

Atrum Coal NL

ACN 153 876 861

Prospectus

For a one (1) for 17 fully underwritten non-renounceable pro rata entitlement offer of new fully paid ordinary shares in Atrum Coal NL ACN 153 876 861 at an issue price of \$0.50 per new share to raise approximately \$5 million, together with one (1) new option free of charge for every two (2) new shares subscribed for under the entitlement offer. Each new option is exercisable for one (1) share at an exercise price of \$0.80 per new option at any time up to and including 5pm (AEST) on 25 August 2017.

If the Entitlement Offer is oversubscribed or Atrum receives interest from third party investors, Atrum may, in its absolute discretion, raise up to an additional \$1 million under the Discretionary Placement.

The Entitlement Offer closes at 5pm (AEST) on Monday, 17 August 2015 (unless extended). Valid applications must be received before that time.

The Entitlement Offer is fully underwritten by Blackwood Capital Pty Limited.

THIS DOCUMENT IS A TRANSACTION SPECIFIC PROSPECTUS ISSUED IN ACCORDANCE WITH SECTION 713 OF THE CORPORATIONS ACT. THIS PROSPECTUS CONTAINS IMPORTANT INFORMATION ABOUT THE ENTITLEMENT OFFER AND SHOULD BE READ IN ITS ENTIRETY, TOGETHER WITH THE ACCOMPANYING PERSONALISED ENTITLEMENT AND ACCEPTANCE FORM. AFTER READING THIS PROSPECTUS YOU SHOULD CONSULT YOUR STOCKBROKER, ACCOUNTANT, FINANCIAL ADVISER, TAXATION ADVISER, OTHER INDEPENDENT PROFESSIONAL ADVISER OR THE SHARE REGISTRY IF YOU HAVE ANY QUESTIONS. THE NEW SHARES AND NEW OPTIONS OFFERED UNDER THIS PROSPECTUS SHOULD BE CONSIDERED SPECULATIVE.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

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1. Notices

About this Prospectus

This Prospectus relates to the one (1) for 17¹ fully underwritten non-renounceable pro rata entitlement offer of new fully paid ordinary shares (**New Shares**) by Atrum Coal NL ACN 153 876 861 (**Atrum** or **Company**) at an issue price of \$0.50 per New Share to raise approximately \$5 million, together with one (1) new option free of charge for every two (2) New Shares subscribed for under the Entitlement Offer (**New Options**). Each New Option is exercisable for one (1) Share at an exercise price of \$0.80 per New Option at any time up to and including 5pm (AEST) on 25 August 2017 (the **Entitlement Offer**).

This Prospectus is dated 27 July 2015 (**Lodgement Date**) and was lodged with ASIC on the same date pursuant to section 718 of the Corporations Act. It is a transaction specific prospectus issued by Atrum in accordance with section 713(1) of the Corporations Act. This Prospectus expires on the date which is 13 months after the Lodgement Date, being 27 August 2016 (the **Expiry Date**), and no New Shares or New Options will be issued on the basis of this Prospectus after the Expiry Date.

Although Atrum's Shares are, as at the Lodgement Date, suspended from ASX, the Company continues to be subject to the continuous disclosure regime under the ASX Listing Rules. The Prospectus does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus, regard has been had to the fact that Atrum is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

ASIC and ASX disclaimer

A copy of this Prospectus has been lodged with ASIC and ASX. Neither ASIC nor ASX, nor any of their respective officers, take any responsibility for the contents of this Prospectus or the merits of the investment to which the Prospectus relates.

Defined Terms

¹ In the case of partly paid shares, on a one for 17 ratio adjusted to the extent necessary to reflect the amount that these partly paid ordinary shares are paid up.

A number of defined terms are used in this Prospectus. These terms are defined in section 12.1 of this Prospectus.

Unless otherwise stated or implied, references to times in this Prospectus are to the time in Sydney, New South Wales.

Risk Factors

Shareholders should note that there are a number of risks attached to their investment in Atrum. Please refer to section 9 of this Prospectus (Risk Factors) for further information on those risks.

These risks, together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the New Shares and New Options in the future. Accordingly, an investment in Atrum should be considered highly speculative.

No account of personal information

This Prospectus and the recommendations and other information contained in it do not constitute financial product advice. This Prospectus does not take into account the individual investment objectives, financial situation and particular needs of each Atrum Shareholder and it does not contain personal advice.

It is important that you read this Prospectus in its entirety before making any investment decision and any decision relating to the Entitlement Offer. Before making a decision about investing in the Entitlement Offer, you should seek advice from your stockbroker, accountant, financial adviser, taxation adviser or other independent professional adviser to determine whether it meets your objectives, financial situation and needs.

Forward Looking Statements

This Prospectus contains various forward looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'expects', 'intends' and other similar words that involve risks and uncertainties. Statements other than statements of historical fact may be forward looking statements. Atrum believes that it has reasonable grounds for making all statements relating to future matters attributed to it in this Prospectus.

Shareholders should note that such statements are subject to inherent risks and uncertainties in that they may be affected by a variety of known and unknown

risks, variables and other factors, many of which are beyond the control of Atrum.

Shareholders should note that any reference to past performance is not intended to be, nor should it be relied upon as, a guide to any future performance.

Actual results, values, performance or achievements may differ materially from results, values, performance or achievements expressed or implied in any forward looking statement. None of Atrum, its Officers or any person named in this Prospectus with their consent or any person involved in the preparation of this Prospectus makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any results, values, performance or achievements expressed or implied in any forward looking statement, except to the extent required by law. Shareholders should not place undue reliance on any such statement.

The forward looking statements in this Prospectus only reflect views held as at the date of this Prospectus. Subject to any continuing obligations under law or the ASX Listing Rules, Atrum and its respective Directors disclaim any obligation to revise or update after the date of this Prospectus any forward looking statements to reflect any change in the views, expectations or assumptions on which those statements are made. Any forward looking statement in this Prospectus is qualified by this cautionary statement.

These forward looking statements are subject to various risk factors that could cause actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in section 9 of this Prospectus (Risk Factors).

Prospectus availability

Eligible Shareholders will be mailed a copy of this Prospectus, together with a personalised Entitlement and Acceptance Form.

Eligible Shareholders in Australia and New Zealand can obtain a copy of this Prospectus on the ASX website (ticker: ATU) or a paper copy of this Prospectus by calling the Atrum Offer Information Line on (02) 8249 1884 (within Australia) or +61 2 8249 1884 (outside Australia) at any time from 8.30am to 5.00pm (AEST) Monday to Friday. Persons who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus. The electronic version of this

Prospectus on the Atrum or ASX websites will not include an Entitlement and Acceptance Form. Entitlement and Acceptance Forms will not be made available electronically. New Shares and New Options may only be issued on receipt of a completed Entitlement and Acceptance Form issued together with this Prospectus, or by paying by BPAY®, as applicable (see section 10 of this Prospectus for further information).

Any references to documents included on the Atrum website are provided for convenience only and none of the documents or other information on the website are incorporated by reference in this Prospectus.

The Corporations Act prohibits any person from passing on an Entitlement and Acceptance Form to another person unless it is attached to a hard copy of this complete Prospectus or the complete and unaltered electronic version of this Prospectus.

Maps and diagrams

Any charts, graphs and tables contained in this Prospectus are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in maps, diagrams, charts, graphs and tables is based on information available as at the date of this Prospectus.

Rounding

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Prospectus are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Prospectus.

Foreign Jurisdictions

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. As at the date of this Prospectus, no action has been taken to register or qualify the New Shares, New Options or the Entitlement Offer or to otherwise permit a public offering of New Shares or New Options outside of Australia or New Zealand.

This Prospectus (including electronic copies) may not be distributed or released, in whole or in part, in the United States. Neither the New Shares nor the New Options have been or will be registered under the US Securities Act or the securities laws of any state of the United States, and they may not be offered or sold in the United States. Such securities are being offered and sold solely

outside the United States pursuant to Regulation S under the US Securities Act.

Important information for New Zealand investors

This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 6D of the Corporations Act 2001 (Aust) and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.

This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 (Aust) and the regulations made under that Act set out how the offer must be made.

There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products.

The offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the financial products are able to be traded on a financial product market and you wish to trade the financial products through that market, you will have to make arrangements for a participant in that market to sell the financial products on your behalf. If the financial product market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the financial products and trading may differ from financial product markets that operate in New Zealand.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

Currency

Unless otherwise stated, the currency referred to in this Prospectus is Australian dollars.

Privacy

Atrum has collected your information from the Atrum register of Shareholders for the purpose of providing you with this Prospectus. The type of information Atrum has collected about you includes your name, contact details and information on your Shareholding in Atrum. Without this information, Atrum would be hindered in its ability to issue this Prospectus. The Corporations Act requires the name and address of Shareholders and option holders to be held in a public register. Your information may be disclosed on a confidential basis to Atrum's related bodies corporate and external service providers (such as the Share Registry and print and mail service providers) and may be required to be disclosed to regulators such as ASIC. If you would like details of information about you held by Atrum, please contact Security Transfer Registrars Pty Ltd of 770 Canning Highway, Applecross, WA 6153, Australia, or on (08) 9315 2333 (within Australia) or +61 8 9315 2333 (outside Australia) between 11:30am and 7:30pm (AEST) Monday to Friday.

No representations other than in this Prospectus

No person is authorised to give any information or to make any representation in connection with the Entitlement Offer which is not contained in this Prospectus.

Enquiries

If you have any questions on how to:

- (a) complete the personalised Entitlement and

Acceptance Form accompanying this Prospectus which Eligible Shareholders may use to apply for New Shares and New Options; or

- (b) take up the New Shares and New Options offered to you under the Entitlement Offer, either in full (and in which case, how to apply for Shortfall Securities) or in part,

please call the Atrum Offer Information Line between 8:30am and 5:00pm AEST Monday to Friday during the period from and including the date on which the Entitlement Offer opens until and including the date on which it closes:

Within Australia:

(02) 8249 1884

Outside Australia:

+61 2 8249 1884

If you have lost your Entitlement and Acceptance Form and would like a replacement form, please call the applicable number above.

Website

To view annual reports, shareholder information and company information about the Atrum Group, announcements, background information on the Atrum Group's operations and historical information, visit Atrum's website at www.atrumcoal.com

2. Chairman's letter

27 July 2015

Dear Shareholder,

On behalf of Atrum Coal NL ACN 153 876 861 (**Atrum** or **Company**), I would like to invite you to participate in a 1-for-17 fully underwritten non-renounceable pro rata entitlement offer of new fully paid ordinary Shares in Atrum (**New Shares**) at an issue price of \$0.50 per New Share, to raise approximately \$5 million, together with one (1) new option free of charge for every two (2) New Shares subscribed for under the Entitlement Offer (**New Options**). Each New Option is exercisable for (1) Share at an exercise price of \$0.80 per New Option at any time up to and including 5pm (AEST) on 25 August 2017 (**Entitlement Offer**).

If the Entitlement Offer is oversubscribed or Atrum receives interest from third party investors, Atrum may, in its absolute discretion, raise up to an additional \$1 million by way of the issue of New Shares at \$0.50 per New Share, together with one (1) New Option free of charge for every two (2) New Shares (together, the Additional Securities²) subscribed for by Institutional Investors procured or nominated by the Underwriter (**Discretionary Placement**).

The net proceeds of the Entitlement Offer will be used to enhance the value of Atrum's Canadian Groundhog Anthracite Project through the collection of bulk samples for potential off-take customers, complete and upgrade the highwall scoping study to PFS level, accelerate business development activities with potential off-takers, and cover general corporate costs. See section 6.1 of this Prospectus for further details.

The Entitlement Offer is fully underwritten by the Underwriter on the terms and conditions of the Underwriting Agreement. A summary of the underwriting arrangements in relation to the Entitlement Offer is detailed in section 7 of this Prospectus.

The issue price of \$0.50 per New Share represents a discount of approximately 58% to the closing price of \$1.19 on 3 June 2015 (being the last trading day before Atrum went into a trading halt on 4 June 2015 and voluntary suspension from quotation on 9 June 2015).

The Prospectus contains important information about the Entitlement Offer under the following headings:

- Key Dates;
- Investment Overview;

² All Additional Securities, if any, issued under the Discretionary Placement to Institutional Investors are offered and will be issued by the Company with disclosure to those investors under this Prospectus.

- Details of the Entitlement Offer;
- Shortfall Securities and Underwriting Arrangements;
- Company Overview;
- Risk Factors;
- How to Apply; and
- Additional Information.

Accompanying this Prospectus is a personalised Entitlement and Acceptance Form which contains details of your Entitlement. Your Entitlement may have value and it is important that you determine whether to take up your Entitlement.

If you are an Eligible Shareholder, to participate in the Entitlement Offer you need to either:

- pay your Application Monies by BPAY® (in which case you do not need to complete and post your Entitlement and Acceptance Form to the Share Registry), so that your funds are received before the Closing Date; or
- post to the Share Registry your personalised Entitlement and Acceptance Form accompanied by a cheque, bank draft or money order on account of your Application Monies, so that they are received before the Closing Date.

See section 10 of this Prospectus for further details.

Further information on the Entitlement Offer and Atrum's business is detailed in this Prospectus. You should read the entirety of this Prospectus carefully, in particular the "Risk Factors" described in section 9 of this Prospectus, before deciding whether to participate in the Entitlement Offer. 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). For other questions, you should consult your broker, solicitor, accountant, taxation adviser, financial adviser or other professional adviser without delay.

On behalf of the Board and management team of Atrum, I invite you to read this Prospectus carefully and consider this investment opportunity.

Yours sincerely



James Chisholm
Executive Chairman

3. Key dates for the Entitlement Offer

3.1. Key dates

| Event | Date |
|---------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
| Lodgement of this Prospectus with ASIC | Monday, 27 July 2015 |
| Record Date for the Entitlement Offer | 5pm, Friday, 31 July 2015 |
| Entitlement Offer opens | Thursday, 6 August 2015 |
| Entitlement Offer closes | 5pm, Monday, 17 August 2015 |
| Issue date for new securities issued under the Entitlement Offer, and if applicable, under the Discretionary Placement | Thursday, 27 August 2015 |
| Normal trading of New Shares issued under the Entitlement Offer, and if applicable, under the Discretionary Placement expected to commence on ASX | Friday, 28 August 2015 |
| Dispatch of holding statements | Friday, 28 August 2015 |
| Expiry date for New Options | 5pm, Friday, 25 August 2017 |

Dates and times in this Prospectus are indicative only and subject to change. All times and dates refer to AEST unless otherwise stated.

Atrum reserves the right, subject to the Corporations Act, ASX Listing Rules and other applicable laws, to vary any or all of the dates and times of the Entitlement Offer without prior notice, including extending the Entitlement Offer or accepting late applications, either generally or in particular cases, or to withdraw the Entitlement Offer without prior notice. Any extension of the Closing Date will have a consequential effect on the issue date of New Shares and New Options.

Applicants are encouraged to submit their personalised Entitlement and Acceptance Forms as soon as possible. No cooling-off rights apply to applications submitted under the Entitlement Offer.

The commencement of quotation of New Shares is subject to confirmation from ASX.

