

Appendix 5B

Mining exploration entity and oil and gas 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, 01/05/13, 01/09/16

Name of entity

Atrum Coal Limited

ABN

153 876 861

Quarter ended ("current quarter")

31 December 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(232)	(452)
(b) development	-	-
(c) production	-	-
(d) staff costs	(593)	(997)
(e) administration and corporate costs	(744)	(3,126)
1.3 Dividends received (see note 3)	-	1
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(1)	(84)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (GST received/(paid))	59	455
1.8 Other – coal inventory purchases	(832)	(832)
1.9 Net cash from / (used in) operating activities	(2,343)	(5,035)

Mining exploration entity and oil and gas exploration entity quarterly report

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	172	279
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	172	279

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	13,852	13,876
3.2	Proceeds from issue of convertible notes	-	895
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(861)	(861)
3.5	Proceeds from borrowings	-	635
3.6	Repayment of borrowings	-	(75)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	12,991	14,470

Mining exploration entity and oil and gas exploration entity quarterly report

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	731	1,871
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,343)	(5,035)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	172	279
4.4	Net cash from / (used in) financing activities (item 3.10 above)	12,991	14,470
4.5	Effect of movement in exchange rates on cash held	(18)	(52)
4.6	Cash and cash equivalents at end of period	11,533	11,533

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	11,533	11,533
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	11,533	11,533

6. Payments to directors of the entity and their associates

6.1 Aggregate amount of payments to these parties included in item 1.2

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

253

-

Payments to Executive Director in the quarter.

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	5,137	5,137
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Capital Receivables Facility \$1.9m – interest rate 14.85%.

Lenark Offset Loan Agreement \$2.4m – interest rate 10%. The Lenark facility has been extended by agreement to 2 April 2017. Shareholder approval will be sought to convert \$1m of the amounts owing under the facility into Atrum shares at \$0.50 per share.

Kuro Coal Ltd Convertible Notes \$0.8m – no interest rate, convertible into Kuro ordinary shares at \$0.10 per share, redeemable for cash by noteholders or repurchased by the company.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	480
9.2 Development	-
9.3 Production	-
9.4 Staff costs	601
9.5 Administration and corporate costs	2,630
9.6 Other (provide details if material)	1,923
9.7 Total estimated cash outflows	5,634

9.5 - Administration costs include one-off payment of legal costs relating to litigation settlements and due diligence costs relating to the proposed Atlantic Carbon transaction and the Export Sales Joint Venture (\$1.2m); Placement fees (\$0.2m); Other outstanding payables (\$0.6m).

9.6 Other relates to existing and planned coal inventory purchases under the ACG Export Sales Joint Venture.

Mining exploration entity and oil and gas exploration entity quarterly report

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	nil			
10.2	Interests in mining tenements and petroleum tenements acquired or increased	nil			

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:

(Company Secretary)

Date: 31 January 2017

Print name: Chris Brown

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.