



ALLEGIANCE COAL LIMITED

Chairman's Letter to Shareholders

Dear Fellow Shareholders

Herewith find the following information for the year ended 30th June 2015:

1. Notice of Annual General Meeting;
2. Proxy Form;
3. Financial Statements for 30 June, 2015.

The year under review to 30th of June 2015 was one of the most difficult in living memory for coal exploration companies, falling prices for producers together with ever increasing regulations from both State and Federal Governments resulted in little immediate incentive for grass roots exploration

Fortunately our Joint Venture with JOGMEG (a Japanese Government Agency) on our Kilmain Queensland Property resulted in exploration expenditure of about \$1.8 million. The Joint Venture has extended into the current year (fiscal 2016) with a projected further expenditure of \$500,000

The requirement to preserve the remaining company's treasury resulted in severe cost cuts with our coal team under Colin Randall being retired and all required services being contracted on a task by task basis.

We would hope that the Resources sector, with coal in particular, will show recovery in the current year

Details of the company's corporate governance practices and policies can be viewed on our website at www.allegiancecoal.com.au

AW Howland -Rose

MSc,DIC,FGS,FIMM;FAusIMM;FAIG,MAICD,CEng

Chairman

Allegiance Coal Limited

ABN: 47 149 490 353

Business & Registered Office:

Ph: (02) 9297 7555

Postal Address:

GPO Box 2703, Sydney NSW 2001

Street Address:

Level 2, 49-51 York Street, Sydney NSW 2000

ALLEGIANCE COAL LIMITED

ACN 149 490 353

Notice of Annual General Meeting and Explanatory Memorandum

Date of Meeting

Monday, 30 November 2015

Time of Meeting

12:00p.m. EDST

Place of Meeting

Allegiance Mining Limited
Level 2
49-51 York Street
SYDNEY NSW 2000

This Notice of Annual General Meeting and Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

ALLEGIANCE COAL LIMITED
ACN 149 490 353
NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given of the Annual General Meeting of ALLEGIANCE COAL Limited to be held at the Offices of Allegiance Coal Limited, Level 2, 49-51 York Street, Sydney NSW 2000 on Monday, 30 November, 2015 at 11:00a.m. EDST, for the purpose of transacting the following business referred to in this Notice of Annual General Meeting.

An Explanatory Memorandum containing information in relation to the following Resolutions accompanies and forms part of this Notice of Annual General Meeting.

AGENDA

Accounts and Reports

To receive and consider the annual financial report of the Company for the year ended 30 June, 2015 and accompanying reports of the Directors and auditor of the Company.

Resolution 1 – Adoption of Remuneration Report

To consider and put to a non-binding vote the following resolution as an **ordinary resolution**:

"That the Remuneration Report required by section 300A of the Corporations Act, as disclosed in the report of the Directors for the year ended 30 June, 2015, be adopted."

Note: The vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **Voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the Voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (b) the Voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, or if the Company is part of a consolidated entity, for the entity.

Resolution 2 –Re-election of Mr David Deitz as a Director

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

"That Mr David Deitz who retires in accordance with the Constitution and who offers himself for re-election and is eligible for re-election, be re-elected as a Director."

Resolution 3 – Approval of Issue of Shares

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

"That, pursuant to and in accordance with ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the issue and allotment by the Company of up to 50,000,000 Shares by way of private placement, on the terms and conditions and in the manner set out in the Explanatory Memorandum."

Voting Exclusion Statement

The Company will disregard any votes cast on the Resolution by any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary shares if the Resolution is passed, or 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.

OTHER BUSINESS

To deal with any other business which may be lawfully brought forward.

