

Kuro Coal convertible notes

HIGHLIGHTS

- Atrum proposes to reduce its financial liabilities by offering to exchange Kuro Coal convertible notes for Atrum shares
- Atrum has reduced its financial liabilities by re-paying its \$1.7M Moneytech Loan.
- The \$1.7M loan from Moneytech was repaid using the proceeds of the \$1.8M Mineral Exploration Tax Credit from the Canadian Government

KURO CONVERTIBLE NOTES

On 6 December 2017, Atrum Coal Limited ("**Atrum**" or the "**Company**") (ASX: ATU) announced the amendment to Elan acquisition agreement for Atrum to assume all the rights and obligations of Kuro Coal Ltd ("Kuro") in the original Sale and Purchase Agreement, including the payments of C\$3.65M in Atrum shares at a price of A\$0.19 and C\$3M cash. Kuro is a subsidiary of Atrum. Further details of the amendment can be found in the original announcement on "Atrum Coal amends terms of acquisition of Elan Coal's hard coking coal properties" (<http://atrumcoal.com/wp/wp-content/uploads/2017/12/01930833.pdf>).

In order for Atrum to effectively hold 100% of the Elan asset after the transaction and to eliminate liabilities in Kuro, Atrum is pleased to announce that offers to Kuro convertible note holders have been dispatched today. In 2014, Kuro issued 160 non-interest bearing convertible notes with a face value of \$5,000 each, totalling \$800,000, to fund its 2014 exploration program. Atrum has offered to exchange the Kuro convertible notes for Atrum shares. At the time of issue of the convertible notes, Kuro was planning a separate listing on the ASX, but as noted in the 6 December 2017



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Non-Exec Chairman C. Blixt
Managing Director M. Wang
Non-Executive Director G. Edwards
Non-Executive Director C. Fear
Non-Executive Director J. Chisholm
Company Secretary J. Stedwell

Key Projects
Groundhog Ownership: 100%
Naskeena Ownership: 100%
Bowron River Ownership: 100%

ASX Announcement "Atrum amends terms of acquisition of Elan properties", Atrum has elected to retain Kuro as a wholly-owned subsidiary.

Atrum has offered to exchange the \$800,000 of convertible notes for 8,000,000 fully paid ordinary shares in Atrum – each Kuro note of \$5,000 is to be exchanged for 50,000 Atrum shares.

Kuro convertible note holders have until 5pm AEST 19 February 2018 to accept the offer. Any issue of Atrum Shares to Kuro note holders will be made utilising part of the Company's 15% placement capacity, in accordance with ASX listing rule 7.1. Any convertible note holders not taking up the offer of Atrum shares will retain their convertible notes. The majority of the notes are held by the Company's top 20 shareholders.

In line with its objective to reduce debt, the Company is proposing this exchange, which it expects will lower total liabilities by \$800,000 should all convertible note holders opt for the exchange.

REPAYING \$1.7M MONEYTECH LOAN

Prior to 31 December 2017, the Company reduced its total liability by repaying the outstanding \$1.7M Moneytech loan from the \$1.8M proceeds of the Mineral Exploration Tax Credit from the Canadian Government.

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This announcement may include forward looking statements. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "continue", and "guidance", or other similar words and may include, without limitation statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production outputs.

Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance and achievements to differ materially from any future results, performance or

achievements. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licenses and permits and diminishing quantities or grades of resources or reserves, political and social risks, changes to the regulatory framework within which the Company operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation.

Forward looking statements are based on the Company's and its management's good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the Company's business and operations in the future. The Company does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the Company's business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the Company or management or beyond the Company's control.

Although the Company attempts to identify factors that would cause actual actions, events or results to differ materially from those disclosed in forward looking statements, there may be other factors that could cause actual results, performance, achievements or events not to be anticipated, estimated or intended, and many events are beyond the reasonable control of the Company. Accordingly, readers are cautioned not to place undue reliance on forward looking statements.

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