

EQUATORIAL COAL LIMITED

ABN 50 009 188 694

NOTICE OF ANNUAL GENERAL MEETING

AND

EXPLANATORY STATEMENT

AND

PROXY FORM

**For the Annual General Meeting to be held on
26 November 2008 at 2.00pm (WST) at
The University Club of Western Australia,
Hackett Drive, Entrance #1, Crawley
Western Australia**

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This is an important document. Please read it carefully.

If you are unable to attend the Annual General Meeting, please complete the form of proxy enclosed and return it in accordance with the instructions set out on that form.

If you have any questions regarding the matters set out in this document, please contact the Company Secretary, Mr Scott Mison on (08) 9322 8222, your stockbroker or other professional adviser.

TIME AND PLACE OF MEETING AND HOW TO VOTE

Venue

The Annual General Meeting of the Shareholders of Equatorial Coal Limited will be held at:

**The University Club of Western Australia,
Hackett Drive, Entrance #1, Crawley
Perth, Western Australia**

**Commencing at
2.00pm (WST)
on Wednesday 26 November 2008**

How to Vote

You may vote by attending the meeting in person, by proxy or authorised representative.

Voting in Person

To vote in person, attend the meeting on the date and at the place set out above. The meeting will commence at 10.00am.

Voting by Proxy

To vote by proxy, please complete and sign the proxy form enclosed with this Notice of Annual General Meeting as soon as possible and either:

- Send the proxy by facsimile to the Company on facsimile number (08) 9322 8244 (International: + 61 8 9322 8244) or to Security Transfer Registrars on facsimile number (08) 9315 2233 (International: + 61 8 9315 2233);
- Deliver the proxy to the registered office of the Company at Unit 9, 38 Colin Street, West Perth, Western Australia 6000 or Security Transfer Registrars at 770 Canning Highway, Applecross, Western Australia 6153;
- Mail the proxy to the Company at PO Box 1282, West Perth,, Western Australia 6872 or Security Transfer Registrars at PO Box 535, Applecross, Western Australia 6953 (reply paid envelope),

so that it is received not later than 2.00pm on Monday, 24th November 2008 (48 hours prior to commencement of the meeting).

Your proxy form is enclosed.

Equatorial Coal Limited

ABN 50 009 188 694

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders of Equatorial Coal Limited will be held at The University Club of Western Australia, Hackett Drive, Entrance #1, Crawley, Western Australia at 2.00pm (WST) on Wednesday 26th November 2008.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the proxy form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered shareholders of the Company as at the close of business on Monday 24th November 2008.

Terms used in this Notice have the meanings set out in section 3 of the Explanatory Statement.

AGENDA

The Explanatory Statement that accompanies and forms part of the Notice describes the matters to be considered as special business.

ORDINARY BUSINESS

To receive and consider the Financial Statements of the Company, the Directors' Report, the Remuneration Report and the Independent Audit Report for the year ended 30 June 2008.

Resolution 1 - Remuneration Report

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

"That, for the purposes of Section 250R (2) of the Corporations Act, the Company adopt the Remuneration Report as set out in the Annual Report for the year ended 30 June 2008."

Resolution 2 - Re Election of Mr Geoff Gander

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

"That Geoff Gander, who retires by rotation in accordance with clause 14.9 of the Constitution of the Company, being eligible, is re-elected a Director of the Company."

Resolution 3 - Re election of Mr James Dracopoulos

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

"That James Dracopoulos, having being appointed as an additional Director of the Company on 30 July 2008 and who retires in accordance with clause 14.15 of the Constitution, being eligible for re election, is re-elected as a Director of the Company."

Resolution 4 - Share placement

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

"That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue Shares raising a total of up to \$10,000,000 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, 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 20 OCTOBER 2008

BY ORDER OF THE BOARD



**SCOTT MISON
EQUATORIAL COAL LIMITED
COMPANY SECRETARY**

EXPLANATORY STATEMENT

This Explanatory Statement and all attachments are important documents. They should be read carefully.

If you have any questions regarding the matters set out in this Explanatory Statement or the preceding Notice, please contact the Company Secretary, your stockbroker or other professional adviser.

GENERAL INFORMATION

This Explanatory Statement has been prepared for the Shareholders of the Company in connection with the Annual General Meeting of the Company to be held at The University Club of Western Australia, Hackett Drive, Entrance #1, Crawley 2:00pm (WST) on Wednesday 26 November 2008.

The purpose of this Explanatory Statement is to provide Shareholders with information that the Board believes to be material to Shareholders in deciding whether or not to approve the resolutions detailed in the Notice.

FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Annual General Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2008 together with the declaration of the Directors, the Directors' report, the remuneration report and the auditor's report.

