

Atrum Coal Limited

ACN 153 876 861

Prospectus

For the non-renounceable entitlement issue of 1 Share for every 5 Shares held at the Record Date at an issue price of \$0.10 per Share, together with 1 free attaching listed New Option for every 1 Share subscribed for, to raise up to approximately \$4,642,252 (subject to the application of the Debt Conversion Facility) before expenses (**Entitlement Offer**).

This Prospectus includes an offer to Eligible Shareholders to subscribe for any Shortfall Securities (**Eligible Shareholder Shortfall Offer**) and a further offer to investors to subscribe for any Shortfall Securities in respect of which valid applications have not been received under the Eligible Shareholder Shortfall Offer (**Investor Shortfall Offer**).

Important information: *This Prospectus provides important information to assist prospective investors to decide whether or not to invest in the Company. It should be read in its entirety. If you do not understand it, you should consult your professional advisers.*

THE SECURITIES OFFERED BY THIS PROSPECTUS SHOULD BE CONSIDERED SPECULATIVE.

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Corporate directory

Directors & Company Secretary

Max Wang
Managing Director & Chief Executive Officer

Charles Blixt
Non-Executive Chairman

James Chisolm
Non-Executive Director

George Edwards
Non-Executive Director

Charles Fear
Non-Executive Director

Justyn Stedwell
Company Secretary

Company's Registered Office

Unit 1B, 205-207 Johnston Street
FITZROY VIC 3065
Australia

ASX Code: ATU (ordinary shares)

Tel: +61 2 8249 1884

Fax: +61 2 8249 1800

Web: <http://atrumcoal.com/>

Solicitors

Lavan
Level 20, The Quadrant
1 William Street
PERTH WA 6000
Australia

Lead Manager

Argonaut Securities Pty Limited
Level 30, Allendale Square
77 St Georges Terrace
PERTH WA 6000
Australia

Share Registry*

Security Transfer Australia
PO Box 52
Collins Street West VIC 8007
Australia

Tel: 1300 992 916

Fax: +61 8 9315 2233

Web: www.securitytransfer.com.au/

Auditors*

BDO Audit (WA) Pty Ltd
38 Station Street
SUBIACO WA 6000
Australia

**This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus.*

Indicative timetable

Lodge Prospectus with ASIC	21 March 2018
Lodge Prospectus and Appendix 3B with ASX	21 March 2018
Notice sent to Optionholders	21 March 2018
Notice sent to Shareholders	23 March 2018
“Ex” date	26 March 2018
Record Date for determining Entitlements	5pm AWST on 27 March 2018
Issue of new Shares under the First Tranche Placement	27 March 2018
Despatch of Notice of Meeting	29 March 2018
Prospectus and personalised Entitlement and Acceptance Forms dispatched to Eligible Shareholders	3 April 2018
Last day to extend Closing Date*	19 April 2018
Closing Date for the Entitlement Offer *	5pm AWST on 24 April 2018
Entitlement Offer Shares and New Options quoted on a deferred settlement basis*	26 April 2018
ASX notified of under subscriptions*	30 April 2018
Meeting	1 May 2018
Announcement of results of the Meeting	1 May 2018
Issue date and dispatch of holding statements for Entitlement Offer Shares and New Options*	2 May 2018
Quotation of Shares and New Options issued under the Entitlement Offer*	3 May 2018
Issue of Second Tranche Placement Shares and New Options (subject to receipt of required approvals at the Meeting)	7 May 2018

***Note:** The Company may extend the Closing Date for the Entitlement 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 Entitlement Offer may therefore vary accordingly.

Important notices

This Prospectus is dated 21 March 2018. A copy of the Prospectus was lodged with ASIC on that date. ASIC takes no responsibility for the content of this Prospectus.

No Securities will be issued on the basis of this Prospectus later than 13 months after the date of the Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus or the Offers, which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in

connection with this Prospectus or the Offers. No document or information included on our website is incorporated by reference into this Prospectus.

This Prospectus is a transaction specific prospectus for an offer of Securities and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as a prospectus for an initial public offering. In making statements in this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and their professional advisers.

No nominee has been appointed for Ineligible Shareholders under section 615 of the Corporations Act and, as such, Eligible Shareholders will not be able to rely on the exception for rights issues in item 10 of section 611 of the Corporations Act. Accordingly, when an Eligible Shareholder applies for some or all of its Entitlement (or any Shortfall Securities), it must have regard to the takeovers prohibition in section 606 of the Corporations Act (that is, the 20% voting power threshold). Eligible Shareholders who may be at risk of their voting power in the Company increasing beyond that allowed by the takeovers prohibition in section 606 of the Corporations Act as a result of the acceptance of the Entitlement Offer or the Eligible Shareholder Shortfall Offer should seek professional advice before completing and returning the Entitlement and Acceptance Form.

This Prospectus does not constitute an offer in any place in which, or to persons to whom, it would not be lawful to make an offer. Distribution of this Prospectus in jurisdictions outside Australia may be restricted by law, and persons who come into possession of this Prospectus should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This document may not be distributed in the United States. This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. Any securities described in this document 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, registration under the US Securities Act of 1933 and applicable US state securities law.

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and our management. We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 4.

Applications for Securities offered pursuant to this Prospectus can only be made on an original Application Form.

Before deciding to invest in the Company Eligible Shareholders should read entirely this Prospectus and, in particular the risk factors set out in Section 4. They should carefully consider these factors in

the light of their personal circumstances (including financial and taxation issues) and seek professional advice from their accountant, stockbroker, lawyer or other professional adviser before deciding to invest.

Any investment in the Securities offered under this Prospectus should be regarded as speculative.

Please read the privacy information located in Section 5.10. By submitting an Application Form, you consent to the matters outlined in that section.

Certain terms and abbreviations used in this Prospectus have defined meanings which are explained in the Glossary on page 45.

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1 Details of the Entitlement Offer

1.1 The Entitlement Offer

The Entitlement Offer is a non-renounceable entitlement offer to Eligible Shareholders for the subscription of 1 Share for every 5 Shares held by Eligible Shareholders (being Shareholders registered at 5:00pm AWST on the Record Date whose registered addresses are in Australia, New Zealand, Hong Kong, Switzerland or Singapore) at an issue price of \$0.10 per Share, together with 1 free attaching listed New Option for every 1 Share subscribed for.

Fractional entitlements will be rounded down to the nearest whole number.

Based on the number of Shares on issue as at the date of this Prospectus, a maximum of 46,422,529 Shares and 46,422,529 New Options will be issued pursuant to the Entitlement Offer (ignoring the treatment of fractional Entitlements and assuming that no existing Options are exercised or Performance Rights vest prior to the Record Date), raising up to approximately \$4,642,252 (subject to the application of the Debt Conversion Facility) before expenses.

As at the date of this Prospectus the Company has 28,846,824 Options on issue, all of which may be exercised prior to the Record Date in order to participate in the Entitlement Offer. Section 2.2 contains further information on the exercise price and expiry date of the Options on issue.

The Shares issued will rank equally with the existing Shares on issue. The New Options will be issued on the terms and conditions set out in Section 3.2. Section 3 contains further information regarding the rights and liabilities attaching to the Securities.

The Entitlement Offer will close on the Closing Date.

The Entitlement Offer is non-renounceable. Consequently, an Eligible Shareholder may not sell or transfer all or any part of their Entitlement.

The Entitlement Offer is not underwritten.

1.2 Acceptance of the Entitlement Offer

Eligible Shareholders' acceptance of the Entitlement Offer must be made using the personalised Entitlement and Acceptance Form. Your acceptance under the Entitlement Offer must not exceed your Entitlement as shown on that form. If it purports to do so, your acceptance will be deemed to be for your maximum Entitlement.

If you wish to **accept your full Entitlement** as shown on your personalised Entitlement and Acceptance Form, unless you wish to pay by BPAY or EFT (see Section 1.3), you should:

- complete and sign the Entitlement and Acceptance Form, and
- return it, together with your cheque or a bank draft, for the amount indicated on the Entitlement and Acceptance Form.

If you wish to **accept only for part of your Entitlement** as shown on your personalised Entitlement and Acceptance Form, unless you wish to pay by BPAY or EFT (see Section 1.3), you should:

- fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form,
- complete and sign the Entitlement and Acceptance Form, and
- return it, together with your cheque or a bank draft, for the appropriate application monies (at \$0.10 per Share).

If you **do not wish to accept any part of your Entitlement**, you need take no further action.

All cheques and bank drafts must be drawn on an Australian bank, payable in Australian dollars and made payable to “**Atrum Coal Limited**” and crossed “Not Negotiable”.

All completed Entitlement and Acceptance Forms together with the associated cheques or bank drafts must reach the Company’s share registry at the following address by no later than 5:00pm AWST on the Closing Date:

Security Transfer Australia Pty Ltd
PO Box 52
Collins Street West VIC 8007
Australia

You should ensure that cleared funds are available at the time the Entitlement and Acceptance Form is lodged, as dishonoured cheques will result in the Entitlement and Acceptance Form being rejected.

By completing an Entitlement and Acceptance Form, you will be taken to have declared that all details and statements made by you are complete and accurate and that you have personally received the Entitlement and Acceptance Form together with a complete and unaltered copy of the Prospectus.

