

# QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDING 31 DECEMBER 2014

## HIGHLIGHTS

### *Groundhog Anthracite Project:*

#### *Supplementary PFS at Groundhog North Mine Delivers \$1.7Bn Post-tax NPV*

- Supplementary Pre-feasibility Study (SPFS) delivered improved economics for 5.4Mtpa run-of-mine (ROM) underground operation at Groundhog North compared to original PFS
- Mine life substantially increased from 16 years to 38 years
- FOB cash costs reduced from US\$89/t to US\$86/t on truck-to-port operation
- Capital required to deliver small scale mining (250tkpa) reduced 25% from US\$77m to US\$58m
- Post-tax NPV<sub>10</sub> increased 62% from A\$1,040M to A\$1,685M and life of mine free cash flow of A\$11,159M

#### *100% Increase in the JORC Resources at Groundhog North Mine*

- Increase in JORC Anthracite Resources at Groundhog North (SPFS area) from 305Mt to 609Mt
- Includes 156Mt Measured (143Mt at a depth of less than 300m), 193Mt Indicated and 260Mt Inferred Resource

#### *Regional Drilling Success Supports Groundhog Multi-mine Strategy*

- Successful regional drilling campaign completed on the east side of the rail-subgrade within 2km of Groundhog North (SPFS Mine) and within 8km on the southern portion of the Groundhog Coalfield
- Significant anthracite intersections encountered in two potential additional mining domains described as 'Groundhog North-East' and 'Groundhog South'



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

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#### **Board of Directors**

Executive Chairman	J. Chisholm
Executive Director	R. Moran
Executive Director	G. D'Anna
Non-Executive Director	C. Vorias
Non-Executive Director	S. Boulton
Company Secretary	G. D'Anna

#### **Key Projects**

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

- Eight regional drill holes averaged net anthracite thickness of 20m supporting Atrum's multi-mine vision for Groundhog with potential Mine II and Mine III target locations identified

### High Grade Anthracite Extension Confirmed at Panorama

- Notice of Work approved following consultation with First Nations and local communities allowing exploration to commence at Panorama Anthracite Project (Panorama)
- Significant anthracite exposures encountered during recent reconnaissance, supporting Atrum's multi-mine vision

### Groundhog Marketing and Offtake Negotiations

- MoU and offtake marketing framework agreements presented to major consumers of high grade and ultra-high grade anthracite in Japan and Korea; discussions also commenced with potential Chinese and Indian off-take/funding entities

### Bulk Sample Permit Update

- Presentations given to local government officials and First Nation stakeholders in relation to the bulk sample permit application; expect approvals in H1 2015 for delivery of first anthracite to potential long-term customers in H2 2015

### Kuro Coal Limited:

#### Kuro Acquired Major Coking Coal Project

- Kuro agreed to acquire up to a 70% interest in the Elan Coking Coal Project located in Alberta, Canada, covering 22,951 hectares, with JORC 2012 Indicated and Inferred Coal Resource of 146.5mt

#### Major Coal Intersections at Elan Coking Coal Project

- Atrum Coal's wholly-owned subsidiary Kuro Coal Limited has completed its 2014 exploration program at the Elan Coking Coal Project (Elan), with the following intersections:
  - Net coal thickness of **20.8m** between 54.6m and 82.3m (GNDH-14-02)
  - Net coal thickness of **14.3m** between 18.3m and 34.4m (GNDH-14-05)
  - Net coal thickness of **12.2m** between 77.9m and 94.6m (GNDH-14-04)
  - Net coal thickness of **10.0m** between 55.6m and 67.8m (GNDH-14-07)
  - Net coal thickness of **9.6m** between 28.9m and 46.8m (GNDH-14-06)
  - Net coal thickness of **8.2m** between 64.5m and 77.2m (GNDH-14-01)
  - Net coal thickness of **5.2m** between 23.0m and 29.3m (GNDH-14-03)
- Historical coal quality results indicate a mid-volatile coking coal in the drill target area, consistent with premium coking coal products from the region

- Due to the strong exploration results, Atrum has elected to postpone the Kuro spinoff and focus on adding more value to Elan in an effort to maximise shareholder value

### Kuro Coal Licences in Peace River Coalfield Granted

- Kuro was granted four coal licences covering a total area of 5,239 hectares located in the coking coal rich area of Peace River
- Licences were granted following consultation with local First Nations bands