4. Investment Overview

The purpose of this section is to give Shareholders an investment overview to help them make an informed investment decision by highlighting key information in relation to the Entitlement Offer and the Company. It is an introduction to the Entitlement Offer and is not intended to replace the other sections of the Prospectus which Shareholders should read in full.

| Topic | Summary | For more information |
|-----------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|
| The Company and its business model | | |
| Issuer of New Shares and New Options under the Prospectus | Atrum Coal NL | Chairman's letter |
| Company's business | Atrum is a metallurgical coal explorer and developer. | Section 8 – Company Overview |
| Company's strategy | Atrum's strategy is to develop one of the world's largest known high grade anthracite deposits at Groundhog. | Section 8 – Company Overview |
| Entitlement Offer | | |
| Structure of the Entitlement Offer | <p>The Entitlement Offer is a 1 for 17 fully underwritten non-renounceable pro rata entitlement offer of new fully paid ordinary Shares in Atrum at an issue price of \$0.50 per New Share to raise approximately \$5 million, together with one (1) New Option free of charge for every two (2) New Shares subscribed for under the Entitlement Offer. Each New Option is exercisable for one (1) Share at an exercise price of \$0.80 per New Option at any time up to and including 5pm (AEST) on 25 August 2017.</p> <p>If the Entitlement Offer is oversubscribed or Atrum receives interest from third party investors, Atrum may, in its absolute discretion, raise up to an additional \$1 million under the Discretionary Placement by way of the issue of up to an additional 2 million New Shares at \$0.50 per New Share, together with one (1) New Option free of charge for</p> | Section 5 –Details of the Entitlement Offer |

| Topic | Summary | For more information |
|----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| | <p>every two (2) New Shares subscribed for. These Additional Securities, if applicable, will be issued to Institutional Investors procured or nominated by the Underwriter if there is sufficient demand for such securities as determined by the Underwriter after conducting a demand discovery or other bidding process in relation to those securities. All Additional Securities, if any, issued by the Company under the Discretionary Placement to Institutional Investors have been offered and will be issued to such investors with disclosure under this Prospectus.</p> | |
| Eligible Shareholder | <p>Eligible Shareholders are those holders of Shares and partly paid shares who:</p> <ul style="list-style-type: none"> • are registered as a holder of Shares and partly paid shares as at 5pm AEST on the Record Date; and • have an address on the Atrum share register in Australia or New Zealand or, if they have a registered address outside Australia or New Zealand, are eligible under all applicable securities laws in their particular jurisdiction to receive an offer under the Entitlement Offer without a prospectus, disclosure document or any lodgement, filing, registration or qualification; and • are not located in the United States and are not US Persons and not acting for the account of or benefit of US Persons; and • do not hold Shares as a result of post Record Date | Section 5.2.3 Participation in the Entitlement Offer and Section 12 – Glossary and Interpretation |

| Topic | Summary | For more information |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|
| | transactions. | |
| Maximum amount which may be raised under the Entitlement Offer (before costs and expenses) (not including any capital that may be raised on exercise of the New Options) | Approximately \$5 million | Section 5 – Details of the Entitlement Offer |
| Use of proceeds | The net proceeds of the Offer will be used to enhance the value of Atrum’s Canadian Groundhog Anthracite Project including obtaining additional bulk samples for potential development partners and offtakers, completing and upgrading the highwall scoping study to PFS level, to accelerate business development activities, and cover general corporate costs. | Section 5 – Details of the Entitlement Offer |
| Issue price per New Share | <p>The issue price for a New Share is \$0.50.</p> <p>This represents a discount of approximately 58% to the closing price on 3 June 2015 (being the last trading day before Atrum went into a Trading Halt on 4 June 2015 and suspension from quotation on 9 June 2015).</p> | Section 5 – Details of the Entitlement Offer |
| Entitlement | <p>Eligible Shareholders are entitled to:</p> <ul style="list-style-type: none"> • one (1) New Share for every 17 Shares held on the Record Date (rounded up to the nearest whole number of Shares) at an issue price of \$0.50 per New Share; and • one (1) New Option free of charge for every two (2) New Shares subscribed for under the Entitlement Offer. | Section 5 – Details of the Entitlement Offer |
| Shortfall Securities | Eligible Shareholders may apply for Shortfall Securities (that is, New Shares in excess of their Entitlement) under the Entitlement Offer. Shortfall | Section 7 – Shortfall Securities and Underwriting Arrangements |

| Topic | Summary | For more information |
|-------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|
| | <p>Securities will only be allocated to Eligible Shareholders if and to the extent that Atrum so determines, in its absolute discretion, having regard to the circumstances as at the time of the close of the Entitlement Offer. Any Shortfall Securities will be limited to the extent that there are sufficient Shortfall Securities from Eligible Shareholders who do not take up their full Entitlements. After allocation to Eligible Shareholders, the balance of Shortfall Securities will be allocated to the Underwriter.</p> <p>Atrum may apply any scale-back to the allocation of Shortfall Securities (in its absolute discretion). This means any application for Shortfall Securities may not be successful (wholly or partially). The decision by Atrum on the number of Shortfall Securities to be allocated to you will be final.</p> | |
| Additional Securities | If the Entitlement Offer is oversubscribed or Atrum receives interest from third party investors, Atrum may, in its absolute discretion, raise up to an additional \$1 million under the Discretionary Placement by way of the issue of up to 2 million New Shares at \$0.50 per New Share, together with one (1) New Option free of charge for every two (2) New Shares subscribed for. | |
| How do I accept my Entitlement? | See section 10 – How to apply? | Section 10 – How to apply? |
| Can I trade my Entitlement on ASX or otherwise transfer my Entitlement? | The Entitlement Offer is non-renounceable, which means that Entitlements are not tradeable on the ASX or otherwise transferable. | Section 5 – Details of the Entitlement Offer |

| Topic | Summary | For more information |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|
| | Shareholders who do not take up their Entitlements will not receive any value in respect of those Entitlements they do not take up. | |
| Maximum number of New Shares to be issued under the Entitlement Offer, together with any Additional Securities | <p>Approximately 10,011,416 New Shares to be issued under the Entitlement Offer.</p> <p>If Atrum decides, in its absolute discretion, to raise up to an additional \$1 million, the maximum number of New Shares to be issued will, in aggregate, be 12,011,416.</p> | Section 5, Details of the Entitlement Offer |
| Maximum number of New Options to be issued under the Entitlement Offer, together with any Additional Securities | <p>Approximately 5,005,708 New Options under the Entitlement Offer.</p> <p>If Atrum decides, in its absolute discretion, to raise up to an additional \$1 million, the maximum number of New Options to be issued will, in aggregate, be 6,005,708.</p> | Section 5, Details of the Entitlement Offer |
| Maximum number of Shares on issue after the Entitlement Offer (not including any Shares that may be issued on exercise of the New Options), together with New Shares forming part of the Additional Securities | <p>Approximately 180,204,375 Shares on issue after the Entitlement Offer.</p> <p>If Atrum decides, in its absolute discretion, to raise up to an additional \$1 million, the maximum number of Shares on issue after the Entitlement Offer and issue of New Shares forming part of the Additional Securities will, in aggregate, be 182,204,375.</p> | Section 5, Details of the Entitlement Offer |
| Maximum number of Options on issue after the Entitlement Offer, together with any ordinary shares forming part of the Additional Securities | <p>9,555,708 Options comprising:</p> <ul style="list-style-type: none"> • 5,005,708 New Options with an exercise price of \$0.80 expiring at 5pm (AEST) on 25 August 2017. • 100,000 Options with an exercise price of \$1.40 expiring | Section 5, Details of the Entitlement Offer |

| Topic | Summary | For more information |
|-----------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|
| | <p>on 14 March 2017;</p> <ul style="list-style-type: none"> • 150,000 Options with an exercise price of \$0.30 expiring on 30 January 2016; and • 4,330,000 Options with an exercise price of \$0.30 expiring on 1 July 2016. <p>If Atrum decides, in its absolute discretion, to raise up to an additional \$1 million, the maximum number of Options on issue after the Entitlement Offer and the issue of New Options forming part of the Additional Securities will, in aggregate, be 10,955,708, which represents an additional 1 million New Options.</p> | |
| <p>Is the Entitlement Offer underwritten?</p> | <p>The Entitlement Offer is fully underwritten by the Underwriter, pursuant to the Underwriting Agreement. The fees payable to the Underwriter and a summary of the key terms of the Underwriting Agreement are set out in section 7.2</p> | <p>Section Error! Reference source not found., Shortfall Securities and Underwriting Arrangements</p> |
| <p>What are the risk associated with an investment in Atrum</p> | <p>See section 9, Risk Factors</p> | <p>Section 9, Risk Factors</p> |

5. Details of the Entitlement Offer

5.1. Offer

The Company invites applications from Eligible Shareholders for subscription of approximately 10,011,416 New Shares pursuant to a fully underwritten non-renounceable pro rata entitlement offer of one (1) New Share for every 17 Shares held on the Record Date at an issue price of \$0.50 per New Share. Fractional entitlements will be rounded up to the nearest whole number.

For every two (2) New Shares subscribed for under the Entitlement Offer, the Company will also grant one (1) New Option free of charge, each exercisable for one (1) Share at an exercise price of \$0.80 per New Option at any time up to and including 5pm (AEST) on 25 August 2017.

Eligible Shareholders may apply for Shortfall Securities (that is, New Shares in excess of their Entitlement) under the Entitlement Offer. See sections 5.2.5 and **Error! Reference source not found.** of this Prospectus for more detail on Shortfall Securities.

If the Entitlement Offer is oversubscribed or Atrum receives interest from third party investors, Atrum may, in its absolute discretion, raise up to an additional \$1 million under the Discretionary Placement by way of the issue of New Shares at \$0.50 per New Share, together with one (1) New Option free of charge for every two (2) New Shares subscribed for by Institutional Investors invited to participate in the Discretionary Placement, if applicable.

5.2. The Entitlement Offer

5.2.1. Overview of the Entitlement Offer

Atrum is offering Eligible Shareholders the opportunity to subscribe for under the Entitlement Offer:

- (a) one (1) New Share for every 17 Shares held at 5pm AEST on the Record Date at the issue price of \$0.50 per New Share; and
- (b) one (1) New Option free of charge for every two (2) New Shares subscribed for under the Entitlement Offer, each exercisable for one (1) Share at an exercise price of \$0.80 per New Option at any time up to and including 5pm AEST on 25 August 2017.

All of the New Shares (and therefore, the Shortfall Securities) are fully paid ordinary shares in the share capital of Atrum. New Shares (and if applicable to you, Shortfall Securities) will rank

equally in all respects with existing ordinary Shares on issue at the date of this Prospectus.

5.2.2. Additional Securities

If the Entitlement Offer is oversubscribed or Atrum receives interest from third party investors, Atrum may, in their absolute discretion, raise up to an additional \$1 million by issue of New Shares at \$0.50 per New Share, together with one (1) New Option free of charge for every two (2) New Shares subscribed for under the Discretionary Placement.

All of the New Shares (and therefore, the Additional Securities) are fully paid ordinary shares in the share capital of Atrum. These new shares will rank equally in all respects with existing ordinary Shares on issue at the date of this Prospectus.

5.2.3. Participation in the Entitlement Offer

The Entitlement Offer is only open to Eligible Shareholders. Eligible Shareholders are those Shareholders who satisfy each of the following criteria:

- (a) are registered as a holder of Shares and partly paid shares as at 5pm AEST on the Record Date; and
- (b) have an address on the Atrum share register in Australia or New Zealand, or if they have a registered address outside Australia or New Zealand, are eligible under all applicable securities laws in their particular jurisdiction to receive an offer under the Entitlement Offer without a prospectus, disclosure document or any lodgement, filing, registration or qualification; and
- (c) are not located in the United States and are not US Persons and not acting for the account of or benefit of US Persons; and
- (d) do not hold Shares as a result of post Record Date transactions.

Shareholders who do not satisfy each of these criteria are '**Ineligible Shareholders**'. Ineligible Shareholders will be sent a letter notifying them of the Entitlement Offer and their ineligibility to participate in it on or about Thursday, 6 August 2015.

Atrum, in its absolute discretion, reserves the right to determine whether a Shareholder is an Eligible Shareholder and therefore is able to participate in the Entitlement Offer or an Ineligible Shareholder and therefore unable to participate in the Entitlement Offer.

If you are an Eligible Shareholder, you can apply to take up your Entitlement in full (and in which case, also apply for Shortfall Securities) or in part by following the instructions set out in section 10 of this Prospectus.

5.2.4. Non-renounceable Entitlement

The Entitlement Offer is non-renounceable, which means that Entitlements are not tradeable on the ASX or otherwise transferable. Shareholders who do not take up their Entitlements will not receive any value in respect of those Entitlements they do not take up.

5.2.5. Entitlements not taken up

All of the New Shares and New Options under the Entitlement Offer that are not applied for by Eligible Shareholders in accordance with the terms of the Entitlement Offer (if any) will form the shortfall securities (**Shortfall Securities**).

Eligible Shareholders may apply for Shortfall Securities (that is, New Shares in excess of their Entitlement) under the Entitlement Offer. Shortfall Securities will only be allocated to Eligible Shareholders if and to the extent that Atrum so determines, in its absolute discretion, having regard to the circumstances as at the time of the close of the Entitlement Offer.

The Directors will exercise this discretion in the manner that they consider to be most equitable to all Shareholders, which is likely to be based on a pro rata allocation of Shortfall Securities to Eligible Shareholders who applied for Shortfall Securities. However, the Directors reserve their absolute discretion to determine the manner in which Shortfall Securities are allocated to take into account the actual profile of the applications for Shortfall Securities received including the nature of over-subscriptions and the amount of any shortfall. For example, applications for Shortfall Securities may be scaled back if the Eligible Shareholder applying for Shortfall Securities has applied for a number of Shortfall Securities which is disproportionately large having regard to their existing holding (such that the shareholder may be attempting to game the Entitlement Offer to obtain an unfair advantage relative to other Shareholders).

This means any application for Shortfall Securities may not be successful (wholly or partially). The decision by Atrum on the number of Shortfall Securities to be allocated to you will be final. After allocation to Eligible Shareholders, the balance of Shortfall Securities will be allocated to the Underwriter.

5.2.6. Oversubscription of the Entitlement Offer or interest from third party investors

If the Entitlement Offer is oversubscribed or Atrum receives interest from third party investors, Atrum may, in its discretion, raise up to an additional \$1 million.

If an Eligible Shareholder has applied for Shortfall Securities and the demand for New Shares and New Options from Eligible Shareholders in excess of their Entitlement and from third party investors exceeds the number of Shortfall Securities, Atrum may, in its absolute discretion, decide to issue the Additional Securities under the Discretionary Placement.

The Additional Securities, if applicable, will be issued to Institutional Investors procured or nominated by the Underwriter if there is sufficient demand for such securities as determined by the Underwriter after conducting a demand discovery or other bidding process in relation to those securities. All Additional Securities, if any, issued by the Company under the Discretionary Placement to Institutional Investors have been offered and will be issued to such investors with disclosure under this Prospectus.

6. Purpose and effect of the Entitlement Offer

6.1. Use of Proceeds

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, an area constituting approximately 20% of Atrum’s Groundhog Anthracite Project;
- complete and upgrade the highwall mining scoping study in the Groundhog North Mining Complex to pre-feasibility stage;
- advance business development activities particularly in relation to the upcoming potential sell-down of a stake in the Groundhog North Mining Complex; and
- general corporate costs.

| Proceeds of the Entitlement Offer | Approximately \$5 million raised |
|-----------------------------------|----------------------------------|
| Groundhog North project | \$1,300,000 |
| Business development | \$700,000 |
| General working capital | \$2,600,000 |
| Expenses of the Entitlement Offer | \$400,000 |
| Total | \$5,000,000 |

If the Entitlement Offer is oversubscribed or Atrum receives interest from third party investors, Atrum may, in its absolute discretion, raise up to an additional \$1 million under the Discretionary Placement. These additional funds will be used for general working capital.

