

# **Atrum Coal Limited**

ACN 153 876 861

## **Notice of Annual General Meeting**

10:00 am (AEST)

29 June 2020

By live webcast available at <https://web.lumiagm.com> using Meeting ID 342-434-289.

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

***Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 3 8395 5446.***

## **Time and place of Meeting and how to vote**

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### **Time and place of Meeting**

Notice is given that the Annual General Meeting will be held at 10:00 am AEST on 29 June 2020.

Due to the current COVID-19 non-essential gathering limits and social distancing requirements the Company will be holding a virtual Annual General Meeting. The Company encourages shareholders to vote on resolutions via proxy form. Proxy forms can be lodged online, by post or in person by following the proxy lodgement instructions on the proxy form, proxy forms must be received by the Company's share registry, Automic, by 10:00am AEST on 27 June 2020.

A live webcast has been set up to allow shareholders to join the meeting which shareholders may join at <https://web.lumiagm.com> using Meeting ID 342-434-289.

Shareholders who participate in the live webcast may vote on each Resolution in real time during the Meeting. Details on how to vote during the webcast are set out in Annexure C of this Notice of Meeting. Shareholders with multiple holdings will either need to log into Lumi under each SRN or HIN to vote live in the Meeting or cast their vote on other holdings ahead of the Meeting in the manner described below.

The health and safety of our staff, shareholders and the general public is a priority of the Company and we appreciate your support and understanding during this time.

### **Your vote is important**

The business of the Meeting affects your shareholding and your vote is important.

The Explanatory Statement provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and Proxy Form each form part of this Notice of Meeting.

### **Voting eligibility**

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at 7:00 pm AEST on 27 June 2020.

### **Voting at the meeting**

To vote at the meeting, attend the virtual Annual General Meeting at the time and date set out above.

### **Voting by proxy**

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

- (a) each member has a right to appoint a proxy;
- (b) the proxy need not be a member of the Company; and
- (c) a member who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two proxies and the appointment does not specify the proportion or number of the

member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form or vote online at <https://investor.automic.com.au/#/loginsah>.

Sections 250BB and 250BC of the Corporations Act apply to voting by proxy. Shareholders and their proxies should be aware of these sections, as they will apply to this Meeting. Broadly, the sections mean that:

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

Further details on these legislative requirements are set out below.

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

An appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

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

***Transfer of non-chair proxy to chair in certain circumstances***

If:

- (a) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- (b) the appointed proxy is not the chair of the meeting; and
- (c) at the meeting, a poll is duly demanded on the resolution; and
- (d) either of the following applies:
  - (i) the proxy is not recorded as attending the meeting;
  - (ii) the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

***Undirected vote – Resolutions 2 to 4 and 11 to 21***

Subject to the voting restrictions set out in the voting exclusion statements in respect of certain of the Resolutions, the Chairperson will vote undirected proxies on, and in favour of Resolutions 2 to 4 and 11 to 21.

***Direction to Chairman for Resolutions 1 and 5 to 10***

If the proxy is the Chairman, the Chairman can also vote undirected proxies on Resolutions 1 and 5 to 10 provided that proxy form expressly authorises the Chairman to vote on Resolutions 1 and 5 to 10 even though Resolutions 1 and 5 to 10 are connected with the remuneration of Key Management Personnel.

The Chairman will not vote any undirected proxies in relation to Resolutions 1 and 5 to 10 unless the Shareholder expressly authorises the Chairman to vote in accordance with the Chairman's stated voting intentions in their proxy form. Subject to the voting restrictions set out in the voting prohibition statements in respect of Resolutions 1 and 5 to 10, the Chairman intends to, and, if so authorised by a Shareholder, will, vote undirected proxies on, and in favour of Resolutions 1 and 5 to 10.

To be valid, your proxy form (and any power of attorney under which it is signed) must be received at an address given below by 10:00 am (AEST) on 27 June 2020. Any proxy form received after that time will not be valid for the scheduled meeting.

**By hand:** Share Registry – Automic, Level 5, 126 Phillip Street, Sydney NSW 2000

**By mail:** Share Registry – Automic, GPO Box 5193, Sydney NSW 2001

**By email:** [meetings@automicgroup.com.au](mailto:meetings@automicgroup.com.au)

**Online:** <https://investor.automic.com.au/#/loginsah>

**Defined terms and glossary**

Capitalised terms and certain abbreviations used in this document have the defined meanings set out in the Glossary.

**Enquiries**

Shareholders are requested to contact the Company Secretary on +61 3 8395 5446 if they have any queries in respect of the matters set out in this Notice of Meeting or the accompanying Explanatory Statement.

## **Business of the Annual General Meeting**

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### **ANNUAL REPORT**

To receive the Annual Report of the Company and its controlled entities for the financial year ended 31 December 2019, which includes the Financial Report, the Directors' Report comprising the review of operations and the Remuneration Report, and the Independent Auditor's Report.

Note: there is no requirement for shareholders to approve the Annual Report.

### **RESOLUTIONS**

#### **Resolution 1 – Adoption of Remuneration Report**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as a **non-binding resolution**:

*“That, for the purpose of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's Annual Report for the financial year ended 31 December 2019.”*

#### ***Voting prohibition statement***

In accordance with the Corporations Act the Company will disregard any votes cast in favour of the Resolution by or on behalf of:

- (a) by any member of the Company's Key Management Personnel, or a Closely Related Party of such a member, regardless of the capacity in which the vote is cast; and
- (b) as a proxy by a member of the Company's Key Management Personnel, or a Closely Related Party of such a member unless the vote is cast as a proxy for a person who is entitled to vote on this Resolution:
  - (i) in accordance with their directions of how to vote set out in the relevant Proxy Form; or
  - (ii) by the Chair of the Meeting pursuant to an express authorisation set out in the relevant Proxy Form.

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company. The Directors will consider the outcome of the vote and comments made by shareholders on the Remuneration Report at the Meeting when reviewing the Company's remuneration policies.

#### **Resolution 2 – Election of William (Bill) Fleming as a Director**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, William (Bill) Fleming who retires as a Director, and offers himself for re-election, be elected as a Director.”*

#### **Resolution 3 – Re-election of Charles Blixt as a Director**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, Charles Blixt who retires as a Director by rotation, and offers himself for re-election, be elected as a Director.”*

#### **Resolution 4 – Re-election of George Edwards as a Director**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, George Edwards who retires as a Director by rotation, and offers himself for re-election, be elected as a Director.”*

### **Resolution 5 – Issue of Options and Performance Rights to William (Bill) Fleming**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*“That, for the purpose of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to issue 1,500,000 Options and 1,700,000 Performance Rights to William (Bill) Fleming, a Director of the Company, on the terms and conditions set out in the Explanatory Statement.”*

#### **Voting exclusion statement**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- a) Bill Fleming and any other person who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company); or
- b) an associate of those persons.

However, this does not apply to a vote cast in favour of a resolution by:

- a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or
- b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- c) a shareholder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the shareholder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - the shareholder votes on the resolution in accordance with directions given by the beneficiary to the shareholder to vote in that way

### **Resolution 6 – Issue of Options and Performance Rights to Andrew Caruso**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*“That, for the purpose of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to issue 5,000,000 Options and 5,000,000 Performance Rights to Andrew Caruso, the CEO of the Company, on the terms and conditions set out in the Explanatory Statement.”*

#### **Voting exclusion statement**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- a) Andrew Caruso and any other person who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company); or
- b) an associate of those persons.

However, this does not apply to a vote cast in favour of a resolution by:

- a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or
- b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- c) a shareholder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

- the beneficiary provides written confirmation to the shareholder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
- the shareholder votes on the resolution in accordance with directions given by the beneficiary to the shareholder to vote in that way

## **Resolution 7 – Issue of Options and Performance Rights to Charles Blixt**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*"That, for the purpose of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to issue 800,000 Options and 550,000 Performance Rights to Charles Blixt a Director of the Company, on the terms and conditions set out in the Explanatory Statement."*

### **Voting exclusion statement**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- a) Charles Blixt and any other person who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company); or
- b) an associate of those persons.

However, this does not apply to a vote cast in favour of a resolution by:

- a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or
- b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- c) a shareholder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the shareholder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - the shareholder votes on the resolution in accordance with directions given by the beneficiary to the shareholder to vote in that way

## **Resolution 8 – Issue of Options and Performance Rights to Richard Barker**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*"That, for the purpose of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to issue 500,000 Options and 400,000 Performance Rights to Richard Barker a Director of the Company, on the terms and conditions set out in the Explanatory Statement."*

### **Voting exclusion statement**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- a) Richard Barker and any other person who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company); or
- b) an associate of those persons.

However, this does not apply to a vote cast in favour of a resolution by:

- a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or

- b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- c) a shareholder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the shareholder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - the shareholder votes on the resolution in accordance with directions given by the beneficiary to the shareholder to vote in that way

### **Resolution 9 – Issue of Options and Performance Rights to George Edwards**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*"That, for the purpose of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to issue 500,000 Options and 400,000 Performance Rights to George Edwards a Director of the Company, on the terms and conditions set out in the Explanatory Statement."*

#### **Voting exclusion statement**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- a) George Edwards and any other person who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company); or
- b) an associate of those persons.

However, this does not apply to a vote cast in favour of a resolution by:

- a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or
- b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- c) a shareholder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the shareholder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - the shareholder votes on the resolution in accordance with directions given by the beneficiary to the shareholder to vote in that way

### **Resolution 10 – Issue of Options and Performance Rights to Charles Fear**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*"That, for the purpose of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to issue 500,000 Options and 400,000 Performance Rights to Charles Fear a Director of the Company, on the terms and conditions set out in the Explanatory Statement."*

#### **Voting exclusion statement**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- a) Charles Fear and any other person who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company); or
- b) an associate of those persons.

However, this does not apply to a vote cast in favour of a resolution by:

- a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or

- b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- c) a shareholder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the shareholder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - the shareholder votes on the resolution in accordance with directions given by the beneficiary to the shareholder to vote in that way

### **Resolution 11 – Approval of 10% Placement Capacity**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as a **special resolution**:

*“That, for the purposes of ASX Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totalling up to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement.”*

#### **Voting exclusion statement**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- a) any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company); or
- b) an associate of those persons.

However, this does not apply to a vote cast in favour of a resolution by:

- a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or
- b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- c) a shareholder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the shareholder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - the shareholder votes on the resolution in accordance with directions given by the beneficiary to the shareholder to vote in that way

### **Resolution 12 – Amendment to Constitution**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

*“That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to modify its existing Constitution in accordance with the amendments described in the Explanatory Statement.”*

### **Resolution 13 – Ratification of Tranche 1 Placement Shares issued under ASX Rule 7.1**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*“That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, the issue of 66,723,273 Shares on the terms and conditions set out in the Explanatory Statement is hereby ratified.”*

### **Voting exclusion statement**

The Company will disregard any votes cast in favour of the Resolution by or on behalf any person who participated in the issue (including Timothy Roberts) or is a counterparty to the agreement being approved.

However, the Company need not disregard a vote if it is cast by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

### **Resolution 14 – Issue of Tranche 2 Placement Shares**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*"That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to issue up to 28,928,900 Shares on the terms and conditions set out in the Explanatory Statement."*

### **Voting exclusion statement**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who is expected to participate in (including Timothy Roberts), or who will obtain a material benefit as a result of the proposed issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company).

However, the Company need not disregard a vote if it is cast by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

### **Resolution 15 – Issue of Tranche 2 Placement Shares to Max Wang**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*"That, subject to the passing of each other Placement Resolution, for the purpose of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to issue 130,435 Shares to Max Wang a former Director of the Company, on the terms and conditions set out in the Explanatory Statement."*

### **Voting exclusion statement**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Max Wang and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company).

However, the Company need not disregard a vote if it is cast by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or

- the chair of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

### **Resolution 16 – Issue of Tranche 2 Placement Shares to Charles Blixt**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*"That, subject to the passing of each other Placement Resolution, for the purpose of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to issue 300,000 Shares to Charles Blixt a Director of the Company, on the terms and conditions set out in the Explanatory Statement."*

#### **Voting exclusion statement**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Charles Blixt and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company).

However, the Company need not disregard a vote if it is cast by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

### **Resolution 17 – Issue of Tranche 2 Placement Shares to Richard Barker**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*"That, subject to the passing of each other Placement Resolution, for the purpose of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to issue 276,000 Shares to Richard Barker a Director of the Company, on the terms and conditions set out in the Explanatory Statement."*

#### **Voting exclusion statement**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Richard Barker and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company).

However, the Company need not disregard a vote if it is cast by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## **Resolution 18 – Issue of Tranche 2 Placement Shares to George Edwards**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*"That, subject to the passing of each other Placement Resolution, for the purpose of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to issue 100,000 Shares to George Edwards a Director of the Company, on the terms and conditions set out in the Explanatory Statement."*

### ***Voting exclusion statement***

The Company will disregard any votes cast in favour of this Resolution by or on behalf of George Edwards and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company).

However, the Company need not disregard a vote if it is cast by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## **Resolution 19 – Issue of Tranche 2 Placement Shares to Charles Fear**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*"That, subject to the passing of each other Placement Resolution, for the purpose of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to issue 488,474 Shares to Charles Fear a Director of the Company, on the terms and conditions set out in the Explanatory Statement."*

### ***Voting exclusion statement***

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Charles Fear and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company).

However, the Company need not disregard a vote if it is cast by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## **Resolution 20 – Issue of Tranche 2 Placement Shares to William (Bill) Fleming**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*"That, subject to the passing of each other Placement Resolution, for the purpose of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to issue 200,000 Shares to William (Bill) Fleming a Director of the Company, on the terms and conditions set out in the Explanatory Statement."*

**Voting exclusion statement**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of William (Bill) Fleming and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company).

However, the Company need not disregard a vote if it is cast by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**Resolution 21 – Approval of Employee Share Plan**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 7.2 (Exception 13(b)) as an exception to ASX Listing Rule 7.1, section 259B(2) and 260C(4) of the Corporations Act and for all other purposes, approval is given for the Company to establish and maintain an incentive scheme titled 'Atrium Coal Limited Employee Share Plan' and for the issue of securities under that Employee Share Plan as an exception to Listing Rule 7.1, on the terms and conditions set out in the Explanatory Statement."*

**Voting exclusion statement**

The Company will disregard any votes cast in favour of this Resolution by a person who is eligible to participate in the employee incentive scheme.