If your Entitlement and Acceptance Form is not completed properly, or if the accompanying payment is for the wrong amount, the Directors may elect to treat it as valid or may reject it. The decision of the Directors as to whether to treat any application as valid or invalid and how to construe, amend or complete the associated Entitlement and Acceptance Form will be final. The Directors may complete any blanks or spaces left in any Entitlement and Acceptance Form and you, by lodging that form, appoint the Directors, and each of them, as your joint and several attorneys for such purpose and authorise all such amendments, insertions and alterations. If the Company elects, in its absolute and unfettered discretion, to treat any such incomplete or incorrectly completed Entitlement and Acceptance Form, or any Entitlement and Acceptance Form accompanied by the wrong amount, as invalid and to therefore reject the application, the relevant payment will be refunded without interest.

A completed and lodged Entitlement and Acceptance Form, together with a payment for the relevant amount, constitutes a binding and irrevocable application for the number of Shares specified in the Entitlement and Acceptance Form or which could be subscribed for by your payment (whichever is the lower), and an equal number of New Options.

Detailed instructions on how to complete the Entitlement and Acceptance Form are set out on the reverse of the form.

1.3 **Payment by BPAY or EFT under Entitlement Offer**

If you wish to pay for Shares subscribed for under the Entitlement Offer by BPAY or direct electronic funds transfer (**EFT**), please follow the instructions on the Entitlement and Acceptance Form. You will be deemed to have accepted your Entitlement upon receipt of the BPAY or EFT payment by the Company.

If you choose to pay by BPAY or EFT:

- you do not need to submit your Entitlement and Acceptance Form, but you will be taken to have made the declarations on it; and
- if you do not pay for your Entitlement in full, you will be deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your payment (at \$0.10 per Share), and an equal number of New Options.

It is your responsibility to ensure that your BPAY or EFT payment is received by the Company's Share Registry by no later than 5:00pm AWST on the Closing Date. Please note that your financial institution may implement earlier cut-off times for electronic payments and you should therefore take this into consideration when making payment. Any monies received for more than your final allocation of Shares (but only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any monies received or refunded.

Payment by BPAY or EFT constitutes a binding and irrevocable application for the number of Shares specified in your Entitlement and Acceptance Form or which could be subscribed for by your payment (whichever is the lower), and an equal number of New Options.

The Company will not be responsible for any postal or delivery delays or delay in the receipt of the BPAY or EFT payment.

1.4 **Debt Conversion Facility**

If, in addition to being an Eligible Shareholder under the Entitlement Offer, you are also a creditor of the Company for an amount that the Company has assessed as not being in dispute and which remains due and payable as at the Closing Date, you may elect to take up some or all of your Entitlement by means of the conversion of some or all of the existing debt owed to you by the Company (**Debt Conversion Facility**). The conversion will be undertaken on a dollar for dollar basis at a price of \$0.10 per Share (with free attaching New Options on the basis of one New Option for each Share), and, in the case of any fractional entitlements, the number of Shares and New Options arising from the conversion of the debt shall be rounded down to the nearest whole number. The election to settle the subscription amounts owing in respect of your Entitlement by conversion of some or all of an existing debt, is provided for on the Entitlement and Acceptance Form. For clarity, the Debt Conversion Facility does not enable any creditor Shareholders to take up more Shares or New Options under the Entitlement Offer than if the Debt Conversion Facility was not available.

1.5 **Minimum subscription**

There is no minimum subscription in respect of the Entitlement Offer.

1.6 Directors' intentions with respect to their Entitlements

As at the date of this Prospectus, the current proposed intentions of the Directors with respect to their Entitlements are as follows:

Director	Shares currently held	Entitlement ¹	Proposed extent of acceptance of Entitlement (No. of Shares to be subscribed for)
Chuck Blixt	350,000	70,000	70,000
Max Wang	Nil	Nil	Nil
Charles Fear	2,950,000 ²	590,000	590,000
George Edwards	102,675	20,535	20,535
James Chisholm	38,751,384 ³	7,750,276	3,000,000 ⁴

Note:

1. Assumes no Options currently held are exercised prior to the Record Date for the Entitlement Offer. As all existing Options on issue are currently out of the money, it is unlikely any Options will be exercised for the purposes of increasing the holders' Entitlement under the Entitlement Offer.

2. 2,550,000 of these Shares are held by Argonaut Equity Partners Pty Limited.

3. 36,562,266 of these Shares are held by Lenark Pty Limited as trustee for the Lenark Investment Trust (Lenark Pty Limited is a company controlled by Mr Chisholm's spouse) and the remaining 2,189,118 Shares are held by Bucket Super Pty Limited as trustee for the Bucket Super Fund (Bucket Super Pty Limited is a company controlled by Mr Chisolm and his spouse).

4. Mr Chisholm has indicated that Lenark Pty Limited will take up at least this amount of its entitlement, through the Debt Conversion Facility.

1.7 Treatment of Shortfall Securities

In the event Eligible Shareholders do not take up their full Entitlement, the Shortfall Securities may be taken up under the Eligible Shareholder Shortfall Offer or the Investor Shortfall Offer described in section 1.9. The Directors reserve the right to place any Shortfall Securities at their discretion.

1.8 Effect of the Entitlement Offer on control of the Company

If Eligible Shareholders take up their full Entitlement under the Entitlement Offer, those Eligible Shareholders will not be diluted (subject to treatment of fractional entitlements). If Eligible Shareholders do not exercise their Entitlement under the Entitlement Offer, or only exercise part of their Entitlement, they will be diluted.

Ineligible Shareholders will have their holdings diluted by the Entitlement Offer. The extent of any dilution will depend on the level of participation in the Entitlement Offer.

It is not possible for the Directors to predict the final level of participation and Shortfall under the Entitlement Offer, or the identity of Eligible Shareholders who will subscribe for their Entitlement. The Directors are also unable to state with certainty the identity of any prospective subscribers under the Shortfall, or the total number of Shortfall Securities which will or can be placed.

The potential effect of the Entitlement Offer on the control of the Company is as follows:

- If all Eligible Shareholders take up their full Entitlements, there would be no significant effect on the control of the Company, as the Entitlement Offer is made pro-rata and in that case no Entitlements would lapse or revert to the Shortfall.
- If Eligible Shareholders do not take up their full Entitlements under the Entitlement Offer, then the interests of those Eligible Shareholders will be diluted.
- The proportional interests of Ineligible Shareholders will be diluted because those Ineligible Shareholders are not entitled to participate in the Entitlement Offer.

Given no nominee has been appointed for Ineligible Shareholders under section 615 of the Corporations Act, Eligible Shareholders will not be able to rely on the exception for rights issues in item 10 of section 611 of the Corporations Act. Accordingly, when an Eligible Shareholder applies for some or all of its Entitlement, it must have regard to the takeovers prohibition in section 606 of the Corporations Act (that is, the 20% voting power threshold).

Any Shortfall Securities will be issued on the basis that no person will be issued Shortfall Securities if such issue will result in their voting power in the Company increasing beyond that allowed by the takeovers prohibition in section 606 of the Corporations Act.

In addition, Eligible Shareholders should note that if they do not participate in the Entitlement Offer, their holdings will be diluted by approximately 31% as compared to their holdings and number of Shares on issue as at the date of this Prospectus and taking account of the other issues of Shares proposed to be effected prior to completion of the Entitlement Offer (see section 2.2) and by approximately 40% on the basis that a further 49,500,000 Shares are issued under the Second Tranche Placement. Examples of how the dilution may impact Shareholders are set out in the table below:

Holder	Holding as at Record date	% at Record Date	Entitlements under the Entitlement Offer	Holdings if Entitlement Offer not taken Up	% post Entitlement Offer ¹	% post Entitlement Offer and Second Tranche Placement ²
Shareholder 1	100,000	0.043	20,000	100,000	0.030	0.026
Shareholder 2	500,000	0.22	100,000	500,000	0.15	0.13
Shareholder 3	1,000,000	0.43	200,000	1,000,000	0.30	0.26
Shareholder 4	5,000,000	2.15	1,000,000	5,000,000	1.49	1.30
Shareholder 5	10,000,000	4.31	2,000,000	10,000,000	2.97	2.59

Notes:

1. The dilutionary effect shown in the table is the maximum percentage on the assumption that all of the Shortfall Securities are allocated under the Eligible Shareholder Shortfall Offer or the Investor Shortfall Offer, and that 30,500,000 Shares are issued under the First Tranche Placement, 7,500,000 Shares are issued in exchange for the cancellation of Kuro Coal Ltd convertible notes, 19,690,490 Shares are issued to vendors of the Elan Project (see further section 2.2).

2. On the assumption that a further 49,500,000 Shares are issued under the Second Tranche Placement.

1.9 Shortfall Offers

The Entitlement Offer is not underwritten. Any Securities under the Entitlement Offer that are not applied for will comprise the Shortfall Securities. The offers to issue Shortfall Securities, as described below, are separate offers under this Prospectus.

Shortfall Offer to Eligible Shareholders

Under this Prospectus, the Company offers to issue any Shortfall Securities to Eligible Shareholders on the same terms as those offered under the Entitlement Offer (**Eligible Shareholder Shortfall Offer**).

Eligible Shareholders may apply for Shortfall Securities by completing the section on the Entitlement and Acceptance Form under the heading 'Eligible Shareholder Shortfall Offer Application'.

In relation to the Eligible Shareholder Shortfall Offer, the Company reserves the right to issue to an Applicant a lesser number of Shortfall Securities than the number applied for, reject an application or not proceed with the issuing of the Shortfall Securities or part thereof. If the number of Shortfall Securities issued is less than the number applied for, surplus application monies will be refunded in full. Interest will not be paid on application monies refunded..

