

Atrum Coal Limited

ACN 153 876 861

Prospectus

For the offer of 10,000 New Options at an issue price of \$0.015 per New Option to raise up to \$150 before expenses.

This Prospectus has been prepared primarily for the purpose of section 708A(11) of the Corporations Act to facilitate secondary trading of New Options proposed to be issued by the Company prior to the Closing Date. The Offer is only made to persons nominated by the Company.

Important information: *This Prospectus provides important information to assist prospective investors to decide whether or not to invest in the Company. It should be read in its entirety. If you do not understand it, you should consult your professional advisers.*

THE SECURITIES OFFERED BY THIS PROSPECTUS SHOULD BE CONSIDERED SPECULATIVE.

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Corporate directory

Directors

Max Wang

Managing Director & Chief Executive Officer

Charles Blixt

Non-Executive Chairman

James Chisolm

Non-Executive Director

George Edwards

Non-Executive Director

Charles Fear

Non-Executive Director

Company's Registered Office

Unit 1B, 205-207 Johnston Street
FITZROY VIC 3065
Australia

ASX Codes: ATU (ordinary shares)
ATUO (listed \$0.20 options
expiring 31 March 2021)

Tel: +61 2 8249 1884

Fax: +61 2 8249 1800

Web: <http://atrumcoal.com/>

Company Secretary

Justyn Stedwell

Share Registry*

Security Transfer Australia
PO Box 52
Collins Street West VIC 8007
Australia

Tel: 1300 992 916

Fax: +61 8 9315 2233

Web: www.securitytransfer.com.au/

Solicitors

Lavan
Level 20, The Quadrant
1 William Street
PERTH WA 6000
Australia

Auditors*

BDO Audit (WA) Pty Ltd
38 Station Street
SUBIACO WA 6000
Australia

**This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus.*

Indicative timetable

Lodge Prospectus with ASIC and ASX

7 June 2018

Opening Date of Offer

7 June 2018

Closing Date of Offer*

14 June 2018

***Note:** The Company reserves the right to bring forward or extend the Closing Date at any time after the Opening Date without notice.

Important notices

This Prospectus is dated 7 June 2018. A copy of the Prospectus was lodged with ASIC on that date. ASIC takes no responsibility for the content of this Prospectus.

No securities will be issued on the basis of this Prospectus later than 13 months after the date of the Prospectus. Application will be made to ASX within 7 days after the date of this Prospectus for the quotation of the New Options the subject of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus or the Offer, which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus or the Offer. No document or information included on our website is incorporated by reference into this Prospectus.

This Prospectus is a transaction specific prospectus for an offer of options to acquire continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as a prospectus for an initial public offering. In making statements in this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and their professional advisers.

This Prospectus does not constitute an offer in any place in which, or to persons to whom, it would not be lawful to make an offer. Distribution of this Prospectus in jurisdictions outside Australia may be restricted by law, and persons who come into possession of this Prospectus should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This document may not be distributed in the United States. This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. Any securities described in this document have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act of 1933 and applicable US state securities law.

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and our management. We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 4.

The Offer is only available to those who are personally invited to accept it. Applications for New Options offered pursuant to this Prospectus can only be made on an original Application Form.

Before deciding to invest in the Company prospective investors should read entirely this Prospectus and, in particular the risk factors set out in Section 4. They should carefully consider these factors in the light of their personal circumstances (including financial and taxation issues) and seek professional advice from their accountant, stockbroker, lawyer or other professional adviser before deciding to invest.

Any investment in New Options should be regarded as speculative.

Please read the privacy information located in Section 5.9. By submitting an Application Form, you consent to the matters outlined in that section.

Certain terms and abbreviations used in this Prospectus have defined meanings which are explained in the Glossary on page 33.

1 Details of the Offer

1.1 Background

On 21 March 2018 the Company announced the successful completion of a placement of Shares and New Options. Following receipt of the required Shareholder approvals at the Company's annual general meeting held on 31 May 2018, 49.5 million Shares (**Tranche 2 Shares**) and 80 million New Options (**Tranche 2 Options**) will be issued under the second tranche of that placement.

The Tranche 2 Shares and the Tranche 2 Options will be issued without disclosure under Chapter 6D of the Corporations Act.

Generally, section 707(3) of the Corporations Act requires that a prospectus is issued in order for a person to whom securities were issued without disclosure under Part 6D of the Corporations Act to offer those securities for sale within 12 months of their issue.

The Company proposes to issue a "cleansing notice" pursuant to section 708A(5) of the Corporations Act in respect of the Tranche 2 Shares, which provides an exemption from the requirement in section 707(3) of the Corporations Act. A "cleansing notice" is not able to be issued in respect of the Tranche 2 Options since they are not securities in a class which will have been quoted at all times in the 3 months before the date on which the Tranche 2 Options will be issued.

Section 708A(11) of the Corporations Act provides a further exemption from the requirement in section 707(3) of the Corporations Act where:

- 1.1.1 the relevant securities are in a class of securities that are quoted securities of the body; and
- 1.1.2 either:
 - (a) a prospectus is lodged with ASIC on or after the day on which the relevant securities were issued but before the day on which the sale offer is made; or
 - (b) a prospectus is lodged with ASIC before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and
- 1.1.3 the prospectus is for an offer of securities issued by the body that are in the same class of securities as the relevant securities.

The main purpose of this Prospectus and the Offer made under it is to comply with section 708A(11) of the Corporations Act so that the Tranche 2 Options can be offered for sale within 12 months of their issue.

1.2 Securities offered for issue

Under this Prospectus, the Company offers for subscription up to 10,000 New Options at an issue price of \$0.015 per New Option to raise up to \$150 before expenses. The Offer is only extended to specific unrelated persons identified by the Board and is not open to the general public.