### **Corporate:**

#### Completion of Placement

- During the quarter, Atrum completed a placement of approximately \$8 million which was applied to the continued development of the Groundhog Anthracite Project and ongoing working capital

#### Mineral Exploration Tax Credit (METC)

- Atrum currently awaiting receipt of the 2013 and H1 2014 METC refund from the Canadian Revenue Agency (CRA) for the exploration refund associated with the Groundhog Anthracite Project
- Total anticipated receipt of approximately \$3.5 million

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Atrum Coal NL (“Atrum” or the “Company”) (ASX: ATU) is pleased to report the Company’s activities for the quarter ended 31 December 2014 in relation to its flagship Groundhog Anthracite Project and the advanced development of the Groundhog North Mine located in British Columbia, Canada.

Commenting on the quarterly achievements, Executive Chairman James Chisholm stated:

*“This past quarter has been a very active and busy time for Atrum. Importantly, we have identified multiple market segments for the high grade and ultra-high grade anthracite at our 800sqkm Groundhog tenure, and multiple potential mine sites in addition to Groundhog North. We have built our operational team to achieve the key milestone of ‘first anthracite on ship’ and our supplementary PFS (SPFS) has demonstrated that under an owner operator model, the Groundhog North Underground Mine is able to generate a post-tax NPV of \$1.7bn.*

*“The Company is now in discussions with major steel manufacturers and key traders to secure offtake MoU’s whilst continuing to review the exceptional results of our 2014 drilling program, which has provided additional mine development opportunities.*

*“Our on-site crew has reduced from more than 40 personnel at camp to 5 for winter maintenance while we plan for our forthcoming drill season and prepare to commence mining operations and site civil works. The Company is focused on obtaining development funding for the Groundhog project as*

*we progress with transitioning the Groundhog North Underground Mine into production. Our mandated tier one investment bank has been assisting us in this regard. We are also using the time to plan for first anthracite sales.*

*"We have identified several small, shallow, low stripping ratio, low-cost, continuous rehabilitation open-pit opportunities that would complement our existing underground mine plan. Selected pits are being included in our SPFS to provide a low capital cost entry to mining. The modified financials from starting with a small open-cut operation are even more compelling than our stand-alone underground mine proposed at Groundhog North.*

*"In addition to exploring and developing the world's largest high-grade and ultra-high-grade anthracite resource, the Company also proved a significant metallurgical project at Elan in south-western Alberta. The coal intersections encountered at the Elan project demonstrated the exciting opportunity that exists and as previously advised, the Board has elected to put the spin-out of Kuro on hold in order to add more value. We are awaiting coal quality, geological modelling and JORC reports at present.*

*"We are very excited by the development milestones that have been achieved at Groundhog and the exploration success at Elan. The Company is focussed on securing the necessary development partners and funds to help realise the potential of the Groundhog anthracite field in 2015. The year has started well, with lump anthracite selling for more than US\$200/t due to supply disruptions from Russia and Ukraine, and this buoyancy is expected to continue throughout 2015."*

## **GROUNDHOG ANTHRACITE PROJECT**

The Groundhog Anthracite Project (**Groundhog**) is located in the Groundhog Coalfield in the northern part of the Bowser Basin in north-western British Columbia, approximately 890 km northwest of Vancouver, 150 km northeast of Stewart, and 300 km northeast of Prince Rupert.

During the quarter, the Company completed its drilling at Groundhog, demobilising equipment and crew reducing the number of operational personnel on site from in excess of 40 personnel in camp to 5, with a commensurate reduction in operational expenditures.

The Company is now focused on delivering offtake MoU's from major steel producers and key traders. During the quarter, the Company spent considerable effort on coal quality analysis, working with some of the major steel manufacturers in Japan and Korea to further enhance the understanding of the use and quality of the anthracite developed at Groundhog. This was complemented by the delivery of test marketing samples which were received favourably, and as a pre-cursor to the delivery of larger trial batches from the proposed Bulk Sample area at Groundhog North Underground Mine.

