

Stanmore Coal Limited  
(ACN 131 920 968)

## Notice of Annual General Meeting

Notice is given that the Annual General Meeting for Stanmore Coal Limited (ACN 131 920 968) (the **Company**) for 2019 will be held on Monday, 25 November 2019 at 10:00am (Brisbane time) at the offices of Allens, Level 26, 480 Queen Street, Brisbane QLD 4000.

Important: The resolutions set out in this Notice should be read together with the accompanying Explanatory Memorandum.

### Agenda

#### Financial Statements and Reports

To consider the annual financial report, directors' report and the auditors' report for the Company and its consolidated entities for the financial year ended 30 June 2019.

#### Resolution 1: Remuneration Report

To consider and, if thought fit, to pass the following resolution as a non-binding Ordinary Resolution:

*'That the Remuneration Report for the year ended 30 June 2019 be adopted.'*

#### Voting exclusion

The Company will disregard any votes cast on this resolution by certain persons. Details of the applicable voting exclusions are set out in the 'Voting exclusions' section of the Notes to this Notice.

#### Resolution 2: Election of Director – Mr Darren Yeates

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

*'That, Mr Darren Yeates who, having been appointed by the Board as a Director since the last Annual General Meeting, retires in accordance with the Constitution and ASX Listing Rules and being eligible offers himself for election as a Director of the Company, be elected as a Director of the Company.'*

#### Resolution 3: Election of Director – Mr Jimmy Lim

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

*'That, Mr Jimmy Lim who, having been appointed by the Board as a Director since the last Annual General Meeting, retires in accordance with the Constitution and ASX Listing Rules and being eligible offers himself for election as a Director of the Company, be elected as a Director of the Company.'*

#### Resolution 4: Approval of employee incentive scheme

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

*'That the issue of securities in the Company under the SCLRP be approved for the purposes of ASX Listing Rule 7.2, exception 9.'*

#### Voting exclusion

The Company will disregard any votes cast on this resolution by certain persons. Details of the applicable voting exclusions are set out in the 'Voting exclusions' section of the Notes to this Notice.

#### Resolution 5: Approval of an increase in fees paid to Non-Executive Directors

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

*'That, for the purposes of ASX Listing Rule 10.17, rule 11.9 of the Constitution and for all other purposes, the maximum aggregate annual remuneration that may be paid by the Company as*

# Stanmore Coal Limited

ACN 131 920 968

*remuneration for the services of the Company's Non-Executive Directors be increased by \$250,000 from \$500,000 to \$750,000 per annum.'*

## **Voting exclusion**

The Company will disregard any votes cast on this resolution by certain persons. Details of the applicable voting exclusions are set out in the 'Voting exclusions' section of the Notes to this Notice.

The attached Explanatory Memorandum is incorporated into and forms part of this Notice. Detailed explanations of the background and reasons for the proposed resolutions are set out in the Explanatory Memorandum.

By order of the Board of Directors



**Ian Poole**  
**Company Secretary**

**Dated 23 October 2019**

## Notes

### Eligibility to Vote

Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) permits the Company to specify a time, not more than 48 hours before a general meeting, at which a 'snap-shot' of Shareholders will be taken for the purposes of determining Shareholder entitlements to vote at the Meeting.

The Board has determined that the registered holders of fully paid ordinary shares at 10:00am (Brisbane time) on 23 November 2019 will be taken to be holders of ordinary shares for the purposes of the Meeting and accordingly, will be entitled to attend and vote at the Meeting.

### Voting by Proxy

An eligible Shareholder can vote in person at the Meeting or appoint a proxy or, where a Shareholder is entitled to two or more votes, two proxies. Where two proxies are appointed, a Shareholder may specify the number or proportion of votes to be exercised by each proxy appointed. If no number or proportion of votes is specified, each proxy appointed will be taken to exercise half of that Shareholder's votes (disregarding fractions).

An appointed proxy need not themselves be a Shareholder.

To be valid, the appointment of a proxy (made using a properly completed and executed Proxy Form) must be received by the Company no later than 10:00am (Brisbane time) on 23 November 2019.

