

CONVERTIBLE NOTES AND CONVERSION OF ADVANCE AND MONEY OWING UNDER CONVERTIBLE NOTES

Atrum is also pleased to announce that on 9 May 2016 additional relevant investors have elected to convert their advance and money owing under their respective Convertible Notes to fully paid ordinary Atrum shares, with the entitlement to receive one option for each such share.

The Convertible Notes are dated on the dates in the tables below between Atrum and each investor named in the tables below. With these conversions, Atrum has no convertible notes on issue.

As a result of the conversions described above and set out in the tables below, Atrum has issued to the investors a total of 3,694,000 fully paid ordinary Atrum shares at the issue prices stated in the tables below, and 3,694,000 options for fully paid ordinary Atrum shares with an exercise price of \$0.60 each and an exercise period from issue until 2 July 2018.

Investor	Advance and money owing	No. of shares	Issue price per share	No. of options	Date of Convertible Note
The Stephens Group Pty Ltd	A\$150,000	300,000	A\$0.50	300,000	23 March 2016
Mr Bernard Owen Stephens & Mrs Erin Josephine Stephens (Stephens Group S/F A/C)	A\$500,000	1,000,000	A\$0.50	1,000,000	11 April 2016
Donna Mullan	A\$50,000	100,000	A\$0.50	100,000	6 May 2016
Majol Pty Ltd	A\$25,000	50,000	A\$0.50	500,000	8 May 2016
Roohif Pty Limited (as Trustee for the Glenn Williamson Family Trust)	A\$50,000	100,000	A\$0.50	100,000	9 May 2016


ASX:ATU - Share Information

Issued Shares: 189.4m

Registered Office

 Level 19, 1 O'Connell St
 Sydney, NSW, 2000
 T +61 2 8249 1884
 E info@atrumcoal.com
www.atrumcoal.com
Board of Directors

 Executive Chairman
 Non-Executive Director
 Non-Executive Director
 Non-Executive Director
 Non-Executive Director
 Company Secretary

 R Bell
 J Wasik
 S Boulton
 C Vorias
 J Chisholm
 T Renard

Key Projects

 Groundhog
 Naskeena
 Bowron River

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

Investor	Advance and money owing	No. of shares	Issue price per share	No. of options	Date of Convertible Note
Myville Pty Ltd	\$70,000	140,000	A\$0.50	140,000	9 May 2016
George Tanaka	\$2,000	4,000	A\$0.50	4,000	9 May 2016
Mibro Pty Ltd	\$900,000	1,800,000	A\$0.50	1,800,000	9 May 2016
Paul and Sarah Superfund Investments P/L	\$100,000	200,000	A\$0.50	200,000	9 May 2016
Totals	A\$1,847,000	3,694,000	A\$0.50	3,694,000	

Key terms of the Convertible Notes

The Convertible Notes include the following key terms. Commentary on the key terms is provided where appropriate.

1. The repayment date (maturity date) is 2 July 2018, or such later date agreed by the parties.
2. The conversion price is the higher of:
 - (a) an amount equal to the 10 day VWAP per Atrum share ending on the conversion date, less 10%; and
 - (b) \$0.50 per Atrum share.
3. Each investor has the right to convert their advance and money owing to Atrum shares at any time after making their advance to Atrum and until 10 business days before the repayment date.
4. The interest rate is 10%, accruing day to day from the date of the relevant advance, payable quarterly in arrears and, in respect of unpaid interest when due, capitalised monthly. The interest rate on any overdue amount is 12%.
5. If an investor elects to convert its advance and money owing into Atrum shares, Atrum must issue one free option for every Atrum share issued.
6. Each option:
 - (a) entitles the investor to subscribe for one fully paid ordinary Atrum share;
 - (b) has an exercise price of \$0.60;
 - (c) is exercisable from the date of issue until 2 July 2018; and
 - (d) is transferable to sophisticated or professional investors only for the purposes of, and subject to compliance with, section 708(8) or section 708(11) of the *Corporations Act 2001* (Cth), respectively, and provided the investor gives Atrum prior written notice of the proposed transfer (including the proposed transferee and any material details).