1. THE RESOLUTIONS

1.1 Resolution 1 - Remuneration Report

Section 250R (2) of the Corporations Act requires the Company to propose a resolution that the Remuneration Report be adopted.

The Remuneration Report is set out in the Director's Report on page 11 to 16 of the Company's 2008 Annual Report. The Remuneration Report sets out the Company's remuneration arrangements for the Directors and executive officers of the Company.

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

The Corporations Act requires that a resolution to adopt the Remuneration Report be put to the vote of the Company. However, Shareholders should note that the vote on Resolution 1 is not binding on the Company or its Directors.

1.2 Resolution 2 - Re election of Geoff Gander

Introduction

Clause 14.9 of the Constitution of the Company requires that at each Annual General Meeting one third of the Directors, or if the number of Directors is not a multiple of three, the number nearest one third, must retire from office. Therefore, one of the Company's four Directors must retire from office by rotation. Geoff Gander retires by rotation at this meeting. Being eligible, he offers himself for re-election.

The resolution may be passed as an ordinary resolution.

Re-election of Geoff Gander

Mr Gander graduated from the University of Western Australia in 1984 where he completed a Bachelor of Commerce Degree.

Mr Gander works as an industry consultant to a range of private and public companies. In addition to his Executive Chairman role at Equatorial Coal Limited, Geoff is also Chairman of the ASX listed Jupiter Energy Limited (JPR).

1.3 Resolution 3 – Re election of James Dracopoulos

Introduction

Section 201H (3) of the Corporations Act and clause 14.14 of the Company's Constitution state that the Directors may at any time appoint any other qualified person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution. Clause 14.15 of the Constitution provides that any Director appointed since the last meeting of shareholders must have their appointment confirmed at the next meeting of shareholders.

James Dracopoulos was appointed as an additional Director on 30 July 2008 and, accordingly, stands for re-election at the Annual General Meeting.

Re-election of James Dracopoulos

Jim has over 20 years of Australian and international experience in finance, administration, marketing and general management in the mining and construction industry. Jim has developed a broad range of skills and experience in the industry, having recently completed 13 years with Straits Resources Limited, an ASX listed resources company. Prior to Straits, Jim had worked in finance and commercial roles with Western Mining Corporation, Macmahon Contractors (Macmahon Holdings Limited), Pancontinental Gold, and the coal production department of the Electricity Trust of South Australia. For seven of the last ten years with Straits, Jim has been based in Indonesia and Singapore in various roles including CFO, Operations Manager, Country Manager (Indonesia), and MD of the company's commodity trading business. He has also held directorships of various Indonesian, Singaporean and Australian subsidiary companies of Straits Resources Limited, and has a solid understanding of corporate governance matters.

1.4 Resolution 4 – Share Placement

General

Resolution 4 seeks Shareholder approval for the allotment and issue of Shares raising a total of up to \$10,000,000 (Share Placement).

None of the subscribers pursuant to this issue will be related parties of the Company.

The effect of Resolution 4 will be to allow the Directors to issue the Shares pursuant to the Share Placement during the period of 3 months after the Annual General Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

Technical information required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Share Placement:

- a) the maximum number of Shares to be issued is up to that number of Shares which, when multiplied by the issue price, equals \$10,000,000;
- b) the Shares will be issued no later than 3 months after the date of the Annual General 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;
- c) the issue price of the Shares will be not less than 80% of the average market price for Shares calculated over the 5 days on which sales in the Shares are recorded before the day on which the issue is made or, if there is a prospectus, over the last 5 days on which sales in the securities were recorded before the date the prospectus is signed. To illustrate the effect of the issue price on the Share Placement, based on a market price of 12.5 cents per Share (being the last available closing price of Shares before the date of this Notice), the minimum issue price of the Shares would be 10 cents per Share. At an issue price of 10 cents per Share, up to 100,000,000 Shares could be issued pursuant to the Share Placement. Clearly any decision to raise more capital will be based on the prospectivity of the opportunity and the prevailing market conditions, with a particular focus on the EQX Share price at the time of the raising;
- d) the Directors will determine to whom the Shares will be issued and these persons will not be related parties of the Company;
- 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
- f) the Company intends to use the funds raised from the Share Placement towards the acquisition of potential coal assets in Indonesia and working capital.

2. Directors Recommendations

The Directors of the Company believe that all resolutions are in the best interests of the Company and the Directors unanimously recommend all of the proposed resolutions.

3. **Glossary**

Annual General Meeting or **Meeting** means the annual general meeting convened by the Notice.

ASX means ASX Limited.

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

Board means the board of Directors of the Company.

Constitution means the Company's constitution (as amended).

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current Directors of the Company.

Explanatory Statement means the Explanatory Statement to the Notice.

