

ATRUM COAL SIGNS OFFTAKE MARKETING MOUs WITH MAJOR JAPANESE CONGLOMERATES

HIGHLIGHTS

- Atrum signs non-binding Memorandums of Understanding (MOUs) to negotiate binding Sales Agency Agreements (SAAs) for anthracite from its Groundhog Project
- The competing Confidential Parties include three of Japan's seven "Sogo shosha" (Japanese general trading companies) with combined annual revenues of more than A\$230 billion and more than 195,000 employees
- The Confidential Parties are leading domestic and global consumers and traders of raw materials including high grade anthracite for the steel and specialty markets, as well as major natural resources investors
- The MOU's cover a range of high value products planned to be produced from Groundhog anthracite including: lump coke replacement; coke replacement for use in sintering iron ore; blast furnace injection coal; recarburisers in electric arc furnaces; charge carbon; filtration media and activated carbon; carbon cathodes, anodes and electrodes; lithium ion battery anodes; electrode paste; synthetic graphite replacement; calcined anthracite; carbon feed for manufacturing of: calcium carbide; silicon; phosphorous; soda; sodium sulphide; plastics and urea
- MOU terms include negotiation of exclusive rights to certain customers and jurisdictions, premium product pricing commensurate with high value anthracite applications and an agreement to work towards a binding SAA
- The MOU's are a key step in executing a minority equity sell-down in the Groundhog North Mining Complex to fund development of the first mine in the Groundhog Coalfield.
- The Company is negotiating similar agreements with other tier one counterparties in Asia and Brazil.



ASX:ATU - Share Information
Issued Shares: 170.1m

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Non-Executive Director
Non-Executive Director
Company Secretary

J. Chisholm
R. Moran
G. D'Anna
S. Boulton
C. Vorias
G. D'Anna

Key Projects

Groundhog
Peace River
Naskeena
Bowron River

Ownership: 100%
Ownership: 100%
Ownership: 100%
Ownership: 100%

Atrum Coal NL (“Atrum” or the “Company”) (ASX:ATU) is pleased to announce it has signed non-binding MOUs for offtake with Japanese counterparties including some of the country’s largest corporate conglomerates for anthracite produced from the Groundhog North Mining Complex (“Groundhog North”), located in British Columbia, Canada.

VP Marketing & Business Development, Mr Peter Doyle commented on the non-binding MOUs:

“We are excited to be working with some of Japan’s largest corporate conglomerates and these MOUs are a key milestone. Our vision is to become the world’s premier supplier of ultra-high grade anthracite, and selling into Japan is a core part of our strategy.”

CONFIDENTIAL PARTIES

Atrum has signed non-binding MOUs with various conglomerates, including three of Japan’s seven “Sogo shosha” (Japanese general trading companies), that have combined annual revenue of more than A\$230 billion. Each conglomerate operates across multiple sectors including Iron and Steel Products, Motor Vehicles, Marine and Aerospace, Chemicals, Energy, Foods and Retail, Consumer Services, Information, Electronics and Telecommunications, Financial Markets and Transportation Logistics. The agreements are a key step in the competitive process to secure binding offtake and offtake marketing agreements with tier one counterparties and the minority equity sell-down in Groundhog North to fund development.

The non-binding MOUs are a precursor to executing binding agreements, and include a variety of commercial terms including:

- Ultra-high grade applications for Groundhog anthracite
- Premium pricing commensurate with high value product use
- Potential exclusivity over particular jurisdictions and individual consumers

Atrum has focused on building relationships with tier one Japanese counterparties in the first instance, due the country’s strong reputation for investing in world-class mining assets and the growing demand for long term stable supply of ultra-high grade anthracite from low sovereign risk regions.

As reflected in the MOUs, Groundhog’s high grade and ultra-high grade anthracite is expected to be used across a range of high value applications including:

- | | |
|--|---|
| ▪ lump coke replacement | ▪ carbon electrodes |
| ▪ coke replacement for use in sintering iron ore | ▪ lithium ion battery anodes |
| ▪ blast furnace injection coal | ▪ synthetic graphite replacement |
| ▪ recarburiser in electric arc furnaces | ▪ charge carbon |
| ▪ filtration media | ▪ calcined anthracite |
| ▪ activated carbon | ▪ electrode paste |
| ▪ carbon cathodes | ▪ carbon feed for manufacturing of: |
| ▪ carbon anodes | calcium carbide; silicon, phosphorous; soda; sodium sulfide; plastics and urea. |

GROUNDHOG ANTHRACITE PROJECT

The Groundhog Anthracite Project (**Groundhog**) is located in the Groundhog Coalfield in north-western British Columbia, Canada. Groundhog covers an area of over 800km², and comprises 46 granted coal licences and 36 coal licence applications. Groundhog is prospective for high grade and ultra-high grade anthracite suitable for application in the steel and ferro-alloy industries as well as a range of specialist applications.

Groundhog is located in close proximity to key mining infrastructure including rail, port, road and power facilities. The Company has secured 3Mtpa port capacity at Stewart Bulk Terminals (150km south-west of the project) on non-take-or-pay terms, and has a further 5Mtpa capacity under Memorandum of Understanding with Stewart World Port.

Atrum is now focused on securing additional offtake MOU's with major steel producers and key traders as well as development funding for its first mine in the Groundhog North Complex.