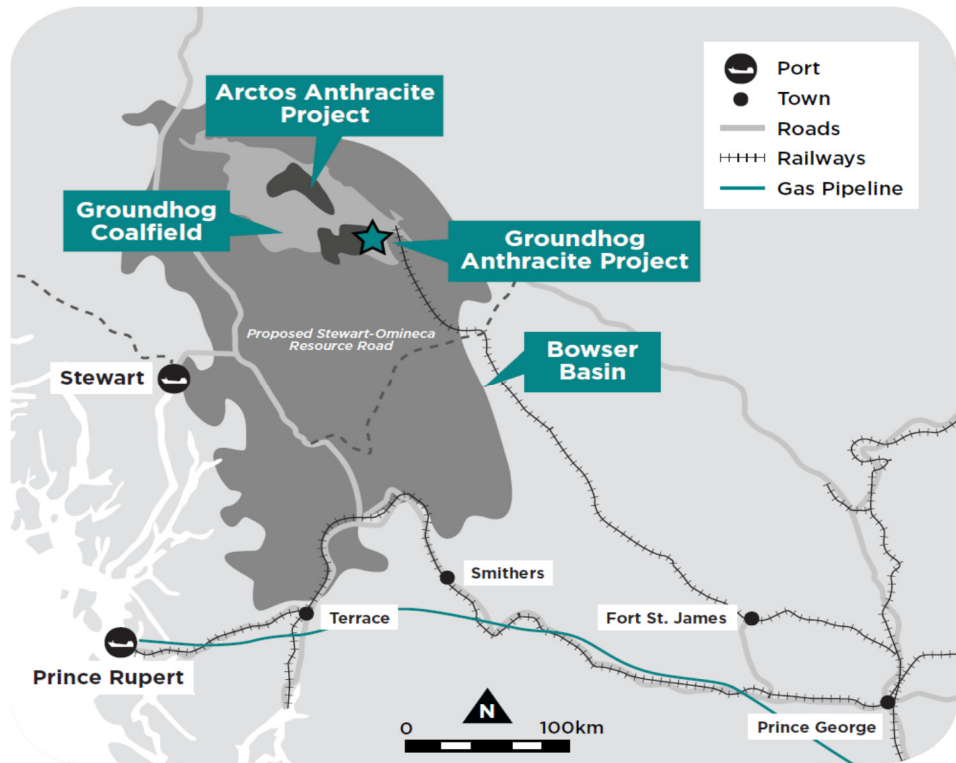
The Company is focused on obtaining development funding for the Groundhog project as progress continues with the transitioning of the Groundhog North Underground Mine into production. The Company has been working with a tier one investment bank to assist management to secure the necessary development funds.

The Groundhog Anthracite Project (**Groundhog**), including Panorama, now comprises 45 granted coal licences and 33 coal licence applications covering an area of 81,616 hectares (816sqkm). Groundhog is prospective for high grade and ultra-high grade anthracite suitable for application in the steel and ferro-alloy industries.

The Groundhog Anthracite Project is located in close proximity to key mining infrastructure including rail, port, road, power and water facilities. A rail easement or 'right-of-way' completed by the British Columbia Railway ("BCR") runs through the Groundhog Anthracite Project for approximately 30km southwards. At this point it connects with existing rail, at the Minaret Terminus, and continues on to the dedicated coal terminals at the deep sea ports of Prince Rupert and Port Metro Vancouver. The distance by rail from the Groundhog Anthracite Project to Fort St. James is 381 km; to the regional centre with extensive rail marshalling yards, Prince George is 497 km; to the deep sea port of Prince Rupert via the British Columbia and the Canadian National railways is 1,234 km; and to the deep sea port at Vancouver is 1,294 km.

The Groundhog Anthracite Project is also approximately 150km north east of the deep sea port town of Stewart, where Atrum holds a non-take-or-pay port contract.

The Company has investigated the construction of a private haul road, which would create a 215km direct access corridor from the Groundhog North Mine to the deep water port of Stewart.



Groundhog Anthracite Project – location map

## ANTHRACITE RESOURCES

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

JORC Category	Resource (Mt)
Measured	16
Indicated	553
Inferred	998
<b>Total</b>	<b>1,567Mt</b>

Table 1: JORC Resource at Groundhog

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

The table below illustrates the depth cut-off of the JORC resource at Groundhog:

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

*Table 2: JORC Resource at Groundhog by depth*

## ANTHRACITE QUALITY

The anthracite quality results received from the 2014 Groundhog drilling program were excellent and are in line with previous results, demonstrating that anthracite quality at Groundhog ranks amongst the highest in the world. With such high quality anthracite, the Company is well-positioned to deliver carbon products into the global steel industry, speciality metals industry and specialist market applications.

