

ATRUM COAL – PLACEMENT AND BLOCK TRADE

HIGHLIGHTS

- Irrevocable commitments received for the placement of \$13,500,000 at \$0.50 per share from institutional and sophisticated investors
- Confirmation that the 24,000,000 shares previously owned by Russell Moran and referred to in the ASX Release of 12 December 2016 will be subject to a Block Trade

Placement

Atrum Coal NL ACN 153 876 861 (“Atrum” or the “Company”) (ASX:ATU) is pleased to announce that it has received irrevocable commitments for the placement to institutional and sophisticated investors which will result in the issuing of 27,000,000 new fully paid ordinary shares in Atrum at an issue price of \$0.50 raising a total of \$13,500,000 (“Placement”).

The Company had proposed to raise up to \$10,000,000 but due to strong demand, Atrum agreed to increase the Placement to \$13,500,000.

The funds raised by the Placement will supplement the Company’s existing facilities and allow Atrum to complete significant milestones in 2017 at the Groundhog North Project. Planned activities to be funded by the Placement include delivering bulk samples to customers and further development of mining studies and permitting at Groundhog North. Working capital will also be provided to allow the commencement of anthracite exports from Atlantic Carbon Group PLC.

The issue price under the Placement represents an 8% discount to the last traded price of the Company’s shares on ASX on 9 December 2016 and an 11% discount to the volume-weighted average price of the Company’s shares traded on ASX over the 5 trading days up to, and including 9 December 2016.



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Board of Directors
Executive Chairman R. Bell
Non-Executive Director J. Chisholm
Non-Executive Director C. Vorias
Company Secretary T. Renard

Key Projects
Groundhog Ownership: 100%
Naskeena Ownership: 100%
Bowron River Ownership: 100%

Block Trade

On 12 December 2016, Atrum announced that it had been advised by Argonaut Equity Partners Pty Ltd ("AEP") acting in its capacity as Facility Agent and Security Trustee that it had acquired 24,000,000 shares in Atrum in accordance with the terms of a loan agreement between Russell Moran and a syndicate of lenders. AEP has today advised Atrum that these shares will be sold to institutional and sophisticated investors at \$0.50 per share in a block trade executed as a Special Crossing on the ASX.

Press Article

The Company notes an article which appeared in The Australian on 13 December 2016 titled "Atrum co-founders lose control of shares" ("Article").

As Atrum is not a party to the settlements and other actions between AEP and Messrs D'Anna and Moran it cannot confirm the accuracy of the details of the Article beyond what was disclosed by the Company on 12 December 2016 and what is disclosed in this announcement.

Executive Chairman Comments

Commenting on the Placement, Executive Chairman, Mr Robert Bell stated, *"We are pleased to announce that we have successfully obtained commitments to raise \$13,500,000. We welcome the new investors that will join the register and thank those existing shareholders that have once again supported the Company."*

We are also pleased that the major overhang associated with former directors D'Anna and Moran has now been resolved.

In 2017 we will progress development of Groundhog North, delivering samples to be tested by some of the world's largest steel mills and progress the permitting process at Groundhog North. We are also planning to begin export sales of ultra-high grade anthracite from Pennsylvanian producer Atlantic Carbon Group PLC. We are entering the seaborne market in an exciting time of rising coal and anthracite prices."

Conversion of Lenark Loan

Mr James Chisholm, Non-Executive Director of Atrum, has advised to Atrum that Lenark Pty Ltd (of which his spouse is a director) as trustee for Lenark Investment Trust, and its nominees will, subject to Atrum shareholder approval, convert \$1,000,000 of the amounts owing by Atrum to Lenark Pty Ltd (and its nominees) under the Offset Loan Agreement entered into by the Company in June 2013

(and as modified in September 2013) (the Lenark Loan) into fully paid ordinary shares of the Company at the same price as the Placement, being \$0.50.

The conversion of part of the Lenark Loan is to be considered by Atrum shareholders at an Extraordinary General Meeting which the Company expects to convene in the first quarter of 2017.

Other Matters

The Placement does not require shareholder approval and settlement is expected to take place on 21 December 2016. The shares to be issued in Atrum under the Placement are expected to commence trading on ASX on 23 December 2016.

An Appendix 3B will be lodged with ASX in relation to the issue of the shares in respect of the Placement. Further, Atrum will lodge a Cleansing Prospectus with ASIC and ASX under section 708A(11) of the Corporations Act 2001 (Cth) to remove any trading restrictions on the sale of the shares issued under the Placement.

The Company will provide updated details of its top 20 shareholders in the coming days.

Blackwood Capital acted as Lead Manager to the Placement and the Block Trade. Argonaut Capital Limited acted as underwriter to the Block Trade and Co-Manager to the Placement.

This announcement effectively lifts the suspension that the Company requested on 14 December 2016. Atrum is not aware of any reason why the ASX would not allow trading to recommence immediately.

Atrum's latest corporate presentation is attached.

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➤ Atrum Coal



Groundhog North Underground Mine (Render)



Activated Carbon



Carbon Electrodes



Stockton Open-Cut Mine



Carbon Cathode



Steel Making



Stockton Ultra-High Grade Anthracite



Chemical Plant

Delivering the world's anthracite resources

December 2016

Important Information

Forward Looking Statements

This presentation includes various forward looking statements which are identified by the use of forward looking words such as “may”, “could”, “will”, “expect”, “believes”, “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. Statements other than statements of historical fact may be forward looking statements. Atrum believe that it has reasonable grounds for making all statements relating to future matters attributed to it in this presentation.

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. Investors should note that any reference to past performance is not intended to be, nor should it be, relied upon as a guide to any future performance.

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. Actual results, values, performance or achievements may differ materially from results, values, performance or achievements expressed or implied in any forward looking statement. None of Atrum, its officers or any of its advisors make any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any results, values, performance or achievements expressed or implied in any forward looking statement except to the extent required by law.

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.

Competent Person Statement

Exploration Results

The information in this document that relates to Exploration Results is based on, and fairly represents, information and supporting documentation prepared 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. Mr Gordon 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 Gordon is a Competent Person as defined by the JORC Code, 2012 Edition, having twenty eight years’ experience that is relevant to the style of mineralisation and type of deposit described in this document.

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 21 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.

This announcement relates to information in the ASX Announcement made by the Company on 22 June 2016: “Updated Pre-Feasibility Study – Low Capital Starter Mine for Groundhog North” and 14 August 2015: “Atrum Coal Increases Groundhog North Resource” (Previous Announcements).

The Company confirms that it is not aware of any new information or data that materially affects the Previous Announcements and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the Prior Announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the Prior Announcements

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.

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.

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.

Corporate Overview

Groundhog Project

The world's largest undeveloped ultra-high grade anthracite deposit in British Columbia, Canada.

US Sales Joint Venture

Atrum has agreed to form a Joint Venture with Atlantic Carbon Group to manage export sales from its anthracite mines in Pennsylvania, USA (see ASX release 4 November 2016).

Management

In-country team led by Executive Chairman Bob Bell.

Capital Structure (ASX Listed Public Company)

Shares on issue Fully diluted	204 million
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Share price (02/12/16)	A\$0.59
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Market capitalisation Fully diluted	A\$120 million
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Atrum is on the path to become a global leader in the export of ultra-high grade anthracite

Summary

Ultra-high grade anthracite is a scarce resource of high value with multiple industrial applications.

Atrum has the world's largest undeveloped ultra-high grade anthracite deposit: Groundhog.

Commercialisation of Groundhog will create substantial value.

Atrum Coal

Directors and Management



Bob Bell

Executive Director and Chairman

Bob is a mining engineer with more than 35 years' experience in the Canadian mining industry, including roles in production, sales and marketing, and executive management. Bob was previously at Teck Resources, as Chief Commercial Officer, Coal from (2007–2013). Bob was also a previous Chairman of the Canadian Coal Association and Chairman of Neptune Bulk Terminals (Canada) Ltd.



Cameron Vorias

Non-Executive Director

Cameron has over 25 years' experience of both metalliferous, and coal mining operations. He is currently Managing Director of Sojitz Coal Mining Pty Ltd. Previous roles include director of numerous companies including Peabody Energy Australia Pty Ltd and New Hope Corporation Limited.



James Chisholm

Non-Executive Director

James has worked in the engineering and mining sectors for 30 years, and has been involved in numerous coal projects around Australia. He was a founding director of Atrum Coal NL, and is a Non-Executive Director of Fertz Limited (ASX: FTZ) and Ebony Energy Limited.



Alan Ahlgren

Chief Financial Officer*

Mr Ahlgren, BComm (Hons) is a Chartered Professional Accountant, with over 30 years experience including CFO and Corporate Secretary with Graphite One Resources Inc., AQM Copper Inc. and First Coal Corporation.

** Effective December 15, 2016*



Peter Doyle

VP – Marketing & Business Development

Mr Doyle BSc. (Geology) MBA has spent over 20 years in the international coal industry specialising in operations, marketing and asset development. Previous roles include Chief Operating Officer at Cockatoo Coal.



Ann Marie Hann

VP – External Relations

Ms Hann has significant experience leading advocacy discussions and strategies in mining and environment related issues across Canada and internationally. She was President of two national resource industry associations, including the Coal Association of Canada, and Deputy Minister of Environment and Labour.



Ben Smith

VP – Operations

Mr Smith, MMEng (Mine Management); Grad Dip (Mine Vent); BEng (Mining, Hons); BCom (Mgmt) has spent 17 years in coal mine operations and international consulting, specialising in mine planning and design, mining engineering, safety, risk engineering and mine management.

