

23 June 2017

Not for release or distribution in the United States

Dear Shareholder

Baralaba Coal Company Limited Entitlement Offer – Notification to ineligible shareholders

On 19 June 2017, Baralaba Coal Company Limited (ASX: BCL) (**Baralaba** or **Company**) announced a partially underwritten 2 for 1 renounceable entitlement offer (**Entitlement Offer**) of fully paid ordinary shares (**New Shares**) to raise approximately \$78.3 million (the **Offer**).

The Entitlement Offer is being made by the Company under a prospectus (**Prospectus**) prepared in accordance with the requirements of section 713 of the *Corporations Act 2001* (Cth) (Act) (**Corporations Act**) which was lodged with the Australian Securities and Investments Commission on 19 June 2017. An electronic copy of the Prospectus is available on the ASX website (www.asx.com.au) or the Company's website (www.baralabacoalcompany.com.au).

This notice is to inform you about the Entitlement Offer and to explain why you will not be able to subscribe for New Shares under the Entitlement Offer. This letter is not an offer to issue New Shares to you, nor an invitation for you to apply for New Shares. **You are not required to do anything in response to this letter but there may be financial implications for you as a result of the Entitlement Offer that you should be aware of.**

DETAILS OF THE RETAIL ENTITLEMENT OFFER

The Entitlement Offer is being made to Eligible Shareholders (as defined below), on the basis of 2 New Shares for every 1 existing fully paid ordinary share (**Share**) held in Baralaba as at 7:00pm (Sydney, Australia time) on Thursday, 22 June 2017 (**Record Date**).

Documents relating to the Entitlement Offer were lodged with the ASX on Monday, 19 June 2017 and are being mailed to Eligible Shareholders.

Eligibility Criteria

Eligible Shareholders are those persons who:

- are registered as a holder of Shares in Baralaba as at the Record Date, being 7.00pm (Sydney, Australia time) on Thursday, 22 June 2017;
- have an address on the Baralaba share register in Australia, New Zealand (and where they have a registered address in New Zealand, continue to be a registered holder of Shares as at 9.00am (Sydney time) on 23 June 2017 (the time that the Entitlement Offer opens)) and in any other permitted jurisdiction if the holder is an institutional or professional investor;
- are not in the United States and are not acting for the account or benefit of a person in the United States (except for approved US shareholders of the Company, who are Eligible Shareholders); and
- other than those holders of Shares who have an address on the Baralaba share register in Australia, are eligible under all applicable laws to receive an offer under the Entitlement Offer without a prospectus, disclosure document, product disclosure statement or any lodgement, filing, registration or qualification

Shareholders who are not Eligible Shareholders are ineligible shareholders and are consequently unable to participate in the Entitlement Offer.

The restrictions upon eligibility to participate in the Entitlement Offer arise because of the legal and regulatory requirements in countries other than Australia or New Zealand and the potential costs to Baralaba of complying with these legal and regulatory requirements compared with the relatively small number of shareholders in those countries, the relatively small number of existing Shares in Baralaba they hold and the relatively low value of New Shares to which those shareholders would otherwise be entitled. Baralaba has determined, pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules, that it would be unreasonable to make or extend offers to Baralaba shareholders in certain countries under the Entitlement Offer.

Unfortunately, according to our records, you do not satisfy the eligibility criteria for an Eligible Shareholder stated above. Accordingly, in compliance with ASX Listing Rule 7.7.1(b), Baralaba wishes to advise you that it will not be extending the Entitlement Offer to you and you will not be able to subscribe for New Shares under the Entitlement Offer. You will not be sent the documents relating to the Entitlement Offer and you will not receive any value for the New Shares to which you would otherwise have been entitled.

As the Entitlement Offer is renounceable, the Company has appointed Ord Minnett Limited (the lead manager to the Entitlement Offer) as its nominee and will issue the nominee with the entitlements to subscribe for New Shares that would otherwise have been available for subscription by ineligible shareholders. The nominee will arrange for the sale of those entitlements on ASX or to certain institutional investors through the Entitlement Offer bookbuild at the Offer Price. The proceeds of the sale of the entitlements (if any), net of expenses, will be sent proportionately to each ineligible shareholder. The entitlements (i) of Eligible Shareholders (or acquirers of entitlements on ASX) who do not take up some or all of their Entitlements or (ii) which would otherwise have been available to ineligible shareholders and have not been sold on ASX by the nominee and then taken up by their acquirers will be offered for subscription at the Offer Price to certain institutional investors on behalf of renouncing Eligible Shareholders and relevant ineligible shareholders through the Entitlement Offer Bookbuild to be undertaken by Ord Minnett Limited (the lead manager to the Entitlement Offer). Such Eligible Shareholders, acquirers or ineligible shareholders will not receive any payment or value for such Entitlements.

As nominee, Ord Minnett Limited will have absolute and sole discretion to determine the timing and price at which entitlements may be sold and the manner of any sale. Neither the Company nor Ord Minnett Limited will be subject to any liability for the failure to sell any entitlements, or for selling them at a particular price.

You are not required to do anything in response to this letter.

For further information on the Entitlement Offer or if you believe that you are an Eligible Shareholder, you can call the Baralaba's share registry on 1300 552 270 (within Australia) or +61 3 9415 4000 (outside Australia) from 8.30am to 5.30pm (Sydney time) Monday to Friday. If you have any further questions, you should contact your stockbroker, accountant or other professional adviser.

On behalf of the Board of Baralaba, I thank you for your continued support.

Yours faithfully



Peter Richards
Chairman

Important Notices

This letter does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. No action has been, or will be, taken to register, qualify or otherwise permit an offering of the entitlements and the New Shares in any jurisdiction outside Australia or New Zealand. In particular, the entitlements and the New Shares referred to herein have been not and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**) or under the securities laws of any state or other jurisdiction of the United States. Accordingly, the entitlements and the New Shares may not be offered or sold to any person in the United States or any person that is acting for the account or benefit of persons in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws.