

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

Atrum is also pleased to announce that on 27 July 2016 additional relevant investors have elected to convert their advance and money owing under their respective Convertible Notes to fully paid ordinary Atrum shares.

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 541,964 fully paid ordinary Atrum shares at the issue prices stated in the tables below.

Investor	Advance and money owing	No. of shares	Issue price per share	Date of Convertible Note
EMBR Capital, LLC	A\$233,500	433,210	A\$0.54	27 July 2016
Mr Ben Roth	A\$60,000	108,754	A\$0.55	27 July 2016
Totals	A\$293,500	541,964	A\$0.54	

Key terms of the Convertible Notes

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

- The repayment date (maturity date) is 27 July 2018, or such later date agreed by the parties.



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 Ownership: 100%
Naskeena Ownership: 100%
Bowron River Ownership: 100%

The conversion price is an amount equal to the 10 day VWAP per Atrum share ending on the conversion date, less 10%; and

2. 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.
3. 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%.
4. 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 73,375 thousand tonnes of production over and above threshold production of 1,225,000 tonnes);
 - (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**).
5. The conversions of advances and money owing under the Convertible Notes, and the issue of shares does 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).
6. 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).
7. The Convertible Notes are unsecured.
8. 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.

9. 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 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 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