CELSIUS COAL LIMITED

(TO BE RENAMED "FAVOURIT LIMITED")

ACN 009 162 949

NOTICE OF GENERAL MEETING

TIME: 10.00am WST

DATE: Thursday 9th June 2016

PLACE: London House
Level 3, 216 St Georges Terrace
Perth, Western Australia

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 9226 4500.

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IMPORTANT INFORMATION

Time and place of Meeting

Notice is given that the Meeting will be held at 10.00am WST on Thursday 9th June 2016 at London House, Level 3, 216 St Georges Terrace, Perth, Western Australia.

Your vote is important

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

Voting eligibility

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5.00pm WST on Tuesday 7th June 2016.

Voting in person

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

Voting by proxy

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

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

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

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

- if proxy holders vote, they must cast all directed proxies as directed; and

- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are 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 (ie 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 (ie 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 (ie 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; or
  - the proxy does not vote on the resolution,

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

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – PUBLIC OFFER SHARES AND OPTIONS

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

> *"That, subject to and conditional on the passing of all Essential Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to that number of Shares, when multiplied by the issue price, will raise up to $6,000,000, together with one (1) free attaching Option for every two (2) Shares subscribed for and issued as part of the Public Offer 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 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.

2. RESOLUTION 2 – ISSUE OF CONSIDERATION SHARES

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

> *"That, subject to and conditional upon the passing of the Essential Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 60,600,000 Consideration 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.

3. RESOLUTION 3 – ISSUE OF ADVISER SHARES

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

> *"That, subject to and conditional on the passing of all Essential Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 3,636,000 Adviser Shares to Asia Principal Capital-Corporate Finance Pty Ltd (or its nominees) 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.

4. RESOLUTION 4 – CONVERSION UNDER CONVERTIBLE NOTES

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

> *"That, subject to and conditional upon the passing of the Essential Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 4,208,644 Shares and 2,104,328 Options to the Celsius Noteholders 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.

Dated: 6 MAY 2016

By order of the Board

MR RANKO MATIC
NON-EXECUTIVE DIRECTOR
COMPANY SECRETARY
CELSIUS COAL LIMITED

EXPLANATORY STATEMENT

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

All Resolutions are Essential Resolutions. **If any of the Essential Resolutions are not passed, then all of the Resolutions will be taken to have been rejected by Shareholders and the Acquisition will not proceed.** All Essential Resolutions must be passed for the Acquisition to proceed.

1. BACKGROUND

On 9 March 2016 the Company lodged a Prospectus with ASIC for the purposes of satisfying Chapters 1 and 2 of the ASX Listing Rules, and to satisfy the ASX requirements for re-admission to the Official List following a change in nature and scale of the Company's activities pursuant to the Company's proposed acquisition of Favourit Global Pty Ltd (ACN 158 297 566) (**Favourit**) (**Acquisition**) (**Prospectus**).

On 14 April 2016 the Company was issued with an interim order by ASIC in relation to its Prospectus (**Stop Order**). The Company is currently working through the issues raised by ASIC, and aims to lodge a replacement prospectus (**Replacement Prospectus**) with ASIC prior to the date of the Meeting to satisfy ASIC's queries.

As a result of the Stop Order, the Company will be unable to issue those securities to which it sought a number of approvals for at its general meeting held on 28 January 2016 (**January Meeting**) within the time limits permitted by the ASX Listing Rules.

A Company must issue securities approved under ASX Listing Rule 7.1 no later than 3 months after the date of the relevant meeting (the relevant approvals being the issue of: 60,600,000 Consideration Shares; 3,636,000 Adviser Shares; up to 30,000,000 Shares; and 3,500,000 Conversion Shares and 1,750,000 Conversion Options (each defined below and together the **Transaction Securities**)). As such, the Company's approvals to issue the Transaction Securities expired on 28 April 2016. The issue of the Transaction Securities is crucial to the Company's acquisition of Favourit and to achieve reinstatement to the Official List, and as such the Company is seeking (amongst other things) Shareholder approval to issue the Transaction Securities at the upcoming meeting the subject of this Notice.