Proxy Forms can be submitted in four ways:

- **Online** at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)
- By **mail** to Link Market Services at the following postal address using the enclosed return envelope:

**Stanmore Coal Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
Australia**

- By **facsimile** to +61 2 9287 0309 in Australia
- By **hand** to:

**Link Market Services Limited  
1A Homebush Bay Drive  
Rhodes NSW 2138**

or

**Link Market Services  
Level 12, 680 George Street  
Sydney NSW 2000**

Instructions on how to complete the Proxy Form are on the reverse of the Proxy Form attached to this Notice.

If a Proxy Form is signed by an attorney, a Shareholder must also send in the original or a certified copy of the power of attorney or other authority under which the Proxy Form is signed.

# Stanmore Coal Limited

ACN 131 920 968

## Undirected Proxies

The Chairman of the Meeting intends to vote undirected proxy votes in favour of all resolutions (subject to the voting exclusions below).

## Voting by Corporate Representative

A Shareholder or proxy which is a corporation and entitled to attend and vote at the Meeting may appoint an individual to act as its corporate representative to vote at the Meeting. The appointment must comply with section 250D of the Corporations Act. The representative should bring to the Meeting evidence of his or her appointment unless it has previously been provided to Link Market Services.

## Voting by Attorney

A Shareholder entitled to attend and vote at the Meeting is entitled to appoint an attorney to attend and vote at the Meeting on the Shareholder's behalf. An attorney need not themselves be a Shareholder.

The power of attorney appointing the attorney must be signed and specify the name of each of the Shareholder, the Company and the attorney, and also specify the meeting(s) at which the appointment may be used. The appointment may be a standing one.

To be effective, the power of attorney must also be returned in the same manner, and by the same time, as specified for Proxy Forms.

## Voting Exclusions

The Corporations Act and the ASX Listing Rules require that certain persons must not vote in particular ways, and the Company must disregard particular votes cast by or on behalf of certain persons, on 4 of the resolutions to be considered at the Meeting. These voting exclusions are described below.

### Resolution 1: Remuneration Report

Votes may not be cast, and the Company will disregard any votes cast, on Resolution 1:

- by or on behalf of any KMP member whose remuneration details are included in the Remuneration Report, or any of their closely related parties, regardless of the capacity in which the votes are cast; or
- by any person who is a KMP member as at the time the resolution is voted on at the Meeting, or any of their closely related parties, as a proxy,

unless the votes are cast as a proxy for a person who is entitled to vote on the resolution:

- in accordance with a direction in the proxy appointment; or
- by the Chairman of the Meeting in accordance with an express authorisation in the proxy appointment to cast the votes even if the resolution is connected directly or indirectly with the remuneration of a KMP member.

### Resolution 4: Approval of employee incentive scheme

Votes may not be cast, and the Company will disregard any votes cast:

- in favour of Resolution 4 by or on behalf of any Director who is eligible to participate in any Company employee incentive scheme, or any of their associates, regardless of the capacity in which the votes are cast; or
- in favour of or against Resolution 4 by any person who is a KMP member as at the time the resolution is voted on at the Meeting, or any of their closely related parties, as a proxy,

# Stanmore Coal Limited

## ACN 131 920 968

unless the votes are cast as a proxy for a person who is entitled to vote on the resolution:

- in accordance with a direction in the proxy appointment; or
- by the Chairman of the Meeting in accordance with an express authorisation in the proxy appointment to cast the votes even if the resolution is connected directly or indirectly with the remuneration of a KMP member.

### **Resolution 5: Approval of an increase in fees paid to Non-Executive Directors**

Votes may not be cast, and the Company will disregard any votes cast:

- in favour of Resolution 5 by or on behalf of any Director, or any of their associates, regardless of the capacity in which the votes are cast; or
- in favour of or against Resolution 5 by any person who is a KMP member as at the time the resolution is voted on at the Annual General Meeting, or any of their closely related parties, as a proxy,

unless the votes are cast as a proxy for a person who is entitled to vote on the resolution:

- in accordance with a direction in the proxy appointment; or
- by the Chairman of the Annual General Meeting in accordance with an express authorisation in the proxy appointment to cast the votes even if the resolution is connected directly or indirectly with the remuneration of a KMP member, and in accordance with a direction in the proxy appointment to vote as the proxy decides.

