



ASX RELEASE

3 September 2014

KURO COAL TO ACQUIRE MAJOR COKING COAL PROJECT

Highlights

- Kuro has agreed to acquire up to a 70% interest in the Elan Coking Coal Project located in Alberta, Canada, covering 22,951 hectares
- Elan is located close to five operating coking coal mines owned by Teck (Canada's largest diversified miner) with ready access to existing rail which connects to a number of deep sea ports
- Elan contains an Indicated and Inferred Coal Resource of 146.5Mt under JORC 2012 Guidelines
- Elan acquisition represents final step prior to progressing the Kuro IPO where Atrum shareholders as of the Record Date, will be entitled to one free Kuro share for every four Atrum shares held
- Panorama Anthracite Project to be retained by Atrum Coal; considered too valuable and strategic to the multi-mine vision for Groundhog

Kuro Coal Limited ("Kuro" or the "Company"), a wholly owned subsidiary of Atrum Coal NL ("Atrum") (ASX:ATU), which is to be separately listed on the ASX under the code "KCO" following an Initial Public Offering, is pleased to announce it has agreed to acquire up to a 70% interest in the Elan Coking Coal Project ("Elan") located in Alberta, Canada.

The acquisition will take place through a joint venture between Kuro and Elan.

Commenting on the joint venture, Atrum Coal Executive Director and Kuro Coal Non-Executive Director Mr Gino D'Anna stated:

"Atrum is solely focused on taking its world class Groundhog anthracite project through to production, so Kuro can provide Atrum shareholders with exposure to an exciting exploration venture as well as commodity and jurisdictional diversification. The Elan acquisition is an outstanding coking coal opportunity and fits Kuro's Canadian metallurgical coal strategy."

The Elan acquisition includes 27 Alberta Crown Coal Lease applications covering a total area of approximately 23,000 hectares.

Commenting on the joint venture partnership, Elan Executive Director Gene Wusaty stated:

"This joint venture will provide Elan with the opportunity to become a tier one coking coal project. Alberta is ranked third by the Fraser Institute as the best mining jurisdiction worldwide and is host to some of the highest quality coking coal. We are excited to be working with the Kuro team."

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Board of Directors

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

R. Moran
G. D'Anna
J. Wasik
A. Phillipps
J. Ward

Key Projects

Elan
Peace River
Naskeena
Bowron River

Up to 70%
100%
100%
100%



Elan Location

Elan is located in the foothills and front ranges of the Rocky Mountains of Alberta, approximately 30 km north of Coleman in Alberta. Historic work has divided the property into Savanna Creek, Isola Peak, Isolation Ridge, Isolation South (Oldman River or OMR), Wildcat (Cat Mountain) and Grassy North (Oldman River South) areas.

The Elan project comprises 27 Alberta Crown Coal Lease applications covering an area of approximately 22,951 hectares. In Alberta, coal lease applications provide the right to explore the land within the boundaries of the lease and are granted for a term of 15 years with an option to extend at expiry. Once the lease applications have been granted, Elan must pay an annual rent of \$3.50/hectare to the Alberta government to retain the project, as well as royalties according to the Coal Royalty Regulation upon the commencement of commercial production. The necessary permits to undertake exploration are currently held by Elan.

The majority of the project can be accessed via paved highways as well as a system of limited use roads and access trails.

The development of ground access in and around the project area will allow the Company to undertake exploration with ground based drill rigs with minimal reliance on air support to conduct exploration and development.



Location of Elan project



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Geology

Elan lies within the Front Ranges of the Canadian Rocky Mountains in the Crowsnest Pass area and spans the north-trending, west-dipping, Coleman, McConnell and Isolation thrust sheets. The Crowsnest Pass area is characterized by Jurassic to Lower Cretaceous rocks of the Fernie, Blairmore and Kootenay Groups, and the Crowsnest Formation.

