$35,000 was payable in advance by the Company in Shares at a price equal to 90% of the VWAP on ASX for the Shares on 10 December 2012;
- (iv) a facility fee of \$35,000 was payable in advance by the Company in Shares at a price equal to 90% of the VWAP on ASX for the Shares on the execution date and 5,000,000 options at a strike price equal to 130% of the price of Shares on the execution date with a term of 5 years (**Oracle Options**);
- (v) the convertible notes were convertible at the election of Oracle at any time prior to the redemption date. On conversion, Oracle was entitled to be issued Shares at an issue price being the lower of 130% of the daily volume weighted average price on ASX for the Shares 10 trading days after the execution date and 90% of the daily volume weighted average price on ASX for the Shares 10 trading days prior to the conversion date;

- (vi) the Company was prohibited from repaying the Second Oracle Convertible Note prior to the redemption date without the consent of Oracle; and
- (vii) the Second Oracle Convertible Note was unsecured.

On full conversion of the Second Oracle Convertible Note by Oracle, the Company issued a total of 10,453,698 Shares to Oracle.

The material terms of the Baycrest Note Agreement were as follows:

- (i) a total facility of \$850,000 was advanced to the Company;
- (ii) the maturity date of the facility is 30 April 2013;
- (iii) a facility fee was payable to Baycrest as follows:
  - A. 6,000,000 options at a strike price equal to 130% of the price of Shares on 4 December 2012 with a term of 5 years (**Baycrest Options**); and
  - B. 2,000,000 Shares;
- (iv) the facility is repayable monthly by payments of \$212,500 commencing on 29 January 2013; and
- (v) interest of \$17,465.75 is payable on the facility on the maturity date.

Resolution 2 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the Shares and Oracle Options to Oracle pursuant to the Second Oracle Convertible Note and the issue of the Baycrest Options and the Shares to Baycrest pursuant to the Baycrest Note Agreement (**Ratification**).

A summary of ASX Listing Rules 7.1 and 7.4 is set out in section 1.1 above.

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

## **2.2 Technical information required by ASX Listing Rule 7.4**

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

- (i) 10,453,698 Shares and 5,000,000 Oracle Options were issued to Oracle pursuant to the Second Oracle Convertible Note and 2,000,000 Shares and 6,000,000 Baycrest Options were issued to Baycrest pursuant to the Baycrest Note Agreement;
- (ii) the deemed issue price of the Shares issued to Oracle (being the conversion price of the convertible notes issued pursuant to the Second Oracle Convertible Note) was \$0.041 per Share;
- (iii) the Oracle Options issued to Oracle were issued for nil cash consideration in satisfaction of the payment of the facility fee under the Second Oracle Convertible Note and accordingly no funds were raised from this issue of securities;



- (iv) the Shares and the Baycrest Options issued to Baycrest were also issued for nil cash consideration in satisfaction of the payment of the facility fee under the Baycrest Note Agreement and accordingly no funds were raised from this issue of securities;
- (v) the Shares issued to Baycrest and Oracle were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (vi) the Oracle Options were issued on the terms and conditions set out in Annexure A;
- (vii) the Baycrest Options were issued on the terms and conditions set out in Annexure B;
- (viii) Shares and Oracle Options (as noted above) were allotted and issued to Oracle and Shares and Baycrest Options were allotted and issued to Baycrest, neither of which is a related party of the Company;
- (ix) no funds were raised from the issue of the Shares to Oracle as the Shares were issued on conversion of the Second Oracle Convertible Note;
- (x) no funds were raised from the issue of the Oracle Options to Oracle or the issue of the Baycrest Options and Shares to Baycrest as they were issued in consideration for payment of the facility fees pursuant to the Second Oracle Convertible Note and the Baycrest Note Agreement respectively.

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### **3. RESOLUTION 3 – PLACEMENT OF 19.9% INTEREST TO CORNERSTONE INVESTOR**

#### **3.1 General**

The Company is in advanced discussions with a number of strategic parties that are considering acquiring a cornerstone position in the Company with an investment representing 19.9% of the Company's current issued share capital, being 103,606,156 Shares (**Placement**). The Company is seeking approval under this Resolution to allow the Company to proceed with certainty in negotiations in respect of the Placement, to be undertaken at an issue price equal to or above the prevailing price of Shares at the date of issue.

