



# **Atrum Coal NL ACN 153 876 861**

## **Notice of Meeting and Explanatory Statement**

For the extraordinary general meeting of Shareholders to be held at  
Maddocks Lawyers, Level 27, Angel Place  
123 Pitt Street, Sydney, NSW 2000  
at 11am (AEST) on Thursday, 29 September 2016

**This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers before voting.**

**Should you wish to discuss the matters in this Notice of Meeting, please do not hesitate to contact the Company Secretary on +61 430 205 889**

# Atrum Coal NL

## ACN 153 876 861

### Notice of General Meeting

Notice is given that a general meeting of Atrum Coal NL (**Company**) will be held at:

<b>Location</b>	Maddocks Lawyers, Level 27, Angel Place 123 Pitt Street, Sydney, NSW 2000
<b>Date</b>	29 September 2016
<b>Time</b>	11am (AEST)

The Notice and Explanatory Statement should be read in their entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

#### Voting eligibility

The persons eligible to vote at the General Meeting (or any adjournment of the General Meeting) are those who are registered Shareholders as at 11am (AEST) on 27 September 2016.

#### Voting in person

To vote in person, attend the General Meeting at the time, date and place set out above.

#### Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return it to the Company by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise.

Shareholders are advised that under sections 250BB and 250BC of the Corporations Act:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these sections are set out below.

### ***Proxy vote if appointment specifies way to vote***

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed);
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands;
- if the proxy is the Chair of the Meeting, the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the Chair of the Meeting, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

### ***Transfer of non-Chair proxy to Chair in certain circumstances***

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at the Meeting;
- the appointed proxy is not the Chair of the Meeting;
- at the Meeting, a poll is duly demanded on that resolution; and
- either of the following applies:
  - the proxy is not recorded as attending the Meeting; or
  - the proxy does not vote on the resolution,

then the Chair is taken, before voting on that resolution closes, to have been appointed as the proxy for the purposes of voting on that resolution at the Meeting.

### **Voting by corporate representative**

A Shareholder that is a corporation may elect to appoint a representative, rather than appoint a proxy, under the Corporations Act, in which case the Company will require written proof of the representative's appointment (which must be lodged with or presented to the Company before the Meeting).

## Business of the Meeting

### Resolution 1 – Issue of Consideration Shares

To consider, and if in favour, to pass the following Resolution as an **ordinary resolution** under the Corporations Act:

*That, for the purpose of Listing Rule 7.1 and for all other purposes, the Shareholders approve the issue by the Company to the Vendors of the Consideration Shares (as described in the Explanatory Statement).*

#### **Voting Exclusion Statement:**

The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities) if this Resolution is passed, together with any associates of those persons. However, the Company is not required to disregard a vote if it is cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the Proxy Form) or it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote (in accordance with the directions on the Proxy Form to vote as the proxy decides).

### Resolution 2 – Issue of Shares under the Placement

To consider, and if in favour, to pass the following Resolution as an **ordinary resolution** under the Corporations Act:

*That, for the purpose of Listing Rule 7.1 and for all other purposes, the Shareholders approve the issue by the Company of up to \$20 million worth of Shares under the Placement, with the issue price of each Share being at least 80% of the volume weighted average market price for the Shares calculated over the last 5 days on which sales in the Shares were recorded before the day on which the relevant Shares are issued, as described in the Explanatory Statement.*

#### **Voting Exclusion Statement:**

The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities) if this Resolution is passed, together with any associates of those persons. However, the Company is not required to disregard a vote if it is cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the Proxy Form) or it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote (in accordance with the directions on the Proxy Form to vote as the proxy decides).

### Resolution 3 – Ratification of Options issued to Anglo Pacific

To consider, and if in favour, to pass the following Resolution as an **ordinary resolution** under the Corporations Act:

*That, for the purpose of Listing Rule 7.4 and for all other purposes, the Shareholders ratify the issue and allotment of 1,000,000 Options to Anglo Pacific (as described in the Explanatory Statement).*

#### **Voting Exclusion Statement:**

The Company will disregard any votes cast on this Resolution by Anglo Pacific, together with any associates of Anglo Pacific. However, the Company is not required to disregard a vote if it is cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the Proxy Form) or it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote (in accordance with the directions on the Proxy Form to vote as the proxy decides).

### Resolution 4 – Ratification of prior Shares issued

To consider, and if in favour, to pass the following Resolution as an **ordinary resolution** under the Corporations Act:

*That, for the purpose of Listing Rule 7.4 and for all other purposes, the Shareholders ratify the issue and allotment of 4,300,000 Shares that were issued on 5 July 2016 following the exercise of Options (as described in the Explanatory Statement).*

#### **Voting Exclusion Statement:**

The Company will disregard any votes cast on this Resolution by any person that participated in the issue of the Shares, together with any associates of those persons. However, the Company is not required to disregard a vote if it is cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the Proxy Form) or it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote (in accordance with the directions on the Proxy Form to vote as the proxy decides).

### Proxy Form

Attached is a Proxy Form relating to the General Meeting. All Shareholders wanting to appoint a proxy are requested to complete and return the form to the Company in accordance with the instructions set out in the Proxy Form.

By order of the Board:



**Theo Renard**  
**Company Secretary**

29 August 2016

## Explanatory Statement

This Explanatory Statement has been prepared to provide information that the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the Meeting.

The Directors recommend that Shareholders read this Explanatory Statement and Notice of Meeting in full before making any decision in relation to the Resolutions.

Terms used in this Explanatory Statement are defined in the Glossary at the back of this document. All references to currency in this Explanatory Statement are in Australian dollars (unless stated otherwise).

### 1. Acquisition of an interest in Atlantic Carbon Group PLC

#### 1.1 Reason for the Meeting

On 3 August 2016, the Company announced to the ASX that it had entered into a binding agreement to acquire a 26.68% interest in Atlantic Carbon Group PLC (**ACG**). As one of the options for financing the Acquisition, the Company may carry out a placement to sophisticated and professional investors, with the aim of raising up to \$20 million by issuing Shares (**Placement**). The Company is also evaluating whether the acquisition can be financed through debt funding and is holding discussions with various financiers.

If Shares are issued under the Placement, those Shares may be issued to investors in multiple tranches and with different issue prices. The issue price(s) for the Shares that may be allotted under the Placement will be the amount(s) determined by the Directors. However, no Shares will be issued under the Placement with an issue price of less than 80% of the volume weighted average market price of the Shares traded on the ASX (as calculated over the last 5 days on which sales in the Shares were recorded before the day on which the issue of the relevant new Shares under the Placement occurs).

