



# PACIFIC AMERICAN COAL LIMITED

Dear Shareholder,

NOTICE OF ANNUAL GENERAL MEETING OF MEMBERS OF PACIFIC AMERICAN COAL LIMITED  
ABN 83 127 131 604 (COMPANY)

Notice is hereby given that the Annual General Meeting (AGM) of the Company's members is to be held at:

Venue: Level 14, 52 Phillip Street Sydney NSW 2000

Time: 11.00 am (Sydney time)

Date: Thursday 5 May 2016

You are encouraged to attend the AGM, but if you cannot, you are requested to complete and return the enclosed Proxy Form without delay as follows:

Proxies may be lodged using the reply paid envelope, or

**BY MAIL**

Share Registry  
Boardroom Pty Ltd  
GPO Box 3993  
Sydney NSW 2001

**BY FAX**

+ 61 2 9290 9655

**IN PERSON**

Share Registry  
Boardroom Pty Ltd  
Level 12  
225 George Street  
Sydney NSW 2000 Australia

By order of the Board

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Ian Morgan  
Company Secretary  
4 April 2016

**This is an important document that should be read in its entirety.  
If you are in any doubt about the action you should take, you should consult with your professional advisers without delay.  
If you wish to discuss any aspects of this document with the Company, please contact:  
Mr Ian Morgan, Company Secretary of Pacific American Coal Limited on +61 2 9252 5300.**

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**NOTICE IS GIVEN** that the Annual General Meeting of Pacific American Coal Limited ABN 83 127 131 604 (**Company**) will be held at 11.00 am (Sydney time) on Thursday 5 May 2016 at Level 14, 52 Phillip Street Sydney NSW 2000.

The Proxy Form accompanying this Notice is incorporated in and comprises part of this Notice.

Explanatory notes, appearing under each item of business below, have been prepared to provide you with material information reasonably required to enable you to make an informed decision on how to vote upon the business to be conducted at the AGM.

The Explanatory Memorandum explains in greater detail the background to the Resolutions. Defined terms not otherwise defined in this Notice or the Explanatory Memorandum are defined in the Glossary which appears on page 11 of this Notice.

The purpose of the AGM is to consider and if thought fit, pass the Resolutions.

The Directors recommend that Members read this Notice in its entirety.

## ITEMS OF GENERAL BUSINESS

### Receive and consider Financial Statements

To receive and consider the financial statements and reports of the Company for the year ended 31 August 2015 and the four months ended 31 December 2015 (**2015 Annual Report**).

Notes:

- There is no requirement for Members to approve the 2015 Annual Report.
- The 2015 Annual Report is available at [www.pamcoal.com](http://www.pamcoal.com) for Members to access and download.
- Members will be given an opportunity to raise questions of the Directors and the Company's Auditor on the 2015 Annual Report at the AGM.
- If you would like to receive a hard copy of the 2015 Annual Report free of charge you can contact the Company by telephoning +61 2 9252 5300.
- Further information regarding the 2015 Annual Report, including the financial statements, appears in the attached Explanatory Memorandum.

### RESOLUTION 1 Remuneration Report – 31 August 2015

To consider, and if thought fit, to pass, with or without amendment, the following resolution as a **non-binding advisory-only resolution**:

*"That the Company adopt the Remuneration Report for the year ended 31 August 2015."*

### RESOLUTION 2 Remuneration Report – 31 December 2015

To consider, and if thought fit, to pass, with or without amendment, the following resolution as a non-binding advisory-only resolution:

*"That the Company adopt the Remuneration Report for the four months ended 31 December 2015."*

Notes on Resolutions 1 and 2:

- Resolutions 1 and 2 are advisory only and do not bind the Company or the Directors.
- The Directors will consider the outcome of the vote and comments made by Members on each Remuneration Report at the AGM when reviewing the Company's remuneration policies.
- The Chairman intends to vote all undirected proxies in favour of Resolutions 1 and 2.
- If 25% or more votes that are cast are voted against the adoption of the Remuneration Report at two consecutive AGMs, Members will be required to vote at the second of those AGMs on a resolution (a "spill



resolution") that another meeting be held within 90 days at which all of the Company's Directors must go up for re-election.

Further information regarding each Remuneration Report appears in the attached Explanatory Memorandum.

### **RESOLUTION 3 Re-election of Director – Simon Bird**

To consider, and if thought fit, to pass the following resolution as an **ordinary resolution**:

*"That Mr Simon Bird being a Director of the Company who retires by rotation pursuant to rule 13.4 of the Company's Constitution, and being eligible, is re-elected as a Director of the Company."*

Notes:

- Mr Bird consents to be re-elected as a Director of the Company.
- The non-candidate Directors unanimously support the re-election of Mr Bird.
- The Chairman intends to vote undirected proxies in favour of Resolution 3.

Further information about Mr Bird appears in the attached Explanatory Memorandum.

### **RESOLUTION 4 Election of Director – Paul Chappell**

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

*"That Mr Paul Chappell being a Director of the Company who was elected to fill a casual vacancy pursuant to rule 13.1 of the Company's Constitution, and being eligible, is elected as a Director of the Company."*

Notes:

- Mr Chappell consents to be elected as a Director of the Company.
- The non-candidate Directors unanimously support the election of Mr Chappell.
- The Chairman intends to vote undirected proxies in favour of Resolution 4.

Further information about Mr Chappell appears in the attached Explanatory Memorandum.

## **ITEMS OF SPECIAL BUSINESS**

### **RESOLUTION 5 Ratification and Approval of Past Allotment and Issue of Shares**

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

*"That for the purposes of ASX Listing Rule 7.4 and for all other purposes, Members ratify and approve the past issue of 638,297 Shares at an issue price of \$0.047 per Share to Stocks Digital on the terms as set out in the Explanatory Memorandum."*

The Chairman intends to vote all undirected proxies in favour of Resolution 5.

### **RESOLUTION 6 Approval of 10% Placement Facility**

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

*"That for the purposes of ASX Listing Rule 7.1A and for all other purposes, Members approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Memorandum."*

The Chairman intends to vote all undirected proxies in favour of Resolution 6.



### **RESOLUTION 7 Approval of Share Placement**

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

*"That for the purposes of ASX Listing Rule 7.1 and for all other purposes, the Company be permitted and authorised to issue up to 33,000,000 Shares at an issue price of \$0.048 per Share to the Placement Investors on the terms and conditions set out in the Explanatory Memorandum."*

The Chairman intends to vote all undirected proxies in favour of Resolution 7.