For the purposes of these voting exclusions:

- The **KMP** (or **key management personnel**) are those persons having authority and responsibility for planning, directing and controlling the activities of the Stanmore Coal Limited consolidated group, either directly or indirectly. This includes all Directors (executive and non-executive) and selected members of the management team. The KMP for the Stanmore Coal Limited consolidated group during the year ended 30 June 2019 are listed in the Remuneration Report contained in the Company's 2019 Annual Report.
- A **closely related party** of a KMP member means:
  - a spouse or child of the member; or
  - a child of the member's spouse; or
  - a dependant of the member or of the member's spouse; or
  - 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
  - a company the member controls.

The Company will also apply these voting exclusions to persons appointed as attorney by a Shareholder to attend and vote at the Meeting under a power of attorney, as if they were appointed as a proxy.

### **Resolutions**

All items of business involving a vote by Shareholders require Ordinary Resolutions, which means that, to be passed, the item needs the approval of a simple majority of the votes cast by Shareholders entitled to vote on the resolution.

Stanmore Coal Limited

ACN 131 920 968

## Explanatory Memorandum

This Explanatory Memorandum (including any annexures) forms part of the notice convening the Annual General Meeting of Stanmore Coal Limited to be held at the offices of Allens, Level 26, 480 Queen Street, Brisbane QLD 4000 at 10:00am (Brisbane time) on Monday, 25 November 2019.

### Financial Statements and Reports

As required by section 317 of the Corporations Act, the Financial Report, Directors' Report and Auditor's Report of the Company and its consolidated entities for the most recent financial year (namely the period ended 30 June 2019) will be laid before the Meeting. Shareholders will be provided with the opportunity to ask questions about the reports.

There is no requirement for a Shareholder resolution on this item. Accordingly, there will be no resolution put to the Meeting.

In addition to asking questions at the Meeting, Shareholders may address written questions to the Chairman about the management of the Company or to the Company's auditor, BDO Audit Pty Ltd, if the question is relevant to:

- the content of the auditor's report; or
- the conduct of the business of the annual financial report to be considered at the meeting.

Written questions from Shareholders must be submitted by 5.00pm (Brisbane time) on Friday 15 November 2019. Please send any written questions to:

#### By post

Mr Ian Poole  
Company Secretary  
Stanmore Coal Limited  
GPO Box 2602  
Brisbane QLD 4001

#### By email

ian.poole@stanmorecoal.com.au

### Resolution 1: Remuneration Report

The Remuneration Report is required to be considered by Shareholders in accordance with section 250R of the Corporations Act.

The Remuneration Report for the year ended 30 June 2019:

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

The Remuneration Report, contained in the Company's 2019 Annual Report, is available on the Company's website at [www.stanmorecoal.com.au](http://www.stanmorecoal.com.au).

Shareholders will have an opportunity to ask questions and make comments about the Remuneration Report at the Meeting. Ordinary Shareholders will be asked to vote on a resolution to adopt the

Remuneration Report. Under the Corporations Act, the vote on the resolution is advisory only and does not bind the Board or the Company. The Board will take the discussion at the Meeting into consideration when determining the Company's remuneration policy and appropriately respond to any concerns Shareholders may raise in relation to remuneration issues.

**Directors' recommendation:** *Noting that each Director has a personal interest in their own remuneration from the Company (as described in the Remuneration Report) and, that each Director (or any closely related party of a Director) is excluded from voting their shares on the resolution (as described in the 'Voting exclusions' section of the Notes to the Notice), the Directors unanimously recommend that Shareholders vote in favour of the adoption of the Remuneration Report.*

## **Resolution 2: Election of Director – Mr Darren Yeates**

On 3 May 2019, Mr Darren Yeates was appointed by the other Directors as an addition to the Board in accordance with rule 11.2(b) of the Constitution. The ASX Listing Rules and the Constitution require that a Director appointed by the other Directors retire from office at the following annual general meeting of the Company.

