

21 March 2018

## SUCCESSFUL COMPLETION OF \$8 MILLION PLACEMENT

### HIGHLIGHTS

- \$8.0 million raised via a Two Tranche Placement to institutional and sophisticated investors located in Australia and internationally at \$0.10 per share
- Oversubscribed with strong support from existing institutional shareholders and significant demand from new major domestic and international institutions
- Up to \$4.6 million to be raised via a one (1) for five (5) non-renounceable Entitlements Offer at \$0.10 per share

Atrum Coal Limited (“**Atrum**” or the “**Company**”) (ASX: ATU) is pleased to announce that it has successfully completed the first stage of the Equity Raising with a heavily oversubscribed Two Tranche Placement (“**Placement**”) to raise \$8.0 million (before costs). The raising received strong support from existing shareholders, along with significant demand from new domestic and international investors.

The successful completion of the Placement leaves Atrum well positioned to proceed with the next stage of the Equity Raising, a non-renounceable Entitlements Offer (“**Entitlements Offer**”) to raise up to \$4.6 million (before costs).

The Placement together with the Entitlements Offer will raise up to \$12.6 million (“**Equity Raising**”) and will enable Atrum to complete the acquisition of the Elan Coking Coal Project (“**Elan**”) in Canada and commence an aggressive exploration program, including drilling and resource delineation, at Elan South. The highlights of Elan South include:

- Elan South JORC open cut resource estimates at: 7Mt indicated and 29Mt inferred, with a total exploration target of 200Mt (by Tamplin Resources Pty Ltd as of 30 September 2017)

The Exploration Target potential quantities and grades are conceptual in nature and there has been insufficient exploration to date to define a mineral resource. It is

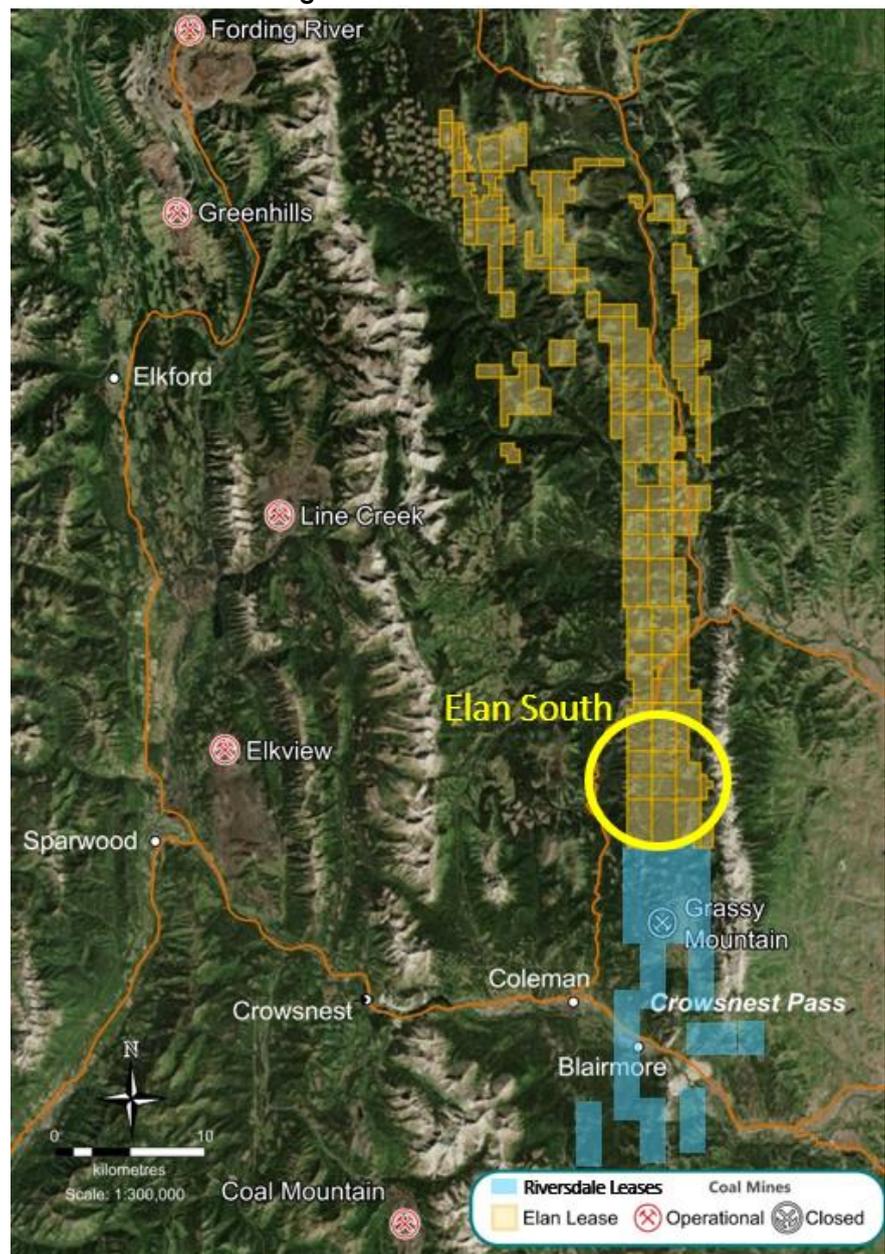
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not certain that further exploration will result in the determination of a Mineral Resource under the "Australian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves, the JORC Code" (JORC 2012). The Exploration Target is not being reported as part of any Mineral Resource or Ore Reserve.