Significant Board and Executive experience building and operating mines and associated infrastructure

Capital Raise: Sources and Uses

Offer:

Atrum will issue up to A\$10M in new equity

New capital	A\$10 million
Basis	10-day VWAP
Discount	15% (A\$0.50)

Adjusted Capital Structure: (assumes A\$10M raised)

Shares on issue Fully diluted	224 million
Share price (Assumed)	A\$0.50
Market capitalisation Fully diluted	A\$112 million

Uses:

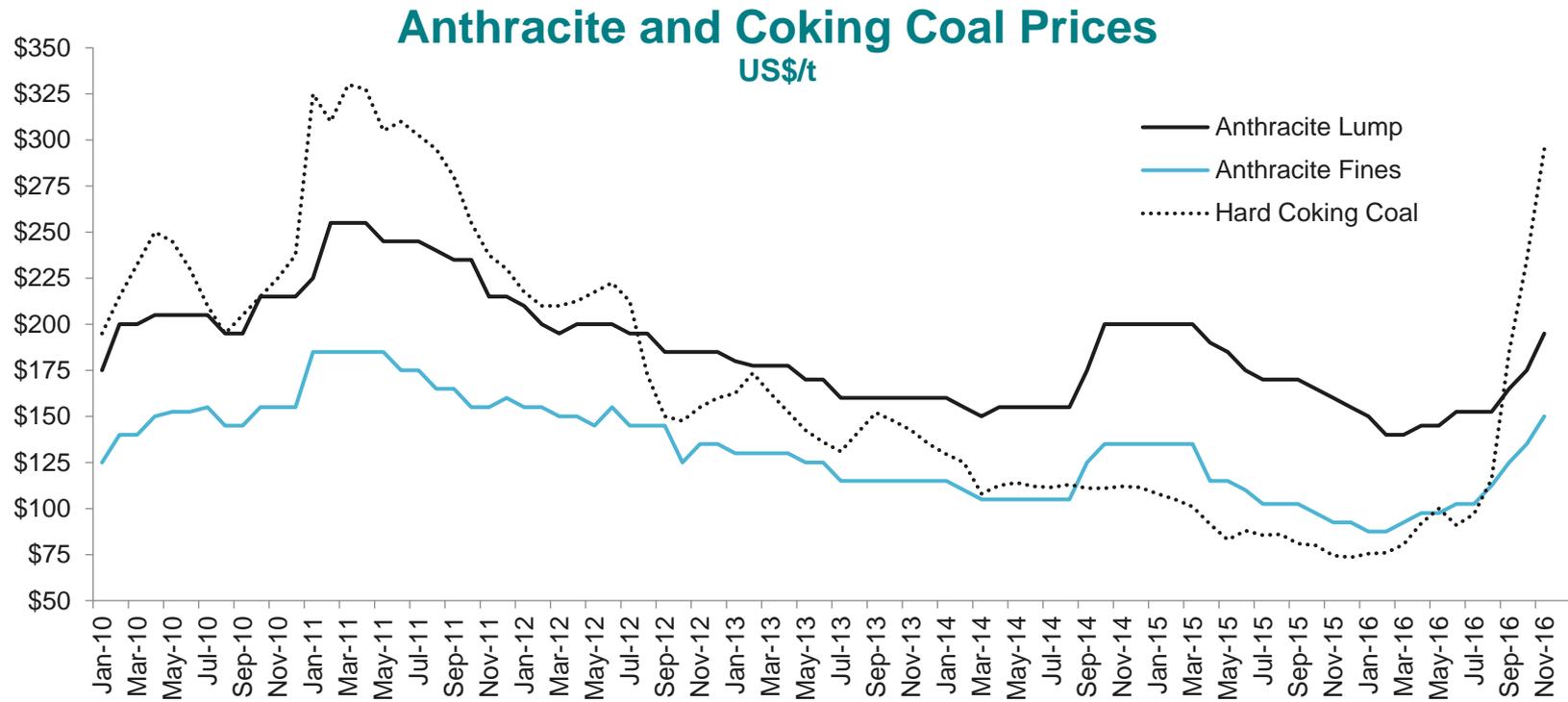
2017 working capital (assumes A\$10M raised)

1. Groundhog Project	A\$ million
Customer samples	\$3.50
2. Working Capital	
US Sales Joint Venture	\$3.50
Atrum G & A	\$3.00
Total	\$10.00

Seeking \$10M: \$3.5M for coal sale JV; remainder for Groundhog

Anthracite

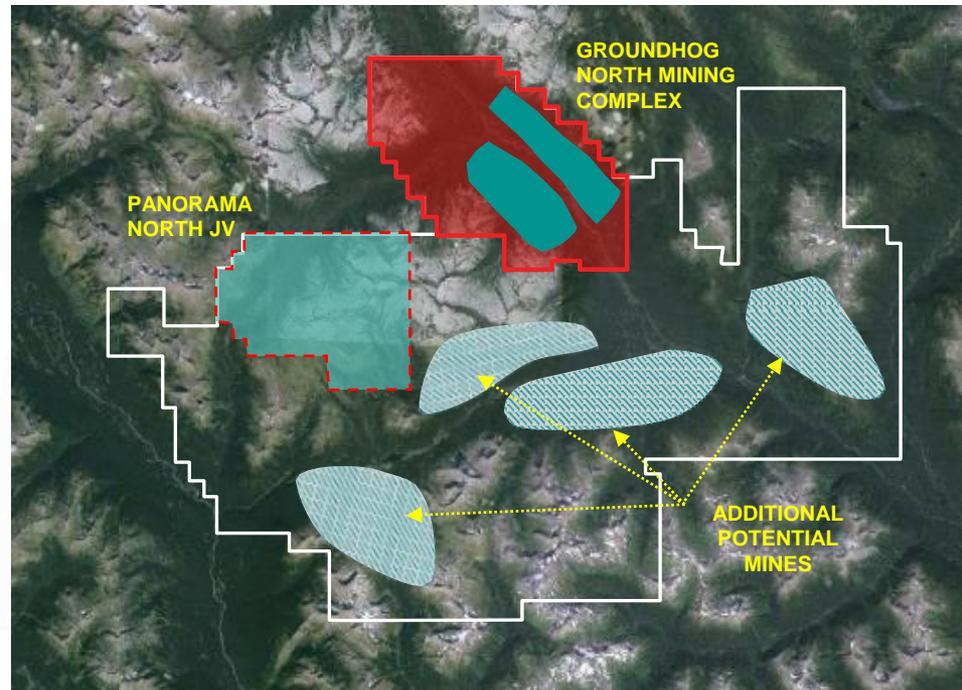
- Anthracite is the highest grade of coal. It has the highest carbon content, fewest impurities and the highest energy content of all coals.
- Ultra-high grade anthracite (UHG) such as found at Groundhog represents just 0.1% of the world's coal resources.
- Anthracite is a highly valued industrial mineral, and widely substitutes for metallurgical coke.
- Anthracite prices are rising sharply in line with rapidly appreciating hard coking coal prices.



Source: Resource-Net

Anthracite prices are rising sharply, with lumps at \$200/t (CFR Europe and Japan)

Groundhog Project: Overview



Groundhog Project, British Columbia, Canada

- **Asset:** world's largest undeveloped ultra-high grade anthracite deposit
- **Permit:** 100,000t permit in place, and project planned for trial production in 2017
- **Access:** multiple access to seaborne ports:
 - south via rail to Ridley Terminals which has spare capacity
 - west via road to Stewart Port with two deep-water export facilities
- **Market:** samples to be sent to North Asian customers early in 2017

Groundhog is the world's largest undeveloped ultra-high grade anthracite deposit

Groundhog North: Phase 1 (880ktpa)

Underground development

Staged expansion to de-risk project

Low impact on surface

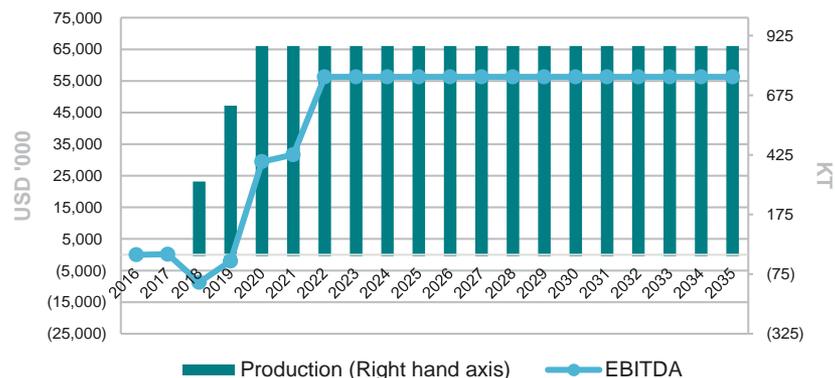


TYPICAL SURFACE ARRANGEMENT

Note: Refer to ASX Announcement dated 22 June 2016 "Updated Pre-Feasibility Study" for further information (June Announcement). Refer to June Announcement for further information including material assumptions. All material assumptions underpinning the production target and forecast financial information derived from the production target in the June Announcement continue to apply and have not materially changed. NPV uses WACC 7.6%; Long-term average lump anthracite price: US\$179/t; Long-term average fine anthracite price: US\$128/t; Sales forecasts assume 50:50 split for lump & fine anthracite sales.

