

## ASX Announcement

18 December 2020

# LISTED OPTIONS EXERCISE FULLY UNDERWRITTEN

Atrum Coal Limited (ASX: ATU) (**Atrum** or the **Company**) advises that it has executed an Underwriting Agreement (**Agreement**) with Argonaut Capital Limited and Shaw and Partners Limited (collectively the **Underwriters**) to provide, in conjunction with exercise commitments received from Atrum directors and associated parties, for the exercise of all its outstanding ATUO listed options (which have an exercise price of A\$0.20 and expiry of 31 March 2021) (**ATUO Options**).

The Agreement provides that, in the event of a shortfall in the exercise of the ATUO Options, the Underwriters have agreed to take-up, or arrange for their clients to take-up, all share entitlements attached to that shortfall. The Underwriters have advised Atrum that they have procured sub-underwriting commitments to take up any shortfall. The Agreement is subject to customary termination provisions for an agreement of this nature, as outlined in Appendix A.

There are approximately 103.1 million outstanding ATUO Options. The Agreement covers approximately 99.1 million of these ATUO Options, which represents approximately A\$19.8 million gross proceeds (**Underwritten Amount**). Atrum directors and associated parties have separately committed to exercising the residual approximately 4.0 million ATUO Options, and these ATUO Options do not form part of the Underwritten Amount.

Exercise of all outstanding ATUO Options (including via the Agreement under any shortfall) will see Atrum receive gross proceeds of at least A\$20.6 million. The Underwriters will receive a fee of 6% of the Underwritten Amount.

The Agreement also guarantees the Underwriters a shortfall of 10% of the Underwritten Amount (**Guaranteed Shortfall**). In the event of no shortfall eventuating, or a shortfall lesser than the Guaranteed Shortfall eventuating, to satisfy the Guaranteed Shortfall requirement Atrum will need to issue additional new shares up to a maximum of approximately 9.9 million new shares via a placement at A\$0.20 per share, raising up to a maximum further amount of A\$2.0 million. Any shares needing to be issued under the Guaranteed Shortfall requirement fall within Atrum's existing Listing Rule 7.1 issuance capacity.

The proceeds from exercise of the ATUO Options (and any Guaranteed Shortfall placement) are planned to be directed to expected completion of a Definitive Feasibility Study (DFS), and further exploration drilling, on Atrum's world-class Elan Hard Coking Coal Project in southern Alberta. The current Pre-Feasibility Study (PFS) is on track for completion by mid-2021.

The Agreement does not affect the ability of any existing ATUO Options holder to exercise all of their holding. It also does not affect the ability of any existing ATUO Options holder to sell all or part of their holding on-market. Finally, the Agreement does not affect the ability of any existing ATUO Options holder, or non-holder, from purchasing ATUO Options on-market.

To exercise all or part of their holding, ATUO Options holders should complete and return an options exercise form and make payment of the options exercise price in accordance with the instructions provided on the form. ATUO Options holders can obtain an options exercise form online via [www.investor.automic.com.au](http://www.investor.automic.com.au), by contacting Automic Registry by email to [hello@automic.com.au](mailto:hello@automic.com.au) or by calling 1300 288 644 (within Australia) or +61 2 9698 5414 (international) or by contacting the Company.

This announcement ceases the trading halt requested by Atrum on 16 December 2020.

**This ASX release was authorised on behalf of the Atrum Coal Board by:**

Andrew Caruso, Managing Director and CEO

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## APPENDIX A: KEY TERMINATION PROVISIONS IN UNDERWRITING AGREEMENT

### 10.1 Right of Termination

Subject to clause 10.2, if any of the following events occurs prior to the Settlement Date, then each Underwriter may terminate its obligations under this agreement by giving written notice to the Issuer and the other Underwriter:

