

QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDING 30 JUNE 2015

HIGHLIGHTS

Groundhog Anthracite Project:

- **Groundhog offtake negotiations continue**
- **Scoping study on potential new mining domains being prepared**

Corporate:

- **Two new Directors appointed to Board**
- **C\$2.0M Mineral Exploration Tax Credit (METC) received**
- **Fully underwritten entitlement offer to raise ~\$5M**

Atrum Coal NL ("Atrum" or the "Company") (ASX: ATU) is pleased to report the Company's activities for the quarter ended 30 June 2015 in relation to its flagship Groundhog Anthracite Project and development of the Groundhog North Mining Complex located in British Columbia, Canada.

Commenting on the quarterly achievements, Executive Chairman James Chisholm stated:

"This Quarter has seen significant consolidation and progress on Groundhog, as we analysed new mining domains in the Groundhog North Mining Complex and received preliminary pricing to construct site access from this area to access ports via routes to the south and the west.

"The Company is pleased to announce that it has been preparing a Scoping Study on two potential new mines in the Groundhog North Mining Complex, and it is anticipated this will be completed with the release results of this Study in the current quarter.

"The Company is impressed with the sustained support of our potential customer base, with several meetings being held with potential offtake and funding parties during the quarter. This bodes well for the sell-down process, at the same time as anthracite prices remain well above coking coal prices.



Registered Office
Level 19, 10'Connell St, Sydney,
NSW, 2000
T +61 2 8249 1884
E info@atrumcoal.com
www.atrumcoal.com

Board of Directors
Executive Chairman
Non-Executive Director
Non-Executive Director
Company Secretary

J. Chisholm
S. Boulton
C. Vorias
T. Renard

Key Projects
Groundhog
Peace River
Naskeena
Bowron River

Ownership: 100%
Ownership: 100%
Ownership: 100%
Ownership: 100%

“We are also preparing a data-room on the Groundhog North Mining Complex for interested parties, and will seek joint venture investment in the project from customers and other strategic partners later this year.

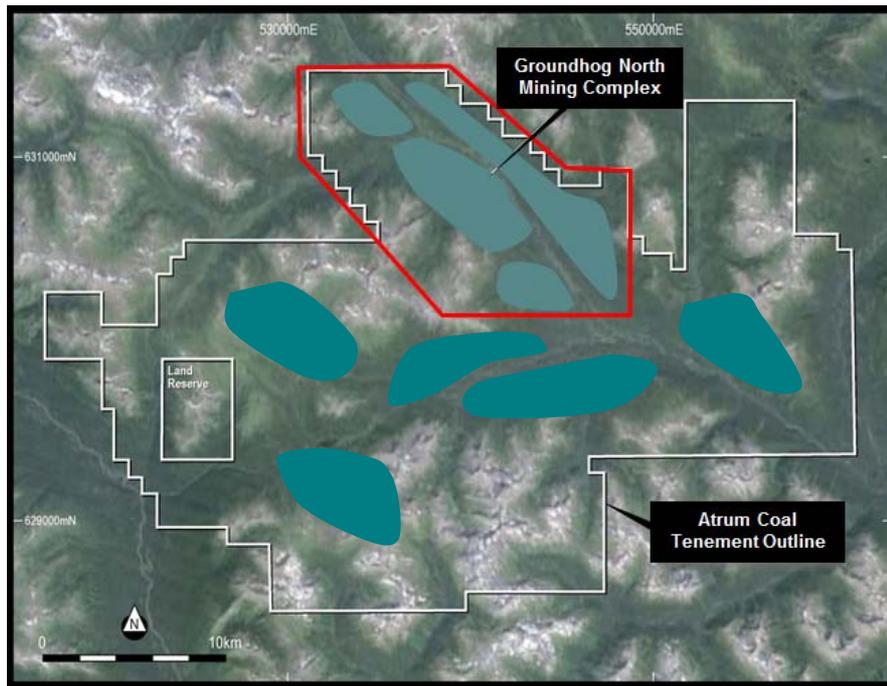
“We are also pleased to have two new Non-Executive Directors joining our Board. Bob Bell and John Wasik bring, combined, over 70 years of mining experience to the Company, and we look forward to their involvement as we transition from explorer to developer.”

