Atrum Coal
COAL FOR STEEL

Interim Financial Report

31 December 2015
Atrum Coal NL
ABN 27 153 876 861

CORPORATE DIRECTORY

Directors

Robert Bell	Executive Chairman
James Chisholm	Non-Executive Director
Cameron Vorias	Non-Executive Director
Steven Boulton	Non-Executive Director
John Wasik	Non-Executive Director

Company Secretary

Theo Renard

Registered Office

Level 19
1 O'Connell Street
Sydney NSW 2000

Tel: (02) 8249 1884
Fax: (02) 8249 1800
Email: info@atrumcoal.com

Share Register

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153

Tel: (08) 9315 2333
Fax: (08) 9315 2233

Bankers

Commonwealth Bank of Australia
Level 14A
300 Murray St
Perth WA 600
Tel: (08) 9482 6922
Fax: (08) 9482 6099

Auditors

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

Tel: (08) 6382 4600
Fax: (08) 6382 4601

Lawyers (Australia)

Maddocks
Level 27, Angel Place
123 Pitt Street Street
Sydney NSW 2000
Tel: (02) 9291 6100
Fax: (02) 9221 0872

Lawyers (Canada)

McCarthy Tetrault
Pacific Centre
777 Dunsmuir Street
Vancouver BC V7Y 1K2
Tel: +1 604 643 7154
Fax: +1 604 376 9913

Stock Exchange Listing

The Company is listed on the Australian Securities Exchange (ASX)
Home Exchange: Perth, Western Australia
ASX Code: ATU

Appendix 4D

Atrum Coal NL

ABN 27 153 876 861

Half-Year Report – 31 December 2015

RESULTS FOR ANNOUNCEMENT TO THE MARKET

(This information should be read in conjunction with the last annual report and any announcements to the market by Atrum Coal NL during the period)

	Half - Year Ended 31/12/15 $A	Half - Year Ended 31/12/14 $A	Amount change $A	Percentage change %
Revenue from ordinary activities	215,322	1,766,624	(1,551,302)	(87.8)
Loss from ordinary activities after tax attributable to members	(5,612,424)	(12,210,632)	(5,266,003)	43.1

Dividends (distributions)
There are no dividends proposed by the Company.

	Current period	Previous corresponding period
Basic (loss) per share in cents	(3.89) cents	(7.29) cents

Independent Auditor's Review Report
The Independent Auditor's Review Report can be found on page 12 of the attached financial report for the Half Year ended 31 December 2015.

Robert Bell
Executive Chairman
15 March 2016

The information required by listing rule 4.2A is contained in both this Appendix 4D and the attached half-year report. This half-yearly reporting information should be read in conjunction with the most recent annual financial report of the company.

Interim Financial Report

Atrum Coal NL

ABN 27 153 876 861

31 December 2015

CONTENTS

PRINCIPAL ACTIVITIES

Atrum Coal is an exploration and development company focussed on metallurgical coal projects. The Company's flagship project is the high grade and ultra-high grade Groundhog Anthracite Project (**Groundhog**) located in British Columbia, Canada. Other early stage projects include the Naskeena Coal Project, the Bowron River Coal Project and a joint venture on the Elan Coking Coal Project, all located in Canada.

Western Canada provides excellent opportunities in a low risk jurisdiction with well-established rail and port infrastructure. High grade metallurgical coal is a geologically scarce commodity and the majority of well-endowed, undeveloped regions suffer from inadequate rail and port infrastructure or heightened sovereign risk. Groundhog's access to established rail and port facilities that exhibit surplus capacity gives the Company FOB cost advantages over other regions that lack this access.

The Groundhog Project (which includes the Panorama area) comprises 46 granted coal licences and 40 coal licence applications. Groundhog is prospective for high grade and ultra-high grade anthracite suitable for use in the manufacture of blast furnace steel, as well as electric arc furnaces, as a reductant, filter media, and feedstock for chemical production. The Company has devised multiple mines for development in the Groundhog Coalfield, beginning with the Groundhog North Mining Complex, comprised of multiple mines feeding a common coal handling and preparation facility (CHPP).