Historical drilling on and near Elan suggests there are 10 to 16 coal seams that range from 3 to 10 m in thickness. Additional drilling in the area will confirm the economic potential of these coal seams and the Company will prioritise the drilling to enable the completion of a pre-feasibility study at Elan. Coal rank is low to medium volatile bituminous with variable but generally moderate ash content, good washability, and good coking properties.

Coal Resources

The Property hosts a JORC compliant Indicated and Inferred Resource (in accordance with 2012 JORC guidelines) of 146.5Mt. The table below details the JORC Indicated and Inferred Resource as well as indicative clean coal quality:

Elan JORC Resources	Tonnage	Indicative Clean Coal Quality
Indicated	61.9Mt	Coal Rank: Mid Volatile R₀ Max: 1.30 - 1.40 Ash: 8.0% - 9.0% Volatile Matter: 20% - 25% Sulphur: 0.5% - 0.6% FSI: 6 - 7 Fixed Carbon: 60% - 70%
Inferred	84.6Mt	
Total Resource	146.5Mt	
Exploration Target	743Mt	Coal Rank: Low-Medium-Volatile Bituminous Coal

Elan JORC Resources (2012)

In addition to the current JORC Resources, Elan hosts an **Exploration Target of 743Mt of low to medium volatile bituminous coal** that requires additional drilling prior to completing resource definition. This Exploration Target (under section 17 of the JORC Guidelines 2012) is based on drilling completed by previous explorers together with historical trenching, adits, mapping and sampling of coal outcrops across the project area.

The Exploration Target quantity and quality is conceptual in nature. There has been insufficient exploration to define a mineral resource and it is uncertain if further exploration will result in the Exploration Target being delineated as a mineral resource.

Grassy North, which falls within Livingstone Trend, has been identified as the primary exploration target. This target is located on the southernmost leases of the Property package and is proximal to established infrastructure. Pursuant to the joint venture, over the next 6 months the Company plans to undertake a drilling program at Elan which will focus on twinning a select number of historical drill holes to confirm coal seam thickness and coal quality. This additional information will also assist the Company in confirming the Exploration Target with a view to using modern exploration techniques to convert a part of the Exploration Target into a mineral resource in accordance with JORC 2012 guidelines.

Previous Exploration & Development

Coal exploration on and around the Elan project began in 1949, extending to 1976. Additional exploration was completed between 1971 and 2002. Historical exploration at Elan consisted of the following:

Area	Operator	Campaign	Core Holes	Bore Holes / Wells	Adits	Trenches	Mapping (feet)	Access Trails (km)
OMR	Scurry	1970	19	-	3	24	-	22.5
Savanna	Bralorne	1969-72	8	57	5	15	1:4,800	-
Savanna	CIGOL	1971	2	-	-	-	-	-
Isolation	CanPac	1969-71	76	5	6	76	1:12,000 / 1:2,400	~117.5
Isolation	Granby	1974	18	9	-	45	1:2,400	
Regional-OMR	W.C.C	1949-55	-	-	-	33	1:12,000	Extensive
Regional-Isola	CCL	1971	3	-	-	15	-	
Regional-OMR	Consol	1976	-	-	-	-	1:12,000	
Regional	CHE & Devon	1989	-	1	-	-	-	
Regional	NEC	2001-02	-	20	-	-	-	

Previous exploration at Elan

Project Infrastructure

The southern part of Elan is highway accessible by driving approximately 20 km north from Coleman via Kananaskis Highway. The northern part of the property can be accessed 42 km north of Coleman, via the Kananaskis Highway and the Oldman River Route. These routes provide maintained access to the limited-use road network that reaches, from south to north, the Isolation South (OMR), Isolation, and Savanna areas. Transport to and from the property is by 4x4 truck and ATV.

A secondary Canadian Pacific rail line runs through Coleman and connects with the main CNR east-west line for access to Vancouver and Prince Rupert ports or as far as the Great Lakes eastwardly. The nearest airport is located in Pincher Creek, Alberta, approximately 50 km east of Coleman along Highway 3 (Crowsnest Hwy).