Groundhog Anthracite Project

The Groundhog Anthracite Project (Groundhog) is located in the Groundhog Coalfield in north-western British Columbia, Canada. Groundhog covers an area of over 806km², and comprises 46 granted coal licences and 37 coal licence applications. Groundhog is prospective for high grade and ultra-high grade anthracite suitable for application in the manufacture of specialty steels and alloys, in electric arc furnaces, for ore sintering, as a reductant and cathode paste, as filter media, as feedstock for industrial chemical production and as an economic alternative to graphite.

Scoping Study to examine potential for further operations at Groundhog

Subsequent to completing the PFS last year, the Company is undertaking further geological and engineering studies in the search for lower capex mining options at Groundhog. This work is examining the potential for two operations adjacent to, and complementary with, the larger underground mine covered within the Supplementary Pre-Feasibility Study (SPFS). During the period, the Company has been preparing a Scoping Study on these potential additional operations within Groundhog North and is currently in the process of upgrading the associated JORC Resource Statement for the area. One area is amenable to highwall mining; the other to underground mining. The Company is in the process of formally recognising the area termed the Groundhog North Mining Complex (GHNMC) – refer to the map below.



Groundhog North Mining Complex

The SPFS identified that a lower capex bord and pillar 250ktpa underground mine could be constructed for approximately US\$58m. The Scoping Study is examining the potential for two new operations and the potential for this to lead to a reduction in capital, and faster development to full scale mining if the two potential new operations prove to be viable. Full results from the Scoping Study are intended to be released in the current quarter and is intended to be underpinned by a new JORC 2012 compliant resource statement.

During the period, Atrum also progressed designs and received quotes for the construction of a temporary haul road from the Groundhog North Mining Complex, south to the rail line that accesses Ridley Port and a separate route west across to the Port of Stewart to allow bulk samples and product to be shipped to customers via the two ports.

The accessibility of the large deep water port at Stewart, capable of loading Handymax, Panamax and eventually Capesize vessels in close proximity to the potential Groundhog mine is anticipated to assist the Company to maintain its low capital entry into production. It also provides a potential cost-effective transportation route for the export of ultra-high grade and high grade anthracite to key consumers worldwide. Port upgrades at Stewart continue with Stewart World Port (SWP) completing pile driving in May 2015. Stewart World Port is constructing a wharf capable of berthing Capesize vessels, and Atrum has a non-binding MOU with SWP for 5Mtpa throughput on commercial terms.



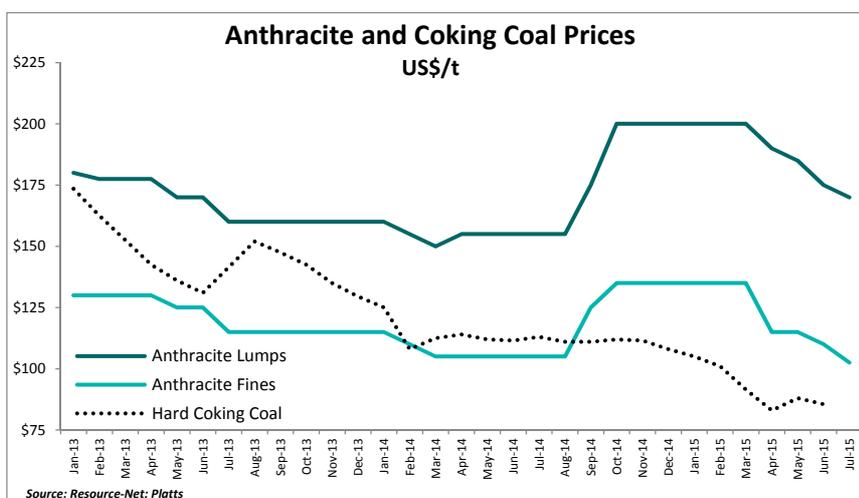
Stewart World Port – Completed Pile Driving May, 2015

Groundhog Marketing and Offtake Negotiations

Additional meetings were held during the quarter with North Asian steel mills and trading conglomerates in relation to potential offtake and investment. Various non-binding framework arrangements now in place indicating strong potential support for the Groundhog Anthracite products in the market.

Marketing samples have now been trialled by several of the biggest steel companies in Asia, and all have confirmed the suitability of Groundhog Anthracite for use in their blast-furnaces and sinter mills. Discussions also continue with potential Chinese, Indian, Brazilian and USA steel mills and traders to underpin first anthracite sales, expected in H1 2016.