Resolution 3 thus seeks Shareholder approval for the allotment and issue of up to 103,606,156 Shares in respect of the Placement.

A summary of ASX Listing Rule 7.1 is set out in section 1.1 above,

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

#### **3.2 Technical information required by ASX Listing Rule 7.1**

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

- (i) the maximum number of Shares to be issued is 103,606,156;

- (ii) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (iii) the issue price of the Shares under the Placement will be not less than 100% of the volume weighted average price for Shares calculated over the 10 days on which sales in the Shares are recorded before the day on which the issue is made or, if there is a prospectus, over the last 10 days on which sales in the Shares are recorded before the date the prospectus is executed by the Company;
- (iv) the Directors will determine to whom the Shares will be issued but these persons will not be related parties of the Company;
- (v) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (vi) the Company intends to use the funds raised from the Placement towards (a) the development of existing projects (b) the acquisition of new projects (c) debt retirement and (d) toward general working capital of the Company.

Assuming no Options are exercised or other Shares issued and the maximum number of Shares as set out above are issued, the number of Shares on issue would increase from 520,633,953 (being the number of Shares on issue as at the date of this Notice) to 624,240,109 and the shareholding of existing Shareholders would be diluted by 19.9%.

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#### 4. RESOLUTION 4 – APPROVAL OF EMPLOYEE SHARE PLAN

Resolution 4 seeks Shareholder approval for the adoption of the employee incentive scheme titled Continental Coal Employee Share Plan (**Share Plan**) in accordance with ASX Listing Rule 7.2 (Exception 9(b)). The Share Plan allows the Board to invite eligible employees to apply for Shares under the Share Plan (**Plan Shares**) from time to time. The issue price of Plan Shares is to be determined by the Board at its discretion.

A summary of ASX Listing Rule 7.1 is set out in section 1.1 of this Explanatory Statement. ASX Listing Rule 7.2 (Exception 9(b)) sets out an exception to ASX Listing Rule 7.1 which provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

As at the date of this Notice, no shares have been issued under the Share Plan.

If Resolution 4 is passed, the Company will be able to issue Shares under the Share Plan to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period.

The objective of the Share Plan is to attract, motivate and retain key employees and it is considered by the Company that the adoption of the Share Plan and the future issue of Shares under the Share Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

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

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

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## **5. RESOLUTIONS 5 TO 9 – ISSUE OF SHARES TO DIRECTORS**

### **5.1 General**

The Directors Messrs James Leahy, Jason Brewer, Mike Kilbride and Peter Landau previously agreed to defer payment of their salaries and fees for the 12 month period commencing 1 January 2012 and ending 31 December 2012 in order that the Company could preserve its cash reserves to be allocated toward the development of the Company's Penumbra project and other assets. Further, the Director Don Turvey agreed to defer payment of his salary and fees for the months of September and October 2012 in order that the Company could preserve its cash reserves during that period.

It has now been agreed by the non-interested Directors of the Company (being Connie Molusi and Johan Bloemsma) that the accrued salaries and fees of the Directors Messrs James Leahy, Jason Brewer, Mike Kilbride and Peter Landau for this 12 month period and the accrued salaries and fees of the Director Don Turvey for the months of September and October 2012 should be made payable by way of the issue of Shares, subject to approval by Shareholders, so that the Company may continue to conserve cash.

The Company has agreed, subject to obtaining Shareholder approval, to allot and issue a total of 7,970,782 Shares (**Related Party Shares**) to Messrs James Leahy, Jason Brewer, Mike Kilbride, Peter Landau and Don Turvey (or their nominees) (**Related Parties**) on the terms and conditions set out below, in lieu of their Directors fees and salaries for the period from 1 January 2012 to 31 December 2012 (or in the case of Don Turvey in lieu of his Directors fees and salary for the months of September and October 2012).

Resolutions 5 to 9 seek Shareholder approval for the grant of the Related Party Shares to the Related Parties.