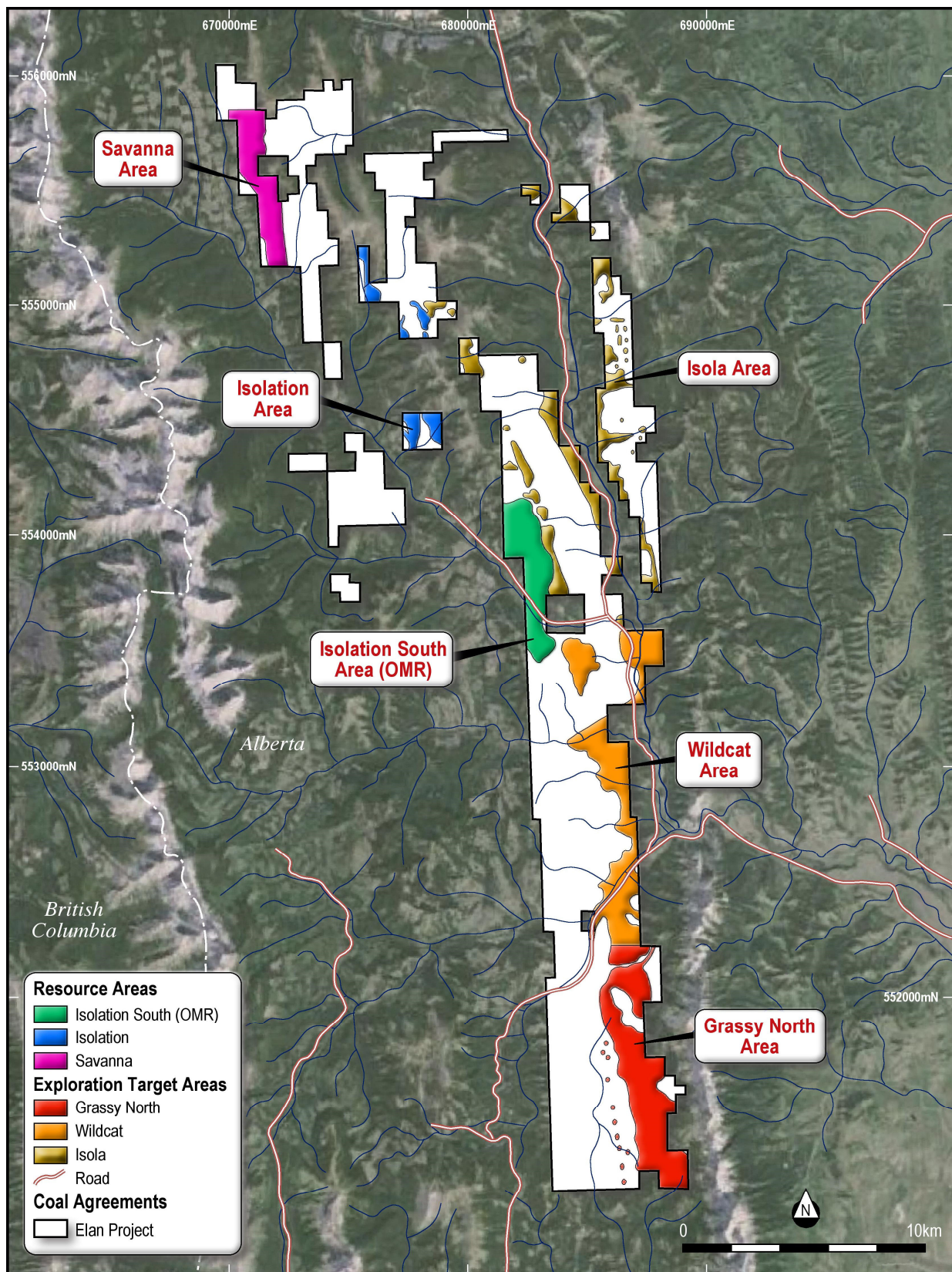
Accommodation, food, fuel and other necessary services are available in Coleman and Blairmore, Alberta, which are located 10 to 60 km south of the property. Coleman and Blairmore have a combined population of approximately 4,000. The local economy is primarily based on tourism, forestry, and coal-mining. Several coal mines, including Teck Coal and Coal Mountain mines, are currently in operation in the area.