The rights and liabilities of the New Options offered under this Prospectus, and of the Shares into which the New Options will convert if validly exercised, are summarised at Section 3.

The Offer will open on the Opening Date and close on the Closing Date.

1.3 Minimum subscription

There is no minimum subscription in respect of the Offer.

1.4 Applications

Applications for New Options under the Offer must only be made by investors at the specific invitation of the Company and must be made using the Application Form.

By completing an Application Form, you will be taken to have declared that all details and statements made by you are complete and accurate and that you have personally received the Application Form together with a complete and unaltered copy of this Prospectus.

Application Forms must be accompanied by a personal cheque or a bank draft, payable in Australian dollars, for an amount equal to the number of New Options for which the Applicant wishes to apply multiplied by the issue price of \$0.015 per New Option. Cheques or bank drafts should be made payable to “**Atrum Coal Limited**” and crossed “Not Negotiable”. No brokerage or stamp duty is payable by Applicants. The amount payable on application will not vary during the period of the Offer.

Applicants should ensure that cleared funds are available at the time the Application Form is lodged, as dishonoured cheques will result in the Application Form being rejected.

Application monies will be held in trust in a subscription account established and controlled by the Company until the allotment of New Options under the Offer has taken place or the application monies are returned. Any interest that accrues will be retained by the Company and will not be paid to Applicants.

Detailed instructions on how to complete the Application Form are set out on the reverse of the form.

Completed Application Forms and accompanying cheques or bank drafts should be delivered or posted to:

Atrum Coal Limited
Unit 1B, 205-207 Johnston Street,
FITZROY VIC 3065
Australia

Application Forms and accompanying cheques or bank drafts must be received at the above address by no later than 5.00pm AEST on the Closing Date.

The Directors will determine the allottees of all the New Options offered under the Offer in their sole discretion. The Directors reserve the right to reject any application or to allocate any Applicant fewer New Options than the number applied for. Where the number of New Options issued under the Offer is less than the number applied for, or where no issue is made, surplus application monies will be refunded without any interest to the Applicant as soon as practicable after the Closing Date.

The Directors reserve the right to withdraw all or part of the Offer and this Prospectus at any time, subject to applicable laws, in which case application monies will be refunded without any interest to the Applicant in accordance with applicable law.

1.5 Underwriter

The Offer is not underwritten.

1.6 ASX listing

Application for Official Quotation by ASX of the New Options offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus.

If the New Options are not admitted to Official Quotation by ASX before the expiration of 3 months after the date of issue of this Prospectus, or such period as varied by ASIC, the Company will not issue any New Options pursuant to the Offer and will repay all application monies for the New Options within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the New Options is not to be taken in any way as an indication of the merits of the Company or the New Options now offered for subscription.

1.7 Issue

The issue of New Options offered under the Offer will take place as soon as practicable after the Closing Date.

Holding statements for New Options issued to the issuer sponsored subregister and confirmation of issue for Clearing House Electronic Subregister System (**CHES**) holders will be mailed to Applicants being issued New Options pursuant to the Offer as soon as practicable after their issue.

1.8 Applicants outside Australia

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

If you are outside Australia it is your responsibility to obtain all necessary approvals for the issue of the New Options pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by you that all relevant approvals have been obtained.

1.9 Enquiries

Any queries regarding the Offer should be directed to Justyn Stedwell, Company Secretary, on +61 3 9191 0135.

2 Use of funds and effect of the Offer

2.1 Use of funds

As set out in Section 1.1, this Prospectus has been prepared primarily for the purpose of section 708A(11) of the Corporations Act to facilitate secondary trading of the Tranche 2 Options, rather than to raise funds.

Under the Offer, an amount of \$150 (before expenses) will be raised (assuming the Offer is fully subscribed). All of the funds raised from the Offer will be applied towards the expenses of the Offer.

2.2 Effect of the Offer on capital structure

Up to 10,000 New Options will be issued under the Offer. The Company's capital structure upon completion of the Offer (and taking account of the proposed issue of the Tranche 2 Shares and Tranche 2 Options) is summarised below:

Shares	Number¹
Shares currently on issue	309,740,778
Tranche 2 Shares	49,500,000
Shares to be issued pursuant to the Offer	Nil
Total Shares on completion of the Offer¹	359,240,778
Options²	Number¹
Unlisted Options exercisable at \$0.596 each on or before 2 July 2018	8,198,786
Unlisted Options exercisable at \$0.46 each on or before 15 August 2018	541,964
Unlisted Options exercisable at \$0.646 each on or before 14 November 2018	442,438
Unlisted Options exercisable at \$0.746 each on or before 16 February 2019	3,000,000
Unlisted Options exercisable at \$0.596 each on or before 31 October 2018	1,063,636
Unlisted Options exercisable at \$0.176 each on or before 1 December 2018	500,000
Unlisted Options exercisable at \$0.226 each on or before 1 December 2018	1,400,000
Unlisted Options exercisable at \$0.396 each on or before 1 June 2019	1,900,000
Unlisted Options exercisable at \$0.496 each on or before 1 December 2019	3,000,000
Unlisted Options exercisable at \$0.696 each on or before 1 June 2020	4,400,000
Unlisted Options exercisable at \$0.996 each on or before 1 December 2020	4,400,000
Listed New Options already on issue	19,937,639
Tranche 2 Options	80,000,000
New Options to be issued pursuant to the Offer ³	10,000
Total Options on completion of the Offer^{1,3}	128,794,463
Performance rights	Number¹
Unquoted performance rights currently on issue	750,000
Performance rights to be issued pursuant to the Offer	Nil
Total performance rights on completion of the Offer¹	750,000

Notes:

1. Assumes no Options currently on issue are exercised, or Performance Rights currently on issue vest, before completion of the Offer. The Company notes that the vesting conditions attaching to the Performance Rights have not been satisfied as at the date of this Prospectus. For clarity, those conditions are set out in Note 20 to the Company's consolidated financial statements for the year ended 30 June 2016 and are replicated below:

- 312,500 Class 7 Performance Rights will convert into Shares upon the Company completing a positive bankable feasibility study at any of the projects the Company has a beneficial interest in; and
- 437,500 Class 8 Performance Rights will convert into Shares upon the Company successfully securing a binding unconditional off-take agreement with a suitable party as agreed by the Company in respect of any of the projects in which the Company has a beneficial interest.

