
INDUS COAL LIMITED

ACN 153 194 846

NOTICE OF GENERAL MEETING

TIME: 10.30am

DATE: Friday 1 March 2013

PLACE: CWA House
1176 Hay Street
West Perth
Western Australia, Australia 6005

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 6555 3280.

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IMPORTANT INFORMATION

TIME AND PLACE OF MEETING

Notice is given that the meeting of the Shareholders to which this Notice of Meeting relates will be held at 10.30am on Friday 1 March 2013 at:

CWA House
1176 Hay Street
West Perth
Western Australia, Australia 6005

YOUR VOTE IS IMPORTANT

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

VOTING ELIGIBILITY

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 4pm WST on 27 February 2013.

VOTING IN PERSON

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

VOTING BY PROXY

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

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

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and

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

New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Meeting. Broadly, the changes mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (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 of the meeting at which the resolution is voted on – 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).

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.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – APPROVAL FOR CHANGE OF SCALE UNDER LISTING RULE 11.1.2

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

"That, for the purposes of ASX Listing Rule 11.1.2 and for all other purposes, approval is given for the Company to make a significant change to the scale of its coal activities, as set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any 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 an associate of that person. 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 direction on the proxy form, or it is cast by the person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

2. RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE OF 11,305,881 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, Shareholders ratify the allotment and issue of 11,305,881 Shares on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

3. RESOLUTION 3 – ISSUE OF 11,305,881 CAPITAL RAISING OPTIONS

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, approval is given for the Company to allot and issue up to 11,305,881 Capital Raising Options on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

4. RESOLUTION 4 – ISSUE OF SHARES AND CAPITAL RAISING OPTIONS TO RELATED PARTY – SCOTT DOUGLAS

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 10.11 and for all other purposes, approval is given for the Company to allot and issue up to 2,117,648 Shares and 2,117,648 Capital Raising Options to Scott Douglas (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Scott Douglas (and his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. RESOLUTION 5 – ISSUE OF SHARES AND CAPITAL RAISING OPTIONS TO RELATED PARTY – JOHN KENNY

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 10.11 and for all other purposes, approval is given for the Company to allot and issue up to 2,341,177 Shares and 2,341,177 Capital Raising Options to John Kenny (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by John Kenny (and his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

6. RESOLUTION 6 – APPROVAL FOR GRANT OF CONVERSION RIGHTS FOR THE CONVERTIBLE BONDS AND FOR THE ISSUE OF CONVERTIBLE BOND OPTIONS

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

“That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to grant the Conversion Rights to the 3,945 Convertible Bonds and to issue the free attaching 11,602,245 Convertible Bond Options to the Subscribers of the Convertible Bonds on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

7. RESOLUTION 7 – ISSUE OF 3,000,000 CONVERTIBLE BOND OPTIONS TO GLENEAGLE

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, approval is given for the Company to allot and issue up to 3,000,000 Convertible Bond Options to Gleneagle (or its nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

DATED: 25 JANUARY 2013

BY ORDER OF THE BOARD

**MARK CLEMENTS
COMPANY SECRETARY**

EXPLANATORY STATEMENT

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

1. OVERVIEW OF CHANGE OF SCALE OF COAL ACTIVITIES

1.1 Background

The Company was incorporated in Western Australia on 13 September 2011 and admitted to the official list of the ASX (**Official List**) on 13 March 2012.

The Company undertook an initial public offering in December 2011 (**Initial Public Offer**) pursuant to initial public offering prospectus released on 21 December 2011 (**Prospectus**).

The Company is based in Perth, Western Australia, Australia as well as in Jakarta, Indonesia.

The Company's current business activities consist of its 100% owned MukoMuko Coal Project (located in Sumatra, Indonesia), which is prospective for thermal coal (**MukoMuko Coal Project**).

The Company's focus at the time of being admitted to the Official List was to commence a thermal coal business in Indonesia. Upon listing the Company's primary objective was:

- (a) acquiring 100% of the MukoMuko Coal Project, a prospective thermal coal project in the Bengkulu Coal Basin in Western Sumatra, Indonesia; and
- (b) identifying, then seeking to acquire and develop, other Indonesian thermal coal opportunities that provide a clear path to market.

1.2 Summary of the Transactions

As announced on 29 November 2012, the Company has agreed to a series of separate transactions for it to purchase (**Transactions**) an indirect interest in 3 thermal coal bearing concessions (14,394ha in total) all located in the well-known thermal coal producing region of Jambi Province, Sumatra, Indonesia (**Jambi Coal Projects**).

The 3 coal concessions are Block 7 (5,001ha), Block 8 (4,380ha) and Block 9 (5,013ha). Indonesian company PT. Batanghari Energi Prima (**BEP**) is the sole owner of Blocks 7 and 8. Indonesian company PT. Berlian Mahkota Coal (**BMC**) is the sole owner of Block 9. These blocks together comprise the Jambi Coal Projects which are the subject of the Transactions.

The Transactions are structured to occur on a staged basis. As of the date of this Notice of Meeting, the Company has already purchased a 38% shareholding in BEP and BMC (**Stage 1**). The Company has the right to purchase a further a 38% shareholding in BEP and BMC and the vendor of BEP and BMC has the option to sell to the Company a further 24% shareholding in BEP and BMC, subject to the satisfaction of certain conditions precedent (**Stage 2**). The final stage involves the payment of cash and the issue of Shares and Performance Options in the issued capital of the Company to certain unrelated and related parties upon

the satisfaction of certain conditions precedent (**Stage 3**). Further detail is set out at section 1.4 of the Explanatory Statement below.

1.3 General Background on the Jambi Coal Projects

The 3 coal concessions to be acquired are Block 7 (5,001ha), Block 8 (4,380ha) and Block 9 (5,013ha) and are all located in Sumatra, Indonesia. Indonesian company BEP is the sole owner of Blocks 7 and 8. Indonesian company BMC is the sole owner of Block 9. The Exploration Licenses owned by BEP and BMC are referred to as "**Coal Concessions**".

The Company is seeking to acquire (by way of a series of separate and distinct purchases) 100% of the issued capital in each of BEP and BMC from Heidke Limited (a company duly organised and existing under the laws of the Republic of Indonesia) (**Heidke**).

All 3 Coal Concessions are granted Exploration License IUPs. In addition, Block 9 has been granted an AMDAL clearance (Environmental License). The Company anticipates that a Production IUP and all necessary forestry permits will be granted for Block 9 by 15 February 2013. AMDAL clearances (Environmental Licenses) and forestry permits for Blocks 7 and 8 are expected over the next 6 months.

Like the Company's existing MukoMuko Coal Project, these additional 3 Coal Concessions are all located on the island of Sumatra, Indonesia. These 3 Coal Concessions each have a risk/reward profile which is similar to the Company's existing MukoMuko Coal Project.

1.4 Key Terms of the Sale and Purchase Agreement

On 29 November 2012 the Company entered into a sale and purchase agreement (which was then varied on 21 December 2012) with Heidke as well as various related and unrelated parties of Indus referred to below to record the terms of the Transactions (**Sale and Purchase Agreement**). In accordance with the Sale and Purchase Agreement the Transactions are proposed to occur in a number of separate and distinct stages. The details of each stage and key terms of the Sale and Purchase Agreement are as follows:

Stage 1 – Purchase of Initial 38% Shareholding

Under Stage 1, Indus contracted to acquire 38% of the issued capital in each of BEP and BMC from Heidke subject to Indus completing legal and technical due diligence on BEP and BMC and the Coal Concessions and raising financing of at least US\$6,500,000. The consideration payable for the acquisition was US\$6,500,000. Heidke is an unrelated Indonesian third party vendor. These 3 conditions precedent were satisfied and completion of Stage 1 has occurred. As of the date of this Notice of Meeting, Indus owns a 38% shareholding in both BEP and BMC and therefore the Jambi Coal Projects.

Stage 2 – Further Purchase of 38% and Put Option for Further 24% Shareholding

Under Stage 2, subject to and conditional upon Indus successfully raising further financing in the amount of at least US\$17,500,000 by 26 March 2013 on terms and conditions to the satisfaction of Indus, Indus shall purchase from Heidke a further 38% of the shares in BEP and BMC so that Indus has a seventy six percent (76%) shareholding in BEP and BMC. The completion of this distinct sale and purchase is proposed to occur on 29 March 2013. The consideration for the

acquisition will be US\$9,500,000 payable to Heidke at completion of the acquisition of the additional 38% shareholding.

Should the purchase of this additional 38% not occur, Indus will forfeit one third of the shareholding in BEP and BMC it acquired under Stage 1, being 12.66% of the 38% shareholding in BEP and BMC that Indus has already purchased, so that Indus retains only two thirds of the shareholding in BEP and BMC it acquired under Stage 1, being a 25.33% shareholding in BEP and BMC.

Subject to and conditional upon completion of the purchase of the further 38% of the shares in BEP and BMC thereby taking Indus' shareholding in BEP and BMC to 76%, Indus will agree to pay Heidke a further payment of US\$9,000,000 on 30 June 2013 (**Tranche 1 of the Deferred Cash Consideration**).

Subject to and conditional upon Indus successfully raising further financing in the amount of US\$17,500,000 by 26 March 2013 on terms and conditions to the satisfaction of Indus, Heidke has the right to sell to Indus a further twenty four percent (24%) shareholding in BEP and BMC for US\$2,000,000. If this election is made, then completion is proposed to occur on 29 March 2013. At completion Indus will pay a further US\$2,000,000 and on completion of this additional purchase of 24% of BEP and BMC, Indus would then have sole one hundred percent (100%) ownership of all the shares on issue in BEP and BMC.

Subject to and conditional upon completion of the purchase of the further 24% of the shares in BEP and BMC thereby taking Indus' shareholding in BEP and BMC to 100%, Indus will agree to pay Heidke a further payment of US\$6,000,000 on 30 June 2013 (**Tranche 2 of the Deferred Cash Consideration**).

Each of the Tranche 1 of the Deferred Cash Consideration and Tranche 2 of the Deferred Cash Consideration will be an unsecured liability to an unrelated Indonesian third party vendor. This unsecured debt shall bear no interest and will be payable in full by Indus on 30 June 2013.

Stage 3 – Payments to related and unrelated parties

Under Stage 3, all of the following conditions must be satisfied:

- (a) purchase by Indus of the 62% of the shares in BEP and BMC not already held by Indus thereby taking Indus' shareholding in BEP and BMC to 100%;
- (b) full payment by 30 June 2013 of the Tranche 1 Deferred Consideration and Tranche 2 Deferred Consideration having occurred;
- (c) the completion, by 30 June 2013, of a 150 hole HQ JORC compliant drilling programme which results in the 3 coal projects having a JORC Indicated Resource of greater than 100,000,000 tonnes;
- (d) the shareholders of Indus approving, by 30 June 2013, the payment in cash of US\$27,000,000 and the issue of 130,000,000 Shares in Indus and the issue of 86,000,000 performance options on the terms set out in Schedule 4 (**Performance Options**) to various related and unrelated parties of Indus (the details of which are set out below); and
- (e) the receipt by Indus, by 30 June 2013, of any required approvals from ASIC and ASX in respect of the matters set out above,

(together **Stage 3 Conditions Precedent**).