- a) **(market fall)**: the ASX/S&P All Ordinaries Index or ASX Small Resources Index falls at any time before the market close on any ASX trading day in the period from the date of this agreement to the Settlement Date, to a level that is 10% or more below the level at market close on the trading day immediately preceding the date of this agreement and stays at that level for at least 5 consecutive Business Days over the period from the date of this Underwriting Agreement and 28 February 2021, and for at least 3 consecutive Business Days from 1 March 2021 to the Settlement Date .
- b) **(offence)** Any director of the Issuer is charged with a criminal offence relating to any financial or corporate matter or any fraudulent or dishonest behaviour, or a director of the Issuer is disqualified from managing a corporation under the Corporations Act.
- c) **(unable to issue Shortfall Shares)** the Issuer is prevented from allotting and issuing the Shortfall Shares within the time required by the Timetable, Listing Rules, applicable laws, an order of a court of competent jurisdiction or a Government Agency.
- d) **(regulatory action)** there is an application to a Government Agency for an order, declaration or other remedy, or a Government Agency commences any investigation or hearing or announces its intention to do so, in each case in connection with the Offer (or any part of it) or any agreement entered into in respect of the Offer (or any part of it).
- e) **(listing)** the Issuer ceases to be admitted to the official list of ASX or the ordinary shares in the Issuer are suspended from trading on, or cease to be quoted on, ASX (which does not include the existing trading halt or trading halt requested by the Issuer for the purposes of conducting the Offer).
- f) **(change in management)** A change in the board of directors of the Issuer occurs (except a change in the board of directors which was disclosed to the Underwriters in writing before the date of this agreement).
- g) **(withdrawal)** The Issuer does not give a Shortfall Notice by the Shortfall Notification Date.
- h) **(ASX actions)** ASX does any of the following:
  - (i) announces or makes a statement to any person that the Issuer will be removed from the official list of ASX or Shares will be suspended from quotation, other than any announcement by ASX of a trading halt or suspension made in accordance with the Timetable;
  - (ii) removes the Issuer from the official list;
  - (iii) refuses to approve or does not grant unconditional approval to the quotation of the Shortfall Shares on ASX on or before 10.00am on the Settlement Date or if granted, the approval is subsequently withdrawn, qualified or withheld; or

- (iv) suspends the trading of Shares for any period of time, other than any trading halt or suspension made in accordance with the Timetable.
- i) **(ASIC action)** ASIC:
- (i) applies for an order under Part 9.5 of the Corporations Act in relation to the Offer, unless that application is:
    - A. not made public; and
    - B. is withdrawn by the earlier of 6pm on the second Business Day after it is made and 10am on the Settlement Date;
  - (ii) holds, or gives notice of intention to hold, a hearing or investigation in relation to the Offer under the Corporations Act or the Australian Securities and Investments Commission Act 2001 (Cth), unless that hearing, or notice, is:
    - A. not made public; and
    - B. is terminated (in the case of a hearing) or withdrawn (in the case of a notice) by the earlier of 6pm on the second Business Day after it is made and 10am on the Settlement Date.
- j) **(insolvency event)** Any one of the following occurs:
- (i) the Issuer (or any other Group Members):
    - A. being or stating that it is unable to pay its debts as and when they fall due; or
    - B. failing to comply with a statutory demand;
  - (ii) an application or order is made (and, in the case of an application, it is not stayed, withdrawn or dismissed within 2 Business Days) or resolution is passed for:
    - A. the appointment of a liquidator, provisional liquidator, administrator, receiver, receiver and manager or other similar official in relation to, or to any property of, the Issuer (or any other Group Members); or
    - B. the Issuer (or any other Group Members) being wound up or dissolved or entering into a scheme, moratorium, composition or other arrangement with, or to obtain protection from, its creditors or any class of them or an assignment for the benefit of its creditors or any class of them;
  - (iii) circumstances existing which would permit a presumption of insolvency in relation to the Issuer (or any other Group Members) under section 459C(2) of the Corporations Act, or
  - (iv) anything analogous or having a substantially similar effect to (j)(i) - (iii) above occurring in relation to the Issuer (or any other Group Member).
- k) **(material adverse change)** Any material adverse change occurs in the assets, liabilities, financial position or performance, profits, losses or prospects of the Issuer and the Group (insofar

as the position in relation to an entity in the Group affects the overall position of the Issuer), including any material adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Group from those respectively disclosed in information publicly available at the date of this agreement.

