CELSIUS COAL LIMITED

ACN 009 162 949

NOTICE OF GENERAL MEETING

TIME: 11.00am (WST)

DATE: Monday, 3 October 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 11.00am on Monday, 3 October 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 11.00am on 1 October 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 – PLACEMENT – PUBLIC OFFER

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 120,000,000 Shares at an issue price of 1 cent per Share, together with one (1) free attaching Option for every three (3) Shares subscribed for, 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 – PARTICIPATION OF RELATED PARTY IN PUBLIC OFFER – MR ALISTAIR MUIR

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 section 195(4) of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 2,500,000 Shares, together with (1) free attaching Option for every three (3) Shares subscribed for and issued, to Mr Alistair Muir (or his nominee) on the terms and conditions set out in the Explanatory Statement."*

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Mr Alistair Muir (and his nominee) 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.

3. RESOLUTION 3 – PARTICIPATION OF RELATED PARTY IN PUBLIC OFFER – MR BILL OLIVER

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 section 195(4) of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 2,500,000 Shares together with (1) free attaching Option for every three (3) Shares subscribed for and issued, to Mr Bill Oliver (or his nominee) on the terms and conditions set out in the Explanatory Statement."*

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Mr Bill Oliver (and his nominee) 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.

4. RESOLUTION 4 – PARTICIPATION OF RELATED PARTY IN PUBLIC OFFER – MR RANKO MATIC

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 section 195(4) of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 2,500,000 Shares together with (1) free attaching Option for every three (3) Shares subscribed for and issued, to Mr Ranko Matic (or his nominee) on the terms and conditions set out in the Explanatory Statement."*

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Mr Ranko Matic (and his nominee) 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.

5. RESOLUTION 5 – 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 90,885,500 Conversion Shares and 45,442,750 Conversion Options to the 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.

6. RESOLUTION 6 – PLACEMENT – CREDITOR 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 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 31,400,400 Creditor Shares and 10,466,800 Creditor Options to the Creditors 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.

7. RESOLUTION 7 – PLACEMENT – 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 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 40,000,000 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 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: 30 August 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 recapitalisation proposal will not proceed.** All Essential Resolutions must be passed for the recapitalisation proposal to proceed.

1. BACKGROUND

1.1 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 100% of the issued capital of Favourit.

On 14 April 2016, ASIC sent the Company an interim order under subsection 739(3) of the Corporations Act, together with a statement of concern. The statement of concern outlined ASIC's key concerns relating to disclosures made in the prospectus, the key concern being the legality of Favourit's current business and future strategy. The Company liaised with representatives from ASIC for a number of weeks in order to address ASIC's concerns, and as such, a replacement prospectus was drafted and submitted to ASIC for delegate review on 3 June 2016. ASIC was not satisfied that the replacement prospectus sufficiently addressed their concerns relating to the legality of Favourit's business, and as such the Company received an order pursuant to subsection 739(1A) of the Corporations Act on 8 June 2016, which effectively stopped the prospectus, and terminated any hopes of completing the Transaction.

As the Transaction can no longer complete, the Company is determined to continue with its business as an exploration company. The Board believes that the renewed market interest in the resources sector provides an opportunity for the Company to salvage some value for shareholders by continuing exploration activities on its Western Australian nickel assets, namely its Abenego Hill Project.

The Company's recapitalisation proposal is set out below in section 1.2, together with other relevant information. The Company's recapitalisation proposal is subject to Shareholders passing all of the Essential Resolutions.

1.2 Recapitalisation Proposal

The recapitalisation proposal is as follows:

(a) The Company has outstanding convertible notes on issue (**Convertible Notes**) that represent a face value of $908,855 the terms of which are set out in Schedule 1). These current convertible noteholders (**Noteholders**) will be issued with an aggregate of:

(i) approximately 90,885,500 Shares (**Conversion Shares**), with each Conversion Share having a value of $0.01; and

(ii) one (1) free attaching Option exercisable at $0.01 with an expiry of 30 December 2018 (the proposed terms and conditions of which are set out at Schedule 2) (**Options**) for every two (2) Conversion

Shares issued (being a total of approximately 45,442,750 Conversion Options),

(together the **Conversion Securities**).

(b) The creditors of the Company (**Creditors**) will likewise have their debts converted into Shares (with a one (1) for three (3) free attaching Options). At the date of this letter, the Company estimates that it will owe Creditors approximately $314,004 pending completion of the proposed recapitalisation (which converted into Creditor Shares equals an aggregate of 31,400,400 Creditor Shares and 10,466,800 Creditor Options which shall be issued to Creditors in their respective proportions).

