

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

Atrum Coal NL

ABN

153 876 861

Quarter ended ("current quarter")

30 September 2014

Consolidated statement of cash flows

	Current Quarter \$A'000	Year to date (3 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	140	140
1.2 Payments for (a) exploration & evaluation	(6,481)	(6,481)
(b) development	-	-
(c) production	-	-
(d) administration	(1,527)	(1,527)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	59	59
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid	-	-
1.7 Other - (GST paid/received)	-	-
Other - Spin out costs	(30)	(30)
Net Operating Cash Flows	(7,839)	(7,839)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	(832)	(832)
(b) equity investments	-	-
(c) other fixed assets	(300)	(300)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (Performance Bond)	-	-
Net investing cash flows	(1,132)	(1,132)
1.13 Total operating and investing cash flows (carried forward)	(8,971)	(8,971)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(8,971)	(8,971)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	291	291
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	0	0
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (Convertible note subscription)	790	790
	Other (Forward contract losses)	(91)	(91)
	Net financing cash flows	990	990
	Net increase (decrease) in cash held	(7,981)	(7,981)
1.20	Cash at beginning of quarter/year to date	10,323	10,323
1.21	Exchange rate adjustments to item 1.20	40	40
1.22	Cash at end of quarter *	2,382	2,382

*Any fractional differences are due to rounding

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current Quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	254
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Item 1.23 refers to payments to Directors and related parties for the period including July, August, and September (inclusive).

Item 1.2 (a) relates to exploration expenditure incurred during the quarter relating to the Groundhog Anthracite Project, including drilling within the Groundhog North Mine and drilling within the regional exploration target areas. Trenching was also undertaken during the quarter, the costs of which have been included in Item 1.2 (a).

Item 1.16 refers to the Offset Loan Agreement executed on 30 June 2013 between Lenark Pty Ltd (an entity associated with the Chairman, Mr James Chisholm) and Atrum Coal NL, as varied on 29 September 2013.

Item 1.14 refers to the exercise of options from shareholders at an exercise price of 30 cents per share.

+ See chapter 19 for defined terms.

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	4,485	197
3.2 Credit standby arrangements	-	-

Notes:

- Loan facilities outlined in item 3.1 above refers to the Offset Loan Agreement executed on 30 June 2013 between Atrum Coal NL and Lenark Pty Ltd, an entity associated with the Chairman, Mr James Chisholm in the amount of \$2,681,927. On 29 September 2013, Atrum Coal NL and Lenark Pty Ltd executed a Deed of Variation under which Lenark Pty Ltd (an entity associated with the Chairman, Mr James Chisholm) extended an additional \$2 million loan credit facility.
- On 17 June 2014, Lenark Pty Ltd converted the balance of its partly paid ordinary shares converting these securities into fully paid ordinary shares. This had the effect that the loan facility was thereby in effect repaid in full, however the loan facility remains available to the Company, if required, subject to cash calls and approvals.

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,000
4.2 Development	-
4.3 Production	-
4.4 Administration (including spin out costs)	850
Total	1,850

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	2,305	2,305
5.2 Deposits at call	77	77
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	2,382	2,382

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	Nil			
6.2 Interests in mining tenements acquired or increased	394847	Direct	Nil	100%
	394848	Direct	Nil	100%
	394849	Direct	Nil	100%
	417100	Direct	Nil	100%
	417101	Direct	Nil	100%
	417297	Direct	Nil	100%
	417298	Direct	Nil	100%
	417528	Direct	Nil	100%
	417526	Direct	Nil	100%
	417299	Direct	Nil	100%
	417527	Direct	Nil	100%
	417525	Direct	Nil	100%
	417292	Direct	Nil	100%
	417291	Direct	Nil	100%
	417295	Direct	Nil	100%
	417296	Direct	Nil	100%
	417300	Direct	Nil	100%
	417301	Direct	Nil	100%
	417293	Direct	Nil	100%
	417294	Direct	Nil	100%
	417632 (<i>application</i>)	Direct	Nil	100%

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference + securities (description)	-	-		
7.2 Changes during quarter				
7.3 +Ordinary securities	163,459,242	163,459,242	Fully Paid	Fully Paid
	2,761,600	-	Partly Paid - \$0.20	\$0.00008 per share
7.4 Changes during quarter				
(a) Increases through issues	970,000 ⁽¹⁾	-	\$0.30	\$0.30
	1,000,000 ⁽²⁾	-	Nil	Nil
(b) Decreases through returns of capital, buy-backs				
(c) Other changes				
7.5 +Convertible debt securities (description)	-	-		
7.6 Changes during quarter				
(a) Increases through issues				
(b) Decreases through securities matured, converted				
7.7 Options (description and conversion factor)	4,330,000	-	<i>Exercise price</i> \$0.30	<i>Expiry date</i> 01/07/2016
	150,000	-	\$0.30	30/01/2016
	100,000	-	\$1.40	14/03/2017
7.8 Issued during quarter	-	-	-	-
7.9 Exercised during quarter	-	-	-	-
7.10 Expired during quarter	-	-	-	-
7.11 Performance Rights	1,691,250	Nil	Class 7	
	2,203,750	Nil	Class 8	
	2,110,000	Nil	Class 9 - 14	
7.12 Issued during quarter	860,000	Nil	Class 9 -14	
7.13 Exercised during quarter	Nil	Nil		

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity quarterly report

7.14	Expired during quarter	-	-	
7.15	Debentures <i>(totals only)</i>	-	-	
7.16	Unsecured notes <i>(totals only)</i>	-	-	

Notes:

- (1) Shares issued upon conversion of unlisted options
- (2) Shares issued to Anglo Pacific Group PLC in relation to the acquisition and consolidation of additional licences and applications in the Groundhog Coalfield

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



(Executive Director)

Date: 27 October 2014

Print name: Gino D'Anna

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

== == == == ==