The planned use of funds may be subject to change, and will be contingent upon results, circumstances and other opportunities. The Board reserves the right to alter the way that funds are

applied on this basis. Between July and December 2015 Atrum received approximately C\$2 million³ METC refund. The CRA has confirmed a further METC refund of approximately C\$1.2 million will be paid to the Company shortly in H1⁴. In addition, the Company will apply for a further METC refund for approximately C\$3.2 million in H1⁵. Cash available for the Groundhog North project, business development and general working capital may be reduced on the basis that Lenark Pty Ltd may, at its election, subscribe for New Shares under the Entitlement Offer and/or its sub-underwriting arrangement by offsetting its subscription amounts against monies owing by Atrum to it under the Offset Loan Agreement (see section 11.9).

6.2. Historical and pro forma financial position

6.2.1. Overview

The selected historical consolidated financial information in relation to Atrum set out below has been extracted from the financial statements of Atrum for the six months ended 31 December 2014. These financial statements were subject to a review.

6.2.2. Introduction and basis of preparation and presentation of the pro-forma balance sheet

Atrum prepares its financial statements in accordance with the Australian equivalents to the International Financial Reporting Standards ('AIFRS'). The accounting policies upon which the pro-forma financial information has been prepared are set out in Atrum's financial statements for the year ended 30 June 2014. A copy of Atrum's annual report and financial statements for the year ended 30 June 2014 and half-year ended 31 December 2014 can be viewed on the ASX platform (ticker: ATU). The pro-forma consolidated balance sheet is presented in abbreviated form and does not contain all the disclosures that are usually found in financial statements prepared in accordance with the Corporations Act. This information is not represented as being indicative of Atrum's views on its future financial condition and/or performance.

The pro-forma balance sheet has been prepared for illustrative purposes only, to show the impact on the 31 December 2014 balance sheet of the gross proceeds of \$5,005,708 from the Entitlement Offer.

The pro forma balance sheet is not intended to be a statement of Atrum's current financial position. Atrum has not yet prepared its financial statements for the year ended 30 June 2015 (although, the Directors are not aware of any matter that has occurred post-31 December 2014 that would materially alter the pro-forma balance sheet as presented).

³ At noon on the date of this Prospectus, the AUD/CAD exchange rate as reported on Bloomberg was CAD0.9571.

⁴ H1 refers to the first half year of financial year 2016.

(a) Historical and pro-forma balance sheets –

| Atrum – balance sheet as at 31 December 2014 | | | |
|--------------------------------------------------------------|--------------------------------------------------------------------------|----------------------------------------------------------|---------------------------------------------|
| | Historical Consolidated (Reviewed) \$000 (Note 1) | Impact of the Entitlement Offer \$000 | Pro-Forma Consolidated \$000 |
| Current assets | | | |
| Cash and cash equivalents | 3.0 | 3.9 | 6.9 |
| Trade and other receivables | 1.0 | | 1.0 |
| Total current assets | 4.0 | 3.9 | 7.9 |
| Non-current assets | | | |
| Plant and equipment | 1.5 | | 1.5 |
| Exploration and evaluation expenditure | 8.3 | | 8.3 |
| Total non-current assets | 9.8 | | 9.8 |
| Total assets | 13.8 | 3.9 | 17.7 |
| Current liabilities | | | |
| Trade and other payables | 3.8 | | 3.8 |
| Other Financial Liabilities (Note 2) | 3.3 | | 3.3 |
| Total current liabilities | 7.1 | | 7.1 |
| Non-current liabilities | | | |
| Borrowings | 0.7 | (0.7) | - |
| Total non-current liabilities | 0.7 | (0.7) | - |
| Total Liabilities | 7.8 | (0.7) | 7.1 |
| Net assets | 6.0 | 4.6 | 10.6 |
| Equity | | | |
| Issued capital | 43.1 | 4.6 | 47.7 |
| Reserves | 1.6 | | 1.6 |
| Accumulated Losses | | | |
| Capital and reserves attributable to owners of Atrum Coal NL | | | |
| Non-Controlling Interests | (38.7) | | (38.7) |
| Total Equity | 6.0 | 4.6 | 10.6 |

Note 1: The following additional information should also be taken into consideration when evaluating the effects of the Entitlement Offer:

| | | |
|-----------------------|-----------------------------------------------------------------------------------------------------------|------------------------------|
| Offset Loan Agreement | Amount remaining under Lenark Offset Loan Agreement | \$2,108,162 |
| METC refund | Received from the CRA in July 2015 | C\$2 million ⁵ |
| METC refund | Confirmation from CRA that payment will be made in H1 ⁴ | C\$1.2 million |
| METC refund | Application to be submitted in H1 ⁴ , receipt is anticipated before the end of Q3 ⁶ | Approximately C\$3.2 million |

Note 2: Other Financial Liabilities include:

- as at 30 June 2015 Atrum had a US\$2 million promissory note incurring interest at 8% pa with Anglo Pacific Group PLC for the purchase of coal licenses and applications at Groundhog and Panorama, which is repayable on 9 September 2015 unless extended (for further details see section 9.6 of this Prospectus); and
- a liability of \$800,000 for convertible notes issued by Kuro Coal Limited, a wholly owned subsidiary of Atrum. Atrum will be calling a meeting of convertible noteholders to consider options in relation to the convertible notes including repayment in cash and/or Shares (for further details see section 9.4 of this Prospectus).

Note 3: Quarterly Cash Flow Reports:

- the above information should be considered together with the Atrum Quarterly Cash Flow Report released on 30 April 2015; and
- the above information should be considered together with the Atrum Quarterly Cash flow report for the quarter ending on 30 June 2015.

⁵ At noon on the date of this Prospectus, the AUD/CAD exchange rate as reported on Bloomberg was CAD0.9571.

⁶ Q3 refers to the third quarter of financial year 2016.

6.3. Capital structure as at the date of this Prospectus

The capital structure of Atrum as at the date of this Prospectus is as follows:

| | Quoted Ordinary Shares | Unquoted Partly-paid Shares | Unquoted Options (exercisable for 1 Share each) | Performance Rights ⁷ |
|----------------------|------------------------|-----------------------------|-------------------------------------------------|---------------------------------|
| Atrum Coal NL | 170,192,959 | 2,761,600 | 4,550,000 | 2,660,000 |

The Options on issue as at the date of the Prospectus are as follows:

| No of Options | Exercise Price | Expiry Date |
|---------------|----------------|-----------------|
| 100,000 | \$1.40 | 14 March 2017 |
| 150,000 | \$0.30 | 30 January 2016 |
| 4,300,000 | \$0.30 | 1 July 2016 |

There are 2,660,000 Performance Rights on issue as at the date of the Prospectus, of which 870,000 are held by related parties of Atrum. See section 11.8 of this Prospectus for further details.

6.4. Capital structure immediately after the Entitlement Offer

The effect on the capital structure of Atrum as a result of the Entitlement Offer is expected to be as follows:

| | Record Date | Completion of the Entitlement Offer | If the maximum number of Additional Securities are issued |
|-------------------------------------------------|-------------|-------------------------------------|-----------------------------------------------------------|
| Quoted Ordinary Shares | 170,192,959 | 180,204,375 | 182,204,375 |
| Unquoted Partly-paid Shares | 2,761,600 | 2,761,600 | 2,761,600 |
| Unquoted Options (exercisable for 1 Share each) | 4,550,000 | 9,955,708 | 10,955,708 |
| Performance Rights ⁸ | 2,660,000 | 2,660,000 | 2,660,000 |

⁷ The issue of 120,000 Performance Rights remains subject to shareholder approval.

⁸ The issue of 120,000 Performance Rights remains subject to shareholder approval.

The effect on the Options on issue as a result of the Entitlement Offer is as follows:

| No of Options | Exercise Price | Expiry Date |
|---------------|----------------|-----------------|
| 5,005,708 | \$0.80 | 25 August 2017 |
| 100,000 | \$1.40 | 14 March 2017 |
| 150,000 | \$0.30 | 30 January 2016 |
| 4,300,000 | \$0.30 | 1 July 2016 |

If Atrum decides, in its absolute discretion, to raise up to an additional \$1 million, the maximum number of Options on issue after the Entitlement Offer and issue of New Options forming part of the Additional Securities will, in aggregate, be 10,955,708, which represents an additional 1 million New Options with an exercise price of \$0.80 expiring on 25 August 2017.

The Entitlement Offer will not have any effect on the number of Performance Rights on issue.

6.5. Substantial Shareholders (as at 24 July 2015)

| Shareholder | No. of fully paid Shares | % of all of Atrum's Shares |
|---------------------------------------|--------------------------|----------------------------|
| Mr James Chisholm ⁹ | 36,573,500 | 21.49% |
| Mr Russell Harold Moran ¹⁰ | 32,285,477 | 18.97% |
| Mr Gino D'Anna ¹¹ | 11,891,000 | 6.99% |

6.6. Effect on control

The Entitlement Offer is fully underwritten by the Underwriter and accordingly all New Shares and New Options offered under the Entitlement Offer will be taken up. On this basis, if an Eligible Shareholder takes up their full Entitlement under the Entitlement Offer, their percentage interest in Atrum will not change¹².

It is your responsibility to ensure that you will not breach the takeovers provisions in the Corporations Act by applying for Shortfall Securities.

⁹ Note: Mr James Chisholm's interests in Atrum Coal NL arise as a result of securities in Atrum Coal NL held by Lenark Pty Ltd atf Lenark Investment (of which his spouse is a director) and Bucket Super Pty Ltd atf Bucket Super Fund.

¹⁰ Note: Mr Russell Moran's interests in Atrum Coal NL arise as a result of securities in Atrum Coal NL held by his spouse, Fiona Paterson, Talos Mining Pty Ltd and Minco Holdings Pty Ltd.

¹¹ Note: Mr Gino D'Anna's interests in Atrum Coal NL arise as a result of securities in Atrum Coal NL held by his spouse, Rachel D'Anna, and under his own name atf Internazionale.

¹² Although, all Shareholders' (other than those who participate in the Discretionary Placement, if applicable (see section 9.2 of this Prospectus for further detail)) percentage interest in Atrum will be reduced slightly if the Board decides to proceed with the Discretionary Placement.

Lenark Pty Ltd (which is controlled by Kimberly Chisholm, spouse of the Executive Chairman of Atrum) has agreed with the Underwriter to sub-underwrite a portion of the Entitlement Offer together with other sub-underwriters appointed by the Underwriter. Lenark Pty Ltd has agreed to sub-underwrite a maximum of 2 million Shares of any shortfall which would otherwise have to be taken up by the Underwriter. As a result of the sub-underwriting, Lenark Pty Ltd's voting power in Atrum may increase from a starting point that is above 20% and below 90%.

Lenark Pty Ltd has agreed to subscribe for its full Entitlement under the Entitlement Offer. Other than the sub-underwriting arrangements described in this section 6.6, Lenark Pty Ltd will not subscribe for any further Shortfall Securities or any Additional Securities under the Discretionary Placement. The maximum increase in Lenark Pty Ltd's voting power as a result of the sub-underwriting arrangement is an increase in voting power of 1.11% to a total voting power of 22.60% in Atrum (if no Additional Securities are issued) and an increase in voting power of 0.86% to a total voting power of 22.35% (if the maximum number of Additional Securities are issued other than to Lenark Pty Ltd). See also section 7.3.3 of this Prospectus for further details regarding sub underwriting arrangements.

6.7. Rights and liabilities attached to New Shares

The rights attaching to Shares in the Company (including the New Shares) are described in the Constitution and, to the extent applicable, are regulated by the Corporations Act, the ASX Listing Rules and general law. A summary of certain rights attaching to Shares (including the New Shares) is set out below. This summary does not provide an exhaustive statement of rights and liabilities attaching to Shares and Shareholders.

- 6.7.1. *Voting rights:*** subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting of members every member has one vote on a show of hands and one vote per Share on a poll. Voting may be in person or by proxy, attorney or representative.
- 6.7.2. *Dividends:*** the profits of Atrum which the Board may from time to time determine to distribute by way of dividend are divisible to each share of a class on which the Board resolves to pay a dividend, in proportion to the amount for the time being paid on a share (including amounts credited).
- 6.7.3. *Future issues of securities:*** subject to the Corporations Act and the ASX Listing Rules, the Directors may issue, grant options over, or otherwise dispose of unissued shares in the Company at the times and on the terms that the Directors think proper and a share may be issued with preferential or special rights.
- 6.7.4. *Transfer of Shares:*** a Shareholder may transfer Shares by a market transfer in accordance with any computerised or electronic system established or recognised by ASX for the purpose of facilitating transfers in Shares or by an instrument in writing in a form

approved by the Board.

- 6.7.5. Meetings and notices:** each Shareholder is entitled to receive notice of, and to attend, general meetings for the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act or the Listing Rules. Shareholders may requisition meetings in accordance with the Corporations Act.
- 6.7.6. Election of directors:** there must be a minimum of three Directors. At every annual general meeting one third of the Directors (rounded down to the nearest whole number) must retire from office together with any Director who would have held office for more than three years since that Director's election or last election. These retirement rules do not apply to certain appointments including the Managing Director.
- 6.7.7. Amendment of constitution:** the Constitution of the Company can only be amended by a special resolution, passed by at least three quarters of the votes cast by holders of Shares entitled to vote on the resolution, at a general meeting. At least 28 days' written notice specifying the intention to propose the resolution as a special resolution must be given.
- 6.7.8. Predominance of ASX Listing Rules:** while the Company is admitted to trading on the Official List, then despite anything in the Constitution, if the ASX Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the Listing Rules require to be done.

6.8. Rights and liabilities attached to the New Options

A summary of the material rights attaching to New Options is set out below. This summary does not provide an exhaustive statement of rights and liabilities attaching to Options and Optionholders.

- 6.8.1. Option entitlement:** Each New Option entitles the holder to subscribe for one fully paid Share upon its exercise.
- 6.8.2. Option period:** The New Options may be exercised at any time prior to 5pm AEST on 25 August 2017, and any New Option not exercised before that time and date automatically lapses.
- 6.8.3. Exercise price:** The exercise price of the New Options is \$0.80 each.
- 6.8.4. Transferability:** Although they will not be quoted on ASX, New Options will be transferable in accordance with the Constitution of the Company.