(c) The Company will raise a minimum of $1,200,000 through the issue of Shares at $0.01 per Share (with a one (1) for three (3) free attaching Option) pursuant to a prospectus (**Prospectus**) (**Capital Raising**).

(d) The Company intends to vary the terms of its existing 927,000,000 performance shares (**Performance Share**) pursuant to a special resolution being passed at meeting of Performance Shareholders, so that each Performance Share is cancelled upon completion of the Capital Raising. The existing Performance Share milestones are all directly connected to what were the Company's Kyrgyz coal licences, and as disclosed in April 2015, the subsidiaries which held the Company's Kyrgyz coal licences have been put into liquidation, meaning that each Performance Share milestone is no longer capable of being met.

(e) It is intended that the Directors will continue with their current roles upon completion of the recapitalisation.

(f) The Company will continue its business as an exploration company and carry on its operations as set out below in section 1.5.

1.3 Effect on Capital Structure

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

Capital Structure	Shares	Performance Shares[1]	Options[2]
Current securities on issue	1,614,034	927,000,000	-
Conversion Securities	90,885,500	-	45,442,750
Creditor Securities[3]	31,400,400	-	10,466,800
Capital Raising	120,000,000	-	40,000,000
Option issue pursuant to Resolution 7	-	-	40,000,000
Total	**243,899,934**	**-**	**135,909,550**

Notes:

1. The Company proposes to vary the terms of the Performance Shares pursuant to a special resolution being passed at a meeting of Performance Shareholders so that each Performance Share is cancelled upon completion of the Capital Raising.
2. Quoted Options exercisable at $0.01 with an expiry of 30 December 2018 (See Schedule 2).
3. Assumes amount owed to Creditors is $314,004.

1.4 Use of Funds

Pending successful completion of the Capital Raising, a summary of the proposed expenditure in relation to the Company's Abenego Hill Project (see Section 1.5) is set out in the table below:

ACTIVITY	TOTAL $000s
Field reconnaissance and mapping	$25,000
Aeromagnetic survey including planning & interpretation	$65,000
Gravity survey including modelling & interpretation	$225,000
EM survey including planning & interpretation	$165,000
Drilling – RAB / Aircore including planning & supervision	$95,000
Drilling to test conductors including planning & supervision	$215,000
Assess acquisition opportunities adjacent to / complementary with project	$100,000
Totals	**$890,000**

The Company does not propose to incur any expenditure in relation to its 30% interest in the Carnilya Hill joint venture located in Western Australia with Mincor Resources NL (**Mincor**) (**Carnilya Hill JV**) as that asset contains what the Board views as a "remnant resource" and as such, the Company's current 30% holding in the venture is likely to be diluted by a fraction of a percentage each year. If the nickel price were to adjust favourably, the Company will reconsider its position in relation to Carnilya Hill expenditure.

1.5 Abenego Hill Project

The Abenego Hill Project is located approximately 50km west-southwest from Laverton and 60km east of Leonora and is adjacent to both Glencore International plc's Murrin Murrin Nickel Cobalt mine and the NiWest operation currently under development by GME Resources Limited. The Company considers the Abenego Hill Project to be prospective for nickel laterite and nickel sulphide mineralisation, as well as having potential for gold, copper and zinc mineralisation as demonstrated by previous exploration companies. Full details in relation to the Abenego Hill Project will be set out in the Company's Prospectus.

2. RESOLUTION 1 –PUBLIC OFFER SHARES AND OPTIONS

2.1 General

Resolution 1 seeks Shareholder approval for the issue of up to 120,000,000 Shares to raise up to $1,200,000, together with one (1) free attaching Option for every three (3) Shares subscribed for and issued, under a prospectus (**Public Offer**). Approval is sought for the issue of these Shares and free attaching Options pursuant to Resolution.

The Public Offer will be conditional on Shareholders passing all of the Essential Resolutions.

Further details of the Public Offer will be set out in the 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 120,000,000 Shares and the maximum number of free attaching Options to be issued is 40,000,000, being on a 1:3 basis;

(b) the Shares and free attaching 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 Shares and free attaching Options will occur on the same date;

(c) the issue price of the Shares will be 1 cent 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 1:3 basis;

(e) the Shares and free attaching Options are proposed to be issued to the applicants under the Public Offer. Other than as contemplated in Resolutions 2 to 4, 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;

(g) the free attaching Options will be issued on the terms and conditions set out in Schedule 2; and

(h) the Company intends to use the funds raised under the Public Offer as set out in section 1.4.