Shortfall Offer to Investors

Under this Prospectus, the Company offers to issue any Shortfall Securities not allocated under the Eligible Shareholder Shortfall Offer described above, on the same terms as those offered under the Entitlement Offer (**Investor Shortfall Offer**).

Investors may apply for Shortfall Securities by completing the Investor Shortfall Offer Application Form upon invitation from the Company.

Shortfall Securities may be allocated to investors at the absolute discretion of the Directors.

General terms of the Eligible Shareholder Shortfall Offer and the Investor Shortfall Offer

Shortfall Securities will not be issued to any applicant if, in the view of the Directors, to do so would increase that applicant's voting power in the Company above 19.9% or otherwise result in a breach of the Listing Rules, the Corporations Act or any other applicable law.

The Shortfall Securities will be allocated within three months after the Closing Date.

1.10 ASX listing

Application for Official Quotation by ASX of the Shares and New Options offered pursuant to this Prospectus will be made in accordance with the timetable set out at the start of this Prospectus.

If the Shares and New Options offered pursuant to this Prospectus are not admitted to Official Quotation by ASX before the expiration of 3 months after the date of issue of this Prospectus, or such period as varied by ASIC, the Company will not issue any Securities

and will repay all application monies within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares and / or the New Options is not to be taken in any way as an indication of the merits of the Company or the Securities now offered for subscription.

1.11 Issue

The issue of Securities under the Entitlement Offer will take place in accordance with the ASX Listing Rules and the timetable set out at the start of this Prospectus.

Pending the issue of the Securities or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for Applicants in a separate bank account as required by the Corporations Act. The Company will, however, be entitled to retain all interest that accrues on that bank account, and each Applicant waives the right to claim interest.

Holding statements for Securities issued under the Entitlement Offer will be dispatched in accordance with the ASX Listing Rules and the timetable set out at the start of this Prospectus.

1.12 Applicants outside Australia, New Zealand, Hong Kong, Switzerland and Singapore

This Prospectus and the Offers do not, and are not intended to, constitute an offer in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

The Company has decided that it is unreasonable to make the Entitlement Offer to any Shareholder with a registered address outside Australia, New Zealand, Hong Kong, Switzerland and Singapore at the Record Date having regard to the cost to the Company of complying with applicable legal and regulatory requirements outside Australia and New Zealand.

Accordingly the Entitlement Offer is not being extended to Shareholders with a registered address outside Australia, New Zealand, Hong Kong, Switzerland and Singapore. In accordance with ASX Listing Rule 7.7.1(b) the Company will send each holder to whom it will not offer Securities, details of the Entitlement Offer and an advice that the Company will not offer Securities to those holders.

New Zealand

The Securities are not being offered to the public within New Zealand other than to existing Shareholders of the Company with registered addresses in New Zealand, to whom the offer of these Securities is being made in reliance on the transitional provisions of the *Financial Markets Conduct Act 2013* (New Zealand) and the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand).

This Prospectus has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

Hong Kong

WARNING: This Prospectus has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (**SFO**). No action has been taken in Hong Kong to authorise or register this Prospectus or to permit the distribution of this Prospectus or any documents issued in connection with it. Accordingly, the securities offered under this Prospectus have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the securities offered has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to securities that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted securities under this Prospectus may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this Prospectus have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Offers. If you are in doubt about any contents of this Prospectus, you should obtain independent professional advice.

Switzerland

The securities offered under this Prospectus may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (**SIX**) or on any other stock exchange or regulated trading facility in Switzerland. This Prospectus has been prepared without regard to the disclosure standards for issuance of prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the securities offered may be publicly distributed or otherwise made publicly available in Switzerland. The securities offered will only be offered to regulated financial intermediaries such as banks, securities dealers, insurance institutions and fund management companies as well as institutional investors with professional treasury operations.

Neither this Prospectus nor any other offering or marketing material relating to the securities offered have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of securities will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

This Prospectus is personal to the recipient only and not for general circulation in Switzerland.

Singapore

This Prospectus and any other materials relating to the securities offered have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document or materials

in connection with the offer or sale, or invitation for subscription or purchase, of securities, may not be issued, circulated or distributed, nor may the securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the *Securities and Futures Act*, Chapter 289 of Singapore (**SFA**), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This Prospectus has been given to you on the basis that you are:

- an existing holder of Shares;
- an "institutional investor" (as defined in the SFA); or
- a "relevant person" (as defined in section 275(2) of the SFA).

In the event that you are not an investor falling within any of the categories set out above, please return this Prospectus immediately. You may not forward or circulate this Prospectus to any other person in Singapore.

Any offer is not made to you with a view to the securities being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire securities. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

Nominees and custodians

Nominees and custodians may not submit an Entitlement and Acceptance Form, or otherwise accept the Entitlement Offer, on behalf of any Shareholder resident outside Australia, New Zealand, Hong Kong, Switzerland or Singapore without the prior consent of the Company. Return of a duly completed Entitlement and Acceptance Form, or payment of the relevant application monies by EFT or BPAY, will be taken by the Company to constitute a representation that there has been no breach of this requirement.

1.13 Enquiries

Any queries regarding the Entitlement Offer should be directed to Justyn Stedwell, Company Secretary, on +61 3 9191 0135.

2 Use of funds and effect of the Entitlement Offer

2.1 Use of funds

The primary purpose of the Entitlement Offer is to provide Eligible Shareholders will the opportunity to further invest in the future development of the Company by acquiring Securities.

Under the Entitlement Offer, an amount of up to approximately \$4,642,252 (subject to the application of the Debt Conversion Facility) (before expenses) will be raised.

Funds raised from the Entitlement Offer will, after paying the expenses of the Entitlement Offer, be allocated towards*:

Item	Proceeds of the Entitlement Offer	Maximum Take-up		75%Take-up		50%Take-up	
		\$m	%*	\$m	%*	\$m	%*
1.	Expenses of the Entitlement Offer	0.1	2.2%	0.1	2.9%	0.1	4.3%
2.	Exploration and development	4.0	87.0%	2.9	82.6%	1.7	73.9%
3.	Working capital	0.5	10.9%	0.5	14.5%	0.5	21.7%
Total		4.6	100%	3.5	100%	2.3	100%

*Figures subject to rounding. The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

The Company's ability to undertake exploration and development at the Elan Coal Project depends on the successful completion of the acquisition of that project by 31 March 2018, including availability of C\$3,000,000 cash consideration. Please refer to Section 4.2.2(a) for further details in relation to the acquisition completion risk associated with the Elan Coal Project.

2.2 Effect of the Entitlement Offer on capital structure

The Company's capital structure upon completion of the Entitlement Offer is summarised below:

Shares	Number
Shares currently on issue ¹	232,112,649
Shares to be issued pursuant to the First Tranche Placement ⁵	30,500,000
Shares to be issued in exchange for the cancellation of convertible notes on issue in Kuro Coal Ltd (the Company's wholly owned subsidiary) on or about 31 March 2018	7,500,000
Shares to be issued to the vendors of the Elan Project on or about 31 March 2018	19,690,490
Shares to be issued pursuant to the Entitlement Offer ²	46,422,529
Total Shares on completion of the Entitlement Offer, the Elan Project acquisition, the cancellation of Kuro Coal Ltd convertible notes^{2,5}	336,225,668
Shares to be issued pursuant to the Second Tranche Placement ⁵	49,500,000

Total Shares on completion of the Entitlement Offer, the Elan Project acquisition, the cancellation of Kuro Coal Ltd convertible notes and completion of the First Tranche Placement and the Second Tranche Placement^{2,5}	385,725,668
Options	Number
Unlisted Options exercisable at \$0.60 each on or before 2 July 2018	8,198,786
Unlisted Options exercisable at \$0.75 each on or before 15 August 2018	541,964
Unlisted Options exercisable at \$0.65 each on or before 14 November 2018	442,438
Unlisted Options exercisable at \$0.75 each on or before 16 February 2019	3,000,000
Unlisted Options exercisable at \$0.60 each on or before 31 October 2018	1,063,636
Unlisted Options exercisable at \$0.18 each on or before 1 December 2018	500,000
Unlisted Options exercisable at \$0.23 each on or before 1 December 2018	1,400,000
Unlisted Options exercisable at \$0.40 each on or before 1 June 2019	1,900,000
Unlisted Options exercisable at \$0.50 each on or before 1 December 2019	3,000,000
Unlisted Options exercisable at \$0.70 each on or before 1 June 2020	4,400,000
Unlisted Options exercisable at \$1.00 each on or before 1 December 2020	4,400,000
Listed New Options to be issued pursuant to the Entitlement Offer ²	46,422,529
Total Options on completion of the Entitlement Offer^{2, 3, 5}	75,269,353
Listed New Options to be issued to the Lead Manager pursuant to the Lead Manager Mandate ^{2, 5}	6,321,126
Listed New Options to be issued pursuant to the First Tranche Placement and the Second Tranche Placement	80,000,000
Total Options on completion of the Entitlement Offer and the Second Tranche Placement^{2, 3, 5}	161,590,479
Performance rights	Number
Unquoted performance rights currently on issue	750,000
Performance rights to be issued pursuant to the Entitlement Offer	Nil
Total performance rights on completion of the Entitlement Offer⁴	750,000

Notes:

1. Assumes no Options currently on issue are exercised or Performance Rights currently on issue vest, before completion of the Entitlement Offer.
2. Assumes that the Entitlement Offer is fully subscribed and that no Options currently on issue are exercised or Performance Rights currently on issue vest prior to the Record Date. Ignores treatment of fractional entitlements under the Entitlement Offer.
3. Assumes no options currently on issue are exercised before completion of the Entitlement Offer.
4. Assumes no Performance Rights currently on issue vest before completion of the Entitlement Offer. The Company notes that the vesting conditions attaching to the Performance Rights have not been satisfied as at the date of this Prospectus. For clarity, those conditions are set out in Note 20 to the Company's consolidated financial statements for the year ended 30 June 2016 and are replicated below:
 - 312,500 Class 7 Performance Rights will convert into Shares upon the Company completing a positive bankable feasibility study at any of the projects the Company has a beneficial interest in; and

- 437,500 Class 8 Performance Rights will convert into Shares upon the Company successfully securing a binding unconditional off-take agreement with a suitable party as agreed by the Company in respect of any of the projects in which the Company has a beneficial interest.