#### 1.2 About ACG

ACG is an unlisted public company registered in the United Kingdom. It was incorporated in 2004 and has previously been known by the names "Atlantic Coal PLC" and "Summit Resources PLC".

The current operations of ACG commenced in 2007 following the reverse takeover of the Stockton Coal Group by ACG. ACG was listed on the London AIM Exchange until shareholders approved its delisting in January 2016. Shares in ACG are now traded through a matched bargain service operated by Capita Asset Services.

The securities currently issued by ACG include the following:

Type of securities	Number of securities on issue
Ordinary class shares	5,488,538,505
Options (expiring between Oct 2016 and January 2018)	404,942,761
Warrants	576,000,000

### 1.3 ACG Group operations

The ACG Group is a high grade and ultra-high grade anthracite producer with operations in North Eastern Pennsylvania, USA. It operates at a number of locations, all proximate to the town of Hazleton, Pennsylvania.

#### (a) Stockton Mine<sup>1</sup>

The Stockton Mine is an established anthracite mine and was the top anthracite producing mine in the United States during 2015<sup>2</sup>. It is a fully operational open-cut anthracite mine with an on-site processing plant (capable of washing 450,000 tons of Run of Mine anthracite per annum).

In 2015, the Company (in partnership with the Reading, Blue Mountain and Northern Railroad) constructed a new rail loading facility at the eastern end of the Stockton Mine. This became operational on 11 August 2015 with the dispatch of anthracite to a steel industry customer in Indiana and a sugar processing company in Idaho.

In March and April 2014, ACG purchased 6 Komatsu Model HD785-7 100 ton haul trucks. In February 2015, ACG announced the purchase of more new equipment in partnership with Komatsu, including:

- 1 PC3000 hydraulic excavator;
- 4 Komatsu Model HD785-7 100 ton haul trucks;
- 2 Komatsu Model HM400-3 articulated haul trucks;
- 1 Komatsu Model PC490LC-10 hydraulic excavator;
- 2 Komatsu Model D275AX-SEO dozers; and
- 1 Komatsu Model WA500-7 wheel loader.

The new equipment was funded through an asset backed lease purchase agreement at a total cost of US\$20 million over 6 years.

Key performance statistics for the year ended 31 December 2015 relating to the Stockton Mine are set out below:

- Anthracite production of 204,746 tons, an increase of 24% on the previous year (2014: 165,046 tons).
- Run of Mine production of 638,697 tons, an increase of 87% on the previous year (2014: 341,155 tons).
- Total anthracite sales in 2015 of 261,564 tons.

ACG public documentation shows that the Stockton Mine has an estimated mine life of 10 years.

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<sup>1</sup> Atlantic Carbon Group, "Annual Report and Financial Statements for the Year Ended 31 December 2015", 1 June 2016

<sup>2</sup> Atlantic Carbon Group, "Stockton Mine top anthracite producer in USA in 2015", 29 January 2016

(b) **Hazleton Shaft Corporation**<sup>3</sup>

In June 2016, ACG announced that it had completed the acquisition of Hazleton Shaft Corporation (**HSC**), an integrated anthracite mining and processing company operating in the Hazleton area of Pennsylvania near the Stockton Mine.

HSC has traditionally mined waste stockpiles (called culm) to extract left-over anthracite. As such, HSC has well developed skills in anthracite beneficiation and sizing, as typically waste stockpiles yield less than 10% anthracite. HSC has a complex and efficient washery and sizing plant, but in addition, HSC has a 50% stake in a drier (also located at the Hazleton Shaft site) to dry anthracite for use in Electric Arc Furnaces, which is the dominant form of steel-making operation in the USA. The drier reduces the inherent moisture of the anthracite to facilitate use in the foaming slag part of the electric arc process.

Hazleton Shaft Corporation operates the following 2 anthracite surface mines:

- **Hazleton Shaft:** Hazleton Shaft is immediately adjacent and to the west of the Stockton Mine.
- **Jeansville:** HSC has recently secured a permit for a new area 3.5 miles south of the existing operation called Jeansville. Only in the last few weeks have ACG and HSC begun mining the Jeansville site. Results to date are encouraging. Unlike HSC's earlier operations, Jeansville is not a waste stockpile but rather an anthracite deposit. Yields have increased dramatically to 75-80%, and this is expected to flow through to the profitability of ACG.

ACG expects that the acquisition of HSC will create operational advantages, including:

- a substantial increase in production capacity;
- an increased reserve base providing long-term security and greater access to finance for new plant and equipment;
- the ability to maintain production at optimum levels, avoiding the potential uncertainties associated with being a “one mine” operating company; and
- the close geographical proximity of the operating mines and processing plants means that substantial economies of scale can potentially be achieved (e.g. in relation to administration and procurement).

(c) **Other non-operating mining assets**<sup>4</sup>

Other non-operating assets held by members of the ACG Group include:

- **Pott & Bannon:** Pott & Bannon is a future prospect site located 25 miles from the Stockton Mine. It is well positioned in close proximity to major east-coast transportation hubs. ACG is currently investigating the potential resources at this site and progressing the mine planning and engineering process with the view to bringing the site into production.
- **Gowen:** The Gowen Mine is a site that ACG inherited when it acquired the Stockton Mine. It was mined to exhaustion by Coal Contractors (1991) Inc in the 1990s. The reclamation of the site was successfully completed in 2015.

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<sup>3</sup> Atlantic Carbon Group, “Atlantic Carbon Group PLC announces the acquisition of Hazleton Shaft Corporation to become the major player in the US anthracite coal industry”, 1 June 2016

<sup>4</sup> Atlantic Carbon Group website; Atlantic Carbon Group presentation “Pennsylvania Anthracite Investment Opportunities”, June 2016



- **Beaver Brook and Sandy Run:** These sites are also in close proximity to Hazleton, Pennsylvania and were recently acquired as part of the acquisition of Hazleton Shaft Corporation. Mining permits are in place for both sites. However, the anthracite reserves for both sites is unquantified.

#### 1.4 Customers and sales

The ACG Group currently supplies anthracite to customers in the United States and Canada in the steel, metal reduction, carbon products and home heating industries. It is also targeting exports in the international steel industry, particularly in Brazil, China, India and Western Europe.<sup>5</sup>

Details of the revenue of ACG and its subsidiaries is shown in section 1.7 of this Explanatory Statement.

