

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE
ATTENTION

If you are in any doubt about the action to be taken, you should immediately consult your bank manager, stockbroker, solicitor, accountant or other independent financial adviser authorised pursuant to the Financial Services and Markets Act 2000 if you are in the United Kingdom, or from another appropriately authorised independent financial adviser if you are outside the United Kingdom.

If you have sold or otherwise transferred all of your Ordinary Shares in the Company, please send this document and accompanying Form of Proxy, as soon as possible, to the purchaser or transferee or to the stockbroker, independent financial adviser or other person through whom the sale or transfer was effected for transmission to the purchaser or transferee.

ALTONA ENERGY PLC

(Registered in England and Wales with registered number 05350512)

Proposals relating to a Share Option Scheme

Notice of a General Meeting of Altona Energy PLC, to be held at the offices of Leander PR, Adam House, 7-10 Adam Street, London, WC2N 6AA on 1 April 2016 at 12pm to consider the Resolutions and Proposals, set out in this document.

To be valid, the Form of Proxy accompanying this document for the General Meeting (and the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority) should be returned not less than 48 hours (excluding weekends and public holidays) before the meeting, either by post or by hand (during normal business hours only) to The Company Secretary Altona Energy Plc, c/o Share Registrars Ltd, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU8 7LL.

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EXPECTED TIMETABLE

Latest time and date for receipt of Forms of Proxy for General Meeting	12pm on 30 March 2016
General Meeting	12pm on 1 April 2016

Note:

The dates set out in the expected timetable above may be adjusted by the Company, in which event details of the new dates will be notified through the Regulatory Information Service.

DEFINITIONS

The following words and expressions have the following meanings in this document:

Board	the board of directors of the Company
Company	Altona Energy Plc
Director	a director of the Company
Option	an option to subscribe for Ordinary Shares, granted under the Share Option Scheme
Ordinary Shares	ordinary shares in the capital of the Company
Original Options	options to subscribe for Ordinary Shares granted in 2014 to Directors and management
Resolutions	the resolutions set out in the Notice of General Meeting on page 7 of this document
Share Option Scheme	the proposed new share option scheme to be introduced by the Company if the Resolutions are passed, as summarised in Part II of this document

PART I - LETTER FROM THE CHAIRMAN OF THE COMPANY

Registered Office:

Third floor
55 Gower Street
London
WC1E 6HQ

Qinfu Zhang (Chairman)

Phillip Sutherland

Nicholas Lyth

16 March 2016

Dear Shareholder,

Recommended Proposals relating to a Share Option Scheme

The purpose of this document is to explain the Resolutions set out in the Notice of Meeting on page 7 and to provide a summary of the principal terms of the proposed Share Option Scheme.

The Resolutions

Resolution 1 concerns a proposed alteration of the Company's Articles. If passed the new Article 101 will authorise the Directors to introduce and to implement a Share Option Scheme under which options to subscribe for ordinary shares in the Company may be granted to any Director or employee.

The present Article 101 confines any such scheme to grants of options to employees and to Directors who are also employees.

If Resolution 1 is passed, the Board will not require further General Meeting authority to operate such schemes in future.

Existing Options

Certain options were granted in 2014 to directors and to the Company's financial controller ("Original Options"). The Original Options were subject to performance criteria which are now incompatible with the Company's business plan. They were only capable of becoming exercisable if certain stages were reached in a program intended to achieve a bankable feasibility study for a coal to methanol project.

Half of the Original Options in each individual grant, were exercisable at 1.5p per upon announcement by the Company that a third party had entered into a binding agreement to fund a bankable feasibility study for the Company's coal to methanol project, and the balance were exercisable at 3p per share upon announcement that the Company had completed a drilling programme as part of a coal to methanol bankable feasibility study.

As has been explained at the Annual General Meeting held in December 2015, the Company's current focus is on exploiting coal reserves using underground coal gasification technology. Accordingly, it does not intend to pursue a coal to methanol project and the vesting criteria of the Original Options are no longer appropriate.

Additionally, since the Original Options were granted, the composition of the Board has changed significantly. Original Options held by former directors have in all cases now lapsed. The only Original Options held by current Directors are options over 3.5 million Ordinary Shares held by Qinfu Zhang and options over 3 million Ordinary Shares held by Phillip Sutherland.

It has been agreed that these Original Options will be surrendered and cancelled and replaced by options granted under the proposed new Scheme, if the Resolutions are passed.

Proposed grants of options to subscribe for ordinary shares in the Company

The proposed grants of options under the new Share Option Scheme, if the Resolutions are passed, are listed in Part III.

These proposed grants represent the Board's present intentions, and do not represent the only grants of options which may be made in the future under the new Scheme.

The General Meeting

At the General Meeting, Resolutions will be proposed to alter the Company's Articles of Association in the manner specified in Resolution and to approve the new Share Option Scheme summarized in Part II of this document. These Resolutions are set out in the Notice of General Meeting on page 7 of this Circular.