Whilst there is currently no certainty as to whether these vesting conditions will be satisfied, if they are satisfied, the number of Shares on issue will increase by 750,000 Shares.

5. As announced on 21 March 2018, the Company has agreed to place 80,000,000 Shares and an equal number of New Options to sophisticated and professional investors in two tranches (with the First Tranche Placement comprising 30,500,000 Shares and the Second Tranche Placement comprising 49,500,000 Shares and 80,000,000 New Options), which will be completed after the Record Date for the Entitlement Offer. Investors participating in the First Tranche Placement and / or the Second Tranche Placement will therefore not be Eligible Shareholders for the purposes of participating in the Entitlement Offer, to the extent of their First Tranche Placement Shares and Second Tranche Placement Shares. Shareholders should also note that the Second Tranche Placement is conditional upon receipt of required Shareholder approvals, which are to be sought at the Meeting.

2.3 Effect of the Entitlement Offer on financial position

The effect of the Entitlement Offer on the Company's financial position will be to increase the Company's cash reserves by up to approximately \$4,642,252 (subject to the application of the Debt Conversion Facility) (before deducting the estimated expenses of the Entitlement Offer).

The audited statement of financial position as at 30 June 2017 and the unaudited statement of financial position as at 31 December 2017 set out below have been prepared on the basis of the accounting policies normally adopted by the Company. The unaudited pro forma statement of financial position reflects the changes to the Company's position on the assumption that all Shares offered pursuant to this Prospectus, and pursuant to the First Tranche Placement and Second Tranche Placement, had been issued on 31 December 2017.

The statements of financial position set out below have been prepared to provide investors with information on the assets and liabilities of the Company, and the pro-forma assets and liabilities of the Company, as noted below. The historical and pro-forma financial information is presented in abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

Consolidated Statement of Financial Position	Audited 30 June 2017	Unaudited 31 December 2017	Capital Raising Adjustments	Pro Forma after adjustments 31 December 2017
ASSETS				
Current Assets				
Cash and Cash equivalents	4,390,934	2,019,636	11,378,027	13,397,663
Trade and other receivables	906,145	339,885	-	339,885
Inventory	1,919,221	1,691,295	-	1,691,295
Total Current Assets	7,216,300	4,050,816	11,378,027	15,428,843
Non Current Assets				
Plant and equipment	331,788	203,642	-	203,642
Exploration and evaluation expenditure	6,139,872	6,831,706	-	6,831,706
Total Non-current Assets	6,471,660	7,035,348	-	7,035,348
TOTAL ASSETS	13,687,960	11,086,164	11,378,027	22,464,191
LIABILITIES				
Current Liabilities				
Trade payables	1,008,428	602,961	-	602,961
Confirmed Capital Receivables Facility - Moneytech	1,648,498	-	-	-
Other payables	647,943	505,187	-	505,187
Kuro Coal Convertible	800,000	800,000	-	800,000
Total Current Liabilities	4,104,869	1,908,148	-	1,908,148
Non-Current Liabilities				
Borrowings - Lenark	1,787,546	1,620,607	(1,264,225)	356,382
Total Non-Current Liabilities	1,787,546	1,620,607	(1,264,225)	356,382
TOTAL LIABILITIES	5,892,415	3,528,755	(1,264,225)	2,264,530
NET ASSETS	7,795,545	7,557,409	12,642,252	20,199,661
EQUITY				
Issued Share Capital	71,226,236	71,226,236	12,642,252	83,868,488
Reserves - Share based payment	4,523,745	4,655,362	-	4,655,362
Foreign currency translation reserve	71,931	72,251	-	72,251
Accumulated losses	(68,026,367)	(68,396,439)	-	(68,396,439)
	7,795,545	7,557,410	12,642,252	20,199,662

Notes:

- The pro-forma consolidated statement of financial position after the Entitlement Offer is as per the Group's audited consolidated statement of financial position at 30 June 2017 and the unaudited consolidated financial statements as at 31 December 2017 adjusted for the transactions relating to the issue of Shares pursuant to this Prospectus. The consolidated statement of financial position is to be read in conjunction with the Notes to the consolidated financial statements for the year ended 30 June 2017 set out in the Company's Annual Report for the year ended 30 June 2017.

2. Assumes that the First Tranche Placement and Second Tranche Placement are fully subscribed and that the Second Tranche Placement completes (to together raise \$8 million), the Entitlement Offer is fully subscribed and that no Options currently on issue are exercised prior to the Record Date.
3. Assumes \$1.26m to repay Lenark Pty Limited loan.
4. Does not include expenses of the Entitlement Offer.

2.4 Details of substantial holders

Based on publicly available information as at 19 March 2018, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	%
Lenark Pty Limited (and associated entities, including Bucket Super Pty Limited)	38,751,384	16.70
Hoperidge Enterprises Pty Ltd (and associated entities)	11,775,761	5.07

In the event all Entitlements are accepted, there will be no change to the identity of the substantial holders on completion of the Entitlement Offer.

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3 Rights and liabilities attaching to Securities

The following is a summary of the more significant rights attaching to the Securities offered under this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

3.1 Rights and liabilities attaching to Shares

3.1.1 General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution.

3.1.2 Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- (a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (c) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

3.1.3 Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of

the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

3.1.4 **Winding-up**

If the Company is wound up, any property that remains after satisfaction of all debts and liabilities of the Company and the payment of costs, charges and expenses of winding up will be distributed among the Shareholders in accordance with their respective rights.

Any amount that would otherwise be distributable to the holder of a partly paid Share must be reduced by the amount unpaid on that Share as at the date of distribution.

The liquidator may, with the authority of a special resolution of the Company, divide amongst the Shareholders the whole or any part of the Company's property and decide how the division is to be carried out between the Shareholders or classes of Shareholders. No Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

3.1.5 **Shareholder liability**

As the Shares offered under this Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

3.1.6 **Transfer of Shares**

Generally, Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the Listing Rules.

3.1.7 **Variation of rights**

Pursuant to section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

3.1.8 **Alteration of Constitution**

The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

3.2 **Rights and liabilities attaching to New Options**

3.2.1 **Entitlement:** Subject to paragraph 3.2.13 each New Option entitles the holder to subscribe for one Share upon exercise of the New Option.

3.2.2 **Exercise Price and Expiry Date:** Subject to paragraphs 3.2.10 and 3.2.12, the amount payable upon exercise of each New Option will be \$0.20 (**Exercise Price**).

3.2.3 **Expiry Date:** Each New Option will expire at 5:00pm (AWST) on 31 March 2021 (**Expiry Date**). A New Option not exercised before that time will automatically lapse and be cancelled at that time.

3.2.4 **Exercise Period:** The New Options are exercisable at any time on or prior to 5:00pm (AWST) on the Expiry Date (**Exercise Period**).

3.2.5 **Notice of Exercise:** The New Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the New Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each New Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

3.2.6 **Exercise Date:** A Notice of Exercise is only effective on and from the later of:

- (a) the date of receipt of the Notice of Exercise; and
- (b) the date of receipt of the payment of the Exercise Price for each New Option being exercised in cleared funds,

(**Exercise Date**).

3.2.7 **Timing of issue of Shares on exercise:** Within 15 Business Days after the later of the following:

- (a) the Exercise Date; and
- (b) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

but in any case no later than 20 Business Days after the Exercise Date, the Company will:

- (c) allot and issue the number of Shares required under these terms and conditions in respect of the number of New Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;

- (d) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (e) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the New Options.

If a notice delivered under paragraph 3.2.7(d) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

- 3.2.8 **Shares issued on exercise:** Shares issued on exercise of the New Options rank equally with the then issued shares of the Company.
- 3.2.9 **Quotation of Shares issued on exercise:** If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the New Options.
- 3.2.10 **Reconstruction of capital:** If at any time the issued capital of the Company is reconstructed, all rights of each holder of one or more New Options are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- 3.2.11 **Participation in new issues:** There are no participation rights or entitlements inherent in the New Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the New Options without exercising the New Options.
- 3.2.12 **Adjustment for rights issue:** In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to Shareholders after the date of issue of the New Options, the Exercise Price will be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2.
- 3.2.13 **Adjustment for bonus issues of Shares:** If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):
 - (a) the number of Shares which must be issued on the exercise of a New Option will be increased by the number of Shares which the holder of the New Option would have received if the holder had exercised the New Option before the record date for the bonus issue; and
 - (b) no change will be made to the Exercise Price.