### **RESOLUTION 8 Approval of Change in Scale of the Activities of the Company**

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

*"That in accordance with ASX Listing Rule 11.1.2, the Company be permitted to make a significant change to the scale of its activities by:*

- *subscribing for 833,333 fully paid ordinary shares in IMAGINE IM, comprising approximately 20% of the entire issued capital of IMAGINE IM; and*
- *acquiring fully paid ordinary shares in IMAGINE IM, comprising approximately 20% of the entire issued capital of IMAGINE IM, from the IMAGINE IM Shareholders,*

*pursuant to the Heads of Agreement entered into between the Company and IMAGINE IM on 18 March 2016, the material terms and conditions of which are set out in the Explanatory Memorandum."*

The Chairman intends to vote all undirected proxies in favour of Resolution 8.

### **RESOLUTION 9 Approval of Issue of Shares to IMAGINE IM Shareholders**

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

*"That for the purposes of ASX Listing Rule 7.1 and for all other purposes, the Company be permitted and authorised to issue up to 26,100,000 Shares at an issue price of \$0.048 per Share to the IMAGINE IM Shareholders in consideration for the acquisition of shares in IMAGINE IM constituting 20% of the issued capital of that company on the terms and conditions set out in the Explanatory Memorandum."*

The Chairman intends to vote all undirected proxies in favour of Resolution 9.

### **RESOLUTION 10 Approval of Change of Auditor**

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

*"That [Insert Name / Address] , having been nominated by a member of the Company and consented in writing to act in the capacity of auditor, is appointed as the Auditor of the Company on the terms set out in the Explanatory Memorandum."*

The Chairman intends to vote all undirected proxies in favour of Resolution 10.

## **VOTING RIGHTS AND PROXIES**

Members are encouraged to attend the AGM, but if you are unable to attend the AGM, we encourage you to complete and return the enclosed proxy form.

- A Member entitled to attend and vote at the AGM has a right to appoint a proxy.
- This appointment may specify the proportion or number of votes that the proxy may exercise.
- The proxy need not be a Member of the Company.



- A Member who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes that each proxy is appointed to exercise. If the Member appoints two proxies and the appointment does not specify the proportion or number of the Member's votes that each proxy may exercise, each proxy may exercise half of the votes.

#### HOW THE CHAIRMAN WILL VOTE UNDIRECTED PROXIES

The Chairman of the AGM will vote all undirected proxies in favour of all proposed resolutions.

#### VOTING EXCLUSIONS

Resolutions 1 and 2

The Company will disregard any votes cast on Resolutions 1 and 2 (Remuneration Reports):

- (a) by or on behalf of a member of the Key Management Personnel whose remuneration is disclosed in the Remuneration Report and any Closely Related Party of that Key Management Personnel ;
- (b) any Associate of those persons; and
- (c) as a proxy by a member of the Key Management Personnel or a Closely Related Party of that Key Management Personnel.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with an express authorisation on the proxy form to vote as the proxy decides.

Resolution 5

The Company will disregard any votes cast on Resolution 5 by:

- (a) Stocks Digital; and
- (b) any Associate of Stocks Digital.

However, the Company need not disregard a vote if:

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

Resolution 6

The Company will disregard any votes cast on Resolution 6 (Approval of 10% Placement Facility) by:

- (a) a person who may participate in the proposed issue;
- (b) 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
- (c) any Associate of those persons.

However, the Company need not disregard a vote if:

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



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

#### Resolution 7

The Company will disregard any votes cast on Resolution 7 by:

- (a) a person who may participate in the Placement;
- (b) 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
- (c) any Associate of that person.

However, the Company need not disregard a vote if:

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

#### Resolution 8

The Company will disregard any votes cast on Resolution 8 by:

- (a) 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
- (b) any Associate of that person.

However, the Company need not disregard a vote if:

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

#### Resolution 9

The Company will disregard any votes cast on Resolution 9 by:

- (a) the IMAGINE IM Shareholders;
- (b) 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
- (c) any Associate of that person.

However, the Company need not disregard a vote if:

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



## PROXY VOTING

To vote by proxy, please complete, sign and return the enclosed Proxy Form without delay as follows:

| BY MAIL           | BY FAX           | IN PERSON                 |
|-------------------|------------------|---------------------------|
| Share Registry    | + 61 2 9290 9655 | Share Registry            |
| Boardroom Pty Ltd |                  | Boardroom Pty Ltd         |
| GPO Box 3993      |                  | Level 12                  |
| Sydney NSW 2001   |                  | 225 George Street         |
|                   |                  | Sydney NSW 2000 Australia |

Proxy Forms must be received not later than 48 hours before the time specified for the commencement of the AGM.

## DATE FOR DETERMINING HOLDERS OF SHARES

For the purpose of determining a person's entitlement to vote at the AGM, a person will be recognised as a Member of the Company and the holder of Shares if that person is registered as a holder of those Shares at 7:00pm Sydney time on Tuesday, 3 May 2016.

## INTERPRETATION

For the purposes of interpreting the Explanatory Memorandum and the Notice:

- (a) the singular includes the plural and vice versa;
- (b) words importing any gender include the other genders;
- (c) reference to any statute, ordinance, regulation, rule or other law includes all regulations and other instruments and all consolidations, amendments, re-enactments or replacements for the time being in force;
- (d) all headings, bold typing and italics (if any) have been inserted for convenience of reference only and do not define limit or affect the meaning or interpretation of the Explanatory Memorandum and the Notice;
- (e) reference to persons includes bodies corporate and government authorities and in each and every case, includes a reference to the person's executors, administrators, successors, substitutes (including without limitation persons taking by novation and assignment); and
- (f) reference to **cents**, **\$**, **A\$**, **Australian Dollars** or **dollars** is a reference to the lawful tender for the time being and from time to time of the Commonwealth of Australia.

## GLOSSARY

- **AGM or Annual General Meeting** means the annual general meeting to commence 11.00 am (Sydney time) on Thursday 5 May 2016 and notified to the Company's Members by this Notice.
- **Associate** has the meaning given to that term in Part 1.2 Division 2 of the Corporations Act.
- **ASX** means ASX Limited ABN 98 008 624 691.