In accordance with ASX Listing Rule 14.4 and rule 11.3(a) of the Constitution, Mr Darren Yeates retires from office and offers himself for election.

Darren has over 30 years' mining industry experience, most recently as CEO of GVK Hancock Coal. He spent over 22 years working with Rio Tinto including as Acting Managing Director and Chief Operating Officer for Rio Tinto Coal Australia, General Manager Ports and Infrastructure for Pilbara Iron and General Manager Tarong Coal. Prior to joining Rio Tinto, he worked for 6 years for BHP in coal operations and metalliferous exploration. He is currently also a non-executive director of Emeco Holdings Limited and WorkPac Pty Ltd.

Darren has a Bachelor of Engineering (Mining) from the University of Queensland, a Graduate Diploma in Management from the University of Central Queensland and a Graduate Diploma of Applied Finance and Investment from the Securities Institute of Australia. He has an Executive MBA from the Monash Mt Eliza Business School and is a Fellow of the Australian Institute of Company Directors.

**Directors' recommendation:** *The Directors (with the candidate abstaining) unanimously recommend that Shareholders vote in favour of Mr Darren Yeates' election as a Director.*

## **Resolution 3: Election of Director – Mr Jimmy Lim**

On 23 October 2019, Mr Jimmy Lim was appointed by the other Directors as an addition to the Board in accordance with rule 11.2(b) of the Constitution. The ASX Listing Rules and the Company's constitution require that a Director appointed by the other Directors retire from office at the following annual general meeting of the Company.

In accordance with ASX Listing Rule 14.4 and rule 11.3(a) of the Constitution, Mr Jimmy Lim retires from office and offers himself for election.

Jimmy has over 17 years' experience in finance and investment management in the metals and mining sector, with extensive industry relationships in Australia and globally. He complements the Board's expertise on capital markets, financing, business development and M&A.

Jimmy worked for EY and KPMG in Perth and JP Morgan in Melbourne, advising some of the world's largest miners. Thereafter, he moved to Goldman Sachs to cover Metals and Mining in Asia ex-China.

Jimmy is a Fellow of the FSIA and holds an MBA and degrees in Engineering and Science from the University of Western Australia.

**Directors' recommendation:** *The Directors (with the candidate abstaining) unanimously recommend that Shareholders vote in favour of Mr Jimmy Lim's election as a Director.*

## **Resolution 4: Approval of employee incentive scheme**

### **Summary**

The Board adopted the SCLRP in October 2016 to give the Board flexibility to provide long term incentives to the Managing Director and other senior executives through the grant of Rights.

Non-Executive Directors are not eligible to participate in the SCLRP.

The key terms of the SCLRP are summarised in **Annexure A**.

Senior executive remuneration is determined by the Non-Executive Directors having consideration of relevant market practices and the circumstances of the Company on an annual basis. It is the view of these Directors that it is in the interests of Shareholders for selected senior executives to receive part of their total remuneration package in the form of at-risk securities (**Rights**) that will vest based on performance against indicators that are linked to Shareholder benefit during a defined measurement period.

The SCLRP is therefore designed to form a significant component of at-risk remuneration and to create alignment between Shareholder benefit and the remuneration of selected senior executives. Grants under the SCLRP will facilitate the Company providing appropriate, competitive and performance-linked remuneration to the senior executives of the Company. The Non-Executive Directors seek to ensure that grants to senior executives are made at a level that will appropriately position their total remuneration packages in the market, in accordance with the Company's remuneration policies. The Board regularly reviews market positioning, the elements and mix of remuneration for senior executives to ensure remuneration remains reasonable, within the range of market practices, and is appropriate to the circumstances of the Company.