The indicative quality specifications for the anthracite developed at the Groundhog project compared with global indicative specifications is outlined below:

Anthracite Specification	Groundhog Anthracite (air-dried basis)	High-Grade Anthracite (air-dried basis)	Ultra-High Grade Anthracite (air-dried basis)
Total Moisture	8%	15% (max)	13% (max)
Ash	10%	15% (max)	12% (max)
Volatiles	5%	10% (max)	5% (max)
Fixed Carbon	83.5%	75% (min)	80% (min)
Sulphur	0.6%	1% (max)	0.6% (max)
HGI	55		
SE kcal/kg (gad)	7,300		
SE kcal/kg (daf)	8,300		
Classification	Ultra-High Grade & High Grade	Metallurgical & General Industrial	Metallurgical & Specialty Application

Atrum Coal aims to produce high grade and ultra-high grade anthracite as well as ultra-low volatile PCI for supply to the export markets internationally with a focus on Japan, Korea, China and Europe as well as the Americas. The Company has determined, through discussions with parties active in European and Asian markets, that niche markets for a high-grade carbon product will also open up to the Company once Groundhog establishes itself as a reliable supplier of high-quality products.

The Company is progressing with the development of its Groundhog project including reviewing a number of options for low capital cost entry into production and various large-scale mines that establish economies of scale in mining and transportation.

The Company also continues to progress its bulk sample permit application for Groundhog which, once granted, will enable it to extract up to 100,000t in total of high grade and ultra-high grade anthracite for delivery to potential long term customers.

REVIEW AND RESULTS OF OPERATIONS

FINANCIAL RESULTS

The loss of the Group after providing for income tax for the half year was $5,612,424 (2014: $12,210,632). Additional information on the operations and financial position of the Company and its business strategies and prospects is set out in this directors' report and the interim financial report. Losses are a typical feature of an exploration company at the pre-production stage as expenditures are made towards development without offsetting revenues from actual production.

REVIEW OF OPERATIONS

The Company was incorporated on 25 October 2011.

GROUNDHOG ANTHRACITE PROJECT

The Groundhog Anthracite Project (**Groundhog**) is located in the Groundhog Coalfield in north-western British Columbia, Canada. Groundhog comprises 46 granted coal licenses and 40 coal lease applications covering an area of approximately 82,716 hectares. Groundhog is prospective for high grade and ultra-high grade anthracite suitable for application in the steel and ferro-alloy industries, in water filtration, in the manufacture of plastics, and in the manufacture of carbon briquettes. It is located in the same region as rail, port, road, power and water facilities.

EXPLORATION

Exploration activities in 2015 focussed on consolidating knowledge of the two key economic targets, Discovery B seam and the lower, Duke E seam. Significantly improved float sink yields for the Duke E seam (yields >80%, compared to previous average yields of 60%) have stimulated a further design of mines in the Eastern Resource Block where these higher yields occur. The Company is currently finalising a new Pre-Feasibility (PFS) study which includes underground mines in the Discovery B and Duke E horizons, and low cost highwall options in Discovery B seam. The improved washing yields are expected to reduce the overall cost of production from the Duke E seam by approximately 12%, combined with lower entry costs to the shallow Duke E seam.

Hole ID	Seam	Depth (roof)	Thickness	Raw Ash	Yield (F1.80)	Product Ash (F1.80)
14-31	Duke E	186m	2.17m	17.4%	84%	9.1%
14-33	Duke E	109m	2.32m	20.7%	78%	10.0%
14-35	Duke E	78m	2.08m	17.0%	88%	9.6%

Table 1. Anthracite Quality from Eastern Mining Domain

As reported in the September quarter, recent field mapping led to the discovery of additional outcropping anthracite seams. Geological interpretation, sampling and coinciding quality results validating it as the Duke E seam located southwest of drill hole 14-35 in the table above and the trench's location and structure is consistent with that drill hole.

PRE-FEASIBILITY WORK

During, and subsequent to the period, the Company undertook further optimization of prior pre-feasibility work, as a result of additional quality and yield results that became available, and the results of further geological work undertaken during the period. As the Company builds further knowledge with regard to the geology of the Groundhog area, it has become apparent that there are multiple options for development. Given the geology and quality characteristics across the property, and the wide variation on the requirements of potential investors, the Company is designing multiple options for development, depending on the investment partners ultimately selected. These range from the underground operation detailed in the prior PFS through to small, low cost operations seeking to produce early production at low capital cost. As well, there are combinations of these, with the first three to five years targeting low cost, premium operations prior to utilizing project financing to expand capacity. A number of extraction areas have been identified across the Groundhog North Mining Complex, some suitable for long-term, high capacity operations, others suitable for low capex, low capacity, short-term operations extracting ultra-high grade anthracite.

The export strategy of the Company has been demonstrated by securing port capacity at the Port of Stewart, located 150km from the Groundhog Project. The accessibility of this large deep water port capable of loading panamax and cape size vessels in close proximity to Groundhog will enable the Company to establish a low capital entry into production and the proximity of Stewart provides for a cost-effective transportation route for the export of ultra-high grade anthracite. The rail line to the south of Groundhog also provides access to Ridley Terminals at Prince Rupert, and on rail to US and Canadian markets.