However, the Company need not disregard a vote if it is cast by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

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**Dated: 28 May 2020.**

**By order of the Board**



**Justyn Stedwell**  
**Company Secretary**

## **Explanatory Statement**

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

### **ANNUAL REPORT**

Shareholders will be offered the opportunity to discuss the Annual Report at the Meeting. The Annual Report is available on the Company's website [www.atrumcoal.com](http://www.atrumcoal.com) and on the ASX website [www.asx.com.au](http://www.asx.com.au) (ASX code: ATU) or by contacting the Company on +61 3 8395 5446.

There is no requirement for Shareholders to approve the Annual Report.

Shareholders will have the opportunity to:

- (a) discuss the Annual Report for the financial year ended 31 December 2019;
- (b) ask questions or make comment on the management of the Company; and
- (c) ask the Company's auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

In addition to taking questions at the Meeting, written questions to the Chair about the management of the Company, or to the Company's auditor about:

- (a) the preparation and the content of the Auditor's Report;
- (b) the conduct of the audit;
- (c) accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than 5 business days before the Meeting to the Company Secretary at the Company's office of Suite 103, Level 1, 2 Queen Street, Melbourne VIC 3000.

### **RESOLUTIONS**

#### **Resolution 1 – Adoption of Remuneration Report**

##### ***General***

In accordance with Section 300A(1) of the Corporations Act the Remuneration Report is included in the Directors Report for the financial year ended 31 December 2019.

The Remuneration Report sets out details of the remuneration received by the directors and key Company executives, in addition to describing Board policy in respect of remuneration. Resolution 1 seeks shareholder approval of the adoption of the Remuneration Report by the Company. The Chair of the Meeting must allow a reasonable opportunity for Shareholders to ask questions about or make comments on the Remuneration Report at the Meeting.

The outcome of this resolution is not binding on the Company or the Board. However, sections 250U to 250Y of Corporations Act provide for a 'two strikes and re-election' process in relation to the shareholder vote on the Remuneration Report. Those sections provide that:

- A 'first strike' will occur if this Remuneration Report resolution receives a 'no' vote of 25% or more. If this occurs, the Company's subsequent remuneration report will contain an

explanation of the Board's proposed action in response to the 'no' vote or an explanation of why no action has been taken by the Board.

- A 'second strike' will occur if the resolution to adopt the Remuneration Report at the following annual general meeting also receives a 'no' vote of 25% or more. If this occurs, shareholders will vote at that annual general meeting to determine whether the Directors will need to stand for re-election at a separate, subsequent meeting (the 'spill resolution'). If the spill resolution passes with 50% or more of eligible votes cast, the spill meeting must take place within 90 days.

The Board believes the remuneration of the Company's Key Management Personnel is appropriate and in line with market rates. The Remuneration Report is set out in the Company's 2019 Annual Report.

Shareholders entitled to vote on Resolution 1, who appoint as their proxy, a member of the Company's Key Management Personnel or a Closely Related Party (other than the Chair), should direct their proxy as to how to vote by marking either "For", "Against" or "Abstain" on the Proxy Form for Resolution 1. Failing to direct such a proxy will result in that Shareholder's vote on Resolution 1 being disregarded.

## **Resolution 2 – Election of William (Bill) Fleming as a Director**

### ***Background***

Bill Fleming having been appointed as a Director of the Company since the last Annual General Meeting retires at the close of this Annual General Meeting and, being eligible for re-election offers himself for re-election as a Director pursuant to Clause 11.4 of the Company's Constitution.

### ***Candidate profile***

Bill is a qualified mining engineer with extensive experience in the Canadian coal and iron ore industries. His professional career spans over 35 years in technical, operational and management roles, including over 25 years at the leading Canadian coking coal producer - Teck Resources Limited (Teck).

After graduating in 1980, Bill started his career with Cleveland Cliffs Inc. at the Sherman Iron Ore Mine in northern Ontario. At the Sherman Mine he worked across a variety of mine and plant based operational and management roles building strong technical and leadership skills.

Bill commenced his highly successful career at Teck in 1987. He initially worked at the Bullmoose Coking Coal Mine (1.7Mtpa) in northern British Columbia, including occupying the position of Site General Manager for the latter part of this tenure.

In 1997, Bill moved to the Elkview Coking Coal Mine as Site General Manager, a position he held into 2004. During this time, he successfully led growth in Elkview's production from just under 3Mtpa to approximately 5.5Mtpa. Bill was then appointed Vice President, Operations, of the Cardinal River Coking Coal Mine (1.6Mtpa) in 2004.

In 2006, Bill was appointed Head of Operations at the Elk Valley Coking Coal Operations (which is located approximately 30km west of Atrium flagship Elan Hard Coking Coal Project). In this role, he had direct responsibility for six mines, plus associated rail and port transport logistics, delivering annual coking coal exports of approximately 26Mtpa. This included leadership of a total employee base of approximately 4,000.

Leadership of Elk Valley was split into two roles in 2012, with Bill's primary focus on key engineering requirements, new major projects and operational efficiency measures. This included detailed project feasibility study management and construction of Teck's first selenium treatment plant, which was at the Line Creek Coking Coal Mine (part of the Elk Valley Operations).

Bill retired from Teck and his executive career in 2014. He resides in Fernie, which is located at the western end of the Crowsnest Pass region and highly proximate to the Elan Hard Coking Coal Project.

***Board recommendation and Chair's vote***

The Directors, with Mr Fleming abstaining, recommend that Shareholders vote in favour of Resolution 2. The Chair intends to vote all available proxies in favour of this Resolution 2.

**Resolution 3 – Re-election of Charles Blixt as a Director**

***Background***

Charles Blixt, a director of the Company, retires by rotation in accordance with the requirements of Clause 11.2 of the Constitution and, being eligible, offers himself for re-election as a director.

***Candidate profile***

Mr. Blixt began his 40-year career in private legal practice before taking on legal counsel roles, initially at Fiat-Allis and then at Caterpillar. In 1985 he joined R. J. Reynolds Tobacco as assistant Counsel Litigation. He spent 20 years at R. J. Reynolds in various legal roles including as Executive Vice President, General Counsel and Assistant Secretary for Reynolds American Inc. from 1999 to 2006.

He served as a Non-Executive Director of Krispy Kreme Doughnuts Inc. (NYSE: KKD) from 2007 to 2016. Mr. Blixt currently serves as a Non-Executive Director at Lamb Weston Holdings Inc. (NYSE: LW), the largest North American frozen potato producer (and second largest worldwide) with a market capitalisation over US\$7.5b. He serves as a Non-Executive Director of the \$10b market cap Swedish Match AB (Stockholm: SWMA), one of the world's largest Tobacco products manufacturers. He served as Non-Executive Director of Targacept Inc. prior to its merger with Catalyst Biosciences Inc. in 2015.

Mr. Blixt also serves as a director of several privately held small companies. He is currently a principal in C&D Ventures, which invests in entrepreneurial start-ups and other businesses which require capital and/or business and legal expertise.

***Board recommendation and Chair's vote***

The Directors, with Mr Blixt abstaining, recommend that Shareholders vote in favour of Resolution 3. The Chair intends to vote all available proxies in favour of this Resolution 3.

**Resolution 4 – Re-election of George Edwards as a Director**

***Background***

George Edwards, a director of the Company, retires by rotation in accordance with the requirements of Clause 11.2 of the Constitution and, being eligible, offers himself for re-election as a director.

***Candidate profile***

George has spent the vast majority of his professional career of over 50 years within the global coal industry, including purchasing, operating and selling three separate export coking coal operations (underground, open cut and highwall mines). He has been extensively involved in benchmark coal price negotiations and various coal trade missions around the world. He continues to be an active participant in coal trading markets.

In running his own coal businesses for the last 36 years, George had direct responsibility for export coal sales of up to 5Mtpa from both directly owned and third-party contracted operations in Australia and overseas. He has close relationships with a broad range of Chinese, Japanese and Indian coal buyers.

George worked for leading coal producers including BHP (steelworks plants, including blast furnaces, coke ovens, and coal and coke research) and then was at the Joint Coal Board (heading its Technical and Marketing Departments). He joined Coal & Allied Limited (was Marketing Director and also chaired the internal committee overseeing development of its major Hunter Valley No 1 Open Cut Mine). His last corporate position was Australian CEO of Consolidation Coal Company (then the second largest U.S. coal company).

George was previously International Chairman of the Coal Preparation Congress and also President of the AusIMM. Other prior roles he has held outside of the coal sector include Chairman positions at SAI Global Limited (ASX:SAI) (2003-08), the Energy Council of Australia (1993-2006) and Standards Australia (2000-04).

George has a Science Degree in Metallurgy from the University of New South Wales. He is a Chartered Professional, Engineer and Mineral Valuer and also a Fellow of the AICD, AusIMM, AIMVA and Institute of Energy in Australia and the U.K.

In the last year he was Acting Chairman of the Company while the Chairman was incapacitated due to health reasons over 1.5 months.

#### **Board recommendation and Chair's vote**

The Directors, with Mr Edwards abstaining, recommend that Shareholders vote in favour of Resolution 4. The Chair intends to vote all available proxies in favour of this Resolution 4.

#### **Resolution 5 – Issue of Options and Performance Rights to William (Bill) Fleming**

The Company proposes to issue 1,500,000 Options and 1,700,000 Performance Rights to William (Bill) Fleming and/or his nominee on the terms and conditions set out below. The issue of options and/or performance rights to directors as a form of incentive based remuneration is common practice in listed companies and further encourages and rewards efforts by directors to improve the performance of the Company to the commercial benefit of all Shareholders.

These Options and Performance Rights are intended to provide remuneration that is linked to the performance of the Company in the future. The benefit would only be received from the Options upon the Share price exceeding the exercise price of the Options and thereby warranting their exercise and benefit would only be received from a Performance Right if the specified performance milestone is achieved.

Under the Company's current circumstances, the Directors consider that the incentive noted above, represented by the issue of the Options and Performance Rights, is a cost effective and efficient reward and incentive to provide, as opposed to the payment of cash compensation only.

The Board believes it is important to offer these Options and Performance Rights to continue to attract and maintain highly experienced and qualified Board members in a competitive market. In addition, the Options may provide the Company with additional funding (if the Options are exercised).

If Resolution 5 is passed, it will permit the Directors to complete the issue of the Options and Performance Rights no later than 1 month after the date of the Meeting (or such longer period as allowed by ASX) without impacting on the Company's 15% placement limit under ASX Listing Rule 7.1. In the event that Shareholders do not approve Resolution 5 the Options and Performance Rights will not be issued.

#### ***Chapter 2E of the Corporations Act***

Pursuant to Chapter 2E of the Corporations Act a public company cannot give a 'financial benefit' to a 'related party' unless one of the exceptions set out in Sections 210 to 216 of the Corporations Act

apply or shareholders have in a general meeting approved the giving of that financial benefit to the related party. The issue of Options and Performance Rights to Bill Fleming constitutes giving a financial benefit and Bill Fleming is a related party by virtue of being a Director of the Company.

The Directors (other than Bill Fleming who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of Options and Performance Rights to Bill Fleming and/or his nominee because they form part of Mr Fleming's remuneration as an officer of the Company and the remuneration is reasonable given Mr Fleming's circumstances and the circumstances of the Company.

Accordingly, approval will not be sought under Chapter 2E for the issue of these Options and Performance Rights to Bill Fleming as the issue of the Options and Performance Rights constitute 'reasonable remuneration' in accordance with section 211 of the Corporations Act.

**ASX Listing Rule 10.11**

Under ASX Listing Rule 10.11, Shareholder approval is required for the issue of equity securities to a related party of a listed company unless an exception in ASX Listing Rule 10.12 applies.

Bill Fleming is a related party of the Company, by virtue of being a Director. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances. Therefore, approval is required under ASX Listing Rule 10.11 for the issue of the Options and Performance Rights noted above to Bill Fleming and/or his nominee.

Once approval is obtained pursuant to ASX Listing Rule 10.11, the Company is entitled to rely on ASX Listing Rule 7.2, Exception 14 as an exception to any requirement that may otherwise apply requiring Shareholder approval under ASX Listing Rule 7.1.

**Information required by ASX Listing Rule 10.13**

In compliance with the information requirements of ASX Listing Rule 10.13, Shareholders are advised of the following particulars on the allotment and issue:

|  |  |
|--|--|
| <b>Maximum number of securities to be issued</b> | 1,500,000 Options and 1,700,000 Performance Rights   |
| <b>Date of issue</b>                             | If Shareholder approval is obtained, the issue of the Options and the Performance Rights will occur no later than one (1) month after the date of the Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules). |
| <b>Issue price per security</b>                  | Options and Performance Rights will be issued for nil consideration.   |

| <b>Terms of issue</b>  | The exercise price and expiry date of the Options are set out below and the Options will otherwise be issued on the terms and conditions set out in Annexure A.  |                |                |             |         |           |            |           |         |            |         |           |            |
|--|--|----------------|----------------|-------------|---------|-----------|------------|-----------|---------|------------|---------|-----------|------------|
|  | <table border="1"> <thead> <tr> <th>Options</th> <th>Exercise Price</th> <th>Expiry Date</th> </tr> </thead> <tbody> <tr> <td>500,000</td> <td>\$0.30</td> <td>30/06/2021</td> </tr> <tr> <td>500,000</td> <td>\$0.40</td> <td>30/06/2021</td> </tr> <tr> <td>500,000</td> <td>\$0.45</td> <td>30/06/2022</td> </tr> </tbody> </table> | Options        | Exercise Price | Expiry Date | 500,000 | \$0.30    | 30/06/2021 | 500,000   | \$0.40  | 30/06/2021 | 500,000 | \$0.45    | 30/06/2022 |
|  | Options  | Exercise Price | Expiry Date    |             |         |           |            |           |         |            |         |           |            |
|  | 500,000  | \$0.30         | 30/06/2021     |             |         |           |            |           |         |            |         |           |            |
|  | 500,000  | \$0.40         | 30/06/2021     |             |         |           |            |           |         |            |         |           |            |
| 500,000  | \$0.45   | 30/06/2022     |                |             |         |           |            |           |         |            |         |           |            |
| The classes of the Performance Rights are set out below and the Performance Rights will otherwise be issued on the terms and conditions and with the vesting conditions set out in Annexure B.   |  |                |                |             |         |           |            |           |         |            |         |           |            |
| <table border="1"> <thead> <tr> <th>Performance Rights</th> <th>Class</th> </tr> </thead> <tbody> <tr> <td>300,000</td> <td>Class 34P</td> </tr> <tr> <td>300,000</td> <td>Class 35P</td> </tr> <tr> <td>300,000</td> <td>Class 36P</td> </tr> <tr> <td>400,000</td> <td>Class 37P</td> </tr> <tr> <td>400,000</td> <td>Class 38P</td> </tr> </tbody> </table> | Performance Rights   | Class          | 300,000        | Class 34P   | 300,000 | Class 35P | 300,000    | Class 36P | 400,000 | Class 37P  | 400,000 | Class 38P |            |
| Performance Rights   | Class  |                |                |             |         |           |            |           |         |            |         |           |            |
| 300,000  | Class 34P  |                |                |             |         |           |            |           |         |            |         |           |            |
| 300,000  | Class 35P  |                |                |             |         |           |            |           |         |            |         |           |            |
| 300,000  | Class 36P  |                |                |             |         |           |            |           |         |            |         |           |            |
| 400,000  | Class 37P  |                |                |             |         |           |            |           |         |            |         |           |            |
| 400,000  | Class 38P  |                |                |             |         |           |            |           |         |            |         |           |            |
| <b>Persons to whom securities will be issued</b>   | Bill Fleming, a Director of the Company, or his nominee.   |                |                |             |         |           |            |           |         |            |         |           |            |
| <b>ASX Listing Rule 10.11 Category</b>   | Bill Fleming is a related party of the Company within listing rule 10.11, by virtue of being a Director of Atrum Coal Limited.   |                |                |             |         |           |            |           |         |            |         |           |            |
| <b>Purpose of the issue</b>  | The issue of Options and Performance Rights is intended to remunerate and incentivise Bill Fleming.  |                |                |             |         |           |            |           |         |            |         |           |            |
| <b>Current remuneration</b>  | Excluding the Options and Performance Rights the subject of this resolution, Bill Fleming is entitled to a salary of CA\$55,000 as part of his current total remuneration package.   |                |                |             |         |           |            |           |         |            |         |           |            |
| <b>Intended use of funds</b>   | No funds will be raised from the issue of Options or the Performance Rights.   |                |                |             |         |           |            |           |         |            |         |           |            |

**Board recommendation and Chair's vote**

The Directors (with Bill Fleming abstaining) unanimously recommend that Shareholders vote in favour of Resolution 5. The Chair intends to vote all available proxies in favour of this Resolution 5.