Anthracite prices continue to generally outperform the metallurgical coal market, and as the graph below shows, both Anthracite lumps and Anthracite fines are priced significantly above spot Hard Coking Coal prices.



Bulk Sample Permit

Atrum completed the preparatory work for the Bulk Sample Permit, which included substantial negotiations with First Nations and community representatives in consultation with representatives of the British Columbia and local Government. Subsequent to the Quarter Atrum is pleased to announce the Permit Application has moved into the statutory Review period. Atrum now expect approval in H2 2015. This will allow the Company to provide trial cargoes to steel producers in Asia, USA and Brazil, and also provide specialist end-users with samples of very low ash, ultra-high grade anthracite for trial.

Corporate

During the quarter, in addition to preparing a Scoping Study on additional mining domains in the Groundhog North Mining Complex, the Company prepared documentation relevant to an Entitlement Issue (refer below).

SUBSEQUENT TO THE QUARTER

Mineral Exploration Tax Credit (METC)

Atrum received C\$2.0M for the first of two METC refunds from the Canadian Revenue Agency (CRA) for the exploration refund associated with the Groundhog Anthracite Project payments from the CRA. Atrum is now awaiting receipt of a further C\$1.2M, for H2 2014 expenditure, and documentation for a further METC refund of just over C\$3.2m for the period H1 2015 is currently being finalised.

Fully underwritten Entitlement Issue

Subsequent to the Quarter, Atrum announced a fully underwritten Entitlement Issue to raise approximately \$5 million which will be applied to the continued development of the Groundhog Anthracite Project. A prospectus was lodged with the ASIC on Monday 27 July 2015.

New Directors

John Wasik and Bob Bell have been appointed Non-Executive Directors of the Board. Both take up their roles on the completion of the current Entitlement Issue.

Bob Bell is a Mining Engineer with over 27 years' experience in the Canadian coal industry having been Chief Commercial Officer, Coal at Teck Resources and Chief Executive Officer of Ram River Coal. Bob brings executive management experience with a strong focus on marketing and rail, port and marine logistics. In addition, he brings experience in mine planning and operations, finance, treasury and governance, as well as capital projects oversight.

John Wasik has significant experience in mine operations and highwall mining having developed and managed more than 20Mtpa of production as an executive for Peabody. John has worked in the mining sector for 40 years. He was Group Executive for Peabody Energy Corporation's Southwest

Operations in North America for five years, and previously General Manager of Peabody's 6Mtpa Ravensworth/Narama mines, and Mine Manager at both Ravensworth and Warkwoth mines. His highwall mining expertise complements that of existing Non-Executive Director, Cameron Vorias, who managed the highwall projects at German Creek and Millenium mine, Qld.

Bob and John will work with the other Non-Executive Directors to guide the Company as it transitions from explorer to developer.

For further information contact:

James Chisholm
Executive Chairman
M +61 419 256 690
james@atrumcoal.com

Theo Renard
Company Secretary
M +61 430 205 889
trenard@atrumcoal.com

Nathan Ryan
Investor Relations
M +61 420 582 887
nathan@atrumcoal.com

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.

ASX Listing 5.19 Compliance

Pursuant to ASX Listing Rule (LR) 5.19, the following information is required to be disclosed within the Quarterly Activities Report for the period ended 31 December 2014:

- (a) LR 5.19.1: The production targets and forecast financial information referred to in the Quarterly Activities Report for the period ended 31 December 2014 were derived from the ASX announcement titled "Supplementary PFS at Groundhog North Delivers \$1.7Bn NPV" which was released on 20 October 2014 and "Supplementary PFS Results Presentation" also announced to ASX on 20 October 2014. In addition, please refer to the ASX announcement dated 18 November 2014 and titled "Atrum Coal – SPFS Clarification Notice".
- (b) LR 5.19.2: Atrum Coal confirms that all the material assumptions underpinning the production target and the forecast financial information derived from the production target as outlined in the ASX announcements dated 20 October 2014 and subsequently clarified in the announcement dated 18 November 2014 continue to apply and have not materially changed.
- (c) LR 5.19.3: Not Applicable.
- (d) LR 5.19.4: Not Applicable.

Competent Person Statement

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 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.