BULK SAMPLE PERMIT

The Company has applied for a Bulk Sample Permit to extract samples of high grade and ultra-high grade anthracite for customers to test in their production plants. Some customers have already tested small samples and this has led to increased interest in potential investment and offtake.

The Government of BC is currently progressing through its Mine Development Review Committee (MDRC) process in relation to the Bulk Sample Permit and the Special Use Permit (that provides ground access to the project) and the Company has responded to all information requests arising from that process. We have no outstanding requests for information.

PROJECT FUNDING

Offtake marketing MoUs have been signed with major global conglomerates for the marketing of high grade and ultra-high grade anthracite. These MoUs demonstrate the significant interest on the part of major consumers in the products that will be produced by Atrum and provide great confidence on market acceptance for the Groundhog Anthracite.

During the period, the Company advanced discussions with various North Asian parties and numerous other investors in relation to off-take and investment in the Groundhog Project, and Atrum Coal NL. The Company's data room is being updated on an ongoing basis with the results of ongoing project plans and engineering works. We are in active discussions with major investors interested in mining assets and will be initiating further discussions in the coming weeks with other parties based on expressions of interest.

In order to support further investment in the Groundhog project, and to allow for reclamation security bonding for the anticipated Bulk Sample Permit, the Company is in discussions with a US fund and with high net worth parties regarding debt hybrid and equity facilities. The aim of these facilities is increasing available cash reserves whilst the Company is negotiating with various groups that have or will soon access the Groundhog North sell-down data-room.

SITE OPERATIONS AND ENGINEERING

Until the award of the Bulk Sample Permit, site operations and related costs have been managed prudently, and the Company continues to conduct critical desk top engineering studies and the required environmental and site monitoring. The Company has managed its staff levels during and after the reporting period to ensure effective management of cash. The company is able to ramp up operations quickly with access to competent staff once the bulk sample permit has been approved. The desk-top studies have been exacting, with potential investment groups seeking multiple variations on mine designs, access areas, combinations of extraction techniques and transportation logistics. As well, third party geological and engineering groups have been engaged to audit the Company's work in order to provide independent verification for potential investors. This has resulted in a significant workload for the Company's personnel, who have responded very well to the demands. The Company is actively working on closing a funding deal to enable development of the Groundhog North area once the award of the Bulk Sample Permit occurs, and will continue to undertake refinements of the pre-feasibility study until then.

PANORAMA EXPLORATION

The Panorama Anthracite Project (**Panorama**) is the western part of the Groundhog project, comprising 14 granted coal leases and 16 coal lease applications over an area of approximately 27,970 hectares. Although there are historical trenches and coal showings, no drilling has been conducted at Panorama, and under JORC 2012 guidelines, it would be considered an area of interest only.

During and subsequent to the period, the Company has engaged in detailed discussions on possible joint ventures within Panorama with large, well-funded organizations. Through these potential joint ventures, the Company's plan is to advance exploration at Panorama to assist in the development of the entire Groundhog region. Additionally, the Company is exploring the possible engagement with partners in the region to help underwrite transport and port operations and accelerate the development of the Groundhog North Mining Complex.

The Company is currently re-negotiating the terms of the Anglo-Pacific promissory note to cater for the Company's strategy in relation to Panorama.

NASKEENA ANTHRACITE PROJECT

The Naskeena Anthracite Project (**Naskeena**) is located in western British Columbia, approximately 50km from the town of Terrace and 140km from the Port of Prince Rupert. It is an early stage project on the far western extent of the Groundhog Basin.

PEACE RIVER COAL PROJECT

After desk-top reviews, the Peace River Project (**Peace River**) was relinquished during the period.

BOWRON RIVER COAL PROJECT

The Bowron River Project (**Bowron River**) is located 60km east of the town of Prince George and is accessible from Prince George by 50km of paved road and then by 10km of all-weather gravel road. It is another early stage exploration project. The Company holds a total land position of 3,750 hectares at the Bowron River.

LITIGATION

The Company is engaged in litigation in the Federal Court against two former directors of the Company and a former employee in relation to the formation of BC Anthracite. The two former directors brought an action against the Company in June 2015 in the Supreme Court of WA which is on-going. Subsequent to the period, the Company was served a Notice of Civil Claim filed in the Supreme Court in British Columbia by a former contractor of the Company, for contested, unpaid Contractor invoices. In all of these actions, Atrum continues to vigorously defend and pursue its position and the best interests of the Company and note that these are not expected to result in loss to the company and accordingly no liability has been recorded.