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Tenure

The map below illustrates the main target areas within the Elan project:



Areas of geological interest at the Elan Project

Elan Acquisition Terms

Kuro has signed a binding Letter of Intent to acquire up to a 70% interest in Elan on the following terms:

- 1) Kuro will pay CAD\$25,000 upon execution of a binding Letter of Intent;
- 2) To earn an initial 20% interest in Elan, Kuro will:
 - a. upon the execution of a formal and binding JV Agreement, pay the vendors CAD\$150,000;
 - b. upon listing of Kuro on the ASX, issue the vendors 1,500,000 fully paid ordinary shares (subject to 24 months voluntary escrow) at a deemed issue price of \$0.20 per share; and
 - c. Kuro will allocate an initial \$500,000 towards a 2014 exploration program;
- 3) Kuro will be entitled to further increase its interest in Elan as follows:
 - a. it can increase to 45% by:
 - i. spending at least CAD\$2.5 million in exploration on Elan; and
 - ii. completing a Scoping Study.
 - b. it can increase to 60% by:
 - i. spending a further CAD\$4 million in exploration on Elan; or
 - ii. completing a Preliminary Feasibility Study.
 - c. it can increase to 70% by:
 - i. completing a Bankable Feasibility Study;
- 4) Kuro will issue fully paid ordinary shares (subject to 6 months voluntary escrow from the date of issue) upon the achievement of the following milestones:
 - a. 400,000 fully paid ordinary shares upon the delineation of a 100Mt JORC Code compliant Indicated Resource of coking coal (up to 15% non-coking coal may be used in calculating resource under this milestone) to a depth not exceeding 300m at the Elan project, with verification to be completed by a Competent Person under the 2012 JORC Code guidelines to the absolute satisfaction of Kuro.
 - b. 600,000 fully paid ordinary shares upon the delineation of a 200Mt JORC Code compliant Indicated Resource of coking coal (up to 15% non-coking coal may be used in calculating resource under this milestone) to a depth not exceeding 300m at the Elan project, with verification to be completed by a Competent Person under the 2012 JORC Code guidelines to the absolute satisfaction of Kuro.
 - c. 800,000 fully paid ordinary shares upon the delineation of a 50Mt JORC Code compliant Measured Resource of coking coal (up to 15% non-coking coal may be used in calculating resource under this milestone) to a depth not exceeding 300m at the Elan project, with verification to be completed by a Competent Person under the 2012 JORC Code guidelines to the absolute satisfaction of Kuro.



- d. 1,000,000 fully paid ordinary shares upon the delineation of a 100Mt JORC Code compliant Measured Resource of coking coal (up to 15% non-coking coal may be used in calculating resource under this milestone) to a depth not exceeding 300m at the Elan project, with verification to be completed by a Competent Person under the 2012 JORC Code guidelines to the absolute satisfaction of Kuro.
- 5) Subject to completing a Bankable Feasibility Study, Kuro will retain a right of last refusal to acquire the remaining 30% interest in the Elan project on commercially acceptable terms;
- 6) Kuro is the Operator to the Joint Venture;
- 7) Mr Gene Wusaty will be appointed as a part-time consultant to the joint venture for a period of 2 years and will be paid a fee of CAD\$75,000 per annum;
- 8) The Joint Venture Committee will consist of 50% representation by both Kuro and the vendors with the chairman being elected by Kuro. The chairman will have a casting vote; and
- 9) The vendor of the Elan project shall have a free carried proportionate interest until the completion of the Bankable Feasibility Study, at which time each party will need to fund their proportionate expenditure, or dilute accordingly.