GLOBAL GROUNDHOG RESOURCES (JORC 2004)

The JORC resources at Groundhog are currently 1.57Bt, as summarised in the table below:

JORC Resource by Category (Mt)	
Measured	16
Indicated	553
Inferred	998
Total	1,567Mt

JORC Resource at Groundhog

Groundhog is amenable to both underground and open cut mining with 415Mt occurring at less than 100m depth and 90% of the total 1.57Bt resource occurring between 0 and 300m depth:

JORC Resource Breakdown By Depth (Mt)	
< 50m	154
< 100m	415
< 200m	993
< 300m	1,420
Unrestricted	1,567

JORC Resource at Groundhog by depth

GROUNDHOG NORTH RESOURCES (JORC 2012)

The reportable JORC resources at Groundhog North (a subsection of Groundhog) hosts a JORC (2012) Resource of 609.2Mt as follows.

JORC Category	Groundhog North Resource (Mt)
Measured	156.1
Indicated	193.3
Inferred	259.8
Total	609.2Mt

JORC Resources at Groundhog North

The table below illustrates the depth cut-off of JORC resources:

Depth (m)	Measured (Mt)	Indicated (Mt)	Inferred (Mt)	Total (Mt)
< 300	143.5	162.6	199.7	505.8
> 300	12.6	30.7	60.1	103.4
Total by JORC Category	156.1	193.3	259.8	609.2

JORC Resources at Groundhog North by depth

For further information in relation to JORC resources at the Groundhog North Mine, please refer to the ASX announcement dated 14 October 2014 and titled "Atrum Coal – Increased JORC Resources at Groundhog North".

ANTHRACITE QUALITY

Groundhog anthracite ranks amongst the highest quality in the world, and the Company is strategically positioned to deliver high value carbon products into the global steel industry, speciality metals markets as well as specialty chemical and industrial markets.

Groundhog Anthracite quality is shown in the table below, beside comparative products:

Anthracite Specification	Groundhog Anthracite	High-Grade Anthracite (adb)	Ultra-High Grade Anthracite (adb)	Chinese BF Coke (adb)
Moisture	1.5%	15% (max)	13% (max)	12% (max)
Ash	10%	15% (max)	12% (max)	12% (max)
Volatiles	5%	10% (max)	5% (max)	2% (max)
Fixed Carbon	83.5%	75% (min)	80% (min)	86% (min)
Sulphur	0.6%	1% (max)	0.6% (max)	0.6% (max)
HGI	65			
SE kcal/kg (gad)	7,350			
SE kcal/kg (daf)	8,300			
Classification	Ultra-High Grade & High Grade	Metallurgical & Specialty Application	Metallurgical & Specialty Application	Metallurgical Coke

GROUNDHOG NORTH ECONOMICS

In 2014, the Company announced the results of an optimisation of the Pre-Feasibility study (SPFS) for the 5.4Mtpa ROM Groundhog North Underground Mine.

The SPFS was independently prepared by Valzan Pty Ltd (Valzan), with inputs on pricing from Wood Mackenzie, modelling assistance from Deloitte Touche Tohmatsu and independent cost inputs from industry participants in relation to port, power and road CAPEX.

The results were outstanding with a Post-tax NPV10 (nominal) of approximately A\$1.7Bn, on a capex of US\$596m (US\$58m to small scale mining) and FOB Production Cost including royalties of US\$86/t.

For further information in relation to the supplementary PFS, please refer to the ASX announcement dated 20 October 2014 and titled "Supplementary PFS at Groundhog North Delivers \$1.7Bn NPV" and "Supplementary PFS Results Presentation" also announced to ASX on 20 October 2014. In addition, please refer to the ASX announcement dated 18 November 2014 and titled "Atrium Coal – SPFS Clarification Notice"

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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.

ASX Listing 5.19 Compliance

Pursuant to ASX Listing Rule (LR) 5.19, the following information is required to be disclosed within this announcement:

- (a) LR 5.19.1: The production targets and forecast financial information referred to in this announcement were derived from the ASX announcement titled “Supplementary PFS at Groundhog North Delivers \$1.7Bn NPV” which was released on 20 October 2014.
- (b) LR 5.19.2: Atrum Coal confirms that all the material assumptions underpinning the production target and the forecast financial information derived from the production target as outlined in the ASX announcement dated 20 October 2014 continue to apply and have not materially changed.
- (c) LR 5.19.3: Not Applicable.
- (d) LR 5.19.4: Not Applicable.

ASX Listing Rule 5.16.3 Compliance

Pursuant to ASX Listing Rule 5.16.3, the Company is required to disclose the relevant proportions of the resource underpinning the production target. Therefore, the Company provides that the production target is made up of the following resource proportions:

- Measured – 20%;
- Indicated – 50%; and
- Inferred – 30%.

As the Company has utilised inferred resources in the calculation of the production forecast, pursuant to ASX Listing Rule 5.16.4, the following cautionary statement is made.

There is a low level of geological confidence associated with inferred mineral resources and there is no certainty that further exploration work will result in the determination of indicated mineral resources or that the production target itself will be realised.

Competent Person Statement

Coal Resources

The coal resources documented in this report were estimated in accordance with the guidelines set out in the JORC Code, 2012. They are based on information compiled and reviewed by Mr Nick Gordon, who is a Member of the Australasian Institute of Mining and Metallurgy and is a full-time employee of Gordon Geotechniques Pty Ltd.

With more than 28 years of experience in open cut and underground coal mining, Mr Gordon has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration to qualify him as a Competent Person as defined in the JORC Code, 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves."

Neither Mr Gordon nor Gordon Geotechniques Pty Ltd have any material interest or entitlement, direct or indirect, in the securities of Atrum or any companies associated with Atrum. Fees for the preparation of this report are on a time and materials basis.

Mr Gordon recently visited the Groundhog project area on 21st March 2014 whilst exploration personnel were preparing for the next drilling program. Two days were also spent with Atrum geological personnel in Victoria, British Columbia evaluating the geological, coal quality and geotechnical information relevant to the Groundhog project area.

Mr Gordon consents to the inclusion in the report of the matters based on the information, in the form and context in which it appears.