CORPORATE

MINERAL EXPLORATION TAX CREDIT (METC)

The Company expects to receive METC for the period 1 July 2014 to 30 June 2015 in Canada during 2016 with the METC claim amount expected to be up-to $3.2 million, subject to audit and review by the Canadian Revenue Agency.

SUBSEQUENT EVENTS

On 11 January 2016, the Company was served a Notice of Civil Claim filed in the Supreme Court in British Columbia by a former contractor of the Company, for contested, unpaid Contractor invoices. In all of these actions, Atrum continues to vigorously defend and pursue its position and the best interests of the Company.

Other than those noted above, no other matters or circumstances have arisen since the end of the half year to the date of this report which significantly affected the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial periods.

AUDITOR'S INDEPENDENCE DECLARATION

The Corporations Act requires our auditors, BDO Audit (WA) Pty Ltd, to provide the Directors of the Company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 12 and forms part of this Directors' report for the half-year ended 31 December 2015.

This report is made in accordance with a resolution of the Board of Directors.

Robert Bell
Executive Chairman
Dated this 15th March 2016

Exploration Targets

This report refers to Exploration Targets as defined under Section 18 of the JORC Code. 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.

Competent Person Statements

Coal Resources – Groundhog Anthracite Project

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 fulltime 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 the 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.

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.

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF ATRUM COAL NL

As lead auditor for the review of Atrum Coal NL for the half-year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Atrum Coal NL and the entities it controlled during the period.

Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 15 March 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	Note	31 December 2015 $	31 December 2014 $
Revenue	4(i)	217,260	1,766,624
Expenses			
Directors fees and benefits expense		(72,979)	(417,398)
Employee benefits expense		(357,714)	(412,939)
Exploration expense		(1,241,928)	(9,127,404)
Finance costs		(481,568)	(78,049)
Share based payments	10	(713,965)	(301,607)
Professional fees		(1,392,786)	(2,687,720)
Travel expenses		(256,371)	(454,675)
Spin out costs		-	(45,629)
Other expenses	4(ii)	(1,312,373)	(451,835)
Loss before income tax expense		(5,612,424)	(12,210,632)
Income tax expense		-	-
Net loss after income tax expense		(5,612,424)	(12,210,632)
Other comprehensive income			
Items that will be reclassified to profit or loss			
Exchange differences arising from translation of foreign operations		(1,332,205)	(1,200,740)
Other comprehensive loss for the period, net of tax		(1,332,205)	(1,200,740)
Total comprehensive loss		**(6,944,629)**	**(13,411,372)**
Loss per share			
Basic (loss) per share in cents		(3.89)	(7.29)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	As at 31 December 2015 $	As at 30 June 2015 $
ASSETS			
Current Assets			
Cash and cash equivalents		2,673,203	253,058
Trade and other receivables	5	975,951	4,106,041
Total Current Assets		3,649,154	4,359,099
Non-Current Assets			
Plant and equipment		1,367,379	1,512,739
Exploration and evaluation expenditure	6	6,399,794	7,181,227
Total Non-Current Assets		7,767,173	8,693,966
Total Assets		11,416,327	13,053,065
LIABILITIES			
Current Liabilities			
Trade and other payables		(2,350,099)	(3,767,015)
Other Financial Liabilities	7	(6,182,915)	(5,281,858)
Total Current Liabilities		(8,533,014)	(9,048,873)
Non-Current Liabilities			
Borrowings		-	(2,499,342)
Total Non-Current Liabilities		-	(2,499,342)
Total Liabilities		(8,533,014)	(11,548,215)
Net Assets		2,883,313	1,504,850
EQUITY			
Issued capital	9	50,868,395	43,169,269
Reserves		3,310,489	4,018,729
Accumulated losses		(51,295,572)	(45,683,148)
Capital and reserves attributable to owners of Atrum Coal NL		2,883,313	1,504,850
Total Equity		2,883,313	1,504,850

The above Consolidated Statement of Financial Position is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	Attributable to Owners of Atrum Coal NL				
	Share Capital	Accumulated Losses	Share Based Payments Reserve	Foreign Currency Translation Reserve	Total
	$	$	$	$	$
Balance at 1 July 2015	43,169,269	(45,683,148)	3,086,451	932,278	1,504,850
Loss for the period	-	(5,612,424)	-	-	(5,612,424)
Other comprehensive income	-	-	-	(1,332,205)	(1,332,205)
Total comprehensive loss for the period	-	(5,612,424)	-	(1,332,205)	(6,944,629)
Transactions with owners in their capacity as owners					
Securities issued during the period	8,121,001	-	-	-	8,121,001
Capital raising costs	(511,875)	-	-	-	(511,875)
Share based payments	90,000	-	623,965	-	713,965
Balance at 31 December 2015	50,868,395	(51,295,572)	3,710,416	(399,927)	2,883,313