## **Resolution 6 – Issue of Options and Performance Rights to Andrew Caruso**

The Company proposes to issue 5,000,000 Options and 5,000,000 Performance Rights to Andrew Caruso and/or his nominee on the terms and conditions set out below. The issue of options and/or performance rights to executives as a form of incentive based remuneration is common practice in listed companies and further encourages and rewards efforts by executives to improve the performance of the Company to the commercial benefit of all Shareholders.

These Options and Performance Rights are intended to provide remuneration that is linked to the performance of the Company in the future. The benefit would only be received from the Options upon the Share price exceeding the exercise price of the Options and thereby warranting their exercise and benefit would only be received from a Performance Right if the specified performance milestone is achieved.

Under the Company's current circumstances, the Directors consider that the incentive noted above, represented by the issue of the Options and Performance Rights, is a cost effective and efficient reward and incentive to provide, as opposed to the payment of cash compensation only.

The Board believes it is important to offer these Options and Performance Rights to continue to attract and maintain highly experienced and qualified executives in a competitive market. In addition, the Options may provide the Company with additional funding (if the Options are exercised).

If Resolution 6 is passed, it will permit the Directors to complete the issue of the Options and Performance Rights no later than 1 month after the date of the Meeting (or such longer period as allowed by ASX) without impacting on the Company's 15% placement limit under ASX Listing Rule 7.1. In the event that Shareholders do not approve Resolution 6 the Options and Performance Rights will not be issued.

### ***Chapter 2E of the Corporations Act***

Pursuant to Chapter 2E of the Corporations Act a public company cannot give a 'financial benefit' to a 'related party' unless one of the exceptions set out in Sections 210 to 216 of the Corporations Act apply or shareholders have in a general meeting approved the giving of that financial benefit to the related party. The issue of Options and Performance Rights to Andrew Caruso constitutes giving a financial benefit and Andrew Caruso is a related party by virtue of being the proposed future managing director of the Company.

The Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of Options and Performance Rights to Andrew Caruso and/or his nominee because they form part of Mr Caruso's remuneration as an officer of the Company and the remuneration is reasonable given Mr Caruso's circumstances and the circumstances of the Company.

Accordingly, approval will not be sought under Chapter 2E for the issue of these Options and Performance Rights to Andrew Caruso as the issue of the Options and Performance Rights constitute 'reasonable remuneration' in accordance with section 211 of the Corporations Act.

### ***ASX Listing Rule 10.11***

Under ASX Listing Rule 10.11, Shareholder approval is required for the issue of equity securities to a related party of a listed company unless an exception in ASX Listing Rule 10.12 applies.

Andrew Caruso is a related party of the Company, by virtue of being a proposed future director of the Company. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances. Therefore, approval is required under ASX Listing Rule 10.11 for the issue of the Options and Performance Rights noted above to Andrew Caruso and/or his nominee.

Once approval is obtained pursuant to ASX Listing Rule 10.11, the Company is entitled to rely on ASX Listing Rule 7.2, Exception 14 as an exception to any requirement that may otherwise apply requiring Shareholder approval under ASX Listing Rule 7.1.

**Information required by ASX Listing Rule 10.13**

In compliance with the information requirements of ASX Listing Rule 10.13, Shareholders are advised of the following particulars on the allotment and issue:

|  |  |                       |                    |
|--|--|-----------------------|--------------------|
| <b>Maximum number of securities to be issued</b> | 5,000,000 Options and 5,000,000 Performance Rights   |                       |                    |
| <b>Date of issue</b>                             | If Shareholder approval is obtained, the issue of the Options and the Performance Rights will occur no later than one (1) month after the date of the Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules). |                       |                    |
| <b>Issue price per security</b>                  | Options and Performance Rights will be issued for nil consideration.   |                       |                    |
| <b>Terms of issue</b>                            | The exercise price and expiry date of the Options are set out below and the Options will otherwise be issued on the terms and conditions set out in Annexure A.  |                       |                    |
|  | <b>Options</b>   | <b>Exercise Price</b> | <b>Expiry Date</b> |
|  | 1,000,000  | \$0.30                | 30/06/2021         |
|  | 1,000,000  | \$0.40                | 30/06/2022         |
|  | 1,000,000  | \$0.50                | 30/06/2023         |
|  | 1,000,000  | \$0.60                | 30/06/2024         |
|  | 1,000,000  | \$0.70                | 30/06/2025         |
|  | The classes of the Performance Rights are set out below and the Performance Rights will otherwise be issued on the terms and conditions and with the vesting conditions set out in Annexure B.   |                       |                    |
|  | <b>Performance Rights</b>  | <b>Class</b>          |                    |
|  | 1,000,000  | Class 34P             |                    |
|  | 1,000,000  | Class 35P             |                    |
|  | 1,000,000  | Class 36P             |                    |
| 1,000,000  | Class 37P  |                       |                    |
| 1,000,000  | Class 38P  |                       |                    |

|  |  |
|--|--|
| <b>Persons to whom securities will be issued</b> | Andrew Caruso, the CEO of the Company, or his nominee.   |
| <b>ASX Listing Rule 10.11 Category</b>           | Andrew Caruso is a related party of the Company within listing rule 10.11, by virtue of being the CEO and the proposed future Managing Director of Atrum Coal Limited.               |
| <b>Purpose of the issue</b>                      | The issue of Options and Performance Rights is intended to remunerate and incentivise Andrew Caruso.   |
| <b>Current remuneration</b>                      | Excluding the Options and Performance Rights the subject of this resolution, Andrew Caruso is entitled to a salary of CA\$450,000 as part of his current total remuneration package. |
| <b>Intended use of funds</b>                     | No funds will be raised from the issue of Options or the Performance Rights.   |

***Board recommendation and Chair's vote***

The Directors unanimously recommend that Shareholders vote in favour of Resolution 6. The Chair intends to vote all available proxies in favour of this Resolution 6.

**Resolution 7 – Issue of Options and Performance to Charles Blixt**

The Company proposes to issue 800,000 Options and 550,000 Performance Rights to Charles Blixt and/or his nominee on the terms and conditions set out below. The issue of options and/or performance rights to directors as a form of incentive based remuneration is common practice in listed companies and further encourages and rewards efforts by directors to improve the performance of the Company to the commercial benefit of all Shareholders.

These Options and Performance Rights are intended to provide remuneration that is linked to the performance of the Company in the future. The benefit would only be received from the Options upon the Share price exceeding the exercise price of the Options and thereby warranting their exercise and benefit would only be received from a Performance Right if the specified performance milestone is achieved.

Under the Company's current circumstances, the Directors consider that the incentive noted above, represented by the issue of the Options and Performance Rights is a cost effective and efficient reward and incentive to provide, as opposed to the payment of cash compensation only.

The Board believes it is important to offer these Options and Performance Rights to continue to attract and maintain highly experienced and qualified Board members in a competitive market. In addition, the Options may provide the Company with additional funding (if the Options are exercised).

If Resolution 7 is passed, it will permit the Directors to complete the issue of the Options and Performance Rights no later than 1 month after the date of the Meeting (or such longer period as allowed by ASX) without impacting on the Company's 15% placement limit under ASX Listing Rule 7.1. In the event that Shareholders do not approve Resolution 7 the Options and Performance Rights will not be issued.

## **Chapter 2E of the Corporations Act**

Pursuant to Chapter 2E of the Corporations Act a public company cannot give a 'financial benefit' to a 'related party' unless one of the exceptions set out in Sections 210 to 216 of the Corporations Act apply or shareholders have in a general meeting approved the giving of that financial benefit to the related party. The issue of Options and Performance Rights to Charles Blixt constitutes giving a financial benefit and Charles Blixt is a related party by virtue of being a Director of the Company.

The Directors (other than Charles Blixt who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of Options and Performance Rights to Charles Blixt and/or his nominee because they form part of Charles' remuneration as an officer of the Company and the remuneration is reasonable given Charles' circumstances and the circumstances of the Company.

Accordingly, approval will not be sought under Chapter 2E for the issue of these Options to Charles Blixt as the issue of the Options and Performance Rights constitutes 'reasonable remuneration' in accordance with section 211 of the Corporations Act.

### **ASX Listing Rule 10.11**

Under ASX Listing Rule 10.11, Shareholder approval is required for the issue of equity securities to a related party of a listed company unless an exception in ASX Listing Rule 10.12 applies.

Charles Blixt is a related party of the Company, by virtue of being a Director. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances. Therefore, approval is required under ASX Listing Rule 10.11 for the issue of the Options noted above to Charles Blixt and/or his nominee.

Once approval is obtained pursuant to ASX Listing Rule 10.11, the Company is entitled to rely on ASX Listing Rule 7.2, Exception 14 as an exception to any requirement that may otherwise apply requiring Shareholder approval under ASX Listing Rule 7.1.

### **Information required by ASX Listing Rule 10.13**

In compliance with the information requirements of ASX Listing Rule 10.13, Shareholders are advised of the following particulars on the allotment and issue:

|  |  |
|--|--|
| <b>Maximum number of securities to be issued</b> | 800,000 Options and 550,000 Performance Rights   |
| <b>Date of issue</b>                             | If Shareholder approval is obtained, the issue of the Options and Performance Rights will occur no later than one (1) month after the date of the Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules). |
| <b>Issue price per security</b>                  | Options and Performance Rights will be issued for nil consideration.   |

|  |  |
|--|--|
| <b>Terms of issue</b>                            | Each unlisted Option entitles the holder to subscribe for one Share in the Company at an exercise price of \$0.30 and will expire on 30 June 2021 and were otherwise issued on the terms and conditions set out in Annexure A.<br><br>Class 38P Performance Rights will be issued on the terms and conditions and with the vesting conditions set out in Annexure B. |
| <b>Persons to whom securities will be issued</b> | Charles Blixt, a Director of the Company, or his nominee.  |
| <b>ASX Listing Rule 10.11 Category</b>           | Charles Blixt is a related party of the Company within listing rule 10.11, by virtue of being a Director of Atrum Coal Limited.  |
| <b>Purpose of the issue</b>                      | The issue of Options and Performance Rights is intended to remunerate and incentivise Charles Blixt.   |
| <b>Current remuneration</b>                      | Excluding the Options and Performance Rights the subject of this resolution, Charles Blixt is entitled to a salary of US\$55,000 as part of his current total remuneration package.  |
| <b>Intended use of funds</b>                     | No funds will be raised from the issue of Options and Performance Rights.  |

#### ***Board recommendation and Chair's vote***

The Directors (with Charles Blixt abstaining) unanimously recommend that Shareholders vote in favour of Resolution 7. The Chair intends to vote all available proxies in favour of this Resolution 7.

#### **Resolution 8 – Issue of Options and Performance Rights to Richard Barker**

The Company proposes to issue 500,000 Options and 400,000 Performance Rights to Richard Barker and/or his nominee on the terms and conditions set out below. The issue of options and/or performance rights to directors as a form of incentive based remuneration is common practice in listed companies and further encourages and rewards efforts by directors to improve the performance of the Company to the commercial benefit of all Shareholders.

These Options and Performance Rights are intended to provide remuneration that is linked to the performance of the Company in the future. The benefit would only be received from the Options upon the Share price exceeding the exercise price of the Options and thereby warranting their exercise and benefit would only be received from a Performance Right if the specified performance milestone is achieved.

Under the Company's current circumstances, the Directors consider that the incentive noted above, represented by the issue of the Options and Performance Rights is a cost effective and efficient reward and incentive to provide, as opposed to the payment of cash compensation only.

The Board believes it is important to offer these Options and Performance Rights to continue to attract and maintain highly experienced and qualified Board members in a competitive market. In

addition, the Options may provide the Company with additional funding (if the Options are exercised).

If Resolution 8 is passed, it will permit the Directors to complete the issue of the Options and Performance Rights no later than 1 month after the date of the Meeting (or such longer period as allowed by ASX) without impacting on the Company's 15% placement limit under ASX Listing Rule 7.1. In the event that Shareholders do not approve Resolution 8 the Options and Performance Rights will not be issued.

### **Chapter 2E of the Corporations Act**

Pursuant to Chapter 2E of the Corporations Act a public company cannot give a 'financial benefit' to a 'related party' unless one of the exceptions set out in Sections 210 to 216 of the Corporations Act apply or shareholders have in a general meeting approved the giving of that financial benefit to the related party. The issue of Options and Performance Rights to Richard Barker constitutes giving a financial benefit and Richard Barker is a related party by virtue of being a Director of the Company.

The Directors (other than Richard Barker who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of Options and Performance Rights to Richard Barker and/or his nominee because they form part of Richard's remuneration as an officer of the Company and the remuneration is reasonable given Richard's circumstances and the circumstances of the Company.

