

ANNOUNCEMENT – Despatch of replacement prospectus and letter to ineligible shareholders

A replacement prospectus (**Replacement Prospectus**) and personalised entitlement and acceptance form in connection with Atrum Coal NL's ("Atrum") (ASX: **ATU**) one (1) for 17 fully underwritten non-renounceable pro rata entitlement offer of new shares in Atrum at \$0.50 per new share, together with one (1) free new option for every two (2) new shares subscribed for under the entitlement offer first announced by Atrum on Monday, 27 July 2015 (**Entitlement Offer**) have been despatched to all eligible shareholders with a registered address in Australia or New Zealand. A copy of the Replacement Prospectus was lodged with ASIC and given to ASX on Monday, 3 August 2015.

A letter to those shareholders with a registered address outside Australia and New Zealand (other than certain specified non-Australian and non-New Zealand resident shareholders) notifying them that they are ineligible to participate in the Entitlement Offer has also been despatched today. A copy of that letter is attached.

Further information

The Replacement Prospectus is available and copies can be obtained by calling the Atrum Offer Information Line referred to below. Offers of securities under the Entitlement Offer will be made in, or accompanied by a copy of, the Replacement Prospectus. Eligible shareholders should consider the Replacement Prospectus in deciding whether to acquire securities under the Entitlement Offer. Eligible shareholders who want to acquire securities under the Entitlement Offer will need to complete the personalised entitlement and acceptance form that is in or accompanies the Replacement Prospectus. Shareholders who have questions regarding the Entitlement Offer should phone the Atrum Offer Information Line on (02) 8249 1884 (within Australia) or +61 2 8249 1884 (outside Australia) at any time between 8.30am and 5pm (Sydney time), Monday to Friday.

For further information contact:

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ASX:ATU - Share Information
Issued Shares: 170.2m

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www.atrumcoal.com

Board of Directors
Executive Chairman J. Chisholm
Non-Executive Director S. Boulton
Non-Executive Director C. Vorias
Company Secretary T. Renard

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

Key Projects
Groundhog
Peace River
Naskeena
Bowron River

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

6 August 2015

Dear Shareholder

Atrum Coal NL Entitlement Offer – Notification to ineligible Shareholders

On 27 July 2015, Atrum Coal NL (**Atrum** or **Company**) announced a fully underwritten offer of new fully paid ordinary shares in the Company (**New Shares**) (and free unquoted options over unissued ordinary shares in the Company (**New Options**)) by way of a 1-for-17 non-renounceable pro rata entitlement offer of New Shares at \$0.50 per New Share (**Issue Price**) to existing holders of shares¹ (**Shareholders**) to raise approximately \$5 million (**Entitlement Offer**²).

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

The Entitlement Offer will be made pursuant to a prospectus prepared by the Company in accordance with section 713 of the *Corporations Act 2001* (Cth) (**Corporations Act**) and which was lodged with the Australian Securities and Investments Commission (**ASIC**) and given to ASX Limited (**ASX**) on 3 August 2015 (**Replacement Prospectus**³).

Details of the Entitlement Offer

The Entitlement Offer is being made to eligible Shareholders (**Eligible Shareholders**) at the Issue Price on the basis of 1 New Share for every 17 existing ordinary shares in the Company (each, a **Share**) held at 5pm (Sydney time) on 31 July 2015 (**Record Date**). 1 New Option (which will be exercisable for 1 new Share at \$0.80 each at any time up to and including 5pm (Sydney time) on 25 August 2017) will also be granted free of charge for every 2 New Shares subscribed for under the Entitlement Offer.

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

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

³ The Replacement Prospectus replaces the original prospectus dated 27 July 2015 which Atrum lodged with ASIC on that date.

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 at the time of the close of the Entitlement Offer.

For further information in relation to the Entitlement Offer, please see the Company's announcements dated 27 July 2015 and 3 August 2015, which were lodged on ASX and are available at www.asx.com.au.