Action to be taken

At the end of this Circular, Shareholders will find a Form of Proxy for use at the General Meeting.

Whether or not you propose to attend the General Meeting, you are requested to complete and return the Form of Proxy so that it is received not less than 48 hours (excluding weekends and public holidays) before the relevant General Meeting date. Completion and return of a Form of Proxy will not prevent you from attending the meeting and voting in person should you wish to do so.

Recommendation

The Board consider that the alteration to the Company's Articles in the manner specified in Resolution 1, and the adoption of a new Share Option Scheme in the terms summarized in Part II of this Circular will help motivate and retain key members of the Altona team and is therefore in the interests and for the benefit of the Company and shareholders generally.

Yours faithfully,

Qinfu Zhang

Chairman

PART II

Summary of the principal terms of the proposed Share Option Scheme

Options may be granted under the Scheme to any Director or employee of the Company or any subsidiary of the Company, at any time other than times at which grant of an option would breach any law or regulation or Code of practice, applicable to the Company.

If at any time the Company is bound by any legal obligation or Code, which limits the number of options which may be granted, or which may be outstanding at any one time, options shall not be granted in breach of that limit.

Options are not transferable, except that options held by a deceased option holder may be transferred to his personal representatives.

Options lapse if –

- (a) they have not been exercised:
 - (i) within five years from the date of grant;
 - (ii) by a deceased option holder's personal representatives within six months of his death; or
 - (iii) within six months after the option holder ceases to be a Director or employee as a result of injury, ill health or disability;
- (b) the option holder gives or receives notice to terminate his directorship or employment except in circumstances falling with (a) (iii) above; or
- (c) the option holder becomes bankrupt or subject to another insolvency process.

Options may not be exercised before the vesting date specified at the time of grant.

Shares subscribed for on exercise of an option, will rank *pari passu* with the other Ordinary Shares of the Company then in issue, and are to be admitted to trading on AIM, if the Company's other Ordinary Shares are traded on AIM, at the relevant time.

The Scheme does not form part of any service agreement or contract for the provision of services, and no compensation is payable by the Company for any loss in respect of options, if any agreement or contract with an option holder is terminated for any reason.

If shareholders receive an offer whereby the offeror may acquire control of the Company, the options will become exercisable, and will similarly become exercisable if a resolution is proposed for the voluntary liquidation of the Company.

If the issued share capital of the Company is varied whether by a rights issue, consolidation or subdivision of shares or reduction of capital or otherwise, the Board may adjust the number of shares which are subject to options already granted, in a manner they consider fair and appropriate.

The Option holder is to indemnify the Company against any income tax liability of liability to pay National Insurance Contributions which the Company may incur in connection with the grant or exercise or otherwise in any way connected with an option. The Scheme includes arrangements whereby the Company can enforce its rights to indemnity.

PART III

Options to subscribe for Ordinary Shares of the Company, which are to be granted to Directors upon the passing of the Resolutions, are as follows:

<i>Name</i>	<i>number of option shares</i>
Qinfu Zhang	5 million
Phillip Sutherland	2 million
Nicholas Lyth	5 million

The following additional terms will apply in each of the above cases:

1. one half of the Option Shares may be subscribed for after the first anniversary of the date of grant, and the balance after the second anniversary of the date of grant.
2. the exercise price is to be 1.5p per share (subject to adjustment if the issued share capital changes as a result of a rights issue, consolidation or sub-division of shares, reduction of capital or otherwise).
3. the exercise period will end five years after the date of grant.

ALTONA ENERGY PLC

Notice of General Meeting

Notice is hereby given that a General Meeting of ALTONA ENERGY PLC (the "Company") will be held at Adam House, 7-10 Adam Street, London, WC2N 6AA at 12pm on 1 April 2016 for the purpose of considering and, if thought fit, passing the following resolutions of which resolution 1 will be proposed as a special resolution, and resolution 2 as an ordinary resolution.

SPECIAL RESOLUTION

1. That Article 101 of the Company's Articles of Association be deleted and replaced by the following Article to be numbered 101:

"The Directors may establish, maintain and give effect to a scheme or plan for the grant of options to subscribe for shares in the capital of the Company to any Director or employee of the Company or of any subsidiary of the Company and may exercise all the powers conferred on them by the scheme or plan (including any power to alter or to add to its provisions)."

ORDINARY RESOLUTION

2. That the proposed Share Option Scheme summarised in the circular to shareholders of the Company dated 16 March 2016 whereby options to subscribe for ordinary shares in the capital of the Company may be granted to directors and employees of the Company, be and it is hereby approved.

If you are a registered holder of Ordinary Shares in the Company, whether or not you are able to attend the meeting, you may use the enclosed form of proxy to appoint one or more persons to attend and vote on a poll on your behalf. A proxy need not be a member of the Company.

A form of proxy is provided.