7. The rights of each investor in respect of options (including the number of options they hold and the exercise price of each option) are subject to the ASX Listing Rules with respect to a re-organisation (including consolidation, sub-division, reduction or return) of Atrum's share capital.
8. The Convertible Notes include a royalty component in respect of Atrum's Groundhog North Project, whereby each investor is entitled to:
 - (a) (A\$2.00 per tonne of high grade or ultra-high grade anthracite of the first 1 million tonnes of production over and above threshold production of 100,000 tonnes);
 - (b) (A\$2.00 per tonne of high grade or ultra-high grade anthracite of the first 125,000 thousand tonnes of production over and above threshold production of 1,100,000 tonnes);
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 - (c) each multiplied by
 - (d) that investor's proportion (expressed as a percentage) that their commitment under the relevant Convertible Note bears on the aggregate of all of the investors' commitments under the Convertible Notes,(each a **Royalty**).
9. The conversions of advances and money owing under the Convertible Notes, and the issue of shares and options, do not affect any Royalty. A royalty is a common financing tool and aligns the interests companies and their investors. In the view of Atrum's Board, if Royalties are payable under Convertible Notes there would not be a material impact on Atrum's revenue or financial performance, or on Atrum's shareholders, particularly because the Royalties will only be payable when Atrum's Groundhog North Project goes into production (and produces above the threshold level described above).
10. Under each Convertible Note, each investor granted to Atrum the option to buy back each Royalty for the maximum value of the Royalty less the aggregate amount paid under the Royalty (at the time that the option to buy it back is exercised).
11. The Convertible Notes are unsecured.
12. Events of default include:
 - (a) Atrum not paying any amount payable by it within 20 business days of the due time on the due date;
 - (b) breach of representation, warranty or statement, and if such a breach is capable of remedy, if it is not remedied within 10 business days of the breach;
 - (c) an event of insolvency occurring in relation to Atrum;

- (d) Atrum failing to comply with an obligation or undertaking under the Convertible Note, and if such a failure is capable of remedy, it is not remedied within 10 business days after the failure to comply;
 - (e) if any of the following occurs or is alleged by Atrum to have occurred:
 - i. all or a provision of the Convertible Note is terminated or is or becomes void, avoided, illegal, invalid or unenforceable or limited in its effect;
 - ii. it becomes impossible or unlawful for Atrum to perform a material obligation under the Convertible Note; or
 - iii. a party has a right of termination for breach or to rescind, treat as repudiated or avoid all or a provision of the Convertible Note; and
 - (f) an event or series of events (whether related or not) occurs which has a material adverse effect on the validity of the Convertible Note, the relevant investor's rights or remedies, or the ability of Atrum to observe or perform its obligations.
13. If an event of default under a Convertible Note occurs then, during the period that it subsists, the relevant investor can declare that an event of default has occurred, immediately cancel their commitment under the Convertible Note, and declare that all amounts advanced to Atrum, and all amounts due under the Convertible Note, are immediately due and payable by Atrum (in which case Atrum must immediately pay such amounts).

A notice under section 708A(5)(e) of the *Corporations Act 2001* (Cth), as notionally modified by the ASIC Instrument 16-0263, was lodged with ASX on 21 April 2016 in relation to the issue of the shares and options to the investors named in the first table above.

A notice under section 708A(5)(e) of the *Corporations Act 2001* (Cth), as notionally modified by the ASIC Instrument 16-0263, will be lodged with ASX today, 10 May 2016, in relation to the issue of the shares and options to the investors named in the second table above.

For further information contact:

Robert Bell
Executive Chairman
M +1 604 763 4180
rbell@atrumcoal.com

Theo Renard
Company Secretary
M +61 430 205 889
trenard@atrumcoal.com

Nathan Ryan
Investor Relations
M +61 420 582 887
nathan@atrumcoal.com