- 3.2.14 **Quoted:** The Company will apply for quotation of the New Options on ASX.
- 3.2.15 **Transferability:** The New Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

4 Investment risks

4.1 Introduction

There are a number of risks, both specific to the Company and of a general nature which may, either individually or in combination, affect the future operational and financial performance of the Company and the resources industry in which it operates, and the value of Securities under the Entitlement Offer.

The Securities offered under this Prospectus should be considered speculative because of the nature of the Company's business.

There are numerous risk factors involved with the Company's business. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, however many risks that may affect the Company are outside the Company's control and cannot be mitigated. Accordingly, an investment in the Company carries no guarantee with respect to the payment of dividends, return of capital or price at which Securities will trade.

The risks summarised below are not exhaustive and do not take into account the individual circumstances of investors. The Company does not give any assurances or guarantees of the future performance or profitability of the Company or the value of the Securities offered under this Prospectus. Additionally, the Company does not give any assurances or guarantees that the risks set out in this Prospectus will not change. The future dividends, the value of the Company's assets and the market value or price of Securities quoted on ASX may be influenced by these and other risk factors.

Every investor should:

- 4.1.1 rely on their own knowledge of the Company;
- 4.1.2 refer to disclosures made by the Company on ASX; and

consult their professional advisers before deciding whether to apply for Securities under the Entitlement Offer.

4.2 Specific risks

4.2.1 Operating risks

- (a) **General operating risks:** The Company's operations in relation to any coal licences may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant, labour and equipment. No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of any coal licences.

- (b) **Strength of natural resources and coal sector:** The Company's future is influenced by the general state of the resources sector, and in particular, the export market for metallurgical coal.
- (c) **Achievement of business plans:** The Company has based its business plans on the delineation of economic coal resources, the achievement of which is dependent on a number of factors, some of which are outside the Company's control (for example, licence and permit delays, coal and anthracite prices, wages, fuel, material exchange rates and other inputs).
- (d) **Dependence on key management personnel:** The operating and financial performance of the Company is largely dependent on its ability to retain and attract key management personnel. Whilst the Company makes every effort to retain key management personnel, there can be no guarantee that it will be able to do so. Any loss of key management personnel could adversely affect the Company's business, results of operations or financial conditions and performance.
- (e) **Requirements for unforeseen capital expenditure:** The Company's development plans are continually being updated as new information becomes available, but like many development and mining businesses, there may be unforeseen capital expenditure risks.

4.2.2 **Specific risks associated with the Elan Coal Project**

- (a) **Acquisition completion risk:** the Company's ability to undertake operations at the Elan Coal Project depends on the successful completion of the acquisition of that project by 31 March 2018, including availability of C\$3,000,000 cash consideration. The majority of the proceeds raised under the Entitlement Offer are intended to be applied towards exploration and development of the Elan Coal Project, which is the Company's primary exploration focus. Progressing the exploration and development of the Elan Coal Project as proposed will be dependent on completing the acquisition of the project by 31 March 2018 (or such later date that may be agreed) in accordance with the share sale deed for Elan Coal Ltd. Where the Company is unable to progress the completion of the Elan Coal Project acquisition, it may not be able to pursue its exploration and development objectives in relation to the project within the timing envisaged by the Company. There is also a risk that where the Company is unable to complete the acquisition of the project by 31 March 2018 that the Company may not be able to procure an extension to achieve completion at a later date, or at all.
- (b) **Exploration risk:** The Company intends to continue with an intensive exploration program on the tenements that comprise the Elan Coal Project. In the event that the planned drilling programs produce poorer than expected results, the value of the Company's assets and the viability of the Company's future operations may be significantly diminished.

The Elan Coal Project tenements are at various stages of exploration, and potential investors should understand that coal exploration and development are high risk enterprises that only occasionally provide high rewards. Even a combination of experience, knowledge and careful evaluation may not be able to overcome the inherent risk associated with exploring prospective tenements.

There can be no assurance that exploration of the tenements (or any other tenements that may be acquired in the future), will result in the development of an economically viable deposit of coal or other minerals. In addition to the high average costs of discovery of an economic deposit, factors such as demand for commodities, fluctuating coal prices and exchange rates, limitations on activities due to weather, difficulties encountered with geological structures and technical issues, labour disruptions, problems obtaining project finance, share price movements that affect access to new capital, counterparty risks on contacts, proximity to infrastructure (given the size of the area covered by the tenements), changing government regulation (including with regard to taxes, royalties, the export of minerals, employment and environmental protection), native title issues and equipment shortages can all affect the ability of a company to profit from any development opportunity.

- (c) **Regulatory approvals:** If a viable coal deposit(s) is to be developed, the Company will need to apply for a range of environmental and development authorisations, including approvals permitting open cut coal mining in Category 2 Alberta Land. These approvals may or may not be granted on satisfactory terms. Failure to receive, or delay in receiving, required approvals may affect the Company's operations and performance. Even if an apparently viable coal deposit is identified, there is no guarantee that it can be profitably mined.
- (d) **Development and infrastructure risk:** The discovery of coal deposits is dependent on a number of factors, including the technical skill of the exploration personnel involved and the success of the adopted exploration plan. In addition, there can be a time lag between the commencement of drilling and, if a viable coal deposit(s) is discovered, the commencement of commercial operations. Reasons for this include the need to build and finance significant infrastructure.
- (e) **Departure from assumptions:** The exploration and development costs in relation to the Elan Coal Project described in the "Use of Funds" in Section 2.1 of this Prospectus are based on certain assumptions with respect to the method and timing of exploration and development. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

Although the "Use of Funds" detailed in Section 2.1 of this Prospectus sets out the Company's current intentions, the actual expenditure and

exploration work undertaken will depend on the results generated. As such, actual expenditure may differ from the budgeted expenditure presented.

4.2.3 **Specific risks associated with the Groundhog North Mining Project**

- (a) **Groundhog North Mining Complex:** The viability of the Groundhog North Mining Complex is subject to completion of all licensing and securing adequate investment or off-take agreements and funding. Typical of coal projects, the Groundhog North Mining Complex is also subject to environmental risks, and social and community risk.
- (b) **Water supply:** The water supply for the Groundhog North Mining Complex, as well as other projects in the Groundhog anthracite field and other coal projects held by the Company or joint ventures involving the Company will be sourced from individual locations. The Company will be required to apply for and obtain water use licences from the relevant governmental authorities. The process for obtaining a water use licence may be a lengthy one and the Company's operations may be adversely affected in the event that the relevant licences are not obtained in a timely fashion. An inadequate water supply would negatively impact any of the Company's proposed projects.
- (c) **Infrastructure:** In order to access coal fields and connect coal fields to export ports and customers, infrastructure access is required. In some cases, no infrastructure exists in terms of roads, rail, power, communications, accommodation, etc. and various permits and capital expenditure are required in order to ensure site and customer access is obtained. The process for obtaining the relevant permits and securing the capital and approvals necessary may be lengthy and the Company's operations may be adversely affected in the event that a permit or capital is not obtained in a timely fashion.

4.2.4 **The Company has no history of earnings and no production revenues**

The Company has no recent history of earnings and has not commenced commercial production on any of its properties. The Company has experienced losses from exploration operations and expects to continue to incur losses until production commences and reaches the required level. There can be no assurance that the Company will be profitable in the future. The Company's operating expenses and capital expenditures are likely to increase in future years as needed consultants, personnel and equipment associated with construction and commercial production of its mines, are added. The amounts and timing of expenditures will depend on the progress of construction activities and production ramp up.

The Company expects to continue to incur losses until such time as its properties enter into commercial production and generate sufficient revenues to fund its continuing operations.

4.2.5 **The Company has a limited operating history**

The Company has limited operating history on which it can base an evaluation of its prospects. Despite this, members of the Company's Board of Directors and

management team have considerable experience in developing and mining of coal projects both globally and in Canada.

4.2.6 Kuro Coal convertible note risk

The Company has made an offer to the holders of non-interest-bearing convertible notes issued by the Company's subsidiary, Kuro Coal Limited, to convert those notes into Shares. As at 20 March 2018, holders of 93% of the notes have opted to take up this offer. The remaining noteholders constitute \$55,000 principal amount of notes. To the extent those noteholders do not take up the Company's offer to convert their notes into Shares, the Company will repay the principal amount of their notes. This may impact the Company's ability to utilise funds for other operational purposes.

4.2.7 Title risk

Coal licences are governed by legislation relating to grant, renewal and forfeiture. There is no guarantee that current or future applications, conversions or renewals of tenure will be approved. The Company's coal licences will be subject to a number of specific legislative conditions, including payment of rent and meeting minimum annual expenditure commitments. An inability to meet these conditions in relation to the coal licences could affect the standing of these coal licences or restrict their ability to be renewed, adversely affecting the Company's operations, financial position and performance.

4.2.8 Country risk

The financial performance of each of the Company's foreign operations may be adversely impacted by current or future fiscal or regulatory regimes, local laws and regulations or changes to the economic, political, judicial, administrative and/or security, climate, policies or conditions in those geographies.

The Company is primarily conducting its activities in Canada. The Directors believe that the governments of Canada support the development of natural resources by foreign investors. However, there is no assurance that future political and economic conditions in Canada will not result in the governments of Canada adopting different policies regarding foreign development and ownership of mineral resources. Any changes in policy may result in legislative changes affecting ownership of assets, taxation, rates of exchange, environmental protection, labour relations, repatriation of income and return on capital, all of which may affect the Company's ability to develop the coal licences.