Subject to and conditional upon the Stage 3 Conditions Precedent being satisfied (or waived) the parties below will be paid or be issued (as the case may be) the following from Indus:

Party	Cash US\$	Shares	Class B Performance Options	Class C Performance Options	Class D Performance Options	Class E Performance Options
Vinay Hariani ¹	27,000,000	123,000,000	10,500,000	14,000,000	17,500,000	21,000,000
John Kenny ²	-	1,000,000	833,334	1,111,111	1,388,889	1,666,666
Jason Peterson ³	-	1,000,000	833,334	1,111,111	1,388,889	1,666,666
Scott Douglas ⁴	-	1,000,000	833,334	1,111,111	1,388,889	1,666,666
Ashish Patel ⁵	-	1,000,000	833,334	1,111,111	1,388,889	1,666,666
Gleneagle Securities ⁶	-	3,000,000	500,000	666,667	833,333	1,000,000

Notes:

¹Vinay Hariani is a director of Indus and hence a related party of Indus. The US\$27,000,000 cash, 123,000,000 shares in Indus, 10,500,000 Class B Performance Options, 14,000,000 Class C Performance Options, 17,500,000 Class D Performance Options and 21,000,000 Class E Performance Options will all be issued to Apex Code Holdings Limited (a company controlled by Vinay Hariani) or to its nominees (with one of those nominees to be Zenix Nominees Pty Ltd which will be issued 500,000 Class B Performance Options, 666,667 Class C Performance Options, 833,333 Class D Performance Options and 1,000,000 Class E Performance Options).

²John Kenny is a director of Indus and hence a related party of Indus. The 1,000,000 shares in Indus, 833,334 Class B Performance Options, 1,111,111 Class C Performance Options, 1,388,889 Class D Performance Options and 1,666,666 Class E Performance Options will all be issued to Ventureworks JDK Pty Ltd, a company associated with John Kenny.

³Jason Peterson is not a related party of Indus. The 1,000,000 shares in Indus, 833,334 Class B Performance Options, 1,111,111 Class C Performance Options, 1,388,889 Class D Performance Options and 1,666,666 Class E Performance Options will all be issued to Celtic Capital Pte Ltd, a company associated with Jason Peterson.

⁴Scott Douglas is a director of Indus and hence a related party of Indus. The 1,000,000 shares in Indus, 833,334 Class B Performance Options, 1,111,111 Class C Performance Options, 1,388,889 Class D Performance Options and 1,666,666 Class E Performance Options will all be issued to Katherine MacDermott ATF the Warrior Trust in which Scott Douglas is a member of the class of potential beneficiaries.

⁵Ashish Patel is a director of Indus and hence a related party of Indus. The 1,000,000 shares in Indus, 833,334 Class B Performance Options, 1,111,111 Class C Performance Options, 1,388,889 Class D Performance Options and 1,666,666 Class E Performance Options will all be issued to Vitarag Pty Ltd ATF Kailash Trust in which Ashish Patel is a member of the class of potential beneficiaries.

⁶No one associated with Gleneagle is a related party of Indus. The 3,000,000 shares in Indus, 500,000 Class B Performance Options, 666,667 Class C Performance Options, 833,333 Class D Performance Options and 1,000,000 Class E Performance Options will all be issued to Gleneagle or its nominees.

The Company intends to seek Shareholder approval in June 2013 for all the matters the subject of Stage 3, including all the payments or issues of securities to the various unrelated and related parties as set out above.

The US\$27,000,000 cash payable by Indus to Apex Code Holdings shall become due and owing 15 days after the satisfaction of all of the Stage 3 Conditions Precedent. This debt shall be secured and shall bear no interest. The principal of US\$27,000,000 shall be paid out of production, but in any event, the first US\$5,000,000 of principal shall be paid on or before 31 December 2013 and the

next US\$5,000,000 shall be paid on or before 30 June 2014. Full repayment of all principal must occur in full by 30 June 2015.

The issue of the 130,000,000 Shares in Indus and the issue of 86,000,000 Performance Options in Indus as set out above shall occur within 15 days of the satisfaction of all of the Stage 3 Conditions Precedent.

The Stage 3 Conditions Precedent set out above are for the sole benefit of Indus and may only be waived by Indus. In the event however that the Stage 3 Conditions Precedent are not all satisfied and the matters set out above are not completed in full, namely the issue of the 130,000,000 Shares in Indus and the issue of 86,000,000 Performance Options in Indus and the obligation to pay Apex Code Holdings US\$27,000,000 is not approved by Indus shareholders, Indus shall immediately forfeit two thirds (66%) of its shareholding in BEP and BMC.

In the event the option to sell to Indus a further 24% shareholding in BEP and BMC has not been exercised and as a consequence Indus has not paid a further US\$2,000,000 nor has Indus assumed an additional unsecured liability of US\$6,000,000 (i.e. the Tranche 2 Deferred Consideration) with the result that Indus is the owner of only a seventy six percent (76%) shareholding in BEP and BMC then the payment of a further US\$27,000,000 shall be reduced to US\$20,520,000 (being 76% of US\$27,000,000) and the issue of 130,000,000 Shares shall be reduced to the issue of only 98,800,000 Shares (being 76% of 130,000,000 Shares) and the issue of 86,000,000 Performance Options shall be reduced to only 65,360,000 Performance Options (being 76% of 86,000,000 Performance Options). This proportionate reduction shall apply to all payments or issues that are to be made and to all persons to whom they are to be paid or issued and at the times that those payments or issues were to be made.

If the Company does not acquire a 100% shareholding in each of BEP and BMC, the Directors consider that each owner of shares in BEP and BMC will fund BEP and BMC and in doing so be responsible in proportion to their respective shareholdings. Each owner will also have voting rights in respect of the operation of BEP and BMC in proportion to their respective shareholdings. If these circumstances arise, the owners of BEP and BMC may enter into further agreements to govern the operations of BEP and BMC.

The Sale and Purchase Agreement contains standard commercial warranties for an agreement of its nature including but not limited to the parties' capacity to enter into the agreement and complete the Transactions contemplated as well as to the good title and standing of the Coal Concessions.

Other than as contemplated by the Sale and Purchase Agreement, prior to completion of the Transactions, each of BEP and BMC have agreed to not enter into any material contracts or include any material liabilities, declare any dividends or vary its capital structure, without the Company's consent. In addition, BEP and BMC have agreed to maintain the Coal Concessions in full force and effect, meet all outgoings, and observe and perform all required stipulations and conditions of the Coal Concessions. Otherwise the Sale and Purchase Agreement is on terms and conditions standard for an agreement of its nature.

1.5 Financing the Transactions

The Company financed the US\$6,500,000 that was required for Stage 1 by:

- (a) issuing Convertible Bonds (along with free attaching Convertible Bond Options) to raise \$3,945,000;

- (b) issuing Shares (along with free attaching Capital Raising Options) to raise \$2,680,000; and
- (c) using its existing cash reserves.

The details of this financing were announced to the ASX on 24 December 2012. As of the date of this Notice of Meeting, Indus owns a 38% shareholding in both BEP and BMC and therefore the Jambi Coal Projects. The Convertible Bonds were issued on 15 January 2013 and currently bear interest at 12% and will (subject to Indus Shareholder approval) be granted the Conversion Rights. Resolution 6 seeks Shareholder approval for the Conversion Rights to be granted to the Convertible Bonds and the issue of the free attaching Convertible Bond Options to the Subscribers of these Convertible Bonds. For further detail on the Capital Raising completed by the Company to finance Stage 1 refer to section 1.13 of this Explanatory Statement.

The Company plans to finance Stage 2 of the Transactions by raising debt finance in the amount of US\$17,500,000. The Company has engaged Neuvo Capital Asia in Singapore to assist with this financing. Such a debt raising adequately meets the financing demands of Stage 2 and results in the issuance of no further equity securities in the Company.

The Company intends to finance the payment of Tranche 1 and Tranche 2 of the Deferred Cash Consideration via issuing Shares to raise US\$15,000,000 or by raising further debt financing or by selling portion of its shareholding in either BEP or BMC.

The payments to Apex Code Holdings under Stage 3 are payable out of coal production.

1.6 Cash Position and Expenditure Budget

The Company's current cash position as at the date of this Notice is approximately \$2,300,000. As stated above, the Company has adequate financing plans for Stage 2 and Stage 3 under the Sale and Purchase Agreement. No financing arrangements for Stage 2 or Stage 3 have been confirmed or agreed as at the date of this Notice.

The Company anticipates the expenditure of approximately \$1,000,000 on exploration of the Company's MukoMuko Coal Project and its Jambi Coal Projects during the next 5 months (for period ending 30 June 2013). \$700,000 of this exploration expenditure will be spent on the Jambi Coal Projects and \$300,000 will be spent on the MukoMuko Coal Project.

This outlines the Company's current intentions as at the date of this Notice. Intervening events (such as exploration success or failure) may alter the way funds are ultimately applied by the Company.

1.7 Timetable

The current proposed timetable for implementing the Transactions is as follows:

EVENT	DATE
Completion of the purchase of Stage 1 (Initial 38% shareholding)	18 January 2013

Notice of General Meeting dispatched for Shareholder approval of the terms and conditions of the \$6,625,000 capital raising for Stage 1 and to approve the Stage 2 purchase	29 January 2013
Indus general meeting of Shareholders to approve of the terms and conditions of the \$6,625,000 capital raising and to approve the Stage 2 purchase	1 March 2013
Notice of General Meeting dispatched for shareholder approval of the payments and issues of securities to related parties and the completion of Stage 3	23 May 2013
Indus general meeting for Shareholder approval of the payments and issues of securities to related parties and the completion of Stage 3	26 June 2013
Transactions complete in full	31 July 2013

The above timetable is indicative only and subject to change.

1.8 Capital Structure

The anticipated effect of the Transactions on the capital structure of the Company will be as follows:

	Shares	Options	Performance Shares	Performance Options
Current issued capital ¹	86,780,005 ²	6,700,000 ³	75,000,000 ⁴	Nil
Potential issue of equity on conversion of the Convertible Bonds (Stage 1 purchase)	25,990,588 ⁵	11,602,245 ⁶	Nil	Nil
Issue of Shares (Stage 1 purchase) ⁷	15,764,706	15,764,706	Nil	Nil
Fee payable to Gleneagle for arranging the Convertible Bond issue (Stage 1 purchase) ⁸	Nil	3,000,000	Nil	Nil
Debt Capital raising of US\$17,500,000 (Stage 2 purchase)	Nil	Nil	Nil	Nil
Issues to Apex Code Holdings and others under Stage 3 ⁹	130,000,000	Nil	Nil	86,000,000
Total	258,535,299	37,066,951	75,000,000	86,000,000

Notes:

1. This table assumes that no other securities are issued or converted other than pursuant to the Transactions. It also assumes the Company completes all three separate and distinct stages of the Transaction and acquires 100% of the issued capital in BEC and BMC.