3. RESOLUTIONS 2 TO 4 – RELATED PARTY PARTICIPATION IN PUBLIC OFFER – MESSRS ALISTAIR MUIR, BILL OLIVER AND RANKO MATIC

3.1 General

Pursuant to Resolution 1 the Company is seeking Shareholder approval for the issue of up to 120,000,000 Shares at an issue price of $0.01 per Share, together with (1) free

attaching Option for every three (3) Shares subscribed for and issued, to raise up to $1,200,000.

Directors, Messrs Alistair Muir, Bill Oliver and Ranko Matic wish to participate in the Public Offer, (together, the **Related Party Participants**), subject to Shareholder approval being obtained.

Resolutions 2 to 4 seek Shareholder approval for the issue of up to 2,500,000 Shares and 833,333 Options to each of the Related Party Participants (or their respective nominees) arising from the participation by the Related Party Participants in the Public Offer on the terms and conditions set out below (**Participation**).

3.2 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:

(a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and

(b) 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 Participation will result in the issue of Shares which constitutes giving a financial benefit and the Related Party Participants are related parties of the Company by virtue of being Directors.

The Directors (other than Mr Alistair Muir in relation to Resolution 2, Mr Bill Oliver in relation to Resolution 3 and Mr Ranko Matic in relation to Resolution 4) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Participation because the Shares and Options will be issued to the Related Party Participants on the same terms as Shares and Options issued to unrelated party participants in the Public Offer and as such the giving of the financial benefit is on arm's length terms.

3.3 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 Placement involves the issue of Shares and Options to a replated party 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.

3.4 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 Participation:

(a) the maximum number of Shares to be issued is 7,500,000, being:

(i) 2,500,000 Shares to Mr Alistair Muir (or his nominee);

(ii) 2,500,000 Shares to Mr Bill Oliver (or his nominee); and

(iii) 2,500,000 Shares to Mr Ranko Matic (or his nominee);

(b) the maximum number of free attaching Options to be issued is 2,499,999, being on a 1:3 basis:

(i) 833,333 Options to Mr Alistair Muir (or his nominee);

(ii) 833,333 Options to Mr Bill Oliver (or his nominee); and

(iii) 833,333 Options to Mr Ranko Matic (or his nominee);

(c) the Shares and free attaching Options will be issued 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 issue of the Shares and free attaching Options will occur on the same date;

(d) the issue price will be $0.01 per Share, being the same as all other Shares issued under the Public Offer;

(e) the issue price of the free attaching Options will be nil as they will be issued free attaching with the Shares on a 1:3 basis, being the same as all other Options issued under the Public Offer;

(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;

(g) the free attaching Options will be issued on the terms and conditions set out in Schedule 2; and

(h) the funds raised will be used for the same purposes as all other funds raised under the Public Offer as set out in section 1.4.

Approval pursuant to ASX Listing Rule 7.1 is not required for the Participation as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Shares to the Related Party Participants (or their respective nominees) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

4. RESOLUTION 5 – CONVERSION UNDER CONVERTIBLE NOTES

4.1 General

Resolution 5 seeks Shareholder approval for the issue of up to 90,885,500 Conversion Shares, together with one (1) free attaching Conversion Option for every two (2) Conversion Shares issued, being a total of 45,442,750 Conversion Options to the Noteholders upon conversion of the 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 Noteholders in discharge of the Company's obligations under the 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.

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 Conversion Securities:

(a) the maximum number of Conversion Shares to be issued is 90,885,500 and the maximum number of Conversion Options to be issued is 45,442,750, being on a 1:2 basis;

(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 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 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 2; 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 Noteholders.

5. RESOLUTION 6 – PLACEMENT – CREDITOR SHARES AND OPTIONS

5.1 General

Resolution 6 seeks Shareholder approval for the issue of 31,400,400 Creditor Shares, together with one (1) free attaching Creditor Option for every three (3) Creditor Shares issued, being a total of 10,466,800 Creditor Options, in satisfaction of amounts owing to the Creditors.