Any potential future Canadian operations of the Company are subject to a number of risks, including:

- (a) potential difficulties in enforcing agreements and collecting receivables through foreign local systems;
- (b) potential difficulties in protecting rights and interests in assets;
- (c) increases in costs for transportation and shipping; and
- (d) restrictive governmental actions, such as imposition of trade quotas, tariffs and other taxes.

Any of these factors could materially and adversely affect the Company's business, results of operations and financial condition.

4.3 General risks

4.3.1 **Market:** The market price of Securities will fluctuate due to various factors, many of which are non-specific to the Company, including recommendations by brokers and analysts, Australian and international general economic conditions, inflation rates, interest rates, changes in government, fiscal, monetary and regulatory policies, global geopolitical events, hostilities and acts of terrorism, demand for listed securities and investor perceptions. In the future, these factors may cause Securities to trade at a lower price and/or cause the value of Securities offered under this Prospectus to rise or fall below their issue price. Stock markets, including the ASX, have exhibited increased volatility in recent times as a result of economic conditions. Continued volatility could negatively impact the value of the Securities.

4.3.2 **Commodity and currency volatility:** If the Company achieves success leading to coal production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and currency exchange rate risks.

The Company operates in Canada where the Company's capital expenditure and ongoing expenditure and sales contracts are denominated in Canadian Dollars and United States Dollars. The Company currently does not engage in any hedging or derivative transactions to manage foreign exchange risk. Upon completion of the Entitlement Offer, the Company intends to convert some or all of the Australian dollar proceeds raised into Canadian Dollars and United States Dollars. As the Company's operations change, its directors will review this policy periodically going forward. There can be no assurance that fluctuations in foreign exchange rates will not have a material adverse effect upon the Company's financial performance and results of operations.

The value of the Company's assets may be affected by fluctuations in commodity prices and exchange rates, such as the USD denominated Anthracite and Hard Coking Coal prices and the AUD / USD / CAD exchange rates.

These prices can fluctuate, and are affected by numerous factors beyond the Company's control. These factors include weather events, demand for alternative products, forward selling by producers, and production cost levels of competitors. Other factors include expectations regarding inflation, the financial impact of movements in interest rates, coal price forward curves, global economic trends, confidence and conditions, and domestic and international fiscal, monetary and regulatory policy settings. Future production from the Company's coal properties will be dependent upon the Anthracite and Hard Coking Coal prices being sufficient to make these properties economic.

If the Company achieves development success which leads to viable mining production, its financial performance will be highly dependent on the prevailing commodity prices.

These factors can affect the value of the Company's assets and the supply and demand characteristics of Anthracite and Hard Coking Coal prices, and may

have an adverse effect on the viability of the Company's development and production activities, its ability to fund those activities and the value of its assets.

- 4.3.3 **Asset impairment:** The Board regularly monitors impairment risk. Consistent with accounting standards, the Company is periodically required to assess the carrying value of its assets. Where the value of an asset is deemed to be less than its carrying value, the Company is obliged to recognise an impairment charge in its profit and loss account. Impairment charges can be significant and operate to reduce the level of a company's profits and potentially, its capacity to pay dividends. Impairment charges are a non-cash item.
- 4.3.4 **Insurance:** The Company insures its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company. Insurance against all risks associated with mining exploration and production is not always available and where available the costs can be prohibitive.
- 4.3.5 **Competition:** The industry in which the Company is involved in is subject to domestic and global competition. Although the Company undertakes all reasonable due diligence in its business decisions and operations, the Company has no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.
- 4.3.6 **Taxation:** Future changes in taxation law, including changes in interpretation or application of the law by the courts or taxation authorities in Australia and Canada, or other relevant jurisdictions in which the Company operates, may affect taxation treatment of an investment in Securities or the holding and disposal of those Securities. Further, changes in tax law, or changes in the way tax law is expected to be interpreted, in the various jurisdictions in which the Company operates, may impact the future tax liabilities of the Company.
- 4.3.7 **Litigation and commercial disputes:** As with all businesses, the Company is exposed to potential legal and other claims or disputes in the course of its business. Although the Company seeks to minimise the risk of such claims arising, and their impact if they do arise, such claims will arise from time to time and could adversely affect the Company's business, results of operations or financial condition and performance.
- 4.3.8 **Environmental:** the operations and proposed activities of the Company are subject to laws and regulation concerning the environment. As with most coal exploration and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws and mitigate any adverse impact on the environment. All mine designs contemplated by the Company are low environmental impact designs, with continuous rehabilitation programs to ensure minimal environmental impact. As well, the Company's key project at Groundhog is anthracite, which can be activated and potentially used as filter media in water treatment plants.

4.3.9 **Labour:** The Company's operations may be adversely affected by labour disputes or changes in Canadian labour laws. Significant labour disputes, work stoppages, increased employee expenses as a result of collective bargaining and the cost of compliance with labour laws could disrupt operations and affect the profitability of the prospecting rights and any future mining and exploration activities undertaken by the Company.

4.3.10 **Occupational health and safety:** The Company is committed to providing a healthy and safe environment for its personnel, contractors and visitors. Mining activities have inherent risks and hazards. The Company provides appropriate instructions, equipment, preventative measures, first aid information and training to all stakeholders through its occupational, health and safety management systems.

4.3.11 **Future funding risks**

In the ordinary course of operations and development, the Company is required to issue financial assurances, particularly insurances and bond/bank guarantee instruments, to secure statutory and environmental performance undertakings and commercial arrangements. The Company's ability to provide such assurances is subject to external financial and credit market assessments, and its own financial position.

Subject to successful completion of the Entitlement Offer, it is expected that the Company will have sufficient funding to support its operations. However, the Company will require additional funding to progress its projects beyond the planned development and other work programs outlined to date. There is no assurance that the Company will be able to access future funding on favourable terms, or at all. Any additional equity financing may dilute shareholdings and debt financing, if available, may place restrictions on operating and financing activities. If the Company cannot acquire additional financing then it may be forced to alter its plan of operations.

4.3.12 **General economic climate**

The Company's performance may be significantly affected by changes in economic conditions and particularly conditions which affect the mining and exploration industries. The profitability of the Company's business may be affected by some or all of the factors listed below:

- (a) future demand for coal;
- (b) general financial issues which may affect policies, exchange rates, inflation and interest rates;
- (c) deterioration in economic conditions, possibly leading to reductions in consumer spending and other potential revenues which could be expected to have a corresponding adverse impact on the Company's operating and financial performance;
- (d) the strength of the equity and share markets in Australia and throughout the world;

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- (e) financial failure or default by any entity with which the Company may become involved in a contractual relationship;
 - (f) industrial disputes in Australia and overseas;
 - (g) natural disasters and extreme weather conditions;
 - (h) changes in investor sentiment toward particular market sectors;
 - (i) the demand for, and supply of, capital and finance; and
 - (j) terrorism or other hostilities.

4.3.13 **Government policies, legislation and accounting standards**

The Company's activities may be impacted by regulatory or other changes implemented by the Commonwealth or Western Australian governments. A change in laws that impact on the Company's operations, such as land access, Native Title, environmental protection, carbon emissions, labour, mining, taxation and royalties, could have an adverse impact on the Company's operations. Mining industry activities are subject to discretionary regulations and approvals, the exercise of which cannot always be predicted.

Changes in accounting standards or the interpretation of those accounting standards that occur after the date of this Prospectus may impact adversely on the Company's reported financial performance.

4.3.14 **Insurance**

The Company intends to ensure that insurance is maintained to address insurable risks within ranges of coverage the Company believes to be consistent with industry practice, having regard to the nature of the Company's activities. However, no assurance can be given that the Company will be able to obtain insurance cover for all risks faced by the Company at reasonable rates or that the insurance cover it arranges will be adequate and available to cover all possible claims. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

4.3.15 **Liquidity and realisation risk**

There can be no guarantee that an active market in the Securities will develop or continue, or that the market price of the Securities will increase. If a market does not develop or is not sustained, it may be difficult for investors to sell their Securities, as there may be relatively few, if any, potential buyers or sellers of the Securities on ASX at any time. Volatility in the market price for Shares may result in Shareholders receiving a price for their Shares that is less or more than the issue price under the Entitlement Offer.

4.3.16 **Political factors**

The Company may be affected by the impact that political factors have on the various world economies or the Australian economy or on financial markets and investments generally or specifically.

4.3.17 **Stock market conditions**

The market price of the Securities when quoted on the ASX may be influenced by international and domestic factors affecting conditions in equity and financial markets. These factors may affect the prices for the securities of companies quoted on the ASX, including the Company.

4.4 Investment speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the Company's financial performance and the value of the Securities offered under this Prospectus.

Therefore, the Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Securities.

Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

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5 Additional information

5.1 Material contracts

5.1.1 Lead Manager Mandate

The Company has entered into a mandate with Argonaut dated 22 February 2018 pursuant to which the Company appoints Argonaut Securities Pty Limited as lead manager in respect of the First Tranche Placement, the Second Tranche Placement and the Entitlement Offer (**Mandate**).

Fees and expenses

Subject to completion of the Entitlement Offer, the First Tranche Placement and the Second Tranche Placement, the Company agrees to pay Argonaut:

- (a) a capital raising fee of 4% of the total amount raised under the First Tranche Placement and the Second Tranche Placement plus 4% of the total amount of shortfall placed pursuant to the Entitlement Offer, payable on completion of the First Tranche Placement, the Second Tranche Placement and the Entitlement Offer respectively; and
- (b) a management fee of 2% of the total amount raised pursuant to the First Tranche Placement and the Second Tranche Placement plus 2% of the amount raised under the Entitlement Offer, payable on completion of the First Tranche Placement, the Second Tranche Placement and the Entitlement Offer respectively.