The original Prospectus contained a public offer of up to 30,000,000 Shares at an issue price of $0.20 per share to raise up to $6,000,000 (**Public Offer**). The Board has resolved to amend the Public Offer and offer investors an additional free attaching Option for every two (2) shares subscribed for and issued under the public offer (for a total of 15,000,000 free attaching Options). The Company therefore proposes to seek Shareholder approval for the issue of up to 15,000,000 free attaching Options as part of the Public Offer.

Effect on Capital Structure

A pro forma capital structure following the passing of each Essential Resolution and Settlement is set out below:

Capital Structure	Shares	Performance shares	Unlisted options	Listed Options	Performance rights
Current	1,614,034	463,500[2]	Nil		-
Consideration Shares	60,600,000	-	-		-
Public Offer Shares and Options[3]	30,000,000	-	-	15,000,000[1]	-
Conversion securities	4,208,644	-	-	2,104,328	-

Adviser Shares	3,636,000	-	-		-
ESOP Options	-	-	4,967,274[4]		-
Performance rights	-	-	-		4,967,274[4]
Total on completion of Acquisition and Settlement occurring	**100,058,678**	**-**	**4,967,274**	**17,104,328**	**4,967,274[4]**

Notes

1. Free attaching Options now offered as part of the amended Public Offer.

2. Performance shares shall expire at Settlement subject to Settlement occurring.

3. Assumes that a maximum of $6,000,000 is raised pursuant to the Public Offer.

4. The Company recently received approval from Shareholders to have the ability to issue up to this amount of securities to its proposed directors under the respective performance rights and employee share option plans. These securities are yet to be issued, however the Company plans to issue these securities to the respective parties on or shortly after completion of the Acquisition and Settlement occurring.

2. RESOLUTION 1 – PUBLIC OFFER SHARES AND OPTIONS

2.1 General

This Resolution seeks Shareholder approval for the issue of up to that number of Shares, when multiplied by the issue price (being $0.20 per Share), will raise at least $4,000,000 and up to $6,000,000 under the Public Offer pursuant to the Replacement Prospectus, together with one (1) free attaching Option for every two (2) Shares subscribed for and issued. Approval is sought for the issue of these Shares and Options pursuant to this Resolution.

For the purposes of the Listing Rules, none of the subscribers for the Shares or free attaching Options to be issued under this Resolution will be related parties of the Company.

The Public Offer will be conditional on the following:

(a) Shareholders passing all of the Essential Resolutions; and

(b) the Shares and free attaching Options to be issued under the Public Offer being issued contemporaneously with Settlement.

Further details of the Public Offer will be set out in the Replacement Prospectus.

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

The effect of this Resolution will be to allow the Company to issue Shares and free attaching Options under the Public Offer 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 under ASX Listing Rule 7.1.

2.2 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 Public Offer:

(a) the maximum number of Shares to be issued is up to that number of Shares which, when multiplied by the issue price, equals $6,000,000 (30,000,000 Shares), and the maximum number of free attaching Options to be issued is 15,000,000, being on a 1:2 basis;

(b) the Shares and free attaching Options will be issued no later than 3 months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares and free attaching Options will occur on the same date;

(c) the issue price of the Shares will be not less than $0.20 per Share;

(d) the issue price of the free attaching Options will be nil as they will be issued free attaching with the Shares on a 1:2 basis;

(e) the Shares and free attaching Options are proposed to be issued to the applicants under the Public Offer. None of these subscribers will be related parties of the Company;

(f) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares on issue; and

(g) the free attaching Options will be issued on the terms and conditions set out in Schedule 1.

the Company intends to use the funds raised under the Public Offer as set out in the table below:

