



Emerging metallurgical coal explorer

22 March 2018

Dear Optionholder

Atrum Coal Limited – Pro-rata non-renounceable entitlement offer

As announced on 21 March 2018, Atrum Coal Limited ACN 153 876 861 (**Company**) is proposing to undertake a pro rata non-renounceable entitlement issue (**Offer**) to eligible shareholders of up to 46,422,529 fully paid ordinary shares (**Shares**) in the Company at an issue price of \$0.10 per Share (**Issue Price**), together with 1 free attaching listed option to subscribe for a Share for every 1 Share issued. Shares issued will rank equally with all Shares already on issue.

The Offer is being made to all shareholders named on the Company's register of members at **5:00pm AWST on 27 March 2018 (Record Date)**, whose registered address is in Australia, New Zealand, Hong Kong, Switzerland and Singapore (**Eligible Shareholders**).

The Offer will be made on the basis of 1 Share for every 5 Shares held by shareholders at the Record Date, to raise up to approximately \$4,642,242 (before expenses) (subject to the application of a Debt Conversion Facility).

The Company lodged a prospectus for the Offer (**Prospectus**) with the Australian Securities and Investments Commission and the Australian Securities Exchange on 21 March 2018. A copy of the Prospectus is available on ASX's and the Company's website.

Following completion of the Offer (and assuming it is fully subscribed), the Company will have issued approximately 46,422,529 Shares resulting in a total of approximately 278,535,178 Shares on issue assuming no existing options on issue are exercised or cancelled and no existing performance rights on issue vest resulting in the issue of additional Shares before the Record Date.

Funds raised under the Offer will, after paying the expenses of the Offer, be allocated towards exploration and development and working capital.

Eligible Shareholders will be mailed a Prospectus together with an Entitlement and Acceptance Form no later than 3 April 2018. Their entitlement will be set out on the personalised Entitlement and Acceptance Form accompanying the Prospectus.

For the purposes of calculating each Eligible Shareholder's entitlement, fractions of entitlements will be rounded down to the nearest whole number of Shares

Optionholders

The terms and conditions of the options you currently hold do not entitle you to participate in the

Offer unless you exercise your options in time for new Shares to be allotted and to be entered on the Company's register of members on or before the Record Date.

To exercise your options and thereby participate in the Offer, you will need to deliver the following to the Company at Unit 1B, 205-207 Johnston Street, Fitzroy, Victoria, 3065:

- 1 A notice of exercise of options (**attached** to this letter);
- 2 An option certificate (where the options are certificated) or a copy of a holding statement (where the options are uncertificated) in respect of those options to be exercised; and
- 3 Payment for the exercise price in respect of those options to be exercised by way of a cheque made payable to "Atrum Coal Limited".

To ensure that your new Shares are allotted prior to the Record Date, the above must be received by the Company no later than 26 March 2018. If received after this date, allotment of new Shares prior to the Record Date cannot be assured.

Before deciding whether to exercise any or all of your options, you should read the Prospectus in its entirety.

If you have any queries concerning the Offer, or the action you are required to take to exercise your options, please contact your financial adviser or Justyn Stedwell, Company Secretary, on +61 3 9191 0135.

Yours sincerely



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