



ASX: UND

ASX ANNOUNCEMENT

6 May 2014

UPDATE ON MAJOR SHAREHOLDER NOTICE

Further to the Company's announcements on 11 and 17 April 2014, U&D Coal Limited (**UND**) provides the following update.

As previously announced, UND has received a purported notice of exercise of statutory right under s737(1) of the *Corporations Act 2001* (Cth) (on the basis of an alleged contravention of s724 of the *Corporations Act* in respect of UND's replacement prospectus dated 5 December 2013) from its majority shareholder Australia Kunqian International Energy Co., Pty Ltd (**KQ**).

On 21 March 2014 UND advised that, in the best interests of all shareholders, it had initiated proceedings against KQ in the Supreme Court of Victoria seeking, amongst other orders, a declaration to the effect that the s737 notice issued by KQ is invalid and unenforceable. As indicated in UND's subsequent announcement of 17 April 2014, the parties to the proceedings are currently following the Court's orders with respect to preparation for a hearing including a mediation to be held by the end of May 2014 before returning to the Court for further directions in early June 2014.

As announced on 11 April 2014, the Company received a notice from KQ advising that KQ intended to move certain resolutions at a general meeting of the Company, being to remove Mr Hao Liu, Mr Yinan Zhang and Mr Wei Liu and to appoint three KQ nominees, Mr Shining Hou, Mr Shulong Ma and Mr Qianu.

Subsequently, UND director Mr Dongsheng Wu has notified UND that he has exercised his rights under section 249CA of the *Corporations Act* and clause 32.1 of the UND's constitution to call a general meeting of shareholders for the purposes of proposing the above resolutions.

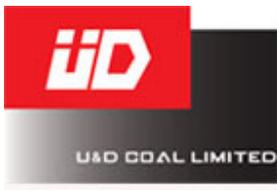
NOTICE OF MEETING

The Company has today completed dispatch of the attached Notice of Meeting, with the proposed meeting to be held on 18 June 2014 at 11am (Sydney time) at the Sydney offices of Jones Day Lawyers (the lawyers appointed by KQ to act for it in the proceedings issued by UND against KQ).

THE MAJORITY BOARD VIEW

While the Company has facilitated the administrative aspects of finalising, printing and dispatch of the Notice of Meeting, the Notice is not in any way to be taken as being initiated or approved by the Board. It is a notice of meeting required, as noted above, by Mr Dongsheng Wu.

Specifically, UND Board members who are not KQ nominees have advised that they do not support the action taken by Mr Dongsheng Wu to convene the meeting and they do not believe that the proposed resolutions are in the best interests of the Company or its other shareholders, other than KQ.



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In due course, it is expected that each relevant UND director will release statements in response to the proposed resolutions as they are entitled to do so under the *Corporations Act*.

The Company reserves the right to make further comments regarding the matters contained in the Notice including to provide shareholders with further information regarding the Notice and the proposed meeting.

The Company will continue to keep shareholders informed of any other material developments.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'Peter Edwards'.

Peter Edwards
Company Secretary

For further information please contact: *Peter Edwards, Company Secretary (Tel: +61 418 798 828)*

For personal use only

NOTICE OF GENERAL MEETING OF U & D COAL LTD (ACN 165 894 806) (the Company)

Date: 6 May 2014

Notice of General Meeting of the Company

to be held at Jones Day, Level 41, 88 Phillip Street, Sydney NSW 2000 on Wednesday, 18 June 2014 at 11:00 am (Sydney time).

Business of General Meeting

To consider and, if thought fit, pass the following 6 ordinary resolutions:

- 1) *Mr Hao Liu to be removed as a director of the Company, effective from the close of the general meeting;*
- 2) *Mr Yinan Zhang to be removed as a director of the Company, effective from the close of the general meeting;*
- 3) *Mr Wei Liu to be removed as a director of the Company, effective from the close of the general meeting;*
- 4) *Mr Shining Hou to be appointed as a director of the Company, effective from the close of the general meeting;*
- 5) *Mr Shulong Ma to be appointed as a director of the Company, effective from the close of the general meeting; and*
- 6) *Mr Qian Yu to be appointed as a director of the Company, effective from the close of the general meeting.*

Authority to call meeting

This meeting is called by Mr Dongsheng Wu as a director of the Company pursuant to s 249CA of the *Corporations Act 2001* (Cth) and clause 32.1 of the Constitution of the Company.