Funds available	**Minimum Subscription ($4,000,000)**	**Percentage of Funds (%)**	**Maximum Subscription ($6,000,000)**	**Percentage of Funds (%)**
Existing cash reserves of the Merged Group at Settlement	$150,000	4%	$150,000	2%
Funds raised from the Public Offer	$4,000,000	96%	$6,000,000	98%
Total	**$4,150,000**	**100%**	**$6,150,000**	**100%**
Allocation of funds	**Minimum Subscription ($4,000,000)**	**Percentage of Funds (%)**	**Maximum Subscription ($6,000,000)**	**Percentage of Funds (%)**
Marketing activities[1]	$1,187,107	29%	$2,415,107	39%
Expenses associated with the Acquisition[2]	$650,753	14%	$772,753	12%
Continued technology development & operational support[3]	$750,000	18%	$1,000,000	16%
Favourit business development[4]	$120,000	3%	$120,000	2%
Working capital[5]	$1,442,140	36%	$1,842,140	31%

TOTAL	**$4,150,000**	**100%**	**$6,150,000**	**100%**

Notes

1. Funds used for marketing of Favourit include:
   (a) direct marketing related to acquisition of new customers and the retention of existing customers in the United Kingdom in order to continue to grow Favourit's betting turnover and business; and
   (b) costs of marketing utilising digital media.
2. Refer to the table below for the itemised costs of the expenses associated with the Acquisition:

Estimated Costs of Acquisition	Proposed minimum Public Offer ($4 million)	Proposed maximum Public Offer ($6 million)
ASX Fees	$76,433	$78,433
ASIC Fees	$2,320	$2,320
Legal, Accounting and Due Diligence Expenses	$300,000	$300,000
Shareholder Meeting / Share Registry Costs	$12,000	$12,000
Printing	$20,000	$20,000
Public Offer Fees	$240,000	$360,000
TOTAL	$650,753	$772,753

3. Funds used for development and operational support of Favourit include:
   (a) ongoing product development for the evolution of Favourit's Platform;
   (b) management and expansion of customer service activities;
   (c) provision of hardware and third party services to continue to offer the Favourit Platform and real money betting product
4. Funds used for business development activities include:
   (a) business development initiatives to seek to commercialise Favourit's business in other territories outside the United Kingdom, including potentially in Australia; and
   (b) potential costs associated with applying for and being granted gaming licenses in other territories in which Favourit may seek to operate.
5. Working capital includes the general costs associated with the management and operation of the business including administration expenses, salaries, directors' fees, rent and other associated costs.

The above tables are statements of current intentions as of the date of this Notice of Meeting. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

3. RESOLUTION 2 – ISSUE OF CONSIDERATION SHARES

3.1 General

This Resolution seeks Shareholder approval for the issue of the Consideration Shares in consideration for the acquisition by the Company of 100% of the Favourit Shares on issue.

A summary of ASX Listing Rule 7.1 is set out in section 2.1 above.

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

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 issue of the Consideration Shares:

(a) the maximum number of Consideration Shares to be issued at Settlement is 60,600,000 Consideration Shares;

(b) the Consideration 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 the issue of the Consideration Shares will occur on the same date;

(c) the Consideration Shares will be issued to the Vendors, who are not related parties of the Company (other than as a result of the Acquisition), in consideration for their respective Favourit Shares (pro rata to the number of Favourit Shares held by each Vendor);

(d) the Consideration Shares to be issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and

(e) no funds will be raised from the proposed issue as the Consideration Shares are proposed to be issued in consideration for the acquisition by the Company of all of the Favourit Shares in accordance with the terms of the HOA.

4. RESOLUTION 3 – ISSUE OF ADVISER SHARES

4.1 General

This Resolution seeks Shareholder approval for the issue of 3,636,000 Adviser Shares to APCF (or its nominees) in consideration for APCF introducing the Transaction to the Company and assisting with its implementation.

A summary of ASX Listing Rule 7.1 is set out in section 2.1 above.