This may be sent by facsimile transfer to 01252 719 232 or by mail to:

The Company Secretary
Altona Energy Plc
c/o Share Registrars Limited
Suite E
First Floor
9 Lion & Lamb Yard
Farnham
Surrey GU9 7LL

In either case, the signed proxy must be received no later than 48 hours (excluding any part of a day which is not a working day) before the time of the meeting, or any adjournment thereof.

By Order of the Board

Stephen Ronaldson
Company Secretary

16 March 2016

Registered office:

Third Floor
55 Gower Street
London WC1E 6HQ

Notes to the Notice of General Meeting

Entitlement to attend and vote

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company's register of members 48 hours, excluding weekends and public holidays, before the time of the Meeting shall be entitled to attend and vote at the Meeting.

Appointment of proxies

2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact the registrars of the Company, Share Registrars Limited on 01252 821 390.
5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

Appointment of proxy using hard copy proxy form

6. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.

To appoint a proxy using the proxy form, the form must be:- completed and signed;

sent or delivered to Share Registrars Limited at Suite E, First Floor, 9 Lion & Lamb Yard, Farnham, Surrey GU9 7LL or by facsimile transmission to 01252 719 232; and

received by Share Registrars Limited no later than 48 hours (excluding any part of a day which is not a working day) prior to the Meeting.

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

Appointment of proxy by joint members

7. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Changing proxy instructions

8. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Share Registrars Limited on 01252 821 390.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

9. In order to revoke a proxy instruction you will need to inform the Company using one of the following methods:

By sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Share Registrars Limited at Suite E, First Floor, 9 Lion & Lamb Yard, Farnham, Surrey GU9 7LL or by facsimile transmission to 01252 719 232. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

In either case, the revocation notice must be received by Share Registrars Limited no later than 48 hours (excluding any part of a day which is not a working day) prior to the Meeting.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

Issued shares and total voting rights

10. As at 16 March 2016, the Company's issued share capital comprised 891,956,853 ordinary shares of £0.001 each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights exercisable as at 16 March 2016 is 891,956,853.

Communications with the Company

11. Except as provided above, members who have general queries about the Meeting should telephone the Company Secretary, Stephen Ronaldson, on (020) 7580 6075 (no other methods of communication will be accepted). You may not use any electronic address provided either in this notice of general meeting; or any related documents (including the chairman's letter and proxy form), to communicate with the Company for any purposes other than those expressly stated.



ALTONA ENERGY PLC
FORM OF PROXY FOR USE AT THE
GENERAL MEETING

c/o Share Registrars
 Limited Suite E, First
 Floor, 9 Lion & Lamb
 Yard, Farnham,
 Surrey, GU9 7LL

I _____, a Member of **ALTONA ENERGY PLC** (hereinafter referred to as 'the Company') and entitled to vote, hereby appoint the Chairman, or _____ as my proxy to attend, speak and vote for me and on my behalf at the Annual General Meeting of the Company to be held on 1 April 2016 at 12pm and at any adjournment thereof.

(Please indicate below how you wish your votes to be cast. If the form of proxy is returned without any indication as to how the proxy should vote on any particular matter, the proxy will vote as they think fit.)

		FOR	AGAINST	WITHHELD
Resolution 1	Alteration of Articles (Article 101)			
Resolution 2	Approval of Share Option Scheme summarised in the circular to shareholders dated 16 March 2016			

I/We authorise my/our proxy to act at his/her discretion in relation to any other business arising at the General Meeting (including in respect of the question whether to adjourn such meeting) and at any adjournment of such General Meeting.

Signature
Date
Full name
Address

NOTES

- Only holders of Ordinary Shares, or their duly appointed representatives, are entitled to attend, speak and vote at the Meeting. A member so entitled may appoint (a) proxy(ies), who need not be (a) member(s), to attend, speak and vote on his/her behalf.
- If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please insert his/her name and delete "the Chairman of the Meeting or".
- Please indicate how you wish your proxy to vote by deleting either for or against. Unless otherwise instructed the person appointed a proxy will exercise his/her discretion as to how he/she votes or whether he/she abstains from voting on any particular resolution as he/she thinks fit.
- A corporation must seal this form of proxy or have it signed by an officer or attorney or other person authorised to sign.
- In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders. For this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.
- Pursuant to regulation 41 of The Uncertificated Securities Regulations 2001, members will be entitled to attend, speak and vote at the meeting if they are registered on the Company's register of members 48 hours excluding weekends and public holidays before the time appointed for the meeting or any adjournment thereof.
- To be valid this form of proxy and any power of attorney or other authority under which it is signed or a notarially certified copy of such power or authority must reach Share Registrars Limited, Suite E, 1st Floor, 9 Lion & Lamb Yard, Farnham, Surrey, GU9 7LL not later than 48 hours before the time of the Meeting (excluding any part of a day which is not a working day). Lodgement of a form of proxy does not preclude a member from attending the Meeting and voting in person.
- Any alteration to this form must be initialled.
- The completion and return of a proxy card will not affect the right of a member to attend, speak and vote in person at the meeting convened by this notice.