Eligibility criteria

The restrictions upon eligibility under the Entitlement Offer are in place because of legal limitations of making or extending an offer of securities in some countries, the relatively small number of Shareholders in those countries, the number and value of securities to which those Shareholders would otherwise be entitled and the potential cost of complying with regulatory requirements in those countries.

The Company has determined, pursuant to ASX Listing Rule 7.7.1(a), that it would be unreasonable to make or extend the Entitlement Offer to Shareholders in countries outside of Australia or New Zealand (with certain exceptions that do not apply to you). Accordingly, in compliance with ASX Listing Rule 7.7.1(b), the Company wishes to advise you that it will not be extending the Entitlement Offer to you and you will not be able to subscribe for New Shares (and Additional New Shares, if applicable) and New Options under the Entitlement Offer.

The Entitlement Offer is only open to Eligible Shareholders. Eligible Shareholders are those holders of Shares⁴ who:

1. are registered as a holder of Shares as at 5pm (Sydney time) on the Record Date; and
2. have a registered address on the Company's share register in Australia or New Zealand; and
3. are not located in the United States and are not a U.S. person (as defined in the U.S. Securities Act of 1933 (**U.S. Securities Act**) (**U.S. Persons**)) and are not acting for the account of or benefit of U.S. Persons to that extent; and
4. do not hold Shares as a result of post Record Date transactions; and

⁴ For the purposes of this definition only, a reference to a 'Share' also includes a reference to a 'partly paid' share in the Company.

5. if they have a registered address outside of 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.

Unfortunately, as you do not satisfy the eligibility criteria above, you will not be sent the Replacement Prospectus relating to the Entitlement Offer nor will you be able to subscribe for securities under the Entitlement Offer.

You are not required to do anything in response to this letter. This letter is to inform you of the Entitlement Offer. This letter is not an offer to issue New Shares and New Options to you, nor an invitation for you to apply for New Shares and New Options.

What will happen to my entitlement?

As the Entitlement Offer is non-renounceable (that is, entitlements cannot be assigned or transferred to any other person), you will not receive any payment or value for any entitlement in respect of New Shares and New Options that would have been offered to you if you were eligible to participate in the Entitlement Offer.

Further information

If you have any questions in relation to the above matters, please contact the Company's share registry (Security Transfer Registrars Pty Ltd) between 11.30am and 7.30pm (Sydney time) 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 (which is 5pm (Sydney time) on 17 August 2015 (unless extended)) on (08) 9315 2333 (within Australia) or +61 8 9315 2333 (outside Australia). For other questions, you should consult your broker, accountant, financial adviser, taxation adviser or other independent professional adviser without delay.

Thank you for your continued interest in the Company.

Yours faithfully



James Chisholm
Executive Chairman
Atrum Coal NL

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES OR TO U.S. PERSONS

This letter does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or to, or for the account or benefit of, any U.S. Person. The securities to be offered and sold in the Entitlement Offer have not been, and will not be, registered under the U.S. Securities Act. Accordingly, the entitlements in the Entitlement Offer may only be taken up by, and the New Shares (and Additional New Shares, if applicable) and New Options to be offered and sold in the Entitlement Offer may only be offered and sold to, directly or indirectly, persons outside the United States that are not U.S. Persons and are not acting for the account or benefit of U.S. Persons in "offshore transactions" (as defined in Rule 902(h) under the U.S. Securities Act) in reliance on Regulation S under the U.S. Securities Act. This announcement may be distributed to, or relied upon by, any person in the United States or any person that is a U.S. Person or acting for the account or benefit of a U.S. Person.

The provision of this letter is not, and should not be considered as, a securities recommendation or financial product advice. The information in this letter is general information only, and does not take into account your individual objectives, taxation position, financial situation or needs. If you are unsure of your position, please contact your broker, accountant, financial adviser, taxation adviser or other independent professional adviser without delay.