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

4.2 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 Adviser Shares:

(a) the maximum number of Adviser Shares to be issued is 3,636,000;

(b) the Adviser Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Adviser Shares will occur on the same date;

(c) the Adviser Shares will be issued for nil cash consideration in satisfaction of APCF introducing the Transaction to the Company and assisting with its implementation;

(d) the Adviser Shares will be issued to APCF (or its nominees), none of whom are a related party of the Company;

(e) the Adviser Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and

(f) no funds will be raised from the issue of Adviser Shares as the Adviser Shares are being issued in consideration of APCF introducing the Transaction to the Company and assisting with its implementation.

5. RESOLUTION 4 – CONVERSION UNDER CONVERTIBLE NOTES

5.1 General

At the January Meeting, approval was sought for the issue of up to 3,500,000 Shares (**Conversion Shares**) and 1,750,000 Options (**Conversion Options**) to Celsius Noteholders upon conversion of the Celsius Convertible Notes (terms and conditions of which are set out in the Prospectus). Since the date of the January Meeting, the interest component of the Celsius Convertible Notes has resulted in an extra 708,644 Conversion Shares and 354,328 Conversion Options becoming payable to the Celsius Noteholders. As such, this Resolution seeks Shareholder approval for the issue of up to 4,208,644 Conversion Shares and 2,104,328 Conversion Options to the Celsius Noteholders upon conversion of the Celsius Convertible Notes.

A summary of ASX Listing Rule 7.1 is set out in Section 2.1 above.

The effect of this Resolution will be to allow the Company to issue the Conversion Securities to the Celsius Noteholders in discharge of the Company's obligations under the Celsius Convertible Note deed, 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.

5.2 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 Conversion Securities:

(a) the maximum number of Conversion Shares to be issued is 4,208,644 and the maximum number of Conversion Options to be issued is equal to 50% of the number of Conversion Shares to be issued as the Conversion Options will be issued free attaching with the Conversion Shares on a 1:2 basis (i.e., 2,104,328 Conversion Options);

(b) the Conversion Shares and Conversion Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Conversion Shares and Conversion Options will occur on the same date;

(c) the Conversion Shares will be issued for nil cash consideration in satisfaction of amounts owing to the Celsius Noteholders;

(d) the issue price of the Conversion Options will be nil as they will be issued free attaching with the Conversion Shares on a 1:2 basis;

(e) the Conversion Shares and Conversion Options will be issued to Celsius Noteholders, none of whom are related parties of the Company;

(f) the Conversion 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;

(g) the Conversion Options will be issued on the terms and conditions set out in Schedule 1; and

(h) no funds will be raised from the placement as the Conversion Shares and Conversion Options are being issued in consideration for amounts owing to the Celsius Noteholders.

GLOSSARY

$ means Australian dollars.

Acquisition has the meaning given at Section 1.

Adviser or **APCF** means Asia Principal Capital-Corporate Finance Pty Ltd (or its nominee).

Adviser Shares means the Shares to be issued pursuant to Resolution 3.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

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.

Celsius Convertible Note has the meaning given to it in the Prospectus.

Celsius Noteholder means the holder of a Celsius Convertible Note.

Chair means the chair of the Meeting.

Company means Celsius Coal Limited (to be renamed "Favourit Limited") (ACN 009 162 949).

Consideration Shares means the Shares to be issued pursuant to Resolution 2.

Constitution means the Company's constitution.

Conversion Options means the Options to be issued Celsius Noteholders in relation to the Celsius Convertible Notes, with the terms and conditions set out in Schedule 1.

Conversion Shares means the Shares to be issued to Celsius Noteholders in relation to the Celsius Convertible Notes.

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

Directors means the current directors of the Company.

Essential Resolutions means all resolutions.

Explanatory Statement means the explanatory statement accompanying the Notice.

Favourit means Favourit Global Pty Ltd (ACN 158 297 566).

Favourit Shares means a fully paid ordinary share in the capital of Favourit.

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

HOA means the binding heads of agreement between the Company, Favourit, and shareholders in Favourit as summarised in the Prospectus at Section 14.1.

January Meeting means the meeting of Shareholders held on 28 January 2016.

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 with the terms and conditions set out in Schedule 1.

Optionholder means a holder of an Option.

Prospectus means the Company's Prospectus lodged with ASIC on 9 March 2016.