- **ASX Listing Rules** means the official listing rules issued and enforced by the ASX, as amended from time to time.
- **Board or Board of Directors** means the board of Directors of the Company.
- **Closely Related Party** of a member of the Key Management Personnel means:
  - a spouse or child of the member;
  - a child of the member's spouse;
  - a dependent of the member or the member's spouse;
  - anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
  - a company the member controls; or
  - a person prescribed by the Corporations Regulations 2001 (Cth) as a "closely related party".
- **Company** means Pacific American Coal Limited (ABN 83 127 131 604).
- **Consolidated Entity** means the Company together with all the entities it is required by the accounting standards to include in consolidated financial statements.
- **Constitution** means the constitution of the Company, as amended from time to time.
- **Corporations Act** means the *Corporations Act 2001 (Cth)*.
- **Director** means a director of the Company.
- **Equity Securities** has the same meaning as in the ASX Listing Rules.
- **Explanatory Memorandum** means the explanatory memorandum accompanying the Notice which convened this AGM.
- **Group** means the Company and its Related Bodies Corporate.
- **IMAGINE IM** means Imagine Intelligent Materials Pty Ltd ABN 51 169 015 847.
- **IMAGINE IM Shareholders** means the existing shareholders of IMAGINE IM.
- **Key Management Personnel** has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Consolidated Entity, directly or indirectly, including any Director (whether executive or otherwise) of the Company.
- **Notice** means this notice of Annual General Meeting.
- **Option** means a quoted option issued by the Company, each to acquire one Share, exercisable at 25 cents each on or before 31 December 2017.
- **Placement** means up to 33,000,000 Shares to be issued to the Placement Investors pursuant to Resolution 7.
- **Placement Investors** means institutional or sophisticated investors, being persons who, because of one or more of sections 708(8), 708(10), 708(11) and 708(12) of the Corporations Act, may subscribe for Shares under the Placement without receiving a disclosure document issued by the Company in accordance with Part 6D.2 of the Corporations Act.
- **Related Body Corporate** has the meaning given to that term in section 9 of the Corporations Act.
- **Remuneration Report** means the remuneration report which forms part of the financial statements of the Company.
- **Share** means a fully paid ordinary share in the issued capital of the Company and **Shares** has a corresponding meaning.
- **Member** means a shareholder of the Company.
- **Stocks Digital** means S3 Consortium Pty Ltd (trading as Stocks Digital) ABN 23 135 239 968.
- **Trading Day** means a day determined by the ASX to be a trading day, notified to market participants, and otherwise as defined by the ASX Listing Rules.



## EXPLANATORY MEMORANDUM TO MEMBERS

This Explanatory Memorandum has been prepared to assist members of the Company to understand the business to be put to the Company's members, for their consideration at the forthcoming Annual General Meeting of the Company.

The Directors recommend that you read this Explanatory Memorandum in its entirety and attend the forthcoming Annual General Meeting.

### Financial Statements

The Corporations Act requires the Company's financial statements for the year ended 31 August 2015 and four months ended 31 December 2015, and reports of the Directors and Auditor, to be laid before the Annual General Meeting. The Company's financial statements for the year ended 31 August 2015 and four months ended 31 December 2015 and reports of the Directors and Auditor are contained in the Company's 2015 Annual Report, a copy of which is available on the Company's website at [www.pamcoal.com](http://www.pamcoal.com).

While no resolution is required in relation to this item, the Members should consider these documents and raise any matters of interest with the Company's Directors when this item is being considered.

The Company's Auditor will be present at the AGM and the Members will have an opportunity to ask the Auditor questions in relation to the conduct of the audit, the Auditor's report, the Company's accounting policies and the independence of the Auditor.

### RESOLUTIONS 1 and 2 Remuneration Reports

The Remuneration Reports of the Company for the year ended 31 August 2015 and four months ended 31 December 2015 are set out in the Company's 2015 Annual Report available on the Company's website [www.pamcoal.com](http://www.pamcoal.com).

The Remuneration Reports set out the Company's remuneration arrangements for Directors. The Chairman will allow a reasonable opportunity for Members to ask questions about, or make comments on, the Remuneration Reports at the AGM. In addition, Members will be asked to vote on the Remuneration Reports.

The Resolutions are advisory only and do not bind the Company or its Directors. The Board will consider the outcome of the votes and comments made by Members on the Remuneration Reports at the AGM when reviewing the Company's remuneration policies.

Under the Corporations Act, if 25% or more of votes cast are voted against the adoption of a remuneration report at two consecutive AGMs, Members will be required to vote at the second of those AGMs on a resolution (a "spill resolution") that another Members' meeting will be held within 90 days.

If the spill resolution is passed at the second AGM, all the Company's Directors must go up for re-election within 90 days - at the next Members' meeting.

The Company encourages all Members to cast their votes on Resolutions 1 and 2 (Remuneration Reports). Members not attending the AGM may use the enclosed Proxy Form to lodge their vote by appointing a proxy.

Any undirected proxies held by the Chairman, other Directors or other Key Management Personnel or any of their Closely Related Parties will not be voted on Resolutions 1 and 2 (Remuneration Reports), unless the vote is cast by the Chairman pursuant to an express authorisation on the Proxy Form made by a Member who is entitled to vote on Resolutions 1 and 2.

Key Management Personnel of the Consolidated Entity are the Directors of the Company, and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Remuneration Reports identify the Company's Key Management Personnel for the year ended 31 August 2015 and four months ended 31 December 2015. Their Closely



Related Parties are defined in the Corporations Act, and include certain of their family members, dependants and companies they control. If you choose to appoint a proxy, you are encouraged to direct your proxy how to vote on Resolutions 1 and 2 (Remuneration Reports) by marking either "For", "Against" or "Abstain" on the Voting Form for those items of business.

### **RESOLUTION 3: Re-election of Director – Simon Bird**

It is a requirement under rule 13.4 of the Company's Constitution that one third of all Directors (other than the Managing Director and Directors appointed since the last annual general meeting to fill a casual vacancy) retire at each annual general meeting. Accordingly, Mr Simon Bird retires from office, and being eligible, offers himself for re-election as a non-executive Director of the Company.

#### *Simon Bird Independent Non-Executive Director-Resume*

Simon Bird B.Compt (University of South Africa), B.Compt (Hons) (University of South Africa), FCPA, FAICD is a Non-Executive Director and Chairman of the Audit Committee (since 13 July 2010).

Simon's 30 year professional career in Australia, Africa and Europe includes six years with PricewaterhouseCoopers and senior roles in the resources, financial services, property, infrastructure and agricultural sectors. His time in Australia includes terms as Chief Financial Officer with Stockland Limited, GrainCorp Limited and the Wizard Mortgage Corporation as well as Chief Executive Officer of ASX listed mining company, King Island Scheelite Limited and Chairman of Rawson Resources Limited.