- Located in an established producing hard coking coal mine province
- Suitable for large-scale, low-cost mining
- Borders Riversdale's Grassy Mountain Project which is already progressing towards development

Figure 1 below highlights the strategic location of Elan South, one of several potential projects in Elan, in relation to operating mines, developing mines and key infrastructure.

Figure 1: Elan South Location



## Placement

The Placement comprises the issue of 80.0 million fully paid ordinary shares ("**Placement Shares**") at an issue price of \$0.10 to institutional and sophisticated investors in Australia and internationally, raising \$8.0 million (before costs). Subject to the receipt of shareholder approval to be obtained at a general meeting of the Company's shareholders on or around Tuesday, 1 May 2018 ("**General Meeting**"), one (1) free attaching listed option will be granted for every one (1) Placement Share, with each option having an exercise price of \$0.20 and expiring on 31 March 2021 ("**Options**").

The Placement will be completed in two tranches as follows:

- 30.5 million Placement Shares will be issued on or about Tuesday, 27 March 2018 under Atrum's existing placement capacity under ASX Listing Rule 7.1 and 7.1A ("**Tranche 1**")<sup>1</sup>; and
- 49.5 million Placement Shares and 80.0 million Options will be issued subject to and immediately following the receipt of shareholder approval at the General Meeting ("**Tranche 2**"). A notice of general meeting will be sent to shareholders shortly.

The issue price of \$0.10 represented a 9.1% discount to the last closing price of \$0.11 on Friday, 16 March 2018 and a 17.3% discount to the 5-day VWAP up to and including that date of \$0.121.

Placement Shares will rank equally with existing fully paid ordinary shares. Settlement of Tranche 1 of the Placement is expected to be completed on Tuesday, 27 March 2018.

The Company will apply for quotation of the Options on ASX and Options will be granted on standard terms and conditions. A prospectus will be issued following settlement of Placement Shares under Tranche 2 of the Placement to qualify the Options for secondary trading.

The Directors of Atrum plan to participate in Tranche 2 of the Placement by subscribing for a total of 3.0 million Placement Shares (with a free attaching Option for each Placement Share), subject to the necessary approvals to be sought at the General Meeting.

## Entitlements Offer

The Entitlements Offer will be offered to eligible shareholders on a pro-rata basis of one (1) new share for every five (5) ordinary fully paid shares in the Company held at 5pm AWST on Tuesday, 27 March 2018 ("**Record Date**"), at an issue price of \$0.10 per share to raise up to \$4.6 million. For each share issued under the Entitlements Offer, one (1) free attaching listed option will be granted with an exercise price of \$0.20 and expiring on 31 March 2021. The pricing and terms of the Entitlements Offer has

<sup>1</sup> A total of 7,288,735 shares will be issued under Listing Rule 7.1 and 23,211,265 shares will be issued under Listing Rule 7.1A.

been set so that shareholders can obtain new shares and options at the same price and terms as subscribers under the Placement.

Entitlements may only be exercised by Eligible Shareholders being persons holding shares in the Company at the Record Date with a registered address on the Company's Share Register in Australia, New Zealand, Hong Kong, Switzerland or Singapore.