The above Consolidated Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2014 (Continued)

	Share Capital $	Accumulated Losses $	Share Based Payments Reserve $	Foreign Currency Translation Reserve $	Total Equity $
Balance at 1 July 2014	**33,833,732**	**(26,476,815)**	**2,387,441**	**102,783**	**9,847,141**
Loss for the period	-	(12,210,632)	-	-	(12,210,632)
Other comprehensive income	-	-	-	(1,200,740)	(1,200,740)
Total comprehensive loss for the period	**-**	**(12,210,632)**	**-**	**(1,200,740)**	**(13,411,372)**
Transactions with owners in their capacity as owners					
Securities issued during the period	9,479,448	-	-	-	9,479,448
Exercise of options	300,000				300,000
Capital raising costs	(502,661)	-	-	-	(502,661)
Share based payments	-	-	301,607	-	301,607
Balance at 31 December 2014	**43,110,519**	**(38,687,447)**	**2,689,048**	**(1,097,957)**	**6,014,163**

The above Consolidated Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	Half Year Ended	
	31 December 2015 $	31 December 2014 $
Cash flows from operating activities		
Receipts from customers	-	160,755
Payment for exploration expenditure	(1,349,083)	(13,125,885)
Payments to suppliers and employees	(2,985,747)	(2909,942)
Interest paid	(11,161)	-
Interest received	1,939	66,856
Other – Spin out costs	-	(45,629)
Net cash (used in) operating activities	**(4,344,052)**	**(15,198,125)**
Cash flows from investing activities		
Acquisition of mining interests	-	(831,743)
Payment for plant and equipment	(27,143)	(311,403)
Net cash (used in) investing activities	**(27,143)**	**(1,143,146)**
Cash flows from financing activities		
Proceeds from issue of shares	7,041,618	8,284,448
Proceeds from issue of convertible notes	-	800,000
Payment of capital raising costs	(511,874)	(502,661)
Payments for foreign currency hedges	-	(90,992)
Repayment of borrowings	(1,390,745)	-
Proceeds from borrowings	1,936,794	400,000
Net cash provided by financing activities	**7,075,793**	**8,890,795**
Net increase/(decrease) in cash and cash equivalents	2,704,598	(7,450,476)
Cash at beginning of the period	251,054	10,322,567
Exchange differences arising from foreign translation	(282,449)	144,091
Cash at end of the period	2,673,203	3,016,182

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1. REPORTING ENTITY

Atrum Coal NL (the "Company") is a company domiciled in Australia. The consolidated interim financial statement of the Company for the half year ended 31 December 2015 comprises the Company and its subsidiaries (together referred to as the "Consolidated Entity").

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2015 is available upon request from the Company's registered office.

2. BASIS OF PREPARATION OF THE HALF - YEAR REPORT

The consolidated interim financial report for half-year reporting period ended 31 December 2015 are a general purpose financial statement which has been prepared in accordance with Australian Accounting Standards AASB 134 Interim Financial Reporting, and the *Corporations Act 2001*. The consolidated entity is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The consolidated interim financial report does not include all the notes normally included in an annual report. Accordingly, this report is to be read in conjunction with the annual report of Atrum Coal NL for the year ended 30 June 2015 and any public announcements made by Atrum Coal NL and its controlled entities during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the Company's annual report for the year ended 30 June 2015.

<u>Impact of standards issued but not yet applied by the entity</u>

There were no new standards issued since 30 June 2015 that have been applied by Atrum Coal NL. The 30 June 2015 annual report disclosed that Atrum Coal NL anticipated no material impacts (amounts recognised and/or disclosed) arising from initial application of those standards issued but not yet applied at that date, and this remains the assessment as at 31 December 2015.

Accounting Standards Issued

In the half-year ended 31 December 2015, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for reporting periods beginning on or after 1 July 2015. It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to the Group's accounting policies.

2. BASIS OF PREPARATION OF THE HALF - YEAR REPORT (CONTINUED)

Going Concern

This report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The Group has incurred a net loss after tax for the half-year ended 31 December 2015 of $5,612,424 (2014: $12,210,632) and experienced net cash outflows from operating activities of $4,344,052 (2014: $15,198,125). At 31 December 2015, the Group had a deficiency in working capital of $4,883,860 (30 June 2015: deficiency of $4,689,774).