- 6.8.5. Certificate:** The Company must give each optionholder a certificate or holding statement stating:
- (a) the number of options issued to the optionholder;
 - (b) the exercise price of the options; and
 - (c) the date of issue of the options.
- 6.8.6. Participation:** An optionholder is not entitled to participate in any new issue to existing Shareholders of securities in the Company unless they have exercised their options before the record date for determining entitlements to the new issue of securities and participate as a result of holding Shares.
- 6.8.7. Notice of new issue:** The Company must give an optionholder, in accordance with the ASX Listing Rules, notice of:
- (a) the proposed terms of the issue or offer proposed under section 6.8.6; and
 - (b) the right to exercise their options under section 6.8.6.
- 6.8.8. Bonus issues:** If the Company makes a bonus issue of Shares or other securities to Shareholders (except an issue in lieu of dividends or by way of dividend reinvestment) and no Share has been issued in respect of the option before the record date for determining entitlements to the issue, then the number of underlying Shares over which the New Option is exercisable is increased by the number of Shares which the optionholder would have received if the optionholder had exercised the option before the record date for determining entitlements to the issue.
- 6.8.9. Pro rata issues:** If the Company makes a pro rata issue of Shares (except a bonus issue) to existing Shareholders (except an issue in lieu of or in satisfaction of dividends or by way of dividend reinvestment) and no Share has been issued in respect of the New Option before the record date for determining entitlements to the issue, the exercise price of each option is reduced in accordance with the ASX Listing Rules.
- 6.8.10. Reorganisation:** If there is a reorganisation (including consolidation, sub-division, reduction or return) of the share capital of the Company, then the rights of the optionholder (including the number of options to which each optionholder is entitled to and the exercise price) is changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- 6.8.11. Calculations and adjustments:** Any calculations or adjustments which are required to be made under clause 6 will be made by the Board of the Company and will, in the absence of manifest error, be final and conclusive and binding on the Company and the optionholder.

- 6.8.12. Notice of change:** The Company must within a reasonable period give to each optionholder notice of any change under clause 6 to the exercise price of any options held by an optionholder or the number of Shares which the optionholder is entitled to subscribe for on exercise of an option.
- 6.8.13. Method and payment:** To exercise options, the optionholder must give the Company, at the same time:
- (a) a written exercise notice (in the form approved by the board of the Company from time to time) specifying the number of options being exercised and Shares to be issued;
 - (b) payment of the exercise price for the Shares the subject of the exercise notice by way of bank cheque or by other means of payment approved by the Company; and
 - (c) the certificate for the options.
- 6.8.14. Exercise all or some options:** An optionholder may only exercise options in multiples of 1,000 unless the optionholder exercises all options held by the optionholder. Options will be deemed to have been exercised on the date the application is lodged with the directors of the Company.
- 6.8.15. Option certificates:** If an optionholder exercises less than the total number of options registered in the optionholder's name:
- (a) the optionholder must surrender their option certificate (if any); and
 - (b) the Company must cancel the option certificate (if any) and issue the optionholder a new option certificate or holding statement stating the remaining number of options held by the optionholder.
- 6.8.16. Issue of Shares:** Within 10 days after receiving an application for exercise of options and payment by an optionholder of the exercise price, the Company must issue the optionholder the number of fully paid ordinary Shares in the capital of the Company specified in the application.
- 6.8.17. Ranking of Shares issued on exercise of options:** Subject to the Company's constitution, all Shares issued on the exercise of options rank in all respects (including rights relating to dividends) equally with the existing ordinary Shares of the Company at the date of issue.
- 6.8.18. Quotation:** The Company will not apply to ASX Limited for official quotation of the options. The Company will apply, in accordance with the applicable timing requirements of the ASX Listing Rules, to ASX Limited for official quotation of Shares issued on exercise of the options.

6.8.19. *Governing law:* These terms and the rights and obligations of optionholders are governed by the laws of New South Wales. Each participant irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of New South Wales.

7. Shortfall Securities, Additional Securities and Underwriting Arrangements

7.1. Shortfall Securities

All of the New Shares and New Options under the Entitlement Offer that are not applied for by Eligible Shareholders in accordance with the terms of the Entitlement Offer (if any) will form the shortfall securities (**Shortfall Securities**).

Eligible Shareholders may apply for Shortfall Securities under the Entitlement Offer at the same price (\$0.50 per Shortfall Security) as the New Shares and New Options are offered under the Entitlement Offer. Please note that Shortfall Securities will only be allocated to Eligible Shareholders if and to the extent that Atrum so determines, in its absolute discretion, having regard to the circumstances as at the time of the close of the Entitlement Offer.

The Directors will exercise this discretion in the manner that they consider to be most equitable to all Shareholders, which is likely to be based on a pro rata allocation of Shortfall Securities to Eligible Shareholders who applied for Shortfall Securities. However, the Directors reserve their absolute discretion to determine the manner in which Shortfall Securities are allocated to take into account the actual profile of the applications for Shortfall Shares received including the nature of over-subscriptions and the amount of any shortfall. For example, applications for Shortfall Securities may be scaled back if the Eligible Shareholder applying for Shortfall Securities has applied for a number of Shortfall Securities which is disproportionately large having regard to their existing holding (such that the shareholder may be attempting to game the Entitlement Offer to obtain an unfair advantage relative to other Shareholders).

This means any application for Shortfall Securities may not be successful (wholly or partially). The decision by Atrum on the number of Shortfall Securities to be allocated to you will be final. After allocation to Eligible Shareholders, the balance of Shortfall Securities will be allocated to the Underwriter.

Each Eligible Shareholder may apply for any Shortfall Securities by completing the relevant Shortfall Securities section in your personalised Entitlement and Acceptance Form and sending it to the Share Registry, together with a cheque, bank draft or money order for payment of Application Monies on the same terms as described in section 10 of this Prospectus.

Alternatively, if you pay by BPAY® you do not need to complete and post your personalised Entitlement and Acceptance Form to the Share Registry. Atrum will treat you as applying for as many New Shares and New Options as your payment will pay for in full up to your full Entitlement, and will treat you as applying for as many Shortfall Securities as your payment will pay for in full and to the

extent that it exceeds your Entitlement.

It is your responsibility to ensure that you will not breach the takeovers provisions in the Corporations Act by applying for Shortfall Securities.

7.2. Additional Securities

If the Entitlement Offer is oversubscribed or Atrum receives interest from third party investors, Atrum may, in its absolute discretion, raise up to an additional \$1 million.

If an Eligible Shareholder has applied for Shortfall Securities and the demand for New Shares and New Options from Eligible Shareholders in excess of their Entitlement and from third party investors exceeds the number of Shortfall Securities, Atrum may, in its absolute discretion, decide to issue the Additional Securities.

7.3. Underwriting and sub-underwriting

7.3.1. The Underwriter

Blackwood Capital Pty Limited was appointed to underwrite the Entitlement Offer up to the underwritten amount of approximately \$5 million pursuant to an underwriting agreement entered into between the Company and the Underwriter (**Underwriting Agreement**), described in further detail below. The Underwriter is not a related party of Atrum¹³.

In the event that Shortfall Securities are available, the Directors are not aware of any reason why the Underwriter would not be in a position to meet its financial obligations to subscribe for the Shortfall Securities in accordance with the Underwriting Agreement.

7.3.2. Underwriting Agreement

The Underwriter and Atrum have entered into an Underwriting Agreement dated 24 July 2015 under which the Underwriter was appointed to underwrite the Entitlement Offer and manage the Discretionary Placement.

The Underwriting Agreement contains various representations and warranties, and imposes various obligations on Atrum, including representations, warranties and

¹³ The Underwriter holds 4,300,000 Options. Stuart Richardson, a director of the Underwriter has an indirect interest in 1,941,000 Shares. Francis Harper, a director of the Underwriter has an indirect interest in 101,576 Shares.

undertakings to ensure that the Prospectus complies with the Corporations Act, the ASX Listing Rules and all other applicable laws, and to conduct the Entitlement Offer in accordance with the agreed timetable, Atrum's Constitution, the Corporations Act, the ASX Listing Rules and any other applicable laws, along with representations and warranties as to Atrum's assets, business and general compliance with laws.

Atrum has agreed to pay the Underwriter an underwriting and management fee of 5% of the total proceeds to be raised under the Entitlement Offer and if applicable, raised as a result of the issue of Additional Securities under the Discretionary Placement.

Atrum has also agreed to pay the Underwriter certain costs of and incidental to the Entitlement Offer and, if applicable, the Discretionary Placement (including reasonable legal costs and out-of-pocket expenses and certain settlement costs) incurred by the Underwriter. Atrum has agreed to indemnify the Underwriter, its related bodies corporate and affiliates and each of their respective officers, directors, employees, advisers, representatives and agents (Indemnified Parties) from and against any and all losses directly or indirectly incurred by an Indemnified Party arising at any time in connection with the Prospectus, the Entitlement Offer and the Discretionary Placement, whether or not foreseeable to the Indemnified Party, except in certain limited circumstances.

The Underwriter may terminate its obligations under the Underwriting Agreement on the occurrence of one or more of a number of termination events, including:

- **Disclosure:** the Underwriter forms the opinion that a statement contained in a document used for the Entitlement Offer or the Discretionary Placement is or becomes misleading or deceptive or a matter is omitted from such a document that is required to be included in that document (having regard to the provisions of Chapter 6D of the Corporations Act, the ASX Listing Rules and any other applicable legal requirements) or any material statement in such a document which relates to future matters is or becomes incapable of being met or, in the reasonable opinion of the Underwriter, unlikely to be met in the forecast time;
- **Supplementary Prospectus:** Atrum becomes required to issue a Supplementary Prospectus because of a circumstance set out in section 719 of the Corporations Act;
- **Notifications:** ASIC gives notice of an intention to hold a hearing or issues an order or interim order under the Corporations Act, an application is made by ASIC for an order under Part 9.5 of the Corporations Act in relation to the Prospectus or ASIC commences any investigation or hearing under Part 3 of the ASIC Act in relation to the Prospectus, or any person (other than the Underwriter) gives a

notice under section 730(1) of the Corporations Act or any person (other than the Underwriter) withdraws their consent to be named;

- **Timetable:** the timetable for the Entitlement Offer or the Discretionary Placement, if applicable, is delayed for any length of time except in certain limited circumstances;
- **Prosecution:** any director of the Company is charged with a criminal offence relating to any financial or corporate matter or disqualified from managing a corporation under the Corporations Act;
- **Winding up and insolvency:** an insolvency or winding up event occurs in respect of any member of the Atrum Group;
- **Market fall:** the ASX/S&P 200 Resources Index or the All Ordinaries Index falls by 10% or more from its level at the time this agreement is entered into between the parties and is at or below that level:
 - at the close of trading on 2 consecutive Business Days prior to the issue date for the Entitlement Offer and the Discretionary Placement; or
 - at the close of trading on the Business Day immediately prior to the settlement date or issue date for the Entitlement Offer and the Discretionary Placement;
- **Quotation:** approval is refused or not granted, other than subject to customary listing conditions imposed by ASX, to the official quotation of all of the accepted entitlement securities on or before 10am on the settlement date for the Entitlement Offer and Discretionary Placement, if applicable, or if granted, the approval is subsequently withdrawn, qualified (other than by customary listing conditions imposed by ASX) or withheld.

In addition the Underwriter may terminate its obligations under the Underwriting Agreement on the occurrence of one or more of the following termination events but only if, in the reasonable opinion of the Underwriter, such event has, or is likely to have, a material adverse effect on the marketing, success or settlement of the Entitlement Offer or of the Discretionary Placement, the price at which the New Shares may trade on ASX after their quotation or the willingness of investors to pay the issue price for the New Shares and New Options being offered under the Entitlement Offer, or renders it impracticable to effect acceptances of the Entitlement Offer, or the event is likely to give rise to a liability for the Underwriter under applicable law:

- **Disclosures:** information supplied by or on behalf of the Company to the

Underwriter in relation to the Company, any member of the Company's Group, the Entitlement Offer or the Discretionary Placement, is untrue, incorrect, misleading or deceptive;

- **Change in management:** other than as disclosed in this Prospectus, there is a change in senior management (including the chief executive officer) or the membership of the board of directors occurs;
- **Default:** a default by the Company in the performance of any of its obligations under the Underwriting Agreement occurs;
- **Warranties:** a warranty or representation contained in the Underwriting Agreement on the part of the Company is not true or correct;
- **Fraud:** the Company or any of its directors or officers engage in any fraudulent conduct or activity whether or not in connection with the Entitlement Offer;
- **Adverse change:** any adverse change occurs in the assets, liabilities, financial position, performance, prospects or standing of the Atrum Group including changes in the assets, liabilities, financial position or performance, profits, losses or prospects of the Atrum Group, or earnings, future prospects or forecasts of the Atrum Group from those respectively disclosed in a document used for the Entitlement Offer or, if applicable, the Discretionary Placement (including the Prospectus);
- **Change of law:** there is introduced, or there is a public announcement of a proposal to introduce, a new law or regulation or government policy in Australia (including a policy of the Reserve Bank of Australia) or in the United States or the United Kingdom (other than a law or policy which has been publicly announced before the date of the Underwriting Agreement);
- **Other events:** there is:
 - a general moratorium on commercial banking activities in Australia, the United States of America or the United Kingdom is declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries; or
 - trading in all securities quoted or listed on ASX, the London Stock Exchange or the New York Stock Exchange is suspended or limited in a material respect for one day on which that exchange is open for trading or substantially all of one of those days; or

- any adverse change or disruption to the existing financial markets, political or economic conditions of Australia, the United States of America, the United Kingdom or the international financial markets or any change in national or international political, financial or economic conditions from those existing at the date of the Underwriting Agreement.

7.3.3. Sub-Underwriting

The Underwriter has appointed sub-underwriters to subscribe for the Shortfall Securities up to the Underwritten Amount.

None of the sub-underwriters, apart from Lenark Pty Ltd (which is already a substantial shareholder) would become a substantial shareholder in the event they were required to take up their full sub-underwritten amount.

Lenark Pty Ltd (which is controlled by Kimberly Chisholm, the spouse of the Executive Chairman of Atrum), a related party of Atrum, has agreed with the Underwriter to sub-underwrite the Entitlement Offer. Lenark Pty Ltd has agreed to sub-underwrite a maximum of 2 million Shares of the shortfall (if any) the Underwriter would otherwise be required to take up under the Underwriting Agreement. Lenark Pty Ltd is sub-underwriting on the same terms as other sub-underwriters, except for the relevant proportion of the shortfall and no fee being payable to Lenark Pty Ltd in connection with the sub-underwriting arrangement. The Company considers these arrangements to be reasonable and on arm's length terms.

Lenark Pty Ltd will pay for any Shortfall Securities for which it subscribes by setting off the application monies against monies owed to it by Atrum under the Offset Loan Agreement or alternatively, by payment in cash or a combination of both at its election. Further details of the Offset Loan Agreement are set out in section 11.9 of this Prospectus.

The Underwriter is responsible for fees payable to sub-underwriters.

8. Company Overview

8.1. Company Overview

Atrum is a metallurgical coal explorer and developer. The Company has a substantial coal position in British Columbia, Canada which, as a region boasts:

- 8.1.1.** abundance of high quality coals;
- 8.1.2.** well-developed rail and port infrastructure with excess capacity;
- 8.1.3.** access to deep sea ports;
- 8.1.4.** competitive shipping distance to Asia; and
- 8.1.5.** positive government stance on mining.

Atrum is developing one of the world's largest known high grade anthracite deposit at Groundhog.

8.2. Groundhog North Anthracite Project, Canada

The Company holds exploration licenses and license applications over one of the largest known high-grade/ultra high-grade anthracite resource in the world, known as Groundhog.

Various steel mills, trading companies and some coal companies have expressed interest in potentially purchasing the anthracite planned to be produced from Groundhog North, arranging long-term offtake agreements, and/or investing in Groundhog North. The Company has prepared a pre-feasibility study for a large underground mine and is completing a scoping study for a smaller highwall operation and a second underground mine at Groundhog North.