Accordingly, approval will not be sought under Chapter 2E for the issue of these Options and Performance Rights to Richard Barker as the issue of the Options and Performance Rights constitutes 'reasonable remuneration' in accordance with section 211 of the Corporations Act.

### **ASX Listing Rule 10.11**

Under ASX Listing Rule 10.11, Shareholder approval is required for the issue of equity securities to a related party of a listed company unless an exception in ASX Listing Rule 10.12 applies.

Richard Barker is a related party of the Company, by virtue of being a Director. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances. Therefore, approval is required under ASX Listing Rule 10.11 for the issue of the Options and Performance Rights noted above to Richard Barker and/or his nominee.

Once approval is obtained pursuant to ASX Listing Rule 10.11, the Company is entitled to rely on ASX Listing Rule 7.2, Exception 14 as an exception to any requirement that may otherwise apply requiring Shareholder approval under ASX Listing Rule 7.1.

### **Information required by ASX Listing Rule 10.13**

In compliance with the information requirements of ASX Listing Rule 10.13, Shareholders are advised of the following particulars on the allotment and issue:

|  |  |
|--|--|
| <b>Maximum number of securities to be issued</b> | 500,000 Options and 400,000 Performance Rights.  |
| <b>Date of issue</b>                             | If Shareholder approval is obtained, the issue of the Options and Performance Rights will occur no later than one (1) month after the date of the Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules). |

|  |  |
|--|--|
| <b>Issue price per security</b>                  | Options and Performance Rights will be issued for nil consideration.   |
| <b>Terms of issue</b>                            | Each unlisted Option entitles the holder to subscribe for one Share in the Company at an exercise price of \$0.30 and will expire on 30 June 2021 and were otherwise issued on the terms and conditions set out in Annexure A.<br><br>Class 38P Performance Rights will be issued on the terms and conditions and with the vesting conditions set out in Annexure B. |
| <b>Persons to whom securities will be issued</b> | Richard Barker, a Director of the Company, or his nominee.   |
| <b>ASX Listing Rule 10.11 Category</b>           | Richard Barker is a related party of the Company within listing rule 10.11, by virtue of being a Director of Atrum Coal Limited.   |
| <b>Purpose of the issue</b>                      | The issue of Options and Performance Rights are intended to remunerate and incentivise Richard Barker.   |
| <b>Current remuneration</b>                      | Excluding the Options and Performance Rights the subject of this resolution, Richard Barker is entitled to a salary of \$55,000 as part of his current remuneration package.   |
| <b>Intended use of funds</b>                     | No funds will be raised from the issue of Options and Performance Rights.  |

#### ***Board recommendation and Chair's vote***

The Directors (with Richard Barker abstaining) unanimously recommend that Shareholders vote in favour of Resolution 8. The Chair intends to vote all available proxies in favour of this Resolution 8.

#### **Resolution 9 – Issue of Options and Performance Rights to George Edwards**

The Company proposes to issue 500,000 Options and 400,000 Performance Rights to George Edwards and/or his nominee on the terms and conditions set out below. The issue of options and/or performance rights and to directors as a form of incentive based remuneration is common practice in listed companies and further encourages and rewards efforts by directors to improve the performance of the Company to the commercial benefit of all Shareholders.

These Options and Performance Rights are intended to provide remuneration that is linked to the performance of the Company in the future. The benefit would only be received from the Options upon the Share price exceeding the exercise price of the Options and thereby warranting their exercise and benefit would only be received from a Performance Right if the specified performance milestone is achieved.

Under the Company's current circumstances, the Directors consider that the incentive noted above, represented by the issue of the Options and Performance Rights is a cost effective and efficient reward and incentive to provide, as opposed to the payment of cash compensation only.

The Board believes it is important to offer these Options and Performance Rights to continue to attract and maintain highly experienced and qualified Board members in a competitive market. In

addition, the Options may provide the Company with additional funding (if the Options are exercised).

If Resolution 9 is passed, it will permit the Directors to complete the issue of the Options and Performance Rights no later than 1 month after the date of the Meeting (or such longer period as allowed by ASX) without impacting on the Company's 15% placement limit under ASX Listing Rule 7.1. In the event that Shareholders do not approve Resolution 9 the Options and Performance Rights will not be issued.

### **Chapter 2E of the Corporations Act**

Pursuant to Chapter 2E of the Corporations Act a public company cannot give a 'financial benefit' to a 'related party' unless one of the exceptions set out in Sections 210 to 216 of the Corporations Act apply or shareholders have in a general meeting approved the giving of that financial benefit to the related party. The issue of Options and Performance Rights to George Edwards constitutes giving a financial benefit and George Edwards is a related party by virtue of being a Director of the Company.

The Directors (other than George Edwards who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of Options and Performance Rights to George Edwards and/or his nominee because they form part of George's remuneration as an officer of the Company and the remuneration is reasonable given George's circumstances and the circumstances of the Company.

Accordingly, approval will not be sought under Chapter 2E for the issue of these Options and Performance Rights to George Edwards as the issue of the Options and Performance Rights constitutes 'reasonable remuneration' in accordance with section 211 of the Corporations Act.

### **ASX Listing Rule 10.11**

Under ASX Listing Rule 10.11, Shareholder approval is required for the issue of equity securities to a related party of a listed company unless an exception in ASX Listing Rule 10.12 applies.

George Edwards is a related party of the Company, by virtue of being a Director. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances. Therefore, approval is required under ASX Listing Rule 10.11 for the issue of the Options and Performance Rights noted above to George Edwards and/or his nominee.

Once approval is obtained pursuant to ASX Listing Rule 10.11, the Company is entitled to rely on ASX Listing Rule 7.2, Exception 14 as an exception to any requirement that may otherwise apply requiring Shareholder approval under ASX Listing Rule 7.1.

### **Information required by ASX Listing Rule 10.13**

In compliance with the information requirements of ASX Listing Rule 10.13, Shareholders are advised of the following particulars on the allotment and issue:

|  |  |
|--|--|
| <b>Maximum number of securities to be issued</b> | 500,000 Options and 400,000 Performance Rights.  |
| <b>Date of issue</b>                             | If Shareholder approval is obtained, the issue of the Options and Performance Rights will occur no later than one (1) month after the date of the Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules). |
| <b>Issue price per security</b>                  | Options and Performance Rights will be issued for nil consideration.   |

|  |  |
|--|--|
| <b>Terms of issue</b>                            | Each unlisted Option entitles the holder to subscribe for one Share in the Company at an exercise price of \$0.30 and will expire on 30 June 2021 and were otherwise issued on the terms and conditions set out in Annexure A.<br><br>Class 38P Performance Rights will be issued on the terms and conditions and with the vesting conditions set out in Annexure B. |
| <b>Persons to whom securities will be issued</b> | George Edwards, a Director of the Company, or his nominee.   |
| <b>ASX Listing Rule 10.11 Category</b>           | George Edwards is a related party of the Company within listing rule 10.11, by virtue of being a Director of Atrum Coal Limited.   |
| <b>Purpose of the issue</b>                      | The issue of Options and Performance Rights is intended to remunerate and incentivise George Edwards.  |
| <b>Current remuneration</b>                      | Excluding the Options and Performance Rights the subject of this resolution, George Edwards is entitled to a salary of \$55,000 as part of his current remuneration package.   |
| <b>Intended use of funds</b>                     | No funds will be raised from the issue of Options and Performance Rights.  |

#### ***Board recommendation and Chair's vote***

The Directors (with George Edwards abstaining) unanimously recommend that Shareholders vote in favour of Resolution 9. The Chair intends to vote all available proxies in favour of this Resolution 9.

#### **Resolution 10 – Issue of Options and Performance Rights to Charles Fear**

The Company proposes to issue 500,000 Options and 400,000 Performance Rights to Charles Fear and/or his nominee on the terms and conditions set out below. The issue of options and/or Performance Rights and to directors as a form of incentive based remuneration is common practice in listed companies and further encourages and rewards efforts by directors to improve the performance of the Company to the commercial benefit of all Shareholders.

These Options and Performance Rights are intended to provide remuneration that is linked to the performance of the Company in the future. The benefit would only be received from the Options upon the Share price exceeding the exercise price of the Options and thereby warranting their exercise and benefit would only be received from a Performance Right if the specified performance milestone is achieved.

Under the Company's current circumstances, the Directors consider that the incentive noted above, represented by the issue of the Options and Performance Rights is a cost effective and efficient reward and incentive to provide, as opposed to the payment of cash compensation only.

The Board believes it is important to offer these Options and Performance Rights to continue to attract and maintain highly experienced and qualified Board members in a competitive market. In addition, the Options may provide the Company with additional funding (if the Options are exercised).

If Resolution 10 is passed, it will permit the Directors to complete the issue of the Options and Performance Rights no later than 1 month after the date of the Meeting (or such longer period as allowed by ASX) without impacting on the Company's 15% placement limit under ASX Listing Rule 7.1. In the event that Shareholders do not approve Resolution 10 the Options and Performance Rights will not be issued.

### **Chapter 2E of the Corporations Act**

Pursuant to Chapter 2E of the Corporations Act a public company cannot give a 'financial benefit' to a 'related party' unless one of the exceptions set out in Sections 210 to 216 of the Corporations Act apply or shareholders have in a general meeting approved the giving of that financial benefit to the related party. The issue of Options and Performance Rights to Charles Fear constitutes giving a financial benefit and Charles Fear is a related party by virtue of being a Director of the Company.

The Directors (other than Charles Fear who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of Options and Performance Rights to Charles Fear and/or his nominee because they form part of Charles' remuneration as an officer of the Company and the remuneration is reasonable given Charles' circumstances and the circumstances of the Company.

Accordingly, approval will not be sought under Chapter 2E for the issue of these Options and Performance Rights to Charles Fear as the issue of the Options and Performance Rights constitutes 'reasonable remuneration' in accordance with section 211 of the Corporations Act.

### **ASX Listing Rule 10.11**

Under ASX Listing Rule 10.11, Shareholder approval is required for the issue of equity securities to a related party of a listed company unless an exception in ASX Listing Rule 10.12 applies.

Charles Fear is a related party of the Company, by virtue of being a Director. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances. Therefore, approval is required under ASX Listing Rule 10.11 for the issue of the Options and Performance Rights noted above to Charles Fear and/or his nominee.

Once approval is obtained pursuant to ASX Listing Rule 10.11, the Company is entitled to rely on ASX Listing Rule 7.2, Exception 14 as an exception to any requirement that may otherwise apply requiring Shareholder approval under ASX Listing Rule 7.1.

### **Information required by ASX Listing Rule 10.13**

In compliance with the information requirements of ASX Listing Rule 10.13, Shareholders are advised of the following particulars on the allotment and issue:

|  |  |
|--|--|
| <b>Maximum number of securities to be issued</b> | 500,000 Options and 400,000 Performance Rights   |
| <b>Date of issue</b>                             | If Shareholder approval is obtained, the issue of the Options and Performance Rights will occur no later than one (1) month after the date of the Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules). |
| <b>Issue price per security</b>                  | Options and Performance Rights will be issued for nil consideration.   |

|  |  |
|--|--|
| <b>Terms of issue</b>                            | Each unlisted Option entitles the holder to subscribe for one Share in the Company at an exercise price of \$0.30 and will expire on 30 June 2021 and were otherwise issued on the terms and conditions set out in Annexure A.<br><br>Class 38P Performance Rights will be issued on the terms and conditions and with the vesting conditions set out in Annexure B. |
| <b>Persons to whom securities will be issued</b> | Charles Fear, a Director of the Company, or his nominee.   |
| <b>ASX Listing Rule 10.11 Category</b>           | Charles Fear is a related party of the Company within listing rule 10.11, by virtue of being a Director of Atrum Coal Limited.   |
| <b>Purpose of the issue</b>                      | The issue of Options and Performance Rights is intended to remunerate and incentivise Charles Fear.  |
| <b>Current remuneration</b>                      | Excluding the Options and Performance Rights the subject of this resolution, Charles Fear is entitled to a salary of \$55,000 as part of his current remuneration package.   |
| <b>Intended use of funds</b>                     | No funds will be raised from the issue of Options and Performance Rights.  |

#### ***Board recommendation and Chair's vote***

The Directors (with Charles Fear abstaining) unanimously recommend that Shareholders vote in favour of Resolution 10. The Chair intends to vote all available proxies in favour of this Resolution 10.

#### **Resolution 11 – Approval of 10% Placement Capacity**

##### ***General***

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

Under Listing Rule 7.1A, however, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25%.

An 'eligible entity' means an entity which is not included in the S&P/ASX 300 Index and which has a market capitalisation of \$300 million or less. The Company is an eligible entity for these purposes.

Resolution 11 seeks Shareholder approval by way of special resolution for the Company to have the additional 10% capacity provided for in Listing Rule 7.1A to issue Equity Securities without Shareholder approval.

If Resolution 11 is passed, the Company will be able to issue Equity Securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval.

If Resolution 11 is not passed, the Company will not be able to access the additional 10% capacity to issue Equity Securities without Shareholder approval provided for in Listing Rule 7.1A and will remain subject to the 15% limit on issuing equity securities without shareholder approval set out in Listing Rule 7.1.

Any Equity Securities issued under the 10% Placement Capacity must be in the same class as an existing class of quoted Equity Securities. The Company currently has two class of quoted Equity Securities on issue, being Shares (ASX Code: ATU) and Listed Options (ASX Code: ATUO).

The exact number of Equity Securities that the Company may issue under an approval under ASX Listing Rule 7.1A will be calculated according to the following formula:

**$(A \times D) - E$**

Where:

**A** is the number of Shares on issue 12 months before the date of issue or agreement:

- I. plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
- II. plus the number of partly paid shares that became fully paid in the previous 12 months;
- III. plus the number of Shares issued in the previous 12 months with approval of holders of Shares under ASX Listing Rules 7.1 and 7.4. This does not include an issue of fully paid ordinary shares under the Company's 15% placement capacity without Shareholder approval; and
- IV. less the number of Shares cancelled in the previous 12 months.

**D** is 10%.

**E** is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of ordinary securities under ASX Listing Rule 7.1 or 7.4.

### ***Information required by ASX Listing Rule 7.3A***

In accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 11:

#### ***Minimum Price***

Pursuant to ASX Listing Rule 7.1A.3, the minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed by the Company and the recipient of the securities; or
- (ii) if the Equity Securities are not issued within 10 ASX trading days of the date in paragraph (i), the date on which the Equity Securities are issued.