Whilst there is currently no certainty as to whether these vesting conditions will be satisfied, if they are satisfied, the number of Shares on issue will increase by 750,000 Shares.

2. The exercise prices of the tranches of unlisted options on issue has been adjusted in accordance with the formula in ASX Listing Rule 6.22.2 as a result of the Company's entitlements issue completed on 2 May 2018.

3. Assumes that the Offer is fully subscribed.

2.3 Effect of the Offer on financial position

After paying for the expenses of the Offer of approximately \$10,000, there will be no proceeds from the Offer. The expenses of the Offer (to the extent that they exceed the amount raised under the Offer) will be met from the Company's existing cash reserves.

The Directors do not consider that the Offer will have a material effect on the Company's financial position. The effect of the Offer on the Company's financial position will be receipt of funds of \$150 (assuming the Offer is fully subscribed) less expenses of the Offer of approximately \$10,000.

3 Rights and liabilities attaching to securities

3.1 Rights and liabilities attaching to New Options

The terms of the New Options offered under this Prospectus are as follows:

- 3.1.1 **Entitlement:** Subject to paragraph 3.1.13 each New Option entitles the holder to subscribe for one Share upon exercise of the New Option.
- 3.1.2 **Exercise Price:** Subject to paragraphs 3.1.10 and 3.1.12, the amount payable upon exercise of each New Option will be \$0.20 (**Exercise Price**).
- 3.1.3 **Expiry Date:** Each New Option will expire at 5:00pm (AWST) on 31 March 2021 (**Expiry Date**). A New Option not exercised before that time will automatically lapse and be cancelled at that time.
- 3.1.4 **Exercise Period:** The New Options are exercisable at any time on or prior to 5:00pm (AWST) on the Expiry Date (**Exercise Period**).
- 3.1.5 **Notice of Exercise:** The New Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the New Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each New Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.
- 3.1.6 **Exercise Date:** A Notice of Exercise is only effective on and from the later of:
- (a) the date of receipt of the Notice of Exercise; and
 - (b) the date of receipt of the payment of the Exercise Price for each New Option being exercised in cleared funds,
- (**Exercise Date**).
- 3.1.7 **Timing of issue of Shares on exercise:** Within 15 Business Days after the later of the following:
- (a) the Exercise Date; and
 - (b) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

but in any case no later than 20 Business Days after the Exercise Date, the Company will:

- (c) allot and issue the number of Shares required under these terms and conditions in respect of the number of New Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (d) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the

Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

- (e) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the New Options.

If a notice delivered under paragraph 3.1.7(d) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

- 3.1.8 **Shares issued on exercise:** Shares issued on exercise of the New Options rank equally with the then issued shares of the Company.
- 3.1.9 **Quotation of Shares issued on exercise:** If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the New Options.
- 3.1.10 **Reconstruction of capital:** If at any time the issued capital of the Company is reconstructed, all rights of each holder of one or more New Options are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- 3.1.11 **Participation in new issues:** There are no participation rights or entitlements inherent in the New Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the New Options without exercising the New Options.
- 3.1.12 **Adjustment for rights issue:** In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to Shareholders after the date of issue of the New Options, the Exercise Price will be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2.
- 3.1.13 **Adjustment for bonus issues of Shares:** If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):
 - (a) the number of Shares which must be issued on the exercise of a New Option will be increased by the number of Shares which the holder of the New Option would have received if the holder had exercised the New Option before the record date for the bonus issue; and
 - (b) no change will be made to the Exercise Price.

- 3.1.14 **Quoted:** The Company will apply for quotation of the New Options on ASX.
- 3.1.15 **Transferability:** The New Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

3.2 Rights and liabilities attaching to Shares

If validly exercised, the New Options will convert into Shares. The following is a summary of the more significant rights attaching to Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

3.2.1 General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution.

3.2.2 Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- (a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (c) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

3.2.3 Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

3.2.4 Winding-up

If the Company is wound up, any property that remains after satisfaction of all debts and liabilities of the Company and the payment of costs, charges and expenses of winding up will be distributed among the Shareholders in accordance with their respective rights.

Any amount that would otherwise be distributable to the holder of a partly paid Share must be reduced by the amount unpaid on that Share as at the date of distribution.

The liquidator may, with the authority of a special resolution of the Company, divide amongst the Shareholders the whole or any part of the Company's property and decide how the division is to be carried out between the Shareholders or classes of Shareholders. No Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

3.2.5 Shareholder liability

Fully paid shares are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

3.2.6 Transfer of Shares

Generally, Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the ASX Listing Rules.

3.2.7 Variation of rights

Pursuant to section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders, vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three-quarters

of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

3.2.8 **Alteration of Constitution**

The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

4 Investment risks

4.1 Introduction

There are a number of risks, both specific to the Company and of a general nature which may, either individually or in combination, affect the future operational and financial performance of the Company and the resources industry in which it operates, and the value of the New Options offered pursuant to this Prospectus and of the Shares into which they will convert if validly exercised.

The New Options offered under this Prospectus should be considered speculative because of the nature of the Company's business.

There are numerous risk factors involved with the Company's business. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, however many risks that may affect the Company are outside the Company's control and cannot be mitigated. Accordingly, an investment in the Company carries no guarantee with respect to the payment of dividends, return of capital or price at which New Options or Shares will trade.