The intention of the Company is to develop the Groundhog project, preferably with partners at the project level that will agree to offtake arrangements and provide sufficient funding to enable the Company to develop multiple operations at Groundhog. This has the potential to provide long-term benefits to the region, local communities, the province and all stakeholders of Atrum. In order to achieve this, the intention is to supplement the Board and management with local expertise. The Company is in discussions with potential candidates who are experienced mining professionals who would be located in Canada and oversee development at Board and senior management level.

8.3. Elan Coking Coal project

The Company's wholly-owned subsidiary, Kuro Coal Ltd, has a Limited Partnership Agreement with Altitude Resources Inc and Elan Coal Ltd to acquire up to a 70% interest in the Elan Coking Coal Project in Alberta, Canada.

The Atrum Group undertook limited drilling in 2014 with respect to the Elan Coking Coal Project which revealed the presence of coal.

8.4. Naskeena, Bowron River and Peace River

The Atrum Group also holds exploration leases and/or lease applications in three other regions of British Columbia, Canada – Naskeena, Bowron River and Peace River. The Company has only undertaken limited desk-top work on these projects. Although the Company believes the three projects are prospective for coals, the current down-turn in the market has meant that little work has been undertaken on these projects. The Company has received a refund on license application fees for some tenements in Naskeena, and is reviewing potential relinquishment of other tenements that are non-core to Atrum's business.

9. Risk Factors

9.1. Introduction

There are a number of risks, both specific to Atrum and of a general nature which may, either individually or in combination, affect the future operational and financial performance of Atrum and the resources industry in which it operates, and the value of Shares.

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

There are numerous risk factors involved with Atrum'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 Atrum are outside the control of Atrum 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 securities will trade.

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

Every Shareholder should:

- 9.1.1.** rely on their own knowledge of Atrum;
- 9.1.2.** refer to disclosures made by Atrum on ASX; and
- 9.1.3.** consult their professional advisers before deciding whether to apply for New Shares and New Options under the Entitlement Offer.

9.2. Dilution risk

A Shareholder's voting power in Atrum will be diluted if the Shareholder does not take up the Shareholder's full entitlement in the Entitlement Offer and/or if Atrum decides, in its absolute discretion, to raise up to an additional \$1 million under the Discretionary Placement by way of the issue of the Additional Securities.

9.3. Loan over Atrum Shares

As announced by Atrum on 22 June 2015 'Company Update – Atrum Coal Voluntary Suspension', the Company is aware that security has been granted over a total of 29,000,000 Shares to secure loans made to two former directors, Mr Russell Moran and Mr Gino D'Anna.

As far as the Company is aware, as at the date of this Prospectus, if the principal outstanding and accrued interest was not repaid by 17 July 2015 an event of default would occur and the facility agent would be entitled to exercise its security by selling Shares it has security over. The loans contain events of default which are customary in loans of this type which would have entitled the Facility Agent to exercise its security if certain events occurred before the repayment date for the loans, including if the Share price traded below a specified price, (which was not disclosed to the Company). If the loans were not repaid by the due date, and no further extension to the repayment date was granted by the facility agent, or an event of default occurred prior to the repayment of the loans, then there is a risk that any sale of Shares by the facility agent could put downward pressure on the trading price of the Shares.

9.4. Convertible Notes in Kuro Coal Limited

Kuro Coal Limited, a wholly owned subsidiary of Atrum (**Kuro Coal**) has issued convertible notes totaling \$800,000. These notes were issued to provide funding to Kuro Coal to assist it progress to a potential ASX listing. The notes were to convert into new shares in Kuro Coal in conjunction with the ASX listing of Kuro Coal. Atrum has decided to postpone its plans to spin off Kuro Coal as a separate listed vehicle at the present time. The convertible note repayment date was 6 months after the issue date of the notes, or any later date agreed between Kuro Coal and the note holder. The notes were issued on 6 October 2014 and the repayment date was 6 April 2015 unless extended by the note holder. It is intended that following the completion of the Entitlement Offer, Kuro Coal will convene a meeting of note holders to consider a range of options in respect of the notes including extending the repayment date, repaying the notes in cash or converting the amount outstanding under the notes to Shares in Atrum or other variations to the terms of the notes.

9.5. Acquisition of the 'Panstone Applications'

On 5 February 2014, the Company entered into an agreement with Panstone Mines and Minerals Inc (**Panstone**) of Vancouver, BC, to purchase coal license applications in the Groundhog area for C\$250,000¹⁴ and 100,000 Atrum Shares, the consideration for which was provided. The Atrum Shares were escrowed for 12 months from the date of the agreement but the escrow was not lifted by Atrum until after that date. On 22 July 2015, Panstone advised the Company that they reserve their right to

¹⁴ At noon on the date of this Prospectus, the AUD/CAD exchange rate as reported on Bloomberg was CAD0.9571.

claim any loss in value on the 100,000 Atrum Shares that should have been released from escrow on 5 February 2015.

9.6. Anglo Pacific Group PLC US dollar¹⁵ denominated Promissory Note

On 29 August 2014, the Atrum Group announced the acquisition of 20 granted coal licenses and one coal license application from Anglo Pacific Group PLC. Part of the consideration paid by the Atrum Group for the acquisition was a US\$2 million 8% promissory note repayable on 9 September 2015. The Atrum Group is presently in negotiations with Anglo Pacific Group PLC to extend the repayment date of the promissory note. Terms have been negotiated in principle, but not yet documented, including the increase of the interest rate from 8% per annum to 10% per annum, requirement to pay US\$640,000 of the principal outstanding together with accrued interest of US\$160,000, the issue of 200,000 fully paid ordinary shares in Atrum, the payment of legal costs associated with the extension and a US\$100,000 extension fee by 7 September 2015 to extend the prepayment date to 31 December 2015. Arrangements to extend the repayment date beyond 31 December 2015 may also be agreed. Given expected METC refunds, the Company considers that if the loan term is extended the payments required for the extension can be made without using any of the funds raised under the Entitlement Offer.

9.7. Underwriting risk

The Entitlement Offer is being underwritten by the Underwriter. Investors should be aware of the terms of the Underwriting Agreement and sub-underwriting agreements as outlined in sections 7.3.2 and 7.3.3 of this Prospectus, which includes certain termination events that may not be within the control of Atrum, including changes in the political, economic and regulatory environment.

Investors should be aware that if the Underwriter terminates the Underwriting Agreement the Atrum Board of Directors will be required to meet and to determine whether the Entitlement Offer can or should continue.

9.8. Suspension/Price risk

As the Company's Shares are currently suspended, Shareholders may not be able to assess the value of the Entitlement Offer by reference to the current market price.

9.9. Operating risks

The operations of Atrum in relation to any coal licenses may be affected by various factors, including

¹⁵ At noon on the date of this Prospectus, the AUD/USD exchange rate as reported on Bloomberg was USD0.7350.

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 Atrum will achieve commercial viability through the successful exploration and/or mining of any coal licenses.

9.10. Operational risks

9.10.1. *Strength of natural resources and coal sector:* Atrum's future is influenced by the general state of the resources sector, and in particular, the coal market.

9.10.2. *Achievement of forecasts:* Atrum has based its business plans on mine plans and a financial model, the achievement of which is dependent on a number of factors, some of which are outside Atrum's control (for example, license and permit delays, coal and anthracite price, wages, fuel, material exchange rates and other inputs).

9.10.3. *Dependence on key management personnel:* The operating and financial performance of Atrum is largely dependent on its ability to retain and attract key management personnel. Whilst Atrum 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 Atrum's business, results of operations or financial conditions and performance.

9.10.4. *Requirements for unforeseen capital expenditure:* Atrum'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.

9.10.5. *Current and future funding requirements:* Atrum's ability to complete current and future project development is dependent on its ability to meet funding requirements. To the extent that additional equity or debt funding is not available from time to time on acceptable terms, or at all, Atrum may not be able to take advantage of acquisition and other growth opportunities, or develop new ideas.

9.11. Regulatory approvals

Regulatory approvals are required prior to any work being undertaken on the ground. The granting of such approvals may take time to achieve and no guarantees can be given that the approvals will be granted in the required timeframe or at all.

9.12. Project Risks

9.12.1. *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.

9.12.2. *Water supply* – The water supply for the Groundhog Anthracite Project, Naskeena Coal Project, Bowron River Coal Project, Peace River Coal Project, the Elan Joint Venture and any future projects, will be sourced from individual locations. The Company will be required to apply for and obtain water use licenses from the relevant governmental authorities. The process for obtaining a water use license may be a lengthy one and the Company's operations may be adversely affected in the event that the relevant licenses are not obtained in a timely fashion. An inadequate water supply would negatively affect the Groundhog Anthracite Project, Naskeena Coal Project, Bowron River Coal Project, Peace River Coal Project, the Elan Joint Venture and any future projects.

9.13. Title risk

The coal licenses 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 coal licenses will be subject to a number of specific legislative conditions including payment of rent and meeting minimum annual expenditure commitments. The inability to meet these conditions in relation to the coal licenses could affect the standing of these coal licenses or restrict their ability to be renewed, adversely affecting the operations, financial position and performance of Atrum.

9.14. Country risk

The financial performance of each of Atrum'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.

Atrum is primarily conducting its activities in Canada. The Directors believe that the Government of Canada supports 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 Government 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 Atrum's ability to develop the coal licenses.

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

- 9.14.1. potential difficulties in enforcing agreements and collecting receivables through foreign local systems;
- 9.14.2. potential difficulties in protecting rights and interests in assets;
- 9.14.3. increases in costs for transportation and shipping; and
- 9.14.4. restrictive governmental actions, such as imposition of trade quotas, tariffs and other taxes.

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

9.15. **Legislative and regulatory changes**

Atrum's business is affected by a range of industry specific and general legal and regulatory controls. Changes in these types of controls can have an adverse effect on Atrum's financial performance. Further, any major shift in regulatory policy may impact on the profitability of Atrum.

9.16. **General risks**

- 9.16.1. **Market:** the market price of Atrum Shares will fluctuate due to various factors, many of which are non-specific to Atrum, 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 Atrum Shares to trade at a lower price and/or cause the value of New Shares to rise or fall below their issue 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 Atrum Shares.
- 9.16.2. **Commodity and currency volatility:** If Atrum achieves success leading to mineral 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.

Commodity prices inherently fluctuate and are affected by numerous factors beyond the control of Atrum, including world demand for particular commodities, forward selling by producers and the level of production costs in major commodity producing regions. Moreover, commodity prices are also affected by macroeconomic factors such as

expectations regarding inflation, interest rates and global and regional demand for, and supply of, a commodity.

Commodities are principally sold throughout the world in US dollars. As a result, any significant and/or sustained fluctuations in the exchange rate between the Australian dollar and the US dollar and/or adverse movements in commodity prices, could have a materially adverse effect on Atrum's operations, financial position (including revenue and profitability) and performance. Atrum may undertake measures if deemed necessary by the board of directors to mitigate such risks.

- 9.16.3. *Asset impairment:*** the Atrum board regularly monitors impairment risk. Consistent with accounting standards, Atrum 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, Atrum 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.
- 9.16.4. *Insurance:*** Atrum insures its operations in accordance with industry practice. However, in certain circumstances, Atrum'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 Atrum. Insurance against all risks associated with mining exploration and production is not always available and where available the costs can be prohibitive.
- 9.16.5. *Competition:*** The industry in which Atrum is involved in is subject to domestic and global competition. Although Atrum undertakes all reasonable due diligence in its business decisions and operations, Atrum 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 Atrum's projects and business.
- 9.16.6. *Taxation:*** future changes in taxation law, including changes in interpretation or application of the law by the courts or taxation authorities in Australia, or other relevant jurisdictions in which Atrum operates, may affect taxation treatment of an investment in Atrum Shares or the holding and disposal of those Shares. Further, changes in tax law, or changes in the way tax law is expected to be interpreted, in the various jurisdictions in which Atrum operates, may impact the future tax liabilities of Atrum.
- 9.16.7. *Litigation:*** as with all businesses, Atrum is exposed to potential legal and other claims or disputes in the course of its business. Although Atrum 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 Atrum's business, results of operations or financial condition and

performance. Former directors, Russell Moran and Gino D’Anna, commenced action against the Company in the Supreme Court of Western Australia claiming the details of the loans they secured over the Company’s shares was information confidential to each of Mr Moran and Mr D’Anna. The Company disputes the basis of claim and will defend the matter if it is pursued.

- 9.16.8. *Environmental:*** the operations and proposed activities of Atrum are subject to laws and regulation concerning the environment. As with most coal exploration and mining operations, Atrum’s activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is Atrum’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.
- 9.16.9. *Labour:*** Atrum’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.
- 9.16.10. *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.

10. How to apply

10.1. Choices available to you

If you are an Eligible Shareholder, you may do either of the following:

- take up all or part of your Entitlement, and decide whether to apply for Shortfall Securities; or
- do nothing, in which case your Entitlement will lapse.

Before taking any action in relation to the Entitlement Offer, you should read this Prospectus in its entirety, including, but not limited to, section 9, which contains information on some of the risk factors associated with an investment in Atrum.

10.2. Acceptance of the Entitlement Offer

If you are an Eligible Shareholder, to subscribe for your Entitlement under the Entitlement Offer you need to either:

- pay your Application Monies by BPAY® (in which case you do not need to complete and post your Entitlement and Acceptance Form to the Share Registry), so that your funds are received before the Closing Date. For further details on this payment method see section 10.3.1 of this Prospectus; or
- post to the Share Registry your personalised Entitlement and Acceptance Form accompanied by a cheque, bank draft or money order on account of your Application Monies, so that they are received before the Closing Date. For further details on this payment method see section 10.3.2 of this Prospectus.

Eligible Shareholders may accept the Entitlement Offer between 6 August 2015 and 5pm AEST on the Closing Date (unless extended).

Eligible Shareholders may also apply for Shortfall Securities (that is, New Shares in excess of their Entitlement) under the Entitlement Offer. Please note that Shortfall Securities will only be allocated to Eligible Shareholders if and to the extent that Atrum so determines, in its absolute discretion, having regard to the circumstances as at the time of the close of the Entitlement Offer. The Directors will exercise this discretion in the manner that they consider to be most fair to all Shareholders, which is likely to be based on a pro rata allocation of Shortfall Securities to Eligible Shareholders who applied for Shortfall Securities. However, the Directors reserve their absolute discretion to determine the manner in which Shortfall Securities are allocated to take into account the actual profile of the applications for Shortfall Securities received including the nature of over-subscriptions and the

amount of any shortfall. For example, applications for Shortfall Securities may be scaled back if the Eligible Shareholder applying for Shortfall Securities has applied for a number of Shortfall Securities which is disproportionately large having regard to their existing holding (such that the shareholder may be attempting to game the Entitlement Offer to obtain an unfair advantage relative to other Shareholders).

This means any application for Shortfall Securities may not be successful (wholly or partially). The decision of Atrum on the number of Shortfall Securities to be allocated to you will be final. After allocation to Eligible Shareholders, the balance of Shortfall Securities will be allocated to the Underwriter.

If the Entitlement Offer is oversubscribed or Atrum receives interest from third party investors, Atrum may, in its absolute discretion, raise up to an additional \$1 million by way of the issue of up to 2 million New Shares (and up to 1 million New Options for no additional consideration) under the Discretionary Placement.