By Order of the Board of Directors



Anthony Howland-Rose
Chairman

Dated 28 October, 2015

PROXIES

- Votes at the Annual General Meeting may be given personally or by proxy, attorney or representative.
- A Shareholder who is entitled to attend and vote at the Meeting has a right to appoint a proxy to attend and vote instead of the Shareholder. A proxy need not be (but may be) a Shareholder and can be either an individual or a body corporate. If a Shareholder appoints a body corporate as a proxy that body corporate will need to ensure that it:
 - appoints an individual as its corporate representative to exercise its powers at the Meeting, in accordance with section 250D of the Corporations Act; and
 - provides the Company with satisfactory evidence of the appointment of its corporate representative prior to commencement of the Meeting.
- If such evidence is not received before the Meeting, then the body corporate (through its representative) will not be permitted to act as proxy.
- Proxies given by corporate Shareholders must be executed in accordance with their constitutions, or signed by a duly authorised attorney. A proxy may decide whether to vote on any motion, except where the proxy is required by law or the Constitution to vote, or abstain from voting, in their capacity as proxy.
- A Shareholder entitled to cast 2 or more votes at the Meeting may appoint not more than two proxies to attend and vote at this Meeting. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Shareholder's voting rights. If no proportion or number is specified, each proxy may exercise half of the Shareholder's votes. Fractions will be disregarded.
- A proxy may, but need not be, a Shareholder.
- The instrument appointing the proxy must be in writing, executed by the appointor or his attorney duly authorised in writing or, if such appointor is a corporation, either under seal or under hand of an officer(s) or his attorney duly authorised.
- The instrument of proxy (and the power of attorney or other authority, if any, under which it is signed or certified copy of the same) must be lodged by person, post, courier or facsimile and reach the Registered Office of the Company at least 48 hours prior to the Meeting.
- Proxies appointing the Chair which do not specify the way in which the proxy is to vote on a particular Resolution will be recorded as voting in favour of the Resolutions (subject to the other provisions of these notes on Proxies and any required voting exclusions including those in the Notice) as this is the Chair's voting intention. If the Chair is your nominated proxy, or may be appointed by default, and you have not directed your proxy how to vote by ticking either the 'for', 'against' or 'abstain' box in relation to Resolutions 1, 4, 5 and 6, you will be authorising the Chair to vote in accordance with the Chair's voting intentions on Resolutions 1, 4, 5 and 6 even if Resolutions 1, 4, 5 and 6 are connected directly or indirectly with the remuneration of the Chair and other Key Management Personnel. The Chair intends to vote all available proxies in favour of Resolutions 1, 4, 5 and 6.
- A proxy form accompanies this Notice and to be effective the proxy form and the power of attorney or other authority (if any) under which it is signed (or a certified copy) must be received by the Company no later than 48 hours before the commencement of the Meeting, at:
 - the Company's registered office, Level 2, 49 – 51 York Street, Sydney, New South Wales 2000; or
 - by facsimile to the Company on facsimile number (02) 9397 7575; or
 - by post to Gullewa Limited, Level 2, 49 – 51 York Street, Sydney, New South Wales 2000

Any proxy form received after that time will not be valid for the Meeting.

The **enclosed** proxy form provides further details on appointing proxies and lodging proxy forms.

Corporations

A corporation may elect to appoint a representative in accordance with the Corporations Act in which case the Company will require written proof of the representative's appointment which must be lodged with, or presented to the Company before the commencement of the Meeting.

NOTES

For the purpose of regulation 7.11.37 of the Corporations Regulations 2001 (Cth), the Directors have determined that Shares held at 11.00a.m. EDST on 28 November 2015 will be taken, for the purposes of the Annual General Meeting, to be held by the persons who held them at that time. The entitlement of Shareholders to vote at the Meeting will be determined by reference to that time.

EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of Annual General Meeting.

The Directors recommend Shareholders read this Explanatory Memorandum in conjunction with the Notice of Meeting (of which this Explanatory Memorandum forms a part) in full before making any decision in relation to the Resolutions.

ORDINARY BUSINESS

ANNUAL REPORT

As required under section 317 of the Corporations Act, the Annual Report (which includes the financial report, Directors' report and auditor's report) will be laid before the Annual General Meeting.

Shareholders at the Meeting will be given a reasonable opportunity to ask questions and make comments about the Annual Report or the Company generally, but there will be no formal resolution submitted to the Meeting.

Reasonable opportunity will also be given to Shareholders at the Meeting to ask the Company's auditor questions relevant to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT (Non-binding vote)

Requirements of Corporations Act

Section 298 of the Corporations Act requires that the annual Directors' Report contain a Remuneration Report prepared in accordance with section 300A of the Corporations Act.

By way of summary, the Remuneration Report:

- (a) discusses the Company's policy and the process for determining the remuneration of its executive officers (there are no executives other than the Directors); and
- (b) sets out remuneration details for each Director named in the Remuneration Report for the financial year ended 30 June, 2015.

Section 250R(2) of the Corporations Act requires companies to put a resolution to their members that the Remuneration Report be adopted. Pursuant to section 250R(3) of the Corporations Act, the vote on this resolution is advisory only and does not bind the Board or the Company.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Meeting.

Voting consequences

Under changes to the Corporations Act that came into effect on 1 July 2011, if at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report in two consecutive annual general meetings, a company will be required to put to its shareholders a resolution proposing the calling of a general meeting to consider the appointment of directors of the company (**Spill Resolution**) at the second annual general meeting.

If more than 50% of shareholders vote in favour of the Spill Resolution, the company must convene the general meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the financial year ended immediately before the second annual general meeting) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for election or re-election at the Spill Meeting. Following the Spill Meeting those persons whose election or re-election as directors is approved will be the directors of the company.