The risks summarised below are not exhaustive and do not take into account the individual circumstances of investors. The Company does not give any assurances or guarantees of the future performance or profitability of the Company or the value of the New Options offered under this Prospectus. Additionally, the Company does not give any assurances or guarantees that the risks set out in this Prospectus will not change. The future dividends, the value of the Company's assets and the market value or price of New Options and Shares quoted on ASX may be influenced by these and other risk factors.

Every investor should:

4.1.1 rely on their own knowledge of the Company;

4.1.2 refer to disclosures made by the Company on ASX; and

consult their professional advisers before deciding whether to apply for New Options under the Offer.

4.2 Specific risks

4.2.1 Operating risks

- (a) **General operating risks:** The Company's operations in relation to any coal licences may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant, labour and equipment. No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of any coal licences.

- (b) **Strength of natural resources and coal sector:** The Company's future is influenced by the general state of the resources sector, and in particular, the export market for metallurgical coal.
- (c) **Achievement of business plans:** The Company has based its business plans on the delineation of economic coal resources, the achievement of which is dependent on a number of factors, some of which are outside the Company's control (for example, licence and permit delays, coal and anthracite prices, wages, fuel, material exchange rates and other inputs).
- (d) **Dependence on key management personnel:** The operating and financial performance of the Company is largely dependent on its ability to retain and attract key management personnel. Whilst the Company makes every effort to retain key management personnel, there can be no guarantee that it will be able to do so. Any loss of key management personnel could adversely affect the Company's business, results of operations or financial conditions and performance.
- (e) **Requirements for unforeseen capital expenditure:** The Company's development plans are continually being updated as new information becomes available, but like many development and mining businesses, there may be unforeseen capital expenditure risks.

4.2.2 **Specific risks associated with the Elan Coal Project**

- (a) **Exploration risk:** The Company intends to continue with an intensive exploration program on the tenements that comprise the Elan Coal Project. In the event that the planned drilling programs produce poorer than expected results, the value of the Company's assets and the viability of the Company's future operations may be significantly diminished.

The Elan Coal Project tenements are at various stages of exploration, and potential investors should understand that coal exploration and development are high risk enterprises that only occasionally provide high rewards. Even a combination of experience, knowledge and careful evaluation may not be able to overcome the inherent risk associated with exploring prospective tenements.

There can be no assurance that exploration of the tenements (or any other tenements that may be acquired in the future), will result in the development of an economically viable deposit of coal or other minerals. In addition to the high average costs of discovery of an economic deposit, factors such as demand for commodities, fluctuating coal prices and exchange rates, limitations on activities due to weather, difficulties encountered with geological structures and technical issues, labour disruptions, problems obtaining project finance, share price movements that affect access to new capital, counterparty risks on contacts, proximity to infrastructure (given the size of the area covered by the tenements), changing government regulation (including with regard to taxes, royalties, the export of minerals, employment and environmental protection), native title

issues and equipment shortages can all affect the ability of a company to profit from any development opportunity.

- (b) **Regulatory approvals:** If a viable coal deposit(s) is to be developed, the Company will need to apply for a range of environmental and development authorisations, including approvals permitting open cut coal mining in Category 2 Alberta Land. These approvals may or may not be granted on satisfactory terms. Failure to receive, or delay in receiving, required approvals may affect the Company's operations and performance. Even if an apparently viable coal deposit is identified, there is no guarantee that it can be profitably mined.
- (c) **Development and infrastructure risk:** The discovery of coal deposits is dependent on a number of factors, including the technical skill of the exploration personnel involved and the success of the adopted exploration plan. In addition, there can be a time lag between the commencement of drilling and, if a viable coal deposit(s) is discovered, the commencement of commercial operations. Reasons for this include the need to build and finance significant infrastructure.
- (d) **Departure from assumptions:** The expected exploration and development costs in relation to the Elan Coal Project are based on certain assumptions with respect to the method and timing of exploration and development. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

The actual expenditure and exploration work undertaken will depend on the results generated. As such, actual expenditure may differ from budgeted expenditure.

4.2.3 **Specific risks associated with the Groundhog North Mining Project**

- (a) **Groundhog North Mining Complex:** The viability of the Groundhog North Mining Complex is subject to completion of all licensing and securing adequate investment or off-take agreements and funding. Typical of coal projects, the Groundhog North Mining Complex is also subject to environmental risks, and social and community risk.
- (b) **Water supply:** The water supply for the Groundhog North Mining Complex, as well as other projects in the Groundhog anthracite field and other coal projects held by the Company or joint ventures involving the Company will be sourced from individual locations. The Company will be required to apply for and obtain water use licences from the relevant governmental authorities. The process for obtaining a water use licence may be a lengthy one and the Company's operations may be adversely affected in the event that the relevant licences are not obtained in a timely fashion. An inadequate water supply would negatively impact any of the Company's proposed projects.

- (c) **Infrastructure:** In order to access coal fields and connect coal fields to export ports and customers, infrastructure access is required. In some cases, no infrastructure exists in terms of roads, rail, power, communications, accommodation, etc. and various permits and capital expenditure are required in order to ensure site and customer access is obtained. The process for obtaining the relevant permits and securing the capital and approvals necessary may be lengthy and the Company's operations may be adversely affected in the event that a permit or capital is not obtained in a timely fashion.

4.2.4 **The Company has no history of earnings and no production revenues**

The Company has no recent history of earnings and has not commenced commercial production on any of its properties. The Company has experienced losses from exploration operations and expects to continue to incur losses until production commences and reaches the required level. There can be no assurance that the Company will be profitable in the future. The Company's operating expenses and capital expenditures are likely to increase in future years as needed consultants, personnel and equipment associated with construction and commercial production of its mines, are added. The amounts and timing of expenditures will depend on the progress of construction activities and production ramp up.