### **5.2 Chapter 2E of the Corporations Act**

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

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

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

The grant of the Related Party Shares constitutes giving a financial benefit and Messrs James Leahy, Jason Brewer, Mike Kilbride, Peter Landau and Don Turvey are related parties of the Company by virtue of being Directors.

Connie Molusi and Johan Bloemsma (the Directors not to have a material personal interest in Resolutions 5 to 9) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Related Party Shares because the issue of the Related Party Shares is considered to be reasonable remuneration in accordance with Section 211(1) of the Corporations Act.

### **5.3 ASX Listing Rule 10.11**

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

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

### **5.4 Technical Information required by ASX Listing Rule 10.13**

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

- (i) the related parties are Messrs James Leahy, Jason Brewer, Mike Kilbride, Peter Landau and Don Turvey and they are related parties by virtue of being Directors;
- (ii) the maximum number of Related Party Shares (being the nature of the financial benefit being provided) to be issued to the Related Parties is:
  - (A) 788,011 Related Party Shares to James Leahy;
  - (B) 2,750,000 Related Party Shares to Jason Brewer;
  - (C) 1,225,470 Related Party Shares to Mike Kilbride;
  - (D) 2,796,750 Related Party Shares to Peter Landau; and
  - (E) 410,551 Related Party Shares to Don Turvey;
- (iii) the Related Party Shares will be granted no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (iv) the Related Party Shares will be issued for nil cash consideration, accordingly no funds will be raised;
- (v) the deemed value of the Related Party Shares is \$797,078 in total (consisting of \$78,801 to James Leahy; \$275,000 to Jason Brewer; \$122,547 to Mike Kilbride; \$279,675 to Peter Landau; and \$41,055 to Don

Turvey). This can be calculated by multiplying the deemed issue price of each Related Party Share, being \$0.10, by 7,970,782 to reach a total of \$797,078. The deemed issue price of the Related Party Shares (being \$0.10) is well in excess of the current price of the Shares (being \$0.056 on 25 February 2013). This deemed issue price was set by the non-interested directors to reflect a premium to the Company to both the 6 month volume weighted average price of the Shares (being \$0.064 thus representing a 56.25% premium) and the monthly volume weighted average price of the Shares (being \$0.042 thus representing a 138% premium);

- (vi) the Related Party Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.

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

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## **6. RESOLUTION 10 - APPROVAL FOR THE ISSUE OF NEW LISTED OPTIONS**

### **6.1 General**

On 13 February 2013, 76,853,740 listed options on issue in the Company (**CCCO Options**) expired. The CCCO Options were exercisable at \$0.50 each and 76,278,740 were held by unrelated parties. The CCCO Options were not exercised before they expired because the exercise price was higher than the trading price of the Company's Shares.

The Directors who were not holders of CCCO Options have resolved that, subject to Shareholder approval, up to 76,853,740 new listed options should be granted to the optionholders who were registered as the holders of the CCCO Options on the expiry date of 13 February 2013, on the terms detailed in Annexure D, exercisable at \$0.50 each and with an expiry date of 30 June 2014 (**New Listed Options**). This will provide the previous option holders with a method to participate in the ongoing development of the Company's assets and to provide a source of capital in the future.

The holders of the CCCO Options included Scooby Holdings Limited, a company controlled by Jason Brewer, a Director.

The terms of the New Listed Options replicate the terms of the CCCO Options, other than the expiry date. The Company will issue a prospectus after the date of the Meeting and prior to the grant of the New Listed Options in order to comply with the disclosure requirements of the Corporations Act in relation to the issue of the New Listed Options.

If Resolution 10 is approved at the Meeting, the Options on issue in the Company will change in one respect only to the position when the CCCO Options were still on issue, to provide for different expiry dates.

**In all other respects the number of Options and the terms of the Options remain identical to the number of Options and the terms of the Options on issue at 13 February 2013.**

Jason Brewer has a material personal interest in relation to Resolution 10. The remaining Directors, who do not have a material personal interest in relation to the decision to issue the New Listed Options, all recommend that Shareholders vote in favour of the Resolution in order to provide an additional source of funds for the Company in the future.

