

# ATRUM COAL VOLUNTARY SUSPENSION

## SUMMARY OF KEY EVENTS

- Trading Halt and Voluntary Suspension due to insufficient information on personal loans of Executive Directors, Mr Russell Moran and Mr Gino D'Anna, secured over shares in the Company
- Mr Moran and Mr D'Anna obtained an injunction and suppression orders from the Supreme Court of Western Australia to prevent any disclosure by the Company to ASX relating to the loans to Mr Moran and Mr D'Anna
- Injunction dissolved and suppression orders vacated on Friday evening, 19 June 2015 with Mr Moran and Mr D'Anna ordered to pay the Company's costs
- Update on the position of loan arrangements with Mr Moran and Mr D'Anna

Atrum Coal NL ACN 153 876 861 (**Atrum** or the **Company**) (**ASX: ATU**) provides an update on the recent trading halt and the current voluntary suspension of its shares.

## Trading Halt and Suspension

On 11 June 2014, Mr Russell Moran, an Executive Director, and Mr Gino D'Anna, an Executive Director and at that time the sole Company Secretary (together, the **Relevant Directors**), each entered into separate and independent short term loan arrangements with a syndicate of lenders, with a repayment date of 31 July 2014. The loans were initially both unsecured as at the time shares in the Company held by Mr Moran and Mr D'Anna were subject to ASX imposed escrow restrictions, and could not be used as security for loans. The Relevant Directors notified the Company that the loans totalled A\$7.5 million, made up of a loan of \$6 million to Mr Moran and a loan of \$1.5 million to Mr D'Anna.

The loan terms and conditions enabled the Relevant Directors to extend the terms of the loans before the 31 July 2014 repayment deadline, to 31 October 2014, if the Relevant Directors provided security over a total of 24 million fully paid, ordinary shares in the Company (20 million shares for Mr Moran and 4 million shares for Mr D'Anna), which at that time was valued at approximately A\$40 million, with the collective value of the Relevant Directors' holdings in the Company valued at approximately A\$80 million (**Initial Loans**).



**ASX:ATU - Share Information**  
Issued Shares: 170.1m

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### Board of Directors

Executive Chairman  
Executive Director  
Executive Director  
Non-Executive Director  
Non-Executive Director  
Company Secretary

J. Chisholm  
R. Moran  
G. D'Anna  
S. Boulton  
C. Vorias  
T. Renard

### Key Projects

Groundhog	Ownership: 100%
Peace River	Ownership: 100%
Naskeena	Ownership: 100%
Bowron River	Ownership: 100%

At the time of the entry into the Initial Loans, both of the Relevant Directors independently advised the Board that they had the intention of repaying the Initial Loans in full.

The Company became aware that the terms of the Initial Loans had been varied, including through the addition of a further 4 million shares as security for Mr Moran's loan, and a further 1 million shares as security for Mr D'Anna's loan (**Revised Loans**). The Company repeatedly sought further information from the Relevant Directors about the terms of the Revised Loans and established a sub-committee of the Board independent of the Relevant Directors to deal with the issues arising from the Initial Loans and Revised Loans and the compliance with the Company's continuous disclosure obligations.

On 8 June 2015, the Relevant Directors obtained an ex parte interim injunction from the Supreme Court of Western Australia (**Supreme Court**) restraining the Company from making any ASX disclosures in respect of the loans to the Relevant Directors, and on 9 June 2015, a suppression order preventing any public disclosure of the Supreme Court proceedings including in any ASX disclosures. On Friday evening, 19 June 2015, the Supreme Court dismissed the further application to extend the injunction by the Relevant Directors and dissolved the suppression order obtained which has until now, prevented the Company from making this ASX announcement. The Supreme Court also ordered that the Relevant Directors pay the Company's costs of the application to further extend the injunction.