The Company expects to continue to incur losses until such time as its properties enter into commercial production and generate sufficient revenues to fund its continuing operations.

4.2.5 **The Company has a limited operating history**

The Company has limited operating history on which it can base an evaluation of its prospects. Despite this, members of the Company's Board of Directors and management team have considerable experience in developing and mining of coal projects both globally and in Canada.

4.2.6 **Title risk**

Coal licences are governed by legislation relating to grant, renewal and forfeiture. There is no guarantee that current or future applications, conversions or renewals of tenure will be approved. The Company's coal licences will be subject to a number of specific legislative conditions, including payment of rent and meeting minimum annual expenditure commitments. An inability to meet these conditions in relation to the coal licences could affect the standing of these coal licences or restrict their ability to be renewed, adversely affecting the Company's operations, financial position and performance.

4.2.7 **Country risk**

The financial performance of each of the Company's foreign operations may be adversely impacted by current or future fiscal or regulatory regimes, local laws and regulations or changes to the economic, political, judicial, administrative and/or security, climate, policies or conditions in those geographies.

The Company is primarily conducting its activities in Canada. The Directors believe that the governments of Canada support the development of natural resources by foreign investors. However, there is no assurance that future

political and economic conditions in Canada will not result in the governments of Canada adopting different policies regarding foreign development and ownership of mineral resources. Any changes in policy may result in legislative changes affecting ownership of assets, taxation, rates of exchange, environmental protection, labour relations, repatriation of income and return on capital, all of which may affect the Company's ability to develop the coal licences.

Any potential future Canadian operations of the Company are subject to a number of risks, including:

- (a) potential difficulties in enforcing agreements and collecting receivables through foreign local systems;
- (b) potential difficulties in protecting rights and interests in assets;
- (c) increases in costs for transportation and shipping; and
- (d) restrictive governmental actions, such as imposition of trade quotas, tariffs and other taxes.

Any of these factors could materially and adversely affect the Company's business, results of operations and financial condition.

4.3 General risks

4.3.1 **Market:** The market price of New Options and Shares will fluctuate due to various factors, many of which are non-specific to the Company, including recommendations by brokers and analysts, Australian and international general economic conditions, inflation rates, interest rates, changes in government, fiscal, monetary and regulatory policies, global geopolitical events, hostilities and acts of terrorism, demand for listed securities and investor perceptions. In the future, these factors may cause New Options or Shares to trade at a lower price and/or cause the value of New Options offered under this Prospectus to rise or fall below their issue price, or Shares issued pursuant to exercise of the New Options to fall below the exercise price. Stock markets, including the ASX, have exhibited increased volatility in recent times as a result of economic conditions. Continued volatility could negatively impact the value of the New Options and the Shares.

4.3.2 **Commodity and currency volatility:** If the Company achieves success leading to coal production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and currency exchange rate risks.

The Company operates in Canada where the Company's capital expenditure and ongoing expenditure and sales contracts are denominated in Canadian Dollars and United States Dollars. The Company currently does not engage in any hedging or derivative transactions to manage foreign exchange risk. As the Company's operations change, its directors will review this policy periodically going forward. There can be no assurance that fluctuations in foreign exchange rates will not have a material adverse effect upon the Company's financial performance and results of operations.

The value of the Company's assets may be affected by fluctuations in commodity prices and exchange rates, such as the USD denominated Anthracite and Hard Coking Coal prices and the AUD / USD / CAD exchange rates.

These prices can fluctuate, and are affected by numerous factors beyond the Company's control. These factors include weather events, demand for alternative products, forward selling by producers, and production cost levels of competitors. Other factors include expectations regarding inflation, the financial impact of movements in interest rates, coal price forward curves, global economic trends, confidence and conditions, and domestic and international fiscal, monetary and regulatory policy settings. Future production from the Company's coal properties will be dependent upon the Anthracite and Hard Coking Coal prices being sufficient to make these properties economic.

If the Company achieves development success which leads to viable mining production, its financial performance will be highly dependent on the prevailing commodity prices.

These factors can affect the value of the Company's assets and the supply and demand characteristics of Anthracite and Hard Coking Coal prices, and may have an adverse effect on the viability of the Company's development and production activities, its ability to fund those activities and the value of its assets.

- 4.3.3 **Asset impairment:** The Board regularly monitors impairment risk. Consistent with accounting standards, the Company is periodically required to assess the carrying value of its assets. Where the value of an asset is deemed to be less than its carrying value, the Company is obliged to recognise an impairment charge in its profit and loss account. Impairment charges can be significant and operate to reduce the level of a company's profits and potentially, its capacity to pay dividends. Impairment charges are a non-cash item.
- 4.3.4 **Insurance:** The Company insures its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company. Insurance against all risks associated with mining exploration and production is not always available and where available the costs can be prohibitive.
- 4.3.5 **Competition:** The industry in which the Company is involved in is subject to domestic and global competition. Although the Company undertakes all reasonable due diligence in its business decisions and operations, the Company has no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.
- 4.3.6 **Taxation:** Future changes in taxation law, including changes in interpretation or application of the law by the courts or taxation authorities in Australia and Canada, or other relevant jurisdictions in which the Company operates, may affect taxation treatment of an investment in New Options or Shares or the holding and disposal of those securities. Further, changes in tax law, or changes in the way tax law is expected to be interpreted, in the various jurisdictions in

which the Company operates, may impact the future tax liabilities of the Company.