## **6.2 Technical information required by ASX Listing Rule 7.1**

A summary of ASX Listing Rule 7.1 is set out in section 1.1 above.

Approval is being sought under ASX Listing Rule 7.1 for the issue of up to 76,853,740 New Listed Options to optionholders who were registered as the holders of the CCCO Options on the expiry date of 13 February 2013.

If Resolution 10 is passed, following the issue of the New Listed Options referred to above, the Company will still have the capacity to issue 15% of its equity securities over the next 12 months as those New Listed Options, once issued, will be excluded from the calculation under ASX Listing Rule 7.1. The issue of the New Listed Options referred to above must occur no later than 3 months, or such later date as permitted by ASX, from the date of the General Meeting.

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

- (i) the maximum number of New Listed Options to be issued is 76,853,740;
- (ii) the New Listed Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by an ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (iii) the New Listed Options are free and have an exercise price of \$0.50 each exercisable on or before 30 June 2014. The New Listed Options will otherwise be issued on the terms and conditions set out in Annexure D;
- (iv) the New Listed Options are being issued to investors of the Company, who were all Optionholders of CCCO Options on 13 February 2013;
- (v) if and when the New Listed Options are exercised, the allotted and issued Shares will rank equally in all respects with the existing class of quoted fully paid ordinary shares, the terms of which are in the public domain; and
- (vi) no funds will be raised from the issue of the New Listed Options as they are being issued for free.

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## **7. RESOLUTION 11 – DIRECTORS' REMUNERATION**

Clause 13.7 of the Constitution requires that the total aggregate fixed sum per annum to be paid to the Directors (excluding salaries of executive Directors) from time to time will not exceed the sum determined by the Shareholders in general meeting and the total aggregate fixed sum will be divided between the Directors as the Directors shall determine and, in default of agreement between them, then in equal shares.

ASX Listing Rule 10.17 provides that if a non-executive director is paid, he or she must be paid a fixed sum.

The total aggregate fixed sum per annum to be paid to the non-executive Directors is currently set at \$300,000. Resolution 11 seeks Shareholder approval to increase the total aggregate fixed sum per annum to be paid to the non-executive Directors by \$200,000 to \$500,000.

The total amount of Directors' fees payable includes superannuation contributions made by the Company for the benefit of non-executive directors and any fees which a non-executive Director agrees to sacrifice on a pre-tax basis.

Subject to the passing of Resolution 11, the Company proposes to pay non-executive Directors a total of \$500,000 in Directors' fees for the year commencing 1 July 2012.

The total aggregate fixed sum per annum has been determined after reviewing similar companies listed on ASX and the Directors believe that this level of remuneration is in line with corporate remuneration of similar companies.

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## GLOSSARY

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**\$** means Australian dollars.

**ASX** means ASX Limited.

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

**Board** means the current board of directors of the Company.

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

**Chair** means the chair of the Meeting.

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

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

**Company** means Continental Coal Limited (ACN 009 125 651).

**Constitution** means the Company's constitution.

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

**Directors** means the current directors of the Company.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

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

**Key Management Personnel** has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

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

**Option** means an option to acquire a Share.

**Proxy Form** means the proxy form accompanying the Notice.

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



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

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

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

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## ANNEXURE A - TERMS OF THE ORACLE OPTIONS

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The Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Option gives the Optionholder the right to subscribe for one Share.
- (b) The Options will expire at 5.00pm (WST) on 6 December 2017 (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The amount payable upon exercise of each Option will be \$0.057 (**Exercise Price**).
- (d) The Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (e) The Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:
  - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
  - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised;

**(Exercise Notice).**

- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
- (h) The Options are not transferable.
- (i) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
- (j) The Company will not apply for quotation of the Options on ASX. However, The Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX within 10 Business Days after the date of allotment of those Shares.
- (k) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (l) There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (m) An Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.