## Current Status of Loans of Mr Moran and Mr D'Anna

### Moran Loan

Mr Moran has a loan with a syndicate of lenders (**Moran Loan Agreement**). The principal and accrued interest outstanding under the Moran Loan Agreement as at 18 June 2015 is approximately \$7,850,000 (**Moran Loan**).

A total of 24,000,000 shares in the Company owned by Mr Moran are security for the Moran Loan under the Moran Loan Agreement. In an extension letter between Mr Moran and an agent for the syndicate of lenders (**Facility Agent**), dated 18 June 2015 (**Moran Extension Letter**), the Moran Loan repayment date has been extended to 17 July 2015. The Moran Extension Letter states that Mr Moran is proposing either to sell sufficient of his shares in the Company to pay all amounts owing under the Moran Loan before the extended repayment date or undertake a partial sell down, which in combination with a refinancing of the Moran Loan, will allow Mr Moran to pay all amounts owing under the Moran Loan. For the purposes of the Supreme Court proceedings on Friday, 19 June 2015, Mr Moran informed his solicitors that he has no current proposal to sell and is not intending to sell any part of his shareholding.

If the principal outstanding and accrued interest is not repaid by 17 July 2015 an event of default will occur and the Facility Agent will be entitled to exercise its security by selling shares it has security over. The Moran Loan contains events of default which are customary in loans of this type which would entitle the Facility Agent to exercise its security if such an event occurs before the Moran Loan repayment date, including if the suspension of the shares is lifted and the share price trades below a specified price, which has not been disclosed to the Company.

## D'Anna Loan

Mr D'Anna has a loan with a syndicate of lenders (**D'Anna Loan Agreement**). The principal and accrued interest outstanding under the D'Anna Loan Agreement as at 18 June 2015 is approximately \$1,983,922 (**D'Anna Loan**).

A total of 5,000,000 shares in the Company owned by Mr D'Anna are security for the D'Anna Loan under the D'Anna Loan Agreement. In an extension letter between Mr D'Anna and the Facility Agent, dated 18 June 2015 (**D'Anna Extension Letter**), the D'Anna Loan repayment date has been extended to 17 July 2015. The D'Anna Extension Letter indicates that Mr D'Anna is proposing either to sell sufficient of his shares in the Company to pay all amounts owing under the D'Anna Loan before the extended repayment date, or to undertake a partial sell down, which in combination with a refinancing of the D'Anna Loan, will allow Mr D'Anna to pay all amounts owing under the D'Anna Loan.

If the principal outstanding and accrued interest is not repaid by 17 July 2015 an event of default will occur and the Facility Agent will be entitled to exercise its security by selling shares it has security over. The D'Anna Loan contains events of default which are customary in loans of this type which would entitle the Facility Agent to exercise its security if such an event occurs before the D'Anna Loan repayment date including if the suspension of the shares is lifted and the share price trades below a specified price, which has not been disclosed to the Company.

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## Forward Looking Statements

This release includes forward looking statements. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as “may”, “will”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “continue”, and “guidance”, or other similar words and may include, without limitation statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production outputs. Forward looking statements in this release include, but are not limited to, the capital and operating cost estimates and economic analyses from the Study.

Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the company's actual results, performance and achievements to differ materially from any future results, performance or achievements. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licences and permits and diminishing quantities or grades of resources or reserves, political and social risks, changes to the regulatory framework within which the company operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation.

Forward looking statements are based on the company and its management's good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the company's business and operations in the future. The company does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the company's business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the company or management or beyond the company's control.

Although the company attempts to identify factors that would cause actual actions, events or results to differ materially from those disclosed in forward looking statements, there may be other factors that could cause actual results, performance, achievements or events not to be anticipated, estimated or intended, and many events are beyond the reasonable control of the company. Accordingly, readers are cautioned not to place undue reliance on forward looking statements.

Forward looking statements in this release are given as at the date of issue only. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, in providing this information the company does not undertake any obligation to publicly update or revise any of the forward looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.