He is currently Non-Executive Director and Chairman of the Audit Committee of ASX listed, Mount Gibson Iron Limited [ASX: MGX] (appointed 23 February 2012).

His former public company directorships include King Island Scheelite Limited [ASX:KIS] (ceased August 2013), Rawson Resources Limited [ASX: RAW] (ceased 30 September 2015), CPA Australia Limited and Kosciusko Alpine Club Limited.

Simon is a Fellow of the Australian Institute of Company Directors (FAICD) and Fellow of CPA Australia (FCPA).

### **RESOLUTION 4: Election of Director – Paul Chappell**

It is a requirement under rule 13.1 of the Company's Constitution that any person appointed by Directors to fill a casual vacancy, or as an additional Director, shall (unless a managing Director) hold office only until the Company's next annual general meeting and shall then be eligible for election.

Since the Company's last annual general meeting, Paul Chappell was appointed as a Director to fill a casual vacancy and is eligible to be elected.

#### *Paul Chappell Independent Non-Executive Director-Resume*

Paul Chappell B Com (Newcastle), FCPA, MAICD is a non-executive Director of the Company.

Paul has over 20 years' experience as a commodity trader in international markets. He has an in-depth knowledge of the coal sector, with a focus on the downstream application of metallurgical and thermal coal and the value-in-use of coal products to end-user customers.

Paul has held executive and board level positions with operating coal companies and commodity trading groups. He has served on the Board of ASX listed, Cockatoo Coal Ltd (ASX:COK) (ceased 18 December 2013) and the international coal trading company SSM Coal B.V, which was acquired by Oxbow Carbon & Minerals LLC in 2007.

Paul is the Principal of Peragis Pty Ltd, providing consulting services to the resource industry on sourcing, exporting and marketing commodities. Mr Chappell focuses particularly on the solid fuels sector and has extensive international experience.



**RESOLUTION 5: Ratification and Approval of Past Allotment and Issue of Shares**

On 19 February 2016, as consideration for consulting services, the Company issued and allotted 638,297 Shares to an unrelated company, Stocks Digital at a price of \$0.047 per Share.

Resolution 5 seeks Member approval pursuant to ASX Listing Rule 7.4 for the issue of these Shares.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any Equity Securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period. ASX Listing Rule 7.4 allows for subsequent shareholder approval if the company did not breach ASX Listing Rule 7.1 at the time of issue and holders of ordinary shares subsequently approve it.

The Company did not breach ASX Listing Rule 7.1 at the time of issue of the Shares to Stocks Digital.

By Members approving this issue, the Company will retain the flexibility to issue Equity Securities in the future up to:

- (a) the 15% annual placement capacity set out in ASX Listing Rule 7.1; and
- (b) subject to the approval of Members of Resolution 6 at the AGM, an additional 10% placement facility pursuant to ASX Listing Rule 7.1A,

without the requirement to obtain prior Member approval.

*Required Disclosure*

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the approval of the matters specified above:

|                                    |   |
|------------------------------------|---|
| <i>Number of securities issued</i> | <i>638,297 Shares were issued and allotted.</i>   |
| Issue Price                        | Issue price for the Shares was \$0.047 per Share.   |
| Terms of the securities            | The Shares are fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.           |
| Allottees                          | The Shares were allotted and issued to Stocks Digital. Stocks Digital is not a related party of the Company.  |
| Use of funds                       | No funds were raised by the issue of the Shares. The Shares were issued as consideration for consulting services provided to the Company by Stocks Digital. |
| Voting exclusion statement         | A voting exclusion statement is included in the Notice.   |

*Recommendation*

The Board unanimously recommends that Members vote in favour of Resolution 5.

**RESOLUTION 6 Approval of 10% Placement Facility**

ASX Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the annual general meeting (**10% Placement**)



**Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under ASX Listing Rule 7.1.

An eligible entity for the purposes of ASX Listing Rule 7.1A is an entity that:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a market capitalisation of \$300 million or less (excluding restricted securities and securities quoted on a deferred settlement basis).

The Company is an eligible entity.

The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2.

Further information is set out below.

The effect of Resolution 6 will be to allow the Board to issue Equity Securities under ASX Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under ASX Listing Rule 7.1.

#### *Description of ASX Listing Rule 7.1A*

##### (a) Shareholder Approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting. It therefore requires the approval of 75% of the votes cast by Members present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate shareholder, by a corporate representative).

##### (b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing **quoted** class of Equity Securities of the Company. At the date of the Notice, the Company has quoted Shares and Options on issue.

##### (c) Formula for calculating 10% Placement Facility

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

$$(A \times D) - E$$

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

- (i) plus the number of fully paid Shares issued in the 12 months under an exception in ASX Listing Rule 7.2;
- (ii) plus the number of partly paid Shares that become fully paid in the 12 months;
- (iii) plus the number of fully paid Shares issued in the 12 months with approval of holders of Shares under ASX Listing Rule 7.1 and 7.4. This does not include an issue of fully paid Shares under the entity's 15% placement capacity without shareholder approval;
- (iv) less the number of fully paid Shares cancelled in the 12 months.

Note that A has the same meaning in ASX Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%



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

*Number of Shares on Issue*

At the date of the Notice, the Company has a total of 83,005,899 Shares (including 638,297 Shares subject to Members' approval under Resolution 5) and 53,383,589 Options on issue.

Based on 83,005,899 total Shares on issue at the date of the Notice and subject to receiving Members' approval at the Meeting, during the 12 months commencing Thursday 5 May 2016 the Company has the following maximum capacity to issue Equity Securities without Member approval:

|   | %  | Maximum number of Equity Securities |
|---|----|-------------------------------------|
| In accordance with ASX Listing Rule 7.1   | 15 | 12,450,884                          |
| In accordance with ASX Listing Rule 7.1A and subject to Members' approval of Resolution 6 at the AGM. | 10 | 8,300,589                           |
| <b>Total</b>  |    | <b>20,751,473</b>                   |

Based on 142,105,899<sup>1</sup> total Shares on issue and subject to receiving Members' approval at the Meeting, during the 12 months commencing Thursday 5 May 2016 the Company has the following maximum capacity to issue Equity Securities without Member approval:

|   | %  | Maximum number of Equity Securities |
|---|----|-------------------------------------|
| In accordance with ASX Listing Rule 7.1   | 15 | 21,315,884                          |
| In accordance with ASX Listing Rule 7.1A and subject to Members' approval of Resolution 6 at the AGM. | 10 | 14,210,589                          |
| <b>Total</b>  |    | <b>35,526,473</b>                   |

The actual number of Equity Securities that the Company will have capacity to issue under ASX Listing Rule 7.1A will be calculated on the date of issue of Equity Securities in accordance with the formula prescribed in ASX Listing Rule 7.1A.2.