The Directors believe there are sufficient funds to meet the Group's working capital requirements and as at the date of this report the Group believes it can meet all liabilities as and when they fall due. The Directors consider this to be appropriate due to the Group's history of successful capital raisings, obtaining alternative finance and the fact it is in advanced discussions with potential financiers. The Group also expects to raise additional funds from a Mineral Exploration Tax Credit ('METC') in Canada.

However the Directors recognise that additional funding will be required through the receipt of additional METC funding (as disclosed in note 11) and/ or funding through debt, equity or convertible notes for the Group to continue to fund its exploration and development activities during the next twelve months.

The Directors have reviewed the business outlook and the assets and liabilities of the Group and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Group will continue to be successful in securing additional funds as and when the need to raise working capital arises.

Should the Directors not achieve the matters set out above, there is material uncertainty which may cast significant doubt as to whether the Group will continue as a going concern and therefore whether it will realise its assets and liabilities in the normal course of business.

The half-year financial report does not include any adjustments that may be necessary if the Group is unable to continue as a going concern.

3. ESTIMATES

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's annual financial statements for the year ended 30 June 2015.

4. REVENUE AND EXPENSES

Loss before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the Group:

	Half Year Ended	
	31 Dec 2015	31 Dec 2014
	$	$
(i) Revenue		
Other Income		
Bank interest	1,938	66,856
Foreign exchange gains	-	1,699,424
Other	215,322	344
	217,260	1,766,624
(ii) Other Expenses		
Depreciation Expenses	91,302	77,306
IT Expenses	22,613	81,110
Occupancy costs	201,356	167,974
Foreign Exchange Losses	258,521	-
Compliance	303,064	-
Other	435,517	125,445
	1,312,373	451,835

5. TRADE AND OTHER RECEIVABLES

	As at	
	31 Dec 15	30 Jun 15
	$	$
Other Receivables	821,110	4,075,840
Prepayments	154,841	30,201
	975,951	4,106,041

Terms and conditions relating to the above financial instruments:

- Other receivables are non-interest bearing and are generally repayable within 30 days.
- No receivables are past due or impaired.

6. EXPLORATION AND EVALUATION EXPENDITURE

	As at	
	31 Dec 15	30 Jun 15
	$	$
Peace River Project	118,715	133,210
Naskeena Project	367,401	412,262
Groundhog Project	1,384,314	1,553,343
Panorama Project [(a)]	4,529,364	5,082,411
	6,399,794	**7,181,227**
Reconciliation		
Balance at beginning of period	7,181,227	1,890,759
Additions during period	-	6,147,698
Foreign exchange translation differences	(781,433)	(857,230)
Balance at end of period	**6,399,794**	**7,181,227**

The Group policy in relation to exploration and evaluation expenditure is to capitalise activities relating to capital acquisitions and development assets and to expense ongoing exploration costs. The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases are dependent on the successful development and commercial exploitation or sale of the respective areas.

7. OTHER FINANCIAL LIABILITIES

	As at	
	31 Dec 14	30 Jun 15
	$	$
Other financial liabilities comprise:		
Promissory Note[(a)]	1,936,887	2,760,620
Kuro Coal Limited Convertible Notes (b)	800,000	800,000
Lenark facility (c)	1,509,234	-
Moneytech facility (d)	1,936,794	1,721,238
	6,182,915	**5,281,858**

(a) Promissory note issued to acquire Panorama coal exploration licenses and applications. Note has been extended to 31 March 2016. Interest accrues at 10% per annum.
(b) 160 Convertible notes issued at $5,000 face value by Kuro Coal Limited, a 100% subsidiary of Atrum Coal NL. No interest is applicable. A meeting with note holders is being arrange to discuss the repayment of this liability.
(c) Refer to note 12 for further details of Lenark facility.
(d) The Moneytech facility is used as a drawdown facility on Mineral Exploration Tax Credit (METC) claims. Refer to note 11 for further details.

8. FINANCIAL REPORTING BY SEGMENTS

The Group has identified its operating segments based on the internal reports that are used by the Board (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating segments are identified by the Board based on the location of the activity. For management purposes, the Group has organised its operations into two reportable segments as follows:

- Exploration - mineral exploration and development in Canada.
- All other segments – primarily involving corporate management and administration in Australia.

The Board as a whole will regularly review the identified segments in order to allocate resources to the segment and to assess its performance.