#### ***Date of Issue***

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the annual general meeting at which the approval is obtained and expiring on the first to occur of the following:

- (i) The date that is 12 months after the date of the annual general meeting at which the approval is obtained.
- (ii) The time and date of the entity's next annual general meeting.
- (iii) the time and date of approval by Shareholders of any transaction under ASX Listing Rule 11.1.2 (a significant change to the nature or scale of the Company's activities) or ASX Listing Rule 11.2 (disposal of the Company's main undertaking) after which date an approval under ASX Listing Rule 7.1A ceases to be valid.

***Risk of voting dilution***

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Equity Securities under the issue.

If Resolution 11 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A.2, on the basis of the current market price of Shares and the current number of Equity Securities on issue as at the date of this Notice.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

| Number of Shares on Issue<br>(Variable 'A' in ASX Listing<br>Rule 7.1A2)* | Dilution                                  |   |                       |   |
|---|---|---|-----------------------|---|
|   | Issue Price (per<br>Share)                | 0.113<br>50% decrease<br>in Issue Price | 0.225<br>Issue Price  | 0.45<br>100% increase<br>in Issue Price |
| 544,881,432 (Current Variable<br>A)                                       | Shares issued -<br>10% voting<br>dilution | 54,488,143<br>Shares                    | 54,488,143<br>Shares  | 54,488,143<br>Shares                    |
|   | Funds raised                              | \$ 6,129,916                            | \$ 12,259,832         | \$ 24,519,664                           |
| 817,322,148 (50% increase in<br>Variable A)                               | Shares issued -<br>10% voting<br>dilution | 81,732,215<br>Shares                    | 81,732,215<br>Shares  | 81,732,215<br>Shares                    |
|   | Funds raised                              | \$ 9,194,874                            | \$ 18,389,748         | \$ 36,779,497                           |
| 1,089,762,864 (100% increase<br>in Variable A)                            | Shares issued -<br>10% voting<br>dilution | 108,976,286<br>Shares                   | 108,976,286<br>Shares | 108,976,286<br>Shares                   |
|   | Funds raised                              | \$ 12,259,832                           | \$ 24,519,664         | \$ 49,039,329                           |

\*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer), or that are issued with Shareholder approval under ASX Listing Rule 7.1.

The table above uses the following assumptions:

- (i) There are currently 544,881,432 Shares on issue.
- (ii) The issue price set out above is the closing price of the Shares on the ASX on 8 May 2020.
- (iii) The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
- (iv) The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
- (v) The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.

- (vi) The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
- (vii) This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
- (viii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- (ix) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

***Risk of economic and voting dilution***

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

***Purpose of Issue under 10% Placement Capacity***

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- a) as cash consideration in which case the Company intends to use funds raised for the acquisition of new resources, assets and investments (including expenses associated with such an acquisition), continued exploration expenditure on the Company's current assets including Elan and Groundhog projects, general working capital and administration.

***Allocation policy under the 10% Placement Capacity***

The Company's allocation policy for the issue of Equity Securities under the 10% Placement Capacity will be dependent on the prevailing market conditions at the time of the proposed placement(s).

The recipients of the Equity Securities which may be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- I. the purpose of the issue;
- II. alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- III. the effect of the issue of the Equity Securities on the control of the Company;
- IV. the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- V. prevailing market conditions; and
- VI. advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new resources, assets or investments, it is likely that the recipients under the 10% Placement Capacity will be vendors of the new resources, assets or investments.

### ***Previous approval under ASX Listing Rule 7.1A***

The Company did not obtain approval from its Shareholders pursuant to ASX Listing Rule 7.1A at its previous annual general meeting held on 31 May 2019.

### ***Voting exclusion statement***

As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 11.

### ***Board recommendation***

The Directors unanimously recommend that Shareholders vote in favour of Resolution 11.

## **Resolution 12 – Amendment to Constitution**

### ***Background***

This Resolution is a special resolution proposing to amend Company's Constitution.

Section 136 of the Corporations Act allows a company to amend or repeal its constitution or a provision of its constitution by a special resolution passed at a general meeting of the company. A special resolution must be passed by at least 75% of the votes cast by Shareholders who are entitled to vote on the Resolution.

### ***Reasons for the Resolution***

The Company's Constitution was adopted by the Company in 2016. The ASX has since amended Listing Rule 15.12 (restricted securities) with effect from 1 December 2019. The proposed amendment to the Constitution includes the terms of the new Listing Rule 15.12. Thereby, the Company intends to seek to make the amendment to the Constitution to include the terms of the proposed new Listing Rule 15.12 (ASX modified escrow regime). The modified escrow regime is explained in further detail below.

### ***ASX modified escrow regime***

In accordance with ASX's Public Consultation Paper of 28 November 2018 titled "Simplifying, clarifying and enhancing the integrity and efficiency of the ASX Listing Rules", the ASX proposed a number of changes to the Listing Rules.

One of the efficiency measures the ASX proposed was to amend the Listing Rules to give effect to a modified escrow regime to make aspects of the listing process and ongoing compliance with the Listing Rules more efficient. ASX's modified escrow regime came into effect from 1 December 2019. A two-tiered escrow regime has been introduced.

The first tier of escrow involves ASX requiring certain more significant holders of restricted securities and their controllers to execute a formal escrow agreement in the form of an ASX compliant restriction agreement (Appendix 9A). Broadly, a restriction agreement requirement will be imposed on related parties, promoters, substantial holders, service providers and their associates.

However, for less significant holders, a second tier of escrow will apply where ASX will instead allow listed entities to rely on a provision in their constitution imposing appropriate escrow restrictions on the holder of restricted securities and to provide a notice to the holder of restricted securities in the form of a new Appendix 9C advising them of those restrictions. Securities in a class of quoted securities will be made the subject of a holding lock for the duration of the escrow period.

This two-tier escrow regime is to replace the current requirement where all holders of restricted securities must enter into a formal escrow agreement.

In order to provide a constitutional underpinning for ASX's modified escrow regime, the ASX has modified Listing Rule 15.12 (restricted securities) with effect on and from 1 December 2019.

The new Listing Rule 15.12 requires the constitution of listed entities to reflect the modified escrow regime. This includes the constitution expressly providing for securities to be the subject of a holding

lock where they are in a class of quoted securities and further providing that the holder of restricted securities will not be entitled to participate in any return of capital during the escrow period.

#### **Amendment**

The current rule 2.10 of the Constitution does not provide for the ASX's modified escrow regime. A modification of the Constitution is therefore sought by deleting the current rule 2.10 and inserting a new rule 2.10 in its place in the following terms:

"2.10.

(1) *The Company must comply with the Listing Rules in respect of Restricted Securities.*

(2) *Notwithstanding the generality of Rule 2.10(1):*

*(a) a holder of Restricted Securities must not dispose of, or agree or offer to dispose of, those securities during the escrow period applicable to those securities except as permitted by the Listing Rules or ASX;*

*(b) if the Restricted Securities are in the same class as quoted securities, the holder will be taken to have agreed in writing that the Restricted Securities are to be kept on the Company's issuer sponsored subregister and are to have a holding lock applied for the duration of the escrow period applicable to those securities;*

*(c) the Company will refuse to acknowledge any disposal (including, without limitation, to register any transfer) of Restricted Securities during the escrow period applicable to those Securities except as permitted by the Listing Rules or ASX;*

*(d) a holder of Restricted Securities will not be entitled to participate in any return of capital on those securities during the escrow period applicable to those securities except as permitted by the Listing Rules or ASX; and*

*(e) if a holder of Restricted Securities breaches a restriction deed or a provision of this Constitution restricting a disposal of those securities, the holder will not be entitled to any dividend or distribution, or to exercise any voting rights, in respect of those securities for so long as the breach continues."*

A copy of the Constitution with the amendment proposed will be made available for review by the shareholders of the Company at the office of the Company.

#### **Board recommendation**

The Directors consider that the proposed amendments to the Constitution are in the interests of Shareholders and unanimously recommend that Shareholders vote in favour of this Resolution.

### **Resolution 13 – Ratification of Tranche 1 Placement Shares issued under ASX Rule 7.1**

#### **Background**

On 30 April 2020, the Company issued a total of 66,723,273 Shares under the first tranche of the two-tranche placement announced by the Company on 22 April 2020, to the Tranche 1 Placees (each of whom is a professional or sophisticated investor as described in section 708 of the Corporations Act). All Shares were issued pursuant to the Company's placement capacity under ASX Listing Rule 7.1.

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

The issue of 66,723,273 Shares contemplated by Resolution 13 does not fit within any of these exceptions and, as it has not yet been approved by the Company's Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further Equity Securities without shareholder approval under Listing Rule 7.1 for the 12 month period following the issue date.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of Equity Securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further Equity Securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional Equity Securities into the future without having to obtain shareholder approval for such issued under Listing Rule 7.1.

To this end Resolution 13 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares.

If Resolution 13 is passed, the issue of 66,723,273 Shares contemplated by Resolution 13 will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of Equity Securities it can issue without Shareholder approval over the 12 month period following the issue date.

In the event that Shareholders do not approve Resolution 13, the issue will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of Equity Securities it can issue without Shareholder approval over the 12 month period following the issue date.

**Technical information required by ASX Listing Rule 7.5**

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 13:

|  |  |
|--|--|
| <b>Persons to whom securities will be issued</b> | <p>The Shares were issued to professional and sophisticated investors, none of which were related parties of the Company at the time of the issue.</p> <p>The Company considers substantial shareholder Timothy Roberts (Warburton Group) who received 21,675,954 Share pursuant to Tranche 1 of the placement to be material for the purposes of ASX listing rule 7.1. No other participants in Tranche 1 are considered to be material as defined in ASX guidance note 21.</p> |
| <b>Maximum number of securities to be issued</b> | 66,723,273 Shares.   |
| <b>Terms of issue</b>                            | The Shares are Ordinary Fully Paid Shares and rank pari passu with the other Shares on issue and are on the same terms as the other Shares on issue.   |
| <b>Date of Issue</b>                             | The Shares were issued on 30 April 2020.   |
| <b>Issue price per security</b>                  | The Shares were issued at an issue price of A\$0.23 (23 cents) per Share.  |

|                              |  |
|------------------------------|--|
| <b>Intended use of funds</b> | The new equity funds are set to be primarily applied towards PFS activities at the Elan Project along with a concurrent exploration and coal quality drilling program (seeking to expand and upgrade existing resource classification). In particular, the 2020 drill program will target resource growth as well as classification upgrade of the 108 Mt of in-pit Inferred resources at Isolation South that were excluded from the Scoping Study mine schedule. |
|------------------------------|--|

A voting exclusion statement is contained in Resolution 13.

***Directors' recommendation***

The Directors recommend Shareholders vote in favour of this Resolution. The Chair intends to vote all available proxies in favour of this Resolution 13.

**Resolution 14 – Issue of Tranche 2 Placement Shares**

***Background***

Resolution 14 seeks approval by Shareholders under ASX listing Rule 7.1 for the issue of 28,928,900 Shares (**Tranche 2 Placement Shares**) to the Tranche 2 Placees to raise \$6,653,647.

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

The issue of 28,928,900 Shares contemplated by Resolution 14 does not fit within any of these exceptions and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of the Company's Shareholders under Listing Rule 7.1.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of Equity Securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further Equity Securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional Equity Securities into the future without having to obtain Shareholder approval for such issued under Listing Rule 7.1.

If Resolution 14 is passed, it will permit the Directors to complete the issue of the Tranche 2 Placement Securities no later than 3 months after the date of the Meeting (or such longer period as allowed by ASX). In addition, the issue of the Tranche 2 Placement Securities will be excluded from the calculation of the number of Equity Securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

In the event that Shareholders do not approve Resolution 14 the Company will be unable to issue the Tranche 2 Placement Shares and no funds will be raised under the proposed issue.

The following additional information is provided pursuant to the requirements of ASX Listing Rule 7.3.

|  |   |
|--|---|
| <b>Persons to whom securities will be issued</b> | <p>The Shares will be issued to professional and sophisticated investors, and (other than the Company Directors who are proposing to participate in the Tranche 2 Placement subject to receipt of Shareholder approval under Resolutions 16 to 20,) are not related parties of the Company.</p> <p>The Company considers Timothy Roberts who is proposed to receive 8,912,302 Shares pursuant to Tranche 2 of the placement to be material for the purposes of ASX listing rule 7.1. The Company Directors are also proposed to participate in the Tranche 2 Placement subject to receipt of Shareholder approval under Resolutions 16 to 20.</p> |
| <b>Maximum number of securities to be issued</b> | 28,928,900 Shares   |
| <b>Terms of issue</b>                            | The Shares to be issued are Ordinary Fully Paid Shares and will rank pari passu with the other Shares on issue and will be on the same terms as the other Shares on issue.  |
| <b>Date of issue</b>                             | The Tranche 2 Placement Shares will be issued no later than 3 months after the date of the Meeting or such later date as permitted by ASX. It is intended that all of the Tranche 2 Placement Shares will be issued on the same date.   |
| <b>Issue price per security</b>                  | The Tranche 2 Placement Shares will be issued at a price of A\$0.23 (23 cents) per Share.   |
| <b>Intended use of funds</b>                     | The new equity funds are set to be primarily applied towards PFS activities at the Elan Project along with a concurrent exploration and coal quality drilling program (seeking to expand and upgrade existing resource classification). In particular, the 2020 drill program will target resource growth as well as classification upgrade of the 108 Mt of in-pit Inferred resources at Isolation South that were excluded from the Scoping Study mine schedule.  |

A voting exclusion statement is contained in Resolution 14.

***Directors' recommendation***

The Directors recommend Shareholders vote in favour of this Resolution. The Chair intends to vote all available proxies in favour of this Resolution 14.

**Resolution 15 – Issue of Tranche 2 Placement Shares to Max Wang**

***Background***

It is proposed that Max Wang subscribes for certain of the Tranche 2 Placement Shares. Further details of the Tranche 2 Placement Shares are set out under “Resolution 14” of this Explanatory Statement. Max Wang is a former Director and consequently a related party of the Company.

Resolution 15 seeks Shareholder approval for the issue of 130,435 of the Tranche 2 Placement Shares (**MW Shares**) to Max Wang raising \$30,000.

If Resolution 15 is passed, it will permit the Directors to complete the issue of the MW Shares no later than 1 month after the date of the Meeting (or such longer period as allowed by ASX) without impacting the Company's 15% placement limit under ASX Listing Rule 7.1.

In the event that Shareholders do not approve Resolution 15 the MW Shares will not be issued.

**ASX Listing Rule 10.11**

ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

Max Wang is a related party of the Company, by virtue of being a former Director. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances. Therefore, approval is required under ASX Listing Rule 10.11 for the issue of the MW Shares to Max Wang.