*Minimum Issue Price*

The issue price of Equity Securities issued under ASX Listing Rule 7.1A must be not less than 75% of the volume weighted average price (VWAP) of Equity Securities in the same class calculated over the 15 Trading Days on which trades in the relevant class were recorded immediately before:

- (a) the date on which the price at which the Equity Securities are to be issued is agreed; or

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<sup>1</sup> Being 83,005,899 total Shares on issue at the date of the Notice plus 33,000,000 Shares subject to members' approval of Resolution 7 plus 26,100,000 Shares subject to members' approval of Resolution 9.



- (b) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (a) above, the date on which the Equity Securities are issued.

*10% Placement Period*

Member approval of the 10% Placement Facility under ASX Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (a) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- (b) the date of the approval by Members of a transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main understanding) (**10% Placement Period**).

*Specific Information required by ASX Listing Rule 7.3A*

Pursuant to and in accordance with ASX Listing Rule 7.3A, the following information is provided in relation to the approval of the 10% Placement Facility:

- (a) the Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days on which trades in the relevant class were recorded immediately before:
- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 6 is approved by Members and the Company issues Equity Securities under the 10% Placement Facility, the existing Members' voting power in the Company will be diluted as shown in the below table (in the case of Options, only if the Options are exercised). There is a risk that:
- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the AGM; and
- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date,
- which may have an effect on the amount of funds raised by the issue of the Equity Securities.
- (c) The table below shows the dilution of existing Members on the basis of the current market price of Shares and the current number of Shares for variable "A" calculated in accordance with the formula in ASX Listing Rule 7.1A.2 as at the date of this Notice.

The table also shows:

- (i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of Shares the Company has on issue. The number of Shares on issue may increase as a result of the issues of Shares contemplated by Resolutions 7 and 9 and issues of Shares that do not require Member approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under ASX Listing Rule 7.1 that are approved at a future Members' meeting; and
- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.



| Variable 'A' in ASX Listing Rule 7.1A.2 |                      |                           | Variable            |                             |             |                              |
|---|----------------------|---------------------------|---------------------|-----------------------------|-------------|------------------------------|
|   |                      | Number of Shares examples |                     | 50% decrease in Issue Price | Issue Price | 100% Increase in Issue Price |
|   | Issue price examples |                           |                     | 2.6 cents                   | 5.1 cents   | 10.2 cents                   |
| Current Variable A                      |                      | 142,105,899               | 10% Voting Dilution | 14,210,590                  | 14,210,590  | 14,210,590                   |
|   |                      |                           | Funds raised        | \$369,475                   | \$724,740   | \$1,449,480                  |
| 50% increase in Current Variable A      |                      | 213,158,849               | 10% Voting Dilution | 21,315,885                  | 21,315,885  | 21,315,885                   |
|   |                      |                           | Funds raised        | \$554,213                   | \$1,087,110 | \$2,174,220                  |
| 100% increase in Current Variable A     |                      | 284,211,798               | 10% Voting Dilution | 28,421,180                  | 28,421,180  | 28,421,180                   |
|   |                      |                           | Funds raised        | \$738,951                   | \$1,449,480 | \$2,898,960                  |

(d) The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility;
  - (ii) 142,105,899 Shares are on issue, being 83,005,899 total Shares on issue at the date of the Notice plus 33,000,000 Shares subject to members' approval of Resolution 7 plus 26,100,000 Shares subject to members' approval of Resolution 9;
  - (iii) No Options (including any Options issued under the 10% Placement Facility) are exercised before the date of the issue of the Equity Securities;
  - (iv) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
  - (v) The table does not show an example of dilution that may be caused to a particular Member by reason of placements under the 10% Placement Facility, based on that Member's holding at the date of the AGM.
  - (vi) The table shows only the effect of issues of Equity Securities under ASX Listing Rule 7.1A, not under the 15% placement capacity under ASX Listing Rule 7.1.
  - (vii) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Options, it is assumed that those Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Members.
  - (viii) The issue price is 5.1 cents, being the closing price of the Shares on the ASX on 23 March 2016.
- (e) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 6 for the issue of the Equity Securities will cease to be valid in the event that Members approve a transaction under ASX Listing Rule 11.1.2 (a significant change to the nature or scale of activities or ASX Listing Rule 11.2 (disposal of main undertaking)). The Board notes that the approval under Resolution 6 is not affected by the approvals under ASX Listing Rule 11.1.2





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contemplated under Resolutions 8 and 9, and the 10% Placement Period will run from the date of the AGM until the earlier of any future Member approval under ASX Listing Rule 11.1.2 and 12 months from the date of the AGM.

- (f) The Company may seek to issue the Equity Securities for the following purposes:
- (i) non-cash consideration for the acquisition of new resources assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rule 7.1A.3; or
  - (ii) cash consideration. In such circumstances, the Company intends to allocate the funds towards additional working capital.
- (g) The Company will comply with the disclosure obligations under the ASX Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities. The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility.

The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Members and/or new Members who are not related parties or associates of a related party of the Company.

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

- (h) The Company previously obtained Member approval under ASX Listing Rule 7.1A at the Company's Annual General Meeting held on 9 January 2014:

During the preceding 12 months, the following Equity Securities were issued by the Company:

| <i>Date</i>   | <i>Shares</i>     | <i>Options</i>    | <i>Total</i>       | <i>Total</i> |
|---|-------------------|-------------------|--------------------|--------------|
|   | <i>Number</i>     | <i>Number</i>     | <i>Number</i>      | <i>%</i>     |
| Outstanding<br>1 April 2015   | 82,367,602        | 53,383,589        | 135,751,191        | 100.0        |
| Consideration for third<br>party consulting services <sup>2</sup><br>19 February 2016 | 638,297           | -                 | 638,297            | 0.5          |
| <b>Outstanding</b><br>4 April 2016  | <b>83,005,899</b> | <b>53,383,589</b> | <b>136,389,488</b> | <b>100.5</b> |

Values of Equity Securities Issued

<sup>2</sup> Further information about the issue of 638,297 Shares to Stock Digital is set out in Resolution 5 of the Explanatory Memorandum.



| <i>Date</i>      | <i>Non-Cash</i> |               |         |    |
|------------------|-----------------|---------------|---------|----|
|                  | Shares          |               | Options |    |
|                  | Number          | \$            | Number  | \$ |
| 19 February 2016 | 638,297         | 30,000        | -       | -  |
| <b>Total</b>     | <b>638,297</b>  | <b>30,000</b> | -       | -  |

- (i) A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Member or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Member's votes will therefore be excluded under the voting exclusion in the Notice.

