

ATRUM COAL SIGNS US\$100M EQUIPMENT FINANCE AGREEMENT FOR GROUNDHOG NORTH MINE

HIGHLIGHTS

- Atrum signs binding equipment finance agreement with China Coal Technology & Engineering Group Corp (CCTEG) for the supply and finance of anthracite mining equipment to develop Groundhog North (Production Finance Package)
- Stage One of the Production Finance Package is valued at US\$100 million and includes the supply of roadheaders, mobile diesel equipment, QDS attachments, conveyor systems, continuous miners, shuttle cars, mobile bolters, feeder breakers, auxiliary fans, a mini wall mining unit and the first stage of a modular coal handling and preparation plant (CHPP) allowing Atrum to complete the initial small scale mine and subsequent mini wall development at Groundhog North
- The Production Finance Package can be drawn down in stages to facilitate the phased development of Groundhog and the receipt of approved BC Government mining permits
- Upon delivery of each equipment item, Atrum will be afforded a 12 month repayment free period, following which it will be required to pay down the equipment within the subsequent 3 years (total term of facility of 4 years)
- CCTEG is one of China's largest state-owned enterprises (SOEs) generating >US\$7B revenue from the manufacture and sale of specialised coal mining equipment and operating coal mines. CCTEG has been involved in the development and operation of more than 80% of the large underground WA coal mines and 98% of the large open cut coal mines in China where more than 3.5 billion tonnes of coal is produced each year
- CCTEG is a leading operator of anthracite mines in China, manufacturer of specialty anthracite mining equipment and foremost anthracite research organisation having been responsible for more than 70% of China's extensive coal industry research and more than 6,000 scientific research projects



ASX:ATU - Share Information
Issued Shares: 170.1m

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Non-Executive Director
Company Secretary

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

Key Projects

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

Atrum Coal NL ("**Atrum**" or the "**Company**") (ASX:ATU) is pleased to announce it has signed a binding Equipment Finance Agreement with China Coal Technology & Engineering Group Corp (CCTEG) for the supply and finance of anthracite mining equipment to facilitate development at Groundhog North, part of the Company's flagship Groundhog Anthracite Project ("**Groundhog**"), located in British Columbia, Canada.

Atrum's Vice President Operations, Mr Ben Smith commented on the binding Production Finance Package stating:

"This is a landmark agreement for the Company and significantly de-risks our funding requirements. Through this facility, we have the plant and equipment required to deliver the bulk sample mine, upgrade to a small scale mine and further ramp up and progress approximately 1.5Mtpa (ROM) production of the full scale mine."

"We have secured a strong partner in the world's dominant supplier of specialist anthracite mining equipment, and a major supplier of high-quality specialist coal mining equipment. CCTEG is also leading research and development of new mining technologies and processes."

The Company will be able to commission mining equipment in stages, commensurate with production ramp up at Groundhog North, and in sequence with the various stages of permitting.

Mr Smith continued:

"Long lead items associated with commissioning Atrum's first mine, Groundhog North will be ordered during 1H 2015"

The Company expects to receive its bulk sample mining licence at Groundhog North for the first 100,000 tonnes during H1 2015. This permit, combined with the Production Finance Package, will facilitate maiden anthracite shipments of ultra-high grade anthracite to Asian export customers later this year.

Atrum is in advanced negotiations with a select number of resource specialist Private Equity funds and continues to progress discussions with strategic offtake partners from Japan and Korea for a direct equity investment into Groundhog North.

Executive Director, Mr Gino D'Anna commented on the advanced discussions with resource specialist private equity groups stating:

"Atrum has secured an important piece of Groundhog North funding with the CCTEG facility. Combined with pending receipts of approximated CAD\$7 million of METC refunds for exploration work carried out in 2013 and 2014 (CAD\$3.5mil expected to be received May 2015) the Company is adequately funded to continue negotiations with external financiers and prepare for commencement of the bulk sample."

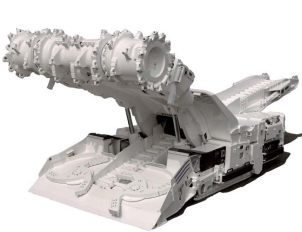
EXECUTION OF BINDING AGREEMENT WITH CCTEG

The execution of the binding Production Finance Package with CCTEG provides for the supply and finance of anthracite mining equipment to accelerate development at Groundhog North, the first mining zone of Atrum's broader flagship Groundhog Project. One of the key drivers for CCTEG in providing Atrum with this facility is that it provides an opportunity to associate with a major developing project like Groundhog and establish a distribution profile in Canada, where they are seeking to expand their customer base and investments.