If approval is given under ASX Listing Rule 10.11, Shareholder approval is not required under ASX Listing Rule 7.1 (although approval for 100% of the Tranche 2 Placement Shares is being sought under Resolution 14). Shareholder approval of the issue of the MW Shares means that this issue will not reduce the Company's 15% placement capacity under ASX Listing Rule 7.1.

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to the issue of the MW Shares:

|  |  |
|--|--|
| <b>Maximum number of securities to be issued</b> | 130,435 Shares   |
| <b>Date of issue</b>                             | If Shareholder approval is obtained, the issue of the Shares will occur no later than one (1) month after the date of the Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules). |
| <b>Issue price per security</b>                  | The Shares will be issued at a price of A\$0.23 (23 cents) per Share.  |
| <b>Terms of issue</b>                            | The Shares will rank pari passu with the other Shares on issue and will be on the same terms as the other Shares on issue.   |
| <b>Persons to whom securities will be issued</b> | Max Wang, a former Director of the Company, or his nominee.  |
| <b>ASX Listing Rule 10.11 Category</b>           | Max Wang is a related party of the Company within listing rule 10.11, by virtue of being a former Director of Atrum Coal Limited.  |
| <b>Purpose of the issue</b>                      | The issue of the Shares is not intended to remunerate or incentivise Max Wang, but rather is being issued under subscription to the Placement.   |

|                              |  |
|------------------------------|--|
| <b>Intended use of funds</b> | The new equity funds are set to be primarily applied towards PFS activities at the Elan Project along with a concurrent exploration and coal quality drilling program (seeking to expand and upgrade existing resource classification). In particular, the 2020 drill program will target resource growth as well as classification upgrade of the 108 Mt of in-pit Inferred resources at Isolation South that were excluded from the Scoping Study mine schedule. |
|------------------------------|--|

***Board recommendation and Chair's vote***

The Directors unanimously recommend that Shareholders vote in favour of Resolution 15. The Chair intends to vote all available proxies in favour of this Resolution 15.

**Resolution 16 – Issue of Tranche 2 Placement Shares to Charles Blixt**

***Background***

It is proposed that Charles Blixt subscribes for certain of the Tranche 2 Placement Shares. Further details of the Tranche 2 Placement Shares are set out under “Resolution 14” of this Explanatory Statement. Charles Blixt is a Director and consequently a related party of the Company.

Resolution 16 seeks Shareholder approval for the issue of 300,000 of the Tranche 2 Placement Shares (**CB Shares**) to Charles Blixt raising \$69,000.

If Resolution 16 is passed, it will permit the Directors to complete the issue of the CB Shares no later than 1 month after the date of the Meeting (or such longer period as allowed by ASX) without impacting the Company's 15% placement limit under ASX Listing Rule 7.1.

In the event that Shareholders do not approve Resolution 16 the CB Shares will not be issued.

***ASX Listing Rule 10.11***

ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

Charles Blixt is a related party of the Company, by virtue of being a Director. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances. Therefore, approval is required under ASX Listing Rule 10.11 for the issue of the CB Shares to Charles Blixt.

If approval is given under ASX Listing Rule 10.11, Shareholder approval is not required under ASX Listing Rule 7.1 (although approval for 100% of the Tranche 2 Placement Shares is being sought under Resolution 14). Shareholder approval of the issue of the CB Shares means that this issue will not reduce the Company's 15% placement capacity under ASX Listing Rule 7.1.

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to the issue of the CB Shares:

|  |                |
|--|----------------|
| <b>Maximum number of securities to be issued</b> | 300,000 Shares |
|--|----------------|

|  |  |
|--|--|
| <b>Date of issue</b>                             | If Shareholder approval is obtained, the issue of the Shares will occur no later than one (1) month after the date of the Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules).   |
| <b>Issue price per security</b>                  | The Shares will be issued at a price of A\$0.23 (23 cents) per Share.  |
| <b>Terms of issue</b>                            | The Shares will rank pari passu with the other Shares on issue and will be on the same terms as the other Shares on issue.   |
| <b>Persons to whom securities will be issued</b> | Charles Blixt, a Director of the Company, or his nominee.  |
| <b>ASX Listing Rule 10.11 Category</b>           | Charles Blixt is a related party of the Company within listing rule 10.11, by virtue of being a Director of Atrum Coal Limited.  |
| <b>Purpose of the issue</b>                      | The issue of the Shares is not intended to remunerate or incentivise Charles Blixt, but rather is being issued under subscription to the Placement.  |
| <b>Intended use of funds</b>                     | The new equity funds are set to be primarily applied towards PFS activities at the Elan Project along with a concurrent exploration and coal quality drilling program (seeking to expand and upgrade existing resource classification). In particular, the 2020 drill program will target resource growth as well as classification upgrade of the 108 Mt of in-pit Inferred resources at Isolation South that were excluded from the Scoping Study mine schedule. |

### ***Board recommendation and Chair's vote***

The Directors (with Charles Blixt abstaining) unanimously recommend that Shareholders vote in favour of Resolution 16. The Chair intends to vote all available proxies in favour of this Resolution 16.

### **Resolution 17 – Issue of Tranche 2 Placement Shares to Richard Barker**

#### ***Background***

It is proposed that Richard Barker subscribes for certain of the Tranche 2 Placement Shares. Further details of the Tranche 2 Placement Shares are set out under “Resolution 14” of this Explanatory Statement. Richard Barker is a Director and consequently a related party of the Company.

Resolution 17 seeks Shareholder approval for the issue of 276,000 of the Tranche 2 Placement Shares (**RB Shares**) to Richard Barker raising \$63,480.

If Resolution 17 is passed, it will permit the Directors to complete the issue of the RB Shares no later than 1 month after the date of the Meeting (or such longer period as allowed by ASX) without impacting the Company's 15% placement limit under ASX Listing Rule 7.1.

In the event that Shareholders do not approve Resolution 17 the RB Shares will not be issued.

### **ASX Listing Rule 10.11**

ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

Richard Barker is a related party of the Company, by virtue of being a Director. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances. Therefore, approval is required under ASX Listing Rule 10.11 for the issue of the RB Shares to Richard Barker.

If approval is given under ASX Listing Rule 10.11, Shareholder approval is not required under ASX Listing Rule 7.1 (although approval for 100% of the Tranche 2 Placement Shares is being sought under Resolution 14). Shareholder approval of the issue of the RB Shares means that this issue will not reduce the Company's 15% placement capacity under ASX Listing Rule 7.1.

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to the issue of the RB Shares:

|  |  |
|--|--|
| <b>Maximum number of securities to be issued</b> | 276,000 Shares   |
| <b>Date of issue</b>                             | If Shareholder approval is obtained, the issue of the Shares will occur no later than one (1) month after the date of the Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules).   |
| <b>Issue price per security</b>                  | The Shares will be issued at a price of A\$0.23 (23 cents) per Share.  |
| <b>Terms of issue</b>                            | The Shares will rank pari passu with the other Shares on issue and will be on the same terms as the other Shares on issue.   |
| <b>Persons to whom securities will be issued</b> | Richard Barker, a Director of the Company, or his nominee.   |
| <b>ASX Listing Rule 10.11 Category</b>           | Richard Barker is a related party of the Company within listing rule 10.11, by virtue of being a Director of Atrum Coal Limited.   |
| <b>Purpose of the issue</b>                      | The issue of the Shares is not intended to remunerate or incentivise Richard Barker, but rather is being issued under subscription to the Placement.   |
| <b>Intended use of funds</b>                     | The new equity funds are set to be primarily applied towards PFS activities at the Elan Project along with a concurrent exploration and coal quality drilling program (seeking to expand and upgrade existing resource classification). In particular, the 2020 drill program will target resource growth as well as classification upgrade of the 108 Mt of in-pit Inferred resources at Isolation South that were excluded from the Scoping Study mine schedule. |

### **Board recommendation and Chair's vote**

The Directors (with Richard Barker abstaining) unanimously recommend that Shareholders vote in favour of Resolution 17. The Chair intends to vote all available proxies in favour of this Resolution 17.

### **Resolution 18 – Issue of Tranche 2 Placement Shares to George Edwards**

#### **Background**

It is proposed that George Edwards subscribes for certain of the Tranche 2 Placement Shares. Further details of the Tranche 2 Placement Shares are set out under “Resolution 14” of this Explanatory Statement. George Edwards is a Director and consequently a related party of the Company.

Resolution 18 seeks Shareholder approval for the issue of 100,000 of the Tranche 2 Placement Shares (**GE Shares**) to George Edwards raising \$23,000.

If Resolution 18 is passed, it will permit the Directors to complete the issue of the GE Shares no later than 1 month after the date of the Meeting (or such longer period as allowed by ASX) without impacting the Company's 15% placement limit under ASX Listing Rule 7.1.

In the event that Shareholders do not approve Resolution 18 the GE Shares will not be issued.

#### **ASX Listing Rule 10.11**

ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

George Edwards is a related party of the Company, by virtue of being a Director. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances. Therefore, approval is required under ASX Listing Rule 10.11 for the issue of the GE Shares to George Edwards.

If approval is given under ASX Listing Rule 10.11, Shareholder approval is not required under ASX Listing Rule 7.1 (although approval for 100% of the Tranche 2 Placement Shares is being sought under Resolution 14). Shareholder approval of the issue of the GE Shares means that this issue will not reduce the Company's 15% placement capacity under ASX Listing Rule 7.1.

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to the issue of the GE Shares:

|  |  |
|--|--|
| <b>Maximum number of securities to be issued</b> | 100,000 Shares   |
| <b>Date of issue</b>                             | If Shareholder approval is obtained, the issue of the Shares will occur no later than one (1) month after the date of the Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules). |
| <b>Issue price per security</b>                  | The Shares will be issued at a price of A\$0.23 (23 cents) per Share.  |

|  |  |
|--|--|
| <b>Terms of issue</b>                            | The Shares will rank pari passu with the other Shares on issue and will be on the same terms as the other Shares on issue.   |
| <b>Persons to whom securities will be issued</b> | George Edwards, a Director of the Company, or his nominee.   |
| <b>ASX Listing Rule 10.11 Category</b>           | George Edwards is a related party of the Company within listing rule 10.11, by virtue of being a Director of Atrum Coal Limited.   |
| <b>Purpose of the issue</b>                      | The issue of the Shares is not intended to remunerate or incentivise George Edwards, but rather is being issued under subscription to the Placement.   |
| <b>Intended use of funds</b>                     | The new equity funds are set to be primarily applied towards PFS activities at the Elan Project along with a concurrent exploration and coal quality drilling program (seeking to expand and upgrade existing resource classification). In particular, the 2020 drill program will target resource growth as well as classification upgrade of the 108 Mt of in-pit Inferred resources at Isolation South that were excluded from the Scoping Study mine schedule. |

#### ***Board recommendation and Chair's vote***

The Directors (with George Edwards abstaining) unanimously recommend that Shareholders vote in favour of Resolution 18. The Chair intends to vote all available proxies in favour of this Resolution 18.

#### **Resolution 19 – Issue of Tranche 2 Placement Shares to Charles Fear**

##### ***Background***

It is proposed that Charles Fear subscribes for certain of the Tranche 2 Placement Shares. Further details of the Tranche 2 Placement Shares are set out under “Resolution 14” of this Explanatory Statement. Charles Fear is a Director and consequently a related party of the Company.

Resolution 19 seeks Shareholder approval for the issue of 488,474 of the Tranche 2 Placement Shares (**CF Shares**) to Charles Fear raising \$112,349.

If Resolution 19 is passed, it will permit the Directors to complete the issue of the CF Shares no later than 1 month after the date of the Meeting (or such longer period as allowed by ASX) without impacting the Company's 15% placement limit under ASX Listing Rule 7.1.

In the event that Shareholders do not approve Resolution 19 the CF Shares will not be issued.

##### ***ASX Listing Rule 10.11***

ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party

is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

Charles Fear is a related party of the Company, by virtue of being a Director. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances. Therefore, approval is required under ASX Listing Rule 10.11 for the issue of the CF Shares to Charles Fear.

If approval is given under ASX Listing Rule 10.11, Shareholder approval is not required under ASX Listing Rule 7.1 (although approval for 100% of the Tranche 2 Placement Shares is being sought under Resolution 14). Shareholder approval of the issue of the CF Shares means that this issue will not reduce the Company's 15% placement capacity under ASX Listing Rule 7.1.

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to the issue of the CF Shares:

|  |  |
|--|--|
| <b>Maximum number of securities to be issued</b> | 488,474 Shares   |
| <b>Date of issue</b>                             | If Shareholder approval is obtained, the issue of the Shares will occur no later than one (1) month after the date of the Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules).   |
| <b>Issue price per security</b>                  | The Shares will be issued at a price of A\$0.23 (23 cents) per Share.  |
| <b>Terms of issue</b>                            | The Shares will rank pari passu with the other Shares on issue and will be on the same terms as the other Shares on issue.   |
| <b>Persons to whom securities will be issued</b> | Charles Fear, a Director of the Company, or his nominee.   |
| <b>ASX Listing Rule 10.11 Category</b>           | Charles Fear is a related party of the Company within listing rule 10.11, by virtue of being a Director of Atrum Coal Limited.   |
| <b>Purpose of the issue</b>                      | The issue of the Shares is not intended to remunerate or incentivise Charles Fear, but rather is being issued under subscription to the Placement.   |
| <b>Intended use of funds</b>                     | The new equity funds are set to be primarily applied towards PFS activities at the Elan Project along with a concurrent exploration and coal quality drilling program (seeking to expand and upgrade existing resource classification). In particular, the 2020 drill program will target resource growth as well as classification upgrade of the 108 Mt of in-pit Inferred resources at Isolation South that were excluded from the Scoping Study mine schedule. |

### **Board recommendation and Chair's vote**

The Directors (with Charles Fear abstaining) unanimously recommend that Shareholders vote in favour of Resolution 19. The Chair intends to vote all available proxies in favour of this Resolution 19.

### **Resolution 20 – Issue of Tranche 2 Placement Shares to William (Bill) Fleming**

#### **Background**

It is proposed that William (Bill) Fleming subscribes for certain of the Tranche 2 Placement Shares. Further details of the Tranche 2 Placement Shares are set out under “Resolution 14” of this Explanatory Statement. Bill Fleming is a Director and consequently a related party of the Company.

Resolution 20 seeks Shareholder approval for the issue of 200,000 of the Tranche 2 Placement Shares (**BF Shares**) to Bill Fleming raising \$46,000.