Ramp-up to commercial production rates

- Progression from 100,000 tonne bulk sample to 880,000tpa mine (see note below)
- Low-impact and low-disturbance mining methods
- Low-cost operations utilising continuous miners
- Transport south via existing rail to access Ridley Terminal, then the western road route to Stewart Port will be constructed to significantly reduce transport costs
- Expands and solidifies customer base and facilitates contract formulation



	Project	Equity
NPV	US\$239M	US\$179M
IRR	21%	38%

Low capital entry to mining, with strong returns

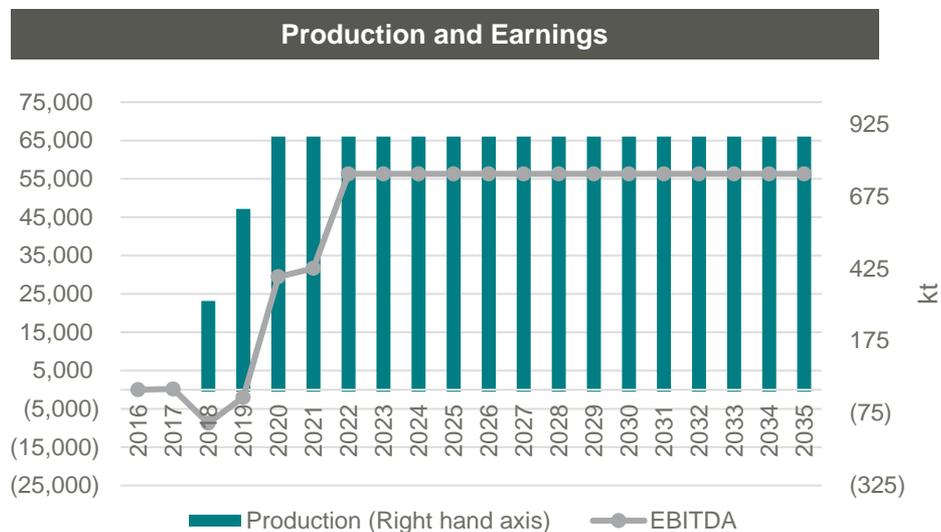
Groundhog North: Key Achievements

	Key Achievements
Project	<ul style="list-style-type: none"> ✓ Awarded Permits - for extraction of 100,000 tonnes of anthracite. ✓ Pre-Feasibility Study - advanced planning for Groundhog North to Pre-Feasibility level, including a phased approach to building a mining complex, including an 880,000tpa (product) mine, resulting in reduced initial capital, and accelerated cashflows. ✓ Coal Licences - all Atrum Licence Applications have now been converted to Coal Licences, covering 800km² at Groundhog. This allows Atrum greater control over the coalfield.
Transport	<ul style="list-style-type: none"> ✓ Awarded Special Use Permit - to construct road access from Groundhog North to Minaret, providing access to Ridley Terminal via existing rail system, ultimately leading to exports. The permits allow ground-based delivery of equipment, personnel and supplies to site and the transport of product from Groundhog to ports. ✓ Western Access Route - planned and delineated western access road to Stewart Port which will facilitate reduced operating costs by through shorter haulage routes.
Commercial	<ul style="list-style-type: none"> ✓ Market Entry - process of delivering bulk samples from Groundhog for testing and trialling by steel producers established. Orders from several major steel mills received. ✓ Carbon - MOU signed with European specialty carbon consumer for offtake and marketing of specialty carbon products in Europe. ✓ Joint Venture - advanced discussion on potential Joint Venture partners for Groundhog North.

The Groundhog project is positioned for successful commercialisation

Financial Analysis: Phase 1 Mine

Groundhog North Mining Complex (US\$)	
	Phase 1 Mine
Mine Life	28 years
ROM production (maximum)	1,400ktpa
Saleable product (maximum)	880ktpa
Equity Capital	\$51M
Total Capital	\$142M
Operating Cost (avg. FOB cash incl. royalties)	\$96/t
Price (avg. FOB)	\$156/t
Project NPV (post tax; WACC 7% real)	\$239M
Equity NPV (post tax; CAPM 10% real)	\$179M
Project IRR (post tax)	21%
Equity IRR (post tax)	38%



➤ Assumptions are based on:

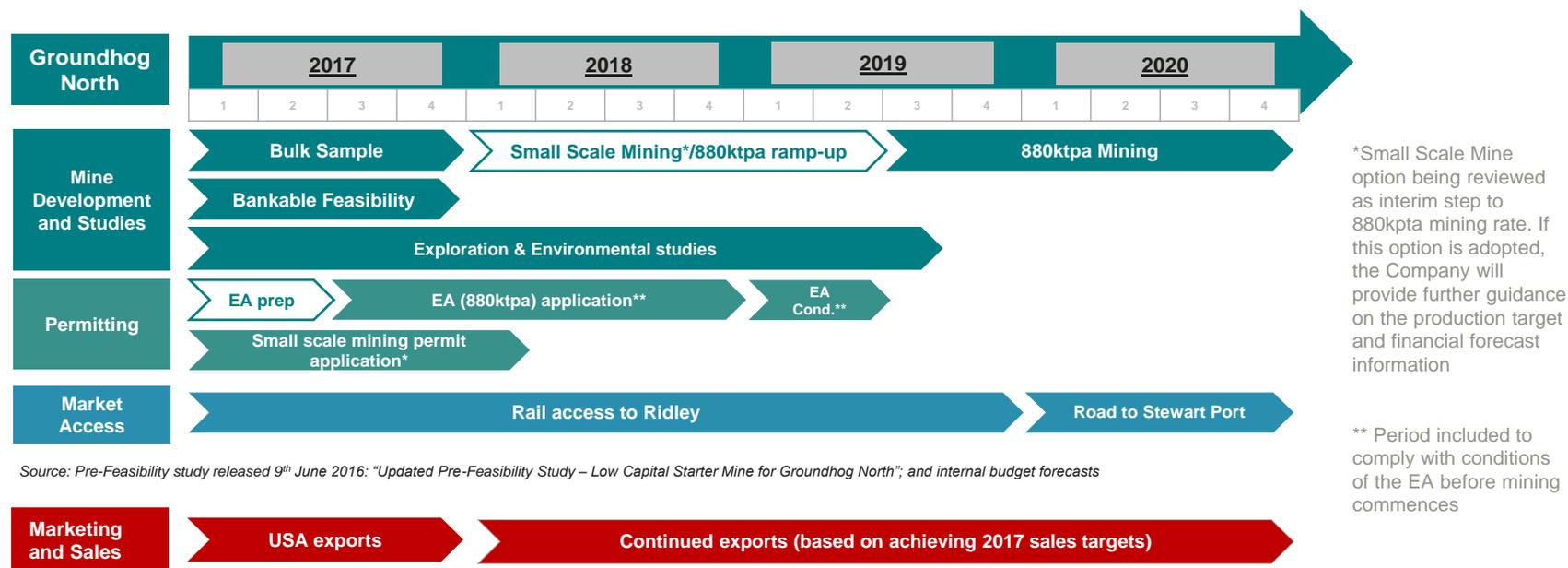
- exchange rate: C\$0.75 : US\$1.00
- average historical anthracite price (long-term, 5 year average price)
- moderate production assumptions (global productivity averages)
- standard exchange rates (current broker consensus outlook for CAD:USD)
- Note: Refer to ASX Announcement dated 22 June 2016 “Updated Pre-Feasibility Study” for further information (June Announcement). Refer to June Announcement for further information including material assumptions. All material assumptions underpinning the production target and forecast financial information derived from the production target in the June Announcement continue to apply and have not materially changed.

➤ Equity required US\$50M

- May be a combination of offtake direct equity at project level, and/or equity market (primary equity)

Large positive NPV, with low capital start-up options provide early cash flow

Timetable



Source: Pre-Feasibility study released 9th June 2016: "Updated Pre-Feasibility Study – Low Capital Starter Mine for Groundhog North"; and internal budget forecasts

Development Options

- BC legislation allows small scale mine development up to 250,000 tonnes per year
 - Allows initial mine development at lower capital and faster entry into production
 - Option under consideration for Groundhog North; if adopted, the Company will provide further guidance on the production target and financial forecast information
- Strategic partners in development joint venture
 - Major mining organization for access to capital and development expertise
 - Strategic offtake partner with ongoing demand for the product

Phased mine development starting with low capital entry for 880ktpa mine

US Sales Joint Venture: Overview



Atlantic Carbon Group

Agreed to form a US Sales Joint Venture with Atlantic Carbon Group in order to undertake export sales (250,000tpa*) from east coast USA (see ASX release 4 November 2016).

Atlantic Carbon produces premium anthracite from three open-cut mines in north-eastern Pennsylvania, USA.

**Subject to tonnage availability for export - if ACG cannot deliver, ATU can source from other suppliers in the local area*

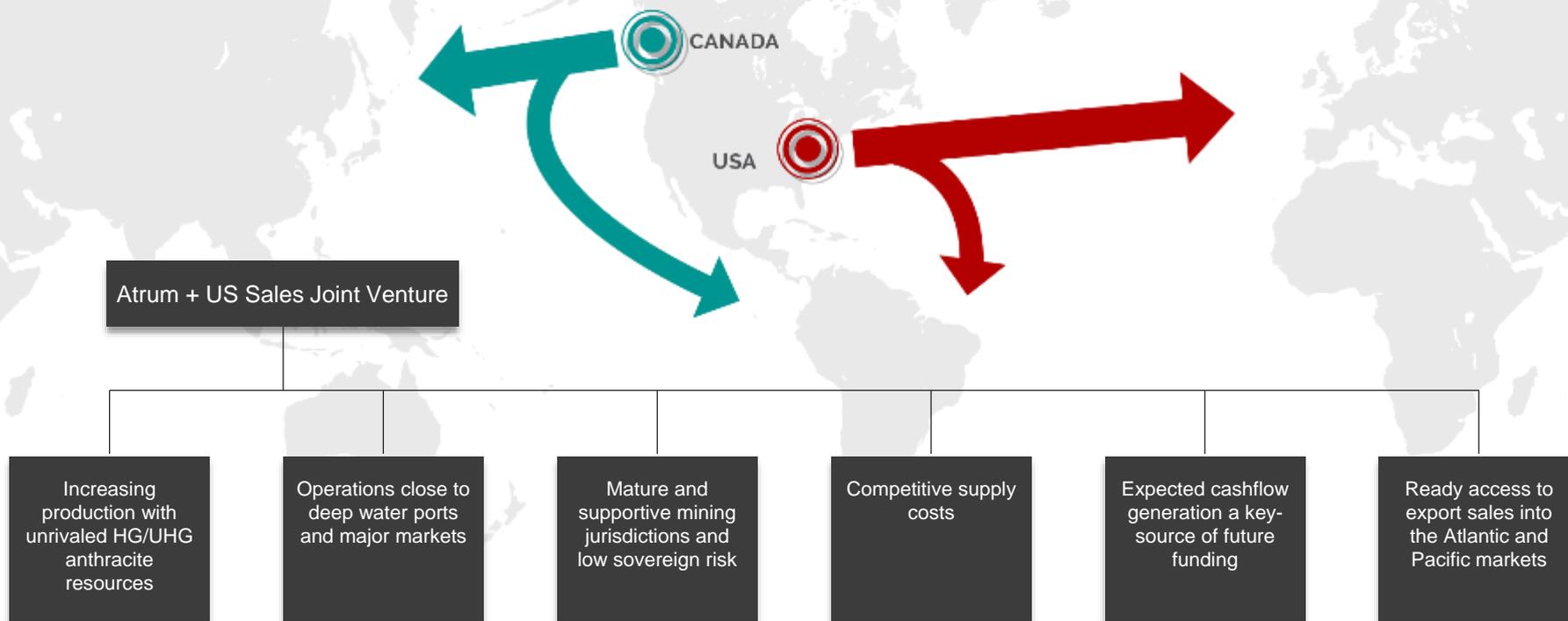


Atlantic's Stockton mine had the highest anthracite production of any US anthracite mine in 2015

Vision: to be the world's largest exporter of ultra-high grade anthracite

Atlantic Carbon Group (ACG) currently supplies only domestic US markets. ACG is linked to export ports by rail, and is ideally positioned to service European and South American markets, as well as ship supply into the Pacific to service Asian markets.