High grade and ultra-high grade anthracite is used in steel manufacturing as an economic and environmentally superior substitute for metallurgical coke. Anthracite is also used in the manufacture of specialty steels and alloys, in electric arc furnaces, for ore sintering, as a reductant and cathode paste and as an economic alternative to graphite.

Anthracite quality results at the Groundhog Anthracite Project, are shown in the table below:

	Groundhog Anthracite Project (washed at 60% yield)	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			

## SUPPLEMENTARY PFS AT GROUNDHOG NORTH MINE DELIVERS \$1.7BN POST-TAX NPV

During the quarter, the Company announced the results of its optimisation of the Groundhog North Underground Mine Pre-Feasibility study.

Additional drilling and coal quality test work at Atrum's Groundhog Anthracite Project, along with the acquisition of additional leases, led to an increase in JORC Resources. This enabled the Company to produce a Supplementary Pre-Feasibility Study (SPFS) for Groundhog North Underground Mine. Refinements in road, rail and port infrastructure plans along with improved project economics due to optimisation of the mine plan allowed the Company to significantly increase mine life, NPV, IRR and free cashflow.

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.

Key metrics of the PFS and SPFS are summarised below:

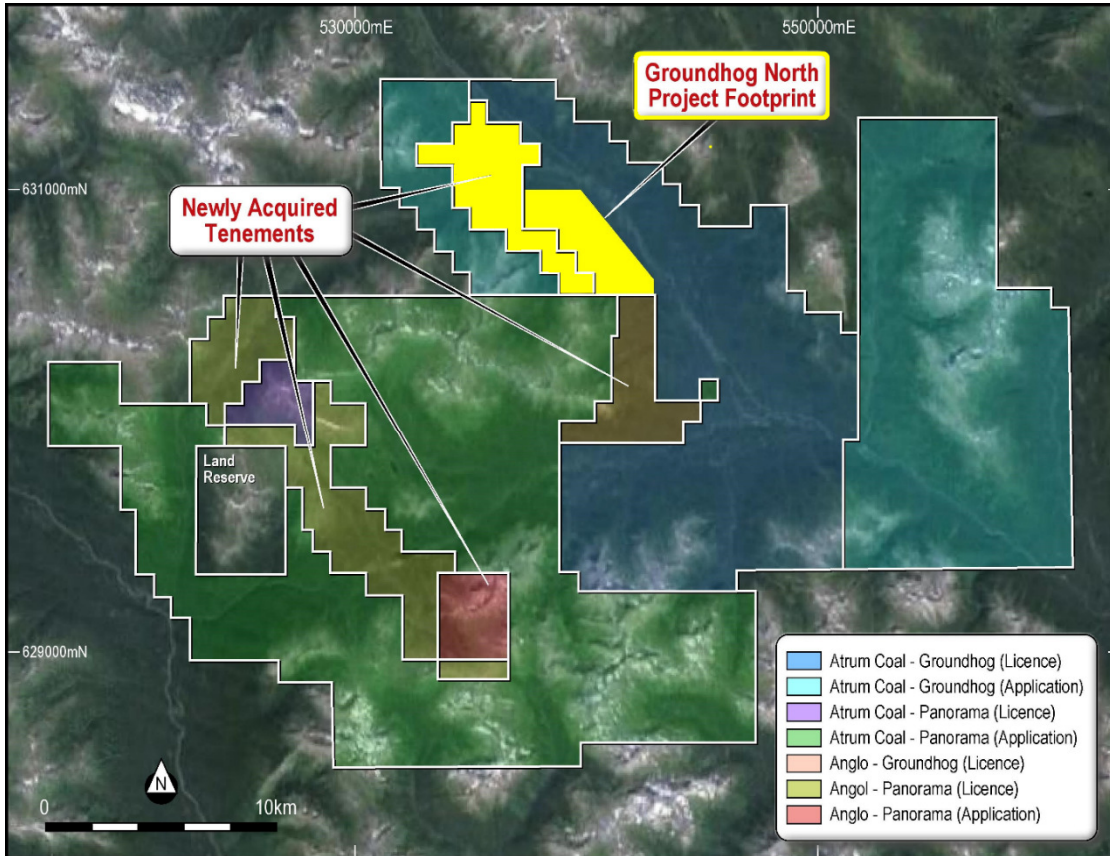
Factor	PFS (May 2014)	SPFS (October 2014)
Life of mine	16 years	38 years
JORC Coal Resource	305Mt	609Mt
Mineable ROM	75Mt	176Mt
Annual ROM	5.4Mt	5.4Mt
Annual production	3.2Mt	3.2Mt
FOB Production Cost (including royalties)	US\$89/t	US\$86/t
Total capital cost	US\$631M	US\$596M
Minimum capital to small scale production	US\$77M	US\$58M
Post-tax NPV10 (nominal)	A\$1,040M	A\$1,685M
Post-tax IRR (nominal)	39%	42%
Post-tax LOM free cash flow (nominal)	A\$3,360M	A\$11,159M
Yield (Product/ROM)	60%	60%
Average margin, all products	US\$100/t	US\$100/t