In addition to the above, the Company agrees to pay Argonaut all reasonable expenses incurred by Argonaut in connection with the services provided under the Mandate up to an amount of \$5,000.

Entitlement to Options

The Mandate further provides that on completion of the Entitlement Offer, Argonaut (and / or its nominee(s)) will be entitled to subscribe for 0.5 Options for every \$1 raised under the First Tranche Placement, the Second Tranche Placement and the Entitlement Offer (together, the **Capital Raising**) at an issue price of \$0.0001 each with each Option exercisable on same terms and conditions as any Options issued as part of the Capital Raising.

Indemnity and limitation of liability

The Company indemnifies Argonaut, Argonaut Equity Partners Pty Limited ACN 128 423 843 and Argonaut Securities (Asia) Limited (SFC CE No. AXO052) (collectively, the **Argonaut Group**) and each of its directors, officers, employees, advisers, representatives and agents of any of them (**Indemnified Persons**), against all claims, losses, liabilities, expenses, damages and costs (including legal costs on a full indemnity basis, and whether incurred by or awarded against the Indemnified Person) that any of them may sustain or incur in relation to the Mandate. The indemnity does not apply to the extent that the relevant loss is found in a final judgment by a court to have resulted primarily from any wilful misconduct, fraud, recklessness or gross negligence of the Indemnified Persons or constitute a penalty or fine which an Indemnified Person is required to pay for any contravention of the Corporations Act for which it cannot be indemnified at law (except to the extent the loss is caused or contributed to by the Company, its

related bodies corporate or any their representative directors, officers, employees, advisers, representatives or agents).

Notwithstanding this indemnity, Argonaut's liability for any claim or loss suffered or incurred by the Company as a result of or in connection with the Mandate shall not exceed the aggregate of the fees paid to Argonaut under the Mandate.

The remainder of the terms and conditions of the Mandate are considered to be on market standard terms.

5.2 Disclosing entity

The Company is a "disclosing entity" (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. The Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

This Prospectus is a "transaction specific prospectus" for the purposes of section 713 of the Corporations Act. In general terms, a "transaction specific prospectus" is only required to contain information in relation to the effect of the issue of securities on a company and the rights and liabilities attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the three months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- 5.2.1 it is subject to regular reporting and disclosure obligations;
- 5.2.2 copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- 5.2.3 it will provide a copy of:
 - (a) the annual financial report of the Company for the financial year ended 30 June 2017, being the most recent financial report for a financial year of the Company lodged with the ASIC before the issue of this Prospectus; and
 - (b) any continuous disclosure notices given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1)

of the Corporations Act after the lodgement of that annual report and before the lodgement of this Prospectus with ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be obtained free of charge from the Company's registered office during normal office hours. The Company has lodged the following announcements with ASX since lodgement of the 30 June 2017 annual financial report and before the lodgement of this Prospectus:

Date	Description of announcement
2 October 2017	Appendix 4G
3 October 2017	Notice of Annual General Meeting / Proxy Form
31 October 2017	Quarterly Cashflow Report
31 October 2017	Quarterly Activities Report
2 November 2017	Kuro Coal Announces Elan South Resources Estimate
2 November 2017	AGM Presentation
3 November 2017	Results of Meeting
7 November 2017	Change of Registered Office
8 November 2017	Change of Financial Year End
13 November 2017	Appendix 3B
13 November 2017	Change of Director's Interest Notice
16 November 2017	Change of Director's Interest Notice
22 November 2017	Max Wang Appointed to the Board
24 November 2017	Initial Director's Interest Notice
27 November 2017	Change of Director's Interest Notice
1 December 2017	Appendix 3B
4 December 2017	Atrum Clarifies Elan South Resources Estimate
6 December 2017	Atrum Amends Terms of Acquisition of Elan Properties
7 December 2017	Atrum Coal Releases Latest Corporate Video
7 December 2017	Change of Director's Interest Notice
7 December 2017	Change of Director's Interest Notice
7 December 2017	Change of Director's Interest Notice
7 December 2017	Change of Director's Interest Notice
13 December 2017	Change of Director's Interest Notice
19 December 2017	Change of Director's Interest Notice
3 January 2018	Change of Director's Interest Notice
17 January 2018	Change of Director's Interest Notice
29 January 2018	Kuro Coal Convertible Notes
30 January 2018	Quarterly Cashflow Report

Date	Description of announcement
30 January 2018	Quarterly Activities Report
26 February 2018	Investor Presentation
8 March 2018	Change of Director's Interest Notice
9 March 2018	S&P DJ Indices Announces March Quarterly Rebalance
19 March 2018	Trading Halt
19 March 2018	Investor Presentation
21 March 2018	Successful Completion of \$8 Million Placement

ASX maintains files containing publicly available information from all listed companies. The Company's file is available for inspection at ASX during business hours.

The announcements are also available on the ASX platform at www.asx.com.au.

5.3 Interests of Directors

Other than as set out in this Prospectus, no Director, or any firm in which a Director is a partner holds, or has held within the 2 years preceding lodgement of this Prospectus with ASIC, any interest in:

- 5.3.1 the formation or promotion of the Company;
 - 5.3.2 any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Entitlement Offer; or
 - 5.3.3 the Entitlement Offer,
- and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or to any firm in which a Director is a partner:
- 5.3.4 as an inducement to become, or to qualify as, a Director; or
 - 5.3.5 for services provided in connection with the formation or promotion of the Company or the Entitlement Offer.

Charles Fear, a non-executive Director, is a director of Argonaut and has an indirect interest in Argonaut's shares. Information in relation to the Lead Manager Mandate entered into between the Company and Argonaut in connection with the First Tranche Placement, the Second Tranche Placement and the Entitlement Offer, and fees payable to Argonaut in connection with the Lead Manager Mandate, is set out in sections 5.1 and 5.4 of this Prospectus.

Holdings of securities

The direct and indirect interests of the Directors in the Company's securities as at the date of this Prospectus are shown in the following table:

Director	Shares	Options	Performance Rights
Chuck Blixt	350,000	2,400,000	Nil
Max Wang	Nil	10,000,000	Nil
Charles Fear	2,950,000 ¹	2,100,000	Nil

Director	Shares	Options	Performance Rights
George Edwards	102,675	1,600,000	Nil
James Chisholm	38,751,384 ²	Nil	750,000 ³
Total:	42,154,059	16,100,000	750,000

Notes:

- 2,550,000 of these Shares are held by Argonaut Equity Partners Pty Limited.
- 36,562,266 of these Shares are held by Lenark Pty Limited as trustee for the Lenark Investment Trust and the remaining 2,189,118 Shares are held by Bucket Super Pty Limited as trustee for the Bucket Super Fund. Lenark Pty Limited is a company controlled by Mr Chisholm's spouse. Bucket Super Pty Limited is a company controlled by Mr Chisolm and his spouse.
- Held by Lenark Pty Limited as trustee for the Lenark Investment Trust.

Remuneration

The Constitution provides that the remuneration of non-executive Directors will be not more than the aggregate fixed sum determined by a general meeting. The aggregate annual remuneration for non-executive Directors is currently capped at \$400,000.

The Company may also pay the Directors' travelling and other expenses that they properly incur:

- in attending Directors' meetings or any meetings of committees of Directors;
- in attending any general meeting of the Company; and
- in connection with the Company's business.

The remuneration paid to Directors for the financial years ended 30 June 2016 and 30 June 2017, and the six month transitional financial period ended 31 December 2017, together with the proposed remuneration for the current financial year, is set out in the following table:

Director	Year	Fees and salary (incl. super) (\$)	Share based payments (\$)	Total (\$)
Robert Bell ¹	FY 2016	287,736	114,085	401,821
	FY 2017	361,539	104,724	466,263
	HY 12 / 2017	Nil	Nil	Nil
	FY 2018	Nil	Nil	Nil
Chuck Blixt ²	FY 2016	Nil	Nil	Nil
	FY 2017	3,000	Nil	3,000
	HY 12 / 2017	24,598	22,031	46,629
	FY 2018	43,200	Nil	43,200
Craig Ian Burton ³	FY 2016	Nil	Nil	Nil
	FY 2017	22,500	Nil	22,500
	HY 12 / 2017	Nil	Nil	Nil
	FY 2018	Nil	Nil	Nil
Steve Boulton ⁴	FY 2016	36,000	Nil	36,000
	FY 2017	24,000	(28,980)	(4,980)
	HY 12 / 2017	Nil	Nil	Nil
	FY 2018	Nil	Nil	Nil