- l) **(no exemptions or orders)** an:
- (i) exemption under sections 111AS or 111AT of the Corporations Act; or
  - (ii) order under sections 340 or 341 of the Corporations Act,
- is given or made in respect of the Issuer, or any person, as a director or auditor of the Issuer.
- m) **(no determination)** ASIC makes a determination under sections 708A(2) of the Corporations Act in respect to the Issuer.
- n) **(repayment of application monies)** the Issuer does for whatever reason repay, or is required by ASIC or the ASX to repay, some or all of the application money relating to the Shortfall Shares.
- o) **(change in law)** except as previously announced before the date of this agreement, there is introduced into the Parliament of the Commonwealth of Australia or any State or Territory of Australia a law or any new regulation is made under any law, or a Government Agency adopts a policy, or there is any official announcement on behalf of the Government of the Commonwealth of Australia or any State or Territory of Australia or a Government Agency that such a law or regulation will be introduced or policy adopted (as the case may be) the Issuer fails to perform or observe any of its obligations under this agreement.
- p) **(unauthorised alterations)** without the prior written consent of the Underwriters, the Issuer alters its share capital or its constitution.
- q) **(misrepresentation)** a representation or warranty made or given by the Issuer under this agreement proves to be, or has been, or becomes, untrue or incorrect.
- r) **(defective Cleansing Notice)** the Cleansing Notice is or becomes defective or any amendment or update to the Cleansing Notice is issued or is required to be issued under the Corporations Act and where the defective Cleansing Notice or amendment or update to the Cleansing Notice is adverse from the point of view of an investor;
- s) **(failure to comply)** The Issuer or any Group Member fails to comply with any of the following:
- (i) the Corporations Act or any other applicable laws;
  - (ii) the Listing and Market Rules;
  - (iii) the Constitution or other constituent documents;
  - (iv) any legally binding requirement of ASIC, the ASX or other Government Agencies; or
  - (v) any material agreement entered into by it.

- t) **(hard coking coal)** FOB Australia premium hard coking coal price falling below US\$95 per tonne over a period of five (5) continuous Business Days in the period from the date of this agreement to the Settlement Date.
- u) **(Grassy Mountain)** any adverse impact on permitting, infrastructure or Grassy Mountain approvals.
- v) **(other termination events)** Subject to clause 10.2, any of the following occurs:
  - (i) **(hostilities)** hostilities not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, Japan, Hong Kong, the United Kingdom, the United States of America or the declaration by any of these countries of a national emergency or war or a major terrorist act is perpetrated anywhere in the world.
  - (ii) **(breach of agreement)** The Issuer is or becomes in default of any of the terms and conditions of this agreement or a representation or warranty by the Issuer is or becomes false or incorrect.
  - (iii) **(economic conditions and financial markets)** There occurs, in the reasonable opinion of the Underwriters, any adverse change or disruption to the political or economic conditions or the financial markets of Australia, New Zealand, United States, Canada, United Kingdom, any member of the European Union, Japan, People's Republic of China, Hong Kong or Singapore (or the international financial markets including trading on those markets which is adverse to the Offer) or any change or development involving a prospective adverse change in national or international political, financial or economic conditions.
  - (iv) **(Timetable)** any event specified in the Timetable is delayed for more than 2 Business Days without the prior written approval of the Underwriters (acting reasonably) except where such delay is a result of an act or omission of the Underwriters;
  - (v) **(trading of securities)** Trading of securities quoted on ASX, the London Stock Exchange and the New York Stock Exchange is suspended, or there is a material limitation in trading, for more than two Business Day on which the exchange is open for trading.

## 10.2 Materiality

No event listed in clause 10.1(v) entitles the Underwriters to exercise their termination rights unless, in the bona fide opinion of the Underwriter, it:

- a) has, or could reasonably be expected to have, a material adverse effect on the willingness of persons to apply for the Shortfall Shares at the Offer Price or the price at which Shares are sold on the ASX;
- b) renders it impracticable to effect settlement and issue of the Shortfall Shares; or
- c) has given, or is likely to give, rise to a liability for the Underwriters under the Corporations Act or any other applicable law.