If Resolution 20 is passed, it will permit the Directors to complete the issue of the BF Shares no later than 1 month after the date of the Meeting (or such longer period as allowed by ASX) without impacting the Company's 15% placement limit under ASX Listing Rule 7.1.

In the event that Shareholders do not approve Resolution 20 the BF Shares will not be issued.

#### **ASX Listing Rule 10.11**

ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

Bill Fleming is a related party of the Company, by virtue of being a Director. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances. Therefore, approval is required under ASX Listing Rule 10.11 for the issue of the BF Shares to Bill Fleming.

If approval is given under ASX Listing Rule 10.11, Shareholder approval is not required under ASX Listing Rule 7.1 (although approval for 100% of the Tranche 2 Placement Shares is being sought under Resolution 14). Shareholder approval of the issue of the BF Shares means that this issue will not reduce the Company's 15% placement capacity under ASX Listing Rule 7.1.

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to the issue of the BF Shares:

|  |  |
|--|--|
| <b>Maximum number of securities to be issued</b> | 200,000 Shares   |
| <b>Date of issue</b>                             | If Shareholder approval is obtained, the issue of the Shares will occur no later than one (1) month after the date of the Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules). |
| <b>Issue price per security</b>                  | The Shares will be issued at a price of A\$0.23 (23 cents) per Share.  |

|  |  |
|--|--|
| <b>Terms of issue</b>                            | The Shares will rank pari passu with the other Shares on issue and will be on the same terms as the other Shares on issue.   |
| <b>Persons to whom securities will be issued</b> | Bill Fleming, a Director of the Company, or his nominee.   |
| <b>ASX Listing Rule 10.11 Category</b>           | Bill Fleming is a related party of the Company within listing rule 10.11, by virtue of being a Director of Atrum Coal Limited.   |
| <b>Purpose of the issue</b>                      | The issue of the Shares is not intended to remunerate or incentivise Bill Fleming, but rather is being issued under subscription to the Placement.   |
| <b>Intended use of funds</b>                     | The new equity funds are set to be primarily applied towards PFS activities at the Elan Project along with a concurrent exploration and coal quality drilling program (seeking to expand and upgrade existing resource classification). In particular, the 2020 drill program will target resource growth as well as classification upgrade of the 108 Mt of in-pit Inferred resources at Isolation South that were excluded from the Scoping Study mine schedule. |

***Board recommendation and Chair's vote***

The Directors (with Bill Fleming abstaining) unanimously recommend that Shareholders vote in favour of Resolution 20. The Chair intends to vote all available proxies in favour of this Resolution 20.

**Resolution 21 – Approval of Employee Share Plan**

***Background***

The Board has (subject to approval of the Shareholders as required by the Listing Rules) adopted an Employee Share Plan for employees (including Directors) of the Company and is to be known as the “Atrum Coal Limited Employee Share Plan”. The Plan is designed to increase the motivation of staff and create a stronger link between increasing Shareholder value and employee reward.

The Company wishes to exempt issues of securities under the Plan from contributing towards the rolling annual limit of 15% of issued ordinary shares prescribed by Listing Rule 7.1 (i.e. the 15% placement capacity). This limit otherwise applies to all new issues of equity securities made without Shareholder approval.

The purpose of the Plan is to:

- Assist in the reward, retention and motivation of eligible employees;
- Link the reward of eligible employees to shareholder value creation; and
- Align the interests of eligible employees with Shareholders by providing an opportunity to eligible employees to receive an equity interest in the form of Shares.

No Shares have currently been issued under the Plan.

Resolution 21 seeks Shareholders approval for the adoption of the Plan for the purposes of:

- (a) ASX Listing Rule 7.2 (Exception 13(b)) as an exception to ASX Listing Rule 7.1 (whereby Shareholders may approve in advance the issue of securities made under the Plan as an exception to the limit under Listing Rule 7.1);
- (b) section 259B(2) of the Corporations Act (which relates to the Company taking security over its own shares); and
- (c) section 260C(4) of the Corporations Act (which relates to the Company or a subsidiary giving financial assistance to employees to acquire shares under the Share Plan).

The significance of these approvals is discussed below.

### ***ASX Listing Rule 7.1***

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.2 (Exception 13(b)) sets out an exception to ASX Listing Rule 7.1 which provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

If Resolution 21 is passed, the Company will be able to issue equity securities under the Plan (Plan Shares) to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period.

In the event that Shareholders do not approve Resolution 21, the Company will not be able to issue Plan Shares to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without seeking Shareholder approval in any 12 month period.

### ***The Company taking security over its own shares under the Share Plan***

The Company is generally prohibited by the Corporations Act from taking security (for example, a mortgage or charge) over its own shares. However, under section 259B(2) of the Corporations Act, the Company is permitted to take security over its own shares under an employee share scheme (such as the Share Plan) which has been approved by Shareholders.

Taking security over Plan Shares issued under the Plan is designed to protect the Company if a participant is, or becomes, insolvent. For this reason, approval is being sought under section 259B(2) of the Corporations Act.

### ***Financial assistance***

Under the Corporations Act, the Company and its subsidiaries (Lender) are, in general, only permitted to financially assist a person to acquire shares in the Company if giving the assistance does not materially prejudice:

- (a) the interests of the Lender or its shareholders; or
- (b) the Lender's ability to pay its creditors.

However, under section 260C(4) of the Corporations Act, a Lender is permitted to financially assist a person to acquire shares in the Company under the Plan if approved by the Company's Shareholders (and the shareholders of the Lender, if a subsidiary).

The issue of Plan Shares under the Share Plan may involve a Lender financially assisting the Company's eligible employees to acquire Plan Shares (by virtue of the loans to be used to acquire the Plan Shares). Shareholder approval is being sought so that the Share Plan satisfies the requirements of the exemption under section 260C(4), allowing the Lender to make loans under the Share Plan.

### ***Employee Share Plan***

The objective of the Share Plan is to attract, motivate and retain key employees and consultants and it is considered by the Company that the adoption of the Plan and the future issue of Plan Shares will provide selected employees with the opportunity to participate in the future growth of the Company.

Any future issues of Plan Shares to a related party or a person whose relationship with the Company or the related party is, in ASX's opinion, such that approval should be obtained, will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time.

A summary of the key terms and conditions of the Plan is set out below. In addition, a copy of the Plan is available for review by Shareholders upon request to the Company Secretary (Mr Justyn Stedwell). Shareholders are invited to contact the Company if they have any queries on +61 3 8395 5446.

### ***Material terms and conditions of the Plan***

The key terms of the Plan are as follows:

- (a) **Eligibility:** Participants in the Scheme may be Directors, full-time and part-time employees, consultants or independent contractors of the Company or any of its subsidiaries whom the Directors decide are eligible (Participants).
- (b) **Administration of Plan:** The Board is responsible for the operation of the Share Plan and has a broad discretion to determine which Participants will be offered Shares under the Share Plan.
- (c) **Offer:** The Board may issue an offer to a Participant to participate in the Share Plan. The offer (among other things):
  - (i) will invite application for the number of Shares specified in the offer;
  - (ii) may invite applications for a loan up to the amount payable in respect of the Shares accepted by the Participant in accordance with the offer;
  - (iii) will specify any performance hurdles applying to the Shares; (iv) will specify an acceptance period; and
  - (iv) specify any other terms and conditions attaching to the Shares.
- (d) **Issue price:** the issue price of each Plan Share will be determined by the Board (in its sole and absolute discretion), which may be a nominal or nil issue price if so determined by the Board (subject to Shareholder approval, if required).
- (e) **Performance hurdles and restriction on transfer:** Plan Shares may be subject to performance hurdles (such as performance criteria as determined by the Board) which must be satisfied before the Plan Shares can be sold, transferred, or encumbered by the Participant. Shares cannot be sold, transferred or encumbered by the Participant until, subject to any performance hurdles being satisfied (or waived by the Board in its sole and absolute discretion), the later of: (i) the date any loan in relation to the Shares has been repaid or otherwise discharged under the Share Plan; or (ii) the third anniversary of the date the Plan Shares were issued. The Company is authorised to impose a holding lock on the Plan Shares to implement this restriction.

- (f) **Loan:** A Participant who is invited to subscribe for Plan Shares may also be invited to apply for a loan up to the amount payable in respect of the Shares accepted by the Participant (Loan), on the following terms:
- (i) the Loan will be interest free;
  - (ii) the Loan made available to a Participant shall be applied by the Company directly toward payment of the issue price of the Plan Shares;
  - (iii) the Loan repayment date and the manner for making such payments shall be determined by the Board and set out in a loan agreement which accompanies the offer;
  - (iv) the Company shall have a lien over the Plan Shares in respect of which a Loan is outstanding and the Company shall be entitled to sell those Plan Shares in accordance with the terms of the Share Plan;
  - (v) a Loan will be non-recourse except against the Shares held by the Participant to which the Loan relates; and
  - (vi) the Board may, in its absolute discretion, agree to forgive a Loan made to a Participant.
- (g) **Unfulfilled Performance Hurdle:** Where a performance hurdle in relation to Plan Shares is not satisfied by the due date, or becomes incapable of satisfaction in the opinion of the Board, the Company must, unless the restriction condition is waived by the Board (in its sole and absolute discretion), then:
- (i) the Participant will forfeit all of the Plan Shares
  - (ii) the Company will sell or re-allocate the Plan Shares held by the Participant, and any sale proceeds will constitute full settlement of any Loan (and any other outstanding amounts) related to the Plan Shares (including the Company's reasonable costs of selling the Plan Shares)
  - (iii) the Participant will have no entitlement to any sale proceeds, and
  - (iv) the Participant will have no further entitlement under the Share Plan.
- (h) **Power of Attorney:** The Participant irrevocably appoints each director of the Company severally as his or her attorney to do all things necessary to give effect to the sale of the Participant's Shares in accordance with the Share Plan.
- (i) **Plan limit:** The Company must take reasonable steps to ensure that the number of Plan Shares offered by the Company under the Share Plan when aggregated with:
- (i) the number of Shares issued during the previous 5 years under the Share Plan (or any other employee share plan extended only to eligible employees); and
  - (ii) the number of Shares that would be issued if each outstanding offer for Shares (including options to acquire unissued Shares) under any employee incentive scheme of the Company were to be exercised or accepted, does not exceed 5% of the total number of Shares on issue at the time of an offer (but disregarding any offer of Shares or option to acquire Shares that can be disregarded in accordance with relevant ASIC Class Orders).
- (j) **Quotation on ASX:** The Company will apply for each Plan Share to be admitted to trading on ASX upon issue of the Plan Share. Quotation will be subject to the ASX Listing Rules and any holding lock applying to the Plan Shares.
- (k) **Rights attaching to Shares:** Each Plan Share shall be issued on the same terms and conditions as the Company's issued Shares (other than in respect of transfer restrictions)

imposed by the Share Plan) and it will rank equally with all other issued Shares from the issue date except for entitlements which have a record date before the issue date.

***Board recommendation and Chair's vote***

Consistent with ASIC guidance in Regulatory Guide 76 the Directors abstain from making a recommendation in relation to this resolution in accordance with good corporate governance practice and a potential conflict of interest (given their eligibility to participate in the Plan). The Chairman of the Meeting intends to vote available proxies in favour of this resolution.

## Glossary

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In this document the following definitions apply:

|   |  |
|---|--|
| <b>\$</b>   | means Australian dollars unless otherwise indicated.   |
| <b>AEST</b>   | means Australian Eastern Standard Time.  |
| <b>Annual General Meeting, General Meeting or Meeting</b> | means the meeting convened by this Notice.   |
| <b>Annual Report</b>                                      | means the Directors' Report, Financial Report and Independent Auditor's Report in respect of the six months ended 31 December 2019.  |
| <b>ASIC</b>   | means the Australian Securities and Investments Commission.  |
| <b>ASX</b>  | means ASX Limited ACN 008 624 691 or, as the context requires, the Australian Securities Exchange operated by ASX Limited.   |
| <b>ASX Listing Rules</b>                                  | means the Listing Rules of ASX.  |
| <b>Board</b>  | means the board of directors of the Company.   |
| <b>Business Day</b>                                       | means a day other than a Saturday, Sunday or public holiday in Victoria.   |
| <b>Closely Related Party</b>                              | of a member of the Key Management Personnel means: <ul style="list-style-type: none"><li>(a) a spouse or child of the member;</li><li>(b) a child of the member's spouse;</li><li>(c) a dependent of the member or the member's spouse;</li><li>(d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;</li><li>(e) a company the member controls; or</li><li>(f) a person prescribed by the <i>Corporations Regulations 2001</i> (Cth).</li></ul> |
| <b>Company or Atrum Coal or Atrum</b>                     | means Atrum Coal Limited ACN 153 876 861.  |
| <b>Constitution</b>                                       | means the Company's constitution.  |
| <b>Corporations Act</b>                                   | means the <i>Corporations Act 2001</i> (Cth).  |
| <b>Directors</b>  | means the current directors of the Company.  |
| <b>Equity Securities</b>                                  | includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.   |

|                                    |   |
|------------------------------------|---|
| <b>Explanatory Statement</b>       | means the explanatory statement accompanying this Notice.   |
| <b>Financial Report</b>            | means the financial report of the Company and its controlled entities prepared under Chapter 2M of the Corporations Act in respect of the six months ended 31 December 2019.  |
| <b>Key Management Personnel</b>    | has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group named in the Remuneration Report. |
| <b>Notice or Notice of Meeting</b> | means this notice of annual general meeting including the Explanatory Statement and the Proxy Form.   |
| <b>Option</b>                      | means an option to acquire a Share.   |
| <b>Performance Right</b>           | means a right to be issued a Share, subject to satisfaction of vesting conditions, granted on the terms set out in Annexure B.  |
| <b>Proxy Form</b>                  | means the proxy form accompanying this Notice.  |
| <b>Remuneration Report</b>         | means the remuneration report of the Company set out in the Directors' Report section of the Annual Report.   |
| <b>Resolutions</b>                 | means the resolutions to be considered by Shareholders at the Annual General Meeting, as set out in this Notice of Meeting.   |
| <b>Share</b>                       | means a fully paid ordinary share in the capital of the Company.  |
| <b>Shareholder</b>                 | means a registered holder of one or more Shares.  |

## Annexure A Terms of Options

The terms of the Options to be issued to as contemplated in Resolutions 5 to 10 are as follows:

- (a) **Entitlement:** Subject to paragraph (l) each Option entitles the holder to subscribe for one Share upon exercise of the Option.
- (b) **Expiry Date:** Each Option will expire at 5:00pm (AWST) on their specified expiry date (**Expiry Date**). An Option not exercised before that time will automatically lapse and be cancelled at that time.
- (c) **Exercise Period:** The Options are exercisable at any time on or prior to 5:00pm (AWST) on the Expiry Date (**Exercise Period**) but can only be exercised if the optionholder is a Director or executive of the Company at the time of exercise, or has been a Director or executive in the 3 months prior to the time of exercise.
- (d) **Notice of Exercise:** The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.
- (e) **Exercise Date:** A Notice of Exercise is only effective on and from the later of:
  - (i) the date of receipt of the Notice of Exercise; and
  - (ii) the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds,**(Exercise Date).**
- (f) **Timing of issue of Shares on exercise:** Within 15 Business Days after the later of the following:
  - (i) the Exercise Date; and
  - (ii) 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:
  - (iii) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
  - (iv) 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
  - (v) 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 Options.