The Entitlements Offer shares will be issued pursuant to a disclosure document under section 713 of the Corporations Act, which is intended to be lodged with the Australian Securities and Investments Commission (ASIC) in the coming days.

Placement shares will be issued after the Record Date and therefore will be ex-entitlement.

### Use of Funds

Funds raised from the Equity Raising (Table 1) will be used to fund the cash component of the Elan acquisition, expected to be completed on or before 31 March 2018 and exploration activities, including drilling and resource delineation, at Elan South. The balance of funds will be used to retire a portion of the Lenark Pty Ltd loan and for general corporate and working capital purposes. The following use of funds assumes the Entitlement Offer is fully subscribed.

**Table 1: Use of Funds**

| Use  | Amount (\$ Million) |
|--|---------------------|
| Cash consideration to Kuro Coal Limited ("Kuro") for Elan Acquisition  | \$3.0m              |
| Elan South Exploration & Work Program <ul style="list-style-type: none"> <li>Extensive definition drilling program, including large diameter core sampling, confirmatory quality analysis, preliminary engineering design, and baseline environmental studies</li> </ul> | \$5.0m to \$6.0     |
| Repayment of a portion of the Lenark Pty Ltd loan  | \$1.0m              |
| General corporate expenses, working capital and Offer costs  | \$1.6m to \$2.6m    |

1. Details of the impact on the use of funds where the Entitlements Offer is not fully subscribed will be included in the Entitlements Offer prospectus.

### Indicative Timetable

Table 2 below outlines the key dates for the Equity Raising.

**Table 2: Indicative Timetable**

| Event  | Date / Time <sup>1</sup> (AWST) |
|--|---------------------------------|
| Announcement of the Results of the Placement & Trading Halt Lifted | Wednesday, 21 March 2018        |

| Event   | Date / Time <sup>1</sup> (AWST)       |
|---|---------------------------------------|
| Lodgment of prospectus for Entitlements Issue   | Wednesday, 21 March 2018              |
| Shares quoted on an "Ex" basis  | Monday, 26 March 2018                 |
| Record Date   | 5:00pm (AWST), Tuesday, 27 March 2018 |
| Settlement of new shares Issued Under Tranche 1 of the Placement  | Tuesday, 27 March 2018                |
| Allotment and Trading of new shares Issued Under Tranche 1 of the Placement   | Wednesday, 28 March 2018              |
| Notice of General Meeting Dispatched  | Thursday, 29 March 2018               |
| Entitlements Offer Opens<br>(Prospectus and personalised entitlement and acceptance form sent to eligible shareholders) | Tuesday, 3 April 2018                 |
| Entitlement Offer Closes <sup>2</sup>   | 5:00pm (AWST), Tuesday, 24 April 2018 |
| ASX notified of Entitlement Offer Shortfall   | Monday, 30 April 2018                 |
| Anticipated General Meeting   | Tuesday, 1 May 2018                   |
| Announcement of Results of General Meeting  | Tuesday, 1 May 2018                   |
| Issue date of new shares and options under the Entitlements Offer <sup>2</sup>  | Wednesday, 2 May 2018                 |
| Quotation of new shares and options issued under the Entitlements Offer <sup>2</sup>                                    | Thursday, 3 May 2018                  |
| Settlement of new shares Issued under Tranche 2 of the Placement and Options  | Monday, 7 May 2018                    |
| Allotment and Trading of new shares Issued Under Tranche 2 of the Placement and Options                                 | Tuesday, 8 May 2018                   |

1. The above timetable is indicative only and subject to change. Atrum, in conjunction with the Lead Manager (Argonaut Securities Pty Limited), reserves the right to amend any or all of these events, dates and times subject to the Corporations Act 2001 (Cth), the ASX Listing Rules and other applicable laws. All times and dates are in reference to Australian Western Standard Time.
2. The Company may extend the Closing Date for the Entitlements Offer by giving at least 3 Business Days' notice to ASX prior to the Closing Date. The date of commencement of deferred settlement trading, issue and quotation of Shares issued under the Entitlements Offer may therefore vary accordingly.

Further details concerning the Equity Raising are also set out in an Equity Raising Presentation which the Company has lodged with ASX on Monday, 19 March 2018. The Equity Raising Presentation contains important information in relation to the Placement including the expected uses of funds, risk factors and certain foreign selling restrictions with respect to the Placement.

### Lead Manager

Argonaut Securities Pty Limited has acted as Lead Manager of the Placement and Entitlements Offer.