Atrum's Groundhog Project has the potential to be the largest supplier of exported anthracite globally. The project is well advanced, and has the attributes to become a long-term supplier of choice to the global carbon industry.



Atrum well positioned to supply ultra-high grade anthracite to Atlantic and Pacific markets

Atlantic Carbon: ultra-high grade anthracite producer in USA

Atlantic Carbon Group

Mining Type	Open Cut
Product	Ultra-High Grade Anthracite
Anthracite sales (2015)	261,564 tons
Avg. Cost (ex-mine 2015)	US\$74/ton
Avg. Price (ex-mine 2015)	US\$127/ton (sized products)

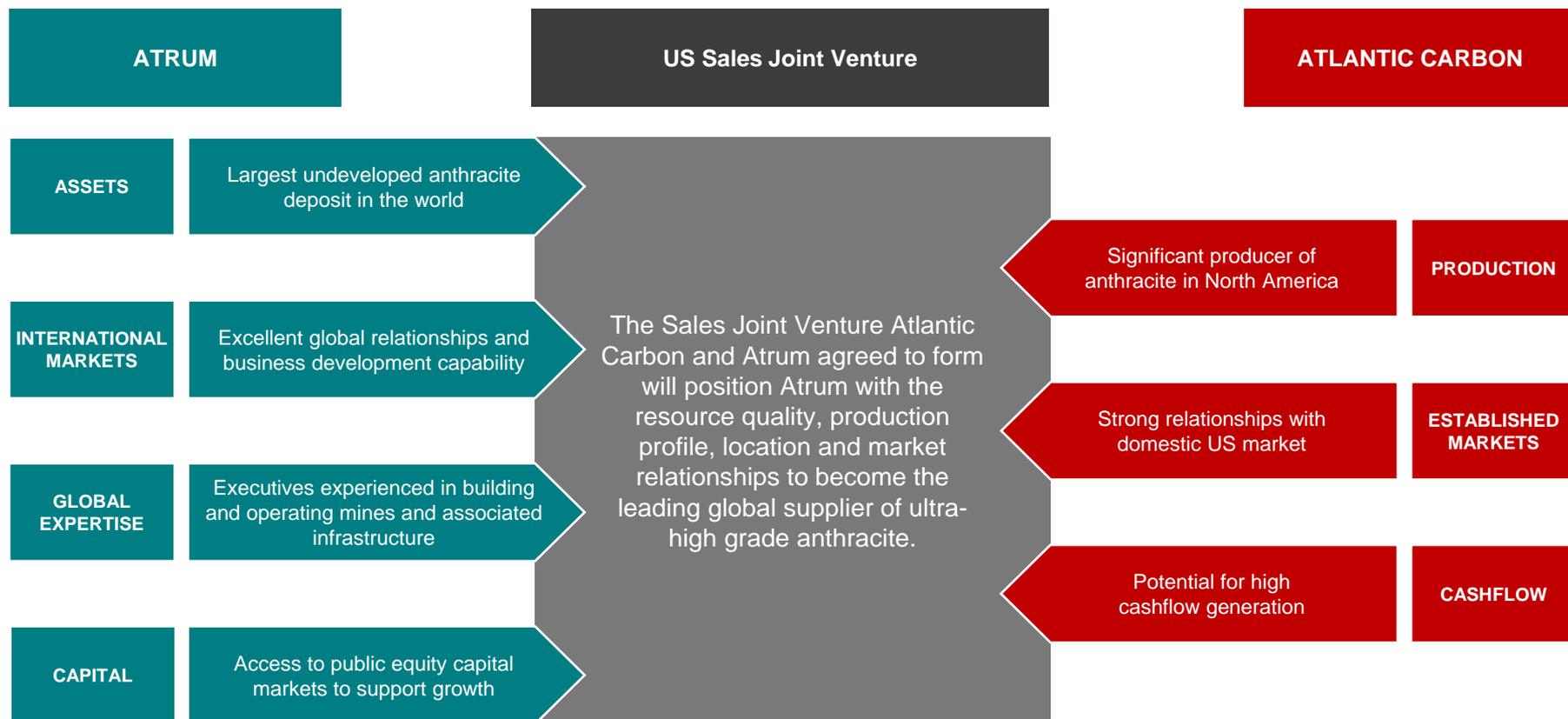
- Operating three open-cut anthracite mines in Pennsylvania, USA
- Completed US\$25M take-over of Hazelton Shaft Corp. in May 2016
- 100% domestic sales (currently)



Opportunity to export through new JV that Atrium and Atlantic agreed to form

Sales Joint Venture with Atlantic Carbon: strategic rationale

The US Sales Joint Venture that Atrum and Atlantic Carbon Group agreed to form (refer to ASX announcement 4 November 2016) is intended to combine the key strengths of each entity to create a producer of premium anthracite with the capability and clear pathway to become a leading global exporter of ultra-high grade anthracite.



Expected profit from the US Sales Joint Venture will provide early cashflow to support the development of Groundhog

Opportunity summary

Gain exposure to the high value high/ultra-high grade anthracite market through an attractive entry into Atrum Coal - a Company with the foundations in place to become the leading global supplier of ultra-high grade anthracite.



Atrum Coal

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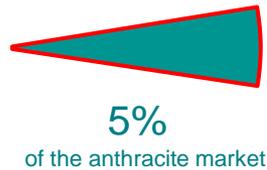
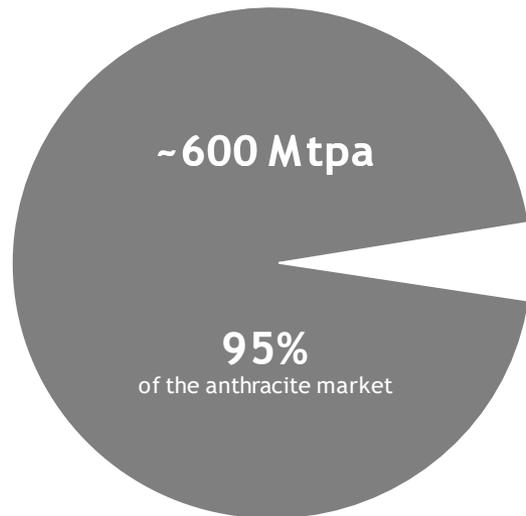
APPENDIX

1. ANTHRACITE MARKET
2. GROUNDHOG PROJECT

Anthracite Market

Anthracite has the highest carbon content, the fewest impurities and the highest calorific content of all types of coal. There are many high value industrial applications for HG/UHG anthracite. However, HG/UHG deposits are rare, with global production approximately five percent of the total anthracite market.

Semi & Standard Grade Anthracite



High and Ultra-High Grade Anthracite

Substitute for metallurgical coke in smelting, sintering and chemical processes

Blast furnace injection coal

Carbon electrodes

Lithium battery anodes

Synthetic graphite replacement

Charge carbon

Carbon feed for manufacturing: silicon, phosphorous, plastic, soda

Calcined anthracite

Cathode paste

Water filtration media



HG/UHG anthracite is a rare resource that can be used in many industrial sectors

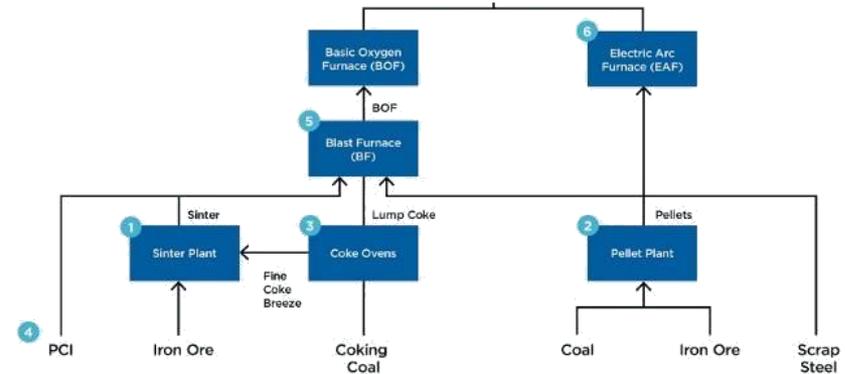
Anthracite Utilisation: Steel and other industrial uses

- ▶ High grade and ultra-high grade anthracite has low ash, very high fixed carbon, and very low volatile matter
- ▶ High grade and ultra-high grade anthracite is a premium product sought by steel makers as carbon input
 - ▶ Meta-anthracite can replace up to 20% coke charge in BF/BOF
 - ▶ Is a preferred reductant binder in sinter and pellet plant
 - ▶ Receives premium to PCI benchmark due to value of high % fixed carbon
- ▶ Other uses: charge carbon and foamy slag in electric arc furnaces and smelting; feedstock in chemical plants, and urea production; filter media and activated carbon; briquetting for home heating; calcining for use in high carbon production (synthetic graphite)

Anthracite Replacement Ratio's

Anthracite as Input / Replacement	Carbon Substituted	Potential Substitution
1. Sinter plant fuel	Coke breeze	70%
2. Pellet plant fuel	Coke breeze; thermal coal	100%
3. Coking Coal	Suitable bituminous coals	5%
4. PCI	Other HV and LV coals	100%
5. Direct Blast Furnace charge	Coke	10%
6. EAF carbon additive	Coke / Petroleum coke	100%