Explanatory note to the meeting

The Company received a notice from Australia Kunqian International Energy Co., Pty Ltd (ACN 153 835 440) (**Kunqian**), a member of the Company, dated 9 April 2014, of Kunqian's intention to move resolutions to remove Mr Hao Liu, Mr Yinan Zhang, and Mr Wei Liu as directors of the Company and appoint Mr Shining Hou, Mr Shulong Ma and Mr Qian Yu as directors of the Company at a general meeting of the Company. In this notice Kunqian stated that it intends to move the above resolutions for the following reasons:

- (a) *Yima Coal Industry Group Co., Ltd (Yima), the sole shareholder of Kunqian, has commenced legal proceedings against Mr Hao Liu in Henan Sanmenxia City Intermediate People's Court, China for breach of duties to Kunqian, Yima and their ultimate owners in relation to Mr Hao Liu's conduct as a director of Kunqian;*
- (b) *Kunqian believes that Mr Hao Liu should be terminated as the CEO of the Company and removed as a director of the Company because he is not a fit and proper person to be a director and CEO of the Company having regard to his misconduct as director of Kunqian;*
- (c) *Mr Yinan Zhang, Mr Wei Liu, and Mr Hao Liu have not exercised the level of care and diligence that Kunqian and Yima expects from them as directors. In particular, the directors proceeded with the IPO of the Company without supplementary disclosure to investors, despite the Company receiving a letter from Yima and Kunqian on 10 February 2014 withdrawing their support for the IPO and referring to various other new circumstances. A copy of the letter is attached to this notice; and*
- (d) *the majority of the current board continues to have no regard, and in many instances acts contrary, to Kunqian's interests as the Company's majority shareholder and Kunqian intends to exercise its rights as majority shareholder of the Company to ensure that it is appropriately represented at board level.*

Kunqian has also provided nominations in respect of the directors proposed to be appointed, and signed consents to act as director of the Company from each of those persons.

The proposed directors of the Company

Mr. Shining Hou

Mr. Shining Hou is the Vice Chief Executive Engineer (VCEE) and Assistant General Manager of Henan Energy and Chemical Industry Group Co., Ltd (HNEC, listed on the Fortune Global 500). Mr. Hou has an EMBA Degree from Beijing Jiaotong University, and a Bachelor's Degree in Geology from China University of Mining & Technology. Mr. Hou has more than 20 years' work experience in geology and mining, enjoys a professor-level title of senior engineer, and is the visiting professor of a number of universities. Mr. Hou previously worked with Baiji Mining, Chensilou Mining, Longyu Exploration Co. Ltd and Yongcheng Coal Holding Group between September 1987 and February 2014. Before joining HNEC, Mr. Hou was the Chief Engineer and Director of Yongcheng Coal Holding Group (the largest subsidiary of HNEC). Mr. Hou became VCEE of HNEC in February 2014.

Mr. Shulong Ma

Mr. Shulong Ma is a practising lawyer, the Managing Partner of Henan Jinxueyuan Law Firm, a member of the Standing Committee of the Henan Provincial People's Congress, Vice Chairman of the Henan Provincial Bar Association, and an arbitrator at Zhengzhou Arbitration Commission. Mr. Ma commenced practising law in 1984, and he has significant experience in the study and practice of law. He acts as legal consultant to a number of corporations and groups, including Henan Energy and Chemical Industry Group, Henan Investment Group, Central China Securities, and Henan Zhongyuan Expressway Co., Ltd.