Panorama Anthracite Project

On 1 May 2014, Atrum announced that Kuro would develop the Panorama Anthracite Project ("Panorama") under joint venture. Atrum has subsequently reviewed the geological information for the Panorama region and its corporate strategy going forward. In light of Atrum's strategy to be the world's largest producer and exporter of high grade anthracite, it has decided to retain Panorama as it has the potential to contribute significantly to the overall multi-mine strategy. Kuro will not be developing Panorama.

Atrum will be undertaking exploration at Panorama as soon as a Notice of Works has been granted for the relevant coal licences.

IPO Timetable

Kuro has now completed all of its intended pre-listing acquisitions and considers that it has the right portfolio of exploration and development assets to progress its ASX listing. The Company will now move to update the required independent expert reports, revise the Notice of Meeting and revise the Prospectus in preparation for formal ASX listing in Q4 this year.

Atrum shareholders can expect to receive a Notice of Meeting by mail in the next **three weeks** which will outline the IPO timetable as well as set the Record Date. Atrum shareholders will be entitled to receive one free Kuro share for every four Atrum shares held at the Record Date.

We thank shareholders for their patience and look forward to delivering an exciting new venture for stakeholders.

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Exploration Targets

This announcement refers to Exploration Targets as defined under Section 17 of the JORC Code 2012. The Exploration Target quantity and quality is conceptual in nature. There has been insufficient exploration to define a mineral resource and it is uncertain if further exploration will result in the Exploration Target being delineated as a mineral resource.

The Exploration Target was calculated in August 2014 by Dahrouge Geological Consulting Ltd under the 2012 JORC Guidelines.

Competent Person Statement

The information in the report to which this statement is attached that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr. John Gorham, Mr. William Miller and Mr. Bradley Ulry; Competent Persons who are Professional Geologists registered with the Association of Professional Engineers and Geoscientists of Alberta, in Canada.

Mr. John Gorham, Mr. William Miller and Mr. Bradley Ulry are employed by Dahrouge Geological Consulting Ltd. (Dahrouge). Dahrouge Geological Consulting Ltd. and all competent persons are independent from the issuer of this statement, Kuro Coal Ltd.

Mr. John Gorham, Mr. William Miller and Mr. Bradley Ulry have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. John Gorham, Mr. William Miller and Mr. Bradley Ulry consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

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.



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TABLE 1 - SAMPLING TECHNIQUES AND DATA

Criteria	JORC Code explanation	Commentary
Sampling techniques	- Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. - Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. - Aspects of the determination of mineralisation that are Material to the Public Report. - In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.	- All coal seams intersected were sampled. Coal plies were sampled discretely on the basis of lithological characteristics and quality. All non-coal material and partings were included with the lower coal ply and noted in the lithological description. Non-coal interburden was sampled separately. - The immediate roof and floor samples were submitted for geotechnical testing. - All coal and roof and floor dilution samples were double bagged at site and marked with sample number, date, hole and project. These were retained on site until geophysical corrections confirmed representative core recovery of the seam and samples. The qualified samples were then transported to the laboratory via courier. - Coal Quality samples from the drilling program were sent to Loring Laboratories and Birtley Engineering (Canada) Ltd in Calgary. - All coal quality samples were prepared and analysed using Canadian and International Standard testing methodologies.
Drilling techniques	Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).	- All coal quality holes were cored (partially or fully) using a HQ size core barrel producing a 63.3 mm core diameter. - Large diameter drill holes for bulk material extraction were cored using a PQ size core barrel producing an 83.1 mm core diameter.
Drill sample recovery	- Method of recording and assessing core and chip sample recoveries and results assessed. - Measures taken to maximise sample recovery and ensure representative nature of the samples. - Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	- An assessment of core recovery was completed by comparing the recovered thickness measured during geological logging and by the driller, to geophysical picked thicknesses from the geophysical logs. - Volumetric analysis of samples was conducted on the exploration program - The analysis was based on sample mass received versus expected sample mass derived from sample length by core diameter by apparent Relative Density - If sample mass was below 95% a separate exercise interrogating the linear recovery via photos and logs was undertaken to decide whether the sample could be included and not bias the results.
Logging	- Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. - Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. - The total length and percentage of the relevant intersections logged.	- All core was geologically logged, marked and photographed before sampling. Geological and geotechnical features were identified and logged. - All drill holes have been geophysical logged with a minimum density, calliper, gamma and verticality unless operational difficulties prevented full or partial logging of the drill hole. - The calibration of the geophysical tools was conducted by the geophysical logging company.
Sub-sampling techniques and sample preparation	- If core, whether cut or sawn and whether quarter, half or all core taken. - If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. - For all sample types, the nature, quality and appropriateness of the sample preparation technique. - Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. - Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. - Whether sample sizes are appropriate to the grain size of the material being sampled.	- All core samples were double bagged on site and transported to the Laboratory for testing. - Loring Laboratories and Birtley Engineering (Canada) comply with Canadian and International Standards for sample preparation and sub sampling. - Large wash samples were pre-treated and dry sized and various sizes before sample splitting and analysis. Proximate analysis was completed on a portion of the original sample. - Raw analysis procedure keeps ½ of the sample as reserve.