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

The effect of Resolution 6 will be to allow the Company to issue the Creditor Shares and Creditor Options in satisfaction of amounts owing to the Creditors 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 Placement:

(a) the maximum number of Creditor Shares to be issued is 31,400,400 and the maximum number of Creditor Options to be issued is 10,466,800, being on a 1:3 basis;

(b) the Creditor Shares and Creditor 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 Shares and Options will occur on the same date;

(c) the Creditor Shares and Creditor Options will be issued for nil cash consideration in satisfaction of amounts owing to the Creditors;

(d) the issue price of the Creditor Options will be nil as they will be issued free attaching with the Creditor Shares on a 1:3 basis;

(e) the Creditor Shares and Creditor Options will be issued to the Creditors, who are not a related parties of the Company;

(f) the Creditor 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 Creditor Options will be issued on the terms and conditions set out in Schedule 2; and

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

6. RESOLUTION 7 – PLACEMENT – OPTIONS

6.1 General

Resolution 7 seeks Shareholder approval for the issue of up to 40,000,000 Options at an issue price of $0.001 per Option to raise up to $40,000 (**Placement**).

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

The effect of Resolution 7 will be to allow the Company to issue the Options 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.

6.2 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:

(a) the maximum number of Options to be issued is 40,000,000;

(b) the 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 Options will occur on the same date;

(c) the issue price will be $0.001 per Option;

(d) the Directors will determine to whom the Options will be issued but these persons will not be related parties of the Company;

(e) the Options will be issued on the terms and conditions set out in Schedule 2; and

(f) the Company intends to use the funds raised from the placement for general working capital purposes.

GLOSSARY

$ means Australian dollars.

Acquisition has the meaning given at Section 1.

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 or **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.

Company means Celsius Coal Limited (ACN 009 162 949).

Constitution means the Company's constitution.

Conversion Options means the Options to be issued to the Noteholders in relation to the Convertible Notes, with the terms and conditions set out in Schedule 2.

Conversion Securities means the Conversion Shares and Conversion Options.

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

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

Creditor Options means the Options to be issued to the Creditors in satisfaction of amounts owing to the Creditors, with the terms and conditions set out in Schedule 2.

Creditor Securities means the Creditor Shares and Creditor Options.

Creditor Shares means the Shares to be issued to the Creditors in satisfaction of amounts owing to the Creditors.

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).

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

Noteholder means the holder of a Convertible Note.

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 (the terms and conditions of which are set out at Schedule 2).

Optionholder means a holder of an Option.

Performance Share means a performance share, which, pursuant to the achievement of certain milestones, converts into a Share.

Performance Shareholder means the holder of a Performance Share.

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the resolutions set out in the Notice, 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 registered holder of a Share.

Transaction means the proposed transaction between the Company and Favourit, being the acquisition of all of the issued capital of Favourit by the Company.

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

SCHEDULE 1 – TERMS AND CONDITIONS OF CONVERTIBLE NOTES

(a) **Face value**

Each Convertible Note has a face value of $25,000.

(b) **Interest**

15% of gross proceeds payable at the Maturity Date (defined below) or on conversion. Interest is to be paid in cash or Shares at the election of the Noteholder.

(c) **Maturity Date**

Convertible Notes are to convert on completion of a successful corporate transaction, or earlier at the election of the Noteholder.

(d) **Conversion Price**

Equal to the pricing of the Public Offer.

(e) **Conversion Options**

Conversion Shares to be issued on conversion of the Convertible Notes will have a 1:2 free attaching call option with an exercise price equal to the price of the Shares issued pursuant to the Public Offer, and an expiry of 30 December 2018.

SCHEDULE 2 – TERMS AND CONDITIONS OF 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 $0.01 (**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
ACN 009 162 949

All registry communications to:
Automic Registry Services
PO Box 2226
Strawberry Hills NSW 2012

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 Meeting to be held at London House, Level 3, 216 St Georges Terrace, Perth, Western Australia, on Monday 3 October 2016 at 11.00am, 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	Placement - Public Offer	☐	☐	☐
2	Participation of Related Party in Public Offer – Mr Alistair Muir	☐	☐	☐
3	Participation of Related Party in Public Offer – Mr Bill Oliver	☐	☐	☐
4	Participation of Related Party in Public Offer – Mr Ranko Matic	☐	☐	☐
5	Conversion under Convertible Notes	☐	☐	☐
6	Placement – Creditor Shares and Options	☐	☐	☐
7	Placement - Options	☐	☐	☐

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) **Facsimile** to the Company on facsimile number +61 8 9220 2288; or
c) **Email** to mross@perth.bentleys.com.au

Proxy Forms received later than this time will be invalid