Director	Year	Fees and salary (incl. super) (\$)	Share based payments (\$)	Total (\$)
Max Wang ⁵	FY 2016	Nil	Nil	Nil
	FY 2017	Nil	Nil	Nil
	HY 12 / 2017	146,583	47,072	193,655
	FY 2018	350,000	Nil	350,000
Charles Fear ⁶	FY 2016	Nil	Nil	Nil
	FY 2017	Nil	Nil	Nil
	HY 12 / 2017	12,616	13,841	26,457
	FY 2018	36,000	Nil	36,000
George Edwards ⁷	FY 2016	Nil	Nil	Nil
	FY 2017	Nil	Nil	Nil
	HY 12 / 2017	12,616	13,841	26,457
	FY 2018	36,000	Nil	36,000
James Chisholm	FY 2016	138,100	Nil	138,100
	FY 2017	204,000 ⁸	Nil	204,000
	HY 12 / 2017	18,000	Nil	18,000
	FY 2018	36,000	Nil	36,000
Cameron Vorias ⁹	FY 2016	39,420	Nil	39,420
	FY 2017	36,000	(36,193)	(193)
	HY 12 / 2017	Nil	Nil	Nil
	FY 2018	Nil	Nil	Nil
John Wasik ¹⁰	FY 2016	30,000	Nil	30,000
	FY 2017	51,000	Nil	51,000
	HY 12 / 2017	Nil	Nil	Nil
	FY 2018	Nil	Nil	Nil

Notes:

- Resigned as Executive Chairman on 16 January 2017.
- Appointed as Non-Executive Director on 29 May 2017.
- Appointed as Non-Executive Director on 1 January 2017 and resigned on 17 August 2017.
- Resigned as Non-Executive Director on 24 November 2016. As a consequence, there was a reversal of unvested Share Based Payments recognised in previous years.
- Appointed as Managing Director on 21 August 2017.
- Appointed as Non-Executive Director on 17 August 2017.
- Appointed as Non-Executive Director on 17 August 2017.
- Amounts accrued and partly paid.
- Resigned as Non-Executive Director on 21 January 2017. As a consequence, there was a reversal of unvested Share Based Payments recognised in previous years.
- Resigned as Non-Executive Director on 24 November 2016.

5.4 Interests of experts and advisers

Other than as set out in this Prospectus, no:

- 5.4.1 person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- 5.4.2 promoter of the Company; or
- 5.4.3 underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with ASIC, any interest in:

- 5.4.4 the formation or promotion of the Company;
- 5.4.5 any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Entitlement Offer; or
- 5.4.6 the Entitlement Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- 5.4.7 the formation or promotion of the Company; or
- 5.4.8 the Entitlement Offer.

Lavan have acted as the Company's solicitors in relation to the Entitlement Offer. The Company estimates Lavan will be paid approximately \$28,000 (excluding GST and disbursements) with respect to the Entitlement Offer and this Prospectus.

Argonaut Securities Pty Limited has acted as the Lead Manager in relation to the Entitlement Offer, the First Tranche Placement and the Second Tranche Placement. The Company estimates Argonaut Securities Pty Limited will be paid approximately \$572,845 (excluding GST and disbursements) in respect of this role. In addition, as set out in sections 2.2 and 5.1.1, Argonaut will be entitled to subscribe for 6,321,126 options in the Company (having the same terms as those issued under the Entitlement Offer), assuming the entire \$12.6m amount is raised under the First Tranche Placement, Second Tranche Placement and Entitlement Offer. The Company has incurred an additional \$223,928.20 in other fees with Argonaut Securities Pty Limited in the 2 years prior to the date of this Prospectus.

5.5 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

5.6 Consents

Each person referred to in this Section:

- 5.6.1 has not caused or authorised the issue of this Prospectus;
- 5.6.2 does not make, or purport to make, any statement in this Prospectus other than those (if any) referred to in this Section; and
- 5.6.3 to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name

and a statement included in this Prospectus with the consent of that party as specified in this Section (if any).

Lavan have given their written consent to being named as the solicitors to the Company in this Prospectus. Lavan have not withdrawn their consent prior to the lodgement of this Prospectus with ASIC.

Argonaut Securities Pty Limited has given its written consent to being named as the Lead Manager in this Prospectus. Argonaut Securities Pty Limited has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

5.7 Expenses of the Entitlement Offer

The expenses of the Entitlement Offer (assuming it is fully subscribed) are estimated to be as follows:

Item of Expenditure	\$ (excl. GST, where applicable)
ASIC fees	\$2,400
ASX fees	\$24,674
Legal fees	\$28,000
Lead Manager's fees	\$92,845
Printing and distribution	\$15,000
Total	\$162,919

5.8 Clearing House Electronic Subregister System (CHES) and Issuer Sponsored holdings

The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be sent a statement that sets out the number of Shares and New Options issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Electronic sub-registers also mean ownership of securities can be transferred without having to rely upon paper documentation. A monthly statement will be sent to holders if there has been any change to the number of securities held during the preceding month. That statement is dispatched in the week following the relevant month end.

5.9 Electronic Prospectus

This Prospectus will be issued in paper form and as an electronic Prospectus which may be accessed on the internet at <http://atrumcoal.com/>. The offer pursuant to the electronic Prospectus is only available to persons receiving an electronic version of this Prospectus in Australia.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Forms. If you have not, please contact the Company Secretary on +61 3 9191 0135 and the Company will send you, free of charge, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at <http://atrumcoal.com/>.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or that any of those documents was incomplete or altered.

5.10 Privacy statement

The Company collects information about each Applicant from the Application Forms for the purposes of processing and, if the application is successful, to administer the Applicant's holdings of securities in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information in the Application Form for the purposes set out in this Prospectus and may disclose it for those purposes to the Company's share registry, the Company's related bodies corporate, agents, contractors and third party service providers (including mailing houses), ASX, ASIC and other regulatory authorities.

If an Applicant becomes a holder of Shares or New Options, the Corporations Act requires the Company to include information about the holder (name, address and details of the securities held) in its public registers. This information must remain in the registers even if that person ceases to be a holder. Information contained in the Company's registers is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its investors) and compliance by the Company with legal and regulatory requirements. Successful Applicants may request access to their personal information held by (or on behalf of) the Company by telephoning or writing to the Company Secretary.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process your application.

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6 Directors' authorisation

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with ASIC.



Max Wang
Managing Director & Chief Executive Officer
For and on behalf of
Atrum Coal Limited

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7 Glossary

Where the following terms are used in this Prospectus they have the following meanings:

\$	means the official currency of the Commonwealth of Australia.
Applicant	means an Eligible Shareholder who applies for Shares and New Options under this Prospectus using an Application Form.
Application Form	means an Entitlement and Acceptance Form and/or an Investor Shortfall Offer Application Form, as the context requires.
Argonaut or Lead Manager	means Argonaut Securities Pty Limited ACN 108 330 650 (AFSL No. 274099).
ASIC	means Australian Securities & Investments Commission.
ASX	means ASX Limited ACN 008 624 691 or the Australian Securities Exchange, as the context requires.
ASX Listing Rules	means the official listing rules of ASX.
AWST	means Western Standard Time as observed in Perth, Western Australia.
Board	means the board of Directors as constituted from time to time.
C\$	means Canadian dollars, the official currency of Canada.
Closing Date	means the closing date of the Entitlement Offer, as set out in the timetable in the indicative timetable at the beginning of this Prospectus (unless extended).
Company	means Atrum Coal Limited ACN 153 876 861.
Constitution	means the constitution of the Company.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Debt Conversion Facility	means the facility described in Section 1.4 of this Prospectus.
Directors	means the directors of the Company.
Eligible Shareholder Shortfall Offer	means the offer to Eligible Shareholders of Shortfall Securities under this Prospectus, as described in Section 1.9.
Eligible Shareholders	means a person registered as the holder of Shares at 5:00pm WST on the Record Date whose registered address is in Australia, New Zealand, Hong Kong, Switzerland or Singapore.
Entitlement	means the entitlement of an Eligible Shareholder to participate in the Entitlement Offer.
Entitlement and Acceptance Form	means the entitlement and acceptance form in relation to the Entitlement Offer and the Eligible Shareholder Shortfall Offer either attached to or accompanying this Prospectus.
Entitlement	means the non-renounceable entitlement offer to Eligible Shareholders of Shares and New

Offer	Options under this Prospectus, as described in Section 1.1.
First Tranche Placement	means the unconditional placement of 30,500,000 new Shares to professional and sophisticated investors, announced by the Company on 21 March 2018.
Group	means the Company and its subsidiaries.
Ineligible Shareholder	means a Shareholder who is not an Eligible Shareholder.
Investor Shortfall Offer	means the offer to investors of Shortfall Securities under this Prospectus, as described in Section 1.9.
Investor Shortfall Offer Application Form	means the application form attached to, or accompanying this Prospectus, to be used for the purposes of applying for Shortfall Securities under the Investor Shortfall Offer.
Meeting	means the meeting of Shareholders to be convened to consider and, if thought fit, pass those resolutions required in connection with the Second Tranche Placement.
Offers	means the Entitlement Offer, the Eligible Shareholder Shortfall Offer and the Investor Shortfall Offer.
Official List	means the official list of ASX.
Official Quotation	means official quotation by ASX in accordance with the ASX Listing Rules.
Option	means an existing option to subscribe for a Share.
New Option	means an option to subscribe for a Share on the terms and conditions set out in Section 3.2.
Performance Right	means a right to be issued a Share, granted under the Company's performance rights plan.
Prospectus	means this prospectus.
Record Date	means the date set out in the indicative timetable at the front of this Prospectus.
Second Tranche Placement	means the conditional placement of 49,500,000 new Shares and 80,000,000 New Options to professional and sophisticated investors and certain related parties of the Company, announced by the Company on 21 March 2018, subject to receipt of required Shareholder approvals to be sought at the Meeting.
Section	means a section of this Prospectus.
Securities	means Shares and New Options.
Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means a holder of one or more Shares.
Shortfall	means the Securities not applied for under the Entitlement Offer by the Closing Date.
Shortfall Securities	means the Shares and New Options comprising the Shortfall.

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