*Table 3: Comparison of PFS and SPFS*

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 "Atrum Coal – SPFS Clarification Notice"

## 100% INCREASE IN JORC RESOURCES AT GROUNDHOG NORTH

During the quarter, Atrum Coal NL announced an upgrade to the JORC anthracite resources at the Company's flagship Groundhog Anthracite Project ("Groundhog"), located in British Columbia, Canada.



The reportable JORC resources at Groundhog North increased from 305.2Mt to 609.2Mt, the categories of which are summarised in the table below.

JORC Category	Previous Resource (Mt)	Upgraded Resource (Mt)
Measured	100.1	156.1
Indicated	129.1	193.3
Inferred	76.0	259.8
<b>Total</b>	<b>305.2Mt</b>	<b>609.2Mt</b>

Table 4: JORC Resources at Groundhog North

The table below illustrates the depth cut-off of the JORC resource at the Groundhog North Mine:

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
<b>Total by JORC Category</b>	<b>156.1</b>	<b>193.3</b>	<b>259.8</b>	<b>609.2</b>

Table 5: JORC Resources at Groundhog North by depth



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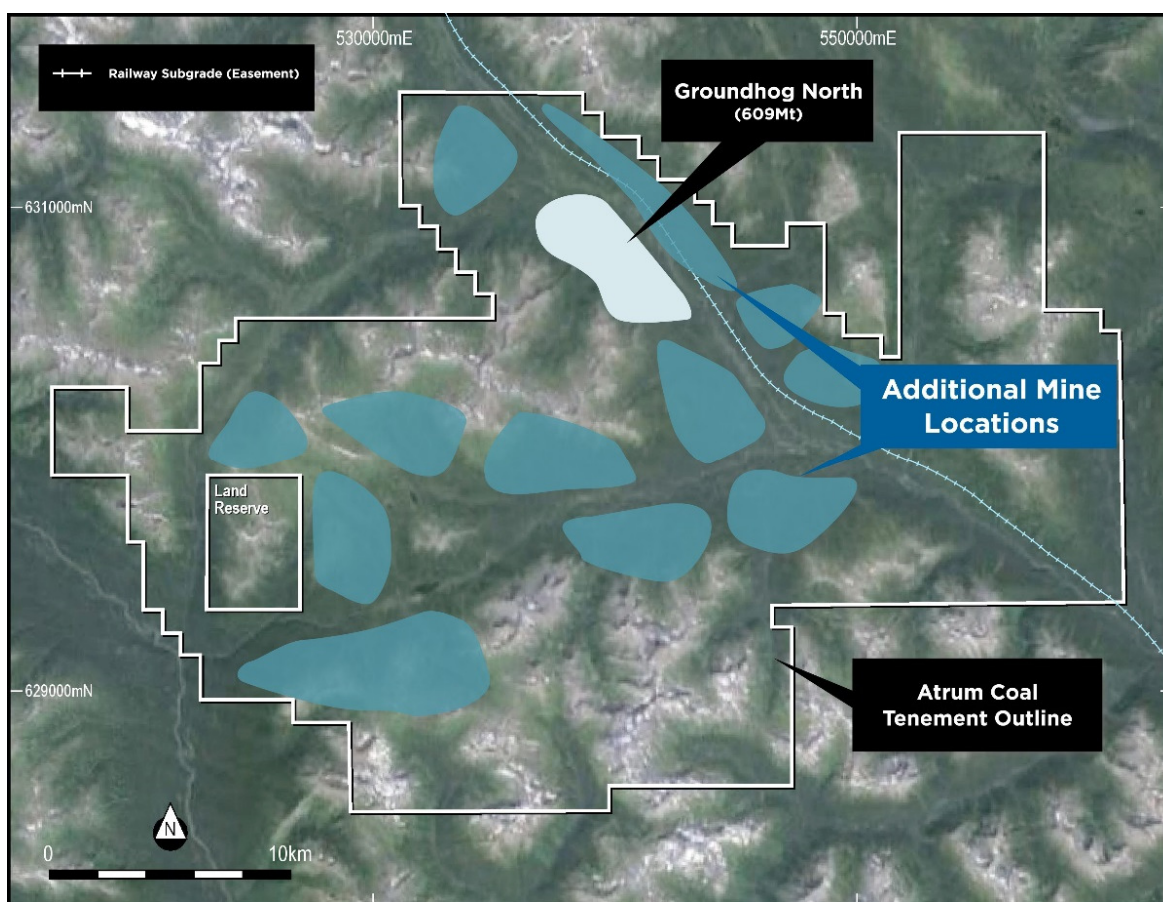
*For further information in relation to the increase in the JORC resources at the Groundhog North Mine, please refer to the ASX announcement dated 14 October 2014 and titled "Atrum Coal – Increased JORC Resources at Groundhog North".*