Mr. Qian Yu

Mr. Qian Yu is the Assistant General Manager of the Development and Planning Department of Henan Energy and Chemical Industry Group (HNEC, listed on the Fortune Global 500). Mr. Yu graduated from Peking University, majoring in Geology. He has significant experience in capital markets and company operations, and he has handled many merger and acquisition projects and other transactions, including involving Chinese listed companies, such as Henan Yinge Industrial Investment Co., Ltd. and Henan Dayou Energy Co., Ltd. He also participated in the IPO of Yongmei Group Co., Ltd. Mr. Yu joined HNEC in January 2009. Before that, he worked in Yongcheng Coal Holding Group and at its branch office in Shanghai. From January 2009 to February 2013, Mr Yu worked as the economic manager of HNEC, supervisor of the Capital Operations Department of HNEC, and Assistant General Manager of Guolong Investment Co., Ltd. Mr. Yu became the Assistant General Manager of the Development and Planning Department in March 2013.

Proxies

A member entitled to attend and vote is entitled to appoint not more than two proxies.

Chairman

Mr Dongsheng Wu will act as chairman of the general meeting.

How to vote

Company members who are entitled to vote on the resolutions may exercise their vote by utilising any of the following options:

- voting in person by attending the general meeting;
- appointing a proxy to vote on their behalf by completing, signing and returning the relevant proxy appointment form to the Company in accordance with the directions on the proxy appointment form;
- appointing an attorney to vote on their behalf by attending the general meeting; or
- appointing a representative (if the member is a body corporate) to vote on their behalf by attending the general meeting.

Voting in person, by attorney or representative

If you wish to vote in person, you must attend the general meeting. If you cannot attend the general meeting, you may vote by proxy, attorney or representative (if you are a body corporate).

If you do not wish to or are unable to attend the general meeting at which you are eligible to vote, and do not wish to appoint a proxy to attend and vote on your behalf, you may appoint an attorney or representative (if you are a body corporate) to attend the general meeting and vote on your behalf. You may appoint any person as your attorney or representative (if you are a body corporate) and they are not required to be a member of the Company.

If you wish to appoint an attorney to attend the general meeting and vote on your behalf, you must appoint the attorney under a written instrument which you sign. The original document or certified copy of the written instrument must then be delivered to the Company's share registry at Link Market Services Limited at Locked Bag A14 Sydney South NSW 1235 or may be delivered by fax to +61 2 9287 0309 not less than 48 hours before the appointed meeting time.

If you are a body corporate and wish to appoint a representative to attend the general meeting and vote on your behalf, you must appoint the representative under a written instrument which you sign. The original document or certified copy of the written instrument must then be delivered by mail to the Company's share registry at Link Market Services Limited at Locked Bag A14 Sydney South NSW 1235 or may be delivered by fax to +61 2 9287 0309 not less than 48 hours before the appointed meeting time.

If you wish to appoint an attorney or representative (if you are a body corporate) to attend and vote at the general meeting on your behalf, you should consult with your legal adviser as to the form of written instrument appointing the attorney or representative.

Voting by proxy

If you do not wish to or are unable to attend the general meeting at which you are eligible to vote, you may appoint a proxy to vote on your behalf. A proxy is a person who is appointed by a Company member to attend and vote at a meeting of members on behalf of the member who made the appointment. You may appoint any person as your proxy and they are not required to be a member of the Company.

You can appoint a proxy to vote on your behalf by completing, signing and returning the proxy appointment form. If you are a member who is entitled to cast 2 or more votes at the general meeting you may appoint 2 proxies and a separate proxy appointment form should be used to appoint each proxy. You may specify the proportion or number of votes each proxy is appointed to exercise on the proxy appointment form, otherwise each proxy may exercise half of the votes.

You must complete, sign and deliver to the Company the proxy appointment form if you intend to vote by proxy, and you must also deliver to the Company a certified copy of any power of attorney or other authority under which the proxy appointment form is signed. The proxy appointment form and relevant documents must be delivered to the Company's share registry at Link Market Services Limited at Locked Bag A14 Sydney South NSW 1235 or may be delivered by fax to +61 2 9287 0309 not less than 48 hours before the appointed meeting time.

The chairman of the general meeting intends to act as proxy for any member who has delivered a signed proxy appointment form to the Company and the member's proxy appointment form does not name the proxy or proxies in whose favour it is given. The chairman intends to vote any eligible undirected proxies in favour of the resolutions to be considered at the general meeting.

A member of the Company who completes and returns the proxy appointment form as set out above will not be precluded from attending in person and voting at the general meeting. Any such vote by a member of the Company will override their previously submitted proxy appointment form.