### **What is a Right?**

A Right is a contractual right awarded to a senior executive to receive the value of a specific number of Shares which is contingent upon the achievement against particular indicators. Upon the achievement of those indicators, a certain number of (or all) Rights vest. The Rights are an entitlement to the value of Shares (ordinary fully paid shares) which may be satisfied either in cash and/or Shares. Generally, it is expected that vested Rights will be satisfied in Shares. If satisfied in Shares, that senior executive is entitled to receive one Share for every vested Right.

The number of Rights issued to any person in any given year represents the maximum number of Shares that they could be entitled to receive if the maximum benchmarked indicators are met. To the extent such indicators are not met, a fewer number (and possibly zero) Rights will vest.

### **Requirement for Shareholder approval**

ASX Listing Rule 7.1 prohibits the Company issuing equity securities which, in aggregate, exceed 15% of the fully paid ordinary share capital of the Company in any 12-month period.

ASX Listing Rule 7.2, exception 9 provides that ASX Listing Rule 7.1 does not apply to the issue of securities by the Company under an employee incentive scheme if the scheme was established before the entity listed and a summary of the terms were included in the prospectus, or if the scheme has been approved by Shareholders within three years from the date of issue of the relevant securities.

Shareholders last approved the issue of shares under the SCLRP for the purposes of Listing Rule 7.2, exception 9 at the 2016 Annual General Meeting of the Company. The Company is seeking approval from Shareholders again this year that the issue of shares under the SCLRP be exempt from its 15% capacity under ASX Listing Rule 7.1, in accordance with ASX Listing Rule 7.2, exception 9. Since the SCLRP was last approved at the Annual General Meeting of the Company on 30 November 2016, no fully paid ordinary shares have been issued under the SCLRP.



# Stanmore Coal Limited

## ACN 131 920 968

Section 260A of the Corporations Act restricts the circumstances in which financial assistance may be provided to a person for the purposes of acquiring Shares in the Company. Section 260C(4) exempts assistance that arises under an employee share scheme which is approved by Shareholders. Accordingly, if Shareholder approval for this Resolution is obtained, the issue of Rights under the SCLRP and any subsequent issue of Shares upon vesting will not be treated as financial assistance and no further Shareholder approval will be necessary.

### Proposed issuances under the SCLRP

For FY20, the Board currently proposes to issue 509,191 Rights to senior executives as part of their long-term remuneration opportunity as set out below. As announced on 18 October 2019, Mr Dan Clifford (Managing Director) has given Stanmore notice of his resignation and therefore Mr Clifford will not be issued with any FY20 Rights.

Executive	Long term incentive (Rights) as a percentage of base salary	Number of Performance Rights
Ian Poole	30%	149,578
Bernie O'Neill	30%	145,366
Jon Romcke	30%	145,366
Brendan Schilling	20%	68,882

As the senior executives are not Directors, the Company does not require Shareholder approval for the issue of Rights to them under the SCLRP.

**Directors' recommendation:** *The Directors unanimously recommend that Shareholders vote in favour of resolution 4.*

### Resolution 5: Approval of an increase in fees paid to Non-Executive Directors

Under rule 11.9 of the Constitution and in accordance with ASX Listing Rule 10.17, the maximum aggregate amount payable by way of fees to Non-Executive Directors in any financial year is determined by Shareholders from time to time in general meeting (the **NED Fee Pool**). The current NED Fee Pool of \$500,000 was approved by Shareholders at the 2016 Annual General Meeting.

Shareholder approval is sought to increase the NED Fee Pool by \$250,000 from \$500,000 to \$750,000 per annum. In accordance with ASX Listing Rule 10.17, the NED Fee Pool is inclusive of 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.