*Recommendation*

The Board unanimously recommends that Members vote in favour of Resolution 6.

**RESOLUTION 7 Approval of Share Placement**

As announced to the market on 21 March 2016, the Company has entered into a binding Heads of Agreement (**HoA**) with IMAGINE IM, a private company that develops commercial applications for graphene and associated advanced carbon based materials, pursuant to which the Company will become the largest shareholder in IMAGINE IM (**Proposed Transaction**).

The key terms of the Proposed Transaction are summarised in Resolution 8.

Under the terms of the HoA, the Company has agreed to undertake a cash placement of 33,000,000 Shares at an issue price of \$0.048 to Placement Investors, to raise approximately \$1.58 million (**Placement**) to fund the Company's subscription for 833,333 fully paid ordinary shares in IMAGINE IM, comprising 20% of the entire issued capital of IMAGINE IM, and the costs of the Placement.

ASX Listing Rule 7.1 prohibits an entity from issuing equity securities in any 12-month period which amount to more than 15% of its issued capital. An issue in excess of the 15% limit can be made with approval of holders of ordinary shares.

Accordingly, the Company is seeking the approval of Members pursuant to ASX Listing Rule 7.1 to undertake the Placement.

*Required Disclosure*

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the approval of Resolution 7:

|   |  |
|---|--|
| <i>Maximum number of securities to be issued or formula for calculating the number of securities to be issued</i> | 33,000,000 Shares.   |
| Date by which the Company will issue the securities (no later than three months from the date of the meeting)     | On or before 30 June 2016, but in any event no later than three months from the date of the AGM. |
| Issue Price   | \$0.048 per Share.   |
| Allottees   | Placement Investors. The Placement Investors will not be related parties of the Company.         |



|                            |  |
|----------------------------|--|
| Terms of the securities    | Shares are fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares. The Company will apply to the ASX to have the Shares issued to the Placement Investors officially quoted on the ASX and these Shares will rank equally with all the other Shares on issue. |
| Intended use of funds      | To fund the Company's subscription for 833,333 fully paid ordinary shares in IMAGINE IM, comprising 20% of the entire issued capital of IMAGINE IM, and the costs of the Placement.  |
| Voting exclusion statement | A voting exclusion statement is included in the Notice.  |

*Effect of the Resolution*

Resolution 7, if passed, will allow the Company to issue up to 33,000,000 Shares to the Placement Investors.

This issue of up to 33,000,000 Shares to the Placement Investors will have a dilutive effect on the existing Members. The exact dilutive effect will depend on whether the entire 33,000,000 Shares are allotted and issued.

If the entire 33,000,000 Shares are allotted and issued, and assuming no Shares are issued or Options exercised in the interim, the maximum dilutive effect will equate to 29% of the Shares on issue.

Accordingly, each existing Member's percentage ownership in the Company will be reduced upon the issue of the Shares.

*Recommendation*

The Board unanimously recommends that Members vote in favour of Resolution 7.

**RESOLUTION 8 Change in Scale of Activities of the Company**

The Company is seeking the approval of Members for the significant change in the scale of its activities that will occur on completion of the Proposed Transaction.

*Proposed Transaction*

On 18 March 2016, the Company entered into the HoA with IMAGINE IM, a private company that develops commercial applications for graphene and associated advanced carbon based materials, pursuant to which the Company will become the largest shareholder in IMAGINE IM through a two-staged acquisition of shares in IMAGINE.

Following:

- completion of the first stage, the Company will hold approximately 20% of the entire issued capital of IMAGINE IM; and
- completion of the second stage, the Company will hold approximately 40% of the entire issued capital of IMAGINE IM.

The key terms of the HoA are as follows:

- (a) The Company will acquire 833,000 shares in IMAGINE IM at an issue price of \$1.50 per IMAGINE IM share, comprising approximately 20% of the entire issued capital of IMAGINE IM (**Initial Acquisition**) in consideration for a cash payment of \$1.25 million.



- (b) The Company will undertake the Placement to fund the Initial Acquisition and the costs of the Placement.
- (c) The parties will enter into full form documents to document the terms of the transactions contemplated by the HoA.
- (d) Completion of the Initial Acquisition is subject to a number of conditions precedent, including the completion of due diligence to the satisfaction of the parties, the passing of such resolutions as may be necessary to give effect to the Proposed Transaction, including shareholder approval and the receipt of all necessary ASIC, ASX and other regulatory approvals.
- (e) The Company will be entitled to nominate a director to the board of IMAGINE IM on completion of the Initial Acquisition.
- (f) Following completion of the Initial Acquisition, the Company will acquire shares in IMAGINE IM, comprising approximately 20% of the entire issued share capital of IMAGINE IM, from the IMAGINE IM Shareholders in consideration for the issue of up to 26,100,000 Shares to the IMAGINE IM Shareholders (**Share Exchange**). Note the approval for the issue of the Shares the subject of the Share Exchange is contained in Resolution 9.
- (g) Upon completion of the Share Exchange, the Company will be entitled to nominate a second director to the board of IMAGINE IM.
- (h) Completion of the Initial Acquisition and the Share Exchange must occur on or before 30 June 2016.

*Effect of the Proposed Transaction*

|   | PAK Actual         | Cash Placement <sup>3</sup> | Sub-total | Placement to IMAGINE IM Shareholders <sup>4</sup> | Total |
|---|--------------------|-----------------------------|-----------|---|-------|
|   | \$000              | \$000                       | \$000     | \$000   | \$000 |
| Total Assets as at 31 December 2015                               | 3,193              | 1,457                       | 4,650     | 1,250   | 5,900 |
| Total Equity as at 31 December 2015                               | 2,997              | 1,457                       | 4,454     | 1,250   | 5,704 |
| Expenditure for year ended 31 August 2015                         | 2,277 <sup>5</sup> | -                           | 2,277     | -   | 2,277 |
| Expenditure for four (4) months ended 31 December 2015            | 302                | -                           | 302       | -   | 302   |
| Loss before income tax for year ended 31 August 2015              | 2,025              | -                           | 2,025     | -   | 2,025 |
| Loss before income tax for four (4) months ended 31 December 2015 | 219                | -                           | 219       | -   | 219   |

<sup>3</sup> \$1,584,000 placement of 33 million new shares in PAK at 4.8 cents each, less issue costs (\$127,000) equals \$1,457,000.

