

ANNOUNCEMENT – Letter to eligible shareholders

Atrum Coal NL (ASX: ATU) (Atrum or Company) will today despatch the attached letter to eligible shareholders in connection with the fully underwritten non-renounceable entitlement offer of new shares (and free unquoted options over unissued ordinary shares in the Company) announced yesterday, 27 July 2015 (Entitlement Offer). A copy of the prospectus (Prospectus) under which the Entitlement Offer will be made was lodged with the Australian Securities and Investment Commission and given to ASX Limited on 27 July 2015.

Further information

The Prospectus is available and copies can be obtained by calling the Atrum Offer Information Line referred to below. Offers of securities under the Entitlement Offer will be made in, or accompanied by a copy of, the Prospectus. Eligible shareholders should consider the Prospectus in deciding whether to acquire securities under the Entitlement Offer. Eligible shareholders who want to acquire securities under the Entitlement Offer will need to complete the personalised entitlement and acceptance form that is in or accompanies the Prospectus.

Shareholders who have questions regarding the Entitlement Offer should phone the Atrum Offer Information Line on (02) 8249 1884 (within Australia) or +61 2 8249 1884 (outside Australia) at any time between 8.30am and 5pm (Sydney time), Monday to Friday.

For further information contact:

James Chisholm
Executive Chairman
M +61 419 256 690
james@atrumcoal.com

Theo Renard
Company Secretary
M +61 430 205 889
trenard@atrumcoal.com

Nathan Ryan
Investor Relations
M +61 420 582 887
nathan@atrumcoal.com



ASX:ATU - Share Information
Issued Shares: 170.2m

Registered Office
Level 19, 1 O'Connell St, Sydney,
NSW, 2000
T +61 2 8249 1884 ·
E info@atrumcoal.com
www.atrumcoal.com

Board of Directors
Executive Chairman
Non-Executive Director
Non-Executive Director
Company Secretary

J. Chisholm
S. Boulton
C. Vorias
T. Renard

Key Projects
Groundhog
Peace River
Naskeena
Bowron River

Ownership: 100%
Ownership: 100%
Ownership: 100%
Ownership: 100%

Forward Looking Statements

This release includes forward looking statements. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as “may”, “will”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “continue”, and “guidance”, or other similar words and may include, without limitation statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production outputs. Forward looking statements in this release include, but are not limited to, the capital and operating cost estimates and economic analyses from the Study.

Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the company’s actual results, performance and achievements to differ materially from any future results, performance or achievements. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licences and permits and diminishing quantities or grades of resources or reserves, political and social risks, changes to the regulatory framework within which the company operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation.

Forward looking statements are based on the company and its management’s good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the company’s business and operations in the future. The company does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the company’s business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the company or management or beyond the company’s control.

Although the company attempts to identify factors that would cause actual actions, events or results to differ materially from those disclosed in forward looking statements, there may be other factors that could cause actual results, performance, achievements or events not to be anticipated, estimated or intended, and many events are beyond the reasonable control of the company. Accordingly, readers are cautioned not to place undue reliance on forward looking statements.

Forward looking statements in this release are given as at the date of issue only. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, in providing this information the company does not undertake any obligation to publicly update or revise any of the forward looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.

28 July 2015

[Insert eligible shareholder name]
[Insert eligible shareholder address]

Dear Sir/Madam

Notice of Atrum Coal NL Entitlement Offer

On 27 July 2015, Atrum Coal NL (**Atrum** or **Company**) announced a fully underwritten offer of new fully paid ordinary shares in the Company (**New Shares**) (and free unquoted options over unissued ordinary shares in the Company (**New Options**) on the basis of 1 New Option for every 2 New Shares applied for) by way of a 1-for-17 non-renounceable pro rata entitlement offer to existing holders of the Company's shares¹ (**Shareholders**) to raise approximately \$5 million (**Entitlement Offer**²).

The net proceeds of the Entitlement Offer will be used to fund the extraction of bulk samples of Groundhog's anthracite primarily for steel mills and trading conglomerates that may be interested in acquiring a stake in the Groundhog North Mining Complex, to fund the upgrade of the highwall mining scoping study in the Groundhog North Mining Complex to pre-feasibility stage, to advance business development activities particularly in relation to the upcoming potential sell-down of a stake in the Groundhog North Mining Complex, and to cover general corporate costs.

A copy of the prospectus prepared by the Company in accordance with section 713 of the *Corporations Act 2001* (Cth) (**Corporations Act**) in connection with the Entitlement Offer was

¹ An offer of entitlements (adjusted in number to reflect the proportion of the amounts paid and payable in relation to the partly paid shares) under the Entitlement Offer will also be made to the holder of the 2,761,600 partly paid shares in the Company.

² As disclosed in the Prospectus, the Company may also conduct the Discretionary Placement (as defined in the Prospectus) to raise up to an additional \$1 million depending on, among other things, the demand for securities under the Entitlement Offer.

lodged with the Australian Securities and Investments Commission and given to ASX Limited (**ASX**) on 27 July 2015 (**Prospectus**). The Prospectus and a personalised entitlement and acceptance form (**Entitlement and Acceptance Form**) will be despatched to all eligible Shareholders (as defined in the Prospectus) (**Eligible Shareholders**) on 6 August 2015.