2. This consists of 42,225,005 escrowed shares.
3. This consists of 6,700,000 options exercisable at \$0.20 each, on or before 31 October 2015.
4. This consists of performance shares in each class (B, C, D and E) that convert into 75,000,000 Shares.
5. As set out in section 1.5 above the Company has financed Stage 1 by:
- (a) issuing Convertible Bonds (along with free attaching Convertible Bond Options) to raise \$3,945,000;
 - (b) issuing Shares (along with free attaching Capital Raising Options) to raise \$2,680,000.

The Company has issued Convertible Bonds with a principal amount of \$3,945,000 to fund Stage 1. The Convertible Bonds will subject to Shareholder approval have terms set out in Schedule 2. The applicable interest rate is 12% per annum on the principal. Subject to Shareholder approval, the Conversion Rights will be granted to the Subscribers to the Convertible Bonds. Assuming that all principal and interest are converted into Shares the Company will issue 23,205,882 Shares at \$0.17 in respect of the principal, and 2,784,706 Shares at \$0.17 in respect of the interest.

- 6. The Subscribers of the 3,945 Convertible Bonds will (subject to Shareholder approval) be issued with 2,941 Convertible Bond Options for each Convertible Bond subscribed for. A total of 11,602,245 Convertible Bond Options will be issued. Their terms and conditions are set out in Schedule 3.
- 7. The Company has issued 15,764,706 Shares at \$0.17 together with 15,764,706 free attaching Capital Raising Options exercisable at \$0.17 to raise \$2,680,000 of equity. The terms and conditions of the Capital Raising Options are set out in Schedule 1.
- 8. In connection with arranging the issue of the Convertible Bonds for the purpose of financing Stage 1 the Company has agreed to issue Gleneagle with 3,000,000 Convertible Bond Options each exercisable at \$0.17 and which expire on 30 June 2014.
- 9. It is assumed that no equity will be used to finalise the payment of US\$27,000,000 cash to Apex Code Holdings.

This is a statement of the current intentions of the Company as at the date of this Notice. Intervening events may alter how the Company funds the Transactions.

1.9 Pro forma balance sheet

Appendix A sets out a pro-forma balance sheet of the Company showing the effect on the total assets, total liabilities and net assets of the Company after the completion of Stage 1.

1.10 Advantages of the Transactions

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on Resolution 1:

- (a) the exploration activities from the Coal Concessions the subject of the Sale and Purchase Agreement represent a significant commercial opportunity for the Company;
- (b) completion of Stage 2 the subject of the Sale and Purchase Agreement represent an opportunity for the Company to increase the scale of its coal activities in Indonesia which should increase the number and size of the investor pool that may invest in the Company's Shares;
- (c) should exploration on the Coal Concessions the subject of the Sale and Purchase Agreement be successful there is an opportunity to build substantial value for Shareholders; and
- (d) the Directors believe the purchase price for Stage 2 is a reasonable one after considering the prospective potential for exploration success arising from exploration on the Coal Concessions the subject of the Sale and Purchase Agreement.

1.11 Disadvantages of the Transactions

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on Resolution 1:

- (a) the Company will be changing the scale of its coal activities, which may not be consistent with the objectives of all Shareholders;
- (b) there are a number of risk factors associated with the completion of the Transactions the subject of the Sale and Purchase Agreement. These risks have been set out below at section 1.12 of the Explanatory Statement;
- (c) completion of any of the Transactions requires financing and to the extent that any of this financing is in the form of equity this will result in existing shareholders being diluted. Such dilution may be perceived by some Shareholders to disadvantageous;
- (d) the Coal Concessions may not turn out to be commercially viable and thus losses may be incurred. In general terms, investments in listed coal exploration companies are high risk; and
- (e) there is no guarantee that the exploration proposed to be conducted on the Coal Concessions by the Company will result in an economic outcome.

1.12 Risk factors

The risk profile of the Jambi Coal Projects is similar to that of the Company's existing MukoMuko Coal Project. The MukoMuko Coal Project has been previously disclosed to Shareholders in the Company's Prospectus.

However, Shareholders should be aware that if Resolution 1 is approved, the Company will be changing the scale of its coal activities which is subject to various risk factors. Based on the information available, a non-exhaustive list of risk factors are as follows:

(a) **Jambi Coal Projects - Specific Risks**

Jambi Logistics risk

The Jambi Coal Projects are located in Jambi, Sumatra, Indonesia. The inability to access and use suitable road infrastructure, river jetty infrastructure or river coal barging infrastructure at competitive prices may adversely impact the value of the Jambi Coal Projects.

Jambi Region

The Company's operations in Jambi are subject to a number of risks, including:

- changes in local Jambi government policies; and
- social and political volatility in the Jambi region.

Any of these factors could materially and adversely affect the Company's business, results of operations and financial condition.

Contractual risk

The Sale and Purchase Agreement, pursuant to which the Company will acquire the Jambi Coal Projects, is to be completed in a number of staged transactions. The purchase of Stage 1 has been completed. In respect of the purchases under Stage 2 and Stage 3, the Company is reliant on the owner of BEP and BMC complying with its obligations under the Sale and Purchase Agreement, in order that Stage 2 and Stage 3 can be completed and the Company can acquire an indirect interest in the Jambi Coal Projects.

Future funding risk

The Company plans to finance Stage 2 by raising debt finance in the amount of US\$17,500,000. The Company has engaged Neuvo Capital Asia in Singapore to assist with this financing. Such a successful debt raising adequately meets the financing demands of Stage 2 and results in the issuance of no further equity securities in the Company. There are significant risks however associated with this debt financing. If debt markets cease to function, or the price of debt escalates or potential debt funders change their view on Indonesian coal assets in an adverse way, this financing may not proceed and therefore Stage 2 may not proceed.

The Company intends to finance the payment of Tranche 1 and Tranche 2 of the Deferred Cash Consideration via issuing Shares to raise US\$15,000,000 or by raising further debt financing or by selling portion of its shareholding in either BEP or BMC. These future plans contain significant risks and one of those risks is that one or all of these choices may not be capable of being completed. If this was to occur it would adversely affect the Company's business, results of operations and financial condition.

(b) **Country specific risks**

General

The Company has acquired 100% of the MukoMuko Coal Project and is seeking to purchase 100% of the Jambi Coal Projects under the Sale and Purchase Agreement. All these coal projects are located in Sumatra, Indonesia.

The Company's coal operations in Indonesia are subject to a number of risks, including:

- potential difficulties in enforcing agreements and collecting receivables through foreign local systems;
- potential difficulties in protecting rights and interests in assets;
- increases in costs for mining, transportation and shipping;
- changes in governments policies, restrictive governmental actions, such as imposition of trade quotas, proposed legislation or rules seeking to ban the export of low rank coal, tariffs and other taxes; and
- economic, social and political volatility.

Any of these factors could materially and adversely affect the Company's business, results of operations and financial condition.

In addition, the Company's future operations may be impacted by currency fluctuations, political reforms, changes in Indonesian government policies and procedures, civil unrest, social and religious conflict and deteriorating economic conditions. The likelihood of any of these changes, and their possible effects, if any, cannot be determined by the Company with any clarity at the present time. However they may include disruption, increased costs and, in some cases, total inability to establish or to continue to operate mining exploration or development activities.

The risk of terrorism activities in Indonesia and the resulting impact upon any future projects is also a relevant risk factor.

The Company aims to minimise its exposure to these risks by working closely with PT Param, an Indonesian company with 15 years coal trading and coal deposit development experience in Indonesia, founded by Executive Director, Mr Vinay Hariani. Mr Hariani is incentivised to minimise the Company's exposure to these risks and maximise the achievement of the Company's stated objectives via his associated holding of securities in the Company.

Coal production in Indonesia

While Indonesian coal production is highly competitive by international standards, Indonesia's export potential over the next ten years will depend to some extent on the perceived risks attached to investment in the coal mining sector. The coal industry in Indonesia is facing a range of legal, governance and other challenges. To the extent that these risk factors continue to affect the mining sector, they can be expected to have an adverse impact on mining exploration and coal production and exports in Indonesia.

Changes in Indonesia law

Changes to the mining law or to the other government legislation and regulations in Indonesia, or to the division of regulatory powers between the Central Government in Jakarta and local and provisional bodies, may materially impact on the ability of the Company to operate in Indonesia and on the ultimate profitability of any potential projects to be developed in Indonesia.

For example, the Indonesian Central Government has previously announced that it plans to impose legislation seeking to ban the export of low rank coal. This may or may not occur and may or may not have a positive or negative impact on the Company.

In the event that an economic resource is identified in the MukoMuko Coal Project or the Jambi Coal Projects there can be no assurance that all or any of the relevant approvals and permits necessary to conduct mining operations will be granted by the Indonesian Government and other appropriate regulatory authorities.

Domestic supply obligation

In January 2009 the Indonesian Government enacted Ministerial Regulation No.34 of 2009 regarding Prioritisation of Domestic Mineral and Coal Supplies (**Regulation No. 34**). Regulation No. 34 requires producers of coal and minerals in Indonesia to allocate a proportion of their annual production output to the domestic Indonesian market. The annual production output required for the domestic Indonesian market will be set by the Minister of Energy and Mineral Resources (**Minister**) based on the estimate of annual demand proposed by potential domestic buyers in the previous year. Further, the price of metals and coal allocated for the domestic market will refer to a prescribed mineral benchmark price and a prescribed coal benchmark price.

In the event that the Company commences production of coal at the MukoMuko Coal Project or the Jambi Coal Projects in the future, there is a risk to potential future cash flows from production should the Minister set a domestic benchmark price below the price for export coal.

Forest zoning

Please refer to the Solicitor's Report on Tenements contained in the Prospectus for a comprehensive detailing on the laws of Indonesia as they relate to forests.

Regulatory risks

The Company's exploration and development activities are subject to extensive laws and regulations relating to numerous matters including resource license consent, conditions including environmental compliance and rehabilitation, taxation, protection of the environment and other matters. The Company requires permits from regulatory authorities to authorise the Company's operations. These permits relate to exploration, development, production and rehabilitation activities.

Obtaining necessary permits can be a time consuming process and there is a risk that the Company will not obtain these permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could materially delay or restrict the Company from proceeding with the development of a project or the operation or development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in material fines, penalties or other liabilities. In extreme cases, failure could result in suspension of the Company's activities or forfeiture of the resource license.