<sup>4</sup> 833,000 new shares in Imagine at \$1.50 each equals \$1,250,000.

<sup>5</sup> Includes deemed non-cash expense arising from Texas and Oklahoma Coal Co Limited ('TOCC') acquisition of PAK and ASX re-quotations totalling \$1,326,000. #



|   | PAK's<br>issued<br>capital | PAK's ordinary<br>fully paid shares | PAK<br>ownership |
|---|----------------------------|-------------------------------------|------------------|
|   | \$000                      | Number                              | %                |
| Total prior to Proposed Transaction     | 8,289                      | 82,367,602                          | 58.3             |
| Cash placement                          | 1,473                      | 33,000,000                          | 23.3             |
|   | 9,762                      | 115,367,602                         | 81.6             |
| Placement to IMAGINE IM<br>Shareholders | 1,250                      | 26,041,667                          | 18.4             |
| <b>TOTAL</b>                            | <b>11,012</b>              | <b>141,409,269</b>                  | <b>100.0</b>     |

No change is proposed to the board or senior management of PAK. On completion of the Proposed Transaction, PAK will have nominated two directors to the board of Imagine IM.

While there will be no change in the nature of the Company's activities as a result of the Proposed Transaction, the Company has determined that the Proposed Transaction will have the effect of increasing the scale of the Company's activities.

Accordingly, the Company is seeking the approval of Members under ASX Listing Rule 11.1.2 for the change in the scale of the activities of the Company contemplated by the Proposed Transaction.

*Recommendation*

The Board is positive about the Proposed Transaction and the direction in which the Company is headed, and is looking forward to developing the business of the Company through the acquisition of its significant interest in IMAGINE IM.

Accordingly, the Board unanimously recommends that Members vote in favour of Resolution 8.

**RESOLUTION 9 Approval of Issue of Shares to IMAGINE IM Shareholders**

Under the terms of the HoA, following completion of the Initial Acquisition, the Company proposes to undertake the Share Exchange, ie, issue up to 26,100,000 Shares to the IMAGINE IM Shareholders in consideration for its acquisition of shares in IMAGINE IM comprising approximately 20% of the entire issued share capital of IMAGINE IM.

ASX Listing Rule 7.1 prohibits an entity from issuing equity securities in any 12-month period which amount to more than 15% of its issued capital. An issue in excess of the 15% limit can be made with approval of holders of ordinary shares.

Accordingly, the Company is seeking the approval of Members pursuant to ASX Listing Rule 7.1 to undertake the Share Exchange.



*Required Disclosure*

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the approval of Resolution 9:

|   |  |
|---|--|
| Maximum number of securities to be issued or formula for calculating the number of securities to be issued    | 26,100,000 Shares.   |
| Date by which the Company will issue the securities (no later than three months from the date of the meeting) | On or before 30 June 2016, but in any event no later than three months from the date of the AGM.   |
| Issue Price   | Nil cash consideration but a deemed issue price of \$0.048 per Share.  |
| Allottees   | The IMAGINE IM Shareholders. The IMAGINE IM Shareholders are not related parties of the Company.   |
| Terms of the securities   | Shares are fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares. The Company will apply to the ASX to have the Shares issued to the IMAGINE IM Shareholders officially quoted on the ASX and these Shares will rank equally with all the other Shares on issue. |
| Intended use of funds   | No funds will be raised by the issue of the Shares the subject of the Share Exchange. The 26,100,000 Shares will be issued to the IMAGINE IM Shareholders in consideration for the Company acquiring shares in IMAGINE IM comprising approximately 20% of the entire issued capital of IMAGINE IM from the IMAGINE IM Shareholders.          |
| Voting exclusion statement  | A voting exclusion statement is included in the Notice.  |

*Effect of the Resolution*

Resolution 9, if passed, will allow the Company to issue up to 26,100,000 Shares to the IMAGINE IM Shareholders.

This issue of up to 26,100,000 Shares to the IMAGINE IM Shareholders will have a dilutive effect on the existing Members.

If the entire 26,100,000 Shares are issued to the IMAGINE IM Shareholders, and assuming no Shares are issued or Options exercised in the interim, the maximum dilutive effect will equate to 18% of the Shares on issue.

Accordingly, each existing Member's percentage ownership in the Company will be reduced upon the issue of the Shares.

*Recommendation*

The Board unanimously recommends that Members vote in favour of Resolution 9.



**RESOLUTION 10 Approval of Change of Auditor**

Effective 9 October 2013, the Company changed its registered office and principal place of business from a Brisbane address to Level 14, 52 Phillip Street Sydney NSW 2000.

Following the Company's relocation to Sydney, as the Company's Auditor's (BDO Audit Pty Ltd) is located in Brisbane, the Board decided that the Company:

- (a) Change its Auditor to an auditor located in Sydney; and
- (b) Concurrently undertake a commercial tender to appoint the new Auditor located in Sydney.

In accordance with section 328B(1) of the Corporations Act, BNE Management Pty Ltd ACN 162 850 553, a member of the Company, has nominated Hall Chadwick Chartered Accountants, Level 40, 2 Park Street SYDNEY NSW 2000 to be the Company's Auditor by providing the Company with written notice of the nomination.

Under section 328B(3) of the Corporations Act, a copy of this nomination:

- (a) has been sent to Hall Chadwick Chartered Accountants;
- (b) has been sent to BDO Audit Pty Ltd; and
- (c) is attached to this notice.

*Recommendation*

The Board unanimously recommends that Members vote in favour of Resolution 10.



**APPOINTMENT OF CORPORATE REPRESENTATIVE**

Pursuant to Section 250D of the *Corporations Act*

\_\_\_\_\_ (ABN/ACN/ARBN)

\_\_\_\_\_  
(Insert name of Shareholder/Body Corporate & ACN/ARBN)

Hereby Authorises

\_\_\_\_\_  
(Insert name of appointee)

- (\*). 1. To act as the Company's representative at all General Meetings of Pacific American Coal Limited ABN 83 127 131 604.
- (\*). 2. To act as the Company's Representative at the Annual General Meeting to be held commencing 11.00 am (Sydney time) on Thursday 5 May 2016 and any adjournment thereof.