Equatorial or **Company** means Equatorial Coal Limited (ABN 50 009 188 694).

Notice means the notice of annual general meeting accompanying this Explanatory Statement.

Secretary means the current Company Secretary of the Company.

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

Shareholder means a holder of a Share.

WST means Western Standard Time.

PROXY FORM

**APPOINTMENT OF PROXY
EQUATORIAL COAL LIMITED
ACN 009 188 694**

ANNUAL GENERAL MEETING

I/We

of

--

being a member of Equatorial Coal Limited entitled to attend and vote at the Annual General Meeting, hereby

Appoint

--

Name of proxy

OR

the Chair of the Annual General Meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the Annual General Meeting, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, as the proxy sees fit, at the Annual General Meeting to be held at 2.00 pm (WST), on 26 November 2008 at The University Club of Western Australia, Hackett Drive, Entrance #1, Crawley, Western Australia, and at any adjournment thereof.

If no directions are given, the Chair will vote in favour of all the Resolutions.

If the Chair of the Annual General Meeting is appointed as your proxy, or may be appointed by default, and you do **not** wish to direct your proxy how to vote as your proxy in respect of Resolution 4 please place a mark in this box.

By marking this box, you acknowledge that the Chair of the Annual General Meeting may exercise your proxy even if he has an interest in the outcome of Resolution 4 and that votes cast by the Chair of the Annual General Meeting for Resolution 4 other than as 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.

OR

Voting on Business of the Annual General Meeting

Resolution 1 – Adoption of remuneration report
 Resolution 2 – Re-election of Director – Geoff Gander
 Resolution 3 – Re-election of Director – James Dracopoulos
 Resolution 4 – Share Placement

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"/>

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not to be counted in computing the required majority on a poll.

Signature of Member(s): _____

Date: _____

Individual or Member 1	Member 2	Member 3
Sole Director/Company Secretary	Director	Director/Company Secretary

Contact Name: _____ **Contact Ph (daytime):** _____

EQUATORIAL COAL LIMITED
ACN 009 188 694

Instructions for Completing 'Appointment of Proxy' Form

1. **(Appointing a Proxy):** A member entitled to attend and vote at an Annual General Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a member of the Company.
2. **(Direction to Vote):** A member may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing Instructions):**
 - **(Individual):** Where the holding is in one name, the member must sign.
 - **(Joint Holding):** Where the holding is in more than one name, all of the members must sign.
 - **(Power of Attorney):** If you have not already provided the Power of Attorney with the registry, 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, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual members from attending the Annual General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the Annual General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the Annual General Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and:
 - Send the proxy by facsimile to the Company on facsimile number (08) 9322 8244 (International: + 61 8 9322 8244) or to Security Transfer Registrars on facsimile number (08) 9315 2233 (International: + 61 8 9315 2233);
 - Deliver the proxy to the registered office of the Company at Unit 9, 38 Colin Street, West Perth, Western Australia 6000 or Security Transfer Registrars at 770 Canning Highway, Applecross, Western Australia 6153; or
 - Mail the proxy to the Company at PO Box 1282, West Perth,, Western Australia 6872 or Security Transfer Registrars at PO Box 535, Applecross, Western Australia 6953 (reply paid envelope),

so that it is received not later than 2.00 pm (WST) on 24 November 2008.

Proxy forms received later than this time will be invalid.

CORPORATE DIRECTORY

Directors and Officers

James Dracopoulos - **Managing Director**
Geoff Gander - **Executive Chairman**
Solomon Majteles - **Non Executive Director**
Hilton Nathanson - **Non Executive Director**
Scott Mison - **Company Secretary**

Registered Office

Unit 9
38 Colin Street
West Perth
Western Australia 6005
PO Box 1282
West Perth WA 6872

Telephone +61 8 9322 8222
Facsimile +61 8 9322 8244
Email info@eqxcoal.com.au
Website www.eqxcoal.com.au

Principal Place of Business

Unit 9
38 Colin Street
West Perth
Western Australia 6005
PO Box 1282
West Perth WA 6872

+61 8 9322 8222
+61 8 9322 8244

Auditors

Ernst & Young
The Ernst & Young Building
11 Mounts Bay Road
Perth
Western Australia 6000

Bankers

Australian and New Zealand Banking Group
Level 3
287 Collins Street
Melbourne
Victoria 3000

Share Registry

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross
Western Australia 6153

Solicitors

Steinepreis Paganin
Level 4
16 Milligan Street
Perth
Western Australia 6000

Telephone +61 8 9315 2333
Facsimile +61 8 9315 2233
Website www.securitytransfer.com.au

ASX Codes

Ordinary Shares listed on the Australian Securities Exchange under codes EQX.