- 4.3.7 **Litigation and commercial disputes:** As with all businesses, the Company is exposed to potential legal and other claims or disputes in the course of its business. Although the Company seeks to minimise the risk of such claims arising, and their impact if they do arise, such claims will arise from time to time and could adversely affect the Company's business, results of operations or financial condition and performance.
- 4.3.8 **Environmental:** the operations and proposed activities of the Company are subject to laws and regulation concerning the environment. As with most coal exploration and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws and mitigate any adverse impact on the environment. All mine designs contemplated by the Company are low environmental impact designs, with continuous rehabilitation programs to ensure minimal environmental impact. As well, the Company's key project at Groundhog is anthracite, which can be activated and potentially used as filter media in water treatment plants.
- 4.3.9 **Labour:** The Company's operations may be adversely affected by labour disputes or changes in Canadian labour laws. Significant labour disputes, work stoppages, increased employee expenses as a result of collective bargaining and the cost of compliance with labour laws could disrupt operations and affect the profitability of the prospecting rights and any future mining and exploration activities undertaken by the Company.
- 4.3.10 **Occupational health and safety:** The Company is committed to providing a healthy and safe environment for its personnel, contractors and visitors. Mining activities have inherent risks and hazards. The Company provides appropriate instructions, equipment, preventative measures, first aid information and training to all stakeholders through its occupational, health and safety management systems.
- 4.3.11 **Future funding risks**
- In the ordinary course of operations and development, the Company is required to issue financial assurances, particularly insurances and bond/bank guarantee instruments, to secure statutory and environmental performance undertakings and commercial arrangements. The Company's ability to provide such assurances is subject to external financial and credit market assessments, and its own financial position.

The Company will require additional funding to progress its projects beyond the planned development and other work programs outlined to date. There is no assurance that the Company will be able to access future funding on favourable terms, or at all. Any additional equity financing may dilute shareholdings and debt financing, if available, may place restrictions on operating and financing activities. If the Company cannot acquire additional financing then it may be forced to alter its plan of operations.

4.3.12 **General economic climate**

The Company's performance may be significantly affected by changes in economic conditions and particularly conditions which affect the mining and exploration industries. The profitability of the Company's business may be affected by some or all of the factors listed below:

- (a) future demand for coal;
- (b) general financial issues which may affect policies, exchange rates, inflation and interest rates;
- (c) deterioration in economic conditions, possibly leading to reductions in consumer spending and other potential revenues which could be expected to have a corresponding adverse impact on the Company's operating and financial performance;
- (d) the strength of the equity and share markets in Australia and throughout the world;
- (e) financial failure or default by any entity with which the Company may become involved in a contractual relationship;
- (f) industrial disputes in Australia and overseas;
- (g) natural disasters and extreme weather conditions;
- (h) changes in investor sentiment toward particular market sectors;
- (i) the demand for, and supply of, capital and finance; and
- (j) terrorism or other hostilities.

4.3.13 **Government policies, legislation and accounting standards**

The Company's activities may be impacted by regulatory or other changes implemented by Australian or Canadian governments. A change in laws that impact on the Company's operations, such as land access, native title, environmental protection, carbon emissions, labour, mining, taxation and royalties, could have an adverse impact on the Company's operations. Mining industry activities are subject to discretionary regulations and approvals, the exercise of which cannot always be predicted.

Changes in accounting standards or the interpretation of those accounting standards that occur after the date of this Prospectus may impact adversely on the Company's reported financial performance.

4.3.14 **Insurance**

The Company intends to ensure that insurance is maintained to address insurable risks within ranges of coverage the Company believes to be consistent with industry practice, having regard to the nature of the Company's activities. However, no assurance can be given that the Company will be able to obtain insurance cover for all risks faced by the Company at reasonable rates or that the insurance cover it arranges will be adequate and available to cover all

possible claims. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

4.3.15 Liquidity and realisation risk

There can be no guarantee that an active market in the New Options or Shares will develop or continue, or that the market price of the New Options or Shares will increase. If a market does not develop or is not sustained, it may be difficult for investors to sell their securities, as there may be relatively few, if any, potential buyers or sellers of the securities on ASX at any time. Volatility in the market price for New Options may result in investors receiving a price for their New Options that is less or more than the issue price under the Offer, or (if New Options are validly exercised) a price for the resulting Shares that is less than or more than the exercise price.

4.3.16 Political factors

The Company may be affected by the impact that political factors have on the various world economies or the Australian economy or on financial markets and investments generally or specifically.

4.3.17 Stock market conditions

The market price of the New Options and Shares when quoted on the ASX may be influenced by international and domestic factors affecting conditions in equity and financial markets. These factors may affect the prices for the securities of companies quoted on the ASX, including the Company.

4.4 Investment speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the Company's financial performance and the value of the New Options offered under this Prospectus and the Shares into which those New Options will convert if validly exercised.

Therefore, the New Options to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for New Options pursuant to this Prospectus.

5 Additional information

5.1 Disclosing entity

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. The Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus” for the purposes of section 713 of the Corporations Act. In general terms, a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on a company and the rights and liabilities attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the three months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- 5.1.1 it is subject to regular reporting and disclosure obligations;
- 5.1.2 copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- 5.1.3 it will provide a copy of:
 - (a) the annual financial report of the Company for the financial year ended 31 December 2017, being the most recent financial report for a financial year of the Company lodged with the ASIC before the issue of this Prospectus; and
 - (b) any continuous disclosure notices given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of that annual report and before the lodgement of this Prospectus with ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be obtained free of charge from the Company’s registered office during normal office hours. The

Company has lodged the following announcements with ASX since lodgement of the 31 December 2017 annual financial report and before the lodgement of this Prospectus:

Date	Description of announcement
29 March 2018	Appendix 4G
29 March 2018	Notice under section 708A of the Corporations Act
4 April 2018	Panorama North Project Update
4 April 2018	Posting of Prospectus – Non-Renounceable Entitlements Issue
26 April 2018	Notice of Annual General Meeting / Proxy Form
30 April 2018	Quarterly Cashflow Report
30 April 2018	Quarterly Activities Report
30 April 2018	Entitlement Offer Results & Shortfall Notification
2 May 2018	Appendix 3B – Entitlement Issue
7 May 2018	Change in substantial holding
8 May 2018	Change of Director's Interest Notice
8 May 2018	Change of Director's Interest Notice
9 May 2018	Change in substantial holding
11 May 2018	Change of Director's Interest Notice
15 May 2018	Change of Director's Interest Notice
15 May 2018	Atrum Coal Prepares for Exploration Program at Elan South
23 May 2018	Change of Director's Interest Notice
30 May 2018	Change of Director's Interest Notice
31 May 2018	Change of Director's Interest Notice
31 May 2018	Change of Director's Interest Notice
31 May 2018	Change of Director's Interest Notice
31 May 2018	AGM Presentation
31 May 2018	Chairman's Address
31 May 2018	Results of Meeting

ASX maintains files containing publicly available information from all listed companies. The Company's file is available for inspection at ASX during business hours.

The announcements are also available on the ASX platform at www.asx.com.au.

5.2 Interests of Directors

Other than as set out in this Prospectus, no Director, or any firm in which a Director is a partner holds, or has held within the 2 years preceding lodgement of this Prospectus with ASIC, any interest in:

- 5.2.1 the formation or promotion of the Company;
- 5.2.2 any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- 5.2.3 the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or to any firm in which a Director is a partner:

- 5.2.4 as an inducement to become, or to qualify as, a Director; or
- 5.2.5 for services provided in connection with the formation or promotion of the Company or the Offer.

Holdings of securities

The direct and indirect interests of the Directors in the Company's securities as at the date of this Prospectus are shown in the following table:

Director	Shares	Options	Performance Rights
Chuck Blixt	850,000	2,400,000	Nil
Max Wang	125,236	10,000,000	Nil
Charles Fear	3,890,000 ¹	2,690,000 ²	Nil
George Edwards	749,849	1,600,000	Nil
James Chisholm	42,701,384 ³	3,950,000 ⁴	750,000 ⁴
Total:	48,316,469	20,640,000	750,000

Notes:

1. 3,060,000 of these Shares are held by Argonaut Equity Partners Pty Limited.
2. 1,010,000 of these Options are held by Argonaut Equity Partners Pty Limited.
3. 40,512,266 of these Shares are held by Lenark Pty Limited as trustee for the Lenark Investment Trust and the remaining 2,189,118 Shares are held by Bucket Super Pty Limited as trustee for the Bucket Super Fund. Lenark Pty Limited is a company controlled by Mr Chisholm's spouse. Bucket Super Pty Limited is a company controlled by Mr Chisolm and his spouse.
4. Held by Lenark Pty Limited as trustee for the Lenark Investment Trust.

Remuneration

The Constitution provides that the remuneration of non-executive Directors will be not more than the aggregate fixed sum determined by a general meeting. The aggregate annual remuneration for non-executive Directors is currently capped at \$250,000.

The Company may also pay the Directors' travelling and other expenses that they properly incur:

- in attending Directors' meetings or any meetings of committees of Directors;
- in attending any general meeting of the Company; and
- in connection with the Company's business.

The remuneration paid to Directors for the financial years ended 30 June 2016 and 30 June 2017, and the six month transitional financial period ended 31 December 2017, together with the proposed remuneration for the current financial year, is set out in the following table:

Director	Year	Fees and salary (incl. super) (\$)	Share based payments (\$)	Total (\$)
Robert Bell ¹	FY 2016	287,736	114,085	401,821
	FY 2017	361,539	104,724	466,263
	HY 12 / 2017	Nil	Nil	Nil
	FY 2018	Nil	Nil	Nil
Chuck Blixt ²	FY 2016	Nil	Nil	Nil
	FY 2017	3,000	Nil	3,000
	HY 12 / 2017	24,598	22,031	46,629
	FY 2018	43,200	Nil	43,200
Craig Ian Burton ³	FY 2016	Nil	Nil	Nil
	FY 2017	22,500	Nil	22,500
	HY 12 / 2017	Nil	Nil	Nil
	FY 2018	Nil	Nil	Nil
Steve Boulton ⁴	FY 2016	36,000	Nil	36,000
	FY 2017	24,000	(28,980)	(4,980)
	HY 12 / 2017	Nil	Nil	Nil
	FY 2018	Nil	Nil	Nil
Max Wang ⁵	FY 2016	Nil	Nil	Nil
	FY 2017	Nil	Nil	Nil
	HY 12 / 2017	146,583	47,072	193,655
	FY 2018	350,000	Nil	350,000
Charles Fear ⁶	FY 2016	Nil	Nil	Nil
	FY 2017	Nil	Nil	Nil
	HY 12 / 2017	12,616	13,841	26,457
	FY 2018	36,000	Nil	36,000
George Edwards ⁷	FY 2016	Nil	Nil	Nil
	FY 2017	Nil	Nil	Nil
	HY 12 / 2017	12,616	13,841	26,457
	FY 2018	36,000	Nil	36,000
James Chisholm	FY 2016	138,100	Nil	138,100
	FY 2017	204,000 ⁸	Nil	204,000
	HY 12 / 2017	18,000	Nil	18,000
	FY 2018	36,000	Nil	36,000
Cameron Vorias ⁹	FY 2016	39,420	Nil	39,420
	FY 2017	36,000	(36,193)	(193)
	HY 12 / 2017	Nil	Nil	Nil
	FY 2018	Nil	Nil	Nil
John Wasik ¹⁰	FY 2016	30,000	Nil	30,000
	FY 2017	51,000	Nil	51,000

Director	Year	Fees and salary (incl. super) (\$)	Share based payments (\$)	Total (\$)
	HY 12 / 2017	Nil	Nil	Nil
	FY 2018	Nil	Nil	Nil

