

## IPO Research Note: Atrum Coal NL

Atrum Coal NL ('ATU' or the 'Company') is an emerging metallurgical coal explorer. The Company holds a portfolio of four projects located in British Columbia ('BC'), Canada. The BC region is a fertile ground for metallurgical coal discoveries and hosts a substantial amount of coal-related infrastructure, including rail to deep-water a port with excess capacity. All of ATU's projects are targeting metallurgical coal suitable for export to the Asian market, which is located at a competitive shipping distance from BC in comparison to Australia. To date, the Company has established a JORC-compliant Inferred Resource ('Resource') of 50 million tonnes ('Mt') and has estimated a total Exploration Target of 590-785Mt.

### Issue Structure

Issue Type	Initial Public Offering
Security Type	New Fully Paid Ordinary Shares
Expected List Date	24 <sup>th</sup> July 2012
Offer Price	A\$0.20 per share
Funds Raised	45,500,000 shares (A\$9,000,000) <sup>1</sup>
Shares Pre-Issue	54,812,500
Shares Post-Issue	100,312,500
Options Pre-Issue	-
Options Post-Issue	5,300,000

<sup>1</sup>Including oversubscriptions

### Capital Structure – Post-Issue

<b>Share Price</b>	<b>A\$0.20</b>
Fully Paid Ordinary Shares <sup>2</sup>	100.3m
Total Options	5.3m
In-The-Money Options	-
<b>Fully-Diluted Market Cap.<sup>2</sup></b>	<b>A\$21.1m</b>
Less: Cash	A\$8.1m
Add: Debt	-
<b>Enterprise Value</b>	<b>A\$13.0m</b>

### Use of Proceeds (two year budget)

<b>Cash at Bank (30/04/12)</b>	<b>A\$387,102</b>
Add: IPO Cash Raised	A\$9,100,000
Less: IPO Costs	A\$807,357
<b>Cash at Bank (Post-IPO)</b>	<b>A\$8,679,745</b>
Exploration	A\$5,550,000
Asset Purchases Fees	A\$125,000
Legal & Other	A\$1,007,357
Working Capital	A\$1,217,643
Corporate Overheads	A\$1,200,000
<b>Total Planned Expenses</b>	<b>A\$9,100,000</b>

### Board & Management

Non-Executive Chairman	James Chisholm
Executive Director	Russell Moran
Executive Director/ Secretary	Gino D'Anna
Non-Executive Director	Dr Eric Lilford
Chief Operations Officer	Lyle Hobbs

### Investment Highlights

<b>Coking &amp; PCI<sup>1</sup> coal potential</b>	<ul style="list-style-type: none"> <li>All projects have potential for the discovery of coking and PCI<sup>1</sup> coal</li> <li>Strong demand from emerging market, while coking coal supply growth is limited</li> </ul>
<b>Infrastructure and rail access</b>	<ul style="list-style-type: none"> <li>Projects have been selected with infrastructure in mind</li> <li>All projects are in close proximity to rail, electricity, water, ports and processing infrastructure</li> </ul>
<b>Proximity to existing mines</b>	<ul style="list-style-type: none"> <li>All projects are in close proximity to existing coking coal &amp; PCI projects</li> <li>Proximity to both operating mines and exploration projects</li> </ul>
<b>Leverage to exploration</b>	<ul style="list-style-type: none"> <li>Highly prospective projects covering a total land area of over 28,000 hectares</li> <li>Large Exploration Target of 590-785Mt – two years fully funded</li> <li>An EV valued at A\$0.24/t compared to A\$0.84/t for ASX peers</li> </ul>

### Projects Overview

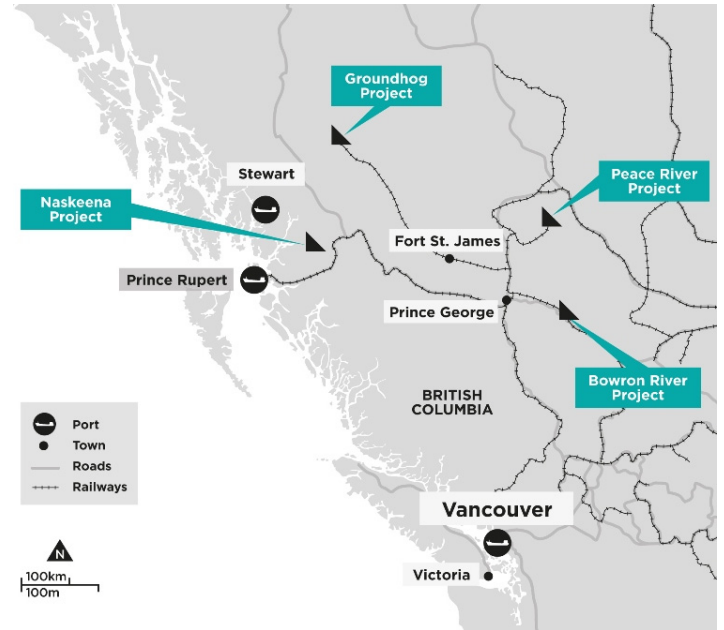
<b>Groundhog</b>	<ul style="list-style-type: none"> <li>Existing 50Mt Inferred Resource</li> <li>390-510Mt Exploration Target</li> <li>Existing rail easement on the property, electricity &amp; water in close proximity</li> </ul>
<b>Peace River</b>	<ul style="list-style-type: none"> <li>0-25Mt Exploration Target</li> <li>Close to existing infrastructure, including rail, road and power</li> <li>Four operating coal mines within a 40km radius</li> </ul>
<b>Bowron River</b>	<ul style="list-style-type: none"> <li>Prospective geology for coking coal</li> <li>Close to existing infrastructure</li> <li>Adjacent to existing resource development project</li> </ul>
<b>Naskeena</b>	<ul style="list-style-type: none"> <li>Near term cash flow opportunity</li> <li>Simple "truck and shovel" potential to port of Prince Rupert</li> <li>Significant exploration upside, given Exploration Target of 200-250Mt</li> </ul>

1. PCI: Pulverised Coal Injection

## Flagship Project Highlights – Groundhog

<b>Location &amp; Infrastructure</b>	<ul style="list-style-type: none"> <li>Located in the Groundhog Coal Basin</li> <li>30km south of a heavy gauge rail</li> <li>1,200km by rail from Port of Prince Rupert or Vancouver Metro</li> <li>Water and electricity close by</li> </ul>
<b>Exploration Potential</b>	<ul style="list-style-type: none"> <li>19 ELs covering a large land area of 8,322Ha (83.2km<sup>2</sup>) &amp; two ELAs covering an extra 6,150Ha (61.5km<sup>2</sup>)</li> <li>Large Exploration Target of 390Mt-510Mt coal</li> </ul>
<b>Geology</b>	<ul style="list-style-type: none"> <li>50Mt Inferred Resource</li> <li>Shallow coal seams with a cumulative average thickness of 10m</li> <li>Depth between surface and 250m, potential for open pit mining</li> <li>Product ranging from PCI to coking to anthracitic coals</li> </ul>
<b>Exploration Program</b>	<ul style="list-style-type: none"> <li>15-18 new diamond cored holes planned for September quarter</li> <li>Drilling to test at depth and enhance confidence of existing resource</li> <li>Resource upgrade anticipated in December 2012/January 2013</li> </ul>

## Project Location Map



## Contact Details

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