#### 1.5 Board and senior management<sup>6</sup>

Biographical information relating to the board and senior management of ACG is set out below:

- **Steve Best – Managing Director:** Mr. Steve Best is the Managing Director of ACG and is one of the Vendors. Steve has over 30 years' experience in open cut coal mining in the UK and the USA. He has been involved in the formation and operation of a number of private companies specialising in the acquisition of open cut coal mines and property development opportunities.
- **Adam Wilson – Executive Chairman:** Mr. Adam Wilson is the Executive Chairman of ACG. After qualifying as a Barrister, Adam began his career at NM Rothschild in 1994 and subsequently moved to LCF Rothschild, where he specialised in equity derivative and structured product sales. In 1997 Adam joined Teather & Greenwood where he became Head of Derivatives before joining Hichens, Harrison & Co plc in 2003. He was appointed Managing Director of Hichens, Harrison & Co plc in October 2004 after which he floated the company on AIM and developed the business considerably until its sale to Religare Enterprises Limited in 2008.
- **Peter Chinneck – Non-executive Director:** Dr. Peter Chinneck trained in medicine at the University of Southampton before joining the Royal Medical Army Corps in 1980. He served as a Regimental Medical Officer reaching the rank of Major before leaving the Army in 1990 to pursue a career in aviation. He has over 17 years' experience as a commercial pilot flying commercial, freighter and air ambulance services.
- **Ray Petrilla – Head of Corporate Finance (US):** With over 27 years' experience in the Pennsylvanian anthracite industry, Ray has worked in various financial and management roles for ACG (and its predecessors) since 2002. He is active in all aspects of corporate finance, in particular, major transactions, sourcing and negotiating finance for new projects and major equipment purchases and major sales contracts.
- **Barney Corrigan – Project Development Director:** Mr. Barney Corrigan has over 30 years' experience in the resource industry including multiple roles as a Planning & Development Manager specialising in all aspects of mineral and waste planning. His principal role in the ACG Group is the identification, evaluation, acquisition and development of coal sites in the USA and elsewhere, to widen the ACG Group's project portfolio, resource base and production profile.

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<sup>5</sup> Atlantic Carbon Group presentation "Pennsylvania Anthracite Investment Opportunities", June 2016

<sup>6</sup> Atlantic Carbon Group website

## 1.6 Historical statement of financial position of ACG<sup>7</sup>

The historical statement of financial position of ACG (together with its subsidiaries) as at 31 December 2015 and 31 December 2014 is extracted below. It should be noted that these figures were prepared before the recent acquisition of Hazleton Shaft Corporation by ACG. The Company has not yet received the financial accounts relating to Hazleton Shaft Corporation. The figures contained in the historical statement of financial position are expressed in US Dollars.

	<b>Audited 31-Dec-2015</b>	<b>Audited 31-Dec-2014</b>
<b>Non-Current Assets</b>		
Property, plant and equipment	26,972,153	16,744,999
Land, coal rights and restoration costs	10,452,581	11,796,159
Investment in subsidiaries	-	-
Trade and other receivables	-	-
Other assets	206,339	199,644
	<b>37,631,073</b>	<b>28,740,802</b>
<b>Current Assets</b>		
Inventories	4,426,212	1,614,485
Trade and other receivables	3,203,593	2,679,438
Other assets	61,068	58,046
Cash and cash equivalents	329,391	725,517
	<b>8,020,264</b>	<b>5,077,486</b>
<b>Total Assets</b>	<b>45,651,337</b>	<b>33,818,288</b>
<b>Equity Attributable to Owners of the Parent and Shareholders</b>		
Share capital	5,769,335	5,510,300
Share premium	40,498,886	40,359,710
Merger reserve	15,326,850	13,898,706
Reverse acquisition reserve	(12,999,288)	(12,999,288)
Other reserves	42,901	101,077
Translation reserve	(4,100,633)	(3,853,590)
Retained losses	(31,313,240)	(35,389,440)
<b>Total Equity</b>	<b>13,224,811</b>	<b>7,627,475</b>
<b>Current Liabilities</b>		
Trade and other payables	7,481,733	8,070,911
Borrowings	4,624,899	3,833,297
Provision for restoration costs	50,420	158,100
	<b>12,157,052</b>	<b>12,062,308</b>
<b>Non-Current Liabilities</b>		
Borrowings	16,785,137	10,211,809
Provision for restoration costs	3,484,337	3,916,696
	<b>20,269,474</b>	<b>14,128,505</b>
<b>Total Liabilities</b>	<b>32,426,526</b>	<b>26,190,813</b>
<b>Total Equity and Liabilities</b>	<b>45,651,337</b>	<b>33,818,288</b>

<sup>7</sup> Atlantic Carbon Group, "Annual Report and Financial Statements for the Year Ended 31 December 2015", 1 June 2016

## 1.7 Historical consolidated income statement of ACG<sup>8</sup>

The historical consolidated income statement of ACG (together with its subsidiaries) for the years ended 31 December 2015 and 31 December 2014 is extracted below. As noted in section 1.6 of this Explanatory Statement, these figures were prepared before the recent acquisition of Hazleton Shaft Corporation by ACG. The figures contained in the historical consolidated income statement are expressed in US Dollars.

	For the year ended 31-Dec- 2015	For the year ended 31-Dec- 2014
<b>Continuing Operations</b>		
Revenue	25,877,924	18,397,465
Cost of sales	(17,883,531)	(17,987,747)
<b>Gross Profit</b>	<b>7,994,393</b>	<b>409,718</b>
Administration expenses	(3,633,365)	(3,374,770)
Exceptional expenses	0	(359,088)
Other gains	873,938	398,212
Other income	1,469,404	205,673
<b>Operating Profit/(Loss)</b>	<b>6,704,370</b>	<b>(2,720,255)</b>
Finance income	76	0
Finance costs	(1,258,278)	(819,305)
<b>Profit/(Loss) Before Taxation</b>	<b>5,446,168</b>	<b>(3,539,560)</b>
Income tax expense	0	0
<b>Profit/(Loss) for the Year</b>	<b>5,446,168</b>	<b>(3,539,560)</b>
<b>Profit/(Loss) Attributable to the Owners of the Parent</b>	<b>5,446,168</b>	<b>(3,539,560)</b>

## 1.8 Background to the Acquisition

On 3 August 2016, the Company announced to the ASX that it had entered into a binding agreement (**Acquisition Agreement**) with Stephen Best (the current Managing Director of ACG) and persons and entities connected with Stephen Best (being Mayford Equities Limited, Mary Catherine Best, Willoughby (465) Limited, Lucy Victoria Best, Helen Catherine Frankland, Penn Carb, Inc and Mount Charles (Mayfair) Limited) (**Vendors**), to acquire all the following shares and warrants issued by ACG (**ACG Securities**):

Vendor	Number of fully paid ordinary class shares	Number of warrants convertible into ordinary class shares
Mayford Equities Limited	576,000,000	576,000,000
Mary Catherine Best	282,235,824	
Stephen Best	48,560,808	
Willoughby (465) Limited	18,096,148	
Lucy Victoria Best	5,300,000	
Helen Catherine Frankland	25,500,000	
Penn Carb, Inc	22,221,920	
Mount Charles (Mayfair) Limited	64,102,564	
<b>TOTAL</b>	<b>1,042,017,264</b>	<b>576,000,000</b>

The exercise of the warrants would result in the Company acquiring a total of 1,618,017,264 ordinary class shares issued by ACG (amounting to an interest of 26.68% of ACG's issued share capital).