The Directors are seeking Shareholder approval to increase the NED Fee Pool for the following reasons:

- To ensure the NED Fee Pool can accommodate payment of fees to any additional Non-Executive Directors, including Mr Jimmy Lim who was appointed by the other Directors as an addition to the Board in accordance with rule 11.2(b) of the Constitution on 23 October 2019, and other Non-Executive Directors who may be appointed to the Board, including as part of the Board's ongoing independent third party process to appoint an additional Non-Executive Director to the Board;
- To ensure that the Company has the ability to set fees at a competitive level so that it can attract and retain the services of Non-Executive Directors of the highest calibre; and
- To allow for some growth in Non-Executive Directors' fees in the future to reflect market competitiveness for Non-Executive Directors with the skills and experience that are appropriate for the Company's business.

The remuneration provided to Non-Executive Directors is reviewed annually. Details of Non-Executive Director remuneration for the financial year ended 30 June 2019 are contained within the Remuneration

## Stanmore Coal Limited

ACN 131 920 968

Report in the Company's 2019 Annual Report. The total aggregate value of remuneration provided to all Non-Executive Directors during FY19 was \$439,232. Based on the current fee schedule, total remuneration in FY20 will be approximately \$426,000 (as the proposed additional Non-Executive Directors to be appointed will not have been appointed for the full financial year). Based on the current fee schedule, total remuneration for all current and proposed Non-Executive Directors for a full financial year will be approximately \$490,000.

No securities have been issued to any Non-Executive Director under ASX Listing Rules 10.11 or 10.14 with Shareholder approval within the last three years.

***Directors' recommendation:*** *As the Non-Executive Directors have an interest in the outcome of Resolution 5, the Board does not believe it is appropriate to make a recommendation to Shareholders as to how to vote in relation to this Resolution.*

# Stanmore Coal Limited

ACN 131 920 968

## Glossary

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

**ASX** means the ASX Limited or the securities exchange operated by it (as the case requires).

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

**ATSR** means Absolute Total Shareholder Return, being the change in Share price over a measurement period plus any dividends paid during the measurement period, assumed to be re-invested in Shares.

**Board** means the board of Directors of the Company from time to time.

**Chairman** means the person appointed Chairman of the Meeting.

**Company** means Stanmore Coal Limited ACN 131 920 968.

**Constitution** means the constitution of the Company as amended from time to time.

**Corporations Act** means the *Corporations Act 2001* (Cth) as amended from time to time.

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

**Explanatory Memorandum** means the explanatory memorandum accompanying this Notice.

**Meeting** means the Annual General Meeting of Shareholders to be held on 25 November 2019 as convened by the accompanying Notice.

**Notice** means the notice of meeting giving notice to Shareholders of the Meeting, accompanying this Explanatory Memorandum.

**Ordinary Resolution** means a resolution passed by more than 50% of the votes cast by those entitled to vote on the resolution.

**Performance Right** has the meaning given to that term in Annexure A.

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

**Right** means a right issued under the SCLRP that entitles the holder, on vesting, to one Share (or an equivalent cash value). A Right can be a Performance Right, a Service Right or a Deferred Right as defined in Annexure A.

**SCLRP** means the Stanmore Coal Limited Rights Plan adopted by the Board on 30 October 2016, the terms and conditions of which are summarised in the Explanatory Memorandum and in Annexure A.

**Shareholder** means a holder of Shares.

**Shares** means fully paid ordinary shares in the Company.

**Vesting Conditions** means the conditions that must be satisfied for a Right to vest and entitle the holder to the value of a Share (which may be satisfied either in cash and/or in Shares).