Dated this \_\_\_\_\_ day of \_\_\_\_\_

**Executed** by the corporation in accordance with its Constitution/Section 127 of the

*Corporations Act* in the presence of:

\_\_\_\_\_  
(\*). Director                      (\*). Sole Director & Sole Secretary

\_\_\_\_\_  
(\*). Director/Secretary

Affix Common Seal here (optional)

(\*). Delete if not applicable

This authority may be sent to the registered office or share registry office of the Company in advance of the meeting as set out in the Notice of Annual General Meeting which this appointment accompanies or handed in at the Annual General Meeting when registering as a company representative. In either case, the authority will be retained by the Company.







All Correspondence to:

- ✉ **By Mail** Boardroom Pty Limited  
GPO Box 3993  
Sydney NSW 2001 Australia
- 📠 **By Fax:** +61 2 9290 9655
- 💻 **Online:** www.boardroomlimited.com.au
- ☎ **By Phone:** (within Australia) 1300 737 760  
(outside Australia) +61 2 9290 9600

## YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 11:00am (Sydney Time) on Tuesday 3 May 2016.**

### TO VOTE BY COMPLETING THE PROXY FORM

#### STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a security holder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

#### Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities 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.
- (b) return both forms together in the same envelope.

#### STEP 2 VOTING DIRECTIONS TO YOUR PROXY

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

#### Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

#### STEP 3 SIGN THE FORM

The form **must** be signed as follows:

**Individual:** This form is to be signed by the securityholder.

**Joint Holding:** where the holding is in more than one name, all the securityholders should sign.

**Power of Attorney:** to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

#### STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **11:00am (Sydney Time) on Tuesday, 3 May 2016.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

- 📠 **By Fax** + 61 2 9290 9655
- ✉ **By Mail** Boardroom Pty Limited  
GPO Box 3993,  
Sydney NSW 2001 Australia
- 👤 **In Person** Level 12, 225 George Street,  
Sydney NSW 2000 Australia

#### Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

**Your Address**

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

**PROXY FORM**

**STEP 1 APPOINT A PROXY**

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

the **Chair of the Meeting (mark box)**

**OR** if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held at **Level 14, 52 Phillip Street, SYDNEY NSW 2000 on Thursday 5 May 2016 at 11:00am (Sydney Time)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolutions 1 and 2, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of these Resolutions even though Resolutions 1 and 2 are connected with the remuneration of a member of the key management personnel for the Company.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Resolutions 1 and 2) If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

**STEP 2 VOTING DIRECTIONS**  
 \* 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 vote will not be counted in calculating the required majority if a poll is called.

**Ordinary Business**

|              |   | For                      | Against                  | Abstain*                 |
|--------------|---|--------------------------|--------------------------|--------------------------|
| Resolution 1 | To Adopt the Remuneration Report (31 August 2015)   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 2 | To Adopt the Remuneration Report (31 December 2015) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 3 | To re-elect Simon Bird as a Director                | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 4 | To elect Paul Chappell as a Director                | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

**Special Business**

|               |   |                          |                          |                          |
|---------------|---|--------------------------|--------------------------|--------------------------|
| Resolution 5  | Ratification and Approval of Past Allotment and Issue of Shares | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 6  | Approval of 10% Placement Facility                              | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 7  | Approval of Share Placement                                     | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 8  | Approval of Change in Scale of the Activities of the Company    | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 9  | Approval of Issue of Shares to IMAGINE IM Shareholders          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 10 | Approval of Change of Auditor                                   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

**STEP 3 SIGNATURE OF SHAREHOLDERS**  
 This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2016

# UHIN Pty Limited

PO Box 234  
South Hurstville 2221

1 April 2016

Company Secretary  
Pacific American Coal Limited  
Level 14  
52 Phillip Street  
Sydney NSW 2000

Dear Sir,

## **UHIN Pty Ltd ACN 120 507 600 ("UHIN")**

For the purposes of section 328B(1) of the *Corporations Act 2001 (Cth)*, UHIN as a member of Pacific American Coal Limited ABN 83 127 131 604, Level 14, 52 Phillip Street Sydney NSW 2000 (**Company**), hereby nominates Hall Chadwick Chartered Accountants, Level 40, 2 Park Street SYDNEY NSW 2000 to be appointed auditor of the Company at the next Annual General Meeting of the Company.

Yours sincerely

Signed in accordance with section 127 of the *Corporations Act 2001 (Cth)*



Director



Director



PACIFIC AMERICAN COAL LIMITED

All correspondence to:

**BoardRoom**  
Smart Business Solutions

Boardroom Pty Limited  
ABN 14 003 209 836

GPO Box 3993  
Sydney NSW 2001

Tel: 1300 737 760 (within Australia)

Tel: +61 2 9290 9600 (outside Australia)

Fax: +61 2 9279 0664

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

[enquiries@boardroomlimited.com.au](mailto:enquiries@boardroomlimited.com.au)

1 April 2016

**It's Easy...**



Dear Securityholder

Saying goodbye to paper and switching to online shareholder communications is easy.

Enjoy less paper and numerous benefits.

**Faster access:** No need to wait for your Notice of Meeting to arrive by mail.

**Security:** Access your communications using your InvestorServe logon.

**Convenience:** No need to file paper statements; simply store them to your computer.

**Greener planet:** You are helping Pacific American Coal Limited to reduce our use of paper and impact on the environment.

All you need to do is write your email address below and return this form to Boardroom in the reply paid envelope enclosed.

My email address is:

By supplying us with your email address you will become an e-Shareholder and receive all future Pacific American Coal Limited shareholder communications (including Notice of Meetings) by email at the above email address.

If your email address changes, please update it online at [www.investorserve.com.au](http://www.investorserve.com.au). Alternatively you can notify us by email to [enquiries@boardroomlimited.com.au](mailto:enquiries@boardroomlimited.com.au)

If you have questions about your shareholding, please contact Boardroom by email to [enquiries@boardroomlimited.com.au](mailto:enquiries@boardroomlimited.com.au) or call the shareholder information line on 1300 737 760 (Australia) or +61 2 9290 0664 (Outside Australia).

Yours faithfully

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**Ian Morgan**  
Company Secretary  
Pacific American Coal Limited