<sup>8</sup> Atlantic Carbon Group, "Annual Report and Financial Statements for the Year Ended 31 December 2015", 1 June 2016

If on completion of the Acquisition the transfer of the ACG Securities would not result in the Company acquiring a 26.68% interest in ACG's issued share capital, then before completion of the Acquisition the Vendors must (at no additional cost to the Company) purchase a sufficient number of additional shares issued by ACG to cover the shortfall (**Top-Up ACG Securities**) and also transfer those Top-Up ACG Securities to the Company at completion of the Acquisition.

When determining whether the required 26.68% shareholding will be satisfied, the percentage interest in ACG's share capital acquired by the Company will be calculated as if the warrants that form part of the ACG Securities had been exercised and converted into shares, but excluding the impact of the exercise of any options referred to in section 1.2 of this Explanatory Statement.

Completion of the Acquisition is subject to (and conditional on) the satisfaction or waiver of the conditions precedent described in section 1.10(a) of this Explanatory Statement.

## 1.9 Consideration for the Acquisition

Under the Acquisition Agreement, the consideration for the Acquisition consists of the following scrip and cash components:

- **Scrip:** On completion of the Acquisition, the Company must issue to the Vendors (in aggregate and in the proportions directed by the Vendors in writing) the number of Shares that is equal to US\$3,000,000 (**Consideration Shares**). When calculating the number of Consideration Shares to be issued, the Company must use the volume weighted average price of the Shares on the ASX during the last 10 trading days immediately before the day on which completion of the Acquisition is to occur and applying the AUD/USD exchange rate (published by a source reasonably determined by the Company) for the business day before the day on which completion of the Acquisition is to occur.
- **Cash component:** On completion of the Acquisition, the Company must pay to the Vendors (in aggregate and in the proportions directed by the Vendors in writing) the sum of US\$3,000,000 in cash. The Company must also pay an additional US\$50,000 to Mayford Equities Limited as consideration for the warrants that form part of the ACG Securities.
- **Negative control premium:** On completion of the Acquisition, if the Company's interest in ACG is at least 25.01% on a fully diluted basis (calculated as if all options, warrants and other securities issued by ACG at the time of completion of the Acquisition had been converted into ordinary class shares), the Company must pay to Mayford Equities Limited (at the direction of and on behalf of all Vendors) the sum of US\$2,000,000 in cash (less the amount that is required to be paid to ACG for all warrants held by the Vendors to be exercised and converted into ordinary class shares, being GBP 691,200). Accordingly, it is expected that the Company will need to pay approximately US\$1,101,744 for this negative control premium.<sup>9</sup>

## 1.10 Other key elements of the Acquisition

The other key commercial terms for the Acquisition are set out below:

### (a) Conditions precedent

If required by the Company during its due diligence, the offer from the Company to the Vendors to acquire the ACG Securities is subject to the Company and the Vendors entering into a more detailed share sale agreement documenting the Acquisition, with the terms of that agreement reflecting the terms of the Acquisition Agreement and other terms and conditions customary for a transaction of this type.

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<sup>9</sup> Based on a GBP/USD Exchange Rate where GBP 1.00 = US\$ 1.299

Completion of the Acquisition is subject to a number of conditions precedent. These conditions must be satisfied as soon as reasonably possible after the date of the Acquisition Agreement, and can only be waived by the Company. The conditions precedent are as follows:

- The Company holding a general meeting and obtaining the requisite shareholder approvals for the transaction contemplated by the Acquisition Agreement.
- The Company raising at least \$10 million through the allotment of new Shares (a condition that the Company may elect to waive if it is able to finalise a suitable debt facility to fund the Acquisition).
- The results of any due diligence investigation carried out by (or on behalf of) the Company in relation to the ACG Group being satisfactory to the Company in its absolute discretion.
- Certain prohibited events (e.g. winding up, insolvency, ceasing to carry on business, share capital reduction/reconstruction, disposal of a substantial part of business or property) (**Prescribed Occurrences**) not occurring in relation to any company within the ACG Group before completion of the Acquisition.
- The Vendors each signing an escrow agreement under which they agree not to sell or otherwise deal with any of the Consideration Shares for a period of 12 months following completion of the Acquisition (unless the dealing is part of a transfer arranged by the Company and approved by the relevant Vendor).
- On Completion, the ACG Securities and any Top-Up ACG Securities must (in aggregate) represent 26.68% of the issued share capital of ACG (calculated as if the warrants that form part of the ACG Securities had been exercised and converted into shares before completion of the Acquisition, but excluding the impact of the exercise of any options referred to in section 1.2 of this Explanatory Statement).
- The Vendors signing all documents reasonably required by the Company for the purpose of completing the Acquisition, including stock transfer form(s) for the ACG Securities and any Top-Up ACG Securities.

Further, the Company is not obliged to proceed with the Acquisition if it is required not to do so under the City Code on Takeovers and Mergers (Takeover Code) or any other applicable law.

(b) **Termination**

The Acquisition Agreement may be terminated by the Company in the event that completion of the Acquisition does not occur on or before 16 September 2016.

(c) **Warranties given by the Vendors**

The Acquisition Agreement includes warranties from the Vendors in favour of the Company relating to their title to the ACG Securities and the capacity of the Vendors to enter into the Acquisition Agreement. The Acquisition Agreement also contains the following warranties from the Vendors:

- As at the date of the Acquisition Agreement, the shares that form part of the ACG Securities constitute (in aggregate) 18.99% of the issued share capital of ACG (or 26.68% of the issued share capital if the warrants that form part of the ACG Securities had been exercised and converted into shares before the date of the Acquisition Agreement);
- No restriction notice (as defined in paragraph 1(2) of schedule 1B of the *UK Companies Act 2006*) has been issued and remains in force in relation to any of the ACG Securities; and

- The Vendors collectively (and each Vendor in his/her individual capacity) are exempt persons for the purposes of the *EU Financial Services Markets Act 2000 (Financial Promotion) Order 2005*, including (without limitation) pursuant to Articles 28 and 28A of that Order.