If a notice delivered under paragraph (f)(iv) 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.

- (g) **Shares issued on exercise:** Shares issued on exercise of the Options rank equally with the then issued shares of the Company.
- (h) **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 Options.
- (i) **Reconstruction of capital:** If at any time the issued capital of the Company is reconstructed, all rights of each holder of one or more Options are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (j) **Participation in new issues:** There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
- (k) **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 Options, the Exercise Price will be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2.
- (l) **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):
  - (i) the number of Shares which must be issued on the exercise of a Option will be increased by the number of Shares which the holder of the Option would have received if the holder had exercised the Option before the record date for the bonus issue; and
  - (ii) no change will be made to the Exercise Price.
- (m) **Quoted:** The Company will not apply for quotation of the Options on ASX.
- (n) **Transferability:** The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

## Annexure B Terms of Performance Rights

### *Details of Performance Right Vesting Conditions*

The vesting conditions relating to performance rights are set out below:

**Class 34P:** Performance Rights will vest and become convertible into Shares upon achievement of a 200mt JORC Measured and Indicated at an Elan project or projects I.e. this could be 200 mt Measured and Indicated across one project (e.g. Elan South) or across multiple projects (e.g. Elan South plus Isolation South plus Wildcat). Needs to be verified by the Company's Independent geologist and performance rights will only vest once the Independent JORC report is submitted and signed off by the Company's Independent geologist;

**Class 35P:** Performance Rights will vest and become convertible into Shares upon achievement of a 100mt JORC Reserve on any Elan project I.e. this must be 100mt JORC Reserve on a single project. It must be verified by the Company's independent engineering consultant based on a preliminary feasibility study or feasibility study; it must consist of only JORC Measured and Indicated resource on a single project (e.g. Elan South, or Isolation South etc) and can be a combination of Proven and Probable Reserve under the JORC code;

**Class 36P:** Performance Rights will vest and become convertible into Shares upon the Company obtaining Alberta Government approval to allow Atrum to proceed with permitting an open cut mine at Elan – this can only be granted once a full Environmental Impact Study or Assessment is undertaken and submitted to the Alberta Government in preparation for a mining license. It will require at least two years of environmental monitoring of the site. It is granted by the relevant government authority;

**Class 37P:** Performance Rights will vest and become convertible into Shares upon the Company being granted a Mining Permit on any project at Elan – again, this can only be granted once a mining lease application has been submitted to the relevant government authority. The submission must include detailed mine plans, water management plans, environmental management plans, infrastructure plans, economic impact assessment etc. It is granted by the relevant government authority. Once granted, the Company may begin construction of a mine;

**Class 38P:** Performance Rights will vest and become convertible into Shares upon the Company securing appropriate finance to complete the development and construction of an Elan mine through to first production, completion of construction of the plant and achievement of the first 500,000 tonnes on rail to the port.

### **Terms of the Performance Rights**

The terms of the Performance Rights are set out below:

- a. Each Performance Right is a right to be issued with a single Share upon vesting of the Performance Right, free of encumbrances. No consideration will be payable upon the vesting or conversion of the Performance Rights.

- b. A Performance Right does not entitle the holder to vote on any resolutions proposed at any general meeting of shareholders of the Company.
- c. A Performance Right does not entitle the holder to any dividends or to participate in the surplus profits or assets of the Company upon a winding-up.
- d. Shares issued upon vesting of Performance Rights rank equally with the then issued shares of the Company.
- e. 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 vesting of Performance Rights within the time period required by the ASX Listing Rules.
- f. A Performance Right will not vest unless the Vesting Conditions have been satisfied and the Board has notified the holder of the Performance Right.
- g. A vested Performance Right may only be exercised by the holder once the Board has notified the holder that the vesting conditions attached to the Performance Right have been satisfied.
- h. Subject to paragraph (l) below, a Performance Right will lapse upon the earlier to occur of:
  - failure to meet the Performance Right's Vesting Conditions;
  - the 7-year anniversary of the date of grant of the Performance Right;
  - where, in the opinion of the Board, the Performance Right vests as a result of the fraud, dishonesty, or breach of obligations of another person and, in the opinion of the Board, the Performance Right would not otherwise have vested; or
  - the date the holder of the Performance Right ceases to act as a Director or senior executive of the Company
- i. If at any time the issued capital of the Company is reconstructed, all Performance Rights of each holder are to be reconstructed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- j. There are no participation rights or entitlements inherent in the Performance Rights and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Performance Rights prior to vesting.
- k. Performance Rights are not transferable
- l. **Change of Control:**
  - a. The following constitutes a "**Change of Control Event**" for the purposes of this clause:
    - i. the Company entering into a scheme of arrangement with its creditors or Shareholders or any class thereof pursuant to section 411 of the *Corporations Act 2001 (Cth)* (**Corporations Act**);
    - ii. the commencement of a bid period (as defined in the *Corporations Act*) in relation to the Company to acquire any Share where the takeover bid extends to Shares issued and allotted after the date of the takeover bid; or

- iii. when a person or group of associated persons having a relevant interest in, subsequent to the adoption of these Performance Rights rules, sufficient Shares in the Company to give it or them the ability, in general meeting, to replace all or a majority of the Directors in circumstances where such ability was not already held by a person associated with such person or group of associated persons;
  - iv. the Company passes a resolution for voluntary winding up or an order is made for the compulsory winding up of the Company;
  - v. the holder of the Performance Right suffers an event of death or total and permanent disability.
- b. Where there is a Change of Control Event:
- i. all or a specified number of the holder's unvested Performance Rights, that have not lapsed, will become vested Performance Rights; and
  - ii. the Board shall promptly notify each Participant in writing that he or she may, within the period specified in the notice (**Change of Control Notice Period**), exercise those vested Performance Rights.
- c. Unless the Board of Directors determines otherwise:
- i. vested Performance Rights that are not exercised by the end of the Change of Control Notice Period; and
  - ii. unvested Performance Rights,

shall lapse at the end of the change of Control Notice Period.

# Annexure C

## ONLINE SHAREHOLDERS' MEETING GUIDE 2020

### Attending the AGM electronically

If you choose to attend the Annual General Meeting online, you will be able to view a live webcast of the meeting, ask questions and submit your votes in real time. To access the meeting either

Visit <https://web.lumiagm.com/342434289> on your smartphone, tablet or computer. You will need the latest versions of Chrome, Safari, Edge or Firefox. Please ensure your browser is compatible

or

Download the Lumi AGM app from the Apple App or Google Play Stores by searching for Lumi AGM.

Meeting ID: **342-434-289**

To login you must have your shareholder number and postcode

**You will be able to log into the site from 9:30am, 29th June 2020.**

### Using the Lumi AGM app:

## CREDENTIALS

Once you have navigated to the meeting, via either the app or web page.

You will then be required to enter your:

- Shareholder Number; and
- Postcode.

Or, if you have been appointed as a proxy, you will need to obtain your login credentials from the registrar by calling 1300 288 664

## ACCESS

To register as a shareholder, select '**am a shareholder/proxy**' and enter your username and password.

If you are a visitor, select '**I am a guest**'

As a guest, you will be prompted to complete all the relevant fields including, first name, last name and email address.

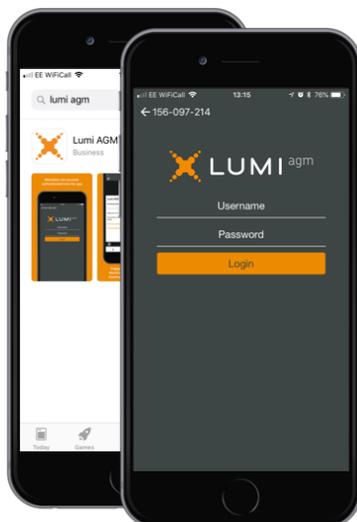
**Please note, visitors will not be able to ask questions or vote at the meeting.**

## NAVIGATION

When successfully authenticated, the info screen  will be displayed. You can view company information, ask questions and watch the webcast.

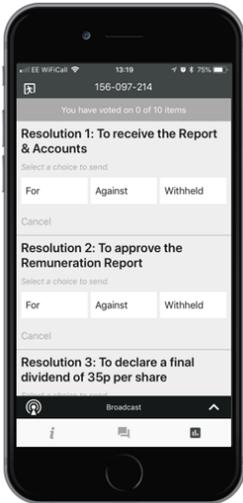
If you would like to watch the **webcast** press the broadcast icon  at the bottom of the screen.

If viewing on a computer the webcast will appear at the side automatically once the meeting has started.



# VOTING

The chairman will open voting on all resolutions at the start of the meeting. Once the voting has opened, the polling icon  will appear on the navigation bar at the bottom of the screen. From here, the resolutions and voting choices will be displayed.

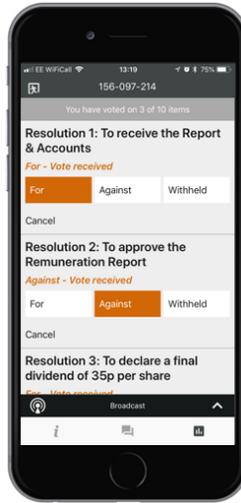


# VOTING

To vote, simply select your voting direction from the options shown on screen. A confirmation message will appear to show your vote has been received. 

To change your vote, simply select another direction.

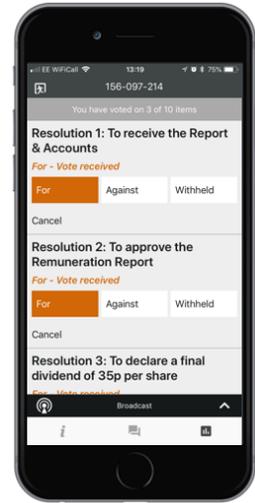
If you wish to cancel your vote, please press Cancel



# VOTING

Voting can be performed at anytime during the meeting until the chairman closes the polling on the resolutions.

You will still be able to send messages and view the webcast whilst the poll is open.

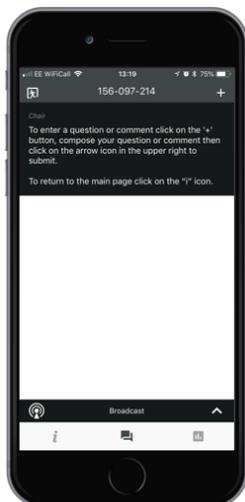


# QUESTIONS

Any shareholder or appointed proxy is eligible to ask questions.

If you would like to ask a question, select the messaging icon .

Messages can be submitted at any time during the Q&A session up until the Chairman closes the session.



# QUESTIONS

Click in the box marked 'Ask a question' and type your message.

Once you are happy with your message click the submit button.

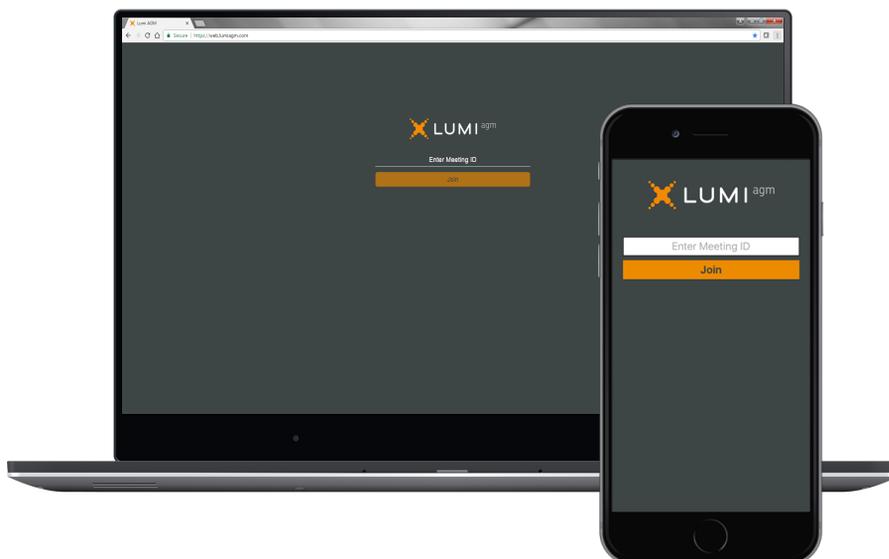
Questions sent via the Lumi AGM online platform will be moderated before being sent to the chairman. This is to avoid repetition and remove any inappropriate language.



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# Remote entry to the Annual Shareholders' Meeting will open at 9:30am, 29th June 2020.

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[web.lumiagm.com](http://web.lumiagm.com)



Atrium Coal Limited | ACN 153 876 861

# AGM Registration Card

If you are attending the virtual meeting please retain this proxy card for online Securityholder registration.

Holder Number:

## Vote by Proxy: ATU

Your proxy voting instruction must be received by **10.00am (AEST) on Saturday, 27 June 2020**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

### SUBMIT YOUR PROXY VOTE ONLINE

Vote online at <https://investor.automic.com.au/#/loginsah>



Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting form.

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.

### SUBMIT YOUR PROXY VOTE BY PAPER

Complete the form overleaf in accordance with the instructions set out below.

#### YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

#### VOTING UNDER STEP 1 - APPOINTING A PROXY

If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chairman of the Meeting will be appointed as your proxy by default.

#### DEFAULT TO THE CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP

#### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

#### APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

#### SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided

- Individual:** Where the holding is in one name, the Shareholder must sign.
- Joint holding:** Where the holding is in more than one name, all of the Shareholders should sign.
- Power of attorney:** If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.
- Companies:** To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.
- Email Address:** Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

#### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

#### ATTENDING THE MEETING

Completion of a Proxy Voting Form will not prevent individual Shareholders from attending the virtual Meeting online if they wish. Where a Shareholder completes and lodges a valid Proxy Voting Form and attends the Virtual Meeting online, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Virtual Meeting.

#### POWER OF ATTORNEY

If a representative as power of attorney of a Shareholder of the Company is to attend the Meeting, a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms.



