



27 July 2015

[Insert optionholder name]  
[Insert optionholder address]

Dear Optionholder

#### **Notice of Atrum Coal NL Entitlement Offer**

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

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

A copy of the prospectus prepared by the Company in accordance with section 713 of the *Corporations Act 2001* (Cth) (**Corporations Act**) in connection with the Entitlement Offer was lodged with the Australian Securities and Investments Commission and given to ASX Limited on 27 July 2015 (**Prospectus**). The Prospectus and a personalised entitlement and acceptance form (**Entitlement and Acceptance Form**) will be despatched to all eligible Shareholders (as defined in the Prospectus) (**Eligible Shareholders**) on 6 August 2015.

---

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

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



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

Entitlements to acquire New Shares and New Options pursuant to the Entitlement Offer are not renounceable (that is, entitlements cannot be assigned or transferred to any other person). The Entitlement Offer is underwritten by Blackwood Capital Pty Limited (**Underwriter**).

Holders of existing options in the Company will not be entitled to participate in the Entitlement Offer **unless their options are exercised and new shares in the Company are issued, in each case prior to the Record Date**. A timetable outlining important dates is provided below.

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

This letter is provided for your information only and does not constitute an offer of New Shares and New Options under the Entitlement Offer. We encourage you to carefully read the Prospectus before deciding whether to exercise any of your options before the Record Date and whether to take up any resulting entitlement, and to consult your financial adviser before making any investment decision. If you wish to make an additional investment in the Company by participating in the Entitlement Offer (following any exercise of your options and the issue of new shares following that exercise) you will need to lodge a personalised Entitlement and Acceptance Form along with appropriate application monies with the Company by the **close of the Entitlement Offer at 5pm (Sydney time) on 17 August 2015**. Further instructions are contained in the Prospectus.

### Important Dates

Event	Date
Announcement of Entitlement Offer	27 July 2015



Lodge Prospectus in relation to Entitlement Offer	27 July 2015
Record Date for Entitlement Offer	5pm (Sydney time), 31 July 2015
Entitlement Offer opens	6 August 2015
Entitlement Offer closes	5pm (Sydney time) 17 August 2015
Issue of New Shares and New Options under the Entitlement Offer (and if applicable, under the Discretionary Placement)	27 August 2015
New Shares issued under the Entitlement Offer (and if applicable, under the Discretionary Placement) commence trading on a normal settlement basis on ASX	28 August 2015

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

The Prospectus is available and copies can be obtained by calling the Atrum Offer Information Line on (02) 8249 1884 (within Australia) or +61 2 8249 1884 (from outside Australia) at any time between 8.30am and 5pm (Sydney time) on Monday to Friday during the Entitlement Offer period. Offers of New Shares and New Options under the Entitlement Offer will be made in, or accompanied by a copy of, the Prospectus. Eligible Shareholders should consider the Prospectus in deciding whether to acquire New Shares and New Options under the Entitlement Offer. Eligible Shareholders who want to acquire New Shares and New Options under the Entitlement Offer will need to complete the personalised Entitlement and Acceptance Form that is in or accompanies the Prospectus.

Should you exercise your options, and be issued with new shares in the Company, in each case prior to the Record Date, the Prospectus together with your personalised Entitlement and Acceptance Form will be mailed to you on 6 August 2015.

Yours faithfully



**Atrum Coal**  
Emerging metallurgical coal explorer



**James Chisholm**  
Executive Chairman, Atrum Coal NL