Quality of assay data	- The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. - For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. - Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.	- Loring Laboratories and Birtley Engineering (Canada) comply with the Canadian and International Standards for coal quality testing and are certified. - Geophysical tools were calibrated by the logging company. - The density measurement is calibrated to precise standards and where possible validated in a calibration hole.
Verification of sampling and assaying	- The verification of significant intersections by either independent or alternative company personnel. - The use of twinned holes. - Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. - Discuss any adjustment to assay data.	- Loring Laboratories and Birtley Engineering (Canada) comply with the Canadian and International Standards for coal quality testing and as such conduct the verifications for coal quality analysis outlined in the standards. - Coal Quality results were verified by Dahrouge Geological Consulting Ltd before inclusion into the geological model and resource estimate. - No adjustments have been made to the Coal quality data.
Location of data points	- Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. - Specification of the grid system used. - Quality and adequacy of topographic control.	Professional Survey of the coal quality boreholes for the exploration program was completed by Dahrouge Geological Consulting Ltd.
Data spacing and distribution	- Data spacing for reporting of Exploration Results. - Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. - Whether sample compositing has been applied.	- Data spacing sufficient to establish the degree of geological and grade continuity for inclusion as Inferred and Indicated Resource estimation procedures were employed. - Multiple samples were obtained for some seams within the Elan Project area. As such, where appropriate, sample compositing has been completed. Samples were weighted against sample thickness and in situ RD.
Orientation of data in relation to geological structure	- Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. - If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	A combination of vertical and inclined drill holes were completed from the same drill pad to ensure that a suitable understanding of the geological structure and orientation of the geology was captured.
Sample security	The measures taken to ensure sample security.	Sample Security was ensured under a chain of custody between Dahrouge Geological Consulting Ltd personnel on site and Loring and Birtley Engineering (Canada).
Audits or reviews	The results of any audits or reviews of sampling techniques and data.	Sampling was undertaken by Dahrouge Geological Consulting Ltd personnel. Loring and Birtley Engineering (Canada) undertook internal audits and checks in line with the Canadian and International standards