Argonaut will be paid a commercial fee on all funds raised pursuant to the Equity Raising. Argonaut will also be entitled to subscribe for up to approximately 6.3 million options in Atrum (having the same terms as options issued under the Placement and Entitlements Issue).

## ADDITIONAL INFORMATION

### ABOUT ATRUM

Atrum Coal Limited (ASX: ATU) is a metallurgical coal explorer and developer. Atrum plans to acquire the Elan hard coking coal project in Alberta, Canada which has an exploration target of 745Mt<sup>1</sup> of coal and is adjacent to Riversdale Resources' Grassy Mountain Project. Atrum is also exploring and developing the world's largest high grade anthracite deposit at Groundhog, which has a JORC resource of 1.57 billion tonnes.

1. The Exploration Target potential quantities and grades are conceptual in nature and there has been insufficient exploration to date to define a mineral resource. It is not certain that further exploration will result in the determination of a Mineral Resource under the "Australian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves, the JORC Code" (JORC 2012). The Exploration Target is not being reported as part of any Mineral Resource or Ore Reserve.

The Company has a substantial coal position in Canada which boasts:

- Abundance of high quality anthracite and coking coals
- Well-developed rail and port infrastructure with excess capacity
- Access to deep sea ports
- Competitive shipping distance to Asia
- Positive government stance on mining.

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### FORWARD LOOKING STATEMENT & DISCLAIMERS

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.

Forward looking statements in this announcement are given as at the date of issue only. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, in providing this information the Company does not undertake any obligation to publicly update or revise any of the forward-looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.

## **COMPETENT PERSON STATEMENT**

### **Exploration Results**

The information in this document that relates to Exploration Results of Elan South project area is based on, and fairly represents, information and supporting documentation prepared by Mr Shaun Tamplin who is a Member of the Australasian Institute of Mining and Metallurgy and is a full-time employee of Tamplin Resources Pty Ltd. Mr Tamplin has read and understands the requirements of the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012 Edition). Mr. Tamplin is a Competent Person as defined by the JORC Code, 2012 Edition, having twenty years' experience that is relevant to the style of mineralization and type of deposit described in this document. Neither Mr. Tamplin nor Tamplin Resources Pty Ltd has any material interest or entitlement, direct or indirect, in the securities of Atrum or any companies associated with Atrum. Fees for the preparation of this report are on a time and materials basis.

Mr. Tamplin has not visited the Elan project area while Atrum coal personnel have conducted extensive field mapping over the Elan South Project during the 2017 exploration program. The (CP) was provided with access to the field geologists and the data collected. This announcement relates to information of 2013 JORC resource statement for Elan Coal was based on reports prepared by Dahrouge Geological Consulting of Alberta Canada, and previously released information in the ASX Announcement made by the Company on 23 Aug 2017: "Kuro Coal to acquire Elan Coal hard coking coal properties" (Previous Announcement). This announcement also relates to information in the ASX Announcement made by the Company on 22 June 2016: "Updated Pre-Feasibility Study – Low Capital Starter Mine for Groundhog North" and 14 August 2015: "Atrum Coal Increases Groundhog North Resource" (Previous Announcements). The Company confirms that it is not aware of any new information or data that materially affects the Previous Announcements and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the Prior Announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the Prior Announcements.

### **Coal Resources**

The coal resources for Elan South documented in this report were estimated in accordance with the guidelines set out in the JORC Code, 2012. They are based on information compiled and reviewed by Mr Shaun Tamplin, who is a Member of the Australasian Institute of Mining and Metallurgy and is a full-time employee of Tamplin Resources Pty Ltd. With more than 20 years of experience in open cut and underground coal mining, Mr Tamplin has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration to qualify him as a Competent Person as defined in the JORC Code, 2012 Edition. Neither Mr. Tamplin nor Tamplin Resources Pty Ltd has any material interest or entitlement, direct or indirect, in the securities of Atrum or any companies associated with Atrum. Mr Tamplin consents to the inclusion in the report of the matters based on the information, in the form and context in which it appears.

## **NOT FOR RELEASE TO UNITED STATES WIRE SERVICES OR DISTRIBUTION IN THE UNITED STATES**

This announcement has been prepared for publication in Australia and may not be released to US wire services or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this announcement have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration of the US Securities Act and applicable US state securities laws.

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