(c) **General risks**

Economic risks

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

Share market conditions

There are general risks associated with any investment in the share market. The market price of the Shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

Further share market conditions may affect the value of the Company's Shares regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

Additional requirements for capital

The Company's capital requirements depend on numerous factors. The Company will from time to time require further funding to develop the MukoMuko Coal Project, and if the Transactions are completed, the Jambi Coal Projects, or other future coal projects. Market conditions which are then generally prevailing will impact on the price or cost at which the Company will be able to raise such funds and no assurance can be given that such funding will be available on terms acceptable to the Company. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be.

Reliance on Directors and Key Management

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its Directors, senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these Directors or key persons or employees die or cease their employment or holding office. The Company's future ability to recruit and retain highly qualified management personnel will also be critical to its success.

Exploration success

The MukoMuko Coal Project and the Jambi Coal Projects are each at a very early stage of exploration, and potential investors should understand that mineral exploration and development are high risk undertakings.

There can be no assurance that exploration of the MukoMuko Coal Project, the Jambi Coal Projects or any other coal projects that may be acquired in the future, will result in the discovery of an economic coal deposit. Even if an apparently viable coal deposit is identified, there is no guarantee that it can be economically exploited.

Operating risks

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes, and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its tenement interests.

Commodity price volatility and exchange rate risks

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of coal exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices, such as the price of coal, fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for coal, oil, natural gas, precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities including coal are regularly denominated and transacted in United States dollars, whereas the income and expenditure of the Company are and will be accounted for in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar, Indonesian rupiah, Singapore dollar and the Australian dollar as determined in international markets.

Competition

The Company will compete with other companies, including major coal companies. Some of these companies have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. Many of the Company's competitors not only explore for and produce coal, but also carry out downstream operations on these and other products on a worldwide basis. There can be no assurance that the Company can compete effectively with these companies.

Environmental risks

The operations and proposed activities of the Company are subject to relevant laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's

activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

Government factors

The introduction of new legislation or amendments to existing legislation by governments, and the decisions of courts and tribunals, can impact adversely on the assets, operations and, ultimately, the financial performance of the Company.

Any adverse developments in political and regulatory conditions in Indonesia and other countries in which the Company may conduct business, could materially affect the Company's prospects. Political changes such as changes in both monetary and fiscal policies, expropriation, methods of taxation and currency exchange controls may impact the performance of the Company as a whole.

(d) **Investment speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above may, in the future, materially affect the financial performance of the Company and the value of the Company's securities.

1.13 Capital Raising

On 24 December 2012 the Company announced that it had completed a capital raising of at least \$6,500,000 to enable the purchase of an initial 38% shareholding in the 2 companies that own the Jambi Coal Projects (i.e. to complete Stage 1)(**Capital Raising**).

Subject to any necessary Shareholder approval, the Company completed the Capital Raising in two parts:

- (a) the issue of 3,945 Convertible Bonds, the terms of which are set out in Schedule 2, along with 2,941 free attaching Convertible Bond Options for every Convertible Bond subscribed for, to raise \$3,945,000; and
- (b) the issue of 15,764,706 Shares at an issue price of \$0.17 along with 15,764,706 free attaching Capital Raising Options for every Share subscribed for, to raise \$2,680,000.

The Company has completed the allotment and issue of 11,305,881 Shares to unrelated third parties under its ASX Listing Rule 7.1 and 7.1A capacity. The Company is seeking Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares pursuant to Resolution 2.

The Company is proposing to allot and issue 11,305,881 Capital Raising Options to the same unrelated third parties who subscribed for these 11,305,881 Shares the subject of Resolution 2. The Company is seeking Shareholder approval for the issue of these 11,305,881 Capital Raising Options pursuant to Resolution 3.

Subject to the receipt of Shareholder approval pursuant to Resolutions 4 and 5 for the purposes of ASX Listing Rule 10.11, the Company is proposing to allot and

issue 4,458,825 Shares and 4,458,825 Capital Raising Options to two directors of the Company, Scott Douglas (or his nominee) and John Kenny (or his nominee), who wish to participate in the issue of the Shares and Capital Raising Options on exactly the same terms.

On 15 January 2013, the Company issued the 3,945 Convertible Bonds which subject to the Shareholder approval, which is sought by of Resolution 6, will have the Conversion Rights. In addition, each Subscriber of a single Convertible Bond will receive, subject to the Shareholder approval, which is sought by of Resolution 6, 2,941 free attaching Convertible Bond Options. The key terms of the Convertible Bond Options are set out in Schedule 3.

The Company has also agreed to issue Gleneagle with 3,000,000 Convertible Bond Options as a fee for arranging the issue of the 3,945 Convertible Bonds to raise \$3,945,000.

2. RESOLUTION 1 – CHANGE IN SCALE OF COAL ACTIVITIES

2.1 General

As outlined in Section 1 of this Explanatory Statement, the Company has entered into a Sale and Purchase Agreement to record the terms of a series of Transactions under which the Company is seeking to purchase a 100% shareholding in BEP and BMC.

Resolution 1 seeks approval from Shareholders for a change to the scale of the coal activities of the Company as a result of the Transactions.

The Transactions are subject to the conditions precedent set out in Section 1.4 above. A detailed description of the proposed Transactions is outlined in Section 1.4 above.

2.2 Legal requirements

ASX Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the nature or scale of its activities, it must provide full details to ASX as soon as practicable and comply with the following:

- (a) provide to ASX information regarding the change and its effect on future potential earnings, and any information that ASX asks for;
- (b) if ASX requires, obtains the approval of holders of its Shares and any requirements of ASX in relation to the Notice of Meeting; and
- (c) if ASX requires, meet the requirements of Chapters 1 and 2 of the ASX Listing Rules as if the Company were applying for admission to the official list of ASX.

ASX confirmed to the Company in advance that the Stage 1 purchase of a 38% initial shareholding in BEP and BMC required no Shareholder approval for the purposes of ASX Listing Rule 11.1.2. ASX gave this approval in writing prior to the Stage 1 purchase. As at the date of this Notice of Meeting, the Company owns this 38% shareholding in BEP and BMC.

ASX has indicated to the Company that the acquisition of a further 38% shareholding in BEP and BMC (i.e. Stage 2) requires the Company to first obtain Shareholder approval for the purposes of ASX Listing Rule 11.1.2. Resolution 1 seeks that Shareholder approval. ASX has also indicated that no further

resolution for the purposes of ASX Listing Rule 11.1.2 will be required for the Company to complete Stages 2 and 3 of the Transactions as set out in this Notice.

ASX has already confirmed to the Company in writing that none of the Transactions the subject of the Sale and Purchase Agreement will require the Company to re-comply with the requirements of Chapters 1 and 2 of the ASX Listing Rules as if the Company were applying for admission to the official list of ASX.

2.3 Directors' Recommendation

The Directors of the Company unanimously recommend that you vote in favour of Resolution 1. It is the view of the Company's Directors that Stage 2 of the Transactions will give the Company's Shareholders the opportunity to participate in a more significant way in a potentially significant exploration, development and production programme in respect of the Jambi Coal Projects.

3. RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE OF 11,305,881 SHARES

3.1 General

On 24 December 2012, the Company announced that it had completed the Capital Raising. Subject to any necessary Shareholder approval, the Capital Raising is occurring in two parts as set out in section 1.13 of this Explanatory Statement.

The Company has already issued the 11,305,881 Shares the subject of the Capital Raising (having issued them at \$0.17 per Share which raised \$1,922,000) and did so without prior Shareholder approval pursuant to its 25% annual placement capacity. The Company agreed to allot and issue the free attaching 11,305,881 Capital Raising Options to unrelated third party Subscribers once it has obtained Shareholder approval to do so. In addition, the Company agreed to allot and issue 4,458,825 Shares and 4,458,825 free attaching Capital Raising Options to two related parties (Scott Douglas and John Kenny, both of whom are Directors of the Company) on the same terms as the unrelated third party subscribers once it has obtained Shareholder approval to do so. The Shareholder approval for the purposes of the issue of the 4,458,825 Shares and 15,764,706 free attaching Capital Raising Options is the subject of Resolutions 3, 4 and 5 of this Notice of Meeting.

Resolution 2 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the previous issue of 11,305,881 Shares (**Ratification**).

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

ASX Listing Rule 7.1A permits listed entities that have met the threshold eligibility criteria, and have obtained the approval of their ordinary security holders by special resolution at the annual general meeting (**AGM**), to issue an additional 10% of issued capital by way of placements over a 12 month period. The Company obtained shareholder approval for the purposes of ASX Listing Rule 7.1A at its last AGM held on 28 November 2012.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1 and 7.1A. It provides that where a company in general meeting ratifies the previous issue of

securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) or made pursuant to ASX Listing Rule 7.1A (and provided that the previous issue did not breach ASX Listing Rule 7.1A) those securities will be deemed to have been made with Shareholder approval for the purpose of ASX Listing Rule 7.1 or ASX Listing Rule 7.1A, as the circumstances require.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 and the additional 10% annual placement capacity set out in ASX Listing Rule 7.1A without the requirement to obtain prior Shareholder approval.

3.2 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.4, the following information is provided in relation to the Ratification:

- (i) 11,305,881 Shares were previously issued and allotted at the issue price of \$0.17 per Share for the purpose of raising \$1,922,000 of which 11,305,881 Shares were issued under the Company's ASX Listing Rule 7.1 and 7.1A capacity;
- (ii) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (iii) the Shares were allotted and issued to professional and sophisticated investors pursuant to section 708 of the Corporations Act who are clients of CPS Securities and Hartleys Ltd. None of these Subscribers are related parties of the Company; and
- (iv) the funds raised from this issue of Shares were used to fund the payment of the consideration that was required under Stage 1 of the Transactions as outlined above in Section 1.4 of the Explanatory Statement.

3.3 Directors' Recommendation

The Directors of the Company unanimously recommend that you vote in favour of Resolution 2. As at the date of this Notice, the Company has completed the Stage 1 purchase of an initial 38% shareholding in BEP and BMC.

4. RESOLUTION 3 – ISSUE OF 11,305,881 CAPITAL RAISING OPTIONS

4.1 General

Resolution 3 seeks Shareholder approval for the allotment and issue of 11,305,881 Capital Raising Options pursuant to the Capital Raising described above in Sections 1.13 and 3.1 of this Explanatory Statement.

A summary of ASX Listing Rule 7.1 is set out above in Section 3.1.

The Company has already issued the 11,305,881 Shares the subject of the Capital Raising (having issued them at \$0.17 per Share which raised \$1,922,000) and did so without prior Shareholder approval pursuant to its 25% annual placement capacity. The Company agreed to allot and issue the free attaching 11,305,881 Capital Raising Options to the same unrelated third party Subscribers once it has obtained Shareholder approval to do so. The Shareholder

approval for the purposes of the issue of these Capital Raising Options is the subject of Resolution 3 of this Notice of Meeting.

The effect of Resolution 3 will be to allow the Company to immediately issue these free attaching Capital Raising Options to those same unrelated third party Subscribers who subscribed for the 11,305,881 Shares the subject of Resolution 2, without using the Company's 25% annual placement capacity.

