

23 March 2018

Dear Shareholder

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

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

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

The Offer will be made on the basis of 1 Share for every 5 Shares held by shareholders at the Record Date, to raise up to approximately \$4,642,252 (before expenses) (subject to the application of a Debt Conversion Facility).

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

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

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

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

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

Ineligible shareholders

A Shareholder who has a registered address outside Australia, New Zealand, Hong Kong, Switzerland and Singapore (**Ineligible Shareholder**) will not be eligible to participate in the Offer.

You are not eligible to participate in the Offer and you will not be sent a copy of the Prospectus. This decision has been made pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules after taking into consideration the costs of complying with legal and regulatory requirements in jurisdictions outside of Australia, New Zealand, Hong Kong, Switzerland and Singapore compared with the small number of Ineligible Shareholders and the number and value of Shares to which they would otherwise be entitled.

If you have any queries concerning the Offer, please contact your financial adviser or Justyn Stedwell, Company Secretary, on +61 3 9191 0135.

Yours sincerely



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