The equipment, which can be drawn down at any time, will facilitate production ramp up from bulk sample mining, through to small scale mining, through to initial mini wall production as part of the full scale commercial mine where the Groundhog North Underground Mine is forecast to produce approximately 5.4Mtpa (ROM).

The execution of this binding Production Finance Package with CCTEG is a significant de-risking milestone for the Company as it will facilitate the commencement of mining at Groundhog North. Final permits for the bulk sample are expected during H1 2015 and the Company is currently scheduling the equipment drawdown cycle, which has been staged according to permits with some equipment to be drawn down pre-permits to minimise potential lags.

Stage One of the Production Finance Package is valued at US\$100 million and includes the supply of roadheaders, diesel mobile equipment, QDS attachments, conveyor systems, continuous miners, shuttle cars, mobile bolters, feeder breakers, auxiliary fans, mini wall and modular CHPP required to complete the initial small scale mine and subsequent mini wall development for the full scale mine. CCTEG is ISO9001 Quality Systems compliant.



Various equipment manufactured by CCTEG

The Production Finance Package will be drawn down in stages. Upon delivery of each equipment item, Atrum will be afforded a 12-month repayment free period, following which it will be required to pay down the equipment within the subsequent 3 years (total 4 year term).

No further security is required to be provided by Atrum beyond the actual equipment which will ensure that Groundhog North remains unencumbered further facilitating the eventual project sell down to various Asian traders and end-users.

CCTEG will provide Stage One of the Production Finance Package on the following broad terms, to be contained in the final loan documentation:

- staged draw-down linked to provision of equipment;
- an interest rate to be agreed, calculated from the date that the equipment is delivered (expected to be between 2.5%p.a. and 5%p.a.);
- a one year repayment free period following provision of equipment; and
- full repayment of the loan within four years of equipment delivery.

Atrum is currently finalising the detailed equipment list prior to execution of formal drawdown documentation.

Having secured a binding commitment from CCTEG for a US\$100m equipment finance package, which will underpin the next three years of mining and development at Groundhog North, Atrum and CCTEG are also currently negotiating Stage Two of the Production Finance Facility, which will provide a further US\$250 million to expand both the full scale underground mine to its 5.4Mtpa (RoM) steady state production beyond 2017 production rates and finance further mine expansions in the Groundhog North zone.

The CCTEG facility allows the Company to accelerate mine development and thus increase the value of Groundhog North whilst negotiations with Asian mills and traders regarding the purchase of offtake rights and a stake in the Groundhog North mine continue.

Equipment engineering, finance and procurement was facilitated by Equipment Resource Group (ERG) of New South Wales, Australia.

ABOUT CHINA COAL TECHNOLOGY & ENGINEERING GROUP CORP

CCTEG has a long standing history in the anthracite and coal sector extending more than 50 years. The organisation has 19 wholly-owned subsidiaries and one high-tech listed company.



CCTEG corporate video:

<http://www.ccteg.cn/cctegen/EnterprisePublicity/n81.html>

CCTEG has been focusing on coal research and design engineering of coal mines and equipment. The organisation generates in excess of US\$7B revenue from the manufacture and sale of specialist coal mining equipment and from coal mining operations within China, Iran, Mongolia, Vietnam, Turkey, Indonesia, Burma, Pakistan, India and Albania.

CCTEG is one of China's largest state-owned enterprises and has been involved in the development and operation of more than 80% of the large underground coal mines and 98% of the large open cut coal mines in China, where more than 3.5 billion tonnes of coal is produced each year.

CCTEG is, more importantly, a leading operator of anthracite mines in China, manufacturer of specialty anthracite mining equipment and foremost anthracite research organisation having been responsible for more than 70% of China's extensive coal industry research and more than 6,000 scientific research projects.

CCTEG is one of the ten important member companies of the organizing committee for the International Mining Conference. The organisation has established long-term cooperative relationships with more than 100 institutions from over 20 countries.

Since its establishment, CCTEG has provided engineering services to a range of clients with different requirements, including planning, consultancy, feasibility studies, design engineering and EPC services for underground coal mines, open-pit coal mines, coal preparation plants and coal washing plants. CCTEG are currently completing projects in China, Turkey, Vietnam, Indonesia, Russia, Uzbekistan, Pakistan, Nigeria, Australia, South Korea, and Mongolia.

CCTEG has a dominant position in research and development of machinery and technology, including mine machinery, safety machinery and technology and digital mining solutions.

CCTEG has accumulated significant expertise in advanced management skills and possesses significant expertise including technical assistance in coal mines, preparation plants and washing plants to keep the plants in a safe, high efficiency, low consumption and stable production environment.

CCTEG also operates a coal chemical laboratory which undertakes quality testing, control for anthracite and coal products like coke and active carbon and the design of equipment configurations for further research and development.

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Forward Looking Statements

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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.

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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.