At the Company's previous annual general meeting, less than 25% of votes were cast against the remuneration report at that meeting. Accordingly the Spill Resolution is not relevant for this Annual General Meeting.

Directors' Recommendation

The Board unanimously recommends that Shareholders adopt the Remuneration Report.

RESOLUTION 2 –RE-ELECTION OF MR DAVID DEITZ AS A DIRECTOR

Resolution 2 seeks approval for the re-election of Mr David Deitz as a Director with effect from the end of the Meeting.

The Constitution provides that at each annual general meeting of the Company one-third of the Directors or, if their number is not a multiple of three, then such number as is appropriate to ensure that no Director holds office for more than 3 years, shall retire from office.

Mr David Deitz retires from office in accordance with this requirement, being eligible, and submits himself for re-election. His profile is contained in the Annual Report.

Directors' Recommendation

The Directors (other than Mr David Deitz) recommend the election of Mr David Deitz .

RESOLUTION 3 – APPROVAL OF ISSUE OF SHARES

ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides, in summary, that a listed company may not issue equity securities in any 12 month period which, when aggregated with the equity securities issued by a company during the previous 12 months, will exceed 15% of the total number of fully paid ordinary shares on issue in the company at the beginning of the 12 month period, except with the prior approval of shareholders.

Resolution 3 seeks Shareholder approval under ASX Listing Rule 7.1 for the issue and allotment of up to 50,000,000 Shares to sophisticated and professional investors under a proposed private placement (**Placement Shares**).

The Directors are seeking approval for this issue of Placement Shares as it will preserve the Company's ability to issue up to 15% of its issued capital in the next 12 months. That is, the Placement Shares will not be counted as reducing the number of equity securities which the Company can issue without Shareholder approval under the limit imposed by ASX Listing Rule 7.1.

ASX Listing Rule 7.3 Disclosure Requirements

The following information is provided in accordance with ASX Listing Rule 7.3:

- (a) A maximum of 50,000,000 Placement Shares will be issued.
- (b) The Placement Shares will be issued by no later than 3 months after the date of this Meeting (or such later date as may be approved by ASX).
- (c) The issue price of the Placement Shares will be no less than 80% of the volume weighted average price of Shares on the ASX for the 5 Trading Days immediately before the Placement Shares are issued.
- (d) The identity of the persons to whom the Placement Shares will be issued and allotted is not yet known, however they will be sophisticated and/or professional investors who are not related parties of the Company or their associates.
- (e) The Placement Shares issued will rank equally in all respects with all other ordinary shares in the capital of the Company.
- (f) The funds raised from the Placement Share issue will be used [as consideration for future investments by the Company and to provide further working capital].
- (g) Allotment of the Placement Shares will occur progressively.

Directors' Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 3 as it allows the Company greater flexibility to issue further securities representing up to 15% of the total number of Shares on issue in any 12 month period pursuant to Listing Rule 7.1 without Shareholder Approval.

GLOSSARY

In the Notice of Meeting and the proxy form which accompanies this Notice of Meeting, the following terms have the following meanings unless the context otherwise requires:

Annual Report	means the Company's annual report including the reports of the Directors and auditor of the Company and the financial statement of the Company for the year ended 30 June, 2015.
ASIC	means the Australian Securities and Investments Commission.
ASX	means ASX Limited (ACN 008 624 691) and the market operated by it, as the context requires.
Board	means the board of Directors.
Chair	means the chairperson of the Meeting.
Closely Related Party	is defined in respect of a member of Key Management Personnel as: <ul style="list-style-type: none">▪ 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 dealings with the Company;▪ a company the member controls; or▪ a person prescribed by the <i>Corporations Regulations 2001</i> (Cth) that may be made for this purpose.
Company or Allegiance	means Allegiance Coal Limited (ACN 149 490 353).
Constitution	means the constitution of the Company.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Director	means a director of the Company.
EDST	means Eastern Daylight Savings Time.
Key Management Personnel	has the meaning given in the accounting standards and broadly means those persons with the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and includes any Director (whether executive or otherwise).
Listing Rules	means the Listing Rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the official list of ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.
Meeting or Annual General Meeting	means the annual general meeting of the Company to be held on 30 November 2015 at 12.00p.m. (EDST), convened by this Notice.
Notice of Meeting or Notice	means the notice of annual general meeting which accompanies and includes this Explanatory Memorandum.
Remuneration Report	means that section of the Directors' report under the heading "Remuneration Report" set out in the Annual Report.
Share	means a fully paid ordinary share in the capital of the Company

Allegiance Coal

ACN 149 490 353

PROXY FORM

The Company Secretary

Gullewa Limited

Registered Office Address: Level 2, 49-51 York Street, SYDNEY NSW 2000

Postal Address: Level 2, 49-51 York Street, Sydney NSW 2000

I/We (name of shareholder)

of (address)

being a member/members of Allegiance Coal Limited entitled to attend and vote at the Annual General Meeting to be held on Monday 30 November 2015 at 12:00pm EDST at Level 2, 49-51 York Street, Sydney NSW HEREBY APPOINT

(name of proxy)

of (address)

and/or failing him (name)

of (address)

I/We acknowledge that the Chair intends to vote all undirected proxies in favour of each of Resolutions 1 to 6 (inclusive).