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## ANNEXURE B - TERMS OF THE BAYCREST OPTIONS

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The Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Option gives the Optionholder the right to subscribe for one Share.
- (b) The Options will expire at 5.00pm (WST) on 18 December 2017 (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The amount payable upon exercise of each Option will be \$0.05382 (**Exercise Price**).
- (d) The Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (e) The Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:
  - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
  - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised;

**(Exercise Notice).**

- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
- (h) The Options are not transferable.
- (i) All Shares allotted upon the exercise of Options will upon allotment rank *pari passu* in all respects with other Shares.
- (j) The Company will not apply for quotation of the Options on ASX. However, The Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX within 10 Business Days after the date of allotment of those Shares.
- (k) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (l) There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

- (m) An Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.

## ANNEXURE C - SUMMARY OF THE TERMS OF THE EMPLOYEE SHARE PLAN

|    |  |   |
|----|--|---|
| 1. | <b>Eligible Employee</b>                   | An Eligible employee is a full or part-time employee or Director of the Company or a related body corporate ( <b>Eligible Employees</b> ).  |
| 2. | <b>Offers</b>                              | Subject to the rules of the Employee Share Plan, the Board may invite Eligible Employees to apply for Plan Shares. The number and issue price of Plan Shares will be determined by the Board in its discretion.   |
| 3. | <b>Rights of Plan Shares</b>               | Each Plan Share issued under the Employee Share Plan ranks equally with all other Shares issued by the Company. Each holder of a Plan Share is entitled to all voting rights, rights to dividends, and rights to participate in bonus issues and rights issues made by the Company on the same basis as other Shareholders. |
| 4. | <b>ASX quotation</b>                       | The Company will apply for official quotation on ASX on the issue of Plan Shares.   |
| 5. | <b>Restrictions on transfer</b>            | The Board may, at its discretion, require a participant to agree to not sell, transfer or assign the Plan Shares for 12 months after the date of issue. During such restriction period, the Plan Shares will be subject to a holding lock.  |
| 6. | <b>Amendments</b>                          | The Board may make such amendments to the Employee Share Plan as it sees fit.   |
| 7. | <b>Limitation on number of Plan Shares</b> | Plan Shares when aggregated with the number of Shares issued during the five years under any other employee share plan of the Company must not exceed 5% of the total number of Shares on issue at the time of the relevant invitation. Various excluded offers may be disregarded so as to not count for the 5% limit.     |
| 8. | <b>Operation</b>                           | The operation of the Employee Share Plan is subject to the laws of Western Australia.   |

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## ANNEXURE D – TERMS OF THE NEW LISTED OPTIONS

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The New Listed Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each New Listed Option will be free.
  - (b) Each New Listed Option gives the New Listed Optionholder the right to subscribe for one Share.
  - (c) The New Listed Options will expire at 5.00pm (WST) on 30 June 2014 (**Expiry Date**). Any New Listed Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
  - (d) The amount payable upon exercise of each New Listed Option will be \$0.50 (**Exercise Price**).
  - (e) The New Listed Options held by each New Listed Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
  - (f) A New Listed Optionholder may exercise their New Listed Options by lodging with the Company, before the Expiry Date:
    - (i) a written notice of exercise of New Listed Options specifying the number of New Listed Options being exercised; and
    - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of New Listed Options being exercised;
- (Exercise Notice).**
- (g) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
  - (h) Within 5 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of New Listed Options specified in the Exercise Notice.
  - (i) The New Listed Options are transferable.
  - (j) All Shares allotted upon the exercise of the New Listed Options will upon allotment rank pari passu in all respects with other Shares.
  - (k) The Company will apply for quotation of the New Listed Options on ASX. The Company will also apply for quotation of all Shares allotted pursuant to the exercise of New Listed Options on ASX within 10 Business Days after the date of allotment of those Shares.
  - (l) If at any time the issued capital of the Company is reconstructed, all rights of a New Listed Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
  - (m) There are no participating rights or entitlements inherent in the New Listed Options and New Listed Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the New Listed Options. However, the Company will ensure that for the purposes of determining

entitlements to any such issue, the record date will be at least 7 Business Days after the issue is announced. This will give New Listed Optionholders the opportunity to exercise their New Listed Options prior to the date for determining entitlements to participate in any such issue.

- (n) A New Listed Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the New Listed Option can be exercised.