As at 31 December 2015, the Group had no development assets.

Half year ended 31 December 2015	Exploration $	All Other Segments $	Consolidated $
Segment Loss	(2,088,016)	(3,524,408)	(5,612,424)
Other segment information included in segment loss			
Revenue	214,793	2,467	217,260
Finance costs	(12,127)	(469,442)	(481,568)
Depreciation and amortisation	(86,404)	(4,898)	(91,302)

Half year ended 31 December 2014	Exploration $	All Other Segments $	Consolidated $
Segment Loss	(9,503,044)	(2,707,588)	(12,210,632)
Other segment information included in segment loss			
Interest revenue	114	67,086	67,200
Finance costs	(1,431)	(76,618)	(78,049)
Depreciation and amortisation	(70,199)	(7,107)	(77,306)
Total Segment Assets			
31 December 2015	8,519,418	2,896,908	11,416,327
30 June 2015	12,743,240	309,825	13,053,065
Total Segment Liabilities			
31 December 2015	(1,036,394)	(7,496,620)	(8,533,014)
30 June 2015	(988,104)	(10,560,111)	(11,548,215)

9. ISSUED CAPITAL

(a) Issued Capital

	As at			
	31 Dec 15		30 Jun 15	
	$	No.	$	No.
Issued Capital				
Ordinary shares – fully paid	50,868,174	186,602,960	43,169,048	170,192,959
Ordinary shares – partly paid	221	2,761,600	221	2,761,600
Total ordinary shares	50,868,395	189,364.560	43,169,269	172,954,5592

(b) Movements in Other Share Capital (Performance Rights) during the past six months were as follows;

Date	Details	Number of rights
1 July 2015	Opening Balance	4,160,000
17 Dec 2015	Forfeiture of Performance Rights	(1,500,000)
31 Dec 2015	Closing Balance	2,660,000

During the half year, nil (2014: nil) fully paid ordinary shares were issued for no consideration as a result of performance rights being exercised following the relevant milestones being achieved.

(c) Movements in Ordinary Share Capital during the past six months were as follows;

Date	Details	Number of shares	Issue Price	$
1 July 2015	Opening Balance	172,954,559		43,169,269
24 August 2015	Entitlement Offer	7,688,492	$0.50	3,844,246
	Lenark Shares	2,158,766	$0.50	1,079,383
8 September 2015	Issued as consideration for extension of promissory note	200,000	$0.58	116,000
11 September 2015	Placement	6,162,743	$0.50	3,081,371
30 December 2015	Issue of shares – employment package	200,000	$0.46	90,000
	Expense of Issue	-		(511,874)
31 Dec 2015	Closing Balance	189,364,560		50,868,395

10. SHARE BASED PAYMENTS

During the half year, no shares were issued as a result of performance rights vesting and being exercised by Directors and management of the Company.

Performance rights are issued for nil consideration in accordance with the Company's performance rights plan, with various exercise prices, expiry dates and vesting conditions. The rights are non-transferrable and the Company does not intend to apply for quotation of the rights on the ASX.

The fair value of Performance Rights is calculated by using a probability based valuation methodology with reference to the share price at the time of approval to issue the Performance Rights.

During the half year ended 31 December 2015, an expense of $241,153 (2014: $127,337) has been expensed in relation to performance rights issued in previous periods.

The total share based payments expense recognised for the half year in relation to the parent entity was $713,965 (2014: $290,250).

Included in the share based payment expense was $90,000 for 200,000 fully paid ordinary shares issued to Robert Bell under an employment contract.

During the period 1,150,000 options were issued to Panorama Coal Corp as an extension fee for the promissory note, the shares were granted on 7 September 2015 and expire on 7 September 2017, the strike price is $0.80, the risk free rate was 2.20%, a volatility of 80% has been assumed with a dividend rate of 0%. The fair value of the options was expensed as $149,277.

During the period 1,000,000 options were issued to Panorama Coal Corp as an extension fee for the promissory note, the shares were granted on 7 September 2015 and expire on 7 September 2017, the strike price is $0.80, the risk free rate was 2.20%, a volatility of 80% has been assumed with a dividend rate of 0%. The fair value of the options was expensed as $233,535.

These options were issued as an extension fee for the promissory note and as the value of this service could not be reliably valued, the underlying equity issued have been valued using a black-scholes model. We also note 200,000 shares were issued to Panorama Coal Corp as an extension fee for the promissory note. Please see note 9 for further details.