Property (Basis)	High Grade Anthracite	Ultra-High Grade Anthracite	Chinese BF Coke
Total Moisture (ar)	15% max	13% max	12% max
Volatile Matter (ad)	10% max	5% max	2% max
Fixed Carbon (ad)	75% min	80% min	86% min
Ash (ad)	15% max	12% max	12% max
Sulphur (ad)	1% max	0.6% max	0.6% max
Industry Use	Primarily for metallurgical purposes such as sintering of iron ore fines	Highest grade of anthracite used in steelmaking, non-ferrous metallurgy and other industrial applications	Used in blast furnaces for the production of pig iron



Groundhog Ultra 10% ash has been tested by major Japanese steel makers and they want to purchase this product

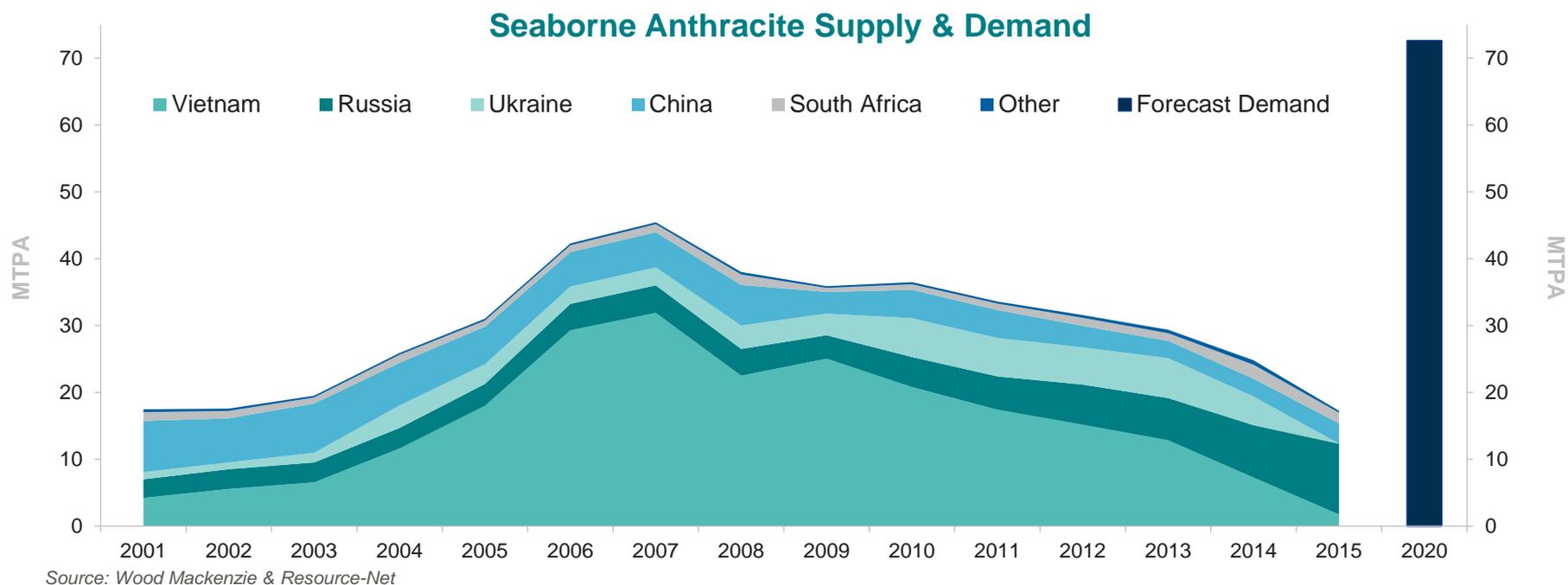
Anthracite Market

Falling supply, sustained demand



Global seaborne supply of high grade anthracite has fallen to below 20Mtpa.

This is the result of Vietnam withdrawing from the export market, and difficulties for Ukrainian supply. There are no new suppliers of high-grade anthracite of significant volume other than Groundhog.



Seaborne supply of anthracite has halved in the past decade

BC, Canada: Strategically placed to service Asia

British Columbia is a premier metallurgical coal export region, recognised by its strong customer base in Asia, Europe and the Americas

- Low sovereign risk
- Extensive infrastructure:
 - Direct rail access to deep water ports
 - Competitively priced accessible power
- Comparable shipping distance to Asia from other major metallurgical export regions
 - Equidistant Qld to Japan; BC to Japan
- Regulatory environment encouraging new mine development:
 - Rebate of \$0.30 per dollar of exploration
 - 133% CAPEX amortisation



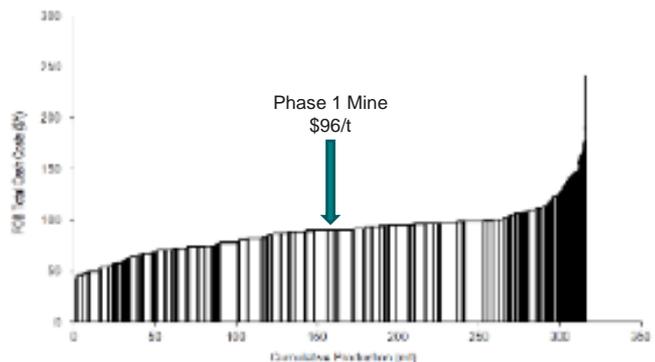
Pro-active government support for new mines in British Columbia

Groundhog North: Long-life, high margin, organic growth

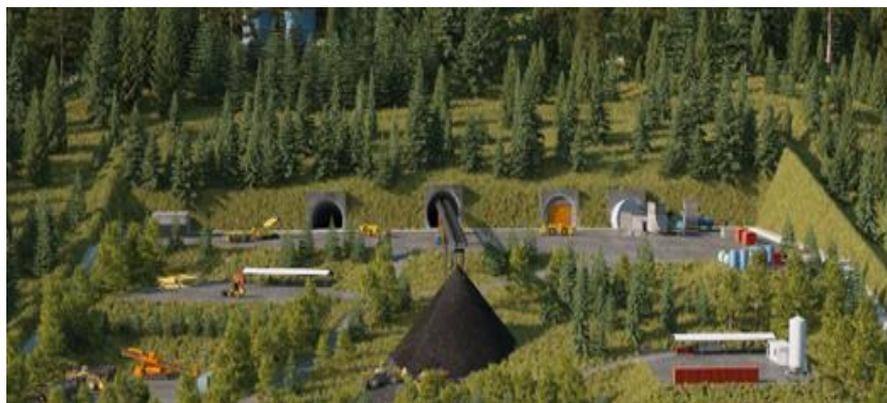
Staged development with initial low capital, lower risk Phase 1 mine

Competitive mining costs and strong margins

Permitted for development (trial mining of 100kt anthracite)



Source: Wood Mackenzie; Citi Research 2015; ATU



	Project	Equity
NPV	US\$239M	US\$179M
IRR	21%	38%

Note: NPV uses WACC 7.6%
 Long-term average lump anthracite price: US\$179/t
 Long-term average fine anthracite price: US\$128/t
 Modelling assumes 50:50 split for lump & fine anthracite
 Note: Refer to ASX Announcement dated 22 June 2016 "Updated Pre-Feasibility Study" for further information (June Announcement). Refer to June Announcement for further information including material assumptions. All material assumptions underpinning the production target and forecast financial information derived from the production target in the June Announcement continue to apply and have not materially changed.

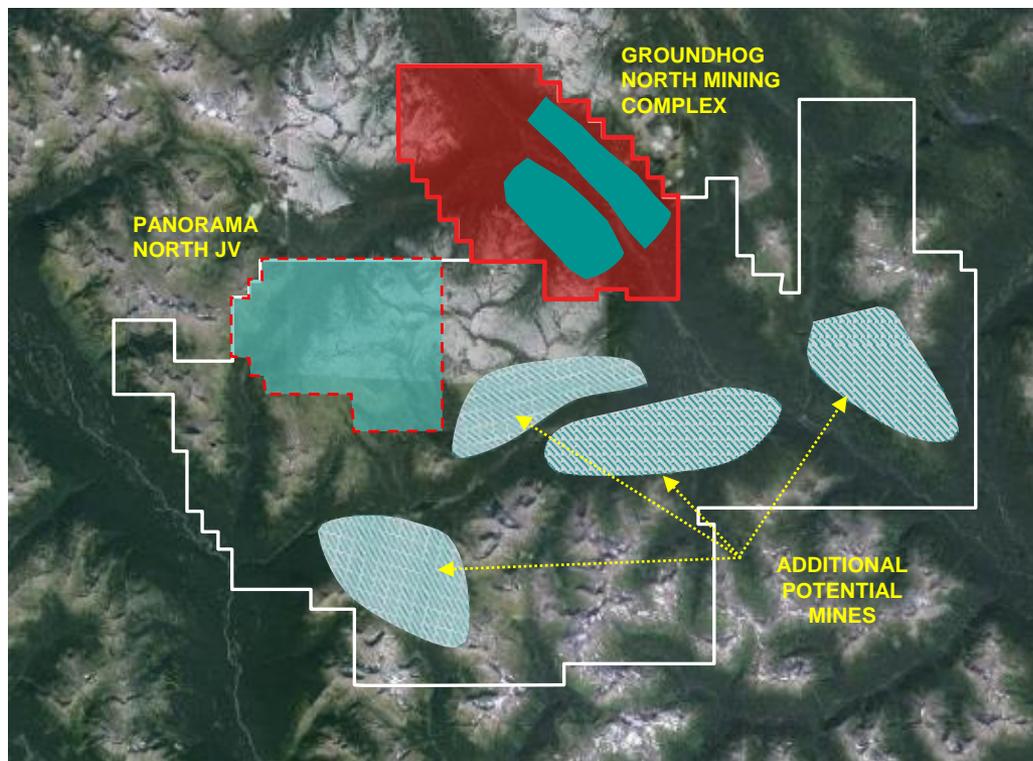
Groundhog: High margin, large volume, staged capital

Groundhog North: Phase 1 of mining complex

Groundhog North Mining Complex:

The Groundhog Coalfield is the world's largest undeveloped high grade anthracite deposit. Atrum controls 800km² lease area, and has explored only a small portion, delineating over 1Bn tonnes of resources.