(d) **Warranties given by the Company**

The Company did not provide any warranties for the benefit of the Vendors. In particular, the Company makes no representation or warranty as to whether it may acquire or offer to acquire any other shares or securities in ACG as a result of or following completion of the Acquisition.

(e) **Completion**

Completion under the Acquisition Agreement is to take place on the first day by which all of the conditions precedent have been satisfied or waived.

(f) **Exclusivity**

The Vendors have undertaken to not deal with, or enter into any agreement or arrangement to deal with, the ACG Securities or any other shares or securities in ACG issued or otherwise acquired by any Vendor (other than under the Acquisition Agreement) until completion of the Acquisition.

### **1.11 Funding the Acquisition**

The cash consideration payable to the Vendors in relation to the Acquisition amounts to approximately \$5,442,355.<sup>10</sup> As one of the options for financing these costs and to provide the Company with additional working capital, the Company may carry out the Placement. The Company is also evaluating whether the Acquisition can be financed through debt funding and is holding discussions with various financiers.

If the Company proceeds with the Placement, it is currently expected that the Company will seek to raise between \$10 million and \$20 million through the allotment of Shares to sophisticated investors and professional investors (as those terms are defined under the Corporations Act).

If Shares are issued under the Placement, those Shares may be issued to investors in multiple tranches and with different issue prices. The issue price(s) for the Shares that may be allotted under the Placement will be the amount(s) determined by the Directors. However, no Shares will be issued under the Placement with an issue price of less than 80% of the volume weighted average market price of the Shares traded on the ASX (as calculated over the last 5 days on which sales in the Shares were recorded before the day on which the issue of the relevant new Shares under the Placement occurs).

The Company will not be issuing a prospectus or other form of disclosure document to investors if it proceeds with the Placement, but intends to issue a “cleansing notice” under section 708A of the Corporations Act in order to allow the trading of Shares issued under the Placement.

The Company has retained Blackwood Capital Limited to assist with the raising of funds under the Placement.

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<sup>10</sup> Based on exchange rates as at around 9 August 2016

## 1.12 Changes to the Company's capital structure

Assuming that the Company proceeds with the Placement and does not elect to complete the Acquisition using debt funding, immediately following completion of the Acquisition and the Placement, the number of Shares on issue is expected to be as set out in the table below:

	<b>Assuming \$10 million raised under the Placement</b>	<b>Percentage held</b>	<b>Assuming \$20 million raised under the Placement</b>	<b>Percentage held</b>
Existing Shares	199,451,746	89.3%	199,451,746	83.3%
Existing partly paid shares	2,761,600	1.2%	2,761,600	1.2%
Shares to be issued to the Vendors <sup>11</sup>	5,041,769	2.3%	5,041,769	2.1%
Shares to be issued under the Placement	16,025,641	7.2%	32,051,282	13.4%
<b>Shares following Acquisition and Placement</b>	<b>223,280,756</b>		<b>239,306,397</b>	

As noted above, the issue price(s) for Shares under the Placement has not been determined. In the table above, for illustrative purposes, the issue price for Shares under the Placement has been set at \$0.624 (which is 80% of the closing price of the Company's Shares on 8 August 2016). The actual issue price(s) under the Placement may be higher or lower, subject to the requirement that no Shares will be issued under the Placement with an issue price of less than 80% of the volume weighted average market price of the Shares traded on the ASX (as calculated over the last 5 days on which sales in the Shares were recorded before the day on which the issue of the relevant new Shares under the Placement occurs).

In addition to the Shares and partly paid shares listed above, the Company currently has a total of 24,393,996 options and 4,940,000 performance rights on issue. Neither the Acquisition nor any Placement are expected to have any impact on these other classes of Securities.

<sup>11</sup> Calculated as if the 10-day volume weighted average price for the Company's Shares on the day before completion of the Acquisition is approximately \$0.78 (being the closing price for the Company's Shares on the ASX on 8 August 2016)

### 1.13 Funding and use of funds

Again, assuming that the Company proceeds with the Placement and does not elect to complete the Acquisition using debt funding, the Company intends to apply the funds raised from the Placement (together with existing cash reserves of the Company) as follows:

<b>Purpose</b>	<b>Assuming \$10 million raised under the Placement</b>	<b>Assuming \$20 million raised under the Placement</b>
Cash reserves of the Company <sup>12</sup>	\$1,200,000	\$1,200,000
Funds raised under Placement	\$10,000,000	\$20,000,000
<b>Total</b>	<b>\$11,200,000</b>	<b>\$21,200,000</b>
Cash consideration for the Acquisition <sup>13</sup>	\$5,442,355	\$5,442,355
Expenses of the Placement	\$600,000	\$1,200,000
Working capital to facilitate export activities	\$750,000	\$750,000
Additional working capital and funds for development	\$4,407,645	\$13,807,645
<b>Total funds applied</b>	<b>\$11,200,000</b>	<b>\$21,200,000</b>

The estimates of expenditure set out in this section 1.13 are based on budgets set by the Directors. The actual level and break-up of expenditure may change on an ongoing basis depending on results obtained. As with any budget, intervening events and new circumstances have the potential to impact the ultimate way funds will be applied. The Board reserves the right to alter the way funds are applied in these circumstances.

### 1.14 Timetable

The proposed timetable for completion of the Acquisition and the Placement (if it proceeds) is set out below. The dates shown in the timetable are indicative only and may vary.

<b>Activity</b>	<b>Indicative Timetable</b>
General Meeting	29 September 2016
Completion of the Placement	Late September 2016
Completion of the Acquisition	Late September 2016

### 1.15 Risks to be considered by Shareholders

There are a number of risks that Shareholders should consider when deciding on how to vote on Resolutions 1 and 2 – some specific to the Acquisition, some specific to the ACG Group and its operations, and some of a general nature. These risks may individually or in combination materially and adversely affect the Company's investment returns and the value of the Shares. Many of these risks are outside the control of the Company.

Before deciding on how to vote on Resolutions 1 and 2, Shareholders should carefully consider the risk factors described below, together with all other information contained in this Notice. If any of these risks and uncertainties, together with the possible additional risks and uncertainties of which the Directors are currently unaware or which they consider not to be material in relation to the

<sup>12</sup> As at around the date of this Notice

<sup>13</sup> Based on USD/AUD exchange rate as at 9 August 2016



Acquisition or the ACG Group, actually occur, the Company's business, financial position, the amount of work able to be performed with the funds raised from the Placement or operating results could be materially and adversely affected.