4.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the proposed issue of 11,305,881 free attaching Capital Raising Options to those same unrelated third party Subscribers who subscribed for the 11,305,881 Shares the subject of Resolution 2:

- (i) the maximum number of Capital Raising Options to be issued is 11,305,881;
- (ii) the Capital Raising Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (iii) the issue price will be nil as the Capital Raising Options will be issued as free attaching Capital Raising Options to those same unrelated third party Subscribers who subscribed for the 11,305,881 Shares the subject of Resolution 2;
- (iv) the Capital Raising Options will be allotted and issued to professional and sophisticated investors pursuant to section 708 of the Corporations Act who are clients of CPS Securities and Hartleys Ltd. None of these Subscribers are related parties of the Company;
- (v) the Capital Raising Options will be issued on the terms and conditions set out in Schedule 1; and
- (vi) no funds will be raised from the issue of these Capital Raising Options as the 11,305,881 Capital Raising Options are being issued for nil cash consideration and will be issued to those same unrelated third party Subscribers who subscribed for the 11,305,881 Shares the subject of Resolution 2.

4.3 Directors' Recommendation

The Directors of the Company unanimously recommend that you vote in favour of Resolution 3. As at the date of this Notice, the Company has completed the Stage 1 purchase of an initial 38% shareholding in BEP and BMC.

5. RESOLUTIONS 4 AND 5 – ISSUE OF 4,458,825 SHARES AND 4,458,825 CAPITAL RAISING OPTIONS TO RELATED PARTIES

5.1 General

Pursuant to Resolutions 2 and 3 the Company is seeking Shareholder approval for the ratification of the allotment and issue of 11,305,881 Shares and 11,305,881 free attaching Capital Raising Options pursuant to the Capital Raising described above in Sections 1.13 and 3.1 of this Explanatory Statement. Scott Douglas and

John Kenny (both Directors of the Company and hence related parties of the Company) wish to participate in the Capital Raising on exactly the same terms.

Resolutions 4 and 5 respectively seek Shareholder approval for the allotment and issue of up to 2,117,648 Shares and 2,117,648 Capital Raising Options to Scott Douglas (or his nominee) and 2,341,177 Shares and 2,341,177 Capital Raising Options to John Kenny (or his nominee) arising from the participation by Scott Douglas and John Kenny in the Capital Raising (**Participation**).

5.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The Participation will result in the issue of Shares and Capital Raising Options which constitutes the giving of a financial benefit and Scott Douglas and John Kenny are both related parties of the Company by virtue of each being a Director of the Company.

The Directors (other than Scott Douglas and John Kenny who have a material personal interest in the Resolutions) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Participation because the Shares and Capital Raising Options will be issued to Scott Douglas and John Kenny on the same terms as the Shares and Capital Raising Options issued to non-related party Subscribers to part of the Capital Raising and as such the giving of the financial benefit is on arm's length terms.

5.3 ASX Listing Rule 10.11

ASX Listing Rule 10.11 also requires Shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the Participation involves the issue of Shares and Capital Raising Options to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

5.4 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to the Participation:

- (a) the Shares and Capital Raising Options will be allotted and issued to Scott Douglas (or his nominee) and John Kenny (or his nominee);

- For personal use only
- (b) the maximum number of Shares to be issued is 4,458,825 and the maximum number of Capital Raising Options to be issued is 4,458,825;
 - (c) the Shares and Capital Raising Options will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
 - (d) the issue price will be \$0.17 per Share, being the same as all other Shares issued under the Capital Raising and the issue price for the Capital Raising Options will be nil as they are issued for no consideration and are attached to the Shares;
 - (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares, and the Capital Raising Options are to be issued on the terms and conditions set out in Schedule 1;
 - (f) the funds raised from the issue of the Shares will be used for the same purposes as all other funds raised under the Capital Raising as set out in section 1.6 of this Explanatory Statement; and
 - (g) no funds will be raised from the issue of the free attaching Capital Raising Options as these Options are being issued for nil cash consideration.

Approval pursuant to ASX Listing Rule 7.1 is not required for the Participation as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Shares and Capital Raising Options to Scott Douglas (or his nominee) and John Kenny (or his nominee) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

5.5 Directors' Recommendation

The Directors (other than Scott Douglas and John Kenny who have a material personal interest in Resolutions 4 and 5) unanimously recommend that you vote in favour of Resolutions 4 and 5. As at the date of this Notice, the Company has completed the Stage 1 purchase of an initial 38% shareholding in BEP and BMC.

6. RESOLUTION 6 – APPROVAL FOR GRANT OF CONVERSION RIGHTS FOR THE CONVERTIBLE BONDS AND FOR THE ISSUE OF CONVERTIBLE BOND OPTIONS

6.1 General

On 24 December 2012, the Company announced that it had completed the Capital Raising. The Capital Raising has occurred in two parts as set out in section 1.13 of this Explanatory Statement.

On 15 January 2013, the Company entered into an agreement with Gleneagle as trustee and agent for unrelated third party Subscribers for 3,945 Convertible Bonds issued by the Company.

These unrelated third party Subscribers have subscribed for \$3,945,000 of Convertible Bonds with each of the 3,945 Convertible Bonds issued having a par of \$1,000 and bearing interest at a rate of 12% per annum and subject to the Company obtaining Shareholder approval, having such other terms as set out in Schedule 2. These Convertible Bonds were issued without disclosure to the Subscribers under Part 6D.2 of the Corporations Act.

A summary of Listing Rule 7.1 is set out in section 3.1 of the Explanatory Statement. Pursuant to the terms of the agreement with Gleneagle as trustee and agent for the unrelated third party Subscribers of the Convertible Bonds and for the purposes of Listing Rule 7.1 and all other purposes, Resolution 6 seeks Shareholder approval for the right of the Company to issue Shares in the event the Convertible Bonds are converted in accordance with the terms of the Convertible Bonds (**Conversion Rights**) and to issue the free attaching Convertible Bond Options to the Subscribers for the Convertible Bonds. Please refer to Schedule 2 for key terms of the Convertible Bonds.

The agreement with Gleneagle as trustee and agent for these unrelated third party Subscribers is considered to be a straight debt or bond instrument for the purposes of the Listing Rules until such time as Shareholder approval for the Conversion Rights is obtained. Following the receipt of Shareholder approval under Resolution 6, the Convertible Bonds issued will be considered to be equity securities for the purposes of the Listing Rules.

The effect of Resolution 6 will be to allow the Company to issue Shares in the event the Convertible Bonds are converted in accordance with the terms of the Convertible Bonds and the Listing Rules without Shareholder approval or using its placement capacity under Listing Rule 7.1 or 7.1A.

The Company has also agreed to issue for free along with each Convertible Bond, 2,941 Convertible Bond Options. The terms and conditions of each Convertible Bond Option are contained in Schedule 3.

The effect of Resolution 6 will also be to allow the Company to issue these free attaching Convertible Bond Options during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 25% annual placement capacity.

6.2 Conversion Rights

Subject to Shareholders approving Resolution 6, each Subscriber may convert the Convertible Bonds held by that Subscriber in respect of the loan amount provided by that Subscriber into Shares. The Convertible Bonds may convert into the number of Shares equal to the conversion amount for each Convertible Bond (being the principal amount plus all accrued interest if the Subscriber so elects) divided by the conversion price of \$0.17. Please refer to Schedule 2 for key terms of the Convertible Bonds.

The Company intends to rely upon Listing Rule 7.2, Exception 4 to issue the Shares (upon any upon conversion of those Convertible Bonds) without Shareholder approval or using its placement capacity under Listing Rule 7.1.

6.3 Effect on Capital Structure

Subject to Shareholders approving Resolution 6, the capital structure of the Company will be affected by any conversion of the Convertible Bonds into Shares. However, should this occur, this will result in the liability position of the Company decreasing accordingly.

The effect of the Convertible Bonds on the capital structure of the Company is set out in section 1.8 of the Explanatory Statement.

6.4 Effect if Shareholder approval for Resolution 6 not obtained

If Shareholders do not approve Resolution 6, it will immediately constitute a "Redemption Event" under the terms of the Convertible Bonds which will entitle the Subscribers to have a right to give a "Redemption Notice" requiring the Company to redeem the Convertible Bonds held by the Subscribers, which will require the repayment of the loan amount provided by each Subscriber within 60 days.

6.5 Technical information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided to Shareholders regarding the Conversion Rights sought to be given to the Convertible Bonds that have been issued:

- (a) the Company has issued 3,945 Convertible Bonds, each with a par value of \$1,000 per Convertible Bond. The Company is seeking to grant to the Convertible Bonds the Conversion Rights thereby enabling the Company to issue Shares in the event the Convertible Bonds are converted in accordance with the terms of the Convertible Bonds and the Listing Rules without Shareholder approval or using its placement capacity under Listing Rule 7.1 or 7.1A. In addition, the Company wishes to grant 2,941 free attaching Convertible Bond Options for each Convertible Bond that the Subscribers have been issued. Accordingly, pursuant to the terms and conditions of the Convertible Bonds as set out in Schedule 2, the maximum number of Shares to be issued upon conversion of the Convertible Bonds is 25,990,588 and the maximum number of Convertible Bond Options to be issued is 11,602,245;
- (b) the Conversion Rights will be issued and allotted immediately upon the receipt of Shareholder approval on the date of the Meeting;
- (c) the free attaching Convertible Bond Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (d) the issue price of the Convertible Bond Options will be nil as they will be issued free to the same Subscribers for the Convertible Bonds on a 2,941 Convertible Bond Options for every 1 Convertible Bond basis;
- (e) any Shares (should conversion occur) and the Convertible Bond Options will be issued to:
 - (i) the Subscribers for the Convertible Bonds; and
 - (ii) affiliates of the Subscriber (including any investment vehicle of such entity or person),none of whom are related parties of the Company;
- (f) a summary of the terms and conditions of the Convertible Bonds is set out in Schedule 2 of this Notice of Meeting;
- (g) any Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;

- (h) the terms of the Convertible Bond Options are set out in Schedule 3 of this Notice of meeting;
- (i) the funds raised from the issue of the Convertible Bonds were used to fund the payment of the consideration required under Stage 1 of the Transactions outlined in Section 1.4 of the Explanatory Statement above; and
- (j) no funds will be raised from the issue of the free attaching Convertible Bond Options as the Convertible Bond Options are being issued for nil cash consideration.

6.6 Directors' Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 6. As at the date of this Notice, the Company has completed the Stage 1 purchase of an initial 38% shareholding in BEP and BMC.

7. RESOLUTION 7 – ISSUE OF 3,000,000 CONVERTIBLE BOND OPTIONS TO GLENEAGLE

7.1 General

Resolution 7 seeks Shareholder approval for the allotment and issue of 3,000,000 Convertible Bond Options in consideration for services provided by Gleneagle (or its nominee) in arranging the placement of the Convertible Bonds to Subscribers.