If an Eligible Shareholder has applied for Shortfall Securities and the demand for New Shares and New Options from Eligible Shareholders in excess of their Entitlement and from third party investors exceeds the number of Shortfall Securities, Atrum may, in its absolute discretion, decide to issue the Additional Securities.

Atrum will treat you as applying for as many New Shares and New Options as your payment will pay for in full up to your full Entitlement, and will treat you as applying for as many Shortfall Securities as your payment will pay for in full and to the extent that it exceeds your Entitlement.

If you apply and pay for New Shares and New Options before the close of the Entitlement Offer, it is expected that you will be issued your New Shares and New Options on 27 August 2015.

Any surplus Application Monies received will be refunded as soon as practicable after the close of the Entitlement Offer and issue of Shortfall Securities (except for where the amount is less than \$2.00, in which case it will be donated to a charity chosen by Atrum), and no interest will be paid to Eligible Shareholders on any Application Monies received or returned (wholly or partially).

Atrum also reserves the right (in its absolute discretion) to reduce the number of New Shares and New Options allocated to Eligible Shareholders or persons claiming to be Eligible Shareholders if Atrum believes their claims to be incorrect or overstated or if they, or their nominees, fail to provide information to substantiate their claims to Atrum's satisfaction.

10.3. Payment methods

10.3.1. *Payment by BPAY®*

For payment by BPAY®, please follow the instructions on the personalised Entitlement and Acceptance Form (which includes the biller code and your unique Customer Reference Number (**CRN**)). You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the personalised Entitlement and Acceptance Form but are taken to have made the declarations on the personalised Entitlement and Acceptance Form (as well as those set out in section 10.5 of this Prospectus); and
- (b) if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares and New Options as is covered in full by your Application Monies.

When completing your BPAY® payment, please make sure to use the specific biller code and unique CRN provided on your personalised Entitlement and Acceptance Form. If you receive more than one personalised Entitlement and Acceptance Form (for example, where you have multiple holdings), please only use the CRN specific to the Entitlement on that particular Entitlement and Acceptance Form. If you inadvertently use the same CRN for more than one of your Entitlements when paying by BPAY®, you will be deemed to have applied only for New Shares and New Options on the Entitlement to which that CRN applies and your applications in respect of your other CRNs will be deemed to have not been supported by cleared funds.

10.3.2. Should you choose to pay by BPAY® it is your responsibility to ensure that your BPAY® payment is received by the Share Registry by no later than 5pm AEST on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payments, or that clearance of BPAY® payments may be delayed within or between financial institutions, and you should therefore take this into consideration when making payment. Atrum takes no responsibility for any failure to receive Application Monies or payment by BPAY® before the Entitlement Offer closes arising as a result of, among other things, delays in postage or processing of payments by financial institutions.

10.3.3. *Payment by cheque, bank draft or money order*

For payment by cheque, bank draft or money order, you should complete your

personalised Entitlement and Acceptance Form in accordance with the instructions on the form and return it accompanied by a cheque, bank draft or money order in Australian currency, drawn on an Australian financial institution or an Australian branch of a financial institution, for the amount of the Application Monies, made payable to "Atrum Coal NL" and crossed "Not Negotiable".

You should ensure that sufficient funds are held in the relevant account(s) to cover the Application Monies on the day of receipt. If the amount of your cheque, bank draft or money order for Application Monies is insufficient to pay for the number of New Shares and New Options that you have applied for in your Entitlement and Acceptance Form, you will be taken to have applied for such lower number of whole New Shares and New Options as your cleared Application Monies will pay for and to have specified that number of New Shares and New Options on your personalised Entitlement and Acceptance Form.

It is your responsibility to ensure that your payment is received by the Share Registry by no later than 5pm AEST on the Closing Date. Cash payments will not be accepted. Receipts for payment will not be issued.

Please ensure that you make arrangements so that your cheque, money order or bank draft is received at the below address no later than 5pm AEST on the Closing Date:

Atrum Entitlement Offer
C/- Security Transfer Registrars Pty Ltd
PO Box 535
Applecross
Western Australia 6953
Australia

10.4. Nominees

Persons acting as nominees for other persons must not purchase, take up or exercise any Entitlement on behalf of, or send any materials relating to the Entitlement Offer to, any person in the United States.

Atrum is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of Shares (for example, for the purposes of determining whether any such persons may participate in the Entitlement Offer). Where any holder is acting as a nominee for a foreign person, that holder, in dealing with its beneficiary, is responsible for determining whether indirect participation by the beneficiary in the Entitlement Offer, including following the acquisition of Entitlements on the ASX or otherwise, is compatible with, and does not breach, applicable foreign laws and regulations.

Shareholders who are nominees are therefore advised to seek independent advice as to how they should proceed.

10.5. Warranties made on acceptance of the Entitlement Offer

By completing and returning your personalised Entitlement and Acceptance Form or making a payment of Application Monies, you will be deemed to have acknowledged, agreed, represented and warranted that you, and each person on whose behalf you are acting:

- 10.5.1.** have fully read and understood both this Prospectus and your personalised Entitlement and Acceptance Form in their entirety, and acknowledge the matters and make the warranties, representations and agreements contained in this Prospectus and the Entitlement and Acceptance Form;
- 10.5.2.** agree to be bound by the terms of the Entitlement Offer, the provisions of this Prospectus and Atrum's Constitution;
- 10.5.3.** authorise Atrum to register you as the holder(s) of New Shares and New Options issued to you;
- 10.5.4.** declare that all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- 10.5.5.** declare you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement and Acceptance Form;
- 10.5.6.** acknowledge that once Atrum receives your Entitlement and Acceptance Form or any payment of Application Monies, you may not withdraw your application or funds provided except as allowed by law;
- 10.5.7.** agree to apply for and be issued up to the number of New Shares and New Options specified in the Entitlement and Acceptance Form, or for which you have submitted payment of any Application Monies for, at the offer price per New Share;
- 10.5.8.** authorise Atrum, the Share Registry and their respective officers or agents to do anything on your behalf necessary for New Shares and New Options to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in your Entitlement and Acceptance Form;
- 10.5.9.** declare that you were the registered holder(s) at the Record Date of the Shares indicated

on the Entitlement and Acceptance Form as being held by you on the Record Date;

- 10.5.10.** acknowledge the information contained in this Prospectus and your personalised Entitlement and Acceptance Form is not investment advice or financial product advice and have been prepared without taking into account your investment objectives, financial circumstances or particular needs or circumstances. You acknowledge that this Prospectus and your personalised Entitlement and Acceptance Form is not a recommendation that New Shares and New Options are suitable for you given your investment objectives, financial situation or particular needs;
- 10.5.11.** acknowledge the statement of the risk factors described in section 9 of this Prospectus and that investments in Atrum are subject to risk;
- 10.5.12.** acknowledge that none of Atrum, or its respective related bodies corporate, affiliates or respective Directors, Officers, partners, employees, representatives, agents, consultants or advisers, guarantee the performance of Atrum, nor do they guarantee the repayment of capital from Atrum;
- 10.5.13.** agree to provide (and, if applicable, direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Entitlement Offer and of your holding of Shares on the Record Date;
- 10.5.14.** authorise Atrum to correct any errors in your Entitlement and Acceptance Form provided by you;
- 10.5.15.** represent and warrant that the law of any place does not prohibit you from being given this Prospectus and the Entitlement and Acceptance Form, nor does it prohibit you from making an application for New Shares and New Options, and that you are eligible under all applicable laws to receive an offer under the Entitlement Offer without a prospectus, disclosure document or any lodgement, filing, registration or qualification; and
- 10.5.16.** represent and warrant that your acceptance of the Entitlement Offer does not breach any laws in Australia or New Zealand or in a jurisdiction outside Australia or New Zealand.

By completing and returning your personalised Entitlement and Acceptance Form or making a payment by Application Monies, you will also be deemed to have acknowledged, agreed, represented and warranted on your own behalf and on behalf of each person on whose account you are acting that you are an Eligible Shareholder or otherwise eligible to participate in the Entitlement offer and:

- 10.5.17.** you are not in the United States and you are not acting for the account or benefit of a person in the United States and are not otherwise a person to whom it would be illegal to

make an offer of or issue of Entitlements or New Shares and New Options under the Entitlement Offer and under any applicable laws and regulations;

- 10.5.18.** you understand and acknowledge that neither the Entitlements nor the New Shares and New Options have been, or will be, registered under the Securities Act or the securities laws of any state or other jurisdiction in the United States. Accordingly, the Entitlements may not be issued to, purchased or traded by, or taken up or exercised by, and the New Shares and New Options may not be offered or sold to, persons in the United States or persons who are acting for the account or benefit of a person in the United States. You further understand and acknowledge that the Entitlements and the New Shares and New Options may only be offered, sold and resold outside the United States in "offshore transactions" (as defined in Rule 902(h) under the Securities Act) in reliance on Regulation S under the Securities Act;
- 10.5.19.** you are subscribing for Entitlements and/or purchasing New Shares and New Options outside the United States in "offshore transactions" (as defined in Rule 902(h) under the Securities Act) in reliance on Regulation S under the Securities Act;
- 10.5.20.** you and each person on whose account you are acting have not and will not send this Prospectus, the Entitlement and Acceptance Form or any other materials relating to the Entitlement Offer or the Discretionary Placement to any person in the United States; and
- 10.5.21.** if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Entitlement and Acceptance Form is not in the United States, and you have not sent this Prospectus, the Entitlement and Acceptance Form or any information relating to the Entitlement Offer or the Discretionary Placement to any such person in the United States.

10.6. No withdrawals

You cannot withdraw your application once it has been accepted except in limited circumstances permitted by law. Cooling-off rights do not apply to an investment in New Shares and New Options.

Atrum reserves the right to withdraw the Entitlement Offer at any time before the issue of New Shares and New Options to Eligible Shareholders, in which case Atrum will refund any Application Monies already received in accordance with the Corporations Act and will do so without interest being payable to Applicants.

10.7. Interest on Application Monies

Any interest accrued on Application Monies will be retained by Atrum and will not be paid to the relevant Eligible Shareholder, even if the Entitlement Offer is cancelled or withdrawn.

10.8. Confirmation of your application and managing your holding

You may access information on your holding, including your Record Date balance and the issue of New Shares and New Options under this Entitlement Offer, and manage the standing instructions the Share Registry records on your holding on the Security Transfer Registrars Pty Ltd website www.securitytransfer.com.au. To access the Investor Centre you will need your Security Reference Number (**SRN**) or Holder Identification Number (**HIN**) as shown on your Issuer Sponsored/CHES statements and you will need to pass the security challenge on the site.

11. Important Information

11.1. Currency of information

The information in this Prospectus is dated 27 July 2015. There may be additional announcements made by Atrum after the date of this Prospectus and through the Entitlement Offer that may be relevant to your consideration of whether to exercise or do nothing in respect of your Entitlement. Therefore, you are encouraged to check whether any further announcements have been made by Atrum before submitting your application. Refer to ASX's website (ticker: ATU).

No party other than Atrum has authorised or caused the issue of the information in this Prospectus, or takes any responsibility for, or makes any statements, representations or undertakings in this Prospectus.

11.2. No liability for premature trading

Atrum has applied to ASX for the grant of official quotation of the New Shares. Atrum will have no responsibility and disclaims all liability (to the maximum extent permitted by law) to persons who trade New Shares before the New Shares are quoted on a normal ('T+3') settlement basis on ASX or before they receive their confirmation of issue, whether on the basis of confirmation of the allocation provided by Atrum or the Share Registry or otherwise. It is expected that normal trading on ASX will commence in relation to New Shares issued under the Entitlement Offer and, if applicable, under the Discretionary Placement on 28 August 2015.

Neither ASX nor any of its Officers takes any responsibility for the contents of this Prospectus.

11.3. Eligible Shareholders

The information in this Prospectus contains an offer of New Shares and New Options to Eligible Shareholders and has been prepared in accordance with section 713 of the Corporations Act.

Atrum, in its absolute discretion, reserves the right to determine whether a Shareholder is an Eligible Shareholder and is therefore able to participate in the Entitlement Offer. Atrum disclaims all liability to the maximum extent permitted by law in respect of any determination as to whether a Shareholder is an Eligible Shareholder.

By making a payment of your Application Monies by BPAY® or returning your personalised completed Entitlement and Acceptance Form and a cheque, bank draft or money order for your Application Monies, you will be taken to have represented and warranted that you, and each person on whose account you are acting, satisfy each of the criteria listed above. Shareholders who are nominees,

trustees or custodians are therefore advised to seek independent professional advice as to how to proceed.

Persons acting as nominees for other persons must not take up any Entitlements on behalf of, or send any documents related to the Entitlement Offer to, any person in the United States.

11.4. Ineligible Shareholders

Atrum has decided that it is unreasonable to make offers under the Entitlement Offer to holders of Shares who have a registered address in the United States or who are otherwise ineligible under applicable securities laws to receive an offer under the Entitlement Offer, having regard to the number of such holders in those jurisdictions and the number and value of the New Shares that they would be offered and the cost of complying with the relevant legal and regulatory requirements in those jurisdictions. Ineligible Shareholders are not eligible to participate in the Entitlement Offer.

11.5. Not investment advice or financial product advice

The information in this Prospectus is also not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs or circumstances. Atrum is not licensed to (and does not) provide financial product advice in respect of the New Shares and New Options.

The information in this Prospectus does not take into account the investment objectives, financial situation or needs of you or any particular investor. Before deciding whether to apply for New Shares and New Options under the Entitlement Offer, you should consider whether they are a suitable investment for you in the light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. You should conduct your own independent review, investigation and analysis of the securities the subject of the Entitlement Offer. If, after reading this Prospectus, you have any questions about the Entitlement Offer, you should contact your stockbroker, accountant, financial adviser, taxation adviser or other independent professional adviser.

11.6. Taxation

None of the Company, its Officers, employees or advisers is giving or is able to give advice about the specific tax consequences arising from the Entitlement Offer.

The taxation consequences of any investment in New Shares will depend upon your particular circumstances. Potential investors must make their own enquiries concerning the taxation consequences of an investment in the Company. Applicants should consult their tax adviser for advice applicable to their individual needs and circumstances.

11.7. No cooling-off rights

No cooling-off rights apply to a subscription for New Shares and New Options under the Entitlement Offer. This means that you cannot withdraw your application once it has been accepted.