In addition, Shareholders should be aware that generally the value of the Company's Shares on the ASX might rise and fall depending on a range of factors that affect the market price of Shares. These include local, regional and global economic conditions and sentiment towards equity markets in general.

(a) **Completion risk**

Completion of the Acquisition is conditional on the satisfaction of a number of conditions precedent. There is a risk that the conditions precedent in the Acquisition Agreement may not be satisfied in full. In the event that these conditions are not satisfied or waived, then the Company will not proceed with the Acquisition. The Company is still in the process of conducting financial, commercial and legal due diligence on the ACG Group and this due diligence exercise may uncover issues that cause the Company to decide to not proceed with the Acquisition.

(b) **Minority interest risks**

After completion of the Acquisition, the Company will have a 26.68% interest in the issued capital of ACG (calculated as if the warrants that form part of the ACG Securities had been exercised and converted into shares, but excluding the impact of the exercise of certain options which have been issued by ACG). The Company will be ACG's largest shareholder, but will still be a minority shareholder. As a minority shareholder, the Company will have limited control over the operations and decision making processes of the ACG Group.

(c) **ACG Group risks**

The business activities of the ACG Group will be subject to risk factors of both a specific and general nature. If any of the risks associated with the ACG Group materialise, then the business, results of operations, financial condition and prospects of the ACG Group (and therefore the return on the Company's investment in ACG) could be materially and adversely affected, which could result in the loss of all or part of the Company's investment. The principal risk factors are described below. While some of these risks can be mitigated by the use of appropriate safeguards and systems, many are outside the control of ACG and the Company and cannot be mitigated.

- **Mining and processing risks:** The ACG Group's principal operations involve the mining of anthracite. Its operations are therefore subject to all of the hazards and risks normally associated with mining and processing anthracite. These include unusual and unexpected geological formations, rock falls, flooding and other conditions involved in the extraction of materials, any of which could result in damage to the mine and other producing facilities, damage to life or property, environmental damage and pollution and possible legal liability. These risks could have a material adverse impact on the business, operations and financial performance of the ACG Group, which could in turn have an impact on the Company's return on its investment in ACG.
- **Regulatory risks:** The ACG Group's operations are subject to relevant environmental, health and safety laws and regulations. There can be no assurance that new laws and regulations, amendments to, or stringent enforcement of, existing laws and regulations will not be introduced. These could have a material impact on the ACG Group and its performance. Further, there can be no assurance that all permits which the ACG Group requires for its operations will be retained or maintained on reasonable terms. Breaches of relevant laws and regulations could also result in members of the ACG Group being fined or mining permits being cancelled.

- **Volatility of commodity prices:** Commodity prices fluctuate and are affected by numerous factors beyond the Company's or ACG's control, including global demand and supply, international economic trends, currency exchange fluctuations, expectations for inflation, speculative activity, consumption patterns and global or regional political events. Fluctuations in commodity prices may adversely impact the performance of the ACG Group and returns of the Company's investment in ACG. Further, reduction in demand for anthracite could lead to a fall in prices, which could lead to a significant fall in the ACG Group's cash flow and impact on the operating results and financial condition of ACG.
- **Dependent on key personnel:** The development and success of the ACG Group are dependent on its executive management team and the ACG Group's ability to recruit and retain high quality and experienced staff. The loss of the service of key personnel or inability to recruit or retain quality staff could have an adverse effect on future business and financial conditions.
- **Foreign exchange risks:** The ACG Group reports its results in US dollars, while the functional currency of ACG (as the parent company) is Pounds Sterling. This may result in additions to ACG's reported costs. Fluctuations in exchange rates between currencies in which ACG invests, reports or derives income may cause fluctuations in its financial results that are not necessarily related to the ACG Group's underlying operations.
- **Financial risks:** The ACG Group's operations expose it to a variety of financial risks that include the effect of changes in debt market prices and foreign currency exchange rates, credit risk, liquidity risk and interest rate risk.
- **Future capital needs:** There is no guarantee that acceptable resources or funds will be found in the future. The lack of capital could have a material adverse impact on the ACG Group and its prospects.

(d) **Risk of Shareholder dilution**

As a consequence of the proposed allotment of Shares under the Acquisition Agreement and the Placement, the interests of existing Shareholders will be diluted. Further, the Company may elect to issue additional Securities to fund its operations. While the Company will be subject to the constraints of the Listing Rules regarding the percentage of its capital it is able to issue within a 12-month period (other than where exceptions apply), Shareholders may be diluted as a result of the allotment of additional Securities in the future.

(e) **No guarantee in respect of investment**

The above list of risk factors should not be taken as an exhaustive list of the risks faced by the Company or by Shareholders in relation to the Acquisition and the Placement. The Acquisition carries no guarantee in respect of return on investment. Shareholders should consult with their professional adviser before deciding on how to vote on Resolutions 1 and 2.

## **2. Listing Rule 7.1 (Resolutions 1 and 2)**

### **2.1 Requirements for Shareholder approval**

Listing Rule 7.1 provides that a company must not, subject to specified exemptions, issue or agree to issue more equity securities during any 12-month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12-month period. Certain exemptions apply to this rule, including where the new allotment is approved by shareholders.

Without approval from Shareholders, the proposed allotment of Shares under the Placement (together with the Shares to be issued to the Vendors as consideration under the Acquisition) would cause the Company to exceed the 15% threshold imposed by Listing Rule 7.1.