- ▶ Atrum began exploration at Groundhog in 2012, building on knowledge gained from drilling programs in 1970, 1981, and 2008.
- ▶ 144 fully-cored boreholes have been drilled including studies covering geotechnical, gas and water which have led to the delineation of the first mining zones on the Groundhog coalfield.
- ▶ First development zone is Groundhog North Mining Complex located in the north-eastern portion of the coalfield which contains:
 - ▶ Multiple potential underground mines feeding central processing, beneficiation and coal dispatch centre
 - ▶ Phase 1 mine saleable anthracite capacity of 880,000tpa in staged development leading to larger scale production
 - ▶ Additional underground and low impact surface operations identified within Groundhog North precinct, may provide either low cost early phase mines, and de-risk the project in development

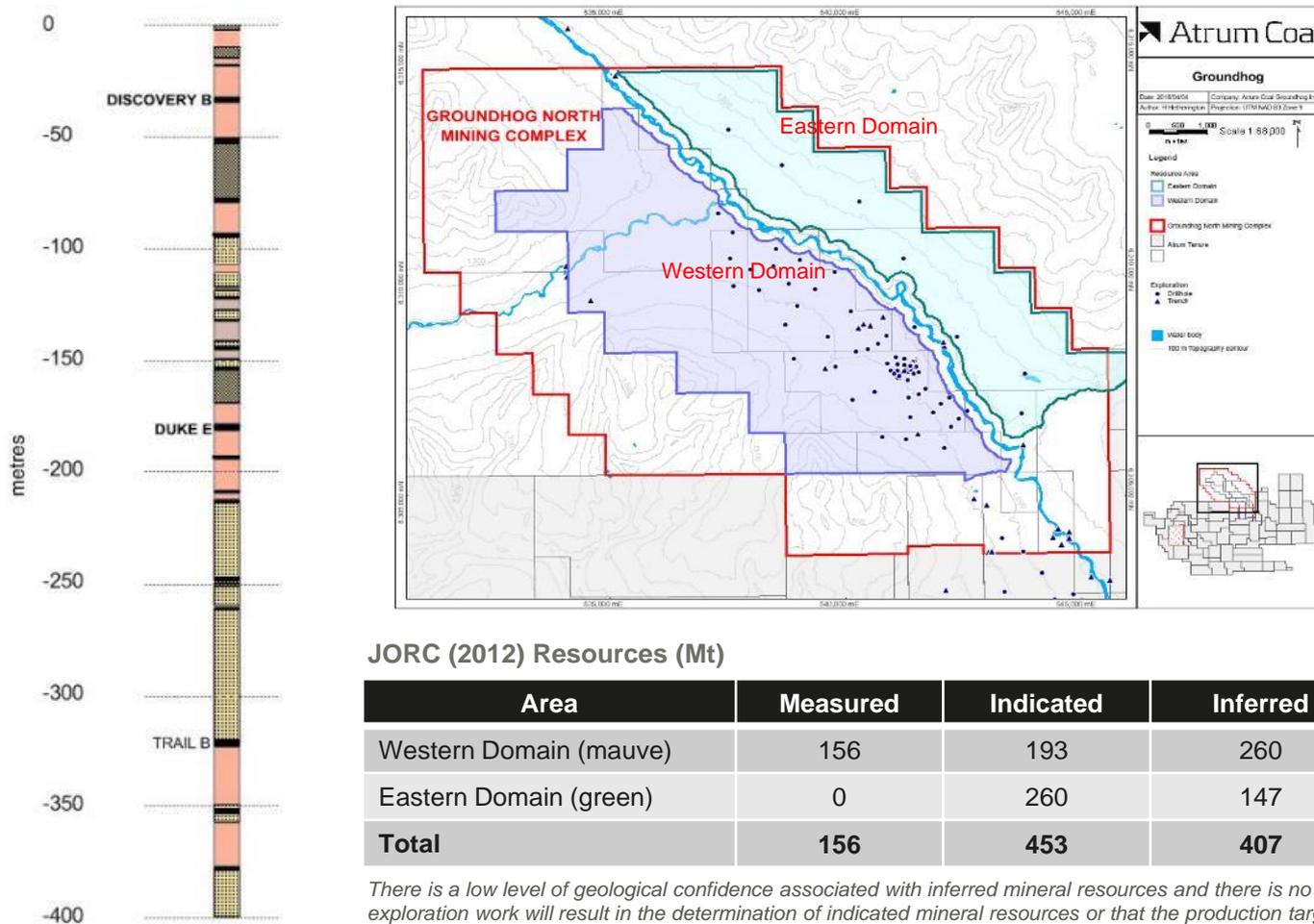


Panorama North JV:

- Atrum has formed a Joint Venture with JOGMEC (a Japanese Government mineral investment company), to farm-in up to 35% of Panorama North Project over 3 years. (see *ASX release 29 August 2016*).
- First exploration drilling was undertaken in 2016, with coal intercepts in all holes.
- Results from quality testing of these coal seams is expected late in 2016 (see *ASX release 8 November 2016*).

Groundhog North: first operation in a mining province

Geology: Multi-seam deposit of ultra-high grade anthracite



Groundhog North will mine seams within a package of more than 1 Bt of JORC resources

Target Seams:

Three primary targets all produce ultra-high grade anthracite

Duke E Seam Product

(washed at maximum density with 60% - 75% Yield)

Inherent Moisture (ad)	1.5%
Ash (ad)	10%
Volatile Matter (ad)	5%
Fixed Carbon (ad)	83.5%
Sulphur (ad)	0.6%
SE kcal/kg (gad)	7,300
SE kcal/kg (gar)	6,820
HGI	55

Economic targets at Groundhog include the near-surface Discovery B seam, and the lower Duke E and Trail B seams.

Mining studies have shown the Duke E seam is the most rewarding first target for mining, as it is the thickest target, with a working section averaging 2.2m, it produces higher product yields, and is shallowly emplaced in several areas across Groundhog North.

Successive drilling campaigns have identified three main target seams which are economically viable as mining targets:

- Duke E seam (average 2.2m thick) is the primary mining target, with product yields ranging from 60% to more than 75%
- The shallow Discovery B seam (average 1.5m thick) yields approximately 50% which remains economic
- The deepest economic target is the Trail B seam (~2m thick), representing an opportunity for further exploration

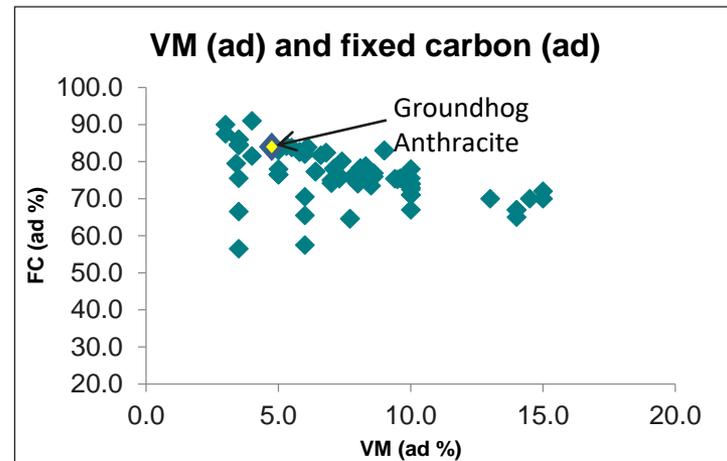
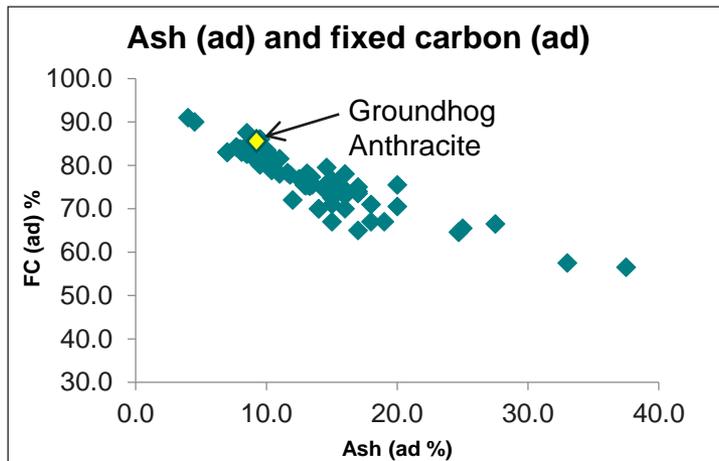
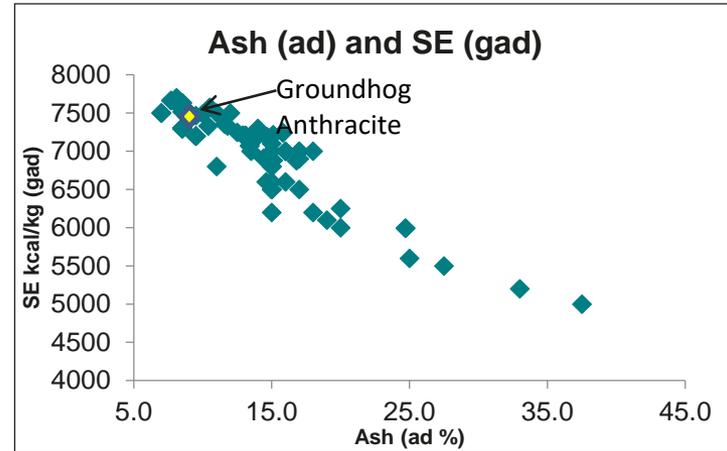
The Duke E seam is of particular interest due to its higher yield producing a very low ash product. The Discovery B seam outcrops in several areas across the mining complex, creating an attractive mining target for low cost entry to production.