11.8. Directors' Interests

| <i>Director</i> | <i>Number of securities or rights to securities</i> | <i>Vesting conditions for Performance Rights</i> |
|---------------------------------|-----------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Mr James Chisholm ¹⁶ | 36,573,500 Shares 750,000 Performance Rights | <p>The vesting conditions relating to the unexercised Performance Rights are:</p> <ul style="list-style-type: none"> ▪ Atrum completing a positive Bankable Feasibility Study for any project of which Atrum has a beneficial interest; and ▪ Atrum successfully securing a binding unconditional off-take agreement with a suitable party for any project of which Atrum has a beneficial interest. |

¹⁶ Note: Mr James Chisholm's interests in Atrum Coal NL arise as a result of securities in Atrum Coal NL held by Lenark Pty Ltd atf Lenark Investment (of which his spouse is a director) and Bucket Super Pty Ltd atf Bucket Super Fund.

| | | |
|------------------------------------------------|-------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Mr Steven Boulton and Mr Cameron Vorias</p> | <p>60,000 Performance Rights each (subject to shareholder approval)</p> | <p>A tranche of 10,000 Performance Rights held by each of Mr Boulton and Mr Vorias will vest on the satisfaction of each of the following vesting conditions:</p> <ul style="list-style-type: none"> ▪ Atrum completing a positive Bankable Feasibility Study for any project of which Atrum has a beneficial interest; ▪ Atrum successfully securing a binding unconditional off-take agreement with a suitable party for any project of which Atrum has a beneficial interest; ▪ Atrum achieving an attributable JORC Reserve of not less than 50Mt of metallurgical coal over the projects in which the Company has a beneficial interest; ▪ the VWAP of Atrum's Shares as traded on ASX over 20 days being equal to or exceeding \$2.25; ▪ the VWAP of Atrum's Shares as traded on ASX over 20 days being equal to or exceeding \$2.75; and ▪ Atrum successfully completing the first truckload of anthracite from the bulk sample at the Groundhog Anthracite Project at the mine gate. |
|------------------------------------------------|-------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Any Director who is an Eligible Shareholder is entitled to participate in the Entitlement Offer on the same basis as other Shareholders.

Mr James Chisholm has committed to Atrum that Lenark Pty Ltd atf Lenark Investment (of which his spouse is a director) and Bucket Super Pty Ltd atf Bucket Super Fund will take up their full Entitlement under the Entitlement Offer. Consideration for the issue of New Shares and New Options to Lenark Pty Ltd atf Lenark Investment may be made by offsetting such amount against amounts owing by Atrum to Lenark Pty Ltd under the Offset Loan Agreement or alternatively by payment in cash or a combination of both at Lenark Pty Ltd's election.

Lenark Pty Ltd atf Lenark Investment has also agreed with the Underwriter to sub-underwrite the Entitlement Offer up to a maximum of 2 million Shares of any shortfall. Consideration for the issue of any Shortfall Securities to Lenark Pty Ltd atf Lenark Investment may be made by offsetting such amount against amounts owing by Atrum to Lenark Pty Ltd under the Offset Loan Agreement or alternatively by payment in cash or a combination of both at Lenark Pty Ltd's election.

Further details of the Offset Loan Agreement are set out in section 11.9 of this Prospectus.

11.9. Offset Loan Agreement

On or about 30 June 2013, Atrum entered into the Offset Loan Agreement with Lenark Pty Ltd. The Offset Loan Agreement initially provided for a facility limit of \$2,681,927 which was increased on 29 September 2013 to \$4,681,927. Part of the facility accrues capitalised interest at a rate of 6% per annum and part at 10% per annum.

The current balance outstanding under the Offset Loan Agreement is \$2,573,764. Atrum may partially repay the Offset Loan Agreement by offsetting against the money owing under the Offset Loan Agreement the consideration payable by Lenark Pty Ltd in respect of the take up of its full entitlement under the Entitlement Offer and in respect of any subscription for Shortfall Securities as sub-underwriter (see section 7.3.3 of this Prospectus). The balance outstanding under the Offset Loan Agreement is repayable at any time, but not later than 31 December 2016.

11.10. Intention to appoint new directors

Atrum intends to appoint two new directors after the issue of securities under the Entitlement Offer (**Proposed New Directors**). Details of the proposed new directors are set out below:

John Wasik – John will be appointed as a non-executive director. John is an experienced director and has worked in the mining sector for over 40 years.

Bob Bell – Bob will be appointed as a non-executive director. Bob is a Canadian mining executive with extensive international experience marketing coking coal to the steel industry.

Each Proposed New Director is proposed to be remunerated at a fixed fee of approximately \$3,000 per month, together with an issue on appointment of 60,000 Performance Rights (subject to the approval of Shareholders).

The Proposed New Directors will stand for re-election at Atrum's next Annual General Meeting.

11.11. Governing Law

The information in this Prospectus, the Entitlement Offer, and dealings in the Entitlements and the contracts formed on acceptance of the Entitlement Offer pursuant to the personalised Entitlement and Acceptance Forms are governed by the law applicable in New South Wales, Australia. Each Shareholder who applies for New Shares and New Options submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

11.12. Entire Agreement

The terms contained in this Prospectus and the accompanying personalised Entitlement and Acceptance Form constitute the entire agreement between you and Atrum as to the Entitlement Offer to the exclusion of all prior representations and understandings between you and Atrum.

11.13. References to 'you' and 'your Entitlement'

In this Prospectus, references to 'you' are references to Eligible Shareholders and references to 'your Entitlement' (or 'your Entitlement and Acceptance Form') are references to the entitlement (or Entitlement and Acceptance Form) of Eligible Shareholders.

11.14. Disclaimer of representations

No person is authorised to give any information, or to make any representation, in connection with the Entitlement Offer that is not contained in this Prospectus. Any information or representation that is not in this Prospectus may not be relied on as having been authorised by Atrum, or its related bodies corporate, in connection with the Entitlement Offer.

Except as required by law, and only to the extent so required, none of the Atrum Group, the Directors of Atrum, or any other person, warrants or guarantees the future performance of Atrum or any return on any investment made pursuant to this Prospectus.

11.15. Withdrawal of Entitlement Offer

The Directors reserve the right to withdraw all or part of the Entitlement Offer and this Prospectus at any time, subject to applicable laws, in which case Atrum will refund Application Monies in relation to New Shares not already issued in accordance with the Corporations Act and without payment of interest.

To the fullest extent permitted by law, you agree that any Application Monies paid by you to Atrum will not entitle you to any interest against Atrum and that any interest earned in respect of Application Monies will belong to Atrum.

11.16. Transaction specific prospectus and continuous disclosure obligations

Atrum is a disclosing entity under the Corporations Act and therefore is subject to regular reporting and disclosure obligations. Pursuant to those obligations, Atrum is required to comply with all applicable continuous disclosure and reporting requirements in the Corporations Act and the ASX Listing Rules. In particular, Atrum must comply with the requirement to disclose to ASX any information held by Atrum which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

As this Prospectus is a transaction specific prospectus issued under section 713 of the Corporations Act, it is required to contain information in relation to the effect of the Entitlement Offer on the Company and the rights and liabilities attaching to the securities offered. This Prospectus is not required to provide information regarding Atrum's assets and liabilities, financial position and performance, profits and losses or prospects on the basis that, as at the date of this Prospectus, the Company has not withheld from its continuous disclosure reporting any information about such matters that investors and their professional advisers would reasonably require to make an informed assessment of such matters and expect to find in this Prospectus.

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.

Atrum states that:

- 11.16.1.** as a disclosing entity under the Corporations Act, it is subject to regular reporting and disclosure obligations;
- 11.16.2.** copies of documents lodged with ASIC in relation to Atrum (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of ASIC; and
- 11.16.3.** it will provide a copy of each of the following documents, free of charge, to any person on request:
 - (a) the annual financial report most recently lodged by the Company with ASIC;
 - (b) any half-year financial report lodged with ASIC after lodgment of the annual financial report and before lodgment of this Prospectus with ASIC; and

- (c) any continuous disclosure notices given by the Company after the lodgment of the annual financial report and before the lodgment of this Prospectus with ASIC.

A list of documents given to ASX by or concerning Atrum since its last Annual Report (which was given to ASX on 30 September 2014) is set out in the table below.

| Date | Announcement |
|-------------|-------------------------------------------------------------|
| 27/07/2015 | Director Appointment/Resignation |
| 27/07/2015 | Atrum Coal Quarterly Cashflow Report |
| 20/07/2015 | Update on Suspension |
| 13/07/2015 | Continuation of Suspension |
| 30/06/2015 | Response to Query –Director's Interest notice |
| 30/06/2015 | Continued suspension |
| 26/06/2015 | Director Appointment/Resignation |
| 25/06/2015 | Securities Trading Policy |
| 24/06/2015 | Final Directors Interest Notice |
| 24/06/2015 | Change of Registered Office |
| 22/06/2015 | Company Secretary Appointment/Resignation |
| 22/06/2015 | Company Update |
| 22/06/2015 | Suspension extension |
| 09/06/2015 | Suspension |
| 04/06/2015 | Request for Trading Halt |
| 04/06/2015 | Trading Halt |
| 05/05/2015 | Atrum Signs US\$100M Equipment Finance and Supply Agreement |
| 04/05/2015 | Appendix 3B |
| 01/05/2015 | Trading Halt |
| 30/04/2015 | Atrum Coal Quarterly Activities and Cashflow Reports |
| 29/04/2015 | Atrum Signs MOU with Specialist Korean Anthracite Trader |
| 16/04/2015 | Kuro Coal Clarification Announcement - Elan Project |
| 17/03/2015 | Execution of Non-Binding MOU - Japanese Steel Conglomerate |
| 16/03/2015 | Atrum Coal - Half Year Report ended 31 December 2014 |

| Date | Announcement |
|------------|--------------------------------------------------------------|
| 26/02/2015 | Atrum Coal Executes Major Japanese Offtake Marketing MOUs |
| 29/01/2015 | Atrum Coal Quarterly Activities Report - 31 December 2014 |
| 29/01/2015 | Atrum Coal Quarterly Cashflow Report - 31 December 2014 |
| 19/12/2014 | Change of Director's Interest Notice (R Moran) |
| 19/12/2014 | Change of Director's Interest Notice (G D'Anna) |
| 15/12/2014 | Atrum Coal - Response to Market Speculation |
| 11/12/2014 | Major Coal Intersections at Elan Coking Coal Project |
| 28/11/2014 | Atrum Coal - Results of 2014 Annual General Meeting |
| 28/11/2014 | Annual General Meeting Presentation 2014 |
| 18/11/2014 | Atrum Coal - SPFS Clarification Notice |
| 18/11/2014 | Atrum Coal - Exploration Target Clarification Notice |
| 11/11/2014 | Atrum Coal - Appendix 3B and Cleansing Statement |
| 06/11/2014 | High Grade Anthracite Extension Confirmed at Panorama |
| 03/11/2014 | Change of Director's Interest Notice |
| 29/10/2014 | Notice of Annual General Meeting/Proxy Form |
| 28/10/2014 | Atrum Coal - Completion of Placement |
| 28/10/2014 | Reinstatement to Official Quotation |
| 27/10/2014 | Atrum Coal - Quarterly Activities Report - 30 September 2014 |
| 27/10/2014 | Atrum Coal - Quarterly Cashflow Report - 30 September 2014 |
| 24/10/2014 | Suspension from Official Quotation |
| 21/10/2014 | Trading Halt |
| 20/10/2014 | Supplementary PFS at Groundhog North Delivers \$1.7Bn NPV |
| 20/10/2014 | Supplementary PFS Results Presentation |
| 16/10/2014 | Regional Drilling Success Supports Atrum Multi-Mine Strategy |
| 14/10/2014 | Atrum Coal - Increased JORC Resources at Groundhog North |
| 10/10/2014 | Kuro Coal Receives Grant of Peace River Coal Licences |

Any Shareholder who would like to receive a copy of any of the documents (or parts of the documents) that contain the statements which have been included in this Prospectus may obtain a copy free of charge by writing to the Atrum Company Secretary or by contacting 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 AEST on Monday to Friday.

Copies of all announcements made by Atrum may also be obtained from ASX's website (ticker: ATU).

11.17. Consents

Each of the persons listed below has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn their consent to the inclusion of the following information in this Prospectus in the form and context in which it is included and to all references in this Prospectus to that information in the form and context in which they appear:

- 11.17.1.** each Director, to being named in this Prospectus as a Director and to the inclusion of any statements made by them;
- 11.17.2.** Mr Theo Renard, to being named in this Prospectus as Company Secretary of Atrum;
- 11.17.3.** Lenark Pty Ltd atf Lenark Investment, to the inclusion of any statements made by them;
- 11.17.4.** Blackwood Capital Pty Limited, to being named in this Prospectus as the Underwriter;
- 11.17.5.** Minter Ellison, to being named in this Prospectus as Australian legal adviser in respect of this Prospectus, the Entitlement Offer and the Discretionary Placement; and
- 11.17.6.** Security Transfer Registrars Pty Ltd, to being named in this Prospectus as the Australian registry for Atrum.

Each person named above as having given its consent to the inclusion of a statement or report or to being named in this Prospectus:

- 11.17.7.** does not make, or purport to make, any statement in this Prospectus or any statement on which a statement in this Prospectus is based other than, in the case of a person referred to above as having given their consent to the inclusion of a statement or report, a statement or report included in this Prospectus with the consent of that person; and
- 11.17.8.** 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, in the case of a person referred to above as having given their consent to the inclusion of a statement or report, any statement or report which has been included in this Prospectus with the consent of that party.

12. Interests of advisers and costs of the Entitlement Offer

Other than as set out below or elsewhere in this Prospectus, no adviser involved in the preparation of this Prospectus (nor any firm in which any adviser is a partner), has held at any time in the past two years any Shares or others securities of Atrum.

In addition, other than as set out below, no amounts (whether in cash, New Shares, New Options or

otherwise) have been paid or agreed to be paid and no benefits have been given or agreed to be given to any adviser (or any firm in which the adviser is a partner) for services rendered by the adviser, or the adviser's firm in connection with the promotion or formation of the Company or in connection with the Entitlement Offer or the Discretionary Placement (or any component of it):

- (a) Blackwood Capital Pty Limited has acted as underwriter to the Entitlement Offer and manager of the Discretionary Placement. In relation to these services, the Company has agreed to pay the Underwriter gross proceeds of approximately \$250,000. The Underwriter holds 4,300,000 Options. As to the directors of the Underwriter, Stuart Richardson has a direct and/or associated holding of 1,941,000 Shares in Atrum and Francis Harper has a direct and/or associated holding of 101,576 Shares in Atrum; and
- (b) Minter Ellison has acted as Australian legal adviser to the Company in relation to this Prospectus and the Entitlement Offer. In aggregate, the Company has paid or agreed to pay \$150,000 (plus GST and disbursements) for these services to the date of this Prospectus. Further amounts may be paid to Minter Ellison in accordance with their usual time based charge out rates.

11.18. Material litigation

As at the close of ASX trading on 24 July 2015, being the last Business Day immediately before this Prospectus was lodged with ASIC, Atrum is not aware of any current or proposed litigation or dispute that is material except as set out below.

11.18.1. Former directors, Russell Moran and Gino D'Anna, commenced action against the Company in the Supreme Court of Western Australia claiming the details of the loans they secured over the Company's shares was information confidential to each of Mr Moran and Mr D'Anna. The Company disputes the basis of claim and will defend the matter if it is pursued.

11.19. ASIC declarations and Listing Rule waivers

Atrum has not been granted any modifications or exemptions by ASIC from the Corporations Act in connection with the Entitlement Offer or the Discretionary Placement. Atrum has not been granted any waivers from ASX in relation to the Entitlement Offer or the Discretionary Placement.

11.20. Privacy Statement

Atrum, the Underwriter and the Share Registry collect, hold and use certain personal information to assess your application, service your needs as a Shareholder and provide facilities and services that you request and carry out appropriate administration.

Company and tax law requires some of the information to be collected. If you do not provided the information requested, your Application may not be able to be processed efficiently, if at all.

Under the *Privacy Act 1988* (Cth), you may request access to your personal information held by or on behalf of Atrum. You can request access to your personal information or obtain further information about Atrum's management practices by contacting the Share Registry or Atrum. If the Share Registry's record of your personal information is incorrect or out of date, it is important that you contact Atrum or the Share Registry do that records can be corrected.