## 2.2 Information required for approvals under Listing Rule 7.1

Listing Rule 7.3 details the information that needs to be given to Shareholders when approval is being sought under Listing Rule 7.1. This information is summarised below:

Information required	Details
<p><b>The names of the persons that will be issued the Shares</b></p>	<p><b>Acquisition</b></p> <p>The Consideration Shares to be issued as part of the Acquisition will be issued to the Vendors (being Mayford Equities Limited, Mary Catherine Best, Stephen Best, Willoughby (465) Limited, Lucy Victoria Best, Helen Catherine Frankland, Penn Carb Inc and Mount Charles (Mayfair) Limited). The Consideration Shares are to be issued among the Vendors in the proportions directed by the Vendors before completion of the Acquisition.</p> <p><b>Placement</b></p> <p>The identity of the investors under the Placement has not yet been determined. If the Company proceeds with the Placement, the Company will be seeking to raise funds from sophisticated and professional investors (together with other categories of investors that do not need to receive a prospectus or other type of disclosure document under the Corporations Act).</p>

<p><b>The maximum number of Shares that the Company will issue</b></p>	<p><b>Acquisition</b></p> <p>On completion of the Acquisition, the Company is to issue the number of Shares that is equal to US\$3,000,000 calculated using the volume weighted average price of the Shares on the ASX during the last 10 trading days immediately before the day on which completion of the Acquisition is to occur and applying the AUD/USD exchange rate (published by a source reasonably determined by the Company) for the business day before the day on which completion of the Acquisition is to occur.</p> <p><b>Placement</b></p> <p>If the Company proceeds with the Placement and \$20 million is raised under the Placement, the maximum number of Shares to be issued by the Company under the Placement will be the following amount:</p> <p style="text-align: center;"><math>\\$20 \text{ million} \div \text{the issue price}</math></p> <p>Further details regarding the issue price under the Placement are discussed in this table below.</p> <p>Refer to section 1.12 of this Explanatory Statement for additional information regarding the expected changes to the Company's capital structure.</p>
<p><b>The date by which the Company will issue the Shares</b></p>	<p><b>Acquisition</b></p> <p>The Consideration Shares are to be issued on completion of the Acquisition. Completion is to occur on the first business day after each of the conditions precedent (as summarised in section 1.10(a) of this Explanatory Statement) have been satisfied or waived. The Company has the right to terminate the Acquisition Agreement on and from 16 September 2016 if all of the conditions have not been satisfied or waived by that date. In any event, provided that all conditions precedent are satisfied or waived and completion of the Acquisition occurs, the Consideration Shares will all be issued simultaneously on the same date (with that date being within 3 months after the date of the Meeting).</p> <p><b>Placement</b></p> <p>If the Company proceeds with the Placement, all allotments under the Placement are to occur within 3 months after the date of the Meeting (and may occur progressively during that 3 month period).</p>
<p><b>The issue price of the Shares</b></p>	<p><b>Acquisition</b></p> <p>No cash issue price will be paid by the Vendors in relation to the allotment of the Consideration Shares.</p> <p><b>Placement</b></p> <p>If the Company proceeds with the Placement, Shares under the Placement may be issued to investors in multiple tranches and with different issue prices. The issue price(s) for the Shares that may be</p>

	allotted under the Placement will be the amount(s) determined by the Directors. However, no Shares will be issued under the Placement with an issue price of less than 80% of the volume weighted average market price of the Shares traded on the ASX (as calculated over the last 5 days on which sales in the Shares were recorded before the day on which the issue of the relevant new Shares under the Placement occurs).
<b>The terms of the Shares</b>	The terms and conditions of all Shares to be issued under the Acquisition and the Placement are governed by the Company's Constitution, the Corporations Act and the Listing Rules.
<b>The intended use of the funds raised</b>	No funds will be raised by the Company as a result of the allotment of the Consideration Shares. If the Company proceeds with the Placement, the Company will seek to raise between \$10 million and \$20 million. Additional information relating to the use of any funds raised under the Placement are set out in section 1.13 of this Explanatory Statement.

### **2.3 Directors' recommendation**

The Directors unanimously recommend that the Shareholders vote in favour of Resolutions 1 and 2 for the following reasons:

- the approval of Resolution 1 is a condition precedent to completion of the Acquisition;
- the approval of Resolution 2 may be required to fund the Acquisition, increase the Company's working capital and provide the Company with additional resources to pursue new acquisition opportunities; and
- the Directors consider that the Acquisition and the Placement are in the best interests of the Company.

Accordingly, if you would like the Acquisition and the Placement to proceed, you should vote in favour of both Resolution 1 and Resolution 2.

## **3. Listing Rule 7.4 (Resolutions 3 and 4)**

### **3.1 Requirements for Shareholder approval**

As noted in section 2.1 of this Explanatory Statement, Listing Rule 7.1 provides that a company must not, subject to specified exemptions, issue or agree to issue more equity securities during any 12-month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12-month period.

Listing Rule 7.4 sets out one of the exemptions to Listing Rule 7.1, which provides that where a company in general meeting ratifies a previous issue of securities (provided that the previous issue did not breach the Listing Rules), those securities will be deemed to have been made with shareholder approval for the purposes of Listing Rule 7.1.

Resolutions 3 and 4 seek approval from Shareholders that:

- the allotment of 1,000,000 Options issued to Anglo Pacific on 31 December 2015; and
- the allotment of 4,300,000 Shares issued on 5 July 2016 following the exercise of other Options,

be deemed to have been issued with approval from Shareholders and will not reduce the Company's 15% placement capacity under Listing Rule 7.1.

### 3.2 Information required for approvals under Listing Rule 7.4

Listing Rule 7.5 details the information that needs to be given to Shareholders when approval is being sought under Listing Rule 7.4. This information is summarised below:

Information required	Details
<p><b>The names of the persons that were issued the Securities</b></p>	<p><b>Resolution 3</b></p> <p>The Options the subject of Resolution 3 were issued to Anglo Pacific.</p> <p><b>Resolution 4</b></p> <p>The Shares the subject of Resolution 4 were issued to:</p> <p>Claudia Harper – 1,800,000 Shares            Jeanette Richardson - 833,334 Shares            Boston First Capital Pty Ltd - 833,333 Shares            JSR Nominees Pty Ltd - 833,333 Shares</p>
<p><b>The number of Securities that were issued</b></p>	<p><b>Resolution 3</b></p> <p>On 31 December 2015, Anglo Pacific was issued 1,000,000 Options as consideration for its agreement to extend the terms of a promissory note agreed with the Company (the details of which were announced to the ASX on 29 August 2014).</p> <p><b>Resolution 4</b></p> <p>4,300,000 Shares were issued following the exercise of Options on 5 July 2016.</p>
<p><b>The issue price of the Securities</b></p>	<p><b>Resolution 3</b></p> <p>There was no issue price associated with the Options that were issued to Anglo Pacific. However, each Option has an exercise price of \$0.80 per Option.</p> <p><b>Resolution 4</b></p> <p>The Shares the subject of Resolution 4 had an issue price of \$0.30 per Share (being the exercise price of the Options that were issued).</p>
<p><b>The terms of the Securities</b></p>	<p><b>Resolution 3</b></p> <p>The Options held by Anglo Pacific were issued with standard option terms. Each Option has an exercise price of \$0.80 per Option and is exercisable at any time up to (and including) 5:00pm (Sydney time) on 7 September 2017. Any Shares to be issued on the exercise of the Options will have the same terms and rank equally in all respects as the existing Shares issued by the Company.</p>