I/We direct my/our Proxy to vote in the following manner:

	For	Against	Abstain*
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-Election of Mr David Deitz as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Approval of Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If no directions are given my proxy may vote as the proxy thinks fit or may abstain. If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

Chair authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chair as my/our proxy or the Chair becomes my/our proxy by default, I/we expressly authorise the Chair to exercise my/our proxy in respect of Resolutions 1,2 and 3 (except where I/we have indicated a different voting intention above) and acknowledge that the Chair may exercise my/our proxy even though Resolutions 1,2 and 3 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

***This Proxy is appointed to represent ____% of my voting right (or 100% if no percentage is specified), or if 2 proxies are appointed Proxy 1 represents ____% and Proxy 2 represents ____% of my total votes
My total voting right is _____ shares***

If the shareholder(s) is an individual:

Name: _____

If the shareholder is a company:

Affix common seal (if required by Constitution)

Director/Sole Director and Secretary

Director/Secretary

Dated:

In addition to signing the Proxy Form above please provide the information below in case we need to contact you.

Contact Name

Contact Daytime Telephone

INSTRUCTIONS FOR APPOINTMENT OF PROXY

1. A shareholder entitled to attend and vote is entitled to appoint a proxy to attend and vote at this Annual General Meeting as the shareholder's proxy. A proxy need not be a shareholder of the Company.
2. A shareholder entitled to attend and cast 2 or more votes at this Annual General Meeting is entitled to appoint not more than 2 proxies to attend and vote at this Annual General Meeting. Where more than one proxy is appointed, each proxy must be appointed to represent a specific proportion of the shareholder's voting rights. If such appointment is not made then each proxy may exercise half of the shareholder's voting rights. Fractions shall be disregarded. If you wish to appoint a second proxy, an additional proxy form may be obtained by telephoning the Company's share registry or you may copy this form.
3. The proxy form must be signed personally by the shareholder or his attorney, duly authorised in writing. If a proxy is given by a corporation, the proxy must be executed under either the common seal of the corporation or under the hand of an officer, or officers of the company (as the case may be) or its duly authorised attorney. Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In the case of joint shareholders, this proxy must be signed by at least one of the joint shareholders, personally or by a duly authorised attorney.
4. If a proxy is executed by an attorney of a shareholder, then the original of the relevant power of attorney or a certified copy of the relevant power of attorney, if it has not already been noted by the Company, must accompany the proxy form.
5. To be effective, forms to appoint proxies must be received by the Company no later than 48 hours before the time appointed for the holding of this Annual General Meeting, by person, post, courier or facsimile to the respective addresses stipulated in this proxy form.
6. A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each 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.
7. If the proxy form specifies a way in which the proxy is to vote on any of the resolutions stated above, then the following applies:
 - (a) The proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way;
 - (b) 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;
 - (c) If the proxy is Chairperson, the proxy must vote on a poll and must vote that way; and
 - (d) If the proxy is not the Chairperson, the proxy need not vote on a poll, but if the proxy does so, the proxy must vote that way.

If a proxy is also a shareholder, the proxy can cast any votes the proxy holds as a shareholder in any way that the proxy sees fit.

8. Sections 250BB and 250BC of the Corporations Act broadly provide 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 (i.e. as directed); and

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

If a proxy is also a Shareholder, the proxy can cast any votes the proxy holds as a Shareholder in any way that the proxy sees fit.

Transfer of non-chair proxy to chair in certain circumstances

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

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

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

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

A proxy form accompanies this Notice and to be effective the proxy form and the power of attorney or other authority (if any) under which it is signed (or a certified copy) must be received by the Company no later than 48 hours before the commencement of the Annual General Meeting, at:

- the Company's registered office, Level 2, 49 – 51 York Street, Sydney NSW 2000; or
- by facsimile to the Company on facsimile number (02) 9397 7575; or
- by post to Allegiance Coal Limited, Level 2, 49-51 York Street, Sydney NSW 2000.

Any proxy form received after that time will not be valid for the Annual General Meeting.