Duke E seam produces attractive quality for target customer base

Anthracite Quality:

Groundhog Anthracite compares favourably with peers

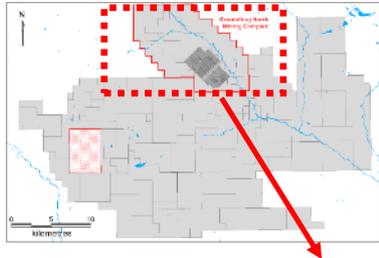
Anthracite Quality Comparison		
	Groundhog Anthracite	Typical Vietnam Hongai #8
Ash (ad)	10%	8%
VM (ad)	5%	8%
FC (ad)	83.5%	84.0%
Sulphur (ad)	0.6%	1.0%
SE kcal/kg (gad)	7,300	7,250
SE kcal/kg (gar)	6,820	6,800



Groundhog Ultra 10% ash has been tested by major Japanese steel makers and they want to purchase this product

GHN Mining Complex:

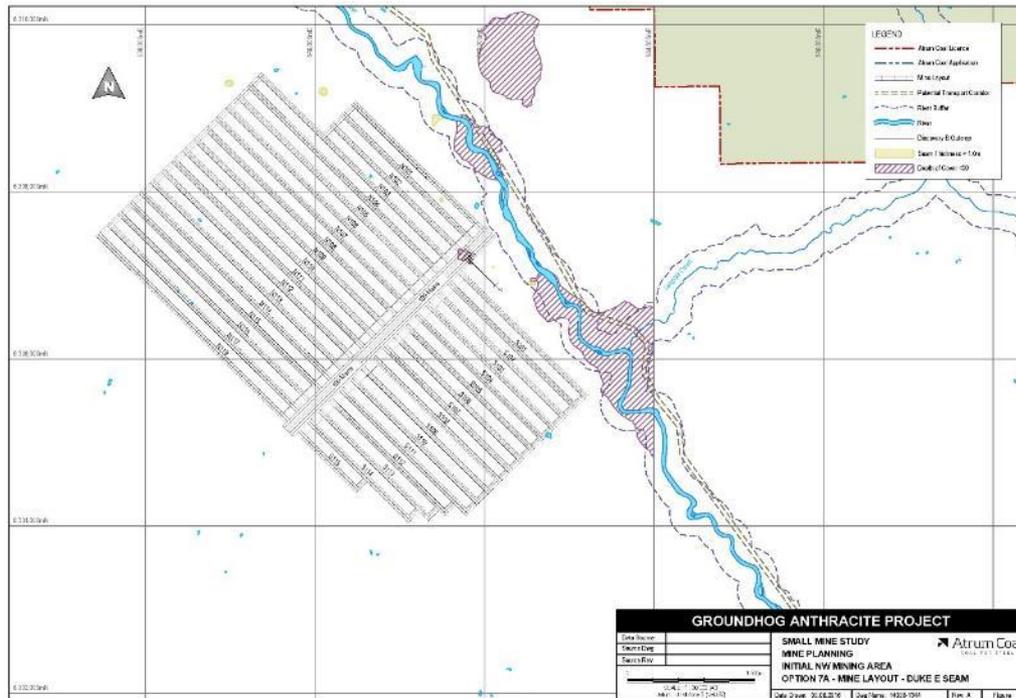
Development in phases to reduce risk



The Groundhog North Development Complex has been designed with a number of flexible mining approaches. Initial development is facilitated with permits awarded in May 2016 to begin construction of a bulk sample mine.

The highest project NPV is achieved from two large underground mines feeding a central washery and dispatch system, with entry via a short drift to access the seam. In this scenario, underground development work will take approximately two years before the first mini-wall begins producing ROM anthracite.

Initial production is planned from lower cost continuous miner operation, with modified pillar extraction. This provides a lower risk entry to prove the Groundhog coalfield viable, and produces strong cash flows which will be leveraged to assist finance a larger development at Groundhog.



Multiple mines

- Short drift entry to Duke E seam at depth of 50m
- Development mining 2018/19
- Full production from 3 x continuous miners of 1.4Mtpa, ROM (880,000 tpa saleable)

Shared onsite infrastructure

- Central CHPP and dispatch
- Onsite camp for workforce, with onsite technical teams, and offsite logistics and commercial teams

Accessing multiple ports

- Ridley and Westshore terminals to the south have unused capacity
- Port of Stewart has two bulk export facilities both capable of handling Groundhog anthracite

Offsite infrastructure

- Rail access exists south to Ridley terminal; existing rail subgrade excavation provides access to rail head 80km south of Groundhog
- Haul road to access Stewart will be complete by 2020

Multiple mining options and transport routes to market for this outstanding anthracite deposit

Capital Costs:

Staged entry, underpinned by \$100M equipment finance package

Capital Expenditure (US\$M)	Phase 1 Mine
Mining Equipment & Construction	\$71
CHPP & Loadout	\$12
Surface Infrastructure & Water Mgmt.	\$9
Power Supply	\$13
Offsite Infrastructure (Road/Rail/Port)	\$32
Feasibility Studies & Gov't Approvals	\$5
Total Capital	\$142



Existing \$100M finance facility from Chinese anthracite mining equipment manufacturer, to be complemented by second \$250million tranche. This provides significant available leverage for equity participants in Groundhog.

- Staged development plan, beginning with Phase 1 mine allows the company to:
 - Commence commercial production with minimal equity capital
 - Establish customer channels and investigate alternate high margin markets
 - Provide the logistics chain for larger volumes
 - Train Aboriginal and local personnel to build stable long-term workforce
 - Improve funding potential for larger scale operation including cash flows from operations
- Low entry capital for mine facilitated by shallow box-cut entry to underground
- Major underground mining by continuous miners, and modified pillar extraction to maximise resource recovery, and reduce cost
- Modular CHPP includes static bath, dense medium cyclone and Reflux classifier; belt press for dewatering fines
- Initial power provided by leased on-site generator sets
- Weatherproofed road for trucking access to Highway 37 planned by 2020. Paved road from Hwy 37 to Stewart Port.
- Current port at Stewart rated at 1.5Mtpa. Upgrades to facilitate 3.5Mtpa exports are relatively simple. Stewart World Port, established in 2016 is able to berth Capesize vessels, and can be converted to handle in excess of 10Mtpa bulk material exports
- **Equity capital required for Initial production: ~\$50M**

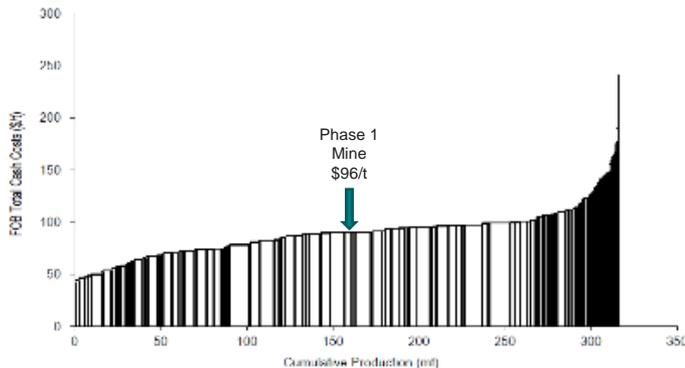
Equity capital for first production ~\$50M

Operating Costs:

Competitive costs producing strong operating margin

Operating Costs (US\$/t)	Phase 1 Mine
Mining (\$/ROMt)	\$30.14
Processing (\$/ROMt)	\$6.76
Yield (primary)	63%
Ex-mine (FOR/t)	\$59.03
Transport & Port (\$/t saleable)	\$23.37
Royalties (\$/t saleable)	\$1.35
Admin & O/H (\$/t saleable)	\$12.21
Total Cash Cost (FOB/t)	\$95.97

2015 Global Met Coal Cash Cost Curve



Source: Wood Mackenzie; Citi Research 2015; ATU

Staged approach to development, beginning with low capital cost underground mine, capable of producing up to 880,000 tpa of saleable ultra-high grade anthracite:

- The low cost Phase 1 mine can be a stand alone operation
- From Phase 1 mine, numerous development paths from a staged ramp-up to 1.5Mtpa continuous miner operation to a larger mini-wall

Shallow entry at 50m depth through a short drift, combined with a simple mine layout with efficient roadway development leads to operations with low costs and strong margins.

- Forecast operating costs of the Phase 1 mine are competitive with other anthracite exporters and well below current available pricing for high grade anthracite
- Underground mining will utilise high productivity pillar extraction methods, whilst employing modern roof bolting methods for improved strata control
- Encouraging exploration results have indicated yields for the primary cut at 10% ash to be up to 80%, however, modelling has assumed a conservative life of mine yield at 62.5%. Further analysis on propensity to produce moderate ash middlings product, as well as very low ash, high carbon products for specialised markets.
- Run-of-mine coal will be transported by conveyor to a small, modular coal handling and preparation plant which can be readily expanded in future. Processing costs include CHPP waste management, where majority will be replaced underground.
- Transport costs are significantly reduced through the utilisation of a 110km private haul road.
- Low port charges – capacity currently underutilised at Ridley, Westshore and Stewart.
- Minimal existing royalties are held over the Groundhog tenements, and government payments are relatively low compared to international competitors.
- BC mineral taxes remain at the lowest rate until capital costs are recovered and capital costs for new mines can be grossed up to 133% for tax minimisation to encourage development.