	<p><b>Resolution 4</b></p> <p>The Shares the subject of Resolution 4 have the same terms and rank equally in all respects as the existing Shares issued by the Company. The terms of the Shares are governed by the Company's Constitution, the Corporations Act and the Listing Rules.</p>
<p><b>The use or intended use of the funds raised</b></p>	<p><b>Resolution 3</b></p> <p>No funds were raised from the issue of Options to Anglo Pacific. It is expected that any funds raised from the exercise of the Options will be used as part of the Company's general working capital requirements.</p> <p><b>Resolution 4</b></p> <p>The funds raised from the allotment of the 4,300,000 Shares contemplated by Resolution 4 (being \$1,290,000) will be used as part of the Company's general working capital requirements.</p>

### 3.3 Directors' recommendation

The Directors unanimously recommend that the Shareholders vote in favour of Resolutions 3 and 4 for the following reasons:

- the approval of Resolutions 3 and 4 would provide the Company with additional flexibility to issue further Securities without incurring the expense associated with calling a general meeting; and
- the Directors consider that the ratification proposed by Resolutions 3 and 4 is in the best interests of the Company.

## Glossary

<b>Term</b>	<b>Meaning</b>
ACG	Atlantic Carbon Group PLC (incorporated in the United Kingdom)
ACG Group	ACG and each of its subsidiaries
ACG Securities	The meaning given in section 1.8 of the Explanatory Statement.
Acquisition	The acquisition by the Company from the Vendors of the ACG Securities.
Acquisition Agreement	The meaning given in section 1.8 of the Explanatory Statement.
AEST	Australian Eastern Standard Time.
Anglo Pacific	Anglo Pacific Group PLC.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited ACN 008 624 691 or the market for trading in Securities operated in Australia by that company (as the context requires).
ASX Settlement Operating Rules	The operating rules of ASX Settlement Pty Limited ABN 49 008 504 532 and, to the extent they are applicable, the operating rules of each of the ASX and ASX Clear Pty Limited ABN 48 001 314 503.
Board	The board of directors of the Company from time to time.
Chair	The chairperson of the General Meeting.
Company	Atrum Coal NL ACN 153 876 861.
Consideration Shares	The meaning given to that term in section 1.9 of the Explanatory Statement.
Constitution	The constitution of the Company from time to time.
Corporations Act	Corporations Act 2001 (Cth).
Directors	Each of the directors of the Company from time to time.
Explanatory Statement	The explanatory statement accompanying the Notice.
General Meeting or Meeting	The meeting convened by this Notice.
Listing Rules	The official listing rules of the ASX as amended or replaced from time to time.



<b>Term</b>	<b>Meaning</b>
Notice	This notice of general meeting including the Explanatory Statement and the Proxy Form.
Option	Options to be issued Shares.
Placement	The proposed capital raising offer described in section 1.1 of the Explanatory Statement.
Proxy Form	The proxy form accompanying the Notice.
Resolutions	The Resolutions set out in the Notice.
Securities	Has the same meaning as in section 92 of the Corporations Act.
Share	A fully paid ordinary share in the capital of the Company.
Shareholder	A holder of Shares.
Top-Up ACG Securities	Has the meaning given in section 1.8 of the Explanatory Statement.
Vendors	Mayford Equities Limited (UK company number 05642157), Mary Catherine Best, Stephen Best, Willoughby (465) Limited (UK company number 04930304), Lucy Victoria Best, Helen Catherine Frankland, Penn Carb Inc (incorporated in Delaware) and Mount Charles (Mayfair) Limited (UK company number 08924113).

# PROXY FORM

**APPOINTMENT OF PROXY  
ATRUM COAL NL ACN 153 876 861  
GENERAL MEETING**

I/We

of

being a Shareholder of Atrum Coal NL entitled to attend and vote at the General Meeting, hereby  
Appoint

Name of proxy  
OR  the Chair of the General Meeting as my/our proxy

or failing the person so named or, if no person is named, the Chair of the General Meeting, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given and subject to relevant laws, as the proxy sees fit, at the General Meeting to be held at 11am (AEST) on 29 September 2016 at Maddocks Lawyers, Level 27, Angel Place, 123 Pitt Street, Sydney NSW 2000 and at any adjournment of the General Meeting.

**If no directions are given, the Chair will vote in favour of any Resolution in which the Chair is entitled to vote undirected proxies.**

<b>Voting on Business of the General Meeting</b>	<b>FOR</b>	<b>AGAINST</b>	<b>ABSTAIN</b>
Resolution 1 – Issue of Consideration Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Issue of Shares under the Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Ratification of Options issued to Anglo Pacific	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Ratification of prior Shares issued	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Please note:** If you mark the abstain box for any Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your vote will not to be counted in computing the required majority on a poll. If the Chair of the General Meeting is the proxy, then to the extent permitted by law the Chair is authorised to exercise this proxy even if that Resolution is connected directly or indirectly with the remuneration of a member of the key management personnel.

If two proxies are being appointed, the proportion of voting rights this proxy represents is \_\_\_\_\_%

Signature of Shareholder(s) Date: \_\_\_\_\_

Individual or Signatory 1  
  
Sole Director/Company Secretary

Signatory 2  
  
Director

Signatory 3  
  
Director/Company Secretary

Contact Name: \_\_\_\_\_ Contact Phone (daytime): \_\_\_\_\_

## ATRUM COAL NL ACN 153 876 861

### Instructions for completing 'Appointment of Proxy' form

1. **(Appointing a Proxy):** A Shareholder entitled to attend and cast a vote at a General Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If the Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder of the Company.
2. **(Direction to Vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite to each item of business in the Proxy Form. Where a box is not marked the proxy may vote as they choose. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing Instructions):**
  - **(Individual):** Where the holding is in one name, the Shareholder must sign.
  - **(Joint Holding):** Where the holding is in more than one name, all of the joint Shareholders should sign.
  - **(Power of Attorney):** If you have not already provided the Power of Attorney to the Company Secretary, please attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.
  - **(Companies):** Where the Shareholder is a company and has a sole director who is also the sole company secretary, that person must sign and note that they are the sole director and sole company secretary next to their signature. Where the company (pursuant to section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the General Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the General Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the General Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
  - fax to +61 2 8249 1800
  - post to Level 19, 1 O'Connell St, Sydney, NSW, 2000; or
  - email to the Company at [trenard@atrumcoal.com](mailto:trenard@atrumcoal.com),

so that it is received not less than 48 hours prior to commencement of the Meeting. Proxy Forms received later than this time will be invalid.