Notes:

1. Resigned as Executive Chairman on 16 January 2017.
2. Appointed as Non-Executive Director on 29 May 2017.
3. Appointed as Non-Executive Director on 1 January 2017 and resigned on 17 August 2017.
4. Resigned as Non-Executive Director on 24 November 2016. As a consequence, there was a reversal of unvested Share Based Payments recognised in previous years.
5. Appointed as Managing Director on 21 August 2017.
6. Appointed as Non-Executive Director on 17 August 2017.
7. Appointed as Non-Executive Director on 17 August 2017.
8. Amounts accrued and partly paid.
9. Resigned as Non-Executive Director on 21 January 2017. As a consequence, there was a reversal of unvested Share Based Payments recognised in previous years.
10. Resigned as Non-Executive Director on 24 November 2016.

5.3 Interests of experts and advisers

Other than as set out in this Prospectus, no:

- 5.3.1 person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- 5.3.2 promoter of the Company; or
- 5.3.3 underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with ASIC, any interest in:

- 5.3.4 the formation or promotion of the Company;
- 5.3.5 any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- 5.3.6 the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- 5.3.7 the formation or promotion of the Company; or
- 5.3.8 the Offer.

Lavan have acted as the Company's solicitors in relation to the Offer. The Company estimates Lavan will be paid approximately \$7,000 (excluding GST and disbursements) with respect to the Offer and this Prospectus. The Company and its subsidiaries have incurred fees with Lavan in an amount of approximately \$59,500 (excluding GST and disbursements) for other services provided in the 2 years prior to the date of this Prospectus.

5.4 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

5.5 Consents

Each person referred to in this Section:

- 5.5.1 has not caused or authorised the issue of this Prospectus;
- 5.5.2 does not make, or purport to make, any statement in this Prospectus other than those (if any) referred to in this Section; and
- 5.5.3 to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section (if any).

Lavan have given their written consent to being named as the solicitors to the Company in this Prospectus. Lavan have not withdrawn their consent prior to the lodgement of this Prospectus with ASIC.

5.6 Expenses of the Offer

The expenses of the Offer (assuming it is fully subscribed) are estimated to be \$13,000 (excluding GST) including ASIC, ASX, legal and printing costs. The expenses will be paid out of the Offer proceeds and the Company's existing cash reserves.

5.7 Clearing House Electronic Subregister System (CHES) and Issuer Sponsored holdings

The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be sent a statement that sets out the number of New Options issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Electronic sub-registers also mean ownership of securities can be transferred without having to rely upon paper documentation. A monthly statement will be sent to holders if there has been any change to the number of securities held during the preceding month. That statement is dispatched in the week following the relevant month end.

5.8 Electronic Prospectus

Subject to compliance with certain specified conditions, ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a compliant prospectus lodged with ASIC, and the publication of notices referring to an electronic prospectus or electronic application form.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company Secretary on +61 3 9191 0135 and the Company will send you, free of charge, either a hard copy or a further electronic copy of the Prospectus, or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or that any of those documents was incomplete or altered.

5.9 Privacy statement

The Company collects information about each Applicant from the Application Form for the purposes of processing and, if the application is successful, to administer the Applicant's holdings of securities in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information in the Application Form for the purposes set out in this Prospectus and may disclose it for those purposes to the Company's share registry, the Company's related bodies corporate, agents, contractors and third party service providers (including mailing houses), ASX, ASIC and other regulatory authorities.

If an Applicant becomes a holder of New Options, the Corporations Act requires the Company to include information about the holder (name, address and details of the securities held) in its public registers. This information must remain in the registers even if that person ceases to be a holder. Information contained in the Company's registers is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its investors) and compliance by the Company with legal and regulatory requirements. Successful Applicants may request access to their personal information held by (or on behalf of) the Company by telephoning or writing to the Company Secretary.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process your application.

6 Directors' authorisation

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with ASIC.

A handwritten signature in black ink, appearing to read 'Max Wang', is written over a horizontal line.

Max Wang
Managing Director & Chief Executive Officer
For and on behalf of
Atrium Coal Limited

7 Glossary

Where the following terms are used in this Prospectus they have the following meanings:

\$	means the official currency of the Commonwealth of Australia.
AEST	means Australian Eastern Standard Time as observed in Melbourne, Victoria.
Applicant	means a person who applies for New Options pursuant to the Offer using an Application Form.
Application Form	means the application form attached to or accompanying this Prospectus.
ASIC	means Australian Securities & Investments Commission.
ASX	means ASX Limited ACN 008 624 691 or the Australian Securities Exchange, as the context requires.
ASX Listing Rules	means the official listing rules of ASX.
AWST	means Australian Western Standard Time as observed in Perth, Western Australia.
Board	means the board of Directors as constituted from time to time.
Closing Date	means the closing date for receipt of an Application Form, being 14 June 2018 (subject to the Company reserving the right to extend the Closing Date or close the Offer early).
Company	means Atrum Coal Limited ACN 153 876 861.
Constitution	means the constitution of the Company.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Directors	means the directors of the Company.
Offer	means the offer of New Options under this Prospectus, as described in Section 1.
Official Quotation	means official quotation by ASX in accordance with the ASX Listing Rules.
Opening Date	means 7 June 2018.
Option	means an option to subscribe for a Share.
New Option	means an option to subscribe for a Share on the terms and conditions set out in Section 3.1.
Performance Right	means a right to be issued a Share, granted under the Company's performance rights plan.
Prospectus	means this prospectus.
Section	means a section of this Prospectus.
Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means a holder of one or more Shares.
Tranche 2 Options	has the meaning given in Section 1.1.

Tranche 2 Shares has the meaning given in Section 1.1.