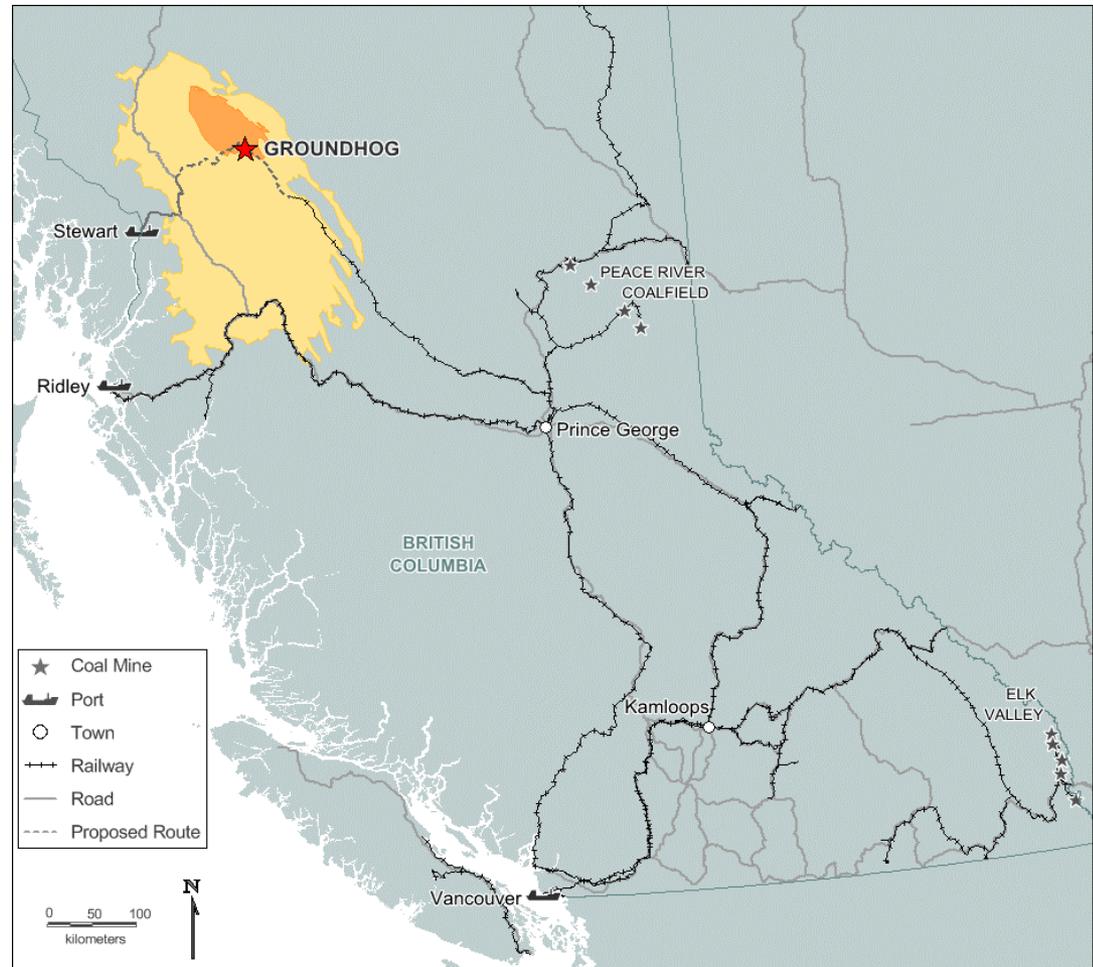
High productivity continuous miner operations keep operating costs low

Groundhog:

Located 150km from deep-water ports

Groundhog is strategically placed on an existing rail easement with access to Canada's mainline rail network via Prince George.

- Significant capacity exists on both the rail route, and at the port for new tonnage at competitive rates
- A western road is planned to provide access to the Port of Stewart in 2019/2020
- Road/rail to Prince George and Vancouver or Ridley interim solution until road to Stewart is completed
- **Via rail to Ridley Terminal:**
 - CN rail head 80km to south of Groundhog, connected by existing easement
 - Established coal terminal with significant unused capacity
- **Via road to Port of Stewart:**
 - Higher production provides impetus to support dedicated infrastructure corridor to the west
 - New road construction of 118km to join Hwy 37 to Port of Stewart
 - This will be the shortest distance to port of any operating export mine in Canada



Groundhog: Strategically located with secured infrastructure links

Export Access:

Port access secured, and additional capacity for expansion is available

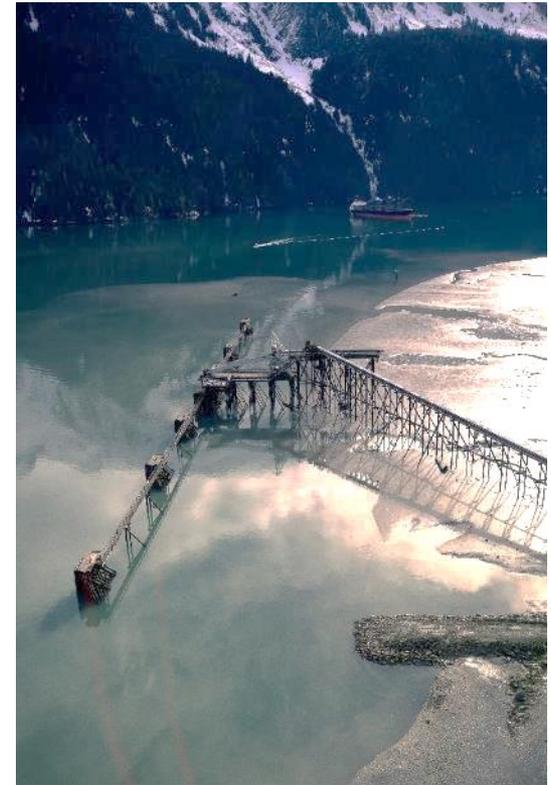
Initial production from Groundhog North may be exported through either Ridley Terminals at Prince Rupert, or through one of the ports at Stewart, only 150km away. Long-term, the plan is for the majority of production from Groundhog to be exported through Stewart, however, as the route to Ridley is established, it is likely exports of Groundhog anthracite will occur through both ports.

Currently two ports exist at Stewart: Stewart Bulk Terminals and Stewart World Port

- Current Stewart Bulk Terminal rated at 1.5Mtpa, with relatively simple upgrade to 3.5Mtpa. Further port and transport corridor upgrades required once producing beyond 3.5Mtpa.
- Stewart World Port forecast to have capacity >5Mtpa by 2020.



Stewart World Port (MOU for 5Mtpa capacity)



Stewart Bulk Terminal (currently operating at 1.5Mtpa capacity)

Groundhog anthracite will travel 235km when accessing Stewart Port – shortest haul in Canada export coal industry

Permitting:

Government and Aboriginal relations

Atrum's successful exploration programs since 2012, and the awarding of a permit to undertake bulk sample mining, demonstrate the Company's ability to work effectively with a multitude of government ministries and aboriginal groups.

Government Relations:

- Atrum's reputation with government as a credible mining company operating in BC is established
- Expert knowledge of government decision-making processes and influencers
 - Extensive networks with key government decision-makers formed

Aboriginal Relations:

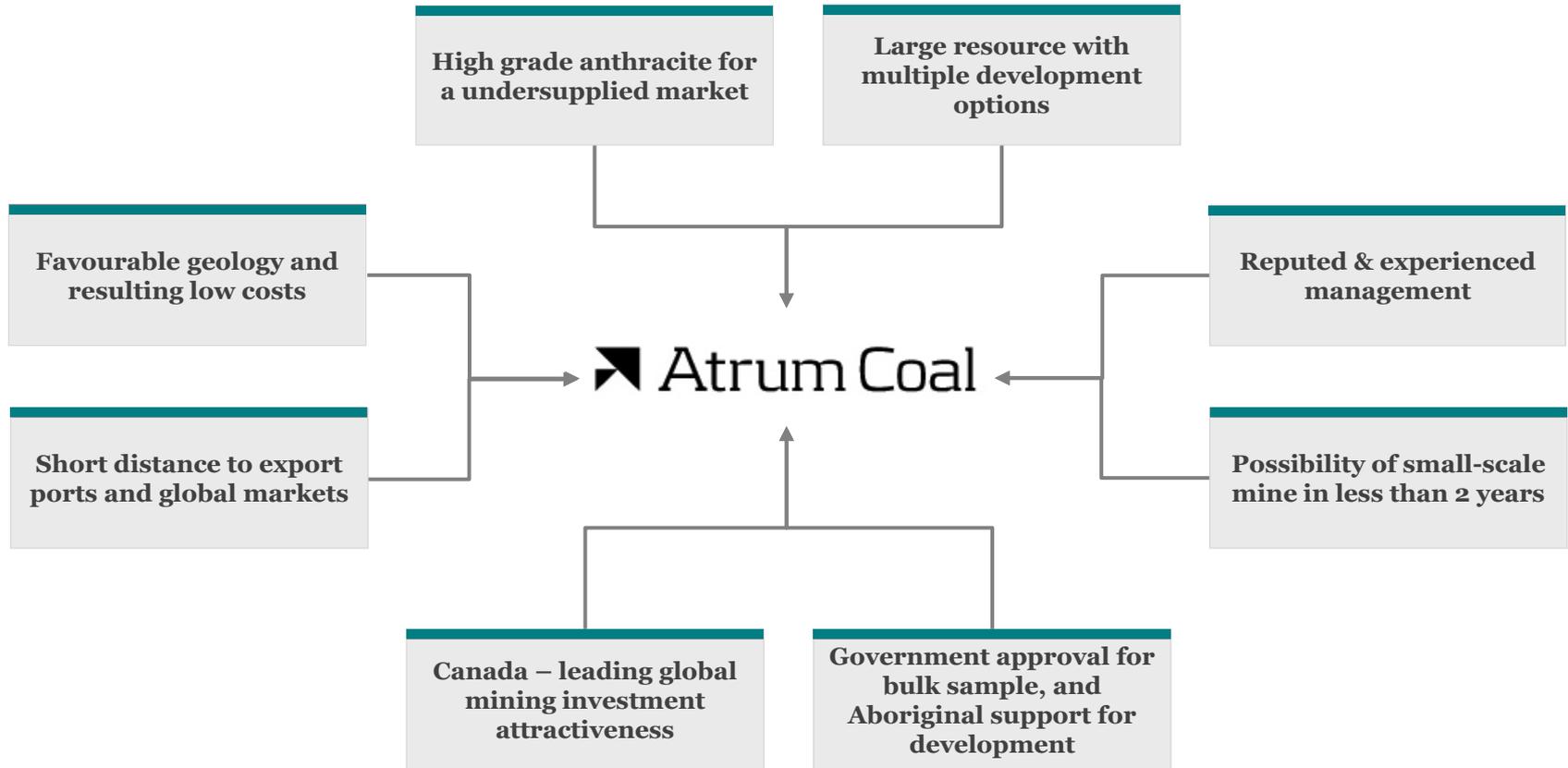
- Solid foundation laid for constructive working relations with key local aboriginal groups, including Gitksan, Tahltan and Takla Lake
 - Agreements executed successfully with several aboriginal groups
 - Engaged in productive discussions on cooperation agreements
- Proven track record of implementing exploration programs and developing mining plans that respect the local environment and aboriginal rights, and provide economic and social benefits to aboriginal peoples and businesses
 - Aboriginal people and businesses provide key services for exploration programs



Solid foundation of government and aboriginal relations established

Atrum Coal:

Development of the world's largest ultra-high grade anthracite resource



A low risk development of a long life mining area with robust project economics