**VWAP** means volume weighted average price.

## Annexure A – Summary of key features of the SCLRP

Aspect	Details
Instrument	<p>The SCLRP uses Rights which are entitlements to the value of Shares which may be satisfied either in cash and/or in Shares. Generally, it is expected that vested Rights will be satisfied in Shares. The price to exercise the Rights is nil, however vesting is performance tested. The value that will be realised is then a function of performance against indicators (<b>Vesting Conditions</b>) and the Share price at the time of vesting.</p> <p>The SCLRP allows for the Board to issue up to three types of Rights which may be appropriate forms of remuneration under various circumstances, being:</p> <ul style="list-style-type: none"> <li>• <b>Performance Rights</b> which vest when performance conditions have been satisfied;</li> <li>• <b>Service Rights</b> which vest after the completion of a period of service; and</li> <li>• <b>Deferred Rights</b> which relate to amounts of deferred payments already earned and which are not subject to vesting conditions.</li> </ul> <p>It is not currently anticipated that Deferred Rights or Service Rights would be used, and the majority of grants under the SCLRP are intended to be Performance Rights.</p>
Eligibility	<p>Selected senior executives as nominated by the Board are eligible to participate. Participants would need to be employees; however, it is possible to include contractors. Non-Executive Directors are not eligible so as to ensure their independence with regards to the oversight of the SCLRP.</p>
Terms & Conditions	<p>The Board has the discretion to set the terms and conditions on which it will offer Rights under the SCLRP, including the Vesting Conditions and modification of the terms and conditions as appropriate to ensuring the plan operates as intended. All Performance and Service Rights offered will be subject to Vesting Conditions and, in the case of Performance Rights, the conditions are intended to be challenging and linked to growth in Shareholder value. The terms and conditions of the SCLRP include those aspects legally required as well as a method for calculating the appropriate number to vest in the circumstances of a change of control, a major return of capital to Shareholders and the treatment of Rights in the circumstances of various forms of termination.</p>
Number of Rights	<p>The number of Rights to be offered will be at the discretion of the Board. It is intended that the number of Rights to be granted will be determined annually with regard to the participant's base package, relevant market practices and the relevant policies of the Company regarding their remuneration.</p>
Vesting	<p>Performance Rights will be the main form of Right that will be used and they will vest based on the Company's performance. Service</p>

Aspect	Details
	Rights and Deferred Rights may also be used from time to time to retain key talent or defer short-term incentives. Upon the satisfaction of the Vesting Conditions, the value of Rights that vest will be evaluated, and will either be paid in cash, converted into Shares based on the then Share price, or a combination of cash and Shares. No exercise price is required to convert the Rights into Shares. Generally, it is expected that vested Rights will be converted into Shares. In the case of Deferred Rights, exercise will be automatic 90 days following grant.
Measurement Period	The measurement period may be determined by the Board as part of each offer, but is intended to be three years (starting from the beginning of the financial year in which a grant is made) with no vesting prior to performance being tested at the end of the three years between the start of the financial year in which the grant is made, and the end of the third financial year. Different measurement periods may be applied when warranted. The life of the Rights may differ from the measurement period and be shorter when Shareholder approval for grants cannot be obtained until after the beginning of the measurement period.
Vesting Conditions	Vesting Conditions are to be determined by the Board as part of each offer, however the conditions selected are intended to create alignment with the experiences and expectations of Shareholders over the measurement period. Initially, Vesting Conditions will be performance relative to a scale of outcomes related to ATSR in respect of the Shares.
Retesting	The SCLRP rules allow for a single retest to apply 12 months following the first test, only if the executive is still employed, and nil vesting occurred at the first test. The start of the measurement period would not be affected by retesting, and retests should only apply to vesting scales that are expressed on an annualised basis, which ensures the retest does not make vesting easier. The purpose of retesting is to address short-term anomalies that arise at the relevant calculation points, and to motivate management to strive for improvement if the Rights fail to vest at the first instance.
Exercise Price	Nil.
Cessation of Employment	<p>The SCLRP contains provisions concerning the treatment of vested and unvested Rights in the event that a participant ceases employment.</p> <p>Unless the Board determines otherwise, if an SCLRP participant ceases employment by reason of resignation, termination for poor performance or termination for cause, all unvested Rights held by the participant will lapse.</p> <p>Unless the Board determines otherwise, if a Participant ceases employment for any other reason, including by reason of death, disability, redundancy, retirement or by agreement, Rights that were granted to the participant during the financial year in which the termination occurred will be forfeited in the same proportion as the</p>