A summary of ASX Listing Rule 7.1 is set out above in Section 3.1.

The effect of Resolution 7 will be to allow the Company to issue 3,000,000 Convertible Bond Options pursuant to the mandate agreement with Gleneagle during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 25% annual placement capacity.

7.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of these 3,000,000 Convertible Bond Options to Gleneagle (or its nominee):

- (i) the maximum number of Convertible Bond Options to be issued is 3,000,000;
- (ii) the Convertible Bond Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (iii) the Convertible Bond Options will be issued for nil cash consideration in satisfaction of the services provided by Gleneagle;
- (iv) the Convertible Bond Options will be allotted and issued to Gleneagle (or its nominee), who is not a related party of the Company;
- (v) the Convertible Bond Options will be issued on the terms and conditions set out in Schedule 3; and

- (vi) no funds will be raised from the issue of these 3,000,000 Convertible Bond Options to Gleneagle (or its nominee) as the Convertible Bond Options are being issued in consideration for services provided by Gleneagle.

7.3 Directors' Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 7. As at the date of this Notice, the Company has completed the Stage 1 purchase of an initial 38% shareholding in BEP and BMC and Gleneagle has completed the work it was contracted to provide.

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GLOSSARY

\$ means Australian dollars.

AGM has the meaning given to that term in section 3.1 of the Explanatory Statement.

Apex Code Holdings means Apex Code Holdings Ltd, a company controlled by Vinay Hariani, a Director of the Company.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

ASX Listing Rules or **Listing Rules** means the Listing Rules of ASX.

BEP means PT Batanghari Energi Prima, a company incorporated in Indonesia.

BMC means PT Berlian Mahkota Coal, a company incorporated in Indonesia.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Capital Raising means the raising of \$6,625,000 announced by the Company to the ASX on 24 December 2012 and as summarised in section 1.13 of the Explanatory Statement.

Capital Raising Options means the Options issued on the terms set out in Schedule 1.

Chair means the chair of the Meeting.

Coal Concessions has the meaning given to that term in section 1.3 of the Explanatory Statement.

Company means Indus Coal Limited (ACN 153 194 846).

Constitution means the Company's constitution.

Conversion Rights has the meaning given to that term in section 6.1 of the Explanatory Statement.

Convertible Bonds means the convertible bonds that form part of the Capital Raising and which have the terms set out in Schedule 2.

Convertible Bond Options means the Options issued on the terms set out in Schedule 3.

Corporations Act means the Corporations Act 2001 (Cth).

Directors mean the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

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

Gleneagle means Gleneagle Securities (Aust) Pty Ltd (ABN 58 136 930 526) and (AFSL 337985).

Heidke has the meaning given to that term in section 1.3 of the Explanatory Statement.

Initial Public Offer has the meaning given to that term in section 1.1 of the Explanatory Statement.

Jambi Coal Projects has the meaning given to that term in section 1.2 of the Explanatory Statement.

Minister has the meaning given to that term in section 1.12(b) of the Explanatory Statement.

MukoMuko Coal Project has the meaning given to that term in section 1.1 of the Explanatory Statement.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Official List has the meaning given to that term in section 1.1 of the Explanatory Statement.

Option means an option to subscribe for a Share in the capital of the Company.

Optionholder means a holder of an Option.

Participation has the meaning given to that term in section 5.1 of the Explanatory Statement.

Performance Options has the meaning given to that term in section 1.4 of the Explanatory Statement.

Prospectus has the meaning given to that term in section 1.1 of the Explanatory Statement.

Proxy Form means the proxy form accompanying the Notice.

Ratification has the meaning given to that term in section 3.1 of the Explanatory Statement.

Regulation No. 34 has the meaning given to that term in section 1.12(b) of the Explanatory Statement.

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

Sale and Purchase Agreement has the meaning given to that term in section 1.4 of the Explanatory Statement.

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

Shareholder means a holder of a Share.

Stage 1 has the meaning given to that term in section 1.3 of the Explanatory Statement.

Stage 2 has the meaning given to that term in section 1.3 of the Explanatory Statement.

Stage 3 has the meaning given to that term in section 1.3 of the Explanatory Statement.

Stage 3 Conditions Precedent has the meaning given to that term in section 1.4 of the Explanatory Statement.

Subscriber means a party who has subscribed for securities under the Capital Raising.

Tranche 1 of the Deferred Cash Consideration has the meaning given to that term in section 1.4 of the Explanatory Statement.

Tranche 2 of the Deferred Cash Consideration has the meaning given to that term in section 1.4 of the Explanatory Statement.

Transactions has the meaning given to that term in section 1.2 of the Explanatory Statement.

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

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SCHEDULE 1 – CAPITAL RAISING OPTIONS

(a) **Entitlement**

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

(b) **Exercise Price**

Subject to paragraph (j), the amount payable upon exercise of each Option will be \$0.17 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5.00pm (WST) on 31 October 2015 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

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

(e) **Notice of Exercise**

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

(f) **Exercise Date**

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

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

Within 15 Business Days after the later of the following:

- (i) the Exercise Date; and
- (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

but in any case no later than 20 Business Days after the Exercise Date, the Company will:

- (iii) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (iv) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the

Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

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

If a notice delivered under (g)(iv) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

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

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

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

(j) **Reconstruction of capital**

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

(k) **Participation in new issues**

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

(l) **Change in exercise price**

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

(m) **Unquoted**

The Company will not apply for quotation of the Options on ASX.

(n) **Transferability**

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

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SCHEDULE 2 – KEY TERMS OF THE CONVERTIBLE BONDS

Par Value of Each Convertible Bond	\$1,000
Number of Bonds	3,945
Total Amount of Bond Raising	\$3,945,000
Interest rate	12%
Conversion Price	A\$0.17. Subject to the receipt of Shareholder approval, the Bondholders can elect to convert the Convertible Bonds (including interest) at any time into Shares at \$0.17 per Share.
Term	12 months. At the end of the term 100% of the principal amount of the Convertible Bond plus all accrued interest is payable in one single bullet payment unless previously converted.
Early Repayment	Early repayment (in whole or in part) of the Convertible Bonds (along with payment of a full 12 months interest) is allowed at the Company's election after first allowing Bondholders the right to convert the Convertible Bonds into Shares at the Conversion Price.
Security for Bondholders	1 st Ranking Fixed & Floating charge over the Company and its assets.
Free Attaching Options	Attached to each Convertible Bond is 2,941 Convertible Bond Options. Each Convertible Bond Option has a term of expiring on 30 June 2014 and an exercise price of A\$0.17.

SCHEDULE 3 – CONVERTIBLE BOND OPTIONS

(a) **Entitlement**

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

(b) **Exercise Price**

Subject to paragraph (j), the amount payable upon exercise of each Option will be \$0.17 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5.00pm (WST) on 30 June 2014 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

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

(e) **Notice of Exercise**

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

(f) **Exercise Date**

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

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

Within 15 Business Days after the later of the following:

- (i) the Exercise Date; and
- (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

but in any case no later than 20 Business Days after the Exercise Date, the Company will:

- (iii) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (iv) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the

Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

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

If a notice delivered under (g)(g)(iv) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

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

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

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

(j) **Reconstruction of capital**

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

(k) **Participation in new issues**

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

(l) **Change in exercise price**

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

(m) **Unquoted**

The Company will not apply for quotation of the Options on ASX.

(n) **Transferability**

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

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SCHEDULE 4 – TERMS OF PERFORMANCE OPTIONS

Terms of Class B Performance Options

The terms of the Class B Performance Options (**Class B Performance Options**) are as follows:

- (a) Each Class B Performance Option can only be exercised by the holder in the event Indus has defined an indicated and/or measured resource under the Joint Ore Reserves Committee Code (**JORC**) of not less than fifty (50) million tonnes of coal across all the tenements owned by Indus by no later than 5.00pm WST on 31 December 2017 (**Class B Performance Milestone**);
- (b) Indus will provide written notice to all Class B Performance Optionholders if the Class B Performance Milestone is satisfied (including the date of satisfaction). Indus will, at its sole cost, determine at least once every twelve (12) months, whether the Class B Performance Milestone has been attained and will commission a report from a geologist for this purpose;
- (c) the exercise price of each Class B Performance Option is one tenth of one cent (\$0.001), payable in cash;
- (d) the Class B Performance Options can be exercised in whole or in part;
- (e) a Class B Performance Option cannot be exercised if the exercise would result in the Class B Performance Optionholder (or someone else) breaching the prohibition set out in section 606 of the Corporations Act;
- (f) each Class B Performance Option must be exercised within 120 days of the date the Class B Performance Milestone is satisfied or, if a Class B Performance Optionholder advises Indus in writing within the 120 day period that the prohibition set out in section 606 of the Corporations Act applies to the Class B Performance Optionholder, then within 30 days of the date of any relevant shareholders' meeting held by Indus to obtain approval for the purposes of item 7 of section 611 of the Corporations Act (**Class B Expiry Date**);
- (g) any Class B Performance Option not exercised by 5.00pm WST on the Class B Expiry Date will automatically lapse;
- (h) each Class B Performance Option shall carry the right to subscribe for one fully paid up ordinary shares in Indus which once issued and allotted will rank pari passu with the existing fully paid ordinary shares of Indus;
- (i) the Class B Performance Options will not be quoted on the ASX;
- (j) a certificate will be issued for the Class B Performance Options;
- (k) Indus will make an application to the ASX for the quotation of the fully paid ordinary shares issued on the exercise of the Class B Performance Options. Indus will not be under any obligation to ensure that such fully paid ordinary shares will be quoted on ASX;
- (l) the Class B Performance Options can only be exercised by notice in writing to Indus (in such form as Indus may prescribe from time to time) together with payment in cash of the exercise price of the Class B Performance Options;

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- (m) any notice of exercise of a Class B Performance Option received by Indus will be deemed to be a notice of the exercise of the Class B Performance Option on the first business day after the date of receipt of the notice;
 - (n) a Class B Performance Optionholder will only be permitted to participate in a new issue of securities of Indus on the prior exercise of the Class B Performance Options. The Class B Performance Optionholder will be afforded a period of at least 5 business days prior to and inclusive of the record date to determine entitlements to the new issue to exercise the Class B Performance Options;
 - (o) the Class B Performance Options do not confer on the holder any right to participate in dividends until fully paid ordinary shares are allotted pursuant to the exercise of the Class B Performance Options;
 - (p) the Class B Performance Options are transferrable;
 - (q) in the event of a reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of Indus, the Class B Performance Options will be reorganised in accordance with the ASX Listing Rules and in any case in a manner which will not result in any benefits being conferred on Class B Performance Optionholders which are not conferred on other shareholders of Indus and for such purpose Indus may vary the number, exercise price or other terms of the Class B Performance Options in such manner as may be necessary to comply with the ASX Listing Rules;
 - (r) the number of fully paid ordinary shares to be issued pursuant to the exercise of Class B Performance Options will be adjusted for bonus issues made prior to exercise of the Class B Performance Options so that, upon exercise of the Class B Performance Options, the number of fully paid ordinary shares received by the Class B Performance Optionholder will include the number of bonus fully paid ordinary shares that would have been issued if the Class B Performance Options had been exercised prior to the record date for the bonus issues. The exercise price of the Class B Performance Options shall not change as a result of any such bonus issues;
 - (s) Fully paid ordinary shares that are issued as a result of the exercise of Class B Performance Options may be held in the name of the Class B Performance Optionholder's nominee;
 - (t) In the event that a person or their Associates is or becomes the beneficial owner, directly or indirectly, of securities of Indus representing 20% or more of the total voting power represented by Indus' then outstanding voting securities, the Class B Performance Milestone shall be automatically deemed to have been attained thereby resulting in the Class B Performance Option becoming capable of being exercised by their holder; and
 - (u) Fully paid ordinary shares issued pursuant to the exercise of the Class B Performance Options will be issued within 10 business days of receipt of all relevant documentation and payments by Indus.