The Entitlement Offer is being made to Eligible Shareholders on the basis of their holding on the Atrum share register at 5pm (Sydney time) on 31 July 2015 (**Record Date**) and will be open for acceptances from 6 August 2015 until 5pm (Sydney time) on 17 August 2015 (**Entitlement Offer Period**). Under the Entitlement Offer, Eligible Shareholders will be able to subscribe for 1 New Share for every 17 shares held on the Record Date at an issue price of \$0.50 per New Share. 1 New Option will also be granted free of charge for every 2 New Shares subscribed for under the Entitlement Offer. Each New Option will be exercisable for 1 share in the Company at an exercise price of \$0.80 per option at any time up to and including 5pm (Sydney time) on 25 August 2017. Fractional entitlements under the Entitlement Offer will be rounded up to the nearest whole number.

Entitlements to acquire New Shares and New Options pursuant to the Entitlement Offer are not renounceable (that is, entitlements cannot be assigned or transferred to any other person). The New Shares will rank equally in all respects with, and will otherwise have the same rights as, the existing fully paid ordinary shares in the Company.

The Entitlement Offer is underwritten by Blackwood Capital Pty Limited (**Underwriter**). In consideration for agreeing to underwrite the Entitlement Offer, the Company has agreed to pay the Underwriter an underwriting and management fee equal to 5% of the total gross proceeds to be raised under the Entitlement Offer (exclusive of GST). The Underwriter will also receive a management fee of 5% of any amount raised under the Discretionary Placement.

Eligible Shareholders should note that if the Entitlement Offer is completed, the Company will issue approximately 10,011,416 New Shares and 5,005,708 New Options.

Eligible Shareholders may also apply for New Shares in excess of their pro rata entitlement subject to the availability of a shortfall of New Shares from which they may be allocated such additional New Shares (**Additional New Shares**). Additional New Shares will only be allocated to Eligible Shareholders if and to the extent that the Company so determines, in its absolute discretion, having regard to the circumstances as at the time of the close of the Entitlement Offer.

A timetable outlining important dates is provided below:

Event	Date
Announcement of Entitlement Offer	27 July 2015
Lodge Prospectus in relation to Entitlement Offer	27 July 2015
Option notices sent to optionholders	28 July 2015
Record Date for Entitlement Offer	5pm (Sydney time), 31 July 2015
Despatch of Prospectus and Entitlement and Acceptance Form to Eligible Shareholders	6 August 2015
Entitlement Offer opens	6 August 2015
Entitlement Offer closes	5pm (Sydney time) 17 August] 2015
Issue of New Shares and New Options under the Entitlement Offer	27 August 2015
New Shares issued under the Entitlement Offer commence trading on a normal settlement basis on ASX	28 August 2015

These dates are indicative only and subject to change. Atrum, in consultation with the Underwriter, reserves the right (subject to the Corporations Act, the ASX Listing Rules and other applicable laws) to vary the dates of this timetable, either generally or in particular cases, without notifying you.

Further information

The Prospectus is available and copies can be obtained by calling the Atrum Offer Information Line referred to below. Offers of New Shares and New Options under the Entitlement Offer will be made in, or accompanied by a copy of, the Prospectus. Eligible Shareholders should consider the Prospectus in deciding whether to acquire New Shares and New Options under the

Entitlement Offer. Eligible Shareholders who want to acquire New Shares and New Options under the Entitlement Offer will need to complete the personalised Entitlement and Acceptance Form that is in or accompanies the Prospectus. Further instructions are contained in the Prospectus.

Shareholder enquiries

If you would like further information regarding the Entitlement Offer please call the Atrum Offer Information Line on (02) 8249 1884 (within Australia) or +61 2 8249 1884 (from outside Australia) at any time between 8.30am and 5pm (Sydney time) on Monday to Friday during the Entitlement Offer Period. For other questions, you should consult your broker, solicitor, accountant, taxation adviser, financial adviser or other professional adviser.

On behalf of the Company Board, I thank you for your continued support and look forward to the participation of Eligible Shareholders in the Entitlement Offer.

Yours faithfully

James Chisholm
Executive Chairman
Atrum Coal NL

Disclaimer

Note: The information in this letter is general information only. It does not constitute a recommendation to purchase New Shares and New Options or financial product advice and has been prepared without taking into account the investment objectives, taxation position, financial situation or needs of any particular investor.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS.



This letter does not constitute an offer to sell or a solicitation of an offer to buy, securities in the United States, or to any person that is, or is acting for the account or benefit of, any 'U.S. person' (as defined in Regulation S under the U.S. Securities Act of 1933 as amended (the U.S. Securities Act) (U.S. Person)). The securities referred to herein have not been, and will not be, registered under the U.S. Securities Act and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons unless the securities are registered under the U.S. Securities Act or an exemption from the registration requirements of the U.S. Securities Act is available.