Aspect	Details
	remainder of the financial year bears to the full year. All remaining Rights for which Vesting Conditions have not been satisfied as at the date of cessation of employment will then remain “on foot”, subject to the original Vesting Conditions.
Change of Control of the Company	In the event of a change of control unvested Rights would vest in the same proportion as the Share price has increased since the beginning of the measurement period. Remaining Rights would either lapse or some or all may vest at the Board’s discretion. In relation to Shares that have resulted from the vesting of Rights, dealing restrictions, if any, specified in the invitation would also be lifted, though the Company’s securities trading policy would continue to apply.
Major Return of Capital	The SCLRP contains provisions that provide for vesting in the proportion of capital returned to Shareholders, or in the proportion that the Share price increased over the measurement period, with Board discretion regarding the remainder.
Voting and Dividend Rights	Rights do not carry voting or dividend entitlements. Shares issued when Rights vest carry all entitlements of Shares, including voting and dividend rights.
No Transfer of Rights	Rights may not be sold, transferred, mortgaged, charged or otherwise dealt with or encumbered, except by force of law.
Quotation	Rights will not be quoted on the ASX. The Company will apply for quotation of any Shares issued upon the vesting of Rights in accordance with the ASX Listing Rules.
Variation of Term and Conditions	To the extent permitted by the ASX Listing Rules, the Board retains the discretion to vary the terms and conditions of the SCLRP. This includes varying the number of Rights to which a participant is entitled upon a reorganisation of the capital of the Company.
Issue or Acquisition of Shares	Shares allocated to a participant when Rights vest under the SCLRP may be issued by the Company or acquired on or off market by the Company or its nominee. The nominee may be a trust, the purpose of which is to facilitate the operation of the SCLRP.
Cost and Administration	The Company will pay all costs of issuing and acquiring Shares for the purposes of satisfying exercised Rights, as well as any brokerage on acquisitions of Shares for this purpose and all costs of administering the SCLRP.
Other Terms of the SCLRP	The SCLRP also contains customary and usual terms having regard to Australian law for dealing with winding up, administration, variation, suspension and termination of the SCLRP.
Hedging	The Company prohibits the hedging of Rights or Shares subject to dealing restrictions by participants.
Lapse and Forfeiture of Rights	Rights will lapse if the prescribed Vesting Conditions are not satisfied within the prescribed measurement period, subject to retesting.

## LODGE YOUR VOTE



### ONLINE

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)



### BY MAIL

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



### BY FAX

+61 2 9287 0309



### BY HAND

Link Market Services Limited  
1A Homebush Bay Drive, Rhodes NSW 2138; or  
Level 12, 680 George Street, Sydney NSW 2000



### ALL ENQUIRIES TO

Telephone: +61 1300 554 474



X99999999999

## PROXY FORM

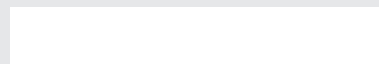
I/We being a member(s) of Stanmore Coal Limited and entitled to attend and vote hereby appoint:

### 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 you are appointing as your proxy



or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **10:00am (Brisbane time) on Monday, 25 November 2019 at the offices of Allens, Level 26, 480 Queen Street, Brisbane QLD 4000** (the **Meeting**) and at any postponement or adjournment of the Meeting.

**Important for Resolution 1:** If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolution 1, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

**The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.**

### VOTING DIRECTIONS

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 ☒

#### Resolutions

For Against Abstain\*

1 Remuneration Report

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

2 Election of Director – Mr Darren Yeates

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

3 Approval of employee incentive scheme

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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4 Approval of an increase in fees paid to Non-Executive Directors

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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\* 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.

### SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)



Joint Shareholder 2 (Individual)



Joint Shareholder 3 (Individual)



Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

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).

## HOW TO COMPLETE THIS SHAREHOLDER 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 PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

### DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolution is connected directly or indirectly with the remuneration of KMP.

### 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.

### 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.

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" must 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 or online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

### 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 **10:00am (Brisbane time) on Saturday, 23 November 2019**, 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](http://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).



#### BY MAIL

Stanmore Coal 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  
or  
Level 12  
680 George Street  
Sydney NSW 2000

\* During business hours (Monday to Friday, 9:00am–5:00pm)

**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.**