SCHEDULE 4 – TERMS OF PERFORMANCE OPTIONS CONTINUED

Terms of Class C Performance Options

The terms of the Class C Performance Options (**Class C Performance Options**) are as follows:

- (a) Each Class C Performance Option can only be exercised by the holder in the event Indus has defined an indicated and/or measured resource under the Joint Ore Reserves Committee Code (**JORC**) of not less than one hundred (100) million tonnes of coal across all the tenements owned by Indus by no later than 5.00pm WST on 31 December 2017 (**Class C Performance Milestone**);
- (b) Indus will provide written notice to all Class C Performance Optionholders if the Class C Performance Milestone is satisfied (including the date of satisfaction). Indus will, at its sole cost, determine at least once every twelve (12) months, whether the Class C Performance Milestone has been attained and will commission a report from a geologist for this purpose;
- (c) the exercise price of each Class C Performance Option is one tenth of one cent (\$0.001), payable in cash;
- (d) the Class C Performance Options can be exercised in whole or in part;
- (e) a Class C Performance Option cannot be exercised if the exercise would result in the Class C Performance Optionholder (or someone else) breaching the prohibition set out in section 606 of the Corporations Act;
- (f) each Class C Performance Option must be exercised within 120 days of the date the Class C Performance Milestone is satisfied or, if a Class C Performance Optionholder advises Indus in writing within the 120 day period that the prohibition set out in section 606 of the Corporations Act applies to the Class C Performance Optionholder, then within 30 days of the date of any relevant shareholders' meeting held by Indus to obtain approval for the purposes of item 7 of section 611 of the Corporations Act (**Class C Expiry Date**);
- (g) any Class C Performance Option not exercised by 5.00pm WST on the Class C Expiry Date will automatically lapse;
- (h) each Class C Performance Option shall carry the right to subscribe for one fully paid up ordinary shares in Indus which once issued and allotted will rank pari passu with the existing fully paid ordinary shares of Indus;
- (i) the Class C Performance Options will not be quoted on the ASX;
- (j) a certificate will be issued for the Class C Performance Options;
- (k) Indus will make an application to the ASX for the quotation of the fully paid ordinary shares issued on the exercise of the Class C Performance Options. Indus will not be under any obligation to ensure that such fully paid ordinary shares will be quoted on ASX;
- (l) the Class C Performance Options can only be exercised by notice in writing to Indus (in such form as Indus may prescribe from time to time) together with payment in cash of the exercise price of the Class C Performance Options;

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- (m) any notice of exercise of a Class C Performance Option received by Indus will be deemed to be a notice of the exercise of the Class C Performance Option on the first business day after the date of receipt of the notice;
 - (n) a Class C Performance Optionholder will only be permitted to participate in a new issue of securities of Indus on the prior exercise of the Class C Performance Options. The Class C Performance Optionholder will be afforded a period of at least 5 business days prior to and inclusive of the record date to determine entitlements to the new issue to exercise the Class C Performance Options;
 - (o) the Class C Performance Options do not confer on the holder any right to participate in dividends until fully paid ordinary shares are allotted pursuant to the exercise of the Class C Performance Options;
 - (p) the Class C Performance Options are transferrable;
 - (q) in the event of a reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of Indus, the Class C Performance Options will be reorganised in accordance with the ASX Listing Rules and in any case in a manner which will not result in any benefits being conferred on Class C Performance Optionholders which are not conferred on other shareholders of Indus and for such purpose Indus may vary the number, exercise price or other terms of the Class C Performance Options in such manner as may be necessary to comply with the ASX Listing Rules;
 - (r) the number of fully paid ordinary shares to be issued pursuant to the exercise of Class C Performance Options will be adjusted for bonus issues made prior to exercise of the Class C Performance Options so that, upon exercise of the Class C Performance Options, the number of fully paid ordinary shares received by the Class C Performance Optionholder will include the number of bonus fully paid ordinary shares that would have been issued if the Class C Performance Options had been exercised prior to the record date for the bonus issues. The exercise price of the Class C Performance Options shall not change as a result of any such bonus issues;
 - (s) Fully paid ordinary shares that are issued as a result of the exercise of Class C Performance Options may be held in the name of the Class C Performance Optionholder's nominee;
 - (t) In the event that a person or their Associates is or becomes the beneficial owner, directly or indirectly, of securities of Indus representing 20% or more of the total voting power represented by Indus' then outstanding voting securities, the Class C Performance Milestone shall be automatically deemed to have been attained thereby resulting in the Class C Performance Option becoming capable of being exercised by their holder; and
 - (u) Fully paid ordinary shares issued pursuant to the exercise of the Class C Performance Options will be issued within 10 business days of receipt of all relevant documentation and payments by Indus.

SCHEDULE 4 – TERMS OF PERFORMANCE OPTIONS CONTINUED

Terms of Class D Performance Options

The terms of the Class D Performance Options (**Class D Performance Options**) are as follows:

- (a) Each Class D Performance Option can only be exercised by the holder in the event Indus has been extracting and selling an average of 50,000 tonnes of coal per calendar month from any tenements owned by Indus for a period of 3 consecutive calendar months by no later than 5.00pm WST on 31 December 2017 (**Class D Performance Milestone**);
- (b) Indus will provide written notice to all Class D Performance Optionholders if the Class D Performance Milestone is satisfied (including the date of satisfaction). Indus will, at its sole cost, determine at least once every twelve (12) months, whether the Class D Performance Milestone has been attained and will commission a report from a geologist for this purpose;
- (c) the exercise price of each Class D Performance Option is one tenth of one cent (\$0.001), payable in cash;
- (d) the Class D Performance Options can be exercised in whole or in part;
- (e) a Class D Performance Option cannot be exercised if the exercise would result in the Class D Performance Optionholder (or someone else) breaching the prohibition set out in section 606 of the Corporations Act;
- (f) each Class D Performance Option must be exercised within 120 days of the date the Class D Performance Milestone is satisfied or, if a Class D Performance Optionholder advises Indus in writing within the 120 day period that the prohibition set out in section 606 of the Corporations Act applies to the Class D Performance Optionholder, then within 30 days of the date of any relevant shareholders' meeting held by Indus to obtain approval for the purposes of item 7 of section 611 of the Corporations Act (**Class D Expiry Date**);
- (g) any Class D Performance Option not exercised by 5.00pm WST on the Class D Expiry Date will automatically lapse;
- (h) each Class D Performance Option shall carry the right to subscribe for one fully paid up ordinary shares in Indus which once issued and allotted will rank pari passu with the existing fully paid ordinary shares of Indus;
- (i) the Class D Performance Options will not be quoted on the ASX;
- (j) a certificate will be issued for the Class D Performance Options;
- (k) Indus will make an application to the ASX for the quotation of the fully paid ordinary shares issued on the exercise of the Class D Performance Options. Indus will not be under any obligation to ensure that such fully paid ordinary shares will be quoted on ASX;
- (l) the Class D Performance Options can only be exercised by notice in writing to Indus (in such form as Indus may prescribe from time to time) together with payment in cash of the exercise price of the Class D Performance Options;

- For personal use only
- (m) any notice of exercise of a Class D Performance Option received by Indus will be deemed to be a notice of the exercise of the Class D Performance Option on the first business day after the date of receipt of the notice;
 - (n) a Class D Performance Optionholder will only be permitted to participate in a new issue of securities of Indus on the prior exercise of the Class D Performance Options. The Class D Performance Optionholder will be afforded a period of at least 5 business days prior to and inclusive of the record date to determine entitlements to the new issue to exercise the Class D Performance Options;
 - (o) the Class D Performance Options do not confer on the holder any right to participate in dividends until fully paid ordinary shares are allotted pursuant to the exercise of the Class D Performance Options;
 - (p) the Class D Performance Options are transferrable;
 - (q) in the event of a reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of Indus, the Class D Performance Options will be reorganised in accordance with the ASX Listing Rules and in any case in a manner which will not result in any benefits being conferred on Class D Performance Optionholders which are not conferred on other shareholders of Indus and for such purpose Indus may vary the number, exercise price or other terms of the Class D Performance Options in such manner as may be necessary to comply with the ASX Listing Rules;
 - (r) the number of fully paid ordinary shares to be issued pursuant to the exercise of Class D Performance Options will be adjusted for bonus issues made prior to exercise of the Class D Performance Options so that, upon exercise of the Class D Performance Options, the number of fully paid ordinary shares received by the Class D Performance Optionholder will include the number of bonus fully paid ordinary shares that would have been issued if the Class D Performance Options had been exercised prior to the record date for the bonus issues. The exercise price of the Class D Performance Options shall not change as a result of any such bonus issues;
 - (s) Fully paid ordinary shares that are issued as a result of the exercise of Class D Performance Options may be held in the name of the Class D Performance Optionholder's nominee;
 - (t) In the event that a person or their Associates is or becomes the beneficial owner, directly or indirectly, of securities of Indus representing 20% or more of the total voting power represented by Indus' then outstanding voting securities, the Class D Performance Milestone shall be automatically deemed to have been attained thereby resulting in the Class D Performance Option becoming capable of being exercised by their holder; and
 - (u) Fully paid ordinary shares issued pursuant to the exercise of the Class D Performance Options will be issued within 10 business days of receipt of all relevant documentation and payments by Indus.