Proxy Form means the proxy form accompanying the Notice.

Replacement Prospectus has the meaning given at Section 1.

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

Settlement means the settlement of the Acquisition in accordance with the terms of the HOA.

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

Shareholder means a registered holder of a Share.

Stop Order has the meaning given at Section 1.

Transaction means the transaction between the Company and Favourit as contemplated by the HOA.

Transaction Securities has the meaning given at Section 1.

Vendors means each and every shareholder of Favourit.

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

SCHEDULE 1 – TERMS AND CONDITIONS OF LISTED OPTIONS

(a) **Entitlement**

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

(b) **Exercise Price**

Subject to paragraph (j), the amount payable upon exercise of each Option will be $0.20 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on 30 December 2018 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

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

(e) **Notice of Exercise**

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

(f) **Exercise Date**

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

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

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

(i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;

(ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

(iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being

ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

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

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

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

(j) **Reconstruction of capital**

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

(k) **Participation in new issues**

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

(l) **Change in exercise price**

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

(m) **Quoted**

The Company will apply for quotation of the Options on ASX.

(n) **Transferability**

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

CELSIUS COAL
LIMITED
ABN 95 009 162 949

All registry communications to:
Automic Registry Services
PO Box 223
West Perth WA 6872

Holder Number

Security Holder Appointment of Proxy – General Meeting

I/We being a Shareholder entitled to attend and vote at the Meeting, hereby appoint

	OR	The Chair as my/our proxy

(Name of Proxy)

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the General Meeting to be held at 10.00am WST on Thursday 9th June 2016 at London House, Level 3, 216 St Georges Terrace, Perth, Western Australia and at any adjournment thereof.

CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

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

Unless indicated otherwise by ticking the "for"," against" or "abstain" box you will be authorising the Chair to vote in accordance with the Chair's voting intention.

VOTING ON BUSINESS OF THE MEETING

	Resolutions	**For**	**Against**	**Abstain**
1	Public Offer Shares and Options	☐	☐	☐
2	Issue of Consideration Shares	☐	☐	☐
3	Issue of Adviser Shares	☐	☐	☐
4	Conversion under Convertible Notes	☐	☐	☐

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

SIGNATURE OF SHAREHOLDER(S):

Individual or Shareholder 1	**Shareholder 2**	**Shareholder 3**
Sole Director or Sole Director / Company Secretary	Director	Director / Company Secretary

INSTRUCTIONS FOR COMPLETING 'APPOINTMENT OF PROXY' FORM

APPOINTING A PROXY
A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. The appointed proxy may be an individual or body corporate.

If a Body Corporate is appointed to act as your proxy then a representative of that Body Corporate must be appointed to act as its representative. When attending the meeting, the representative must bring a formal notice of appointment as per section 250D of the Corporations Act. Such notice must be signed as required by section 127 of the Corporations Act or the Body Corporate's Constitution.

If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll.

The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.

Note: If you wish to appoint a second proxy, you may copy this form but you must return both forms together.

VOTING ON BUSINESS OF MEETING
A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the number of votes that the proxy may exercise by writing the number of Shares next to the box marked for the relevant item of business.

Where a box is not marked the proxy may vote as they choose subject to the relevant laws.

Where more than one box is marked on an item the vote will be invalid on that item.

SIGNING INSTRUCTIONS

- **Individual**: Where the holding is in one name, the Shareholder must sign.
- **Joint holding**: Where the holding is in more than one name, all of the Shareholders should sign.
- **Power of attorney**: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
- **Companies**: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

ATTENDING THE MEETING
Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

LODGEMENT OF VOTES
To be effective, a validly appointed proxy must be received by the Company **not less than 48 hours** prior to commencement of the Meeting.

Proxy appointments can be lodged by:

a) **Post** - to Celsius Coal Limited, PO Box 7775, Cloisters Square Perth 6850; or
b) **Email** – to the Company at mross@perth.bentleys.com.au

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

Proxy Forms received later than this time will be invalid