11. CONTINGENCIES AND COMMITMENTS

Subsequent to 31 December 2015, the Company has been served a Notice of Civil Claim filed in the Supreme Court in British Columbia by a former contractor of the Company, for contested, unpaid Contractor invoices in the amount of USD430,000. In this action, Atrum continues to vigorously defend and pursue its position and the best interests of the Company

The Company is engaged in litigation in the Federal Court against two former directors of the Company and a former employee in relation to the formation of BC Anthracite. The two former directors brought an action against the Company in June 2015 in the Supreme Court of WA which is on-going. In all of these actions, Atrum continues to vigorously defend and pursue its position and the best interests of the Company and note that these are not expected to result in loss to the company and accordingly no liability has been recorded.

At 31 December 2015, the Group submitted claims for a refund under the Mineral Exploration Tax Credit ("METC") regime in Canada in relation to the year ended 30 June 2015, for approximately CAD$3,200,000. Against receipt of these funds the Company has arranged a drawdown facility with Moneytech. At 31 December 2015 $1,936,794 had been drawn down.

Whilst the claim is subject to review and approval from the Canadian Revenue Agency, Atrum has a history of successful METC claims and expects to receive a refund for the majority of the claimed amount.

Other than those stated above, there were no contingent assets and liabilities at 31 December 2015.

12. RELATED PARTY TRANSACTIONS

On 30 July 2013, Atrum announced that it has executed an Offset Loan Agreement ("Loan Agreement") with Lenark Pty Ltd ("Lenark"), an entity associated with Chairman Mr James Chisholm, providing a limit of $2,681,927 effective from 30 June 2014 which, upon advancement, could be used to offset the outstanding balance owing against 13,412,500 partly paid shares held by Lenark Pty Ltd.

The facility accrues capitalised interest at a rate of 6% per annum (increased to 10% on 23 February 2015) and matured on the date by which the last of the partly paid shares were converted to fully paid ordinary i.e. September 2014.

On 30 September 2013, the Company entered into a variation to the Offset Loan Agreement in place with Lenark Pty Ltd. Pursuant to the variation that was executed, Lenark Pty Ltd increased the credit available pursuant to the Offset Loan Agreement by an additional $2 million.

The original Facility Limit of $2,681,927 was repaid by way of the conversion of partly paid shares to fully paid shares. The subsequent $2 million has been drawn down by the Company as noted in previous quarterly reports and a $500,000 increase was agreed between the Company and the Lender during H1 2015. On 24 August 2015, $1,079,383 of the outstanding loan was converted into 2,158,766 ordinary fully paid shares in order to take up the Lenark entitlement. As at 31 December 2015, the outstanding loan was $1,509,234 with the available balance under the facility limit being $954,000. The Board considers that the terms of the facility with Lenark Pty Ltd are arms-length.

Date	Details	$
1 July 2015	Opening balance	2,473,766
24 August 2015	Conversion into shares	(1,079,383)
31 December 2015	Capitalisation of interest	114,851

31 December 2015	Closing balance	1,509,234

On 30 December 2015, under a contract of employment, 200,000 fully paid ordinary shares were issued to Robert Bell, giving rise to a share based payment expense of $90,000. .

The Company has not entered into any other related party transactions during the period.

14. DIVIDENDS PAID OR PROVIDED FOR

No dividend has been paid or provided for during the half year.

15. EVENTS OCCURING AFTER REPORTING DATE

On 11 January 2016, the Company was served a Notice of Civil Claim filed in the Supreme Court in British Columbia by a former contractor of the Company, for contested, unpaid Contractor invoices. In all of these actions, Atrum continues to vigorously defend and pursue its position and the best interests of the Company.

Other than those noted above, no other matters or circumstances have arisen since the end of the half year to the date of this report which significantly affected the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial periods.

DIRECTORS DECLARATION

In the opinion of the Directors of Atrum Coal NL:

a) the financial statements and notes, as set out on pages 13 to 26, are in accordance with the *Corporations Act 2001*, including:

 (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

 (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half year ended on that date, and

b) there are reasonable grounds to believe that the Atrum Coal NL will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:

ROBERT BELL
EXECUTIVE CHAIRMAN
15 MARCH 2016

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Atrum Coal NL

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Atrum Coal NL, which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Atrum Coal NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001,* which has been given to the directors of Atrum Coal NL, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Atrum Coal NL is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001.*

Emphasis of matter

Without modifying our conclusion, we draw attention to Note 2 in the half-year financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of necessary funding through METC funding and/ or funding through debt, equity or convertible notes. These conditions, along with other matters as set out in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

BDO Audit (WA) Pty Ltd

BDO

Dean Just
Director

Perth, 15 March 2016