SCHEDULE 4 – TERMS OF PERFORMANCE OPTIONS CONTINUED

Terms of Class E Performance Options

The terms of the Class E Performance Options (**Class E Performance Options**) are as follows:

- (a) Each Class E Performance Option can only be exercised by the holder in the event Indus has been extracting and selling an average of 100,000 tonnes of coal per calendar month from any tenements owned by Indus for a period of 3 consecutive calendar months by no later than 5.00pm WST on 31 December 2017 (**Class E Performance Milestone**);
- (b) Indus will provide written notice to all Class E Performance Optionholders if the Class E Performance Milestone is satisfied (including the date of satisfaction). Indus will, at its sole cost, determine at least once every twelve (12) months, whether the Class E Performance Milestone has been attained and will commission a report from a geologist for this purpose;
- (c) the exercise price of each Class E Performance Option is one tenth of one cent (\$0.001), payable in cash;
- (d) the Class E Performance Options can be exercised in whole or in part;
- (e) a Class E Performance Option cannot be exercised if the exercise would result in the Class E Performance Optionholder (or someone else) breaching the prohibition set out in section 606 of the Corporations Act;
- (f) each Class E Performance Option must be exercised within 120 days of the date the Class E Performance Milestone is satisfied or, if a Class E Performance Optionholder advises Indus in writing within the 120 day period that the prohibition set out in section 606 of the Corporations Act applies to the Class E Performance Optionholder, then within 30 days of the date of any relevant shareholders' meeting held by Indus to obtain approval for the purposes of item 7 of section 611 of the Corporations Act (**Class E Expiry Date**);
- (g) any Class E Performance Option not exercised by 5.00pm WST on the Class E Expiry Date will automatically lapse;
- (h) each Class E Performance Option shall carry the right to subscribe for one fully paid up ordinary shares in Indus which once issued and allotted will rank pari passu with the existing fully paid ordinary shares of Indus;
- (i) the Class E Performance Options will not be quoted on the ASX;
- (j) a certificate will be issued for the Class E Performance Options;
- (k) Indus will make an application to the ASX for the quotation of the fully paid ordinary shares issued on the exercise of the Class E Performance Options. Indus will not be under any obligation to ensure that such fully paid ordinary shares will be quoted on ASX;
- (l) the Class E Performance Options can only be exercised by notice in writing to Indus (in such form as Indus may prescribe from time to time) together with payment in cash of the exercise price of the Class E Performance Options;

- For personal use only
- (m) any notice of exercise of a Class E Performance Option received by Indus will be deemed to be a notice of the exercise of the Class E Performance Option on the first business day after the date of receipt of the notice;
 - (n) a Class E Performance Optionholder will only be permitted to participate in a new issue of securities of Indus on the prior exercise of the Class E Performance Options. The Class E Performance Optionholder will be afforded a period of at least 5 business days prior to and inclusive of the record date to determine entitlements to the new issue to exercise the Class E Performance Options;
 - (o) the Class E Performance Options do not confer on the holder any right to participate in dividends until fully paid ordinary shares are allotted pursuant to the exercise of the Class E Performance Options;
 - (p) the Class E Performance Options are transferrable;
 - (q) in the event of a reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of Indus, the Class E Performance Options will be reorganised in accordance with the ASX Listing Rules and in any case in a manner which will not result in any benefits being conferred on Class E Performance Optionholders which are not conferred on other shareholders of Indus and for such purpose Indus may vary the number, exercise price or other terms of the Class E Performance Options in such manner as may be necessary to comply with the ASX Listing Rules;
 - (r) the number of fully paid ordinary shares to be issued pursuant to the exercise of Class E Performance Options will be adjusted for bonus issues made prior to exercise of the Class E Performance Options so that, upon exercise of the Class E Performance Options, the number of fully paid ordinary shares received by the Class E Performance Optionholder will include the number of bonus fully paid ordinary shares that would have been issued if the Class E Performance Options had been exercised prior to the record date for the bonus issues. The exercise price of the Class E Performance Options shall not change as a result of any such bonus issues;
 - (s) Fully paid ordinary shares that are issued as a result of the exercise of Class E Performance Options may be held in the name of the Class E Performance Optionholder's nominee;
 - (t) In the event that a person or their Associates is or becomes the beneficial owner, directly or indirectly, of securities of Indus representing 20% or more of the total voting power represented by Indus' then outstanding voting securities, the Class E Performance Milestone shall be automatically deemed to have been attained thereby resulting in the Class E Performance Option becoming capable of being exercised by their holder; and
 - (u) Fully paid ordinary shares issued pursuant to the exercise of the Class E Performance Options will be issued within 10 business days of receipt of all relevant documentation and payments by Indus.

INDUS COAL LIMITED
STATEMENT OF FINANCIAL POSITION

	Audited Consolidated as at 30 June 2012 \$	Stage 1 Pro-forma adjustments \$	Unaudited Consolidated Pro-forma as at 30 June 2012 \$
CURRENT ASSETS			
Cash and cash equivalents	3,819,345	125,000	3,944,345
Trade and other receivables	9,601		9,601
Other receivables	23,785		23,785
TOTAL CURRENT ASSETS	3,852,731	125,000	3,977,731
NON CURRENT ASSETS			
Exploration expenditure	10,158,172	6,500,000	16,658,172
Other assets	981		981
TOTAL NON CURRENT ASSETS	10,159,153	6,500,000	16,659,153
TOTAL ASSETS	14,011,884	6,625,000	20,636,884
CURRENT LIABILITIES			
Trade and other payables	1,276,651	110,800	1,387,451
Loans payable	-	3,945,000	3,945,000
TOTAL CURRENT LIABILITIES	1,276,651	4,055,800	5,332,451
TOTAL LIABILITIES	1,276,651	4,055,800	5,332,451
NET ASSETS	12,735,233	2,569,200	15,304,433
EQUITY			
Issued capital	13,088,536	3,042,600	16,131,136
Reserves	151	3,611,335	3,611,186
Accumulated losses	(353,454)	(4,084,735)	(4,438,189)
TOTAL EQUITY	12,735,233	2,569,200	15,304,433

PROXY FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

REGISTERED OFFICE:

Indus Coal Limited
Level 1
1251 Hay Street
WEST PERTH WA 6005

INDUS COAL LIMITED

ACN:153 194 846

SHARE REGISTRY:

Security Transfer Registrars Pty Ltd
All Correspondence to:
PO BOX 535,
APPLECROSS WA 6953 AUSTRALIA
770 Canning Highway,
APPLECROSS WA 6153 AUSTRALIA
T: +61 8 9315 2333 F: +61 8 9315 2233
E: registrar@securitytransfer.com.au
W: www.securitytransfer.com.au

Code:

Holder Number:

SECTION A: Appointment of Proxy

I/We, the above named, being registered holders of the Company and entitled to attend and vote hereby appoint:

OR

The meeting Chairperson
(mark with an "X")

The name of the person you are appointing
(if this person is someone other than the Chairperson of the meeting).

or failing the person named, or if no person is named, the Chairperson of the Meeting or the Chairperson's nominee, as my/our Proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given and subject to the relevant laws, as the Proxy sees fit) at the General Meeting of the Company to be held at 10:30am (WST) on Friday, 1 March 2013, at CWA House, 1176 Hay Street, West Perth, Western Australia and at any adjournment of that meeting.

The Chairperson intends to vote undirected proxies in favour of all Resolutions in which the Chairperson is entitled to vote.

SECTION B: Voting Directions to your Proxy

Please mark "X" in the box to indicate your voting directions to your Proxy.

Resolution

- Approval for change of scale under Listing Rule 11.1.2
- Ratification of prior issue of 11,305,881 Shares
- Issue of 11,305,881 Capital Raising Options
- Issue of Shares and Capital Raising Options to Related Party - Scott Douglas
- Issue of Shares and Capital Raising Options to Related Party - John Kenny
- Approval for Grant of Conversion Rights for the Convertible Bonds and for the Issue of Convertible Bond Options
- Issue of 3,000,000 Convertible Bond Options to Gleneagle

	For	Against	Abstain*
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<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.

If you wish to appoint the Chairperson as your proxy and you do not wish to direct the Chairperson how to vote, please mark "X" in the box.

By marking this box, you acknowledge that the Chairperson may exercise your proxy even if he has an interest in the outcome of resolution 4 and votes cast by him/her other than as a proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on resolution 4 and your votes will not be counted in calculating the required majority if a poll is called on resolution 4. The Chairperson of the Meeting intends to vote undirected proxies in favour of all resolutions.

SECTION C: Please Sign Below

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder

Sole Director and Sole Company Secretary

Security Holder 2

Director

Security Holder 3

Director / Company Secretary

Proxies must be received by Security Transfer Registrars Pty Ltd no later than 10:30am(WST) on Wednesday, 27 February 2013.

ONLINE PROXY SERVICE

You can lodge your proxy online at www.securitytransfer.com.au

- Log into the Investor Centre using your holding details.
- Click on "Proxy Voting" and provide your Online Proxy ID to access the voting area.

Online Proxy ID:

My/Our contact details in case of enquiries are:

NAME

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TELEPHONE NUMBER

(

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)

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NOTES

1. Name and Address

This is the name and address on the Share Register of INDUS COAL LIMITED. If this information is incorrect, please make corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

2. Appointment of a Proxy

If you wish to appoint the Chairperson of the Meeting as your Proxy please mark "X" in the box in Section A. Please also refer to Section B of this proxy form and ensure you mark the box in that section if you wish to appoint the Chairperson as your Proxy.

If the person you wish to appoint as your Proxy is someone other than the Chairperson of the Meeting please write the name of that person in Section A. If you leave this section blank, or your named Proxy does not attend the meeting, the Chairperson of the Meeting will be your Proxy. A Proxy need not be a Shareholder of INDUS COAL LIMITED.

3. Directing your Proxy how to vote

To direct the Proxy how to vote place an "X" in the appropriate box against each item in Section B. Where more than one Proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

4. Appointment of a Second Proxy

You are entitled to appoint up to two (2) persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second Proxy, an additional Proxy form may be obtained by telephoning the Company's share registry +61 8 9315 2333 or you may photocopy this form.

To appoint a second Proxy you must:

- On each of the Proxy forms, state the percentage of your voting rights or 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 of your votes; and
- Return both forms in the same envelope.

5. Signing Instructions

Individual: where the holding is in one name, the Shareholder must sign.

Joint Holding: where the holding is in more than one name, all of the Shareholders must sign.

Power of Attorney: to sign under Power of Attorney you must have already lodged this document with the Company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the Company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the Company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director may sign alone. Otherwise this form must be signed by a Director jointly with either another Director or Company Secretary. Please indicate the office held in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the meeting or at the registration desk on the day of the meeting. A form of the certificate may be obtained from the Company's share registry.

6. Lodgement of Proxy

Proxy forms (and any Power of Attorney under which it is signed) must be received by Security Transfer Registrars Pty Ltd no later than 10:30am (WST) on Wednesday, 27 February 2013, being 48 hours before the time for holding the meeting. Any Proxy form received after that time will not be valid for the scheduled meeting.

Security Transfer Registrars Pty Ltd
PO BOX 535
Applecross, Western Australia 6953

Street Address:
Alexandra House, Suite 1
770 Canning Highway
Applecross, Western Australia 6153

Telephone +61 8 9315 2333

Facsimile +61 8 9315 2233

Email registrar@securitytransfer.com.au

Online www.securitytransfer.com.au

PRIVACY STATEMENT

Personal information is collected on this form by Security Transfer Registrars Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Registrars Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.