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## REGIONAL DRILLING SUCCESS AT GROUNDHOG

In addition to drilling the Groundhog North area, a total of eight regional drill holes were completed yielding an average net anthracite thickness of 20.5m. The drill holes were located outside the current resource envelope and the results suggest a material increase in JORC resources is possible.

Initial results from six drill holes on the eastern side of the rail-subgrade at Groundhog North East, indicate a high grade anthracite deposit of similar size and quality to that at Groundhog North. This area has the potential to support a standalone mine (Mine II). Two drill holes located in the southern portion of Groundhog (immediately west of 2012 drill holes with large anthracite intersections) described as Groundhog South, also indicate potential for an additional mine development (Mine III).



**Additional mine potential discovered at Groundhog**

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*For further information in relation to the regional drilling at the Groundhog Anthracite Project, please refer to the ASX announcement dated 16 October 2014 and titled "Regional Drilling Success Supports Atrum Multi-Mine Strategy".*

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## HIGH GRADE ANTHRACITE EXTENSION CONFIRMED AT PANORAMA

During the quarter, the Company announced that it had encountered significant anthracite exposures during a reconnaissance exploration program at its Panorama Anthracite Project, approximately 10km east and contiguous with the Groundhog Anthracite Project, located in British Columbia, Canada.

Anthracite exposures at Panorama suggest a synclinal geologic “bowl” structure similar to that identified on the eastern extent of the Groundhog Coalfield, where Groundhog North is located. A total of 96 historical trenches have been identified in the Panorama area (MMTS, 2010), identifying nine near-surface coal seams.

Aside from being an exciting opportunity in its own right, Panorama has the potential to contribute significantly to Atrum’s multi-mine strategy and long term vision to become the world’s largest high grade anthracite producer.



Anthracite seam exposures at Panorama

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*For further information in relation to the high grade anthracite extensions confirmed at the Panorama Anthracite Project, please refer to the ASX announcement dated 6 November 2014 and titled “High Grade Anthracite Extension Confirmed at Panorama”.*

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## GROUNDHOG COALFIELD EXPLORATION TARGET

As part of developing its multi-mine strategy, Atrum engaged Australian geological consulting firm, Gordon Geotechniques to identify a global Exploration Target for the approximate 800km<sup>2</sup> of 100% owned consolidated Groundhog Coalfield tenure, which includes the Panorama area.

Gordon Geotechniques estimated an Exploration Target of 32.6 to 33.6 Billion tonnes of high grade to ultra-high grade anthracite. This assumes 25m of net coal and a coal density range of 1.65-1.7 tonnes/m<sup>3</sup>.

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*For further information in relation to the exploration target update for the Groundhog Coalfield, please refer to the ASX announcement dated 6 November 2014 and titled “High Grade Anthracite Extension Confirmed at Panorama”. In addition, please refer to ASX announcement dated 18 November 2014 and titled “Atrum Coal – Exploration Target Clarification Notice.”*

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## KURO COAL LIMITED

### MAJOR COAL INTERSECTIONS AT ELAN COKING COAL PROJECT

Seven drill holes, four diamond core and three rotary, together with seven trench sites where designed to test coal quality and increase the current JORC resource at Elan in South Western Alberta.