TABLE 2 - REPORTING OF EXPLORATION RESULTS

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	- Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. - The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	- Coal tenures relate to the Elan project, which is the subject of the joint venture between Kuro and Elan, whereby Elan has the right to acquire up to a 70% interest in the project. - The project consists of 27 Alberta Crown Coal Lease applications totalling 22,951 hectares - Security of tenure is not compromised and there is no known impediments
Exploration done by other parties	Acknowledgment and appraisal of exploration by other parties.	Exploration drilling within and in close proximity to the Elan project has been reviewed and evaluated for data purposes
Geology	Deposit type, geological setting and style of mineralisation.	- The Property lies within the Front Ranges of the Canadian Rocky Mountains in the Crowsnest Pass area and spans the north-trending, west-dipping, Coleman, McConnell and Isolation thrust sheets. Stratigraphy on these thrust sheets is highly deformed due to fault splays that displace strata up to 10 km, and from complex folding (McDonald et al., 1989). The Crowsnest Pass area is characterized by Jurassic to Lower Cretaceous rocks of the Fernie, Blairmore and Kootenay Groups, and the Crowsnest Formation. In the Crowsnest Pass area, economic coal potential exists in the Kootenay Group, which is unconformably overlain by pebble conglomerates of the Cadomin Formation of the Blairmore Group. The Kootenay Group has a maximum thickness of 1,100 m near Sparwood, thins eastward and grades into the Nikanassin Formation near the North Saskatchewan River (Stockmal et al., 2001). - The Late Jurassic to Early Cretaceous Kootenay Group is subdivided into three formations, the Morrissey, Mist Mountain, and Elk formations; however, in the Crowsnest Pass area, the Elk Formation is absent due to erosion and/or thinning. Faulting and folding in the Crowsnest Pass area make confirmation of the number of coal seams difficult. Historical drilling on and near the Property suggests there are 10 to 16 coal seams that range from 3 to 10 m in thickness, many with economic potential (Kim, 1976). - Stratigraphy in the Crowsnest Pass area has been subjected to first and second order faulting, as well as complex folding. The major faults, the Coleman, McConnell and Livingstone thrusts, trend north and dip to the west at 08°, and displace the stratigraphy approximately 9.5 km eastward. Major folds, including the Crowsnest Syncline and Allison Anticline (Rushton et al., 1972), also trend north. Secondary local thrusts trend north, and occur within each thrust sheet, resulting in local structure units or packages affecting the coal seam thickness and occurrence - Ten coal seams have been correlated in the Isolation South (OMR) and Isolation areas on the McConnell Thrust sheet. These are labeled S1 through S10, from lowest to highest stratigraphically. Seams S5, S7, and S8 have the most economic potential as they are relatively thick and extensive. Three coal seams have been identified on the Coleman Thrust sheet but do not seem to correlate with the other identified seams. Ten coal seams have been identified on the Livingstone Thrust sheet north of Grassy Mountain, three of which (Seam S6, S7A, and S7b) carry most of the resource and are probably correlateable with the seams at Grassy Mountain. Coal rank is low- to medium-volatile bituminous with variable but generally moderate ash content, good washability, and good coking properties.

Drill hole Information	- A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: - easting and northing of the drill hole collar - elevation or RL (Reduced Level - elevation above sea level in metres) of the drill hole collar - dip and azimuth of the hole - down hole length and interception depth - hole length. - If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	All drill holes have been modelled from vertical, although hole deviation (from vertical) has been recorded for all drill holes.
Data aggregation methods	- In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated. - Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. - The assumptions used for any reporting of metal equivalent values should be clearly stated.	All seams where multiple coal quality samples were taken were given a composite coal quality value. This composite value was generated within the Maptek Vulcan 8.2™ software and was weighted on thickness and in situ RD. In situ RD was only weighted against thickness.
Relationship between mineralisation widths and intercept lengths	- These relationships are particularly important in the reporting of Exploration Results. - If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. - If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').	- The inclusion of boreholes from neighbouring areas has given the model a reasonable amount of lateral continuity in all directions. - Point of observation spacing has been extrapolated in a maximum of a 200 m radius from the drill hole. - Seam thicknesses have been corrected to geophysics to ensure accuracy
Diagrams	Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	All appropriate diagrams are contained within the main body of the report
Balanced reporting	Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	All available exploration data for the Elan Project area have been collated and reported.
Other substantive exploration data	Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples - size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	No further exploration data was gathered and or utilised.
Further work	- The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling). - Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	Further work consisting of additional drilling and seismic activity is being evaluated.