

# Atrum Coal amends terms of acquisition of Elan Coal's hard coking coal properties

## HIGHLIGHTS

- Atrum Coal and the vendors of the Elan coking coal properties have agreed on an amendment to the Sales and Purchase Agreement (**SPA**) to allow Atrum Coal to acquire the properties directly rather than through Kuro Coal Ltd, subject to certain conditions precedent first being satisfied.
- Under the amendment, Atrum will assume all the rights and obligations of Kuro Coal in the original SPA, including the payments of C\$3.65M in Atrum shares at a price of A\$0.19 and C\$3M cash.
- As previously announced, the Elan properties consist of six (6) areas which are known to hold shallow emplacements of high quality hard coking coal. The Elan South project is adjacent and contiguous with the Riversdale Resources Grassy Mountain project, and is in close proximity to critical infrastructure for development (*refer Press release of 2 November 2017 noted below*).

Atrum Coal Limited ("**Atrum**" or the "**Company**") (ASX: ATU), is pleased to announce that Atrum's wholly-owned subsidiaries, Kuro Coal Limited ("**Kuro**") and Kuro Coal Canada Inc ("**Kuro Coal Canada**"), have agreed to new terms with the vendors of the Elan coking coal properties as noted below:

- Atrum will purchase all of the shares in Elan Coal Ltd ("**Elan**") (a company incorporated in Canada);
- Kuro will no longer seek to separately list on the ASX, TSX Venture Exchange or an alternative international exchange;



**Registered Office**  
Unit 1B, 205 – 207  
Johnston St, Fitzroy  
Vic, 3065  
Ph: +61 3 9191 0135  
E [info@atrumcoal.com](mailto:info@atrumcoal.com)  
[www.atrumcoal.com](http://www.atrumcoal.com)

**Board of Directors**  
Non-Exec Chairman C. Blixt  
Managing Director M. Wang  
Non-Executive Director G. Edwards  
Non-Executive Director C. Fear  
Non-Executive Director J. Chisholm  
Company Secretary J. Stedwell

**Key Projects**  
Groundhog Ownership: 100%  
Naskeena Ownership: 100%  
Bowron River Ownership: 100%

- Kuro and Kuro Coal Canada will assign all the rights and obligations in the original SPA to Atrum, and Atrum will assume the payments being C\$3.65M in Atrum shares at a price of A\$0.19 and C\$3.0M cash; and
- The transaction must be completed by 31 March 2018 unless all parties agree to an extension.

**(“Proposed Transaction”).**

Atrum Managing Director, Max Wang commented: *“We are very pleased with this amendment as it will eliminate the significant cost and management complexity of listing Kuro on a stock exchange, and thus is an obvious value increase for the Atrum shareholders.*

*“The Elan properties consist of six (6) different areas which are known to hold shallow emplacements of high quality hard coking coal. The first project we will target for development will be Elan South, which is adjacent and contiguous with the Riversdale Resources Grassy Mountain project.*

*“We now will have major premium metallurgical coal projects in two provinces in Canada: the Groundhog/Panorama Anthracite Projects in British Columbia and the Elan Hard Coking Coal Project in Alberta. Atrum is well positioned to benefit from the strong forecast metallurgical coal market.”*

## **About the Proposed Transaction**

As noted in the Company's ASX release of 23 August 2017 (“Kuro Coal to acquire Elan Coal hard coking coal properties”), Atrum's wholly owned subsidiary, Kuro Coal Ltd, would acquire 100% of the Elan hard coking coal project and then seek to list on an exchange. The Atrum board and management have since re-negotiated the deal with the Elan vendors to retain the Elan project in Atrum rather than in Kuro. There is now no need to list Kuro on a separate stock exchange – it will remain a subsidiary of Atrum.

The Company is currently in discussions with potential funding partners to enable the C\$3m payment to be made. Up to A\$5m is being sought by the Company to cover the payment to the Elan vendors and for the next phase of exploration at Elan, either through a capital raise or joint venture arrangement or a combination of both. Further details will be provided once the Company has finalised discussions with potential funding partners. Funding proposals have already been received and a number of discussions are on-going at present. The Company expects to resolve the Elan funding arrangements over the coming weeks.

Detailed information about the Elan property and original SPA agreement between Kuro Coal and Elan can be found in previous ASX announcements released by the Company, including,

- 4 December 2017, “Atrum clarifies Elan South Resource Estimate”;

- 2 November 2017, “Kuro Coal announces Elan South resource estimate”;
- 23 August 2017, “Kuro Coal to acquire Elan Coal hard coking coal properties”;
- 16 April 2015, “Kuro Coal clarification announcement – Elan Project”;
- 11 December 2014, “Major coal intersections at Elan Coking Coal Project”;
- 3 September 2014, “Kuro Coal to acquire major coking coal project”.

**For further information, contact:**

**Max Wang**

Managing Director

**M** +1 403 973 3137

**[mwang@atrumcoal.com](mailto:mwang@atrumcoal.com)**

**Justyn Stedwell**

Company Secretary

**M** +61 3 9191 0135

**[jstedwell@atrumcoal.com](mailto:jstedwell@atrumcoal.com)**

**Nathan Ryan**

Investor Relations

**M** +61 420 582 887

**[nathan@atrumcoal.com](mailto:nathan@atrumcoal.com)**

## COMPETENT PERSON STATEMENT

The information in the announcement to which this statement is attached that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on, and fairly represents, information compiled by Mr. John Gorham, Mr. William Miller and Mr. Bradley Ulry; Competent Persons who are Professional Geologists registered with the Association of Professional Engineers and Geoscientists of Alberta, in Canada.

Mr. John Gorham, Mr. William Miller and Mr. Bradley Ulry are employed by Dahrouge Geological Consulting Ltd. (Dahrouge). Dahrouge Geological Consulting Ltd. and all competent persons are independent from the issuer of this statement, Atrum Coal Limited.

Mr. John Gorham, Mr. William Miller and Mr. Bradley Ulry have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. John Gorham, Mr. William Miller and Mr. Bradley Ulry consent to the inclusion in the announcement of the matters based on their information in the form and context in which it appears.

## FORWARD LOOKING STATEMENT

This announcement may include 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 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 licenses 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's 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 announcement 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.