Initial exploration results are outstanding with very thick and shallow coal intersections encountered including:

- Net coal thickness of 20.8m between 54.6m and 82.3m (GNDH-14-02)
- Net coal thickness of 14.3m between 18.3m and 34.4m (GNDH-14-05)
- Net coal thickness of 12.2m between 77.9m and 94.6m (GNDH-14-04)
- Net coal thickness of 10.0m between 55.6m and 67.8m (GNDH-14-07)
- Net coal thickness of 9.6m between 28.9m and 46.8m (GNDH-14-06)
- Net coal thickness of 8.2m between 64.5m and 77.2m (GNDH-14-01)
- Net coal thickness of 5.2m between 23.0m and 29.3m (GNDH-14-03)

The 2014 drill results have exceeded expectations and the Company anticipates a significant increase in JORC coal resources at Elan following coal quality testing and resource modelling. This has added significant value to the project and for Atrum shareholders. The Board has elected to retain Kuro in-house for the time-being, in order to review the project in more detail prior to the planned spin-out.

Core photographs from the 2014 drilling program are provided below:



Drill Hole GNDH-14-02 Core Photo starting at 66.1m



Drill Hole GNDH-14-04 Core Photo starting at 85.5m

Historical coal quality results indicate the presence of a mid-volatile coking coal in the drill target area, consistent with coking coals from the region.

*For further information in relation to the major coal intersections encountered at the Elan Hard Coking Coal Project, please refer to the ASX announcement dated 11 December 2014 and titled "Major Coal Intersections at Elan Coking Coal Project."*

## KURO COAL RECEIVES GRANT OF PEACE RIVER COAL LICENCES

During the quarter, Kuro Coal announced that following First Nations and community consultation, the Company received four coal licences in the Peace River Coalfield, British Columbia, Canada.

The four granted coal licences total 5,239 hectares and are located in the coking coal rich area of Peace River. The Peace River Project is located approximately 30 km west of the Wapiti Coal Project, owned by Hillsborough Resources Limited, approximately 40 km east of the operating Brule Mine, owned by Walter Energy Inc, and 35 km north of the Perry Creek/Wolverine Mine, owned by Walter Energy Inc. It is located on the western margin of the Western Canadian Sedimentary Basin and the eastern fringe of the Rocky Mountain foothills fold belt.

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*For further information in relation to the granting of the Peace River Coal Licences, please refer to the ASX announcement dated 10 October 2014 and titled "Kuro Coal Receives Grant of Peace River Coal Licences."*

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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 the Quarterly Activities Report for the period ended 31 December 2014:

- (a) LR 5.19.1: The production targets and forecast financial information referred to in the Quarterly Activities Report for the period ended 31 December 2014 were derived from the ASX announcement titled “Supplementary PFS at Groundhog North Delivers \$1.7Bn NPV” which was released on 20 October 2014 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”.
- (b) LR 5.19.2: Atrium 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 announcements dated 20 October 2014 and subsequently clarified in the announcement dated 18 November 2014 continue to apply and have not materially changed.
- (c) LR 5.19.3: Not Applicable.
- (d) LR 5.19.4: Not Applicable.

## 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 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.

### ***Exploration Results – Elan Project***

The information in this document that relates to Exploration Results related to the Elan Project is based on information compiled by Brad Van Den Bussche B.Sc P.Geo, who is a Member of a Recognised Overseas Professional Organisation (ROPO) included in a list promulgated by the ASX from time to time, being the Canadian Institute of Mining and Metallurgy. Mr Van Den Bussche has read and understands the requirements of the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012 Edition). Mr Van Den Bussche is a Competent Person as defined by the JORC Code, 2012 Edition, having five years' experience that is relevant to the style of mineralisation and type of deposit described in this document, and to the activity for which I am accepting responsibility.

Mr Van Den Bussche is Technical Officer of Kuro Coal Limited (a wholly owned subsidiary of Atrum Coal) and has sufficient experience which is relevant to the style of mineralisation and type of deposit and mineralisation under consideration and to the activity which they are undertaking. Mr Van Den Bussche consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.