11.21. Approval of Prospectus

This Prospectus has been approved by a resolution of the Atrum Board on 26 July 2015.

Signed for and on behalf of Atrum:



James Chisholm
Executive Chairman
Atrum Coal NL

Dated: 27 July 2015

12. Glossary and Interpretation

12.1. Definitions

In this Prospectus, unless the context otherwise requires:

A\$, \$, or AUD means the currency of Australia.

Additional Securities means up to a maximum of 2 million New Shares and 1 million New Options that may be issued by Atrum at the absolute discretion of the Directors to raise up to an additional \$1 million if the Entitlement Offer is oversubscribed or there is interest from third party investors.

AEST means Australian Eastern Standard Time.

Announcement Date means the date of the announcement of the Entitlement Offer by Atrum, being 27 July 2015.

Applicant an Eligible Shareholder who applies for New Shares and New Options pursuant to the Entitlement Offer, or other party who applies for Shortfall Securities.

Application Monies means the amount payable by each Applicant under this Entitlement Offer (excluding on exercise of any New Options), being the amount equal to \$0.50 multiplied by the number of New Shares that the Applicant applies for.

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning given to that term in section 12(2) of the Corporations Act.

ASX means ASX Limited ACN 008 624 691, and where the context requires, the Australian Securities Exchange.

ASX Listing Rules means the official listing rules of ASX as amended, varied, modified or waived from time to time.

ASX Settlement means ASX Settlement Pty Ltd ACN 008 504 532.

ASX Settlement Operating Rules means the operating rules of ASX Settlement which govern the administration of CHES.

Atrum, Atrum Coal, ATU or Company means Atrum Coal NL ACN 153 876 861.

Atrum Board or Board means the Board of Directors of Atrum Coal.

Atrum Group means Atrum and each of its subsidiaries.

Atrum Shareholder or Shareholder means a person registered in the register of members of Atrum as a holder of one or more Atrum Shares.

Business Day has the meaning given to that term in the ASX Listing Rules.

C\$ or CAD means the currency of Canada.

CHES means the Clearing House Electronic Subregister System of ASX.

Closing Date means the date that the Entitlement Offer closes, being 17 August 2015 (unless extended).

Control has the meaning given in section 50AA of the Corporations Act.

Corporations Act means the *Corporations Act 2001* (Cth).

CRA means Canada Revenue Agency.

Director means a director of the Company.

Discretionary Placement means the offer and issue of Additional Securities that may be made by Atrum, in its absolute discretion, to Institutional Investors procured or nominated by the Underwriter if there is sufficient demand for such securities as determined by the Underwriter after conducting a demand discovery or other bidding process in relation to those securities. As noted in this Prospectus, any Additional Securities issued under the Discretionary Placement have been offered and will be issued to investors with disclosure under this Prospectus.

Eligible Shareholder are those holders of Shares, or partly paid ordinary shares in Atrum Coal, who:

- a) are registered as a holder of Shares, or partly paid ordinary shares in Atrum Coal, as at 5pm AEST on the Record Date; and
- b) have an address on the Atrum share register in Australia or New Zealand or, if they have a registered address outside Australia or New Zealand, are eligible under all applicable securities laws in their particular jurisdiction to receive an offer under the Entitlement Offer without a prospectus, disclosure document or any lodgement, filing, registration or qualification; and
- c) are not located in the United States and are not US Persons and not acting for the account of or benefit of US Persons; and
- d) do not hold Shares, or partly paid ordinary share in Atrum Coal, as a result of a post Record Date transaction.

Entitlement means the number of New Shares and New Options for which an Eligible Shareholder is entitled to subscribe under the Entitlement Offer, in each case being one (1) New Share for every 17 Shares held on the Record Date at an issue price of \$0.50, and one (1) New Option free of charge for every two (2) New Shares subscribed for under the Entitlement Offer, exercisable for one (1) Share at an exercise price of \$0.80 per New Option at any time up to and including 5pm AEST on 25 August 2017.

Entitlement and Acceptance Form means the personalised entitlement and acceptance form for each Shareholder which accompanies this Prospectus as issued to each Eligible Shareholder.

Entitlement Offer means the offer to Eligible Shareholders detailed in this Prospectus, being 1 for 17¹⁷ non-renounceable pro rata entitlement offer of new fully paid ordinary Shares in Atrum at a price of \$0.50 per New Share, together with one (1) New Option free of charge for every two (2) New Shares acquired, each to acquire one (1) Share at an exercise price of \$0.80 per New Option, exercisable at any time up to and including 5pm AEST on 25 August 2017.

Ineligible Shareholder means a Shareholder who does not satisfy the criteria of an Eligible Shareholder.

Institutional Investor means a person to whom the Underwriter reasonably believes offers and issues of New Shares, New Options, Shortfall Securities and/or Additional Securities may lawfully be made without the need for disclosure under Chapter 6D of the Corporations Act or, if that person is outside of Australia, under the applicable laws of the relevant foreign jurisdiction without the need for any lodgement, registration, approval or filing with a government agency (other than one with which Atrum, in its absolute discretion, is willing to comply) provided that person is not located in the United States, or a US Person (or acting for the account or benefit of any such person).

Lodgement Date means 27 July 2015, being the date this Prospectus was lodged with ASIC.

METC means Mining Exploration Tax Credit.

New Option means an Option offered on the basis of, and under the terms of, the Entitlement Offer.

¹⁷ In the case of partly paid shares, on a one for 17 ratio adjusted to the extent necessary to reflect the amount that these partly paid ordinary shares are paid up.

New Share means a Share offered on the basis of, and under the terms of, the Entitlement Offer.

Offer Period means the period during which the Entitlement Offer will remain open for acceptance being from 6 August 2015 until 5pm AEST on the Closing Date (unless extended).

Officer has the same meaning given to it in section 9 of the Corporations Act.

Offset Loan Agreement means the loan agreement dated on or about 30 June 2013 between Atrum and Lenark Pty Ltd, as varied on 29 September 2013.

Option means an option to subscribe for a Share at a prescribed exercise price.

Optionholder means a person registered in the register of options of Atrum as a holder of one or more Atrum Options.

Prospectus means this prospectus dated 27 July 2015 and lodged with ASIC on that date.

Record Date means 5pm (AEST) on the date Atrum closes its share register to determine which Shareholders are entitled to participate in the Entitlement Offer.

Relevant Interest has the same meaning as given to it in sections 608 and 609 of the Corporations Act.

Share means a fully paid ordinary share in Atrum Coal.

Shareholder means a registered holder of a Share.

Share Registry means Security Transfer Registrars Pty Ltd.

Shortfall Securities means the New Shares and New Options not taken up under the Entitlement Offer by Eligible Shareholders.

Trading Day has the meaning ascribed to that term in the ASX Listing Rules.

Underwriter means Blackwood Capital Pty Limited ACN 101 849 110.

Underwriting Agreement has the meaning given to that term in section 7.2 of this Prospectus.

US Person has the meaning ascribed to that term in Rule 902(k) under Regulation S under the US Securities Act.

US Securities Act means The US Securities Act of 1933, as amended.

12.2. Interpretation

In this Prospectus, unless the context otherwise requires:

12.2.1. the singular includes the plural and vice versa;

- 12.2.2.** a reference to an individual or person includes a corporation, firm, partnership, joint venture, association, authority, trust, state or government and vice versa;
- 12.2.3.** a reference to any gender includes all genders;
- 12.2.4.** where a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- 12.2.5.** a term not specifically defined in this Prospectus has the meaning given to it (if any) in the Corporations Act or the ASX Settlement Operating Rules, as the case may be;
- 12.2.6.** unless otherwise specified, a reference to a section, clause, annexure or schedule is to a section, clause, annexure or schedule of or to this Prospectus;
- 12.2.7.** a reference to any agreement or document is to that agreement or document (and, where applicable, any of its provisions) as amended, novated, supplemented or replaced from time to time;
- 12.2.8.** a reference to any legislation or legislative provision includes any statutory modification or re-enactment of, or legislative provision substituted for, and any subordinate legislation under, that legislation or legislative provision;
- 12.2.9.** the words “including”, “such as”, “particularly” and similar expressions do not imply limitation; and
- 12.2.10.** headings are for convenience of reference only and do not affect interpretation.

13. CORPORATE DIRECTORY

| | | | |
|---------------------------------------------------------------------------------------------------|--|------------------------------------------------------------------------|--|
| Atrum Coal NL | | Board of Directors | |
| Level 19, 1 O'Connell Street Sydney NSW 2000 Australia | | Mr James Chisholm | |
| Tel: +61 2 8249 1884 | | Mr Steven Boulton | |
| Fax: +61 2 8249 1800 | | Mr Cameron Vorias | |
| Web: http://atrumcoal.com/ | | Company Secretary | |
| ASX: ATU | | Mr Theo Renard | |
| Auditor* | | | |
| BDO Audit (WA) Pty Ltd 38 Station Street Subiaco WA 6008 | | | |
| Australian legal counsel to the Entitlement Offer and the Discretionary Placement | | | |
| Minter Ellison Governor Macquarie Tower 1 Farrer Place Sydney NSW 2000 | | | |
| Australian Share Registry | | Atrum Offer Information Line | |
| Security Transfer Registrars Pty Ltd 770 Canning Highway Applecross WA 6153 Australia | | Within Australia: (02) 8249 1884 Outside Australia: +61 2 8249 1884 | |
| Within Australia: (08) 9315 2333 | | | |
| Outside Australia: +61 8 9315 2333 | | | |

*These entities are included for information purposes only. They have not been involved in the preparation of this Prospectus and have not consented to being named in this Prospectus.

ENTITLEMENT AND ACCEPTANCE APPLICATION FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

REGISTERED OFFICE:

LEVEL 19
1 O'CONNELL STREET
SYDNEY NSW 2000
AUSTRALIA

ATRUM COAL NL

ACN: 153 876 861

SHARE REGISTRY:

Security Transfer Registrars Pty Ltd

All Correspondence to:

**PO BOX 535,
APPLECROSS WA 6953 AUSTRALIA**
770 Canning Highway,
APPLECROSS WA 6153 AUSTRALIA
T: +61 8 9315 2333 F: +61 8 9315 2233
E: registrar@securitytransfer.com.au
W: www.securitytransfer.com.au

«HOLDER_NAME»
«ADDRESS_LINE_1»
«ADDRESS_LINE_2»
«ADDRESS_LINE_3»
«ADDRESS_LINE_4»
«ADDRESS_LINE_5»

Code:

Holder Number:

Eligible Holding as at 5.00pm AEST
on 31 July 2015:

Entitlement to Securities 1 for 17:

Amount payable on acceptance
@ \$0.50 per New Share:

NON-RENOUNCEABLE ENTITLEMENT OFFER CLOSING AT 5.00PM AEST ON 17 AUGUST 2015

(1) I/We the above named being registered at 5.00pm AEST on the 31 July 2015 as holder(s) of Shares in the Company hereby accept as follows:

| | NUMBER OF NEW SHARES ACCEPTED/APPLIED FOR | AMOUNT ENCLOSED @ \$0.50 PER SHARE |
|-----------------------------|--------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|
| Entitlement or Part Thereof | <input type="text"/> , <input type="text"/> , <input type="text"/> | \$ <input type="text"/> , <input type="text"/> , <input type="text"/> . <input type="text"/> |
| Additional New Shares * | <input type="text"/> , <input type="text"/> , <input type="text"/> | \$ <input type="text"/> , <input type="text"/> , <input type="text"/> . <input type="text"/> |
| TOTAL | <input type="text"/> , <input type="text"/> , <input type="text"/> | TOTAL \$ <input type="text"/> , <input type="text"/> , <input type="text"/> . <input type="text"/> |

(* refer to the section 7.1 of the prospectus)

- (2) I/We have enclosed/made payment for amount shown above (following the payment instructions as detailed overleaf).
- (3) I/We understand that if any information on this form is not completed correctly, or if the accompanying payment is for the wrong amount, it may still be accepted. Any decision of the Directors as to whether to accept this form, and how to construe, amend or complete it shall be final.
- (4) I/We authorise the Company to send me/us a substituted form if this form ceases to be current.
- (5) I/We declare that I/we have received a full and unaltered version of the Prospectus either in an electronic or paper format.
- (6) I/We acknowledge, agree, represent and warrant the matters referred to in section 10.5 of the Prospectus.
- (7) My/Our contact details in case of enquiries are:

NAME

TELEPHONE NUMBER
()

EMAIL ADDRESS

@

BPAY PAYMENT OR THE RETURN OF THIS DOCUMENT WITH THE REQUIRED REMITTANCE WILL CONSTITUTE YOUR ACCEPTANCE OF THE OFFER.
You do not need to return this form if you have made payment via BPAY.

| | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>PAYMENT INFORMATION - Please also refer to payment instructions overleaf.</p>  <p>Billers code: 159483 Ref: EFT_REFERENCE_NUMBER</p> | | <p>REGISTRY DATE STAMP</p> <p>CHEQUE / MONEY ORDER</p> <p>All cheques (expressed in Australian currency) are to be made payable to ATRUM COAL NL and crossed "Not Negotiable".</p> |
| <p>BPAY® this payment via internet or phone banking. Your BPAY® reference number is unique to this offer and is not to be used for any other offer.</p> | | <p>E & O.E.</p> |

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LODGEMENT INSTRUCTIONS

CHEQUE / MONEY ORDER

All cheques should be drawn on an Australian bank and expressed in Australian currency and crossed "Not Negotiable".

Sufficient cleared funds should be held in your account as your acceptance may be rejected if your cheque is dishonoured.

Cheques or bank drafts drawn on overseas banks in Australian or any foreign currency will NOT be accepted. Any such cheques will be returned and the acceptance deemed to be invalid.

Do not forward cash as receipts will not be issued.

When completed, this form together with the appropriate payment should be forwarded to the share registry:

Security Transfer Registrars Pty Ltd
PO Box 535, APPLECROSS WA 6953.

Applications must be received by Security Transfer Registrars Pty Ltd no later than 5.00pm AEST on the closing date.

PAYMENT INFORMATION



Bill code: 159483

BPAY® this payment via internet or phone banking.
Your reference number is quoted on the front of this form.

Multiple acceptances must be paid separately.

Applicants should be aware of their financial institution's cut-off time (the time payment must be made to be processed overnight) and ensure payment is processed by their financial institution on or before the day prior to the closing date of the offer. BPAY applications will only be regarded as accepted if payment is received by the registry from your financial institution on or prior to the closing date. It is the Applicant's responsibility to ensure funds are submitted correctly by the closing date and time.

Your BPAY reference number will process your payment to your entitlement electronically and you will be deemed to have applied for such Securities for which you have paid.

EXPLANATION OF ENTITLEMENT

1. The front of this form sets out the number of Securities and the price payable on acceptance of each New Share.
2. Your entitlement may be accepted either in full or in part. There is no minimum acceptance.

ENQUIRIES

All enquiries should be directed to the Company's share registry:

Security Transfer Registrars Pty Ltd

PO Box 535, Applecross WA 6953 AUSTRALIA

770 Canning Highway, Applecross WA 6153 AUSTRALIA

Telephone +61 8 9315 2333

Facsimile +61 8 9315 2233

Email: registrar@securitytransfer.com.au

PRIVACY STATEMENT

Personal information is collected on this form by Security Transfer Registrars Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Registrars Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.

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